

Methodological sheet

Client loans

I. Definition and content

Loan balances: the closing balances of client loan accounts, i.e. initial balances plus drawings of new loans minus instalments/repayments of any loans granted earlier.

II. Sources and collection methodology

DATA FILE

VST (CNB) 1-12 Monthly statement of client loans and receivables

Characteristics: A survey of the balances and structure of loans granted to clients and the bank's receivables from clients (including bank overdrafts and debit balances on clients' current accounts), broken down according to the principles of categorisation of receivables to standard, watch, substandard, doubtful and loss, by contractual maturity (up to 1 year, over 1 year and up to 5 years, over 5 years), by currency (CZK and foreign currencies included in the CNB's foreign exchange fixing as well as other currencies), by economic subsector of the clients-debtors, by CZ-NACE (OKEČ) classification of the clients-debtors and by loan purpose.

Loan values

- are not adjusted for provisions,
- are reported at nominal value,
- are reported monthly,
- are submitted on behalf of banks and foreign bank branches in the Czech Republic,
- loan balances are given for commercial banks (excluding the CNB).

III. Breakdown

1. By economic sector

The European System of Accounts (ESA 2010) is an internationally compatible accounting framework for a systematic and detailed description of a total economy (that is, a region, country or group of countries), its components and its relations with other total economies. ESA 2010 is based on the concepts of the 2008 SNA, which provides guidelines on national accounting for all countries throughout the world.

**REGULATION (EU) No 549/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
of 21 May 2013**

on the European system of national and regional accounts in the European Union

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:174:0001:0727:EN:PDF>

Sectors and subsectors

Non-financial corporations (S.11)

Public non-financial corporations (S.11001)

National private non-financial corporations (S.11002)

Foreign controlled non-financial corporations (S.11003)

Financial corporations (S.12)

Monetary financial institutions (MFIs)

Central bank (S.121)
Other monetary financial institutions (OMFI)
 Deposit-taking corporations except the central bank (S.122)
 Money market funds (MMFs) (S.123)
Financial corporations except MFIs and Insurance corporations and pension funds (ICPFs)
 Non-MMF investment funds (S.124)
 Other financial intermediaries, except insurance corporations and pension funds (S.125);
 Financial auxiliaries (S.126)
 Captive financial institutions and money lenders (S.127)
ICPFs
 Insurance corporations (S.128)
 Pension funds (S.129).

General government (S.13)

Central government (excluding social security funds) (S.1311)
State government (excluding social security funds) (S.1312)
Local government (excluding social security funds) (S.1313)
Social security funds (S.1314)

Households (S.14)

Employers and own-account workers (S.141 and S.142) (S_RZZIV)
Employees (S.143) (S_RZOBY)
Recipients of property income (S.1441) (S_RZOBY)
Recipients of pensions (S.1442) (S_RZOBY)
Recipients of other transfers (S.1443) (SVJ)

Non-profit institutions serving households (S.15)

Rest of the world (S.2)

2. By maturity

- short-term loans with maturities up to and including 1 year,
- medium-term loans with maturities up to and including 5 years,
 - (up to and including 4 years until 2001)
- long-term loans with maturities over 5 years,
 - (over 4 years until 2001)

3. Classification of economic activities (CZ-NACE)

Classification of economic activities (CZ-NACE) replaces the Industrial Classification of Economic Activities (NACE).

The classification of economic activities has been drawn up on the basis of the European NACE Revision 2 standard.

The original sections, divisions, groups and classes have been extended in CZ-NACE in connection with the new classification. A section (the first coding level) is identified by an alphabetical code, while a division (the second coding level) is identified by a two-digit numerical code (detail collected).

NACE Rev. 2 sections A–U, Description, NACE Rev. 2 divisions 01–99:

- A – Agriculture, forestry and fishing 01-03
- B – Mining and quarrying 05-09
- C – Manufacturing 10-33
- D – Electricity, gas, steam and air conditioning supply 35
- E – Water supply; sewerage, waste management and remediation activities 36-39
- F – Construction 41-43
- G – Wholesale and retail trade; repair of motor vehicles and motorcycles 45-47
- H – Transportation and storage 49-53
- I – Accommodation and food service activities 55-56
- J – Information and communication 58-63
- K – Financial and insurance activities 64-66
- L – Real estate activities 68
- M – Professional, scientific and technical activities 69-75
- N – Administrative and support service activities 77-82
- O – Public administration and defence; compulsory social security 84
- P – Education 85
- Q – Human health and social work activities 86-88
- R – Arts, entertainment and recreation 90-93
- S – Other service activities 94-96
- T – Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use 97-98
- U – Activities of extraterritorial organisations and bodies 99

