

Monetary Statistics

February
2006

CONTENT

Table 1: Key interest rates (p.3)

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

Notes to tables 1-2 (p.4)

Monetary developments

Table 3: Key monetary indicators (p.5)

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

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

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

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

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

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

Notes to tables 3-9 (p.10)

Monetary financial institutions interest rates

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

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

Notes to tables 10-11 (p.13)

Investment funds except money market funds

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

Notes to table 12 (p.15)

Glossary (p.16)

Technical notes (p.19)

List of Annex

TABLE 1

Key interest rates

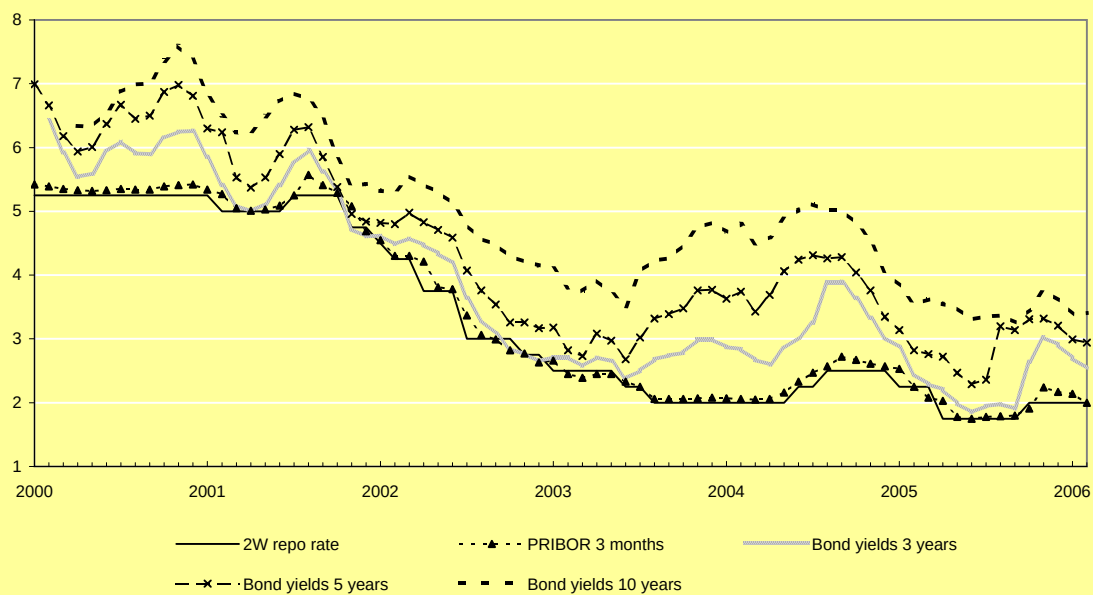
	CNB			ECB
	from 1 April 2005 onwards	from 29 April 2005 onwards	from 31 October 2005 onwards	from 2 March 2006 onwards
2W repo rate	2,00	1,75	2,00	2,50
Deposit facility	1,00	0,75	1,00	1,50
Marginal lending facility	3,00	2,75	3,00	3,50

TABLE 2

Financial markets interest rates

monthly average	2005				2006			
	February		December		January		February	
	CR	Euro	CR	Euro	CR	Euro	CR	Euro
Money market								
CZEONIA/ EONIA								
overnight	2,21	2,06	1,97	2,28	1,96	2,33	1,95	2,35
PRIBOR/ EURIBOR								
1 month	2,26	2,10	2,05	2,41	2,05	2,39	1,99	2,46
3 months	2,25	2,14	2,17	2,47	2,14	2,51	2,00	2,60
6 months	2,24	2,18	2,33	2,60	2,23	2,65	2,04	2,72
1 year	2,25	2,31	2,53	2,79	2,40	2,83	2,17	2,91
Capital market								
Bond yields								
3 years	2,45	2,62	2,91	2,88	2,70	2,94	2,54	3,07
5 years	2,82	3,06	3,21	3,07	2,99	3,10	2,94	3,26
10 years (Maastricht)	3,55	3,84	3,61	3,41	3,39	3,39	3,41	3,55

Interest rates



Commentary on key interest rates (Table 1) and financial market interest rates (Table 2): February 2006

Key interest rates

At the start of March, the ECB's key interest rate was raised by 0.25 percentage point to 2.5%. This meant that difference between the key rates of the CNB and the ECB widened; the CNB's 2W repo rate is now 0.5 percentage point lower.

Financial market interest rates

Money market interest rates followed the trend of previous months, i.e. rates in the Czech Republic declined further, whereas those in the euro area continued to record a modest rise. Moreover, the rate of decline of money market rates in the Czech Republic was faster than in past months. This meant that the difference between rates in the two regions increased even further (the largest difference was recorded for the 1Y PRIBOR, which was 0.75 percentage point lower than the 1Y EURIBOR). The one-month PRIBOR decreased to 1.99%, while the one-month EURIBOR rose to 2.46%.

In February, capital market interest rates in the Czech Republic recorded a decline in bond yields for the 3 and 5-year maturities (to 2.54% and 2.94% respectively). By contrast, yields for the 10-year maturity increased slightly (to 3.41%). Bond yields in the euro area saw increases across all maturities (of up to 0.16 percentage point). Thus, bond yields in the Czech Republic were again lower than in the euro area – the difference for the 3-year maturity even exceeded 0.5 percentage point.

