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In Prague, 2 February 2024

## **MONETA reports 2023 net profit of CZK 5.2 billion and proposes dividend of CZK 9 per share**

- *Net profit of CZK 5.2 billion, translating into a Return on Tangible Equity of 18 per cent*
- *Operating income of CZK 12.1 billion, with net fee and commission income up 14.2 per cent year-on-year*
- *Operating expenses of CZK 5.7 billion, up just 2.4 per cent year-on-year amid double-digit inflation*
- *Cost of risk of CZK 305 million, or 11 bps of average net loan portfolio, supported by successful non-performing loan disposals*
- *Client deposit base up 19.6 per cent year-on-year to record CZK 400 billion*
- *Capital adequacy ratio of 20.1 per cent; excess capital of CZK 4.3 billion*
- *Proposed 2023 dividend of CZK 9 per share, representing a pay-out ratio of 88 per cent*
- *MSCI confirmed ESG rating AA*

**Prague, 2 February 2024** -- MONETA Money Bank ("MONETA") today announced its unaudited consolidated financial results for the full year 2023. Net profit of CZK 5.2 billion exceeded market guidance published in February 2023. Total assets increased by 18.2 per cent to CZK 458 billion, which was driven by strong customer deposit growth of 19.6 per cent to almost CZK 400 billion. MONETA's strong capital position, which was further improved by the recently lowered Pillar II requirement, enables a dividend proposal of CZK 9 per share, which represents 88 per cent of consolidated net profit.

### **FINANCIAL RESULTS**

Total operating income reached CZK 12.1 billion in 2023, which is a stable result compared to 2022.

Net interest income reached CZK 8.6 billion, down 7.9 per cent year-on-year due to higher cost of funding in order to offer its clients competitive interest rates on deposit products. Net fee and commission income increased by 14.2 per cent year-on-year to CZK 2.6 billion, thanks to strong commission income from the distribution of third-party products, such as insurance and investment funds, which together contributed CZK 1.5 billion, up 40.1 per cent on 2022.

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Total operating costs stood at CZK 5.7 billion, which is an increase of just 2.4 per cent up year-on-year. This result was achieved despite year-long inflationary pressure and higher mandatory contributions to regulatory funds, which increased by 34.1 per cent year-on-year to CZK 307 million.

The cost of risk remained below the expected level throughout 2023, with net charge of CZK 305 million, or 11 bps of average net loan portfolio. This was supported by successful disposals of non-performing loans (NPLs) in the nominal amount of CZK 1.2 billion, generating a gain of CZK 307 million. Loan portfolio performance was also supported by solid client payment discipline. The NPL ratio stood at 1.4 per cent as at 31 December, the same as in 2022, with a total balance of CZK 3.8 billion.

MONETA's effective tax rate decreased to 15 per cent, against 19 per cent in 2022. This was mainly due to investments in Czech government bonds, which generate tax-exempt income.

Overall, 2023 net profit reached CZK 5.2 billion, or CZK 10.2 per share, representing Return on Tangible Equity of 18 per cent.

## **BALANCE SHEET AND CLIENT BASE**

Balance sheet reached CZK 458 billion as at 31 December 2023, up 18.2 per cent year-on-year. The expansion was driven by funding base growth of 20.1 per cent to CZK 415 billion. Such result was achieved due to strong client deposit growth of 19.6 per cent to nearly CZK 400 billion. Retail deposits grew by 22.2 per cent to CZK 313 billion and commercial deposits rose by 11.1 per cent to CZK 86 billion. In both segments, growth was concentrated around savings and term deposit products.

The total gross performing loan portfolio decreased by 2.3 per cent to CZK 264 billion during the period under review. The retail portfolio decreased by 3.8 per cent to CZK 180 billion, predominantly due to the fall in new mortgage lending. The commercial portfolio increased by 1.1 per cent to CZK 84 billion, driven mainly by the distribution of small business-related lending products, which rose by 11.8 per cent year-on-year to nearly CZK 14 billion.

In 2023 new lending volumes were down across all segments due to subdued demand, higher interest rates and tightened underwriting measures.

The client base grew by 3.7 per cent year-on-year to 1.6 million, as at 31 December.

## **CAPITAL POSITION**

As of 31 December, regulatory capital stood at CZK 33.6 billion against CZK 30.9 billion reported at year end 2022. Total capital adequacy ratio reached 20.1 per cent, which exceeds the current management capital target of 16.1 per cent. The Tier 1 capital ratio stood at 15.7 per cent with excess capital of CZK 4.3 billion,

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representing CZK 8.3 per share. Over and above the excess capital position, a dividend accrual of CZK 4.6 billion, or CZK 9 per share, was maintained.

As of 31 December 2023, the minimum requirement for capital and eligible liabilities (MREL) was 22.7 per cent (including the management buffer), which is comfortably covered by the MREL ratio at 24.1 per cent.

