

## **Brief analytical comments**

In the first half of 2009 **financial intermediation sector** showed fall in the average number of employees in actual persons by 1,9 %. The average monthly wage of actual persons increased, the sector achieved 1,8% increase, the average wage stated at CZK 47 106.

The gross profit in the sector during the reference period increased by 38,6 %. Non-banking monetary institutions and insurance companies primarily created this positive result, banks and pension funds struggled with decrease.

In January to June **banking monetary institutions** (CZ-NACE 64.19 – banks without CNB, building societies) realized the total revenues amounting to CZK 116,0 billion, including financial revenues amounting to CZK 114,7 billion. The total costs stood at CZK 77,7 billion, including the total financial costs amounting to CZK 42,3 billion.

Unlike the difference between total revenues and total expenses, the financial performance of the monetary banking institutions is higher by the profits (lower by the losses) made from certain financial and some other transactions (e.g. foreign currency, derivatives and securities transactions). Since 2007, the financial performance of these institutions has been measured in terms of their results – i.e. as profits or losses from these financial and other transactions – and not in terms of revenues and expenses.

In the first quarter of 2009 the difference between the total revenues and total cost was CZK 38,4 billion and the net loss from financial and some other operations was CZK 6,6 billions. The banking monetary institutions made pre-tax net income amounting to CZK 31,8 billion, which means decrease by 1,9 % year-on-year.

During the first half of 2009 all 37 banks and building societies employed 38 687 actual persons on average, by 3,1 % less than in the same period of 2008. The average monthly wage of actual persons has continued in growing trend (increase by 4,7 %) and stood at CZK 52 312.

Interests receivable reached CZK 89,1 billion and interests payable reached the amount of CZK 37,4 billion in the first quarter of 2009. Interests receivable decreased by 2,7 % year-on-year. Interests payable decreased by 16,4 % year-on-year. The interest margin grew from CZK 46,9 to 51,8 billion.

In comparison with the end of 1<sup>st</sup> half of 2008 there was a drop of number of concluded contracts for savings for building purposes and purchases of a house. The fall was 76 127 contracts (total 5 636 700) year-on-year and translates into a fall of 1,3 % compared to the corresponding period of the year 2008. The number of contracts in saving stage accounting for 87,2 % of total number of contracts stood at 4 915 745, which meant a decrease by 159 119 contracts in comparison with the end of corresponding period of the previous year.

**Non-banking monetary institutions** (CZ-NACE, code 64.9 and 66) reported a profit before taxes of CZK 21,5 billion from the beginning of the first to the end of the second quarter of 2009, an increase of 222,3% compared with a profit of CZK 6,7 billion in the same period of the previous year.

**Investment companies and investment funds** (CZ-NACE, code 64.9) generated during the period from January to the end of June a profit of CZK 3,9 billion, compared with a loss of CZK 6,2 billion in the same period or the year 2008.

**Financial leasing companies** (CZ-NACE, code 64.91) reached a pre-tax profit of CZK 2,1 billion in the first half of the year, a decrease of 51,1 % compared to the corresponding period of the previous year.

Total revenues in the first half of this year were CZK 64,8 billion, down 82,4 % from the first half of 2008. Total expenses in the first half of this year were CZK 62,7 billion, down 84,4 % from the first half of 2008.

In January to March **insurance companies** (CZ-NACE 65.11 and 65.12) and **reinsurance companies** (CZ-NACE 65.20) made pre-tax profits amounting to CZK 2,3 billion, which translates into an increase of 67,0 % compared to the corresponding period of the previous year.

In January to June **insurance companies** (CZ-NACE 65.11 and 65.12) and **reinsurance companies** (CZ-NACE 65.20) made pre-tax profits amounting to CZK 10,0 billion, which translates into an increase of 71,0 % compared to the corresponding period of the previous year.

In the first half of 2009 gross premiums written stood at CZK 71,7 billion, accounting for 36,2 % of total revenues and rising by 1,3 % year-on-year. Insurance claims paid amounted to CZK 38,5 billion, making up 20,4 % of total expenses of the insurance companies. Costs of these insurance

claims increased by 14,9 % year-on-year. Over the period of January to the end of June, total technical provisions for life insurance decreased by CZK 5,9 billion to CZK 212,7 billion.

In the period from the beginning of 2009 till the end of June all of the 55 insurance companies employed a total of 14 756 employees (actual persons) on average, i.e., by 0,8 % more than in the corresponding period of 2008. The average monthly wage (related to actual persons) was CZK 40 569, decreasing by 2,3 % in comparison to the same period of 2008.

During the first half of 2009 there were concluded 4 439 044 non-life insurance contracts, by 2,3 % less than in the same period of the previous year. The number of life insurance contracts concluded during the observed period of 2009 was 446 993, which translates into a decrease of 8,4 %.

In the first half of 2009 **pension funds** (CZ-NACE 65.30) made their pre-tax profits amounting to CZK 1,0 billion (a decrease of 30,3 % year-on-year). Total expenses of 10 active pension funds during the period from January to the end of June reached CZK 6,9 billion, rising by 88,0 % year-on-year. Total revenues increased by 54,4 % year-on-year to CZK 8,0 billion. Financial expenses were 77,4 % of total expenses and financial revenues accounted for 98,3 % of total revenues.

First half of 2009 saw total technical provisions of pension funds growing by 9,7 % to CZK 193,4 billion. Contributions received from members and employers (excluding government contributions) stood at CZK 17,8 billion, decreasing by 1,2 % year-on-year. Government contributions increased by 8,1 % in the observed period of 2009 and amounted to CZK 2,8 billion. Supplementary pension insurance benefits paid stood at CZK 10,9 billion, which was a year-on-year growth of 31,6 %.

There were 4 412 852 active supplementary pension insurance policy holders (members of pension schemes) in total on 30<sup>th</sup> June 2009. The number increased by 6,4 % in comparison with the end of the same period of 2008. Of the total, 4 290 017 persons received government contributions. The number of pension recipients increased by 1 016 to 8 067 persons since the beginning of 2009.

All of the pension funds employed a total of 504 actual persons on average in the first half of 2009, which resulted in the 5,4% increase in comparison with the same period of 2008. The average monthly wage related to actual persons grew up by 3,5 % year-on-year and amounted to 48 061 CZK.