

Monetary Statistics

September
2008

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1) A comma (,) represents a decimal point delimiter; a blank between figures represents a thousand group delimiter.

2) 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.

3) 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

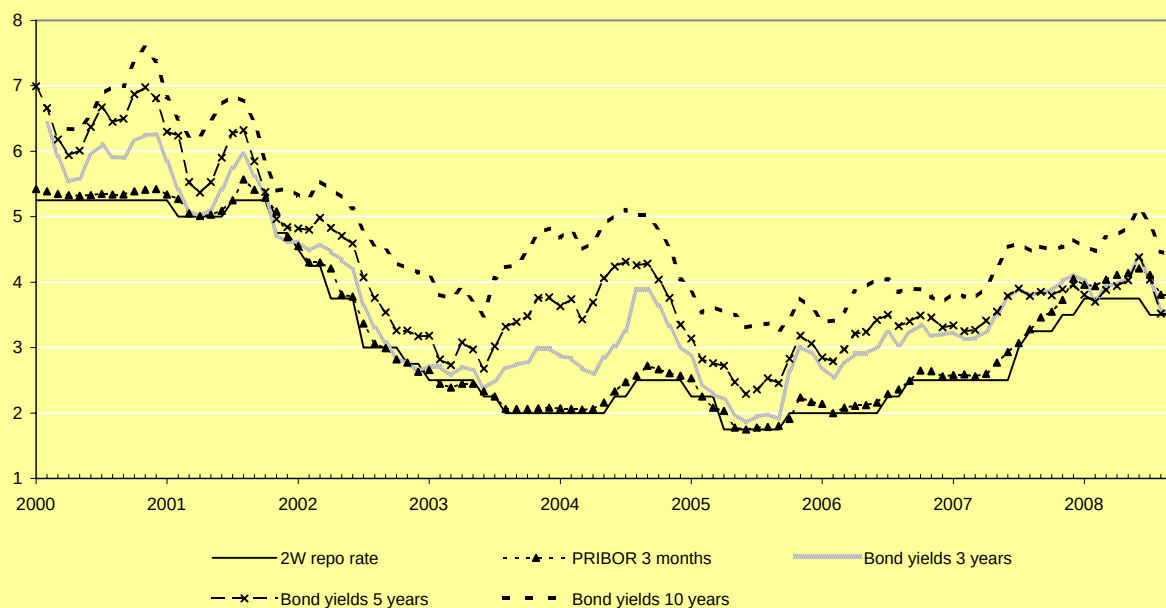
	CNB			ECB
	from 27 July 2007 onwards	from 30 November 2007 onwards	from 8 August 2008 onwards	from 9 July 2008 onwards
2W repo rate	3,50	3,75	3,50	4,25
Deposit facility	2,50	2,75	2,50	3,25
Marginal lending facility	4,50	4,75	4,50	5,25

TABLE 2

Financial markets interest rates

monthly average	2007		2008					
	September		July		August		September	
	CR	Euro area	CR	Euro area	CR	Euro area	CR	Euro area
Money market								
CZEONIA/ EONIA								
overnight	3,23	4,02	3,78	4,19	3,66	4,30	3,42	4,27
PRIBOR/ EURIBOR								
1 month	3,33	4,44	3,85	4,47	3,65	4,49	3,67	4,66
3 months	3,46	4,74	4,11	4,96	3,81	4,97	3,81	5,02
6 months	3,63	4,75	4,19	5,15	3,84	5,16	3,83	5,22
1 year	3,82	4,72	4,30	5,39	3,91	5,32	3,89	5,38
Capital market								
Bond yields								
3 years	3,85	4,14	4,04	4,66	3,59	4,27	3,52	4,11
5 years	3,85	4,19	4,04	4,70	3,52	4,28	3,52	4,21
10 years (Maastricht)	4,54	4,37	4,90	4,81	4,47	4,50	4,42	4,50

Financial markets interest rates in CR



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

Key interest rates

The CNB's 2W repo rate has been set at 3.50% since 8 August 2008 and the ECB's key interest rate has been set at 4.25% since 9 July 2008. The difference between the CNB's and the ECB's key rates is thus 0.75 percentage point.

Financial market interest rates

Interest rates on the Czech interbank deposit market saw a very slight decrease in September compared to the previous month at 6M and 1Y maturities. The reference interest rate CZEONIA fell more markedly, by 0.24 percentage point. The interest rate remained the same as in August at 3M maturity and rose very slightly at 1M maturity (up by 0.02 percentage point). In the euro area, the interest rates under review increased. Only EONIA fell slightly (by 0.03 percentage point). 3M PRIBOR remained at the previous month's level (3.81%) in September, and 3M EURIBOR saw a modest rise to 5.02% (compared to 4.97% in August).

Yields on bonds on the Czech capital market continued to decrease in September compared to the previous month. A similar trend was recorded also in the euro area. In September, the 10-year bond yield in the Czech Republic was 4.42% and the 10-year bond yield in the euro area stabilised at the previous month's level, i.e. 4.50%.

TABLE 3

Key monetary indicators

CZK billions, unless otherwise indicated	2007			2008			2008			2008		
	September			July			August			September		
	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	1 453,9	-14,8	14,6	1 608,3	11,5	9,6	1 598,0	-15,1	9,9	1 629,8	31,5	13,2
M3 ¹⁾	2 246,1	-14,5	15,2	2 510,1	53,0	14,3	2 543,8	25,3	13,8	2 541,4	-2,8	14,4
Loans to private sector ²⁾	1 534,8	36,6	24,9	1 793,4	13,9	24,0	1 826,3	27,5	23,3	1 860,9	34,8	22,7
Net foreign assets ³⁾	954,7	-5,0	-0,5	952,6	35,8	8,6	989,3	-5,3	14,4	962,1	-28,8	11,7

