

Monetary Statistics

December
2005

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

The information in Tables 3-12 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.

TABLE 1

Key interest rates

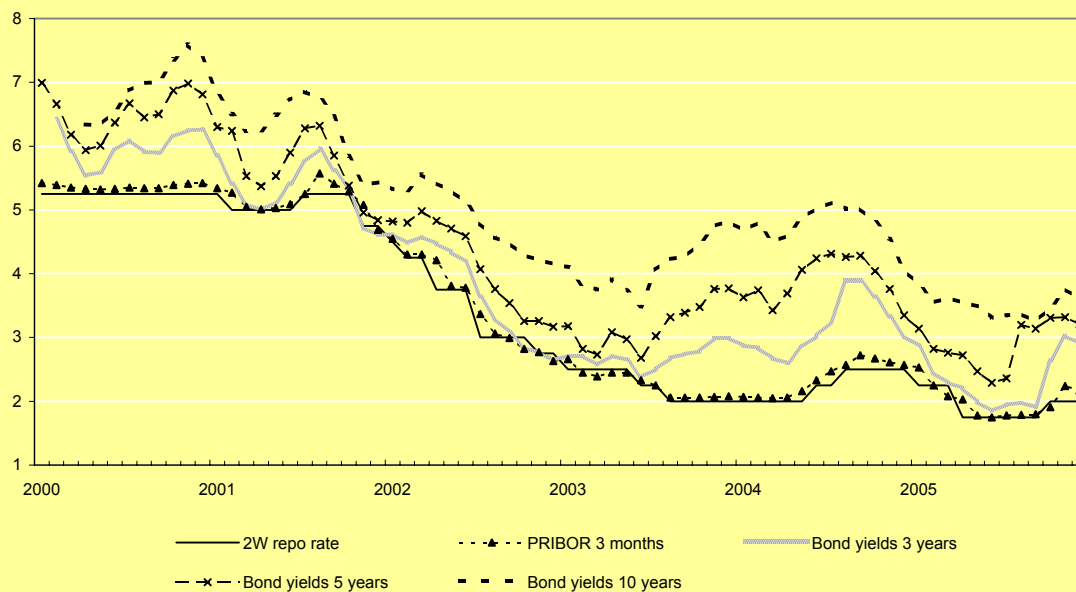
	CNB			ECB
	from 1 April 2005 onwards	from 29 April 2005 onwards	from 31 October 2005 onwards	from 6 December 2005 onwards
2W repo rate	2,00	1,75	2,00	2,25
Deposit facility	1,00	0,75	1,00	1,25
Marginal lending facility	3,00	2,75	3,00	3,25

TABLE 2

Financial markets interest rates

monthly average	2004 December		2005					
			October		November		December	
	CR	Euro	CR	Euro	CR	Euro	CR	Euro
Money market								
CZEONIA/ EONIA								
overnight	2,45	2,05	1,70	2,07	1,95	2,09	1,97	2,28
PRIBOR/ EURIBOR								
1 month	2,53	2,17	1,81	2,12	2,08	2,22	2,05	2,41
3 months	2,57	2,17	1,91	2,19	2,24	2,36	2,17	2,47
6 months	2,67	2,21	2,00	2,27	2,40	2,50	2,33	2,60
1 year	2,85	2,30	2,18	2,41	2,61	2,69	2,53	2,79
Capital market								
Bond yields								
3 years	3,02	2,53	2,64	2,61	3,02	2,86	2,91	2,88
5 years	3,35	2,93	3,31	2,85	3,32	3,10	3,21	3,07
10 years (Maastricht)	4,05	3,69	3,46	3,32	3,76	3,53	3,61	3,41

Interest rates



Commentary on key interest rates (Table 1) and financial market interest rates (Table 2): December 2005

Key interest rates

The ECB's key interest rate was 2.25% in December. The CNB's 2W repo rate has remained unchanged at 2.00% since 31 October 2005, which means that it is still 0.25 percentage point lower than the ECB rate.

Financial market interest rates

The upward trend in money market rates, visible since October, continued only in the euro area in December, whereas some rates in the Czech Republic dropped. The difference between money market rates in the two areas thus widened. In the Czech Republic, the CZEONIA reference rate increased slightly (by 0.02 percentage point), while all other money market rates recorded a moderate decrease. The one-month PRIBOR fell by 0.03 percentage point, whereas the three-month and six-month PRIBOR declined by 0.07 percentage point. EURIBOR rates rose, with the one-month EURIBOR recording the largest increase (of almost 0.2 percentage point). The three-month PRIBOR decreased to 2.17%, while the three-month EURIBOR grew to 2.47%.

Capital market interest rates in the Czech Republic also dropped in December. Bond yields were down by 0.11 percentage point for the 3 and 5-year maturities (to 2.91% for 3 years and 3.21% for 5 years) and by 0.15 percentage point for the 10-year maturity (to 3.61%). Bond yields in the euro area increased moderately for the 3-year maturity only (to 2.88%), whereas yields for the 5-year maturity fell slightly (by 0.03 percentage point to 3.07%), and a decrease of 0.12 percentage point (to 3.41%) was recorded for the 10-year maturity.

TABLE 3

Key monetary indicators

CZK billions, unless otherwise indicated	2004 December			2005								
				October			November			December		
	Outstanding amounts	Transa- ctions ⁴⁾	Annual growth rates (%)	Outstanding amounts	Transa- ctions ⁴⁾	Annual growth rates (%)	Outstanding amounts	Transa- ctions ⁴⁾	Annual growth rates (%)	Outstanding amounts	Transa- ctions ⁴⁾	Annual growth rates (%)
M1	1 026,3	-19,2	8,0	1 138,7	42,2	10,8	1 161,8	24,8	11,3	1 162,6	0,6	13,4
M3 ¹⁾	1 634,9	-12,2	6,4	1 768,7	26,5	7,3	1 799,6	33,9	9,4	1 817,2	17,2	11,2
Loans to private sector ²⁾	889,4	3,4	15,3	1 044,1	17,2	19,9	1 056,2	14,7	19,9	1 067,5	11,4	20,8
Net foreign assets ³⁾	863,3	-27,7	10,0	1 090,6	10,0	20,1	1 066,5	-11,0	19,6	1 082,8	15,4	25,1

