

Brief analytical comments

In the first quarter of 2009 **financial intermediation sector** showed fall in the average number of employees in actual persons by 1,3 %. The average monthly wage of actual persons decreased, the sector struggled with 1,0% decrease, the average wage stated at CZK 51 720.

The gross profit in the sector during the reference period increased by 25,6 %. This positive result was primarily created by non-banking monetary institutions and insurance companies and by pension funds as well.

In January to March **banking monetary institutions** (CZ-NACE 64.19 – banks without CNB, building societies) realized the total revenues amounting to CZK 57,3 billion, including financial revenues amounting to CZK 56,7 billion. The total costs stood at CZK 39,4 billion, including the total financial costs amounting to CZK 21,8 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 17,9 billion and the net loss from financial and some other operations was CZK 3,4 billions. The banking monetary institutions made pre-tax net income amounting to CZK 14,5 billion, which means decrease by 7,0 % year-on-year.

During the first quarter of 2009 all 37 banks and building societies employed 38 887 actual persons on average, by 2,1 % less than in the same period of 2008. The average monthly wage of actual persons has continued in growing trend (increase by 3,0 %) and stood at CZK 60 322.

Interests receivable reached CZK 45,3 billion and interests payable reached the amount of CZK 19,3 billion in the first quarter of 2009. Interests receivable increased by 0,7 % year-on-year. Interests payable decreased by 11,8 % year-on-year. The interest margin grew from CZK 23,1 to 26,0 billion.

In comparison with the end of 1st quarter of 2008 there was a drop of number of concluded contracts for savings for building purposes and purchases of a house. The fall was 69 272 contracts (total 5 699 824) year-on-year and translates into a fall of 1,2 % compared to the corresponding period of the year 2008. The number of contracts in saving stage accounting for 87,3 % of total number of contracts stood at 4 975 212, which meant a decrease by 126 514 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 4,1 billion in the first quarter of 2009, compared with a loss of CZK 0,2 billion in the first quarter of 2008.

Investment companies and investment funds (CZ-NACE, code 64.9) generated in the first quarter of 2009 a loss of CZK 1,6 billion, down 27,1 % from the same period a year earlier.

Financial leasing companies (CZ-NACE, code 64.91) reached a pre-tax profit of CZK 0,4 billion in the first quarter of 2009, a decrease of 80,1 % compared with the first quarter of 2008.

Total revenues in the first quarter of this year were CZK 30,9 billion, down 85,2 % from the first quarter of 2008. Total expenses in the first quarter of this year were CZK 30,5 billion, down 89 % from the first quarter 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 the first quarter of 2009 gross premiums written stood at CZK 37,5 billion, accounting for 38,3 % of total revenues and rising by 3,6 % year-on-year. Insurance claims paid amounted to CZK 19,6 billion, making up 20,5 % of total expenses of the insurance companies. Costs of these insurance claims increased by 16,7 % year-on-year. Over the period of January to the end of March, total technical provisions for life insurance decreased by CZK 1,2 billion to CZK 205,7 billion.

In the period from the beginning of 2009 till the end of March all of the 55 insurance companies employed a total of 14 870 employees (actual persons) on average, i.e., by 1,6 % more than in the corresponding period of 2008. The average monthly wage (related to actual persons) was CZK 40 904,

decreasing by 7,4 % in comparison to the same period of 2008.

During the first quarter of 2009 there were concluded 2 202 743 non-life insurance contracts, by 4,6 % more than in the same period of the previous year. The number of life insurance contracts concluded during the observed period of 2009 was 211 817, which translates into a decrease of 9,0 %.

In the first quarter of 2009 **pension funds** (CZ-NACE 65.30) made their pre-tax profits amounting to CZK 0,9 billion (an increase of 56,4 % year-on-year). Total expenses of 10 active pension funds during the period from January to the end of March reached CZK 3,8 billion, rising by 97,3 % year-on-year. Total revenues increased by 88,1 % year-on-year to CZK 4,7 billion. Financial expenses were 79,8 % of total expenses and financial revenues accounted for 98,5 % of total revenues.

First quarter of 2009 saw total technical provisions of pension funds growing by 13,0 % to CZK 189,4 billion. Contributions received from members and employers (excluding government contributions) stood at CZK 9,1 billion, decreasing by 3,5 % year-on-year. Government contributions increased by 11,4 % in the observed period of 2009 and amounted to CZK 1,4 billion. Supplementary pension insurance benefits paid stood at CZK 5,7 billion, which was a year-on-year growth of 43,8 %.

There were 4 355 450 active supplementary pension insurance policy holders (members of pension schemes) in total on 31st March 2009. The number increased by 6,9 % in comparison with the end of the same period of 2008. Of the total, 4 243 409 persons received government contributions. The number of pension recipients increased by 421 to 7 472 persons since the beginning of 2009.

All of the pension funds employed a total of 507 actual persons on average in the first quarter of 2009, which resulted in the 6,1% increase in comparison with the same period of 2008. The average monthly wage related to actual persons grew up by 2,4 % year-on-year and amounted to 52 750 CZK.