

Monetary Statistics

June
2009

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1) A comma (,) represents a decimal point delimiter; a blank between figures represents a thousand group delimiter.

2) 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.

3) All the data quoted in this Publication are included in the ARAD time series system - www.cnb.cz/en/statistics/ (Time series database ARAD >> Money and financial statistics >> Monetary statistics >> Monetary Statistics Publication).

LIST OF ABBREVIATIONS AND CODES

Codes

CNB	Czech National Bank
ECB	European Central Bank
ESA95	European System of Accounts
Eurozone	The European Union member states that have adopted the EUR
IF	investment funds excluding money market funds
MMF	money market funds
LTIR	yield of the 10-year bond
M1, M2, M3	monetary aggregates
MFI	monetary financial institutions
NFA	net foreign assets
NISH	non-profit institutions serving households
Non-MFI	all institutions excluding MFIs
OFI	other financial intermediaries
FCL	financial corporations engaged in lending

Institutional sectors and subsectors

S.11	non-financial corporations
S.121	central bank
S.122	other monetary financial institutions
S.123	other financial intermediaries
S.124	financial auxiliaries
S.125	insurance corporations and pension funds
S.13	general government
S.1311	central government
S.14	households
S.15	non-profit institutions serving households

TABLE 1

Key interest rates

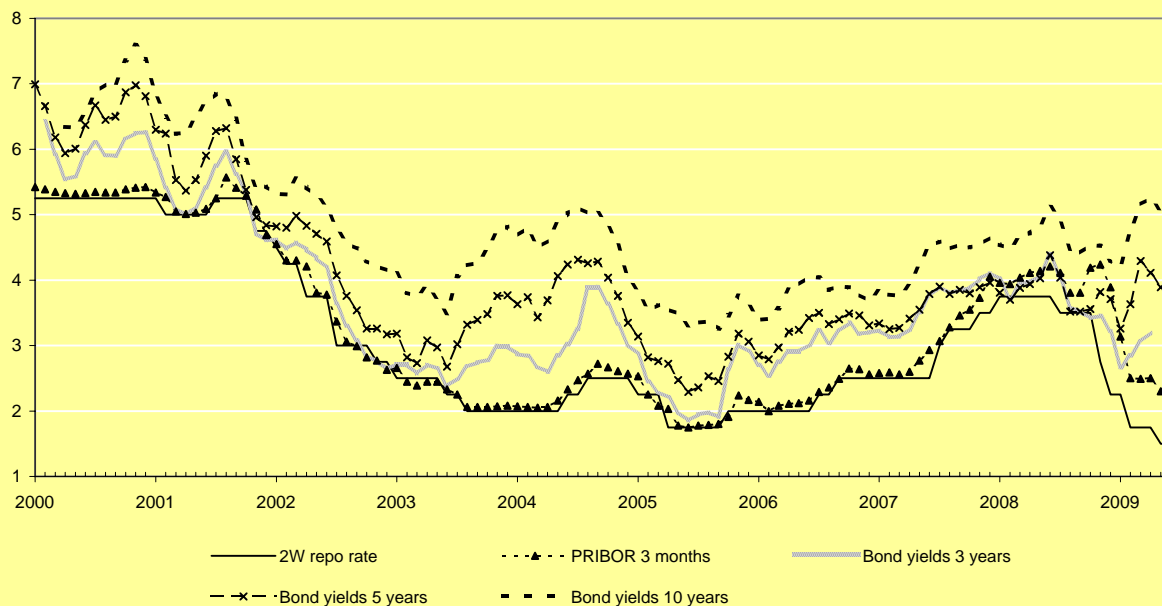
	CNB			ECB
	from 18 December 2008 onwards	from 6 February 2009 onwards	from 11 May 2009 onwards	from 13 May 2009 onwards
2W repo rate	2,25	1,75	1,50	1,00
Deposit facility	1,25	0,75	0,50	0,25
Marginal lending facility	3,25	2,75	2,50	1,75

TABLE 2

Financial markets interest rates

monthly average	2008		2009					
	June		April		May		June	
	CR	Euro area	CR	Euro area	CR	Euro area	CR	Euro area
Money market								
CZEONIA/ EONIA								
overnight	3,54	4,01	1,70	0,84	1,53	0,78	1,48	0,70
PRIBOR/ EURIBOR								
1 month	3,87	4,47	2,24	1,01	1,97	0,88	1,86	0,91
3 months	4,21	4,94	2,50	1,42	2,30	1,28	2,17	1,23
6 months	4,29	5,09	2,64	1,61	2,45	1,48	2,36	1,44
1 year	4,40	5,36	2,85	1,77	2,66	1,64	2,60	1,61
Capital market								
Bond yields								
3 years	4,40	4,73	3,20	2,20	-	2,11	-	2,23
5 years	4,38	4,75	4,11	2,99	3,89	3,00	3,77	3,14
10 years (Maastricht)	5,13	4,81	5,25	4,09	5,06	4,14	5,45	4,32

Financial markets interest rates in CR



Commentary on key interest rates (Table 1) and financial market interest rates (Table 2): June 2009

Key interest rates

The CNB's 2W repo rate has been set at 1.50% since 11 May 2009 and the ECB's key interest rate has been re-set at 1.00% since 13 May 2009. The difference between the CNB's and the ECB's key rates was thus 0.50 percentage point at the end of May.

Financial market interest rates

In June, interest rates on the Czech interbank deposit market decreased compared to the previous month, the 3M PRIBOR (by 0.13 pp) at most. In the euro area occurred a slight correction of the original May by the order of hundredths of percentage points. The 3M PRIBOR reached 2.17% (2.30% in May) and the 3M EURIBOR stood at 1.23% (1.28% in May).

Bond yields on the Czech capital market recorded a month-on-month decrease in June for 5Y bond (by 0.12 pp). There were no data feed for calculation of the yield on the 3Y benchmark bond in May and June as well. In the euro area the yields increased in June (10Y bond by 0.18 pp at most). The yield on the the 10-year bond in the Czech Republic was 5.45% (5.06% in May), while the yield on the 10-year bond in the euro area reached 4.32% (4.14% in May).

TABLE 3

Key monetary indicators

CZK billions, unless otherwise indicated	2008			2009			2009			2009		
	June			April			May			June		
	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	1 596,5	38,3	14,1	1 686,3	-1,3	9,0	1 691,5	5,9	7,7	1 723,7	37,2	7,4
M3 ¹⁾	2 456,6	-8,2	13,4	2 719,3	24,8	10,1	2 737,9	19,8	9,5	2 680,9	-49,1	7,9
Loans to private sector ²⁾	1 779,2	51,9	26,2	1 899,8	9,6	11,1	1 899,4	-0,2	8,9	1 908,2	15,3	6,6
Net foreign assets ³⁾	912,9	13,3	7,4	1 018,5	24,9	-0,9	1 036,3	30,3	1,2	975,7	-30,4	-3,1

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 years.

