Mandatory Disclosure
PUBLIC DISCLOSURE OF INSIDE INFORMATION

# MONETA Money Bank, a.s.

## Consolidated financial report as of and for the nine months ended 30 September 2021

# Contents

# 1 Disclaimer

**Forward-looking statements**

This report may contain projections, estimates, forecasts, targets, opinions, prospects, results, returns and forward-looking statements with respect to, the financial guidance, profitability, costs, assets, capital position, financial condition, results of operations, dividend and business (together, "forward-looking statements") of MONETA Money Bank, a.s. and its consolidated subsidiaries (the "Group" or "MONETA"). 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 report is made as at the date of this report. The Bank 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.

**Dividend Guidance**

Subject to corporate, regulatory and regulator's limitations, the Bank's target is to distribute the Group's excess capital above that required to meet the Group's internal target of the capital adequacy ratio, which is currently 14.4%. However, the internal capital adequacy ratio target is not legally binding upon the Group and is subject to change on the basis of the ongoing re-assessment by the Management Board of the Bank based on the business results and development.

MONETA Money Bank has received consent from the Czech National Bank (CNB) with the proposal for distribution of 2019 and 2020 net profits to shareholders in the amount of CZK 1,533 million or CZK 3 per share. The CNB thus agreed with the Bank's request, which was submitted to the CNB on 26 March 2021.

**Material assumptions for forward-looking statements**

When preparing Guidance for 2021 - 2025[1] MONETA has made several economic, market, operational, regulatory and other assumptions of both quantitative and judgemental nature. These assumptions include the following:

- Gradual recovery of the Czech economy after COVID-19 pandemic impacts.
- 1M PRIBOR assumed to start increasing from 2Q 2021 and reach 1.9% by 1Q 2024[2].
- Gross performing loan balance is expected to grow at 6.5% CAGR in the 5 years until 2025.
- Customer deposits balance is expected to grow at 6.7% CAGR in the 5 years until 2025.

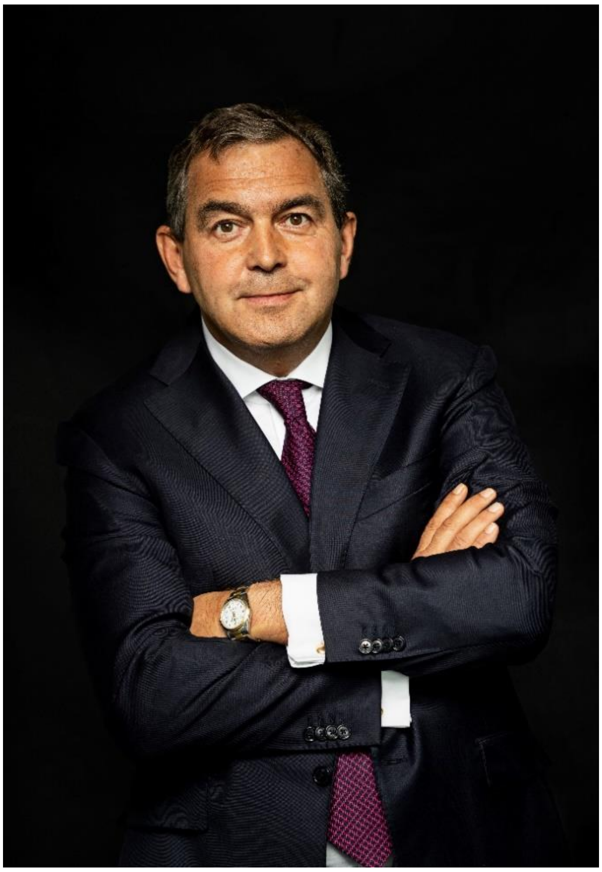
**Third parties' data**

Certain industry and market information in this report has been obtained by the Bank from third party sources. The Bank has not independently verified such information and the Bank does not provide any assurance as to the accuracy, fairness or completeness of such information or opinions contained in this report.

[1] Five-year guidance published on 30th October 2020.
[2] Internal forecast derived from macroeconomic forecast from CNB published on August 2020 https://www.cnb.cz/cs/menova-politika/zpravy-o-inflaci/Zprava-o-inflaci-III-2020/

# 2 Letter from the CEO

Dear Shareholders,



The summer months of the third quarter brought changes to the political economy of the Czech Republic. Overall, the economic situation improved, with the growth that began in the second quarter continuing into the third, and unemployment levels remaining flat. Inflation, however, was on the rise throughout the period, prompting the Czech National Bank (CNB) to increase interest rates. The state budget deficit increased significantly, and the country's political forces martialled themselves for a general election in autumnal October.

Against this shifting backdrop, however, MONETA remained stable and prosperous. The bank's performance was better than expected, in part driven by a rebound in commercial life triggered by the easing of COVID-19 related restrictions. Our net interest income improved in the wake of the tightening of monetary policy, and our loan portfolio performed well. The overall uplift has enabled us to provide an improved outlook for our profitability this year.

Additionally, the CNB gave its consent to our proposed distribution of dividends.

I am also pleased to report that MONETA has received an improved ESG rating of AA in the MSCI ESG Ratings assessment and has ranked among the best companies out of 190 companies in the banking sector.

All of the above translates into solid performance during 3Q 2021.

**SUMMARY OF THE ECONOMIC SITUATION, THE GENERAL ELECTION AND MEASURES RELATED TO COVID-19**

Inflation has been a cause for concern at the CNB for a number of months. Although the widespread easing of anti-COVID restrictions in the second and third quarters was a welcome reprieve from the lockdowns and limitations upon daily life, its stimulating effect on economic activity and consumer demand contained the seeds of inflation. In parallel, commodity, material and component prices have increased due to demand and disruptions to the global supply chain. There was a rapid rise in the price of housing and construction work. Food prices also increased. And the rise in energy prices, in particular natural gas and electricity, has been widely documented. All of these factors contributed to a 4.1 per cent increase in monthly inflation in August, and to a rate of 4.9 per cent in September; the monthly inflation rate could breach 5 per cent by the year's end.

Inflations upward trend prompted a decisive response from the CNB. In early August the central bank increased the two-week repo rate to 0.75 percent. In the following month, on September 30th, the CNB increased the repo rate again, by 75 basis points to 1.5 per cent. The central bank also increased the discount rate to 0.5 per cent and the short-term interbank Lombard rate to 2.5 per cent. Thus, the CNB has raised interest rates in two successive quarters after holding them steady throughout much of the COVID-19 pandemic. The CNB's view is that inflation should return to the 2 per cent target next year, but it does not rule out a further tightening of monetary policy this year if deemed necessary.

The state budget deficit reached CZK 326.3 billion in September, which is the highest in modern Czech history. Expenditures related to the COVID-19 pandemic accounted for much of the growing deficit. The full-year state budget deficit is expected to come in at around CZK 500 billion, equivalent to minus

8.2 per cent of GDP. The Czech Republic now has an overall public debt equal to 39.1 per cent of GDP, which is widely seen as uncomfortable relative to the historically prudent approach to managing the realm of public expenditures.

In September, just a few weeks ahead of a general election, the government announced social spending plans for 2022, including an increase in old-age pensions and additional benefits for state employees. The government also approved a draft 2022 budget, subject to parliamentary ratification, which envisages a 2022 deficit of CZK 376.6 billion. The size of this year's budget deficit and next year's expected budget deficit has given rise to the topic of a so-called 'sector tax' as a tool to help pay-down the deficit. The financial sector, and in particular the banking industry, is often identified as a possible target for such a tax.

Parliamentary approval of the 2022 state budget will be at the top of the agenda for the new parliament, whose 200 members were elected in a closely fought General Election held on October 8th and 9th. Twenty-two parties and coalitions entered the election, which was narrowly won by the centre-right conservative coalition of Spolu, which took 27.8 per cent of the votes to win 71 of the 200 seats in the lower house of parliament. The governing party of prime minister Andrej Babis, ANO, finished second, with 27.1 per cent of the vote, but it received 72 seats due to the reallocation of votes cast for parties that did not make it into parliament. Only two other entities entered parliament: the left-leaning liberal coalition of Pir-Stan, with 15.6 per cent of the vote and 37 seats, and the nationalist SPD, with 9.6 per cent and 20 seats.

Spolu and Pir-Stan signed a memorandum of cooperation immediately after the elections. They together control a combined 108 seats out of 200, and their leaders called upon the President to instruct Mr. Petr Fiala, Spolu's leader, to form a new government. But matters are not that straight forward.

Under the Czech constitution, the President nominates the winner of the election to form a government. Ordinarily this would indeed mean Mr. Fiala. However, the president, Mr. Milos Zeman, said prior to the election that he would nominate the leader of the biggest single party, and not the leader of a coalition. This would suggest that he asks current prime minister to form a government. To complicate matters further, the day after the election, on Sunday October 10th, President Zeman, who has been unwell for some time, was taken into an intensive care unit at Prague's Military university hospital.

According to the constitution, the new parliament must convene within 30 days of the election, which is November 8th at the latest. As I write this letter to you, President Zeman remains still in hospital. Should he be unable to carry out his presidential duties, the constitution requires that the chairman of parliament assumes certain presidential functions, including nominating the election winner to form a government. Although the winner of the general election is clear, parliamentary formalities and the constitutional technicalities arising from the president's condition mean that it will be some time, certainly weeks and quite possibly months, before a new government is formed. Until then, Mr. Babis will continue to hold office as prime minister, although he will lack parliamentary support.

While the country was pre-occupied with election politics, and the CNB was acting against inflation, the battle against COVID-19 continued, albeit at lower levels of intensity than in previous quarters. State support for businesses suffering from the pandemic continued. The Antivirus programme to reimburse employee-related costs remained in place, and the COVID III loan-guarantee programme and other sector-oriented programmes continued to be provided by the state-owned National Development Bank (the "NRB", formerly Czech and Moravian Guarantee and Development Bank).

The majority of COVID-19 related restrictions were relaxed or removed during the second quarter, although it remains a mandatory obligation to wear face masks on public transport and in certain indoor venues. Restrictions on indoor capacities remain applicable to retail outlets, cultural venues and sporting events. Testing remains mandatory in some areas. The vaccination programme that began in December 2020 continues, and as of September approximately six million people had been fully vaccinated, which is a remarkable logistical achievement. Unfortunately, the number of newly infected people is rising, and parliament may yet again have to consider actions to limit or contain a resurgence of the virus as autumn turns to winter.

In a clear sign that the economic impact of the pandemic has eased, the CNB lifted its recommendation to the banking sector to refrain from paying dividends until September 30th, 2021. Last month the CNB also informed the banks of its decisions on their requests for the distribution of dividends from 2019 and 2020 profits. It also announced that limits would no longer be applied to dividend payments from 2021 profits, although the CNB expects that such distributions will only be proposed after full-year 2021 results have been reported and filed.

**SUMMARY OF MONETA COVID-19 MEASURES**

As I have previously reported, MONETA employees returned to their offices and bank branches from July 1st as mandatory testing requirements were lifted, and other measures were eased. We remain vigilant, however, and from October 1st MONETA requires all of its staff and visitors to the headquarter building to provide proof that they are not infectious, in the form of their vaccination certificates or test results, or by volunteering proof of a positive test during the previous 180 days.

Throughout the period, MONETA continued to offer restructuring relief to its clients impacted by the pandemic, including loan repayment suspensions of up to six months. We also continue to offer our commercial clients state guaranteed loans under the COVID III programme provided by the National Development Bank. The total amount of signed loans with guarantees provided by the NRB or EIS since the beginning of the programme stood at CZK 6.5 billion as of September 30th.

**DIVIDEND POLICY**

MONETA remains committed to its dividend policy of distributing at least 70 per cent of its net profit to our shareholders every year. As you know, the CNB placed certain restrictions on banks' dividend distributions throughout much of the pandemic, but these restrictions have now been lifted.

Last month we received approval from the CNB to pay a dividend in the amount of CZK 3.00 per share in 2021. The Management Board will propose the distribution of said amount at its next general meeting, which will be convened later this year.

Going forward, MONETA's dividend payments will be considered after the 2021 financial results are finalised, in line with the CNB's recommendation. Nevertheless, MONETA will continue to accrue 80 per cent of its net profit as a dividend.

I will now turn to our performance at the end of third quarter.

**3Q 2021 MONETA'S PERFORMANCE**

I'm pleased to say that MONETA's performance during the third quarter of 2021 was better than expected, which enables the Management Board to update our previous guidance and provide you with an outlook for an increase in net profitability to CZK 3.6 billion for the full year 2021.

MONETA's operating income for the period under review was CZK 8.2 billion, a decrease of 12.7 per cent compared to the same period last year but which was in fact better than expected thanks largely to the increase in interest rates, which benefited our mortgage and commercial loan portfolios. Our net interest income and our net fee commission income both increased by 2.0 per cent and 4.1 per cent respectively. These increases were offset by a decrease in other operating income caused by the one-time gain from the Wüstenrot acquisition in the amount of CZK 1.1 billion and also decrease in income from financial operations caused by the one-time gain of CZK 288 million from the disposal of bonds in 2020.

Our business performance was similar to that in the second quarter, albeit with an increase in volumes across all products. MONETA's portfolio of total gross performing loans increased during first three quarters of 2021 thanks to mortgage lending and commercial lending. Our consumer lending remained under pressure due to low demand and strong competition while our credit card lending was largely flat. Early repayments had a negative impact on the balance of our mortgage and consumer lending portfolios but in case of mortgages the situation is slowly stabilising due to the rising mortgage interest rates across the whole market.

Our total operating expenses were CZK 4.1 billion at the end of third quarter, which is slightly higher compared to the same period in 2020. The increase was driven by higher depreciation and amortization and regulatory charges. Despite last year's acquisition, our staffing levels remain stable, with 3,025 employees.

MONETA's Cost of Risk is significantly improving thanks in part to a stable delinquency rate, which, happily, fell short of the levels that we were expecting during the pandemic, and largely to a better macroeconomic outlook. The Czech economy returned to growth in the second quarter and that trend continued into the third quarter. The CNB is forecasting healthy growth in GDP of 3.5 per cent this year, and a further pick up in 2022.

Our pre-impairment profit subsequently reached CZK 4.1 billion, decreasing 23.3 per cent year-on-year.

Loan loss provisions reached a level of CZK 453 million in the first three quarters of the 2021 compared to CZK 3.1 billion recognised in the same period of 2020. This is owing to the fact, that in 2020 MONETA recognised anticipatory provisions related to the COVID-19 pandemic and its expected impacts on the economy, which fortunately did not turn right, which allows us to release some of the already created provisions.

Our net profit reached CZK 2.9 billion, which was considerably better than we expected thanks to a lower Cost of Risk and an improving net interest income due to the higher market rates. This has resulted in a Return on Tangible Equity of 14.4 per cent.

Our capital adequacy ratio remains strong, with a level of 18.7 per cent, which is comfortably above regulatory requirement of 13.4 per cent. MONETA has maintained its liquidity position, with liquidity coverage ratio standing at 137.8 per cent.

Equally importantly, MONETA continued to generate above market growth in gross lending balances at 9.2 per cent year to date accompanied by solid growth of client deposit base of 3.7 per cent.

We continue to maintain a stable client base, with 1.4 million customers compared to year end 2020.

**RETAIL AND COMMERCIAL SEGMENTS**

Our Retail and Commercial segments continued to benefit from the economic recovery first triggered by the easing of lockdown restrictions, with higher volumes compared to the previous year and quarter across all products and in both segments. Our total gross performing portfolio increased by 11.0 per cent year-on-year, driven mainly by mortgage and small business lending.

In the Retail segment, we saw continued growth in mortgage lending, from CZK 97.6 billion at the end of 2020 to CZK 118.1 billion, an increase of 21.0 per cent in the year to date. Our fully online mortgage refinancing proposition "Refinanso" contributed CZK 7.6 billion in new volume and accounted for more than 18 per cent of the bank's total mortgage production in the first three quarters of 2021.

Our portfolio of consumer loans gross performing receivables decreased slightly, from CZK 48.6 billion at 2020-year end to CZK 47.3 billion, or by 2.5 per cent year to date, however we did generate higher new volumes compared to last year.

