

Monetary Statistics

September
2007

CONTENT

Table 1: Key interest rates (p.3)

Table 2: Financial market interest rates (p.3)

Notes to tables 1-2 (p.4)

Monetary developments

Table 3: Key monetary indicators (p.5)

Table 4: Monetary aggregates and counterparts (p.6)

Table 5: Sector breakdown of components of M3 (p.7)

Table 6: Loans to private sector (p.7)

Table 7: Contributions to annual growth of M3 (p.8)

Table 8: Contributions to annual growth of loans to private sector (p.8)

Table 9: Balance sheets of MFIs by reporting institutions (p.9)

Notes to tables 3-9 (p.10)

Monetary financial institutions interest rates

Table 10: MFI interest rates on new business (p.11)

Table 11: MFI interest rates on outstanding amounts (p.12)

Notes to tables 10-11 (p.13)

Investment funds except money market funds

Table 12: Quarterly aggregated balance sheet of investment funds (p.14)

Financial corporations engaged in lending

Table 13: Quarterly aggregated balance sheet of FCLs (p.15)

Table 14: Summary of loans provided by FCLs to residents (p.16)

Notes to tables 12-14 (p.17)

Glossary (p.18)

Technical notes (p.21)

List of Annexes

Annex

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. When processing data of monetary and banking statistics as of 31 August 2007, the revision for the period from 31 December 2006 until 31 July 2007 was made.

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

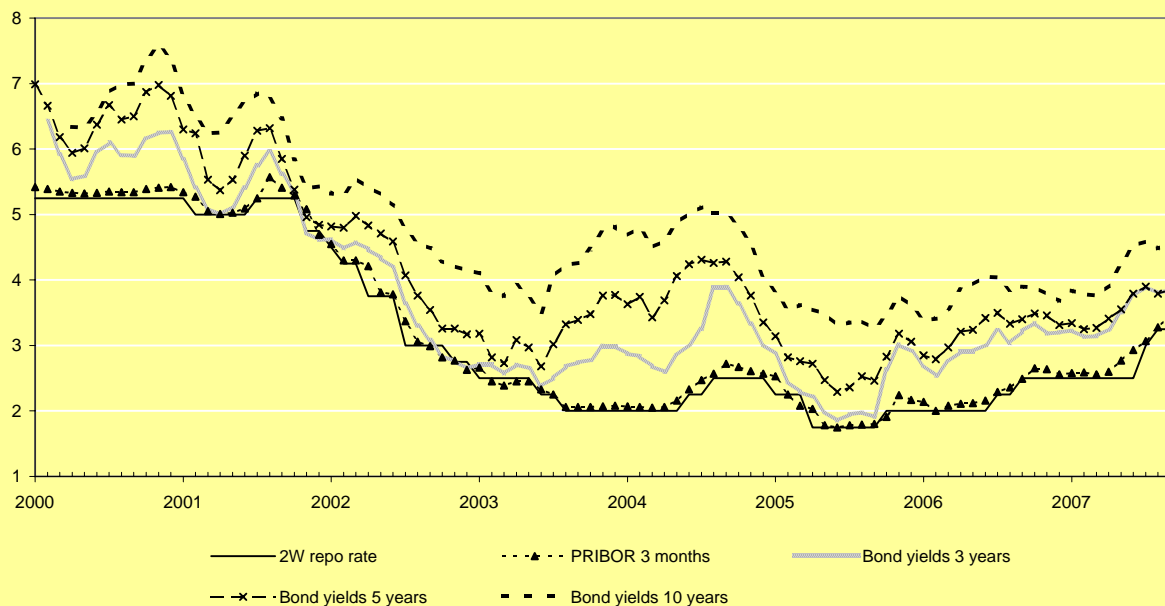
	CNB			ECB
	from 1 June 2007 onwards	from 27 July 2007 onwards	from 31 August 2007 onwards	from 13 June 2007 onwards
2W repo rate	2,75	3,00	3,25	4,00
Deposit facility	1,75	2,00	2,25	3,00
Marginal lending facility	3,75	4,00	4,25	5,00

TABLE 2

Financial markets interest rates

monthly average	2006		2007					
	September		July		August		September	
	CR	Euro area	CR	Euro area	CR	Euro area	CR	Euro area
Money market								
CZEONIA/ EONIA								
overnight	2,01	3,04	2,54	4,06	2,90	4,05	3,23	4,02
PRIBOR/ EURIBOR								
1 month	2,36	3,15	2,90	4,11	3,07	4,31	3,33	4,44
3 months	2,49	3,33	3,07	4,22	3,28	4,54	3,46	4,74
6 months	2,66	3,53	3,28	4,36	3,48	4,59	3,63	4,75
1 year	2,94	3,72	3,59	4,56	3,70	4,67	3,82	4,72
Capital market								
Bond yields								
3 years	3,22	3,64	3,90	4,52	3,80	4,23	3,85	4,14
5 years	3,40	3,70	3,90	4,55	3,79	4,27	3,85	4,19
10 years (Maastricht)	3,90	3,84	4,59	4,63	4,48	4,43	4,54	4,37

Interest rates



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

Key interest rates

The CNB's 2W repo rate has been set at 3.25% since the end of August 2007, 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 0.75 percentage point.

Financial market interest rates

Interest rates on the interbank deposit market increased in September in the both regions under review, except the reference interest rate EONIA which did not changed practically (a decrease of 0.03 percentage point). The three-month PRIBOR was 3.46%, while the three-month EURIBOR rose to 4.74%.

Bond yields on the capital market in the Czech Republic slightly increased in September, on the contrary in the Eurozone slightly decreased. The yield of the 10-year bond in the Czech Republic drew away the yield of the 10-year bond in the Eurozone in September (the difference of 0.17 percentage point in favour of the yield of the 10-year bond in the Czech Republic).

TABLE 3

Key monetary indicators

CZK billions, unless otherwise indicated	2006			2007			2007			2007		
	September			July			August			September		
	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	1 274,2	-18,6	16,7	1 488,4	68,2	16,5	1 469,9	-17,2	14,1	1 453,9	-14,8	14,6
M3 ¹⁾	1 959,1	-15,8	13,1	2 231,5	30,2	15,3	2 263,0	33,9	15,0	2 247,0	-13,6	15,3
Loans to private sector ²⁾	1 236,0	23,1	21,2	1 469,5	36,2	23,1	1 499,4	32,1	24,2	1 536,6	38,4	25,1
Net foreign assets ³⁾	1 019,1	-1,7	-0,4	1 040,8	29,0	6,6	973,7	-58,2	-0,2	952,5	-7,2	-0,8

