Mandatory Disclosure
PUBLIC DISCLOSURE OF INSIDE INFORMATION

MONETA Money Bank, a.s.

Consolidated interim financial report as of and for the nine months ended 30 September 2023

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”).

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 realised 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 16.1% (effective since 1 October 2023). 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.

Material assumptions for forward-looking statements

When preparing updated Guidance for 2023–2027[1] MONETA has made several economic, market, operational, regulatory and other assumptions of both quantitative and judgemental nature. These assumptions include the following:

- GDP growth in 2023 by 0.5% and then accelerate to growth of around 2.5%–3.0% annually.
- 1M PRIBOR assumed to decrease from 7.1% in 2023 to 2.9% in 2026 and 2027[2].
- Gross performing loan balance is expected to grow at 1.0% CAGR in the 5 years until 2027.
- Customer deposits balance is expected to grow at 7.8% CAGR in the 5 years until 2027.

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] Updated five-year guidance published on 27th July 2023.
[2] Internal forecast derived from macroeconomic forecast from CNB published on May 2023 https://www.cnb.cz/en/monetary-policy/monetary-policy-reports/Monetary-Policy-Report-Spring-2023/

2 Letter from the CEO

Dear Shareholders,

It is pleasing to report that MONETA had another very successful quarter. Let me summarise the key highlights of the period.

Concerning deposits and liquidity, we continued to attract new customer deposits to achieve total core customer deposits of CZK 393 billion by the end of the quarter. Retail deposit growth was 16.3 per cent in the year-to-date, and commercial deposits were up 21.9 per cent. The attractive interest rate proposition across our deposit product portfolio continues to attract both volumes and new clients. We maintained and further improved our excellent liquidity position, and our liquidity ratios are at their highest ever level.

Additionally, we successfully implemented a mortgage-backed securities programme, which enables us to obtain from the Czech National Bank (CNB) additional liquidity, if needed, in the amount of up to CZK 70 billion. A first tranche of these securities is held by the Bank in the amount of CZK 15 billion.

Our balance sheet increased to CZK 449 billion as a result of the successful marketing of our deposit products. The overall core customer deposit base increased by CZK 59 billion in the year-to-date, deriving marginal profitability against the current CNB key rate (repo) and supporting the overall stability of our operating income as well as reinforcing MONETA's liquidity.

I am also delighted to report that our third quarter financial performance delivered a solid net profit of CZK 1.5 billion, meeting our year-to-date targets. In fact, we generated a strong quarterly operating income of CZK 3.2 billion, up 5.2 per cent on the third quarter of previous year. This improvement was achieved due to strong fee and commission income, thanks to our successful distribution of third-party, commission-based products.

Cost of risk remained low at 9 bps thanks to the continuing good re-payment discipline of our clients across all segments. This was supported by the continued and successful disposals of non-performing loans (NPL). These disposals reduced our cost of risk by nearly CZK 300 million. The benign risk charge is accompanied by our ability to maintain a low ratio of non-performing loans and our strong loan loss provisioning.

As you are aware, MONETA is focused on cost management discipline. Our total operating costs are nearly identical compared to the previous year despite the strong inflationary headwinds and a near 35 per cent increase in our mandatory contributions to regulatory funds during the current year. In line with our cost optimisation strategy, I am pleased to report that we are in the process of reducing our overall headquarters office space by 25 per cent and have successfully executed a lease commitment with a triple A-rated corporate sub-tenant. This will bring considerable cost benefits during the coming year.

On the regulatory front, we will face headwinds that will impact our net interest earning capability during the fourth quarter and next year. The CNB decided to discontinue interest payments on mandatory minimum reserves. Typically, we hold a balance of CZK 7 billion of such reserves, and we currently estimate a negative impact of approximately CZK 120 million during the fourth quarter of the current year. Despite this, we will do our utmost to fulfil commitments made concerning key components of our net profit guidance.

On a more positive note, the regulator decided to lower the countercyclical capital buffer rate from 2.25 per cent to 2 per cent. This will decrease our regulatory capital requirement to 16.1 per cent (including the management capital buffer) effective from 1 October 2023. Regarding the capital requirement, I am very pleased to announce that the CNB decreased the Pillar II requirement for MONETA from 2.6 per cent to 2.3 per cent effective 1 January 2024. This positive decision comes as a result of the regular Supervisory Review and Evaluation Process conducted by the CNB. We believe it is a proof that the regulator sees MONETA as a well-capitalised and managed Bank. As a result, the overall capital requirement will decline to 15.8 per cent (including the management capital buffer) with effect from 1 January 2024.

Finally, on the regulatory front, I am pleased to report that we have successfully completed two regulatory inspections. The CNB inspected two aspects of our operations – operational risk management and our information technology management. The result of these inspections produced, in our view, a positive assessment of our processes, practices and overall management capabilities as well as corporate governance standards. We have received a list of findings that we will not contest or otherwise dispute, and will implement the recommendations of the regulator.

CURRENT ECONOMIC SITUATION

Our government has been preoccupied by the need to consolidate the public budget. As I write this, the government's consolidation measures were approved by the Chamber of Deputies and the related legislation is headed for the approval by the upper chamber of the Parliament and the president.

In parallel, the public deficit has improved and now stands at CZK 180.7 billion after three successive months of improvement, including the receipt of a CZK 54 billion dividend payment from the national energy producer. The state budget has also benefitted from higher corporate income tax receipts.

The CNB continues in its efforts to subdue inflation, which have been succeeding. The last reported annual inflation was 6.9 per cent in September, meaning that the rate fallen successively over the last 8 months. Despite this, the CNB expects 2023 full-year inflation of 11 per cent. The central bank expects that inflation should reach the target level of 2 per cent during the first half of 2024.

The Governor of the CNB has indicated that the key two-week repo rate will remain at its current 7 per cent until inflation is subdued, consolidation of the state budget is on the right path, and the targeted inflation rate is reachable and sustainable.

The Czech economy is likely to remain stagnant in 2023, suggest the latest key indicators. GDP declined by 0.6 per cent in the second quarter of 2023 and the CNB has forecast negligible growth of just 0.1 per cent for the full year. In its September statement, the CNB noted that "household consumption rose slightly in the second quarter following six quarters of decline but was 9 per cent below the pre-Covid level," and that "tight monetary policy, high energy and food prices, and negative sentiment," were the cause. Despite this relatively negative economic landscape, the labour market remains tight, with unemployment at 2.6 per cent, the lowest in the European union.

Given the recent set of geopolitical and regional events we sense risks to commodity prices, potential pressures on the value of the Czech crown, and continued erosion of domestic consumption. On balance we continue to take a cautionary posture in our commercial activities. We believe that there are risks of a return of inflationary pressures during the fourth quarter of this year.

3Q FINANCIAL PERFORMANCE

Our net profit in the year-to-date is CZK 4 billion, which exceeds our operating plan. If we look at our Return on Equity, we have so far generated 17.1 per cent and are on the way to successfully outperforming our market guidance. So far this year we have been able to achieve stability in both our operating income and our operating cost base. As already mentioned, we recorded a positive performance concerning our cost of risk. All in all, I am pleased to report a favourable net profit performance and I believe that we will be able to successfully close this year despite the negative headwinds already mentioned.

If we take a closer look at our operating income structure, our net interest income stands at CZK 6.4 billion, down 11.3 per cent year-on-year. The decline was caused by the increased cost of funding as a result of the current high market rates and our desire to continue growing our deposit base and overall client base.

Turning to our net fee and commission income of CZK 2 billion, we saw growth of 22.3 per cent, or CZK 357 million, year-on-year, which contributed greatly to our operating income stability. This growth was achieved through the re-negotiation of commission terms and related volume bonuses. In addition, the growth was supported through significant performance improvements in the number and volume of third-party products such as pension, life and payment protection insurance and also collective investment funds. With respect to fee expenses, we successfully decreased fees charged by card payment systems through securing bonuses and additional forms of support.

Our operating expenses remained stable at CZK 4.2 billion despite higher regulatory contributions, which increased due to the recent failure of a competitor and the robust growth of our insured deposit base. Our level of personnel expenses remains stable, with a slightly decreasing trend due to restructuring undertaken in the second half of 2022. Concurrently, our administrative expenses are under pressure because the majority of our suppliers require contractual and inflation-based adjustments.

Concerning our cost of risk, we incurred a net charge of CZK 172 million, or 9 bps. We continued to benefit from the consistently good repayment discipline of our clients. Furthermore, as already mentioned, we were able to conduct non-performing loan disposals to realise a total accounting gain of CZK 291 million, which supported the better-than-expected performance in this cost category. Repayment discipline combined with successful portfolio sales enabled us to maintain a low non-performing loan ratio of 1.3 per cent – the lowest level since our IPO in 2016.

And lastly, we have invested part of our free liquidity into government bonds which indirectly lower our effective tax rate. Our effective tax rate stands at 15.3 per cent and we believe that it will remain stable throughout the upcoming quarter. I would like to mention that our contributions to the state treasury concerning direct and indirect taxes continue to increase, by more than 60 per cent in 2022 and by nearly 40 per cent so far this year.

If we now look at key ratios, our capital adequacy ratio stands at 19.9 per cent and well exceeds regulatory requirements. Currently, our regulatory capital base stands at CZK 34 billion, and we have a significant amount of excess capital for future growth. It is further reinforced by the recent decision on part of the CNB to decrease the countercyclical buffer by 0.25 per cent and to decrease the Pillar II capital requirement for MONETA by 0.30 per cent. In addition, as of the third quarter end, we have accrued CZK 3.2 billion for future dividend distributions. Both, our capital position and profitability give credence to our long-term 80 per cent dividend pay-out capacity.

Aside from our solid capital position, we continue to have a robust and much improved liquidity position. Our high-quality liquid assets improved significantly and reached CZK 143 billion at the end of the quarter. Our liquidity coverage ratio has also significantly improved to reach 312 per cent. In September we received regulatory approval to issue up to CZK 90 billion in mortgage-backed securities. This programme is designed to provide an additional liquidity buffer in the amount of CZK 70 billion if required in the future. We have successfully conducted liquidity tests with the CNB to ensure preparedness for any potential stress to our deposit base and future liquidity.

Our client base continues to grow and has reached 1.6 million, up 2.8 per cent on the year-end. Year-on-year we attracted 154 000 new clients. So far this year MONETA has recorded a 14 per cent increase in the number of new clients opening a business account. Compared to previous years, the number of commercial clients under the age of 30 is also increasing, and they currently account for more than a quarter of our commercial clients.

3Q2023 BUSINESS PERFORMANCE

At the end of the third quarter our core customer deposits had grown to CZK 393 billion. Overall, our customer deposits grew by 17.6 per cent compared to the previous year-end. Retail deposits grew by 16.3 per cent and commercial balances by 21.9 per cent. In both segments, growth has been concentrated in attractive savings products. Specifically, savings accounts and term deposits rose by 31.5 per cent. And as our clients continue to seek interest rate bearing products, current accounts remained broadly stable.

Our gross performing loan portfolio remains stable, in line with our current strategy previously communicated through our market guidance. The retail loan portfolio contracted by 2.7 per cent due to our targeted trimming of the mortgage book and more cautious approach to unsecured retail lending. The commercial loan book grew by 6.1 per cent, largely driven through the successful distribution of small business-related lending products. We have also acquired new opportunities to support our clients through working capital financing and have completed the financing of certain investments projects. In this respect, we have effectively discontinued the new financing of

commercial real estate projects and are focusing on supporting our traditional long-term clients.
Regarding innovations, we are successfully developing dealer-based financing of agricultural equipment such as harvesters and tractors. This financing provides flexible repayment schedules, includes the ability to incorporate interest rate subsidies, and most importantly enables equipment to be procured through the sellers of such equipment. The platform enabling these transactions is fully digital and easy to use by the staff of various equipment vendors.