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

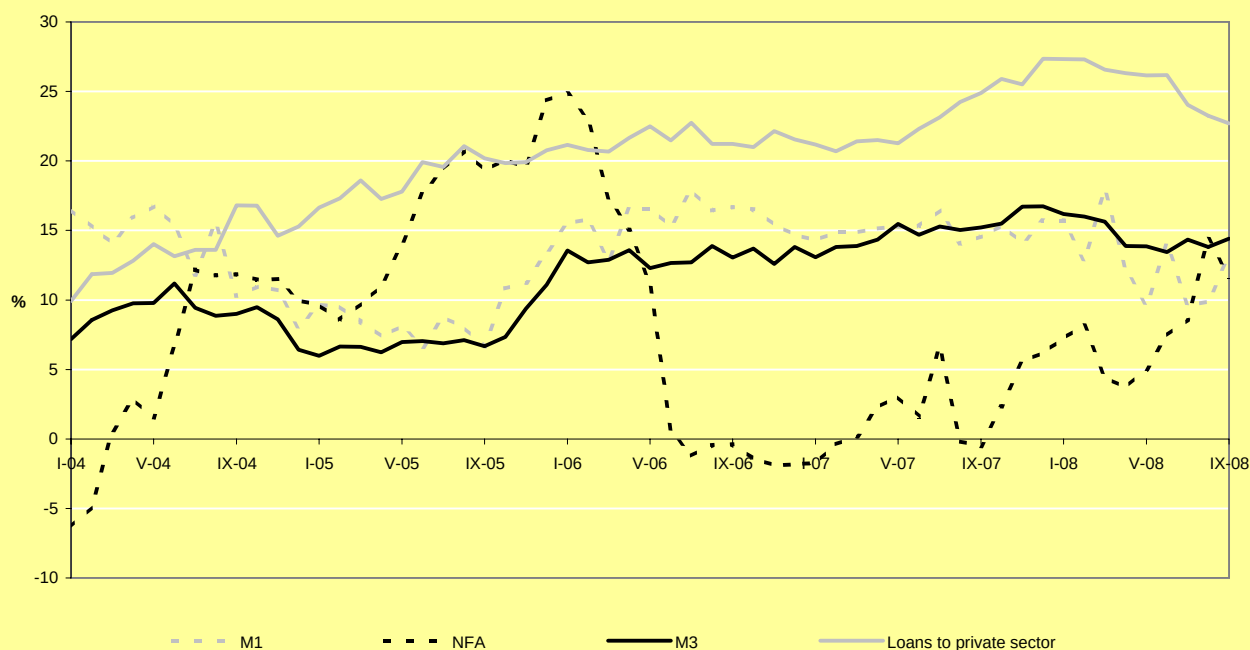


TABLE 4

Monetary aggregates and counterparts

CZK billions, unless otherwise indicated	2007			2008								
	September			July			August			September		
	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)	2 246,1	-14,5	15,2	2 510,1	53,0	14,3	2 543,8	25,3	13,8	2 541,4	-2,8	14,4
(1.1) Currency in circulation	319,4	5,4	11,3	326,9	0,0	5,0	329,3	2,4	4,9	331,7	2,3	3,8
(1.2) Overnight deposits	1 134,5	-20,2	15,5	1 281,4	11,5	10,9	1 268,7	-17,5	11,2	1 298,1	29,1	15,8
(1.3) M1 (items 1.1 and 1.2)	1 453,9	-14,8	14,6	1 608,3	11,5	9,6	1 598,0	-15,1	9,9	1 629,8	31,5	13,2
(1.4) Deposits with agreed maturity up to 2 years	504,2	-6,1	13,4	539,2	32,0	18,8	578,6	35,8	15,9	538,8	-40,0	9,2
(1.5) Deposits redeemable at notice up to 3 months	213,0	4,1	27,5	285,3	5,9	38,9	291,6	6,3	39,7	301,9	10,3	41,8
(1.6) Other short term deposits (items 1.4 and 1.5)	717,2	-2,0	17,2	824,4	37,9	25,0	870,2	42,0	22,8	840,7	-29,7	18,9
(1.7) M2 (items 1.3 and 1.6)	2 171,1	-16,8	15,4	2 432,8	49,4	14,4	2 468,2	26,9	14,1	2 470,5	1,7	15,1
(1.8) Repurchase agreements	14,7	3,2	49,3	25,2	3,6	287,8	23,4	-1,8	104,6	19,3	-4,1	32,2
(1.9) Money market fund shares/units	56,7	-0,9	1,8	51,6	0,1	-11,3	51,5	0,2	-11,2	50,8	-0,5	-10,8
(1.10) Debt securities issued with maturity up to 2 years	3,6	0,0	-	0,6	0,0	-	0,7	0,1	-	0,8	0,1	-
(1.11) Marketable instruments (items 1.8,1.9 and 1.10)	75,0	2,4	9,6	77,4	3,6	11,8	75,6	-1,6	3,3	70,9	-4,5	-5,9
COUNTERPARTS OF M3												
MFI liabilities												
(2) Holdings deposits against central government	236,2	27,8	-1,0	314,5	2,9	27,9	321,2	5,4	55,4	301,2	-19,9	28,6
(3) Longer-term financial deposits against other residents (items 3.1 to 3.4)	565,4	2,4	10,1	452,3	-4,4	5,0	483,3	-7,9	1,7	485,9	0,6	1,4
(3.1) Deposits with agreed maturity over 2 years	216,9	-3,7	-6,6	177,5	-5,6	-20,7	172,8	-4,8	-21,6	163,6	-9,2	-24,5
(3.2) Deposits redeemable at notice over 3 months	67,4	-0,5	-9,7	59,8	-1,0	-12,6	59,3	-0,5	-12,4	58,7	-0,6	-12,7
(3.3) Debt securities issued with maturity over 2 years	84,0	0,4	30,0	97,4	1,4	29,0	98,7	1,1	22,4	99,2	1,7	23,9
(3.4) Capital and reserves	197,1	6,1	33,3	117,7	0,8	41,1	152,4	-3,8	31,8	164,3	8,7	35,3
MFI assets												
(4) Credit to residents (items 4.1 and 4.2)	2 041,2	33,6	20,6	2 268,7	12,9	15,7	2 306,0	30,7	15,9	2 323,1	16,4	14,8
(4.1) Credit to general government	453,3	-5,8	5,3	417,4	-0,2	-10,8	421,8	3,3	-8,0	405,8	-16,9	-10,6
of which: Loans	61,2	-2,5	-9,4	53,2	0,3	-14,1	53,9	0,5	-14,4	53,3	-0,6	-11,9
Securities other than shares	392,1	-3,3	8,0	364,2	-0,5	-10,2	368,0	2,8	-7,0	352,6	-16,3	-10,4
(4.2) Credit to private sector	1 587,9	39,4	25,9	1 851,3	13,0	23,9	1 884,2	27,4	23,0	1 917,2	33,3	22,1
of which: Loans	1 534,8	36,6	24,9	1 793,4	13,9	24,0	1 826,3	27,5	23,3	1 860,9	34,8	22,7
Securities other than shares	17,9	-0,1	50,6	17,2	-1,7	14,8	17,0	-0,2	-3,8	16,9	-0,2	-3,9
Shares and other equities	35,2	3,0	69,1	40,7	0,9	21,3	40,8	0,1	26,5	39,4	-1,4	11,8
(5) Net foreign assets	954,7	-5,0	-0,5	952,6	35,8	8,6	989,3	-5,3	14,4	962,1	-28,8	11,7
(6) Other counterparts of M3 (residual) (=M3+items 2,3 - items 4,5)	51,8	-12,9	10,3	55,6	2,8	106,7	53,0	-2,6	-16,4	43,3	-9,7	-14,6

