

Monetary Statistics

February
2008

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Treasury bonds statistics for the reference period July 2007 - December 2007

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

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

LIST OF ABBREVIATIONS AND CODES

Codes

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

Institutional sectors and subsectors

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

TABLE 1

Key interest rates

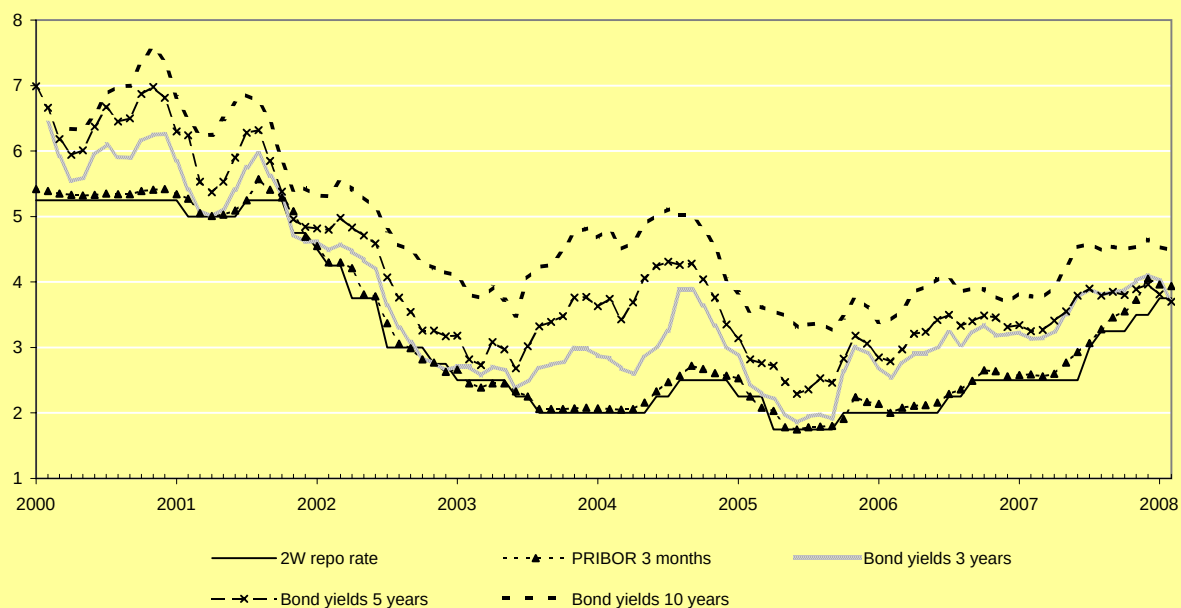
	CNB			ECB
	from 27 July 2007 onwards	from 30 November 2007 onwards	from 8 February 2008 onwards	from 13 June 2007 onwards
2W repo rate	3,00	3,50	3,75	4,00
Deposit facility	2,00	2,50	2,75	3,00
Marginal lending facility	4,00	4,50	4,75	5,00

TABLE 2

Financial markets interest rates

monthly average	2007				2008			
	February		December		January		February	
	CR	Euro area	CR	Euro area	CR	Euro area	CR	Euro area
Money market								
CZEONIA/ EONIA								
overnight	2,43	3,57	3,37	3,88	3,47	4,02	3,53	4,03
PRIBOR/ EURIBOR								
1 month	2,54	3,65	3,98	4,73	3,70	4,20	3,81	4,18
3 months	2,59	3,82	4,05	4,85	3,96	4,48	3,94	4,36
6 months	2,67	3,94	4,09	4,82	4,06	4,50	4,02	4,36
1 year	2,83	4,10	4,20	4,79	4,16	4,50	4,11	4,35
Capital market								
Bond yields								
3 years	3,13	3,98	4,11	4,06	4,02	3,75	3,71	3,44
5 years	3,25	4,02	3,96	4,14	3,81	3,86	3,70	3,63
10 years (Maastricht)	3,78	4,12	4,65	4,38	4,54	4,23	4,48	4,18

Financial markets interest rates in CR



Commentary on key interest rates (Table 1) and financial market interest rates (Table 2): February 2008

Key interest rates

The CNB's 2W repo rate has been set at 3.75% on 8 February 2008, the ECB's key interest rate has been re-set at 4.00% since mid-June 2007. The difference between the CNB's and the ECB's key rates is nowadays 0.25 percentage point.

Financial market interest rates

In February in comparison with the previous month the observed interest rates (including the reference interest rate CZEONIA) on the interbank deposit market remained unchanged in the Czech Republic, with the exception of the one-month PRIBOR, which increased noticeably (the increase by 0.11 percentage point). Within the Eurozone the EURIBOR rates for more than three-month unsecured lending decreased (by more than 0.10 percentage point). The three-month PRIBOR reached 3.94% (in January 3.96%) and the three-month EURIBOR was 4.36% (in January 4.48%).

Bond yields on the capital market in the Czech Republic and in the Eurozone as well decreased in February, more obviously within the middle-term maturity instruments. The yield of the 10-year bond in the Czech Republic was 4.48%, the yield of the 10-year bond in the Eurozone was lower by 0.30 percentage point (i.e. 4.18%).

TABLE 3

Key monetary indicators

CZK billions, unless otherwise indicated	2007						2008					
	February			December			January			February		
	Outstanding amounts	Transa- ctions ⁴⁾	Annual growth rates [%]	Outstanding amounts	Transa- ctions ⁴⁾	Annual growth rates [%]	Outstanding amounts	Transa- ctions ⁴⁾	Annual growth rates [%]	Outstanding amounts	Transa- ctions ⁴⁾	Annual growth rates [%]
M1	1 369,6	13,1	14,9	1 526,5	12,2	15,7	1 556,5	32,8	15,7	1 527,7	-24,2	12,8
M3 ¹⁾	2 102,9	29,0	13,8	2 380,0	44,9	16,7	2 386,4	10,5	16,2	2 408,4	29,8	16,0
Loans to private sector ²⁾	1 312,3	12,5	20,7	1 628,7	33,6	27,4	1 637,4	11,9	27,3	1 647,7	15,3	27,3
Net foreign assets ³⁾	1 011,6	5,0	-0,4	969,2	13,2	6,1	968,5	17,5	6,9	954,6	17,4	8,3

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 years.

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-a-vis 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