TABLE 3

Key monetary indicators

CZK billions, unless otherwise indicated	2005						2006					
	February			December			January			February		
	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	1 033,5	2,2	9,5	1 162,6	0,7	13,4	1 189,0	29,0	15,5	1 191,2	2,1	15,5
M3 ¹⁾	1 646,9	24,6	6,7	1 814,5	14,5	11,1	1 838,6	28,8	13,6	1 842,5	3,5	12,1
Loans to private sector ²⁾	908,9	15,0	17,3	1 067,4	11,4	20,7	1 076,6	11,8	21,1	1 091,1	14,7	20,8
Net foreign assets ³⁾	863,6	5,3	8,7	1 076,4	9,0	24,3	1 061,2	9,8	24,7	1 046,0	-20,5	21,6

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

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

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

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

Annual growth rates

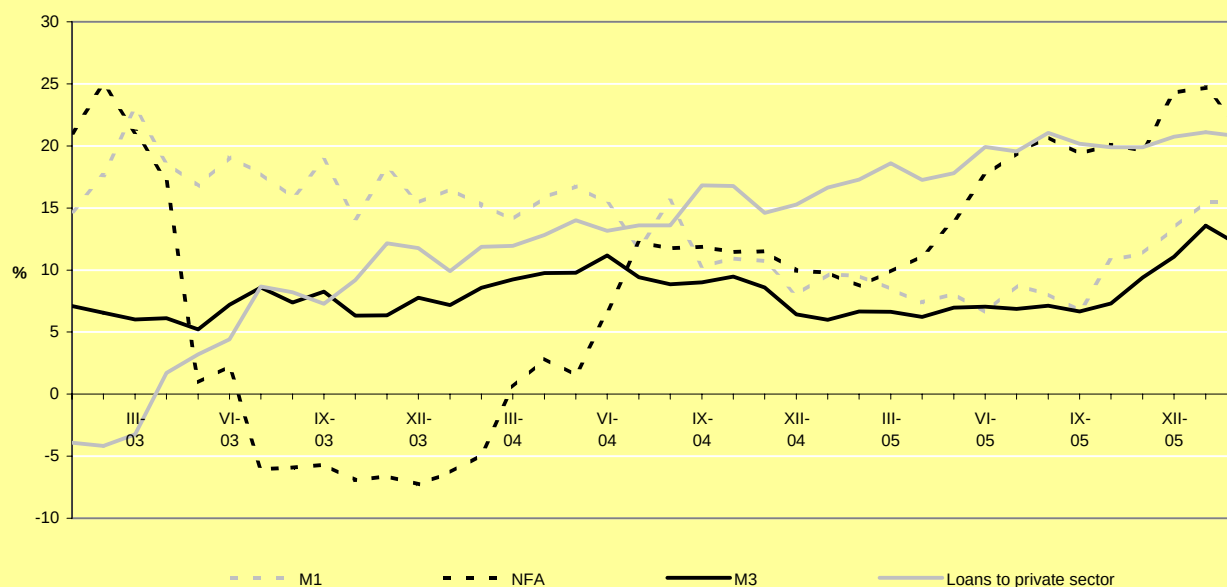


TABLE 4

Monetary aggregates and counterparts

CZK billions, unless otherwise indicated	2005						2006					
	February			December			January			February		
	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)	1 646,9	24,6	6,7	1 814,5	14,5	11,1	1 838,6	28,8	13,6	1 842,5	3,5	12,1
(1.1) Currency in circulation	240,8	3,1	7,7	263,8	1,1	11,4	261,8	-2,0	10,1	264,8	3,0	9,9
(1.2) Overnight deposits	792,6	-0,9	10,1	898,8	-0,4	14,0	927,2	31,0	17,1	926,4	-0,9	17,1
(1.3) M1 (items 1.1 and 1.2)	1 033,5	2,2	9,5	1 162,6	0,7	13,4	1 189,0	29,0	15,5	1 191,2	2,1	15,5
(1.4) Deposits with agreed maturity up to 2 years	453,7	22,6	-3,4	443,3	-4,9	-1,1	425,9	-15,1	-0,8	434,7	8,6	-3,8
(1.5) Deposits redeemable at notice up to 3 months	107,0	0,5	35,1	140,1	16,9	34,8	151,1	11,0	41,8	145,1	-6,0	35,6
(1.6) Other short term deposits (items 1.4 and 1.5)	560,7	23,1	2,1	583,4	12,1	5,6	576,9	-4,1	7,6	579,8	2,6	3,7
(1.7) M2 (items 1.3 and 1.6)	1 594,2	25,2	6,8	1 746,0	12,7	10,7	1 765,9	24,9	12,8	1 771,0	4,7	11,3
(1.8) Repurchase agreements	5,5	-0,7	-55,5	9,3	-0,4	22,7	14,2	4,9	129,1	13,0	-1,2	138,0
(1.9) Money market fund shares/units	46,8	0,0	19,7	59,1	2,4	22,9	58,4	-0,9	24,8	58,4	0,0	24,9
(1.10) Debt securities issued with maturity up to 2 years	0,4	0,1	0,0	0,1	-0,1	-	0,1	0,0	-	0,1	0,0	-
(1.11) Marketable instruments (items 1.8,1.9 and 1.10)	52,7	-0,6	2,4	68,5	1,8	22,4	72,7	3,9	36,4	71,5	-1,2	35,8
COUNTERPARTS OF M3												
MFI liabilities												
(2) Holdings deposits against central government	107,6	-22,3	-19,8	244,6	0,0	77,7	223,8	-19,5	74,4	221,9	-1,8	108,8
(3) Longer-term financial deposits against other residents (items 3.1 to 3.4)	546,8	3,1	2,7	622,5	3,1	11,8	595,0	-6,3	11,1	601,6	1,6	10,8
(3.1) Deposits with agreed maturity over 2 years	242,9	0,1	9,3	247,6	0,6	1,1	246,4	-1,1	1,5	245,1	-1,3	0,9
(3.2) Deposits redeemable at notice over 3 months	92,9	-1,2	-10,6	85,1	0,0	-10,9	75,3	-9,8	-20,0	73,1	-2,2	-21,3
(3.3) Debt securities issued with maturity over 2 years	32,4	0,4	-14,9	60,0	4,3	99,9	60,5	1,0	85,4	61,8	1,4	87,4
(3.4) Capital and reserves	178,6	3,9	5,8	229,8	-1,8	22,6	212,7	3,6	25,6	221,5	3,7	25,2
MFI assets												
(4) Credit to residents (items 4.1 and 4.2)	1 408,4	7,5	3,0	1 542,5	2,7	10,6	1 543,5	3,1	10,4	1 563,3	19,9	11,2
(4.1) Credit to general government	471,4	-7,5	-16,2	439,8	-6,2	-8,4	431,5	-8,6	-10,0	436,8	5,1	-7,4
of which: Loans	127,9	-3,6	-27,2	89,9	-9,7	-32,1	89,0	-0,7	-32,1	88,6	-0,4	-30,5
Securities other than shares	343,5	-3,9	-11,2	349,9	3,5	0,7	342,5	-7,9	-1,6	348,2	5,5	1,1
(4.2) Credit to private sector	937,0	15,0	16,3	1 102,7	8,9	20,6	1 112,0	11,8	21,0	1 126,5	14,8	20,6
of which: Loans	908,9	15,0	17,3	1 067,4	11,4	20,7	1 076,6	11,8	21,1	1 091,1	14,7	20,8
Securities other than shares	18,9	0,4	-17,0	14,4	-2,8	-36,9	14,6	0,1	-35,1	14,5	-0,1	-36,5
Shares and other equities	9,2	-0,3	10,9	20,9	0,3	117,7	20,8	-0,1	117,2	20,9	0,1	125,2
(5) Net foreign assets	863,6	5,3	8,7	1 076,4	9,0	24,3	1 061,2	9,8	24,7	1 046,0	-20,5	21,6
(6) Other counterparts of M3 (residual) (=M3+items 2,3 - items 4,5)	29,3	-7,3	-49,6	62,7	6,0	-12,0	52,8	-9,9	44,2	56,7	4,0	94,0

