

# Monetary Statistics

December  
2007

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

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

## LIST OF ABBREVIATIONS AND CODES

### Codes

CNB	Czech National Bank
ECB	European Central Bank
ESA95	European System of Accounts
Eurozone	The European Union member states that have adopted the EUR
IF	investment funds excluding money market funds
MMF	money market funds
LTIR	yield of the 10-year bond
M1, M2, M3	monetary aggregates
MFI	monetary financial institutions
NFA	net foreign assets
NISH	non-profit institutions serving households
Non-MFI	all institutions excluding MFIs
OFI	other financial intermediaries
FCL	financial corporations engaged in lending

### Institutional sectors and subsectors

S.11	non-financial corporations
S.121	central bank
S.122	other monetary financial institutions
S.123	other financial intermediaries
S.124	financial auxiliaries
S.125	insurance corporations and pension funds
S.13	general government
S.1311	central government
S.14	households
S.15	non-profit institutions serving households

TABLE 1

## Key interest rates

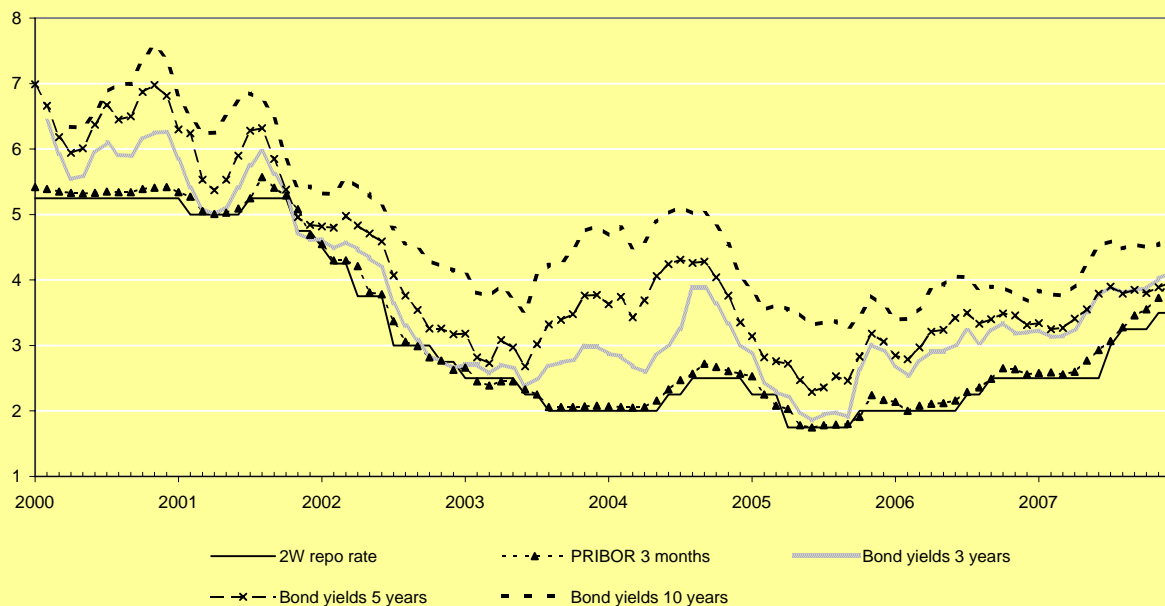
	CNB			ECB
	from 1 June 2007 onwards	from 27 July 2007 onwards	from 30 November 2007 onwards	from 13 June 2007 onwards
2W repo rate	2,75	3,00	3,50	4,00
Deposit facility	1,75	2,00	2,50	3,00
Marginal lending facility	3,75	4,00	4,50	5,00

TABLE 2

## Financial markets interest rates

monthly average	2006		2007					
	December		October		November		December	
	CR	Euro area	CR	Euro area	CR	Euro area	CR	Euro area
<b>Money market</b>								
CZEONIA/ EONIA								
overnight	2,46	3,51	3,20	3,93	3,14	4,02	3,37	3,88
PRIBOR/ EURIBOR								
1 month	2,52	3,64	3,35	4,24	3,43	4,22	3,98	4,73
3 months	2,56	3,68	3,55	4,69	3,73	4,64	4,05	4,85
6 months	2,67	3,79	3,64	4,67	3,82	4,63	4,09	4,82
1 year	2,89	3,92	3,83	4,65	3,99	4,61	4,20	4,79
<b>Capital market</b>								
Bond yields								
3 years	3,20	3,79	3,87	4,16	4,02	3,96	4,11	4,06
5 years	3,31	3,83	3,80	4,21	3,89	4,00	3,96	4,14
10 years (Maastricht)	3,68	3,90	4,50	4,40	4,54	4,26	4,65	4,38

## Interest rates



## **Commentary on key interest rates (Table 1) and financial market interest rates (Table 2): December 2007**

### **Key interest rates**

The CNB's 2W repo rate has been set at 3.50% since the end of November 2007, the ECB's key interest rate has been re-set at 4.00% since mid-June 2007. The difference between the CNB's and the ECB's key rates is thus 0.50 percentage point.

### **Financial market interest rates**

In December the interest rates on the interbank deposit market increased in the Czech Republic and within the Eurozone as well (except for the reference interest rate EONIA which decreased). The three-month PRIBOR was 4.05% and the three-month EURIBOR was 4.85%.

Bond yields on the capital market in the Czech Republic and in the Eurozone increased in December. The yield of the 10-year bond in the Czech Republic was 4.65%, the yield of the 10-year bond in the Eurozone was lower by 0.27 percentage point (i.e. 4.38%).

TABLE 3

## Key monetary indicators

CZK billions, unless otherwise indicated	2006			2007			2007			2007		
	December			October			November			December		
	Outstanding amounts	Transactions <sup>4)</sup>	Annual growth rates [%]	Outstanding amounts	Transactions <sup>4)</sup>	Annual growth rates [%]	Outstanding amounts	Transactions <sup>4)</sup>	Annual growth rates [%]	Outstanding amounts	Transactions <sup>4)</sup>	Annual growth rates [%]
M1	1 325,6	-7,7	14,7	1 514,6	64,0	15,3	1 512,6	1,8	14,1	1 526,5	12,2	15,7
M3 <sup>1)</sup>	2 049,7	38,4	13,8	2 293,0	52,6	15,5	2 332,2	45,9	16,7	2 379,9	44,8	16,7
Loans to private sector <sup>2)</sup>	1 286,1	7,6	21,6	1 565,8	35,3	25,9	1 593,4	32,0	25,5	1 628,5	33,4	27,4
Net foreign assets <sup>3)</sup>	972,6	8,9	-1,8	956,9	25,9	2,3	945,5	15,9	5,6	968,1	11,9	5,9

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

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

<sup>3)</sup> Net foreign assets (NFA) represent balance of financial claims and liabilities of the MFI sector vis-a-vis nonresidents

