MONETA Money Bank, a.s.

Consolidated financial report as of and for the nine months ended 30 September 2017

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, inter alia, the 2017 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 "Company" and the "Group").

Any forward-looking statements involve material assumptions and subjective judgements which may or may not prove to be correct and there can be no assurance that any of the matters set out in forward looking statements will actually occur or will be realized or 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 Company does not assume, and hereby disclaims, any obligation or duty to update forward-looking statements if circumstances or management's assumptions beliefs, expectations or opinions should change, unless it would be required to do so under applicable law or regulation. For these reasons, recipients should not place reliance on, and are cautioned about relying on, any forward-looking statements.

Material assumptions for forward-looking statements

Revised 2017 guidance is based on developments observed in 2017 and current macroeconomic environment as presented in chapter 5.3 of this document.

Third parties' data

Certain industry and market information in this report has been obtained by the Company from third party sources. This report 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 report.

2 Letter from the CEO

I am pleased with the progress we have made during the quarter, accelerating growth across both our retail and commercial franchises. We have strengthened our position in the retail banking market and shown robust growth in our commercial portfolio, in particular, within small business lending.

Key to our strong performance has been our continued investment in our digital transformation, which has helped us to retain existing and attract new customers. Our performance during the period has resulted in MONETA lifting its consolidated net profit target for the full year, from CZK 3.65bn, to CZK 3.9bn.

At the end of the third quarter of 2017, MONETA delivered consolidated net profit of CZK 3.1bn and reported RoTE of 17.5%, ahead of our initial 2017 guidance of approximately 14%.

Accelerated growth across our loan portfolio

We are determined to become the leading retail and small business bank in the Czech Republic, and are committed to supporting the needs of Czech self-employed professionals, tradesmen and small entrepreneurs. Our strategy continues to bear fruit, with our gross performing loan book having grown 10.1% year-on-year and 7.5% in the first nine months of 2017 in-line with expected high single-digit growth for the full year. Underlying this, our retail net performing loans grew by 10.4% year-on-year to CZK 58.3bn and our net performing commercial portfolio increased by 10.2% year-on-year to CZK 59.9bn.

During the period, we have continued to grow our small business sales force, with average number of bankers increasing to 154 in the third quarter. This expanded team has helped to drive growth in small business loan production, which increased 153.2% year-on-year in the first nine months of 2017.

We have maintained a sharp focus on growing our leading consumer loans franchise and building on the momentum of the first nine months the year. New mortgage production has grown significantly,

increasing 171.9% year-on-year in the first nine months of 2017. Importantly, we have also maintained market share in new mortgage production of 3.8%[1].

Delivering on our promise of digital transformation

We continue to differentiate ourselves as a leading digital bank and during the quarter, launched a fully digital unsecured loan facility for existing retail and small business clients. Our digital innovation has helped us to attract new users to our Smart Banka platform, with around 162,000 registered users at the end of the third quarter.

As we look to grow digital banking penetration, we have a number of new offers in the pipeline, focused on foreign currency exchange for retail and small business clients, as well as the launch of mobile payments.

Management medium term capital target maintained

We remain one of the best capitalized financial institutions in the Czech banking sector, with a CET1 ratio of 18.1%[2]. CNB confirmed[3] 2018 SREP capital requirement which consists of 11% total SREP capital ratio.

[1] Source: Hypoindex, mortgage production represents signed volumes

[2] Does not include current year net profit
[3] CNB may re-asses SREP capital requirement at least annually or on the basis of further CNB's oversight activities.

MONETA is also subject of regulatory buffers requirement of 2.5% conservation buffer and 1% countercyclical buffer (including additional 0.5% increase scheduled to take effect from 1st July 2018). Following this confirmation management reaffirms its CET1 medium-term target of 15.5% which consists of 11% total SREP capital ratio, 2.5% conservation buffer, 1% countercyclical buffer (including anticipated increase of countercyclical buffer of 0.5% effective from 1st July 2018) and 1% management buffer. We have also maintained a healthy excess capital balance of CZK 2.9bn. Given our solid capital position, we are pleased to confirm our intention to propose to our shareholders 2017 dividend payout significantly above 70% of consolidated net profit[4].

