MONETA Money Bank, a.s.

Consolidated half-year report for the six months ended 30 June 2016

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1 Disclaimer

This report may contain projections, estimates, forecasts, targets, opinions, prospects, results, returns and forward-looking statements with respect to the financial condition, results of operations, capital position and business of MONETA Money Bank, a.s. ("the Company") and its consolidated subsidiaries (together, "**forward-looking statements**"). Any such forward-looking statements are not a reliable indicator of future performance, as they may involve significant 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 are attainable, will actually occur or will be realised or are complete or accurate.

Forward-looking statements are statements about the future and are inherently uncertain and generally based on stated or implied assumptions. 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 Company and its consolidated subsidiaries.

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 (including without limitation those which are referable to general market conditions or regulatory changes). Any such forward-looking statements are based on the beliefs, expectations and opinions of the Company at the date the statements are made, and the Company does not assume, and hereby disclaims, any obligation or duty to update them if circumstances or management's 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.

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

2 Key performance indicators

	Six months ended 30 Jun 2016	Year ended 31 Dec 2015	Change
Profitability			
Yield (% Avg. Net Customer Loans)	8.0%	8.7%	(76) bps
Cost of Funds (% Avg Deposits)	0.17%	0.21%	(4) bps
Net Interest Margin (% Avg Int Earning Assets)	6.2%	6.7%	(57) bps
Cost of Risk (% Avg Net Customer Loans)	0.78%	0.79%	(1) bps
Risk Adjusted Yield (% Avg Net Customer Loans)	7.2%	8.0%	(75) bps
Net Fee & Commission Income / Total operating income (%)	17.7%	19.3%	(155) bps
Net Non-Interest Income / Total operating income (%)	24.6%	23.1%	152 bps
Reported RoTE	18.3%	16.5%	182 bps
Adjusted RoTE (at 15.5% CET1 Ratio)	20.6%	18.3%	234 bps
Return on average assets	3.2%	3.2%	3 bps
Liquidity / Leverage			
Loan to Deposit Ratio	94.8%	99.8%	(491) bps
Total Equity / Total Assets	17.7%	19.9%	(219) bps
Liquid Assets / Total Assets	22.7%	20.6%	207 bps
LCR	172%	140%	3 200 bps
Equity			
Total Equity	25,463	27,839	(8.5)%
Tangible Equity	24,862	27,306	(9.0)%
Capital Adequacy			
RWA / Total Assets	87.2%	90.4%	(321) bps
CET1 ratio (%)	17.7%	17.7%	9 bps
Tier 1 ratio (%)	17.7%	17.7%	9 bps
Total capital ratio (%)	17.7%	17.7%	9 bps
Asset Quality			
Non Performing Loan Ratio (%)	6.9%	11.7%	(479) bps
NPL Ratio – Retail (%)	10.4%	17.0%	(658) bps
NPL Ratio – Commercial (%)	3.2%	5.9%	(269) bps
Core NPL Coverage (%)	70.0%	77.4%	(740) bps
Core NPL Coverage – Retail (%)	71.8%	79.1%	(725) bps
Core NPL Coverage – Commercial (%)	63.9%	72.2%	(836) bps
Total NPL Coverage (%)	80.4%	84.0%	(360) bps
Efficiency			
Cost to Income Ratio	42.2%	45.7%	(353) bps
FTEs	3,065	3,097	(1.0)%
Branches	229	229	0.0%
ATMs	617	628	(1.8)%

Note: All ratios annualised.

3 Macroeconomic Environment

The external economic environment remained favourable in the first half of 2016, with GDP growth of 3.0% year-on-year in Q1 2016 supported by growing industrial production, rising wages and unemployment declining to low levels. These factors, together with a very low interest rate environment, contributed to the solid growth of the Czech commercial lending market and, on the retail side, notable growth in mortgage loans, which was accompanied by falling default rates.

In comparison to 2015, in which economic growth in the Czech Republic was driven by increased dynamics in private sector and government investment, at the beginning of 2016 household consumption was a key economic driver. Going forward, we expect that this trend will continue and that GDP growth will be supported largely by increased consumer spending; supported by decreasing unemployment, growing real wages and a high level of consumer confidence.

The business market sentiment remains fairly positive with some reservations regarding geopolitical risks (world economic development, subsidy schemes, Brexit, etc.). In the Czech agricultural sector, the low prices of certain commodities (especially milk) continue to present a concern.

The development of the Czech banking sector remains in line with the overall economic growth of the Czech Republic. This positive macroeconomic environment in the first half of 2016 resulted in the growth of total sector loans (4% year-to-date) and total sector deposits (6% year-to-date). On the other hand, revenues and net profit of the sector continue to be under pressure largely as a result of strong competition, decreasing fee income and higher costs.

On the lending side, the banking Czech market recorded growth in the retail (1% year-to-date) and commercial (2% year-to-date) segments. The growth of the Czech retail loans market predominantly arose from continued strong mortgage lending amid an extremely low rate environment. Positive business sentiment also influenced Czech commercial lending activity, where the growth of both short and medium-long term loans was observed.

In line with the development of the M2 money aggregate, total Czech market deposits increased in the first half of 2016 by 6%. The growth was stronger on the commercial side (7%) than on the retail side (6%). Deposit market development was driven by strong growth in demand deposits (current accounts and savings accounts) and partially offset by a continued decline in term deposits.

The difference between the pace of growth in the deposit versus the loan market helped to improve the sector's liquidity position and pushed the aggregate loan to deposit ratio to lower levels.

As of the end of the first quarter of 2016, revenue generated by the Czech banking sector decreased by 4% when compared to the first quarter of 2015. This decline was driven primarily by lower market-wide fee income and to a lesser extent by a decrease in interest income.

The drop in fee income is attributable to the continuing trend of abolishing servicing fees on consumer current accounts as well as lending products, and to the cap introduced on the interchange fees at the end of 2015. The reduction in interest income is a result of strong competition on the market and a persisting extremely low interest rate environment, with no outlook for an increase in the short term.

Aggregate net income of the Czech banking industry fell by 17% in the first quarter of 2016 year-on-year. In addition to the drivers of revenue decline as described above, net income was impacted by increasing operating expenses and creation of other provisions.

The capital position of the Czech banking sector remains high with the total capital adequacy ratio exceeding 18%. Additionally, Czech banks maintain a high quality of capital with the CET1 capital adequacy ratio remaining above 17%. Strong market resilience is supported by an improvement in banks' asset quality. The non-performing loans ratio stood at 5.3% as of the end of the second quarter of 2016.

4 Group performance

4.1 Business performance

The financial performance of the Group during the six months ended 30 June 2016 developed in line with management's expectations. The Group generated profit after tax of CZK 2.3 billion.

The Group's overall portfolio of net customer loans grew by 0.1% to CZK 108.5 billion in the six months ended 30 June 2016, with a balanced mix of commercial and retail loans. The loan portfolio was negatively impacted by a reduction in the legacy NPL. The net balance growth in the performing loan portfolio amounted to 0.8% during the same period.

The retail loan portfolio returned to growth during the period with an increase of 0.4% when compared to the 31 December 2015 balance, standing at CZK 53.9 billion as at 30 June 2016. This growth is to a large extent a result of the continuing strong uplift in new volumes of consumer loans, which were up 32% in the first six months of 2016 year-on-year, driven by the new pricing introduced at the end of 2015 bringing rates closer to the market level. The increase in consumer loans was partially offset by a continued decrease in outstanding credit card balances and overdrafts. The drop in mortgage balances has decelerated and new volume booked in the first six months of 2016 shows a growth of 24% year-on-year with a strong pipeline of demand. New volumes of Auto and equipment loans have grown by 34% year-on-year in the same period.

The commercial portfolio stood at CZK 54.6 billion as at 30 June 2016, 0.2% down from the 31 December 2015 balance. Auto and Equipment loans and leases were down by CZK 0.7 billion or 4.3% over the same period, representing the most significant driver of the overall decline in commercial lending. The balance in this category is negatively impacted by continuing lower production at MONETA Leasing, s.r.o. ("ML") triggered by the recent sales force attrition. The measures taken by the management to mitigate this issue include backfilling the open positions and offering the leasing product through the bank's SME sales force. During first half of 2016, the Group integrated the leasing product into its SME banking offering and trained all its relationship managers to offer leasing products. In parallel, it successfully backfilled the majority of the vacancies within ML.

