

Monetary Statistics

October
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

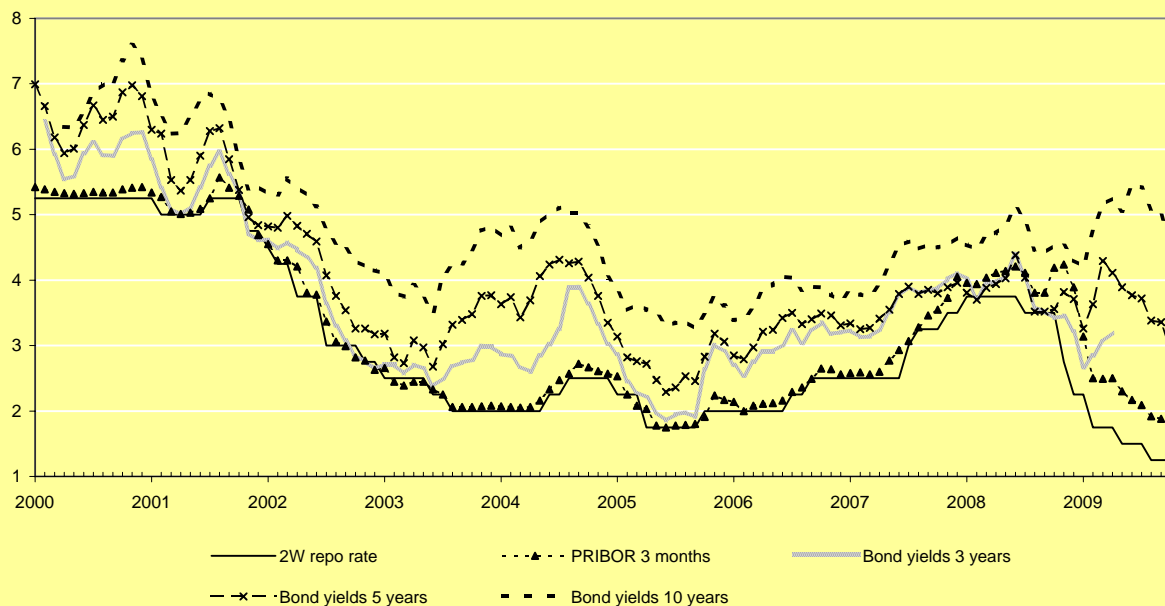
	CNB			ECB
	from 6 February 2009 onwards	from 11 May 2009 onwards	from 7 August 2009 onwards	from 13 May 2009 onwards
2W repo rate	1,75	1,50	1,25	1,00
Deposit facility	0,75	0,50	0,25	0,25
Marginal lending facility	2,75	2,50	2,25	1,75

TABLE 2

Financial markets interest rates

monthly average	2008		2009					
	October		August		September		October	
	CR	Euro area	CR	Euro area	CR	Euro area	CR	Euro area
Money market								
CZEONIA/ EONIA								
overnight	3,48	3,83	1,34	0,35	1,21	0,36	1,28	0,36
PRIBOR/ EURIBOR								
1 month	4,00	4,85	1,61	0,51	1,57	0,46	1,56	0,43
3 months	4,19	5,12	1,92	0,86	1,88	0,77	1,87	0,74
6 months	4,23	5,19	2,16	1,12	2,14	1,04	2,13	1,02
1 year	4,28	5,26	2,44	1,33	2,42	1,26	2,41	1,24
Capital market								
Bond yields								
3 years	3,42	3,47	0,00	2,00	-	1,80	-	1,86
5 years	3,56	3,88	3,38	2,81	3,36	2,68	2,91	2,67
10 years (Maastricht)	4,53	4,42	5,09	3,89	5,01	3,86	4,50	3,80

Financial markets interest rates in CR



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

Key interest rates

The CNB's 2W repo rate has been set at 1.25% since 7 August 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 0.25 percentage point at the end of October.

Financial market interest rates

In October, interest rates on the Czech as well as the euro area interbank deposit market remained almost unchanged compared to the previous month. The most visible change - the increase by 0.07 pp - recorded the CZEONIA rate. The 3M PRIBOR reached 1.87% (1.88% in September) and the 3M EURIBOR stood at 0.74% (0.77% in September).

Bond yields on the Czech capital market recorded a significant month-on-month decrease in October (the 10Y bond by 0.51 pp at most). In the euro area the yields slightly decreased withing bond with longer maturities (the 10Y bond by 0.06 pp at most). The yield on the the 10-year bond in the Czech Republic was 4.50% (5.01% in September), while the yield on the 10-year bond in the euro area reached 3.80% (3.86% in September).

TABLE 3

Key monetary indicators

CZK billions, unless otherwise indicated	2008			2009			2009			2009		
	October			August			September			October		
	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	1 630,6	0,7	8,4	1 736,1	35,3	8,6	1 722,3	-12,0	5,8	1 732,6	3,8	6,0
M3 ¹⁾	2 583,7	41,4	13,6	2 659,5	-8,7	3,9	2 623,5	-33,3	2,7	2 650,6	17,2	1,8
Loans to private sector ²⁾	1 876,6	17,0	21,0	1 907,1	4,4	4,4	1 912,4	7,5	2,8	1 914,5	-5,7	1,6
Net foreign assets ³⁾	978,0	3,0	8,4	965,9	-17,8	-8,1	938,9	-16,7	-6,5	1 001,2	22,0	-4,6