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-a-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

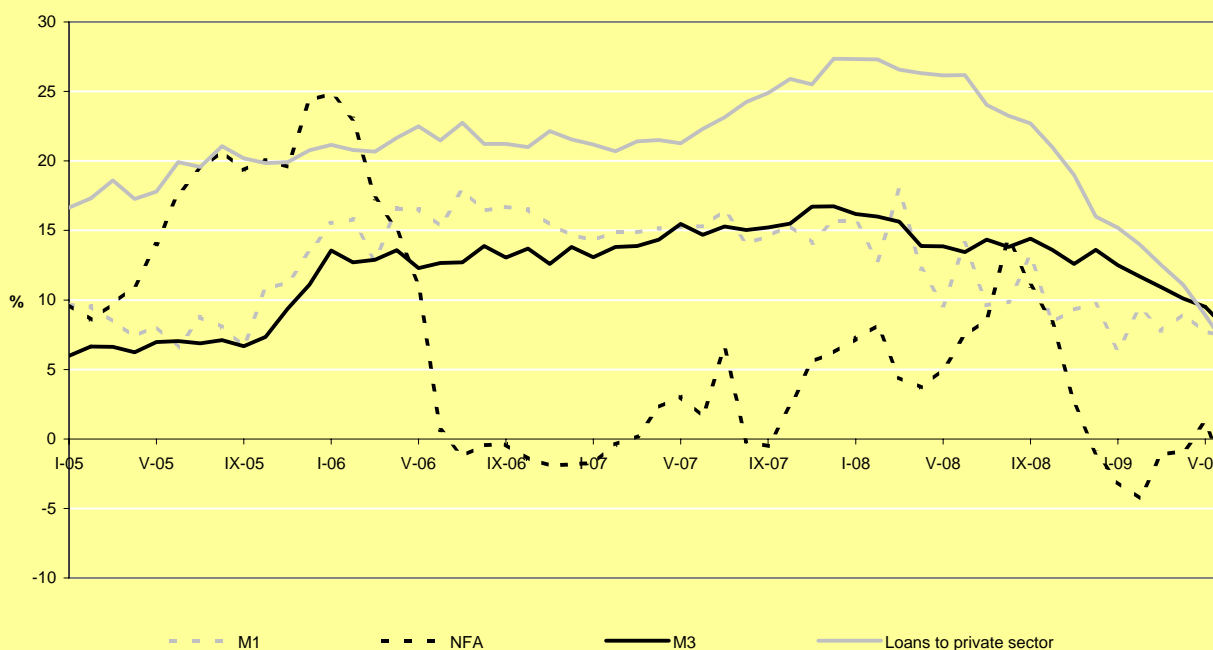


TABLE 4

Monetary aggregates and counterparts

CZK billions, unless otherwise indicated

	2008			2009								
	June			April			May			June		
	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)	2 456,6	-8,2	13,4	2 719,3	24,8	10,1	2 737,9	19,8	9,5	2 680,9	-49,1	7,9
(1.1) Currency in circulation	326,9	-0,8	4,1	360,3	1,1	10,4	358,8	-1,6	9,5	354,3	-4,4	8,4
(1.2) Overnight deposits	1 269,6	39,1	16,9	1 326,0	-2,4	8,6	1 332,7	7,5	7,2	1 369,4	41,6	7,2
(1.3) M1 (items 1.1 and 1.2)	1 596,5	38,3	14,1	1 686,3	-1,3	9,0	1 691,5	5,9	7,7	1 723,7	37,2	7,4
(1.4) Deposits with agreed maturity up to 2 years	506,8	-47,6	2,9	556,3	29,2	-1,7	577,0	21,2	1,7	501,5	-72,8	-2,8
(1.5) Deposits redeemable at notice up to 3 months	279,4	3,5	37,2	411,6	3,8	50,3	409,1	-2,5	48,1	398,2	-10,8	42,4
(1.6) Other short term deposits (items 1.4 and 1.5)	786,2	-44,2	12,8	967,9	33,0	15,3	986,1	18,7	17,0	899,7	-83,5	13,1
(1.7) M2 (items 1.3 and 1.6)	2 382,7	-5,8	13,6	2 654,2	31,7	11,2	2 677,5	24,6	10,9	2 623,4	-46,4	9,3
(1.8) Repurchase agreements	21,6	-1,7	-	24,0	-6,7	-	18,6	-5,4	-	15,0	-3,6	-
(1.9) Money market fund shares/units	51,7	-0,7	-	40,3	-0,3	-	40,8	0,5	-	41,4	0,6	-
(1.10) Debt securities issued with maturity up to 2 years	0,6	0,0	-	0,8	0,0	-	0,9	0,1	-	1,2	0,3	-
(1.11) Marketable instruments (items 1.8,1.9 and 1.10)	73,9	-2,4	7,9	65,1	-6,9	-25,1	60,3	-4,8	-32,7	57,5	-2,8	-33,7
COUNTERPARTS OF M3												
MFI liabilities												
(2) Holdings deposits against central government	311,5	93,2	37,2	278,2	-8,9	30,7	326,9	48,4	46,9	357,0	32,7	13,5
(3) Longer-term financial deposits against other residents (items 3.1 to 3.4)	450,3	-3,4	7,4	531,6	27,6	-6,8	516,5	-4,0	-7,7	507,1	17,7	-3,8
(3.1) Deposits with agreed maturity over 2 years	183,1	-5,1	-18,8	114,0	5,8	-40,1	112,9	-1,0	-40,1	116,6	3,7	-36,4
(3.2) Deposits redeemable at notice over 3 months	60,8	-0,6	-11,7	68,7	6,9	10,3	71,6	2,9	16,4	77,1	5,4	26,6
(3.3) Debt securities issued with maturity over 2 years	97,8	-2,4	30,2	88,9	10,2	-0,4	88,0	-1,3	-2,9	85,4	-2,2	-3,0
(3.4) Capital and reserves	108,6	4,8	45,3	260,0	4,7	20,7	244,0	-4,6	16,7	228,0	10,8	17,9
MFI assets												
(4) Credit to residents (items 4.1 and 4.2)	2 252,7	48,3	17,3	2 466,8	33,5	12,9	2 496,2	28,9	12,1	2 526,6	38,0	11,4
(4.1) Credit to general government	414,7	-2,8	-10,7	512,5	24,8	23,3	542,2	28,9	27,9	561,7	20,5	33,6
of which: Loans	52,9	-6,4	-14,5	56,9	2,2	3,4	55,6	-1,3	-9,7	56,4	1,0	3,0
Securities other than shares	361,9	3,6	-10,1	455,5	22,5	26,2	486,6	30,3	34,1	505,3	19,5	38,1
(4.2) Credit to private sector	1 838,0	51,1	26,2	1 954,3	8,7	10,4	1 953,9	0,0	8,4	1 965,0	17,5	6,3
of which: Loans	1 779,2	51,9	26,2	1 899,8	9,6	11,1	1 899,4	-0,2	8,9	1 908,2	15,3	6,6
Securities other than shares	19,0	0,1	27,4	13,1	-0,9	-28,4	13,3	0,2	-27,2	13,5	0,2	-26,4
Shares and other equities	39,8	-1,0	24,1	41,3	0,0	2,1	41,3	-0,1	1,2	43,3	2,0	8,7
(5) Net foreign assets	912,9	13,3	7,4	1 018,5	24,9	-0,9	1 036,3	30,3	1,2	975,7	-30,4	-3,1
(6) Other counterparts of M3 (residual) (=M3+items 2,3 - items 4,5)	52,8	20,0	44,2	43,9	-15,0	36,3	48,8	5,0	89,7	42,6	-6,4	2,4