Retail business performance

The overall gross performing retail loan book stands at CZK 182 billion, constituting a reduction of 2.7 per cent compared to the year-end. With respect to mortgages, the overall book decreased by 2.8 per cent to CZK 129 billion. New volumes declined by 70.1 per cent year-on-year, in line with market trends and reflecting higher requirements for approvals. Likewise, our consumer lending generates lower new volumes due to decreased demand, higher underwriting requirements, and the higher level of interest rates. New volumes of consumer lending contracted to CZK 10.8 billion. Our retail unsecured loan balance stands at CZK 52 billion, which comprises instalment loans, auto loans, revolving loans and bridging loans.

We continue to develop our distribution of collective investment products. So far this year, our clients successfully executed CZK 7.9 billion of new investments into third-party funds. The level of new investments increased by 7.6 per cent during the year. The overall portfolio of invested funds into such third-party products reached CZK 33.3 billion, an increase of 18.6 per cent compared to the year-end.

Additionally, MONETA successfully distributed almost 28,000 pension fund insurance contracts and 9,000 life insurance policies. We continue to protect our borrowers and account holders with payment protection products and identity-theft insurance coverage. We placed over 31,000 identity-theft insurance units, approximately the same level as in the previous year.

Our branch network has 140 outlets and 28 independently managed distribution offices. We are planning to close seven branches and are reviewing our strategy concerning the independently managed offices. We manage 566 of our own ATMs, and this year we have relocated 35 ATMs to optimise our network in light of our shared network agreement with three competitors.

It is notable that our key weekly branch performance indicators remain stable: branch visits are around 20,000, with loan applications around 2,500. There is a declining trend in cash withdrawals and deposits. Gradually, we see the growing importance of our digital platform taking an ever higher portion of our distribution.

Commercial business performance

The overall gross performing commercial loan book stands at CZK 89 billion, an increase of 6.1 per cent compared to the year-end.

Our portfolio of investment loans was stable at CZK 46 billion, however we recorded a decrease in new volumes, down by 30.1 per cent compared to last year. Working capital lending was CZK 19 billion, a 33.8 per cent increase. Our small business portfolio increased by 7.2 percent from CZK 12.4 billion to CZK 13.3 billion, with new volumes down by 25.1 per cent. Auto lending was up by 7.1 per cent at CZK 7.4 billion.

Overall, as evidenced by our volumes, we see a notable slowdown in demand to finance investments due to the current economic conditions. On the other hand, we see that SMEs and our larger commercial clients required higher levels of working capital due to inflationary adjustments. In our small business franchise, we experienced solid demand continuing into the third quarter. However, the current demand is somewhat below our business plan expectations. Overall, we end the quarter with a lending opportunities pipeline that is broadly stable with relative to previous quarters.

Our staffing of front office positions servicing both SME and small business clients decreased by approximately 10 per cent against the end of 2022. Nonetheless, we accomplished stability in overall balances.

DIGITAL PLATFORM

The number of our digital users continues to grow. The award-winning Smart Banka application was serving more than 1 million clients as of 30 September 2023, an increase of 23.8 per cent compared to the year-end. Smart Banka receives one of the highest ratings, 4.8, for banking apps from AppStore and Google Play.

We also continued to innovate payments. Our offering was expanded by including the SwatchPAY! payment service alongside Apple Pay, Google Pay, Fitbit and Garmin Pay. SwatchPAY! enables contactless payment via Swatch wristwatches. We are the second bank in the Czech market providing this payment capability.

Concerning digital platform security, we are moving away from SMS confirmation codes sent to clients to verify their digital transactions. This is based on our experience over the last 12 months, where 95 per cent of all cyber-attacks involved stolen SMS confirmation codes. Hence, we have been implementing a robust communication strategy concerning cyber security and have elected to implement fees for SMS based authorisations to motivate our clients to utilise the safer “push button” authorisation generated through our application.

Regarding digital security, approximately 5 per cent of our clients prefer simple devices and refuse to migrate onto sophisticated smart phones. For a temporary period, we have implemented a policy of exceptions to accommodate older clients. However, we will pursue the course of innovations to further solidify the strength of our platforms and ensure best-in-class client protection.

Our digital channels play increasing role in both client service and the distribution of our product offering. Our mobile banking application offers 27 products and constantly increasing functionalities to manage and service products. The online channels originated 48 per cent of consumer lending and 32 per cent of small business volumes. Digital channels also play a significant role in the distribution of deposit and transactional products. Specifically, the share of on-line openings of retail current account, and retail savings products is 43 per cent and 58 per cent, respectively.

CAPITAL POSITION

MONETA continues to report a strong capital position. Our regulatory capital stands at CZK 34 billion, and we currently have CZK 4 billion of excess capital above the Tier 1 requirement. Our capital adequacy ratio is 19.9 per cent, with a Tier 1 ratio of 15.5 per cent. The Capital requirement stands at 15.1 per cent, or 16.1 per cent including the management buffer and the decrease in the countercyclical buffer to 2 per cent effective from 1 October 2023.

Our total requirement for capital and eligible liabilities (MREL) stands at 19.6 per cent, or 20.6 per cent including the management buffer, and our MREL ratio stood at 23.8 per cent as of 30 September 2023.

As already mentioned above, I am also pleased to inform that the Czech National Bank updated our capital requirement for 2024 following its Supervisory Review and Evaluation Process (SREP). Based on the SREP, the CNB reduced our capital requirement by 30 bps. As a result, our total capital management target on consolidated level will therefore decline from 16.1 to 15.8 per cent effective from 1 January 2024.

AWARDS

I am proud to report that, once again, MONETA was widely recognised at the prestigious *Zlatá koruna* (Golden Crown) annual banking awards. Our bank took 12 awards, equalling its record haul from last year. Our Smart Banka mobile banking app won most popular banking product of the year – for the third year in a row – in the Public Choice Award. MONETA also won Gold Crowns in the Entrepreneurs' Choice Award and Newcomer of the Year categories, and also took gold for its Savings Account and MONETA Stavební Spořitelna building savings product.

Silver Crowns were awarded in the Business Accounts category to our Konto PRO podnikání, and in the Business Loans category for our product responding to the current energy crisis, the so-called green loan for small business. Bronze Crowns were awarded for our Savings Account for Sole Traders and Small Business, our Loan for Women Entrepreneurs, and the Tom Plus current account.

The *Zlatá koruna* is a respected benchmark for financial products on the Czech market. Products and services are evaluated by a commission of independent economic experts and academics from the Financial Academy which has around 350 members. Besides that, the Public Choice Award is decided by members of the general public, 30,000 of whom participated in this year's vote. This mix of professional and client evaluation is what makes the awards so unique, and so meaningful to our industry.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

I often use my quarterly letters to provide you with updates on how we, as a bank, strive to make our business and its operations more sustainable. I would like to take this opportunity to share some examples of how our commitment to sustainability feeds into our products.

For example, MONETA is doing its bit to nudge motorists towards electric cars by expanding its offer of ‘green loans’ to clients wishing to purchase new or used electric and hybrid cars. These loans carry a favourable interest rate. In the same spirit and over the past

13 years, MONETA has provided a total of CZK 7 billion to farmers for the construction of biogas plants. In the forthcoming quarters we will seek to reinforce our product portfolio to further expand support of sustainable and transition related investments.

On the social responsibility front, we continue in our support of civic and non-government organisations through grant programme. The second round of this programme was initiated in September and should be closed during the closing quarter of this year. The programme aims to support socially vulnerable children, the elderly, and environmental protection projects. The grants are managed and administered by our MONETA Clementia Foundation and form one of three basic pillars of our social endeavours.

ACCOLADE TO MY COLLEAGUES

At the end of my letter, I would like to sincerely thank all my colleagues across the Bank and our subsidiaries. During this difficult year, their efforts and endurance have delivered a good commercial performance, a number of successfully completed projects, and solid financial results.

The last twelve months also brought some strain upon all of us as we successfully restructured the cost base of MONETA, which necessitated a reduction in our level of employment and in the scope of our distribution network. Nonetheless, we also took significant strides in substantially growing and transforming the size of our Bank while maintaining a respectable and solid performance. I congratulate all of you on these achievements.

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 2023	Year ended 31 Dec 2022	Change
Profitability			
NIM (% Avg. Int Earning Assets)[3,4,5]	2.1%	2.6%	(50)bps
Yield (% Avg. Net Customer Loans)	4.6%	4.2%	40bps
Cost of Funds (% Avg. Deposits and Received Loans)[6]	3.18%	1.66%	152bps
Cost of Funds on Core Customer Deposits (% Avg. Deposits)	3.15%	1.62%	153bps
Cost of Risk (% Avg. Net Customer Loans)	0.09%	0.03%	6bps
Risk-adj. Yield (% Avg. Net Customer Loans)	4.5%	4.2%	30bps
Net Fee & Commission Income / Operating Income (%)	21.7%	19.0%	270bps
Net Non-Interest Income / Operating Income (%)	29.3%	23.2%	610bps
RoTE	19.1%	18.7%	40bps
RoE	17.1%	16.7%	40bps
RoAA[4]	1.3%	1.4%	(10)bps
Liquidity / Leverage			
Core Loan to Deposit Ratio	68.5%	80.5%	(1,200)bps
Net Loan to Deposit Ratio[4]	68.4%	80.4%	(1,200)bps
Total Equity / Total Assets	6.9%	8.0%	(110)bps
Liquid Assets[3,4] / Total Assets	41.3%	27.9%	1,340bps
LCR	312.1%	213.7%	9,840bps
Equity			
Total Equity (CZK m)	30,975	31,091	(0.4)%
Tangible Equity (CZK m)	27,723	27,712	(0.0)%
Capital Adequacy			
RWA Density	37.6%	43.4%	(580)bps
Regulatory Leverage	5.8%	6.7%	(90)bps
CAR Ratio (%)	19.9%	18.0%	190bps
Tier 1 Ratio (%)	15.5%	15.3%	20bps
Asset Quality			
Non-Performing Loan Ratio (%)	1.3%	1.4%	(10)bps
NPL Ratio Retail (%)	1.5%	1.5%	-
NPL Ratio Commercial (%)	0.9%	1.1%	(20)bps
Core Non-Performing Loan Coverage (%)	48.2%	53.4%	(520)bps
Core NPL Coverage Retail (%)	46.2%	51.4%	(520)bps
Core NPL Coverage Commercial (%)	54.9%	59.5%	(460)bps
Total NPL Coverage (%)	130.8%	134.8%	(400)bps
Efficiency			
Cost to Income Ratio	46.3%	46.2%	10bps
FTEs (at the end of the period)[7]	2,533	2,699	(166)
Branches	140	153	(13)
Tied agents offices	28	31	(3)
ATMs[8]	2,009	1,413	596

All ratios are annualised.

[3] Interest earning assets include encumbered assets.
[4] Including opportunistic repo operations.
[5] Hedging derivatives are excluded from calculation of interest earning assets.
[6] Deposits include issued bonds and exclude opportunistic repo transactions and CSA.
[7] Members of the Supervisory Board and the Audit Committee are excluded.
[8] ATM network including 817 KB ATMs, 368 Air Bank ATMs and 258 UniCredit Bank ATMs as of 30 September 2023.

4 Macroeconomic Environment

In the third quarter of 2023, the Czech economy was still negatively influenced by economic turbulences on the international markets. A period of high inflation and high interest rates resulted in a shallow economic recession in the second half of 2022, characterised by a decline in retail sales, which turned into an economic stagnation in the first half of 2023. Although the situation is slowly improving, a visible economic recovery is likely to be seen only towards the year end.