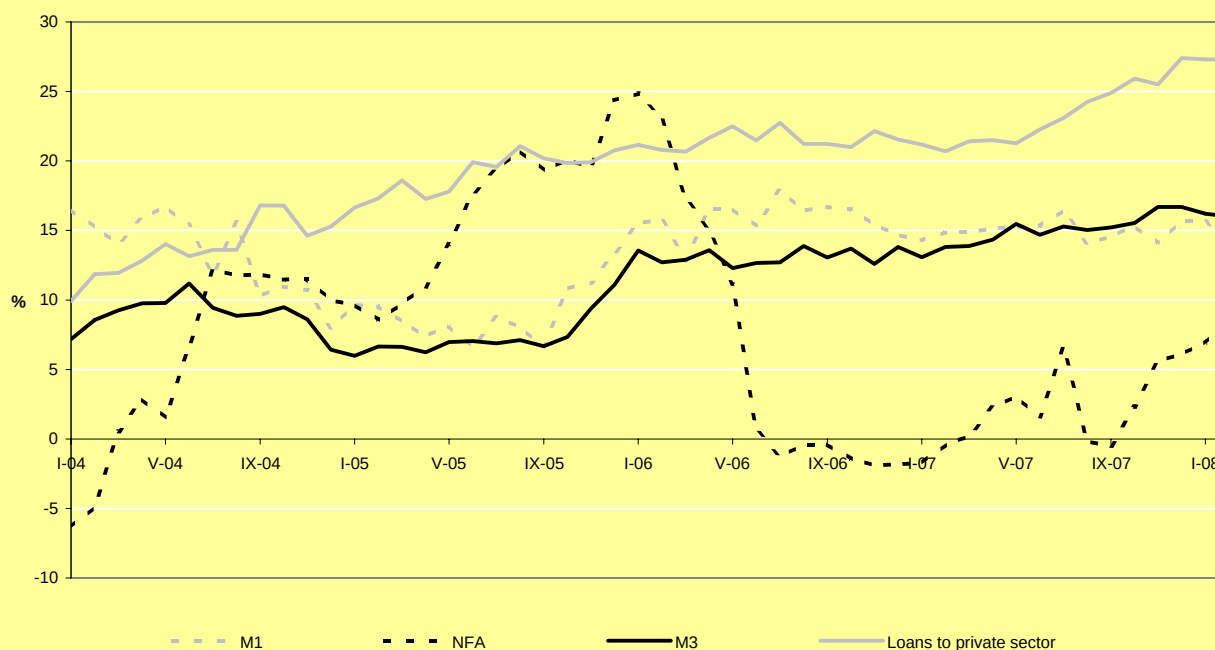


TABLE 4

Monetary aggregates and counterparts

CZK billions, unless otherwise indicated	2007						2008					
	February			December			January			February		
	Out- standing amounts	Transa- ctions ¹⁾	Annual growth rates [%]	Out- standing amounts	Transa- ctions ¹⁾	Annual growth rates [%]	Out- standing amounts	Transa- ctions ¹⁾	Annual growth rates [%]	Out- standing amounts	Transa- ctions ¹⁾	Annual growth rates [%]
COMPONENTS OF M3												
(1) M3 (= items 1.3, 1.6 and 1.11)	2 102,9	29,0	13,8	2 380,0	44,9	16,7	2 386,4	10,5	16,2	2 408,4	29,8	16,0
(1.1) Currency in circulation	296,2	4,5	12,1	324,1	0,8	10,0	320,9	-3,1	10,0	323,5	2,6	9,2
(1.2) Overnight deposits	1 073,4	8,6	15,7	1 202,5	11,5	17,3	1 235,6	35,9	17,3	1 204,1	-26,8	13,8
(1.3) M1 (items 1.1 and 1.2)	1 369,6	13,1	14,9	1 526,5	12,2	15,7	1 556,5	32,8	15,7	1 527,7	-24,2	12,8
(1.4) Deposits with agreed maturity up to 2 years	468,7	11,8	8,4	531,5	13,0	15,3	503,4	-25,0	12,6	545,5	44,9	19,5
(1.5) Deposits redeemable at notice up to 3 months	196,5	1,2	29,4	250,6	20,3	29,5	255,2	4,7	30,8	259,6	4,4	32,3
(1.6) Other short term deposits (items 1.4 and 1.5)	665,2	13,0	13,9	782,1	33,3	19,5	758,7	-20,3	18,1	805,0	49,3	23,3
(1.7) M2 (items 1.3 and 1.6)	2 034,8	26,2	14,5	2 308,7	45,5	17,0	2 315,2	12,5	16,5	2 332,7	25,1	16,2
(1.8) Repurchase agreements	10,5	2,3	-18,8	14,4	2,6	72,4	13,6	-0,7	66,1	17,6	4,0	68,8
(1.9) Money market fund shares/units	55,0	-0,1	-5,9	55,7	-1,3	1,1	56,2	-1,4	-0,6	56,4	0,4	0,3
(1.10) Debt securities issued with maturity up to 2 years	2,6	0,6	-	1,3	-1,9	-	1,3	0,1	-	1,6	0,2	-
(1.11) Marketable instruments (items 1.8,1.9 and 1.10)	68,1	2,8	-4,7	71,3	-0,6	10,0	71,2	-2,1	6,9	75,6	4,7	9,2
COUNTERPARTS OF M3												
MFI liabilities												
(2) Holdings deposits against central government	210,3	-8,7	-5,3	284,2	35,6	33,0	257,9	-26,0	18,2	225,5	-31,6	8,0
(3) Longer-term financial deposits against other residents (items 3.1 to 3.4)	575,0	2,2	3,2	548,3	19,5	11,6	533,2	2,2	11,7	509,0	3,9	12,0
(3.1) Deposits with agreed maturity over 2 years	226,0	-0,7	-7,8	200,1	-2,2	-12,3	197,4	-2,6	-12,8	194,8	-2,5	-13,7
(3.2) Deposits redeemable at notice over 3 months	72,0	-0,8	-3,1	66,1	0,0	-10,2	65,2	-0,8	-10,3	63,9	-1,3	-11,0
(3.3) Debt securities issued with maturity over 2 years	69,3	0,9	8,4	102,9	10,0	51,5	106,1	4,2	52,8	102,8	-2,6	47,1
(3.4) Capital and reserves	207,7	2,8	18,9	179,3	11,7	37,0	164,5	1,4	36,5	147,5	10,2	43,0
MFI assets												
(4) Credit to residents (items 4.1 and 4.2)	1 823,6	20,6	17,2	2 162,7	48,7	22,4	2 153,7	-6,6	20,6	2 133,3	-15,0	18,4
(4.1) Credit to general government	475,0	7,3	9,6	467,1	0,2	3,0	454,2	-13,7	-2,3	424,5	-29,4	-10,1
of which: Loans	65,9	0,6	-25,6	57,5	-1,5	-14,7	54,5	-2,8	-15,8	54,7	0,4	-16,0
Securities other than shares	409,1	6,8	18,6	409,7	1,8	6,1	399,6	-10,9	-0,1	369,8	-29,8	-9,1
(4.2) Credit to private sector	1 348,6	13,3	20,1	1 695,6	48,4	29,0	1 699,5	7,1	28,6	1 708,8	14,5	28,4
of which: Loans	1 312,3	12,5	20,7	1 628,7	33,6	27,4	1 637,4	11,9	27,3	1 647,7	15,3	27,3
Securities other than shares	14,0	0,1	-2,8	26,6	10,5	91,3	21,8	-4,8	58,6	20,5	-1,2	48,6
Shares and other equities	22,2	0,6	6,6	40,3	4,4	87,6	40,3	-0,1	86,3	40,7	0,4	82,6
(5) Net foreign assets	1 011,6	5,0	-0,4	969,2	13,2	6,1	968,5	17,5	6,9	954,6	17,4	8,3
(6) Other counterparts of M3 (residual) (=M3+items 2,3 - items 4,5)	53,0	-3,2	-4,0	80,6	38,2	32,1	55,3	-24,2	0,7	55,0	-0,3	6,1

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	2007				2008			
	February		December		January		February	
	Out-standing amounts	Transa-ctions ²⁾	Out-standing amounts	Transa-ctions ²⁾	Out-standing amounts	Transa-ctions ²⁾	Out-standing amounts	Transa-ctions ²⁾
(1) Overnight deposits	1 073,4	8,6	1 202,5	11,5	1 235,6	35,9	1 204,1	-26,8
(1.1) Other general government	102,7	3,1	87,9	-41,4	133,5	45,6	135,9	2,5
(1.2) Other financial intermediaries ³⁾	22,2	-1,5	31,5	1,8	31,6	0,4	30,9	-0,5
(1.3) Insurance corporations and pension funds	14,3	-5,0	8,0	-1,6	12,5	4,5	11,6	-0,8
(1.4) Non-financial corporations	378,5	-1,2	473,9	65,3	440,7	-31,0	395,3	-41,8
(1.5) Households ⁴⁾	555,6	13,2	601,2	-12,7	617,3	16,5	630,4	13,8
(2) M2 - M1 (other short- term deposits)	665,2	13,0	782,1	33,3	758,7	-20,3	805,0	49,3
(2.1) Other general government	25,3	0,1	22,3	-3,9	25,4	3,1	29,6	4,3
(2.2) Other financial intermediaries ³⁾	16,0	1,1	33,8	15,2	18,5	-14,2	20,8	2,4
(2.3) Insurance corporations and pension funds	23,4	4,2	38,4	4,3	32,5	-5,9	37,4	5,0
(2.4) Non-financial corporations	192,5	3,4	207,8	-5,5	196,2	-10,8	225,9	30,9
(2.5) Households ⁴⁾	408,1	4,2	479,8	23,2	486,2	7,4	491,3	6,7
(3) Repurchase agreements (a part of M3 - M2)	10,5	2,3	14,4	2,6	13,6	-0,7	17,6	4,0
(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⁾	2,5	0,3	0,5	0,5	2,5	2,0	2,8	0,2
(3.3) Insurance corporations and pension funds	6,1	2,3	7,3	1,3	3,5	-3,8	5,9	2,4
(3.4) Non-financial corporations	0,2	0,0	0,3	0,3	0,3	0,0	0,1	-0,2
(3.5) Households ⁴⁾	1,7	-0,2	6,2	0,5	7,3	1,1	8,8	1,5

