

Monetary Statistics

October
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

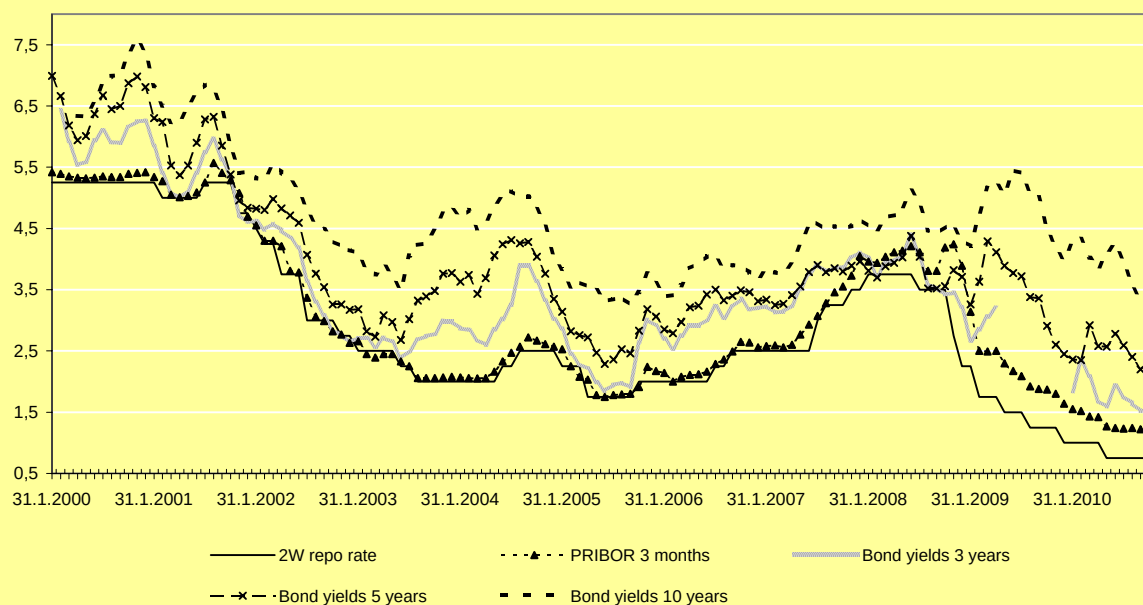
	CNB			ECB
	from 7 August 2009 onwards	from 17 December 2009 onwards	from 7 May 2010 onwards	from 13 May 2009 onwards
2W repo rate	1,25	1,00	0,75	1,00
Deposit facility	0,25	0,25	0,25	0,25
Marginal lending facility	2,25	2,00	1,75	1,75

TABLE 2

Financial markets interest rates

monthly average	2009		2010					
	October		August		September		October	
	CR	Euro area	CR	Euro area	CR	Euro area	CR	Euro area
Money market								
CZEONIA/ EONIA								
overnight	1,28	0,36	0,72	0,43	0,76	0,45	0,66	0,70
PRIBOR/ EURIBOR								
1 month	1,56	0,43	1,00	0,64	1,00	0,62	1,01	0,78
3 months	1,87	0,74	1,24	0,90	1,22	0,88	1,20	1,00
6 months	2,13	1,02	1,52	1,15	1,53	1,14	1,55	1,22
1 year	2,41	1,24	1,78	1,42	1,78	1,42	1,79	1,49
Capital market								
Bond yields								
3 years	-	1,86	1,65	2,21	1,52	2,19	1,53	2,10
5 years	2,91	2,67	2,40	2,57	2,20	2,68	2,32	2,71
10 years (Maastricht)	4,50	3,80	3,56	3,44	3,34	3,50	3,43	3,34

Financial markets interest rates in CR



Commentary on key interest rates (Table 1) and financial market interest rates (Table 2): October 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 October, interest rates on the Czech interbank deposit market did not change significantly, except for the CZEONIA rate, which decreased by 0.10 pp. By contrast interest rates on the euro area interbank deposit market increased, the most change recorded the EONIA rate, which increased by 0.25 pp. The 3M PRIBOR reached 1.20% (1.22% in September) and the 3M EURIBOR stood at 1.00% (0.88% in September).

Bond yields on the Czech capital market recorded the month-on-month increase in September in all tracked maturity bands (10Y by 0.12 pp at most). On the other hand yields on bonds in the euro area decreased, except for the 5Y, which did not change almost. The yield on the 10Y bond in the Czech Republic was 3.43% (3.34% in September), while the yield on the 10-year bond in the euro area reached 3.34% (3.50% in September).

TABLE 3

Key monetary indicators

CZK billions, unless otherwise indicated	2009			2010			2010			2010		
	October			August			September			October		
	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	1 732,7	3,9	6,0	1 969,5	31,1	6,8	1 982,3	16,1	8,5	1 976,2	-5,7	7,9
M3 ¹⁾	2 651,0	17,5	1,8	2 732,5	-13,9	0,6	2 726,5	-1,2	1,8	2 730,1	4,2	1,3
Loans to private sector ²⁾	1 914,4	-5,7	1,6	1 929,2	10,7	1,9	1 938,4	8,3	1,9	1 953,5	16,0	3,0
Net foreign assets ³⁾	1 001,2	22,4	-5,1	1 029,0	-0,9	2,1	1 060,3	59,4	10,5	1 059,1	2,2	8,2

