

PRESS RELEASE

MONETA delivers strong first half performance with CZK 2.7 billion net profit, up 9.1 per cent

- *Net profit of CZK 2.7 billion, up 9.1 per cent year-on-year*
- *Net interest income stable at CZK 4.2 billion*
- *Net fee and commission income up 16.7 per cent year-on-year to CZK 1.5 billion*
- *Operating income of CZK 6.2 billion, up 6 per cent year-on-year*
- *Operating expenses remained stable at CZK 2.8 billion*
- *Cost of risk in line with guidance at CZK 237 million, or 18 bps of the average net loan portfolio*
- *Return on tangible equity of 20 per cent*

Prague, 25 July 2024 – MONETA Money Bank (“MONETA” or “the Bank”) today announced its unaudited consolidated financial results for the first half of 2024. Net profit increased by 9.1 per cent year-on-year to CZK 2.7 billion, representing a return on tangible equity of 20 per cent. This was in line with the market guidance published on 2 February 2024, and was driven by stable net interest income on the back of the continuing revival in demand for credit, an expanding deposit base and particularly strong net fee and commission income that exceeded the business plan.

FINANCIAL RESULTS

Net interest income was stable at CZK 4.2 billion as demand for credit continued to increase, and the pressure on the cost of funding eased slightly due to the decrease in market rates. Demand for credit was especially strong in the retail segment, with new mortgage volumes up by 57.2 per cent year-on-year, and in the small business segment, where new volumes grew by 65.1 per cent year-on-year.

Net fee and commission income was better than expected at CZK 1.5 billion, an increase of 16.7 per cent year-on-year. This was thanks mainly to commissions from the distribution of third-party products, with fee income from investment funds contributing CZK 334 million, and income relating to insurance products contributing CZK 611 million.

Fee income from investment funds was underpinned by demand from investors seeking better yields than those offered by term and savings accounts. The outstanding amount of distributed wealth management products increased by 54.5 per cent year-on-year to CZK 48.7 billion, with newly distributed volumes in the first half of the year reaching a record high level of CZK 11.5 billion.

Operating income reached CZK 6.2 billion, up 6 per cent year-on-year, and remains on track to meet published guidance.

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Operating expenses were at CZK 2.8 billion, representing a year-on-year decrease of 2.7 per cent. Regulatory charges were down 29.6 per cent year-on-year, and administrative expenses fell by 5.8 per cent. This positive result was partially offset by inflationary pressure on personnel expenses, which grew by 6.1 per cent year-on-year.

Cost of risk stood at CZK 237 million, or 18 bps of the average net loan portfolio. This was in line with provided guidance. Non-performing loan disposals generated an income of CZK 43.2 million, and the NPL ratio remained at a very low level of 1.4 per cent as at 30 June 2024.

Effective tax rate was 14 per cent for the period, which was in line with the guidance provided.

BUSINESS RESULTS

Demand for new credit continued throughout the first half as market rates decreased. MONETA originated overall lending volumes of CZK 28.9 billion, up 42.7 per cent year-on-year. Demand by retail customers was especially strong, with new mortgage volumes up 57.2 per cent year-on-year, and consumer unsecured new volumes up by 38.6 per cent. Mortgage receivables stood at CZK 129 billion as at 30 June 2024, and consumer lending receivables were CZK 47.9 billion. Credit card and overdraft balances declined to CZK 2.2 billion, while auto loan volumes rose by 3.7 per cent year-on-year to CZK 2.6 billion. Overall, the retail gross performing loan portfolio stood at CZK 182 billion as at 30 June 2024.

Commercial business remained solid, with new volume growth notable in the small business segment, up by 65.1 per cent year-on-year and overall portfolio increased by 16.6 per cent year-on-year to CZK 15.1 billion. Investment loan new volumes rose by 41.8 per cent, with the portfolio at CZK 46.7 billion. The working capital lending portfolio grew by 14 per cent to CZK 18.6 billion. And the commercial auto loan portfolio was CZK 8.1 billion, a year-on-year increase of 11.2 per cent. Overall, the commercial gross performing loan portfolio was up by 5.6 per cent, to CZK 90.1 billion as at 30 June 2024.