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	2007		2008					
	September		July		August		September	
	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	1 134,5	-20,2	1 281,4	11,5	1 268,7	-17,5	1 298,1	29,1
(1.1) Other general government	117,5	-6,2	155,8	-1,1	150,8	-5,1	160,2	9,4
(1.2) Other financial intermediaries ³⁾	29,3	2,1	29,5	1,0	28,9	-0,9	30,8	1,9
(1.3) Insurance corporations and pension funds	9,8	-0,7	14,0	-3,5	12,1	-1,9	21,0	8,9
(1.4) Non-financial corporations	370,8	-17,9	403,4	7,2	387,2	-19,8	389,4	2,0
(1.5) Households ⁴⁾	607,1	2,5	678,6	7,9	689,6	10,2	696,6	6,9
(2) M2 - M1 (other short- term deposits)	717,2	-2,0	824,4	37,9	870,2	42,0	840,7	-29,7
(2.1) Other general government	27,3	0,4	36,3	4,5	38,3	1,9	37,3	-0,9
(2.2) Other financial intermediaries ³⁾	24,7	-3,9	19,6	2,2	20,6	0,9	19,1	-1,5
(2.3) Insurance corporations and pension funds	29,9	-3,3	34,8	4,2	40,9	5,9	36,1	-4,8
(2.4) Non-financial corporations	197,8	-1,3	213,1	16,2	239,6	25,0	210,4	-29,2
(2.5) Households ⁴⁾	437,4	6,1	520,6	10,8	530,8	8,3	537,7	6,7
(3) Repurchase agreements (a part of M3 - M2)	14,7	3,2	25,2	3,6	23,4	-1,8	19,3	-4,1
(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⁾	1,1	-0,1	0,8	-0,3	1,1	0,3	0,7	-0,4
(3.3) Insurance corporations and pension funds	9,0	2,1	9,3	1,9	6,7	-2,6	2,7	-4,0
(3.4) Non-financial corporations	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
(3.5) Households ⁴⁾	4,6	1,1	15,1	2,0	15,6	0,4	15,9	0,3

TABLE 6

Loans to private sector

CZK billions	2007		2008					
	September		July		August		September	
	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	740,2	19,1	809,0	-3,7	832,0	18,1	851,7	19,7
(1.1) up to 1 year	287,4	17,1	336,4	-13,6	353,3	14,9	368,2	14,8
(1.2) over 1 year and up to 5 years	174,3	-1,6	165,3	4,8	168,7	2,3	168,5	-0,2
(1.3) over 5 years	278,5	3,6	307,2	5,2	310,0	0,9	315,0	5,1
(2) Loans to households⁴⁾	662,1	13,9	815,3	15,8	828,4	13,2	842,5	14,3
(2.1) Consumer credit	130,4	1,9	158,1	3,2	160,5	2,5	163,3	3,0
(2.2) Lending for house purchase	463,2	10,2	574,1	10,5	583,8	9,8	593,2	9,4
(2.3) Other lending	68,5	1,8	83,2	2,0	84,0	0,9	85,9	1,9
(3) Loans to other financial intermediaries³⁾	131,6	3,3	167,1	2,1	163,9	-3,8	164,5	0,7
(4) Loans to insurance corporations and pension funds	0,9	0,2	2,0	-0,3	2,1	0,0	2,1	0,1

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		
	September	July	August	September
	% points	% points	% points	% points
M1	9,5	6,4	6,4	8,5
of which: Currency	1,7	0,7	0,7	0,6
Overnight deposits	7,8	5,7	5,7	8,0
M2 - M1 (= other short- term deposits)	5,4	7,5	7,2	6,0
M3 - M2 (= short-term marketable instruments)	0,3	0,4	0,1	-0,2
M3	15,2	14,3	13,8	14,4

TABLE 8

Contributions to annual growth¹⁾ of loans to private sector

	2007	2008		
	September	July	August	September
	% points	% points	% points	% points
Non-financial corporations	11,3	8,6	8,6	8,4
Households ²⁾	13,1	12,6	12,1	11,9
Other financial intermediaries ³⁾	0,7	2,7	2,5	2,3
Insurance corporations and pension funds	-0,2	0,1	0,1	0,1
Loans to private sector ⁴⁾	24,9	24,0	23,3	22,7

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).

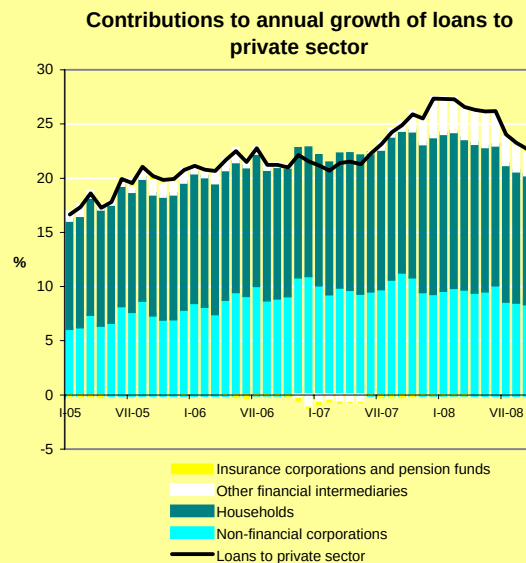
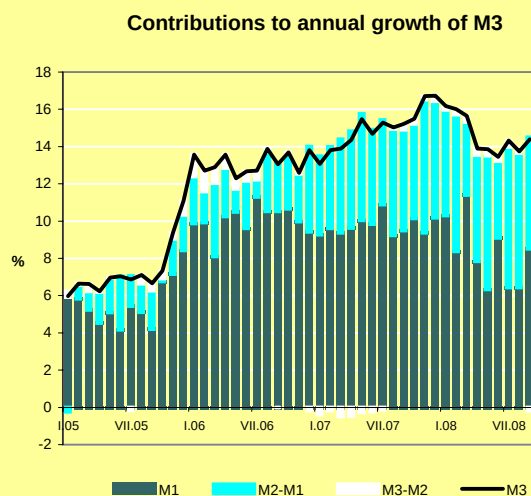
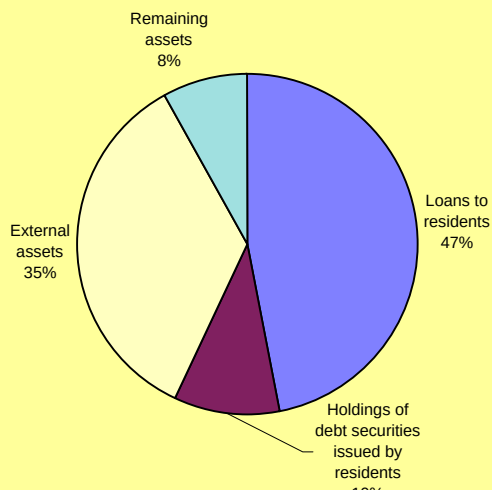