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

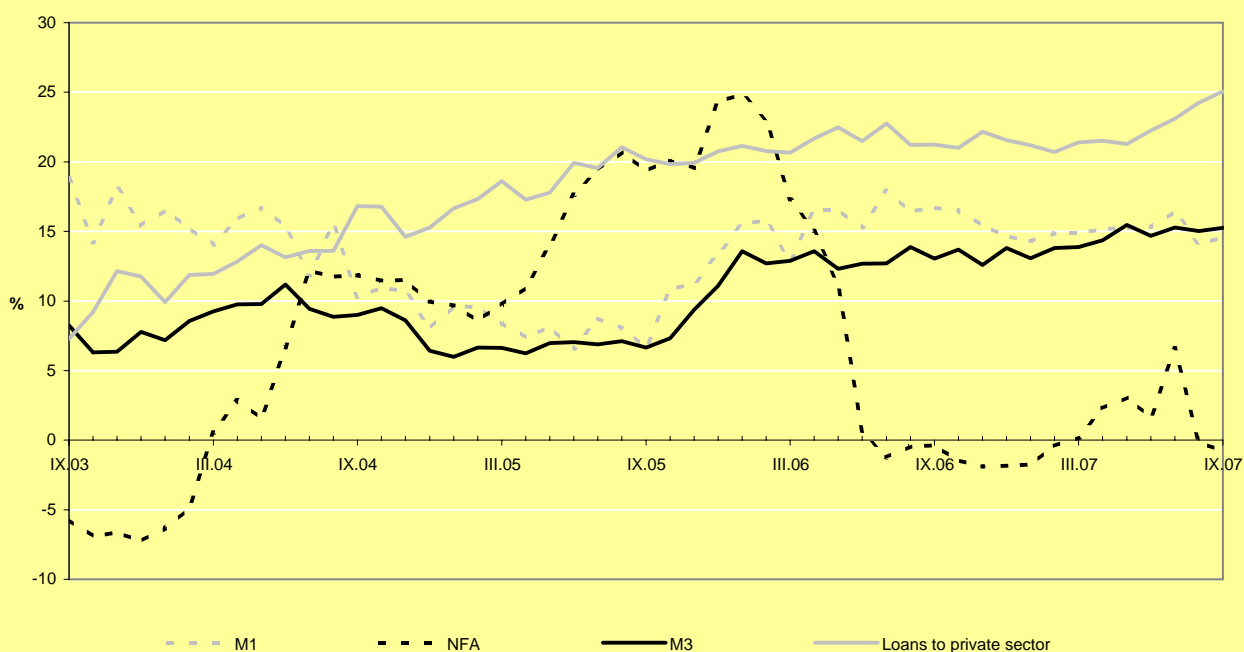


TABLE 4

Monetary aggregates and counterparts

CZK billions, unless otherwise indicated

	2006			2007								
	September			July			August			September		
	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)	1 959,1	-15,8	13,1	2 231,5	30,2	15,3	2 263,0	33,9	15,0	2 247,0	-13,6	15,3
(1.1) Currency in circulation	287,5	5,1	12,2	311,4	-2,6	11,8	314,0	2,6	11,4	319,4	5,4	11,3
(1.2) Overnight deposits	986,7	-23,7	18,1	1 177,0	70,8	17,8	1 155,9	-19,8	14,8	1 134,5	-20,2	15,5
(1.3) M1 (items 1.1 and 1.2)	1 274,2	-18,6	16,7	1 488,4	68,2	16,5	1 469,9	-17,2	14,1	1 453,9	-14,8	14,6
(1.4) Deposits with agreed maturity up to 2 years	449,1	7,1	-2,0	468,7	-40,5	10,6	511,4	43,7	16,6	505,1	-5,1	13,6
(1.5) Deposits redeemable at notice up to 3 months	167,2	-2,2	47,2	205,7	1,7	26,7	208,9	3,3	23,4	213,0	4,0	27,4
(1.6) Other short term deposits (items 1.4 and 1.5)	616,2	5,0	7,8	674,4	-38,8	15,0	720,4	46,9	18,5	718,1	-1,1	17,4
(1.7) M2 (items 1.3 and 1.6)	1 890,4	-13,6	13,6	2 162,8	29,4	16,0	2 190,2	29,8	15,5	2 172,0	-15,9	15,5
(1.8) Repurchase agreements	9,9	-3,2	-18,3	6,6	0,3	-52,9	11,5	5,0	-11,4	14,7	3,2	49,3
(1.9) Money market fund shares/units	55,9	-1,2	-1,2	57,6	0,3	1,1	57,7	0,2	1,2	56,7	-0,9	1,8
(1.10) Debt securities issued with maturity up to 2 years	2,9	2,2	-	4,6	0,3	-	3,6	-1,0	-	3,6	0,0	-
(1.11) Marketable instruments (items 1.8,1.9 and 1.10)	68,7	-2,1	-0,5	68,7	0,8	-3,9	72,8	4,1	3,0	75,0	2,4	9,6
COUNTERPARTS OF M3												
MFI liabilities												
(2) Holdings deposits against central government	239,0	20,3	-12,7	249,0	19,0	5,5	208,5	-40,5	-4,5	236,2	27,8	-1,0
(3) Longer-term financial deposits against other residents (items 3.1 to 3.4)	569,1	6,4	2,9	576,0	7,7	8,3	575,5	8,3	10,9	565,3	2,3	10,1
(3.1) Deposits with agreed maturity over 2 years	232,5	-0,7	-7,5	224,2	-1,8	-7,7	220,6	-3,5	-5,3	216,8	-3,7	-6,7
(3.2) Deposits redeemable at notice over 3 months	74,7	3,1	-13,7	68,5	-0,5	-4,9	67,9	-0,7	-5,3	67,4	-0,5	-9,8
(3.3) Debt securities issued with maturity over 2 years	62,6	0,6	39,0	78,7	1,8	25,4	83,9	5,2	30,6	84,0	0,4	30,0
(3.4) Capital and reserves	199,3	3,4	15,6	204,6	8,2	29,4	203,2	7,3	31,7	197,1	6,1	33,3
MFI assets												
(4) Credit to residents (items 4.1 and 4.2)	1 700,1	20,7	13,5	1 987,6	37,8	19,8	2 008,6	23,3	20,1	2 043,0	35,5	20,7
(4.1) Credit to general government	431,4	-2,0	-2,5	469,3	0,0	8,5	459,0	-10,3	6,1	453,3	-5,8	5,3
of which: Loans	67,7	-2,0	-33,7	63,0	0,2	-9,1	63,7	0,7	-8,4	61,2	-2,5	-9,4
Securities other than shares	363,7	0,0	6,7	406,3	-0,1	11,9	395,3	-11,1	8,9	392,1	-3,3	8,0
(4.2) Credit to private sector	1 268,7	22,7	20,3	1 518,3	37,8	23,7	1 549,6	33,6	25,0	1 589,7	41,3	26,0
of which: Loans	1 236,0	23,1	21,2	1 469,5	36,2	23,1	1 499,4	32,1	24,2	1 536,6	38,4	25,1
Securities other than shares	11,9	-0,4	-44,8	15,3	0,1	21,3	18,0	2,7	47,0	17,9	-0,1	50,6
Shares and other equities	20,8	-0,1	39,5	33,5	1,5	60,4	32,2	-1,3	54,4	35,2	3,0	69,1
(5) Net foreign assets	1 019,1	-1,7	-0,4	1 040,8	29,0	6,6	973,7	-58,2	-0,2	952,5	-7,2	-0,8
(6) Other counterparts of M3 (residual) (=M3+items 2,3 - items 4,5)	48,1	-8,1	24,6	28,1	-9,8	-57,9	64,8	36,6	18,0	52,9	-11,8	12,7

