

# Monetary Statistics

February  
2010

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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 time series system - [www.cnb.cz/en/statistics/](http://www.cnb.cz/en/statistics/) (Time series database ARAD >> Money and financial 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

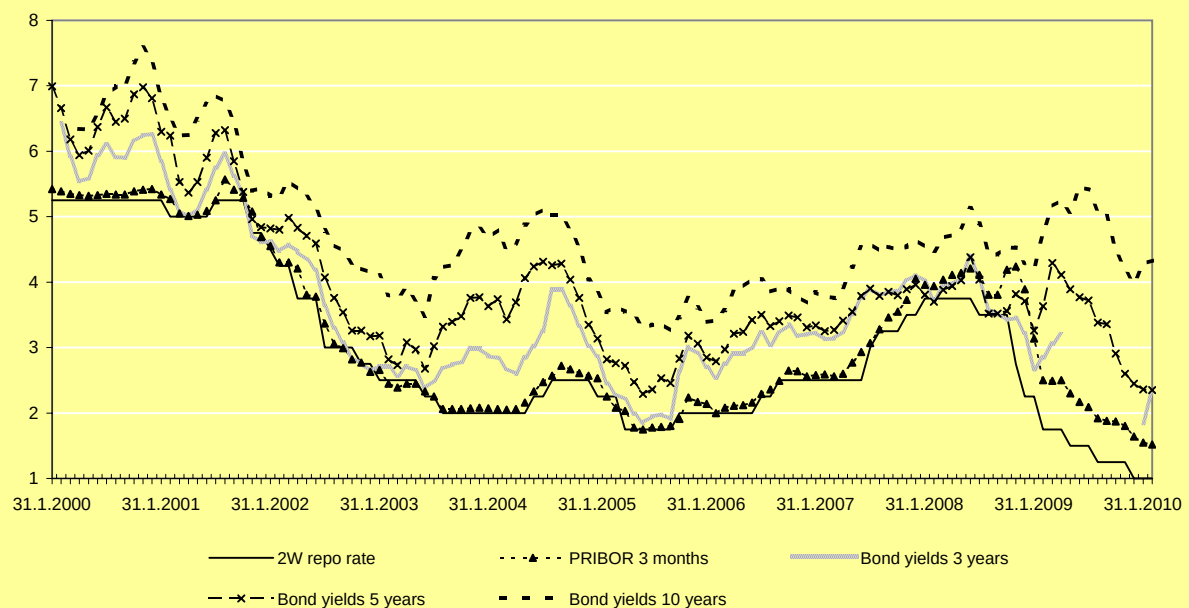
|                           | CNB                            |                                  |                                     | ECB                            |
|---------------------------|--------------------------------|----------------------------------|-------------------------------------|--------------------------------|
|                           | from<br>11 May 2009<br>onwards | from<br>7 August 2009<br>onwards | from<br>17 December 2009<br>onwards | from<br>13 May 2009<br>onwards |
| 2W repo rate              | 1,50                           | 1,25                             | 1,00                                | 1,00                           |
| Deposit facility          | 0,50                           | 0,25                             | 0,25                                | 0,25                           |
| Marginal lending facility | 2,50                           | 2,25                             | 2,00                                | 1,75                           |

TABLE 2

## Financial markets interest rates

| monthly average       | 2009     |           |          |           | 2010    |           |          |           |
|-----------------------|----------|-----------|----------|-----------|---------|-----------|----------|-----------|
|                       | February |           | December |           | January |           | February |           |
|                       | CR       | Euro area | CR       | Euro area | CR      | Euro area | CR       | Euro area |
| <b>Money market</b>   |          |           |          |           |         |           |          |           |
| CZEONIA/ EONIA        |          |           |          |           |         |           |          |           |
| overnight             | 1,76     | 1,26      | 0,89     | 0,35      | 0,95    | 0,34      | 0,94     | 0,34      |
| PRIBOR/ EURIBOR       |          |           |          |           |         |           |          |           |
| 1 month               | 2,31     | 1,63      | 1,44     | 0,48      | 1,26    | 0,44      | 1,25     | 0,42      |
| 3 months              | 2,50     | 1,94      | 1,64     | 0,71      | 1,55    | 0,68      | 1,52     | 0,66      |
| 6 months              | 2,63     | 2,03      | 1,90     | 1,00      | 1,80    | 0,98      | 1,75     | 0,96      |
| 1 year                | 2,79     | 2,14      | 2,20     | 1,24      | 2,10    | 1,23      | 2,03     | 1,23      |
| <b>Capital market</b> |          |           |          |           |         |           |          |           |
| Bond yields           |          |           |          |           |         |           |          |           |
| 3 years               | 2,85     | 2,32      | -        | 1,84      | 1,84    | 2,01      | 2,35     | 2,02      |
| 5 years               | 3,63     | 3,00      | 2,45     | 2,65      | 2,36    | 2,72      | 2,35     | 2,74      |
| 10 years (Maastricht) | 4,74     | 4,20      | 3,98     | 3,88      | 4,28    | 4,10      | 4,33     | 4,11      |

## Financial markets interest rates in CR



## **Commentary on key interest rates (Table 1) and financial market interest rates (Table 2): February 2010**

### **Key interest rates**

The CNB's 2W repo rate has been re-set at 1.00% since 17 December 2009. Therefore the CNB's key interest rate is on the same level as the ECB's key rate from this moment.

### **Financial market interest rates**

In February, interest rates on the Czech interbank deposit market decreased, the most distinctive change was reached by the 1Y PRIBOR (the decrease by 0.07 pp). The interest rates on the euro area interbank deposit market recorded the correction of January figures. The 3M PRIBOR reached 1.52% (1.55% in January) and the 3M EURIBOR stood at 0.66% (0.68% in January).

Bond yields on the Czech capital market recorded a month-on-month increase in February on the 3Y bond by 0.51 pp. In the euro area the all monitored yields recorded the correction of January figures. The yield on the the 10Y bond in the Czech Republic was 4.33% (4.28% in January), while the yield on the 10-year bond in the euro area reached 4.11% (4.10% in January).

TABLE 3

## Key monetary indicators

| CZK billions, unless<br>otherwise indicated | 2009                   |                                 |                                  |                        |                                 |                                  | 2010                   |                                 |                                  |                        |                                 |                                  |
|---------------------------------------------|------------------------|---------------------------------|----------------------------------|------------------------|---------------------------------|----------------------------------|------------------------|---------------------------------|----------------------------------|------------------------|---------------------------------|----------------------------------|
|                                             | February               |                                 |                                  | December               |                                 |                                  | January                |                                 |                                  | February               |                                 |                                  |
|                                             | Outstanding<br>amounts | Transa-<br>ctions <sup>4)</sup> | Annual<br>growth<br>rates<br>[%] | Outstanding<br>amounts | Transa-<br>ctions <sup>4)</sup> | Annual<br>growth<br>rates<br>[%] | Outstanding<br>amounts | Transa-<br>ctions <sup>4)</sup> | Annual<br>growth<br>rates<br>[%] | Outstanding<br>amounts | Transa-<br>ctions <sup>4)</sup> | Annual<br>growth<br>rates<br>[%] |
| M1                                          | 1 686,5                | 19,5                            | 9,4                              | 1 771,8                | -12,5                           | 6,1                              | 1 765,0                | -6,3                            | 6,7                              | 1 775,6                | 11,3                            | 6,1                              |
| M3 <sup>1)</sup>                            | 2 729,7                | 12,4                            | 11,7                             | 2 709,1                | 39,9                            | 0,4                              | 2 671,6                | -36,9                           | -0,9                             | 2 666,7                | -3,8                            | -1,5                             |
| Loans to private sector <sup>2)</sup>       | 1 898,4                | -1,5                            | 14,0                             | 1 905,1                | -10,3                           | 1,5                              | 1 903,7                | 0,0                             | 1,4                              | 1 896,7                | -4,5                            | 1,2                              |
| Net foreign assets <sup>3)</sup>            | 1 048,8                | 1,7                             | -4,3                             | 1 003,8                | 2,1                             | 1,2                              | 1 015,6                | 9,1                             | 1,6                              | 1 023,6                | 6,6                             | 2,1                              |

<sup>1)</sup> 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.

<sup>2)</sup> Including all sectors without general government (S.13) and MFIs sector (S.121 and S. 122).

<sup>3)</sup> Net foreign assets (NFA) represent balance of financial claims and liabilities of the MFI sector vis-a-vis nonresidents

