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BULLETIN

Zagreb, 2004

General Information on Croatia

Economic Indicators

	1995	1996	1997	1998	1999	2000	2001	2002	2003
Area (square km)	56,538	56,538	56,538	56,538	56,538	56,538	56,538	56,538	56,538
GDP ^a (million USD, current prices)	18,811	19,872	20,109	21,628	19,906	18,427	19,863	22,812*	28,810*
GDP – year-on-year rate of growth ^a (in %, constant prices)	6.8	5.9	6.8	2.5	-0.9	2.9	4.4	5.2	4.3
GDP per capita ^{a,b} (in USD)	4,029	4,422	4,398	4,805	4,371	4,206	4,477	5,134*	6,484*
Average year-on-year inflation rate ^b	2.0	3.5	3.6	5.7	4.2	6.2	4.9	1.7	1.8
Population (million)	4.7	4.5	4.6	4.5	4.6	4.4	4.4	4.4	4.4
Exports of goods and services (as % of GDP)	37.1	40.1	39.9	39.5	40.8	47.0	48.5	46.3*	51.7*
Imports of goods and services (as % of GDP)	48.7	49.7	56.6	48.7	49.2	52.1	54.4	57.3*	59.7*
Current account balance (as % of GDP)	-7.5	-4.8	-12.5	-6.7	-7.0	-2.5	-3.7	-8.4*	-7.3*
Outstanding external debt (million USD, end of year)	3,809	5,308	7,452	9,683	9,878	11,055	11,317	15,426*	23,470*
Outstanding external debt (as % of GDP)	20.2	26.7	37.1	44.8	50.1	60.0	57.0	67.6*	81.5*
Outstanding external debt (as % of exports of goods and services)	54.6	66.6	92.9	113.3	122.9	127.6	117.5	145.9	157.4*
External debt service ^c (as % of exports of goods and services)	10.1	9.0	9.9	12.5	20.8	23.3	24.5*	26.0	19.5*
Gross international reserves (million USD, end of year)	1,895	2,314	2,539	2,816	3,025	3,525	4,704	5,886	8,191
Gross international reserves (in terms of months of imports of goods and services, end of year)	2.5	2.8	2.7	3.2	3.7	4.4	5.2	5.4	5.7
Exchange rate on 31 December (HRK : 1 USD)	5.3161	5.5396	6.3031	6.2475	7.6477	8.1553	8.3560	7.1457	6.1185
Average exchange rate (HRK : 1 USD)	5.2300	5.4338	6.1571	6.3623	7.1124	8.2768	8.3391	7.8637	6.7014

^a Preliminary data for 2003.

^b The average year-on-year inflation rate was measured by the retail price index in the 1994 – 2001 period. From 2002 on, it is measured by the consumer price index.

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

Sources: Central Bureau of Statistics and Croatian National Bank.

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Quarterly Report

Introduction

Available data suggest that economic growth in the first quarter of 2004 may have been slightly stronger than in the last quarter of 2003. The annual growth rate of gross value added in industry rose from 1.7% in the fourth quarter of 2003 to 3.4% in the first quarter of 2004, and indicators of tourism and transport and communications also picked up. However, all signs point to continued slowdown in the growth rates of both wholesale and retail trade, and construction (although growth rates in this sector are still high), so that growth in 2004 as a whole seems likely to be slower than in 2003.

Evidence from the demand side supports this view. The annual growth rate of retail sales was only 2.7% in the first quarter of 2004. This slowdown in retail sales growth reflects the slowdown in consumer lending, which was 23.8% year-on-year in the first quarter of 2004 as compared to 26.2% in the fourth quarter of 2003 (exchange rate adjusted). In addition, growth of real net wages was only 3.4% in the first quarter of 2004. Furthermore, import data shows signs of decreased growth rates of equipment imports, possibly signalling decreasing growth in investment demand.

Foreign demand did not offset slower domestic demand in the first quarter of 2004, as export growth decelerated. Although services exports increased substantially, the first quarter plays a very minor role in the yearly total. However, in the second and especially the third quarter, services will play a much bigger role.

Seasonal increases in unemployment are usual in the first months of the year, and this year was no exception. Some 80,000 new unemployment applications were received in the first four months of the year, 13.2% more than last year. However, 81,000 people left the unemployment rolls in the same period, and, after rising in January and February, the administrative rate of unemployment returned to its end-2003 level of 18.6% at the end of April. This was 1.4 percentage points lower than the rate in April 2003.

The administrative data show fairly strong job creation in most of 2003. However, the labour force survey for the second half of 2003 shows employment stagnating. Such strong and persistent differences in trends between the two measures are unusual. It is difficult to say whether the discrepancies are due to workers in the unofficial economy gaining official employment status, or some other explanation. One would expect employment to grow in the coming quarters, according to seasonal patterns, but at the moment the data do not provide clear signals about future trends.

Inflation remained muted in the first quarter, with the annual rate of change of consumer prices falling from 1.7% in the fourth quarter of 2003 to 1.4% in the first quarter of 2004. However, CPI inflation rose to 1.9% in April, mainly due to increases in clothing prices and refined petroleum product prices. The full impact of increased refined petroleum product prices is not fully reflected in the April data, since these data are based on developments through the 18th day of the month. Thus, the further refined petroleum product price increases of the second half of April and the begin-

ning of May will be reflected in the May CPI data.

Unlike the crude oil price increases during late 2003 and earlier in 2004, the current round of price increases has not been accompanied by a weaker dollar, and thus has led to increased crude oil prices in kuna terms. From December 2003 to April 2004, the average daily crude oil prices rose 12.6% in dollar terms, and a nearly identical 12.3% in kuna terms.

It is important to note that the direct impact of refined petroleum product prices on the new CPI index is smaller than the impact on the old retail price index. The weight of the category "fuels and lubricants" in the CPI is 4.0% as compared with 6.9% in the RPI. The reason for this is that the CPI only captures the use of products by households, while the RPI captured consumption of all those purchasing in retail outlets, including businesses. In addition, the weight of transportation services in the CPI is 1.2%, far lower than the 8.0% in the RPI, again limiting the impact of refined petroleum product price increases.

Asides from these statistical issues, second-round price increases resulting from the crude oil price hikes are likely to be muted. With substantial slack on the labour market, wage pressures have been contained, and they are likely to remain so. Nor is there reason to expect a major cost-push effect, since the share of oil products in total enterprise costs is rather low. And finally, core inflation remains tame, growing only 1.9% year-on-year in April.

In addition, the kuna-euro exchange rate appreciated some 3.3% during the first quarter, and continued to strengthen slightly during May. Further appreciation or stability, which is characteristic of the late spring and summer, would also dampen imported inflation. The kuna also appreciated in real terms by 1.0% in the first quarter (deflated by the PPI) and 1.9% (deflated by the CPI).

Although the kuna-euro exchange rate appreciated over the first quarter as a whole, there were important fluctuations within the period. A rather strong appreciation trend appeared in late February and continued throughout March. The central bank responded with four foreign exchange auctions that created some 1.2 billion kuna during March. This reversed the appreciation trend, resulting in depreciation through most of April. By the end of April, appreciation had set in again.

The central bank's interventions ended a period of very tight liquidity conditions. Weighted interest rates on the Zagreb Money Market fell from 7.9% in March to only 4.0% in April. Also, as liquidity improved, banks stopped using the central bank's Lombard facility. The average daily amount of Lombard credit outstanding fell from HRK 240m in the first two months of the year to zero in April and May.

Monetary and credit aggregates grew slowly in the first quarter. M1 growth slowed to 7.2% year-on-year at the end of the first quarter from 9.8% at the end of 2003. M4 contracted in nominal terms, but much of this was due to the effect of exchange rate appreciation on foreign currency deposits. When such effects are excluded, M4 decreased slightly, by 0.7% in the first quarter of 2004.

Within M4, stronger growth of kuna quasi-money than foreign exchange quasi-money continues to be seen. The

annual growth rate of total kuna non-monetary deposits remained rapid at 32.0% year-on-year in March 2004. Importantly, foreign currency deposits, for a long time the fastest-growing component of M4, continue to grow slowly, only 6.3% year-on-year when exchange rate effects are excluded in the first quarter of 2004. And household foreign currency deposits grew only 4.9%, again excluding exchange rate effects.

Bank placements grew some 4.9%, in the first quarter when exchange rate effects are excluded. This represents a modest acceleration from the 3.2% seen in the last quarter of 2003. Bank lending to enterprises actually grew slightly faster than bank lending to households in the first quarter, reversing the long-standing pattern. While it is too early to draw firm conclusions on this, it is possible that banks are having more difficulty finding new customers in the retail market. In addition, the establishment of a “blacklist” of borrowers who have failed to meet their obligations may be contributing to a tightening of lending standards on the household side. Furthermore, there is reason to believe that banks are now more willing to service loan demand from enterprises, and are no longer directing as many customers to their leasing companies or to direct borrowing from their foreign mother banks, since the central bank’s requirement that banks purchase low-yield CNB bills if they increase lending more than 4% per quarter has expired.

Bank’s foreign borrowing jumped in the first quarter, mainly in March. The reason for this appears to be adjustment to the central bank’s rule that banks must hold the equivalent of 35% of their foreign exchange liabilities as liquid foreign assets. The adjustment was accomplished in phases, with full compliance becoming necessary at the end of March. A few banks seem to have met the requirement by borrowing foreign exchange and holding a large portion of the proceeds as liquid foreign exchange assets. If this interpretation is correct, banks foreign borrowing should stop growing rapidly in the second quarter.

Overall, Croatia’s external debt grew by USD 629m or 2.7% in the first quarter. Bank borrowing accounted for some USD 425m of this increase. Net government borrowing increased USD 178m. Within this, the largest item was the first tranche of the Croatian Bank for Reconstruction and Development’s Euro Medium Term Note, worth a total of EUR 300, issued within a medium-term program providing for CBRD borrowing, backed by a government guarantee, in the total amount of EUR 500. The funds will be used to finance exports and export insurance, and to support small and medium enterprises.

Turning to the current account side of the balance of payments, preliminary data indicate that the current account deficit was USD 1.46b in the first quarter of 2004. This represents a 33.6% increase over the same quarter last year. This increase includes within it a 16.6% depreciation of the US dollar against the euro, so that the increase in the current account deficit at constant exchange rates is much smaller.

The main factor driving up the increased current account deficit in the first quarter of 2004 was the merchandise trade deficit, which increased 21.9% year-on-year, and, to a much smaller extent, year-on-year growth of net expenditures on

other services and reinvested earnings, as well as the increased outflow from interest accrued on foreign bond issues.

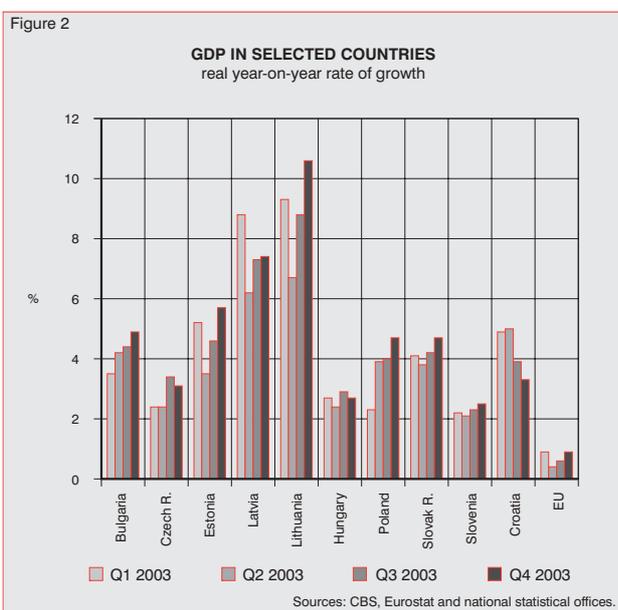
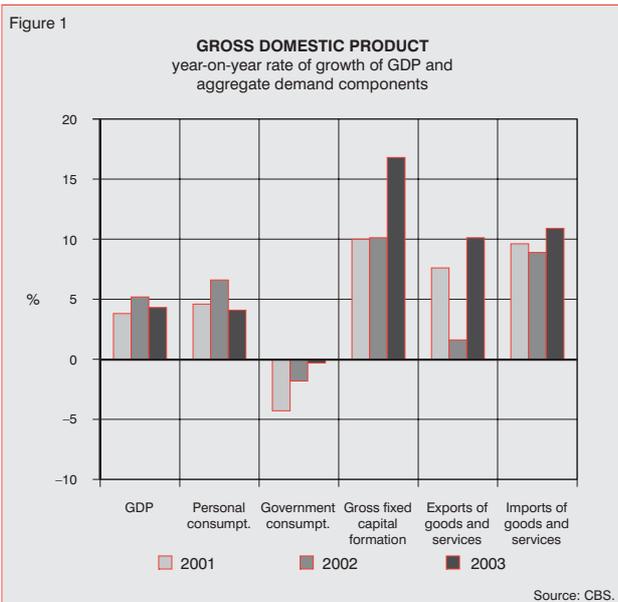
The rate of growth of merchandise exports fell to 10.6% in the first quarter of 2004 in dollar terms, some 12.1 percentage points lower than the rate in the same quarter last year. Perhaps more importantly, the rate of growth of exports, excluding ships, fell to 6.2% in the first quarter, again some 12.1 percentage points below last year. This aggregate, which is much less volatile than total exports over short time horizons, gives a more accurate picture of the export slowdown. The main sectors experiencing sharp decreases in exports were exports of sugar and honey, medical and pharmaceutical products and oil and oil products.

At the same time, the growth of merchandise imports also slowed in the first quarter, falling to 9.6%. This is 7.9 percentage points below the rate seen in the first quarter last year. Decreased growth rates of capital goods imports were the main factor behind the overall decrease. The growth rate of imports of machines and transportation equipment other than ships and motor vehicles fell to only 3.5%, some 34.9 percentage points below the rate in the same quarter last year.

Data on the public finances during the first quarter remained incomplete at the time of writing of this bulletin. The deficit of consolidated central government amounted to HRK 3.4bn, calculated on a cash basis, but no data was available for consolidated general government, which is of more interest from a macroeconomic point of view. Consolidated central government revenues were up 6.7% in the first quarter year-on-year, but expenditures were up by some 8.7%. A deficit of HRK 8.6bn is currently planned for consolidated central government on a cash basis for 2004, with approximately 30% of financing needs covered by capital revenues (inclusive of privatisation revenues) and funds carried over from last year (USD 55bn extraordinary income from the succession process of the former Yugoslavia and USD 100m from the World Bank’s Sectoral Adjustment Loan), and the rest by borrowing. Negotiations with the International Monetary Fund on financing plans and the fiscal stance for both 2004 and 2005 remain open. The aim of the proposed agreement with the IMF is to stabilize the share of foreign debt in GDP and to increase the government’s reliance on domestic financial markets. It is hoped that an agreement will be reached in early June on these extremely important matters.

Demand

Due to a slowdown in economic activity in 2003, gross domestic product rose by 4.3% in real terms compared with the previous year. The nominal growth of GDP was 7.6%, which amounts to approximately HRK 14bn. The slowdown was more pronounced in the second half of 2003. So, the real annual GDP growth rate was 3.9% in the third quarter and only 3.3% in the fourth quarter. The above mentioned changes primarily resulted from the trends in personal con-



consecutive years on account of their exceptionally high economic growth rates. In the last quarter of 2003, lower annual growth rates compared with Croatia were recorded in Slovenia (2.5%), with a moderate acceleration of growth from the beginning of the year towards its end, Hungary (2.7%) and the Czech Republic (3.1%), where signs of a mild slowdown were observed. The real annual growth of GDP in Bulgaria, Poland and Slovakia, as well as Estonia, Latvia and Lithuania outstripped the growth in Croatia.

Foreign Demand

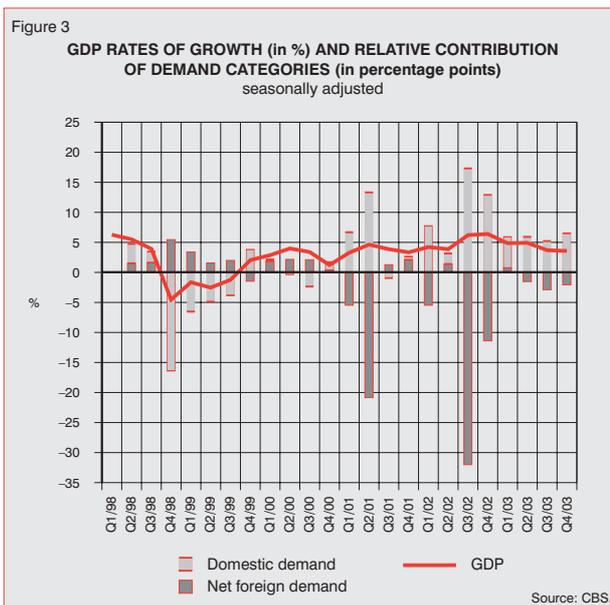
Analysed by aggregate demand components, net foreign demand made negative contributions to GDP growth in all quarters of 2003, with the largest negative contribution recorded in the last quarter. However, the preliminary balance of payments data on foreign trade relations differ from data obtained by GDP calculation showing that exceptionally good results were achieved in tourism in the second and third quarters of 2003. It follows that only the developments in foreign demand presented in the quarterly GDP calculations for the first and last quarters of 2003 correspond with the developments in the balance of payments, which should be a standard according to the methodological instructions for quarterly GDP estimation.

According to GDP estimate for 2003, exports of goods and services grew at a somewhat faster pace in the first and last quarters of that year. This corresponds with the developments in goods exports, whose growth was particularly strong in the first quarter of 2003. On the other hand, a sharp increase in estimated revenues from tourism, established through studies for the purpose of balance of payments compilation, influenced the strong growth of goods and services exports in the second and third quarters of 2003. But, as already mentioned these data were not entirely included in GDP calculation, which therefore gives the impression that exports decreased in the middle of the year.

In 2003, imports of goods and services followed similar dynamics as the exports, growing at an annual rate of 10.9%.

sumption, given its largest share in total GDP. Monthly economic indicators from early 2004 point to a mild economic growth and a revival of economic activity compared with end 2003.

The data on economic trends in the European countries point to a gradual acceleration of economic growth during 2003. Thus, the European Union recorded a 0.6% annual growth rate in the third quarter and 0.6% in the last quarter of 2003 (the latter was even higher than the average annual growth rate for 2003). Similar dynamics were observed in the eurozone countries (the EMU Member States) in 2003, but with 0.2 to 0.3 percentage points lower annual rates of growth. In 2003, most Central European transition countries (almost all of them joined the EU on 1 May 2004) recorded lower economic growth rates than Croatia. This primarily relates to Slovenia, Hungary, Czech Republic and Poland while the annual GDP growth rate in Slovakia and Bulgaria approximated the rate recorded in Croatia. The Baltic countries have been excluded from this group for several



In addition to this, the growth of imports accelerated from the second quarter to the end of the year, with a sharp increase in both goods and services imports. The last quarter also saw a considerable increase in transport and other services.

According to the preliminary data, goods exports reported at the constant 2002 exchange rate rose by 10.6% compared with the same period last year. However, if ships are excluded from total goods exports, the data point to a slowdown in exports compared with the same period last year. Moreover, import activity also slowed down, as reflected in the annual growth rate of goods imports reported at the constant exchange rate, which was 9.6% in the first quarter of 2004. Nevertheless, this represents a strong growth of imports spurred by a still heavy domestic demand. In addition to this, tourism indicators for the first quarter of 2004 point to accelerated growth of services exports, which also contributed positively to the growth of GDP in the first quarter of 2004.

Domestic Demand

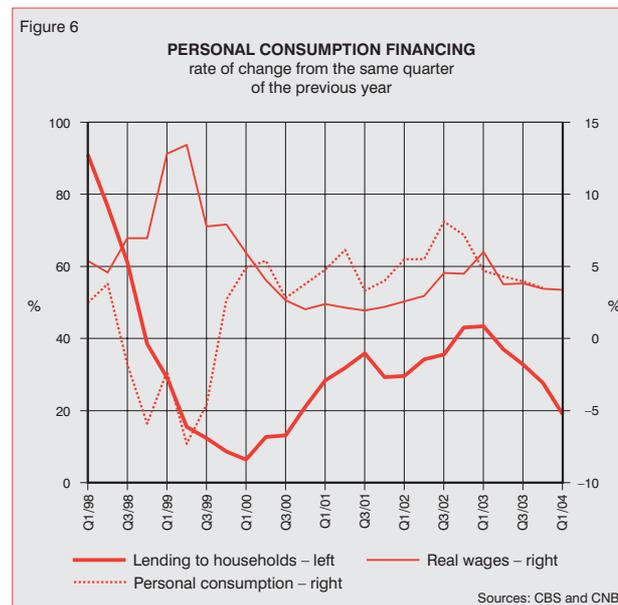
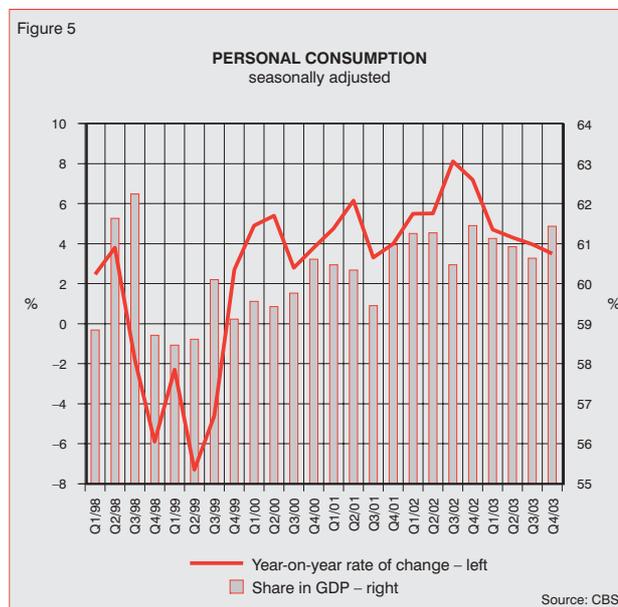
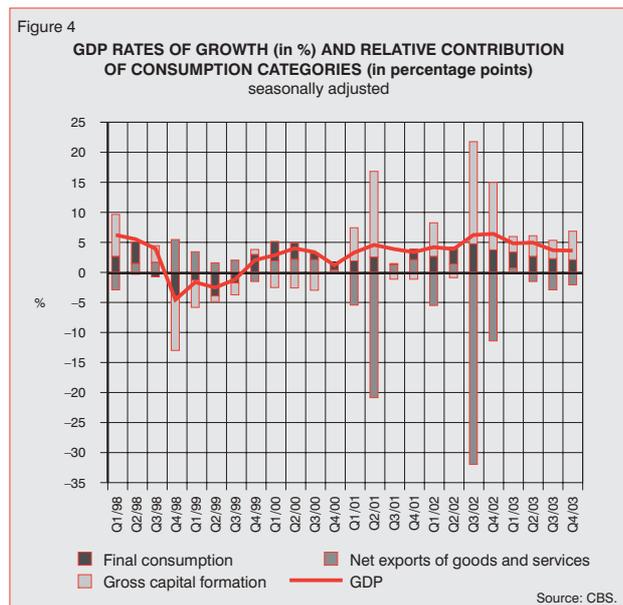
In 2003, domestic demand was the main positive contributor to GDP growth. However, the contribution of total domestic demand to GDP growth decreased during 2003 compared with the second half of the previous year when it exceeded 12 percentage points. The main source of GDP growth was gross fixed capital formation, whose real annual growth rates exceeded 14% in all quarters of 2003. The developments in gross capital formation, which includes, besides gross fixed capital formation, a change in inventories and a statistical discrepancy, were similar to the developments in gross fixed capital formation. Thus, the contribution of gross capital formation to GDP growth was 3.3 percentage points, less than in 2002, due to much smaller oscillations in the change in inventories. The contribution of final consumption to GDP growth also decreased in 2003 compared with the previous year. This contribution was smaller in the second than in the first half of the year, which resulted from a slowdown in personal consumption paralleled with a

very slight decline in government consumption.

Personal Consumption

A slowdown in personal consumption in 2003 stopped in the last quarter of the year, which saw the strongest quarterly growth of personal consumption. However, a marked slowdown in personal consumption was recorded at the annual level, from over 7% in 2002 to 4.1% in 2003. The lowest annual growth rate of personal consumption in 2003 was recorded in the third quarter, with a somewhat different picture conveyed by seasonally adjusted data, which exclude the effect of Christmas holidays. In view of that, it can be concluded that the downward trend in personal consumption persisted throughout the year and in the fourth quarter, personal consumption recorded the lowest annual growth rate.

The described developments also accounted for a smaller contribution of personal consumption to total GDP growth in 2003, which decreased by almost 2 percentage points compared with 2002. Given the role of personal consumption



tion in aggregate demand (the share of personal consumption in GDP approximates 60%), this resulted in a reduced contribution of final and total domestic demands to GDP growth.

The developments in retail trade turnover in the first three months of 2004 point to a continuation of the downward trend in personal consumption. The slowdown became pronounced in the second half of 2003 when the real annual growth rate of retail trade turnover was 5%. This trend strengthened in early 2004 and in the first quarter of 2004, the real annual growth rate of retail trade turnover dropped to 2.7%.

The sources of personal consumption financing, being preliminary indicators of this aggregate demand category, point to the possibility of a further slowdown in personal consumption in the first half of 2004. The annual decline in loans to households, observed since the second quarter of 2003, continued in 2004, but these loans have still recorded two-digit growth rates. The annual growth rate of average real net wage (calculated by deflating the nominal net wage by consumer price index) dropped from 3.8% in the second and third quarters of 2003 to 3.4% in the fourth quarter of 2003 and the first three months of the current year.

Investment consumption

In 2003, investment consumption also slowed down, primarily as a result of the trends in inventories (and a statistical discrepancy) in the observed period. However, the opposite trend was observed in gross fixed capital formation, which grew at a high annual rate of 16.8%. However, the last quarter saw a mild slowdown in gross fixed capital formation, so in that quarter its annual growth rate fell to the lowest rate in 2003 (14.8%). Despite that, gross capital formation, spurred by the increase in inventories, made a large contribution to GDP growth of as many as 3.8 percentage points.

The strongest impetus to investment was again provided by construction activity, primarily resulting from a strong investment in infrastructure. It also accounts for a major part

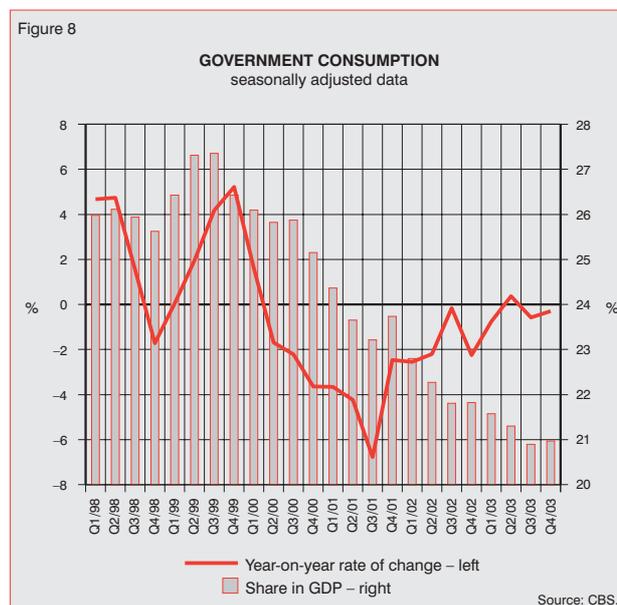
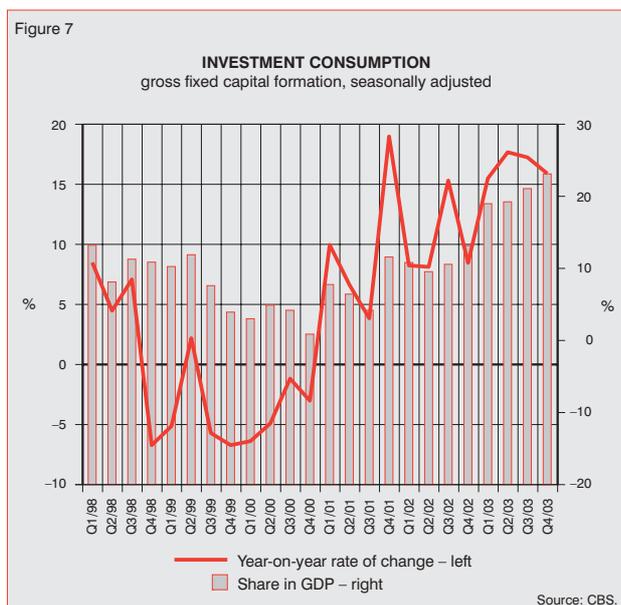
of government capital investment. Given the seasonal impact of construction, a stronger investment activity is expected in the second quarter of 2004, stimulated by the planned completion of new road sections by end-June. Therefore, it is expected that gross fixed capital formation will again make a significant contribution to GDP growth at the beginning of 2004.

Government Consumption

In 2003, current government expenditures on services rendered to citizens continued to decrease, yet at a slower pace than in the previous three years. According to the quarterly GDP estimate, in 2003, government expenditures on goods and services decreased by 0.3% in real terms compared with 2002. In this connection, government consumption estimatedly decreased in the first and third quarters, while it rose slightly in the second quarter. In the fourth quarter, it stagnated at the level from the same quarter of the previous year.

According to the MoF data, in 2003, the expenditures of the broadened consolidated central government on wages and other purchases of goods and services rose by 5.2% in nominal terms compared with the previous year, which corresponds with the estimated mild decrease in government consumption in real terms. A strong growth was recorded in wages, but it did not result from the rise in the number of employees but from growing expenditures on severance payments and other benefits to the persons who left government administration (e.g. on account of retirement). Contrary to this, expenditures on the purchase of goods and services rose by 1.2% in nominal terms, slower than inflation, which is a sign of their decrease in real terms.

According to the preliminary MoF data on expenditure outturn at the beginning of 2004, government consumption continued to decline. Thus, in the first quarter of 2004, total expenditures of the broadened consolidated central government on goods and services remained at the level from the same quarter of 2003 in real terms, which is a sign of a continuing decrease in consumption in real terms. A sharper



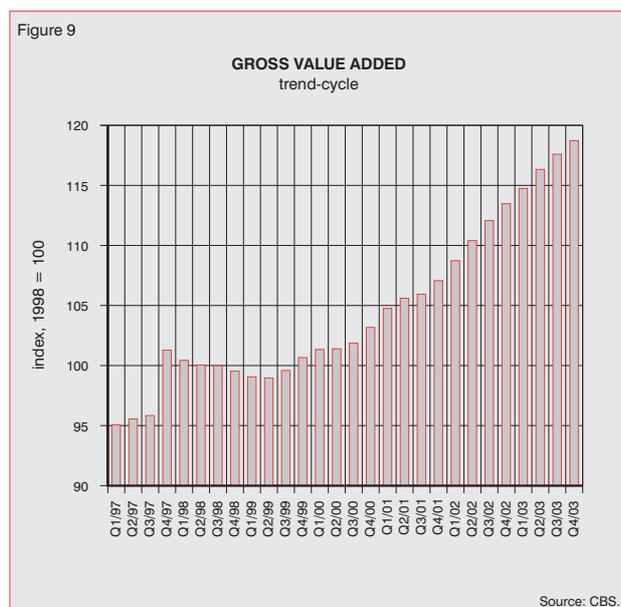
drop in consumption was again perceived in other purchases of goods and services, while the growth in wage bill in government administration continued.

Output

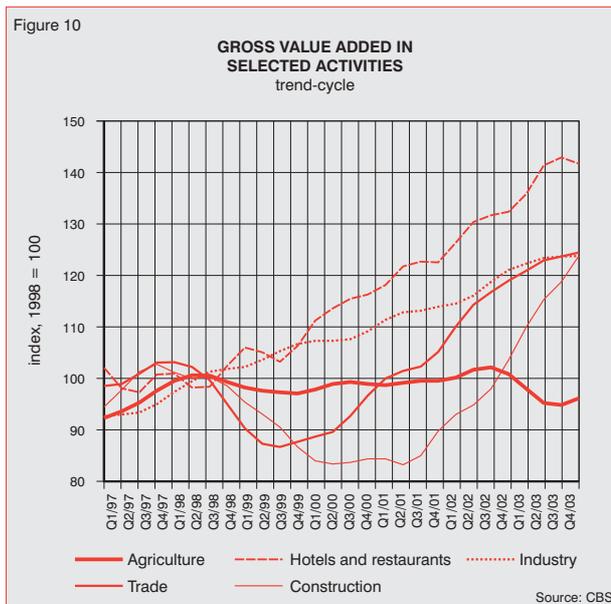
In 2003, total gross value added rose by 4.9% in real terms, which is a sign of its mild slowdown compared with a 5.2% growth of GVA in 2002. A sharper decline in GVA was recorded in the last quarter of 2003 when the annual rate of change dropped by 2 percentage points compared with the second quarter of that year, which saw the strongest growth of GVA in 2003 (5.8%).

In the last quarter of 2003, gross value added grew somewhat slower than gross domestic product calculated by the production method. This is consistent with the observed regularity of developments in these two parameters. More specifically, the simple growth rates¹ of GVA fluctuate within a smaller range than the GDP growth rates. This is caused by the seasonal character of the category ‘taxes on goods reduced by subsidies’,² whose dynamics is slower in the first and fourth quarters and faster in the second and third quarters, as a result of the trends in activities closely related to the tourist season, i.e. trade, hotels and restaurants and transport, storage and communication. Consequently, in the first quarter of 2004, gross value added continued to grow at a somewhat slower pace than GDP, while in the second and third quarters, the quarterly GDP growth is expected to outstrip the growth of gross value added.

The described annual slowdown in total gross value added in 2003 was mainly the result of similar trends in industry and trade, which participate with over 40% in total GVA. In 2003, the strongest annual growth of gross value added was re-



1 The simple growth rate (G) is calculated using the equation: $G = [(I_t/I_{t-1}) - 1] \times 100$ where t is the period (month, quarter or year) and I the value of the observed parameter.
2 $GDP = GVA + (\text{taxes on goods minus subsidies})$.

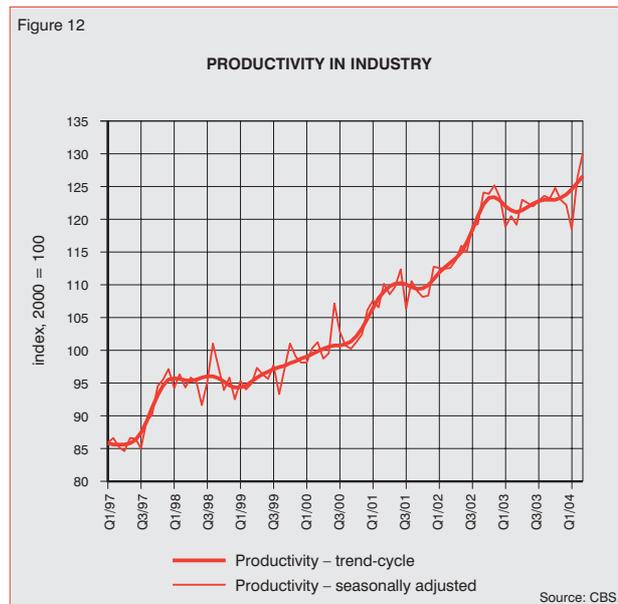
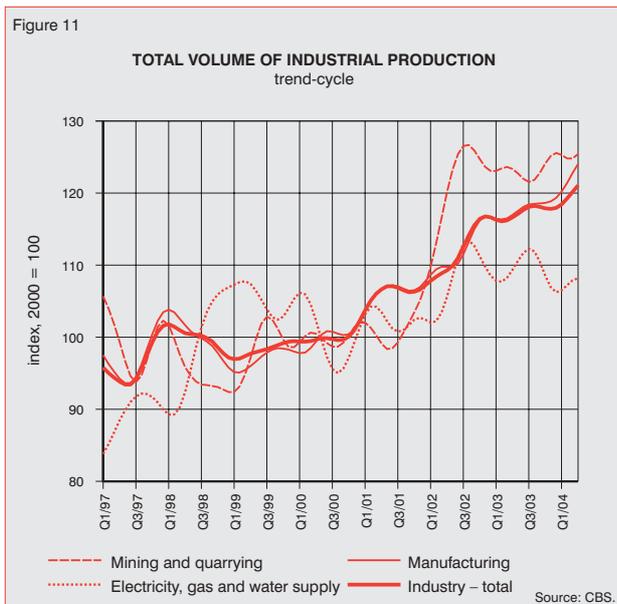


corded in construction. However, this activity also slowed down in the second half of the year, but still maintained high growth rates (18.6% in the fourth quarter of 2003). In all other activities, except agriculture and transport, storage and communication, GVA declined in 2003. In the last quarter of 2003, transport, storage and communication recorded the strongest annual growth of gross value added in the last two years. In contrast to this, gross value added in agriculture, which includes hunting, forestry and fishing, GVA decreased throughout 2003. The trend-cycle of GVA in agriculture points to a slow growth dynamics of gross value added in this activity, which has been observed for a number of years and is a sign of the necessary restructuring of production. Stagnation in gross value added in public and social activities that started in 2001 still continues.

Industry

In the fourth quarter of 2003, gross value added in industry rose by 1.7% at the annual level, the smallest increase since the second quarter of 2002. Despite that, the annual growth of GVA was 4.5% in 2003, somewhat more than a year before. Following stagnation in the last quarter of 2003, total industrial production rose at an annual rate of 3.4% in the first quarter of 2004, owing to a strong growth of production in February and March. In April, industrial production slowed down a little, so its annual growth rate was 2.8%. However, given the usual volatility of trends in industrial production, there is still no indication of a serious decline in production growth at the beginning of the second quarter. The data on GVA outturn at the beginning of 2004 will probably show that gross value added grew at a somewhat faster pace than at the end of last year.

The described developments mainly resulted from the trends in manufacturing, which accounts for over 80% of overall industrial production and which grew at an annual rate of 4.2% in the period from January to April 2004. According to the original data, the largest contribution to the positive developments in the period January-April was made



by manufacture of food and beverages, manufacture of fabricated metal products (excluding machinery and equipment), publishing and printing and manufacture of chemicals and chemical products. It is worth noting that production declined in all divisions of textile industry in the observed period.

In March and April 2004, mining and quarrying recorded a slowdown compared with the same months last year. As a result, the cumulative annual growth rate of production was relatively low, 2.6%, in April, despite the relatively high annual growth rates at the beginning of 2004. The negative developments in electricity, gas and water supply in January and February and its upturn in March were again followed by a slowdown in April, when production rose at an annual rate as low as 1.4%. Thus, instead of a growth in production in the first four months, energy supply was 0.4% lower compared with the same period last year.

Analysed by the main industrial groupings, the largest contribution to the growth of total industrial production in the first four months of 2004 was made by intermediary products (5.7% compared with the same period last year). Production of capital goods also grew markedly, primarily owing to its leap in February (30.1% compared with the same month last year), while March and April saw a slowdown at the annual level. In the first four months of 2004, positive growth rates were also recorded in other main industrial groupings. However, the growth was very mild in manufacture of energy and non-durable consumer goods, while the most sizeable growth was recorded in the small grouping of durable consumer goods.

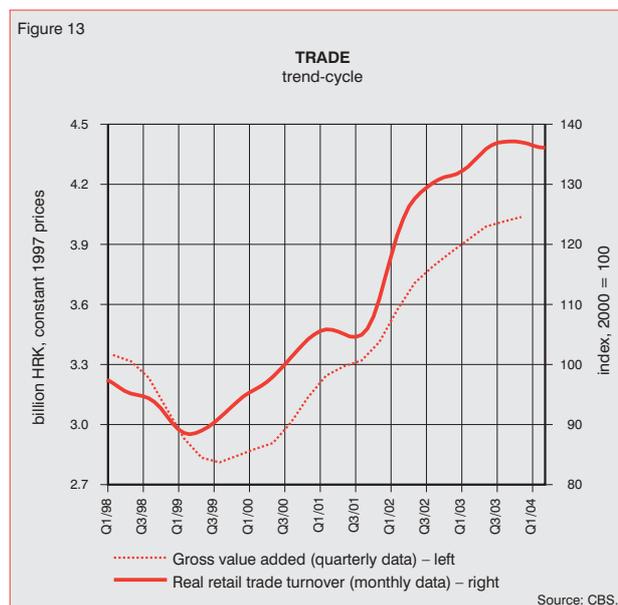
The growth of industry in the first quarter of 2004 was partly stimulated by foreign demand. Thus, the sharpest increase in production and exports was recorded in durable consumer goods and capital goods. Contrary to this, manufacture of chemicals and chemical products was focused on the domestic market, which is reflected in a sharp fall in exports in this division.

The first quarter of 2004 saw a continuation of the long-lasting upward trend in labour productivity in industry,

with short-term oscillations caused by irregularities in the expansion of industrial production. Thus, labour productivity grew at an annual rate of 4.6% in the first quarter of 2004, which was higher than in the previous year (3.4%). According to the CBS estimate, the strongest annual growth of labour productivity in the first three months of the current year was recorded in manufacturing, where a considerable increase in production was paralleled with a decline in employment. A mild decline in productivity in the observed period was only recorded in energy supply. At the annual level, labour productivity declined in six industrial divisions in the first quarter of 2004. They account for approximately 17% of total industrial production. The sharpest fall in productivity was recorded in the manufacture of wearing apparel.

Trade

In 2003, gross value added in trade rose by 7.1%, much less than in the previous years (12.7% in 2002 and even



more in 2001). Slower annual growth rates were recorded in the second half of 2003, but they were still above the annual growth rates of total gross value added in all the quarters. Such developments influenced the annual dynamics of retail trade turnover in the first quarter of 2004 when its annual growth rate dropped to 2.7%. This was the consequence of a slowdown in loans to households, which was partly attributable to saturation following a sizeable credit growth in the previous years.

According to the original data, in the first three months of 2004, total trade turnover fell at a constant average annual rate of 5.0% in real terms. The sharpest fall in nominal terms was recorded in retail sale of liquid fuels and lubricants, the sale, maintenance and repair of motor vehicles and retail sale of textiles, wearing apparel, footwear and leather products (which is consistent with the described trends in manufacturing).

Construction

Construction recorded an exceptionally strong growth in 2003, much stronger than other economic activities. Thus, gross value added in construction increased by 20.2% relative to the previous year and the index of construction works rose at an even higher rate. The strongest activity was recorded in the second and third quarters, which reflects the seasonal character of this activity and its strong dependence on weather conditions. In the fourth quarter of 2003 and in early 2004, construction works slowed down a little, which is usual in these less favourable periods. However, given the annual growth rate of the index of construction works of 20.7% in the fourth quarter of 2003 and 16.5% in the first two months of 2004, it can be concluded that construction remains a much stronger activity compared with other economic branches.

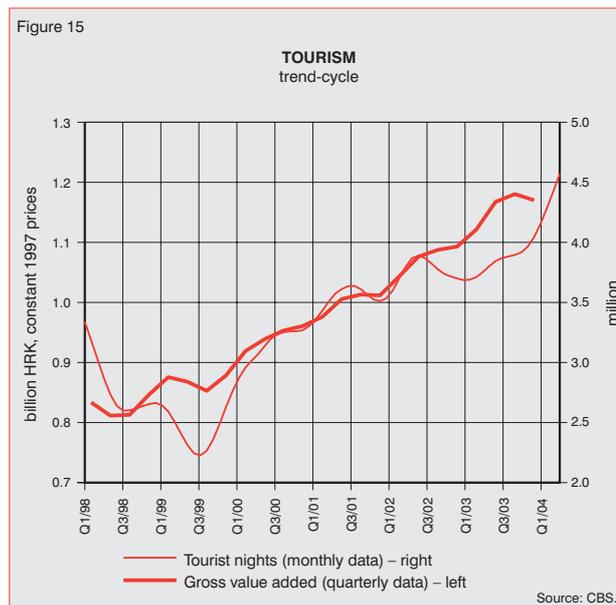
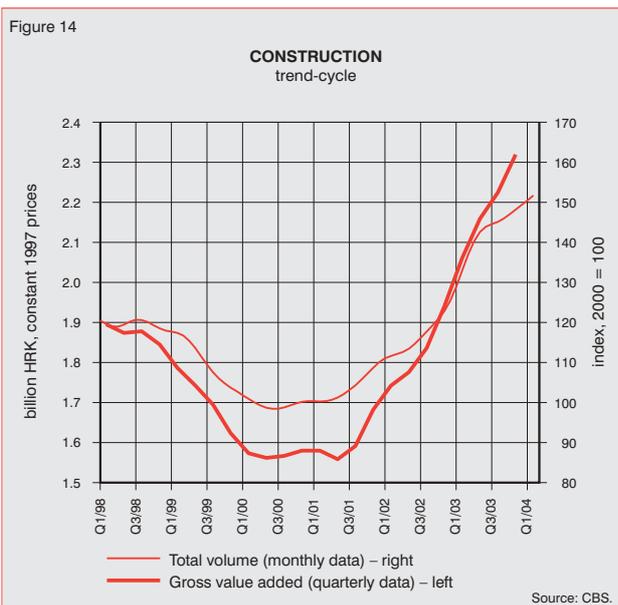
The sizeable growth of activity in construction was mainly the result of massive investment in road infrastructure. Thus, of the total value of completed construction projects in 2003, road infrastructure accounted for 55.3%, non-resi-

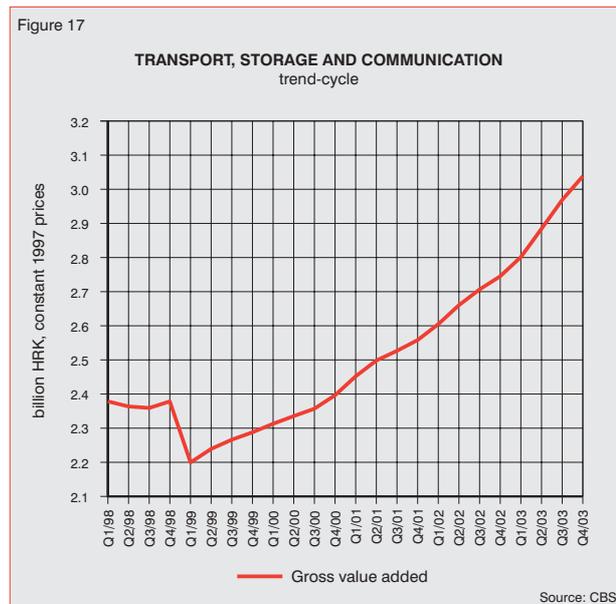
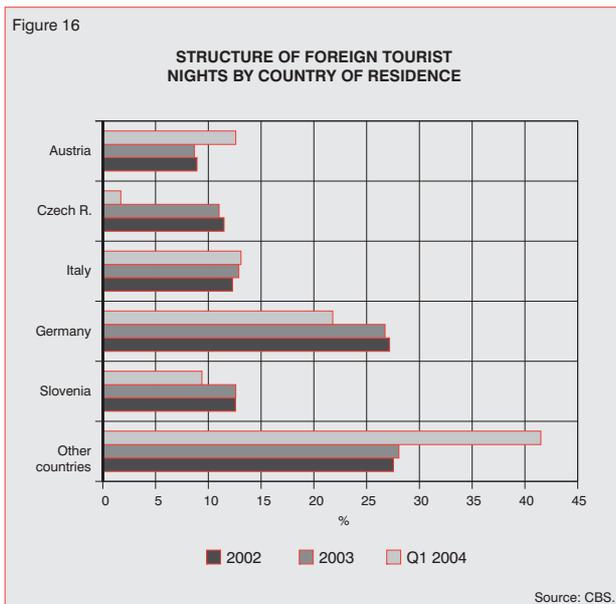
dential buildings participated with 18.9% and residential buildings with 10.9%. However, it should be noted that completed dwellings increased by 25.1% in 2003 compared with the previous year and that the number of dwellings under construction was higher at the end of 2003 than in the previous year. Nevertheless, a slower growth in net construction project orders in 2003 as well as a decline in the number of construction permits issued in early 2004 point to a slowdown in the construction activity in 2004.

Tourism

The annual growth of gross value added in hotels and restaurants accelerated to 8.3% in 2003. The lowest annual growth rates of GVA in hotels and restaurants were recorded in the first and last quarters of 2003, when the turnover was also at its lowest levels. However, a stronger growth in the second and third quarters resulted in a better performance at the annual level. In contrast to the trends in gross value added, tourist arrivals and nights stayed increased gradually during the second half of 2003 and reached a peak in early 2004. Thus, in the first quarter of 2004, tourist arrivals grew at an annual rate of 12.1%, while tourist nights rose by 20.1% compared with the same period last year. The strongest growth was recorded in March, which is unusual for that period, since the described dynamics is typical of the main tourist season. However, it is worth noting that in the previous years, only 2% of the total annual number of tourist nights used to be stayed in the first quarter. Therefore, the developments in the first quarter do not significantly influence the total annual performance of tourism.

The described changes were probably caused by improved tourist offer and a more successful marketing, which is also confirmed by a substantial increase in organised tourist arrivals. The most popular tourist destinations in the observed period were Primorje and Gorski Kotar County and Istria County. Foreign tourists mostly came from Germany (21.8%), Italy (13.1%) and Austria (12.6%), i.e. the countries, which usually account for the largest shares in the





structure of tourists at the annual level. In the first quarter of 2004, domestic tourists participated with more than a half in the total number of tourists (4.9% more compared with the same period last year.) By the end of the year, slight changes are expected in the structure of tourists, i.e. an increase in the number of tourists who prefer to stay in Croatia during the summer months (e.g. tourists from the Czech Republic and Slovenia).

Transport and Communications

In 2003, transport, storage and communication saw a growth of activity compared with the previous year. Gross value added grew at a high annual rate of 9.2%, 4.3 percentage points higher than the annual growth rate of total GVA. This made transport, storage and communication the second most propulsive activity (after construction) in 2003. The annual growth of GVA in this activity accelerated continuously in all the quarters of 2003, reaching a high 11.0% in the last quarter of 2003.

The first quarter of 2004 saw a continuation of the activity growth in transport. Transport of goods continued its strong upward trend, while transport of passengers recovered. Thus, following a decline in 2003, the number of transported passengers was up 5.4% in the first quarter of 2004 compared with the same period last year. In the first three months of 2004, road transport, which accounts for the largest share of the total transport of goods and passengers, rose significantly at the annual level, i.e. transported passengers and transported goods went up 4.7% and 25.5% respectively. In the first quarter of 2004, relatively high annual growth rates were also recorded in railroad transport and in a less significant air transport.

For several consecutive years, the sharpest rise has been observed in telecommunications, which is the result of introducing new technologies and an increase in the number of services and users. Thus, in 2003, minutes spent in mobile network grew considerably (by 27.7%), especially at the end of the year, while minutes spent in fixed network grew much

slower (at a rate of 12.4%). In the first quarter of 2004, the growth of activity in telecommunications continued, but at a slower pace compared with end-2003. Thus, minutes spent in mobile and fixed networks increased by 18.8% and 11.5% respectively compared with the first quarter of 2003.

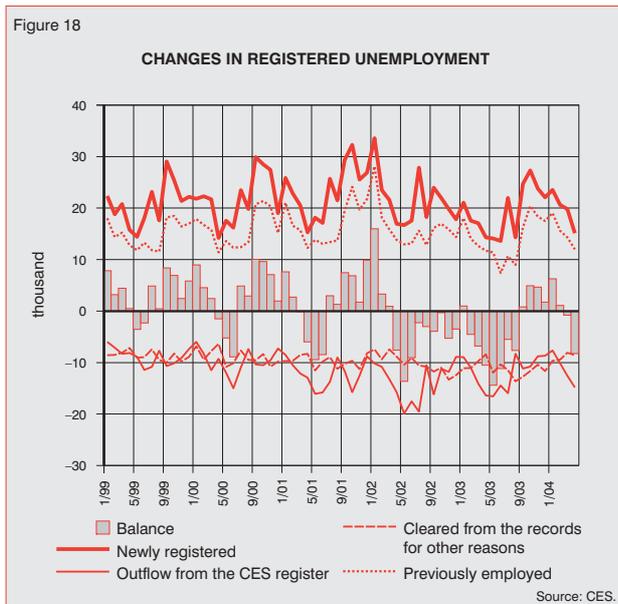
Labour Market

According to the revised administrative indicators, employment grew at an accelerated pace in 2003, while the Labour Force Survey indicators point to stagnation or a slight decline in employment. A similar trend was observed in unemployment. Thus, while registered unemployment decreased until the end of 2003 when it started to stagnate, the Labour Force Survey unemployment has stagnated ever since the end of 2002. Such discrepancies between the administrative and Labour Force Survey indicators of employment and unemployment were also perceived in the previous years but were usually not constant. Preliminary administrative indicators suggest that the upward trend in employment continued in early 2004. Towards the end of the first and at the beginning of the second quarters of the current year, real wages grew at an accelerated pace following their stagnation and low growth rates in the previous year.

Unemployment and Employment

The upward trend in inflows into the CES register, which started in the last quarter of 2003, continued in the first quarter and at the beginning of the second quarter of 2004. This suggests that inflows into the CES register returned to the level before the new business procedures were introduced in the CES in September 2002, which resulted in reduced inflows into the register. During the first four months of 2004, the number of persons registered with the CES totalled almost 80,000 – about 9,000 (13.2%) more than in the same period in 2003. The stronger inflow into the regis-

Figure 18



ter in the first four months was the result of a larger number of persons registered from inactivity, which means, according to the CES definition, that more than three months have elapsed between these persons' last employment, finishing school or exclusion from the CES records and their reinclusion in the register. First time job seekers contributed almost equally to the growth of inflows into the CES register as the previously employed. However, the relative increase in the inflow of persons without working experience was much more substantial. Consequently, while it could be assumed that unemployed persons register with the CES less promptly, or leave the records for certain periods of time without being formally employed, it appears that the new requirements imposed on the registered persons pursuant to the new Law on Employment Intermediation and Rights During Unemployment, as well as the new CES business procedures introduced in 2002 had no long-term effects on reducing the inflow into the register.

In contrast to the inflow into the CES register, which

trended upwards in early 2004, outflow from the register declined in the same period. From January to April 2004, almost 81,000 persons were excluded from the register, 10,000 less than in the same period last year. The decrease in outflows from the register to employment almost equalled the number of clearings from the register for reasons other than employment. Thus, the number of persons cleared from the records dropped to the level before the new unemployment definition and the relevant business procedures were introduced, which suggests that the effects of the intermediation reform disappeared. Contrary to this, outflow from the register to employment continued its mild downward trend as a result of reduced CES intermediation after the obligation to report vacancies to the CES was lifted in March 2002 pursuant to the new Law.

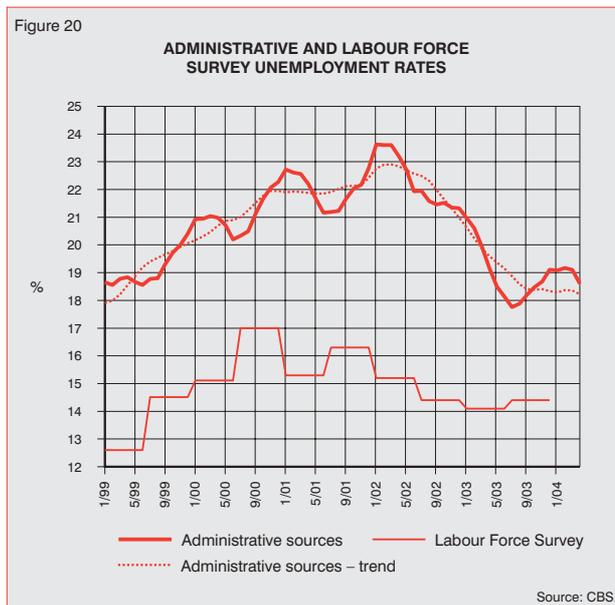
While registered unemployment declined sharply in early 2003, owing to reduced outflows from and stronger inflows into the CES register, the beginning of 2004 saw a continued stagnation of unemployment, which started at the end of the third quarter of 2003. The level of registered unemployment rose in January and February but fell in March and April 2004, due to seasonal factors. As a result, it was somewhat lower at end-April than at the end of 2003. However, registered unemployment decreased by 28,000 (8.2%) at the end of April compared with the same month in the previous year, as a result of its decline in mid-2003. The observed CES flow and registered unemployment dynamics suggest that most effects of the employment intermediation reform have worn off. The remaining effects include reduced employment with the CES intermediation and a less prompt registration with the CES.

