

Monetary Statistics

September
2010

CONTENT

Table 1: Key interest rates (p.4)

Table 2: Financial market interest rates (p.4)

Notes to tables 1-2 (p.5)

Monetary developments

Table 3: Key monetary indicators (p.6)

Table 4: Monetary aggregates and counterparts (p.7)

Table 5: Sector breakdown of components of M3 (p.8)

Table 6: Loans to private sector (p.8)

Table 7: Contributions to annual growth of M3 (p.9)

Table 8: Contributions to annual growth of loans to private sector (p.9)

Table 9: Balance sheets of MFIs by reporting institutions (p.10)

Notes to tables 3-9 (p.11)

Monetary financial institutions interest rates

Table 10: MFI interest rates on new business (p.12)

Table 11: MFI interest rates on outstanding amounts (p.13)

Notes to tables 10-11 (p.14)

Investment funds except money market funds

Table 12: Aggregated balance sheet of investment funds (p.15)

Financial corporations engaged in lending

(financial leasing, hire purchase and provision of personal or commercial finance, factoring and forfaiting)

Table 13: Quarterly aggregated balance sheet of FCLs (p.16)

Table 14: Summary of loans provided by FCLs to residents (p.17)

Notes to tables 12-14 (p.18)

Glossary (p.19)

Technical notes (p.22)

List of Annexes

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. When processing data of monetary and banking statistics as of 30 September 2010, the revision was realized for the period from 31 December 2009 until 31 July 2010.

3) All the data quoted in this Publication are included in the ARAD time series system - 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 (financial leasing, hire purchase and provision of personal or commercial finance, factoring and forfaiting)

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

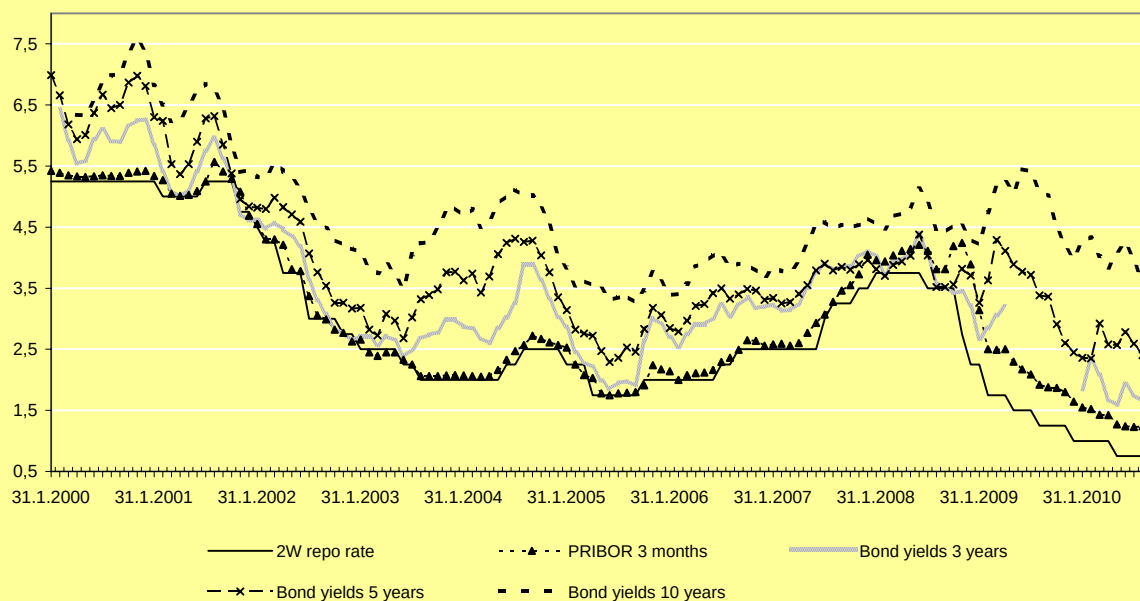
	CNB			ECB
	from 7 August 2009 onwards	from 17 December 2009 onwards	from 7 May 2010 onwards	from 13 May 2009 onwards
2W repo rate	1,25	1,00	0,75	1,00
Deposit facility	0,25	0,25	0,25	0,25
Marginal lending facility	2,25	2,00	1,75	1,75

TABLE 2

Financial markets interest rates

monthly average	2009		2010					
	September		July		August		September	
	CR	Euro area	CR	Euro area	CR	Euro area	CR	Euro area
Money market								
CZEONIA/ EONIA								
overnight	1,21	0,36	0,69	0,48	0,72	0,43	0,76	0,45
PRIBOR/ EURIBOR								
1 month	1,57	0,46	1,01	0,59	1,00	0,64	1,00	0,62
3 months	1,88	0,77	1,23	0,85	1,24	0,90	1,22	0,88
6 months	2,14	1,04	1,51	1,11	1,52	1,15	1,53	1,14
1 year	2,42	1,26	1,77	1,38	1,78	1,42	1,78	1,42
Capital market								
Bond yields								
3 years	-	1,80	1,76	2,27	1,65	2,21	1,52	2,19
5 years	3,36	2,68	2,59	2,70	2,40	2,57	2,20	2,68
10 years (Maastricht)	5,01	3,86	3,97	3,62	3,56	3,44	3,34	3,50

Financial markets interest rates in CR



Commentary on key interest rates (Table 1) and financial market interest rates (Table 2): September 2010

Key interest rates

The CNB's 2W repo rate has been re-set at 0.75% since 7 May, 2010, the ECB's key interest rate has been re-set at 1.00% since 13 May, 2009. The difference between the CNB's and the ECB's key rates is therefore nowadays 0.25 percentage point.

Financial market interest rates

In September, interest rates on the Czech as well as the euro area interbank deposit market did not change significantly. The most visible change was recorded by the CZEONIA rate, which increased by 0.04 pp. The 3M PRIBOR reached 1.22% (1.24% in August) and the 3M EURIBOR stood at 0.88% (0.90% in August).

Bond yields on the Czech capital market recorded the month-on-month decrease in September (10Y by 0.22 pp at most). On the contrary yields on bonds with longer maturity in the euro area increased (5Y as well as 10Y). The 3Y euro area bond recorded the correction of August's yield only. The yield on the 10Y bond in the Czech Republic was 3.34% (3.56% in August), while the yield on the 10-year bond in the euro area reached 3.50% (3.44% in August).

TABLE 3

Key monetary indicators

CZK billions, unless otherwise indicated	2009			2010			2010			2010		
	September			July			August			September		
	Outstanding amounts	Transa- ctions ⁴⁾	Annual growth rates [%]	Outstanding amounts	Transa- ctions ⁴⁾	Annual growth rates [%]	Outstanding amounts	Transa- ctions ⁴⁾	Annual growth rates [%]	Outstanding amounts	Transa- ctions ⁴⁾	Annual growth rates [%]
M1	1 722,3	-12,0	5,8	1 937,3	-17,2	7,3	1 969,5	31,1	6,8	1 982,1	15,8	8,4
M3 ¹⁾	2 623,5	-33,3	2,7	2 744,9	-4,9	0,7	2 732,5	-13,9	0,6	2 726,0	-1,8	1,8
Loans to private sector ²⁾	1 912,4	7,5	2,8	1 918,5	9,1	1,5	1 929,2	10,7	1,9	1 933,7	7,5	1,8
Net foreign assets ³⁾	938,9	-22,0	-7,0	1 015,5	4,7	0,9	1 029,0	-0,9	2,1	1 060,3	59,4	10,5

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

²⁾ Including all resident sectors without general government (S.13) and MFIs sector (S.121 and S. 122).

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

⁴⁾ Net value of flow data calculated by adjusting the difference between end-of-period levels for the effect of non-transactions-related factors.

