

MONETARY STATISTICS – APRIL

2011

CONTENT

Table 1: Key interest rates	4
Table 2: Financial market interest rates	4
Notes to tables 1-2	5
Monetary developments	
Table 3: Key monetary indicators	6
Table 4: Monetary aggregates and counterparts	7
Table 5: Sector breakdown of components of M3	8
Table 6: Loans to private sector	9
Table 7: Contributions to annual growth of M3	10
Table 8: Contributions to annual growth of loans to private sector	11
Table 9a: Balance sheets of MFIs by reporting institutions (Assets)	12
Table 9b: Balance sheets of MFIs by reporting institutions (Liabilities)	13
Notes to tables 3-9	14
Monetary financial institutions interest rates	
Table 10: MFI interest rates on new business	16
Table 11: MFI interest rates on outstanding amounts	17
Charts: MFI interest rates	18
Notes to tables 10-11	19
Investment funds except money market funds	
Table 12: Aggregated balance sheet of investment funds	20
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	21
Table 14a: Summary of loans provided by FCLs to residents	22
Table 14b: Breakdown of loans provided to households	22
Notes to tables 12-14	23
Glossary	24
Technical notes	27
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:

http://www.cnb.cz/cnb/STAT.ARADY_PKG.STROM_SESTAVY?p_strid=AAF&p_sestuid=&p_lang=EN

(Time series database ARAD >> Money and financial statistics >> Monetary statistics >> Monetary Statistics Publication).

4) Source: CNB, unless otherwise stated

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

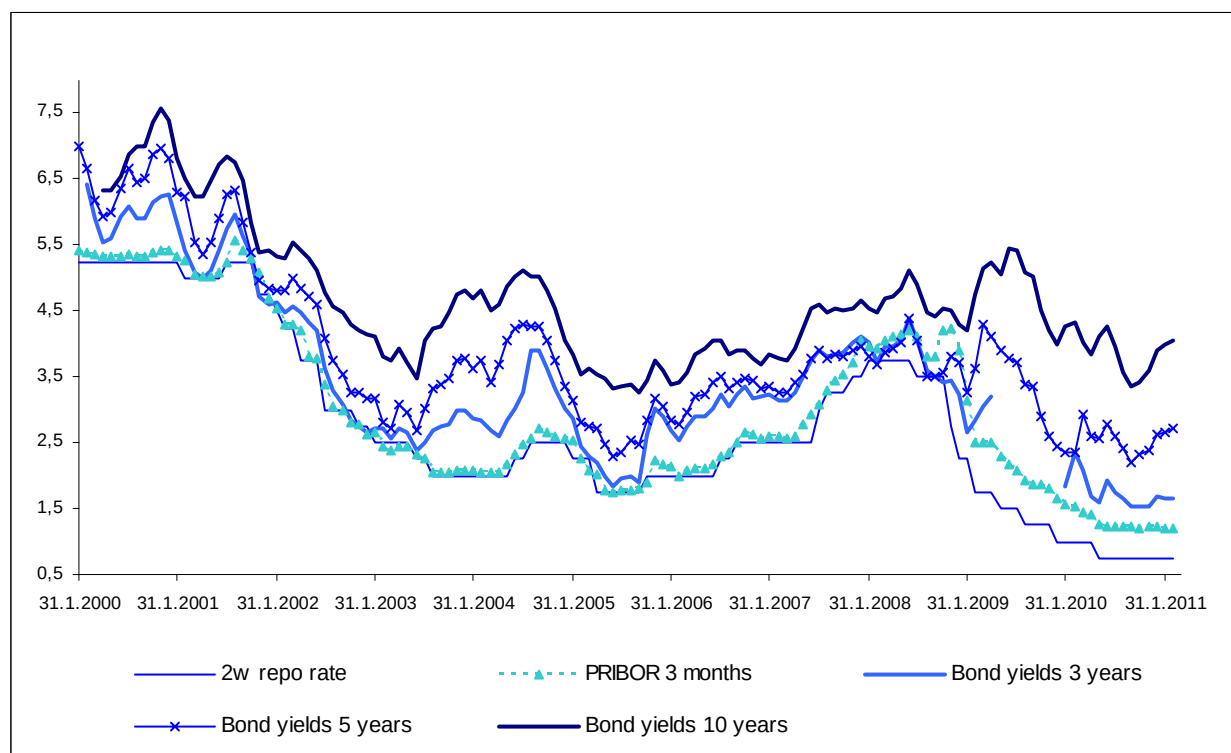
	CNB			ECB
	from 7 August 2009 onwards	from 17 December 2009 onwards	from 7 May 2010 onwards	from 13 May 2009 onwards
2W repo rate	1.25	1.00	0.75	1.00
Deposit facility	0.25	0.25	0.25	0.25
Marginal lending facility	2.25	2.00	1.75	1.75

TABLE 2 – FINANCIAL MARKETS INTEREST RATES

monthly average	2010				2011			
	February		December		January		February	
	CR	Euro area	CR	Euro area	CR	Euro area	CR	Euro area
Money market								
CZEONIA/EONIA								
overnight	0.94	0.34	0.49	0.50	0.69	0.66	0.60	0.71
PRIBOR/EURIBOR								
1 month	1.25	0.42	1.00	0.81	1.00	0.79	1.00	0.89
3 months	1.52	0.66	1.22	1.02	1.20	1.02	1.21	1.09
6 months	1.75	0.96	1.57	1.25	1.55	1.25	1.57	1.35
1 year	2.03	1.23	1.80	1.53	1.80	1.55	1.80	1.71
Capital market								
Bond yields								
3 years	2.35	2.02	1.68	2.75	1.65	2.94	1.65	3.19
5 years	2.35	2.74	2.64	3.48	2.65	3.64	2.71	3.94
10 years (Maastricht)	4.33	4.11	3.89	4.07	3.98	3.94	4.05	4.48

Source: Czech National Bank, European Central Bank

Financial markets interest rates in CR (%)



COMMENTARY ON KEY INTEREST RATES (TABLE 1) AND FINANCIAL MARKET INTEREST RATES (TABLE 2): FEBRUARY 2011

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 February, interest rates on the Czech interbank deposit market did not change in effect, except for the CZEONIA rate, which decreased by 0.09 pp. On the other hand interest rates on the euro area interbank deposit market increased, the most significant growth recorded the 1Y EURIBOR by 0.16 pp. The 3M PRIBOR reached 1.21% in February (1.20% in January) and the 3M EURIBOR stood at 1.09% (1.02 in January).

Bond yields on the Czech capital market recorded insignificant changes in February, compared with the previous month (10Y increased by 0.06 pp at most). In contrast, the bond yields in the euro area increased markedly at all maturities (10Y by 0.54 pp at most). The yield on the 10Y bond in the Czech Republic was 4.05% (3.98% in January), while the yield on the 10-year bond in the euro area reached 4.48% (3.94% in January).