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

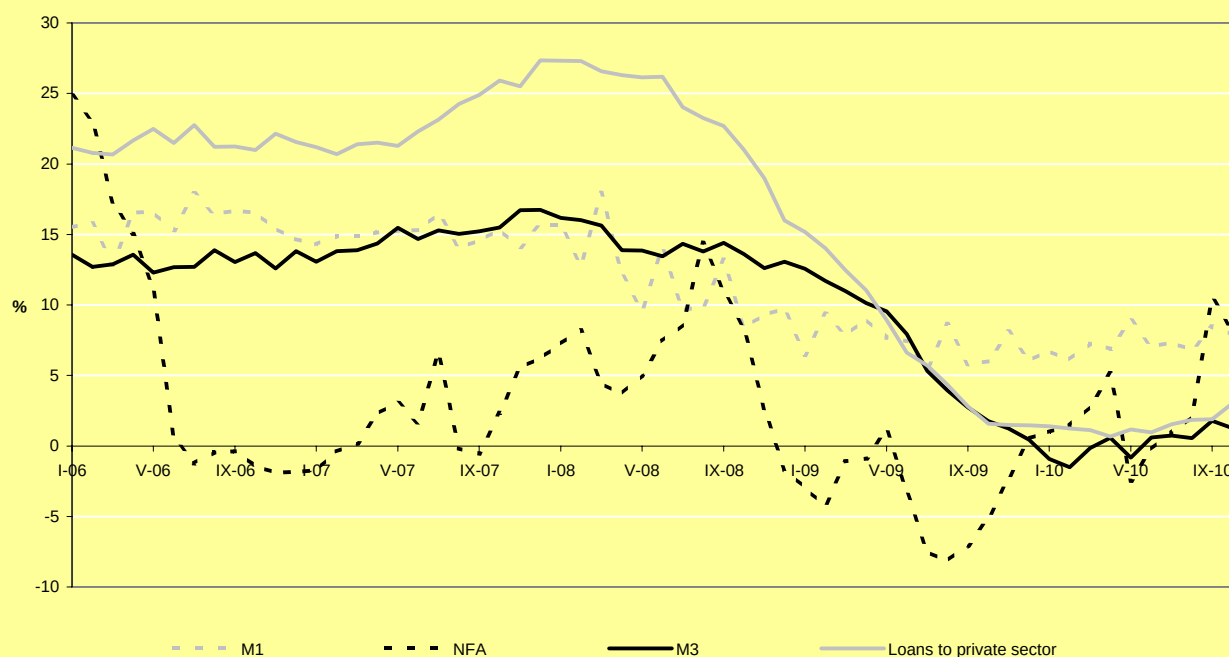


TABLE 4

Monetary aggregates and counterparts

CZK billions, unless otherwise indicated	2009			2010								
	October			August			September			October		
	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)	2 651,0	17,5	1,8	2 732,5	-13,9	0,6	2 726,5	-1,2	1,8	2 730,1	4,2	1,3
(1.1) Currency in circulation	353,2	1,9	-3,2	352,6	-1,6	0,4	355,5	2,9	1,2	356,8	1,3	1,0
(1.2) Overnight deposits	1 379,5	2,0	8,6	1 616,8	32,8	8,4	1 626,8	13,2	10,3	1 619,4	-7,1	9,6
(1.3) M1 (items 1.1 and 1.2)	1 732,7	3,9	6,0	1 969,5	31,1	6,8	1 982,3	16,1	8,5	1 976,2	-5,7	7,9
(1.4) Deposits with agreed maturity up to 2 years	477,2	16,0	-16,5	392,4	-40,8	-17,6	378,8	-12,2	-17,2	390,0	11,4	-17,6
(1.5) Deposits redeemable at notice up to 3 months	383,6	-1,2	21,9	314,5	-3,7	-5,4	311,3	-3,2	-5,1	308,2	-3,1	-5,7
(1.6) Other short term deposits (items 1.4 and 1.5)	860,8	14,8	-2,8	706,9	-44,5	-12,4	690,1	-15,4	-12,0	698,2	8,2	-12,5
(1.7) M2 (items 1.3 and 1.6)	2 593,5	18,7	2,9	2 676,3	-13,3	0,6	2 672,5	0,7	2,0	2 674,4	2,5	1,4
(1.8) Repurchase agreements ²⁾	14,2	-1,1	-	12,9	-0,2	-	11,0	-1,9	-	13,9	2,9	-
(1.9) Money market fund shares/units ²⁾	41,9	-0,2	-	41,0	-0,5	-	40,7	-0,2	-	39,8	-0,9	-
(1.10) Debt securities issued with maturity up to 2 years ²⁾	1,5	0,1	-	2,2	0,1	-	2,4	0,2	-	2,0	-0,4	-
(1.11) Marketable instruments (items 1.8,1.9 and 1.10)	57,5	-1,2	-34,4	56,1	-0,6	-2,2	54,1	-1,9	-7,7	55,7	1,7	-2,8
COUNTERPARTS OF M3												
MFI liabilities												
(2) Holdings deposits against central government	369,7	2,5	14,7	316,1	25,4	-7,7	383,2	67,7	5,7	328,0	-55,1	-10,1
(3) Longer-term financial deposits against other residents (items 3.1 to 3.4)	573,4	4,4	7,9	629,4	2,5	26,0	619,9	12,1	25,1	626,9	12,0	26,4
(3.1) Deposits with agreed maturity over 2 years	129,7	3,5	-14,9	189,6	0,9	54,4	192,0	2,4	52,2	195,1	3,1	50,5
(3.2) Deposits redeemable at notice over 3 months	88,3	1,6	52,0	50,4	-0,6	31,6	49,8	-0,6	23,0	49,4	-0,4	19,9
(3.3) Debt securities issued with maturity over 2 years	87,4	-0,2	-4,3	98,4	1,1	14,6	97,0	0,4	14,0	96,6	0,8	15,3
(3.4) Capital and reserves	268,0	-0,5	16,9	291,0	1,0	13,2	281,2	9,9	14,5	285,8	8,4	18,1
MFI assets												
(4) Credit to residents (items 4.1 and 4.2)	2 582,2	16,2	7,7	2 628,1	16,0	4,5	2 654,3	26,1	4,4	2 621,9	-30,2	2,6
(4.1) Credit to general government	610,8	21,6	34,5	657,9	8,3	14,7	674,7	17,6	14,0	626,3	-46,9	2,3
of which: Loans	61,4	2,3	10,1	64,4	0,1	9,6	64,0	-0,3	9,2	64,3	0,3	5,5
Securities other than shares	549,4	19,2	37,9	593,5	8,1	15,3	610,7	17,9	14,5	562,1	-47,2	1,9
(4.2) Credit to private sector	1 971,4	-5,4	1,6	1 970,2	7,8	1,5	1 979,6	8,5	1,5	1 995,5	16,7	2,7
of which: Loans	1 914,4	-5,7	1,6	1 929,2	10,7	1,9	1 938,4	8,3	1,9	1 953,5	16,0	3,0
Securities other than shares	13,1	0,1	-16,9	6,5	-2,8	-50,1	6,5	0,1	-49,2	6,0	-0,5	-53,5
Shares and other equities	43,8	0,2	8,6	34,5	-0,1	0,2	34,6	0,2	0,7	36,0	1,2	3,6
(5) Net foreign assets	1 001,2	22,4	-5,1	1 029,0	-0,9	2,1	1 060,3	59,4	10,5	1 059,1	2,2	8,2
(6) Other counterparts of M3 (residual) (=M3+items 2,3 - items 4,5) ²⁾	10,8	-14,2	-	20,9	-1,2	-	15,0	-6,9	-	4,1	-10,9	-

