

Monetary Statistics

March
2006

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TABLE 1

Key interest rates

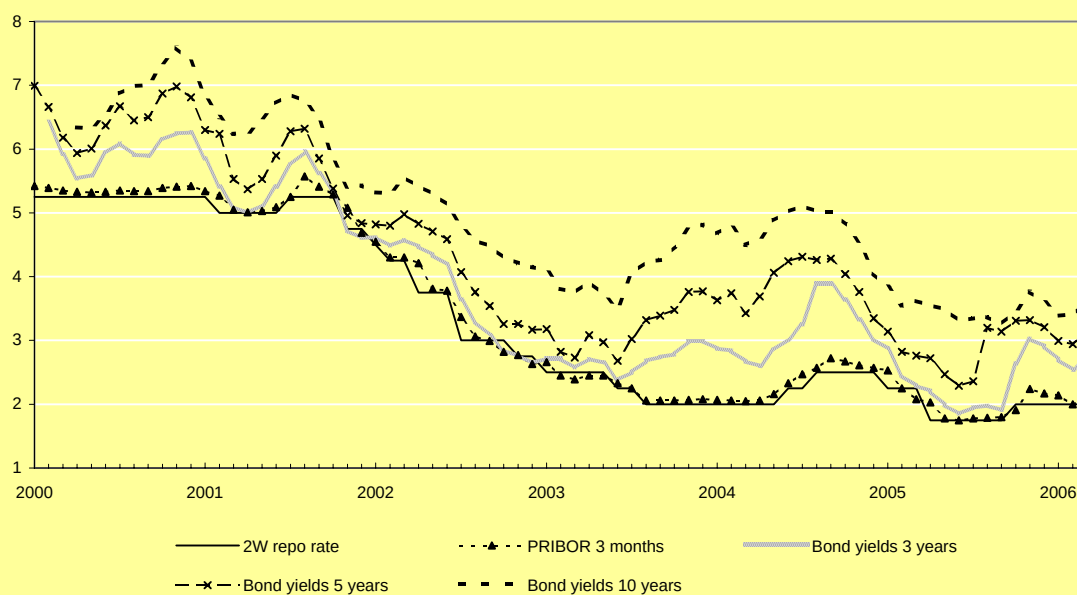
	CNB			ECB
	from 1 April 2005 onwards	from 29 April 2005 onwards	from 31 October 2005 onwards	from 2 March 2006 onwards
2W repo rate	2,00	1,75	2,00	2,50
Deposit facility	1,00	0,75	1,00	1,50
Marginal lending facility	3,00	2,75	3,00	3,50

TABLE 2

Financial markets interest rates

monthly average	2005				2006			
	March		January		February		March	
	CR	Euro	CR	Euro	CR	Euro	CR	Euro
Money market								
CZEONIA/ EONIA								
overnight	2,17	2,06	1,96	2,33	1,95	2,35	1,95	2,52
PRIBOR/ EURIBOR								
1 month	2,17	2,10	2,05	2,39	1,99	2,46	2,04	2,63
3 months	2,08	2,14	2,14	2,51	2,00	2,60	2,08	2,72
6 months	2,08	2,19	2,23	2,65	2,04	2,72	2,16	2,87
1 year	2,09	2,34	2,40	2,83	2,17	2,91	2,32	3,11
Capital market								
Bond yields								
3 years	2,29	2,74	2,70	2,94	2,54	3,07	2,76	3,30
5 years	2,76	3,08	2,99	3,10	2,94	3,26	3,12	3,47
10 years (Maastricht)	3,62	3,76	3,39	3,39	3,41	3,55	3,58	3,73

Interest rates



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

Key interest rates

Since the beginning of March 2006, when the ECB's key interest rate increased to 2.5%, the CNB's 2W repo rate has been 0.5 percentage point lower compared to the ECB's rate (the CNB's 2W repo rate has been at 2.0% since the end of October 2005).

Financial market interest rates

The money market saw an increase in interest rates in March, not only in the euro area, but also in the Czech Republic for the first time in several months. However, money market interest rates grew more modestly in the Czech Republic compared to the euro area. Therefore, the difference between the rates in both regions widened again in this month (the difference between the one-month PRIBOR and the one-month EURIBOR reached 0.59 percentage point). The three-month PRIBOR rose to 2.08%, while the three-month EURIBOR reached 2.72%.

After three months, rates on the capital market in the Czech Republic increased around 0.2 percentage point across all maturities, with bond yields rising to 2.76% for the 3-year maturity, 3.12% for the 5-year maturity and 3.58% for the 10-year maturity. Rates on the capital market in the euro area saw an increase for all maturities as well (also around 0.2 percentage point). Thus, the difference between bond yields in the Czech Republic and the euro area remained at the last month's level.

