

Monetary Statistics

August
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)

Financial corporations engaged in lending

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

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

Notes to tables 12-13-14 (p.17)

Glossary (p.18)

Technical notes (p.21)

List of Annexes

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

TABLE 1

Key interest rates

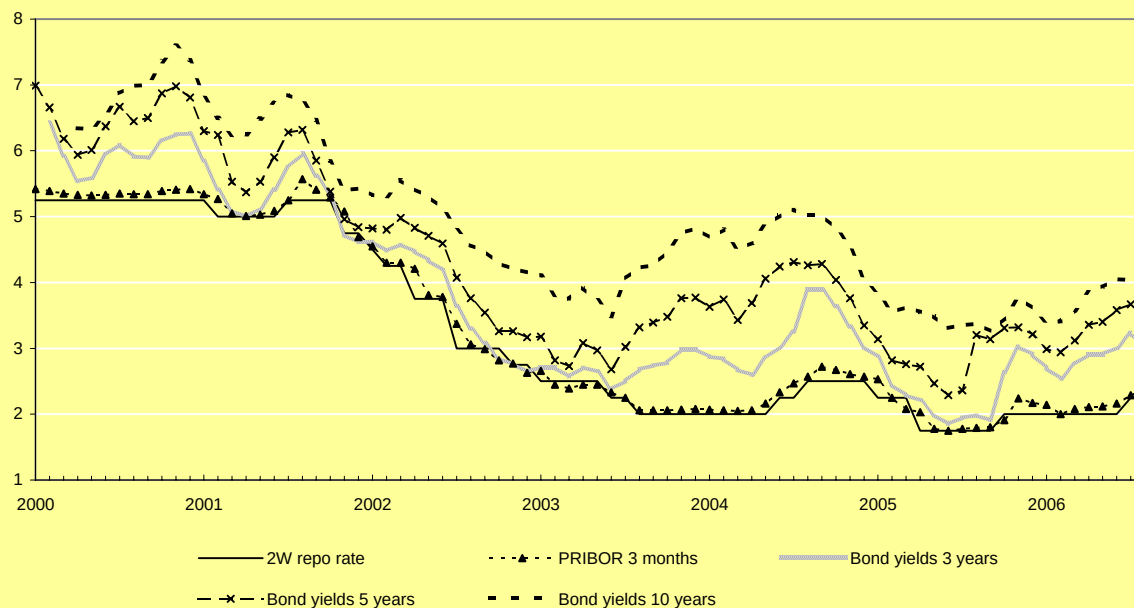
	CNB			ECB
	from 31 October 2005 onwards	from 28 July 2006 onwards	from 29 September 2006 onwards	from 9 August 2006 onwards
2W repo rate	2,00	2,25	2,50	3,00
Deposit facility	1,00	1,25	1,50	2,00
Marginal lending facility	3,00	3,25	3,50	4,00

TABLE 2

Financial markets interest rates

monthly average	2005				2006			
	August		June		July		August	
	CR	Euro	CR	Euro	CR	Euro	CR	Euro
Money market								
CZEONIA/ EONIA								
overnight	1,76	2,06	1,94	2,70	1,66	2,82	2,22	2,97
PRIBOR/ EURIBOR								
1 month	1,77	2,11	2,07	2,87	2,15	2,94	2,28	3,09
3 months	1,79	2,13	2,16	2,99	2,29	3,10	2,36	3,22
6 months	1,82	2,16	2,30	3,16	2,48	3,29	2,50	3,41
1 year	1,87	2,22	2,55	3,40	2,79	3,54	2,75	3,61
Capital market								
Bond yields								
3 years	1,98	2,40	3,01	3,59	3,23	3,69	3,04	3,65
5 years	3,20	2,70	3,58	3,78	3,67	3,84	3,50	3,75
10 years (Maastricht)	3,37	3,32	4,05	4,07	4,04	4,10	3,85	3,97

Interest rates



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

Key interest rates

The CNB newly set its 2W repo rate at 2.5% at the end of September 2006. The ECB's key interest rate has been set at 3% since August 2006. The difference between CNB's and ECB's key rates thus declined to 0.5 percentage point.

Financial market interest rates

Interest rates on the interbank deposit market increased in both the euro area and the Czech Republic (except for the 1Y PRIBOR) in August 2006 and the growth rate was higher in the euro area than in the Czech Republic, in particular for longer maturities. The three-month PRIBOR stood at 2.36 %, while the three-month EURIBOR rose to 3.22 %.

In contrast, yields on the capital market declined both in the Czech Republic and the euro area. The Czech Republic recorded a sharper decline in bond yields, particularly for the 3-year maturity (bonds decreased by 0.2 percentage point to 3.04% in the Czech Republic, while the euro area saw a decline of 0.04 percentage point to 3.65%). The difference between bond yields in the Czech Republic and the euro area thus widened (for all maturities) in August compared to the previous month.

TABLE 3

Key monetary indicators

CZK billions, unless otherwise indicated	2005			2006			2006			2006		
	August			June			July			August		
	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	1 114,6	24,0	8,0	1 235,2	-19,8	15,3	1 281,5	46,3	17,9	1 292,1	11,8	16,4
M3 ¹⁾	1 742,6	11,8	7,1	1 926,8	14,7	12,7	1 949,0	22,2	13,1	1 980,4	33,7	14,3
Loans to private sector ²⁾	1 008,0	24,8	21,1	1 177,9	24,3	21,5	1 199,2	21,4	22,8	1 212,4	14,8	21,2
Net foreign assets ³⁾	1 080,1	0,4	20,7	1 036,3	5,5	0,6	1 015,7	-20,9	-1,2	1 012,0	8,4	-0,5

