

Selected financial stability indicators

	2005	2006	2007	2008		
				January	February	March
Financial soundness of banks						
Capital adequacy (%)	11.9	11.4	11.5	11.6	11.9	12.3
Tier 1 capital adequacy (%)	11.3	10.0	10.3	11.0	11.2	11.6
Non-performing loans / total gross loans (%)	4.1	3.6	2.6	2.7	2.7	2.8
Sectoral breakdown of total loans (%)						
- households	32.2	35.0	37.5	37.7	38.0	38.1
- sole traders	2.8	2.5	2.2	2.2	2.2	2.2
- non-financial corporations	44.6	44.9	41.7	41.5	41.5	41.5
- other (incl. non-residents)	20.4	17.5	18.7	18.6	18.4	18.2
Return on assets (%)	1.4	1.2	1.3	1.5	1.4	1.4
Return on equity (%)	25.2	22.5	24.5	29.8	26.3	26.0
Quick assets / total assets (%)	32.8	30.4	24.0	25.9	24.8	25.3
Quick assets / client deposits (%)	50.5	45.5	36.6	39.2	37.1	38.5
Net open position in foreign exchange / capital (%)	0.1	0.3	0.0	1.9	0.9	0.9
Macroeconomic environment						
Real GDP growth (year on year, %)	6.4	6.4	6.5	...	...	...
Consumer price inflation (end of period, %)	2.2	1.7	5.4	7.5	7.5	7.1
Public finance deficit / GDP (%)	-3.6	-2.7	-1.6	...	...	...
Public debt / GDP (%)	29.7	29.4	28.7	...	...	...
Trade balance / GDP (%)	2.0	2.0	3.3	...	...	...
Balance of payments current account / GDP (%)	-1.6	-3.1	-2.5	...	...	...
Monetary policy 2W repo rate (end of period, %)	2.0	2.5	3.5	3.5	3.8	3.8
Financial markets						
1Y PRIBOR (average, %)	2.1	2.7	3.4	4.2	4.1	4.2
10Y government bond yield (average, %)	3.6	3.8	4.3	4.6	4.6	4.7
Eurobond spread (EMBI spread, b.p.)	17.0	23.0	26.0	32.0	35.0	44.0
CZK/EUR exchange rate (average)	29.8	28.3	27.8	26.1	25.4	25.2
Change in the PX stock index (% year on year, end of period)	42.7	7.7	14.2	-9.8	-1.7	-9.4
Real estate market						
Total change in residential property prices (transfer prices, % year on year)	4.9	2.9	3.96*	...	...	...
Change in flat prices (supply prices according to IRI, % year on year)	-2.3	11.3	34.7	...	...	28.2
Flat price / average annual wage	4.2	4.0	4.1	...	...	...
Flat price / rent	15.0	16.9	22.8	...	...	23.3
Non-financial corporations						
Return on equity (%)	9.5	10.5	10.1	...	...	...
Debt (% of total assets)	46.5	47.5	48.9	...	...	...
Debt (% of GDP)	40.9	39.3	41.7	...	...	...
- loans from Czech banks (% of GDP)	14.8	19.7	20.9	...	...	...
- loans from Czech non-bank financial corporations (% of GDP)	4.7	4.7	4.7	...	...	...
- other (incl. financing from abroad, % of GDP)	22.1	15.0	16.1	...	...	...
Interest coverage ratio (earnings / interest expense, %)	9.5	11.8	9.8	...	...	...
12M default rate (average, %)	2.6	2.1	2.8	...	...	...
Households (incl. sole traders, excl. 12M default)						
Debt / gross disposable income (%)	34.0	40.3	48.3	...	...	...
Debt / financial assets (%)	22.5	26.0	29.6	...	...	...
Net financial assets (total financial assets – total liabilities, % of GDP)	...	41.5	41.1	...	...	...
Debt / GDP (%)	17.3	20.3	23.4	...	...	...
- loans from Czech banks to households (% of GDP)	10.7	15.3	18.8	...	...	...
- loans from Czech non-bank financial corporations to households (% of GDP)	3.1	3.1	3.6	...	...	...

Selected financial stability indicators – continued

	2005	2006	2007	2008		
				January	February	March
Households (incl. sole traders, excl. 12M default)						
- loans from Czech banks to sole traders (% of GDP)	0.9	1.1	1.1	...	...	...
- loans from Czech non-bank financial corporations to sole traders (% of GDP)	0.4	0.4	0.5	...	...	...
- other (incl. financing from abroad, % of GDP)	2.2	0.3	0.1	...	...	...
Interest expenses / gross disposable income (%)	1.1	1.3	1.8	...	...	...
12M default rate of households (average, %)	...	...	2.9	...	...	...
Financial sector						
Assets / GDP (%)	134.4	133.0	141.9	...	...	...
Bank assets / GDP (%)	98.9	97.5	105.3	...	...	...
Banking sector						
Share in financial sector assets (%)	73.8	73.3	74.2	...	...	...
Client loans / bank assets (%)	39.5	45.2	48.4	46.8	48.0	48.0
Client deposits / client loans (%)	65.0	66.7	65.6	66.2	66.9	65.8
Growth in loans (% , end of period, year on year)						
total	16.7	19.9	26.4	25.4	24.8	24.5
households	34.0	30.4	35.1	34.9	34.5	33.2
- loans for house purchase	34.1	32.5	37.6	37.5	36.8	35.2
- consumer credit	36.8	26.5	26.1	26.7	27.2	26.6
sole traders	16.9	7.7	8.7	8.7	7.1	5.7
non-financial corporations	14.3	20.8	17.2	16.4	16.7	16.5
- loans for house purchase (CZ-NACE 70)	36.5	37.0	37.4	38.5	37.6	36.8
Non-performing loans / total loans (%)						
households	3.2	2.9	2.7	2.8	2.8	2.8
- loans for house purchase	1.6	1.6	1.5	1.6	1.6	1.6
- consumer credit	7.8	7.3	6.6	6.7	6.7	6.7
sole traders	10.7	9.2	7.2	7.6	7.7	7.8
non-financial corporations	5.1	4.4	3.1	3.2	3.2	3.4
Non-bank financial corporations						
Share in financial sector assets (%)	26.2	26.7	25.8	...	...	...
Premiums written / GDP (%)	3.9	3.8	3.7	...	...	...
Solvency of insurance companies: life insurance (%)	325	301	...	...	...	...
Solvency of insurance companies: non-life insurance (%)	339	327	...	...	...	...
Change in financial investment of insurance companies (%)	11.6	8.9	8.0	...	...	...
Return on equity of insurance companies (%)	13.5	24.6	21.7	...	...	...
Claim settlement costs / net technical provisions (life, %)	12.1	10.3	12.8	...	...	...
Claim settlement costs / net technical provisions (non-life, %)	69.4	71.7	61.4	...	...	...
Change in assets managed by pension funds (%)	20.9	18.2	14.6	...	...	...
Return on equity of pension funds (%)	...	121.8	111.7	...	...	...
Growth in loans from non-bank financial corporations engaged in lending (%)						
total	...	7.4	17.7	...	...	...
households	...	9.2	27.2	...	...	...
non-financial corporations	...	5.8	11.2	...	...	...
Composite indicators**						
Banking stability index (average for period)	0.6	0.5	0.3	...	...	...
Creditworthiness index for non-financial corporations (average for period)	0.971	0.973	0.972	...	...	...
Market liquidity index (average for period)	0.2	0.3	0.1	-0.3	-0.2	...

* 2007 H1

** see Part I of the report for the methodology and interpretation of the composite indicators