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					
	September		July		August		September	
	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	986,7	-23,7	1 177,0	70,8	1 155,9	-19,8	1 134,5	-20,2
(1.1) Other general government	93,4	-5,7	129,0	18,5	123,6	-5,4	117,5	-6,2
(1.2) Other financial intermediaries ³⁾	15,8	-1,2	30,5	5,9	27,3	-3,1	29,3	2,1
(1.3) Insurance corporations and pension funds	5,4	-8,0	18,9	13,0	10,5	-8,4	9,8	-0,7
(1.4) Non-financial corporations	344,9	-15,4	397,9	24,7	389,5	-7,3	370,8	-17,9
(1.5) Households ⁴⁾	527,2	6,7	600,7	8,7	604,9	4,4	607,1	2,5
(2) M2 - M1 (other short- term deposits)	616,2	5,0	674,4	-38,8	720,4	46,9	718,1	-1,1
(2.1) Other general government	18,7	-2,4	23,7	0,3	26,9	3,2	27,3	0,4
(2.2) Other financial intermediaries ³⁾	15,8	0,3	24,5	-2,0	28,7	4,2	25,7	-2,9
(2.3) Insurance corporations and pension funds	26,9	9,2	23,6	-8,1	33,3	9,7	29,9	-3,3
(2.4) Non-financial corporations	188,3	-0,7	174,7	-32,1	199,5	25,2	197,8	-1,3
(2.5) Households ⁴⁾	366,5	-1,4	427,9	3,2	432,0	4,6	437,3	6,0
(3) Repurchase agreements (a part of M3 - M2)	9,9	-3,2	6,6	0,3	11,5	5,0	14,7	3,2
(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⁾	1,7	-0,3	1,5	-0,2	1,2	-0,3	1,1	-0,1
(3.3) Insurance corporations and pension funds	5,5	-2,8	2,5	0,2	6,9	4,4	9,0	2,1
(3.4) Non-financial corporations	2,6	0,0	0,0	0,0	0,0	0,0	0,0	0,0
(3.5) Households ⁴⁾	0,0	0,0	2,5	0,2	3,4	0,9	4,6	1,1

TABLE 6

Loans to private sector

CZK billions	2006		2007					
	September		July		August		September	
	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	608,5	8,8	709,5	15,0	722,0	16,7	742,6	21,6
(1.1) up to 1 year	240,6	12,4	264,1	7,1	270,5	6,8	289,6	19,4
(1.2) over 1 year and up to 5 years	146,4	-5,6	177,3	6,8	176,2	2,0	174,3	-1,6
(1.3) over 5 years	221,5	1,9	268,2	1,1	275,2	7,9	278,7	3,8
(2) Loans to households⁴⁾	502,7	12,2	631,8	15,5	648,3	16,7	661,8	13,5
(2.1) Consumer credit	102,0	1,6	125,7	2,5	128,5	3,0	130,3	1,8
(2.2) Lending for house purchase	345,9	8,4	440,2	11,4	453,0	12,8	463,0	10,0
(2.3) Other lending	54,9	2,2	65,9	1,6	66,8	0,9	68,5	1,7
(3) Loans to other financial intermediaries³⁾	120,9	2,0	127,1	5,4	128,4	-0,9	131,4	3,1
(4) Loans to insurance corporations and pension funds	3,8	0,2	1,1	0,2	0,7	-0,4	0,9	0,2

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		
	September	July	August	September
	% points	% points	% points	% points
M1	10,5	10,9	9,2	9,5
of which: Currency	1,8	1,7	1,6	1,7
Overnight deposits	8,7	9,2	7,6	7,8
M2 - M1 (= other short- term deposits)	2,6	4,6	5,7	5,4
M3 - M2 (= short-term marketable instruments)	0,0	-0,1	0,1	0,3
M3	13,1	15,3	15,0	15,3

TABLE 8

Contributions to annual growth¹⁾ of loans to private sector

	2006	2007		
	September	July	August	September
	% points	% points	% points	% points
Non-financial corporations	9,0	9,8	10,7	11,5
Households ²⁾	12,1	12,9	13,2	13,1
Other financial intermediaries ³⁾	0,2	0,7	0,6	0,7
Insurance corporations and pension funds	-0,1	-0,2	-0,2	-0,2
Loans to private sector ⁴⁾	21,2	23,1	24,2	25,1

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).

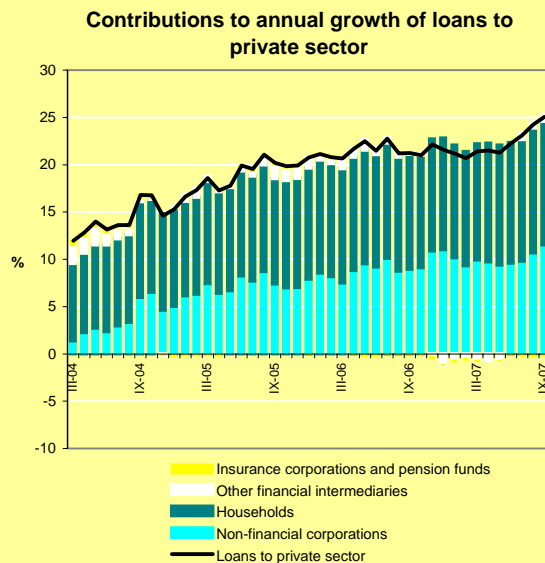
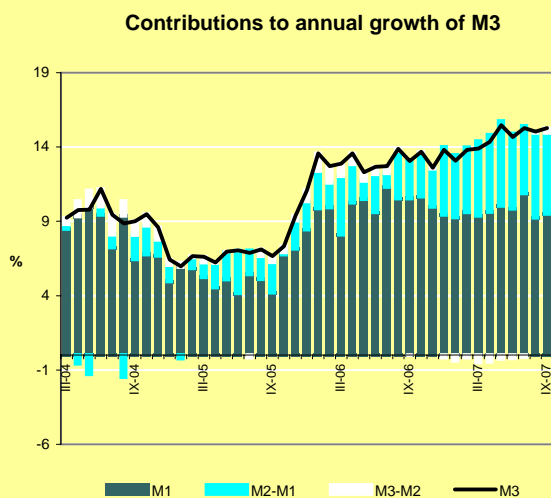
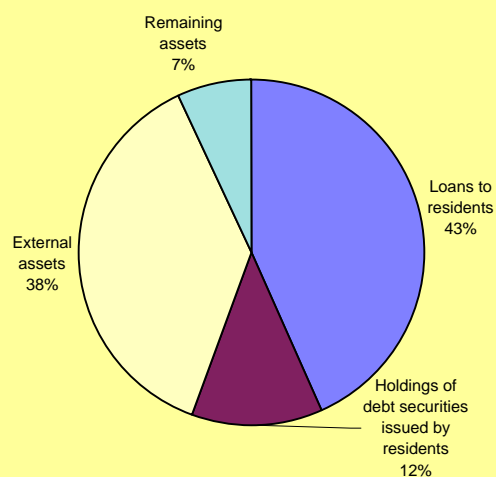


