

Monetary Statistics

August
2007

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Method for grossing up the balance sheet total and balance sheet item in the statistics on financial corporation engaged in lending

1) The information in Tables 3-14 are based on monetary statistics of CNB harmonized with monetary statistics of European System of Central Banks. The data are not seasonally adjusted and the last period data are always preliminary. When processing data of monetary and banking statistics as of 31 August 2007, the revision for the period from 31 December 2006 until 31 July 2007 was made.

2) All the data quoted in this Publication are included in the ARAD database (Time series database - ARAD >> Money and banking statistics >> Monetary statistics >> Monetary Statistics Publication).

TABLE 1

Key interest rates

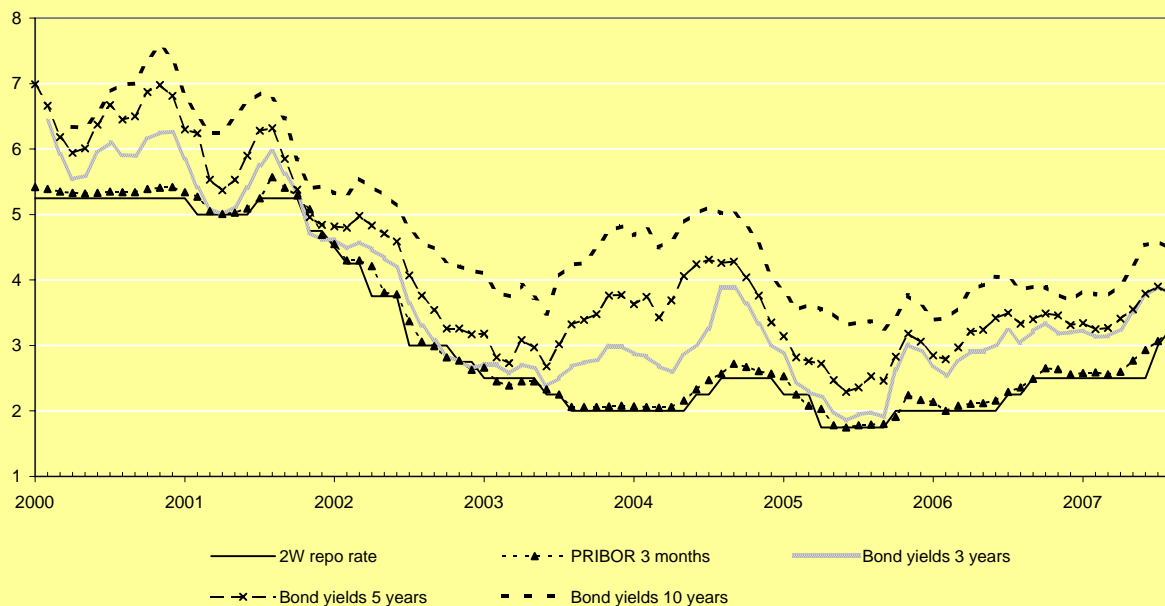
	CNB			ECB
	from 1 June 2007 onwards	from 27 July 2007 onwards	from 31 August 2007 onwards	from 13 June 2007 onwards
2W repo rate	2,75	3,00	3,25	4,00
Deposit facility	1,75	2,00	2,25	3,00
Marginal lending facility	3,75	4,00	4,25	5,00

TABLE 2

Financial markets interest rates

monthly average	2006		2007					
	August		June		July		August	
	CR	Euro area	CR	Euro area	CR	Euro area	CR	Euro area
Money market								
CZEONIA/ EONIA								
overnight	2,22	2,97	2,69	3,96	2,54	4,06	2,90	4,05
PRIBOR/ EURIBOR								
1 month	2,28	3,09	2,81	4,10	2,90	4,11	3,07	4,31
3 months	2,36	3,23	2,93	4,15	3,07	4,22	3,28	4,54
6 months	2,50	3,41	3,09	4,28	3,28	4,36	3,48	4,59
1 year	2,75	3,62	3,38	4,51	3,59	4,56	3,70	4,67
Capital market								
Bond yields								
3 years	3,04	3,65	3,76	4,51	3,90	4,52	3,80	4,22
5 years	3,33	3,75	3,79	4,58	3,90	4,55	3,79	4,27
10 years (Maastricht)	3,85	3,97	4,53	4,66	4,59	4,63	4,48	4,41

Interest rates



Commentary on key interest rates (Table 1) and financial market interest rates (Table 2): August 2007

Key interest rates

The CNB's 2W repo rate has been set at 3.25% since the end of August 2007, the ECB's key interest rate has been re-set at 4.00% since mid-June 2007. The difference between the ECB's and the CNB's key rates is thus 0.75 percentage point.

Financial market interest rates

Interest rates on the interbank deposit market increased in August in the both regions under review, except the reference interest rate EONIA which did not changed practically (a decrease of 0.01 percentage point). The three-month PRIBOR was 3.28%, while the three-month EURIBOR rose to 4.54%.

Bond yields on the capital market in the Czech Republic and in the Eurozone decreased in August, whereas the decrease of bond yields in the Eurozone was more considerable. The yield of the 10-year bond in the Czech Republic exceeded the yield of the 10-year bond in the Eurozone in August (the difference of 0.07 percentage point in favour of the yield of the 10-year bond in the Czech Republic).

TABLE 3

Key monetary indicators

CZK billions, unless otherwise indicated	2006			2007			2007			2007		
	August			June			July			August		
	Outstanding amounts	Transactions ⁴⁾	Annual growth rates [%]	Outstanding amounts	Transactions ⁴⁾	Annual growth rates [%]	Outstanding amounts	Transactions ⁴⁾	Annual growth rates [%]	Outstanding amounts	Transactions ⁴⁾	Annual growth rates [%]
M1	1 292,1	11,8	16,4	1 423,2	-22,3	15,3	1 488,4	68,2	16,5	1 469,9	-17,2	14,1
M3 ¹⁾	1 973,4	33,7	13,9	2 206,6	0,7	14,7	2 231,5	30,2	15,3	2 263,1	34,0	15,0
Loans to private sector ²⁾	1 212,4	14,8	21,2	1 437,3	40,8	22,3	1 469,5	36,2	23,1	1 498,4	31,2	24,2
Net foreign assets ³⁾	1 012,0	8,4	-0,5	1 037,2	-9,0	1,6	1 040,8	29,0	6,6	973,7	-58,2	-0,2

¹⁾ Monetary aggregates comprise monetary liabilities of MFIs vis-à-vis non-MFI Czech residents excluding central government. M1 is the sum of currency in circulation and overnight deposits; M2 is the sum of M1, deposits with an agreed maturity of up to two years and deposits redeemable at notice of up to three months; and M3 is the sum of M2, repurchase agreements, money market fund shares/units and debt securities up to two

²⁾ Including all sectors without general government (S.13) and MFIs sector (S.121 and S.122).

³⁾ Net foreign assets (NFA) represent balance of financial claims and liabilities of the MFI sector vis-à-vis nonresidents

⁴⁾ Net value of flow data calculated by adjusting the difference between end-of-period levels for the effect of non-transactions-related factors.