TABLE 3

Key monetary indicators

CZK billions, unless otherwise indicated	2005			2006								
	March			January			February			March		
	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	1 036,2	1,8	8,5	1 189,0	29,0	15,5	1 191,2	5,5	15,8	1 163,4	-28,3	12,8
M3 ¹⁾	1 649,6	0,7	6,6	1 838,6	28,8	13,6	1 842,5	13,7	12,7	1 849,5	6,3	13,0
Loans to private sector ²⁾	924,7	15,1	18,6	1 076,6	11,8	21,1	1 091,1	14,7	20,8	1 108,3	16,6	20,6
Net foreign assets ³⁾	916,8	43,1	9,9	1 061,2	9,8	24,7	1 046,0	-9,1	22,9	1 044,9	-1,0	16,9

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

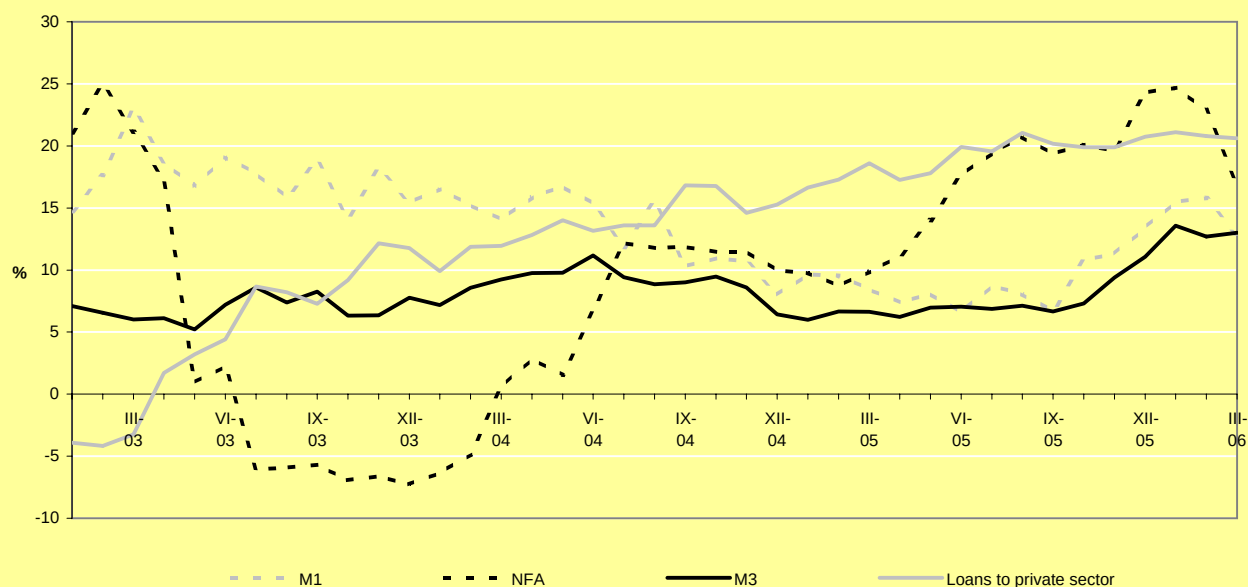


TABLE 4

Monetary aggregates and counterparts

CZK billions, unless otherwise indicated	2005			2006								
	March			January			February			March		
	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)	1 649,6	0,7	6,6	1 838,6	28,8	13,6	1 842,5	13,7	12,7	1 849,5	6,3	13,0
(1.1) Currency in circulation	242,9	2,0	8,4	261,8	-2,0	10,1	264,8	3,0	9,9	267,3	2,5	10,0
(1.2) Overnight deposits	793,4	-0,2	8,5	927,2	31,0	17,1	926,4	2,5	17,6	896,2	-30,8	13,7
(1.3) M1 (items 1.1 and 1.2)	1 036,2	1,8	8,5	1 189,0	29,0	15,5	1 191,2	5,5	15,8	1 163,4	-28,3	12,8
(1.4) Deposits with agreed maturity up to 2 years	444,7	-10,0	-2,8	425,9	-15,1	-0,8	434,7	8,6	-3,8	465,9	31,0	5,3
(1.5) Deposits redeemable at notice up to 3 months	107,9	0,9	36,0	151,1	11,0	41,8	145,1	0,8	41,9	145,1	0,1	40,8
(1.6) Other short term deposits (items 1.4 and 1.5)	552,6	-9,1	2,9	576,9	-4,1	7,6	579,8	9,4	4,9	611,0	31,0	12,3
(1.7) M2 (items 1.3 and 1.6)	1 588,8	-7,3	6,4	1 765,9	24,9	12,8	1 771,0	14,9	11,9	1 774,5	2,7	12,6
(1.8) Repurchase agreements	7,8	2,3	-17,2	14,2	4,9	129,1	13,0	-1,2	138,0	16,1	3,2	107,6
(1.9) Money market fund shares/units	52,6	5,8	17,1	58,4	-0,9	24,8	58,4	0,0	24,9	58,7	0,4	11,7
(1.10) Debt securities issued with maturity up to 2 years	0,3	-0,1	0,0	0,1	0,0	-	0,1	0,0	-	0,2	0,2	-
(1.11) Marketable instruments (items 1.8,1.9 and 1.10)	60,7	8,1	11,4	72,7	3,9	36,4	71,5	-1,2	35,8	75,1	3,7	23,8
COUNTERPARTS OF M3												
MFI liabilities												
(2) Holdings deposits against central government	160,1	52,4	5,9	223,8	-19,5	74,4	221,9	-1,8	108,8	231,2	8,7	46,0
(3) Longer-term financial deposits against other residents (items 3.1 to 3.4)	566,7	11,2	5,8	595,0	-6,3	11,1	601,5	2,8	11,0	605,6	5,8	9,9
(3.1) Deposits with agreed maturity over 2 years	242,0	-1,0	8,2	246,4	-1,1	1,5	245,2	-1,3	0,9	244,9	-0,3	1,2
(3.2) Deposits redeemable at notice over 3 months	91,8	-1,2	-10,5	75,3	-9,8	-20,0	73,1	-1,0	-20,0	72,2	-0,9	-20,1
(3.3) Debt securities issued with maturity over 2 years	37,1	4,4	-5,2	60,5	1,0	85,4	61,8	1,4	87,3	62,5	0,2	65,0
(3.4) Capital and reserves	195,9	8,9	14,0	212,7	3,6	25,6	221,4	3,7	25,2	225,9	6,8	22,9
MFI assets												
(4) Credit to residents (items 4.1 and 4.2)	1 421,5	12,4	4,5	1 543,5	3,1	10,4	1 563,3	19,9	11,2	1 572,9	10,1	11,0
(4.1) Credit to general government	466,9	-4,4	-14,3	431,5	-8,6	-10,0	436,8	5,1	-7,4	428,9	-6,9	-8,0