<sup>4)</sup> 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

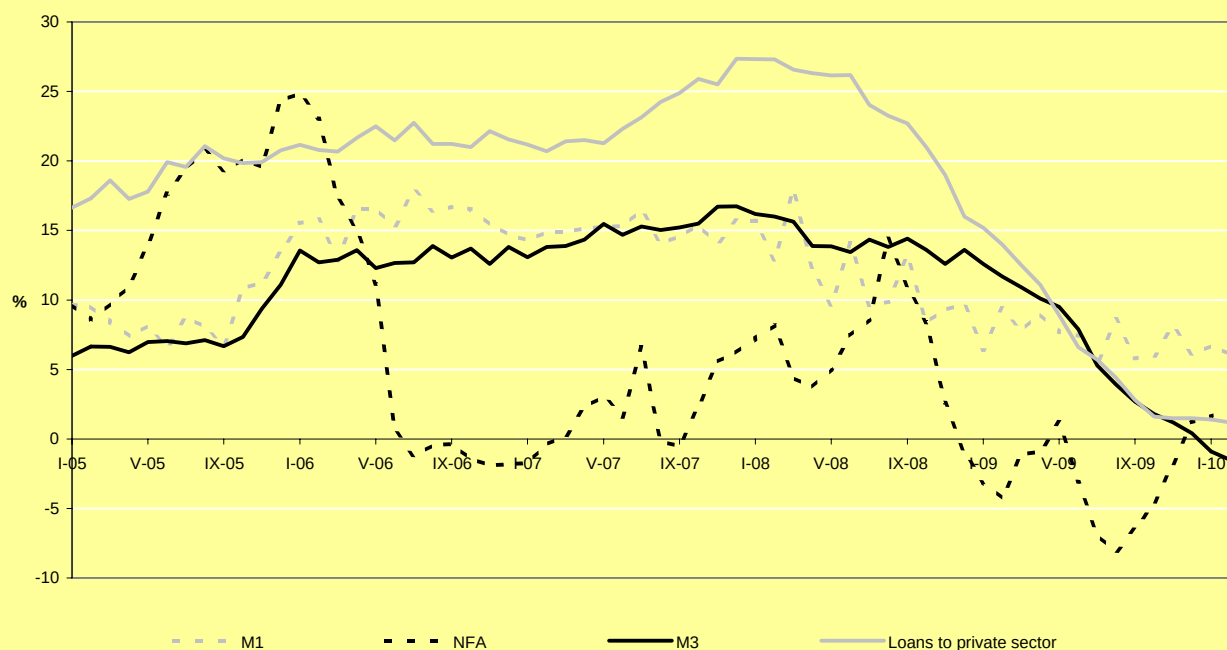


TABLE 4

## Monetary aggregates and counterparts

| CZK billions, unless otherwise indicated                                      | 2009                        |                                 |                                  |                             |                                 |                                  | 2010                        |                                 |                                  |                             |                                 |                                  |
|-------------------------------------------------------------------------------|-----------------------------|---------------------------------|----------------------------------|-----------------------------|---------------------------------|----------------------------------|-----------------------------|---------------------------------|----------------------------------|-----------------------------|---------------------------------|----------------------------------|
|                                                                               | February                    |                                 |                                  | December                    |                                 |                                  | January                     |                                 |                                  | February                    |                                 |                                  |
|                                                                               | Out-<br>standing<br>amounts | Transa-<br>ctions <sup>1)</sup> | Annual<br>growth<br>rates<br>[%] | Out-<br>standing<br>amounts | Transa-<br>ctions <sup>1)</sup> | Annual<br>growth<br>rates<br>[%] | Out-<br>standing<br>amounts | Transa-<br>ctions <sup>1)</sup> | Annual<br>growth<br>rates<br>[%] | Out-<br>standing<br>amounts | Transa-<br>ctions <sup>1)</sup> | Annual<br>growth<br>rates<br>[%] |
| <b>COMPONENTS OF M3</b>                                                       |                             |                                 |                                  |                             |                                 |                                  |                             |                                 |                                  |                             |                                 |                                  |
| (1) <b>M3</b> (items 1.3, 1.6 and 1.11)                                       | 2 729,7                     | 12,4                            | 11,7                             | 2 709,1                     | 39,9                            | 0,4                              | 2 671,6                     | -36,9                           | -0,9                             | 2 666,7                     | -3,8                            | -1,5                             |
| (1.1) Currency in circulation                                                 | 363,7                       | 0,9                             | 12,4                             | 353,6                       | -0,7                            | -3,3                             | 353,6                       | 0,1                             | -2,5                             | 354,2                       | 0,6                             | -2,6                             |
| (1.2) Overnight deposits                                                      | 1 322,7                     | 18,6                            | 8,5                              | 1 418,3                     | -11,8                           | 8,7                              | 1 411,4                     | -6,4                            | 9,3                              | 1 421,4                     | 10,7                            | 8,6                              |
| (1.3) <b>M1</b> (items 1.1 and 1.2)                                           | 1 686,5                     | 19,5                            | 9,4                              | 1 771,8                     | -12,5                           | 6,1                              | 1 765,0                     | -6,3                            | 6,7                              | 1 775,6                     | 11,3                            | 6,1                              |
| (1.4) Deposits with agreed maturity up to 2 years                             | 565,6                       | -13,5                           | 1,2                              | 482,0                       | 38,8                            | -13,1                            | 455,1                       | -26,7                           | -20,2                            | 447,4                       | -7,4                            | -19,7                            |
| (1.5) Deposits redeemable at notice up to 3 months                            | 408,2                       | 5,1                             | 57,2                             | 395,6                       | 11,8                            | -1,6                             | 392,9                       | -2,7                            | -2,5                             | 381,7                       | -11,2                           | -6,4                             |
| (1.6) Other short term deposits (items 1.4 and 1.5)                           | 973,8                       | -8,4                            | 19,2                             | 877,6                       | 50,6                            | -8,3                             | 848,1                       | -29,3                           | -12,9                            | 829,0                       | -18,7                           | -14,1                            |
| (1.7) <b>M2</b> (items 1.3 and 1.6)                                           | 2 660,3                     | 11,1                            | 12,7                             | 2 649,5                     | 38,1                            | 0,8                              | 2 613,1                     | -35,7                           | -0,6                             | 2 604,6                     | -7,4                            | -1,3                             |
| (1.8) Repurchase agreements <sup>2)</sup>                                     | 26,8                        | 2,9                             | -                                | 14,4                        | 0,7                             | -                                | 13,5                        | -0,8                            | -                                | 16,7                        | 3,1                             | -                                |
| (1.9) Money market fund shares/units <sup>2)</sup>                            | 41,9                        | -1,5                            | -                                | 43,6                        | 0,9                             | -                                | 43,1                        | -0,5                            | -                                | 43,4                        | 0,3                             | -                                |
| (1.10) Debt securities issued with maturity up to 2 years <sup>2)</sup>       | 0,7                         | 0,0                             | -                                | 1,7                         | 0,1                             | -                                | 1,8                         | 0,1                             | -                                | 2,0                         | 0,2                             | -                                |
| (1.11) Marketable instruments (items 1.8,1.9 and 1.10)                        | 69,4                        | 1,3                             | -21,3                            | 59,7                        | 1,8                             | -14,8                            | 58,4                        | -1,3                            | -14,7                            | 62,1                        | 3,7                             | -11,0                            |
| <b>COUNTERPARTS OF M3</b>                                                     |                             |                                 |                                  |                             |                                 |                                  |                             |                                 |                                  |                             |                                 |                                  |
| <b>MFI liabilities</b>                                                        |                             |                                 |                                  |                             |                                 |                                  |                             |                                 |                                  |                             |                                 |                                  |
| (2) Holdings deposits against central government                              | 277,8                       | -17,4                           | 21,3                             | 273,2                       | -32,3                           | -9,6                             | 280,3                       | 7,6                             | -4,0                             | 253,8                       | -25,9                           | -7,4                             |
| (3) Longer-term financial deposits against other residents (items 3.1 to 3.4) | 539,9                       | 10,4                            | -14,9                            | 613,3                       | 33,4                            | 35,3                             | 632,6                       | 18,2                            | 36,6                             | 658,7                       | 24,7                            | 39,2                             |
| (3.1) Deposits with agreed maturity over 2 years                              | 104,5                       | 4,5                             | -46,2                            | 142,6                       | 8,8                             | 46,1                             | 148,7                       | 6,1                             | 48,8                             | 164,3                       | 15,6                            | 57,5                             |
| (3.2) Deposits redeemable at notice over 3 months                             | 60,8                        | -1,6                            | -5,1                             | 89,3                        | 1,5                             | 55,7                             | 96,3                        | 7,0                             | 54,4                             | 103,0                       | 6,7                             | 69,7                             |
| (3.3) Debt securities issued with maturity over 2 years                       | 74,6                        | -5,6                            | -17,5                            | 88,0                        | -2,2                            | 3,5                              | 90,3                        | 1,6                             | 8,9                              | 90,6                        | 1,0                             | 18,5                             |
| (3.4) Capital and reserves                                                    | 300,1                       | 13,2                            | 18,4                             | 293,4                       | 25,3                            | 37,1                             | 297,3                       | 3,6                             | 35,7                             | 300,8                       | 1,4                             | 30,3                             |
| <b>MFI assets</b>                                                             |                             |                                 |                                  |                             |                                 |                                  |                             |                                 |                                  |                             |                                 |                                  |
| (4) Credit to residents (items 4.1 and 4.2)                                   | 2 448,0                     | -6,7                            | 13,7                             | 2 536,5                     | -9,9                            | 4,4                              | 2 528,9                     | -5,1                            | 4,0                              | 2 526,0                     | -1,2                            | 4,2                              |
| (4.1) Credit to general government                                            | 493,7                       | -4,6                            | 15,5                             | 581,9                       | -1,2                            | 15,8                             | 575,8                       | -4,7                            | 14,1                             | 580,2                       | 3,6                             | 15,8                             |
| of which: Loans                                                               | 54,6                        | -0,3                            | -1,5                             | 67,7                        | 4,5                             | 21,7                             | 66,2                        | -1,5                            | 18,5                             | 66,6                        | 0,5                             | 19,9                             |
| Securities other than shares                                                  | 439,1                       | -4,3                            | 18,0                             | 514,2                       | -5,7                            | 15,1                             | 509,6                       | -3,2                            | 13,5                             | 513,6                       | 3,1                             | 15,3                             |
| (4.2) Credit to private sector                                                | 1 954,3                     | -2,1                            | 13,2                             | 1 954,6                     | -8,7                            | 1,4                              | 1 953,1                     | -0,4                            | 1,4                              | 1 945,8                     | -4,8                            | 1,2                              |
| of which: Loans                                                               | 1 898,4                     | -1,5                            | 14,0                             | 1 905,1                     | -10,3                           | 1,5                              | 1 903,7                     | 0,0                             | 1,4                              | 1 896,7                     | -4,5                            | 1,2                              |
| Securities other than shares                                                  | 14,7                        | -0,5                            | -28,6                            | 13,4                        | 1,6                             | -11,3                            | 13,2                        | -0,3                            | -9,6                             | 13,0                        | -0,2                            | -7,9                             |
| Shares and other equities                                                     | 41,1                        | -0,1                            | 1,2                              | 36,2                        | 0,0                             | 5,3                              | 36,2                        | -0,1                            | 4,6                              | 36,2                        | -0,1                            | 4,6                              |
| (5) Net foreign assets                                                        | 1 048,8                     | 1,7                             | -4,3                             | 1 003,8                     | 2,1                             | 1,2                              | 1 015,6                     | 9,1                             | 1,6                              | 1 023,6                     | 6,6                             | 2,1                              |
| (6) Other counterparts of M3 (residual) (=M3+items 2,3 - items 4,5)           | 50,7                        | 10,4                            | 16,9                             | 55,3                        | 48,8                            | 110,9                            | 39,9                        | -15,1                           | 81,5                             | 29,6                        | -10,3                           | 7,0                              |

<sup>1)</sup> Net value of flow data calculated by adjusting the difference between end-of-period levels for the effect of non-transactions-related factors.