TABLE 6

Loans to private sector

CZK billions	2007				2008			
	February		December		January		February	
	Out-standing amounts	Transa-ctions ²⁾	Out-standing amounts	Transa-ctions ²⁾	Out-standing amounts	Transa-ctions ²⁾	Out-standing amounts	Transa-ctions ²⁾
(1) Loans to non-financial corporations	643,6	1,4	746,3	-2,5	750,4	6,8	752,0	6,0
(1.1) up to 1 year	238,6	0,9	298,1	-2,4	300,5	3,3	303,8	4,6
(1.2) over 1 year and up to 5 years	156,6	0,5	161,8	-1,0	160,3	-0,9	159,9	0,6
(1.3) over 5 years	248,4	0,0	286,5	1,0	289,6	4,3	288,3	0,7
(2) Loans to households⁴⁾	557,1	8,9	726,3	28,0	735,1	8,9	744,4	9,5
(2.1) Consumer credit	111,3	1,1	138,7	2,6	140,2	1,5	142,1	2,1
(2.2) Lending for house purchase	386,2	6,6	514,8	24,0	521,5	6,8	528,1	6,6
(2.3) Other lending	59,6	1,2	72,8	1,5	73,4	0,6	74,2	0,9
(3) Loans to other financial intermediaries³⁾	110,3	2,2	155,8	8,1	151,6	-3,8	151,0	-0,1
(4) Loans to insurance corporations and pension funds	1,3	0,0	0,3	0,0	0,3	0,0	0,3	0,0

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 (without insurance corporations and pension funds) (S.123) and financial auxiliaries (S.124).

⁴⁾ Including households (S.14) and non-profit institutions serving households (S.15).

TABLE 7

Contributions to annual growth¹⁾ of M3

	2007		2008	
	February	December	January	February
	% points	% points	% points	% points
M1	9,6	10,2	10,3	8,4
of which: Currency	1,7	1,4	1,4	1,3
Overnight deposits	7,9	8,7	8,9	7,1
M2 - M1 (= other short- term deposits)	4,4	6,3	5,7	7,3
M3 - M2 (= short-term marketable instruments)	-0,2	0,3	0,2	0,3
M3	13,8	16,7	16,2	16,0

TABLE 8

Contributions to annual growth¹⁾ of loans to private sector

	2007		2008	
	February	December	January	February
	% points	% points	% points	% points
Non-financial corporations	9,3	9,3	9,6	9,8
Households ²⁾	12,0	14,6	14,6	14,5
Other financial intermediaries ³⁾	-0,5	3,6	3,3	3,1
Insurance corporations and pension funds	-0,1	-0,1	-0,1	-0,1
Loans to private sector ⁴⁾	20,7	27,4	27,3	27,3

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 (without insurance corporations and pension funds) (S.123) and financial auxiliaries (S.124).

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

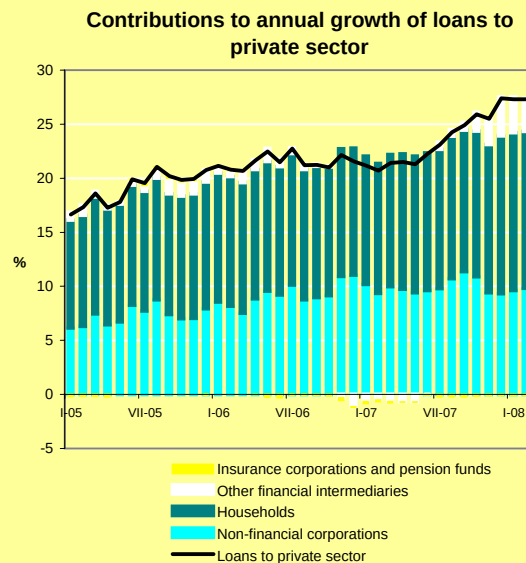
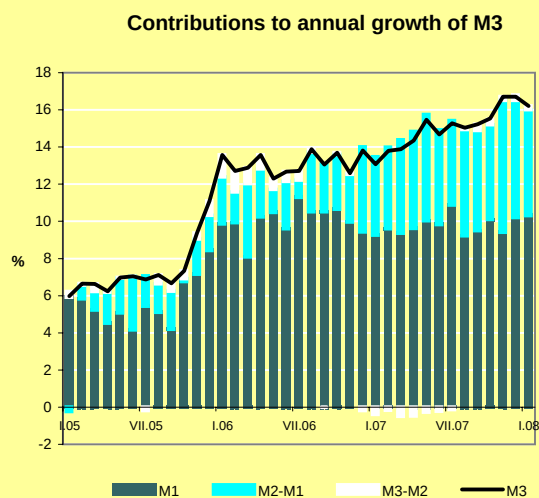
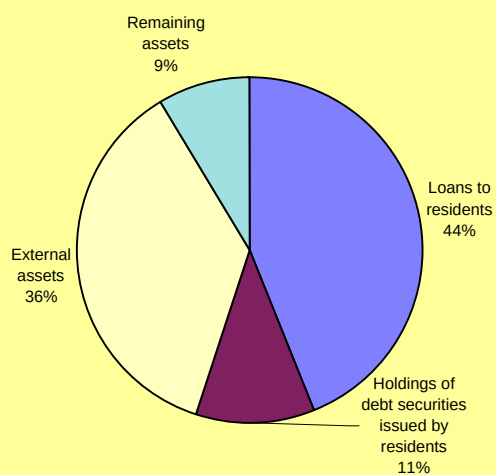


TABLE 9

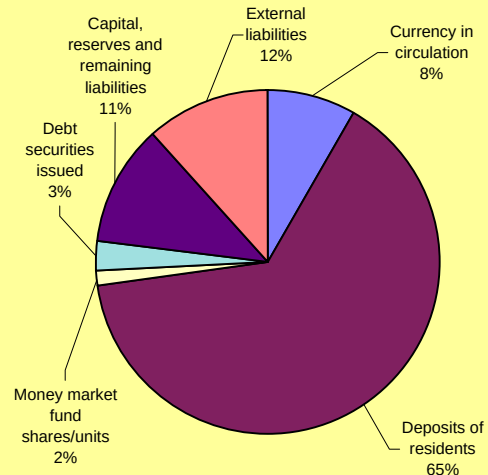
Balance sheets of monetary financial institutions by reporting institutions: February 2008

CZK billions	MFI			Consolidated balance sheet of MFIs
	CNB	Credit institutions	Money market funds	
(1) ASSETS TOTAL	732,9	3 836,2	77,2	3 870,8
(1.1) Loans to residents	8,7	2 258,9	15,7	1 702,4
MFI	0,0	565,2	15,7	-
General government	0,0	54,7	0,0	54,7
Other residents	8,7	1 639,0	0,0	1 647,7
(1.2) Holdings of securities other than shares issued by residents	0,0	520,7	18,3	390,2
MFI	0,0	146,7	2,1	-
General government	0,0	357,2	12,5	369,8
Other residents	0,0	16,8	3,6	20,5
(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	58,1	0,2	40,7
MFI	0,0	17,6	0,0	-
Other residents	0,0	40,5	0,2	40,7
(1.5) External assets	707,2	657,7	42,7	1 407,6
(1.6) Fixed assets	11,2	106,3	0,0	117,6
(1.7) Remaining assets	5,7	229,2	0,3	212,3
(2) LIABILITIES TOTAL	732,9	3 836,2	77,2	3 870,8
(2.1) Currency in circulation	346,5	-	-	323,5
(2.2) Deposits of residents	478,6	2 589,9	0,0	2 511,1
MFI	429,6	127,9	0,0	-
Central government	46,0	179,5	0,0	225,5
Other general government/other residents	3,1	2 282,5	0,0	2 285,5
(2.3) Money market fund shares/units	-	-	61,7	56,4
(2.4) Debt securities issued	0,0	253,2	0,0	104,4
(2.5) Capital and reserves	-208,2	358,7	14,6	147,5
(2.6) External liabilities	89,4	363,2	0,4	453,1
(2.7) Remaining liabilities	26,6	271,2	0,5	298,2
(2.8) Excess of inter MFI liabilities	-	-	-	-23,4

Consolidated balance sheet of MFIs - assets



Consolidated balance sheet of MFIs - liabilities



Comments on monetary developments statistics¹⁾ (Tables 3-9): February 2008

The annual rate of growth of M3 decreased from 16.2% in January to 16.0% in February. In month-on-month terms, M3 grew by 1.3%. As a result of financial transactions, M3 grew by CZK 335.3 billion year on year (by CZK 29.8 billion month on month), to CZK 2,408.4 billion.

