

MONETARY STATISTICS – NOVEMBER

2012

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

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

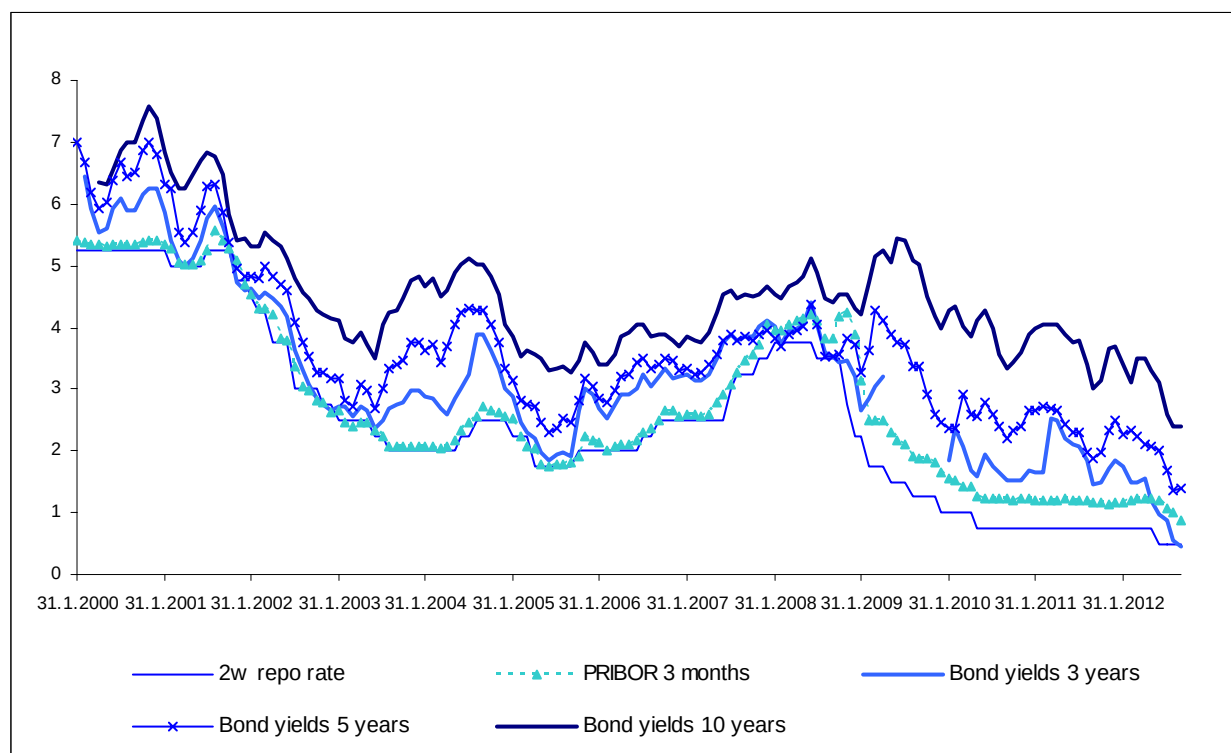
	CNB			ECB from 11 July 2012 onwards
	from 29 June 2012 onwards	from 1 October 2012 onwards	from 2 November 2012 onwards	
2W repo rate	0.50	0.25	0.05	0.75
Deposit facility	0.25	0.10	0.05	0.00
Marginal lending facility	1.50	0.75	0.25	1.50

TABLE 2 – FINANCIAL MARKETS INTEREST RATES

monthly average	2011 September		2012					
			July		August		September	
	CR	Euro area	CR	Euro area	CR	Euro area	CR	Euro area
Money market								
CZEONIA/EONIA								
overnight	0.63	1.01	0.44	0.18	0.48	0.11	0.51	0.10
PRIBOR/EURIBOR								
1 month	0.96	1.35	0.75	0.21	0.73	0.13	0.64	0.12
3 months	1.17	1.54	1.06	0.49	1.00	0.34	0.87	0.25
6 months	1.51	1.74	1.30	0.78	1.22	0.61	1.07	0.49
1 year	1.73	2.07	1.54	1.06	1.47	0.88	1.29	0.75
Capital market								
Bond yields								
3 years	1.46	5.42	0.86	2.26	0.56	2.07	0.46	1.51
5 years	1.88	4.04	1.70	2.66	1.37	2.42	1.38	2.14
10 years (Maastricht)	3.00	4.05	2.60	3.25	2.38	3.01	2.41	2.43

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): SEPTEMBER 2012

Key interest rates

The CNB's 2W repo rate has been re-set at 0.05% since 2 November, 2012, the ECB's key interest rate has been re-set at 0.75% since 11 July, 2012. The difference between the CNB's and the ECB's key rates was 0.7 percentage point on 2 November.

Financial market interest rates

In September, interest rates on the Czech interbank deposit market decreased (the 1Y PRIBOR by 0.18 percentage point at most) except for the CZEONIA rate which increased by 0.03 percentage point. All monitored rates in the euro area recorded a continuing drop (the 1Y EURIBOR by 0.13 percentage point at most). The 3M PRIBOR stood at 0.87% in September (1.00% in August) and the 3M EURIBOR reached 0.25% (0.34% in August).

The yield on the 3-year government bond on the Czech capital market decreased by 0.10 percentage point in month-on-month terms in September. Yields of bond with a longer maturity did not change in effect in comparison with the previous month's data. Bonds in the euro area recorded a considerable decrease (the 10-year bond by 0.59 percentage point at most). The yield on the Czech 10-year bond stood at 2.41% in September (2.38% in August), while the yield on the 10-year euro area bond was 2.43% (3.01% in August).

TABLE 3 – KEY MONETARY INDICATORS

CZK billions, unless otherwise indicated

	2011 September			2012								
				July			August			September		
	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	2 084.2	2.3	5.1	2 258.8	43.3	9.2	2 242.6	-12.6	7.6	2 236.2	-5.9	7.2
M3 ¹⁾	2 776.3	23.0	1.8	2 897.2	16.0	5.3	2 893.4	0.7	5.8	2 888.1	-4.7	4.8
Loans to private sector ²⁾	2 045.4	9.7	6.3	2 103.2	8.0	4.1	2 102.2	2.9	3.9	2 109.0	7.6	3.7
Net foreign assets ³⁾	928.8	35.7	-12.3	1 091.6	28.3	10.7	1 057.8	-14.6	15.0	1 070.6	15.9	12.1

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 (%)