TABLE 3 – KEY MONETARY INDICATORS

CZK billions, unless otherwise indicated

	2010						2011					
	February			December			January			February		
	Stocks	Flows ⁴⁾	Annual growth rates (%)	Stocks	Flows ⁴⁾	Annual growth rates (%)	Stocks	Flows ⁴⁾	Annual growth rates (%)	Stocks	Flows ⁴⁾	Annual growth rates (%)
M1	1 775.6	11.3	6.1	2 021.7	19.2	7.8	2 022.3	6.0	8.5	2 035.2	12.4	8.5
M3 ¹⁾	2 666.7	-3.8	-1.5	2 760.0	31.4	0.0	2 737.1	-15.2	0.8	2 738.2	0.5	1.0
Loans to private sector ²⁾	1 896.7	-4.5	1.2	1 961.6	2.2	3.8	1 965.3	9.7	4.3	1 968.1	2.7	4.7
Net foreign assets ³⁾	1 023.6	6.3	1.5	1 018.8	-21.8	2.4	986.2	6.8	2.1	978.6	-9.1	0.5

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 (%)

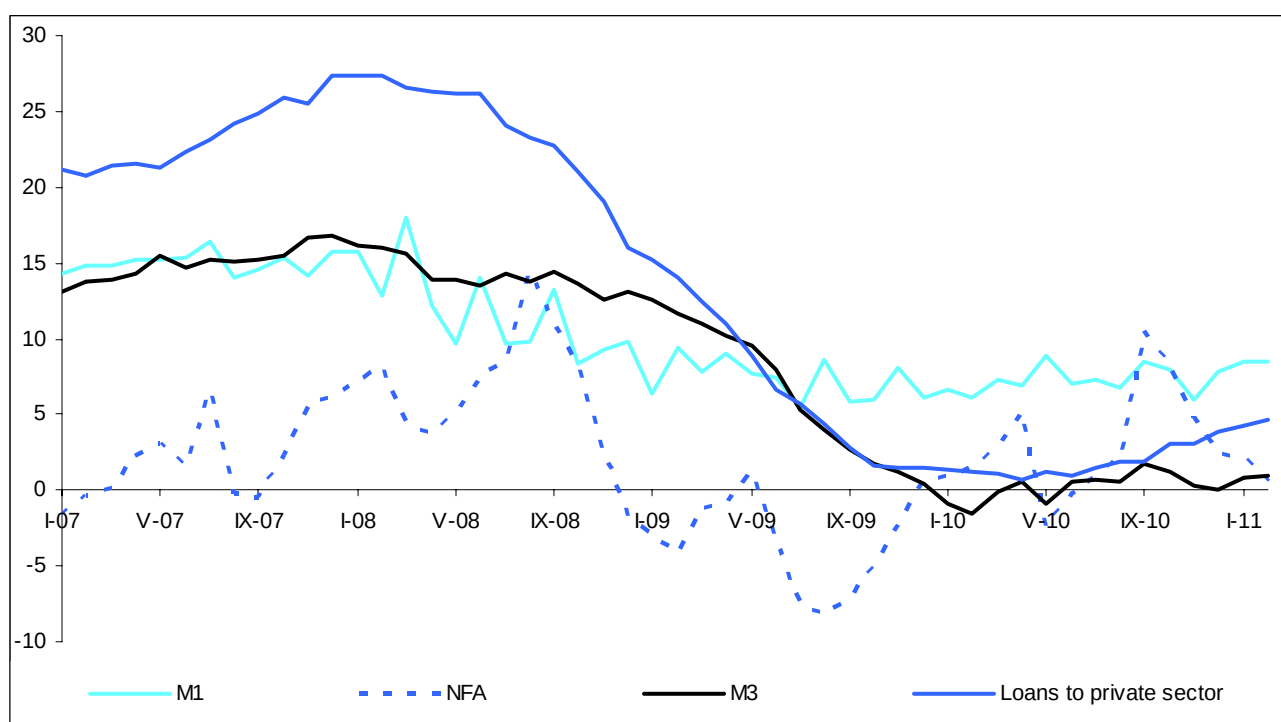


TABLE 4 – MONETARY AGGREGATES AND COUNTERPARTS

CZK billions, unless otherwise indicated

	2010						2011					
	February			December			January			February		
	Stocks	Flows ¹⁾	Annual growth rates (%)	Stocks	Flows ¹⁾	Annual growth rates (%)	Stocks	Flows ¹⁾	Annual growth rates (%)	Stocks	Flows ¹⁾	Annual growth rates (%)
COMPONENTS OF M3												
(1) M3 (items 1.3, 1.6 and 1.11)	2 666.7	-3.8	-1.5	2 760.0	31.4	0.0	2 737.1	-15.2	0.8	2 738.2	0.5	1.0
(1.1) Currency in circulation	354.2	0.6	-2.6	357.5	1.0	1.1	356.2	-1.4	0.7	357.5	1.4	0.9
(1.2) Overnight deposits	1 421.4	10.7	8.6	1 664.2	18.2	9.4	1 666.2	7.4	10.4	1 677.7	11.1	10.3
(1.3) M1 (items 1.1 and 1.2)	1 775.6	11.3	6.1	2 021.7	19.2	7.8	2 022.3	6.0	8.5	2 035.2	12.4	8.5
(1.4) Deposits with agreed maturity up to 2Y	447.4	-7.4	-19.7	376.9	12.0	-21.5	356.0	-18.7	-21.0	349.5	-6.7	-21.2
(1.5) Deposits redeemable at notice up to 3M	381.7	-11.2	-6.4	309.4	4.3	-8.3	306.1	-3.3	-8.6	302.7	-3.3	-7.0
(1.6) Other short term deposits (1.4 and 1.5)	829.0	-18.7	-14.1	686.3	16.3	-15.8	662.1	-22.0	-15.7	652.2	-10.1	-15.1
(1.7) M2 (items 1.3 and 1.6)	2 604.6	-7.4	-1.3	2 708.0	35.5	0.3	2 684.4	-16.0	1.1	2 687.4	2.3	1.4
(1.8) Repurchase agreements ²⁾	16.7	3.1	-	12.4	-2.5	-	13.4	1.0	-	12.1	-1.4	-
(1.9) Money market fund shares/units ²⁾	43.4	0.3	-	38.6	-0.5	-	38.1	-0.3	-	37.2	-0.9	-
(1.10) Debt securities issued with maturity up to 2Y ²⁾	2.0	0.2	-	1.0	-1.0	-	1.1	0.1	-	1.5	0.4	-
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	62.1	3.7	-11.0	52.0	-4.0	-12.7	52.7	0.8	-9.5	50.8	-1.8	-17.7
COUNTERPARTS OF M3												
MFI liabilities												
(2) Holdings deposits against central government	253.8	-25.9	-7.4	274.2	-14.1	1.3	285.3	13.4	3.4	276.5	-9.1	10.3
(3) Longer-term fin. deposits against other residents (items 3.1 to 3.4)	658.7	24.3	37.5	671.1	23.9	23.0	654.8	20.4	23.0	674.3	18.9	21.9
(3.1) Deposits with agreed maturity over 2Y	164.3	15.6	57.5	210.7	13.4	47.8	213.2	2.5	43.4	217.3	4.2	32.3
(3.2) Deposits redeemable at notice over 3M	103.0	6.7	69.7	49.3	0.3	18.3	48.4	-0.9	7.7	47.7	-0.7	-0.8
(3.3) Debt securities issued with maturity over 2Y	90.6	1.0	18.5	97.8	0.8	16.6	98.4	2.4	17.4	104.0	3.9	20.6
(3.4) Capital and reserves	300.7	1.0	27.1	313.4	9.3	11.0	294.8	16.3	15.3	305.3	11.6	19.5
MFI assets												
(4) Credit to residents (items 4.1 and 4.2)	2 526.0	-1.1	4.2	2 646.9	16.1	5.0	2 666.0	27.7	6.4	2 690.3	24.1	7.4
(4.1) Credit to general government	580.2	3.6	15.8	634.8	5.9	9.1	649.3	17.0	13.0	670.4	20.7	15.9
(4.2) Credit to private sector	1 945.8	-4.8	1.2	2 012.1	10.1	3.8	2 016.7	10.7	4.4	2 019.9	3.4	4.9
(5) Net foreign assets	1 023.6	6.3	1.5	1 018.8	-21.8	2.4	986.2	6.8	2.1	978.6	-9.1	0.5
(6) Other counterparts of M3 (residual) (=M3+items 2,3 - items 4,5) ²⁾	29.5	-10.5	-	39.7	46.9	-	24.9	-15.9	-	20.1	-4.6	-