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

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

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

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

Annual growth rates

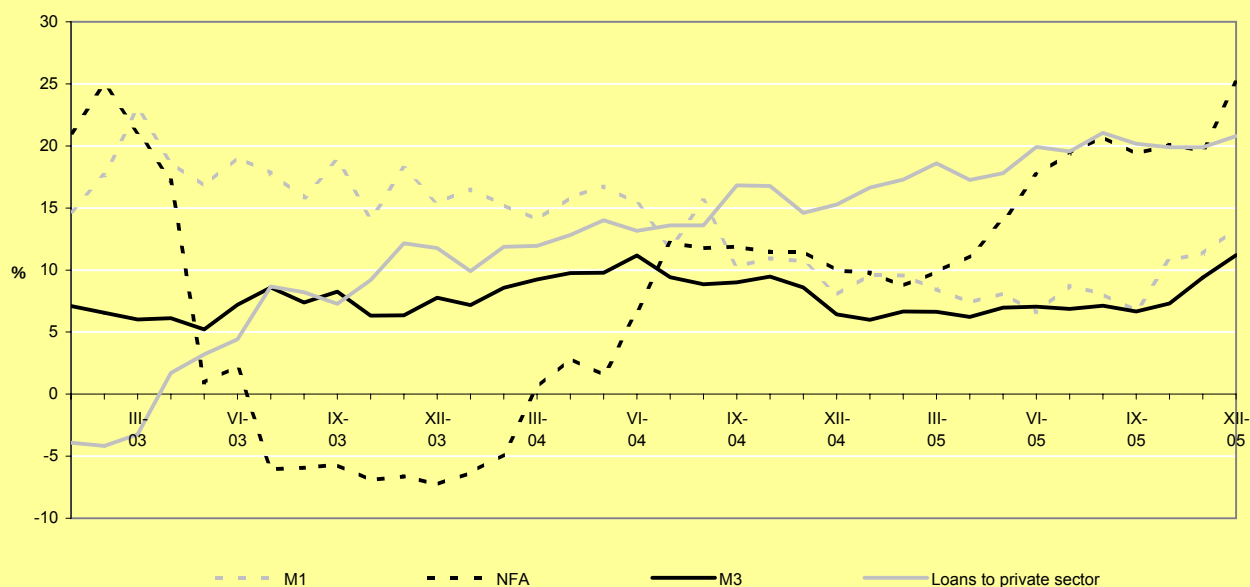


TABLE 4

Monetary aggregates and counterparts

CZK billions, unless otherwise indicated	2004			2005								
	December			October			November			December		
	Out- standing amounts	Transa- ctions ¹⁾	Annual growth rates (%)	Out- standing amounts	Transa- ctions ¹⁾	Annual growth rates (%)	Out- standing amounts	Transa- ctions ¹⁾	Annual growth rates (%)	Out- standing amounts	Transa- ctions ¹⁾	Annual growth rates (%)
COMPONENTS OF M3												
(1) M3 (= items 1.3, 1.6 and 1.11)	1 634,9	-12,2	6,4	1 768,7	26,5	7,3	1 799,6	33,9	9,4	1 817,2	17,2	11,2
(1.1) Currency in circulation	236,8	-1,6	7,0	258,5	2,3	9,2	262,7	4,1	10,2	263,8	1,1	11,4
(1.2) Overnight deposits	789,5	-17,6	8,3	880,1	39,9	11,3	899,1	20,6	11,6	898,8	-0,5	14,0
(1.3) M1 (items 1.1 and 1.2)	1 026,3	-19,2	8,0	1 138,7	42,2	10,8	1 161,8	24,8	11,3	1 162,6	0,6	13,4
(1.4) Deposits with agreed maturity up to 2 years	448,6	-0,9	-1,8	446,3	-16,7	-5,7	448,0	3,0	-0,2	446,0	-2,2	-0,5
(1.5) Deposits redeemable at notice up to 3 months	104,0	13,0	32,3	116,8	3,1	34,4	123,2	6,4	35,4	140,1	16,9	34,8
(1.6) Other short term deposits (items 1.4 and 1.5)	552,6	12,1	3,2	563,1	-13,6	0,5	571,2	9,4	5,8	586,1	14,7	6,1
(1.7) M2 (items 1.3 and 1.6)	1 578,9	-7,1	6,2	1 701,7	28,6	7,2	1 732,9	34,2	9,4	1 748,7	15,4	10,9
(1.8) Repurchase agreements	7,6	-2,2	-32,5	10,0	-2,1	15,4	9,7	-0,3	-0,5	9,3	-0,4	22,7
(1.9) Money market fund shares/units	48,1	-3,1	-	56,6	0,0	10,6	56,7	0,2	10,9	59,1	2,4	22,9
(1.10) Debt securities issued with maturity up to 2 years	0,3	0,1	-	0,3	0,0	-	0,2	-0,1	-	0,1	-0,1	-
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	56,0	-5,2	-3,8	67,0	-2,1	11,7	66,7	-0,2	9,1	68,5	1,8	22,4
COUNTERPARTS OF M3												
MFI liabilities												
(2) Holdings deposits against central government	138,8	-16,9	14,3	266,7	-9,7	65,8	244,4	-21,0	58,4	244,8	0,2	77,9
(3) Longer-term financial deposits against other residents (items 3.1 to 3.4)	552,0	12,3	2,2	619,6	14,3	13,7	616,0	7,2	14,3	620,9	1,5	12,1
(3.1) Deposits with agreed maturity over 2 years	244,8	4,1	12,9	250,6	-0,9	3,5	247,0	-3,6	2,6	247,5	0,5	1,1
(3.2) Deposits redeemable at notice over 3 months	95,6	0,1	-10,7	85,8	-0,8	-10,8	85,1	-0,7	-10,8	85,1	0,0	-11,0
(3.3) Debt securities issued with maturity over 2 years	26,5	0,6	-25,2	50,4	5,8	92,5	55,8	5,5	110,5	60,0	4,3	121,5
(3.4) Capital and reserves	185,1	7,4	2,8	232,8	10,1	27,9	228,1	6,1	28,2	228,3	-3,3	21,8
MFI assets												
(4) Credit to residents (items 4.1 and 4.2)	1 397,0	-15,9	2,6	1 523,5	18,7	8,1	1 536,8	15,4	9,2	1 542,6	2,7	10,6
(4.1) Credit to general government (items 4.1 and 4.2)	479,0	-13,2	-14,6	447,6	2,7	-10,7	445,3	-2,9	-9,6	439,8	-6,2	-8,4
of which: Loans	132,8	-4,9	-25,0	105,8	3,4	-25,3	99,6	-6,1	-27,4	89,9	-9,7	-32,1
Securities other than shares	346,2	-8,4	-9,7	341,9	-0,7	-5,0	345,7	3,2	-2,7	349,9	3,5	0,7
(4.2) Credit to private sector	918,0	-2,7	14,3	1 075,9	16,0	18,4	1 091,5	18,3	19,3	1 102,8	9,0	20,6
of which: Loans	889,4	3,4	15,3	1 044,1	17,2	19,9	1 056,2	14,7	19,9	1 067,5	11,4	20,8
Securities other than shares	18,8	-3,9	-19,1	16,7	-1,3	-34,5	14,7	-2,0	-35,6	14,4	-2,8	-36,8
Shares and other equities	9,8	-2,2	17,5	15,0	0,1	27,2	20,6	5,6	75,2	20,9	0,3	117,7
(5) Net foreign assets	863,3	-27,7	10,0	1 090,6	10,0	20,1	1 066,5	-11,0	19,6	1 082,8	15,4	25,1
(6) Other counterparts of M3 (residual) (=M3+items 2,4 - items 4,5)	65,3	26,7	14,1	40,9	2,3	16,4	56,7	15,8	46,7	57,4	0,7	-12,4