of which: Loans	122,4	-5,5	-27,6	89,0	-0,7	-32,1	88,6	-0,4	-30,5	85,0	-3,7	-30,4
Securities other than shares	344,5	1,1	-8,3	342,5	-7,9	-1,6	348,2	5,5	1,1	344,0	-3,2	-0,1
(4.2) Credit to private sector	954,6	16,8	16,9	1 112,0	11,8	21,0	1 126,5	14,8	20,6	1 144,0	16,9	20,3
of which: Loans	924,7	15,1	18,6	1 076,6	11,8	21,1	1 091,1	14,7	20,8	1 108,3	16,6	20,6
Securities other than shares	18,5	-0,5	-31,5	14,6	0,1	-35,1	14,5	-0,1	-36,5	14,8	0,3	-33,5
Shares and other equities	11,4	2,2	13,3	20,8	-0,1	117,2	20,9	0,1	125,2	20,9	0,0	82,2
(5) Net foreign assets	916,8	43,1	9,9	1 061,2	9,8	24,7	1 046,0	-9,1	22,9	1 044,9	-1,0	16,9
(6) Other counterparts of M3 (residual) (=M3+items 2,3 - items 4,5)	38,1	8,8	-6,9	52,8	-9,9	44,2	56,7	3,9	93,9	68,5	11,8	80,1

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					
	March		January		February		March	
	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	793,4	-0,2	927,2	31,0	926,4	2,5	896,2	-30,8
(1.1) Other general government	63,5	-6,4	89,1	13,7	91,1	2,0	80,8	-10,3
(1.2) Other financial intermediaries ³⁾	16,2	1,7	19,7	4,1	19,6	-0,1	16,6	-3,0
(1.3) Insurance corporations and pension funds	18,7	8,3	14,9	6,5	9,7	-5,3	6,3	-3,4
(1.4) Non-financial corporations	264,7	-2,9	332,9	-8,2	328,0	-5,0	311,7	-16,7
(1.5) Households ⁴⁾	430,3	-0,9	470,6	14,8	478,1	10,8	480,7	2,6
(2) M2 - M1 (other short- term deposits)	552,6	-9,1	576,9	-4,1	579,8	9,4	611,0	31,0
(2.1) Other general government	21,1	0,7	22,7	2,6	19,9	-2,8	26,6	6,6
(2.2) Other financial intermediaries ³⁾	9,7	-4,0	15,0	-0,6	14,8	-0,2	17,2	2,3
(2.3) Insurance corporations and pension funds	22,7	-6,8	23,6	-5,4	27,5	3,9	28,1	0,6
(2.4) Non-financial corporations	178,1	0,6	166,9	-11,3	179,4	12,5	199,9	20,3
(2.5) Households ⁴⁾	321,0	0,3	348,7	10,6	338,1	-4,0	339,3	1,1
(3) Repurchase agreements (a part of M3 - M2)	7,8	2,3	14,2	4,9	13,0	-1,2	16,1	3,2
(3.1) Other general government	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
(3.2) Other financial intermediaries ³⁾	1,6	0,3	1,6	1,1	1,3	-0,3	1,4	0,1
(3.3) Insurance corporations and pension funds	5,9	2,0	12,1	3,7	11,1	-1,0	14,1	3,0
(3.4) Non-financial corporations	0,2	0,0	0,5	0,2	0,6	0,1	0,6	0,0
(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					
	March		January		February		March	
	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	483,5	8,2	535,0	10,5	543,9	9,1	547,8	3,3
(1.1) up to 1 year	198,2	2,8	215,0	6,5	218,0	3,0	218,3	0,2
(1.2) over 1 year and up to 5 years	122,8	5,1	130,5	-1,2	131,8	1,3	132,2	0,2
(1.3) over 5 years	162,5	0,3	189,5	5,2	194,1	4,7	197,4	2,9
(2) Loans to households⁴⁾	328,2	7,4	422,6	5,0	428,0	5,4	437,7	9,8
(2.1) Consumer credit	69,6	2,4	89,4	0,0	89,6	0,2	91,7	2,3
(2.2) Lending for house purchase	220,8	4,6	287,0	4,9	291,8	4,8	298,1	6,3
(2.3) Other lending	37,8	0,5	46,2	0,1	46,6	0,4	47,8	1,2
(3) Loans to other financial intermediaries³⁾	110,9	-0,7	115,7	-5,1	116,4	0,7	120,3	3,8
(4) Loans to insurance corporations and pension funds	2,2	0,1	3,3	1,4	2,8	-0,5	2,5	-0,3