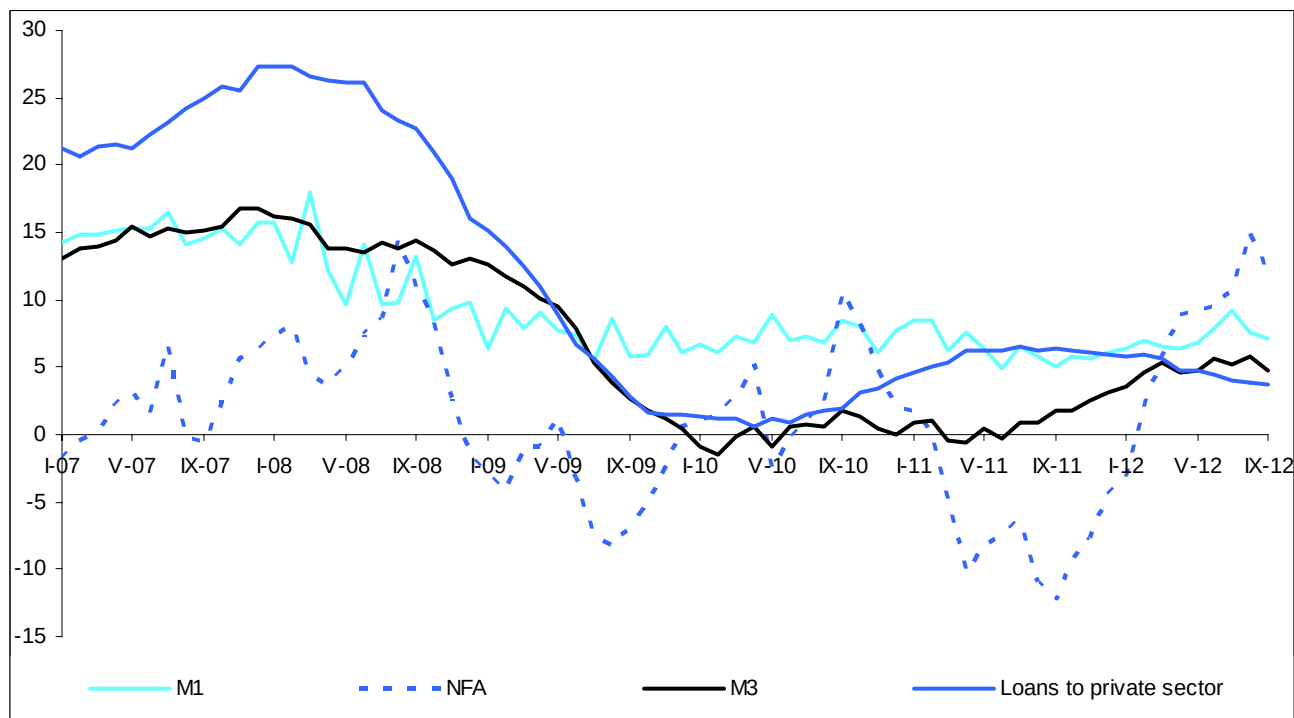


TABLE 4 – MONETARY AGGREGATES AND COUNTERPARTS

CZK billions, unless otherwise indicated

	2011 September			2012								
				July			August			September		
	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)	2 776.3	23.0	1.8	2 897.2	16.0	5.3	2 893.4	0.7	5.8	2 888.1	-4.7	4.8
(1.1) Currency in circulation	368.3	4.6	3.6	382.3	-4.1	5.0	382.3	-0.1	5.1	386.4	4.1	4.9
(1.2) Overnight deposits	1 715.9	-2.3	5.4	1 876.5	47.5	10.0	1 860.3	-12.6	8.1	1 849.8	-10.0	7.6
(1.3) M1 (items 1.1 and 1.2)	2 084.2	2.3	5.1	2 258.8	43.3	9.2	2 242.6	-12.6	7.6	2 236.2	-5.9	7.2
(1.4) Deposits with agreed maturity up to 2Y	365.1	23.6	-3.7	329.9	-27.5	-11.0	339.9	10.8	-1.4	336.3	-3.5	-8.7
(1.5) Deposits redeemable at notice up to 3M	290.4	-1.4	-6.7	295.8	1.3	0.7	295.5	-0.3	1.3	295.5	0.0	1.8
(1.6) Other short term deposits (1.4 and 1.5)	655.5	22.2	-5.1	625.7	-26.2	-5.8	635.4	10.5	-0.2	631.8	-3.5	-4.1
(1.7) M2 (items 1.3 and 1.6)	2 739.7	24.5	2.5	2 884.6	17.1	5.5	2 878.0	-2.1	5.8	2 868.0	-9.4	4.5
(1.8) Repurchase agreements ²⁾	4.1	-0.7	-	5.3	-1.0	-	7.5	2.2	-	12.2	4.7	-
(1.9) Money market fund shares/units ²⁾	31.6	-0.8	-	2.7	0.1	-	3.2	0.5	-	3.2	0.0	-
(1.10) Debt securities issued with maturity up to 2Y ²⁾	0.9	0.0	-	4.6	-0.2	-	4.7	0.1	-	4.7	0.0	-
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	36.6	-1.5	-32.1	12.6	-1.2	-6.1	15.4	2.8	30.2	20.1	4.7	77.0
COUNTERPARTS OF M3												
MFI liabilities												
(2) Holdings deposits against central government	269.1	11.7	-29.8	339.8	25.2	29.1	329.1	-10.3	27.5	354.3	25.2	31.3
(3) Longer-term fin. deposits against other residents (items 3.1 to 3.4)	709.8	6.8	17.5	822.6	3.5	10.3	808.8	3.4	10.8	810.9	5.7	10.5
(3.1) Deposits with agreed maturity over 2Y	246.8	1.2	28.5	261.0	-0.1	7.7	261.4	0.5	6.4	260.2	-1.1	5.4
(3.2) Deposits redeemable at notice over 3M	43.8	-0.6	-12.0	37.1	-1.9	-17.6	39.0	1.9	-12.2	38.8	-0.2	-11.4
(3.3) Debt securities issued with maturity over 2Y	110.0	-0.8	12.3	116.8	0.2	3.1	111.2	-4.3	-3.1	112.2	0.0	-2.4
(3.4) Capital and reserves	309.3	7.1	16.1	407.7	5.3	18.8	397.3	5.3	22.7	399.7	7.1	21.8
MFI assets												
(4) Credit to residents (items 4.1 and 4.2)	2 817.2	25.5	6.7	2 955.7	5.3	7.1	2 960.4	8.4	6.6	2 986.9	27.8	6.6
(4.1) Credit to general government	715.3	14.6	5.9	793.9	-2.9	16.0	799.2	4.8	14.6	818.8	20.2	15.1
(4.2) Credit to private sector	2 101.9	11.0	7.0	2 161.8	8.2	4.1	2 161.3	3.7	4.0	2 168.1	7.6	3.8
(5) Net foreign assets	928.8	35.7	-12.3	1 091.6	28.3	10.7	1 057.8	-14.6	15.0	1 070.6	15.9	12.1
(6) Other counterparts of M3 (residual) (=M3+items 2,3 - items 4,5) ²⁾	9.1	-19.7	-	12.4	11.0	-	13.1	-0.1	-	-4.2	-17.5	-

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

	2011		2012					
	September		July		August		September	
	Stocks	Flows ²⁾	Stocks	Flows ²⁾	Stocks	Flows ²⁾	Stocks	Flows ²⁾
(1) Overnight deposits	1 715.9	-2.3	1 876.5	47.5	1 860.3	-12.6	1 849.8	-10.0
(1.1) Other general government	138.3	6.9	135.3	-1.7	129.8	-5.5	136.2	6.5
(1.2) Other financial intermediaries ³⁾	26.7	-2.6	31.8	4.8	29.4	-2.2	33.3	3.9
(1.3) Insurance corporations and pension funds	5.8	-6.1	13.5	5.9	8.8	-4.7	8.0	-0.8
(1.4) Non-financial corporations	492.7	-6.5	577.0	34.2	562.9	-11.6	537.1	-25.5
(1.5) Households ⁴⁾	1 052.3	5.9	1 118.8	4.3	1 129.4	11.4	1 135.3	6.0
(2) M2 - M1 (other short- term deposits)	655.5	22.2	625.7	-26.2	635.4	10.5	631.8	-3.5
(2.1) Other general government	23.7	-0.3	18.6	2.0	18.5	-0.1	16.8	-1.7
(2.2) Other financial intermediaries ³⁾	21.9	4.1	25.5	-7.9	28.1	2.6	28.4	0.3
(2.3) Insurance corporations and pension funds	31.3	7.1	30.7	-4.8	36.1	5.5	37.2	1.0
(2.4) Non-financial corporations	138.4	10.0	127.0	-15.9	130.4	3.7	128.9	-1.5
(2.5) Households ⁴⁾	440.3	1.2	423.9	0.3	422.3	-1.1	420.5	-1.7
(3) Repurchase agreements (a part of M3 - M2)	4.1	-0.7	5.3	-1.0	7.5	2.2	12.2	4.7
(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⁾	2.3	0.1	2.4	-0.4	3.7	1.2	4.8	1.1
(3.3) Insurance corporations and pension funds	1.2	-0.7	2.0	-0.6	3.8	1.7	6.7	2.9
(3.4) Non-financial corporations	0.0	0.0	0.8	0.0	0.0	-0.8	0.7	0.7
(3.5) Households ⁴⁾	0.5	-0.1	0.0	0.0	0.0	0.0	0.1	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