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

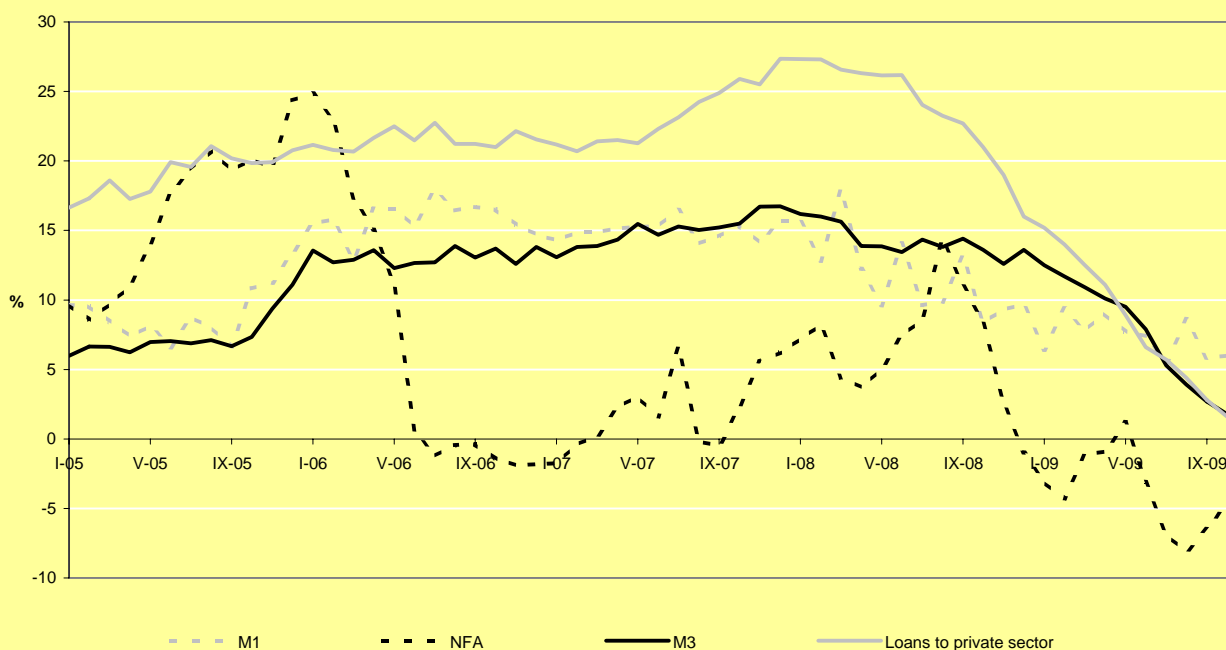


TABLE 4

Monetary aggregates and counterparts

CZK billions, unless otherwise indicated	2008			2009								
	October			August			September			October		
	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)	2 583,7	41,4	13,6	2 659,5	-8,7	3,9	2 623,5	-33,3	2,7	2 650,6	17,2	1,8
(1.1) Currency in circulation	364,7	33,1	15,1	351,4	-1,1	6,7	351,3	0,0	5,9	353,2	1,8	-3,2
(1.2) Overnight deposits	1 265,9	-32,3	6,7	1 384,8	36,4	9,1	1 370,9	-12,0	5,8	1 379,4	2,0	8,6
(1.3) M1 (items 1.1 and 1.2)	1 630,6	0,7	8,4	1 736,1	35,3	8,6	1 722,3	-12,0	5,8	1 732,6	3,8	6,0
(1.4) Deposits with agreed maturity up to 2 years	565,1	25,4	19,0	476,1	-35,6	-18,4	458,1	-17,2	-15,5	477,1	15,9	-16,5
(1.5) Deposits redeemable at notice up to 3 months	314,6	12,6	41,9	390,0	-3,2	33,7	384,6	-5,4	27,3	383,4	-1,4	21,8
(1.6) Other short term deposits (items 1.4 and 1.5)	879,7	37,9	26,2	866,1	-38,7	-1,0	842,7	-22,6	-0,2	860,5	14,5	-2,9
(1.7) M2 (items 1.3 and 1.6)	2 510,3	38,7	14,1	2 602,2	-3,4	5,2	2 564,9	-34,6	3,7	2 593,1	18,4	2,9
(1.8) Repurchase agreements ²⁾	21,5	2,2	-	14,5	-5,3	-	15,3	0,9	-	14,2	-1,1	-
(1.9) Money market fund shares/units ²⁾	51,1	0,5	-	41,6	0,0	-	41,9	0,3	-	41,9	-0,2	-
(1.10) Debt securities issued with maturity up to 2 years ²⁾	0,8	0,0	-	1,1	0,0	-	1,3	0,2	-	1,5	0,1	-
(1.11) Marketable instruments (items 1.8,1.9 and 1.10)	73,5	2,7	-1,3	57,3	-5,3	-36,0	58,6	1,3	-30,4	57,5	-1,2	-34,4
COUNTERPARTS OF M3												
MFI liabilities												
(2) Holdings deposits against central government	319,0	18,5	33,7	344,1	-6,1	7,0	364,3	20,7	20,9	369,7	2,5	14,7
(3) Longer-term financial deposits against other residents (items 3.1 to 3.4)	490,9	-3,7	-0,5	524,1	2,0	2,5	530,6	19,4	7,1	573,2	4,2	8,8
(3.1) Deposits with agreed maturity over 2 years	152,3	-11,5	-27,4	122,8	3,7	-29,0	126,1	3,4	-23,0	129,6	3,4	-14,9
(3.2) Deposits redeemable at notice over 3 months	58,1	-0,7	-13,3	82,1	2,7	38,4	86,8	4,6	47,6	88,3	1,5	51,9
(3.3) Debt securities issued with maturity over 2 years	99,5	-0,3	23,1	86,5	0,7	-3,8	87,1	0,8	-4,3	87,4	-0,2	-4,3
(3.4) Capital and reserves	181,0	8,7	33,2	232,7	-5,1	24,0	230,6	10,6	25,8	268,0	-0,5	19,0
MFI assets												
(4) Credit to residents (items 4.1 and 4.2)	2 376,6	59,0	15,6	2 528,7	10,0	9,4	2 553,3	26,6	9,7	2 582,2	16,5	7,7
(4.1) Credit to general government	443,7	41,8	-2,2	565,2	5,4	32,7	584,7	19,3	43,0	610,7	21,5	34,4
of which: Loans	53,8	0,6	-6,6	58,9	1,1	6,0	58,7	-0,1	7,1	61,4	2,3	10,1
Securities other than shares	389,9	41,2	-1,6	506,4	4,3	36,7	526,0	19,3	48,5	549,4	19,2	37,8
(4.2) Credit to private sector	1 932,9	17,3	20,6	1 963,5	4,6	4,2	1 968,6	7,4	2,7	1 971,4	-5,1	1,6
of which: Loans	1 876,6	17,0	21,0	1 907,1	4,4	4,4	1 912,4	7,5	2,8	1 914,5	-5,7	1,6
Securities other than shares	16,2	-0,5	-3,6	13,1	0,1	-20,9	12,9	-0,1	-20,9	13,1	0,1	-18,0
Shares and other equities	40,1	0,7	14,1	43,3	0,0	6,0	43,3	0,0	9,7	43,8	0,5	9,1
(5) Net foreign assets	978,0	3,0	8,4	965,9	-17,8	-8,1	938,9	-16,7	-6,5	1 001,2	22,0	-4,6
(6) Other counterparts of M3 (residual) (=M3+items 2,3 - items 4,5)	38,9	-5,8	-14,6	33,2	-4,9	18,0	26,1	-3,1	26,6	10,2	-14,7	-36,5

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

²⁾ Given the significant variability of the underlying values, annual growth rates are not calculated