<sup>4)</sup> 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

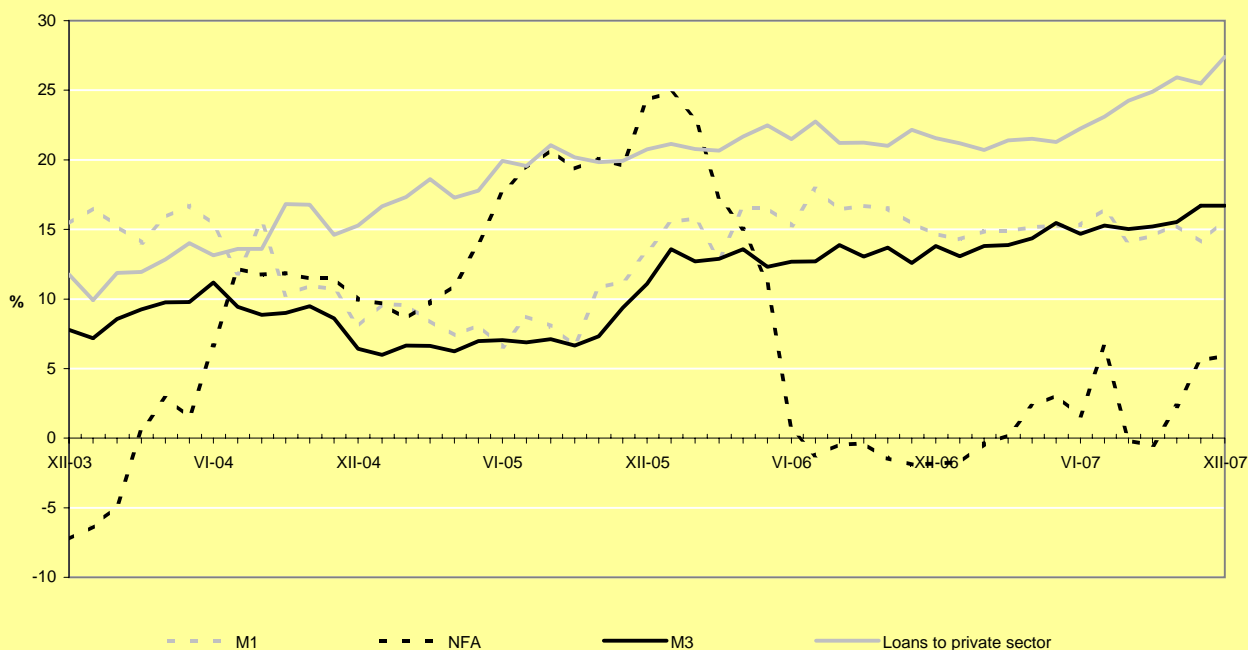


TABLE 4

## Monetary aggregates and counterparts

CZK billions, unless otherwise indicated

	2006			2007								
	December			October			November			December		
	Out-standing amounts	Transac-tions <sup>1)</sup>	Annual growth rates [%]	Out-standing amounts	Transac-tions <sup>1)</sup>	Annual growth rates [%]	Out-standing amounts	Transac-tions <sup>1)</sup>	Annual growth rates [%]	Out-standing amounts	Transac-tions <sup>1)</sup>	Annual growth rates [%]
<b>COMPONENTS OF M3</b>												
(1) <b>M3</b> (= items 1.3, 1.6 and 1.11)	2 049,7	38,4	13,8	2 293,0	52,6	15,5	2 332,2	45,9	16,7	2 379,9	44,8	16,7
(1.1) Currency in circulation	295,3	3,2	11,9	316,8	-2,6	10,5	323,3	6,5	10,9	324,1	0,8	10,0
(1.2) Overnight deposits	1 030,4	-10,9	15,5	1 197,8	66,7	16,7	1 189,3	-4,7	15,0	1 202,5	11,4	17,3
(1.3) <b>M1</b> (items 1.1 and 1.2)	1 325,6	-7,7	14,7	1 514,6	64,0	15,3	1 512,6	1,8	14,1	1 526,5	12,2	15,7
(1.4) Deposits with agreed maturity up to 2 years	465,4	31,5	6,7	482,3	-19,6	11,4	517,4	37,8	20,6	531,5	13,0	15,3
(1.5) Deposits redeemable at notice up to 3 months	193,6	17,5	38,3	221,8	8,8	30,1	230,3	8,5	30,8	250,6	20,3	29,5
(1.6) Other short term deposits (items 1.4 and 1.5)	659,0	49,0	14,3	704,1	-10,8	16,6	747,7	46,3	23,6	782,1	33,3	19,5
(1.7) <b>M2</b> (items 1.3 and 1.6)	1 984,6	41,3	14,6	2 218,8	53,3	15,8	2 260,3	48,1	17,1	2 308,6	45,5	17,0
(1.8) Repurchase agreements	8,4	-2,7	-10,0	14,0	-0,7	17,6	11,8	-2,2	6,8	14,4	2,6	72,4
(1.9) Money market fund shares/units	55,3	-0,2	-6,3	56,8	0,2	2,6	57,0	0,2	3,0	55,7	-1,3	1,1
(1.10) Debt securities issued with maturity up to 2 years	1,4	0,1	-	3,4	-0,2	-	3,1	-0,3	-	1,3	-1,9	-
(1.11) Marketable instruments (items 1.8,1.9 and 1.10)	65,0	-2,9	-4,9	74,2	-0,7	8,5	72,0	-2,2	6,3	71,3	-0,6	10,0
<b>COUNTERPARTS OF M3</b>												
<b>MFI liabilities</b>												
(2) Holdings deposits against central government	213,5	10,4	-11,9	240,9	4,9	16,5	248,4	7,8	22,3	285,5	36,9	33,6
(3) Longer-term financial deposits against other residents (items 3.1 to 3.4)	549,8	7,2	1,9	544,4	1,7	9,5	520,5	1,8	8,9	548,6	19,5	11,6
(3.1) Deposits with agreed maturity over 2 years	228,4	0,6	-7,7	209,9	-6,9	-8,8	202,3	-7,6	-11,1	199,0	-3,3	-12,8
(3.2) Deposits redeemable at notice over 3 months	73,7	0,1	-13,4	67,0	-0,4	-9,5	66,1	-0,9	-10,1	66,1	0,0	-10,2
(3.3) Debt securities issued with maturity over 2 years	65,1	-2,8	7,8	84,0	0,2	19,6	92,1	8,5	31,1	103,9	11,0	53,0
(3.4) Capital and reserves	182,7	9,3	19,7	183,4	8,7	37,8	160,0	1,8	34,0	179,6	11,8	37,1
<b>MFI assets</b>												
(4) Credit to residents (items 4.1 and 4.2)	1 777,8	27,6	16,3	2 074,8	38,4	22,1	2 113,2	43,6	21,5	2 162,5	48,4	22,4
(4.1) Credit to general government	456,2	18,1	4,6	456,6	3,8	8,2	467,7	11,8	7,2	467,1	0,2	3,0
of which: Loans	67,6	0,9	-24,4	58,2	-2,8	-15,3	58,9	0,9	-11,2	57,5	-1,5	-14,7
Securities other than shares	388,6	17,2	12,1	398,4	6,6	12,7	408,8	11,0	10,5	409,6	1,7	6,1
(4.2) Credit to private sector	1 321,6	9,5	20,9	1 618,2	34,6	26,7	1 645,5	31,7	26,3	1 695,4	48,2	29,0
of which: Loans	1 286,1	7,6	21,6	1 565,8	35,3	25,9	1 593,4	32,0	25,5	1 628,5	33,4	27,4
Securities other than shares	14,0	1,9	-2,1	17,3	-0,6	37,4	16,1	-1,1	34,3	26,6	10,5	91,3
Shares and other equities	21,5	-0,1	3,4	35,1	-0,1	69,5	35,9	0,8	66,6	40,3	4,4	87,5
(5) Net foreign assets	972,6	8,9	-1,8	956,9	25,9	2,3	945,5	15,9	5,6	968,1	11,9	5,9
(6) Other counterparts of M3 (residual) (=M3+items 2,3 - items 4,5)	62,5	19,5	-0,4	46,5	-5,2	-9,8	42,5	-4,1	1,0	83,4	41,0	36,7

<sup>1)</sup> 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 M3<sup>1)</sup>