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	2004		2005					
	December		October		November		December	
	Out-standing amounts	Transa-ctions ²⁾	Out-standing amounts	Transa-ctions ²⁾	Out-standing amounts	Transa-ctions ²⁾	Out-standing amounts	Transa-ctions ²⁾
(1) Overnight deposits	789,5	-17,6	880,1	39,9	899,1	20,6	898,8	-0,5
(1.1) Other general government	64,0	-7,8	90,2	9,1	83,6	-6,6	75,4	-8,1
(1.2) Other financial intermediaries ³⁾	14,0	-2,0	15,2	0,3	18,2	3,0	15,6	-2,6
(1.3) Insurance corporations and pension funds	5,4	-10,2	12,9	8,0	13,6	0,7	8,4	-5,2
(1.4) Non-financial corporations	295,4	10,6	301,0	18,2	320,2	20,5	342,9	22,5
(1.5) Households ⁴⁾	410,8	-8,2	460,9	4,4	463,5	3,0	456,5	-7,0
(2) M2 - M1 (other short- term deposits)	552,6	12,1	563,1	-13,6	571,2	9,4	586,1	14,7
(2.1) Other general government	18,0	-5,0	23,7	1,5	25,2	1,6	20,2	-5,0
(2.2) Other financial intermediaries ³⁾	13,5	-0,9	18,5	2,3	17,6	-0,9	18,3	0,6
(2.3) Insurance corporations and pension funds	28,1	9,2	23,5	-8,6	21,5	-2,0	29,0	7,5
Non-financial corporations	173,5	-4,5	185,1	-9,0	189,9	5,2	179,1	-10,8
(2.5) Households ⁴⁾	319,4	13,3	312,2	0,3	316,9	5,5	339,4	22,4
(3) Repurchase agreements (a part of M3 - M2)	7,6	-2,2	10,0	-2,1	9,7	-0,3	9,3	-0,4
(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⁾	1,9	0,7	1,1	-0,7	0,8	-0,3	0,5	-0,3
(3.3) Insurance corporations and pension funds	5,6	-2,5	8,7	-1,3	8,8	0,1	8,5	-0,3
(3.4) Non-financial corporations	0,1	-0,4	0,2	0,0	0,2	0,0	0,3	0,1
(3.5) Households ⁴⁾	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0

TABLE 6

Loans to private sector

CZK billions	2004		2005					
	December		October		November		December	
	Out-standing amounts	Transa-ctions ²⁾	Out-standing amounts	Transa-ctions ²⁾	Out-standing amounts	Transa-ctions ²⁾	Out-standing amounts	Transa-ctions ²⁾
(1) Loans to non-financial corporations	461,0	-11,8	529,0	6,3	530,5	3,7	526,9	-3,7
(1.1) up to 1 year	187,8	-8,2	215,0	2,4	217,3	2,8	209,2	-7,9
(1.2) over 1 year and up to 5 years	115,4	-2,7	135,3	3,8	133,6	-1,1	132,3	-1,3
(1.3) over 5 years	157,9	-0,9	178,7	0,1	179,7	2,0	185,3	5,6
(2) Loans to households⁴⁾	315,2	13,6	391,4	11,1	402,2	11,2	417,7	15,6
(2.1) Consumer credit	68,3	4,4	82,1	1,8	84,9	3,0	89,5	4,7
(2.2) Lending for house purchase	209,8	7,5	266,1	7,1	273,2	7,2	282,0	8,8
(2.3) Other lending	37,2	1,8	43,2	2,3	44,1	0,9	46,1	2,1
(3) Loans to other financial intermediaries³⁾	110,9	1,6	119,5	0,1	119,9	0,6	121,0	1,1
(4) Loans to insurance corporations and pension funds	2,2	0,0	4,3	-0,4	3,5	-0,8	1,9	-1,6

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

	2004 December	2005		
		October	November	December
	% points	% points	% points	% points
M1	4,9	6,8	7,1	8,4
of which: Currency	1,0	1,3	1,5	1,7
Overnight deposits	3,9	5,4	5,7	6,8
M2 - M1 (= other short- term deposits)	1,1	0,2	1,9	2,1
M3 - M2 (= short-term marketable instruments)	0,4	0,4	0,3	0,8
M3	6,4	7,3	9,4	11,2

TABLE 8

Contributions to annual growth¹⁾ of loans to private sector

	2004 December	2005		
		October	November	December
	% points	% points	% points	% points
Non-financial corporations	5,0	7,0	7,0	7,9
Households ²⁾	10,4	11,3	11,6	11,7
Other financial intermediaries ³⁾	0,1	1,3	1,2	1,2
Insurance corporations and pension funds	-0,3	0,2	0,1	0,0
Loans to private sector ⁴⁾	15,3	19,9	19,9	20,8

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).

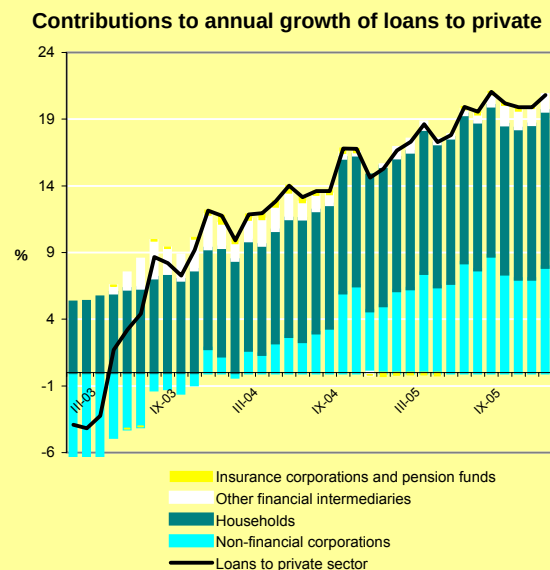
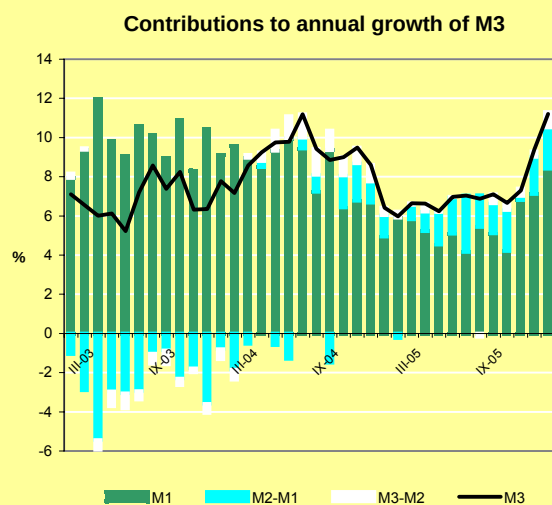
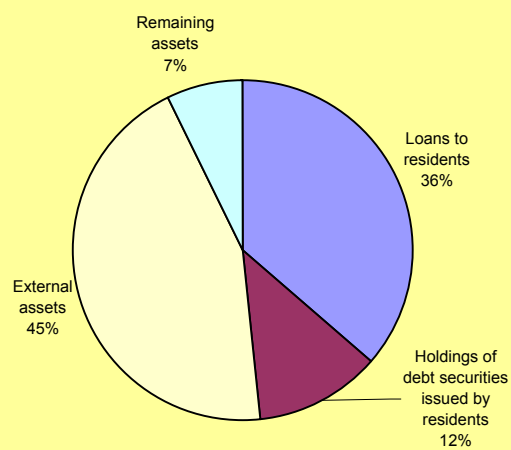


TABLE 9

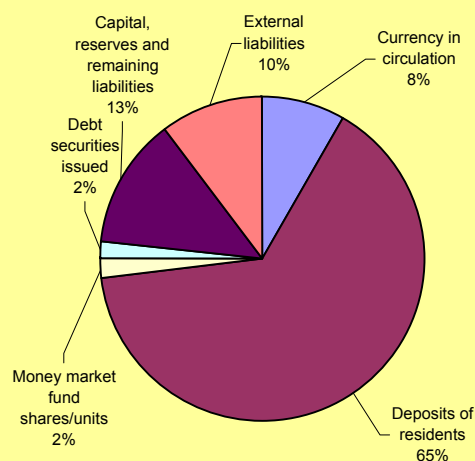
Balance sheets of MFIs by reporting institutions: December 2005

