

Monetary Statistics

February
2007

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1) The information in Tables 3-14 are based on monetary statistics of CNB harmonized with monetary statistics of European System of Central Banks. The data are not seasonally adjusted and the last period data are always preliminary.

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

TABLE 1

Key interest rates

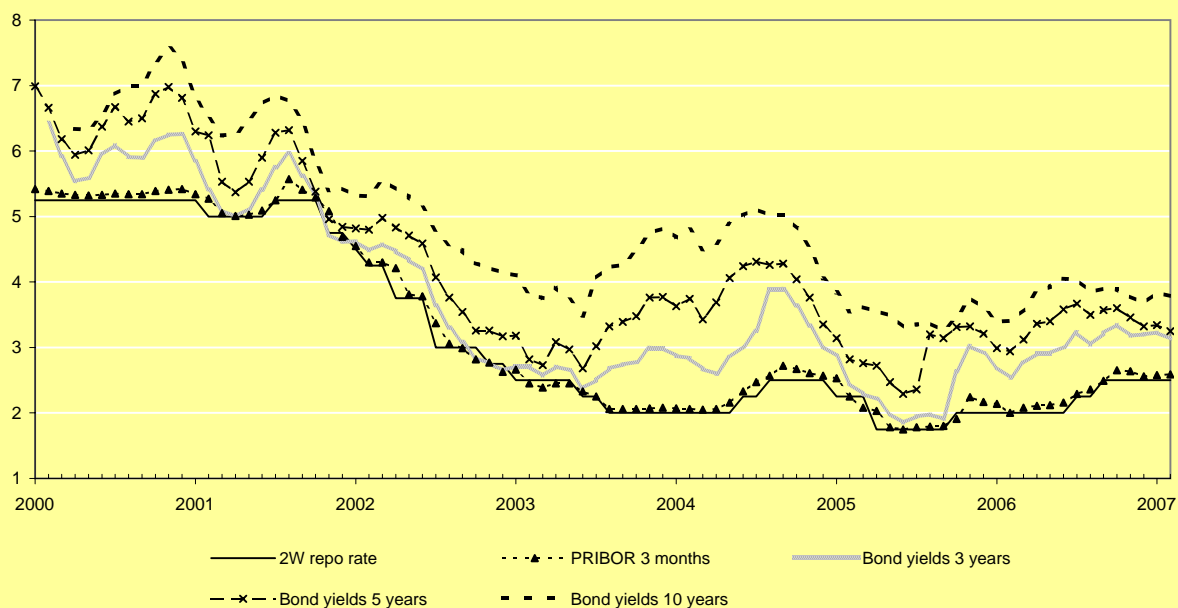
	CNB			ECB
	from 31 October 2005 onwards	from 28 July 2006 onwards	from 29 September 2006 onwards	from 14 March 2007 onwards
2W repo rate	2,00	2,25	2,50	3,75
Deposit facility	1,00	1,25	1,50	2,75
Marginal lending facility	3,00	3,25	3,50	4,75

TABLE 2

Financial markets interest rates

monthly average	2006				2007			
	February		December		January		February	
	CR	Euro area	CR	Euro area	CR	Euro area	CR	Euro area
Money market								
CZEONIA/ EONIA								
overnight	1,95	2,35	2,46	3,51	2,46	3,56	2,43	3,57
PRIBOR/ EURIBOR								
1 month	1,99	2,46	2,52	3,64	2,53	3,62	2,54	3,65
3 months	2,00	2,60	2,56	3,68	2,58	3,75	2,59	3,82
6 months	2,04	2,72	2,67	3,79	2,67	3,89	2,67	3,94
1 year	2,17	2,91	2,89	3,92	2,86	4,06	2,83	4,10
Capital market								
Bond yields								
3 years	2,54	3,07	3,20	3,79	3,23	3,96	3,13	3,98
5 years	2,94	3,26	3,32	3,83	3,34	4,02	3,25	4,02
10 years (Maastricht)	3,41	3,55	3,68	3,90	3,84	4,10	3,78	4,12

Interest rates



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

Key interest rates

The CNB's 2W repo rate has been set at 2.5% since the end of September 2006. The ECB's key interest rate was raised to 3.75% in mid-March. The difference between the CNB's and the ECB's key rates thus increased to 1.25 percentage point.

Financial market interest rates

As in the previous month, interest rates on the interbank deposit market in the Czech Republic saw only slight movements (up to about ± 0.03 percentage point), while interest rates in the euro area recorded another moderate increase. The difference between money market interest rates in these two monitored regions thus widened slightly again (across all maturities). The three-month PRIBOR reached 2.59%, while the three-month EURIBOR rose to 3.82%.

On the Czech capital market, yields on bonds fell in February 2007 (by up to 0.1 percentage point). By contrast, bonds in the euro area recorded minimal changes (of up to 0.02 percentage point) so yields remained at a level comparable to the previous month. The 10-year bond yield fell to 3.78% in the Czech Republic and rose to 4.12% in the euro area.

TABLE 3

Key monetary indicators

CZK billions, unless otherwise indicated	2006						2007					
	February			December			January			February		
	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	1 194,7	5,5	15,8	1 325,6	-7,7	14,7	1 356,9	28,4	14,3	1 355,9	-1,2	13,7
M3 ¹⁾	1 852,8	13,8	12,7	2 049,6	38,4	13,8	2 058,7	3,2	12,2	2 087,6	28,8	12,9
Loans to private sector ²⁾	1 091,1	14,7	20,8	1 286,2	7,8	21,6	1 299,4	9,9	21,2	1 312,2	12,4	20,7
Net foreign assets ³⁾	1 057,4	-9,0	23,1	972,7	9,0	-1,8	1 008,5	9,8	-1,7	1 011,9	5,2	-0,4