The total gross performing loan portfolio remained stable year-on-year at CZK 272 billion as at 30 June 2024.

BALANCE SHEET AND CLIENT BASE

MONETA's consolidated balance sheet expanded to CZK 483 billion as at 30 June 2024, up 14 per cent year-on-year. The client deposit base reached CZK 426 billion, up 15.8 per cent, with retail deposits accounting for CZK 325 billion (up by 15.2 per cent) and commercial deposits accounting for CZK 101 billion (up by 17.7 per cent).

MONETA served 1.6 million clients as at 30 June 2024, an increase of 2.8 per cent year-on-year.

CAPITAL POSITION

The capital position remained robust with regulatory capital of CZK 33.4 billion as at 30 June 2024. MONETA's total capital adequacy ratio stood at 19.4 per cent, or 3.85 per cent above the capital management target. Excess Tier 1 capital stood at CZK 4.5 billion, or CZK 8.9 per share. The dividend accrual reached CZK 2.4 billion, representing 90 per cent of half year consolidated net profit.

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LIQUIDITY POSITION

MONETA's liquidity position remained strong during the first half of 2024, with high quality liquid assets of CZK 178 billion. The liquidity coverage ratio stands at 340 per cent. This position makes a significant contribution to net interest income while providing sufficient capacity for further loan portfolio growth.

DIGITAL CAPABILITIES

MONETA was again confirmed as the digital leader on the Czech banking market by independent market research, and it remains the only bank in the Czech Republic that offers all of its retail products and services online. The digital shares of mortgage, consumer and small business new lending volumes remain high and were 32 per cent, 51 per cent and 44 per cent respectively during the first six months of 2024. Furthermore, 75 per cent of retail term deposits and 50 per cent of retail savings account acquisitions were conducted digitally.

In July 2024 MONETA unveiled a completely redesigned website. The new design better serves the needs of retail and small business customers. Inspired by the Smart Bank mobile application, the new design prioritises optimisation for smartphones and tablets because the number of users accessing the site from mobile devices is growing.

MARKET OUTLOOK

MONETA confirms its mid-term guidance for the period 2024–2028, published on 2 February 2024, which seeks a cumulative net profit of at least 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 meet or potentially exceed its net profit target of CZK 5.2 billion.

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
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

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

"We had a satisfactory set of results for the first half of the year, and it stands us in good stead to achieve our full year targets, as per our guidance. The decline in interest rates and continued revival in demand for credit, in both our retail and commercial businesses, are encouraging, and helped us stabilise our net interest income and ease the pressure on our cost of funds. We maintained our focus on costs, protection of the liquidity position and our robust capital position during the first six months of the year, and this bodes well for the year ahead. All in all, it was a good six months for MONETA, and our challenge is to maintain the discipline as we move through the second half of 2024."

MONETA 1H 2024 Earnings call will be held on 25 July 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 30 JUNE 2024

CZK bn	30/06/2024	30/06/2023	Change
Mortgage loans	128.8	131.2	(1.8)%
Consumer lending	47.9	47.8	0.1%
Auto loans	2.6	2.5	3.7%
Credit cards and overdrafts	2.2	2.3	(4.9)%
Retail total	181.5	183.9	(1.3)%
Investment loans	46.7	46.0	1.6%
Working capital loans	18.6	16.3	14.0%
Small business loans	15.1	12.9	16.6%
Auto loans	8.1	7.3	11.2%
MONETA Leasing portfolio	1.6	2.8	(41.4)%
Commercial total	90.1	85.3	5.6%
Total gross performing loan portfolio	271.6	269.2	0.9%

FUNDING BASE AS AT 30 JUNE 2024

CZK bn	30/06/2024	30/06/2023	Change
Retail customer deposits	325.3	282.3	15.2%
Commercial customer deposits	100.6	85.5	17.7%
Customer deposits total	425.8	367.8	15.8%
Subordinated deposits	2.9	2.8	3.0%
Issued securities	8.5	9.6	(10.8)%
Due to banks and other ¹	5.8	5.2	11.3%
Wholesale total	17.3	17.6	(2.1)%
Total funding base	443.1	385.4	15.0%