Main components of M3

With the largest contribution to M3 growth, the monetary aggregate M1 is the most important component of M3, accounting for more than one-half of the annual M3 growth (Table 7).

The annual rate of growth of M1 declined from 15.7% in January to 12.8 % in February. The annual rate of growth of overnight deposits decreased as well, from 17.3% in January to 13.8% in February. In month-on-month comparison, overnight deposits fell by 2.2% owing to financial transactions. Within short-term deposits, the largest decline was recorded by deposits of non-financial corporations (of 9.5%, or CZK 41.8 billion), by deposits of insurance companies and pension funds (of 6.6%, or CZK 0.8 billion) and deposits of other financial intermediaries (of 1.5%, or CZK 0.5 billion). By contrast, deposits of households grew by 2.2% (CZK 13.8 billion) and deposits of other government by 1.9% (CZK 2.5 billion).

The annual rate of growth of currency in circulation fell from 10.0% in January to 9.2% in February. In month-on-month terms, currency in circulation rose by 0.8% (an increase of CZK 2.6 billion due to financial transactions). Other short-term deposits (excluding overnight deposits) grew by CZK 49.3 billion (i.e. 6.5%) month on month, owing to financial transactions. In February, the annual rate of growth of these deposits increased by 5.2 percentage points compared to January (18.1%), to 23.3%. Deposits redeemable at notice of up to three months (the smaller component) have long been recording strong annual growth. Their annual growth rate was 32.3% in February. The annual rate of growth of deposits with maturity of up to two years, which are the dominant component of short-term deposits, increased by 6.9 percentage points compared to the previous month, reaching 19.5%.

Within other short-term deposits, deposits of other government recorded the largest month-on-month increase, of 17.0% (CZK 4.3 billion). Deposits of non-financial corporations grew by 15.8% (CZK 30.9 billion), deposits of insurance companies and pension funds were up by 15.5% (CZK 5 billion), deposits of other financial intermediaries rose by 12.9% (CZK 2.4 billion) and deposits of households by 1.4% (CZK 6.7 billion).

Marketable instruments, which consist of repos, money market fund shares/units and debt securities with maturities of up to two years, increased by 6.5% month on month to CZK 75.6 billion (from CZK 71.2 billion in November). The annual rate of growth of marketable instruments increased by 2.3 percentage points to 9.2% (from 6.9% in January).

Main counterparts of M3

The annual rate of growth of loans extended to general government was -16.0% in February (-15.8% in January). The annual rate of growth of purchased government bonds decreased to -9.1 % in February, from -0.1% in January.

The annual rate of growth of loans extended to the private sector remained in February at the same level as in January, i.e. 27.3%. This growth rate was mostly attributable to households. They account for more than one-half of the annual rate of growth of loans granted to the private sector (Table 8). The annual growth rates of loans to households have long been high (34.0% in February). Non-financial corporations are another sector accounting for a striking proportion of the annual rate of growth of loans to the private sector. Their annual rate of growth rose slightly from 19.4% in January to 20.0% in February.

The annual rate of growth of net external assets grew from 6.9% in January to 8.3% in February. The annual rate of growth of long-term financial liabilities grew from 11.7% in January to 12.0% in February. The annual growth rate of deposits of central government fell from 18.2% to 8.0%.

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

TABLE 10

Interest rates of monetary financial institutions on new business¹⁾

monthly average rates and sum	2007				2008			
	February		December		January		February	
	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)
(1) Deposits from households²⁾	0,99	845,7	1,21	950,7	1,22	971,0	1,28	985,7
(1.1) Overnight	0,41	535,4	0,55	582,4	0,57	598,3	0,66	612,4
(1.2) With agreed maturity	1,87	53,5	2,81	61,8	2,75	62,8	2,94	59,4
of which: Up to 2 years	1,87	53,1	2,82	60,8	2,76	62,3	2,94	59,0
(1.3) Redeemable at notice ³⁾	1,98	263,0	2,14	312,4	2,14	315,6	2,15	318,9
(1.3.1) Up to 3 months' notice	2,33	192,5	2,41	247,4	2,41	251,3	2,41	255,8
(1.3.2) Over 3 months' notice	1,01	70,5	1,09	65,0	1,09	64,2	1,09	63,1
(2) Deposits from non-financial corporation⁴⁾	1,39	498,8	1,77	562,6	1,88	540,6	1,90	490,8
(2.1) Overnight	0,80	292,5	1,06	373,5	1,08	332,8	1,08	306,6
(2.2) With agreed maturity	2,23	203,3	3,21	185,5	3,18	203,8	3,28	180,1
of which: Up to 2 years	2,23	203,3	3,21	185,4	3,18	203,7	3,28	180,0
(3) Loans to households²⁾	11,38	44,6	11,81	58,2	12,89	49,6	12,63	49,5
(3.1) Bank overdrafts ⁵⁾	15,87	23,3	16,97	28,6	16,95	28,5	16,87	28,5
(3.2) Consumer credit	12,14	4,4	12,94	5,2	13,33	4,8	13,13	3,4
(3.3) Lending for house purchase	4,61	11,6	5,27	19,1	5,36	13,0	5,30	13,7
of which: Mortgage lending	4,47	7,5	5,32	13,2	5,51	7,7	5,50	7,4
Saving for building purposes	4,85	3,2	4,82	4,3	4,80	3,7	4,85	5,0
(3.4) Other lending	5,70	5,2	6,42	5,3	6,91	3,3	6,94	3,9
(4) Loans to non-financial corporation	4,37	136,5	5,30	177,6	5,17	183,4	5,50	168,5
(4.1) Bank overdrafts ⁵⁾	4,81	77,3	5,45	100,2	5,57	100,3	5,83	103,3
(4.2) Other loans up to CZK 30 million	4,60	13,2	5,63	19,0	5,43	14,0	5,71	14,5
of which: Up to 1 year initial rate fixation ⁶⁾	4,58	12,0	5,65	16,2	5,44	12,6	5,71	12,9
(4.3) Other loans over to CZK 30 million	3,58	46,0	4,93	58,4	4,54	69,0	4,78	50,7
of which: Up to 1 year initial rate fixation ⁶⁾	3,57	44,8	4,90	55,5	4,50	66,2	4,77	50,1
(5) APRC⁷⁾ on loans to households	6,99	16,0	7,22	24,3	7,85	17,8	7,14	17,1
(5.1) Consumer credit	12,66	4,4	13,51	5,2	13,94	4,8	13,66	3,4
(5.2) Lending for house purchase	4,81	11,6	5,50	19,1	5,59	13,0	5,53	13,7

¹⁾ The interest rates that are applied by MFIs to CZK-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the Czech Republic. New business refers to any new agreement between the customer and the MFI within given period.

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

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⁾ Bank overdrafts include provided bank overdrafts, debit balance on bank accounts and credit card credits.

⁶⁾ The initial period of fixations is a predetermined period of time at the start of the contract during which the value of the interest rate cannot change. Period up to 1 year includes floating rates.