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

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

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

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

Annual growth rates

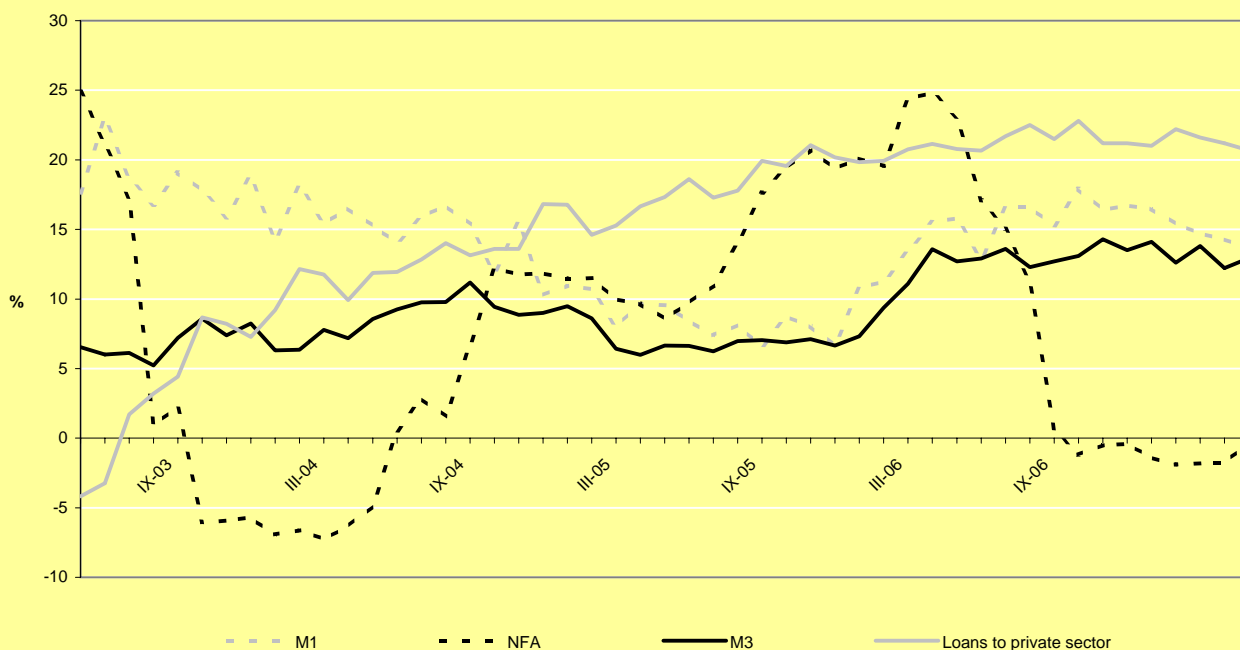


TABLE 4

Monetary aggregates and counterparts

CZK billions, unless otherwise indicated

	2006						2007					
	February			December			January			February		
	Out-standing amounts	Transac-tions ¹⁾	Annual growth rates [%]	Out-standing amounts	Transac-tions ¹⁾	Annual growth rates [%]	Out-standing amounts	Transac-tions ¹⁾	Annual growth rates [%]	Out-standing amounts	Transac-tions ¹⁾	Annual growth rates [%]
COMPONENTS OF M3												
(1) M3 (= items 1.3, 1.6 and 1.11)	1 852,8	13,8	12,7	2 049,6	38,4	13,8	2 058,7	3,2	12,2	2 087,6	28,8	12,9
(1.1) Currency in circulation	264,8	3,0	9,9	295,3	3,2	11,9	292,2	-3,0	11,6	296,8	4,5	12,1
(1.2) Overnight deposits	929,9	2,5	17,6	1 030,3	-11,0	15,5	1 064,6	31,5	15,1	1 059,1	-5,7	14,1
(1.3) M1 (items 1.1 and 1.2)	1 194,7	5,5	15,8	1 325,6	-7,7	14,7	1 356,9	28,4	14,3	1 355,9	-1,2	13,7
(1.4) Deposits with agreed maturity up to 2 years	434,7	8,6	-3,8	465,4	31,5	6,7	456,9	-11,0	7,8	482,7	25,9	11,7
(1.5) Deposits redeemable at notice up to 3 months	151,9	0,8	41,9	193,6	17,5	38,3	179,5	-14,1	18,9	180,9	1,3	19,1
(1.6) Other short term deposits (items 1.4 and 1.5)	586,6	9,4	4,9	659,0	49,0	14,3	636,5	-25,2	10,7	663,6	27,2	13,6
(1.7) M2 (items 1.3 and 1.6)	1 781,3	14,9	12,0	1 984,6	41,2	14,6	1 993,3	3,3	13,1	2 019,5	26,0	13,7
(1.8) Repurchase agreements	13,0	-1,2	138,0	8,4	-2,7	-10,0	8,3	-0,1	-41,6	10,5	2,3	-18,8
(1.9) Money market fund shares/units	58,4	0,0	24,9	55,3	-0,2	-6,3	55,1	-0,5	-5,7	55,0	-0,1	-5,9
(1.10) Debt securities issued with maturity up to 2 years	0,1	0,0	-	1,4	0,1	-	2,0	0,6	-	2,6	0,6	-
(1.11) Marketable instruments (items 1.8,1.9 and 1.10)	71,5	-1,2	35,8	65,0	-2,9	-4,9	65,3	0,0	-10,1	68,1	2,8	-4,7
COUNTERPARTS OF M3												
MFI liabilities												
(2) Holdings deposits against central government	221,9	-1,8	108,8	213,5	10,4	-11,9	218,9	4,8	-2,1	210,3	-8,7	-5,3
(3) Longer-term financial deposits against other residents (items 3.1 to 3.4)	602,6	2,9	11,0	549,6	6,8	1,8	589,2	16,8	6,0	590,8	2,4	5,9
(3.1) Deposits with agreed maturity over 2 years	245,2	-1,3	0,9	228,3	0,6	-7,7	226,8	-1,6	-8,0	226,0	-0,8	-7,8
(3.2) Deposits redeemable at notice over 3 months	74,3	-1,0	-20,0	73,7	0,1	-13,4	88,5	14,8	17,6	87,5	-1,0	17,8
(3.3) Debt securities issued with maturity over 2 years	61,8	1,4	87,3	65,1	-2,8	7,8	66,9	1,4	8,3	67,9	1,3	7,9
(3.4) Capital and reserves	221,3	3,8	25,1	182,5	9,0	19,6	206,9	2,2	19,2	209,3	2,8	18,7
MFI assets												
(4) Credit to residents (items 4.1 and 4.2)	1 563,3	19,9	11,2	1 778,0	27,8	16,3	1 801,6	20,6	17,4	1 819,2	16,2	16,9
(4.1) Credit to general government	436,8	5,1	-7,4	456,7	18,6	4,7	467,2	10,8	9,3	470,7	2,6	8,6
of which: Loans	88,6	-0,4	-30,5	67,6	0,9	-24,4	65,3	-2,5	-26,6	65,9	0,6	-25,6
Securities other than shares	348,2	5,5	1,1	389,0	17,7	12,2	401,9	13,2	18,7	404,8	2,1	17,4
(4.2) Credit to private sector	1 126,5	14,8	20,6	1 321,3	9,2	20,9	1 334,4	9,9	20,5	1 348,4	13,6	20,1
of which: Loans	1 091,1	14,7	20,8	1 286,2	7,8	21,6	1 299,4	9,9	21,2	1 312,2	12,4	20,7
Securities other than shares	14,5	-0,1	-36,5	13,6	1,5	-5,0	13,5	-0,2	-6,9	14,0	0,5	-2,8
Shares and other equities	20,9	0,1	125,2	21,5	-0,1	3,4	21,6	0,1	4,1	22,2	0,6	6,6
(5) Net foreign assets	1 057,4	-9,0	23,1	972,7	9,0	-1,8	1 008,5	9,8	-1,7	1 011,9	5,2	-0,4
(6) Other counterparts of M3 (residual) (=M3+items 2,3 - items 4,5)	56,5	4,0	86,8	62,1	18,9	-1,0	56,6	-5,6	7,7	57,6	1,0	1,9