<sup>2)</sup> Given the significant variability of the underlying values, annual growth rates are not calculated

TABLE 5

Sector breakdown of components of M3<sup>1)</sup>

| CZK billions                                         | 2009                 |                             |                      |                             | 2010                 |                             |                      |                             |
|------------------------------------------------------|----------------------|-----------------------------|----------------------|-----------------------------|----------------------|-----------------------------|----------------------|-----------------------------|
|                                                      | February             |                             | December             |                             | January              |                             | February             |                             |
|                                                      | Out-standing amounts | Transa-ctions <sup>2)</sup> | Out-standing amounts | Transa-ctions <sup>2)</sup> | Out-standing amounts | Transa-ctions <sup>2)</sup> | Out-standing amounts | Transa-ctions <sup>2)</sup> |
| <b>(1) Overnight deposits</b>                        | 1 322,7              | 18,6                        | 1 418,3              | -11,8                       | 1 411,4              | -6,4                        | 1 421,4              | 10,7                        |
| (1.1) Other general government                       | 154,8                | 6,5                         | 109,6                | -18,8                       | 129,9                | 20,4                        | 128,1                | -1,8                        |
| (1.2) Other financial intermediaries <sup>3)</sup>   | 24,5                 | -2,8                        | 27,0                 | -2,4                        | 28,8                 | 1,8                         | 26,8                 | -2,0                        |
| (1.3) Insurance corporations and pension funds       | 10,9                 | -1,5                        | 6,8                  | -19,4                       | 10,5                 | 3,7                         | 8,2                  | -2,3                        |
| (1.4) Non-financial corporations                     | 387,9                | 0,1                         | 470,7                | 25,7                        | 419,3                | -50,9                       | 425,3                | 6,6                         |
| (1.5) Households <sup>4)</sup>                       | 744,6                | 16,2                        | 804,2                | 3,1                         | 822,9                | 18,6                        | 833,0                | 10,2                        |
| <b>(2) M2 - M1 (other short- term deposits)</b>      | 973,8                | -8,4                        | 877,6                | 50,6                        | 848,1                | -29,3                       | 829,0                | -18,7                       |
| (2.1) Other general government                       | 44,2                 | 2,9                         | 31,0                 | -4,9                        | 33,1                 | 2,2                         | 33,2                 | 0,2                         |
| (2.2) Other financial intermediaries <sup>3)</sup>   | 24,8                 | -0,9                        | 19,8                 | 1,6                         | 19,1                 | -0,6                        | 19,4                 | 0,2                         |
| (2.3) Insurance corporations and pension funds       | 41,2                 | -0,6                        | 38,5                 | 10,5                        | 32,1                 | -6,4                        | 34,7                 | 2,6                         |
| (2.4) Non-financial corporations                     | 226,0                | -11,7                       | 201,8                | 33,2                        | 190,0                | -11,7                       | 189,3                | -0,6                        |
| (2.5) Households <sup>4)</sup>                       | 637,6                | 2,0                         | 586,6                | 10,2                        | 573,7                | -12,8                       | 552,5                | -21,1                       |
| <b>(3) Repurchase agreements (a part of M3 - M2)</b> | 26,8                 | 2,9                         | 14,4                 | 0,7                         | 13,5                 | -0,8                        | 16,7                 | 3,1                         |
| (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 <sup>3)</sup>   | 2,2                  | 1,2                         | 0,8                  | 0,4                         | 0,7                  | -0,1                        | 3,3                  | 2,6                         |
| (3.3) Insurance corporations and pension funds       | 9,5                  | 3,6                         | 10,2                 | 0,9                         | 10,2                 | 0,0                         | 11,2                 | 1,0                         |
| (3.4) Non-financial corporations                     | 0,0                  | 0,0                         | 0,1                  | -0,1                        | 0,4                  | 0,3                         | 0,0                  | -0,4                        |
| (3.5) Households <sup>4)</sup>                       | 15,1                 | -1,9                        | 3,3                  | -0,5                        | 2,2                  | -1,1                        | 2,2                  | 0,0                         |

TABLE 6

## Loans to private sector

| CZK billions                                                    | 2009                 |                             |                      |                             | 2010                 |                             |                      |                             |
|-----------------------------------------------------------------|----------------------|-----------------------------|----------------------|-----------------------------|----------------------|-----------------------------|----------------------|-----------------------------|
|                                                                 | February             |                             | December             |                             | January              |                             | February             |                             |
|                                                                 | Out-standing amounts | Transa-ctions <sup>2)</sup> | Out-standing amounts | Transa-ctions <sup>2)</sup> | Out-standing amounts | Transa-ctions <sup>2)</sup> | Out-standing amounts | Transa-ctions <sup>2)</sup> |
| <b>(1) Loans to non-financial corporations</b>                  | 845,1                | -8,0                        | 784,1                | -17,7                       | 786,3                | 3,4                         | 779,6                | -4,5                        |
| (1.1) up to 1 year                                              | 305,7                | -6,3                        | 254,5                | -17,1                       | 263,9                | 9,6                         | 256,8                | -5,8                        |
| (1.2) over 1 year and up to 5 years                             | 188,3                | -0,5                        | 169,4                | -3,8                        | 165,8                | -3,2                        | 166,4                | 0,9                         |
| (1.3) over 5 years                                              | 351,2                | -1,3                        | 360,2                | 3,2                         | 356,6                | -3,0                        | 356,4                | 0,5                         |
| <b>(2) Loans to households<sup>4)</sup></b>                     | 896,4                | 12,3                        | 983,3                | 12,1                        | 985,7                | 2,4                         | 988,4                | 3,0                         |
| (2.1) Consumer credit                                           | 171,5                | 1,2                         | 187,2                | 1,7                         | 186,1                | -1,0                        | 186,3                | 0,3                         |
| (2.2) Lending for house purchase                                | 626,9                | 4,7                         | 690,3                | 8,8                         | 691,2                | 0,9                         | 693,6                | 2,4                         |
| (2.3) Other lending                                             | 97,9                 | 6,4                         | 105,8                | 1,6                         | 108,3                | 2,5                         | 108,5                | 0,2                         |
| <b>(3) Loans to other financial intermediaries<sup>3)</sup></b> | 156,5                | -5,2                        | 136,8                | -5,2                        | 131,5                | -5,2                        | 128,4                | -3,0                        |
| <b>(4) Loans to insurance corporations and pension funds</b>    | 0,4                  | -0,5                        | 0,9                  | 0,5                         | 0,2                  | -0,7                        | 0,2                  | 0,0                         |

<sup>1)</sup> 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.

<sup>2)</sup> Net value of flow data calculated by adjusting the difference between end-of-period levels for the effect of non-transactions-related factors.

<sup>3)</sup> Including other financial intermediaries (without insurance corporations and pension funds) (S.123) and financial auxiliaries (S.124).

<sup>4)</sup> Including households (S.14) and non-profit institutions serving households (S.15).

TABLE 7

Contributions to annual growth<sup>1)</sup> of M3

|                                               | 2009     |          | 2010     |          |
|-----------------------------------------------|----------|----------|----------|----------|
|                                               | February | December | January  | February |
|                                               | % points | % points | % points | % points |
| M1                                            | 6,0      | 3,8      | 4,1      | 3,8      |
| of which: Currency                            | 1,7      | -0,4     | -0,3     | -0,4     |
| Overnight deposits                            | 4,3      | 4,2      | 4,5      | 4,1      |
| M2 - M1 (= other short- term deposits)        | 6,4      | -2,9     | -4,7     | -5,0     |
| M3 - M2 (= short-term marketable instruments) | -0,7     | -0,4     | -0,4     | -0,3     |
| M3                                            | 11,7     | 0,4      | -0,9     | -1,5     |

TABLE 8

Contributions to annual growth<sup>1)</sup> of loans to private sector

|                                              | 2009     |          | 2010     |          |
|----------------------------------------------|----------|----------|----------|----------|
|                                              | February | December | January  | February |
|                                              | % points | % points | % points | % points |
| Non-financial corporations                   | 4,5      | -3,2     | -2,7     | -2,5     |
| Households <sup>2)</sup>                     | 9,3      | 5,8      | 5,7      | 5,2      |
| Other financial intermediaries <sup>3)</sup> | 0,2      | -1,1     | -1,5     | -1,4     |
| Insurance corporations and pension funds     | 0,0      | 0,0      | 0,0      | 0,0      |
| Loans to private sector <sup>4)</sup>        | 14,0     | 1,5      | 1,4      | 1,2      |

<sup>1)</sup> Contributions to growth are the growth rates of M3 / lending weighted by the share in total M3 / lending to private sector.

<sup>2)</sup> Including households (S.14) and non-profit institutions serving households (S.15).

<sup>3)</sup> Including other financial intermediaries (without insurance corporations and pension funds) (S.123) and financial auxiliaries (S.124).