Excluding Auto and Equipment Loans and Leases, Commercial new volumes have dropped by CZK 0.6 billion or 12.6% in the first six months of 2016 year-on-year; primarily driven by Investments loans, largely as a result of different timing in the subsidy program applications compared to 2015. On the other hand, an increase in the Group's sales force serving small businesses and a focus on predominantly harvesting the existing customer base has resulted in a significant increase in unsecured business new volumes (by 36% year-on-year).

The Group's customer deposits continued to grow in both the retail and commercial segments and stood at CZK 114.4 billion as at 30 June 2016, increasing 5.3% compared to CZK 108.7 billion as at 31 December 2015. Across both segments, balance increases came primarily from current and saving accounts, allowing the cost of funding to further improve. The loan to deposit ratio stood at 95%, below the Group's medium term target of less than 100%. The continued growth in deposits, primarily driven by an increasing average balance, further reinforces the self-funding capacity of the Group and its solid liquidity position.

4.2 Financial performance

The Group's net interest margin declined to 6.2% for the six months ended 30 June 2016, from 6.7% for the year ended 31 December 2015, which was in line with management expectations. The decline was a result of the recently introduced new pricing for consumer loans, a continued consolidation of credit card balances and increased competitive pressure on rates in the commercial segment.

Net fee and commission income of CZK 1,008 million for the six months ended 30 June 2016 was a decrease of 13.6% year-on-year; consistent with management expectations. The drop was a result of the newly introduced cap on the interchange fees and a continued decline of servicing fees on current accounts and consumer lending products as experienced in prior years.

Net income from financial operations amounted to CZK 313 million in the first six months of 2016 (CZK 170 million in the comparable period). The major driver of the increase was a gain of CZK 158 million on the VISA transaction.

Operating expenses for the first six months of 2016 amounted to CZK 2,396 million, down 15.6% year-on-year. The lower spend was driven by lower GE recharges, lower rent and rent related services, and lower depreciation and amortization. The Group incurred CZK 131 million of operating and CZK 31 million of capital expenditure on the Initial Public Offering (IPO) and post-Offering separation (with total budget of CZK 1 billion). The rebranding roll-out is proceeding according to plan with full digital presence, 45% of branches and 47% of ATMs rebranded as of 30 June 2016.

Net impairment of loans and receivables of CZK 424 million for the six months ended 30 June 2016 increased 80.4% from CZK 235 million year-on-year. The net impairment was influenced by a continued low rate of NPL formation, proceeds from debt sales and the execution of the Group's strategy to further reduce the legacy NPL portfolio through write-offs.

The Group significantly reduced its NPL ratio to 6.9% as at 30 June 2016, from 11.7% as at 31 December 2015, mainly through NPL write offs and sales (total NPL reduction by CZK 6.1 billion on gross basis). The unfavourable impact of the write offs on the net impairment of loans and receivables of CZK 273 million was partially offset by the gain of CZK 214 million from the NPL sale. An allowance in the amount of CZK 330 million was recognized post write-off on the legacy NPL portfolio. As a result, the overall total NPL coverage (including total loan allowances) stood at a comparatively high level of 80.4% as at 30 June 2016 versus 84.0% at 31 December 2015.

Profit after tax for the first half of 2016 attributable to shareholders of the Company was thus CZK 2,278 million.

The Group delivered an annualised risk adjusted yield of 7.2% for the first six months of 2016, down by 75 bps when compared to the same period of the preceding year and in line with management expectations.

Annualised return on tangible equity for the six months ended 30 June 2016 equalled 18.3% (16.5% in the year ending 31 December 2015). When adjusted to the management target of CET1 Ratio at 15.5%, the return on tangible equity for the current period would amount to 20.6%, well above the management target of a minimum of 14%.

As at 30 June 2016, the CET1 Ratio was 17.7%, on the same level as at 31 December 2015.

4.3 Outlook for 2016 and risks

We expect that the positive external environment will prevail across the rest of the year, with the Czech economy anticipated to grow by 2.2% in 2016 and the Group's loan book expected to grow at a similar rate. With strong liquidity in the system, deposit growth is expected to exceed that of the loan book; thus helping to maintain a loan to deposit ratio of less than 100%.

The yield is expected to continue its decline in line with guidance provided, i.e., following the trend observed in the preceding two years supplemented by the impact of the repricing of the consumer loans front book in December 2015; an effect that is expected to gradually translate into the back book over the average turn of the consumer loan portfolio of 21 months since repricing.

Management estimates that cost savings for 2016 stand at around CZK 200-250 million, versus our previous guidance, due to lower than expected Initial Public Offering (IPO) and post-Offering separation costs as well as other savings year-to-date.

Management maintains its guidance for net impairment of loans and receivables at 1% of the average balance of net loans and receivables to customers, assuming no unexpected deterioration in the overall portfolio quality and no major single commercial default.

Management also continues to implement the RWA density reduction programme and expects that an initial impact will be reported in the second half of the year.

The adjusted return on tangible equity (at the management target of 15.5% CET1 Ratio) is expected to exceed 14%. Subject to the approval of the Company's general meeting and regulatory limitations, the management estimates that the dividend for 2016 will be in line with the Company's dividend policy.

The Group is exposed to standard risks and uncertainties which have been already disclosed in the prospectus of the Company relating to the Offering and the Listing (IPO). A non-exhaustive list of risks, to which the Group continues to be exposed, is set out below:

- The intense competition in the financial services industry, with strong pressure on prices and margins.
- Risk of unfavourable development of the economic environment which may result in a fall in demand for credit products offered principally to individuals and SMEs, as well as greater credit risk.
- Risk that despite the mitigating steps implemented by the management the staff attrition at Leasing platform would materially impact the commercial performance.
- Interest rate risk, particularly on the negative rate side.
- Ability to do business with certain customers and secure financing given that the Group does not have a credit rating.
- Changes in the legal environment, including consumer protection laws.
- Changes in the regulatory environment, including capital and liquidity requirements.
- Unsettled court and administrative proceedings, particularly as described under paragraph 8.12

5 Basic information about MONETA Money Bank, a.s.

Basic details of MONETA	
Name:	MONETA Money Bank, a.s.
Registered office:	Vyskočilova 1422/1a, 140 28 Praha 4 – Michle
Company ID no.:	25672720
Legal form:	Joint-stock company
Date of registration:	9 June 1998
Registered share capital:	CZK 511,000,000
Paid up:	100%

Branches, ATMs and employees:

Number of branch offices as at 30 June 2016 and 31 December 2015: 229.

Number of ATMs as at 30 June 2016: 617 and 31 December 2015: 628.

Number of employees ("FTEs") as at 30 June 2016: 3,065, decrease of 1.0% from 31 December 2015.

Business activities:

The Company and its consolidated subsidiaires (the "Group") operates in the Czech Republic and focuses primarily on secured and unsecured consumer lending and commercial financing.

The retail portfolio consists of secured and unsecured lending. Unsecured lending includes consumer loans, credit cards, and consumer overdrafts. Secured lending is provided in the form of mortgages, auto & equipment loans and auto & equipment leases.

Commercial lending products comprise of working capital, investment loans, auto & equipment loans, auto & equipment financial leases, automated overdrafts, inventory & fleet finance and unsecured business loans. Additionally the Group offers guarantees, letters of credits and foreign exchange transactions.

In addition to lending products, the Group provides a wide range of deposit and transactional products to retail and commercial customers. The Group also issues debit and credit cards in cooperation with VISA and MasterCard. The Group sells payment protection and other insurance products which are underwritten and administered by third parties. Finally, the Group sells investment products of third parties.

Ownership structure:

GE Capital International Holdings Limited retained a 42.51% share as at 30 June 2016. The latest available list of shareholders holding more than 1% of the shares is available in the investor relations section of the Company's website at https://investors.moneta.cz/shareholder-structure.