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

TABLE 5

Sector breakdown of components of M3¹⁾

CZK billions	2006				2007			
	February		December		January		February	
	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	929,9	2,5	1 030,3	-11,0	1 064,6	31,5	1 059,1	-5,7
(1.1) Other general government	91,1	2,0	85,8	-7,3	99,5	13,7	102,7	3,1
(1.2) Other financial intermediaries ³⁾	19,6	-0,1	18,9	-1,2	22,6	3,6	18,9	-3,7
(1.3) Insurance corporations and pension funds	9,7	-5,3	7,8	-9,6	19,2	11,4	14,3	-5,0
(1.4) Non-financial corporations	328,0	-5,0	388,5	10,6	380,8	-9,8	370,6	-10,4
(1.5) Households ⁴⁾	481,5	10,8	529,3	-3,5	542,5	12,6	552,6	10,2
(2) M2 - M1 (other short- term deposits)	586,6	9,4	659,0	49,0	636,5	-25,2	663,6	27,2
(2.1) Other general government	19,9	-2,8	20,0	-2,9	25,2	5,1	25,3	0,1
(2.2) Other financial intermediaries ³⁾	14,8	-0,2	16,0	1,0	14,7	-1,3	18,9	4,2
(2.3) Insurance corporations and pension funds	27,5	3,9	28,2	7,6	19,0	-9,3	23,3	4,3
(2.4) Non-financial corporations	179,4	12,5	198,3	22,5	189,4	-10,1	200,9	11,5
(2.5) Households ⁴⁾	344,9	-4,0	396,5	20,8	388,2	-9,5	395,2	7,1
(3) Repurchase agreements (a part of M3 - M2)	13,0	-1,2	8,4	-2,7	8,3	-0,1	10,5	2,3
(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⁾	1,3	-0,3	1,0	0,2	2,3	1,3	2,5	0,3
(3.3) Insurance corporations and pension funds	11,1	-1,0	4,6	-2,7	3,8	-0,7	6,1	2,3
(3.4) Non-financial corporations	0,6	0,1	2,8	-0,2	0,2	-2,7	0,2	0,0
(3.5) Households ⁴⁾	0,0	0,0	0,0	0,0	2,0	2,0	1,7	-0,2

TABLE 6

Loans to private sector

CZK billions	2006				2007			
	February		December		January		February	
	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	543,9	9,1	636,9	-0,8	641,8	2,0	645,7	3,5
(1.1) up to 1 year	218,0	3,0	236,8	-7,3	237,7	0,2	239,1	1,4
(1.2) over 1 year and up to 5 years	131,8	1,3	153,6	-2,6	155,9	1,7	158,1	2,0
(1.3) over 5 years	194,1	4,7	246,5	9,1	248,2	0,1	248,5	0,0
(2) Loans to households⁴⁾	428,0	5,4	540,6	16,4	548,3	7,7	557,0	8,8
(2.1) Consumer credit	89,6	0,2	110,1	3,8	110,2	0,2	111,3	1,1
(2.2) Lending for house purchase	291,8	4,8	374,3	10,6	379,6	5,3	386,1	6,5
(2.3) Other lending	46,6	0,4	56,2	2,0	58,4	2,2	59,6	1,2
(3) Loans to other financial intermediaries³⁾	116,4	0,7	107,5	-8,1	108,0	0,2	108,2	0,2
(4) Loans to insurance corporations and pension funds	2,8	-0,5	1,2	0,2	1,3	0,1	1,3	0,0

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

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

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

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

TABLE 7

Contributions to annual growth¹⁾ of M3

	2006		2007	
	February	December	January	February
	% points	% points	% points	% points
M1	9,9	9,4	9,2	8,8
of which: Currency	1,5	1,7	1,7	1,7
Overnight deposits	8,5	7,7	7,6	7,1
M2 - M1 (= other short-term deposits)	1,7	4,6	3,4	4,3
M3 - M2 (= short-term marketable instruments)	1,1	-0,2	-0,4	-0,2
M3	12,7	13,8	12,2	12,9

TABLE 8

Contributions to annual growth¹⁾ of loans to private sector

	2006		2007	
	February	December	January	February
	% points	% points	% points	% points
Non-financial corporations	8,2	11,1	10,2	9,5
Households ²⁾	12,0	11,8	11,9	12,0
Other financial intermediaries ³⁾	0,6	-1,2	-0,7	-0,7
Insurance corporations and pension funds	0,1	-0,1	-0,2	-0,1
Loans to private sector ⁴⁾	20,8	21,6	21,2	20,7

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

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

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

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

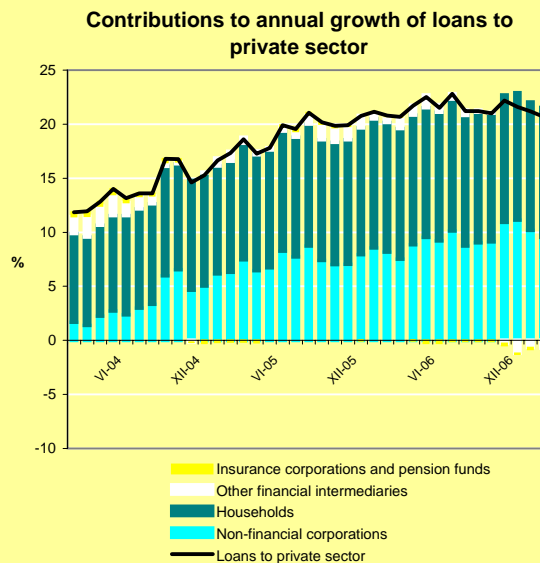
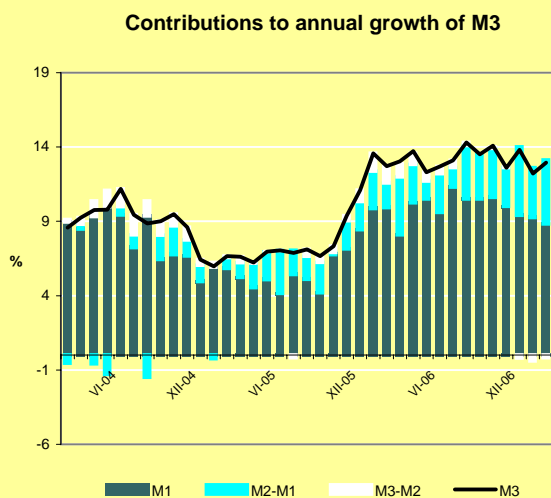
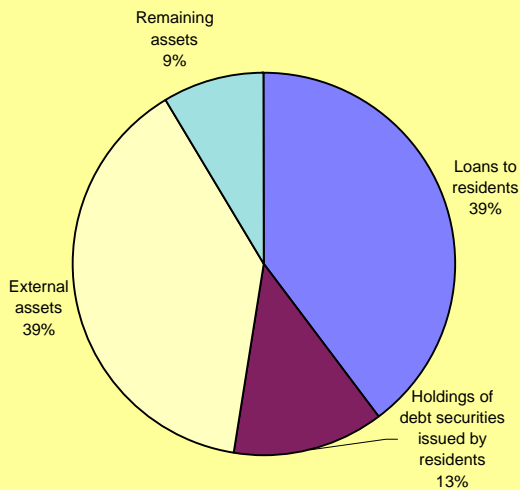


