

Monetary Statistics

December
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

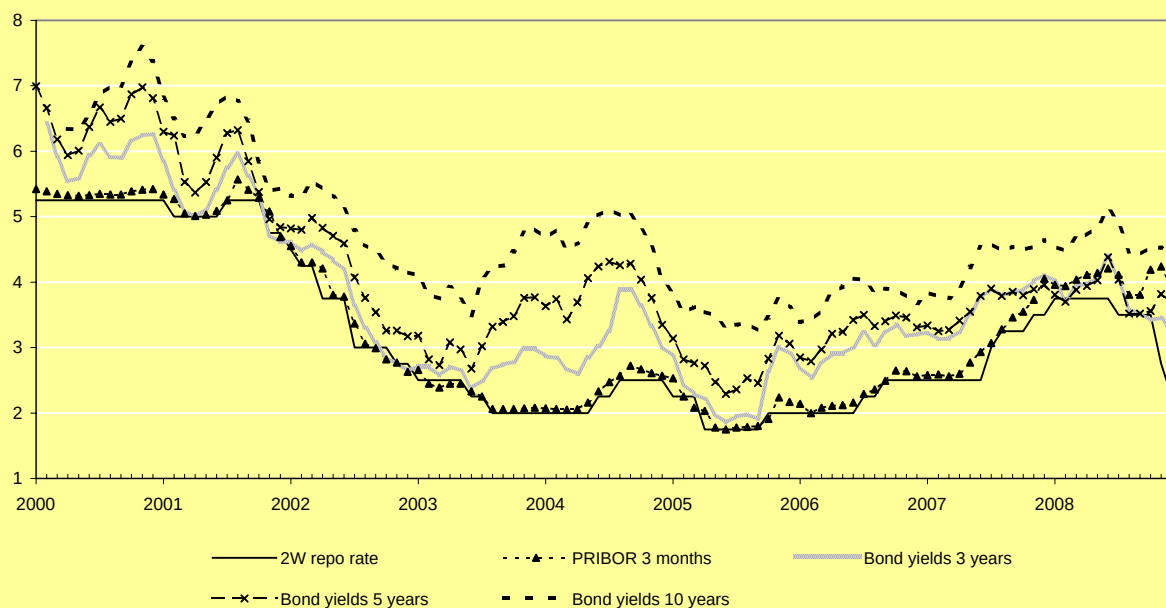
	CNB			ECB
	from 8 August 2008 onwards	from 7 November 2008 onwards	from 18 December 2008 onwards	from 10 December 2008 onwards
2W repo rate	3,50	2,75	2,25	2,50
Deposit facility	2,50	1,75	1,25	2,00
Marginal lending facility	4,50	3,75	3,25	3,00

TABLE 2

Financial markets interest rates

monthly average	2007		2008					
	December		October		November		December	
	CR	Euro area	CR	Euro area	CR	Euro area	CR	Euro area
Money market								
CZEONIA/ EONIA								
overnight	0,00	0,00	3,48	3,83	2,70	3,16	2,21	2,50
PRIBOR/ EURIBOR								
1 month	0,00	0,00	4,00	4,85	3,98	3,85	3,61	3,01
3 months	0,00	0,00	4,19	5,12	4,24	4,24	3,89	3,31
6 months	0,00	0,00	4,23	5,19	4,36	4,30	4,01	3,38
1 year	0,00	0,00	4,28	5,26	4,45	4,35	4,16	3,47
Capital market								
Bond yields								
3 years	0,00	0,00	3,42	3,47	3,45	3,04	3,22	2,88
5 years	0,00	0,00	3,56	3,88	3,82	3,44	3,71	3,29
10 years (Maastricht)	0,00	0,00	4,53	4,42	4,52	4,20	4,30	3,93

Financial markets interest rates in CR



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

Key interest rates

The CNB's 2W repo rate has been set at 2.25% since 18 December 2008 and the ECB's key interest rate has been re-set at 2.50% since 10 December 2008. The difference between the CNB's and the ECB's key rates was thus 0.25 percentage points at the end of December.

Financial market interest rates

In December, interest rates on the Czech interbank deposit market fell across all maturities compared to the previous month. The decreases exceeded 0.25 percentage point in all cases and were higher for shorter maturities. In the euro area, all monitored interest rates declined as well. The declines ranged from 0.66 percentage point (EONIA) to 0.93 percentage point (3M EURIBOR). The 3M PRIBOR stood at 3.89% and the 3M EURIBOR reached 3.31% (both were 4.24% in November).

Bond yields on the Czech capital market recorded a month-on-month decline in December. Bond yields also decreased for all maturities in the euro area. In December, the yield on the 10-year bond in the Czech Republic was 4.3% (4.52% in November), while the yield on the 10-year bond in the euro area reached 3.93% (4.20% in November).

TABLE 3

Key monetary indicators

CZK billions, unless otherwise indicated	2007			2008			2008			2008		
	December			October			November			December		
	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	1 526,6	12,2	15,7	1 630,6	0,7	8,4	1 650,1	15,3	9,3	1 674,8	19,3	9,7
M3 ¹⁾	2 380,0	44,9	16,7	2 583,7	41,4	13,6	2 621,9	30,1	12,6	2 705,4	73,6	13,6
Loans to private sector ²⁾	1 628,2	33,1	27,3	1 876,6	17,0	21,0	1 889,8	6,8	19,0	1 889,6	-10,0	16,0
Net foreign assets ³⁾	970,4	14,3	6,2	978,0	3,0	8,4	976,0	-36,8	2,6	985,1	-19,6	-0,9

