

Brief analytical comments

In the first quarter of 2010 **financial intermediation sector** showed fall in the average number of employees in actual persons by 2,9 %. The average monthly wage of actual persons decreased, the sector struggled with 1,1% decrease, the average wage stated at CZK 51 621.

The gross profit in the sector during the reference period increased by 58,1 %. On this positive result participated all financial institutions mentioned in this document.

In January to March **banking monetary institutions** (CZ-NACE 64.19 – banks without CNB, building societies) realized the total revenues amounting to CZK 53,4 billion, including financial revenues amounting to CZK 52,7 billion. The total costs stood at CZK 35,0 billion, including the total financial costs amounting to CZK 17,8 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 2010 the difference between the total revenues and total cost was CZK 18,4 billion and the net loss from financial and some other operations was CZK 1,7 billions. The banking monetary institutions made pre-tax net income amounting to CZK 16,7 billion, which means increase by 14,6 % year-on-year.

During the first quarter of 2010 all 39 banks and building societies employed 37 535 actual persons on average, by 3,5 % less than in the same period of 2009. The average monthly wage of actual persons decreased by 1,8 % and stood at CZK 59 372.

Interests receivable reached CZK 41,5 billion and interests payable reached the amount of CZK 15,8 billion in the first quarter of 2010. Interests receivable decreased by 8,3 % year-on-year. Interests payable decreased by 18,2 % year-on-year. The interest margin fell from CZK 26,0 to 25,7 billion.

In comparison with the end of 1st quarter of 2009 there was a drop of number of concluded contracts for savings for building purposes and purchases of a house. The fall was 42 284 contracts (total 5 657 540) year-on-year and translates into a fall of 0,7 % 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 4 938 864, which meant a decrease by 36 348 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) reported a profit before taxes of CZK 8,7 billion in the first quarter of 2010, an increase of 195,2 % compared with the profit of CZK 3,0 billion in the same period of the previous year.

The reason for the positive results reached in the reference period of 2010 was primarily due to lower financial expenses. Financial expenses amounted to CZK 8,7 billion, a decrease of 53,9 % year over year.

Investment companies and investment funds (CZ-NACE, code 64.9) generated during the period from January to the end of March of 2010 a profit of CZK 2,6 billion, compared with a loss of CZK 1,6 billion in the same period of 2009.

The property of the investment companies and investment funds increased of CZK 2,5 billion (increase by 116,4 %).

Financial investments in the first quarter of 2010 were CZK 150,9 billion, up 16,4 % from the same period a year earlier.

From this, worth of deposits increased of CZK 3,2 billion (up 14,9 %), worth of stocks and shares increased of CZK 10,7 billion (up 37,1 %) and worth of bonds increased of CZK 5,8 billion (up 7,7 %).

Financial leasing companies (CZ-NACE, code 64.91) reached a pre-tax profit of CZK 1,1 billion in the first quarter of 2010, an increase of 226,3 % compared to the corresponding period of the previous year.

Outputs (including received financial leasing instalments) decreased during the first quarter in comparison with the same period of 2009, reached the amount of CZK 19,1 billion (down 26,2 %).

Received financial leasing instalments decreased about 30,1 %.

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 6,1 billion, which translates into an increase of 171,5 % compared to the corresponding period of the previous year.

In the first quarter of 2010 gross premiums written stood at CZK 39,1 billion, accounting for 36,5 % of total revenues and rising by 4,4 % year-on-year. Insurance claims paid amounted to CZK 20,8 billion, making up 20,6 % of total expenses of the insurance companies. Costs of these insurance claims increased by 6,0 % year-on-year. Over the period of January to the end of March, total technical provisions for life insurance increased by CZK 5,4 billion to CZK 231,4 billion.

In the period from the beginning of 2010 till the end of March all of the 51 insurance companies employed a total of 14 397 employees (actual persons) on average, i.e., by 3,2 % less than in the corresponding period of 2009. The average monthly wage (related to actual persons) was CZK 40 829, decreasing by 0,2 % in comparison to the same period of 2009.

During the first quarter of 2010 there were concluded 2 104 800 non-life insurance contracts, by 4,4 % less than in the same period of the previous year. The number of life insurance contracts concluded during the observed period of 2010 was 224 078, which translates into an increase of 5,6 %.

In the first quarter of 2010 **pension funds** (CZ-NACE 65.30) made their pre-tax profits amounting to CZK 1,1 billion (an increase of 28,8 % year-on-year). Total expenses of 10 active pension funds during the period from January to the end of March reached CZK 1,8 billion, falling by 53,6 % year-on-year. Total revenues decreased by 38,2 % year-on-year to CZK 2,9 billion. Financial expenses were 59,9 % of total expenses and financial revenues accounted for 97,7 % of total revenues.

First quarter of 2010 saw total technical provisions of pension funds growing by 7,4 % to CZK 203,4 billion. Contributions received from members and employers (excluding government contributions) stood at CZK 8,2 billion, decreasing by 9,4 % year-on-year. Government contributions stood unchanged in the observed period of 2010 and amounted to CZK 1,4 billion. Supplementary pension insurance benefits paid stood at CZK 5,8 billion, which was a year-on-year growth of 4,1 %.

There were 4 508 832 active supplementary pension insurance policy holders (members of pension schemes) in total on 31st March 2010. The number increased by 3,5 % in comparison with the end of the same period of 2009. Of the total, 4 308 298 persons received government contributions. The number of pension recipients decreased by 128 to 8 659 persons since the beginning of 2010.

All of the pension funds employed a total of 470 actual persons on average in the first quarter of 2010, which resulted in the 7,3% decrease in comparison with the same period of 2009. The average monthly wage related to actual persons fell by 11,1 % year-on-year and amounted to 46 909 CZK.