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	2008		2009					
	June		April		May		June	
	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	1 269,6	39,1	1 326,0	-2,4	1 332,7	7,5	1 369,4	41,6
(1.1) Other general government	156,9	12,6	153,4	10,6	153,3	-0,1	159,2	6,1
(1.2) Other financial intermediaries ³⁾	28,4	-1,1	25,1	-6,8	28,0	2,9	29,0	1,3
(1.3) Insurance corporations and pension funds	17,5	8,8	8,0	-3,6	7,8	-0,2	14,7	7,0
(1.4) Non-financial corporations	396,1	14,9	373,2	-17,1	373,0	0,2	393,5	24,0
(1.5) Households ⁴⁾	670,7	3,9	766,3	14,5	770,6	4,7	772,9	3,2
(2) M2 - M1 (other short- term deposits)	786,2	-44,2	967,9	33,0	986,1	18,7	899,7	-83,5
(2.1) Other general government	31,8	0,8	45,2	2,1	48,0	2,8	37,9	-10,0
(2.2) Other financial intermediaries ³⁾	17,4	-0,1	23,5	2,8	19,9	-3,6	17,9	-1,9
(2.3) Insurance corporations and pension funds	30,6	-9,4	40,7	2,1	39,4	-1,3	34,2	-5,0
(2.4) Non-financial corporations	196,8	-38,2	229,0	25,1	248,3	19,3	196,1	-50,9
(2.5) Households ⁴⁾	509,6	2,7	629,5	1,0	630,6	1,4	613,5	-15,6
(3) Repurchase agreements (a part of M3 - M2)	21,6	-1,7	24,0	-6,7	18,6	-5,4	15,0	-3,6
(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⁾	1,1	0,2	1,0	0,0	1,1	0,0	0,2	-0,9
(3.3) Insurance corporations and pension funds	7,4	-2,9	12,1	-4,0	8,8	-3,3	7,9	-0,9
(3.4) Non-financial corporations	0,0	0,0	0,0	0,0	0,0	0,0	0,1	0,1
(3.5) Households ⁴⁾	13,1	1,0	10,9	-2,6	8,8	-2,1	6,8	-1,9

TABLE 6

Loans to private sector

CZK billions	2008		2009					
	June		April		May		June	
	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	812,3	29,7	825,3	-4,7	819,9	-5,4	818,5	3,9
(1.1) up to 1 year	349,9	23,4	294,9	-8,0	288,0	-6,8	293,5	6,9
(1.2) over 1 year and up to 5 years	160,4	3,5	183,9	1,5	183,6	-0,1	180,1	-2,3
(1.3) over 5 years	301,9	2,9	346,4	1,8	348,2	1,5	344,9	-0,7
(2) Loans to households⁴⁾	799,7	16,0	915,7	9,5	922,9	7,5	933,1	10,8
(2.1) Consumer credit	155,0	3,3	176,3	1,8	178,4	2,4	180,4	2,4
(2.2) Lending for house purchase	563,6	10,6	639,7	6,7	645,2	5,5	652,2	7,1
(2.3) Other lending	81,1	2,1	99,7	1,0	99,3	-0,4	100,5	1,3
(3) Loans to other financial intermediaries³⁾	165,0	5,8	158,6	5,2	155,8	-2,9	155,8	0,7
(4) Loans to insurance corporations and pension funds	2,3	0,5	0,3	-0,3	0,8	0,6	0,8	-0,1

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 (without insurance corporations and pension funds) (S. 123) and financial auxiliaries (S. 124).

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

TABLE 7

Contributions to annual growth¹⁾ of M3

	2008	2009		
	June	April	May	June
	% points	% points	% points	% points
M1	9,1	5,7	4,9	4,8
of which: Currency	0,6	1,4	1,3	1,1
Overnight deposits	8,5	4,3	3,6	3,7
M2 - M1 (= other short- term deposits)	4,1	5,2	5,7	4,2
M3 - M2 (= short-term marketable instruments)	0,2	-0,8	-1,1	-1,1
M3	13,4	10,1	9,5	7,9

TABLE 8

Contributions to annual growth¹⁾ of loans to private sector

	2008	2009		
	June	April	May	June
	% points	% points	% points	% points
Non-financial corporations	10,2	2,3	1,2	-0,3
Households ²⁾	12,9	8,6	8,1	7,6
Other financial intermediaries ³⁾	3,0	0,1	-0,3	-0,6
Insurance corporations and pension funds	0,1	0,0	-0,1	-0,1
Loans to private sector ⁴⁾	26,2	11,1	8,9	6,6

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 (without insurance corporations and pension funds) (S.123) and financial auxiliaries (S.124).

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

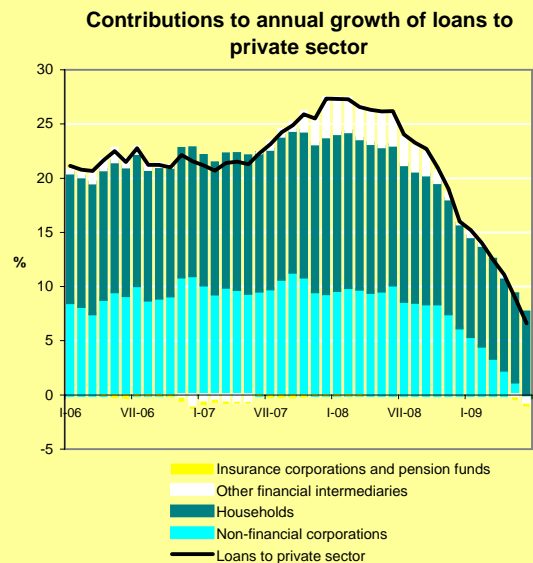
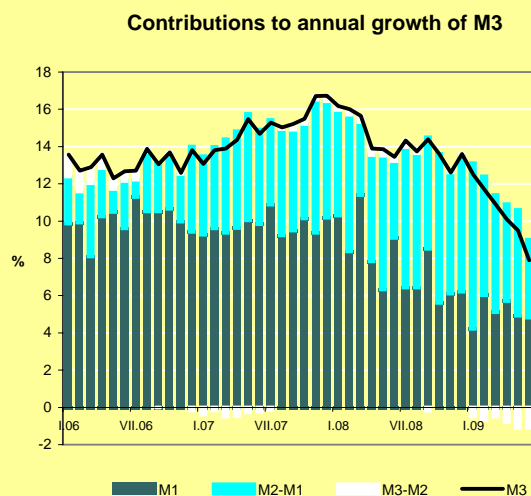
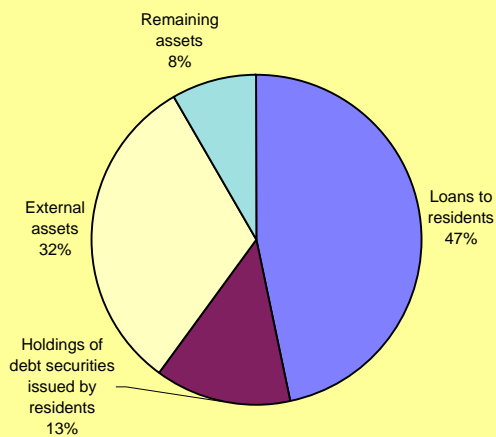