Our performance during the quarter has positioned us well to achieve high single-digit growth for the full year, and we are on track to continue to deliver further innovative digital products to our customers by the end of 2017.

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

[4] Subject to regulatory, regulator's and corporate limitations and the approval of the Annual General Meeting to be held in 2018.

3 Key performance indicators

	Nine months ended 30 Sep 2017	Year ended 31 Dec 2016 Restated	Change
Profitability			
Yield (% Avg. Net Customer Loans)	6.4%	7.6%	(120) bps
Cost of Funds (% Avg Deposits)	0.15%	0.17%	(2) bps
NIM (% Avg Int Earning Assets)	4.6%	5.9%	(130) bps
Cost of Risk (% Avg Net Customer Loans)	0.46%	0.93%	(47) bps
Risk-adj. yield (% Avg Net Customer Loans)	5.98%	6.69%	(70) bps
Net Fee & Commission Income / Operating Income (%)	17.9%	17.7%	20 bps
Net Non-Interest Income / Operating Income (%)	28.8%	24.9%	390 bps
Reported RoTE	17.5%	15.3%	220 bps
Adj. RoTE @ 15.5% CET1 Ratio	20.0%	19.3%	70 bps
RoAA	2.5%	2.8%	(30) bps
Liquidity / Leverage			
Net Loan to Deposit ratio	92.0%	96.2%	(420) bps
Total Equity / Total Assets	14.0%	18.3%	(430) bps
Liquid Assets / Total Assets[5]	31.0%	22.9%	810 bps
LCR	200.7%	161.0%	(3,970) bps
Equity			
Total Equity (CZK m)	24,957	27,268	(8.5%)
Tangible Equity (CZK m)	23,745	26,420	(10.1%)
Capital Adequacy			
RWA / Total Assets	64.1%	73.2%	(910) bps
CET1 ratio (%)	18.1%	20.5%	(240) bps
Tier 1 ratio (%)	18.1%	20.5%	(240) bps
Total capital ratio (%)	18.1%	20.5%	(240) bps
Asset Quality			
Non Performing Loan Ratio (%)	4.4%	6.3%	(190) bps
NPL Ratio Retail (%)	6.3%	9.6%	(330) bps
NPL Ratio Commercial (%)	2.5%	3.1%	(60) bps
Core Non Performing Loan Coverage (%)	68.1%	70.9%	(280) bps
Core NPL Coverage Retail (%)	71.6%	72.0%	(40) bps
Core NPL Coverage Commercial (%)	58.9%	67.5%	(860) bps
Total NPL Coverage (%)	81.1%	82.5%	(140) bps
Efficiency			
Cost to Income Ratio	44.6%	45.1%	50 bps
FTEs (average)	3,301	3,081	220
Branches	232	230	2
ATMs	657	632	25

All ratios are annualized. Restatement of Year ended 31 Dec 2016 due to reclassification of collection costs from "Administrative expenses" and "Other operating expenses" to "Net impairment of loans and receivables"

[5] Liquid assets include encumbered assets of CZK 4.4bn

4 Macroeconomic environment

Czech economic growth for the second quarter of 2017 was stronger than expected as gross domestic product increased by 4.7% year-on-year (after 3% in the first quarter)[6]. Among the supporting factors, domestic demand and investments were the most important. The economy also benefited from strong external trade, which should also persist in the coming quarters as the eurozone's GDP accelerated unexpectedly to 2.5% year-on-year in the third quarter[7]. The positive economic development in the eurozone helped to decrease the concerns regarding the impact of the strong Euro, which appreciated against the US dollar from nearly 1.14 in July to 1.20 in September[8]. The stronger Euro translated into the Czech koruna appreciating against the US dollar, which helped to limit the supply side inflationary pressures.