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	2005				2006			
	February		December		January		February	
	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	792,6	-0,9	898,8	-0,4	927,2	31,0	926,4	-0,9
(1.1) Other general government	69,9	2,6	75,4	-8,1	89,1	13,7	91,1	2,0
(1.2) Other financial intermediaries ³⁾	14,5	-0,3	15,6	-2,6	19,7	4,1	19,6	-0,1
(1.3) Insurance corporations and pension funds	10,4	-5,1	8,4	-5,2	14,9	6,5	9,7	-5,3
(1.4) Non-financial corporations	267,0	-5,2	342,9	22,5	332,9	-8,2	328,0	-5,0
(1.5) Households ⁴⁾	430,8	7,1	456,5	-7,0	470,6	14,8	478,1	7,4
(2) M2 - M1 (other short- term deposits)	560,7	23,1	583,4	12,1	576,9	-4,1	579,8	2,6
(2.1) Other general government	20,3	0,9	20,2	-5,0	22,7	2,6	19,9	-2,8
(2.2) Other financial intermediaries ³⁾	13,7	0,6	15,6	-2,0	15,0	-0,6	14,8	-0,2
(2.3) Insurance corporations and pension funds	29,5	11,2	29,0	7,5	23,6	-5,4	27,5	3,9
(2.4) Non-financial corporations	177,2	11,4	179,0	-10,9	166,9	-11,3	179,4	12,5
(2.5) Households ⁴⁾	320,1	-1,0	339,5	22,5	348,7	10,6	338,1	-10,8
(3) Repurchase agreements (a part of M3 - M2)	5,5	-0,7	9,3	-0,4	14,2	4,9	13,0	-1,2
(3.1) Other general government	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
(3.2) Other financial intermediaries ³⁾	1,3	-1,4	0,5	-0,3	1,6	1,1	1,3	-0,3
(3.3) Insurance corporations and pension funds	3,9	0,6	8,5	-0,3	12,1	3,7	11,1	-1,0
(3.4) Non-financial corporations	0,2	0,1	0,3	0,1	0,5	0,2	0,6	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	2005				2006			
	February		December		January		February	
	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	474,6	11,3	526,6	-3,9	535,0	10,5	543,9	9,1
(1.1) up to 1 year	195,2	6,9	209,0	-8,1	215,0	6,5	218,0	3,0
(1.2) over 1 year and up to 5 years	117,5	0,0	132,3	-1,3	130,5	-1,2	131,8	1,3
(1.3) over 5 years	161,8	4,3	185,3	5,6	189,5	5,2	194,1	4,7
(2) Loans to households⁴⁾	320,8	3,5	417,8	15,7	422,6	5,0	428,0	5,4
(2.1) Consumer credit	67,2	0,0	89,5	4,7	89,4	0,0	89,6	0,2
(2.2) Lending for house purchase	216,2	3,3	282,1	8,9	287,0	4,9	291,8	4,8
(2.3) Other lending	37,3	0,2	46,1	2,1	46,2	0,1	46,6	0,4
(3) Loans to other financial intermediaries³⁾	111,5	0,4	121,0	1,1	115,7	-5,1	116,4	0,7
(4) Loans to insurance corporations and pension funds	2,1	-0,1	1,9	-1,6	3,3	1,4	2,8	-0,5

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

	2005		2006	
	February	December	January	February
	% points	% points	% points	% points
M1	5,8	8,4	9,9	9,7
of which: Currency	1,1	1,7	1,5	1,5
Overnight deposits	4,7	6,8	8,4	8,3
M2 - M1 (= other short- term deposits)	0,7	1,9	2,5	1,2
M3 - M2 (= short-term marketable instruments)	0,1	0,8	1,2	1,1
M3	6,7	11,1	13,6	12,1

TABLE 8

Contributions to annual growth¹⁾ of loans to private sector

	2005		2006	
	February	December	January	February
	% points	% points	% points	% points
Non-financial corporations	6,3	7,9	8,5	8,2
Households ²⁾	10,3	11,7	11,9	12,0
Other financial intermediaries ³⁾	0,9	1,2	0,6	0,6
Insurance corporations and pension funds	-0,2	0,0	0,1	0,1
Loans to private sector ⁴⁾	17,3	20,7	21,1	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).

