

# 1Q 2020 Results

Published on 5 May 2020 at 07:00 CEST

According to IFRS, Consolidated, Unaudited

---

## DISCLAIMER AND OTHER INFORMATION

- THIS PRESENTATION IS NOT AN OFFER TO SELL OR A SOLICITATION OF OFFERS TO PURCHASE OR SUBSCRIBE FOR SHARES OF MONETA MONEY BANK, A.S. (THE "COMPANY"), OTHER SECURITIES OR OTHER FINANCIAL INSTRUMENTS.
- Copies of this presentation may not be sent to countries, or distributed in or sent from countries, in which this is barred or prohibited by law. Persons into whose possession this presentation comes should inform themselves about, and observe all such restrictions. Any failure to comply with these restrictions may constitute a violation of the laws of any such jurisdiction. This document does not constitute a recommendation regarding any securities.
- The Company is under no obligation to update or keep current the information contained in this presentation, to correct any inaccuracies which may become apparent, or to publicly announce the result of any revision to the statements made herein, except to the extent it would be required to do so under applicable law or regulation.
- Certain industry and market information in this presentation has been obtained by the Company from third party sources. The Company has not independently verified such information and neither the Company nor any of its representatives provide any assurance as to and shall not be liable in any respect whatsoever (whether in negligence or otherwise) for the correctness, accuracy, fairness or completeness of such information or opinions contained in this presentation.
- The Company was rated BBB with stable outlook by S & P Global Ratings Europe Limited ("S&P's") and A2 with stable outlook by Moody's Investors Service Ltd. ("Moody's"). Both S&P's and Moody's are established in the European Union and are registered under the Regulation (EC) No. 1060/2009, as amended (the "CRA Regulation"). As such, both S&P's and Moody's are included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with the CRA Regulation. When selecting the rating agency, the Company proceeded in accordance with the obligations laid down in Article 8d of the CRA Regulation. The market share of each of the aforementioned rating agencies exceeds 10% of the EU market.

---

## DISCLAIMER AND OTHER INFORMATION

### Forward-looking statements

- This presentation and subsequent discussion may contain projections, estimates, forecasts, targets, opinions, prospects, results, returns and forward-looking statements with respect to the management's medium term guidance, profitability, costs, assets, capital position, financial condition, results of operations, dividend and business of the Group (together, "**forward-looking statements**"). The forward-looking statements assume a purely organic growth without regard to any potential acquisition.
- Any forward-looking statements involve material assumptions and subjective judgements which may or may not prove to be correct and there can be no assurance that any of the matters set out in forward-looking statements will actually occur or will be realized or that such matters are complete or accurate. The assumptions may prove to be incorrect and involve known and unknown risks, uncertainties, contingencies and other important factors, many of which are outside the control of the Group. Actual achievements, results, performance or other future events or conditions may differ materially from those stated, implied and/or reflected in any forward-looking statements due to a variety of risks, uncertainties and other factors. Any forward-looking statement contained in this presentation is made as at the date of this presentation. MONETA Money Bank, a.s. does not assume, and hereby disclaims, any obligation or duty to update forward-looking statements if circumstances or management's assumptions beliefs, expectations or opinions should change, unless it would be required to do so under applicable law or regulation. For these reasons, recipients should not place reliance on, and are cautioned about relying on, any forward-looking statements.

### Material assumptions for forward-looking statements

- See slide "Macroeconomic environment" on page 18.

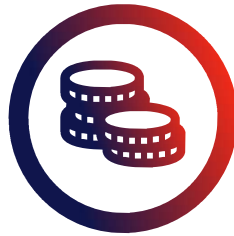
---

# 1Q 2020 HIGHLIGHTS



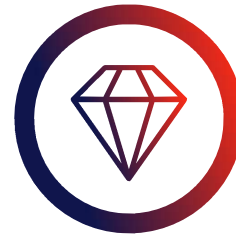
LENDING  
GROWTH<sup>1</sup>

**+13.1% YoY**



PRE-IMPAIRMENT  
PROFIT<sup>2</sup>

**+31.0% YoY**



NET  
PROFIT<sup>3</sup>

**CZK 731 million**

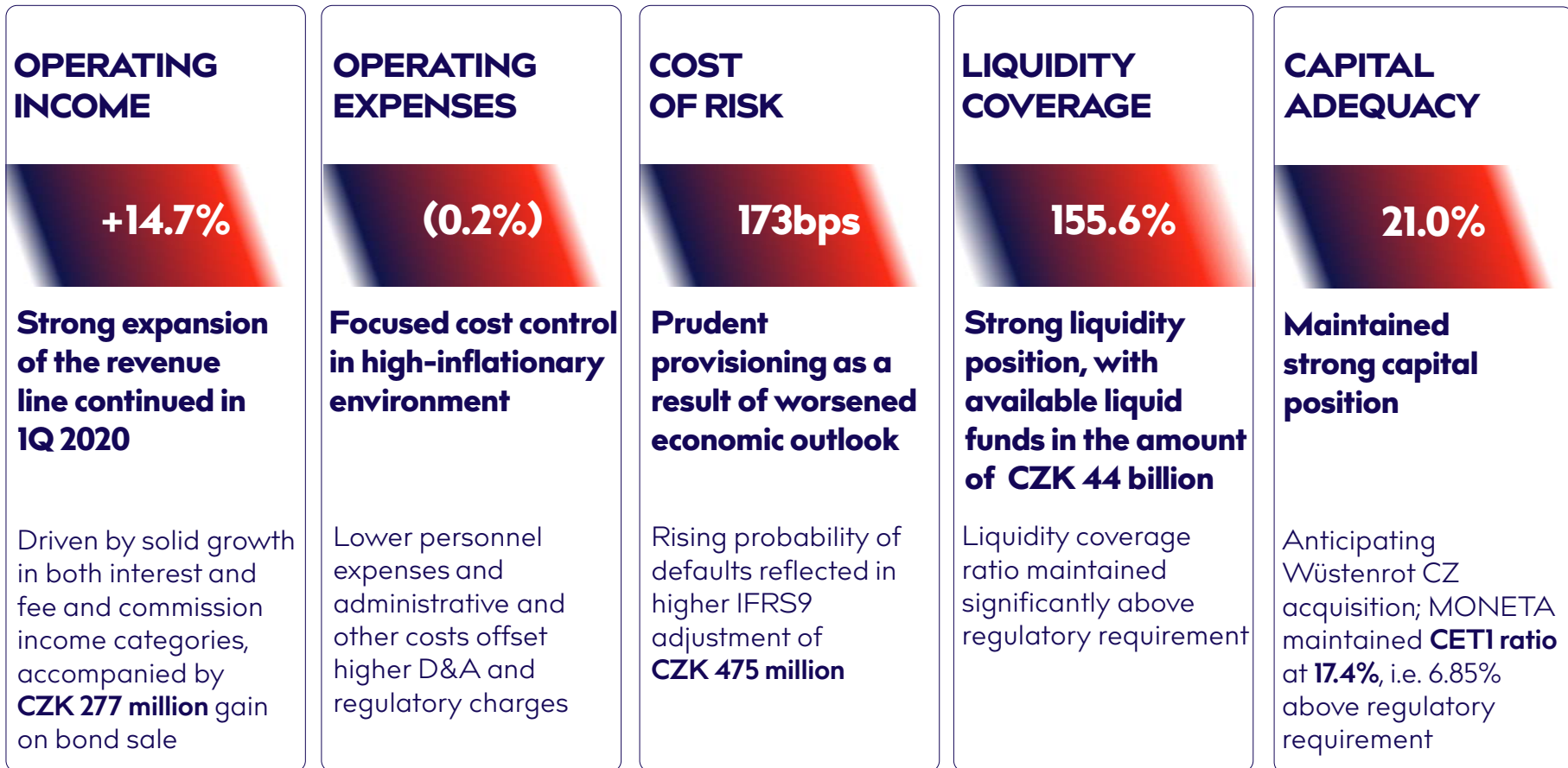


RETURN ON  
TANGIBLE EQUITY

**12.7%**

## KEY DEVELOPMENTS IN 1Q 2020

Worsened economic outlook due to Covid-19 pandemic, resulting in decrease of overall profitability



## KEY FINANCIAL METRICS

Strong liquidity and capital positions, ahead of anticipated economic slowdown due to pandemic consequences

		1Q'19	1Q'20
PROFITABILITY	TOTAL OPERATING INCOME (CZK m)	2,550	<b>2,924</b>
	NET PROFIT (CZK m)	983	<b>731</b>
	RETURN ON TANGIBLE EQUITY	16.1%	<b>12.7%</b>
LOANS & DEPOSITS	NET CUSTOMER LOANS (CZK bn)	142.2	<b>160.6</b>
	CORE CUSTOMER DEPOSITS (CZK bn)	150.5	<b>177.9</b>
ASSET QUALITY	COST OF RISK	(4)bps	<b>173bps</b>
	NPL RATIO	2.0%	<b>1.9%</b>
LIQUIDITY	LOAN TO DEPOSIT RATIO	84.6%	<b>80.8%</b>
	LIQUIDITY COVERAGE RATIO	137.5%	<b>155.6%</b>
	REGULATORY LEVERAGE	8.8%	<b>8.0%</b>
CAPITAL	TOTAL CAPITAL ADEQUACY RATIO	17.0%	<b>21.0%</b>
	RISK WEIGHTED ASSETS (CZK bn)	120.8	<b>128.6</b>

# ACQUISITION OF WÜSTENROT SUBSIDIARIES COMPLETED 1<sup>ST</sup> APRIL 2020

## Key parameters of the acquisition

**Purchase price**  
**EUR 175m**  
**(CZK 4.5 bn<sup>1</sup>)**

MONETA acquired 100% of the equity of Wüstenrot - stavební spořitelna a.s. (Building savings bank) and Wüstenrot hypoteční banka a.s. (Mortgage bank)  
Difference between total consideration of **EUR 175 million** (CZK 4.5 billion) and fair market value of acquired net assets will be recognized as a one-off gain in 2Q 2020. Book value of acquired entities as of March 2020 equals to **EUR 207 million** (CZK 5.3 billion).<sup>1</sup>

**Next steps**

Integration process

- Staff relocation, rebranding and real estate optimisation by 3Q 2020
- IT migration by 1Q 2021
- Legal merger of Mortgage bank targeted by the end of 2020 (subject to regulatory process)
- Building savings bank to be operated as a standalone subsidiary due to regulatory requirement

**Integration costs**

Integration costs are estimated in the amount of up to CZK 400 million

- Split between 2020 and 2021 – CZK 150 million and CZK 250 million
- Charges driven by consolidation of products within current IT systems, upgrade of Building savings bank core system, impairment of redundant IT systems, overlapping premises closure and severance payments for redundancies

**Synergies**

The expected benefit of cost synergies of CZK 300 million annually, expected to be fully recognized by 2022

- Marketing budget reduction, distribution network rationalization, consolidation of enabling functions & HQ premises
- Optimisation of branch and agent network premises

## PRE-ACQUISITION BALANCE SHEET OF WÜSTENROT CZ (not consolidated in 1Q 2020 results of MONETA)

Acquisition will substantially increase retail loan portfolio and retail deposit strength of MONETA

CZK m	31/03/2020	31/03/2019	% Change
Total Assets	69,819	62,602	11.5%
of which:			
Cash and balances with the central bank	7,241	4,778	51.5%
Loans and receivables to customers	57,660	52,918	9.0%
- <i>Mortgages</i>	39,572	34,222	15.6%
- <i>Bridge loans</i>	15,629	16,236	(3.7%)
- <i>Building saving loans</i>	2,459	2,460	0.0%
Investment securities	3,829	4,028	(4.9%)
Intangible assets	111	102	8.8%
Property and equipment	127	139	(8.6%)
Total Liabilities	64,514	57,023	13.1%
of which:			
Due to customers	57,963	49,397	17.3%
- <i>Building savings</i>	31,085	31,008	0.2%
- <i>Saving accounts</i>	26,871	18,223	47.5%
Bonds Issued	5,167	6,514	(20.7%)
Total Equity	5,305	5,579	(4.9%)
Total Liabilities & Equity	69,819	62,602	11.5%



## PRE-ACQUISITION PROFIT & LOSS OF WÜSTENROT CZ (not consolidated in IQ 2020 results of MONETA)

Performance of acquired perimeter is consistent with  
**MONETA's** expectations

CZK m	IQ 2020	IQ 2019	% Change
Interest and similar income	590	536	10.1%
Interest expense and similar charges	(252)	(215)	17.2%
Net interest income	338	321	5.3%
Fee and commission income	57	51	11.8%
Fee and commission expense	(33)	(29)	13.8%
Net fee and commission income	24	22	9.1%
Net income from financial operations	9	(1)	-
Other operating income	5	5	0.0%
Total operating income	376	347	8.4%
Personnel expenses	(82)	(82)	0.0%
Administrative expenses	(58)	(74)	(21.6%)
Depreciation and amortisation	(28)	(30)	(6.7%)
Other operating expenses	(4)	(3)	33.3%
Regulatory charges <sup>1</sup>	(54)	(40)	35.0%
Total operating expenses	(226)	(229)	(1.3%)
Net impairment of financial assets	(4)	(7)	(42.9%)
Profit for the year before tax	146	111	31.5%
Taxes on income	(28)	(24)	16.7%
Profit for the year after tax	118	87	35.6%

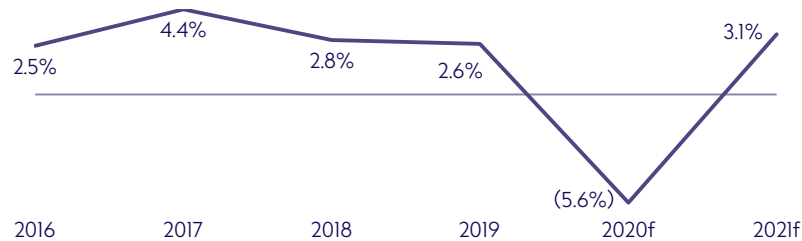
# Content

- Operating Environment and Banking Market Dynamics
  - Measures related to Covid-19 pandemic
  - Strategic Objectives & Results
  - Digital Distribution & Services
  - Profit and Loss Development
  - Balance Sheet Development
  - Risk Metrics & Asset Quality
  - Capital Management
  - Investor Relations
  - Appendix

# MACROECONOMIC ENVIRONMENT

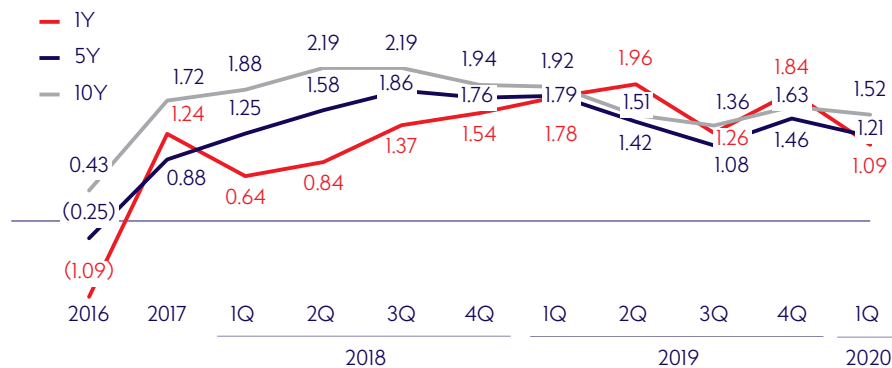
## Substantially worsened economic outlook for this year accompanied by significant decrease in swap market rates

**GDP OUTLOOK<sup>1</sup>** (actual performance, CZSO and Ministry of Finance)



**Czech Republic Country Rating<sup>2</sup>: Aa3/AA-/AA-. Outlook Positive/Stable/Stable**

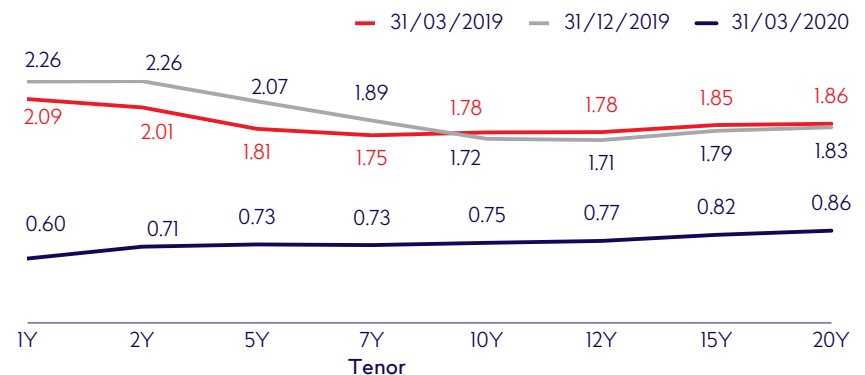
**GOVERNMENT BONDS YIELDS (%)**



**KEY MACROECONOMIC INDICATORS** (quarterly averages, excl. EUR/CZK)

INDICATOR	4Q'18	1Q'19	2Q'19	3Q'19	4Q'19	1Q'20
Export <sup>3</sup>	7.1%	3.7%	3.5%	4.9%	(3.9%)	n/a
Industrial production	2.0%	0.8%	1.0%	(1.0%)	(2.2%)	n/a
EUR/CZK (end of period)	25.7	25.8	25.4	25.8	25.4	27.3
Banks' NPL ratio	3.3%	3.2%	3.0%	2.8%	2.6%	2.4%
Inflation	2.1%	2.3%	2.5%	2.6%	2.8%	3.1%
Unemployment	2.1%	2.1%	2.0%	2.1%	2.1%	2.0%
Wage inflation	6.5%	7.5%	7.2%	7.0%	6.7%	n/a

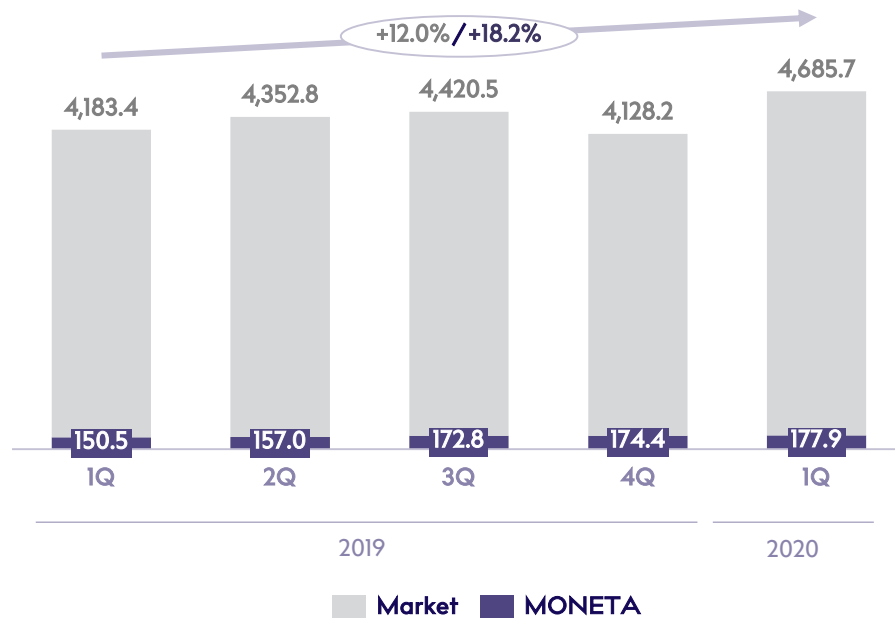
**INTEREST RATE SWAPS (%)**



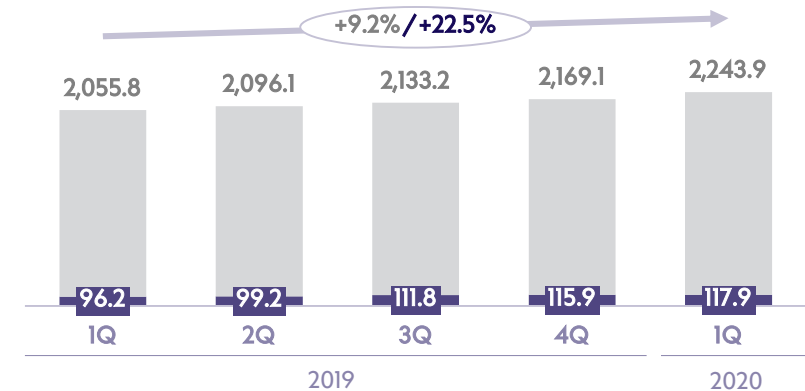
# CZECH DEPOSIT MARKET

## MONETA significantly outperformed deposit market growth in retail segment

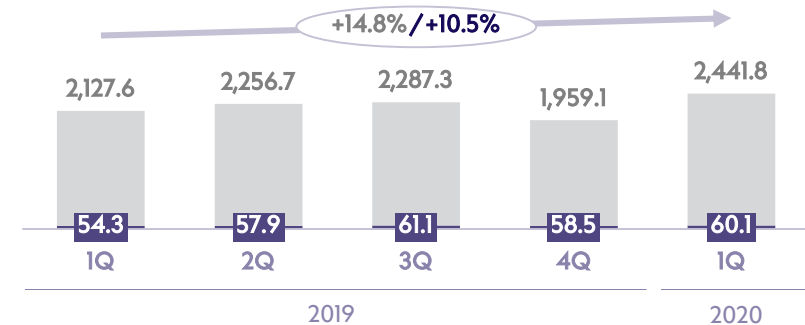
DEPOSIT MARKET (CZK bn)



RETAIL DEPOSITS (CZK bn)



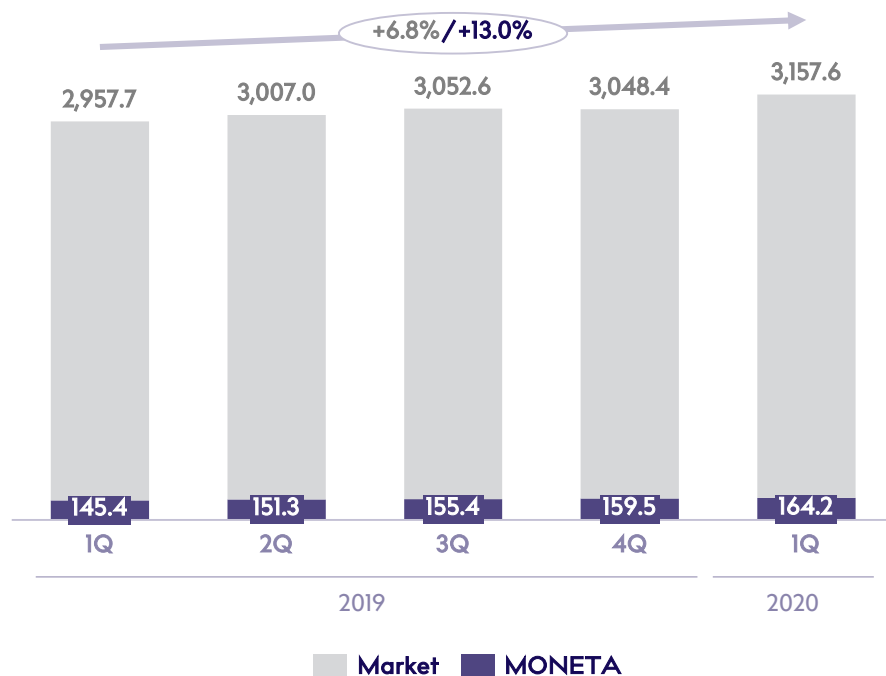
COMMERCIAL DEPOSITS (CZK bn)



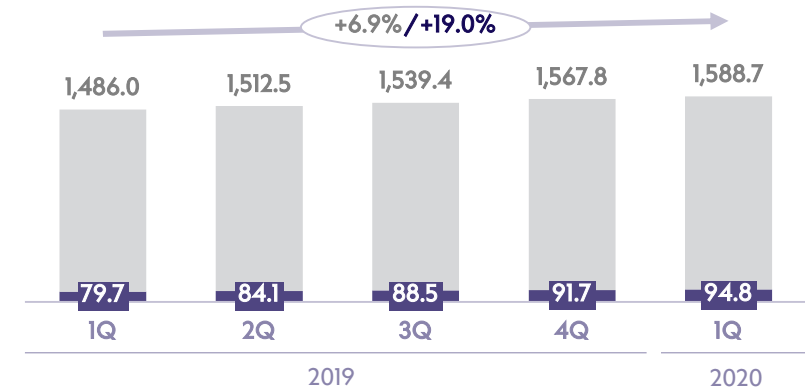
## CZECH LENDING MARKET

MONETA also substantially outperformed lending market growth in retail segment

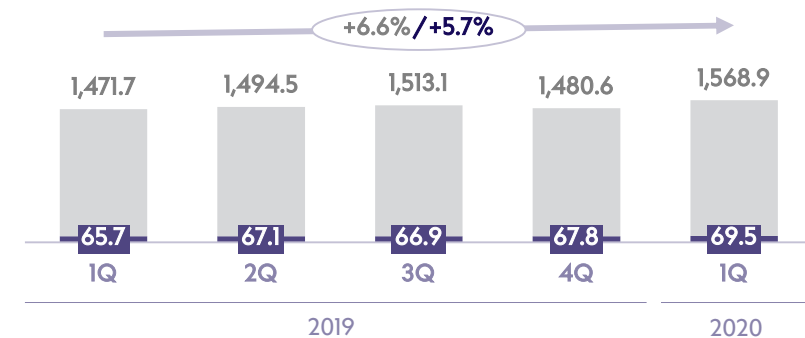
LENDING MARKET - GROSS LOANS (CZK bn)



RETAIL GROSS LOANS (CZK bn)



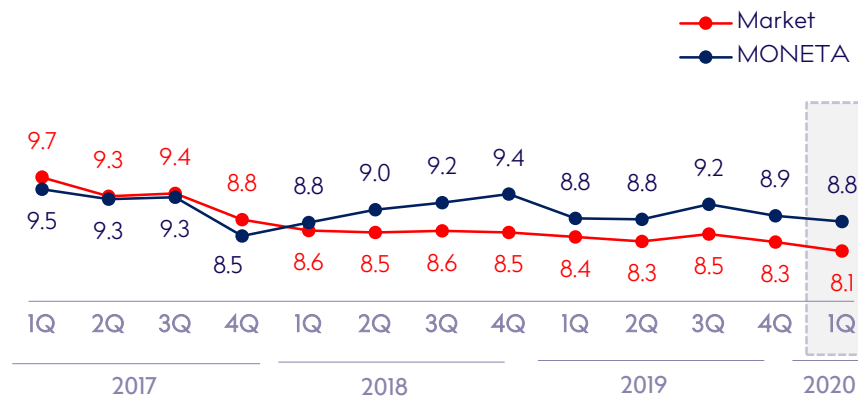
COMMERCIAL GROSS LOANS (CZK bn)



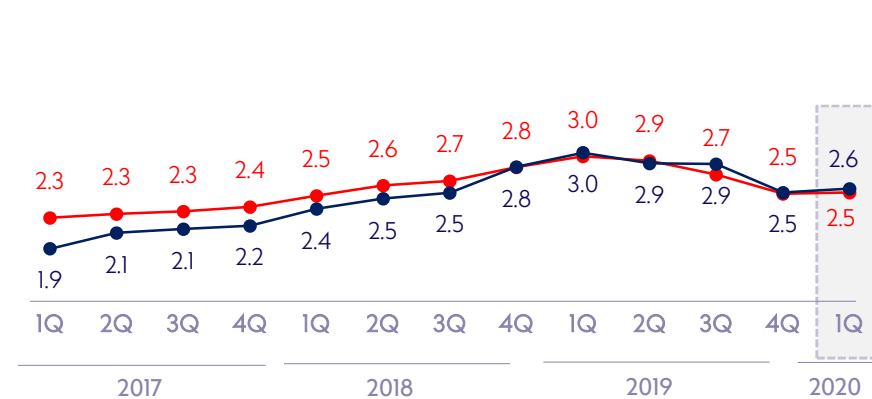
# PRICING EVOLUTION IN THE CZECH BANKING MARKET

## MONETA operated at pricing premium in retail market and incurred decreasing costs of funding

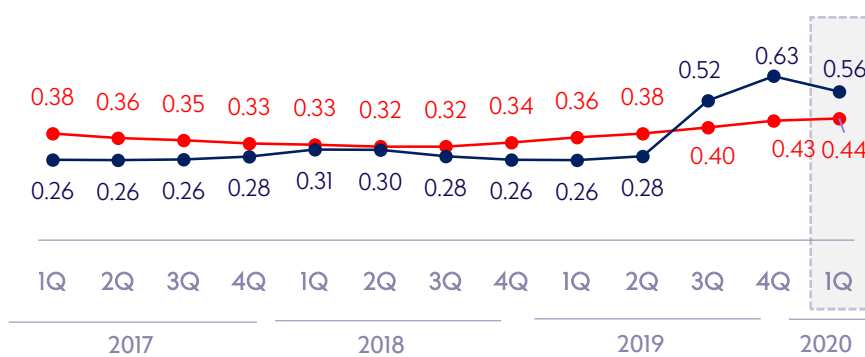
NEW VOLUME PRICING OF CONSUMER LOANS<sup>1</sup> (%)



NEW VOLUME PRICING OF MORTGAGE LOANS<sup>2</sup> (%)



RETAIL DEPOSIT PRICING<sup>3</sup> (%)



COMMERCIAL DEPOSIT PRICING<sup>3</sup> (%)



Source: CNB ARAD, loans and deposits denominated in CZK only; (1) Following CNB definition (includes non-purposed and purposed consumer loans, debt consolidations and American mortgages). New volume pricing represented by annualized weighted average rate for Czech residents; (2) Following CNB definition (loans for house purchase). New volume pricing represented by annualized weighted average rate for Czech residents; (3) Calculated as annualized weighted average rate for deposits, reflects contractual rates and balances as at the end of period. Commercial deposits include non-financial institutions only.



MONEY BANK

# Content

- Operating Environment and Banking Market Dynamics
- Measures related to Covid-19 pandemic
- Strategic Objectives & Results
- Digital Distribution & Services
- Profit and Loss Development
- Balance Sheet Development
- Risk Metrics & Asset Quality
- Capital Management
- Investor Relations
- Appendix

## AUTHORITY RESPONSE TO COVID PANDEMIC

# Key measures of government and central bank to support economic developments in the Czech Republic

### GOVERNMENT

**State of Emergency:** declared as at 12 March 2020 and prolonged until 17 May 2020

**Loan Re-payment Moratorium:** postponement of instalments by three or six months; retail and commercial loans are eligible excluding revolving loans, overdrafts, credit cards; implemented 8% interest rate cap above the CNB's repo rate (in total 9% p.a.)

**Government communicated commitment** to provide CZK 100 billion in direct support and CZK 900 billion in indirect in the form of guarantees.