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

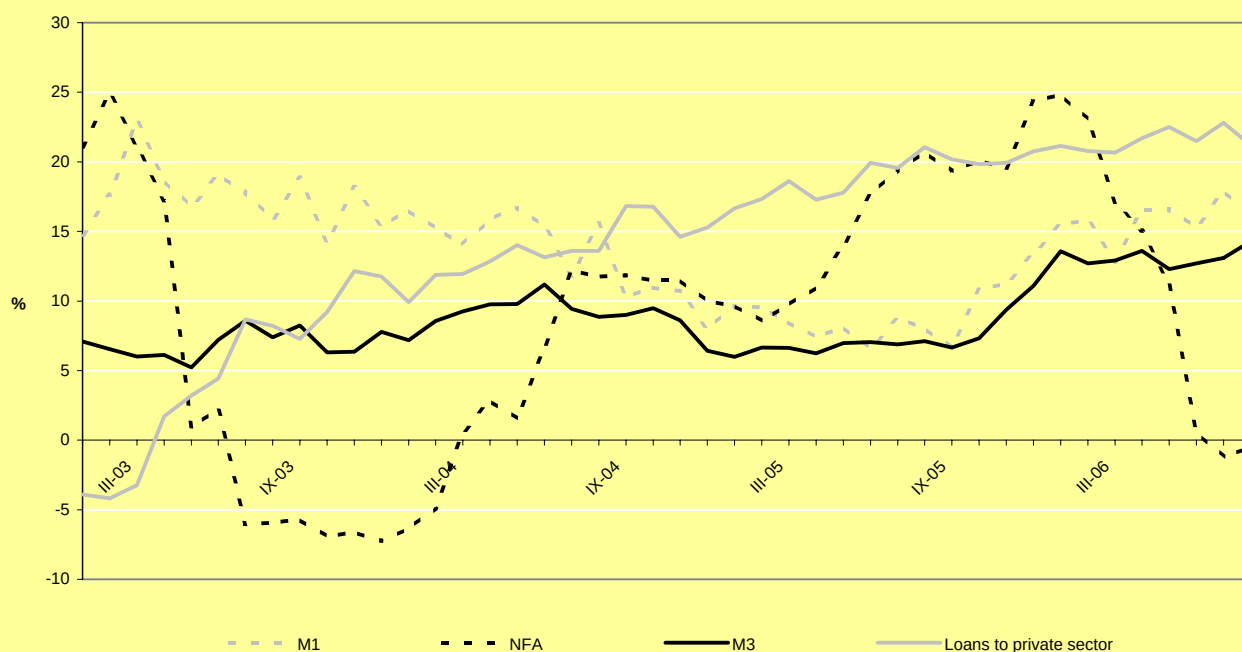


TABLE 4

Monetary aggregates and counterparts

CZK billions, unless otherwise indicated	2005			2006								
	August			June			July			August		
	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)	1 742,6	11,8	7,1	1 926,8	14,7	12,7	1 949,0	22,2	13,1	1 980,4	33,7	14,3
(1.1) Currency in circulation	252,9	-0,1	8,2	279,9	6,7	10,6	279,1	-0,8	10,3	282,4	3,3	11,7
(1.2) Overnight deposits	861,8	24,2	8,0	955,2	-26,5	16,8	1 002,4	47,1	20,2	1 009,7	8,5	17,8
(1.3) M1 (items 1.1 and 1.2)	1 114,6	24,0	8,0	1 235,2	-19,8	15,3	1 281,5	46,3	17,9	1 292,1	11,8	16,4
(1.4) Deposits with agreed maturity up to 2 years	447,9	-17,6	-1,2	458,3	30,9	-1,1	433,5	-24,8	-6,0	448,2	15,7	1,2
(1.5) Deposits redeemable at notice up to 3 months	112,3	0,9	36,8	160,9	4,3	45,4	162,4	1,6	45,9	169,3	6,9	50,9
(1.6) Other short term deposits (items 1.4 and 1.5)	560,2	-16,7	4,6	619,2	35,2	7,8	595,9	-23,3	4,0	617,5	22,7	11,2
(1.7) M2 (items 1.3 and 1.6)	1 674,8	7,3	6,9	1 854,3	15,4	12,7	1 877,4	23,0	13,1	1 909,6	34,4	14,7
(1.8) Repurchase agreements	13,7	4,5	27,0	14,6	-0,2	80,5	13,9	-0,6	51,8	13,0	-0,9	-4,7
(1.9) Money market fund shares/units	53,8	0,1	9,5	57,3	-1,4	4,0	57,0	-0,2	6,3	57,1	0,1	6,3
(1.10) Debt securities issued with maturity up to 2 years	0,3	0,0	-	0,6	0,9	-	0,6	0,0	-	0,7	0,1	-
(1.11) Marketable instruments (items 1.8,1.9 and 1.10)	67,7	4,6	13,1	72,4	-0,7	14,1	71,6	-0,8	13,4	70,8	-0,8	4,7
COUNTERPARTS OF M3												
MFI liabilities												
(2) Holdings deposits against central government	256,2	-3,0	44,0	242,8	17,3	-6,0	229,4	-13,4	-10,7	211,6	-17,5	-16,6
(3) Longer-term financial deposits against other residents (items 3.1 to 3.4)	603,7	6,9	10,0	572,3	1,4	5,8	572,6	-0,2	4,2	556,1	-5,0	2,2
(3.1) Deposits with agreed maturity over 2 years	252,2	-0,3	3,9	245,4	-5,3	-2,9	243,0	-2,4	-3,7	233,1	-9,9	-7,5
(3.2) Deposits redeemable at notice over 3 months	87,4	-0,8	-10,5	72,6	-0,3	-18,4	72,1	-0,5	-18,3	71,7	-0,4	-18,0
(3.3) Debt securities issued with maturity over 2 years	44,7	0,7	46,3	60,3	0,2	40,1	60,9	0,7	33,5	62,0	1,8	35,3
(3.4) Capital and reserves	219,5	7,3	21,7	194,0	6,8	20,4	196,7	2,0	17,7	189,4	3,4	16,1
MFI assets												
(4) Credit to residents (items 4.1 and 4.2)	1 486,2	13,6	5,4	1 650,7	27,2	12,8	1 666,8	15,9	13,8	1 679,5	14,6	13,8
(4.1) Credit to general government	447,9	-11,1	-17,3	438,3	2,9	-4,7	434,1	-4,5	-4,6	433,9	0,1	-2,2
of which: Loans	103,1	-4,8	-30,5	74,8	-4,2	-31,9	69,4	-5,4	-35,5	69,7	0,4	-32,1
Securities other than shares	344,8	-6,3	-12,3	363,4	7,1	3,9	364,7	0,9	4,9	364,2	-0,3	6,8
(4.2) Credit to private sector	1 038,2	24,7	19,3	1 212,5	24,2	20,9	1 232,7	20,3	22,1	1 245,6	14,5	20,6
of which: Loans	1 008,0	24,8	21,1	1 177,9	24,3	21,5	1 199,2	21,4	22,8	1 212,4	14,8	21,2
Securities other than shares	19,0	0,0	-26,1	13,8	0,0	-42,6	12,6	-1,1	-44,2	12,3	-0,3	-45,8
Shares and other equities	11,2	-0,1	-4,7	20,8	0,0	84,3	20,9	0,1	84,0	20,8	0,0	85,9
(5) Net foreign assets	1 080,1	0,4	20,7	1 036,3	5,5	0,6	1 015,7	-20,9	-1,2	1 012,0	8,4	-0,5
(6) Other counterparts of M3 (residual) (=M3+items 2,3 - items 4,5)	36,2	1,8	-27,1	54,8	0,7	345,5	68,5	13,7	99,3	56,7	-11,9	56,6