	2011		2012					
	September		July		August		September	
	Stocks	Flows ¹⁾	Stocks	Flows ¹⁾	Stocks	Flows ¹⁾	Stocks	Flows ¹⁾
(1) Loans to non-financial corporations	829.0	2.4	848.3	4.5	845.3	0.1	849.5	4.5
(1.1) up to 1 year	269.2	4.2	273.7	2.8	273.4	0.7	279.8	6.6
(1.2) over 1 year and up to 5 years	148.7	-0.8	156.0	2.7	153.5	-1.7	151.1	-2.4
(1.3) over 5 years	411.1	-1.0	418.5	-1.0	418.4	1.1	418.7	0.3
(2) Loans to households²⁾	1 097.8	6.0	1 138.4	5.1	1 142.8	5.0	1 144.7	2.4
(2.1) Consumer credit	201.0	0.3	198.8	0.6	198.9	0.5	198.7	0.3
(2.2) Lending for house purchase	768.9	4.7	806.8	2.6	811.8	5.0	814.0	2.3
(2.3) Other lending	127.9	1.1	132.8	2.0	132.1	-0.6	131.9	-0.2
(3) Loans to other financial intermediaries³⁾	118.3	1.1	116.5	-1.6	114.0	-2.2	114.6	0.7
(4) Loans to insurance corporations and pension funds	0.3	0.2	0.0	0.0	0.1	0.1	0.1	0.0

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 (%)

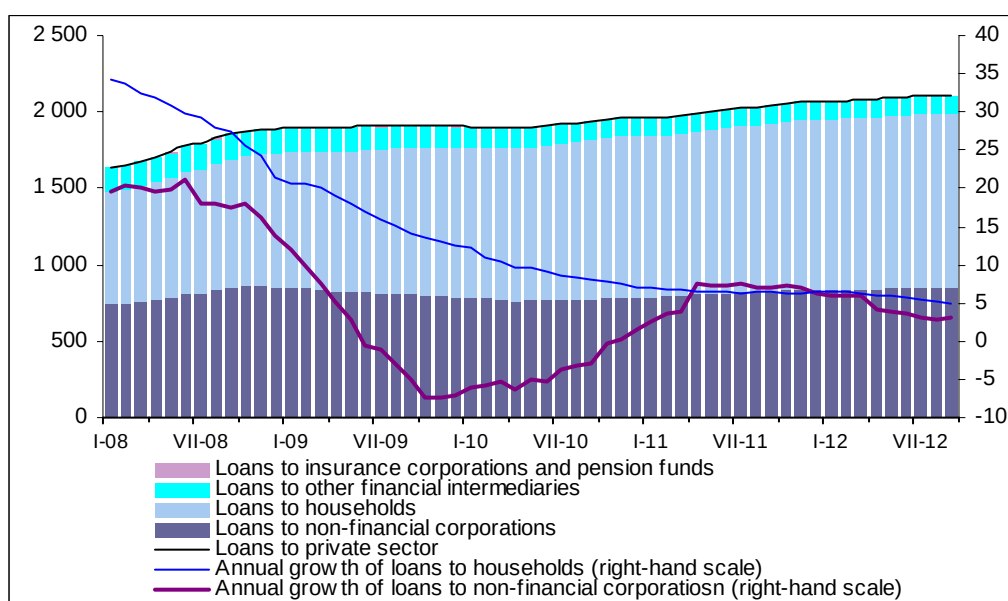


TABLE 7 - CONTRIBUTIONS TO ANNUAL GROWTH¹⁾ OF M3

	2011 September	2012		
		July	August	September
	% points	% points	% points	% points
M1	3.7	6.9	5.7	5.4
of which: Currency	0.5	0.7	0.7	0.7
Overnight deposits	3.2	6.2	5.1	4.7
M2 - M1 (= other short-term deposits)	-1.3	-1.4	-0.1	-1.0
M3 - M2 (= short-term marketable instruments)	-0.6	-0.2	0.1	0.3
M3	1.8	5.3	5.8	4.8

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

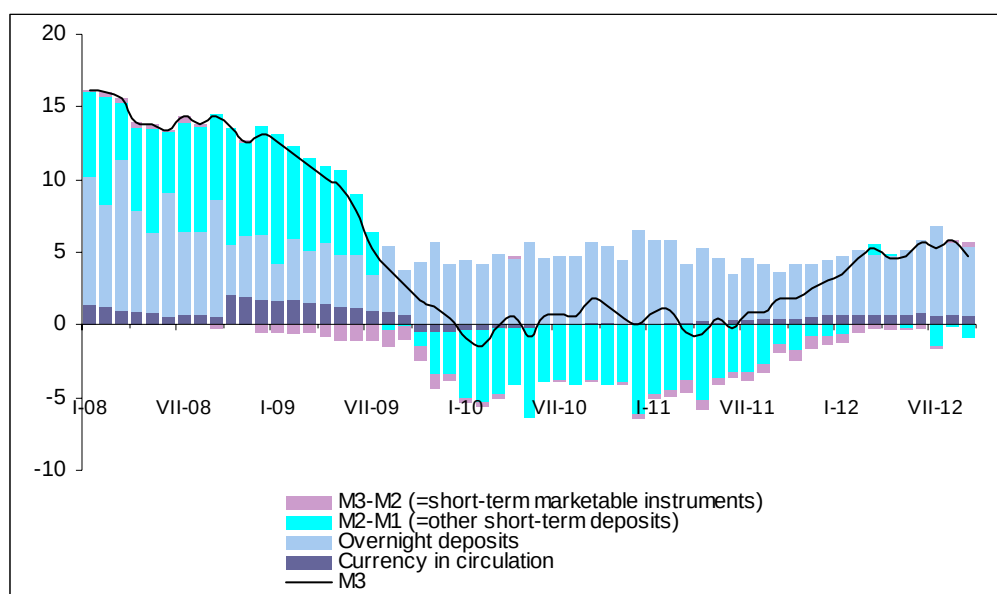
Contributions to annual growth of M3 (%)

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

	2011 September	2012		
		July	August	September
	% points	% points	% points	% points
Non-financial corporations	2.8	1.3	1.2	1.3
Households ²⁾	3.4	3.0	2.8	2.7
Other financial intermediaries ³⁾	0.1	-0.2	-0.2	-0.2
Insurance corporations and pension funds	0.0	0.0	0.0	0.0
Loans to private sector ⁴⁾	6.3	4.1	3.9	3.7

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 (%)