TABLE 9

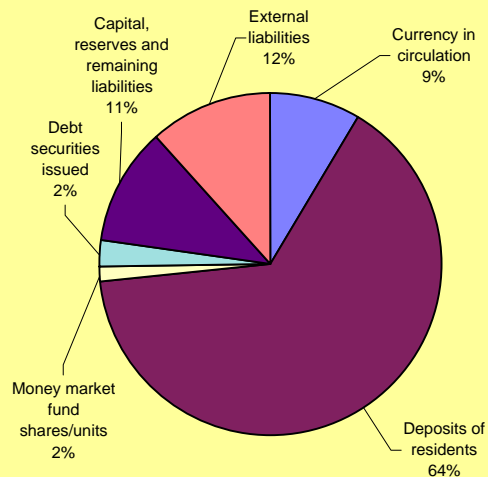
Balance sheets of MFIs by reporting institutions: September 2007

CZK billions	MFI			Consolidated balance sheet of MFIs
	CNB	Credit institutions	Money market funds	
(1) ASSETS TOTAL	756,3	3 649,2	79,2	3 680,4
(1.1) Loans to residents	12,6	2 201,6	17,1	1 597,8
MFI	3,9	612,5	17,1	-
General government	0,0	61,2	0,0	61,2
Other residents	8,7	1 527,9	0,0	1 536,6
(1.2) Holdings of securities other than shares issued by residents	0,0	516,8	19,0	410,0
MFI	0,0	123,7	2,2	-
General government	0,0	379,4	12,7	392,1
Other residents	0,0	13,8	4,1	17,9
(1.3) Money market fund shares/units	0,0	6,2	0,0	-
(1.4) Holdings of shares/other equity issued by residents	0,0	52,4	0,2	35,2
MFI	0,0	17,4	0,0	-
Other residents	0,0	35,0	0,2	35,2
(1.5) External assets	724,9	614,0	42,3	1 381,2
(1.6) Fixed assets	11,3	105,4	0,0	116,7
(1.7) Remaining assets	7,5	152,8	0,5	139,5
(2) LIABILITIES TOTAL	756,3	3 649,2	79,2	3 680,4
(2.1) Currency in circulation	340,7	-	-	319,4
(2.2) Deposits of residents	463,2	2 543,0	0,0	2 387,6
MFI	438,4	180,2	0,0	-
Central government	21,6	214,6	0,0	236,2
Other general government/other residents	3,2	2 148,3	0,0	2 151,4
(2.3) Money market fund shares/units	-	-	62,9	56,7
(2.4) Debt securities issued	0,0	213,5	0,0	87,7
(2.5) Capital and reserves	-146,1	345,6	15,0	197,1
(2.6) External liabilities	82,3	346,1	0,3	428,7
(2.7) Remaining liabilities	16,2	200,9	0,9	218,1
(2.8) Excess of inter MFI liabilities	-	-	-	-14,9

Consolidated balance sheet of MFIs - assets



Consolidated balance sheet of MFIs - liabilities



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

The annual rate of growth of M3 rose from 15.0% in August to 15.3% in September. In month-on-month terms, M3 fell by 0.6%. As a result of financial transactions, M3 grew by CZK 298.6 billion year on year (but fell by CZK 13.6 billion month on month) to CZK 2,247.0 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 almost two-thirds of the annual M3 growth (Table 7).

The annual rate of growth of M1 grew to 14.6% in September (14.1% in August). The annual rate of growth of overnight deposits increased as well, from 14.8% in August to 15.5% in September. In month-on-month comparison, overnight deposits fell by 1.8% owing to financial transactions. Within overnight deposits, month-on-month declines were recorded in deposits by insurance corporations and pension funds (a decline of 6.9%, or CZK 0.7 billion), deposits by other government (a decline of 5.0%, or CZK 6.2 billion) and deposits by non-financial corporations (a decline of 4.6%, or CZK 17.9 billion). Overnight deposits of other financial intermediaries and households increased month on month (by 7.7%, or CZK 2.1 billion and 0.4%, or CZK 2.5 billion respectively).

The annual rate of growth of currency in circulation decreased slightly from 11.4% in August to 11.3% in September. In month-on-month terms, currency in circulation rose by 1.7% (an increase of CZK 5.4 billion due to financial transactions).

Other short-term deposits (excluding overnight deposits) decreased slightly (by CZK 1.1 billion, i.e. 0.2%) month on month, owing to financial transactions. The annual rate of growth of these deposits fell by 1.1 percentage point to 17.4% in September (from 18.5% in August). Deposits redeemable at notice of up to three months (the smaller component) have long been recording strong annual growth. Their annual growth rate in August was 27.4%. The annual rate of growth of deposits with maturity of up to two years, which are the dominant component of short-term deposits, declined by 3 percentage points compared to the previous month, reaching 13.6%.

Within other short-term deposits, the largest month-on-month declines were recorded for deposits of other financial intermediaries (of 10.3%, or CZK 2.9 billion), insurance corporations and pension funds (of 9.9%, or CZK 3.3 billion) and non-financial corporations (of 0.6%, or CZK 1.3 billion). Deposits of other government and households both increased by about 1.5%.

Marketable instruments, which consist of repos, money market fund shares/units and debt securities with maturities of up to two years, grew by 3.2% month on month, to CZK 75.0 billion (CZK 72.8 billion in August). The annual rate of growth of marketable instruments rose by 6.6 percentage points to 9.6% (3.0% in August).

Main counterparts of M3

The annual rate of growth of loans extended to general government was -9.4% (-8.4% in August). The annual rate of growth of purchased government bonds fell to 8.0% in September (8.9% in August).

In September, the annual growth rate of loans provided to the private sector increased to 25.1% (24.2% in August) owing to households. Households 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 August the figure was 32.1%. Non-financial corporations are another sector accounting for a large proportion of the annual rate of growth of loans to the private sector. Their annual rate of growth rose from 21.6% in August to 23.4% in September.

The annual rate of increase of net external assets declined from -0.2% in August to -0.8% in September. The annual rate of increase of longer-term financial liabilities dropped from 10.9% in August to 10.1% in September. The annual rate of growth of deposits by central government rose from -4.5% to -1.0%.