Annual growth rates

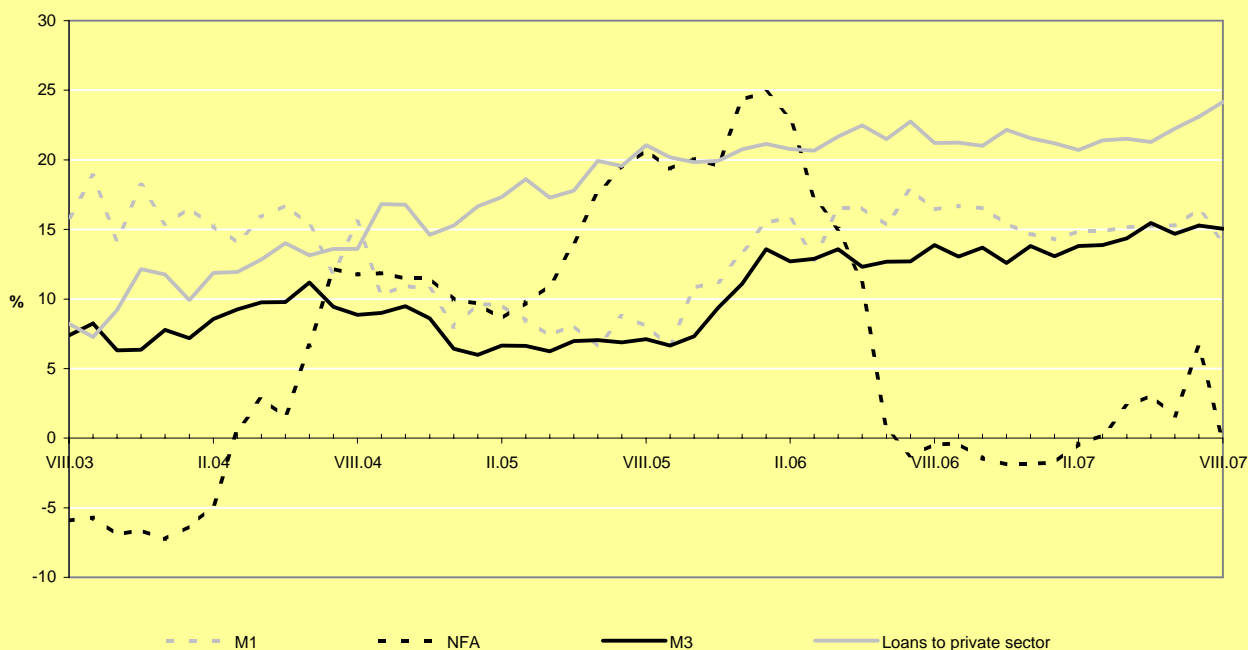


TABLE 4

Monetary aggregates and counterparts

CZK billions, unless otherwise indicated

	2006			2007								
	August			June			July			August		
	Out-standing amounts	Transac-tions ¹⁾	Annual growth rates [%]	Out-standing amounts	Transac-tions ¹⁾	Annual growth rates [%]	Out-standing amounts	Transac-tions ¹⁾	Annual growth rates [%]	Out-standing amounts	Transac-tions ¹⁾	Annual growth rates [%]
COMPONENTS OF M3												
(1) M3 (= items 1.3, 1.6 and 1.11)	1 973,4	33,7	13,9	2 206,6	0,7	14,7	2 231,5	30,2	15,3	2 263,1	34,0	15,0
(1.1) Currency in circulation	282,4	3,3	11,7	314,0	4,2	12,4	311,4	-2,6	11,8	314,0	2,6	11,4
(1.2) Overnight deposits	1 009,7	8,5	17,8	1 109,2	-26,5	16,2	1 177,0	70,8	17,8	1 155,9	-19,8	14,8
(1.3) M1 (items 1.1 and 1.2)	1 292,1	11,8	16,4	1 423,2	-22,3	15,3	1 488,4	68,2	16,5	1 469,9	-17,2	14,1
(1.4) Deposits with agreed maturity up to 2 years	441,2	15,7	-0,4	511,4	21,2	12,0	468,7	-40,5	10,6	511,4	43,7	16,6
(1.5) Deposits redeemable at notice up to 3 months	169,3	6,9	50,9	204,0	1,6	26,8	205,7	1,7	26,7	209,0	3,3	23,4
(1.6) Other short term deposits (items 1.4 and 1.5)	610,5	22,7	9,9	715,5	22,8	15,9	674,4	-38,8	15,0	720,4	47,0	18,5
(1.7) M2 (items 1.3 and 1.6)	1 902,6	34,4	14,3	2 138,7	0,5	15,5	2 162,8	29,4	16,0	2 190,3	29,8	15,5
(1.8) Repurchase agreements	13,0	-0,9	-4,7	6,3	-2,7	-56,7	6,6	0,3	-52,9	11,5	5,0	-11,4
(1.9) Money market fund shares/units	57,1	0,1	6,3	57,4	1,4	0,3	57,6	0,3	1,1	57,7	0,2	1,2
(1.10) Debt securities issued with maturity up to 2 years	0,7	0,1	-	4,2	1,5	-	4,6	0,3	-	3,6	-1,0	-
(1.11) Marketable instruments (items 1.8,1.9 and 1.10)	70,8	-0,8	4,7	67,9	0,2	-6,1	68,7	0,8	-3,9	72,8	4,1	3,0
COUNTERPARTS OF M3												
MFI liabilities												
(2) Holdings deposits against central government	218,6	-17,5	-13,8	230,2	40,5	-5,1	249,0	19,0	5,5	208,5	-40,5	-4,5
(3) Longer-term financial deposits against other residents (items 3.1 to 3.4)	555,6	-5,4	2,1	591,9	1,4	6,9	576,0	7,7	8,3	575,5	8,3	10,9
(3.1) Deposits with agreed maturity over 2 years	233,1	-9,9	-7,5	226,1	-2,3	-7,9	224,2	-1,8	-7,7	220,6	-3,5	-5,3
(3.2) Deposits redeemable at notice over 3 months	71,7	-0,4	-18,0	69,0	-0,5	-4,9	68,5	-0,5	-4,9	67,9	-0,6	-5,2
(3.3) Debt securities issued with maturity over 2 years	61,7	1,4	34,6	77,5	0,2	24,0	78,7	1,8	25,4	83,9	5,2	30,6
(3.4) Capital and reserves	189,2	3,5	16,0	219,3	4,0	26,0	204,6	8,2	29,4	203,1	7,3	31,7
MFI assets												
(4) Credit to residents (items 4.1 and 4.2)	1 679,5	14,6	13,8	1 953,6	55,8	18,6	1 987,6	37,8	19,8	2 007,6	22,3	20,1
(4.1) Credit to general government	433,9	0,1	-2,2	469,0	4,9	7,4	469,3	0,0	8,5	459,0	-10,3	6,1
of which: Loans	69,7	0,3	-32,1	63,0	-0,7	-15,9	63,0	0,2	-9,1	63,7	0,7	-8,4
Securities other than shares	364,2	-0,3	6,8	406,0	5,6	12,2	406,3	-0,1	11,9	395,3	-11,1	8,9
(4.2) Credit to private sector	1 245,6	14,5	20,6	1 484,6	51,0	22,7	1 518,3	37,8	23,7	1 548,6	32,6	24,9
of which: Loans	1 212,4	14,8	21,2	1 437,3	40,8	22,3	1 469,5	36,2	23,1	1 498,4	31,2	24,2
Securities other than shares	12,3	-0,3	-45,8	15,2	0,6	10,3	15,3	0,1	21,3	18,0	2,7	47,0
Shares and other equities	20,8	0,0	85,9	32,0	9,6	54,0	33,5	1,5	60,4	32,2	-1,3	54,4
(5) Net foreign assets	1 012,0	8,4	-0,5	1 037,2	-9,0	1,6	1 040,8	29,0	6,6	973,7	-58,2	-0,2
(6) Other counterparts of M3 (residual) (=M3+items 2,3 - items 4,5)	56,2	-12,2	55,3	37,9	-4,3	-27,6	28,1	-9,8	-57,9	65,8	37,7	19,9

¹⁾ Net value of flow data calculated by adjusting the difference between end-of-period levels for the effect of non-transactions-related factors.

TABLE 5

Sector breakdown of components of M3¹⁾

CZK billions	2006		2007					
	August		June		July		August	
	Out-standing amounts	Transac-tions ²⁾	Out-standing amounts	Transac-tions ²⁾	Out-standing amounts	Transac-tions ²⁾	Out-standing amounts	Transac-tions ²⁾
(1) Overnight deposits	1 009,7	8,5	1 109,2	-26,5	1 177,0	70,8	1 155,9	-19,8
(1.1) Other general government	99,1	-4,6	110,6	5,0	129,0	18,5	123,6	-5,4
(1.2) Other financial intermediaries ³⁾	17,0	-0,6	24,8	-0,9	30,5	5,9	27,3	-3,1
(1.3) Insurance corporations and pension funds	13,4	0,4	5,9	-13,3	18,9	13,0	10,5	-8,4
(1.4) Non-financial corporations	359,8	8,0	375,3	-23,0	397,9	24,7	389,5	-7,3
(1.5) Households ⁴⁾	520,3	5,3	592,6	5,7	600,7	8,7	604,9	4,4
(2) M2 - M1 (other short- term deposits)	610,5	22,7	715,5	22,8	674,4	-38,8	720,4	47,0
(2.1) Other general government	21,0	-0,9	23,5	-1,8	23,7	0,3	26,9	3,2
(2.2) Other financial intermediaries ³⁾	15,5	2,9	26,5	6,6	24,5	-2,0	28,7	4,2
(2.3) Insurance corporations and pension funds	17,7	0,6	31,8	10,3	23,6	-8,1	33,3	9,7
(2.4) Non-financial corporations	188,7	10,8	207,7	1,6	174,7	-32,1	199,5	25,2
(2.5) Households ⁴⁾	367,5	9,3	426,0	6,1	427,9	3,2	432,1	4,6
(3) Repurchase agreements (a part of M3 - M2)	13,0	-0,9	6,3	-2,7	6,6	0,3	11,5	5,0
(3.1) Other general government	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
(3.2) Other financial intermediaries ³⁾	2,0	0,0	1,7	-0,9	1,5	-0,2	1,2	-0,3
(3.3) Insurance corporations and pension funds	8,4	-1,7	2,3	-2,1	2,5	0,2	6,9	4,4
(3.4) Non-financial corporations	2,6	0,8	0,0	-0,2	0,0	0,0	0,0	0,0
(3.5) Households ⁴⁾	0,0	0,0	2,3	0,4	2,5	0,2	3,4	0,9

TABLE 6

Loans to private sector

CZK billions	2006		2007					
	August		June		July		August	
	Out-standing amounts	Transac-tions ²⁾	Out-standing amounts	Transac-tions ²⁾	Out-standing amounts	Transac-tions ²⁾	Out-standing amounts	Transac-tions ²⁾
(1) Loans to non-financial corporations	599,3	4,4	698,1	17,9	709,5	15,0	722,0	16,7
(1.1) up to 1 year	228,0	-1,6	257,9	8,5	264,1	7,1	270,5	6,8
(1.2) over 1 year and up to 5 years	151,8	2,4	171,6	2,9	177,3	6,8	176,2	2,0
(1.3) over 5 years	219,4	3,7	268,6	6,5	268,2	1,1	275,2	7,9
(2) Loans to households⁴⁾	490,6	11,1	616,4	16,7	631,8	15,5	648,0	16,4
(2.1) Consumer credit	100,4	1,7	123,3	3,3	125,7	2,5	128,5	2,9
(2.2) Lending for house purchase	337,5	8,9	428,8	12,1	440,2	11,4	452,8	12,6
(2.3) Other lending	52,7	0,4	64,3	1,2	65,9	1,6	66,8	0,9
(3) Loans to other financial intermediaries³⁾	118,8	-0,4	121,9	6,3	127,1	5,4	127,7	-1,6
(4) Loans to insurance corporations and pension funds	3,7	-0,3	0,9	-0,1	1,1	0,2	0,7	-0,4

¹⁾ Table 5 doesn't include those components of M3 which can't be broken down by the sector so far, i.e. currency in circulation, money market fund shares/units and debt securities issued with maturity up to 2 years.

²⁾ Net value of flow data calculated by adjusting the difference between end-of-period levels for the effect of non-transactions-related factors.

³⁾ Including other financial intermediaries (S.123) without insurance corporations and pension funds (S.125) and financial auxiliaries

⁴⁾ Including households (S.14) and non-profit institutions serving households (S.15).

TABLE 7

Contributions to annual growth¹⁾ of M3

	2006	2007		
	August	June	July	August
	% points	% points	% points	% points
M1	10,5	9,8	10,9	9,2
of which: Currency	1,7	1,8	1,7	1,6
Overnight deposits	8,8	8,0	9,2	7,6
M2 - M1 (= other short- term deposits)	3,2	5,1	4,6	5,7
M3 - M2 (= short-term marketable instruments)	0,2	-0,2	-0,1	0,1
M3	13,9	14,7	15,3	15,0

TABLE 8

Contributions to annual growth¹⁾ of loans to private sector

	2006	2007		
	August	June	July	August
	% points	% points	% points	% points
Non-financial corporations	8,7	9,6	9,8	10,7
Households ²⁾	12,1	12,7	12,9	13,2
Other financial intermediaries ³⁾	0,5	0,0	0,7	0,6
Insurance corporations and pension funds	-0,1	0,0	-0,2	-0,2
Loans to private sector ⁴⁾	21,2	22,3	23,1	24,2

¹⁾ Contributions to growth are the growth rates of M3 / lending weighted by the share in total M3 / lending to private sector.

²⁾ Including households (S.14) and non-profit institutions serving households (S.15).