The registered unemployment rate also stagnated in the first four months of the current year as a result of a stagnant number of persons registered with the CES. According to the preliminary CBS data, the registered unemployment rate was 18.6%, roughly the same as at end-2003 or 1.4 percentage points less than in the same month last year, due to a decline in registered unemployment in mid-2003. Contrary to the registered unemployment indicators, which point to the

Figure 19



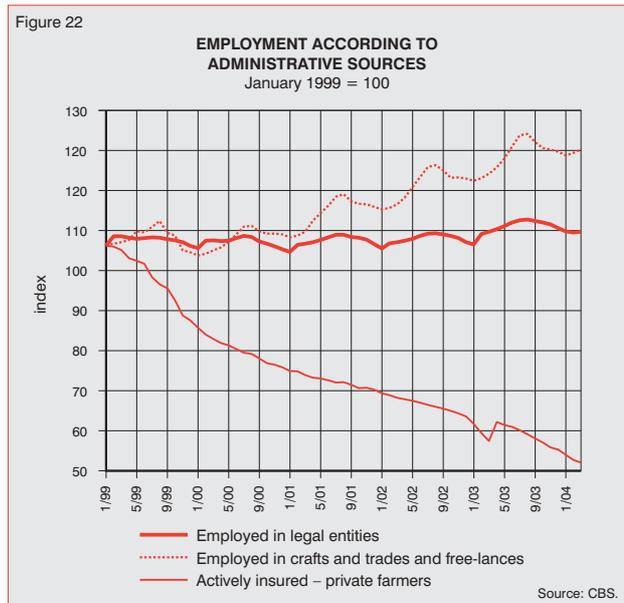
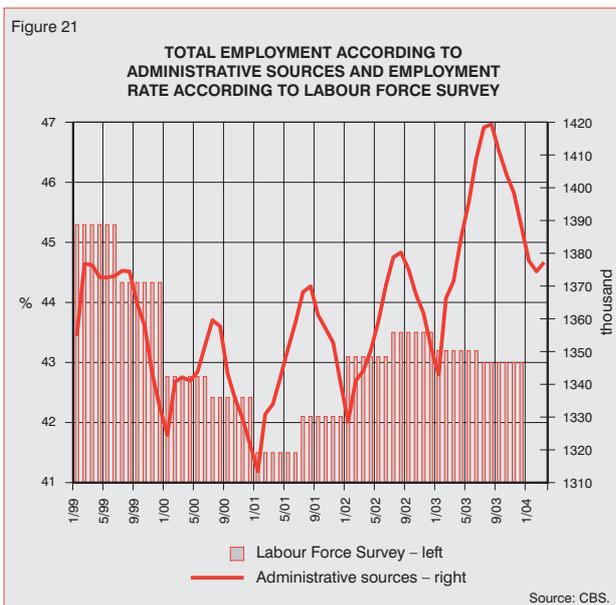
Figure 20



end of its downward trend and stagnation since the end of the third quarter of 2003, the Labour Force Survey unemployment rate has been stagnant ever since the second half of 2002. Thus, it stood at 14.4% in the second half of 2003, the same as in the second half of 2002. Due to a sharp fall in the registered unemployment rate between mid-2002 and mid-2003 and a stagnant Labour Force Survey unemployment rate, the difference between these two rates fell below 4 percentage points, which is the smallest difference recorded so far and half the difference from the beginning of 2002.

The revised preliminary administrative indicators of total employment for the period February 2003 to January 2004 point to its strong growth. The scope of the last year's revision was unusual although revision usually results in a higher value of the total employment indicator. The revision is based on statistical surveys conducted in March and September, which provided better coverage for small enterprises – the main generators of new employment. Owing to the revision, total employment rose by an average of 36,000 (2.6%), which roughly corresponds to the increase in the revised level of total employment at the end of 2003 compared with end-2002. Owing to this, employment according to administrative sources grew considerably compared with the previous years, which is consistent with the sharp fall in registered unemployment during the year and can account for the major part of the reduction in registered unemployment in that year.

Unlike the administrative employment indicators, the Labour Force Survey indicators, which usually reflect employment dynamics more reliably, point to stagnation in employment and its mild decline towards the end of 2003. However, these changes are not significant and remain within the estimation reliability interval. According to the Labour Force Survey, the employment rate of the population over 15 years of age was 43.0% in the second half of 2003, half a percentage point less than in the same period of 2002. The discrepancy between the employment dynamics based on administrative data and those based on the Labour Force Survey indicators can be partly accounted for by the extension of the



statistical coverage to persons who were previously employed in legal persons or in crafts and trades but did not conclude employment contracts. However, the discrepancy between the two employment indicators is too serious to be fully accounted for by formalisation of the status of employed persons. Similar discrepancies were also observed in the previous years but they were usually not constant.

As the administrative indicators of employment were revised for the period till January 2004 and the preliminary employment indicators from February on are probably much lower than the revised indicators, as shown by the revised preliminary indicators for the previous year, it is difficult to estimate the level and dynamics of employment on the basis of preliminary data. However, it seems that the upward trend in employment according to administrative sources continued in the first quarter.

During 2003, the number of individual farmers actively insured with the CPII continued its downward trend, while the number of persons employed in crafts and trades and free-lancers rose significantly. However, a change in the current trend and an acceleration of total employment growth resulted from a rise in the number of persons employed in legal persons, which had stagnated in the previous years. At end-2003, the number of individual farmers insured with the CPII dropped by 8,000 (11.9%) compared with end-2002, while the persons employed in crafts and trades and free-lancers increased by 12,000 (5.2%). According to the revised data, employment in legal persons rose by 33,000 (3.1%) and made the largest contribution to the growth of total employment. The growth of employment was observed in certain activities, primarily trade (7,000 or 7.1%), construction (13,000 or 5.9%) and manufacturing (5,000 or 1.9%).

As the decline in registered unemployment was more rapid than the growth of employment in 2003, labour force decreased slightly, by almost 11,000 (0.6%), which proves that the clearing of inactive persons from the CES records was not the main reason for the fall in registered unemployment in that year. However, owing to stagnation in registered unemployment at the end of 2003 and in early 2004

and the growth of employment, the downward trend in active population was stopped. This suggests that the effects of the employment intermediation reform on the level and dynamics of unemployment have worn off. According to the Labour Force Survey, the activity rate of the population over 15 years of age also dropped in 2003. It stood at 50.2% in the second half of 2003, which is 0.7 percentage points less than in the second half of 2002 and is a sign of a decline in the Labour Force Survey employment and of stagnant unemployment.

Wages and Labour Costs

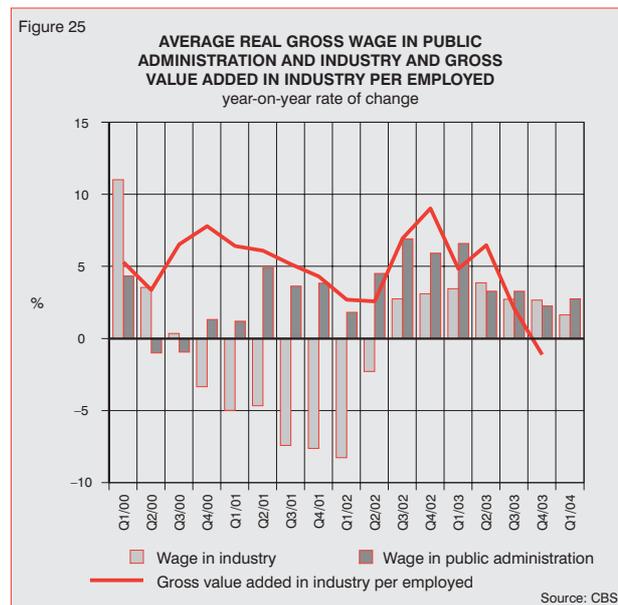
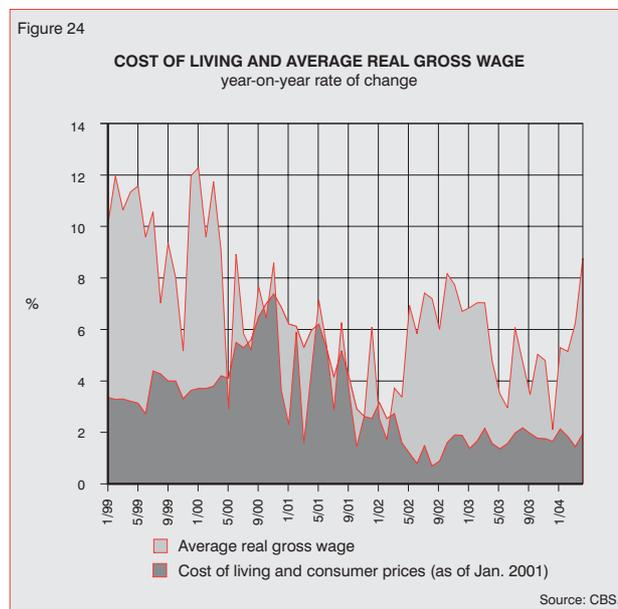
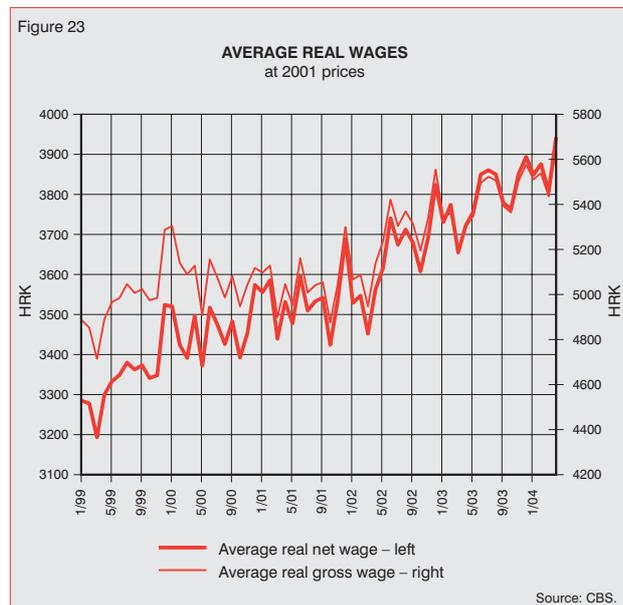
Following a slowdown in average wages and their stagnation in real terms in late 2003, the first quarter of 2004 saw an upward trend in wages. The average real gross wage rose at an annual rate of 3.8% in the first quarter of the year, which is the highest growth rate achieved since the first quarter of 2003. The growth was particularly rapid at the end of the first quarter, so the annual growth rate was 4.8% in March and 6.8% in April. As the effects of the reduced tax burden from early 2003 disappeared, the average real net wage grew at a somewhat lower annual rate in the first quarter of the current year than the rate of average annual gross wage, i.e. 3.4%. This rate did not rise compared with the last quarter of the previous year, so the faster growth of gross wage can be accounted for by tax progression and an equal growth rate of net wages. However, the growth of net wages accelerated towards the end of the first quarter. Thus, the average real net wage rose at an annual rate of 4.2% in March and 5.9% in April.

The growth rate of average real wage increased owing to a change of wage deflator. More specifically, since the beginning of 2004, the Central Bureau of Statistics has not used the cost-of-living index to deflate nominal wages in order to measure their real growth. To ensure maximum consistency of the new data series, nominal wages have been deflated by the consumer price index, starting with the data for January 2001 when this index was introduced. If wage deflation by

the consumer price index were carried out for the period till end-2003 rather than till end-2000, the annual growth rate of average real wage in the first quarter of the current year would be almost 1 percentage point lower, i.e. 2.6%.

While the change of wage deflator affected the annual growth rate of wages, the increase in annual growth rates of nominal wages was the main contributor to the accelerated growth of real wages in 2004. The annual growth rate of average nominal gross wage was 5.2% in the first quarter and as high as 8.0% in April, which is the highest rate recorded since the beginning of 2003.

The revision of administrative employment indicators also resulted in reduced growth rates of gross value added per employed person in 2003. The decrease was particularly sharp at the end of the year, when gross value added in industry slowed down. At the same time, employment in industry grew faster, resulting in an annual decrease in gross value added in industry per employed person of 1.1%. The growth of average real wage in industry slowed down to



2.3% in the last quarter of 2003, but accelerated to 2.7% in the first quarter of 2004, which corresponds with average wage dynamics. A wage growth, which outstrips the growth of productivity, is usually a sign of rising inflationary pressures. However, in late 2004, wages stagnated while productivity growth slowed down, mainly due to a faster growth of employment according to administrative sources. Therefore, the above mentioned discrepancy should not be a worry. In the last quarter of 2003 and the first quarter of 2004, the average real gross wage in public sector also grew at low rates of 2.6% and 1.6% respectively. Consequently, the public sector wage policy in 2004 was again restrictive and did not stimulate the growth of wages in the economy.

Prices

During the first quarter of 2004, inflation in Croatia slowed down and the year-on-year rate of change in the consumer price index was reduced from 1.7% in December 2003 to 1.4% in March 2004. The year-on-year rate of change in prices of goods went down from 1.6% in December to 1.1% in March, whereas the year-on-year rate of change in prices of services went up from 2.2% to 2.6%. The share of goods in the basket used for the calculation of the consumer price index in 2004 amounts to 77.3% and of services to 22.7%, so that the movements in goods prices determine the movements in the overall consumer price index. Viewed by the components of the overall consumer price index, the largest contribution to a reduction in the year-on-year inflation rate in March 2004 relative to December 2003 was made by a fall in the year-on-year rate of change in transport prices from 2.2% to -1.9%, which occurred as a result of the base period impact, i.e. a strong growth in transport prices recorded in the first quarter of 2003 due to a significant rise in refined petroleum products immediately before the onset of the war in Iraq.

The analysis of the consumer price movements from the beginning of this year shows that the consumer price index

grew strongly in January – by 1.0% on average, compared to the previous month. The year-on-year inflation rate measured by the overall consumer price index reached 2.1% (2.1% for goods and 2.4% for services), which is a 0.4 percentage point increase compared to the consumer price inflation recorded in December 2003. In January, the most pronounced growth (3.0%) relative to the previous month was recorded in prices of food and non-alcoholic beverages. As a result of an increase in prices of liquid fuel and lubricants and driver's tests, a significant rise in transport prices of 1.5% in comparison with the previous month was realised. In January, a 4.3% seasonal fall in prices of clothing and footwear relative to the previous month mitigated the intensity of growth in the overall consumer price index at the monthly level. In the same month, prices included in the core retail price index held steady on average in comparison with the previous month, while the year-on-year core inflation rate rose from 1.2% in December 2003 to 1.3%. The share of goods in the basket used for the calculation of the core consumer price index in 2004 is 85.1%, so that the movements in core inflation are predominantly influenced by goods the price of which is formed freely by the market.

In February 2004, consumer prices were 0.1% lower on average than in the previous month, primarily as a result of a seasonal fall in prices of clothing and footwear of -1.3% and a -0.2% fall in food prices. Together with an additional impact of the base period (0.3 percentage point higher monthly growth in consumer prices was recorded in February 2003), the year-on-year rate of inflation measured by the overall consumer price index went down to 1.8% in February. The largest contribution to a fall in the overall year-on-year consumer price inflation rate in February relative to that recorded in January, was made by the decline in the year-on-year rate of change in the food and non-alcoholic beverage prices from 4.9% in January to 4.4% in February, and a fall in transport prices from 0.7% in January to -0.4% in February. The prices of products included in the calculation of core inflation went down in February 2004 by 0.2% compared to the previous month, while the year-on-year core inflation rate held steady at its January level of 1.3%.

In March – along with the increase in consumer prices of 0.1% on average relative to the previous month and the base period impact – the year-on-year inflation rate was reduced by 0.4 percentage points, from 1.8% in February to 1.4% (goods 1.1%, services 2.6%). A reduction in the year-on-year rate of change in prices of food and non-alcoholic beverages from 4.4% in February to 3.5% in March, of transport from -0.4% to -1.9% and housing from 0.7% to 0.5% accounted for the largest part of a fall in total year-on-year consumer price inflation rate in March. Although the prices included in the calculation of the core consumer price index remained, on average, at the same level as in the previous month, the year-on-year rate of core inflation rose mildly from 1.3% in February to 1.4% in March due to the base period impact.

According to the latest CBS data, the year-on-year inflation rate in April increased by 0.5 percentage points, reaching thus 1.9%. The year-on-year rate of change in prices of goods rose from 1.1% in March to 1.8% in April, whereas

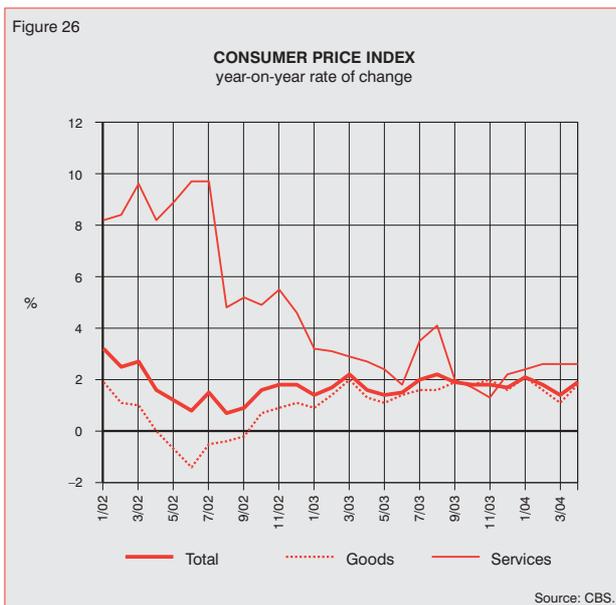


Table 1: Consumer Price Index, year-on-year rate of change

	Weight	12/03	1/04	2/04	3/04	4/04
Total	100.0	1.7	2.1	1.8	1.4	1.9
Food and non-alcoholic beverages	33.0	2.8	4.9	4.4	3.5	2.5
Alcoholic drinks and tobacco	5.4	1.4	1.5	1.4	1.4	1.5
Clothing and footwear	8.3	-0.7	-2.5	-3.0	-1.8	0.8
Housing, water, energy, gas and other fuels	14.3	0.7	0.6	0.7	0.5	1.7
Furniture, equipment and maintenance	4.8	-0.6	-0.2	-0.3	-0.4	-0.8
Health	2.8	5.5	5.5	5.4	5.5	5.8
Transport	11.3	2.2	0.7	-0.4	-1.9	2.0
Communication	4.5	-0.2	-0.2	-0.3	-0.2	-0.2
Recreation and culture	5.6	1.6	2.4	3.3	3.2	3.0
Education	0.9	0.3	0.3	0.2	0.6	0.4
Catering services	3.2	3.9	4.2	3.8	4.1	3.9
Miscellaneous goods and services	5.9	1.6	2.0	2.1	2.0	2.1
Goods	77.3	1.6	2.1	1.6	1.1	1.8
Services	22.7	2.2	2.4	2.6	2.6	2.6

Source: CBS.

that of services held steady at 2.6%. The aggregate level of consumer prices during April increased by 0.2% compared to the previous month, so that the base period largely contributed to an increase in the year-on-year inflation rate in April 2004. More specifically, in calculating the year-on-year inflation rate in April 2004, the base for comparison was reduced since the aggregate level of consumer prices declined in April 2003 primarily as a result of a fall in prices of refined petroleum products due to a relatively prompt termination of the war in Iraq. In April, along with a 0.2% rise in core inflation at the monthly level and the impact of the base period, the year-on-year rate of core inflation increased from 1.4% in March to 1.9%.

Total increase in consumer prices realised at the monthly level was mild in April this year, which can largely be accounted for by the fact that prices of food and non-alcoholic beverages were reduced by 0.7% during April relative to the previous month, mainly as a result of special Easter discounts of chain stores in an attempt to attract customers by a price reduction of particular basic foodstuffs. Since the prices of food and non-alcoholic beverages account for al-

most one third, i.e. 33% of the basket of goods and services used for the calculation of the overall consumer price index, the contribution of the previously stated price reduction of food and non-alcoholic beverages to total inflation at the monthly level was considerable in April, reaching -0.23 percentage points. The most significant contribution to a total increase in consumer prices in April this year, in comparison with the previous month, was made by a 2.6% growth in prices of clothing and footwear due to spring lines launched in the market, as well as by a 4.3% increase in prices of fuel and lubricants, reflecting an increase in prices of crude petroleum on the global market. Since the prices of refined petroleum products are recorded by the CBS until the 18th day in a month, a rise in prices of refined petroleum products in April encompassed a 3.1% rise in prices on average, recorded in the domestic retail sale on 23 March, and a 1.3% rise on average on 13 April, while the increase in prices of refined petroleum products which was recorded on the domestic market on 20 April will effect the consumer price index growth only in May this year. Domestic consumer prices and prices of fuel and lubricants rose by a total of 1.2% and 6.7%, respectively, in the first four months (April against December 2003), so that, taking into account the 4.0% share of fuel and lubricants in the consumer price index, their contribution to total inflation recorded in the stated period amounted to 0.3 percentage points.

It should be noted that a rise in domestic retail prices of refined petroleum products has a lower direct impact on a growth in total consumer price inflation than it had on a rise in retail prices, since the weight of fuels and lubricants decreased from 6.9% in the retail price index to 4.0% in the consumer price index. The CBS experts stress that the previously mentioned reduction in the share of fuels and lubricants in the overall price index occurred since total value of fuels turnover in retail trade was taken into account in calculating the weight for the retail price index, which encompassed both household purchases for private needs and purchases by business entities. In contrast, only household ex-

Figure 27

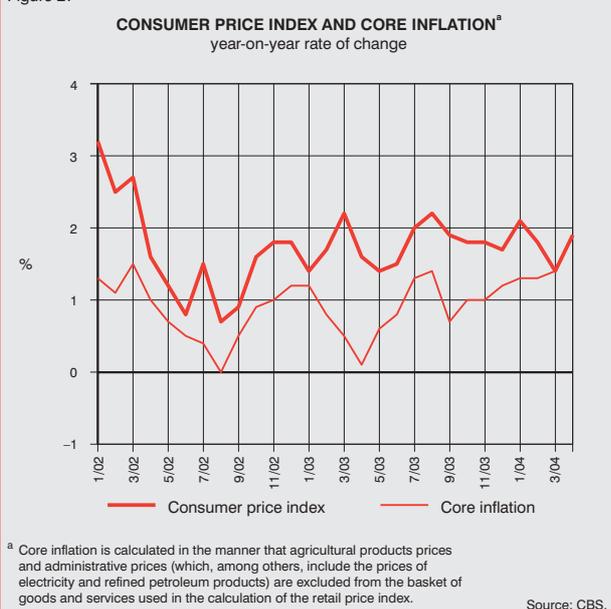
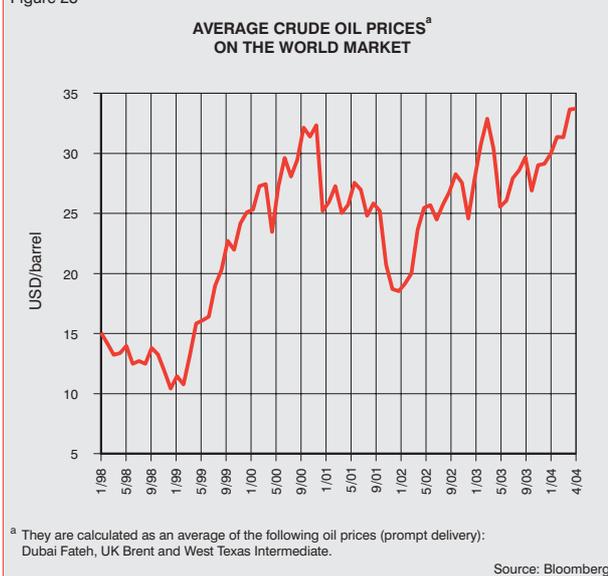
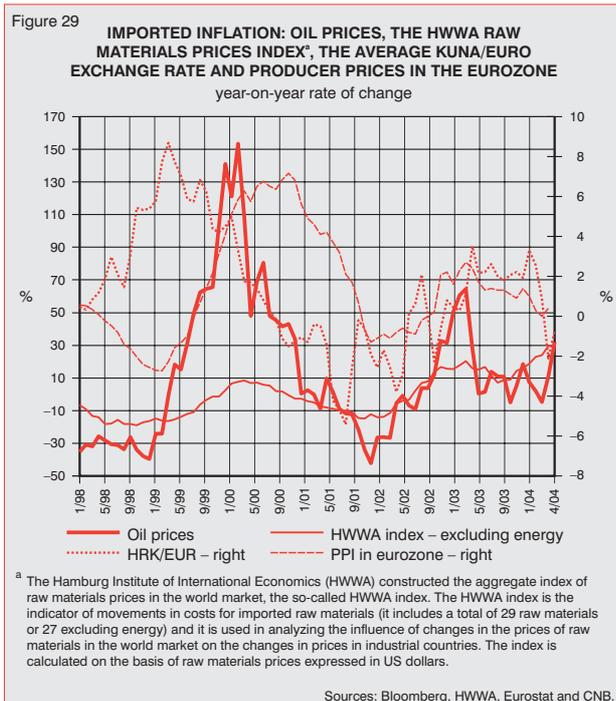


Figure 28





penses are taken into account for this purpose in calculating the weights for refined petroleum products in the consumer price index. In addition to the direct impact, an increase in prices of refined petroleum products also has an indirect influence on the growth in the overall consumer price index, as a result of an increase in prices of goods and services in the production of which refined petroleum products represent a significant input. These indirect effects are particularly pronounced in the movement of prices of transport services, and are generally manifested with a certain time lag. Along with a rise in prices of fuels and lubricants in April of 6.7% compared to December 2003, transport service prices went up by 0.6% in the same period and their further gradual growth may be expected. By shifting to the consumer price index, indirect effects of a rise in refined petroleum product prices will be less pronounced, since the weight assigned to transport services in the consumer price index is significantly lower, amounting to 1.2%, compared to the weight in the retail price index which exceeds 8.0%. The structure of the domestic consumer price index, as reported by the CBS, is based on the 2001 Household Budget Survey conducted in 2001 and a reduction in the share of transport services in the consumer price index reflects a reduced use of public transport services and an increased use of private cars.

This year's total rise in domestic prices of refined petroleum products of 12.9% on average (11 May 2004 to 31 December 2003) reflects an increase in prices of crude oil recorded during this year on the global market. The daily average price of crude oil of USD 33.7 per barrel recorded on the global market in April was thus 12.6% higher than the average price recorded in December 2003. In terms of kuna, this increase was somewhat lower, amounting to only 12.3% due to the kuna appreciation against the US dollar. In addition to the crude oil price, prices of other raw materials increased on the world exchanges this year – a total of 16.0%, measured by the aggregate HWWA index of raw material prices

on the world market (excluding energy).

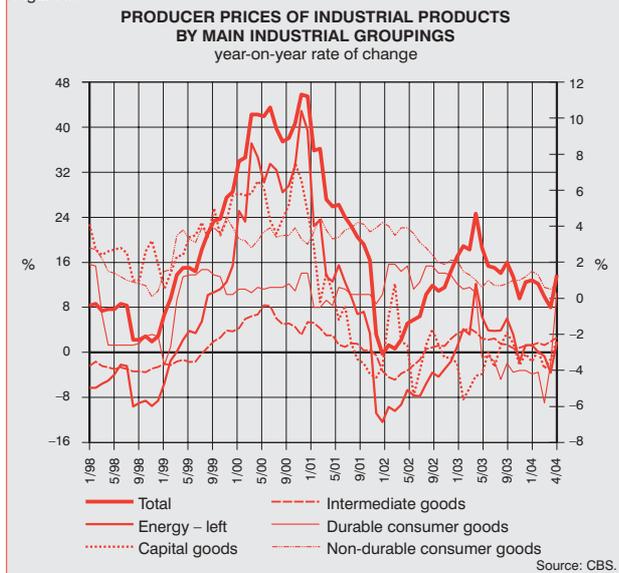
There are several reasons for crude oil price growth on the world market. For instance, in the analysis published in the latest issue of the World Economic Outlook (April 2004), the IMF analysts pointed out that the reasons for oil price growth can be found on both supply and demand side. Crude oil price increase was effected by the economic growth faster than expected in China, the USA and individual Asian countries. The stocks of crude petroleum were thus also lower compared to the several-year average, which was primarily evident in the USA and other OECD countries. Furthermore, speculative purchases of funds also contributed to the increase in demand. In addition, the US dollar depreciation against the euro is also considered to have contributed to crude oil prices remaining at a high level, by which oil exporting countries attempted to maintain their purchasing power. As regards the supply shocks, tensions in the Near East predominate, particularly in Iraq, as well as the unstable political situation in another two countries that are significant oil exporters – Venezuela and Nigeria. Furthermore, the OPEC countries recently decided to reduce the production quota twice, and these decisions were applied starting from November 2003 and April 2004. At the same time, OPEC non-member countries delivered smaller quantities of crude oil than the market participants have expected.

According to the latest data available, the year-on-year rate of change in producer prices in the eurozone in March this year was low: 0.4% or 0.4 percentage points more than the year-on-year inflation rate of producer prices recorded in February. The ECB analysts believe that in the following months the year-on-year rate of change in producer prices in the eurozone could further increase as a result of a direct and indirect effect of the oil and other raw material price growth, expressed in euros, on producer price movements. Taking into account the previously mentioned movements in prices of oil and other raw materials and producer prices in the eurozone, total imported pressures on the domestic price increase may be assessed as growing during the first four months.

Slowing down of a growth in domestic producer prices of industrial products from 2003 continued into the first quarter of 2004 by a reduction in the year-on-year rate of change in producer prices from a low of 1.0% in December 2003 to 0.8% in January, 0.1% in February and -0.5% in March 2004. Viewed by components, lower year-on-year rates of change in producer prices in March 2004 relative to those at end-2003 were recorded in the following industrial groupings: energy (-3.6% in March 2004 compared to 1.3% in December 2003) and non-durable consumer goods (0.5% compared to 1.5%). In other industrial groupings the year-on-year rate of change in producer prices increased mildly in March 2004 in comparison with December 2003: in intermediate goods from 1.3% in December to 1.9% in March, in capital goods from -3.5% to -3.4%, and in durable consumer goods from -4.2% to -3.6%.

A strong growth of a total of 0.9% in producer price index of industrial products was recorded in April compared to the previous month, as a result of which the year-on-year rate of change in producer prices rose from -0.5% in March to

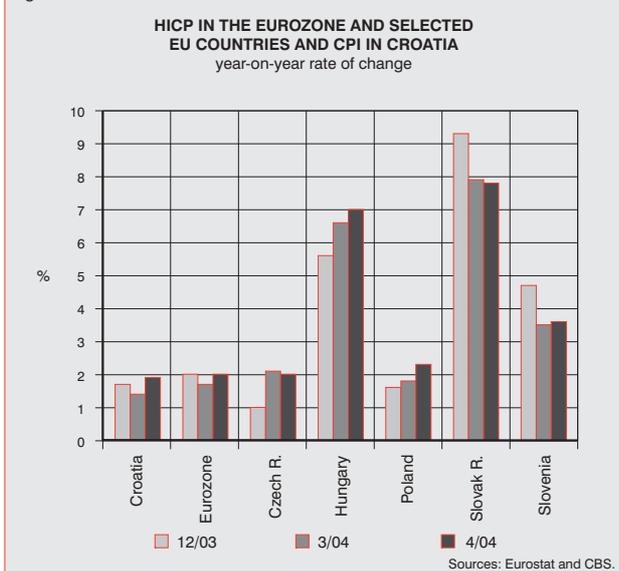
Figure 30



1.3% in April. The largest price growth of 2.3% at the monthly level was recorded in the industrial grouping that encompasses energy production, due to a considerable growth in producer prices of refined petroleum products of 13.6% realised in April relative to the previous month. Furthermore, a considerable growth in producer prices in April relative to the previous month was realised in the following divisions as well: manufacture of leather, accessories and footwear 8.8%, manufacture of basic metals 8.0%, manufacture of fabricated metal products (except machinery and equipment) 4.1% and manufacture of other transport equipment (except shipbuilding) 7.7%.

The year-on-year rate of domestic consumer price inflation of 1.9% realised in April 2004 was somewhat lower than that in the eurozone, the Czech Republic and Poland where inflation ranged between 2.0% and 2.3%, and considerably lower than in individual new EU members – Hungary, Slovakia and Slovenia.

Figure 31



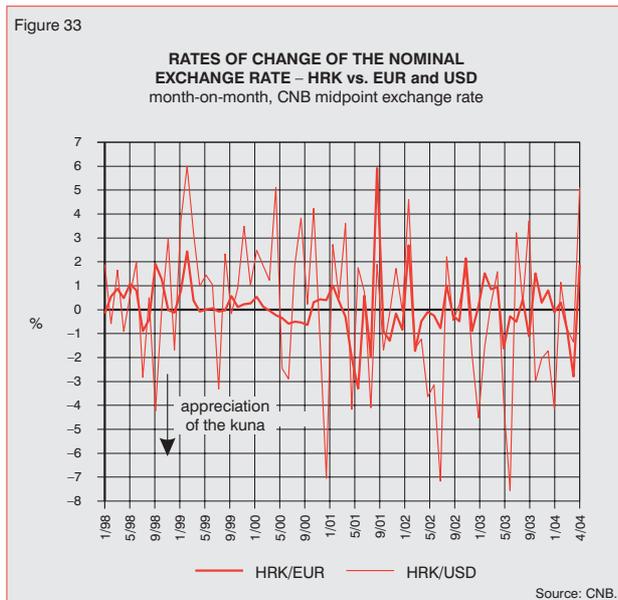
Exchange Rate

During the first quarter 2004, the kuna/euro exchange rate appreciated by a total of 3.3% and the value of euro decreased from HRK 7.65/EUR recorded at end-2003 to HRK 7.40/EUR at the end of the first quarter of 2004. In January 2004, the kuna/euro exchange rate depreciated by a total of 0.3% in nominal terms. Depreciation pressures are common for the beginning of the year due to a rise in demand for foreign currency required for external debt servicing, as well as for settling short-term liabilities of enterprises. These pressures were mild in early 2004 and were more pronounced in the first half of January, when the kuna exchange rate depreciated by a total of 0.9% in nominal terms compared to end-2003, the euro value increasing to HRK 7.72/EUR on 16 January. In January 2004, the central bank intervened only once, selling a total of EUR 33.0m, at the auction held on 8 January. The government did not contribute to depreciation pressure strengthening on the domestic foreign exchange market since it settled its foreign liabilities that fell due in January 2004, amounting to USD 128.5m and mainly referring to London and Paris Club, by foreign currency obtained on the basis of the last year's inflow. In the second half of January this year, a mild appreciation of the kuna/euro exchange rate was recorded. A reduction in foreign currency demand on the market can partly be accounted for by the fact that foreign currency denominated CNB bills are no longer issued, which has left banks with additional foreign currency surplus.

The kuna/euro appreciation trend, which started in the second half of January 2004, continued into February and March. The exchange rate of the kuna against the euro appreciated by a moderate 0.8% during February 2004 in nominal terms, so that there was no need for the central bank's intervention in the domestic foreign exchange market. The CNB sold a net of USD 56.0m of foreign currency to the MoF. During March 2004, the nominal appreciation of the kuna exchange rate against the euro was more pro-

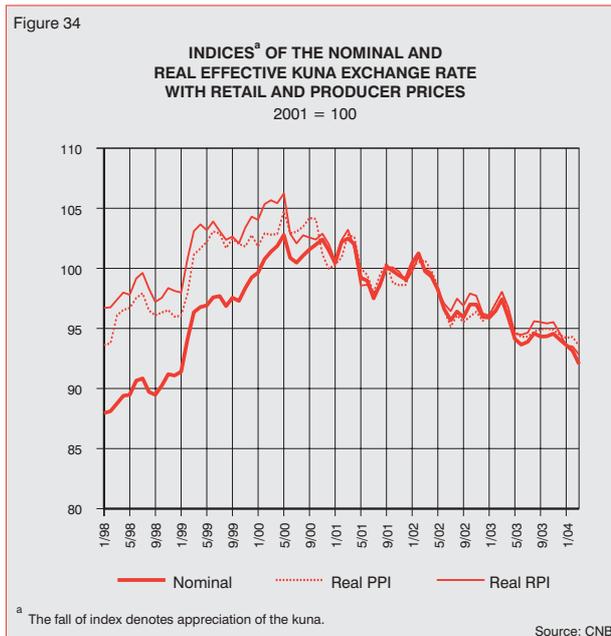
Figure 32





nounced, so that the kuna appreciated by a total of 2.8% and the euro fell from HRK 7.61/EUR recorded on 29 February to HRK 7.40/EUR on 31 March. In an attempt to mitigate the intensity of the kuna appreciation against the euro, the central bank intervened on the foreign exchange market four times during March, purchasing thus from banks a total of EUR 162.7m. At the auctions held on 9, 17, 23 and 26 March, a total of EUR 55.0m, EUR 20.0m, EUR 59.3m and EUR 28.4m was purchased from banks. In this manner, the central bank created a significant amount of kuna liquidity, totalling HRK 1,215.1m. An increased demand for domestic currency, recorded during the first quarter of 2004, was mostly triggered by the government bonds subscription (equivalent to EUR 200.0m in February and EUR 150.0m in March).

At the beginning of the second quarter this year, in the conditions of increased kuna liquidity of the system, a two-and-a-half-month trend of the kuna/euro exchange rate appreciation was reversed and kuna started to depreciate against the euro in early April. Along with a significant kuna liquidity, created by purchases of foreign currency at the auctions held in March, an additional source of kuna liquidity was created, totalling HRK 1,081.7m, on 16 April, when the central bank purchased from the MoF a portion of foreign currency inflow from the eurobonds placement in the amount of EUR 145.0m. Movements on the domestic foreign exchange market during the entire April were marked by the kuna weakening against the euro of 1.9%, from HRK 7.40/EUR recorded on 31 March to HRK 7.53/EUR on 30 April. In May, the kuna/euro exchange rate started to appreciate again, so that on 20 May the euro returned to the level of HRK 7.40/EUR, the same as at the end of the first quarter of this year. The kuna/euro appreciation in May can partly be accounted for by the increased kuna demand on the market, immediately before the Pliva shares subscription, equivalent to EUR 75.0m, were subscribed. In addition, the exchange rate movements were effected by the appreciation expectations in the run-up to the peak tourist season. The central bank assessed that the intensity of the kuna exchange



rate depreciation in April, i.e. appreciation in May, was not so high. Consequently not a single foreign exchange auction was held in the first half of the second quarter.

In addition to a 3.2% appreciation of the kuna/euro exchange rate, in the first five months of this year (24 May 2004 to 31 December 2003), the kuna also appreciated against the Swiss franc by 1.6%, against the Slovenian tolar by 4.0%, against the US dollar by 0.5% and against the pound sterling by 1.4%, which resulted in the appreciation of the daily nominal effective kuna exchange rate index by a total of 2.2%.

Data on the effective kuna exchange rate indices, shown in Figure 34, indicate that kuna appreciated nominally against the basket of currencies by 2.2% during the first three months of this year (March 2004 to December 2003). The kuna appreciation in real terms, which occurred in the same period, was somewhat lower as a result of slower growth in domestic prices relative to foreign prices, amounting to 1.0% (deflated by producer prices of industrial products) or 1.9% (deflated by consumer prices). It should be noted that the shown series of the effective kuna exchange rates were calculated in accordance with the modifications of the CNB basic methodology for calculating the nominal and real effective kuna exchange rate indices, published in Box 2 of the CNB Bulletin No. 64 of October 2001. These modifications include the following: as regards the real effective exchange rates, the price index series are calculated by using 2001 as the base year (the previous base year was 1995) and the consumer price series in Croatia are constructed in a manner that until December 2000 retail price indices are used and starting from January 2001 consumer price indices are used. The weights related to the included currencies reflect their average share in the structure of the total foreign currency inflow and outflow in the current account (according to the ITRS data) from January 2000 to December 2003 (previously, from July 1996 to January 2000). The new weight assigned to the euro is thus 70.6% (previously 66.2%), to the US dollar 27.2% (previously

30.7%), pound sterling 1.0% (previously 1.6%), Swiss franc 1.0% (previously 1.2%) and the Slovenian tolar 0.2% (the same as previously).

Monetary Policy and Instruments

Monetary Environment

High liquidity of the banking system and low interest rates on the interbank market marked the end of the first and the beginning of the second quarter of 2004. Quarterly GDP data point to a mild slowdown at end-2003, but monthly indices of GDP components point to a resurgence of real developments in the first quarter, that continued into the second quarter of 2004. External debt, which prompted the CNB to introduce its monetary policy measures last year, rose to USD 24.2bn until end-March 2004. Although these measures did not help improve the country's external position, they achieved measurable success in terms of their immediate objectives – to slow down bank placements' growth and make banks attentive to the risks associated with the fast growth of placements. They helped draw the attention of the concerned parties to the severity of the problem of external debt and paved the way for a dialogue on the modalities of government borrowing. The IMF mission that visited Zagreb in April and May within the framework of their regular Article IV Consultations as well as its pre-mission that visited Zagreb in connection with the *stand-by* arrangement, additionally emphasised the need to stabilise the external debt to GDP ratio.

By the end of the first quarter, banks had completed their adjustments to CNB measures adopted during 2003, thus enabling an analysis of the effects of these measures on monetary developments. Monetary aggregates, except kuna non-monetary deposits, as well as loans, held steady towards the end of the first and the beginning of the second quarter. However, there are indications that point to a certain acceleration later in the year. The measures of monetary policy adopted by the CNB in the previous year, aimed at restricting loan supply, as well as a somewhat diminished demand for loans, due to the existing level of household indebtedness, contributed to this slowdown, although demand is much more difficult to define with precision (see Box 1: Indicators of Total and Sectoral Indebtedness in the Republic of Croatia, 1998–2003).

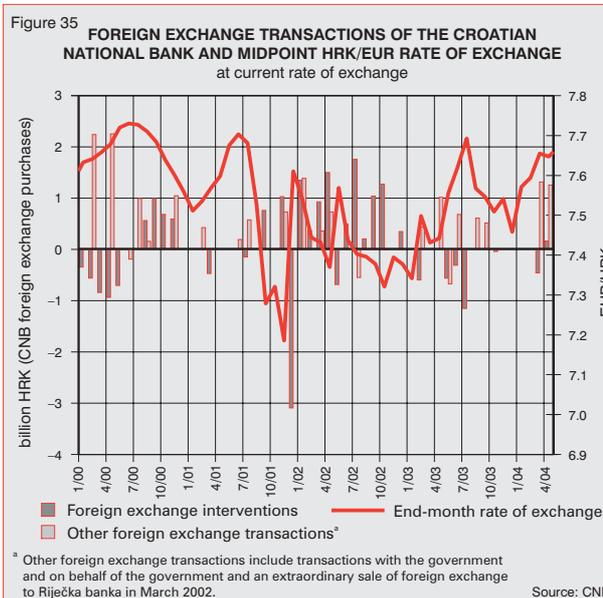
In addition, as a result of the increased number of non-banking institutions, household funds and deposits held in banks now account for a smaller share of total household savings. Tax incentives and the offer of financial products with the characteristics of savings have attracted a part of the savings and have led to a change in the structure of savings, from classical bank deposits to other savings products. Therefore, the dominance of banks and banking products notwithstanding, for a full picture of developments in monetary and credit aggregates, the entire financial sector has to be observed. Equally, to assess developments in corporate

lending, it is necessary to take into account borrowing with leasing companies and foreign borrowing, in light of the falling share of banks in corporate lending.

Uses of Instruments of Monetary Policy

Foreign exchange operations towards the end of the first quarter of 2004 were conducted in the environment marked by the appreciation of the exchange rate and poor banking system liquidity that led to bigger central bank presence on the foreign exchange market. The total amount purchased from the banks in March was EUR 162.7m. This created HRK 1.2bn (for details see: Exchange Rate). Towards the end of March the system recovered in terms of its liquidity and showed the first signs of a depreciation of the exchange rate. In mid-April, the CNB purchased from the government additional EUR 145m, creating a monetary effect of HRK 1.1bn that instantaneously spilled over into the banking system. The average balance of bank deposits with the CNB thus rose by HRK 850m in April, compared with March, despite stagnation in kuna reserve requirements. High liquidity led to a large supply and a weak demand for funds and an interest rate fall on the interbank market. This type of situation continued into early May, i.e. until the reserve requirements allocation in that month. Reserve requirements allocation commonly exerts additional pressure on liquidity, which translates on the money market into growing demand and a mild interest rate rise. Rapid growth in kuna non-monetary deposits on the liabilities side of banks that has been present lately has caused an increase in the kuna reserve requirements and created demand for additional liquidity needed by banks to meet their reserve requirements. In addition, in response to the announced issue of Pliva bonds, banks decided to reserve a part of their liquidity for that purpose. Nevertheless, the system's liquidity was still very good and able to satisfy the forthcoming seasonal high demand for money.

Due to low liquidity in the first quarter, banks made wide use of the Lombard facility whose average daily level stood at HRK 210m in the first quarter. By contrast, in April and

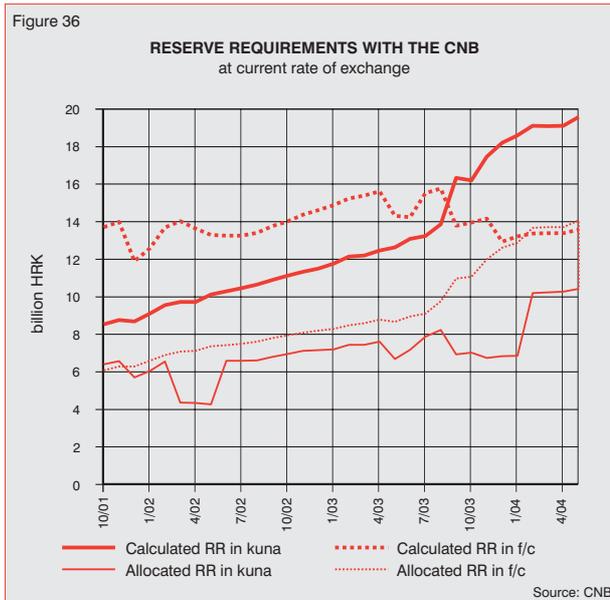


May, two months characterised by high liquidity, there was no demand for this facility. To withdraw a part of the liquidity from the system, the Croatian National Bank held two *CNB bills auctions* in April. Neither generated much interest due to the low interest rate that could be achieved, so total subscriptions at both auctions stood at HRK 105m.

The instruments of monetary policy introduced in early 2003 provided for an adjustment period for banks until the end of the first quarter 2004. Under the *Decision on the Minimum Required Amount of Foreign Currency Claims*, adopted in early 2003, banks were required to maintain a minimum 35% of the value of their foreign currency liabilities by their foreign currency claims. A period of adjustment was envisaged under this Decision, ending on 1 April 2004, for those banks whose foreign currency liabilities to foreign currency claims ratio at the beginning of 2003 was particularly low (below 19%). As the restructuring of bank portfolio was still underway in the first quarter of 2004, the impacts of this Decision could not be fully evaluated until now. Generally, banks met the required percentage already until end-2003. Moreover, the percentage of the system outstripped the set 35% and reached 38.6%. The reason for the borrowing in the last quarter of 2003 were the expected seasonal outflows in the first quarter of 2004 (import payments, small foreign currency inflows, government foreign currency needs) and the accumulation of the funds needed for credit activities of banks in 2004. Towards the end of the first quarter this high percentage fell somewhat, compared with end-2003, but still stood at a high 38%.

Of the total borrowing in the first quarter of 2004, one part can be attributed to the borrowing resorted to by a number of banks in an effort to meet the 35% requirement. Therefore, the increase in foreign borrowing in the first quarter can to a certain extent also be attributed to the “35% maintenance requirement”. Nonetheless, a larger share of liability management concerns changes in kuna liabilities. While banks’ adjustment to the 35% Decision in 2003 mainly involved additional foreign borrowing, in 2004 banks aggressively increased their kuna liabilities, to avoid the activation of the 35% Decision. One of the ways of increasing kuna liabilities lay in new foreign borrowing that banks expressed in kuna. The share of kuna foreign liabilities in total liabilities rose from 10% at end-2003 to 12.7 at end-April 2004. Until end-April 2004, foreign liabilities of banks rose in absolute and relative terms compared with end-2003. Domestic sectors’ kuna deposits, particularly corporate kuna time deposits also grew in the first quarter of 2004 and continued their growth into the second quarter. While one part of the increase can be attributed to newly deposited funds, another can be attributed to the existing foreign currency deposits transformed into kuna deposits with a currency clause.

In conclusion, banks’ adjustment to the 35% Decision in 2003 mainly involved their additional borrowing to ensure the foreign currency needed to meet the prescribed percentage of foreign currency claims. At the beginning of 2004, banks continued with their adjustment through aggressive accumulation of kuna liabilities, both from domestic sectors and from abroad. Such liabilities management caused a mild



increase in interest rates on kuna deposits as well as a change in the share of kuna and foreign currency sources in total liabilities compared with the average in the last several years.

The instrument of *reserve requirements* underwent changes at the beginning of 2004 (for details see Box 2: Monetary Policy and Changes in its Instruments at the Beginning of 2004, CNB Bulletin, No. 91).

The rate of reserve requirements rate did not change and still amounts to 19% of the calculation base. Of the total amount of calculated foreign currency reserve requirements, 42% has to be met in kuna. This percentage was set after a line of three consecutive increases in the reserve requirements rate in 2003. The first increase from 25% to 35% took place in September 2003 and was followed by an increase to 40% in November and finally to 42% on 10 December 2003. February 2004 saw further tightening of this instrument. Until then banks had to allocate only 40% of their reserve requirements to a special kuna or foreign currency account with the CNB, and were free to use the remaining 60% for current payments, meeting the required percentage by liquid kuna (settlement account) or foreign currency claims, taking account that their average during the maintenance period does not fall below 60%. Since February 9, the percentage that has to be allocated has been raised to 60% for kuna and most foreign liabilities while the remaining 40% have to be met by liquid claims. Reserve requirements against foreign currency funds of non-residents and legal persons in a special relation with a bank have to be allocated to a special account with the CNB in a 100% amount.

As a result of this change the amount of foreign currency funds allocated to a foreign currency account with the CNB increased by HRK 3bn. The increased allocation from 40% to 60% accounts for HRK 1bn of the total increase while the 100% allocation requirement created an impact of HRK 2bn, accounting for over two thirds of the total increase. Namely, the share of foreign currency funds of non-residents and persons in a special relation with a bank in the total base is high and stands at 38% on average (Table 1, column 1a), so this is the reason why the increased allocation

Table 2: Effects of the Change in Foreign Currency Reserve Requirements Allocation, in billion HRK and %

	Total base	Non-resident foreign currency funds	Calculated RR	Foreign currency share of RR	Allocation to a special foreign currency account with the CNB	Allocation made (%)	Effect 60%	Effect 100%	Total effect
	1	1a	2 = 1 × 19%	3 = 2 × 58%	4	5 = 4 : 3	6 = 3 × (60% – 52%)	7 = 1a × 19% × 58% × 40%	8 = 6 + 7
1/04	119.7	–	22.73	13.19	6.84	51.9	–	–	–
2/04	121.3	44.5	23.04	13.36	10.20	76.3	1.07	1.96	3.03
3/04	121.5	45.1	23.08	13.39	10.23	76.5	1.07	1.99	3.06
4/04	121.4	46.1	23.06	13.38	10.26	76.7	1.07	2.03	3.10
5/04	123.0	47.5	23.38	13.56	10.42	76.9	1.08	2.09	3.18

Source: CNB.

Table 3: Kuna Reserve Requirements, in billion HRK and %

	Total base	Calculated RR	Kuna share of foreign currency RR	Total kuna RR	RR allocated	Allocation made (%)
	10,	2 = 1 × 19%	3	4 = 2 + 3	5	6 = 5 : 4
1/04	47.51	9.03	9.55	18.59	12.87	69.23
2/04	49.53	9.41	9.68	19.09	13.66	71.55
3/04	49.56	9.42	9.68	19.08	13.69	71.77
4/04	49.53	9.41	9.69	19.10	13.70	71.75
5/04	51.33	9.75	9.82	19.57	14.05	71.78

Source: CNB.

from 40% to 100% on this part of the base created such a large impact. In addition, banks had used to allocate amounts in excess of the prescribed minimum of 40% even before this increase in the rate. Therefore, as the average percentage of foreign currency reserve requirements allocation in 2003 was 52%, the estimated impact of the increase to 60% in total increase was relatively limited. To achieve the objectives of monetary policy, which are, as stated previously, to slow down credit growth and reduce banks' foreign borrowing, it was necessary to tighten the instrument of reserve requirements through the introduction of a 100% allocation on foreign liabilities. This restriction aims to discourage in particular loans obtained from parent foreign banks by making them more costly. The increase in reserve requirements allocation meant a smaller share of reserve requirements met by liquid foreign currency claims. However, banks could not make use of this decrease because of their obligation, under the 35% Decision, to increase their liquid foreign currency claims. Thus, looking at the impacts of both Decisions, banks had to increase both their foreign currency liquidity and their foreign currency reserve requirements allocation.

Kuna reserve requirements allocated rose by HRK 0.8bn in February and stood at HRK 13.6bn in that month. Following stagnation in March and April, they recovered significantly in May when they increased by HRK 0.4bn and reached HRK 14.0bn. Unlike foreign currency reserve requirements whose increase was mainly attributable to the increase in the minimum percentage of allocation, kuna reserve requirements rose mainly as a result of the increase in the base. As shown above, rapid growth in kuna non-monetary deposits and the increase in kuna foreign liabilities affect the growth of calculated and allocated kuna reserve requirements. Even before February 2004, banks used to allocate over 40% of their kuna reserve requirements. The average weighted percentages of kuna reserve requirements allocated neared 70%. Therefore, allocation percentages before 9 February were only slightly lower than those after that date when the new allocation percentage was applied, i.e. those recorded in March, April and May 2004.

CNB bills also underwent changes in the first quarter of

2004. Namely, the CNB decided to discontinue the issuance of its *foreign currency CNB bills* as of the beginning of 2004. The stock of foreign currency CNB bills as at 31 December 2003 was HRK 4.9bn. Their gradual maturing coincided with the changes in foreign currency reserve requirements allocation, thus the funds created through their redemptions upon maturity were used by banks to meet their additional reserve requirements allocations. The two operations, CNB bills redemptions and increased reserve requirements allocations were conducted simultaneously to neutralise their net effect on the system's liquidity. In addition, at four foreign exchange interventions in March, the CNB purchased EUR 162.7m from the banks, thus withdrawing further HRK 1.2bn in foreign currency liquidity. The net effect of these transactions for banks were the remaining HRK 0.2bn in foreign currency funds that the banks used for their seasonal foreign currency outflows (import payments, etc.) which commonly outstrip foreign currency inflows in the first quarter. Table 3 shows foreign exchange operations of the CNB in the first quarter of 2004, including the period until the date of reserve requirements allocation early in April.

