

Monetary Statistics

June
2007

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Annex

Treasury bonds statistics for the reference period January 2007 - June 2007

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

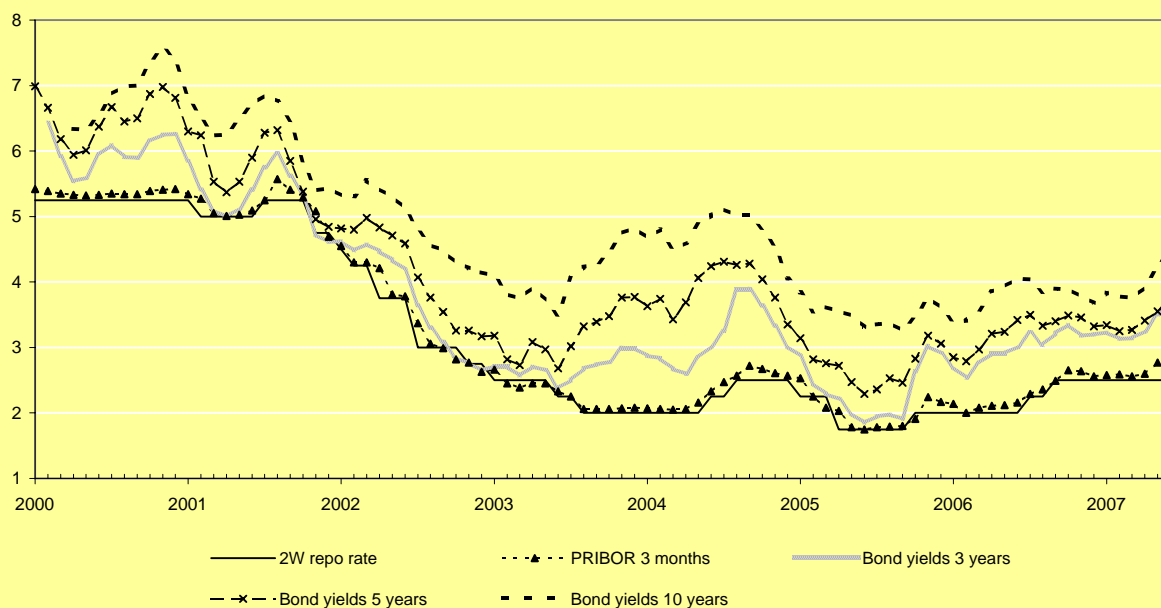
	CNB			ECB
	from 28 July 2006 onwards	from 29 September 2006 onwards	from 1 June 2007 onwards	from 13 June 2007 onwards
2W repo rate	2,25	2,50	2,75	4,00
Deposit facility	1,25	1,50	7,75	3,00
Marginal lending facility	3,25	3,50	3,75	5,00

TABLE 2

Financial markets interest rates

monthly average	2006		2007					
	June		April		May		June	
	CR	Euro area	CR	Euro area	CR	Euro area	CR	Euro area
Money market								
CZEONIA/ EONIA								
overnight	1,94	2,70	2,39	3,82	2,18	3,79	2,69	3,96
PRIBOR/ EURIBOR								
1 month	2,07	2,87	2,54	3,86	2,61	3,92	2,81	4,10
3 months	2,16	2,99	2,60	3,97	2,77	4,07	2,93	4,15
6 months	2,30	3,16	2,71	4,09	2,92	4,20	3,09	4,28
1 year	2,55	3,40	2,92	4,25	3,16	4,38	3,38	4,51
Capital market								
Bond yields								
3 years	3,01	3,59	3,25	4,12	3,51	4,28	3,76	4,51
5 years	3,42	3,78	3,41	4,15	3,55	4,31	3,79	4,58
10 years (Maastricht)	4,05	4,07	3,92	4,23	4,23	4,37	4,53	4,66

Interest rates



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

Key interest rates

The CNB's 2W repo rate has been set at 2.75% since the beginning of June 2007 and the ECB's key interest rate has been re-set at 4.00% since mid-June 2007. The difference between the ECB's and the CNB's key rates is thus 1.25 percentage point.

Financial market interest rates

Interest rates on the interbank deposit market increased in June in the both regions under review, but the growth rate was higher in the Czech Republic (chiefly at long maturities). After several months, the difference between interest rates in the Czech Republic and the euro area thus decreased slightly. The three-month PRIBOR was 2.93%, while the three-month EURIBOR rose to 4.15%.

Bond yields on the capital market in the Czech Republic and the euro area increased in June. The significant rise in yields of 5Y and 10Y bonds in the Czech Republic between April and May was a result of a shift to newly issued bonds when calculating the yields. Until April 2007, the calculation of 5Y bond yields was based on bond CZ0001001242 (average yield 3.68% in May). Starting from May 2007, a new bond CZ0001001887 is used. The calculation of 10Y bond yields was based on bond CZ0001001143 (average yield 4.05% in May) until April 2007 and a new bond CZ0001001903 is used starting from May 2007.

TABLE 3

Key monetary indicators

CZK billions, unless otherwise indicated	2006			2007			2007			2007		
	June			April			May			June		
	Outstanding amounts	Transac- tions ⁴⁾	Annual growth rates [%]	Outstanding amounts	Transac- tions ⁴⁾	Annual growth rates [%]	Outstanding amounts	Transac- tions ⁴⁾	Annual growth rates [%]	Outstanding amounts	Transac- tions ⁴⁾	Annual growth rates [%]
M1	1 235,2	-19,8	15,3	1 387,9	52,1	15,1	1 444,0	55,2	15,2	1 423,2	-22,3	15,3
M3 ¹⁾	1 925,8	13,7	12,7	2 174,1	67,8	14,3	2 203,4	27,5	15,4	2 206,5	0,6	14,6
Loans to private sector ²⁾	1 177,9	24,3	21,5	1 365,7	26,6	21,5	1 394,9	28,3	21,3	1 437,2	40,7	22,2
Net foreign assets ³⁾	1 036,3	5,5	0,6	1 030,8	28,7	2,3	1 035,9	-4,2	3,1	1 037,2	-9,0	1,6

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

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-avis 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