CZK billions	MFI			Consolidated balance sheet of MFIs
	CNB	Credit institutions	Money market fund	
(1) ASSETS TOTAL	890,3	2 919,4	78,7	3 187,5
(1.1) Loans to residents	59,0	1 663,5	16,6	1 157,4
MFI	29,1	536,1	16,6	-
General government	4,1	85,8	0,0	89,9
Other residents	25,9	1 041,6	0,0	1 067,5
(1.2) Holdings of securities other than shares issued by residents	0,0	420,7	22,2	364,3
MFI	0,0	77,7	0,8	-
General government	0,0	331,7	18,2	349,9
Other residents	0,0	11,3	3,1	14,4
(1.3) Money market fund shares/units	0,0	4,9	0,0	-
(1.4) Holdings of shares/other equity issued by residents	0,0	32,5	0,1	20,9
MFI	0,0	11,7	0,0	-
Other residents	0,0	20,8	0,1	20,9
(1.5) External assets	811,7	559,6	39,6	1 410,9
(1.6) Fixed assets	11,9	104,7	0,0	116,6
(1.7) Remaining assets	7,7	133,4	0,2	117,3
(2) LIABILITIES TOTAL	890,3	2 919,4	78,7	3 187,5
(2.1) Currency in circulation	287,8	-	-	263,8
(2.2) Deposits of residents	580,1	2 064,5	0,0	2 071,6
MFI	399,2	173,9	0,0	-
Central government	178,7	66,1	0,0	244,8
Other general government/other residents	2,3	1 824,5	0,0	1 826,8
(2.3) Money market fund shares/units	-	-	63,9	59,1
(2.4) Debt securities issued	0,0	138,7	0,0	60,1
(2.5) Capital and reserves	-77,2	303,6	13,6	228,3
(2.6) External liabilities	87,0	241,0	0,1	328,1
(2.7) Remaining liabilities	12,6	171,6	1,0	185,2
(2.8) Excess of inter MFI liabilities	-	-	-	-8,7

Consolidated balance sheet of MFIs - assets



Consolidated balance sheet of MFIs - liabilities



Commentary on the monetary statistics¹⁾ (Tables 3–9): December 2005

The annual rate of growth of M3 rose from 9.4% in November to 11.2% in December. The month-on-month growth rate decreased from 1.9% to 1%. As a result of financial transactions, M3 grew by CZK 184 billion year on year (and by CZK 17.2 billion month on month), to CZK 1,817.2 billion.

Main components of M3

With the largest contribution to M3 growth, the monetary aggregate M1 remains the most important component of M3. M1 accounted for three-quarters of the annual M3 growth (Table 7), the same as in November.

The annual rate of growth of M1 increased from 11.3% in November to 13.4% in December. The annual rate of growth of overnight deposits saw a similar development, rising by 2.4 percentage points, from 11.6% in November to 14% in December. The month-on-month rate of growth of overnight deposits decreased slightly, by 0.1%. Within overnight deposits, month-on-month declines were recorded in deposits of all sectors except for non-financial corporations, which were up by 7% (CZK 22.5 billion). Deposits of insurance companies and pension funds dropped by 38.3% (CZK 5.2 billion), deposits of other financial intermediaries by 14% (CZK 2.6 billion), deposits of other government by 9.7% (CZK 8.1 billion) and household deposits by 1.5% (CZK 7 billion).

The annual rate of growth of currency in circulation increased from 10.2% in November to 11.4% in December. In month-on-month terms, currency in circulation rose by 0.4% (an increase of CZK 1.1 billion due to financial transactions).

Short-term deposits (excluding overnight deposits) grew by CZK 14.7 billion (i.e. 2.6%) month on month, owing to financial transactions. In December, the annual rate of growth of these deposits increased by 0.3 percentage point to 6.1% (from 5.8% 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 34.8%. The annual rate of growth of deposits with maturity of up to two years, which are the dominant component of short-term deposits, decreased by a modest 0.3 percentage point compared to the previous month, reaching -0.5%.

Within other short-term deposits, the most pronounced month-on-month increases were recorded for deposits of insurance companies and pension funds – up by 34.7% (CZK 7.5 billion), and household deposits – up by 7.1% (CZK 22.4 billion). By contrast, deposits of other government and non-financial corporations fell the most, by 19.8% (CZK 5 billion) and 5.7% (CZK 10.8 billion) respectively.

Marketable instruments, which consist of repos, money market fund shares/units and debt securities with maturities of up to two years, rose by CZK 1.8 billion due to financial transactions. Compared to the previous month, their annual rate of growth increased by 13.3 percentage points to 22.4% (from 9.1% in November).

Main counterparts of M3

The annual rate of growth of loans extended to general government has been negative over the last 20 months, and was -32.1% in December (-27.4% in November). For the first time in 14 months, the annual rate of growth of purchased government bonds was positive, increasing by 3.4 percentage points month on month to 0.7% (-2.7% in November). In absolute terms, total general government debt to MFIs fell from CZK 479 billion in December 2004 to CZK 439.8 billion in December 2005, of which credit decreased from CZK 132.8 billion to CZK 89.9 billion.

The annual growth rate of credit to the private sector increased from 19.9% in November to 20.8% in December. This growth was mostly attributable to households, which account for more than one-half of the annual rate of growth of credit to the private sector (Table 8). The annual growth rates of loans to households have long been high; in December 2005, the figure was 33.1%. Non-financial corporations are another sector accounting for over one-third of the annual rate of growth of credit to the private sector. Their annual rate of growth rose from 13.2% to 15.3%.

The annual growth rate of net external assets increased from 19.6% in November to 25.1% in December. The annual rate of growth of long-term financial liabilities decreased from 14.3% to 12.1%. The annual rate of growth of deposits from central government rose from 58.4% to 77.9%.

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	2004		2005					
	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)
(1) Deposits from households²⁾	0,96	626,7	0,78	678,1	0,82	682,3	0,87	696,7
(1.1) Overnight	0,52	384,8	0,38	435,5	0,40	438,6	0,40	431,7
(1.2) With agreed maturity	1,77	50,4	1,25	48,0	1,34	43,2	1,36	47,8
of which: Up to 2 years	1,77	49,9	1,25	47,8	1,35	42,6	1,36	46,9
(1.3) Redeemable at notice ³⁾	1,63	194,4	1,53	197,5	1,61	203,1	1,70	219,8
(1.3.1) Up to 3 months' notice	2,12	99,2	2,11	112,2	2,19	118,5	2,25	135,2
(1.3.2) Over 3 months' notice	1,12	95,3	0,77	85,3	0,81	84,6	0,82	84,6
(2) Deposits from non-financial corp.⁴⁾	1,30	415,0	1,02	418,0	1,14	465,9	1,05	482,5
(2.1) Overnight	0,68	236,2	0,57	233,0	0,61	248,8	0,52	273,0
(2.2) With agreed maturity	2,12	175,8	1,58	181,4	1,75	214,4	1,75	205,9
of which: Up to 2 years	2,12	175,6	1,59	181,0	1,75	214,3	1,75	205,9
(3) Loans to households²⁾	11,64	30,6	11,09	35,7	10,51	38,6	10,93	39,9
(3.1) Bank overdraft ⁵⁾	14,72	17,9	14,94	19,2	14,90	17,7	15,23	20,7
(3.2) Consumer credit	14,42	2,8	13,09	3,8	12,70	5,6	12,52	3,7
(3.3) Lending for house purchase	5,17	8,4	4,39	9,3	4,29	11,7	4,45	11,4
of which: Mortgage lending	4,93	5,1	-	-	-	-	-	-
Saving for building purposes	5,53	3,5	5,06	3,3	5,05	3,3	4,95	3,8
(3.4) Other lending	6,05	1,5	5,49	3,4	5,75	3,6	5,67	4,0
(4) Loans to non-financial corporation	4,43	104,2	3,96	119,1	3,89	133,1	3,95	138,9
(4.1) Bank overdraft ⁵⁾	5,17	44,3	4,47	59,3	4,41	65,3	4,55	57,9
(4.2) Other loans up to CZK 30 million	4,93	14,6	4,62	14,7	4,70	19,0	4,72	19,9
of which: Up to 1 year initial rate fixation ⁶⁾	4,78	10,9	4,58	10,9	4,63	14,1	4,62	14,3
(4.3) Other loans over to CZK 30 million	3,53	45,3	3,06	45,1	2,88	48,8	3,13	61,1
of which: Up to 1 year initial rate fixation ⁶⁾	3,50	39,7	3,03	41,7	2,84	47,1	3,07	54,6
(5) APRC⁷⁾ on loans to households	8,07	11,2	7,62	13,1	7,83	17,3	7,02	15,1
(5.1) Consumer credit	16,08	2,8	14,88	3,8	14,72	5,6	14,21	3,7
(5.2) Lending for house purchase	5,42	8,4	4,67	9,3	4,53	11,7	4,69	11,4