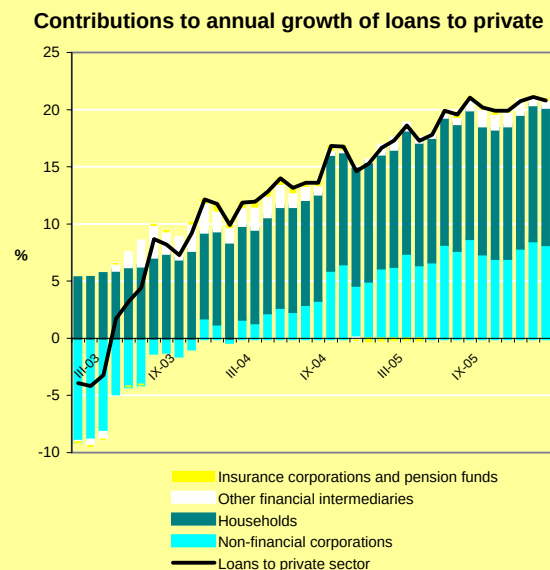
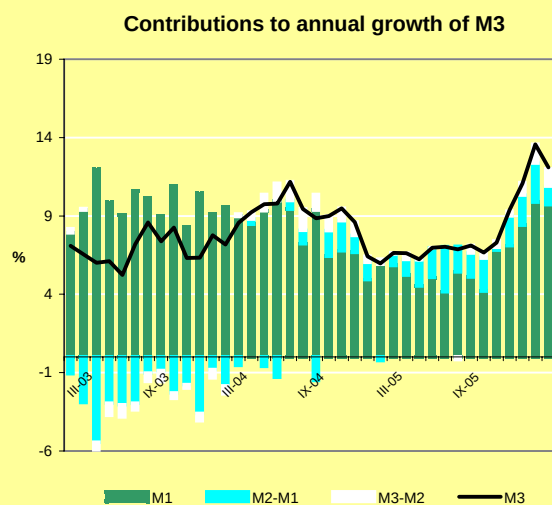
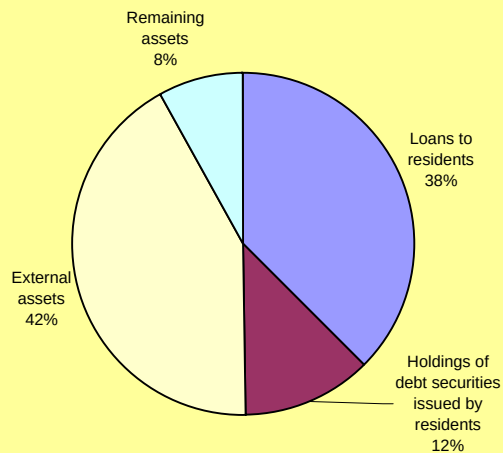


TABLE 9

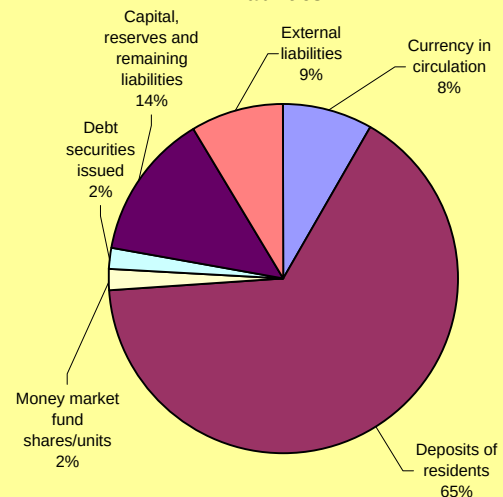
Balance sheets of MFIs by reporting institutions: February 2006

CZK billions	MFI			Consolidated balance sheet of MFIs
	CNB	Credit institutions	Money market fund	
(1) ASSETS TOTAL	826,3	2 954,2	78,7	3 135,8
(1.1) Loans to residents	29,9	1 737,7	16,5	1 179,7
MFI	0,1	587,9	16,5	0,0
General government	4,1	84,6	0,0	88,6
Other residents	25,8	1 065,3	0,0	1 091,1
(1.2) Holdings of securities other than shares issued by residents	0,0	421,2	22,2	362,7
MFI	0,0	79,8	0,9	0,0
General government	0,0	330,0	18,3	348,2
Other residents	0,0	11,4	3,1	14,5
(1.3) Money market fund shares/units	0,0	5,5	0,0	0,0
(1.4) Holdings of shares/other equity issued by residents	0,0	32,5	0,1	20,9
MFI	0,0	11,8	0,0	0,0
Other residents	0,0	20,8	0,1	20,9
(1.5) External assets	774,5	501,7	39,6	1 315,8
(1.6) Fixed assets	12,0	102,8	0,0	114,8
(1.7) Remaining assets	10,0	152,8	0,2	141,9
(2) LIABILITIES TOTAL	826,3	2 954,2	78,7	3 135,8
(2.1) Currency in circulation	285,8	-	-	264,8
(2.2) Deposits of residents	552,4	2 105,5	0,0	2 059,3
MFI	471,3	127,3	0,0	-
Central government	78,7	143,2	0,0	221,9
Other general government/other residents	2,5	1 835,0	0,0	1 837,5
(2.3) Money market fund shares/units	-	-	63,9	58,4
(2.4) Debt securities issued	0,0	142,6	0,0	61,9
(2.5) Capital and reserves	-91,5	311,2	13,6	221,5
(2.6) External liabilities	65,6	204,1	0,1	269,9
(2.7) Remaining liabilities	14,0	190,8	1,0	205,8
(2.8) Excess of inter MFI liabilities	-	-	-	-5,8

Consolidated balance sheet of MFIs - assets



Consolidated balance sheet of MFIs - liabilities



Commentary on the monetary statistics¹⁾ (Tables 3–9): February 2006

The annual rate of growth of M3 fell from 13.6% in January to 12.1% in February. The month-on-month growth rate decreased from 1.6% to 0.2%. As a result of financial transactions, M3 grew by CZK 199.4 billion year on year (and by CZK 3.5 billion month on month), to CZK 1,842.5 billion.

