

PRESS RELEASE

MONETA delivers first quarter net profit of CZK 1.3 billion, up 5.8 per cent year-on-year, and is on track to deliver annual profit target

- ***CZK 1.3 billion net profit, up 5.8 per cent year-on-year***
- ***Return on Tangible Equity of 17.1 per cent***
- ***CZK 3.1 billion total operating income, up 9.6 per cent***
- ***Operating expenses at CZK 1.5 billion, down 3.8 per cent***
- ***Cost of risk net charge of CZK 135 million, or 20 bps of the average net loan portfolio***
- ***Capital adequacy ratio of 19.6 per cent with excess capital of CZK 4.6 billion***

Prague, 25 April 2024 – MONETA Money Bank (“MONETA” or “the Bank”) today announced its unaudited consolidated financial results for the first quarter of 2024. Net profit increased by 5.8 per cent year-on-year to CZK 1.3 billion, representing a Return on Tangible Equity of 17.1 per cent. This was in line with the Bank’s expectations and was primarily driven by strong operating income of CZK 3.1 billion (up 9.6 per cent) and lower operating costs of CZK 1.5 billion (down 3.8 per cent).

FINANCIAL RESULTS

Net interest income increased by 2.2 per cent year-on-year to CZK 2.1 billion thanks to incremental liquidity and an improved loan portfolio yield, partially offset by a higher cost of funding due to competitive market conditions.

Net fee and commission income increased by 20.1 per cent year-on-year to CZK 740 million, thanks mainly to higher commission from third-party products, where investment fund fee income contributed CZK 145 million (double that of 1Q 2023) and insurance related income contributed CZK 322 million (up 14.2 per cent year-on-year).

The positive result in fee income from investment funds was driven by high demand for these products. Savers and investors are moving from savings accounts in the wake of a general decrease in interest rates following Czech National Bank reductions in its key rates.

Overall, total operating income reached CZK 3.1 billion, up 9.6 per cent on the first quarter of last year.

Total operating expenses for the quarter were down 3.8 per cent on the previous year to CZK 1.5 billion. Regulatory charges were down 14.6 per cent year-on-year to CZK 228 million, mainly due to a lower contribution to the Resolution Fund. Administrative and other expenses were down 10.6 per cent to CZK 337 million. As previously announced,

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MONETA sub-leased a quarter of its Prague headquarter office space to a third-party. The favourable cost base was also supported by lower depreciation and amortisation charges, by 6.8 per cent, although lower costs were partially offset by higher personnel expenses, which were up 7.3 per cent to CZK 620 million.

Cost of risk in the first quarter amounted to a net charge of CZK 135 million, or 20 bps of the average net loan portfolio on an annualised basis, which is in line with the guidance for 2024. The non-performing loan ratio remains stable at 1.4 per cent as the repayment discipline of the clients remains solid.

Effective tax rate was 14 per cent for the quarter under review, and in line with expectations.

Net profit therefore reached CZK 1.3 billion, a year-on-year increase of 5.8 per cent.

BUSINESS RESULTS

Lending

Demand for new loans increased in the first quarter following the Czech National Banks's rate cuts. MONETA originated overall lending volumes of CZK 12.9 billion, up 23.8 per cent on the same period last year. Demand was especially strong in the retail segment, with new mortgage volumes of CZK 3.1 billion, up 34.7 per cent year-on-year, and consumer lending new volumes of CZK 4.8 billion, up by 38.6 per cent year-on-year.

Gross performing retail loan balances were broadly stable in both, mortgages at CZK 128 billion, and consumer lending at CZK 47.4 billion. Credit card and overdraft volumes declined by 4 per cent to CZK 2.3 billion, and the auto loan balance remained stable at CZK 2.5 billion. Overall, retail balances reached CZK 180.3 billion as at 31 March 2024.

Gross performing commercial loan balances increased, which was driven by growth across most product categories. Working capital lending grew by 36.2 per cent year-on-year to CZK 17.7 billion; the small business lending portfolio increased by 14.7 per cent to CZK 14.4 billion, with new volumes up by 60 per cent. Investment loans slightly decreased to CZK 45.3 billion. And commercial auto loans increased by 9.4 per cent to CZK 7.8 billion. Overall, commercial balances were up by 6.4 per cent, to CZK 87.2 billion as at 31 March 2024.

MONETA's total gross performing loan portfolio was CZK 267.4 billion at the end of the first quarter.

Deposits

MONETA continues to offer attractive interest rate on its savings accounts and term deposits, despite recent drops in the main market rate to 5.75 per cent from 21 March 2024. The overall client deposit balance increased by 15.9 per cent year-on-year to CZK 406 billion, with retail deposits accounting for CZK 315 billion (up 17.5 per cent) and commercial deposits accounting for CZK 91 billion (up 10.9 per cent).