¹⁾ The interest rates that are applied by resident credit institutions and other MFIs, excluding central banks and money market funds, 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).

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

⁴⁾ Without deposit liabilities redeemable at notice included in item (1.3)

⁵⁾ Overdrafts, i.e. permitted or unpermitted debits

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.

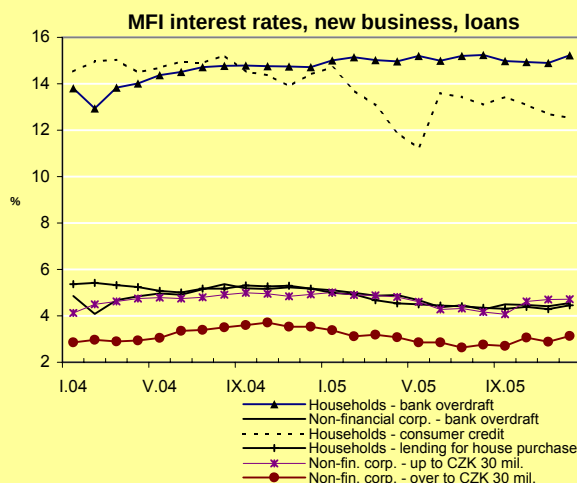
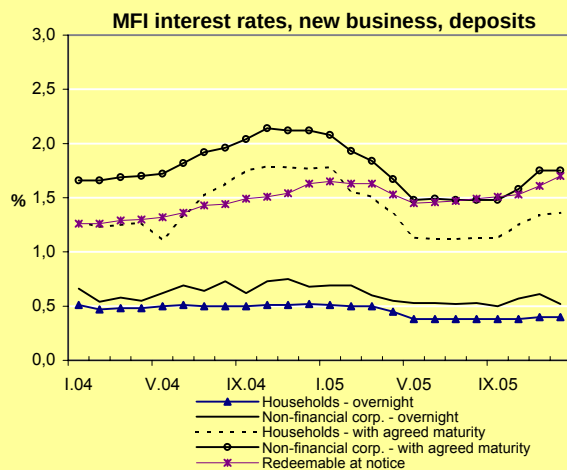


TABLE 11

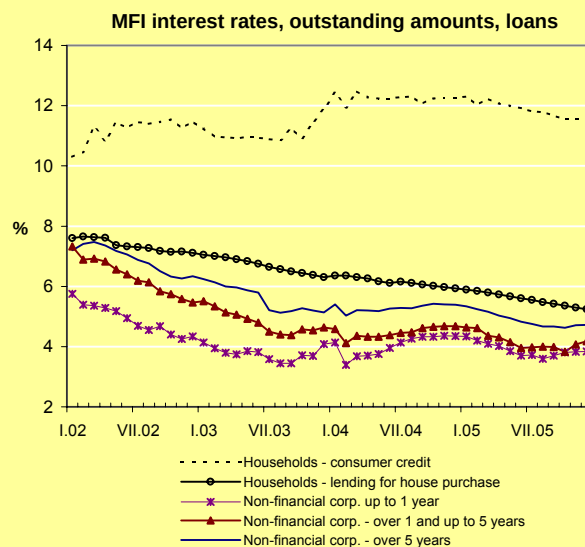
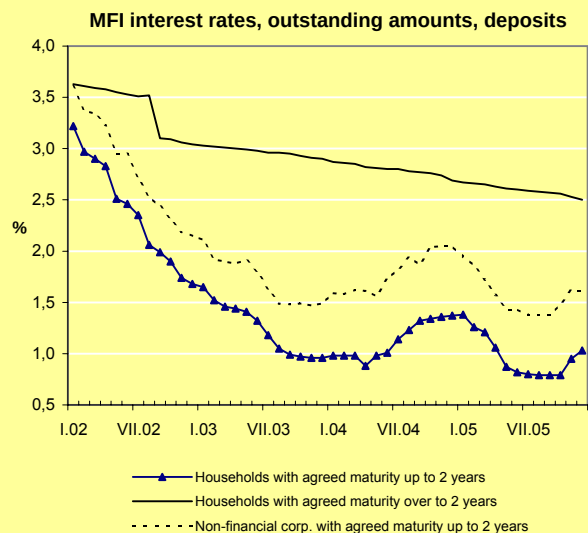
MFI interest rates on outstanding amounts¹⁾

outstanding amounts as end-of-month	2004 December		2005					
			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)
(1) Deposits from households²⁾³⁾	1,41	991,2	1,18	1031,7	1,21	1035,8	1,25	1046,7
(1.1) With agreed maturity	2,13	413,9	1,87	400,1	1,91	395,1	1,92	396,0
(1.1.1) Up to 2 years	1,37	176,1	0,79	156,9	0,95	155,6	1,03	156,0
(1.1.2) Over 2 years	2,69	237,9	2,56	243,2	2,53	239,5	2,50	240,1
(2) Deposits from non-financial corp.³⁾	1,21	380,6	0,94	388,1	1,02	411,4	0,91	418,6
(2.2) With agreed maturity	2,08	144,3	1,50	155,0	1,65	162,5	1,64	145,4
(2.2.1) Up to 2 years	2,05	140,7	1,48	150,8	1,62	158,3	1,61	141,1
(2.2.2) Over 2 years	3,12	3,7	2,42	4,2	2,47	4,3	2,47	4,3
(3) Loans to households	7,96	314,0	7,25	390,0	7,21	401,1	7,20	416,4
Lending for house purchase	5,93	209,4	5,36	265,7	5,29	272,8	5,24	281,7
of which: Mortgage lending	5,84	117,6	-	-	-	-	-	-
Saving for building purposes	6,23	83,3	5,83	97,4	5,80	97,5	5,79	95,0
(3.2) Consumer credit and other lending	12,27	104,6	11,55	124,3	11,54	128,3	11,53	134,7
(4) Loans to non-financial corp.	4,75	374,5	4,07	433,2	4,16	438,5	4,20	433,0
(4.1) Up to 1 year	4,35	168,4	3,81	190,9	3,83	194,3	3,84	188,0
(4.2) Over 1 and up to 5 years	4,68	93,1	3,83	109,4	4,07	110,1	4,18	107,8
(4.3) Over 5 years	5,39	113,0	4,63	132,9	4,71	134,1	4,72	137,2

¹⁾ The interest rates that are applied by resident credit institutions and other MFIs, excluding central banks and money market funds, 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).