**Compensation Subsidy:** CZK 25,000 in April, CZK 15,000 in May, payment holidays for health and social insurance for self-employed persons, care benefits for parents

**Delayed Tax Payments:** no sanctions for postponed filling of income tax return and payment of the tax, provided that the filling is submitted, and the payment is made by 1 July at the latest

### CENTRAL BANK

**Interest Rate:** Reduction of the 2-week repo rate from 2.25% to 1.0%

**Lower Capital Requirements:** Lowering of the countercyclical capital buffer rate from the previous 1.75% to 1.0% with effect from 1 April 2020 onward

**Suspension of Dividends:** strong recommendation for banks to suspend their dividend policy

**Extension of bond purchases by the Czech National Bank:** potential to purchase or repo bonds with all maturities, more counterparties – insurance companies, pension funds, investment funds

**Liquidity Auctions:** higher number of monetary policy operations providing liquidity to banks (three times per week, previously only once)



## MANAGEMENT RESPONSE

### Measures related to Covid-19 pandemic

#### WORK SAFETY AND OPERATIONAL CONTINUITY

- Remote access – home office work for an average 1,600 employees, distribution of 500 laptops
- Protective measures – secured disinfectants, regular cleaning, protective „plexiglass“ shields
- Compensation for protective aid and for single parents

#### BRANCH AND ATM NETWORKS OPERATIONS

- Selected 16 core branches and set up continuity plan
- Increased cash limits across both, branches and ATM's to ensure sufficient liquidity

#### LOAN RE-PAYMENT MORATORIUM

- Designed and implemented 3 months voluntary relief
- Switch off from MONETA voluntary relief into mandatory program
- Processed 55,000+ applications – relief impacting CZK 27.5 billion of underlying credit portfolios

#### COVID II AND COVID PRAHA PROGRAMS

- Enabled Covid II and Covid Praha programs for Small Business & SME clients – achieved 749 applications valued at CZK 1.8 billion as of April 30, 2020 against more than 6,200 applications submitted to ČMZRB<sup>1</sup> in total

#### FUNDING AND LIQUIDITY

- Analyses of potential liquidity needs
- Preparation for potential strengthening liquidity position through retail savings account campaign, commercial term deposits or CNB funding

#### CREDIT POLICY AND LOAN LOSS PROVISIONING

- Update of IFRS 9 macro parameters
- Designed and implemented downgrading of credit exposures
- Changed underwriting criteria

#### COST BASE AND INVESTMENT BUDGET

- Reduction of operational cost base by **~CZK 300 million** (e.g. marketing, sponsorship, project initiatives and other)
- Reduction of investment budget by **~CZK 170 million** - cancelled IRB project, reduced ATM and branch investments and reduced/postponed digital initiatives

#### ANNUAL SHAREHOLDERS MEETING

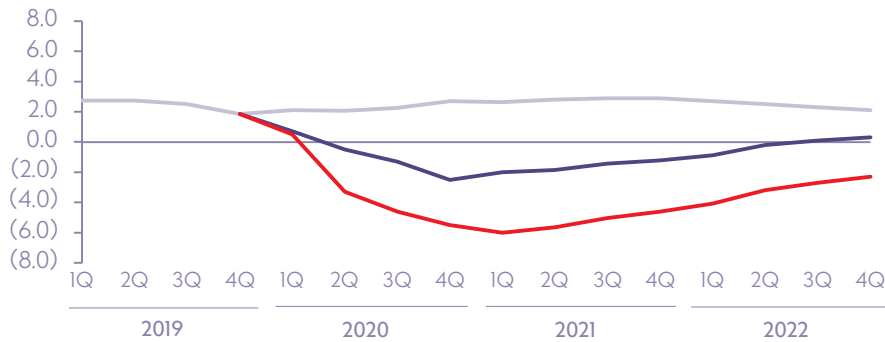
- Correspondence voting – prepared process for correspondence voting with external organizer of the meeting
- Postponement of Annual Shareholders Meeting

# MACROECONOMIC ENVIRONMENT

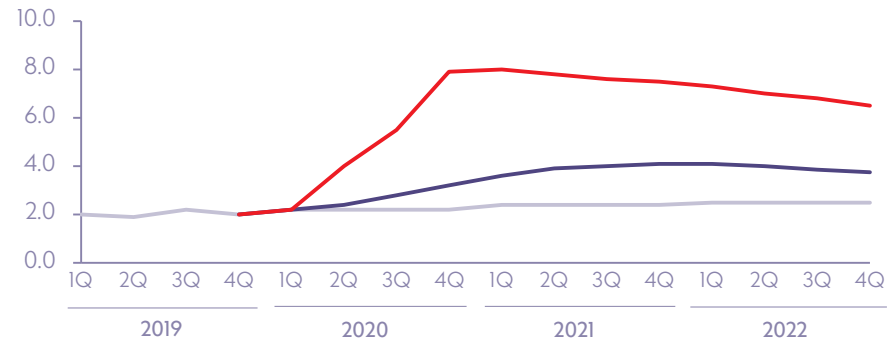
## Moderate prognoses used for IFRS9 provisioning in 1Q 2020

— Previous prognosis — Moderate prognosis — Severe prognosis

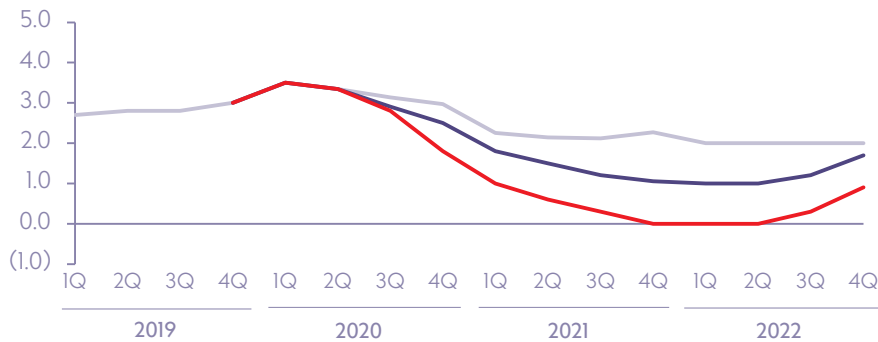
**GROSS DOMESTIC PRODUCT (YoY %)**



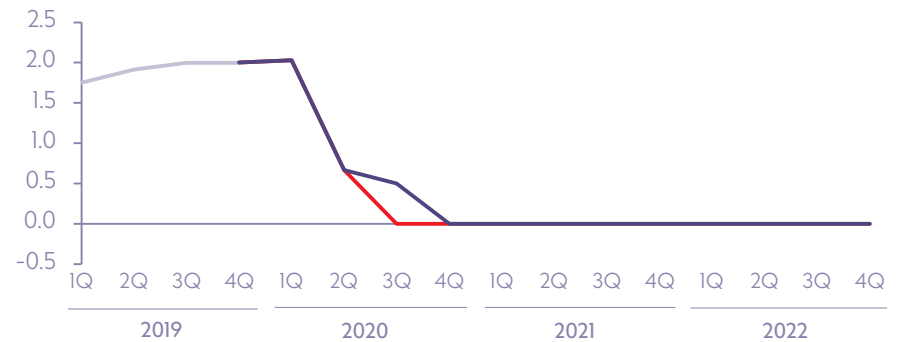
**UNEMPLOYMENT RATE (%)**



**INFLATION RATE (%)**



**2-WEEK REPO RATE (YoY %)**



## EXPECTED DEVELOPMENT OF KEY METRICS FOR 2020

Macroeconomic assumptions have significant impact on IFRS9 provisioning model and will be subject to continuous update

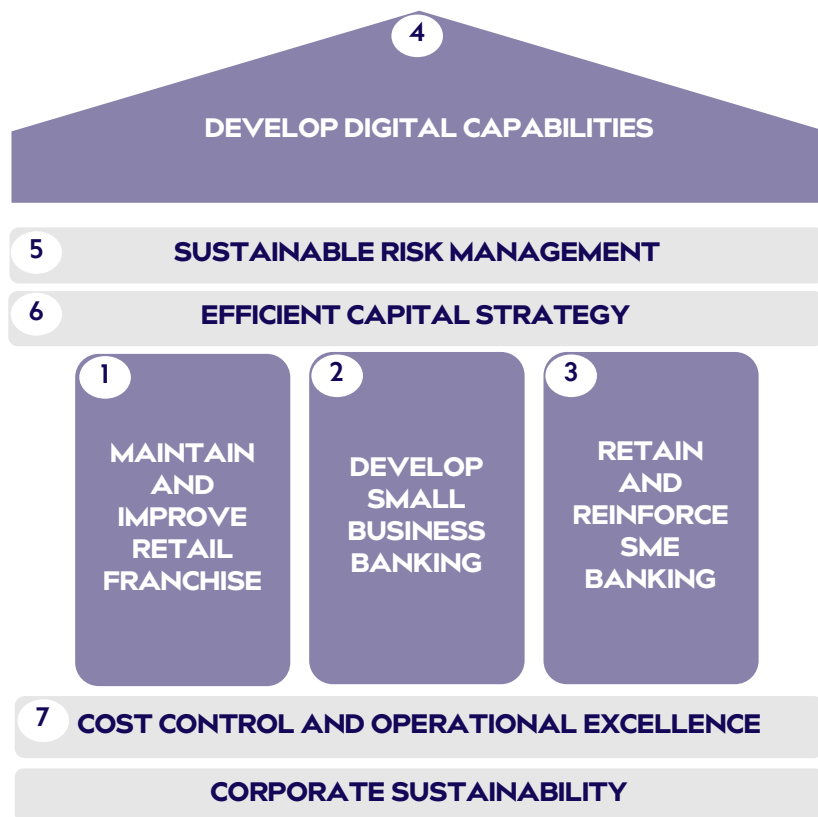
KEY METRICS	EXPECTATION
TOTAL OPERATING INCOME (CZK)	11.6bn
COST BASE (CZK)	(5.4)bn
COST OF RISK	170-185bps
MACROECONOMIC INDICATORS	
INTEREST RATES – 2 WEEK REPO DECREASED BY Q3	0%
STATE SUPPORT	STRONG
UNEMPLOYMENT RATE PEAK (1Q 2022)	4.1%
GDP GROWTH (4Q 2020)	(2.5)%
GDP GROWTH (2021)	(1.6)%

# Content

- Operating Environment and Banking Market Dynamics
- Measures related to Covid-19 pandemic
- **Strategic Objectives & Results**
- Digital Distribution & Services
- Profit and Loss Development
- Balance Sheet Development
- Risk Metrics & Asset Quality
- Capital Management
- Investor Relations
- Appendix

## STRATEGIC PILLARS & OBJECTIVES

MONETA seeks to deliver shareholder value through profitable and sustainable growth



### MEDIUM TERM TARGETS<sup>1</sup>:

- 01 | MAINTAIN AND IMPROVE RETAIL FRANCHISE**
  - ~ 10% mortgage portfolio market share
  - ~ 20% consumer lending portfolio market share
  - ~ 8% deposits and assets management market share

---

- 02 | DEVELOP SMALL BUSINESS BANKING**
  - ~ 10% market share in small business
  - ~ Double digit growth of number of customers
  - ~ 40% share of digital channels on new production

---

- 03 | RETAIN AND REINFORCE SME BANKING**
  - ~ Expand SME profitable relationships with incremental **RoE >20%**
  - ~ Maintain strong presence in profitable agricultural sector

---

- 04 | DEVELOP DIGITAL CAPABILITIES**
  - ~ 40% of total retail unit production to be originated online<sup>2</sup>
  - ~ 50% of consumer loans new production to be originated online<sup>2</sup>
  - ~ 400k registered Smart Banka users by 2021

---

- 05 | RISK MANAGEMENT SUSTAINABILITY**
  - ~ Strengthening early and late collection capability
  - ~ Focused management of NPL portfolio

---

- 06 | EFFICIENT CAPITAL STRATEGY**
  - ~ 14.9% capital adequacy ratio target, 100bps above requirement
  - ~ 80% dividend pay-out ratio as minimum<sup>1</sup>

---

- 07 | COST CONTROL AND OPERATIONAL EXCELLENCE**
  - ~ Strong cost control, maintain Cost to Income ratio below 50%
  - ~ Reduce branch network footprint in line with digital development
  - ~ Full integration of Wüstenrot CZ operations to enable annual cost synergies in the amount CZK 300 million by 2022

## PROGRESS ON STRATEGIC OBJECTIVES

# Delivered solid performance against committed strategic objectives

### 01 | MAINTAIN & IMPROVE RETAIL FRANCHISE<sup>1</sup>

- 19.2% YoY increase in **retail loan portfolio**
- 38.3% YoY continued growth in mortgages<sup>2</sup> with market share of 3.5%<sup>3</sup> as of 1Q'20
- 6.6% YoY growth in consumer loan portfolio with market share of 18.1%<sup>4</sup> as of 1Q'20

### 02 | DEVELOP SMALL BUSINESS BANKING<sup>1</sup>

- 40.4% YoY increase in **small business loan portfolio**
- 29.1% of total small business lending production originated online
- 1.2% YoY decrease in new volumes of instalment lending

### 03 | RETAIN & REINFORCE SME BANKING<sup>1</sup>

- 2.8% YoY increase in **SME loan portfolio**
- Commercial yield at 4.2%<sup>5</sup>
- Incremental RoE on SME portfolio at 12.9%<sup>6</sup> (19.8% in FY 2019)

### 04 | DEVELOP DIGITAL CAPABILITIES

- 35.1% YoY growth in **consumer loans originated fully online** (5.9% YoY decrease originated online), digital distribution has 41.5% share on total new production
- 48.2% YoY increase in small business instalment loans originated fully online (5.3% YoY decrease originated online), 29.1% share of total new production

### 05 | SUSTAINABLE RISK MANAGEMENT

- 118.9% total NPL coverage, 1.9% **NPL ratio**
- 173bps Cost of Risk driven by adjustment for worsening of macroeconomic outlook (120bps)

### 06 | EFFICIENT CAPITAL STRATEGY





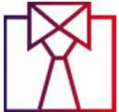
- 21.0% strong **Total Capital Adequacy Ratio** supported by Tier 2 bonds issuance and CZK 1.9 billion inclusion of 2019 net profit and part of 1Q'20 net profit into retained earnings, CET1 ratio at 17.4%
- Tier 2 bonds issuance of CZK 2.6 billion issued at below average yield of 3.79% p.a.
- Share buy back program approved by CNB and shareholders (currently suspended)

### 07 | COST CONTROL AND OPERATIONAL EXCELLENCE

- 0.2% YoY decrease in **Total Operating Costs** driven by reduction of personnel expenses and focused control over administrative costs
- 18 branches closed in 1Q 2020, resetting the size of overall network to 161 units

## OPERATING PLATFORM

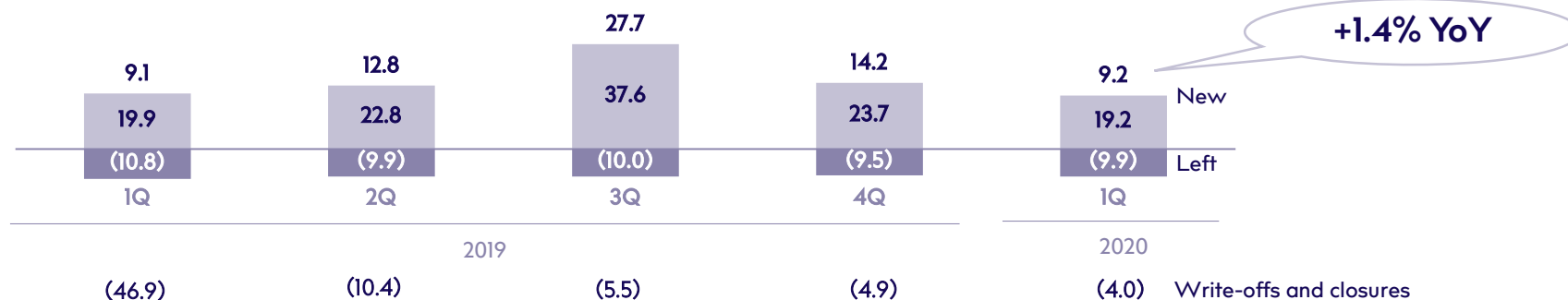
### Increase in client base complemented by improvements in overall efficiency

		FY 2019	IQ 2020	
	<b>BRANCHES</b>	<b>179</b>	<b>161</b>	↓
	<ul style="list-style-type: none"> <li>• Rented space in thousands m<sup>2</sup></li> <li>• Branches in new design</li> </ul>	41.9	39.7	
	<b>ATMs</b>	<b>632</b>	<b>631</b>	
	<ul style="list-style-type: none"> <li>• of which deposit ATMs</li> <li>• of which contactless ATMs<sup>1</sup></li> </ul>	81	83	
		456	458	
	<b>NUMBER OF PERFORMING CLIENTS (ths)<sup>2</sup></b>	<b>999</b>	<b>1,003</b>	↑
	• Retail	901	904	
	• Small business <sup>3</sup>	93	94	
	• SME <sup>4</sup>	5	5	
	<b>REGISTERED USERS DIGITAL CHANNELS</b>			↑
	• SMART BANKA (ths)	365	385	
	• INTERNET BANKA <sup>5</sup> (ths)	941	948	
	<b>NUMBER OF EMPLOYEES (FTEs)<sup>6</sup></b>	<b>2,959</b>	<b>2,908</b>	↓

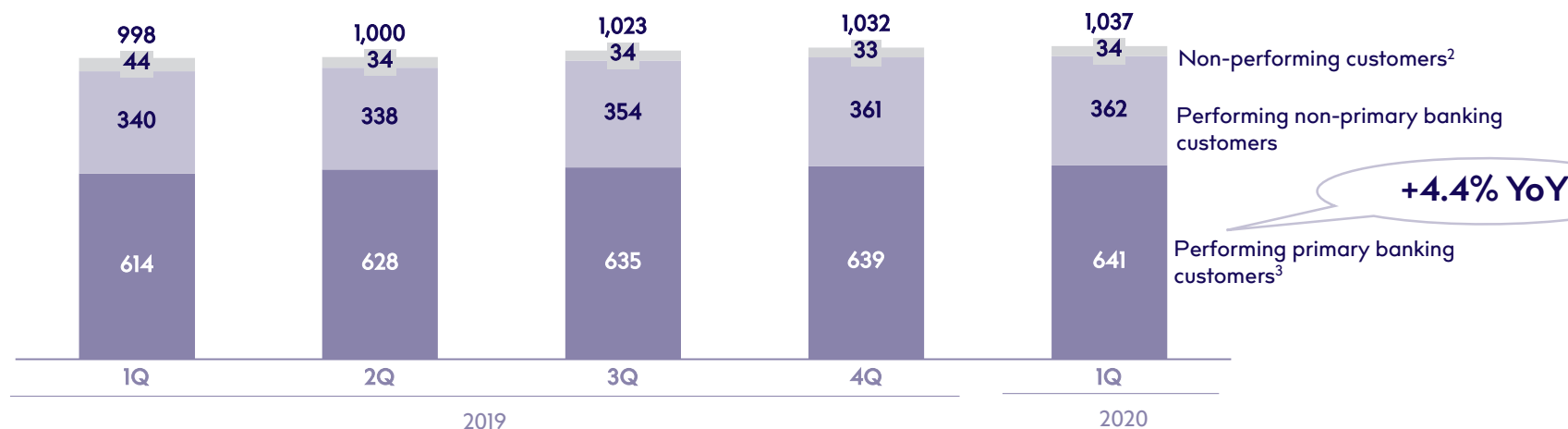
## CLIENT BASE EVOLUTION

Number of performing customers exceeded one million, accompanied by primary banking customers growth of 4.4% YoY

NET CLIENT ACQUISITION<sup>1</sup> (number of clients in thousands)



CLIENT BASE EVOLUTION (number of clients in thousands)





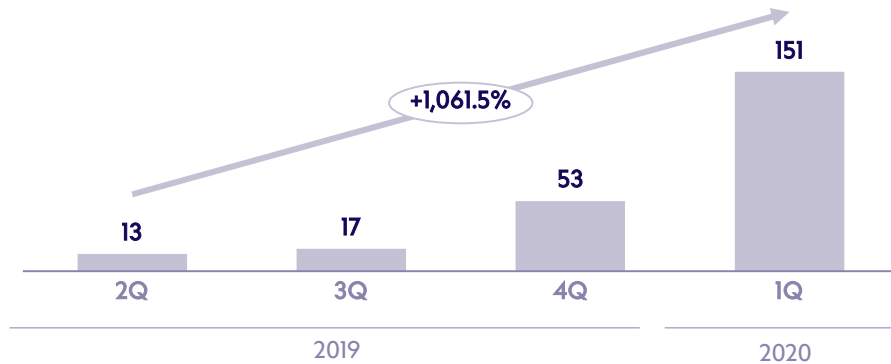
# Content

- Operating Environment and Banking Market Dynamics
- Measures related to Covid-19 pandemic
- Strategic Objectives & Results
- **Digital Distribution & Services**
- Profit and Loss Development
- Balance Sheet Development
- Risk Metrics & Asset Quality
- Capital Management
- Investor Relations
- Appendix

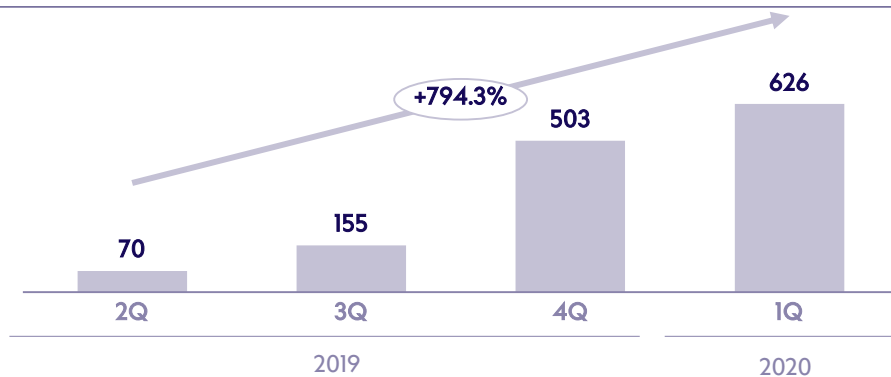
## DIGITAL DISTRIBUTION AND SERVICE PLATFORM

# Fully digital mortgage platform Refinanso.cz began to attract clients, contributing 20% of all refinancing

REFINANSO – SIGNED MORTGAGES (absolute number)

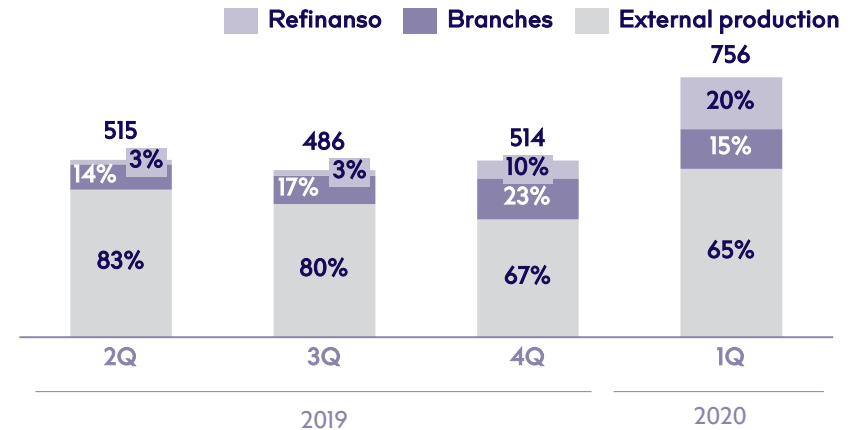


REFINANSO – PRE-APPROVED MORTGAGES (absolute number)



REFINANCING MORTGAGES BY CHANNELS

(absolute number of signed agreements)

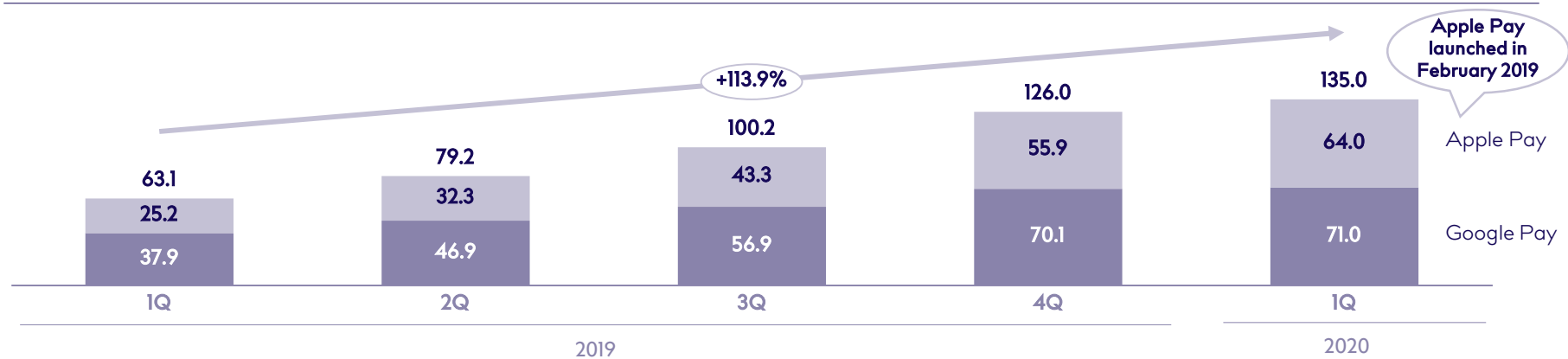


- **May 2019** product launched with limited functionality
- **January 2020** launch of fully online proposition, first fully online mortgage on Czech market
- In 1Q 2020 Refinanso already facilitates **8%** of signed mortgages from new production of mortgage loans

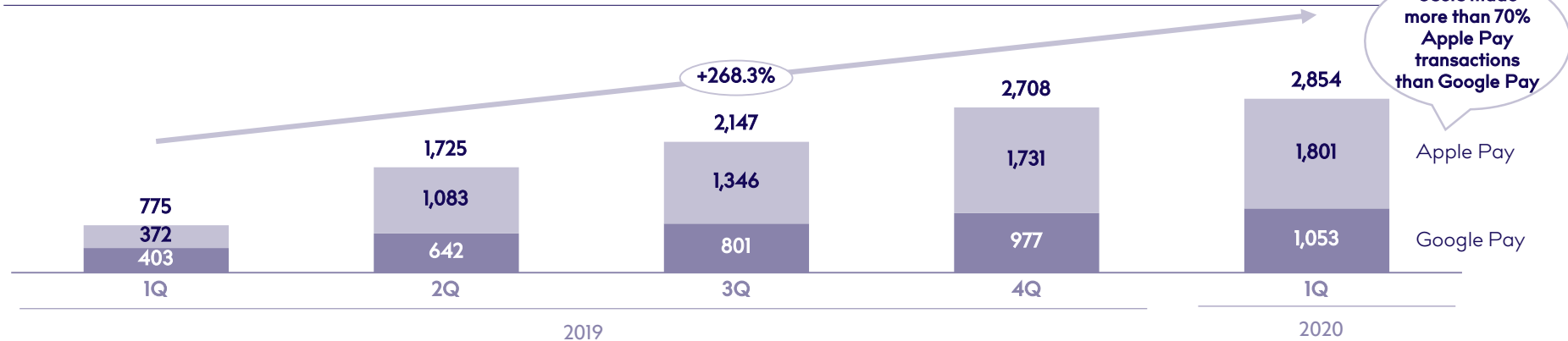
# GOOGLE PAY AND APPLE PAY EVOLUTION

## Digital payment platforms strengthen MONETA's attractiveness and position in retail payments market

GOOGLE PAY<sup>1</sup> AND APPLE PAY TOKENIZED CARDS (in thousands)



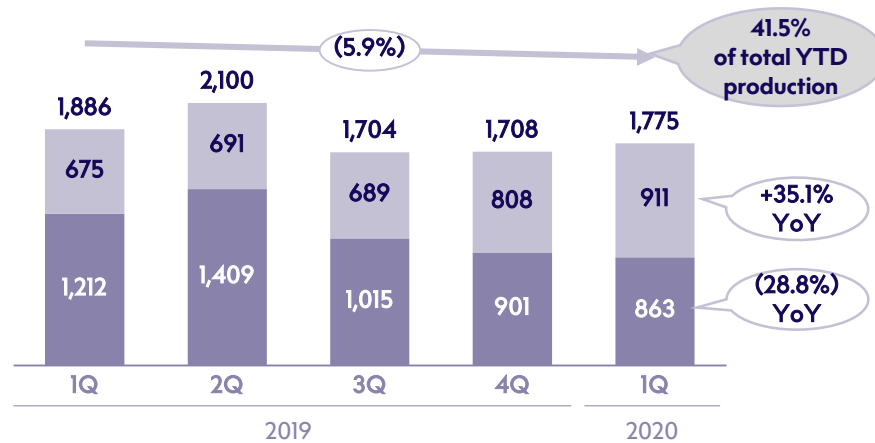
GOOGLE PAY<sup>1</sup> AND APPLE PAY TRANSACTIONS (number of transactions in thousands)



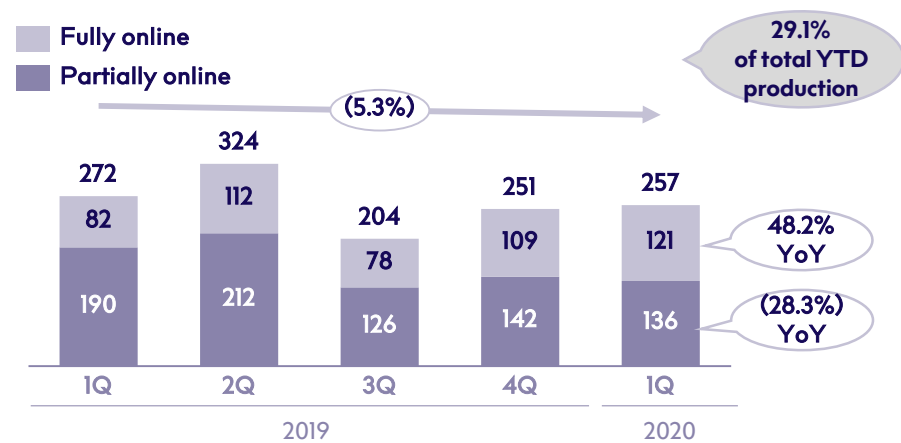
# ONLINE LENDING PERFORMANCE

Online origination less impacted by slowdown in lending activity, resulting in increase of its share on total production

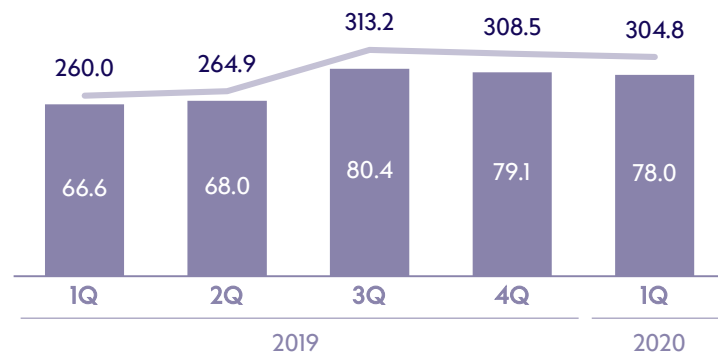
CONSUMER LOAN VOLUMES ORIGINATED ONLINE<sup>1,2</sup> (CZK m)



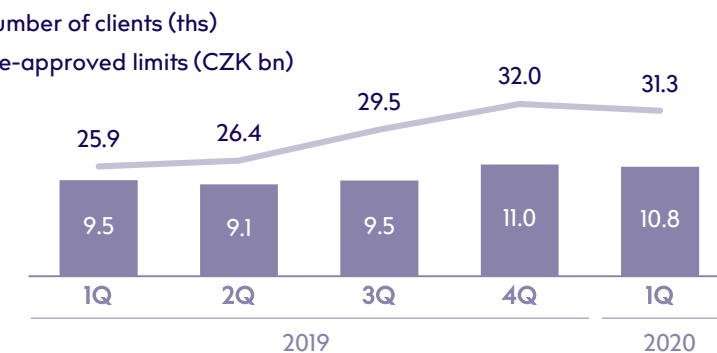
SMALL BUSINESS INSTALMENT LOANS ORIGINATED ONLINE<sup>1</sup> (CZK m)



CONSUMER LOAN PRE-APPROVED CREDIT LIMITS<sup>3</sup>



SMALL BUSINESS PRE-APPROVED CREDIT LIMITS<sup>3</sup>



## IMPLEMENTATION OF SOFTWARE AS A SERVICE

# Replacement of our “customized” in-house card system to a Software as a Service for credit and debit cards

	HIGHLIGHTS	BENEFITS <sup>1</sup>
WHAT	<ul style="list-style-type: none"> <li>• Replacement of our legacy Debit and Credit Card systems</li> <li>• We adjusted all internal systems to the standard services and APIs of Fiserv</li> </ul>	<ul style="list-style-type: none"> <li>✓ Lower Operating Costs and “Pay as you use” principle - less (credit) cards, lower costs</li> <li>✓ Decreased operational risk by moving from mix of in-house and several small suppliers to single global leader</li> </ul>
WHY	<ul style="list-style-type: none"> <li>• Outdated system (VisionPlus 8.23) with complex supplier landscape</li> <li>• Reduce the high % fixed costs</li> </ul>	<ul style="list-style-type: none"> <li>✓ Access to world-class development roadmap, so new services like Apple Pay are simply purchased and “turned on” rather than bespoke developed</li> </ul>
COMPLEXITY	<ul style="list-style-type: none"> <li>• Replacement of core authorization and parameterization system for debit cards,</li> <li>• Replacement of core banking system for credit cards</li> <li>• Large amount of products and actions possible for these products</li> <li>• Involved 27 systems, 130+ FTEs with overall scope of 28 000+ MDs</li> <li>• The system was switched during one weekend in both VISA and MasterCard schemes with no outages in online authorizations services</li> </ul>	<ul style="list-style-type: none"> <li>✓ Regulatory changes and Visa / MasterCard mandates taken care of without development costs</li> <li>✓ Increased automation, flexibility, and granularity of products, parameters, and promotions (which drives faster new product and feature launches, and more targeted promotions)</li> <li>✓ Access to world-class tools used by the most sophisticated issuers, such as industry leading Falcon fraud management system</li> </ul>

Part of the IT STRATEGY to reduce dependency on customized systems and move to Software as a Service

## DEVELOPMENT OF DIGITAL CAPABILITIES

# MONETA digital strategy continues to focus on three strategic pillars

	1H 2020 <sup>1</sup>	2H 2020 <sup>1</sup>
<b>CREDIT DISTRIBUTION</b>	<ul style="list-style-type: none"> <li>• Unified third-party online distribution platform for brokers with digital products</li> <li>• Automated income verification for consumer lending</li> <li>• Extended coverage for online mortgage refinancing cases on Refinanso.cz (40% to 80% cases)</li> </ul>	<ul style="list-style-type: none"> <li>• Instant virtual credit card via Smart Banka and web</li> <li>• Further digitalisation and automation of mortgage process for brokers</li> <li>• Digitalisation of building savings loan product</li> </ul>
<b>TRANSACTION BANKING CAPABILITIES</b>	<ul style="list-style-type: none"> <li>• New free current account via web based onboarding process for retail and entrepreneur clients</li> <li>• New savings account for entrepreneurs fully online via web</li> </ul>	<ul style="list-style-type: none"> <li>• Building savings (Wüstenrot) fully online via web</li> <li>• Building savings fully online for 3rd parties</li> <li>• New multicurrency card</li> <li>• New Internet Banking application (MVP)</li> </ul>
<b>FEE &amp; COMMISSION EARNING PRODUCT DISTRIBUTION</b>	<ul style="list-style-type: none"> <li>• New investment funds (two funds added)</li> <li>• Mass client payment orders and annual coupon payments for investments</li> </ul>	<ul style="list-style-type: none"> <li>• Accident and Legal protection products via Smart Banka</li> <li>• Enhanced and digitalized insurance product applications</li> </ul>
<b>UPDATED DIGITAL DISTRIBUTION STRATEGY 2018-2020 at <a href="http://www.moneta.cz">www.moneta.cz</a></b>		

# Content

- Operating Environment and Banking Market Dynamics
- Measures related to Covid-19 pandemic
- Strategic Objectives & Results
- Digital Distribution & Services
- **Profit and Loss Development**
- Balance Sheet Development
- Risk Metrics & Asset Quality
- Capital Management
- Investor Relations
- Appendix

## PROFIT AND LOSS STATEMENT

### Growing operating income offset by higher Cost of Risk amid worsened macroeconomic outlook

METRICS (CZK m, %)	1Q 2019	1Q 2020	CHANGE
NET INTEREST INCOME	1,947	2,043	4.9%
NET FEE AND COMMISSION INCOME	466	486	4.3%
INCOME FROM FINANCIAL OPERATIONS	100	374	274.0%
OTHER INCOME	37	21	(43.2%)
<b>TOTAL OPERATING INCOME</b>	<b>2,550</b>	<b>2,924</b>	<b>14.7%</b>
TOTAL OPERATING EXPENSES	(1,335)	(1,332)	(0.2%)
<b>PROFIT BEFORE TAX AND IMPAIRMENT</b>	<b>1,215</b>	<b>1,592</b>	<b>31.0%</b>
COST OF RISK	14	(684)	n/m
<b>NET PROFIT</b>	<b>983</b>	<b>731</b>	<b>(25.6%)</b>
RETURN ON TANGIBLE EQUITY	16.1%	12.7%	(3.5pp)
RETURN ON EQUITY	15.0%	11.5%	(3.5pp)

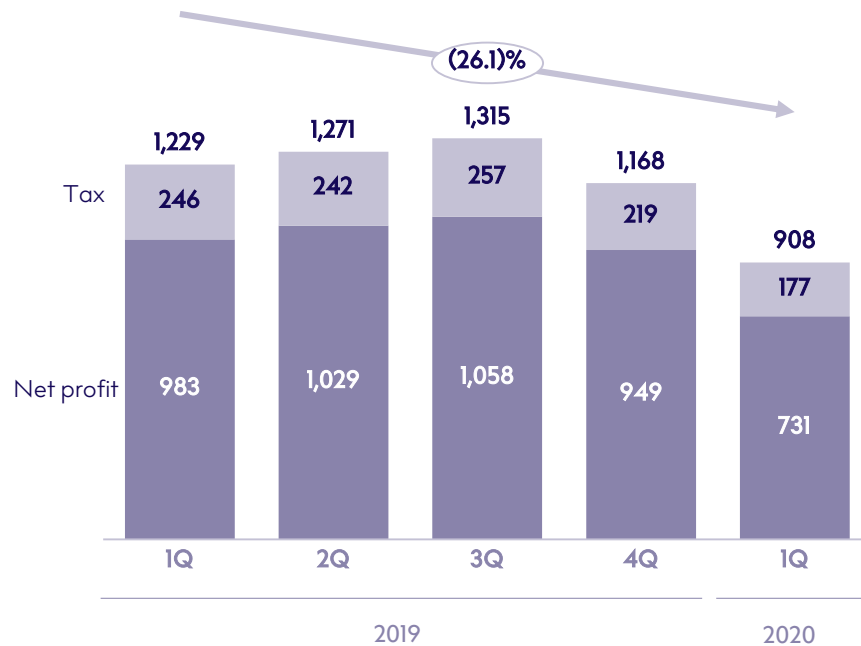
- **CZK 2,043m of net interest income, up 4.9% YoY**, showing continued solid growth
- **CZK 486m of net fee and commission income, up 4.3% YoY**, driven by third party commission
- **CZK 374m of income from financial operations, up 274.0%**, driven by successful bond sales
- **CZK 21m of other income, down 43.2% YoY**, impacted by gain from NPL disposals in 1Q'19 (CZK 18m)
- **CZK 1,332m of operating expenses, flat at (0.2%) YoY**, Cost/Income ratio improved to **45.6%**
- **Profit before tax and impairment** significantly increased **31.0% YoY** driven by strong revenue growth and flat cost base
- **Cost of Risk (CZK 684 million)** mainly affected by IFRS9 adjustment in the amount of **CZK 475 million**



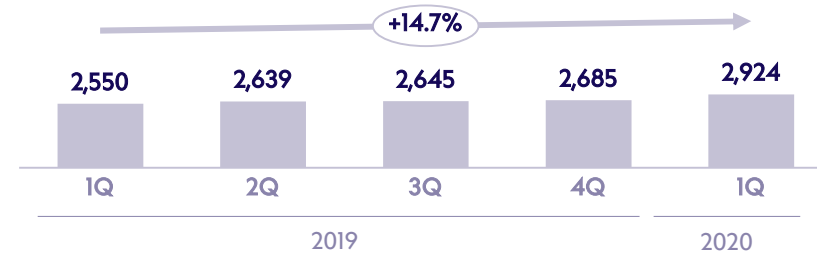
# NET PROFIT DEVELOPMENT

Decline in net profit driven by impact of IFRS9 procyclical provisioning

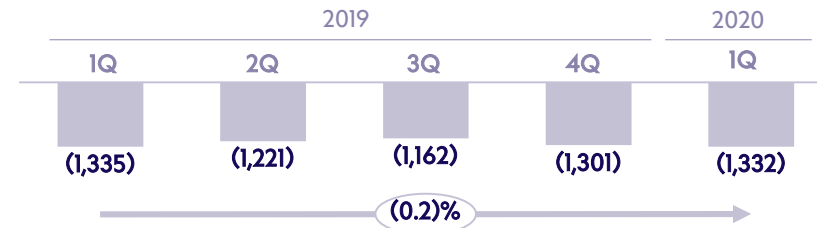
PROFIT BEFORE TAX (CZK m)