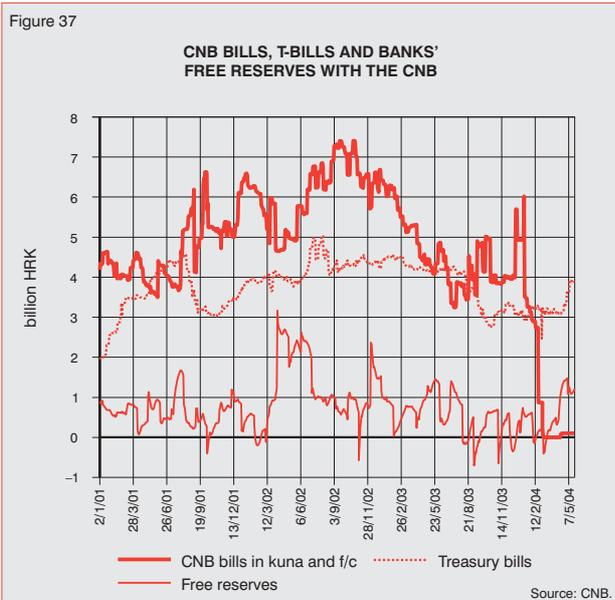
Another aggregate, government deposits, had a big influence on the exchange rate, foreign currency and kuna liquidity of the system as well as the level of gross international reserves of the CNB at the end of the first and the beginning of the second quarter. It was their inflow dynamics as well as the dynamics of their consumption that exerted such an influence on the mentioned items.

A sudden increase in government kuna deposits early in March, with a simultaneous decrease in banks' settlement accounts, due to transactions involving the sale of kuna bonds, took place during the period of a seasonally low li-

Table 4: Foreign Exchange Transactions of the CNB with Banks, in million HRK

	Balance		Change
	31/12/2003	9/4/2004	
CNB bills in foreign currency	4,920.2	0.0	-4,920.2
Reserve requirements in foreign currency	6,686.6	10,169.5	3,482.9
Foreign exchange interventions – foreign currency purchases from banks			1,215.1
Net change			-222.2

Source: CNB.



quidity of the banking system. A fall in banks' settlement accounts following the outflow of kuna from the accounts of banks to the government account due to the purchase of kuna bonds caused a negative balance of free reserves. The market responded quickly with the appreciation of the exchange rate, prompting the CNB to react by purchasing foreign currency from the banks. The government spent its foreign currency deposit of EUR 100m in mid-March, causing the international reserves of the CNB to fall by the same amount. On 15 April the government's foreign currency account was credited with EUR 495m, arising from its issue of eurobonds on the international market. The decision of the government to sell immediately to the CNB EUR 145m and to settle its obligations towards the banks led to an increase of HRK 1bn in the settlement accounts of banks. After repaying its CBRD and PBZ loans, the EUR 200m left in the government foreign currency account caused a temporary increase in international reserves at the beginning of the second quarter. After settling its obligations in May, government kuna deposits fell from HRK 1bn to HRK 0.2bn, causing an increase in banks' settlement accounts. In summary, foreign exchange operations involving the government at the end of the first and in the second quarter amounted to HRK 338m in sales and HRK 1.2bn in purchases of eurobond-related foreign currency inflows. The net effect of the CNB's foreign exchange transactions with the government was around HRK 0.9bn.

Reserve Money and International Reserves

Changes in monetary policy instruments at the beginning of 2004 did not cause an additional increase in *reserve money*, only a change in its structure. While the redistribution of kuna liquidity in 2003 from CNB bills to an increased allocation of kuna reserve requirements directly influenced the growth of reserve money, the decision on the increased allocation of reserve requirements, from 40% to 60%, from the beginning of this year, caused only a reshuffling of funds between banks' settlement accounts and the account for re-

serve requirements allocation.

The annual growth rate (both nominal and seasonally adjusted) of reserve money stood at 32% in May. Such a high growth rate can be attributed to the previously described changes in the instruments of monetary policy in the last 12 months covered by the calculation of the annual rate of change. More representative of real developments in 2004 is the annualised rate of reserve money growth in the first five months which stood at (seasonally adjusted) 11.7%. Such developments in reserve money are in line with its expected annual growth of approximately 10% in 2004.

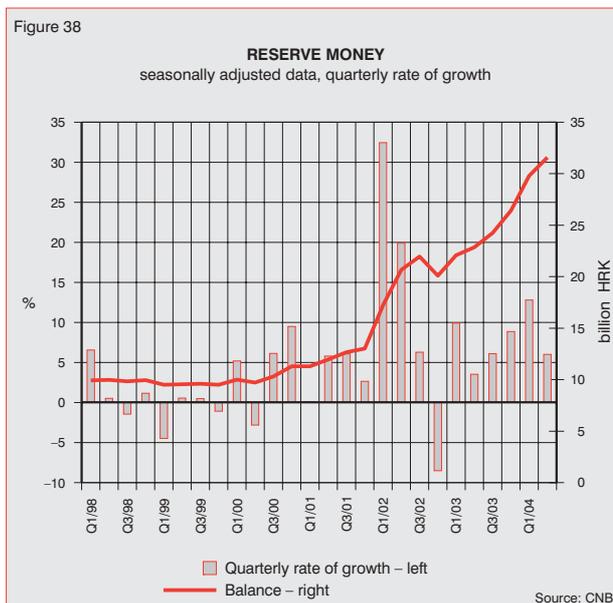
Looking at the structure of reserve money in the first five months of this year, reserve requirements allocated grew the most (HRK 1.4bn), while the settlement accounts declined by HRK 0.6bn, following changes in the rate of reserve requirements allocation. As regards the other items, it should be mentioned that the stock of CNB bills subscribed on a compulsory basis, a prudential measure introduced in 2003 for fast growing banks, stood at HRK 109m at end-2003. Their remaining stock of HRK 86m was redeemed during April.

Currency, whose growth has been decelerating for a while, grew by only 4% and stood at HRK 10.5bn at end-May. Reserve money stood at HRK 31.1bn, which is an increase of HRK 0.6bn compared with end-2003.

Free reserves are any amount of banks' deposits with the CNB that exceeds the amount of reserve requirements that has to be met. Surplus kuna liquidity is the sum of kuna claims of banks on the CNB, net of their kuna liabilities towards the CNB, reserve requirements included.

Due to poorer bank liquidity in the first quarter, banks turned to the Lombard facility to create the needed funds. For the most part however, liquidity during that period was created by means of foreign exchange transactions that totalled HRK 0.6bn in the first quarter.

Developments in *international reserves* at the beginning of the year were affected by purchase and sale transactions with the banks and the government, developments in foreign currency deposits of the government and increased foreign



Box 1: Indicators of Total and Sectoral Indebtedness in the Republic of Croatia, 1998 – 2003

Increasing globalisation of capital flows in the past twenty years has created the need for the globalisation of business and economic data provided to investors around the world. To satisfy this need, international financial institutions such as the World Bank and the International Monetary Fund have introduced as one of their core activities the development of timely, comprehensive and internationally comparable financial and economic indicators for individual countries and regions.

Among the first indicators to be developed were the internationally accepted financial indicators of countries' foreign indebtedness, developed and regularly published by the World Bank in a publication entitled "Global Development Finance". The impetus for their development was first provided by international capital flows that were being channelled into sovereign states financing and later by the emergence of the first modern era debt crises.

The strengthening of the role of foreign direct and portfolio investment into the private sector, particularly the financial sector, has led to the development of private sector indebtedness indicators as well as profitability indicators for a particular country or a region and its financial system stability. The first phase in the development of these indicators has recently seen its completion, following the publication of the draft IMF statistical manual entitled "Compilation Guide on Financial Soundness Indicators", whose final version is expected soon.

The indicators of external indebtedness listed in "Global Development Finance 2003" include:

1. (present value of) total external debt outstanding to gross national income ratio;
2. (present value of) total external debt outstanding to exports of goods and services, workers' remittances and foreign income ratio;
3. interest (and principal) paid on external debt to exports of goods and services, workers' remittances and foreign income ratio.

The values of four of these six indicators for Croatia in the period 1998 – 2003 are shown in Table 5. The differences between these values and the values found in World Bank and IMF publications are largely due to a different currency used in the calculation. In addition, ratios listed under items 2 and 3, Table 5 shows the effect of the inclusion of foreign income and transfers on their values. The values of these ratios, as calculated by the World Bank, thus fall between the value of the indicator given in the table that includes income from exports and foreign income and the indicator that includes income from all the three sources, exports, income and transfers.

The remaining two indicators, not shown in Table 5, that are based on the present value of total debt could not be calculated because of the uncertainty regarding the discount factor. However, the difference between them and the indicators based on the book value of total debt in

Croatia was negligible in the past and has been decreasing further over time. Table 5 also shows additional indicators of external debt, calculated in accordance with indicators given in "IMF World Economic Outlook". They include:

4. total external debt outstanding to gross domestic product ratio;
5. interest paid on total external debt and principal paid on long-term external debt to exports of goods and services ratio.

Table 5: Indicators of External Indebtedness of the Republic of Croatia, in %

	1998	1999	2000	2001	2002	2003 ^a
Total external debt						
– as % of GDP	44.0	53.9	59.1	57.1	61.4	74.7
– as % of GNI	44.3	54.9	60.4	58.5	62.9	77.8
– as % of goods and services exports	111.2	131.7	125.6	117.8	134.3	144.5
– as % of exports and foreign income	106.3	127.7	120.7	112.6	129.0	140.1
– as % of exports and foreign income and foreign transfers	96.4	114.5	107.6	100.8	114.9	126.2
External debt repayments						
– as % of goods and services exports	12.4	20.7	23.3	24.5	26.3	17.6
– as % of exports and foreign income	11.9	20.1	22.4	23.4	25.3	17.1
– as % of exports and foreign income and foreign transfers	10.8	18.0	19.9	20.9	22.5	15.4
Annual growth rate		26.1	18.1	4.9	16.5	30.9

^a Preliminary data. Sources: MoF, CNB and CNB calculation.

According to World Bank classification, moderately indebted countries are those with a level of external debt of over 48% and below 80% of gross national income (the value of the first indicator) and with the burden of external debt repayment of over 132% and below 220% of gross foreign income (the value of the second indicator). On the basis of indicators shown in Table 5, it can be concluded that the large annual growth rate of Croatia's external debt of 31% in 2003 has brought Croatia in only one year considerably closer to the upper limit of moderate indebtedness, in terms of its external debt indicator. The country's level of external debt, calculated on the basis of provisional data, as at 31 December 2003 stood at 77.8%. At the same time, Croatia has for the past two years been on the lower limit of moderate indebtedness in terms of its debt repayment burden indicator, that ranged between 126% and 140%.

Indicators shown in Table 5 that have been harmonised with IMF methodology, also point to similar developments in Croatia's external indebtedness. With the country's external debt at about 75% of its gross national product, Croatia's external indebtedness by far exceeds that of the countries in its region. According to "World Economic Outlook, April 2004", the aggregate value of this indicator of external indebtedness for the countries of Central and Eastern Europe at end-2003 stood at 49%. In addition, compared with other analytical groups of countries in the same publication, the value of the Croatian indicator is somewhere in-between the aggregate value of this indicator of 63% for countries with a recent history of late payments or external debt repayments suspension and the aggregate value of 89% for severely indebted poor countries. On the other hand, Croatia's burden of external debt repayments of 17.6% of exports is lower than the aggregate

burden of repayments for countries of Central and Eastern Europe, which, according to the same source, accounted for a minimum (i.e. short-term debt principal repayments excluded) 18.6% of exports during 2003.

Although the said developments point to a high level of Croatia's external indebtedness, they do not reveal the total level of indebtedness in the country, both domestic and external, nor the distribution of debt by institutional sectors and its dynamics. For a fast evaluation of total indebtedness in a country, one could use a total debt of the non-financial sector to all other sectors to gross national product ratio. However, such an indicator requires either the existence of sectoral balance sheets or at least a detailed financial overview (i.e. a detailed consolidated balance sheet of all financial institutions). Most of the developing countries, however, including Croatia, do not have statistical services that provide compiled sectoral balance sheets and instead of financial overviews, central banks in these countries commonly prepare a monetary overview (i.e. a detailed consolidated balance sheet of monetary financial institutions (deposit institutions and central bank)).

Therefore, the indicator used most commonly as an approximate measure of domestic indebtedness is the ratio of deposit institutions' claims (hereinafter: the banks) on the domestic non-financial sector, which comprises the households, non-financial companies, non-profit organisations and the general government. Often used is also the ratio of banks' claims on the domestic non-financial private sector, i.e. the households, non-financial companies, and non-profit organisations. Using data provided by the IMF in its April issue of "International Financial Statistics", these indicators can be calculated for all the countries with which Croatia is often compared, such as Bulgaria, the Czech Republic, Hungary, Poland, Romania, the Slovak Republic and Slovenia. As shown in Table 6, since 2002 Croatia has had the largest bank loans to the non-financial

sector to GDP ratio in the comparable countries group as well as the largest bank loans to the non-financial private sector to GDP ratio. This comparison clearly shows that Croatia's non-financial sector indebtedness as well as its private sub-sector indebtedness is the highest among the comparable countries in the region. Using these countries' additional central bank data, it is possible to calculate for some of them the ratio of bank claims on the household sector relative to GDP (Figure 39), as well as the annual growth rate of this particular claim category (Figure 40). The differences between the values of these indicators for Croatia and the four selected countries are even more significant than the difference between the values of the previous two indicators. Also, unlike the previous two indicators, the indicator of Croatia's household sector indebtedness with domestic banks outstripped the same indicators for all the other countries during the entire observed period (1997–2003). One small exception is the indicator of annual growth rate of banks' claims on the government between 1998 and 2000. In conclusion, the indicators point to a large and steadily fast growing household sector indebtedness with domestic banks in Croatia compared with the comparable countries in the region.

Nevertheless, it is clear that it would be wrong for many reasons to conclude that the level of indebtedness in Croatia, particularly the level of its household indebtedness, is high or too high. Other factors have to be taken into account, such as the fact that all the mentioned comparable countries have more developed debt securities markets than Croatia (see Bulletin No. 91, Table 2, page 35). Therefore, assuming that the securities in question are mainly those of the non-financial sector outside bank portfolios, they constitute a component of debt not included in the comparisons given above between Croatia and the selected group of countries.

Because of that, and because of the limitations of the

Table 6: Indicators of Domestic Sectors Indebtedness with Deposit Institutions, in %

	Bulgaria	Croatia	Czech R.	Hungary	Poland	Romania	Slovak R.	Slovenia
Claims on the non-financial sector (as % of GDP)								
1994	103.7	52.0	84.5	41.3	30.7	20.2	50.9	37.0
1995	65.0	50.7	84.5	35.6	31.1	24.9	49.7	41.7
1996	96.5	46.7	80.3	35.3	33.5	28.6	58.0	41.3
1997	21.7	51.6	78.1	35.4	33.5	17.8	71.8	41.4
1998	17.4	54.1	68.0	35.4	34.9	19.7	65.8	45.3
1999	17.2	50.6	62.7	35.3	36.5	15.2	63.7	47.7
2000	16.6	52.1	53.5	41.0	35.4	12.5	63.4	47.8
2001	19.4	57.9	51.1	43.6	37.1	12.4	67.5	50.1
2002	25.3	67.0	48.8	47.1	38.9	12.8	66.1	50.7
2003	32.6	69.5	55.0	53.5	37.8	12.5	53.9	53.3
Claims on the non-financial private sector (as % of GDP)								
1994	3.8	29.0	76.5	26.4	18.6	0.0	40.7	23.0
1995	21.1	31.2	75.1	22.5	18.5	0.0	36.7	27.4
1996	35.3	29.3	73.6	22.1	20.9	11.5	43.9	28.8
1997	5.4	37.2	74.4	24.3	22.7	8.4	56.0	28.5
1998	8.0	41.2	64.0	24.2	24.5	11.6	53.9	32.8
1999	10.3	37.2	57.7	26.1	26.5	8.1	54.5	36.0
2000	11.8	37.2	48.0	32.2	27.7	7.2	51.3	36.4
2001	14.1	42.9	39.4	33.9	28.3	7.7	37.6	38.6
2002	18.4	51.6	29.9	35.8	28.8	8.3	39.7	39.2
2003	25.8	55.2	32.5	42.7	26.9	9.5	31.7	42.0

Sources: MoF and CNB calculation.

Figure 39

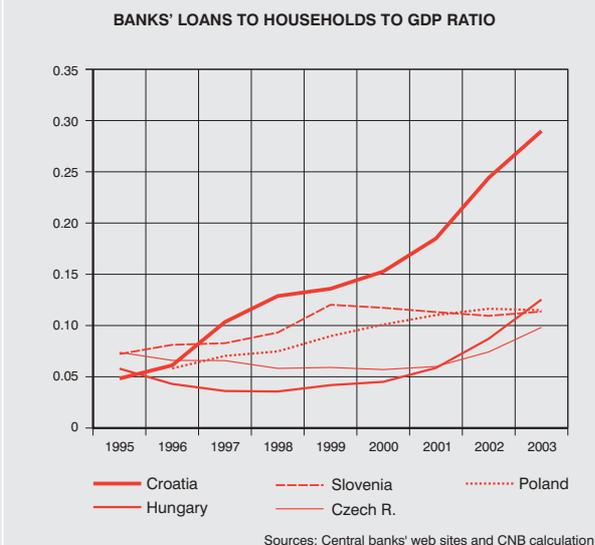
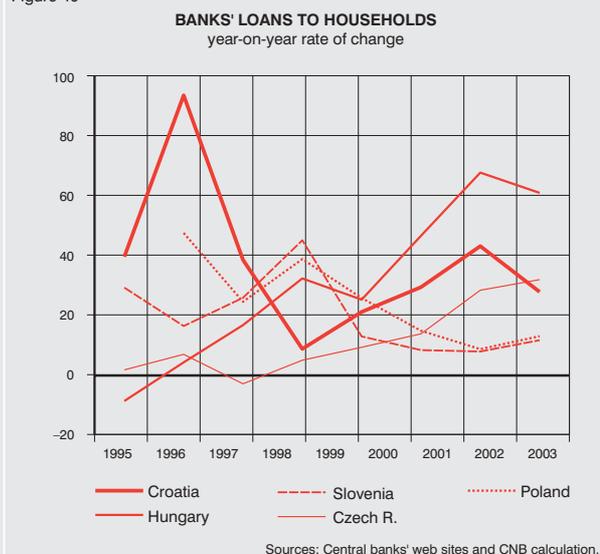


Figure 40



analysed indicators in terms of the domestic component of debt, and that only in relation to deposit institutions, the high bank loans to the non-financial (private) sector to gross domestic product ratio points more to a high level of development of the Croatian banking system compared with the same systems in the selected comparable group of countries than to a relatively larger indebtedness of the non-financial (private) sector as a whole. However, taking account of the fact that, unlike the government and the corporate sectors, the household sector's main form of financing are loans from domestic banks, the said developments very clearly point to a relatively significantly larger indebtedness of the household sector in Croatia.

In the light of above given analysis, it is clear that there is a need for more comprehensive indicators of indebtedness across individual institutional sectors, such as those advocated lately by the IMF. In its "Compilation Guide on Financial Soundness Indicators", this international institutions proposes the use of the following internationally comparable indicators of domestic private sector indebtedness:

■ for the household sector:

- 1) outstanding financial obligations to other sectors to gross domestic product ratio;
- 2) interest and principal paid on financial obligations to other sectors to gross disposable income ratio.

■ for the non-financial companies sector :

- 1) outstanding financial obligations to other sectors to fair value of capital and reserves less goodwill ratio;
- 2) net income before interest and taxes (EBIT) to interest and principal paid on financial obligations to other sectors ratio.

In its publication "World Economic Outlook" the IMF promotes the use of the following indicators of general government sector indebtedness:

- 1) total budget deficit to gross domestic product ratio;
- 2) structural budget deficit to potential gross domestic product ratio;
- 3) gross (total) debt to gross domestic product ratio;

4) net debt (gross debt less financial assets) to gross domestic product ratio.

To calculate these indicators for a particular country it would be desirable to ensure the compilation, by the relevant country's statistical services, of consolidated sectoral balance sheets of the household and the non-financial companies sectors while the necessary precondition for their calculation would lie in the calculation, by the relevant ministry of finance, of structural budget deficit of the general government. For some indicators, though, a financial overview prepared by the central bank may be sufficient, provided that additional data be made available through the national statistical service. In any case, as mentioned above, neither Croatia, nor the majority of the observed group of countries fully meet any of these conditions. However, based on data available to the central bank, it is possible, under some reasonable assumptions, to calculate some of the simpler indicators of the private sector indebtedness, often used in international comparisons.

The most frequently used indicators of institutional sectors indebtedness which do not require sectoral balance sheets comprise:

■ for the household sector:

- 1) total debt to financial institutions and non-residents to gross domestic product ratio;
- 2) interest paid on debt to financial institutions and non-residents to gross disposable income ratio.

■ for the non-financial companies sector

- 3) total debt to financial institutions and non-residents to gross domestic product ratio;
- 4) interest paid on debt to financial institutions and non-residents to gross domestic product ratio.

■ for the general government sector, the indicator listed under item 3 above and

- 5) interest paid on debt to gross domestic product ratio.

The evaluation of these and other selected indicators for Croatia based on the available time series data for the period 1998–2003 is shown in Table 7. In addition to stan-

Table 7: Indicators of Domestic Sectors Total Indebtedness in the Republic of Croatia, in %

	1998	1999	2000	2001	2002	2003 ^a
Household debt						
– as % of GDP	13,4	14,2	16,0	19,1	25,2	30,0
– as % of gross disposable income ^b	23,0	25,8	28,3	37,2	49,8	59,1
– as % household bank deposits	46,6	52,1	51,1	43,6	61,4	71,6
Annual growth rate		9,2	21,3	29,5	43,2	27,8
Debt of non-financial companies						
– as % of GDP	47,7	45,9	46,0	45,0	48,8	50,6
– as % corporate bank deposits	654,1	684,4	460,1	369,0	329,5	315,4
Annual growth rate		–1,1	8,1	6,1	17,4	11,8
TOTAL – non-financial private sector						
– as % of GDP	61,1	60,1	62,0	64,1	74,0	80,6
Annual growth rate		1,2	11,2	12,1	25,1	17,3
General government debt						
– as % of GDP	27,0	33,9	40,6	41,7	41,9	43,9
Annual growth rate		29,2	28,7	11,6	8,9	12,6
Paid interest as % of GDP	1,5	1,6	1,8	1,9	2,0	2,0
TOTAL – non-financial sector						
– as % of GDP	88,1	94,0	102,6	105,8	115,9	124,5
Annual growth rate		9,8	17,5	11,9	18,7	15,6
Implicit interest payments ^c						
– Households, as % of gross disposable income		3,0	2,9	3,9	4,5	5,3
– Non-financial companies, as % of GDP		4,5	4,0	3,6	3,4	3,4

^a Preliminary data. ^b Survey data. ^c Based on interest income data of banks. Sources: MoF, CBS, FINA and CNB calculation.

standard CNB monetary statistics indicators, data used in the calculation comprise those provided to the CNB by non-monetary financial institutions in the form of statistical reports, survey data of the Central Bureau of Statistics on household consumption and annual financial reports data provided by entrepreneurs to the Financial Agency. Some of the values of the non-financial private sector debt to non-deposit financial institutions had to be extrapolated for 1998, and so did the value of the household gross disposable income for 2003. All other values were calculated on the basis of currently available data, thus lending a provisional character to the majority of data as at 31 December 2003.

The comparison of the values of selected indicators shown in Table 7 with the relevant values of the same indicators for some other countries indicates that indebtedness in Croatia is not as big a problem as it may appear on the basis of external debt level data and deposit institutions claims on the non-financial sector. For instance, according to the annual report of the European Central Bank, the total debt of non-financial companies to gross domestic product ratio in the EMU region between 2001 and 2003 ranged between 60% and 65%. In Croatia it ranged between 45% and 50% between 1998 and 2003. Furthermore, according to the same source, the total household debt to gross domestic product ratio in the EMU region rose from roughly 45% in 1998 to nearly 53% in 2003. During the same period, the value of the same ratio rose from 13% to 30% in Croatia. Also, according to the same source, total general government debt to gross domestic product ratio for nine out of twelve EMU countries exceeded 50% during the entire 2000-2003 period while the same ratio for Croatia during the same period mildly and gradually increased from 41% to 44%, according to a con-

sistent inclusion of the general government in government debt statistics with the Croatian National Bank.

Therefore, total Croatian non-financial sector indebtedness with domestic banks and abroad is not worrying. Rather, it points to a relatively greater credit potential of the Croatian banking system compared with the comparable countries in the region. Compared with developed EMU member countries, there is still room for the main three domestic non-financial sectors – households, companies and the government – to increase their indebtedness to their income ratios. This is particularly true of the household sector, which appears to be the most heavily indebted of all sectors in Croatia, compared with comparable countries in the region.

However, there is at least one reason why a long-term trend of increase in total domestic sectors external debt and the level of the debt call for caution. Regardless of the level of total indebtedness in the country, for the regular servicing of the foreign component of total debt a regular foreign currency inflow is needed or/and a readiness of the international market to replace the due debt with a new one. Also, given historically low interest rates globally and large interest of the international markets for investment in the developing countries, the price of borrowing has also been historically low for such countries. However, dependence on low interest rates on the international markets and high demand for investment in developing countries involve a certain amount of risk. Once the interest rates on the international markets rise and the interest for investment in developing countries subsides, severely indebted developing countries will be faced with a significant increase in their external debt repayment burden even without any new net borrowing abroad.

Table 8: Liquidity and Factors Affecting Reserve Money Creation, quarterly averages, in million HRK

Period	Reserve money	Free reserves	Surplus kuna liquidity	Main factors affecting creation/withdrawal (balances)							
				Currency	Kuna reserve requirements	CNB bills in kuna	Government deposits in kuna	Credits to banks	Repo transactions	CNB foreign exchange transactions	
1999	Q1	9,440	191	-234	5,244	3,847	663	518	1,312	305	-1,835
	Q2	9,130	123	-801	5,237	3,639	590	508	1,569	171	924
	Q3	10,055	101	-497	5,883	3,926	890	530	1,387	67	150
	Q4	10,119	186	239	5,632	4,135	1,435	636	1,201	22	2,161
2000	Q1	9,453	107	349	5,196	4,020	1,407	476	959	47	98
	Q2	9,614	212	1,436	5,410	3,851	1,807	592	363	2	2,393
	Q3	11,519	297	2,341	6,417	4,696	2,475	862	261	-	1,639
	Q4	11,573	425	2,714	6,037	5,052	2,573	1,081	167	26	-44
2001	Q1	11,389	619	2,962	6,106	4,622	2,450	1,163	38	18	621
	Q2	12,420	586	3,034	6,816	4,976	2,641	1,513	109	98	749
	Q3	13,795	747	3,587	7,648	5,386	3,397	1,436	505	68	1,400
	Q4	16,560	573	2,800	7,500	8,473	2,288	1,492	27	17	3,889
2002	Q1	18,348	508	3,616	8,428	9,359	3,400	1,363	265	-	1,022
	Q2	21,530	2,234	5,492	9,262	9,986	3,458	678	561	-	2,505
	Q3	21,834	889	5,892	10,327	10,604	5,080	666	180	-	347
	Q4	21,800	860	6,065	9,691	11,250	5,233	992	188	-	859
2003	Q1	22,348	739	5,300	9,641	11,965	4,568	636	-	-	-2,020
	Q2	23,696	957	4,057	10,056	12,638	3,118	513	-	-	1,085
	Q3	26,081	602	1,830	11,202	14,167	1,384	497	168	-	-
	Q4	28,291	565	330	10,519	17,111	3	610	233	-	2,276
2004	Q1	29,690	436	293	10,303	18,849	0	561	204	-	623

Free reserves are defined as any surplus of bank deposits with the CNB over the prescribed amount of reserve requirements that has to be maintained in accounts. Surplus kuna liquidity is defined as a sum total of banks' kuna claims against the CNB, net of their kuna liabilities towards the CNB, including the reserve requirements. Source: CNB.

currency reserve requirements allocation. Total international reserves at end-May stood at USD 7.8bn and net international reserves at USD 5.9bn. The main transactions leading to changes in international reserves in the first five months of 2004 included a January sale of USD 41.7m to banks, a March purchase of USD 200.3m from banks, and a net purchase of USD 115.2m from the government, comprising a purchase of USD 172.5m worth of receipts arising from the issue of eurobonds, as the most prominent of the transactions with the government. Other transactions with the government included smaller foreign currency purchases and sales for various fees and dues payable by the government in the course of its regular operations. At end-May, foreign currency deposits of the government with the CNB stood at USD 203.5m, while banks' reserve requirements allocated to a foreign currency account with the CNB totalled

USD 1.6bn, which is an increase of USD 0.5bn compared with USD 1.1bn at end-December 2003.

Monetary Developments

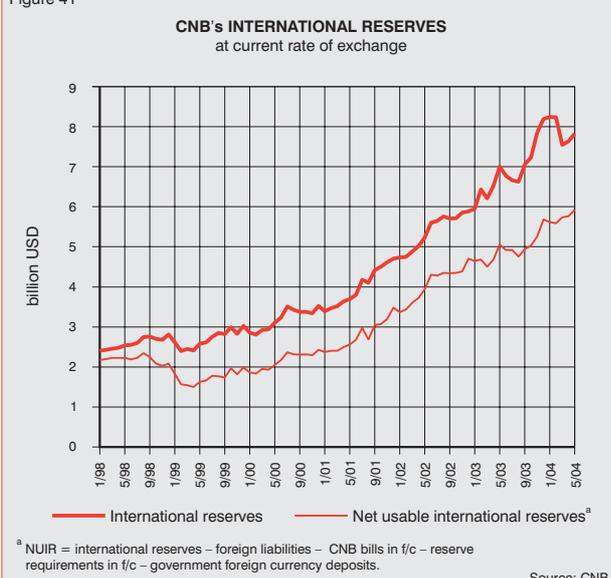
Monetary developments in the first quarter of 2004 were marked by faster growth of bank placements to the corporate sector than to the household sector, for the first time after a two-year break during which placements to the household sector always grew faster. As evidenced by the growth of banks' foreign liabilities and stagnation of the broadest monetary aggregate, banks continued to rely partly on foreign sources to finance their placements as domestic sources didn't grow at the rate that would provide sufficient funds for their placements' growth. It should be pointed out that developments in monetary aggregates show a significant appreciation of the exchange rate of the kuna against the euro that led to a fall in all foreign currency items of monetary aggregates expressed in kuna terms.

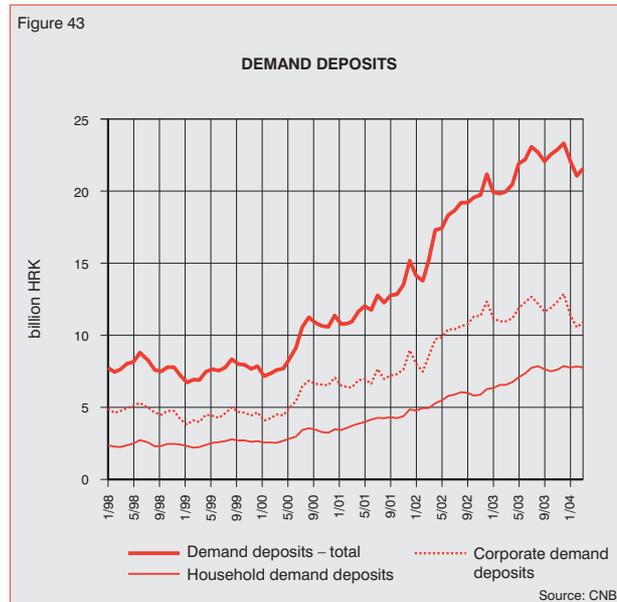
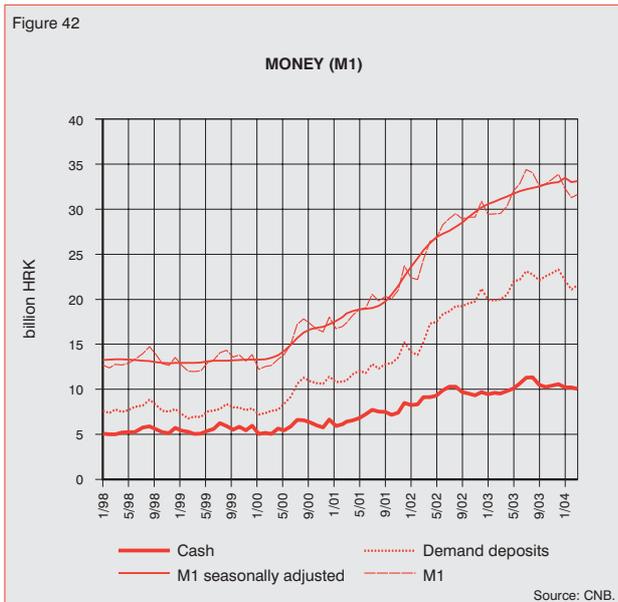
Total Liquid Assets

The first quarter saw an appreciation of the exchange rate of the kuna against the euro of 3.3%. As a large share of total deposits is held in foreign currency (75.6% at end-March), the change in the exchange rate had a very strong effect on the balance of the broadest monetary aggregate. Thus, M4 fell by 2.6% compared with end-2003 and stood at HRK 125.8bn at end-March, while its annual growth rate (5.7%) was two times lower than that in March last year. However, the exchange rate effects excluded, M4 declined only by 0.7% in the first quarter.

Money (M1), the narrowest monetary aggregate, fell by a seasonal 6.7% at the end of the first quarter, compared with the end of last year. The exchange rate effects excluded, money held steady in the past several months. At end-March, money stood at HRK 33.1bn, with its annual growth rate

Figure 41





falling from 9.8% at end-2003 to 7.2%.

Developments in M1 in the first quarter were mostly affected by developments in demand deposits that continued their slow growth from 2003. This can be attributed to a decline in credit activities, but also to a decline in business activities of companies usual for the first quarter. Demand deposits stood at HRK 21.6bn at end-March, falling by HRK 1.8bn (7.5%) compared with the end of last year. A slow-down in demand deposits' growth was also present on an annual level, with the annual growth rate of demand deposits standing at 7.9%, a sharp decline compared to March 2003 (31.2%).

Developments in demand deposits are largely determined by corporate and household deposits in giro and current accounts. In the first three months of the year it was the fall in corporate accounts of HRK 2.0bn (15.3%) that affected the most demand deposits and led to their decline during that period. Following heightened business activities towards the end of the year, the demand for transaction money usually cools down in the first three months of the year as companies, in expectation of the second quarter, usually work on their business policy thus causing a decline in this monetary category.

Unlike corporate deposits, household deposits held steady, decreasing by 0.9% compared with end-2003. At end-March, household demand deposits stood at HRK 7.8bn, increasing by 18.3% compared with March 2003. However, its growth in 2004 decelerated in comparison with the previous year (32.4%).

The other component of M1, currency, recorded a mild decrease of HRK 0.5bn or 5.0% in the first quarter of this year.

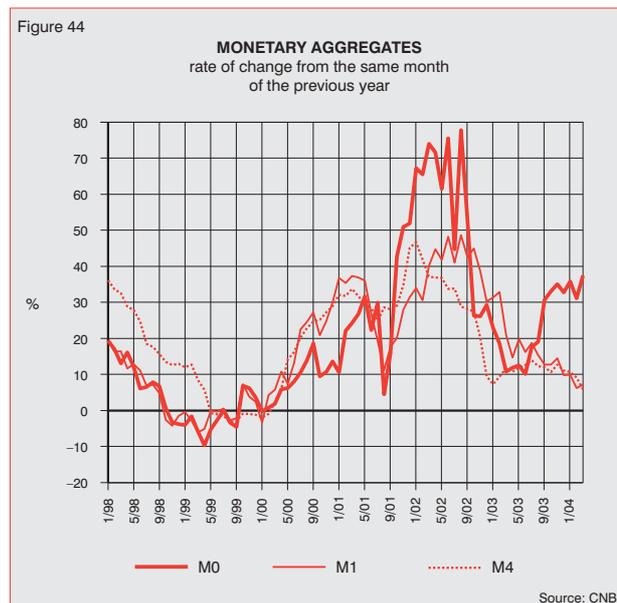
One of the main characteristics of monetary developments in the previous year was a rapid growth of kuna non-monetary deposits. This growth was stimulated by macroeconomic stability, particularly low inflation and the stability of the exchange rate of the kuna against the euro, and the ensuing improved confidence in the domestic currency and the banking system but it was also the result of

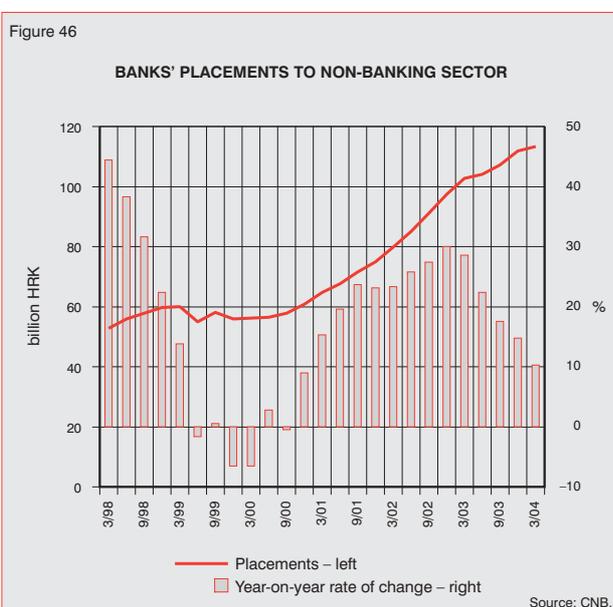
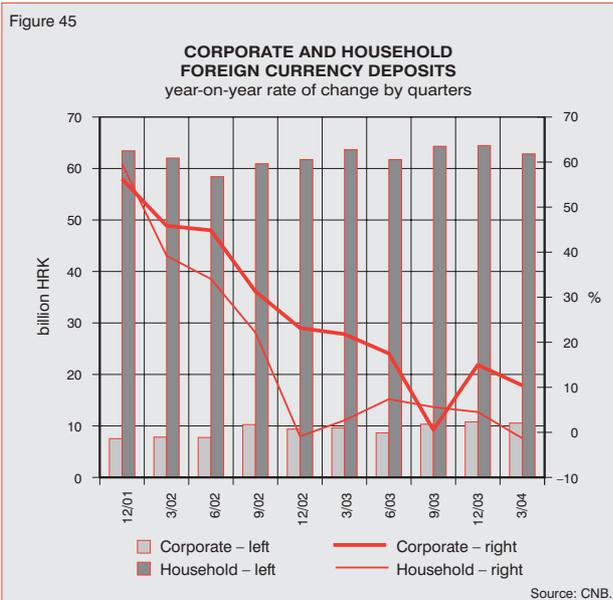
banks' response to CNB measures and their efforts to increase kuna liabilities through stimulating interest rates.

In the first quarter of this year, kuna non-monetary deposits were the most dynamic category of total liquid assets (M4), increasing by HRK 1.1bn during that period. At end-March, they stood at HRK 20.1bn, which is an increase of 5.3% compared with the end of the previous year. On an annual level, their growth slowed down from 43.5% in December 2003 to 32.0% in March 2004, partly due to the effects of the base period.

Household deposits grew at a slower rate (8.8%) during the observed period, compared with the same period previous year (12.5%), while on an annual level, they grew at equally high growth rates as in the first quarter of the previous year (41.7%).

Unlike household deposits, corporate deposits showed signs of slowing down, growing by a mere 2.5%, a considerable decline compared with the same period previous year (18.5%). The slowdown was observable on an annual level





as well; their growth rate fell from 45.1% in March 2003 to 31.2% in March 2004.

Developments in the other component of quasi-money, foreign currency deposits, were greatly affected by the appreciation of the exchange rate of the kuna which led to a decline in foreign currency deposits in kuna terms. The exchange rate effects excluded, foreign currency deposits rose by 0.4% compared with the end of last year, while their annual growth rate was 6.3%. Corporate deposits grew by 17.4%, which is an increase compared with their growth rate in 2003 (15.6%) while household deposits grew by 4.9%, similar to their growth rate in the previous year.

Placements

Placements grew by 1.5% in the first quarter of this year, compared with their growth of 4.2% in the fourth quarter of 2003. At end-March, placements stood at HRK 113.3bn, growing by 10.3% on an annual level, which is a deceleration compared with the fourth quarter of last year (14.6%). This

was the first time after a two-year break that corporate lending grew faster (HRK 1.0bn) than household lending (HRK 0.5bn).

Looking at currency structure of placements, it has to be noted that almost two thirds of all placements are exchange rate indexed and that this fact influences the developments in placements in kuna terms. The exchange rate effects excluded, it is obvious that placements grew faster. At end-March they rose by 4.9% compared with end-December 2003, while in the last quarter of 2003 they rose by 3.2%.

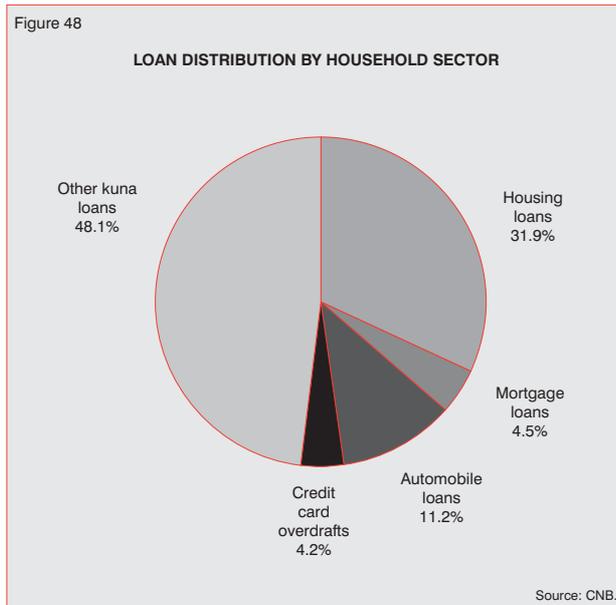
Bank Loans

Bank loans to the non-banking sector account for 95% of total placements and as such are the main determinant of developments in bank placements. The first quarter saw a deceleration in total bank loans in comparison with the end of 2003. The loans increased by a mere 1.4% which is a considerable decline compared with their growth in the same period of 2003 (5.8%). The slowdown in loan growth was also observed on an annual level, with loans increasing by 12.0%, which is a decline compared with their growth rate in 2003 (16.8%) or in the first quarter of last year (30.5%). However, the exchange rate effects excluded, at 4.9% the loan growth at end-March was faster than at end-2003 (3.2%).

Decelerated loan growth in 2003 is reflection of a considerable decrease in household lending growth and a mild deceleration of household lending growth. In the last two years, banks were largely oriented towards household lending because of the excellent profits this form of lending provided as well as the acceptable level of risk it entailed. As a result of this trend, total household lending outstripped corporate lending, a situation hardly typical of similar economies while companies turned to alternative forms of financing through leasing or direct borrowing abroad.

In the first quarter of 2004, corporate lending grew faster (1.1%) than household lending (1.0%). Though it may not necessarily imply a change in the business policies of banks, this data is interesting because corporate lending for the first time after several years grew faster than household lending.





Total household lending stood at HRK 55.5bn at end March, growing by 19.0% on an annual level, which is two times slower than its growth in March last year (43.4%).

As a predominant category of total household loans, other loans account for 48.1% of the total (HRK 26.5bn). This also includes household current account overdraft facilities. Considering that the majority of such loans are non-purpose loans, it is clear that they boost consumption. The structure of household loans granted indicates banks' orientation towards personal consumption financing. Almost two thirds of household loans are intended for direct or indirect financing of consumption, mainly imported goods. This type of lending affects adversely developments in the balance of payments.

Foreign Assets and Liabilities

In response to slower growth of domestic sources in 2003, the banks turned to foreign sources to finance their lending activities. NFA of the banks declined by HRK 2.5bn in the first quarter of the year.

The first quarter of 2004 was not marked by a simultaneous increase in foreign assets and liabilities of banks that marked the previous year when the banks had to, to meet the requirements of the Decision on the Minimum Required Amount of Foreign Exchange Claims, increase their foreign assets. A decline in NFA of banks in the first three months of this year reflects an increase in foreign liabilities of banks of HRK 2.3bn and a decline of foreign assets of banks of HRK 0.2bn. By the end of last year banks had met the requirements prescribed by the Decision on the Minimum Required Amount of Foreign Exchange Claims, as seen in a decline in foreign assets of banks. Banks even exceeded the required coverage percentages, creating the space for seasonal outflows expected in the first quarter of 2004. As a result of a decline in foreign assets and an increase in foreign liabilities, foreign currency coverage fell from 38.6% at end-2003 to the still sufficient 38% at the end of the first quarter of 2004.

Net Placements to the Government

Due to government's reliance on foreign borrowing last year, banks' net claims on the government held steady throughout the year. In the first quarter and at the beginning of April this year, the government borrowed both on the domestic market (EUR 350m) and on the international market (EUR 500m). The funds raised were mainly intended for public debt refinancing. Banks' net claims on the central government stood at HRK 15.0bn at end-March and accounted for 11.7% of banks' net domestic assets.

Despite the government's issue of EUR 350m worth of bonds denominated in kuna in the first quarter there was no significant increase in banks' net claims on the government until end-March because the bonds were issued primarily for refinancing due obligations. As a result, their increase in the first quarter amounted to a mere HRK 0.3bn. According to preliminary data, at end-April, banks' net claims on the central government declined by HRK 2.0bn compared with March, due to a temporary increase in government foreign currency deposits with the CNB.

Money Market

Demand for kuna dropped early in the first quarter of 2004 after the money market interest rate surge in December 2003, leading to a gradual decline in both money market interest rates and turnover. However, with the implementation of the new decision on reserve requirements of 9 February and the subscription for the first tranche of the new government bond due 2014, interest rates rebounded in the second half of February. Demand for kuna strengthened further in March due to the seasonal liquidity decline and the subscription for the second tranche of the new government bond maturing in 2014, increasing the money market volume of trade and spurring interest rate growth. Following four foreign exchange interventions of the CNB in March 2004, banking system kuna liquidity recovered strongly in April, as evident from a decrease in turnover and a considerable interest rate fall in the money market.

As of 1 January 2004, the CNB has held CNB bills auctions only exceptionally, at its own discretion, and has stopped issuing foreign currency CNB bills. Due to high liquidity of the banking system, two kuna CNB bills auctions were held in April 2004. However, investors showed little interest, as the CNB did not accept interest rates exceeding 2.5%. At MoF T-bills auctions interest rates were mainly in line with money market interest rate trends, while the T-bills subscription volume was lower than planned, owing to the March decrease in banking system liquidity. As a result of the April reduction in money market interest rates, investors' interest in T-bills increased, while interest rates fell.

Banks' lending rates mainly increased in the first quarter of 2004 compared with end-2003, while deposit rates were partly influenced by money market interest rate developments in the first quarter of 2003. Kuna deposit rates rose, while foreign currency deposit rates held steady. The spread between lending and deposit rates widened slightly in the first quarter of 2004, due to the fact that lending rates rose

higher in absolute terms in the first quarter of 2004 than deposit rates.

Money Market Interest Rates

As shown by the Zagreb Money Market data, reported loan demand decreased early in the first quarter of 2004 from its exceptionally high level in December 2003, and money market interest rates gradually drifted lower. These trends were reversed in February, when the increased reserve requirement allocation rate and the subscription for the first tranche of government bonds due 2014 boosted demand for kuna and interest rate growth. Reported loan demand remained substantial in March, until the end of the month, after the CNB undertook four foreign exchange interventions, purchasing foreign currency from banks and putting into circulation HRK 1.2bn.

Despite the decrease in loan demand, interest rates remained at relatively high levels, with the ZMM weighted interest rate standing at 6.74% in January. After dropping to 5.83% in February, spurred by the March interest rate rise, the weighted interest rate on all ZMM loans reached 7.88% in that month – its record high since August 2000. However, a steep interest rate decline in April brought the weighted interest rate down to its 7 month low of 3.96%.

Standing at 6.20% in January 2004, the weighted interest rate on overnight loans rose to 7.74% in March and fell to 3.24% in April. The weighted interest rate on other loans showed similar trends, standing at 7.48% in January, increasing to 8.17% in March, and falling to 5.46% in April.

The total turnover at the ZMM came to a relatively high HRK 7.99bn in the first quarter of 2004 (compared with HRK 3.97bn in the same period in 2003). Amounting to HRK 77.4m in the first quarter, the average daily turnover in overnight loans declined to HRK 57.0m in April. The average daily turnover in other loans, amounting to HRK 49.1m in the first quarter of 2004, fell to HRK 27.5m in April.

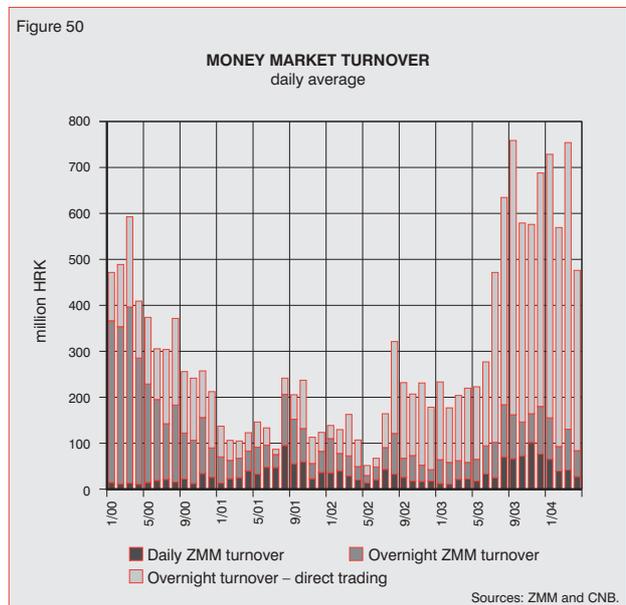
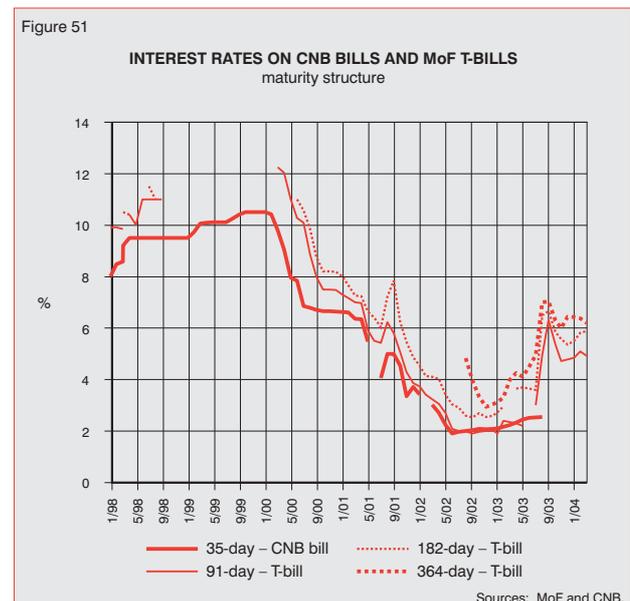
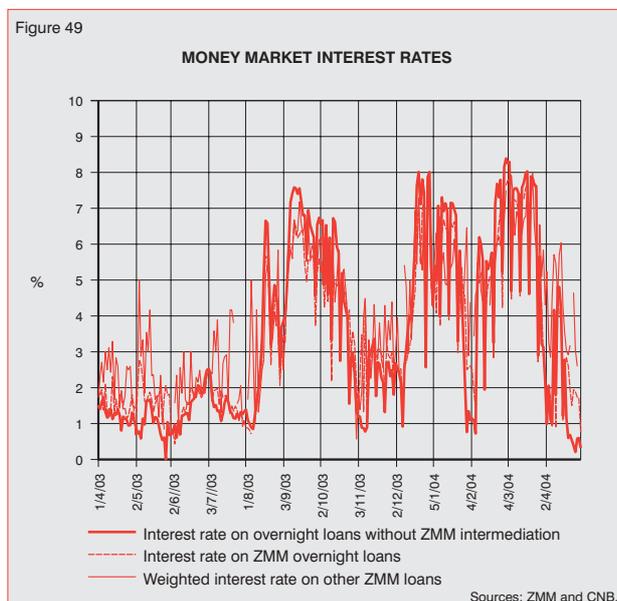
Long-term lending, which started in the second half of 2003, continued into the first quarter of 2004, with over-

night loans accounting for about 60% of total loans and almost a half of other loans having a maturity of one month. The interest rate fall in April 2004 slightly increased the share of overnight loans, while the largest share in other loans was accounted for by callable loans having a maturity of one month.

Direct overnight interbank lending was very intensive in the first quarter of 2004, especially in March, with an average daily turnover of HRK 552.7m and 402.3m in the first quarter and in April respectively. The average interest rate on direct interbank overnight loans exceeded that on overnight loans intermediated by the ZMM in the first quarter of 2004, standing at 6.70% in January and rising to 8.07% in March. However, it fell below the weighted interest rate on ZMM overnight loans in April, to 2.66%.

Interest Rates in the Short-Term Securities Market

No CNB bills were auctioned in the first quarter of 2003.



Two auctions were held in April, however, owing to high banking system liquidity. The first was held on 21 April, at a preset interest rate of 2.50%, while at the second, held two days later, bids received ranged from 2% to 5.75% and were mostly rejected. The weighted interest rate achieved at this auction was 2.51%. In comparison, the interest rate on T-bills with the shortest maturity was 4.9% in that period, and that on one-month loans on the ZMM stood at 6.6%. Such low CNB bills interest rates aroused little interest among investors, so that only HRK 106m was purchased at both auctions.

MoF T-bills auctions held early in the first quarter of 2004 halted the downward interest rate trend from the last quarter of 2003. Specifically, as no T-bills auctions were held in the holiday season in the second half of December 2003, the December rise in money market interest rates made an impact on T-bills interest rates as late as at the first auctions in January 2004. After the initial increase, interest rates on one-year T-bills held steady over the first quarter, whereas those on 91 and 182-day T-bills continued to grow. Weighted interest rates on 91, 182 and 364-day T-bills rose from 4.78%, 5.36% and 6.44% respectively in January to 5.10%, 5.82% and 6.37% in March, falling to 4.92%, 5.88% and 6.19% in April. The balance of subscribed T-bills dipped over the first quarter in 2004, mostly because of their reduced purchase in March. In consequence of improved banking system liquidity and the interest rate fall in the money market in April, purchases of T-bills intensified (especially of those with the longest maturities), bringing the balance up by HRK 590.4m over April, to HRK 6.25bn. Still dominant are one-year T-bills, accounting for an approximate 60% in total subscribed bills. They are followed by 182-day T-bills, accounting for about 35%, while the share of T-bills with the shortest maturity falls below 5%.

The balance of subscribed CNB bills was reduced to zero over the first quarter. The last foreign currency CNB bills matured on 5 March 2004.

Interest Rates of Banks

Banks' interest rates were generally higher late in the first quarter of 2004 than at end-2003. Due to their substantial decrease in December 2003 and January 2004, most lending interest rates remained at lower levels than before that period, even after the rise in the first quarter of 2004.

In the first quarter of 2004, interest rates on short-term corporate loans continued in an almost unbroken upward trend from early 2003. The weighted interest rate on short-term kuna corporate loans without a currency clause reached its twenty-month high of 8.60% in February and dropped to 8.34% in March. Following a several months long period of stagnation, interest rates on short-term household loans declined in March. The weighted interest rate on short-term household loans without a currency clause ranged between 14.9% and 15.0% in the last six months, dropping to 14.6% in March.

