



MONETARY STATISTICS – DECEMBER

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) 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.

2) 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).

3) 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

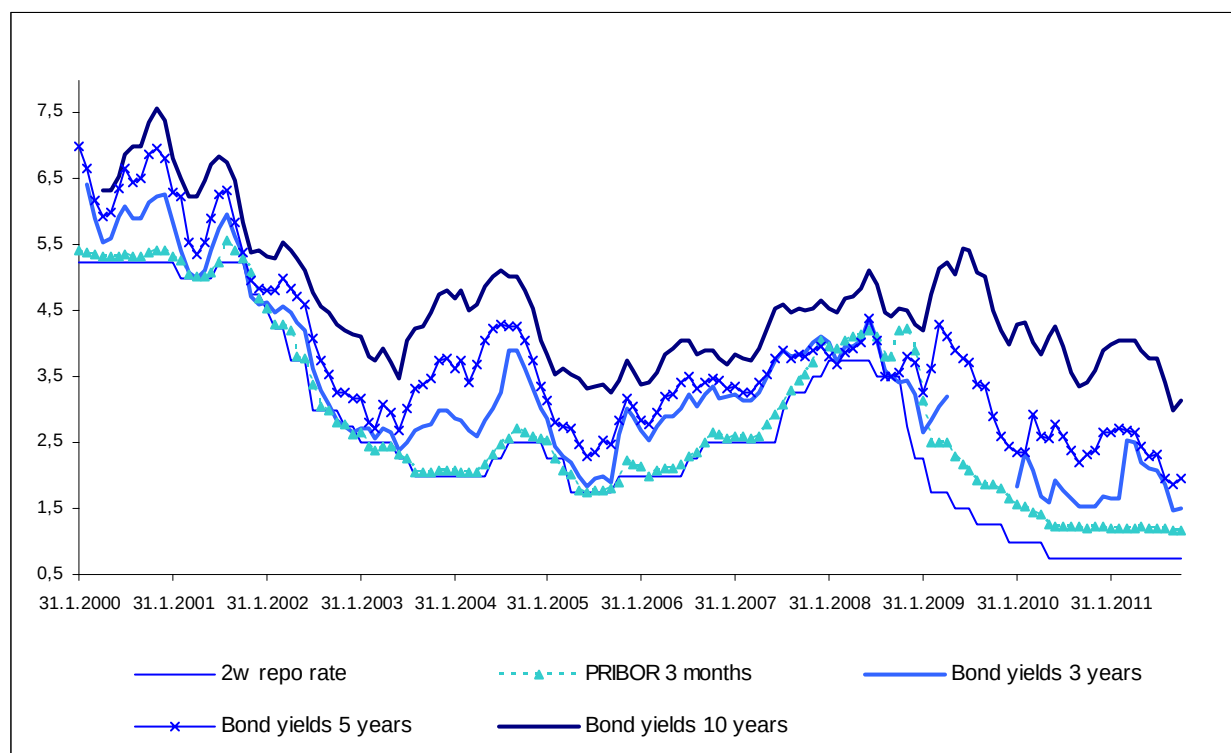
	CNB			ECB
	from 7 August 2009 onwards	from 17 December 2009 onwards	from 7 May 2010 onwards	from 9 November 2011 onwards
2W repo rate	1.25	1.00	0.75	1.25
Deposit facility	0.25	0.25	0.25	0.50
Marginal lending facility	2.25	2.00	1.75	2.00

TABLE 2 – FINANCIAL MARKETS INTEREST RATES

monthly average	2010 October		2011					
			August		September		October	
	CR	Euro area	CR	Euro area	CR	Euro area	CR	Euro area
Money market								
CZEONIA/EONIA								
overnight	0.66	0.70	0.57	0.91	0.63	1.01	0.52	0.96
PRIBOR/EURIBOR								
1 month	1.01	0.78	0.98	1.37	0.96	1.35	0.96	1.36
3 months	1.20	1.00	1.19	1.55	1.17	1.54	1.17	1.58
6 months	1.55	1.22	1.50	1.75	1.51	1.74	1.53	1.78
1 year	1.79	1.49	1.74	2.10	1.73	2.07	1.73	2.11
Capital market								
Bond yields								
3 years	1.53	2.10	1.86	4.45	1.46	5.42	1.51	6.08
5 years	2.32	2.71	1.96	3.67	1.88	4.04	1.96	4.30
10 years (Maastricht)	3.43	3.34	3.40	4.21	3.00	4.05	3.14	4.09

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): OCTOBER 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 1.25% since 9 November, 2011. The difference between the CNB's and the ECB's key rates is therefore nowadays 0.50 percentage point.

Financial market interest rates

In October, interest rates on the Czech interbank deposit market were almost unchanged from the previous month with the exception of the CZEONIA rate, which decreased by 0.10 percentage point. All monitored rates in the euro area edged up except the EONIA, which decreased by 0.05 percentage point. The 3M PRIBOR stood at 1.17% in October as well as in September and the 3M EURIBOR reached 1.58% (1.54% in September).

Bond yields on the Czech capital market increased in month-on-month terms in October (the 10-year bond recorded the largest increase of 0.14 percentage point). By contrast, bonds in the euro area recorded a significant rise in yields, especially the 3-year bond (up by almost 0.66 percentage point). However, the yield rise on longer-term bonds declined. The yield on the 10-year bond in the euro area thus rose by 0.04 percentage point in October only. The yield on the Czech 10-year bond stood at 3.14% in October (3.00% in September), while the yield on the 10-year euro area bond was 4.09% (4.05% in September).

TABLE 3 – KEY MONETARY INDICATORS

CZK billions, unless otherwise indicated

	2010 October			2011								
				August			September			October		
	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	1 977.8	-4.2	8.0	2 076.5	18.8	5.8	2 084.2	2.3	5.1	2 093.4	9.9	5.8
M3 ¹⁾	2 730.1	4.1	1.3	2 747.7	-13.3	0.9	2 776.3	21.3	1.8	2 780.4	4.9	1.8
Loans to private sector ²⁾	1 954.5	17.0	3.1	2 031.8	6.7	6.3	2 045.4	10.0	6.3	2 058.0	14.6	6.2
Net foreign assets ³⁾	1 059.0	2.2	8.2	862.2	-45.8	-11.0	928.8	36.0	-12.3	959.9	33.9	-9.3

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 (%)