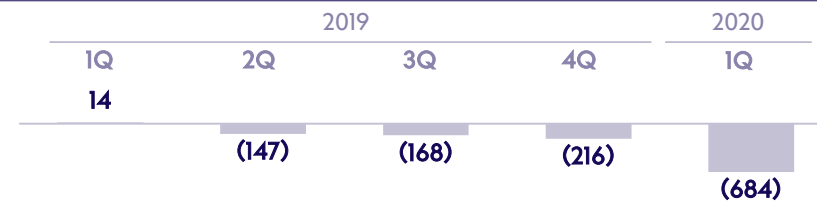
OPERATING INCOME (CZK m)



OPERATING EXPENSE (CZK m)



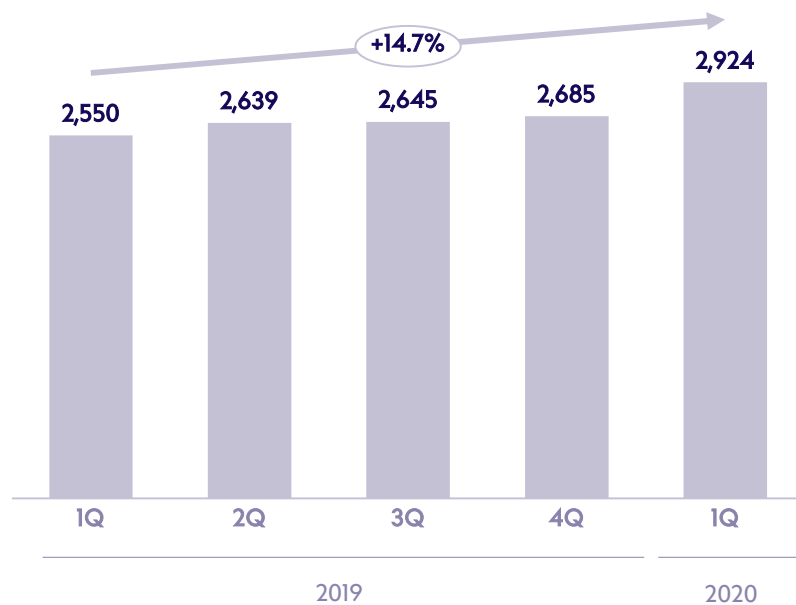
COST OF RISK (CZK m)



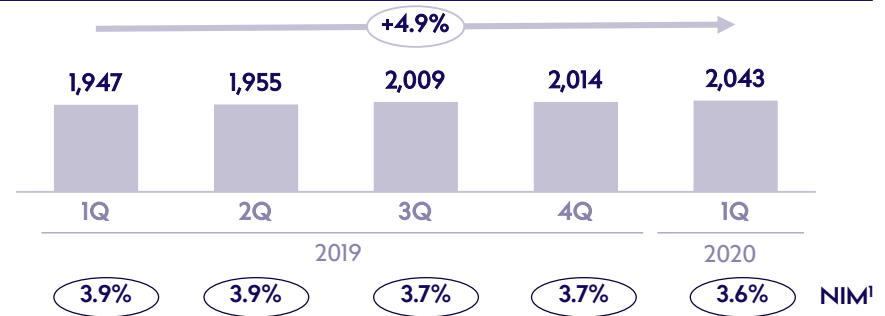
## OPERATING INCOME DEVELOPMENT

Overall operating income growth of 14.7% driven by increase in both, interest and non-interest income

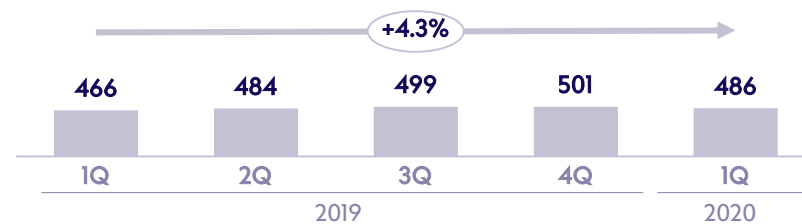
OPERATING INCOME (CZK m)



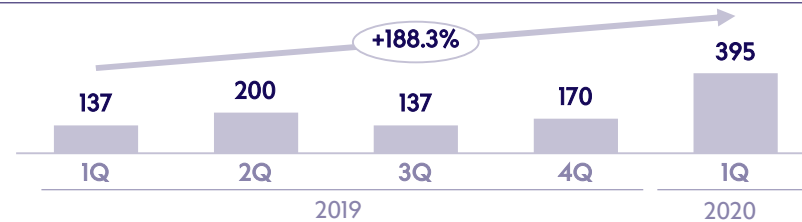
NET INTEREST INCOME (CZK m)



NET FEE AND COMMISSION INCOME (CZK m)



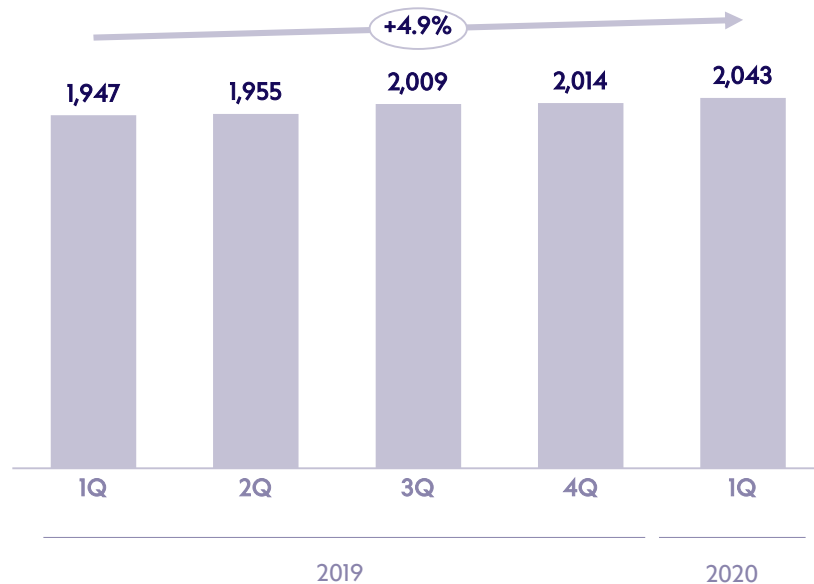
OTHER OPERATING INCOME (CZK m)



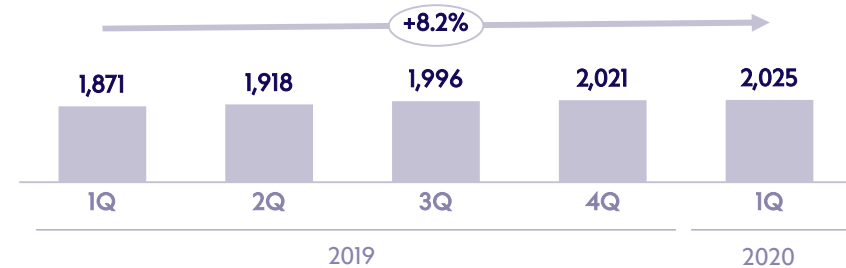
## NET INTEREST INCOME DRIVERS

Solid performance in net interest income continued, Cost of Funds stabilized due to repricing of retail deposits

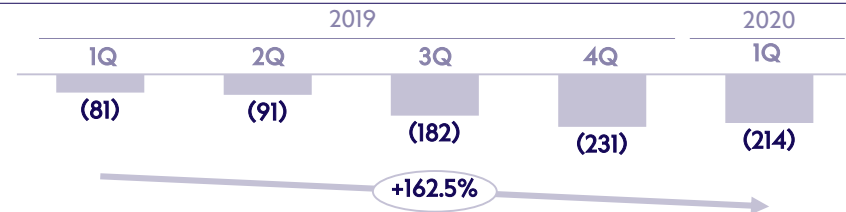
NET INTEREST INCOME (CZK m)



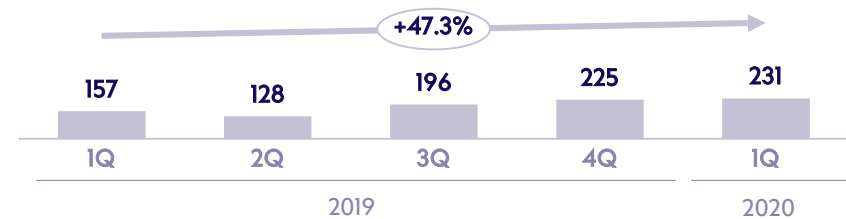
INTEREST INCOME FROM LOANS (CZK m)



INTEREST EXPENSES FROM CUSTOMER DEPOSITS (CZK m)



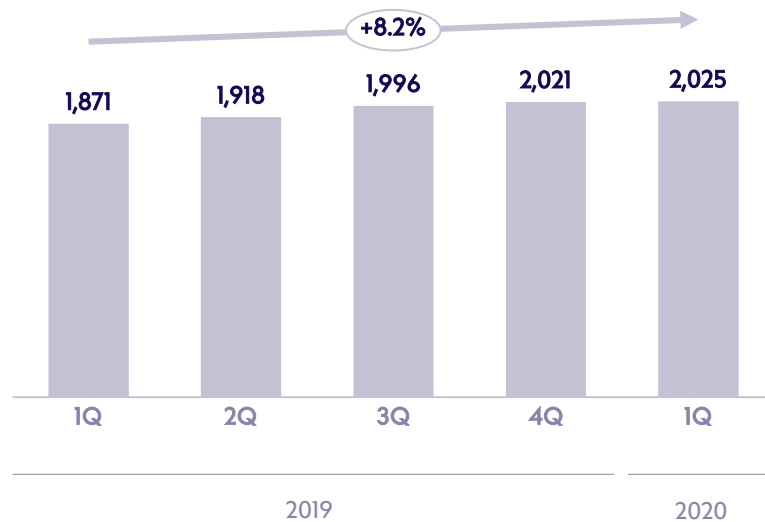
OTHER NET INTEREST INCOME<sup>(1)</sup> (CZK m)



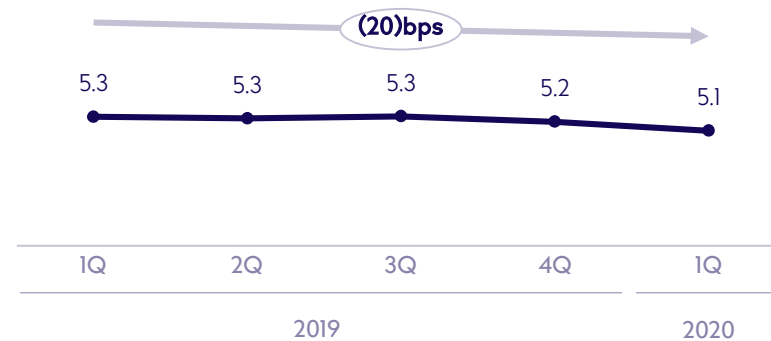
## INTEREST INCOME DRIVERS

Loan portfolio growth enabling rising interest income despite modest yield decline

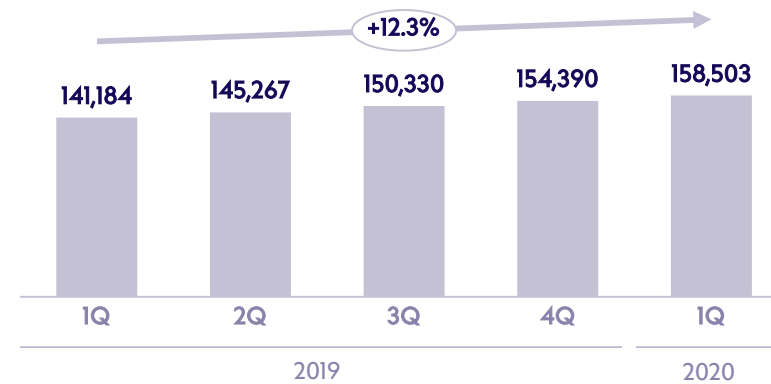
INTEREST INCOME FROM LOANS (CZK m)



AVERAGE LOAN YIELDS (%)



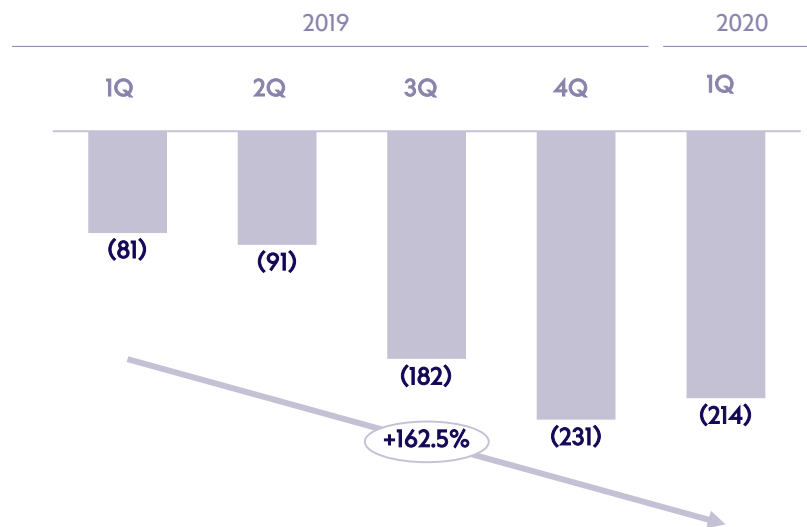
NET LOAN BALANCES - QUARTERLY AVERAGES (CZK m)



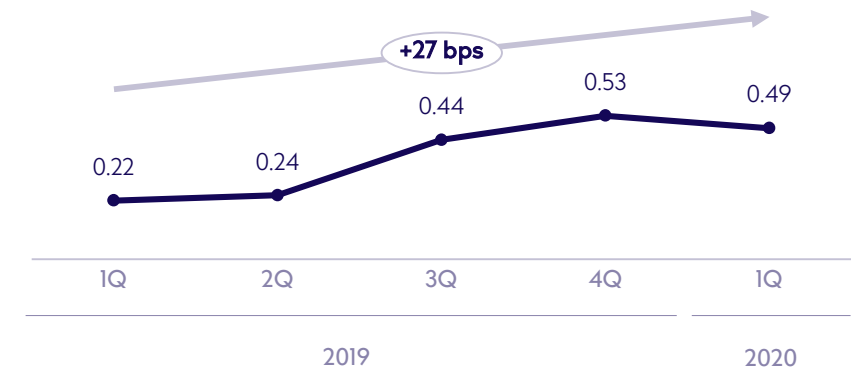
## INTEREST EXPENSE DRIVERS

Funding costs stabilized in relative and absolute terms during 1Q 2020

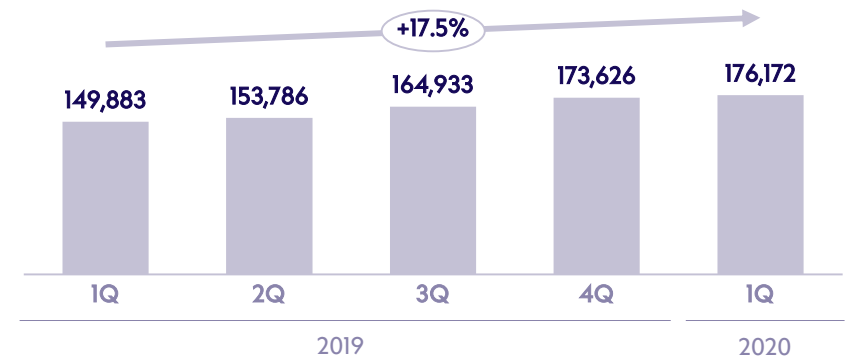
INTEREST EXPENSES FROM CUSTOMER DEPOSITS (CZK m)



CORE COST OF FUNDS (%)



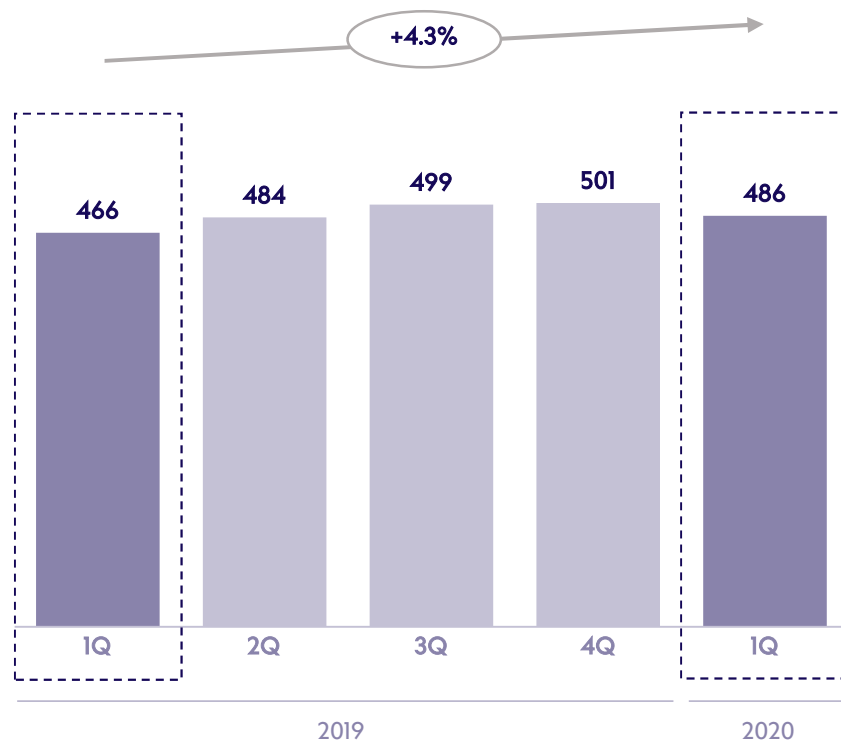
CUSTOMER DEPOSIT BALANCES - QUARTERLY AVERAGES (CZK m)



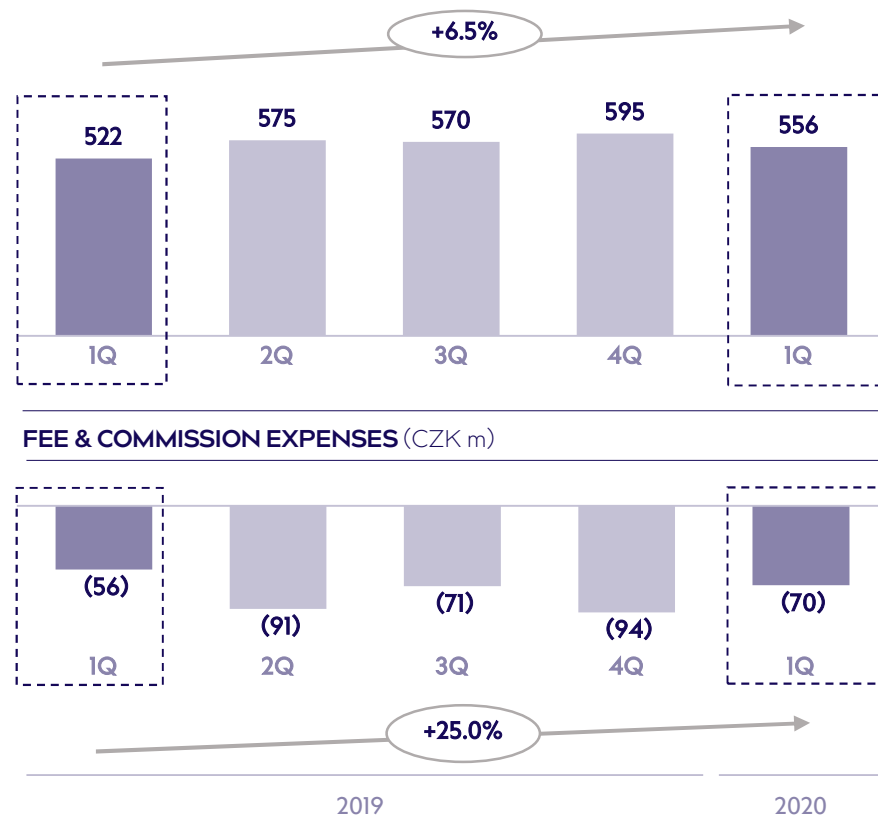
# FEE AND COMMISSION INCOME & EXPENSE

## Net fee & commission income continued to grow

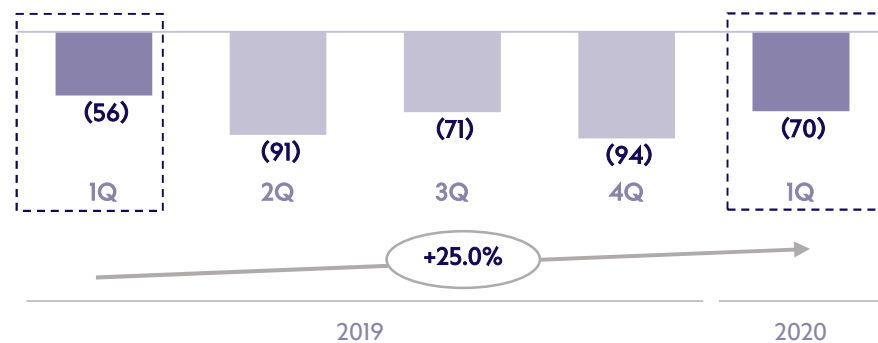
NET FEE & COMMISSION INCOME (CZK m)



FEE & COMMISSION INCOME (CZK m)



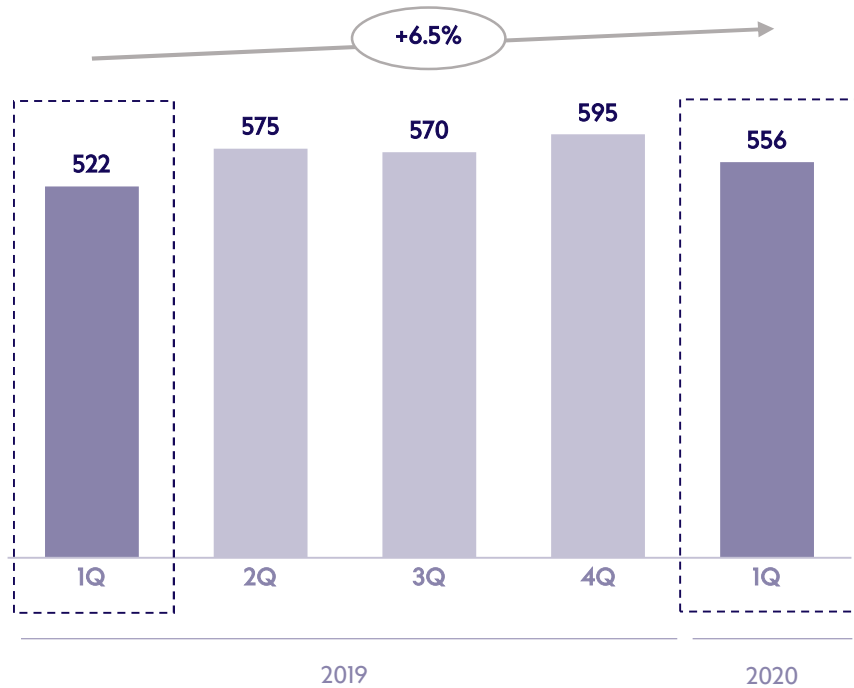
FEE & COMMISSION EXPENSES (CZK m)



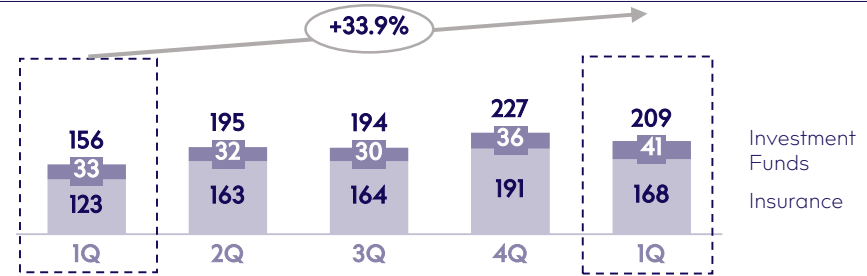
# DEVELOPMENT IN FEE & COMMISSION INCOME CATEGORIES

Third party commission income remains key growth driver and constitutes major part of our fee generation strategy

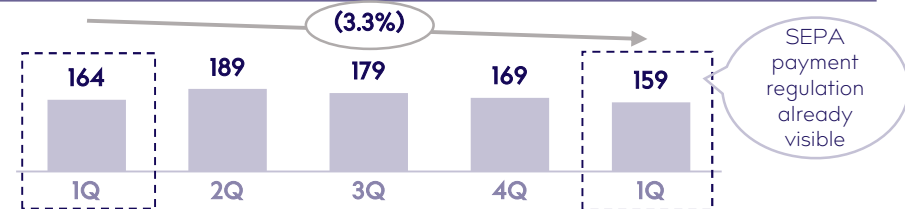
FEE & COMMISSION INCOME (CZK m)



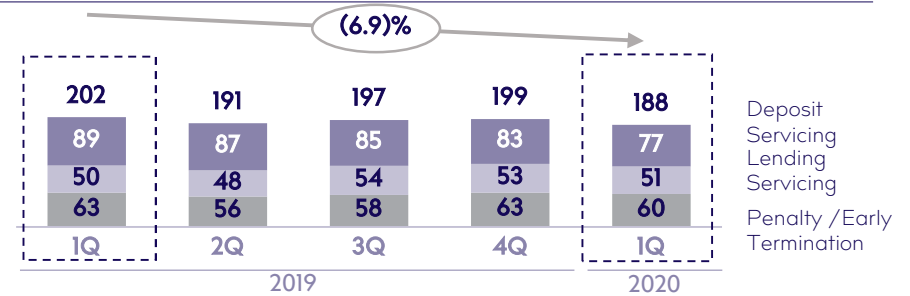
THIRD PARTY COMMISSION INCOME (CZK m)



TRANSACTION & OTHER FEE INCOME (CZK m)



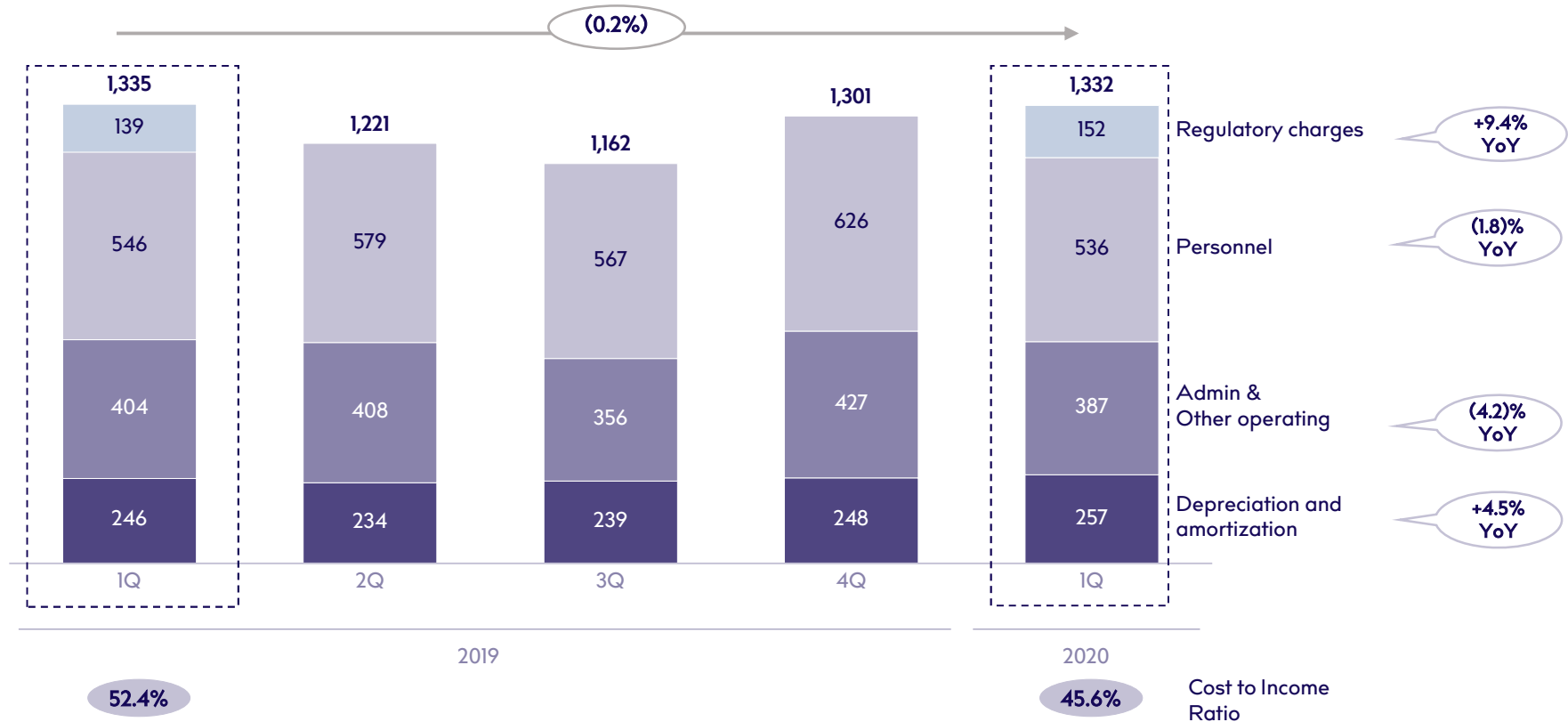
SERVICING AND PENALTY FEE INCOME (CZK m)



# OPERATING EXPENSES

Maintaining flat cost base year-on-year despite significant inflationary pressures

OPERATING EXPENSES (CZK m)

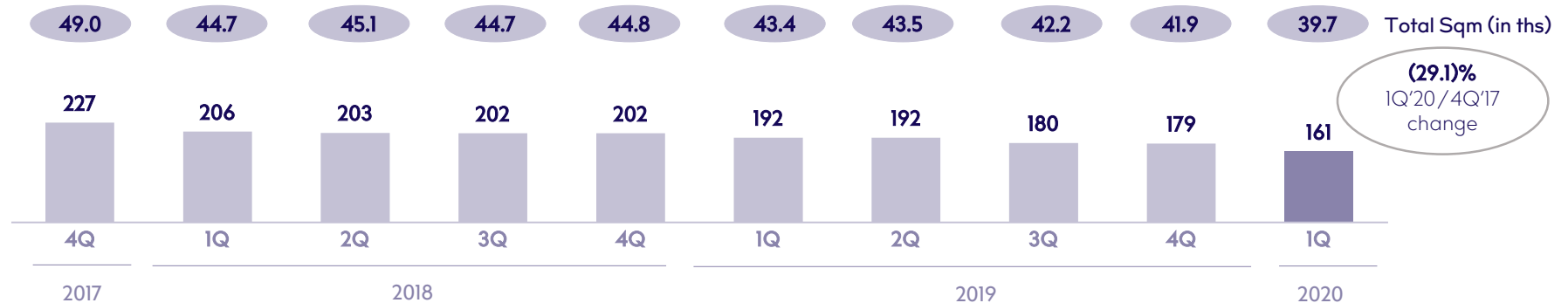




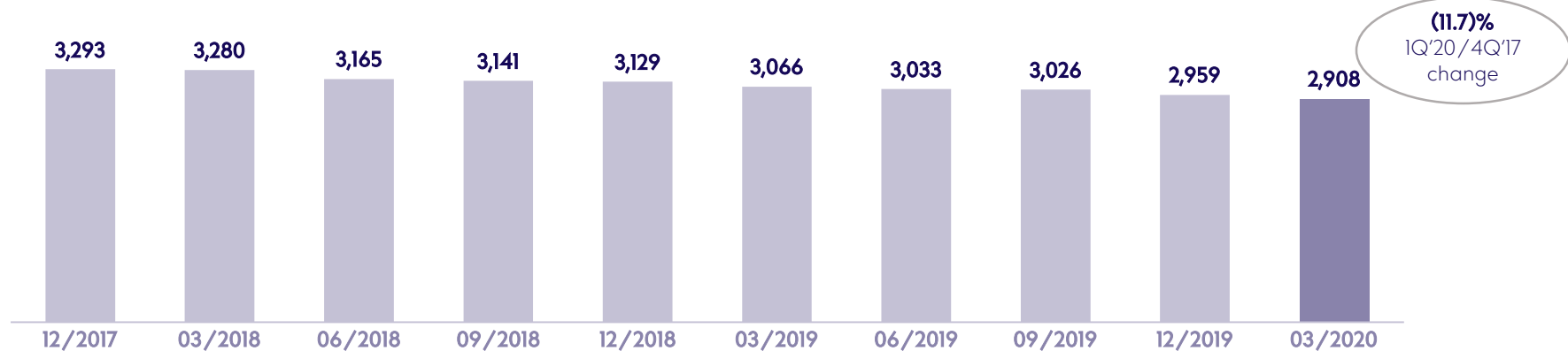
## COST DRIVERS

Workforce efficiency and network reduction are key drivers of improving productivity, both enabled through our digital strategy

NUMBER OF BRANCHES AND SQUARE METERS<sup>1</sup>



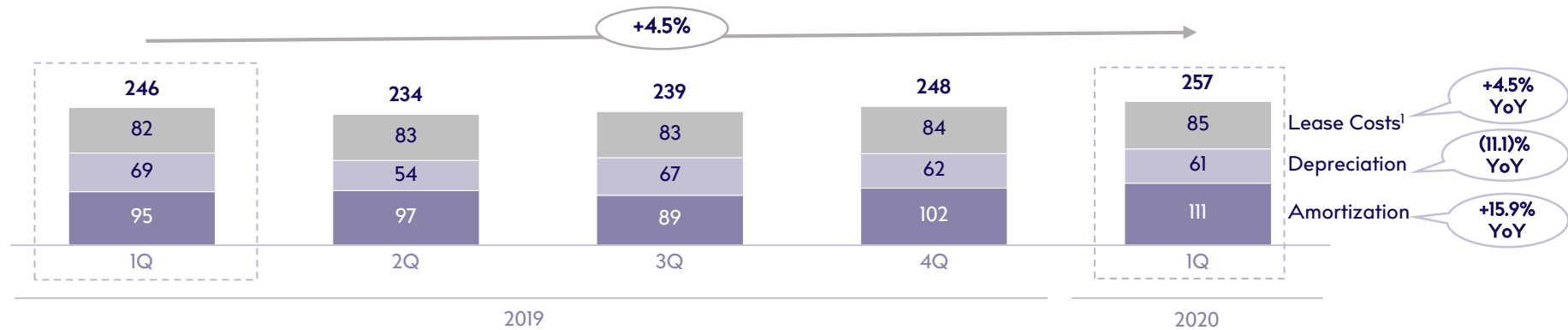
NUMBER OF EMPLOYEES<sup>2</sup> (FTE's in relevant month)



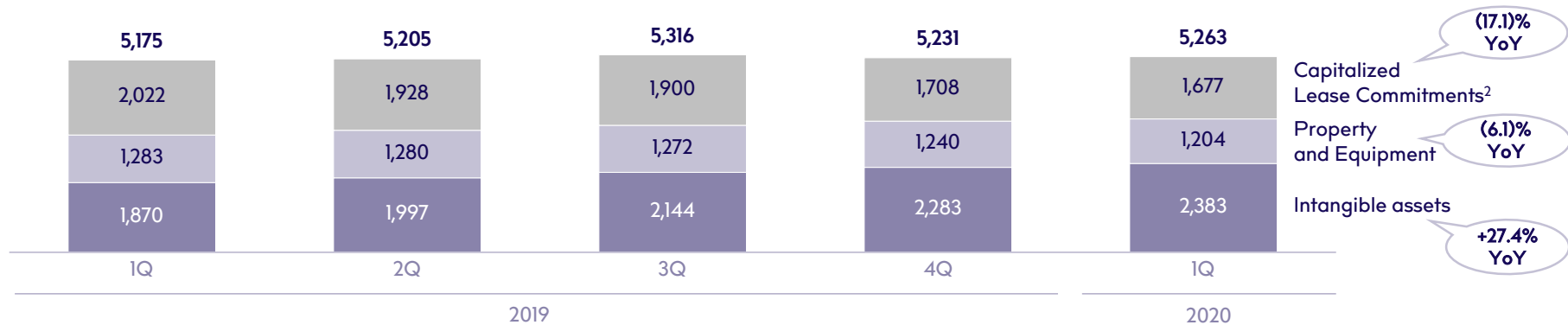
## COST DRIVERS

Moderate increase in depreciation & amortization costs due to continued investments into operating platforms