TABLE 9

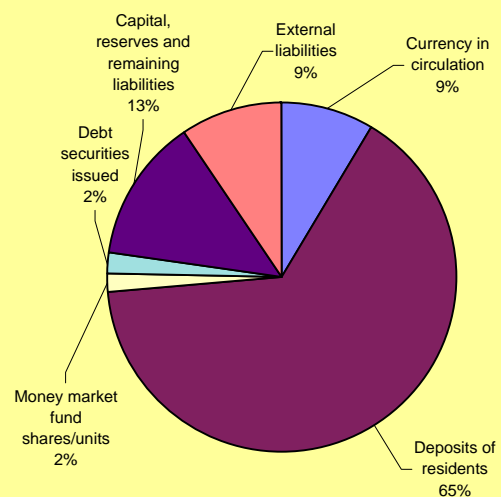
Balance sheets of MFIs by reporting institutions: February 2007

CZK billions	MFI			Consolidated balance sheet of MFIs
	CNB	Credit institutions	Money market funds	
(1) ASSETS TOTAL	773,8	3 348,5	77,9	3 458,1
(1.1) Loans to residents	9,4	1 945,8	14,2	1 378,1
MFI	0,7	576,4	14,2	-
General government	0,0	65,9	0,0	65,9
Other residents	8,7	1 303,5	0,0	1 312,2
(1.2) Holdings of securities other than shares issued by residents	0,0	501,7	23,6	418,8
MFI	0,0	105,0	1,5	-
General government	0,0	386,5	18,3	404,8
Other residents	0,0	10,1	3,9	14,0
(1.3) Money market fund shares/units	0,0	6,0	0,0	-
(1.4) Holdings of shares/other equity issued by residents	0,0	39,5	0,2	22,2
MFI	0,0	17,4	0,0	-
Other residents	0,0	22,0	0,2	22,2
(1.5) External assets	745,3	556,0	39,5	1 340,8
(1.6) Fixed assets	11,7	103,2	0,0	114,9
(1.7) Remaining assets	7,3	196,4	0,3	183,2
(2) LIABILITIES TOTAL	773,8	3 348,5	77,9	3 458,1
(2.1) Currency in circulation	317,6	-	-	296,8
(2.2) Deposits of residents	494,5	2 343,8	0,0	2 257,1
MFI	461,9	119,3	0,0	-
Central government	30,0	180,3	0,0	210,3
Other general government/other residents	2,6	2 044,2	0,0	2 046,8
(2.3) Money market fund shares/units	-	-	61,0	55,0
(2.4) Debt securities issued	0,0	176,9	0,0	70,5
(2.5) Capital and reserves	-117,3	329,1	14,9	209,3
(2.6) External liabilities	65,3	263,5	0,1	328,9
(2.7) Remaining liabilities	13,6	235,2	1,8	250,7
(2.8) Excess of inter MFI liabilities	-	-	-	-10,2

Consolidated balance sheet of MFIs - assets



Consolidated balance sheet of MFIs - liabilities



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

The annual rate of growth of M3 rose from 12.2 % in January to 12.9 % in February. The month-on-month growth rate increased from 0.2 % to 1.4 %. As a result of financial transactions, the monetary aggregate M3 grew by CZK 239.4 billion year on year (by CZK 28.8 billion month on month) to CZK 2,087.6 billion.

Main components of M3

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

The annual rate of growth of M1 fell from 14.3 % in January to 13.7 % in February. The annual rate of growth of overnight deposits declined from 15.1 % in January to 14.1 % in February. In month-on-month terms, overnight deposits fell by 0.5 %. Within overnight deposits, deposits of insurance corporations and pension funds recorded the largest month-on-month decrease, of 25.8 % (CZK 5.0 billion). Deposits of other financial intermediaries fell by 16.3 % (CZK 3.7 billion) and deposits of non-financial corporations by 2.7 % (CZK 10.4 billion). Increases were recorded for overnight deposits of other general government and households of 3.2 % (CZK 3.1 billion) and 1.9 % (CZK 10.2 billion) respectively.

The annual rate of growth of currency in circulation rose by 0.5 percentage point, from 11.6 % in January to 12.1 % in February. In month-on-month terms, currency in circulation rose by 1.6 % (an increase of CZK 4.5 billion due to financial transactions).

Other short-term deposits (excluding overnight deposits) grew by CZK 27.2 billion (i.e. 4.3 %) month on month, owing to financial transactions. In February, the annual rate of growth of these deposits increased by 2.9 percentage points to 13.6 % (compared to 10.7 % in January). Deposits redeemable at notice of up to 3 months (the smaller component) have long been recording strong annual growth. In February, their annual growth rate was 19.1 %. The annual rate of growth of deposits with maturity of up to two years, which are the dominant component of short-term deposits, increased by 3.9 percentage points compared to the previous month, reaching 11.7 %.

Within other short-term deposits, month-on-month increases were recorded for deposits of all sectors. The most visible growth was registered for other financial intermediaries (of 28.9 %, i.e. CZK 4.2 billion) and insurance corporations and pension funds (of 22.8 %, i.e. CZK 4.3 billion). The increases of other short-term deposits of non-financial corporations, households and other general government were much lower (6.1 % or CZK 11.5 billion, 1.8 % or CZK 7.1 billion and 0.3 % or CZK 0.1 billion respectively).

Marketable instruments, which consist of repos, money market fund shares/units and debt securities with maturities of up to two years, grew to CZK 68.1 billion in February 2007 from CZK 65.3 billion in January. Their annual rate of growth increased by 5.4 percentage points from the previous month to -4.7 % (compared to -0.1% in December).

Main counterparts of M3

The annual rate of growth of loans extended to general government has long been negative, at -25.6 % in February (-26.6 % in January). The annual rate of growth of purchased government bonds declined from 18.7 % in January to 17.4 % in February.

The annual rate of growth of loans provided to the private sector declined from 21.2 % in January to 20.7 % in February. This growth was mostly attributable to households, which account for more than one-half of the annual rate of growth of loans granted to the private sector (Table 8). The annual growth rates of loans to households have long been high; in February, the growth rate was 30.7 %. Non-financial corporations are another sector accounting for a large proportion of the annual rate of growth of loans to the private sector. However, their annual rate of growth declined from 20.4 % in January to 19.1 % in February.

The annual rate of growth of net external assets dropped from -1.7 % in January to -0.4 % in February. The annual rate of growth of longer-term financial liabilities fell slightly from 6.0 % to 5.9 %. The annual rate of growth of deposits by central government increased to -5.3 % in February from -2.1 % in January.