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

TABLE 8

Contributions to annual growth¹⁾ of loans to private sector

	2005	2006		
	March	January	February	March
	% points	% points	% points	% points
Non-financial corporations	7,4	8,5	8,2	7,5
Households ²⁾	10,8	11,9	12,0	12,0
Other financial intermediaries ³⁾	0,5	0,6	0,6	1,1
Insurance corporations and pension funds	-0,2	0,1	0,1	0,0
Loans to private sector ⁴⁾	18,6	21,1	20,8	20,6

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).

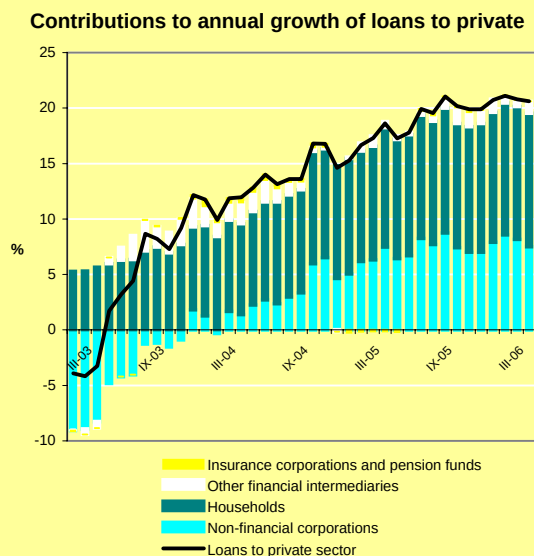
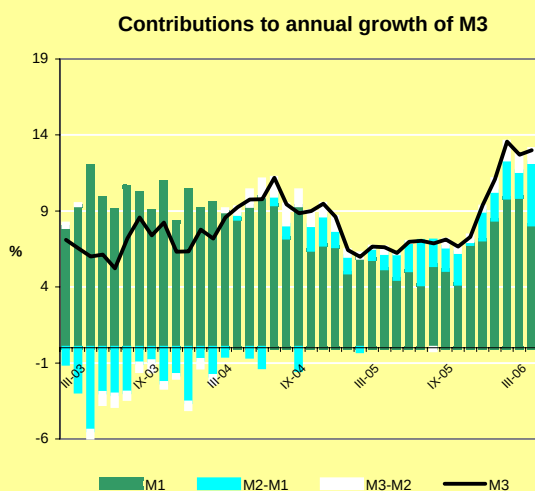
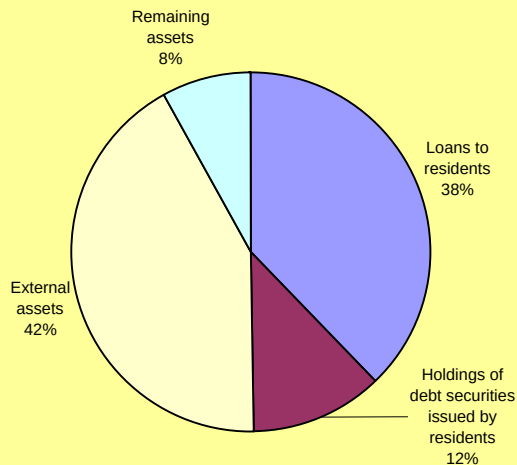


TABLE 9

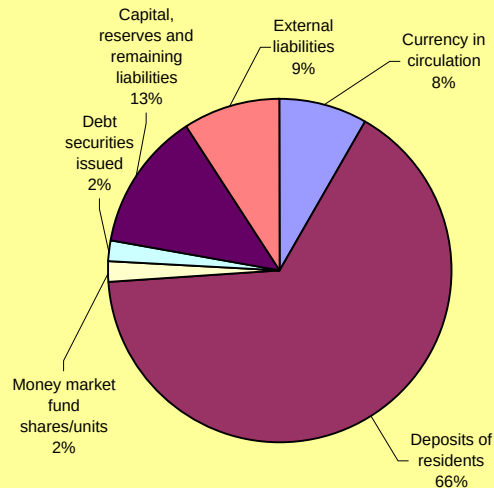
Balance sheets of MFIs by reporting institutions: March 2006