DEPRECIATION AND AMORTIZATION COST (CZK m)



INTANGIBLE ASSETS, PROPERTY AND EQUIPMENT (CZK m)



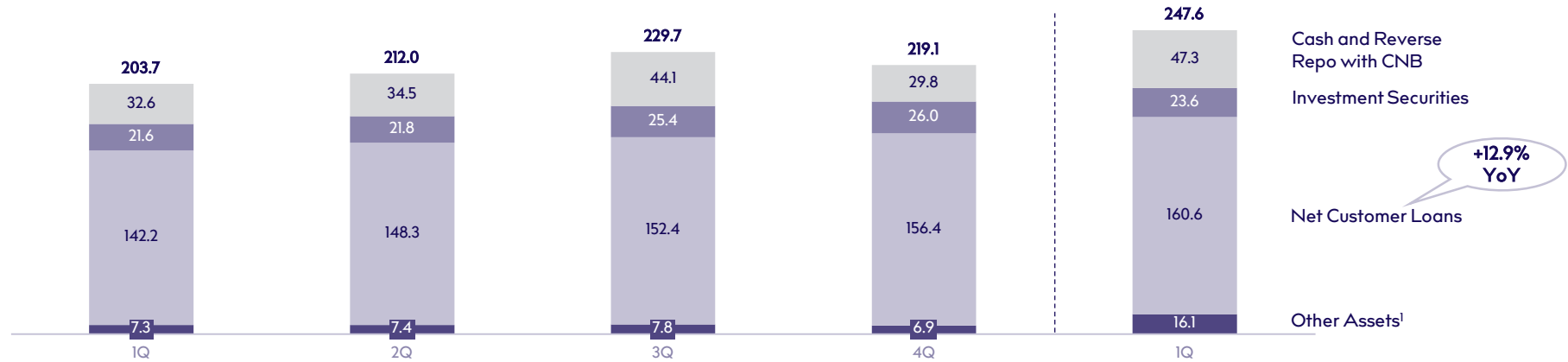
# Content

- Operating Environment and Banking Market Dynamics
- Measures related to Covid-19 pandemic
- Strategic Objectives & Results
- Digital Distribution & Services
- Profit and Loss Development
- **Balance Sheet Development**
- Risk Metrics & Asset Quality
- Capital Management
- Investor Relations
- Appendix

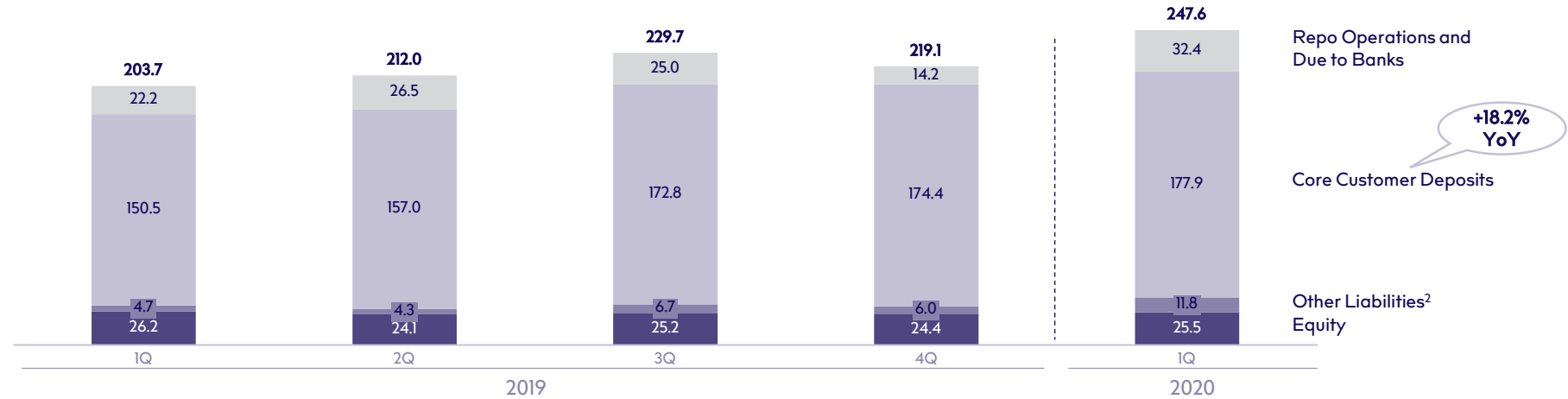
# SOLID BALANCE SHEET FUNDAMENTALS

## Strengthening liquidity position by robust increase of customer deposit base

ASSETS (CZK bn)



LIABILITIES AND EQUITY (CZK bn)



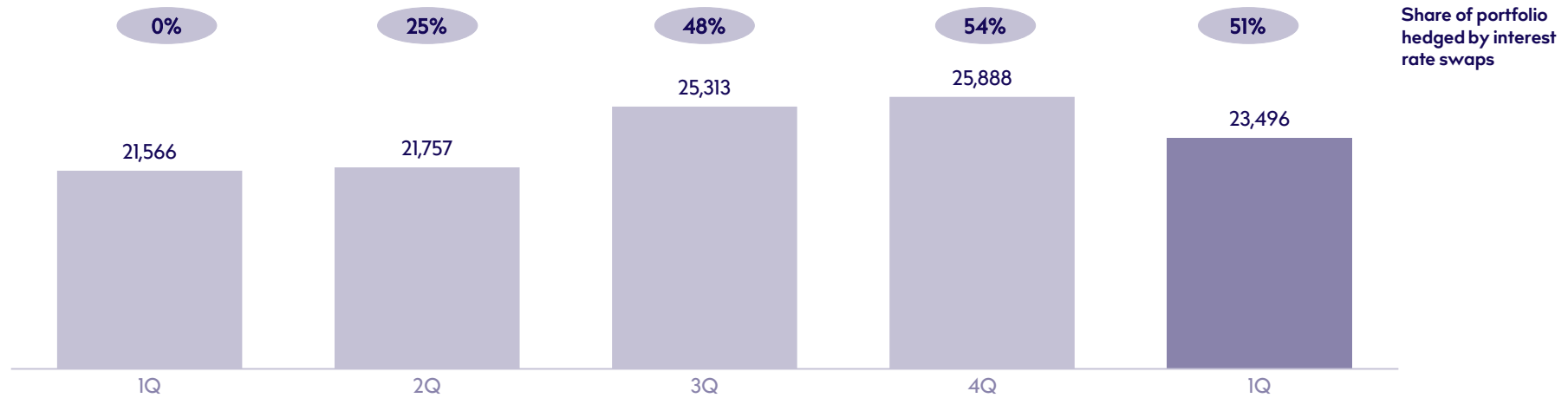
2019

2020

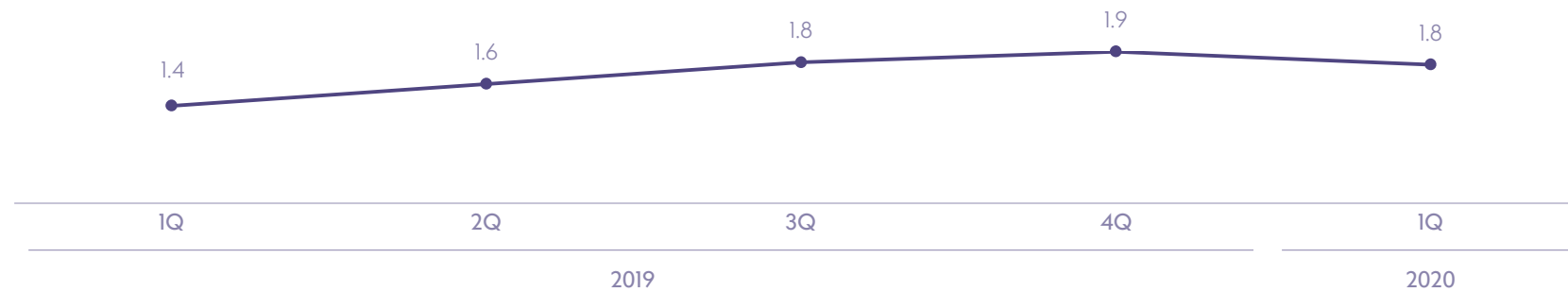
## INVESTMENT PORTFOLIO DEVELOPMENT

Successful sales of bonds in nominal value of CZK 3.8 billion generated gain of CZK 277 million

INVESTMENT SECURITIES CARRYING AMOUNT<sup>1</sup> (CZK m)



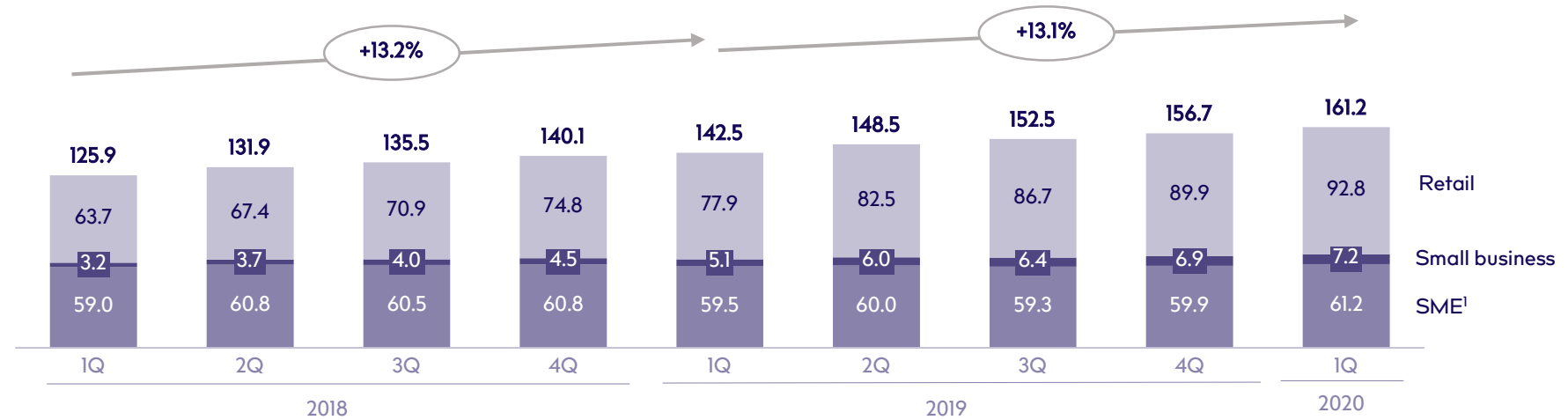
YIELD INCLUDING HEDGING (%)



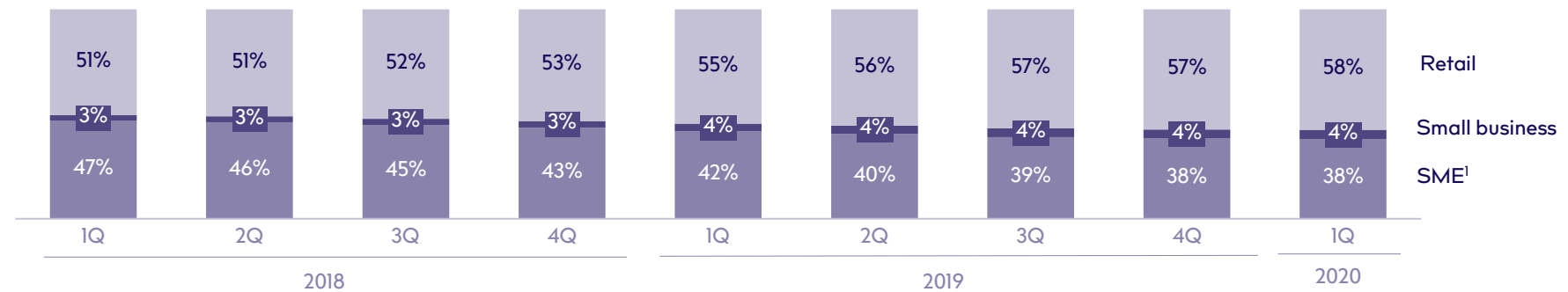
# GROSS PERFORMING LOAN PORTFOLIO

Expansion in retail and small business in line with overall strategy and capital management objectives

TOTAL GROSS PERFORMING LOAN PORTFOLIO PER SEGMENTS (CZK bn)



SEGMENT PROPORTION ON TOTAL GROSS PERFORMING LOAN PORTFOLIO

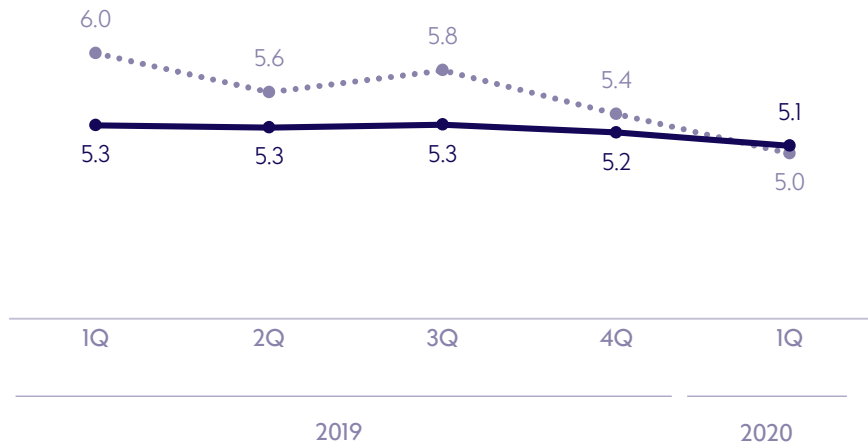


# LOAN PORTFOLIO YIELD EVOLUTION

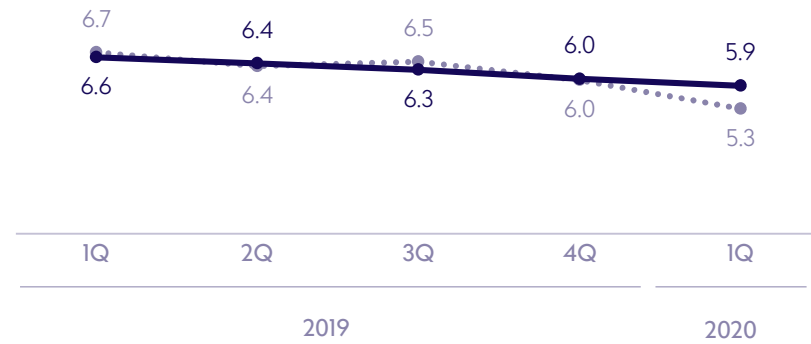
Intense competition, declining market rates and higher share of mortgages as reasons behind continuing drop in new production yields

- New volume yield
- Portfolio yield

LOAN PORTFOLIO & NEW PRODUCTION YIELD (%)



RETAIL LOAN PORTFOLIO & NEW PRODUCTION YIELD (%)



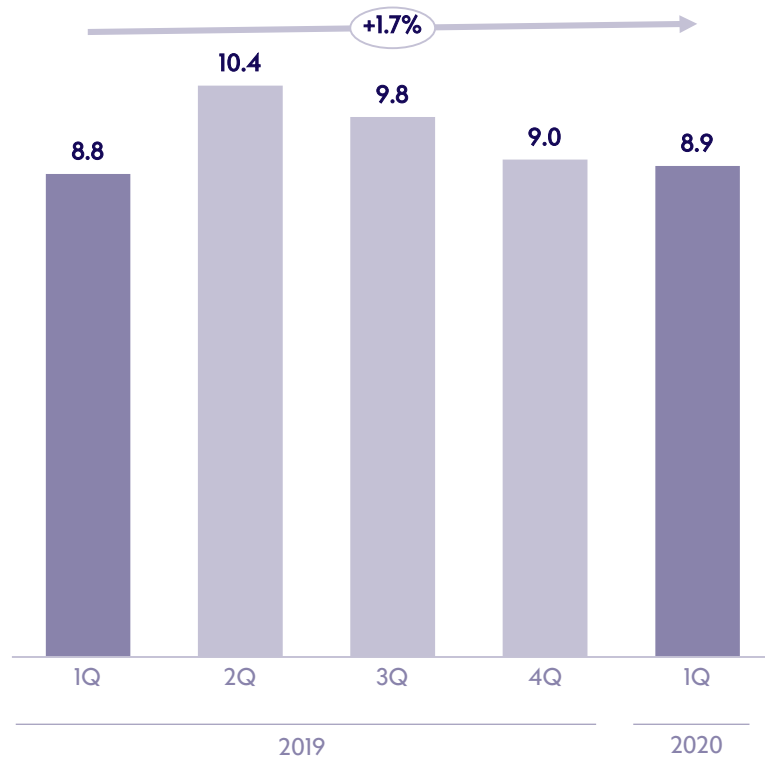
COMMERCIAL LOAN PORTFOLIO & NEW PRODUCTION YIELD (%)



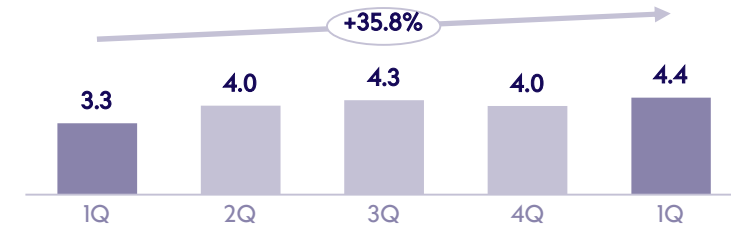
# RETAIL NEW BUSINESS VOLUMES

Covid-19 pandemic has significant impact on reducing unsecured consumer lending production

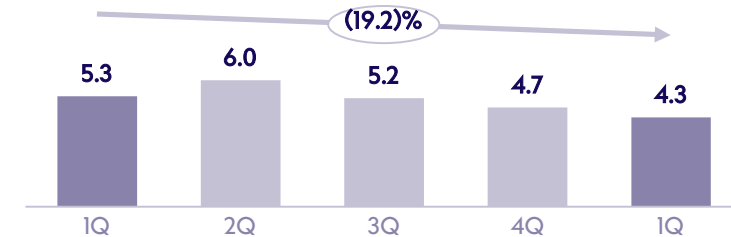
RETAIL LOAN PRODUCTION (CZK bn)



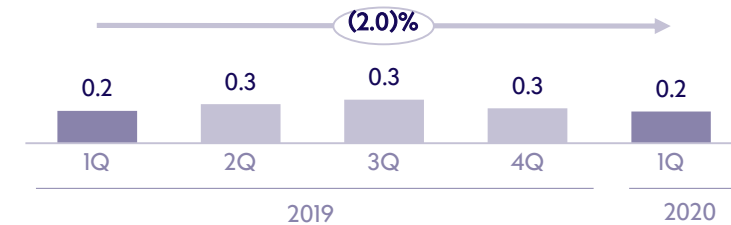
MORTGAGE PRODUCTION (CZK bn)



CONSUMER LOAN PRODUCTION (CZK bn)



AUTO LOANS AND LEASING PRODUCTION (CZK bn)

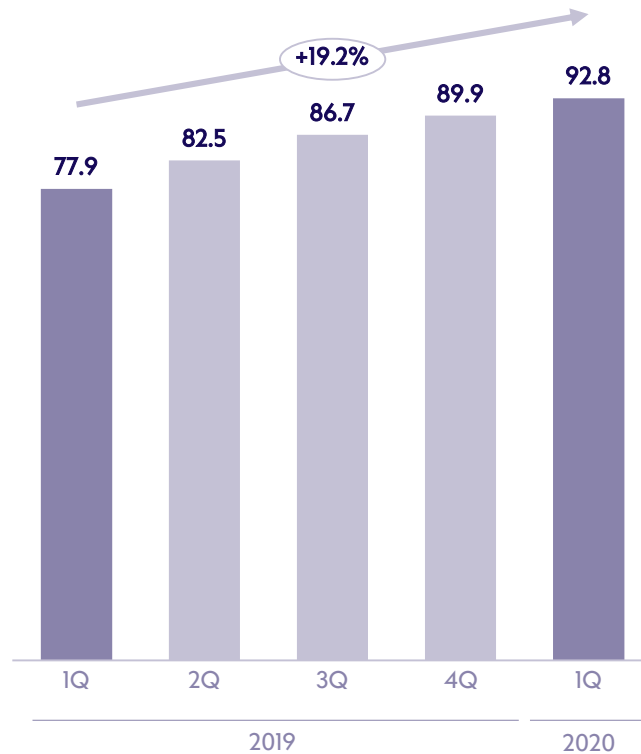




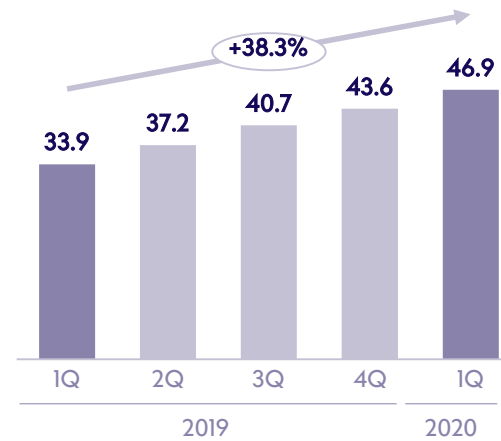
# RETAIL GROSS PERFORMING LOAN PORTFOLIO

Continuing expansion of retail loan portfolio driven by production of mortgages and consumer loans

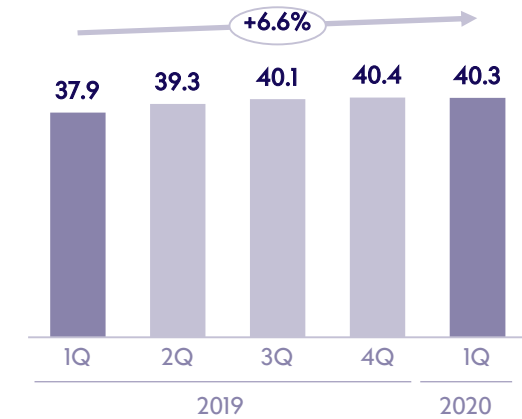
RETAIL LOAN PORTFOLIO (CZK bn)



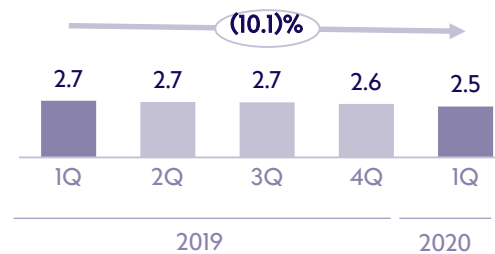
MORTGAGE PORTFOLIO (CZK bn)



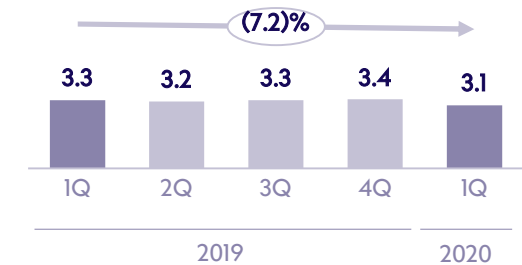
CONSUMER LOAN PORTFOLIO (CZK bn)



AUTO LOANS AND LEASING PORTFOLIO (CZK bn)



CREDIT CARD AND OVERDRAFT (CZK bn)

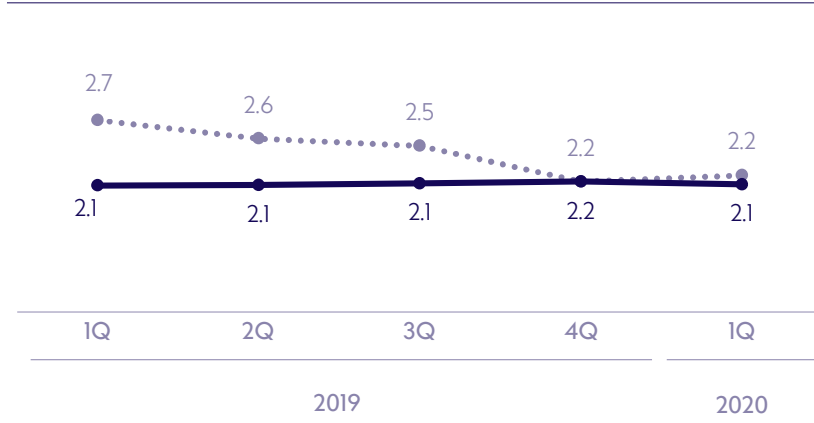


## YIELDS ON KEY RETAIL PRODUCTS

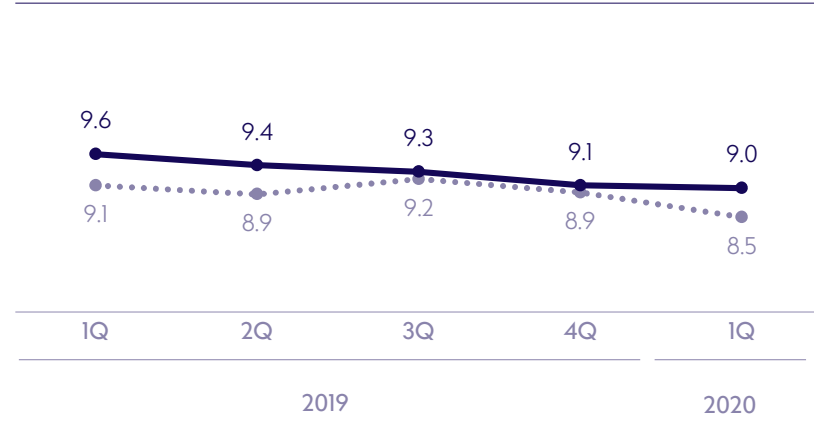
# Stabilization of new mortgage yield offset by drop in new volume yields of other loan products

- New volume yield
- Portfolio yield

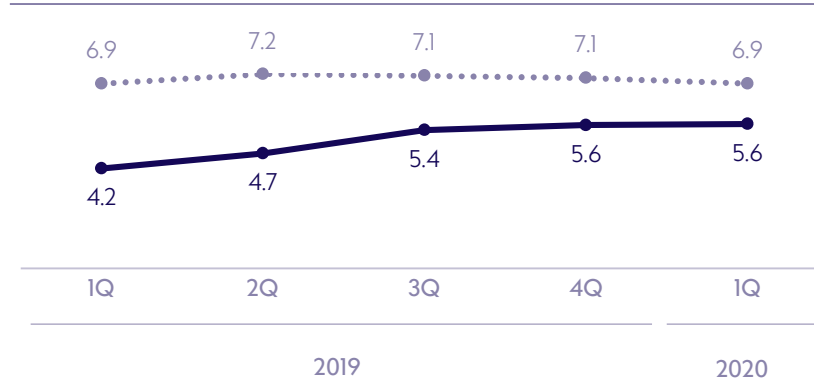
MORTGAGE YIELDS (%)



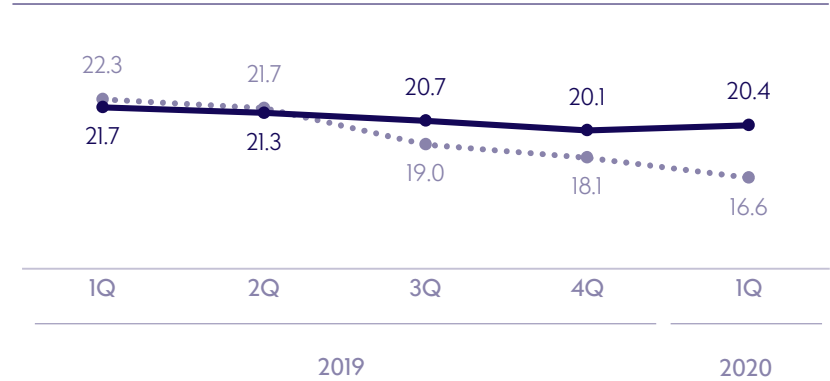
CONSUMER LOAN YIELDS (%)



AUTO LOANS AND LEASING YIELDS (%)



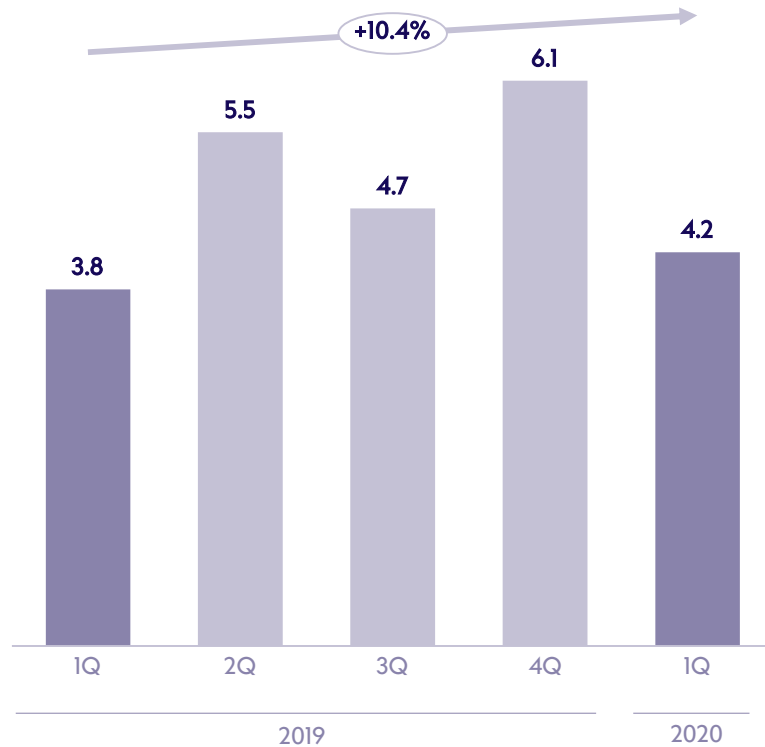
CREDIT CARD YIELDS (%)



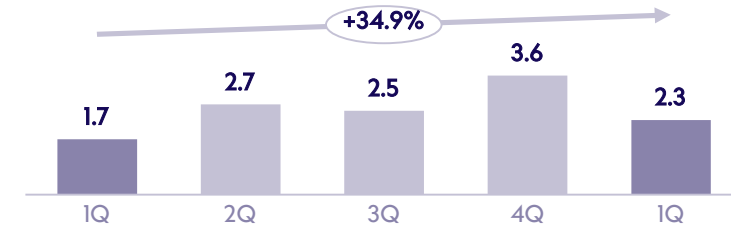
## COMMERCIAL NEW BUSINESS VOLUMES

Investment loans driving new production, while volume decrease in leasing is in line with our overall strategy

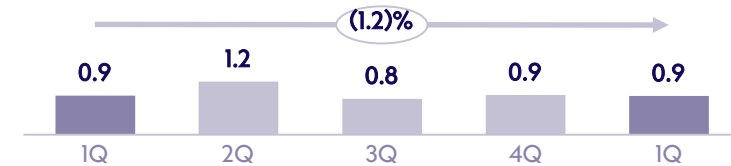
COMMERCIAL LOAN PRODUCTION (CZK bn)



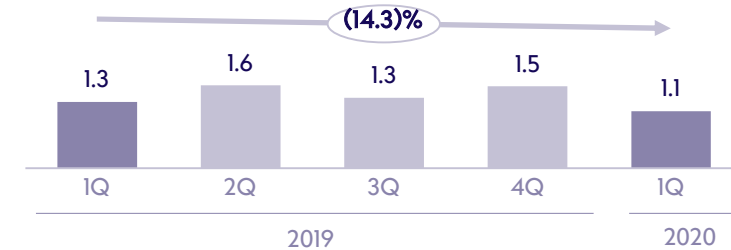
INVESTMENT LOAN PRODUCTION (CZK bn)



SMALL BUSINESS LOAN PRODUCTION (CZK bn)



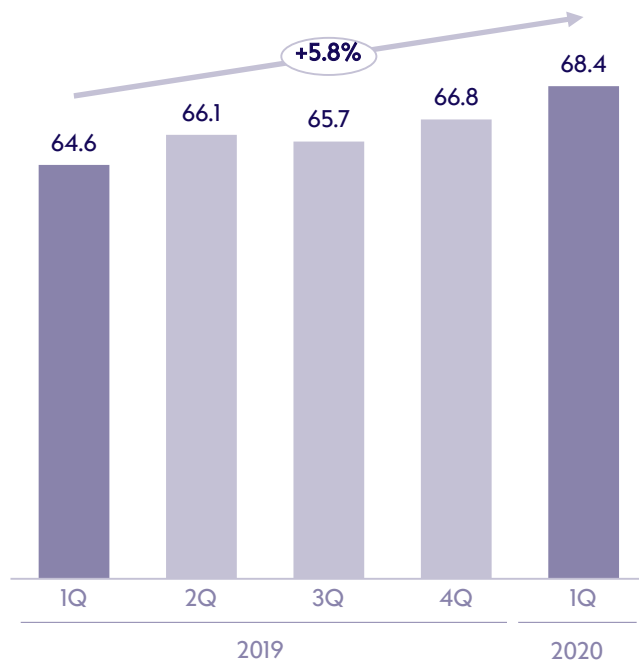
AUTO LOAN AND LEASING PRODUCTION (CZK bn)



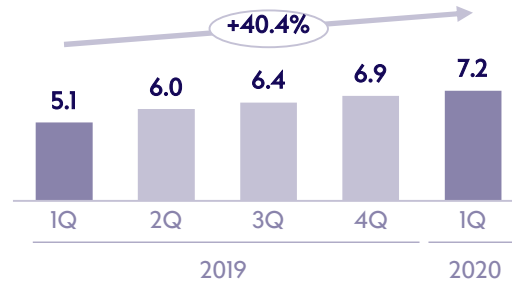
# COMMERCIAL GROSS PERFORMING LOAN PORTFOLIO

Focus on expansion in small business segment and improvement of SME profitability

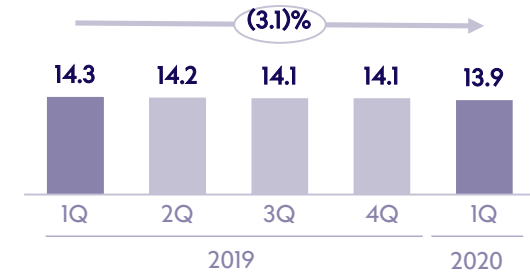
COMMERCIAL LOAN PORTFOLIO (CZK bn)



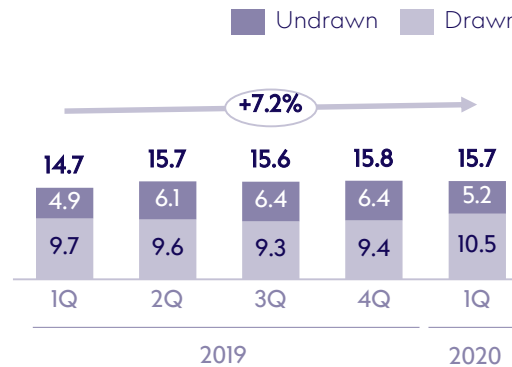
SMALL BUSINESS LOAN PORTFOLIO (CZK bn)