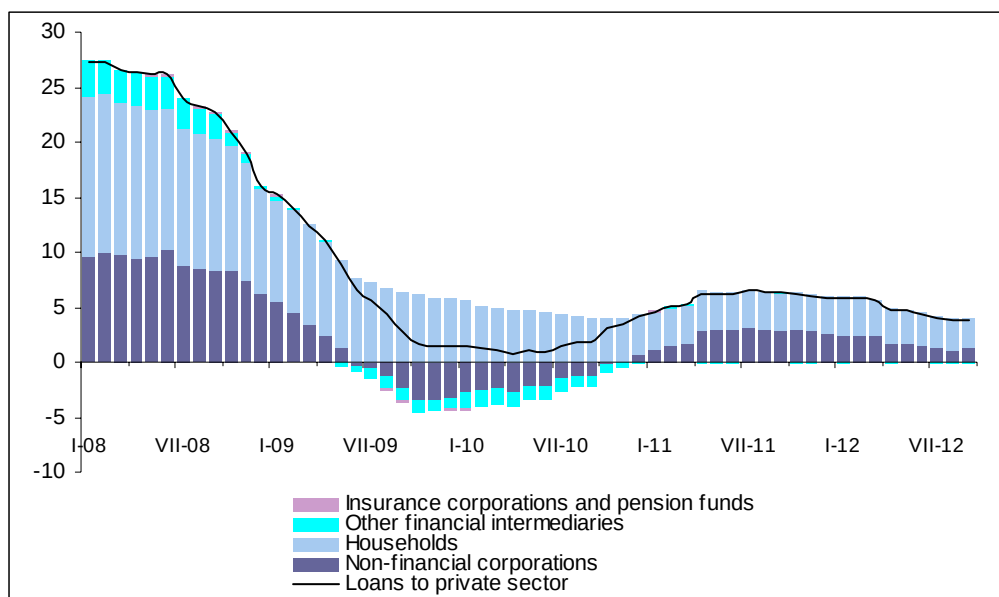


TABLE 9a - BALANCE SHEETS OF MONETARY FINANCIAL INSTITUTIONS BY REPORTING INSTITUTIONS (ASSETS): SEPTEMBER 2012

CZK billions

	MFI			Consolidated balance sheet of MFIs
	CNB	Credit institutions	Money market funds	
(1) ASSETS TOTAL	807.0	4 844.4	3.2	4 762.1
(1.1) Loans to residents	3.4	2 802.6	1.8	2 169.4
MFI	0.0	636.7	1.8	-
General government	0.0	60.4	0.0	60.4
Other residents	3.4	2 105.6	0.0	2 109.0
(1.2) Holdings of securities other than shares issued by residents	0.0	964.2	1.0	771.0
MFI	0.0	194.1	0.1	-
General government	0.0	757.6	0.9	758.4
Other residents	0.0	12.5	0.0	12.6
(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	78.3	0.0	46.5
MFI	0.0	31.8	0.0	-
Other residents	0.0	46.5	0.0	46.5
(1.5) External assets	791.3	610.6	0.4	1 402.3
(1.6) Fixed assets	10.9	115.7	0.0	126.5
(1.7) Remaining assets	1.4	273.0	0.0	246.4

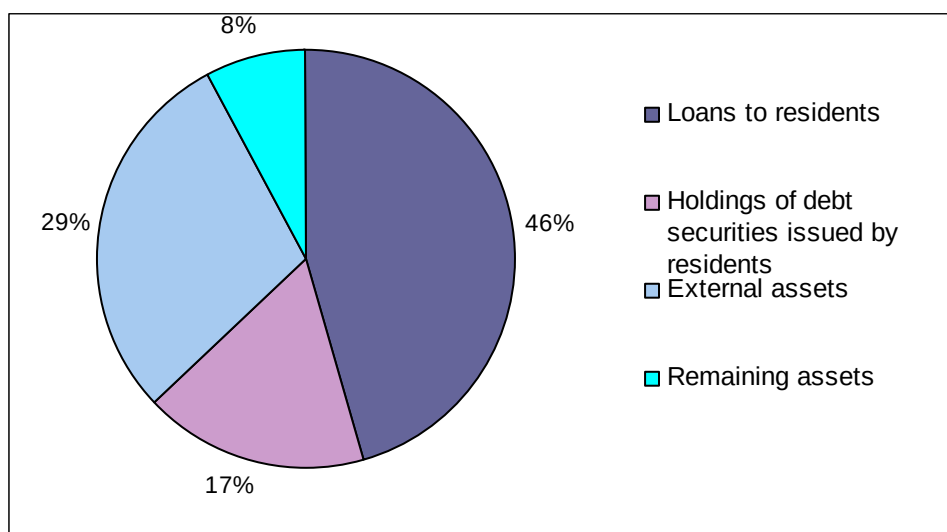
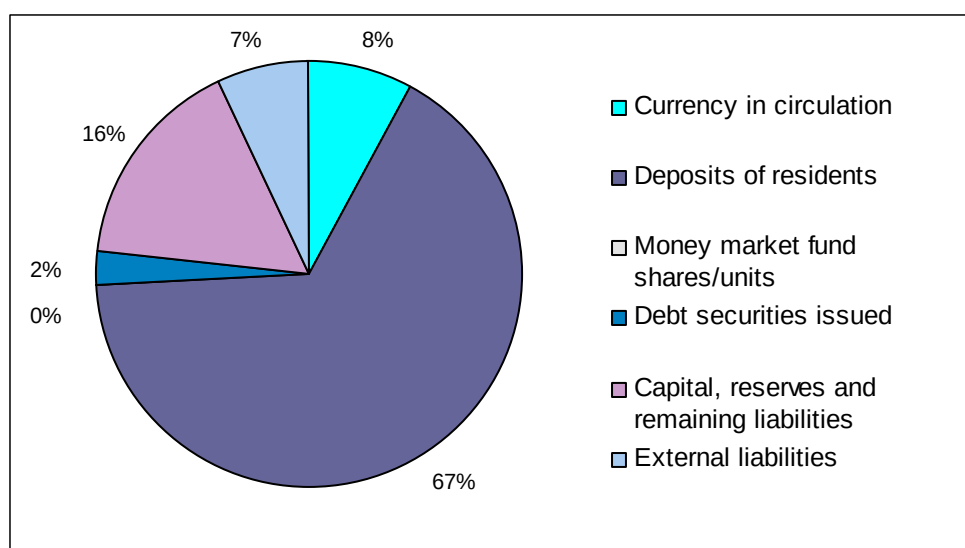
Consolidated balance sheet of MFIs - assets

TABLE 9b - BALANCE SHEETS OF MONETARY FINANCIAL INSTITUTIONS BY REPORTING INSTITUTIONS (LIABILITIES): SEPTEMBER 2012

CZK billions

	MFI			Consolidated balance sheet of MFIs
	CNB	Credit institutions	Money market funds	
(2) LIABILITIES TOTAL	807.0	4 844.4	3.2	4 762.1
(2.1) Currency in circulation	414.4	-	-	386.4
(2.2) Deposits of residents	448.5	3 338.8	0.0	3 147.1
MFI	393.5	246.6	0.0	-
Central government	51.6	302.7	0.0	354.3
Other general government/other residents	3.4	2 789.5	0.0	2 792.8
(2.3) Money market fund shares/units	-	-	3.2	3.2
(2.4) Debt securities issued	0.0	311.1	0.0	116.9
(2.5) Capital and reserves	-109.4	540.8	0.0	399.7
(2.6) External liabilities	4.7	326.9	0.0	331.6
(2.7) Remaining liabilities	48.8	326.8	0.0	375.5
(2.8) Excess of inter MFI liabilities	-	-	-	1.6

Consolidated balance sheet of MFIs - liabilities

COMMENTARY ON MONETARY DEVELOPMENTS STATISTICS¹⁾ (TABLES 3-9): SEPTEMBER 2012

The evolution of the annual rate of growth of M3 had been characterised by oscillations around zero since the start of 2010 and in the first half of 2011. It started to grow gradually in July 2011. Since March 2012, it has been affected by several fluctuations resulting from its temporary decrease and subsequent return to the previous level. In September, the annual rate of growth of M3 reached 4.8%.

As a result of financial transactions, M3 declined by CZK 4.7 billion month on month (but rose by CZK 131.7 billion year on year), reaching CZK 2,888.1 billion.

Main components of M3

The decline in the annual rate of growth of M3 from 5.8% in August to 4.8% in September was due to a decrease in the contribution of other short-term deposits (mostly deposits with agreed maturity) from -0.1 percentage point in August to -1.0 percentage point in September and a fall in the contribution of overnight deposits from 5.1 percentage points in August to 4.7 percentage points in September. The evolution of overnight deposits led to a decline in the contribution of M1 (from 5.7 percentage points in August to 5.4 percentage points in September). (Table 7)

The fall in the annual growth rate of overnight deposits from 8.1% in August to 7.6% in September was also reflected in a decline in the annual growth rate of M1 to 7.2% in September (from 7.6% in August). In month-on-month terms, overnight deposits dropped by 0.5% (i.e. CZK 10.0 billion), owing to financial transactions. Within overnight deposits, the largest decline was recorded for deposits of insurance corporations and pension funds (down by 9.4%, or CZK 0.8 billion). Deposits of non-financial corporations decreased further (by 4.5%, or CZK 25.5 billion). By contrast, increases were recorded for deposits of other financial intermediaries (up by 13.1%, or CZK 3.9 billion), other government (up by 5.0%, or CZK 6.5 billion) and households (up by 0.5%, or CZK 6.0 billion).