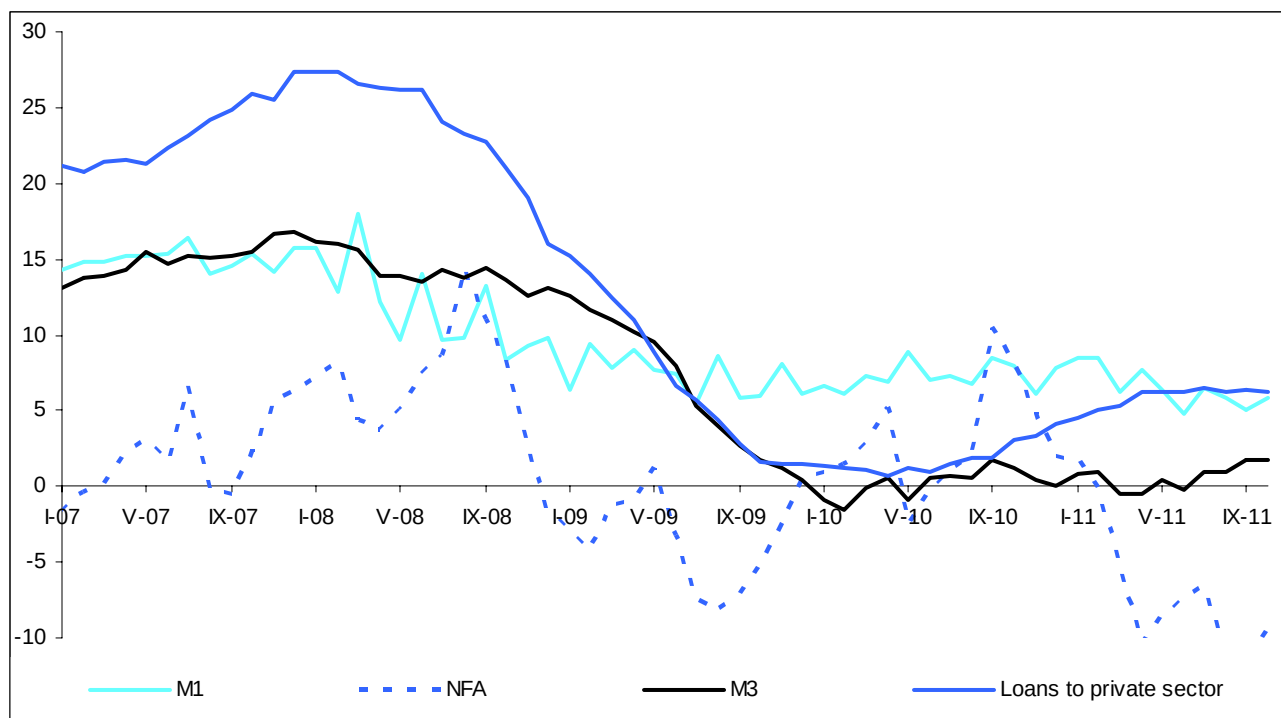


TABLE 4 – MONETARY AGGREGATES AND COUNTERPARTS

CZK billions, unless otherwise indicated

	2010 October			2011								
				August			September			October		
	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)	2 730.1	4.1	1.3	2 747.7	-13.3	0.9	2 776.3	21.3	1.8	2 780.4	4.9	1.8
(1.1) Currency in circulation	356.8	1.3	1.0	363.6	-0.4	3.1	368.3	4.6	3.6	370.3	2.1	3.8
(1.2) Overnight deposits	1 620.9	-5.5	9.7	1 712.9	19.2	6.4	1 715.9	-2.3	5.4	1 723.1	7.9	6.2
(1.3) M1 (items 1.1 and 1.2)	1 977.8	-4.2	8.0	2 076.5	18.8	5.8	2 084.2	2.3	5.1	2 093.4	9.9	5.8
(1.4) Deposits with agreed maturity up to 2Y	388.3	9.6	-18.0	339.7	-24.8	-12.7	365.1	23.6	-3.7	360.7	-4.2	-7.2
(1.5) Deposits redeemable at notice up to 3M	308.3	-3.0	-5.7	291.8	-1.9	-7.2	290.4	-1.4	-6.7	289.9	-0.5	-6.0
(1.6) Other short term deposits (1.4 and 1.5)	696.6	6.6	-12.7	631.4	-26.8	-10.3	655.5	22.2	-5.1	650.6	-4.7	-6.7
(1.7) M2 (items 1.3 and 1.6)	2 674.3	2.4	1.4	2 708.0	-8.0	1.6	2 739.7	24.5	2.5	2 744.0	5.2	2.6
(1.8) Repurchase agreements ²⁾	13.9	2.9	-	4.8	-4.8	-	4.1	-0.7	-	4.8	0.7	-
(1.9) Money market fund shares/units ²⁾	39.8	-0.9	-	32.4	-0.6	-	31.6	-0.8	-	30.6	-1.1	-
(1.10) Debt securities issued with maturity up to 2Y ²⁾	2.0	-0.4	-	2.6	0.1	-	0.9	-1.7	-	1.0	0.1	-
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	55.7	1.7	-2.9	39.7	-5.2	-28.8	36.6	-3.2	-32.2	36.4	-0.3	-34.8
COUNTERPARTS OF M3												
MFI liabilities												
(2) Holdings deposits against central government												
(3) Longer-term fin. deposits against other residents (items 3.1 to 3.4)	328.0	-55.1	-10.1	256.1	-4.6	-18.5	269.1	11.7	-29.8	261.4	-7.8	-20.4
(3.1) Deposits with agreed maturity over 2Y	627.0	12.1	26.5	675.4	-0.2	18.3	709.8	9.1	17.6	714.1	8.9	16.8
(3.2) Deposits redeemable at notice over 3M	195.2	3.2	50.6	245.5	3.4	29.6	246.8	1.2	28.5	248.5	1.8	27.3
(3.3) Debt securities issued with maturity over 2Y	49.4	-0.4	19.9	44.4	-0.6	-11.9	43.8	-0.6	-12.0	43.0	-0.8	-12.9
(3.4) Capital and reserves	96.6	0.8	15.3	105.1	2.6	11.9	110.0	0.9	12.4	104.9	-5.3	6.0
MFI assets												
(4) Credit to residents (items 4.1 and 4.2)												
(4.1) Credit to general government	2 623.0	-29.1	2.6	2 786.6	19.6	6.8	2 817.2	25.8	6.7	2 815.8	1.5	7.9
(4.2) Credit to private sector	626.4	-46.9	2.3	699.6	12.4	6.5	715.3	14.6	5.9	701.2	-13.2	11.7
(5) Net foreign assets	1 996.6	17.7	2.7	2 086.9	7.1	6.9	2 101.9	11.2	7.0	2 114.6	14.7	6.8
(6) Other counterparts of M3 (residual) (=M3+items 2.3 - items 4.5) ²⁾	1 059.0	2.2	8.2	862.2	-45.8	-11.0	928.8	36.0	-12.3	959.9	33.9	-9.3

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 October		2011					
			August		September		October	
	Stocks	Flows ²⁾	Stocks	Flows ²⁾	Stocks	Flows ²⁾	Stocks	Flows ²⁾
(1) Overnight deposits	1 620.9	-5.5	1 712.9	19.2	1 715.9	-2.3	1 723.1	7.9
(1.1) Other general government	137.6	-9.7	131.3	-5.6	138.3	6.9	128.7	-9.6
(1.2) Other financial intermediaries ³⁾	36.4	0.7	29.0	1.6	26.7	-2.6	31.4	4.7
(1.3) Insurance corporations and pension funds	7.4	-5.4	11.9	5.2	5.8	-6.1	12.5	6.7
(1.4) Non-financial corporations	478.9	4.1	495.8	14.9	492.7	-6.5	514.0	21.6
(1.5) Households ⁴⁾	960.6	4.9	1 044.8	3.0	1 052.3	5.9	1 036.4	-15.6
(2) M2 - M1 (other short- term deposits)	696.6	6.6	631.4	-26.8	655.5	22.2	650.6	-4.7
(2.1) Other general government	27.2	-2.6	23.8	-0.6	23.7	-0.3	22.6	-1.1
(2.2) Other financial intermediaries ³⁾	20.1	3.1	17.7	-1.1	21.9	4.1	19.9	-1.9
(2.3) Insurance corporations and pension funds	33.7	12.9	24.1	-7.1	31.3	7.1	39.2	8.0
(2.4) Non-financial corporations	146.6	0.1	127.8	-17.0	138.4	10.0	132.9	-5.5
(2.5) Households ⁴⁾	469.0	-6.9	438.0	-1.1	440.3	1.2	435.9	-4.2
(3) Repurchase agreements (a part of M3 - M2)	13.9	2.9	4.8	-4.8	4.1	-0.7	4.8	0.7
(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⁾	6.1	1.4	2.2	-1.0	2.3	0.1	2.6	0.3
(3.3) Insurance corporations and pension funds	6.4	1.6	1.9	-3.6	1.2	-0.7	1.7	0.5
(3.4) Non-financial corporations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(3.5) Households ⁴⁾	1.4	-0.1	0.6	-0.2	0.5	-0.1	0.5	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 October		2011					
			August		September		October	
	Stocks	Flows ¹⁾	Stocks	Flows ¹⁾	Stocks	Flows ¹⁾	Stocks	Flows ¹⁾
(1) Loans to non-financial corporations	785.8	8.2	822.4	1.9	829.0	2.7	838.0	10.2
(1.1) up to 1 year	257.9	3.9	263.8	-0.6	269.2	4.5	273.8	5.1
(1.2) over 1 year and up to 5 years	148.5	-2.6	148.4	1.4	148.7	-0.8	150.7	2.1
(1.3) over 5 years	379.4	7.0	410.2	1.1	411.1	-1.0	413.6	2.9
(2) Loans to households²⁾	1 044.1	6.4	1 092.5	7.2	1 097.8	6.0	1 102.4	5.4
(2.1) Consumer credit	202.3	0.8	201.4	0.9	201.0	0.3	200.6	0.1
(2.2) Lending for house purchase	726.3	4.8	764.2	5.4	768.9	4.7	772.8	4.1
(2.3) Other lending	115.5	0.8	126.8	0.9	127.9	1.1	129.0	1.2
(3) Loans to other financial intermediaries³⁾	124.3	2.3	116.8	-2.0	118.3	1.1	117.5	-0.9
(4) Loans to insurance corporations and pension funds	0.3	0.1	0.1	-0.4	0.3	0.2	0.1	-0.2