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

TABLE 10

MFI interest rates on new business¹⁾

monthly average rates and sum	2006				2007			
	February		December		January		February	
	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)
(1) Deposits from households²⁾	0,85	705,2	0,99	816,0	0,99	835,6	0,99	845,7
(1.1) Overnight	0,40	453,9	0,41	506,5	0,41	521,8	0,42	533,2
(1.2) With agreed maturity	1,34	41,4	1,83	52,5	1,85	56,9	1,87	53,5
of which: Up to 2 years	1,34	41,0	1,84	51,4	1,86	56,5	1,87	53,1
(1.3) Redeemable at notice ³⁾	1,74	212,7	1,97	259,7	1,97	262,8	1,98	263,0
(1.3.1) Up to 3 months' notice	2,24	140,1	2,33	187,9	2,33	175,7	2,33	176,9
(1.3.2) Over 3 months' notice	0,79	72,6	1,01	71,8	1,00	87,1	1,01	86,1
(2) Deposits from non-financial corporation⁴⁾	1,04	439,1	1,32	520,1	1,40	521,0	1,39	498,8
(2.1) Overnight	0,55	254,4	0,72	307,0	0,81	299,2	0,80	286,4
(2.2) With agreed maturity	1,72	181,9	2,20	210,3	2,21	218,9	2,23	203,3
of which: Up to 2 years	1,72	181,9	2,20	210,2	2,21	218,8	2,23	203,3
(3) Loans to households²⁾	11,34	35,3	10,77	52,1	11,65	42,9	11,38	44,6
(3.1) Bank overdraft ⁵⁾	15,35	19,7	16,04	23,4	16,12	23,0	15,87	23,3
(3.2) Consumer credit	12,80	2,8	12,86	5,1	13,05	3,8	12,14	4,4
(3.3) Lending for house purchase	4,51	8,8	4,58	14,7	4,58	11,4	4,61	11,6
of which: Mortgage lending	4,29	4,8	4,49	10,7	4,48	7,7	4,47	7,5
Saving for building purposes	4,96	2,8	4,76	3,2	4,74	2,9	4,85	3,2
(3.4) Other lending	5,66	4,0	5,97	8,9	5,86	4,7	5,70	5,2
(4) Loans to non-financial corporation	3,93	130,3	4,20	153,9	4,44	138,8	4,37	136,8
(4.1) Bank overdraft ⁵⁾	4,44	64,9	4,58	74,6	4,99	75,5	4,81	77,3
(4.2) Other loans up to CZK 30 million	4,75	15,1	4,63	17,7	4,62	13,5	4,60	13,2
of which: Up to 1 year initial rate fixation ⁶⁾	4,78	11,0	4,56	15,5	4,58	12,4	4,58	12,0
(4.3) Other loans over to CZK 30 million	3,02	50,3	3,62	61,6	3,57	49,8	3,58	46,3
of which: Up to 1 year initial rate fixation ⁶⁾	2,97	47,8	3,59	59,8	3,56	48,9	3,56	45,1
(5) APRC⁷⁾ on loans to households	7,03	11,7	7,02	19,8	7,02	15,2	6,99	16,0
(5.1) Consumer credit	14,27	2,8	13,52	5,1	13,65	3,8	12,66	4,4
(5.2) Lending for house purchase	4,72	8,8	4,78	14,7	4,80	11,4	4,81	11,6

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

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

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

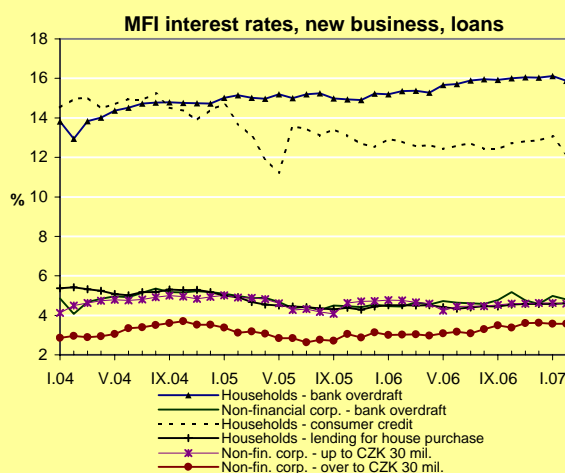
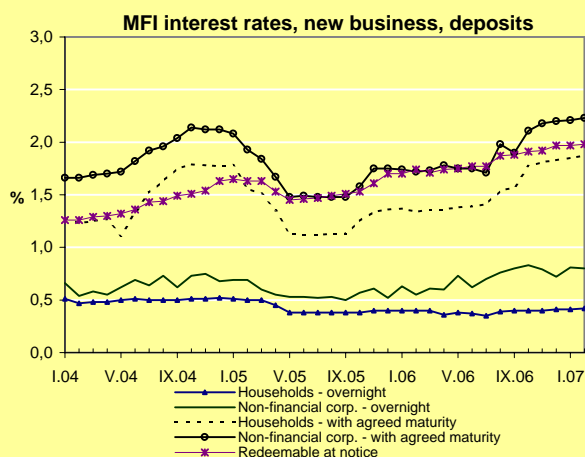


TABLE 11

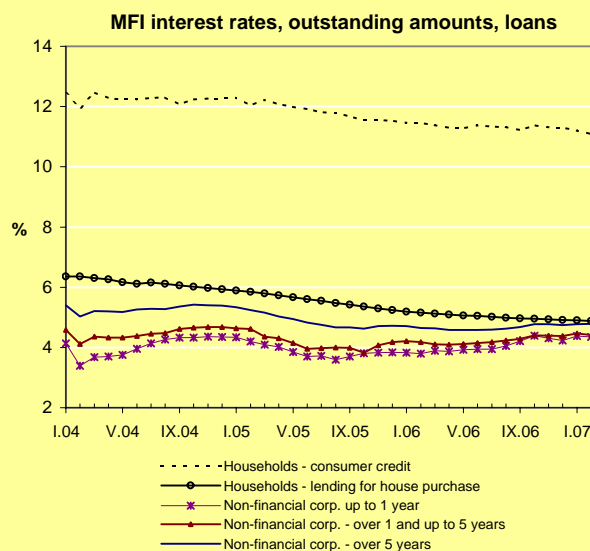
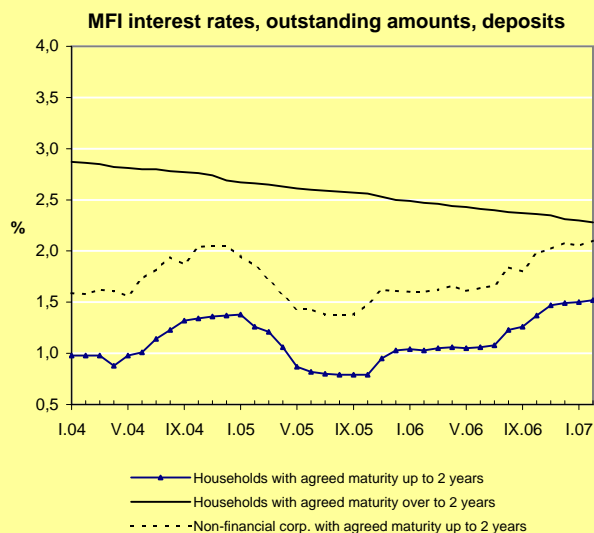
MFI interest rates on outstanding amounts¹⁾