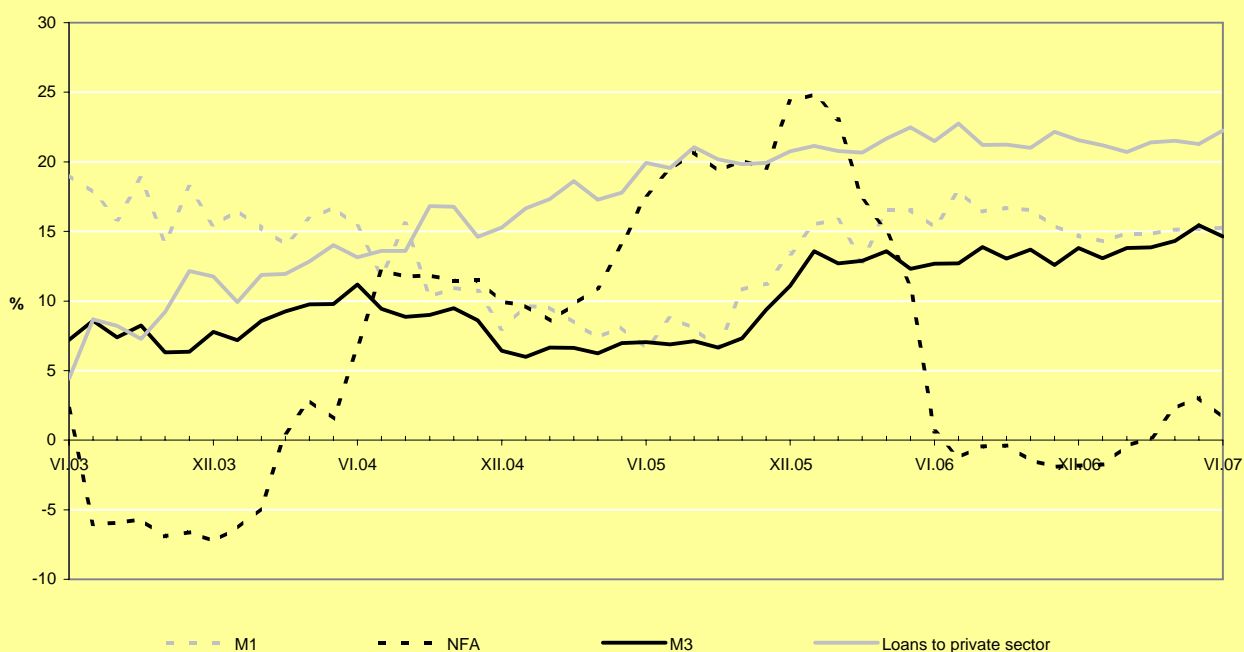


TABLE 4

Monetary aggregates and counterparts

CZK billions, unless otherwise indicated

	2006			2007								
	June			April			May			June		
	Out-standing amounts	Transac-tions ¹⁾	Annual growth rates [%]	Out-standing amounts	Transac-tions ¹⁾	Annual growth rates [%]	Out-standing amounts	Transac-tions ¹⁾	Annual growth rates [%]	Out-standing amounts	Transac-tions ¹⁾	Annual growth rates [%]
COMPONENTS OF M3												
(1) M3 (= items 1.3, 1.6 and 1.11)	1 925,8	13,7	12,7	2 174,1	67,8	14,3	2 203,4	27,5	15,4	2 206,5	0,6	14,6
(1.1) Currency in circulation	279,9	6,7	10,6	306,3	6,0	12,3	309,8	3,6	13,4	314,0	4,1	12,2
(1.2) Overnight deposits	955,2	-26,5	16,8	1 081,6	46,1	15,9	1 134,2	51,6	15,7	1 109,2	-26,5	16,2
(1.3) M1 (items 1.1 and 1.2)	1 235,2	-19,8	15,3	1 387,9	52,1	15,1	1 444,0	55,2	15,2	1 423,2	-22,3	15,3
(1.4) Deposits with agreed maturity up to 2 years	457,3	29,9	-1,3	519,0	10,8	11,7	489,1	-30,7	14,9	511,4	21,2	12,0
(1.5) Deposits redeemable at notice up to 3 months	160,9	4,3	45,4	201,2	4,6	28,8	202,4	1,2	29,4	204,0	1,5	26,8
(1.6) Other short term deposits (items 1.4 and 1.5)	618,2	34,2	7,6	720,2	15,4	16,0	691,6	-29,4	18,8	715,4	22,7	15,9
(1.7) M2 (items 1.3 and 1.6)	1 853,3	14,4	12,6	2 108,1	67,6	15,4	2 135,6	25,7	16,3	2 138,5	0,4	15,5
(1.8) Repurchase agreements	14,6	-0,2	80,5	7,5	0,4	-53,3	9,0	1,6	-38,7	6,3	-2,7	-56,7
(1.9) Money market fund shares/units	57,3	-1,4	4,0	56,0	0,0	-4,5	56,0	0,0	-4,5	57,4	1,4	0,3
(1.10) Debt securities issued with maturity up to 2 years	0,6	0,9	-	2,6	-0,1	-	2,7	0,2	-	4,2	1,5	-
(1.11) Marketable instruments (items 1.8,1.9 and 1.10)	72,4	-0,7	14,1	66,0	0,3	-12,1	67,8	1,8	-7,3	67,9	0,2	-6,1
COUNTERPARTS OF M3												
MFI liabilities												
(2) Holdings deposits against central government	242,8	17,3	-6,0	204,3	-19,9	0,6	189,5	-14,8	-15,8	230,2	40,5	-5,1
(3) Longer-term financial deposits against other residents (items 3.1 to 3.4)	572,1	1,2	5,8	573,6	5,8	4,1	581,3	-0,2	6,5	591,9	1,3	6,5
(3.1) Deposits with agreed maturity over 2 years	245,4	-5,3	-2,9	230,8	7,4	-8,5	228,3	-2,5	-8,9	226,0	-2,3	-7,9
(3.2) Deposits redeemable at notice over 3 months	72,6	-0,3	-18,4	70,2	-0,7	-3,2	69,5	-0,7	-4,6	69,0	-0,5	-4,9
(3.3) Debt securities issued with maturity over 2 years	60,3	0,2	40,1	71,6	0,3	11,1	76,0	3,8	24,2	77,5	0,2	24,0
(3.4) Capital and reserves	193,8	6,6	20,3	201,0	-1,1	21,9	207,5	-0,7	27,0	219,4	4,0	24,8
MFI assets												
(4) Credit to residents (items 4.1 and 4.2)	1 650,7	27,2	12,8	1 869,5	37,3	17,3	1 896,1	26,2	17,2	1 953,5	55,7	18,6
(4.1) Credit to general government	438,3	2,9	-4,7	466,6	10,8	7,7	464,2	-2,0	7,0	469,0	4,9	7,4
of which: Loans	74,8	-4,2	-31,9	64,6	0,9	-24,5	63,7	-1,0	-19,4	63,0	-0,7	-15,9
Securities other than shares	363,4	7,1	3,9	402,1	9,9	15,6	400,5	-1,0	12,9	406,0	5,6	12,2
(4.2) Credit to private sector	1 212,5	24,2	20,9	1 402,9	26,5	20,9	1 432,0	28,2	20,9	1 484,5	50,9	22,7
of which: Loans	1 177,9	24,3	21,5	1 365,7	26,6	21,5	1 394,9	28,3	21,3	1 437,2	40,7	22,2
Securities other than shares	13,8	0,0	-42,6	14,8	0,0	-0,7	14,7	-0,1	5,9	15,2	0,6	10,4
Shares and other equities	20,8	0,0	84,3	22,4	-0,1	5,1	22,4	0,0	7,7	32,0	9,6	54,0
(5) Net foreign assets	1 036,3	5,5	0,6	1 030,8	28,7	2,3	1 035,9	-4,2	3,1	1 037,2	-9,0	1,6
(6) Other counterparts of M3 (residual) (=M3+items 2,3 - items 4,5)	53,6	-0,5	336,1	51,7	-12,2	-5,1	42,2	-9,5	-23,4	37,9	-4,4	-30,7

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					
	June		April		May		June	
	Out-standing amounts	Transac-tions ²⁾	Out-standing amounts	Transac-tions ²⁾	Out-standing amounts	Transac-tions ²⁾	Out-standing amounts	Transac-tions ²⁾
(1) Overnight deposits	955,2	-26,5	1 081,6	46,1	1 134,2	51,6	1 109,2	-26,5
(1.1) Other general government	93,9	1,0	109,7	13,1	105,6	-4,2	110,6	5,0
(1.2) Other financial intermediaries ³⁾	16,3	-0,8	23,2	3,0	25,7	2,5	24,8	-0,9
(1.3) Insurance corporations and pension funds	8,3	-4,4	5,1	-2,1	19,2	14,1	5,9	-13,3
(1.4) Non-financial corporations	328,1	-28,5	367,3	12,3	397,2	29,2	375,3	-23,0
(1.5) Households ⁴⁾	508,6	6,2	576,3	19,9	586,6	10,1	592,6	5,7
(2) M2 - M1 (other short- term deposits)	618,2	34,2	720,2	15,4	691,6	-29,4	715,4	22,7
(2.1) Other general government	19,3	-0,8	23,7	0,9	25,3	1,5	23,5	-1,8
(2.2) Other financial intermediaries ³⁾	14,6	0,7	21,3	3,6	19,9	-1,4	26,5	6,6
(2.3) Insurance corporations and pension funds	24,3	6,6	32,9	0,0	21,4	-11,5	31,8	10,3
(2.4) Non-financial corporations	204,7	23,6	225,3	6,1	205,6	-20,0	207,7	1,6
(2.5) Households ⁴⁾	355,2	4,0	416,9	4,8	419,3	1,9	425,9	6,0
(3) Repurchase agreements (a part of M3 - M2)	14,6	-0,2	7,5	0,4	9,0	1,6	6,3	-2,7
(3.1) Other general government	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
(3.2) Other financial intermediaries ³⁾	2,5	1,1	1,4	-1,3	2,5	1,1	1,7	-0,9
(3.3) Insurance corporations and pension funds	10,4	-2,0	4,0	1,6	4,4	0,4	2,3	-2,1
(3.4) Non-financial corporations	1,7	0,7	0,3	0,0	0,2	0,0	0,0	-0,2
(3.5) Households ⁴⁾	0,0	0,0	1,7	0,1	1,9	0,1	2,3	0,4