The annual rate of growth of currency in circulation decreased from 5.1% in August to 4.9% in September. In month-on-month terms, currency in circulation rose by 1.1%, standing at CZK 386.4 billion.

Other short-term deposits (excluding overnight deposits) fell by 0.6% (CZK 3.5 billion) month on month, owing to financial transactions. The annual rate of growth of these deposits decreased from -0.2% in August to -4.1% in September. 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 7.3 percentage points compared to the previous month, reaching -8.7%. The annual rate of growth of deposits redeemable at notice of up to 3 months rose from 1.3% in August to 1.8% in September.

Within other short-term deposits, the biggest month-on-month decrease was recorded for deposits of other government (down by 9.0%, or CZK 1.7 billion). Decreases in deposits were registered also by non-financial corporations (down by 1.2%, or CZK 1.5 billion) and households (down by 0.4%, or CZK 1.7 billion). By contrast, increases in deposits were registered by insurance corporations and pension funds (up by 2.9%, or CZK 1.0 billion) and other financial intermediaries (up by 1.2%, 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, rose by 30.6% month on month, due to financial transactions. The annual rate of growth of marketable instruments increased by 46.8 percentage points to 77.0% (30.2% in August).

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 3.7% in September. Following a stagnation in the major components of this indicator, i.e. the annual growth rate of loans to households and the annual growth rate of loans to non-financial corporations, observed since the first half of 2011, a decline in the values of annual growth rates of these components has been recorded in recent months. The annual growth rate of loans to households was 5.5% in September 2012 (6.4% in September 2011). The annual growth rate of loans to non-financial corporations was 1.8% in September 2012 (7.1% in September 2011).

The annual growth rate of loans provided to general government and purchased securities fell from 14.6% in August to 15.1% in September.

The annual growth rate of net external assets declined to 12.1% at the end of September (from 15.0% in August). The annual growth rate of longer-term financial liabilities fell from 10.8% in August to 10.5% in September. The annual growth rate of deposits of central government rose to 31.3% in September (from 27.5% in August).

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⁾

	2011		2012					
	September		July		August		September	
	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)	Interest rate (% p.a.)	Volume (mld. CZK)
(1) Deposits from households²⁾								
(1.1) Overnight ³⁾	0.72	1 018.2	0.71	1 083.0	0.71	1 093.1	0.72	1 097.3
(1.2) With agreed maturity	1.58	17.2	0.86	9.2	0.91	8.7	0.91	7.5
of which: Up to 2 years	1.57	16.3	0.82	8.6	0.86	7.8	0.85	6.6
(1.3) Redeemable at notice ^{3) 4)}	2.03	332.1	2.05	330.8	2.04	332.3	2.04	332.0
(1.3.1) Up to 3 months' notice	2.22	288.8	2.20	294.1	2.20	293.9	2.20	293.8
(1.3.2) Over 3 months' notice	0.80	43.2	0.81	36.6	0.84	38.3	0.85	38.2
(2) Deposits from non-financial corporations								
(2.1) Overnight ³⁾	0.38	400.0	0.41	451.6	0.39	429.4	0.39	414.4
(2.2) With agreed maturity	0.58	91.0	0.57	60.1	0.53	63.7	0.54	56.6
of which: Up to 1 year	0.57	90.4	0.57	60.0	0.51	62.4	0.51	54.7
(3) Loans to households²⁾								
(3.1) Consumer, house pur. and other loans	6.35	22.0	6.30	20.2	6.29	22.0	6.14	20.8
(3.1.1) Consumer credit	13.79	4.4	14.45	4.3	14.53	4.7	14.06	4.3
(3.1.2) Lending for house purchase	4.24	13.9	3.88	12.9	3.83	14.1	3.78	12.4
of which: Mortgage lending ⁵⁾	4.04	9.4	3.65	9.0	3.61	10.2	3.58	9.4
Saving for building purposes	4.68	2.6	4.41	2.1	4.43	2.2	4.67	1.3
(3.1.3) Other lending	5.37	3.7	5.01	3.0	5.01	3.2	4.96	4.1
(3.2) Overdraft ⁶⁾ and revolving loans ³⁾	14.45	27.1	14.15	27.0	14.24	26.7	14.66	27.0
(3.3) Credit cards ³⁾	20.39	26.1	20.30	26.3	20.66	26.3	20.61	26.2
(4) Loans to non-financial corporations								
(4.1) Total loans (all size categories)	2.84	52.7	2.69	56.1	2.54	49.9	2.37	53.1
(4.1.1) Up to CZK 7.5 million	4.73	2.7	4.43	2.8	4.54	2.7	4.44	3.0
of which: Up to 3 months rate fixation ⁷⁾	4.65	2.0	4.40	1.9	4.53	1.9	4.28	2.0
(4.1.2) CZK 7.5-30 million	3.24	8.4	2.95	7.5	2.81	7.5	2.81	8.1
of which: Up to 3 months rate fixation ⁷⁾	3.27	6.4	3.03	5.9	2.82	6.2	2.76	6.5
(4.1.3) Over to CZK 30 million	2.63	41.6	2.54	45.8	2.35	39.7	2.13	42.0
of which: Up to 3 months rate fixation ⁷⁾	2.57	40.0	2.50	44.2	2.33	39.1	2.11	41.1
(4.2) Overdraft ⁶⁾ , revolving and credit cards ³⁾	3.46	221.7	3.23	220.2	3.16	224.1	3.18	230.5
(5) APRC⁸⁾ on loans to households²⁾								
(5.1) Consumer credit	16.02	4.4	16.30	4.3	16.28	4.7	16.09	4.3
(5.2) Lending for house purchase	4.41	13.9	4.05	12.9	4.02	14.1	4.05	12.4

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⁾

	2011		2012					
	September		July		August		September	
	Interest rate (% p.a.)	Volume (CZK billions)	Interest rate (% p.a.)	Volume (CZK billions)	Interest rate (% p.a.)	Volume (CZK billions)	Interest rate (% p.a.)	Volume (CZK billions)
(1) Deposits from households²⁾³⁾	1.20	1 698.8	1.17	1 756.8	1.17	1765.3	1.17	1 767.1
(1.1) With agreed maturity	1.87	349.8	1.83	345.9	1.83	344.9	1.83	343.0
(1.1.1) Up to 2 years	1.60	125.4	1.47	108.6	1.46	108.0	1.48	107.2
(1.1.2) Over 2 years	2.02	224.4	2.00	237.3	2.00	236.9	2.00	235.8
(2) Deposits from non-financial corp.³⁾	0.52	526.5	0.58	572.3	0.56	560.7	0.58	544.3
(2.2) With agreed maturity	0.97	124.8	1.20	117.1	1.12	126.3	1.17	124.0
(2.2.1) Up to 2 years	0.90	114.1	1.09	106.2	1.01	114.9	1.06	112.6
(2.2.2) Over 2 years	1.77	10.7	2.22	10.8	2.18	11.4	2.19	11.4
(3) Loans to households	6.77	1 095.2	6.44	1 135.7	6.42	1140.3	6.39	1 142.8
(3.1) Lending for house purchase	5.03	767.9	4.75	806.4	4.72	811.4	4.69	813.7
of which: Mortgage lending ⁴⁾	4.98	642.5	4.66	679.1	4.63	684.3	4.59	686.6
Saving for building purposes	5.37	91.1	5.35	86.3	5.35	86.1	5.35	85.8
(3.2) Consumer credit and other lending ⁵⁾	11.12	327.3	10.86	329.3	10.88	328.9	10.89	329.1
(4) Loans to non-financial corporation	3.86	680.6	3.72	687.6	3.68	691.3	3.62	699.6
(4.1) Up to 1 year	3.42	229.8	3.25	227.8	3.20	230.4	3.27	238.8
(4.2) Over 1 and up to 5 years	3.95	110.5	3.84	111.9	3.78	112.0	3.70	112.0
(4.3) Over 5 years	4.13	340.3	3.99	347.9	3.95	349.0	3.84	348.8