Interest rates on long-term loans were higher in March 2003 than at end-2004. The weighted interest rate on long-term corporate loans with a currency clause stood at

5.95% in March compared with 5.76% in December 2003. Having fallen sharply in December 2003 and January 2004, interest rates on long-term loans to households eased up in February, drifted slightly lower in March and stood at higher levels at the end of the first quarter of 2004 compared with end-2003. The weighted interest rate on long-term household loans with a currency clause dropped to its record low of 7.72% in January. This was mainly due to a reduction in the housing loans interest rate and a larger than usual share of housing loans in total long-term household loans (interest rates on housing loans being lower than those charged on other long-term household loans). As this share diminished, the weighted interest rate was pushed up to a high 8.65% in February. In March, this rate dropped to 8.42%.

Bank deposit rates on kuna time deposits rose in the first quarter from end-2003. The weighted interest rate on time kuna deposits increased to 4.46% in December 2003 and continued to grow in the first three months of 2004, standing at 5.36% in March, its highest level since early 2002.

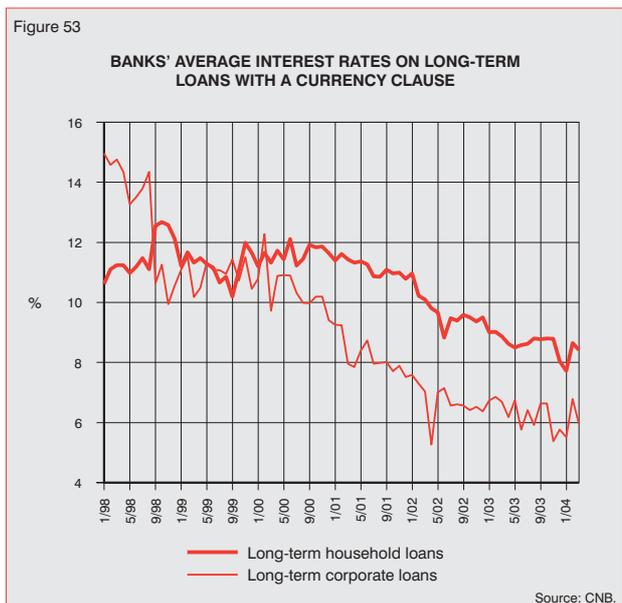
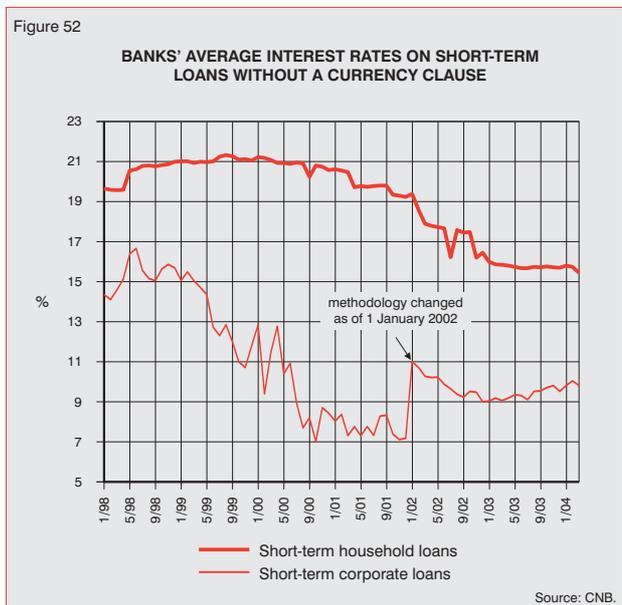
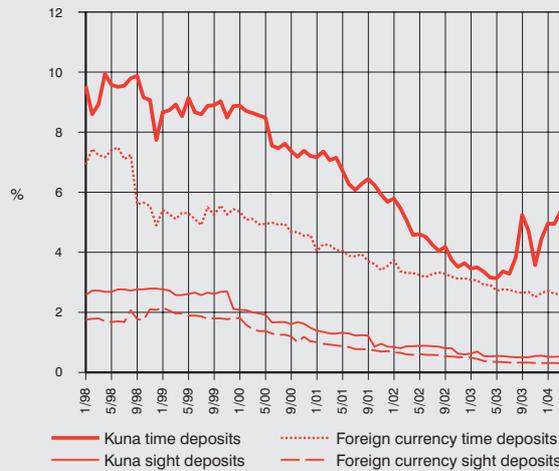


Figure 54

BANKS' AVERAGE DEPOSIT INTEREST RATES



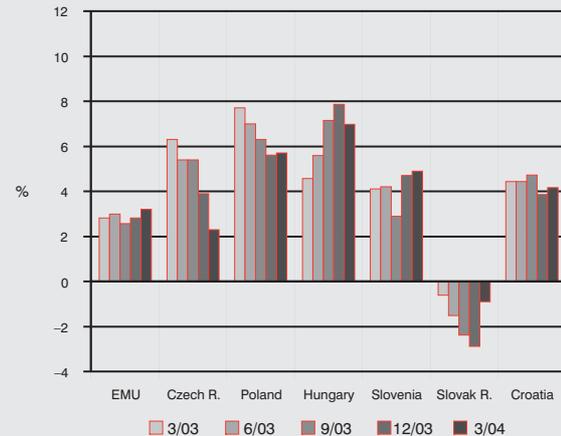
Source: CNB.

This is wholly attributable to the rise in interest rates charged on corporate time deposits, while interest rates on household time deposits dipped. The weighted interest rate on kuna sight deposits without a currency clause held steady at 0.52% in the first quarter. Having risen in January, the weighted interest rate on foreign currency time deposits dropped in February and March, amounting to 2.61% at the end of the first quarter (compared with 2.64% in December), while the weighted interest rate on foreign currency sight deposits decreased by one base point in the first quarter compared with end-2003.

The spread between bank lending and deposits rates widened slightly at the end of the first quarter 2004, as lending rates rose higher than deposits rates compared with end-2004. The spread between interest rates on total loans and total deposits stood at 7.37 percentage points in December 2003, increasing to 7.41 percentage points in March 2004. The spread between interest rates on foreign currency indexed kuna loans and those on foreign currency deposits

Figure 56

REAL INTEREST RATES ON LONG-TERM CORPORATE LOANS IN SELECTED COUNTRIES



Note: Due to the differences between some countries' statistical coverage interest rates cannot be directly compared, but their development can be analysed.

Sources: Central banks' bulletins and CNB.

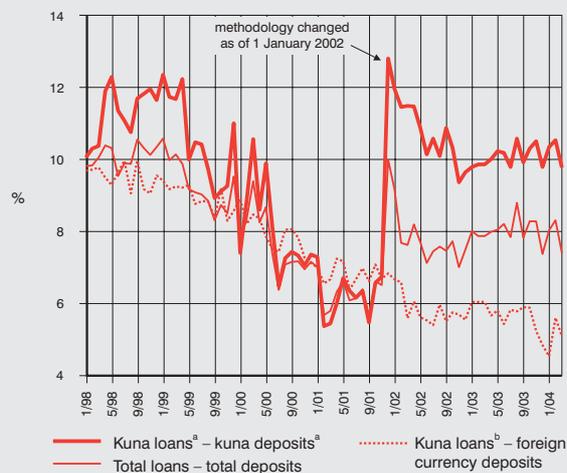
amounted to 5.1 percentage points in March.

An analysis of bank interest rates in selected transition and EMU countries shows significant differences between nominal and real interest rate trends. In most observed countries, nominal interest rates held steady or grew in the first quarter of 2004, while real interest rates mostly increased, due to the inflation rate fall (measured by the CPI) in the same period.

In the first quarter of 2004, nominal lending and deposit rates both in the EMU and in Croatia almost held steady at the end-2003 level, whereas the inflation rate decline brought about a rise in both lending and deposit real interest rates. Negative over four consecutive quarters, the real deposit rate in the EMU achieved a positive value in the first quarter of 2004. In Slovakia, both lending and deposits rates showed negative real values through five consecutive quarters owing to the high inflation rate, but were positively influenced by its fall in the first quarter of 2004. Also negative were real deposit interest rates in the Czech Republic in the

Figure 55

SPREAD BETWEEN BANKS' AVERAGE INTEREST RATES ON LOANS AND DEPOSITS

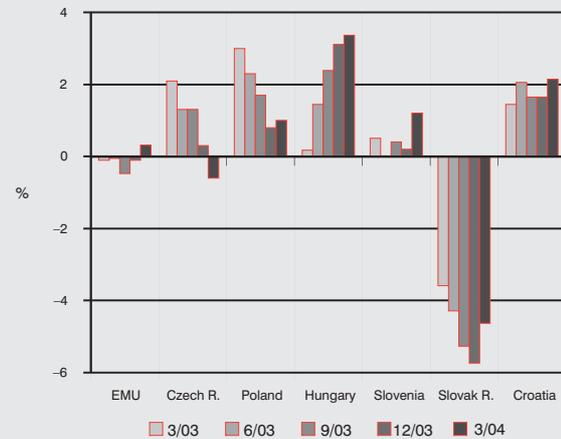


^a Without a currency clause. ^b With a currency clause.

Source: CNB.

Figure 57

REAL INTEREST RATES ON SHORT-TERM HOUSEHOLD DEPOSITS IN SELECTED COUNTRIES



Note: Due to the differences between some countries' statistical coverage interest rates cannot be directly compared, but their development can be analysed.

Sources: Central banks' bulletins and CNB.

same period, due to rising inflation. In Slovenia, both the inflation rate and nominal lending and deposit rates declined in the observed period, with real interest rates easing up.

Capital Market

Weaker than expected economic indicators, stagnant interest rates both of the Fed and ECB and the global political situation in the first quarter of 2004 reduced the world's bond yields. However, April saw more favourable economic indicators, which gave rise to expectations of the Fed increasing interest rates and, in turn, boosted bond yields. In contrast, as the ECB made no further cuts in its key interest rates despite a slow pace of economic recovery in the eurozone, European bond yields rose in April. Most international stock exchange indices increased early in the first quarter and plummeted in March, following a terrorist attack in Madrid. US stock exchange indices, with expectations of a key interest rate rise by the Fed making a stronger impact than positive macroeconomic indicators (especially labour market indicators) decreased again following a short recovery in April.

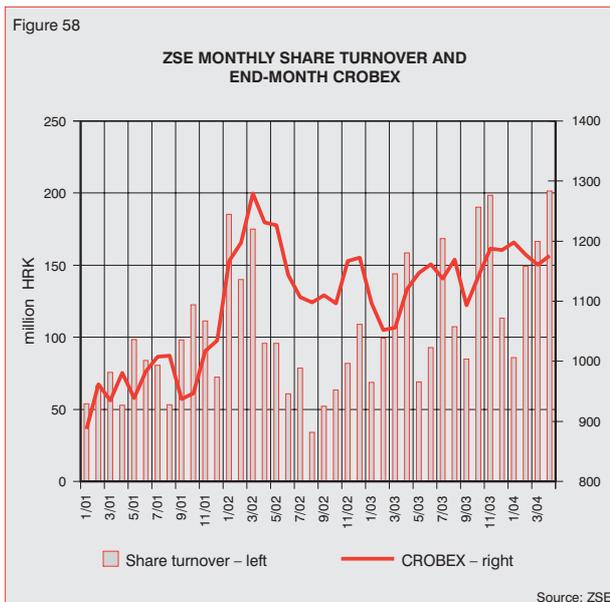
Two new bond issues, a government and a corporate bond issue, were released in the domestic market in the first quarter and in April 2004. Trading in securities continued in an upward trend, with securities prices decreasing further over the first quarter. Share trading recorded a large turnover as well, especially in April. Croatian eurobond yields were not in line with downward trends in the world's bond yields in the first quarter of 2004, which resulted in a further widening of bond spreads.

Equity Securities Market

Market capitalization of shares on the Zagreb Stock Exchange (ZSE) was HRK 39,552.2m (or 20.83% of GDP in 2003) at the end of the first quarter in 2004, a rise of HRK 2,421.7m over end-2003, mostly due to the increase in some shares' liquidity coefficients. Specifically, the ZSE market capitalisation is calculated per share by multiplying its latest price by the number of its issues. Share liquidity is accounted for in the overall calculation by including only half of the market capitalisation of the share that was not traded in the previous month and a quarter of the market capitalisation of the share that was not traded in the previous three months.

Share prices largely drifted lower in the first quarter of 2004, bringing down the CROBEX value by 2.0% in that period, from 1185.1 points at end-2003 to 1160.8 points at end-March 2004. The CROBEX reached 1175.5 points over April 2004, mainly on account of the rise in the price of Pliva's share.

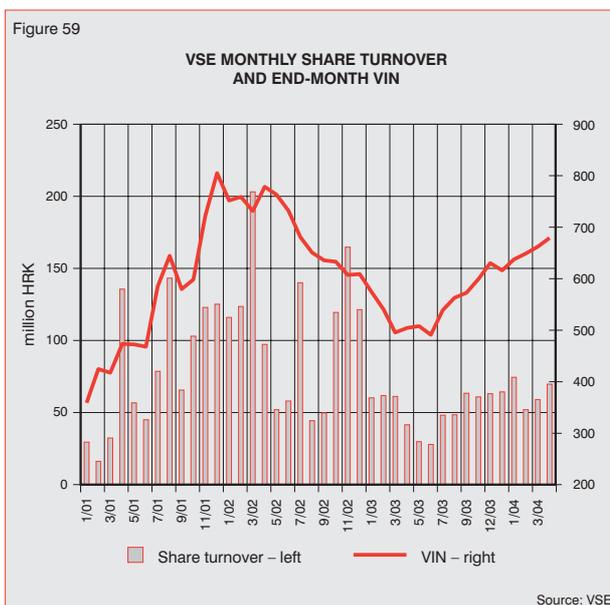
Common and preferred shares of Croatia osiguranje, previously in the Quotation of Public Limited Companies (Quotation JDD), were listed on the ZSE Official Market (Quotation I) in January 2004. This brought the number of Official Market shares up to 4 (Pliva, Podravka, Croatia osiguranje common and preferred shares). Market capitalisation on the



ZSE Official Market was HRK 11.4bn at end-April, 29.1% of the total market capitalisation of all shares listed on the ZSE.

In the first quarter of 2004, the ZSE share turnover was HRK 401.7m, a decrease of an approximate HRK 100m from the last quarter of 2003. In comparison, in the first quarter of 2003 the turnover stood at HRK 312.0m. Shares traded in the Official Market accounted for 32.6% of the total ZSE turnover, whereas among other shares, the share of Adris grupa (former TDR) made up 37.6% of the total turnover in the first quarter of 2004. The upward trend in share trading continued in April, with the turnover totalling HRK 201.6m, half of which was accounted for by Pliva's share.

Trading on the Varaždin Stock Exchange (VSE) recovered in the second half of 2003 following the introduction of Quotation JDD and its first share listings. In January 2004, the turnover was boosted by the sale of 84.2% shares of Maraska, for HRK 46.2m. Share trading declined in February and strengthened again in March. As at 31 March 2004,



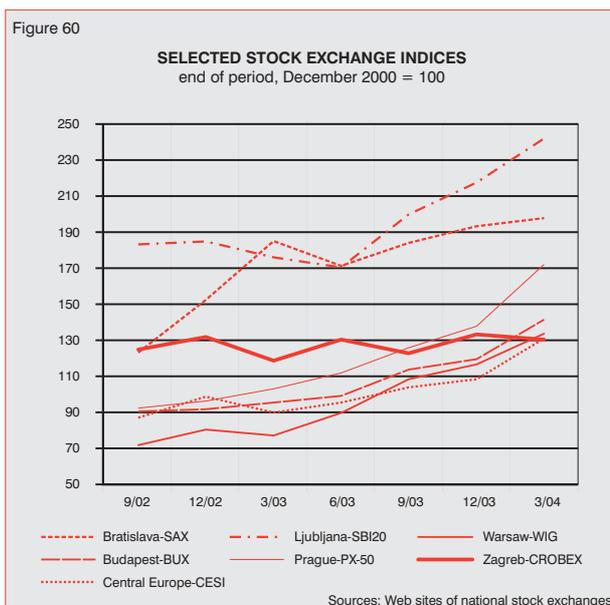
market capitalisation of active shares on the ZSE stood at HRK 21,411.4m, a decrease of HRK 1.95m compared with end-2003.

The VSE share turnover totalled HRK 194.0m and HRK 84.8m in the first quarter and April 2004 respectively. In the first three months of 2004, the Free Market Quotation accounted for about two thirds of the turnover and Quotation JDD for an approximate 30%. Share trading on the VSE was extremely low in other trading segments (Quotation I and II). Quotation of Rights, which provides for trading in the rights of the (former) Ministry of Public Works, Reconstruction and Construction, and the Ministry of Finance, recorded a turnover of HRK 8.7m in the first quarter of 2004. Ericsson Nikola Tesla and Dom holding shares were traded the most on the VSE in the first four months of 2004, making up about one third of the total turnover.

On the increase since mid-2003, the value of the VSE index, VIN, continued the trend in the first quarter of 2004, rising by 7.4% compared with end-2003, from 615.9 to 661.8 points on 31 March 2004. At end-April the index value was 679.1 points. The increase was mainly in consequence of the strong growth of Ericsson Nikola Tesla share (which carries the largest weight in the index calculation) and the share of Dom holding.

Transition countries' stock exchange indices continued to rise at a strong pace in the first quarter of 2004. The composite Central European stock exchanges' index, CESI, has grown in value almost continually since early 2003. The CESI is compiled from the share prices of selected blue chip companies listed on the Budapest, Bratislava, Ljubljana, Prague and Warsaw Stock Exchange, with the Warsaw and Prague Stock Exchange shares carrying the largest weight. The index stood at 1650 points at end-March 2004, a rise of 21% compared with end-2003. All observed indices show a rise in share prices on the stock exchanges of transition countries. The indices on the Budapest, Prague, Bratislava, Ljubljana and Warsaw Stock Exchange increased over several consecutive quarters, reaching their three-year highs at the end of the first quarter of 2004. The CROBEX, in contrast, showing no indication of a long-term upward trend, fell by 2.2% in the first quarter compared with end-2003.

Market capitalisation of both shares and bonds has been on the increase in all observed countries since early 2003. Favourable capital market trends encouraged trading, with the result that most observed stock exchanges recorded a



turnover growth in the first quarter of 2004 compared to the previous quarter.

Debt Securities Market

The first quarter and April 2004 saw new bond placements, with a government and a corporate bond issue placed in the domestic market, and two eurobond issues, those of the Republic of Croatia and CBRD, placed in the foreign market.

The new government bond issue in the domestic market, due 2014, consisted of two tranches: a EUR 200m tranche, issued on 10 February, and a EUR 150m tranche, issued on 23 March (in kuna counter value). The price of the bonds, issued at a coupon rate of 5.5%, was 99.137 and 100.85 for the first and second tranche respectively. The CBRD bonds, issued on the Luxembourg Stock Exchange on 11 February 2004, were also listed on the ZSE Official Market on 16 February to satisfy domestic investors demand. The issue, valued at EUR 300m, has a coupon rate of 4.875% and matures in 2011. Following these new listings, market capitalisation of bonds on the ZSE at end-March 2004 amounted to HRK 17.5bn (EUR 2.36bn or 9.2% of the 2003 GDP), an increase of HRK 3.4bn over end-2003. Market capitalisation of government bonds was HRK 15.4bn at end-March (EUR 2.08bn or 8.1% of GDP), and that of corporate bonds

Table 9: Comparison of Capital Market Indicators

March 2004	Bratislava	Budapest	Ljubljana	Prague	Warsaw	Zagreb
Average daily turnover, shares (million USD)	1.4	66.1	4.4	78.3	123.7	1.2
Average daily turnover, bonds (million USD)	11.0	6.1	2.3	133.8	4.2	10.6
Turnover ^a /GDP ^c , annual level (%)	1.6	27.7	5.6	31.1	18.1	1.5
Turnover ^a /GDP ^c , annual level (%)	12.8	2.5	2.9	53.1	0.6	13.0
Turnover velocity ^d	11.3	91.9	15.6	74.0	83.0	5.1
Market capitalisation ^a (million USD), end month	3,370	19,856	7,895	29,200	41,132	6,469
Market capitalisation ^b (million USD), end month	10,267	30,331	4,715	20,211	....	2,855
Market capitalisation ^a /GDP ^c , end month (%)	14.2	30.2	35.9	42.0	21.8	28.8
Market capitalisation ^b /GDP ^c , end month (%)	43.4	46.1	21.4	29.1	....	17.9
Index movement from the beginning of the year (%)	2.4	20.3	11.3	25.0	14.6	-1.1
Index movement from the beginning of the month (%)	2.1	3.0	6.2	6.4	2.4	-1.4

^a Shares, ^b Bonds, ^c 2002, ^d Annualised monthly share turnover × 100/ market capitalisation of shares.
Sources: Reports from BSSE, BSE, PSE, LJSE, WSE, ZSE and FIBV Statistics (www.fibv.org).

Table 10: Bond Issues in the Domestic Market

Series	Issuer	Issue date	Maturity	Currency	Issue nominal value	Nominal interest rate	Last price ^a	Current yield 30/4/2004
DAB-O-05CA	DAB	19/12/2000	19/12/2005	EUR	225,000,000	8.375%	105.70	7.923%
HZZO-O-047A	CIHI	19/7/2000	19/7/2004	EUR	222,000,000	8.500%	101.20	8.399%
RHMF-O-049A	Republic of Croatia	20/9/2001	20/9/2004	EUR	200,000,000	6.500%	100.40	6.474%
RHMF-O-08CA	Republic of Croatia	14/12/2001	14/12/2008	EUR	200,000,000	6.875%	109.70	6.267%
RHMF-O-125A	Republic of Croatia	23/5/2002	23/5/2012	EUR	500,000,000	6.875%	110.55	6.219%
RHMF-O-085A	Republic of Croatia	28/5/2003	28/5/2008	HRK	1,000,000,000	6.125%	99.00	6.187%
RHMF-O-142A	Republic of Croatia	10/2/2004	10/2/2014	EUR	350,000,000	5.500%	99.60	5.522%
HBOR-O-112A	HBOR	11/2/2004	11/2/2011	EUR	300,000,000	4.875%	....	....
BLSC-O-051A	Belišće d.d.	17/1/2002	17/1/2005	EUR	17,000,000	7.375%	102.50	7.195%
PLAG-O-048A	Plava laguna d.d.	25/2/2002	25/8/2004	EUR	12,000,000	6.750%	100.75	6.700%
HYBA-O-086A	Hypo-Alpe-Adria Bank	6/6/2003	6/6/2008	HRK	150,000,000	6.500%	98.05	6.539%
BNAI-O-22CA	Bina Istra d.d.	15/12/2002	15/12/2022	EUR	210,000,000	8.000%	....	....
PODR-O-072A	Podravka d.d.	20/2/2004	20/2/2007	EUR	27,000,000	5.000%	....	....

^a Regularly traded shares. Source: ZSE.

HRK 2.1bn (EUR 286.4m, or 1.1% GDP).

Bond trading was brisk on the ZSE in the first quarter of 2004, especially in February, following the issue of the first tranche of the government bond due 2014. Total bond turnover on the ZSE was HRK 4.5bn (compared with HRK 2.4bn in the same period in 2003), and HRK 1bn in April. Most trading was done with the new Republic of Croatia bond maturing in 2014 and the Republic of Croatia bond maturing in 2012. Weak in the first quarter of 2004, trading in the kuna bond of the Republic of Croatia increased multifold with the fall in money market interest rates in April 2004.

Most bond prices decreased further over the first quarter of 2004, while their yields increased, so that the ZSE bond index, CROBIS, decreased by 2.2% in the period from end-2003 to April 2004, standing at 98.8 at the end of the month.

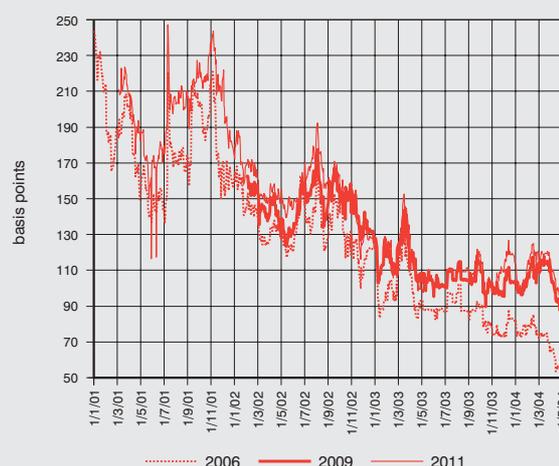
On 15 April 2004, the Republic of Croatia issued EUR 500m worth of eurobonds maturing in 2014, at a coupon rate of 5%, with issue price of 99.15 and issue yield of 5.11%. 14 Croatian bond issues were listed on foreign markets in April 2004, two USD denominated (government bonds substituted for the debt of Croatian companies to the London Club), seven EUR denominated and five JPY denominated, totalling HRK 39.6bn in nominal terms at end-April (EUR 5.25bn).

Due in July this year is a Euro-DEM bond issue from 1997, worth DEM 300m (EUR 153m), and a 1999 Samurai bond issue, valued at JPY 25bn (about EUR 191m).

In contrast with a general downward trend in the world's bond yields, Croatian eurobond yields held steady, at times

Figure 62

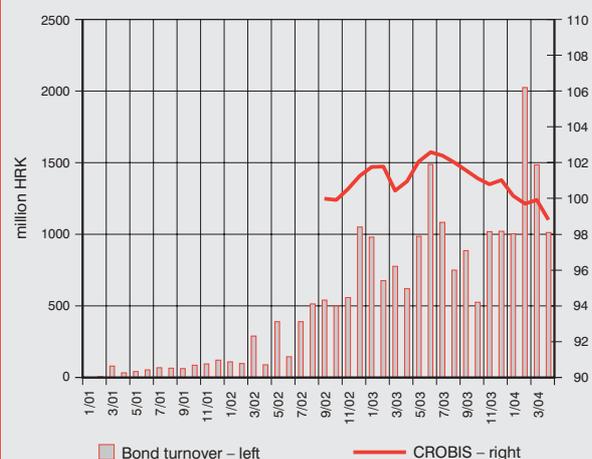
CROATIAN EUROBOND SPREAD 2006, 2009 AND 2011, COMPARED WITH BENCHMARK GERMAN BONDS



Source: Bloomberg.

Figure 61

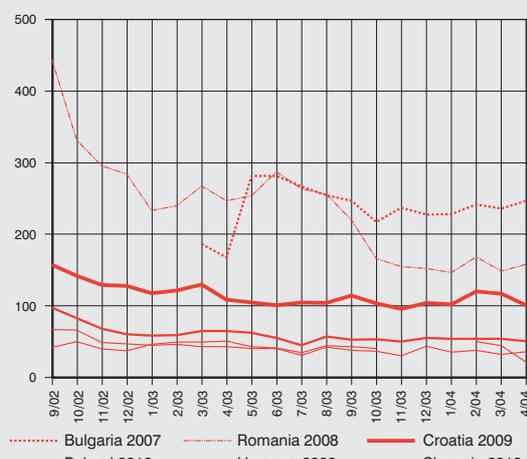
ZSE MONTHLY BOND TURNOVER AND END-MONTH CROBIS



Source: ZSE.

Figure 63

CROATIAN EUROBOND SPREAD AND THE SPREAD OF SIMILAR EURO-DENOMINATED BONDS OF SELECTED TRANSITION COUNTRIES COMPARED WITH THE BENCHMARK GERMAN BOND



Source: Bloomberg.

Table 11: Republic of Croatia International Bond Issues

Bond	Issue date	Currency	Amount	Nominal interest rate	Yield on issue date	Spread on issue date	Spread ^a 31/3/2004	Spread ^a 30/4/2004
London Club A, 2006	31/7/1996	USD	857,796,000	6 month LIBOR + 81.25 b.p.			130	135
London Club B, 2010	31/7/1996	USD	604,426,000	6 month LIBOR + 81.25 b.p.			109	108
Euro-DEM bonds, 2004	16/7/1997	DEM	300,000,000	6.125%	6.20%	95	14	-3
Eurobonds, 2006	10/3/1999	EUR	300,000,000	7.375%	7.45%	375	67	61
Eurobonds, 2005	28/3/2000	EUR	500,000,000	7.000%	7.06%	210	59	49
Eurobonds, 2011	14/3/2001	EUR	750,000,000	6.750%	6.90%	215	117	101
Eurobonds, 2009	11/2/2002	EUR	500,000,000	6.250%	6.45%	158	111	95
Eurobonds, 2010	14/2/2003	EUR	500,000,000	4.625%	4.65%	102	110	95
Eurobonds, 2014	15/4/2004	EUR	500,000,000	5.000%	5.11%	101	....	100
Samurai bonds, 2004	14/12/1999	JPY	25,000,000,000	4.000%	4.00%	284	42	34
Samurai bonds, 2007	11/7/2000	JPY	40,000,000,000	3.000%	3.00%	135	75	68
Samurai bonds, 2006	23/2/2001	JPY	25,000,000,000	2.500%	2.50%	152	64	54
Samurai bonds, 2008	26/6/2002	JPY	25,000,000,000	2.150%	2.15%	144	87	78
Samurai bonds, 2009	26/6/2003	JPY	25,000,000,000	1.230%	1.23%	99	....	....

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

even drifting upwards, widening the spread in relation to the benchmark German bond. Most analysts believe that stagnating prices of Croatian eurobonds, in a context of growing developed countries' bond prices, can be only partly ascribed to a large number of bond issues released by transition countries early in 2004, while the other reasons are unfavourable balance of payments trends, the country's external debt and the failure to meet the criteria referred to in the *stand-by* arrangement with the IMF. Holding steady since mid-2003, at about 100 basis points (recording a temporary increase only on the eve of the parliamentary election), the spread between Croatian eurobonds and the benchmark German bonds reached 120 basis points in the first quarter of 2004. However, due a rise in benchmark European bond yields and the latest favourable developments regarding Croatia's accession to the EU, the spread slipped back to 100 basis points.

In comparison with the new EU member countries, the Croatian eurobond spread is relatively high. Having widened in almost all transition countries in early 2004, the spread between accession countries' eurobonds and the benchmark German bond narrowed as the date of their official accession to the EU drew closer. The spreads of EU candidate countries, Romania and Bulgaria, still exceed the Croatian eurobond spread.

International Transactions

Current Account

In the first quarter of 2004, a deficit of USD 1.5bn was recorded in the balance of payment current account of the Republic of Croatia, which corresponds to a USD 0.4bn or 34.1% growth compared to the same period last year. Movements in Croatia's merchandise trade contributed most to the deficit growth. The annual growth rate of goods exports was thus considerably lower in the January–March 2004 period in relation to the indicator for the first quarter of 2003, whether in terms of the nominal value of goods exports or in terms of the 2002 constant exchange rate. In the same period, goods imports dynamics also slowed down significantly and it should be noted that a growth in loans granted by banks to the household sector also slowed down in the first three months of 2004 (goods exports and imports are

analysed in more detail under Merchandise Trade).

The favourable results realised in the service trade alleviate to a certain extent the adverse effects of the foreign trade balance. Although a surplus was recorded in the service account in the first quarter of 2004, net income earned was lower than the absolute amount of net income in the first three months of 2003. Consequently, an annual growth rate stood at -13.7%. This is mainly a result of expenditure growth on the basis of imported services, which was twice as fast as income growth earned by service exports.

The largest part of income from the rendered services is usually earned in tourism, which was also the case in the first quarter of 2004. Favourable movements in volume indices contributed to the annual growth in income from tourism (11.8%), together with the depreciation of the US dollar against the euro (16.6% at the annual level), in which Croatia predominantly earns its income from tourist services. According to the volume indices, total number of foreign tourists arrivals grew at an annual rate of 21.7% during the first three months of 2004, compared to a growth in total foreign tourists nights of 28.6%. The survey on foreign tourist consumption shows that no annual growth was recorded in tourists with high purchasing power. Since the tourist income growth was accompanied by a three time faster growth in expenditures, the annual increase in net balance of the received tourist services was only 1.7%. A considerable rise in expenditures for the received tourist services was probably mostly effected by the increase in the Croatian citizens who spent their winter vacations at the foreign ski and tourist destinations.

In contrast to net income from services rendered in tourism, net income from services rendered in transportation recorded an annual growth rate of 38.2%, which can to a large extent be accounted for by capital investments directed at the road infrastructure improvement. In the first quarter of 2004, the negative balance of other services was almost double compared to the same period last year (-USD 62.2m or 116.6% annual growth), thus contributing most to the annual reduction in net balance of the rendered services. Telecommunications and construction services made the largest contribution to a growth in net expenditures of other services in the stated period.

The annual growth in the income account negative balance stood at 12% in the first three months of 2004, and the

Table 12: Current Account of the Republic of Croatia, in million USD and %

	2002	2003	Q1 2003	Q1 2004 ^a	Q1 2004 ^a /Q1 2003
A. Current account (1+6)	-1,920	-2,099	-1,091	-1,464	34.1
1. Goods, services and income (2+5)	-2,996	-3,492	-1,420	-1,804	27.1
1.1. Credit	10,999	15,394	2,447	2,991	22.2
1.2. Debit	-13,995	-18,886	-3,867	-4,795	24.0
2. Goods and services (3+4)	-2,494	-2,279	-1,180	-1,535	30.1
2.1. Credit	10,571	14,907	2,326	2,841	22.1
2.2. Debit	-13,065	-17,186	-3,506	-4,376	24.8
3. Goods	-5,649	-7,921	-1,451	-1,769	21.9
3.1. Credit (f.o.b.)	5,004	6,285	1,486	1,842	24.0
3.2. Debit (f.o.b.)	-10,652	-14,206	-2,936	-3,611	23.0
4. Services	3,155	5,642	271	234	-13.7
4.1. Credit	5,567	8,621	840	998	18.8
4.2. Debit	-2,413	-2,980	-569	-765	34.3
5. Income	-502	-1,213	-240	-269	12.0
5.1. Credit	428	487	121	150	23.9
5.2. Debit	-930	-1,700	-361	-419	16.0
6. Current transfers	1,076	1,394	328	340	3.5
6.1. Credit	1,358	1,727	393	457	16.4
6.2. Debit	-282	-333	-65	-117	81.9

^a Preliminary data. Source: CNB.

deficit growth in the income account can to the largest extent be accounted for by the increasing outflows based on interests that fell due and that were paid by the government for foreign issues of its bonds. In the same period, an annual fall in net expenditures for dividends paid out was recorded, as well as an annual growth in net expenditures on the basis of reinvested earnings.

In the first quarter of 2004, only a mild growth (3.5%) was recorded in generally positive current transfers balance. An annual growth in income from current transfers amounted to USD 64m or 16.4%. Interestingly, after three years, the value of transfers granted by the Government of the Republic of Croatia to non-residents exceeded the value of transfers received by the government.

Merchandise Trade

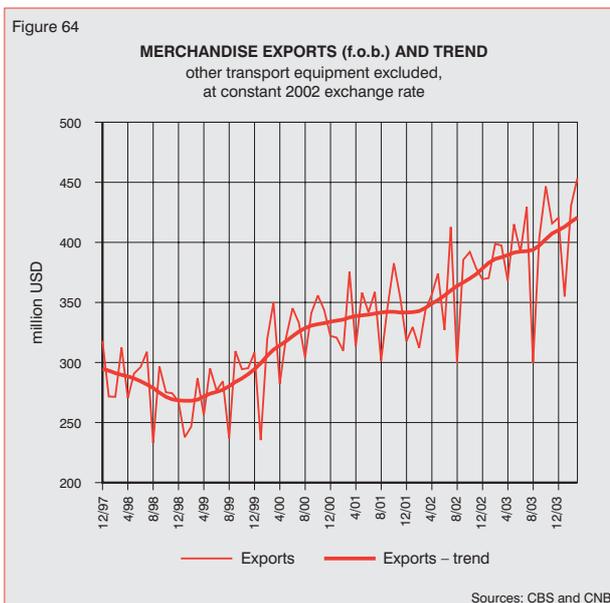
According to the preliminary CBS data, in the first quarter of 2004 total goods exports stood at USD 1.8bn and total goods imports at USD 3.6bn. Such movements resulted in foreign trade deficit of USD 1.8bn, which is an annual growth of USD 0.3bn or 22.8%. A considerable weakening of the average USD/EUR exchange rate relative to the first three months of 2003 contributed to a large extent to a foreign trade deficit growth in the stated period. Data reported at the constant 2002 exchange rate thus show that the annual growth rate of foreign trade deficit stood at 8.6%, 4.2 percentage point less compared to the same indicator for the first quarter of 2003.

In the January–March 2004 period, total goods exports reported in US dollars at the constant 2002 exchange rate, grew at an annual rate of 10.6%, which a 12.1 percentage point fall relative to the indicator for the same period of 2003. Viewed by months, a deceleration in the export activity was particularly pronounced during January and February 2004, when the average annual growth rate stood at only 2.9%.

Significant differences in the annual growth rate can very often be explained by the noises brought about in the time series of total goods exports by exports of other transport equipment (exports of ships). More specifically, data for the

previous years show that ship exports have a very high share in total goods exports (16.1% in the first quarter of 2004) and that all values realised in ship exports are often unevenly distributed during a calendar year. The shorter the time horizon analysed, the more pronounced the noise effects can be. Data for the first three months of 2004 show that a lower annual growth rate of total goods exports was partly influenced by ship trade, i.e. in the first three months of 2004, the annual growth rate of ship exports amounted to 40.6% in terms of the constant exchange rate, while the same indicator for 2003 reached 64.2%.

If other transport equipment is excluded from the data on total goods exports in the first three months of 2004, the annual growth rate amounts to 6.2%, which is still a 12.1 percentage point fall relative to the previous year. A considerably lower growth rate of goods exports, excluding ships, thus shows that a general exports dynamics slowed down in the first three months of 2004 compared to the same period last year and also compared to the last quarter of 2003 when the annual growth rate was 12.5%.



A fall in exports of sugar, products of sugar and honey (annual growth rate at the current exchange rate was -45.6% according to the CBS data), medical and pharmaceutical products (-12.3%) and oil and refined petroleum products (-6.6%) contributed most to a reduction in goods exports, excluding other transport equipment, in the first quarter of 2004. On the other hand, exports of the following divisions significantly contributed to the absolute annual growth in total goods exports, excluding ships, in the first quarter of 2004: electrical machinery, apparatus and equipment (annual growth rate of 75.7% at the current exchange rate), wearing apparel (9.4%) and wood and cork (25.9%). The share of the previously mentioned divisions in total goods exports ranged in the January–March 2004 period from 3.4% (wood and cork) to 9.5% (electrical machinery, apparatus and equipment). Relative to the first quarter of 2003, in all the stated divisions the absolute exports growth was accompanied by a growth in their respective shares in total goods exports, apart from exports of wearing apparel, the share of which went down from 10.2% to 9%.

In the January–March 2004 period, the annual growth rate of total good imports stood at 9.6% in terms of the constant exchange rate, a 7.9 percentage point fall compared to the indicator for the same period last year. A lower annual growth rate of total goods imports was primarily caused by a lower growth rate of capital goods imports. More specifically, the annual growth rate of machinery and transport equipment, excluding other transport equipment and road vehicles, was 3.5% in the first three months of 2004, which is a 34.9 percentage point fall against the indicator for the same period last year.

If imports of capital goods is excluded from the time series of total goods imports, the annual growth rate of imports stands at 13.1% for the first three months of 2004, which is a 5.9 percentage point rise compared to the same period of 2003. Imports of the following divisions contributed most to the annual growth of total goods imports, excluding capital goods: electrical machinery, apparatus and equipment (annual growth rate was 44.4% at the current exchange rate, ac-

ording to the CBS data), oil and refined petroleum products (28%), road vehicles (18.6%), various finished goods (58.2%), and other metal products (28.4%). The respective shares of these divisions in total goods imports ranged between 3.6% (metal products) and 11.1% (road vehicles).

Imports of road vehicles has strongly contributed to a growth in total goods imports since end-2002. However, it should be noted that the annual growth rate of road vehicle imports stood at only 2.1% in terms of the constant exchange rate in the first quarter this year, compared to 40.1% in the same period last year.

As regards the merchandise trade structure by the economic classification of countries, the share of goods exports to developed countries in total goods exports fell from 64.9% in the first quarter 2003 to 59.8% in the first quarter of 2004, and the share of goods exports to the EU member states dropped from 54.8% to 52.3% of total goods exports. At the same time, the values of goods exports show that exports of goods to EU member states increased at the an-

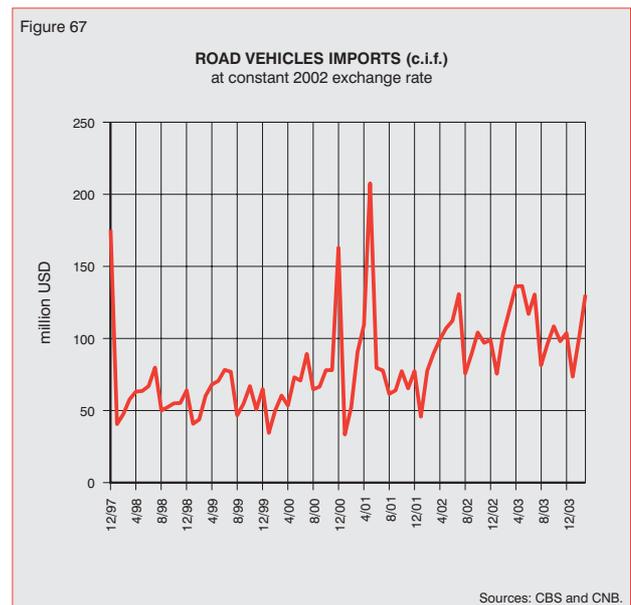
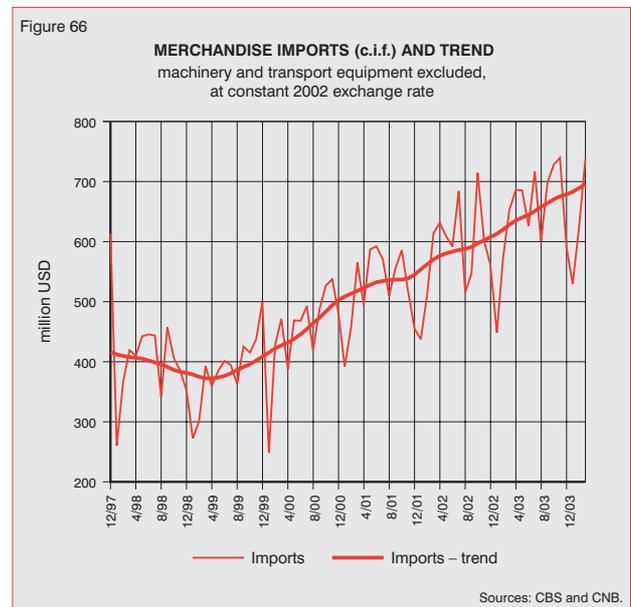
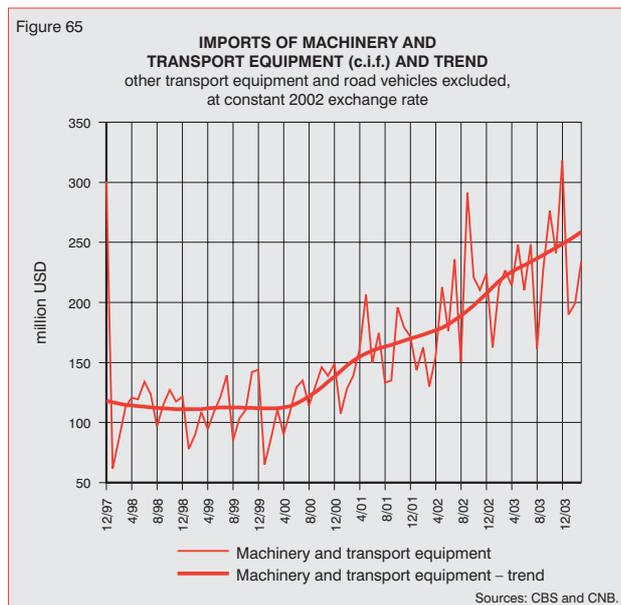


Table 13: Imports and Exports by Economic Classification of Countries, in %

Exports	2002	2003 ^a	Q1 2003	Q1 2004 ^a
Developed countries	58.1	61.6	64.9	59.8
EU-15	52.7	54.6	54.8	52.3
Austria	7.5	7.8	8.0	10.4
Italy	22.7	26.4	25.9	20.4
Germany	12.5	11.9	11.8	11.4
EFTA	0.8	0.8	0.7	1.1
Other developed countries	4.6	6.2	9.4	6.5
Developing countries	41.9	38.4	35.1	40.2
CEFTA	12.4	11.9	11.3	10.3
Slovenia	8.7	8.3	7.9	7.3
Bosnia and Herzegovina	14.4	14.5	12.3	11.7
Serbia and Montenegro	3.5	3.1	2.4	2.8
Imports	2002	2003 ^a	Q1 2003	Q1 2004 ^a
Developed countries	64.5	65.4	66.2	64.1
EU-15	55.8	56.6	56.5	55.7
Austria	6.6	6.6	6.1	6.9
Italy	17.3	18.2	16.7	16.8
Germany	16.2	15.6	16.1	16.0
EFTA	2.0	1.8	1.9	1.6
Other developed countries	6.8	7.0	7.9	6.8
Developing countries	35.5	34.6	33.8	35.9
CEFTA	16.0	16.6	15.2	16.2
Slovenia	7.7	7.4	6.9	7.1
Bosnia and Herzegovina	1.6	1.6	1.2	2.0
Serbia and Montenegro	0.5	0.5	0.4	0.6

^a Preliminary data. Source: CBS.

nual level by 18.1% during the first quarter of 2004. According to the values for the first three months of 2004, only the annual growth in exports to Italy, among the Croatia's three most important foreign trade partners, was negative (-2.5%), while exports to Austria and Germany increased considerably, by USD 71m or 60.1% and USD 33m or 19.2%, respectively. As regards other EU member states, a strong annual growth in goods exports to Sweden was re-

corded (USD 45m or 626.2%). Data on the Croatia's merchandise trade with the developing countries indicate that in the January–March 2004 period goods exports to Malta and to the neighbouring countries increased significantly: Bosnia and Herzegovina, Slovenia and Serbia and Montenegro.

In the first quarter of 2004, the share of developed countries in total goods imports was 64.1%, which is a 2.1 percentage point fall compared to the same period last year. In the period from January to March 2004, goods imports from the EU member states grew at an annual rate of 21.6%, imports from Italy (23.6%), Germany (22.9%) and Austria (39.6%) contributing most to this growth. An increase in the share of developing countries in total goods imports can mostly be accounted for by the annual growth in goods imports from Russia (103.4%), Slovenia (27.1%), China (69.9%) and Bosnia and Herzegovina (108.5%).

Capital and Financial Account

During the first quarter of 2004, net foreign direct investments in Croatia reached USD 239m, USD 8m accounting for Croatian investments abroad and USD 247m for foreign direct investments in Croatia. Equity capital predominate in the structure of investments in Croatia (USD 171m or 69.2% of total foreign direct investments). They are followed by reinvested earnings reported by individual enterprises in the first quarter of 2004, referring to a part of reinvested earnings realised in the business year 2003 (USD 67m), whereas net other investments account for the smallest part (USD 9m) of total foreign direct investments in

Table 14: Capital and Financial Account of the Republic of Croatia, in million USD and %

	2002	2003	Q1 2003	Q1 2004 ^a	Q1 2004 ^a /Q1 2003
B. Capital and financial account	2,702	3,305	1,150	1,149	-0.1
B1. Capital account	443	84	6	8	30.4
B2. Financial account (excl. reserves)	2,956	4,613	1,318	625	-52.6
1. Direct investment	591	1,875	296	239	-19.1
1.1. Abroad	-533	-80	-23	-8	-64.1
1.2. In Croatia	1,124	1,956	318	247	-22.3
2. Portfolio investment	-230	1,009	741	-186	-
2.1. Assets	-627	155	82	-455	-
2.2. Liabilities	397	854	659	268	-59.3
3. Other investment	2,594	1,728	281	573	103.4
3.1. Assets	359	-2,521	-269	189	-
3.2. Liabilities	2,236	4,249	550	384	-30.2
B3. Reserve assets (CNB)	-697	-1,391	-174	515	-
C. Net errors and omissions	-782	-1,207	-59	315	-

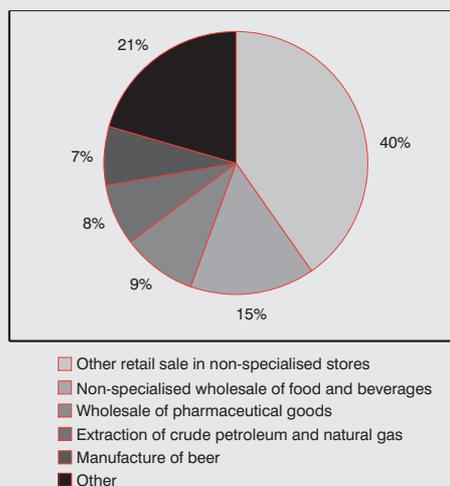
^a Preliminary data. Source: CBS.

Table 15: International Reserves by Investment Instruments, end of period, in million USD and %

	2002	2003	3/2004	3/2004/2003
1. Foreign currency reserves (in convertible f/c)	4,423	7,174	6,689	-6.8
1.1. Securities	1,938	4,008	4,214	5.1
1.2. Total currency and deposits with:	2,485	3,166	2,475	-21.8
– other national central banks, BIS and IMF	339	339	280	-17.3
– banks headquartered in the reporting country	2,146	2,827	2,195	-22.4
2. IMF reserve position	0	0	0	-0.4
3. SDRs	2	1	1	-0.2
4. Gold	0	0	0	-
5. Other reserve assets	1,460	1,016	855	-15.9
o/w: Reverse repo	1,460	1,016	855	-15.9
Total (1 + 2 + 3 + 4 + 5)	5,886	8,191	7,545	-7.9

Source: CNB.

Figure 68

STRUCTURE OF FOREIGN DIRECT INVESTMENT
IN THE REPUBLIC OF CROATIA IN Q1 2003

Croatia. As regards equity capital (equity securities), the largest portion of foreign direct investments in Croatia was directed at retail sale in non-specialised stores, wholesale of food and beverages, wholesale of pharmaceutical goods, extraction of crude petroleum and natural gas and manufacture of beer.

Portfolio investments changed significantly in the first three months of 2004 in relation to the same period of the previous year. Changes in claims under portfolio investments were caused by the banks' portfolio restructuring based on foreign issues of bonds, as well as money market instruments. More specifically, during the first quarter of 2004, banks' portfolio increased due to funds from foreign issues of bonds, amounting to USD 339m, and funds based on investment in money market instruments of USD 102m. As regards liabilities under portfolio investments, the greatest changes occurred in transactions related to foreign bonds transactions. Data for the first quarter of 2004 show an increase in liabilities of USD 264m in net terms. These movements resulted from a foreign issue of the CBRD bonds, amounting to EUR 300m (USD 383m), as well as from a semi-annual settling of the government liabilities towards the London Club (USD 81m) and CBRD's liabilities that fell due (USD 39m).

In the period from January to March 2004, the value of transactions related to assets under other investment account, stood at USD 189m, net value of the granted trade credits and loans granted by the Croatian residents amounting to USD 73m. General government assets based on currency and deposits abroad rose by USD 106m in the same period, compared to those of domestic banks which fell by USD 368m. At the same time, liabilities based on other investment show that net value of newly received trade credits and loans reached a total of USD 286m. An increase in liabilities based on loans (USD 257m) was recorded by the following sectors: banks (USD 295m), enterprises (USD 201m) and general government (USD 49m), and a reduction in loans related to repo transactions was recorded by the Croatian National Bank (USD 288m). In the first three

months of 2004, banks also increased their liabilities based on received deposits from foreign parent banks by USD 100m.

Transactions in the CNB reserve assets reached USD 0.5bn in the first quarter of 2004 (a positive sign indicates that they were reduced). Monetary statistics data, which include cross-currency changes, show that reserve assets stood at USD 7.5bn at end-March 2004, which is an absolute fall of USD 0.6bn or -7.9% relative to end-2003. The reserve assets structure by investment instruments indicates that the largest contribution to a fall in reserve assets in the first quarter of 2004 was made by a fall in currency and deposits with banks headquartered outside Croatia, which was caused by decreased investments in repos and reversed repos. At end-March 2004, debt securities reached USD 4.2bn, a USD 206m increase in absolute terms or 5.1% compared to end-2003.

External Debt

By end-April 2004, external debt of the Republic of Croatia reached USD 24.2bn, an increase of USD 0.7bn or 3% relative to end-2003. Viewed by the debtor sector, government continued to account for the largest part (USD 9bn or 37%) of total debt. It is followed by enterprises, including direct investments, with a share of USD 7.6bn or 31.6% and banks, external debt of which was USD 7.6bn or 31.4% of total debt.

Data on external debt changes in the first four months of 2004 show that the value of net transactions (difference between new borrowing abroad and repayment of due principals) reached USD 1.8bn, whereas cross-currency changes contributed to a USD 1.1bn reduction (in statistical terms) of total external debt, as a result of a more pronounced appreciation of the reporting currency – US dollar against the euro.

Borrowing of the government sector contributes most to a rise in external debt based on net transactions. New disbursements of the government reached USD 1,165m in the first four months of 2004, of which the largest portion refers to liabilities arising from portfolio investments (USD 978m), while new long-term loans were disbursed in the amount of USD 186m. The previously mentioned liabilities arising from portfolio investments relate entirely to two issues of eurobonds: CBRD issue (EUR 300m or USD 383m, recorded in February 2004) and issue of the Government of the Republic of Croatia (EUR 500m or USD 595m, recorded in April 2004). Seven-year bonds of the CBRD were issued on the basis of a mid-term EMTN programme, which was agreed with the Government of the Republic of Croatia as early as in 2000, on the basis of which CBRD may borrow a total of EUR 500m under government guarantees.³ Funds raised by this issue will be used for exports financing and insurance, as well as for providing incentives to small and me-

³ EMTN (Euro Medium Term Note) is a set of documents on the basis of which the CBRD is permitted to enter the eurobond market, following a very short preparation, which allows it to make and implement a prompt decision on a new issue at a favourable moment.

Table 16: External Debt by Debtor, end of period, in million USD and %

	2002	2003	4/2004	Structure			Indices		
				2002	2003	4/2004	2002/01	2003/02	4/2004/03
1. Government	6,359	8,393	8,958	41.2	35.8	37.0	123.9	132.0	106.7
2. Central bank (CNB)	0	0	0	0.0	0.0	0.0	....	....	....
3. Banks	4,033	7,401	7,587	26.1	31.5	31.4	175.4	183.5	102.5
4. Other sectors (enterprises)	3,968	5,888	5,883	25.7	25.1	24.3	126.9	148.4	99.9
5. Direct investment (enterprises)	1,066	1,788	1,752	6.9	7.6	7.2	167.9	167.7	98.0
Total (1+2+3+4+5)	15,426	23,470	24,180	100.0	100.0	100.0	136.3	152.1	103.0

Source: CNB.

Table 17: Change in External Debt by Debtor, in million USD

	Outstanding debt 31/12/2003	Disbursement	Change		Cross-currency change	Outstanding debt 30/4/2004
			Amortisation			
			Principal	Interest		
1. Government	8,393	1,165	253	245	-347	8,958
2. Central bank (CNB)	0	0	0	0	0	0
3. Banks	7,401	859	311	36	-362	7,587
4. Other sectors (enterprises)	5,888	884	612	63	-276	5,883
5. Direct investment (enterprises)	1,788	195	139	18	-92	1,752
Total (1+2+3+4+5)	23,470	3,102	1,315	361	-1,077	24,180

Source: CNB.

dium-size enterprises. In the same period, the government repaid USD 253m of due principals, and as much as USD 245m of interest (which does not affect external debt balance). 90% of the latter amount refers to interest on issued bonds and only a smaller portion to interest on long-term loans.