Group's New Supervisory Board:

In connection with the Offering and the Listing (IPO) , the previous members of the Supervisory Board resigned from their positions and the following new members were elected on 21 April 2016.

The Group's Supervisory board has held four meetings in the first six months of 2016.

Name	Position held from
Christopher Michael Chambers, Chairman of the Supervisory Board	21 April 2016
Richard Alan Laxer, Vice Chairman of the Supervisory Board	21 April 2016
Michal Petrman, Member of the Supervisory Board	21 April 2016
Clare Ronald Clarke, Member of the Supervisory Board	21 April 2016
Denis Arthur Hall, Member of the Supervisory Board	21 April 2016

Group's Management Board:

Philip Holemans, member of the Management Board, has been appointed as the Vice Chairman of the Management Board as at 20th April 2016.

The Management Board has held 18 meetings in the first six months of 2016.

Name	Position held from
Tomáš Spurný, Chairman of the Management Board	1 October 2015
Philip Holemans, Vice Chairman of the Management Board	20 April 2016*
Jan Novotný, Member of the Management Board	16 December 2013
Carl Normann Vökt, Member of the Management Board	25 January 2013

* Previously member of the Management Board starting from 17 July 2014

6 Auditors' Review Report

KPMG

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Independent Auditors' Review Report to the Shareholders of MONETA Money Bank, a.s.

Introduction

We have reviewed the accompanying 30 June 2016 condensed consolidated interim financial statements of MONETA Money Bank, a.s. ("the Bank"), as set out in sections 7 and 8 of the consolidated half-year report of the Bank, which comprise:

- the condensed consolidated statements of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2016;
- the condensed consolidated statement of financial position as at 30 June 2016;
- the condensed consolidated statement of changes in equity for the six-month period ended 30 June 2016;
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 2016; and
- notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("ISRE 2410"). A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2016 condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Other Matter

Management is responsible for the preparation of the Bank's consolidated half-year report for the six-month period ended 30 June 2016 in accordance with the Act No. 256/2004 Coll., as amended ("Zakon o podnikani na kapitalovem trhu" / "The Act on Capital Markets Undertaking"), which includes the condensed consolidated interim financial statements, as set out in sections 7 and 8, and other information, as set out in sections 1-5 and 9-11 of the consolidated half-year report ("the other information").

Our conclusion on the condensed consolidated interim financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our review of the condensed consolidated interim financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the condensed consolidated interim financial statements or our knowledge obtained during the review. If, based on the work we have performed, we identify a material inconsistency in the other information, we are required to report this fact.

Prague
10 August 2016

KPMG Česká republika Audit

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7 Condensed consolidated interim financial statements for the six months ended 30 June 2016

7.1 Condensed consolidated statement of profit or loss and other comprehensive income for the three-month and the six-month periods ended 30 June 2016

		Quarter ended		Half-year ended	
CZK m	Note	30 Jun 16	30 Jun 15	30 Jun 16	30 Jun 15
Interest and similar income		2,154	2,385	4,378	4,799
Interest expense and similar charges		(47)	(55)	(95)	(112)
Net interest income	8.7	2,107	2,330	4,283	4,687
Fee and commission income		596	665	1,157	1,321
Fee and commission expense		(78)	(71)	(149)	(155)
Net fee and commission income	8.8	518	594	1,008	1,166
Dividend income		12	7	12	7
Net income from financial operations		239	78	313	170
Other operating income		30	19	63	52
Total operating income		**2,906**	**3,028**	**5,679**	**6,082**
Personnel expenses		(534)	(607)	(1,051)	(1,122)
Other administrative expenses		(564)	(410)	(956)	(982)
Depreciation and amortisation		(60)	(143)	(141)	(265)
Other operating expenses		(56)	(287)	(248)	(469)
Total operating expenses	8.9	**(1,214)**	**(1,447)**	**(2,396)**	**(2,838)**
Profit for the period before tax and net impairment of loans, receivables and financial assets available for sale		1,692	1,581	3,283	3,244
Net impairment of loans and receivables	8.15.2	(187)	(68)	(424)	(235)
Profit for the period before tax		**1,505**	**1,513**	**2,859**	**3,009**
Taxes on income		(306)	(326)	(581)	(639)
Profit for the period after tax		**1,199**	**1,187**	**2,278**	**2,370**
Items that are or might be reclassified to profit or loss					
- Change in fair value of AFS investments recognised in OCI		30	(201)	(24)	(161)
- Change in fair value of AFS investments recognised in P&L		(158)	0	(158)	(13)
- Deferred tax		24	38	34	34
Other comprehensive income, net of tax		**(104)**	**(163)**	**(148)**	**(140)**
Total comprehensive income attributable to the equity holders		1,095	1,024	2,130	2,230

Earnings per share				
Profit for the year after tax attributable to the equity holders (in CZK m)	1,199	1,187	2,278	2,370
Weighted average of ordinary shares (millions of shares)*	511	510	511	510
Basic and Diluted earnings per share (in CZK)	2.35	2.33	4.46	4.65

*In April 2016, the nominal value of one share was changed from CZK 1,000,000 to CZK 1. See note 8.5. The comparatives of weighted average number of shares are calculated in line with guidance in IAS 33 (Earnings per Share) in order to ensure a comparison on year-to-year basis.

7.2 Condensed consolidated statement of financial position as at 30 June 2016

CZK m	Note	30 Jun 16	31 Dec 15
Assets			
Cash and balances with the central bank		20,221	15,475
Financial assets at fair value through profit or loss	8.16	7	7
Financial assets available for sale	8.16	11,508	13,255
Loans and receivables to banks		926	139
Loans and receivables to customers	8.10	108,520	108,437
Intangible assets		497	429
Property and equipment		430	485
Non-current assets held for sale		0	22
Goodwill		104	104
Investments in associates		2	2
Current tax assets		475	172
Deferred tax assets		592	944
Other assets		679	566
TOTAL ASSETS		**143,961**	**140,037**
Liabilities			
Deposits from banks	8.11	601	289
Due to customers	8.11	114,416	108,698
Financial liabilities at fair value through profit or loss	8.16	12	8
Provisions		486	543
Current tax liabilities		0	1
Deferred tax liabilities		246	220
Other liabilities		2,737	2,439
Total liabilities		**118,498**	**112,198**
Equity			
Share capital		511	511
Share premium		5,028	5,028
Legal and statutory reserve		102	167
Available for sale reserve		334	482
Share based payment reserve		(2)	(2)
Retained earnings		19,490	21,653
Total equity		**25,463**	**27,839**
TOTAL LIABILITIES AND EQUITY		**143,961**	**140,037**

7.3 Condensed consolidated statement of changes in equity for the six months ended 30 June 2016

CZK m	Share capital	Share premium	Legal and statutory reserve	AFS reserve	Share based payment reserve	Retained earnings	Total
Balance 1 Jan 16	**511**	**5,028**	**167**	**482**	**(2)**	**21,653**	**27,839**
Transactions with owners of the company							
Dividends						(4,506)	(4,506)
Transfers to/from reserve funds			(65)			65	0
Total comprehensive income							
Profit for the year after tax						2,278	2,278
Other comprehensive income, net of tax							
Change in fair value of AFS assets							
- Change in fair value of AFS investments recognised in OCI				(24)			(24)
- Change in fair value of AFS investments recognised in P&L				(158)			(158)
- Deferred tax				34			34
Balance 30 Jun 16	**511**	**5,028**	**102**	**334**	**(2)**	**19,490**	**25,463**
Balance 1 Jan 15	**510**	**4,702**	**158**	**359**	**(2)**	**36,856**	**42,583**
Transactions with owners of the company							
Dividends						(19,700)	(19,700)
Transfers to/from reserve funds							
Other changes						2	2
Total comprehensive income							
Profit for the year after tax						2,370	2,370
Other comprehensive income after tax							
Change in fair value of AFS assets							
- Change in fair value of AFS investments recognised in OCI				(161)			(161)
- Change in fair value of AFS investments recognised in P&L				(13)			(13)
- Deferred tax				34			34
Balance 30 Jun 15	**510**	**4,702**	**158**	**219**	**(2)**	**19,528**	**25,115**