CZK billions	MFI			Consolidated balance sheet of MFIs
	CNB	Credit institutions	Money market fund	
(1) ASSETS TOTAL	837,5	2 999,7	78,8	3 159,6
(1.1) Loans to residents	29,8	1 785,4	16,4	1 193,3
MFI	0,1	621,8	16,4	-
General government	3,9	81,1	0,0	85,0
Other residents	25,8	1 082,6	0,0	1 108,3
(1.2) Holdings of securities other than shares issued by residents	0,0	419,5	19,9	358,8
MFI	0,0	79,8	0,9	-
General government	0,0	328,4	15,5	344,0
Other residents	0,0	11,3	3,5	14,8
(1.3) Money market fund shares/units	0,0	5,3	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	-
Other residents	0,0	20,7	0,1	20,9
(1.5) External assets	783,9	510,0	42,2	1 336,0
(1.6) Fixed assets	11,9	102,6	0,0	114,4
(1.7) Remaining assets	12,0	144,3	0,2	136,2
(2) LIABILITIES TOTAL	837,5	2 999,7	78,8	3 159,6
(2.1) Currency in circulation	287,6	-	-	267,3
(2.2) Deposits of residents	551,6	2 153,1	0,0	2 071,6
MFI	501,6	131,4	0,0	-
Central government	47,6	183,6	0,0	231,2
Other general government/other residents	2,4	1 838,0	0,0	1 840,4
(2.3) Money market fund shares/units	-	-	64,0	58,7
(2.4) Debt securities issued	0,0	143,4	0,0	62,8
(2.5) Capital and reserves	-91,4	315,2	13,9	225,9
(2.6) External liabilities	78,7	212,2	0,1	291,1
(2.7) Remaining liabilities	10,9	175,7	0,8	187,4
(2.8) Excess of inter MFI liabilities	-	-	-	-5,3

Consolidated balance sheet of MFIs - assets



Consolidated balance sheet of MFIs - liabilities



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

The annual rate of growth of M3 rose from 12.7% in February to 13% in March. The month-on-month growth rate decreased from 0.7% to 0.3%. As a result of financial transactions, M3 grew by CZK 215.2 billion year on year (and by CZK 6.3 billion month on month), to CZK 1,849.5 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 almost two-thirds of the annual M3 growth (Table 7).

Annual M1 growth fell from 15.8% in February to 12.8% in March. Similarly, the annual rate of growth of overnight deposits decreased from 17.6% in February to 13.7% in March. Overnight deposits declined by 3.3% month on month. Within overnight deposits, month-on-month declines were recorded by deposits of all sectors except for households, which were up by 0.5% (CZK 2.6 billion). Deposits of other government were down by 11.3% (CZK 10.3 billion), deposits of non-financial corporations by 5.1% (CZK 16.7 billion), deposits of insurance corporations and pension funds by 35.1% (CZK 3.4 billion) and deposits of other financial intermediaries by 15.3% (CZK 3 billion).

The annual rate of growth of currency in circulation increased slightly from 9.9% in February to 10% in March. In month-on-month terms, currency in circulation rose by 0.9% (an increase of CZK 2.5 billion due to financial transactions).

Other short-term deposits (excluding overnight deposits) grew by CZK 31 billion (i.e. 5.3%) month on month, owing to financial transactions. In March, the annual rate of growth of these deposits increased by 7.4 percentage points to 12.3% (from 4.9% in February). Deposits redeemable at notice of up to three months (the smaller component) have long been recording strong annual growth. Their annual growth rate in March was 40.8%. The annual rate of growth of deposits with maturity of up to two years, which are the dominant component of short-term deposits, also increased by 9.1 percentage points compared to the previous month, reaching 5.3%.

Within other short-term deposits, month-on-month increases were recorded for all sectors. Deposits of other government (excluding central government) were up by 33.2% (CZK 6.6 billion), household deposits by 0.3% (CZK 1.1 billion), deposits of other financial intermediaries by 15.5% (CZK 2.3 billion), deposits of non-financial corporations by 11.3% (CZK 20.3 billion) and deposits of insurance corporations and pension funds by 2.2% (CZK 0.6 billion).

Marketable instruments, which consist of repos, money market fund shares/units and debt securities with maturities of up to two years, rose by CZK 3.7 billion due to financial transactions. Their annual rate of growth dropped by 12 percentage points compared to the previous month, to 23.8% (from 35.8% in February).

Main counterparts of M3

The annual rate of growth of loans extended to general government has long been negative and was -30.4% in March (-30.5% in February). The annual rate of growth of purchased government bonds declined by 1.2 percentage points to -0.1% (1.1% in February). In absolute terms, total general government debt to MFIs fell from CZK 466.9 billion in March 2005 to CZK 428.9 billion in March 2006, of which loans decreased from CZK 122.4 billion to CZK 85 billion.

The annual growth rate of loans provided to the private sector fell slightly from 20.8% in February to 20.6% in March. This growth was mostly attributable to households, which 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 March 2006, the growth rate was 33.9%. Non-financial corporations are another sector accounting for a large proportion of the annual rate of growth of loans to the private sector. Their annual rate of growth fell from 15.6% to 14.3%.

The annual rate of growth of net external assets declined from 22.9% in February to 16.9% in March. The annual rate of growth of long-term financial liabilities fell slightly from 11% to 9.9%. The annual rate of growth of deposits by central government declined from 108.8% to 46%.