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					
	August		June		July		August	
	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	861,8	24,2	955,2	-26,5	1 002,4	47,1	1 009,7	8,5
(1.1) Other general government	86,4	-1,8	93,9	1,0	103,7	9,8	99,1	-4,6
(1.2) Other financial intermediaries ³⁾	15,3	1,0	16,3	-0,8	17,6	1,3	17,0	-0,6
(1.3) Insurance corporations and pension funds	12,9	7,1	8,3	-4,4	13,1	4,8	13,4	0,4
(1.4) Non-financial corporations	292,2	13,2	328,1	-28,5	352,7	24,6	359,8	8,0
(1.5) Households ⁴⁾	454,9	4,6	508,6	6,2	515,2	6,6	520,3	5,3
(2) M2 - M1 (other short- term deposits)	560,2	-16,7	619,2	35,2	595,9	-23,3	617,5	22,7
(2.1) Other general government	20,8	-3,4	19,3	-0,8	29,0	9,7	28,0	-0,9
(2.2) Other financial intermediaries ³⁾	15,9	0,8	15,6	1,7	12,7	-2,9	15,5	2,9
(2.3) Insurance corporations and pension funds	23,9	-10,7	24,3	6,6	17,1	-7,3	17,7	0,6
(2.4) Non-financial corporations	186,6	-3,1	204,7	23,6	178,4	-26,3	188,7	10,8
(2.5) Households ⁴⁾	313,0	-0,4	355,2	4,0	358,7	3,5	367,5	9,3
(3) Repurchase agreements (a part of M3 - M2)	13,7	4,5	14,6	-0,2	13,9	-0,6	13,0	-0,9
(3.1) Other general government	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
(3.2) Other financial intermediaries ³⁾	1,9	1,2	2,5	1,1	2,0	-0,5	2,0	0,0
(3.3) Insurance corporations and pension funds	11,5	3,2	10,4	-2,0	10,1	-0,3	8,4	-1,7
(3.4) Non-financial corporations	0,3	0,1	1,7	0,7	1,8	0,2	2,6	0,8
(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					
	August		June		July		August	
	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	517,4	15,5	585,6	13,4	596,1	10,6	599,3	4,4
(1.1) up to 1 year	208,2	0,7	228,3	-0,3	230,0	1,8	228,0	-1,6
(1.2) over 1 year and up to 5 years	131,2	6,8	145,4	10,4	149,8	4,4	151,8	2,4
(1.3) over 5 years	178,0	8,0	211,9	3,3	216,4	4,4	219,4	3,7
(2) Loans to households⁴⁾	371,5	9,5	468,7	12,5	479,7	11,1	490,6	11,1
(2.1) Consumer credit	79,0	2,2	97,1	2,1	98,8	1,7	100,4	1,7
(2.2) Lending for house purchase	252,5	7,4	320,9	9,2	328,6	7,8	337,5	8,9
(2.3) Other lending	39,9	-0,1	50,7	1,2	52,3	1,6	52,7	0,4
(3) Loans to other financial intermediaries³⁾	114,8	0,1	122,2	-1,7	119,4	-2,8	118,8	-0,4
(4) Loans to insurance corporations and pension funds	4,3	-0,3	1,5	0,1	3,9	2,5	3,7	-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		
	August	June	July	August
	% points	% points	% points	% points
M1	5,1	9,6	11,3	10,5
of which: Currency	1,2	1,6	1,5	1,7
Overnight deposits	3,9	8,0	9,8	8,8
M2 - M1 (= other short- term deposits)	1,5	2,6	1,3	3,6
M3 - M2 (= short-term marketable instruments)	0,5	0,5	0,5	0,2
M3	7,1	12,7	13,1	14,3

TABLE 8

Contributions to annual growth¹⁾ of loans to private sector

	2005	2006		
	August	June	July	August
	% points	% points	% points	% points
Non-financial corporations	8,7	9,2	10,1	8,7
Households ²⁾	11,3	11,9	12,2	12,1
Other financial intermediaries ³⁾	0,8	0,7	0,5	0,5
Insurance corporations and pension funds	0,2	-0,3	-0,1	-0,1
Loans to private sector ⁴⁾	21,1	21,5	22,8	21,2

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).

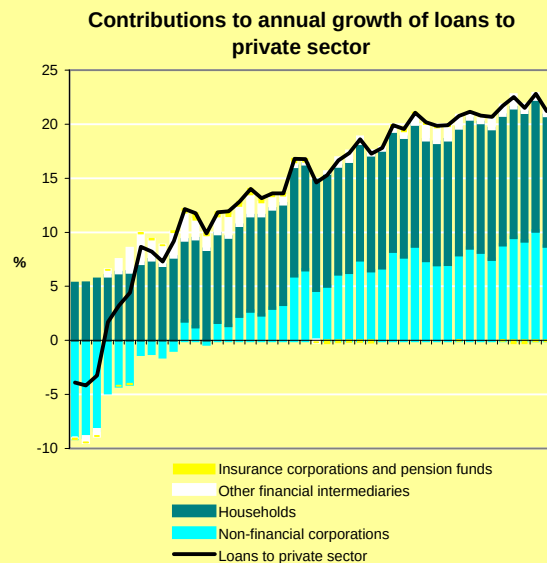
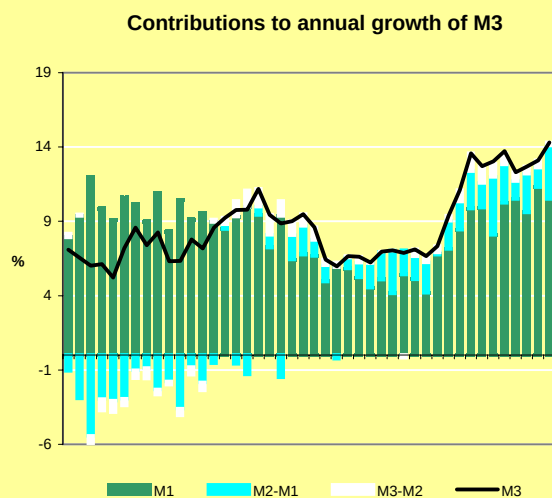
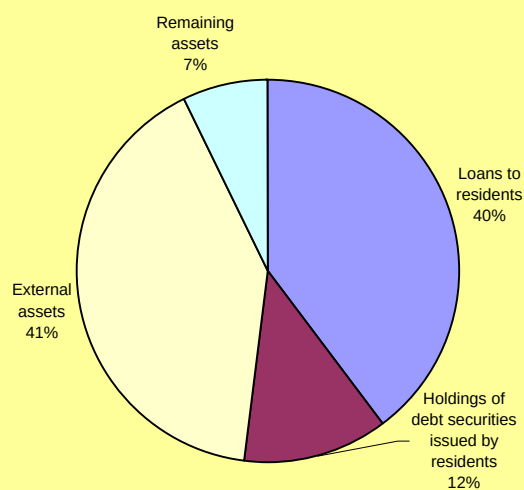