In the second quarter of 2023, the gross domestic product of the Czech economy was flat quarter to quarter, while compared to the same quarter of the last year, it fell by 0.6%[9]. The economy was supported mainly by foreign demand and government expenditures. Household spending continues in a decline, although the rate of decline is decelerating.

According to sectoral indicators, the economic situation remained challenging also in the third quarter of the year. Retail sales continued to decline year-on-year, falling by 2.8%[10] in August. This was influenced by weak economic confidence and decreasing real wages. On top of the difficulties on the consumer side, industry turned its year-on-year growth into a decline, with production down by 1.7%[11] year-on-year in August. Despite many industrial sectors shrinking, car production still maintained an upward trend and prevented the whole economy falling into a recession again.

Year-on-year consumer price growth reached 6.9%[12] in September, with housing and food prices remaining the main inflation drivers. However, their inflationary pressure disappears as prices of these items stopped growing or even started decreasing. It is expected that, given the introduction of caps on energy prices in Q4 2022, inflation will jump up again, solely caused by the effect of the comparison basis. With no significant further acceleration in consumer prices, interest rates have remained stable throughout the third quarter, with the Czech National Bank's main monetary policy rate at unchanged 7%[13].

The economic difficulties of recent quarters have not had a significant impact on the labour market yet. The unemployment rate, as measured by the ILO methodology, reached 2.6%[14] in August and was only by 20bps higher than in August 2022. On the other hand, the average nominal gross wages grew only by 7.7%[15] year-on-year in the second quarter, significantly lagging far behind inflation. Thus, real wages remained falling by 3.1% year-on-year.

The Czech economy continues stagnating. The recovery of domestic economy should occur towards the end of the year and, if no further escalation of economic problems occurs, a healthy economic growth of 2.3% should occur in 2024, according to the latest macroeconomic forecast of the Czech National Bank.[16]

The banking sector's total operating income increased by 4% year-on-year in the first half of 2023[17]. Net interest income declined by 4% year-on-year[17], while Net non-interest income increased (+25% year-on-year)[17]. The Czech banking sector's net profit grew by 2% year-on-year to CZK 55.7 billion[17]. Operating expenses progressed by 5% year-on-year, same as cost of risk (+291% year-on-year)[17]. The annualised return on equity measured by net profit to Tier 1 capital declined to 17.4% in the second quarter of 2023[17] compared to the same period of the previous year.

Market net loans continued in growth by 6% year-on-year in the second quarter of 2023[17], same as Total assets (+4% year-on-year)[17]. Total assets to Tier 1 ratio progressed to 15.6%[17]. NPL balances declined by 9% year-on-year[17]. Core coverage slightly decreased to 50.1%[17] level. Tier 1 capital increased by 8% year-on-year to CZK 640.9 billion[17] in the second quarter of 2023.

[9] Source: Czech Statistical Office, Quarterly Sector Accounts – 2nd quarter of 2023.
[10] Source: Czech Statistical Office, Retail trade – August 2023.
[11] Source: Czech Statistical Office, Industry – August 2023.
[12] Source: Czech Statistical Office, Consumer price indices – inflation – September 2023.
[13] Source: Czech National Bank, CNB Board Decision 27 September 2023.
[14] Source: Czech Statistical Office, Rates of employment, unemployment and economic activity – August 2023.
[15] Source: Czech Statistical Office, Average wages – 2nd quarter of 2023.
[16] Source: Czech National Bank, CNB forecast – Summer 2023, published on 3 August 2023.
[17] Source: Czech National Bank, ARAD quarterly mandatory disclosures, banking sector including building societies.

5 Group Performance

5.1 Business Performance

The Group generated consolidated Net profit of CZK 3,972 million in the three quarters of 2023.

The gross performing loan balance remained stable at CZK 270.1 m as of 30 September 2023, compared to 31 December 2022.

The retail gross performing loan balance decreased by 2.7% when compared to 31 December 2022, standing at CZK 181.6 billion as of 30 September 2023. Majority of this decline was driven by drop of mortgages, declining by CZK 3.7 billion to CZK 129.2 billion, due to 70.1% decline in new mortgage production during the nine months ended 30 September 2023. The gross performing consumer lending balance stood at CZK 47.4 billion and decreased by 2.5% when compared to 31 December 2022. MONETA Auto retail loans recorded a slight balance decline of 1.5% since 31 December 2022 and outstanding credit card and overdraft balances declined by 3.4% in the same period amid continuing trend of switching to instalment lending.

The commercial gross performing loan balance stood at CZK 88.5 billion as of 30 September 2023, a 6.1% increase compared to 31 December 2022 balance. Small business lending balances increased by 7.2% year-to-date to CZK 13.3 billion as of 30 September 2023. The investment loan balance remained stable with balance at CZK 46.2 billion as of 30 September 2023. Working capital balance increased by 33.8% to CZK 19 billion as of 30 September 2023. The combined balance of MONETA Auto commercial portfolio and MONETA Leasing fell to CZK 9.9 billion, down 5.9% compared to 31 December 2022.

The Group's core customer deposits increased in both retail and commercial segments, totaling CZK 392.6 billion as of 30 September 2023, increasing 17.6% from CZK 333.8 billion as of 31 December 2022. The Cost of Funds on core customer deposits amounted to 3.15% and the Group's overall Cost of Funds amounted to 3.18% for the nine months ended 30 September 2023. The Core Loan to Deposit Ratio stood at 68.5%. The Due to banks balance stood at CZK 7.4 billion as of 30 September 2023, a CZK 1.4 billion increase when compared to 31 December 2022.

The Group maintained a highly liquid position, with Liquidity coverage ratio at 312.1% at the Group level, well above the regulatory requirement.

5.2 Financial Performance

Operating income in the three quarters of 2023 amounted to CZK 9.1 billion, down 0.7% year-on-year, primarily due to Net Interest Income decline.

Net interest income amounted to CZK 6.4 billion for the nine months ended 30 September 2023, a 11.3% decrease year-on-year. The yield on loan portfolio increased to 4.6% for the nine months of 2023, compared to 4.1% in the same period of 2022. The Group's Net interest margin fell to 2.1% in the nine months ended 30 September 2023, compared to 2.8% in the first nine months of 2022.

Net fee and commission income for the nine months ended 30 September 2023 increased by 22.3% year-on-year to CZK 2 billion, driven by successful distribution of third-party products and transaction fees increase. Net income from financial operations amounted to CZK 649 million in the first nine months of 2023, compared to CZK 223 million in the same period of 2022. This year-on-year increase of CZK 426 million was mainly driven by FX conversions and absence of negative revaluation of FX swaps reported in 2022.

Operating expenses for the nine months of 2023 amounted to CZK 4,193 million, a 1% increase, compared to the same period of 2022, driven by higher regulatory charges, administrative and other operating expenses, partially offset by lower personnel expenses. The Group incurred CZK 1,766 million of personnel expenses, representing a 4.7% year-on-year decline. Administrative expenses increased by 4.8% year-on-year and reached CZK 1,147 million. Depreciation and Amortization expenses increased by 0.5% and stood at CZK 939 million. Regulatory charges reached CZK 307 million, growing 34.1% year-on-year due to deposit base increase and higher contribution to the Deposit Insurance Fund.

Net impairment of financial assets amounted to CZK 172 million for the nine months ended 30 September 2023, compared to provision release of CZK 126 million in the same period last year. Cost of risk were positively impacted by solid core portfolio performance as well as by successful NPL disposals.

In relative terms, the Cost of Risk amounted to 9bps for the nine months ended 30 September 2023, compared to 6bps provision release for the nine months of 2022.

Group NPL Ratio decreased to 1.3% as of 30 September 2023 from 1.4% as of 31 December 2022. Total NPL Coverage stood at 130.8% as of 30 September 2023, compared to 134.8% at 31 December 2022.

As a result, the consolidated Net profit for the nine months of 2023 reached CZK 3,972 million, a 3.7% decrease year-on-year. Annualised RoTE for the nine months ended 30 September 2023 decreased to 19.1%, from 20.6% for the nine months ended 30 September 2022.

The capital position was further supported by issuance of CZK 2.9 billion of subordinated deposit in the second quarter of 2023 and the Capital Adequacy Ratio reached 19.9% as of 30 September 2023, compared to 18% as of 31 December 2022.

5.3 Outlook for 2023 and Risks

According to the latest Czech National Bank macroeconomic forecast, announced on 3 August 2023, the Czech economy is expected to grow only marginally in 2023. Towards the year end, however, a recovery should take place, supported by slowing inflation and restoration of consumer confidence and spending. The full-year GDP growth in 2023 is forecasted to be only 0.1% and the economy will return to a decent growth of 2.3% in 2024.[18]

The CNB's forecast assumes that inflation will reach 11% on average in 2023 and will continue to fall gradually to levels around the central bank's inflation target of 2.1% on average in 2024. This corresponds with the two-week repo rate at levels around 7% at least during Q3 2023 and decreasing slowly to 4% in the last quarter of 2024.

The economic outlook for the Czech Republic's near future is improving. The inflationary factors that were observed still on the first half of the year have disappeared and the current inflation seems to be fed mainly by momentum. The economic recovery that is expected to take place towards the end of the year will return the economy to a normal growth rate. The main problem for the domestic economy slowly becomes the rapidly growing public debt, which could have the potential to undermine future economic performance. Therefore, the government suggested a set of fiscal restriction measures to limit the public debt increase. These will, however, cut off a bit from the economic growth of years to come.

In terms of the 2023 full-year outlook for financial results, the management aims to deliver net profit of CZK 5 billion, i.e., CZK 300 million above the guidance published on 27 July 2023:

- Operating income to reach CZK 12 billion, in line with previously communicated guidance, of which CZK 9.1 billion was delivered in the first three quarters of the year (i.e. 76% of the full-year outlook).
- Operating expenses to remain at or below CZK 5.7 billion, in line with previously communicated guidance, of which CZK 4.2 billion was incurred in the first three quarter of the year (i.e. 74% of the full-year outlook).
- Cost of risk are projected at a lower end of the previously guided range of 15-35bps. In the first three quarters of the year, the Cost of Risk amounted to 9bps.
- Effective tax rate for the full year expected slightly below previously guided 16%.
- Net profit for the nine months of 2023 in the amount of CZK 4 billion, on track to reach CZK 5 billion for the full year.

[18] Source: Czech National Bank, CNB forecast – Summer 2023, published on 3 August 2023.

(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 of 30 September 2023: 140 and 31 December 2022: 153.

Number of offices of tied agents as of 30 September 2023: 28 (31 as of 31 December 2022).

Number of ATMs as of 30 September 2023[19]: 2,009 and 31 December 2022: 1,413.

Number of employees (FTEs) as of 30 September 2023 was 2,533 (decrease of 166 compared to the year-end 2022).

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 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 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).

[19] ATM network including 817 KB ATMs, 368 Air Bank ATMs and 258 UniCredit Bank ATMs as of 30 September 2023.

(All amounts in CZK millions unless otherwise stated)

Bank's Supervisory Board

The Bank's Supervisory board held 4 meetings in the first nine months of 2023.

Name	Position	Member position held from	Member position held to
Gabriel Eichler	Chairman of the Supervisory Board*	26 October 2017	20 December 2025
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
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
Kateřina Jirásková***	Member of the Supervisory Board	25 April 2023	25 April 2027

* 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.

*** Ms. Kateřina Jirásková was elected by the General Meeting as the member of the Supervisory Board on 25 April 2023. Ms. Jirásková replaced Mr. Tomáš Pardubický, whose function term ended on 24 April 2023.