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



Commentary on MFI interest rates (Tables 10 and 11): December 2005

Interest rates on new business

The moderate upward trend in interest rates on **new deposits** of households continued in December, with deposits redeemable at notice of up to three months recording the highest rates. Conversely, interest rates on new deposits of non-financial corporations fell slightly.

The overall average interest rate on new deposits of **households** rose by 0.05 percentage point to 0.87% in December. This was due to increases in rates on deposits with an agreed maturity (to 1.36%) and deposits redeemable at notice, particularly of up to three months (to 2.25%). The average interest rate on overnight deposits remained unchanged at 0.40%.

The average interest rate on new deposits of **non-financial corporations** declined (by almost 0.1 percentage point) to 1.05% as a result of a decrease in interest rates on new overnight deposits. The average interest rate on deposits with an agreed maturity stood at the level of the previous month (1.75%).

Unlike in the previous month, average interest rates on **new loans** recorded an increase in December. For households the increase was considerable (0.42 percentage point), whereas for non-financial corporations it was very modest (0.06 percentage point).

The overall average interest rate on all new loans to **households** rose to 10.93%, very close to the level of October 2005. This was due to a rise in rates on bank overdrafts (of one-third of a percentage point to 15.23%) and housing loans (of 0.16 percentage point to 4.45%). By contrast, the average interest rate on consumer credit fell to 12.52% and that on other loans to 5.67%.

Overall, the interest rate on loans to non-financial corporations increased slightly, to 3.95% on average, owing mainly to a pick-up in the average rate on bank overdrafts (of 0.14 percentage point) to 4.55% and other loans over CZK 30 million (of 0.25 percentage point) to 3.13%. The average interest rate on other loans up to CZK 30 million also recorded a modest increase, to 4.72%.

Overall, the annual percentage rate of charge on loans to households fell sharply (by 0.81 percentage point) to 7.02%, although the APRC on housing loans increased (by 0.16 percentage point) to 4.69%. Nonetheless, the APRC on consumer credit recorded a significant decline (of 0.5 percentage point to 14.21%), resulting in a fall in the overall APRC.

Interest rates on outstanding amounts

The average interest rate on **outstanding amounts of deposits** of households rose moderately in December, to 1.25%. The analogous rate for deposits of non-financial corporations dropped to 0.91%.

As regards deposits of households, the overall moderate rise was due to an increase (of 0.08 percentage point) in the rate on deposits with an agreed maturity of up to 2 years, to 1.03%. A slight decrease (of 0.03 percentage point) in the rate on deposits with an agreed maturity of over 2 years, to 2.50%, acted in the opposite direction.

The decline in the average interest rate on outstanding amounts of deposits of **non-financial corporations** to 0.91% was a consequence of a reduction in the average rate on overnight deposits to 0.52% (0.1 percentage point).

The average interest rate charged by banks on **outstanding amounts of loans** to households maintains a very slight downward trend, reaching 7.20% in December, although the decrease was only marginal (by 0.01 percentage point to 7.20%). In contrast, the outstanding amounts of loans to non-financial corporations saw a rise in average rate to 4.20%.

The decline in the overall average rate on loans to **households** was due primarily to a fall (of 0.05 percentage point) in the average interest rate on housing loans, to 5.24%.

Compared to November, the rate charged on outstanding amounts of loans to **non-financial corporations** was 0.04 percentage point higher; this increase was mainly a result of a rise (of 0.1 percentage point) in the average overall interest rate on loans with a maturity of over one year and up to five years.

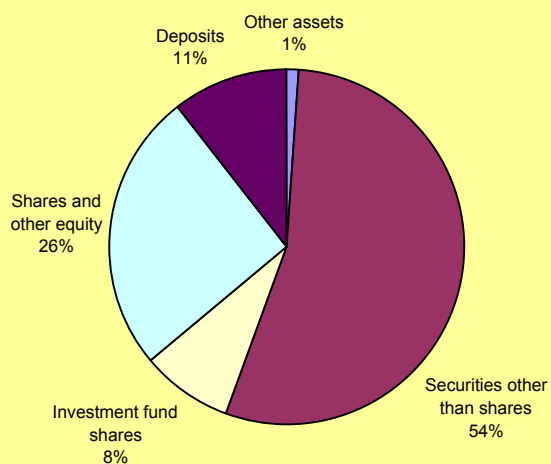
TABLE 12

Quarterly aggregated balance sheet of investment funds¹⁾

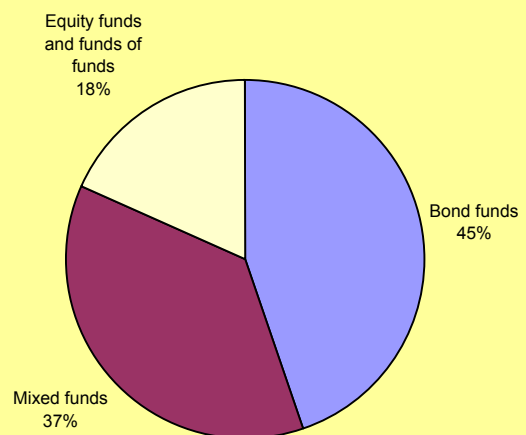
CZK billions; end of period	2004	2005			
	December	March	June	September	December
ASSETS					
Total	51,7	53,0	55,4	62,8	
(1.1) Deposits	6,1	6,3	5,6	6,6	
(1.2) Securities other than shares	29,4	30,1	31,7	34,2	
MFI	0,7	0,7	0,6	0,6	
General government	16,8	15,7	19,2	19,7	
Other residents	2,7	2,3	2,2	2,2	
Non-residents	9,2	11,4	9,7	11,6	
Up to 1 year	0,9	0,9	0,8	0,7	
Over 1 year	28,5	29,3	30,9	33,5	
(1.3) Shares and other equity	13,0	13,3	13,0	16,1	
MFI	0,4	0,4	0,4	0,5	
Other residents	2,8	2,6	2,5	3,0	
Non-residents	9,8	10,3	10,1	12,6	
(1.4) Investment fund shares	2,6	2,7	4,4	5,2	
Residents	0,2	0,2	0,2	0,4	
Non-residents	2,4	2,5	4,2	4,8	
(1.5) Other assets	0,5	0,7	0,7	0,7	
LIABILITIES					
Total	51,7	53,0	55,4	62,8	
(2.1) Loans accepted	0,0	0,0	0,0	0,0	
(2.2) Investment fund shares	44,9	44,5	45,0	48,8	
Residents	44,7	44,4	44,8	48,6	
Non-residents	0,2	0,2	0,2	0,2	
(2.3) Capital and reserves	6,4	7,4	8,6	11,2	
(2.4) Other liabilities	0,3	1,1	1,8	2,8	
BALANCE SHEET TOTAL - BREAKDOWN BY INVESTMENT POLICY					
TOTAL	51,7	53,0	55,4	62,8	
Equity funds and funds of funds	6,3	7,4	9,3	11,5	
Bond Funds	23,1	24,0	26,0	28,0	
Mixed Funds	22,3	21,6	20,2	23,3	

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

Balance sheet total - breakdown by asset item



Balance sheet total - breakdown by investment policy



Commentary on the quarterly aggregated balance sheet of collective investment funds (Table 12): September 2005

In 2005 Q3, the total assets of collective investment funds increased overall from CZK 55.43 billion as of 30 June 2005 to CZK 62.8 billion as of 30 September 2005, which represents a rise of 13.3%.