TABLE 9

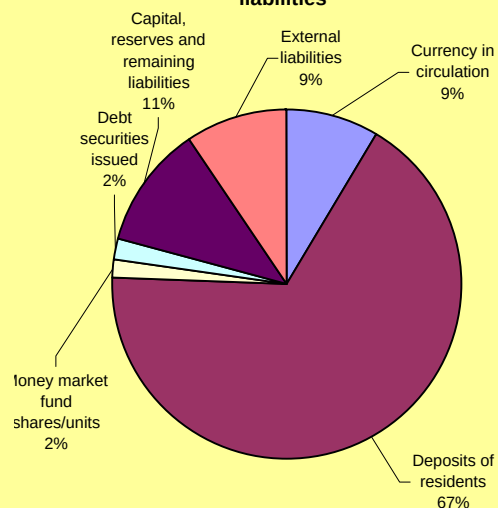
Balance sheets of MFIs by reporting institutions: August 2006

CZK billions	MFI			Consolidated balance sheet of MFIs
	CNB	Credit institutions	Money market fund	
(1) ASSETS TOTAL	791,1	3 101,1	76,7	3 230,1
(1.1) Loans to residents	25,8	1 850,9	13,4	1 282,2
MFI	0,0	594,5	13,4	-
General government	0,0	69,7	0,0	69,7
Other residents	25,7	1 186,7	0,0	1 212,4
(1.2) Holdings of securities other than shares issued by residents	0,0	449,6	20,2	376,5
MFI	0,0	92,5	0,9	-
General government	0,0	348,0	16,2	364,2
Other residents	0,0	9,1	3,2	12,3
(1.3) Money market fund shares/units	0,0	5,2	0,0	-
(1.4) Holdings of shares/other equity issued by residents	0,0	32,6	0,1	20,8
MFI	0,0	11,9	0,0	-
Other residents	0,0	20,7	0,1	20,8
(1.5) External assets	744,8	528,5	42,7	1 316,0
(1.6) Fixed assets	11,7	101,7	0,0	113,4
(1.7) Remaining assets	8,8	132,5	0,3	121,1
(2) LIABILITIES TOTAL	791,1	3 101,1	76,7	3 230,1
(2.1) Currency in circulation	302,9	-	-	282,4
(2.2) Deposits of residents	531,0	2 230,8	0,0	2 156,6
MFI	485,8	119,4	0,0	-
Central government	41,9	169,7	0,0	211,6
Other general government/other residents	3,3	1 941,7	0,0	1 945,0
(2.3) Money market fund shares/units	-	-	62,3	57,1
(2.4) Debt securities issued	0,0	156,0	0,0	62,7
(2.5) Capital and reserves	-118,3	305,9	13,6	189,4
(2.6) External liabilities	63,0	241,0	0,1	304,1
(2.7) Remaining liabilities	12,5	167,4	0,7	180,6
(2.8) Excess of inter MFI liabilities	-	-	-	-2,7

Consolidated balance sheet of MFIs - assets



Consolidated balance sheet of MFIs - liabilities



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

The annual rate of growth of M3 rose from 13.1% in July to 14.3% in August. The month-on-month growth rate increased from 1.2% to 1.7%. As a result of financial transactions, M3 grew by CZK 248.4 billion year on year (and by CZK 33.7 billion month on month), to CZK 1,980.4 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 three-quarters of the annual growth rate of M3 (Table 7).

The annual rate of growth of M1 dropped from 17.9% in July to 16.4% in August. Similarly, the annual rate of growth of overnight deposits fell from 20.2% in July to 17.8% in August. In month-on-month terms, overnight deposits rose by 0.9%. Within overnight deposits, the biggest month-on-month increase was recorded by deposits of insurance corporations and pension funds, up by 3.1% (CZK 0.4 billion). Deposits of other non-financial corporations rose by 2.3% (CZK 8 billion) and household deposits were up by 1.0% (CZK 5.3 billion). Deposits of other government decreased by 4.4% (CZK 4.6 billion) and deposits of other financial intermediaries dropped by 3.4% (CZK 0.6 billion).

The annual rate of growth of currency in circulation increased from 10.3% in July to 11.7% in August. In month-on-month terms, currency in circulation rose by 1.2% (an increase of CZK 3.3 billion due to financial transactions).

Other short-term deposits (excluding overnight deposits) grew by CZK 22.7 billion (i.e. 3.8%) month on month, owing to financial transactions. In August, the annual rate of growth of these deposits increased by 7.2 percentage points compared to July, to 11.2% (4.0% in July). Deposits redeemable at notice of up to three months (the smaller component) have long been recording strong annual growth. Their annual growth rate in August was 50.9%. The annual rate of growth of deposits with maturity of up to two years, which are the dominant component of short-term deposits, increased by 7.2 percentage points compared to the previous month, reaching 1.2%.

Within other short-term deposits, deposits of other financial intermediaries were up by 22.8% (CZK 2.9 billion) and deposits of non-financial corporations by 6.1% (CZK 10.8 billion). Deposits of insurance corporations and pension funds also saw a slight rise of 3.5% (CZK 0.6 billion) and household deposits rose by 2.6% (CZK 9.3 billion). By contrast, deposits of other government dropped by 3.1% (CZK 0.9 billion).

Marketable instruments, which consist of repos, money market fund shares/units and debt securities with maturities of up to two years, declined somewhat to CZK 70.8 billion in August. Their annual rate of growth decreased by 8.7 percentage points to 4.7% from 13.4% in July.

Main counterparts of M3

The annual rate of growth of loans extended to general government has long been negative and was -32.1% in August (-35.5% in July). The annual rate of growth of purchased government bonds increased by almost 2 percentage points to 6.8% (4.9% in July).

The annual rate of growth of loans to the private sector decreased from 22.8% in July to 21.2% in August. 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 August 2006 the figure was 32.6%. Non-financial corporations are another sector accounting for a large proportion of the annual rate of growth of loans granted to the private sector. Their annual rate of growth fell from 19.8% to 17.1%.

The annual growth rate of net external assets increased from -1.2% in July to -0.5% in August. The annual rate of growth of long-term financial liabilities decreased from 4.2% to 2.2%. The annual growth rate of deposits of central government fell from -10.7% to -16.6%.