TABLE 9

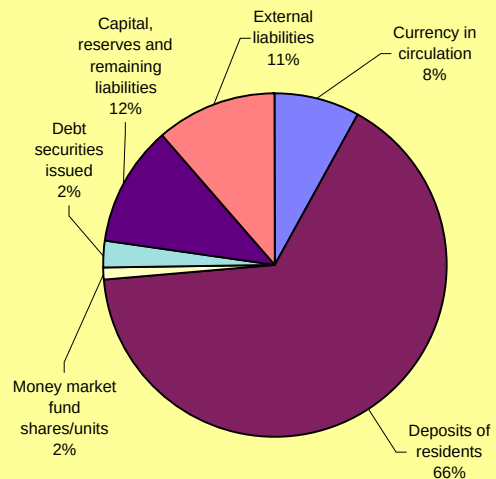
Balance sheets of monetary financial institutions by reporting institutions: September 2008

CZK billions	MFI			Consolidated balance sheet of MFIs
	CNB	Credit institutions	Money market funds	
(1) ASSETS TOTAL	696,7	4 142,7	71,5	4 082,5
(1.1) Loans to residents	8,7	2 502,1	12,6	1 914,2
MFI	0,0	596,5	12,6	-
General government	0,0	53,3	0,0	53,3
Other residents	8,6	1 852,3	0,0	1 860,9
(1.2) Holdings of securities other than shares issued by residents	0,0	518,8	17,7	369,4
MFI	0,0	164,9	2,2	-
General government	0,0	339,5	13,1	352,6
Other residents	0,0	14,4	2,5	16,9
(1.3) Money market fund shares/units	0,0	5,7	0,0	-
(1.4) Holdings of shares/other equity issued by residents	0,0	62,1	0,2	39,4
MFI	0,0	22,8	0,0	-
Other residents	0,0	39,3	0,2	39,4
(1.5) External assets	672,4	718,0	40,5	1 430,9
(1.6) Fixed assets	11,3	108,3	0,0	119,6
(1.7) Remaining assets	4,4	227,6	0,5	209,0
(2) LIABILITIES TOTAL	696,7	4 142,7	71,5	4 082,5
(2.1) Currency in circulation	355,3	-	-	331,7
(2.2) Deposits of residents	486,5	2 788,0	0,0	2 681,6
MFI	421,8	171,2	0,0	-
Central government	61,4	239,7	0,0	301,2
Other general government/other residents	3,3	2 377,1	0,0	2 380,4
(2.3) Money market fund shares/units	-	-	56,5	50,8
(2.4) Debt securities issued	0,0	267,0	0,0	100,0
(2.5) Capital and reserves	-208,7	382,6	13,3	164,3
(2.6) External liabilities	42,9	424,9	1,0	468,8
(2.7) Remaining liabilities	20,7	280,0	0,7	301,4
(2.8) Excess of inter MFI liabilities	-	-	-	-16,2

Consolidated balance sheet of MFIs - assets



Consolidated balance sheet of MFIs - liabilities



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

The annual rate of growth of M3 increased from 13.8% in August to 14.4% in September. The month-on-month growth rate decreased from 1.0% to -0.1%. As a result of financial transactions, M3 grew by CZK 320.4 billion year on year (but fell by CZK 2.8 billion month on month) to CZK 2,541.4 billion.

Main components of M3

With the largest contribution to M3 growth, the monetary aggregate M1 remains the most important component of M3, accounting for almost two-thirds of the annual M3 growth (Table 7).

The annual rate of growth of M1 increased from 9.9% in August to 13.2% in September. At the same time, the annual rate of overnight deposits rose from 11.2% in August to 15.8 % in September. Overnight deposits rose by CZK 29.1 billion (or, 2.3%) month on month, owing to financial transactions. Within overnight deposits, all components recorded a rise. Deposits of insurance corporations and pension funds recorded the largest increase of 73.9% (CZK 8.9 billion). In addition, deposits of other financial intermediaries rose by 6.6% (CZK 1.9 billion), deposits of other government by 6.2% (CZK 9.4 billion), deposits of households by 1.0% (CZK 6.9 billion), and deposits of non-financial corporations by 0.5% (CZK 2 billion).

The annual rate of growth of currency in circulation declined from 4.9% in August to 3.8% in September. In month-on-month terms, currency in circulation rose by 0.7% (an increase of CZK 2.3 billion due to financial transactions). Other short-term deposits (excluding overnight deposits) fell by CZK 29.7 billion (i.e. 3.4%) month on month, owing to financial transactions. The annual rate of growth of these deposits fell by 3.9 percentage points to 18.9% in September (from 22.8% in August). Deposits redeemable at notice of up to three months (the smaller component) have long been recording strong annual growth. Their annual growth rate in September was 41.8%. The annual rate of growth of deposits with maturity of up to two years, which are the dominant component of short-term deposits in terms of their volume, decreased by 6.7 percentage points compared to the previous month, reaching 9.2%.

Within other overnight deposits, deposits of non-financial corporations recorded the largest month-on-month decline of 12.2% (CZK 29.2 billion). In addition, deposits of insurance corporations and pension funds declined by 11.8% (CZK 4.8 billion), deposits of other financial intermediaries by 7.2% (CZK 1.5 billion), and deposits of other government sector by 2.4% (CZK 0.9 billion). Only household sector deposits increased by 1.3%, i.e. 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, fell by 6.0% month on month to CZK 70.9 billion (CZK 75.6 billion in August), due to financial transactions. The annual rate of growth of marketable instruments dropped by 9.2 percentage points to -5.9% (3.3% in August).

Main counterparts of M3

The annual growth rate of loans extended to general government was -11.9% in September (-14.1% in August). The annual rate of purchased government bonds declined from -7.0% in August to -10.4% in September.

The annual growth rate of loans extended to the private sector fell from 23.3% in August to 22.7% in September. This growth was mostly attributable to households. They account for more than one-half of the annual rate of growth of loans granted to the private sector (Table 8). The annual growth rates of loans to households have long been high; it was 27.3% in September. 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 dropped from 17.9% in August to 17.6% in September.

The annual rate of increase of net external assets declined from 14.4% in August to 11.7% in September. The annual rate of longer-term financial liabilities fell from 1.7 % in August to 1.4% in September. The annual growth rate of deposits by central government decreased from 55.4% to 28.6%.