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

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

	2010				2011			
	February		December		January		February	
	Stocks	Flows ²⁾	Stocks	Flows ²⁾	Stocks	Flows ²⁾	Stocks	Flows ²⁾
(1) Overnight deposits	1 421.4	10.7	1 664.2	18.2	1 666.2	7.4	1 677.7	11.1
(1.1) Other general government	128.1	-1.8	110.5	-21.9	129.4	18.9	136.3	6.9
(1.2) Other financial intermediaries ³⁾	26.8	-2.0	26.6	-3.3	29.4	3.1	28.9	-0.6
(1.3) Insurance corporations and pension funds	8.2	-2.3	6.8	-9.3	13.6	6.8	15.6	2.0
(1.4) Non-financial corporations	425.3	6.6	535.5	33.4	493.9	-37.8	490.3	-4.0
(1.5) Households ⁴⁾	833.0	10.2	984.8	19.3	999.8	16.4	1 006.6	6.7
(2) M2 - M1 (other short- term deposits)	829.0	-18.7	686.3	16.3	662.1	-22.0	652.2	-10.1
(2.1) Other general government	33.7	0.2	23.0	-3.5	22.6	-0.3	24.4	1.8
(2.2) Other financial intermediaries ³⁾	19.4	0.2	19.4	2.6	17.4	-2.0	17.6	0.3
(2.3) Insurance corporations and pension funds	34.7	2.6	34.8	9.2	27.3	-7.4	27.0	-0.3
(2.4) Non-financial corporations	189.3	-0.6	146.9	9.8	138.1	-8.0	131.2	-7.0
(2.5) Households ⁴⁾	552.0	-21.1	462.1	-2.0	456.7	-4.3	452.0	-4.8
(3) Repurchase agreements (a part of M3 - M2)	16.7	3.1	12.4	-2.5	13.4	1.0	12.1	-1.4
(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⁾	3.3	2.6	6.8	0.4	6.0	-0.8	5.8	-0.2
(3.3) Insurance corporations and pension funds	11.2	1.0	4.1	-2.9	5.9	1.9	4.9	-1.0
(3.4) Non-financial corporations	0.0	-0.4	0.2	0.0	0.2	0.0	0.0	-0.2
(3.5) Households ⁴⁾	2.2	0.0	1.4	0.0	1.3	-0.1	1.3	0.0

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 6 – LOANS TO PRIVATE SECTOR

CZK billions

	2010				2011			
	February		December		January		February	
	Stocks	Flows ¹⁾	Stocks	Flows ¹⁾	Stocks	Flows ¹⁾	Stocks	Flows ¹⁾
(1) Loans to non-financial corporations	779.6	-4.5	782.8	-7.1	788.7	11.1	792.1	3.1
(1.1) up to 1 year	256.8	-5.8	245.3	-13.0	247.2	3.6	249.0	1.8
(1.2) over 1 year and up to 5 years	166.4	0.9	146.3	-0.5	148.3	3.1	146.2	-2.1
(1.3) over 5 years	356.4	0.5	391.3	6.4	393.1	4.4	396.9	3.4
(2) Loans to households²⁾	988.4	3.0	1 057.1	8.3	1 057.3	0.4	1 058.4	1.4
(2.1) Consumer credit	186.3	0.3	201.7	0.4	200.5	-1.1	200.0	-0.2
(2.2) Lending for house purchase	693.6	2.4	737.2	6.3	740.6	3.4	742.1	1.6
(2.3) Other lending	108.5	0.2	118.2	1.6	116.2	-1.9	116.3	0.1
(3) Loans to other financial intermediaries³⁾	128.4	-3.0	121.5	1.0	119.0	-2.0	117.4	-1.7
(4) Loans to insurance corporations and pension funds	0.2	0.0	0.1	-0.1	0.3	0.2	0.2	-0.1

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

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).

Loans to private sector (CZK billions) and annual growth of loans to non-financial institutions and households (%)

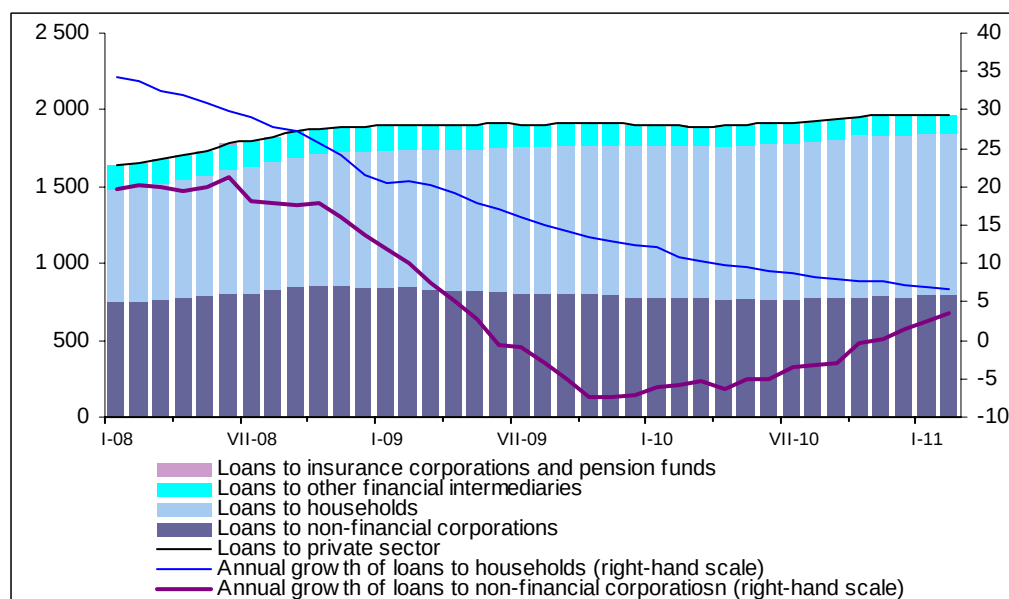


TABLE 7 - CONTRIBUTIONS TO ANNUAL GROWTH¹⁾ OF M3

	2010		2011	
	February	December	January	February
	% points	% points	% points	% points
M1	3.8	6.3	5.9	5.9
of which: Currency	-0.4	0.2	0.1	0.1
Overnight deposits	4.1	6.1	5.8	5.8
M2 - M1 (= other short-term deposits)	-5.0	-5.9	-4.8	-4.5
M3 - M2 (= short-term marketable instruments)	-0.3	-0.3	-0.2	-0.4
M3	-1.5	0.0	0.8	1.0

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

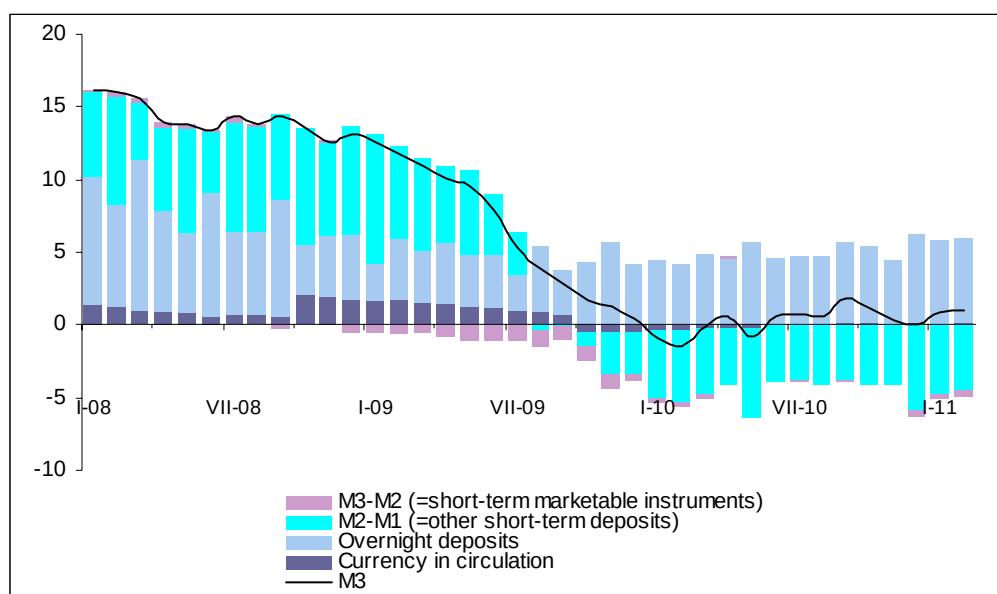
Contributions to annual growth of M3 (%)

