

Abstract

The intention of the thesis is to analyse the Czech banking sector between the years 2003 and 2017 and focus on the behaviour of the foreign banks. Analysing exhaustive quarterly data from the CNB internal database, it is shown that during the studied period, the foreign banks controlled 90% to 96% of the total banking assets in the country. The lending activities of the foreign banks are found procyclical, in contrast to the countercyclical activities of the Czech banks. Contrary to the expectations, corporate loans of the foreign banks do not show a higher degree of procyclicality than the other types of loans. Furthermore, no evidence is found for the claim that the foreign banks' lending patterns follow the business cycles of the home countries of these banks. However, the relation between the GDP growth of the foreign banks' home countries and the foreign banks' loan growth became significant during the global financial crisis between 2008 and 2009. Out of the bank performance ratios, the equity-to-assets ratio is revealed to significantly influence the loan growth of the foreign banks.