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

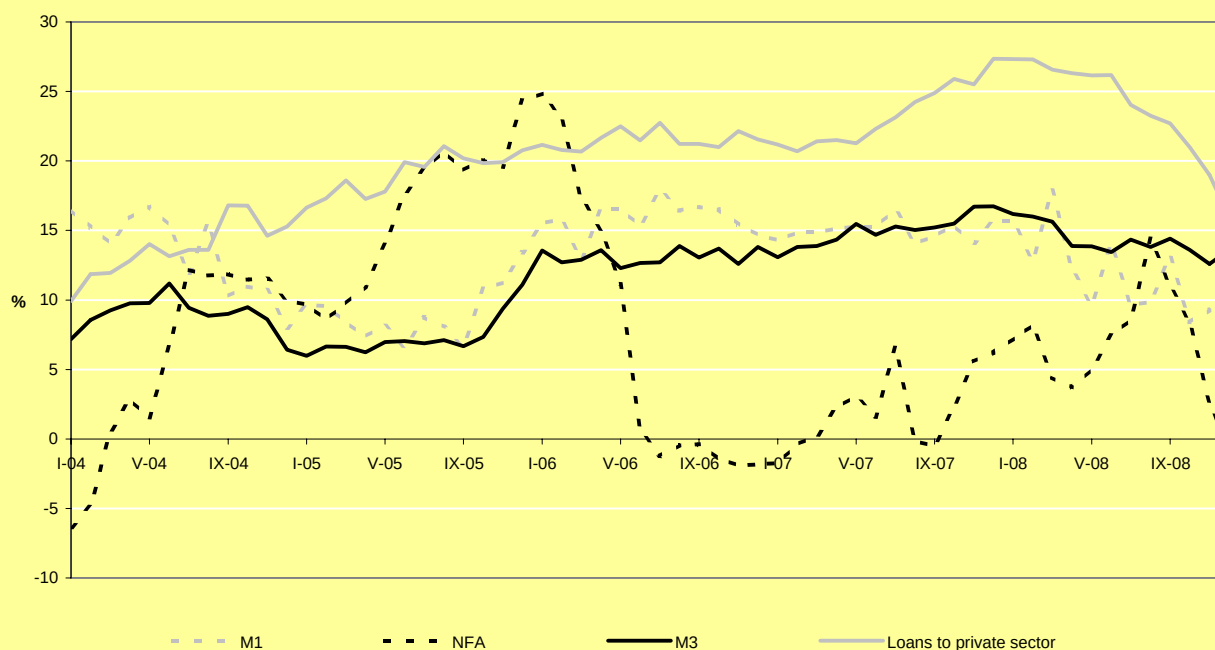


TABLE 4

Monetary aggregates and counterparts

CZK billions, unless otherwise indicated	2007			2008								
	December			October			November			December		
	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)	2 380,0	44,9	16,7	2 583,7	41,4	13,6	2 621,9	30,1	12,6	2 705,4	73,6	13,6
(1.1) Currency in circulation	324,1	0,8	10,0	364,7	33,1	15,1	368,1	3,3	13,8	365,5	-2,5	12,8
(1.2) Overnight deposits	1 202,5	11,5	17,3	1 265,9	-32,3	6,7	1 282,0	12,0	8,1	1 309,3	21,8	8,9
(1.3) M1 (items 1.1 and 1.2)	1 526,6	12,2	15,7	1 630,6	0,7	8,4	1 650,1	15,3	9,3	1 674,8	19,3	9,7
(1.4) Deposits with agreed maturity up to 2 years	531,5	13,0	15,3	565,1	25,4	19,0	562,9	-6,1	9,1	556,4	-11,1	4,3
(1.5) Deposits redeemable at notice up to 3 months	250,6	20,3	29,5	314,6	12,6	41,9	335,4	20,7	45,7	401,8	66,3	60,3
(1.6) Other short term deposits (items 1.4 and 1.5)	782,1	33,3	19,5	879,7	37,9	26,2	898,3	14,6	20,4	958,2	55,2	22,4
(1.7) M2 (items 1.3 and 1.6)	2 308,7	45,5	17,0	2 510,3	38,7	14,1	2 548,4	29,9	13,0	2 633,0	74,5	14,0
(1.8) Repurchase agreements	14,4	2,6	72,4	21,5	2,2	54,5	22,0	0,4	85,9	21,9	-0,2	51,6
(1.9) Money market fund shares/units	55,7	-1,3	1,2	51,1	0,5	-10,2	50,8	0,0	-10,6	49,8	-0,8	-9,9
(1.10) Debt securities issued with maturity up to 2 years	1,3	-1,9	-	0,8	0,0	-	0,7	-0,1	-	0,7	0,0	-
(1.11) Marketable instruments (items 1.8,1.9 and 1.10)	71,3	-0,6	10,1	73,5	2,7	-1,3	73,5	0,2	2,0	72,4	-0,9	1,6
COUNTERPARTS OF M3												
MFI liabilities												
(2) Holdings deposits against central government	284,2	35,6	33,0	319,0	18,5	33,7	314,0	-6,5	26,9	331,7	14,8	16,2
(3) Longer-term financial deposits against other residents (items 3.1 to 3.4)	548,1	19,3	11,5	490,9	-3,7	-0,5	497,0	-28,8	-6,7	486,7	-38,7	-17,0
(3.1) Deposits with agreed maturity over 2 years	200,1	-2,2	-12,3	152,3	-11,5	-27,4	137,9	-14,4	-31,8	96,6	-41,4	-51,8
(3.2) Deposits redeemable at notice over 3 months	66,1	0,0	-10,2	58,1	-0,7	-13,3	57,4	-0,7	-13,1	57,3	-0,1	-13,2
(3.3) Debt securities issued with maturity over 2 years	102,9	10,0	51,5	99,5	-0,3	23,1	91,4	-5,9	5,1	91,5	-1,0	-6,2
(3.4) Capital and reserves	179,1	11,5	36,8	181,0	8,7	33,2	210,2	-7,7	26,4	241,4	3,7	20,0
MFI assets												
(4) Credit to residents (items 4.1 and 4.2)	2 162,4	48,3	22,4	2 376,6	59,0	15,6	2 429,9	43,4	15,3	2 446,9	4,5	12,9
(4.1) Credit to general government	467,3	0,4	3,0	443,7	41,8	-2,2	484,6	37,4	3,4	500,5	13,3	6,1
of which: Loans	57,5	-1,5	-14,7	53,8	0,6	-6,6	54,2	0,2	-7,7	54,3	-0,3	-5,7
Securities other than shares	409,8	1,9	6,1	389,9	41,2	-1,6	430,5	37,2	4,9	446,2	13,6	7,8
(4.2) Credit to private sector	1 695,1	47,9	29,0	1 932,9	17,3	20,6	1 945,3	6,0	18,6	1 946,4	-8,9	14,7
of which: Loans	1 628,2	33,1	27,3	1 876,6	17,0	21,0	1 889,8	6,8	19,0	1 889,6	-10,0	16,0
Securities other than shares	26,6	10,4	91,4	16,2	-0,5	-3,6	15,2	-1,0	-3,0	15,7	0,2	-40,2
Shares and other equities	40,4	4,4	87,8	40,1	0,7	14,1	40,2	0,1	11,9	41,1	0,8	1,6
(5) Net foreign assets	970,4	14,3	6,2	978,0	3,0	8,4	976,0	-36,8	2,6	985,1	-19,6	-0,9
(6) Other counterparts of M3 (residual) (=M3+items 2,3 - items 4,5)	79,6	37,2	30,5	38,9	-5,8	-14,6	27,0	-11,8	-34,9	91,8	64,9	18,1