TABLE 8 - CONTRIBUTIONS TO ANNUAL GROWTH ¹⁾ OF LOANS TO PRIVATE SECTOR

	2010		2011	
	February	December	January	February
	% points	% points	% points	% points
Non-financial corporations	-2.5	0.6	1.0	1.4
Households ²⁾	5.2	3.7	3.6	3.5
Other financial intermediaries ³⁾	-1.4	-0.5	-0.3	-0.3
Insurance corporations and pension funds	0.0	0.0	0.0	0.0
Loans to private sector ⁴⁾	1.2	3.8	4.3	4.7

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

Contributions to annual growth of loans to private sector (%)

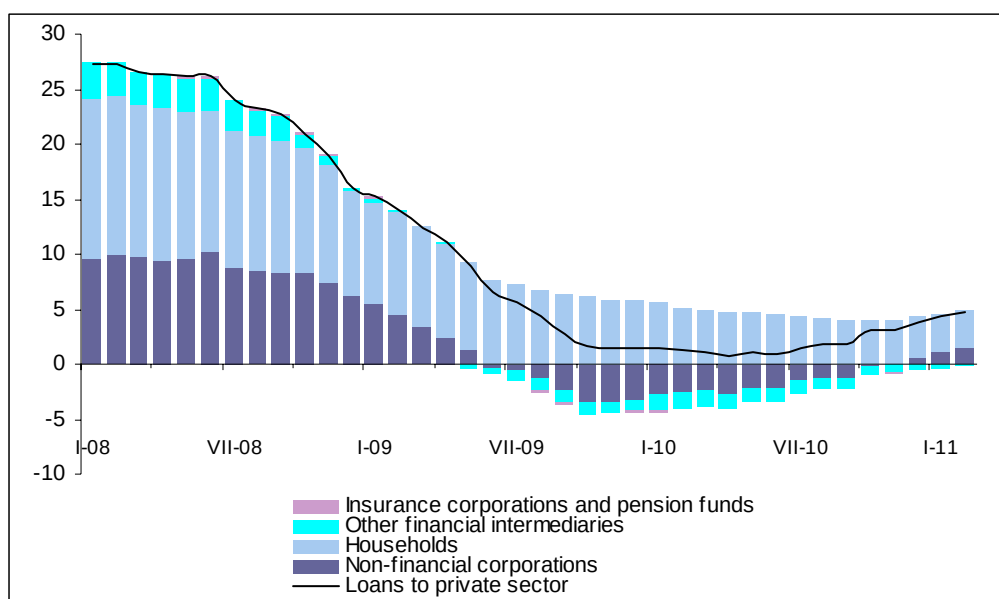


TABLE 9a - BALANCE SHEETS OF MONETARY FINANCIAL INSTITUTIONS BY REPORTING INSTITUTIONS (ASSETS): FEBRUARY 2011

CZK billions

	MFI			Consolidated balance sheet of MFIs
	CNB	Credit institutions	Money market funds	
(1) ASSETS TOTAL	770.5	4 379.7	42.5	4 349.5
(1.1) Loans to residents	3.6	2 606.3	11.4	2 030.5
MFI	0.0	579.4	11.4	-
General government	0.0	62.4	0.0	62.4
Other residents	3.6	1 964.5	0.0	1 968.1
(1.2) Holdings of securities other than shares issued by residents	0.0	791.8	18.9	616.5
MFI	0.0	192.2	2.0	-
General government	0.0	591.5	16.6	608.0
Other residents	0.0	8.1	0.4	8.5
(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	72.6	0.0	43.3
MFI	0.0	29.3	0.0	-
Other residents	0.0	43.3	0.0	43.3
(1.5) External assets	750.9	584.4	12.1	1 347.3
(1.6) Fixed assets	11.1	111.1	0.0	122.2
(1.7) Remaining assets	5.0	213.4	0.1	189.6

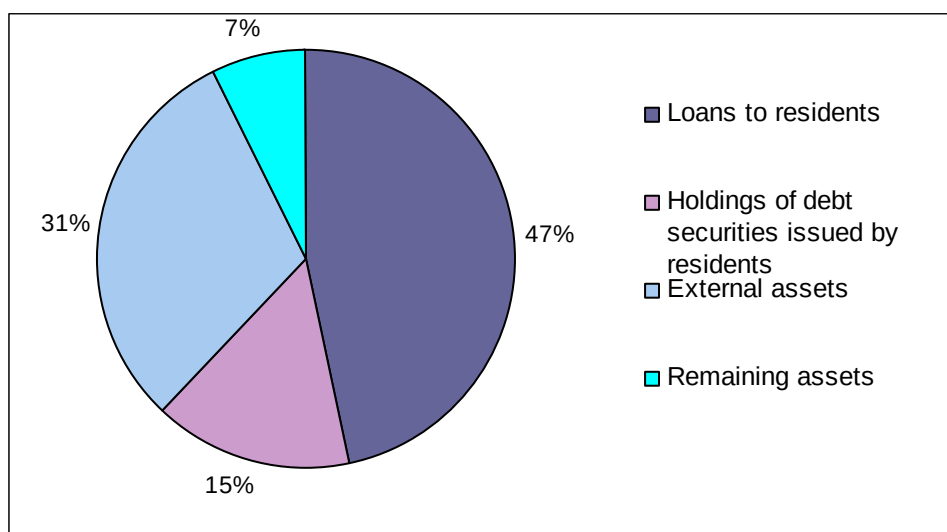
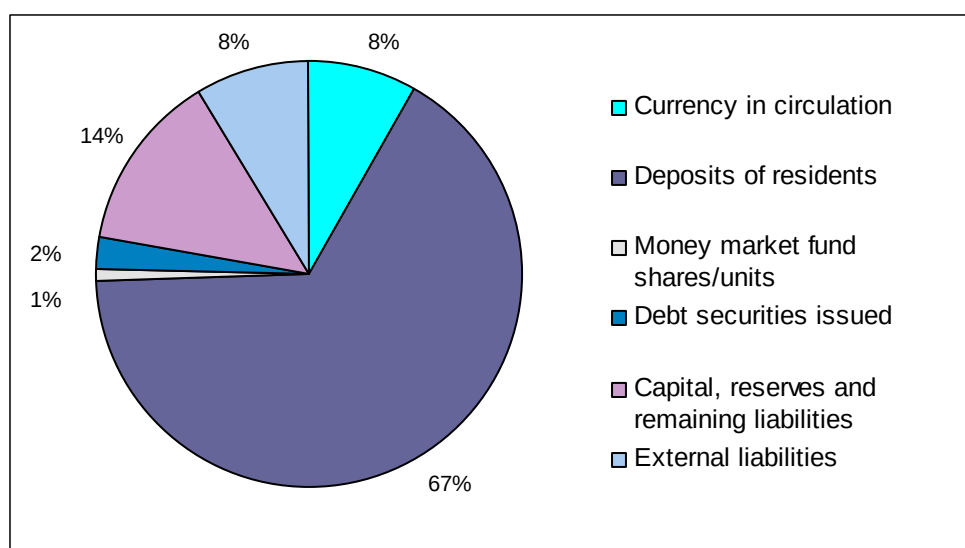
Consolidated balance sheet of MFIs - assets

TABLE 9b - BALANCE SHEETS OF MONETARY FINANCIAL INSTITUTIONS BY REPORTING INSTITUTIONS (LIABILITIES): FEBRUARY 2011

CZK billions

	MFI			Consolidated balance sheet of MFIs
	CNB	Credit institutions	Money market funds	
(2) LIABILITIES TOTAL	770.5	4 379.7	42.5	4 349.5
(2.1) Currency in circulation	386.3	-	-	357.5
(2.2) Deposits of residents	493.2	2 978.6	0.0	2 883.5
MFI	404.2	184.1	0.0	-
Central government	84.9	191.6	0.0	276.5
Other general government/other residents	4.1	2 602.8	0.0	2 607.0
(2.3) Money market fund shares/units	-	-	37.2	37.2
(2.4) Debt securities issued	0.0	299.7	0.0	105.5
(2.5) Capital and reserves	-162.7	497.4	0.0	305.3
(2.6) External liabilities	7.9	356.0	4.8	368.8
(2.7) Remaining liabilities	45.8	248.0	0.5	294.4
(2.8) Excess of inter MFI liabilities	-	-	-	-2.6

Consolidated balance sheet of MFIs - liabilities

COMMENTARY ON MONETARY DEVELOPMENTS STATISTICS¹⁾ (TABLES 3-9): FEBRUARY 2011

After fluctuating around zero in the first half of 2010, the annual rate of growth of M3 has only been positive since June. In February, it increased to 1.0% from 0.8% in January.