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					
	August		June		July		August	
	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⁾	0,75	666,5	0,85	756,5	0,84	762,5	0,90	773,8
(1.1) Overnight	0,38	428,5	0,37	484,6	0,35	491,6	0,39	497,5
(1.2) With agreed maturity	1,13	46,5	1,39	47,3	1,41	45,0	1,54	44,3
of which: Up to 2 years	1,13	46,3	1,40	46,9	1,40	44,8	1,54	43,8
(1.3) Redeemable at notice ³⁾	1,49	194,5	1,77	227,2	1,77	228,5	1,87	234,9
(1.3.1) Up to 3 months' notice	2,07	107,5	2,20	156,3	2,19	158,1	2,24	164,8
(1.3.2) Over 3 months' notice	0,77	87,0	0,82	70,9	0,84	70,4	0,99	70,0
(2) Deposits from non-financial corp. ⁴⁾	0,95	410,2	1,15	497,5	1,12	474,1	1,29	499,7
(2.1) Overnight	0,53	227,7	0,62	260,5	0,70	276,6	0,76	282,0
(2.2) With agreed maturity	1,48	179,5	1,75	233,3	1,71	194,4	1,98	213,9
of which: Up to 2 years	1,48	179,4	1,75	233,3	1,71	194,4	1,98	213,9
(3) Loans to households ²⁾	11,08	34,3	10,15	47,3	11,03	41,3	10,86	43,5
(3.1) Bank overdraft ⁵⁾	15,24	18,3	15,72	20,0	15,90	20,6	15,96	20,9
(3.2) Consumer credit	13,10	3,3	12,59	4,7	12,71	3,5	12,42	3,9
(3.3) Lending for house purchase	4,35	11,0	4,33	16,4	4,40	11,6	4,47	13,7
of which: Mortgage lending ⁶⁾	0,00	0,0	4,17	11,2	4,27	7,2	4,34	8,7
Saving for building purposes	5,08	3,9	4,86	3,7	4,82	3,0	4,83	3,7
(3.4) Other lending	5,77	1,7	5,68	6,2	5,82	5,6	5,82	5,0
(4) Loans to non-financial corporation	3,64	121,9	4,04	148,6	4,06	132,9	4,14	129,0
(4.1) Bank overdraft ⁵⁾	4,27	56,0	4,64	68,4	4,61	67,9	4,58	71,0
(4.2) Other loans up to CZK 30 million	4,17	16,1	4,44	22,4	4,46	19,0	4,46	15,6
of which: Up to 1 year initial rate fixation ⁷⁾	3,99	12,3	4,31	16,3	4,42	17,5	4,41	14,1
(4.3) Other loans over to CZK 30 million	2,76	49,8	3,16	57,8	3,09	45,9	3,29	42,3
of which: Up to 1 year initial rate fixation ⁷⁾	2,72	47,4	3,08	54,6	3,07	44,2	3,28	41,3
(5) APRC ⁸⁾ on loans to households	6,81	14,3	6,63	21,1	6,74	15,1	6,62	17,6
(5.1) Consumer credit	14,24	3,3	13,91	4,7	13,92	3,5	13,52	3,9
(5.2) Lending for house purchase	4,56	11,0	4,53	16,4	4,60	11,6	4,66	13,7

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.

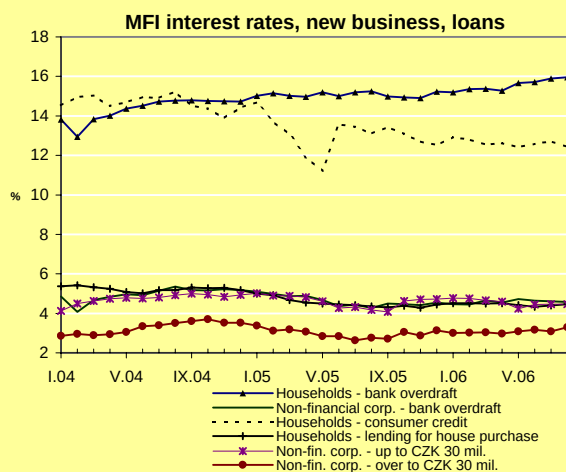
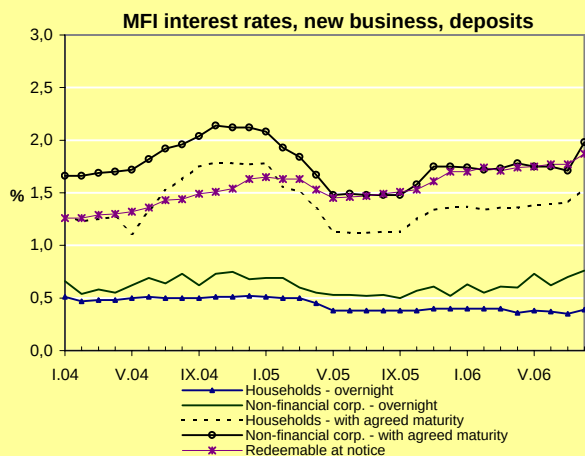


TABLE 11

MFI interest rates on outstanding amounts¹⁾

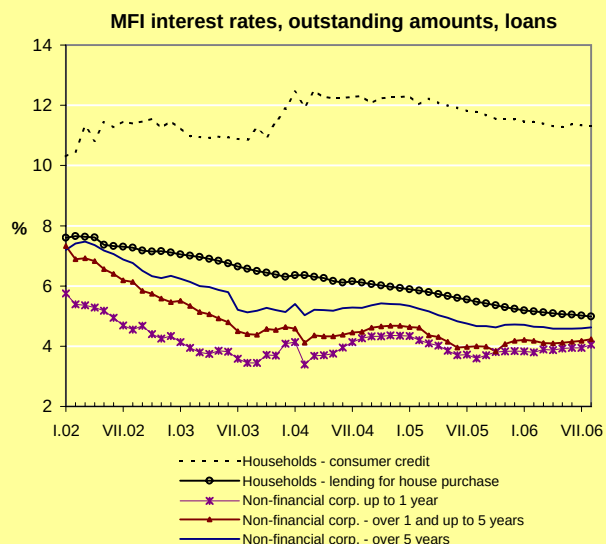
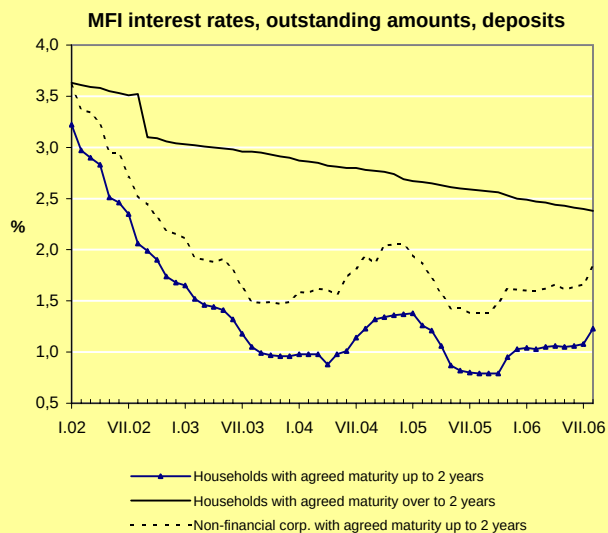
outstanding amounts as end-of-month	2005		2006		2006		2006	
	August		June		July		August	
	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)
(1) Deposits from households²⁾³⁾	1,18	1029,5	1,19	1107,1	1,18	1114,1	1,22	1121,2
(1.1) With agreed maturity	1,87	408,2	1,87	395,6	1,87	394,3	1,90	389,2
(1.1.1) Up to 2 years	0,79	162,8	1,06	157,7	1,08	158,9	1,23	161,1
(1.1.2) Over 2 years	2,58	245,3	2,41	237,9	2,40	235,4	2,38	228,2
(2) Deposits from non-financial corp.³⁾	0,88	380,1	1,02	423,7	1,04	420,9	1,14	432,6
(2.2) With agreed maturity	1,41	152,2	1,66	161,9	1,69	142,8	1,84	148,4
(2.2.1) Up to 2 years	1,38	148,5	1,64	157,5	1,66	138,4	1,84	146,6
(2.2.2) Over 2 years	2,56	3,7	2,44	4,4	2,59	4,4	2,42	1,7
(3) Loans to households	7,41	370,1	6,95	467,4	6,91	478,4	6,87	489,4
(3.1) Lending for house purchase	5,48	252,1	5,05	320,5	5,02	328,3	4,99	337,2
of which: Mortgage lending ⁴⁾	0,00	147,8	4,82	203,8	4,79	209,3	4,77	215,4
Saving for building purposes	5,91	93,6	5,61	102,5	5,58	103,9	5,55	106,1
(3.2) Consumer credit and other lending	11,79	118,0	11,37	146,8	11,33	150,1	11,32	152,2
(4) Loans to non-financial corp.	4,03	419,8	4,21	476,2	4,22	486,8	4,29	490,4
(4.1) Up to 1 year	3,59	185,4	3,94	199,4	3,94	201,9	4,05	201,3
(4.2) Over 1 and up to 5 years	4,00	105,4	4,15	119,2	4,18	122,9	4,23	124,4
(4.3) Over 5 years	4,67	129,0	4,58	157,6	4,59	162,0	4,63	164,7