³⁾ Including other financial intermediaries (S.123) without insurance corporations and pension funds (S.125) and financial auxiliaries (S.124).

⁴⁾ Including all sectors without general government (S.13) and MFIs sector (S.121 and S.122).

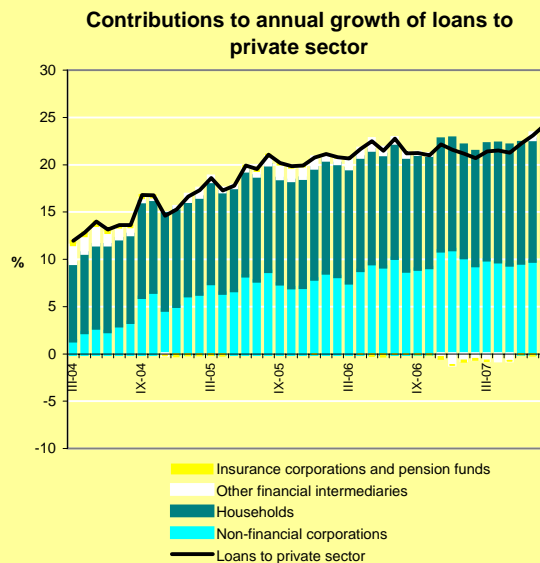
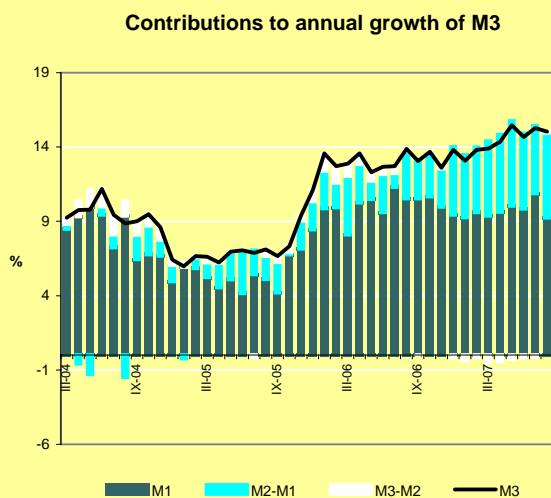
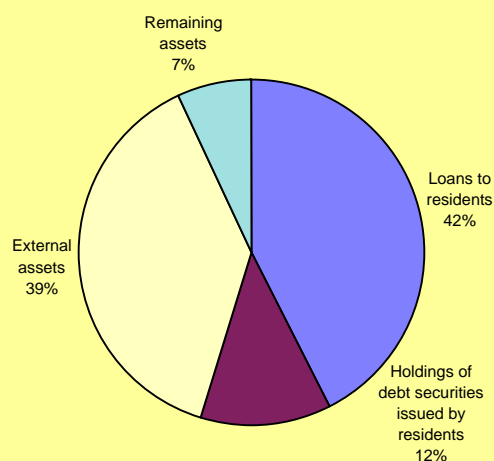


TABLE 9

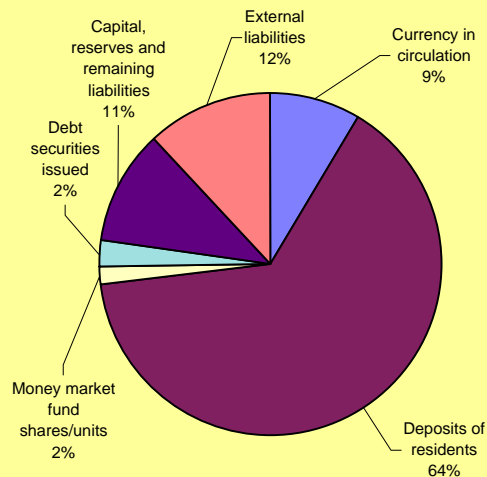
Balance sheets of MFIs by reporting institutions: August 2007

CZK billions	MFI			Consolidated balance sheet of MFIs
	CNB	Credit institutions	Money market funds	
(1) ASSETS TOTAL	802,5	3 578,9	79,6	3 675,5
(1.1) Loans to residents	8,7	2 156,6	14,5	1 562,1
MFI	0,0	603,2	14,5	-
General government	0,0	63,7	0,0	63,7
Other residents	8,7	1 489,7	0,0	1 498,4
(1.2) Holdings of securities other than shares issued by residents	0,0	513,7	21,9	413,3
MFI	0,0	120,3	2,0	-
General government	0,0	379,8	15,5	395,3
Other residents	0,0	13,6	4,4	18,0
(1.3) Money market fund shares/units	0,0	6,1	0,0	-
(1.4) Holdings of shares/other equity issued by residents	0,0	49,4	0,2	32,2
MFI	0,0	17,4	0,0	-
Other residents	0,0	32,0	0,2	32,2
(1.5) External assets	774,8	599,8	42,7	1 417,2
(1.6) Fixed assets	11,3	105,1	0,0	116,4
(1.7) Remaining assets	7,6	148,2	0,3	134,3
(2) LIABILITIES TOTAL	802,5	3 578,9	79,6	3 675,5
(2.1) Currency in circulation	335,9	-	-	314,0
(2.2) Deposits of residents	466,4	2 522,8	0,0	2 384,8
MFI	443,4	161,1	0,0	-
Central government	19,7	188,8	0,0	208,5
Other general government/other residents	3,3	2 173,0	0,0	2 176,3
(2.3) Money market fund shares/units	-	-	63,8	57,7
(2.4) Debt securities issued	0,0	209,9	0,0	87,5
(2.5) Capital and reserves	-135,6	341,3	14,8	203,1
(2.6) External liabilities	121,3	322,1	0,1	443,5
(2.7) Remaining liabilities	14,5	182,7	0,8	198,0
(2.8) Excess of inter MFI liabilities	-	-	-	-13,2

Consolidated balance sheet of MFIs - assets



Consolidated balance sheet of MFIs - liabilities



Comments on monetary developments statistics¹⁾ (Tables 3-9): August 2007

The annual rate of growth of M3 dropped from 15.3% in July to 15.0% in August. M3 grew by 1.5% month on month. As a result of financial transactions, the monetary aggregate M3 grew by CZK 296.5 billion year on year (by CZK 34.0 billion month on month) to CZK 2,263.1 billion.

Main components of M3

With the largest contribution to M3 growth, the monetary aggregate M1 remains the most important component of M3, accounting for almost two-thirds of the annual M3 growth (Table 7).

The annual rate of growth of M1 fell from 16.5% in July to 14.1% in August. Similarly, the annual rate of growth of overnight deposits decreased from 17.8% in July to 14.8% in August. Due to financial transactions these deposits declined by 1.7% month on month. Within overnight deposits, deposits of insurance corporations and pension funds recorded the largest month-on-month decline, of 44.3% (CZK 8.4 billion). Deposits of other financial intermediaries decreased by 10.3% (CZK 3.1 billion) and deposits of other government fell by 4.2% (CZK 5.4 billion). Deposits of non-financial corporations recorded a very slight decline, of 1.8% (CZK 7.3 billion). The household sector was the only one to see a modest rise in overnight deposits, by 0.7% (CZK 4.4 billion).

The annual rate of growth of currency in circulation fell from 11.8% in July to 11.4% in August. In month-on-month terms, currency in circulation rose by 0.9% (an increase of CZK 2.6 billion due to financial transactions).

Other short-term deposits (excluding overnight deposits) grew by CZK 47 billion (i.e. 7.0%) month on month, owing to financial transactions. In August, the annual rate of growth of these deposits increased by 3.5 percentage points to 18.5 % (from 15.0 % in July). Deposits redeemable at notice of up to three months (the smaller component) have long been recording strong annual growth. Their annual growth rate in August was 23.4%. The annual rate of growth of deposits with maturity of up to two years, which are the dominant component of short-term deposits, increased by 6.0 percentage points compared to the previous month, reaching 16.6%.

Within other short-term deposits, deposits of insurance corporations and pension funds recorded the largest month-on-month increase, of 41.3% (CZK 9.7 billion). Deposits of other financial intermediaries rose by 17.1% (CZK 4.2 billion), deposits of non-financial corporations grew by 14.5% (CZK 25.2 billion) and deposits of other government were up by 13.6% (CZK 3.2 billion). Other short-term deposits from households recorded only a slight increase, of 1.1% (CZK 4.6 billion).

Marketable instruments, which consist of repos, money market fund shares/units and debt securities with maturities of up to two years, grew by 6.0% to CZK 72.8 billion (CZK 68.7 billion in July). Their annual rate of growth increased by 6.9 percentage points, from -3.9% in July to 3.0% in August.

Main counterparts of M3

The annual rate of growth of loans to general government increased by 0.7 percentage point, from -9.1% in July to -8.4 % in August. The annual rate of growth of purchased government bonds fell from 11.9% in July to 8.9% in August.

The annual growth rate of loans to the private sector increased to 24.2% in August, from 23.1 % in July. This growth was mostly attributable to households. They account for more than one-half of the annual rate of growth of loans to the private sector (Table 8). The annual growth rates of loans to households have long been high; in August the figure was 32.6%. Non-financial corporations are another sector accounting for a significant proportion of the annual rate of growth of these loans. Their annual rate of growth rose from 19.7% in July to 21.6% in August.

The annual growth rate of net external assets decreased markedly from 6.6% in July to -0.2 % in August. The annual growth rate of longer-term financial liabilities grew from 8.3% in July to 10.9% in August. The annual growth rate of deposits by central government declined from 5.5% to -4.5%.

¹⁾ All increases and decreases referred to in this commentary relate only to financial transactions adjusted for non-transaction effects.