4. By loan type

Loans granted to clients are broken down by type as follows:

Consumer credit

- bank overdrafts and debit balances on current accounts (70) – approved and unapproved overdrafts and debit balances on current accounts (including overdrafts drawn through payment/debit cards). Excludes mortgage loans.
- convenience credit card credit (82) + extended credit card credit (83) – non-specific consumer financial credit arising from drawings on credit limits of credit cards and other cards (card loans). Excludes mortgage loans.
- specific-purpose consumer credit for goods and services (60) – specific-purpose consumer credit granted to household clients for goods and services for personal consumption, e.g. non-cash consumer credit for purchase of goods and services, consumer credit for purchase of motor vehicles.
- non-specific consumer credit (80) – non-specific consumer financial credit, e. g. for non-cash and cash loans to finance personal non-business needs of clients, with no specification of the purpose of use of the funds provided by the bank.

Lending for house purchase

- mortgage loans for residential property (with or without state support) (45, 46) – mortgage loans granted to clients (individuals and legal entities) to finance investment in residential property (including building land). Includes building society loans as far as these loans meet the mortgage loan definition (building society mortgage loans).

- standard building society loans (43) – loans granted to building savings scheme participants under the Building Savings Schemes Act. Includes similar loans to the non-profit and government sectors. Excludes building society mortgage loans.
- building society bridging loans (44) – loans granted to building savings scheme participants before entitlement to a standard building society loan. Includes similar loans to the non-profit and government sectors. Excludes building society mortgage loans.
- consumer credit for real property (61) – loans granted to household clients for commercial financing of investment in property for personal use as a dwelling, i.e. not for business purposes. Excludes mortgage loans.
- Loans for residential property for business purposes (41) – loans granted to clients for residential property for business purposes, including rental (e.g. commercial lending by banks and building societies to legal entities and individuals for construction and reconstruction of houses and flats for permanent dwelling and for investment in building land for residential property). Excludes mortgage loans.

Mortgage loans for non-residential property (47)

- mortgage loans granted to clients to finance investment in non-residential property (including construction or purchase of such property and relevant building land).

Other lending, total

- investment (40, 48, 58) – import loans for investment imports, loans for comprehensive housing construction, other investment loans.
- current assets, seasonal costs, export, import (30, 32, 33, 34, 35, 38) – loans for current assets, loans for seasonal costs, bridging loans, export loans, import loans for non-investment imports, other operating loans.
- for temporary shortage of funds (75) – business financial loans granted to clients for temporary shortage of funds.
- other (financial and specific-purpose loans) (68, 78, 88) – loans granted to household clients e.g. for education, other personal loans not covered by other items, non-specific financial loans granted to clients in connection with business activities, including realised guarantee receivables, financial leasing receivables, payment system receivables and promissory note receivables.
- for trade receivables (31) – business operating loans granted to clients for trade receivables, excluding export and import loans.
- for purchase of securities (50, 51, 52) – specific-purpose investment loans granted to clients e.g. for purchase of trading shares and units and trading bonds, for purchase of shares for longer-term holding, for acquisition of stakes in other companies and for individual privatisation.
- for small-scale and large-scale privatisation (53, 54) – since 1 January 2002 this category has covered loans for auction security and purchase of privatisation units, loans for inventories in purchase of privatisation units, and loans for purchase of privatisation units. Excludes mortgage loans.
- subordinated loans and deposits (73, 91, 95) – subordinated loans, subordinated deposits and other deposits.
- repo transactions (74) – financial loans and similar receivables from clients arising from repo transactions.
- to unlicensed banks (76) – former interbank receivables from banks whose banking licences have been revoked.

5. By category

Loans are broken down by category pursuant to CNB Decree No. 392/2017, § 81, § 82 (performing and non-performing exposures).

The methodology of the classification of receivables into individual categories is based on the prudential rules valid in the respective years.

6. Bank groups breakdown

It is based on their total assets and additionally on aspects of their organisation and specialisation (foreign bank branches and building societies are monitored separately). The breakdown of banks into groups is revised at the end of each calendar year. Where necessary, the boundary values of the groups are also changed as of the same date (to maintain a sufficient number of institutions in each group). The bank groups were configured as follows in the period under review:

Period	Assets in CZK billions or % of the total banking sector's assets		
	Small	Medium-sized	Large
2002–2006	below 20	between 20 and 100	over 100
2007–2008	below 50	between 50 and 150	over 150
2009–2012	below 50	between 50 and 200	over 200
2013–2015	below 50	between 50 and 250	over 250
2016+	below 2 %	between 2 and 10 %	over 10 %

The classification of banks into groups is valid for the whole year regardless of their total assets. To minimise changes in structure, which have a fundamental effect on the evolution of indicators in the groups of banks, the length of time for which banks have exceeded the boundary values is also taken into account.