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

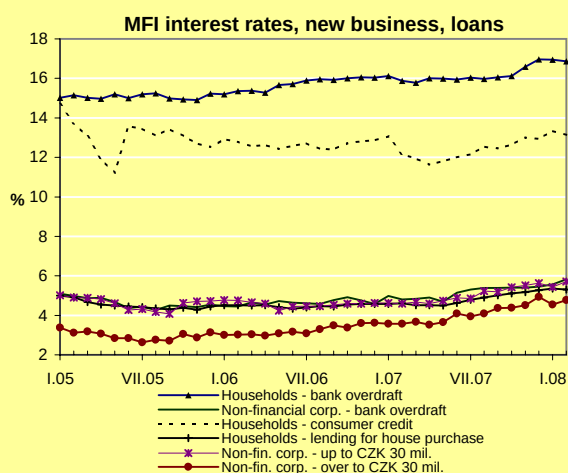
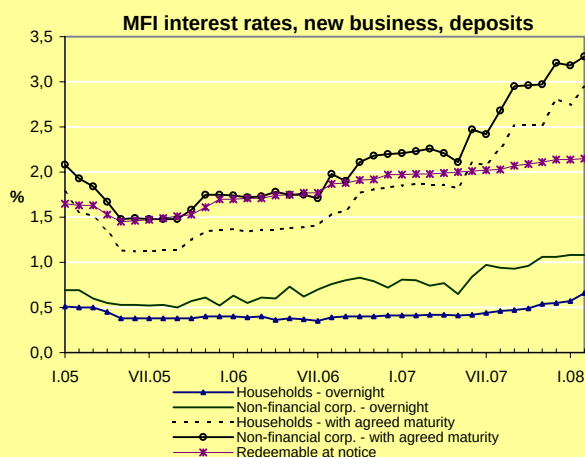


TABLE 11

Interest rates of monetary financial institutions on outstanding amounts¹⁾

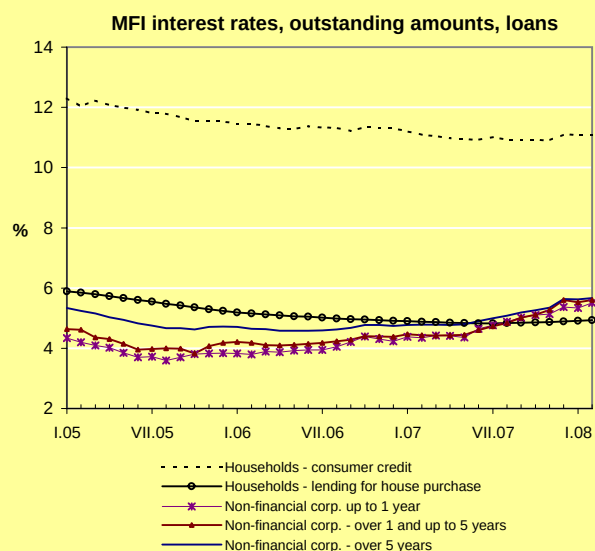
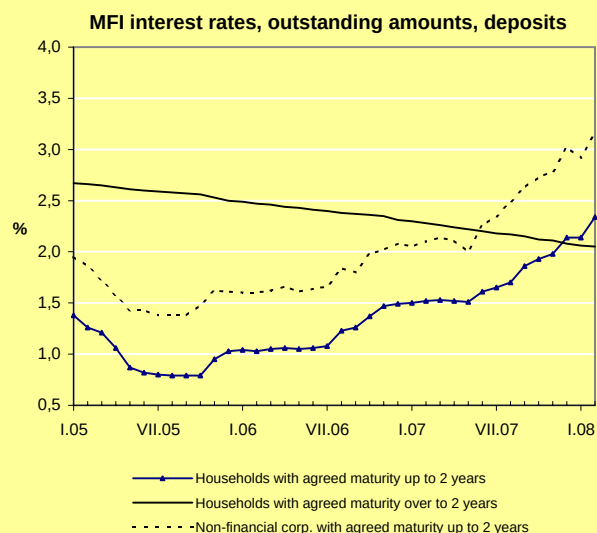
outstanding amounts as end-of-month	2007				2008			
	February		December		January		February	
	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)
(1) Deposits from households²⁾³⁾	1,26	1193,2	1,41	1285,3	1,41	1305,0	1,48	1321,2
(1.1) With agreed maturity	1,94	396,4	2,11	388,3	2,10	388,2	2,20	385,9
(1.1.1) Up to 2 years	1,52	175,4	2,14	194,4	2,14	196,9	2,34	198,3
(1.1.2) Over 2 years	2,28	221,0	2,08	193,9	2,06	191,3	2,05	187,6
(2) Deposits from non-financial corp.³⁾	1,26	454,0	1,67	546,8	1,69	500,2	1,86	496,1
(2.2) With agreed maturity	2,10	158,6	3,01	169,7	2,92	163,5	3,14	185,4
(2.2.1) Up to 2 years	2,10	156,7	3,02	166,4	2,92	160,2	3,16	182,0
(2.2.2) Over 2 years	2,27	1,8	2,62	3,3	2,63	3,2	2,59	3,4
(3) Loans to households	6,71	555,7	6,63	725,1	6,63	733,9	6,65	743,3
(3.1) Lending for house purchase	4,88	385,9	4,89	514,3	4,91	521,1	4,93	527,6
of which: Mortgage lending	4,68	251,4	4,78	337,7	4,81	342,0	4,84	346,4
Saving for building purposes	5,41	117,1	5,17	150,7	5,16	153,1	5,15	155,2
(3.2) Consumer credit and other lending ⁴⁾	11,09	169,9	11,10	210,8	11,09	212,8	11,08	215,7
(4) Loans to non-financial corporation	4,53	517,9	5,52	618,6	5,49	623,5	5,59	629,7
(4.1) Up to 1 year	4,35	209,3	5,37	260,1	5,34	262,5	5,51	266,5
(4.2) Over 1 and up to 5 years	4,43	125,4	5,60	132,6	5,53	132,1	5,60	133,1
(4.3) Over 5 years	4,79	183,2	5,63	226,0	5,62	228,9	5,67	230,1

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

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

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

⁴⁾ Consumer credit and other lending include bank overdrafts presented in Table 10.



Commentary on interest rates of monetary financial institutions (Tables 10 and 11): February 2008

Interest rates on new business

Interest rates on **new deposits** of households were somewhat higher in February than in the previous month and deposits of non-financial corporations were also remunerated at a slightly higher rate.

The average interest rate on total new **household** deposits was 1.28%, up by 0.06 percentage point. This increase was due to the rate on overnight deposits, which grew by 0.09 percentage point to 0.66%, and the rate on deposits with agreed maturity, which rose by 0.19 percentage point to 2.94%. By contrast, the interest rate on deposits redeemable at notice was about the same as in the previous month (2.15%).

The overall interest rate on new deposits of **non-financial corporations** rose only slightly, by 0.02 percentage point to 1.90%. An increase was recorded only for the rate on deposits with agreed maturity of up to two years (which as a rule account for 100% of all deposits with agreed maturity in the case of this sector), which was up by 0.10 percentage point to 3.28%. By contrast, the rate on overnight deposits of non-financial corporations was the same as in the previous month, i.e. 1.08%.

The average interest rate on **new loans** provided to households in January saw a relatively marked decline, whereas that on new loans to non-financial corporations was much higher.

The overall interest rate on new loans to **households** amounted to 12.63%, which represents a decline of 0.25 percentage point on average compared to February 2008. This was due to decreases in interest rates on consumer credit (down by 0.2 percentage point) to 13.13%, on loans for house purchase (down by 0.06 percentage point) and also on bank overdrafts (down by 0.08 percentage point) to 16.87%. A slight increase (to 6.94%) was recorded only for the interest rate on other loans.

The average interest rate on loans to **non-financial corporations** increased by one third of a percentage point compared to the previous month, to 5.50%. The rise in the overall rate was attributable to partial increases (of about 0.25 percentage point) in average interest rates on all types of loans.