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 (%)

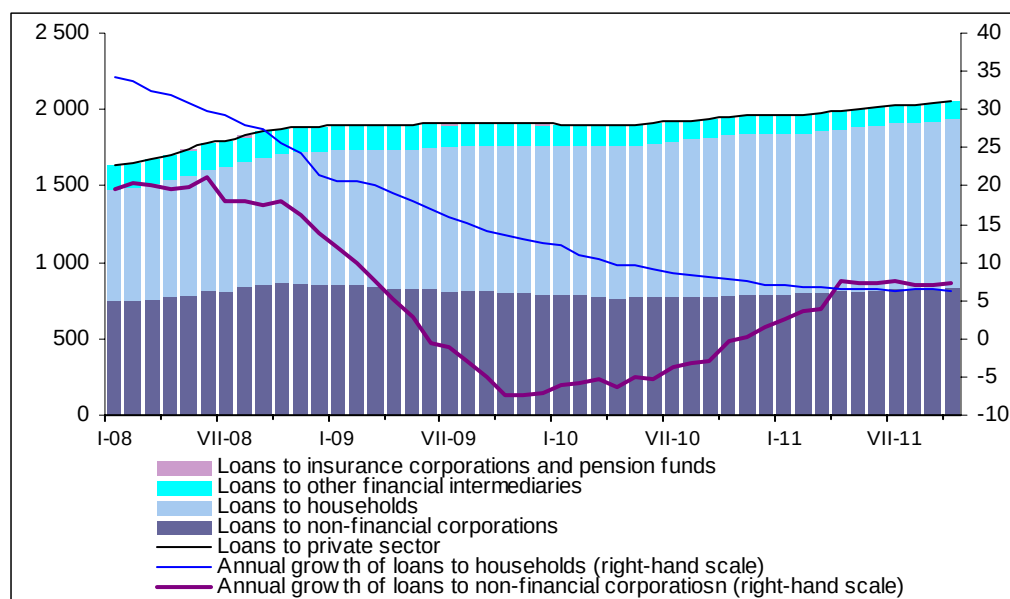


TABLE 7 - CONTRIBUTIONS TO ANNUAL GROWTH¹⁾ OF M3

	2010 October	2011		
		August	September	October
	% points	% points	% points	% points
M1	5.4	4.2	3.7	4.2
of which: Currency	0.1	0.4	0.5	0.5
Overnight deposits	5.3	3.8	3.2	3.7
M2 - M1 (= other short-term deposits)	-4.1	-2.7	-1.3	-1.7
M3 - M2 (= short-term marketable instruments)	-0.1	-0.6	-0.6	-0.7
M3	1.3	0.9	1.8	1.8

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

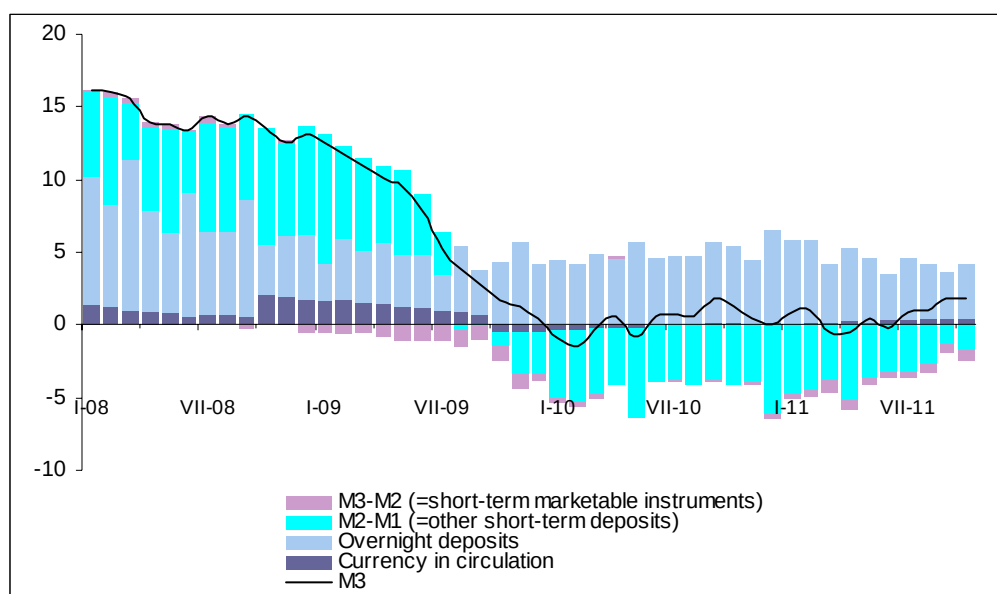
Contributions to annual growth of M3 (%)

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

	2010 October	2011		
		August	September	October
	% points	% points	% points	% points
Non-financial corporations	-0.2	2.8	2.9	2.9
Households ²⁾	4.0	3.5	3.4	3.3
Other financial intermediaries ³⁾	-0.7	0.0	0.1	-0.1
Insurance corporations and pension funds	0.0	0.0	0.0	0.0
Loans to private sector ⁴⁾	3.1	6.3	6.3	6.2

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 (%)