TABLE 5

Sector breakdown of components of M3¹⁾

CZK billions	2008		2009					
	October		August		September		October	
	Out-standing amounts	Transa-ctions ²⁾	Out-standing amounts	Transa-ctions ²⁾	Out-standing amounts	Transa-ctions ²⁾	Out-standing amounts	Transa-ctions ²⁾
(1) Overnight deposits	1 265,9	-32,3	1 384,8	36,4	1 370,9	-12,0	1 379,4	2,0
(1.1) Other general government	155,3	-4,9	141,3	-5,8	130,7	-10,5	138,3	7,4
(1.2) Other financial intermediaries ³⁾	25,2	-5,7	29,0	3,0	27,1	-1,8	28,6	1,1
(1.3) Insurance corporations and pension funds	15,7	-5,3	14,5	8,2	17,1	2,6	11,8	-5,4
(1.4) Non-financial corporations	372,6	-16,6	410,8	23,1	403,3	-6,3	404,6	-3,3
(1.5) Households ⁴⁾	697,1	0,2	789,1	8,0	792,7	4,1	796,3	2,1
(2) M2 - M1 (other short-term deposits)	879,7	37,9	866,1	-38,7	842,7	-22,6	860,5	14,5
(2.1) Other general government	41,5	4,2	42,6	1,2	38,1	-4,5	36,9	-1,2
(2.2) Other financial intermediaries ³⁾	22,8	3,6	20,9	-0,3	20,9	0,0	20,0	-0,9
(2.3) Insurance corporations and pension funds	38,1	1,7	31,6	-4,1	30,5	-1,0	33,7	3,1
(2.4) Non-financial corporations	238,5	28,1	175,6	-27,5	170,1	-5,2	190,8	19,4
(2.5) Households ⁴⁾	538,7	0,2	595,4	-8,1	583,0	-11,8	579,0	-5,8
(3) Repurchase agreements (a part of M3 - M2)	21,5	2,2	14,5	-5,3	15,3	0,9	14,2	-1,1
(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⁾	1,5	0,8	0,8	0,0	0,6	-0,1	0,6	-0,1
(3.3) Insurance corporations and pension funds	3,6	0,9	8,1	-5,1	9,4	1,3	8,8	-0,6
(3.4) Non-financial corporations	0,1	0,1	0,4	0,0	0,5	0,0	0,5	0,0
(3.5) Households ⁴⁾	16,3	0,4	5,2	-0,2	4,9	-0,3	4,4	-0,5

TABLE 6

Loans to private sector

CZK billions	2008		2009					
	October		August		September		October	
	Out-standing amounts	Transa-ctions ²⁾	Out-standing amounts	Transa-ctions ²⁾	Out-standing amounts	Transa-ctions ²⁾	Out-standing amounts	Transa-ctions ²⁾
(1) Loans to non-financial corporations	859,8	9,0	810,3	2,4	808,9	0,1	803,9	-12,0
(1.1) up to 1 year	366,7	-1,3	285,2	8,0	283,8	-0,9	271,3	-14,3
(1.2) over 1 year and up to 5 years	172,2	3,6	175,6	-5,9	173,7	-1,5	176,8	1,7
(1.3) over 5 years	320,9	6,7	349,5	0,3	351,4	2,6	355,8	0,7
(2) Loans to households⁴⁾	853,5	11,2	950,9	8,1	958,7	8,4	966,5	7,9
(2.1) Consumer credit	165,2	1,9	183,8	1,5	185,1	1,8	186,4	1,4
(2.2) Lending for house purchase	602,6	9,4	664,6	5,8	670,4	5,8	676,0	5,6
(2.3) Other lending	85,7	-0,2	102,4	0,8	103,3	0,8	104,1	0,9
(3) Loans to other financial intermediaries³⁾	161,6	-2,7	145,6	-6,1	144,3	-1,1	143,7	-1,5
(4) Loans to insurance corporations and pension funds	1,8	-0,4	0,4	0,1	0,5	0,1	0,4	-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		
	October	August	September	October
	% points	% points	% points	% points
M1	5,6	5,4	3,7	3,8
of which: Currency	2,1	0,9	0,8	-0,4
Overnight deposits	3,5	4,6	3,0	4,3
M2 - M1 (= other short- term deposits)	8,0	-0,4	-0,1	-1,0
M3 - M2 (= short-term marketable instruments)	0,0	-1,1	-0,9	-1,1
M3	13,6	3,9	2,7	1,8

TABLE 8

Contributions to annual growth¹⁾ of loans to private sector

	2008	2009		
	October	August	September	October
	% points	% points	% points	% points
Non-financial corporations	8,4	-1,3	-2,4	-3,4
Households ²⁾	11,2	6,8	6,4	6,1
Other financial intermediaries ³⁾	1,3	-1,0	-1,1	-1,0
Insurance corporations and pension funds	0,1	-0,1	-0,1	-0,1
Loans to private sector ⁴⁾	21,0	4,4	2,8	1,6

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).

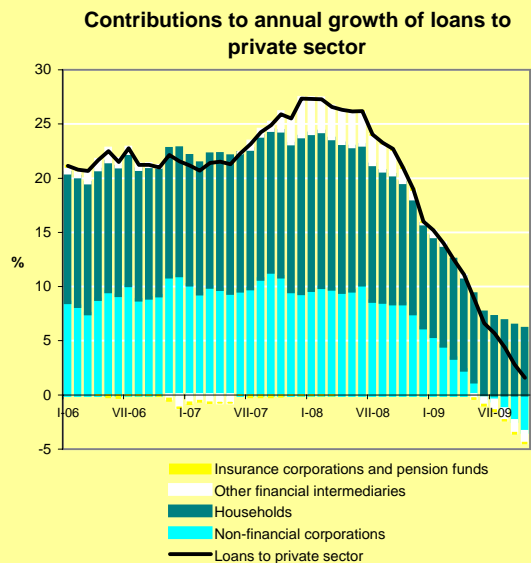
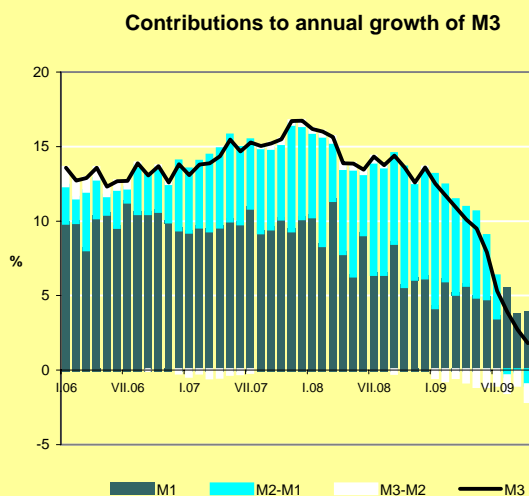
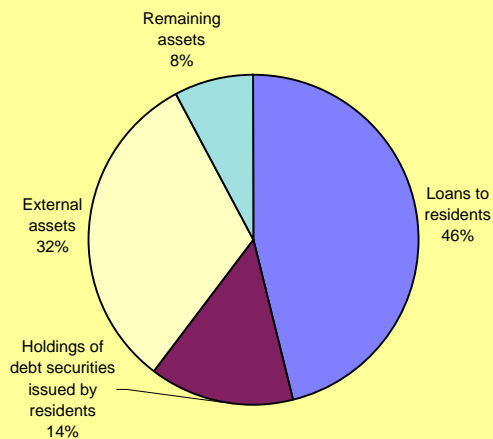