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

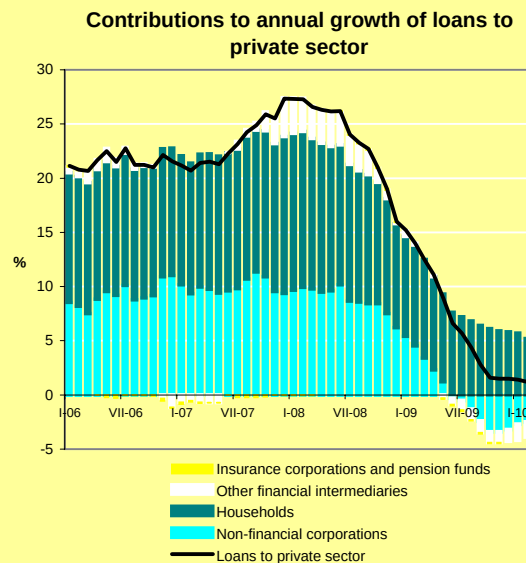
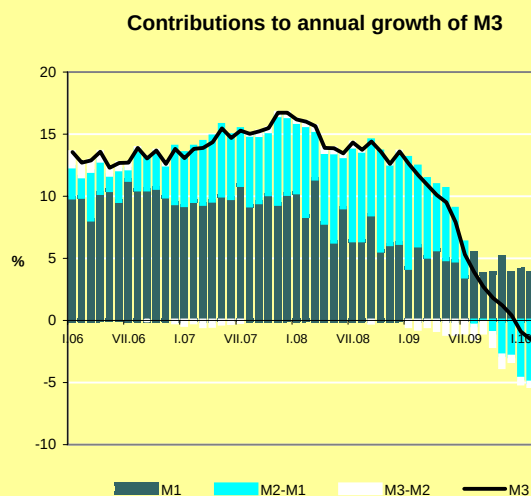
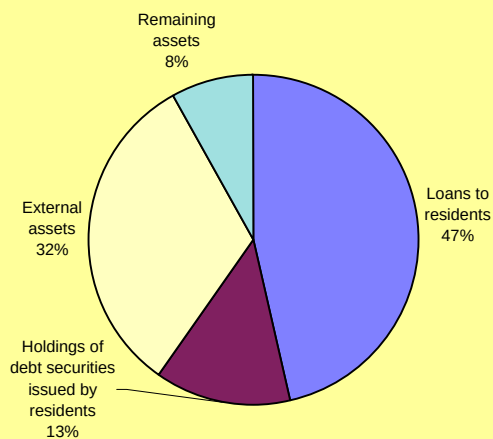


TABLE 9

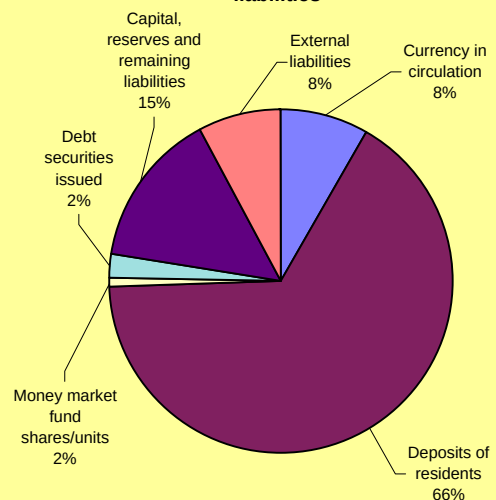
## Balance sheets of monetary financial institutions by reporting institutions: February 2010

| CZK billions                                                       | MFI    |                     |                    | Consolidated balance sheet of MFIs |
|--------------------------------------------------------------------|--------|---------------------|--------------------|------------------------------------|
|                                                                    | CNB    | Credit institutions | Money market funds |                                    |
| (1) ASSETS TOTAL                                                   | 799,6  | 4 243,8             | 48,0               | 4 220,2                            |
| (1.1) Loans to residents                                           | 8,5    | 2 556,3             | 11,8               | 1 963,2                            |
| MFI                                                                | 0,0    | 601,6               | 11,8               | -                                  |
| General government                                                 | 0,0    | 66,6                | 0,0                | 66,6                               |
| Other residents                                                    | 8,5    | 1 888,1             | 0,0                | 1 896,7                            |
| (1.2) Holdings of securities other than shares issued by residents | 0,0    | 713,3               | 15,7               | 526,6                              |
| MFI                                                                | 0,0    | 200,2               | 2,2                | -                                  |
| General government                                                 | 0,0    | 501,2               | 12,4               | 513,6                              |
| Other residents                                                    | 0,0    | 11,9                | 1,1                | 13,0                               |
| (1.3) Money market fund shares/units                               | 0,0    | 0,0                 | 0,0                | -                                  |
| (1.4) Holdings of shares/other equity issued by residents          | 0,0    | 64,8                | 0,0                | 36,2                               |
| MFI                                                                | 0,0    | 28,7                | 0,0                | -                                  |
| Other residents                                                    | 0,0    | 36,2                | 0,0                | 36,2                               |
| (1.5) External assets                                              | 776,4  | 560,4               | 20,2               | 1 357,0                            |
| (1.6) Fixed assets                                                 | 11,0   | 108,9               | 0,0                | 119,9                              |
| (1.7) Remaining assets                                             | 3,7    | 240,1               | 0,3                | 217,3                              |
| (2) LIABILITIES TOTAL                                              | 799,6  | 4 243,8             | 48,0               | 4 220,2                            |
| (2.1) Currency in circulation                                      | 381,0  | -                   | -                  | 354,2                              |
| (2.2) Deposits of residents                                        | 495,4  | 2 899,2             | 0,0                | 2 788,2                            |
| MFI                                                                | 415,4  | 191,0               | 0,0                | -                                  |
| Central government                                                 | 75,9   | 177,8               | 0,0                | 253,8                              |
| Other general government/other residents                           | 4,1    | 2 530,3             | 0,0                | 2 534,4                            |
| (2.3) Money market fund shares/units                               | -      | -                   | 43,4               | 43,4                               |
| (2.4) Debt securities issued                                       | 0,0    | 295,0               | 0,0                | 92,6                               |
| (2.5) Capital and reserves                                         | -129,5 | 459,0               | 0,0                | 300,8                              |
| (2.6) External liabilities                                         | 1,3    | 328,1               | 4,0                | 333,4                              |
| (2.7) Remaining liabilities                                        | 51,5   | 262,5               | 0,6                | 314,5                              |
| (2.8) Excess of inter MFI liabilities                              | -      | -                   | -                  | -7,0                               |

Consolidated balance sheet of MFIs - assets



Consolidated balance sheet of MFIs - liabilities



## Comments on monetary developments statistics<sup>1)</sup> (Tables 3-9): February 2010

The annual rate of growth of M3, which was negative in January for the first time since M3 started to be monitored, declined further in February, to -1.5% (compared to -0.9% in January). The month-on-month rate of growth rose from -1.4% in January to -0.1% in February. As a result of financial transactions, the monetary aggregate M3 fell by CZK 41.1 billion year on year (by CZK 3.8 billion month on month) to CZK 2,666.7 billion.

### Main components of M3

The monetary aggregate M1 is the most important component within M3 and the only contributor to the positive annual growth rate of M3. Its contribution decreased from 4.1 percentage points in January to 3.8 percentage points in February (Table 7). Other components (quasi money in particular) continue to show negative annual growth rates.

The annual rate of growth of M1 decreased from 6.7% in January to 6.1% in February. The annual rate of growth of overnight deposits declined from 9.3% in January to 8.6% in February. In month-on-month comparison, overnight deposits increased by CZK 10.7 billion (i.e. 0.8%), due to financial transactions. Within overnight deposits, increases were recorded only for deposits of non-financial corporations and households (up by 1.6%, or CZK 6.6 billion and by 1.3%, or CZK 10.2 billion respectively). By contrast, deposits of insurance corporations and pension funds decreased by 21.7% (CZK 2.3 billion), deposits of other financial intermediaries fell by 6.9% (CZK 2.0 billion) and deposits of other government were down by 1.4% (CZK 1.8 billion). The annual rate of growth of currency in circulation decreased slightly, by 0.1 percentage point, from -2.5% in January to -2.5 % in February. In month-on-month comparison, currency in circulation rose by 0.2% in February, to CZK 354.2 billion, due to financial transactions.

Other short-term deposits (excluding overnight deposits) fell by CZK 18.7 billion (i.e. 2.2%) month on month, owing to financial transactions. In February, the annual rate of growth of these deposits fell by 1.2 percentage points compared to January, reaching -14.1% (-12.9% in January). The annual rate of growth of deposits with maturity of up to two years, which are a slightly predominating component of short-term deposits in terms of volume, increased by 0.5 percentage point compared to the previous month, to -19.7%. The annual rate of growth of deposits redeemable at notice of up to three months, which had previously recorded high year-on-year increases, currently shows a downward trend and was negative in the period under review (at -6.4% compared to 57.2% in the same period last year).

Within other short-term deposits, month-on-month decreases were recorded for household deposits and deposits of non-financial corporations (down by 3.7%, or CZK 21.1 billion and by 0.3%, or CZK 0.6 billion respectively). By contrast, deposits of insurance corporations and pension funds increased by 8.0% (CZK 2.6 billion), deposits of other financial intermediaries rose by 1.2% (CZK 0.2 billion) and deposits of other government were up by 0.5% (CZK 0.2 billion).

Marketable instruments, which consist of repos, money market fund shares/units and debt securities with maturities of up to two years, grew by 6.3% month on month, to CZK 62.1 billion (compared to CZK 58.4 billion in January). The annual rate of growth of marketable instruments rose by 3.7 percentage points to -11.0% (compared to -14.7% in January).

### Main counterparts of M3

The annual rate of growth of loans to general government increased to 19.9% in February (from 18.5% in January). The annual rate of growth of purchased government bonds increased from 13.5% in January to 15.3% in February.

The annual rate of growth of credit to the private sector continued to decline slightly in February, to 1.2% (from 1.4% in January). The achievement of the positive annual growth rate of credit to the private sector is conditional exclusively on the positive growth rate of loans to households, which offsets the decline in the annual growth rate of loans to non-financial corporations and other financial intermediaries to the negative territory (Table 8). In month-on-month comparison, the annual growth rate of loans to households fell by 1.3 percentage points (from 12.2% in January to 10.9% in February). A modest increase in the annual rate of growth of loans to non-financial corporations continued in February, to -5.8% (from -6.1 % in January). The annual growth rates of loans to the other economic sectors increased at the same time, e.g. the annual growth rate of loans to insurance companies and pension funds rose from -73.0% in January to -45.1% in February.

