

## Brief analytical comments

In January to December **financial intermediation sector** showed a decrease in the average number of employees in actual persons by 0,2 %. The average monthly wage of actual persons increased by 1,4 %, the average wage stated at CZK 46 226.

The gross profit in the sector during the reference period increased by 11,3 %.

In January to December **banking monetary institutions** (CZ-NACE 64.19 – banks without CNB, building societies) realized the total revenues amounting to CZK 224,9 billion, including financial revenues amounting to CZK 221,3 billion. The total costs stood at CZK 145,1 billion, including the total financial costs amounting to CZK 71,6 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 four quarters of 2010 the difference between the total revenues and total cost was CZK 79,8 billion and the net loss from financial and some other operations was CZK 13,9 billions. The banking monetary institutions made pre-tax net income amounting to CZK 65,9 billion, which means a decrease by 7,6 % year-on-year.

During 2010 all 39 banks and building societies employed 38 189 actual persons on average, by 0,2 % less than in the same period of 2009. The average monthly wage of actual persons has continued in growing trend (increase by 1,1 %) and stood at CZK 49 002.

Interests receivable reached CZK 167,1 billion and interests payable reached the amount of CZK 61,7 billion in 2010. Interests receivable decreased by 4,3 % year-on-year. Interests payable fell by 13,5 % year-on-year. The interest margin grew from CZK 103,3 to 105,5 billion.

In comparison with the end of 2009 there was a drop of number of concluded contracts for savings for building purposes and purchases of a house. The fall was 87 111 contracts (total 5 566 473) year-on-year and translates into a fall of 1,5 % compared to the corresponding period of the year 2009. The number of contracts in saving stage accounting for 88,2 % of total number of contracts stood at 4 908 437, which meant a decrease by 24 169 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 48,5 billion from the first to the four quarter of 2010, an increase of 38,0 % compared with the profit of CZK 35,2 billion in the same period of the previous year.

Financial expenses amounted to CZK 57,5 billion, a decrease of 13,4 % year over year.

Financial revenues amounted to CZK 101,5 billion, an increase of 2,3 % year over year.

**Investment companies and investment funds** (CZ-NACE, code 64.3) reported during the period from January to the end of December of 2010 a profit of CZK 6,4 billion, compared with a profit of CZK 13,6 billion in the same period of 2009.

The property of the investment companies and investment funds increased of CZK 6,6 billion, an increase by 162,5 % year over year.

Financial investments in the four quarters of 2010 were CZK 157,6 billion, up 9,5 % from the same period a year earlier.

From this, worth of deposits decreased of CZK 0,5 billion (down 2,1 %), worth of stocks and shares increased of CZK 8,4 billion (up 21,9 %) and worth of bonds increased of CZK 4 billion (up 5,3 %).

**Financial leasing companies** (CZ-NACE, code 64.91) reached a pre-tax profit of CZK 4,9 billion from the first to the four quarter of 2010, an increase of 42,5 % compared to the corresponding period of the previous year.

Outputs (including received financial leasing instalments) decreased during the first four quarters of 2010 in comparison with the same period of 2009, reached the amount of CZK 73,7 billion (down 22,6 %). Received financial leasing instalments decreased about 23,9 %.

In January to December **insurance companies** (CZ-NACE 65.11 and 65.12) and **reinsurance companies** (CZ-NACE 65.20) made pre-tax profits amounting to CZK 28,4 billion, which translates into an increase of 22,6 % compared to the corresponding period of the previous year.

In the first four quarters of 2010 gross premiums written stood at CZK 152,6 billion, accounting for 37,6 % of total revenues and rising by 8,2 % year-on-year. Insurance claims paid amounted to CZK 86,7 billion, making up 23,0 % of total expenses of the insurance companies. Costs of these insurance claims increased by 9,7 % year-on-year. Over the period of January to the end of December, total technical provisions for life insurance increased by CZK 22,0 billion to CZK 248,3 billion.

In the period from the beginning of 2010 till the end of December all of the 53 insurance companies employed a total of 14 359 employees (actual persons) on average, i.e., by 1,0 % less than in the corresponding period of 2009. The average monthly wage (related to actual persons) was CZK 41 632, an increase of 1,7 % in comparison with the same period of 2009.

During 2010 there were concluded 9 214 806 non-life insurance contracts, up 2,1 % from the same period of the previous year. The number of life insurance contracts concluded during the observed period of 2010 was 994 483, which translates into an increase of 6,1 %.

In the four quarters of 2010 **pension funds** (CZ-NACE 65.30) made their pre-tax profits amounting to CZK 4,6 billion (an increase of 62,9 % year-on-year). Total expenses of 10 active pension funds during the period from January to the end of December reached CZK 8,2 billion, fell by 35,8 % year-on-year. Total revenues decreased by 17,8 % year-on-year to CZK 12,7 billion. Financial expenses were 59,4 % of total expenses and financial revenues accounted for 97,5 % of total revenues.

The four quarters of 2010 saw total technical provisions of pension funds growing by 7,7 % to CZK 215,8 billion. Contributions received from members and employers (excluding government contributions) stood at CZK 32,6 billion, decreasing by 8,4 % year-on-year. Government contributions increased by 0,7 % in the observed period of 2010 and amounted to CZK 5,6 billion. Supplementary pension insurance benefits paid stood at CZK 22,7 billion, which was a year-on-year growth of 1,4 %.

There were 4 602 778 active supplementary pension insurance policy holders (members of pension schemes) in total on 31<sup>st</sup> December 2010. The number increased by 2,9 % in comparison with the end of the same period of 2009. Of the total, 4 380 829 persons received government contributions. The number of pension recipients increased by 990 to 9 777 persons since the beginning of 2010.

All of the pension funds employed a total of 452 actual persons on average in the four quarters of 2010, which resulted in the 6,8 % decrease in comparison with the same period of 2009. The average monthly wage related to actual persons amounted to 41 163 CZK, a decrease of 8,3 from the same period a year earlier.