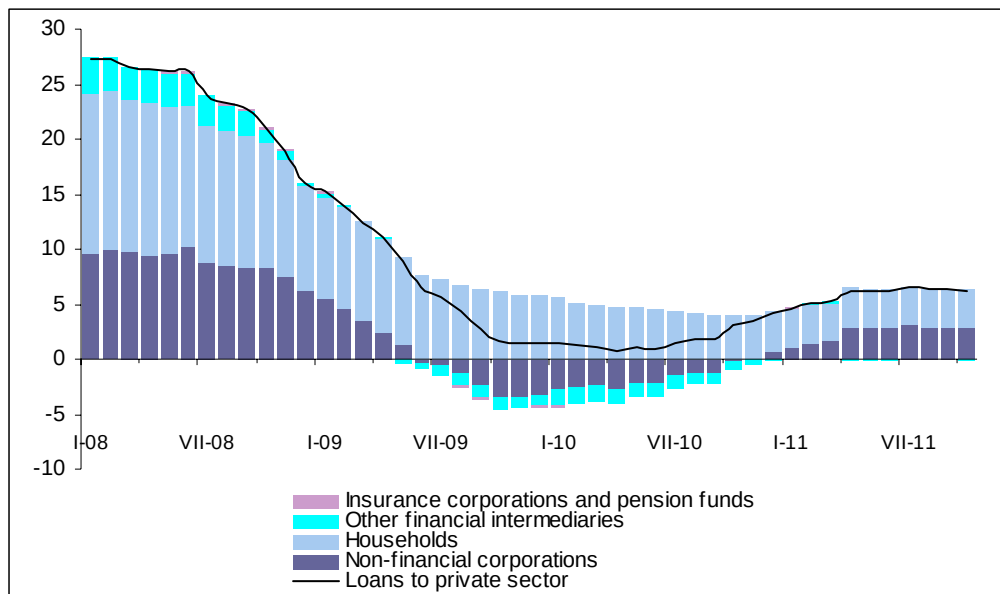


TABLE 9a - BALANCE SHEETS OF MONETARY FINANCIAL INSTITUTIONS BY REPORTING INSTITUTIONS (ASSETS): OCTOBER 2011

CZK billions

	MFI			Consolidated balance sheet of MFIs
	CNB	Credit institutions	Money market funds	
(1) ASSETS TOTAL	786.4	4 606.1	35.7	4 533.3
(1.1) Loans to residents	3.6	2 744.2	10.0	2 120.0
MFI	0.0	627.8	10.0	-
General government	0.0	62.1	0.0	62.1
Other residents	3.6	2 054.4	0.0	2 058.0
(1.2) Holdings of securities other than shares issued by residents	0.0	830.5	14.9	649.5
MFI	0.0	194.3	1.6	-
General government	0.0	626.4	12.7	639.2
Other residents	0.0	9.7	0.6	10.3
(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	78.2	0.0	46.3
MFI	0.0	31.9	0.0	-
Other residents	0.0	46.3	0.0	46.3
(1.5) External assets	768.5	596.8	10.7	1 376.0
(1.6) Fixed assets	11.0	113.7	0.0	124.7
(1.7) Remaining assets	3.3	242.7	0.1	216.8

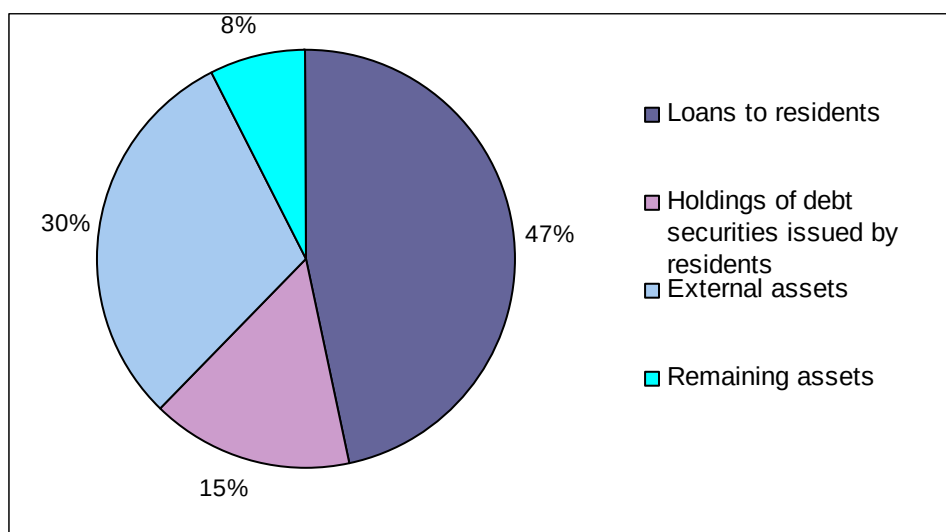
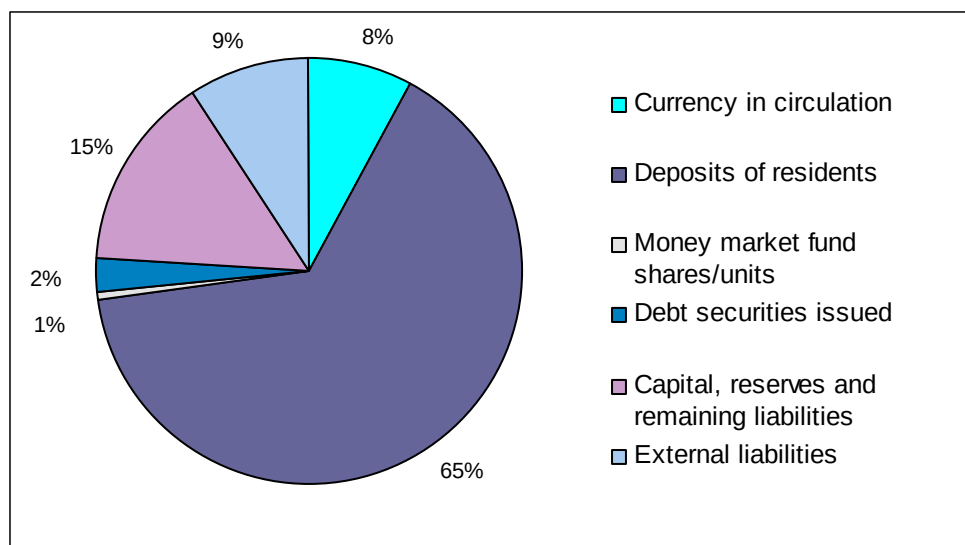
Consolidated balance sheet of MFIs - assets

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

CZK billions

	MFI			Consolidated balance sheet of MFIs
	CNB	Credit institutions	Money market funds	
(2) LIABILITIES TOTAL	786.4	4 606.1	35.7	4 533.3
(2.1) Currency in circulation	399.7	-	-	370.3
(2.2) Deposits of residents	471.3	3 095.5	0.0	2 931.5
MFI	405.4	230.0	0.0	-
Central government	61.9	199.6	0.0	261.4
Other general government/other residents	4.1	2 665.9	0.0	2 670.0
(2.3) Money market fund shares/units	-	-	30.6	30.6
(2.4) Debt securities issued	0.0	301.8	0.0	105.9
(2.5) Capital and reserves	-153.6	503.1	0.0	317.6
(2.6) External liabilities	9.2	402.3	4.7	416.2
(2.7) Remaining liabilities	59.8	303.4	0.4	363.6
(2.8) Excess of inter MFI liabilities	-	-	-	-2.4

Consolidated balance sheet of MFIs - liabilities



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

The evolution of the annual rate of growth of M3 has been characterised by fluctuations around zero since the start of last year and throughout this year. The growth rate stood at 1.8% in October.

As a result of financial transactions, M3 rose by CZK 4.9 billion month on month (and by CZK 48.9 billion year on year) to CZK 2,780.4 billion.

Main components of M3

This evolution of M3 is due to changes in contributions of two key M3 components – overnight deposits and other short-term deposits. The contribution of overnight deposits was 3.7 percentage points and that of other short-term deposits was -1.7 percentage points in October. (Table 7):

The increase in the annual growth rate of overnight deposits from 5.4% in September to 6.2% in October contributed to a rise in the annual rate of growth of M1 to 5.8% in October (from 5.1% in September). In month-on-month terms, overnight deposits grew by CZK 7.9 billion (0.5%) owing to financial transactions. Within overnight deposits, the largest increase was recorded by deposits of insurance corporations and pension funds (up by 115.4% (CZK 6.7 billion). Increases were also recorded by deposits of other financial intermediaries (up by 17.7%, or CZK 4.7 billion) and non-financial corporations (up by 4.4%, or CZK 21.6 billion). By contrast, deposits of other government and household deposits fell (by 6.9%, or CZK 9.6 billion, and by 1.5%, or CZK 15.6 billion respectively).