IV. Methodological changes

- A new breakdown by sector according to ESA95 was introduced as from 1 January 2001.
- Konsolidační banka was excluded from the banking system as from 1 September 2001.
- New breakdown by the type of loans since 1 January 2002.
- Since 1 January 2002, loan balances have included loans to general government.
- Since 1 January 2002, the upper limit of medium-term maturity has been up to and including 5 years (formerly up to and including 4 years) and long-term maturity has been over 5 years.
- As from 1 January 2004, for the reporting of contractual/original maturity, building savings loans in both the bridging and standard phases are classified in the maturity band corresponding to the total contractual term to maturity of the entire loan (i. e. the total contractual term to maturity of the loan is the sum of the terms of its individual parts under the loan agreement).
- Since January 2006, mortgage loans for property have been reported in the money and banking statistics pursuant to Act No. 190/2004 Coll., on Bonds.
For statistical purposes, the day the lien takes legal effect is the day (moment) the mortgage loan agreement is signed.
Loans meeting the following criteria are reported as mortgage loans under Act No. 190/2004 Coll., on Bonds:

1. repayment of the loan including ancillary items is secured by a lien on property, including property under construction;
2. the loan is secured by a lien on property to the full extent from the outset.

Where a loan provided by a building society to a building savings scheme participant is fully secured from the outset by a lien on property, it is reported as a mortgage loan.

If the pledged value of the mortgaged property falls below the residual value of the claim arising from the mortgage loan, the loan is reclassified and no longer reported as a mortgage loan. Furthermore, a loan whose coverage by a lien on property was insufficient when the loan was arranged is not deemed a mortgage loan, even where, in the course of repayment of such a loan, its residual value including ancillary items falls to a level corresponding to full security by the lien on property.

Where a lien on property is not recorded in the Land Register, the loan is reclassified and no longer reported as a mortgage loan (previously reported data are not corrected retroactively).

- As of 30 April 2006, definitions of consumer credit and housing loans (to the household sector), used when processing monetary and banking statistics data, were aligned with Regulation ECB/2001/13.

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

Consumer credit includes the following items of the BA0021 code list:

- 60 – specific consumer credit for goods and services
- 70 – bank overdrafts and current account debit balances
- 80 – non-specific consumer credit
- 81 – card receivables

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

Housing loans include the following items of the BA0021 code list:

- 41 – loans for residential property for business purposes
- 43 – standard building society loans
- 44 – bridging building society loans
- 45 – mortgage loans for housing purposes without state support
- 46 – mortgage loans for housing purposes with state support
- 61 – consumer credit for real property.

Up until 2001, building society loans had been reported as investment loans.

- On 1 September 2007, receivables evaluated using the portfolio method ceased to be monitored as a separate category and became part of standard receivables. The time series have been recalculated retrospectively.
- Starting from 2008, credit unions are no longer part of client relations. The credit unions sector has been transferred from client loans/deposits to relations to credit institutions. For the purposes of the banking statistics, credit institutions include commercial and central banks (banks of issue) and credit unions and international institutions (except for the International Monetary Fund), which keep accounts in account class 1.
- 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)).

- The NACE Revision 2 classification of economic activities, referred to in the Czech Republic as CZ-NACE, was introduced in 2009.
- Since 2010, the sectors of the economy 1450000 and 2004500 have been exclusively for owners' associations unit (they are not a part of the household sector (S_RZOBY, S_NROBY), until the end of 2009, these associations were a part of the sectors S1500000 and 20050000 – non-profit institutions serving households).
- A new breakdown by sector according to ESA 2010 was introduced in January 2014.
- The terminology and breakdown of consumer credit do not follow the terminology used in Act No. 257/2016 Coll., on consumer credit; rather, they are based on the definitions in the BSI Regulation (ECB/2013/33).
- Since 2018 loans and other receivables have been classified pursuant to Article 81 and 82 of CNB Decree No. 392/2017 Coll.,(performing and non-performing exposures).

V. Reporting entities

The reporting entities are banks and foreign bank branches operating in the Czech Republic, excluding the CNB.

The time series are not retroactively adjusted for the extinct banks.