CZK billions	2006		2007					
	December		October		November		December	
	Out-standing amounts	Transa-ctions <sup>2)</sup>	Out-standing amounts	Transa-ctions <sup>2)</sup>	Out-standing amounts	Transa-ctions <sup>2)</sup>	Out-standing amounts	Transa-ctions <sup>2)</sup>
<b>(1) Overnight deposits</b>	1 030,4	-10,9	1 197,8	66,7	1 189,3	-4,7	1 202,5	11,4
(1.1) Other general government	85,8	-7,3	130,0	12,5	129,3	-0,6	87,9	-41,4
(1.2) Other financial intermediaries <sup>3)</sup>	19,0	-1,2	30,8	1,6	29,5	-1,0	31,2	1,6
(1.3) Insurance corporations and pension funds	7,8	-9,6	22,1	12,4	9,5	-12,5	8,0	-1,6
(1.4) Non-financial corporations	388,5	10,6	407,6	39,3	407,2	2,5	474,1	65,6
(1.5) Households <sup>4)</sup>	529,3	-3,5	607,3	0,8	613,7	7,0	601,2	-12,7
<b>(2) M2 - M1 (other short-term deposits)</b>	659,0	49,0	704,1	-10,8	747,7	46,3	782,1	33,3
(2.1) Other general government	20,0	-2,9	29,8	2,6	26,1	-3,6	22,3	-3,9
(2.2) Other financial intermediaries <sup>3)</sup>	16,0	1,0	15,9	-8,8	18,6	2,7	33,8	15,2
(2.3) Insurance corporations and pension funds	28,2	7,6	22,0	-7,8	34,1	12,2	38,4	4,3
(2.4) Non-financial corporations	198,3	22,5	191,0	-5,9	212,8	23,0	207,8	-5,5
(2.5) Households <sup>4)</sup>	396,5	20,8	445,4	9,1	456,0	12,0	479,7	23,2
<b>(3) Repurchase agreements (a part of M3 - M2)</b>	8,4	-2,7	14,0	-0,7	11,8	-2,2	14,4	2,6
(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 <sup>3)</sup>	1,0	0,2	0,4	-0,6	0,0	-0,4	0,5	0,5
(3.3) Insurance corporations and pension funds	4,6	-2,7	8,4	-0,6	6,0	-2,4	7,3	1,3
(3.4) Non-financial corporations	2,8	-0,2	0,0	0,0	0,0	0,0	0,3	0,3
(3.5) Households <sup>4)</sup>	0,0	0,0	5,1	0,6	5,7	0,6	6,2	0,5

TABLE 6

## Loans to private sector

CZK billions	2006		2007					
	December		October		November		December	
	Out-standing amounts	Transa-ctions <sup>2)</sup>	Out-standing amounts	Transa-ctions <sup>2)</sup>	Out-standing amounts	Transa-ctions <sup>2)</sup>	Out-standing amounts	Transa-ctions <sup>2)</sup>
<b>(1) Loans to non-financial corporations</b>	636,5	-1,2	742,9	6,1	747,3	8,1	746,4	-2,4
(1.1) up to 1 year	236,6	-7,5	287,5	1,0	300,1	13,6	298,2	-2,3
(1.2) over 1 year and up to 5 years	153,4	-2,8	175,1	1,7	162,4	-11,6	161,8	-1,0
(1.3) over 5 years	246,4	9,0	280,4	3,4	284,7	6,2	286,5	0,9
<b>(2) Loans to households<sup>4)</sup></b>	540,6	16,4	679,0	17,4	698,4	19,5	726,0	27,7
(2.1) Consumer credit	110,1	3,8	132,5	2,7	136,2	3,8	138,6	2,5
(2.2) Lending for house purchase	374,3	10,6	476,0	12,7	490,8	14,9	514,6	23,8
(2.3) Other lending	56,2	2,0	70,5	2,0	71,3	0,9	72,8	1,4
<b>(3) Loans to other financial intermediaries<sup>3)</sup></b>	107,8	-7,8	143,4	12,1	147,5	4,6	155,8	8,1
<b>(4) Loans to insurance corporations and pension funds</b>	1,2	0,2	0,5	-0,3	0,3	-0,2	0,3	0,0

<sup>1)</sup> 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.

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

<sup>3)</sup> Including other financial intermediaries (without insurance corporations and pension funds) (S. 123) and financial auxiliaries (S. 124).

<sup>4)</sup> Including households (S. 14) and non-profit institutions serving households (S. 15).

TABLE 7

Contributions to annual growth<sup>1)</sup> of M3

	2006	2007		
	December	October	November	December
	% points	% points	% points	% points
M1	9,4	10,1	9,4	10,2
of which: Currency	1,7	1,5	1,6	1,4
Overnight deposits	7,7	8,6	7,8	8,7
M2 - M1 (= other short-term deposits)	4,6	5,1	7,1	6,3
M3 - M2 (= short-term marketable instruments)	-0,2	0,3	0,2	0,3
M3	13,8	15,5	16,7	16,7

TABLE 8

Contributions to annual growth<sup>1)</sup> of loans to private sector

	2006	2007		
	December	October	November	December
	% points	% points	% points	% points
Non-financial corporations	11,0	10,9	9,4	9,3
Households <sup>2)</sup>	11,8	13,5	13,7	14,6
Other financial intermediaries <sup>3)</sup>	-1,2	1,7	2,4	3,6
Insurance corporations and pension funds	-0,1	-0,2	-0,1	-0,1
Loans to private sector <sup>4)</sup>	21,6	25,9	25,5	27,4

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

<sup>2)</sup> Including households (S.14) and non-profit institutions serving households (S.15).

<sup>3)</sup> Including other financial intermediaries (without insurance corporations and pension funds) (S.123) and financial auxiliaries (S.124).

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

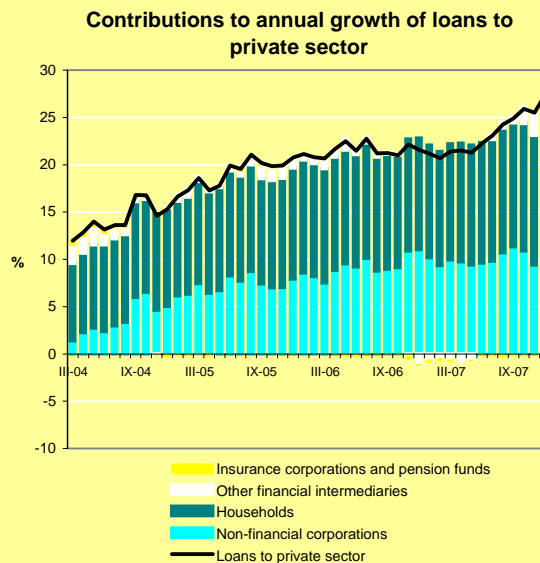
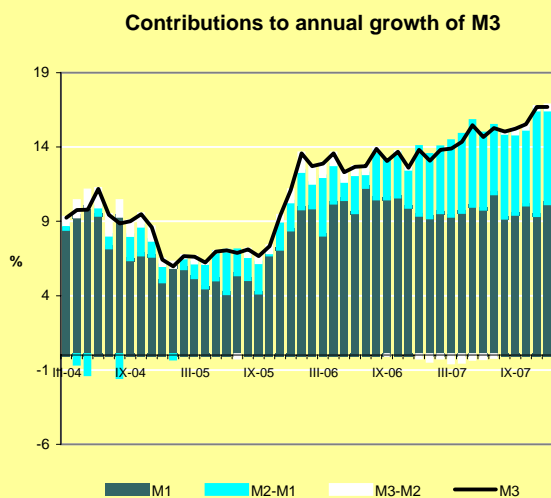
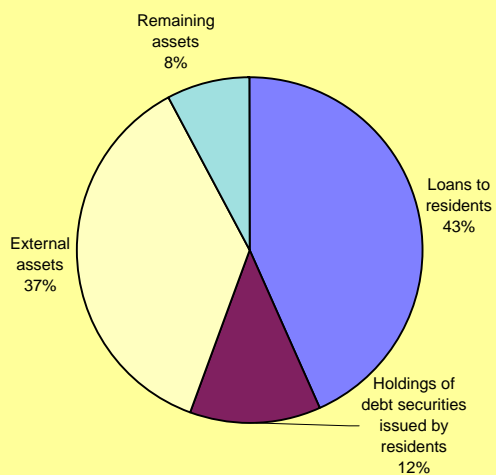