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					
	March		January		February		March	
	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	643,8	0,87	711,0	0,85	705,2	0,86	713,6
(1.1) Overnight	0,50	404,7	0,40	446,4	0,40	453,9	0,40	457,0
(1.2) With agreed maturity	1,51	47,6	1,37	46,8	1,34	41,4	1,36	47,7
of which: Up to 2 years	1,51	47,3	1,37	46,5	1,34	41,0	1,36	47,1
(1.3) Redeemable at notice ³⁾	1,63	194,5	1,70	220,6	1,74	212,7	1,74	211,8
(1.3.1) Up to 3 months' notice	2,13	103,0	2,16	145,8	2,24	140,1	2,23	140,1
(1.3.2) Over 3 months' notice	1,07	91,5	0,81	74,8	0,79	72,6	0,80	71,7
(2) Deposits from non-financial corp.⁴⁾	1,18	394,1	1,13	461,0	1,04	439,1	1,15	476,6
(2.1) Overnight	0,60	208,5	0,63	253,5	0,55	254,4	0,61	247,4
(2.2) With agreed maturity	1,84	182,5	1,74	204,6	1,72	181,9	1,73	226,4
of which: Up to 2 years	1,84	182,5	1,74	204,6	1,72	181,9	1,73	226,3
(3) Loans to households²⁾	11,55	31,2	11,36	35,1	11,34	35,3	10,71	42,0
(3.1) Bank overdraft ⁵⁾	15,02	17,7	15,20	20,0	15,35	19,7	15,37	20,3
(3.2) Consumer credit	13,07	3,6	12,92	2,7	12,80	2,8	12,56	4,3
(3.3) Lending for house purchase	4,68	8,5	4,51	8,6	4,51	8,8	4,49	12,9
of which: Mortgage lending ⁶⁾	0,00	0,0	-	-	4,29	4,8	4,33	7,5
Saving for building purposes	4,98	3,4	4,91	2,8	4,96	2,8	4,96	3,5
(3.4) Other lending	5,85	1,5	5,75	3,9	5,66	4,0	5,67	4,5
(4) Loans to non-financial corporation	4,12	123,3	3,93	127,2	3,93	130,3	3,98	141,7
(4.1) Bank overdraft ⁵⁾	4,87	52,0	4,47	62,7	4,44	64,9	4,66	62,9
(4.2) Other loans up to CZK 30 million	4,88	16,5	4,77	14,4	4,75	15,1	4,66	20,2
of which: Up to 1 year initial rate fixation ⁷⁾	4,89	12,9	4,75	10,5	4,78	11,0	4,62	14,9
(4.3) Other loans over to CZK 30 million	3,18	54,8	3,00	50,1	3,02	50,3	3,03	58,7
of which: Up to 1 year initial rate fixation ⁷⁾	3,05	46,1	2,92	46,7	2,97	47,8	3,01	55,0
(5) APRC⁸⁾ on loans to households	7,95	12,0	7,05	11,3	7,03	11,7	7,02	17,2
(5.1) Consumer credit	14,66	3,6	14,50	2,7	14,27	2,8	13,95	4,3
(5.2) Lending for house purchase	5,13	8,5	4,72	8,6	4,72	8,8	4,69	12,9

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.

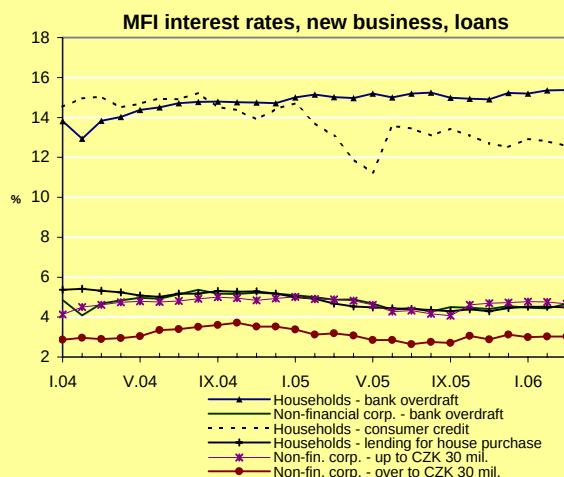
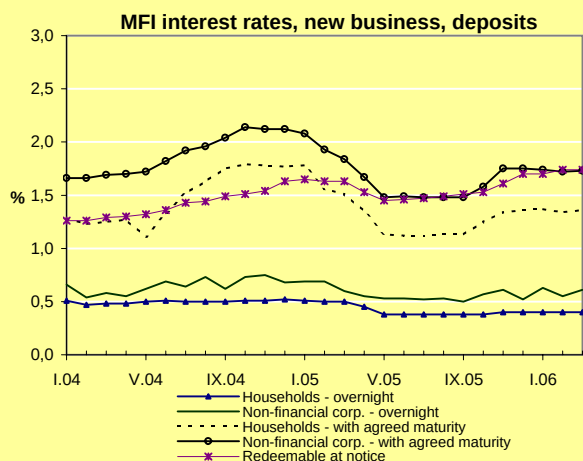