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					
	December		October		November		December	
	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	1 202,5	11,5	1 265,9	-32,3	1 282,0	12,0	1 309,3	21,8
(1.1) Other general government	87,9	-41,4	155,3	-4,9	154,2	-1,1	129,7	-24,6
(1.2) Other financial intermediaries ³⁾	31,5	1,8	25,2	-5,7	25,7	0,2	26,6	0,6
(1.3) Insurance corporations and pension funds	8,0	-1,6	15,7	-5,3	11,4	-4,3	11,2	-0,3
(1.4) Non-financial corporations	473,9	65,3	372,6	-16,6	383,4	7,6	432,9	45,3
(1.5) Households ⁴⁾	601,2	-12,7	697,1	0,2	707,4	9,6	708,9	0,8
(2) M2 - M1 (other short- term deposits)	782,1	33,3	879,7	37,9	898,3	14,6	958,2	55,2
(2.1) Other general government	22,3	-3,9	41,5	4,2	38,1	-3,5	39,1	0,8
(2.2) Other financial intermediaries ³⁾	33,8	15,2	22,8	3,6	23,0	0,2	23,4	0,3
(2.3) Insurance corporations and pension funds	38,4	4,2	38,1	1,7	36,1	-2,1	39,7	3,6
(2.4) Non-financial corporations	207,8	-5,5	238,5	28,1	238,9	-1,8	228,5	-13,1
(2.5) Households ⁴⁾	479,8	23,2	538,7	0,2	562,2	21,9	627,5	63,6
(3) Repurchase agreements (a part of M3 - M2)	14,4	2,6	21,5	2,2	22,0	0,4	21,9	-0,2
(3.1) Other general government	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
(3.2) Other financial intermediaries ³⁾	0,5	0,5	1,5	0,8	0,3	-1,3	0,3	0,0
(3.3) Insurance corporations and pension funds	7,3	1,3	3,6	0,9	5,2	1,6	4,1	-1,1
(3.4) Non-financial corporations	0,3	0,3	0,1	0,1	0,2	0,2	0,1	-0,1
(3.5) Households ⁴⁾	6,2	0,5	16,3	0,4	16,3	-0,1	17,4	1,1

TABLE 6

Loans to private sector

CZK billions	2007		2008					
	December		October		November		December	
	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	745,8	-3,0	859,8	9,0	863,3	-2,1	853,3	-18,7
(1.1) up to 1 year	298,0	-2,4	366,7	-1,3	361,2	-7,7	329,4	-34,7
(1.2) over 1 year and up to 5 years	161,8	-1,0	172,2	3,6	174,8	1,4	176,3	-0,1
(1.3) over 5 years	286,0	0,4	320,9	6,7	327,3	4,2	347,6	16,1
(2) Loans to households⁴⁾	726,3	28,0	853,5	11,2	865,4	11,9	877,5	12,3
(2.1) Consumer credit	138,7	2,6	165,2	1,9	167,4	2,3	170,4	3,2
(2.2) Lending for house purchase	514,8	24,0	602,6	9,4	610,3	7,7	618,3	8,0
(2.3) Other lending	72,8	1,5	85,7	-0,2	87,8	2,0	88,9	1,0
(3) Loans to other financial intermediaries³⁾	155,8	8,1	161,6	-2,7	159,6	-2,8	157,5	-3,3
(4) Loans to insurance corporations and pension funds	0,3	0,0	1,8	-0,4	1,5	-0,2	1,3	-0,2

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		
	December	October	November	December
	% points	% points	% points	% points
M1	10,2	5,6	6,1	6,2
of which: Currency	1,4	2,1	1,9	1,8
Overnight deposits	8,7	3,5	4,1	4,5
M2 - M1 (= other short- term deposits)	6,3	8,0	6,5	7,3
M3 - M2 (= short-term marketable instruments)	0,3	0,0	0,1	0,1
M3	16,7	13,6	12,6	13,6

TABLE 8

Contributions to annual growth¹⁾ of loans to private sector

	2007	2008		
	December	October	November	December
	% points	% points	% points	% points
Non-financial corporations	9,4	8,4	7,5	6,4
Households ²⁾	14,5	11,2	10,6	9,4
Other financial intermediaries ³⁾	3,6	1,3	0,8	0,1
Insurance corporations and pension funds	-0,1	0,1	0,1	0,1
Loans to private sector ⁴⁾	27,3	21,0	19,0	16,0

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).

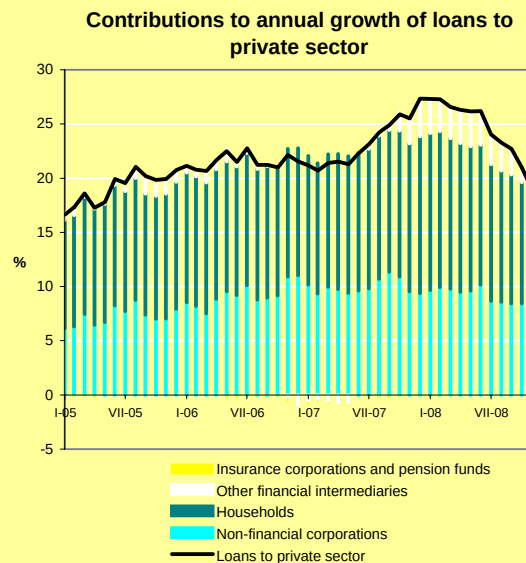
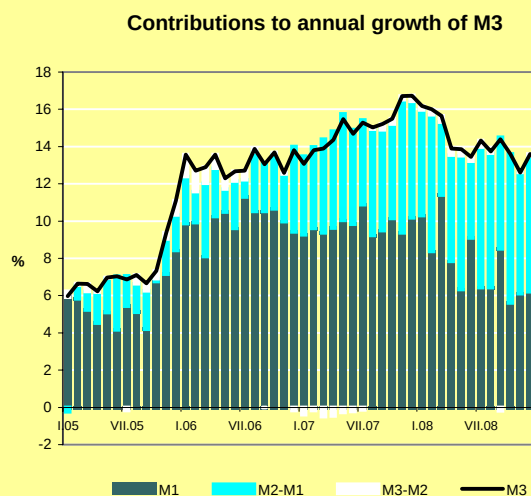
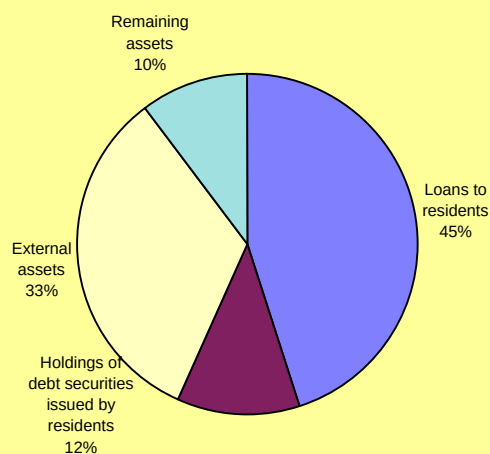