TABLE 9

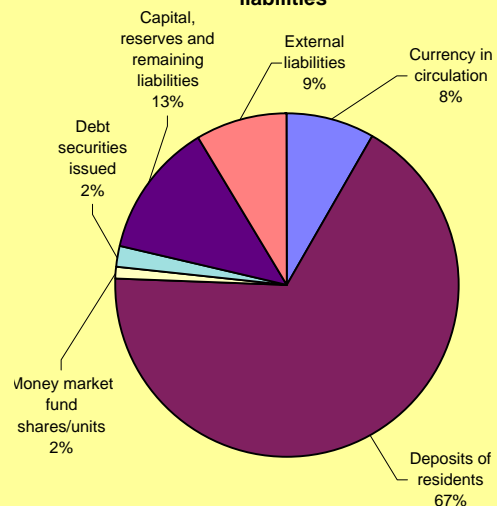
Balance sheets of monetary financial institutions by reporting institutions: June 2009

CZK billions	MFI			Consolidated balance sheet of MFIs
	CNB	Credit institutions	Money market funds	
(1) ASSETS TOTAL	733,1	4 237,9	44,4	4 220,6
(1.1) Loans to residents	8,5	2 499,0	11,1	1 964,6
MFI	0,0	542,9	11,1	-
General government	0,0	56,4	0,0	56,4
Other residents	8,5	1 899,7	0,0	1 908,2
(1.2) Holdings of securities other than shares issued by residents	0,0	697,0	10,2	518,8
MFI	0,0	186,3	2,2	-
General government	0,0	498,2	7,1	505,3
Other residents	0,0	12,5	1,0	13,5
(1.3) Money market fund shares/units	0,0	0,0	0,0	-
(1.4) Holdings of shares/other equity issued by residents	0,0	65,9	0,0	43,3
MFI	0,0	22,6	0,0	-
Other residents	0,0	43,3	0,0	43,3
(1.5) External assets	708,1	608,3	22,7	1 339,1
(1.6) Fixed assets	11,2	112,0	0,0	123,2
(1.7) Remaining assets	5,3	255,7	0,4	231,7
(2) LIABILITIES TOTAL	733,1	4 237,9	44,4	4 220,6
(2.1) Currency in circulation	384,1	-	-	354,3
(2.2) Deposits of residents	480,5	2 909,5	0,0	2 834,6
MFI	391,3	164,1	0,0	-
Central government	84,6	272,4	0,0	357,0
Other general government/other residents	4,6	2 473,0	0,0	2 477,6
(2.3) Money market fund shares/units	-	-	41,4	41,4
(2.4) Debt securities issued	0,0	275,1	0,0	86,6
(2.5) Capital and reserves	-153,8	404,4	0,0	228,0
(2.6) External liabilities	1,5	359,4	2,5	363,4
(2.7) Remaining liabilities	20,9	289,5	0,5	310,9
(2.8) Excess of inter MFI liabilities	-	-	-	1,4

Consolidated balance sheet of MFIs - assets



Consolidated balance sheet of MFIs - liabilities



Comments on monetary developments statistics¹⁾ (Tables 3-9): June 2009

The annual rate of growth of M3 fell from 9.5% in May to 7.9% in June. The month-on-month growth rate decreased from 0.7% to -1.8%. As a result of financial transactions, the monetary aggregate M3 grew by CZK 195.4 billion year on year (falling by CZK 49.1 billion month on month) to CZK 2680.9 billion.

Main components of M3

The monetary aggregate M1 is the most important component of M3. Its contribution to the annual growth rate of M3 fell from 4.9 percentage points in May to 4.8 percentage points. In relative terms it accounted for 60% of annual M3 growth compared to 51% in May (Table 7).

The annual rate of growth of M1 declined to 7.4% in June (from 7.7% in May). The annual rate of growth of overnight deposits remained at the same level as in May, i.e. 7.2%. In month-on-month terms, overnight deposits rose by CZK 41.6 billion (i.e. 3.1%) due to financial transactions. Within overnight deposits, deposits of all economic sectors recorded an increase. Deposits of insurance corporations and pension funds rose fastest (up by 89.0%, i.e. CZK 7.0 billion). Deposits of non-financial corporations were up by 6.5% (CZK 24.0 billion), deposits of other financial intermediaries grew by 4.8% (CZK 1.3 billion), deposits of other government picked up by 4.0% (CZK 6.1 billion) and deposits of households increased by 0.4% (CZK 3.2 billion). The annual rate of growth of currency in circulation decreased by 1.1 percentage points, from 9.5% in May to 8.4% in June. In month-on-month terms, currency in circulation was down by 1.2% (a decline of CZK 4.4 billion due to financial transactions).

Other short-term deposits (excluding overnight deposits) fell by CZK 83.5 billion (i.e. 8.5%) month on month, owing to financial transactions. The annual rate of growth of these deposits fell by 3.9 percentage points to 13.1% in June (from 17.0% in May). The annual rate of growth of deposits with maturity of up to two years, which are the dominant component of short-term deposits, decreased by 4.5 percentage points compared to the previous month, reaching -2.8%. Deposits redeemable at notice of up to three months (the smaller component) have long been recording strong annual growth. Their annual growth rate in June was 42.4%.

All components of other short-term deposits recorded month-on-month declines. The largest declines were recorded for deposits of other government (down by 20.9%, i.e. CZK 10.0 billion) and deposits of non-financial corporations (down by 20.5%, i.e. CZK 50.9 billion). Furthermore, deposits of insurance corporations and pension funds decreased by 12.8% (CZK 5.0 billion), deposits of other financial intermediaries dropped by 9.7% (CZK 1.9 billion) and deposits of households fell by 2.5% (CZK 15.6 billion).

Marketable instruments, which consist of repos, money market fund shares/units and debt securities with maturities of up to two years, declined by 4.6% month on month, from CZK 60.3 billion in May to CZK 57.5 billion, due to financial transactions. The annual growth rate of marketable instruments fell by 1 percentage point to -33.7% (-32.7% in May).

Main counterparts of M3

The annual rate of growth of loans to general government increased from -9.7% in May to 3.0% in June. The annual rate of growth of purchased government bonds rose from 34.1% in May to 38.1% in June.

The annual rate of growth of loans to the private sector decreased from 8.9% in May to 6.6% in June. Households were the only contributor to the positive annual growth rate of loans to the private sector in June (Table 8). The annual growth rate of loans to households fell by 1 percentage point (from 18.0% in May to 17.0% in June). The annual growth rates for all other sectors also recorded declines in June, reaching negative figures (e.g. the annual growth rate of loans to non-financial corporations decreased from 2.7% in May to -0.5% in June).

The annual rate of growth of net external assets declined from 1.2% in May to -3.1% in June. The annual growth rate of longer-term financial liabilities grew from -7.7% to -3.8%. The annual growth rate of deposits of central government dropped from 46.9% to 13.5%.