TABLE 9

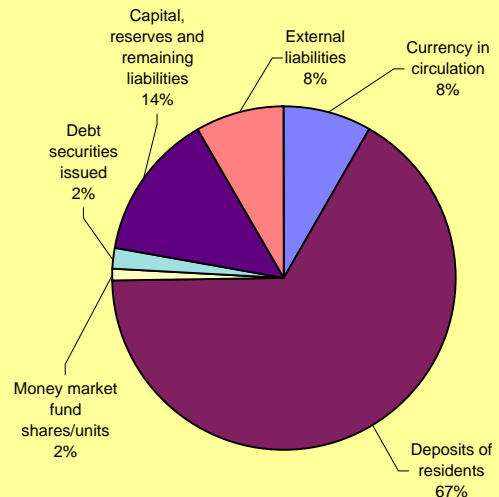
Balance sheets of monetary financial institutions by reporting institutions: October 2009

CZK billions	MFI			Consolidated balance sheet of MFIs
	CNB	Credit institutions	Money market funds	
(1) ASSETS TOTAL	767,8	4 271,3	45,7	4 276,8
(1.1) Loans to residents	8,5	2 514,1	10,5	1 975,8
MFI	0,0	546,8	10,5	-
General government	0,0	61,4	0,0	61,4
Other residents	8,5	1 905,9	0,0	1 914,5
(1.2) Holdings of securities other than shares issued by residents	0,0	750,4	12,5	562,5
MFI	0,0	198,2	2,2	-
General government	0,0	540,0	9,4	549,4
Other residents	0,0	12,3	0,9	13,1
(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	66,5	0,0	43,8
MFI	0,0	22,7	0,0	-
Other residents	0,0	43,8	0,0	43,8
(1.5) External assets	743,4	590,6	22,7	1 356,7
(1.6) Fixed assets	11,0	112,0	0,0	123,0
(1.7) Remaining assets	4,8	237,6	0,1	214,9
(2) LIABILITIES TOTAL	767,8	4 271,3	45,7	4 276,8
(2.1) Currency in circulation	380,9	-	-	353,2
(2.2) Deposits of residents	478,7	2 922,5	0,0	2 841,7
MFI	400,5	158,9	0,0	-
Central government	73,4	296,3	0,0	369,7
Other general government/other residents	4,8	2 467,2	0,0	2 472,0
(2.3) Money market fund shares/units	-	-	41,9	41,9
(2.4) Debt securities issued	0,0	289,2	0,0	88,8
(2.5) Capital and reserves	-138,9	429,5	0,0	268,0
(2.6) External liabilities	1,8	350,6	3,1	355,5
(2.7) Remaining liabilities	45,3	279,5	0,7	325,6
(2.8) Excess of inter MFI liabilities	-	-	-	2,1

Consolidated balance sheet of MFIs - assets



Consolidated balance sheet of MFIs - liabilities



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

The annual rate of growth of M3 fell from 2.7% in September to 1.8% in October. The month-on-month rate of growth increased from -1.3% to 0.7%. As a result of financial transactions, the monetary aggregate M3 grew by CZK 45.1 billion year on year (by CZK 17.2 billion month on month) to CZK 2,650.6 billion.

Main components of M3

The monetary aggregate M1 is the most important component of M3 and the only component making a positive contribution to the annual growth rate of M3. Its contribution picked up from 3.7 percentage points in September to 3.8 percentage points in October (see Table 7).

The annual rate of growth of M1 rose from 5.8% in September to 6.0% in October. The annual growth rate of overnight deposits increased from 5.8% in September to 8.6% in October. Overnight deposits grew by CZK 2.0 billion (i.e. 0.1%) month on month due to financial transactions. Within overnight deposits, deposits of other government rose by 5.7% (CZK 7.4 billion), deposits of other financial intermediaries increased by 4.2% (CZK 1.1 billion) and deposits of households picked up by 0.3% (CZK 2.1 billion). By contrast, deposits of insurance companies and pension funds declined by 31.5% (CZK 5.4 billion) and deposits of non-financial corporations fell by 0.8% (CZK 3.3 billion).

The annual growth rate of currency in circulation decreased by 9.1 percentage points, from 5.9% in September to -3.2% in October. At CZK 353.2 billion, currency in circulation recorded a year-on-year rise of 0.5% due to financial transactions.

Other short-term deposits (excluding overnight deposits) grew by CZK 14.5 billion (i.e. 1.7%) month on month, owing to financial transactions. In October, the annual rate of growth of these deposits fell by 2.7 percentage points to -2.9% (from -0.2% in September). 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 1.0 percentage point compared to the previous month, reaching -16.5%. Deposits redeemable at notice of up to three months (the smaller component) have been recording strong annual growth. However, their annual growth rate has been following a downward trend, reaching 21.8% in October.

Within other short-term deposits, deposits of non-financial corporations grew by 11.4% (CZK 19.4 billion) and deposits of insurance companies and pension funds picked up by 10.3% (CZK 3.1 billion). By contrast, deposits of other financial intermediaries declined by 4.4% (a rise of CZK 0.9 billion), while deposits of other government fell by 3.3% (CZK 1.2 billion) and household deposits decreased by 1.0% (CZK 5.8 billion).

Marketable instruments, which consist of repos, money market fund shares/units and debt securities with maturities of up to two years, were down by 2.1% month on month to CZK 57.5 billion (from CZK 58.6 billion in September). The annual rate of growth of marketable instruments decreased by 4.0 percentage points, from -30.4% in September to -34.4% in October.

Main counterparts of M3

The annual rate of growth of credit granted to the government sector picked up from 7.1% in September to 10.1% in October. The annual rate of growth of purchased government bonds fell to 37.8% in October (from 48.5% in September).

The annual rate of growth of credit granted to the private sector decreased further from 2.8% in September to 1.6% in October. As in the previous months, households were the only sector contributing to the annual increase in credit to the private sector in October (see Table 8). The annual growth rate of loans to households fell by 0.5 percentage point (from 14.1% in September to 13.6% in October). Deeper declines in annual loan growth were also recorded for other economic sectors in October (for example, the annual growth rate of loans to non-financial corporations decreased from -5.1% in September to -7.5% in October).

The annual growth rate of net external assets increased from -6.5% in September to -4.6% in October. The annual growth rate of longer-term financial liabilities rose from 7.1% in September to 8.8% in October. The annual growth rate of deposits of central government declined from 20.9% to 14.7%.