TABLE 9

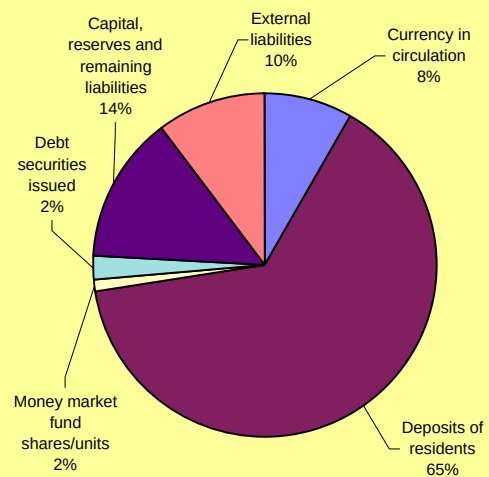
Balance sheets of monetary financial institutions by reporting institutions: December 2008

CZK billions	MFI			Consolidated balance sheet of MFIs
	CNB	Credit institutions	Money market funds	
(1) ASSETS TOTAL	804,9	4 168,7	71,5	4 315,4
(1.1) Loans to residents	46,7	2 374,6	12,6	1 943,9
MFI	38,0	439,4	12,6	-
General government	0,0	54,3	0,0	54,3
Other residents	8,6	1 881,0	0,0	1 889,6
(1.2) Holdings of securities other than shares issued by residents	0,0	621,4	17,7	461,9
MFI	0,0	175,0	2,2	-
General government	0,0	433,2	13,1	446,2
Other residents	0,0	13,2	2,5	15,7
(1.3) Money market fund shares/units	0,0	6,7	0,0	-
(1.4) Holdings of shares/other equity issued by residents	0,0	63,6	0,2	41,1
MFI	0,0	22,6	0,0	-
Other residents	0,0	40,9	0,2	41,1
(1.5) External assets	721,5	664,8	40,5	1 426,7
(1.6) Fixed assets	11,3	111,0	0,0	122,3
(1.7) Remaining assets	25,4	326,5	0,5	319,5
(2) LIABILITIES TOTAL	804,9	4 168,7	71,5	4 315,4
(2.1) Currency in circulation	398,5	-	-	365,5
(2.2) Deposits of residents	516,2	2 734,7	0,0	2 774,9
MFI	307,8	168,2	0,0	-
Central government	204,9	126,8	0,0	331,7
Other general government/other residents	3,5	2 439,8	0,0	2 443,2
(2.3) Money market fund shares/units	-	-	56,5	49,8
(2.4) Debt securities issued	0,0	269,4	0,0	92,2
(2.5) Capital and reserves	-144,4	395,2	13,3	241,4
(2.6) External liabilities	1,5	439,2	1,0	441,6
(2.7) Remaining liabilities	33,1	330,2	0,7	364,0
(2.8) Excess of inter MFI liabilities	-	-	-	-14,0

Consolidated balance sheet of MFIs - assets



Consolidated balance sheet of MFIs - liabilities



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

The annual rate of growth of M3 rose from 12.6% in November to 13.6% in December. The month-on-month growth rate increased from 1.2% to 2.8%. As a result of financial transactions, the monetary aggregate M3 grew by CZK 322.3 billion year on year (by CZK 73.6 billion month on month) to CZK 2,705.4 billion.

Main components of M3

The monetary aggregate M1 is the most important component of M3. In December, its contribution to M3 growth was almost the same as in November, accounting for more than two-fifths of the annual M3 growth (Table 7).

The annual rate of growth of M1 increased from 9.3% in November to 9.7% in December. Similarly the annual rate of growth of overnight deposits rose from 8.1% in November to 8.9% in December. In month-on-month comparison, overnight deposits grew by CZK 21.8 billion (i.e. 1.7%), owing to financial transactions. Within overnight deposits, deposits of non-financial corporations recorded the largest increase of 11.8% (CZK 45.3 billion). Deposits of other financial intermediaries also rose further (up by 2.5%, or CZK 0.6 billion) and deposits of households were up by 0.1% (CZK 0.8 billion). By contrast, deposits of other government and deposits of insurance corporations and pension funds recorded a decline (down by 16.0%, or CZK 24.6 billion, and 2.7%, or CZK 0.3 billion, respectively). The annual rate of growth of currency in circulation decreased from 13.8% in November to 12.8% in December. In month-on-month terms, currency in circulation was down by 0.7% (a decline of CZK 2.5 billion), due to financial transactions.

Other short-term deposits (excluding overnight deposits) grew by CZK 55.2 billion (i.e. 6.2%) month on month, owing to financial transactions. In December, the annual rate of growth of these deposits increased by 2 percentage points to 22.4% (from 20.4 % in November). Deposits redeemable at notice of up to three months (the smaller component) have long been recording strong annual growth. Their annual growth rate in December was 60.3%. The annual rate of growth of deposits with maturity of up to two years, which are the predominating component of short-term deposits, decreased by 4.8 percentage points compared to the previous month, reaching 4.3%.

Within other short-term deposits, month-on-month increases were recorded for deposits of households (of 11.3%, or CZK 63.6 billion), insurance corporations and pension funds (of 9.9%, or CZK 3.6 billion), other government (of 2.2%, or CZK 0.8 billion) and other financial intermediaries (of 1.3%, or CZK 0.3 billion). By contrast, deposits of non financial corporations showed a decline of 5.5% (CZK 13.1 billion).

Marketable instruments, which consist of repos, money market fund shares/units and debt securities with maturities of up to two years, fell by 1.2% month on month, to CZK 72.4 billion (compared to CZK 73.5 billion in November). The annual rate of growth of marketable instruments decreased by 0.4 percentage point to 1.6% (2.0% in November).

Main counterparts of M3

The annual rate of growth of loans extended to general government was -5.7% in December (compared to -7.7% in November).

The annual rate of growth of purchased government bonds increased from 4.9% in November to 7.8% in December.

The annual rate of growth of loans extended to the private sector dropped to 16.0% in December (19% in November). The annual rate of growth of loans extended to the private sector is mostly attributable to households. They account for more than one-half of the annual rate of growth of loans to the private sector (Table 8). The annual rate of growth of loans extended to households reached 21.1% in December (24.2% in November). Non-financial corporations are another sector accounting for a large proportion of the annual rate of growth of loans to the private sector. Their annual rate of growth declined from 16.1% in November to 14.0% in December.

The annual rate of growth of net external assets fell from 2.6% in November to -0.9% in December. The annual rate of growth of longer-term financial liabilities decreased from -6.7% in November to -7.0% in December. The annual growth rate of deposits of central government fell from 26.9% to 16.2%.