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					
	September		July		August		September	
	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⁾	1,08	914,3	1,39	1052,4	1,40	1069,6	1,43	1094,1
(1.1) Overnight	0,47	586,8	0,84	660,9	0,86	671,4	0,89	677,3
(1.2) With agreed maturity	2,51	57,6	3,08	57,6	2,95	59,3	2,96	68,4
of which: Up to 2 years	2,51	57,3	3,08	57,3	2,95	59,1	2,97	67,9
(1.3) Redeemable at notice ³⁾	2,07	275,6	2,18	340,2	2,18	345,9	2,19	355,7
(1.3.1) Up to 3 months' notice	2,38	209,5	2,41	281,2	2,41	287,4	2,41	297,7
(1.3.2) Over 3 months' notice	1,08	66,1	1,07	59,0	1,06	58,6	1,06	58,0
(2) Deposits from non-financial corporation ⁴⁾	1,74	470,9	2,15	505,2	2,16	576,3	2,09	601,3
(2.1) Overnight	0,93	280,6	1,29	306,4	1,13	303,3	1,00	307,0
(2.2) With agreed maturity	2,95	186,7	3,49	194,1	3,33	268,1	3,25	289,0
of which: Up to 2 years	2,95	186,7	3,49	194,1	3,33	268,1	3,25	289,0
(3) Loans to households ²⁾	11,51	53,0	12,03	62,9	12,56	58,5	12,46	61,3
(3.1) Bank overdrafts ⁵⁾	16,06	27,4	16,34	32,4	16,56	32,6	16,55	33,1
(3.2) Consumer credit	12,45	4,9	13,53	6,6	13,48	5,7	13,53	6,7
(3.3) Lending for house purchase	5,02	16,7	5,53	18,9	5,60	15,9	5,55	16,7
of which: Mortgage lending	5,11	9,7	5,59	11,2	5,76	8,9	5,75	9,6
Saving for building purposes	4,64	5,1	5,08	5,4	5,07	4,9	5,05	5,4
(3.4) Other lending	6,35	4,1	6,91	5,1	6,79	4,3	6,83	4,8
(4) Loans to non-financial corporation	5,02	180,8	5,60	190,5	5,44	185,6	5,21	208,3
(4.1) Bank overdrafts ⁵⁾	5,39	100,3	5,88	119,6	5,72	117,4	5,38	126,4
(4.2) Other loans up to CZK 30 million	5,20	19,2	5,65	17,1	5,08	21,0	5,30	20,4
of which: Up to 1 year initial rate fixation ⁶⁾	5,16	17,2	5,67	15,1	5,06	19,4	5,31	18,7
(4.3) Other loans over to CZK 30 million	4,37	61,3	4,94	53,7	4,89	47,2	4,84	61,5
of which: Up to 1 year initial rate fixation ⁶⁾	4,36	60,2	4,93	52,2	4,87	45,8	4,83	60,8
(5) APRC ⁷⁾ on loans to households	7,01	21,6	7,93	25,5	8,09	21,6	8,20	23,4
(5.1) Consumer credit	13,04	4,9	14,15	6,6	14,32	5,7	14,17	6,7
(5.2) Lending for house purchase	5,23	16,7	5,77	18,9	5,86	15,9	5,80	16,7

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.

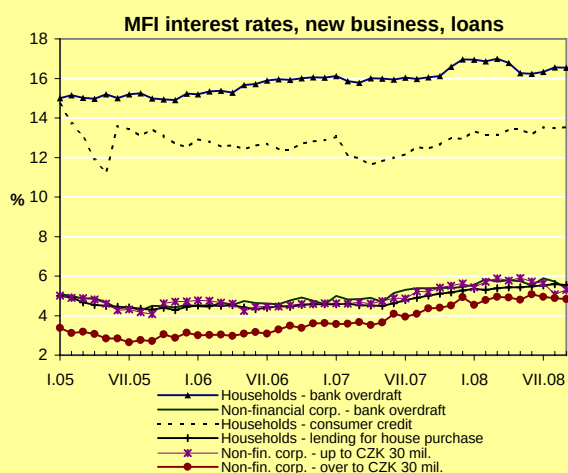
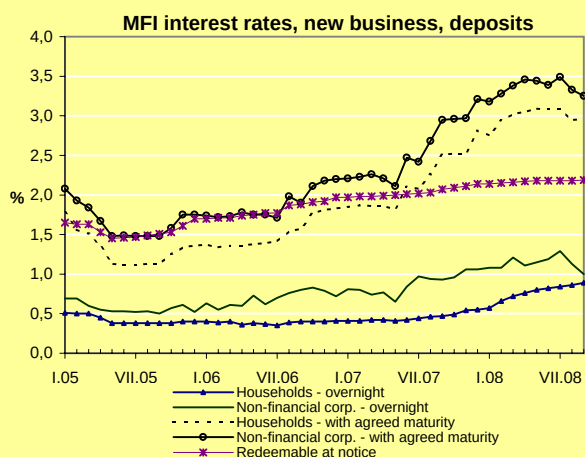


TABLE 11

Interest rates of monetary financial institutions on outstanding amounts¹⁾

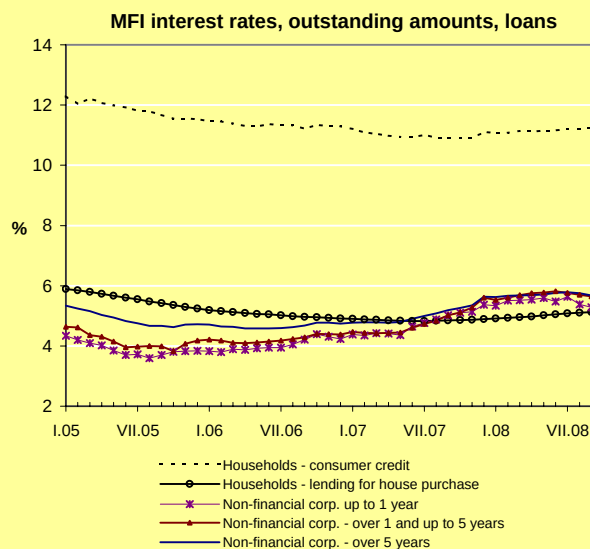
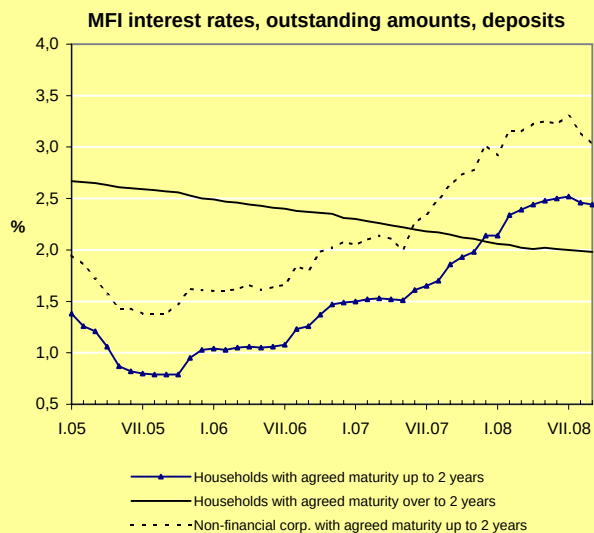
outstanding amounts as end-of-month	2007		2008		2008		2008	
	September		July		August		September	
	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)
(1) Deposits from households²⁾³⁾	1,31	1262,8	1,58	1384,9	1,58	1398,1	1,58	1401,1
(1.1) With agreed maturity	2,01	399,3	2,28	374,9	2,25	371,5	2,24	359,1
(1.1.1) Up to 2 years	1,86	187,7	2,52	203,1	2,46	204,8	2,44	201,6
(1.1.2) Over 2 years	2,15	211,6	2,00	171,8	1,99	166,7	1,98	157,4
(2) Deposits from non-financial corp.³⁾	1,54	443,0	2,03	492,1	1,92	504,6	1,74	488,3
(2.2) With agreed maturity	2,63	159,6	3,28	181,0	3,13	196,4	3,02	176,0
(2.2.1) Up to 2 years	2,63	157,4	3,30	177,9	3,14	192,9	3,03	172,3
(2.2.2) Over 2 years	2,15	2,2	1,94	3,0	2,84	3,5	2,56	3,7
(3) Loans to households	6,60	660,9	6,84	814,3	6,86	827,3	6,89	841,4
(3.1) Lending for house purchase	4,85	462,9	5,08	573,7	5,10	583,4	5,13	592,9
of which: Mortgage lending	4,70	304,0	5,07	377,7	5,10	382,3	5,14	387,9
Saving for building purposes	5,23	136,4	5,12	168,3	5,11	171,4	5,11	175,1
(3.2) Consumer credit and other lending ⁴⁾	10,92	198,0	11,19	240,6	11,21	243,9	11,23	248,6
(4) Loans to non-financial corporation	5,08	604,0	5,71	677,1	5,58	693,7	5,50	710,5
(4.1) Up to 1 year	5,02	253,7	5,63	288,2	5,38	301,3	5,28	314,0
(4.2) Over 1 and up to 5 years	5,02	137,3	5,76	137,7	5,70	139,4	5,65	139,0
(4.3) Over 5 years	5,19	213,1	5,78	251,2	5,75	253,1	5,68	257,5