In October 2023, the Czech National Bank (CNB) updated the capital requirement for 2024 following its Supervisory Review and Evaluation Process (SREP). Based on the SREP, the CNB reduced MONETA's capital requirement in Pillar II by 30 bps. MONETA's total capital management target will therefore decline from 16.1 per cent to 15.8 per cent effective from 1 January 2024.

## **LIQUIDITY POSITION**

Liquidity position remained robust and further improved during 2023. The balance of high-quality liquid assets increased by 86 per cent during 2023 to a closing balance of CZK 160 billion. MONETA ramped up its Liquidity Coverage Ratio to 354 per cent as of 31 December, comfortably above the regulatory requirement of 100 per cent.

In 2023, the liquidity position was further strengthened by the new bond programme approved by the CNB. This allows MONETA to issue mortgage-backed bonds that can serve as collateral accepted by the CNB within repo operations. MONETA issued CZK 15 billion of these bonds in 2023 on its own book and has a capacity to increase the volume to CZK 90 billion. In the unlikely event of a sudden need for liquidity, this programme could bring additional liquidity of up to CZK 70 billion from the CNB within one day.

## **DIGITAL CAPABILITIES**

The number of digital users grew throughout 2023. The award-winning Smart Banka mobile application is now used by more than a million clients, up 29 per cent year-on-year.

MONETA confirmed its position as the digital leader in the Czech banking sector in 2023, with 97 per cent of its retail products, services and processes available online. This is the highest percentage of any bank in the country.

At the Internet Effectiveness Awards MONETA took first place in the category for best use of Artificial Intelligence with its Voicebot, a virtual call centre assistant that is capable of processing up to 25 per cent of client requests.

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The shares of digital originations in 2023 were 55 per cent for consumer loans and 35 per cent for small business loans. In the same period, online origination for retail current deposits and for retail savings and term accounts, was 43 per cent and 57 per cent respectively.

## MARKET OUTLOOK

MONETA publishes its mid-term guidance for the period 2024-2028, which envisages the delivery of cumulative net profit of CZK 27.7 billion. That is 32 per cent higher compared to delivered cumulative net profit in the past five years.

### Market guidance published on 2 February 2024

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
<b>Net profit (CZK bn)</b>	<b>≥5.2</b>	<b>≥5.3</b>	<b>≥5.5</b>	<b>≥5.7</b>	<b>≥6.0</b>	<b>3.6%</b>
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 full year 2023, Tomáš Spurný, Chief Executive Officer and Chairman of the Management Board of MONETA, said:

*"I am pleased to report strong results for 2023. Our strategy to grow our client deposit base was successful and was achieved while maintaining our cost discipline and keeping our loan portfolios stable. MONETA reaffirmed its position as the leader in online banking in the Czech Republic. We finished the year with an excellent capital position, which enables the management to propose a dividend of CZK 9 per share. Given the tentative signs of an improving economic environment, and our healthy capital position, MONETA is well prepared to navigate 2024."*

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MONETA FY 2023 Earnings call will be held on 2 February 2024 at 10am CET. Information how to register for the call can be found on investor web pages at <https://investors.moneta.cz>

Enquiries:

MONETA Money Bank, a.s.

Press Office:

Zuzana Filipová

[media@moneta.cz](mailto:media@moneta.cz)

+420 224 442 005

Investor Relations:

Linda Kavanová

[investors@moneta.cz](mailto:investors@moneta.cz)

+420 224 442 549

## GROSS PERFORMING LOAN PORTFOLIO AS OF 31 DECEMBER 2023

CZK bn	31/12/2023	31/12/2022	% change
Mortgage loans	127.6	133.0	(4.1)%
Consumer lending	47.1	48.6	(3.2)%
Auto loans	2.5	2.6	(2.5)%
Credit cards and overdrafts	2.4	2.5	(3.1)%
<b>Retail Total</b>	<b>179.5</b>	<b>186.6</b>	<b>(3.8)%</b>
Investment loans	45.2	46.3	(2.3)%
Working capital loans	15.4	14.2	8.4%
Small business loans	13.8	12.4	11.8%
Auto loans	7.7	6.9	10.9%
Commercial leases	2.2	3.6	(39.6)%
<b>Commercial total</b>	<b>84.4</b>	<b>83.4</b>	<b>1.1%</b>
<b>Total gross performing loan portfolio</b>	<b>263.9</b>	<b>270.1</b>	<b>(2.3)%</b>

## FUNDING BASE AS OF 31 DECEMBER 2023

CZK bn	31/12/2023	31/12/2022	% change
Retail customer deposits	313.2	256.3	22.2%
Commercial customer deposits	86.1	77.5	11.1%
<b>Customer deposits total</b>	<b>399.2</b>	<b>333.8</b>	<b>19.6%</b>
Subordinated deposits	2.9	-	n/a
Issued securities	8.5	10.2	(16.7)%
Due to banks and other <sup>1</sup>	4.9	2.0	140.3%
<b>Wholesale total</b>	<b>16.3</b>	<b>12.2</b>	<b>33.1%</b>
<b>Total funding base</b>	<b>415.5</b>	<b>346.0</b>	<b>20.1%</b>

## OPERATING PLATFORM AS OF 31 DECEMBER 2023

	31/12/2023	31/12/2022	% change
Number of branches	134	153	(12.4)%
Number of ATMs <sup>2</sup>	1,971	1,413	39.5%
Number of clients (million)	1.6	1.5	3.7%

<sup>1</sup> Excluding opportunistic repo operations and CSA.