As a result of financial transactions, M3 rose by CZK 0.5 billion month on month (by CZK 26.5 billion year on year) to CZK 2,738.2 billion.

Main components of M3

Within the M3 structure, M1 is the most important component. Its contribution to annual M3 growth remained at the January level, i.e. at 5.9 percentage points (see Table 7). This evolution of M3 was mostly due to a decrease in the negative contribution of other short-term deposits, quasi money, from -4.8 percentage points in January to -4.5 percentage points in February.

The annual rate of growth of M1 in February remained the same as in January (8.5%). No major changes were recorded either for the individual components of this aggregate. The annual rate of growth of overnight deposits declined by 0.1 percentage point compared to January, reaching 10.3%. In month-on-month terms, overnight deposits grew by CZK 11.1 billion (or 0.7%), owing to financial transactions. Within overnight deposits, the largest increase was recorded for deposits of insurance companies and pension funds (up by 14.6%, or CZK 2.0 billion). Further increases in deposits were recorded by other government (up by 5.3%, or CZK 6.9 billion) and households (up by 0.7%, or CZK 6.7 billion). By contrast, declines were recorded for deposits of other financial intermediaries (of 1.9%, or CZK 0.6 billion) and deposits of non-financial corporations (of 0.8%, or CZK 4.0 billion).

The annual rate of growth of currency in circulation, which had decreased to 0.7% in January, rose to 0.9% in February. In month-on-month terms, currency in circulation increased by 0.4%, standing at CZK 357.5 billion.

Other short-term deposits (excluding overnight deposits) fell by CZK 10.1 billion (or 1.5%) month on month, owing to financial transactions. The annual rate of growth of these deposits rose from -15.7% in January to -15.1% in February. The annual growth rate of deposits with maturity of up to two years, which are the slightly dominant component of short-term deposits, fell by 0.2 percentage point compared to the previous month, reaching -21.2%. 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. In February it increased to -7.0% (from -8.6% in January).

Within other deposits, month-on-month declines were recorded for deposits of non-financial corporations (down by 5.0%, or CZK 7.0 billion), deposits of insurance corporations and pension funds (down by 1.2%, or CZK 0.3 billion)

and household deposits (down by 1.1%, i.e. CZK 4.8 billion). By contrast, increases in deposits were recorded by other government (up by 7.8%, or CZK 1.8 billion) and other financial intermediaries (up by 1.5%, or CZK 0.3 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 50.8 billion (CZK 52.7 billion in January). The annual rate of growth of marketable instruments fell by 8.2 percentage points to -17.7% (-9.5% in January).

Main counterparts of M3

The annual rate of growth of loans to the private sector, which are the most important counterpart of M3, stood at 4.7% in February. This indicator shows opposite developments in its major components, i.e. the annual growth rate of loans to households and the annual growth rate of loans to non-financial corporations. The annual growth rate of loans to households has been positive and constantly falling, reaching 6.7% in

February, whereas the annual growth rate of loans to non-financial corporations had been negative since mid-2009 but started to show a gradual upward trend in the last ten months. It has even been positive since November 2010, standing at 3.5% in February.

The annual growth rate of loans provided to general government and purchased securities rose from 13.0% in January to 15.9% in February.

The annual growth rate of net external assets decreased to 0.5% at the end of February (from 2.1% in January). The annual growth rate of longer-term financial liabilities fell from 23.0% in January to 21.9% in February. The annual growth rate of deposits of central government rose to 10.3% in February (from 3.4% in January).

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 - NEW BUSINESS¹⁾

	2010				2011			
	February		December		January		February	
	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	1269.2	1.08	1312.9	1.07	1322.8	1.06	1322.7
(1.1) Overnight	0.66	801.9	0.72	951.0	0.72	965.3	0.71	971.2
(1.2) With agreed maturity	1.20	26.0	0.89	16.6	0.98	17.0	0.96	15.0
of which: Up to 2 years	1.14	24.7	0.80	14.8	0.86	15.1	0.85	13.2
(1.3) Redeemable at notice ³⁾	1.96	478.2	2.05	357.1	2.04	352.9	2.04	348.8
(1.3.1) Up to 3 months' notice	2.17	375.8	2.23	308.4	2.23	305.1	2.23	301.8
(1.3.2) Over 3 months' notice	1.17	102.4	0.89	48.7	0.87	47.8	0.88	47.1
(2) Deposits from non-financial corporation⁴⁾	0.55	517.1	0.40	577.7	0.41	510.0	0.40	486.7
(2.1) Overnight	0.38	329.9	0.37	430.8	0.37	388.0	0.37	386.1
(2.2) With agreed maturity	0.74	160.2	0.49	145.3	0.54	120.6	0.52	99.2
of which: Up to 2 years	0.73	159.8	0.49	145.3	0.54	120.5	0.52	99.0
(3) Loans to households²⁾	15.28	49.6	14.68	62.4	15.25	56.6	15.25	56.7
(3.1) Bank overdrafts ⁵⁾	18.53	34.3	18.68	41.9	18.42	41.3	18.35	41.2
(3.2) Consumer credit	14.66	4.1	14.05	3.9	14.31	3.0	14.51	3.5
(3.3) Lending for house purchase	5.35	9.1	4.55	12.6	4.52	9.4	4.55	9.5
of which: Mortgage lending ⁶⁾	5.49	4.7	4.41	9.2	4.39	6.3	4.42	6.0
Saving for building purposes	5.08	3.7	4.93	2.6	4.88	1.9	4.88	2.1
(3.4) Other lending	6.37	2.0	5.45	4.0	5.68	2.8	5.83	2.4
(4) Loans to non-financial corporation	4.02	133.1	3.91	152.2	3.75	136.3	3.71	138.0
(4.1) Bank overdrafts ⁵⁾	4.30	89.4	4.28	82.7	4.12	94.7	4.02	93.1
(4.2) Other loans up to CZK 30 million	4.31	6.1	4.08	11.8	3.82	7.7	3.79	9.1
of which: Up to 1 year initial rate fixation ⁷⁾	4.21	5.5	3.83	9.7	3.70	7.1	3.66	8.5
(4.3) Other loans over to CZK 30 million	3.30	37.6	3.34	57.8	2.70	33.9	2.88	35.8
of which: Up to 1 year initial rate fixation ⁷⁾	3.25	32.4	3.32	55.4	2.67	33.2	2.85	35.4
(5) APRC⁸⁾ on loans to households	8.76	13.3	7.40	16.5	7.71	12.5	8.09	13.1
(5.1) Consumer credit	15.80	4.1	15.74	3.9	16.88	3.0	16.96	3.5
(5.2) Lending for house purchase	5.57	9.1	4.82	12.6	4.75	9.4	4.79	9.5

¹⁾ The interest rates that are applied by MFIs to CZK-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the Czech Republic. 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 - OUTSTANDING AMOUNTS¹⁾