The annual growth rate of currency in circulation, which stood at 3.6% in September, rose to 3.8% in October. In month-on-month terms, currency in circulation grew by 0.6% to CZK 370.3 billion.

Other short-term deposits (excluding overnight deposits) fell by CZK 4.7 billion (i.e. 0.7%) month on month, owing to financial transactions. The annual rate of growth of these deposits decreased from -5.1% in September to -6.7% in October. The annual growth rate of deposits with maturity of up to two years, which are the slightly dominant component of short-term deposits, decreased by 3.5 percentage points compared to the previous month, reaching -7.2%. The annual growth rate of deposits redeemable at notice of up to three months rose from -6.7% in September to -6.0% in October.

As regards other short-term deposits, decreases were recorded for almost all economic sectors. Deposits of other financial intermediaries fell most strongly (by 8.9%, or CZK 1.9 billion). Decreases were also recorded for deposits of other government (down by 4.6%, or CZK 1.1 billion), non-financial corporations (down by 4.0%, or CZK 5.5 billion) and household deposits (down by 1.0%, or CZK 4.2 billion). By contrast, deposits of insurance corporations and pension funds showed an increase of 25.5%, i.e. CZK 8.0 billion.

Marketable instruments, which consist of repos, money market fund shares/units and debt securities with maturities of up to two years, declined by 0.8% month on month to CZK 36.4 billion (CZK 36.6 billion in September). The annual rate of growth of marketable instruments fell by 2.6 percentage points to -34.8% (-32.2% in September).

Main counterparts of M3

The annual rate of growth of loans to the private sector, which are the most important counterpart of M3, was 6.2% in October. 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 constantly falling, reaching 6.3% in October. The annual growth rate of loans to non-financial corporations had been negative since mid-2009. It started to rise gradually in July 2010. The growth rate stood at 7.3% in October.

The annual growth rate of loans to general government and that of purchased debt securities was 11.7% in October (5.9% in September).

The annual growth rate of net external assets rose to -9.3% at the end of October (from -12.3% in September). The annual rate of growth of longer-term financial liabilities dropped from 17.6% in September to 16.8% in October. The annual growth rate of deposits of central government increased to -20.4% in October (from -29.8% in September).

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

TABLE 10 - INTEREST RATES OF MONETARY FINANCIAL INSTITUTIONS - NEW BUSINESS¹⁾

	2010 October		2011					
			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⁾								
(1.1) Overnight ³⁾	0.71	926.8	0.72	1009.6	0.72	1018.2	0.71	1002.5
(1.2) With agreed maturity	0.80	15.8	1.58	16.3	1.58	17.2	0.94	11.3
of which: Up to 2 years	0.76	14.6	1.55	14.9	1.57	16.3	0.84	10.4
(1.3) Redeemable at notice ^{3), 4)}	2.06	356.1	2.05	334.5	2.03	332.1	2.03	331.2
(1.3.1) Up to 3 months' notice	2.25	307.3	2.22	290.6	2.22	288.8	2.22	288.7
(1.3.2) Over 3 months' notice	0.88	48.8	0.89	43.9	0.80	43.2	0.80	42.5
(2) Deposits from non-financial corporations								
(2.1) Overnight ³⁾	0.40	368.8	0.36	394.2	0.38	400.0	0.37	410.6
(2.2) With agreed maturity	0.50	117.0	0.63	85.8	0.58	91.0	0.63	86.7
of which: Up to 1 year	0.50	116.9	0.59	83.9	0.57	90.4	0.63	86.3
(3) Loans to households²⁾								
(3.1) Consumer, house pur. and other loans	7.04	19.3	6.59	22.4	6.35	22.0	6.36	22.3
(3.1.1) Consumer credit	14.52	4.3	13.76	4.7	13.79	4.4	13.98	4.6
(3.1.2) Lending for house purchase	4.71	11.6	4.38	13.5	4.24	13.9	4.11	14.0
of which: Mortgage lending ⁵⁾	4.56	6.9	4.19	9.2	4.04	9.4	3.91	9.4
Saving for building purposes	4.94	3.1	4.78	2.5	4.68	2.6	4.57	2.9
(3.1.3) Other lending	5.53	3.4	5.68	4.1	5.37	3.7	5.34	3.7
(3.2) Overdraft ⁶⁾ and revolving loans ³⁾	14.34	26.2	14.40	27.4	14.45	27.1	14.51	27.8
(3.3) Credit cards ³⁾	21.60	25.2	20.34	26.1	20.39	26.1	20.31	26.0
(4) Loans to non-financial corporations								
(4.1) Total loans (all size categories)	3.51	56.6	2.66	49.9	2.84	52.7	2.73	50.7
(4.1.1) Up to CZK 7.5 million	5.19	2.7	4.74	2.7	4.73	2.7	4.65	2.9
of which: Up to 3 months rate fixation ⁷⁾	5.08	2.0	4.69	1.9	4.65	2.0	4.56	2.1
(4.1.2) CZK 7.5-30 million	3.54	6.8	3.17	7.7	3.24	8.4	2.91	7.7
of which: Up to 3 months rate fixation ⁷⁾	3.46	6.0	3.24	6.0	3.27	6.4	3.07	6.3
(4.1.3) Over to CZK 30 million	3.41	47.1	2.42	39.5	2.63	41.6	2.56	40.1
of which: Up to 3 months rate fixation ⁷⁾	3.33	42.6	2.39	38.3	2.57	40.0	2.47	38.6
(4.2) Overdraft ⁶⁾ , revolving and credit cards ³⁾	3.81	216.2	3.50	217.9	3.46	221.7	3.44	224.2
(5) APRC⁸⁾ on loans to households²⁾								
(5.1) Consumer credit	15.80	4.3	15.95	4.7	16.02	4.4	16.19	4.6
(5.2) Lending for house purchase	4.93	11.6	4.55	13.5	4.41	13.9	4.26	14.0

¹⁾ The interest rates 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 ESA95.

³⁾ For this instrument category, the new business are equal to the outstanding amounts (end-of-period stocks).

⁴⁾ Households deposits redeemable at notice include similar deposits of non-financial corporations of which volumes are negligible in this category.

⁵⁾ 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)).

⁶⁾ Debit balances on current accounts. The total amount owed by the borrower is included, irrespective of whether is within or beyond any limit agreed beforehand.