The overall APRC on loans to households fell significantly (by 0.71 percentage point), to 7.14%. The APRC on consumer credit decreased to 13.66% and the APRC on loans for house purchase fell to 5.53%.

Interest rates on outstanding amounts

The average interest rate on **outstanding amounts of deposits** of households recorded a modest rise in February 2008. The interest rate on outstanding amounts of deposits of non-financial corporations grew more markedly.

The rise of 0.07 percentage point in the interest rate on total **household** deposits (to 1.48%) was largely due to the rate on deposits with agreed maturity of up to two years, which grew by 0.20 percentage point to 2.34%. Deposits with agreed maturity of over two years remained almost unchanged at the previous month's level. The same trend is visible also for deposits redeemable at notice. The interest rate on overnight deposits recorded just a modest rise of 0.09 percentage point to 0.66%.

The interest rate on total deposits of **non-financial corporations** grew more strongly, to 1.86% (up by 0.17 percentage point). The interest rate on overnight deposits remained at the previous month's level. Deposits of up to two years recorded a more substantial increase in the interest rate, to 3.16% (up by 0.24 percentage point). The interest rate on deposits of over two years fell slightly, to 2.59% (up by 0.04 percentage point).

The average interest rate on **outstanding amounts of loans** to households was only slightly higher than in the previous month, whereas the increase in the interest rate on outstanding amounts of non-financial corporations was somewhat stronger.

The interest rate on loans to **households** was about the same as in the previous month, standing at 6.65%. Loans for house purchase were remunerated at 4.93% and the interest rate on consumer credit and other loans was almost the same as in the previous month.

The average interest rate on outstanding amounts of loans to **non-financial corporations** grew by 0.10 percentage point in February, reaching 5.59%. Increases in interest rates on outstanding amounts of loans were seen for all maturity bands. Loans of up to one year recorded a more pronounced interest rate growth, up by 0.17 percentage point to 5.51%. A more moderate increase was recorded for the interest rate on loans with maturity of over one year and up to five years and of over five years, to 5.60% and 5.67% respectively.

TABLE 12

Quarterly aggregated balance sheet of investment funds ¹⁾

CZK billions; end of period	2006	2007			
	December	March	June	September	December
ASSETS					
Total	80,1	84,8	98,8	105,4	113,6
(1.1) Deposits	7,1	7,0	15,7	18,2	17,7
(1.2) Securities other than shares	33,7	35,7	35,7	35,9	41,5
MFI	0,7	0,9	0,9	1,1	1,0
General government	20,7	19,2	17,6	16,3	15,3
Other residents	1,8	1,9	3,7	4,7	4,5
Non-residents	10,6	13,7	13,4	13,9	20,7
Up to 1 year	0,5	1,7	1,3	1,1	1,2
Over 1 year	33,3	34,0	34,4	34,8	40,3
(1.3) Shares and other equity	23,7	25,0	26,4	27,7	29,6
MFI	0,5	0,5	0,2	0,3	0,4
Other residents	3,4	3,4	3,6	4,0	5,5
Non-residents	19,8	21,1	22,6	23,4	23,7
(1.4) Investment fund shares	14,5	15,2	19,0	19,8	22,3
Residents	2,7	3,2	4,5	5,1	5,9
Non-residents	11,9	12,0	14,5	14,7	16,4
(1.5) Other assets	1,0	1,9	1,9	3,8	2,6
LIABILITIES					
Total	80,1	84,8	98,8	105,4	113,6
(2.1) Loans accepted	12,9	0,0	72,5	0,1	0,9
(2.2) Investment fund shares	78,4	82,7	95,7	102,5	110,3
Residents	77,9	82,1	95,2	102,0	109,7
Non-residents	0,5	0,5	0,6	0,6	0,6
(2.4) Other liabilities	1,8	2,2	3,0	2,8	2,4

BALANCE SHEET TOTAL - BREAKDOWN BY INVESTMENT POLICY

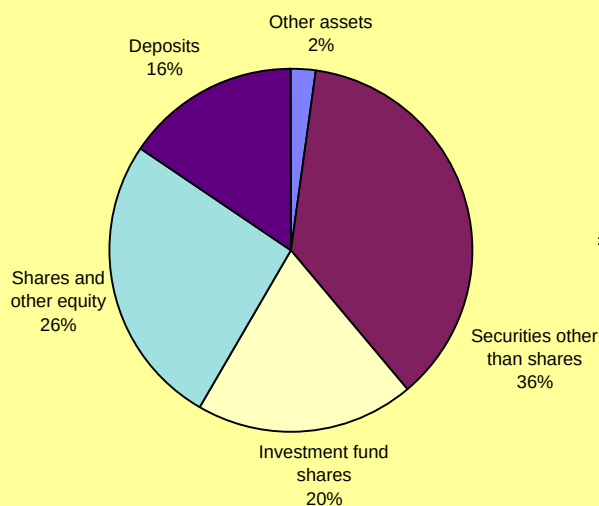
TOTAL	80,1	84,8	98,8	105,4	113,6
Equity funds	11,8	12,7	14,3	16,0	16,3
Bond Funds	24,9	24,6	24,1	23,0	20,9
Mixed Funds	29,5	30,9	33,5	34,8	35,2
Funds of funds	14,0	15,1	17,5	19,9	23,2
Other funds ²⁾	0,1	1,5	9,5	11,6	18,1

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

²⁾ Other funds encompass funds of qualified investors and real estate funds

- data are published by the last working day of the second month following the reference period

Balance sheet total - breakdown by asset items



Balance sheet total - breakdown by investment policy

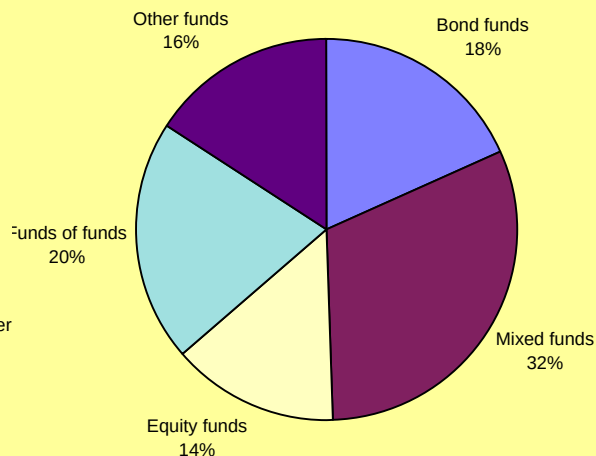
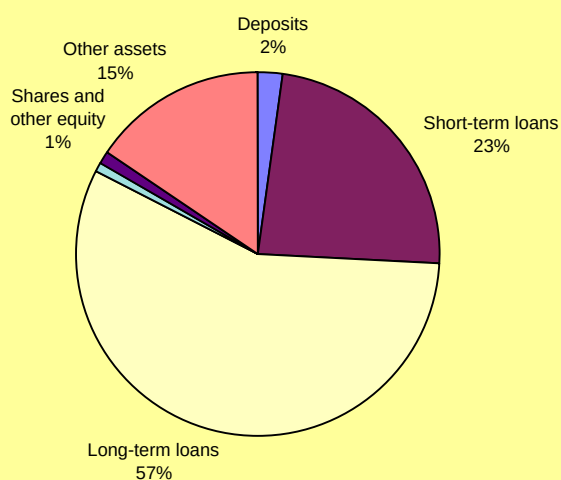


TABLE 13
Quarterly aggregated balance sheet of financial corporations engaged in lending ¹⁾