Bank's Management Board

The Bank's Management Board held 35 meetings in the first nine months of 2023.

Name	Position	Member position held from	Member position held to
Tomáš Spurný	Chairman of the Management Board	1 October 2015	3 October 2027
Carl Normann Vökt	Vice-chairman of the Management Board*	25 January 2013	27 January 2025
Jan Novotný	Member of the Management Board	16 December 2013	18 December 2025
Jan Friček	Member of the Management Board	1 March 2019	2 March 2027
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.

7 Consolidated Interim Financial Statements for the Three and Nine-month Period Ended 30 September 2023 (Unaudited)

7.1 Consolidated Interim Statements of Profit or Loss and Other Comprehensive Income for the Three and Nine-month Period Ended 30 September 2023 (Unaudited)

CZK m	Note	Quarter ended		Nine months ended	
		30 Sep 2023	30 Sep 2022	30 Sep 2023	30 Sep 2022
Interest and similar income		5,769	4,002	15,998	11,057
Interest expense and similar charges		(3,571)	(1,675)	(9,602)	(3,849)
Net interest income	**8.7**	**2,198**	**2,327**	**6,396**	**7,208**
Fee and commission income		836	675	2,395	1,979
Fee and commission expense		(154)	(132)	(434)	(375)
Net fee and commission income	**8.8**	**682**	**543**	**1,961**	**1,604**
Dividend income		1	1	2	3
Net income from financial operations		278	139	649	223
Other operating income		21	12	44	74
Total operating income		**3,180**	**3,022**	**9,052**	**9,112**
Personnel expenses		(593)	(657)	(1,766)	(1,854)
Administrative expenses		(367)	(378)	(1,147)	(1,094)
Depreciation and amortisation		(304)	(311)	(939)	(934)
Regulatory charges		-	-	(307)	(229)
Other operating expenses		(12)	(10)	(34)	(40)
Total operating expenses	**8.9**	**(1,276)**	**(1,356)**	**(4,193)**	**(4,151)**
Profit for the period before tax and net impairment of financial assets		**1,904**	**1,666**	**4,859**	**4,961**
Net impairment of financial assets	8.19.6	(142)	(124)	(172)	126
Profit for the period before tax		**1,762**	**1,542**	**4,687**	**5,087**
Taxes on income		(268)	(291)	(715)	(964)
Profit for the period after tax		**1,494**	**1,251**	**3,972**	**4,123**
Other comprehensive income, net of tax		**-**	**-**	**-**	**-**
Total comprehensive income attributable to the equity holders		**1,494**	**1,251**	**3,972**	**4,123**
Profit for the period after tax attributable to the equity holders		**1,494**	**1,251**	**3,972**	**4,123**
Weighted average of ordinary shares (millions of shares)		511	511	511	511
Basic and Diluted earnings per share (in CZK)		2.9	2.4	7.8	8.1

7.2 Consolidated Interim Statement of Financial Position as of 30 September 2023 (Unaudited)

CZK m	Note	30 Sep 2023	31 Dec 2022
Assets			
Cash and balances with the central bank		13,365	12,467
Derivative financial instruments with positive fair value	8.20	690	761
Investment securities	8.10, 8.20	88,056	57,951
Hedging derivatives with positive fair values		3,991	4,942
Change in fair value of items hedged on portfolio basis		(989)	(2,090)
Loans and receivables to banks	8.11	68,120	37,886
Loans and receivables to customers	8.12	268,987	268,752
Intangible assets		3,252	3,379
Property and equipment		2,443	2,318
Investments in associates		2	3
Current tax assets		33	6
Other assets		1,113	1,135
TOTAL ASSETS		**449,063**	**387,510**
Liabilities			
Derivative financial instruments with negative fair value	8.20	674	747
Due to banks	8.13	7,379	5,953
Due to customers	8.13	393,012	334,251
Hedging derivatives with negative fair values		1,502	845
Change in fair value of items hedged on portfolio basis		(113)	(438)
Issued bonds	8.14	3,740	5,520
Subordinated liabilities	8.15	7,561	4,687
Provisions		308	306
Current tax liability		146	482
Deferred tax liability		418	496
Other liabilities		3,461	3,570
Total liabilities		**418,088**	**356,419**
Equity			
Share capital		10,220	10,220
Statutory reserve		102	102
Other reserves		1	1
Retained earnings		20,652	20,768
Total equity		**30,975**	**31,091**
TOTAL LIABILITIES AND EQUITY		**449,063**	**387,510**

7.3 Consolidated Interim Statement of Changes in Equity for the Nine months Ended 30 September 2023 (Unaudited)

CZK m	Share capital	Statutory reserve	Reserve from revaluation of FVTOCI	Retained earnings	Total
Balance as reported 1 Jan 2023	**10,220**	**102**	**1**	**20,768**	**31,091**
Transactions with owners of the company					
Dividends	-	-	-	(4,088)	(4,088)
Total comprehensive income					
Profit for the period after tax	-	-	-	3,972	3,972
Other comprehensive income after tax					
Change in fair value of FVTOCI investment securities	-	-	-	-	-
Deferred tax	-	-	-	-	-
Balance 30 Sep 2023	**10,220**	**102**	**1**	**20,652**	**30,975**

Balance as reported 1 Jan 2022	**10,220**	**102**	**1**	**19,158**	**29,481**
Transactions with owners of the company					
Dividends	-	-	-	(3,577)	(3,577)
Total comprehensive income					
Profit for the period after tax	-	-	-	4,123	4,123
Other comprehensive income after tax					
Change in fair value of FVTOCI investment securities	-	-	-	-	-
Deferred tax	-	-	-	-	-
Balance 30 Sep 2022	**10,220**	**102**	**1**	**19,704**	**30,027**

7.4 Consolidated Interim Statement of Cash Flows for the Nine months Ended 30 September 2023 (Unaudited)

CZK m	Nine months ended	
	30 Sep 2023	30 Sep 2022
Cash flows from operating activities		
Profit after tax	**3,972**	**4,123**
Adjustments for:		
Depreciation and amortisation	939	934
Net impairment of financial assets (excl. cash collection and recovery)	193	(123)
Net gain on revaluation of investment securities	(4)	2
Accrued coupon, amortisation of discount/premium of investment securities	(204)	(263)
Net interest income from derivatives	764	(92)
Net gain/ loss from revaluation of hedging derivatives	828	(1,699)
Net gain/ loss from revaluation of hedged items on portfolio basis	(894)	1,590
Net gain/loss from unrealised FX	(2)	(145)
Change in provisions not recognised in depreciation and amortisation	4	36
Net gain/loss on sale of investment securities	(26)	-
Net loss on sale and other disposal or impairment of tangible and intangible assets	2	-
Dividend income	(2)	(3)
Tax expense	715	964
	6,285	**5,324**
Changes in:		
Loans and receivables to customers and banks	(828)	(11,455)
Other assets	22	44
Due to banks	1,426	(6,011)
Due to customers	58,761	35,465
Other liabilities and provisions	(302)	(1,345)
	65,364	**22,022**
Income taxes paid	(1,157)	(482)
Net cash used in operating activities	**64,207**	**21,540**
Cash flows from investing activities		
Acquisition of investment securities	(31,492)	(5,510)
Proceeds from investment securities	1,817	-
Acquisition of property and equipment and intangible assets	(938)	(731)
Proceeds from the sale of property and equipment and intangible assets	29	4
Dividends received	2	3
Net cash used in investing activities	**(30,582)**	**(6,234)**

(All amounts in CZK millions unless otherwise stated)

Cash flows from financing activities		
Proceeds from issued bonds	-	2,379
Repayment of issued bonds	(1,900)	(525)
Proceeds from subordinated deposits	2,922	-
Increase/decrease of lease liabilities**	193	(275)
Dividends paid	(4,088)	(5,110)
Net cash used in financing activities	**(2,873)**	**(3,531)**
Net change in cash and cash equivalents	**30,752**	**11,775**

Cash and cash equivalents at the beginning of the period	**50,100**	**26,476**
Effect of exchange rate fluctuations on cash and cash equivalents	44	(49)
Cash and cash equivalents at the end of the period	**80,896**	**38,202**
Interest received*	18,325	11,414
Interest paid*	(10,399)	(3,715)

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

** The Group decided to disclose the change of lease liabilities on separate line of Statement of Cash Flow. For the purpose of comparability previous periods have been adjusted.

8 Notes to Unaudited Consolidated Interim Financial Statements

8.1 Reporting Entity

MONETA Money Bank, a.s. (the "Bank") is a company domiciled in the Czech Republic. These consolidated interim financial statements ("interim financial statements") as of and for the nine months ended 30 September 2023 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 of and for the year ended 31 December 2022 ("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 25 October 2023.

Going concern

These interim financial statements are prepared on a going concern basis, as the Management Board of the Bank is satisfied that the Group has the resources to continue in business for the foreseeable future. In making this assessment, the Management Board of the Bank has 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 macroeconomic and geopolitical situation.

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.

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.

Uncertainty regarding the future macroeconomic environment evolution has remained pronounced in the third quarter of 2023 since the inflation and interest rates remained on elevated levels. To account for these risk factors in expected credit loss model, the Group has maintained and updated framework of management overlays in the third quarter of 2023. As of September 30, 2023, the total management overlay amount stood at CZK 916 million.

(All amounts in CZK millions unless otherwise stated)

In Q3 2023, the Group closely monitored evolution of the macroeconomic prognoses provided by Czech public authorities such as Ministry of Finance of the Czech Republic and Czech National Bank and concluded that the forward-looking macroeconomic scenarios of main macroeconomic drivers such as GDP growth and unemployment rate implemented in August 2022 are appropriate with respect to the current macroeconomic situation in Q3 2023.

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

GDP Growth Year	MFCR (1/2023)	MFCR (4/2023)	MFCR (8/2023)	CNB (2/2023)	CNB (5/2023)	CNB (8/2023)	IFRS 9 Model
2023	(0.5)%	0.1%	(0.2)%	(0.3)%	0.5%	0.1%	1.1%
2024	3.0%	3.0%	2.3%	2.2%	3.0%	2.3%	3.8%
Unemployment Year	**MFCR (1/2023)**	**MFCR (4/2023)**	**MFCR (8/2023)**	**CNB (2/2023)**	**CNB (5/2023)**	**CNB (8/2023)**	**IFRS 9 Model**
2023	3.2%	3.0%	2.8%	2.7%	2.5%	2.7%	2.7%
2024	3.0%	2.8%	2.7%	3.3%	2.8%	2.8%	2.8%

8.5 Consolidation Group

The definition of the consolidation group as of 30 September 2023 has not changed compared to the last Consolidated Annual Financial Statements.

Apart from the Bank, the Group’s companies included into the consolidation group as of 30 September 2023 together with the ownership were as follows:

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 (Auto Loans)	100%	Full
MONETA Leasing, s.r.o.	Vyskočilova 1442/1b, 140 00 Prague 4	Financing of loans and leasing	100%	Full
MONETA Stavební Spořitelna, a.s.	Vyskočilova 1442/1b, 140 00 Prague 4	Building savings and bridging loans	100%	Full
CBCB – Czech Banking Credit Bureau, a.s.	Štětkova 1638/18, 140 00 Prague 4	Banking Credit Register	20%	Equity

8.6 Dividends Paid

On 25 April 2023, the General Meeting approved the dividend payment of CZK 8 per share before tax which represented the total amount of CZK 4,088 million. The dividend was due on 25 May 2023 and was paid by MONETA Money Bank, a.s. through Komerční banka, a.s., as paying agent, by a transfer to bank accounts of the shareholders listed in the Central Securities Depository.