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					
	December		October		November		December	
	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⁾	1,21	950,7	1,45	1104,5	1,43	1126,4	1,46	1192,4
(1.1) Overnight	0,55	582,4	0,91	677,8	0,89	687,3	0,91	688,2
(1.2) With agreed maturity	2,81	61,8	3,06	65,6	2,85	60,6	2,56	60,7
of which: Up to 2 years	2,82	60,8	3,06	65,0	2,85	60,2	2,56	59,2
(1.3) Redeemable at notice ³⁾	2,14	312,4	2,18	367,9	2,16	387,2	2,17	453,4
(1.3.1) Up to 3 months' notice	2,41	247,4	2,39	310,6	2,36	330,6	2,34	396,9
(1.3.2) Over 3 months' notice	1,09	65,0	1,06	57,3	1,02	56,6	1,03	56,5
(2) Deposits from non-financial corporation⁴⁾	1,77	562,6	2,12	587,8	1,76	589,8	1,36	638,8
(2.1) Overnight	1,06	373,5	0,99	293,1	0,87	302,6	0,62	304,8
(2.2) With agreed maturity	3,21	185,5	3,25	288,7	2,70	281,9	2,20	291,7
of which: Up to 2 years	3,21	185,4	3,25	288,7	2,70	281,9	2,20	291,6
(3) Loans to households²⁾	11,81	58,2	12,95	59,0	13,38	54,5	13,29	55,8
(3.1) Bank overdrafts ⁵⁾	16,97	28,6	17,23	31,9	17,32	31,5	17,37	32,5
(3.2) Consumer credit	12,94	5,2	13,68	7,3	13,79	6,3	13,36	5,4
(3.3) Lending for house purchase	5,27	19,1	5,53	16,4	5,54	14,0	5,59	14,2
of which: Mortgage lending	5,32	13,2	5,69	9,2	5,69	8,0	5,71	9,1
Saving for building purposes	4,82	4,3	5,06	5,3	5,06	4,6	5,08	4,3
(3.4) Other lending	6,42	5,3	6,96	3,5	7,34	2,8	6,89	3,6
(4) Loans to non-financial corporation	5,30	177,6	5,50	200,0	5,19	177,0	4,89	190,9
(4.1) Bank overdrafts ⁵⁾	5,45	100,2	5,68	124,3	5,29	120,0	4,95	106,4
(4.2) Other loans up to CZK 30 million	5,63	19,0	5,51	20,2	5,70	14,0	5,37	16,3
of which: Up to 1 year initial rate fixation ⁶⁾	5,65	16,2	5,52	18,6	5,72	12,7	5,35	14,1
(4.3) Other loans over to CZK 30 million	4,93	58,4	5,11	55,4	4,73	43,0	4,66	68,3
of which: Up to 1 year initial rate fixation ⁶⁾	4,90	55,5	5,10	52,7	4,66	41,3	4,65	67,2
(5) APRC⁷⁾ on loans to households	7,22	24,3	8,46	23,6	8,51	20,3	8,16	19,6
(5.1) Consumer credit	13,51	5,2	14,47	7,3	14,57	6,3	14,18	5,4
(5.2) Lending for house purchase	5,50	19,1	5,80	16,4	5,80	14,0	5,88	14,2

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.

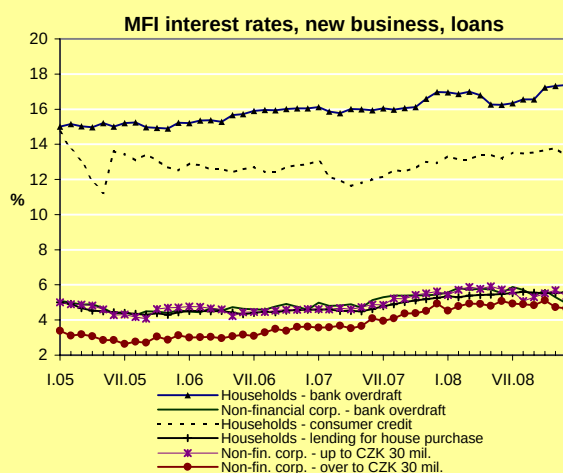
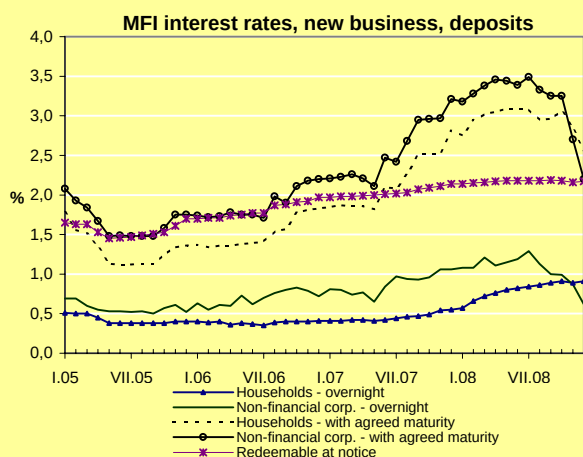


TABLE 11

Interest rates of monetary financial institutions on outstanding amounts¹⁾

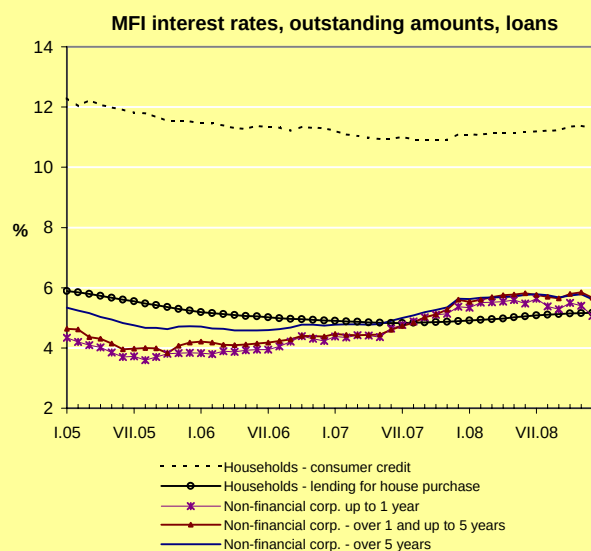
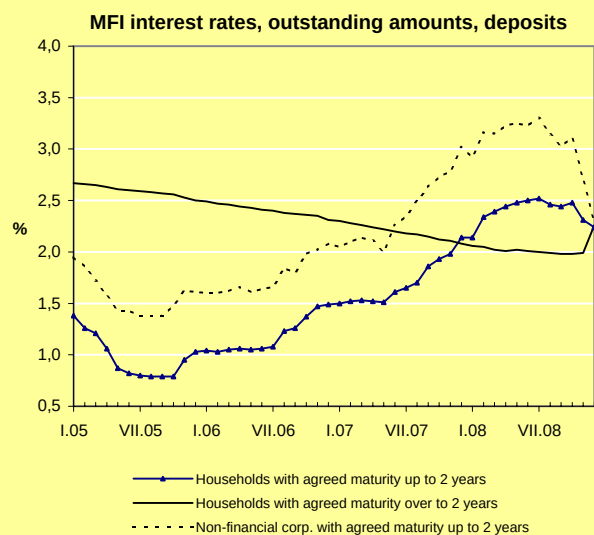
outstanding amounts as end-of-month	2007		2008		2008		2008	
	December		October		November		December	
	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)
(1) Deposits from households²⁾³⁾	1,41	1285,3	1,59	1392,1	1,56	1408,1	1,59	1433,4
(1.1) With agreed maturity	2,11	388,3	2,26	336,7	2,18	324,2	2,24	282,3
(1.1.1) Up to 2 years	2,14	194,4	2,48	190,6	2,31	191,5	2,24	191,0
(1.1.2) Over 2 years	2,08	193,9	1,98	146,0	1,99	132,7	2,26	91,4
(2) Deposits from non-financial corp.³⁾	1,67	546,8	1,81	483,8	1,58	494,1	1,21	527,4
(2.2) With agreed maturity	3,01	169,7	3,10	185,8	2,70	186,1	2,29	180,3
(2.2.1) Up to 2 years	3,02	166,4	3,11	182,0	2,71	183,3	2,29	177,5
(2.2.2) Over 2 years	2,62	3,3	2,78	3,8	2,09	2,8	1,99	2,8
(3) Loans to households	6,63	725,1	6,92	852,5	6,94	863,2	6,95	876,3
(3.1) Lending for house purchase	4,89	514,3	5,15	602,3	5,16	609,9	5,17	617,9
of which: Mortgage lending	4,78	337,7	5,17	392,6	5,19	396,9	5,21	400,9
Saving for building purposes	5,17	150,7	5,11	179,6	5,11	182,5	5,11	186,7
(3.2) Consumer credit and other lending ⁴⁾	11,10	210,8	11,35	250,2	11,37	253,3	11,31	258,4
(4) Loans to non-financial corporation	5,52	618,6	5,65	716,8	5,64	714,3	5,40	697,0
(4.1) Up to 1 year	5,37	260,1	5,50	311,3	5,40	302,5	5,06	277,8
(4.2) Over 1 and up to 5 years	5,60	132,6	5,79	141,8	5,85	143,6	5,67	142,7
(4.3) Over 5 years	5,63	226,0	5,74	263,6	5,78	268,1	5,61	276,5