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					
	October		August		September		October	
	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	1 379,5	2,0	1 616,8	32,8	1 626,8	13,2	1 619,4	-7,1
(1.1) Other general government	138,3	7,4	139,2	-10,5	147,3	8,1	137,6	-9,7
(1.2) Other financial intermediaries ³⁾	28,6	1,1	27,9	2,3	35,8	8,0	36,4	0,7
(1.3) Insurance corporations and pension funds	11,8	-5,4	11,6	5,2	12,8	1,3	7,4	-5,4
(1.4) Non-financial corporations	404,6	-3,3	485,0	25,5	475,1	-7,9	478,8	4,0
(1.5) Households ⁴⁾	796,3	2,2	953,1	10,3	955,9	3,8	959,1	3,4
(2) M2 - M1 (other short- term deposits)	860,8	14,8	706,9	-44,5	690,1	-15,4	698,2	8,2
(2.1) Other general government	36,9	-1,2	30,6	4,5	29,9	-0,6	27,2	-2,6
(2.2) Other financial intermediaries ³⁾	20,0	-0,9	18,9	0,6	17,0	-1,9	21,9	4,9
(2.3) Insurance corporations and pension funds	33,7	3,1	23,0	-5,5	20,7	-2,3	33,7	12,9
(2.4) Non-financial corporations	190,8	19,4	151,9	-35,2	146,5	-4,9	146,6	0,1
(2.5) Households ⁴⁾	579,3	-5,5	482,5	-8,9	476,0	-5,7	468,8	-7,0
(3) Repurchase agreements (a part of M3 - M2)	14,2	-1,1	12,9	-0,2	11,0	-1,9	13,9	2,9
(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	4,1	1,8	4,7	0,6	6,1	1,4
(3.3) Insurance corporations and pension funds	8,8	-0,6	7,2	-2,0	4,8	-2,4	6,4	1,6
(3.4) Non-financial corporations	0,5	0,0	0,1	0,0	0,0	-0,1	0,0	0,0
(3.5) Households ⁴⁾	4,4	-0,5	1,5	0,0	1,5	0,0	1,4	-0,1

TABLE 6

Loans to private sector

CZK billions	2009		2010					
	October		August		September		October	
	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	803,9	-12,0	778,1	5,9	778,0	2,2	785,8	8,2
(1.1) up to 1 year	271,3	-14,3	255,1	2,9	254,3	0,0	258,7	4,6
(1.2) over 1 year and up to 5 years	176,8	1,7	152,3	-2,9	151,3	-0,5	147,7	-3,4
(1.3) over 5 years	355,8	0,7	370,7	6,0	372,5	2,8	379,4	7,0
(2) Loans to households⁴⁾	966,5	7,9	1 022,3	4,8	1 038,2	7,1	1 043,1	5,4
(2.1) Consumer credit	186,4	1,4	191,5	0,7	201,9	1,6	202,1	0,6
(2.2) Lending for house purchase	676,0	5,6	717,3	3,1	721,6	4,3	725,7	4,1
(2.3) Other lending	104,1	0,9	113,5	1,1	114,7	1,3	115,4	0,7
(3) Loans to other financial intermediaries³⁾	143,7	-1,5	128,5	-0,2	122,0	-1,0	124,3	2,3
(4) Loans to insurance corporations and pension funds	0,4	-0,1	0,3	0,1	0,2	-0,1	0,3	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		
	October	August	September	October
	% points	% points	% points	% points
M1	3,8	4,7	5,7	5,3
of which: Currency	-0,4	0,0	0,2	0,1
Overnight deposits	4,3	4,7	5,6	5,2
M2 - M1 (= other short- term deposits)	-1,0	-4,1	-3,8	-4,0
M3 - M2 (= short-term marketable instruments)	-1,1	0,0	-0,2	-0,1
M3	1,8	0,6	1,8	1,3

TABLE 8

Contributions to annual growth¹⁾ of loans to private sector

	2009	2010		
	October	August	September	October
	% points	% points	% points	% points
Non-financial corporations	-3,4	-1,4	-1,2	-0,2
Households ²⁾	6,1	4,1	4,0	3,9
Other financial intermediaries ³⁾	-1,0	-0,9	-0,9	-0,7
Insurance corporations and pension funds	-0,1	0,0	0,0	0,0
Loans to private sector ⁴⁾	1,6	1,9	1,9	3,0

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

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

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

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

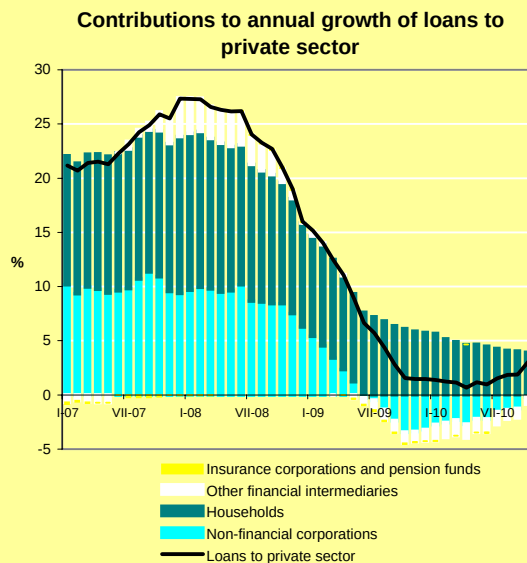
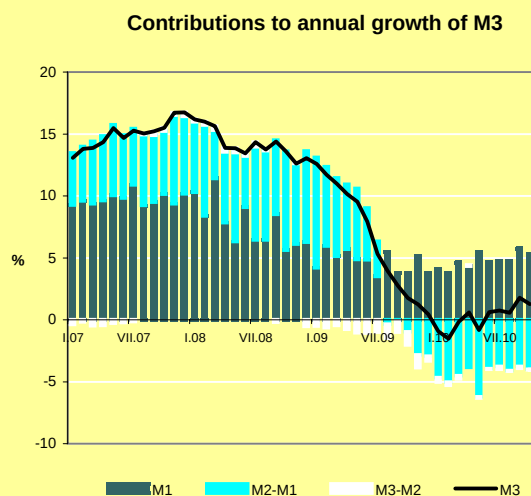
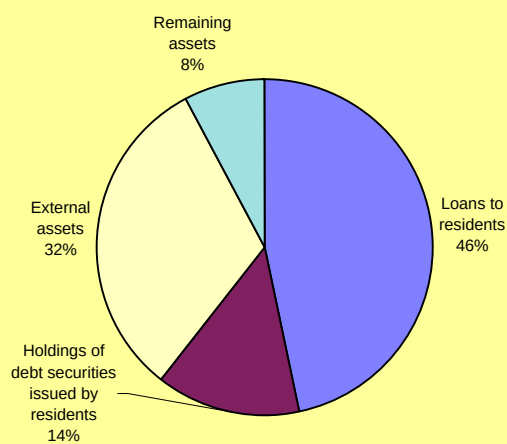


TABLE 9

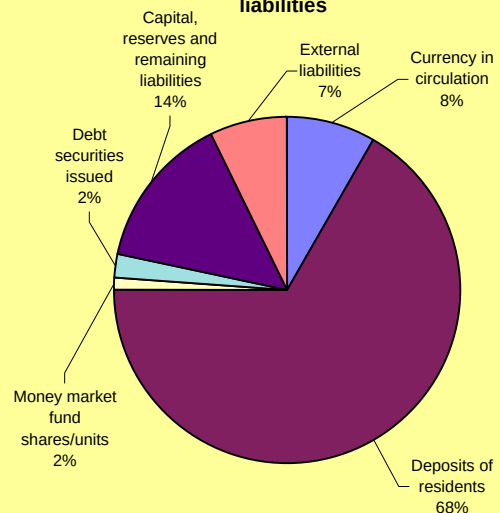
Balance sheets of monetary financial institutions by reporting institutions: October 2010