The outstanding economic performance of the Czech economy and strong internal demand continued to push inflation above the Czech national bank's target with the year-on-year growth of consumer prices reaching 2.7% in September 2017[7]. One of the key current economic barriers is the shortage of available labor reflected by the decrease in the unemployment rate. Additionally, free job vacancies jumped above 200,000, which is a historical high. The pressure on the labor market resulted in a strong growth of both the average (up by 7.6% year-on-year)[6] and the median gross wage (up by 8.2% year-on-year)[6] in the second quarter. Rapidly increasing income and low unemployment; however, accompanied by strong expenditures, lead to a drop in the savings rate to 10.9% in the second quarter of 2017.

The environment of close to zero interest rates, which began in November 2012, ended in August when the Czech national bank decided to increase its main policy rate by 20bps to 0.25%. The additional rate hike of 25bps was announced by CNB and is effective from 3rd November 2017. The start of the "normalization" of the Czech monetary policy is going to gradually translate into stronger Czech koruna and starts playing again an important role in the credit market. The monetary policy decision makers also discussed the equilibrium interest rate level, which the CNB should converge to. Despite the equilibrium remaining uncertain, the CNB stated that for the interbank rate it might be between 2.5% to 3%[9].

The picture for the Czech economy remains highly bright, despite concerns about the impact of the stronger Czech koruna, the high prices of flats and restrictions on the labor market.

Strong economic performance and the start of the new interest rate cycle was not sufficient to outweigh the negative effect of a high comparison base, which caused the 5.6%[10] year-on-year drop in market operating income in the first half of 2017. Despite this development, net interest income, which is the key revenue stream of the banking industry, accelerated its yearly growth rate from 0.3% to 0.6% in the first half of 2017[10]. The deterioration of operating income growth together with higher operating costs resulted in lower net profit for the sector (-2.2% year-on-year in the first half of 2017)[10]. Net impairment of loans and receivables (Cost of risk) fell sharply by more than 90% year-on-year in the first half of 2017[10] as the benign macroeconomic environment continued to have a positive impact on the financial performance of loan portfolios.

The total asset base of the industry increased by more than 20% in the second quarter[10], partly driven by the increase of net customer receivables, which added 6.1% year-on-year[10]. The stock of nonperforming receivables was reduced by more than 18% year-on-year[10] and therefore the stock of provisions for nonperforming loans decreased nearly by 12% year-on-year[10]. This development leads to a minor reduction of the core NPL coverage from 48.7% in previous quarter to 48.2%[10].

The overall profitability of the banking sector, measured by the annualized return to Tier 1 equity ratio, increased to 19.5% from previously recorded 17.2%[11]. The common equity Tier 1 (CET1) ratio improved slightly to a new high (17.2%)[11] in the

6 Source: Czech Statistical Office

7 Source: According to Eurostat flash estimate

8 Source: Bloomberg

9 Source: Czech National Bank

10 Source: Czech National Bank, ARAD, all numbers (all stated otherwise) total market including foreign branches, excluding building societies, latest revised data, MONETA calculation

11 Source: Czech National Bank, Core and encouraged financial soundness indicators (consolidated data)

second quarter as the Tier 1 capital grew by nearly 9% year-on-year and reached CZK 428 billion[11]. As a conclusion, the Czech banking sector continues to be highly resilient and well equipped with high-quality capital to support the future economic growth.

5 Group performance

5.1 Business performance

The Group generated consolidated net profit of CZK 3.1 billion in the first nine months of 2017, supported by a favorable cost of risk and gain on sale of financial assets in the second quarter of 2017.

Increase in new production across both commercial and retail segments supported the Group's net customer loans portfolio growth of 7.2% to CZK 119.9 billion during the first nine months of 2017.

The retail portfolio of net loans and receivables to customers increased by 8.8% when compared to the 31 December 2016 balance, standing at CZK 59.4 billion as at 30 September 2017. This growth is mainly as a result of the continuing strong new production of mortgage loans, driving net balances up 20.8% in the first nine months of 2017. Retail net loan balance growth is also a result of the increased new production of consumer loans, which saw a 25.8% higher production year-on-year lead to a 5.5% increase in net receivables during the first nine months of 2017. This was a result of the market alignment pricing strategy combined with the structured retention program. MONETA Auto retail loans recorded net receivables growth of 16.5% from the 31 December 2016 driven by strong new production. These positive developments were partially offset by a continued decline in outstanding credit card and overdraft balances.

