

Brief analytical comments

In January to September **financial intermediation sector** showed increase in the average number of employed persons in f/t equivalent by 3,7 %. The average monthly wage related to f/t persons tended to increase, the sector reached 6,7% growth. In the second quarter came about the moderate slowdown of average monthly wage growth (not even by one percentage point) that is directly connected with decrease of wages of banking institutions and pension funds.

The gross profit in the sector in the first three quarters of 2008 fell by 25,4 %. In the first two quarters were the profits of all observed institutions except of banks continuously decreasing. In the third quarter the decrease affected banking sector as well.

In January to September **banking monetary institutions** (CZ-NACE 65.12 – banks without CNB, building societies) realized the total revenues amounting to CZK 179,4 billion, including financial revenues amounting to CZK 177,7 billion. The total costs stood at CZK 130,4 billion, including the total financial costs amounting to CZK 76,9 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 three quarters of 2008 the difference between the total revenues and total cost was CZK 49,0 billion and the net loss from financial and some other operations was CZK 4,9 billions. The banking monetary institutions made pre-tax net income amounting to CZK 44,1 billion, which meant increase by 3,5 % year-on-year.

During the first three quarters of 2008 all 36 banks and building societies employed 39 453 actual persons on average, by 3,3 % more than in the same period of 2007. In terms of f/t equivalent, the average number of employed persons rose by 3,1 % to 37 592 persons. The average monthly wage related to f/t persons has continued in growing trend (increase by 3,5 % year-on-year) and stood at CZK 50 032.

Interests receivable reached CZK 141,5 billion and interests payable reached the amount of CZK 69,9 billion in the first three quarters of 2008. Interests receivable increased by 26,0 % year-on-year. Interests payable rose by 37,8 % year-on-year. The interest margin grew from CZK 61,6 to 71,7 billion.

In comparison with the end of 3rd quarter of 2007 there was a drop in number of concluded contracts for savings for building purposes and purchases of a house. The fell was 78 385 contracts (total 5 720 362) year-on-year and translates into a fell of 1,4 % compared to the corresponding period of the year 2007. The number of contracts in saving stage accounting for 87,8 % of total number of contracts stood at 5 024 746, which means the decrease by 107 759 contracts in comparison with the end of corresponding period of the previous year.

Non-banking monetary institutions (CZ-NACE, rev. 1 code 65.2 and 67) showed an accumulated profit from the first to the third quarter of 2008 of CZK 7,3 billion. In comparison with the same period of the previous year there was a decrease in profit by 60,3 %.

The reason for the negative result reached in the first three quarters of 2008 was in the first place growth in expenses, which amounted to CZK 237,1 billion during the observed period, an increase by 21,6 % year-on-year. Growing expenses were determined particularly by increase in financial expenses – 29,7 % in comparison with the previous year.

The revenues stood at CZK 244,4 billion from the first to third quarter of 2008, went up by 14,5 % against the same period of the last year. The financial revenues were CZK 86,5 billion, rose by 14,8 % year-on-year.

In January to September **insurance companies** (CZ-NACE 66.01 and 66.03) made pre-tax profits amounting to CZK 5,9 billion, which translates into a decrease of 60,3 % compared to the corresponding period of the previous year.

In the first three quarters of 2008 gross premiums written stood at CZK 103,8 billion, accounting for 40,1 % of total revenues and rising by 4,8 % year-on-year. Insurance claims paid amounted to CZK 49,2 billion, making up 19,4 % of total expenses of the insurance companies. Costs of these insurance claims increased by 8,4 % year-on-year. Over the period of January to the end of

September, total technical provisions for life insurance increased by CZK 9,5 billion to CZK 206,8 billion.

In the period from the beginning of 2008 till the end of September all of the 51 insurance companies employed a total of 14 624 employees (actual persons) on average, i.e., by 1,7 % more than in the corresponding period of 2007. In terms of full-time equivalent (fte) persons, the average registered number of employees was 14 392; the employment thus increased by 1,6 %. The average monthly wage (related to the fte persons) was 41 333 CZK, increasing by 9,9 % in comparison with the same period of 2007.

During the first three quarters of 2008 there were concluded 7 455 693 non-life insurance contracts, by 44,1 % more than in the same period of the previous year. The number of life insurance contracts concluded during the observed period of 2008 was 704 673, which translates into an increase of 7,1 %.

In the three quarters of 2008 **pension funds** (CZ-NACE 66.02) made their profits amounting to CZK 2,3 billion (a decrease of 42,5 % year-on-year). It was a result of unfavourable capital market condition. Total expenses of 10 active pension funds during the period from January to the end of September reached CZK 5,9 billion, rising by 27,7 % year-on-year. Total revenues decreased by 4,9 % year-on-year to CZK 8,1 billion. Financial expenses were 60,8 % of total expenses and financial revenues accounted for 96,0 % of total revenues.

The first three quarters of 2008 saw total technical provisions of pension funds growing by 16,5 % to CZK 181,2 billion. Contributions received from members and employers (excluding government contributions) stood at CZK 27,1 billion, increasing by 12,6 % year-on-year. Government contributions increased by 10,9 % in the observed period of 2008 and amounted to CZK 3,8 billion. Supplementary pension insurance benefits paid stood at CZK 12,6 billion, which is a year-on-year growth of 30,8 %.

There were 4 216 046 active supplementary pension insurance policy holders (members of pension schemes) in total on 30th September 2008. The number increased by 9,0 % in comparison with the end of the same period of 2007. Of the total, 4 123 523 persons received government contributions. The number of pension recipients increased by 906 to 7 051 persons since the beginning of 2008.

All of the pension funds employed a total of 482 actual persons on average in the first three quarters of 2008, which resulted in the 3,7% increase in comparison with the same period of 2007. This employment in terms of full-time equivalent stood at 462 persons and rose by 4,1 % year-on-year. The average monthly wage related to fte persons was up by 1,5 % year-on-year and amounted to 46 213 CZK.