7.4 Condensed consolidated statement of cash flows for the six months ended 30 June 2016

	Half-year ended	
CZK m	30 Jun 16	30 Jun 15
Cash flows from operating activities		
Profit after tax	2,278	2,370
Adjustments for:		
- Depreciation and amortization	141	265
- Net impairment of loans and receivables	424	235
- Net loss gain on sale of available for sale financial assets	(158)	(13)
- Amortisation of coupon of financial assets available for sale	(42)	(45)
- Net loss (-)/gain (+) on sale of tangible and intangible assets	(2)	6
- Dividend income	(12)	(7)
- Taxes on income	581	639
Changes in:		
- Financial assets at fair value through profit or loss	0	(3)
- Loans and receivables to customers	(507)	(1,247)
- Other assets	(113)	37
- Deposits from banks	312	(81)
- Due to customers	5,718	2,665
- Financial liabilities at fair value through profit or loss	4	(7)
- Other liabilities and provisions	241	410
Income taxes paid	(473)	(618)
Net cash from / (used in) operating activities	**8,392**	**4,606**
Cash flows from investing activities		
Acquisition of financial assets available for sale	(243)	(16,392)
Proceeds from financial assets available for sale	2,008	8,559
Acquisition of property and equipment and Intangible assets	(161)	(78)
Proceeds from the sale of property and equipment and Intangible assets	31	5
Dividend received	12	7
Net cash from / (used in) investing activities	**1,647**	**(7,899)**
Cash flows from financing activites		
Dividend paid	(4,506)	0
Net cash from/(used in) financing activities	**(4,506)**	**0**
Net change in cash and cash equivalents	**5,533**	**(3,293)**
Cash and cash equivalents at the beginning of the period	15,614	12,279
Cash and Cash equivalents at the end of period	21,147	8,986

Interest received*	4,088	4,437
Interest paid*	(119)	(131)

* Interest received and Interest paid are included within cash flows from operating activities

8 Notes to condensed consolidated interim financial statements

8.1 Reporting entity

MONETA Money Bank, a.s. (the 'Company' or the 'Bank') is a company domiciled in the Czech Republic. These condensed consolidated interim financial statements ('interim financial statements') as at and for the six months ended 30 June 2016 comprise the Company and its consolidated subsidiaries (together referred to as the 'Group').

8.2 Basis of preparation and presentation

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2015 ('last annual financial statements'). They do not include all of 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 condensed consolidated interim financial statements were reviewed by the auditor (please see Auditor's Report on page 11 above).

There have been no changes in significant accounting policies since the last annual financial statements.

The Group's interim financial statements were authorised for issue by the Management Board on 10 August 2016.

Going Concern

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

Functional and presentation currency

These condensed consolidated 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.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are consistent with those that applied to the last annual financial statements.

8.4 Consolidation group

The definition of the consolidation group as at 30 June 2016 has not changed compared to 31 March 2016 and 31 December 2015.

The Group's companies included in consolidation as at 30 June 2016, together with the ownership were as follows:

Name	Registered office	Business activity	The Company's share	Method of consolidation
MONETA Auto, s.r.o.	Vyskočilova 1422/1a, 140 00 Prague 4	Auto financing (Loans and Leases)	100%	Full
MONETA Leasing, s.r.o.	Holandská 1006/10, Štýřice, 639 00 Brno	Financing of loans and leasing	100%	Full
MONETA Leasing Services, s.r.o.	Holandská 1006/10, Štýřice, 639 00 Brno	Lease and rental of movables	100%	Full
Inkasní Expresní Servis s.r.o.	Vyskočilova 1422/1a, 140 28 Prague 4	Debt recovery services	100%	Full
CBCB - Czech Banking Credit Bureau, a.s.	Na Vítězné pláni 1719/4, 140 00 Prague 4	Banking Credit Register	20%	Equity

Rebranding

As part of the overall separation from GE Capital, the Company ceased using the GE corporate brand. On 1 May 2016 the Company was officially renamed as MONETA Money Bank, a.s. The legal and commercial names of the Company and its three consolidated subsidiaries were changed on 1 May 2016 as follows:

Old name till 30 April 2016	New name from 1 May 2016
GE Money Bank, a.s.	MONETA Money Bank, a.s.
GE Money Auto, s.r.o.	MONETA Auto, s.r.o.
GE Money Leasing, s.r.o.	MONETA Leasing, s.r.o.
GE Money Leasing Services, s.r.o.	MONETA Leasing Services, s.r.o.

Offering to institutional investors and listing

Following the strategy announced by General Electric Company in April 2015 to sell most of its financial services businesses and focus on its industrial businesses, the sole shareholder of the Company, GE Capital International Holdings Limited offered 51% of the common shares of the Company (the "Offering") to institutional investors and the Company applied for the admission of all common shares to trading on the Prime Market of Prague Stock Exchange (the "Listing"). The Offering was completed and settled on 10 May 2016. The conditional trading in the shares commenced on 6 May 2016 and the official trading in shares commenced on 10 May 2016. In addition, the Offering incorporated an overallotment option to the benefit of underwriters exercisable within 30 days starting on the first day of conditional trading in the shares of up to 7.65% of the shares to cover overallotments or short positions incurred in connection with the Offering, if any. The underwriters exercised the overallotment option with respect to 6.48% of the common shares of the Company.

8.5 Change in registered share capital

On 21 April 2016, 511 ordinary registered book-entry shares in the Company with a par value of CZK 1,000,000 each were split into 511,000,000 fully paid ordinary registered book-entry shares with a par value of CZK 1.00 each.

8.6 Dividends paid

On 13 April 2016 the Company paid a pre-listing dividend of CZK 4,506 million (including withholding tax) to GE Capital International Holdings Limited. The size of the dividend paid equalled the net income of the Group for 2015, hence the dividend changed neither the regulatory capital nor the CET1 Ratio of the Group.

8.7 Net interest income

CZK m	Quarter ended		Half-year ended	
	30 Jun 16	30 Jun 15	30 Jun 16	30 Jun 15
Interest income from financial assets measured at amortised cost	**2,133**	**2,363**	**4,336**	**4,754**
Loans to customers	*2,131*	*2,362*	*4,332*	*4,751*
Cash and deposit with central bank	*2*	*1*	*4*	*3*
Interest income from available-for-sale financial assets	**21**	**22**	**42**	**45**
Interest income and similar income	**2,154**	**2,385**	**4,378**	**4,799**
Interest expense from financial liabilities measured at amortised cost	(47)	(55)	(95)	(112)
Deposits from customers	*(47)*	*(55)*	*(95)*	*(112)*
Interest expense and similar expense	**(47)**	**(55)**	**(95)**	**(112)**
Net interest income	**2,107**	**2,330**	**4,283**	**4,687**

8.8 Net fee and commission income

CZK m	Quarter ended		Half-year ended	
	30 Jun 16	30 Jun 15	30 Jun 16	30 Jun 15
Lending servicing fees	64	79	133	163
Deposit servicing fees	148	176	305	367
Interchange fees	28	67	51	123
Insurance	104	102	182	186
Penalty fee (incl. early termination fees)	114	102	222	233
Transaction fees and other	138	139	264	249
Fee and commission income	**596**	**665**	**1,157**	**1,321**
Fee and commission expense	**(78)**	**(71)**	**(149)**	**(155)**
Net fee and commission income	**518**	**594**	**1,008**	**1,166**

8.9 Total operating expenses

CZK m	Quarter ended		Half-year ended	
	30 Jun 16	30 Jun 15	30 Jun 16	30 Jun 15
Personnel expenses	(534)	(607)	(1,051)	(1,122)
Other administrative expenses*	(564)	(410)	(956)	(982)
- out of which Rebranding & IPO	(108)	0	(121)	0
Depreciation and amortisation	(60)	(143)	(141)	(265)
Other operating expenses	(56)	(287)	(248)	(469)
Total operating expenses	**(1,214)**	**(1,447)**	**(2,396)**	**(2,838)**
FTEs	**3,080**	**3,128**	**3,065**	**3,149**

*The Group had recognized the full annual contribution to the resolution and recovery fund and the deposit insurance fund as of 30 June 2016. Following the market practice, the total amount charged to expense in 2016 of CZK 68 million was reclassified in the quarter ended 30 June 2016 and half-year ended 30 June 2016 from Other operating expanses to Other administrative expenses. The contribution to the resolution and recovery fund and deposit insurance fund for half year ended 30 June 2015 was at CZK 97 million (for quarter ended 30 June 2015: 60 million) and it is included in the Other operating expenses.