8.7 Net Interest Income

CZK m	Quarter ended		Nine months ended	
	30 Sep 2023	30 Sep 2022	30 Sep 2023	30 Sep 2022
Interest income from financial assets measured at amortised cost	**4,993**	**3,501**	**13,841**	**10,013**
Loans to customers	3,172	2,880	9,209	8,159
out of which: interest income from impaired loans	42	37	119	130
out of which: penalty interest	6	6	16	18
out of which: EIR amortisation, modification/derecognition and amortisation of FV adjustments	(149)	(152)	(424)	(457)
Loans to banks	1,100	273	2,736	993
out of which: interest income from repurchase and reverse repurchase agreements	1,091	270	2,709	985
Cash and deposit with central bank and other banks	125	102	355	232
Interest income from investment securities at amortised cost	592	242	1,534	616
Other interest income*	4	4	7	13
Interest income from hedging derivatives	776	501	2,157	1,044
Interest income and similar income	**5,769**	**4,002**	**15,998**	**11,057**
Interest expense from financial liabilities measured at amortised cost	(3,429)	(1,508)	(9,103)	(3,493)
Due to banks	(45)	(66)	(86)	(362)
Due to customers	(3,222)	(1,351)	(8,572)	(2,886)
out of which: arising from repurchase agreements	-	(2)	-	(18)
out of which: amortisation of acquisition FV adjustments	1	17	15	37
Subordinated liabilities	(94)	(42)	(188)	(126)
Mortgage-backed bonds	(1)	(37)	(55)	(86)
Other issued bonds**	(43)	(12)	(131)	(31)
Other interest expense*	(24)	-	(71)	(2)
Interest from hedging derivatives	(132)	(163)	(478)	(342)
Interest expense from lease liabilities	(10)	(4)	(21)	(14)
Interest expense and similar expense	**(3,571)**	**(1,675)**	**(9,602)**	**(3,849)**
Net interest income	**2,198**	**2,327**	**6,396**	**7,208**

* Represents interest income or expense respectively from received or provided collateral resulting from Credit Support Annex (CSA).

** MREL requirement eligible bonds are included.

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 for a three and nine-month period

Quarter ended 30 Sep 2023 CZK m	Balance at the beginning of the period	Amortisation	Derecognitions / Modifications	Additions to deferred fees	Additions to deferred costs	Balance at the end of the period
Consumer Loans	143	(4)	(1)	(14)	13	137
Mortgages	1,579	(50)	(2)	(1)	-	1,526
Credit Cards & Overdrafts	10	(3)	-	-	3	10
Auto Loans and Finance Leases	194	(25)	(2)	-	23	190
Retail loans deferrals	**1,926**	**(82)**	**(5)**	**(15)**	**39**	**1,863**
Investment Loans	471	(23)	1	(4)	8	453
Working Capital	(9)	3	-	(8)	2	(12)
Auto & Equipment Loans and Finance Leases	228	(35)	-	-	34	227
Unsecured Instalment Loans and Overdrafts	102	(8)	-	(2)	9	101
Commercial loans deferrals	**792**	**(63)**	**1**	**(14)**	**53**	**769**
Total loan deferrals	**2,718**	**(145)**	**(4)**	**(29)**	**92**	**2,632**

Quarter ended 30 Sep 2022 CZK m	Balance at the beginning of the period	Amortisation	Derecognitions / Modifications	Additions to deferred fees	Additions to deferred costs	Balance at the end of the period
Consumer Loans	154	(8)	(1)	(15)	22	152
Mortgages	1,697	(51)	(1)	(2)	37	1,680
Credit Cards & Overdrafts	14	(3)	-	-	2	13
Auto Loans and Finance Leases	166	(22)	(1)	-	38	181
Retail loans deferrals	**2,031**	**(84)**	**(3)**	**(17)**	**99**	**2,026**
Investment Loans	539	(20)	-	(4)	8	523
Working Capital	(2)	2	-	-	-	-
Auto & Equipment Loans and Finance Leases	221	(37)	-	-	42	226
Unsecured Instalment Loans and Overdrafts	98	(10)	-	(2)	12	98
Commercial loans deferrals	**856**	**(65)**	**-**	**(6)**	**62**	**847**
Total loan deferrals	**2,887**	**(149)**	**(3)**	**(23)**	**161**	**2,873**

Nine months ended 30 Sep 2023 CZK m	Balance at the beginning of the period	Amortisation	Derecognitions / Modifications	Additions to deferred fees	Additions to deferred costs	Balance at the end of the period
Consumer Loans	150	(9)	(1)	(46)	43	137
Mortgages	1,639	(121)	(3)	(3)	14	1,526
Credit Cards & Overdrafts	12	(7)	-	-	5	10
Auto Loans and Finance Leases	192	(76)	(4)	-	78	190
Retail loans deferrals	**1,993**	**(213)**	**(8)**	**(49)**	**140**	**1,863**
Investment Loans	508	(73)	1	(9)	26	453
Working Capital	(3)	4	-	(16)	3	(12)
Auto & Equipment Loans and Finance Leases	231	(109)	-	-	105	227
Unsecured Instalment Loans and Overdrafts	98	(26)	-	(5)	34	101
Commercial loans deferrals	**834**	**(204)**	**1**	**(30)**	**168**	**769**
Total loan deferrals	**2,827**	**(417)**	**(7)**	**(79)**	**308**	**2,632**

Nine months ended 30 Sep 2022 CZK m	Balance at the beginning of the period	Amortisation	Derecognitions / Modifications	Additions to deferred fees	Additions to deferred costs	Balance at the end of the period
Consumer Loans	125	(23)	(4)	(42)	96	152
Mortgages	1,605	(171)	(4)	(12)	262	1,680
Credit Cards & Overdrafts	16	(9)	-	-	6	13
Auto Loans and Finance Leases	165	(72)	(4)	-	92	181
Retail loans deferrals	**1,911**	**(275)**	**(12)**	**(54)**	**456**	**2,026**
Investment Loans	536	(29)	1	(13)	28	523
Working Capital	(1)	2	-	(4)	3	-
Auto & Equipment Loans and Finance Leases	223	(113)	-	-	116	226
Unsecured Instalment Loans and Overdrafts	92	(31)	-	(5)	42	98
Commercial loans deferrals	**850**	**(171)**	**1**	**(22)**	**189**	**847**
Total loan deferrals	**2,761**	**(446)**	**(11)**	**(76)**	**645**	**2,873**

8.8 Net Fee and Commission Income

CZK m	Quarter ended		Nine months ended	
	30 Sep 2023	30 Sep 2022	30 Sep 2023	30 Sep 2022
Insurance*	336	197	921	563
Investment funds	84	76	231	216
Penalty fees (incl. early termination fees)	67	67	203	216
Deposit servicing fees	89	99	290	300
Lending servicing fees	61	53	172	160
Transactional and other fees	199	183	578	524
Fee and commission income	**836**	**675**	**2,395**	**1,979**
Fee and commission expense	**(154)**	**(132)**	**(434)**	**(375)**
Net fee and commission income	**682**	**543**	**1,961**	**1,604**

* The line "Insurance" in 2023 includes the commissions on life insurance contracts in the amount of CZK 66 million relating to insurance contracts originated during 2018–2022.

8.9 Total Operating Expenses

CZK m	Quarter ended		Nine months ended	
	30 Sep 2023	30 Sep 2022	30 Sep 2023	30 Sep 2022
Personnel expenses	(593)	(657)	(1,766)	(1,854)
Administrative expenses	(367)	(378)	(1,147)	(1,094)
Depreciation and amortisation	(304)	(311)	(939)	(934)
out of which depreciation of right-of-use assets	*(79)*	*(84)*	*(243)*	*(253)*
Regulatory charges*	-	-	(307)	(229)
Other operating expenses	(12)	(10)	(34)	(40)
Total operating expenses	**(1,276)**	**(1,356)**	**(4,193)**	**(4,151)**
FTEs (average)**	**2,469**	**2,780**	**2,495**	**2,838**
FTEs (at the end of the period)***	**2,533**	**2,799**	**2,533**	**2,799**

* The line "Regulatory charges" includes contributions to the Deposit Insurance Fund of CZK 171 million in 2023, contributions to the Resolution and Recovery Fund of CZK 130 million in 2023 and contributions to the Investor Compensation Fund of CZK 6 million in 2023.

** Members of the Supervisory Board and the Audit Committee are excluded. The average recalculated number of employees during the period is an average of the figures reported to Czech Statistical Authority in accordance with Art. 15 of Czech Act No. 518/2004.

*** Members of the Supervisory Board and the Audit Committee are excluded.

8.10 Investment Securities

CZK m	30 Sep 2023	31 Dec 2022
Debt securities measured at amortised cost	88,003	57,879
out of which: government bonds	84,772	54,479
out of which: corporate bonds	3,231	3,400
Debt securities measured at FVTPL	27	46
Equity securities measured at FVTOCI	1	1
Equity securities measured at FVTPL	25	25
Total investment securities	**88,056**	**57,951**

8.11 Loans and Receivables to Banks

CZK m	30 Sep 2023	31 Dec 2022
Current accounts at banks	639	446
Overnight deposits	1,597	482
Term deposits in banks payable within 3 months	-	453
Receivables arising from reverse repurchase agreements	65,296	36,253
Cash collaterals granted	586	251
Other	2	1
Total Loans and receivables to banks	**68,120**	**37,886**
Included in cash equivalents	67,532	37,634

8.12 Loans and Receivables to Customers

CZK m	30 Sep 2023			31 Dec 2022		
	Gross carrying amount	Allowance/ Provision	Net book value	Gross carrying amount	Allowance/ Provision	Net book value
Consumer Loans	48,925	(2,190)	46,735	50,348	(2,600)	47,748
Mortgages	130,291	(640)	129,651	133,930	(592)	133,338
Credit Cards & Overdrafts	2,459	(192)	2,267	2,570	(233)	2,337
Auto Loans and Finance Leases	2,586	(80)	2,506	2,623	(75)	2,548
Other	9	(9)	-	10	(10)	-
Total Retail	**184,270**	**(3,111)**	**181,159**	**189,481**	**(3,510)**	**185,971**
Investment Loans	46,316	(291)	46,025	46,341	(311)	46,030
Working Capital	19,108	(211)	18,897	14,333	(195)	14,138
Auto & Equipment Loans and Finance Leases	9,018	(196)	8,822	9,730	(244)	9,486
Unsecured Instalment Loans and Overdrafts	13,814	(780)	13,034	12,930	(829)	12,101
Inventory Financing and Other	1,066	(16)	1,050	1,045	(19)	1,026
Total Commercial	**89,322**	**(1,494)**	**87,828**	**84,379**	**(1,598)**	**82,781**
Total Loans and receivables to customers	**273,592**	**(4,605)**	**268,987**	**273,860**	**(5,108)**	**268,752**

8.13 Due to Banks and Due to Customers

Breakdown of Due to banks:

CZK m	30 Sep 2023	31 Dec 2022
Deposits on demand	607	334
Term deposits	135	-
Liabilities arising from repurchase agreements	2,464	-
Cash collateral received*	2,469	3,931
Other due to banks**	1,704	1,688
Total Due to banks	**7,379**	**5,953**

* Cash collaterals received represent CSA[20] Collaterals of other financial institutions for derivative transactions.

** Other due to banks comprises:

- Loan provided by European Investment Bank in January 2021 to MONETA Money Bank, a.s. This loan amounts to CZK 1,704 million at 30 September 2023 (31 December 2022: CZK 1,688 million).