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		2007		2007	
	September		July		August		September	
	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⁾	0,91	785,2	1,02	905,5	1,04	912,2	1,08	914,3
(1.1) Overnight	0,40	505,8	0,44	578,3	0,46	584,7	0,47	586,8
(1.2) With agreed maturity	1,57	48,2	2,08	64,1	2,26	61,3	2,51	57,6
of which: Up to 2 years	1,57	47,9	2,09	63,7	2,27	60,9	2,51	57,3
(1.3) Redeemable at notice ³⁾	1,88	236,5	2,02	269,6	2,03	272,1	2,07	275,5
(1.3.1) Up to 3 months' notice	2,28	163,2	2,35	202,4	2,35	205,6	2,38	209,5
(1.3.2) Over 3 months' notice	0,98	73,2	1,02	67,2	1,03	66,5	1,08	66,1
(2) Deposits from non-financial corporation⁴⁾	1,29	495,0	1,53	498,5	1,68	518,1	1,74	470,9
(2.1) Overnight	0,80	273,1	0,97	304,4	0,94	295,1	0,93	280,6
(2.2) With agreed maturity	1,90	218,8	2,42	191,1	2,68	220,1	2,95	186,7
of which: Up to 2 years	1,90	218,8	2,42	191,0	2,68	220,1	2,95	186,7
(3) Loans to households²⁾	10,80	44,9	11,31	51,9	11,05	56,6	11,51	53,0
(3.1) Bank overdrafts ⁵⁾	15,93	21,3	16,04	26,1	15,97	27,0	16,06	27,4
(3.2) Consumer credit	12,40	4,1	12,17	5,3	12,53	5,5	12,45	4,9
(3.3) Lending for house purchase	4,45	13,7	4,79	16,0	4,90	18,9	5,02	16,7
of which: Mortgage lending	4,35	9,6	4,75	9,8	4,94	11,8	5,11	9,7
Saving for building purposes	4,79	3,1	4,65	4,8	4,63	5,6	4,64	5,1
(3.4) Other lending	5,75	5,7	6,08	4,5	6,24	5,1	6,35	4,1
(4) Loans to non-financial corporation	4,27	148,7	4,78	166,7	4,94	164,7	5,02	180,8
(4.1) Bank overdrafts ⁵⁾	4,77	77,4	5,30	90,4	5,38	91,3	5,39	100,3
(4.2) Other loans up to CZK 30 million	4,53	15,9	4,86	18,4	5,22	19,4	5,20	19,2
of which: Up to 1 year initial rate fixation ⁶⁾	4,48	14,4	4,81	16,8	5,21	16,8	5,16	17,2
(4.3) Other loans over to CZK 30 million	3,49	55,4	3,95	57,8	4,09	54,0	4,37	61,3
of which: Up to 1 year initial rate fixation ⁶⁾	3,47	53,8	3,93	54,2	4,08	52,6	4,36	60,2
(5) APRC⁷⁾ on loans to households	6,69	17,8	6,94	21,3	6,92	24,5	7,01	21,6
(5.1) Consumer credit	13,49	4,1	12,71	5,3	13,13	5,5	13,04	4,9
(5.2) Lending for house purchase	4,64	13,7	5,03	16,0	5,10	18,9	5,23	16,7

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.

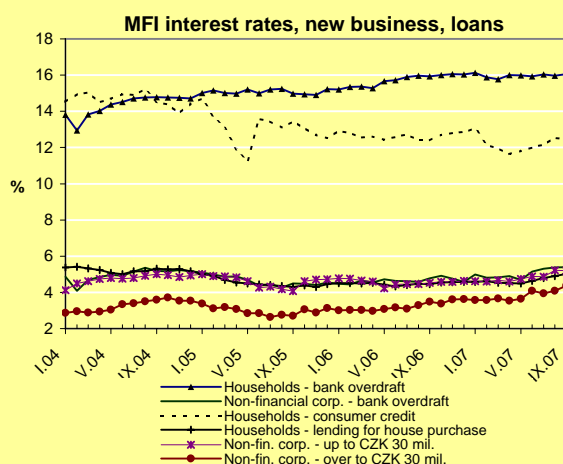
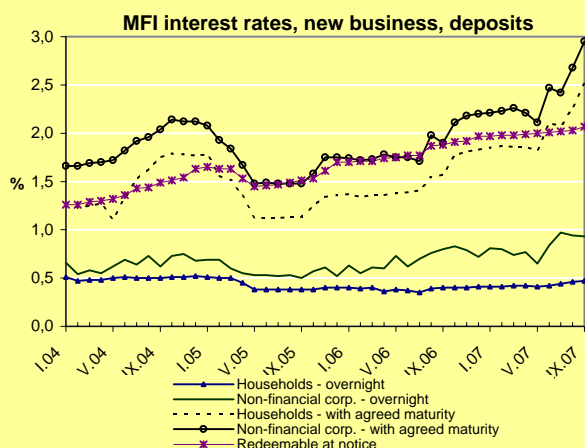