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

TABLE 10

Interest rates of monetary financial institutions on new business¹⁾

monthly average rates and sum	2008		2009					
	June		April		May		June	
	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⁾	1,38	1039,5	1,25	1233,8	1,24	1233,9	1,23	1229,6
(1.1) Overnight	0,82	652,4	0,69	739,7	0,70	743,9	0,71	746,0
(1.2) With agreed maturity	3,08	58,5	1,70	43,4	1,60	41,3	1,65	40,0
of which: Up to 2 years	3,09	58,2	1,68	42,3	1,58	40,6	1,63	39,1
(1.3) Redeemable at notice ³⁾	2,18	335,3	2,12	474,4	2,11	474,0	2,05	468,9
(1.3.1) Up to 3 months' notice	2,42	275,2	2,31	406,3	2,30	403,0	2,25	392,5
(1.3.2) Over 3 months' notice	1,10	60,1	1,00	68,1	1,02	71,0	0,98	76,5
(2) Deposits from non-financial corporation⁴⁾	2,02	469,6	1,08	552,3	0,97	528,2	0,91	517,6
(2.1) Overnight	1,19	291,0	0,63	279,3	0,58	282,2	0,58	287,0
(2.2) With agreed maturity	3,39	174,0	1,50	256,8	1,38	228,8	1,28	213,4
of which: Up to 2 years	3,39	174,0	1,50	256,8	1,38	228,7	1,28	213,2
(3) Loans to households²⁾	11,92	62,4	13,65	56,9	14,28	55,2	13,94	58,7
(3.1) Bank overdrafts ⁵⁾	16,24	31,9	18,20	32,1	18,87	32,5	18,83	33,0
(3.2) Consumer credit	13,18	6,7	13,71	6,2	13,65	5,6	13,59	6,4
(3.3) Lending for house purchase	5,48	18,7	5,46	15,0	5,46	13,9	5,49	15,8
of which: Mortgage lending ⁶⁾	5,56	11,0	5,72	7,4	5,74	6,7	5,72	8,7
Saving for building purposes	5,00	4,9	5,00	5,8	5,01	5,4	5,04	5,8
(3.4) Other lending	6,86	5,1	6,81	3,5	6,96	3,1	6,58	3,5
(4) Loans to non-financial corporation	5,42	206,6	4,35	184,6	4,30	166,5	4,42	185,6
(4.1) Bank overdrafts ⁵⁾	5,53	129,2	4,69	115,1	4,64	110,9	4,72	113,3
(4.2) Other loans up to CZK 30 million	5,73	20,3	5,08	12,2	4,97	10,6	4,66	16,1
of which: Up to 1 year initial rate fixation ⁷⁾	5,77	17,6	5,05	10,6	4,93	9,4	4,57	13,8
(4.3) Other loans over to CZK 30 million	5,07	57,1	3,52	57,3	3,31	45,0	3,75	56,2
of which: Up to 1 year initial rate fixation ⁷⁾	5,07	56,1	3,44	51,9	3,30	42,9	3,69	48,8
(5) APRC⁸⁾ on loans to households	7,87	25,4	8,38	21,2	8,29	19,6	8,31	22,2
(5.1) Consumer credit	13,78	6,7	14,75	6,2	14,72	5,6	14,63	6,4
(5.2) Lending for house purchase	5,75	18,7	5,72	15,0	5,69	13,9	5,74	15,8

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⁾ Since 2009, the amendment to Act No. 190/2004 Coll., on Bonds, as amended, has been fully applied, under which a mortgage loan is a loan whose redemption, including appurtenances (i.e. interest etc.), is secured by lien (right of pledge) over real estate (property), including property under construction, where the claim arising from the loan does not exceed twice the pledge value of the mortgaged property (Article 28(3)).

⁷⁾ 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.

⁸⁾ Annual percentage rate of charge (APRC) covers total costs of the credit to the client including charges etc

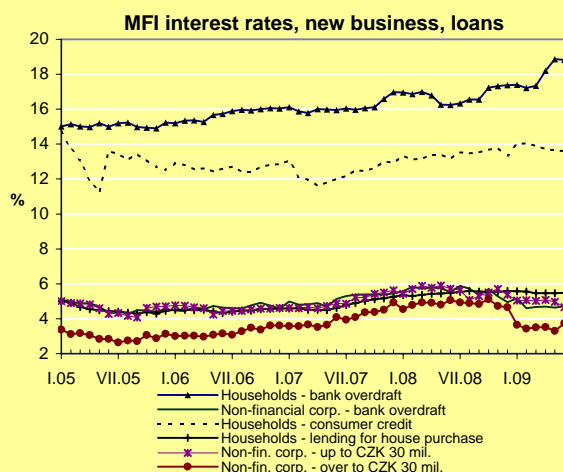
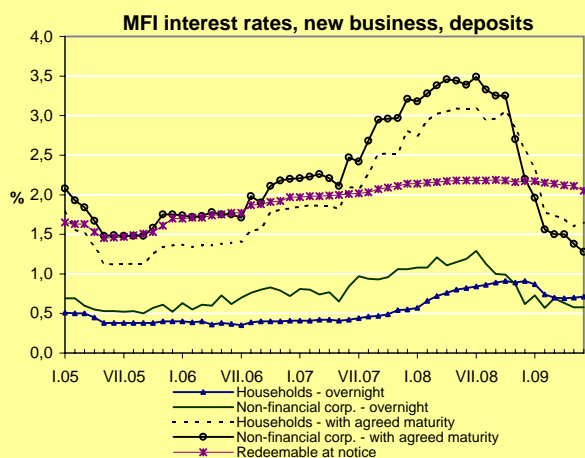


TABLE 11

Interest rates of monetary financial institutions on outstanding amounts¹⁾

outstanding amounts as end-of-month	2008		2009					
	June		April		May		June	
	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⁾	1,57	1371,6	1,42	1511,3	1,41	1516,6	1,40	1510,3
(1.1) With agreed maturity	2,27	376,5	2,09	303,6	2,09	308,2	2,10	306,6
(1.1.1) Up to 2 years	2,50	199,4	1,97	195,8	2,05	201,6	2,06	197,3
(1.1.2) Over 2 years	2,01	177,1	2,29	107,8	2,17	106,5	2,18	109,3
(2) Deposits from non-financial corp.³⁾	1,93	462,0	1,09	469,1	1,02	482,9	0,98	457,2
(2.2) With agreed maturity	3,20	166,4	1,73	173,7	1,61	183,5	1,61	153,0
(2.2.1) Up to 2 years	3,23	162,9	1,73	171,7	1,60	181,4	1,61	150,7
(2.2.2) Over 2 years	1,54	3,5	1,66	1,9	1,75	2,0	2,00	2,3
(3) Loans to households	6,80	798,7	6,95	914,5	7,01	921,7	7,02	932,0
(3.1) Lending for house purchase	5,05	563,2	5,20	639,3	5,21	644,8	5,22	651,9
of which: Mortgage lending ⁴⁾	5,02	368,3	5,20	489,5	5,21	492,7	5,20	523,6
Saving for building purposes	5,12	165,2	5,27	123,4	5,26	124,9	5,37	101,3
(3.2) Consumer credit and other lending ⁵⁾	11,16	235,5	11,11	275,2	11,38	276,9	11,38	280,1
(4) Loans to non-financial corporation	5,65	681,6	4,70	677,8	4,64	672,7	4,54	677,3
(4.1) Up to 1 year	5,48	302,2	4,46	256,5	4,43	248,9	4,37	252,1
(4.2) Over 1 and up to 5 years	5,82	133,4	4,79	148,8	4,67	150,0	4,55	150,1
(4.3) Over 5 years	5,76	246,0	4,87	272,5	4,81	273,8	4,68	275,1