Annual growth rates

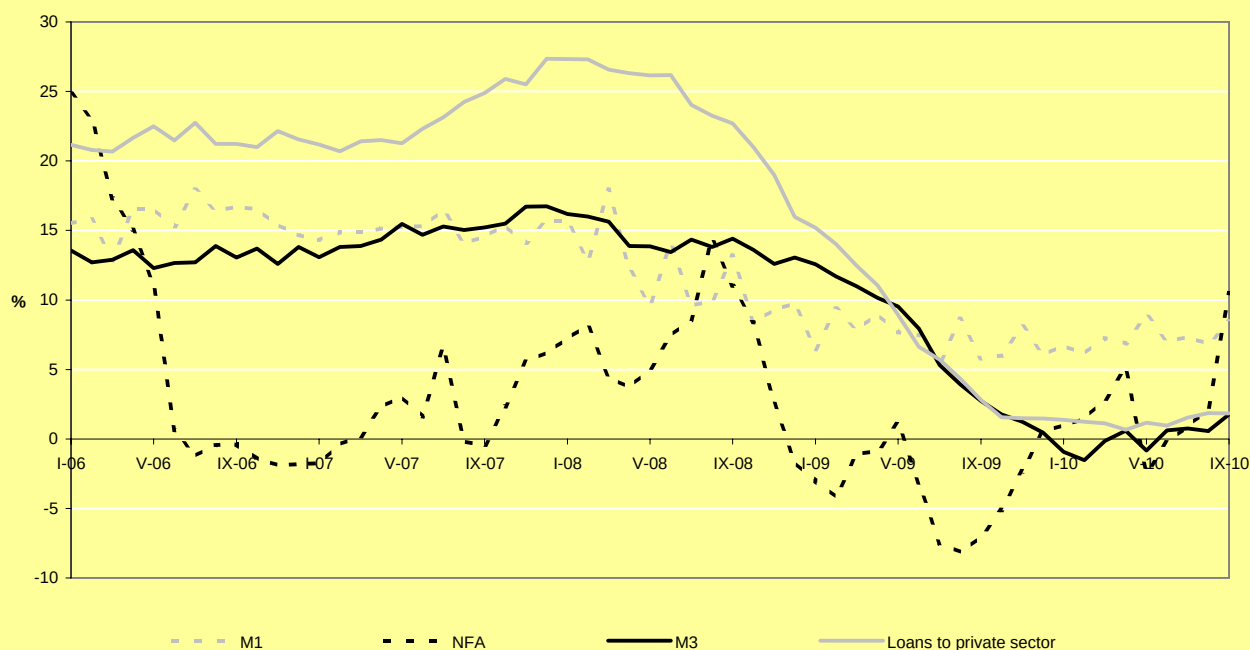


TABLE 4

Monetary aggregates and counterparts

CZK billions, unless otherwise indicated	2009			2010								
	September			July			August			September		
	Out- standing amounts	Transa- ctions ¹⁾	Annual growth rates [%]	Out- standing amounts	Transa- ctions ¹⁾	Annual growth rates [%]	Out- standing amounts	Transa- ctions ¹⁾	Annual growth rates [%]	Out- standing amounts	Transa- ctions ¹⁾	Annual growth rates [%]
COMPONENTS OF M3												
(1) M3 (items 1.3, 1.6 and 1.11)	2 623,5	-33,3	2,7	2 744,9	-4,9	0,7	2 732,5	-13,9	0,6	2 726,0	-1,8	1,8
(1.1) Currency in circulation	351,3	0,0	5,9	354,2	-2,3	0,5	352,6	-1,6	0,4	355,5	2,9	1,2
(1.2) Overnight deposits	1 370,9	-12,0	5,8	1 583,1	-14,9	9,1	1 616,8	32,8	8,4	1 626,6	13,0	10,3
(1.3) M1 (items 1.1 and 1.2)	1 722,3	-12,0	5,8	1 937,3	-17,2	7,3	1 969,5	31,1	6,8	1 982,1	15,8	8,4
(1.4) Deposits with agreed maturity up to 2 years	458,1	-17,2	-15,5	432,7	14,7	-15,4	392,4	-40,8	-17,6	378,7	-12,3	-17,2
(1.5) Deposits redeemable at notice up to 3 months	384,6	-5,4	27,3	318,2	-2,6	-5,1	314,5	-3,7	-5,4	311,1	-3,4	-5,1
(1.6) Other short term deposits (items 1.4 and 1.5)	842,7	-22,6	-0,2	750,9	12,1	-10,9	706,9	-44,5	-12,4	689,9	-15,7	-12,1
(1.7) M2 (items 1.3 and 1.6)	2 564,9	-34,6	3,7	2 688,2	-5,1	1,0	2 676,3	-13,3	0,6	2 672,0	0,2	2,0
(1.8) Repurchase agreements ²⁾	15,3	0,9	-	13,1	0,6	-	12,9	-0,2	-	11,0	-1,9	-
(1.9) Money market fund shares/units ²⁾	41,9	0,3	-	41,5	-0,3	-	41,0	-0,5	-	40,7	-0,2	-
(1.10) Debt securities issued with maturity up to 2 years ²⁾	1,3	0,2	-	2,2	0,0	-	2,2	0,1	-	2,4	0,2	-
(1.11) Marketable instruments (items 1.8,1.9 and 1.10)	58,6	1,3	-30,4	56,7	0,3	-9,6	56,1	-0,6	-2,2	54,1	-1,9	-7,7
COUNTERPARTS OF M3												
MFI liabilities												
(2) Holdings deposits against central government	364,3	20,7	20,9	290,6	40,5	-16,6	316,1	25,4	-7,7	383,2	67,7	5,7
(3) Longer-term financial deposits against other residents (items 3.1 to 3.4)	530,6	14,0	6,2	613,7	14,7	27,4	629,4	2,5	26,0	616,2	12,0	25,0
(3.1) Deposits with agreed maturity over 2 years	126,1	3,4	-23,0	188,6	3,3	58,4	189,6	0,9	54,4	191,9	2,3	52,1
(3.2) Deposits redeemable at notice over 3 months	86,8	4,6	47,6	51,0	-0,4	37,6	50,4	-0,6	31,6	49,7	-0,7	22,9
(3.3) Debt securities issued with maturity over 2 years	87,1	0,8	-4,3	98,0	6,3	14,3	98,4	1,1	14,6	97,0	0,4	14,0
(3.4) Capital and reserves	230,6	5,2	23,5	276,1	5,4	13,3	291,0	1,0	13,2	277,6	10,0	14,5
MFI assets												
(4) Credit to residents (items 4.1 and 4.2)	2 553,3	26,5	9,8	2 611,0	38,2	4,3	2 628,1	16,0	4,5	2 649,6	25,3	4,4
(4.1) Credit to general government	584,7	19,2	43,1	648,0	28,8	14,4	657,9	8,3	14,7	674,7	17,6	14,0
of which: Loans	58,7	-0,1	7,1	64,3	-0,5	11,5	64,4	0,1	9,6	64,0	-0,3	9,2
Securities other than shares	526,0	19,2	48,6	583,7	29,3	14,7	593,5	8,1	15,3	610,7	17,9	14,5
(4.2) Credit to private sector	1 968,6	7,4	2,8	1 963,0	9,4	1,3	1 970,2	7,8	1,5	1 974,9	7,7	1,5
of which: Loans	1 912,4	7,5	2,8	1 918,5	9,1	1,5	1 929,2	10,7	1,9	1 933,7	7,5	1,8
Securities other than shares	12,9	-0,1	-19,8	9,3	0,3	-26,7	6,5	-2,8	-50,1	6,5	0,1	-49,2
Shares and other equities	43,3	0,0	10,0	35,3	0,0	0,4	34,5	-0,1	0,2	34,6	0,2	0,7
(5) Net foreign assets	938,9	-22,0	-7,0	1 015,5	4,7	0,9	1 029,0	-0,9	2,1	1 060,3	59,4	10,5
(6) Other counterparts of M3 (residual) (=M3+items 2,3 - items 4,5) ²⁾	26,1	-3,1	-	22,7	7,5	-	20,9	-1,2	-	15,4	-6,7	-