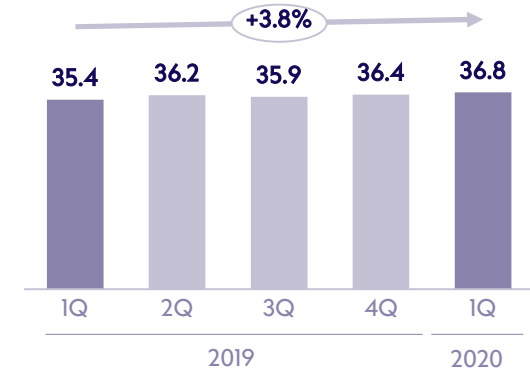
AUTO LOAN AND LEASING PORTFOLIO (CZK bn)



WORKING CAPITAL PORTFOLIO<sup>(1)</sup> (CZK bn)



INVESTMENT LOAN PORTFOLIO (CZK bn)

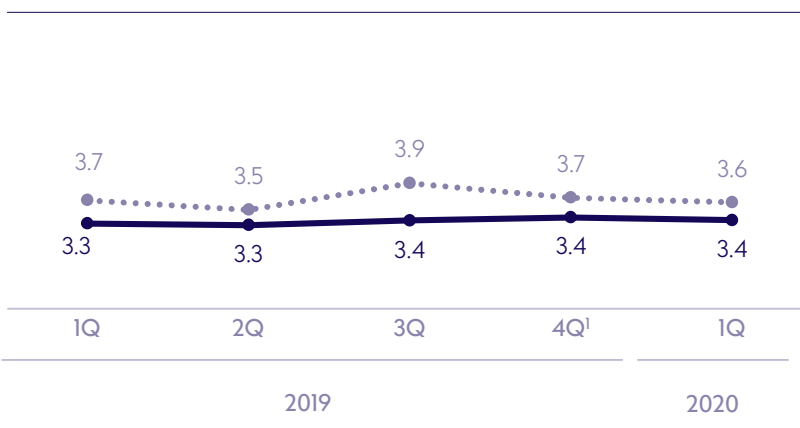


## YIELDS ON KEY COMMERCIAL PRODUCTS

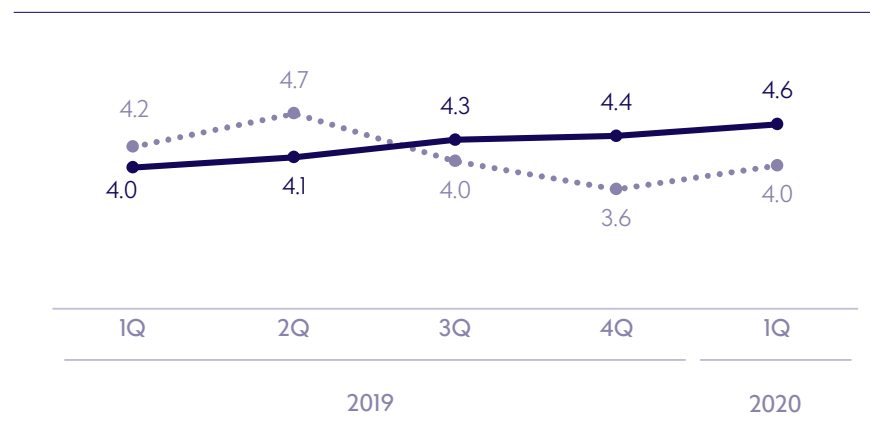
Stable portfolio yield across all categories with declining yield on small business due to promotional activities

● New volume yield  
 ■ Portfolio yield

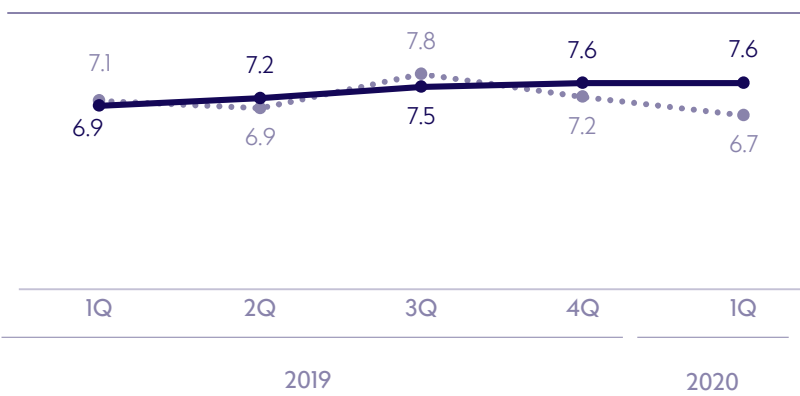
INVESTMENT LOAN YIELDS (%)



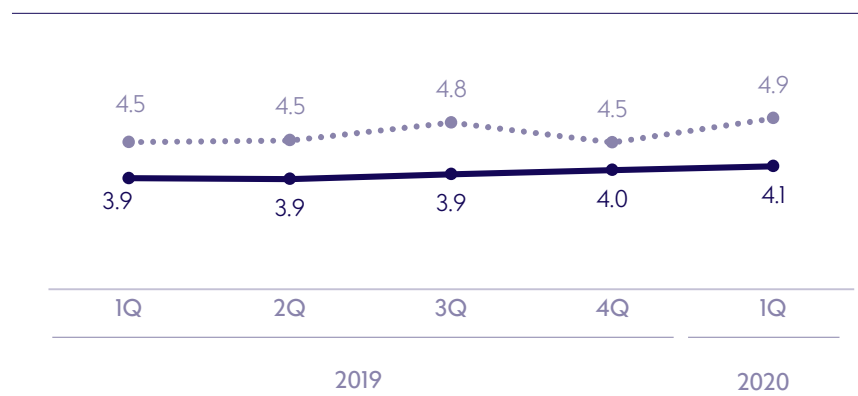
WORKING CAPITAL YIELDS (%)



SMALL BUSINESS INSTALMENT LOAN YIELDS (%)



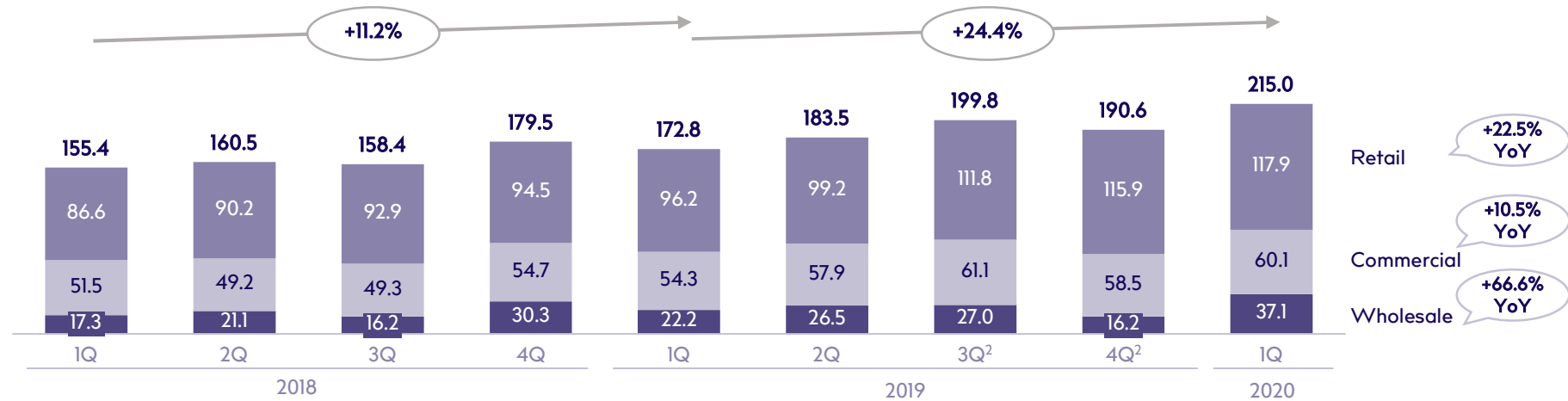
AUTO LOAN AND LEASING YIELDS (%)



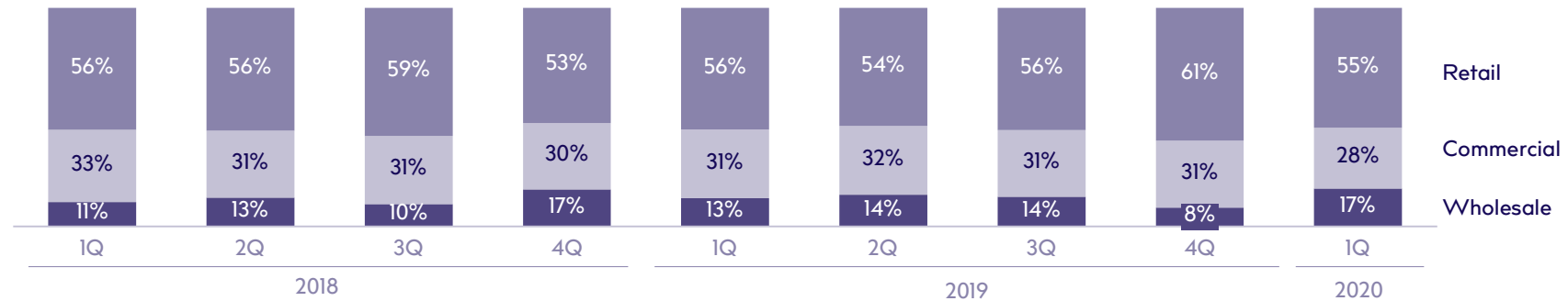
# FUNDING BASE

## Significant and well-diversified growth across all deposit segments

CORE CUSTOMER DEPOSITS AND WHOLESALE<sup>1</sup> (CZK bn)



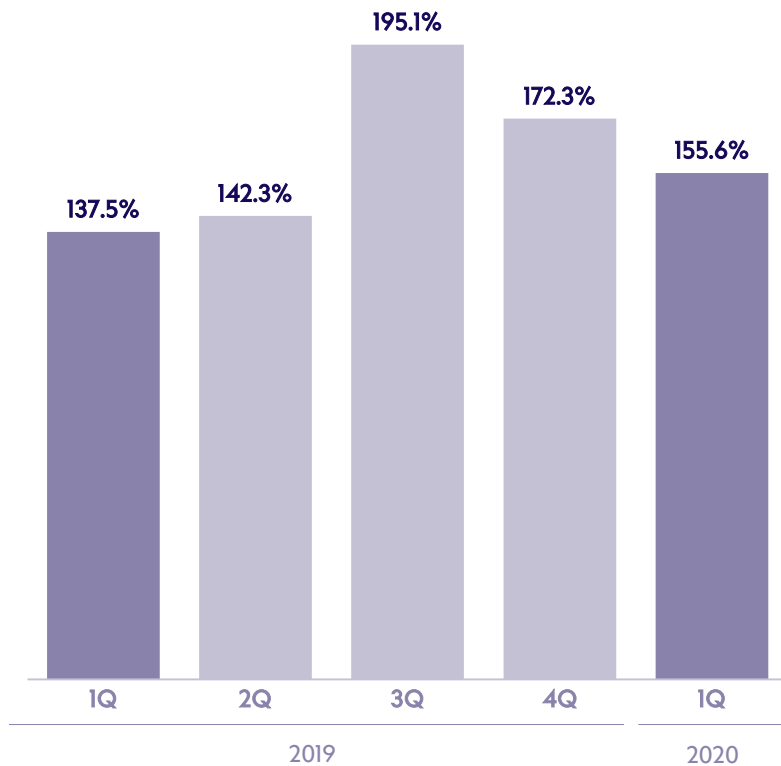
SEGMENT PROPORTION ON CORE CUSTOMER DEPOSITS AND WHOLESALE<sup>1</sup>



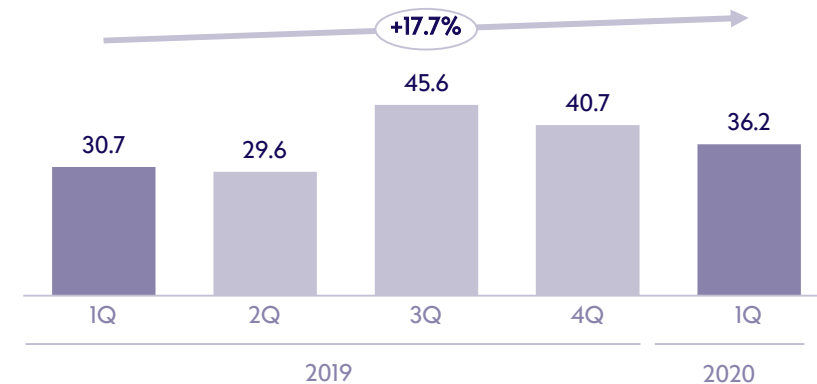
# LIQUIDITY MANAGEMENT

## Strong liquidity position underpinned by high-quality liquid assets and limited net deposit outflows

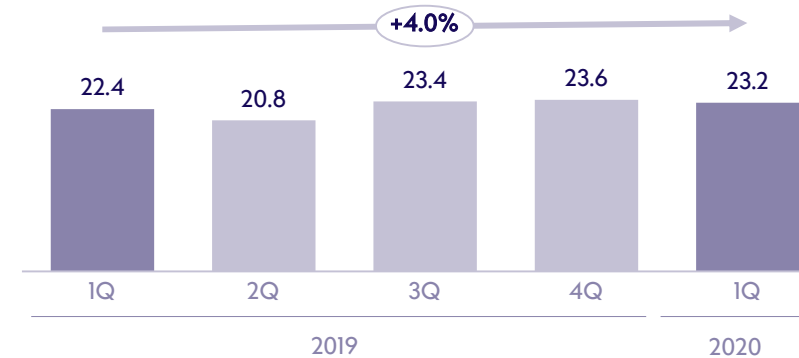
LIQUIDITY COVERAGE RATIO (%)



HIGH-QUALITY LIQUID ASSETS<sup>(1)</sup> (CZK bn)



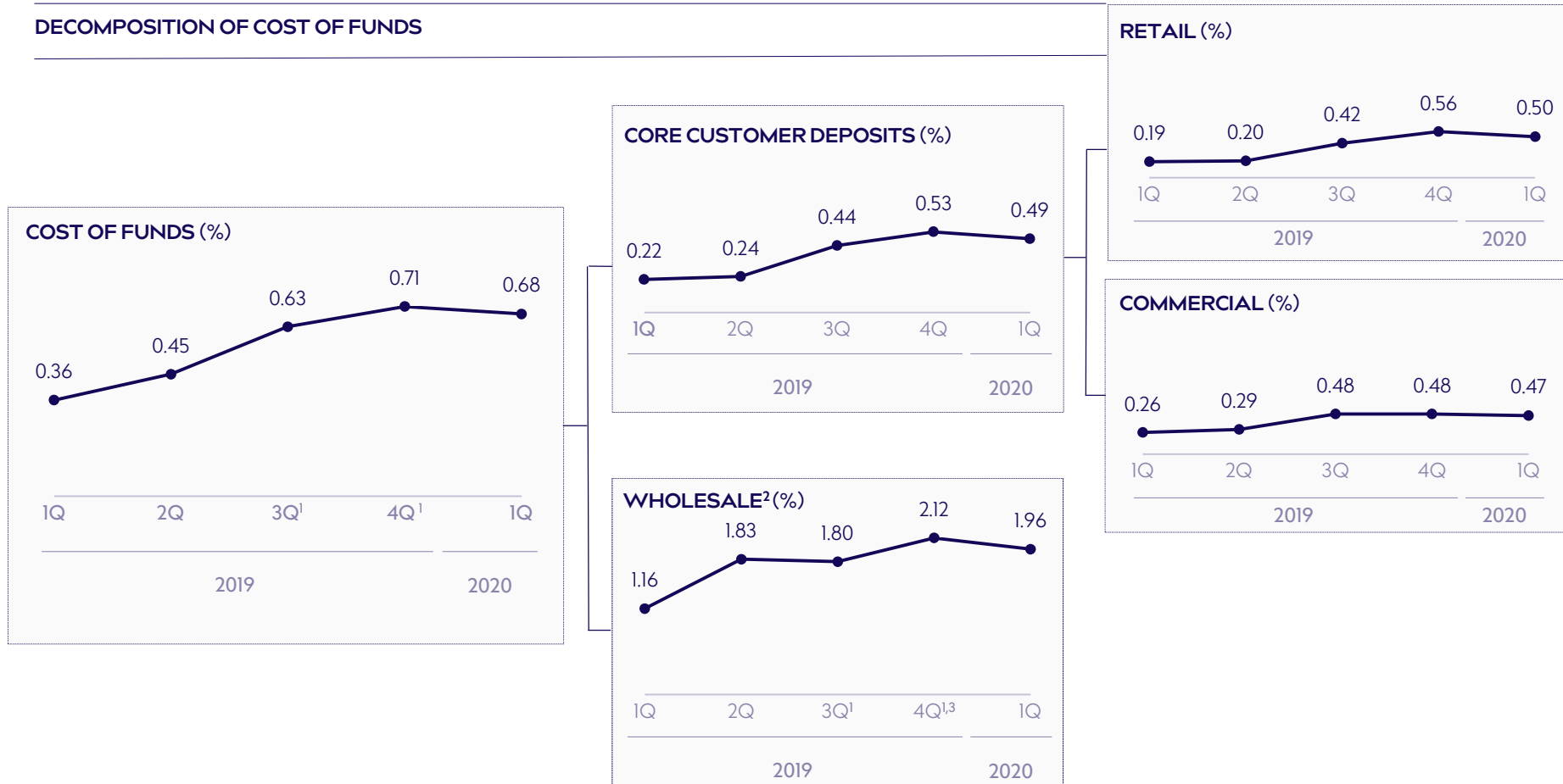
NET OUTFLOWS (CZK bn)



# COST OF FUNDS

## Stabilization of overall Cost of Funding after successful repricing of retail savings deposits

### DECOMPOSITION OF COST OF FUNDS

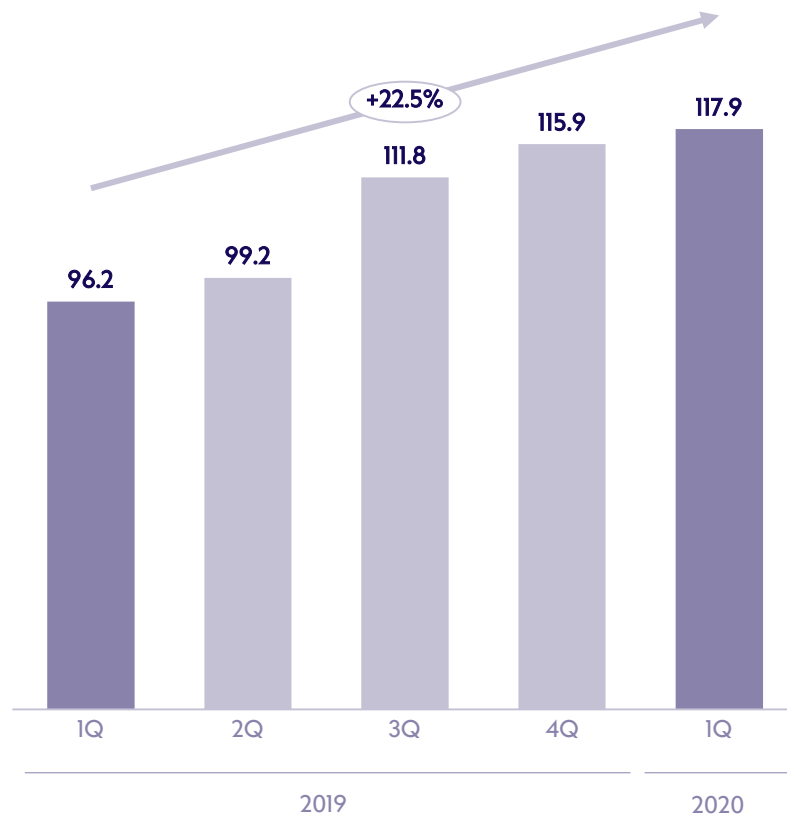




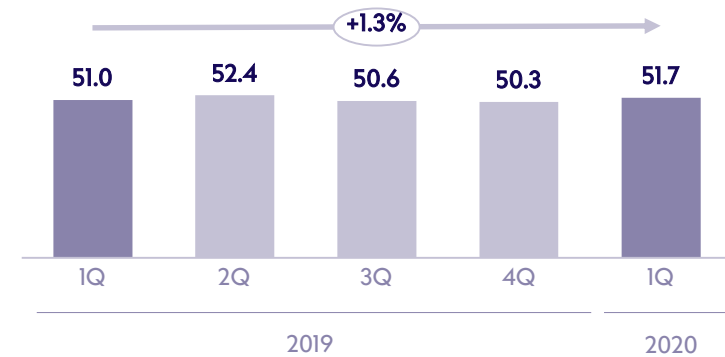
## RETAIL DEPOSIT PORTFOLIO DEVELOPMENT

Growth in retail deposits driven by strong demand for MONETA's competitively priced retail saving accounts

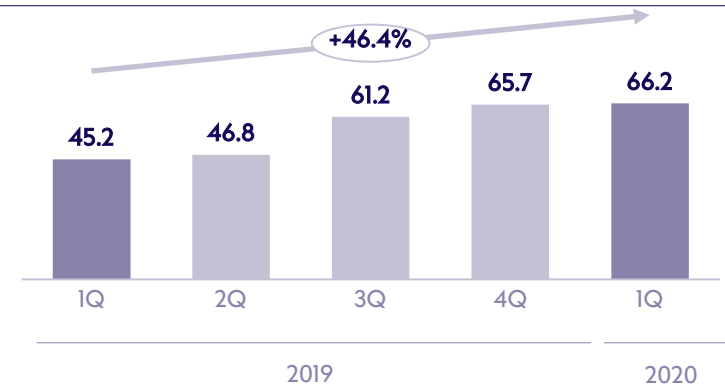
RETAIL CORE CUSTOMER DEPOSITS (CZK bn)



CURRENT ACCOUNT DEPOSITS (CZK bn)



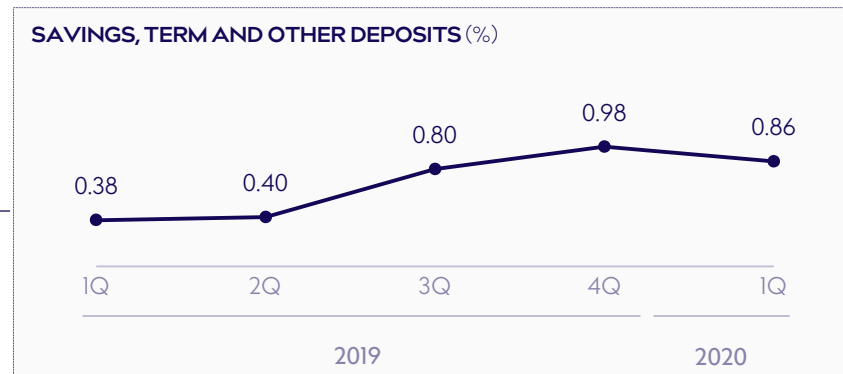
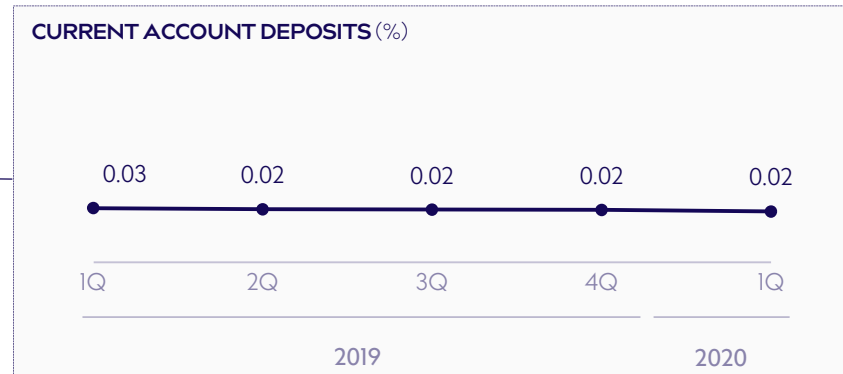
SAVINGS, TERM AND OTHER DEPOSITS (CZK bn)



## RETAIL COST OF FUNDS

# Decrease in retail Cost of Funding accomplished through successful repricing of savings deposits executed in Jan 2020

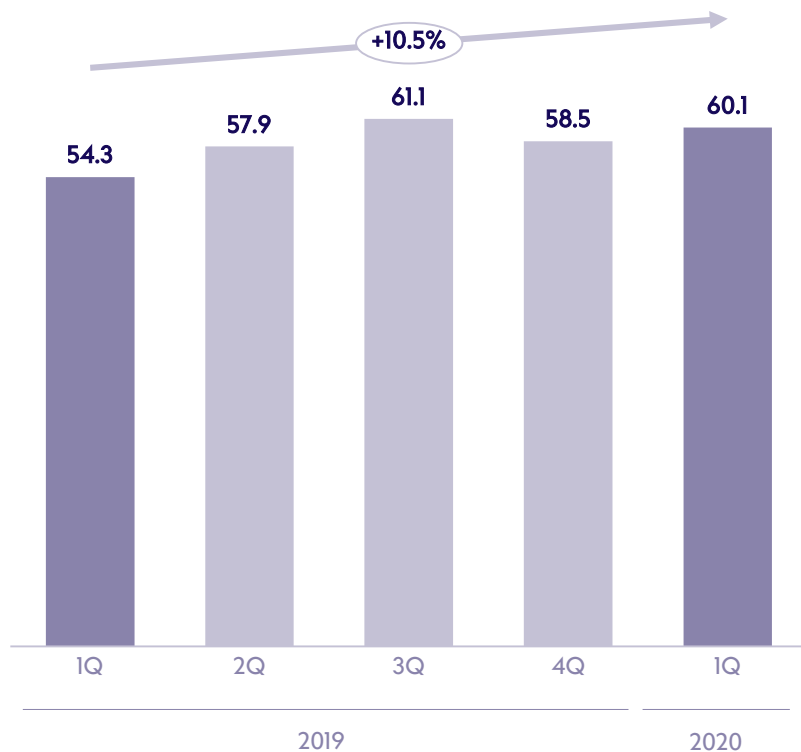
### DECOMPOSITION OF COST OF FUNDS



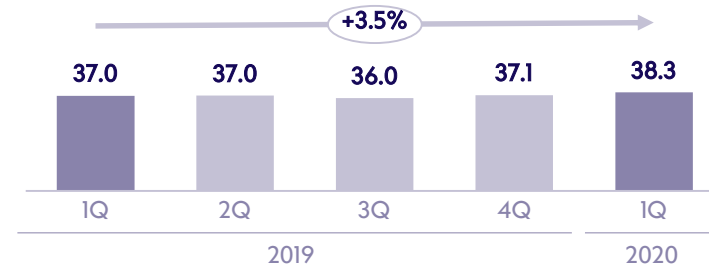
# COMMERCIAL DEPOSITS PORTFOLIO DEVELOPMENT

## Growth in commercial deposit base driven by SME and institutional depositors

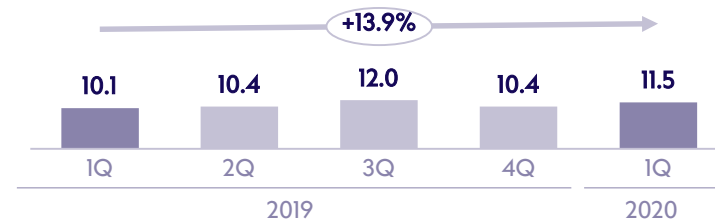
COMMERCIAL CORE CUSTOMER DEPOSITS (CZK bn)



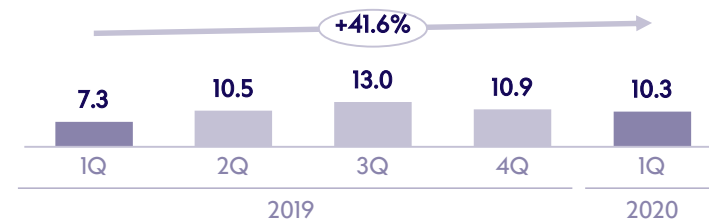
CURRENT ACCOUNT DEPOSITS (CZK bn)



SAVINGS, TERM AND OTHER DEPOSITS (CZK bn)



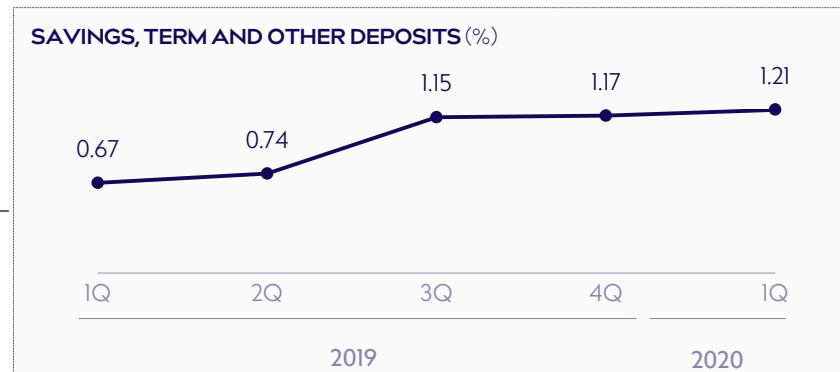
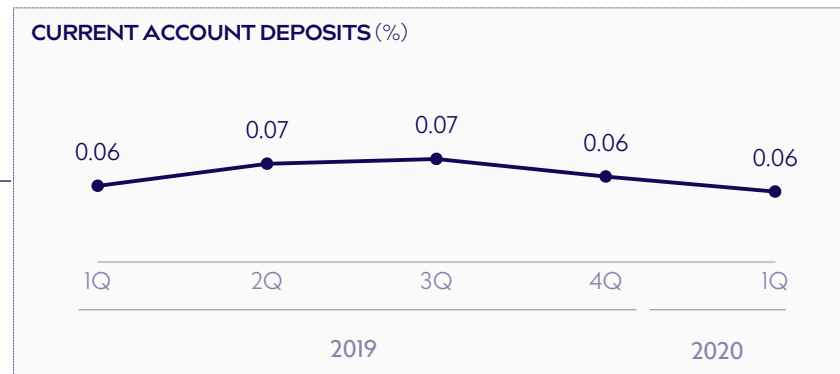
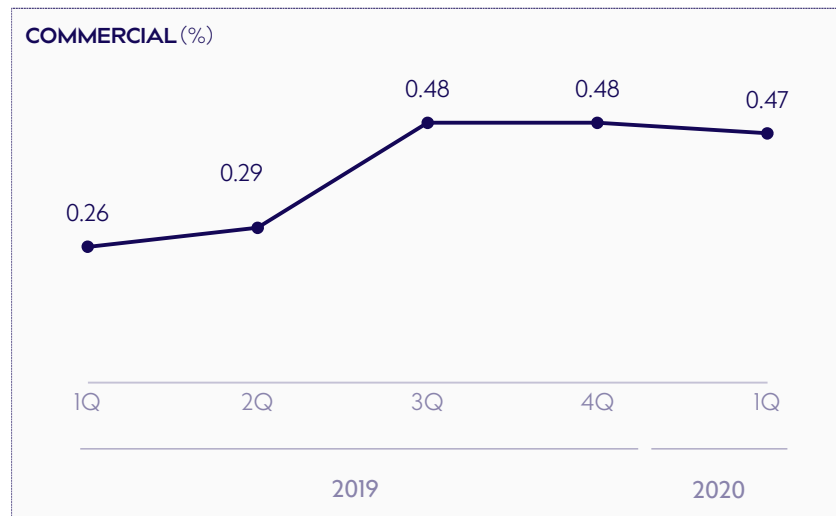
FINANCIAL INSTITUTIONS DEPOSITS<sup>(1)</sup> (CZK bn)



## COMMERCIAL COST OF FUNDS

# Commercial Cost of Funding has been stable since second half of 2019

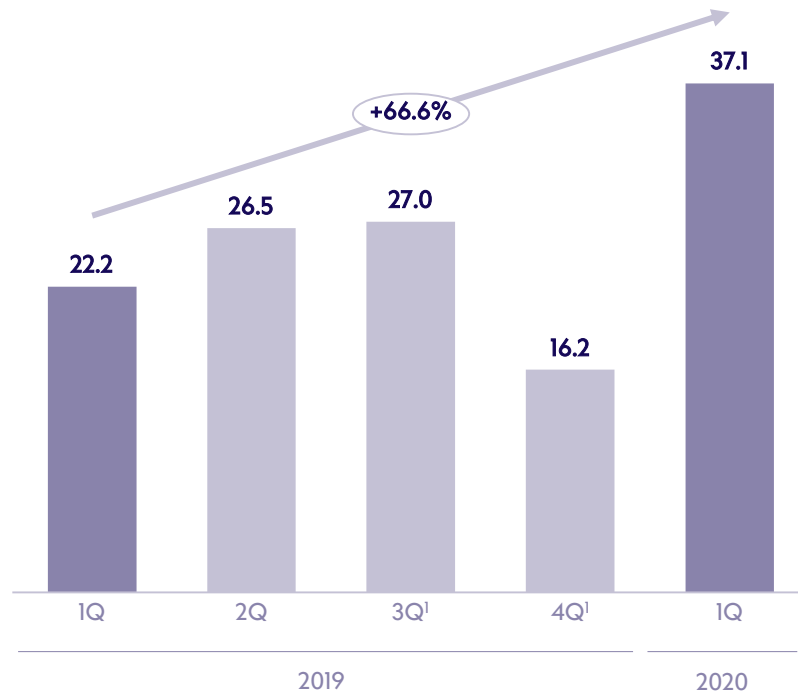
### DECOMPOSITION OF COST OF FUNDS



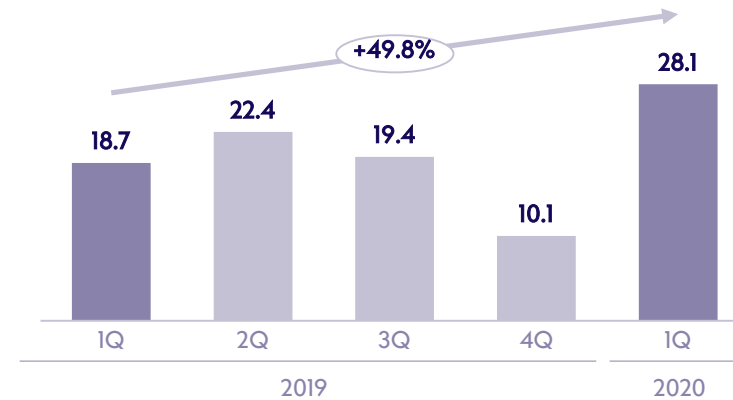
## WHOLESALE FUNDING DEVELOPMENT

Subordinated bond issuance and favourable conditions for repo operations with CNB temporarily expanded our wholesale funding base

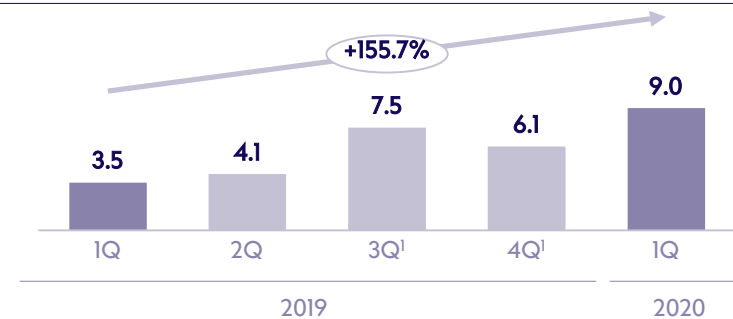
WHOLESALE FUNDING (CZK bn)



REPO OPERATIONS (CZK bn)