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): September 2008

Interest rates on new business

Interest rates on **new deposits** of households continued the slightly upward trend in September, whereas those of non-financial corporations recorded a modest decrease.

The average interest rate on total new deposits of **households** increased only very slightly, to 1.43%. The rate on overnight deposits rose again negligibly by 0.03 percentage point to 0.89%. The rate on deposits with agreed maturity remained roughly at the previous month's level (2.96%). The interest rate on total deposits redeemable at notice stabilised at 2.19%.

The overall interest rate on new deposits of **non-financial corporations** fell slightly to 2.09%. The rate on overnight deposits declined by 0.13 percentage point to 1.00%. The rate on deposits with agreed maturity of up to two years (these deposits usually account for 100% of all deposits with agreed maturity in this sector) fell as well, by 0.08 percentage point to 3.25%.

The interest rate on **new loans** to households and non-financial corporations recorded a decline in September.

The overall interest rate on new loans to **households** dropped by 0.10 percentage point to 12.46%. The interest rate on bank overdrafts fell only slightly, by 0.01 percentage point to 16.55%. The rate on consumer credit was 0.05 percentage point higher, standing at 13.53%. By contrast, the interest rate on loans for house purchase fell slightly by 0.05 percentage point to 5.55%, while the rate on other loans rose by 0.04 percentage point to 6.83%.

The interest rate on loans to **non-financial corporations** declined by 0.23 percentage point, to 5.21%, and the rate on bank overdrafts fell by 0.34 percentage point, to 5.38%. By contrast, the rate on other loans of up to CZK 30 million grew by 0.22 percentage point to 5.30%. The rate on other loans of over CZK 30 million declined slightly, by 0.05 percentage point to 4.84%.

The overall APRC on loans to households swung up by 0.11 percentage point, to 8.20%. By contrast, the APRC on consumer credit fell by 0.15 percentage point to 14.17%. The APRC on house purchase loans recorded a more modest decrease of 0.06 percentage point to 5.80%.

Interest rates on outstanding amounts

The average interest rate on **outstanding amounts of deposits** of households remained at the previous months' level. The rate on deposits of non-financial corporations recorded a decline.

The interest rate on total deposits of **households** stabilised at 1.58%. The rate on deposits redeemable at notice remained roughly at the previous month's level (2.19%). The interest rate on deposits with agreed maturity declined only slightly by 0.01 percentage point to 2.24%, while the rate on overnight deposits saw a very modest increase of 0.03 percentage point to 0.89%.

The interest rate on total deposits of **non-financial corporations** fell by 0.18 percentage point to 1.74%, while that on overnight deposits declined by 0.13 percentage point to 1.00%. The overall interest rate on deposits with agreed maturity recorded a decline of 0.11 percentage point to 3.02%.

The average interest rate on **outstanding amounts of loans** to households rose slightly compared to the previous month, while that on outstanding amounts of loans to non-financial corporations recorded a modest decline.

The overall interest rate on loans to **households** saw a moderate rise to 6.89%. The interest rate on house purchase loans was slightly higher, standing at 5.13%. The interest rate on consumer credit and other loans increased to 11.23%.

The average interest rate on outstanding amounts of loans to **non-financial corporations** fell to 5.50%. The interest rate on loans of up to one year recorded the most sizeable decline to 5.28%. The rate on loans with maturity of over one year and up to five years recorded a slighter fall to 5.65%, and that on loans with maturity of over five years declined to 5.68%.

TABLE 12

Quarterly aggregated balance sheet of investment funds ¹⁾

CZK billions; end of period	2007			2008	
	June	September	December	March	June
ASSETS					
Total	98,8	105,4	113,6	104,8	103,6
(1.1) Deposits	15,7	18,2	17,7	14,3	11,0
(1.2) Securities other than shares	35,7	35,9	41,5	41,4	43,6
MFI	0,9	1,0	1,0	1,0	0,9
General government	17,6	16,3	15,3	15,4	17,6
Other residents	3,7	4,7	4,5	4,6	4,2
Non-residents	13,4	13,9	20,7	20,5	20,9
Up to 1 year	1,3	1,1	1,2	1,1	0,9
Over 1 year	34,4	34,8	40,3	40,3	42,7
(1.3) Shares and other equity	26,4	27,7	29,6	24,6	24,2
MFI	0,2	0,3	0,4	0,2	0,5
Other residents	3,6	4,0	5,5	5,0	5,1
Non-residents	22,6	23,4	23,7	19,3	18,6
(1.4) Investment fund shares	19,0	19,8	22,3	20,7	20,5
Residents	4,5	5,1	5,9	5,7	5,6
Non-residents	14,5	14,7	16,4	15,1	14,9
(1.5) Other assets	1,9	3,8	2,6	3,9	4,3
LIABILITIES					
Total	98,8	105,4	113,6	104,8	103,6
(2.1) Loans accepted	72,5	0,1	924,5	0,1	0,1
(2.2) Investment fund shares	95,7	102,5	110,3	103,0	101,5
Residents	95,2	102,0	109,7	102,4	100,8
Non-residents	0,6	0,6	0,6	0,6	0,7
(2.4) Other liabilities	3,0	2,8	2,4	1,8	2,1