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					
	October		August		September		October	
	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⁾	1,45	1104,5	1,17	1228,0	1,14	1227,5	1,13	1229,3
(1.1) Overnight	0,91	677,8	0,69	760,6	0,66	763,3	0,65	765,8
(1.2) With agreed maturity	3,06	65,6	1,28	29,9	1,21	28,9	1,30	29,3
of which: Up to 2 years	3,06	65,0	1,25	29,1	1,17	28,1	1,24	28,3
(1.3) Redeemable at notice ³⁾	2,18	367,9	1,98	465,5	1,94	464,6	1,94	465,0
(1.3.1) Up to 3 months' notice	2,39	310,6	2,22	383,9	2,20	378,4	2,19	377,3
(1.3.2) Over 3 months' notice	1,06	57,3	0,86	81,5	0,83	86,2	0,83	87,7
(2) Deposits from non-financial corporation⁴⁾	2,12	587,8	0,73	525,2	0,69	531,0	0,69	527,8
(2.1) Overnight	0,99	293,1	0,43	303,5	0,42	304,3	0,43	309,4
(2.2) With agreed maturity	3,25	288,7	1,08	202,2	1,00	206,2	1,00	196,1
of which: Up to 2 years	3,25	288,7	1,08	202,2	1,00	206,1	1,00	196,1
(3) Loans to households²⁾	12,95	59,0	14,76	53,8	14,78	55,3	14,98	54,5
(3.1) Bank overdrafts ⁵⁾	17,23	31,9	18,90	33,7	19,13	34,1	19,19	34,2
(3.2) Consumer credit	13,68	7,3	13,98	5,1	14,08	5,2	14,53	5,1
(3.3) Lending for house purchase	5,53	16,4	5,54	11,9	5,50	13,1	5,51	12,4
of which: Mortgage lending ⁶⁾	5,69	9,2	5,76	6,9	5,73	7,6	5,71	7,1
Saving for building purposes	5,06	5,3	5,03	4,8	5,03	5,2	5,05	4,9
(3.4) Other lending	6,96	3,5	6,27	3,1	6,55	2,8	6,52	2,8
(4) Loans to non-financial corporation	5,50	200,0	4,00	169,7	4,17	171,9	4,11	164,0
(4.1) Bank overdrafts ⁵⁾	5,68	124,3	4,40	105,5	4,56	105,1	4,49	97,6
(4.2) Other loans up to CZK 30 million	5,51	20,2	3,91	13,6	4,56	12,3	4,32	12,4
of which: Up to 1 year initial rate fixation ⁷⁾	5,52	18,6	3,79	12,3	4,48	10,7	4,25	11,2
(4.3) Other loans over to CZK 30 million	5,11	55,4	3,20	50,6	3,33	54,5	3,38	54,0
of which: Up to 1 year initial rate fixation ⁷⁾	5,10	52,7	3,10	42,7	3,29	48,3	3,31	46,7
(5) APRC⁸⁾ on loans to households	8,46	23,6	8,57	16,9	8,44	18,3	8,63	17,5
(5.1) Consumer credit	14,47	7,3	15,11	5,1	15,17	5,2	15,59	5,1
(5.2) Lending for house purchase	5,80	16,4	5,79	11,9	5,77	13,1	5,77	12,4

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

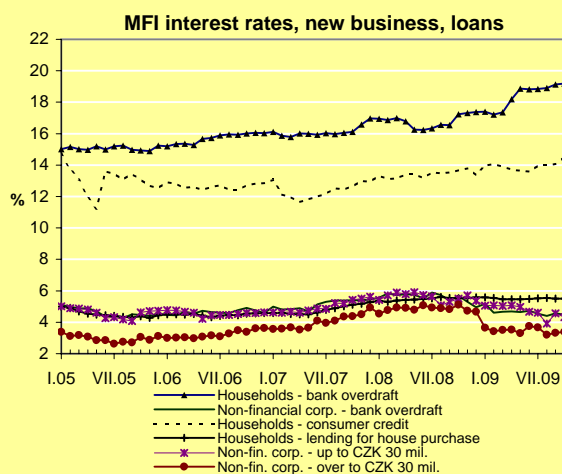
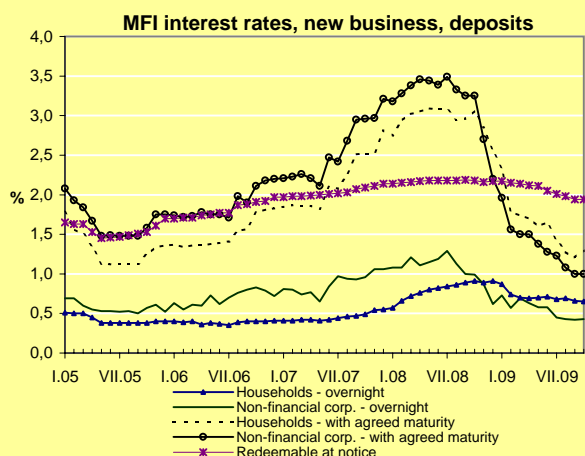


TABLE 11

Interest rates of monetary financial institutions on outstanding amounts¹⁾

outstanding amounts as end-of-month	2008		2009					
	October		August		September		October	
	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⁾	1,58	1401,4	1,33	1517,1	1,31	1516,1	1,30	1517,4
(1.1) With agreed maturity	2,24	359,2	1,98	305,6	1,98	304,2	1,99	304,6
(1.1.1) Up to 2 years	2,44	201,7	1,92	191,4	1,93	186,8	1,93	183,9
(1.1.2) Over 2 years	1,98	157,5	2,08	114,1	2,07	117,3	2,08	120,7
(2) Deposits from non-financial corp.³⁾	1,74	488,3	0,76	459,7	0,72	454,0	0,73	476,9
(2.2) With agreed maturity	3,02	176,0	1,34	136,7	1,28	129,0	1,24	145,1
(2.2.1) Up to 2 years	3,03	172,3	1,31	134,3	1,25	126,5	1,21	142,5
(2.2.2) Over 2 years	2,56	3,7	3,08	2,4	2,95	2,5	2,94	2,6
(3) Loans to households	6,89	841,4	7,03	949,8	7,04	957,6	7,05	965,2
(3.1) Lending for house purchase	5,13	592,8	5,23	664,2	5,24	670,0	5,24	675,6
of which: Mortgage lending ⁴⁾	5,14	387,9	5,21	537,0	5,22	542,2	5,23	547,0
Saving for building purposes	5,11	175,1	5,37	100,1	5,37	100,5	5,37	101,2
(3.2) Consumer credit and other lending ⁵⁾	11,23	248,6	11,40	285,5	11,43	287,5	11,44	289,6
(4) Loans to non-financial corporation	5,50	710,5	4,38	673,0	4,34	668,9	4,34	660,9
(4.1) Up to 1 year	5,28	314,0	4,16	248,3	4,13	243,0	4,12	233,4
(4.2) Over 1 and up to 5 years	5,65	139,0	4,39	146,2	4,37	146,2	4,38	145,7
(4.3) Over 5 years	5,68	257,5	4,56	278,5	4,51	279,7	4,50	281,8