MONETA's credit card and overdraft portfolios decreased by 12.5 per cent year to date from CZK 2.8 billion to CZK 2.4 billion. Elsewhere in the retail segment we have seen growth. MONETA Auto recorded a 44.0 per cent increase in new volumes year-on-year, especially for used cars, which was driven mainly to people making purchases that they had deferred due to the uncertainty caused by COVID-19. This particular product, Auto loan lending, has increased across the market, and is a sign of renewed confidence.

MONETA's share of the consumer lending market currently stands at approximately 17 per cent, a position we would like to maintain. Our share of the mortgage lending market reached almost 8 per cent, and the market share of our new production even 13 percent.

Our Commercial business saw an increase in lending to small businesses thanks to a continuing focus on state-guaranteed loans within the COVID programmes of NRB, from CZK 8.1 billion at the end of 2020 to CZK 9.0 billion at the end of September 2021, an increase of 11.1 per cent. Leasing balances decreased in line with our strategy to exit this business, falling by 18.3 per cent from CZK 5.8 billion to CZK 4.7 billion in the year to September 30th, 2021.

Our core client deposit base grew by 3.7 per cent year to date which was mainly driven by growth of 4.0 per cent in the retail segment. MONETA also successfully continued in its offering of investment funds proposition.

Balance of our investment funds portfolio reached almost CZK 25 billion at the end of the third quarter, an increase of 59.5 per cent year-on-year resulting in trailer fee income of CZK 144 million for the period, up 67.9 per cent year-on-year. These results are better than we expected, with clients appreciative of our continuously improving offering of investment funds. In the third quarter of this year MONETA added another fund focused on ESG principles, ESPIRIA, to its portfolio which now includes 32 offered funds. Our share of the asset management market is currently 3.6 per cent, and we expect this share to grow to 3.8 per cent by year end.

Bank Assurance products are gaining significance. We have sold more than 110,000 such policies in the year to date, an increase of 4.0 per cent increase compared to 2020.

**DIGITAL STRATEGY**

Our digital channels are integral to our business, and we continue to see growth across this dynamic area of banking. Our Smart Banka application offers more than 200 functions online, and thanks to its easy-to-navigate, innovative and secure structure is one of the best mobile banking applications on the Czech market. Our customers can process nearly all of their banking operations through Smart Banka, and according to our data more than 60 per cent of our retail clients use the application for all of their money transfers.

We have achieved excellent results in the digital distribution of our Investment funds, for which we have user-friendly operations that are also supported by an online "assistant". In the year to September 30th, MONETA distributed CZK 1.3 billion of investment funds online, representing 13.3 per cent of the total volume in our investment fund portfolio.

"Refinanso", our fully online mortgage refinancing proposition, accounted for 25.0 per cent of all originated and signed mortgages in the third quarter of this year, which is a record. For the year to date, "Refinanso" has originated nearly a fifth of our mortgage origination, at 18.2 per cent.

Our digital channels also accounted for significant shares in the origination of new volumes for consumer and small business lending, at 37.7 per cent and 27.0 per cent respectively.

Online banking is an important entry-point for MONETA's new customers. Nearly a fifth of our current accounts, or 18.8 per cent, were opened online, and nearly 10 per cent of our building savings accounts were opened online.

**BRANCH AND ATM NETWORK**

We continued in modernisation of our branch network and currently MONETA has 44 branches out of 154 branches in a new design.

We also continued to invest into the MONETA ATM network. Currently we operate a network of 559 ATMs, of which most are contactless, and 164 accept deposit transactions. Security aspects are vital and to that end we continued to modernise our ATM network during the first nine months of 2021.

**RISK MANAGEMENT**

Our ratio of Non-Performing Loans (NPL) has remained stable, at 2.4 per cent at the end of the third quarter of this year versus 2.3 per cent at the end of 2020.

The revised macroeconomic outlook from the CNB is better than the one used in our IFRS 9 models and also loan delinquencies have decreased faster than we expected and now remain stable. This together improved our Cost of Risk to CZK 453 million in the three quarters of 2021 which is significantly lower than in the same period last year.

MONETA continues to pursue loan portfolio quality management, and to monetise its NPL portfolio. As of 30 September, we have sold NPL loans in the nominal value of CZK 1.1 billion and generated a pre-tax profit of CZK 153 million out of which CZK 149 million positively impacted our Cost of Risk. As is usual with our NPL disposals, sales are conducted through electronic auction.

**CAPITAL POSITION**

MONETA enjoys a strong capital position. Our regulatory capital stands at CZK 30.6 billion, and we currently have CZK 9.4 billion of excess capital above the management's target. Such a position provides MONETA with a strong resource for future growth, potential acquisitions and for future shareholder dividend distributions.

MONETA's capital adequacy ratio slightly increased compared to 2020-year end to 18.7 per cent, with a CET1 ratio at 15.9 per cent. The overall capital requirement now stands at 13.4 per cent, plus 1 per cent as a management buffer that was set voluntarily.

MONETA received instructions from the CNB to maintain Minimum Requirement for Own Funds and Eligible Liabilities (MREL) from January 1st, 2024. The requirement is calculated as a minimum of 6.3 per cent of the total volume of risk exposures as well as a minimum of 4.87 per cent of total volume of exposures, and MONETA must meet the full minimum requirement. This will lead to an increase in the total capital requirement on an individual basis to 20.7 per cent of the total volume of the risk exposures by the January 1st, 2024. The decision also sets an interim requirement of 3.1 per cent as of January 1st, 2022 and 4.7 per cent as of January 1st, 2023. MONETA reported the total capital adequacy ratio of 20.1 per cent on individual basis as of 30 September 2021.

The assigned MREL was determined from MONETA's audited balance sheet for 2019, and accords with our expectations. This is reflected in our long-term capital and liquidity planning, which includes an expected bond issue to cover MREL in the amount of CZK 5 billion in the first quarter of next year.

Our capital position will also be affected by the CNB's decision to increase the counter-cyclical buffer. Current countercyclical buffer requirement is 0.5 per cent, to be increased to 1 per cent effective from July 1st, 2022 and to 1.5 per cent effective from October 1st, 2022.

**ESG**

Environmental, Social and Governance (ESG) area is important to MONETA and we were delighted that MSCI recently upgraded our ESG rating from A to AA. The new AA rating positions MONETA as an ESG leader among 190 companies in the banking industry thanks in particular to our corporate governance framework.

It is rewarding that we are acknowledged for our efforts to keep abreast of ESG standards, and it comes as we work on preparing a new ESG strategy, to be published at the end of October. Our new ESG strategy is derived from the United Nations Sustainable Development Goals and the targets set down in the Paris Agreement. The main focus is to decrease CO2 emissions, and to that end MONETA has made a resolution to be carbon neutral by 2025.

Our ESG strategy will encompass Diversity & Inclusion, reducing the Gender Pay Gap and increasing the representation of women in our leadership. Philanthropy initiatives are important to MONETA, and we are also working towards increasing the proportion of employees involved in volunteering activities. I look forward to sharing more details on these and other initiatives within our ESG strategy upon its publication by the end of October. Alongside the new ESG strategy, MONETA will introduce a dedicated Sustainability Committee, with members drawn from our Management Board.

In accordance with our efforts to take a lead in ESG, and pursuant to our forthcoming strategy, in September MONETA became a member of the UN initiative "Principles for Responsible Banking". Almost 250 banks representing more than 40 per cent of banking assets worldwide have joined this initiative, which sets a framework for ensuring that signatory banks' strategy and practice align with the vision set out in the UN Sustainable Development Goals and the Paris Climate Agreement.

Inside the bank, I held another 'Breakfast with the CEO' in August, with nearly 100 attendees. This informal meeting is a unique way for colleagues and staff to learn more about the achievements and challenges of our business, and to ask questions.

Foundation MONETA Clementia was established in the first quarter of this year to help our customers who find themselves in difficult financial situations. In the first nine months of this year the Foundation provided debt relief in the amount of CZK 2.6 million to twelve families facing difficulties due to extraordinary situations.

Together with our Chief Risk Officer Normann Vökt, I visited the site of the "Smart Landscape 2030+" project which MONETA has supported since 2020. The Amálie area near Lány in Central Bohemia is home to a unique European landscape project that uses applied ecology to investigate ways to help our landscape adapt to climate change. MONETA donated CZK 2.5 million to help launch the 500-hectare project in the belief that water, soil and forestry are the most precious things we have and that it is our duty to preserve them for future generations.

MONETA supports and welcomes the volunteer activities and initiatives of its staff. During the summer months another 736 working hours were donated on various projects around the country, including help with the clean-up following the devastating tornado that struck south Moravia, and assisting with maintaining the old Jewish cemetery in Prague.

MONETA has performed well during the third quarter, in large part due to the professionalism and dedication of all of its staff. So, on a final note, I am very pleased that MONETA received the "Caregiver Friendly Employer" award from the Business for Society platform, in cooperation with the Ministry of Social Affairs, that recognises the bank for its innovative and inspiring approach to helping staff balance their working lives and their caregiving responsibilities.

Yours sincerely,

Tomáš Spurný
Chairman of the Management Board and CEO of MONETA Money Bank, a.s.

# 3 Key Performance Indicators

| | Nine months ended 30 Sep 2021 | Year ended 31 Dec 2020 | Change |
|---|---|---|---|
| **Profitability** | | | |
| NIM (% Avg Int Earning Assets)[3,4,5] | 2.7% | 2.8% | (10)bps |
| Yield (% Avg. Net Customer Loans) | 3.8% | 4.5% | (70)bps |
| Cost of Funds (% Avg Deposits and Received Loans)[6] | 0.37% | 0.60% | (23)bps |
| Cost of Funds on Core Customer Deposits (% Avg Deposits) | 0.30% | 0.51% | (21)bps |
| Cost of Risk (% Avg Net Customer Loans) | 0.26% | 1.74% | (148)bps |
| Risk-adj. Yield (% Avg Net Customer Loans) | 3.6% | 2.7% | 90bps |
| Net Fee & Commission Income / Operating Income (%) | 18.0% | 15.6% | 240bps |
| Net Non-Interest Income / Operating Income (%) | 23.0% | 31.5% | (850)bps |
| RoTE | 14.4% | 10.8% | 360bps |
| RoE | 12.9% | 9.6% | 330bps |
| RoAA[4] | 1.2% | 0.9% | 30bps |
| **Liquidity / Leverage** | | | |
| Net Loan to Deposit ratio[4] | 92.3% | 87.3% | 500bps |
| Total Equity / Total Assets | 9.1% | 9.0% | 10bps |
| Liquid Assets[3,4] / Total Assets | 22.1% | 22.1% | 0bps |
| LCR | 137.8% | 190.2% | (5,240)bps |
| **Equity** | | | |
| Total Equity (CZK m) | 29,926 | 27,050 | 10.6% |
| Tangible Equity (CZK m) | 26,831 | 24,093 | 11.4% |
| **Capital Adequacy** | | | |
| RWA Density | 45.6% | 49.5% | (390)bps |
| Regulatory Leverage | 7.2% | 7.5% | (30)bps |
| CAR Ratio (%) | 18.7% | 18.2% | 50bps |
| Tier 1 Ratio (%) | 15.9% | 15.2% | 70bps |
| **Asset Quality** | | | |
| Non-Performing Loan Ratio (%) | 2.4% | 2.3% | 10bps |
| NPL Ratio Retail (%) | 2.7% | 2.7% | 0bps |
| NPL Ratio Commercial (%) | 1.7% | 1.5% | 20bps |
| Core Non-Performing Loan Coverage (%) | 55.1% | 46.9% | 820bps |
| Core NPL Coverage Retail (%) | 53.3% | 43.5% | 980bps |
| Core NPL Coverage Commercial (%) | 61.8% | 59.5% | 230bps |
| Total NPL Coverage (%) | 96.1% | 110.2% | (1,410)bps |
| **Efficiency** | | | |
| Cost to Income Ratio | 50.3% | 45.7% | 460bps |
| FTEs (at the end of the period) | 3,025 | 3,009 | 16 |
| Branches | 154 | 159 | (5) |
| Tied agents offices | 44 | 61 | (17) |
| ATMs | 559 | 555 | 4 |

All ratios are annualized.

[3] Interest earning assets include encumbered assets.
[4] Repo transactions with banks and customers which are closed on back-to-back basis by reverse repo transactions with CNB are included.
[5] Hedging derivatives are excluded from calculation of interest earning assets.
[6] Deposits include issued bonds and exclude repo transactions and CSA.

# 4 Macroeconomic Environment

The Czech economy returned in the third quarter of 2021 to a normal mode. All significant economic restrictions linked to the COVID-19 pandemic were cancelled already during Q2 2021 and thus the economy started producing full output. The current economic development is optimistic, however, risks for future development keep increasing.

Gross domestic product in the second quarter of 2021 increased by 8.1% year-on-year (up by 1.0% quarter-on-quarter)[7], mainly thanks to COVID-19 lockdowns occurring in Q2 2020 and Q1 2021. The economic recovery was driven by household spending and investments of companies into gross fixed capital. Retail trade keeps growing and increased (adjusted for calendar effects) by 4.1% year-on-year in August 2021[8]. On the other hand, during summer, industrial production started facing limitations on the level of inputs prices and their shortage, and turned to red as it fell by 1.4%[9] year-on-year in August 2021, while still growing by 7.0% year-on-year in July 2021[10].

The started economic recovery was also visible on the labour market as the unemployment rate started decreasing over the summer and reached, according to the ILO methodology, 3.0% in August 2021[11]. The labour market practically returned the pre-COVID situation. Czech Ministry of Labour and Social Affairs report a significant excess of vacancies over the number of available applicants, which reached 95.8 thousand in September 2021[12]. The shortage of available workforce thus again begins to be one of the main limiting factors for production growth.

Quick recovery of global demand resulted in inflationary pressures. Growing prices of basic inputs, such as oil, gas, electricity, and metals, together with higher prices of transportation, are causing increases in producers' prices, as illustrated by the year-on-year growth of prices of industrial producers by 9.9%, of agricultural producers by 8.4% and of construction works by 6.5% in September 2021[13]. Producers already started to offset higher input costs in prices of final production and thus consumer prices increased by 4.9% year-on-year in September 2021[14].

The Czech National Bank keeps reacting to growing inflation and increased its key monetary policy interest rate, the 2-week repo rate, by additional 100 bps to 1.5% in two steps in the third quarter[15]. Moreover, interest rates will probably continue to increase as the inflationary pressures persist.

Overall, the economic outlook is positive, however, risks for future economic growth are accumulating. Higher energy and fuel prices will influence financial position of households and through higher costs of production will further push inflation up. Shortage of production inputs already influence industrial output. Key production facilities in the automotive industry reduced production, and the stabilization is expected to happen in the first half of 2022 earliest. In addition, epidemic situation in the Czech Republic started to deteriorate, indicating that the fourth quarter of 2021 might be another challenging period for economic performance.

The banking sector's total operating income decreased by 8%[16] year-on-year in the first half of 2021. Net interest income declined by 14%[16] year-on-year while Net non-interest income grew by 6%[16] year-on-year. The Czech banking sector's net profit increased by 17%[16] year-on-year. Operating expenses continued in decline (-1% year-on-year), much like cost of risk (-89% year-on-year)[16]. The annualized return on equity measured by net profit to Tier 1 capital increased to 9.8%[16] in the first half of 2021 compared to the same period of the previous year.

Market net loans continued in growth by 3%[16] year-on-year in Q2 2021, same as Total assets (+5% year-on-year)[16]. Total assets to Tier 1 ratio decreased to 13.9%[16]. NPL balances increased by 25%[16] year-on-year. Core coverage declined to 48.3%[16] level. The capitalization of the Czech banking sector remained strong. Tier 1 capital increased by 8%[16] year-on-year to CZK 631 billion[16] in Q2 2021. Regulatory Tier 1 capital to risk weighted assets grew to 21.8%[17].