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

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

TABLE 5

Sector breakdown of components of M3¹⁾

CZK billions	2009		2010					
	September		July		August		September	
	Out-standing amounts	Transa-ctions ²⁾	Out-standing amounts	Transa-ctions ²⁾	Out-standing amounts	Transa-ctions ²⁾	Out-standing amounts	Transa-ctions ²⁾
(1) Overnight deposits	1 370,9	-12,0	1 583,1	-14,9	1 616,8	32,8	1 626,6	13,0
(1.1) Other general government	130,7	-10,5	149,7	-2,1	139,2	-10,5	147,3	8,1
(1.2) Other financial intermediaries ³⁾	27,1	-1,8	25,6	-1,6	27,9	2,3	35,8	8,0
(1.3) Insurance corporations and pension funds	17,1	2,6	6,4	-6,4	11,6	5,2	12,8	1,3
(1.4) Non-financial corporations	403,3	-6,3	458,8	-10,3	485,0	25,5	475,1	-7,9
(1.5) Households ⁴⁾	792,7	4,1	942,5	5,5	953,1	10,3	955,7	3,5
(2) M2 - M1 (other short- term deposits)	842,7	-22,6	750,9	12,1	706,9	-44,5	689,9	-15,7
(2.1) Other general government	38,1	-4,5	26,0	-1,1	30,6	4,5	29,9	-0,6
(2.2) Other financial intermediaries ³⁾	20,9	0,0	18,3	0,8	18,9	0,6	17,0	-1,9
(2.3) Insurance corporations and pension funds	30,5	-1,0	28,5	-1,1	23,0	-5,5	20,7	-2,3
(2.4) Non-financial corporations	170,1	-5,2	187,0	19,8	151,9	-35,2	146,5	-4,9
(2.5) Households ⁴⁾	583,0	-11,8	491,2	-6,3	482,5	-8,9	475,7	-6,0
(3) Repurchase agreements (a part of M3 - M2)	15,3	0,9	13,1	0,6	12,9	-0,2	11,0	-1,9
(3.1) Other general government	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
(3.2) Other financial intermediaries ³⁾	0,6	-0,1	2,2	-0,1	4,1	1,8	4,7	0,6
(3.3) Insurance corporations and pension funds	9,4	1,3	9,2	0,6	7,2	-2,0	4,8	-2,4
(3.4) Non-financial corporations	0,5	0,0	0,1	0,0	0,1	0,0	0,0	-0,1
(3.5) Households ⁴⁾	4,9	-0,3	1,6	0,0	1,5	0,0	1,5	0,0

TABLE 6

Loans to private sector

CZK billions	2009		2010					
	September		July		August		September	
	Out-standing amounts	Transa-ctions ²⁾	Out-standing amounts	Transa-ctions ²⁾	Out-standing amounts	Transa-ctions ²⁾	Out-standing amounts	Transa-ctions ²⁾
(1) Loans to non-financial corporations	808,9	0,1	771,8	5,7	778,1	5,9	778,0	2,2
(1.1) up to 1 year	283,8	-0,9	252,2	1,9	255,1	2,9	255,6	1,3
(1.2) over 1 year and up to 5 years	173,7	-1,5	155,1	2,8	152,3	-2,9	151,3	-0,5
(1.3) over 5 years	351,4	2,6	364,5	1,0	370,7	6,0	371,2	1,4
(2) Loans to households⁴⁾	958,7	8,4	1 017,8	6,2	1 022,3	4,8	1 028,2	6,3
(2.1) Consumer credit	185,1	1,8	190,9	1,0	191,5	0,7	192,6	1,4
(2.2) Lending for house purchase	670,4	5,8	714,3	4,0	717,3	3,1	720,9	3,6
(2.3) Other lending	103,3	0,8	112,6	1,2	113,5	1,1	114,7	1,3
(3) Loans to other financial intermediaries³⁾	144,3	-1,1	128,7	-2,8	128,5	-0,2	127,3	-1,0
(4) Loans to insurance corporations and pension funds	0,5	0,1	0,2	0,1	0,3	0,1	0,2	-0,1

¹⁾ Table 5 doesn't include those components of M3 which can't be broken down by the sector so far, i.e. currency in circulation, money market fund shares/units and debt securities issued with maturity up to 2 years.

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

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

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

TABLE 7

Contributions to annual growth¹⁾ of M3

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

TABLE 8

Contributions to annual growth¹⁾ of loans to private sector

	2009	2010		
	September	July	August	September
	% points	% points	% points	% points
Non-financial corporations	-2,4	-1,5	-1,4	-1,2
Households ²⁾	6,4	4,3	4,1	4,0
Other financial intermediaries ³⁾	-1,1	-1,2	-0,9	-0,9
Insurance corporations and pension funds	-0,1	0,0	0,0	0,0
Loans to private sector ⁴⁾	2,8	1,5	1,9	1,8

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

²⁾ Including households (S.14) and non-profit institutions serving households (S.15).

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

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

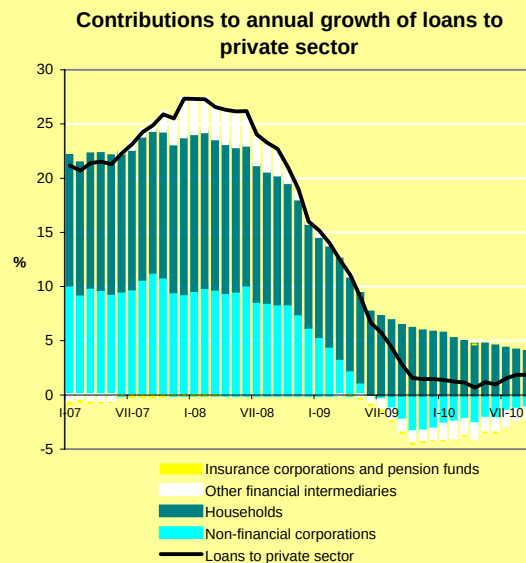
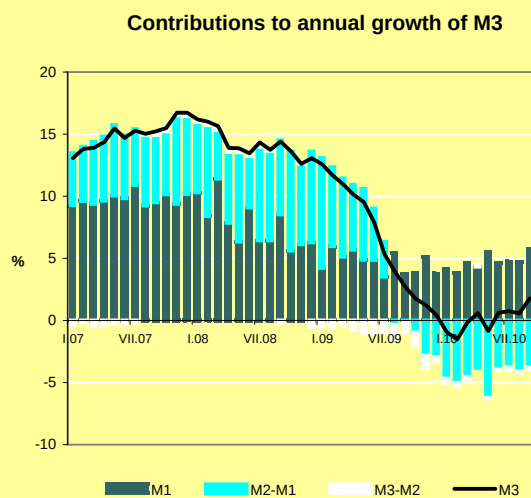
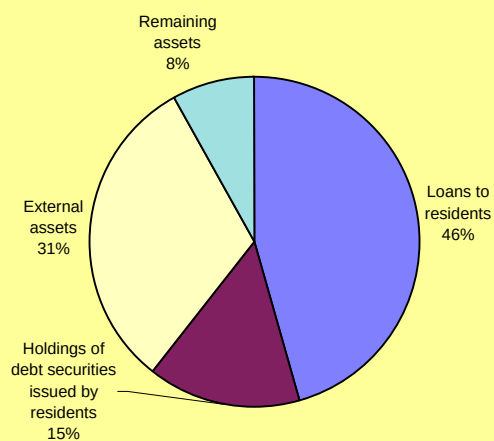


