

## Brief analytical comments

In the first three quarters of 2009 **financial intermediation sector** showed fall in the average number of employees in actual persons by 1,7 %. The average monthly wage of actual persons increased, the sector achieved 2,1% increase, the average wage stated at CZK 45 524.

The gross profit in the sector during the reference period increased by 74,0 %. Nearly all of the financial institutions participated on this positive result, except of pension funds with slight decrease of their profit.

In January to September **banking monetary institutions** (CZ-NACE 64.19 – banks without CNB, building societies) realized the total revenues amounting to CZK 171,8 billion, including financial revenues amounting to CZK 169,5 billion. The total costs stood at CZK 114,7 billion, including the total financial costs amounting to CZK 62,0 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 2009 the difference between the total revenues and total cost was CZK 57,1 billion and the net loss from financial and some other operations was CZK 8,9 billions. The banking monetary institutions made pre-tax net income amounting to CZK 48,3 billion, which means increase by 9,5 % year-on-year.

During the first three quarters of 2009 all 37 banks and building societies employed 38 426 actual persons on average, by 2,7 % less than in the same period of 2008. The average monthly wage of actual persons has continued in growing trend (increase by 3,5 %) and stood at CZK 49 369.

Interests receivable reached CZK 131,8 billion and interests payable reached the amount of CZK 54,8 billion in the first quarter of 2009. Interests receivable decreased by 6,9 % year-on-year. Interests payable decreased by 21,5 % year-on-year. The interest margin grew from CZK 71,7 to 77,0 billion.

In comparison with the end of 3<sup>rd</sup> 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 122 080 contracts (total 5 598 282) year-on-year and translates into a fall of 2,1 % compared to the corresponding period of the year 2008. The number of contracts in saving stage accounting for 87,0 % of total number of contracts stood at 4 872 020, which meant a decrease by 152 726 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 38,1 billion from the beginning of the first to the end of the third quarter of 2009, an increase of 382,8 % compared with a profit of CZK 7,9 billion in the same period of the previous year.

**Investment companies and investment funds** (CZ-NACE, code 64.9) generated during the period from January to the end of September a profit of CZK 10,2 billion, compared with a loss of CZK 9,6 billion in the same period or the year 2008.

**Financial leasing companies** (CZ-NACE, code 64.91) reached a pre-tax profit of CZK 3,8 billion in the first three quarters of 2009, a decrease of 7,6 % compared to the corresponding period of the previous year.

Total revenues in the first three quarters of 2009 were CZK 95,2 billion, down 79,0 % from the first three quarters of 2008. Total expenses in the first three quarters of 2009 were CZK 91,4 billion, down 78,5 % from the first three quarters of 2008.

In January to September **insurance companies** (CZ-NACE 65.11 and 65.12) and **reinsurance companies** (CZ-NACE 65.20) made pre-tax profits amounting to CZK 16,2 billion, which translates into an increase of 174,5 % compared to the corresponding period of the previous year.

In the first three quarters of 2009 gross premiums written stood at CZK 105,2 billion, accounting for 36,5 % of total revenues and rising by 1,3 % year-on-year. Insurance claims paid amounted to CZK 57,8 billion, making up 21,2 % of total expenses of the insurance companies. Costs of these insurance claims increased by 17,1 % year-on-year. Over the period of January to the end of September, total technical provisions for life insurance increased by CZK 12,4 billion to CZK 219,3

billion.

*In the period from the beginning of 2009 till the end of September all of the 54 insurance companies employed a total of 14 610 employees (actual persons) on average, i.e., by 0,1 % less than in the corresponding period of 2008. The average monthly wage (related to actual persons) was CZK 40 550, decreasing by 0,3 % in comparison to the same period of 2008.*

*During the first three quarters of 2009 there were concluded 7 390 753 non-life insurance contracts, by 0,8 % less than in the same period of the previous year. The number of life insurance contracts concluded during the observed period of 2009 was 675 055, which translates into a decrease of 4,2 %.*

*In the first three quarters of 2009 **pension funds** (CZ-NACE 65.30) made their pre-tax profits amounting to CZK 2,2 billion (a decrease of 5,7 % year-on-year). Total expenses of 10 active pension funds during the period from January to the end of September reached CZK 9,0 billion, rising by 53,1 % year-on-year. Total revenues increased by 36,6 % year-on-year to CZK 11,1 billion. Financial expenses were 74,3 % of total expenses and financial revenues accounted for 98,2 % of total revenues.*

*The first three quarters of 2009 saw total technical provisions of pension funds growing by 8,2 % to CZK 196,0 billion. Contributions received from members and employers (excluding government contributions) stood at CZK 26,4 billion, decreasing by 2,4 % year-on-year. Government contributions increased by 7,2 % in the observed period of 2009 and amounted to CZK 4,1 billion. Supplementary pension insurance benefits paid stood at CZK 17,3 billion, which was a year-on-year growth of 37,5 %.*

*There were 4 431 326 active supplementary pension insurance policy holders (members of pension schemes) in total on 30<sup>th</sup> September 2009. The number increased by 5,1 % in comparison with the end of the same period of 2008. Of the total, 4 337 047 persons received government contributions. The number of pension recipients increased by 1 996 to 9 047 persons since the beginning of 2009.*

*All of the pension funds employed a total of 493 actual persons on average in the first three quarters of 2009, which resulted in the 2,3% increase in comparison with the same period of 2008. The average monthly wage related to actual persons grew up by 4,1 % year-on-year and amounted to 46 031 CZK.*