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[7] Source: Czech Statistical Office, Quarterly Sector Accounts – 2nd quarter of 2021.
[8] Source: Czech Statistical Office, Retail trade – August 2021.
[9] Source: Czech Statistical Office, Industry – August 2021
[10] Source: Czech Statistical Office, Industry – July 2021.
[11] Source: Czech Statistical Office, Rates of employment, unemployment and economic activity - August 2021.
[12] Source: Ministry of Labour and Social Affairs, Monthly unemployment statistics - September 2021.
[13] Source: Czech Statistical Office, Producer price indices - September 2021
[14] Source: Czech Statistical Office, Consumer price indices – inflation – September 2021.
[15] Source: Czech National Bank, CNB Board Decision 5.8.2021, 30.9.2021.
[16] Source: Czech National Bank, ARAD quarterly mandatory disclosures, banking sector including building societies.
[17] Source: CNB Core and encouraged financial soundness indicators (consolidated).

# 5 Group Performance

## 5.1 Business performance

The Group generated consolidated Net profit of CZK 2,897 million in the three quarters of 2021.

The Group recorded a strong gross performing loans year-to-date growth of 9.1% to CZK 247.3 billion as at 30 September 2021, compared to 31 December 2020.

The retail gross performing loan balance increased by 12.7% when compared to 31 December 2020, standing at CZK 170.3 billion as at 30 September 2021. Majority of this growth was driven by continuing strong new production of mortgage loans, up 132.7% year-on-year, which drove balances up 21.0% to CZK 118.1 billion during the nine months ended 30 September 2021. The gross performing consumer lending balance stood at CZK 47.3 billion and dropped by 2.5% when compared to 31 December 2020. MONETA Auto retail loans recorded a balance growth of 10.0% since 31 December 2020 while outstanding credit card and overdraft balances declined by 12.5% in the same period amid continuing trend of switching to instalment lending.

The commercial gross performing loan balance stood at CZK 77.1 billion as at 30 September 2021, which represents growth of 2.1% compared to 31 December 2020 balance. Small business lending maintained a solid pace of new production, driving balances up 11.1% year-to-date to CZK 9.0 billion as at 30 September 2021. The investment loan balance remained almost flat at CZK 45.1 billion as at 30 September 2021. Working capital balance grew by 15.3% to CZK 11.9 billion as at 30 September 2021. The combined balance of MONETA Auto commercial portfolio and MONETA Leasing fell to CZK 11.0 billion, down 9.4% compared to 31 December 2020.

The Group's core customer deposits continued their gradual growth, growing in both, retail and commercial segments, totaling CZK 266.5 billion as at 30 September 2021, increasing 3.7% from CZK 257.1 billion as at 31 December 2020. The Cost of Funds on core customer deposits amounted to 0.30% and the Group's overall Cost of Funds amounted to 0.37% for the nine months ended 30 September 2021. The Net Loan to Deposit Ratio stood at 92.3%. The Due to banks balance stood at CZK 17.5 billion as at 30 September 2021, a CZK 15.6 billion increase when compared to 31 December 2020, driven by repo operations.

The Group maintained a highly liquid position, with Liquidity coverage ratio at 137.8% at the Group and 120.1% at the Bank level, well above the regulatory requirement.

## 5.2 Financial Performance

Operating income in the three quarters of 2021 amounted to CZK 8.2 billion, down 12.7% year-on-year, primarily due to one-off gain on acquisition generated in the first half of 2020.

Net interest income amounted to CZK 6.3 billion for the nine months ended 30 September 2021, a 2.0% increase year-on-year. The yield on loan portfolio declined to 3.8% for the nine months of 2021, compared to 4.6% in the same period of 2020. This was mainly a result of changing portfolio mix towards lower-yielding secured mortgage lending. The Group's Net interest margin declined to 2.7% in the nine months ended 30 September 2021, compared to 2.9% in the first nine months of 2020.

Net fee and commission income for the nine months ended 30 September 2021 increased by 4.1% year-on-year to CZK 1,467 million driven by successful distribution of third-party products and a servicing and penalty fee increase. Net income from financial operations amounted to CZK 342 million in the first nine months of 2021, compared to CZK 543 million in the same period of 2020. The decline was driven by gain on bond sales of CZK 288 million realized in the first nine months of 2020.

Operating expenses for the nine months of 2021 amounted to CZK 4,112 million, a 1.2% year-on-year increase, driven by higher depreciation and amortization and regulatory charges. The Group incurred CZK 1,829 million of personnel expenses, remained almost flat year-on-year. Administrative and other operating expenses decreased by 5.6% year-on-year and reached CZK 1,170 million. Depreciation and amortization expenses increased by 7.4% to CZK 903 million, driven by growing intangible assets balance (up 7.8% year-on-year) due to investments into IT and Digital. Regulatory charges reached CZK 210 million, growing 39.1% year-on-year due to acquisition driven deposit balance growth.

Net impairment of financial assets amounted to CZK 453 million for the nine months ended 30 September 2021, compared to CZK 3,087 million in the same period last year. Cost of risk were positively impacted by good performance of portfolio, successful NPL disposals and updated macroeconomic outlook. The Cost of Risk amounted to 26bps for the nine months ended 30 September 2021, compared to 207bps for the nine months of 2020.

As a result, the consolidated Net profit for the nine months of 2021 reached CZK 2,897 million, a 51.2% increase year-on-year. Annualized RoTE for the nine months ended 30 September 2021 increased to 14.4%, from 10.9% for the nine months ended 30 September 2020.

Group NPL Ratio slightly increased to 2.4% as at 30 September 2021 from 2.3% as at 31 December 2020. Total NPL Coverage stood at 96.1% as at 30 September 2021, compared to 110.2% at 31 December 2020.

The capitalization remained strong with Capital Adequacy Ratio at 18.7% as at 30 September 2021, compared to 18.2% as at 31 December 2020.

## 5.3 Outlook for 2021 and risks

The actual Czech National Bank macroeconomic forecast, announced on 5th August 2021, assumes that the domestic economy will grow by 3.5% in 2021, followed by a growth of 4.1% in 2022[18]. The high growth rate in 2022 is given by a delayed start of the economic recovery and thus a low expected comparison base of 2021 as the first quarter of 2021 was still negatively affected by pandemic lockdown.

The forecast predicts that inflation will reach 3.0% in 2021 and only gradually decrease to 2.8% in 2022.[18] Levels at or around 2% will be reached only in 2023. This development is consistent with a gradual increase of interest rates starting in the second quarter of 2021.

Outlook for the future economic development remains optimistic, however, risks are increasing. The most significant risk is currently the general price growth and insufficient or delayed supplies, which has the potential to restrict domestic production and thus limit the economic growth. Also, only recently infection rates started growing quickly, which might again force national governments to re-impose local restrictions, leading to further slowdown of the economic recovery.

The Group delivered CZK 2,897 million of net profit in the nine months of 2021, and the management expects the net profit to amount to at least CZK 3.6 billion for the full year 2021, CZK 800 million above the guidance published on 30 October 2020.

Total Operating income was down 12.7% year-on-year to CZK 8.2 billion and the management expects the full-year 2021 Total Operating Income to reach CZK 11.0 billion amid improved interest rate environment.

Operating expenses reached CZK 4.1 billion with the Cost to Income Ratio at 50.3%. The Group remains committed to keep the Cost base at or below CZK 5.5 billion for the full year 2021.

The annualized Cost of Risk amounted to 26 bps for the nine months of the year 2021, supported by improved macroeconomic outlook and good performance across retail and commercial portfolios. The full-year 2021 Cost of Risk are projected at between 30-40bps on reported basis.

[18] Source: Czech National Bank, CNB forecast – August 2021.

(All amounts in CZK millions unless otherwise stated)

# 6 Basic Information about MONETA Money Bank, a.s.

| BASIC DETAILS ABOUT MONETA MONEY BANK | |
|---|---|
| Name | MONETA Money Bank, a.s. |
| Registered Office | Vyskočilova 1442/1b, 140 00 Praha 4 – Michle |
| Company ID | 25672720 |
| Legal form | Joint stock company |
| Date of registration | 9 June 1998 |
| Registered share capital | 10,200,000,000 |
| Paid up | 100% |

**Branches, ATMs and employees:**

Number of branches as at 30 September 2021: 154 and 31 December 2020: 159.

Number of offices of tied agents as at 30 September 2021: 44 (61 as at 31 December 2020)

Number of ATMs as at 30 September 2021: 559 and 31 December 2020: 555.

Number of employees (FTEs) as at 30 September 2021 was 3,025 (increase of 16 compared to the year end 2020).

**Business activities:**

The Bank and its consolidated subsidiaries (the "Group") operates in the Czech Republic and focuses primarily on secured and unsecured consumer lending, commercial financing and building savings. The consumer portfolio consists of secured and unsecured lending. Unsecured lending products include consumer and auto loans, credit cards, personal overdrafts, building savings and bridging loans. Secured lending is provided in the form of mortgages and finance leases. Commercial lending products range from working capital, investment loans, finance and operating leases, auto loans, inventory financing, financing of small businesses and entrepreneurs through guarantees, letters of credits and foreign exchange transactions. The Group provides a wide range of deposit and transactional products to retail and commercial customers.

The Group issues debit and credit cards in cooperation with VISA and MasterCard and cooperates with EVO Payments International in acquiring services. In addition, the Group intermediates additional payment protection insurance which covers the customer's monthly loan payment in the event of unemployment, accident or sickness. The Group also acts as the intermediary to provide its customers with other insurance and investment products.

**Ownership structure:**

The latest available list of entities recorded in the registry of book-entry shares of the Bank kept by the Central Securities Depository in Prague (Centrální depozitář cenných papírů, a.s.) with a shareholding interest of more than 1% of the Bank's registered share capital is available in the investor relations section of the Bank's website at: https://investors.moneta.cz/shareholder-structure. Such entities may not necessarily be the beneficial shareholders of the Bank but may hold shares of the Bank for the beneficial shareholders (such as securities brokers, banks, custodians or nominees).

(All amounts in CZK millions unless otherwise stated)

### Bank's Supervisory Board

The Bank's Supervisory board held 7 meetings in the first nine months of 2021.

| Name | Position | Member position held from | Member position held to |
|---|---|---|---|
| Gabriel Eichler | Chairman of the Supervisory Board* | 26 October 2017 | 26 October 2021 |
| Miroslav Singer | Vice-chairman of the Supervisory Board** | 24 April 2017 | 28 April 2025 |
| Michal Petrman | Member of the Supervisory Board | 21 April 2016 | 2 September 2024 |
| Clare Ronald Clarke | Member of the Supervisory Board | 21 April 2016 | 2 September 2024 |
| Denis Arthur Hall | Member of the Supervisory Board | 21 April 2016 | 2 September 2024 |
| Tomáš Pardubický | Member of the Supervisory Board | 26 October 2017 | 26 October 2021 |
| Zuzana Filipová | Member of the Supervisory Board*** | 7 May 2021 | 7 May 2025 |
| Klára Escobar | Member of the Supervisory Board*** | 7 May 2021 | 7 May 2025 |
| Jana Výbošťoková | Member of the Supervisory Board*** | 7 May 2021 | 7 May 2025 |

* Mr. Gabriel Eichler was elected as Chairman of the Supervisory Board with effect from 2 August 2018.
** Mr. Miroslav Singer was elected as Vice-chairman of the Supervisory Board with effect from 22 May 2017.
*** Mrs. Zuzana Filipová, Mrs. Klára Escobar and Mrs. Jana Výbošťoková were elected as members of the Supervisory Board by employees with effect from 7 May 2021. They replaced Mr. Aleš Sloupenský, Mr. Jiří Huml and Mr. František Vencl, who resigned on 6 May 2021.

### Bank's Management Board

The Bank's Management Board held 44 meetings in the first nine months of 2021.

| Name | Position | Member position held from | Member position held to |
|---|---|---|---|
| Tomáš Spurný | Chairman of the Management Board | 1 October 2015 | 1 October 2023 |
| Carl Normann Vökt | Vice-chairman of the Management Board* | 25 January 2013 | 26 January 2025 |
| Jan Novotný | Member of the Management Board | 16 December 2013 | 17 December 2021 |
| Jan Friček | Member of the Management Board | 1 March 2019 | 1 March 2023 |
| Klára Starková | Member of the Management Board** | 1 June 2021 | 1 June 2025 |

* Mr. Carl Normann Vökt was elected as Vice-chairman of the Management Board with effect from 1 March 2019.
** Mrs. Klára Starková become a new member of the Management Board effective as of 1st June 2021. Mrs. Starková replaced Mr. Albert van Veen, Member of the Management Board, whose function term ended in May 2021.

# 7 Condensed Consolidated Interim Financial Statements for the Three and Nine-month Period Ended 30 September 2021 (Unaudited)

## 7.1 Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the Three and Nine-month Period Ended 30 September 2021 (Unaudited)

| CZK m | Note | Quarter ended | | Nine months ended | |
|---|---|---|---|---|---|
| | | 30 Sep 2021 | 30 Sep 2020 | 30 Sep 2021 | 30 Sep 2020 |
| Interest and similar income | | 2,378 | 2,380 | 6,929 | 7,364 |
| Interest expense and similar charges | | (217) | (337) | (638) | (1,195) |
| **Net interest income** | **8.7** | **2,161** | **2,043** | **6,291** | **6,169** |
| Fee and commission income | | 625 | 614 | 1,829 | 1,693 |
| Fee and commission expense | | (152) | (114) | (362) | (284) |
| **Net fee and commission income** | **8.8** | **473** | **500** | **1,467** | **1,409** |
| Dividend income | | 1 | 1 | 2 | 2 |
| Net income from financial operations | | 133 | 161 | 342 | 543 |
| Other operating income | | 13 | 56 | 65 | 1,231 |
| **Total operating income** | | **2,781** | **2,761** | **8,167** | **9,354** |
| Personnel expenses | | (628) | (634) | (1,829) | (1,834) |
| Administrative expenses | | (333) | (358) | (1,139) | (969) |
| Depreciation and amortisation | | (289) | (292) | (903) | (841) |
| Regulatory charges | | 0 | 0 | (210) | (151) |
| Other operating expenses | | (12) | (99) | (31) | (270) |
| **Total operating expenses** | **8.9** | **(1,262)** | **(1,383)** | **(4,112)** | **(4,065)** |
| **Profit for the period before tax and net impairment of financial assets** | | **1,519** | **1,378** | **4,055** | **5,289** |
| Net impairment of financial assets | 8.19.6 | 299 | (554) | (453) | (3,087) |
| **Profit for the period before tax** | | **1,818** | **824** | **3,602** | **2,202** |
| Taxes on income | | (352) | (108) | (705) | (286) |
| **Profit for the period after tax** | | **1,466** | **716** | **2,897** | **1,916** |
| **Other comprehensive income, net of tax** | | **(2)** | **(18)** | **(20)** | **55** |
| **Total comprehensive income attributable to the equity holders** | | **1,464** | **698** | **2,877** | **1,971** |
| **Profit for the period after tax attributable to the equity holders** | | **1,466** | **716** | **2,897** | **1,916** |
| Weighted average of ordinary shares (millions of shares) | | 511 | 511 | 511 | 511 |
| Basic and Diluted earnings per share (in CZK) | | 2.9 | 1.4 | 5.7 | 3.7 |