In addition to government, banks also made a large contribution to an increase in external debt based on net transactions. In the first quarter of 2004, banks set aside USD 311m for due principal repayment, whereas new borrowing reached USD 859m. USD 173m of new disbursements refers to borrowing on the basis of currency and deposits and the remaining part almost entirely accounts for long-term loans granted by the parent banks to their subsidiaries (USD 682m).

Other sectors (including direct investment in enterprises, i.e. foreign investments exceeding 10% of an individual enterprise's share capital) accounted for USD 328m of an increase in external debt based on net transactions, new borrowing reaching USD 1,079m and due and repaid principals amounting to USD 751m. Changes in external debt of other sectors referred to the largest extent to other investment, long-term loans in particular. More specifically, other sectors took USD 688m of long-term loans in the first quarter of 2004, while repaid principals on this basis stood at USD 418m.

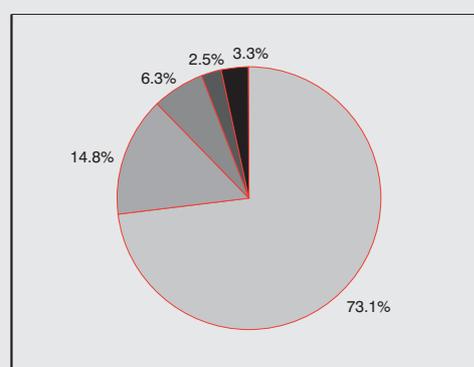
According to the balance at end-April 2004, the currency structure of external debt shows that 73.1% of the Republic of Croatia's external debt was denominated in the euro, followed by the US dollar (which serves as the reporting currency) with a share of 14.8% and the Japanese yen accounting for 6.3% of total debt. Since a large portion of external debt is denominated in non-reporting currencies, cross-currency changes contribute considerably to a statistical decrease or increase in debt. In the first four months of 2004, cross-currency changes had a positive influence on the external debt balance (reducing the debt by USD 1.1bn in statistical terms), which was a result of a pronounced appreciation of the US dollar against the euro of 5.3%, i.e. USD/EUR exchange rate fall from 1.2498 at end-2003 to

1.1835 at end-April 2004.

According to the amortisation assessment until the end of 2004, a total of USD 2.1bn of principal will fall due. More than half of this amount refers to other sectors (including direct investments), which will predominantly settle their liabilities arising from loans. More specifically, other sectors must set aside USD 0.7bn for the repayment of principal until the end of the year, while the remaining part accounts for liabilities arising from direct investments (USD 0.3bn), short-term and long-term debt securities and trade credits (USD 0.1bn). Government will amortise USD 714m of principal until the end of the year, the majority of which falls due in the second half of the year. A total of USD 327m thus falls due in the third quarter 2004 (of which DEM 300m or around USD 187m refers to the euromark issue of the Republic of Croatia's bonds from 1997 and USD 80.6m to the second semi-annual debt repayment to the London Club), compared to a total of USD 348m in the fourth quarter (of which JPY 25bn or around USD 236m accounts for samurai bonds of the Republic of Croatia issued in 1999).

Figure 69

CURRENCY STRUCTURE OF CROATIA'S EXTERNAL DEBT
on 30 April 2004



Legend: EUR, USD, JPY, CHF, Other currencies

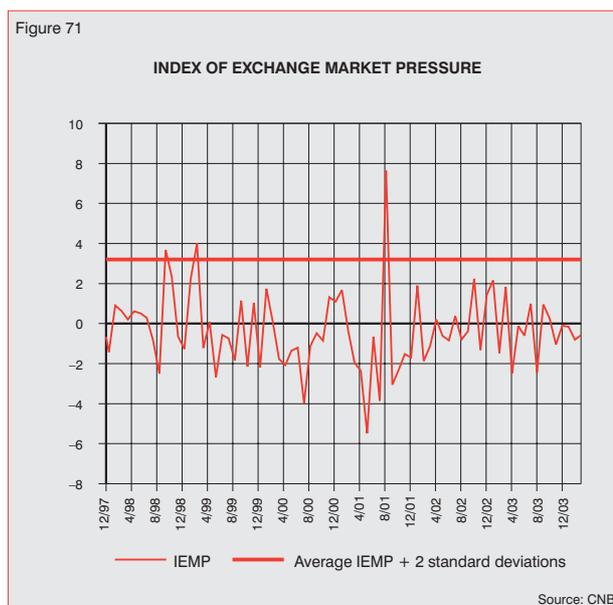
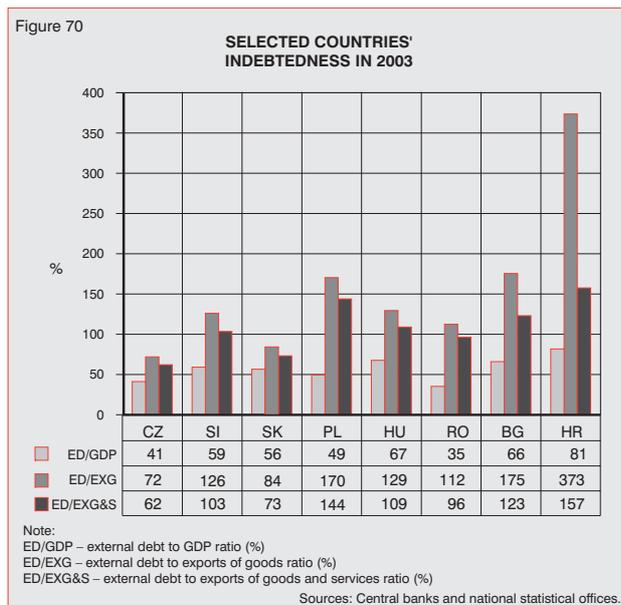
Note: External debt balance does not include deposits of non-residents.

Source: CNB.

Table 18: Projected Future Principal and Interest Payments by Debtor, end of period, in million USD

	Outstanding debt 30/4/2004	Principal repaid in period Jan.-Apr. 2004	Projected future principal payments					Other
			2004	2005	2006	2007		
1. Government	8,958	253	714	1,012	1,024	772	5,433	
2. Central bank (CNB)	0	0	0	0	0	0	0	
3. Banks	7,587	311	244	871	1,135	328	4,942	
4. Other sectors (enterprises)	5,883	612	883	933	784	785	2,041	
5. Direct investment (enterprises)	1,752	139	289	175	365	258	521	
Total (1+2+3+4+5)	24,180	1,315	2,130	2,991	3,306	2,143	12,938	
Supplement:								
Projected interest payments	–	361	419	753	623	493	1,624	
Total principal and interest	–	1,676	2,549	3,744	3,929	2,636	14,562	

Source: CNB.



External debt indicators show that the share of the Republic of Croatia's external debt in GDP stood at 81.5% at end-2003, whereas the same indicator for end-April 2004 was 73.8% in terms of the projected GDP for 2004. In comparison with external borrowing of the selected countries at the end of 2003, Croatia's external debt is above average and the share of external debt in good exports is extremely large. Although the indicator for Croatia, where denominator consists of goods exports increased by the value of service exports, is somewhat smaller, it is evident that it is still unfavourable, in comparison with other transition countries (excluding Poland). According to a large current account and budget deficit, expected in 2004, external debt in 2004 should not change significantly relative to the indicators for 2003.

International Liquidity

Index of exchange market pressure (IEMP) did not point to potential international liquidity problems in the first quarter of 2004.⁴ Favourable index movements, despite a significant fall in international reserves in March 2003, were effected by a strong depreciation of the HRK/EUR exchange rate.

⁴ IEMP is a weighted average of the appreciation rate of the kuna exchange rate against the euro and a growth rate of international reserves expressed in euro, using standard deviations as weights.

At end-March 2004, international reserves stood at EUR 6.2bn, a fall of EUR 376m or 5.7% compared to end-2003. Viewed by months, it is interesting to note that international reserves grew at a monthly rate of 1.5% in January and stagnated in February at the level recorded in the previous month. Their considerable monthly fall (EUR 468m or 7%) followed in March, which was almost entirely a result of a reduction of investment in repo agreements.

Adverse effects of the international reserves decline on the IEMP in March 2004 were offset by positive contributions of the bilateral HRK/EUR exchange rate. In this month, a monthly depreciation rate of –2.8% of the domestic currency/euro exchange rate was thus recorded (period end), which is a record high depreciation since the pronounced currency fluctuation in August 2001.

Government Finance

Budget Highlights in the First Quarter 2003

In the first three months of 2004, the budget was financed on a temporary basis. According to the preliminary MoF data, consolidated central government expenditures exceeded the overall consolidated central government revenues by HRK 3.2bn during the period. If we exclude HRK 242m of capital revenues from the calculation, consolidated

central government deficit at the end of first quarter came to HRK 3.4bn (on a cash basis).

Revenues and expenditures of consolidated central government planned for 2004 stand at HRK 84.4bn and HRK 91.2bn respectively, with the projected central government deficit, on a cash basis, at HRK 6.8bn. Excluding the HRK 1.8bn of planned capital revenues from the annual revenue plan, the consolidated central government target deficit in 2004 is HRK 8.6bn, on a cash basis. Some 30% of the overall financing needs for the year will be covered by capital revenues (inclusive of privatisation receipts) and by funds set aside in 2003 and earmarked for budget financing in the first quarter of 2004, while the remaining 70% share will be financed through borrowing in the country and abroad.

Last year saw the establishment of the Environment Protection Fund (EPF), with its organisation and activity as well as the sources and use of funds being regulated by an act applied as of 1 January 2004. EPF's operations include various activities connected with environment preservation, sustainable utilisation, protection and development, as well as activities connected with enhancing energetic efficiency and utilisation of renewable sources of energy. It is financed from earmarked revenues, that is, various fees, while it can also receive the necessary funds from grants and budgets of local government units, in line with jointly adopted programmes, and other sources of finance as prescribed by law. EPF's revenues and expenditures for 2004 are planned at HRK 244m, with the entire amount of planned revenues being raised through earmarked revenues.

Budget Revenues

Consolidated central government revenues grew at a slower pace in the first quarter of this year than during the corresponding period last year. According to the MoF data, generated revenues of the consolidated central government, comprising the operations of government agencies (CH, CR, DAB and CPF), stood at HRK 18.2bn in the first quarter of 2004, making up 21.7% of total planned revenues in 2004. Compared with the first quarter of the previous year revenues were up HRK 1.1bn or 6.7%.

Current revenues (HRK 0.9bn), rising by 5.7% on the first quarter of 2003, when current revenues registered an 11.5% growth rate, accounted for the major portion of this growth. Capital revenues reached HRK 0.25bn, with DAB's revenues accounting for over a half of this figure.

Social security contributions make up approximately one third of current revenues. This tax revenue category went up 8.8% in the first quarter of 2004 compared with the same period in 2003 partly as a result of wage and employment growth and partly as a result of the effect of low base period during which new wage calculation was introduced.

VAT revenues rose 5.4% in the first three months of this year over the same period a year before, while compared with the fourth quarter 2004 they registered a seasonal decline of 19.7%.

Making up some 12.0% of the annual revenue plan in 2004, excise revenues grew at a similarly low rate in the first quarter of this year as over the same period in 2003. Low growth rate of this budgetary revenue category in 2003

came, despite of a successful tourist season, as a result of a slowdown in excise revenues generated from refined petroleum products, accounting for over a half of total excise revenues collected.

Revenues raised from customs duties also went up at reduced growth rates in the first quarter of this year, declining by 10.6% on the previous year.

In contrast to excise revenues and revenues from customs duties, income tax revenues rose 14.0% compared to the corresponding period last year, when their slower growth on the year before was influenced by changes in the tax system.

Budget Expenditures

As shown by MoF data, consolidated central government expenditures in the first three months of 2004 totalled HRK 21.3bn, rising HRK 1.7bn or 8.7% on the same period a year ago. By analysing expenditures in the first quarter of the year as a portion of total planned annual expenditures, we notice that their this year's share of 23.4% does not much differ from the 22.8% realised last year.

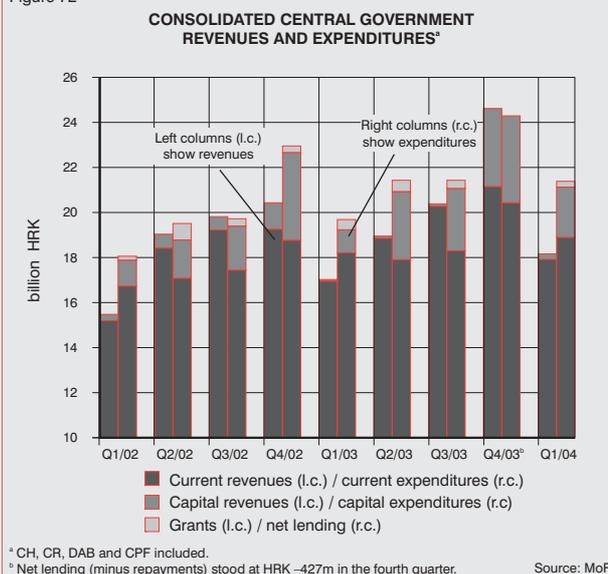
Until the new budget was passed, current expenditures in the first quarter of this year were under the influence of temporary financing, rising by HRK 0.6bn or 3.5% compared to the same period the previous year.

Expenditures on goods and services make up 38.4% of the annual expenditure plan, standing at approximately the same level at the end of this year's first quarter as the year before, that is, declining by 0.25%.

A sizeable share of interest on external debt usually falls due in the first quarter of each year. This year's central government interest expenditures totalled HRK 1.8bn, up 7.5% on the same period last year, accounting for approximately 44.0% of the planned annual interest expenditures. Thus interest payments accounted for the largest share of expenditures in the first three months of the year.

Totalling HRK 9.5bn in the first quarter of the year, subsidies and other current transfers rose 6% on annual level. Of the amount paid, current transfers with an annual growth rate of 10% in the first quarter, made up some 90%, while at

Figure 72



the same time the amount of given subsidies reduced by 20% on the same period a year before.

Capital expenditures registered a serious increase in this year's first quarter compared with the corresponding period a year ago, rising by HRK 1.2bn or 120.7%. The largest contribution to this rise came from CH, with HRK 1.4bn or 27.8% of the fund's annual capital expenditure plan. CH capital expenditure dynamics will depend on the intensity of construction works on the vast infrastructural project of highway construction but also on commitments that were contracted last year but fall due this year.

Budget Balance and Deficit Financing

The deficit of the consolidated central government budget stood at HRK 3.2bn at the end of the first quarter 2004, i.e. HRK 3.4bn exclusive of capital revenues. The deficit (inclusive of repayments) was largely financed from domestic sources. The first quarter was marked by two government bond issues in the HRK equivalent of EUR 350m. The first EUR 200m were issued in February, while the remaining EUR 150m were issued in March. Both issues met with very good investor interest. The USD 55m of last year's extraordinary proceeds generated by succession proceedings together with the USD 100m disbursed under the second tranche of the SAL were, as earmarked, utilised for financing in the first quarter of 2004. As for financing from capital revenues, the consolidated central government is expected to see capital revenues of HRK 1.8bn this year. Of the amount, HRK 1.35bn is expected to flow in from privatisation receipts, while the major share of the remaining planned capital revenues (HRK 214m) is expected from DAB's and CPF's capital revenues and the HRK 244m revenues of the central government budget raised through the sale of state and military flats as well as the sale of land and intangible assets. Capital revenues received in the first three months of 2004 totalled HRK 242m, with DAB's revenues accounting for more than a half of that amount.

Government Debt

The general government debt, including the CBRD debt, continued expanding in 2004. According to the CNB data, it

totalled HRK 87.0bn at the end of the first quarter or an approximate 43% of the expected nominal GDP in 2004. Inclusive of HRK 14.4bn of the potential debt arising from issued government guarantees, the debt reached a total of HRK 101.4bn or some 50% of the expected nominal GDP in this year.

The general government debt, inclusive of CBRD debt, rose by HRK 2.7bn in the first three months of 2004 as a result of a rise in both domestic and external debt by some HRK 2.1bn and HRK 0.6bn respectively. During the period in question CBRD debt slightly reduced (HRK 40m) so the HRK 2.1bn increase in domestic debt was accounted for by general government borrowing. The largest share of this increase was accounted for by the Republic of Croatia, primarily through bond issues, and the remaining share by the borrowing of central government funds and units of local government. The HRK 600m increase in the debt of central government funds was entirely accounted for by bank loans. Finally, the smallest portion of the debt was incurred by local government units, with their domestic debt totalling approximately HRK 1.2bn at the end of the quarter, up 35% from the end of last year. Almost throughout the entire last year the level of local government domestic debt remained stable without surpassing HRK 900m, with the exception of the HRK 906m registered in December. However, since the beginning of 2004 it went up HRK 315m, raising the level of local government debt above HRK 1bn for the first time since the end of 2002.

General government external debt reduced by HRK 0.9bn in the first quarter, while at the same time CBRD's external debt went up HRK 1.5bn. In contrast to the last quarter of 2003 when CBRD realised over 90% of its annual borrowing plan (HRK 1bn of the HRK 1.1bn), effected primarily through foreign loans, the increase in its debt in the first quarter of this year resulted from the bond issue worth EUR 300m.

External debt made up almost one quarter or HRK 2.7bn of the overall debt increase in the first quarter of 2004, while domestic debt accounted for the remaining 76% share.

The central government accounted for high 98.3% or HRK 85.5bn in the total general government debt of HRK 87.0bn at the end of the first quarter of 2004. As the general government debt as well as the central government debt in-

Table 19: Balance of the Consolidated General Government by Levels, in million HRK and %

	2003		2004		2004/2003
	Q1	Plan ^a	Q1	Plan	Q1
Government budget	-2,643	-2,055	-2,478	-3,594	0.94
Revenues	16,230	77,270	17,102	79,830	1.05
Expenditures	18,873	79,325	19,580	83,424	1.04
State agencies	3	-3,288	-737	-3,243	-219.16
CH	-86	-3,599	-1,031	-3,510	11.96
CR	-18	-145	-39	-332	2.18
DAB	92	360	303	396	3.30
CPF	16	97	31	203	1.96
Consolidated central government balance	-2,640	-5,343	-3,214	-6,838	1.22
Consolidated central government balance (capital revenues excluded)	-2,714	-8,997	-3,457	-8,665	1.27
as % of GDP		-4.7		-4.2	
Note:				-4.5	
Consolidated general government balance (capital revenues excluded), as % of GDP				-4.5	

^a Revised plan. Source: MoF.

Table 20: Domestic Debt of Central Government, end of period, in million HRK

	Stock				Change	
	Dec. 2001	Dec. 2002 ^{a,b}	Dec. 2003 ^b	Mar. 2004 ^b	Jan.–Mar. 2003	Jan.–Mar. 2004
1. Domestic debt of central government	24,907	28,747	32,053	33,784	2,067	1,731
1.1. Domestic debt of the Republic of Croatia	21,468	24,735	25,676	26,843	2,265	1,167
Treasury bills	4,892	5,633	6,548	6,349	63	-199
Money market instruments	7	0	0	–	–	–
Bonds	15,416	16,022	14,937	16,539	1,451	1,602
Credits from CNB	–	0	1	2	2	1
Credits from banks	1,152	3,080	4,189	3,952	749	-237
1.2. Domestic debt of central government funds	3,439	4,012	6,377	6,942	-198	564
Money market instruments	–	–	–	–	–	–
Bonds	1,636	1,652	3,418	3,306	56	-112
Credits from banks	1,803	2,360	2,959	3,636	-253	677
Note: Issued guarantees	6,026	7,528	6,895	6,688	156	-207

^a In December 2002, the debt of the CR, CH and DAB has been reclassified from the sub-sector the Republic of Croatia to the sub-sector central government funds. ^b Revised data. Source: CNB Bulletin, Table I3.

Table 21: External Debt of Central Government, end of period, in million HRK

	Stock				Change	
	Dec. 2001	Dec. 2002 ^{a,b}	Dec. 2003 ^b	Mar. 2004 ^b	Jan.–Mar. 2003	Jan.–Mar. 2004
1. External debt of central government	42,413	45,058	51,039	51,711	4,014	672
1.1. External debt of the Republic of Croatia	39,657	38,649	42,222	40,834	3,957	-1,388
Bonds	30,029	30,115	33,548	32,319	3,821	-1,229
Credits	9,628	8,534	8,674	8,515	136	-159
1.2. External debt of central government funds	2,757	6,409	8,817	10,877	57	2,060
Bonds	697	1,019	1,000	2,958	26	1,958
Credits	2,060	5,390	7,817	7,919	31	102
Note: Issued guarantees	8,549	7,980	8,304	7,917	160	-388

^a In December 2002, the debt of the CR, CH and DAB has been reclassified from the sub-sector the Republic of Croatia to the sub-sector central government funds. ^b Revised data. Source: CNB Bulletin, Table I3.

clude CBRD debt, the resulting difference between the two government levels exclusively relates to the local government debt.

According to the CNB data, the Republic of Croatia issued guarantees worth HRK 14.4bn in the first quarter of 2004, down HRK 582m or 3.9% from the end of the previous year. Nearly one third of the said decline resulted from the reduction in domestic guarantees, while the decrease in foreign guarantees accounted for the remaining share of the decline.

Central Government Domestic Debt

As shown by the CNB data, central government domestic debt stood at HRK 33.8bn at the end of the first quarter this year, i.e. rose by HRK 1.7bn or 5.4% over the amount registered at the end of 2003. Bank loans made up approximately one fourth of the debt increase, while the issue of government bonds worth EUR 350m in kuna equivalent accounted for the remaining share. EUR 200m were issued in February, while the remaining EUR 150m were issued in March, both maturing in 10 years with a nominal interest rate of 5.5%. The share of T-bills in short-term debt reduced by HRK 199m.

Increase in the debt of the Republic of Croatia accounted for roughly two thirds of the total domestic debt increase, while the increase in borrowing of central government funds accounted for the remaining share. In analysing this debt in-

crease by government level (the level of the Republic of Croatia or the level of central government funds), it is worth noting that their scope changed. As from the beginning of 2004 (inclusive of 31 December 2003) CR, CH and DAB debt was reclassified from the level (subsector) of the Republic of Croatia to the level of central government funds.

Central Government External Debt

According to the CNB data, external central government debt increased in the first three months of 2004 by HRK 672m to HRK 51.7bn, that is, by six times less than the increase it registered during the corresponding period a year ago, which was mainly a result of the EUR 500m eurobond issue. As the Republic of Croatia external debt reduced by HRK 1.4bn this increase of net HRK 672m was entirely accounted for by the increase in the debt of central government funds. In line with the above-mentioned debt reclassification between the Republic of Croatia and central government funds, as of 31 December 2003 the central government funds sub-sector comprises the debt of CR, CH and DAB. However, the largest contribution to the increase in the debt of central government funds during the period in question did not come from the mentioned reclassification but from CBRD debt. In February 2004, CBRD issued bonds worth EUR 300m at the Luxemburg Stock Exchange, maturing in 7 years and yielding a nominal interest rate of 4.875%.

Statistical Survey

Classification and Presentation of Data on Claims and Liabilities

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

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

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

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

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

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

Foreign sector includes foreign legal and natural persons.

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

Table A1: Monetary and Credit Aggregates

End of period, million kuna and %

Year	Month	Reserve money	Money M1	Money 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	March	21,883.5	29,512.2	30,147.9	118,791.2	85,953.3	102,706.0	-2.67	0.19	0.26	1.35	1.49	0.53	
	April	23,216.0	30,294.4	30,888.6	117,854.4	88,256.7	103,713.6	6.09	2.65	2.46	-0.79	2.68	0.98	
	May	23,618.8	32,002.0	32,660.8	119,105.0	90,424.9	104,887.7	1.74	5.64	5.74	1.06	2.46	1.13	
	June	24,264.7	32,828.3	33,494.6	120,021.6	89,724.0	104,065.6	2.73	2.58	2.55	0.77	-0.78	-0.78	
	July	25,064.8	34,381.5	35,031.8	125,023.3	93,926.6	106,822.9	3.30	4.73	4.59	4.17	4.68	2.65	
	August	25,854.2	34,044.3	34,586.9	126,979.7	92,451.1	106,761.8	3.15	-0.98	-1.27	1.56	-1.57	-0.06	
	September	27,289.1	32,589.4	33,247.6	126,910.9	92,696.3	107,180.1	5.55	-4.27	-3.87	-0.05	0.27	0.39	
	October	27,037.8	32,805.7	33,482.9	127,072.4	93,345.6	108,516.8	-0.92	0.66	0.71	0.13	0.70	1.25	
	November	28,086.2	33,295.3	33,974.1	128,718.4	93,221.1	110,934.7	3.88	1.49	1.47	1.30	-0.13	2.23	
	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	January	29,439.9	32,323.1	32,853.4	128,917.7	98,213.8	113,102.5	-3.75	-4.62	-5.13	0.02	2.18	1.29
		February	29,482.8	31,283.9	31,827.9	127,876.5	97,913.3	113,516.7	0.15	-3.21	-3.12	-0.81	-0.31	0.37
March		30,076.1	31,622.9	32,187.8	125,766.6	98,115.4	113,282.0	2.01	1.08	1.13	-1.65	0.21	-0.21	
April		30,895.7	32,890.5	33,537.9	127,867.8	97,727.3	115,926.7	2.73	4.01	4.19	1.67	-0.40	2.33	

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

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

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

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

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

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

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

In May 1999, bankruptcy proceedings have been initiated against several banks so their assets and liabilities are excluded from monetary statistics. In April 1999, those banks' share in monetary aggregate M1 amounted to 259.5 million kuna and in monetary aggregate M4 amounted to 4,035.8 million kuna. Data for June 1999 are comparable with data for July 1999 if Domestic credit is increased by 3,513.5 million kuna.

Table B1: Monetary Survey

End of period, million kuna

	2000	2001	2002	2003				2004			
	Dec.	Dec. ^a	Dec.	Mar.	Jun.	Sep.	Dec.	Jan.	Feb.	Mar.	Apr.
ASSETS											
1. Foreign assets (net)	29,017.2	48,661.3	32,817.4	32,838.0	30,297.6	34,214.6	32,771.4	30,703.9	29,963.2	27,651.2	30,140.5
2. Domestic credit	72,051.4	87,637.6	112,518.9	117,269.0	119,500.8	123,208.2	126,371.6	128,719.6	128,423.7	128,272.1	128,821.3
2.1. Claims on central government and funds (net)	11,167.6	12,673.1	15,055.2	14,563.0	15,435.2	16,028.1	14,710.1	15,617.1	14,907.0	14,990.1	12,894.6
2.2. Claims on other domestic sectors	60,653.4	74,513.0	96,329.0	101,128.3	102,711.2	105,783.3	110,467.8	111,506.3	111,896.4	112,030.0	114,710.9
2.3. Claims on other banking institutions	68.7	170.2	219.5	214.0	209.2	455.9	431.8	293.2	286.0	600.0	517.0
2.4. Claims on non-banking financial institutions	161.7	281.4	915.3	1,363.7	1,145.2	940.9	761.8	1,302.9	1,334.2	651.9	698.7
Total (1+2)	101,068.7	136,298.9	145,336.3	150,107.0	149,798.4	157,422.9	159,143.0	159,423.5	158,386.9	155,923.3	158,961.7
LIABILITIES											
1. Money	18,030.3	23,703.5	30,869.8	29,512.2	32,828.3	32,589.4	33,888.7	32,323.1	31,283.9	31,622.9	32,890.5
2. Savings and time deposits	7,651.1	10,213.1	13,001.1	15,056.8	15,825.9	18,262.9	18,370.7	19,155.0	19,863.4	19,678.0	19,856.1
3. Foreign currency deposits	46,901.6	71,836.9	72,054.6	74,068.6	71,104.3	75,416.0	76,035.3	76,536.4	76,030.6	74,070.1	74,765.5
4. Bonds and money market instruments	478.2	317.8	216.3	153.7	263.0	642.6	598.4	903.2	698.7	395.6	355.7
5. Restricted and blocked deposits	2,864.5	1,926.2	1,729.5	1,812.6	1,873.8	1,958.0	1,721.6	1,921.3	1,920.3	2,049.3	2,150.2
o/w: Households' blocked f/c deposits	1,695.1	770.2	319.3	257.5	242.3	177.2	167.8	118.6	115.5	110.7	110.4
6. Other items (net)	25,143.1	28,301.4	27,465.1	29,503.2	27,903.1	28,553.9	28,528.2	28,584.6	28,590.0	28,107.4	28,943.8
Total (1+2+3+4+5+6)	101,068.7	136,298.9	145,336.3	150,107.0	149,798.4	157,422.9	159,143.0	159,423.5	158,386.9	155,923.3	158,961.7

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

Table B1: Monetary Survey

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

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

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

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

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

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 banks' balance sheet total amounted to 4,296.3 million kuna. Data for June 1999 are comparable with data for July 1999 if Claims on other domestic sectors and Other items (net) are increased by 3,513.5 million kuna.

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	March	46	4	12	8	9	8	5	10	4	4	2
	April	46	4	12	8	9	8	5	9	4	3	2
	May	46	4	13	8	7	9	5	9	5	2	2
	June	45	4	12	8	7	9	5	9	5	2	2
	July	44	4	12	8	7	8	5	9	5	2	2
	August	43	4	13	7	6	7	6	9	5	2	2
	September	43	3	14	7	6	7	6	9	5	2	2
	October	43	3	13	8	6	7	6	9	5	2	2
	November	43	3	13	8	6	7	6	8	4	2	2
	December	42	2	13	8	5	8	6	7	3	2	2
2004	January	41	2	12	9	6	6	6	7	3	3	1
	February	41	2	12	9	6	6	6	7	3	3	1
	March	41	2	12	9	6	6	6	6	3	3	–
	April	41	2	12	9	6	6	6	6	3	3	–

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

The table shows the total number of banks and savings banks during the transition period which report monthly to the CNB. Their operations are shown in the Banks' Accounts. Monetary statistics includes reporting institutions under liquidation as well as those whose operating licences have been revoked, but which have not initiated liquidation proceedings.

Special reporting requirements applied to savings banks until June 1995. Savings banks were not legally obliged to report on their operations, so that data up to June 1995 relate only to those savings banks that reported voluntarily to the CNB. From July 1995 on, the data cover all registered savings banks. Savings banks that were granted a bank operating license are required to adjust their operations to the provisions of the Banking Act by 31 December 2006.

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

Table C1: Monetary Authorities Accounts

End of period, million kuna

	2000	2001	2002	2003				2004			
	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.	Jan.	Feb.	Mar.	Apr.
ASSETS											
1. Foreign assets	28,747.4	39,308.9	42,058.8	44,479.0	44,520.5	46,801.6	50,118.6	51,008.1	50,562.3	45,692.9	48,584.8
1.1. Gold	–	–	–	–	–	–	–	–	–	–	–
1.2. Holdings of SDRs	1,204.2	905.8	17.4	10.2	8.3	6.9	5.0	7.0	5.0	5.0	9.1
1.3. Reserve position in the IMF	1.8	1.8	1.6	1.7	1.6	1.6	1.5	1.5	1.5	1.5	1.6
1.4. Currency and demand deposits with foreign banks	7.4	6.1	6.4	5.9	1,370.7	10.0	5.8	5.7	5.6	5.5	5.7
1.5. Time deposits with foreign banks	20,986.9	25,565.9	28,183.2	25,243.7	18,423.8	21,389.5	25,580.7	26,936.6	25,594.6	20,160.2	22,245.2
1.6. Securities in f/c	6,545.7	12,829.3	13,850.0	19,217.5	24,716.2	25,393.6	24,525.5	24,057.2	24,955.5	25,520.6	26,323.3
1.7. Nonconvertible foreign exchange	1.3	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	0.0	–	0.5	2.0	1.5	3.0	1.4	–	1.2	1.9	1.2
2.1. Claims in kuna	0.0	–	0.5	2.0	1.5	3.0	1.4	–	1.2	1.9	1.2
2.2. Claims in f/c	–	–	–	–	–	–	–	–	–	–	–
3. Claims on other domestic sectors	289.5	229.2	110.6	110.5	102.4	94.5	93.6	93.5	91.3	89.9	87.7
4. Claims on banks	329.9	18.5	17.9	14.1	13.7	343.4	972.0	17.7	474.2	23.8	18.4
4.1. Credits to banks	313.6	–	–	–	–	329.4	954.4	–	450.0	–	–
Lombard credits	–	–	–	–	–	329.4	954.4	–	450.0	–	–
Short-term liquidity credits	–	–	–	–	–	–	–	–	–	–	–
Other credits	14.0	–	–	–	–	–	–	–	–	–	–
CNB bills under repurchase agreement	299.6	–	–	–	–	–	–	–	–	–	–
4.2. CNB deposits with banks	15.2	16.6	17.6	13.8	13.7	14.0	14.5	14.5	14.3	14.1	14.2
4.3. Overdue claims	1.1	1.9	0.3	0.3	–	–	3.1	3.2	9.9	9.7	4.2
5. Claims on other banking institutions	–	–	–	–	–	–	–	–	–	–	–
Total (1+2+3+4+5)	29,366.8	39,556.6	42,187.7	44,605.6	44,638.0	47,242.4	51,185.6	51,119.4	51,128.9	45,808.5	48,692.1
LIABILITIES											
1. Reserve money	11,717.3	17,803.2	23,027.9	21,883.5	24,264.7	27,289.1	30,586.2	29,439.9	29,482.8	30,076.1	30,895.7
1.1. Currency outside banks	6,636.7	8,507.4	9,680.9	9,526.1	10,637.2	10,506.0	10,573.1	10,219.2	10,217.4	10,039.6	10,455.1
1.2. Banks' cash in vaults	532.3	538.8	1,214.8	1,624.7	1,548.5	1,385.7	1,683.2	1,424.4	1,382.9	1,399.1	1,539.4
1.3. Banks' deposits	4,540.7	8,741.5	12,109.4	10,719.2	12,075.5	15,385.2	18,329.3	17,777.1	17,873.9	18,613.5	18,898.4
Settlement accounts	459.5	2,450.1	3,923.4	2,132.0	3,097.3	4,340.7	5,616.0	4,822.3	4,129.8	4,827.7	5,197.2
Statutory reserves	4,081.2	6,291.4	8,186.0	8,587.2	8,951.5	10,958.8	12,603.9	12,868.9	13,658.2	13,699.9	13,701.3
CNB bills on obligatory basis	–	–	–	–	26.7	85.8	109.4	85.9	85.9	85.9	–
1.4. Deposits of other banking institutions	7.5	15.5	19.1	4.2	1.5	1.2	–	–	–	–	–
1.5. Deposits of other domestic sectors ^b	0.0	0.1	3.5	9.2	1.8	11.0	0.6	19.1	8.6	23.9	2.8
2. Restricted and blocked deposits	5,805.5	6,030.5	7,091.2	7,589.1	7,998.5	6,858.4	6,699.2	6,945.5	10,219.6	9,993.7	10,425.0
2.1. Statutory reserve in f/c	5,490.5	5,705.1	7,042.3	7,562.5	7,983.0	6,839.7	6,686.6	6,932.9	10,207.0	9,981.2	10,412.5
2.2. Restricted deposits	315.0	325.4	49.0	26.6	15.5	18.7	12.6	12.6	12.6	12.6	12.6
2.3. Escrow deposits	–	–	–	–	–	–	–	–	–	–	–
3. Foreign liabilities	1,630.8	1,597.5	195.7	1,134.2	868.0	2,610.6	2,798.0	5,880.1	4,449.2	965.4	17.2
3.1. Use of IMF credit	1,290.3	1,025.5	2.8	–	–	–	0.0	–	–	–	–
3.2. Liabilities to international organisations	9.5	12.2	12.6	13.2	16.3	16.3	19.6	19.9	16.8	16.7	17.2
3.3. Liabilities to foreign banks ^a	331.0	559.8	180.2	1,121.0	851.7	2,594.3	2,778.5	5,860.2	4,432.4	948.7	0.0
4. Central government and funds' deposits	1,157.4	1,752.1	768.1	2,858.9	2,555.9	1,214.8	1,551.1	733.5	1,443.8	889.6	2,525.4
4.1. Demand deposits	1,008.5	1,752.1	608.3	649.9	750.1	762.2	600.2	567.5	682.8	883.7	1,064.0
Central government demand deposits	980.8	1,564.8	569.5	648.1	742.1	762.1	548.5	414.3	461.8	701.1	726.2
Central government funds' demand deposits	27.7	187.3	38.7	1.8	7.9	0.1	51.7	153.3	220.9	182.6	337.8
4.2. Central government f/c deposits	–	–	–	2,094.3	1,741.0	452.6	950.9	166.0	761.0	5.9	1,461.4
4.3. CNB bills	148.8	–	159.9	114.8	64.9	–	–	–	–	–	–
5. CNB bills	4,207.3	6,372.3	6,212.4	5,279.0	4,229.4	4,230.2	4,920.2	3,255.2	862.9	–	105.7
5.1. CNB bills in kuna	2,394.6	3,458.9	4,986.2	3,871.4	2,659.9	104.9	–	–	–	–	105.7
5.2. CNB bills in f/c	1,812.7	2,913.4	1,226.3	1,407.6	1,569.5	4,125.3	4,920.2	3,255.2	862.9	–	–
6. Capital accounts	5,216.6	6,425.2	5,353.5	6,328.8	5,194.0	5,482.8	5,039.0	5,276.5	5,089.2	4,297.3	5,143.7
7. Other items (net)	–368.1	–424.2	–461.1	–467.9	–472.4	–443.5	–408.1	–411.3	–418.6	–413.6	–420.7
Total (1+2+3+4+5+6+7)	29,366.8	39,556.6	42,187.7	44,605.6	44,638.0	47,242.4	51,185.6	51,119.4	51,128.9	45,808.5	48,692.1

^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. In September 1999, the data were revised, with savings banks being transferred for the sub-sector other banking institutions to the sub-sector banks. The whole data series has been revised accordingly.

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. Claims in kuna were short-term loans granted for the purpose of overcoming timing differences between incoming revenues and execution of budgetary expenditures, long-term loans granted by special decrees by the government of the Republic of Croatia, and overdue claims on the budgetary central government based on the liabilities to the IMF and foreign banks. Item Claims in foreign currency was a counter-entry to the liability to the IMF based on the succession of membership in that institution. In accordance with the new Croatian National Bank Act that entered into force in April 2001, the Croatian National Bank may not extend credit to the Republic of Croatia.

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, deposits by the CNB with banks and overdue claims on banks. Credits to banks are split according to the type of financial instruments. 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) and due but unpaid credits. Overdue claims on banks comprise settlement account overdrafts (until mid-1994) and banks' failure to correctly and promptly allocate and maintain statutory reserve requirements.

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

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

Reserve money consists of currency outside banks, cash in banks' vaults, banks' deposits with the CNB, other banking institutions' deposits and other domestic sectors' deposits with the CNB. Banks' deposits are: settlement account balances, statutory reserves deposited on a special account with the CNB as well as CNB bills on an obligatory basis. Deposits by other banking institutions included, until September 2003, settlement account balances of housing savings banks. Deposits by other domestic sectors are other domestic sectors' giro account balances which, on the basis of legal acts are deposited with the Croatian National Bank.

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

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

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

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

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

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

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

Table D1: Banks' Accounts

End of period, million kuna

	2000	2001	2002	2003				2004			
	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.	Jan.	Feb.	Mar.	Apr.
ASSETS											
1. Reserves with the CNB	10,588.9	15,002.7	20,373.5	19,993.5	21,492.5	23,678.7	26,783.7	26,196.5	29,505.8	30,014.3	30,882.5
1.1. In kuna	5,098.4	9,306.2	13,340.0	12,438.6	13,516.3	16,844.9	20,103.4	19,267.8	19,304.7	20,039.6	20,475.6
1.2. In f/c	5,490.5	5,696.5	7,033.5	7,554.8	7,976.2	6,833.8	6,680.2	6,928.7	10,201.1	9,974.6	10,406.9
2. Foreign assets	19,710.4	32,807.6	25,977.8	26,950.7	27,100.6	31,465.9	35,382.9	34,999.7	34,714.1	35,176.0	36,067.8
3. Claims on central government and funds	19,055.5	20,059.9	21,917.7	22,935.5	23,243.1	22,508.6	21,543.6	21,329.7	21,354.8	21,096.4	20,807.2
3.1. Bonds arising from blocked f/c deposits	4,484.4	3,420.1	2,473.5	2,047.2	1,999.5	1,517.6	1,531.9	1,493.0	1,023.9	994.3	1,013.2
3.2. Other claims	14,571.0	16,639.7	19,444.3	20,888.3	21,243.6	20,991.0	20,011.7	19,836.7	20,330.9	20,102.1	19,794.0
4. Claims on other domestic sectors	60,363.9	74,283.8	96,218.4	101,017.8	102,608.8	105,688.9	110,374.3	111,412.8	111,805.2	111,940.1	114,623.3
4.1. Claims on local government	1,174.9	1,280.0	1,422.4	1,307.4	1,278.7	1,274.0	1,563.1	1,546.1	1,631.6	1,579.6	1,600.7
4.2. Claims on enterprises	35,890.7	42,882.0	51,723.4	53,023.3	52,020.7	52,172.0	53,809.8	54,325.0	54,434.2	54,823.5	56,010.5
4.3. Claims on households	23,298.3	30,121.9	43,072.6	46,687.1	49,309.4	52,242.9	55,001.4	55,541.8	55,739.4	55,537.0	57,012.1
5. Claims on other banking institutions	68.7	170.2	219.5	214.0	209.2	455.9	431.8	293.2	286.0	600.0	517.0
6. Claims on non-banking financial institutions	161.7	281.4	915.3	1,363.7	1,145.2	940.9	761.8	1,302.9	1,334.2	651.9	698.7
Total (1+2+3+4+5+6)	109,949.1	142,605.6	165,622.2	172,475.1	175,799.5	184,738.9	195,278.0	195,534.9	199,000.1	199,478.7	203,596.5
LIABILITIES											
1. Demand deposits	11,386.0	15,180.6	21,166.2	19,972.7	22,187.7	22,071.2	23,315.0	22,084.7	21,058.0	21,559.4	22,432.6
2. Savings and time deposits	7,651.1	10,213.1	13,001.1	15,056.8	15,825.9	18,262.9	18,370.7	19,155.0	19,863.4	19,678.0	19,856.1
3. Foreign currency deposits	46,901.6	71,836.9	72,054.6	74,068.6	71,104.3	75,416.0	76,035.3	76,536.4	76,030.6	74,070.1	74,765.5
4. Bonds and money market instruments	478.2	317.8	216.3	153.7	263.0	642.6	598.4	903.2	698.7	395.6	355.7
5. Foreign liabilities	17,809.7	21,857.8	35,023.5	37,457.5	40,455.6	41,442.3	49,932.0	49,423.8	50,864.0	52,252.2	54,495.0
6. Central government and funds' deposits	6,730.5	5,634.7	6,094.9	5,515.5	5,253.5	5,268.7	5,283.3	4,979.1	5,005.2	5,218.6	5,388.4
7. Credit from central bank	328.8	16.6	17.6	13.8	13.7	343.4	968.9	14.5	464.3	14.1	14.2
8. Restricted and blocked deposits	2,549.6	1,600.8	1,680.5	1,785.9	1,858.3	1,939.3	1,709.0	1,908.7	1,907.7	2,036.8	2,137.6
o/w: Households' blocked f/c deposits	1,695.1	770.2	319.3	257.5	242.3	177.2	167.8	118.6	115.5	110.7	110.4
9. Capital accounts	24,953.1	25,455.1	26,323.2	26,526.4	26,120.3	26,808.6	27,389.5	27,386.8	27,641.6	27,492.9	27,115.1
10. Other items (net)	-8,839.4	-9,507.8	-9,955.6	-8,075.7	-7,282.8	-7,456.0	-8,324.2	-6,857.3	-4,533.2	-3,238.9	-2,963.7
Total (1+2+3+4+5+6+7+8+9+10)	109,949.1	142,605.6	165,622.2	172,475.1	175,799.5	184,738.9	195,278.0	195,534.9	199,000.1	199,478.7	203,596.5

Table D1: Banks' Accounts

Banks' Accounts include data on banks' claims and liabilities. Banks' mutual claims and liabilities are consolidated. In September 1999, the data was revised to include savings banks. The whole data series was revised accordingly.

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

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

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

bonds on which interest is paid.

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

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

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

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

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

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

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

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

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

Restricted and blocked deposits comprise the following banks' liabilities: kuna and foreign currency restricted deposits by other 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 Exchange Deposits into the Public Debt of the Republic of Croatia.

Capital accounts are share capital, profit or loss for the previous and current year, retained earnings (loss), legal reserves, reserves

provided for by the articles of association and other capital reserves, hedging reserves, unrealised gains (losses) from financial assets classified as available-for-sale assets, value adjustments and specific reserves for unidentified losses.

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

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 the banks' balance sheet total amounted to 5,701.4 million kuna. On the assets side, most significant were: Claims on enterprises (4,378.7 million kuna) and Claims on households (701.4 million kuna). On the liabilities side, most significant were: Foreign currency deposits (3,443.7 million kuna), Foreign liabilities (1,024.6 million kuna) and Capital accounts (854.6 million kuna). Beginning in July 1999, the total amount of provisions for identified losses is shown within the Capital accounts item. Data for June 1999 are comparable to data for July 1999 if Claims on other domestic sectors and Capital accounts are increased by 5,513.5 million kuna. Other items have been corrected by small amounts.

Table D2: Banks' Foreign Assets

End of period, million kuna

	2000	2001	2002	2003				2004			
	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.	Jan.	Feb.	Mar.	Apr.
1. Foreign assets in f/c	19,619.2	32,763.6	25,924.4	26,879.1	26,948.4	31,355.5	35,261.9	34,892.4	34,656.5	35,000.4	36,002.8
1.1. Claims on foreign banks	19,154.9	31,660.3	21,333.5	23,598.3	23,785.5	27,276.8	31,877.6	30,734.8	29,552.2	29,255.0	30,095.0
Foreign currencies	1,002.8	7,324.7	1,019.8	853.0	1,270.7	1,041.0	1,268.6	847.4	932.1	832.2	1,036.8
Demand deposits	995.0	1,231.9	757.7	1,611.7	1,050.3	1,041.2	1,057.0	1,019.5	895.5	813.1	857.3
Time and notice deposits	16,286.7	21,765.2	17,569.8	18,477.0	19,349.9	23,181.1	27,969.4	27,076.0	25,647.4	25,742.3	26,242.5
Securities	454.9	1,008.5	1,690.2	2,330.3	1,845.2	1,749.5	1,364.2	1,536.8	1,824.7	1,658.7	1,744.2
Loans and advances	370.9	290.3	278.7	308.5	252.0	246.4	203.1	240.5	238.5	195.1	200.2
Shares and participations	44.6	39.7	17.2	17.8	17.4	17.4	15.4	14.6	14.1	13.7	13.9
1.2. Claims on foreign nonbanks	464.3	1,103.3	4,590.8	3,280.8	3,162.9	4,078.8	3,384.4	4,157.6	5,104.3	5,745.4	5,907.8
Claims on foreign governments	137.8	596.2	3,855.5	2,764.0	2,708.0	3,612.3	2,905.0	3,672.6	4,611.6	5,237.3	5,413.1
Claims on other nonresidents	322.4	505.5	733.7	515.2	454.6	466.0	478.9	484.7	492.4	507.7	494.3
Securities	–	72.1	191.3	40.3	36.7	35.9	32.1	32.3	31.9	109.7	79.0
Loans and advances	322.4	433.4	542.4	474.9	417.9	430.1	446.8	452.3	460.4	398.0	415.3
Shares and participations	4.1	1.6	1.6	1.6	0.3	0.4	0.4	0.4	0.4	0.4	0.4
2. Foreign assets in kuna	91.2	44.1	53.4	71.7	152.2	110.4	120.9	107.3	57.5	175.6	65.0
2.1. Claims on foreign banks	66.1	29.2	19.6	19.3	130.2	88.9	99.1	86.0	36.3	154.7	53.0
2.2. Claims on foreign nonbanks	25.1	14.8	33.8	52.4	22.1	21.5	21.9	21.3	21.2	20.9	12.0
o/w: Loans and advances	23.3	13.9	33.0	51.6	21.3	20.7	21.0	20.5	20.4	20.1	11.1
Total (1+2)	19,710.4	32,807.6	25,977.8	26,950.7	27,100.6	31,465.9	35,382.9	34,999.7	34,714.1	35,176.0	36,067.8

Tables: D2 – D12

This group of tables (with the exception of Table D5) represents an elaborate presentation of appropriate items of claims and liabilities of Banks' Accounts (Table D1).

Table D2: Banks' Foreign Assets

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 nonbanks (total and by financial instruments) are shown separately within both foreign assets in kuna and in foreign currency.

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' Foreign assets amounted to 402.3 million kuna. Through June 1999, some households' f/c savings deposits were included in Demand deposits and f/c savings deposits.

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

End of period, million kuna

	2000	2001	2002	2003				2004			
	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.	Jan.	Feb.	Mar.	Apr.
1. Bonds (c'part to blocked f/c savings deposits)	4,484.4	3,420.1	2,473.5	2,047.2	1,999.5	1,517.6	1,531.9	1,493.0	1,023.9	994.3	1,013.2
2. Other claims	14,571.0	16,639.7	19,444.3	20,888.3	21,243.6	20,991.0	20,011.7	19,836.7	20,330.9	20,102.1	19,794.0
2.1. In kuna	12,887.7	14,358.6	15,970.9	17,178.0	17,425.3	16,593.9	16,475.2	16,431.3	16,554.2	16,301.1	16,289.8
2.1.1. Claims on central government	11,288.4	12,810.0	13,969.9	15,330.6	15,512.1	14,677.3	14,500.7	12,491.9	12,765.7	12,396.5	12,900.2
Securities	10,063.5	11,983.1	11,515.6	12,231.7	11,808.0	10,932.3	10,238.1	9,452.2	9,627.9	9,594.9	10,080.1
Loans and advances	1,224.9	826.9	2,454.3	3,098.8	3,704.1	3,745.0	4,262.6	3,039.8	3,137.8	2,801.6	2,820.2
2.1.2. Claims on central government funds	1,599.4	1,548.5	2,001.0	1,847.4	1,913.2	1,916.6	1,974.5	3,939.4	3,788.5	3,904.6	3,389.6
Securities	627.3	560.1	560.7	641.7	654.7	693.1	723.6	1,422.1	1,371.6	1,325.2	1,340.0
Loans and advances	972.1	988.4	1,440.3	1,205.7	1,258.5	1,223.5	1,250.9	2,517.3	2,417.0	2,579.4	2,049.6
2.2. In f/c	1,683.3	2,281.2	3,473.3	3,710.4	3,818.3	4,397.1	3,536.4	3,405.3	3,776.7	3,801.1	3,504.2
2.2.1. Claims on central government	1,492.7	1,390.9	2,359.1	2,591.3	2,777.2	3,207.9	3,196.9	2,747.3	2,475.0	2,554.5	2,233.3
Securities	869.2	1,065.5	1,733.4	1,860.8	1,687.8	1,847.1	1,805.4	1,652.3	1,677.5	1,403.8	1,420.4
Loans and advances	623.5	325.5	625.7	730.5	1,089.4	1,360.8	1,391.5	1,095.0	797.4	1,150.7	812.9
2.2.2. Claims on central government funds	190.6	890.3	1,114.2	1,119.0	1,041.1	1,189.2	339.5	658.0	1,301.7	1,246.5	1,270.9
Securities	35.0	75.4	195.0	218.4	171.4	169.5	96.4	125.0	193.4	190.1	198.7
Loans and advances	155.5	814.8	919.2	900.7	869.6	1,019.7	243.1	533.0	1,108.3	1,056.5	1,072.2
Total (1+2)	19,055.5	20,059.9	21,917.7	22,935.5	23,243.1	22,508.6	21,543.6	21,329.7	21,354.8	21,096.4	20,807.2

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.

Bonds arising from blocked foreign currency savings deposits are issued in accordance with the Act on Converting Households' Foreign Exchange Deposits into the Public Debt of the Republic of Croatia.

Big bonds are those issued in accordance with the Act on the Issue of Bonds for the Restructuring of the Economy of the Republic of Croatia.

Other claims are all other banks' kuna and foreign currency claims

on the central government and funds: securities, loans and equities. The item Securities also comprised, until July 2000, bonds issued in accordance with the Act on the Issue of Bonds for the Restructuring of the Economy of the Republic of Croatia. These bonds have been replaced, pursuant to a Decree of the Government of the Republic of Croatia on the Issuing of Replacement Bonds for the Restructuring of the Economy, issued in April 2000, by kuna bonds on which interest is paid.

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' Claims on central government and funds amounted to 17.8 million kuna.

Table D4: Banks' Claims on Other Domestic Sectors

End of period, million kuna

	2000	2001	2002	2003				2004			
	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.	Jan.	Feb.	Mar.	Apr.
1. Claims in kuna	53,739.5	66,626.8	85,418.7	90,821.9	92,714.2	95,916.7	100,365.0	101,180.8	101,452.8	101,139.2	103,264.7
1.1. Money market instruments	231.9	544.7	1,394.7	1,483.2	1,503.7	1,386.7	1,314.1	1,467.8	1,621.1	1,778.5	1,772.5
1.2. Bonds	1.0	7.7	72.4	60.5	78.2	69.4	56.2	88.3	197.1	193.7	191.9
1.3. Loans and advances	49,566.8	62,180.6	80,887.6	86,206.8	88,190.3	91,497.8	96,081.7	96,784.7	96,942.3	96,475.3	98,508.8
1.4. Shares and participations	3,939.8	3,893.8	3,064.0	3,071.3	2,942.0	2,962.8	2,912.9	2,840.0	2,692.3	2,691.7	2,791.5
2. Claims in f/c	6,624.3	7,657.0	10,799.8	10,195.9	9,894.6	9,772.2	10,009.3	10,232.0	10,352.3	10,800.9	11,358.6
2.1. Securities	112.4	126.6	243.2	197.3	276.2	298.1	130.6	185.4	196.3	231.5	239.8
2.2. Loans and advances	6,512.0	7,530.5	10,556.6	9,998.7	9,618.4	9,474.0	9,878.7	10,046.6	10,156.0	10,569.4	11,118.8
Total (1+2)	60,363.9	74,283.8	96,218.4	101,017.8	102,608.8	105,688.9	110,374.3	111,412.8	111,805.2	111,940.1	114,623.3

^a Loans in f/c decreased by a one-off HRK 2,759.4m.

Table D4: Banks' Claims on Other Domestic Sectors

The table shows banks' kuna and foreign currency claims on other domestic sectors, classified according to financial instruments: money market instruments (including factoring and forfaiting since January 2004), loans and advances (including acceptances and purchased claims), and equities.

Until October 1994, foreign currency loans could be granted only when banks simultaneously borrowed abroad in their own name and

for the account of the end-user.

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' Claims on other domestic sector amounted to 5,088.0 million kuna. Data for June 1999 are comparable with data for July 1999 if item Loans and advances under Claims in kuna is increased by 2,904.3 million kuna, item Shares and participations is decreased by 520.3 million kuna, and if item Loans and advances under Claims in f/c is increased by 1,129.4 million kuna.