TABLE 10

MFI interest rates on new business¹⁾

monthly average rates and sum	2006		2007					
	August		June		July		August	
	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)
(1) Deposits from households²⁾	0,90	773,8	1,01	894,9	1,02	905,5	1,04	912,2
(1.1) Overnight	0,39	498,8	0,42	572,0	0,44	578,3	0,46	584,7
(1.2) With agreed maturity	1,54	44,3	2,10	61,2	2,08	64,1	2,26	61,3
of which: Up to 2 years	1,54	43,8	2,09	60,7	2,09	63,7	2,27	60,9
(1.3) Redeemable at notice ³⁾	1,87	235,9	2,01	268,5	2,02	269,6	2,03	272,2
(1.3.1) Up to 3 months' notice	2,24	165,5	2,34	200,8	2,35	202,4	2,35	205,6
(1.3.2) Over 3 months' notice	0,99	70,3	1,02	67,7	1,02	67,2	1,03	66,6
(2) Deposits from non-financial corporation⁴⁾	1,29	499,7	1,58	533,2	1,53	498,5	1,68	518,1
(2.1) Overnight	0,76	282,0	0,84	290,3	0,97	304,4	0,94	295,1
(2.2) With agreed maturity	1,98	213,9	2,47	240,1	2,42	191,1	2,68	220,1
of which: Up to 2 years	1,98	213,9	2,47	240,1	2,42	191,0	2,68	220,1
(3) Loans to households²⁾	10,86	43,5	10,26	59,6	11,31	51,9	11,05	56,6
(3.1) Bank overdrafts ⁵⁾	15,96	20,9	15,94	25,3	16,04	26,1	15,97	27,0
(3.2) Consumer credit	12,42	3,9	12,00	5,8	12,17	5,3	12,53	5,5
(3.3) Lending for house purchase	4,47	13,7	4,63	22,8	4,79	16,0	4,90	18,9
of which: Mortgage lending	4,34	8,7	4,55	15,9	4,75	9,8	4,94	11,8
Saving for building purposes	4,83	3,7	4,68	4,8	4,65	4,8	4,63	5,6
(3.4) Other lending	5,82	5,0	5,81	5,7	6,08	4,5	6,24	5,1
(4) Loans to non-financial corporation	4,14	129,0	4,71	176,6	4,78	166,7	4,94	164,7
(4.1) Bank overdrafts ⁵⁾	4,58	71,0	5,14	89,2	5,30	90,4	5,38	91,3
(4.2) Other loans up to CZK 30 million	4,46	15,6	4,88	20,0	4,86	18,4	5,22	19,4
of which: Up to 1 year initial rate fixation ⁶⁾	4,41	14,1	4,85	17,9	4,81	16,8	5,21	16,8
(4.3) Other loans over to CZK 30 million	3,29	42,3	4,09	67,4	3,95	57,8	4,09	54,0
of which: Up to 1 year initial rate fixation ⁶⁾	3,28	41,3	4,08	66,3	3,93	54,2	4,08	52,6
(5) APRC⁷⁾ on loans to households	6,62	17,6	6,42	28,6	6,94	21,3	6,92	24,5
(5.1) Consumer credit	13,52	3,9	12,54	5,8	12,71	5,3	13,13	5,5
(5.2) Lending for house purchase	4,66	13,7	4,86	22,8	5,03	16,0	5,10	18,9

¹⁾ The interest rates that are applied by MFIs to CZK-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the Czech Republic. New business refers to any new agreement between the customer and the MFI within given period.

²⁾ Including households (S. 14) and non-profit institutions serving households (S. 15) according to the classification of the economic sectors ESA95.

³⁾ Households deposits liabilities redeemable at notice include similar deposits of non-financial corporations of which volumes are negligible in this category.

⁴⁾ Including deposit liabilities redeemable at notice of non-financial corporations (which are also included in item 1.3).

⁵⁾ Bank overdrafts include provided bank overdrafts, debit balance on bank accounts and credit card credits.

⁶⁾ The initial period of fixations is a predetermined period of time at the start of the contract during which the value of the interest rate cannot change. Period up to 1 year includes floating rates.

⁷⁾ Annual percentage rate of charge (APRC) covers total costs of the credit to the client including charges etc.

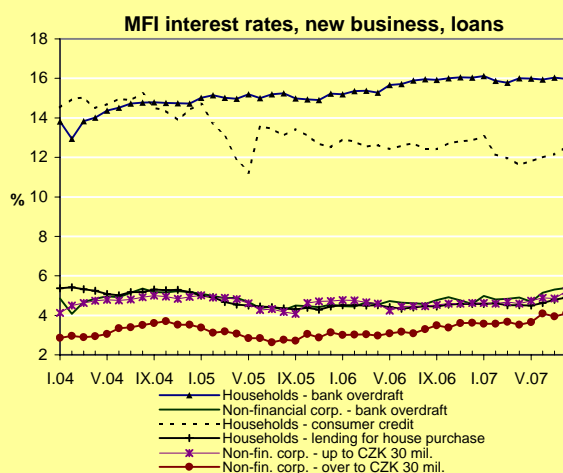
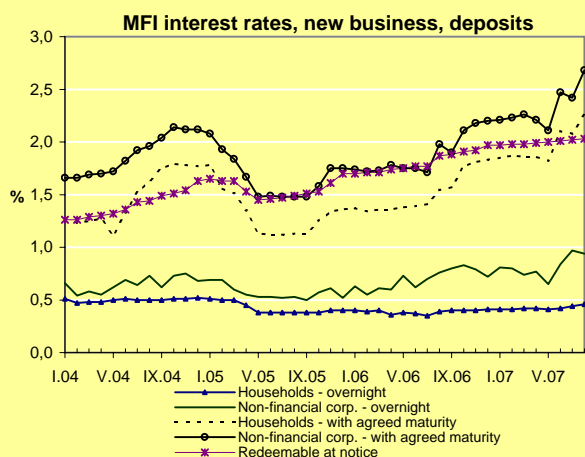


TABLE 11

MFI interest rates on outstanding amounts¹⁾

outstanding amounts as end-of-month	2006		June		2007		July		August	
	August		June		July		July		August	
	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)
(1) Deposits from households²⁾³⁾	1,22	1121,1	1,26	1244,7	1,26	1251,4	1,27	1258,8		
(1.1) With agreed maturity	1,90	389,2	1,94	405,2	1,94	404,2	1,95	401,8		
(1.1.1) Up to 2 years	1,23	161,1	1,61	184,1	1,65	185,2	1,70	186,3		
(1.1.2) Over 2 years	2,38	228,2	2,20	221,1	2,18	219,0	2,17	215,5		
(2) Deposits from non-financial corp.³⁾	1,14	435,4	1,37	463,4	1,40	448,0	1,49	458,3		
(2.2) With agreed maturity	1,84	148,4	2,26	170,2	2,35	140,8	2,49	160,3		
(2.2.1) Up to 2 years	1,84	146,6	2,26	168,3	2,35	138,7	2,49	158,2		
(2.2.2) Over 2 years	2,42	1,7	2,20	1,9	2,15	2,1	2,16	2,1		
(3) Loans to households	6,87	489,4	6,61	615,1	6,63	630,4	6,60	646,8		
(3.1) Lending for house purchase	4,99	337,2	4,83	428,5	4,83	439,9	4,84	452,5		
of which: Mortgage lending	4,77	215,4	4,65	281,6	4,65	289,7	4,67	298,0		
Saving for building purposes	5,55	106,1	5,30	127,4	5,28	129,8	5,25	133,3		
(3.2) Consumer credit and other lending ⁴⁾	11,32	152,2	10,93	186,6	11,01	190,6	10,92	194,3		
(4) Loans to non-financial corporation	4,29	490,4	4,73	559,7	4,84	574,6	4,94	584,1		
(4.1) Up to 1 year	4,05	201,3	4,65	225,8	4,76	233,2	4,88	237,4		
(4.2) Over 1 and up to 5 years	4,23	124,4	4,60	131,8	4,73	135,7	4,84	135,9		
(4.3) Over 5 years	4,63	164,7	4,90	202,2	5,00	205,7	5,08	210,9		

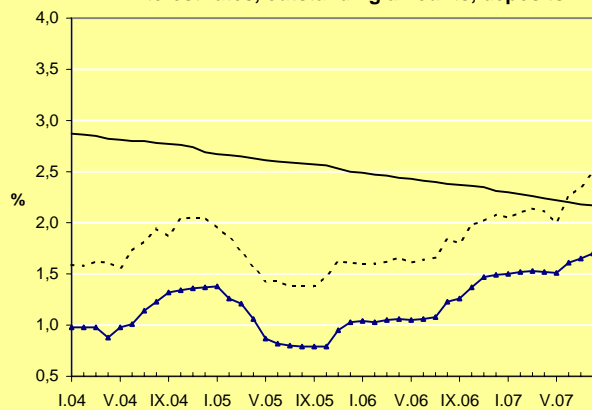
¹⁾ The interest rates that are applied by MFIs to CZK-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the Czech Republic. Interest rates on outstanding amounts refer to the stock of all deposits and all loans at a specific moment.

²⁾ Including households (S.14) and non-profit institutions serving households (S.15) according to the classification of the economic sectors ESA95.

³⁾ Including overnight deposits and deposits with agreed maturity presented in Table 10. For this instrument category, new business and outstanding amounts coincide.

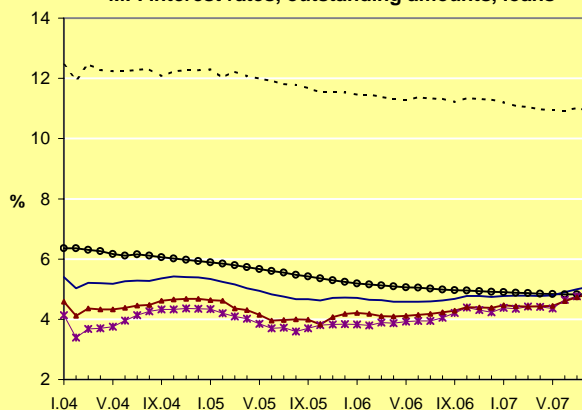
⁴⁾ Consumer credit and other lending include bank overdrafts presented in Table 10.

MFI interest rates, outstanding amounts, deposits



—●— Households with agreed maturity up to 2 years
 - - - ■ - Households with agreed maturity over 2 years
 . . . ▲ - Non-financial corp. with agreed maturity up to 2 years

MFI interest rates, outstanding amounts, loans



- - - ■ - Households - consumer credit
 —●— Households - lending for house purchase
 - - - ▲ - Non-financial corp. up to 1 year
 —■— Non-financial corp. over 1 and up to 5 years
 . . . ▲ - Non-financial corp. over 5 years

Commentary on MFI interest rates (Tables 10 and 11): August 2007

Interest rates on new business

The overall average interest rate on **new deposits** from households increased slightly in August. Rates on deposits from non-financial corporations also rose, but at a faster pace.

The average interest rate on new deposits from **households** reached 1.04%. This increase was due mainly to deposits with agreed maturity of up to two years, whose interest rate increased by almost 0.20 percentage point. Interest rates on deposits redeemable at notice and overnight deposits went up only slightly (by no more than 0.02 percentage point).