8.10 Net lending portfolio

Retail net loan balances by product

CZK m	30 Jun 16	31 Dec 15
Consumer Loans	31,909	30,526
Mortgages	15,098	15,387
Credit Card & Overdraft	4,730	5,407
Auto & Equipment Loans and Financial Leases	1,984	1,958
Other	196	427
Retail loan balances	**53,916**	**53,705**

Commercial net loan balances by product

CZK m	30 Jun 16	31 Dec 15
Investment Loans	27,793	27,078
Working Capital	8,765	8,788
Auto & Equipment Loans and Financial Leases	15,649	16,354
Unsecured Business Loans and Overdraft	1,657	1,646
Inventory Financing and Other	740	866
Commercial loan balances	**54,604**	**54,732**

8.11 Due to customers and deposits from banks

CZK m	30 Jun 16	31 Dec 15
Retail Current Accounts	35,160	31,527
Retail Savings Accounts and Term Deposits	34,413	33,264
Commercial Current Accounts	32,980	30,766
Commercial Savings Accounts and Term Deposits	11,850	13,180
Other	614	250
Total due to customers and deposits from banks	**115,017**	**108,987**

CZK m	30 Jun 16	31 Dec 15
Current Accounts	68,140	62,293
Savings Accounts	42,600	40,806
Term Deposits and Other	4,277	5,888
Total due to customers and deposits from banks	**115,017**	**108,987**

8.12 Legal risks

The below legal risks, to which the Company is exposed, have been already disclosed to investors in the prospectus of the Company and relating to the Offering and the Listing (IPO). As required by Section 119(2)(d)(1) of Czech Act No. 256/2004 Coll., on conducting business in the capital markets, as amended, the Company updates these legal risks as follows:

8.12.1 Litigation risks in respect of the 1998 acquisition of a part of Agrobanka's banking business.

The Company is subject to the litigation risks set out below in connection with the acquisition from Agrobanka Praha, a.s. (currently Agrobanka Praha, a.s. v likvidaci) ("**Agrobanka**") of a part of Agrobanka's banking business in June 1998 (the "Acquisition") and the ongoing liquidation of Agrobanka.

Following the completion of the Acquisition in 1998, certain Agrobanka shareholders and members of its supervisory board filed claims against the Company and Agrobanka in the Czech courts, alleging that the Acquisition was not legal, valid and enforceable. If this had been found to have been the case at the time, the consequences could have been the unwinding of the Acquisition and the return by the Company to Agrobanka of all assets and/or liabilities deemed to belong to Agrobanka or, alternatively, a payment by the Company of their financial equivalent to Agrobanka. In 2010, the Company and certain other entities affiliated with GE reached a general settlement with Agrobanka and shareholders holding in aggregate more than 60 % of the shares in Agrobanka. As at the date hereof, the Company is not a party to any claim challenging the legality, validity and enforceability of the Acquisition. The Company believes that the Acquisition is legal, valid and enforceable and that Agrobanka shareholders, directors and members of the supervisory board do not have standing to take legal action to claim otherwise.

In addition, Agrobanka has historically been at risk of insolvency, raising the possibility that an Agrobanka bankruptcy trustee could treat the Acquisition as not being legal, valid and enforceable and attempt to treat any assets of the Company that it deems to belong to Agrobanka as part of the bankruptcy estate, seek to assume control over such assets and challenge the Acquisition. So far as the Company is aware, Agrobanka is not insolvent as at the date hereof. The risk of Agrobanka's insolvency has been significantly lessened by the 2010 settlement. Moreover, the Company believes that pursuant to the 2010 settlement any bankruptcy trustee of

Agrobanka would be contractually prohibited from challenging the legality, validity and enforceability of the Acquisition.

The Company believes that an unwinding of the Acquisition and/or determination by a bankruptcy trustee of Agrobanka which assets of the Company could be treated as part of Agrobanka's bankruptcy estate would be difficult to implement in practice given that 18 years have elapsed since the completion of the Acquisition.

In December 2014, an individual shareholder of Agrobanka not bound by the 2010 settlement challenged in court actions against Agrobanka the validity of resolutions adopted in September 2014 at Agrobanka's general meeting approving the liquidation balance, on the basis that the liquidation amount was insufficient. In April 2015, these court actions were dismissed by the Municipal Court in Prague, which also stated in its reasoning that the Acquisition was valid. On 22 June 2016, the High Court in Prague as an appellate court affirmed the decision of the Municipal Court in Prague. The plaintiff may file an extraordinary appeal against such decision with the Czech Supreme Court. Whereby the said decision of the Municipal Court in Prague became final in June 2016, the liquidator of Agrobanka informed Agrobanka shareholders of the commencement of a distribution of Agrobanka's liquidation balance to shareholders. Until the proceedings on the extraordinary appeal (if any) or any other future court proceedings which may be initiated against Agrobanka by any other Agrobanka shareholder or third party are finally terminated, it is not possible to complete the liquidation and deregister Agrobanka from the Czech Commercial Register.

Following the completion of the Offering and the Listing (IPO), another minority shareholder of Agrobanka challenged in communication with Agrobanka the Acquisition, the 2010 settlement, as well as the process of the Agrobanka liquidation (including, the distribution of the liquidation balance). To the Company's knowledge, no such claims have been brought against Agrobanka in court, or made against the Company, as such. The Company notes that it cannot assure that there will be no further legal or other attacks against Agrobanka and/or the Company in connection with the Acquisition or the liquidation of Agrobanka.

8.12.2 Administrative proceedings initiated by Czech Trade Inspection Authority ("CTI") against MONETA Auto, s.r.o. ("MA")

In August 2015, the CTI issued a decision imposing a fine of CZK 5 million on MA for alleged breach of Czech consumer credit law by MA. According to the CTI, consumer credit agreements entered into from 2011 to 2014 between MA and its consumer clients and related credit documents did not include correct information regarding the annual percentage rate of the loan ("**APR**") and the total amount repayable by the consumer to MA in connection with the loan agreement. MA lodged an appeal against this decision with the General Director of the CTI. On 14 July 2016, the General Director of the CTI decreased the amount of fine to CZK 4 million and affirmed the opinion of the CTI. MA believes that the relevant consumer credit agreements concluded by MA from 2011 to 2014 are in compliance with Czech consumer credit law and is considering filing with a competent Czech court an action against the decision of the General Director of the CTI. Consumers which are parties to the relevant consumer credit agreements concluded by MA from 2011 to 2014 may attempt to bring legal proceedings in light of the CTI decision alleging that (i) they are not liable to pay to MA the interest rate and other fees agreed in the relevant consumer credit agreements and (ii) they are liable to pay only a discount rate published by the CNB and that MA may be required to return to customers an amount of already paid interest and fees insofar as those interest and fees exceeded the CNB's discount rate.

The CTI initiated several additional administrative proceedings and compliance reviews of MA's compliance with Czech consumer credit law. In one of these proceedings, the CTI imposed a fine of CZK 100,000 due to an alleged breach by MA of Czech credit check requirements. MA appealed and the appeal is being heard by the General Director of the CTI. If this decision on a breach of Czech credit check requirements did become enforceable, consumers which were parties to the relevant consumer credit agreements may attempt to bring legal proceedings in light of the CTI decision alleging that (i) the relevant consumer agreements are not valid and enforceable and (ii) that they are not liable to pay to MA the interest rate and other fees agreed in the relevant consumer credit agreements and they are liable to only return the principal amount of the loan and MA may be required to return to customers an amount of already paid interest and fees.