TABLE 9

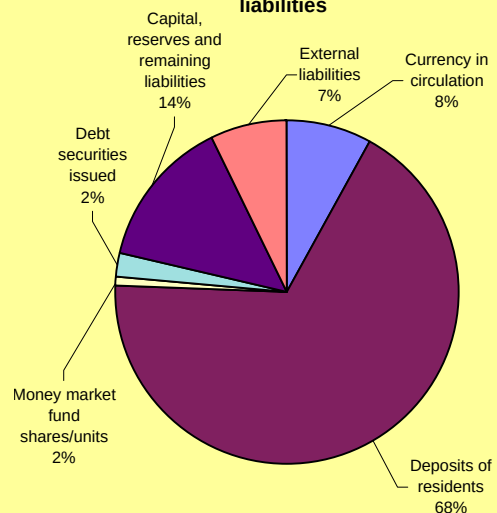
Balance sheets of monetary financial institutions by reporting institutions: September 2010

CZK billions	MFI			Consolidated balance sheet of MFIs
	CNB	Credit institutions	Money market funds	
(1) ASSETS TOTAL	826,1	4 348,6	46,7	4 376,4
(1.1) Loans to residents	12,1	2 563,2	10,0	1 997,7
MFI	3,6	574,1	10,0	-
General government	0,0	64,0	0,0	64,0
Other residents	8,5	1 925,2	0,0	1 933,7
(1.2) Holdings of securities other than shares issued by residents	0,0	793,7	22,9	617,2
MFI	0,0	197,4	1,9	-
General government	0,0	590,5	20,3	610,7
Other residents	0,0	5,8	0,7	6,5
(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	63,4	0,0	34,6
MFI	0,0	28,7	0,0	-
Other residents	0,0	34,6	0,0	34,6
(1.5) External assets	797,1	563,1	13,6	1 373,7
(1.6) Fixed assets	11,0	110,3	0,0	121,4
(1.7) Remaining assets	5,9	254,8	0,3	231,7
(2) LIABILITIES TOTAL	826,1	4 348,6	46,7	4 376,4
(2.1) Currency in circulation	384,9	-	-	355,5
(2.2) Deposits of residents	547,4	2 986,7	0,0	2 952,2
MFI	419,0	162,8	0,0	-
Central government	124,5	258,7	0,0	383,2
Other general government/other residents	3,9	2 565,1	0,0	2 569,0
(2.3) Money market fund shares/units	-	-	40,7	40,7
(2.4) Debt securities issued	0,0	298,8	0,0	99,4
(2.5) Capital and reserves	-163,3	469,5	0,0	277,6
(2.6) External liabilities	2,7	306,4	4,3	313,4
(2.7) Remaining liabilities	54,4	287,2	1,7	343,4
(2.8) Excess of inter MFI liabilities	-	-	-	-5,7

Consolidated balance sheet of MFIs - assets



Consolidated balance sheet of MFIs - liabilities



Comments on monetary developments statistics¹⁾ (Tables 3-9): September 2010

The gradual decline in the annual rate of growth of M3 – a basic indicator characterising the supply of money in the economy – triggered by the autumn 2008 events halted in recent months. In the period from December 2009 to May 2010 annual M3 growth was rather fluctuating around zero. While in May and in the first months of this year M3 growth was even negative, in the period from June to August it was positive, moving slightly above zero. In September, its annual rate of growth was 1.2% higher than in August, reaching 1.8%. The month-on-month growth rate increased from -0.5% in August to -0.1% in September. As a result of financial transactions, M3 declined by CZK 1.8 billion month on month (but rose by CZK 45.8 billion year on year) to CZK 2,726.0 billion.

Main components of M3

Within the M3 structure, M1 is the most important component. Its contribution to annual M3 growth increased from 4.7 percentage points in August to 5.7 percentage points in September (see Table 7). Another significant M3 component, the quasi money, remains negative.

The annual rate of growth of M1 increased from 6.8% in August to 8.4% in September. This change was due to a fall in the annual growth rate of overnight deposits (from 8.4% in August to 10.3% in September). Overnight deposits grew by CZK 13.0 billion (or 0.8%) month on month, owing to financial transactions. Within overnight deposits, the largest increase was recorded by deposits of the other financial intermediaries sector, which rose by 28.8% (CZK 8.0 billion). Further increases were recorded by deposits of insurance corporations and pension funds (up by 10.8%, or CZK 1.3 billion), deposits of other government (up by 5.8%, or CZK 8.1 billion) and deposits of households (up by 0.4%, or CZK 3.5 billion). By contrast, deposits of non-financial corporations decreased (down by 1.6%, or CZK 7.9 billion).

The annual growth rate of currency in circulation rose by 0.8 percentage point from 0.4% in August to 1.2% in September. In month-on-month terms, currency in circulation grew by 0.8% to CZK 355.5 billion.

Other short-term deposits (excluding overnight deposits) fell by CZK 15.7 billion (or 2.2%) month on month, owing to financial transactions. The annual rate of growth of these deposits rose by 0.3 percentage point to -12.1% in September (from -12.4% in August). The annual growth rate of deposits with maturity of up to two years, which are the slightly dominant component of short-term deposits, increased by 0.4 percentage point compared to the previous month, reaching -17.2%. The annual growth rate of deposits redeemable at notice of up to three months, which were previously characterised by large annual increases (27.3% in September 2009 compared to -5.1% in September 2010), has been negative since December 2009. A slight increase of 0.3% was recorded in September (5.1%) compared to August (-5.4%).

As regards other short-term deposits, a month-on-month decline was recorded for all economic sectors. Deposits of other financial intermediaries recorded the largest decrease (of 10.1%, or CZK 1.9 billion). Further declines were recorded by deposits of insurance corporations and pension funds (down by 9.8%, or CZK 2.3 billion), deposits of non-financial corporations (down by 3.2%, or CZK 4.9 billion), deposits of other government (down by 2.1%, or CZK 0.6 billion) and deposits of households (down by 1.2%, or CZK 6.0 billion).

Marketable instruments, which consist of repos, money market fund shares/units and debt securities with maturities of up to two years, declined by 3.5% month on month to CZK 54.1 billion (CZK 56.1 billion in August). The annual rate of growth of marketable instruments dropped by 5.5 percentage points to -7.7% (-2.2% in August).

Main counterparts of M3

The annual growth rate of loans to general government declined to 9.2% in September (9.6% in August). The annual rate of growth of purchased government bonds decreased from 15.3% in August to 14.5% in September.

The annual growth rate of loans to the private sector declined slightly, to 1.8% in September (1.9% in August). As in previous months, the household sector was the sole contributor to the positive annual growth rate of loans to the private sector (see Table 8). In month-on-month comparison, the annual growth rate of loans to households declined by 0.3 percentage point in September (8.2% in August, 7.9% in September). The annual rate of growth of loans to non-financial corporations showed a modest rise.

The annual growth rate of net external assets increased to 10.5% at the end of September (from 2.1% in August). The annual growth rate of longer-term financial liabilities decreased from 26.0% in August to 25.0% in September. The annual growth rate of deposits of central government rose from -7.7% in August to -5.7% in September).