	2010				2011			
	February		December		January		February	
	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	1574.7	1.22	1629.8	1.21	1640.8	1.21	1644.6
(1.1) With agreed maturity	1.98	319.9	1.80	321.9	1.79	322.7	1.81	324.7
(1.1.1) Up to 2 years	1.79	167.6	1.44	125.5	1.46	124.7	1.45	123.2
(1.1.2) Over 2 years	2.19	152.2	2.03	196.4	2.01	198.1	2.03	201.5
(2) Deposits from non-financial corp.³⁾	0.62	501.2	0.47	559.1	0.49	509.8	0.49	502.7
(2.2) With agreed maturity	1.02	144.3	0.81	126.5	0.87	120.2	0.89	115.1
(2.2.1) Up to 2 years	0.97	140.6	0.76	122.6	0.82	115.7	0.84	110.3
(2.2.2) Over 2 years	2.70	3.7	2.40	3.9	2.10	4.5	2.01	4.8
(3) Loans to households	7.00	986.9	7.00	1055.4	6.96	1055.8	6.95	1056.9
(3.1) Lending for house purchase	5.26	693.3	5.20	736.8	5.18	740.2	5.17	741.8
of which: Mortgage lending ⁴⁾	5.24	564.2	5.18	604.4	5.16	612.2	5.14	614.4
Saving for building purposes	5.37	103.0	5.36	102.9	5.37	98.5	5.36	97.7
(3.2) Consumer credit and other lending ⁵⁾	11.28	293.6	11.42	318.6	11.39	315.6	11.41	315.1
(4) Loans to non-financial corporation	4.19	636.0	4.04	637.8	4.02	651.1	3.99	655.5
(4.1) Up to 1 year	3.93	218.7	3.70	204.1	3.68	211.4	3.65	214.8
(4.2) Over 1 and up to 5 years	4.29	132.1	4.15	114.6	4.09	117.4	4.01	114.3
(4.3) Over 5 years	4.34	285.2	4.21	319.0	4.20	322.2	4.19	326.4

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. 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.

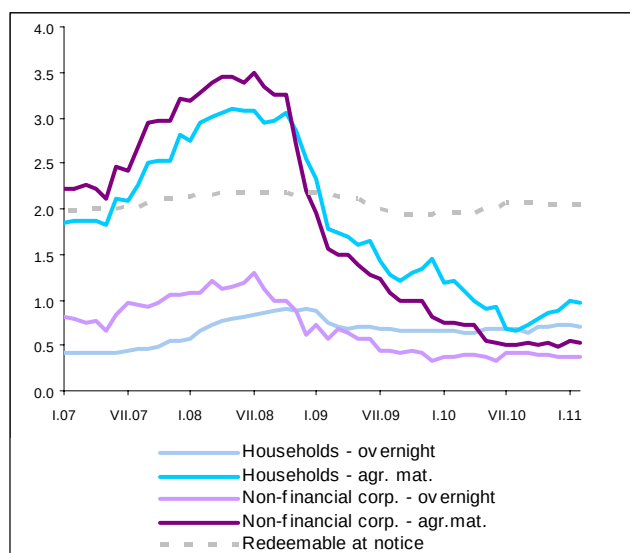
³⁾ Including overnight deposits and deposits with agreed maturity presented in Table 10. For this instrument category, new business and outstanding amounts coincide.

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)).

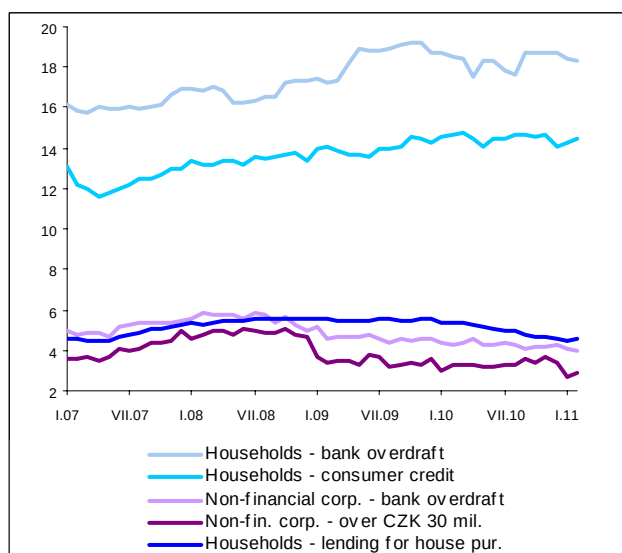
⁵⁾ Consumer credit and other lending include bank overdrafts presented in Table 10.

INTEREST RATES OF MONETARY FINANCIAL INSTITUTIONS ON NEW BUSINESS

New business, deposits

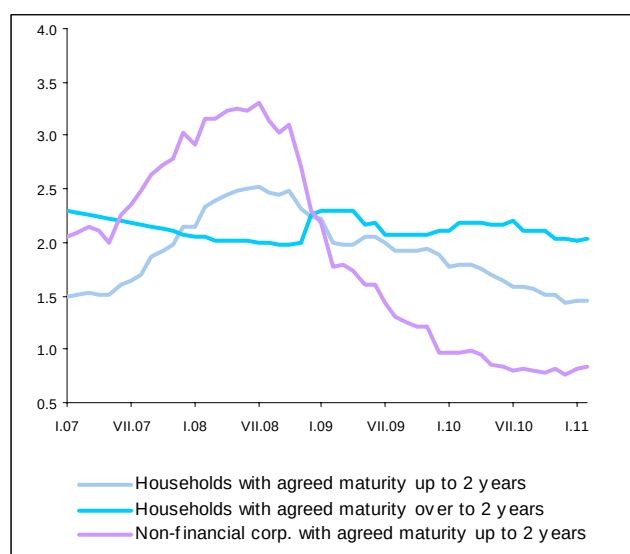


New business, loans

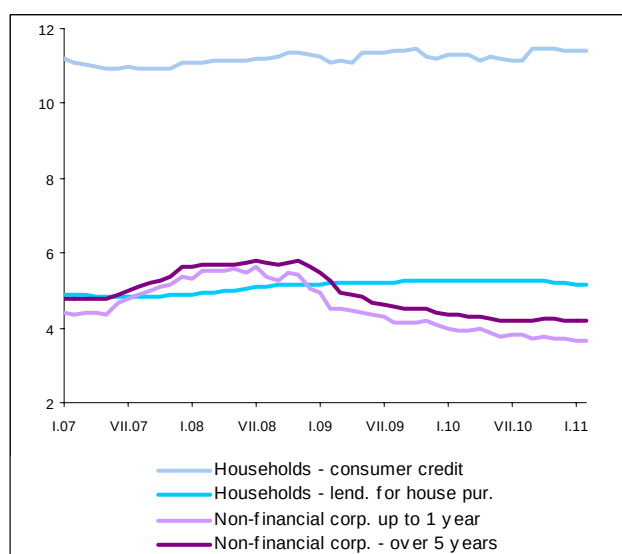


INTEREST RATES OF MONETARY FINANCIAL INSTITUTIONS ON OUTSTANDING AMOUNTS

Outstanding amounts, deposits



Outstanding amounts, loans



COMMENTARY ON INTEREST RATES OF MONETARY FINANCIAL INSTITUTIONS (TABLES 10 AND 11) – FEBRUARY 2011

Interest rates on new business

Interest rates on new deposits of households and non-financial corporations were little changed in February. At 1.06%, the average interest rate on total new deposits of households was almost the same as in the previous month. The rate on overnight deposits remained almost at the previous month's level (0.71%), the rate on deposits with agreed maturity fell slightly, by 0.02 percentage point to 0.96%, and the rate on deposits redeemable at notice was unchanged at 2.04%.

The overall interest rate on new deposits of non-financial corporations recorded no major change compared to the previous month, remaining at 0.40%. The rate on overnight deposits was flat at 0.37%. The interest rate on deposits with an agreed maturity of up to two years (which as a rule account for 100% of all deposits with agreed maturity in this sector) fell very slightly, by 0.02 percentage point to 0.52%.

The rate on new loans to households was unchanged in February, but the rate on new loans to non-financial corporations recorded a minor decrease.

The rate on new loans to households was the same as in the previous month (15.25%). The interest rate on bank overdrafts recorded a decline of 0.07 percentage point, halting at 18.35%. The interest rate on consumer credit increased by 0.20 percentage point to 14.51% and that on loans for house purchase rose slightly, by 0.03 percentage point to 4.55%. The rate on other loans was 0.15 percentage point higher, standing at 5.83%.