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

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

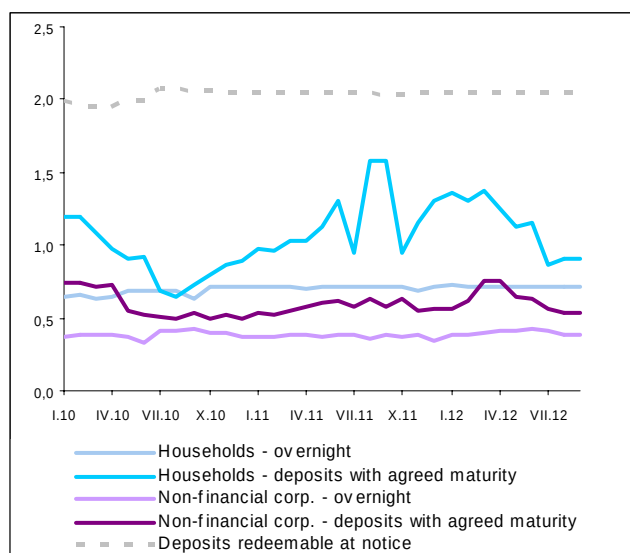
³⁾ Including overnight deposits and deposits redeemable at notice presented in Table 10. For this instrument category new business and outstanding amounts coincide.

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)).

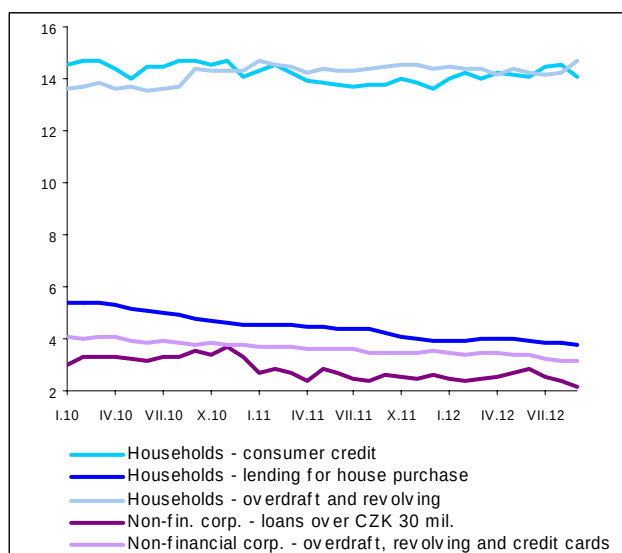
⁵⁾ Consumer credit and other lending include bank overdrafts, revolving loans and credit cards presented in Table 10.

INTEREST RATES OF MONETARY FINANCIAL INSTITUTIONS ON NEW BUSINESS

New business, deposits

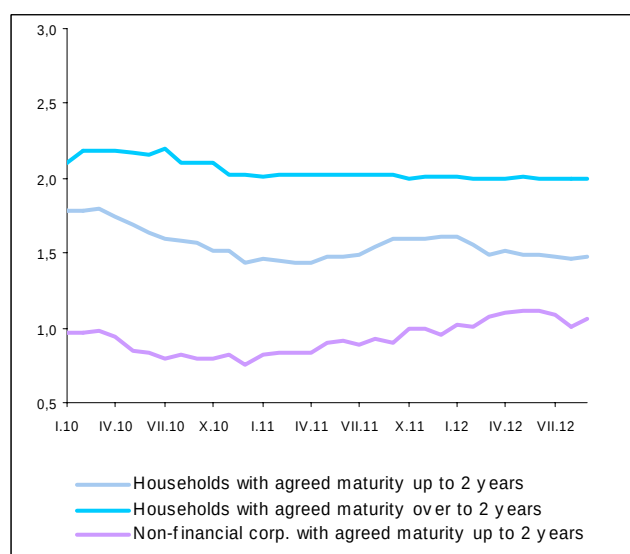


New business, loans

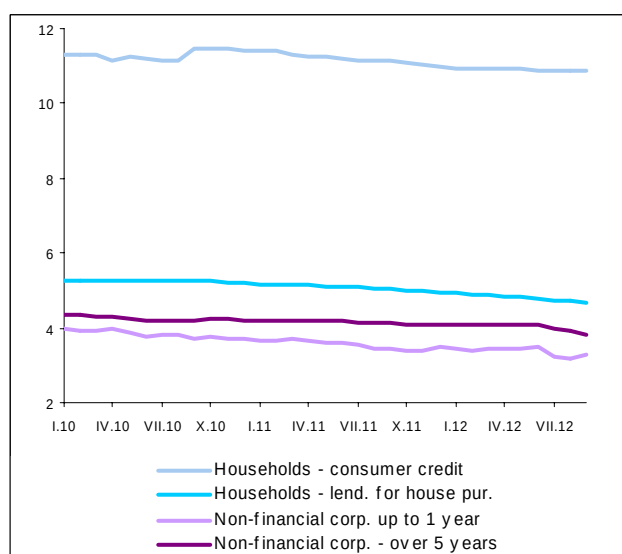


INTEREST RATES OF MONETARY FINANCIAL INSTITUTIONS ON OUTSTANDING AMOUNTS

Outstanding amounts, deposits



Outstanding amounts, loans



COMMENTARY ON MFI INTEREST RATES (TABLES 10 AND 11) – SEPTEMBER 2012**Interest rates on new business**

Interest rates on new deposits of households were little changed in September. Interest rates on new deposits of non-financial corporations also remained almost unchanged.

The interest rate on overnight deposits of households edged up to 0.72%. The rate on deposits with agreed maturity was the same as a month earlier (0.91%) and the rate on deposits redeemable at notice rose slightly to 2.05%.

At 0.39%, the interest rate on overnight deposits of non-financial corporations was unchanged from August. The rate on 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) also remained unchanged at 0.51%.

Within interest rates on new loans to households, consumer credit, bank overdrafts and revolving loans recorded a significant change in September. Interest rates on loans to non-financial corporations saw the biggest change for loans of over CZK 30 million.

The overall interest rate on consumer credit, loans for house purchase and other loans fell by 0.15 percentage point to 6.14%. The interest rate on consumer credit decreased by 0.47 percentage point to 14.06% and the interest rate on loans for house purchase declined slightly by 0.05 percentage point to 3.78%. The rate on other loans was 0.05 percentage point lower, standing at 4.96%. The rate on overdrafts and revolving loans rose by 0.42 percentage point to 14.66%. The rate on credit card loans decreased by 0.05 percentage point, to 20.61%.

Interest rates on new loans to non-financial corporations (excluding overdrafts, revolving loans and credit cards) decreased by 0.17 percentage point to 2.37%. The rate on loans of up to CZK 7.5 million also fell, by 0.10 percentage point to 4.44%. The rate on loans of over CZK 7.5 million and up to CZK 30 million stood at 2.81%, the same as a month earlier. The interest rate on new loans of over CZK 30 million saw a decline of 0.22 percentage point to 2.13%.

Interest rates on outstanding amounts

The average interest rate on outstanding amounts of deposits of households and non-financial corporations was broadly flat in September.

Deposits of households were remunerated at an overall rate of 1.17%. The rate on overnight deposits edged up to 0.72%, the rate on deposits redeemable at notice picked up slightly to 2.05% and the rate on deposits with agreed maturity was the same as in the previous month, at 1.83%.

Total deposits of non-financial corporations were remunerated at a slightly higher rate (0.58%). The interest rate on overnight deposits remained unchanged at 0.39% and the interest rate on deposits with agreed maturity increased by 0.05 percentage point to 1.17%.

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

The overall interest rate on loans to households declined by 0.03 percentage point, to 6.39%. The rate on loans for house purchase also decreased marginally to 4.69%, while consumer credit and other loans were remunerated at 10.89%.