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): December 2008

Interest rates on new business

Interest rates on **new deposits** of households grew slightly in December, whereas those of non-financial corporations saw a sizeable decrease.

The average interest rate on total new deposits of **households** increased only very slightly, to 1.46%. Similarly, the rate on overnight deposits grew slightly, by 0.02 percentage point to 0.91%. The rate on deposits with agreed maturity decreased more markedly, by 0.29 percentage point to 2.56%. The interest rate on deposits redeemable at notice was 2.17% and followed a trend of modest fluctuations around 2.18% observed since mid-2008.

The overall interest rate on new deposits of **non-financial corporations** again saw a sizable decrease, down by 0.40 percentage point to 1.36%. The rate on overnight deposits fell to 0.62% and that on deposits with agreed maturity of up to two years (which usually account for 100% of all deposits with agreed maturity in this sector) dropped to 2.20%.

The interest rate on **new loans** to households recorded a modest decline and the rate on new loans to non-financial corporations fell more significantly.

The overall interest rate on new loans to **households** decreased by 0.09 percentage point to 13.29%. The interest rate on bank overdrafts rose slightly, by 0.05 percentage point, i.e. to 17.37%. The rate on consumer credit was 0.43 percentage point lower, standing at 13.36%. The interest rate on loans for house purchase increased slightly, by 0.05 percentage point to 5.59%. The rate on other loans dropped by 0.45 percentage point to 6.89%.

The interest rate on loans to **non-financial corporations** declined by 0.30 percentage point, to 4.89%. The rate on bank overdrafts fell as well, down by 0.34 percentage point to 4.95%, and the rate on other loans of up to CZK 30 million recorded a decline of 0.33 percentage point to 5.37%. Less significant decline was registered for other loans of over CZK 30 million, down by 0.07 percentage point to 4.66%.

The overall annual percentage rate of charge on loans to households fell by 0.35 percentage point to 8.16%, as a result of a fall in the APRC on consumer credit (of 0.39 percentage point) to 14.18%. By contrast, the APRC on loans for house purchase saw a more moderate increase, up by 0.08 percentage point to 5.88%.

Interest rates on outstanding amounts

The average interest rate on **outstanding amounts of deposits** of households rose slightly, while that of non-financial corporations dropped more markedly.

The interest rate on total deposits of **households** reached the October level, standing at 1.59%. The rate on deposits redeemable at notice remained almost unchanged at the November level (2.17%). The interest rate on deposits with agreed maturity rose slightly, by 0.06 percentage point to 2.24%, and the rate on overnight deposits also saw a modest increase (of 0.02 percentage point) to 0.91%.

The interest rate on total deposits of **non-financial corporations** fell more markedly, by 0.37 percentage point to 1.21%, while that on overnight deposits declined by 0.25 percentage point to 0.62%. The overall interest rate on deposits with agreed maturity recorded a sizeable decline of 0.41 percentage point to 2.29%.

The average interest rate on **outstanding amounts of loans** to households was almost the same as in the previous month, while in the case of non-financial corporations it recorded a more pronounced decrease.

The overall interest rate on loans to **households** showed a very slight growth to 6.95%. The rate on loans for house purchase was almost the same as in November, standing at 5.17%. The interest rate on consumer credit and other loans fell slightly, to 11.31%.

The average interest rate on outstanding amounts of loans to **non-financial corporations** declined to 5.40%. The rate on loans of up to one year dropped to 5.06%, the rate on loans with maturity of over one year and up to five years fell as well (to 5.67%), as did the rate on loans with maturity of over five years (to 5.61%).

TABLE 12

Quarterly aggregated balance sheet of investment funds ¹⁾

CZK billions; end of period	2007		2008		
	September	December	March	June	September
ASSETS					
Total	105,4	113,6	104,8	103,6	100,1
(1.1) Deposits	18,2	17,7	14,3	11,0	12,0
(1.2) Securities other than shares	35,9	41,5	41,4	43,6	44,0
MFI	1,0	1,0	1,0	0,9	1,2
General government	16,3	15,3	15,4	17,6	16,3
Other residents	4,7	4,5	4,6	4,2	4,7
Non-residents	13,9	20,7	20,5	20,9	21,8
Up to 1 year	1,1	1,2	1,1	0,9	0,7
Over 1 year	34,8	40,3	40,3	42,7	43,3
(1.3) Shares and other equity	27,7	29,6	24,6	24,2	20,2
MFI	0,3	0,4	0,2	0,5	0,0
Other residents	4,0	5,5	5,0	5,1	4,7
Non-residents	23,4	23,7	19,3	18,6	15,5
(1.4) Investment fund shares	19,8	22,3	20,7	20,5	19,9
Residents	5,1	5,9	5,7	5,6	5,1
Non-residents	14,7	16,4	15,1	14,9	14,8
(1.5) Other assets	3,8	2,6	3,9	4,3	4,0
LIABILITIES					
Total	105,4	113,6	104,8	103,6	100,1
(2.1) Loans accepted	0,1	0,9	0,1	0,1	0,2
(2.2) Investment fund shares	102,5	110,3	103,0	101,5	97,6
Residents	102,0	109,7	102,4	100,8	96,9
Non-residents	0,6	0,6	0,6	0,7	0,7
(2.4) Other liabilities	2,8	2,4	1,8	2,1	2,3