The rate on new loans to non-financial corporations declined by 0.04 percentage point to 3.71%. The rate on bank overdrafts decreased by 0.10 percentage point to 4.02% and the rate on other loans of up to CZK 30 million declined by 0.03 percentage point to 3.79%. By contrast, the rate on other loans of over CZK 30 million increased by 0.18 percentage point to 2.88%.

Interest rates on outstanding amounts

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

The rate on total deposits of households was the same as in the previous month (1.21%). The rate on overnight deposits remained almost at the previous month's level (0.71%). The rate on deposits redeemable at notice was flat (2.04%) and the rate on deposits with agreed maturity also showed no major changes, halting at 1.81%.

The rate on total deposits of non-financial corporations was the same as in the previous period (0.49%). The rate on overnight deposits remained at 0.37% and the rate on deposits with agreed maturity rose slightly, by 0.02 percentage point to 0.89%.

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

The overall interest rate on loans to households decreased by just 0.01 percentage point to 6.95%. The rate on loans for house purchase recorded a slight decline of 0.01 percentage point to 5.17%, whereas the rate on consumer credit and other loans was 0.02 percentage point higher (11.41%).

The average interest rate on outstanding amounts of loans to non-financial corporations decreased by 0.03 percentage point to 3.99%. The rate on loans to non-financial corporations fell slightly for all maturities, to 3.65% for maturity of up to one year, 4.01% for maturity of over one year and up to five years, and 4.19% for maturity of over five years.

TABLE 12 – AGGREGATED BALANCE SHEET OF INVESTMENT FUNDS ¹⁾

CZK billions

	2010						2011	
	January		November		December		January	
	Out-standing amounts	Transa-ctions	Out-standing amounts	Transa-ctions	Out-standing amounts	Transa-ctions	Out-standing amounts	Transa-ctions
Total Assets	101.7	1.8	118.7	0.8	124.8	3.7	126.3	2.5
(1.1) Deposits	11.2	-0.2	9.9	-1.5	10.1	0.2	10.1	0.0
(1.2) Securities other than shares	44.2	2.1	48.3	0.4	50.6	2.4	50.2	0.4
Residents	23.3	0.9	26.9	0.7	27.4	0.7	27.3	0.0
Non-residents	20.9	1.2	21.5	-0.2	23.2	1.7	22.9	0.4
(1.3) Shares and other equity	22.9	-0.3	27.9	1.1	29.2	-0.1	28.6	0.4
Residents	5.3	0.0	6.6	0.7	6.4	-0.1	5.8	0.1
Non-residents	17.5	-0.2	21.2	0.4	22.8	0.0	22.8	0.4
(1.4) Investment fund shares (including MMFs)	16.0	0.1	18.5	0.3	19.1	0.1	19.0	0.4
Residents	3.8	0.0	4.1	0.0	4.4	0.1	4.2	-0.1
Non-residents	12.1	0.1	14.3	0.3	14.8	0.0	14.7	0.5
(1.5) Other assets	7.4	-0.1	14.2	0.4	15.8	1.1	18.4	1.3
Total Liabilities	101.7	1.8	118.7	0.8	124.8	3.7	126.3	2.5
(2.1) Loans accepted	0.6	0.2	1.3	0.1	1.7	0.4	1.7	0.1
(2.2) Investment fund shares	96.9	1.2	110.7	0.5	117.0	3.5	117.9	1.9
(2.3) Other liabilities	4.2	0.4	6.7	0.2	6.2	-0.1	6.6	0.6

¹⁾ Investment Funds (IFs) represent Mutual and Investment Funds other than Money Market 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 (CZK billions)

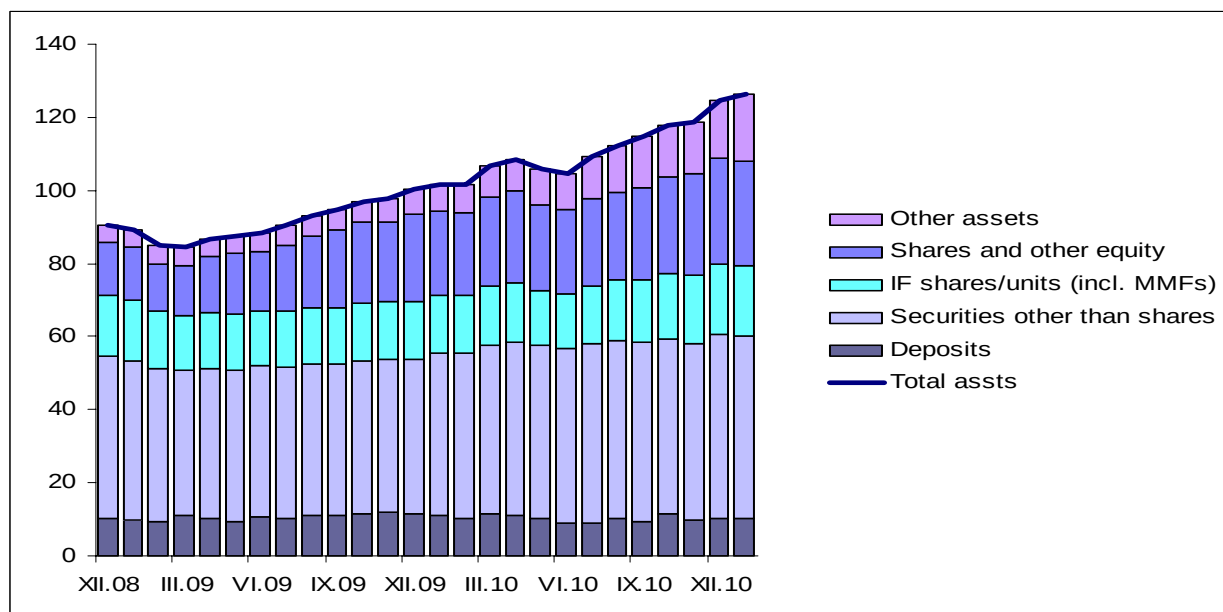


TABLE 13 – AGGREGATED BALANCE SHEET OF FINANCIAL CORPORATION ENGAGED IN LENDING ¹⁾

CZK billions, end of period

	2009 December	2010			
		March	June	September	December
Total Assets	404.2	389.7	386.6	362.9	357.2
(1.1) Deposits	8.1	8.2	7.0	7.7	5.2
(1.2) Loans provided	299.0	291.1	287.4	267.7	264.3
Residents	292.4	284.8	282.3	263.1	259.8
Non-residents	6.6	6.3	5.1	4.6	4.6
(1.3) Securities other than shares	2.7	2.7	3.6	3.3	2.6
(1.4) Shares and equity	5.6	5.5	5.0	3.6	4.3
Mutual fund shares/units (including MMFs)	0.1	0.1	0.0	0.0	0.0
Other shares and equity	5.5	5.4	4.9	3.6	4.2
(1.5) Other assets	88.8	82.2	83.6	80.6	80.8
Total Liabilities	404.2	389.7	386.6	362.9	357.2
(2.1) Loans taken	235.7	218.7	227.8	213.8	211.7
Residents	163.9	149.9	157.8	146.8	148.6
Non-residents	71.9	68.8	70.0	66.9	63.0
(2.2) Securities other than shares issued	13.5	13.5	4.0	4.3	4.3
(2.3) Own funds	110.9	113.8	112.1	102.8	104.3
(2.4) Other liabilities	44.1	43.7	42.6	42.0	36.8

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.