## 7.2 Condensed Consolidated Statement of Financial Position as at 30 September 2021 (Unaudited)

| CZK m | Note | 30 Sep 2021 | 31 Dec 2020 |
|---|---|---|---|
| **Assets** | | | |
| Cash and balances with the central bank | | 8,760 | 7,782 |
| Derivative financial instruments with positive fair value | 8.20 | 260 | 218 |
| Investment securities | 8.10, 8.20 | 50,494 | 35,917 |
| Hedging derivatives with positive fair values | | 1,637 | 472 |
| Change in fair value of items hedged on portfolio basis | | (907) | 560 |
| Loans and receivables to banks | 8.11 | 13,181 | 22,872 |
| Loans and receivables to customers | 8.12 | 247,572 | 226,072 |
| Intangible assets | | 3,095 | 2,957 |
| Property and equipment | | 2,472 | 2,696 |
| Investments in associates | | 2 | 2 |
| Current tax assets | | 45 | 268 |
| Deferred tax asset | | 0 | 48 |
| Other assets | | 916 | 1,094 |
| **TOTAL ASSETS** | | **327,527** | **300,958** |
| **Liabilities** | | | |
| Derivative financial instruments with negative fair value | 8.20 | 209 | 134 |
| Due to banks | 8.13 | 17,549 | 1,977 |
| Due to customers | 8.13 | 268,151 | 258,906 |
| Hedging derivatives with negative fair values | | 363 | 1,343 |
| Change in fair value of items hedged on portfolio basis | | (297) | 98 |
| Mortgage-backed bonds | 8.14 | 2,720 | 2,712 |
| Subordinated liabilities | 8.15 | 4,642 | 4,681 |
| Provisions | | 214 | 289 |
| Current tax liability | | 44 | 53 |
| Deferred tax liability | | 298 | 199 |
| Other liabilities | | 3,708 | 3,516 |
| **Total liabilities** | | **297,601** | **273,908** |
| **Equity** | | | |
| Share capital | | 10,220 | 10,220 |
| Statutory reserve | | 102 | 102 |
| Other reserves | | 1 | 21 |
| Retained earnings | | 19,603 | 16,707 |
| **Total equity** | | **29,926** | **27,050** |
| **TOTAL LIABILITIES AND EQUITY** | | **327,527** | **300,958** |

## 7.3 Condensed Consolidated Statement of Changes in Equity for the Nine months Ended 30 September 2021 (Unaudited)

| CZK m | Share capital | Share premium | Statutory reserve | Reserve from revaluation of FVTOCI | CF hedge reserve | Share based payment reserve | Retained earnings | Total |
|---|---|---|---|---|---|---|---|---|
| **Balance as reported 31 Dec 2020** | **10,220** | **0** | **102** | **1** | **20** | **0** | **16,707** | **27,050** |
| **Transactions with owners of the company** | | | | | | | | |
| Dividends | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other changes | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total comprehensive income** | | | | | | | | |
| Profit for the period after tax | 0 | 0 | 0 | 0 | 0 | 0 | 2,897 | 2,897 |
| **Other comprehensive income after tax** | | | | | | | | |
| Change in fair value of FVTOCI investment securities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cash-flow hedges – effective portion of changes in fair value | 0 | 0 | 0 | 0 | (25) | 0 | 0 | (25) |
| Deferred tax | 0 | 0 | 0 | 0 | 5 | 0 | 0 | 5 |
| **Balance 30 Sep 2021** | **10 220** | **0** | **102** | **1** | **0** | **0** | **19,603** | **29,926** |

| CZK m | Share capital | Share premium | Statutory reserve | Reserve from revaluation of FVTOCI | CF hedge reserve | Share based payment reserve | Retained earnings | Total |
|---|---|---|---|---|---|---|---|---|
| **Balance as reported 31 Dec 2019** | **10,220** | **0** | **102** | **1** | **(18)** | **0** | **14,106** | **24,411** |
| **Transactions with owners of the company** | | | | | | | | |
| Dividends | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Changes | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 2 |
| **Total comprehensive income** | | | | | | | | |
| Profit for the period after tax | 0 | 0 | 0 | 0 | 0 | 0 | 1,916 | 1,916 |
| **Other comprehensive income after tax** | | | | | | | | |
| Change in fair value of FVTOCI investment securities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cash-flow hedges – effective portion of changes in fair value | 0 | 0 | 0 | 0 | 68 | 0 | 0 | 68 |
| Deferred tax | 0 | 0 | 0 | 0 | (13) | 0 | 0 | (13) |
| **Balance 30 Sep 2020** | **10,220** | **0** | **102** | **1** | **37** | **0** | **16,024** | **26,384** |

## 7.4 Condensed Consolidated Statement of Cash Flows for the Nine months Ended 30 September 2021 (Unaudited)

| CZK m | Nine months ended 30 Sep 2021 | Nine months ended 30 Sep 2020 |
|---|---|---|
| **Cash flows from operating activities** | | |
| **Profit after tax** | **2,897** | **1,916** |
| Adjustments for: | | |
| Depreciation and amortization | 903 | 841 |
| Net impairment of financial assets (excl. cash collection and recovery) | 464 | 3,060 |
| Net gain on revaluation of investment securities | (2) | (9) |
| Accrued coupon, amortization of discount/premium of investment securities | 98 | 58 |
| Net interest income from hedging derivatives | 245 | 26 |
| Net gain/ loss from revaluation of hedging derivatives | (2,342) | 2,256 |
| Net gain/ loss from revaluation of hedged items on portfolio basis | 2,255 | (2,258) |
| Gain from bargain purchase | 0 | (1,130) |
| Net gain/loss from unrealized FX | 33 | 24 |
| Change in provisions not recognised in depreciation and amortization | (21) | 7 |
| Net gain/loss on sale of investment securities | 0 | (287) |
| Net loss on sale and other disposal or impairment of tangible and intangible assets | 7 | 0 |
| Dividend income | (2) | (2) |
| Tax expense | 705 | 286 |
| | **5,240** | **4,788** |
| Changes in: | | |
| Loans and receivables to customers and banks | (21,395) | (70,143) |
| Other assets | 178 | (389) |
| Due to banks | 15,572 | (3,831) |
| Due to customers | 9,245 | 93,510 |
| Other liabilities and provisions | 117 | 518 |
| | **8,957** | **24,453** |
| Income taxes paid | (339) | (677) |
| **Net cash used in operating activities** | **8,618** | **23,776** |
| | | |
| **Cash flows from investing activities** | | |
| Acquisition of investment securities | (15,866) | (3,673) |
| Proceeds from investment securities | 0 | 7,898 |
| Acquisition of subsidiaries | 0 | (4,488) |
| Acquired cash and cash equivalents | 0 | 7,581 |
| Acquisition of property and equipment and intangible assets | (831) | (970) |
| Proceeds from the sale of property and equipment and intangible assets | 8 | 0 |
| Dividends received | 2 | 2 |
| **Net cash used in investing activities** | **(16,687)** | **6,350** |

(All amounts in CZK millions unless otherwise stated)

| | | |
|---|---|---|
| **Cash flows from financing activities** | | |
| Proceeds from issue of subordinated liabilities | 0 | 2,582 |
| Repayment of issued bonds | 0 | (877) |
| Dividends paid | 0 | 0 |
| **Net cash used in financing activities** | **0** | **1,705** |
| **Net change in cash and cash equivalents** | **(8,069)** | **31,831** |

| | | |
|---|---|---|
| **Cash and cash equivalents at the beginning of the period** | **29,799** | **30,075** |
| Effect of exchange rate fluctuations on cash and cash equivalents | (41) | 117 |
| **Cash and cash equivalents at the end of the period** | **21,689** | **62,023** |
| Interest received* | 7,329 | 6,922 |
| Interest paid* | (380) | (677) |

* Lines „Interest received” and „Interest paid” represent interest as per contractual rate and are included in cash flows from operating activities.

# 8 Notes to Unaudited Condensed Consolidated Interim Financial Statements

## 8.1 Reporting Entity

MONETA Money Bank, a.s. (the Bank) is a company domiciled in the Czech Republic. These condensed consolidated interim financial statements (interim financial statements) as at and for the nine months ended 30 September 2021 comprise the Bank and its consolidated subsidiaries (together referred to as the Group).

## 8.2 Basis of Preparation and Presentation

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2020 (last annual financial statements). These interim financial statements do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements. These interim financial statements were neither audited nor reviewed by an auditor.

The Group's interim financial statements were authorised for issue by the Management Board on 27 October 2021.

*Going Concern*

These interim financial statements are prepared on a going concern basis, as the Management Board of the Bank are satisfied that the Group have the resources to continue in business for the foreseeable future. In making this assessment, the Directors of the Bank have considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

*Functional and presentation currency*

These interim financial statements are presented in Czech Koruna (CZK) which is the functional currency of all Group entities. All amounts have been rounded to the nearest million, except where otherwise indicated.

## 8.3 Use of Judgements and Estimates

In preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Significant judgements made by the management in applying the Group's accounting policies and the key sources of uncertainty estimation are significantly impacted by the situation related to the COVID-19 pandemic. The most impacted are the expected credit losses and the future development of interest income. A more detailed description of the impacts of the COVID-19 pandemic is in the note 8.4.

In the area of expected cash flows resulting from loan receivables, used for determination of amortised cost of the debt financial assets, are made significant estimates, related to future development of prepayments of the loan's notional amount, by the management of the Group.

(All amounts in CZK millions unless otherwise stated)

## 8.4 Significant Accounting Policies

The significant accounting policies used in preparation of these interim financial statements are consistent with those used in the last Consolidated Annual Financial Statements.

The Group continued with prudent approach to categorization of exposures as well as expected losses and reflected the macroeconomic consequences of the COVID-19 pandemic in its expected loss models. In area of exposures categorization, the approach remained unchanged compared to Q4 2020 when the Group decided to categorize concessions to its clients, including additional instalment postponements, according to standard prudential regulation. These concessions were therefore categorized as non-performing forbearance unless individual assessment of the client's financial situation proved that the client was not in financial distress.

In September 2021, The Group formulated updated macroeconomic trajectory for the purpose of IFRS9 provisioning based on the most recent macroeconomic prognoses of Czech National Bank (CNB) and Ministry of Finance of Czech Republic (MFCR) from April and August 2021. Update of the Macroeconomic trajectory in 9/2021 positively influenced Cost of Risk in amount of CZK 497 million.

Following table shows overview of internal scenarios based on prognoses of MFCR and CNB:

| GDP Growth Year | CNB (2/2021) | CNB (5/2021) | CNB (8/2021) | MFCR (1/2021) | MFCR (4/2021) | MFCR (8/2021) | MONETA |
|---|---|---|---|---|---|---|---|
| 2021 | 2.2% | 1.2% | 3.5% | 3.1% | 3.1% | 3.2% | 3.4% |
| 2022 | 3.8% | 4.3% | 4.1% | 3.4% | 3.7% | 4.2% | 4.3% |
| **Unemployment Year** | **CNB (2/2021)** | **CNB (5/2021)** | **CNB (8/2021)** | **MFCR (1/2021)** | **MFCR (4/2021)** | **MFCR (8/2021)** | **MONETA** |
| 2021 | 3.6% | 3.5% | 3.3% | 3.3% | 3.6% | 3.0% | 3.5% |
| 2022 | 3.5% | 3.5% | 3.1% | 3.3% | 3.7% | 2.7% | 3.7% |

**Managerial Overlay for Mortgage Portfolio**

In August 2021, the Group implemented Managerial Overlay to the portfolio of performing mortgages (Stage1 & Stage2) in amount of CZK 113 million to compensate for insufficient ability of the current ECL model to fully reflect risks associated with the current development of the real estate market: 1, Risks associated with potential correction of the real-estate prices; 2, Refinancing risks at refixation associated with increase of interest rates; 3, Increase of construction costs. The adequacy of the Managerial Overlay application shall be monitored quarterly, and the Overlay shall remain applicable as long as any of the predefined set of applicability conditions quantifying mortgage-related risks is met.

## 8.5 Consolidation Group

The definition of the consolidation group as at 30 September 2021 has changed compared to the last Consolidated Annual Financial Statements. As of 1 January 2021, Wüstenrot hypoteční banka, a.s. was merged into MONETA Money Bank, a.s. representing successor company. For more details on the transaction see chapter 8.5.1.

Apart from the Bank, the Group's companies included into the consolidation group as at 30 September 2021 together with the ownership were as follows:

(All amounts in CZK millions unless otherwise stated)

| Name | Registered office | Business activity | The Bank's share | Method of consolidation |
|---|---|---|---|---|
| MONETA Auto, s.r.o. | Vyskočilova 1442/1b, 140 00 Prague 4 | Auto financing (Loans and Leases) | 100% | Full |
| MONETA Leasing, s.r.o. | Vyskočilova 1442/1b, 140 00 Prague 4 | Financing of loans and leasing | 100% | Full |
| MONETA Leasing Services, s.r.o. v likvidaci* | Vyskočilova 1442/1b, 140 00 Prague 4 | Lease and rental of movables | 100% | Full |
| MONETA Stavební Spořitelna, a.s. | Vyskočilova 1442/1b, 140 00 Prague 4 | Building savings | 100% | Full |
| CBCB – Czech Banking Credit Bureau, a.s. | Štětkova 1638/18, 140 00 Prague 4 | Banking Credit Register | 20% | Equity |

* The Bank as the sole shareholder of MONETA Leasing Services, s.r.o. decided on the dissolution of this company with liquidation starting from 1 October 2020. For the duration of the liquidation process the company uses business name with the appendix “v likvidaci” (MONETA Leasing Services, s.r.o. v likvidaci).

### 8.5.1 Merger of Moneta Money Bank, a.s. and Wüstenrot hypoteční banka, a.s.

As of 1 January 2021, Wüstenrot hypoteční banka, a.s. (hereafter the “WHB”) was merged into MONETA Money Bank, a.s. representing successor company. As at date of the merger WHB was 100% controlled subsidiary of MONETA Money Bank, a.s.

WHB was profiled as a specialized bank with nationwide operations, whose main business activity was the provision of mortgage loans and the issuance of mortgage-backed bonds. From 1 April 2020, it became part of the MONETA Group. MONETA Money Bank, a.s. became the sole shareholder of WHB.

The reason for the Merger was to increase financial efficiency of the Participating companies´ business, to simplify the administrative and management structure of the Participating companies and to strengthen MONETA brand on the banking market in the Czech Republic.

From the point of view of IFRS, the Merger is a transaction under common control and as such is out of scope of IFRS3 ‘Business Combinations’. As there is no specific guidance in IFRS for business combinations under common control, management has used its judgment in determining the accounting policies for those transactions.

MONETA Money Bank, a.s. decided to measure the assets and liabilities received using the controlling party’s book values, i.e., book values from consolidated financial statements of MONETA Group as at 31 December 2020. Those values reflect more recent valuation of assets and liabilities of WHB performed as at acquisition date of WHB from external party.

## 8.6 Dividends Paid

No dividends were paid during the first nine months of 2021.