Main components of M3

With the largest contribution to M3 growth, the monetary aggregate M1 remains the most important component of M3. M1 accounts for four-fifths of the annual M3 growth (Table 7).

The annual rate of growth of M1 in February remained the same as in January, i.e. 15.5%, as did the annual rate of growth of overnight deposits, i.e. at 17.1%. Overnight deposits declined by 0.1% month on month. Within overnight deposits, month-on-month declines were recorded by deposits of all sectors except for other government, which were up by 2.2% (CZK 2 billion) and deposits of households, up by 1.6% (CZK 7.4 billion). Deposits of non-financial corporations declined by 1.5% (CZK 5 billion), deposits of insurance corporations and pension funds by 35.6% (CZK 5.3 billion) and deposits of other financial intermediaries by 0.5% (CZK 0.1 billion).

The annual rate of growth of currency in circulation fell from 10.1% in January to 9.9% in February. In month-on-month terms, currency in circulation rose by 1.1% (a decline of CZK 3 billion due to financial transactions).

Other short-term deposits (excluding overnight deposits) grew by CZK 2.6 billion (i.e. 0.5%) month on month, owing to financial transactions. In February, the annual rate of growth of these deposits fell by 3.9 percentage points compared to January (7.6%) to 3.7%. Deposits redeemable at notice of up to three months (the smaller component) have long been recording strong annual growth. Their annual growth rate was 35.6% in February. 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 3 percentage points compared to the previous month, reaching -3.8%.

Within other short-term deposits, month-on-month decreases were recorded for deposits of other government (excluding central government) – down by 12.3% (CZK 2.8 billion), household deposits – down by 3.1% (CZK 10.8 billion), and other financial intermediaries – down by 1.3% (CZK 0.2 billion). By contrast, deposits of non-financial corporations rose by 7.5% (CZK 12.5 billion), deposits of insurance corporations and pension funds by 16.5% (CZK 3.9 billion) and deposits of other financial intermediaries by 1.3% (CZK 0.2 billion).

Marketable instruments, which consist of repos, money market fund shares/units and debt securities with maturities of up to two years, fell slightly (by CZK 1.2 billion) due to financial transactions. Their annual rate of growth dropped by 0.6 percentage point compared to the previous month, to 35.8% (36.4% in January).

Main counterparts of M3

The annual rate of growth of loans extended to general government has long been negative and was -30.5% in February (-32.1% in January). The annual rate of growth of purchased government bonds increased by 2.7 percentage points to 1.1% (-1.6% in January). In absolute terms, total general government debt to MFIs fell from CZK 471.4 billion in February 2005 to CZK 436.8 billion in February 2006, of which loans decreased from CZK 127.9 billion to CZK 88.6 billion.

The annual growth rate of loans provided to the private sector fell slightly from 21.1% in January to 20.8% in February. This growth 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; in February 2006, the growth rate was 34%. Non-financial corporations are another sector accounting for large share of the annual rate of growth of loans to the private sector. Their annual rate of growth fell from 16.5% to 15.6%. The annual rate of growth of net external assets declined from 24.7% in January to 21.6% in February. The annual rate of growth of long-term financial liabilities fell slightly from 11.1% to 10.8%. The annual rate of growth of deposits by central government rose from 74.4% to 108.8%.

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	2005				2006			
	February		December		January		February	
	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)
(1) Deposits from households²⁾	0,91	641,9	0,87	696,7	0,87	711,0	0,85	705,2
(1.1) Overnight	0,50	404,8	0,40	431,7	0,40	446,4	0,40	453,9
(1.2) With agreed maturity	1,56	45,2	1,36	47,8	1,37	46,8	1,34	41,4
of which: Up to 2 years	1,55	44,9	1,36	46,9	1,37	46,5	1,34	41,0
(1.3) Redeemable at notice ³⁾	1,63	194,8	1,70	219,8	1,70	220,6	1,74	212,7
(1.3.1) Up to 3 months' notice	2,13	102,2	2,25	135,2	2,16	145,8	2,24	140,1
(1.3.2) Over 3 months' notice	1,08	92,6	0,82	84,6	0,81	74,8	0,79	72,6
(2) Deposits from non-financial corp.⁴⁾	1,23	372,9	1,05	482,5	1,13	461,0	1,04	439,1
(2.1) Overnight	0,69	209,0	0,52	273,0	0,63	253,5	0,55	254,4
(2.2) With agreed maturity	1,93	160,9	1,75	205,9	1,74	204,6	1,72	181,9
of which: Up to 2 years	1,93	160,8	1,75	205,9	1,74	204,6	1,72	181,9
(3) Loans to households²⁾	12,34	25,9	10,96	39,7	11,36	35,1	11,34	35,3
(3.1) Bank overdraft ⁵⁾	15,15	16,7	15,23	20,7	15,20	20,0	15,35	19,7
(3.2) Consumer credit	13,72	2,4	12,52	3,7	12,92	2,7	12,80	2,8
(3.3) Lending for house purchase	4,92	5,6	4,45	11,2	4,51	8,6	4,51	8,8
of which: Mortgage lending ⁶⁾	4,72	3,3	-	-	4,28	4,6	4,29	4,8
Saving for building purposes	5,18	2,5	4,97	3,6	4,91	2,8	4,96	2,8
(3.4) Other lending	5,58	1,2	5,67	4,0	5,75	3,9	5,66	4,0
(4) Loans to non-financial corporation	4,29	98,9	3,95	139,1	3,93	127,2	3,93	130,3
(4.1) Bank overdraft ⁵⁾	4,99	50,3	4,55	57,9	4,47	62,7	4,44	64,9
(4.2) Other loans up to CZK 30 million	4,90	12,4	4,72	20,0	4,77	14,4	4,75	15,1
of which: Up to 1 year initial rate fixation ⁷⁾	4,87	9,8	4,62	14,3	4,75	10,5	4,78	11,0
(4.3) Other loans over to CZK 30 million	3,12	36,3	3,13	61,1	3,00	50,1	3,02	50,3
of which: Up to 1 year initial rate fixation ⁷⁾	3,04	31,6	3,07	54,6	2,92	46,7	2,97	47,8
(5) APRC⁸⁾ on loans to households	8,40	8,0	7,05	14,9	7,05	11,3	7,03	11,7
(5.1) Consumer credit	15,61	2,4	14,21	3,7	14,50	2,7	14,27	2,8
(5.2) Lending for house purchase	5,35	5,6	4,68	11,2	4,72	8,6	4,72	8,8