8.13 Segment Reporting

Group's operating segments are following: Commercial, Retail and Other/Treasury. The Segments are described in more detail in the last annual financial statements. All ratios shown below are annualised.

The Management Board of the Company (the chief operating decision maker) does not use the below presented segmental view on all items of the Statement of Profit and Loss. For this reason Operating expenses, Taxes and consequently Profit for the year before tax and Profit for the year after tax is not reported for segments but only on the Total level. This change of reporting was made as part of the separation of the Group from GE.

CZK m	Commercial	Retail	Treasury/Other	Total
Quarter ended 30 June 2016				
Interest and similar income	567	1,563	24	2,154
Interest expense and similar charges	(12)	(35)	0	(47)
Net fee and commission income	161	354	3	518
Dividend income	0	0	12	12
Net income from financial operations	0	0	239	239
Other operating income	4	26	0	30
Total operating income	720	1,908	278	2,906
Net impairment of loans and receivables	18	(205)	0	(187)
Net impairment of other receivables	0	0	0	(0)
Risk adjusted operating income	738	1,704	277	2,719
Total operating expense				(1,214)
Profit for the period before tax				1,505
Tax on income				(306)
Profit for the period after tax				1,199

CZK m	Commercial	Retail	Treasury/Other	Total
Quarter ended 30 June 2015				
Interest and similar income	626	1,735	24	2,385
Interest expense and similar charges	(12)	(43)	0	(55)
Net fee and commission income	147	448	(1)	594
Dividend income	0	0	7	7
Net income from financial operations	0	0	78	78
Other operating income	4	15	0	19
Total operating income	765	2,155	108	3,028
Net impairment of loans and receivables	(65)	(8)	0	(73)
Net impairment of other receivables	0	4	0	4
Risk adjusted operating income	701	2,151	108	2,960
Total operating expense				(1,447)
Profit for the period before tax				1,513
Tax on income				(326)
Profit for the period after tax				1,187

CZK m	Commercial	Retail	Treasury/Other	Total
Half year ended 30 June 2016				
Interest and similar income	1,149	3,182	47	4,378
Interest expense and similar charges	(25)	(70)	0	(95)
Net fee and commission income	292	713	3	1,008
Dividend income	0	0	12	12
Net income from financial operations	0	0	313	313
Other operating income	15	48	0	63
Total operating income	1,431	3,873	375	5,679
Net impairment of loans and receivables	(36)	(390)	0	(426)
Net impairment of other receivables	0	2	0	2
Risk adjusted operating income	1,395	3,485	375	5,255
Total operating expense				(2,396)
Profit for the period before tax				2,859
Tax on income				(581)
Profit for the period after tax				2,278

CZK m	Commercial	Retail	Treasury/Other	Total
Half year ended 30 June 2015				
Interest and similar income	1,230	3,521	48	4,799
Interest expense and similar charges	(23)	(89)	0	(112)
Net fee and commission income	291	878	(3)	1,166
Dividend income	0	0	7	7
Net income from financial operations	0	0	170	170
Other operating income	10	42	0	52
Total operating income	1,508	4,352	222	6,082
Net impairment of loans and receivables	(98)	(144)	0	(242)
Net impairment of other receivables	0	7	0	7
Risk adjusted operating income	1,410	4,215	222	5,847
Total operating expense				(2,838)
Profit for the period before tax				3,009
Tax on income				(639)
Profit for the period after tax				2,370

Assets and liabilities by segment

CZK m	Commercial	Retail	Treasury/Other	Total
Half year ended 30 June 2016				
Total assets of the segment	58,130	57,560	28,271	143,961
Net value of loans and receivables to customers	54,604	53,916	0	108,520
Total liabilities of the segment	46,496	72,002	0	118,498

CZK m	Commercial	Retail	Treasury/Other	Total
Year ended 31 December 2015				
Total assets of the segment	58,056	57,022	24,959	140,037
Net value of loans and receivables to customers	54,732	53,705	0	108,437
Total liabilities of the segment*	45,559	66,639	0	112,198

*Split in Total liabilities of the segment is restated compared to the values stated in the last annual financial statements due to the improvement of allocation among the segments.

8.14 Related parties

The following transactions were done between related parties in:

Quarter ended 30 June 2016

CZK m	Management Board , Supervisory Board and other managers*	GE Capital International Holdings Limited	Other related parties	Total
Operating expenses	(44)	(33)	(85)	(118)
Other operating income			5	5

Quarter ended 30 June 2015

CZK m	Management Board , Supervisory Board and other managers*	GE Capital International Holdings Corporation	Other related parties	Total
Operating expenses	(39)	(28)	(156)	(184)
Other operating income			14	14

Half year ended June 2016

CZK m	Management Board , Supervisory Board and other managers*	GE Capital International Holdings Limited	Other related parties	Total
Operating expenses	(73)	(56)	(128)	(184)
Other operating income			5	5

Half-year ended June 2015

CZK m	Management Board , Supervisory Board and other managers*	GE Capital International Holdings Corporation	Other related parties	Total
Operating expenses	(82)	(51)	(307)	(358)
Other operating income			25	25

*Operating expenses includes total compensation paid to members of the Management Board, Supervisory Board and other members of the senior management in that period.

The following transactions were done between related parties as of:

30 June 2016

CZK m	Management Board, Supervisory Board	GE Capital International Holdings Limited	Other related parties	Total
Loans and receivables to customers	10			10
Financial assets at fair value through profit or loss			4	4
Due to customers	12		575	587
Financial liabilities at fair value through profit or loss			2	2

31 December 2015

CZK m	Management Board, Supervisory Board	GE Capital International Holdings Limited	Other related parties	Total
Loans and receivables to customers	11			11
Financial assets at fair value through profit or loss			6	6
Due to customers	7		574	581
Financial liabilities at fair value through profit or loss			7	7
Other liabilities			1	1

8.15 Risk management

The aim of the Group is to achieve competitive yields 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.

Risk management organization, policies and practices are the same as described in the last annual financial statements.

8.15.1 Capital Management

Regulatory capital and its components and capital adequacy:

CZK m	30 Jun 16	31 Dec 15
Regulatory Capital	22,267	22,343
RWA	125,489	126,565
out of which Credit Risk	108,525	109,601
out of which Operational Risk	16,964	16,964

Capital adequacy (%)	30 Jun 16	31 Dec 15
RWA / Total Assets	87.2%	90.4%
CET1 Ratio	17.7%	17.7%
Tier 1 Ratio	17.7%	17.7%
Total capital Ratio	17.7%	17.7%

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.

In order to calculate the regulatory capital requirement for credit risk on a consolidated basis, the Group uses the standardised (STA) approach. To calculate the capital requirement for operational risk, the Company uses the alternative standardised approach (ASA) on an individual basis. The standardised approach (TSA) is used to calculate the capital requirement for operational risk on a consolidated basis for the rest of the consolidated Group.

8.15.2 Credit risk

8.15.2.1 Loans and receivables to customers

CZK m	30 Jun 16	31 Dec 15
Retail	58,844	62,716
Commercial	56,027	57,499
Gross loans and receivables to customers	**114,871**	**120,215**
Loss allowances for loans and receivables to customers	(6,351)	(11,778)
Net loans and receivables to customers	**108,520**	**108,437**
Gross loans and receivables to customers without impairment	106,972	106,192

8.15.2.2 Loans and receivables to banks and customers according the categorization

CZK m	30 June 2016			31 December 2015		
	Receivables to banks	Loans and receivables to customers	Total	Receivables to banks	Loans and receivables to customers	Total
Performing before due date	926	101,887	102,813	139	101,141	101,280
Performing past due date	0	5,085	5,085	0	5,051	5,051
Total performing	926	106,972	107,898	139	106,192	106,331
Total non-performing	0	7,899	7,899	0	14,023	14,023
Gross loans and receivables	926	114,871	115,797	139	120,215	120,354
Allowances	0	(6,351)	(6,351)	0	(11,778)	(11,778)
Net loans and receivables	**926**	**108,520**	**109,446**	**139**	**108,437**	**108,576**
Individual allowances	0	(391)	(391)	0	(1,027)	(1,027)
Portfolio allowances	0	(5,960)	(5,960)	0	(10,751)	(10,751)
Total allowances	**0**	**(6,351)**	**(6,351)**	**0**	**(11,778)**	**(11,778)**