## 8.7 Net interest income

| CZK m | Quarter ended | | Nine months ended | |
|---|---|---|---|---|
| | 30 Sep 2021 | 30 Sep 2020 | 30 Sep 2021 | 30 Sep 2020 |
| Interest income from financial assets measured at amortised cost | 2,489 | 2,491 | 7,303 | 7,401 |
| Loans to customers | 2,288 | 2,372 | 6,784 | 6,795 |
| *out of which: interest income from impaired loans* | *70* | *32* | *214* | *99* |
| *out of which: penalty interest* | *8* | *15* | *27* | *39* |
| *out of which: EIR amortisation/modification and amortisation of acquisition FV adjustments* | *(197)* | *(140)* | *(602)* | *(445)* |
| Loans to banks | 18 | 38 | 45 | 328 |
| *out of which: interest income from repurchase and reverse repurchase agreements* | *17* | *38* | *44* | *326* |
| Cash and deposit with central bank and other banks | 7 | 3 | 13 | 33 |
| Interest income from investment securities at amortised cost | 176 | 78 | 461 | 245 |
| Interest income from hedging derivatives | (111) | (111) | (374) | (37) |
| **Interest income and similar income** | **2,378** | **2,380** | **6,929** | **7,364** |
| Interest expense from financial liabilities measured at amortised cost | (249) | (400) | (758) | (1,270) |
| Due to banks | (16) | (11) | (22) | (49) |
| Due to customers | (181) | (328) | (583) | (1,058) |
| *out of which: arising from repurchase agreements* | *(1)* | *(8)* | *(1)* | *(108)* |
| *out of which: amortisation of acquisition FV adjustments* | *61* | *18* | *101* | *29* |
| Subordinated debt securities issued | (42) | (42) | (126) | (118) |
| Mortgage-backed bonds issued | (10) | (19) | (27) | (45) |
| Interest from hedging derivatives | 36 | 68 | 133 | 90 |
| Interest expense from lease liabilities | (4) | (5) | (13) | (15) |
| **Interest expense and similar expense** | **(217)** | **(337)** | **(638)** | **(1,195)** |
| **Net interest income** | **2,161** | **2,043** | **6,291** | **6,169** |

8.7.1 Analysis of deferred costs and fees directly attributable to origination of new loan products that are integral part of the effective interest rate and fair value adjustment resulting from revaluation of acquired financial assets for the three- and nine-month periods

| Quarter ended 30 Sep 2021 CZK m | Balance at the beginning of the period | Amortisation | Derecognitions / Modifications | Impact of acquisition | Additions to deferred fees | Additions to deferred costs | Balance at the end of the period |
|---|---|---|---|---|---|---|---|
| Consumer Loans | 87 | (4) | (2) | 0 | (14) | 35 | 102 |
| Mortgages | 1,467 | (77) | (7) | 0 | 0 | 174 | 1,557 |
| Credit Cards & Overdrafts | 14 | (3) | 0 | 0 | 0 | 3 | 14 |
| Auto Loans and Finance Leases | 143 | (23) | (1) | 0 | 0 | 36 | 155 |
| **Retail loans deferrals** | **1,711** | **(107)** | **(10)** | **0** | **(14)** | **248** | **1,828** |
| Investment Loans | 584 | (32) | 0 | 0 | (3) | 8 | 557 |
| Working Capital | 2 | 0 | 0 | 0 | (3) | 1 | 0 |
| Auto & Equipment Loans and Finance Leases | 215 | (38) | 0 | 0 | 0 | 38 | 215 |
| Unsecured Instalment Loans and Overdrafts | 92 | (10) | 0 | 0 | (1) | 9 | 90 |
| **Commercial loans deferrals** | **893** | **(80)** | **0** | **0** | **(7)** | **56** | **862** |
| **Total loan deferrals** | **2,604** | **(187)** | **(10)** | **0** | **(21)** | **304** | **2,690** |

| Quarter ended 30 Sep 2020 CZK m | Balance at the beginning of the period | Amortisation | Derecognitions / Modifications | Impact of acquisition | Additions to deferred fees | Additions to deferred costs | Balance at the end of the period |
|---|---|---|---|---|---|---|---|
| Consumer Loans | 44 | (2) | (7) | 0 | (14) | 22 | 43 |
| Mortgages | 1,114 | (32) | (1) | 0 | 0 | 62 | 1,143 |
| Credit Cards & Overdrafts | 19 | (4) | 0 | 0 | 0 | 2 | 17 |
| Auto Loans and Finance Leases | 160 | (27) | 0 | 0 | 0 | 17 | 150 |
| **Retail loans deferrals** | **1,337** | **(65)** | **(8)** | **0** | **(14)** | **103** | **1,353** |
| Investment Loans | 638 | (22) | 0 | 0 | (3) | 4 | 617 |
| Working Capital | (2) | 1 | 0 | 0 | (2) | 0 | (3) |
| Auto & Equipment Loans and Finance Leases | 238 | (39) | 0 | 0 | 0 | 31 | 230 |
| Unsecured Instalment Loans and Overdrafts | 81 | (8) | 1 | 0 | (1) | 12 | 85 |
| **Commercial loans deferrals** | **955** | **(68)** | **1** | **0** | **(6)** | **47** | **929** |
| **Total loan deferrals** | **2,292** | **(133)** | **(7)** | **0** | **(20)** | **150** | **2,282** |

| Nine months ended 30 Sep 2021 CZK m | Balance at the beginning of the period | Amortisation | Derecognitions / Modifications | Impact of acquisition | Additions to deferred fees | Additions to deferred costs | Balance at the end of the period |
|---|---|---|---|---|---|---|---|
| Consumer Loans | 30 | (2) | (10) | 0 | (17) | 101 | 102 |
| Mortgages | 1,248 | (237) | (53) | 0 | 0 | 599 | 1,557 |
| Credit Cards & Overdrafts | 17 | (10) | 0 | 0 | 0 | 7 | 14 |
| Auto Loans and Finance Leases | 139 | (69) | (3) | 0 | 0 | 88 | 155 |
| **Retail loans deferrals** | **1,434** | **(318)** | **(66)** | **0** | **(17)** | **795** | **1,828** |
| Investment Loans | 616 | (78) | 0 | 0 | (12) | 31 | 557 |
| Working Capital | 0 | 0 | 0 | 0 | (5) | 5 | 0 |
| Auto & Equipment Loans and Finance Leases | 225 | (111) | 0 | 0 | 0 | 101 | 215 |
| Unsecured Instalment Loans and Overdrafts | 89 | (29) | 0 | 0 | (2) | 32 | 90 |
| **Commercial loans deferrals** | **930** | **(218)** | **0** | **0** | **(19)** | **169** | **862** |
| **Total loan deferrals** | **2,364** | **(536)** | **(66)** | **0** | **(36)** | **964** | **2,690** |

| Nine months ended 30 Sep 2020 CZK m | Balance at the beginning of the period | Amortisation | Derecognitions / Modifications | Impact of acquisition | Additions to deferred fees | Additions to deferred costs | Balance at the end of the period |
|---|---|---|---|---|---|---|---|
| Consumer Loans | 72 | (12) | (28) | (12) | (37) | 60 | 43 |
| Mortgages | 637 | (132) | (2) | 428 | 0 | 212 | 1,143 |
| Credit Cards & Overdrafts | 24 | (14) | 0 | 0 | 0 | 7 | 17 |
| Auto Loans and Finance Leases | 197 | (85) | (2) | 0 | 0 | 40 | 150 |
| **Retail loans deferrals** | **930** | **(243)** | **(32)** | **416** | **(37)** | **319** | **1,353** |
| Investment Loans | 36 | (46) | 7 | 619 | (8) | 9 | 617 |
| Working Capital | 0 | 1 | 0 | 0 | (5) | 1 | (3) |
| Auto & Equipment Loans and Finance Leases | 256 | (117) | 4 | 0 | 0 | 87 | 230 |
| Unsecured Instalment Loans and Overdrafts | 72 | (24) | 5 | 0 | (3) | 35 | 85 |
| **Commercial loans deferrals** | **364** | **(186)** | **16** | **619** | **(16)** | **132** | **929** |
| **Total loan deferrals** | **1,294** | **(429)** | **(16)** | **1,035** | **(53)** | **451** | **2,282** |

## 8.8 Net fee and commission income

| CZK m | Quarter ended | | Nine months ended | |
|---|---|---|---|---|
| | 30 Sep 2021 | 30 Sep 2020 | 30 Sep 2021 | 30 Sep 2020 |
| Insurance | 177 | 208 | 533 | 525 |
| Investment funds | 55 | 39 | 144 | 111 |
| Penalty fees (incl. early termination fees) | 72 | 52 | 229 | 159 |
| Deposit servicing fees | 97 | 100 | 287 | 282 |
| Lending servicing fees | 62 | 56 | 196 | 157 |
| Transactional and other fees | 162 | 159 | 440 | 459 |
| **Fee and commission income** | **625** | **614** | **1,829** | **1,693** |
| **Fee and commission expense** | **(152)** | **(114)** | **(362)** | **(284)** |
| **Net fee and commission income** | **473** | **500** | **1,467** | **1,409** |

## 8.9 Total operating expenses

| CZK m | Quarter ended | | Nine months ended | |
|---|---|---|---|---|
| | 30 Sep 2021 | 30 Sep 2020 | 30 Sep 2021 | 30 Sep 2020 |
| Personnel expenses | (628) | (634) | (1,829) | (1,834) |
| Administrative expenses | (333) | (358) | (1,139) | (969) |
| Depreciation and amortisation | (289) | (292) | (903) | (841) |
| *out of which depreciation of right-of-use assets* | *(85)* | *(91)* | *(255)* | *(268)* |
| Regulatory charges* | 0 | 0 | (210) | (151) |
| Other operating expenses | (12) | (99) | (31) | (270) |
| **Total operating expenses** | **(1,262)** | **(1,383)** | **(4,112)** | **(4,065)** |
| | | | | |
| **FTEs (average)** | **2,959** | **2,979** | **2,979** | **3,032** |
| **FTEs (at the end of the period)** | **3,025** | **2,973** | **3,025** | **2,973** |

* The line "Regulatory charges" includes contributions to the Deposit Insurance Fund of CZK 95 million in 2021, contributions to the Resolution and Recovery Fund of CZK 112 million in 2021 and contributions to the Investor Compensation Fund of CZK 3 million in 2021.

## 8.10 Investment securities

| CZK m | 30 Sep 2021 | 31 Dec 2020 |
|---|---|---|
| Debt securities measured at amortised cost | 50,430 | 35,871 |
| *out of which: government bonds* | *50,237* | *35,412* |
| *out of which: corporate bonds* | *193* | *459* |
| Debt securities measured at FVTPL | 47 | 45 |
| Equity securities measured at FVTOCI | 1 | 1 |
| Equity securities measured at FVTPL | 16 | 0 |
| **Total investment securities** | **50,494** | **35,917** |

## 8.11 Loans and receivables to banks

| CZK m | 30 Sep 2021 | 31 Dec 2020 |
|---|---|---|
| Current accounts at banks | 988 | 465 |
| Overnight deposits | 128 | 0 |
| Term deposits in banks payable within 3 months | 500 | 0 |
| Receivables arising from reverse repurchase agreements | 11,313 | 21,552 |
| Cash collaterals granted | 251 | 854 |
| Other | 1 | 1 |
| **Total Loans and receivables to banks** | **13,181** | **22,872** |
| *Included in cash equivalents* | *12,929* | *22,017* |

## 8.12 Loans and Receivables to Customers

| CZK m | 30 Sep 2021 | | | 31 Dec 2020 | | |
|---|---|---|---|---|---|---|
| | Gross carrying amount | Allowance/ Provision | Net book value | Gross carrying amount | Allowance/ Provision | Net book value |
| Consumer Loans | 50,480 | (3,299) | 47,181 | 51,540 | (3,499) | 48,041 |
| Mortgages | 119,502 | (481) | 119,021 | 98,639 | (109) | 98,530 |
| Credit Cards & Overdrafts | 2,623 | (267) | 2,356 | 2,986 | (322) | 2,664 |
| Auto Loans and Finance Leases | 2,420 | (71) | 2,349 | 2,217 | (99) | 2,118 |
| Other | 12 | (12) | 0 | 14 | (14) | 0 |
| **Total Retail** | **175,037** | **(4,130)** | **170,907** | **155,396** | **(4,043)** | **151,353** |
| Investment Loans | 45,239 | (378) | 44,861 | 44,993 | (419) | 44,574 |
| Working Capital | 12,069 | (208) | 11,861 | 10,473 | (230) | 10,243 |
| Auto & Equipment Loans and Finance Leases | 10,406 | (357) | 10,049 | 11,523 | (446) | 11,077 |
| Unsecured Instalment Loans and Overdrafts | 9,660 | (729) | 8,931 | 8,655 | (811) | 7,844 |
| Inventory Financing and Other | 988 | (25) | 963 | 1,002 | (21) | 981 |
| **Total Commercial** | **78,362** | **(1,697)** | **76,665** | **76,646** | **(1,927)** | **74,719** |
| **Total Loans and receivables to customers** | **253,399** | **(5,827)** | **247,572** | **232,042** | **(5,970)** | **226,072** |

## 8.13 Due to banks and Due to customers

Breakdown of Due to banks:

| CZK m | 30 Sep 2021 | 31 Dec 2020 |
|---|---|---|
| Deposits on demand | 412 | 410 |
| Term deposits | 892 | 0 |
| Liabilities arising from repurchase agreements* | 13,439 | 60 |
| Cash collateral received** | 1,021 | 7 |
| Other due to banks*** | 1,785 | 1,500 |
| **Total Due to banks** | **17,549** | **1,977** |

Breakdown of Due to customers:

| CZK m | 30 Sep 2021 | 31 Dec 2020 |
|---|---|---|
| Retail current accounts | 70,577 | 59,278 |
| Retail savings accounts and term deposits | 99,722 | 103,222 |
| Retail building savings | 29,353 | 29,363 |
| Commercial current accounts | 51,248 | 45,011 |
| Commercial savings accounts and term deposits | 13,646 | 18,163 |
| Commercial building savings | 1,424 | 1,489 |
| Liabilities arising from repurchase agreements* | 1,466 | 1,820 |
| Cash collateral received | 156 | 0 |
| Other due to customers | 559 | 560 |
| **Total Due to customers** | **268,151** | **258,906** |

* Collateral transferred within repurchase agreements comprises securities from investment securities at amortised cost disclosed in the statement of financial position in the carrying amount of CZK 15,092 million as at 30 September 2021 (31 December 2020: CZK 1,461 million) and securities obtained in reverse repurchase agreements as collateral in the amount of CZK 192 million as at 30 September 2021 (31 December 2020: CZK 488 million).
** Cash collaterals received represent CSA[19] Collaterals of other financial institutions for derivative transactions and cash collaterals for repo transactions.
*** Other due to banks comprises:

- Loan provided by Komerční banka, a.s. to MONETA Auto, s.r.o. in August 2019 was repaid in January 2021. This loan amounted to CZK 1,500 million at 31 December 2020.
- Loan provided by European Investment Bank in January 2021 to MONETA Money Bank, a.s. This loan amounts to CZK 1,785 million at 30 September 2021.

## 8.14 Mortgage-Backed Bonds Issued

The Bank issued 4 tranches of mortgage-backed securities externally in the total nominal amount of CZK 2,725 million for funding purposes. The rest of remaining issued securities are held by MONETA Stavební Spořitelna, a.s. and therefore eliminated on a consolidated basis. Below listed 4 tranches are owned by third parties.

| ISIN | Issue date | Currency | Maturity date | Interest rate | Total nominal amount at issue date CZK m |
|---|---|---|---|---|---|
| CZ0002005564 | 23.05.2018 | CZK | 23.05.2023 | 1.72% p.a. | 650 |
| CZ0002005689 | 04.07.2018 | CZK | 04.07.2023 | 0.80% p.a. | 1,250 |
| CZ0002006026 | 17.12.2018 | CZK | 17.12.2021 | 2.49% p.a. | 300 |
| CZ0002006034 | 17.12.2018 | CZK | 17.09.2022 | 1.17% p.a. | 525 |

Amortized cost of the outstanding mortgage-backed bonds held by external owners:

| CZK m | 30 Sep 2021 | 31 Dec 2020 |
|---|---|---|
| Mortgage-backed bonds at amortised cost | 2,720 | 2,712 |
| **Total** | **2,720** | **2,712** |

The Group did not have any defaults of principal or interest or other breaches with respect to mortgage-backed bonds during the year 2021.

[19] Credit Support Annex (CSA) is a legal document which regulates credit support (collateral) for derivative transactions.

## 8.15 Subordinated Debt Issued

Subordinated debt securities issued are the Bank's sources of debt funding and are subordinated to all other liabilities of the Bank. As of 30 September 2021, they form a part of the Tier 2 capital of the Bank as defined by the CNB for the purposes of determination of its capital adequacy (note 8.19.1).

These instruments are initially measured at fair value minus incremental direct transaction costs and subsequently measured at their amortized cost using effective interest method.

The Bank issued debt securities in total nominal amount of CZK 4,602 million.

| | ISIN | Issue date | Currency | Maturity date | Interest rate | Total nominal amount at issue date CZK m |
|---|---|---|---|---|---|---|
| MB 3,30/29 | CZ0003704918 | 25.9.2019 | CZK | 25.9.2029 | 3.30% p.a. | 2,001 |
| MB 3,79/30 | CZ0003705188 | 30.1.2020 | CZK | 30.1.2030 | 3.79% p.a. | 2,601 |

Amortized cost of the outstanding subordinated debt securities:

| CZK m | 30 Sep 2021 | 31 Dec 2020 |
|---|---|---|
| Subordinated debt securities at amortised cost | 4,642 | 4,681 |
| **Total** | **4,642** | **4,681** |

The Bank did not have any defaults of principal or interest or other breaches with respect to subordinated liabilities during the year 2021.

## 8.16 Legal Risks

The legal risks, to which the Group is exposed, have been disclosed in the Bank's 2020 Consolidated Annual Report.

### 8.16.1 Legal disputes

The Group is not a party to any significant legal disputes.

## 8.17 Segment Reporting

Group's operating segments are following: Commercial, Retail and Treasury /Other. The Segments are described in more detail in the last annual financial statements. Operations of newly acquired entities were incorporated into existing segments.