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

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

⁶⁾ The data on interest rates of mortgage loans were not published by the CNB from 31 March 2005 to 31 December 2005 because of uncertainty in the interpretation of the definition of mortgage loans.

⁷⁾ 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.

⁸⁾ Annual percentage rate of charge (APRC) covers total costs of the credit to the client including charges etc.

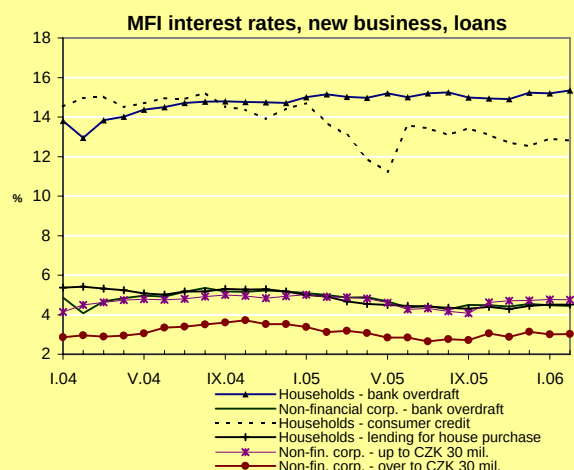
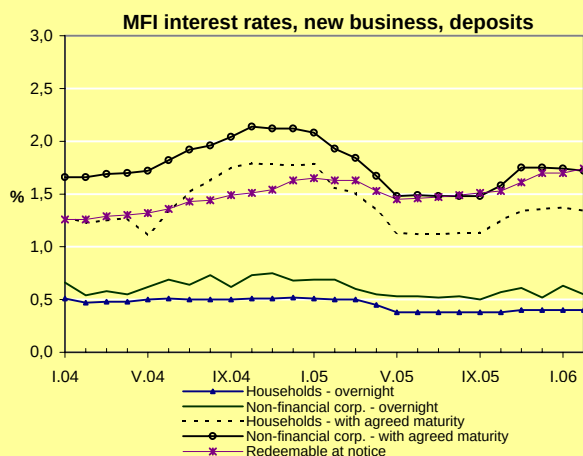


TABLE 11

MFI interest rates on outstanding amounts¹⁾

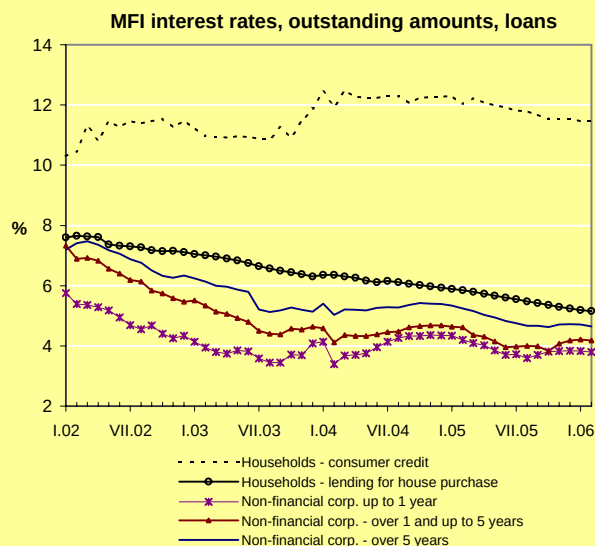
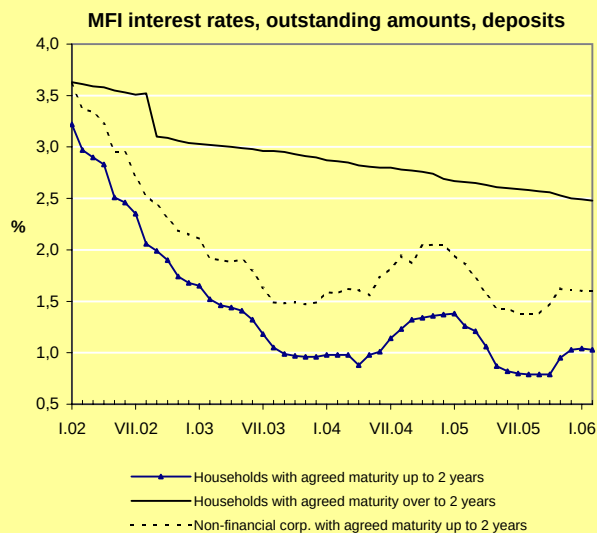
outstanding amounts as end-of-month	2005				2006			
	February		December		January		February	
	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)
(1) Deposits from households²⁾³⁾	1,35	1009,0	1,25	1047,0	1,23	1061,3	1,23	1059,0
(1.1) With agreed maturity	2,06	411,2	1,92	396,2	1,92	395,0	1,90	393,1
(1.1.1) Up to 2 years	1,26	175,1	1,03	156,0	1,04	156,0	1,03	155,4
(1.1.2) Over 2 years	2,66	236,1	2,50	240,1	2,49	239,0	2,48	237,7
(2) Deposits from non-financial corp.³⁾	1,19	356,8	0,91	418,5	0,98	393,5	0,95	403,0
(2.2) With agreed maturity	1,89	147,6	1,64	145,3	1,63	139,7	1,62	148,3
(2.2.1) Up to 2 years	1,86	144,0	1,61	141,0	1,60	135,4	1,60	144,0
(2.2.2) Over 2 years	2,95	3,6	2,47	4,3	2,46	4,3	2,46	4,3
(3) Loans to households	7,81	319,4	7,20	416,5	7,12	421,4	7,07	426,7
(3.1) Lending for house purchase	5,85	215,7	5,24	281,8	5,19	286,7	5,16	291,5
of which: Mortgage lending ⁴⁾	5,75	122,1	-	-	4,97	174,8	4,97	185,1
Saving for building purposes	6,17	85,3	5,79	95,0	5,77	95,8	5,74	90,3
(3.2) Consumer credit and other lending	12,03	103,8	11,53	134,8	11,46	134,7	11,46	135,3
(4) Loans to non-financial corp.	4,62	384,1	4,20	432,8	4,20	439,7	4,17	448,8
(4.1) Up to 1 year	4,20	174,0	3,84	187,8	3,83	192,5	3,80	195,6
(4.2) Over 1 and up to 5 years	4,61	94,6	4,18	107,8	4,21	106,1	4,18	107,7
(4.3) Over 5 years	5,24	115,4	4,72	137,2	4,71	141,2	4,65	145,5