CZK billions	MFI			Consolidated balance sheet of MFIs
	CNB	Credit institutions	Money market funds	
(1) ASSETS TOTAL	813,9	4 348,2	45,2	4 334,5
(1.1) Loans to residents	8,5	2 611,2	14,0	2 017,8
MFI	0,0	601,9	14,0	-
General government	0,0	64,3	0,0	64,3
Other residents	8,5	1 945,0	0,0	1 953,5
(1.2) Holdings of securities other than shares issued by residents	0,0	749,9	18,4	568,1
MFI	0,0	198,3	1,9	-
General government	0,0	546,0	16,1	562,1
Other residents	0,0	5,7	0,3	6,0
(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	64,7	0,0	36,0
MFI	0,0	28,7	0,0	-
Other residents	0,0	36,0	0,0	36,0
(1.5) External assets	789,1	575,2	12,5	1 376,9
(1.6) Fixed assets	11,0	110,8	0,0	121,9
(1.7) Remaining assets	5,2	236,3	0,3	213,9
(2) LIABILITIES TOTAL	813,9	4 348,2	45,2	4 334,5
(2.1) Currency in circulation	384,8	-	-	356,8
(2.2) Deposits of residents	531,8	2 980,4	0,0	2 904,0
MFI	417,3	190,9	0,0	-
Central government	110,4	217,6	0,0	328,0
Other general government/other residents	4,1	2 571,9	0,0	2 576,0
(2.3) Money market fund shares/units	-	-	39,8	39,8
(2.4) Debt securities issued	0,0	298,8	0,0	98,6
(2.5) Capital and reserves	-163,8	478,3	0,0	285,8
(2.6) External liabilities	3,7	309,6	4,4	317,8
(2.7) Remaining liabilities	57,4	281,0	0,9	339,3
(2.8) Excess of inter MFI liabilities	-	-	-	-7,7

Consolidated balance sheet of MFIs - assets



Consolidated balance sheet of MFIs - liabilities



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

The annual rate of growth of M3 – a basic indicator characterising the supply of money in the economy – had recorded a gradual decline since autumn 2008 and was even negative in May and in the first months of this year. Since June 2010, annual growth rates of this indicator have been positive and September even saw a more marked increase (of 1.2% compared to August). In October, however, the annual rate of growth decreased again compared to September, down by 0.5% to 1.3%.

The month-on-month growth rate increased from zero in September to 0.2% in October. As a result of financial transactions, M3 increased by CZK 4.2 billion month on month (and by CZK 33.0 billion year on year) to CZK 2,730.1 billion.

Main components of M3

Within the M3 structure, M1 is the most important component. Its contribution to annual M3 growth declined from 5.7 percentage points in September to 5.3 percentage points in October (see Table 7). Another significant M3 component, the quasi money, remains negative.

The annual rate of growth of M1 decreased from 8.5% in September to 7.9% in October. This change was chiefly due to a fall in the annual growth rate of overnight deposits (from 10.3% in September to 9.6% in October). Overnight deposits dropped by CZK 7.1 billion (or 0.4%) month on month, owing to financial transactions. Within overnight deposits, the largest decline was recorded for deposits of insurance companies and pension funds (of 42.1%, or CZK 5.4 billion). Deposits of other government decreased further as well (down by 6.6%, or CZK 9.7 billion). By contrast, growth was recorded for deposits of other financial intermediaries (up by 1.9%, or CZK 0.7 billion), deposits of non-financial corporations (up by 0.8%, or CZK 4.0 billion) and household deposits (up by 0.4%, or CZK 3.4 billion).

The annual growth rate of currency in circulation fell by 0.2 percentage point, from 1.2% in September to 1.0% in October. In month-on-month terms, currency in circulation increased by 0.4% to CZK 356.8 billion.

Other short-term deposits (excluding overnight deposits) grew by CZK 8.2 billion (i.e. 1.2%) month on month, owing to financial transactions. In October, the annual rate of growth of these deposits fell by 0.5 percentage point to -12.5% (from -12.0% in September). The decline in the annual rate of growth of deposits with maturity of up to two years, which are the slightly dominant component of short-term deposits, is increasing. Compared to the previous month, their annual rate of growth decreased by 0.4 percentage point to -17.6%. The annual growth rate of deposits redeemable at notice of up to three months, which had previously been characterised by large annual increases, has been negative since December 2009 (-5.7% in October compared to -5.1% in September).

Within other short-term deposits, month-on-month increases were recorded for deposits of insurance corporations and pension funds (62.4%, or CZK 12.9 billion), deposits of other financial intermediaries (28.9%, or CZK 4.9 billion) and deposits of non-financial corporations (0.1%, or CZK 0.1 billion). By contrast, deposits of other government and household deposits decreased (down by 8.8%, or CZK 2.6 billion and by 1.5%, or CZK 7.0 billion respectively).

Marketable instruments, which consist of repos, money market fund shares/units and debt securities with maturities of up to two years, rose by 3.1% month on month to CZK 55.7 billion (CZK 54.1 billion in September). The annual rate of growth of marketable instruments increased by 4.9 percentage points to -2.8% (-7.7% in September).

Main counterparts of M3

The annual growth rate of loans to general government declined to 5.5% in October (9.2% in September). The annual rate of growth of purchased government bonds decreased from 14.5% in September to 1.9% in October.

The annual growth rate of loans to the private sector increased further in October, to 3.0% (compared to 1.9 % in September). 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). The negative dynamics of this indicator is, however, offset by the rising annual growth rate of the non-financial corporations sector. Thus, amid the persisting gradual decline in the annual rate of growth in loans to households, there is also a gradual increase in the annual growth rate of loans to non-financial corporations, which has been virtually negative since mid-2009 (in the order of percent). In month-on-month comparison, the annual growth rate of loans to households declined by 0.3 percentage point to 7.7% in October (from 8.0% in September). The annual rate of growth of loans to non-financial corporations showed a rise of 2.5% to -0.4%.

The annual growth rate of net external assets fell to 8.2% at the end of October (from 10.5% in September). The annual growth rate of longer-term financial liabilities rose from 25.1% in September to 26.4% in October. The annual growth rate of deposits of central government fell to -10.1% in October (from 5.7% in September).