TABLE 6

Loans to private sector

CZK billions	2006		2007					
	June		April		May		June	
	Out-standing amounts	Transac-tions ²⁾	Out-standing amounts	Transac-tions ²⁾	Out-standing amounts	Transac-tions ²⁾	Out-standing amounts	Transac-tions ²⁾
(1) Loans to non-financial corporations	585,6	13,4	667,9	13,6	678,6	9,8	698,1	17,9
(1.1) up to 1 year	228,3	-0,3	247,5	4,3	249,1	1,4	257,9	8,5
(1.2) over 1 year and up to 5 years	145,4	10,4	161,6	4,0	168,3	6,4	171,6	2,9
(1.3) over 5 years	211,9	3,3	258,8	5,4	261,2	1,9	268,6	6,5
(2) Loans to households⁴⁾	468,7	12,5	584,3	13,0	599,8	15,6	616,3	16,6
(2.1) Consumer credit	97,1	2,1	116,6	2,5	120,1	3,6	123,3	3,3
(2.2) Lending for house purchase	320,9	9,2	405,6	9,9	416,7	11,1	428,7	12,1
(2.3) Other lending	50,7	1,2	62,1	0,7	63,0	0,9	64,3	1,2
(3) Loans to other financial intermediaries³⁾	122,2	-1,7	112,4	0,1	115,5	3,0	121,9	6,3
(4) Loans to insurance corporations and pension funds	1,5	0,1	1,1	-0,2	1,0	-0,1	0,9	-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 (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		
	June	April	May	June
	% points	% points	% points	% points
M1	9,6	9,6	10,0	9,8
of which: Currency	1,6	1,8	1,9	1,8
Overnight deposits	8,0	7,8	8,1	8,0
M2 - M1 (= other short- term deposits)	2,6	5,2	5,7	5,1
M3 - M2 (= short-term marketable instruments)	0,5	-0,5	-0,3	-0,2
M3	12,7	14,3	15,4	14,6

TABLE 8

Contributions to annual growth¹⁾ of loans to private sector

	2006	2007		
	June	April	May	June
	% points	% points	% points	% points
Non-financial corporations	9,2	9,7	9,4	9,6
Households ²⁾	11,9	12,5	12,6	12,7
Other financial intermediaries ³⁾	0,7	-0,7	-0,7	0,0
Insurance corporations and pension funds	-0,3	0,0	0,0	0,0
Loans to private sector ⁴⁾	21,5	21,5	21,3	22,2

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

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

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

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

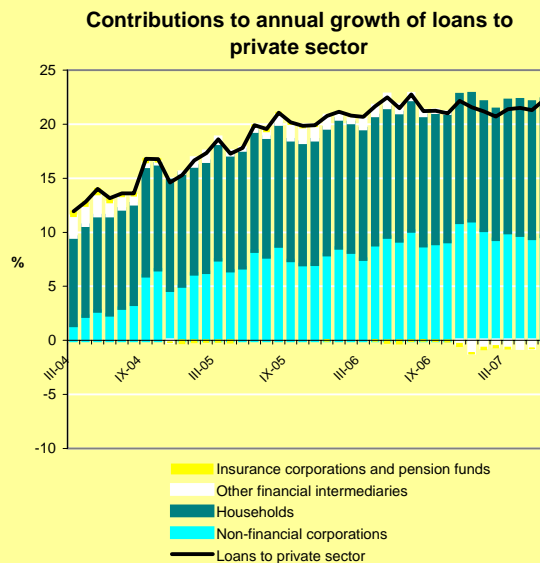
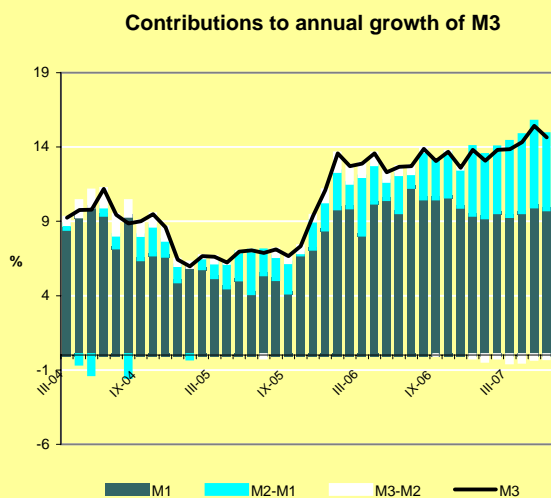
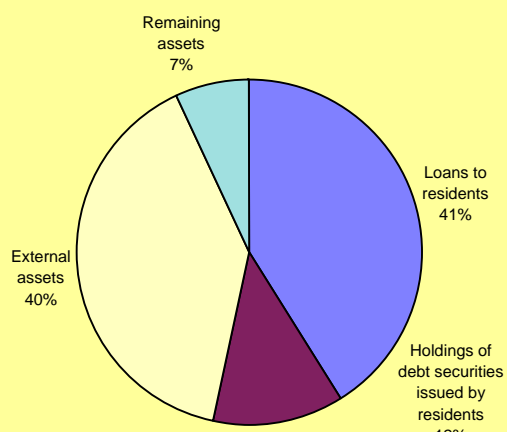


TABLE 9

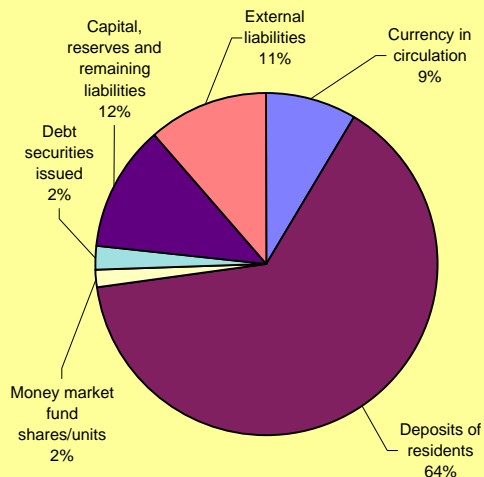
Balance sheets of MFIs by reporting institutions: June 2007