<sup>2</sup> Shared ATM network including 562 MONETA's ATMs, 792 KB ATMs, 365 Air Bank ATMs and 252 UniCredit Bank ATMs as of 31 December 2023 and 563 MONETA's ATMs and 850 KB ATMs as of 31 December 2022.

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## FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

### Consolidated unaudited statement of profit or loss for the period ended 31 December 2023

CZK m	FY 2023	FY 2022	% change
Interest and similar income	22,046	15,591	41.4%
Interest expense and similar charges	(13,469)	(6,280)	114.5%
<b>Net interest income</b>	<b>8,577</b>	<b>9,311</b>	<b>(7.9)%</b>
Fee and commission income	3,217	2,732	17.8%
Fee and commission expense	(593)	(434)	36.6%
<b>Net fee and commission income</b>	<b>2,624</b>	<b>2,298</b>	<b>14.2%</b>
Dividend income	3	4	(25.0)%
Net income from financial operations	889	357	149.0%
Other operating income	54	146	(63.0)%
<b>Total operating income</b>	<b>12,147</b>	<b>12,116</b>	<b>0.3%</b>
Personnel expenses	(2,504)	(2,528)	(0.9)%
Administrative expenses	(1,633)	(1,523)	7.2%
Depreciation and amortisation	(1,233)	(1,249)	(1.3)%
Regulatory charges	(307)	(229)	34.1%
Other operating expenses	(53)	(65)	(18.5)%
<b>Total operating expenses</b>	<b>(5,730)</b>	<b>(5,594)</b>	<b>2.4%</b>
<b>Profit for the period before tax and net impairment of financial assets</b>	<b>6,417</b>	<b>6,522</b>	<b>(1.6)%</b>
Net impairment of financial assets	(305)	(90)	238.9%
<b>Profit for the period before tax</b>	<b>6,112</b>	<b>6,432</b>	<b>(5.0)%</b>
Taxes on income	(912)	(1,245)	(26.7)%
<b>Profit for the period after tax</b>	<b>5,200</b>	<b>5,187</b>	<b>0.3%</b>

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## Consolidated unaudited statement of financial position as of 31 December 2023

CZK m	31/12/2023	31/12/2022	% change
Cash and balances with the central bank	10,871	12,467	(12.8)%
Derivative financial instruments with positive fair value	544	761	(28.5)%
Investment securities	104,353	57,951	80.1%
Hedging derivatives with positive fair values	2,701	4,942	(45.3)%
Change in fair value of items hedged on portfolio basis	122	(2,090)	n/a
Loans and receivables to banks	69,632	37,886	83.8%
Loans and receivables to customers	263,064	268,752	(2.1)%
Intangible assets	3,332	3,379	(1.4)%
Property and equipment	2,400	2,318	3.5%
Investments in subsidiaries and associates	3	3	0.0%
Current tax assets	76	6	1,166.7%
Other assets	1,086	1,135	(4.3)%
<b>Total Assets</b>	<b>458,184</b>	<b>387,510</b>	<b>18.2%</b>
Due to banks	5,423	5,953	(8.9)%
Due to customers	399,497	334,251	19.5%
Derivative financial instruments with negative fair value	523	747	(30.0)%
Hedging derivatives with negative fair values	4,548	845	438.2%
Change in fair value of items hedged on portfolio basis	63	(438)	n/a
Issued bonds	3,808	5,520	(31.0)%
Subordinated liabilities	7,604	4,687	62.2%
Provisions	266	306	(13.1)%
Current tax liability	54	482	(88.8)%
Deferred tax liability	462	496	(6.9)%
Other liabilities	3,733	3,570	4.6%
<b>Total Liabilities</b>	<b>425,981</b>	<b>356,419</b>	<b>19.5%</b>
Share capital	10,220	10,220	0.0%
Statutory reserve	102	102	0.0%
Other reserves	1	1	0.0%
Retained earnings	21,880	20,768	5.4%
<b>Total Equity</b>	<b>32,203</b>	<b>31,091</b>	<b>3.6%</b>
<b>Total Liabilities &amp; Equity</b>	<b>458,184</b>	<b>387,510</b>	<b>18.2%</b>