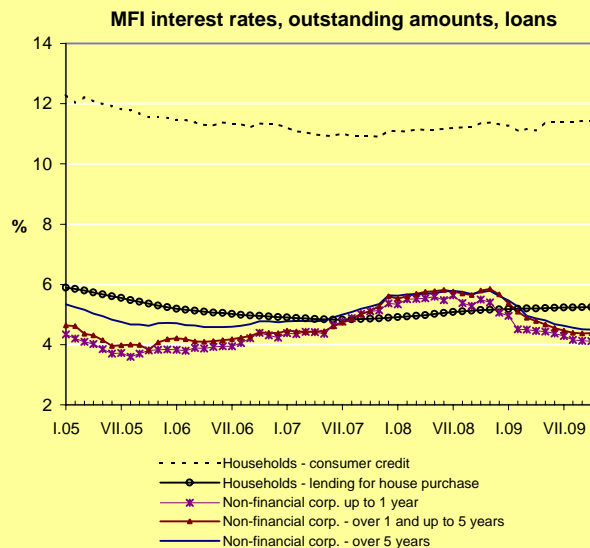
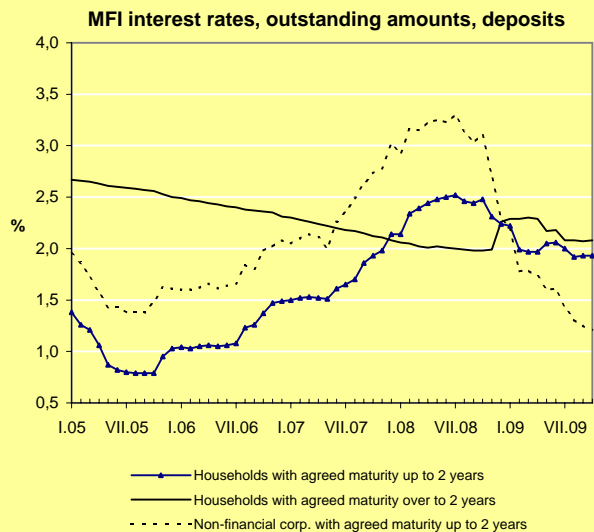
¹⁾ The interest rates that are applied by MFIs to CZK-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the Czech Republic. Interest rates on outstanding amounts refer to the stock of all deposits and all loans at a specific moment.

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): October 2009

Interest rates on new business

Interest rates on **new deposits** of households and non-financial corporations recorded almost no changes in October.

The average interest rate on total new deposits of **households** declined by only 0.01 percentage point and stabilised at 1.13%. Similarly, the rate on overnight deposits saw only a slight decline of 0.01 percentage point, standing at 0.65%. The rate on deposits with agreed maturity recorded a modest rise of 0.09 percentage point to 1.30%. The interest rate on deposits redeemable at notice remained at the previous month's level, i.e. at 1.94%.

The overall interest rate on new deposits of **non-financial corporations** was the same as in the previous month (at 0.69%). The rate on overnight deposits remained broadly unchanged at 0.43%. 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) was unchanged as well, staying at 1.00%.

The interest rate on **new loans** provided to households saw a rise in October, whereas that on loans to non-financial corporations fell slightly.

The overall interest rate on new loans to **households** increased by 0.20 percentage point to 14.98%. The interest rate on bank overdrafts saw a more modest rise of 0.06 percentage point to 19.19%. The interest rate on consumer credit increased more significantly, up by 0.45 percentage point to 14.53%. The interest rate on loans for house purchase remained almost at the September level, at 5.51%. The rate on other loans was slightly lower, down by 0.03 percentage point to 6.52%.

The interest rate on total loans to **non-financial corporations** recorded a modest decline (of 0.06 percentage point) to 4.11%. The rate on bank overdrafts dropped by 0.07 percentage point to 4.49%. A decrease was recorded for the rate on other loans of up to CZK 30 million (of 0.24 percentage point, to 4.32%), whereas the rate on other loans of over CZK 30 million increased by 0.05 percentage point to 3.38%.

The overall annual percentage rate of charge on loans to households increased by 0.19 percentage point to 8.63%, while that on consumer credit recorded a more marked increase of 0.42 percentage point, reaching 15.59 % in October. However, the APRC on loans for house purchase was the same as in the previous month, at 5.77%.

Interest rates on outstanding amounts

The average interest rate on **outstanding amounts of deposits** of both households and non-financial corporations recorded almost no changes in October.

The interest rate on total deposits of **households** was virtually unchanged compared to September, falling by only 0.01 percentage point to 1.30%. The rate on overnight deposits stood at 0.65%. The rate on deposits redeemable at notice showed no changes and remained at 1.94%. The interest rate on deposits with agreed maturity was also almost the same as in September, at 1.99%.

The interest rate on total deposits of **non-financial corporations** rose by a mere 0.01 percentage point to 0.73%. Similarly, the rate on overnight deposits remained almost at the previous month's level, at 0.43 %. The interest rate on deposits with agreed maturity decreased slightly by 0.04 percentage point to 1.24%.

The average interest rate on **outstanding amounts of loans** to households remained almost at the previous month's level and that on outstanding amounts of loans to non-financial corporations showed no changes.

The overall interest rate on loans to **households** remained broadly unchanged, at 7.05%. The rate on loans for house purchase saw no changes, standing at 5.24%. The interest rate on consumer credit and other loans rose stayed at 11.44%.

The average interest rate on outstanding amounts of loans to **non-financial corporations** did not change and stood at 4.34%. The rate on loans to non-financial corporations was also roughly the same as in September at all maturities: at 4.12% for maturities of up to one year; at 4.38% for maturities of over one year and up to five years; and at 4.50% for maturities of over five years.