CZK billions	MFI			Consolidated balance sheet of MFIs
	CNB	Credit institutions	Money market funds	
(1) ASSETS TOTAL	795,5	3 554,8	79,6	3 658,5
(1.1) Loans to residents	8,7	2 086,3	14,5	1 500,2
MFI	0,0	594,7	14,5	-
General government	0,0	63,0	0,0	63,0
Other residents	8,7	1 428,5	0,0	1 437,2
(1.2) Holdings of securities other than shares issued by residents	0,0	515,9	21,9	421,2
MFI	0,0	114,5	2,0	-
General government	0,0	390,5	15,5	406,0
Other residents	0,0	10,8	4,4	15,2
(1.3) Money market fund shares/units	0,0	6,4	0,0	-
(1.4) Holdings of shares/other equity issued by residents	0,0	49,2	0,2	32,0
MFI	0,0	17,4	0,0	-
Other residents	0,0	31,8	0,2	32,0
(1.5) External assets	764,3	646,8	42,7	1 453,8
(1.6) Fixed assets	11,4	104,3	0,0	115,7
(1.7) Remaining assets	11,1	146,0	0,3	135,5
(2) LIABILITIES TOTAL	795,5	3 554,8	79,6	3 658,5
(2.1) Currency in circulation	335,8	-	-	314,0
(2.2) Deposits of residents	464,2	2 489,3	0,0	2 356,1
MFI	438,1	159,4	0,0	-
Central government	23,1	207,0	0,0	230,2
Other general government/other residents	3,0	2 122,9	0,0	2 125,9
(2.3) Money market fund shares/units	-	-	63,8	57,4
(2.4) Debt securities issued	0,0	198,3	0,0	81,7
(2.5) Capital and reserves	-112,0	333,9	14,8	219,4
(2.6) External liabilities	96,3	320,2	0,1	416,6
(2.7) Remaining liabilities	11,1	213,1	0,8	225,0
(2.8) Excess of inter MFI liabilities	-	-	-	-11,7

Consolidated balance sheet of MFIs - assets



Consolidated balance sheet of MFIs - liabilities



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

The annual rate of growth of M3 fell from 15.4% in May to 14.6% in June. The month-on-month growth rate decreased from 1.3% to 0%. As a result of financial transactions, the monetary aggregate M3 grew by CZK 281.5 billion year on year (by CZK 0.6 billion month on month) to CZK 2,206.5 billion.

Main components of M3

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

At 15.3%, the annual rate of growth of M1 in June was almost the same as in May (15.2%). Similarly, the annual growth rate of overnight deposits increased from 15.7% in May to 16.2% in June. In month-on-month terms, overnight deposits decreased by 2.3%. Within overnight deposits, deposits of insurance corporations and pension funds recorded the largest month-on-month decline of 69.2% (CZK 13.3 billion). Deposits of non-financial corporations fell by 5.8% (CZK 23 billion) and deposits of other financial intermediaries decreased by 3.6% (CZK 0.9 billion). By contrast, deposits of other government recorded an increase of 4.8% (CZK 5 billion) and deposits of households grew by 1% (CZK 5.7 billion).

The annual rate of growth of currency in circulation declined from 13.4% in May to 12.2% in June. In month-on-month terms, currency in circulation rose by 1.3% (an increase of CZK 4.1 billion due to financial transactions).

Other short-term deposits (excluding overnight deposits) increased by CZK 22.7 billion (i.e. 3.3%) month on month, owing to financial transactions. The annual rate of growth of these deposits decreased by 2.9 percentage points, from 18.8% in May to 15.9% in June. Deposits redeemable at notice of up to three months (the smaller component) have long been recording strong annual growth. Their annual growth rate was 26.8% in June. 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 2.9 percentage points compared to the previous month, reaching 12%.

Within other short-term deposits, deposits of insurance corporations and pension funds recorded the largest month-on-month increase of 48% (CZK 10.3 billion). Deposits of other financial intermediaries also grew substantially (by 33.2%, or CZK 6.6 billion). Much smaller increases were recorded for deposits of households (1.4%, or CZK 6 billion) and deposits of non-financial corporations (0.8%, or CZK 1.6 billion). By contrast, deposits of other government declined by 7.1% (CZK 1.8 billion).

Marketable instruments, which consist of repos, money market fund shares/units and debt securities with maturities of up to two years, remained broadly unchanged at CZK 67.9 billion in June 2007 (67.8 billion in May). Their annual rate of growth rose by 1.2 percentage points to -6.1% (compared to -7.3% in May).

Main counterparts of M3

The annual rate of growth of loans to general government has long been negative and stood at -15.9% in June (-19.4% in May). The annual rate of growth of purchased government bonds edged down from 12.9% in May to 12.2% in June.

The annual rate of growth of loans to the private sector increased from 21.3% in May to 22.5% in June. This growth was mostly attributable to households. They account for more than one-half of the annual rate of growth of loans to the private sector (Table 8). The annual growth rates of loans to households have been high for a long time; in June the growth rate was 32%. Non-financial corporations are another sector accounting for a significant proportion of the annual rate of growth of loans to the private sector. Their annual rate of growth rose from 18.9% in May to 19.3% in June.

The annual rate of growth of net external assets declined from 3.1% in May to 1.6% in June. The annual rate of growth of long-term financial liabilities remained at 6.5%, the same level as in May. The annual rate of growth of deposits of central government rose from -15.8% to -5.1%.

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					
	June		April		May		June	
	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)
(1) Deposits from households²⁾	0,85	756,5	0,99	873,7	0,98	888,0	1,01	894,9
(1.1) Overnight	0,37	485,9	0,42	555,7	0,41	566,3	0,42	571,9
(1.2) With agreed maturity	1,39	47,3	1,86	57,7	1,82	60,9	2,10	61,2
of which: Up to 2 years	1,40	46,9	1,87	57,3	1,83	60,5	2,09	60,7
(1.3) Redeemable at notice ³⁾	1,77	228,2	1,99	267,0	2,00	267,6	2,01	268,4
(1.3.1) Up to 3 months' notice	2,20	157,0	2,34	198,2	2,34	199,4	2,34	200,8
(1.3.2) Over 3 months' notice	0,82	71,2	1,01	68,8	1,02	68,1	1,02	67,6
(2) Deposits from non-financial corporation⁴⁾	1,15	497,5	1,44	530,6	1,29	554,2	1,58	533,2
(2.1) Overnight	0,62	260,5	0,77	283,4	0,65	309,3	0,84	290,3
(2.2) With agreed maturity	1,75	233,3	2,21	243,6	2,11	241,9	2,47	240,1
of which: Up to 2 years	1,75	233,3	2,21	243,6	2,11	241,8	2,47	240,1
(3) Loans to households²⁾	10,15	47,3	10,77	52,1	10,44	56,4	10,26	59,6
(3.1) Bank overdrafts ⁵⁾	15,72	20,0	16,01	23,9	15,99	24,4	15,94	25,3
(3.2) Consumer credit	12,59	4,7	11,63	6,2	11,81	6,4	12,00	5,8
(3.3) Lending for house purchase	4,33	16,4	4,51	16,5	4,50	19,8	4,63	22,8
of which: Mortgage lending	4,17	11,2	4,38	11,3	4,41	13,2	4,55	15,9
Saving for building purposes	4,86	3,7	4,75	3,9	4,72	4,5	4,68	4,8
(3.4) Other lending	5,68	6,2	5,93	5,6	5,81	5,8	5,81	5,7
(4) Loans to non-financial corporation	4,04	148,6	4,44	146,7	4,35	152,6	4,71	176,6
(4.1) Bank overdrafts ⁵⁾	4,64	68,4	4,90	85,8	4,69	84,7	5,14	89,2
(4.2) Other loans up to CZK 30 million	4,44	22,4	4,60	15,5	4,74	16,6	4,88	20,0
of which: Up to 1 year initial rate fixation ⁶⁾	4,31	16,3	4,58	14,4	4,72	14,8	4,85	17,9
(4.3) Other loans over to CZK 30 million	3,16	57,8	3,53	45,4	3,65	51,3	4,09	67,4
of which: Up to 1 year initial rate fixation ⁶⁾	3,08	54,6	3,52	44,2	3,62	46,5	4,08	66,3
(5) APRC⁷⁾ on loans to households	6,63	21,1	6,75	22,7	6,60	26,2	6,42	28,6
(5.1) Consumer credit	13,91	4,7	12,14	6,2	12,34	6,4	12,54	5,8
(5.2) Lending for house purchase	4,53	16,4	4,74	16,5	4,74	19,8	4,86	22,8

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

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

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

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

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

⁶⁾ 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.