TABLE 9

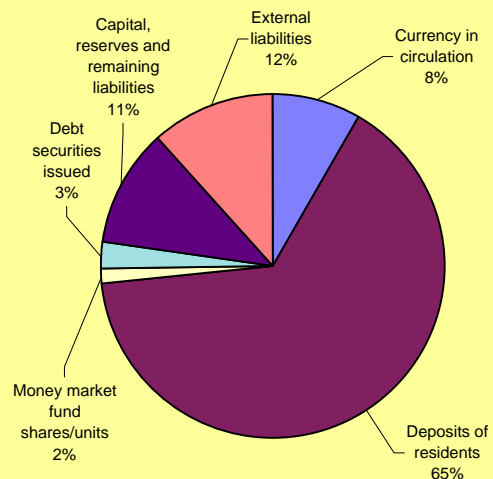
## Balance sheets of monetary financial institutions by reporting institutions: December 2007

CZK billions	MFI			Consolidated balance sheet of MFIs
	CNB	Credit institutions	Money market funds	
(1) ASSETS TOTAL	757,4	3 726,2	77,0	3 887,8
(1.1) Loans to residents	8,7	2 131,9	15,5	1 686,0
MFI	0,0	454,6	15,5	-
General government	0,0	57,5	0,0	57,5
Other residents	8,7	1 619,8	0,0	1 628,5
(1.2) Holdings of securities other than shares issued by residents	0,0	567,8	18,3	436,2
MFI	0,0	147,8	2,1	-
General government	0,0	397,1	12,5	409,6
Other residents	0,0	22,9	3,7	26,6
(1.3) Money market fund shares/units	0,0	6,0	0,0	-
(1.4) Holdings of shares/other equity issued by residents	0,0	57,8	0,2	40,3
MFI	0,0	17,7	0,0	-
Other residents	0,0	40,1	0,2	40,3
(1.5) External assets	730,6	651,1	41,2	1 423,0
(1.6) Fixed assets	11,3	105,8	0,0	117,1
(1.7) Remaining assets	6,7	205,8	1,8	185,3
(2) LIABILITIES TOTAL	757,4	3 726,2	77,0	3 887,8
(2.1) Currency in circulation	353,1	-	-	324,1
(2.2) Deposits of residents	462,5	2 520,0	0,0	2 549,5
MFI	279,1	153,9	0,0	-
Central government	180,3	105,1	0,0	285,5
Other general government/other residents	3,1	2 260,9	0,0	2 264,0
(2.3) Money market fund shares/units	-	-	61,7	55,7
(2.4) Debt securities issued	0,0	255,0	0,0	105,1
(2.5) Capital and reserves	-174,6	357,2	14,7	179,6
(2.6) External liabilities	97,2	357,5	0,3	454,9
(2.7) Remaining liabilities	19,2	236,4	0,4	256,1
(2.8) Excess of inter MFI liabilities	-	-	-	-37,2

Consolidated balance sheet of MFIs - assets



Consolidated balance sheet of MFIs - liabilities



## Comments on monetary developments statistics<sup>1)</sup> (Tables 3-9): December 2007

In December, the annual rate of growth of M3 remained at the same level as in November (16.7%). In month-on-month terms, M3 grew by 1.9%. As a result of financial transactions, M3 grew by CZK 342.8 billion year on year (by CZK 44.8 billion month on month), to CZK 2,379.9 billion.

### Main components of M3

With the largest contribution to M3 growth, the monetary aggregate M1 is 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 increased from 14.1% in November to 15.7% in December. The annual rate of growth of overnight deposits increased as well, from 15.0% in November to 17.3% in December. In month-on-month comparison, overnight deposits rose by 1.0% owing to financial transactions. Within overnight deposits, deposits of non-financial corporations recorded the largest month-on-month increase (16.1%, or CZK 65.6 billion), followed by deposits of other financial intermediaries (5.4%, or CZK 1.6 billion). By contrast, deposits of other government declined by 32.0% (CZK 41.4 billion), deposits of insurance corporations and pension funds by 16.6% (CZK 1.6 billion) and deposits of households by 2.1% (CZK 12.7 billion).

The annual rate of growth of currency in circulation fell from 10.9% in November to 10.0% in December. In month-on-month terms, currency in circulation rose by 0.2% (an increase of CZK 0.8 billion due to financial transactions).

Other short-term deposits (excluding overnight deposits) grew by CZK 33.3 billion (i.e. 4.5%) month on month, owing to financial transactions. In December, the annual rate of growth of these deposits decreased by 4.1 percentage points to 19.5% (from 23.6% in November). Deposits redeemable at notice of up to three months (the smaller component) have long been recording strong annual growth. Their annual growth rate in December was 29.5%. The annual rate of growth of deposits with maturity of up to two years, which are the dominant component of short-term deposits, increased by 5.3 percentage points compared to the previous month, reaching 15.3%.

Within other short-term deposits, a month-on-month decrease was recorded for deposits by other government (down by 14.9%, or CZK 3.9 billion) and deposits of non-financial corporations (2.6%, or CZK 5.5 billion). Deposits of the other sectors increased month on month: the largest growth in terms of volume was recorded by households (CZK 23.2 billion, or 5.1%) and other financial intermediaries (CZK 15.2 billion, or 81.7%).

Marketable instruments, which consist of repos, money market fund shares/units and debt securities with maturities of up to two years, fell by 0.9% month on month to CZK 71.3 billion (from CZK 72.0 billion in November). The annual rate of growth of marketable instruments increased by 3.7 percentage points to 10.0% (from 6.3% in November).

### Main counterparts of M3

The annual rate of growth of loans extended to general government was -14.7% in December (-11.2% in November). The annual rate of growth of purchased government bonds decreased to 6.1% in December, from 10.5% in November.

In December, the annual growth rate of loans to the private sector increased to 27.4%, from 25.5% in November. This growth rate was mostly attributable to households. They 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 (34.7% in December). 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 fell slightly from 18.9% in November to 18.8% in December.

The annual rate of growth of net external assets grew from 5.6% in November to 5.9% in December. The annual rate of growth of long-term financial liabilities grew from 8.9% in November to 11.6% in December. The annual growth rate of deposits of central government rose from 22.3% to 33.6%.