Net external assets recorded a rise in the annual rate of growth, from 1.6% in January to 2.1% in February. The annual rate of growth of longer-term financial liabilities grew from 36.6% in January to 39.2% in February. The annual rate of growth of deposits by central government fell from -4.0% to -7.4%.

<sup>1)</sup> 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 business<sup>1)</sup>

| monthly average rates and sum                                   | 2009                      |                      |                           |                      | 2010                      |                      |                           |                      |
|-----------------------------------------------------------------|---------------------------|----------------------|---------------------------|----------------------|---------------------------|----------------------|---------------------------|----------------------|
|                                                                 | February                  |                      | December                  |                      | January                   |                      | February                  |                      |
|                                                                 | Interest rate<br>(% p.a.) | Volume<br>(mld. CZK) | Interest rate<br>(% p.a.) | Volume<br>(mld. CZK) | Interest rate<br>(% p.a.) | Volume<br>(mld. CZK) | Interest rate<br>(% p.a.) | Volume<br>(mld. CZK) |
| <b>(1) Deposits from households<sup>2)</sup></b>                | 1,30                      | 1207,1               | 1,15                      | 1258,4               | 1,14                      | 1269,5               | 1,13                      | 1269,2               |
| (1.1) Overnight                                                 | 0,74                      | 719,3                | 0,66                      | 774,0                | 0,65                      | 792,6                | 0,66                      | 801,9                |
| (1.2) With agreed maturity                                      | 1,78                      | 45,1                 | 1,45                      | 35,6                 | 1,19                      | 28,8                 | 1,20                      | 26,0                 |
| of which: Up to 2 years                                         | 1,76                      | 44,3                 | 1,30                      | 32,2                 | 1,12                      | 27,4                 | 1,14                      | 24,7                 |
| (1.3) Redeemable at notice <sup>3)</sup>                        | 2,15                      | 462,3                | 1,94                      | 478,7                | 1,99                      | 482,8                | 1,96                      | 478,2                |
| (1.3.1) Up to 3 months' notice                                  | 2,33                      | 402,3                | 2,19                      | 390,0                | 2,20                      | 387,2                | 2,17                      | 375,8                |
| (1.3.2) Over 3 months' notice                                   | 0,96                      | 60,0                 | 0,84                      | 88,7                 | 1,14                      | 95,6                 | 1,17                      | 102,4                |
| <b>(2) Deposits from non-financial corporation<sup>4)</sup></b> | 1,03                      | 528,0                | 0,55                      | 625,1                | 0,55                      | 530,9                | 0,55                      | 517,1                |
| (2.1) Overnight                                                 | 0,57                      | 291,2                | 0,32                      | 373,4                | 0,37                      | 327,3                | 0,38                      | 329,9                |
| (2.2) With agreed maturity                                      | 1,56                      | 224,2                | 0,82                      | 228,6                | 0,74                      | 178,1                | 0,74                      | 160,2                |
| of which: Up to 2 years                                         | 1,56                      | 224,2                | 0,82                      | 228,6                | 0,74                      | 178,0                | 0,73                      | 159,8                |
| <b>(3) Loans to households<sup>2)</sup></b>                     | 13,94                     | 49,9                 | 14,64                     | 55,3                 | 15,71                     | 47,3                 | 15,28                     | 49,6                 |
| (3.1) Bank overdrafts <sup>5)</sup>                             | 17,22                     | 31,9                 | 18,73                     | 34,9                 | 18,68                     | 34,3                 | 18,53                     | 34,3                 |
| (3.2) Consumer credit                                           | 14,05                     | 5,0                  | 14,29                     | 4,6                  | 14,55                     | 3,3                  | 14,66                     | 4,1                  |
| (3.3) Lending for house purchase                                | 5,55                      | 10,6                 | 5,56                      | 12,8                 | 5,37                      | 8,0                  | 5,35                      | 9,1                  |
| of which: Mortgage lending <sup>6)</sup>                        | 5,81                      | 5,6                  | 5,68                      | 8,2                  | 5,54                      | 4,3                  | 5,49                      | 4,7                  |
| Saving for building purposes                                    | 5,03                      | 3,7                  | 5,10                      | 4,1                  | 5,02                      | 3,0                  | 5,08                      | 3,7                  |
| (3.4) Other lending                                             | 7,31                      | 2,4                  | 6,31                      | 3,0                  | 6,60                      | 1,6                  | 6,37                      | 2,0                  |
| <b>(4) Loans to non-financial corporation</b>                   | 4,28                      | 179,6                | 4,14                      | 154,6                | 4,07                      | 125,0                | 4,02                      | 133,1                |
| (4.1) Bank overdrafts <sup>5)</sup>                             | 4,60                      | 117,1                | 4,53                      | 81,2                 | 4,42                      | 88,0                 | 4,30                      | 89,4                 |
| (4.2) Other loans up to CZK 30 million                          | 5,07                      | 9,5                  | 4,41                      | 13,5                 | 4,34                      | 6,4                  | 4,31                      | 6,1                  |
| of which: Up to 1 year initial rate fixation <sup>7)</sup>      | 5,06                      | 8,2                  | 4,25                      | 11,0                 | 4,23                      | 5,6                  | 4,21                      | 5,5                  |
| (4.3) Other loans over to CZK 30 million                        | 3,43                      | 53,1                 | 3,55                      | 59,9                 | 3,00                      | 30,7                 | 3,30                      | 37,6                 |
| of which: Up to 1 year initial rate fixation <sup>7)</sup>      | 3,32                      | 45,4                 | 3,51                      | 52,9                 | 2,83                      | 28,1                 | 3,25                      | 32,4                 |
| <b>(5) APRC<sup>8)</sup> on loans to households</b>             | 8,74                      | 15,6                 | 8,36                      | 17,3                 | 8,57                      | 11,3                 | 8,76                      | 13,3                 |
| (5.1) Consumer credit                                           | 15,03                     | 5,0                  | 15,42                     | 4,6                  | 15,74                     | 3,3                  | 15,80                     | 4,1                  |
| (5.2) Lending for house purchase                                | 5,80                      | 10,6                 | 5,83                      | 12,8                 | 5,60                      | 8,0                  | 5,57                      | 9,1                  |

<sup>1)</sup> 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.

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

<sup>3)</sup> Households deposits liabilities redeemable at notice include similar deposits of non-financial corporations of which volumes are negligible in this category.

<sup>4)</sup> Including deposit liabilities redeemable at notice of non-financial corporations (which are also included in item 1.3).

<sup>5)</sup> Bank overdrafts include provided bank overdrafts, debit balance on bank accounts and credit card credits.

<sup>6)</sup> Since 2009, the amendment to Act No. 190/2004 Coll., on Bonds, as amended, has been fully applied, under which a mortgage loan is a loan whose redemption, including appurtenances (i.e. interest etc.), is secured by lien (right of pledge) over real estate (property), including property under construction, where the claim arising from the loan does not exceed twice the pledge value of the mortgaged property (Article 28(3)).

<sup>7)</sup> 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.

<sup>8)</sup> Annual percentage rate of charge (APRC) covers total costs of the credit to the client including charges etc

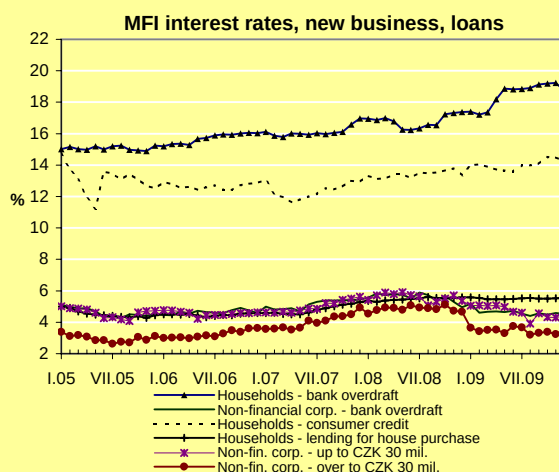
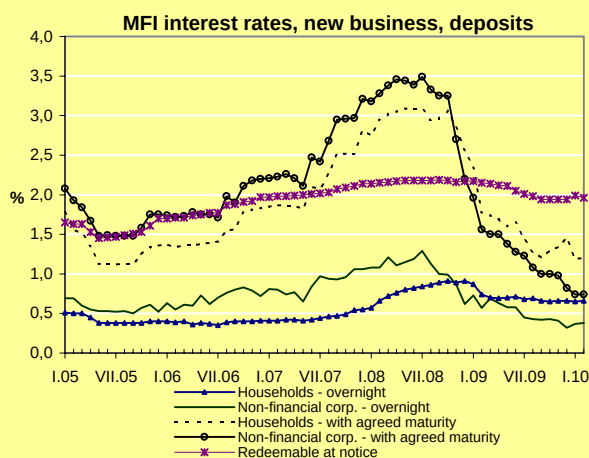