The Management Board of the Bank (the chief operating decision makers) does not use the below presented segmental view on all items of the Statement of Profit or Loss. For this reason, Operating expenses, Taxes and consequently Profit for the period before tax and Profit for the period after tax are not reported for segments but only on the Total level.

| Quarter ended 30 Sep 2021<br>CZK m | Commercial | Retail | Treasury / Other | Total |
|---|---|---|---|---|
| Interest and similar income | 695 | 1,593 | 90 | 2,378 |
| Interest expense and similar charges | (28) | (154) | (35) | (217) |
| Net fee and commission income | 140 | 340 | (7) | 473 |
| Dividend income | 0 | 0 | 1 | 1 |
| Net income from financial operations | 0 | 0 | 133 | 133 |
| Other operating income | 4 | 9 | 0 | 13 |
| **Total operating income** | **811** | **1,788** | **182** | **2,781** |
| Net impairment of financial assets | 233 | 66 | 0 | 299 |
| **Risk adjusted operating income** | **1,044** | **1,854** | **182** | **3,080** |
| Total operating expenses | | | | (1,262) |
| **Profit for the period before tax** | | | | **1,818** |
| Tax on income | | | | (352) |
| **Profit for the period after tax** | | | | **1,466** |

| Quarter ended 30 Sep 2020<br>CZK m | Commercial | Retail | Treasury / Other | Total |
|---|---|---|---|---|
| Interest and similar income | 701 | 1,670 | 9 | 2,380 |
| Interest expense and similar charges | (47) | (273) | (17) | (337) |
| Net fee and commission income | 135 | 366 | (1) | 500 |
| Dividend income | 0 | 0 | 1 | 1 |
| Net income from financial operations | 0 | 0 | 161 | 161 |
| Other operating income | 11 | 45 | 0 | 56 |
| **Total operating income** | **800** | **1,808** | **153** | **2,761** |
| Net impairment of financial assets | (212) | (360) | 18 | (554) |
| **Risk adjusted operating income** | **588** | **1,448** | **171** | **2,207** |
| Total operating expenses | | | | (1,383) |
| **Profit for the period before tax** | | | | **824** |
| Tax on income | | | | (108) |
| **Profit for the period after tax** | | | | **716** |

| Nine months ended 30 Sep 2021<br>CZK m | Commercial | Retail | Treasury / Other | Total |
|---|---|---|---|---|
| Interest and similar income | 2,033 | 4,750 | 146 | 6,929 |
| Interest expense and similar charges | (75) | (512) | (51) | (638) |
| Net fee and commission income | 440 | 1,035 | (8) | 1,467 |
| Dividend income | 0 | 0 | 2 | 2 |
| Net income from financial operations | 0 | 0 | 342 | 342 |
| Other operating income | 16 | 49 | 0 | 65 |
| **Total operating income** | **2,414** | **5,322** | **431** | **8,167** |
| Net impairment of financial assets | 162 | (615) | 0 | (453) |
| **Risk adjusted operating income** | **2,576** | **4,707** | **431** | **7,714** |
| Total operating expenses | | | | (4,112) |
| **Profit for the period before tax** | | | | **3,602** |
| Tax on income | | | | (705) |
| **Profit for the period after tax** | | | | **2,897** |

| Nine months ended 30 Sep 2020<br>CZK m | Commercial | Retail | Treasury / Other | Total |
|---|---|---|---|---|
| Interest and similar income | 2,124 | 4,668 | 572 | 7,364 |
| Interest expense and similar charges | (182) | (772) | (241) | (1,195) |
| Net fee and commission income | 396 | 1,005 | 8 | 1,409 |
| Dividend income | 0 | 0 | 2 | 2 |
| Net income from financial operations | 0 | 0 | 543 | 543 |
| Other operating income | 33 | 68 | 1,130 | 1,231 |
| **Total operating income** | **2,371** | **4,969** | **2,014** | **9,354** |
| Net impairment of financial assets | (1,162) | (1,932) | 7 | (3,087) |
| **Risk adjusted operating income** | **1,209** | **3,037** | **2,021** | **6,267** |
| Total operating expenses | | | | (4,065) |
| **Profit for the period before tax** | | | | **2,202** |
| Tax on income | | | | (286) |
| **Profit for the period after tax** | | | | **1,916** |

Assets and liabilities by segment:

| 30 Sep 2021<br>CZK m | Commercial | Retail | Treasury / Other | Total |
|---|---|---|---|---|
| Total assets of the segment | 84,621 | 175,296 | 67,610 | 327,527 |
| Net value of loans and receivables to customers | 76,665 | 170,907 | 0 | 247,572 |
| Total liabilities of the segment | 69,261 | 202,835 | 25,505 | 297,601 |

| 31 Dec 2020<br>CZK m | Commercial | Retail | Treasury / Other | Total |
|---|---|---|---|---|
| Total assets of the segment | 81,254 | 158,098 | 61,606 | 300,958 |
| Net value of loans and receivables to customers | 74,720 | 151,352 | 0 | 226,072 |
| Total liabilities of the segment | 66,719 | 194,835 | 12,354 | 273,908 |

## 8.18 Related parties

The Group's related parties include associates, key management personnel, Supervisory Board and their close family members.

Transactions provided by the Group to related parties represent bank services (esp. loans and interest-bearing deposits); expenses from transactions with related parties comprise remuneration to members of Supervisory Board, Management Board and other Key Executive Managers.

Transactions with related parties are carried out in the normal course of business operations and conducted under normal market conditions. The balances at year-end are unsecured.

The following transactions were undertaken with related parties:

| 30 Sep 2021<br>CZK m | Associates | Key members of the management* and Supervisory Board | Total |
|---|---|---|---|
| Loans and receivables to customers | 0 | 44 | **44** |
| Due to customers | 0 | 23 | **23** |

| 31 Dec 2020<br>CZK m | Associates | Key members of the management* and Supervisory Board | Total |
|---|---|---|---|
| Loans and receivables to customers | 0 | 24 | **24** |
| Due to customers | 0 | 24 | **24** |

| Quarter ended 30 Sep 2021<br>CZK m | Associates | Key members of the management* and Supervisory Board | Total |
|---|---|---|---|
| Operating expenses | (5) | (27) | **(32)** |
| Dividend income | 1 | 0 | **1** |

| Quarter ended 30 Sep 2020<br>CZK m | Associates | Key members of the management* and Supervisory Board | Total |
|---|---|---|---|
| Operating expenses | (3) | (21) | **(24)** |
| Dividend income | 1 | 0 | **1** |

| Nine months ended 30 Sep 2021<br>CZK m | Associates | Key members of the management* and Supervisory Board | Total |
|---|---|---|---|
| Operating expenses | (16) | (102) | **(118)** |
| Dividend income | 2 | 0 | **2** |

| Nine months ended 30 Sep 2020<br>CZK m | Associates | Key members of the management* and Supervisory Board | Total |
|---|---|---|---|
| Operating expenses | (10) | (99) | **(109)** |
| Dividend income | 2 | 0 | **2** |

*Includes members of Management Board and other Key Executive Managers.

## 8.19 Risk management

The Group aims to achieve competitive returns at an acceptable risk level as part of its business activities. Risk management covers the control of risks associated with all business activities in the environment in which the Group operates and ensures that the risks taken are in compliance with regulatory limits, as well as falling within its risk appetite.

Risk management policies and practices have not changed since 31 December 2020 and are described in the Annual Report for 2020.

### 8.19.1 Capital Management

Regulatory Capital and its components and capital adequacy:

| CZK m | 30 Sep 2021 | 31 Dec 2020 |
|---|---|---|
| **Regulatory Capital** | **30,635** | **27,999** |
| Tier 1 | 26,033 | 23,397 |
| Tier 2 | 4,602 | 4,602 |
| **RWA** | **163,655** | **154,131** |
| out of which: Credit Risk | 145,793 | 137,669 |
| out of which: Operational Risk | 15,492 | 15,577 |
| out of which: CVA | 2,370 | 885 |
| out of which: Trading Book | 0 | 0 |

| Capital adequacy (%) | 30 Sep 2021 | 31 Dec 2020 |
|---|---|---|
| RWA Density* | 45.6% | 49.5% |
| CET1 Ratio | 15.9% | 15.2% |
| Tier 1 Ratio | 15.9% | 15.2% |
| Total Capital Ratio (CAR) | 18.7% | 18.2% |

* RWA density is calculated in compliance with BIS Working Papers: Leverage and Risk Weighted Capital Requirements.

The framework used for capital management involves monitoring and complying with the capital adequacy limit in accordance with the Basel III rules codified in 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 (hereafter "CRR"), Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, as amended (hereafter "CRD"), and Directive (EU) 2014/59 of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms, as amended (hereafter "BRRD"), and their implementing measures. This European regulatory framework was significantly revised in May 2019 by adoption of the so-called Banking Package, which introduced amendments to, inter alia, CRR (hereafter "CRR II")[20], CRD (hereafter "CRD V")[21] and BRRD (hereafter "BRRD II")[22]. In addition, CRR II was furthermore revised in June 2020 by an amendment regarding certain targeted adjustments ensuring seamless interaction between the prudential regulatory framework and the various measures adopted to address the COVID-19 pandemic[23]. Furthermore, from a Czech law perspective, the regulatory framework comprises mainly of Banking Act No. 21/1992 Coll., as amended, CNB Decree No. 163/2014 Coll., as amended, and Act No. 374/2015 Coll., on recovery and resolution in the financial market, as amended (hereafter "Recovery and Resolution Act").

In order to calculate the regulatory capital requirement for credit risk, on individual as well as on consolidated basis, the Bank uses the standardised (STA) approach. To calculate the regulatory capital requirement for operational risk, the Bank uses the alternative standardised approach (ASA) on an individual basis. The standardised approach (TSA) is used to calculate the capital requirement for operational risk on a consolidated basis for the rest of the Group. The Bank calculates regulatory capital requirements against the market risk of the trading book since 3Q 2018.

In 2020, the CNB identified banks with critical functions, including the Bank, which may not be orderly dissolved via general corporate law liquidation or insolvency proceedings and failure of which would be dealt with pursuant to the Recovery and Resolution Act and set a specific Minimum Requirement for Own Funds and Eligible Liabilities (hereafter "MREL") for each of them. The Bank has received the MREL specification from the CNB in September 2021 pursuant to which it must comply with the MREL requirement on individual basis of 16.7% of its total risk exposure and 4.87 % of its total exposure. The MREL requirement is calculated as a sum of Loss Absorption Amount (Pillar I capital requirement of 8% and Pillar II capital requirement of 2.4%) and Recapitalisation Amount set at 6.3%. The combined buffer requirement (a capital conservation buffer of 2.5% and a countercyclical capital buffer of 0.5%) is not taken into account in the MREL calculation and the Bank must comply with it on top of the MREL requirement. The MREL requirement for the Bank becomes effective as at 1 January 2024. The Bank has to fulfil interim target level of the MREL requirement of 13.5% of its total risk exposure and 3.93% of its total exposure by 1 January 2022. To comply with the MREL requirement as at 1 January 2024, the Bank plans to issue up to CZK 10 billion of MREL-eligible debt within forthcoming 2 years.

[20] Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012.
[21] Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures.
[22] Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending Directive 2014/59/EU as regards the loss-absorbing and recapitalization capacity of credit institutions and investment firms and Directive 98/26/EC.
[23] Regulation (EU) 2020/873 of the European Parliament and of the Council of 24 June 2020 amending Regulations (EU) No 575/2013 and (EU) 2019/876 as regards certain adjustments in response to the COVID-19 pandemic.

### 8.19.2 Loans and receivables to banks and customers according to their categorization

The following table shows categorization of receivables to banks and customers summarized according to Stages applied for measurement of allowance for credit losses:

| **30 Sep 2021** | **Loans and receivables to banks** | | | | **Loans and receivables to customers** | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **CZK m** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** | **Stage 1** | **Stage 2** | **Stage 3** | **POCI** | **Total** |
| Performing before due date | 13,181 | 0 | 0 | 13,181 | 232,869 | 7,361 | 0 | 21 | 240,251 |
| Performing past due date* | 0 | 0 | 0 | 0 | 5,307 | 1,768 | 0 | 12 | 7,087 |
| Total performing | 13,181 | 0 | 0 | 13,181 | 238,176 | 9,129 | 0 | 33 | 247,338 |
| Total non-performing | 0 | 0 | 0 | 0 | 0 | 0 | 6,002 | 59 | 6,061 |
| **Gross loans and receivables** | **13,181** | **0** | **0** | **13,181** | **238,176** | **9,129** | **6,002** | **92** | **253,399** |
| Individual allowances | 0 | 0 | 0 | 0 | 0 | 0 | (192) | 0 | (192) |
| Portfolio allowances | 0 | 0 | 0 | 0 | (1,702) | (809) | (3,135) | 11 | (5,635) |
| **Total allowances** | **0** | **0** | **0** | **0** | **(1,702)** | **(809)** | **(3,327)** | **11** | **(5,827)** |
| **Net loans and receivables** | **13,181** | **0** | **0** | **13,181** | **236,474** | **8,320** | **2,675** | **103** | **247,572** |

| **31 Dec 2020** | **Loans and receivables to banks** | | | | **Loans and receivables to customers** | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **CZK m** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** | **Stage 1** | **Stage 2** | **Stage 3** | **POCI** | **Total** |
| Performing before due date | 22,872 | 0 | 0 | 22,872 | 208,102 | 11,547 | 0 | 23 | 219,672 |
| Performing past due date* | 0 | 0 | 0 | 0 | 4,634 | 2,297 | 0 | 24 | 6,955 |
| Total performing | 22,872 | 0 | 0 | 22,872 | 212,736 | 13,844 | 0 | 47 | 226,627 |
| Total non-performing | 0 | 0 | 0 | 0 | 0 | 0 | 5,299 | 116 | 5,415 |
| **Gross loans and receivables** | **22,872** | **0** | **0** | **22,872** | **212,736** | **13,844** | **5,299** | **163** | **232,042** |
| Individual allowances | 0 | 0 | 0 | 0 | 0 | 0 | (162) | 0 | (162) |
| Portfolio allowances | 0 | 0 | 0 | 0 | (2,082) | (1,364) | (2,413) | 51 | (5,808) |
| **Total allowances** | **0** | **0** | **0** | **0** | **(2,082)** | **(1,364)** | **(2,575)** | **51** | **(5,970)** |
| **Net loans and receivables** | **22,872** | **0** | **0** | **22,872** | **210,654** | **12,480** | **2,724** | **214** | **226,072** |

* Due days are calculated on instalments of principal, interest, and fees.