TABLE 11

MFI interest rates on outstanding amounts¹⁾

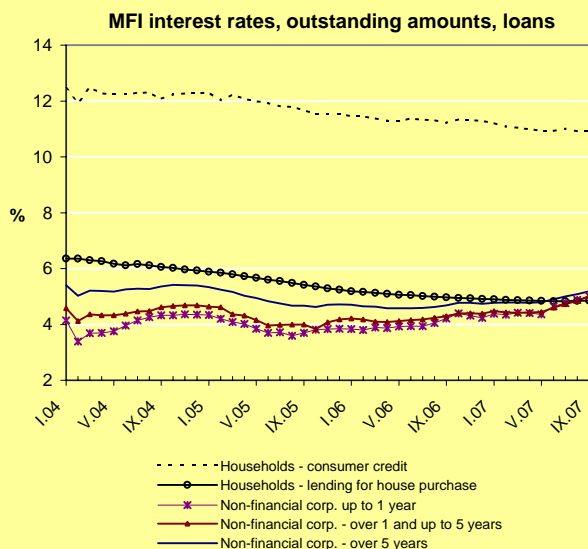
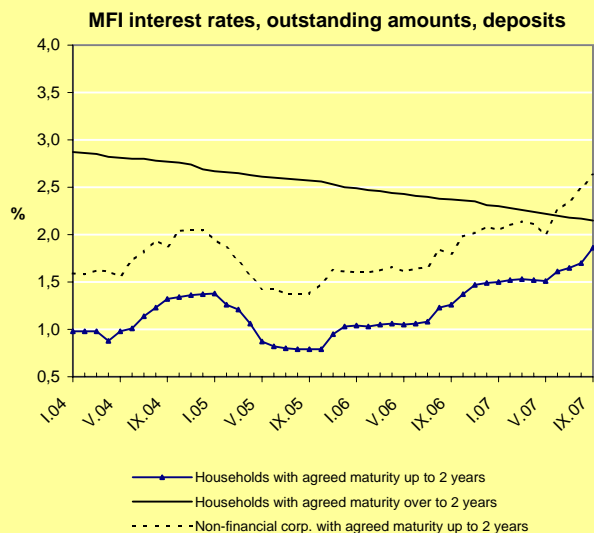
outstanding amounts as end-of-month	2006		July		August		September	
	September		July		August		September	
	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)
(1) Deposits from households²⁾³⁾	1,23	1130,1	1,26	1251,4	1,27	1258,7	1,31	1262,6
(1.1) With agreed maturity	1,91	390,6	1,94	404,2	1,95	401,7	2,01	399,1
(1.1.1) Up to 2 years	1,26	163,0	1,65	185,2	1,70	186,2	1,86	187,6
(1.1.2) Over 2 years	2,37	227,5	2,18	219,0	2,17	215,5	2,15	211,5
(2) Deposits from non-financial corp.³⁾	1,17	432,8	1,40	448,0	1,49	458,3	1,54	443,0
(2.2) With agreed maturity	1,81	154,9	2,35	140,8	2,49	160,3	2,63	159,6
(2.2.1) Up to 2 years	1,80	153,2	2,35	138,7	2,49	158,2	2,63	157,4
(2.2.2) Over 2 years	2,40	1,7	2,15	2,1	2,16	2,1	2,15	2,2
(3) Loans to households	6,83	501,5	6,63	630,4	6,60	647,1	6,60	660,5
(3.1) Lending for house purchase	4,97	345,5	4,83	439,9	4,84	452,7	4,85	462,7
of which: Mortgage lending	4,75	222,1	4,65	289,7	4,67	298,0	4,70	304,0
Saving for building purposes	5,53	107,5	5,28	129,8	5,25	133,3	5,23	136,4
(3.2) Consumer credit and other lending ⁴⁾	11,22	155,9	11,01	190,6	10,92	194,4	10,92	197,9
(4) Loans to non-financial corporation	4,38	497,9	4,84	574,6	4,94	584,1	5,08	604,2
(4.1) Up to 1 year	4,21	211,4	4,76	233,2	4,88	237,4	5,02	253,7
(4.2) Over 1 and up to 5 years	4,29	120,1	4,73	135,7	4,84	135,9	5,02	137,3
(4.3) Over 5 years	4,68	166,4	5,00	205,7	5,08	210,9	5,19	213,2

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): September 2007

Interest rates on new business

The overall average interest rate on **new deposits** of households and non-financial corporations increased slightly in September.

The average interest rate on new deposits of **households** stood at 1.08%, thus following a modest upward trend observed since June 2007. Overnight deposits have also grown slowly since June and the interest rate was 0.47% in September. Deposits with agreed maturity rose by 0.25 percentage point compared to the previous month (to 2.51%). This was mainly due to deposits with agreed maturity of up to two years. Deposits redeemable at notice also rose moderately, to 2.07%. The rate on deposits redeemable at notice of up to three months increased by 0.03 percentage point, the rate on deposits redeemable at notice of over three months grew by 0.05 percentage point. New deposits of **non-financial corporations** saw a modest rise in the average rate (of 0.06 percentage point) to 1.74%. Overnight deposits were at almost the same level as in the previous month (falling very slightly, by 0.01 percentage point, to 0.93%). Deposits with agreed maturity rose by 0.27 percentage point to 2.95%. This increase was (as in the case of households) chiefly due to deposits with agreed maturity of up to two years (which as a rule account for 100% of all deposits with agreed maturity in the case of this sector).

New loans provided by banks to households saw a more marked growth in the overall average interest rate, whereas loans to non-financial corporations recorded only a modest rise in rates.

Loans to **households** were remunerated at an average rate of 11.51%, up by almost 0.5 percentage point. The increase in the overall rate was mainly attributable to housing loans (5.02%) and other loans (6.35%). By contrast, the rate on consumer credit decreased by 0.08 percentage point to 12.45%. The average interest rate on bank overdrafts grew only slightly, to 16.06%. At the same time, however, the relative significance of bank overdrafts in terms of the total volume of loans to households increased.

The average interest rate on new loans to **non-financial corporations** rose by 0.08 percentage point to 5.02%. This increase in the overall interest rate was due to a rise of 4.37% in the average rate on loans of over CZK 30 million. The interest rate on loans of up to CZK 30 million fell slightly (by 0.02 percentage point) to 5.20%. Bank overdrafts remained almost unchanged at the previous month's level (5.39%).

The overall APRC on loans to households grew by 0.09 percentage point compared to the previous month, to 7.01%. The APRC on consumer credit dropped to 13.04% and that on housing loans increased to 5.23%.

Interest rates on outstanding amounts

The rates on **outstanding amounts of deposits** of both households and non-financial corporations recorded just a modest rise (like rates on new business).

The average interest rate on deposits of **households** increased slightly to 1.31%. The overall interest rate on outstanding amounts of deposits with agreed maturity rose modestly as well, to 2.01%.

The interest rate on outstanding amounts of **non-financial corporations** saw a moderate increase to 1.54%. A more marked rate growth (of 0.14 percentage point) to 2.63% was recorded for deposits with agreed maturity.

The average rate charged by banks on **outstanding amounts of loans** to households was the same as in the previous month, whereas in the case of non-financial corporations the average rate was considerably higher.

The rates on outstanding amounts of housing loans provided to **households** grew slightly (just by 0.01 percentage point), consumer credit and other loans were at the same level as in the previous month.

The overall interest rate on outstanding amounts of loans to **non-financial corporations** increased significantly at all maturities, up by 0.14 percentage point on average. The total interest rate on loans to non-financial corporations was 5.08%, the price of loans with maturity of up to one year and of over one year up to five years increased to 5.02% and the rate on loans with maturity of over five years was 5.19%.

TABLE 12

Quarterly aggregated balance sheet of investment funds ¹⁾

CZK billions; end of period	2006			2007	
	June	September	December	March	June
ASSETS					
Total	73,9	76,5	80,1	84,8	98,8
(1.1) Deposits	6,8	5,4	7,1	7,0	15,7
(1.2) Securities other than shares	33,9	35,0	33,7	35,7	35,7
MFI	0,6	0,6	0,7	0,9	0,9
General government	18,8	20,5	20,7	19,2	16,7
Other residents	2,0	1,9	1,8	1,9	4,7
Non-residents	12,4	12,0	10,6	13,7	13,4
Up to 1 year	0,4	0,3	0,5	1,7	1,3
Over 1 year	33,5	34,6	33,3	34,0	34,4
(1.3) Shares and other equity	20,9	22,2	23,7	25,0	26,2
MFI	0,6	0,6	0,5	0,5	0,2
Other residents	3,8	3,7	3,4	3,4	3,6
Non-residents	16,5	18,0	19,8	21,1	22,3
(1.4) Investment fund shares	11,5	12,8	14,5	15,2	19,3
Residents	2,0	2,2	2,7	3,2	4,5
Non-residents	9,5	10,6	11,9	12,0	14,8
(1.5) Other assets	0,8	1,1	1,0	1,9	1,9
LIABILITIES					
Total	73,9	76,5	80,1	84,8	98,8
(2.1) Loans accepted	4,3	0,0	12,9	0,0	0,1
(2.2) Investment fund shares	72,1	74,3	78,4	82,7	95,7
Residents	71,8	73,9	77,9	82,1	95,2
Non-residents	0,3	0,4	0,5	0,5	0,6
(2.4) Other liabilities	1,8	2,1	1,8	2,2	2,1