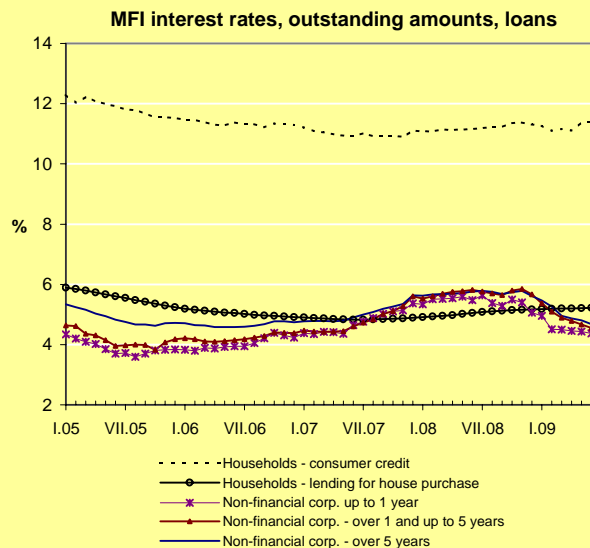
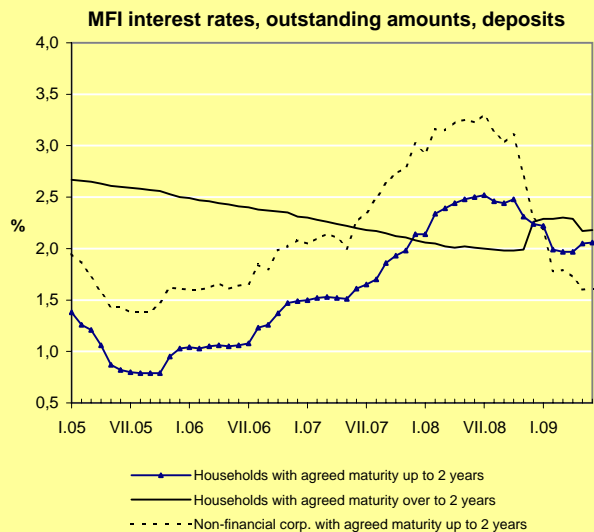
¹⁾ The interest rates that are applied by MFIs to CZK-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the Czech Republic. Interest rates on outstanding amounts refer to the stock of all deposits and all loans at a specific moment.

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⁾ Since 2009, the amendment to Act No. 190/2004 Coll., on Bonds, as amended, has been fully applied, under which a mortgage loan is a loan whose redemption, including appurtenances (i.e. interest etc.), is secured by lien (right of pledge) over real estate (property), including property under construction, where the claim arising from the loan does not exceed twice the pledge value of the mortgaged property (Article 28(3)).

⁵⁾ Consumer credit and other lending include bank overdrafts presented in Table 10.



Commentary on interest rates of monetary financial institutions (Tables 10 and 11): June 2009

Interest rates on new business

Interest rates on **new deposits** of households remained almost unchanged from May, while interest rates on new deposits of non-financial corporations recorded a slight decline.

The average interest rate on total new deposits of **households** changed only marginally, to 1.23%. Similarly, the rate on overnight deposits remained at the level recorded a month earlier (0.71%). The rate on deposits with agreed maturity rose moderately by 0.05 percentage point to 1.65%. The interest rate on deposits redeemable at notice fell slightly by 0.06 percentage point to 2.05%.

The overall interest rate on new loans of **non-financial corporations** fell by 0.06 percentage point to 0.91%. The rate on overnight deposits remained unchanged at 0.58%. The rate on deposits with agreed maturity of up to two years (these deposits usually account for 100% of all deposits with agreed maturity in this sector) declined by 0.10 percentage point to 1.28%.

New loans to households recorded a significant decline in the interest rate, but the rate on new loans to non-financial corporations picked up.

The overall interest rate on new loans to **households** declined by 0.34 percentage point to 13.94%, due to a decline in the interest rate on other loans of 0.38 percentage point, to 6.58%. Bank overdrafts recorded only a slight decrease of 0.04 percentage point, to 18.83%. The rate on consumer credit was lower by 0.06 percentage point, standing at 13.59%. The interest rate on loans for house purchase picked up only modestly by 0.03 percentage point to 5.49%.

The overall interest rate on loans to **non-financial corporations** increased by 0.12 percentage point to 4.42%. The rate on bank overdrafts was up by 0.08 percentage point to 4.72%. A sharper decline was recorded for the rate on other loans of up to CZK 30 million (0.31 percentage point, to 4.66%). However, other loans of over CZK 30 million were remunerated at 3.75%, up by 0.44 percentage point.

The overall annual percentage rate of charge on loans to households grew only marginally, by 0.02 percentage point to 8.31%. The APRC on consumer credit was down by 0.09 percentage point to 14.63%. The APRC on house purchase loans rose only slightly by 0.05 percentage point to 5.74%.

Interest rates on outstanding amounts

The average interest rate on **outstanding amounts of deposits** of households and non-financial corporations recorded only a modest decline in June.

At 1.40%, the overall rate on deposits of **households** remained almost unchanged from the previous month. Similarly, the rate on overnight deposits stood at 0.71%. The rate on deposits redeemable at notice fell moderately to 2.05%. The interest rate on deposits with agreed maturity remained broadly unchanged at 2.10%.

The overall interest rate on deposits of **non-financial corporations** fell slightly by 0.04 percentage point to 0.98%. The rate on overnight deposits was the same as in May (0.58%). The interest rate on deposits with agreed maturity was also unchanged, at 1.61%.

The average interest rate on **outstanding amounts of loans** was almost unchanged from a month earlier in the case of households, but it declined in the case of non-financial corporations.

The overall interest rate on loans to **households** was virtually unchanged at 7.02%. At 5.22%, the rate on house purchase loans was also little changed. The rate on consumer credit remained the same as in May (11.38%).

The average interest rate on outstanding amounts of loans to **non-financial corporations** declined by 0.10 percentage point to 4.54%. The rate on loans to non-financial corporations fell across all maturities. For maturities of up to one year it declined by 0.06 percentage point to 4.37%, while for maturities of over one year and up to five years it was down by 0.12 percentage point to 4.55% and for maturities of over five years it dropped by 0.13 percentage point to 4.68%.