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

TABLE 10

Interest rates of monetary financial institutions on new business<sup>1)</sup>

monthly average rates and sum	2006		2007		2007		2007	
	December		October		November		December	
	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)
<b>(1) Deposits from households<sup>2)</sup></b>	0,99	816,0	1,11	931,5	1,14	940,2	1,21	950,7
(1.1) Overnight	0,41	508,2	0,49	587,9	0,54	595,0	0,55	582,4
(1.2) With agreed maturity	1,83	52,5	2,52	65,1	2,52	58,9	2,81	61,8
of which: Up to 2 years	1,84	51,4	2,53	64,7	2,53	58,4	2,82	60,8
(1.3) Redeemable at notice <sup>3)</sup>	1,97	261,1	2,09	284,0	2,11	292,0	2,14	312,4
(1.3.1) Up to 3 months' notice	2,33	188,9	2,40	218,3	2,40	226,9	2,41	247,4
(1.3.2) Over 3 months' notice	1,01	72,2	1,09	65,7	1,09	65,0	1,09	65,0
<b>(2) Deposits from non-financial corporation<sup>4)</sup></b>	1,32	520,1	1,81	531,3	1,82	515,5	1,77	562,6
(2.1) Overnight	0,72	307,0	0,96	303,8	1,06	307,8	1,06	373,7
(2.2) With agreed maturity	2,20	210,3	2,96	224,3	2,97	204,4	3,21	185,5
of which: Up to 2 years	2,20	210,2	2,96	224,3	2,97	204,4	3,21	185,4
<b>(3) Loans to households<sup>2)</sup></b>	10,77	52,1	11,42	57,5	11,72	57,4	11,81	58,2
(3.1) Bank overdrafts <sup>5)</sup>	16,04	23,4	16,12	27,9	16,59	27,6	16,97	28,6
(3.2) Consumer credit	12,86	5,1	12,65	6,5	13,00	6,9	12,94	5,2
(3.3) Lending for house purchase	4,58	14,7	5,11	18,0	5,18	18,4	5,27	19,1
of which: Mortgage lending	4,49	10,7	5,22	10,8	5,29	11,0	5,32	13,2
Saving for building purposes	4,76	3,2	4,67	5,4	4,71	5,1	4,82	4,3
(3.4) Other lending	5,97	8,9	6,41	5,1	6,60	4,5	6,42	5,3
<b>(4) Loans to non-financial corporation</b>	4,20	153,9	5,09	175,8	5,15	168,4	5,30	177,6
(4.1) Bank overdrafts <sup>5)</sup>	4,58	74,6	5,40	101,3	5,40	103,4	5,45	100,2
(4.2) Other loans up to CZK 30 million	4,63	17,7	5,42	20,1	5,51	16,2	5,63	19,0
of which: Up to 1 year initial rate fixation <sup>6)</sup>	4,56	15,5	5,46	17,7	5,52	14,1	5,65	16,2
(4.3) Other loans over to CZK 30 million	3,62	61,6	4,39	54,4	4,51	48,8	4,92	58,4
of which: Up to 1 year initial rate fixation <sup>6)</sup>	3,59	59,8	4,37	52,8	4,46	46,8	4,89	55,6
<b>(5) APRC<sup>7)</sup> on loans to households</b>	7,03	19,8	7,42	24,5	7,64	25,2	7,22	24,3
(5.1) Consumer credit	13,52	5,1	13,23	6,5	13,55	6,9	13,51	5,2
(5.2) Lending for house purchase	4,78	14,7	5,33	18,0	5,42	18,4	5,50	19,1

<sup>1)</sup> 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.

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

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

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

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

<sup>6)</sup> 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.

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

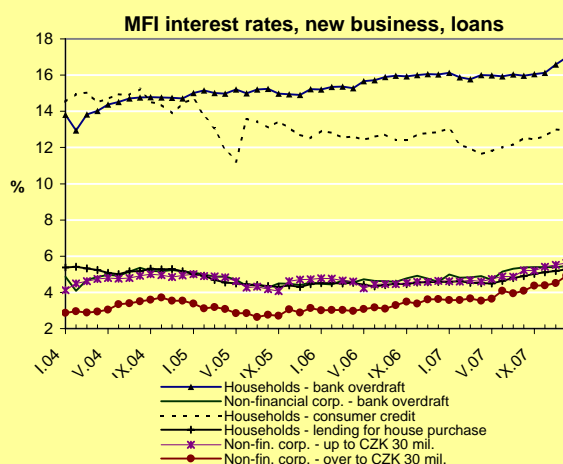
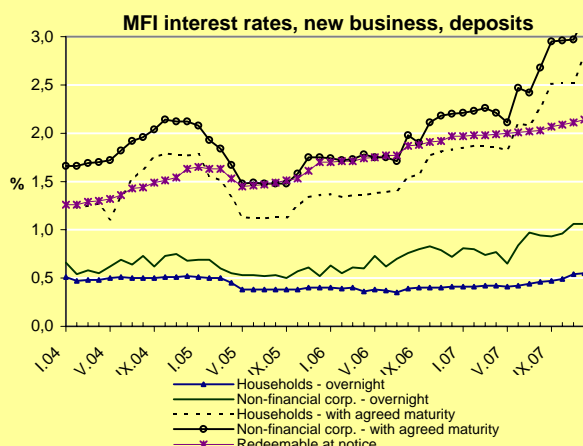


TABLE 11

Interest rates of monetary financial institutions on outstanding amounts<sup>1)</sup>

outstanding amounts as end-of-month	2006		October		November		December	
	December		October		November		December	
	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)
<b>(1) Deposits from households<sup>2)3)</sup></b>	1,28	1158,0	1,33	1266,3	1,36	1277,7	1,41	1285,2
(1.1) With agreed maturity	1,96	391,4	2,03	393,1	2,05	388,9	2,11	388,3
(1.1.1) Up to 2 years	1,49	167,6	1,93	188,2	1,98	191,7	2,14	194,4
(1.1.2) Over 2 years	2,31	223,8	2,12	204,9	2,11	197,2	2,08	193,9
<b>(2) Deposits from non-financial corp.<sup>3)</sup></b>	1,18	462,4	1,56	463,4	1,67	481,1	1,66	546,0
(2.2) With agreed maturity	2,09	150,5	2,72	156,4	2,77	170,0	3,01	168,7
(2.2.1) Up to 2 years	2,08	148,8	2,73	154,2	2,78	167,8	3,02	166,4
(2.2.2) Over 2 years	2,28	1,8	2,13	2,2	2,16	2,2	2,19	2,3
<b>(3) Loans to households</b>	6,80	539,4	6,61	677,8	6,61	697,0	6,63	724,8
(3.1) Lending for house purchase	4,91	374,0	4,86	475,6	4,87	490,3	4,89	514,1
of which: Mortgage lending	4,70	242,2	4,72	312,7	4,75	322,6	4,78	337,7
Saving for building purposes	5,45	114,5	5,21	140,4	5,19	144,2	5,17	150,7
(3.2) Consumer credit and other lending <sup>4)</sup>	11,30	165,4	10,92	202,1	10,91	206,7	11,10	210,7
<b>(4) Loans to non-financial corporation</b>	4,45	518,1	5,16	613,4	5,24	619,7	5,52	618,7
(4.1) Up to 1 year	4,23	210,8	5,10	254,8	5,14	265,1	5,37	260,2
(4.2) Over 1 and up to 5 years	4,38	123,9	5,11	140,5	5,27	133,3	5,60	132,6
(4.3) Over 5 years	4,74	183,4	5,26	218,1	5,35	221,3	5,63	226,0

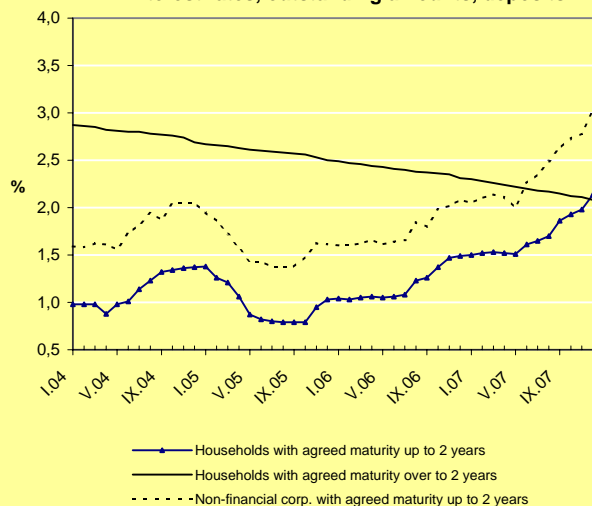
<sup>1)</sup> The interest rates that are applied by MFIs to CZK-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the Czech Republic. Interest rates on outstanding amounts refer to the stock of all deposits and all loans at a specific moment.