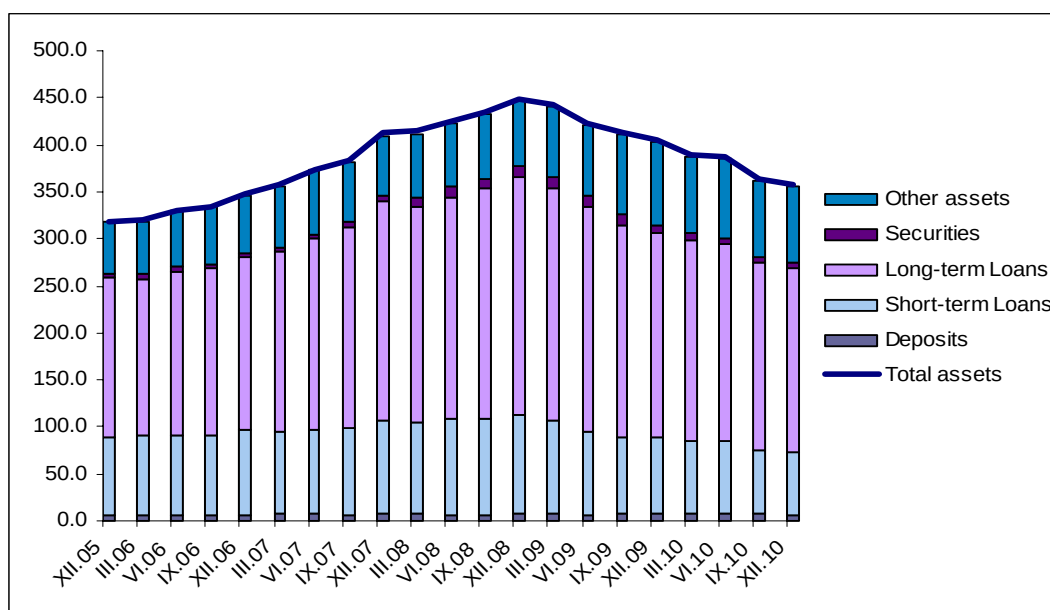
Balance sheet total – breakdown by assets items (CZK billions)

TABLE 14a – SUMMARY OF LOANS PROVIDED BY FINANCIAL CORPORATIONS ENGAGED IN LENDING¹⁾ TO RESIDENTS

CZK billions, end of period

	2009 December	2010			
		March	June	September	December
(1) Non-financial corporations	165.4	165.3	188.9	181.1	178.3
Up to 1 year	42.8	41.5	43.2	40.7	41.9
Over 1 year up to 5 years	96.5	95.3	111.3	106.5	104.0
Over 5 years	26.0	28.5	34.4	33.9	32.4
(2) Financial corporations	0.6	0.5	0.2	0.3	0.2
Up to 1 year	0.2	0.1	0.1	0.1	0.1
Over 1 year up to 5 years	0.3	0.3	0.1	0.2	0.1
Over 5 years	0.1	0.0	0.0	0.0	0.0
(3) Government	1.1	0.4	0.4	0.3	0.3
Up to 1 year	0.5	0.1	0.1	0.1	0.1
Over 1 year up to 5 years	0.6	0.2	0.2	0.2	0.2
Over 5 years	0.0	0.0	0.0	0.0	0.0
(4) Households	125.2	118.8	92.8	81.4	80.9
Up to 1 year	35.2	34.0	34.1	26.1	25.2
Over 1 year up to 5 years	72.9	67.9	44.2	40.3	41.2
Over 5 years	17.0	16.9	14.6	14.9	14.5
(5) NPISHs	0.1	0.0	0.0	0.0	0.0
Up to 1 year	0.1	0.0	0.0	0.0	0.0
Over 1 year up to 5 years	0.1	0.0	0.0	0.0	0.0
Over 5 years	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.

TABLE 14b – BREAKDOWN OF LOANS PROVIDED BY FINANCIAL CORPORATIONS ENGAGED IN LENDING¹⁾ TO HOUSEHOLDS

CZK billions, end of period

	2009 December	2010			
		March	June	September	December
(1) Total	129.6	125.2	118.8	92.8	80.9
(1.1) Consumer credit	112.9	110.1	104.5	78.8	65.6
Up to 1 year	33.2	34.0	32.8	32.8	23.8
Over 1 year up to 5 years	65.0	60.8	56.5	33.1	29.0
Over 5 years	14.6	15.4	15.2	13.0	12.8
(1.2) Lending for house purchase	1.4	1.4	1.3	1.3	1.2
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	14.1
Up to 1 year	1.2	1.2	1.2	1.3	1.4
Over 1 year up to 5 years	13.4	11.9	11.2	10.9	12.0
Over 5 years	0.7	0.6	0.6	0.6	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): JANUARY 2011

Net assets value: The net assets value of collective investment funds (CIFs) was CZK 117.9 billion at the end of January. This means an increase of CZK 0.9 billion (or 0.8%) compared to December (monthly transactions accounted for CZK +1.9 billion). Compared to the same period last year, the net assets value was up by 21.6%, or CZK 21.0 billion. The biggest month-on-month increase in the net assets value was recorded for equity funds, up by CZK 1.1 billion to CZK 22.0 billion, with monthly transactions accounting for CZK +1.3 billion.

Investment in bonds: CIFs invested most in securities other than shares. The value of bond holdings was CZK 50.2 billion. Compared to the previous month, the total volume of bonds fell by CZK 0.4 billion (monthly transactions accounted for CZK 0.4 billion). The proportion of securities other than shares in the funds' net assets value also decreased compared to December, down by 0.6 percentage point to 42.6%.

Investment in equity securities: The volume of equity securities in the CIFs' portfolio declined for the first time since June 2010. As of the end of January, the value of holdings of equity securities amounted to CZK 47.6 billion, of which CZK 19.0 billion was investment in collective investment funds (including money market funds) and CZK 28.6 billion was investment in shares and other equity. The value of equity securities decreased by CZK 0.8 billion compared to December (monthly transactions accounted for CZK +0.9 billion). The share of equity securities in the funds' net assets value also declined from 41.3% in the previous month to 40.3%.

Reporting population: As of the end of January 2011, 182 resident collective investment funds were active in the Czech Republic, of which 31 were equity funds, 28 bond funds, 62 mixed funds, 60 real estate funds and 1 other fund. Two collective investment funds commenced their business during the period under review and two funds terminated their activities.

COMMENTARY ON THE AGGREGATED BALANCE SHEET OF FINANCIAL CORPORATIONS ENGAGED IN LENDING (TABLES 13 AND 14): DECEMBER 2010

As of 31 December 2010, financial corporations engaged in lending had total assets of CZK 357.2 billion. Compared to the previous quarter, their total assets decreased by CZK 5.7 billion. In year-on-year terms they fell by CZK 47 billion. This sizeable decline was due to a change in the legal structure of some of these entities as of 30 September 2010. A merger took place between a corporation classified as "Financial corporation engaged in lending – other lending" and a bank. From 30 September 2010, this corporation is no longer subject to the reporting duties of financial corporations engaged in lending. At the same time, part of the assets of this corporation was transferred to an affiliated financial corporation engaged in lending whose main object of business is financial leasing. Therefore a slight drop in total assets in the other lending sub-component was visible from 30 September 2010 (consisting mainly of loans provided), totalling roughly CZK 23 billion. At the same time, total assets in the financial leasing sub-component picked up by around CZK 8.5 billion in this context.

The largest asset item was loans provided, which amounted to CZK 264.3 billion. Compared to the previous period, loans recorded a decline of CZK 3.3 billion (i.e. 1.3%) in 2010 Q4. Loans fell by CZK 34.7 billion year on year, representing an annual decline of 11.6%.

The largest part of loans provided to residents consisted of loans to non-financial corporations amounting to CZK 178.3 billion, i.e. 68.6% of loans to residents. Compared to the previous quarter, loans to non-financial corporations fell by CZK 2.8 billion. In year-on-year terms the value of loans provided to non-financial corporations rose by CZK 13 billion, i.e. 7.8%. However, this annual increase was also caused by non-transaction effects, namely reclassifications. The reporting entities reclassified loans provided totalling roughly CZK 24 billion. This volume of loans had been incorrectly reported as loans provided to households until 31 March 2010, which is also the cause of a marked year-on-year drop in these loans (see below).

The second largest category of loans to residents consisted of loans to households, totalling CZK 80.9 billion. They were down by CZK 0.5 billion compared to the previous quarter. In year-on-year terms, loans provided to households fell by CZK 44.3 billion, i.e. 35.4%. These loans account for 31.1% of loans granted to residents.

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.

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.

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