The average interest rate on new deposits from **non-financial corporations** rose by 0.15 percentage point to 1.68%, again due to a marked increase in the rate on deposits with agreed maturity of up to two years – to 2.68% (these deposits usually account for 100% of all deposits with agreed maturity in this sector). By contrast, the rate on overnight deposits was slightly lower, at 0.94%.

The overall average interest rate on **new loans** provided by banks to households decreased substantially in August, whereas that on loans to non-financial corporations increased.

Turning to loans to **households**, the average interest rate on bank overdrafts fell by 0.07 percentage point to 15.97%. By contrast, interest rates on consumer credit, loans for house purchase and other loans recorded a rise. The overall average interest rate on loans fell by 0.25 percentage point, making the interest rate on loans to households 11.05% on average.

In contrast to the household sector, rates on loans to **non-financial corporations** were higher than in the previous month, rising by 0.16 percentage point to 4.94%. Rates increased across all types of loans, but the biggest rise was recorded for other loans of up to CZK 30 million.

Interest rates on outstanding amounts

The interest rate on **outstanding amounts** of household deposits was the same as in the previous month, while the average rate on outstanding amounts of deposits from non-financial corporations increased slightly.

The average interest rate on household **deposits** was 1.27% in August. Compared to the previous month, rates were slightly higher on overnight deposits (0.46%), deposits with agreed maturity of up to two years (1.70%) and deposits redeemable at notice (2.03%). By contrast, the rate on deposits with agreed maturity of over two years fell slightly (to 2.17%).

The average interest rate on outstanding amounts of deposits from **non-financial corporations** increased again in August, reaching 1.49%. The increase in the overall rate was due to a rise in the rate on deposits with agreed maturity (to 2.49%), whereas overnight deposits recorded a slight decline in interest rate (to 0.94%).

Outstanding amounts of **loans** provided to non-financial corporations recorded a slightly higher interest rate in August, whereas the rate on loans to households saw a slight fall.

The average interest rate on outstanding amounts of loans to **households** was 6.60%. The rate on loans for house purchase remained at the level of previous months (4.84%), whereas consumer credit and other loans recorded a slightly lower average interest rate (10.92%).

The overall interest rate on outstanding amounts of loans to **non-financial corporations** rose for the third consecutive month, reaching 4.94%. Rates on loans of all maturities recorded growth again this month (of between 0.08 and 0.12 percentage point); the average rate on loans with maturity of up to one year was 4.88%, that on loans with maturity of over one year and up to five years 4.84% and that on loans with maturity of over five years 5.08%.

Differences between interest rates on new business and interest rates on outstanding amounts

The difference in interest rates on deposits between new business and outstanding amounts is due to deposits with agreed maturity, i.e. deposits with a relatively high interest rate which have different shares in total deposits in the case of new business and in the case of outstanding amounts. The overall average interest rate on new deposits from households is lower (by 0.23 percentage point in August) than the interest rate on outstanding amounts of deposits. In the household sector, deposits with agreed maturity tend to have maturities of several months (or years), and so, when outstanding amounts of deposits are monitored on a monthly basis, they accumulate. As regards outstanding amounts, the share of deposits with agreed maturity in total deposits is very significant, causing the interest rate on the overall outstanding amounts of household deposits to be relatively high. As regards non-financial corporations, the opposite is true, i.e. the overall average interest rate on new deposits is slightly higher (by 0.19 percentage point in August) than that on outstanding amounts of deposits. This is because non-financial corporations very often deposit their money in banks for less than one month. For non-financial corporations, deposits with agreed maturity with relatively high interest rates thus have a significant share in the case of new business.

As for loans provided by banks to households the overall average interest rate is significantly higher for new loans than for outstanding amounts (in August the difference was 4.45 percentage points). This is because in the case of outstanding amounts there is an accumulation of long-term loans for house purchase (with maturities ranging from years to decades) with relatively low rates. Loans for house purchase thus account for a very high proportion (almost 70%) of total loans and thus reduce the overall average interest rate on loans to households (thanks to their low interest rates compared to other types of loans).

The interest rates on new loans and outstanding amounts of loans provided by banks to non-financial corporations are similar. A more detailed analysis is impossible in this case, since the breakdown of loans for this sector differs between new business and outstanding amounts (new loans are monitored in terms of their size, whereas information on original maturity is available for outstanding amounts).

TABLE 12

Quarterly aggregated balance sheet of investment funds ¹⁾

CZK billions; end of period	2006			2007	
	June	September	December	March	June
ASSETS					
Total	73,9	76,5	80,1	84,8	98,8
(1.1) Deposits	6,8	5,4	7,1	7,0	15,7
(1.2) Securities other than shares	33,9	35,0	33,7	35,7	35,7
MFI	0,6	0,6	0,7	0,9	0,9
General government	18,8	20,5	20,7	19,2	16,7
Other residents	2,0	1,9	1,8	1,9	4,7
Non-residents	12,4	12,0	10,6	13,7	13,4
Up to 1 year	0,4	0,3	0,5	1,7	1,3
Over 1 year	33,5	34,6	33,3	34,0	34,4
(1.3) Shares and other equity	20,9	22,2	23,7	25,0	26,2
MFI	0,6	0,6	0,5	0,5	0,2
Other residents	3,8	3,7	3,4	3,4	3,6
Non-residents	16,5	18,0	19,8	21,1	22,3
(1.4) Investment fund shares	11,5	12,8	14,5	15,2	19,3
Residents	2,0	2,2	2,7	3,2	4,5
Non-residents	9,5	10,6	11,9	12,0	14,8
(1.5) Other assets	0,8	1,1	1,0	1,9	1,9
LIABILITIES					
Total	73,9	76,5	80,1	84,8	98,8
(2.1) Loans accepted	4,3	0,0	12,9	0,0	0,1
(2.2) Investment fund shares	72,1	74,3	78,4	82,7	95,7
Residents	71,8	73,9	77,9	82,1	95,2
Non-residents	0,3	0,4	0,5	0,5	0,6
(2.4) Other liabilities	1,8	2,1	1,8	2,2	2,1

BALANCE SHEET TOTAL - BREAKDOWN BY INVESTMENT POLICY

TOTAL	73,9	76,5	80,1	98,8	98,8
Equity funds	10,0	10,8	11,8	14,3	14,3
Bond Funds	25,5	25,5	24,9	24,1	24,1
Mixed Funds	26,5	27,6	29,5	33,5	33,5
Funds of funds	11,9	12,7	14,0	17,5	17,5
Other funds ²⁾			0,1	1,5	9,5

¹⁾ Investment Funds (IFs) represent Mutual Funds other than Money Market Funds and Incorporated Investment Funds which are residents in the Czech Republic.

²⁾ Other funds encompass funds of qualified investors and real estate funds

- data are published by the last working day of the second month following the reference period

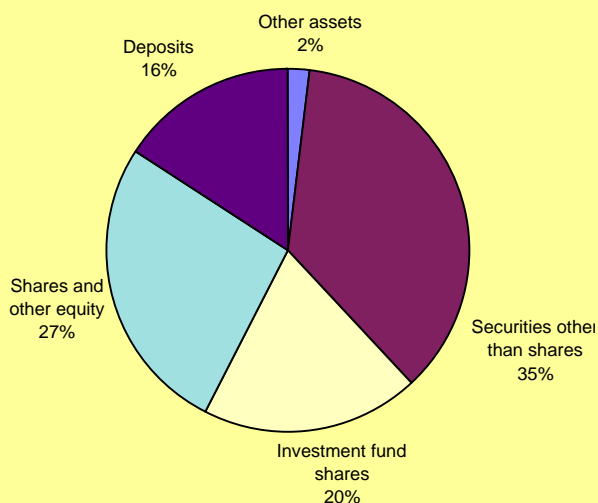
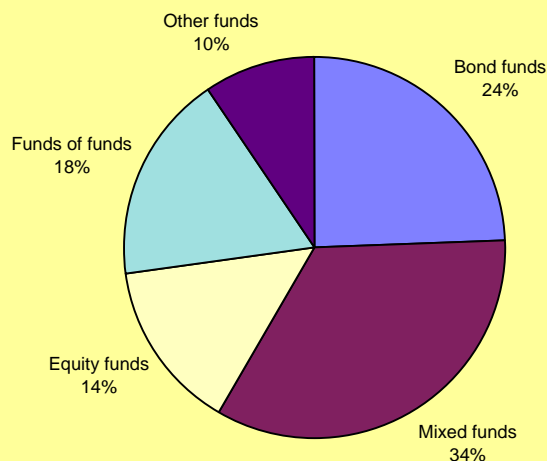
Balance sheet total - breakdown by asset items**Balance sheet total - breakdown by investment policy**

TABLE 13

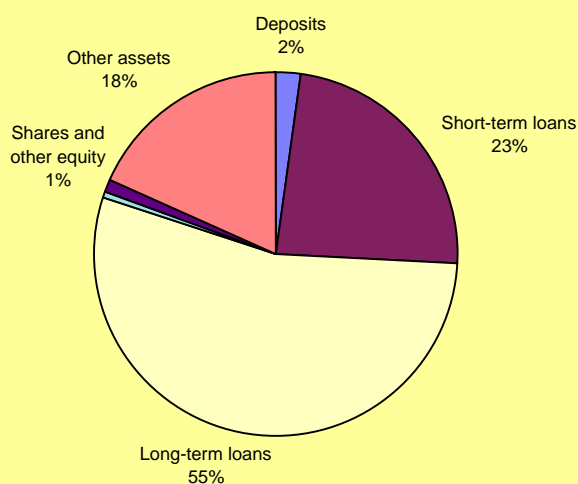
Quarterly aggregated balance sheet of FCLs ¹⁾

