

## **Brief analytical comments**

In January to June **banking monetary institutions** (CZ-NACE 65.12 – banks without CNB, building societies) realized the total revenues amounting to CZK 117,4 billion, including financial revenues amounting to CZK 116,2 billion. The total costs stood at CZK 85,1 billion, including the total financial costs amounting to CZK 49,3 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 half of 2008 the difference between the total revenues and total cost was CZK 32,3 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 32,5 billion, which meant increase by 13,0 % 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 half of 2008 all 36 banks and building societies employed 39 885 actual persons on average, by 5,3 % more than in the same period of 2007. In terms of f/t equivalent, the average number of employed persons rose by 2,8 % to 37 445 persons. The average monthly wage related to f/t persons has continued in growing trend (increase by 2,2 %) and stood at CZK 53 056.

Interests receivable reached CZK 91,6 billion and interests payable reached the amount of CZK 44,7 billion in the first half of 2008. Interests receivable increased by 27,7 % year-on-year. Interests payable rose by 41,1 % year-on-year. The interest margin grew from CZK 40,1 to 46,9 billion. Loan interests volume continues to rise, despite the decrease in number and volume of new mortgages announced by banking sector. Public interest during the half-year was rather focused on consumer credits.

In comparison with the end of 1<sup>st</sup> half of 2007 there was a drop of number of concluded contracts for savings for building purposes and purchases of a house. The fell was 126 512 contracts (total 5 712 827) 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 88,8 % of total number of contracts stood at 5 074 864, which means the decrease by 104 847 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 second quarter of 2008 of CZK 7,2 billion. In comparison with the same period of the previous year there was a decrease in profit about 47,2 %. That is a consequence of a loss realized in the first quarter of 2008.

**Investment companies and investment funds** (CZ-NACE, rev.1, code 65.2) made in the second quarter of 2008 a profit of CZK 0,2 billion. Investment companies and funds realized during the first half-year a loss of CZK 5,7 billion. The negative result in the first quarter of 2008 mainly participated on this loss.

**Financial leasing companies** (CZ-NACE, rev.1, code 65.2) reached a positive result in the first half of the year when during the reference period realized a profit of CZK 4,4 billion. In comparison with the same period of the previous year there was an increase in profit about CZK 158,7 %. The second quarter of this year was noticeably the best period in the time series from 2007. The profit was made in the amount of CZK 2,4 billion.

In January to June **insurance companies** (CZ-NACE 66.01 and 66.03) made pre-tax profits amounting to CZK 5,8 billion, which translates into a decrease of 50,5 % compared to the corresponding period of the previous year.

In the first half of 2008 gross premiums written stood at CZK 70,8 billion, accounting for 39,9 % of total revenues and rising by 5,6 % year-on-year. Insurance claims paid amounted to CZK 33,5 billion, making up 19,5 % of total expenses of the insurance companies. Costs of these insurance claims increased by 9,0 % year-on-year. Over the period of January to the end of June, total technical provisions for life insurance increased by CZK 4,7 million to CZK 202,1 billion.

In the period from the beginning of 2008 till the end of June all of the 51 insurance companies employed a total of 14 633 employees (actual persons) on average, i.e., by 1,9 % more than in the corresponding period of 2007. In terms of full-time equivalent (fte) persons, the average registered number of employees was 14 399; the employment thus increased by 1,7 %. The average monthly

wage (related to the fte persons) was 42 188 CZK, increasing by 10,7 % in comparison with the same period of 2007.

During the first half of 2008 there were concluded 4 788 053 non-life insurance contracts, by 40,5 % more than in the same period of the previous year. The number of life insurance contracts concluded during the observed period of 2008 was 487 954, which translates into a increase of 7,0 %.

In the first half of 2008 **pension funds** (CZ-NACE 66.02) made their profits amounting to CZK 1,5 billion (a decrease of 52,9 % 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 June reached CZK 3,7 billion, rising by 30,6 % year-on-year. Total revenues decreased by 13,2 % year-on-year to CZK 5,2 billion. Financial expenses were 64,0 % of total expenses and financial revenues accounted for 98,7 % of total revenues.

First half of 2008 saw total technical provisions of pension funds growing by 17,2 % to CZK 176,3 billion. Contributions received from members and employers (excluding government contributions) stood at CZK 18,0 billion, increasing by 9,1 % year-on-year. Government contributions increased by 12,5 % in the observed period of 2008 and amounted to CZK 2,5 billion. Supplementary pension insurance benefits paid stood at CZK 8,3 billion, which is a year-on-year growth of 30,9 %.

There were 4 148 280 active supplementary pension insurance policy holders (members of pension schemes) in total on 30<sup>th</sup> June 2008. The number increased by 9,0 % in comparison with the end of the same period of 2007. Of the total, 4 050 436 persons received government contributions. The number of pension recipients increased by 643 to 6 788 persons since the beginning of 2008.

All of the pension funds employed a total of 478 actual persons on average in the first half 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 459 persons and rose by 3,6 % year-on-year. The average monthly wage related to fte persons remained nearly unchanged year-on-year and amounted to 48 418 CZK.