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

End of period, million kuna

	2000	2001	2002	2003				2004			
	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.	Jan.	Feb.	Mar.	Apr.
LOANS IN KUNA											
1. Loans to central government and funds	2,196.9	1,815.4	3,894.6	4,304.5	4,962.6	4,968.5	5,513.5	5,557.1	5,554.8	5,381.0	4,869.8
1.1. Loans to central government	1,224.9	826.9	2,454.3	3,098.8	3,704.1	3,745.0	4,262.6	3,039.8	3,137.8	2,801.6	2,820.2
1.2. Loans to central government funds	972.1	988.4	1,440.3	1,205.7	1,258.5	1,223.5	1,250.9	2,517.3	2,417.0	2,579.4	2,049.6
2. Loans to local government	996.8	1,069.1	1,202.9	1,177.7	1,190.4	1,200.3	1,485.1	1,477.2	1,566.0	1,522.2	1,548.8
3. Loans to enterprises	25,328.0	31,049.4	36,708.1	38,437.9	37,791.1	38,199.4	39,777.4	39,920.9	39,807.0	39,587.1	40,126.6
4. Loans to households	23,242.1	30,062.1	42,976.6	46,591.3	49,208.8	52,098.1	54,819.3	55,386.6	55,569.2	55,366.0	56,833.4
o/w: Housing loans	8,257.8	9,450.0	12,363.4	13,604.9	14,432.0	15,555.3	16,896.2	17,309.4	17,626.9	17,575.9	18,113.3
5. Loans to other banking institutions	33.5	34.7	17.6	18.5	21.1	110.6	82.3	18.0	18.2	126.0	52.1
6. Loans to non-banking financial institutions	105.5	240.9	521.3	827.2	815.3	597.0	427.9	850.6	855.4	379.5	394.6
A. Total (1+2+3+4+5+6)	51,902.8	64,271.6	85,321.1	91,357.0	93,989.2	97,173.9	102,105.4	103,210.4	103,370.6	102,361.8	103,825.3
LOANS IN F/C											
1. Loans to central government and funds	779.1	1,140.3	1,544.9	1,631.2	1,959.0	2,380.5	1,634.7	1,628.0	1,905.7	2,207.2	1,885.1
1.1. Loans to central government	623.5	325.5	625.7	730.5	1,089.4	1,360.8	1,391.5	1,095.0	797.4	1,150.7	812.9
1.2. Loans to central government funds	155.5	814.8	919.2	900.7	869.6	1,019.7	243.1	533.0	1,108.3	1,056.5	1,072.2
2. Loans to local government	171.6	179.1	152.3	55.1	55.4	46.7	47.1	41.6	41.3	38.2	38.9
3. Loans to enterprises	6,284.0	7,291.7	10,308.3	9,847.7	9,462.3	9,282.5	9,649.4	9,849.8	9,944.5	10,360.2	10,901.2
4. Loans to households	56.3	59.7	96.0	95.8	100.6	144.8	182.1	155.1	170.2	171.0	178.7
5. Loans to other banking institutions	–	–	1.2	–	7.5	169.6	174.3	115.7	122.5	77.7	59.4
6. Loans to non-banking financial institutions	–	–	28.3	105.8	50.4	72.0	58.8	175.9	202.2	250.8	267.0
B. Total (1+2+3+4+5+6)	7,291.0	8,670.7	12,131.0	11,735.6	11,635.4	12,096.1	11,746.4	11,966.2	12,386.4	13,105.1	13,330.3
TOTAL (A+B)	59,193.9	72,942.3	97,452.1	103,092.6	105,624.5	109,270.1	113,851.8	115,176.7	115,757.0	115,466.9	117,155.5

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.

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' loans amounted to 4,465.3 million kuna. Data for June 1999 are comparable with data for July 1999 if total loans in kuna are increased by 2,972.6 million kuna, and total loans in f/c are increased by 840.9 million kuna.

Table D6: Demand Deposits with Banks

End of period, million kuna

	2000	2001	2002	2003				2004			
	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.	Jan.	Feb.	Mar.	Apr.
1. Local government	573.6	907.0	1,910.4	1,867.3	1,995.5	2,200.6	2,006.2	1,954.1	2,030.5	2,169.9	2,217.4
2. Enterprises	7,087.1	8,981.6	12,344.5	10,982.9	12,301.5	11,656.0	12,872.9	11,542.6	10,747.1	11,063.5	11,507.6
3. Households	3,499.7	4,872.0	6,307.4	6,594.0	7,379.5	7,658.7	7,873.1	7,791.6	7,860.0	7,799.0	8,081.6
4. Other banking institutions	11.6	17.0	42.1	86.6	30.2	61.5	98.9	67.8	48.5	101.4	120.4
5. Non-banking financial institutions	221.7	407.1	568.1	443.9	485.1	497.8	468.1	732.0	375.4	428.9	509.0
6. Less: Checks of other banks and checks in collection	-7.6	-4.2	-6.4	-2.1	-4.0	-3.4	-4.2	-3.3	-3.5	-3.2	-3.3
Total (1+2+3+4+5+6)	11,386.0	15,180.6	21,166.2	19,972.7	22,187.7	22,071.2	23,315.0	22,084.7	21,058.0	21,559.4	22,432.6

Table D6: Demand Deposits with Banks

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

Demand deposits are the sum of other domestic sectors', other banking institutions' and non-banking financial institutions' giro and current accounts balances, minus currency in the payment system

(i.e. amount of checks in banks' vaults and checks in collection). Banks' obligations arising from kuna payment instruments issued are included in the household sector.

In May 1999, bankruptcy proceedings have been initiated against several banks so their assets and liabilities are excluded from monetary statistics. In April 1999, Demand deposits with those banks amounted to 259.3 million kuna.

Table D7: Time and Savings Deposits with Banks

End of period, million kuna

	2000	2001	2002	2003				2004			
	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.	Jan.	Feb.	Mar.	Apr.
1. Savings deposits	1,676.1	2,006.8	2,236.2	2,212.5	2,349.4	2,418.3	2,527.9	2,242.0	2,275.4	2,228.8	2,223.2
1.1. Local government	137.6	118.3	14.8	15.1	17.0	13.5	14.4	8.2	8.1	9.0	9.3
1.2. Enterprises	142.4	88.0	213.3	124.9	140.9	208.2	190.5	24.7	24.6	31.2	34.3
1.3. Households	1,348.3	1,712.2	1,996.3	2,061.9	2,129.8	2,170.5	2,288.8	2,209.2	2,242.7	2,188.6	2,173.7
1.4. Other banking institutions	0.6	20.8	0.0	0.0	0.0	-	-	-	-	-	-
1.5. Non-banking financial institutions	47.2	67.5	11.8	10.5	61.7	26.1	34.2	0.0	0.0	0.0	5.9
2. Time and notice deposits	5,975.0	8,206.3	10,764.9	12,844.3	13,476.5	15,844.6	15,842.9	16,913.0	17,587.9	17,449.3	17,632.8
2.1. Local government	230.7	340.7	482.8	684.5	653.9	685.3	551.6	594.9	624.7	674.4	704.8
2.2. Enterprises	2,871.4	3,618.3	4,633.6	5,620.2	6,095.8	7,606.8	7,165.3	7,391.0	7,564.4	7,670.7	7,651.9
2.3. Households	1,789.8	2,554.1	3,793.8	4,451.6	4,908.1	5,487.3	6,194.5	6,647.2	6,864.2	7,039.9	7,286.6
2.4. Other banking institutions	20.8	24.7	58.4	75.3	132.8	174.6	129.3	113.1	247.4	352.0	348.2
2.5. Non-banking financial institutions	1,062.2	1,668.5	1,796.3	2,012.6	1,685.9	1,890.6	1,802.2	2,166.8	2,287.2	1,712.2	1,641.4
Total (1+2)	7,651.1	10,213.1	13,001.1	15,056.8	15,825.9	18,262.9	18,370.7	19,155.0	19,863.4	19,678.0	19,856.1

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.

In May 1999, bankruptcy proceedings have been initiated against

several banks so their assets and liabilities are excluded from monetary statistics. In April 1999, Time and savings deposits with those banks amounted to 323.7 million kuna. In July 1999, certain deposits of local government, enterprises, other banking institutions and non-banking financial institutions were reclassified from savings to time deposits.

Table D8: Foreign Currency Deposits with Banks

End of period, million kuna

	2000	2001	2002	2003				2004			
	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.	Jan.	Feb.	Mar.	Apr.
1. Savings deposits	14,566.3	23,748.8	21,074.4	21,649.3	20,835.2	22,363.1	21,547.0	21,740.4	21,403.2	20,922.2	21,334.0
1.1. Local government	16.8	13.2	12.2	12.9	13.3	13.9	14.7	14.5	14.0	13.8	11.8
1.2. Enterprises	2,408.0	2,884.2	3,346.7	3,703.9	3,473.3	4,048.6	3,620.2	3,791.0	3,762.5	3,776.7	3,803.5
1.3. Households	12,041.5	20,688.3	17,537.3	17,785.4	17,232.4	18,185.2	17,690.2	17,747.9	17,475.0	16,941.5	17,392.2
1.4. Other banking institutions	10.3	23.9	34.7	6.7	2.6	0.7	9.0	9.2	7.7	18.9	4.1
1.5. Non-banking financial institutions	89.8	139.2	143.5	140.4	113.6	114.7	212.9	177.8	144.0	171.3	122.4
2. Time deposits	32,335.3	48,088.1	50,980.3	52,419.3	50,269.1	53,052.9	54,488.4	54,796.0	54,627.4	53,147.9	53,431.5
2.1. Local government	8.2	1.7	9.5	6.8	5.0	4.5	3.8	4.1	4.1	0.3	0.3
2.2. Enterprises	2,753.1	4,619.1	6,009.6	5,868.3	5,186.9	6,297.0	7,154.0	6,983.4	7,105.7	6,832.5	6,254.8
2.3. Households	29,097.2	42,705.4	44,159.2	45,894.9	44,479.1	46,151.8	46,805.1	47,378.8	47,133.8	45,898.2	46,833.4
2.4. Other banking institutions	4.2	11.5	41.5	2.8	20.5	14.2	21.7	14.1	11.8	61.6	2.3
2.5. Non-banking financial institutions	472.7	750.3	760.5	646.5	577.6	585.4	503.7	415.5	372.1	355.2	340.8
Total (1+2)	46,901.6	71,836.9	72,054.6	74,068.6	71,104.3	75,416.0	76,035.3	76,536.4	76,030.6	74,070.1	74,765.5

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.

In May 1999, bankruptcy proceedings have been initiated against several banks so their assets and liabilities are excluded from monetary statistics. In April 1999, Foreign currency deposits with those banks amounted to 3,443.7 million kuna.

Table D9: Bonds and Money Market Instruments

End of period, million kuna

	2000	2001	2002	2003				2004			
	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.	Jan.	Feb.	Mar.	Apr.
1. Money market instruments (net)	–	–	5.1	0.2	–	–	–	–	–	–	–
2. Bonds (net)	353.5	104.4	92.8	62.5	138.9	145.5	151.9	142.6	143.4	139.5	140.7
3. Other domestic borrowing	124.7	213.4	118.4	91.0	124.2	497.1	446.5	760.6	555.3	256.1	215.0
3.1. Local government	–	–	–	–	0.8	0.8	0.9	2.1	2.1	2.1	2.1
3.2. Enterprises	15.2	158.1	46.3	44.0	43.6	41.8	92.7	40.9	40.7	40.2	40.2
3.3. Other banking institutions	1.3	4.6	10.0	8.5	24.3	78.1	222.1	326.5	211.7	62.3	84.8
3.4. Non-banking financial institutions	108.2	50.7	62.0	38.5	55.5	376.4	130.9	391.1	300.9	151.6	88.0
Total (1+2+3)	478.2	317.8	216.3	153.7	263.0	642.6	598.4	903.2	698.7	395.6	355.7

Table D9: Bonds and Money Market Instruments

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

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

Bonds (net) comprise banks' net liabilities for kuna and foreign currency bonds issued, as well as issued subordinated and hybrid in-

struments, excluding those purchased by foreign investors.

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

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' Bonds and Money market instruments amounted to 9 million kuna. In July 1999, certain debt and hybrid instruments were reclassified from Time and notice deposits to Bonds (net). The amount reclassified was 3,513.5 million kuna.

Table D10: Banks' Foreign Liabilities

End of period, million kuna

	2000	2001	2002	2003				2004			
	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.	Jan.	Feb.	Mar.	Apr.
1. Foreign liabilities in f/c	17,669.8	21,692.7	34,198.5	36,276.5	37,421.8	38,372.7	44,574.3	43,785.4	45,248.5	45,518.5	47,739.2
1.1. Liabilities to foreign banks	11,957.6	16,407.4	28,662.3	30,461.5	31,635.5	32,200.9	38,623.1	38,226.1	39,808.5	39,910.9	41,796.3
Demand deposits	176.3	147.1	130.9	100.8	118.0	109.6	266.6	119.7	100.8	97.9	130.6
Time and notice deposits	345.9	1,208.3	9,002.9	9,621.7	11,003.4	11,443.7	14,875.4	13,183.6	13,726.2	14,089.5	14,767.6
Loans and advances	11,435.4	15,052.1	19,528.5	20,739.0	20,514.1	20,647.6	23,481.2	24,922.8	25,981.5	25,723.6	26,898.1
o/w: Subordinated and hybrid instruments	194.2	2,558.3	2,801.4	2,894.4	2,746.4	2,769.5	2,949.2	2,924.2	2,899.4	2,819.5	2,872.8
1.2. Liabilities to foreign nonbanks	5,712.2	5,285.2	5,536.2	5,815.1	5,786.4	6,171.8	5,951.2	5,559.3	5,440.0	5,607.5	5,942.9
Savings and time deposits	2,868.1	3,777.8	4,160.2	4,359.0	4,477.5	4,889.8	4,753.2	4,795.6	4,742.7	4,926.2	5,244.8
Sight deposits	745.5	873.7	875.6	938.6	855.7	969.3	898.6	979.2	929.2	1,021.4	989.9
Time and notice deposits	2,122.6	2,904.1	3,284.6	3,420.4	3,621.8	3,920.5	3,854.6	3,816.4	3,813.5	3,904.8	4,254.9
Loans and advances	2,844.1	1,507.4	1,376.0	1,456.0	1,308.8	1,282.0	1,198.0	763.7	697.3	681.3	698.1
o/w: Subordinated and hybrid instruments	66.0	39.3	39.7	41.0	40.1	38.7	39.1	73.4	72.8	70.7	72.1
2. Foreign liabilities in kuna	140.0	165.1	825.0	1,180.9	3,033.8	3,069.6	5,357.7	5,638.5	5,615.4	6,733.7	6,755.8
2.1. Liabilities to foreign banks	37.0	46.9	690.9	845.6	2,707.5	2,824.2	5,087.8	5,317.8	5,283.9	6,393.8	6,358.7
Demand deposits	14.4	38.2	53.6	225.8	64.4	59.1	86.4	160.1	62.9	103.5	217.8
Time and notice deposits	22.0	4.2	635.8	618.4	2,003.7	1,208.1	2,664.1	2,813.2	2,895.8	3,290.3	3,064.9
Loans and advances	0.7	4.5	1.5	1.5	639.4	1,557.1	2,337.3	2,344.4	2,325.2	3,000.0	3,076.0
2.2. Liabilities to foreign nonbanks	103.0	118.2	134.1	335.3	326.3	245.4	269.9	320.7	331.5	339.9	397.1
Demand deposits	50.8	60.1	56.2	54.0	67.0	85.6	76.8	86.8	92.1	94.6	91.1
Time and notice deposits	52.2	58.1	77.9	281.4	259.3	158.1	191.4	225.9	231.5	237.6	293.1
Loans and advances	–	–	–	–	–	1.7	1.7	8.0	7.9	7.7	12.9
o/w: Subordinated and hybrid instruments	....	....	....	....	....	1.7	1.7	8.0	7.9	7.7	12.9
Total (1+2)	17,809.7	21,857.8	35,023.5	37,457.5	40,455.6	41,442.3	49,932.0	49,423.8	50,864.0	52,252.2	54,495.0

Table D10: Banks' Foreign Liabilities

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

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

Within foreign kuna and foreign currency liabilities, liabilities to

foreign banks are reported separately from liabilities to foreign nonbanks (total and by financial instruments). Loans and advances also include issued subordinated and hybrid instruments purchased by foreign investors.

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' Foreign liabilities amounted to 1,024.6 million kuna.

Table D11: Central Government and Funds' Deposits with Banks

End of period, million kuna

	2000	2001	2002	2003				2004			
	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.	Jan.	Feb.	Mar.	Apr.
1. In kuna	3,073.3	3,335.1	4,036.8	3,805.2	3,748.8	3,892.0	4,104.4	3,901.8	3,919.9	4,088.5	4,140.0
1.1. Central government deposits	430.0	295.9	634.3	459.1	420.8	347.3	506.4	378.1	367.8	440.5	471.3
Demand deposits	116.7	33.9	476.4	265.4	287.9	248.4	448.0	313.4	302.6	395.8	426.0
Savings deposits	26.1	41.6	3.3	24.9	18.3	16.0	3.0	–	–	–	–
Time and notice deposits	259.5	217.6	153.6	167.7	113.6	81.9	54.2	63.6	64.1	43.6	44.1
Loans and advances	27.7	2.8	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.0	1.1
1.2. Central government funds' deposits	2,643.3	3,039.2	3,402.5	3,346.1	3,327.9	3,544.7	3,598.0	3,523.6	3,552.1	3,648.0	3,668.8
Demand deposits	116.9	214.6	553.2	383.7	381.8	422.0	294.8	236.0	249.9	192.9	224.2
Savings deposits	15.2	10.8	0.0	0.0	0.1	0.1	0.3	0.1	2.1	5.9	3.9
Time and notice deposits	32.6	195.2	144.3	173.7	196.7	208.8	156.2	173.9	160.2	155.6	139.8
Loans and advances	2,478.6	2,618.6	2,705.0	2,788.7	2,749.4	2,913.9	3,146.7	3,113.6	3,139.8	3,293.5	3,300.9
2. In f/c	3,657.1	2,299.6	2,058.1	1,710.3	1,504.7	1,376.6	1,178.9	1,077.3	1,085.3	1,130.1	1,248.4
2.1. Central government deposits	3,622.6	2,275.0	1,938.9	1,522.4	1,417.0	1,302.7	1,158.2	1,060.0	1,026.3	1,064.6	1,112.7
Savings deposits	1,256.1	329.8	263.0	265.5	263.4	262.8	198.5	203.5	176.7	222.9	213.5
Time and notice deposits	27.0	55.8	293.1	4.7	4.6	–	–	–	–	–	14.8
Refinanced loans and advances	2,339.4	1,889.5	1,382.8	1,252.2	1,148.9	1,039.9	959.6	856.6	849.7	841.7	884.4
2.2. Central government funds' deposits	34.6	24.5	119.2	188.0	87.7	73.9	20.8	17.3	58.9	65.5	135.7
Savings deposits	25.0	22.9	114.1	177.7	79.5	73.9	20.8	17.3	51.0	58.4	53.2
Time and notice deposits	9.5	1.6	5.0	10.3	8.3	–	–	–	8.0	7.1	82.5
Total (1+2)	6,730.5	5,634.7	6,094.9	5,515.5	5,253.5	5,268.7	5,283.3	4,979.1	5,005.2	5,218.6	5,388.4

Table D11: Central Government and Funds' Deposits with Banks

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

Kuna and foreign currency deposits by the Republic of Croatia and central government funds are shown separately. Kuna deposits

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

In May 1999, bankruptcy proceedings have been initiated against several banks so their assets and liabilities are excluded from monetary statistics. In April 1999, Central government and funds deposits with those banks amounted to 193.5 million kuna.

Table D12: Restricted and Blocked Deposits with Banks

End of period, million kuna

	2000	2001	2002	2003				2004			
	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.	Jan.	Feb.	Mar.	Apr.
1. Restricted deposits	854.4	830.6	1,361.2	1,528.4	1,616.0	1,762.2	1,541.2	1,790.1	1,792.3	1,926.1	2,027.2
1.1. In kuna	131.6	100.3	789.6	750.5	814.2	820.5	730.1	1,003.5	1,092.5	1,090.3	1,172.0
1.2. In f/c	722.8	730.3	571.6	777.9	801.8	941.7	811.1	786.6	699.8	835.8	855.2
2. Blocked f/c deposits of households	1,695.1	770.2	319.3	257.5	242.3	177.2	167.8	118.6	115.5	110.7	110.4
Total (1+2)	2,549.6	1,600.8	1,680.5	1,785.9	1,858.3	1,939.3	1,709.0	1,908.7	1,907.7	2,036.8	2,137.6

Table D12: Restricted and Blocked Deposits with Banks

The table shows restricted and blocked deposits by the central government and funds, other domestic sectors, other banking institutions, non-banking financial institutions and foreign legal and natural persons with banks.

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

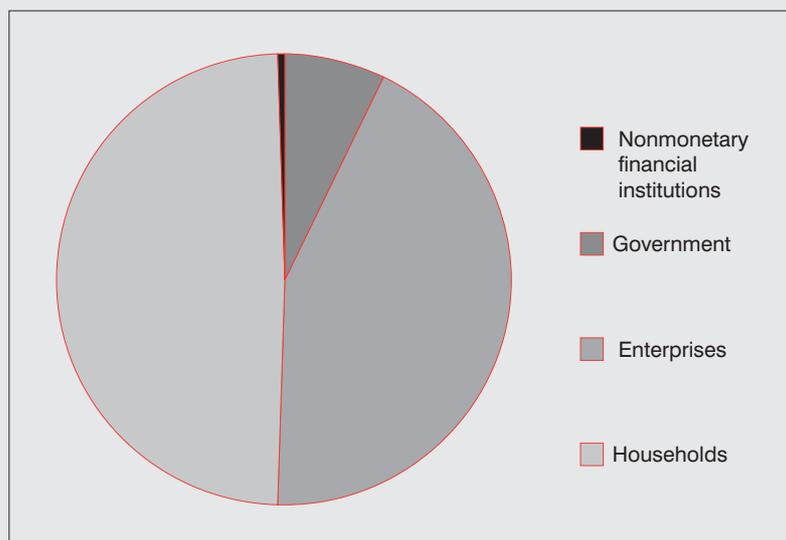
Blocked foreign currency deposits include households' foreign

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

In May 1999, bankruptcy proceedings have been initiated against several banks so their assets and liabilities are excluded from monetary statistics. In April 1999, Restricted and blocked deposits with those banks amounted to 39.9 million kuna. In July 1999, data on blocked deposits of the central government and of enterprises were revised.

Figure D1

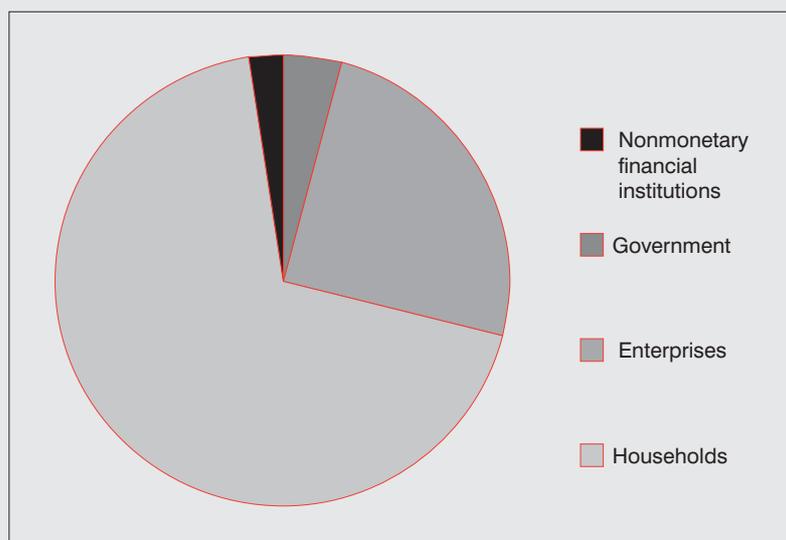
DISTRIBUTION OF BANKS' LOANS BY DOMESTIC INSTITUTIONAL SECTORS



April 2004

Figure D2

DISTRIBUTION OF BANKS' DEPOSITS BY DOMESTIC INSTITUTIONAL SECTORS



April 2004

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

Table E1: Housing Savings Banks' Accounts

End of Period, million kuna

	2000	2001	2002	2003				2004			
	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.	Jan.	Feb.	Mar.	Apr.
ASSETS											
1. Reserves with the CNB	7.6	15.5	19.1	4.2	1.6	2.1	0.0	0.0	0.0	0.0	0.0
2. Claims on central government and funds	497.6	1,208.8	1,983.9	2,178.9	2,445.1	2,613.4	3,033.5	3,054.1	3,193.3	3,196.9	3,236.9
3. Claims on other domestic sectors	1.1	11.6	93.3	114.1	139.6	162.6	187.9	195.1	204.1	216.3	239.1
o/w: Claims on households	0.6	11.6	91.3	114.1	139.6	162.6	187.9	195.1	204.1	216.3	239.1
4. Claims on banks	7.6	18.1	37.2	36.8	60.6	80.5	247.2	222.0	142.8	51.8	67.5
5. Claims on other banking institutions	–	–	–	–	–	–	–	–	0.0	–	–
Total (1+2+3+4+5)	513.8	1,254.0	2,133.6	2,334.0	2,646.9	2,858.6	3,468.6	3,471.2	3,540.2	3,465.0	3,543.5
LIABILITIES											
1. Time deposits	437.8	1,137.5	2,012.9	2,210.7	2,470.5	2,690.6	3,265.2	3,333.3	3,355.1	3,324.0	3,435.1
2. Bonds and money market instruments	10.0	10.0	–	–	10.5	10.6	11.1	10.7	10.7	11.0	17.0
3. Capital accounts	112.5	124.0	141.1	159.7	181.8	170.2	159.7	152.4	145.3	159.6	130.3
4. Other items (net)	–46.5	–17.5	–20.4	–36.4	–16.0	–12.8	32.6	–25.2	29.1	–29.6	–39.0
Total (1+2+3+4)	513.8	1,254.0	2,133.6	2,334.0	2,646.9	2,858.6	3,468.6	3,471.2	3,540.2	3,465.0	3,543.5

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 included, until September 2003, kuna funds held in accounts at the central bank.

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

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

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

lar operations with banks.

Claims on other banking institutions include investments in investment funds.

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

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

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

Table F1: Credit Rates of the Croatian National Bank

In percentage, on annual basis

Year	Month	CNB discount rate	Credit rates						
			On lombard credits ^a	On intervention credits	On intra-day refinance facility ^a	On short-term liquidity credits	On advances on the account of statutory reserves ^a	On inaccurately calculated statutory reserves ^a	On arrears
1	2	3	4	5	6	7	8	9	10
1994	December	8.50	18.00	19.00	17.00	14.00	–	19.00	22.00
1995	December	8.50	25.49	19.00	17.00	–	–	19.00	22.00
1996	December	6.50	11.00	19.00	17.00	–	–	19.00	18.00
1997	December	5.90	9.50	19.00	17.00	–	–	19.00	18.00
1998	December	5.90	12.00	19.00	7.00	14.00	–	19.00	18.00
1999	December	7.90	13.00	19.00	–	14.00	–	19.00	18.00
2000	December	5.90	12.00	18.00	–	13.00	–	18.00	18.00
2001	December	5.90	10.00	–	–	11.00	–	15.00	18.00
2002	December	4.50	9.50	–	–	10.50	–	15.00	15.00
2003	March	4.50	9.50	–	–	10.50	–	15.00	15.00
	April	4.50	9.50	–	–	10.50	–	15.00	15.00
	May	4.50	9.50	–	–	10.50	–	15.00	15.00
	June	4.50	9.50	–	–	10.50	–	15.00	15.00
	July	4.50	9.50	–	–	10.50	–	15.00	15.00
	August	4.50	9.50	–	–	10.50	–	15.00	15.00
	September	4.50	9.50	–	–	10.50	–	15.00	15.00
	October	4.50	9.50	–	–	10.50	–	15.00	15.00
	November	4.50	9.50	–	–	10.50	–	15.00	15.00
	December	4.50	9.50	–	–	10.50	–	15.00	15.00
2004	January	4.50	9.50	–	–	10.50	–	15.00	15.00
	February	4.50	9.50	–	–	10.50	–	15.00	15.00
	March	4.50	9.50	–	–	10.50	–	15.00	15.00
	April	4.50	9.50	–	–	10.50	–	15.00	15.00

^a Breaks in the series of data are explained in the Notes of Methodology.**Table F1: Credit Rates of the Croatian National Bank**

The table shows interest rates used by the CNB to calculate and charge interest on loans and on all other claims.

Credit rates of the CNB are being set by special decisions of the Council of the Croatian National Bank, on annual basis. Exceptionally, from June 1995 to 11 September 1996 interest rate charged by the CNB on lombard credits was 1.5 percentage point higher than the weighted average interest rate on CNB bills on a voluntary basis (which serve as collateral for lombard credits) in cases when the weighted average interest rate was higher than 16.5%. Congruently, from June 1995 to August 1996 the table reports weighted average interest rate on lombard credits. Interest rate in September 1996 is calculated as the weighted average of interest rate applied in the first 10 days of September 1996 (according to the regime mentioned above) and fixed interest rate applied since 11 September 1996.

Time series presented in the table contain certain breaks, due to changes in CNB's monetary policy instruments. Consequently, until November 1994, column 4 shows interest rates on regular credits for maintenance of day-to-day liquidity, which were granted based on securities portfolio, and from December 1994 onwards, interest rates on lombard credits.

Furthermore, data shown in column 6 refer, until September 1994, to interest rates on special credits for savings deposits' payments and for payments from households' current accounts, and from October 1994 until September 1997 to interest rates on daily credits for savings deposits and households' current accounts in kuna. Daily credits, as opposed to special credits, are paid back on the same day. In October 1997, this instrument was replaced by daily credits for overcoming short-term liquidity problems that are collat-

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

Data shown in column 7 refer, until December 1994, to interest rate on initial credits, and since 18 March 1998, to credits for overcoming liquidity problems of banks under evaluation for entry into rehabilitation and restructuring procedures and since February 1999, to interest rates on short-term liquidity credits. Since December 1999, data show interest rates on short-term liquidity credit with a maturity over 3 months which is 1 percentage point higher than interest rate on lombard credits. Interest rate on short-term liquidity credit up to 3 months is 0.5 percentage point higher than interest rate on lombard credits.

Interest rates reported in column 8 refer to the use of statutory reserves, which was being used by banks (in prescribed percentage) to maintain day-to-day liquidity until September 1994. Interest rates paid until September 1994 on the use of statutory reserve funds in amount above prescribed and/or for longer period than allowed are shown in column 9. Since October 1994, interest rates paid on the use of statutory reserve funds are the same as those used for any other failure to fulfil financial obligations, in accordance with the late interest regulations (shown in column 10).

Until June 1994, the same interest rate was applied to funds used above amounts available on giro accounts and to inaccurately calculated or under-appropriated statutory reserves (reported in column 9). From July to September 1994, interest rate applied to the use of those funds from the primary issue was 21%, and since October 1994, the same interest rates have been applied as for other failures to fulfil financial obligations, shown in column 10.

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				Interest rates on f/c CNB bills on a voluntary basis					
				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	
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	March	1.50	–	–	2.16	–	–	1.89	2.07	–	–	–	
	April	1.50	0.50	–	2.23	–	–	1.66	2.20	–	–	–	
	May	1.50	0.50	–	2.34	–	–	1.60	2.00	–	–	–	
	June	1.50	0.50	–	2.44	–	–	1.56	1.86	–	–	–	
	July	1.50	0.50	–	2.52	–	–	1.43	1.88	–	–	–	
	August	1.50	0.50	–	2.52	–	–	1.74	1.35	–	–	–	
	September	1.50	0.50	–	2.55	–	–	1.69	1.19	–	–	–	
	October	1.50	0.50	–	–	–	–	1.65	1.65	–	–	–	
	November	1.25 ^a	0.50	–	–	–	–	1.61	1.73	–	–	–	
	December	1.25	0.50	–	–	–	–	1.75	1.48	–	–	–	
	2004	January	1.25	0.50	–	–	–	–	–	–	–	–	–
		February	1.25	0.50	–	–	–	–	–	–	–	–	–
March		1.25	0.50	–	–	–	–	–	–	–	–	–	
April		1.25	0.50	–	2.50	–	–	–	–	–	–	–	

^a Since 13 November 2003.

Table F2: Deposit Rates of the Croatian National Bank

The table shows interest rates paid by the CNB on funds deposited with the CNB as well as on securities issued.

Interest rates paid by the CNB for appropriated statutory reserve funds are being set by the Council of the CNB. Until 7 October 1993, the CNB was setting different exchange rates for statutory reserve funds based on savings and time deposits. Therefore, for that period the table reports the weighted average interest rate on appropriated statutory reserve funds (column 3). From 8 October 1993 until the end of February 1994, the CNB paid no interest on appropriated statutory reserve funds, and since March 1994, uniform rate has been applied to these funds.

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

Until October 1993, interest rates on CNB bills on a voluntary basis were also set by the Council of the CNB, while since November 1993, they have been set at CNB bills' auction sales. Congruently, since November 1993, columns 5, 6 and 7 report weighted average interest rates attained at auctions of CNB bills.

Until October 1994, interest rates on CNB bills on a voluntary basis due in 30 and 90 days are reported in columns 6 and 7 respectively. From November 1994 through January 2001, columns 7 and 9 report interest rates on CNB bills on a voluntary basis due in 91 and 182 days respectively.

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

Table F3: Banks' Reserve Requirements

Daily averages and percentages, million kuna and %

Year	Month	Weighted average res. requirement in % on res. base	Reserve requirement (RR)			Other obligatory deposits with the CNB	Statutory reserves deposited with the CNB		Weighted avg. remuneration rate on immobilized funds in kuna	Weighted avg. remuneration rate on allocated funds in f/c
			Total	In kuna	In f/c		In kuna	In f/c		
1	2	3	4=5+6	5	6	7	8	9	10	11
1994	December	26.20	1,826.0	1,826.0	–	188.3	1,779.2	–	5.63	–
1995	December	30.90	2,431.8	2,431.8	–	826.5	2,215.9	–	7.93	–
1996	December	35.91	3,652.9	3,652.9	–	–	3,312.0	–	4.99	–
1997	December	32.02	4,348.8	4,348.8	–	–	3,914.2	–	4.05	–
1998	December	29.57	13,112.7	3,967.2	9,145.4	57.4	3,469.8	1,467.6	5.28	....
1999	December	30.50	13,579.0	4,210.1	9,368.9	37.3	3,695.1	4,606.5	5.62	....
2000	December	23.22	16,245.8	4,646.8	11,599.0	5.0	4,191.6	5,544.6	4.06	....
2001	December	19.67	21,187.1	8,691.5	12,495.5	–	6,287.8	5,950.0	1.97	2.73
2002	December	19.00	25,985.1	11,447.1	14,538.0	–	8,156.7	7,139.9	1.72	2.16
2003	March	19.00	27,495.8	12,169.4	15,326.5	–	8,554.3	7,429.8	1.39	1.85
	April	19.00	27,949.3	12,394.7	15,554.6	14.0	8,723.3	7,563.2	1.40	1.73
	May	19.00	28,113.0	12,591.2	15,521.8	26.7	8,679.6	7,439.0	1.41	1.82
	June	19.00	28,357.6	12,952.8	15,404.8	26.7	8,872.4	7,737.2	1.40	1.65
	July	19.00	28,664.6	13,191.0	15,473.5	60.1	9,063.0	7,860.7	1.39	1.43
	August	19.00	29,398.7	13,703.8	15,694.8	85.8	9,602.2	8,143.7	1.37	1.55
	September	19.00	29,977.8	15,743.2	14,234.6	85.8	10,676.7	7,229.5	1.38	1.41
	October	19.00	30,120.0	16,227.5	13,892.5	99.7	11,023.3	6,995.3	1.41	1.54
	November	19.00	30,493.0	17,073.4	13,419.5	109.4	11,697.5	6,927.1	1.27	1.54
	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	January	19.00	31,639.9	18,498.6	13,141.3	95.3	12,805.8	6,844.6	1.18	1.33
	February	19.00	32,269.7	18,950.8	13,318.9	85.9	13,432.4	9,263.0	1.17	1.12
	March	19.00	32,487.9	19,106.8	13,381.1	85.9	13,678.3	10,214.0	1.17	1.02
	April	19.00	32,477.6	19,099.7	13,377.9	85.9	13,694.8	10,249.8	1.20	1.16

Table F3: Banks' Reserve Requirements

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

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

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

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

Column 6 shows the amount of foreign currency reserve requirements, i.e. the prescribed amount of funds banks are required to de-

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

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

Column 8 shows the portion of the kuna reserve requirement which banks deposit in a special 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). This percentage currently stands at 40%.

Column 9 shows the portion of the foreign currency reserve requirement which banks deposit in a special statutory reserve account with the CNB. The minimum percentage of the total reserve requirement banks are required to deposit in a special statutory reserve account with the CNB currently stands at 40%.

Column 10 shows the weighted average remuneration rate on all

Table F4: Banks' Liquidity Indicators

Daily averages and percentages, million kuna and %

Year	Month	Free reserves		Primary liquidity ratio (in %)	Secondary liquidity sources	Kuna CNB bills	F/c CNB bills	Kuna 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	March	622.1	10,130.5	1.67	0.6	3,880.5	1,370.7	4,213.7
	April	973.5	11,109.2	2.57	0.6	3,381.7	1,391.4	4,095.8
	May	1,282.3	10,104.0	3.29	0.4	2,808.9	1,463.6	4,069.6
	June	827.9	10,479.6	2.01	0.4	3,088.7	1,457.2	4,051.5
	July	756.3	13,122.4	1.79	0.4	2,002.4	1,617.3	4,052.0
	August	568.1	16,349.2	1.27	84.1	1,790.3	1,931.0	3,778.6
	September	326.0	18,023.3	0.70	425.5	388.6	3,911.2	3,335.5
	October	578.6	18,567.1	1.26	43.2	10.0	4,387.0	2,743.8
	November	621.8	18,914.1	1.36	178.2	0.0	3,893.2	2,980.9
	December	451.6	20,561.4	0.98	501.6	0.0	4,316.0	3,073.2
2004	January	562.2	20,203.3	1.19	238.8	0.0	4,509.2	2,879.9
	February	285.0	20,170.4	0.58	251.3	0.0	2,502.1	3,056.5
	March	399.3	19,645.4	0.81	150.5	0.0	149.9	2,966.2
	April	1,235.8	19,696.8	2.49	6.4	38.1	0.0	3,005.0

forms of immobilized 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 in foreign currency. The Croatian National Bank pays remuneration equalling the average interest earned on placements abroad on the calculated foreign currency reserve requirement deposited in the foreign exchange accounts with the Croatian National Bank.

Table F4: Banks' Liquidity Indicators

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

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

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

Column 5 shows the primary liquidity ratio as a percentage of

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

Column 6 shows the monthly average of day-to-day balances of secondary liquidity sources used. Secondary liquidity sources comprise: use of statutory reserves (until October 1994), regular loans for maintenance of day-to-day liquidity (until November 1994), use of funds exceeding those available in the bank's giro account (until October 1994), special credits for overcoming liquidity problems (initial credits, credits for overcoming liquidity problems of banks under evaluation for entry into rehabilitation and restructuring procedures), lombard credits (since December 1994), intervention credits for overcoming liquidity problems (since October 1994), short-term liquidity credits (since February 1999), as well as overdue liabilities to the CNB.

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

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

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

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

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

Year	Month	Money market interest rates		Interest rates on kuna credits not indexed to foreign currency									
		On overnight credits	On other credits	Total average	On short-term credits						On long-term credits		
					Total average	Enterprises	Households			Total average	Enterprises	Households	
							Total average	Credit lines	Other				
1	2	3	4	5	6	7	8	9	10	11	12	13	
1994	December	8.50	17.76	15.39	15.43	....	....	....	....	13.82	....	....
1995	December	27.26	27.15	22.32	22.56	22.23	23.81	23.75	25.58	13.48	13.39	14.38	
1996	December	9.66	10.72	18.46	19.35	19.18	20.18	19.90	23.12	11.51	11.29	14.28	
1997	December	8.46	9.49	14.06	14.12	13.17	19.26	19.34	18.11	13.24	12.98	13.75	
1998	December	10.00	15.91	16.06	16.22	14.89	20.77	20.80	19.92	11.73	11.48	13.16	
1999	December	9.92	12.78	13.54	13.52	10.55	20.83	20.84	20.39	15.14	15.31	14.16	
2000	December	2.39	4.45	10.45	10.45	6.81	20.30	20.33	19.05	9.90	9.64	12.97	
2001	December	2.49	2.18	9.51	9.49	5.43	18.81	18.85	14.88	11.42	10.06	13.14	
2002	December	1.58	1.89	10.91	11.24	7.44	15.16	15.28	9.84	7.32	6.48	7.88	
2003	March	1.60	2.48	11.30	11.50	7.52	15.04	15.14	11.18	9.38	6.58	10.61	
	April	1.90	2.83	11.41	11.62	7.64	15.00	15.10	11.71	9.85	7.19	11.23	
	May	2.00	2.58	11.58	11.96	7.83	14.92	15.04	11.80	9.80	7.17	11.18	
	June	1.95	2.67	11.55	11.75	7.78	14.85	15.02	10.79	10.21	6.64	11.05	
	July	1.84	2.98	11.15	11.39	7.56	14.86	15.01	11.21	9.79	6.83	10.82	
	August	3.98	3.94	12.08	12.32	8.03	14.94	15.03	12.12	10.10	6.99	11.12	
	September	6.29	6.79	11.71	12.02	8.04	14.90	15.00	11.69	9.77	7.63	11.20	
	October	5.37	5.54	12.00	12.25	8.23	14.96	15.07	12.39	9.87	7.84	10.97	
	November	3.02	4.65	12.00	12.33	8.36	14.90	14.99	12.72	9.02	7.04	10.48	
	December	5.47	7.02	11.45	11.80	8.02	14.89	15.01	12.38	8.51	6.14	10.69	
2004	January	6.20	7.48	12.12	12.23	8.35	14.99	15.07	12.97	10.99	8.57	11.51	
	February	5.70	6.01	12.42	12.58	8.60	14.94	15.06	12.17	10.92	8.26	11.37	
	March	7.74	8.17	11.76	12.03	8.34	14.60	14.72	12.16	9.92	5.89	11.40	
	April	3.24	5.46	11.76	11.98	8.32	14.48	14.60	11.99	10.14	5.74	11.48	
Relative significance ^a		–	–	66.43	58.28	23.57	34.70	33.05	1.66	8.15	1.91	6.24	

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

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

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

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

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

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

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

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

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

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

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

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

Year	Month	Interest rates on kuna credits indexed to foreign currency									Interest rates on credits in euros			
		Total average	On short-term credits			On long-term credits					Total average	On short-term credits	On long-term credits	
			Total average	Enterprises	Households	Total average	Enterprises	Total average	Households	Other				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
1994	December	11.99	12.38	....	....	11.65	....	....	....	....	....	....	....
1995	December	19.56	21.62	21.09	18.10	14.33	15.79	10.48	....	....	17.18	19.06	12.27
1996	December	18.97	22.56	22.40	27.00	12.12	13.15	11.30	....	....	19.50	21.46	10.77
1997	December	14.40	16.92	17.00	14.02	12.25	13.00	11.02	....	....	13.61	14.95	9.71
1998	December	13.04	14.28	14.25	13.64	11.15	10.55	12.12	....	....	6.95	8.37	5.71
1999	December	12.53	13.66	13.54	17.21	10.81	10.46	11.65	....	....	6.75	7.43	6.07
2000	December	10.74	11.17	11.10	13.59	10.52	9.41	11.64	....	....	7.70	7.49	8.05
2001	December	9.29	9.45	9.45	11.30	9.20	7.52	10.79	....	....	5.94	5.70	7.27
2002	December	8.25	9.34	8.72	11.37	7.98	6.37	9.50	7.42	10.11	5.91	6.66	5.44	
2003	March	8.41	8.64	8.06	10.67	8.35	6.69	8.87	7.18	9.61	5.70	6.40	5.30	
	April	8.03	8.80	7.99	10.84	7.85	6.18	8.62	7.08	9.31	6.55	6.77	6.31	
	May	8.07	8.31	7.66	10.86	8.02	6.74	8.49	7.12	9.27	4.60	6.00	4.03	
	June	7.68	8.46	7.88	10.53	7.49	5.77	8.58	7.02	9.44	5.84	6.11	5.62	
	July	8.05	8.67	8.17	10.54	7.90	6.41	8.62	7.04	9.47	4.74	6.31	4.20	
	August	7.96	8.72	7.62	11.44	7.81	5.92	8.80	7.18	9.73	6.19	6.51	5.97	
	September	8.12	7.79	7.25	10.21	8.24	6.64	8.77	7.10	9.81	4.77	5.14	4.42	
	October	8.09	7.93	7.67	9.18	8.14	6.64	8.80	7.18	9.66	5.73	6.00	5.28	
	November	7.39	7.42	7.24	8.46	7.38	5.38	8.78	6.92	9.80	5.58	6.25	5.08	
	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	January	7.00	7.51	7.24	9.65	6.85	5.51	7.72	5.38	9.91	5.26	5.71	4.77
		February	7.99	7.58	7.45	8.37	8.14	6.78	8.65	6.62	9.91	6.00	6.20	5.68
March		7.48	7.36	7.21	8.37	7.51	5.95	8.42	6.81	9.46	4.58	4.24	5.46	
April		7.66	7.37	7.26	8.20	7.75	6.49	8.34	6.84	9.33	5.47	5.85	4.83	
Relative significance ^a		27.23	6.55	5.79	0.76	20.67	6.59	14.08	5.59	8.49	6.35	3.95	2.39	

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

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

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

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

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

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

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

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

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

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

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

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

Year	Month	Interest rates on kuna deposits not indexed to foreign currency								
		Total average	In giro and current accounts	On time deposits						
				Total average	On short-term deposits			On long-term deposits		
					Total average	Households	Enterprises	Total average	Households	Enterprises
1	2	3	4	5	6	7	8	9	10	11
1994	December	5.03	3.55	9.65	....	....	....	....	....	....
1995	December	6.10	3.88	13.65	13.80	10.56	14.28	9.88	10.67	9.62
1996	December	4.15	2.19	10.19	10.11	9.84	10.26	12.36	15.49	9.88
1997	December	4.35	2.19	9.10	9.08	9.30	8.96	9.48	11.24	8.06
1998	December	4.11	2.31	7.73	7.63	9.47	7.15	10.19	10.72	9.56
1999	December	4.27	2.24	8.87	8.79	9.62	8.38	10.96	11.56	10.18
2000	December	3.40	1.64	7.20	7.13	7.44	7.03	8.89	9.19	8.63
2001	December	2.76	1.40	5.68	5.60	6.35	5.38	7.35	7.93	6.70
2002	December	1.55	0.94	3.64	3.53	4.39	2.86	6.05	7.24	3.23
2003	March	1.44	0.83	3.36	3.29	3.82	2.83	4.44	5.37	3.90
	April	1.40	0.80	3.16	3.12	3.87	2.62	4.73	5.31	2.23
	May	1.35	0.80	3.13	3.08	3.74	2.58	4.30	5.54	1.62
	June	1.37	0.80	3.37	3.31	3.74	2.96	5.20	5.79	2.37
	July	1.36	0.79	3.28	3.21	3.59	2.99	4.93	5.53	1.86
	August	1.50	0.75	3.83	3.80	3.62	3.90	4.90	5.25	2.01
	September	1.79	0.74	5.25	5.25	3.88	5.66	4.98	5.30	4.22
	October	1.70	0.74	4.72	4.72	3.66	5.15	4.66	4.71	4.22
	November	1.50	0.78	3.56	3.54	3.58	3.52	4.50	4.49	4.51
	December	1.66	0.75	4.46	4.46	3.62	4.69	4.58	4.90	2.82
2004	January	1.77	0.75	4.96	4.96	3.86	5.22	4.84	5.08	4.08
	February	1.89	0.75	4.95	4.95	3.66	5.26	4.58	4.84	2.56
	March	1.98	0.74	5.35	5.37	3.65	5.87	4.30	4.59	2.79
	April	1.71	0.76	4.31	4.30	3.57	4.46	4.75	4.71	4.81
Relative significance ^a		44.90	31.96	9.40	9.27	1.61	7.66	0.13	0.08	0.05

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

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

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

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

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

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

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

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

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

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

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

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

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

Year	Month	Interest rates on savings and time deposits indexed to f/c			Interest rates on foreign currency deposits						
		Total average	On short-term deposits	On long-term deposits	Total average	Savings deposits					
						Households		Enterprises			
						EUR	USD	EUR	USD		
1	2	3	4	5	6	7	8	9	10	11	
1994	December	6.95
1995	December	12.69	11.46	19.36	4.57	2.82	3.53	4.20	1.10	1.53	
1996	December	9.46	9.56	8.80	5.09	1.44	1.32	1.95	1.47	1.39	
1997	December	7.63	7.24	11.77	4.77	1.75	1.89	2.43	0.83	1.40	
1998	December	7.47	7.67	5.58	3.98	2.09	2.38	2.40	0.72	0.74	
1999	December	6.62	6.91	1.10	4.23	1.80	1.95	2.04	0.78	1.30	
2000	December	5.54	5.94	2.16	3.47	1.03	0.99	1.23	0.65	1.29	
2001	December	4.58	4.92	2.56	2.60	0.71	0.71	0.81	0.82	0.40	
2002	December	2.92	3.45	1.48	2.55	0.50	0.52	0.41	0.52	0.38	
2003	March	3.61	3.15	4.92	2.37	0.38	0.40	0.26	0.45	0.32	
	April	3.52	3.42	4.85	2.36	0.36	0.37	0.24	0.46	0.28	
	May	2.98	2.62	4.47	2.26	0.35	0.37	0.23	0.37	0.25	
	June	3.61	3.37	4.43	2.24	0.34	0.37	0.23	0.31	0.20	
	July	3.25	3.26	4.69	2.22	0.32	0.35	0.24	0.22	0.19	
	August	3.14	2.71	4.77	2.17	0.32	0.36	0.24	0.25	0.18	
	September	3.40	3.46	4.89	2.22	0.32	0.36	0.24	0.26	0.19	
	October	3.37	3.18	4.74	2.20	0.32	0.36	0.23	0.26	0.27	
	November	3.25	3.53	4.61	2.14	0.32	0.35	0.23	0.26	0.25	
	December	3.48	3.74	5.55	2.22	0.31	0.35	0.23	0.23	0.15	
2004	January	3.67	3.44	4.43	2.46	0.31	0.33	0.22	0.26	0.17	
	February	3.78	3.61	4.78	2.38	0.31	0.33	0.22	0.30	0.22	
	March	3.70	3.53	4.87	2.38	0.30	0.33	0.22	0.27	0.23	
	April	3.74 ^b	3.51	4.72	2.51	0.30	0.33	0.23	0.25	0.19	
Relative significance ^a		2.05	1.71	0.32	53.05	31.40	21.89	4.20	4.46	0.84	

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

^b Of the total amount of deposits to which this interest rate refers, 37.28 percent refers to enterprises.

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

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

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

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

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

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

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

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

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

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

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

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

Relative significance of particular interest rates (reported in the

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

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

Year	Month	Interest rates on foreign currency deposits										
		On time deposits										
		Total Average	On short-term deposits				Total Average	On long-term deposits				
			Households		Enterprises			Households		Enterprises		
1	2	12	13	14	15	16	17	18	19	20	21	22
				EUR	USD	EUR	USD		EUR	USD	EUR	USD
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	March	2.91	2.78	3.12	1.90	2.72	1.46	4.33	4.53	3.29	3.22	2.00
	April	2.91	2.76	3.14	1.88	2.61	1.37	3.98	4.07	3.12	3.31	-
	May	2.72	2.60	2.94	1.83	2.56	1.42	4.25	4.41	2.96	3.65	1.84
	June	2.76	2.62	3.01	1.74	2.36	1.29	4.46	4.60	3.43	3.58	-
	July	2.75	2.57	2.91	1.75	2.37	1.20	4.31	4.44	3.01	2.61	1.33
	August	2.68	2.48	2.89	1.67	2.13	1.22	4.59	4.86	3.04	2.86	1.17
	September	2.64	2.46	2.89	1.70	2.21	1.15	4.23	4.90	3.00	3.07	-
	October	2.68	2.50	2.85	1.61	2.39	1.29	4.76	4.85	3.22	6.37	2.04
	November	2.52	2.36	2.79	1.59	2.15	1.12	4.19	4.31	2.98	3.37	0.00
December	2.64	2.46	2.83	1.65	2.29	1.08	3.69	4.71	3.13	2.85	1.64	
2004	January	2.73	2.47	2.86	1.65	2.22	1.08	3.88	4.86	3.29	3.28	1.67
	February	2.62	2.42	2.82	1.62	2.24	1.09	4.68	4.95	3.18	3.18	1.10
	March	2.61	2.44	2.85	1.63	2.35	1.11	4.45	4.89	2.94	3.11	-
	April	2.70	2.47	2.82	1.65	2.35	1.15	3.79	4.93	3.08	2.98	1.34
Relative significance ^a		21.65	17.75	10.27	1.49	4.55	1.44	3.90	1.62	0.15	2.13	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).

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

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

Table G5: Banks' Trade with Foreign Exchange

Million EUR, current exchange rate

	2000	2001	2002 ^b	2003 ^b	2003				2004				
					Mar. ^b	Jun. ^b	Sep. ^b	Dec. ^b	Jan. ^b	Feb. ^b	Mar. ^b	Apr. ^b	May ^a
A. Purchase of foreign exchange													
1. Legal persons	3,316.4	5,012.4	4,727.8	6,433.1	637.1	523.0	558.7	722.9	478.0	501.1	654.2	599.7	615.0
2. Natural persons	2,549.2	3,339.9	3,342.6	3,571.6	271.2	334.4	295.8	288.3	218.0	233.7	276.3	324.7	311.1
2.1. Residents	2,021.1	2,684.5	2,842.0	3,103.3	250.4	276.3	250.8	275.1	212.5	226.6	268.8	–	–
2.2. Non-residents	528.0	655.4	500.7	468.2	20.9	58.1	45.0	13.2	5.5	7.1	7.5	–	–
3. Domestic banks	2,441.4	3,985.8	4,104.5	6,324.4	380.4	439.1	699.8	703.6	537.2	624.4	967.3	929.1	909.2
4. Foreign banks	–	–	697.9	1,430.6	38.3	123.5	96.0	271.7	65.8	59.8	214.6	144.0	50.6
5. Croatian National Bank	168.2	481.7	294.3	438.3	150.1	–	–	63.1	33.0	–	–	–	–
Total (1+2+3+4)	8,475.2	12,819.8	13,167.1	18,197.9	1,477.2	1,420.0	1,650.2	2,049.7	1,331.9	1,419.0	2,112.3	1,997.5	1,886.0
B. Sale of foreign exchange													
1. Legal persons	5,414.8	8,534.2	9,029.3	10,852.4	891.5	846.0	960.5	1,115.7	797.3	722.4	923.5	867.0	881.0
2. Natural persons	963.6	1,253.5	1,333.6	1,403.1	119.1	93.5	141.9	137.4	117.3	98.1	140.2	126.8	134.0
2.1. Residents	962.8	1,252.3	1,329.7	1,393.1	118.9	92.6	140.3	136.2	116.5	96.2	139.3	–	–
2.2. Non-residents	0.6	1.2	3.9	10.0	0.3	0.9	1.6	1.2	0.8	2.0	0.9	–	–
3. Domestic banks	2,441.4	3,985.8	4,104.5	6,324.4	380.4	439.1	699.8	703.6	537.2	624.4	967.3	929.1	909.2
4. Foreign banks	–	–	334.3	765.3	69.9	114.9	82.5	74.5	43.3	54.2	71.7	101.1	74.5
5. Croatian National Bank	284.2	915.7	745.3	84.5	–	–	–	84.5	–	–	162.7	–	–
Total (1+2+3+4)	9,104.0	14,689.2	15,547.0	19,429.7	1,461.0	1,493.4	1,884.7	2,115.7	1,495.1	1,499.1	2,265.3	2,024.0	1,998.8
C. Net purchase (A-B)													
1. Legal persons	-2,098.4	-3,521.8	-4,301.5	-4,419.4	-254.4	-322.9	-401.8	-392.8	-319.4	-221.3	-269.2	-267.3	-266.0
2. Natural persons	1,585.6	2,086.4	2,009.0	2,168.4	152.1	240.9	153.9	151.0	100.7	135.6	136.1	197.9	177.1
2.1. Residents	1,058.3	1,432.2	1,512.3	1,710.2	131.5	183.6	110.5	138.9	95.9	130.5	129.5	0.0	0.0
2.2. Non-residents	527.4	654.2	496.7	458.2	20.6	57.3	43.4	12.1	4.7	5.1	6.6	0.0	0.0
3. Foreign banks	–	–	363.6	665.3	-31.6	8.6	13.4	197.2	22.5	5.6	142.9	42.9	-23.9
4. Croatian National Bank	-116.0	-434.0	-451.0	353.8	150.1	–	–	-21.4	33.0	–	-162.7	0.0	0.0
Total (1+2+3)	-628.8	-1,869.4	-2,379.9	-1,231.8	16.3	-73.5	-234.5	-66.0	-163.2	-80.1	-153.0	-26.5	-112.8
Memo items: Other Croatian National Bank transactions													
Purchase of foreign exchange	405.8	536.8	197.5	570.9	–	–	–	164.4	0.0	–	0.0	145.0	–
Sale of foreign exchange	86.9	2.6	3.4	94.9	–	5.3	–	–	–	44.1	–	1.2	–

^a Preliminary data. ^b Revised data.