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 3 months 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 October		2011					
			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⁾	1.23	1596.7	1.20	1688.4	1.20	1698.8	1.20	1680.7
(1.1) With agreed maturity	1.86	315.0	1.85	345.5	1.87	349.8	1.86	348.3
(1.1.1) Up to 2 years	1.51	133.8	1.54	122.3	1.60	125.4	1.59	122.8
(1.1.2) Over 2 years	2.11	181.3	2.02	223.1	2.02	224.4	2.00	225.4
(2) Deposits from non-financial corp.³⁾	0.51	494.1	0.51	510.5	0.52	526.5	0.53	534.1
(2.2) With agreed maturity	0.84	123.7	1.00	114.7	0.97	124.8	1.06	121.8
(2.2.1) Up to 2 years	0.79	119.5	0.93	103.8	0.90	114.1	1.00	110.2
(2.2.2) Over 2 years	2.29	4.2	1.68	10.9	1.77	10.7	1.69	11.6
(3) Loans to households	7.05	1042.5	6.80	1090.9	6.77	1095.2	6.74	1100.6
(3.1) Lending for house purchase	5.24	726.0	5.06	763.9	5.03	767.9	5.01	772.4
of which: Mortgage lending ⁴⁾	5.22	595.5	5.00	638.4	4.98	642.5	4.95	646.7
Saving for building purposes	5.37	102.3	5.37	91.4	5.37	91.1	5.37	90.7
(3.2) Consumer credit and other lending ⁵⁾	11.48	316.6	11.15	327.0	11.12	327.3	11.09	328.2
(4) Loans to non-financial corporation	4.10	652.9	3.88	678.3	3.86	680.6	3.85	686.0
(4.1) Up to 1 year	3.78	224.1	3.45	226.2	3.42	229.8	3.39	232.8
(4.2) Over 1 and up to 5 years	4.34	118.1	3.97	111.2	3.95	110.5	3.99	110.0
(4.3) Over 5 years	4.24	310.8	4.14	340.9	4.13	340.3	4.11	343.2

¹⁾ The interest rates that are applied by MFIs to CZK-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the Czech Republic. 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 ESA95.

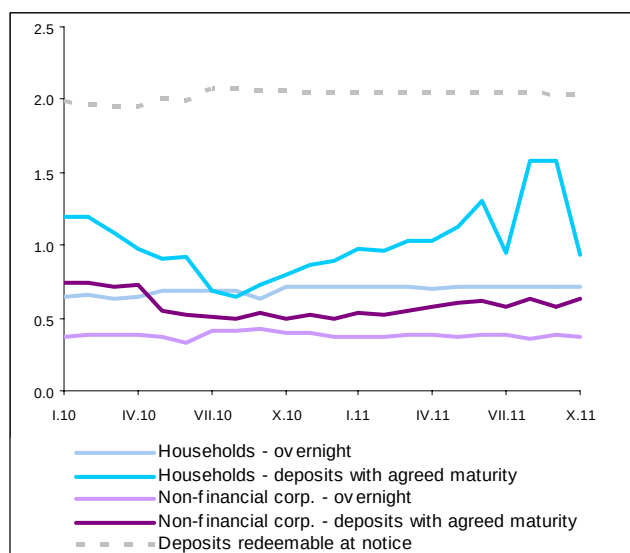
³⁾ Including overnight deposits and deposits redeemable at notice presented in Table 10. For this instrument category, new business and outstanding amounts coincide.

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)).

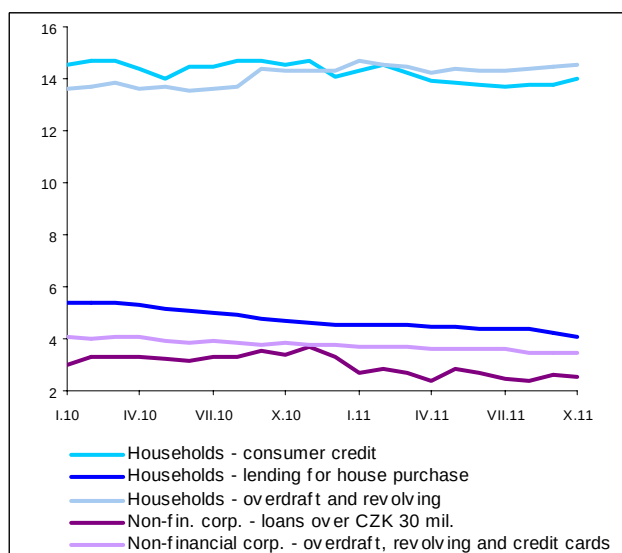
⁵⁾ Consumer credit and other lending include bank overdrafts, revolving loans and credit cards presented in Table 10.

INTEREST RATES OF MONETARY FINANCIAL INSTITUTIONS ON NEW BUSINESS

New business, deposits

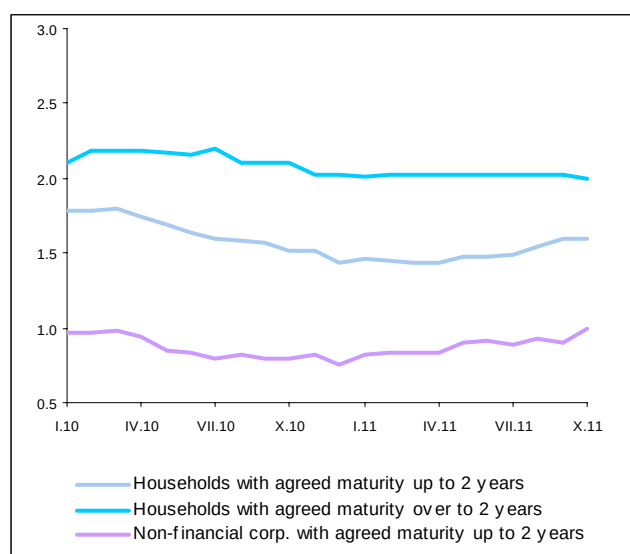


New business, loans

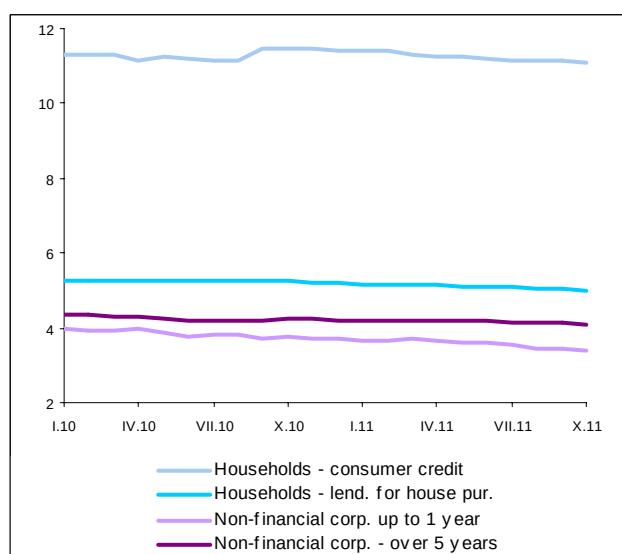


INTEREST RATES OF MONETARY FINANCIAL INSTITUTIONS ON OUTSTANDING AMOUNTS

Outstanding amounts, deposits



Outstanding amounts, loans



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

Interest rates on new business

Interest rates on new deposits recorded a major change in October, especially for households.

The interest rate on overnight deposits of households declined slightly to 0.71%. The rate on deposits with agreed maturity decreased significantly by 0.64 percentage point to 0.94%, while the rate on deposits redeemable at notice was flat at 2.03%.

The rate on overnight deposits of non-financial corporations edged down by 0.01 percentage point to 0.37%. Deposits with agreed maturity of up to one year (which as a rule account for 100% of all deposits with agreed maturity in the case of this sector) were remunerated at a rate that recorded an increase (up by 0.06 percentage point to 0.63%).

As regards new loans to households, the rates on loans for house purchase and consumer credit recorded a significant change. Interest rates on loans to non-financial corporations declined for corporations of all sizes.

The overall interest rate on consumer credit, loans for house purchase and other loans increased slightly by 0.01 percentage point to 6.36%. The rate on consumer credit rose by 0.19 percentage point to 13.98% and that on loans for house purchase declined by 0.13 percentage point to 4.11%. The interest rate on other loans was 0.03 percentage point lower, standing at 5.34%. The interest rate on overdrafts and revolving loans rose by 0.06 percentage point to 14.51%. The rate on credit cards fell by 0.08 percentage point to 20.31%.