BALANCE SHEET TOTAL - BREAKDOWN BY INVESTMENT POLICY

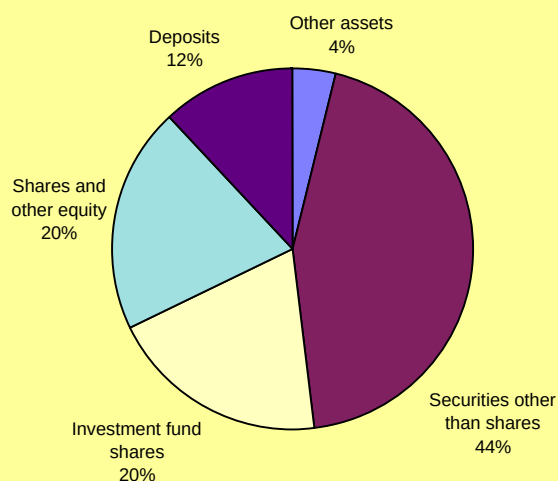
TOTAL	105,4	113,6	104,8	103,6	100,1
Equity funds	16,0	16,8	14,0	13,8	11,4
Bond Funds	23,0	20,9	18,3	17,1	16,3
Mixed Funds	33,6	33,6	31,3	30,6	28,7
Funds of funds	21,2	24,5	23,0	22,9	22,3
Other funds ²⁾	11,6	17,9	18,3	19,0	21,3

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

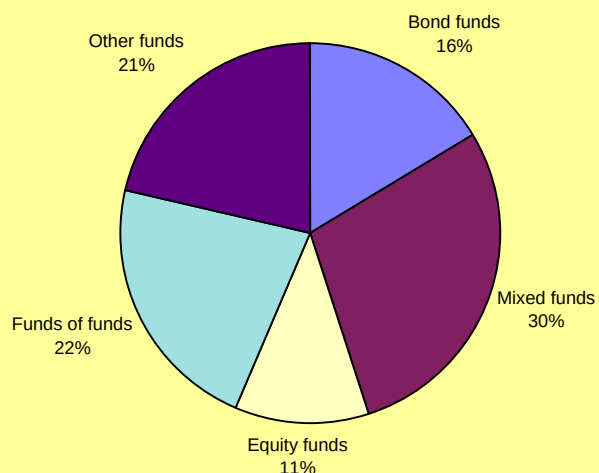


TABLE 13
Quarterly aggregated balance sheet of financial corporations engaged in lending ¹⁾

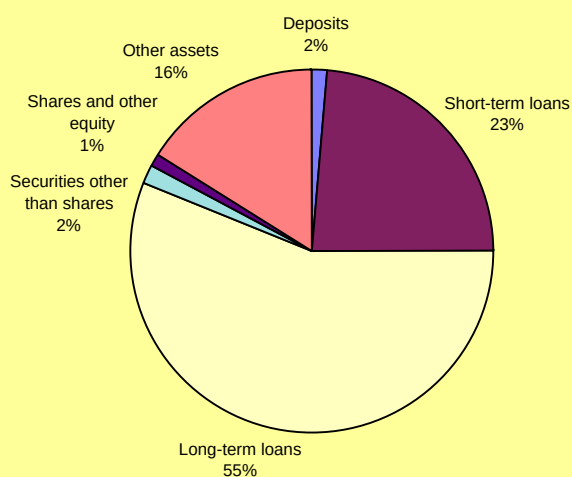
CZK billions; end of period	2007		2008		
	September	December	March	June	September
Assets					
Total	382,7	412,2	407,0	418,3	428,3
(1.1) Deposits	5,3	8,9	7,1	6,3	6,4
(1.2) Loans provided	307,1	330,8	321,1	332,1	341,0
Residents	301,4	325,4	315,8	326,9	336,7
Up to 1 year	90,6	95,3	93,7	96,7	98,8
Over 1 year	210,8	230,1	222,1	230,2	237,9
Non-residents	5,7	5,4	5,3	5,2	4,3
(1.3) Securities other than shares	1,6	4,4	7,7	7,5	7,2
Up to 1 year	0,3	1,6	4,6	5,5	5,3
Over 1 year	1,4	2,8	3,0	2,0	1,9
(1.4) Shares and equity	5,1	4,8	5,0	4,9	4,9
Mutual fund shares/units (including MMFs)	0,0	0,0	0,0	0,0	0,0
Other shares and equity	5,1	4,8	5,0	4,9	4,9
(1.5) Other assets	63,6	63,4	66,2	67,5	68,7
LIABILITIES					
Total	382,7	412,2	407,0	418,3	428,3
(2.1) Loans taken	233,1	260,7	258,7	267,8	270,5
Residents	174,2	189,8	184,5	193,2	193,3
Non-residents	58,9	71,0	74,2	74,6	77,2
(2.2) Securities other than shares issued	23,1	34,6	28,6	29,0	29,0
Up to 1 year	10,3	19,9	10,8	11,3	11,3
Over 1 year	12,8	14,7	17,7	17,7	17,7
(2.3) Own funds	75,7	79,1	82,9	85,9	86,9
(2.5) Other liabilities	50,9	37,8	36,9	35,6	41,8

BALANCE SHEET TOTAL BREAKDOWN BY TYPE OF INTERMEDIARIES

TOTAL	382,7	412,2	407,0	418,3	428,3
Financial leasing companies	263,9	284,7	279,5	286,8	292,4
Other lending companies	94,5	101,5	101,5	104,4	108,9
Factoring and forfaiting companies	24,4	26,0	26,0	27,0	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