¹⁾ All increases and decreases referred to in this commentary relate only to financial transactions adjusted for non-transaction effects
Source: Czech National Bank

TABLE 10

Interest rates of monetary financial institutions on new business¹⁾

monthly average rates and sum	2009		2010		2010		2010	
	October		August		September		October	
	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)
(1) Deposits from households²⁾	1,13	1229,3	1,06	1288,6	1,02	1287,6	1,07	1286,3
(1.1) Overnight	0,65	765,8	0,68	919,9	0,63	922,9	0,71	925,7
(1.2) With agreed maturity	1,30	29,3	0,65	16,5	0,73	16,4	0,80	15,8
of which: Up to 2 years	1,24	28,3	0,60	15,4	0,70	15,3	0,76	14,6
(1.3) Redeemable at notice ³⁾	1,94	465,3	2,07	363,0	2,06	359,5	2,06	356,0
(1.3.1) Up to 3 months' notice	2,19	377,5	2,26	313,2	2,25	310,3	2,25	307,2
(1.3.2) Over 3 months' notice	0,83	87,7	0,87	49,8	0,87	49,2	0,88	48,8
(2) Deposits from non-financial corporation⁴⁾	0,69	527,8	0,44	526,3	0,45	498,0	0,43	487,4
(2.1) Overnight	0,43	309,4	0,41	376,8	0,42	364,6	0,40	368,8
(2.2) With agreed maturity	1,00	196,1	0,50	147,8	0,53	131,8	0,50	117,0
of which: Up to 2 years	1,00	196,1	0,50	147,7	0,53	131,8	0,50	117,0
(3) Loans to households²⁾	14,98	54,5	13,92	54,7	14,82	61,8	15,02	60,6
(3.1) Bank overdrafts ⁵⁾	19,19	34,2	17,59	35,4	18,76	41,2	18,76	41,3
(3.2) Consumer credit	14,53	5,1	14,67	4,2	14,66	4,2	14,52	4,3
(3.3) Lending for house purchase	5,51	12,4	4,96	11,4	4,79	12,4	4,71	11,6
of which: Mortgage lending ⁶⁾	5,71	7,1	4,89	7,0	4,67	8,0	4,59	7,4
Saving for building purposes	5,05	4,9	5,00	3,4	5,00	3,4	4,94	3,1
(3.4) Other lending	6,52	2,8	5,43	3,6	5,42	4,0	5,53	3,4
(4) Loans to non-financial corporation	4,11	164,0	3,90	149,7	3,91	155,3	3,93	151,2
(4.1) Bank overdrafts ⁵⁾	4,49	97,6	4,23	90,3	4,12	93,8	4,18	94,6
(4.2) Other loans up to CZK 30 million	4,32	12,4	3,97	10,2	3,69	12,6	4,01	9,5
of which: Up to 1 year initial rate fixation ⁷⁾	4,25	11,2	3,85	9,2	3,57	11,4	3,93	8,7
(4.3) Other loans over to CZK 30 million	3,38	54,0	3,28	49,2	3,55	48,9	3,41	47,1
of which: Up to 1 year initial rate fixation ⁷⁾	3,31	46,7	3,27	48,4	3,52	48,0	3,39	46,7
(5) APRC⁸⁾ on loans to households	8,63	17,5	8,11	15,7	7,79	16,6	7,88	15,9
(5.1) Consumer credit	15,59	5,1	16,08	4,2	15,94	4,2	15,80	4,3
(5.2) Lending for house purchase	5,77	12,4	5,15	11,4	5,04	12,4	4,93	11,6

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

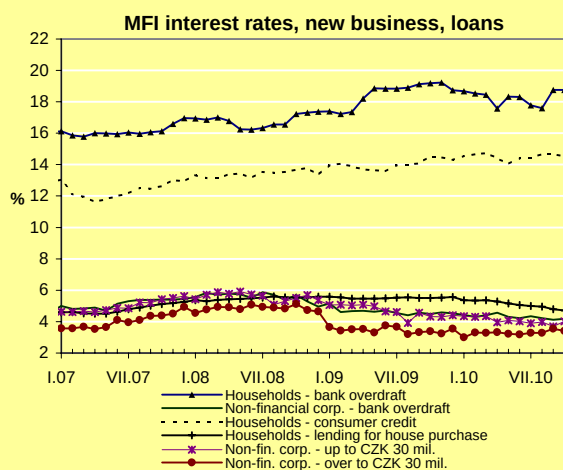
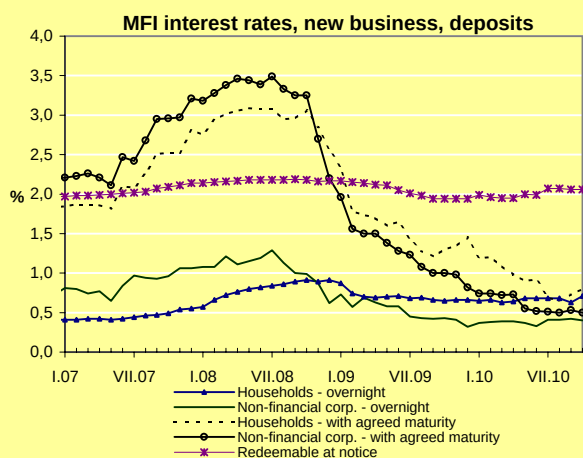


TABLE 11

Interest rates of monetary financial institutions on outstanding amounts¹⁾

outstanding amounts as end-of-month	2009		2010		2010		2010	
	October		August		September		October	
	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⁾	1,30	1517,9	1,23	1597,3	1,19	1597,1	1,23	1596,4
(1.1) With agreed maturity	1,99	304,8	1,87	314,6	1,88	314,9	1,86	314,9
(1.1.1) Up to 2 years	1,93	184,0	1,58	139,7	1,57	137,4	1,51	133,7
(1.1.2) Over 2 years	2,08	120,8	2,11	174,9	2,11	177,6	2,11	181,2
(2) Deposits from non-financial corp.³⁾	0,73	476,9	0,53	506,5	0,54	489,8	0,51	494,1
(2.2) With agreed maturity	1,24	145,1	0,89	128,0	0,88	123,6	0,84	123,7
(2.2.1) Up to 2 years	1,21	142,5	0,82	123,0	0,80	118,8	0,79	119,5
(2.2.2) Over 2 years	2,94	2,6	2,53	5,0	2,75	4,8	2,29	4,2
(3) Loans to households	7,05	965,2	6,95	1020,1	7,07	1036,5	7,05	1041,6
(3.1) Lending for house purchase	5,24	675,6	5,27	716,9	5,25	721,2	5,24	725,3
of which: Mortgage lending ⁴⁾	5,23	547,0	5,25	587,9	5,23	591,5	5,22	595,5
Saving for building purposes	5,37	101,2	5,37	102,2	5,37	102,3	5,37	102,3
(3.2) Consumer credit and other lending ⁵⁾	11,44	289,6	11,12	303,1	11,48	315,4	11,48	316,3
(4) Loans to non-financial corporation	4,34	660,9	4,06	640,1	4,04	645,8	4,10	652,9
(4.1) Up to 1 year	4,12	233,4	3,81	217,7	3,72	219,8	3,84	224,8
(4.2) Over 1 and up to 5 years	4,38	145,7	4,20	121,5	4,21	120,9	4,21	117,3
(4.3) Over 5 years	4,50	281,8	4,19	300,9	4,19	305,2	4,24	310,8