TABLE 11

Interest rates of monetary financial institutions on outstanding amounts<sup>1)</sup>

| outstanding amounts as end-of-month                       | 2009                      |                      |                           |                      | 2010                      |                      |                           |                      |
|-----------------------------------------------------------|---------------------------|----------------------|---------------------------|----------------------|---------------------------|----------------------|---------------------------|----------------------|
|                                                           | February                  |                      | December                  |                      | January                   |                      | February                  |                      |
|                                                           | Interest rate<br>(% p.a.) | Volume<br>(mld. CZK) | Interest rate<br>(% p.a.) | Volume<br>(mld. CZK) | Interest rate<br>(% p.a.) | Volume<br>(mld. CZK) | Interest rate<br>(% p.a.) | Volume<br>(mld. CZK) |
| <b>(1) Deposits from households<sup>2)3)</sup></b>        | 1,46                      | 1479,8               | 1,31                      | 1546,1               | 1,30                      | 1563,1               | 1,30                      | 1574,7               |
| (1.1) With agreed maturity                                | 2,09                      | 297,2                | 1,98                      | 313,5                | 1,93                      | 310,8                | 1,98                      | 319,9                |
| (1.1.1) Up to 2 years                                     | 1,99                      | 199,4                | 1,88                      | 180,8                | 1,78                      | 173,6                | 1,79                      | 167,6                |
| (1.1.2) Over 2 years                                      | 2,29                      | 97,8                 | 2,11                      | 132,7                | 2,11                      | 137,2                | 2,19                      | 152,2                |
| <b>(2) Deposits from non-financial corp.<sup>3)</sup></b> | 1,06                      | 480,9                | 0,57                      | 553,1                | 0,61                      | 497,9                | 0,62                      | 501,2                |
| (2.2) With agreed maturity                                | 1,78                      | 177,1                | 1,01                      | 156,6                | 1,00                      | 145,2                | 1,02                      | 144,3                |
| (2.2.1) Up to 2 years                                     | 1,78                      | 175,1                | 0,97                      | 153,5                | 0,97                      | 141,8                | 0,97                      | 140,6                |
| (2.2.2) Over 2 years                                      | 1,92                      | 2,0                  | 2,88                      | 3,0                  | 2,64                      | 3,4                  | 2,70                      | 3,7                  |
| <b>(3) Loans to households</b>                            | 6,92                      | 895,1                | 6,99                      | 982,0                | 7,00                      | 984,3                | 7,00                      | 986,9                |
| (3.1) Lending for house purchase                          | 5,19                      | 626,5                | 5,25                      | 690,0                | 5,25                      | 690,9                | 5,26                      | 693,3                |
| of which: Mortgage lending <sup>4)</sup>                  | 5,18                      | 480,7                | 5,24                      | 557,9                | 5,23                      | 561,6                | 5,24                      | 564,2                |
| Saving for building purposes                              | 5,28                      | 120,6                | 5,35                      | 103,6                | 5,37                      | 103,2                | 5,37                      | 103,1                |
| (3.2) Consumer credit and other lending <sup>5)</sup>     | 11,10                     | 268,5                | 11,19                     | 292,0                | 11,29                     | 293,4                | 11,28                     | 293,6                |
| <b>(4) Loans to non-financial corporation</b>             | 4,94                      | 686,3                | 4,26                      | 637,5                | 4,21                      | 640,2                | 4,19                      | 636,0                |
| (4.1) Up to 1 year                                        | 4,51                      | 261,6                | 4,06                      | 215,6                | 3,99                      | 221,0                | 3,93                      | 218,7                |
| (4.2) Over 1 and up to 5 years                            | 5,09                      | 150,6                | 4,27                      | 134,7                | 4,29                      | 134,1                | 4,29                      | 132,1                |
| (4.3) Over 5 years                                        | 5,26                      | 274,0                | 4,39                      | 287,3                | 4,34                      | 285,1                | 4,34                      | 285,2                |

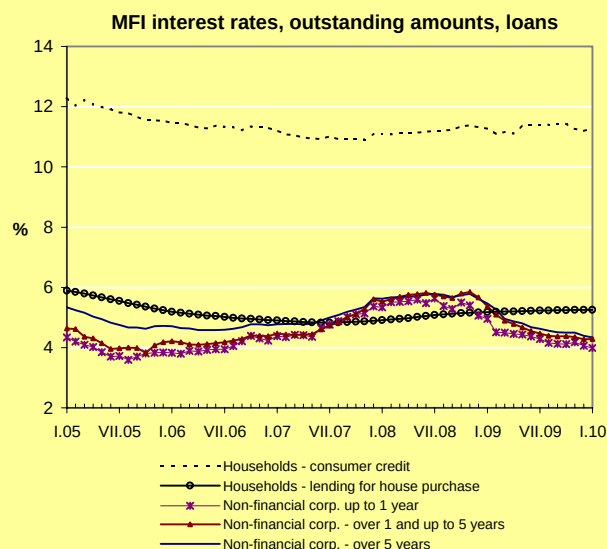
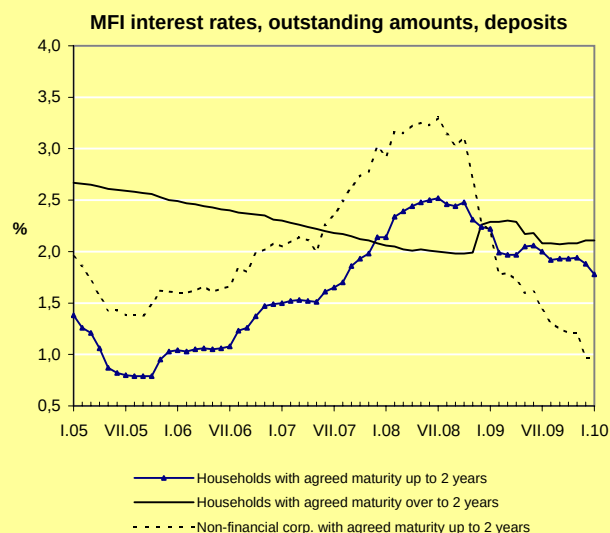
<sup>1)</sup> The interest rates that are applied by MFIs to CZK-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the Czech Republic. Interest rates on outstanding amounts refer to the stock of all deposits and all loans at a specific moment.

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

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

<sup>4)</sup> Since 2009, the amendment to Act No. 190/2004 Coll., on Bonds, as amended, has been fully applied, under which a mortgage loan is a loan whose redemption, including appurtenances (i.e. interest etc.), is secured by lien (right of pledge) over real estate (property), including property under construction, where the claim arising from the loan does not exceed twice the pledge value of the mortgaged property (Article 28(3)).

<sup>5)</sup> Consumer credit and other lending include bank overdrafts presented in Table 10.



## Commentary on interest rates of monetary financial institutions (Tables 10 and 11): February 2010

### Interest rates on new business

Interest rates on **new deposits** of households and non-financial corporations were virtually unchanged in February. At 1.13%, the average interest rate on total new deposits of **households** remained almost the same as in January. The rate on overnight deposits and the rate on deposits with agreed maturity stood at 0.66% and 1.20% respectively. The rate on deposits redeemable at notice declined very slightly (by 0.03 percentage point), to 1.96%. The overall interest rate on new deposits of **non-financial corporations** was the same as in the previous month, i.e. 0.55%. The rate on overnight deposits recorded almost no change, remaining at 0.38%. Deposits with agreed maturity of up to two years (which as a rule account for 100% of all deposits with agreed maturity in the case of this sector) were remunerated at 0.74%.

Interest rates on **new loans** provided to households recorded a decrease in February. Rates on new loans provided to non-financial corporations fell only marginally.

The overall interest rate on new loans to **households** declined by 0.43 percentage point to 15.28%. The interest rate on bank overdrafts recorded a decline of 0.15 percentage point to 18.53%. The interest rate on consumer credit rose by 0.11 percentage point to 14.66%. The interest rate on loans for house purchase edged down by 0.02 percentage point to 5.35%. The rate on other loans declined by 0.23 percentage point, standing at 6.37%.

The rate on new loans to **non-financial corporations** saw a moderate decrease of 0.05 percentage point to 4.02%. The interest rate on bank overdrafts declined by 0.12 percentage point to 4.30%. The rate on other loans of up to CZK 30 million decreased only slightly, by 0.03 percentage point to 4.31%. However, the interest rate on other loans of over CZK 30 million was up by 0.30 percentage point, reaching 3.30%.

The overall **APRC on loans to households** increased by 0.19 percentage point to 8.76 % and that on consumer credit rose slightly by 0.06 percentage point to stand at 15.80%. The APRC on loans for house purchase edged down by 0.03 percentage point to 5.57%.

### Interest rates on outstanding amounts

The average interest rate on **outstanding amounts of deposits** of households and non-financial corporations was almost unchanged in February.

The interest rate on total deposits of **households** remained at 1.30%. The rate on overnight deposits also saw little change, rising by 0.01 percentage point to 0.66%. The rate on deposits redeemable at notice declined very slightly (by 0.03 percentage point), to 1.96%. The interest rate on deposits with agreed maturity picked up slightly, by 0.05 percentage point to 1.98%.

The overall interest rate on deposits of **non-financial corporations** was broadly unchanged at 0.62%; the rate on overnight deposits also remained the same (0.38%). The interest rate on deposits with agreed maturity fell only marginally, by 0.02 percentage point to 1.02%.

The average interest rate on **outstanding amounts of loans** to households was unchanged in February and the rate on loans to non-financial corporations fell only slightly.

The overall interest rate on loans to **households** remained the same as in January (7.00%). The rate on loans for house purchase saw little change, standing at 5.26%; the same was true of the rate on consumer credit and other loans, which remained at 11.28%.

The average interest rate on outstanding amounts of loans to **non-financial corporations** recorded a very modest decrease to 4.19%. The rate on loans to non-financial corporations fell only for maturities of up to one year, by 0.06 percentage point to 3.93%. The rates for maturities of over one year and up to five years and over five years remained unchanged in February, reaching 4.29% and 4.34% respectively.