outstanding amounts as end-of-month	2006				2007			
	February		December		January		February	
	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⁾	1,23	1059,0	1,28	1158,1	1,27	1175,2	1,27	1191,7
(1.1) With agreed maturity	1,90	393,2	1,96	391,4	1,95	393,4	1,94	398,2
(1.1.1) Up to 2 years	1,03	155,4	1,49	167,6	1,50	171,6	1,52	177,2
(1.1.2) Over 2 years	2,47	237,7	2,31	223,8	2,30	221,9	2,28	221,0
(2) Deposits from non-financial corp.³⁾	0,95	403,0	1,18	459,7	1,22	445,0	1,26	451,8
(2.2) With agreed maturity	1,62	148,3	2,09	150,5	2,05	145,6	2,10	165,2
(2.2.1) Up to 2 years	1,60	144,0	2,08	148,8	2,05	143,8	2,10	163,4
(2.2.2) Over 2 years	2,46	4,3	2,28	1,8	2,28	1,8	2,27	1,8
(3) Loans to households	7,07	426,7	6,80	539,4	6,75	546,9	6,71	555,6
(3.1) Lending for house purchase	5,16	291,5	4,91	374,0	4,90	379,3	4,88	385,8
of which: Mortgage lending	4,97	185,1	4,70	242,2	4,69	246,2	4,68	251,4
Saving for building purposes	5,74	90,3	5,45	114,5	5,43	115,8	5,41	117,1
(3.2) Consumer credit and other lending	11,46	135,3	11,30	165,4	11,20	167,6	11,09	169,8
(4) Loans to non-financial corporation	4,17	448,8	4,45	518,1	4,54	517,5	4,52	519,9
(4.1) Up to 1 year	3,80	195,6	4,23	210,8	4,38	209,0	4,35	209,7
(4.2) Over 1 and up to 5 years	4,18	107,7	4,38	123,9	4,47	125,0	4,41	126,9
(4.3) Over 5 years	4,65	145,5	4,74	183,4	4,77	183,4	4,79	183,3

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.



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

Interest rates on new business

Overall average interest rates on **new deposits** of households and non-financial corporations remained at the previous month's level in February 2007.

New **household** deposits were remunerated by banks at an average rate of 0.99% for the third consecutive month. Interest rates on overnight deposits (0.42%), on deposits with agreed maturity (1.87%) and deposits redeemable at notice (1.98%) remained at a level comparable to January 2007 (changes in rates of up to 0.02 percentage point only).

New deposits of **non-financial corporations** recorded no major changes either and were remunerated at 1.39% on average. The same could be said for average interest rates on individual types of deposits; overnight deposits were remunerated at 0.80% and deposits with agreed maturity of up to two years (which as a rule account for 100% of all deposits with agreed maturity in this sector) at 2.23%.

New loans provided by banks to households and non-financial corporations recorded a decline in average interest rates in February 2007, especially in the case of loans provided to households.

Of loans to **households**, only loans for house purchase recorded a slight increase during this month (of 0.03 percentage point to 4.61%). In contrast, the average interest rates on other types of loans fell; the most significant decline was recorded for rates on consumer credit, where the rate fell by 0.91 percentage point to 12.14%. The rate on bank overdrafts fell by 0.25 percentage point to 15.87% and other loans were remunerated at 5.70%, down by 0.16 percentage point compared to the previous month.

The average interest rate on new loans to **non-financial corporations** fell by 0.07 percentage point to 4.37%. This fall was due mainly to a decline in the interest rate on bank overdrafts of 0.18 percentage point to 4.81%. The average interest rate charged by banks on other loans to non-financial corporations was comparable to that of the previous month; the rate on loans of up to CZK 30 million was 4.60% and that on loans of over CZK 30 million was 3.58%.

The APRC on consumer credit fell considerably (by 1 percentage point) to 12.66%, while the APRC on loans for house purchase remained at 4.81%. The overall APRC on loans to households declined slightly to 6.99%.

Interest rates on outstanding amounts

The interest rate on **outstanding amounts of deposits** of households were the same as in the previous month, while the average rate on outstanding amounts of deposits of non-financial corporations increased moderately.

The average interest rate on **household** deposits remained at 1.27%. The interest rate on loans with agreed maturity fell slightly for the third consecutive month, to 1.94%; a slight increase in rates on deposits with agreed maturity of up to two years was offset by the change in the rate on deposits with agreed maturity of over two years in the opposite direction. The rates on outstanding amounts of overnight deposits and deposits redeemable at notice were comparable to those in January 2007 (0.42% and 1.98% respectively).

The interest rate on outstanding amounts of deposits of **non-financial corporations** increased slightly (by 0.04 percentage point) to 1.26%, owing to a rise in the rate on deposits with agreed maturity of up to two years (to 2.10%). Overnight deposits were remunerated at 0.80%.

Compared to January 2007, the overall average rate charged by banks on **outstanding amounts of loans** to households and non-financial corporations was slightly lower.

The average interest rate on outstanding amounts of loans to **households** was 6.71%. The decline in the overall rate was due to a fall in rates on loans for house purchase (to 4.88%) and consumer credit and other loans (to 11.09%).

The interest rate on outstanding amounts of loans provided to **non-financial corporations** fell slightly to 4.52%, owing to a slight decline in the rate on loans with maturity of up to five years. In contrast, the average rate charged by banks to non-financial corporations on loans with maturity of over five years was slightly higher (4.79%).

TABLE 12

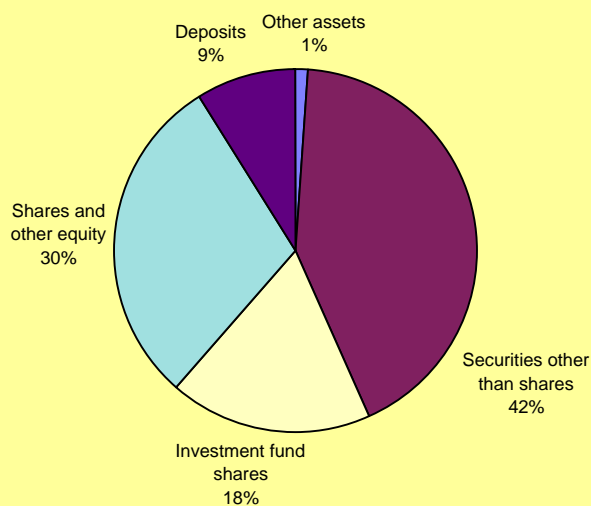
Quarterly aggregated balance sheet of investment funds ¹⁾

CZK billions; end of period	2005	2006			
	December	March	June	September	December
ASSETS					
Total	65,4	73,4	73,9	76,5	80,1
(1.1) Deposits	6,0	7,4	6,8	5,4	7,1
(1.2) Securities other than shares	34,6	35,5	33,9	35,0	33,7
MFI	0,5	0,6	0,6	0,6	0,7
General government	20,1	19,7	18,8	20,5	20,7
Other residents	2,1	2,2	2,0	1,9	1,8
Non-residents	11,8	12,9	12,4	12,0	10,6
Up to 1 year	0,6	0,5	0,4	0,3	0,5
Over 1 year	33,9	34,9	33,5	34,6	33,3
(1.3) Shares and other equity	17,4	19,3	20,7	22,2	23,7
MFI	0,6	0,6	0,6	0,6	0,5
Other residents	3,0	3,6	3,8	3,7	3,4
Non-residents	13,9	15,2	16,3	18,0	19,8
(1.4) Investment fund shares	6,9	10,2	11,7	12,8	14,5
Residents	0,5	1,6	2,1	2,2	2,7
Non-residents	6,4	8,7	9,6	10,6	11,9
(1.5) Other assets	0,6	1,0	0,8	1,1	1,0
LIABILITIES					
Total	65,4	73,4	73,9	76,5	80,1
(2.1) Loans accepted	60,6	0,0	4,2	0,0	0,0
(2.2) Investment fund shares	52,5	58,5	77,6	64,9	64,4
Residents	52,2	58,2	77,3	64,5	64,0
Non-residents	0,2	0,3	0,3	0,4	0,4
(2.3) Capital and reserves	11,5	12,8	-5,5	9,4	14,0
(2.4) Other liabilities	1,4	2,1	1,8	2,1	1,8
BALANCE SHEET TOTAL - BREAKDOWN BY INVESTMENT POLICY					
TOTAL	65,4	73,4	73,9	76,5	80,1
Equity funds	7,9	9,6	10,0	10,8	11,8
Bond Funds	26,9	27,4	25,5	25,5	24,9
Mixed Funds	24,1	26,5	26,5	27,6	29,5
Funds of funds	6,5	9,9	11,9	12,7	14,0

