

## Brief analytical comments

In January to December **financial intermediation sector** showed increase in the average number of employed persons in f/t equivalent by 4,4 %. The average monthly wage related to f/t persons tended to increase, the sector reached 6,5% growth. Only in the second quarter came about the moderate slowdown of average monthly wage growth (by one and half percentage point) that is directly connected with decrease of wages of banking institutions and pension funds.

The gross profit in the sector during the period of 2008 fell by 29,9 %. In the second half of the year there was a decrease in profits within the banking sector, the insurance companies realized increase in the last quarter and pension funds and non-banking institutions slumped into the loss in the same quarter.

In January to December **banking monetary institutions** (CZ-NACE 65.12 – banks without CNB, building societies) realized the total revenues amounting to CZK 245,4 billion, including financial revenues amounting to CZK 242,8 billion. The total costs stood at CZK 177,9 billion, including the total financial costs amounting to CZK 104,9 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 four quarters of 2008 the difference between the total revenues and total cost was CZK 67,5 billion and the net loss from financial and some other operations was CZK 13,4 billions. The banking monetary institutions made pre-tax net income amounting to CZK 54,1 billion, which meant decrease by 8,7 % year-on-year.

During the 2008 all 37 banks and building societies employed 39 382 actual persons on average, by 2,1 % more than in the same period of 2007. In terms of f/t equivalent, the average number of employed persons rose by 3,2 % to 37 817 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 48 153.

Interests receivable reached CZK 192,3 billion and interests payable reached the amount of CZK 94,2 billion in 2008. Interests receivable increased by 22,9 % year-on-year. Interests payable rose by 31,6 % year-on-year. The interest margin grew from CZK 84,9 to 98,0 billion.

In comparison with the end of 2007 there was a drop in number of concluded contracts for savings for building purposes and purchases of a house. The fell was 60 493 contracts (total 5 744 271) year-on-year and translates into a fell of 1,0 % compared to the corresponding period of the previous year. The number of contracts in saving stage accounting for 88,5 % of total number of contracts stood at 5 083 031, which means the decrease by 56 946 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) made in the reference period of 2008 a profit of CZK 5.4 billion. In comparison with the same period of the previous year there was a decrease in profit by 78,3 %.

The reason for the negative result reached in the reference period of 2008 was in the first place increasing financial expenses, which amounted to CZK 123.3 billion during the observed period, an increase by 61,2 % year-on-year.

**Investment companies and investment funds** (CZ-NACE, rev.1, code 65.2) realized during the reference period a loss of CZK 18.5 billion.

The property of investment companies and investment funds increased by CZK 0,7 billion (by 110,1 %) in 2008.

Financial investments decreased during 2008 by CZK 35,0 billion (fell by 19,8 %). From this, value of deposits decreased by CZK 5,5 billion (fell by 19,6 %), value of stocks and shares decreased by CZK 22,5 billion (fell by 41,3 %) and value of bonds fell of CZK 7,2 billion (decrease by 7,7 %).

**Financial leasing companies** (CZ-NACE, rev. 1, code 65.21) realized during 2008 a profit of CZK 2,4 billion. In comparison with the last year, it was 49,5% decrease.

Outputs (including received financial leasing instalments) grew up and to 31. 12. 2008 reached the amount of CZK 114,5 billion (increase by 4,3 %). Received financial leasing instalments interannually increased by 2,3 %.

In January to December **insurance companies** (CZ-NACE 66.01 and 66.03) made pre-tax profits amounting to CZK 13,0 billion, which translates into a decrease of 19,6 % compared to the corresponding period of the previous year.

In the four quarters of 2008 gross premiums written stood at CZK 139,0 billion, accounting for 38,4 % of total revenues and rising by 4,8 % year-on-year. Insurance claims paid amounted to CZK 68,7 billion, making up 19,7 % of total expenses of the insurance companies. Costs of these insurance claims increased by 11,0 % year-on-year. Over the period of 2008, total technical provisions for life insurance increased by CZK 9,6 billion to CZK 206,9 billion.

In the period from the beginning till the end of 2008 all of the 53 insurance companies employed a total of 14 700 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 14 449; the employment thus increased by 1,7 %. The average monthly wage (related to the fte persons) was 41 462 CZK, increasing by 9,3 % in comparison with the same period of 2007.

During the 2008 there were concluded 9 066 842 non-life insurance contracts, by 35,1 % more than in the same period of the previous year. The number of life insurance contracts concluded during the observed period of 2008 was 943 088, which translates into an increase of 3,4 %.

In the four quarters of 2008 **pension funds** (CZ-NACE 66.02) made their profits amounting to CZK 0,7 billion (a decrease of 83,8 % year-on-year). Total expenses of 10 active pension funds during the period from January to the end of the year reached CZK 11,8 billion, rising by 74,1 % year-on-year. Total revenues increased by 12,9 % year-on-year to CZK 12,4 billion. Financial expenses were 74,1 % of total expenses and financial revenues accounted for 97,0 % of total revenues.

The four quarters of 2008 saw total technical provisions of pension funds growing by 14,9 % to CZK 186,4 billion. Contributions received from members and employers (excluding government contributions) stood at CZK 35,6 billion, increasing by 11,0 % year-on-year. Government contributions increased by 10,9 % in the observed period of 2008 and amounted to CZK 5,2 billion. Supplementary pension insurance benefits paid stood at CZK 17,5 billion, which is a year-on-year growth of 23,2 %.

There were 4 302 181 active supplementary pension insurance policy holders (members of pension schemes) in total on 31<sup>st</sup> December 2008. The number increased by 8,3 % in comparison with the end of the same period of 2007. Of the total, 4 197 310 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 487 actual persons on average in the four quarters of 2008, which resulted in the 3,0% increase in comparison with the same period of 2007. This employment in terms of full-time equivalent stood at 466 persons and rose by 3,6 % year-on-year. The average monthly wage related to fte persons was up by 4,7 % year-on-year and amounted to 47 112 CZK.