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

Table G5: Banks' Trade with Foreign Exchange

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

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

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

Table H1: Balance of Payments – Summary

Million US dollars

	2000 ^b	2001 ^b	2002 ^b	2003 ^b	2003				2004
					Q1 ^b	Q2 ^b	Q3 ^b	Q4 ^b	Q1 ^a
A. CURRENT ACCOUNT (1+6)	-460.8	-725.8	-1,920.1	-2,098.6	-1,091.5	-1,458.9	1,975.3	-1,523.6	-1,464.1
1. Goods, services, and income (2+5)	-1,343.9	-1,691.5	-2,996.0	-3,492.3	-1,419.9	-1,829.6	1,629.8	-1,872.6	-1,804.0
1.1. Credit	9,008.9	10,053.1	10,999.4	15,394.1	2,447.1	3,480.8	6,277.8	3,188.4	2,990.8
1.2. Debit	-10,352.8	-11,744.5	-13,995.4	-18,886.4	-3,867.0	-5,310.3	-4,648.1	-5,061.1	-4,794.8
2. Goods and services (3+4)	-935.9	-1,173.9	-2,493.9	-2,279.5	-1,179.7	-1,024.9	1,706.6	-1,781.5	-1,534.9
2.1. Credit	8,663.1	9,634.2	10,571.0	14,906.7	2,325.9	3,366.7	6,155.5	3,058.5	2,840.7
2.2. Debit	-9,598.9	-10,808.1	-13,064.9	-17,186.1	-3,505.6	-4,391.6	-4,449.0	-4,839.9	-4,375.6
3. Goods	-3,203.8	-4,101.3	-5,648.6	-7,921.0	-1,450.7	-2,123.1	-2,119.4	-2,227.9	-1,768.8
3.1. Credit	4,567.2	4,758.7	5,003.6	6,285.2	1,485.8	1,547.5	1,500.2	1,751.7	1,842.3
3.2. Debit	-7,770.9	-8,860.0	-10,652.2	-14,206.3	-2,936.5	-3,670.6	-3,619.6	-3,979.6	-3,611.1
4. Services	2,267.9	2,927.4	3,154.7	5,641.6	271.0	1,098.2	3,826.0	446.4	233.9
4.1. Credit	4,095.9	4,875.5	5,567.4	8,621.4	840.1	1,819.2	4,655.3	1,306.8	998.4
4.2. Debit	-1,828.0	-1,948.1	-2,412.7	-2,979.9	-569.1	-721.1	-829.3	-860.4	-764.5
5. Income	-408.1	-517.6	-502.1	-1,212.9	-240.2	-804.6	-76.8	-91.2	-269.1
5.1. Credit	345.8	418.9	428.4	487.4	121.1	114.1	122.3	129.9	150.1
5.2. Debit	-753.9	-936.4	-930.5	-1,700.3	-361.4	-918.7	-199.1	-221.1	-419.2
6. Current transfers	883.2	965.7	1,075.9	1,393.7	328.4	370.7	345.6	349.0	340.0
6.1. Credit	1,101.0	1,174.5	1,358.1	1,727.2	393.0	449.3	430.1	454.8	457.4
6.2. Debit	-217.8	-208.8	-282.3	-333.5	-64.6	-78.6	-84.5	-105.8	-117.4
B. CAPITAL AND FINANCIAL ACCOUNT	1,237.1	1,304.2	2,702.3	3,305.3	1,150.5	1,162.8	-169.4	1,161.5	1,148.8
B1. Capital account	20.9	133.0	443.4	83.6	6.5	62.4	4.5	10.3	8.5
B2. Financial account, excl. reserves	1,798.3	2,484.3	2,955.8	4,612.9	1,318.5	1,391.0	103.2	1,800.3	625.3
1. Direct investment	1,085.4	1,404.1	591.1	1,875.4	295.7	646.4	129.6	803.8	239.3
1.1. Abroad	-3.9	-154.6	-532.9	-80.5	-22.8	-21.3	-0.6	-35.8	-8.2
1.2. In Croatia	1,089.4	1,558.7	1,124.0	1,955.9	318.5	667.7	130.2	839.6	247.5
2. Portfolio investment	707.6	600.7	-229.7	1,009.5	741.4	316.3	-210.0	161.8	-186.5
2.1. Assets	-22.7	-129.3	-626.5	155.1	82.0	72.8	-155.1	155.4	-454.9
2.2. Liabilities	730.3	730.0	396.8	854.4	659.4	243.6	-54.9	6.3	268.5
3. Other investment	5.3	479.5	2,594.4	1,728.1	281.4	428.3	183.6	834.8	572.5
3.1. Assets	-966.0	360.4	358.8	-2,520.6	-268.6	-328.6	-806.7	-1,116.7	188.7
3.2. Liabilities	971.2	119.1	2,235.6	4,248.7	550.0	756.9	990.3	1,951.5	383.9
B3. Reserve assets (CNB)	-582.1	-1,313.1	-696.9	-1,391.3	-174.5	-290.6	-277.1	-649.1	515.1
C. NET ERRORS AND OMISSIONS	-776.3	-578.5	-782.2	-1,206.6	-59.0	296.1	-1,805.9	362.2	315.2

^a Preliminary data. ^b Revised data.

Note: From 1999 on, item "Other investment – Liabilities" includes CNB repo transactions.

Table H1-H6: Balance of Payments

The balance of payments of the Republic of Croatia represents a systematic overview of the value of economic transactions performed by the Croatian residents with foreign countries within a particular period. It is compiled in accordance with the recommendations of the International Monetary Fund (Balance of Payments Manual, Fifth Edition, 1993). Data sources include: 1. reports of the government institutions (Central Bureau of Statistics and Croatian Institute for Health Insurance), 2. special reports of the Croatian National Bank (International Transaction Reporting System (ITRS), external debt relations, monetary statistics and reserve assets) and 3. estimates and statistical research carried out by the Croatian National Bank.

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

- by applying the midpoint exchange rate on the date of the transaction;
- by applying the average monthly or quarterly midpoint exchange rate in the case the transaction date is not available;
- by applying the end-of-period exchange rate for the calculation

of a change in the transaction value between the two periods; the end-of-period balances reported in the original currency serve as a basis for calculating the change in the original currency value, which is converted, by applying the average midpoint exchange rate in the observed period, into the value of change in the reporting currency.

The Report of the Central Bureau of Statistics on merchandise foreign trade of the Republic of Croatia represents the basic data source for the balance of payments items related to exports and imports. These data are adjusted, in accordance with the recommended compilation method, for coverage and classification. Accordingly, goods exports and imports in the balance of payments are reported at f.o.b. parity. The value of exports at this parity is already contained in the previously mentioned CBS Report, whereas the value of imports f.o.b. is estimated on the basis of research studies of the CNB on the stratified sample of importers. The resulting value serves as a basis for the estimate of the share of transportation and insurance services by which the original value of imports c.i.f., stated in the CBS Report, is reduced. In the 1993-2001 period, this share stood at 7.10% (estimated only on the basis of the largest and large exporters), while from 2002 on it has amounted to 3.73%. In the period from 1993 to 1996, the value of imports was modified by estimates of imports in duty free zones, which have been included in the merchandise trade statistics since 1997. Starting from 1996, goods exports and imports have been modified by the data on repairs on goods and goods procured in ports by carriers. In addition, since 1999, based on the Survey on Consumption of Foreign Travellers in Croatia and Domestic Travel-

Table H2: Balance of Payments – Goods and Services

Million US dollars

	2000 ^b	2001 ^b	2002 ^b	2003 ^b	2003				2004
					Q1 ^b	Q2 ^b	Q3 ^b	Q4 ^b	Q1 ^a
Goods	-3,203.8	-4,101.3	-5,648.6	-7,921.0	-1,450.7	-2,123.1	-2,119.4	-2,227.9	-1,768.8
1. Credit	4,567.2	4,758.7	5,003.6	6,285.2	1,485.8	1,547.5	1,500.2	1,751.7	1,842.3
1.1.Exports (f.o.b.) in trade statistics	4,431.6	4,665.9	4,903.6	6,164.2	1,463.0	1,516.3	1,470.2	1,714.7	1,808.8
1.2. Adjustments for coverage	135.6	92.8	100.0	121.0	22.9	31.2	30.0	37.0	33.5
2. Debit	-7,770.9	-8,860.0	-10,652.2	-14,206.3	-2,936.5	-3,670.6	-3,619.6	-3,979.6	-3,611.1
2.1. Imports (c.i.f.) in trade statistics	-7,886.5	-9,147.1	-10,722.0	-14,198.9	-2,952.3	-3,663.1	-3,595.1	-3,988.4	-3,637.4
2.2. Adjustments for coverage	-444.4	-362.3	-330.1	-537.0	-94.3	-144.1	-158.6	-139.9	-109.4
2.3. Adjustments for classification	559.9	649.4	399.9	529.6	110.1	136.6	134.1	148.8	135.7
Services	2,267.9	2,927.4	3,154.7	5,641.6	271.0	1,098.2	3,826.0	446.4	233.9
1. Transportation	178.6	166.8	163.4	284.6	53.7	73.8	96.6	60.6	74.2
1.1. Credit	557.3	588.6	590.2	787.7	153.9	206.3	228.3	199.2	199.8
1.2. Debit	-378.7	-421.8	-426.8	-503.0	-100.2	-132.6	-131.6	-138.7	-125.6
2. Travel	2,189.9	2,728.6	3,030.2	5,704.1	270.7	1,098.0	3,802.5	532.8	275.3
2.1. Credit	2,758.0	3,335.0	3,811.4	6,376.4	397.8	1,245.6	4,025.5	707.5	444.7
2.1.1. Business	263.6	273.9	323.0	374.0	78.4	90.5	95.4	109.7	88.7
2.1.2. Personal	2,494.4	3,061.1	3,488.5	6,002.4	319.4	1,155.1	3,930.1	597.8	356.0
2.2. Debit	-568.1	-606.4	-781.3	-672.4	-127.1	-147.6	-223.0	-174.7	-169.4
2.2.1. Business	-260.5	-289.1	-460.0	-330.1	-64.9	-75.5	-97.7	-92.0	-70.5
2.2.2. Personal	-307.6	-317.3	-321.3	-342.3	-62.2	-72.1	-125.2	-82.7	-98.9
3. Other services	-100.6	32.0	-38.9	-347.1	-53.4	-73.6	-73.2	-146.9	-115.6
3.1. Credit	780.6	951.9	1,165.8	1,457.3	288.4	367.3	401.5	400.1	353.9
3.2. Debit	-881.2	-919.9	-1,204.6	-1,804.4	-341.8	-440.9	-474.7	-547.0	-469.5

^a Preliminary data. ^b Revised data.

lers Abroad, the item of goods exports has been modified by the estimated value of goods sold to foreign travellers and tourists and taken out of the Republic of Croatia. The item of goods imports is adjusted for the estimated value of goods imported personally by the Croatian citizens from the neighbouring countries (shopping expenditures).

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

Income from services rendered to foreign travellers and tourists, as well as expenditures incurred by domestic travellers and tourists abroad are shown under the position Travel. In the 1993-1998 period, this position was assessed by using various data sources which did not provide for a full coverage in accordance with the recommended methodology. Accordingly, in the second half of 1998, the Croatian National Bank started to carry out the Survey on Consumption of Foreign Travellers in Croatia and Domestic Travellers Abroad and use its results for compiling the Travel position. Since early 1999, the results of this Survey, based on carrying out a survey of travellers

(stratified sample) at border crossings, have been combined with the Ministry of the Interior data on total number of foreign and domestic travellers, along with the data on distribution of foreign travellers by countries contained in the CBS Report on tourism, in order to assess the corresponding balance of payment items.

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

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

Current transfers are reported separately for the general government sector and other sectors. The ITRS is used as the main data

Table H3: Balance of Payments – Income and Current Transfers

Million US dollars

	2000 ^b	2001 ^b	2002 ^b	2003 ^b	2003				2004
					Q1 ^b	Q2 ^b	Q3 ^b	Q4 ^b	Q1 ^a
Income	-408.1	-517.6	-502.1	-1,212.9	-240.2	-804.6	-76.8	-91.2	-269.1
1. Compensation of employees	69.6	124.5	154.8	202.9	46.8	41.0	55.4	59.6	67.4
1.1. Credit	82.7	137.3	173.2	241.2	51.7	54.4	62.9	72.2	76.8
1.2. Debit	-13.1	-12.8	-18.4	-38.3	-4.9	-13.4	-7.5	-12.5	-9.3
2. Direct investment income	-152.9	-290.5	-320.3	-955.8	-73.5	-774.8	-51.7	-55.9	-78.1
2.1. Credit	9.3	20.2	23.3	28.7	10.7	6.0	5.3	6.7	1.6
o/w: Reinvested earnings	6.8	15.2	8.4	26.0	10.2	4.7	4.7	6.3	0.6
2.2. Debit	-162.2	-310.7	-343.7	-984.5	-84.2	-780.7	-56.9	-62.6	-79.7
o/w: Reinvested earnings	-93.9	-153.0	-151.5	-662.2	-63.4	-615.7	24.1	-7.2	-66.8
3. Portfolio investment income	-178.8	-218.1	-193.5	-265.4	-176.1	-24.7	-31.8	-32.9	-221.9
3.1. Credit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3.2. Debit	-178.8	-218.1	-193.6	-265.4	-176.1	-24.7	-31.8	-32.9	-221.9
4. Other investment income	-145.9	-133.4	-143.0	-194.5	-37.4	-46.3	-48.8	-62.1	-36.6
4.1. Credit	253.8	261.4	231.8	217.5	58.7	53.7	54.1	51.0	71.7
4.2. Debit	-399.7	-394.8	-374.8	-412.0	-96.1	-99.9	-102.9	-113.1	-108.2
Current transfers	883.2	965.7	1,075.9	1,393.7	328.4	370.7	345.6	349.0	340.0
1. General government	21.7	56.7	28.6	76.4	23.8	29.8	17.2	5.6	-8.8
1.1. Credit	118.0	125.5	132.2	237.8	58.5	70.1	55.6	53.5	50.7
1.2. Debit	-96.3	-68.9	-103.6	-161.4	-34.7	-40.3	-38.5	-47.9	-59.5
2. Other sectors	861.5	909.0	1,047.3	1,317.3	304.6	340.9	328.4	343.4	348.8
2.1. Credit	983.0	1,049.0	1,225.9	1,489.4	334.4	379.2	374.4	401.3	406.7
2.2. Debit	-121.5	-139.9	-178.7	-172.1	-29.8	-38.3	-46.0	-57.9	-57.9

^a Preliminary data. ^b Revised data.

source on current transfers for both sectors. In addition to taxes and excise duties, pensions, monetary support and donations, which are included in current transfers of both sectors, the government sector also encompasses data on multilateral co-operation, whereas other sectors include data on workers' remittances. Current transfers of the general government sector also include data on exports and imports of goods without a payment obligation, provided by the CBS. In the 1993-1998 period, current transfers of other sectors also 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. Since 2002, inflows and outflows based on current transfers of other sectors are supplemented by the data of the CNB special statistical research on international transactions related to insurance services.

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

Foreign direct investments include equity capital, reinvested earnings and debt relations between ownership-related residents and non-residents. Direct investments are investments whereby a foreign owner acquires a minimum of 10% interest in equity capital of a company, regardless of whether a resident invests abroad or a non-resident invests in Croatian residents. The CNB Research on foreign direct investments started in 1997 when companies included in the survey also delivered data on direct investments for the 1993-1996 period. For the same period, no data are available on reinvested earnings and other capital under direct investment position, where all debt relations between related residents and non-residents are classified (excluding the banking sector). Such data actually became available only after the stated research has been launched. Since 1999 data

on debt relations within direct investments have been collected on the basis of external debt relations statistics.

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

Other investment encompasses all other debt investments that have not been mentioned, apart from investment constituting reserve assets. Other investments are classified by instruments, maturity and sectors. Trade credits, in the 1996-2002 period, included the CNB estimates of advance payment and deferred payments, made on the basis of the sample of the largest and large importers and exporters. Data on advance payments have been estimated since 1996, while data on short-term deferred payments (first up to 90 days, then up to 150 days, and today from 8 days to 1 year) have been collected since 1999. In 2003 this research was replaced by a new one, where the selected companies, regardless of their size (stratified sample), are obliged to submit data. Data on deferred payments with the original maturity of more than one year are adopted from the CNB foreign credit relations statistics. Credits granted by residents to non-residents, i.e. foreign loans utilised by residents and granted by non-residents, which cannot be classified into direct investments or trade credits, are classified by the institutional sector and maturity under the corresponding positions of other investment. The CNB foreign credit relations statistics represent the data source for these positions. Currency and deposit position shows residents' claims on foreign countries for foreign cash and deposits with foreign banks, as well as obligations of the Croatian banks for deposits owned by non-resi-

Table H4: Balance of Payments – Direct and Portfolio Investments

Million US dollars

	2000 ^b	2001 ^b	2002 ^b	2003 ^b	2003				2004
					Q1 ^b	Q2 ^b	Q3 ^b	Q4 ^b	Q1 ^a
Direct investment	1,085.4	1,404.1	591.1	1,875.4	295.7	646.4	129.6	803.8	239.3
1. Abroad	-3.9	-154.6	-532.9	-80.5	-22.8	-21.3	-0.6	-35.8	-8.2
1.1. Equity capital and reinvested earnings	-33.5	-123.7	-529.0	-90.5	-29.9	-24.7	-14.1	-21.8	-17.8
1.1.1. Claims	-33.5	-123.7	-529.5	-90.5	-29.9	-24.7	-14.1	-21.8	-17.8
1.1.2. Liabilities	0.0	0.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0
1.2. Other capital	29.6	-30.9	-3.9	10.0	7.1	3.5	13.5	-14.0	9.7
1.1.1. Claims	-9.6	5.1	-6.2	-13.1	-0.4	-6.6	2.0	-8.1	-0.3
1.2.2. Liabilities	39.2	-35.9	2.2	23.2	7.5	10.1	11.5	-6.0	10.0
2. In Croatia	1,089.4	1,558.7	1,124.0	1,955.9	318.5	667.7	130.2	839.6	247.5
2.1. Equity capital and reinvested earnings	805.3	968.0	816.4	1,485.2	133.9	504.7	32.4	814.2	238.0
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	805.3	968.0	816.4	1,485.2	133.9	504.7	32.4	814.2	238.0
2.2. Other capital	284.1	590.8	307.6	470.7	184.5	163.0	97.7	25.4	9.5
2.2.1. Claims	0.0	0.1	-0.3	-1.8	0.1	0.0	0.0	-1.9	-0.1
2.2.2. Liabilities	284.1	590.6	307.9	472.5	184.4	163.0	97.7	27.3	9.6
Portfolio investment	707.6	600.7	-229.7	1,009.5	741.4	316.3	-210.0	161.8	-186.5
1. Assets	-22.7	-129.3	-626.5	155.1	82.0	72.8	-155.1	155.4	-454.9
1.1. Equity securities	-0.2	0.3	-69.4	-65.7	-10.0	-8.3	-26.9	-20.6	-4.7
1.1.1. General government	0.0	0.0	-2.5	0.0	0.0	0.0	0.0	0.0	0.0
1.1.1.1. Banks	-0.2	0.3	-2.5	0.4	0.0	0.0	0.0	0.4	0.0
1.1.1.2. Other sectors	0.0	0.0	-64.3	-66.1	-10.0	-8.3	-26.9	-21.0	-4.7
1.1.2. Debt securities	-22.5	-129.6	-557.2	220.8	91.9	81.1	-128.2	176.1	-450.3
1.2.1. Bonds	-17.7	-116.2	-569.8	205.7	89.1	75.2	-132.8	174.2	-347.2
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	-17.7	-116.2	-549.8	211.8	77.9	84.3	-121.7	171.2	-339.2
1.2.1.3. Other sectors	0.0	0.0	-20.0	-6.1	11.2	-9.2	-11.1	3.0	-8.0
1.2.2. Money market instruments	-4.8	-13.4	12.6	15.1	2.9	5.9	4.6	1.8	-103.0
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	-4.8	-13.4	18.5	7.8	7.7	-0.5	0.6	0.0	-102.4
1.2.2.3. Other sectors	0.0	0.0	-5.9	7.3	-4.9	6.3	4.0	1.8	-0.6
1.2. Liabilities	730.3	730.0	396.8	854.4	659.4	243.6	-54.9	6.3	268.5
2.1. Equity securities	-0.2	13.6	64.3	20.3	-3.7	19.6	6.9	-2.5	0.1
2.1.1. Banks	0.4	-4.1	38.6	-2.5	-2.4	0.1	0.0	-0.1	0.0
2.1.2. Other sectors	-0.6	17.7	25.7	22.8	-1.3	19.5	6.9	-2.3	0.1
2.2. Debt securities	730.5	716.4	332.5	834.0	663.1	224.0	-61.9	8.8	268.3
2.2.1. Bonds	736.1	698.6	359.9	794.8	663.1	212.3	-80.6	0.0	264.0
2.2.1.1. General government	736.1	698.6	245.8	592.7	460.9	212.3	-80.6	0.0	264.0
2.2.1.2. Banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.1.3. Other sectors	0.0	0.0	114.2	202.2	202.2	0.0	0.0	0.0	0.0
2.2.2. Money market instruments	-5.6	17.9	-27.4	39.2	0.0	11.7	18.7	8.8	4.4

^a Preliminary data. ^b Revised data.

dents. Monetary statistics represent a data source for the general government sector and banks sector. Data on balance and currency structure of foreign assets and liabilities, contained in monetary statistics, are used to assess transactions from which the exchange rate effect was eliminated. In the 1993-1998 period, data on other sectors' claims under this position were compiled on the basis of the CNB estimate of a portion of net foreign currency inflows of the household sector which is not classified under current transfers. Since 1999 this position has included only the data based on the Bank

for International Settlement quarterly data, while data in the fourth quarter of 2001 and in the first two quarters of 2002 relate to the effect of the EMU countries' currencies changeover to the euro.

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

Table H5: Balance of Payments – Other Investment

Million US dollars

	2000	2001	2002	2003 ^a	2003				2004
					Q1	Q2	Q3	Q4 ^a	
Other investment (net)	5.3	479.5	2,594.4	1,728.1	281.4	428.3	183.6	834.8	572.5
1. Assets	-966.0	360.4	358.8	-2,520.6	-268.6	-328.6	-806.7	-1,116.7	188.7
1.1. Trade credits	97.8	56.7	-91.5	-168.2	-84.1	-120.0	9.8	26.0	-64.7
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. Long-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.1.1.2. Short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.1.2. Other sectors	97.8	56.7	-91.5	-168.2	-84.1	-120.0	9.8	26.0	-64.7
1.1.2.1. Long-term	2.4	8.3	-14.6	-8.5	-6.4	2.7	5.6	-10.5	-2.2
1.1.2.2. Short-term	95.4	48.4	-77.0	-159.7	-77.7	-122.7	4.2	36.5	-62.5
1.2. Loans	-93.2	34.7	-55.1	-39.3	11.1	26.4	-42.8	-34.0	-8.7
1.2.1. General government	0.0	-3.2	0.6	-1.3	-0.6	-0.4	-0.3	0.0	0.4
1.2.1.1. Long-term	0.0	-3.2	0.6	-1.3	-0.6	-0.4	-0.3	0.0	0.4
1.2.1.2. Short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2.2. Banks	2.7	-9.2	-20.0	-2.3	-1.0	6.0	-2.1	-5.2	-11.1
1.2.2.1. Long-term	2.3	-3.0	-15.5	7.2	7.8	3.0	0.0	-3.6	-1.7
1.2.2.2. Short-term	0.4	-6.3	-4.5	-9.5	-8.9	2.9	-2.0	-1.6	-9.5
1.2.3. Other sectors	-96.0	47.1	-35.7	-35.6	12.8	20.8	-40.4	-28.8	2.1
1.2.3.1. Long-term	-96.0	47.1	-35.6	-35.6	12.8	20.8	-40.4	-28.8	2.1
1.2.3.2. Short-term	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0
1.3. Currency and deposits	-970.5	269.0	505.4	-2,313.2	-195.7	-235.1	-773.7	-1,108.7	262.0
1.3.2. General government	-25.8	-16.1	-31.1	27.6	69.3	-15.6	68.7	-94.7	-106.4
1.3.3. Banks	-901.8	-1,602.0	1,343.9	-2,308.8	-194.9	-259.4	-920.4	-934.1	368.4
1.3.4. Other sectors	-43.0	1,887.0	-807.4	-32.0	-70.0	40.0	78.0	-80.0	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	971.2	119.1	2,235.6	4,248.7	550.0	756.9	990.3	1,951.5	383.9
2.1. Trade credits	276.9	72.7	474.0	-256.6	-103.7	-17.9	-153.3	18.4	28.5
2.1.1. General government	-3.2	1.1	0.1	1.7	0.0	0.9	0.3	0.6	-0.2
2.1.1.1. Long-term	-0.5	1.1	0.1	1.7	0.0	0.9	0.3	0.6	-0.2
2.1.1.2. Short-term	-2.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.1.2. Other sectors	280.1	71.6	474.0	-258.3	-103.7	-18.8	-153.6	17.8	28.7
2.1.2.1. Long-term	-12.7	-14.9	-8.4	-63.7	-8.4	-12.2	-20.1	-23.0	-15.7
2.1.2.2. Short-term	292.8	86.5	482.3	-194.6	-95.3	-6.6	-133.5	40.8	44.4
2.2. Loans	799.3	-154.2	602.9	3,151.0	553.4	283.5	1,172.4	1,141.7	257.4
2.2.1. Croatian National Bank	-10.2	-5.2	-185.7	374.5	129.7	-42.7	257.1	30.5	-287.8
2.2.1.1. o/w: IMF	-28.7	-30.8	-129.6	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	-28.7	-30.8	-129.6	0.0	0.0	0.0	0.0	0.0	0.0
2.2.1.2. Short-term	18.5	25.6	-56.1	374.5	129.7	-42.7	257.1	30.5	-287.8
2.2.2. General government	300.8	-189.8	390.1	571.2	-17.3	27.2	142.4	419.0	48.6
2.2.2.1. Long-term	13.9	170.2	390.1	571.2	-17.3	27.2	142.4	419.0	48.6
2.2.2.1.1. Drawings	264.6	325.3	547.3	798.9	35.6	98.3	200.2	464.9	157.0
2.2.2.1.2. Repayments	-250.6	-155.1	-157.2	-227.7	-52.9	-71.1	-57.8	-45.9	-108.4
2.2.2.2. Short-term	286.9	-360.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.3. Banks	101.5	127.6	65.6	1,125.1	268.4	124.5	344.0	388.2	295.4
2.2.3.1. Long-term	107.9	133.1	65.4	1,031.8	236.0	110.5	334.7	350.6	292.7
2.2.3.1.1. Drawings	652.6	750.0	610.6	1,822.2	440.5	409.6	563.9	408.2	512.7
2.2.3.1.2. Repayments	-544.7	-616.9	-545.2	-790.4	-204.5	-299.1	-229.2	-57.7	-220.0
2.2.3.2. Short-term	-6.4	-5.5	0.2	93.3	32.3	14.0	9.3	37.7	2.7
2.2.4. Other sectors	407.2	-86.8	332.7	1,080.2	172.7	174.5	429.0	304.0	201.3
2.2.4.1. Long-term	466.5	-38.7	252.8	958.1	150.4	126.3	415.1	266.3	172.3
2.2.4.1.1. Drawings	971.1	690.1	1,107.0	2,014.8	408.8	371.6	733.4	501.2	478.9
2.2.4.1.2. Repayments	-504.6	-728.8	-854.1	-1,056.8	-258.4	-245.3	-318.2	-234.9	-306.6
2.2.4.2. Short-term	-59.3	-48.1	79.9	122.1	22.3	48.3	13.8	37.7	29.0
2.3. Currency and deposits	-104.9	200.7	1,159.6	1,355.1	100.5	491.5	-28.7	791.8	99.6
2.3.1. Banks	-104.9	200.7	1,159.6	1,355.1	100.5	491.5	-28.7	791.8	99.6
2.4. Other liabilities	0.0	-0.1	-0.9	-0.8	-0.2	-0.2	-0.1	-0.4	-1.7

^a Preliminary data. ^b Revised data.

Note: From 1999 on, item "Other investment – Liabilities" includes CNB repo transactions.

Table H6: Balance of Payments – Summary

Million kuna

	2000 ^b	2001 ^b	2002 ^b	2003 ^b	2003				2004
					Q1 ^b	Q2 ^b	Q3 ^b	Q4 ^b	Q1 ^a
A. CURRENT ACCOUNT (1+6)	-3,905.6	-6,058.9	-15,541.4	-13,550.8	-7,671.2	-9,499.7	13,219.4	-9,599.3	-8,874.1
1. Goods, services, and income (2+5)	-11,229.1	-14,114.4	-24,204.4	-23,167.0	-10,033.5	-12,039.2	10,832.0	-11,926.3	-10,988.2
1.1. Credit	74,694.1	83,974.5	85,406.7	102,974.3	17,300.4	23,279.9	41,821.1	20,572.9	18,213.6
1.2. Debit	-85,923.2	-98,088.9	-109,611.1	-126,141.3	-27,333.9	-35,319.1	-30,989.1	-32,499.2	-29,201.8
2. Goods and services (3+4)	-7,894.9	-10,016.4	-20,110.7	-14,965.8	-8,332.2	-6,751.8	11,455.6	-11,337.4	-9,347.6
2.1. Credit	71,797.8	80,245.1	82,068.8	99,825.5	16,444.7	22,523.9	41,114.7	19,742.2	17,299.5
2.2. Debit	-79,692.7	-90,261.5	-102,179.5	-114,791.4	-24,776.9	-29,275.8	-29,659.1	-31,079.6	-26,647.2
3. Goods	-26,686.7	-34,327.9	-44,138.0	-52,868.1	-10,249.3	-14,184.2	-14,133.7	-14,300.9	-10,776.7
3.1. Credit	37,910.1	39,690.9	39,196.2	42,021.4	10,504.7	10,258.2	9,997.1	11,261.4	11,214.5
3.2. Debit	-64,596.7	-74,018.8	-83,334.2	-94,889.5	-20,754.0	-24,442.4	-24,130.7	-25,562.3	-21,991.2
4. Services	18,791.7	24,311.5	24,027.3	37,902.2	1,917.1	7,432.3	25,589.3	2,963.5	1,429.0
4.1. Credit	33,887.7	40,554.2	42,872.6	57,804.2	5,940.0	12,265.7	31,117.6	8,480.8	6,085.0
4.2. Debit	-15,096.0	-16,242.7	-18,845.3	-19,901.9	-4,022.9	-4,833.4	-5,528.4	-5,517.3	-4,656.0
5. Income	-3,334.1	-4,098.0	-4,093.7	-8,201.1	-1,701.3	-5,287.4	-623.5	-588.9	-1,640.5
5.1. Credit	2,896.3	3,729.4	3,338.0	3,148.7	855.6	755.9	706.4	830.7	914.1
5.2. Debit	-6,230.4	-7,827.4	-7,431.7	-11,349.9	-2,557.0	-6,043.3	-1,330.0	-1,419.6	-2,554.6
6. Current transfers	7,323.5	8,055.5	8,663.0	9,616.1	2,362.3	2,539.6	2,387.3	2,326.9	2,114.1
6.1. Credit	9,131.4	9,795.4	10,628.9	11,544.5	2,780.3	2,988.2	2,864.6	2,911.5	2,781.9
6.2. Debit	-1,807.9	-1,740.0	-1,965.9	-1,928.4	-418.0	-448.6	-477.3	-584.6	-667.8
B. CAPITAL AND FINANCIAL ACCOUNT	10,269.0	10,433.0	21,490.3	22,312.0	8,136.8	7,857.7	-1,159.7	7,477.2	7,009.6
B1. Capital account	172.1	1,140.1	3,695.5	545.0	45.8	402.5	30.7	66.0	51.5
B2. Financial account, excl. reserves	14,906.7	20,328.0	23,367.0	31,051.6	9,300.6	9,459.1	686.1	11,605.9	3,807.1
1. Direct investment	8,760.9	11,693.8	4,501.7	12,376.8	2,088.8	4,237.8	865.0	5,185.3	1,459.2
1.1. Abroad	-32.9	-1,279.6	-4,375.9	-532.0	-160.8	-142.0	-2.1	-227.1	-49.6
1.2. In Croatia	8,793.8	12,973.4	8,877.7	12,908.8	2,249.6	4,379.8	867.0	5,412.3	1,508.8
2. Portfolio investment	5,658.5	4,975.0	-1,638.2	6,959.2	5,239.2	2,085.1	-1,401.2	1,036.1	-1,132.4
2.1. Assets	-189.8	-1,081.7	-4,839.8	1,008.3	576.6	470.6	-1,034.6	995.6	-2,767.1
2.2. Liabilities	5,848.2	6,056.7	3,201.6	5,951.0	4,662.6	1,614.5	-366.6	40.5	1,634.7
3. Other investment	487.3	3,659.2	20,503.5	11,715.6	1,972.7	3,136.1	1,222.3	5,384.5	3,480.3
3.1. Assets	-7,942.6	2,569.6	3,273.3	-16,317.4	-1,918.6	-1,979.3	-5,378.5	-7,041.0	1,146.2
3.2. Liabilities	8,429.9	1,089.5	17,230.2	28,033.0	3,891.3	5,115.4	6,600.8	12,425.5	2,334.1
B3. Reserve assets (CNB)	-4,809.8	-11,035.1	-5,572.2	-9,284.6	-1,209.6	-2,003.9	-1,876.5	-4,194.6	3,150.9
C. NET ERRORS AND OMISSIONS	-6,363.4	-4,374.1	-5,948.8	-8,761.2	-465.6	1,641.9	-12,059.7	2,122.1	1,864.5

^a Preliminary data. ^b Revised data.

Note: From 1999 on, item "Other investment – Liabilities" includes CNB repo transactions.

Table H7: International Reserves and Banks' Foreign Exchange Reserves

End of period, million US dollars

Year	Month	International reserves of the Croatian National Bank							Banks' foreign exchange reserves ^a
		Total	Special drawing rights	Reserve position in the Fund	Gold	Foreign exchange			
						Total	Currency and deposits	Bonds and notes	
1994	December	1,405.0	4.5	–	–	1,400.5	1,400.5	–	878.7
1995	December	1,895.2	139.8	–	–	1,755.4	1,651.0	104.3	1,330.3
1996	December	2,314.0	125.6	–	–	2,188.4	2,016.6	171.8	1,919.5
1997	December	2,539.1	147.1	0.1	–	2,391.9	2,011.7	380.2	2,291.3
1998	December	2,815.7	231.2	0.2	–	2,584.4	1,927.0	657.4	1,885.2
1999	December	3,025.0	189.5	0.2	–	2,835.3	2,459.8	375.5	1,350.2
2000	December	3,524.8	147.7	0.2	–	3,376.9	2,574.3	802.6	2,152.9
2001	December	4,704.2	108.4	0.2	–	4,595.6	3,060.3	1,535.3	3,577.4
2002	December	5,885.8	2.4	0.2	–	5,883.2	3,945.0	1,938.2	2,688.7
2003	March	6,207.8	1.4	0.2	–	6,206.2	3,524.0	2,682.1	2,913.1
	April	6,524.1	1.4	0.2	–	6,522.4	2,898.9	3,623.5	2,601.4
	May	7,003.5	1.2	0.2	–	7,002.0	3,034.4	3,967.6	3,149.0
	June	6,772.2	1.3	0.2	–	6,770.7	3,011.0	3,759.7	3,232.3
	July	6,663.5	1.3	0.2	–	6,662.0	2,839.8	3,822.2	3,569.7
	August	6,624.1	1.0	0.2	–	6,622.8	2,986.4	3,636.4	3,404.9
	September	7,058.5	1.0	0.2	–	7,057.2	3,227.4	3,829.8	3,821.5
	October	7,237.0	1.0	0.2	–	7,235.7	3,332.4	3,903.4	3,810.8
	November	7,860.0	0.8	0.2	–	7,859.0	3,887.7	3,971.2	4,018.7
	December	8,191.3	0.8	0.3	–	8,190.2	4,181.8	4,008.4	4,908.1
2004	January	8,242.8	1.1	0.2	–	8,241.4	4,353.8	3,887.6	4,638.4
	February	8,237.1	0.8	0.3	–	8,236.0	4,170.5	4,065.5	4,381.4
	March	7,545.2	0.8	0.3	–	7,544.1	3,329.9	4,214.2	4,429.6
	April	7,632.5	1.4	0.2	–	7,630.8	3,495.5	4,135.3	4,298.6
	May ^b	7,830.9	1.2	0.3	–	7,829.5	3,429.8	4,399.6	4,637.9

^a Data starting from May 1999 have been revised. ^b Preliminary data.

Table H7: International Reserves and Banks' Foreign Exchange Reserves

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

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

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

Table H8: International Reserves and Foreign Currency Liquidity

Million US dollars

	2000	2001	2002	2003				2004			
	Dec.	Dec. ^b	Dec.	Mar.	Jun.	Sep.	Dec.	Jan.	Feb.	Mar.	Apr.
I. Official reserve assets and other f/c assets (approximate market value)											
A. Official reserve assets	3,432.3	4,704.2	5,885.8	6,207.8	6,772.2	7,058.5	8,191.3	8,242.8	8,237.1	7,545.2	7,632.5
(1) Foreign currency reserves (in convertible f/c)	2,567.4	3,420.3	4,423.1	4,909.2	6,121.6	6,220.8	7,174.0	6,830.0	6,805.5	6,689.3	6,794.4
(a) Securities	802.6	1,535.3	1,938.2	2,682.1	3,759.7	3,829.8	4,008.4	3,887.6	4,065.5	4,214.2	4,135.3
o/w: Issuer headquartered in reporting country but located abroad											
(b) Total currency and deposits with:	1,764.8	1,885.0	2,484.9	2,227.0	2,361.9	2,391.0	3,165.6	2,942.4	2,740.0	2,475.1	2,659.1
(i) other national central banks, BIS and IMF	545.7	406.9	338.6	335.5	401.6	325.5	338.8	291.9	282.1	280.1	275.6
(ii) banks headquartered in the reporting country											
o/w: Located abroad											
(iii) banks headquartered outside the reporting country	1,219.1	1,478.1	2,146.3	1,891.5	1,960.3	2,065.5	2,826.8	2,650.5	2,457.8	2,195.0	2,383.5
o/w: Located in the reporting country											
(2) IMF reserve position	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.2	0.3	0.3	0.2
(3) SDRs	147.7	108.4	2.4	1.4	1.3	1.0	0.8	1.1	0.8	0.8	1.4
(4) gold											
(5) other reserve assets	717.0	1,175.3	1,460.1	1,297.0	649.1	836.4	1,016.2	1,411.4	1,430.5	854.8	836.4
– reverse repo	717.0	1,175.3	1,460.1	1,297.0	649.1	836.4	1,016.2	1,411.4	1,430.5	854.8	836.4
B. Other foreign currency assets (specify)	92.5										
– time deposits	92.5										
C. Total (A+B)	3,524.8	4,704.2	5,885.8	6,207.8	6,772.2	7,058.5	8,191.3	8,242.8	8,237.1	7,545.2	7,632.5
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)	-1,210.8	-1,191.4	-771.6	-846.3	-884.6	-1,448.7	-1,922.2	-1,642.1	-1,202.5	-1,650.7	-1,634.6
(a) Croatian National Bank	-265.0	-391.1	-174.4	-199.2	-241.4	-625.9	-808.5	-530.2	-142.8	-1.7	-1.4
Up to 1 month											
Principal	-107.6	-172.9	-142.6	-150.6	-184.3	-477.1	-444.8	-386.2	-141.0	0.0	0.0
Interest	-4.3	-2.8	-2.3	-2.0	-1.9	-2.2	-2.4	-2.5	-1.8	-1.7	-1.4
More than 1 and up to 3 months											
Principal	-116.5	-179.6	-27.6	-46.4	-55.0	-146.3	-360.4	-141.0	0.0	0.0	0.0
Interest	-2.8	-1.9	-0.1	-0.2	-0.2	-0.3	-0.9	-0.4	0.0	0.0	0.0
More than 3 months and up to 1 year											
Principal	-29.0	-30.4	-1.7	0.0							
Interest	-4.7	-3.4	-0.1	0.0							
(b) Central government (excl. central government funds)	-945.8	-800.3	-597.3	-647.1	-643.2	-822.9	-1,113.7	-1,111.9	-1,059.7	-1,649.1	-1,633.2
Up to 1 month											
Principal	-89.3	-89.7	-102.1	-3.1	-104.5	-3.5	-107.4	-3.0	-8.5	-3.9	-3.1
Interest	-69.0	-49.0	-44.6	-3.2	-53.6	-3.4	-43.0	-72.4	-136.2	-3.0	-1.1
More than 1 and up to 3 months											
Principal	-93.8	-310.1	-9.0	-55.0	-8.3	-31.9	-11.6	-12.5	-7.2	-34.2	-313.6
Interest	-77.1	-110.9	-154.3	-20.2	-7.3	-22.8	-210.4	-139.9	-4.6	-20.8	-50.4
More than 3 months and up to 1 year											
Principal	-497.1	-150.6	-183.5	-261.0	-186.6	-441.6	-618.9	-726.9	-704.0	-1,299.0	-983.2
Interest	-119.6	-90.0	-103.8	-304.7	-282.9	-319.6	-122.4	-157.2	-199.2	-288.2	-281.8
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	-40.7	-66.3	-22.4	-153.8	-129.6	-391.3	-454.3	-947.6	-712.6	-156.6	0.0
– outflows related to repos (-)	-40.7	-66.3	-22.4	-153.8	-129.6	-391.3	-454.3	-947.6	-712.6	-156.6	0.0
Up to 1 month											
Principal	-40.6	-66.3	-22.4	-153.6	-129.5	-391.1	-453.8	-946.6	-711.7	-156.6	0.0
Interest	-0.1	-0.1	0.0	-0.2	0.0	-0.3	-0.5	-1.0	-0.8	0.0	0.0
More than 1 and up to 3 months											
Principal											
Interest											
More than 3 months and up to 1 year											
Principal											
Interest											
4. Total predetermined short-term net drains on foreign currency assets (1+2+3)	-1,251.5	-1,257.7	-794.1	-1,000.1	-1,014.2	-1,840.1	-2,376.5	-2,589.7	-1,915.1	-1,807.3	-1,634.6
III. Contingent short-term net drains on f/c assets (nominal value)											
1. Contingent liabilities in foreign currency	-969.3	-960.3	-1,698.7	-1,424.9	-1,594.3	-1,437.5	-1,625.2	-1,671.4	-2,209.4	-2,137.4	-2,110.3
(a) Collateral guarantees on debt falling due within 1 year	-296.0	-278.6	-714.4	-370.5	-381.0	-406.9	-533.4	-551.7	-547.5	-490.3	-475.4
– Croatian National Bank											
– Central government (excl. central government funds)	-296.0	-278.6	-714.4	-370.5	-381.0	-406.9	-533.4	-551.7	-547.5	-490.3	-475.4
Up to 1 month	-48.4	-43.6	-54.5	-10.9	-59.8	-9.5	-69.7	-48.3	-70.8	-29.0	-6.3

More than 1 and up to 3 months	-11.4	-21.8	-36.7	-38.0	-39.8	-44.4	-118.6	-101.4	-37.0	-52.2	-117.6
More than 3 months and up to 1 year	-236.2	-213.2	-623.2	-321.6	-281.4	-352.9	-345.0	-402.0	-439.8	-409.2	-351.5
(b) Other contingent liabilities	-673.2	-681.7	-984.3	-1,054.4	-1,213.3	-1,030.7	-1,091.8	-1,119.7	-1,661.9	-1,647.1	-1,634.9
– Croatian National Bank	-673.2	-681.7	-984.3	-1,054.4	-1,213.3	-1,030.7	-1,091.8	-1,119.7	-1,661.9	-1,647.1	-1,634.9
Up to 1 month											
More than 1 and up to 3 months	-673.2	-681.7	-984.3	-1,054.4	-1,213.3	-1,030.7	-1,091.8	-1,119.7	-1,661.9	-1,647.1	-1,634.9
More than 3 months and up to 1 year											
– Central government (excl. central government funds)											
2. F/c sec. issued with embedded options (puttable bonds)											
3. Undrawn, unconditional credit lines provided by	80.0	150.7									
– BIS (+)	80.0										
– IMF (+)		150.7									
4. Aggregate short and long positions of options in foreign currencies vis-a-vis the domestic currency											
5. Total contingent short-term net drains on f/c assets (1+2+3+4)	-889.3	-809.7	-1,698.7	-1,424.9	-1,594.3	-1,437.5	-1,625.2	-1,671.4	-2,209.4	-2,137.4	-2,110.3
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	-40.0	-61.7	-20.8	-140.5	-122.8	-374.1	-438.7	-910.6	-691.2	-148.8	0.0
– 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	685.6	1,089.3	1,385.5	1,231.3	578.3	799.3	981.2	1,351.0	1,338.5	780.1	792.5
(e) financial derivative assets (net, marked to market)											
(f) currency composition of official reserves assets ^a											
– currencies in SDR basket	3,524.8	4,704.2	5,885.8	6,207.8	6,772.2	7,058.5	8,191.3	8,242.8	8,237.1	7,545.2	7,632.5
– currencies not in SDR basket	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
– by individual currencies											
USD	922.5	1,533.2	1,667.2	1,870.9	2,135.4	2,049.1	2,421.7	2,644.6	2,472.2	2,304.7	2,285.3
EUR	2,453.9	3,062.0	4,215.9	4,335.2	4,427.7	5,008.1	5,768.6	5,596.8	5,763.8	5,239.4	5,345.5
Other	148.4	109.0	2.7	1.7	209.2	1.3	1.1	1.4	1.1	1.1	1.7

^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 agreements

with foreign negotiable debt securities.

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

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

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

Year	Month	HRK/EUR	HRK/ATS	HRK/FRF	HRK/100 ITL	HRK/CHF	HRK/GBP	HRK/USD	HRK/DEM
1994		7.087400	0.524804	1.079560	0.371475	4.381763	9.166192	5.995300	3.692018
1995		6.757758	0.518734	1.047969	0.321342	4.425311	8.252950	5.229967	3.649342
1996		6.804708	0.513722	1.062735	0.352150	4.404976	8.479850	5.433800	3.614536
1997		6.959708	0.505322	1.056355	0.361942	4.246962	10.081567	6.157050	3.555932
1998		7.136608	0.514421	1.079581	0.366683	4.395149	10.539883	6.362292	3.619321
1999		7.579622	0.550834	1.155501	0.391455	4.738375	11.504100	7.112441	3.875409
2000		7.634973	0.554855	1.163944	0.394313	4.901679	12.529639	8.276819	3.903700
2001		7.468966	0.542791	1.138637	0.385740	4.946376	12.010492	8.339074	3.818822
2002		7.406773				5.050089	11.788895	7.863712	
2003		7.563414				4.977823	10.945665	6.701390	
2003	March	7.662875				5.218167	11.233061	7.098993	
	April	7.553503				5.052297	10.967309	6.965821	
	May	7.542339				4.981129	10.611795	6.548923	
	June	7.535980				4.892906	10.710707	6.443352	
	July	7.497616				4.846985	10.726292	6.590582	
	August	7.514508				4.877767	10.754869	6.736661	
	September	7.498390				4.845884	10.782269	6.701337	
	October	7.591783				4.906285	10.874359	6.486725	
	November	7.610261				4.885643	10.991890	6.502923	
	December	7.670232				4.933835	10.933628	6.253412	
2004	January	7.690466				4.913582	11.080823	6.093513	
	February	7.650180				4.864021	11.296065	6.059802	
	March	7.500547				4.786610	11.163558	6.113773	
	April	7.505864				4.827528	11.296071	6.240743	
	May	7.426838				4.819473	11.052733	6.185583	

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

Year	Month	HRK/EUR	HRK/ATS	HRK/FRF	HRK/100 ITL	HRK/CHF	HRK/GBP	HRK/USD	HRK/DEM
1994		6.902400	0.516285	1.052510	0.346500	4.288893	8.784200	5.628700	3.632100
1995		6.812200	0.526742	1.085365	0.335800	4.618693	8.234500	5.316100	3.705900
1996		6.863600	0.506253	1.055662	0.362600	4.098835	9.359000	5.539600	3.562200
1997		6.947200	0.499445	1.050510	0.357700	4.332003	10.475600	6.303100	3.511000
1998		7.329100	0.531546	1.114954	0.377700	4.567584	10.451000	6.247500	3.739700
1999		7.679009	0.558055	1.170657	0.396588	4.784268	12.340257	7.647654	3.926215
2000		7.598334	0.552192	1.158359	0.392421	4.989712	12.176817	8.155344	3.884966
2001		7.370030	0.535601	1.123554	0.380630	4.977396	12.101856	8.356043	3.768237
2002		7.442292				5.120256	11.451442	7.145744	
2003		7.646909				4.901551	10.860544	6.118506	
2003	March	7.692318				5.210186	11.196969	7.164976	
	April	7.567308				5.021772	10.965524	6.889392	
	May	7.546434				4.937150	10.514747	6.368836	
	June	7.508844				4.856007	10.879229	6.574019	
	July	7.541513				4.870205	10.704774	6.591079	
	August	7.457896				4.853189	10.816383	6.835209	
	September	7.571370				4.914878	10.936545	6.630502	
	October	7.593986				4.892087	11.055446	6.494472	
	November	7.655148				4.949662	11.006683	6.383013	
	December	7.646909				4.901551	10.860544	6.118506	
2004	January	7.670249				4.910845	11.203986	6.188180	
	February	7.607293				4.818707	11.357559	6.138379	
	March	7.395440				4.740667	11.044564	6.055879	
	April	7.533576				4.872317	11.249180	6.365506	
	May	7.369765				4.817155	11.037539	6.016626	

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

Indices 1995=100

Year	Month	Nominal effective exchange rate of the kuna	Real effective exchange rate of the kuna; deflator	
			Indices of producers' prices	Retail price index
1997	December	87.73	93.01	98.79
1998	December	91.08	95.99	98.12
1999	December	99.23	102.76	104.29
2000	December	101.51	99.96	102.02
2001	December	99.07	98.63	98.89
2002	December	95.97	95.63	96.24
2003	March	97.41	98.06	98.04
	April	95.88	96.17	96.71
	May	94.14	94.73	94.56
	June	93.66	94.30	94.47
	July	93.89	94.31	94.63
	August	94.59	94.72	95.61
	September	94.33	94.93	95.51
	October	94.33	94.98	95.43
	September	94.56	94.90	95.52
	December	94.09	94.46	94.62
2004	January	93.61	94.20	93.56
	February	93.13	94.28	93.48
	March	92.03	93.55 ^a	92.83 ^a
	April	92.61	93.90 ^a	93.50 ^a
	May	91.68		

^a Preliminary data.

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

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

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

lating the indices of the effective exchange rate of the kuna (1995 in the previous version of notes on methodology under Table H10). The index of the nominal effective exchange rate is an aggregate indicator of the average value of the domestic currency against a basket of currencies. An increase in the index of the nominal effective exchange rate of the kuna in a certain period indicates that the kuna has depreciated against the basket of currencies, and vice versa. The index of the real effective exchange rate is a weighted geometric average of the index of bilateral exchange rates of the kuna adjusted for the relevant relative price indices (the ratio of price indices in partner countries and domestic prices). Producer price and consumer price indices, and the total harmonized consumer price index for the eurozone countries are used as deflators. The time series for consumer prices in Croatia is constructed in the following manner: retail price indices are used until December 2000 inclusive, and consumer prices indices are used as of January 2001. 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: External Debt by Domestic Sectors

Million US dollars

	2000		2001		2002		2003				2004			
	Dec.	Dec.	Dec.	Dec. ^a	Mar. ^a	Jun. ^a	Sep. ^a	Dec. ^a	Jan. ^a	Feb. ^a	Mar. ^a	Apr.		
1. Direct investment	626.6	635.0	1,066.0	1,274.8	1,546.7	1,652.9	1,788.0	1,792.4	1,831.4	1,785.3	1,751.9			
2. Government	4,828.4	5,132.6	6,359.0	6,898.7	7,399.1	7,546.6	8,393.4	8,323.8	8,626.3	8,584.2	8,958.0			
2.1 Portfolio investment	3,141.2	3,677.1	4,357.1	4,882.3	5,286.2	5,289.1	5,646.5	5,552.8	5,845.8	5,825.3	6,245.0			
Bonds	3,141.2	3,677.1	4,357.1	4,882.3	5,286.2	5,289.1	5,646.5	5,552.8	5,845.8	5,825.3	6,245.0			
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			
2.2 Other investment	1,687.2	1,455.5	2,001.9	2,016.4	2,112.9	2,257.5	2,746.9	2,771.0	2,780.6	2,758.9	2,712.9			
2.2.1 Trade credits	0.1	1.1	1.1	1.1	2.0	2.3	3.1	2.9	2.9	2.8	2.8			
Long-term	0.1	1.1	1.1	1.1	2.0	2.3	3.1	2.9	2.9	2.8	2.8			
Short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
2.2.2 Credits	1,687.1	1,454.4	2,000.8	2,015.4	2,111.0	2,255.2	2,743.8	2,768.1	2,777.6	2,756.1	2,710.2			
Long-term	1,327.1	1,454.4	2,000.8	2,015.4	2,111.0	2,255.2	2,743.8	2,768.1	2,777.6	2,756.1	2,710.2			
Short-term	360.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
3. Croatian National Bank	158.7	122.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
o/w: IMF	158.7	122.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
4. Banks	2,086.5	2,299.4	4,032.5	4,513.6	5,381.4	5,695.1	7,400.8	7,130.4	7,351.4	7,657.0	7,587.2			
4.1. Portfolio investment	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			
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			
4.2 Other investment	2,086.5	2,299.4	4,032.5	4,513.6	5,381.4	5,695.1	7,400.8	7,130.4	7,351.4	7,657.0	7,587.2			
4.2.1 Currency and deposits	432.8	633.5	1,975.7	2,130.0	2,737.0	2,707.8	3,745.0	3,455.9	3,560.0	3,771.5	3,740.4			
4.2.2 Credits	1,653.7	1,665.9	2,056.8	2,383.6	2,644.4	2,987.3	3,655.8	3,674.5	3,791.4	3,885.5	3,846.8			
Long-term	1,640.0	1,657.7	2,050.2	2,344.2	2,590.8	2,924.5	3,544.7	3,564.3	3,680.5	3,774.2	3,821.6			
Short-term	13.7	8.2	6.7	39.4	53.6	62.8	111.0	110.2	110.9	111.3	25.1			
5. Other sectors	3,354.6	3,127.5	3,968.4	4,434.3	4,822.1	5,216.0	5,888.1	5,880.8	5,951.7	5,967.7	5,883.1			
5.1 Portfolio investment	38.4	54.8	167.7	374.7	409.9	428.8	478.0	509.9	509.8	470.8	426.9			
Bonds	28.9	27.3	167.7	374.7	398.6	398.5	436.2	432.6	432.5	426.2	413.0			
Money market instruments	9.5	27.4	0.0	0.0	11.3	30.3	41.8	77.3	77.3	44.6	13.8			
5.2 Other investment	3,316.3	3,072.8	3,800.8	4,059.6	4,412.2	4,787.2	5,410.1	5,370.9	5,441.9	5,496.9	5,456.2			
5.2.1 Trade credits	334.0	293.7	315.7	311.5	292.7	274.6	258.5	255.5	248.1	247.0	239.4			
Long-term	269.5	239.9	264.7	262.3	262.6	242.4	233.7	226.6	223.5	214.0	197.9			
Short-term	64.4	53.8	51.0	49.2	30.0	32.2	24.7	28.9	24.6	33.0	41.5			
5.2.2 Credits	2,982.3	2,779.1	3,485.1	3,748.1	4,119.5	4,512.6	5,151.6	5,115.3	5,193.8	5,249.9	5,216.8			
Long-term	2,838.0	2,691.6	3,410.2	3,649.0	3,966.1	4,345.6	4,939.8	4,907.6	4,965.7	5,013.8	4,977.0			
Short-term	144.3	87.5	74.9	99.2	153.4	167.1	211.8	207.7	228.0	236.1	239.8			
Total (1+2+3+4+5)	11,054.8	11,316.6	15,426.0	17,121.4	19,149.3	20,110.6	23,470.2	23,127.3	23,760.9	23,994.2	24,180.2			

^a Revised data.