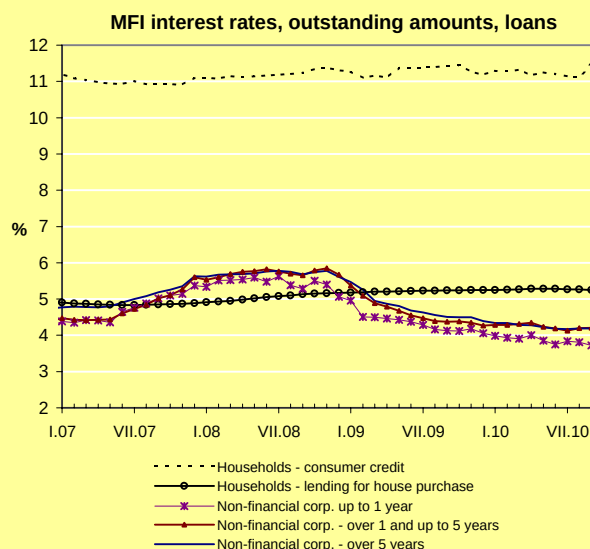
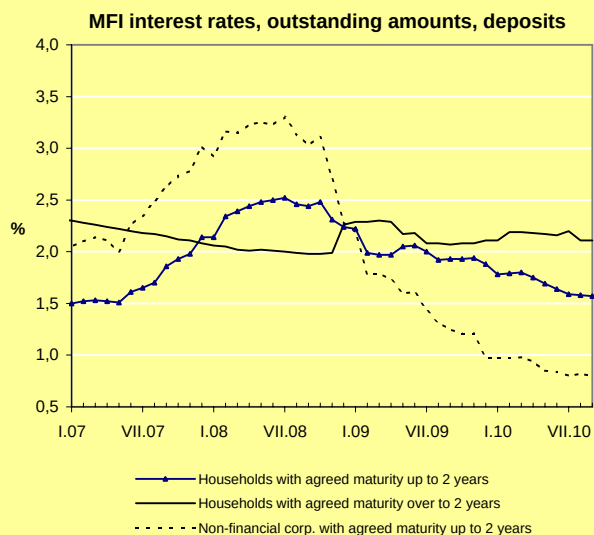
¹⁾ The interest rates that are applied by MFIs to CZK-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the Czech Republic. Interest rates on outstanding amounts refer to the stock of all deposits and all loans at a specific moment.

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): October 2010

Interest rates on new business

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

The average interest rate on total new deposits of **households** rose just by 0.05 percentage point to 1.07 %. The rate on overnight deposits increased slightly by 0.08 percentage point to 0.71 % and the rate on deposits with agreed maturity swung up by 0.07 percentage point to 0.80 %. The interest rate on deposits redeemable at notice did not record any change, remaining at 2.06 %.

The overall interest rate on new deposits of **non-financial corporations** declined only very slightly by 0.02 percentage point, to 0.43 %. The rate on overnight deposits recorded only a modest decline of 0.02 percentage point to 0.40 %. 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 decrease of 0.03 percentage point, to 0.50 %.

The rates on **new loans** to households increased in October and the rates on new loans to non-financial corporations recorded only a very moderate change.

The overall interest rate on new loans to **households** rose by 0.20 percentage point to 15.02 %. The rate on bank overdrafts did not record any change compared to September, remaining at 18.76 %. The interest rate on consumer credit fell by 0.14 percentage point to 14.52 %. The interest rate on loans for house-purchase recorded a fall of 0.08 percentage point, to 4.71 %. The rate on other loans was higher by 0.11 percentage point, standing at 5.53 %.

The rate on new loans to **non-financial corporations** saw only a modest change, increasing very slightly by 0.02 percentage point to 3.93 %. The rate on bank overdrafts rose by 0.06 percentage point to 4.18 %. The rate on other loans of up to CZK 30 million recorded an increase of 0.32 percentage point, to 4.01 %. Conversely, the rate on other loans of over CZK 30 million was lower by 0.14 percentage point, standing at 3.41 %.

The overall **annual percentage rate of charge on loans to households** rose by 0.09 percentage point to 7.88 %, the APRC on consumer credit recorded a decrease of 0.14 percentage point, stabilising at 15.80 %. The APRC on loans for house purchase declined by 0.11 percentage point, to 4.93 %.

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 October.

The interest rate on total deposits of **households** increased by 0.04 percentage point, halting at 1.23 %. The rate on overnight deposits recorded a rise of 0.08 percentage point to 0.71 %. The rate on deposits redeemable at notice was the same as in September, at 2.06 %. The interest rate on deposits with agreed maturity stabilised at 1.86 %.

The interest rate on total deposits of **non-financial corporations** declined only slightly by 0.03 percentage point, to 0.51 %. The rate on overnight deposits also dropped very modestly by 0.02 percentage point to 0.40 %. The interest rate on deposits with agreed maturity fell by 0.04 percentage point to 0.84 %.

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

The overall interest rate on loans to **households** fell just by 0.02 percentage point, to 7.05 %. The rate on loans for house purchase recorded almost no change, remaining at 5.24 % and the interest rate on consumer credit and other loans stabilised at 11.48 %.

The average interest rate on outstanding amounts of loans to **non-financial corporations** increased modestly by 0.06 percentage point to 4.10 %. The rate on loans to non-financial corporations rose more markedly only for maturities of up to one year, by 0.12 percentage point to 3.84 %. The maturities of over one year and up to five years did not see any change, remaining at 4.21 %. The rate for maturities of over five years rose just by 0.05 percentage point to 4.24 %.

TABLE 12

Aggregated balance sheet of investment funds ¹⁾

CZK billions; end of period	2009	2010			
	September	June	July	August	September
ASSETS					
Total	94,7	104,8	109,3	112,3	114,6
(1.1) Deposits	11,2	8,9	9,1	10,1	9,2
(1.2) Securities other than shares	41,2	47,8	49,0	48,7	49,2
Residents	21,2	25,9	27,0	26,4	26,9
MFI	0,9	1,3	1,4	1,4	1,2
General government	19,0	23,0	24,1	24,1	24,7
Other residents	1,3	1,6	1,5	0,9	0,9
Non-residents	20,0	21,9	22,0	22,3	22,3
(1.3) Shares and other equity	21,3	22,9	23,8	24,0	25,3
Residents	5,4	4,9	5,0	5,1	5,9
MFI	0,2	0,5	0,4	0,4	0,4
Other residents	5,2	4,4	4,5	4,7	5,4
Non-residents	15,8	18,0	18,8	18,9	19,4
(1.4) Investment fund shares	15,5	15,0	15,9	16,6	17,0
Residents	3,7	3,9	4,0	4,0	4,1
Non-residents	11,8	11,1	11,9	1,0	12,9
(1.5) Other assets	5,6	10,2	11,5	12,9	14,0
LIABILITIES					
Total	94,7	104,8	109,3	112,3	114,6
(2.1) Loans accepted	0,2	0,5	0,9	1,0	1,3
(2.2) Investment fund shares	92,3	99,7	103,6	105,8	107,6
Residents	91,1	98,2	102,0	104,2	105,9
Non-residents	1,3	1,5	1,6	1,7	1,7
(2.4) Other liabilities	2,1	4,5	4,8	5,5	5,7