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

TABLE 10

Interest rates of monetary financial institutions on new business¹⁾

monthly average rates and sum	2009		2010					
	September		July		August		September	
	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)
(1) Deposits from households ²⁾	1,14	1227,5	1,06	1284,1	1,06	1288,6	1,02	1287,6
(1.1) Overnight	0,66	763,3	0,68	911,0	0,68	919,9	0,63	922,7
(1.2) With agreed maturity	1,21	28,9	0,69	18,9	0,65	16,5	0,73	16,4
of which: Up to 2 years	1,17	28,1	0,65	18,0	0,60	15,4	0,70	15,3
(1.3) Redeemable at notice ³⁾	1,94	464,6	2,07	367,5	2,07	363,0	2,06	359,2
(1.3.1) Up to 3 months' notice	2,20	378,4	2,26	317,1	2,26	313,2	2,25	310,1
(1.3.2) Over 3 months' notice	0,83	86,2	0,86	50,4	0,87	49,8	0,87	49,1
(2) Deposits from non-financial corporation ⁴⁾	0,69	531,0	0,45	532,1	0,44	526,3	0,45	498,0
(2.1) Overnight	0,42	304,3	0,41	355,4	0,41	376,8	0,42	364,6
(2.2) With agreed maturity	1,00	206,2	0,51	175,4	0,50	147,8	0,53	131,8
of which: Up to 2 years	1,00	206,1	0,51	175,4	0,50	147,7	0,53	131,8
(3) Loans to households ²⁾	14,78	55,3	14,16	53,4	13,92	54,7	13,73	56,4
(3.1) Bank overdrafts ⁵⁾	19,13	34,1	17,78	35,5	17,59	35,4	17,63	35,8
(3.2) Consumer credit	14,08	5,2	14,44	3,5	14,67	4,2	14,66	4,2
(3.3) Lending for house purchase	5,50	13,1	5,00	11,4	4,96	11,4	4,79	12,4
of which: Mortgage lending ⁶⁾	5,73	7,6	4,92	7,0	4,89	7,0	4,67	8,0
Saving for building purposes	5,03	5,2	5,09	3,4	5,00	3,4	5,00	3,4
(3.4) Other lending	6,55	2,8	5,65	3,0	5,43	3,6	5,42	4,0
(4) Loans to non-financial corporation	4,17	171,9	3,95	152,2	3,90	149,7	3,91	155,3
(4.1) Bank overdrafts ⁵⁾	4,56	105,1	4,34	89,2	4,23	90,3	4,12	93,8
(4.2) Other loans up to CZK 30 million	4,56	12,3	3,90	10,6	3,97	10,2	3,69	12,6
of which: Up to 1 year initial rate fixation ⁷⁾	4,48	10,7	3,71	9,1	3,85	9,2	3,57	11,4
(4.3) Other loans over to CZK 30 million	3,33	54,5	3,29	52,4	3,28	49,2	3,55	48,9
of which: Up to 1 year initial rate fixation ⁷⁾	3,29	48,3	3,19	47,5	3,27	48,4	3,52	48,0
(5) APRC ⁸⁾ on loans to households	8,44	18,3	7,67	14,9	8,11	15,7	7,79	16,6
(5.1) Consumer credit	15,17	5,2	15,74	3,5	16,08	4,2	15,94	4,2
(5.2) Lending for house purchase	5,77	13,1	5,21	11,4	5,15	11,4	5,04	12,4

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

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

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

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

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

⁶⁾ 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)).

⁷⁾ The initial period of fixations is a predetermined period of time at the start of the contract during which the value of the interest rate cannot change. Period up to 1 year includes floating rates.

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

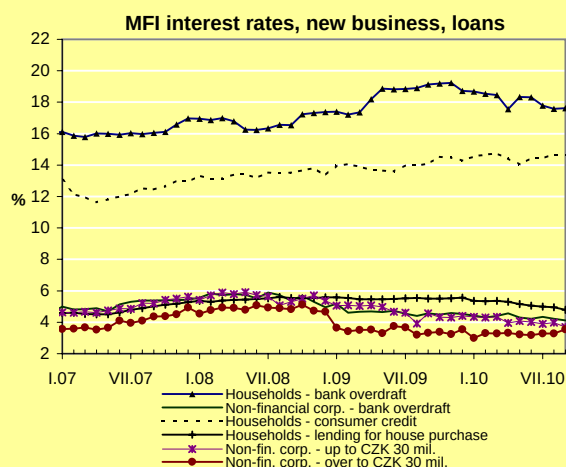
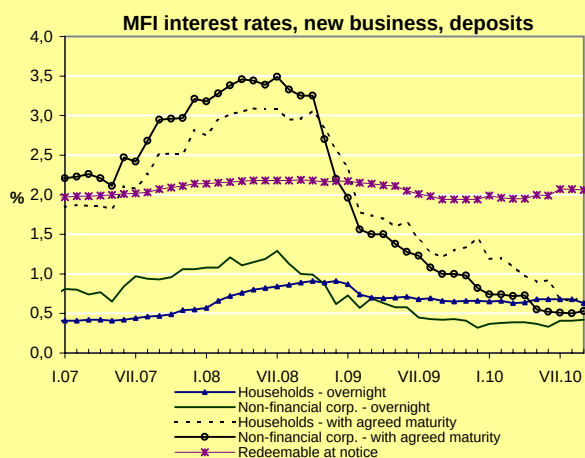


TABLE 11

Interest rates of monetary financial institutions on outstanding amounts¹⁾

outstanding amounts as end-of-month	2009		2010		2010		2010	
	September		July		August		September	
	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)
(1) Deposits from households²⁾³⁾	1,31	1516,1	1,24	1597,4	1,23	1597,3	1,19	1596,5
(1.1) With agreed maturity	1,98	304,2	1,92	318,8	1,87	314,6	1,88	314,7
(1.1.1) Up to 2 years	1,93	186,8	1,59	144,6	1,58	139,7	1,57	137,3
(1.1.2) Over 2 years	2,07	117,3	2,20	174,2	2,11	174,9	2,11	177,5
(2) Deposits from non-financial corp.³⁾	0,72	454,0	0,55	515,7	0,53	506,5	0,54	489,8
(2.2) With agreed maturity	1,28	129,0	0,85	158,9	0,89	128,0	0,88	123,6
(2.2.1) Up to 2 years	1,25	126,5	0,80	154,0	0,82	123,0	0,80	118,8
(2.2.2) Over 2 years	2,95	2,5	2,43	4,8	2,53	5,0	2,75	4,8
(3) Loans to households	7,04	957,6	6,96	1016,4	6,95	1020,1	6,93	1026,6
(3.1) Lending for house purchase	5,24	670,0	5,27	713,9	5,27	716,9	5,25	720,5
of which: Mortgage lending ⁴⁾	5,22	542,2	5,26	583,8	5,25	587,9	5,23	591,5
Saving for building purposes	5,37	100,5	5,37	102,1	5,37	102,2	5,37	102,3
(3.2) Consumer credit and other lending ⁵⁾	11,43	287,5	11,14	302,4	11,12	303,1	11,09	306,0
(4) Loans to non-financial corporation	4,34	668,9	4,05	639,0	4,06	640,1	4,04	645,8
(4.1) Up to 1 year	4,13	243,0	3,84	216,4	3,81	217,7	3,70	221,1
(4.2) Over 1 and up to 5 years	4,37	146,2	4,13	124,6	4,20	121,5	4,21	120,9
(4.3) Over 5 years	4,51	279,7	4,17	298,0	4,19	300,9	4,21	303,8

