



**09/2024**

## News of the Day

### **Development of domestic banks' profitability in 2023 and its impact on the collection of tax on extraordinary profits**

According to the CNB statistics, the domestic banking sector produced profit after tax of CZK 104.3 billion in 2023, which represents a year-on-year increase of 2 per cent. Net interest income is the most significant item of banks' profits. The increase in the banking sector's interest costs was spread across the banks' customers in 2023, and the total interest expense on deposits increased by CZK 110 billion year-on-year. It is therefore clear from the above development that the banking industry has gradually passed on higher interest rates to customers, which has reduced the interest income of the sector and led to lower tax collection on extraordinary profits.



## From the Market

### **The CNB reduced the base interest rate by half a percentage point**

After the monetary policy meeting, the CNB Board lowered the key interest rate to 5.25 %. This is the lowest level since the beginning of May 2022. According to Governor Aleš Michl, the Bank Board will approach further rate cuts cautiously in view of economic developments and may interrupt the process at any time. The central bank started cutting the rate at the end of last December when it was 7 percent.

[Read more here >>>](#)

## **Jan Juchelka, President of the CBA, in Interview ČT24**

Interest rates, mortgages, and corporate loans - the main topics of the interview with Jan Juchelka on Czech Television. The President of the Czech Banking Association also spoke about the tax on extraordinary profits.

[See more here >>>](#)

## **CBA Macroeconomic Forecast**

This Thursday, 9 May, the Czech Banking Association will publish a new macroeconomic forecast for the Czech economy from the perspective of the banking sector. The press conference will be addressed by Helena Horská, Chief Economist of Raiffeisenbank, Jan Bureš, Chief Economist of Patria Finance and Jakub Seidler, Chief Economist of the CBA. You can watch the press conference online from 10:00 a.m. on CBA YouTube

## **Mortgages by energy requirements of financed real estate**

Following a proposal by the Commission for Sustainable Finance, the five largest Czech banks tested data collection during 2023 for the purpose of preparing an aggregate ESG key performance indicator in the area of housing financing, namely the quarterly volumes of new mortgage business structured according to the value of Energy Performance Certificates for buildings, the so-called energy labels. Quarterly data on new business were also supplemented with data on loan stocks at the end of 2023.

# Commentary

## Banking statistics for March 2024

After 2020, thanks to the massive support that indebted the state, the recession did not affect banks' loan portfolios as much as in previous cycles. Simply put, the loan portfolio of banks operating in the Czech Republic remains "fit as a fiddle". In the case of non-financial corporations, the share of non-performing loans is at 2.59%, six hundredths of a percentage point below the absolute minimum. Households as a whole are only a tenth of a percentage point above the minimum caused by consumer credit and have been at this exceptionally favorable level for almost a full year, Miroslav Zámečník, the CBA's Chief Advisor, said in his commentary.

[More here>>>](#)

**Miroslav Zámečník,**  
**CBA Chief Advisor**



## First estimate of Q1 GDP growth positively surprised

According to the preliminary estimate of the Czech Statistical Office, the domestic economy grew by 0.5% quarter-on-quarter and by 0.4% year-on-year in the first quarter of this year. According to interim estimates and data, it is evident that quarter-on-quarter growth was driven by an acceleration in household consumption and an acceleration in exports. Quarter-on-quarter growth is thus the highest since Q1 2022, and year-on-year growth since Q3 2022. The domestic economy has thus been growing for two consecutive quarters, Jakub Seidler, chief economist at the CBA, writes in his commentary.

[More here>>>](#)

**Jakub Seidler,**  
**CBA Chief Economist**



# CBA EDUCA

## Artificial Intelligence: challenge, opportunity, or threat?

The seminar will be introduced by **Tomáš Ščerba** and **Jan Metelka**. Which direction is AI going in? What is the AI legislation? **Lukáš Benzl** will tell the story of AI transformation in the Czech Republic. Be inspired by **Michal Řehák** from Česká spořitelna or **Ondřej Brodecký** from ČSOB. **Alžběta Solarczyk Krausová** will talk about AI in the world. Lieutenant-Colonel **Anika Stulíková** from the Police Presidium of the Czech Republic and **Daniel Všetečka** from the MIT will also join the discussion. The seminar will take place on 28 May.



## AI: VÝZVA, PŘÍLEŽITOST ANEBU HROZBA?

- Příležitosti a hrozby AI
- Právní ukotvení (AI Act)
- Jak firmy využívají AI v praxi
- Zástupci z bankovního i nebankovního sektoru



28. května 2024  
9.00–17.00, ČBA



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