TABLE 12

Aggregated balance sheet of investment funds <sup>1)</sup>

| CZK billions; end of period        | 2009    |         |          |          | 2010    |
|------------------------------------|---------|---------|----------|----------|---------|
|                                    | January | October | November | December | January |
| <b>ASSETS</b>                      |         |         |          |          |         |
| Total                              | 89,3    | 96,9    | 98,0     | 99,7     | 101,3   |
| (1.1) Deposits                     | 9,8     | 11,4    | 12,1     | 11,4     | 11,2    |
| (1.2) Securities other than shares | 43,4    | 41,8    | 41,6     | 42,3     | 44,2    |
| Residents                          | 22,3    | 21,5    | 21,6     | 22,6     | 23,3    |
| MFI                                | 0,9     | 1,0     | 1,0      | 1,1      | 1,5     |
| General government                 | 19,9    | 19,3    | 19,5     | 20,1     | 20,2    |
| Other residents                    | 1,4     | 1,3     | 1,2      | 1,4      | 1,6     |
| Non-residents                      | 21,1    | 20,3    | 20,0     | 19,7     | 20,9    |
| (1.3) Shares and other equity      | 14,2    | 22,0    | 21,9     | 23,8     | 22,9    |
| Residents                          | 4,2     | 5,3     | 5,0      | 6,0      | 5,4     |
| MFI                                | 0,3     | 0,2     | 0,2      | 0,2      | 0,3     |
| Other residents                    | 3,8     | 5,1     | 4,8      | 5,8      | 5,1     |
| Non-residents                      | 10,0    | 16,7    | 16,8     | 17,8     | 17,5    |
| (1.4) Investment fund shares       | 16,9    | 16,0    | 15,7     | 16,0     | 16,0    |
| Residents                          | 4,1     | 3,7     | 3,8      | 3,8      | 3,8     |
| Non-residents                      | 12,7    | 12,3    | 12,0     | 0,8      | 12,1    |
| (1.5) Other assets                 | 5,0     | 5,7     | 6,7      | 6,2      | 6,9     |
| <b>LIABILITIES</b>                 |         |         |          |          |         |
| Total                              | 89,3    | 96,9    | 98,0     | 99,7     | 101,3   |
| (2.1) Loans accepted               | 0,3     | 0,2     | 0,4      | 0,4      | 0,5     |
| (2.2) Investment fund shares       | 86,5    | 93,9    | 94,6     | 95,7     | 96,6    |
| Residents                          | 85,4    | 92,6    | 93,3     | 94,3     | 95,2    |
| Non-residents                      | 1,0     | 1,3     | 1,3      | 1,4      | 1,4     |
| (2.4) Other liabilities            | 2,6     | 2,8     | 3,0      | 3,6      | 4,1     |

**BALANCE SHEET TOTAL - BREAKDOWN BY INVESTMENT POLICY**

|                   |      |      |      |      |       |
|-------------------|------|------|------|------|-------|
| TOTAL             | 89,3 | 96,9 | 98,0 | 99,7 | 101,3 |
| Equity funds      | 9,6  | 16,2 | 16,3 | 17,1 | 16,9  |
| Bond Funds        | 36,0 | 36,7 | 36,4 | 37,5 | 37,7  |
| Mixed Funds       | 36,8 | 36,4 | 36,6 | 35,7 | 36,9  |
| Real estate funds | 7,0  | 7,6  | 8,6  | 9,5  | 9,8   |

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

- funds of funds and funds of qualified investors are classified under the category of assets or funds in which they primarily invest.

- data are published by the 15<sup>th</sup> calendar day of the second month following the reference period

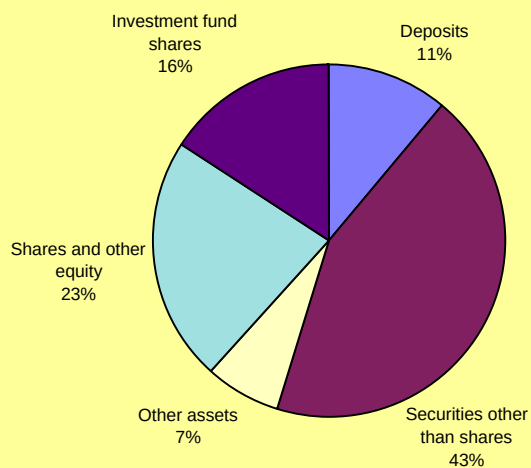
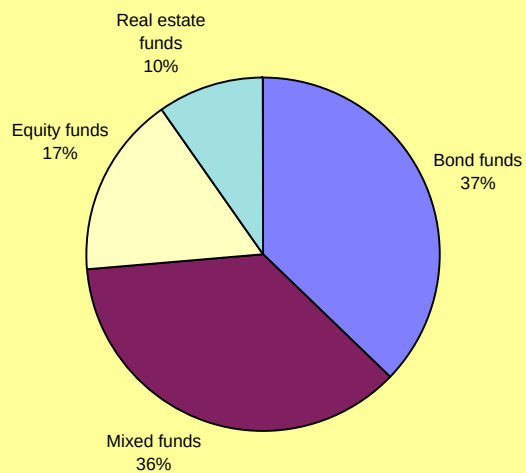
**Balance sheet total - breakdown by asset items****Balance sheet total - breakdown by investment policy**

TABLE 13  
Quarterly aggregated balance sheet of financial corporations engaged in lending <sup>1)</sup>

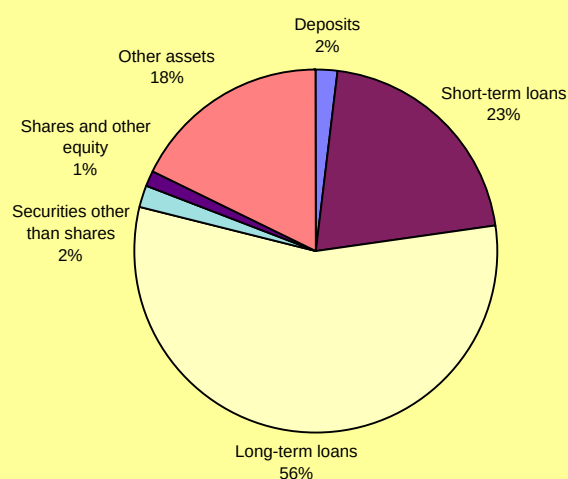
| CZK billions; end of period               | 2008     | 2009  |       |           |          |
|-------------------------------------------|----------|-------|-------|-----------|----------|
|                                           | December | March | June  | September | December |
| <b>Assets</b>                             |          |       |       |           |          |
| Total                                     | 448,9    | 440,7 | 422,2 | 412,3     | 405,5    |
| (1.1) Deposits                            | 7,7      | 7,4   | 6,6   | 8,0       | 8,1      |
| (1.2) Loans provided                      | 357,7    | 352,1 | 330,7 | 309,6     | 303,4    |
| Residents                                 | 352,8    | 345,3 | 323,9 | 303,3     | 297,0    |
| Up to 1 year                              | 103,7    | 97,7  | 88,3  | 81,9      | 81,0     |
| Over 1 year                               | 249,1    | 247,6 | 235,7 | 221,4     | 216,0    |
| Non-residents                             | 4,8      | 6,8   | 6,8   | 6,3       | 6,4      |
| (1.3) Securities other than shares        | 7,8      | 6,0   | 6,0   | 5,9       | 2,7      |
| Up to 1 year                              | 5,9      | 4,0   | 4,1   | 4,2       | 1,0      |
| Over 1 year                               | 1,9      | 2,0   | 1,9   | 1,8       | 1,7      |
| (1.4) Shares and equity                   | 5,8      | 8,1   | 8,3   | 8,3       | 5,8      |
| Mutual fund shares/units (including MMFs) | 0,0      | 0,0   | 0,0   | 0,0       | 0,0      |
| Other shares and equity                   | 5,8      | 8,1   | 8,3   | 8,3       | 5,8      |
| (1.5) Other assets                        | 69,8     | 67,2  | 70,5  | 80,4      | 85,5     |
| <b>LIABILITIES</b>                        |          |       |       |           |          |
| Total                                     | 448,9    | 440,7 | 422,2 | 412,3     | 405,5    |
| (2.1) Loans taken                         | 274,9    | 265,5 | 252,2 | 244,9     | 239,8    |
| Residents                                 | 194,3    | 187,5 | 184,3 | 175,9     | 169,3    |
| Non-residents                             | 80,6     | 78,1  | 67,9  | 69,0      | 70,4     |
| (2.2) Securities other than shares issued | 28,7     | 24,6  | 20,2  | 16,9      | 13,7     |
| Up to 1 year                              | 10,7     | 10,7  | 10,7  | 10,6      | 10,7     |
| Over 1 year                               | 18,0     | 13,9  | 9,6   | 6,2       | 3,0      |
| (2.3) Own funds                           | 99,4     | 104,0 | 105,2 | 107,8     | 109,7    |
| (2.5) Other liabilities                   | 45,8     | 46,6  | 44,6  | 42,7      | 42,4     |

**BALANCE SHEET TOTAL BREAKDOWN BY TYPE OF INTERMEDIARIES**

|                                    |       |       |       |       |       |
|------------------------------------|-------|-------|-------|-------|-------|
| TOTAL                              | 448,9 | 440,7 | 422,2 | 412,3 | 405,5 |
| Financial leasing companies        | 309,5 | 304,8 | 294,2 | 289,7 | 283,1 |
| Other lending companies            | 114,4 | 113,2 | 106,0 | 100,9 | 101,2 |
| Factoring and forfaiting compaines | 25,0  | 22,7  | 22,0  | 21,7  | 21,2  |