Breakdown of Due to customers:

CZK m	30 Sep 2023	31 Dec 2022
Retail current accounts	53,400	57,786
Retail savings accounts and term deposits	218,313	169,602
Retail building savings	26,260	28,664
Commercial current accounts	45,689	43,437
Commercial savings accounts and term deposits	47,327	32,474
Commercial building savings	1,211	1,323
Cash collateral received	398	491
Other due to customers	414	474
Total Due to customers	**393,012**	**334,251**

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

8.14 Issued Bonds

Issued Mortgage-Backed Bonds

As of 30 September 2023, the Bank did not maintain any tranche of mortgage-backed securities issued externally. The all of issued securities are held by MONETA Stavební Spořitelna, a.s., and therefore eliminated on a consolidated basis. Below listed tranche was repaid by third parties as of 4 July 2023.

ISIN	Issue date	Currency	Maturity date	Interest rate	Nominal amount CZK m
CZ0002005689	04.07.2018	CZK	04.07.2023	7.25% p.a.	1,250

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

CZK m	30 Sep 2023	31 Dec 2022
Mortgage-backed bonds at amortised cost	-	1,948
Total	**-**	**1,948**

The Group did not have any defaults of principal or interest or other breaches with respect to mortgage-backed bonds during the year 2023.

Internally Issued Mortgage-Backed Bonds (on own books)

The mortgage-backed bonds are covered by mortgage loans provided to the Group’s clients. The purpose of the issuance of these bonds is only resolution of eventual liquidity crisis when bonds would be used as collateral for lombard loan or repo operations with Czech National Bank or other financial institution. As of 30 September 2023, the Group did not realise any of these above-mentioned operations, therefore these bonds are not recognised in the Statement of the financial position.

Other Issued Bonds

The Bank issued the senior preferred bonds in the total nominal amount of CZK 1,500 million and EUR 100 million. The EUR tranche was settled on 3 February 2022 and the CZK tranche was settled on 15 December 2022.

The Bank issued the bonds as a part of compliance with the minimum requirement for own funds and eligible liabilities (“MREL”) requirement which was set for the Bank by CNB (note 8.19.1).

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

ISIN	Issue date	Currency	Maturity date	Interest rate	Call option	Total nominal amount outstanding EUR m / CZK m
XS2435601443	03.02.2022	EUR	03.02.2028	1.625% p.a.	after 5 years	100
CZ0003707671	15.12.2022	CZK	15.12.2026	8.00% p.a.	after 3 years	1,500

Amortised cost of the outstanding other issued bonds:

CZK m	30 Sep 2023	31 Dec 2022
Other issued bonds at amortised cost	3,740	3,572
Total	**3,740**	**3,572**

The Group did not have any defaults of principal or interest or other breaches with respect to other issued bonds during the year 2023.

8.15 Subordinated Liabilities

Issued Subordinated Debt Securities

Issued subordinated debt securities are the Bank's sources of debt funding and are subordinated to all other liabilities of the Bank. As of 30 September 2023, 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 amortised cost using effective interest method.

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

Name	ISIN	Issue date	Currency	Maturity date	Interest rate	Call option	Total nominal amount at issue date CZK m
MB 3.30/29	CZ0003704918	25.9.2019	CZK	25.9.2029	3.30% p.a.	after 5 years	2,001
MB 3.79/30	CZ0003705188	30.1.2020	CZK	30.1.2030	3.79% p.a.	after 5 years	2,601

Amortised cost of the outstanding subordinated debt securities:

CZK m	30 Sep 2023	31 Dec 2022
Subordinated debt securities at amortised cost	4,648	4,687
Total	**4,648**	**4,687**

The Bank did not have any defaults of principal or interest or other breaches with respect to subordinated liabilities during the year 2023.

Subordinated Deposits

In the second quarter of 2023, the Bank strengthened its capital and eligible liabilities through a subordinated deposit offering. The Bank has received the subordinated deposits in the amount of CZK 2.9 billion. The term of the subordinated deposit is set at five years with guaranteed interest rate of 7 percent for the entire term. As of 30 September 2023, 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).

CZK m	30 Sep 2023	31 Dec 2022
Subordinated deposits at amortised cost	2,913	-
Total	**2,913**	**-**

8.16 Legal Risks

The legal risks, to which the Group is exposed, have been disclosed in the Bank's 2022 Consolidated Annual Financial 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.

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 2023 CZK m	Commercial	Retail	Treasury / Other	Total
Interest and similar income	1,311	1,861	2,597	5,769
Interest expense and similar charges	(604)	(2,626)	(341)	(3,571)
Net fee and commission income	152	532	(2)	682
Dividend income	-	-	1	1
Net income from financial operations	53	156	69	278
Other operating income	6	15	-	21
Total operating income	918	(62)	2,324	3,180
Net impairment of financial assets	(39)	(103)	-	(142)
Risk adjusted operating income	879	(165)	2,324	3,038
Total operating expenses				(1,276)
Profit for the period before tax				**1,762**
Tax on income				(268)
Profit for the period after tax				**1,494**

Quarter ended 30 Sep 2022 CZK m	Commercial	Retail	Treasury / Other	Total
Interest and similar income	1,115	1,765	1,122	4,002
Interest expense and similar charges	(302)	(1,055)	(318)	(1,675)
Net fee and commission income	142	401	-	543
Dividend income	-	-	1	1
Net income from financial operations	-	-	139	139
Other operating income	3	9	-	12
Total operating income	**958**	**1,120**	**944**	**3,022**
Net impairment of financial assets	79	(203)	-	(124)
Risk adjusted operating income	**1,037**	**917**	**944**	**2,898**
Total operating expenses				(1,356)
Profit for the period before tax				**1,542**
Tax on income				(291)
Profit for the period after tax				**1,251**

Nine months ended 30 Sep 2023 CZK m	Commercial	Retail	Treasury / Other	Total
Interest and similar income	3,642	5,567	6,789	15,998
Interest expense and similar charges	(1,579)	(7,012)	(1,011)	(9,602)
Net fee and commission income	454	1,516	(9)	1,961
Dividend income	-	-	2	2
Net income from financial operations	155	402	92	649
Other operating income	12	32	-	44
Total operating income	2,684	505	5,863	9,052
Net impairment of financial assets	(70)	(102)	-	(172)
Risk adjusted operating income	2,614	403	5,863	8,880
Total operating expenses				(4,193)
Profit for the period before tax				**4,687**
Tax on income				(715)
Profit for the period after tax				**3,972**

Nine months ended 30 Sep 2022 CZK m	Commercial	Retail	Treasury / Other	Total
Interest and similar income	3,045	5,113	2,899	11,057
Interest expense and similar charges	(562)	(2,324)	(963)	(3,849)
Net fee and commission income	443	1,165	(4)	1,604
Dividend income	-	-	3	3
Net income from financial operations	-	-	223	223
Other operating income	12	62	-	74
Total operating income	**2,938**	**4,016**	**2,158**	**9,112**
Net impairment of financial assets	2	124	-	126
Risk adjusted operating income	**2,940**	**4,140**	**2,158**	**9,238**
Total operating expenses				(4,151)
Profit for the period before tax				**5,087**
Tax on income				(964)
Profit for the period after tax				**4,123**

Assets and liabilities by segment:

30 Sep 2023 CZK m	Commercial	Retail	Treasury / Other	Total
Total assets of the segment	96,820	184,621	167,622	449,063
Net value of loans and receivables to customers	87,828	181,159	-	268,987
Total liabilities of the segment	96,473	301,215	20,400	418,088

31 Dec 2022 CZK m	Commercial	Retail	Treasury / Other	Total
Total assets of the segment	91,540	189,161	106,809	387,510
Net value of loans and receivables to customers	82,782	185,970	-	268,752
Total liabilities of the segment	79,213	259,735	17,471	356,419

8.18 Related Parties

The Group's related parties include associates, key members of the management and members of the 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.

Tanemo a.s., a subsidiary of PPF Group, became a related party with significant influence on MONETA in 2021, thus transactions with entities from PPF Group are considered as related party transactions.

The following transactions were undertaken with related parties:

30 Sep 2023 CZK m	Related parties with significant influence on MONETA	Associates	Key members of the management* and Supervisory Board	Total
Loans and receivables to customers	-	-	36	36
Loans and receivables to banks	23	-	-	23
Derivative financial instruments with positive fair value	57	-	-	57
Hedging derivatives with positive fair value	496	-	-	496
Due to customers	21	-	23	44
Due to banks	620	-	-	620
Derivative financial instruments with negative fair value	67	-	-	67
Hedging derivatives with negative fair value	61	-	-	61

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

31 Dec 2022 CZK m	Related parties with significant influence on MONETA	Associates	Key members of the management* and Supervisory Board	Total
Loans and receivables to customers	-	-	38	38
Derivative financial instruments with positive fair value	65	-	-	65
Hedging derivatives with positive fair value	542	-	-	542
Due to customers	20	-	20	40
Due to banks	512	-	-	512
Derivative financial instruments with negative fair value	77	-	-	77
Hedging derivatives with negative fair value	21	-	-	21

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

Quarter ended 30 Sep 2023 CZK m	Related parties with significant influence on MONETA	Associates	Key members of the management* and Supervisory Board	Total
Interest expense and similar charges	(12)	-	-	(12)
Interest and similar income	65	-	-	65
Fee and commission income	1	-	-	1
Fee and commission expense	(3)	-	-	(3)
Net income from financial operations	103	-	-	103
Operating expenses	(13)	(5)	(24)	(43)
Dividend income	-	2	-	2

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

Quarter ended 30 Sep 2022 CZK m	Related parties with significant influence on MONETA	Associates	Key members of the management* and Supervisory Board	Total
Interest expense and similar charges	(1)	-	-	(1)
Interest and similar income	28	-	-	28
Fee and commission income	-	-	-	-
Fee and commission expense	(2)	-	-	(2)
Net income from financial operations	5	-	-	5
Operating expenses	(18)	(6)	(24)	(48)
Dividend income	-	3	-	3

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

Nine months ended 30 Sep 2023 CZK m	Related parties with significant influence on MONETA	Associates	Key members of the management* and Supervisory Board	Total
Interest expense and similar charges	(18)	-	-	(18)
Interest and similar income	186	-	-	186
Fee and commission income	4	-	-	4
Fee and commission expense	(10)	-	-	(10)
Net income from financial operations	(80)	-	-	(80)
Operating expenses	(35)	(19)	(98)	(152)
Dividend income	-	2	-	2

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

Nine months ended 30 Sep 2022 CZK m	Related parties with significant influence on MONETA	Associates	Key members of the management* and Supervisory Board	Total
Interest expense and similar charges	(13)	-	-	(13)
Interest and similar income	86	-	-	86
Fee and commission income	1	-	-	1
Fee and commission expense	(5)	-	-	(5)
Net income from financial operations	226	-	-	226
Operating expenses	76	(17)	(109)	(50)
Dividend income	-	3	-	3

* 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.

From 1 October 2023, there were organizational changes, when activities related to the anti-money laundering and countering the financing of terrorism (AML/CFT) and anti-fraud management were transferred from the Compliance Department to the Risk Management Division, and in the Risk Management Division, activities related to debt collection were merged into one department.

Except of above mentioned, the risk management policies and practices have not changed since 31 December 2022 and are described in the Annual Financial Report for 2022.