CZK billions; end of period	2006			2007	
	June	September	December	March	June
Assets					
Total	330,2	334,6	347,7	348,3	364,3
(1.1) Deposits	5,4	5,5	6,8	7,6	7,7
(1.2) Loans provided	259,4	263,5	273,3	271,1	284,1
Residents	257,3	260,6	269,3	267,1	279,9
Up to 1 year	84,5	84,9	88,2	81,8	84,3
Over 1 year	172,8	175,7	181,1	185,3	195,6
Non-residents	2,2	2,9	3,9	4,0	4,2
(1.3) Securities other than shares	0,3	1,8	1,7	1,7	1,7
Up to 1 year	0,2	0,1	0,1	0,2	0,2
Over 1 year	0,1	1,6	1,6	1,4	1,5
(1.4) Shares and equity	4,7	4,6	4,3	3,7	3,7
Mutual fund shares/units (including MMFs)	0,0	0,0	0,0	0,0	0,0
Other shares and equity	4,7	4,5	4,3	3,7	3,7
(1.5) Other assets	60,2	59,3	61,6	64,3	67,1
LIABILITIES					
Total	330,2	334,6	347,7	348,3	364,3
(2.1) Loans taken	206,4	212,8	214,6	217,2	220,5
Residents	135,8	146,2	147,5	153,6	165,4
Non-residents	70,6	66,6	67,1	63,6	55,1
(2.2) Securities other than shares issued	22,7	20,3	27,1	23,1	23,6
Up to 1 year	12,3	9,9	13,5	10,1	11,1
Over 1 year	10,4	10,4	13,6	13,0	12,6
(2.3) Own funds	61,5	65,1	67,3	67,1	69,8
(2.5) Other liabilities	39,7	36,5	38,7	40,9	50,4
BALANCE SHEET TOTAL BREAKDOWN BY TYPE OF INTERMEDIARIES					
TOTAL	330,2	334,6	347,7	348,3	364,3
Financial leasing companies	230,1	232,8	239,3	236,3	247,6
Other lending companies	82,5	83,3	89,6	92,7	95,0
Factoring and forfeiting companies	17,6	18,5	18,7	19,3	21,7

¹⁾ Financial corporations engaged in lending

- data are published by the 75th calendar day following the reference period

Balance sheet total - breakdown by asset items



Balance sheet total - breakdown by type of intermediaries

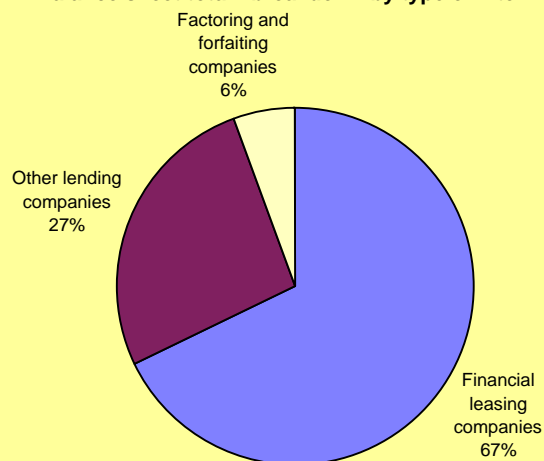


TABLE 14

Summary of loans provided by FCLs ¹⁾ to residents

CZK billions; end of period	2006			2007	
	June	September	December	March	June
LOANS					
(1) Non-financial corporations	145,3	147,8	151,4	146,7	154,0
Up to 1 year	45,7	46,8	48,6	44,9	47,2
Over 1 year up to 5 years	83,4	84,6	86,1	87,5	93,3
Over 5 years	16,2	16,4	16,7	14,3	13,5
(2) Financial corporations	2,4	2,3	1,8	0,9	0,8
Up to 1 year	1,6	1,5	1,1	0,3	0,2
Over 1 year up to 5 years	0,5	0,5	0,5	0,4	0,4
Over 5 years	0,3	0,3	0,2	0,2	0,2
(3) Government	1,2	1,2	1,2	1,0	1,1
Up to 1 year	0,4	0,4	0,5	0,4	0,4
Over 1 year up to 5 years	0,4	0,4	0,6	0,5	0,6
Over 5 years	0,4	0,3	0,2	0,1	0,1
(4) Households	108,2	109,1	114,8	118,3	123,9
Up to 1 year	36,6	36,0	38,0	36,2	36,3
Over 1 year up to 5 years	65,7	66,8	70,7	74,8	79,0
Over 5 years	5,8	6,3	6,2	7,2	8,5
(5) NPISHs	0,2	0,2	0,2	0,2	0,2
Up to 1 year	0,1	0,1	0,1	0,1	0,1
Over 1 year up to 5 years	0,1	0,1	0,1	0,1	0,1
Over 5 years	0,0	0,0	0,0	0,0	0,0

BREAKDOWN OF LOANS PROVIDED TO HOUSEHOLDS

(1) Total	108,2	109,1	114,8	118,3	123,9
(1.1) Consumer credit	96,0	94,8	100,3	103,1	107,5
Up to 1 year	35,7	35,1	37,0	35,4	35,3
Over 1 year up to 5 years	54,8	53,9	57,5	61,2	64,4
Over 5 years	5,5	5,8	5,7	6,6	7,7
(1.2) Lending for house purchase	0,6	0,7	0,8	0,8	0,9
Up to 1 year	0,0	0,0	0,0	0,0	0,0
Over 1 year up to 5 years	0,5	0,5	0,5	0,5	0,5
Over 5 years	0,2	0,2	0,2	0,3	0,4
(1.3) Other loans	11,5	13,5	13,8	14,3	15,4
Up to 1 year	0,9	0,9	0,9	0,8	1,0
Over 1 year up to 5 years	10,4	12,4	12,6	13,2	14,1
Over 5 years	0,2	0,2	0,2	0,3	0,4

BREAKDOWN OF SELECTED LOANS BY TYPE OF INTERMEDIARIES

TOTAL	257,3	260,6	269,3	267,1	279,9
Financial leasing companies	182,7	183,5	190,2	185,6	194,1
Other lending companies	58,7	60,2	62,3	64,2	67,2
Factoring and forfaiting companies	15,9	16,9	16,9	17,4	18,5
of which Non-financial corporations	145,3	147,8	151,4	146,7	154,0
Financial leasing companies	126,0	127,4	131,2	126,0	131,4
Other lending companies	3,3	3,5	3,3	3,4	4,0
Factoring and forfaiting companies	15,9	16,9	16,9	17,4	18,5
of which Households	108,2	109,1	114,8	118,3	123,9
Financial leasing companies	54,8	54,2	57,3	58,0	61,2
Other lending companies	53,3	54,8	57,5	60,3	62,7
Factoring and forfaiting companies	0,0	0,0	0,0	0,0	0,0

¹⁾ Financial corporations engaged in lending- data are published by the 75th calendar day following the reference period;

Commentary on the quarterly aggregated balance sheet of collective investment funds (Table 12): June 2007

As of the end of Q2, collective investment funds (CIFs) administered assets worth CZK 95.7 billion. This means that the value of assets administered by these funds rose by CZK 13.1 billion in Q2, which represents a quarter-on-quarter increase of 15.81%. Compared to the same period of 2006, the increase was 32.8%, or CZK 23.6 billion.

In Q2, the largest growth was recorded by other funds, whose assets grew from CZK 1.4 billion to CZK 9.4 billion, which represents a quarter-on-quarter increase of 578.69%. This increase was mainly due to the establishment of new funds of qualified investors. Growth was also recorded by funds of funds (from CZK 14.9 billion to CZK 17.1 billion) and equity funds (from CZK 12.2 billion to CZK 13.3 billion) and mixed funds (from CZK 30.1 billion to CZK 32.7 billion). By contrast, bond funds recorded a fall in assets of CZK 0.9 billion to CZK 23.2 billion.

The funds most frequently invested in debt securities, particularly those issued by the general government of the Czech Republic. The total volume of purchased debt securities was CZK 35.7 billion, accounting for 37.27% of CIF equity capital. Compared to the previous quarter, the share of debt securities in equity capital decreased by 5.94 percentage points and dropped by 9.76 percentage points in year-on-year comparison. The largest increase in the volume compared to the previous quarter was recorded by fund shares/units. Investment in fund shares/units grew by CZK 4.6 billion to CZK 19.3 billion, which represents a quarter-on-quarter increase of 26.66%. The investment in fund shares/units also recorded the largest increase in year-on-year terms. The volume of funds invested in fund shares/units grew by CZK 7.79 billion, up by 67.72%.

At the end of Q2, 88 resident collective investment funds were operating in the Czech Republic, of which 14 were equity funds, 19 funds of funds, 30 mixed funds, 13 bond funds, 11 funds of qualified investors and 1 real estate fund.

Commentary on the quarterly aggregated balance sheet of financial corporations engaged in lending (Tables 13,14): June 2007

As of 30 June 2007 financial corporations engaged in lending had total assets of CZK 364.3 billion, up by CZK 16 billion compared to the previous quarter. This represents a quarterly increase of 4.6%. In year-on-year terms, total assets rose by CZK 34.1 billion (10.3%). This increase was mostly due to corporations providing financial leasing, which also had the largest share in total assets. Their share was CZK 247.6 billion. The contributions of other lending companies and factoring and forfeiting companies to total assets were CZK 95 billion and CZK 21.7 billion respectively.

The largest asset item was loans, which amounted to CZK 284.1 billion, a rise of CZK 13.1 billion in Q2. The annual increase in loans provided was CZK 24.7 billion (9.5%). Short-term loans stood at CZK 86.6 billion at the end of Q2, accounting for 23.8% of total assets. Long-term loans amounted to CZK 197.6 billion, i.e. 54.2% of total assets. The loans were provided almost entirely to residents.

The largest part of the loans provided to residents consisted of loans to non-financial corporations, which amounted to CZK 154 billion, i.e. 55% of loans to residents. Loans provided to non-financial corporations rose by CZK 7.3 billion compared to the previous quarter, which represents an increase of 5%. In year-on-year terms, loans provided to non-financial corporations rose by CZK 8.7 billion (6%). Corporations engaged in financial leasing provided CZK 131.4 billion, other lending corporations CZK 4 billion and factoring and forfeiting corporations CZK 18.5 billion. These loans are made up predominantly of loans with original maturity of one to five years, which amounted to CZK 93.3 billion.

The second largest category of loans provided to residents was loans to households, which totalled CZK 123.9 billion, up by CZK 5.6 billion. This represents a quarterly increase of 4.7%. In year-on-year terms, loans provided to households rose by CZK 15.7 billion (14.5%). These loans account for 44.3% of loans granted to residents. Corporations engaged in financial leasing provided CZK 61.2 billion and other lending companies CZK 62.7 billion. Loans with original maturity of one to five years amounted to CZK 79 billion, giving them the largest share in loans to households.

¹⁾ Under Decree No. 307/2004 Coll. these are companies whose main or major business activity involves providing credit or loans or entering into agreement of similar nature, e.g. financial leasing, factoring, consumer credit, hire-purchase financing, etc.