The average interest rate on outstanding amounts of loans to non-financial corporations declined by 0.06 percentage point to 3.62%. The rate on loans with maturity of up to one year rose by 0.07 percentage point to 3.27%. The interest rate on loans with maturity of over one year and up to five years fell by 0.08 percentage point to 3.70%. The rate on loans with maturity of over five years decreased as well, by 0.11 percentage point to 3.84%.

TABLE 12 – AGGREGATED BALANCE SHEET OF INVESTMENT FUNDS ¹⁾

CZK billions

	2011		2012					
	August		June		July		August	
	Out-standing amounts	Transa-ctions	Out-standing amounts	Transa-ctions	Out-standing amounts	Transa-ctions	Out-standing amounts	Transa-ctions
Total Assets	132.3	-0.6	167.7	0.4	171.9	2.8	177.3	7.1
(1.1) Deposits	13.0	0.6	25.4	-0.1	23.7	-1.7	24.8	1.1
(1.2) Securities other than shares	52.3	-0.2	67.5	0.5	70.8	2.6	69.8	-0.8
Residents	27.1	-0.2	40.0	0.5	42.4	1.7	41.9	-0.5
Non-residents	25.2	0.0	27.5	-0.1	28.4	0.9	27.9	-0.3
(1.3) Shares and other equity	24.8	0.2	24.6	-0.7	23.8	-0.2	24.1	0.4
Residents	6.2	0.4	5.7	0.1	5.0	0.1	5.4	0.3
Non-residents	18.6	-0.2	18.8	-0.8	18.8	-0.3	18.8	0.2
(1.4) Investment fund shares (including MMFs)	17.7	-1.7	17.2	-0.5	17.6	0.0	18.4	2.5
Residents	3.6	0.5	4.5	0.0	4.7	0.1	4.7	1.6
Non-residents	14.0	-2.2	12.7	-0.5	12.9	-0.1	13.7	0.9
(1.5) Other assets	24.6	0.5	32.9	1.3	36.0	2.0	40.2	3.9
Total Liabilities	132.3	-0.6	167.7	0.4	171.9	2.8	177.3	7.1
(2.1) Loans accepted	3.2	0.1	4.8	0.9	6.3	1.5	7.7	1.4
(2.2) Investment fund shares	122.3	0.5	154.2	-0.6	156.7	0.9	160.8	5.6
(2.3) Other liabilities	6.8	-1.2	8.6	0.1	8.9	0.3	8.8	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)

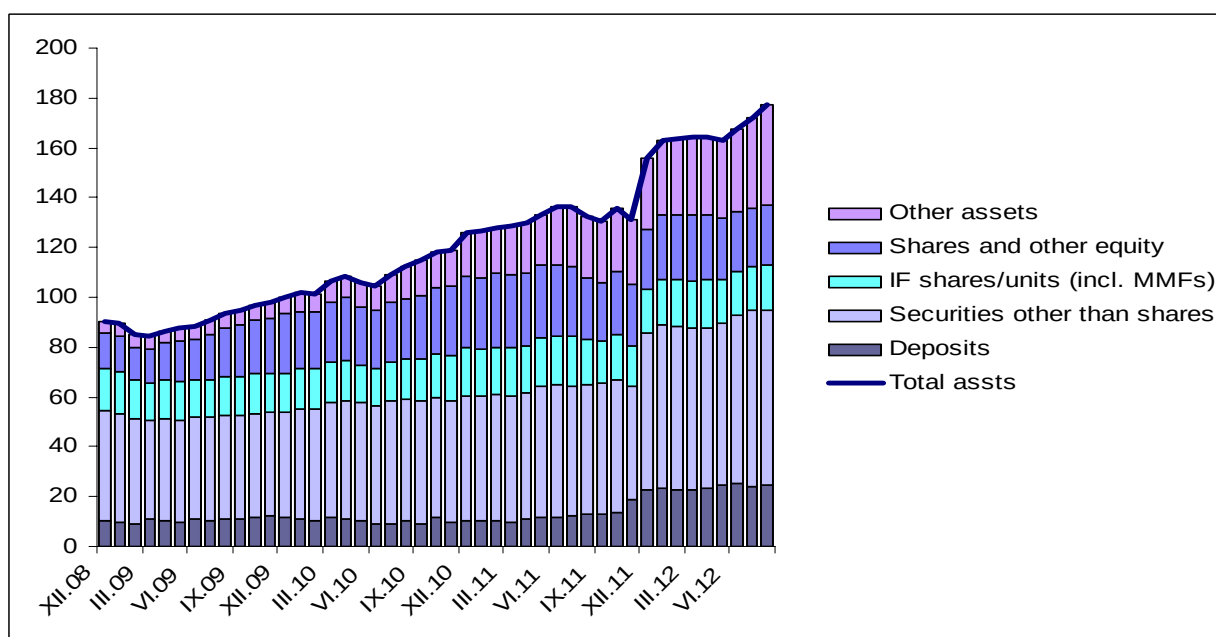


TABLE 13 – AGGREGATED BALANCE SHEET OF FINANCIAL CORPORATION ENGAGED IN LENDING ¹⁾

CZK billions, end of period

	2011			2012	
	June	September	December	March	June
Total Assets	355.6	354.2	356.1	350.4	353.4
(1.1) Deposits	8.0	6.1	6.6	7.7	7.6
(1.2) Loans provided	263.0	262.1	266.3	256.4	258.8
Residents	258.5	256.1	260.2	250.7	253.0
Non-residents	4.4	6.1	6.1	5.7	5.8
(1.3) Securities other than shares	1.4	2.0	1.5	1.1	1.2
(1.4) Shares and equity	2.7	2.7	2.6	3.2	3.0
Mutual fund shares/units (including MMFs)	0.0	0.0	0.0	0.0	0.0
Other shares and equity	2.7	2.7	2.6	3.2	3.0
(1.5) Other assets	80.6	81.4	79.1	81.9	82.8
Total Liabilities	355.6	354.2	356.1	350.4	353.4
(2.1) Loans taken	211.3	204.2	208.6	201.2	204.2
Residents	147.9	143.5	143.6	136.5	143.3
Non-residents	63.4	60.7	64.9	64.6	60.9
(2.2) Securities other than shares issued	3.7	3.6	3.7	3.3	5.0
(2.3) Own funds	107.8	107.0	107.0	109.7	106.3
(2.4) Other liabilities	32.7	39.4	36.8	36.2	37.9

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.

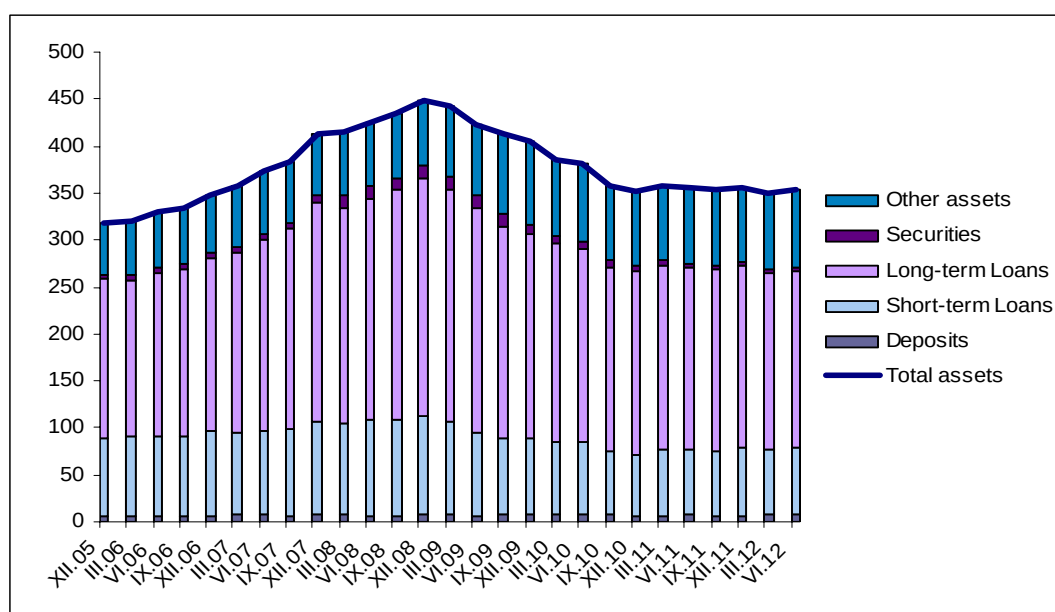
Balance sheet total – breakdown by assets items (CZK billions)