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): August 2006

Interest rates on new business

The overall interest rate on **new deposits** of households recorded an increase compared to previous months. The interest rate on new deposits of non-financial corporations was also higher than in previous periods.

The average interest rate on new deposits of **households** was 0.90%. This rise was mainly due to an increase in rates on deposits with an agreed maturity (up by 0.13 percentage point to 1.54%) and on deposits redeemable at notice (up by 0.1 percentage point of 1.87%). Nevertheless, overnight deposits rose slightly, too (to 0.39%).

An increase in the average interest rate on new deposits of **non-financial corporations** (0.17 percentage point) to 1.29% was mainly due to a marked rise in the rate on deposits with an agreed maturity of up to 2 years to 1.98% (such deposits usually account for 100% of all deposits with an agreed maturity of non-financial corporations). Although the rate on overnight deposits was also higher than in the previous month, it grew much more moderately (0.06 percentage point to 0.76%).

New loans to households were overall cheaper than in the previous month, while the rate on loans to non-financial corporations rose slightly.

The overall average interest rate on new loans to **households** declined to 10.86% (down by 0.17 percentage point), owing to a decrease in the rate on consumer credit (0.3 percentage point) to 12.42%. In contrast, housing loans and bank overdrafts were somewhat more expensive (0.06-0.07 percentage point) and the rate on other loans remained at the previous month's level (5.82%).

The interest rate on bank overdrafts to **non-financial corporations** recorded a negligible decline to 4.58%. The rate on other loans of up to CZK 30 million remained unchanged, standing at the last month's level of 4.46%. In contrast, the increase in the interest rate on other loans of over CZK 30 million (0.2 percentage point) to 3.29% stood behind the increase in the overall average interest rate on loans to non-financial corporations to 4.14% (up by 0.08 percentage point).

The overall annual percentage rate of charge on loans to households decreased by 0.12 percentage point to 6.62 %, which is the level of June 2006. The APRC on consumer credit declined significantly to 13.52%, while the APRC on housing loans recorded a slight increase to 4.66 %.

Interest rates on outstanding amounts

The average interest rate on **outstanding amounts of deposits** of non-financial corporations increased slightly in August. The average rate on outstanding amounts of deposits of households was also higher in this month. The increase in the rate on deposits in this sector was recorded after a five-month gradual decline.

Household deposits were remunerated at a total average rate of 1.22% in August. This increase in the rate was mainly due to deposits with an agreed maturity of up to 2 years (up by 0.15 percentage point to 1.23%), overnight deposits (an increase to 0.39%) and deposits redeemable at notice (an increase to 1.87%).

The total average interest rate on deposits of **non-financial corporations** increased slightly to 1.14 %. The rise was recorded for the rate on overnight deposits (to 1.29%) and deposits with an agreed maturity of up to 2 years (to 1.84%). In contrast, the rate on deposits with an agreed maturity of over 2 years saw a decline (down by 0.17 percentage point to 2.42%). Nevertheless, since the share of such deposits in total deposits with an agreed maturity is minimal (around 1%), they had no impact on the change in the overall average interest rate on deposits.

The overall average interest rate on **outstanding amounts of loans** to households declined somewhat in August, while that on outstanding amounts of loans to non-financial corporations picked up slightly.

The average interest rate on loans to **households** declined, albeit negligibly, to 6.87%. This was mainly due to housing loans, whose average rate fell below 5% in August. The rate on consumer credit and other loans was almost the same as in the previous month (11.32%).

The rate charged by banks on **outstanding amounts** of loans to non-financial corporations rose slightly for the fourth consecutive month, amounting to 4.29%. The increase in the rate was seen in loans with all maturities. However, the most significant relative pick-up was recorded for loans with a short-term maturity (0.11 percentage point to 4.05%).