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

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

Balance sheet total - breakdown by asset items



Balance sheet total - breakdown by investment policy

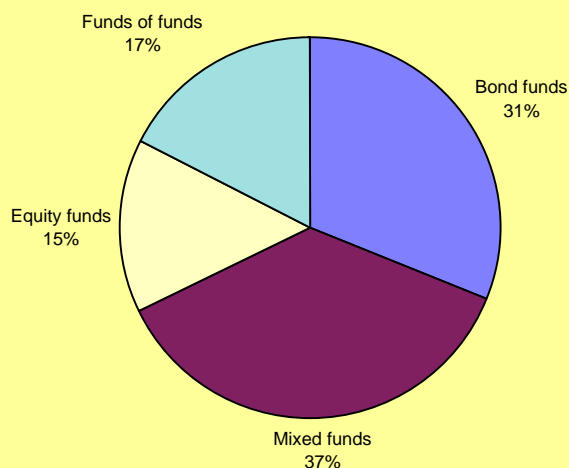


TABLE 13

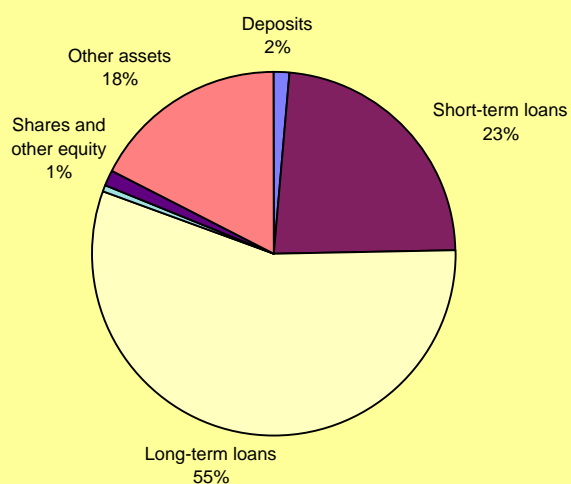
Quarterly aggregated balance sheet of FCLs ¹⁾

CZK billions; end of period	2005	2006			
	December	March	June	September	December
Assets					
Total	303,6	307,2	316,3	319,8	327,9
(1.1) Deposits	6,4	5,2	5,2	5,3	5,0
(1.2) Loans provided	237,1	240,9	246,1	249,2	259,3
Residents	236,9	239,3	244,3	246,6	255,7
Up to 1 year	69,5	72,7	71,2	70,9	74,3
Over 1 year	167,4	166,7	173,1	175,8	181,4
Non-residents	0,2	1,5	1,8	2,6	3,6
(1.3) Securities other than shares	0,4	0,2	0,3	1,8	1,7
Up to 1 year	0,2	0,1	0,2	0,1	0,1
Over 1 year	0,1	0,1	0,1	1,6	1,6
(1.4) Shares and equity	3,9	4,4	4,7	4,5	4,4
Mutual fund shares/units (including MMFs)	0,0	0,0	0,0	0,0	0,0
Other shares and equity	3,9	4,4	4,7	4,5	4,4
(1.5) Other assets	55,8	56,5	60,0	59,0	57,6
LIABILITIES					
Total	303,6	307,2	316,3	319,8	327,9
(2.1) Loans taken	183,1	184,4	194,0	198,2	199,7
Residents	122,3	116,1	123,1	131,3	133,3
Non-residents	60,8	68,3	70,9	66,9	66,4
(2.2) Securities other than shares issued	19,8	22,4	22,9	21,9	27,6
Up to 1 year	8,3	10,9	12,4	11,3	13,6
Over 1 year	11,5	11,5	10,6	10,5	14,0
(2.3) Own funds	57,2	59,7	59,9	63,4	64,8
(2.5) Other liabilities	43,4	40,6	39,5	36,3	35,9
BALANCE SHEET TOTAL BREAKDOWN BY TYPE OF INTERMEDIARIES					
TOTAL	303,6	307,2	316,3	319,8	327,9
Financial leasing company	225,0	224,5	229,1	231,9	237,9
Other lending company	78,6	82,7	87,1	87,8	90,1

¹⁾ Financial corporations engaged in lending

- data are published by the 75th calendar day following the reference period
- data for factoring companies has not been published yet.

Balance sheet total - breakdown by asset items



Balance sheet total - breakdown by type of intermediaries

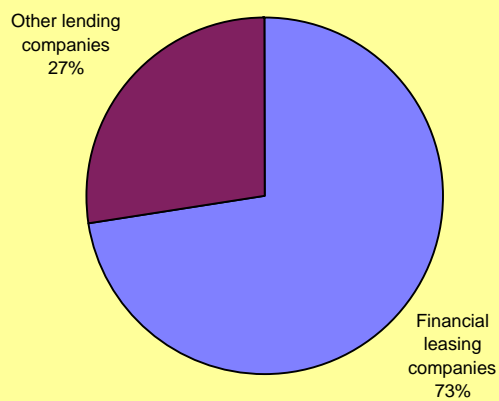


TABLE 14

Summary of loans provided by FCLs ¹⁾ to residents

CZK billions; end of period	2005	2006			
	December	March	June	September	December
LOANS					
(1) Non-financial corporations	129,1	129,3	130,4	132,0	135,3
Up to 1 year	31,0	32,0	31,6	31,9	33,3
Over 1 year up to 5 years	82,7	82,0	82,7	83,7	85,3
Over 5 years	15,4	15,4	16,1	16,4	16,6
(2) Financial corporations	1,3	2,9	2,5	2,4	1,8
Up to 1 year	0,4	2,0	1,7	1,6	1,1
Over 1 year up to 5 years	0,6	0,5	0,5	0,5	0,5
Over 5 years	0,2	0,3	0,3	0,3	0,2
(3) Government	1,3	1,1	1,2	1,2	1,2
Up to 1 year	0,5	0,4	0,5	0,5	0,5
Over 1 year up to 5 years	0,6	0,4	0,4	0,4	0,6
Over 5 years	0,2	0,4	0,4	0,3	0,2
(4) Households	105,0	105,7	110,0	110,9	117,2
Up to 1 year	37,5	38,1	37,4	36,8	39,3
Over 1 year up to 5 years	63,0	62,8	66,6	67,7	71,6
Over 5 years	4,5	4,9	5,9	6,4	6,3
(5) NPISHs	0,2	0,3	0,2	0,2	0,2
Up to 1 year	0,1	0,1	0,1	0,1	0,1
Over 1 year up to 5 years	0,1	0,1	0,1	0,1	0,1
Over 5 years	0,0	0,0	0,0	0,0	0,0