8.15.2.3 Non-performing loans and receivables to customers

CZK m	30 Jun 16	31 Dec 15
Retail	6,111	10,641
Commercial	1,788	3,382
Total NPL	**7,899**	**14,023**

CZK m	30 Jun 16	31 Dec 15
Retail	4,388	8,414
Commercial	1,142	2,443
Total allowances to NPL	**5,530**	**10,857**

CZK m	30 Jun 16	31 Dec 15
Retail		
Core NPL coverage	71.8%	79.1%
NPL ratio	10.4%	17.0%
Commercial		
Core NPL coverage	63.9%	72.2%
NPL ratio	3.2%	5.9%
Total		
Core NPL coverage	70.0%	77.4%
NPL ratio	6.9%	11.7%

The Group significantly reduced the NPL ratio to 6.9% as at 30 June 2016 from 11.7% as at 31 December 2015 mainly through NPL write offs and sales (reduction by CZK 6.1 billion on gross basis). The unfavourable impact of the write offs on the net impairment of loans and receivables of CZK 273 million was partially offset by the gain of CZK 214 million from the NPL sale. An allowance in the amount of CZK 330 million was recognized post write-off on the legacy NPL portfolio. As a result, the overall total NPL coverage ratio (including total loan allowances) stood at a comparatively high level of 80.4% as at 30 June 2016 versus 84% at 31 December 2015.

8.15.2.4 Net impairment of loans and receivables

CZK m	Quarter ended		Half year ended	
	30 Jun 16	30 Jun 15	30 Jun 16	30 Jun 15
Additions and release of allowances	(256)	(76)	(501)	(247)
Additions and release of unused committments allowances	5	0	5	0
Use of loan loss allowances	1,743	224	5,815	1,027
Income from previously written-off receivables	64	9	72	10
Write-offs of uncollectible receivables and losses arising from sold receivables	(1,743)	(227)	(5,815)	(1,027)
Change in allowances to operating receivables	0	2	0	2
Net Impairment of Loans and receivables	(187)	(68)	(424)	(235)

Net impairment of loans and receivables of CZK 424 million for the six months ended 30 June 2016 increased 80.4% from CZK 235 million year-on-year. The net impairment was influenced by the execution of the Group's strategy to further reduce the legacy NPL portfolio and maintain solid NPL coverage, and benefitted from a continued low rate of NPL formation.

8.15.2.5 Maximum credit risk exposures

CZK m 30 Jun 2016	Statement of financial position	Offbalance sheet	Total credit risk exposure	Available collateral*
Cash and balances with the central bank	**20,221**	**0**	**20,221**	**0**
Financial assets at fair value through profit or loss	**7**	**0**	**7**	**0**
Currency swaps	4	0	4	0
Currency forwards	3	0	3	0
Financial assets available for sale	**11,508**	**0**	**11,508**	**0**
Treasury bills	0	0	0	0
Treasury bonds	11,434	0	11,434	0
Equity investments	74	0	74	0
Loans and receivables to banks	**926**	**0**	**926**	**0**
Current accounts at banks	643	0	643	0
Term deposits at banks payable within 3 months	283	0	283	0
Loans and receivables to customers	**108,520**	**16,036**	**124,556**	**46,642**
Consumer authorized overdrafts and credit cards	4,730	6,183	10,913	0
Consumer loans	31,908	281	32,189	0
Mortgages	15,098	729	15,827	14,984
Commercial loans	38,947	8,810	47,757	20,754
Auto & Equipment Lease	7,548	0	7,548	6,506
Commercial	7,548	0	7,548	6,506
Retail	0	0	0	0
Auto & Equipment Loans	10,085	33	10,118	4,398
Commercial	8,101	33	8,134	4,398
Retail	1,984	0	1,984	0
Other loans	204	0	204	0
Commercial	8	0	8	0
Retail	196	0	196	0
Issued guarantees and credit limits on guarantees	**0**	**1,446**	**1,446**	**0**
Letter of credit	**0**	**0**	**0**	**0**
Other assets	**2,779**	**0**	**2,779**	**0**

CZK m 31 Dec 15	Statement of financial position	Off-balance sheet	Total credit risk exposure	Available collateral*
Cash and balances with the central bank	**15,475**	**0**	**15,475**	**0**
Financial assets at fair value through profit or loss	**7**	**0**	**7**	**0**
Currency swaps	6	0	6	0
Currency forwards	1	0	1	0
Financial assets available for sale	**13,255**	**0**	**13,255**	**0**
Treasury bills	1,557	0	1,557	0
Treasury bonds	11,563	0	11,563	0
Equity investments	135	0	135	0
Loans and receivables to banks	**139**	**0**	**139**	**0**
Current accounts at banks	129	0	129	0
Term deposits at banks payable within 3 months	10	0	10	0
Loans and receivables to customers	**108,437**	**14,576**	**123,013**	**47,246**
Consumer authorized overdrafts and credit cards	5,407	6,231	11,638	0
Consumer loans	30,526	149	30,675	0
Mortgages	15,387	477	15,864	15,227
Commercial loans	38,340	7,675	46,015	20,433
Auto & Equipment Lease	8,038	0	8,038	6,901
Commercial	8,025	0	8,025	6,901
Retail	13	0	13	0
Auto & Equipment Loans	10,274	44	10,318	4,685
Commercial	8,329	44	8,373	4,685
Retail	1,945	0	1,945	0
Other loans	465	0	465	0
Commercial	38	0	38	0
Retail	427	0	427	0
Issued guarantees and credit limits on guarantees	**0**	**1,450**	**1,450**	**0**
Letter of credit	**0**	**17**	**17**	**0**
Other assets	**2,724**	**0**	**2,724**	**0**

* Available collateral represents realisable value of collateral relevant for each loan exposure. The realisable value of collateral is capped up to the "Total exposure presented in the statement of financial position" on a loan-by-loan basis for the purpose of the presentation in these breakdowns.

8.16 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. The fair value includes anticipated future losses while the carrying value (amortised cost and related impairment) includes only losses arising at the end of the reporting period.

CZK m	30 Jun 2016	31 Dec 2015	30 Jun 2016	31 Dec 2015
	Carrying value		Fair value	
FINANCIAL ASSETS				
Cash and balances with the central bank	20,221	15,475	20,221	15,475
Loans and receivables to banks	926	139	926	139
Loans and receivables to customers	108,520	108,437	112,525	111,856
FINANCIAL LIABILITIES				
Deposits from banks	601	289	601	289
Due to customers	114,416	108,698	114,416	108,698

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

	30.6.2016			31.12.2015		
CZK m	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
FINANCIAL ASSETS						
Financial assets at fair value through profit or loss		7			7	
Financial assets available for sale	11,191	243	74	11,315	1,805	135
FINANCIAL LIABILITIES						
Financial liabilities at fair value through profit or loss		12			8	

There were no transfers between level 1 and 2 during the half-year ended 30 June 2016 and the year ended 31 December 2015.

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 and treasury bills. 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 fair value of treasury bills is calculated as the present value of cash flows using the benchmark interest rates.

The level 3 assets include equity instruments not traded on the market where the fair value is calculated using the valuation techniques including expert appraisals.

Movement analysis of level 3 financial assets and liabilities

CZK m	As at 1 January 2016	Sales	Additions	Total gains and losses in the period recognised in OCI	As at 30 June 2016
Available for sale					
Equity investments	135	(158)	37	52	66
Other istruments designated as AFS	0	0	8	0	8
Total	135	(158)	45	52	74

CZK m	As at 1 January 2015	Sales	Additions	Total gains and losses in the period recognised in OCI	As at 31 December 2015
Available for sale					
Equity investments	31	0	0	104	135

8.17 Subsequent events

The Company's management is not aware of any events that have occurred since the date of condensed consolidated statement of financial position that would have any material impact on the condensed consolidated interim financial statements for the six months ended 30 June 2016.