### 8.19.3 Walk of allowances to Loans and receivables to customers

Walk of allowances to Loans and receivables for the three-month periods - **retail customers**

| | Quarter ended 30 Sep 2021 | | | | | Nine months ended 30 Sep 2021 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| CZK m | Stage 1 | Stage 2 | Stage 3 | POCI | Total | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
| **Balance at the beginning of the period** | **1,137** | **627** | **2,497** | **6** | **4,267** | **1,214** | **986** | **1,893** | **(49)** | **4,044** |
| Purchases and originations | 106 | 4 | 2 | 0 | 112 | 322 | 13 | 35 | 0 | 370 |
| Derecognition and maturities | (163) | (41) | (26) | 0 | (230) | (359 | (113) | (105) | 0 | (577) |
| Transfer to (out) Stage 1 | 122 | (74) | (48) | 0 | 0 | 326 | (190) | (136) | 0 | 0 |
| Transfer to (out) Stage 2 | 1 | 25 | (26) | 0 | 0 | (21) | 81 | (60) | 0 | 0 |
| Transfer to (out) Stage 3 | (19) | (19) | 38 | 0 | 0 | (57) | (182) | 239 | 0 | 0 |
| Remeasurements, changes in models and methods | (142) | 49 | 151 | (7) | 51 | (383) | (17) | 1,140 | 52 | 792 |
| Use of allowances (write offs) | 0 | (2) | (60) | (8) | (70) | 0 | (9) | (478) | (12) | (499) |
| Foreign exchange adjustments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Balance at the end of the period** | **1,042** | **569** | **2,528** | **(9)** | **4,130** | **1,042** | **569** | **2,528** | **(9)** | **4,130** |

| | Quarter ended 30 Sep 2020 | | | | | Nine months ended 30 Sep 2020 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| CZK m | Stage 1 | Stage 2 | Stage 3 | POCI | Total | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
| **Balance at the beginning of the period** | **975** | **1,113** | **1,219** | **26** | **3,333** | **819** | **284** | **924** | **n/a** | **2,027** |
| Purchases and originations | 80 | 15 | 1 | 0 | 96 | 210 | 232 | 5 | 37 | 484 |
| Derecognition and maturities | (78) | (22) | (3) | 0 | (103) | (169) | (32) | (40) | 0 | (241) |
| Transfer to (out) Stage 1 | 28 | (13) | (15) | 0 | 0 | 127 | (77) | (50) | 0 | 0 |
| Transfer to (out) Stage 2 | (29) | 43 | (14) | 0 | 0 | (186) | 225 | (39) | 0 | 0 |
| Transfer to (out) Stage 3 | (12) | (11) | 23 | 0 | 0 | (61) | (151) | 212 | 0 | 0 |
| Remeasurements, changes in models and methods | 181 | 124 | 64 | 14 | 383 | 405 | 768 | 471 | 4 | 1,648 |
| Use of allowances (write offs) | 0 | 0 | (46) | (37) | (83) | 0 | 0 | (254) | (38) | (292) |
| Foreign exchange adjustments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Balance at the end of the period** | **1,145** | **1,249** | **1,229** | **3** | **3,626** | **1,145** | **1,249** | **1,229** | **3** | **3,626** |

Walk of allowances to Loans and receivables for the three- month periods - **commercial customers**

| | Quarter ended 30 Sep 2021 | | | | | Nine months ended 30 Sep 2021 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| CZK m | Stage 1 | Stage 2 | Stage 3 | POCI | Total | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
| **Balance at the beginning of the period** | **859** | **276** | **788** | **(2)** | **1,921** | **868** | **378** | **682** | **(2)** | **1,926** |
| Purchases and originations | 133 | 5 | 2 | 0 | 140 | 433 | 8 | 13 | 0 | 454 |
| Derecognition and maturities | (38) | (5) | (11) | 0 | (54) | (98) | (17) | (32) | 0 | (147) |
| Transfer to (out) Stage 1 | 42 | (29) | (13) | 0 | 0 | 130 | (97) | (33) | 0 | 0 |
| Transfer to (out) Stage 2 | 0 | 5 | (5) | 0 | 0 | (12) | 34 | (22) | 0 | 0 |
| Transfer to (out) Stage 3 | (5) | (5) | 10 | 0 | 0 | (14) | (46) | 60 | 0 | 0 |
| Remeasurements, changes in models and methods | (331) | (7) | 46 | 0 | (292) | (645) | (14) | 226 | 0 | (433) |
| Use of allowances (write offs) | 0 | 0 | (18) | 0 | (18) | 0 | (6) | (94) | 0 | (100) |
| Foreign exchange adjustments | 0 | 0 | 0 | 0 | 0 | (2) | 0 | (1) | 0 | (3) |
| **Balance at the end of the period** | **660** | **240** | **799** | **(2)** | **1,697** | **660** | **240** | **799** | **(2)** | **1,697** |

| | Quarter ended 30 Sep 2020 | | | | | Nine months ended 30 Sep 2020 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| CZK m | Stage 1 | Stage 2 | Stage 3 | POCI | Total | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
| **Balance at the beginning of the period** | **614** | **621** | **674** | **(2)** | **1,907** | **295** | **116** | **661** | **n/a** | **1,072** |
| Purchases and originations | 107 | 3 | 2 | 0 | 112 | 210 | 9 | 8 | (19) | 208 |
| Derecognition and maturities | (21) | (5) | (11) | 0 | (37) | (45) | (7) | (24) | 0 | (76) |
| Transfer to (out) Stage 1 | 17 | (8) | (9) | 0 | 0 | 62 | (35) | (27) | 0 | 0 |
| Transfer to (out) Stage 2 | (6) | 9 | (3) | 0 | 0 | (71) | 98 | (27) | 0 | 0 |
| Transfer to (out) Stage 3 | (3) | 1 | 2 | 0 | 0 | (6) | (34) | 40 | 0 | 0 |
| Remeasurements, changes in models and methods | 80 | 5 | 16 | (1) | 100 | 343 | 480 | 115 | 17 | 955 |
| Use of allowances (write offs) | 0 | 0 | (106) | 1 | (105) | 0 | 0 | (183) | 0 | (183) |
| Foreign exchange adjustments | 1 | 2 | 1 | 0 | 4 | 1 | 1 | 3 | 0 | 5 |
| **Balance at the end of the period** | **789** | **628** | **566** | **(2)** | **1,981** | **789** | **628** | **566** | **(2)** | **1,981** |

### 8.19.4 Break down of allowances according to loan type and stages

| 30 Sep 2021<br>CZK m | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
|---|---|---|---|---|---|
| **Retail loans** | **1,042** | **569** | **2,528** | **(9)** | **4,130** |
| Consumer Loans | 814 | 438 | 2,072 | (25) | 3,299 |
| Mortgages | 86 | 93 | 286 | 16 | 481 |
| Credit Cards & Overdrafts | 103 | 33 | 131 | 0 | 267 |
| Auto Loans and Finance Leases | 37 | 5 | 29 | 0 | 71 |
| Other | 2 | 0 | 10 | 0 | 12 |
| **Commercial loans** | **660** | **240** | **799** | **(2)** | **1,697** |
| Investment Loans | 225 | 72 | 83 | (2) | 378 |
| Working Capital | 74 | 42 | 92 | 0 | 208 |
| Auto & Equipment Loans and Finance Leases | 111 | 35 | 211 | 0 | 357 |
| Unsecured Instalment Loans and Overdraft | 249 | 91 | 389 | 0 | 729 |
| Inventory Financing and Other | 1 | 0 | 24 | 0 | 25 |
| **TOTAL allowances to Lending portfolio** | **1,702** | **809** | **3,327** | **(11)** | **5,827** |
| Debt instruments measured at amortised costs | 7 | 0 | 0 | 0 | 7 |
| **TOTAL allowances Financial Assets** | **1,709** | **809** | **3,327** | **(11)** | **5,834** |
| Financial guarantees | 10 | 8 | 0 | 0 | 18 |
| Loan commitments - Retail | 45 | 5 | 0 | 0 | 50 |
| Loan commitments - Commercial | 53 | 13 | 0 | 0 | 66 |
| **TOTAL liabilities to off balance sheet items** | **108** | **26** | **0** | **0** | **134** |

| 31 Dec 2020<br>CZK m | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
|---|---|---|---|---|---|
| **Retail loans** | **1,214** | **986** | **1,893** | **(49)** | **4,044** |
| Consumer Loans | 1,016 | 881 | 1,625 | (23) | 3,499 |
| Mortgages | 12 | 23 | 100 | (26) | 109 |
| Credit Cards & Overdrafts | 137 | 69 | 116 | 0 | 322 |
| Auto Loans and Finance Leases | 47 | 13 | 40 | 0 | 100 |
| Other | 2 | 0 | 12 | 0 | 14 |
| **Commercial loans** | **868** | **378** | **682** | **(2)** | **1,926** |
| Investment Loans | 279 | 76 | 65 | (2) | 418 |
| Working Capital | 88 | 57 | 85 | 0 | 230 |
| Auto & Equipment Loans and Finance Leases | 180 | 68 | 198 | 0 | 446 |
| Unsecured Instalment Loans and Overdraft | 320 | 176 | 315 | 0 | 811 |
| Inventory Financing and Other | 1 | 1 | 19 | 0 | 21 |
| **TOTAL allowances to Lending portfolio** | **2,082** | **1,364** | **2,575** | **(51)** | **5,970** |
| Debt instruments measured at amortised costs | 5 | 0 | 0 | 0 | 5 |
| **TOTAL allowances Financial Assets** | **2,087** | **1,364** | **2,575** | **(51)** | **5,975** |
| Financial guarantees | 11 | 15 | 0 | 0 | 26 |
| Loan commitments - Retail | 64 | 8 | 0 | 0 | 72 |
| Loan commitments - Commercial | 86 | 12 | 0 | 0 | 98 |
| **TOTAL liabilities to off balance sheet items** | **161** | **35** | **0** | **0** | **196** |

### 8.19.5 Coverage of non-performing loans and receivables

| CZK m | 30 Sep 2021 | 31 Dec 2020 |
|---|---|---|
| Retail | 4,766 | 4,267 |
| Commercial | 1,295 | 1,148 |
| **Total NPL** | **6,061** | **5,415** |

| CZK m | 30 Sep 2021 | 31 Dec 2020 |
|---|---|---|
| Retail | 2,542 | 1,858 |
| Commercial | 800 | 683 |
| **Total allowances to NPL** | **3,342** | **2,541** |

| % | 30 Sep 2021 | 31 Dec 2020 |
|---|---|---|
| Retail | 86.6% | 94.8% |
| Commercial | 131.1% | 167.8% |
| **Total NPL coverage** | **96.1%** | **110.2%** |

| % | 30 Sep 2021 | 31 Dec 2020 |
|---|---|---|
| Retail | 2.7% | 2.7% |
| Commercial | 1.7% | 1.5% |
| **NPL Ratio** | **2.4%** | **2.3%** |

### 8.19.6 Net impairment of financial assets

| CZK m | Quarter ended | | Nine months ended | |
|---|---|---|---|---|
| | 30 Sep 2021 | 30 Sep 2020 | 30 Sep 2021 | 30 Sep 2020 |
| Additions and release of loan loss allowances | 274 | (564) | (488) | (3,008) |
| Additions and release of allowances/provisions to unused commitments | 38 | (41) | 63 | (98) |
| Use of loan loss allowances | 88 | 187 | 599 | 475 |
| Income from previously written-off receivables | 5 | 82 | 44 | 98 |
| Write offs of uncollectable receivables | (99) | (192) | (633) | (510) |
| Change in allowances to Investment securities | 0 | (1) | (2) | 1 |
| Change in allowances to operating receivables | 1 | (1) | (2) | (1) |
| Collection expense | (8) | (24) | (34) | (44) |
| **Net impairment of financial assets** | **299** | **(554)** | **(453)** | **(3,087)** |

### 8.19.7 Maximum credit risk exposures

| 30 Sep 2021<br>CZK m | Statement of financial position | Off-balance sheet | Total credit risk exposure | Available collateral* |
|---|---|---|---|---|
| **Cash and balances with the central bank** | **8,760** | **0** | **8,760** | **0** |
| **Derivative financial instruments** | **260** | **0** | **260** | **1,177** |
| **Investment securities measured at FVTPL** | **63** | **0** | **63** | **0** |
| Equity investments | 16 | 0 | 16 | 0 |
| Debt investments | 47 | **0** | 47 | **0** |
| **Investment securities measured at FVTOCI** | **1** | **0** | **1** | **0** |
| Equity investments | 1 | 0 | 1 | 0 |
| **Investment securities measured at amortized cost** | **50,430** | **0** | **50,430** | **0** |
| Treasury and corporate bonds | 50,430 | 0 | 50,430 | 0 |
| **Hedging derivatives with positive fair values** | **1,637** | **0** | **1,637** | **0** |
| Interest rate swaps | 1,637 | 0 | 1,637 | 0 |
| **Change in fair value of items hedged on portfolio basis** | **(907)** | **0** | **(907)** | **0** |
| **Loans and receivables to banks** | **13,181** | **0** | **13,181** | **11,057** |
| Current accounts at banks | 988 | 0 | 988 | 0 |
| Overnight deposits | 128 | 0 | 128 | 0 |
| Term deposits at banks payable within 3 months | 500 | 0 | 500 | 0 |
| Receivables arising from reverse repurchase agreements | 11,313 | 0 | 11,313 | 11,057** |
| Cash collaterals granted | 251 | 0 | 251 | 0 |
| Other | 1 | 0 | 1 | 0 |
| **Loans and receivables to customers** | **247,572** | **36,866** | **284,438** | **156,798** |
| Consumer authorized overdrafts and credit cards | 2,356 | 4,604 | 6,960 | 0 |
| Consumer loans | 47,181 | 1,010 | 48,191 | 1,380 |
| Mortgages | 119,021 | 14,407 | 133,428 | 117,107 |
| Commercial loans | 66,616 | 16,728 | 83,344 | 34,522 |
| Auto & Equipment Finance Lease | 1,274 | 0 | 1,274 | 1,046 |
| Commercial | 1,274 | 0 | 1,274 | 1,046 |
| Auto & Equipment Loans | 11,124 | 117 | 11,241 | 2,743 |
| Commercial | 8,775 | 117 | 8,892 | 2,743 |
| Retail | 2,349 | 0 | 2,349 | 0 |
| **Issued guarantees and credit limits on guarantees** | **0** | **1,704** | **1,704** | **297** |
| **Issued letter of credit** | **0** | **5** | **5** | **0** |
| **Remaining assets** | **6,530** | **0** | **6,530** | **0** |

* Available collateral represents realisable value of collateral relevant for each loan exposure. The realisable value of collateral is capped up to the Total exposure presented in the statement of financial position on a loan-by-loan basis for the purpose of the presentation in these breakdowns.
** Thereof securities obtained in repurchase agreements as collateral in the amount of CZK 192 million were transferred as collateral according to repurchase agreements as at 30 September 2021 (31 Dec 2020: CZK 488 million).

| 31 Dec 2020<br>CZK m | Statement of financial position | Off-balance sheet | Total credit risk exposure | Available collateral* |
|---|---|---|---|---|
| **Cash and balances with the central bank** | **7,782** | **0** | **7,782** | **0** |
| **Derivative financial instruments** | **218** | **0** | **218** | **7** |
| **Investment securities measured at FVTPL** | **45** | **0** | **45** | **0** |
| Debt investments | 45 | 0 | 45 | 0 |
| **Investment securities measured at FVTOCI** | **1** | **0** | **1** | **0** |
| Equity investments | 1 | 0 | 1 | 0 |
| **Investment securities measured at amortized cost** | **35,871** | **0** | **35,871** | **0** |
| Treasury and corporate bonds | 35,871 | 0 | 35,871 | 0 |
| **Hedging derivatives with positive fair values** | **472** | **0** | **472** | **0** |
| Interest rate swaps | 472 | 0 | 472 | 0 |
| **Change in fair value of items hedged on portfolio basis** | **560** | **0** | **560** | **0** |
| **Loans and receivables to banks** | **22,872** | **0** | **22,872** | **21,293** |
| Current accounts at banks | 465 | 0 | 465 | 0 |
| Receivables arising from reverse repurchase agreements | 21,552 | 0 | 21,552 | 21,293** |
| Cash collaterals granted | 854 | 0 | 854 | 0 |
| Other | 1 | 0 | 1 | 0 |
| **Loans and receivables to customers** | **226,072** | **30,410** | **256,482** | **129,009** |
| Consumer authorized overdrafts and credit cards | 2,664 | 4,666 | 7,330 | 0 |
| Consumer loans | 48,042 | 1,229 | 49,271 | 2,946 |
| Mortgages | 98,529 | 10,450 | 108,979 | 91,116 |
| Commercial loans | 63,643 | 14,015 | 77,658 | 30,321 |
| Auto & Equipment Finance Lease | 1,925 | 0 | 1,925 | 1,547 |
| Commercial | 1,925 | 0 | 1,925 | 1,547 |
| Auto & Equipment Loans | 11,269 | 50 | 11,319 | 3,079 |
| Commercial | 9,152 | 50 | 9,202 | 3,079 |
| Retail | 2,117 | 0 | 2,117 | 0 |
| **Issued guarantees and credit limits on guarantees** | **0** | **1,635** | **1,635** | **245** |
| **Issued letter of credit** | **0** | **7** | **7** | **3** |
| **Remaining assets** | **7,065** | **0** | **7,065** | **0** |

* Available collateral represents realisable value of collateral relevant for each loan exposure. The realisable value of collateral is capped up to the Total exposure presented in the statement of financial position on a loan-by-loan basis for the purpose of the presentation in these breakdowns.
** Thereof securities obtained in reverse repurchase agreements as collateral in the amount of CZK 488 million were transferred as collateral according to repurchase agreements as at 31 December 2020.