Mixed funds and bond funds are still among the most popular and important (in terms of investment volume) types of collective investment. In Q3, positive month-on-month increases in total assets were again recorded by all types of collective investment funds. The rise in total assets was attributable mainly to mixed funds (a quarterly rise from CZK 20.174 billion to CZK 23.302 billion as of 30 September), bond funds (up from CZK 25.986 billion to CZK 28.023 billion), equity funds (up from CZK 6.01 billion to CZK 7.54 billion) and funds of funds (up from CZK 3.26 billion to CZK 3.94 billion).

Fund portfolios are still dominated by bonds. In 2005 Q2, a total of 35.85% of assets were placed in domestic bonds and 18.54% in foreign bonds. Bonds accounted for 54.39% of total assets, up by 2.76 percentage points on 2005 Q2. The proportion of domestic shares was 5.63% and that of foreign shares 20.03%. Overall, shares accounted for 25.66% of total assets (an increase of 2.76 percentage points on 2005 Q2). The proportion of domestic units was 0.65% and the proportion of foreign units was 7.70%. The total share of units in total assets was 8.35% (a slight increase of 0.41 percentage point). Bank deposits accounted for 10.50% of funds' total assets, which represents a modest rise of 0.36 percentage point. Other assets recorded a decline to 1.10% of total assets, down by 0.15 percentage point from the previous quarter.

As of the end of Q3, 55 collective investment funds were active in the Czech Republic, all of them members of the category of resident open-ended mutual funds. Compared to Q2, the number of funds was down by 5 as of 30 September 2005, due to mergers. Ten equity funds, 10 funds of funds, 12 bond funds and 23 mixed funds were registered. A total of 5 funds merged in the mixed funds segment.

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 than cannot be withdrawn by clients before a predefined maturity.

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.

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.

Glossary (cont'd)

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.

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

Glossary (cont'd)

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:

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

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

Article 121 of the Treaty establishing the European Community specifies that the Commission and the European Central Bank must report to the Council on the progress made in the fulfilment by the Member States¹ not yet participating in the Monetary Union of their obligations regarding the achievement of economic and monetary union. These reports shall among others examine the achievement of a high degree of sustainable convergence by reference to the fulfilment by each Member State of four main criteria (also referred to as the convergence criteria). One of the criteria is

the durability of convergence achieved by the Member State and of its participation in the exchange-rate mechanism of the European Monetary System being reflected in the long-term interest-rate levels.

Article 4 of the Protocol No. 21 on the convergence criteria, states in relation to the long-term interest rate levels, that

Member State - observed over a period of one year before the examination – has to have an average nominal long-term interest rate that does not exceed more than two percentage points of, at most, the three best performing Member States in terms of price stability. The interest rate levels are to be measured on the basis of long-term government bonds or comparable securities, taking into account differences in national definitions.

Already prior to the accession of the Czech Republic to the European Union the Money and Banking Statistics Division of the CNB started to co-operate with the Monetary, Financial Institutions and Markets Statistics Division of the ECB's Directorate General Statistics on the specification of key features of long-term interest rate indicator and the identification of a suitable representative government bond to be used in the context of assessing convergence. These are hereinafter described and compared to the recommendations of a "Guidance Note" produced by the ECB in order to foster the harmonisation of long-term interest rate statistics.

The long-term interest rate indicator is a yield to maturity of a 10-year Treasury bond denominated in CZK with the following characteristics:

Ref.	Concept	Guidance Note's recommendation	Characteristics of Czech LTIR
1	Bond issuer	The bond should be issued by the central government.	Ministry of Finance on behalf of the Czech Republic.
2	Maturity	The maturity should be as close as possible to ten years' residual maturity. Any replacement of bonds should minimise maturity drift.	Ten years' original maturity. The representative bond is replaced as soon as a new 10-years' original maturity bond is issued (which is expected at least every two years). The residual maturity is thus 8-10 years.
3	Choice of bonds	The applied bonds should be sufficiently liquid. This requirement should determine the choice between benchmark or sample approaches, depending on national market conditions; special feature bonds are to be omitted; national central banks keep the ECB and the Commission informed about the choice of bonds.	Benchmark bond.
4	Coupon effects	No direct adjustment.	No direct adjustment.
5	Taxation	Gross of tax.	Gross of tax.
6	Yield formula	The "yield to maturity" ISMA formula should be applied.	The "yield to maturity" ISMA formula is applied.
7	Aggregation	Where there is more than one bond in the sample, a simple average of the yields should be used to produce the representative rate.	No aggregation is performed.

¹ Member States refers to the countries included in the European Union.

The long-term interest rate indicator for convergence assessment purposes is calculated² from the selected representative bonds (TABLE 2) by the CNB³ and is daily transmitted to the ECB. In addition, the ECB is bi-annually updated on the characteristics of the representative bond used in the context of assessing the convergence (TABLE 3) and it receives "security-by-security" information on top five long-term government bonds in terms of the total value of amounts outstanding (TABLE 4) and in terms of liquidity (TABLE 5).

The long-term interest rate statistics was officially released in April 2004 and have been since published by the ECB, the European Commission and with reference to the Czech Republic also by the Czech National Bank (TABLE 1).

² based on data from the Prague Stock Exchange, with the mid of average reference prices being used as price in the yield formula

³ co-operation of Money and Banking Statistics Division and Statistical Data Processing Division

TABLE 1 - Harmonised long-term interest rates for convergence assessment purposes

Monthly average, in % p.a.	CZ	Euro-area countries											
		BE	DE	GR	ES	FR	IE	IT	LU	NL	AT	PT	FI
XII.05	3,61	3,39	3,34	3,57	3,37	3,38	3,38	3,55	3,40	3,35	3,36	3,46	3,30
XI.05	3,76	3,49	3,45	3,67	3,48	3,50	3,40	3,66	3,48	3,48	3,47	3,58	3,40
X.05	3,46	3,30	3,24	3,45	3,28	3,29	3,19	3,44	3,24	3,28	3,26	3,39	3,19
IX.05	3,26	3,14	3,07	3,30	3,09	3,13	3,04	3,29	3,05	3,12	3,10	3,23	3,05
VIII.05	3,37	3,31	3,23	3,47	3,23	3,30	3,21	3,45	3,20	3,28	3,29	3,39	3,21
VII.05	3,35	3,30	3,20	3,46	3,22	3,27	3,18	3,44	3,17	3,27	3,26	3,35	3,18
VI.05	3,31	3,26	3,13	3,44	3,18	3,20	3,13	3,41	3,16	3,13	3,23	3,19	3,16
V.05	3,49	3,43	3,30	3,60	3,36	3,38	3,28	3,55	3,35	3,30	3,39	3,35	3,33
IV.05	3,55	3,60	3,48	3,76	3,53	3,54	3,47	3,65	3,51	3,48	3,49	3,50	3,51
III.05	3,62	3,76	3,70	3,92	3,74	3,75	3,67	3,84	3,70	3,69	3,69	3,70	3,72
II.05	3,55	3,57	3,54	3,69	3,58	3,60	3,50	3,68	3,56	3,55	3,53	3,55	3,57
I.05	3,84	3,59	3,56	3,69	3,59	3,58	3,52	3,71	3,57	3,56	3,57	3,56	3,60
XII.04	4,05	3,66	3,58	3,77	3,64	3,64	3,63	3,79	3,64	3,63	3,66	3,64	3,68
XII.03	4,82	4,38	4,29	4,45	4,34	4,34	4,36	4,46	4,53	4,33	4,40	4,40	4,33
XII.02	4,15	4,46	4,33	4,58	4,43	4,38	4,46	4,55	3,97	4,36	4,47	4,45	4,45
XII.01	5,43	4,97	4,74	5,13	4,97	4,87	4,92	5,05	4,51	4,89	4,94	5,01	4,98