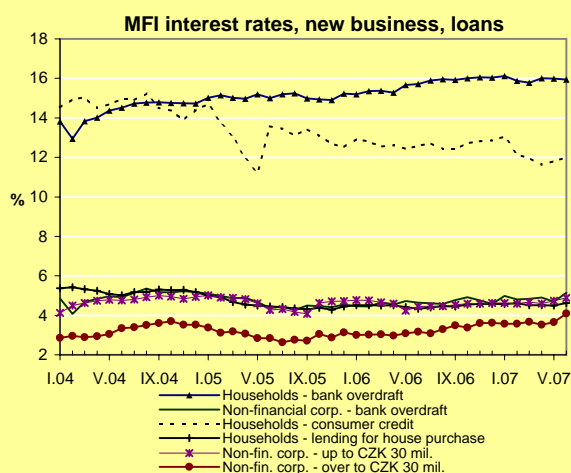
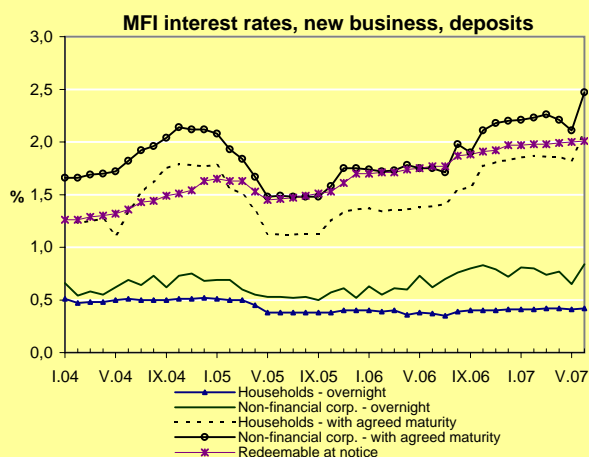


TABLE 11

MFI interest rates on outstanding amounts¹⁾

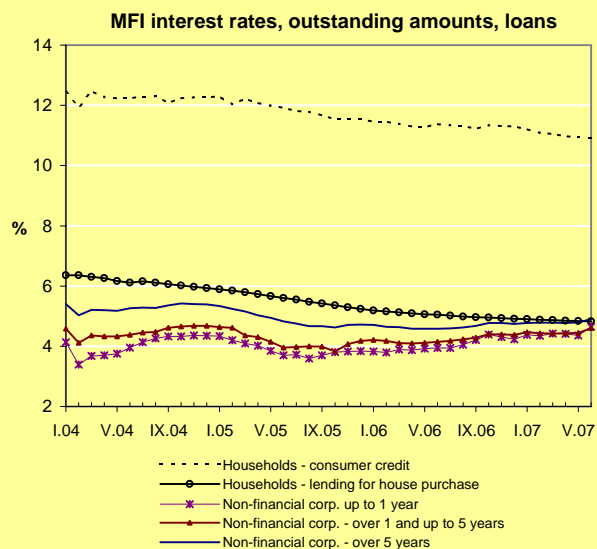
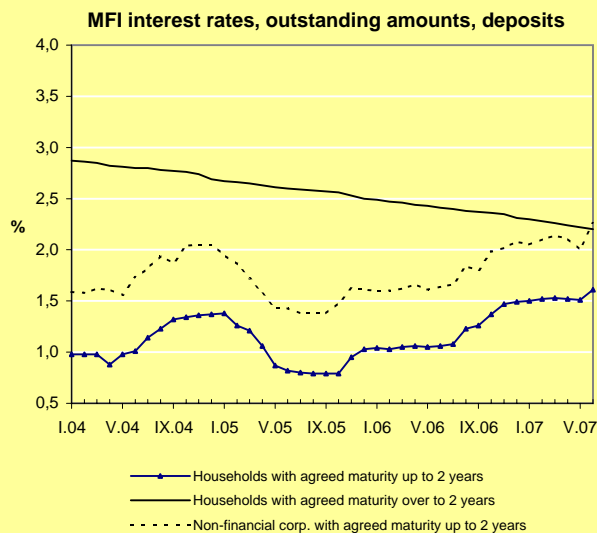
outstanding amounts as end-of-month	2006		2007					
	June		April		May		June	
	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)
(1) Deposits from households²⁾³⁾	1,19	1107,1	1,26	1225,3	1,24	1235,4	1,26	1244,6
(1.1) With agreed maturity	1,87	395,6	1,92	404,0	1,91	402,9	1,94	405,1
(1.1.1) Up to 2 years	1,06	157,7	1,52	177,9	1,51	179,3	1,61	184,1
(1.1.2) Over 2 years	2,41	237,9	2,24	226,2	2,22	223,6	2,20	221,0
(2) Deposits from non-financial corp.³⁾	1,02	426,4	1,30	470,0	1,13	482,6	1,37	463,4
(2.2) With agreed maturity	1,66	161,9	2,11	183,4	2,00	170,2	2,26	170,2
(2.2.1) Up to 2 years	1,64	157,5	2,11	181,5	2,00	168,3	2,26	168,3
(2.2.2) Over 2 years	2,44	4,4	2,22	1,9	2,20	1,9	2,20	1,9
(3) Loans to households	6,95	467,4	6,65	583,0	6,62	598,4	6,61	615,0
(3.1) Lending for house purchase	5,05	320,5	4,85	405,3	4,84	416,3	4,83	428,4
of which: Mortgage lending	4,82	203,7	4,65	264,9	4,65	272,9	4,65	281,6
Saving for building purposes	5,61	102,5	5,35	122,2	5,32	124,6	5,30	127,4
(3.2) Consumer credit and other lending ⁴⁾	11,37	146,8	10,98	177,7	10,94	182,1	10,93	186,6
(4) Loans to non-financial corporation	4,21	476,2	4,54	540,6	4,54	547,8	4,73	559,7
(4.1) Up to 1 year	3,94	199,4	4,41	219,2	4,36	218,3	4,65	225,8
(4.2) Over 1 and up to 5 years	4,15	119,2	4,43	129,5	4,44	133,0	4,60	131,8
(4.3) Over 5 years	4,58	157,6	4,77	192,0	4,80	196,5	4,90	202,2

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

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

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

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



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

Interest rates on new business

In June, the overall average interest rate on **new deposits** of households showed a slight increase. The rate on deposits of non-financial corporations grew as well, but much faster.

The average rate on new **household** deposits was 0.03 percentage point higher compared to the previous period, at 1.01%. This increase was mainly due to a rise in the interest rate on deposits with agreed maturity of up to two years (of roughly 0.25 percentage point to 2.09%). The overall rate on all deposits with agreed maturity grew by 0.28 percentage point to 2.10%, whereas the rate on deposits redeemable at notice was about the same as in the previous month (2.01%).

The average rate on new deposits of **non-financial corporations** increased significantly (by almost one-third of a percentage point to 1.58%). As regards individual types of deposits, a marked increase in interest rates was recorded for both overnight deposits, to 0.84%, and deposits with agreed maturity of up to two years (which, as a rule, account for almost 100% of all deposits with agreed maturity), to 2.47%.

New loans provided by banks to households showed a decline in overall average interest rate in June, whereas the price of loans to non-financial corporations saw a substantial increase.

Loans to **households** were remunerated at an average rate of 10.26%, down by one-fifth of a percentage point compared to the previous month. The decrease in the overall rate was due to bank overdrafts, which recorded a fall in rates to 15.94%, and loans for house purchase, which are provided at low rates (4.63%) compared to other types of loans and whose share in total loans increased in June. By contrast, the interest rate on consumer credit to households was on average higher than in the previous month (at 12.00%, up by 0.20 percentage point) and that on other loans remained at 5.81%.

