

Methodological sheet

Fixing of interbank deposit market interest rates – PRIBOR

I. Definition and content

PRIBOR (Prague Interbank Offered Rate) is the reference value for interbank deposit market interest rates calculated (fixed) by a calculation agent¹ for the Czech National Bank and the Czech Forex Club (Financial Markets Association of the Czech Republic, ACI) from the quotations² of reference banks for the sale of deposits (offers).

II. Sources and methodology of ascertainment

The PRIBOR rates together with the individual reference banks' quotations are published immediately after the calculation (fixing) procedure has been completed and are made available, for example, in the Reuters and Bloomberg information systems and on the internet.

III. Breakdown

The PRIBOR rates are fixed for the following maturities: overnight (O/N), 1 and 2 weeks, 1, 2, 3, 6 and 9 months, and 1 year.

IV. Method of calculation

The quotations for the calculation of PRIBOR rates are submitted by reference banks to the calculation agent every business day between 10.30 a.m. and 10.45 a.m. local time. The calculation agent checks the formal correctness of the quotations between 10.45 a.m. and 11.00 a.m. local time and resolves any discrepancies directly with the reference bank concerned. Reference banks may, exceptionally, alter their quotations at that time, but no later than 11.00 a.m. local time. The calculation (fixing) of the PRIBOR reference rates takes place at 11.00 a.m. local time.

The PRIBOR reference rates are calculated as the mathematical arithmetic mean rounded to two decimal places in the following way:

- a) if the calculation agent receives quotations from eleven or more reference banks, the rate for the relevant maturity is the arithmetic mean of the rates net of the two highest and two lowest rates;
- b) if the calculation agent receives at least six, but less than eleven quotations, the rate for the relevant maturity is the arithmetic mean of the remaining rates net of the one highest and one lowest rate;
- c) if the calculation agent receives four or five quotations, the rate for the relevant maturity is the arithmetic mean of all such rates;
- d) if the calculation agent receives less than four quotations, no rate will be fixed for the relevant maturity.

The PRIBOR reference rates (with the exception of O/N maturity) are calculated (fixed) for transactions that are to be settled on the second business day following the calculation (fixing) date, on an act/360 convention. Once announced, the PRIBOR rates are final. This is

¹ The calculation agent is an organisation authorised by the Financial Markets Association of the Czech Republic (ACI) (hereinafter referred to as the "Czech Forex Club") to calculate (fix) and disclose the PRIBOR reference interest rates.

² The quotation is the price at which reference banks are willing – based on information obtained by a reference bank applying professional care – to purchase an interbank deposit from another reference bank (the bid side of the quotation) or to sell an interbank deposit to another reference bank (the offer side of the quotation). Such information consists mainly of the prices of the deposit transactions executed by the reference bank, or, if no such transactions have been executed, an expert estimate of these prices, applying professional care and knowledge of the market.

without prejudice to the possibility for the calculation agent to correct any evident errors in its quotations by 12:00 a.m. local time.

End of month rates are the rates of the last business day of the month. *Monthly averages* are the simple arithmetic means of the rates for all business days in the month.