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

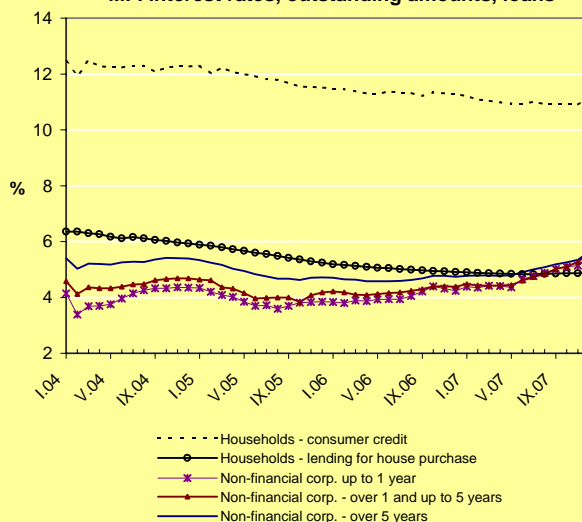
<sup>3)</sup> Including overnight deposits and deposits with agreed maturity presented in Table 10. For this instrument category, new business and outstanding amounts coincide.

<sup>4)</sup> Consumer credit and other lending include bank overdrafts presented in Table 10.

MFI interest rates, outstanding amounts, deposits



MFI interest rates, outstanding amounts, loans



## Commentary on interest rates of monetary financial institutions (Tables 10 and 11): December 2007

### Interest rates on new business

Interest rates on **new deposits** of households increased slightly at the end of the year, whereas rates on deposits of non-financial corporations decreased.

The average interest rate on new **household** deposits increased also in December to 1.21%, up by 0.07 percentage point compared to the previous month. This modest rise in the overall interest rate was attributable to the rate on deposits with agreed maturity of up to two years, which was 2.82% in December (the difference between the last two months thus was 0.29 percentage point). The rates on overnight deposits (0.55%) and deposits redeemable at notice (2.14%) were about the same as in the previous month.

Turning to the sector of **non-financial corporations**, the average interest rate on overnight deposits remained at 1.06%. 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) were remunerated at a rate that was almost 0.25 percentage point higher (3.21%). Nonetheless, the overall interest rate on new deposits of non-financial corporations fell slightly (by 0.05 percentage point) to 1.77%, owing to a marked increase in the share of overnight deposits with a low rate in the sector's total deposits.

The interest rate on **new loans** provided to households saw a slight increase in December. New loans provided by banks to non-financial corporations were also remunerated at a slightly higher rate.

The interest rate on new loans to **households** amounted to 11.81%, which represents an insignificant rise (of about 0.1 percentage point) compared to the previous month. The average interest rate on bank overdrafts was 16.97%, which means that it grew for the fourth consecutive month. The rate on loans for house purchase also rose by almost 0.1 percentage point to 5.27%. By contrast, the average rate on consumer credit declined slightly (to 12.94%), and so did the rate on other loans (to 6.42%).

The average interest rate on loans to **non-financial corporations** increased as well compared to the previous month, by 0.15 percentage point to 5.30%. The interest rates on all types of loans to this sector showed a further increase at the end of 2007. Only marginal growth was recorded for the interest rate on bank overdrafts (to 5.45%), the rate on other loans of up to CZK 30 million picked up by 0.12 percentage point to 5.63% and that on other loans of over CZK 30 million recorded the biggest rise – the average interest rate grew by 0.41 percentage point to 4.92%.

The overall APRC on loans to households fell sharply (by 0.42 percentage point on a month earlier), to 7.22%. The APRC on consumer credit decreased slightly to 13.51% and the APRC on loans for house purchase saw a modest rise. The overall decline in the APRC on loans to households was thus chiefly due to a rise in the share of loans for house purchase (with low interest rates) in total loans to households.

### Interest rates on outstanding amounts

The average interest rate on **outstanding amounts of deposits** of households increased slightly in December 2007. The rate on outstanding amounts of deposits of non-financial corporations was about the same as in the previous month.

The rise of 0.05 percentage point in the interest rate on total **household** deposits (to 1.41%) was largely due to the rate on deposits with agreed maturity of up to two years, which grew by 0.16 percentage point on average, to 2.14%. Compared to the previous period, the rate on outstanding amounts of deposits redeemable at notice was slightly higher (2.14%), the rate on overnight deposits remained almost unchanged (0.55%) and that on deposits with agreed maturity of over two years dropped, although slightly, to 2.08%.

The average interest rate on total deposits of **non-financial corporations** was 1.66% at the end of 2007. Outstanding amounts of deposits with agreed maturity were remunerated at a rate which was 0.25 percentage point higher, but the share of overnight deposits with a relatively low interest rate (1.06%) in total deposits of non-financial corporations increased significantly in this month; as a result, the average interest rate on total deposits did not rise and remained at the November 2007 level.

The average interest rate on **outstanding amounts of loans** to households was slightly higher at the end of 2007, whereas the overall interest rate on outstanding amounts of loans to non-financial corporations grew more markedly.

The average interest rate on outstanding amounts of loans to **households** amounted to 6.63%; outstanding amounts of both loans for house purchase and consumer credit and other loans were remunerated at higher rates (4.89% and 11.10% respectively).

The overall average interest rate on outstanding amounts of loans to **non-financial corporations** grew for several months, reaching 5.52% in December 2007 (up by 0.28 percentage point in this period). The interest rate on outstanding amounts of loans increased at all maturity bands (between 0.23 and 0.33 percentage point), with the rate on loans with maturity of over five years being the highest (5.63%).

TABLE 12

Quarterly aggregated balance sheet of investment funds <sup>1)</sup>

CZK billions; end of period	2006		2007		
	September	December	March	June	September
<b>ASSETS</b>					
Total	76,5	80,1	84,8	98,8	105,4
(1.1) Deposits	5,4	7,1	7,0	15,7	18,2
(1.2) Securities other than shares	35,0	33,7	35,7	35,7	35,9
MFI	0,6	0,7	0,9	0,9	1,1
General government	20,5	20,7	19,2	17,6	16,3
Other residents	1,9	1,8	1,9	3,7	4,7
Non-residents	12,0	10,6	13,7	13,4	13,9
Up to 1 year	0,3	0,5	1,7	1,3	1,1
Over 1 year	34,6	33,3	34,0	34,4	34,8
(1.3) Shares and other equity	22,2	23,7	25,0	26,4	27,7
MFI	0,6	0,5	0,5	0,2	0,3
Other residents	3,7	3,4	3,4	3,6	4,0
Non-residents	18,0	19,8	21,1	22,6	23,4
(1.4) Investment fund shares	12,8	14,5	15,2	19,0	19,8
Residents	2,2	2,7	3,2	4,5	5,1
Non-residents	10,6	11,9	12,0	14,5	14,7
(1.5) Other assets	1,1	1,0	1,9	1,9	3,8
<b>LIABILITIES</b>					
Total	76,5	80,1	84,8	98,8	105,4
(2.1) Loans accepted	32,9	0,0	10,7	0,1	0,1
(2.2) Investment fund shares	74,3	78,4	82,7	95,7	102,5
Residents	73,9	77,9	82,1	95,2	102,0
Non-residents	0,4	0,5	0,5	0,6	0,6
(2.4) Other liabilities	2,1	1,8	2,2	3,0	2,8