BALANCE SHEET TOTAL - BREAKDOWN BY INVESTMENT POLICY

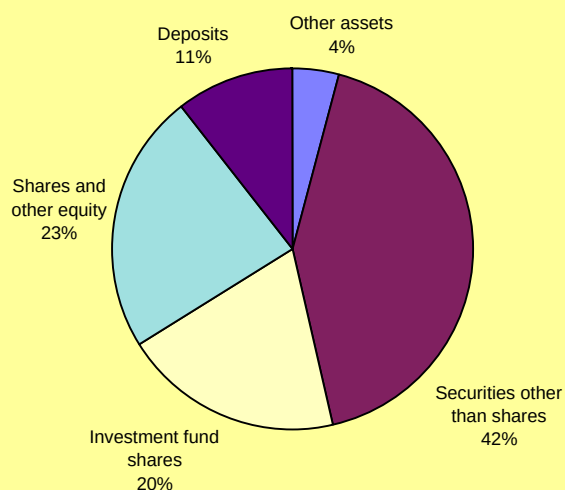
TOTAL	98,8	105,4	113,6	104,8	103,6
Equity funds	14,3	16,0	16,8	14,0	13,8
Bond Funds	24,1	23,0	20,9	18,3	17,1
Mixed Funds	32,3	33,6	33,6	31,3	30,6
Funds of funds	18,7	21,2	24,5	23,0	23,2
Other funds ²⁾	9,5	11,6	17,9	18,3	19,0

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

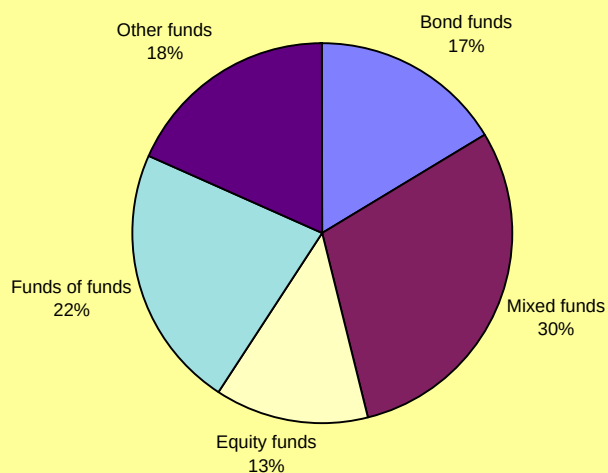


TABLE 13
Quarterly aggregated balance sheet of financial corporations engaged in lending ¹⁾

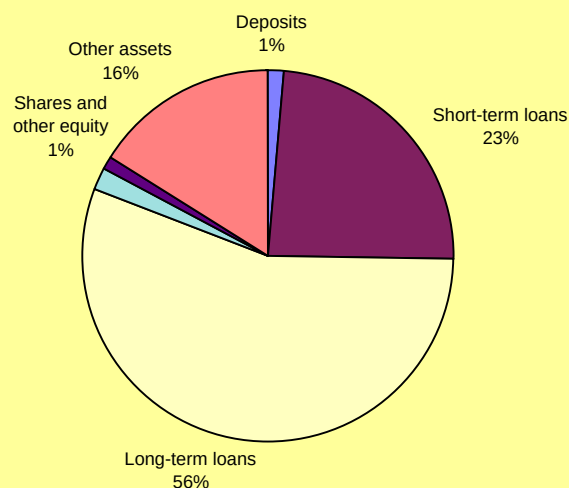
CZK billions; end of period	2007			2008	
	June	September	December	March	June
Assets					
Total	374,2	382,7	412,2	407,0	418,3
(1.1) Deposits	7,9	5,3	8,9	7,1	6,3
(1.2) Loans provided	292,0	307,1	330,8	321,1	332,1
Residents	287,7	301,4	325,4	315,8	326,9
Up to 1 year	87,0	90,6	95,3	93,7	96,7
Over 1 year	200,7	210,8	230,1	222,1	230,2
Non-residents	4,4	5,7	5,4	5,3	5,2
(1.3) Securities other than shares	1,7	1,6	4,4	7,7	7,5
Up to 1 year	0,2	0,3	1,6	4,6	5,5
Over 1 year	1,5	1,4	2,8	3,0	2,0
(1.4) Shares and equity	3,8	5,1	4,8	5,0	4,9
Mutual fund shares/units (including MMFs)	0,0	0,0	0,0	0,0	0,0
Other shares and equity	3,8	5,1	4,8	5,0	4,9
(1.5) Other assets	68,7	63,6	63,4	66,2	67,5
LIABILITIES					
Total	374,2	382,7	412,2	407,0	418,3
(2.1) Loans taken	226,9	233,1	260,7	258,7	267,8
Residents	170,4	174,2	189,8	184,5	193,2
Non-residents	56,5	58,9	71,0	74,2	74,6
(2.2) Securities other than shares issued	24,2	23,1	34,6	28,6	29,0
Up to 1 year	11,4	10,3	19,9	10,8	11,3
Over 1 year	12,8	12,8	14,7	17,7	17,7
(2.3) Own funds	71,6	75,7	79,1	82,9	85,9
(2.5) Other liabilities	51,5	50,9	37,8	36,9	35,6

BALANCE SHEET TOTAL BREAKDOWN BY TYPE OF INTERMEDIARIES

TOTAL	374,2	382,7	412,2	407,0	418,3
Financial leasing companies	254,4	263,9	284,7	279,5	286,8
Other lending companies	96,6	94,5	101,5	101,5	104,4
Factoring and forfaiting companies	23,2	24,4	26,0	26,0	27,0

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.