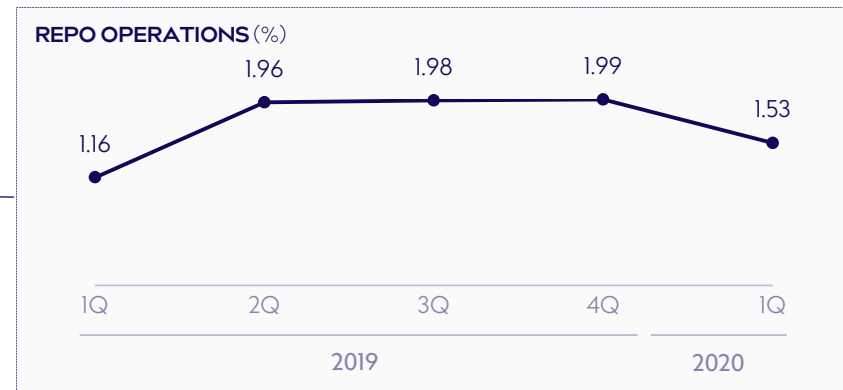
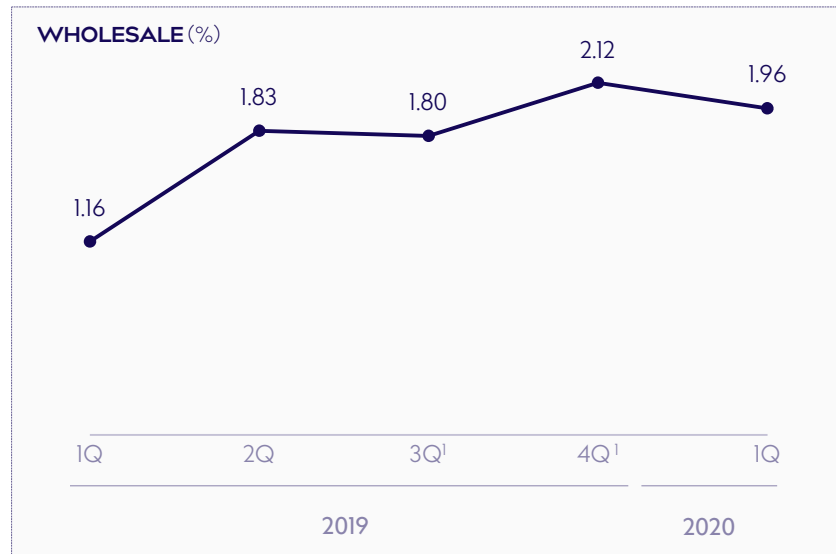
SUBORDINATED DEBT AND DUE TO BANKS EXCL. REPO OPERATIONS (CZK bn)



# WHOLESALE COST OF FUNDS

Wholesale Cost of Funding remains stable despite increased cost related to subordinated bond issuance

## DECOMPOSITION OF COST OF FUNDS



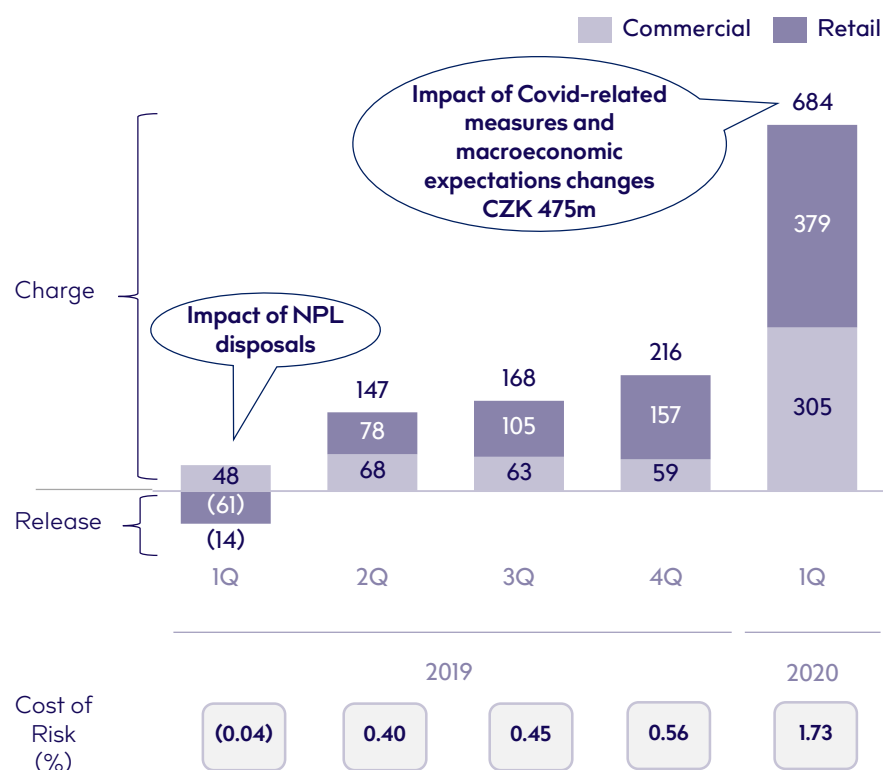
# Content

- Operating Environment and Banking Market Dynamics
- Measures related to Covid-19 pandemic
- Strategic Objectives & Results
- Digital Distribution & Services
- Profit and Loss Development
- Balance Sheet Development
- Risk Metrics & Asset Quality
- Capital Management
- Investor Relations
- Appendix

## COST OF RISK

Significant increase in Cost of Risk driven by Covid-related measures and change of macroeconomic expectations, impacting IFRS9 modelled charges (by CZK 475 million)

NET IMPAIRMENTS (CZK m)



COST OF RISK

METRICS	1Q 2019	1Q 2020
<b>COST OF RISK</b>	<b>(0.04)%</b>	<b>1.73%</b>
Retail	(0.32)%	1.66%
Commercial	0.29%	1.81%
<b>IMPACT OF MEASURES<sup>1</sup></b>	<b>0.07%</b>	<b>1.20%</b>
<b>TOTAL NPL COVERAGE<sup>2</sup></b>	<b>108.4%</b>	<b>118.9%</b>



---

## LOAN PORTFOLIO BALANCES, QUALITY AND COVERAGE

### Impact of Covid-19 measures and change of forward-looking macroeconomic expectations in IFRS9 provisioning model

**CZK 350m**

- Book-up associated with update of the macroeconomic scenarios in IFRS9 model, impacting both, Stage 1 and Stage 2 portfolios

**CZK 81m**

- Migration of commercial exposures to Stage 2 associated with expected macroeconomic down-turn

**CZK 44m**

- Book-up of provisions due to loan re-payment moratorium and migration of client exposures to Stage 2

---

**CZK 475m**

- **TOTAL COVID-19 AND MACROECONOMIC IMPACT**

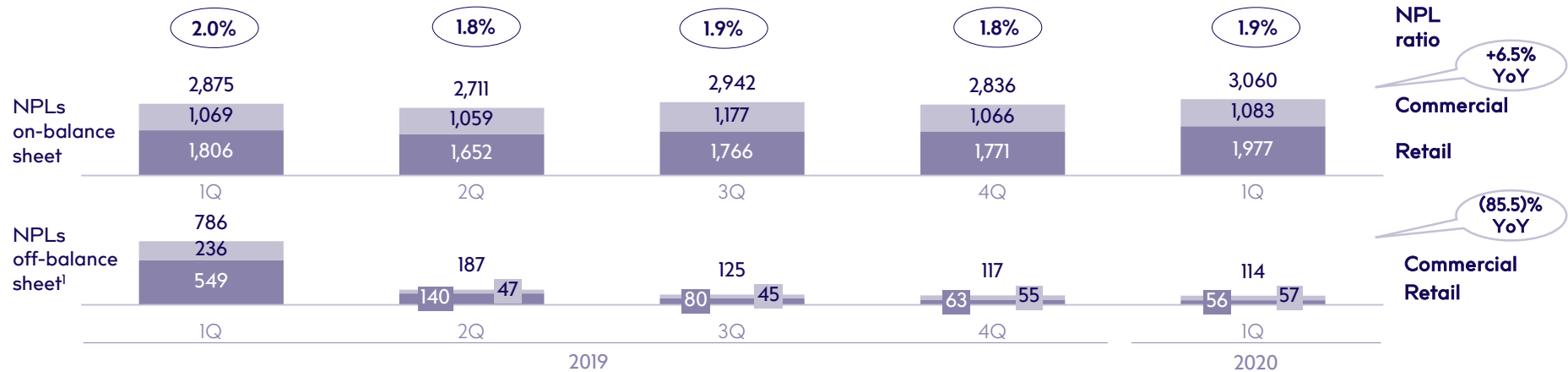
# LOAN BOOK QUALITY OVERVIEW

## Robust growth in loan book accompanied by slight increase in non-performing loans

GROSS LOAN PORTFOLIO BALANCE (CZK bn)



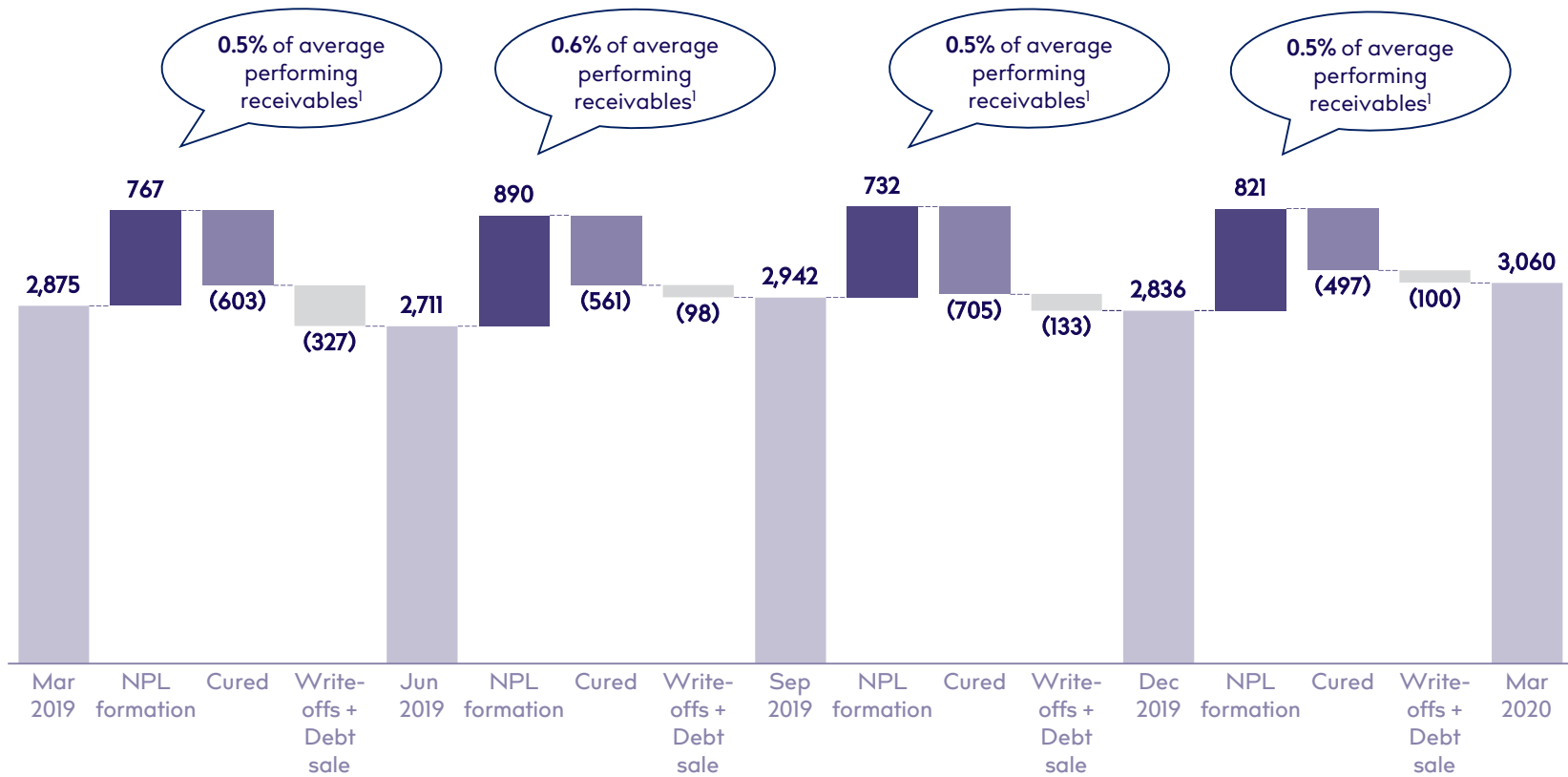
NPL DEVELOPMENT (CZK m)



# NON-PERFORMING LOAN DEVELOPMENT

## Stable development in net formation of NPLs

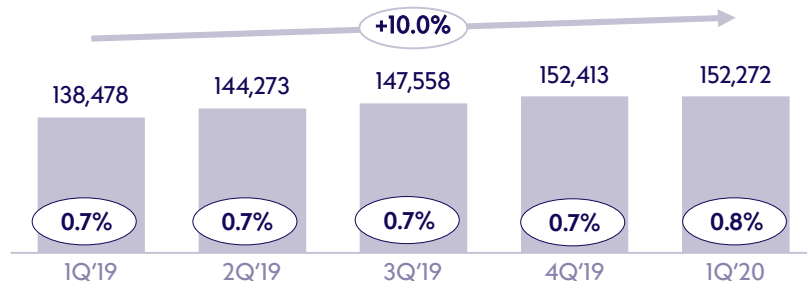
GROSS NPL WALK (CZK m)



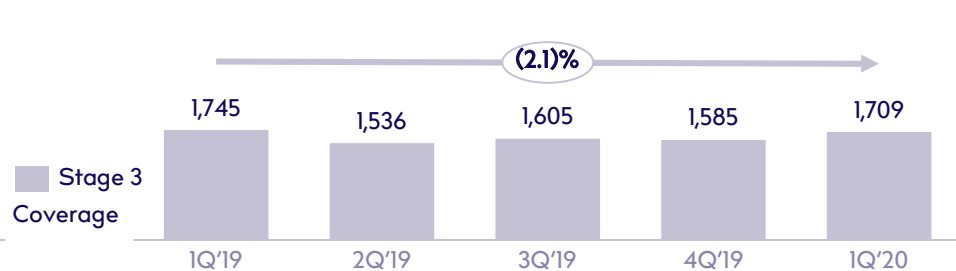
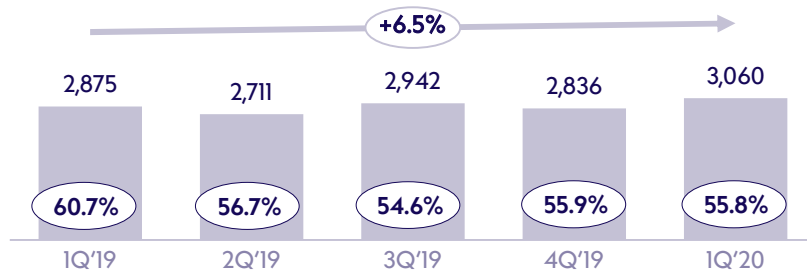
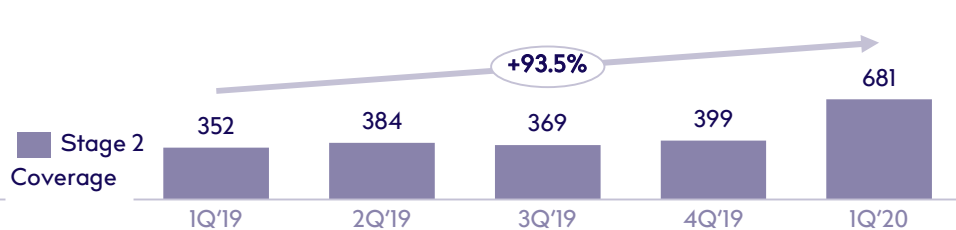
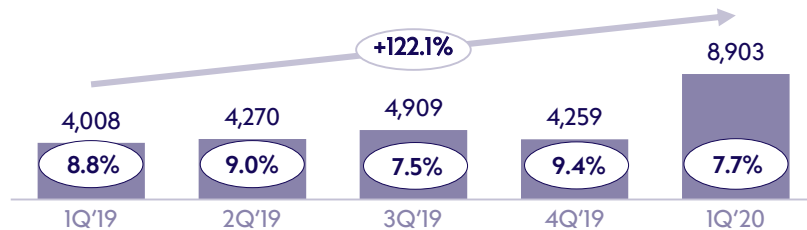
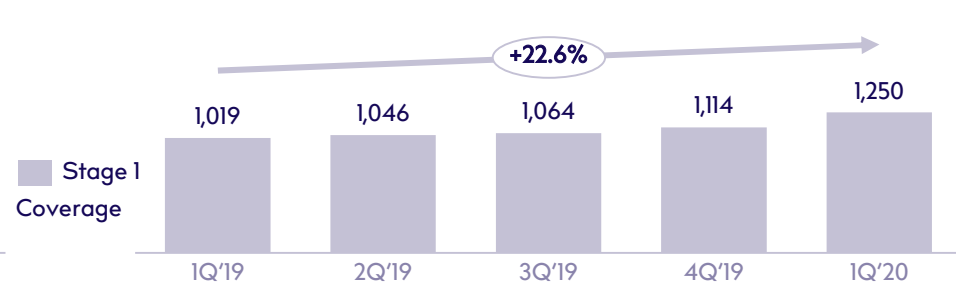
# LOAN PORTFOLIO BALANCES, QUALITY AND COVERAGE

Change in macroeconomic outlook and impact of loan re-payment moratorium triggered growth of Stage 2 receivables

GROSS LOAN PORTFOLIO BALANCE (CZK m)



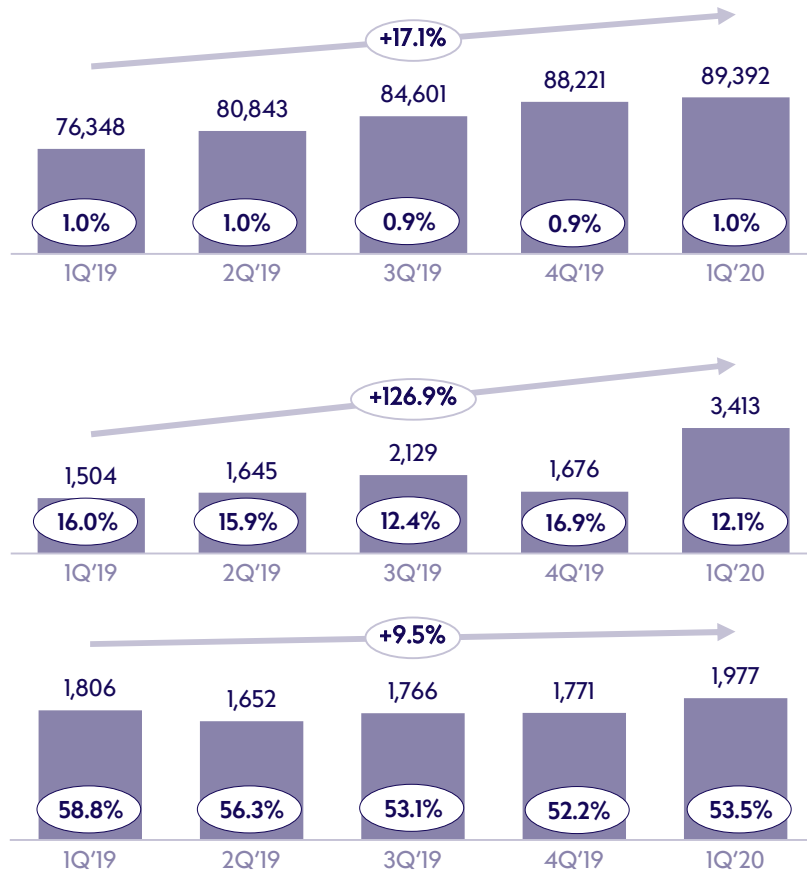
PORTFOLIO ALLOWANCES BALANCE (CZK m)



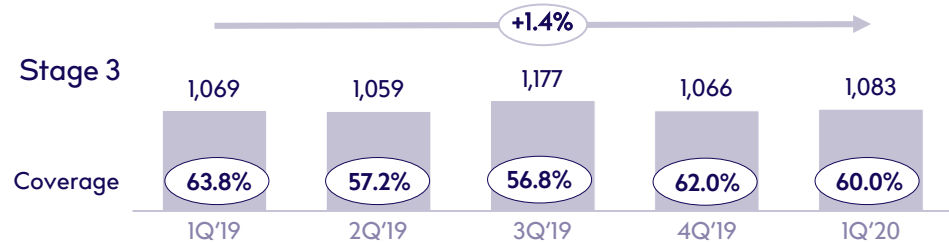
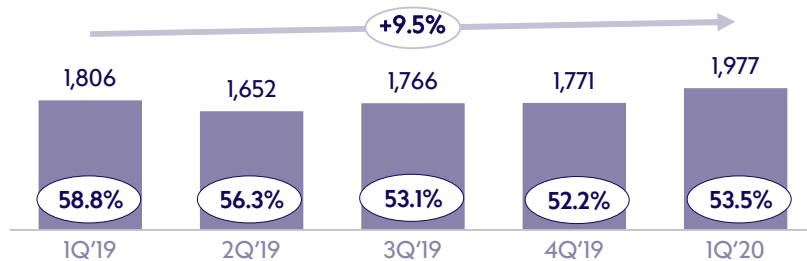
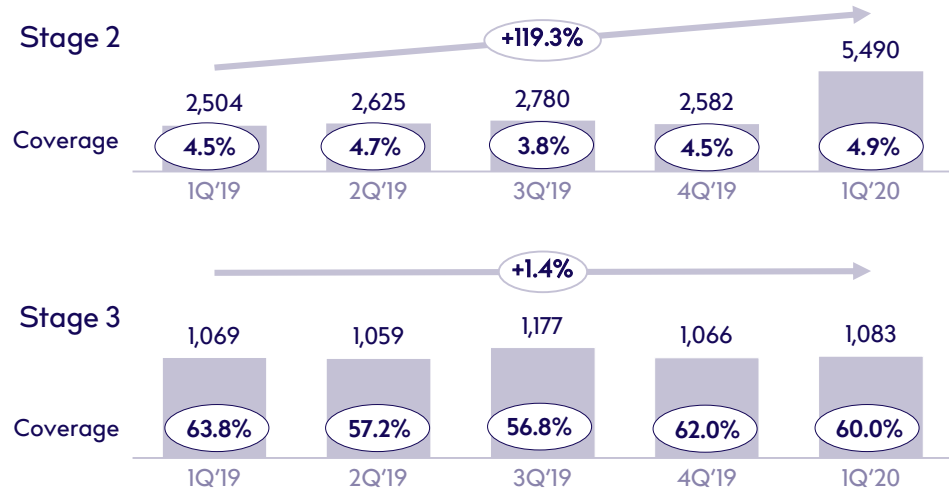
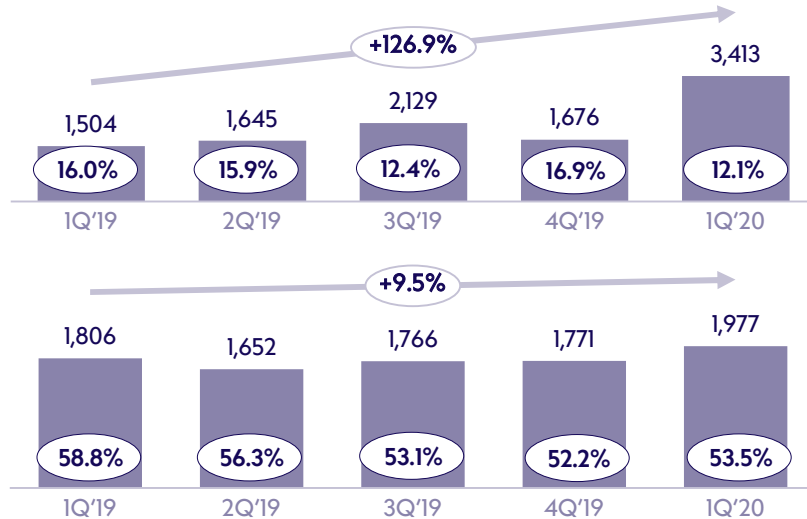
# LOAN PORTFOLIO BALANCES, QUALITY AND COVERAGE

Movements in coverages and underlying balances driven by changing macroeconomic expectations and Covid-19 measures

RETAIL GROSS LOAN PORTFOLIO BALANCE (CZK m)



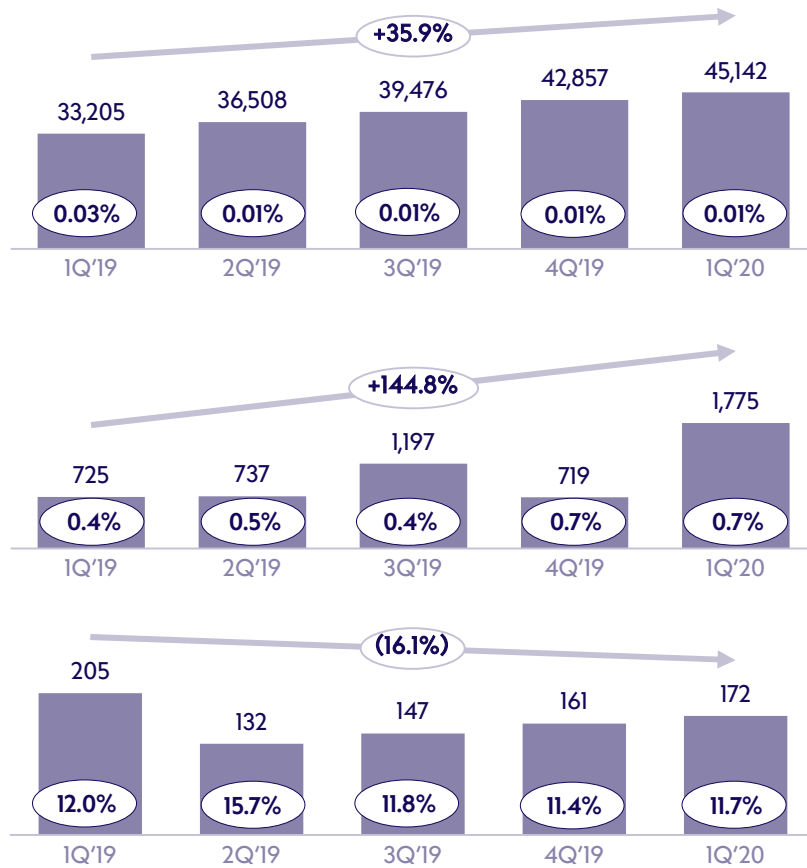
COMMERCIAL GROSS LOAN PORTFOLIO BALANCE (CZK m)



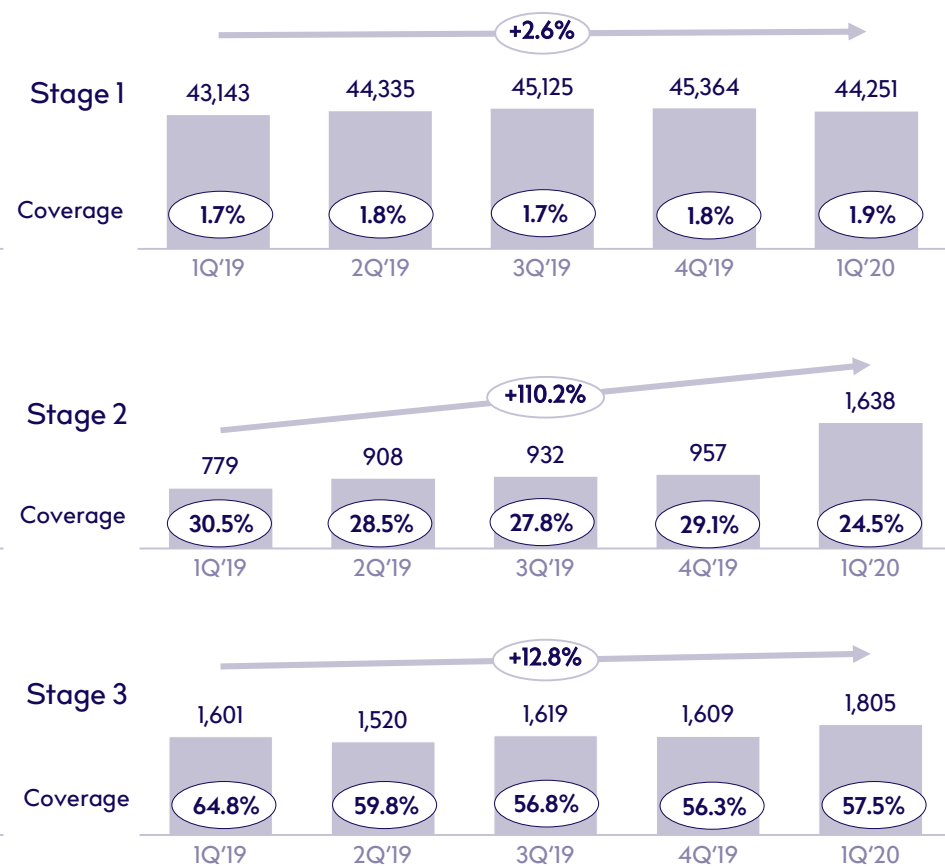
# RETAIL LOAN PORTFOLIO BALANCES, QUALITY AND COVERAGE

## Provisioning breakdown of secured and unsecured retail portfolios

MORTGAGE GROSS LOAN PORTFOLIO BALANCE (CZK m)



RETAIL UNSECURED GROSS LOAN PORTFOLIO BALANCE (CZK m)

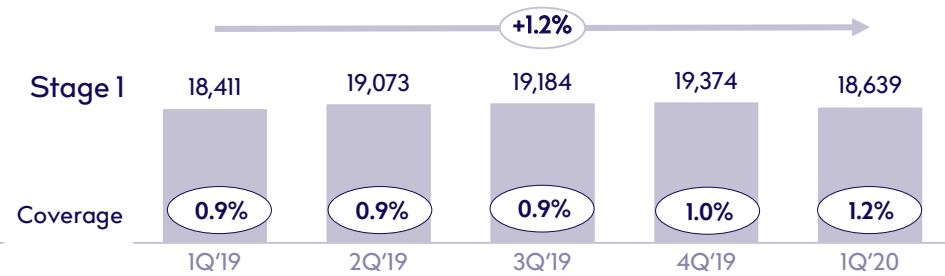
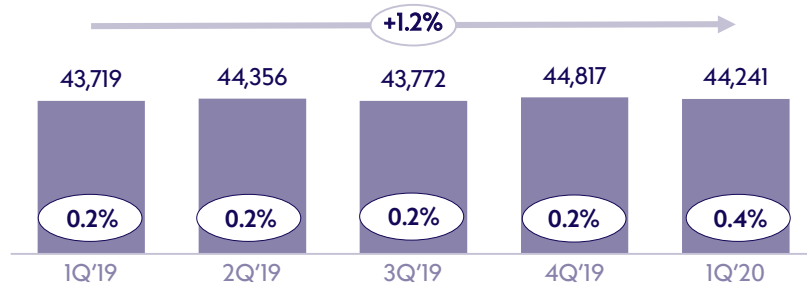


# COMMERCIAL LOAN PORTFOLIO BALANCES, QUALITY AND COVERAGE

## Provisioning breakdown of commercial loan portfolio shows increasing coverage, mainly in Stage 1 and Stage 2

INDIVIDUALLY MANAGED GROSS LOAN PORTFOLIO BALANCE<sup>1</sup> (CZK m)

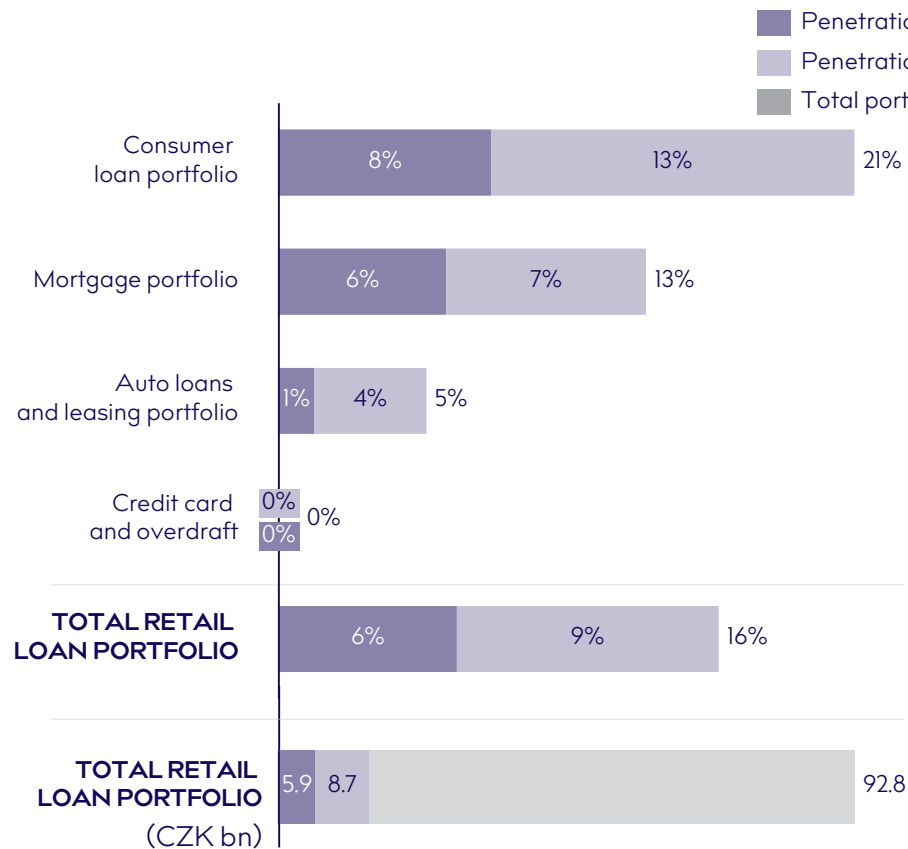
POOL MANAGED GROSS LOAN PORTFOLIO BALANCE<sup>2</sup> (CZK m)



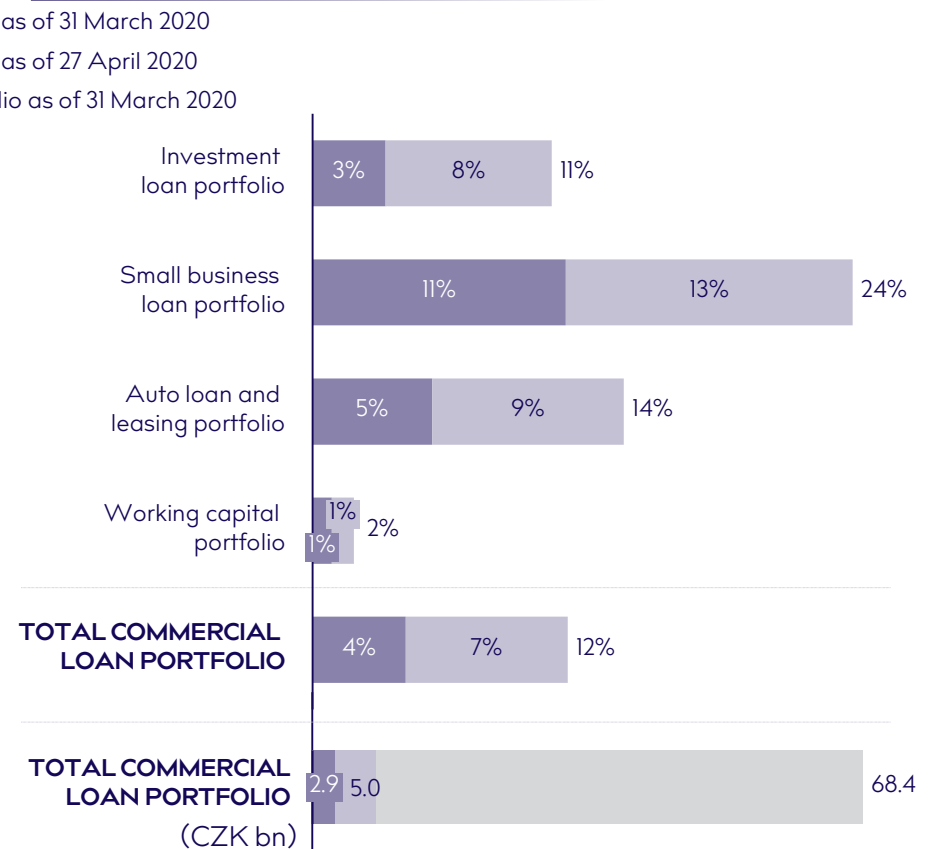
## PAYMENT HOLIDAYS

Moratorium penetration stood at 6% in Retail and 4% in Commercial at the end of March and further increased in April