BALANCE SHEET TOTAL - BREAKDOWN BY INVESTMENT POLICY

TOTAL	73,9	76,5	80,1	98,8	98,8
Equity funds	10,0	10,8	11,8	14,3	14,3
Bond Funds	25,5	25,5	24,9	24,1	24,1
Mixed Funds	26,5	27,6	29,5	33,5	33,5
Funds of funds	11,9	12,7	14,0	17,5	17,5
Other funds ²⁾			0,1	1,5	9,5

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

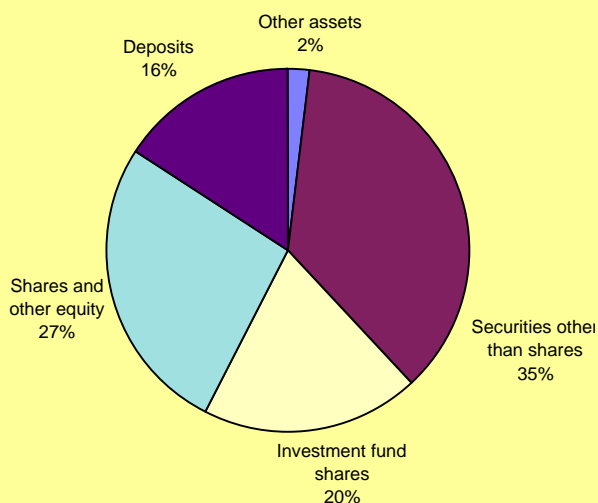
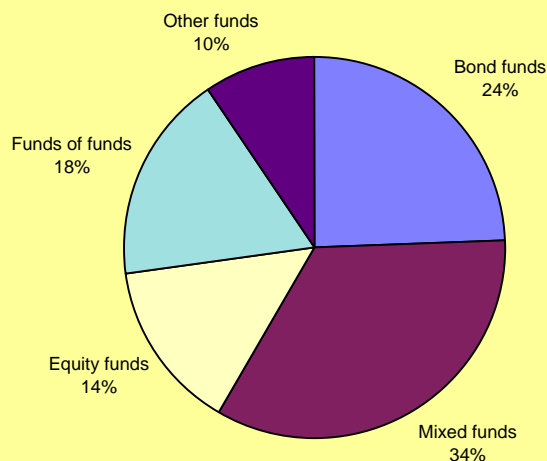
Balance sheet total - breakdown by asset items**Balance sheet total - breakdown by investment policy**

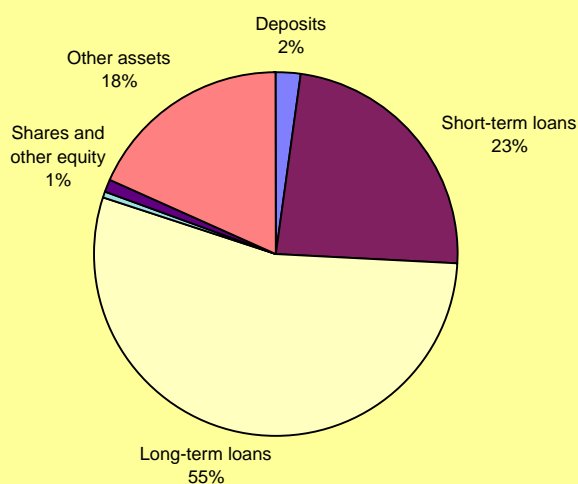
TABLE 13

Quarterly aggregated balance sheet of FCLs ¹⁾

CZK billions; end of period	2006			2007	
	June	September	December	March	June
Assets					
Total	330,2	334,6	347,7	348,3	364,3
(1.1) Deposits	5,4	5,5	6,8	7,6	7,7
(1.2) Loans provided	259,4	263,5	273,3	271,1	284,1
Residents	257,3	260,6	269,3	267,1	279,9
Up to 1 year	84,5	84,9	88,2	81,8	84,3
Over 1 year	172,8	175,7	181,1	185,3	195,6
Non-residents	2,2	2,9	3,9	4,0	4,2
(1.3) Securities other than shares	0,3	1,8	1,7	1,7	1,7
Up to 1 year	0,2	0,1	0,1	0,2	0,2
Over 1 year	0,1	1,6	1,6	1,4	1,5
(1.4) Shares and equity	4,7	4,6	4,3	3,7	3,7
Mutual fund shares/units (including MMFs)	0,0	0,0	0,0	0,0	0,0
Other shares and equity	4,7	4,5	4,3	3,7	3,7
(1.5) Other assets	60,2	59,3	61,6	64,3	67,1
LIABILITIES					
Total	330,2	334,6	347,7	348,3	364,3
(2.1) Loans taken	206,4	212,8	214,6	217,2	220,5
Residents	135,8	146,2	147,5	153,6	165,4
Non-residents	70,6	66,6	67,1	63,6	55,1
(2.2) Securities other than shares issued	22,7	20,3	27,1	23,1	23,6
Up to 1 year	12,3	9,9	13,5	10,1	11,1
Over 1 year	10,4	10,4	13,6	13,0	12,6
(2.3) Own funds	61,5	65,1	67,3	67,1	69,8
(2.5) Other liabilities	39,7	36,5	38,7	40,9	50,4
BALANCE SHEET TOTAL BREAKDOWN BY TYPE OF INTERMEDIARIES					
TOTAL	330,2	334,6	347,7	348,3	364,3
Financial leasing companies	230,1	232,8	239,3	236,3	247,6
Other lending companies	82,5	83,3	89,6	92,7	95,0
Factoring and forfaiting companies	17,6	18,5	18,7	19,3	21,7

