

Brief analytical comments

In the first half of 2010 **financial intermediation sector** showed fall in the average number of employees in actual persons by 1,9 %. The average monthly wage of actual persons decreased, the sector struggled with 2,9% decrease, the average wage stated at CZK 48 625.

The gross profit in the sector during the reference period increased by 10,3 %. On this positive result participated banks, insurance companies and pension funds, non-banking monetary institutions showed decrease in profit.

In January to June **banking monetary institutions** (CZ-NACE 64.19 – banks without CNB, building societies) realized the total revenues amounting to CZK 113,6 billion, including financial revenues amounting to CZK 112,3 billion. The total costs stood at CZK 71,2 billion, including the total financial costs amounting to CZK 36,6 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 half of 2010 the difference between the total revenues and total cost was CZK 42,4 billion and the net loss from financial and some other operations was CZK 5,8 billions. The banking monetary institutions made pre-tax net income amounting to CZK 36,6 billion, which means increase by 14,9 % year-on-year.

During the first half of 2010 all 39 banks and building societies employed 37 572 actual persons on average, by 2,9 % less than in the same period of 2009. The average monthly wage of actual persons increased by 2,5 % and stood at CZK 53 645.

Interests receivable reached CZK 83,6 billion and interests payable reached the amount of CZK 32,0 billion in the first half of 2010. Interests receivable decreased by 6,2 % year-on-year. Interests payable decreased by 14,5 % year-on-year. The interest margin fell from CZK 51,8 to 51,6 billion.

In comparison with the end of 1st half of 2009 there was a rise in number of concluded contracts for savings for building purposes and purchases of a house. The rise was 22 917 contracts (total 5 659 617) year-on-year and translates into an increase of 0,4 % compared to the corresponding period of the year 2009. The number of contracts in saving stage accounting for 87,3 % of total number of contracts stood at 4 942 334, which meant an increase by 26 589 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 15,4 billion from the first to the second quarter of 2010, a decrease of 9,1 % compared with the profit of CZK 17,0 billion in the same period of the previous year.

Financial expenses amounted to CZK 22,7 billion, a decrease of 26,0 % year over year. Financial revenues amounted to CZK 36,1 billion, a decrease of 20,9 % year over year.

Investment companies and investment funds (CZ-NACE, code 64.3) reported during the period from January to the end of June of 2010 a loss of CZK 0,4 billion, compared with a profit of CZK 4,1 billion in the same period of 2009.

The property of the investment companies and investment funds increased of CZK 3,5 billion, an increase by 164,4 % year over year.

Financial investments in the second quarter of 2010 were CZK 145,7 billion, up 10,3 % from the same period a year earlier.

From this, worth of deposits increased of CZK 1,3 billion (up 5,6 %), worth of stocks and shares increased of CZK 6,9 billion (up 22,3 %) and worth of bonds increased of CZK 5,1 billion (up 7,0 %).

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

Outputs (including received financial leasing instalments) decreased during the first half of 2010 in comparison with the same period of 2009, reached the amount of CZK 39,5 billion (down 22,2 %). Received financial leasing instalments decreased about 25,8 %.

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 11,6 billion, which translates into an increase of 17,1 % compared to the corresponding period of the previous year.

In the first half of 2010 gross premiums written stood at CZK 77,1 billion, accounting for 37,9 % of total revenues and rising by 7,6 % year-on-year. Insurance claims paid amounted to CZK 41,6 billion, making up 21,7 % of total expenses of the insurance companies. Costs of these insurance claims increased by 8,2 % year-on-year. Over the period of January to the end of June, total technical provisions for life insurance increased by CZK 10,5 billion to CZK 236,5 billion.

In the period from the beginning of 2010 till the end of June all of the 52 insurance companies employed a total of 14 336 employees (actual persons) on average, i.e., by 2,8 % less than in the corresponding period of 2009. The average monthly wage (related to actual persons) was CZK 41 486, increasing by 2,2 % in comparison to the same period of 2009.

During the first half of 2010 there were concluded 4 526 649 non-life insurance contracts, by 1,8 % more than in the same period of the previous year. The number of life insurance contracts concluded during the observed period of 2010 was 487 755, which translates into an increase of 8,9 %.

In the first half of 2010 **pension funds** (CZ-NACE 65.30) made their pre-tax profits amounting to CZK 2,3 billion (an increase of 126,8 % year-on-year). Total expenses of 10 active pension funds during the period from January to the end of June reached CZK 4,0 billion, falling by 42,5 % year-on-year. Total revenues decreased by 20,8 % year-on-year to CZK 6,3 billion. Financial expenses were 61,8 % of total expenses and financial revenues accounted for 97,7 % of total revenues.

First half of 2010 saw total technical provisions of pension funds growing by 7,7 % to CZK 208,3 billion. Contributions received from members and employers (excluding government contributions) stood at CZK 16,1 billion, decreasing by 9,7 % year-on-year. Government contributions increased by 1,8 % in the observed period of 2010 and amounted to CZK 2,8 billion. Supplementary pension insurance benefits paid stood at CZK 12,0 billion, which was a year-on-year growth of 10,2 %.

There were 4 541 969 active supplementary pension insurance policy holders (members of pension schemes) in total on 30th June 2010. The number increased by 2,9 % in comparison with the end of the same period of 2009. Of the total, 4 411 509 persons received government contributions. The number of pension recipients increased by 361 to 9 148 persons since the beginning of 2010.

All of the pension funds employed a total of 457 actual persons on average in the first half of 2010, which resulted in the 9,3% decrease in comparison with the same period of 2009. The average monthly wage related to actual persons fell by 8,6 % year-on-year and amounted to 43 923 CZK.