BREAKDOWN OF LOANS PROVIDED TO HOUSEHOLDS

(1) Total	105,0	105,7	110,0	110,9	117,2
(1.1) Consumer credit	92,4	93,3	97,7	96,5	102,5
Up to 1 year	36,4	36,8	36,5	35,9	38,4
Over 1 year up to 5 years	51,9	52,0	55,6	54,6	58,3
Over 5 years	4,2	4,5	5,6	6,0	5,8
(1.2) Lending for house purchase	0,5	0,6	0,6	0,7	0,8
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	0,5	0,5	0,6
Over 5 years	0,1	0,2	0,2	0,2	0,2
(1.3) Other loans	12,1	11,8	11,6	13,6	13,8
Up to 1 year	1,2	1,3	0,9	0,9	0,9
Over 1 year up to 5 years	10,7	10,3	10,5	12,5	12,7
Over 5 years	0,2	0,2	0,2	0,2	0,2

BREAKDOWN OF SELECTED LOANS BY TYPE OF INTERMEDIARIES

TOTAL	236,9	239,3	244,3	246,6	255,7
Financial leasing companies	182,9	181,4	183,9	184,7	190,9
Other lending companies	54,0	57,9	60,4	62,0	64,7
of which Non-financial corporations	129,1	129,3	130,4	132,0	135,3
Financial leasing companies	126,9	125,9	126,8	128,2	131,7
Other lending companies	2,2	3,4	3,6	3,8	3,6
of which Households	105,0	105,7	110,0	110,9	117,2
Financial leasing companies	53,9	53,7	55,3	54,6	57,5
Other lending companies	51,1	52,0	54,7	56,2	59,6

¹⁾ Financial corporations engaged in lending

- data are published by the 75th calendar day following the reference period;
- data for factoring companies has not been published yet.

Commentary on the quarterly aggregated balance sheet of collective investment funds (Table 12): December 2006

As of the end of Q4, collective investment funds (CIFs) administered assets worth CZK 78.4 billion. This means that the value of assets administered by these funds rose by CZK 4.1 billion in Q4, which represents a quarter-on-quarter increase of 5.46%. Compared to the same period of 2005, the increase was 22.45%, or CZK 14.4 billion.

In Q4, the largest growth was recorded by mixed funds, whose assets grew from CZK 27.6 billion to CZK 29.5 billion, which represents a quarter-on-quarter increase of 6.93%. Growth was also recorded by funds of funds (from CZK 12.7 billion to CZK 14 billion) and equity funds (from CZK 10.8 billion to CZK 11.8 billion). By contrast, bond funds recorded a fall in assets of CZK 0.6 billion to CZK 24.9 billion, i.e. a decline of 2.32%.

The funds most frequently invested in debt securities, particularly those issued by the general government of the Czech Republic. The total volume of purchased debt securities was CZK 33.7 billion, accounting for 43.05% of CIF equity capital. Compared to the previous quarter, the share of debt securities in equity capital decreased by 4.03 percentage points and dropped by 10.98 percentage points in year-on-year comparison. The largest increase in the volume compared to the previous quarter was recorded by purchased fund units/shares. Investment in fund units/shares grew by CZK 1.8 billion to CZK 14.5 billion, which represents a quarter-on-quarter increase of 14.02%. The investment in fund units/shares also recorded the largest increase in year-on-year terms. The volume of funds invested in fund units/shares grew by CZK 7.7 billion, up by 111.51%.

At the end of Q4, 68 resident collective investment funds were active in the Czech Republic, of which 11 were equity funds, 18 funds of funds, 27 mixed funds, 11 bond funds and 1 fund of qualified investors.

Commentary on the quarterly aggregated balance sheet of financial corporations engaged in lending (Tables 13, 14): December 2006

As of 31 December 2006, financial corporations engaged in lending had total assets of CZK 327.9 billion. Total assets rose by CZK 8.1 billion compared to the previous quarter. This represents a quarterly increase of 2.5%. Overall total assets increased by CZK 24.3 billion, i.e. 8% year on year. Financial leasing companies, whose total assets amounted to CZK 237.9 billion, accounted for the largest share of total assets. Companies providing other lending contributed CZK 90.1 billion to the overall total assets

The largest asset item was loans, which amounted to CZK 259.3 billion, up by CZK 10.1 billion compared to the third quarter. The loans rose by CZK 22.2 billion year on year, which represents a year-on-year growth by 9.4%. Short-term loans stood at CZK 76.2 billion at the end of Q4. i.e. 23.2% of total assets. Long-term loans amounted to CZK 183.1 billion, i.e. 55.8% of total assets. The loans were provided almost entirely to residents.

The largest part of the loans provided to residents consisted of loans to non-financial corporations, which amounted to CZK 135.3 billion, i.e. 52.9 % of loans to residents. Loans provided to non-financial corporations rose by CZK 3.3 billion compared to Q3, i.e. a quarterly increase of 2.5%. Overall total assets increased by CZK 6.2 billion, i.e. 4.8% year on year. CZK 131.7 billion was provided by financial leasing companies and CZK 3.6 billion by companies providing other lending. These loans are made up predominantly of loans with a maturity of one to five years, which amounted to CZK 85.3 billion.

The second largest category of loans provided to residents was loans to households, which totalled CZK 117.2 billion, up by CZK 6.3 billion. This represents an increase of 5.7%. Overall total assets provided to households increased by CZK 12.2 billion, i.e. 11.6% year on year. These loans account for 45.8% of loans granted to residents. CZK 57.5 billion was provided by financial leasing companies and CZK 59.6 billion by companies providing other lending. Loans with a maturity of one to five years amounted to CZK 71.6 billion, giving them the largest share in loans to households.

¹⁾ Under Decree No. 307/2004 Coll. these are companies whose main or major business activity involves providing credit or loans or entering into agreement of similar nature, e.g. financial leasing, factoring, consumer credit, hire-purchase financing, etc. The figures mentioned only include financial leasing companies and other lending companies. Data for factoring have not yet been published.

Glossary

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

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

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

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

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

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

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

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

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

FCLs - Type of services:

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

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

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

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

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

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

Glossary (cont'd)

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

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

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

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

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

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

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

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

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

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

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

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

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

Glossary (cont'd)

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

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

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

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

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

Unit trusts other than money market funds:

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

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

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

Technical Notes

A. Calculation of growth rates

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

Method of calculation

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

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

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

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

where

F_t^M - transactions in month t

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

and

L_t - outstanding amount at the end of month t

C_t^M - reclassifications in month t

E_t^M - exchange rate variations in month t

V_t^M - valuation changes in month t

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

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

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

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

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