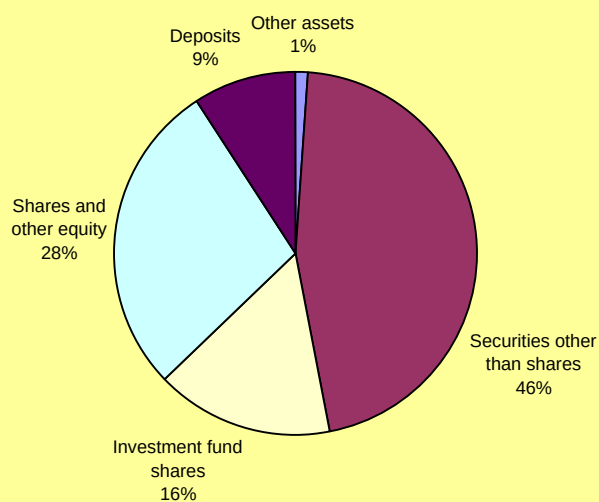
TABLE 12

Quarterly aggregated balance sheet of investment funds ¹⁾

CZK billions; end of period	2005			2006	
	June	September	December	March	June
ASSETS					
Total	55,4	62,7	65,4	73,4	73,9
(1.1) Deposits	5,6	6,6	6,0	7,4	6,8
(1.2) Securities other than shares	31,7	34,1	34,6	35,5	33,9
MFI	0,6	0,6	0,5	0,6	0,6
General government	19,2	19,7	20,1	19,7	18,8
Other residents	2,2	2,2	2,1	2,2	2,0
Non-residents	9,7	11,6	11,8	12,9	12,4
Up to 1 year	0,8	0,7	0,6	0,5	0,4
Over 1 year	30,9	33,4	33,9	34,9	33,5
(1.3) Shares and other equity	13,0	16,1	17,4	19,3	20,7
MFI	0,4	0,5	0,6	0,6	0,6
Other residents	2,5	3,0	3,0	3,6	3,8
Non-residents	10,1	12,6	13,9	15,2	16,3
(1.4) Investment fund shares	4,4	5,2	6,9	10,2	11,7
Residents	0,2	0,4	0,5	1,6	2,1
Non-residents	4,2	4,8	6,4	8,7	9,6
(1.5) Other assets	0,7	0,7	0,6	1,0	0,8
LIABILITIES					
Total	55,4	62,7	65,4	73,4	73,9
(2.1) Loans accepted	5,3	0,0	60,6	0,0	0,0
(2.2) Investment fund shares	45,0	48,8	52,5	58,5	77,6
Residents	44,8	48,5	52,2	58,2	77,3
Non-residents	0,2	0,2	0,2	0,3	0,3
(2.3) Capital and reserves	8,6	11,2	11,5	12,8	-5,5
(2.4) Other liabilities	1,8	2,8	1,4	2,1	1,8
BALANCE SHEET TOTAL - BREAKDOWN BY INVESTMENT POLICY					
TOTAL	55,4	62,7	65,4	73,4	73,9
Equity funds and funds of funds	9,3	11,5	14,4	19,5	21,9
Bond Funds	26,0	28,0	26,9	27,4	25,5
Mixed Funds	20,2	23,2	24,1	26,5	26,5

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

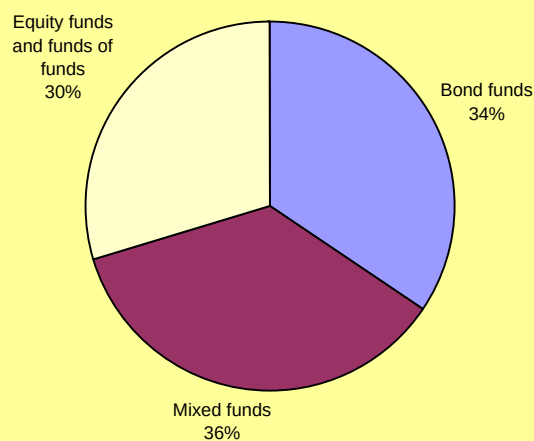


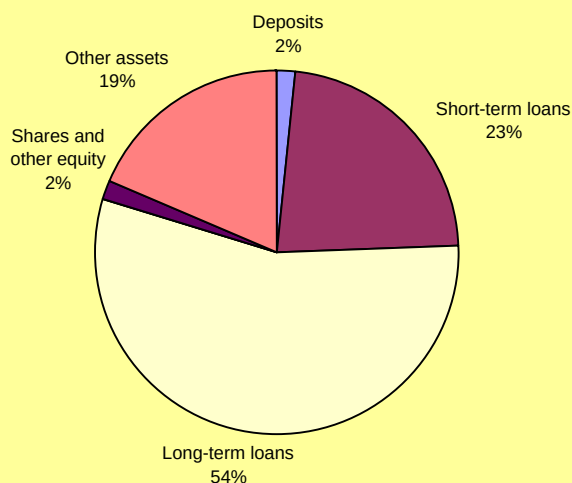
TABLE 13

Quarterly aggregated balance sheet of FCLs¹⁾

CZK billions; end of period	2005			2006	
	June	September	December	March	June
Assets					
Total			283,7	283,8	293,1
(1.1) Deposits			6,1	4,8	4,8
(1.2) Loans provided			221,2	222,5	228,0
Residents			221,1	221,1	226,3
Up to 1 year			65,5	67,1	66,1
Over 1 year			155,6	154,0	160,3
Non-residents			0,2	1,4	1,7
(1.3) Securities other than shares			0,3	0,2	0,3
Up to 1 year			0,2	0,1	0,2
Over 1 year			0,1	0,1	0,1
(1.4) Shares and equity			3,7	4,1	4,4
Mutual fund shares/units (including MMFs)			0,0	0,0	0,0
Other shares and equity			3,7	4,1	4,4
(1.5) Other assets			52,3	52,2	55,6
LIABILITIES					
Total			283,7	283,8	293,1
(2.1) Loans taken			170,9	170,4	179,8
Residents			113,7	107,2	114,1
Non-residents			57,1	63,1	65,7
(2.2) Securities other than shares issued			18,6	20,7	21,3
Up to 1 year			7,7	10,1	11,5
Over 1 year			10,9	10,7	9,8
(2.3) Own funds			53,7	55,2	55,5
(2.5) Other liabilities			40,5	37,5	36,6
BALANCE SHEET TOTAL BREAKDOWN BY TYPE OF INTERMEDIARIES					
TOTAL			283,7	283,8	293,1
Financial leasing company			207,7	207,4	212,0
Other lending company			76,0	76,4	81,1

¹⁾ Financial corporations engaged in lending
Data for factoring companies has not yet been published.

Balance sheet total - breakdown by asset item



Balance sheet total - breakdown by type of intermediaries

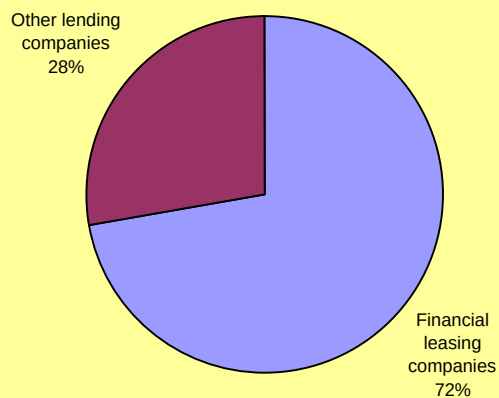


TABLE 14

Summery of loans provided by FCLs¹⁾ to residents

CZK billions; end of period	2005			2006	
	June	September	December	March	June
LOANS					
(1.1) Non-financial corporations			119,3	119,5	120,6
Up to 1 year			28,6	29,6	29,2
Over 1 year up to 5 years			76,4	75,7	76,5
Over 5 years			14,2	14,2	14,9
(1.2) Financial corporations			1,2	2,7	2,3
Up to 1 year			0,4	1,9	1,5
Over 1 year up to 5 years			0,6	0,5	0,5
Over 5 years			0,2	0,3	0,3
(1.3) Government			1,2	1,1	1,1
Up to 1 year			0,5	0,3	0,4
Over 1 year up to 5 years			0,5	0,4	0,4
Over 5 years			0,2	0,3	0,4
(1.4) Households			99,1	97,7	102,1
Up to 1 year			35,9	35,2	34,8
Over 1 year up to 5 years			59,0	58,0	61,7
Over 5 years			4,3	4,5	5,5
(1.5) NPISHs			0,2	0,2	0,2
Up to 1 year			0,1	0,1	0,1
Over 1 year up to 5 years			0,1	0,1	0,1
Over 5 years			0,0	0,0	0,0