TABLE 12

Aggregated balance sheet of investment funds ¹⁾

CZK billions; end of period	2009				
	January	February	March	April	May
ASSETS					
Total	89,3	84,9	84,4	86,7	87,6
(1.1) Deposits	9,8	9,2	10,9	10,4	9,4
(1.2) Securities other than shares	43,4	41,9	39,7	40,9	41,3
Residents	22,3	21,3	19,5	20,9	21,6
MFI	0,9	0,9	0,9	0,9	0,9
General government	19,9	19,0	17,3	18,6	19,3
Other residents	1,5	1,5	1,3	1,3	1,4
Non-residents	21,1	20,6	20,1	20,0	19,7
(1.3) Shares and other equity	14,3	12,9	13,7	15,5	16,5
Residents	4,2	3,9	4,1	4,0	3,8
MFI	0,3	0,3	0,3	0,4	0,3
Other residents	3,8	3,7	3,8	3,6	3,5
Non-residents	10,1	9,0	9,7	11,6	12,7
(1.4) Investment fund shares	16,8	15,7	15,1	15,3	15,4
Residents	4,1	3,8	3,7	3,7	3,7
Non-residents	12,7	11,9	11,4	11,6	11,7
(1.5) Other assets	5,0	5,2	5,0	4,6	5,0
LIABILITIES					
Total	89,3	84,9	84,4	86,7	87,6
(2.1) Loans accepted	0,3	0,2	0,3	0,2	0,2
(2.2) Investment fund shares	86,5	82,4	82,2	84,1	85,1
Residents	85,4	81,5	81,2	83,0	84,0
Non-residents	1,0	0,9	1,0	1,1	1,1
(2.4) Other liabilities	2,6	2,4	1,9	2,5	2,4

BALANCE SHEET TOTAL - BREAKDOWN BY INVESTMENT POLICY

TOTAL	89,3	84,9	84,4	86,7	87,6
Equity funds	9,6	8,8	9,5	10,9	12,3
Bond Funds	36,0	34,3	33,3	33,5	32,8
Mixed Funds	36,8	35,2	34,8	35,7	35,9
Real estate funds	7,0	6,7	6,8	6,7	6,7

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

- funds of funds and funds of qualified investors are classified under the category of assets or funds in which they primarily invest.

- data are published by the 15th calendar day of the second month following the reference period

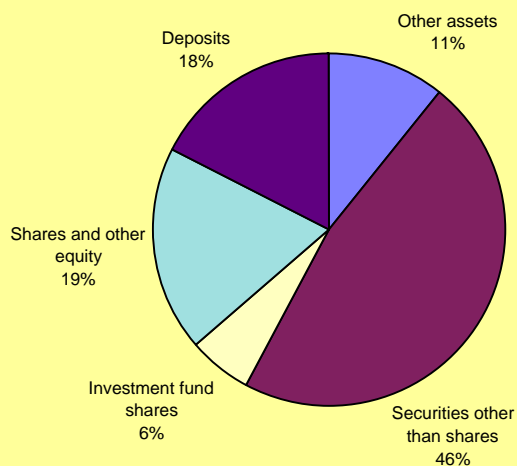
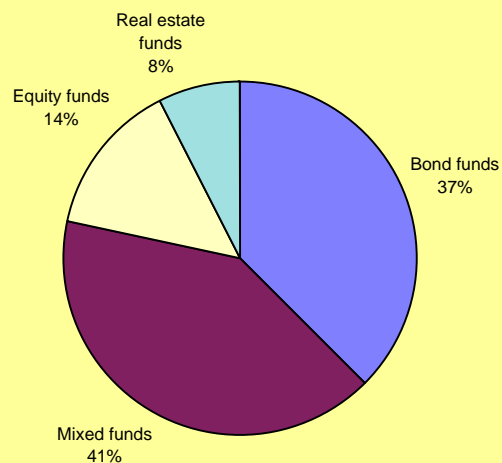
Balance sheet total - breakdown by asset items**Balance sheet total - breakdown by investment policy**

TABLE 13
Quarterly aggregated balance sheet of financial corporations engaged in lending ¹⁾

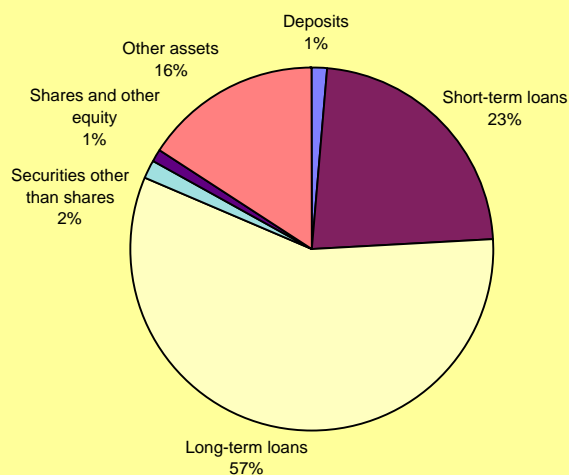
CZK billions; end of period	2008				2009
	March	June	September	December	March
ASSETS					
Total	414,4	425,7	435,7	448,9	440,7
(1.1) Deposits	7,2	6,4	6,6	7,7	7,4
(1.2) Loans provided	326,8	337,9	346,8	357,7	352,1
Residents	321,5	332,6	342,5	352,8	345,3
Up to 1 year	95,3	98,3	100,4	103,7	97,7
Over 1 year	226,2	234,4	242,1	249,1	247,6
Non-residents	5,3	5,3	4,4	4,8	6,8
(1.3) Securities other than shares	7,7	7,6	7,3	7,8	6,0
Up to 1 year	4,6	5,6	5,4	5,9	4,0
Over 1 year	3,1	2,1	2,0	1,9	2,0
(1.4) Shares and equity	5,1	4,9	5,0	5,8	8,1
Mutual fund shares/units (including MMFs)	0,0	0,0	0,0	0,0	0,0
Other shares and equity	5,1	4,9	5,0	5,8	8,1
(1.5) Other assets	67,5	68,8	70,0	69,8	67,2
LIABILITIES					
Total	414,4	425,7	435,7	448,9	440,7
(2.1) Loans taken	263,2	272,3	275,0	274,9	265,5
Residents	187,6	196,4	196,4	194,3	187,5
Non-residents	75,6	75,9	78,6	80,6	78,1
(2.2) Securities other than shares issued	29,1	29,6	29,5	28,7	24,6
Up to 1 year	11,0	11,5	11,5	10,7	10,7
Over 1 year	18,1	18,1	18,0	18,0	13,9
(2.3) Own funds	84,5	87,5	88,5	99,4	104,0
(2.5) Other liabilities	37,6	36,3	42,7	45,8	46,6

BALANCE SHEET TOTAL BREAKDOWN BY TYPE OF INTERMEDIARIES

TOTAL	414,4	425,7	435,7	448,9	440,7
Financial leasing companies	284,3	291,6	297,2	309,5	304,8
Other lending companies	104,1	107,1	111,6	114,4	113,2
Factoring and forfaiting companies	26,0	27,0	26,9	25,0	22,7

¹⁾ Financial corporations engaged in lending - 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.). 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 type of intermediaries

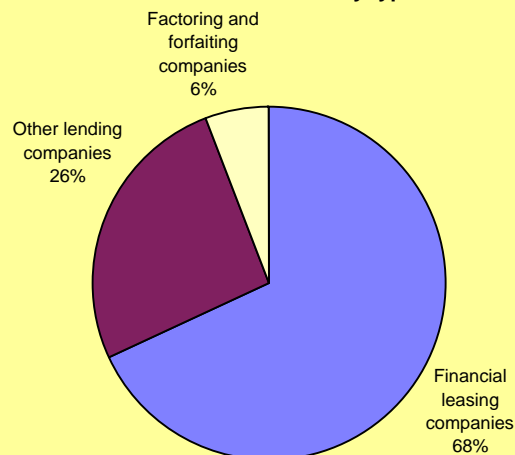


TABLE 14

Summary of loans provided by financial corporations engaged in lending ¹⁾ to residents