8.19.1 Capital management

Regulatory Capital and its components and capital adequacy:

CZK m	30 Sep 2023	31 Dec 2022
Regulatory Capital	**33,990**	**30,944**
Tier 1	26,594	26,342
Tier 2	7,396	4,602
RWA	**171,146**	**171,718**
out of which: Credit Risk	151,307	153,601
out of which: Operational Risk	19,039	17,435
out of which: CVA	799	681
out of which: Trading Book	1	1

Capital adequacy (%)	30 Sep 2023	31 Dec 2022
RWA Density*	37.6%	43.4%
CET1 Ratio	15.5%	15.3%
Tier 1 Ratio	15.5%	15.3%
Total Capital Ratio (CAR)	19.9%	18.0%

* 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")[21], CRD (hereafter "CRD V")[22] and BRRD (hereafter "BRRD II")[23]. Furthermore, the regulatory framework within the Czech legal system is comprised 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, on individual as well as on consolidated basis, the Bank uses the standardised approach (TSA). The Bank calculates regulatory capital requirements against the market risk of the trading book since the third quarter of 2018.

Since 2020, the CNB as the national resolution authority has 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.

In May 2023, the Bank received an updated MREL specification from the CNB pursuant to which it must comply with the MREL requirement on an individual basis of 17.2% (before 17.1%) of its total risk exposure and 4.92% (before 4.98%) of its total exposure effective from 1 January 2024. The MREL requirement is calculated as a sum of a Loss Absorption Amount (Pillar I capital requirement of 8% and Pillar II capital requirement of 2.6% (before 2.4%)[24] – values valid as of the date of the initiation of the planning process for resolution) and a Recapitalisation Amount set at 6.6% (before 6.7%). The combined buffer requirement (a capital conservation buffer of 2.5% and a countercyclical capital buffer of 2% – values valid from 1 January 2023; from 1 April 2023 the countercyclical capital buffer increased to 2.5%, from 1 July decreased to 2.25% and from 1 October has decreased again to 2%) is not taken into account in the MREL calculation and the Bank must comply with it on top of the MREL requirement. The CNB set a transitional period for the Bank to meet the MREL requirement by 31 December 2023. The Bank must also fulfil an interim target level of the MREL requirement of 13.5% (that is the corresponding Recapitalisation Amount of 3.1%) of its total risk exposure and 3.93% of its total exposure from 1 January 2022. The CNB further expects that the Bank will maintain capital and eligible liabilities of at least 15.1% of its total risk exposure (that is the corresponding Recapitalisation Amount at 4.7%) and 4.4% of its total exposure from 1 January 2023.

The new amount of the countercyclical capital buffer of 2% has decreased a total regulatory capital requirement of the Bank by 0.25% from 1 October 2023 both on individual basis (from 12.75% to 12.5%) and consolidated basis (from 15.35% to 15.1%).

[21] 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.
[22] 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.
[23] 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 recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC.
[24] Although Pillar II capital requirement was set only on a consolidated basis, its value was used for setting of MREL requirement on an individual basis.

8.19.2 Loans and receivables to banks and customers according to their categorisation

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

30 Sep 2023	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	68,120	-	-	68,120	248,186	15,910	-	32	264,128
Performing past due date*	-	-	-	-	2,342	3,593	-	10	5,945
Total performing	68,120	-	-	68,120	250,528	19,503	-	42	270,073
Total non-performing	-	-	-	-	-	-	3,506	13	3,519
Gross loans and receivables	**68,120**	**-**	**-**	**68,120**	**250,528**	**19,503**	**3,506**	**55**	**273,592**
Individual allowances	-	-	-	-	-	-	(33)	-	(33)
Portfolio allowances	-	-	-	-	(1,448)	(1,492)	(1,664)	32	(4,572)
Total allowances	**-**	**-**	**-**	**-**	**(1,448)**	**(1,492)**	**(1,697)**	**32**	**(4,605)**
Net loans and receivables	**68,120**	**-**	**-**	**68,120**	**249,080**	**18,011**	**1,809**	**87**	**268,987**

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

31 Dec 2022	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	37,886	-	-	37,886	248,812	15,090	-	32	263,934
Performing past due date*	-	-	-	-	2,842	3,287	-	8	6,137
Total performing	37,886	-	-	37,886	251,654	18,377	-	40	270,071
Total non-performing	-	-	-	-	-	-	3,764	25	3,789
Gross loans and receivables	**37,886**	**-**	**-**	**37,886**	**251,654**	**18,377**	**3,764**	**65**	**273,860**
Individual allowances	-	-	-	-	-	-	(39)	-	(39)
Portfolio allowances	-	-	-	-	(1,446)	(1,670)	(1,982)	29	(5,069)
Total allowances	**-**	**-**	**-**	**-**	**(1,446)**	**(1,670)**	**(2,021)**	**29**	**(5,108)**
Net loans and receivables	**37,886**	**-**	**-**	**37,886**	**250,208**	**16,707**	**1,743**	**94**	**268,752**

* 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 and nine-month period – **retail customers**

	Quarter ended 30 Sep 2023					Nine months ended 30 Sep 2023				
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	**742**	**1,188**	**1,310**	**(26)**	**3,214**	**747**	**1,323**	**1,464**	**(24)**	**3,510**
Purchases and originations	61	19	6	-	86	175	72	16	-	263
Derecognition and maturities	(31)	(34)	(65)	-	(130)	(91)	(103)	(264)	2	(456)
Transfer to (out) Stage 1	116	(103)	(13)	-	-	636	(586)	(50)	-	-
Transfer to (out) Stage 2	(9)	46	(37)	-	-	(80)	294	(214)	-	-
Transfer to (out) Stage 3	(5)	(68)	73	-	-	(13)	(282)	295	-	-
Remeasurements, changes in models and methods	(122)	86	172	-	136	(622)	416	492	(4)	282
Use of allowances (write offs)	-	-	(194)	(1)	(195)	-	-	(487)	(1)	(488)
Foreign exchange adjustments	-	-	-	-	-	-	-	-	-	-
Balance at the end of the period	**752**	**1,134**	**1,252**	**(27)**	**3,111**	**752**	**1,134**	**1,252**	**(27)**	**3,111**

	Quarter ended 30 Sep 2022					Nine months ended 30 Sep 2022				
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	**936**	**921**	**1,595**	**(22)**	**3,430**	**1,030**	**658**	**2,402**	**(16)**	**4,074**
Purchases and originations	58	23	5	-	86	227	45	17	-	289
Derecognition and maturities	(68)	(19)	(8)	1	(94)	(232)	(199)	(53)	5	(479)
Transfer to (out) Stage 1	156	(88)	(68)	-	-	410	(212)	(198)	-	-
Transfer to (out) Stage 2	(134)	(87)	221	-	-	(172)	955	(783)	-	-
Transfer to (out) Stage 3	(13)	270	(257)	-	-	(49)	16	33	-	-
Remeasurements, changes in models and methods	(227)	291	138	(2)	200	(506)	48	503	(12)	33
Use of allowances (write offs)	-	-	(32)	-	(32)	-	-	(327)	-	(327)
Foreign exchange adjustments	-	-	-	-	-	-	-	-	-	-
Balance at the end of the period	**708**	**1,311**	**1,594**	**(23)**	**3,590**	**708**	**1,311**	**1,594**	**(23)**	**3,590**

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

	Quarter ended 30 Sep 2023					Nine months ended 30 Sep 2023				
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	**759**	**331**	**465**	**(5)**	**1,550**	**699**	**347**	**557**	**(5)**	**1,598**
Purchases and originations	81	27	6	-	114	290	36	20	-	346
Derecognition and maturities	(6)	(3)	(17)	-	(26)	(24)	(19)	(110)	-	(153)
Transfer to (out) Stage 1	24	(18)	(6)	-	-	145	(127)	(18)	-	-
Transfer to (out) Stage 2	(15)	22	(7)	-	-	(42)	83	(41)	-	-
Transfer to (out) Stage 3	(3)	(23)	26	-	-	(7)	(77)	84	-	-
Remeasurements, changes in models and methods	(149)	22	24	-	(103)	(368)	115	112	-	(141)
Use of allowances (write offs)	-	-	(46)	-	(46)	-	-	(159)	-	(159)
Foreign exchange adjustments	5	-	-	-	5	3	-	-	-	3
Balance at the end of the period	**696**	**358**	**445**	**(5)**	**1,494**	**696**	**358**	**445**	**(5)**	**1,494**

	Quarter ended 30 Sep 2022					Nine months ended 30 Sep 2022				
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	**735**	**365**	**558**	**(5)**	**1,653**	**719**	**193**	**747**	**(5)**	**1,654**
Purchases and originations	141	9	5	-	155	400	12	13	-	425
Derecognition and maturities	(50)	(24)	(3)	-	(77)	(108)	(33)	(25)	-	(166)
Transfer to (out) Stage 1	56	(31)	(25)	-	-	140	(66)	(74)	-	-
Transfer to (out) Stage 2	(30)	39	(9)	-	-	(59)	240	(181)	-	-
Transfer to (out) Stage 3	(16)	11	5	-	-	(25)	(24)	49	-	-
Remeasurements, changes in models and methods	(140)	(39)	39	-	(140)	(371)	8	130	-	(233)
Use of allowances (write offs)	-	-	(38)	-	(38)	-	-	(127)	-	(127)
Foreign exchange adjustments	(1)	-	-	-	(1)	(1)	-	-	-	(1)
Balance at the end of the period	**695**	**330**	**532**	**(5)**	**1,552**	**695**	**330**	**532**	**(5)**	**1,552**

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

30 Sep 2023 CZK m	Stage 1	Stage 2	Stage 3	POCI	Total
Retail loans	**752**	**1,134**	**1,252**	**(27)**	**3,111**
Consumer Loans	538	724	951	(23)	2,190
Mortgages	110	315	219	(4)	640
Credit Cards & Overdrafts	75	66	51	-	192
Auto Loans and Finance Leases	27	29	24	-	80
Other	2	-	7	-	9
Commercial loans	**696**	**358**	**445**	**(5)**	**1,494**
Investment Loans	216	64	16	(5)	291
Working Capital	169	27	15	-	211
Auto & Equipment Loans and Finance Leases	81	47	68	-	196
Unsecured Instalment Loans and Overdraft	227	218	335	-	780
Inventory Financing and Other	3	2	11	-	16
TOTAL allowances to Lending portfolio	**1,448**	**1,492**	**1,697**	**(32)**	**4,605**
Debt instruments measured at amortised costs	25	-	-	-	25
TOTAL allowances Financial Assets	**1,473**	**1,492**	**1,697**	**(32)**	**4,630**
Financial guarantees	8	4	-	-	12
Loan commitments – Retail	42	15	-	-	57
Loan commitments – Commercial	50	23	-	-	73
TOTAL liabilities to off balance sheet items	**100**	**42**	**-**	**-**	**142**

31 Dec 2022 CZK m	Stage 1	Stage 2	Stage 3	POCI	Total
Retail loans	**747**	**1,323**	**1,464**	**(24)**	**3,510**
Consumer Loans	531	931	1,162	(24)	2,600
Mortgages	113	290	189	-	592
Credit Cards & Overdrafts	74	81	78	-	233
Auto Loans and Finance Leases	27	21	27	-	75
Other	2	-	8	-	10
Commercial loans	**699**	**347**	**557**	**(5)**	**1,598**
Investment Loans	254	40	22	(5)	311
Working Capital	142	38	15	-	195
Auto & Equipment Loans and Finance Leases	86	40	118	-	244
Unsecured Instalment Loans and Overdraft	214	223	392	-	829
Inventory Financing and Other	3	6	10	-	19
TOTAL allowances to Lending portfolio	**1,446**	**1,670**	**2,021**	**(29)**	**5,108**
Debt instruments measured at amortised costs	18	-	-	-	18
TOTAL allowances Financial Assets	**1,464**	**1,670**	**2,021**	**(29)**	**5,126**
Financial guarantees	11	5	-	-	16
Loan commitments – Retail	43	17	-	-	60
Loan commitments – Commercial	66	5	-	-	71
TOTAL liabilities to off balance sheet items	**120**	**27**	**-**	**-**	**147**

8.19.5 Coverage of non-performing loans and receivables

CZK m	30 Sep 2023	31 Dec 2022
Retail	2,708	2,852
Commercial	811	937
Total NPL	**3,519**	**3,789**

CZK m	30 Sep 2023	31 Dec 2022
Retail	1,251	1,467
Commercial	445	557
Total allowances to NPL	**1,696**	**2,024**

%	30 Sep 2023	31 Dec 2022
Retail	114.8%	123.1%
Commercial	184.2%	170.5%
Total NPL coverage*	**130.8%**	**134.8%**

%	30 Sep 2023	31 Dec 2022
Retail	1.5%	1.5%
Commercial	0.9%	1.1%
NPL Ratio	**1.3%**	**1.4%**

* Total NPL coverage ratio is calculated as total loss allowances for loans and receivables to customers divided by total NPL loans.

