

Brief analytical comments

In January to September **financial intermediation sector** showed fall in the average number of employees in actual persons by 0,7 %. The average monthly wage of actual persons decreased, the sector struggled with 2,5% decrease, the average wage stated at CZK 46 694.

The gross profit in the sector during the reference period increased by 22,1 %. On this positive result participated all monitored institutions.

In January to September **banking monetary institutions** (CZ-NACE 64.19 – banks without CNB, building societies) realized the total revenues amounting to CZK 168,1 billion, including financial revenues amounting to CZK 166,3 billion. The total costs stood at CZK 107,1 billion, including the total financial costs amounting to CZK 54,4 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 2010 the difference between the total revenues and total cost was CZK 61,0 billion and the net loss from financial and some other operations was CZK 9,6 billions. The banking monetary institutions made pre-tax net income amounting to CZK 51,4 billion, which means increase by 6,4 % year-on-year.

During the first three quarters of 2010 all 39 banks and building societies employed 37 919 actual persons on average, by 1,3 % less than in the same period of 2009. The average monthly wage of actual persons increased by 2,5 % and stood at CZK 50 590.

Interests receivable reached CZK 125,5 billion and interests payable reached the amount of CZK 47,2 billion in the first three quarters of 2010. Interests receivable decreased by 4,7 % year-on-year. Interests payable decreased by 13,8 % year-on-year. The interest margin grew from CZK 77,0 to 78,3 billion.

In comparison with the end of 3rd quarter of 2009 there was a rise in number of concluded contracts for savings for building purposes and purchases of a house. The rise was 14 120 contracts (total 5 612 402) year-on-year and translates into an increase of 0,3 % compared to the corresponding period of the year 2009. The number of contracts in saving stage accounting for 87,2 % of total number of contracts stood at 4 891 868, which meant an increase by 19 848 contracts in comparison with the end of corresponding period of the previous year.

Non-banking monetary institutions (CZ-NACE, code 64.2, 64.3, 64.9 and 66) generated a profit before taxes of CZK 43,4 billion from the first to the third quarter of 2010, an increase of 54,6 % compared with the profit of CZK 28,1 billion in the same period of the previous year.

Financial expenses amounted to CZK 42,4 billion, a decrease of 0,6 % year over year.

Financial revenues amounted to CZK 78,4 billion, an increase of 13,6 % year over year.

Investment companies and investment funds (CZ-NACE, code 64.3) reported during the period from January to the end of September of 2010 a profit of CZK 2,9 billion, compared with a profit of CZK 10,2 billion in the same period of 2009.

The property of the investment companies and investment funds increased of CZK 6,4 billion, an increase by 296,5 % year over year.

Financial investments in the third quarter of 2010 were CZK 151,9 billion, up 8,9 % from the same period a year earlier.

From this, worth of deposits decreased of CZK 3,6 billion (15,3 %), worth of stocks and shares increased of CZK 5,3 billion (up 14,5 %) and worth of bonds increased of CZK 9,7 billion (up 12,9 %).

Financial leasing companies (CZ-NACE, code 64.91) reached a pre-tax profit of CZK 4,2 billion from the first to the third quarter of 2010, an increase of 15,9 % compared to the corresponding period of the previous year.

Outputs (including received financial leasing instalments) decreased during the first three quarters of

2010 in comparison with the same period of 2009, reached the amount of CZK 56,9 billion (down 22,3 %). Received financial leasing instalments decreased about 26,1 %.

In January to June **insurance companies** (CZ-NACE 65.11 and 65.12) and **reinsurance companies** (CZ-NACE 65.20) made pre-tax profits amounting to CZK 16,9 billion, which translates into an increase of 5,3 % compared to the corresponding period of the previous year.

In the first three quarters of 2010 gross premiums written stood at CZK 112,5 billion, accounting for 37,6 % of total revenues and rising by 7,0 % year-on-year. Insurance claims paid amounted to CZK 62,3 billion, making up 22,1 % of total expenses of the insurance companies. Costs of these insurance claims increased by 7,8 % year-on-year. Over the period of January to the end of June, total technical provisions for life insurance increased by CZK 16,8 billion to CZK 242,8 billion.

In the period from the beginning of 2010 till the end of September all of the 52 insurance companies employed a total of 14 368 employees (actual persons) on average, i.e., by 1,7 % less than in the corresponding period of 2009. The average monthly wage (related to actual persons) was CZK 41 108, increasing by 1,4 % in comparison to the same period of 2009.

During the first three quarters of 2010 there were concluded 7 497 108 non-life insurance contracts, by 1,5 % more than in the same period of the previous year. The number of life insurance contracts concluded during the observed period of 2010 was 716 961, which translates into an increase of 5,9 %.

In the first three quarters of 2010 **pension funds** (CZ-NACE 65.30) made their pre-tax profits amounting to CZK 3,8 billion (an increase of 76,7 % year-on-year). Total expenses of 10 active pension funds during the period from January to the end of September reached CZK 5,6 billion, falling by 38,0 % year-on-year. Total revenues decreased by 15,8 % year-on-year to CZK 9,4 billion. Financial expenses were 59,2 % of total expenses and financial revenues accounted for 95,5 % of total revenues.

The first three quarters of 2010 saw total technical provisions of pension funds growing by 7,8 % to CZK 211,2 billion. Contributions received from members and employers (excluding government contributions) stood at CZK 24,0 billion, decreasing by 9,1 % year-on-year. Government contributions increased by 1,2 % in the observed period of 2010 and amounted to CZK 4,2 billion. Supplementary pension insurance benefits paid stood at CZK 17,5 billion, which was a year-on-year growth of 0,9 %.

There were 4 563 676 active supplementary pension insurance policy holders (members of pension schemes) in total on 30th September 2010. The number increased by 3,0 % in comparison with the end of the same period of 2009. Of the total, 4 439 967 persons received government contributions. The number of pension recipients increased by 615 to 9 402 persons since the beginning of 2010.

All of the pension funds employed a total of 452 actual persons on average in the first three quarters of 2010, which resulted in the 8,2% decrease in comparison with the same period of 2009. The average monthly wage related to actual persons fell by 8,3 % year-on-year and amounted to 42 191 CZK.