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.

⁴⁾ The data on interest rates of mortgage loans were not published by the CNB from 31 March 2005 to 31 December 2005 because of uncertainty in the interpretation of the definition of mortgage loans.



Commentary on MFI interest rates (Tables 10 and 11): February 2006

Interest rates on new business

The overall interest rate on **new deposits** of households decreased for the first time in eight months, although the decline was minimal. Interest rates on new deposits of non-financial corporations also fell, to a level comparable with that in December 2005.

The overall average interest rate on new deposits of **households** fell slightly, to 0.85%. A modest rise in the average rate was recorded for deposits redeemable at notice (of 0.04 percentage point) to 1.74%, owing to an increase in the rate on deposits redeemable at notice of up to 3 months (of just under 0.1 percentage point). The average interest rate on overnight deposits remained unchanged at 0.4% for the fourth consecutive month. The rate on deposits with agreed maturity decreased slightly compared to the previous month, to 1.34%.

The average interest rate on new deposits of **non-financial corporations** declined (by almost 0.1 percentage point) to 1.04%. This was due to a decrease in interest rates on new overnight deposits to 0.55% and on deposits with agreed maturity of up to two years to 1.72% (which, as a rule, account for almost 100% of all deposits with agreed maturity).

The average interest rate on **new loans** to non-financial corporations was the same as in the previous month, as was that on new loans to households.

The average interest rate on loans to **households** saw only a slight decline, of 0.02 percentage point to 11.34%. The rate on bank overdrafts stood at 15.35% (a rise of 0.15 percentage point) and the average rate on housing loans to households (and in principle also on mortgage loans) was the same as in January, i.e. 4.51%. The minor decline in the overall rate on loans to households was thus the result of a drop (of about 0.1 percentage point) in average rates on consumer credit (to 12.8%) and other loans (to 5.66%).

The overall average interest rate on loans to **non-financial corporations** was 3.93% in February, i.e. the same as in January; a minor reduction in average rates on bank overdrafts (to 4.44%) and on loans of up to CZK 30 million (to 4.75%) was offset by a small increase in the average rate on loans of over CZK 30 million (to 3.02%).

In February, the overall annual percentage rate of charge on loans to households was at almost the same level as in the previous two months, falling only slightly, to 7.03%, as a result of a fall in the APRC on consumer credit (of 0.23 percentage point) to 14.27%. The APRC on housing loans was also the same as in January, at 4.72%.

Interest rates on outstanding amounts

The average interest rate on **outstanding amounts of deposits** of households remained unchanged at the January level of 1.23%. The average rate on deposits of non-financial corporations dropped slightly, to 0.95%.

The rates on deposits of **households** saw only minimal changes; the average rate on deposits with agreed maturity fell slightly to 1.90%, whereas the rate on deposits redeemable at notice saw a modest increase to 1.74% and the rate on overnight deposits did not change at all (still at 0.4%).

The moderate reduction in the average interest rate on bank overdrafts of **non-financial corporations** was largely due to a drop in the average rate on overnight deposits (down by almost 0.1 percentage point) to 0.55%. The rate on deposits with agreed maturity decreased (for the third consecutive month) by a mere 0.01 percentage point to 1.62%.

The downward trend in the average interest rate charged by banks on **outstanding amounts of loans** to households continued into February, when the rate stood at 7.07%. Similarly, the average rate on the stocks of loans to non-financial corporations fell to 4.17%.

The gradual, but long-running decline in average rates on loans to **households** continued in the case of housing loans (the interest rate fell to 5.16% in February). The average rate on outstanding consumer credit and other loans remained at the January level of 11.46%.

In February, the interest rate on outstanding loans to **non-financial corporations** was 0.03 percentage point lower than in January, with average interest rates on loans falling slightly across all maturities (the largest declines were recorded for loans with a maturity of over five years – of 0.06 percentage point).