TABLE 11

MFI interest rates on outstanding amounts¹⁾

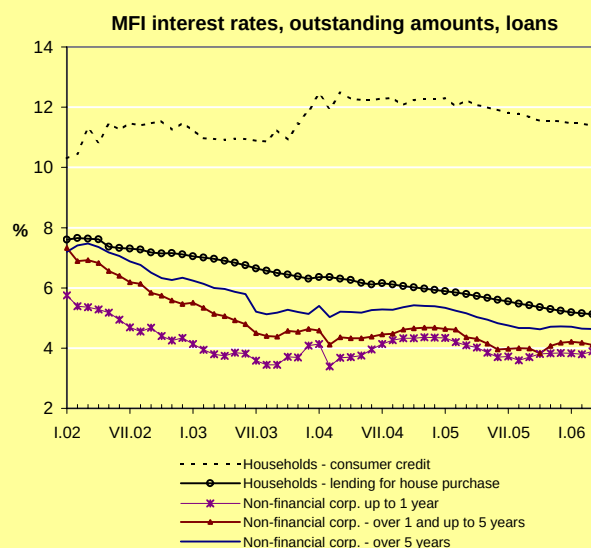
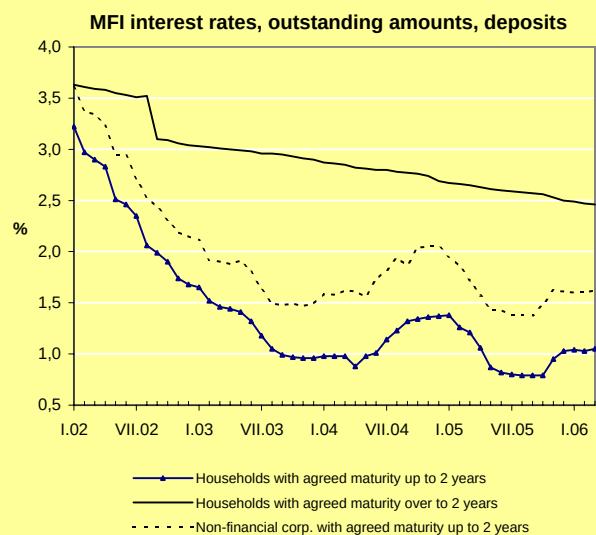
outstanding amounts as end-of-month	2005		2006					
	March		January		February		March	
	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)
(1) Deposits from households ²⁾³⁾	1,34	1007,0	1,23	1061,3	1,23	1059,0	1,22	1061,5
(1.1) With agreed maturity	2,04	409,8	1,92	395,0	1,90	393,2	1,90	393,4
(1.1.1) Up to 2 years	1,21	174,5	1,04	156,0	1,03	155,4	1,05	156,3
(1.1.2) Over 2 years	2,65	235,3	2,49	239,0	2,47	237,7	2,46	237,1
(2) Deposits from non-financial corp. ³⁾	1,09	359,4	0,98	393,5	0,95	403,0	1,03	414,1
(2.2) With agreed maturity	1,75	150,7	1,63	139,7	1,62	148,3	1,64	166,4
(2.2.1) Up to 2 years	1,72	147,1	1,60	135,4	1,60	144,0	1,62	162,0
(2.2.2) Over 2 years	2,96	3,6	2,46	4,3	2,46	4,3	2,45	4,4
(3) Loans to households	7,80	327,0	7,12	421,4	7,07	426,7	7,03	436,4
(3.1) Lending for house purchase	5,79	220,4	5,19	286,7	5,16	291,5	5,13	297,7
of which: Mortgage lending ⁴⁾	0,00	124,5	-	-	4,97	185,1	4,93	190,1
Saving for building purposes	6,12	86,5	5,77	95,8	5,74	90,3	5,71	91,3
(3.2) Consumer credit and other lending	12,22	106,6	11,46	134,7	11,46	135,3	11,38	138,6
(4) Loans to non-financial corp.	4,48	390,5	4,20	439,7	4,17	448,8	4,18	448,8
(4.1) Up to 1 year	4,09	174,7	3,83	192,5	3,80	195,6	3,89	193,4
(4.2) Over 1 and up to 5 years	4,36	100,0	4,21	106,1	4,18	107,7	4,10	108,3
(4.3) Over 5 years	5,16	115,8	4,71	141,2	4,65	145,5	4,64	147,2

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.

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): March 2006

Interest rates on new business

The overall interest rate on **new deposits** of households and non-financial corporations recorded growth in March, although the increase in new deposits of households was negligible.

The overall average interest rate on new deposits of **households** reached 0.86% (0.85% in February). Similarly, rates on individual types of deposits showed only minimal changes. Rates on deposits with agreed maturity and deposits redeemable at notice of over 3 months increased by a mere 0.01-0.02 percentage point, while the interest rate on deposits redeemable at notice of up to 3 months saw a decline of 0.01 percentage point. The average interest rate on overnight deposits of households has been flat at 0.40% for five months.

The average interest rate on new deposits of **non-financial corporations** increased (by almost 0.1 percentage point) to 1.15%, reaching thus a level comparable to that of January 2006. This was mainly due to an increase in the average interest rate on new overnight deposits to 0.61% and on deposits with agreed maturity of up to two years to 1.73% (which, as a rule, account for almost 100% of all deposits with agreed maturity).