Table H12: External Debt by Domestic Sectors

According to a new methodology in force starting in March 2000, external debt is defined as the total of liabilities of residents, including: deposits of foreign legal and natural persons (these deposits were not included under the old methodology), loans granted by foreigners with an original maturity longer than 150 days (up to 11 July 2001, this maturity was 90 days), loans for financial purposes, counted exceptionally regardless of their maturity, and bonds and money market instruments issued on foreign markets (at face value).

External debt by domestic sectors is shown in the same manner as in the Capital and Financial Account of the BOP: Direct investment includes borrower – lender transactions of other sectors that are interrelated by ownership (borrower or lender owns more than 10 percent of the other). Item Government shows external debt of the broadly defined government sector, which includes the central government, central government funds (including the Croatian Bank for Reconstruction and Development and, from 31 December 2003 on,

the Croatian Highways, the Croatian Roads and the State Agency for Deposit Insurance and Bank Rehabilitation), as well as local government

Item Croatian National Bank shows the central bank debts. Item Banks shows debts of banks and saving banks. Item Other sectors consists of non-banking financial institutions (other than banks and savings banks), enterprises and households.

Each sector is further divided into Portfolio and other investment. Portfolio investment includes bonds and money market instruments. Other investment includes Currency and deposits (foreign deposits) and Credits. Credits are divided into Trade credits (sale of goods for delayed payment) and Credits (all other credit obligations).

Outstanding external debt is expressed in millions of US dollars according to the CNB's midpoint exchange rate at the end of the period.

The debt balance includes so-called non-reported principal payments (they should have been paid but are not statistically reported as paid) and future principal payments.

Table H13: External Debt by Creditors

Million US dollars

	2000	2001	2002 ^a	2003				2004			
	Dec.	Dec.	Dec.	Mar. ^a	Jun. ^a	Sep. ^a	Dec. ^a	Jan. ^a	Feb. ^a	Mar. ^a	Apr.
1. Portfolio investment	3,179.6	3,731.8	4,524.8	5,257.0	5,696.1	5,717.9	6,124.5	6,062.7	6,355.6	6,296.1	6,671.9
Bonds	3,170.1	3,704.4	4,524.8	5,257.0	5,684.8	5,687.6	6,082.7	5,985.4	6,278.3	6,251.5	6,658.1
o/w: London Club	1,255.4	1,106.0	956.7	876.1	876.1	795.5	795.5	714.9	714.9	714.9	714.9
Money market instruments	9.5	27.4	0.0	0.0	11.3	30.3	41.8	77.3	77.3	44.6	13.8
2. Other investment	7,875.2	7,584.8	10,901.2	11,864.0	13,453.2	14,392.7	17,345.7	17,064.6	17,405.3	17,698.1	17,508.3
2.1. Currency and deposits	432.8	633.5	1,975.7	2,130.0	2,737.0	2,707.8	3,745.0	3,455.9	3,560.0	3,771.5	3,740.4
2.2. Long-term	6,781.7	6,769.0	8,744.6	9,414.0	10,263.8	11,194.6	13,129.3	13,127.9	13,338.0	13,392.1	13,305.2
2.2.1. Public creditors	2,269.1	2,230.4	2,606.4	2,688.1	2,806.4	2,855.7	3,324.5	3,278.7	3,317.3	3,267.6	3,227.7
a) International financial organizations	1,128.6	1,166.1	1,377.0	1,416.3	1,442.7	1,521.8	1,760.7	1,748.4	1,761.3	1,724.1	1,720.7
– IMF	158.7	122.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
– IBRD	417.7	468.8	611.0	620.1	632.8	643.5	773.1	765.5	774.3	777.0	766.2
– IFC	71.9	85.6	132.3	131.2	105.3	101.6	108.9	108.2	108.2	103.0	100.6
– EBRD	296.8	318.7	374.9	403.8	412.9	433.3	477.6	492.3	491.0	463.5	484.4
– EUROFIMA	85.6	82.7	109.4	111.6	115.1	115.4	125.2	109.0	108.3	107.5	104.8
– EIB	74.0	52.2	84.8	83.4	103.8	136.7	158.4	156.8	163.0	158.0	153.1
– CEB	24.0	36.0	64.5	66.2	72.7	91.4	117.5	116.6	116.6	115.0	111.7
b) Governments and government agencies	1,140.5	1,064.3	1,229.5	1,271.8	1,363.7	1,333.9	1,563.8	1,530.4	1,556.0	1,543.5	1,507.0
– Paris Club	687.5	622.4	629.5	612.1	628.9	602.2	632.0	597.9	597.7	593.7	582.5
– Other	453.0	441.9	599.9	659.7	734.8	731.7	931.8	932.5	958.3	949.8	924.6
2.2.2. Private creditors	4,512.6	4,538.6	6,138.2	6,725.8	7,457.4	8,338.9	9,804.8	9,849.2	10,020.7	10,124.5	10,077.5
a) Banks	3,397.6	3,477.9	4,679.8	5,217.2	5,810.3	6,638.4	7,931.8	7,983.7	8,141.2	8,176.2	8,167.4
o/w: guaranteed by government agencies	634.6	733.9	686.5	611.9	601.8	583.3	630.3	617.7	616.2	608.5	592.0
b) Other sectors	1,115.0	1,060.6	1,458.3	1,508.6	1,647.1	1,700.5	1,872.9	1,865.5	1,879.5	1,948.3	1,910.1
o/w: guaranteed by government agencies	13.8	9.8	5.9	5.4	5.5	4.3	3.9	3.9	3.8	2.9	2.8
2.3. Short-term	660.8	182.3	180.9	320.1	452.4	490.3	471.5	480.8	507.2	534.5	462.6
2.3.1. Public creditors	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.6
2.3.2. Private creditors	660.8	182.3	180.9	320.1	452.4	490.3	471.5	480.8	507.2	534.5	457.0
a) Banks	486.5	62.5	44.2	85.2	146.1	176.8	261.4	252.3	270.0	278.4	195.7
o/w: Guaranteed by government agencies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
b) Other sectors	174.3	119.9	136.7	235.3	306.2	313.5	210.0	228.5	237.2	256.1	261.4
o/w: Guaranteed by government agencies	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)	11,054.8	11,316.6	15,426.0	17,121.0	19,149.3	20,110.6	23,470.2	23,127.3	23,760.9	23,994.2	24,180.2

^a Revised data.**Table H13: External Debt by Creditors**

The Table shows outstanding external debt by foreign creditors valued in the same way as in Table H12.

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

Million US dollars

	Outstanding debt 30/4/2004	Nonreported principal payments	Projected future principal payments											
			Q2/04	Q3/04	Q4/04	2004	2005	2006	2007	2008	2009	2010	2011	Other
1. Direct investment	1,751.9	143.9	54.5	50.2	184.1	288.8	175.1	364.6	258.3	213.6	51.0	60.6	25.8	170.4
2. Government	8,958.0	3.2	38.8	326.9	347.9	713.6	1,012.1	1,023.7	772.3	640.1	1,191.7	897.3	1,608.5	1,095.4
2.1. Portfolio investment	6,245.0	0.0	0.0	262.1	226.0	488.1	753.0	742.2	439.5	327.6	919.4	693.4	1,266.3	615.4
Bonds	6,245.0	0.0	0.0	262.1	226.0	488.1	753.0	742.2	439.5	327.6	919.4	693.4	1,266.3	615.4
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
2.2. Other investment	2,712.9	3.2	38.8	64.8	122.0	225.5	259.2	281.4	332.8	312.4	272.3	203.9	342.2	480.0
2.2.1. Trade credits	2.8	0.1	0.3	0.3	0.3	0.8	0.5	0.5	0.5	0.3	0.0	0.0	0.0	0.0
Long-term	2.8	0.1	0.3	0.3	0.3	0.8	0.5	0.5	0.5	0.3	0.0	0.0	0.0	0.0
Short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.2. Credits	2,710.2	3.1	38.5	64.5	121.7	224.7	258.7	280.9	332.2	312.2	272.3	203.9	342.2	480.0
Long-term	2,710.2	3.1	38.5	64.5	121.7	224.7	258.7	280.9	332.2	312.2	272.3	203.9	342.2	480.0
Short-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
3. Croatian National Bank	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
o/w: IMF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4. Banks	7,587.2	67.6	66.0	119.1	58.9	244.1	870.8	1,134.6	327.7	383.0	301.8	171.9	123.0	3,962.7
4.1. Portfolio investment	0.0	0.0	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
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
4.2. Other investment	7,587.2	67.6	66.0	119.1	58.9	244.1	870.8	1,134.6	327.7	383.0	301.8	171.9	123.0	3,962.7
4.2.1. Currency and deposits	3,740.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3,740.4
4.2.2. Credits	3,846.8	67.6	66.0	119.1	58.9	244.1	870.8	1,134.6	327.7	383.0	301.8	171.9	123.0	222.3
Long-term	3,821.6	60.9	64.6	102.3	58.9	225.7	870.8	1,134.6	327.7	383.0	301.8	171.9	123.0	222.3
Short-term	25.1	6.7	1.5	16.9	0.0	18.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5. Other sectors	5,883.1	457.3	223.7	306.2	353.3	883.3	932.8	783.6	784.8	552.1	366.3	200.7	189.2	733.0
5.1. Portfolio investment	426.9	0.0	5.8	44.7	0.0	50.5	0.0	0.0	153.9	7.8	7.8	8.9	8.9	189.1
Bonds	413.0	0.0	0.0	36.7	0.0	36.7	0.0	0.0	153.9	7.8	7.8	8.9	8.9	189.1
Money market instruments	13.8	0.0	5.8	8.0	0.0	13.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5.2. Other investment	5,456.2	457.3	217.9	261.5	353.3	832.7	932.8	783.6	630.9	544.3	358.5	191.8	180.3	543.9
5.2.1. Trade credits	239.4	63.0	19.6	19.1	59.0	97.8	45.8	18.6	8.9	3.8	0.8	0.5	0.2	0.0
Long-term	197.9	63.0	19.6	19.1	17.6	56.3	45.8	18.6	8.9	3.8	0.8	0.5	0.2	0.0
Short-term	41.5	0.0	0.0	0.0	41.5	41.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5.2.2. Credits	5,216.8	394.3	198.3	242.4	294.3	735.0	887.0	764.9	622.1	540.4	357.7	191.4	180.1	543.9
Long-term	4,977.0	326.6	117.7	206.3	257.7	581.7	868.2	764.9	622.1	540.4	357.7	191.4	180.1	543.9
Short-term	239.8	67.7	80.5	36.1	36.6	153.3	18.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total (1+2+3+4+5)	24,180.2	672.0	383.0	802.5	944.2	2,129.7	2,990.9	3,306.5	2,143.1	1,788.7	1,910.8	1,330.5	1,946.5	5,961.5
Supplement: Projected interest payments		62.3	98.4	142.9	177.9	419.2	753.1	622.5	493.3	405.0	338.1	255.9	198.2	426.9
Note:														
Publicly guaranteed debt	3,031.7													
o/w: Banks and other sectors	1,280.3													

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

The Table shows outstanding external debt at the end of the period and the principal and interest payment projection. All data are shown at the midpoint exchange rate of the CNB at the end of period.

Projected interest payments do not include interest on deposits from non-residents and late interest. Payments are projected at the interest rates at the contracting time and do not reflect changes of variable interest rates.

The note points out the outstanding publicly guaranteed debt – total and the outstanding debt of the banking sector and other sectors covered by government guarantees. The difference is the amount of the government guarantees issued to the government sector (for example the Croatian Bank for Reconstruction and Development, Croatian Roads Administration, etc. included in a broad definition of the government sector).

Table H15: International Investment Position – Summary

Million US dollars

	2000	2001	2002	2003 ^b	2003				2004
					Q1 ^b	Q2 ^b	Q3 ^b	Q4 ^b	Q1 ^a
1. International investment position (net)	-5,743.5	-4,452.8	-8,867.5	-14,176.8	-9,840.7	-12,582.4	-11,993.2	-14,176.8	-16,530.8
2. Assets	8,353.9	11,083.4	12,245.9	17,907.6	12,531.6	14,179.4	14,653.9	17,907.6	16,126.5
2.1. Direct investment abroad	875.1	967.1	1,818.1	2,294.6	1,480.7	2,152.6	1,551.9	2,294.6	2,292.0
2.2. Portfolio investment	14.3	22.5	26.3	60.3	34.8	57.8	41.5	60.3	56.3
2.2.1. Equity securities	14.3	22.5	26.3	60.3	34.8	57.8	41.5	60.3	56.3
2.2.2. Debt securities	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
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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	3,942.3	5,389.6	4,515.7	7,361.5	4,808.2	5,197.0	6,002.2	7,361.5	6,233.1
2.4.1. Trade credits	186.3	181.8	188.6	226.1	195.7	199.6	211.5	226.1	222.9
2.4.2. Loans	154.7	107.3	134.1	140.1	140.7	138.5	125.9	140.1	157.6
2.4.3. Currency and deposits	3,601.2	5,100.5	4,193.1	6,995.3	4,471.9	4,858.9	5,664.9	6,995.3	5,852.6
2.4.4. Other assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.5. Reserve assets (CNB)	3,522.2	4,704.2	5,885.8	8,191.3	6,207.8	6,772.2	7,058.3	8,191.3	7,545.2
3. Liabilities	14,097.4	15,536.3	21,113.5	32,084.4	22,372.2	26,761.8	26,647.2	32,084.4	32,657.3
3.1. Direct investment in Croatia	3,560.3	4,706.4	6,710.7	10,123.8	6,366.8	8,954.6	8,014.6	10,123.8	10,255.1
3.2. Portfolio investment	3,288.4	3,880.0	4,694.6	6,312.6	5,410.8	5,872.7	5,866.0	6,312.6	6,482.4
3.2.1. Equity securities	108.8	148.2	169.8	188.1	153.8	176.6	148.1	188.1	186.3
3.2.2. Debt securities	3,179.6	3,731.8	4,524.8	6,124.5	5,257.0	5,696.1	5,717.9	6,124.5	6,296.1
Bonds	3,170.1	3,704.4	4,524.8	6,082.7	5,257.0	5,684.8	5,687.6	6,082.7	6,251.5
Money market instruments	9.5	27.4	0.0	41.8	0.0	11.3	30.3	41.8	44.6
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	7,248.6	6,949.8	9,708.2	15,647.9	10,594.6	11,934.5	12,766.6	15,647.9	15,919.9
3.4.1. Trade credits	334.0	294.8	312.9	297.9	312.2	322.6	303.6	297.9	256.9
3.4.2. Loans	6,481.8	6,021.5	7,419.6	11,605.0	8,147.1	8,874.9	9,755.2	11,605.0	11,891.5
3.4.3. Currency and deposits	432.8	633.5	1,975.7	3,745.0	2,135.3	2,737.0	2,707.8	3,745.0	3,771.5
3.4.4. Other assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

^a Preliminary data. ^b Revised data.

Table H15: International Investment Position

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

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

by applying the current rate of exchange or the average monthly midpoint exchange rate of the Croatian National Bank to transactions;

by applying the midpoint exchange rate of the Croatian National Bank on the reporting date to balances.

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

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

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

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

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

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

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

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

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

Table H16: International Investment Position – Direct Investment

Million US dollars

	2000	2001	2002	2003 ^b	2003				2004
					Q1 ^b	Q2 ^b	Q3 ^b	Q4 ^b	Q1 ^a
Direct investment (net)	-2,685.2	-3,739.3	-4,892.6	-7,829.2	-4,886.2	-6,802.1	-6,462.7	-7,829.2	-7,963.0
1. Abroad	875.1	967.1	1,818.1	2,294.6	1,480.7	2,152.6	1,551.9	2,294.6	2,292.0
1.1. Equity capital and reinvested earnings	824.1	926.8	1,776.0	2,211.4	1,428.4	2,089.8	1,483.7	2,211.4	2,216.3
Claims	824.1	926.8	1,776.0	2,211.4	1,428.4	2,089.8	1,483.7	2,211.4	2,216.3
Liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2. Other capital	51.0	40.3	42.1	83.2	52.3	62.7	68.2	83.2	75.7
Claims	....	....	....	....	....	....	....	....	....
Liabilities	....	....	....	....	....	....	....	....	....
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	3,560.3	4,706.4	6,710.7	10,123.8	6,366.8	8,954.6	8,014.6	10,123.8	10,255.1
2.1. Equity capital and reinvested earnings	2,904.1	3,760.6	5,304.4	7,838.0	4,681.4	6,984.0	5,938.0	7,838.0	7,991.3
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities	2,904.1	3,760.6	5,304.4	7,838.0	4,681.4	6,984.0	5,938.0	7,838.0	7,991.3
2.2. Other capital	656.2	945.9	1,406.3	2,285.9	1,685.5	1,970.6	2,076.7	2,285.9	2,263.8
Claims	....	....	....	....	....	....	....	....	....
Liabilities	....	....	....	....	....	....	....	....	....
2.3. Financial derivatives (net)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

^a Preliminary data. ^b Revised data.

Table H17: International Investment Position – Portfolio Investment

Million US dollars

	2000	2001	2002	2003 ^b	2003				2004
					Q1 ^b	Q2 ^b	Q3 ^b	Q4 ^b	Q1 ^a
Portfolio investment (net)	-3,274.1	-3,857.5	-4,668.3	-6,252.3	-5,376.0	-5,814.9	-5,824.4	-6,252.3	-6,426.1
1. Assets	14.3	22.5	26.3	60.3	34.8	57.8	41.5	60.3	56.3
1.1. Equity capital and reinvested earnings	14.3	22.5	26.3	60.3	34.8	57.8	41.5	60.3	56.3
Banks	7.2	7.1	8.5	6.1	3.9	5.7	4.4	6.1	5.1
Other sectors	7.1	15.4	15.7	51.4	27.9	48.8	34.5	51.4	48.2
1.2. Debt securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Liabilities	3,288.4	3,880.0	4,694.6	6,312.6	5,410.8	5,872.7	5,866.0	6,312.6	6,482.4
2.1. Equity capital and reinvested earnings	108.8	148.2	169.8	188.1	153.8	176.6	148.1	188.1	186.3
Banks	36.5	36.5	40.4	49.2	31.0	43.9	35.7	49.2	48.8
Other sectors	72.3	111.7	129.4	138.9	122.8	132.7	112.4	138.9	137.5
2.2. Debt securities	3,179.6	3,731.8	4,524.8	6,124.5	5,257.0	5,696.1	5,717.9	6,124.5	6,296.1
Bonds	3,170.1	3,704.4	4,524.8	6,082.7	5,257.0	5,684.8	5,687.6	6,082.7	6,251.5
General government	3,141.2	3,677.1	4,357.1	5,646.5	4,882.3	5,286.2	5,289.1	5,646.5	5,825.3
Other sectors	28.9	27.3	167.7	436.2	374.7	398.6	398.5	436.2	426.2
Money market instruments	9.5	27.4	0.0	41.8	0.0	11.3	30.3	41.8	44.6
Other sectors	9.5	27.4	0.0	41.8	0.0	11.3	30.3	41.8	44.6

^a Preliminary data. ^b Revised data.

Table H18: International Investment Position – Other Investment

Million US dollars

	2000	2001	2002	2003 ^b	2003				2004
					Q1 ^b	Q2 ^b	Q3 ^b	Q4 ^b	Q1 ^a
Other investment (net)	-3,306.3	-1,560.2	-5,192.5	-8,286.5	-5,786.3	-6,737.5	-6,764.4	-8,286.5	-9,686.8
1. Assets	3,942.3	5,389.6	4,515.7	7,361.5	4,808.2	5,197.0	6,002.2	7,361.5	6,233.1
1.1. Trade credits	186.3	181.8	188.6	226.1	195.7	199.6	211.5	226.1	222.9
1.1.1. General government	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
1.1.2. Other sectors	186.3	181.8	188.5	226.1	195.6	199.5	211.4	226.1	222.9
Long-term	154.4	158.9	176.6	219.0	186.7	191.5	203.3	219.0	216.7
Short-term	31.9	22.9	11.9	7.1	9.0	8.0	8.1	7.1	6.2
1.2. Loans	154.7	107.3	134.1	140.1	140.7	138.5	125.9	140.1	157.6
1.2.1. General government	3.5	5.4	5.8	6.6	5.7	5.9	6.3	6.6	6.1
Long-term	3.5	5.4	5.8	6.6	5.7	5.9	6.3	6.6	6.1
1.2.2. Banks	121.7	73.0	97.5	98.7	104.1	101.4	88.6	98.7	116.6
Long-term	83.6	41.4	62.7	70.7	64.9	67.9	62.6	70.7	78.0
Short-term	38.1	31.6	34.8	28.0	39.2	33.5	26.1	28.0	38.6
1.2.3. Other sectors	29.6	28.9	30.7	34.8	30.9	31.2	31.0	34.8	34.8
Long-term	29.6	28.9	30.6	34.8	30.8	31.1	31.0	34.8	34.8
Short-term	0.0	0.0	0.1	0.0	0.1	0.1	0.0	0.0	0.0
1.3. Currency and deposits	3,601.2	5,100.5	4,193.1	6,995.3	4,471.9	4,858.9	5,664.9	6,995.3	5,852.6
1.3.2. General government	69.0	83.5	120.5	102.3	53.2	70.7	1.5	102.3	102.3
1.3.3. Banks	2,389.2	3,915.0	2,868.6	5,689.0	3,110.7	3,472.2	4,407.4	5,689.0	4,546.3
1.3.4. Other sectors	1,143.0	1,102.0	1,204.0	1,204.0	1,308.0	1,316.0	1,256.0	1,204.0	1,204.0
1.4. Other assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Liabilities	7,248.6	6,949.8	9,708.2	15,647.9	10,594.6	11,934.5	12,766.6	15,647.9	15,919.9
2.1. Trade credits	334.0	294.8	312.9	297.9	312.2	322.6	303.6	297.9	256.9
2.1.1. General government	0.1	1.1	1.3	3.1	1.1	2.0	2.3	3.1	2.9
Long-term	0.1	1.1	1.3	3.1	1.1	2.0	2.3	3.1	2.9
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	334.0	293.7	311.6	294.8	311.1	320.6	301.4	294.8	254.1
Long-term	269.5	239.9	262.1	236.8	262.3	262.6	242.4	236.8	214.0
Short-term	64.4	53.8	49.6	58.1	48.8	58.0	58.9	58.1	40.1
2.2. Loans	6,481.8	6,021.5	7,419.6	11,605.0	8,147.1	8,874.9	9,755.2	11,605.0	11,891.5
2.2.1. Croatian National Bank	158.7	122.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
o/w: IMF	158.7	122.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.2. General government	1,687.1	1,454.4	1,988.0	2,804.8	2,015.4	2,111.0	2,255.2	2,804.8	2,756.1
Long-term	1,327.1	1,454.4	1,988.0	2,804.8	2,015.4	2,111.0	2,255.2	2,804.8	2,756.1
Short-term	360.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.3. Banks	1,653.7	1,665.9	2,004.3	3,648.1	2,383.6	2,644.4	2,987.3	3,648.1	3,885.5
Long-term	1,640.0	1,657.7	1,995.0	3,537.1	2,344.2	2,590.8	2,924.5	3,537.1	3,774.2
Short-term	13.7	8.2	9.3	111.1	39.4	53.6	62.9	111.1	111.3
2.2.4. Other sectors	2,982.3	2,779.1	3,427.4	5,152.1	3,748.1	4,119.5	4,512.6	5,152.1	5,249.9
Long-term	2,838.0	2,691.6	3,258.3	4,932.2	3,649.0	3,966.1	4,345.6	4,932.2	5,013.9
Short-term	144.3	87.5	169.1	220.0	99.2	153.4	167.1	220.0	236.1
2.3. Currency and deposits	432.8	633.5	1,975.7	3,745.0	2,135.3	2,737.0	2,707.8	3,745.0	3,771.5
2.3.1. Banks	432.8	633.5	1,975.7	3,745.0	2,135.3	2,737.0	2,707.8	3,745.0	3,771.5
2.4. Other liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

^a Preliminary data. ^b Revised data.

Table I1: Consolidated Central Government

Million kuna

	2000	2001	2002	2003 ^a	2003					
					Mar.	Jun.	Sep.	Oct.	Nov.	Dec. ^a
REVENUE AND GRANTS										
1. Budgetary central government	44,635.7	52,747.4	66,932.2	74,953.7	5,739.7	6,026.8	6,085.1	6,537.7	9,427.7	7,037.9
2. Central government funds	22,099.3	18,098.2	4,026.3	6,038.3	380.1	532.2	541.3	480.0	517.0	629.1
2.1. Pension Fund	11,254.2	5,806.8	129.8	108.9	7.9	5.5	10.6	6.7	5.2	10.4
2.2. Health Insurance Fund	8,967.4	10,314.5	473.7	822.3	47.9	116.6	59.4	51.4	50.8	112.7
2.3. Employment Fund	822.4	910.9	25.4	17.9	2.2	1.6	1.7	1.1	1.7	-1.0
2.4. Child Benefit Fund	7.1	5.1	-	-	-	-	-	-	-	-
2.5. Croatian Waters	1,048.2	1,060.9	1,098.8	1,144.8	63.9	88.3	117.6	121.1	123.8	144.0
2.6. Development and Employment Fund	-	-	1,797.8	-	-	-	-	-	-	-
2.7. Regional Development Fund	-	-	500.9	-	-	-	-	-	-	-
2.8. Croatian Highways	-	-	-	1,932.4	136.1	161.0	195.6	177.4	136.4	183.4
2.9. Croatian Roads	-	-	-	1,185.0	94.2	111.5	121.5	104.3	77.9	98.9
2.10. State Agency for Deposit Insurance and Bank Rehabilitation	-	-	-	584.5	15.3	8.5	4.5	10.3	112.0	39.4
2.11. Croatian Privatization Fund	-	-	-	242.5	12.6	39.3	30.3	7.7	9.1	41.4
A. Total (1+2)	66,735.0	70,845.6	70,958.5	80,992.0	6,119.8	6,559.0	6,626.4	7,017.7	9,944.7	7,667.1
EXPENDITURE AND LENDING (minus repayments)										
3. Budgetary central government	36,730.8	44,844.5	67,543.8	74,713.8	6,666.0	5,842.1	5,967.9	6,691.6	6,734.4	6,875.1
4. Central government funds	37,701.4	30,044.6	7,030.5	11,920.5	655.3	1,337.5	1,139.6	1,120.2	859.3	1,802.4
4.1. Pension Fund	20,180.8	12,125.3	1,558.1	1,838.0	139.8	152.0	155.1	163.1	167.6	205.0
4.2. Health Insurance Fund	13,918.1	13,192.7	1,261.1	875.0	33.6	155.6	22.8	118.0	60.5	143.0
4.3. Employment Fund	995.5	983.4	236.7	136.5	11.8	9.9	10.5	11.7	11.6	12.7
4.4. Child Benefit Fund	1,250.6	2,467.0	-	-	-	-	-	-	-	-
4.5. Croatian Waters	1,356.4	1,276.1	1,409.9	1,691.0	49.8	105.3	149.4	149.7	195.1	382.3
4.6. Development and Employment Fund	-	-	2,288.0	-	-	-	-	-	-	-
4.7. Regional Development Fund	-	-	276.6	-	-	-	-	-	-	-
4.8. Croatian Highways	-	-	-	5,583.5	291.8	653.4	588.7	570.8	327.3	802.5
4.9. Croatian Roads	-	-	-	1,369.9	102.7	150.2	104.7	101.2	92.1	138.1
4.10. State Agency for Deposit Insurance and Bank Rehabilitation	-	-	-	253.2	22.5	106.5	1.2	1.4	1.1	94.5
4.11. Croatian Privatization Fund	-	-	-	173.3	3.2	4.6	107.1	4.3	4.1	24.4
B. Total (3+4)	74,432.3	74,889.1	74,574.3	86,634.3	7,321.3	7,179.6	7,107.5	7,811.8	7,593.7	8,677.5
C. Overall surplus/deficit (A-B)	-7,697.3	-4,043.5	-3,615.8	-5,642.3	-1,201.5	-620.6	-481.1	-794.1	2,351.1	-1,010.5
5. Budgetary central government (1-3)	7,904.8	7,902.9	-611.6	239.9	-926.3	184.8	117.2	-154.0	2,693.3	162.9
6. Central government funds (2-4)	-15,602.1	-11,946.4	-3,004.2	-5,882.2	-275.2	-805.3	-598.3	-640.2	-342.3	-1,173.3

^a Preliminary data. Source: Ministry of Finance.

Table I2: Budgetary Central Government Operations

Million kuna

	2000	2001	2002	2003 ^c	2003				2004	
					Mar.	Jun.	Sep.	Dec. ^c	Jan.	Feb.
1. Total revenue	44,635.7	53,503.6	69,869.1	78,249.6	6,012.1	6,315.6	6,382.9	7,299.1	5,552.5	5,244.8
1.1. Current revenue	41,535.0	48,906.3	69,651.1	74,652.1	5,989.9	6,297.3	6,359.9	7,253.8	5,530.3	5,231.0
1.1.1. Tax revenue	39,939.0	47,274.0	67,965.5	72,697.9	5,850.0	6,202.7	6,246.9	7,005.7	5,446.3	5,128.5
1.1.2. Nontax revenue	1,595.9	1,632.3	1,685.6	1,954.1	139.8	94.7	113.0	248.1	84.0	102.5
1.2. Capital revenue	3,100.7	4,597.3	218.0	3,597.6	22.2	18.3	23.0	45.3	22.2	13.8
2. Grants	0.0	0.0	0.0	10.4	0.0	0.0	0.0	0.1	0.0	0.0
2.1. Current	0.0	0.0	0.0	10.4	0.0	0.0	0.0	0.1	0.0	0.0
2.2. Capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
A. Total revenue and grants (1+2)	44,635.7	53,503.6	69,869.1	78,260.0	6,012.1	6,315.6	6,382.9	7,299.2	5,552.5	5,244.8
3. Total expenditure	49,567.5	56,723.3	71,992.1	79,113.1	6,716.0	6,003.5	6,388.9	7,691.8	5,528.0	6,495.0
3.1. Current expenditure	44,237.4	52,819.2	68,923.5	75,041.4	6,540.0	5,569.5	6,046.7	6,956.4	5,425.5	6,386.2
3.2. Capital expenditure	5,330.1	3,904.1	3,068.7	4,071.7	176.1	434.0	342.2	735.4	102.6	108.8
4. Lending minus repayments	1,176.1	1,089.5	1,377.5	1,333.5	388.8	326.3	96.0	-272.3	23.5	107.6
B. Total expenditure and lending minus repayment	50,743.5	57,812.8	73,369.6	80,446.6	7,104.8	6,329.8	6,484.9	7,419.5	5,551.5	6,602.7
5. Current account surplus without grants (1.1.-3.1.)	-2,702.4	-3,912.9	727.6	-389.3	-550.1	727.8	313.2	297.4	104.8	-1,155.2
6. Current account surplus with current grants (5+2.1.)	-2,702.4	-3,912.9	727.6	-378.9	-550.1	1,727.8	313.2	297.4	104.8	-1,155.2
7. Gross fixed capital formation ^a	-395.4	-3,101.4	966.7	-1,627.6	45.0	127.5	178.8	346.7	6.0	24.8
8. Gross capital formation ^b	-395.4	-3,101.4	966.7	-1,627.6	45.0	127.5	178.8	346.7	6.0	24.8
C. Overall surplus/deficit (A-B)	-6,107.9	-4,309.1	-3,500.5	-2,186.6	-1,092.8	-14.2	-102.0	-120.3	1.0	-1,357.9
9. Foreign financing	6,921.5	2,299.6	2,347.8	3,050.0	3,014.4	1,046.3	-74.1	-18.8	-666.6	-4.7
10. Domestic financing	-813.6	2,009.6	1,152.7	-863.4	-1,921.6	-1,032.2	176.1	139.0	665.6	1,362.6
10.1. From other general government	-92.0	-11.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10.2. From monetary authorities	-12.5	-389.1	241.7	-1,026.8	-2,027.6	-947.5	189.1	1,610.1	670.3	355.4
10.3. From banks	-288.8	2,559.1	782.9	168.6	83.4	-121.0	-109.5	-1,294.3	-18.9	997.5
10.4. Other domestic financing	-420.3	-149.4	128.1	-5.2	22.6	36.3	96.6	-176.8	14.2	9.7
D. Total financing (9+10)	6,107.9	4,309.1	3,500.5	2,186.6	1,092.8	14.2	102.0	120.3	-1.0	1,357.9

^a Net purchase of fixed capital formation. ^b Net purchase of fixed capital formation and net purchase of shares. ^c Preliminary data. Source: Ministry of Finance.

Table I3: Central Government Debt

End of period, million kuna

	2000	2001	2002	2003				2004			
	Dec.	Dec.	Dec. ^a	Mar.*	Jun.*	Sep.*	Dec.*	Jan.*	Feb.*	Mar.*	Apr.
1. Domestic debt of central government	21,324.2	24,907.3	28,746.7	30,814.2	32,554.8	32,186.9	32,053.4	32,115.4	33,280.9	33,784.4	33,945.5
1.1. Domestic debt of the Republic of Croatia	18,509.7	21,467.9	24,735.0	27,000.1	28,759.7	28,262.8	25,676.1	25,636.5	26,355.2	26,842.8	27,456.2
Treasury bills	2,564.6	4,892.3	5,632.7	5,696.1	5,983.8	5,645.9	6,548.1	6,526.3	6,590.9	6,349.1	6,952.3
Money market instruments	14.2	7.4	0.1	0.0	0.1	0.1	0.3	0.9	8.4	–	72.1
Bonds	14,082.5	15,415.8	16,021.7	17,472.6	17,980.8	17,508.1	14,937.3	14,974.5	15,819.4	16,539.4	16,797.5
Credits from the CNB	0.0	–	0.5	2.0	1.5	3.0	1.4	–	1.2	1.9	1.2
Credits from banks	1,848.4	1,152.4	3,080.0	3,829.3	4,793.5	5,105.8	4,189.1	4,134.8	3,935.2	3,952.3	3,633.0
1.2. Domestic debt of central government funds	2,814.4	3,439.4	4,011.8	3,814.1	3,795.1	3,924.1	6,377.3	6,478.9	6,925.7	6,941.6	6,489.4
Money market instruments	–	–	–	–	–	–	–	–	–	–	–
Bonds	1,686.8	1,636.1	1,652.2	1,707.7	1,667.0	1,680.8	3,418.2	3,428.6	3,400.5	3,305.8	3,367.5
Credits from banks	1,127.6	1,803.3	2,359.6	2,106.4	2,128.1	2,243.2	2,959.1	3,050.3	3,525.2	3,635.9	3,121.8
2. External debt of central government	38,927.2	42,413.4	45,057.8	49,072.3	48,303.0	49,729.0	51,039.0	51,220.6	52,666.7	51,711.1	56,744.7
2.1. External debt of the Republic of Croatia	36,845.7	39,656.8	38,648.9	42,606.4	41,784.3	42,269.0	42,221.8	42,023.3	41,479.7	40,834.0	45,567.8
Money market instruments	–	–	–	–	–	–	–	–	–	–	–
Bonds	25,231.2	30,029.0	30,115.3	33,936.6	33,747.4	34,056.8	33,547.8	33,356.3	32,840.7	32,319.2	36,739.3
Credits	11,614.5	9,627.8	8,533.6	8,669.7	8,036.9	8,212.2	8,673.9	8,667.0	8,639.1	8,514.8	8,828.5
2.2. External debt of central government funds	2,081.5	2,756.7	6,409.0	6,466.0	6,518.7	7,460.0	8,817.2	9,197.3	11,187.0	10,877.1	11,176.9
Money market instruments	–	–	–	–	–	–	–	–	–	–	–
Bonds	386.5	696.6	1,019.3	1,045.1	1,004.0	1,012.4	1,000.3	1,005.3	3,042.9	2,958.2	3,013.4
Credits	1,695.0	2,060.0	5,389.6	5,420.9	5,514.7	6,447.6	7,817.0	8,192.0	8,144.0	7,918.9	8,163.4
3. Total (1+2)	60,251.4	67,320.8	73,804.6	79,886.5	80,857.8	81,915.9	83,092.4	83,336.0	85,947.5	85,495.5	90,690.2
Supplement: Central government guaranteed debt											
– guarantees for domestic debt	3,412.3	6,025.6	7,528.1	7,683.7	6,807.7	6,534.8	6,895.4	6,930.8	6,670.7	6,688.5	7,013.5
– guarantees for external debt	9,636.0	8,548.9	7,980.0	8,139.8	7,864.6	8,142.1	8,304.3	8,229.1	8,209.3	7,916.8	8,231.2

^a Irrespective of the note under the heading "Classification and Presentation of Data on Claims and Liabilities", the debt of the Croatian Roads, the Croatian Highways and the State Agency for Deposit Insurance and Bank Rehabilitation, contained in this table, was reclassified from the sub-sector the Republic of Croatia to the sub-sector central government funds in December 2002.

Table I3: Central Government Debt

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

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

Table J1: Consumer Price and Producer Price Indices

Year	Month	Basic indices, 2001 = 100			Chain indices				Monthly year-on-year indices			
		Consumer price indices			Consumer price indices ^a			Producer prices	Consumer price indices ^a			Producer prices
		Total	Goods	Services	Total	Goods	Services		Total	Goods	Services	
1994	December	....	....	....	100.2	100.1	100.8	100.2	97.0	95.0	108.1	94.5
1995	December	....	....	....	100.2	100.2	99.8	100.5	103.7	102.4	109.3	101.6
1996	December	....	....	....	100.0	100.2	99.5	100.3	103.4	102.3	108.7	101.5
1997	December	....	....	....	100.7	100.3	102.3	99.9	103.8	102.7	108.2	101.6
1998	December	....	....	....	100.2	100.2	100.1	100.0	105.4	104.3	109.2	97.9
1999	December	....	....	....	100.3	100.5	100.0	100.3	104.4	104.6	103.9	105.9
2000	December	....	....	....	100.0	99.9	100.2	100.2	107.4	107.8	105.7	111.2
2001	December	100.5	99.8	103.5	100.4	100.4	100.5	99.0	102.6	100.6	110.3	96.9
2002	December	102.4	100.9	108.3	100.4	100.6	99.6	99.9	101.8	101.1	104.6	102.3
2003	March	103.6	102.3	109.0	100.5	100.5	100.3	100.8	102.2	102.0	102.9	104.7
	April	103.3	101.9	109.1	99.7	99.6	100.1	99.1	101.6	101.3	102.7	102.8
	May	103.6	102.1	109.5	100.3	100.2	100.4	99.2	101.4	101.1	102.4	101.8
	June	103.2	101.5	110.2	99.6	99.4	100.6	100.2	101.5	101.4	101.8	101.7
	July	103.3	101.1	112.3	100.1	99.6	101.9	100.2	102.0	101.6	103.5	101.4
	August	103.4	101.2	112.3	100.1	100.1	100.1	100.5	102.2	101.6	104.1	102.0
	September	103.6	102.0	110.3	100.2	100.8	98.2	99.6	101.9	101.9	102.0	101.2
	October	103.6	102.0	110.0	100.0	100.1	99.8	100.2	101.8	101.8	101.7	100.0
	November	103.8	102.3	110.1	100.2	100.3	100.1	100.3	101.8	102.0	101.3	100.9
	December	104.1	102.5	110.6	100.3	100.2	100.5	100.0	101.7	101.6	102.2	101.0
2004	January	105.1	103.7	111.0	101.0	101.1	100.4	100.3	102.1	102.1	102.4	100.8
	February	105.0	103.4	111.5	99.9	99.8	100.5	99.7	101.8	101.6	102.6	100.1
	March	105.1	103.5	111.8	100.1	100.0	100.3	100.2	101.4	101.1	102.6	99.5
	April	105.3	103.7	111.9	100.2	100.2	100.0	100.9	101.9	101.8	102.6	101.3
	May	106.1	104.2	113.5	100.7	100.5	101.5	102.3	102.4	102.0	103.6	104.4

^a Data from January 1992 to December 2000 relate to the retail price index. ^b Data from January 1992 to December 2001 relate to the retail price index. Source: Central Bureau of Statistics.

Table J1: Consumer Price and Producer Price Indices

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

expected following the introduction of the new index, the CBS has stopped publishing the retail price index (RPI) and the cost of living index whose calculation methodologies have not been adequately harmonised with internationally accepted standards. The main characteristic of the CPI are discussed in Box 1 in the CNB Bulletin No. 91 (2004). The data on the average year-on-year consumer price inflation rate are shown in the Bulletin table on Economic Indicators.

Table J2a: Core Retail Price Indices

Year	Month	Chain indices			Monthly year-on-year indices		
		Total	Goods	Services	Total	Goods	Services
1994	December	100.1	99.9	101.2	96.3	94.8	109.1
1995	December	100.1	100.0	100.5	103.1	102.6	107.1
1996	December	100.0	100.0	100.0	102.8	101.9	109.5
1997	December	100.2	100.2	100.5	102.5	102.3	104.5
1998	December	100.1	100.0	100.2	105.7	105.3	107.8
1999	December	100.1	100.2	100.0	104.2	104.2	104.1
2000	December	100.1	100.1	100.2	104.6	104.8	103.5
2001	December	99.8	99.7	100.8	101.7	101.1	105.6
2002	December	100.0	100.0	100.0	101.2	101.4	100.2
2003	January	99.7	99.6	100.1	100.6	100.7	99.2
	February	99.9	99.9	99.9	100.3	100.5	98.9
	March	100.1	100.1	100.2	100.2	100.4	99.1
	April	100.0	99.9	100.5	100.1	100.1	99.5
	May	100.3	100.2	100.7	100.3	100.3	100.1
	June	100.2	100.2	100.1	100.5	100.5	100.2
	July	99.8	99.7	100.8	100.6	100.5	101.0
	August	99.9	99.8	100.1	100.5	100.3	101.3
	September	100.7	100.9	100.2	100.9	100.9	101.4
	October	100.5	100.4	100.6	101.0	100.8	101.5
	November	100.2	100.2	100.3	101.3	100.9	103.5
	December	99.9	99.8	100.1	101.2	100.7	103.6

Source: Central Bureau of Statistics.

Table J2a: Core Retail Price Indices

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

and services used in the calculation of the retail price index. A total of 92 goods and services are excluded and their share in the retail price basket stood at 25.14% in 2003 (of which: agricultural products accounted for 2.18 percentage points, and administrative prices for 22.96 percentage points). The zero weighting method is used to exclude the prices of goods and services.

Table J2b: Core Consumer Price Indices

Year	Month	Basic indices, 2001 = 100			Chain indices			Monthly year-on-year indices			
		Total	Goods	Services	Total	Goods	Services	Total	Goods	Services	
2001	December	100.3	100.1	101.8	99.8	99.7	100.3	....	....	....
2002	December	101.5	101.1	104.2	100.0	100.1	99.4	101.2	101.0	102.4	
2003	March	101.1	100.5	104.8	99.9	99.9	100.1	100.5	100.4	101.2	
	April	100.8	100.2	105.0	99.8	99.7	100.2	100.1	100.0	101.1	
	May	101.3	100.6	105.4	100.4	100.4	100.4	100.6	100.5	101.1	
	June	101.6	100.8	106.5	100.3	100.1	101.1	100.8	100.5	102.2	
	July	102.0	100.6	110.7	100.5	99.9	103.9	101.3	100.5	105.9	
	August	102.1	100.6	110.8	100.0	100.0	100.1	101.4	100.4	107.3	
	September	101.7	101.0	106.7	99.7	100.3	96.3	100.7	100.3	102.8	
	October	102.3	101.7	106.2	100.5	100.7	99.5	101.0	100.8	102.3	
	November	102.5	101.9	106.3	100.2	100.3	100.1	101.0	100.9	101.3	
	December	102.7	102.0	107.3	100.2	100.1	101.0	101.2	100.9	103.0	
	2004	January	102.7	101.8	108.1	100.0	99.8	100.7	101.3	101.0	103.6
		February	102.5	101.5	108.5	99.8	99.7	100.4	101.3	100.9	103.7
March		102.5	101.5	108.6	100.0	100.0	100.1	101.4	101.0	103.6	
April		102.7	101.8	108.5	100.2	100.3	99.9	101.9	101.6	103.3	
May		103.1	102.2	109.2	100.4	100.3	100.7	101.8	101.5	103.6	

Source: Central Bureau of Statistics

Table J2b: Core Consumer Price Indices

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

goods and services used in the calculation of the total consumer price index. A total of 111 goods and services are excluded and their share in the consumer price basket stands at 29.77% (of which: agricultural products account for 7.19 percentage points, and administrative prices for 22.58 percentage points). The zero weighting method is used to exclude the prices of goods and services.

Table J3: Average Monthly Net Wages

In current prices, in kuna

Year	Month	Nominal amount in kuna	Chain indices	Monthly year-on-year indices	Cumulative year-on-year indices
1994	December	1,646.0	119.0	153.4	233.2
1995	December	1,883.0	99.4	114.4	145.7
1996	December	2,217.0	104.4	117.7	111.8
1997	December	2,544.0	100.8	114.8	116.9
1998	December	2,935.0	104.6	115.4	112.8
1999	December	3,262.0	100.9	111.2	114.0
2000	December	3,499.0	99.9	107.3	108.9
2001	December	3,582.0	96.6	102.4	106.5
2002	December	3,839.0	98.0	107.2	105.0
2003	March	3,846.0	101.6	106.2	107.5
	April	3,892.0	101.2	105.3	106.9
	May	3,973.0	102.1	104.6	106.5
	June	3,988.0	100.4	107.2	106.6
	July	3,981.0	99.8	106.0	106.5
	August	3,915.0	98.4	104.7	106.3
	September	3,899.0	99.6	106.1	106.3
	October	3,996.0	102.5	106.1	106.3
	November	4,054.0	101.5	103.5	106.0
	December	4,045.0	99.8	105.4	105.9
2004	January	4,070.0	100.6	104.6	104.6
	February	4,003.0	98.4	105.7	105.2
	March	4,153.0	103.8	108.0	106.1

Source: Central Bureau of Statistics.

List of Banks & Savings Banks

1 June 2004

Licensed Banks

1. Banka Brod d.d., Slavonski Brod¹
2. Banka Kovanica d.d., Varaždin¹
3. Banka Sonic d.d., Zagreb
4. Banka Splitsko-Dalmatinska d.d., Split¹
5. Brodsko-posavska banka d.d., Slavonski Brod
6. Centar banka d.d., Zagreb
7. Credo banka d.d., Split
8. Croatia banka d.d., Zagreb
9. Dresdner Bank Croatia d.d., Zagreb
10. Dubrovačka banka d.d., Dubrovnik
11. Erste & Steiermärkische Bank d.d., Zagreb
12. Gospodarsko kreditna banka d.d., Zagreb
13. HVB Splitska banka d.d., Split
14. Hrvatska poštanska banka d.d., Zagreb
15. Hypo Alpe-Adria-Bank d.d., Zagreb
16. Imex banka d.d., Split
17. Istarska kreditna banka Umag d.d., Umag
18. Jadranska banka d.d., Šibenik
19. Karlovačka banka d.d., Karlovac
20. Kreditna banka Zagreb d.d., Zagreb
21. Križevačka banka d.d. Križevci¹
22. Kvarner banka d.d., Rijeka
23. Međimurska banka d.d., Čakovec
24. Nava banka d.d., Zagreb
25. Nova banka d.d., Zagreb
26. Partner banka d.d., Zagreb
27. Podravska banka d.d., Koprivnica
28. Požeška banka d.d., Požega
29. Primorska banka d.d., Rijeka
30. Primus banka d.d., Zagreb
31. Privredna banka – Laguna banka d.d., Poreč
32. Privredna banka Zagreb d.d., Zagreb
33. Raiffeisenbank Austria d.d., Zagreb
34. Samoborska banka d.d., Samobor
35. Slatinska banka d.d., Slatina
36. Slavonska banka d.d., Osijek
37. Štedbanka d.d., Zagreb
38. Varaždinska banka d.d., Varaždin
39. Volksbank d.d., Zagreb
40. Zagrebačka banka d.d., Zagreb

Licensed Housing Savings Banks

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

Other Licensed Institutions with Full Authorization

1. Hrvatska banka za obnovu i razvitak, Zagreb

Representative Offices of Foreign Banks

1. Bank für Kärnten und Steiermark AG, Zagreb
2. Commerzbank Aktiengesellschaft, Zagreb
3. Deutsche Bank AG, Zagreb
4. Komercijalna banka a.d., Zagreb
5. LHB Internationale Handelsbank AG, Zagreb
6. Sanpaolo IMI S.p.A., Zagreb

Banks and Savings Banks under Bankruptcy Proceedings

Name of bank/savings bank	Date of bankruptcy proceedings initiation
1. Adria štedionica d.o.o., Zagreb	12/10/2000
2. Agroobrtnička banka d.d., Zagreb	14/06/2000
3. Alpe Jadran banka d.d., Split	15/06/2002
4. Cibalae banka d.d., Vinkovci	20/10/2000
5. Glumina banka d.d., Zagreb	30/04/1999
6. Gold štedionica d.o.o., Split	05/10/2001
7. Gospodarska štedionica d.d., Vrbovec	03/04/2003
8. Gradska banka d.d., Osijek	03/05/1999
9. Građanska štedionica d.o.o., Karlovac	03/11/1998
10. Hrvatska gospodarska banka d.d., Zagreb	19/04/2000
11. Ilirija banka d.d., Zagreb	06/04/1999
12. Invest štedionica d.o.o., Zagreb	30/06/1999
13. Kaptol banka d.d., Zagreb	25/11/2002
14. Komercijalna banka d.d., Zagreb	30/04/1999
15. Međimurska štedionica d.d., Čakovec	17/03/2004
16. Neretvansko gospodarska banka d.d., Ploče	10/05/1999
17. Promdei banka d.d., Zagreb	22/12/1999
18. Razvojna banka "Dalmacija" d.o.o., Split	24/09/2001
19. Slavonska štedionica d.d., Zagreb	04/12/2002
20. Štedionica Dugi pogled d.o.o., Zagreb	19/01/2001
21. Štedionica Groš banak d.o.o., Zagreb	23/04/2001
22. Štedionica Mediteran d.o.o., Split	5/12/2001
23. Štedionica za razvoj i obnovu d.o.o., Zagreb	02/07/2001
24. Trgovačko-turistička banka d.d., Split	08/09/2000
25. Županjska banka d.d., Županja	03/05/1999

¹ In accordance with Article 190 of the Banking Law and the pace prescribed therein, the bank is required to adjust its share capital to the provisions of this Law by 31 December 2006.

Banks and Savings Banks under Liquidation Proceedings

5. Štedionica Zlatni vrutak d.d., Zagreb 28/12/2001

Name of bank/savings bank	Date of liquidation proceedings initiation
1. Convest banka d.d., Zagreb	01/11/2003
2. Investicijsko-komercijalna štedionica d.d., Zagreb	31/05/2000
3. Štedionica Dora d.d., Zagreb	01/01/2002
4. Štedionica SA-GA d.d., Zagreb	31/12/2001

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

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

Management of the Croatian National Bank

1 June 2004

Members of the Council of the Croatian National Bank

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

Management of the CNB

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

Executive Directors

Research and Statistics Area	Ljubinko Jankov
Central Banking Operation Area	Irena Kovačec
Foreign Exchange Operations Area	Jadranka Granić
Prudential Regulation and Bank Supervision Area	Marija Mijatović-Jakšić
Planning, Analysis and Accounting Area	Dijana Jakelić
Payment Operations Area	Neven Barbaroša
Information Technology Area	Mario Žgela
Support Services Area	Boris Ninić
International Relations Area	Michael Faulend

List of Abbreviations & Symbols

bn	– billion
b.p.	– basis points
CBRD	– Croatian Bank for Reconstruction and Development
CBS	– Central Bureau of Statistics
CEFTA	– Central European Free Trade Agreement
CES	– Croatian Employment Service
CH	– Croatian Highways
CNB	– Croatian National Bank
consumpt.	– consumption
CPF	– Croatian Privatization Fund
CPI	– consumer price index
CPII	– Croatian Pension Insurance Institute
CR	– Croatian Roads
DAB	– State Agency for Deposit Insurance and Bank Rehabilitation
dep.	– deposit
ECB	– European Central Bank
EFTA	– European Free Trade Association
EMU	– European Monetary Union
EU	– European Union
excl.	– excluding
f/c	– foreign currency
FDI	– foreign direct investment
FEMPI	– Foreign Exchange Market Pressure Index
FINA	– Financial Agency
FISIM	– Financial Intermediation Services Indirectly Measured
GDP	– gross domestic product
GNI	– gross national income
GVA	– gross value added
HICP	– Harmonized Index of Consumer Prices
ILO	– International Labour Organization
IMF	– International Monetary Fund
l.c.	– left column
MoF	– Ministry of Finance
NFA	– net foreign assets
NUIR	– net usable international reserves
o.w.	– of which
PPI	– producer price index
Q	– quarterly
R.	– Republic
r.c.	– right column

RPI	– retail price index
RR	– reserve requirement
SAL	– Structural Adjustment Loan
SDR	– special drawing rights
VSE	– Varaždin Stock Exchange
ZMM	– Zagreb Money Market
ZSE	– Zagreb Stock Exchange
VAT	– Value Added Tax
WTO	– World Trade Organization

Abbreviations for Countries

BG	– Bulgaria
CZ	– Czech Republic
HR	– Croatia
HU	– Hungary
SI	– Slovenia
SK	– Slovak Republic
PL	– Poland
RO	– Romania

Abbreviations for Currency

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

Symbols

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