Glossary

Harmonisation of statistics: the Treaty establishing the European Community tasked the European Central Bank (ECB) with ensuring harmonised statistics according to Article 5 of the Statute of the European System of Central Banks. The national central banks of EC Member States therefore collect statistical information according to a uniform definition, from which the ECB then compiles aggregate data for euro area monetary policy. Although Council Regulation No 2533/98, which specifies the requirements for statistical data collection, only concerns euro area countries, the ECB also receives full data sets from the non-participating countries (e.g. the Czech Republic) in order to monitor their economic and financial development.

Monetary statistics: financial macrostatistics of sectors S.121, S.122 and S.123 based exclusively on the "host country" principle. According to this principle, a resident reporting unit is an institution resident in a given economic territory. The reporting population includes 1) institutions incorporated and located in the territory, including subsidiaries of parent companies located outside that territory, and 2) branches of institutions that have their head office outside that territory.

APRC: annual percentage rate of charge, i.e. the rate including interest expenses and all related costs of the credit to the client (fees etc.).

Collective investment funds: for the purposes of monetary and banking statistics, collective investment funds comprise unit trusts and investment funds other than money market funds which are resident in the Czech Republic. These are undertakings the sole object of which is collective investment, i.e. pooling investor funds and investing them under conditions stipulated in the Act on Collective Investment (No. 189/2004 Coll.). Such undertakings may be constituted under the Act either as unit trust managed by an investment company or as investment funds.

Consolidated balance sheet of the MFI sector: the basic statistical tool of monetary statistics. It is based on the residency principle and is obtained by netting out inter-MFI positions on their aggregated balance sheet.

Consumer credit: loans granted to households for personal use in the consumption of goods and services.

Contribution to annual growth rate: the growth rate of a selected component weighted by its share in the total growth rate.

Deposits redeemable at notice: deposits that can be withdrawn by clients only after the expiry of a period of notice agreed in advance, which starts at the moment of notification of the intention to withdraw the deposit.

Deposits with agreed maturity: deposits that cannot be withdrawn by clients before a predefined maturity.

FCLs - Type of services:

1. *Financial leasing* - It is financial service, when lessee acquires the right to use good in exchange for rental payment over predetermined term. All risk and rewards of ownership are transferred from lessor to lessee. After lapse of predetermined term ownership of good is transferred from lessor to lessee.

2. *Factoring* - It is financial service consisting in purchase of short-term receivables (with maturity 30-90 days) before their maturity date. Receivables are transferred on factoring company – factor- by supplier of goods or services.

3. *Other lending* - This category encompasses granting credit or loans or agreements of similar nature different from financial leasing and factoring. It deals especially with consumer credit, hire purchase, consumption loans, etc.

Financial corporations engaged in lending (FCLs): FCLs mean corporations classified within sector S.123 other financial intermediaries which are predominantly engaged in granting credit or loans or entering into agreements of similar nature, for example financial leasing, factoring, consumer credit, hire purchase, etc. (see Decree No. 307/2004 Coll.)

Growth rate: the percentage change in the monitored variable over the reference period, calculated from the volumes of monthly financial transactions and the outstanding amounts at the beginning of each month.

Household sector: institutional units included in the sectors of households (S.14) and non-profit institutions serving households (S.15) under ESA 95.

Glossary (cont'd)

Housing loans: Loans granted to households for the purpose of purchasing/investing in housing, including building and home improvements.

Interest rate fixation: a period of interest rate fixation, i.e. a period at the beginning of a contract for which the agreed interest rate cannot be changed. Period up to 1 year includes floating rates.

MFI longer-term financial liabilities: comprise deposits with an agreed maturity of over two years, deposits redeemable at a period of notice of over three months, debt securities issued with an original maturity of more than two years and the capital and reserves of the Czech MFI sector.

Monetary aggregates: comprise the monetary liabilities of monetary financial institutions to non-MFI Czech residents except central government. The narrow monetary aggregate M1 includes currency in circulation (excluding cash at banks' cash desks) and overnight deposits. The intermediate monetary aggregate M2 comprises M1, deposits redeemable at a period of notice of up to and including three months and deposits with a maturity of up to and including two years. The broad monetary aggregate M3 comprises M2, money market fund shares/units, debt securities with a maturity of up to two years and repurchase agreements.

Monetary financial institutions (MFIs): financial institutions forming the money-issuing sector. Under Community law, these include the central bank, resident credit institutions, and all other resident financial institutions whose business is to receive deposits and/or close substitutes for deposits from entities other than MFIs and, for their own account (at least in economic terms), to grant credit and/or invest in securities. In the Czech Republic, MFIs include the central bank, banks, money market funds and credit unions.

Money-holding sector: all institutional units except central government (S.1311) and monetary financial institutions (S.121 and S.122) under ESA 95.

Money-issuing sector: all institutional units included in the sectors of the central bank (S.121) and other monetary financial institutions (S.122) under ESA 95.

Money-neutral sector: an institutional sector comprising the central government sector (S.1311) under ESA 95.

Money market funds: MMFs are defined as those collective investment funds of which the units are, in terms of liquidity, close substitutes for deposits and which primarily invest in money market instruments and/or in MMF shares/units and/or in other transferable debt instruments with a residual maturity of up to and including one year, and/or in bank deposits, and/or which pursue a rate of return that approaches the interest rates of money market instruments. The criteria applied in order to identify MMFs shall be derived from the public prospectus as well as fund rules, instruments of incorporation, established statutes or by-laws, subscription documents or investment contracts, marketing documents, or any other statement with similar effects, of the collective investment undertaking.

Net external assets: comprise external assets of Czech MFIs (such as monetary gold, non-koruna banknotes, securities issued by non-residents and loans granted to non-residents) minus external liabilities of the Czech MFI sector (such as non-residents' holdings of deposits, repurchase agreements, money market fund shares and units, and debt securities with a maturity of up to and including two years issued by MFIs and held by non-residents).

Non-MFIs: all resident sectors excluding MFIs, i.e. general government (S.13), non-financial corporations (S.11), financial institutions other than MFIs (S.123 and S.124) and households and non-profit institutions serving households (S.14 and S.15) under ESA 95.

Other financial intermediaries (OFIs): entities included in the sectors of other financial intermediaries except insurance corporations and pension funds (S. 123), financial auxiliaries (S.124) and insurance corporations and pensions funds (S.125) under ESA 95.

Private sector: a sector comprising all institutional sectors except general government (S.13) and monetary financial institutions (S.121 and S.122) under ESA 95.

Glossary (cont'd)

Rates on new business: interest rates agreed by the bank and the client for all agreements negotiated during the reference period.

Rates on outstanding amounts: interest rates applied to end-of-period balances.

Reclassifications: comprise any changes in the MFI balance sheet resulting from changes in the reporting population, corporate restructuring, reclassifications of assets and liabilities, and corrections of reported errors.

Residents: all domestic and foreign legal entities and natural persons, including branches of foreign banks and foreign owners of buildings and land, whose centre of economic interest is in the given territory. Foreign legal entities and natural persons are considered residents after at least one year of economic activity in the territory, with the exception of foreign bank branches and owners of buildings and land, who become residents at the moment they perform a valid legal act (in the case of foreign owners of buildings and land, this only applies in connection with transactions relating to the building or land in question).

Transaction (flow) data: values related to the whole period which are calculated as the difference between the balances at the end of the current and the previous period adjusted for non-transaction effects, i.e. effects connected with reclassifications, valuation changes and exchange rate variations over the period. These factors result in breaks in time series, thereby affecting the comparability of end-of-period balances. Transaction (flow) data only reflect those changes that arise from transactions, i.e. from accepting financial assets or providing financial liabilities.

Unit trusts other than money market funds:

1. *equity funds and funds of funds* – funds that constantly invest 66% or more of their assets on the equity market (i.e. in shares and instruments bearing equity risk) and/or funds that constantly invest 66% or more of their assets in the units and shares of other unit trusts/investment funds. Equity funds also include index funds and guaranteed funds linked to stock indices.

2. *bond funds* – funds that constantly invest on the bond market. Additional investment in equities is allowed, but the share of equities must not exceed 10% of the fund's assets. Bond funds also include index funds and guaranteed funds linked to bond indices.

3. *mixed funds* – funds that invest in various assets (equities and bonds) on various markets and do not have limits on the share of equities or bonds.

Technical Notes

A. Calculation of growth rates

The growth rate for the reference period is calculated from the volumes of monthly financial transactions and the outstanding amounts at the beginning of each month. Monthly transactions are calculated from differences in outstanding amounts adjusted for reclassifications, other revaluations, exchange rate variations and other changes which do not arise from transactions. This data thus reflects only those changes that arise from accepting financial assets or providing financial liabilities. Reclassifications and other non-transaction corrections are introduced into the transaction statistics to preserve the comparability of the gradual monitoring results, thereby enabling calculation of the indices of expected outstanding balances of the monitored variables and determination of their growth rates.

Method of calculation

1. The month-on-month percentage change a_t^M for month t is calculated as:

$$(a) \quad a_t^M = \left(\frac{F_t^M}{L_{t-1}} \right) \times 100$$

2. The annual growth rate for month t , i.e. the change for the last 12 months ending with month t , is calculated as the product of the twelve coefficients for each previous month. The calculation of the annual growth rate from the month-on-month growth rates thus enables transaction changes and non-transaction effects in the individual months to be taken into account.

$$(b) \quad a_t = \left[\prod_{i=0}^{11} \left(1 + \frac{F_{t-i}^M}{L_{t-1-i}} \right) - 1 \right] \times 100$$

where

F_t^M - transactions in month t

$F_t^M = (L_t - L_{t-1}) - C_t^M - E_t^M - V_t^M$

and

L_t - outstanding amount at the end of month t

C_t^M - reclassifications in month t

E_t^M - exchange rate variations in month t

V_t^M - valuation changes in month t

Growth rates for other reference periods are derived from formula (b).

B. Calculation of the contribution to the annual growth rate of a monitored variable (e.g. M3)

If $a_t(M3)$ represents the annual growth rate of M3 for the year ending with month t , and $F_{t-i}(M1)$, $F_{t-i}(M2-M1)$, $F_{t-i}(M3-M2)$ are the monthly transactions of the components M1, M2-M1 and M3-M2 in month $t-i$, the contribution of M1 to the annual growth rate of M3, for example, is calculated as:

$$\frac{\sum_{i=0}^{11} F_{t-i}(M1)}{\sum_{i=0}^{11} [F_{t-i}(M1) + F_{t-i}(M2-M1) + F_{t-i}(M3-M2)]} \times a_t(M3)$$

List of Annexes

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Method for grossing up the balance sheet total and balance sheet item in the statistics on financial corporations engaged in lending

Method for grossing up the balance sheet total and balance sheet items in the statistics on financial corporations engaged in lending

The statistics on financial corporations engaged in lending are compiled under Decree No. 307/2004 Coll., concerning the submitting of information and documents to the Czech National Bank by entities that belong to the financial institutions sector, and cover institutions engaged in financial leasing, factoring, hire-purchase financing and consumer lending. These statistics allow monitoring of the financial intermediation performed by these institutions, affording a better insight into the operations of newly developing financial structures in the context of the financial institutions sector. Monitoring of the debt of households and non-financial corporations outside the banking sector can be cited as a specific example.