<sup>1)</sup> 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**

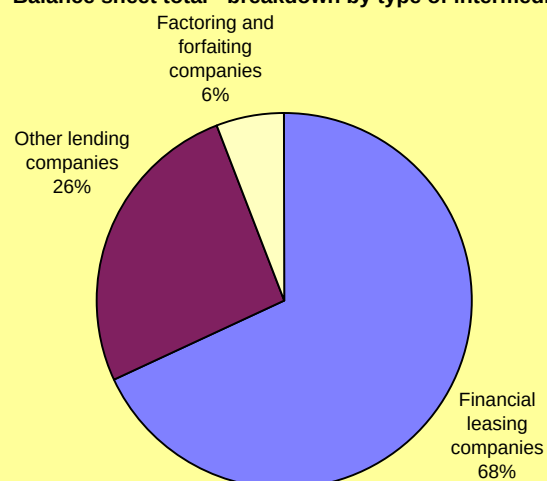


TABLE 14

Summary of loans provided by financial corporations engaged in lending <sup>1)</sup> to residents

| CZK billions; end of period    | 2008     | 2009  |       |           |          |
|--------------------------------|----------|-------|-------|-----------|----------|
|                                | December | March | June  | September | December |
| <b>LOANS</b>                   |          |       |       |           |          |
| (1) Non-financial corporations | 195,7    | 192,6 | 181,9 | 171,1     | 168,6    |
| Up to 1 year                   | 56,0     | 51,0  | 49,8  | 46,8      | 45,0     |
| Over 1 year up to 5 years      | 113,0    | 112,4 | 107,8 | 98,5      | 97,2     |
| Over 5 years                   | 26,7     | 29,2  | 24,3  | 25,8      | 26,5     |
| (2) Financial corporations     | 1,7      | 2,8   | 1,7   | 0,6       | 0,6      |
| Up to 1 year                   | 0,4      | 0,2   | 0,2   | 0,2       | 0,2      |
| Over 1 year up to 5 years      | 1,3      | 2,6   | 1,4   | 0,3       | 0,3      |
| Over 5 years                   | 0,1      | 0,1   | 0,1   | 0,1       | 0,1      |
| (3) Government                 | 1,0      | 1,0   | 1,2   | 1,2       | 1,2      |
| Up to 1 year                   | 0,4      | 0,5   | 0,5   | 0,6       | 0,5      |
| Over 1 year up to 5 years      | 0,6      | 0,5   | 0,6   | 0,6       | 0,6      |
| Over 5 years                   | 0,0      | 0,0   | 0,0   | 0,0       | 0,0      |
| (4) Households                 | 154,3    | 148,7 | 139,0 | 130,3     | 126,5    |
| Up to 1 year                   | 46,9     | 45,9  | 37,6  | 34,3      | 35,2     |
| Over 1 year up to 5 years      | 91,8     | 86,3  | 85,0  | 79,5      | 74,0     |
| Over 5 years                   | 15,6     | 16,5  | 16,3  | 16,5      | 17,3     |
| (5) NPISHs                     | 0,1      | 0,1   | 0,1   | 0,1       | 0,1      |
| Up to 1 year                   | 0,1      | 0,0   | 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                        | 154,3 | 148,7 | 139,0 | 130,3 | 126,5 |
| (1.1) Consumer credit            | 137,1 | 132,3 | 121,2 | 113,3 | 111,2 |
| Up to 1 year                     | 45,7  | 44,8  | 36,4  | 33,1  | 33,9  |
| Over 1 year up to 5 years        | 77,3  | 72,6  | 70,4  | 65,5  | 61,7  |
| Over 5 years                     | 14,0  | 14,9  | 14,3  | 14,7  | 15,6  |
| (1.2) Lending for house purchase | 1,5   | 1,5   | 1,5   | 1,4   | 1,4   |
| Up to 1 year                     | 0,0   | 0,0   | 0,0   | 0,0   | 0,0   |
| Over 1 year up to 5 years        | 0,4   | 0,4   | 0,3   | 0,3   | 0,3   |
| Over 5 years                     | 1,1   | 1,1   | 1,1   | 1,1   | 1,1   |
| (1.3) Other loans                | 15,6  | 14,9  | 16,3  | 15,5  | 13,9  |
| Up to 1 year                     | 1,1   | 1,1   | 1,2   | 1,2   | 1,3   |
| Over 1 year up to 5 years        | 14,1  | 13,4  | 14,3  | 13,6  | 12,1  |
| Over 5 years                     | 0,4   | 0,4   | 0,8   | 0,7   | 0,6   |

**BREAKDOWN OF SELECTED LOANS BY TYPE OF INTERMEDIARIES**

|                                     |       |       |       |       |       |
|-------------------------------------|-------|-------|-------|-------|-------|
| TOTAL                               | 352,8 | 345,3 | 323,9 | 303,3 | 297,0 |
| Financial leasing companies         | 242,9 | 239,0 | 226,4 | 211,2 | 204,9 |
| Other lending companies             | 90,8  | 89,0  | 80,4  | 75,3  | 75,4  |
| Factoring and forfaiting companies  | 19,1  | 17,2  | 17,0  | 16,9  | 16,7  |
| of which Non-financial corporations | 195,7 | 192,6 | 181,9 | 171,1 | 168,6 |
| Financial leasing companies         | 170,9 | 169,7 | 159,7 | 148,9 | 146,6 |
| Other lending companies             | 5,8   | 5,6   | 5,1   | 5,3   | 5,3   |
| Factoring and forfaiting companies  | 19,1  | 17,2  | 17,0  | 16,9  | 16,7  |
| of which Households                 | 154,3 | 148,7 | 139,0 | 130,3 | 126,5 |
| Financial leasing companies         | 70,7  | 65,7  | 64,1  | 60,7  | 56,8  |
| Other lending companies             | 83,6  | 83,0  | 74,9  | 69,6  | 69,7  |
| Factoring and forfaiting companies  | 0,0   | 0,0   | 0,0   | 0,0   | 0,0   |

<sup>1)</sup> 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 investment funds (Table 12): January 2010**

At the end of January 2010, collective investment funds (CIFs) administered assets worth CZK 96.6 billion. The value of assets administered by these funds thus continued increasing. The value of assets in funds rose by CZK 0.93 billion compared to December 2009, i.e. a rise of 0.97%. Compared to the same period a year earlier, the administered assets increased by 11.75%, i.e. an increase of CZK 10.16 billion in funds' assets.

In January 2010, the largest growth was recorded by mixed funds, whose assets grew from CZK 35.7 billion to CZK 36.9 billion, i.e. a monthly increase of 3.45%. Growth in the value of assets was recorded also by real estate funds (from CZK 9.5 billion to CZK 9.8 billion) and bond funds (from CZK 37.5 billion to CZK 37.7 billion). By contrast, equity funds recorded a decline. The value of their assets fell from CZK 17.1 billion to CZK 16.9 billion, i.e. a monthly decline of 0.77%. In year-on-year comparison, the biggest increase in the volume of assets was recorded by equity funds. The value of assets administered by these funds increased by CZK 7.30 billion year on year, i.e. by 75.78%. Annual growth in the volume of assets was recorded also by real estate funds, bond funds and mixed funds.

Collective investment funds invested most in debt securities. Compared to the previous month, the total volume of debt securities increased by CZK 1.92 billion to CZK 44.2 billion. The share of debt securities in equity capital of funds rose relative to December 2009, from 44.22% to 45.78%, i.e. an increase of 1.57 percentage point. In year-on-year terms, funds rose their investment in debt securities by CZK 0.82 billion, i.e. a rise of 1.88%. However, compared to January 2009, the share of debt securities in funds' own equity capital fell by 4.44 percentage points. Funds were increasing the share of equity securities in their portfolios in the course of last year. The volume of their equity securities rose by CZK 7.81 billion year on year to CZK 38.9 billion, i.e. a rise of 25.13%.

At the end of January 2010, 148 resident collective investment funds were active in the Czech Republic. Of this total, 28 funds were equity funds, 27 bond funds, 55 mixed funds, 37 real estate funds and 1 other fund.

## **Commentary on the quarterly aggregated balance sheet of financial corporations engaged in lending<sup>1)</sup> (Tables 13 and 14): December 2009**

As of 31 December 2009, financial corporations engaged in lending had total assets of CZK 405.5 billion. Compared to the previous quarter, total assets decreased by CZK 6.8 billion, which represents a quarter-on-quarter decline of 1.64%. In year-on-year comparison they fell by CZK 43.4 billion. Financial leasing companies accounted for the largest share of total assets (CZK 283.1 billion). The contribution of other lending companies was CZK 101.2 billion and that of corporations engaged in factoring and forfaiting was CZK 21.2 billion.

The largest asset item was loans, which amounted to CZK 303.4 billion. Loans recorded a decrease of CZK 6.2 billion (2%) in 2009 Q4 compared to the previous period. The year-on-year decline in loans was CZK 54.2 billion, or 15.17%. Most loans (97.89%) were granted to resident entities. Short-term loans amounted to CZK 82.6 billion at the end of Q4 and accounted for 20.37% of total assets. Long-term loans amounted to CZK 220.7 billion, i.e. 54.43% of total assets.

The largest part of loans provided to residents consisted of loans to non-financial corporations, which amounted to CZK 168.6 billion, i.e. 56.77% of loans to residents. Loans provided to non-financial corporations dropped by CZK 2.5 billion quarter on quarter (down by 1.5%) and by CZK 27.1 billion year on year (down by 13.84%). CZK 146.6 billion was provided by financial leasing companies, CZK 5.3 billion by other lending companies and CZK 16.7 billion by factoring and forfaiting companies. These loans are made up predominantly of loans with an original maturity of one to five years, which amounted to CZK 97.2 billion.

Loans to households, which totalled CZK 126.5 billion, were the second largest group of loans to residents. They decreased by CZK 3.8 billion (or 2.9%) compared to the previous quarter. In year-on-year terms, the value of loans to households decreased by CZK 27.9 billion, i.e. 18.01%. These loans accounted for 42.59% of loans granted to residents. CZK 56.8 billion was provided by financial leasing companies and CZK 69.6 billion by other lending companies. Loans with an original maturity of one to five years amounted to CZK 74 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.

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**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 residents 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, S.124 and S.125) and households and non-profit institutions serving households (S.14 and S.15) under ESA 95.

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

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

## Glossary (cont'd)

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

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

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

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

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

### **Unit trusts other than money market funds:**

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

## Technical Notes

### A. Calculation of growth rates

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

#### Method of calculation

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

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

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

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

where

$F_t^M$  - transactions in month  $t$

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

and

$L_t$  - outstanding amount at the end of month  $t$

$C_t^M$  - reclassifications in month  $t$

$E_t^M$  - exchange rate variations in month  $t$

$V_t^M$  - valuation changes in month  $t$

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

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

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

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

## List of Annexes

### ***December 2005***

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

### ***January 2006***

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

### ***April 2006***

Interest rate statistics (MIR)

### ***October 2006***

Debt securities market in 2005

### ***June 2007***

Treasury bonds statistics for the reference period January 2007 - June 2007

### ***August 2007***

Method for grossing up the balance sheet total and balance sheet item in the statistics on financial corporations engaged in lending

### ***February 2008***

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