CZK billions; end of period	2006	2007			
	December	March	June	September	December
Assets					
Total	347,7	348,3	364,3	372,7	402,0
(1.1) Deposits	6,8	7,6	7,7	5,2	8,6
(1.2) Loans provided	273,3	271,1	284,1	298,9	322,5
Residents	269,3	267,1	279,9	293,4	317,2
Up to 1 year	88,2	81,8	84,3	87,8	92,4
Over 1 year	181,1	185,3	195,6	205,6	224,9
Non-residents	3,9	4,0	4,2	5,6	5,3
(1.3) Securities other than shares	1,7	1,7	1,7	1,6	4,3
Up to 1 year	0,1	0,2	0,2	0,3	1,6
Over 1 year	1,6	1,4	1,5	1,3	2,7
(1.4) Shares and equity	4,3	3,7	3,7	4,9	4,6
Mutual fund shares/units (including MMFs)	0,0	0,0	0,0	0,0	0,0
Other shares and equity	4,3	3,7	3,7	4,9	4,6
(1.5) Other assets	61,6	64,3	67,1	62,1	62,0
LIABILITIES					
Total	347,7	348,3	364,3	372,7	402,0
(2.1) Loans taken	214,6	217,2	220,5	226,6	253,9
Residents	147,5	153,6	165,4	169,2	184,5
Non-residents	67,1	63,6	55,1	57,5	69,4
(2.2) Securities other than shares issued	27,1	23,1	23,6	22,6	33,8
Up to 1 year	13,5	10,1	11,1	10,0	19,4
Over 1 year	13,6	13,0	12,6	12,5	14,4
(2.3) Own funds	67,3	67,1	69,8	73,7	77,3
(2.5) Other liabilities	38,7	40,9	50,4	49,8	37,0
BALANCE SHEET TOTAL BREAKDOWN BY TYPE OF INTERMEDIARIES					
TOTAL	347,7	348,3	364,3	372,7	402,0
Financial leasing companies	239,3	236,3	247,6	257,1	278,0
Other lending companies	89,6	92,7	95,0	92,9	99,9
Factoring and forfaiting companies	18,7	19,3	21,7	22,7	24,1

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

Balance sheet total - breakdown by asset items



Balance sheet total - breakdown by type of intermediaries

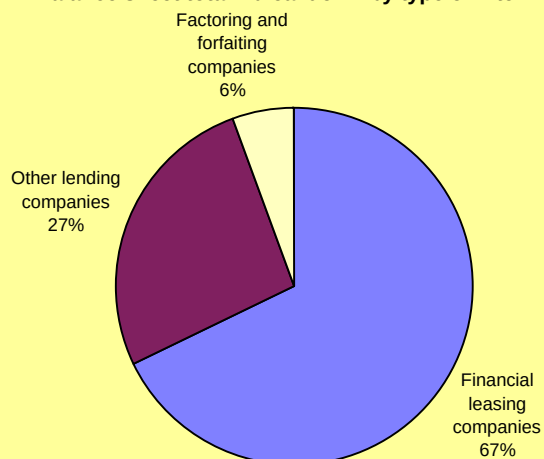


TABLE 14

Summary of loans provided by financial corporations engaged in lending ¹⁾ to residents

CZK billions; end of period	2006	2007			
	December	March	June	September	December
LOANS					
(1) Non-financial corporations	151,4	146,7	154,0	161,9	168,4
Up to 1 year	48,6	44,9	47,2	49,2	51,0
Over 1 year up to 5 years	86,1	87,5	93,3	98,7	103,4
Over 5 years	16,7	14,3	13,5	14,0	14,1
(2) Financial corporations	1,8	0,9	0,8	0,9	1,3
Up to 1 year	1,1	0,3	0,2	0,4	0,7
Over 1 year up to 5 years	0,5	0,4	0,4	0,4	0,5
Over 5 years	0,2	0,2	0,2	0,1	0,1
(3) Government	1,2	1,0	1,1	1,1	1,2
Up to 1 year	0,5	0,4	0,4	0,5	0,5
Over 1 year up to 5 years	0,6	0,5	0,6	0,6	0,7
Over 5 years	0,2	0,1	0,1	0,0	0,0
(4) Households	114,8	118,3	123,9	129,2	146,1
Up to 1 year	38,0	36,2	36,3	37,7	40,1
Over 1 year up to 5 years	70,7	74,8	79,0	81,8	95,0
Over 5 years	6,2	7,2	8,5	9,7	11,0
(5) NPISHs	0,2	0,2	0,2	0,2	0,2
Up to 1 year	0,1	0,1	0,1	0,1	0,1
Over 1 year up to 5 years	0,1	0,1	0,1	0,1	0,1
Over 5 years	0,0	0,0	0,0	0,0	0,0

BREAKDOWN OF LOANS PROVIDED TO HOUSEHOLDS

(1) Total	114,8	118,3	123,9	129,2	146,1
(1.1) Consumer credit	100,3	103,1	107,5	112,5	126,0
Up to 1 year	37,0	35,4	35,3	36,7	39,1
Over 1 year up to 5 years	57,5	61,2	64,4	67,0	76,9
Over 5 years	5,7	6,6	7,7	8,8	10,0
(1.2) Lending for house purchase	0,8	0,8	0,9	1,0	1,1
Up to 1 year	0,0	0,0	0,0	0,0	0,0
Over 1 year up to 5 years	0,5	0,5	0,5	0,5	0,5
Over 5 years	0,2	0,3	0,4	0,5	0,6
(1.3) Other loans	13,8	14,3	15,4	15,7	19,0
Up to 1 year	0,9	0,8	1,0	1,0	1,0
Over 1 year up to 5 years	12,6	13,2	14,1	14,4	17,7
Over 5 years	0,2	0,3	0,4	0,4	0,3

BREAKDOWN OF SELECTED LOANS BY TYPE OF INTERMEDIARIES

TOTAL	269,3	267,1	279,9	293,4	317,2
Financial leasing companies	190,2	185,6	194,1	203,9	222,1
Other lending companies	62,3	64,2	67,2	70,0	74,7
Factoring and forfaiting companies	16,9	17,4	18,5	19,5	20,4
of which Non-financial corporations	151,4	146,7	154,0	161,9	168,4
Financial leasing companies	131,2	126,0	131,4	138,3	143,4
Other lending companies	3,3	3,4	4,0	4,2	4,6
Factoring and forfaiting companies	16,9	17,4	18,5	19,5	20,4
of which Households	114,8	118,3	123,9	129,2	146,1
Financial leasing companies	57,3	58,0	61,2	64,0	76,9
Other lending companies	57,5	60,3	62,7	65,2	69,1
Factoring and forfaiting companies	0,0	0,0	0,0	0,0	0,0

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

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

As of the end of Q4, collective investment funds administered assets worth CZK 110.3 billion. The value of assets administered by these funds thus rose by CZK 7.7 billion in Q4, which represents a quarter-on-quarter increase of 7.55%. Compared to the same period of 2006, the increase was 40.66%, or CZK 31.9 billion.

In Q4, the largest growth was recorded by other funds, whose assets grew from CZK 11.4 billion to CZK 17 billion, which represents a quarter-on-quarter increase of 48.90%. Growth was also recorded by funds of funds (from CZK 19.5 billion to CZK 23 billion) and equity funds (from CZK 15.2 billion to CZK 15.6 billion). By contrast, bond funds continued in the downward trend. The value of assets administered by these funds fell by CZK 2.3 billion to CZK 20.1 billion.

Despite a decline in bond assets collective investment funds invested most in debt securities. The total volume of purchased debt securities was CZK 41.5 billion, accounting for 37.66% of CIF equity capital. The share of debt securities in equity capital rose by 2.62 percentage points compared to the previous quarter. Compared to equity capital, the share of purchased debt securities fell by 5.39 percentage points year on year. Debt securities also recorded the biggest rise compared to the previous period. Investment in bonds rose by CZK 5.6 billion, i.e. up by 15.59% in quarter-on-quarter terms. Investment in bonds was also on a rise year on year. The volume of funds invested in these assets grew by CZK 7.8 billion, up by 23.07%.

At the end of Q4, 111 resident collective investment funds were active in the Czech Republic, of which 15 were equity funds, 13 bond funds, 26 funds of funds, 36 mixed funds, 19 funds of qualified investors and 2 real estate funds.