**BALANCE SHEET TOTAL - BREAKDOWN BY INVESTMENT POLICY**

TOTAL	76,5	80,1	84,8	98,8	105,4
Equity funds	10,8	11,8	12,7	14,3	16,0
Bond Funds	25,5	24,9	24,6	24,1	23,0
Mixed Funds	27,6	29,5	30,9	33,5	34,8
Funds of funds	12,7	14,0	15,1	17,5	19,9
Other funds <sup>2)</sup>		0,1	1,5	9,5	11,6

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

<sup>2)</sup> 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

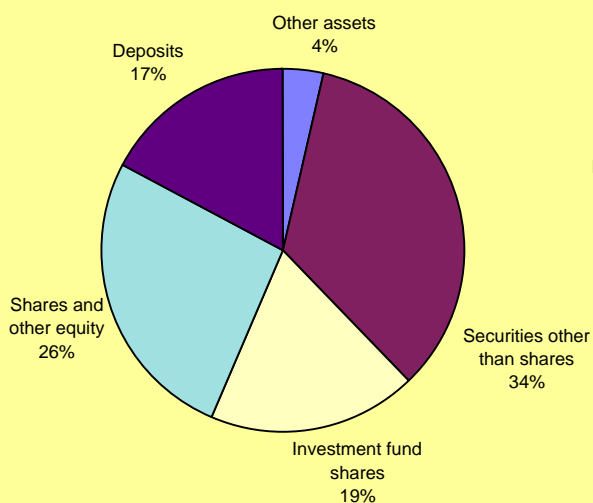
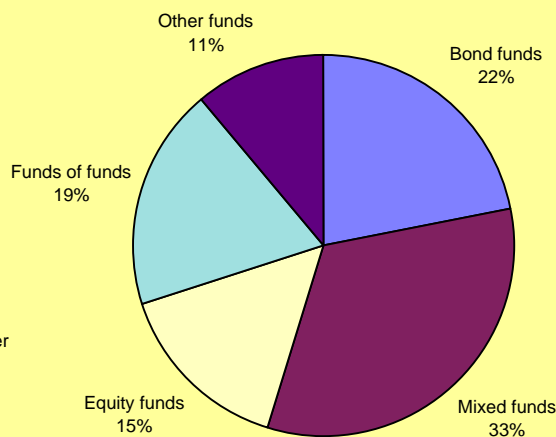
**Balance sheet total - breakdown by asset items****Balance sheet total - breakdown by investment policy**

TABLE 13  
Quarterly aggregated balance sheet of financial corporations engaged in lending <sup>1)</sup>

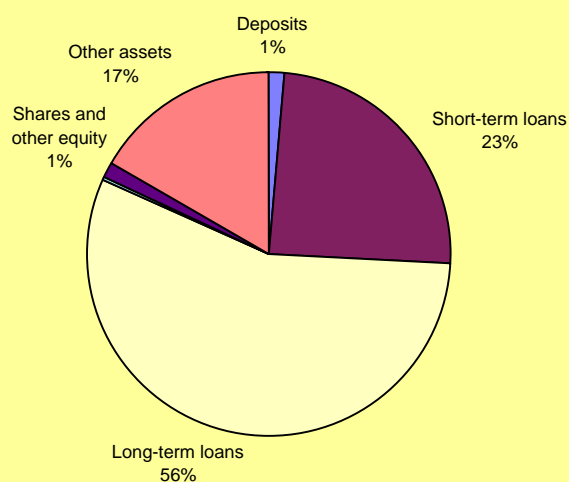
CZK billions; end of period	2006		2007		
	September	December	March	June	September
<b>Assets</b>					
Total	334,6	347,7	348,3	364,3	372,7
(1.1) Deposits	5,5	6,8	7,6	7,7	5,2
(1.2) Loans provided	263,5	273,3	271,1	284,1	298,9
Residents	260,6	269,3	267,1	279,9	293,4
Up to 1 year	84,9	88,2	81,8	84,3	87,8
Over 1 year	175,7	181,1	185,3	195,6	205,6
Non-residents	2,9	3,9	4,0	4,2	5,6
(1.3) Securities other than shares	1,8	1,7	1,7	1,7	1,6
Up to 1 year	0,1	0,1	0,2	0,2	0,3
Over 1 year	1,6	1,6	1,4	1,5	1,3
(1.4) Shares and equity	4,6	4,3	3,7	3,7	4,9
Mutual fund shares/units (including MMFs)	0,0	0,0	0,0	0,0	0,0
Other shares and equity	4,5	4,3	3,7	3,7	4,9
(1.5) Other assets	59,3	61,6	64,3	67,1	62,1
<b>LIABILITIES</b>					
Total	334,6	347,7	348,3	364,3	372,7
(2.1) Loans taken	212,8	214,6	217,2	220,5	226,6
Residents	146,2	147,5	153,6	165,4	169,2
Non-residents	66,6	67,1	63,6	55,1	57,5
(2.2) Securities other than shares issued	20,3	27,1	23,1	23,6	22,6
Up to 1 year	9,9	13,5	10,1	11,1	10,0
Over 1 year	10,4	13,6	13,0	12,6	12,5
(2.3) Own funds	65,1	67,3	67,1	69,8	73,7
(2.5) Other liabilities	36,5	38,7	40,9	50,4	49,8

**BALANCE SHEET TOTAL BREAKDOWN BY TYPE OF INTERMEDIARIES**

TOTAL	334,6	347,7	348,3	364,3	372,7
Financial leasing companies	232,8	239,3	236,3	247,6	257,1
Other lending companies	83,3	89,6	92,7	95,0	92,9
Factoring and forfaiting companies	18,5	18,7	19,3	21,7	22,7

<sup>1)</sup> Financial corporations engaged in lending - corporations classified within sector S.123 other financial intermediaries which are predominantly engaged in granting credit or loans or entering into agreements of similar nature, for example financial leasing, faktoring, consumer credit, hire purchase, etc. (see Decree No. 307/2004 Coll.). Data are published by the 75<sup>th</sup> calendar day following the reference period.

Balance sheet total - breakdown by asset items



Balance sheet total - breakdown by type of intermediaries

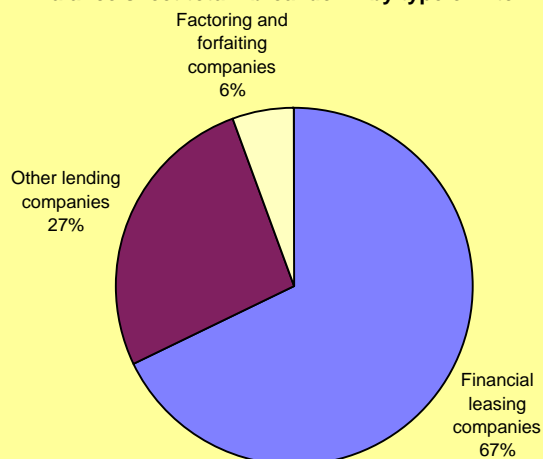


TABLE 14

Summary of loans provided by financial corporations engaged in lending <sup>1)</sup> to residents