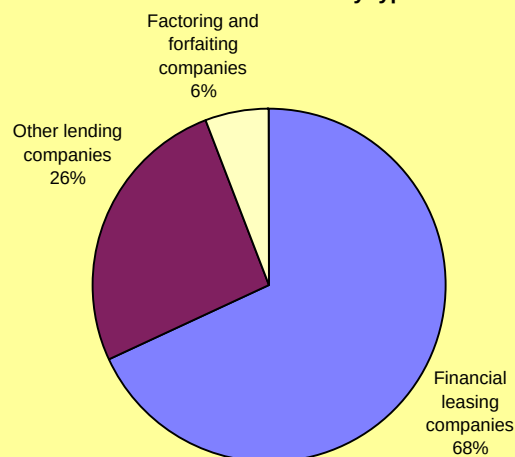


TABLE 14

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

CZK billions; end of period	2007		2008		
	September	December	March	June	September
LOANS					
(1) Non-financial corporations	167,1	173,6	175,3	179,4	188,5
Up to 1 year	51,3	53,1	51,5	52,7	54,6
Over 1 year up to 5 years	101,4	106,0	107,4	109,6	114,3
Over 5 years	14,4	14,5	16,4	17,0	19,7
(2) Financial corporations	0,9	1,3	1,0	0,9	1,3
Up to 1 year	0,4	0,7	0,4	0,4	0,3
Over 1 year up to 5 years	0,4	0,5	0,5	0,4	0,9
Over 5 years	0,1	0,1	0,1	0,1	0,1
(3) Government	1,2	1,3	1,0	0,9	1,0
Up to 1 year	0,5	0,5	0,4	0,4	0,4
Over 1 year up to 5 years	0,6	0,7	0,6	0,5	0,5
Over 5 years	0,0	0,0	0,0	0,0	0,0
(4) Households	132,0	149,1	138,3	145,4	145,8
Up to 1 year	38,4	40,8	41,2	43,0	43,4
Over 1 year up to 5 years	83,7	97,1	85,1	88,7	87,8
Over 5 years	9,9	11,2	12,0	13,8	14,6
(5) NPISHs	0,2	0,2	0,2	0,2	0,1
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	132,0	149,1	138,3	145,4	145,8
(1.1) Consumer credit	114,9	128,5	120,4	126,8	128,4
Up to 1 year	37,4	39,8	40,2	41,9	42,3
Over 1 year up to 5 years	68,5	78,5	69,4	72,7	72,9
Over 5 years	9,0	10,2	10,7	12,2	13,2
(1.2) Lending for house purchase	1,0	1,1	1,2	1,3	1,4
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	0,4	0,4
Over 5 years	0,5	0,6	0,7	0,9	1,0
(1.3) Other loans	16,1	19,4	16,6	17,3	16,0
Up to 1 year	1,0	1,0	1,0	1,1	1,1
Over 1 year up to 5 years	14,7	18,1	15,2	15,5	14,4
Over 5 years	0,4	0,3	0,5	0,7	0,4

BREAKDOWN OF SELECTED LOANS BY TYPE OF INTERMEDIARIES

TOTAL	301,4	325,4	315,8	326,9	336,7
Financial leasing companies	209,3	227,5	218,1	224,8	231,2
Other lending companies	71,2	75,9	77,3	80,5	84,0
Factoring and forfaiting companies	20,9	22,0	20,4	21,6	21,5
of which Non-financial corporations	167,1	173,6	175,3	179,4	188,5
Financial leasing companies	141,9	147,0	149,7	153,1	162,0
Other lending companies	4,2	4,7	5,2	4,7	5,1
Factoring and forfaiting companies	20,9	22,0	20,4	21,6	21,5
of which Households	132,0	149,1	138,3	145,4	145,8
Financial leasing companies	65,7	78,8	66,9	70,4	67,9
Other lending companies	66,3	70,2	71,4	75,1	77,9
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): September 2008

At the end of Q3, collective investment funds (CIFs) administered assets worth CZK 97.6 billion. This means that the value of administered assets continued declining in Q3. The value of assets in these funds decreased by CZK 3.9 billion compared to the previous quarter, which represents a decline of 3.85 %. Compared to the same period in 2007, the value of assets administered by funds also fell by CZK 5.1 billion, i.e. a decline of 4.95 %.

In Q3, the largest decline was recorded by equity funds, whose assets fell from CZK 13.1 billion to CZK 10.9 billion, which represents a quarter-on-quarter decline of 16.54 %. Decline was recorded also by funds of funds (from CZK 23 billion to CZK 21.8 billion), mixed funds (from CZK 30.2 billion to CZK 28.4 billion) and bond funds (from CZK 16.7 billion to CZK 15.9 billion). Conversely, rise was recorded by other funds (from CZK 18.6 billion to CZK 20.6 billion).

Collective investment funds invested most in bond securities. At the end of Q3, the total volume of purchased debt securities was CZK 44 billion, accounting for 45.09% of CIF net asset value (NAV). Compared to the previous quarter, the share of debt securities in NAV increased by 2.09 percentage points. In year-on-year terms, the share of purchased debt securities in NAV increased by 10.05 percentage points. Conversely, funds decreased the share of equity securities in their portfolios. In quarter-on-quarter terms, equity assets fell by CZK 4.5 billion, which represents a decline of 10.06 %.

At the end of Q3, 128 resident investment collective funds were active in the Czech Republic, of which 17 were equity funds, 13 bond funds, 35 mixed funds, 31 funds of funds, 29 funds of qualified investors and 3 real estate funds.

Commentary on the quarterly aggregated balance sheet of financial corporations engaged in lending¹⁾ (Tables 13 and 14): September 2008

As of 30 September 2008, total assets of financial corporations engaged in lending was CZK 428.3 billion. Compared to the previous quarter, the total assets rose by CZK 10 billion, which represents a quarterly rise of 2.4%. In year-on-year terms, this meant a rise of CZK 45.6 billion, i.e. 11.92%. This rise was attributable most to corporations engaged in financial leasing, which also account for the largest share of total assets, i.e. CZK 292.4 billion. Other lending companies contributed CZK 108.9 billion to the overall assets and companies engaged in factoring and forfeiting contributed CZK 27 billion.

The largest asset item was loans, which amounted to CZK 341 billion. The loans recorded an increase of CZK 8.9 billion in the third quarter, i.e. of 2.68 % compared to the previous period. In year-on-year terms, the loans rose by CZK 33.9 billion, representing a year-on-year increase of 11.04 %. Most of these loans, i.e. 98.74% of loans was provided to residents. Short-term loans stood at CZK 100.9 billion at the end of the third quarter. Short-term loans thus accounted for 23.56% of total assets. Long-term loans amounted to CZK 240.1 billion, i.e. 56.06% of total assets.

The largest part of the loans provided to residents consisted of loans to non-financial corporations, which amounted to CZK 188.5 billion, i.e. 55.98% of loans to residents. Loans provided to non-financial corporations rose by CZK 9.1 billion compared to the previous quarter i.e. an increase of 5.07 %. In year-on-year terms, loans provided to non-financial corporations increased by CZK 21.4 billion, i.e. 12.81 %. CZK 162 billion was provided by financial leasing corporations, CZK 5.1 billion by other lending companies and CZK 21.5 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 114.3 billion.

The second largest group of the loans provided to residents consist of loans to households amounting to CZK 145.8 billion, which rose by CZK 0.4 billion compared to the previous quarter. This represents a quarter-on-quarter increase of 0.28 %. The largest part of loans to households, CZK 128.4 billion was provided for consumption, which represents 88.07% of total loans provided to households. In year-on-year terms, loans provided to households increased by CZK 13.8 billion, i.e. 10.45%. These loans account for 43.3% of the loans granted to residents. Financial leasing companies provided CZK 67.9 billion and other lending companies CZK 77.9 billion. Loans with original maturities of one to five years amounted to CZK 87.8 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 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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