BREAKDOWN OF LOANS PROVIDED TO HOUSEHOLDS

Total			99,1	97,7	102,1
Consumer credit			87,5	86,2	90,7
Up to 1 year			34,9	34,0	34,0
Over 1 year up to 5 years			48,7	48,0	51,6
Over 5 years			4,0	4,2	5,2
Lending for house purchase			0,5	0,5	0,6
Up to 1 year			0,0	0,0	0,0
Over 1 year up to 5 years			0,4	0,4	0,4
Over 5 years			0,1	0,1	0,2
Other loans			11,2	10,9	10,8
Up to 1 year			1,1	1,2	0,8
Over 1 year up to 5 years			9,9	9,6	9,7
Over 5 years			0,1	0,1	0,2

BREAKDOWN OF SELECTED LOANS BY TYPE OF INTERMEDIARIES

TOTAL			221,1	221,1	226,3
Financial leasing companies			168,9	167,6	170,1
Other lending companies			52,2	53,5	56,2
of which Non-financial corporations			119,3	119,5	120,6
Financial leasing companies			117,2	116,3	117,3
Other lending companies			2,2	3,2	3,4
of which Households			99,1	97,7	102,1
Financial leasing companies			49,8	49,6	51,1
Other lending companies			49,4	48,1	50,9

¹⁾ Financial corporations engaged in lending
Data for factoring companies has not yet been published.

Commentary on the quarterly aggregated balance sheet of collective investment funds (Table 12): June 2006

As at the end of Q2, collective investment funds managed assets of CZK 72.1 billion. Thus, assets managed by collective investment funds increased by CZK 0.8 billion in Q2, up by 1.06% on the previous quarter. They rose by 34.46% compared to the same period a year earlier, which represents an increase of CZK 18.5 billion.

In Q2, the highest increase was recorded by funds of funds, whose assets rose by 21.18% quarter on quarter, from CZK 9.7 billion to 11.7 billion. Equity funds and mixed funds also grew, from CZK 9.2 billion to CZK 9.6 billion and from CZK 25.7 billion to CZK 25.8 billion, respectively. By contrast, bond funds recorded a decline in assets of CZK 1.9 billion, or 6.95%, to 24.9 billion.

Funds invested mostly in securities, particularly in debt securities issued by the Czech Republic's government institutions. Total purchases of debt securities were CZK 33.9 billion, reaching 47.03% of the own funds of collective investment funds. This represents a decrease of 2.69 percentage points compared to Q1. In year-on-year terms, the ratio of purchased debt securities to own funds fell by 12.06 percentage points. Purchased fund units recorded the largest increase compared to the previous quarter. Investment in units rose by CZK 1.4 billion (14.1%) compared to the previous quarter. In year-on-year terms, investment in units increased by CZK 7.3 billion. The volume of purchased fund units was CZK 11.7 billion. Investment in shares recorded the largest year-on-year increase. As at the end of Q2, purchased shares held by collective investment funds amounted to CZK 20.7 billion. Compared to the same period a year earlier, this represents an increase of CZK 7.7 billion (59.2%).

As at the end of Q2, 60 resident collective investment funds were active in the Czech Republic, of which 10 equity funds, 15 funds of funds, 12 bond funds and 23 mixed funds were registered.

Commentary on the quarterly aggregated balance sheet of financial corporations engaged in lending (Table 13, 14): June 2006

As of 30 June 2006, financial corporations engaged in lending had total assets of CZK 293.1 billion¹⁾. Total assets rose by CZK 9.3 billion compared to the previous quarter. This represents a quarterly increase of 3.3%. Financial leasing companies, whose total assets amounted to CZK 212 billion, accounted for the largest share of total assets. Other lending companies contributed CZK 81.1 billion to the overall total assets.

The largest asset item was loans, which amounted to CZK 228 billion, up by CZK 5.5 billion compared to the first quarter. Short-term loans stood at CZK 66.6 billion at the end of Q2, i.e. 22.7% of total assets. Long-term loans amounted to CZK 161.4 billion, i.e. 55.1% of total assets. The loans were provided almost entirely to residents.

The largest part of the loans provided to residents consisted of loans to non-financial corporations, which amounted to CZK 120.6 billion, i.e. 53.3% of loans to residents. Loans provided to non-financial corporations rose by CZK 1.1 billion compared to Q1, i.e. a quarterly increase of 1%. CZK 117.3 billion was provided by financial leasing companies and CZK 3.4 billion by other lending companies. These loans are made up predominantly of loans with a maturity of one to five years, which amounted to CZK 76.5 billion.

The second largest category of loans provided was loans to households, which totalled CZK 102.1 billion, up by CZK 4.4 billion. This represents a quarterly increase of 4.5%. These loans account for 45.1% of loans granted to residents. CZK 51.1 billion was provided by financial leasing companies and CZK 51 billion by other lending companies. Loans with a maturity of one to five years amounted to CZK 61.7 billion, giving them the largest share in loans to households.

¹⁾ Under Decree No. 307/2004 Coll. these are companies whose main or major business activity involves providing credit or loans or entering into agreement of similar nature, e.g. financial leasing, factoring, consumer credit, hire-purchase financing, etc. The figures mentioned only include financial leasing companies and other lending companies. Data for factoring have not yet been published.

Glossary

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

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

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

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

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

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

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

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

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

FCLs - Type of services:

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

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

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

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

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

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

Glossary (cont'd)

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

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

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

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

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

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

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

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

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

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

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

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

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

Glossary (cont'd)

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

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

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

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

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

Unit trusts other than money market funds:

1. *equity funds and funds of funds* – funds that constantly invest 66% or more of their assets on the equity market (i.e. in shares and instruments bearing equity risk) and/or funds that constantly invest 66% or more of their assets in the units and shares of other unit trusts/investment funds. Equity funds also include index funds and guaranteed funds linked to stock indices.
2. *bond funds* – funds that constantly invest on the bond market. Additional investment in equities is allowed, but the share of equities must not exceed 10% of the fund's assets. Bond funds also include index funds and guaranteed funds linked to bond indices.
3. *mixed funds* – funds that invest in various assets (equities and bonds) on various markets and do not have limits on the share of equities or bonds.

Technical Notes

A. Calculation of growth rates

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

Method of calculation

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

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

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

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

where

F_t^M - transactions in month t

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

and

L_t - outstanding amount at the end of month t

C_t^M - reclassifications in month t

E_t^M - exchange rate variations in month t

V_t^M - valuation changes in month t

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

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

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

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

List of Annexes

December 2005

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

January 2006

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

April 2006

Interest rate statistics (MIR)