## 8.20 Fair values of financial assets and liabilities

The following table shows the carrying values and fair values of financial assets and liabilities that are not presented in the Group's statement of financial position at fair values:

| CZK m | 30 Sep 2021 | | 31 Dec 2020 | |
|---|---|---|---|---|
| | Carrying value | Fair value | Carrying value | Fair value |
| **FINANCIAL ASSETS** | | | | |
| Cash and balances with the central bank | 8,760 | 8,760 | 7,782 | 7,782 |
| Investment securities at amortised cost* | 50,430 | 48,481 | 35,871 | 35,866 |
| Loans and receivables to banks | 13,181 | 13,181 | 22,872 | 22,872 |
| Loans and receivables to customers | 247,572 | 248,709 | 226,072 | 229,924 |
| **FINANCIAL LIABILITIES** | | | | |
| Due to banks | 17,549 | 17,568 | 1,977 | 1,979 |
| Due to customers | 268,151 | 268,151 | 258,906 | 258,906 |
| Mortgage-backed bonds | 2,720 | 2,728 | 2,712 | 2,712 |
| Subordinated liabilities | 4,642 | 4,507 | 4,681 | 4,810 |

* Difference between fair value and carrying value is mainly driven by different market and effective interest rates of the government bonds.

The following table summarizes the hierarchy of fair values of financial assets and financial liabilities that are carried at fair value in the statement of financial position:

| CZK m | 30 Sep 2021 | | | 31 Dec 2020 | | |
|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| **FINANCIAL ASSETS** | | | | | | |
| Derivative financial instruments | 0 | 260 | 0 | 0 | 218 | 0 |
| Debt securities measured at FVTPL | 0 | 0 | 47 | 0 | 0 | 45 |
| Equity securities measured at FVTPL | 0 | 0 | 16 | 0 | 0 | 0 |
| Equity securities measured at FVTOCI | 0 | 0 | 1 | 0 | 0 | 1 |
| Hedging derivatives with positive fair values | 0 | 1,637 | 0 | 0 | 472 | 0 |
| Change in fair value of items hedged on portfolio basis | 0 | 0 | (907) | 0 | 0 | 560 |
| **FINANCIAL LIABILITIES** | | | | | | |
| Derivative financial instruments | 0 | 209 | 0 | 0 | 134 | 0 |
| Hedging derivatives with negative fair values | 0 | 363 | 0 | 0 | 1,343 | 0 |
| Change in fair value of items hedged on portfolio basis | 0 | 0 | (297) | 0 | 0 | 98 |

There were no transfers between level 1 and 2 during the period of the nine months ended 30 September 2021 and the year ended 31 December 2020.

The Group uses the following inputs and techniques to determine the fair value under level 1, 2 and level 3.

The level 1 is based on quoted prices for identical instruments in active markets.

The level 2 assets include mainly financial derivatives. For derivative exposures the fair value is estimated using the present value of the cash flows resulting from the transactions taking into account market inputs like FX spot and forwards rates, benchmark interest rates and swap rates.

The level 3 assets include equity instruments not traded on the market and Change in fair value of items hedged on portfolio basis where the fair value is calculated using the valuation techniques including expert appraisals.

Movement analysis of level 3 financial assets and liabilities:

| CZK m | As at 1 Jan 2021 | Sales | Additions | Total gains and losses in the period recognised in the profit or loss | Total gains and losses in the period recognised in OCI | As at 30 Sep 2021 |
|---|---|---|---|---|---|---|
| Investment securities at FVTOCI | 1 | 0 | 0 | 0 | 0 | 1 |
| Investment securities at FVTPL | 45 | 0 | 16 | 2 | 0 | 63 |
| **Total** | **46** | **0** | **16** | **2** | **0** | **64** |

| CZK m | As at 1 Jan 2020 | Sales | Additions | Total gains and losses in the period recognised in the profit or loss | Total gains and losses in the period recognised in OCI | As at 31 Dec 2020 |
|---|---|---|---|---|---|---|
| Investment securities at FVTOCI | 1 | 0 | 0 | 0 | 0 | 1 |
| Investment securities at FVTPL | 83 | (48) | 0 | 10 | 0 | 45 |
| **Total** | **84** | **(48)** | **0** | **10** | **0** | **46** |

## 8.21 Subsequent Events

The Group closely monitors actual development of COVID-19 pandemic and have endorsed all necessary steps related to current development and government measures.

# 9 Management Affidavit

To the best of our knowledge, we believe that this consolidated financial report gives a true and fair view of the Group's financial position, business activities and results for the nine months of 2021, as well as of the outlook for the development of the Group's financial situation, business activities and results.

Prague, 27 October 2021

Signed on behalf of the Management Board:

Tomáš Spurný
CEO and Chairman of the Management Board

Jan Friček
CFO and Member of the Management Board

# 10 Alternative Performance Measures

In this report, 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, core Cost of Risk, core customer deposits, core NPL coverage, Cost of Funds, Cost of Risk, cost to income ratio, dividend yield, excess capital, excess liquidity, LCR, legacy NPL, liquid assets, liquidity buffer, loan to deposit ratio, net interest margin, net non-interest income, new production / new volume, NPL / Non-performing loans, NPL ratio, online sales/origination/production/volume, operational risk, opportunistic repo operations, reported return on tangible equity, return on average assets, RWA, tangible equity, total NPL coverage, yield on net customer loans / loan portfolio yield. All alternative performance measures included in this document are calculated for the 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 for evaluation of 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.

# 11 Glossary

| | |
|---|---|
| **Annualised** | Adjusted so as to reflect the relevant rate on the full year basis |
| **ARAD** | 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. |
| **Average balance of due to banks and due to customers** | Two-point average of the beginning and ending balances of Due to banks and Due to customers for the period |
| **Average balance of net interest earning assets** | Two-point average of the beginning and ending balances of Net Interest Earning Assets for the period |
| **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 |
| **Bank** | MONETA Money Bank, a.s. |
| **Bps** | Basis points |
| **Building Savings Bank** | MONETA Stavební Spořitelna, a.s. |
| **Capital Adequacy Ratio or CAR or Total Capital Adequacy Ratio** | Regulatory capital expressed as a percentage of RWA |
| **CAGR** | Compound Annual Growth Rate |
| **CEO** | Chief Executive Officer |
| **CET1 Capital Ratio or CET1 ratio** | CET1 Capital as a percentage of RWA (calculated pursuant to CRR) |
| **CET1 of CET1 Capital** | Common equity tier 1 capital represents regulatory capital which mainly consists of capital instruments and other items provided in the Article 26 of CRR, such as 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 Bank itself (calculated pursuant to CRR). |
| **CNB** | Czech National Bank |
| **CoR or Cost of Risk (% Avg Net Customer Loans)** | Net impairment of loans and receivables for the period divided by average balance of net loans to customers.<br>MONETA uses the Cost of Risk measure because it describes the development of the credit risk in relative terms to its average loan portfolio balance. |
| **Core CoR or Core Cost of Risk (% Avg Net Customer Loans)** | Net impairment of financial assets for the period divided by average balance of net loans to customers excluding gain from monetisation of NPLs.<br>MONETA uses the Core Cost of Risk measure because the reported CoR is impacted by non-recurring gains from monetisation of NPLs. |
| **Core customer deposits** | Due to customers excluding repo operations and CSA.<br>MONETA uses this measure to show customer deposits without repo operations and CSA. |
| **Core NPL Coverage** | Ratio (expressed as a percentage) of Loss allowances for NPL to total NPL receivables.<br>MONETA uses the core NPL coverage measure because it shows the degree to which its Stage 3 loan portfolio is covered by loss allowances for losses created for the Stage 3 loans. |
| **Cost of Funds (% Avg Deposits)** | Interest expense and similar charges for the period (excl. deposit Interest Rate Swaps and Repo Interest Expenses) divided by average balance of due to banks, due to customers and issued bonds, excl. opportunistic repo operations and CSA.<br>MONETA uses the Cost of Funds measure because it represents a relative measure of MONETA's cost of funding to its overall funding base comprised primarily of customer deposits. |
| **Cost of Funds on Core Customer Deposits (% Avg Deposits)** | Interest expense and similar charges on customer deposits for the period divided by average balance customer deposits, excl. repo operations and CSA |
| **Cost to Income Ratio** | Ratio (expressed as a percentage) of total operating expenses for the period to total operating income for the period.<br>MONETA uses the cost to income ratio measure because it reflects the cost efficiency in relative terms to generated revenues. |

(All amounts in CZK millions unless otherwise stated)

| | |
|---|---|
| **Credit Valuation Adjustment or CVA** | The difference between the risk-free portfolio value and the fair value of the portfolio that takes into account the possibility of a counterparty's default (calculated in accordance with CRR). |
| **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. |
| **CSA** | Credit Support Annex, a legal document which regulates credit support (collateral) for derivative transactions. |
| **CTI** | Czech Trade Inspection Authority |
| **Customer deposits** | Due to customers |
| **CZK** | Czech Koruna |
| **Excess capital** | Capital exceeding the management target CAR capital ratio. |
| **FTE** | The average recalculated number of employees during the period is an average of the figures reported to Czech Statistical Authority (CSA) on a monthly basis in accordance with Article 15 of Czech Act No. 518/2004. The figures reported to CSA equal to quotient of the following nominator and the following denominator. The nominator is defined as all hours worked by all employees, their related leaves/holidays and their related sick days. The denominator represents a standard working hour per an employee and a month. |
| **FVTOCI** | Financial assets measured at Fair Value Through Other Comprehensive Income |
| **FVTPL** | Financial assets measured at Fair Value Through Profit or Loss |
| **GDP** | Gross Domestic Product |
| **Gross performing loans** | Performing Loans and Receivables to customers as determined in accordance with the Bank's loan receivables categorization rules (Standard, Watch) |
| **Group or MONETA** | Bank and its consolidated subsidiaries |
| **HTC** | Held to Collect |
| **HTCS** | Held to Collect and Sell |
| **IFRS** | International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board, the International Accounting Standards (IASs) adopted by the International Accounting Standards Board, the Standing Interpretation Committee abstracts (SICs) and the International Financial Reporting Interpretation Committee abstracts (IFRICs) as adopted or issued by the International Financial Reporting Interpretation Committee, in each case, as codified in the Commission Regulation (EC) No. 1126/2008 of 3 November 2008 adopting certain international accounting standards in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council, as amended, or otherwise endorsed for use in the European Union. |
| **Investment securities** | Equity and debt securities in the Group´s portfolio, consist of securities measured at amortised cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL) |
| **k** | thousands |
| **Liquid Assets** | Liquid assets comprise of cash and balances with central banks, investment securities and receivables to banks. |
| **Liquidity Coverage Ratio or 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 CRR and EU Regulation 2015/61 |
| **Loan to Deposit Ratio or L/D Ratio** | Loan to deposit ratio calculated as net loans and receivables to customers divided by customer deposits.<br>MONETA uses the loan to deposit ratio measure because this metric is used by the Management of MONETA to assess its liquidity level. |
| **m** | Millions |
| **MONETA Auto** | MONETA Auto, s.r.o. |
| **MONETA Leasing** | MONETA Leasing, s.r.o. |
| **Mortgage Bank** | Wüstenrot hypoteční banka a.s. |
| **Net Customer Loans** | Net loans and receivables to customers |
| **Net Income or Profit after Tax or Net profit** | Profit for the period after tax, on consolidated basis unless this report states otherwise. |
| **Net Interest Earning Assets** | Cash and balances with the central bank, investment securities loans and receivables to banks, loans and receivables to customers |
| **Net Non-Interest Income** | Total operating income less Net interest income for the period.<br>MONETA uses the net non-interest income measure because this is an important metric for assessing and control of the diversity of revenue streams. |

| | |
|---|---|
| **New Volume / New Production** | Aggregate of loan principal disbursed in the period for non-revolving loans |
| **NIM or Net Interest Margin (% Avg Int Earning Assets)** | Net interest income divided by Average balance of net interest earning assets.<br>MONETA uses the net interest margin measure because this metric represents the primary measure of profitability showing margin between interest earned on interest earning assets (mainly loans to customers) and paid on interest bearing liabilities (mainly customer deposits) in relative terms to the average balance of interest earning assets. |
| **No.** | Number |
| **NPL Coverage or Total NPL Coverage** | Ratio (expressed as a percentage) of Loss allowances for loans and advances to customers to NPL receivables.<br>MONETA uses the NPL coverage measure because it shows the degree to which its Stage 3 loan portfolio is covered by total loss allowances created for credit losses. |
| **NPL Ratio or Non-Performing Loans Ratio** | Ratio (expressed as a percentage) of total gross receivables categorized as non-performing to total gross receivables.<br>MONETA uses the NPL ratio measure because it's the key indicator of portfolio quality and allows comparison to the market and peers. |
| **NPL/Non-Performing Loans** | Non-performing loans as determined in accordance with the Bank´s loan receivables categorization rules (Substandard, Doubtful, Loss) and pursuant to CNB Decree 163/2014 Coll., Stage 3 according to IFRS 9. |
| **OCI** | Other Comprehensive Income |
| **Online / Fully online volume / sales / origination / production** | Online volume/sale represents volume from leads initiated through digital channels and disbursed either through digital channels or branches; fully online volume /sales = volume from leads both initiated and disbursed in digital channels; online initiated = volume from leads initiated in digital channels but disbursed at branch.<br>MONETA uses the online sales/origination/production/volume because it reflects the production of MONETA's digital/online distribution channels. |
| **Q** | Quarter |
| **Regulatory Capital** | CET1 (calculated pursuant to CRR) as MONETA, as at the date hereof, has not issued any Additional Tier 1 Capital or Tier 2 Capital instruments or items. |
| **Return on Equity or RoE** | Return on equity calculated as annualized profit after tax for the period divided by total equity |
| **Return on Tangible Equity or RoTE** | Consolidated profit after tax divided by tangible equity.<br>MONETA uses the RoTE measure because it is one of the key performance indicators used to assess MONETA's rentability of tangible capital. |
| **Risk Adjusted Operating Income** | Calculated as total operating income less Net impairment of financial assets |
| **Risk Adjusted Yield (% Avg Net Customer Loans)** | Interest and similar income from loans to customers less net impairment of financial assets divided by average balance of net loans to customers. |
| **Risk-Weighted Assets or RWA or risk exposure** | Risk weighted assets (calculated pursuant to CRR) |
| **RoAA or Return on Average Assets** | Return on average assets calculated as profit after tax for the year divided by Average balance of total assets. Average balance of total assets is calculated as two-point average from total assets as at the end of current year and prior year (31 December).<br>MONETA uses the RoAA measure because it is one of the key performance indicators used to assess MONETA's rentability of assets. |
| **RWA density** | Ratio of RWA to the Leverage Exposure (consisting of On&Off-balance sheet Gross Loans and receivables and counterparty credit risk) |
| **Small Business** | Entrepreneurs and small companies with an annual turnover of up to CZK 60 million |
| **Small business (new) production** | New Volume of unsecured instalment loans and receivables to customers |
| **SME** | An enterprise with an annual turnover above CZK 60 million |
| **Tangible Equity** | Calculated as total equity less intangible assets and goodwill |
| **Tier 1 Capital** | The aggregate of CET1 Capital and Additional Tier 1 capital |
| **Tier 1 Capital Ratio** | Tier 1 capital as a percentage of RWA |
| **Tier 2 Capital** | Regulatory capital which consists of capital instruments, subordinated loans and other items (including certain unsecured subordinated debt obligations with payment restrictions) provided in Article 62 of CRR. |

| | |
|---|---|
| **Trading book** | Trading book according to the 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 (article 4, para 86). |
| **Yield on net customer loans (% Avg Net Customer Loans)** | Interest and similar income from loans to customer divided by Average balance of net loans to customers.<br>MONETA uses the yield on net customer loans measure because it represents interest generated on the loan portfolio in relative terms to its average balance and is one of the key performance indicators of its lending activities. |