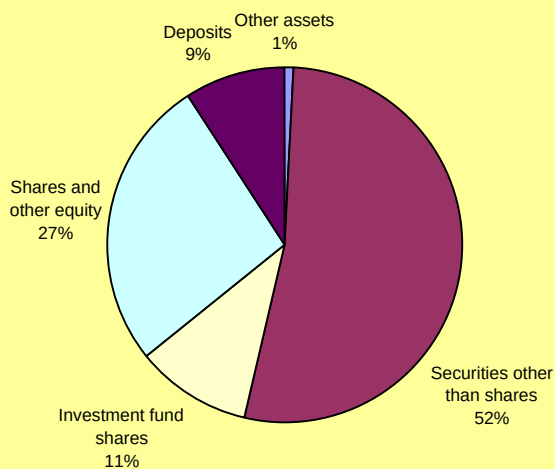
TABLE 12

Quarterly aggregated balance sheet of investment funds¹⁾

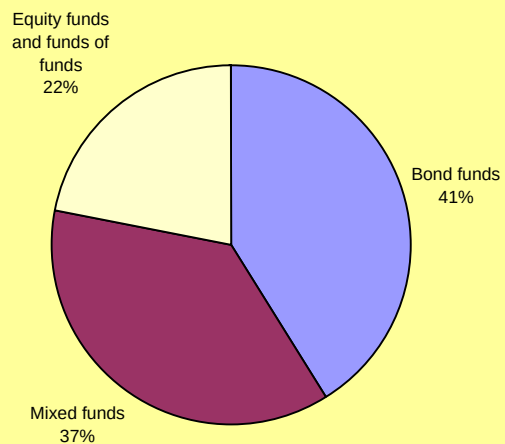
CZK billions; end of period	2004	2005			
	December	March	June	September	December
ASSETS					
Total	51,7	53,0	55,4	62,7	65,4
(1.1) Deposits	6,1	6,3	5,6	6,6	6,0
(1.2) Securities other than shares	29,4	30,1	31,7	34,1	34,6
MFI	0,7	0,7	0,6	0,6	0,5
General government	16,8	15,7	19,2	19,7	20,1
Other residents	2,7	2,3	2,2	2,2	2,1
Non-residents	9,2	11,4	9,7	11,6	11,8
Up to 1 year	0,9	0,9	0,8	0,7	0,6
Over 1 year	28,5	29,3	30,9	33,4	33,9
(1.3) Shares and other equity	13,0	13,3	13,0	16,1	17,4
MFI	0,4	0,4	0,4	0,5	0,6
Other residents	2,8	2,6	2,5	3,0	3,0
Non-residents	9,8	10,3	10,1	12,6	13,9
(1.4) Investment fund shares	2,6	2,7	4,4	5,2	6,9
Residents	0,2	0,2	0,2	0,4	0,5
Non-residents	2,4	2,5	4,2	4,8	6,4
(1.5) Other assets	0,5	0,7	0,7	0,7	0,6
LIABILITIES					
Total	51,7	53,0	55,4	62,7	65,4
(2.1) Loans accepted	0,0	0,0	0,0	0,0	0,1
(2.2) Investment fund shares	44,9	44,5	45,0	48,8	52,5
Residents	44,7	44,4	44,8	48,5	52,2
Non-residents	0,2	0,2	0,2	0,2	0,2
(2.3) Capital and reserves	6,4	7,4	8,6	11,2	11,5
(2.4) Other liabilities	0,3	1,1	1,8	2,8	1,4
BALANCE SHEET TOTAL - BREAKDOWN BY INVESTMENT POLICY					
TOTAL	51,7	53,0	55,4	62,7	65,4
Equity funds and funds of funds	6,3	7,4	9,3	11,5	14,4
Bond Funds	23,1	24,0	26,0	28,0	26,9
Mixed Funds	22,3	21,6	20,2	23,2	24,1

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



Comments about Quarterly Aggregated Balance Sheet of Collective Investment Funds (Table 12): December 2005

In the fourth quarter of 2005 the balance sum of collective investment funds saw an overall rise from CZK 62.7 billion to CZK 65.4 billion, which represents only a 4.3% increase.

The most significant volume of investment continues to be represented by mixed and bond funds in the field of collective investment funds. Mixed funds saw a positive rise in the balance sum in the fourth quarter (quarterly increase from CZK 23.243 billion to CZK 24.109 billion as at 31 December 2005) and so did funds of funds (increase from CZK 3.941 billion to CZK 6.511 billion as at 31 December 2005); equity funds saw a minor rise (from CZK 7.541 billion to CZK 7.881 billion), while bond funds saw a moderate decrease in the balance sum (from CZK 28.023 billion to CZK 26.946 billion as at 31 December 2005).

At the end of the fourth quarter of 2005 a total of 34.75% of funds were allocated in domestic bonds and 18.09% in foreign bonds. Overall, debt securities accounted for 52.84% of the balance sum. The ratio of domestic shares was 5.41% and that of foreign shares stood at 21.22%. Overall, shares thus represented 26.63%. The ratio of domestic mutual fund shares reached 0.81% (shares issued by collective investment funds made up a large volume, whereas shares issued by money market funds stood only at 0.11%); the ratio of foreign mutual fund shares stood at 9.7%. The overall ratio of mutual fund shares accounted for 10.51% of the balance sum. Bank deposits accounted for 9.16% of the balance sum. Other assets again saw a decrease and their share stood at mere 0.86%.

At the end of 2005 a total of 55 residential funds (collective investment funds) were active on our territory. 31 December 2005 saw a decrease by 3 funds (of which two funds merged and one terminated its activities) and an increase by 3 open mutual share funds. A total of 9 equity funds, 13 funds of funds, 12 bond funds and 21 mixed funds were recorded.

Glossary

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

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

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

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

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

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

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

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

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

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).

Glossary (cont'd)

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 Annex

December 2005

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

Leden 2006

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