The average interest rate on **new loans** to households recorded a significant decrease compared to the previous month. By contrast, the interest rate on new loans to non-financial corporations saw a slight increase.

The average interest rate on loans to **households** saw a decline of 0.63 percentage point to 10.71%. This was mainly due to a decline in the average rate on consumer credit (to 12.56%) and on housing loans (to 4.49%). Average rates on bank overdrafts and on other loans saw a slight increase compared to the previous month (of 0.01-0.02 percentage point), amounting to 15.37% and 5.67% for bank overdrafts and other loans to households respectively.

The overall average interest rate on new loans to **non-financial corporations** was 3.98% in March, i.e. slightly higher compared to February 2006, which was due to an increase in the price of bank overdrafts (to 4.66%). The rate on loans of over CZK 30 million recorded a minimal increase of 0.01 percentage point to 3.03%. By contrast, the average interest rate on loans of up to CZK 30 million declined by 0.1 percentage point to 4.66%.

The overall annual percentage rate of charge on loans to households remained at almost the same level in March as in the previous month (a slight decline to 7.02%). The APRC on consumer credit dropped to 13.95% (by 0.32 percentage point) and that on housing loans declined as well, although only negligibly (by 0.03 percentage point), to 4.69%.

Interest rates on outstanding amounts

In March, the average interest rate on outstanding amounts of deposits of households was comparable to that of the previous month (declining by a mere 0.01 percentage point to 1.22%). By contrast, the average rate on deposits of non-financial corporations increased slightly.

The average rates on individual types of deposits of households remained at the last month's level. The rate on outstanding amounts of deposits with agreed maturity remained at 1.90% and that on deposits redeemable at notice was again 1.74%. Similarly, there was no change in the rate on overnight deposits (0.4%). The negligible change in the overall average interest rate on outstanding amounts of deposits of households was thus due to a small change in the share of individual categories in total deposits (an increase in the share of overnight deposits with a low interest rate).

A slight increase in the average interest rate on outstanding amounts of deposits of non-financial corporations was due to a rise in interest rates on overnight deposits (of 0.06 percentage point) to 0.61% and on deposits with agreed maturity of up to two years to 1.62% (a slight increase of 0.02 percentage point).

The downward trend in the average interest rate charged by banks on outstanding loans to households continued into March (a decline to 7.03%), while the average rate on loans to non-financial corporations remained almost unchanged compared to the previous month (an increase of a mere 0.01 percentage point to 4.18%).

The long-term gradual decline in average rates on outstanding loans to households continued in the case of housing loans (a decline to 5.13%) as well as consumer credit and other loans (a decline to 11.38%).

Compared to the previous month, the interest rate on outstanding loans to non-financial corporations was higher only for maturity of up to one year (by 0.1 percentage point), whereas loans for longer maturities recorded a decline in the rate.

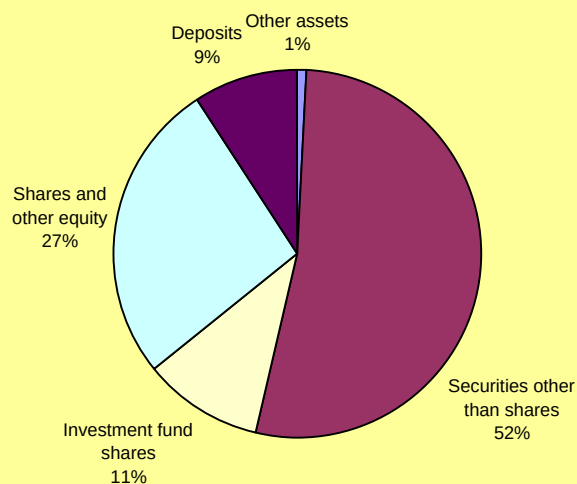
TABLE 12

Quarterly aggregated balance sheet of investment funds¹⁾

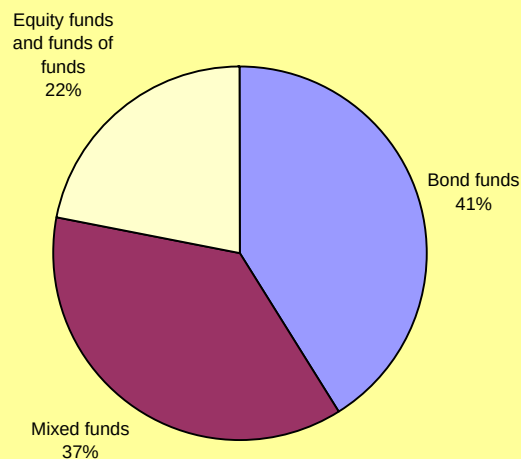
CZK billions; end of period	2004	2005			
	December	March	June	September	December
ASSETS					
Total	51,7	53,0	55,4	62,7	65,4
(1.1) Deposits	6,1	6,3	5,6	6,6	6,0
(1.2) Securities other than shares	29,4	30,1	31,7	34,1	34,6
MFI	0,7	0,7	0,6	0,6	0,5
General government	16,8	15,7	19,2	19,7	20,1
Other residents	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