Non-financial corporations recorded a marked increase in the average interest rate - of more than one-third of a percentage point to 4.71%. This rise in the overall interest rate was attributable to all types of loans; the average rate on bank overdrafts grew significantly to 5.14%, the rate on other loans of up to CZK 30 million increased to 4.88% and the rate on loans of over CZK 30 million was also much higher, at 4.09%.

The overall annual percentage rate of charge on loans to households decreased (by 0.18 percentage point to 6.42%, although the APRC on loans for house purchase rose to 4.86% and the APRC on consumer credit to 12.54%). The overall decline in APRC was due to a rise in the share of loans for house purchase (with low interest rates) in the total volume of loans.

Interest rates on outstanding amounts

In June, the average rate on **outstanding amounts** of household **deposits** was about the same as in the previous month, whereas the average rate on deposits of non-financial corporations was higher.

The average interest rate on **household** deposits increased slightly in June, to 1.26%, returning to the April 2007 level. Outstanding amounts of overnight deposits and deposits redeemable at notice were remunerated at rates similar to those recorded in the previous month (a change of 0.01 percentage point). Overall, the interest rate on household deposits with agreed maturity rose by 0.03 percentage point to 1.94 %; the rate on deposits of up to two years increased, whereas that on deposits of over two years fell slightly.

The average interest rate on outstanding amounts of deposits of **non-financial corporations** grew by 0.25 percentage point to 1.37%. This was due to a rise in the rate on both overnight deposits to 0.84% and deposits with agreed maturity of up to two years to 2.26% (the rate on deposits with agreed maturity of over two years was the same as in the previous period and, moreover, its share was insignificant).

The average interest rate on **outstanding amounts of loans** to non-financial corporations charged by banks in June was much higher than in May, while that on loans to households was almost the same.

Outstanding amounts of loans to **households** bore an average rate of 6.61%. The same minimal decrease of 0.01 percentage point was recorded for both loans for house purchase (4.83%) and consumer credit and other loans (10.93%).

The overall interest rate on outstanding amounts of loans to **non-financial corporations** rose by 0.20 percentage point to 4.73%. A rise in rates was recorded for loans of all maturities, with the pace of rate growth decreasing with rising maturities. Loans with maturities of up to one year were much more expensive (the rate being 4.65%), the average rate on loans with maturities of over one year and up to five years was 4.60% and on loans with maturities of over five years was 4.90%.

TABLE 12

Quarterly aggregated balance sheet of investment funds ¹⁾

CZK billions; end of period	2006				2007
	March	June	September	December	March
ASSETS					
Total	73,4	73,9	76,5	80,1	84,8
(1.1) Deposits	7,4	6,8	5,4	7,1	7,0
(1.2) Securities other than shares	35,5	33,9	35,0	33,7	35,7
MFI	0,6	0,6	0,6	0,7	0,9
General government	19,7	18,8	20,5	20,7	19,2
Other residents	2,2	2,0	1,9	1,8	1,9
Non-residents	12,9	12,4	12,0	10,6	13,7
Up to 1 year	0,5	0,4	0,3	0,5	1,7
Over 1 year	34,9	33,5	34,6	33,3	34,0
(1.3) Shares and other equity	19,3	20,7	22,2	23,7	25,0
MFI	0,6	0,6	0,6	0,5	0,5
Other residents	3,6	3,8	3,7	3,4	3,4
Non-residents	15,2	16,3	18,0	19,8	21,1
(1.4) Investment fund shares	10,2	11,7	12,8	14,5	15,2
Residents	1,6	2,1	2,2	2,7	3,2
Non-residents	8,7	9,6	10,6	11,9	12,0
(1.5) Other assets	1,0	0,8	1,1	1,0	1,5
LIABILITIES					
Total	73,4	73,9	76,5	80,1	84,8
(2.1) Loans accepted	0,0	0,0	32,9	0,0	0,0
(2.2) Investment fund shares	58,5	77,6	64,9	64,4	67,1
Residents	58,2	77,3	64,5	64,0	66,7
Non-residents	0,3	0,3	0,4	0,4	0,4
(2.3) Capital and reserves	12,8	-5,5	9,4	14,0	15,6
(2.4) Other liabilities	2,1	1,8	2,1	1,8	1,8

BALANCE SHEET TOTAL - BREAKDOWN BY INVESTMENT POLICY

TOTAL	73,4	73,9	76,5	80,1	84,8
Equity funds	9,6	10,0	10,8	11,8	12,7
Bond Funds	27,4	25,5	25,5	24,9	24,6
Mixed Funds	26,5	26,5	27,6	29,5	30,9
Funds of funds	9,9	11,9	12,7	14,0	15,1
Other funds ²⁾					1,5

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

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

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

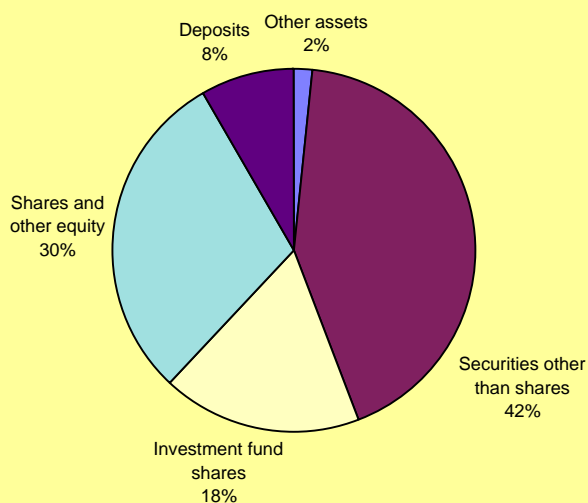
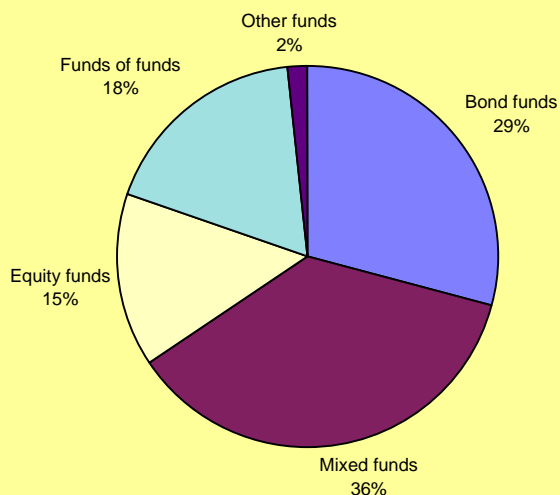
Balance sheet total - breakdown by asset items**Balance sheet total - breakdown by investment policy**