PENETRATION OF RETAIL LOAN PORTFOLIO



PENETRATION OF COMMERCIAL LOAN PORTFOLIO





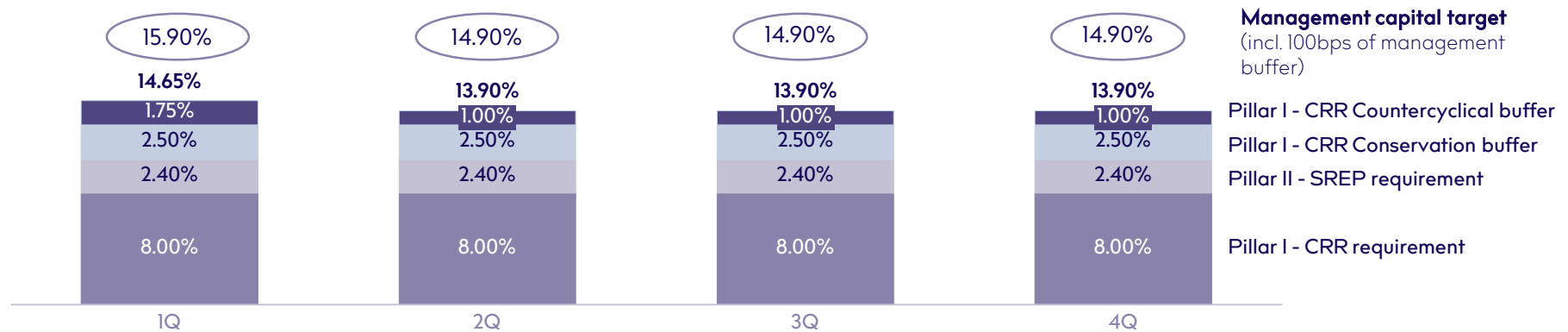
# Content

- Operating Environment and Banking Market Dynamics
- Measures related to Covid-19 pandemic
- Strategic Objectives & Results
- Digital Distribution & Services
- Profit and Loss Development
- Balance Sheet Development
- Risk Metrics & Asset Quality
- **Capital Management**
- Investor Relations
- Appendix

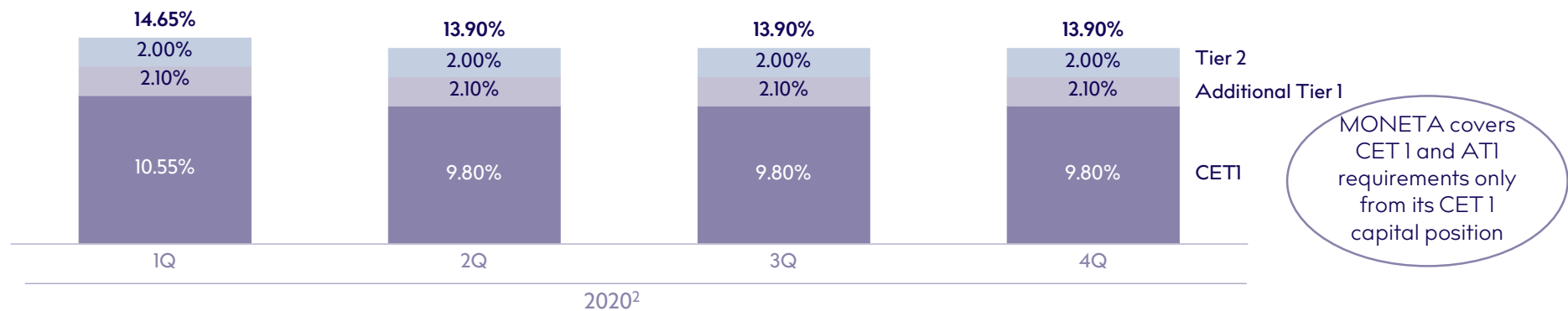
# CAPITAL & REGULATORY REQUIREMENTS

Management capital target<sup>1</sup> decreased from 15.9% to 14.9% following reduction of CNB's countercyclical buffer

## DEVELOPMENT AND DECOMPOSITION OF REGULATORY CAPITAL REQUIREMENT



## ALLOWABLE CAPITAL STRUCTURE

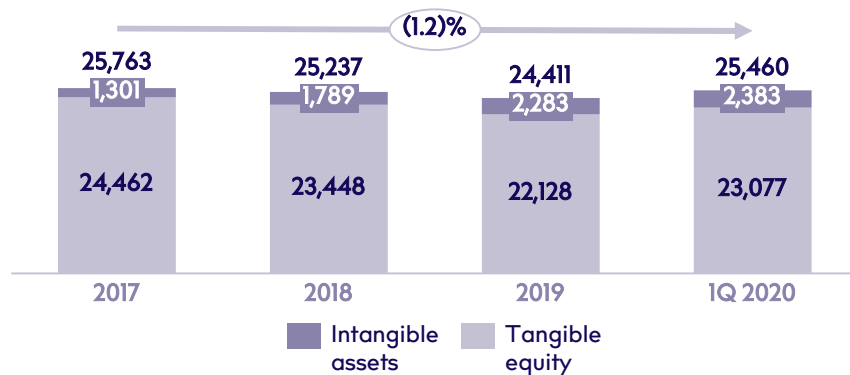


Note: The CNB usually re-assesses the above SREP capital requirements on an annual basis. The CNB may also launch an ad-hoc extraordinary SREP process, for example in case of a change of the Bank's consolidated unit; (1) Subject to ongoing re-assessment by the Management Board of MONETA based on the business development; (2) MONETA does not have Additional Tier 1 capital (AT1) issued, hence covers both CET1 and AT1 requirements from its CET1 capital position.

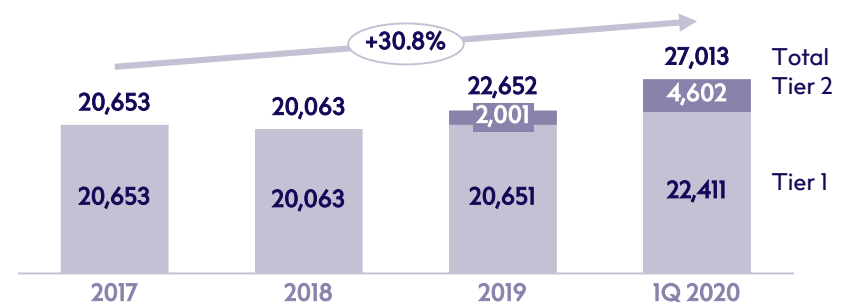
# CAPITAL MANAGEMENT

## Exceptionally strong capital adequacy anticipating acquisition of Wüstenrot CZ (completed 1<sup>st</sup> April 2020)

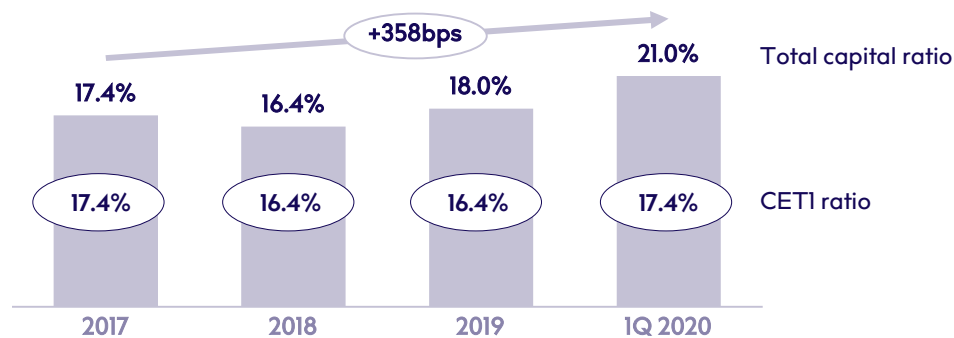
ACCOUNTING EQUITY (CZK m)



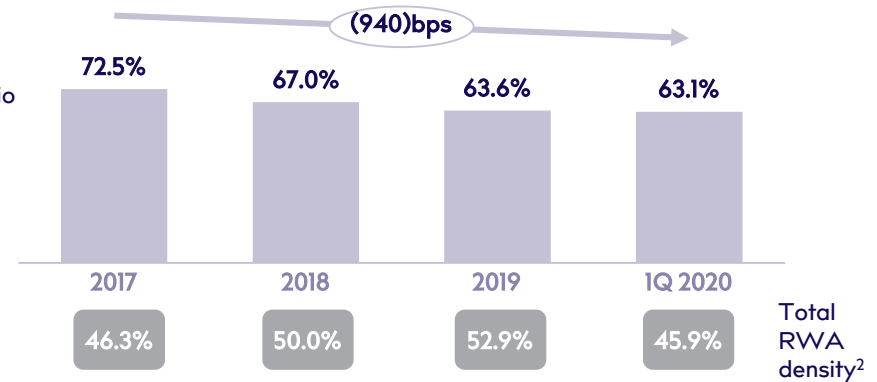
REGULATORY EQUITY (CZK m)



TOTAL CAPITAL ADEQUACY RATIO<sup>1</sup>



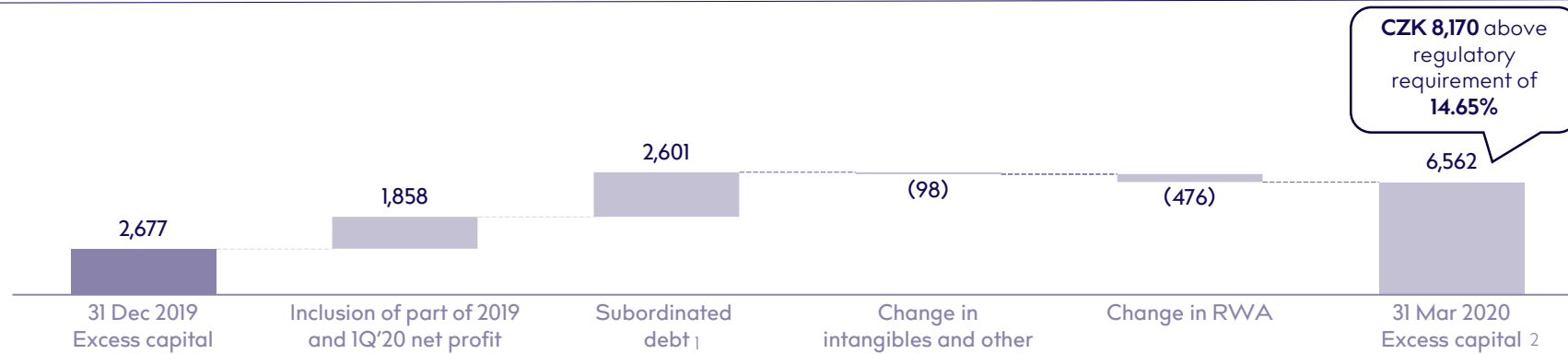
LENDING PORTFOLIO RWA DENSITY<sup>2</sup>



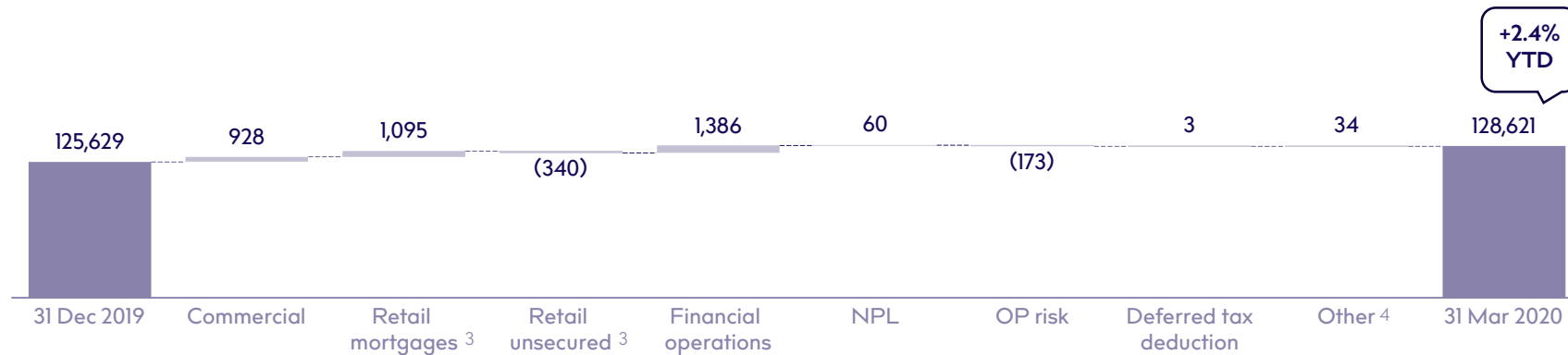
## EXCESS CAPITAL OVERVIEW

# Capital buffer underpinned by successful subordinated debt issuance in January 2020

EXCESS CAPITAL EVOLUTION AGAINST CAPITAL ADEQUACY RATIO TARGET OF 15.9% (CZK m)



RISK WEIGHTED ASSETS (CZK m)



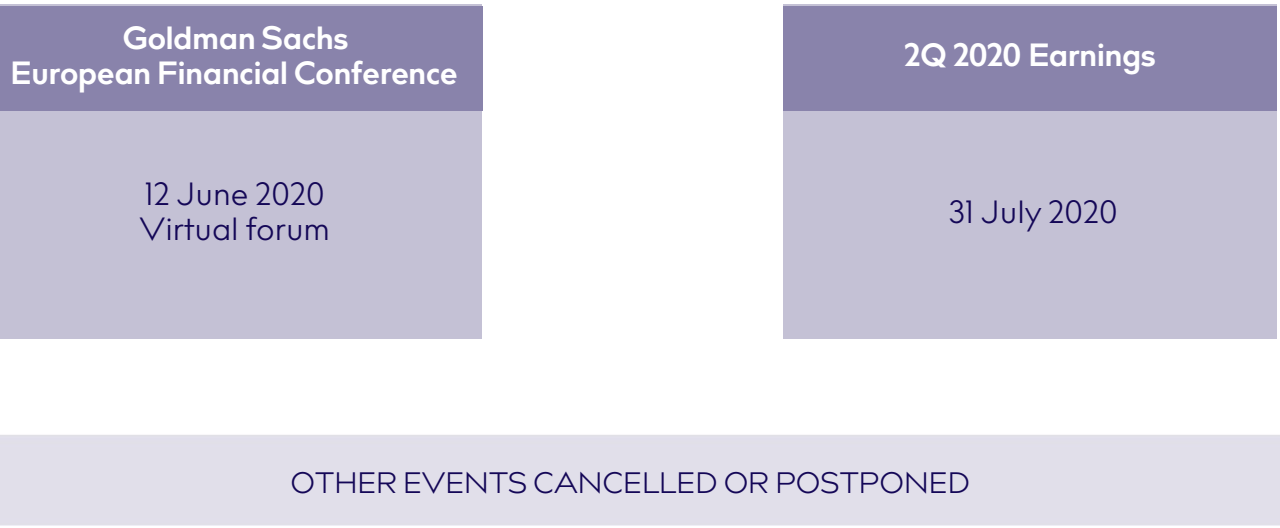
# Content

- Operating Environment and Banking Market Dynamics
- Measures related to Covid-19 pandemic
- Strategic Objectives & Results
- Digital Distribution & Services
- Profit and Loss Development
- Balance Sheet Development
- Risk Metrics & Asset Quality
- Capital Management
- **Investor Relations**
- Appendix

---

## REPORTING DATE AND INVESTOR MEETINGS

### Calendar for first half of 2020



## MARKET & INDUSTRY RECOGNITION

# MONETA received many recognitions for digitalization and innovation

### 2019 AND 2020 AWARDS OVERVIEW

**CZECH TOP 100**  
SPECIAL AWARD -  
INFORMATION  
OPENESS



**FINPARÁDA**  
2 AWARDS FOR  
BEST SHORT-TERM  
INVESTMENT AND  
MORTGAGE



**FINCENTRUM**  
MORTGAGE OF  
THE YEAR



**THE BEST BANK  
2019**  
BANKING  
INNOVATOR



**BLOOMBERG  
GENDER  
EQUALITY INDEX  
2020**  
INCLUSION IN  
JANUARY 2020



**INTERNET  
EFFECTIVENESS  
AWARDS**  
AWARDS IN  
7 CATEGORIES



**ZLATÁ KORUNA**  
AWARDS IN  
7 CATEGORIES



## COMMENTS

**Finparáda** – 1<sup>st</sup> place for BFM Conservative Bond Fund and 2<sup>nd</sup> place for Flexible Mortgage

**Fincentrum** - 1<sup>st</sup> place – The best mortgage

**The Best Bank 2019** – 1<sup>st</sup> place for the new generation of Smart Banka

**Czech Top 100** – Special award for MONETA's Annual Report










**Bloomberg Gender-Equality Index 2020** – MONETA is the only company in the Czech Republic included in the Index from January 2020

**IEA** - Overall winner at GRAND PRIX IEA 2019 and 6 awards for Smart Banka, web and digital features

**Zlatá koruna** – 5 awards for Smart Banka and 2 awards for Retail & Small business loans

## AWARDS RECEIVED IN 2018

# MONETA received extensive recognition as a leader in products, innovation and digitalization

<p><b>Fincentrum 2018</b> <b>MONETA awarded "The Best Mortgage 2018"</b></p>  <p>MONETA's mortgage offer named the Best mortgage by Fincentrum</p>	<p><b>Zlatá koruna 2018</b> <b>1<sup>st</sup> place – Online application, 3<sup>rd</sup> place Public Award</b></p>  <p>Smart Banka awarded by Zlatá Koruna 1st place as the best online application and 3rd place as the best financial product on Czech market</p>	<p><b>MasterCard Innovations 2018 - Mobile payments</b></p>  <p>MONETA was awarded for card digitalization in wearables Garmin and Fitbit</p>
<p><b>VISA</b> <b>Best Innovator 2018 - Mobile payments and wearables</b></p>  <p>MONETA was awarded for launching mobile payments and for card digitalization in wearables Garmin and Fitbit</p>	<p><b>The Best Bank 2018</b> <b>1<sup>st</sup> place – Banking innovator</b></p>  <p>MONETA with Smart Banka voted by public as the leading banking innovator</p>	<p><b>Finparáda 2018</b> <b>2<sup>nd</sup> place – Debt consolidation</b></p>  <p>MONETA's debt consolidation offer received 2nd place in category debt consolidation by Finparada.cz</p>
<p><b>Business Vision 2018</b> <b>The Best SME bank in the Czech Republic</b></p>  <p>MONETA was named the Best SME Bank in the Czech Republic by Business Vision</p>	<p><b>Global Banking &amp; Finance Awards 2018: The Best Investor Relations Bank Czech Republic</b></p>  <p>MONETA was named the Best Investor Relations Bank Czech Republic by Global Banking &amp; Finance</p>	<p><b>TOP Odpovědná Velká Firma 2018</b></p>  <p>The Bronze level certificate for Most Responsible Large Company in the Czech Republic 2018 by Business for Society</p>



---

## INVESTOR RELATIONS

### Contacts

**Miroslav Frayer**

**Jarmila Valentová**

*MONETA Money Bank, a.s.  
BB Centrum, Vyskočilova 1442/1b  
140 28 Praha 4 – Michle  
Tel: +420 224 442 549  
[investors@moneta.cz](mailto:investors@moneta.cz)  
[www.moneta.cz](http://www.moneta.cz)  
Identification number: 25672720*

*Bloomberg: MONET CP  
ISIN: CZ0008040318*

*Reuters: MONET.PR  
SEDOL: BD3CQ16*

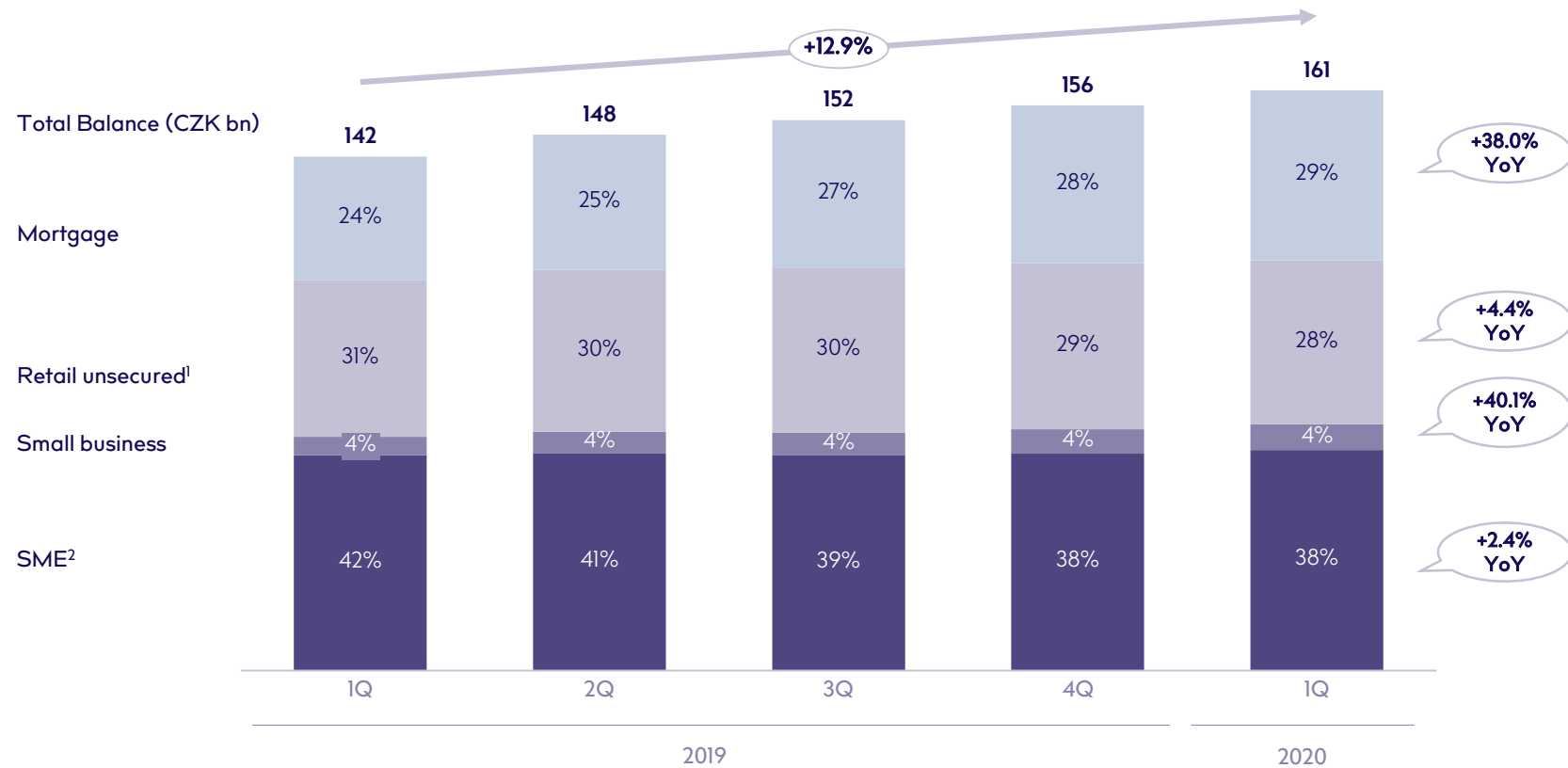
# Appendix

- MONETA's Net Loan Portfolio
- MONETA's Credit Rating
- MONETA's Shareholder Structure
- MONETA's Share Price and Volumes and Dividend Overview
- Asset under Management
- Net Migration between Stages
- Consolidated Statement of Financial Position
- Consolidated Statement of Profit or Loss and Other Comprehensive Income
- Key Performance Ratios
- Forward Looking Statements
- Alternative Performance Measures
- Glossary
- Disclaimer and Other Information

## STRONG BUSINESS MODEL AND CLEARLY DEFINED STRATEGY

Expansion of lending activity focused on retail and small business customers, underpinned by more stable deposits gathering capacity

### NET LOANS AND RECEIVABLES TO CUSTOMERS



## MONETA'S CREDIT RATING

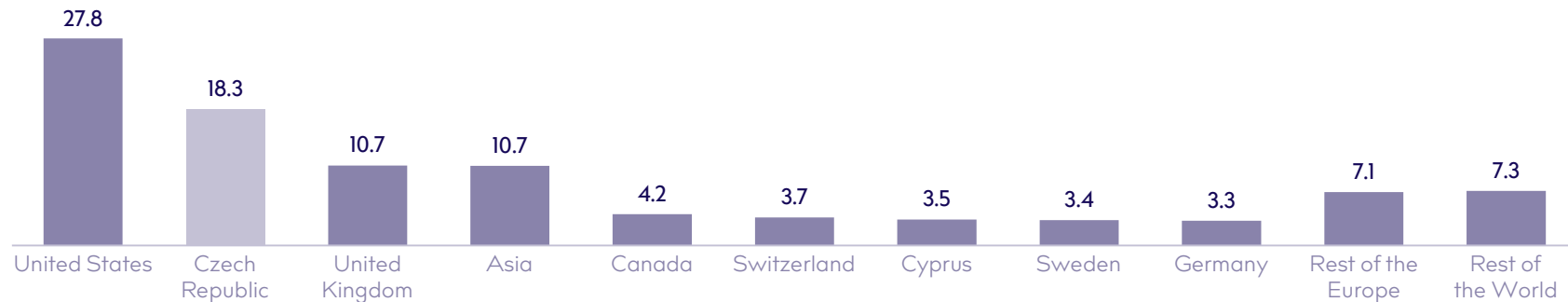
**S&P reaffirmed investment grade rating with change of outlook to stable, Moody's reaffirmed investment grade rating**

Rating Agency <sup>1</sup>	Long-term	Short-term	Outlook	Last report
Standard & Poor's	BBB	A-2	Stable	17 April 2020
Moody's	A2	P-1	Stable	8 January 2020

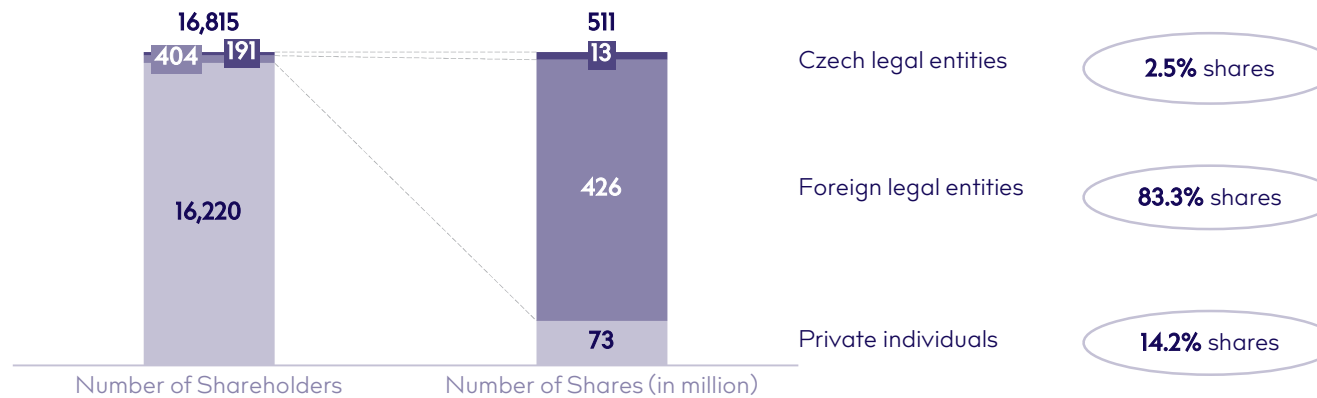
# SHAREHOLDER STRUCTURE

More than 85% MONETA's shares owned by legal entities

GEOGRAPHICAL SUMMARY PER HOLDING (in % as at March 2020)



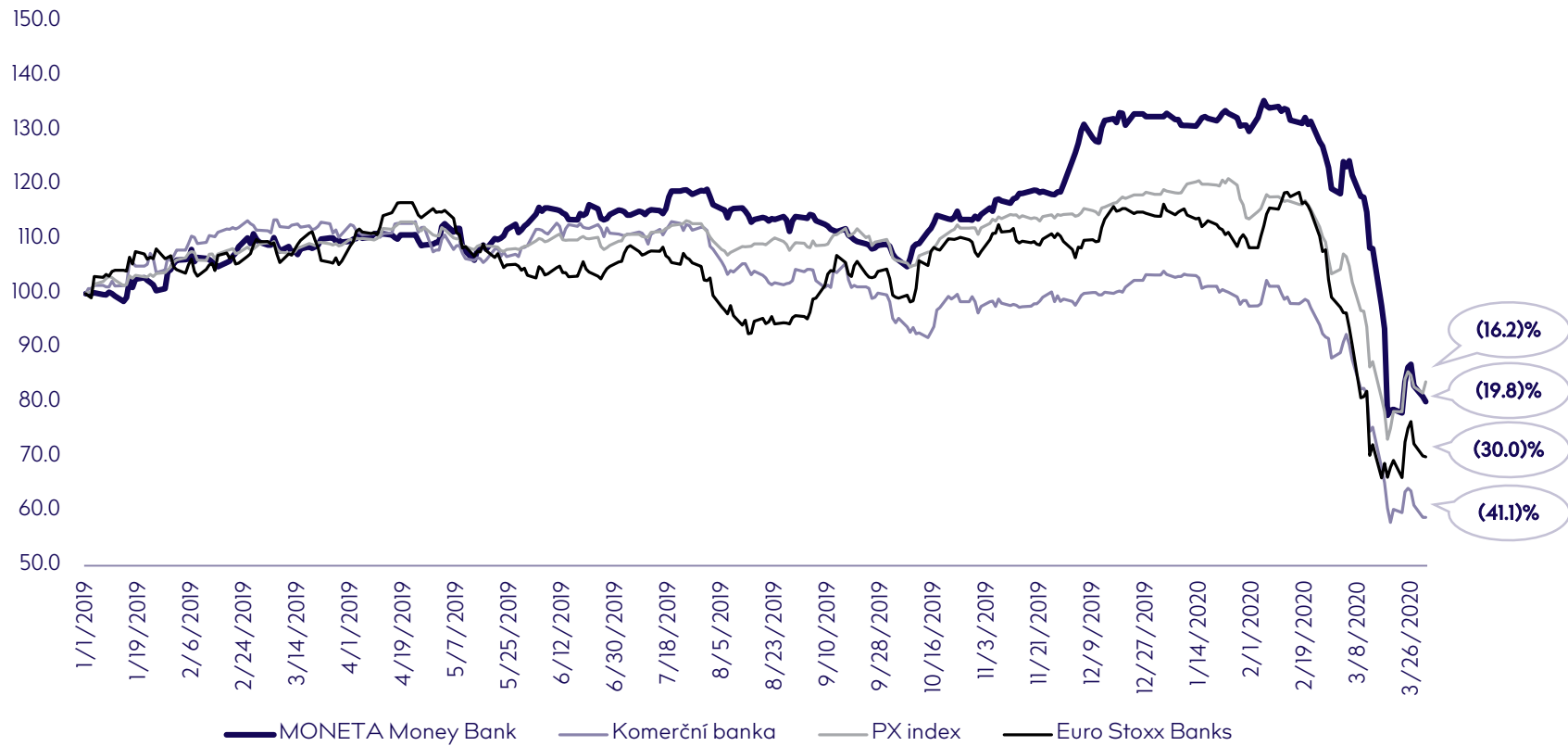
STRUCTURE BY TYPE OF SHAREHOLDER (as at March 2020)



# MARKET PRICE

## MONETA's total shareholder return

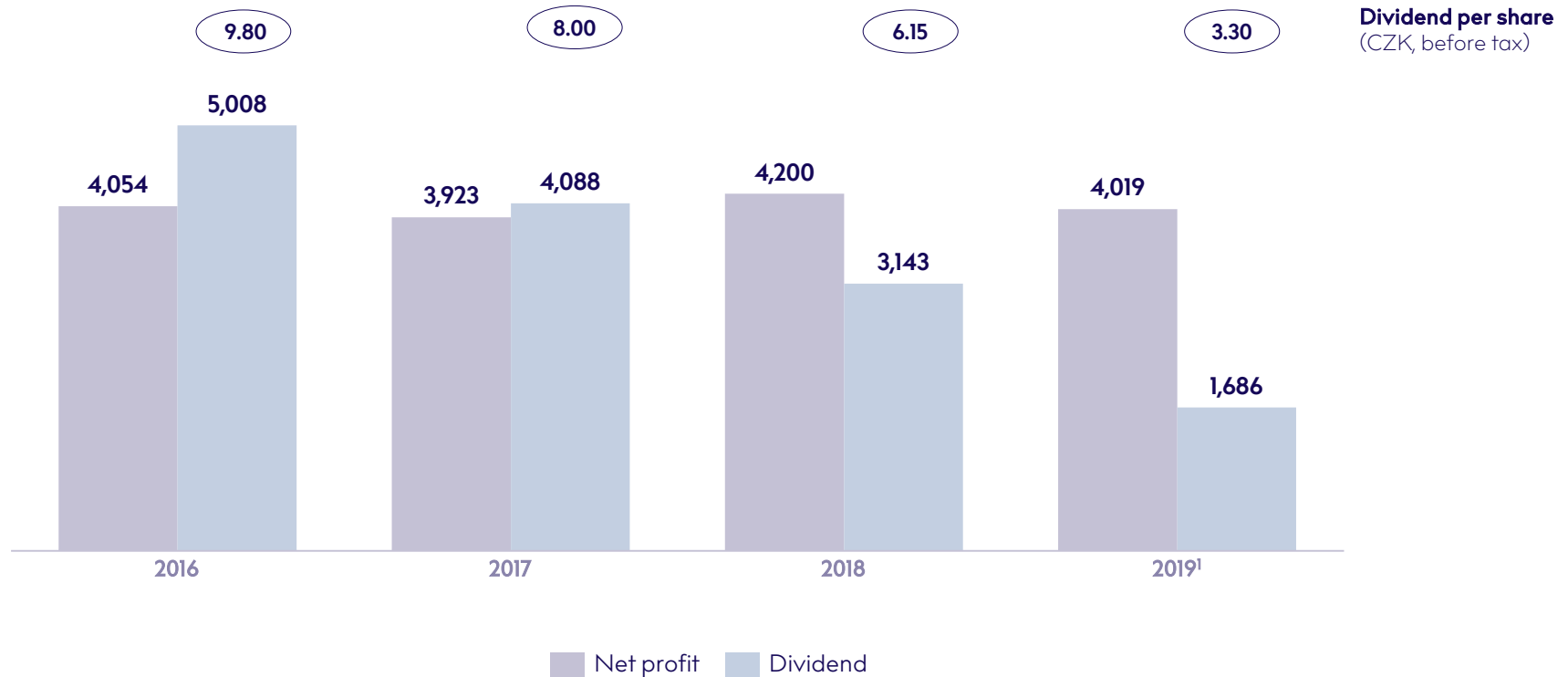
TOTAL SHAREHOLDERS RETURN (price rebased to 100)