BALANCE SHEET TOTAL - BREAKDOWN BY INVESTMENT POLICY

TOTAL	94,7	104,8	109,3	112,3	114,6
Equity funds	15,7	15,9	18,1	18,2	18,6
Bond Funds	35,6	38,8	39,8	41,2	41,8
Mixed Funds	35,9	38,1	38,9	38,7	39,3
Real estate funds	7,5	11,9	12,4	14,2	14,9

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

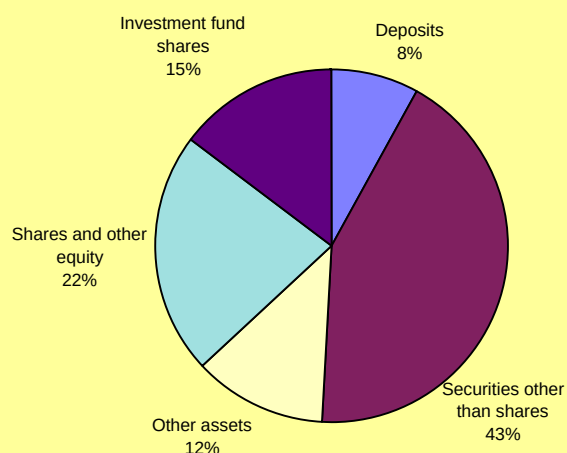
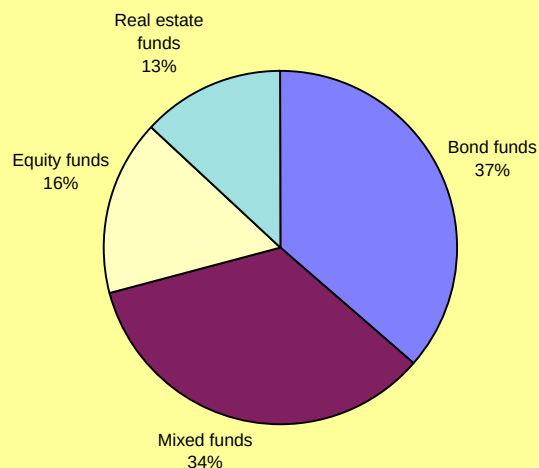
Balance sheet total - breakdown by asset items**Balance sheet total - breakdown by investment policy**

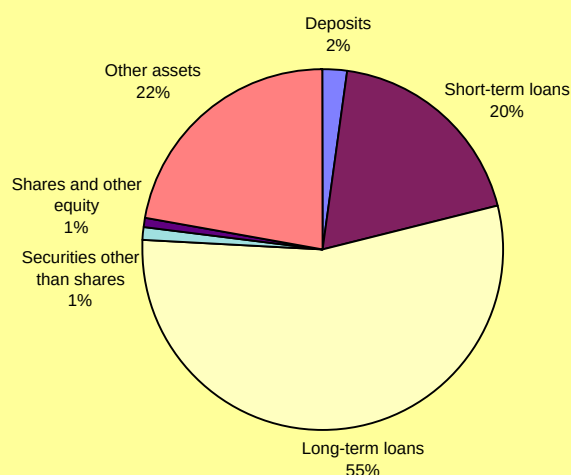
TABLE 13

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		
	September	December	March	June	September
Assets					
Total	412,4	404,2	389,7	386,6	362,9
(1.1) Deposits	7,9	8,1	8,2	7,0	7,7
(1.2) Loans provided	306,0	299,0	291,1	287,4	267,7
Residents	299,6	292,4	284,8	282,3	263,1
Up to 1 year	79,9	78,9	75,7	77,4	67,3
Over 1 year	219,7	213,6	209,1	204,9	195,8
Non-residents	6,4	6,6	6,3	5,1	4,6
(1.3) Securities other than shares	5,9	2,7	2,7	3,6	3,3
Up to 1 year	4,1	1,0	1,0	1,9	1,8
Over 1 year	1,7	1,7	1,7	1,7	1,5
(1.4) Shares and equity	8,1	5,6	5,5	5,0	3,6
Mutual fund shares/units (including MMFs)	0,1	0,1	0,1	0,0	0,0
Other shares and equity	7,9	5,5	5,4	4,9	3,6
(1.5) Other assets	84,5	88,8	82,2	83,6	80,5
LIABILITIES					
Total	412,4	404,2	389,7	386,6	362,9
(2.1) Loans taken	241,7	235,7	218,7	227,8	214,1
Residents	170,7	163,9	149,9	157,8	147,0
Non-residents	71,1	71,9	68,8	70,0	67,1
(2.2) Securities other than shares issued	16,6	13,5	13,5	4,0	4,3
Up to 1 year	0,0	0,0	0,0	1,1	1,4
Over 1 year	16,6	13,4	13,5	2,9	2,9
(2.3) Own funds	108,9	110,9	113,8	112,1	102,7
(2.5) Other liabilities	45,1	44,1	43,7	42,6	41,8
BALANCE SHEET TOTAL BREAKDOWN BY TYPE OF INTERMEDIARIES					
TOTAL	412,4	404,2	389,7	386,6	362,9
Financial leasing companies	289,5	282,5	271,0	268,4	273,3
Other lending companies	101,5	100,7	98,9	97,9	69,5
Factoring and forfaiting companies	21,4	20,9	19,8	20,3	20,1