The interest rate on new loans to non-financial corporations (excluding overdrafts, revolving loans and credit cards) decreased by 0.11 percentage point to 2.73%. The interest rate on loans of up to CZK 7.5 million declined by 0.08 percentage point to 4.65%, while the rate on loans of over CZK 7.5 million and up to CZK 30 million fell by 0.33 percentage point to 2.91% and the rate on new loans of over CZK 30 million decreased by 0.07 percentage point to 2.56%.

Interest rates on outstanding amounts

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

Total deposits of households were remunerated at 1.20%. The rate on overnight deposits was almost unchanged from the previous period at 0.71% and the rate on deposits redeemable at notice was flat at 2.03%. The rate on deposits with agreed maturity declined marginally to 1.86%.

Total deposits of non-financial corporations were remunerated at 0.53%. The rate on overnight deposits edged down to 0.37%, while the rate on deposits with agreed maturity increased to 1.06%.

Similarly, the average interest rates on outstanding amounts of loans to households and non-financial corporations recorded only a minor change.

The overall interest rate on new loans to households decreased by 0.03 percentage point to 6.74%. The rate on loans for house purchase also fell (to 5.01%). Consumer credit and other loans were remunerated at 11.09%.

The average interest rate on outstanding amounts of loans to non-financial corporations declined to 3.85%. The rate on loans with a maturity of up to one year was down to 3.39%. The interest rate on loans with a maturity of over one year and up to five years decreased slightly, to 3.99%. The interest rate on loans with a maturity of over five years was slightly lower, standing at 4.11%.

TABLE 12 – AGGREGATED BALANCE SHEET OF INVESTMENT FUNDS ¹⁾

CZK billions

	2010		2011					
	September		July		August		September	
	Out-standing amounts	Transa-ctions	Out-standing amounts	Transa-ctions	Out-standing amounts	Transa-ctions	Out-standing amounts	Transa-ctions
Total Assets	114.6	2.0	136.1	1.3	132.3	-0.6	130.7	0.3
(1.1) Deposits	9.2	-0.9	12.4	0.7	13.0	0.6	13.3	0.3
(1.2) Securities other than shares	49.2	0.9	51.5	-1.0	52.3	-0.2	52.6	0.5
Residents	26.9	0.5	26.6	0.1	27.1	-0.2	27.7	0.7
Non-residents	22.3	0.4	24.9	-1.1	25.2	0.0	24.8	-0.2
(1.3) Shares and other equity	25.3	1.1	28.1	0.2	24.8	0.2	23.1	-0.5
Residents	5.9	0.8	6.0	0.1	6.2	0.4	6.3	0.0
Non-residents	19.4	0.3	22.0	0.1	18.6	-0.2	16.8	-0.5
(1.4) Investment fund shares (including MMFs)	17.0	0.4	20.2	0.5	17.7	-1.7	16.9	-0.6
Residents	4.1	0.0	3.3	-0.2	3.6	0.5	3.9	0.4
Non-residents	12.9	0.3	16.9	0.6	14.0	-2.2	13.0	-1.0
(1.5) Other assets	14.0	0.5	23.9	1.0	24.6	0.5	24.9	0.6
Total Liabilities	114.6	2.0	136.1	1.3	132.3	-0.6	130.7	0.3
(2.1) Loans accepted	1.3	0.4	3.1	0.0	3.2	0.1	3.3	0.0
(2.2) Investment fund shares	107.6	1.2	125.0	2.3	122.3	0.5	120.5	0.4
(2.3) Other liabilities	5.7	0.3	8.0	-1.0	6.8	-1.2	6.9	-0.1

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)

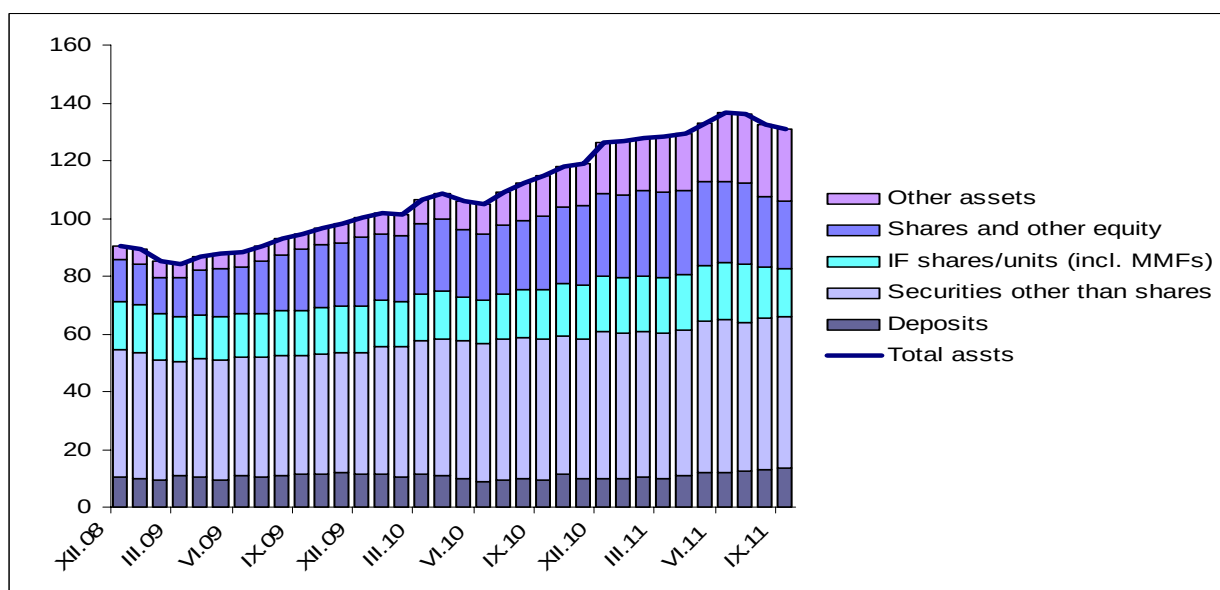


TABLE 13 – AGGREGATED BALANCE SHEET OF FINANCIAL CORPORATION ENGAGED IN LENDING ¹⁾

CZK billions, end of period

	2010		2011		
	September	December	March	June	September
Total Assets	358.0	352.3	344.6	343.4	342.2
(1.1) Deposits	7.6	5.1	5.9	7.6	5.9
(1.2) Loans provided	264.1	260.8	257.2	253.7	252.9
Residents	259.5	256.3	252.5	249.4	247.0
Non-residents	4.6	4.5	4.7	4.3	5.9
(1.3) Securities other than shares	3.3	2.6	2.8	1.3	1.8
(1.4) Shares and equity	3.5	4.2	3.5	2.7	2.7
Mutual fund shares/units (including MMFs)	0.0	0.0	0.0	0.0	0.0
Other shares and equity	3.5	4.2	3.5	2.7	2.7
(1.5) Other assets	79.5	79.7	75.2	78.2	79.0
Total Liabilities	358.0	352.3	344.6	343.4	342.2
(2.1) Loans taken	211.1	209.0	205.0	205.0	200.4
Residents	145.0	146.7	144.4	143.9	141.1
Non-residents	66.1	62.3	60.6	61.1	59.2
(2.2) Securities other than shares issued	4.3	4.3	2.4	3.6	3.5
(2.3) Own funds	101.3	102.8	105.6	103.9	103.2
(2.4) Other liabilities	41.3	36.2	31.6	30.9	35.2

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.

