

Brief analytical comments

In January to March **banking monetary institutions** (CZ-NACE 65.12 – banks without CNB, building societies) realized the total revenues amounting to CZK 56,9 billion, including financial revenues amounting to CZK 56,4 billion. The total costs stood at CZK 41,4 billion, including the total financial costs amounting to CZK 24,1 billion.

Unlike the difference between total revenues and total expenses, the financial performance of the monetary banking institutions is higher by the profits 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 2008 the difference between the total revenues and total cost was CZK 15,5 billion and the net profit from financial and some other operations was CZK 0,2 billions. The banking monetary institutions made pre-tax net income amounting to CZK 15,6 billion, which means increase by 17,3 % year-on-year. Considering the fact, that the average interest rate of mortgage loans is keep rising, the mortgage market ran into moderate decrease of new contracts.

During the first quarter of 2008 all 36 banks and building societies employed 39 664 actual persons on average, by 6,3 % more than in the same period of 2007. In terms of f/t equivalent, the average number of employed persons rose by 2,7 % to 37 260 persons. The average monthly wage related to f/t persons has continued in growing trend (increase by 7,9 %) and stood at CZK 62 071.

Interests receivable reached CZK 45,0 billion and interests payable reached the amount of CZK 21,9 billion in the first quarter of 2008. Interests receivable increased by 29,2 % year-on-year. Interests payable rose by 42,9 % year-on-year. The interest margin grew from CZK 19,5 to 23,1 billion. Loan interests volume of banks is still increasing despite the slight reduction in growth dynamics for new mortgages, which is probably caused by continuous rising of the average interest rate on mortgage loans. The subprime mortgage crisis influenced the mortgage market results as well, but not considerably.

In comparison with the end of 1st quarter of 2007 there was a drop of number of concluded contracts for savings for building purposes and purchases of a house. The fell was 130 528 contracts (total 5 769 096) year-on-year and translates into a fell of 2,2 % compared to the corresponding period of the year 2007. The number of contracts in saving stage accounting for 88,4 % of total number of contracts stood at 5 101 726, which means the decrease by 140 506 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 a loss of CZK 1,0 billion in the first quarter of 2008. Compared with the same period of the previous year, it was a slump of 6,9 CZK billion.

The reason for the negative result reached in the first quarter of 2008 was in the first place growth in expenses, that amount to CZK 79,1 billion during the observed period, an increase of 27 % in comparison with the same period of the previous year. Growing expenses were determined particularly by increase in financial expenses - 41,5 % in comparison with the first quarter of 2007.

The revenues were CZK 78,3 billion in the first quarter of 2008, went up by 14,5% against the first quarter of 2007.

In January to March **insurance companies** (CZ-NACE 66.01 and 66.03) made pre-tax profits amounting to CZK 1,4 billion, which translates into a decrease of 67,8 % compared to the corresponding period of the previous year.

In the first quarter of 2008 gross premiums written stood at CZK 36,2 billion, accounting for 40,4 % of total revenues and rising by 2,1 % year-on-year. Insurance claims paid amounted to CZK 16,8 billion, making up 19,1 % of total expenses of the insurance companies. Costs of these insurance claims increased by 10,1 % year-on-year. Over the period of January to the end of March, total technical provisions for life insurance increased by CZK 2,0 million to CZK 199,3 billion.

In the period from the beginning of 2008 till the end of March all of the 50 insurance companies employed a total of 14 633 employees (actual persons) on average, i.e., by 1,8 % more than in the corresponding period of 2007. In terms of full-time equivalent (fte) persons, the average registered number of employees was 14 406; the employment thus increased by 1,6 %. The average monthly wage (related to the fte persons) was 44 856 CZK, increasing by 19,8 % in comparison to the same period of 2007.

During the first quarter of 2008 there were concluded 2 140 386 non-life insurance contracts, by 49,9 % more than in the same period of the previous year. The number of life insurance contracts concluded during the observed period of 2008 was 227 909, which translates into a increase of 1,9 %.

In the first quarter of 2008 **pension funds** (CZ-NACE 66.02) made their profits amounting to CZK 0,6 billion (an decrease of 60,0 % year-on-year). Total expenses of 10 active pension funds during the period from January to the end of March reached CZK 1,9 billion, rising by 48,7 % year-on-year. Total revenues decreased by 7,7 % year-on-year to CZK 2,5 billion. Financial expenses were 66,9 % of total expenses and financial revenues accounted for 98,8 % of total revenues.

First quarter of 2008 saw total technical provisions of pension funds growing by 18,3 % to CZK 167,6 billion. Contributions received from members and employers (excluding government contributions) stood at CZK 9,4 billion, increasing by 15,2 % year-on-year. Government contributions increased by 12,5 % in the observed period of 2008 and amounted to CZK 1,3 billion. Supplementary pension insurance benefits paid stood at CZK 4,0 billion, which is a year-on-year growth of 32,3 %.

There were 4 072 437 active supplementary pension insurance policy holders (members of pension schemes) in total on 31st March 2008. The number increased by 9,2 % in comparison with the end of the same period of 2007. Of the total, 4 013 090 persons received government contributions. The number of pension recipients increased by 272 to 6 417 persons since the beginning of 2008.

All of the pension funds employed a total of 478 actual persons on average in the first quarter of 2008, which resulted in the 2,6% increase in comparison with the same period of 2007. This employment in terms of full-time equivalent stood at 458 persons and rose by 3,4 % year-on-year. The average monthly wage related to fte persons grew up by 0,1 % year-on-year and amounted to 53 737 CZK.