Source: ECB

Monthly average, in % p.a.	Non-euro area countries											
	DK	CY	LV	LT	HU	MT	PL	SI	SK	SE	GB	EE ¹⁾
XII.05	3,35	4,09	3,59	3,79	6,89	4,39	5,16	3,69	3,62	3,37	4,27	-
XI.05	3,46	4,22	3,56	3,64	6,81	4,39	5,38	3,62	3,70	3,39	4,37	3,80
X.05	3,22	4,22	3,87	3,50	6,49	4,41	4,91	3,62	3,25	3,17	4,40	3,50
IX.05	3,05	4,81	3,87	3,50	5,64	4,41	4,57	3,74	3,13	2,98	4,25	4,01
VIII.05	3,24	4,84	3,87	3,50	5,85	4,43	4,88	3,79	3,24	3,14	4,34	4,10
VII.05	3,21	4,84	3,87	3,61	6,13	4,55	4,72	3,78	3,22	3,06	4,31	3,81
VI.05	3,16	5,13	3,87	3,78	6,59	4,56	4,91	3,90	3,36	3,11	4,31	4,23
V.05	3,39	5,84	3,87	3,87	7,00	4,66	5,35	3,92	3,54	3,34	4,45	3,99
IV.05	3,58	5,87	3,87	3,82	6,91	4,71	5,49	3,95	3,76	3,58	4,67	4,05
III.05	3,82	5,89	3,94	3,73	6,83	4,72	5,55	3,89	3,60	3,86	4,87	4,11
II.05	3,64	6,06	4,03	3,80	6,84	4,72	5,73	3,92	3,80	3,76	4,66	4,17
I.05	3,74	6,13	4,29	3,85	7,21	4,71	5,97	3,87	4,04	3,84	4,60	4,08
XII.04	3,85	6,26	4,58	3,95	7,17	4,70	6,00	4,07	4,58	3,90	4,58	4,28
XII.03	4,52	4,75	5,07	4,81	8,24	4,71	6,76	5,27	5,42	4,86	4,94	4,75
XII.02	4,61	5,37	4,53	5,87	6,50	5,55	5,73	6,65	5,12	4,89	4,49	7,34
XII.01	4,97	7,55	6,93	6,34	7,07	6,24	8,88	-	7,75	5,24	4,94	9,23

Source: ECB

¹⁾ As Estonia has a very limited government debt, there are currently no suitable long-term government bonds available on the financial market. The current indicator represents the interest rates on new EEK-denominated loans to non-financial corporations and households with maturities over five years. However, a large part of the underlying claims is linked to variable interest rates and the claims are subject to a different credit risk than government bonds.

TABLE 2 - History of bonds used for convergence protocol

Period	ISIN
since V.05	CZ0001001143
VII.03 - IV.05	CZ0001000814
XI.01 - VI.03	CZ0001000764
IV.00 - X.01	CZ0001000731

TABLE 3 - Characteristics of the bond used for convergence protocol

Data as of end-December 2005	
ISIN code	CZ0001001143
Name of issuer	Ministry of Finance of the CR
Sector of issuer	Central government
Reference market	Prague Stock Exchange
First tranche issuance date	11.4.2005
Second tranche issuance date	13.6.2005
Third tranche issuance date	29.8.2005
Fourth tranche issuance date	10.10.2005
Original maturity date	11.4.2015
Currency of issue	CZK
Nominal amount (in CZK)	31 494,25
Coupon rate (in %)	3,8

TABLE 4 - Top 5 long-term government bonds in terms of the total value of amounts outstanding

Data refer to January-December 2005

ISIN code	CZ0001000814	CZ0001000764	CZ0001000855	CZ0001000822	CZ0001000798
Name of issuer	MoF	MoF	MoF	MoF	MoF
Sector of issuer	CG	CG	CG	CG	CG
Reference market	PSE	PSE	PSE	PSE	PSE
Issuance date	16.6.2003	5.10.2001	22.3.2004	18.8.2003	17.3.2003
Original maturity date	16.6.2013	5.10.2011	22.3.2009	18.8.2018	17.3.2008
Měna emise	CZK	CZK	CZK	CZK	CZK
Currency of issue	64 963,69	50 272,37	48 641,71	47 035,44	41 000,00
Nominal amount (in CZK millions)	3,7	6,55	3,8	4,6	2,9
Coupon rate (in %)	3,40	3,11	2,66	3,78	2,43
Reference price bid ¹⁾	102,21	119,42	104,12	108,45	101,35
Reference price ask ¹⁾	101,92	119,13	103,83	108,16	101,06
Closing official price ¹⁾	100,13	100,00	99,21	100,00	100,00
Pricing source	PSE	PSE	PSE	PSE	PSE
Value of transactions in nominal value	282,47	125,09	207,32	234,11	80,78
Value of transactions in market value	291,82	151,60	218,38	256,87	82,46
Number of transactions ¹⁾	4,29	1,96	2,69	5,46	1,55

MoF - Ministry of Finance, CG - central government, PSE - Prague Stock Exchange

¹⁾ Daily average, ²⁾ Daily average in CZK million

TABLE 5 - Top 5 long-term government bonds in terms of liquidity (liquidity ratio)

Data refer to January-December 2005

ISIN code	CZ0001001317	CZ0001001309	CZ0001001143	CZ0001001242	CZ0001000863
Name of issuer	MoF	MoF	MoF	MoF	MoF
Sector of issuer	CG	CG	CG	CG	CG
Reference market	PSE	PSE	PSE	PSE	PSE
Issuance date	12.9.2005	26.9.2005	11.4.2005	18.7.2005	2.8.2004
Original maturity date	12.9.2020	26.9.2008	11.4.2015	18.10.2010	2.8.2007
Měna emise	CZK	CZK	CZK	CZK	CZK
Currency of issue	15 867,88	4.7.1937	23.3.1986	12.1.1948	2.12.1962
Nominal amount (in CZK millions)	3,75	2,3	3,8	2,55	3,95
Coupon rate (in %)	3,88	2,84	3,47	3,24	2,27
Reference price bid ¹⁾	98,69	98,68	102,81	98,42	103,53
Reference price ask ¹⁾	98,39	98,39	102,52	98,12	103,25
Closing official price ¹⁾	100,00	100,00	100,00	100,00	102,75
Pricing source	PSE	PSE	PSE	PSE	PSE
Value of transactions in nominal value	348,26	214,21	397,51	197,64	127,13
Value of transactions in market value	344,62	212,45	411,31	194,38	133,85
Number of transactions ¹⁾	5,64	2,50	5,38	3,31	2,13
Liquidity ratio ¹⁾	2,19	1,56	1,26	1,13	0,55
Bid/ask spread ¹⁾	0,30	0,29	0,29	0,30	0,28

MoF - Ministry of Finance, CG - central government, PSE - Prague Stock Exchange, Liquidity ration = daily turnover / amount outstanding

¹⁾ Daily average, ²⁾ Daily average in CZK million