9 Management affidavit

To the best of our knowledge, we believe that this consolidated half-year report gives a fair and true view of the Group's financial position, business activities and results from the first half of 2016, and outlook for the development of Group's financial situation, business activities and results.

Prague, 10 August 2016

Signed on behalf of the Management Board:

Tomáš Spurný

Chairman of the Management Board

Philip Holemans

Vice Chairman of the Management Board

10 Alternative performance measures

In this report, certain financial data and measures are presented which are not calculated pursuant to any accounting standard and which are therefore non-IFRS measures. These financial data and measures are cost of funds/cost of funding, net interest margin, net non-interest income, return on average assets, reported return on tangible equity, yield on net customer loans, cost to income ratio, tangible equity, adjusted return on tangible equity, adjusted tangible equity, adjustment for cost of funds, excess capital, cost of risk, risk adjusted yield on net customer loans, risk adjusted operating income, loan to deposit ratio, regulatory capital, CET1, CET1 Ratio, Tier 1 Capital, LCR, total NPL coverage, NPL, core NPL coverage, NPL ratio, risk weighted assets, new volume and average turn.

These alternative performance measures are included to (i) extendthe financial disclosure also to metrics which are used, along with IFRS measures, by the management in valuating of the Group's performance, and (ii) provide to investors further basis, along with IFRS measures, for measuring of 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.

10.1 Adjusted Return on Tangible Equity – Reconciliation

The following table shows the Group's annualised adjusted return on tangible equity, adjusted at management target CET1 Ratio of 15.5 %, as at 30 June 2016 and 31 December 2015:

CZK million (unless otherwise indicated)	30 Jun 2016	31 Dec 2015
Reported Profit after tax (A)	**2,278**	**4,506**
Excess Capital (B=H-(GxJ))	2,816	2,725
Cost of funds% (C)	0.1%	0.2%
Tax Rate (D)	**19%**	**19%**
Adjustment for cost of funds (E = B x C x (1-D))	(2)	(5)
Adjusted Profit after tax (F)	**2,276**	**4,501**
Reported Total Risk Exposures (G)	125,489	126,565
Regulatory Capital (H)	22,267	22,343
Reported CET1 % (I= G x H)	17.7%	17.7%
Target CET1 % (J)	15.5%	15.5%
Excess Capital (B = H - (G x J))	2,816	2,725
Equity (K)	25,463	27,839
Intangible Assets and Goodwill (L)	601	533
Tangible Equity (M = K - L)	**24,862**	**27,306**
Excess Capital (B = H - (G x J))	2,816	2,725
Adjusted Tangible Equity (N = M - B)	**22,046**	**24,581**
Reported Return on Tangible Equity (A / M)	**18.3%**	**16.5%**
Adjusted Return on Tangible Equity (F / N)	**20.6%**	**18.3%**

Note: 1H 2016 Reported Return on Tangible Equity and Adjusted Return on Tangible Equity annualised

The reported return on tangible equity is based on actual financial figures for the respective period as calculated in the above tables. Adjusted return on tangible equity is based on a management target CET1 Ratio of 15.5 % (an anticipated 14.5% required regulatory capital (including a 0.5% countercyclical buffer) and a 1%. management buffer). In addition to a capital rebase to 15.5%. CET1, earnings have been adjusted for substitution of capital assuming the blended cost of funding of the period (annualised 0.2 % in 1H 2016 and 0.2 % in 2015) and 19.0 % corporate tax rate. Earnings have not been adjusted for potential liquidity constraints.

Adjusted tangible equity reflects the tangible equity adjusted for the capital exceeding a management target CET1 Ratio of 15.5 %.

Definition of other alternative performance measures is provided in the Glossary below.

11 Glossary

Adjusted RoTE or adjusted return on tangible equity (at 15.5% CET1 Ratio)	Adjusted return on tangible equity is based on a management target CET1 Ratio of 15.5% (an anticipated 14.5% required regulatory capital (including a 0.5% countercyclical buffer) and a 1% management buffer).
Annualised	Adjusted so as to reflect the relevant rate on the full year basis.
Average turn	Ratio of average net outstanding balance over new volumes for the period
CEO	Chief executive officer
CET1	Common equity tier 1 capital represents regulatory capital which mainly consists of paid-up registered share capital, share premium, retained profits, disclosed reserves and reserves for general banking risks, which must be netted off against accumulated losses, certain deferred tax assets, certain intangible assets and shares held by the Company in itself
CET1 Ratio	CET1 as a percentage of risk-weighted assets
Company	MONETA Money Bank, a.s.
Cost of Funds (% Avg Deposits)	Interest expense and similar charges for the period divided by average balance of deposits from banks and due to customers
CoR or Cost of Risk 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
Cost to Income Ratio	Ratio (expressed as a percentage) of total operating expenses for the period to total operating income for the period
Core NPL Coverage	Ratio (expressed as a percentage) of provisions for non-performing loans and receivables to total non-performing loans and receivables
FTE	The average recalculated number of employees during the period is an average of the figures reported to Czech Statistical Authority (CSA) on a monthly basis in accordance with Article 15 of Czech Act No. 518/2004. The figures reported to CSA equal to quotient of the following nominator and the following denominator. The nominator is defined as all hours worked by all employees, their related leaves/holidays and their related sickdays. The denominator represents a standard working hours per an employee and a month.
GDP	Gross domestic product
Group	Company and its consolidated subsidiaries
H	Half-year
k	thousands
KPI	Key performance indicator
Liquid Assets	Liquid assets comprise of cash and balances with central banks, financial assets at fair value through profit or loss, financial assets - available for sale and loans and receivables to banks
LCR	Liquidity Coverage Ratio measures the ratio (expressed as a percentage) of a bank's buffer of high quality liquid assets to its projected net liquidity outflows over a 30-day stress period, as calculated in accordance with EU Regulation 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
LTM	Last twelve months
m	Millions
M2	Monetary aggregate comprising currency in circulation, overnight deposits, deposits with agreed maturity, deposits redeemable at notice and repurchase agreements.
Net Income	Profit for the period after tax

Net Interest Earning Assets	Cash and balances with the central bank, financial assets at fair value through profit and loss, financial assets available for sale, loans and receivables to banks and loans and receivables to customers
Net Interest Margin (% Avg Int Earning Assets)	Net interest and similar income divided by average balance of net interest earning assets
Net Non-Interest Income	Total operating income less net interest and similar income for the period
New volume	Aggregate of loan principal disbursed in the period for non-revolving loans
No.	Number
NPL	Non-performing loans as determined in accordance with the Prudential Rules Decree
NPL Ratio or Non-performing Loans Ratio	Ratio (expressed as a percentage) of total gross receivables categorized as non-performing to total gross receivables
Q	Quarter
Reported RoTE	Profit after tax divided by tangible equity
Return on average assets	Return on average assets calculated as profit after tax for the period divided by average balance of total assets
Regulatory Capital	CET1
Risk Adjusted Operating Income	Calculated as total operating income less net impairment of loans and receivables and Net impairment of other receivables
Risk Adjusted Yield or Risk Adjusted Yield (% Avg Net Customer Loans)	Interest and similar income from loans to customers less net impairment of loans and receivables divided by average balance of net loans to customers
RWA	Risk Weighted Assets
SME	An enterprise with an annual turnover of up to CZK 200 million
Tangible Equity	Calculated as total equity less intangible assets and goodwill
Tier 1 Capital	The aggregate of CET1 Capital and Additional Tier 1 which mainly consists of share capital, to the extent not included in CET1 Capital, and certain unsecured subordinated debt instruments without a maturity date
Tier 1 Ratio	Tier 1 as a percentage of risk-weighted assets
Tier 2 Capital	Regulatory capital which consists of certain unsecured subordinated debt obligations with payment restrictions
Total Capital Ratio	Tier 1 Capital and Tier 2 Capital as a percentage of risk-weighted assets
Total NPL Coverage	Ratio (expressed as a percentage) of individual and portfolio provisions for loans and receivables to total non-performing loans and receivables
Yield (% Avg Net Customer Loans)	Interest and similar income from loans to customer divided by average balance of net loans to customers