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

As of 31 December 2007, financial corporations engaged in lending had total assets of CZK 402 billion, which represents a rise of CZK 29.3 billion (or 7.86 %) compared to the previous quarter. In year-on-year terms, total assets increased by CZK 54.3 billion, i.e. 15.62 %. This growth was mostly attributable to financial leasing companies, which also have the largest share in total assets (CZK 278 billion). Other lending companies and corporations engaged in factoring and forfaiting accounted for CZK 99.9 billion and CZK 24.1 billion respectively.

The largest asset item was loans, which amounted to CZK 322.5 billion. In Q4, loans increased by CZK 23.5 billion, or 7.87 %. In year-on-year comparison, loans grew by CZK 49.2 billion, or 18.01 %. Most of these loans (98.4 %) were granted to resident entities. At the end of Q4, short-term loans granted to residents amounted to CZK 92.4 billion. Short-term loans to residents thus accounted for 23 % of total assets. Long-term loans to residents totalled CZK 224.9 billion, i.e. 55.9 % of total assets.

The largest part of loans provided to residents consisted of loans to non-financial corporations, which amounted to CZK 168.4 billion, i.e. 53.1 % of loans to residents. Loans provided to non-financial corporations rose by CZK 6.5 billion (4.0 %) compared to the previous quarter. In year-on-year terms, loans to non-financial corporations increased by CZK 17.0 billion, i.e. 11.3 %. Financial leasing companies, other lending companies and factoring and forfaiting companies provided loans amounting to CZK 143.4 billion, CZK 4.6 billion and CZK 20.4 billion respectively. These loans are made up predominantly of loans with original maturity of one to five years, which amounted to CZK 103.4 billion.

The second largest group of loans to residents are loans to households totalling CZK 146.1 billion, up by CZK 16.9 billion (13.1 %) from the previous quarter. In year-on-year terms, loans provided to households increased by CZK 31.3 billion, i.e. 27.3 %. These loans account for 46.1 % of loans granted to residents. Financial leasing companies provided CZK 76.9 billion and other lending companies CZK 69.1 billion. Loans with original maturity of one to five years amounted to CZK 95.0 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.

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.

Financial corporations engaged in lending (FCLs):

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

Type of services:

1. Financial leasing - It is financial service, when lessee acquires the right to use good in exchange for rental payment over predetermined term. All risk and rewards of ownership are transferred from lessor to lessee. After lapse of predetermined term ownership of good is transferred from lessor to lessee.
2. Factoring - It is financial service consisting in purchase of short-term receivables (with maturity 30-90 days) before their maturity date. Receivables are transferred on factoring company – factor- by supplier of goods or services.
3. Other lending - This category encompasses granting credit or loans or agreements of similar nature different from financial leasing and factoring. It deals especially with consumer credit, hire purchase, consumption loans, etc.

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

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

Glossary (cont'd)

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

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

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

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

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

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

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

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

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

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

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

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

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

Glossary (cont'd)

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

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

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

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

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

Unit trusts other than money market funds:

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

Technical Notes

A. Calculation of growth rates

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

Method of calculation

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

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

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

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

where

F_t^M - transactions in month t

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

and

L_t - outstanding amount at the end of month t

C_t^M - reclassifications in month t

E_t^M - exchange rate variations in month t

V_t^M - valuation changes in month t

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

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

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

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

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Treasury bonds statistics for the reference period July 2007 - December 2007

Monetary and Financial Statistics Division of the Czech National Bank is, among other things, responsible for the calculation of the indicator of long-term interest rates of the Czech Republic, which is (in accordance with the Article 121 of the Treaty establishing the European Community) one of the four convergence criteria of the Economic and Monetary Union. According to Article 4 of Protocol 21 of the Treaty the interest rates shall be measured on the basis of long-term government bonds or comparable securities, taking into account differences in national definitions. In the Czech Republic, the long-term interest rates' calculation is based on the yield of (domestic) Treasury bonds (for more see eg. annex "Long-term interest rates (LTIR) in the context of the assessment of convergence" of December 2005) and for that reason the Monetary and Financial Statistics Division monitors also in greater detail the Czech Treasury bonds and their trading on the Czech capital market.

TABLE 1 - Treasury bonds statistics for the reference period July 2007 - December 2007

ISIN	Date of issue of the first tranche	Date of original maturity	Amount issued as of the end of the ref. period (CZK mil.)	Coupon rate (in %)	Average yield to maturity ISMA 6.3 ²⁾ for the ref. period (in %)	Average Ask price for the ref. period ¹⁾ (in %)	Average Bid price for the ref. period ¹⁾ (in %)	Ask/Bid Spread	Number of days traded on the exchange in the ref. period ¹⁾	Daily average of the number of transactions for the ref. period ¹⁾	Daily average of the volume of transactions for the ref. period ¹⁾ (nominal value, CZK mil.)	Daily average of the volume of transactions for the ref. period ¹⁾ (market value, CZK mil.)	Liquidity ratio ³⁾
CZ0001000731	14.4.2000	14.4.2010	21 000,0	6,40	3,98	105,87	105,58	0,30	124	0,47	41,54	45,34	0,198
CZ0001000749	26.1.2001	26.1.2016	35 000,0	6,95	4,36	117,82	117,52	0,30	124	0,78	162,34	194,70	0,464
CZ0001000764	5.10.2001	5.10.2011	50 272,4	6,55	4,05	109,22	108,92	0,30	124	0,69	106,60	117,09	0,212
CZ0001000798	17.3.2003	17.3.2008	41 000,0	2,90	3,59	99,82	99,57	0,25	124	0,94	137,17	139,44	0,335
CZ0001000814	16.6.2003	16.6.2013	64 963,7	3,70	4,25	97,37	97,07	0,30	124	1,30	173,59	171,03	0,267
CZ0001000822	18.8.2003	18.8.2018	47 035,4	4,60	4,59	100,16	99,87	0,30	124	1,81	175,53	177,00	0,373
CZ0001000855	22.3.2004	22.3.2009	48 641,7	3,80	3,85	100,08	99,78	0,30	124	0,66	59,87	61,20	0,123
CZ0001001143	11.4.2005	11.4.2015	62 339,0	3,80	4,37	96,55	96,25	0,30	124	1,41	211,73	208,28	0,340
CZ0001001242	18.7.2005	18.10.2010	56 976,1	2,55	4,07	95,87	95,57	0,29	124	1,85	97,69	94,21	0,171
CZ0001001309	26.9.2005	26.9.2008	48 975,8	2,30	3,67	98,84	98,55	0,29	124	1,19	67,19	66,71	0,137
CZ0001001317	12.9.2005	12.9.2020	68 048,4	3,75	4,69	91,11	90,81	0,30	124	2,55	296,98	271,47	0,436
CZ0001001754	27.11.2006	27.11.2009	48 769,5	3,25	3,92	98,77	98,48	0,29	124	1,56	104,40	104,59	0,214
CZ0001001796	4.12.2006	4.12.2036	20 074,7	4,20	4,82	90,57	89,97	0,60	124	0,91	28,71	26,40	0,143
CZ0001001887	16.4.2007	18.10.2012	32 581,6	3,55	3,86	96,94	96,64	0,30	124	1,84	180,99	178,16	0,556
CZ0001001903	30.4.2007	11.4.2017	33 505,4	4,00	4,54	96,18	95,88	0,30	124	2,34	262,45	256,48	0,783
CZ0001001945	18.6.2007	12.9.2022	13 840,9	4,70	4,65	99,50	99,18	0,31	124	2,44	190,04	191,72	1,373
CZ0001002059	26.11.2007	26.11.2057	4 750,0	4,85	4,97	98,42	97,18	1,24	22	0,36	208,18	208,26	4,383

Source: Czech National Bank

1) Data on prices and transactions refer to trading on the Prague Stock Exchange (PSE).

2) The calculation proceeds from the mid of the interval of Ask and Bid prices. The calculation itself is based on the yield to maturity formula recommended by the International Securities Market Association - ISMA version 6.3, whose description can be found in the methodology sheets for the calculation of the yields of Treasury bonds in the Czech National Bank's time series system ARAD, in the section *financial market statistics >>> Capital market >>> Government bonds yields*

3) Liquidity ratio = Daily average volume of transactions/Amount issued as of the end of the ref. period