## DIVIDEND

# Reversal of suspended dividend policy to be subject to economic developments and business performance

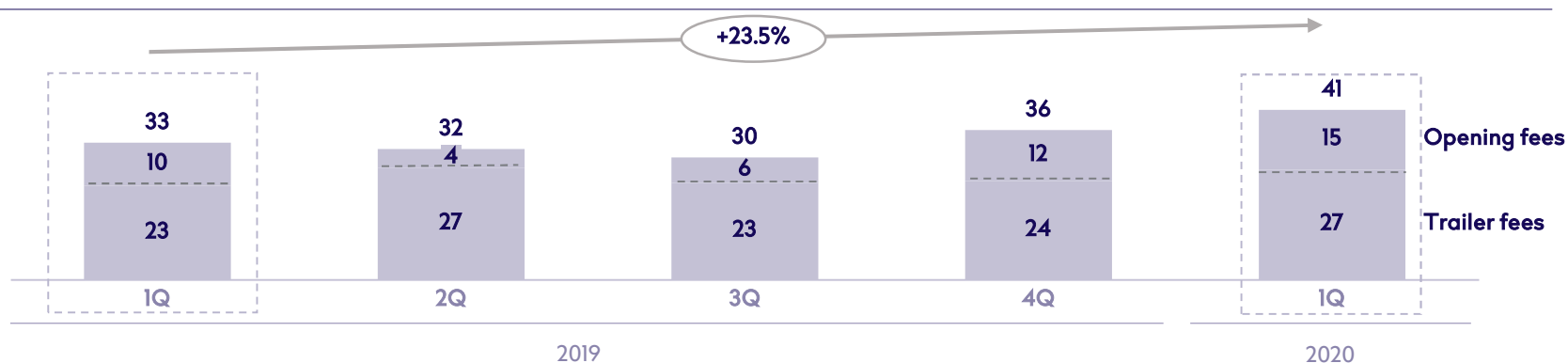
NET PROFIT AND DIVIDEND PAY-OUT (CZK m)



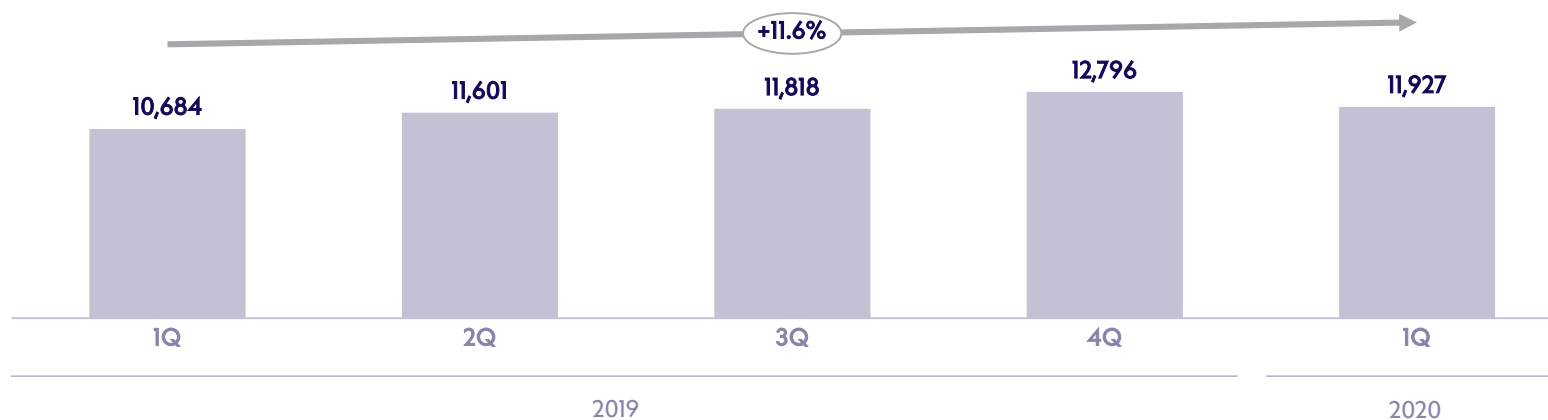
## ASSET MANAGEMENT OVERVIEW

Successful MONETA's strategy focused on sales of investment funds resulting in growth of commission income

COMMISSION INCOME FROM INVESTMENT FUNDS (CZK m)



ASSET MANAGEMENT (CZK m)

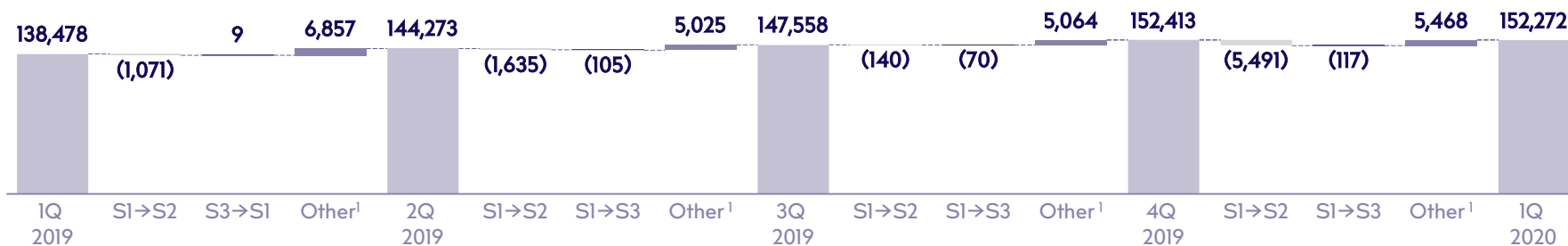




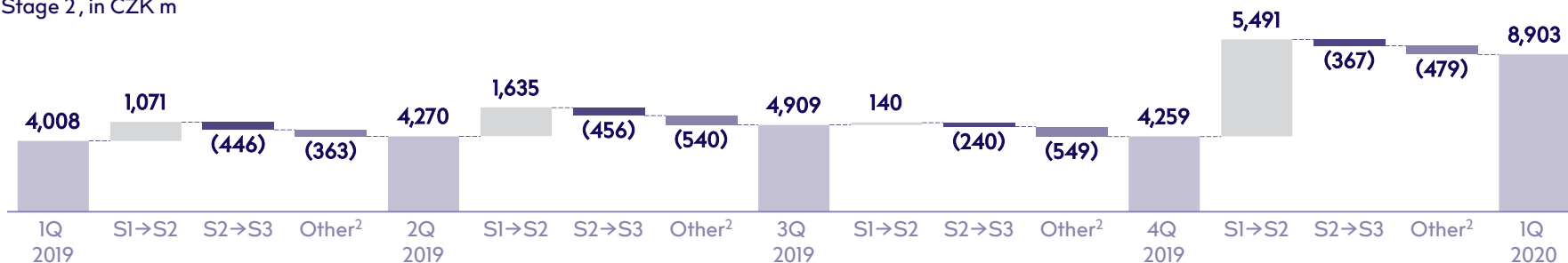
# LOAN PORTFOLIO BALANCES, QUALITY AND COVERAGE

## Net migration between stages

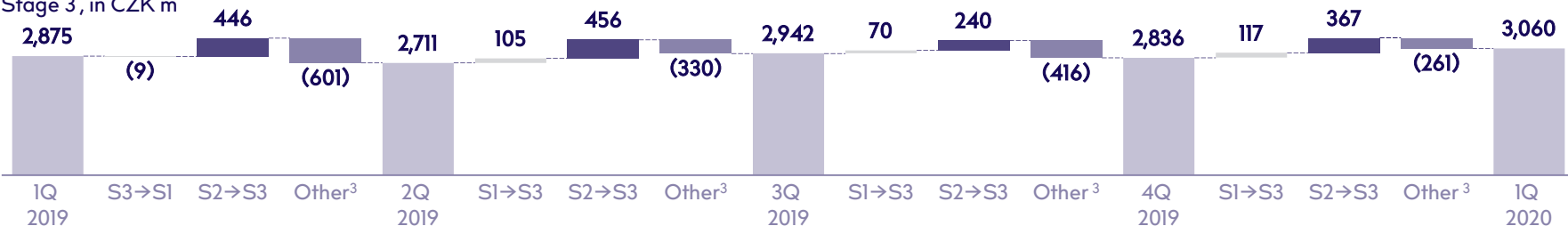
Stage 1, in CZK m



Stage 2, in CZK m



Stage 3, in CZK m



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CZK m	31/03/2020	31/12/2019 <sup>1</sup>	% Change
Cash and balances with the central bank	9,993	6,697	49.2%
Derivative financial instruments with positive value	762	27	2722.2%
Investment securities	23,575	25,972	(9.2%)
Hedging derivatives with positive fair values	739	651	13.5%
Change in fair value of items hedged on portfolio basis	1,080	(239)	n/m
Loans and receivables to banks	44,339	23,485	88.8%
Loans and receivables to customers	160,596	156,409	2.7%
Intangible assets	2,383	2,283	4.4%
Property and equipment	2,881	2,948	(2.3%)
Investments in subsidiaries and associates	2	2	0.0%
Current tax assets	30	7	328.6%
Other assets	1,195	811	47.3%
<b>Total Assets</b>	<b>247,575</b>	<b>219,053</b>	<b>13.0%</b>
Due to banks	11,610	7,091	63.7%
Due to customers	198,754	181,523	9.5%
Derivative financial instruments with negative value	365	40	812.5%
Hedging derivatives with negative fair values	2,050	148	1285.1%
Change in fair value of items hedged on portfolio basis	304	(22)	n/m
Subordinated liabilities	4,622	2,006	130.4%
Provisions	199	209	(4.8%)
Current tax liability	173	179	(3.4%)
Deferred tax liability	354	244	45.1%
Other liabilities	3,684	3,224	14.3%
<b>Total Liabilities</b>	<b>222,115</b>	<b>194,642</b>	<b>14.1%</b>
Share capital	10,220	10,220	0.0%
Statutory reserve	102	102	0.0%
Other reserves	302	(17)	n/m
Retained earnings	14,836	14,106	5.2%
<b>Total Equity</b>	<b>25,460</b>	<b>24,411</b>	<b>4.3%</b>
<b>Total Liabilities &amp; Equity</b>	<b>247,575</b>	<b>219,053</b>	<b>13.0%</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION – QUARTERLY DEVELOPMENT

CZK m	31/03/2018	30/06/2018 <sup>1</sup>	30/09/2018	31/12/2018 <sup>2</sup>	31/03/2019	30/06/2019	30/09/2019	31/12/2019 <sup>2</sup>	31/03/2020
Cash and balances with the central bank	6,823	7,498	7,336	8,139	5,381	7,334	6,684	6,697	9,993
Derivative financial instruments with positive value	45	146	42	28	25	19	21	27	762
Investment securities	11,965	21,013	20,772	20,780	21,647	21,834	25,394	25,972	23,575
Hedging derivatives with positive fair values	0	33	242	53	57	36	156	651	739
Change in fair value of items hedged on portfolio basis	58	(81)	(331)	30	(5)	88	50	(239)	1,080
Loans and receivables to banks	35,849	21,981	17,836	33,436	28,184	28,443	38,926	23,485	44,339
Loans and receivables to customers	126,261	132,196	135,661	140,123	142,245	148,289	152,370	156,409	160,596
Intangible assets	1,436	1,568	1,700	1,789	1,870	1,997	2,144	2,283	2,383
Property and equipment	874	1,069	1,210	1,296	3,305	3,208	3,172	2,948	2,881
Investments in subsidiaries and associates	3	3	2	2	3	3	2	2	2
Current tax assets	279	368	25	16	30	28	18	7	30
Deferred tax assets	339	217	148	127	0	0	0	0	0
Other assets	862	816	770	1,113	986	672	766	811	1,195
<b>Total Assets</b>	<b>184,794</b>	<b>186,827</b>	<b>185,413</b>	<b>206,932</b>	<b>203,728</b>	<b>211,951</b>	<b>229,703</b>	<b>219,053</b>	<b>247,575</b>
Due to banks	10,264	14,139	9,201	10,716	4,660	8,353	5,549	7,091	11,610
Due to customers	145,175	146,391	149,209	168,792	168,128	175,186	192,273	181,523	198,754
Derivative financial instruments with negative value	37	51	34	44	16	99	9	40	365
Hedging derivatives with negative fair values	88	16	2	167	157	292	513	148	2,050
Change in fair value of items hedged on portfolio basis	0	0	0	0	0	0	0	(22)	304
Subordinated liabilities	0	0	0	0	0	0	1,989	2,006	4,622
Provisions	333	285	260	261	241	246	227	209	199
Current tax liability	17	11	61	107	55	38	133	179	173
Deferred tax liability	254	251	238	177	237	249	258	244	354
Other liabilities	2,327	2,525	2,008	1,431	4,014	3,381	3,588	3,224	3,684
<b>Total Liabilities</b>	<b>158,495</b>	<b>163,669</b>	<b>161,013</b>	<b>181,695</b>	<b>177,508</b>	<b>187,844</b>	<b>204,539</b>	<b>194,642</b>	<b>222,115</b>
Share capital	511	511	511	511	511	511	511	10,220	10,220
Share premium	5,028	5,028	5,028	5,028	5,028	5,028	5,028	0	0
Statutory reserve	102	102	102	102	102	102	102	102	102
Share based payment reserve	(2)	(2)	(2)	(2)	(2)	(2)	(2)	0	0
Other reserves	0	0	0	0	0	0	0	(17)	302
Retained earnings	20,660	17,519	18,761	19,598	20,581	18,468	19,525	14,106	14,836
<b>Total Equity</b>	<b>26,299</b>	<b>23,158</b>	<b>24,400</b>	<b>25,237</b>	<b>26,220</b>	<b>24,107</b>	<b>25,164</b>	<b>24,411</b>	<b>25,460</b>
<b>Total Liabilities &amp; Equity</b>	<b>184,794</b>	<b>186,827</b>	<b>185,413</b>	<b>206,932</b>	<b>203,728</b>	<b>211,951</b>	<b>229,703</b>	<b>219,053</b>	<b>247,575</b>

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

CZK m	1Q 2020	1Q 2019	% Change
Interest and similar income	2,388	2,105	13.4%
Interest expense and similar charges	(345)	(158)	118.4%
Net interest income	2,043	1,947	4.9%
Fee and commission income	556	522	6.5%
Fee and commission expense	(70)	(56)	25.0%
Net fee and commission income	486	466	4.3%
Dividend income	1	1	0.0%
Net income from financial operations	374	100	274.0%
Other operating income	20	36	(44.4%)
Total operating income	2,924	2,550	14.7%
Personnel expenses	(536)	(546)	(1.8%)
Administrative expenses <sup>1</sup>	(297)	(319)	(6.9%)
Depreciation and amortisation	(257)	(246)	4.5%
Regulatory charges	(152)	(139)	9.4%
Other operating expenses <sup>1</sup>	(90)	(85)	5.9%
Total operating expenses	(1,332)	(1,335)	(0.2%)
Profit for the period before tax and net impairment of financial assets	1,592	1,215	31.0%
Net impairment of financial assets	(684)	14	-
Profit for the period before tax	908	1,229	(26.1%)
Taxes on income	(177)	(246)	(28.0%)
Profit for the period after tax	731	983	(25.6%)
- Change in fair value of investment securities recognised in OCI	0	0	-
- Cash flow hedges - effective portion of changes in fair value	394	0	-
- Deferred tax	(75)	0	-
Other comprehensive income, net of tax	319	0	-
Total comprehensive income attributable to the equity holders	1,050	983	6.8%

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME – QUARTERLY DEVELOPMENT

CZK m	1Q 2018	2Q 2018	3Q 2018	4Q 2018	1Q 2019	2Q 2019	3Q 2019	4Q 2019	1Q 2020
Interest and similar income	1,873	1,874	1,953	2,120	2,105	2,157	2,312	2,359	2,388
Interest expense and similar charges	(77)	(92)	(94)	(148)	(158)	(202)	(303)	(345)	(345)
Net interest income	1,796	1,782	1,859	1,972	1,947	1,955	2,009	2,014	2,043
Fee and commission income	519	550	531	591	522	575	570	595	556
Fee and commission expense	(74)	(90)	(84)	(51)	(56)	(91)	(71)	(94)	(70)
Net fee and commission income	445	460	447	540	466	484	499	501	486
Dividend income	0	1	1	1	1	0	0	1	1
Net income from financial operations	85	101	112	98	100	173	109	147	374
Other operating income	59	41	336	26	36	27	28	22	20
Total operating income	2,385	2,385	2,755	2,637	2,550	2,639	2,645	2,685	2,924
Personnel expenses	(593)	(579)	(571)	(581)	(546)	(579)	(567)	(626)	(536)
Administrative expenses <sup>1</sup>	(381)	(358)	(367)	(453)	(319)	(321)	(303)	(343)	(297)
Depreciation and amortisation	(127)	(141)	(160)	(182)	(246)	(234)	(239)	(248)	(257)
Regulatory charges	(89)	0	0	0	(139)	0	0	0	(152)
Other operating expenses <sup>1</sup>	(65)	(37)	3	(171)	(85)	(87)	(53)	(84)	(90)
Total operating expenses	(1,255)	(1,115)	(1,095)	(1,387)	(1,335)	(1,221)	(1,162)	(1,301)	(1,332)
Profit for the period before tax and net impairment of financial assets	1,130	1,270	1,660	1,250	1,215	1,418	1,483	1,384	1,592
Net impairment of financial assets	281	(130)	(151)	(274)	14	(147)	(168)	(216)	(684)
Profit for the period before tax	1,411	1,140	1,509	976	1,229	1,271	1,315	1,168	908
Taxes on income	(238)	(192)	(267)	(139)	(246)	(242)	(257)	(219)	(177)
Profit for the period after tax	1,173	948	1,242	837	983	1,029	1,058	949	731
Change in fair value of investment securities recognised in OCI	0	0	0	0	0	0	0	1	0
Cash flow hedges – effective portion of changes in fair value	0	0	0	0	0	0	0	(22)	394
Deferred tax	0	0	0	0	0	0	0	4	(75)
Other comprehensive income, net of tax	0	0	0	0	0	0	0	(17)	319
Total comprehensive income attributable to the equity holders	1,173	948	1,242	837	983	1,029	1,058	932	1,050

## KEY PERFORMANCE RATIOS

	1Q 2020	FY 2019	Change in bps
<b>Profitability</b>			
Yield (% Avg Net Customer Loans)	5.1%	5.3%	(20)
Cost of Funds (% Avg Deposits and Loans) <sup>1,2</sup>	0.68%	0.54%	14
Cost of Funds on Core Customer Deposits (% Avg Deposits) <sup>3</sup>	0.49%	0.36%	13
NIM (% Avg Int Earning Assets) <sup>1,4,5</sup>	3.6%	3.8%	(20)
Cost of Risk (% Avg Net Customer Loans)	1.73%	0.35%	138
Risk-adj. Yield (% Avg Net Customer Loans)	3.4%	4.9%	(150)
Net Fee & Commission Income / Operating Income (%)	16.6%	18.5%	(190)
Net Non-Interest Income / Operating Income (%)	30.1%	24.7%	540
Cost to Income Ratio	45.6%	47.7%	(210)
RoTE	12.7%	18.2%	(550)
RoE	11.5%	16.5%	(500)
RoAA <sup>1</sup>	1.3%	1.9%	(60)
<b>Liquidity / Leverage</b>			
Net Loan to Deposit ratio <sup>1</sup>	80.8%	86.2%	(540)
Total Equity / Total Assets	10.3%	11.1%	(80)
Liquid Assets <sup>1,4</sup> / Total Assets	31.5%	25.6%	590
<b>Capital Adequacy</b>			
RWA density	45.9%	52.9%	(700)
Total CAR (%)	21.0%	18.0%	300
Tier 1 Ratio (%)	17.4%	16.4%	100
<b>Asset Quality</b>			
Non-Performing Loan Ratio (%)	1.9%	1.8%	10
Core Non-Performing Loan Coverage (%)	55.8%	55.9%	(10)
Total NPL Coverage (%)	118.9%	109.2%	970

## KEY PERFORMANCE RATIOS – QUARTERLY DEVELOPMENT

	1Q 2018	2Q 2018	3Q 2018	4Q 2018	1Q 2019	2Q 2019	3Q 2019	4Q 2019	1Q 2020
<b>Profitability</b>									
Yield (% Avg Net Customer Loans)	5.7%	5.5%	5.5%	5.5%	5.3%	5.3%	5.3%	5.2%	5.1%
Cost of Funds (% Avg Deposits and Loans) <sup>1,2</sup>	0.19%	0.23%	0.24%	0.35%	0.36%	0.45%	0.63%	0.71%	0.68%
Cost of Funds on Core Customer Deposits (% Avg Deposits) <sup>3</sup>	0.17%	0.17%	0.17%	0.22%	0.22%	0.24%	0.44%	0.53%	0.49%
NIM (% Avg Int Earning Assets) <sup>1,4,5</sup>	3.8%	3.9%	4.1%	4.1%	3.9%	3.9%	3.7%	3.7%	3.6%
Cost of Risk (% Avg Net Customer Loans)	(0.90%)	0.40%	0.45%	0.79%	(0.04)%	0.40%	0.45%	0.56%	1.73%
Risk-adj. Yield (% Avg Net Customer Loans)	6.6%	5.1%	5.0%	4.7%	5.3%	4.9%	4.9%	4.7%	3.4%
Net Fee & Commission Income / Operating Income (%)	18.7%	19.3%	16.2%	20.5%	18.3%	18.3%	18.9%	18.7%	16.6%
Net Non-Interest Income / Operating Income (%)	24.7%	25.3%	32.5%	25.2%	23.6%	25.9%	24.0%	25.0%	30.1%
Cost to Income Ratio	52.6%	46.8%	39.7%	52.6%	52.4%	46.3%	43.9%	48.5%	45.6%
RoTE	18.9%	17.6%	21.9%	14.3%	16.1%	18.6%	18.4%	17.2%	12.7%
RoE	17.8%	16.4%	20.4%	13.3%	15.0%	17.1%	16.8%	15.6%	11.5%
RoAA <sup>1</sup>	2.4%	2.0%	2.7%	1.7%	1.9%	2.0%	1.9%	1.7%	1.3%
<b>Liquidity / Leverage</b>									
Net Loan to Deposit ratio <sup>1</sup>	87.0%	90.3%	90.9%	83.0%	84.6%	84.6%	79.2%	86.2%	80.8%
Total Equity / Total Assets	14.2%	12.4%	13.2%	12.2%	12.9%	11.4%	11.0%	11.1%	10.3%
Liquid Assets <sup>1,4</sup> / Total Assets	29.6%	27.0%	24.8%	30.1%	27.1%	27.2%	30.9%	25.6%	31.5%
<b>Capital Adequacy</b>									
RWA Density <sup>6</sup>	54.3%	53.3%	54.2%	50.0%	51.9%	50.3%	48.4%	52.9%	45.9%
Total CAR (%)	16.6%	16.0%	16.6%	16.4%	17.0%	16.7%	18.1%	18.0%	21.0%
Tier 1 Ratio (%)	16.6%	16.0%	16.6%	16.4%	17.0%	16.7%	16.5%	16.4%	17.4%
<b>Asset Quality</b>									
Non-Performing Loan Ratio (%)	3.7%	3.3%	3.0%	2.8%	2.0%	1.8%	1.9%	1.8%	1.9%
Core NPL Coverage (%)	65.3%	61.5%	63.4%	66.3%	60.7%	56.7%	54.6%	55.9%	55.8%
Total NPL Coverage (%)	93.0%	93.4%	95.8%	99.9%	108.4%	109.4%	103.3%	109.2%	118.9%



## BRANCH NETWORK

We continue our branch transformation to optimize and digitalize our physical customer touch points

We have reduced the branch network from **179** to **161** locations in 1Q 2020 and further invested in refurbishment and digitalization of key locations





---

## ALTERNATIVE PERFORMANCE MEASURES

- In this presentation, certain financial data and measures are presented which are not calculated pursuant to any accounting standard and which are therefore non-IFRS measures and alternative performance measures as defined in the European Securities and Markets Authority Guidelines on Alternative Performance Measures. These financial data and measures are cost of funds, core cost of funds, incremental RoE, net interest margin / NIM, net non-interest income, return on average assets, yield / loan portfolio yield, cost to income ratio, tangible equity, return on tangible equity, excess capital, core cost of risk, cost of risk, risk adjusted yield, risk adjusted operating income, loan to deposit ratio, total NPL coverage, NPL / Non-performing loans, NPL ratio, RWA density, new production / new volume, Effective Tax Rate. All alternative performance measures included in this document are calculated for specified period.
- These alternative performance measures are included to (i) extend the financial disclosure also to metrics which are used, along with IFRS measures, by the management in evaluating the Group's performance, and (ii) provide to investors further basis, along with IFRS measures, for measuring the Group's performance. Because of the discretion that the Group has in defining these measures and calculating the reported amounts, care should be taken in comparing these various measures with similar measures used by other companies. These measures should not be used as a substitute for evaluating the performance of the Group based on the Consolidated Financial Statements of the Group. Non-IFRS measures have limitations as analytical tools, and investors should not consider them in isolation, or as a substitute for analysis of the Group's results as reported under IFRS and set out in the Consolidated Financial Statements of the Group, and investors should not place any undue reliance on non-IFRS measures. Non-IFRS measures presented in this report should not be considered as measures of discretionary cash available to the Group to invest in the growth of the business, or as measures of cash that will be available to the Group to meet its obligations. Investors should rely primarily on the Group's IFRS results and use the non-IFRS measures only as supplemental means for evaluating the performance of the Group.
- Definition of other alternative performance measures is provided in Glossary section.

## GLOSSARY (1/3)

AFS	Available for sale	Core Cost of Risk or Core CoR	Net impairment of financial assets for the period divided by average balance of net loans to customers excluding gain from monetization of NPLs since 2018 based on IFRS 9. If Core Cost of Risk shown in CZK then it corresponds to „Net impairment of financial assets“ without impact of NPL sales.
AGM	Annual General Meeting	CoR or Cost of Risk or Cost of Risk (% Avg Net Customer Loans)	Net impairment of financial assets divided by average balance of net loans to customers since 2018 based on IFRS9. If Cost of Risk shown in CZK then it corresponds to „Net impairment of financial assets“.
Annualized	Adjusted so as to reflect the relevant rate on the full year basis.	Core Customer Deposits	Due to customers excluding opportunistic repo operations
ARAD	ARAD is a public database that is part of the information service of the Czech National Bank. It is uniform system of presenting time series of aggregated data for individual statistics and financial market areas.	Cost to Income Ratio (C/I)	Ratio (expressed as a percentage) of total operating expenses for the period to total operating income for the period
Attrition / Loan Balance Attrition	Extraordinary principal repayment transactions exceeding 40% of the prior month average principal and not recognized as internal refinancing. Loans more than 30 days past due are excluded	Core NPL Coverage	Ratio (expressed as a percentage) of loss allowances for non-performing loans and receivables to total non-performing loans and receivables
Auto	MONETA Auto, s.r.o.	CRR	Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012, as amended
Average balance of net interest earning assets	Two-point average of the beginning and ending balances of Net Interest Earning Assets for the period	Customer Deposits	Due to customers
Average balance of net loans to customers	Two-point average of the beginning and ending balances of Loans and receivables to customers for the period	CZK	Czech Koruna
Average balance of total assets	Two-point average of the beginning and ending balances of Total Assets for the period	CZSO	Czech Statistical Office
Bank	MONETA Money Bank, a.s.	Drawn limit / Overdraft Drawn	Loans and receivables to customer balance
Back-to-back repo operations	Repo transactions with counterparties which are closed on back-to-back basis by reverse repo transactions with CNB.	E-payment	One-time payment transactions through internet banking or mobile banking
BB forecast	Bloomberg forecast	ETR / Effective Tax Rate	Effective Tax Rate – calculated as taxes on income divided by profit for the period before tax
bn	Billion	Excess capital	Capital exceeding the management target of CAR, currently 15.9%.
bps	Basis points	Expected credit loss model	The impairment model that measures credit loss allowances using a three-stage approach based on the extent of credit deterioration of financial asset since origination; Stage 1 – financial assets with no significant increase in credit risk since initial recognition, Stage 2 – financial assets with significant increase in credit risk since initial recognition but not in default, Stage 3 – financial assets in default.
CAGR	Compound Annual Growth Rate	Front end roles (employees)	Predominately employees whose variable compensation is sales-driven together with their immediate managers, and employees of Collections & Recovery department
CAPEX	Capital expenditure	FTE	Figure states full time equivalents as of the last day of quarter. The figures are reported regularly to Czech Statistical Office (CZSO) in accordance with Art. 15 of Czech Act No. 518/2004. The figures reported to CZSO states ratio of the following nominator and denominator. The nominator is defined as worked hours plus all paid leaves of all employees in respective period. The denominator is stated as monthly working time fund of all employees in respective period.
CAR / Capital Adequacy Ratio	Ratio calculated as regulatory capital as a percentage of risk-weighted assets		
CNB	Czech National Bank		
Cost of Funds (% Avg Deposits)	Interest expense and similar charges for the period (incl. Tier 2 bonds expenses) divided by average balance of due to banks and due to customers		
Cost of Funds on Core Customer Deposits (% Avg Deposits) / Core Cost of Funds	Interest expense and similar charges on customer deposits for the period divided by average balance of customer deposits, excl. repo operations		

## GLOSSARY (2/3)

FVTOCI	Financial assets measured at Fair Value Through Other Comprehensive Income
FVTPL	Financial assets measured at Fair Value Through Profit or Loss
Funding Base	Sum of Due to customers, Due to Banks a Subordinated liabilities
FY	Financial year
GDP	Gross domestic product
Group	The Bank and its subsidiaries.
Gross performing loans	Performing loans and receivables to customers as determined in accordance with the MONETA's loan receivables categorization rules (Standard)
H	Half year
IFRS	International Financial Reporting Standards
Incremental RoE	Risk adjusted operating income on lending portfolio after tax (based on Cost of Risk excluding gain on debt sale and using average bank's cost of funds as interest expense) divided by internally allocated equity to the specific product, product group or segment. SME incremental RoE includes Investment loans and Working capital
Individually managed loan portfolio	Portfolio includes investment commercial loans and secured commercial loans
Interim dividend	Means first part of dividend for the particular year
Investment securities	Equity and debt securities in the Group's portfolio, consist of securities measured at amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL)
ISRE 2410	International Standard on Review Engagements 2410
k/th\$	thousands
KPI	Key performance indicator
Leasing	MONETA Leasing, s.r.o.
Liquid Assets	Liquid assets comprise of cash and balances with central banks, investment securities (not transferred as collateral in repurchase agreements), loans and receivables to banks and prior transition to IFRS 9 also financial assets at fair value through profit or loss, financial assets available for sale, financial assets held to maturity (not transferred as collateral in repurchase agreements).
LCR	Liquidity Coverage Ratio measures the ratio (expressed as a percentage) of a group's buffer of high quality liquid assets to its projected net liquidity outflows over a 30-day stress period, as calculated in accordance with EU Regulation'15/61

LtD Ratio or Loan to Deposit Ratio	Loan to deposit ratio calculated as net loans and receivables to customers divided by customer deposits
M	Millions
Market share – consumer loans	Consumer loans = Non-purposed and purposed consumer loans, debt consolidations, additional loan and American mortgages. Source: CNB ARAD, MMB in IFRS unconsolidated according to CNB definitions, gross loans excluding non-residents and loans in foreign currency, CNB annualized average weighted rate.
Market interest rates	Based on CNB ARAD
MoLSA	Ministry of Labor and Social Affairs
MONETA	MONETA has the same meaning as the Group
Net Income/Net Profit	Profit for the period after tax
Net Interest Earning Assets	Cash and balances with the central bank, investment securities, loans and receivables to banks, loans and receivables to customers and prior to transition to IFRS 9 also financial assets at fair value through profit and loss, financial assets available for sale, financial assets held to maturity
NII	Net Interest Income
Net Interest Margin or NIM	Net interest and similar income divided by average balance of net interest earning assets
Net Non-Interest Income	Total operating income less net interest and similar income for the period
New volume / New production	Aggregate of loan principal disbursed in the period for non-revolving loans
New volume yield / New production yield	Instalment products: model output of yield expected to be generated on newly originated loans based on inputs combining actual contractual terms and expected behavior of the loan for the specific type of the loan product. Revolving products (credit cards and working capital): weighted average of contractual rate on newly originated loans (credit limit)
NPL / Non-performing loans	Non-performing loans as determined in accordance with the MONETA's loan receivables categorization rules (substandard, doubtful, loss), Stage 3 according to IFRS9
NPL Ratio	Ratio (expressed as a percentage) of NPL to gross loans and receivables to customers
NPL Coverage / Coverage	Ratio (expressed as a percentage) of loss allowances for loans and advances to customers to NPL
Nr.	Number
OCI	Other Comprehensive Income
Online Origination	Represents new volume originated from online applications and leads (client with contact details)

## GLOSSARY (3/3)

OPEX / Cost Base	Total operating expenses	RWA portfolio density	Calculates the weighted average risk weight of the loan portfolio only considering to the credit conversion factor effects per unit of exposure. It is defined as the ratio of RWA to the Gross Financing Receivables (consisting of On&Off-balance sheet)
OP risk	Operational risk	Small business loan balances	Loans and receivables of unsecured instalment loans, commercial credit cards and unsecured overdrafts provided to an enterprise with an annual turnover of up to CZK 60 million
PL	Performing loans	Small business (new) production	New volume of unsecured instalment loans and receivables to small business customers
Pool managed loan portfolio	Portfolio includes unsecured commercial loans and overdrafts to commercial clients	SME	An enterprise with an annual turnover of up to CZK 200 million.
Portfolio yield	Please refer to definition of yield	SREP	Supervisory Review and Evaluation Process, when supervisor regularly assesses and measures the risks for each bank
PSD2	The Payment Services Directive 2 is an EU Directive 2015/2366, administered by the European Commission (Directorate General Internal Market) to regulate payment services and payment service providers throughout the European Union (EU) and European Economic Area (EEA)	Stage 1, Stage 2, Stage 3	Stage 1 – financial assets with no significant increase in credit risk since initial recognition, Stage 2 – financial assets with significant increase in credit risk since initial recognition but not in default, Stage 3 – financial assets in default.
Q	Quarter	Tangible Equity	Calculated as total equity less intangible assets and goodwill
Q+Q	Quarter-to-quarter	Tier 1 Capital	The aggregate of Common equity tier 1 (CET1 Capital) and Additional Tier 1 which mainly consists of capital instruments and other items (including certain unsecured subordinated debt instruments without a maturity date) provided in Art. 51 of CRR
Reported RoTE / RoTE	Return on tangible equity calculated as annualized profit after tax for the period divided by tangible equity	Tier 1 Capital Ratio	Tier 1 Capital as a percentage of risk weighted assets
Return on average assets or RoAA	Return on average assets calculated as annualized profit after tax for the period divided by average balance of total assets	Tier 2 Capital, T2	Regulatory Capital which consists of capital instruments, subordinated loans and other items (including certain unsecured subordinated debt obligations with payment restrictions) provided in Art. 62 of CRR
Regulatory Capital	Mainly consists of paid-up registered share capital, share premium, retained profits, disclosed reserves and reserves for general banking risks, which must be netted off against accumulated losses, certain deferred tax assets, certain intangible assets and shares held by the Company in itself (calculated pursuant to CRR)	Total Capital Ratio	Tier 1 Capital and Tier 2 Capital as a percentage of risk-weighted assets
Regulatory Leverage	Relative size of an institution's assets, off-balance sheet obligations and contingent obligations to pay or to deliver or to provide collateral, including obligations from received funding, made commitments, derivatives or repurchase agreements, but excluding obligations which can only be enforced during the liquidation of an institution, compared to that institution's own funds.	Total NPL Coverage	Ratio (expressed as a percentage) of individual and portfolio provisions for loans and receivables to total non-performing loans and receivables
Risk Adjusted Operating Income	Calculated as total operating income less net impairment of loans and receivables and Net impairment of other receivables	V4	Visegrád Group (Czech Republic, Hungary, Poland, Slovak)
Risk Adjusted Yield or Risk Adjusted Yield (% Avg Net Customer Loans)	Interest and similar income from loans to customers less net impairment of loans and receivables divided by average balance of net loans to customers.	Wüstenrot CZ	Wüstenrot - stavební spořitelna a.s. (Building savings bank) and Wüstenrot hypoteční banka a.s. (Mortgage bank) together
Return on Equity or RoE	Return on equity calculated as annualized profit after tax for the period divided by total equity	Y	Year
RWA	Risk Weighted Assets calculated pursuant to CRR	Yield (% Avg. Net Customer Loans)	Interest and similar income from loans to customer divided by average balance of net loans to customers
RWA density	Calculates the average risk weight per unit of exposure. It is defined as the ratio of RWA to the Leverage Exposure (consisting of On&Off-balance sheet Gross Loans and counterparty credit risk).	YoY	Year-on-year
		YTD	Year to date