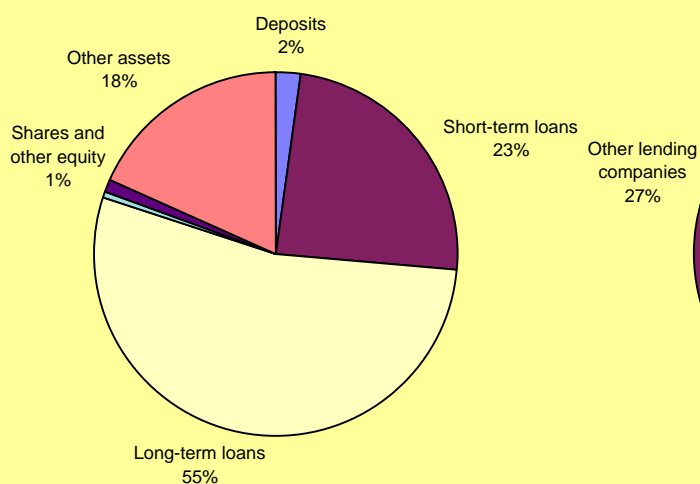
TABLE 13

Quarterly aggregated balance sheet of FCLs ¹⁾

CZK billions; end of period	2006				2007
	March	June	September	December	March
Assets					
Total	322,8	333,8	338,3	349,6	350,2
(1.1) Deposits	5,5	5,6	5,6	6,9	7,7
(1.2) Loans provided	255,2	262,2	266,3	274,7	272,5
Residents	253,4	260,0	263,3	270,7	268,5
Up to 1 year	85,8	85,6	86,0	88,8	82,4
Over 1 year	167,6	174,4	177,3	181,9	186,1
Non-residents	1,8	2,2	3,0	3,9	4,0
(1.3) Securities other than shares	0,2	0,3	1,8	1,7	1,7
Up to 1 year	0,1	0,2	0,1	0,1	0,2
Over 1 year	0,1	0,1	1,6	1,6	1,4
(1.4) Shares and equity	4,6	4,8	4,6	4,3	3,7
Mutual fund shares/units (including MMFs)	0,0	0,0	0,0	0,0	0,0
Other shares and equity	4,6	4,8	4,6	4,3	3,7
(1.5) Other assets	57,3	60,9	60,0	62,0	64,7
LIABILITIES					
Total	322,8	333,8	338,3	349,6	350,2
(2.1) Loans taken	197,1	208,5	214,9	215,7	218,2
Residents	128,1	137,0	147,5	148,1	154,2
Non-residents	69,0	71,4	67,4	67,5	64,0
(2.2) Securities other than shares issued	22,4	22,9	20,5	27,3	23,3
Up to 1 year	10,9	12,4	10,0	13,5	10,1
Over 1 year	11,6	10,6	10,5	13,7	13,2
(2.3) Own funds	62,1	62,2	66,0	67,8	67,6
(2.5) Other liabilities	41,2	40,2	36,9	39,0	41,1
BALANCE SHEET TOTAL BREAKDOWN BY TYPE OF INTERMEDIARIES					
TOTAL	322,8	333,8	338,3	349,6	350,2
Financial leasing companies	226,8	231,4	234,1	239,7	236,7
Other lending companies	80,4	84,9	85,6	91,1	94,3
Factoring and forfaiting companies	15,7	17,6	18,5	18,7	19,3

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

Balance sheet total - breakdown by asset items



Balance sheet total - breakdown by type of intermediaries

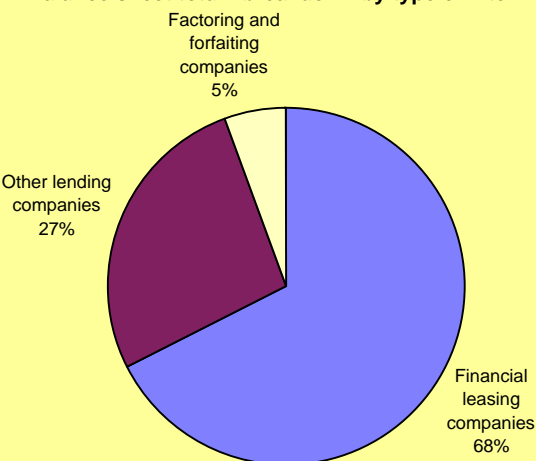


TABLE 14

Summary of loans provided by FCLs ¹⁾ to residents

CZK billions; end of period	2006				2007
	March	June	September	December	March
LOANS					
(1) Non-financial corporations	143,4	146,1	148,6	151,7	147,0
Up to 1 year	45,1	45,9	47,0	48,7	44,9
Over 1 year up to 5 years	82,8	83,9	85,1	86,3	87,7
Over 5 years	15,4	16,3	16,5	16,7	14,4
(2) Financial corporations	2,9	2,5	2,4	1,8	0,9
Up to 1 year	2,0	1,7	1,6	1,1	0,3
Over 1 year up to 5 years	0,5	0,5	0,5	0,5	0,4
Over 5 years	0,3	0,3	0,3	0,2	0,2
(3) Government	1,1	1,2	1,2	1,2	1,0
Up to 1 year	0,4	0,5	0,5	0,5	0,4
Over 1 year up to 5 years	0,4	0,4	0,4	0,6	0,5
Over 5 years	0,4	0,4	0,3	0,2	0,1
(4) Households	105,8	110,0	110,9	115,9	119,4
Up to 1 year	38,2	37,5	36,9	38,5	36,7
Over 1 year up to 5 years	62,7	66,6	67,6	71,2	75,3
Over 5 years	4,9	5,9	6,4	6,2	7,3
(5) NPISHs	0,3	0,2	0,2	0,2	0,2
Up to 1 year	0,1	0,1	0,1	0,1	0,1
Over 1 year up to 5 years	0,1	0,1	0,1	0,1	0,1
Over 5 years	0,0	0,0	0,0	0,0	0,0

BREAKDOWN OF LOANS PROVIDED TO HOUSEHOLDS

(1) Total	105,8	110,0	110,9	115,9	119,4
(1.1) Consumer credit	93,4	97,8	96,6	101,3	104,2
Up to 1 year	36,9	36,6	36,0	37,6	35,9
Over 1 year up to 5 years	52,0	55,6	54,6	58,0	61,6
Over 5 years	4,6	5,6	6,0	5,8	6,7
(1.2) Lending for house purchase	0,6	0,6	0,7	0,8	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	0,5	0,5	0,6	0,5
Over 5 years	0,2	0,2	0,2	0,2	0,3
(1.3) Other loans	11,8	11,6	13,6	13,8	14,4
Up to 1 year	1,3	0,9	0,9	0,9	0,8
Over 1 year up to 5 years	10,3	10,5	12,5	12,6	13,2
Over 5 years	0,2	0,2	0,2	0,2	0,3

BREAKDOWN OF SELECTED LOANS BY TYPE OF INTERMEDIARIES

TOTAL	253,4	260,0	263,3	270,7	268,5
Financial leasing companies	181,2	183,7	184,5	190,5	185,9
Other lending companies	57,9	60,3	62,0	63,3	65,3
Factoring and forfaiting companies	14,3	15,9	16,9	16,9	17,4
of which Non-financial corporations	143,4	146,1	148,6	151,7	147,0
Financial leasing companies	125,9	126,7	128,1	131,4	126,2
Other lending companies	3,2	3,4	3,6	3,4	3,4
Factoring and forfaiting companies	14,3	15,9	16,9	16,9	17,4
of which Households	105,8	110,0	110,9	115,9	119,4
Financial leasing companies	53,6	55,1	54,5	57,3	58,1
Other lending companies	52,2	54,9	56,4	58,5	61,3
Factoring and forfaiting companies	0,0	0,0	0,0	0,0	0,0

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

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

As of the end of Q1, collective investment funds (CIFs) administered assets worth CZK 82.7 billion. This means that the value of assets administered by these funds rose by CZK 4.3 billion in Q1, which represents a quarter-on-quarter increase of 5.45 %. Compared to the same period of 2006, the increase was 15.88 %, or CZK 11.3 billion.

The largest growth in administered assets was recorded by mixed funds, whose assets grew from CZK 28.7 billion to CZK 30.1 billion, which represents a quarter-on-quarter increase of 5 %. Growth was also recorded by funds of funds (from CZK 13.9 billion to CZK 14.9 billion) and equity funds (from CZK 11.4 billion to CZK 12.2 billion). By contrast, bond funds recorded a fall in assets of CZK 0.4 billion to CZK 24 billion, i.e. a decline of 1.47 %.

The funds most frequently invested in debt securities, particularly those issued by the general government of the Czech Republic. The total volume of purchased debt securities was CZK 35.7 billion, accounting for 43.21 % of CIF equity capital. Compared to the previous quarter, the share of debt securities in equity capital increased by 0.17 percentage points and dropped by 6.51 percentage points in year-on-year comparison.

The biggest rise in volume compared to the previous quarter was recorded by purchased debt securities. The investment in debt securities increased by CZK 1.98 billion, i.e. up by 5.85 % in quarter-in-quarter terms. The investment in shares recorded the largest increase in year-on-year terms. The volume of funds invested in shares grew by CZK 5.6 billion, up by 28.96 %.