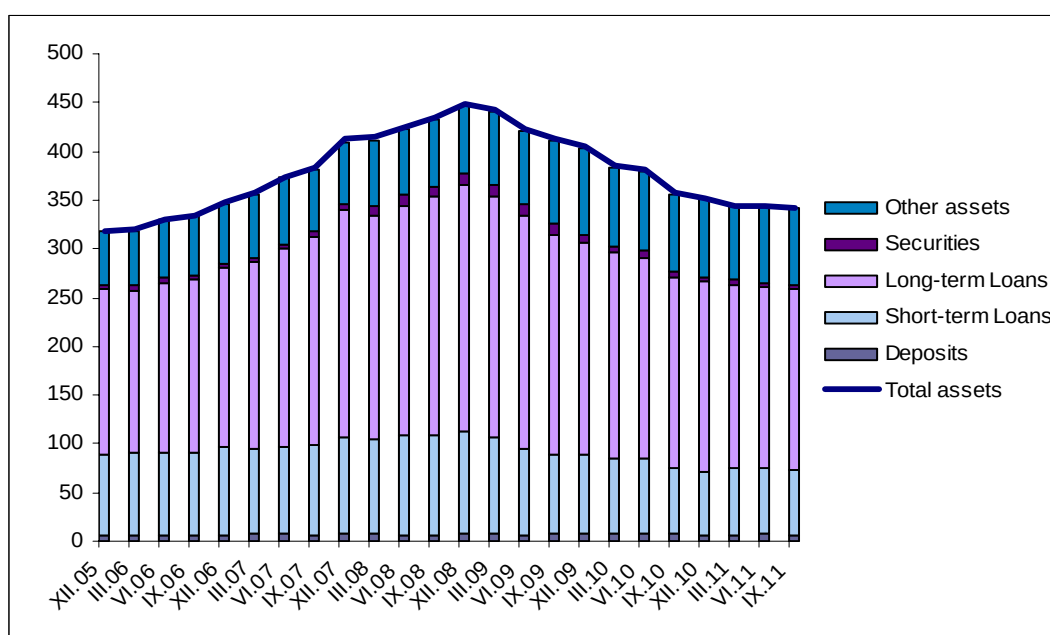
Balance sheet total – breakdown by assets items (CZK billions)

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

CZK billions, end of period

	2010		2011		
	September	December	March	June	September
(1) Non-financial corporations	179.4	176.6	173.4	169.4	168.3
Up to 1 year	40.4	41.6	42.2	41.1	40.6
Over 1 year up to 5 years	105.4	103.0	100.9	95.4	96.0
Over 5 years	33.5	32.1	30.3	32.8	31.7
(2) Financial corporations	0.3	0.2	0.4	0.3	0.3
Up to 1 year	0.1	0.1	0.2	0.1	0.1
Over 1 year up to 5 years	0.2	0.1	0.2	0.2	0.2
Over 5 years	0.0	0.0	0.0	0.0	0.0
(3) Government	0.3	0.3	0.3	0.2	0.2
Up to 1 year	0.1	0.1	0.1	0.1	0.0
Over 1 year up to 5 years	0.2	0.2	0.2	0.2	0.2
Over 5 years	0.0	0.0	0.0	0.0	0.0
(4) Households	79.5	79.1	78.4	79.5	78.2
Up to 1 year	25.4	24.5	25.1	25.6	25.9
Over 1 year up to 5 years	39.6	40.4	39.3	39.7	37.8
Over 5 years	14.6	14.2	14.0	14.2	14.4
(5) NPISHs	0.0	0.0	0.0	0.0	0.0
Up to 1 year	0.0	0.0	0.0	0.0	0.0
Over 1 year up to 5 years	0.0	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

	2010		2011		
	September	December	March	June	September
(1) Total	79.5	79.1	78.4	79.5	78.2
(1.1) Consumer credit	64.0	64.0	63.4	64.8	64.2
Up to 1 year	24.2	23.1	23.7	24.2	24.6
Over 1 year up to 5 years	27.3	28.4	27.4	28.2	26.8
Over 5 years	12.5	12.4	12.2	12.4	12.7
(1.2) Lending for house purchase	1.2	1.2	1.1	1.1	1.1
Up to 1 year	0.0	0.0	0.0	0.0	0.0
Over 1 year up to 5 years	0.2	0.2	0.2	0.2	0.2
Over 5 years	1.0	1.0	1.0	0.9	0.9
(1.3) Other loans	14.3	13.9	13.9	13.5	12.9
Up to 1 year	1.2	1.4	1.3	1.3	1.3
Over 1 year up to 5 years	12.1	11.8	11.7	11.4	10.8
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.

COMMENTARY ON THE AGGREGATED BALANCE SHEET OF COLLECTIVE INVESTMENT FUNDS (TABLE 12): SEPTEMBER 2011

Net assets value: The net assets value of collective investment funds (CIFs) was CZK 120.5 billion at the end of September. This means a decrease of CZK 1.8 billion compared to August (monthly transactions accounted for CZK +0.4 billion). Compared to the same period a year earlier, the net assets value rose by 12.0%, or CZK 12.9 billion. The biggest month-on-month change in the net assets value was recorded for equity funds, down by CZK 1.5 billion to CZK 17.2 billion. This decline was chiefly due to non-transaction changes.

Investment in bonds: The value of bond holdings was CZK 52.6 billion in September. Compared to the previous month, the total volume of bonds increased by CZK 0.3 billion (monthly transactions accounted for CZK 0.5 billion). The proportion of securities other than shares in the funds' net assets value also rose compared to August, up by 0.9 percentage point to CZK 43.6%.

Investment in equity securities: The volume of equity securities in the funds' portfolio dropped in September. As of the end of the month, the value of holdings of equity securities amounted to CZK 40.0 billion, of which CZK 16.9 billion was investment in collective investment funds (including money market funds) and CZK 23.1 billion was investment in shares and other equity. The value of equity securities decreased by CZK 2.5 billion compared to August (monthly transactions accounted for CZK -1.1 billion). The share of equity securities in the funds' net assets value also decreased from 34.7% in the previous month to 33.2%.

Other investment: The value of funds invested in other assets increased in the period under review. The volume of investment in other assets was CZK 38.2 billion in September (monthly transactions accounted for CZK +0.9 billion), of which CZK 16.7 was fixed investment and CZK 13.3 billion investment in deposits. The proportion of other investment in the funds' net assets value also rose in month-on-month terms, from 30.7% to CZK 31.7%.

Reporting population: In September 2011, 196 resident collective investment funds were active in the Czech Republic, of which 31 were equity funds, 31 bond funds, 64 mixed funds, 66 real estate funds and 4 other funds. Four new collective investment funds were established during the period under review.

COMMENTARY ON THE AGGREGATED BALANCE SHEET OF FINANCIAL CORPORATIONS ENGAGED IN LENDING (TABLES 13 AND 14): SEPTEMBER 2011

As of 30 September 2011, financial corporations engaged in lending had total assets of CZK 342.2 billion, down by CZK 1.1 billion quarter on quarter. Compared to the same period a year earlier, total assets fell by CZK 15.8 billion.

The largest asset item was loans provided, amounting to CZK 252.9 billion, of which CZK 247 billion was provided to residents. Total loans provided declined by CZK 0.8 billion (i.e. 0.3%) in 2011 Q3. In year-on-year terms, loans fell by 4.3% (CZK 11.3 billion).

The largest part of loans provided to residents consisted of loans to non-financial corporations, which amounted to CZK 168.3 billion, i.e. 68.1% of loans to residents. Loans provided to non-financial corporations were down by CZK 1 billion compared to the previous quarter. They also recorded a year-on-year decrease of CZK 11.1 billion (6.2%).

The second largest category of loans provided to residents was loans to households, which totalled CZK 78.2 billion, down by CZK 1.3 billion quarter on quarter. In year-on-year terms, loans to households declined by CZK 1.4 billion, i.e. 1.7%. Loans to households account for 31.7% 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