The reporting entities submit on a quarterly basis statement OFZ (ČNB) 3-04 "Quarterly balance sheet of financial corporation engaged in lending" (RISIFI23), where the asset and liability items are broken down primarily by the sector and territory of residence of debtors (for receivables), creditors (for liabilities), issuers of securities held and holders of securities issued; loans granted are also broken down by market segment and loans to households also by type of loan.

The statistics on financial corporations engaged in lending cover almost 300 entities identified using the Business Register administered by the Czech Statistical Office. Given the large number of institutions of varying importance, the reporting entities are divided into regularly reporting entities and monitored entities. Under Article 6c of Decree No. 307/2004 Coll., monitored corporations are granted a reporting exemption by the CNB, as their contribution to the sector's balance sheet total is statistically insignificant. These entities are exempt from regular quarterly reporting and submit information on their balance sheet totals to the CNB once a year. The table below shows the representation of the individual types of institution in the statistics on financial corporations engaged in lending as of 31 March 2007. Of the total number of 287 entities, only 61 institutions (21%) submitted regular statements. These, however, represented 93% of the sector's balance sheet total. The remaining 7% was due to another 226 corporations submitting only annual information under the monitoring regime.

Table 1: Representation of individual types of institution in the statistics on financial corporations engaged in lending as of 31 March 2007

		Number of entities		Balance sheet total	
		in absolute terms	in %	in CZK thousands	in %
Total	reporting regularly	61	21.3%	324,114,758	93.1%
	monitored	226	78.7%	24,160,891	6.9%
Financial leasing	reporting regularly	40	18.0%	217,095,924	91.9%
	monitored	182	82.0%	19,185,634	8.1%
Other lending	reporting regularly	15	27.3%	89,195,193	96.2%
	monitored	40	72.7%	3,541,579	3.8%
Factoring, forfeiting	reporting regularly	6	54.5%	17,823,641	92.6%
	monitored	5	45.5%	1,433,679	7.4%

Grossing-up of balance sheet items

Only the regularly reporting entities submit to the CNB a full statement including all breakdowns. The monitored institutions only submit their total assets once a year. This does not mean, however, that the monitored institutions are not included in the aggregate result. On the contrary, the figures for the monitored institutions must be added to the incomplete total for the regularly reporting entities so that the final total covers 100% of the reporting population of financial corporations engaged in lending.

The breakdowns of the balance sheet items by sector, territory and time must also be estimated for the monitored entities. The estimates for these missing details assume that the monitored entities have a constant share in the total volume across all balance sheet items. The calculation is based on the ratio of the monitored balance sheet total to the balance sheet total of the regularly reporting corporations and the individual balance sheet items are calculated according to the following formula:

$$BI_G = BI_R \times \left(1 + \frac{BIL_M}{BIL_R} \right), \text{ where}$$

BI_GGrossed-up balance sheet item (i.e. total for all corporations)

BI_RBalance sheet item of regularly reporting corporations

BIL_MBalance sheet total of monitored corporations

BIL_RBalance sheet total of regularly reporting corporations

Balance sheet total ratios and balance sheet item estimates are calculated separately for each category of reporting entity (financial leasing, other lending, factoring and forfaiting) and must be adjusted every quarter according to the data submitted by the regularly reporting entities.

Example 1: The regularly reporting corporations providing financial leasing reported the following figures (in CZK thousands) as of 31 March 2007:

- Total assets: $BIL_R = 217,095,924$
- Short-term loans: $SL_R = 32,828,442$
- Short-term loans to residents: $SLR_R = 32,663,756$
- Short-term loans to non-residents: $SLN_R = 164,686$
- Long-term loans: $LL_R = 139,545,520$
- Long-term loans to residents: $LLR_R = 137,840,349$
- Long-term loans to non-residents: $LLN_R = 1,705,171$

The estimate of the missing details for the monitored corporations in 2007 is based on the information on their balance sheet total as of 31 December 2006.

- Balance sheet total of monitored financial leasing corporations: $BIL_V = 19,185,634$
- Balance sheet total ratio = $\frac{BIL_M}{BIL_R} = \frac{19185634}{217095924} = 0.09$
- Grossed-up short-term loans: $SL_G = 32,828,442 \times (1+0.09) = 35,729,622$
- Grossed-up short-term loans to residents: $SLR_G = 32,663,756 \times (1+0.09) = 35,550,383$
- Grossed-up short-term loans to non-residents: $SLN_G = 164,686 \times (1+0.09) = 179,240$
- Grossed-up long-term loans: $LL_G = 139,545,520 \times (1+0.09) = 151,877,715$
- Grossed-up long-term loans to residents: $LLR_G = 137,840,349 \times (1+0.09) = 150,021,851$
- Grossed-up long-term loans to non-residents: $LLN_G = 1,705,171 \times (1+0.09) = 1,855,864$

The individual balance sheet items for corporations engaged in other lending, factoring and forfaiting are calculated in a similar way and aggregate data for all financial corporations engaged in lending are obtained by simply summing the data for the individual categories of reporting entities.

Revision of the data

The submitted balance sheet totals of the monitored corporations as of at the end of year t are used to gross-up the balance sheet items as estimated balance sheet totals of year t+1 for all quarters of the whole year t+1. As soon as the monitored corporations send in their actual balance sheet totals for year t+1 (at the start of the year t+2), the data for the whole year t+1 are revised using these balance sheet totals. At the same time, these balance sheet totals are used as estimates for the grossing-up of balance sheet items in year t+2 (until the actual balance sheet total for t+2 is received at the start of year t+3). The revision is conducted once a year and the revised data are published together with the data for the first quarter of the following year.

Example 2: The balance sheet total of the monitored leasing companies according to the data on 31 December 2006 will be used for the grossing-up of balance sheet items in all quarters of 2007. The balance sheet total on 31 December 2007 should be sent to the Czech National Bank in February 2008. These data will be used for the revision of the whole of 2007 and will be used thereafter as the estimate for conversions of balance sheet items in all quarters of 2008.

Non-responding companies

Despite the efforts of the Czech National Bank to receive at least balance sheet totals for the given calendar year from all companies, these figures are obtained from some companies with a considerable delay or are not obtained at all. One of the usual reasons is that the representatives of the company cannot be reached at their official or contact addresses (obtained from the Commercial Register, websites, etc.). Such companies are termed *non-responding* and make up a relatively significant sub-category of the monitored entities. As of 31 March 2007, there were 139 such companies, i.e. 62% of the monitored institutions.

Since the non-responding companies cannot be entirely excluded from the statistics, it is necessary to replace their data in an appropriate manner so that we can work with them in the same way as with the normally reported data from monitored companies in the grossing-up, revisions, etc. Generally, the following cases may arise:

- I. If a company failed to send in its balance sheet total for period t, but fulfilled its reporting duty in period t-1, the data from this previous period are used. If a company failed to fulfil its reporting duty in the previous period (i.e. t-1), it is treated as indicated in II.
- II. If a company failed to send in its balance sheet total for period t and no data from the previous period t-1 are available for it, or if it was to report for the first time in period t, the data are obtained in an alternative way:
 - a) From publicly disclosed financial statements (usually, only data for the previous period, i.e. t-1, can be retrieved);
 - b) From an estimate of the balance sheet totals of non-responding companies based on data for monitored and regularly reporting companies that have sent in their balance sheet totals.

Table 2 shows an overview for non-responding companies as of 31 March 2007.

Table 2: Overview of non-responding companies as of 31 March 2007

		Number of entities	Share in monitored entities
Total	Data from the previous period	40	17.7%
	Grossing up	99	43.8%
Financial leasing	Data from the previous period	33	18.1%
	Grossing up	79	43.4%
Other lending	Data from the previous period	5	12.5%
	Grossing up	20	50.0%
Factoring, forfeiting	Data from the previous period	2	40.0%
	Grossing up	0	0.0%

NB: The line "Data from the previous period" includes companies which failed to report data for the previous period but for which the figure was retrieved from publicly disclosed financial statements.

If a company sent in its balance sheet total after the deadline and the data for the given company have been replaced in one of the ways described above, the figure obtained in the alternative way is kept for such company. The submitted balance sheet total will be used where relevant for the data revision for the whole calendar year, unless an updated figure has become available by that time.

Estimated balance sheet total of non-responding companies based on data for monitored and regularly reporting companies

The balance sheet total for non-responding companies for which no data from the previous year (reported or retrieved) are available must be estimated using data for other monitored and regularly reporting companies. The estimate is performed separately for financial leasing companies and other lending companies. (Theoretically, an estimate would also be performed separately for the category of factoring and forfeiting companies. However, this issue does not concern them at present.)

In the opinion of the Czech National Bank, the vast majority of non-responding entities are economically inactive – they are not known at the officially provided addresses, the phone numbers provided have been cancelled and their e-mail addresses are not functional (out of the 99 estimated companies, 77 were "inactive" on 31 March 2007). The estimation method is thus chosen such that the estimated balance sheet total affects the overall balance sheet of financial corporations engaged in lending to the minimum possible extent. Therefore, a simple arithmetic average, calculated from the lower half of the set of regularly reporting and monitored companies which have sent in balance sheet totals (including those for which a balance sheet total is only available for period t-1), is used as the estimated balance sheet total of the non-responding companies.

Example 3: It was necessary to estimate the balance sheet total for 79 non-responding financial leasing companies as of 31 March 2007. The remaining 143 financial leasing companies were ordered by size of balance sheet total (for period t or t-1), the median was determined – CZK 129,479,000, and the arithmetic average was calculated from the lower half of this set (i.e. companies with total assets below the median) – CZK 32,484,000. This figure was used as the estimated balance sheet total for each of the 79 non-responding companies. Overall, the estimated balance sheet total for financial leasing companies amounted to CZK 2,566,222,000, which is around 1% of the overall balance sheet total of financial leasing companies.