TABLE 12

Aggregated balance sheet of investment funds ¹⁾

CZK billions; end of period	2009				
	May	June	July	August	September
ASSETS					
Total	87,6	88,2	90,6	93,2	94,7
(1.1) Deposits	9,4	10,8	10,5	11,0	11,2
(1.2) Securities other than shares	41,3	41,3	41,3	41,7	41,2
Residents	21,6	21,5	21,2	21,7	21,2
MFI	0,9	0,9	0,9	0,9	0,9
General government	19,3	19,3	19,0	19,5	19,0
Other residents	1,4	1,3	1,3	1,3	1,3
Non-residents	19,7	19,7	20,1	20,0	20,0
(1.3) Shares and other equity	16,5	16,3	18,0	19,5	21,3
Residents	3,8	3,9	3,9	4,4	5,4
MFI	0,3	0,3	0,4	0,2	0,2
Other residents	3,5	3,5	3,5	4,2	5,2
Non-residents	12,7	12,5	14,2	15,1	15,8
(1.4) Investment fund shares	15,5	14,8	15,4	15,3	15,5
Residents	3,7	3,6	3,6	3,6	3,7
Non-residents	11,8	11,2	11,8	11,7	11,8
(1.5) Other assets	5,0	5,0	5,5	5,7	5,6
LIABILITIES					
Total	87,6	88,2	90,6	93,2	94,7
(2.1) Loans accepted	0,2	0,2	0,2	0,2	0,2
(2.2) Investment fund shares	85,1	86,7	88,9	90,7	92,3
Residents	84,0	85,6	87,7	89,5	91,1
Non-residents	1,1	1,1	1,2	1,2	1,3
(2.4) Other liabilities	2,4	1,4	1,4	2,3	2,1

BALANCE SHEET TOTAL - BREAKDOWN BY INVESTMENT POLICY

TOTAL	87,6	88,3	90,6	93,2	94,7
Equity funds	12,3	12,1	13,4	15,2	15,7
Bond Funds	32,8	34,4	34,8	35,5	35,6
Mixed Funds	35,9	35,3	35,9	35,9	35,9
Real estate funds	6,7	6,6	6,5	6,6	7,5

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

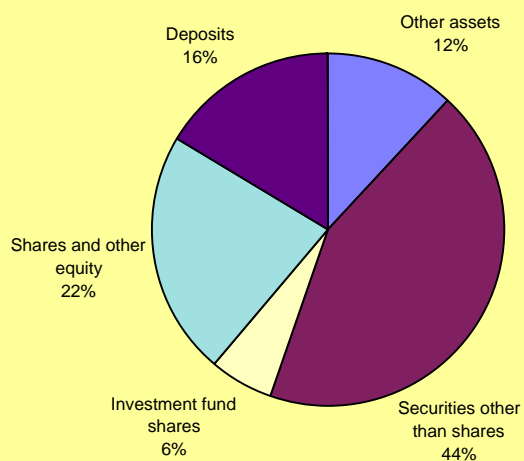
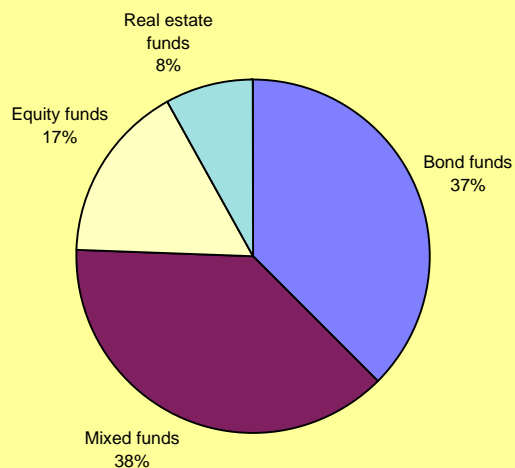
Balance sheet total - breakdown by asset items**Balance sheet total - breakdown by investment policy**

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

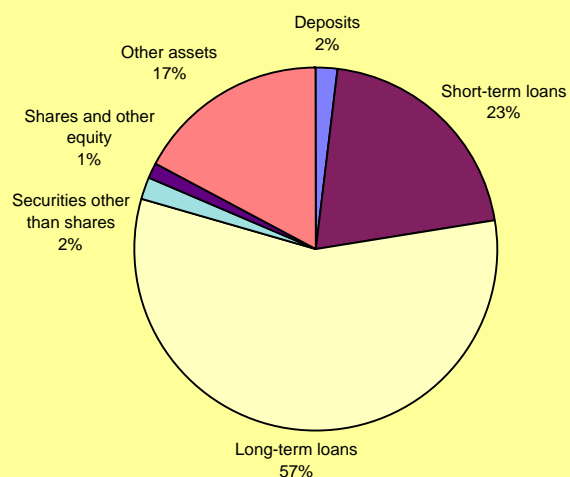
CZK billions; end of period	2008			2009	
	September	December	March	June	September
Assets					
Total	435,7	448,9	440,7	422,2	408,4
(1.1) Deposits	6,6	7,7	7,4	6,6	6,5
(1.2) Loans provided	346,8	357,7	352,1	330,7	316,7
Residents	342,5	352,8	345,3	323,9	310,4
Up to 1 year	100,4	103,7	97,7	88,3	82,3
Over 1 year	242,1	249,1	247,6	235,7	228,1
Non-residents	4,4	4,8	6,8	6,8	6,3
(1.3) Securities other than shares	7,3	7,8	6,0	6,0	5,9
Up to 1 year	5,4	5,9	4,0	4,1	4,2
Over 1 year	2,0	1,9	2,0	1,9	1,8
(1.4) Shares and equity	5,0	5,8	8,1	8,3	8,3
Mutual fund shares/units (including MMFs)	0,0	0,0	0,0	0,0	0,0
Other shares and equity	5,0	5,8	8,1	8,3	8,3
(1.5) Other assets	70,0	69,8	67,2	70,5	71,0
LIABILITIES					
Total	435,7	448,9	440,7	422,2	408,4
(2.1) Loans taken	275,0	274,9	265,5	252,2	240,3
Residents	196,4	194,3	187,5	184,3	173,3
Non-residents	78,6	80,6	78,1	67,9	67,0
(2.2) Securities other than shares issued	29,5	28,7	24,6	20,2	16,9
Up to 1 year	11,5	10,7	10,7	10,7	10,7
Over 1 year	18,0	18,0	13,9	9,6	6,3
(2.3) Own funds	88,5	99,4	104,0	105,2	107,8
(2.5) Other liabilities	42,7	45,8	46,6	44,6	43,4

BALANCE SHEET TOTAL BREAKDOWN BY TYPE OF INTERMEDIARIES

TOTAL	435,7	448,9	440,7	422,2	408,4
Financial leasing companies	297,2	309,5	304,8	294,2	285,9
Other lending companies	111,6	114,4	113,2	106,0	100,9
Factoring and forfaiting companies	26,9	25,0	22,7	22,0	21,7