Investment Funds

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Higher demand for the collective investment funds offered by MONETA was reflected in the net new balance of CZK 6.1 billion. The total balance of investment funds therefore increased by 44.7 per cent year-on-year to CZK 44.7 billion. MONETA currently offers portfolio of 44 investment funds in both CZK and EUR.

BALANCE SHEET AND CLIENT BASE

MONETA's consolidated balance sheet reached CZK 468 billion as at 31 March 2024, up 15.7 per cent year-on-year which was driven by an increase in the client deposit base. The incremental liquidity was mainly placed into investment securities which increased by 28.7 per cent year-on-year to CZK 103.2 billion, or placed with the CNB at a positive margin.

MONETA's client base grew by 3.1 per cent year-on-year to 1.6 million, as at 31 March 2024.

CAPITAL POSITION

MONETA maintained a strong capital position in the first quarter, with regulatory capital of CZK 33.3 billion, and excess capital over the Tier 1 capital target of CZK 4.6 billion. MONETA's capital adequacy ratio stood at 19.6 per cent, while the management capital target stands at 15.55 per cent (14.55 per cent plus a one per cent management buffer), including a lower countercyclical buffer of 1.75 per cent effective from 1 April 2024.

The total management target for minimum capital and eligible liabilities (MREL) stood at 22.45 per cent and as at 31 March 2024 the MREL ratio was 24 per cent.

MONETA continues to accrue 90 per cent of the consolidated net profit for future dividend distribution.

LIQUIDITY POSITION

MONETA's liquidity position as at 31 March 2024 was strong, with high quality liquid assets of CZK 164.2 billion. The Bank's liquidity coverage ratio stands at 359 per cent, which is above European and US averages.

DIGITAL CAPABILITIES

MONETA's digital users continued to grow in the period under review. The award-winning digital platform Smart Banka is now used by more than 1.4 million clients. The share of new volumes arising from digital banking expanded, accounting for 37 per cent of new mortgage originations, 49 per cent of new consumer lending and 44 per cent for new small business instalment lending. Also 70 per cent of retail term deposit acquisitions were conducted digitally.

MARKET OUTLOOK

MONETA published its mid-term guidance for the period 2024–2028 on 2 February 2024 and envisages the delivery of a cumulative net profit of CZK 27.7 billion. That is 32 per cent higher compared to the cumulative net profit delivered in the past five years. For 2024, MONETA is on track to deliver a net profit of CZK 5.2 billion

Market guidance published on 2 February 2024

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Metrics	2024	2025	2026	2027	2028	2024–2028 CAGR
Operating income (CZK bn)	≥12.4	≥12.8	≥13.5	≥14.0	≥14.5	4.0%
Operating expenses (CZK bn)	≤5.8	≤5.9	≤6.0	≤6.2	≤6.3	2.1%
Operating profit (CZK bn)	≥6.6	≥6.9	≥7.5	≥7.8	≥8.2	5.6%
Cost of risk (bps)	10-30	15-35	25-45	25-45	25-45	n/a
Effective tax rate (%)	~14.0	~15.0	~15.0	~15.0	~15.0	n/a
Net profit (CZK bn)	≥5.2	≥5.3	≥5.5	≥5.7	≥6.0	3.6%
Earnings per share (CZK)	≥10.2	≥10.4	≥10.8	≥11.2	≥11.7	3.6%
Return on Tangible Equity (RoTE, %)	≥17.0	≥17.0	≥17.0	≥17.0	≥17.0	n/a

Commenting on MONETA’s financial results for the first quarter of 2024, Tomáš Spurný, Chairman of the Management Board and Chief Executive Officer of MONETA, said:

“It is pleasing to report a strong set of results for the opening quarter of the year, and I am optimistic that we will be able to maintain momentum as the year progresses. The revival in demand for our lending products, in both our retail and commercial businesses, is welcome, being such a basic but crucial part of the banking business. Our continued cost discipline is reassuring, and our strong liquidity and capital positions bode well for the year ahead.”

MONETA 1Q 2024 Earnings call will be held on 25 April 2024 at 10am CET. Information how to register for the call can be found [here](#).