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

CZK billions, end of period

	2011			2012	
	June	September	December	March	June
(1) Non-financial corporations	173.8	172.6	177.4	171.7	173.0
Up to 1 year	41.7	41.1	44.2	42.2	43.0
Over 1 year up to 5 years	97.4	99.9	104.0	99.9	98.0
Over 5 years	34.7	31.6	29.2	29.6	32.0
(2) Financial corporations	0.3	0.3	0.3	0.3	0.3
Up to 1 year	0.1	0.1	0.1	0.1	0.1
Over 1 year up to 5 years	0.2	0.2	0.1	0.2	0.1
Over 5 years	0.0	0.0	0.0	0.0	0.0
(3) Government	0.3	0.2	0.2	0.4	0.3
Up to 1 year	0.1	0.0	0.1	0.1	0.1
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	84.2	82.9	82.2	78.4	79.3
Up to 1 year	27.5	27.8	27.6	27.0	28.4
Over 1 year up to 5 years	41.6	39.6	39.9	37.3	36.8
Over 5 years	15.1	15.5	14.6	14.0	14.1
(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

	2011			2012	
	June	September	December	March	June
(1) Total	84.2	82.9	82.2	78.4	79.3
(1.1) Consumer credit	69.1	68.5	68.1	65.4	66.7
Up to 1 year	26.1	26.5	26.3	25.7	27.1
Over 1 year up to 5 years	29.7	28.3	29.0	27.3	27.1
Over 5 years	13.3	13.7	12.9	12.4	12.5
(1.2) Lending for house purchase	1.2	1.2	1.2	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	13.9	13.2	12.9	11.9	11.6
Up to 1 year	1.4	1.3	1.4	1.3	1.3
Over 1 year up to 5 years	11.7	11.1	10.7	9.9	9.6
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): AUGUST 2012

Net assets value: The net assets value of collective investment funds (CIFs) was CZK 160.8 billion at the end of August. This means an increase of CZK 4.1 billion compared to July (monthly transactions accounted for CZK +5.6 billion). Compared to the same period last year, the net assets value rose by CZK 38.5 billion. The biggest month-on-month change in the net assets value was recorded for real estate funds, up by CZK 2.6 billion to CZK 24.1 billion.

Investment in bonds: The value of bond holdings was CZK 69.8 billion in August. Compared to the previous month, the total volume of bonds fell by CZK 1.0 billion (monthly transactions accounted for CZK -0.8 billion). The proportion of securities other than shares in the funds' net assets value also decreased compared to July, down by 1.8 percentage points to 43.4%.

Investment in equity securities: The volume of equity securities in the funds' portfolio increased in August. As of the end of the month, the value of holdings of equity securities amounted to CZK 42.5 billion, of which CZK 18.4 billion was investment in collective investment funds (including money market funds) and CZK 24.1 billion was investment in shares and other equity. The value of equity securities rose by CZK 1.1 billion compared to July (monthly transactions accounted for CZK +2.9 billion). The share of equity securities in the funds' net assets value was flat at 26.4% in August.

Other investment: The value of funds invested in other assets also increased in the period under review. The volume of other investment was CZK 60.5 billion in August (monthly transactions accounted for CZK +4.4 billion), of which CZK 27.8 billion was fixed investment and CZK 24.8 billion investment in deposits. The proportion of other investment in the funds' net assets value also rose in month-on-month terms, from 35.5% to CZK 37.6%.

Reporting population: In August 2012, a total of 225 resident collective investment funds were active in the Czech Republic, of which 29 were equity funds, 47 bond funds, 54 mixed funds, 85 real estate funds and 10 other funds. Four new collective investment funds were established during the period under review and two funds ceased to exist.

COMMENTARY ON THE AGGREGATED BALANCE SHEET OF FINANCIAL CORPORATIONS ENGAGED IN LENDING (TABLES 13 AND 14): JUNE 2012

Financial corporations engaged in lending had total assets of CZK 353.4 billion as of 30 June 2012, up by CZK 3.0 billion in quarter-on-quarter terms. Compared to the same period a year earlier, total assets fell by CZK 2.2 billion.

The largest asset item was loans provided, which amounted to CZK 258.8 billion, of which CZK 253.0 billion was provided to residents. Total loans provided rose by CZK 2.4 billion (i.e. 0.93%) in 2012 Q2. In year-on-year terms, loans fell by 1.6% (CZK 4.2 billion).

The largest part of loans provided to residents consisted of loans to non-financial corporations, which amounted to CZK 173.0 billion, i.e. 68.4% of loans to residents. Loans provided to non-financial corporations were up by CZK 1.4 billion compared to the previous quarter. In year-on-year comparison, they recorded a decrease of CZK 0.8 billion (0.43%).

The second largest category of loans to residents consisted of loans to households, totalling CZK 79.3 billion. They were up by CZK 1.0 billion compared to the previous quarter. In year-on-year terms, loans provided to households fell by CZK 4.8 billion, i.e. 5.7%. Loans to households account for 31.4% 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: collective investment undertakings complying with all the following criteria shall be treated as MMFs, where they:

- (a) pursue the investment objective of maintaining a fund's principal and providing a return in line with the interest rates of money market instruments;
- (b) invest in money market instruments which comply with the criteria for money market instruments set out in Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (*), or deposits with credit institutions or, alternatively,

- ensure that the liquidity and valuation of the portfolio in which they invest is assessed on an equivalent basis;
- (c) ensure that the money market instruments they invest in are of high quality, as determined by the management company. The quality of a money market instrument shall be considered, inter alia, on the basis of the following factors:
- the credit quality of the money market instrument,
 - the nature of the asset class represented by the money market instrument,
 - for structured financial instruments, the operational and counterparty risk inherent within the structured financial transaction,
 - the liquidity profile;
- (d) ensure that their portfolio has a weighted average maturity (WAM) of no more than 6 months and a weighted average life (WAL) of no more than 12 months, when
- 'weighted average maturity' (WAM) shall mean a measure of the average length of time to maturity of all of the underlying securities in the fund weighted to reflect the relative holdings in each instrument, assuming that the maturity of a floating rate instrument is the time remaining until the next interest rate reset to the money market rate, rather than the time remaining before the principal value of the security must be repaid. In practice, WAM is used to measure the sensitivity of a MMF to changing money market interest rates;
 - 'weighted average life' (WAL) shall mean the weighted average of the remaining maturity of each security held in a fund, meaning the time until the principal is repaid in full, disregarding interest and not discounting. Contrary to the calculation of the WAM, the calculation of the WAL for floating rate securities and structured financial instruments does not permit the use of interest rate reset dates and instead only uses a security's stated final maturity. WAL is used to measure the credit risk, as the longer the reimbursement of principal is postponed, the higher the credit risk. WAL is also used to limit the liquidity risk;
- (e) provide daily net asset value (NAV) and a price calculation of their shares/units, and daily subscription and redemption of shares/units;
- (f) limit investment in securities to those with a residual maturity until the legal redemption date of less than or equal to 2 years, provided that the time remaining until the next interest rate reset date is less than or equal to 397 days whereby floating rate securities should reset to a money market rate or index;
- (g) limit investment in other collective investment undertakings to those complying with the definition of MMFs;
- (h) do not take direct or indirect exposure to equity or commodities, including via derivatives and only use derivatives in line with the money market investment strategy of the fund. Derivatives which give exposure to foreign exchange may only be used for hedging purposes. Investment in non-base currency securities is allowed provided the currency exposure is fully hedged;
- (i) have either a constant or fluctuating NAV

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:

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