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

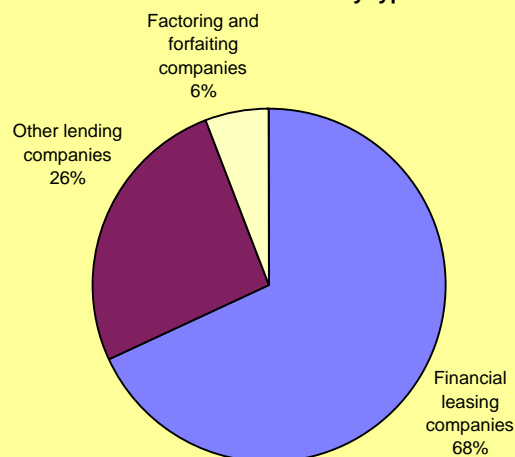


TABLE 14

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

CZK billions; end of period	2008			2009	
	September	December	March	June	September
LOANS					
(1) Non-financial corporations	191,3	195,7	192,6	181,9	178,0
Up to 1 year	55,2	56,0	51,0	49,8	47,2
Over 1 year up to 5 years	116,1	113,0	112,4	107,8	102,7
Over 5 years	20,0	26,7	29,2	24,3	28,1
(2) Financial corporations	1,3	1,7	2,8	1,7	0,6
Up to 1 year	0,3	0,4	0,2	0,2	0,2
Over 1 year up to 5 years	0,9	1,3	2,6	1,4	0,3
Over 5 years	0,1	0,1	0,1	0,1	0,1
(3) Government	1,0	1,0	1,0	1,2	1,2
Up to 1 year	0,4	0,4	0,5	0,5	0,6
Over 1 year up to 5 years	0,5	0,6	0,5	0,6	0,6
Over 5 years	0,0	0,0	0,0	0,0	0,0
(4) Households	148,8	154,3	148,7	139,0	130,6
Up to 1 year	44,4	46,9	45,9	37,6	34,3
Over 1 year up to 5 years	89,4	91,8	86,3	85,0	79,7
Over 5 years	14,9	15,6	16,5	16,3	16,5
(5) NPISHs	0,1	0,1	0,1	0,1	0,1
Up to 1 year	0,1	0,1	0,0	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	134,5	154,3	148,7	139,0	130,6
(1.1) Consumer credit	131,0	137,1	132,3	121,2	113,5
Up to 1 year	43,2	45,7	44,8	36,4	33,2
Over 1 year up to 5 years	74,4	77,3	72,6	70,4	65,6
Over 5 years	13,5	14,0	14,9	14,3	14,7
(1.2) Lending for house purchase	1,5	1,5	1,5	1,5	1,4
Up to 1 year	0,0	0,0	0,0	0,0	0,0
Over 1 year up to 5 years	0,4	0,4	0,4	0,3	0,3
Over 5 years	1,0	1,1	1,1	1,1	1,1
(1.3) Other loans	16,3	15,6	14,9	16,3	15,7
Up to 1 year	1,1	1,1	1,1	1,2	1,2
Over 1 year up to 5 years	14,7	14,1	13,4	14,3	13,7
Over 5 years	0,5	0,4	0,4	0,8	0,8

BREAKDOWN OF SELECTED LOANS BY TYPE OF INTERMEDIARIES

TOTAL	342,5	352,8	345,3	323,9	310,4
Financial leasing companies	235,0	242,9	239,0	226,4	218,2
Other lending companies	86,0	90,8	89,0	80,4	75,4
Factoring and forfaiting companies	21,4	19,1	17,2	17,0	16,9
of which Non-financial corporations	191,3	195,7	192,6	181,9	178,0
Financial leasing companies	164,6	170,9	169,7	159,7	155,8
Other lending companies	5,2	5,8	5,6	5,1	5,3
Factoring and forfaiting companies	21,4	19,1	17,2	17,0	16,9
of which Households	134,5	154,3	148,7	139,0	130,6
Financial leasing companies	69,0	70,7	65,7	64,1	60,9
Other lending companies	79,7	83,6	83,0	74,9	69,7
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): September 2009

As of the end of September 2009, collective investment funds (CIFs) administered assets worth CZK 92.3 billion. This means that the value of administered assets continued to rise. The value of assets in the funds increased by CZK 1.64 billion compared to August 2009, up by 1.81%.

In September 2009, the largest growth in assets was recorded by real estate funds, whose assets grew from CZK 6.6 billion to CZK 7.5 billion, which represents a month-on-month increase of 13.91%. Growth in assets was also recorded by equity funds (from CZK 15.2 billion to CZK 15.7 billion) and bond funds (from CZK 35.5 billion to CZK 35.6 billion). The value of mixed funds assets remained unchanged compared to July – i.e. CZK 35.9 billion.

Collective investment funds invested most in debt securities. But, compared to the previous month, the total amount of purchased debt securities declined by CZK 0.46 billion to CZK 41.2 billion. The share of debt securities in the funds' equity capital declined compared to August 2009, from 45.98% to 44.66%, i.e. down by 1.32 percentage points. The funds also increased the share of equity securities in their portfolios in September. The amount of equity securities rose by CZK 1.94 billion to CZK 36.7 billion month on month, up by 5.57%.

At the end of September 2009, 148 resident collective investment funds were active in the Czech Republic, of which 28 were equity funds, 29 bond funds, 57 mixed funds, 33 real estate funds and 1 other fund.

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

As of 30 September 2009, financial corporations engaged in lending had total assets of CZK 408.4 billion. Compared to the previous quarter, total assets decreased by CZK 13.8 billion, which represents a quarter-on-quarter decline of 3.27%. In year-on-year comparison they fell by CZK 27.3 billion. Financial leasing companies accounted for the largest share of total assets (CZK 285.9 billion). The contribution of other lending companies was CZK 100.9 billion and that of corporations engaged in factoring and forfaiting was CZK 21.7 billion.

The largest asset item was loans, which amounted to CZK 316.7 billion. Loans recorded a decrease of CZK 13.9 billion (4.22%) in 2009 Q3 compared to the previous period. The year-on-year decline in loans was CZK 30.1 billion, or 8.68%. Most loans (98.01%) were granted to resident entities. Short-term loans amounted to CZK 84 billion at the end of Q3 and accounted for 20.57% of total assets. Long-term loans amounted to CZK 232.8 billion, i.e. 57% of total assets.

The largest part of loans provided to residents consisted of loans to non-financial corporations, which amounted to CZK 178 billion, i.e. 57.34% of loans to residents. Loans provided to non-financial corporations dropped by CZK 4 billion quarter on quarter (down by 2.18%) and by CZK 13.3 billion year on year (down by 6.97%). CZK 155.8 billion was provided by financial leasing companies, CZK 5.3 billion by other lending companies and CZK 16.9 billion by factoring and forfaiting companies. These loans are made up predominantly of loans with an original maturity of one to five years, which amounted to CZK 102.7 billion.

Loans to households, which totalled CZK 130.6 billion, were the second largest group of loans to residents. They decreased by CZK 8.4 billion (or 6.05%) compared to the previous quarter. In year-on-year terms, the value of loans to households decreased by CZK 18.2 billion, i.e. 12.23%. These loans accounted for 42.06% of loans granted to residents. CZK 60.9 billion was provided by financial leasing companies and CZK 69.7 billion by other lending companies. Loans with an original maturity of one to five years amounted to CZK 79.7 billion, giving them the largest share in loans to households.

1) Under Decree No. 307/2004 Coll. financial corporations engaged in lending 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.

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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