8.19.6 Net impairment of financial assets

CZK m	Quarter ended		Nine months ended	
	30 Sep 2023	30 Sep 2022	30 Sep 2023	30 Sep 2022
Additions and release of loan loss allowances	(92)	(134)	(175)	126
Additions and release of allowances/provisions to unused commitments	(37)	14	5	13
Use of loan loss allowances	241	70	647	454
Income from previously written-off receivables	5	9	53	28
Write offs of uncollectable receivables	(244)	(76)	(659)	(471)
Change in allowances to Investment securities	(4)	-	(7)	(1)
Change in allowances to operating receivables	(1)	1	(4)	2
Collection expense	(10)	(8)	(32)	(25)
Net impairment of financial assets	**(142)**	**(124)**	**(172)**	**126**

8.19.7 Maximum credit risk exposures

30 Sep 2023 CZK m	Statement of financial position	Off-balance sheet	Total credit risk exposure	Available collateral*
Cash and balances with the central bank	**13,365**	**-**	**13,365**	**-**
Derivative financial instruments	**690**	-	**690**	**2,865**
Investment securities measured at FVTPL	**52**	**-**	**52**	**-**
Equity investments	25	-	25	-
Debt investments	27	-	27	-
Investment securities measured at FVTOCI	**1**	-	**1**	-
Equity investments	1	-	1	-
Investment securities measured at amortised cost	**88,003**	**-**	**88,003**	**-**
Treasury and corporate bonds	88,003	-	88,003	-
Hedging derivatives with positive fair values	**3,991**	**-**	**3,991**	**-**
Interest rate swaps	3,991	-	3,991	-
Cross currency interest rate swaps	-	-	-	-
Change in fair value of items hedged on portfolio basis	**(989)**	**-**	**(989)**	**-**
Loans and receivables to banks	**68,120**	**-**	**68,120**	**64,006**
Current accounts at banks	639	-	639	-
Overnight deposits	1,597	-	1,597	-
Term deposits at banks payable within 3 months	-	-	-	-
Receivables arising from reverse repurchase agreements	65,296	-	65,296	64,006**
Cash collaterals granted	586	-	586	-
Other	2	-	2	-
Loans and receivables to customers	**268,987**	**23,251**	**292,238**	**176,110**
Consumer authorised overdrafts and credit cards	2,267	4,365	6,632	-
Consumer loans	46,735	221	46,956	2,762
Mortgages	129,651	2,582	132,233	128,379
Commercial loans	77,956	15,742	93,698	42,958
Auto & Equipment Finance Lease	346	-	346	301
Commercial	346	-	346	301
Retail	-	-	-	-
Auto & Equipment Loans	12,032	341	12,373	1,710
Commercial	9,526	341	9,867	1,710
Retail	2,506	-	2,506	-
Issued guarantees and credit limits on guarantees	**-**	**2,120**	**2,120**	**320**
Issued letter of credit	**-**	**5**	**5**	**-**
Remaining assets	**6,843**	**-**	**6,843**	**-**

* 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 0 million were transferred as collateral according to repurchase agreements as of 30 September 2023 (31 December 2022: CZK 0 million).

31 Dec 2022 CZK m	Statement of financial position	Off-balance sheet	Total credit risk exposure	Available collateral*
Cash and balances with the central bank	**12,467**	**-**	**12,467**	**-**
Derivative financial instruments	**761**	**-**	**761**	**3,931**
Investment securities measured at FVTPL	**71**	**-**	**71**	**-**
Equity securities	25	-	25	-
Debt securities	46	-	46	-
Investment securities measured at FVTOCI	**1**	**-**	**1**	**-**
Equity securities	1	-	1	-
Investment securities measured at amortised cost	**57,879**	**-**	**57,879**	**-**
Treasury and corporate bonds	57,879	-	57,879	-
Hedging derivatives with positive fair values	**4,942**	**-**	**4,942**	**-**
Interest rate swaps	4,919	-	4,919	-
Cross currency interest rate swaps	23	-	23	-
Change in fair value of items hedged on portfolio basis	**(2,090)**	**-**	**(2,090)**	**-**
Loans and receivables to banks	**37,886**	**-**	**37,886**	**35,526**
Current accounts at banks	445	-	445	-
Overnight deposits	482	-	482	-
Term deposits at banks payable within 3 months	453	-	453	-
Receivables arising from reverse repurchase agreements	36,254	-	36,254	35,526**
Cash collaterals granted	251	-	251	-
Other	1	-	1	-
Loans and receivables to customers	**268,752**	**30,661**	**299,413**	**174,135**
Consumer authorised overdrafts and credit cards	2,337	4,342	6,679	-
Consumer loans	47,748	431	48,179	2,837
Mortgages	133,338	7,039	140,377	130,986
Commercial loans	72,269	18,432	90,701	37,414
Auto & Equipment Finance Lease	620	1	621	532
Commercial	620	-	620	532
Retail	-	1	1	-
Auto & Equipment Loans	12,440	416	12,856	2,366
Commercial	9,892	416	10,308	2,366
Retail	2,548	-	2,548	-
Issued guarantees and credit limits on guarantees	**-**	**2,078**	**2,078**	**282**
Issued letter of credit	**-**	**5**	**5**	**-**
Remaining assets	**6,841**	**-**	**6,841**	**-**

* 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 0 million were transferred as collateral according to repurchase agreements as of 31 December 2022.

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 2023		31 Dec 2022	
	Carrying value	Fair value	Carrying value	Fair value
FINANCIAL ASSETS				
Cash and balances with the central bank	13,365	13,365	12,467	12,467
Investment securities at amortised cost*	88,003	78,705	57,879	47,538
Loans and receivables to banks	68,120	68,120	37,886	37,886
Loans and receivables to customers	268,987	259,609	268,752	254,681
FINANCIAL LIABILITIES				
Due to banks	7,379	7,376	5,953	5,899
Due to customers	393,012	393,012	334,251	334,251
Mortgage-backed securities	-	-	1,948	1,939
Other issued bonds	3,740	4,010	3,572	3,905
Subordinated bonds	4,648	4,429	4,687	4,313
Subordinated deposits	2,913	2,918	-	-

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

The following table summarises 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 2023			31 Dec 2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
FINANCIAL ASSETS						
Derivative financial instruments	-	690	-	-	761	-
Debt securities measured at FVTPL	-	-	27	-	-	46
Equity securities measured at FVTPL	-	-	25	-	-	25
Equity securities measured at FVTOCI	-	-	1	-	-	1
Hedging derivatives with positive fair values	-	3,991	-	-	4,942	-
Change in fair value of items hedged on portfolio basis	-	-	(989)	-	-	(2,090)
FINANCIAL LIABILITIES						
Derivative financial instruments	-	674	-	-	747	-
Hedging derivatives with negative fair values	-	1,502	-	-	845	-
Change in fair value of items hedged on portfolio basis	-	-	(113)	-	-	(438)

There were no transfers between level 1 and 2 during the period of the nine months ended 30 September 2023 and the year ended 31 December 2022.

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 the 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 of 1 Jan 2023	Purchases/ Sales in the period	Total gains and losses in the period recognised in the profit or loss	Total gains and losses in the period recognised in OCI	As of 30 Sep 2023
Investment securities at FVTOCI	1	-	-	-	1
Investment securities at FVTPL	71	(23)	4	-	52
Total	**72**	**(23)**	**4**	**-**	**53**

CZK m	As of 1 Jan 2022	Purchases/ Sales in the period	Total gains and losses in the period recognised in the profit or loss	Total gains and losses in the period recognised in OCI	As of 31 Dec 2022
Investment securities at FVTOCI	1	-	-	-	1
Investment securities at FVTPL	62	9	-	-	71
Total	**63**	**9**	**-**	**-**	**72**

8.21 Subsequent Events

During October 2023 Chamber of Deputies of the Parliament of the Czech Republic approved tax package, which also increases Corporate income tax from 19% to 21%. Senate of the Parliament of the Czech Republic will discuss this proposal in November 2023. The Group expects its approval in fourth quarter of 2023.

On 23 October 2023, MONETA has received the updated SREP capital requirement for 2024 from the Czech National Bank (“CNB”). Based on the Supervisory Review and Evaluation Process (“SREP”) the CNB has reduced this SREP capital requirement to 10.3 per cent, which is 30 basis points lower than in 2023. New SREP requirement will become effective from 1 January 2024.

9 Management Affidavit

The undersigned responsible persons of the issuer declare that, to the best of their knowledge, the consolidated interim financial statements give a true and fair view of assets, liabilities, financial position, and financial performance of the issuer and its consolidated group, i.e. the report includes a description of important events that occurred during the first nine months of the 2023 accounting period and their impact on the consolidated interim financial statements, together with a description of the main risks and uncertainties for the remaining three months of 2023, and, where applicable, a description of transactions with related parties during the first nine months of 2023 that materially affected the results of operations of the issuer or its consolidated group and provides a true overview of this required information.

Prague, 25 October 2023

Signed on behalf of the Management Board:

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

Jan Friček
Member of the Management Board and CFO
of MONETA Money Bank, a.s.

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 funds, core cost of risk, core customer deposits, core loan to deposit ratio, 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

AML/CFT	Anti-Money Laundering/Countering the Financing of Terrorism
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. 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 customer deposits	Due to customers excluding repo operations and CSA. MONETA uses this measure to show customer deposits without repo operations and CSA.
Core Loan to Deposit ratio	Core loan to deposit ratio calculated as net loans and receivables to customers divided by customer deposits excluding CSA and repos.
Core NPL Coverage	Ratio (expressed as a percentage) of Loss allowances for NPL to total NPL receivables. 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, issued bonds and subordinated liabilities, excl. opportunistic repo operations and CSA. 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. 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
FTEs	The recalculated number of employees at the end of the period
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 categorisation 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. 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. 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. MONETA uses new volume/production metrics as it reflects performance of its distribution network and ability of the Group to generate new loans, which is key for the loan portfolio growth.
NIM or Net Interest Margin (% Avg. Int Earning Assets)	Net interest income divided by Average balance of net interest earning assets. 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. 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 categorised as non-performing to total gross receivables. 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 categorisation 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. 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)
Return on Equity or RoE	Return on equity calculated as annualised profit after tax for the period divided by total equity
Return on Tangible Equity or RoTE	Consolidated profit after tax divided by tangible equity. 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). 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 the intangible assets and goodwill
Tier 1 Capital	The aggregate of CET1 Capital and Additional Tier 1 capital which mainly consists of capital instruments and other items (including certain unsecured subordinated debt instruments without a maturity date) provided in Art. 51 of CRR.
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. 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.