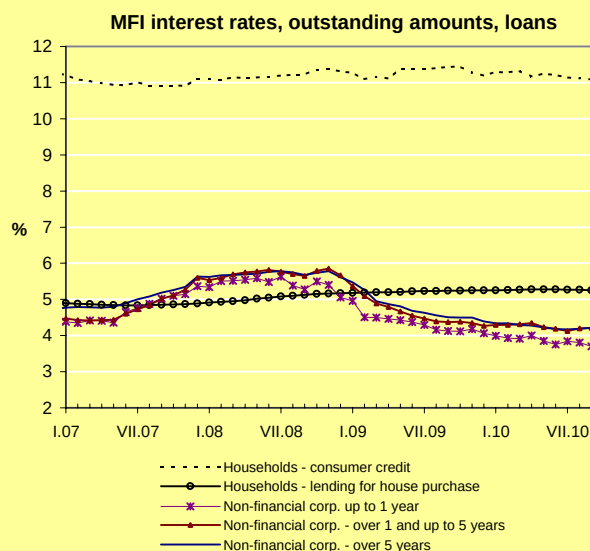
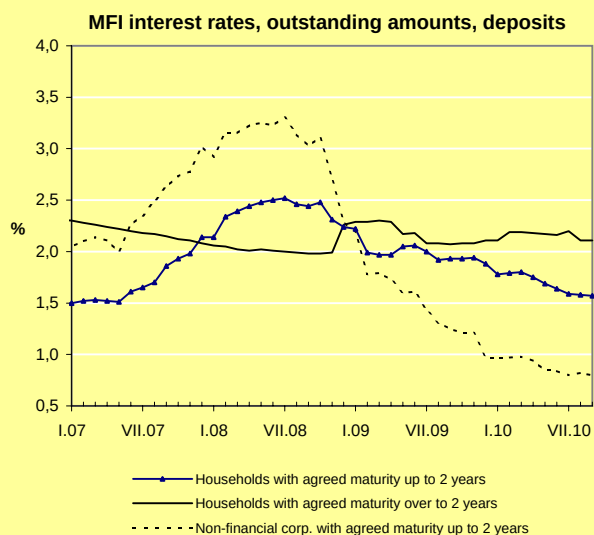
¹⁾ The interest rates that are applied by MFIs to CZK-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the Czech Republic. Interest rates on outstanding amounts refer to the stock of all deposits and all loans at a specific moment.

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

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

⁴⁾ 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)).

⁵⁾ Consumer credit and other lending include bank overdrafts presented in Table 10.



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

Interest rates on new business

Interest rates on **new deposits** of households and non-financial corporations recorded only a small change in September.

The average interest rate on total new deposits of **households** fell just by 0.04 percentage point to 1.02%. The rate on overnight deposits also dropped by only 0.05 percentage point to 0.63%. By contrast, the rate on deposits with agreed maturity rose by 0.08 percentage point to 0.73%. The rate on deposits redeemable at notice was virtually unchanged, remaining at 2.06%.

The overall interest rate on new deposits of **non-financial corporations** was almost the same as in August, at 0.45%. The rate on overnight deposits was also almost unchanged, stopping at 0.42%. The rate on deposits with agreed maturity of up to two years (which as a rule account for 100% of all deposits with agreed maturity in the case of this sector) recorded just a minor increase of 0.03 percentage point to 0.53%.

The rates on **new loans** to households decreased in September and the rates on new loans to non-financial corporations remained almost unchanged.

The overall interest rate on new loans to **households** fell by 0.19 percentage point to 13.73%. By contrast, the interest rate on bank overdrafts increased by 0.04 percentage point to 17.63%. The interest rate on consumer credit was virtually unchanged at 14.66%. The interest rate on loans for house purchase declined by 0.17 percentage point to 4.79%. The rate on other loans was just slightly lower than in August, at 5.42%.

The rate on new loans to **non-financial corporations** saw almost no change and stood at 3.91%. The rate on bank overdrafts fell by 0.11 percentage point to 4.12%. The rate on other loans of up to CZK 30 million recorded a decrease of 0.28 percentage point to 3.69%. Conversely, the rate on other loans of over CZK 30 million was up by 0.27 percentage point, reaching 3.55%.

The overall **annual percentage rate of charge on loans to households** dropped by 0.32 percentage point to 7.79%, the APRC on consumer credits recorded a decrease of 0.14 percentage point, stabilising at 15.94%. The APRC on loans for house purchase declined by 0.11 percentage point to 5.04%.

Interest rates on outstanding amounts

The average interest rate on **outstanding amounts of deposits** of households and non-financial corporations recorded only a small change in August.

The interest rate on total deposits of **households** fell by 0.04 percentage point, stopping at 1.19%. The rate on overnight deposits recorded a decline of 0.05 percentage point to 0.63%. The rate on deposits redeemable at notice was almost the same as in August, at 2.06%. Similarly, the interest rate on deposits with agreed maturity remained virtually unchanged at 1.88%.

The interest rate on total deposits of **non-financial corporations** was almost the same as in August, at 0.54%. The interest rate on overnight deposits was almost unchanged, standing at 0.42%. The interest rate on deposits with agreed maturity remained almost at the August level, at 0.88%.

The average interest rate on **outstanding amounts of loans** to households and non-financial corporations recorded only a modest change in September.

The overall interest rate on loans to **households** declined by only 0.02 percentage point to 6.93%. The interest rate on loans for house purchase declined slightly, by 0.02 percentage point to 5.25%. The interest rate on consumer credit and other loans fell by just 0.03 percentage point to 11.09%.

The average interest rate on outstanding amounts of loans to **non-financial corporations** saw only a slight decline of 0.02%, stabilising at 4.04%. The rate on loans to non-financial corporations decreased more markedly only for maturities of up to one year, by 0.11 percentage point to 3.70%. The maturities of over one year and up to five years saw almost no change in rate, which remained at 4.21%. For maturities of over five years the rate rose by only 0.02 percentage point to 4.21%.

TABLE 12

Aggregated balance sheet of investment funds ¹⁾

CZK billions; end of period	2009	2010			
	August	May	June	July	August
ASSETS					
Total	93,2	105,9	104,7	109,3	112,3
(1.1) Deposits	11,0	10,1	8,9	9,1	10,1
(1.2) Securities other than shares	41,7	47,4	47,8	49,0	48,7
Residents	21,7	24,9	25,9	27,0	26,4
MFI	0,9	1,2	1,3	1,4	1,4
General government	19,5	22,1	23,0	24,1	24,1
Other residents	1,3	1,6	1,6	1,5	0,9
Non-residents	20,0	22,6	21,9	22,0	22,3
(1.3) Shares and other equity	19,5	23,5	22,9	23,8	24,0
Residents	4,4	4,8	4,9	5,0	5,1
MFI	0,2	0,5	0,5	0,4	0,4
Other residents	4,2	4,3	4,4	4,5	4,7
Non-residents	15,1	18,6	18,0	18,8	18,9
(1.4) Investment fund shares	15,3	15,2	15,0	15,9	16,6
Residents	3,6	3,9	3,9	4,0	4,0
Non-residents	11,7	11,3	11,1	0,9	12,5
(1.5) Other assets	5,7	9,7	10,2	11,5	12,9
LIABILITIES					
Total	93,2	105,9	104,7	109,3	112,3
(2.1) Loans accepted	0,2	0,5	0,5	0,9	1,0
(2.2) Investment fund shares	90,7	99,3	99,7	103,6	105,8
Residents	89,5	97,8	98,2	102,0	104,2
Non-residents	1,2	1,5	1,5	1,6	1,7
(2.4) Other liabilities	2,3	6,1	4,5	4,8	5,5

BALANCE SHEET TOTAL - BREAKDOWN BY INVESTMENT POLICY

TOTAL	93,2	105,9	104,7	109,3	112,3
Equity funds	15,2	16,7	15,9	18,1	18,2
Bond Funds	35,5	39,5	38,8	39,8	41,2
Mixed Funds	35,9	39,2	38,1	38,9	38,7
Real estate funds	6,6	10,5	11,9	12,4	14,2