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GROSS PERFORMING LOAN PORTFOLIO AS AT 31 MARCH 2024

CZK bn	31/03/2024	31/03/2023	% change
Mortgage loans	128.0	132.3	(3.2)%
Consumer lending	47.4	48.1	(1.4)%
Auto loans	2.5	2.6	(0.9)%
Credit cards and overdrafts	2.3	2.4	(4.0)%
Retail Total	180.3	185.4	(2.7)%
Investment loans	45.3	46.0	(1.6)%
Working capital loans	17.7	13.0	36.2%
Small business loans	14.4	12.6	14.7%
Auto loans	7.8	7.1	9.4%
Commercial leases	1.9	3.2	(40.4)%
Commercial total	87.2	82.0	6.4%
Total gross performing loan portfolio	267.4	267.3	0.1%

FUNDING BASE AS AT 31 MARCH 2024

CZK bn	31/03/2024	31/03/2023	% change
Retail customer deposits	314.8	267.9	17.5%
Commercial customer deposits	90.9	82.0	10.9%
Customer deposits total	405.7	349.9	15.9%
Subordinated deposits	7.5	4.6	63.0%
Issued securities	3.9	5.5	(29.6)%
Due to banks and other ¹	6.0	2.3	165.4%
Wholesale total	17.4	12.4	40.6%
Total funding base	423.0	362.3	16.8%

OPERATING PLATFORM AS AT 31 MARCH 2024

	31/03/2024	31/03/2023	% change
Number of branches	134	140	(4.3)%
Number of ATMs ²	1,976	2,047	(3.5)%
Number of clients (million)	1.6	1.5	3.1%

Note: Figures in the tables may not add up due to rounding differences.

¹ Excluding opportunistic repo operations and CSA.

² Shared ATM network including 576 MONETA's ATMs, 788 KB ATMs, 363 Air Bank ATMs and 249 UniCredit Bank ATMs as at 31 March 2024 and 563 MONETA's ATMs 850 KB ATMs, 369 Air Bank ATMs and 265 UniCredit Bank ATMs as at 31 March 2023.

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FINANCIAL STATEMENTS AS AT 31 MARCH 2024

Consolidated unaudited statement of profit or loss for the period ended 31 March 2024

CZK m	1Q 2024	1Q 2023	% change
Interest and similar income	5,964	4,855	22.8%
Interest expense and similar charges	(3,889)	(2,824)	37.7%
Net interest income	2,075	2,031	2.2%
Fee and commission income	881	760	15.9%
Fee and commission expense	(141)	(144)	(2.1%)
Net fee and commission income	740	616	20.1%
Dividend income	0	1	n/a
Net income from financial operations	285	183	55.7%
Other operating income	17	13	30.8%
Total operating income	3,117	2,844	9.6%
Personnel expenses	(620)	(578)	7.3%
Administrative expenses	(330)	(365)	(9.6%)
Depreciation and amortisation	(301)	(323)	(6.8%)
Regulatory charges	(228)	(267)	(14.6%)
Other operating expenses	(7)	(12)	(41.7%)
Total operating expenses	(1,486)	(1,545)	(3.8%)
Profit for the period before tax and net impairment of financial assets	1,631	1,299	25.6%
Net impairment of financial assets	(135)	116	n/a
Profit for the period before tax	1,496	1,415	5.7%
Taxes on income	(210)	(200)	5.0%
Profit for the period after tax	1,286	1,215	5.8%

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Consolidated unaudited statement of financial position for the period ended 31 March 2024

CZK m	31/03/2024	31/03/2023	% change
Cash and balances with the central bank	12,226	7,441	64.3%
Derivative financial instruments with positive fair value	560	726	(22.9)%
Investment securities	103,215	80,195	28.7%
Hedging derivatives with positive fair values	2,681	4,345	(38.3)%
Change in fair value of items hedged on portfolio basis	244	(1,597)	n/a
Loans and receivables to banks	75,327	40,638	85.4%
Loans and receivables to customers	266,731	266,012	0.3%
Intangible assets	3,323	3,324	0.0%
Property and equipment	2,392	2,360	1.4%
Investments in associates	3	4	-25.0%
Current tax assets	66	8	725.0%
Deferred tax asset	8	0	n/a
Other assets	1,250	1,129	10.7%
Total Assets	468,026	404,585	15.7%
Due to banks	6,441	5,439	18.4%
Due to customers	405,920	350,329	15.9%
Derivative financial instruments with negative fair value	516	719	(28.2)%
Hedging derivatives with negative fair values	4,497	935	381.0%
Change in fair value of items hedged on portfolio basis	81	(287)	n/a
Issued bonds	3,856	5,479	(29.6)%
Subordinated liabilities	7,548	4,630	63.0%
Provisions	263	250	5.2%
Current tax liability	79	515	(84.7)%
Deferred tax liability	357	476	(25.0)%
Other liabilities	4,979	3,794	31.2%
Total Liabilities	434,537	372,279	16.7%
Share capital	10,220	10,220	0.0%
Statutory reserve	102	102	0.0%
Other reserves	1	1	0.0%
Retained earnings	23,166	21,983	5.4%
Total Equity	33,489	32,306	3.7%
Total Liabilities & Equity	468,026	404,585	15.7%