Balance sheet total - breakdown by asset items



Balance sheet total - breakdown by type of intermediaries

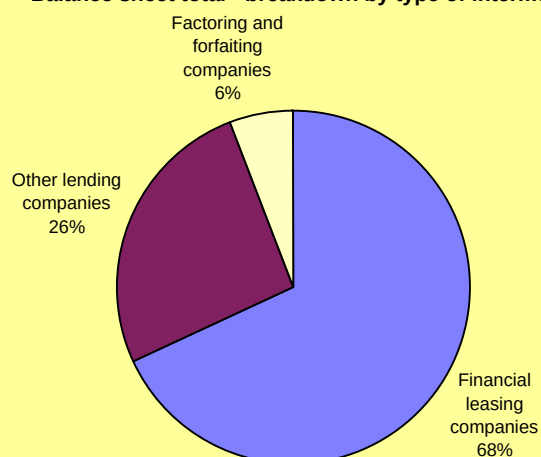


TABLE 14

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

CZK billions; end of period	2007			2008	
	June	September	December	March	June
LOANS					
(1) Non-financial corporations	159,0	167,1	173,6	175,3	179,4
Up to 1 year	49,2	51,3	53,1	51,5	52,7
Over 1 year up to 5 years	95,9	101,4	106,0	107,4	109,6
Over 5 years	13,9	14,4	14,5	16,4	17,0
(2) Financial corporations	0,8	0,9	1,3	1,0	0,9
Up to 1 year	0,2	0,4	0,7	0,4	0,4
Over 1 year up to 5 years	0,4	0,4	0,5	0,5	0,4
Over 5 years	0,2	0,1	0,1	0,1	0,1
(3) Government	1,1	1,2	1,3	1,0	0,9
Up to 1 year	0,5	0,5	0,5	0,4	0,4
Over 1 year up to 5 years	0,6	0,6	0,7	0,6	0,5
Over 5 years	0,1	0,0	0,0	0,0	0,0
(4) Households	126,6	132,0	149,1	138,3	145,4
Up to 1 year	37,0	38,4	40,8	41,2	43,0
Over 1 year up to 5 years	80,9	83,7	97,1	85,1	88,7
Over 5 years	8,7	9,9	11,2	12,0	13,8
(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	126,6	132,0	149,1	138,3	145,4
(1.1) Consumer credit	109,8	114,9	128,5	120,4	126,8
Up to 1 year	36,0	37,4	39,8	40,2	41,9
Over 1 year up to 5 years	65,9	68,5	78,5	69,4	72,7
Over 5 years	7,9	9,0	10,2	10,7	12,2
(1.2) Lending for house purchase	0,9	1,0	1,1	1,2	1,3
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	0,4
Over 5 years	0,4	0,5	0,6	0,7	0,9
(1.3) Other loans	15,9	16,1	19,4	16,6	17,3
Up to 1 year	1,0	1,0	1,0	1,0	1,1
Over 1 year up to 5 years	14,5	14,7	18,1	15,2	15,5
Over 5 years	0,4	0,4	0,3	0,5	0,7

BREAKDOWN OF SELECTED LOANS BY TYPE OF INTERMEDIARIES

TOTAL	287,7	301,4	325,4	315,8	326,9
Financial leasing companies	199,5	209,3	227,5	218,1	224,8
Other lending companies	68,3	71,2	75,9	77,3	80,5
Factoring and forfaiting companies	19,9	20,9	22,0	20,4	21,6
of which Non-financial corporations	159,0	167,1	173,6	175,3	179,4
Financial leasing companies	135,1	141,9	147,0	149,7	153,1
Other lending companies	4,1	4,2	4,7	5,2	4,7
Factoring and forfaiting companies	19,9	20,9	22,0	20,4	21,6
of which Households	126,6	132,0	149,1	138,3	145,4
Financial leasing companies	62,8	65,7	78,8	66,9	70,4
Other lending companies	63,7	66,3	70,2	71,4	75,1
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): June 2008

As of the end of Q2, collective investment funds (CIFs) administered assets worth CZK 101.5 billion. The value of assets thus continued falling in Q2, down by CZK 1.5 billion, or 1.46% compared to the previous quarter. Compared to the same period of 2007, the value of assets increased by 6.01%, or CZK 5.8 billion.

In Q2, the largest decrease was recorded by bond funds, whose assets fell from CZK 17.8 billion to CZK 16.7 billion, which represents a quarter-on-quarter decline of 6.47%. Decrease was also recorded by equity funds (from CZK 13.4 billion to CZK 13.1 billion) and mixed funds (from CZK 30.8 billion to CZK 30.2 billion). By contrast, funds of funds recorded growth (from CZK 22.8 billion to CZK 23 billion) and other funds (from CZK 18.1 billion to CZK 18.6 billion).

Collective investment funds invested most in debt securities. The total volume of purchased debt securities was CZK 43.6 billion at the end of Q2, accounting for 43.01% of CIFs equity capital. Compared to the previous quarter, the share of debt securities in equity capital increased by 2.78 percentage points. In year-on-year comparison it was up by 5.73 percentage points. By contrast, the proportion of shares and other equity in the funds' portfolio decreased. The volume of shares and other equity fell by CZK 0.6 billion, or 1.42%.

At the end of Q2, 126 resident collective investment funds were active in the Czech Republic, of which 17 were equity funds, 13 bond funds, 35 mixed funds, 31 funds of funds, 27 funds of qualified investors and 3 real estate funds.

Commentary on the quarterly aggregated balance sheet of financial corporations engaged in lending (Tables 13 and 14): June 2008

As of 30 June 2008, financial corporations engaged in lending had total assets¹⁾ of CZK 418.3 billion, up by CZK 11.3 billion, or 2.77 % compared to the previous quarter. In year-on-year terms, total assets grew by CZK 44.1 billion, i.e. 11.79%. This was mostly attributable to financial leasing companies which accounted for the largest share in total assets (CZK 286.8 billion). Other lending companies contributed CZK 104.4 billion and factoring and forfeiting companies CZK 27 billion to the total assets.

The largest asset item was loans, which amounted to CZK 332.1 billion. In Q2, loans saw a rise of CZK 11 billion, or 3.43 % compared to the previous period. In year-on-year terms, they were up by CZK 40.1 billion, or 13.73%. Most of the loan volume (98.43 %) was provided to residents. Short-term loans stood at CZK 99.9 billion at the end of Q2, accounting for 23.9 % of total assets. Long-term loans amounted to CZK 232.2 billion, i.e. 55.5% of total assets.

The largest part of the loans provided to residents consisted of loans to non-financial corporations, which totalled CZK 179.4 billion, i.e. 54.88 % of loans to residents. Loans provided to non-financial corporations rose by CZK 4.1 billion (2.33 %) compared to the previous quarter and by CZK 20.4 billion (12.85 %) year on year. CZK 153.1 billion was provided by financial leasing companies, CZK 4.7 billion by other lending companies and CZK 21.6 billion by factoring and forfeiting companies. These loans are made up predominantly of loans with original maturities of one to five years, which amounted to CZK 109.6 billion.

Loans to households were the second largest group of loans to residents, amounting to CZK 145.4 billion, which represents an increase of CZK 7.1 billion (or 5.1%) compared to the previous quarter. In year-on-year terms, loans to households grew by CZK 18.8 billion, i.e. 14.8%. These loans accounted for 44.5% of loans granted to residents. CZK 70.4 billion was provided by financial leasing companies and CZK 75.1 billion by other lending companies. Loans with original maturities of one to five years amounted to CZK 88.7 billion, giving them the largest share in loans to households.

¹⁾ Under Decree No. 307/2004 Coll. financial corporations engaged in lending 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 than 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, faktoring, 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. Faktoring - It is financial service consisting in purchase of short-term receivables (with maturity 30-90 days) before their maturity date. Receivables are transferred on faktoring company – factor- by supplier of goods or services.
3. Other lending - This category encompass granting credit or loans or agreements of similar nature different from financial leasing and faktoring. 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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