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

Balance sheet total - breakdown by asset items



Balance sheet total - breakdown by type of intermediaries

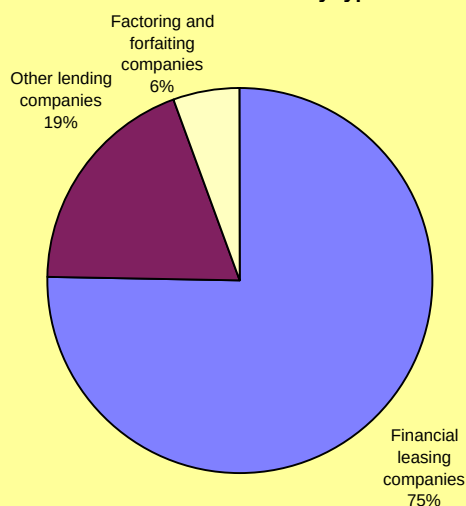


TABLE 14

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

CZK billions; end of period	2009		2010		
	September	December	March	June	September
LOANS					
(1) Non-financial corporations	168,1	165,4	165,3	188,9	181,0
Up to 1 year	44,7	42,8	41,5	43,2	40,9
Over 1 year up to 5 years	98,0	96,5	95,3	111,3	106,3
Over 5 years	25,4	26,0	28,5	34,4	33,8
(2) Financial corporations	0,6	0,6	0,5	0,2	0,3
Up to 1 year	0,2	0,2	0,1	0,1	0,1
Over 1 year up to 5 years	0,3	0,3	0,3	0,1	0,2
Over 5 years	0,1	0,1	0,0	0,0	0,0
(3) Government	1,2	1,1	0,4	0,4	0,3
Up to 1 year	0,6	0,5	0,1	0,1	0,1
Over 1 year up to 5 years	0,6	0,6	0,2	0,2	0,2
Over 5 years	0,0	0,0	0,0	0,0	0,0
(4) Households	129,6	125,2	118,8	92,8	81,5
Up to 1 year	34,4	35,2	34,0	34,1	26,2
Over 1 year up to 5 years	78,8	72,9	67,9	44,2	40,3
Over 5 years	16,5	17,0	16,9	14,6	14,9
(5) NPISHs	0,1	0,1	0,0	0,0	0,0
Up to 1 year	0,1	0,1	0,0	0,0	0,0
Over 1 year up to 5 years	0,1	0,1	0,0	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	129,6	125,2	118,8	92,8	81,5
(1.1) Consumer credit	112,9	110,1	104,5	78,8	65,7
Up to 1 year	33,2	34,0	32,8	32,8	25,0
Over 1 year up to 5 years	65,0	60,8	56,5	33,1	27,9
Over 5 years	14,6	15,4	15,2	13,0	12,9
(1.2) Lending for house purchase	1,4	1,4	1,3	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	0,2	0,2
Over 5 years	1,1	1,1	1,1	1,0	1,0
(1.3) Other loans	15,3	13,7	12,9	12,8	14,5
Up to 1 year	1,2	1,2	1,2	1,3	1,2
Over 1 year up to 5 years	13,4	11,9	11,2	10,9	12,2
Over 5 years	0,7	0,6	0,6	0,6	1,0

BREKADOWN OF SELECTED LOANS BY TYPE OF INTERMEDIARIES

TOTAL	299,6	292,4	284,8	282,3	263,1
Financial leasing companies	207,3	201,0	196,8	193,9	196,9
Other lending companies	75,6	75,0	72,9	72,2	50,7
Factoring and forfaiting companies	16,7	16,5	15,2	16,1	15,5
of which Non-financial corporations	168,1	165,4	165,3	188,9	181,0
Financial leasing companies	146,1	143,6	145,1	167,8	161,5
Other lending companies	5,3	5,2	4,9	4,9	4,0
Factoring and forfaiting companies	16,7	16,5	15,2	16,1	15,5
of which Households	129,6	125,2	118,8	92,8	81,5
Financial leasing companies	59,7	55,8	51,2	25,8	35,1
Other lending companies	69,9	69,4	67,6	67,0	46,4
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, faktoring, consumere 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): September 2010

As of the end of September, collective investment funds (CIFs) administered assets worth CZK 107.6 billion. This means that the value of assets administered by these funds continued to rise. Compared to August 2010, the value of these assets rose by CZK 1.81 billion, an increase of 1.71%. In comparison to the same period last year, this represents a rise of 16.53% in the value of administered assets, an increase of CZK 15.10 billion.

The largest increase of the volume of client assets in September 2010 was reported by real estate funds, whose assets increased from CZK 14.2 billion to CZK 14.9 billion, a monthly increase of 5.49%. An increase in the value of assets was also reported by equity funds (from CZK 18.2 billion to CZK 18.6 billion), mixed funds (from CZK 38.7 billion to CZK 39.3 billion) and bond funds (from CZK 41.2 billion to CZK 41.8 billion). The largest year-on-year increase in the value of assets was recorded for real estate funds. The value of assets administered by real estate funds increased by CZK 7.4 billion, or 98.22%, year on year. Annual growth in the volume of assets was also recorded by equity, bond and mixed funds.

CIFs invested most in debt securities. Compared to the previous month, the total volume of purchased debt securities increased by CZK 0.43 billion to CZK 49.2 billion. The share of debt securities in equity capital decreased from 46.05% in August 2010 to 45.68%, a drop of 0.37 percentage point. In year-on-year terms, the funds increased the volume of funds invested in debt securities by CZK 7.91 billion, a rise of 19.19%. The share of purchased debt securities in equity capital increased by 1.02 percentage points compared to September 2009. The funds increased the share of equity securities in their portfolios during last year. The volume of equity securities increased by CZK 5.52 billion year on year to CZK 42.3 billion, an increase of 15.03%.

As of the end of September 2010, 166 resident CIFs were active in the Czech Republic, of which 29 were equity funds, 27 bond funds, 63 mixed funds, 45 real estate funds and 2 other funds.

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

As of 30 September 2010, financial corporations engaged in lending had total assets of CZK 362.9 billion. Total assets declined by CZK 23.7 billion compared to the previous quarter, i.e. a decline of 6.1%. They fell by CZK 49.5 billion year on year. Financial leasing companies have the largest share in total asset, amounting to CZK 273.3 billion. The contribution of other lending companies was CZK 69.5 billion to the overall total assets and that of corporations engaged in factoring and forfaiting was CZK 20.1 billion.

The largest asset item was loans, which amounted to CZK 267.7 billion. Loans recorded a decline of CZK 19.7 billion in 2010 Q3, i.e. of 6.9% compared to the previous period. Loans fell by CZK 38.3 billion year on year, i.e. a decline of 12.5%. Most loans, i.e. 98.3%, were provided to residents. Short-term loans amounted to CZK 68.5 billion in Q3 and accounted for 18.9% of total assets. Long-term loans amounted to CZK 199.2 billion, i.e. 54.9% of total assets.

The largest part of the loans provided to residents consisted of loans to non-financial corporations amounting to CZK 181.0 billion, i.e. 68.8% of loans to residents. Loans provided to non-financial corporations declined by CZK 7.9 billion compared to the previous quarter, i.e. a fall of 4.2%. The value of loans provided to non-financial corporations rose by CZK 12.9 billion year on year, i.e. by 7.7%. CZK 161.5 billion was provided by financial leasing corporations, CZK 4.0 billion was provided by other lending companies and CZK 15.5 billion by corporations engaged in factoring and forfaiting. These loans are made up predominantly of loans with an original maturity of one to five years, amounting to CZK 106.3 billion.

The second largest category of loans provided to residents consists of loans provided to households, totalling CZK 81.5 billion. They were down by CZK 11.4 billion compared to the previous quarter, i.e. a decline of 12.2%. Loans provided to households fell by CZK 48.1 billion year on year, i.e. by 37.1%. These loans account for 31.0% of loans granted to residents. CZK 35.1 billion was provided by financial leasing companies and CZK 46.4 billion by other lending corporations. Loans with an original maturity of one to five years amounted to CZK 40.3 billion, representing the largest share in loans to households.

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

Glossary

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

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

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

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

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

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

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

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

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

Financial corporations engaged in lending (FCLs):

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

Type of services:

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

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

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

Glossary (cont'd)

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

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

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

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

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

Money-holding sector: all 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