OPERATING PLATFORM AS AT 30 JUNE 2024

	30/06/2024	30/06/2023	Change
Number of branches	134	140	(4.3)%
Number of ATMs ²	1,978	2,058	(3.9)%
Number of clients (million)	1.6	1.5	2.8%

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 575 MONETA's ATMs, 788 KB ATMs, 364 Air Bank ATMs and 251 UniCredit Bank ATMs as at 30 June 2024 and 579 MONETA's ATM's, 847 KB ATMs, 369 Air Bank ATMs and 263 UniCredit Bank ATMs as at 30 June 2023.

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FINANCIAL STATEMENTS AS AT 30 JUNE 2024

Consolidated unaudited statement of profit or loss for the period ended 30 June 2024

CZK m	1H 2024	1H 2023	Change
Interest and similar income	11,715	10,229	14.5%
Interest expense and similar charges	(7,530)	(6,031)	24.9%
Net interest income	4,185	4,198	(0.3)%
Fee and commission income	1,798	1,559	15.3%
Fee and commission expense	(306)	(280)	9.3%
Net fee and commission income	1,492	1,279	16.7%
Dividend income	0	1	(100.0)%
Net income from financial operations	514	371	38.5%
Other operating income	31	23	34.8%
Total operating income	6,222	5,872	6.0%
Personnel expenses	(1,245)	(1,173)	6.1%
Administrative expenses	(735)	(780)	(5.8)%
Depreciation and amortisation	(604)	(635)	(4.9)%
Regulatory charges	(216)	(307)	(29.6)%
Other operating expenses	(39)	(22)	77.3%
Total operating expenses	(2,839)	(2,917)	(2.7)%
Profit for the period before tax and net impairment of financial assets	3,383	2,955	14.5%
Net impairment of financial assets	(237)	(30)	690.0%
Profit for the period before tax	3,146	2,925	7.6%
Taxes on income	(442)	(447)	(1.1)%
Profit for the period after tax	2,704	2,478	9.1%

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Consolidated unaudited statement of financial position for the period ended 30 June 2024

CZK m	30/06/2024	30/06/2023	Change
Cash and balances with the central bank	9,468	10,303	(8.1)%
Derivative financial instruments with positive fair value	575	652	(11.8)%
Investment securities	101,967	80,483	26.7%
Hedging derivatives with positive fair values	2,669	3,731	(28.5)%
Change in fair value of items hedged on portfolio basis	74	(1,147)	n/a
Loans and receivables to banks	90,581	55,109	64.4%
Loans and receivables to customers	271,010	268,027	1.1%
Intangible assets	3,285	3,280	0.2%
Property and equipment	2,315	2,361	(1.9)%
Investments in associates	4	4	0.0%
Current tax assets	184	23	700.0%
Deferred tax asset	8	0	n/a
Other assets	1,123	1,003	12.0%
Total Assets	483,263	423,829	14.0%
Due to banks	6,427	7,707	(16.6)%
Due to customers	426,073	368,177	15.7%
Derivative financial instruments with negative fair value	528	631	(16.3)%
Hedging derivatives with negative fair values	3,691	1,545	138.9%
Change in fair value of items hedged on portfolio basis	66	(169)	n/a
Issued bonds	3,874	4,909	(21.1)%
Subordinated liabilities	7,591	7,501	1.2%
Provisions	260	238	9.2%
Current tax liability	48	163	(70.6)%
Deferred tax liability	394	408	(3.4)%
Other liabilities	4,003	3,238	23.6%
Total Liabilities	452,955	394,348	14.9%
Share capital	10,220	10,220	0.0%
Statutory reserve	102	102	0.0%
Other reserves	1	1	0.0%
Retained earnings	19,985	19,158	4.3%
Total Equity	30,308	29,481	2.8%
Total Liabilities & Equity	483,263	423,829	14.0%