¹⁾ 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 15th calendar day of the second month following the reference period

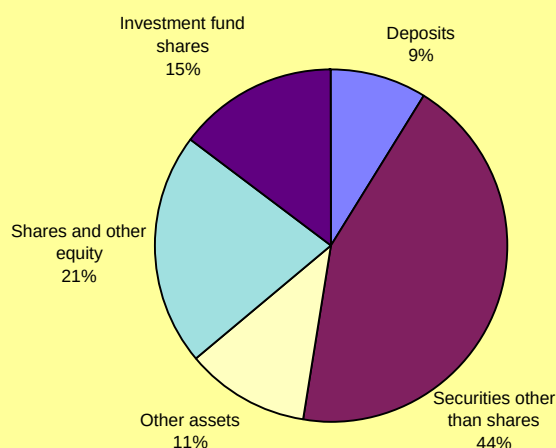
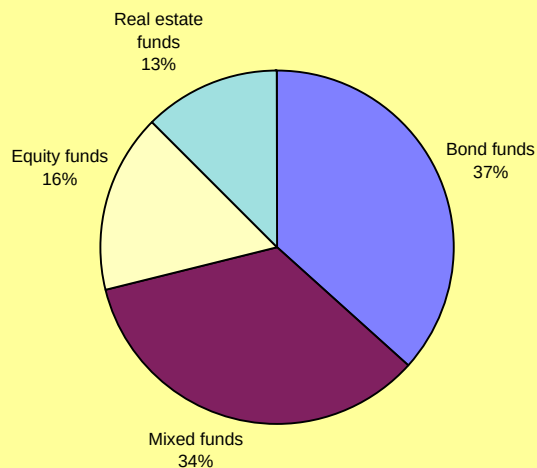
Balance sheet total - breakdown by asset items**Balance sheet total - breakdown by investment policy**

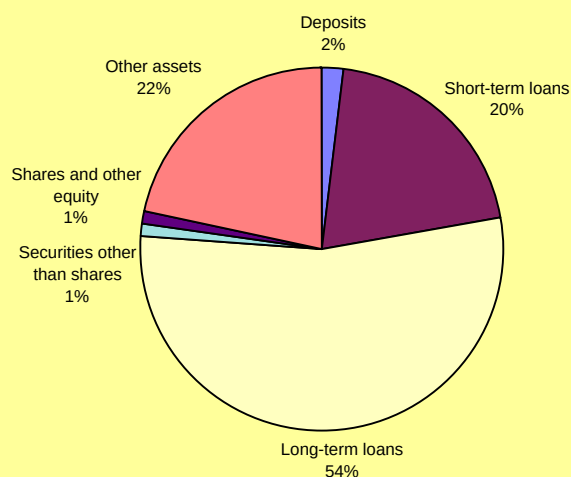
TABLE 13

Quarterly aggregated balance sheet of financial corporations engaged in lending ¹⁾
(financial leasing, hire purchase and provision of personal or commercial finance, factoring and forfaiting)

CZK billions; end of period	2009			2010	
	June	September	December	March	June
Assets					
Total	422,3	412,4	404,2	389,7	386,6
(1.1) Deposits	6,6	7,9	8,1	8,2	7,0
(1.2) Loans provided	326,8	306,0	299,0	291,1	287,4
Residents	320,1	299,6	292,4	284,8	282,3
Up to 1 year	86,2	79,9	78,9	75,7	77,4
Over 1 year	233,9	219,7	213,6	209,1	204,9
Non-residents	6,7	6,4	6,6	6,3	5,1
(1.3) Securities other than shares	6,0	5,9	2,7	2,7	3,6
Up to 1 year	4,1	4,1	1,0	1,0	1,9
Over 1 year	1,9	1,7	1,7	1,7	1,7
(1.4) Shares and equity	8,3	8,1	5,6	5,5	5,0
Mutual fund shares/units (including MMFs)	0,0	0,1	0,1	0,1	0,0
Other shares and equity	8,3	7,9	5,5	5,4	4,9
(1.5) Other assets	74,7	84,5	88,8	82,2	83,6
LIABILITIES					
Total	422,3	412,4	404,2	389,7	386,6
(2.1) Loans taken	249,3	241,7	235,7	218,7	227,8
Residents	179,1	170,7	163,9	149,9	157,8
Non-residents	70,2	71,1	71,9	68,8	70,0
(2.2) Securities other than shares issued	19,9	16,6	13,5	13,5	4,0
Up to 1 year	0,0	0,0	0,0	0,0	1,1
Over 1 year	19,9	16,6	13,4	13,5	2,9
(2.3) Own funds	106,3	108,9	110,9	113,8	112,1
(2.5) Other liabilities	46,8	45,1	44,1	43,7	42,6
BALANCE SHEET TOTAL BREAKDOWN BY TYPE OF INTERMEDIARIES					
TOTAL	422,3	412,4	404,2	389,7	386,6
Financial leasing companies	294,1	289,5	282,5	271,0	268,4
Other lending companies	106,5	101,5	100,7	98,9	97,9
Factoring and forfaiting companies	21,8	21,4	20,9	19,8	20,3

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

Balance sheet total - breakdown by asset items



Balance sheet total - breakdown by type of intermediaries

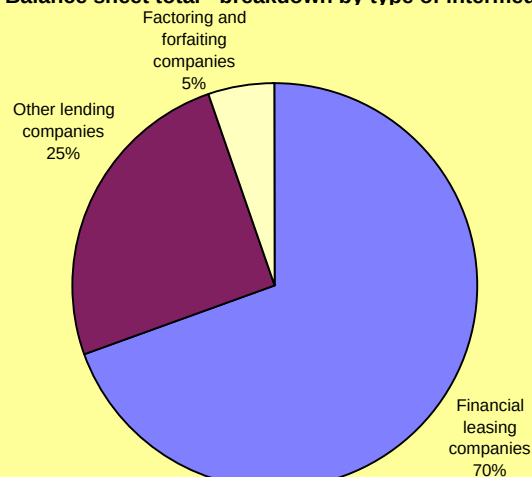


TABLE 14

Summary of loans provided by financial corporations engaged in lending ¹⁾ to residents
(financial leasing, hire purchase and provision of personal or commercial finance, factoring and forfaiting)

CZK billions; end of period	2009			2010	
	June	September	December	March	June
LOANS					
(1) Non-financial corporations	178,9	168,1	165,4	165,3	188,9
Up to 1 year	47,7	44,7	42,8	41,5	43,2
Over 1 year up to 5 years	104,4	98,0	96,5	95,3	111,3
Over 5 years	26,8	25,4	26,0	28,5	34,4
(2) Financial corporations	1,7	0,6	0,6	0,5	0,2
Up to 1 year	0,2	0,2	0,2	0,1	0,1
Over 1 year up to 5 years	1,4	0,3	0,3	0,3	0,1
Over 5 years	0,1	0,1	0,1	0,0	0,0
(3) Government	1,1	1,2	1,1	0,4	0,4
Up to 1 year	0,5	0,6	0,5	0,1	0,1
Over 1 year up to 5 years	0,6	0,6	0,6	0,2	0,2
Over 5 years	0,0	0,0	0,0	0,0	0,0
(4) Households	138,3	129,6	125,2	118,8	92,8
Up to 1 year	37,7	34,4	35,2	34,0	34,1
Over 1 year up to 5 years	84,3	78,8	72,9	67,9	44,2
Over 5 years	16,3	16,5	17,0	16,9	14,6
(5) NPISHs	0,1	0,1	0,1	0,0	0,0
Up to 1 year	0,1	0,1	0,1	0,0	0,0
Over 1 year up to 5 years	0,1	0,1	0,1	0,0	0,0
Over 5 years	0,0	0,0	0,0	0,0	0,0