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

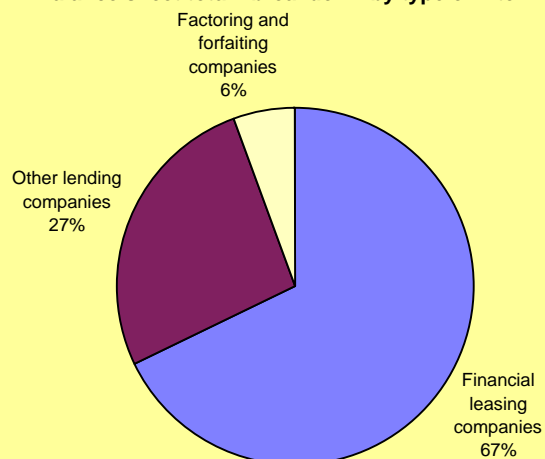


TABLE 14

Summary of loans provided by FCLs ¹⁾ to residents

CZK billions; end of period	2006			2007	
	June	September	December	March	June
LOANS					
(1) Non-financial corporations	145,3	147,8	151,4	146,7	154,0
Up to 1 year	45,7	46,8	48,6	44,9	47,2
Over 1 year up to 5 years	83,4	84,6	86,1	87,5	93,3
Over 5 years	16,2	16,4	16,7	14,3	13,5
(2) Financial corporations	2,4	2,3	1,8	0,9	0,8
Up to 1 year	1,6	1,5	1,1	0,3	0,2
Over 1 year up to 5 years	0,5	0,5	0,5	0,4	0,4
Over 5 years	0,3	0,3	0,2	0,2	0,2
(3) Government	1,2	1,2	1,2	1,0	1,1
Up to 1 year	0,4	0,4	0,5	0,4	0,4
Over 1 year up to 5 years	0,4	0,4	0,6	0,5	0,6
Over 5 years	0,4	0,3	0,2	0,1	0,1
(4) Households	108,2	109,1	114,8	118,3	123,9
Up to 1 year	36,6	36,0	38,0	36,2	36,3
Over 1 year up to 5 years	65,7	66,8	70,7	74,8	79,0
Over 5 years	5,8	6,3	6,2	7,2	8,5
(5) NPISHs	0,2	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	108,2	109,1	114,8	118,3	123,9
(1.1) Consumer credit	96,0	94,8	100,3	103,1	107,5
Up to 1 year	35,7	35,1	37,0	35,4	35,3
Over 1 year up to 5 years	54,8	53,9	57,5	61,2	64,4
Over 5 years	5,5	5,8	5,7	6,6	7,7
(1.2) Lending for house purchase	0,6	0,7	0,8	0,8	0,9
Up to 1 year	0,0	0,0	0,0	0,0	0,0
Over 1 year up to 5 years	0,5	0,5	0,5	0,5	0,5
Over 5 years	0,2	0,2	0,2	0,3	0,4
(1.3) Other loans	11,5	13,5	13,8	14,3	15,4
Up to 1 year	0,9	0,9	0,9	0,8	1,0
Over 1 year up to 5 years	10,4	12,4	12,6	13,2	14,1
Over 5 years	0,2	0,2	0,2	0,3	0,4

BREAKDOWN OF SELECTED LOANS BY TYPE OF INTERMEDIARIES

TOTAL	257,3	260,6	269,3	267,1	279,9
Financial leasing companies	182,7	183,5	190,2	185,6	194,1
Other lending companies	58,7	60,2	62,3	64,2	67,2
Factoring and forfaiting companies	15,9	16,9	16,9	17,4	18,5
of which Non-financial corporations	145,3	147,8	151,4	146,7	154,0
Financial leasing companies	126,0	127,4	131,2	126,0	131,4
Other lending companies	3,3	3,5	3,3	3,4	4,0
Factoring and forfaiting companies	15,9	16,9	16,9	17,4	18,5
of which Households	108,2	109,1	114,8	118,3	123,9
Financial leasing companies	54,8	54,2	57,3	58,0	61,2
Other lending companies	53,3	54,8	57,5	60,3	62,7
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): June 2007

As of the end of Q2, collective investment funds (CIFs) administered assets worth CZK 95.7 billion. This means that the value of assets administered by these funds rose by CZK 13.1 billion in Q2, which represents a quarter-on-quarter increase of 15.81%. Compared to the same period of 2006, the increase was 32.8%, or CZK 23.6 billion.

In Q2, the largest growth was recorded by other funds, whose assets grew from CZK 1.4 billion to CZK 9.4 billion, which represents a quarter-on-quarter increase of 578.69%. This increase was mainly due to the establishment of new funds of qualified investors. Growth was also recorded by funds of funds (from CZK 14.9 billion to CZK 17.1 billion) and equity funds (from CZK 12.2 billion to CZK 13.3 billion) and mixed funds (from CZK 30.1 billion to CZK 32.7 billion). By contrast, bond funds recorded a fall in assets of CZK 0.9 billion to CZK 23.2 billion.

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 37.27% of CIF equity capital. Compared to the previous quarter, the share of debt securities in equity capital decreased by 5.94 percentage points and dropped by 9.76 percentage points in year-on-year comparison. The largest increase in the volume compared to the previous quarter was recorded by fund shares/units. Investment in fund shares/units grew by CZK 4.6 billion to CZK 19.3 billion, which represents a quarter-on-quarter increase of 26.66%. The investment in fund shares/units also recorded the largest increase in year-on-year terms. The volume of funds invested in fund shares/units grew by CZK 7.79 billion, up by 67.72%.

At the end of Q2, 88 resident collective investment funds were operating in the Czech Republic, of which 14 were equity funds, 19 funds of funds, 30 mixed funds, 13 bond funds, 11 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): June 2007

As of 30 June 2007 financial corporations engaged in lending had total assets of CZK 364.3 billion, up by CZK 16 billion compared to the previous quarter. This represents a quarterly increase of 4.6%. In year-on-year terms, total assets rose by CZK 34.1 billion (10.3%). This increase was mostly due to corporations providing financial leasing, which also had the largest share in total assets. Their share was CZK 247.6 billion. The contributions of other lending companies and factoring and forfeiting companies to total assets were CZK 95 billion and CZK 21.7 billion respectively.

The largest asset item was loans, which amounted to CZK 284.1 billion, a rise of CZK 13.1 billion in Q2. The annual increase in loans provided was CZK 24.7 billion (9.5%). Short-term loans stood at CZK 86.6 billion at the end of Q2, accounting for 23.8% of total assets. Long-term loans amounted to CZK 197.6 billion, i.e. 54.2% 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 154 billion, i.e. 55% of loans to residents. Loans provided to non-financial corporations rose by CZK 7.3 billion compared to the previous quarter, which represents an increase of 5%. In year-on-year terms, loans provided to non-financial corporations rose by CZK 8.7 billion (6%). Corporations engaged in financial leasing provided CZK 131.4 billion, other lending corporations CZK 4 billion and factoring and forfeiting corporations CZK 18.5 billion. These loans are made up predominantly of loans with original maturity of one to five years, which amounted to CZK 93.3 billion.

The second largest category of loans provided to residents was loans to households, which totalled CZK 123.9 billion, up by CZK 5.6 billion. This represents a quarterly increase of 4.7%. In year-on-year terms, loans provided to households rose by CZK 15.7 billion (14.5%). These loans account for 44.3% of loans granted to residents. Corporations engaged in financial leasing provided CZK 61.2 billion and other lending companies CZK 62.7 billion. Loans with original maturity of one to five years amounted to CZK 79 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

December 2005

Long-term interest rates (LTIR) in the context of the assessment of convergence

January 2006

Incomplete data collection in the balance-sheet statistics of the monetary financial institutions sector

April 2006

Interest rate statistics (MIR)

October 2006

Debt securities market in 2005

June 2007

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

August 2007

Method for grossing up the balance sheet total and balance sheet item in the statistics on financial corporations engaged in lending