CZK billions; end of period	2006		2007		
	September	December	March	June	September
<b>LOANS</b>					
(1) Non-financial corporations	147,8	151,4	146,7	154,0	161,9
Up to 1 year	46,8	48,6	44,9	47,2	49,2
Over 1 year up to 5 years	84,6	86,1	87,5	93,3	98,7
Over 5 years	16,4	16,7	14,3	13,5	14,0
(2) Financial corporations	2,3	1,8	0,9	0,8	0,9
Up to 1 year	1,5	1,1	0,3	0,2	0,4
Over 1 year up to 5 years	0,5	0,5	0,4	0,4	0,4
Over 5 years	0,3	0,2	0,2	0,2	0,1
(3) Government	1,2	1,2	1,0	1,1	1,1
Up to 1 year	0,4	0,5	0,4	0,4	0,5
Over 1 year up to 5 years	0,4	0,6	0,5	0,6	0,6
Over 5 years	0,3	0,2	0,1	0,1	0,0
(4) Households	109,1	114,8	118,3	123,9	129,2
Up to 1 year	36,0	38,0	36,2	36,3	37,7
Over 1 year up to 5 years	66,8	70,7	74,8	79,0	81,8
Over 5 years	6,3	6,2	7,2	8,5	9,7
(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	109,1	114,8	118,3	123,9	129,2
(1.1) Consumer credit	94,8	100,3	103,1	107,5	112,5
Up to 1 year	35,1	37,0	35,4	35,3	36,7
Over 1 year up to 5 years	53,9	57,5	61,2	64,4	67,0
Over 5 years	5,8	5,7	6,6	7,7	8,8
(1.2) Lending for house purchase	0,7	0,8	0,8	0,9	1,0
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	0,3	0,4	0,5
(1.3) Other loans	13,5	13,8	14,3	15,4	15,7
Up to 1 year	0,9	0,9	0,8	1,0	1,0
Over 1 year up to 5 years	12,4	12,6	13,2	14,1	14,4
Over 5 years	0,2	0,2	0,3	0,4	0,4

**BREAKDOWN OF SELECTED LOANS BY TYPE OF INTERMEDIARIES**

TOTAL	260,6	269,3	267,1	279,9	293,4
Financial leasing companies	183,5	190,2	185,6	194,1	203,9
Other lending companies	60,2	62,3	64,2	67,2	70,0
Factoring and forfaiting companies	16,9	16,9	17,4	18,5	19,5
of which Non-financial corporations	147,8	151,4	146,7	154,0	161,9
Financial leasing companies	127,4	131,2	126,0	131,4	138,3
Other lending companies	3,5	3,3	3,4	4,0	4,2
Factoring and forfaiting companies	16,9	16,9	17,4	18,5	19,5
of which Households	109,1	114,8	118,3	123,9	129,2
Financial leasing companies	54,2	57,3	58,0	61,2	64,0
Other lending companies	54,8	57,5	60,3	62,7	65,2
Factoring and forfaiting companies	0,0	0,0	0,0	0,0	0,0

<sup>1)</sup> Financial corporations engaged in lending - corporations classified within sector S.123 other financial intermediaries which are predominantly engaged in granting credit or loans or entering into agreements of similar nature, for example financial leasing, factoring, consumer credit, hire purchase, etc. (see Decree No. 307/2004 Coll.). Data are published by the 75th calendar day following the reference period.

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

As of the end of Q3, collective investment funds (CIFs) administered assets worth CZK 102.5 billion. This means that the value of assets administered by these funds rose by CZK 6.8 billion in Q3, which represents a quarter-on-quarter increase of 7.1%. Compared to the same period of 2006, the increase was 37.93%, or CZK 28.2 billion.

In Q3, the largest growth was recorded by funds of funds, whose assets grew from CZK 17.1 billion to CZK 19.5 billion, which represents a quarter-on-quarter increase of 14.21%. Growth was also recorded by mixed funds (from CZK 32.7 billion to CZK 33.9 billion), equity funds (from CZK 13.3 billion to CZK 15.2 billion) and the so-called other funds (from CZK 9.4 billion to CZK 11.4 billion). By contrast, bond funds recorded a fall in assets of CZK 0.7 billion to CZK 22.5 billion. Bond funds thus see a continuing downward trend in the value of administered assets.

Despite the fall in bond funds, the collective investment 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 35.9 billion, accounting for 35.04% of CIF equity capital. Compared to the previous quarter, the share of debt securities in equity capital decreased by 2.23 percentage points and dropped by 12.03 percentage points in year-on-year comparison. The largest increase in the volume compared to the previous quarter was recorded by shares and other equity. Investment in shares grew by CZK 1.2 billion to CZK 27.7 billion, which represents a quarter-on-quarter increase of 4.69%. The highest annual growth was recorded for investments in collective investment shares and units. The volume of funds invested in this kind of assets grew by CZK 7.1 billion, up by 55.32%. Funds thus continued to invest in more risky assets compared to relatively certain bonds.

At the end of Q3, 100 resident investment funds were active in the Czech Republic, of which 14 were equity funds, 25 funds of funds, 33 mixed funds, 13 bond funds, 14 funds of qualified investors and 1 real estate fund.

## **Commentary on the quarterly aggregated balance sheet of financial corporations engaged in lending (Table 13 and 14): September 2007**

As of 30 September 2007, financial corporations engaged in lending had total assets of CZK 372.7 billion, which represents a rise of CZK 8.4 billion (or 2.3%) compared to the previous quarter. In year-on-year terms, total assets increased by CZK 38.1 billion, i.e. 11.4%. This growth was mostly attributable to financial leasing companies, which also have the largest share in total assets (CZK 257.1 billion). Other lending companies and corporations engaged in factoring and forfaiting accounted for CZK 92.9 billion and CZK 22.7 billion respectively.

The largest asset item was loans, which amounted to CZK 298.9 billion. In Q3, loans increased by CZK 14.8 billion, or 5.2%. In year-on-year comparison, loans grew by CZK 35.4 billion, or 13.4%. Most of these loans (98%) were granted to resident entities. At the end of Q3, short-term loans granted to residents amounted to CZK 87.8 billion. Short-term loans to residents thus accounted for 23.6% of total assets. Long-term loans to residents totalled CZK 205.6 billion, i.e. 55.2% of total assets.

The largest part of loans provided to residents consisted of loans to non-financial corporations, which amounted to CZK 161.9 billion, i.e. 55.2 % of loans to residents. Loans provided to non-financial corporations rose by CZK 7.9 billion (5.1%) compared to the previous quarter. In year-on-year terms, loans to non-financial corporations increased by CZK 14.1 billion, i.e. 9.5%. Financial leasing companies, other lending companies and factoring and forfaiting companies provided loans amounting to CZK 138.3 billion, CZK 4.2 billion and CZK 19.5 billion respectively. These loans are made up predominantly of loans with original maturity of one to five years, which amounted to CZK 98.7 billion.

The second largest group of loans to residents are loans to households totalling CZK 129.2 billion, up by CZK 5.4 billion (4.3%) from the previous quarter. In year-on-year terms, loans provided to households increased by CZK 20.2 billion, i.e. 18.5%. These loans account for 44 % of loans granted to residents. Financial leasing companies provided CZK 64 billion and other lending companies CZK 65.2 billion. Loans with original maturity of one to five years amounted to CZK 81.8 billion, giving them the largest share in loans to households.

<sup>1)</sup> 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.

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

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

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

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

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

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

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

### **Financial corporations engaged in lending (FCLs):**

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

Type of services:

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

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

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

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

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

## Glossary (cont'd)

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

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

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

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

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

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

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

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

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

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

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

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

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

## Glossary (cont'd)

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

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

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

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

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

### **Unit trusts other than money market funds:**

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

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

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

## Technical Notes

### A. Calculation of growth rates

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

#### Method of calculation

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

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

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

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

where

$F_t^M$  - transactions in month  $t$

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

and

$L_t$  - outstanding amount at the end of month  $t$

$C_t^M$  - reclassifications in month  $t$

$E_t^M$  - exchange rate variations in month  $t$

$V_t^M$  - valuation changes in month  $t$

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

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

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

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

## 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