CZK billions; end of period	2008				2009
	March	June	September	December	March
LOANS					
(1) Non-financial corporations	178,0	182,1	191,3	195,7	192,6
Up to 1 year	52,1	53,3	55,2	56,0	51,0
Over 1 year up to 5 years	109,2	111,5	116,1	113,0	112,4
Over 5 years	16,7	17,3	20,0	26,7	29,2
(2) Financial corporations	1,0	1,0	1,3	1,7	2,8
Up to 1 year	0,4	0,4	0,3	0,4	0,2
Over 1 year up to 5 years	0,5	0,4	0,9	1,3	2,6
Over 5 years	0,1	0,1	0,1	0,1	0,1
(3) Government	1,1	1,0	1,0	1,0	1,0
Up to 1 year	0,4	0,4	0,4	0,4	0,5
Over 1 year up to 5 years	0,6	0,5	0,5	0,6	0,5
Over 5 years	0,0	0,0	0,0	0,0	0,0
(4) Households	141,2	148,5	148,8	154,3	148,7
Up to 1 year	42,2	44,0	44,4	46,9	45,9
Over 1 year up to 5 years	86,8	90,4	89,4	91,8	86,3
Over 5 years	12,3	14,1	14,9	15,6	16,5
(5) NPISHs	0,2	0,2	0,1	0,1	0,1
Up to 1 year	0,1	0,1	0,1	0,1	0,0
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	141,2	148,5	134,5	154,3	148,7
(1.1) Consumer credit	123,1	129,6	131,0	137,1	132,3
Up to 1 year	41,2	42,9	43,2	45,7	44,8
Over 1 year up to 5 years	70,9	74,2	74,4	77,3	72,6
Over 5 years	11,0	12,5	13,5	14,0	14,9
(1.2) Lending for house purchase	1,2	1,4	1,5	1,5	1,5
Up to 1 year	0,0	0,0	0,0	0,0	0,0
Over 1 year up to 5 years	0,5	0,4	0,4	0,4	0,4
Over 5 years	0,8	0,9	1,0	1,1	1,1
(1.3) Other loans	16,9	17,6	16,3	15,6	14,9
Up to 1 year	1,0	1,1	1,1	1,1	1,1
Over 1 year up to 5 years	15,4	15,8	14,7	14,1	13,4
Over 5 years	0,5	0,7	0,5	0,4	0,4

BREAKDOWN OF SELECTED LOANS BY TYPE OF INTERMEDIARIES

TOTAL	321,5	332,6	342,5	352,8	345,3
Financial leasing companies	221,9	228,5	235,0	242,9	239,0
Other lending companies	79,3	82,5	86,0	90,8	89,0
Factoring and forfaiting companies	20,4	21,5	21,4	19,1	17,2
of which Non-financial corporations	178,0	182,1	191,3	195,7	192,6
Financial leasing companies	152,3	155,6	164,6	170,9	169,7
Other lending companies	5,3	4,9	5,2	5,8	5,6
Factoring and forfaiting companies	20,4	21,5	21,4	19,1	17,2
of which Households	141,2	148,5	134,5	154,3	148,7
Financial leasing companies	68,0	71,5	69,0	70,7	65,7
Other lending companies	73,2	76,9	79,7	83,6	83,0
Factoring and forfaiting companies	0,0	0,0	0,0	0,0	0,0

¹⁾ Financial corporations engaged in lending - 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.). Data are published by the last working day of the second month following the reference period.

Commentary on the aggregated balance sheet of collective investment funds (Table 12): May 2009

As of the end of May 2009, collective investment funds (CIFs) administered assets worth CZK 85.1 billion. The value of administered assets rose in this month, too. The value of assets in the funds increased by CZK 1.05 billion compared to April 2009, up by 1.25%.

In May 2009, the largest growth was recorded by equity funds, whose assets grew from CZK 10.7 billion to CZK 12 billion, which represents a month-on-month increase of 12.29%. Growth in the value of assets was also recorded by mixed funds (from CZK 35 billion to CZK 35.3 billion) and real estate funds (from CZK 5.6 billion to CZK 5.7 billion). By contrast, a decline was recorded by bond funds. The value of their assets decreased from CZK 32.7 billion to CZK 32.1 billion, which represents a monthly decline by 1.78%.

Collective investment funds invested most in debt securities. The total volume of purchased debt securities increased by CZK 0.39 billion month on month to CZK 41.3 billion, up by 0.96%. Compared to the previous quarter, the share of debt securities in equity capital decreased from 48.62% to 48.48%, down by 0.14 percentage point. The funds increased the share of equity securities in their portfolios in May. The volume of equity securities increased by CZK 1.08 billion month on month to CZK 31.9 billion, up by 3.51%.

At the end of May 2009, 141 resident collective investment funds were active in the Czech Republic, of which 27 were equity funds, 27 bond funds, 56 mixed funds, 30 property funds and 1 other fund.

Commentary on the quarterly aggregated balance sheet of financial corporations engaged in lending¹⁾ (Tables 13 and 14): March 2009

As of 31 March 2009, financial corporations engaged in lending had total assets of CZK 440.7 billion. Total assets decreased by CZK 8.2 billion (1.82%) compared to the previous quarter. In year-on-year terms, total assets increased by CZK 26.3 billion, i.e. 6.34%. This was mostly due to corporations providing financial leasing, which also account for the largest share of total assets (CZK 304.8 billion). Other lending companies accounted for CZK 113.2 billion of total assets and companies engaged in factoring and forfaiting for CZK 22.7 billion.

The largest asset item was loans which amounted to CZK 352.1 billion. Loans recorded a decline of CZK 5.6 billion in Q1 2009, down by 1.57% compared to the previous period. In year-on-year comparison, loans increased by CZK 25.2 billion, i.e. by 7.71%. Most of this amount, i.e. 98.07% of loans, was provided to residents. Short-term loans stood at CZK 100.1 billion at the end of Q1, accounting for 22.71% of total assets. Long-term loans amounted to CZK 252 billion, i.e. 57.18% of total assets.

The largest part of loans provided to residents consisted of loans to non-financial corporations, which amounted to CZK 192.6 billion, i.e. 55.81% of loans to residents. Loans provided to non-financial corporations fell by CZK 3.1 billion compared to the previous quarter, which means a decrease of 1.56%. In year-on-year terms, loans provided to non-financial corporations were up by CZK 14.6 billion, i.e. 8.20%. Financial leasing companies provided CZK 169.7 billion, other lending companies CZK 5.6 billion and factoring and forfaiting companies provided CZK 17.2 billion. These loans are made up predominantly of loans with an original maturity of one to five years, which amounted to CZK 112.4 billion.

The second largest group of loans provided to residents consists of loans to households amounting to CZK 148.7 billion, which fell by CZK 5.6 billion compared to the previous quarter, i.e. by 3.62%. Consumer credit amounting to CZK 132.3 billion, i.e. 88.97% of total loans provided to households, represented the largest part of loans to households. In year-on-year terms, loans provided to non-financial corporations were up by CZK 7.4 billion, i.e. 5.27%. Loans provided to households account for 43.06% of loans granted to residents. CZK 65.7 billion was provided by financial leasing companies and CZK 83 billion by other lending companies. Loans with an original maturity of one to five years amounted to CZK 86.3 billion, giving them the largest share in loans to households.

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.

Financial corporations engaged in lending (FCLs):

Definition: 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.)

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.

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:

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

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