BREAKDOWN OF LOANS PROVIDED TO HOUSEHOLDS

(1) Total	138,3	129,6	125,2	118,8	92,8
(1.1) Consumer credit	120,7	112,9	110,1	104,5	78,8
Up to 1 year	36,5	33,2	34,0	32,8	32,8
Over 1 year up to 5 years	69,9	65,0	60,8	56,5	33,1
Over 5 years	14,3	14,6	15,4	15,2	13,0
(1.2) Lending for house purchase	1,5	1,4	1,4	1,3	1,3
Up to 1 year	0,0	0,0	0,0	0,0	0,0
Over 1 year up to 5 years	0,3	0,3	0,3	0,3	0,2
Over 5 years	1,1	1,1	1,1	1,1	1,0
(1.3) Other loans	16,1	15,3	13,7	12,9	12,8
Up to 1 year	1,2	1,2	1,2	1,2	1,3
Over 1 year up to 5 years	14,1	13,4	11,9	11,2	10,9
Over 5 years	0,8	0,7	0,6	0,6	0,6

BREKDOWN OF SELECTED LOANS BY TYPE OF INTERMEDIARIES

TOTAL	320,1	299,6	292,4	284,8	282,3
Financial leasing companies	222,4	207,3	201,0	196,8	193,9
Other lending companies	80,8	75,6	75,0	72,9	72,2
Factoring and forfaiting companies	16,9	16,7	16,5	15,2	16,1
of which Non-financial corporations	178,9	168,1	165,4	165,3	188,9
Financial leasing companies	156,9	146,1	143,6	145,1	167,8
Other lending companies	5,2	5,3	5,2	4,9	4,9
Factoring and forfaiting companies	16,9	16,7	16,5	15,2	16,1
of which Households	138,3	129,6	125,2	118,8	92,8
Financial leasing companies	63,0	59,7	55,8	51,2	25,8
Other lending companies	75,3	69,9	69,4	67,6	67,0
Factoring and forfaiting companies	0,0	0,0	0,0	0,0	0,0

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

Commentary on the aggregated balance sheet of collective investment funds (Table 12): August 2010

As of the end of August 2010, collective investment funds (CIFs) administered assets worth CZK 105.8 billion. The value of administered assets thus increased again. It was up by CZK 2.16 billion, or 2.08 %, compared to July 2010. By comparison with the same period of last year, the value of administered assets grew by 16.65%, representing a rise of CZK 15.10 billion in CIFs' assets.

In August 2010, the largest increase was recorded by real estate funds, whose assets rose from CZK 12.4 billion to CZK 14.2 billion, up by 14.56% month on month. Growth in assets was also recorded by bond funds (from CZK 39.8 billion to CZK 41.2 billion) and equity funds (from CZK 18.1 billion to CZK 18.2 billion). Mixed funds recorded a slight decrease in August (from CZK 38.9 billion to CZK 38.7 billion). In year-on-year comparison, the biggest increase in assets was registered for real estate funds. The value of assets administered by real estate funds picked up by CZK 7.54 billion (114.09%) year on year. Annual increases in assets were recorded also by equity, bond and mixed funds.

Collective investment funds invested most in debt securities. The total volume of purchased debt securities fell by CZK 0.57 billion compared to the previous month, to CZK 48.7 billion. The share of debt securities in CIFs' equity capital decreased from 47.28% in July 2010 to 46.05%, which represents a decline of 1.23 percentage points. In year-on-year terms, funds increased investment in debt securities by CZK 7.02 billion, or 16.83%. Compared to August 2009, the share of purchased debt securities in CIFs' equity capital increased by 0.07 percentage point. The share of equity securities in CIFs' portfolios was increasing in the course of last year. The volume of equity securities rose by CZK 5.75 billion year on year, to CZK 40.6 billion, which represents an increase of 16.52%.

At the end of August 2010, a total of 163 resident collective investment funds were operating in the Czech Republic, of which 28 were equity funds, 28 were bond funds, 60 were mixed funds, 45 were real estate funds and 2 were other funds.

Commentary on the quarterly aggregated balance sheet of FCL¹⁾ (Tables 13 and 14): June 2010

As of 30 June 2010, financial corporations engaged in lending had total assets of CZK 386.6 billion. Compared to the previous quarter, total assets decreased by CZK 3.2 billion, which represents a quarter-on-quarter decline of 0.81%. In year-on-year comparison they fell by CZK 35.8 billion. Financial leasing companies accounted for the largest share of total assets (CZK 268.4 billion). The contribution of other lending companies was CZK 97.9 billion and that of corporations engaged in factoring and forfaiting was CZK 20.3 billion.

The largest asset item was loans, which amounted to CZK 287.4 billion. Loans recorded a decrease of CZK 3.7 billion (1.27%) in 2010 Q2 compared to the previous period. The year-on-year decline in loans was CZK 39.4 billion, or 12.04%. Most loans (98.21%) were granted to resident entities. Short-term loans amounted to CZK 78.8 billion at the end of Q2 and accounted for 20.37% of total assets. Long-term loans amounted to CZK 208.6 billion, i.e. 53.98% of total assets.

The largest part of loans provided to residents consisted of loans to non-financial corporations, which amounted to CZK 188.9 billion, i.e. 66.90% of loans to residents. Loans provided to non-financial corporations increased of CZK 23.6 billion quarter on quarter (up by 14.28%) and of CZK 10 billion year on year (up by 5.57%). This high increase in the time series was, however, due to the non-transactions-related factors. The reporting agents have carried out the reclassification of loans in the amount of about CZK 24 billion. This amount was incorrectly reported up to 31.3.2010 in loans granted to households, which is resulted in their high drop in the second quarter of 2010, see below. CZK 167.8 billion was provided by financial leasing companies, CZK 4.9 billion by other lending companies and CZK 16.1 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 111.3 billion.

Loans to households, which totalled CZK 92.8 billion, were the second largest group of loans to residents. They decreased by CZK 25.9 billion (or 21.81%) compared to the previous quarter. In year-on-year terms, the value of loans to households decreased by CZK 45.4 billion, i.e. 32.89%. These loans accounted for 32.93% of loans granted to residents. CZK 25.9 billion was provided by financial leasing companies and CZK 67 billion by other lending companies. Loans with an original maturity of one to five years amounted to CZK 44.2 billion, giving them the largest share in loans to households.

1) Under Decree No. 307/2004 Coll. financial corporations engaged in lending are companies whose main or major business activity involves providing credit or loans or entering into agreement of similar nature, e.g. financial leasing, factoring, consumer credit, hire-purchase financing, etc.

Glossary

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

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

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

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

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

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

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

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

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

Financial corporations engaged in lending (FCLs):

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

Type of services:

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

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

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

Glossary (cont'd)

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

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

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

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

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

Money-holding sector: all 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* – funds investing mainly in shares and other equity.
2. *Bond funds* – funds investing mainly in securities other than shares.
3. *Mixed funds* – funds investing in equity and debt securities without a clear preference for either approach.
4. *Real estate funds* – funds investing mainly in real estate.
5. *Hedge funds* – funds applying more or less unlimited investment strategies in order to achieve positive absolute yields, whose managers are remunerated based on the fund's performance in addition to their salary.
6. *Other funds* – collective investment funds other than equity funds, bond funds, mixed funds, real estate funds or hedge funds.

Funds of funds and funds of qualified investors are classified under the aforementioned categories according to their investment strategies.

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