At the end of Q1, 79 resident collective investment funds were operating in the Czech Republic, of which 13 were equity funds, 19 funds of funds, 29 mixed funds, 13 bond funds, 4 funds of qualified investors and 1 real estate fund.

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

As of 31 March 2007, financial corporations engaged in lending had total assets of CZK 350.2 billion¹, up by CZK 0.6 billion compared to the previous quarter. This represents a quarterly increase of 0.2%. In year-on-year terms, total assets grew by CZK 27.4 billion, i.e. 8.5%. Financial leasing companies, whose total assets amounted to CZK 236.7 billion, accounted for the largest share of total assets. Other lending companies contributed CZK 94.3 billion to total assets and CZK 19.3 billion came from factoring and forfaiting companies.

The largest asset item was loans, which amounted to CZK 272.5 billion, down by CZK 2.2 billion compared to the previous quarter. In year-on-year terms, loans grew by CZK 22.3 billion, up by 6.8%. Short-term loans stood at CZK 84.5 billion at the end of Q1 and accounted for 24.1% of total assets. Long-term loans amounted to CZK 188 billion, making up 53.7% 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 147 billion, i.e. 54.7% of loans to residents. Loans provided to non-financial corporations fell by CZK 4.7 billion (i.e. 3.1%) compared to the previous quarter and increased by CZK 3.6 billion (i.e. 2.5%) year on year. CZK 126.2 billion was provided by financial leasing companies, CZK 3.4 billion by other lending companies and CZK 17.4 billion by factoring and forfaiting companies. These loans are made up predominantly of loans with a maturity of one to five years, which amounted to CZK 87.7 billion.

The second largest category of loans provided was loans to households, which totalled CZK 119.4 billion, up by CZK 3.5 billion. This represents an increase of 3%. In year-on-year terms, loans to households rose by CZK 13.6 billion, i.e. 12.9%. Loans to households account for 44.5% of loans granted to residents. CZK 58.1 billion was provided by financial leasing companies and CZK 61.3 billion by other lending companies. Loans with a maturity of one to five years amounted to CZK 75.3 billion, giving them the largest share in loans to households.

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

Glossary

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

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

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

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

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

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

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

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

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

FCLs - Type of services:

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

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

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

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

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

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

Glossary (cont'd)

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

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

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

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

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

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

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

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

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

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

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

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

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

Glossary (cont'd)

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

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

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

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

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

Unit trusts other than money market funds:

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

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

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

Technical Notes

A. Calculation of growth rates

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

Method of calculation

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

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

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

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

where

F_t^M - transactions in month t

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

and

L_t - outstanding amount at the end of month t

C_t^M - reclassifications in month t

E_t^M - exchange rate variations in month t

V_t^M - valuation changes in month t

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

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

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

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

List of Annexes

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Treasury bonds statistics for the reference period January 2007 - June 2007

Money and Banking Statistics Division of the Czech National Bank is, among other things, responsible for the calculation of the indicator of long-term interest rates of the Czech Republic, which is (in accordance with the Article 121 of the Treaty establishing the European Community) one of the four convergence criteria of the Economic and Monetary Union. According to Article 4 of Protocol 21 of the Treaty the interest rates shall be measured on the basis of long-term government bonds or comparable securities, taking into account differences in national definitions. In the Czech Republic, the long-term interest rates' calculation is based on the yield of (domestic) Treasury bonds (for more see eg. annex "Long-term interest rates (LTIR) in the context of the assessment of convergence" of December 2005) and for that reason the Money and Banking Statistics Division monitors also in greater detail the Czech Treasury bonds and their trading on the Czech capital market.

TABLE 1 - Treasury bonds statistics for the reference period January 2007 - June 2007

ISIN	Date of issue of the first tranche	Date of original maturity	Amount issued as of the end of the ref. period (CZK mil.)	Coupon rate (in %)	Average yield to maturity ISMA 6.3 ²⁾ for the ref. period (in %)	Average Ask price for the ref. period ¹⁾ (in %)	Average Bid price for the ref. period ¹⁾ (in %)	Ask/Bid Spread	Number of days traded on the exchange in the ref. period ¹⁾	Daily average of the number of transactions for the ref. period ¹⁾	Daily average of the volume of transactions for the ref. period ¹⁾ (nominal value, CZK mil.)	Daily average of the volume of transactions for the ref. period ¹⁾ (market value, CZK mil.)	Liquidity ratio ³⁾
CZ0001000731	14.4.2000	14.4.2010	21 000,0	6,40	3,34	108,88	108,58	0,30	126	0,87	49,33	55,43	0,235
CZ0001000749	26.1.2001	26.1.2016	35 000,0	6,95	3,93	122,32	122,02	0,30	126	1,27	97,52	120,76	0,279
CZ0001000764	5.10.2001	5.10.2011	50 272,4	6,55	3,47	112,81	112,51	0,30	126	1,36	75,28	87,38	0,150
CZ0001000798	17.3.2003	17.3.2008	41 000,0	2,90	2,94	100,11	99,84	0,26	126	0,63	19,05	19,22	0,046
CZ0001000814	16.6.2003	16.6.2013	64 963,7	3,70	3,75	99,88	99,58	0,30	126	1,40	92,10	92,90	0,142
CZ0001000822	18.8.2003	18.8.2018	47 035,4	4,60	4,16	104,05	103,75	0,29	126	2,71	191,74	205,53	0,408
CZ0001000855	22.3.2004	22.3.2009	48 641,7	3,80	3,19	101,32	101,03	0,29	126	1,20	44,31	45,48	0,091
CZ0001000863	2.8.2004	2.8.2007	22 982,7	3,95	2,68	100,52	100,34	0,17	124	0,43	6,19	6,36	0,027
CZ0001001143	11.4.2005	11.4.2015	62 339,0	3,80	3,95	99,14	98,84	0,30	126	2,88	243,42	245,74	0,390
CZ0001001242	18.7.2005	18.10.2010	56 976,1	2,55	3,48	97,11	96,82	0,29	126	2,08	173,69	170,43	0,305
CZ0001001309	26.9.2005	26.9.2008	48 975,8	2,30	3,06	99,06	98,77	0,28	126	0,91	79,65	79,67	0,163
CZ0001001317	12.9.2005	12.9.2020	68 048,4	3,75	4,27	94,94	94,64	0,30	126	4,38	275,91	267,57	0,405
CZ0001001754	27.11.2006	27.11.2009	43 570,9	3,25	3,34	99,93	99,64	0,29	126	2,08	258,14	260,40	0,592
CZ0001001796	4.12.2006	4.12.2036	20 074,7	4,20	4,42	96,77	96,17	0,60	126	2,21	71,91	70,57	0,358
CZ0001001887	16.4.2007	18.10.2012	13 954,6	3,55	3,64	98,11	97,81	0,30	53	3,28	397,04	391,22	2,845
CZ0001001903	30.4.2007	11.4.2017	22 875,5	4,00	4,38	97,36	97,06	0,30	43	4,63	394,90	386,60	1,726
CZ0001001945	18.6.2007	12.9.2022	7 000,0	4,70	4,79	99,19	98,88	0,31	10	6,40	534,60	530,33	7,637

Source: Czech National Bank

1) Data on prices and transactions refer to trading on the Prague Stock Exchange (PSE).

2) The calculation proceeds from the mid of the interval of Ask and Bid prices. The calculation itself is based on the yield to maturity formula recommended by the International Securities Market Association - ISMA version 6.3, whose description can be found in the methodology sheets for the calculation of the yields of Treasury bonds in the Czech National Bank's time series system ARAD, in the section *financial market statistics >>> Capital market >>> Government bonds yields*

3) Liquidity ratio = Daily average volume of transactions/Amount issued as of the end of the ref. period