The commercial net loans balance to customers stood at CZK 60.5 billion as at 30 September 2017, an increase of 5.7% from the 31 December 2016 net balance. The investment loan net balance grew by 7.2%, or CZK 2.3 billion, over the same period. Small business new production in unsecured instalment loans more than doubled year-on-year, driving total net balance growth in small business to 39.5% compared to 31 December 2016. This was achieved through an expanded distribution network. The positive trend continues in MONETA Auto, s.r.o., commercial lending[12], where the total net balance grew by 12.1% year-to-date. This positive development is partially offset by MONETA Leasing, s.r.o., commercial lending[12] which declined by 9.9 % for the same period.

The Group's customer deposits continued to grow in both the retail and commercial segments and stood at CZK 130.4 billion as at 30 September 2017, increasing 12.1% from CZK 116.3 billion as at 31 December 2016. 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 92.0%.

Due to banks increased significantly compared to 31 December 2016 and standing at CZK 20.3 billion. The increase is mainly driven by repo operations with financial institutions, external funding from the European Investment Bank (EIB) and additional external funding of MONETA Leasing, s.r.o.

The increase in external funding significantly contributed to the excellent liquidity position as at 30 September 2017 with the Liquidity Coverage Ratio (LCR) of 200.7%, primarily consisting of CZK 38.5 billion in reverse repo operations with CNB and investments into Czech government bonds of CZK 9 billion (out of which CZK 4.4bn represents encumbered assets).

5.2 Financial performance

The Group's net interest margin declined to 4.6% for the nine months ended 30 September 2017, from 5.9% for the year ended 31 December 2016. The decline was a result of continued pressure on rates in both retail and commercial segments, and high liquidity in the market.

Net fee and commission income of CZK 1,392 million for the nine months ended 30 September 2017 declined by 4.7% year-on-year. This drop was in line with trends observed in 2016, namely continued decline in loan servicing fees driven by the run-off of the fee earning portfolio and deposit servicing fees as a result of the switch to free

[12] Excluding inventory financing

current accounts as experienced in prior years. This decline is partially offset by the broadened third party offering, namely insurance and investment fund products, where the Group achieved significant growth of CZK 85 million representing 29.4% year-on-year for the nine months. Of that CZK 37 million is driven by the increase in investment fund fee income, supported by 11.7% year-on-year growth of assets under management.

Net income from financial operations amounted to CZK 619 million in the first nine months of 2017 compared to CZK 404 million in the same period of 2016. The increase was mainly driven by CZK 343 million gain realized on sales of part of the bonds portfolio in the first half of 2017 partially offset by gain of CZK 158 million from sale of VISA share in 2016.

Operating expenses for the first nine months of 2017 amounted to CZK 3,455 million, down 4.0% year-on-year. The Group incurred CZK 1,784 million of personnel expenses, a 7.8% year-on-year increase compared to the same period last year, driven primarily by 7.1% year-on-year growth in the average number of FTEs (mainly front end and digital related functions). Administrative and other operating expenses reached CZK 1,389 million, a 19.1% year-on-year decrease, more than compensating for the increase in personnel expenses. This decrease was mainly driven by non-recurring expenses, namely Rebranding & IPO expenses of CZK 253 million and Royalties of CZK 55 million in the first nine months of 2016, a CZK 84 million release of liability to solicitors´offices and by CZK 120 million lower TSA/MSA expense in the first nine months of 2017. This was partially offset by CZK 44 million higher spend on Digital, CZK 28 million higher deposit insurance and resolution fund contribution, CZK 14 million higher IT separation expenses[13] in the first 9 months of 2017 as well as a release of restructuring provision of CZK 40 million in the first nine months of 2016.

Net impairment of loans and receivables amounted to CZK 401 million for the nine months ended 30 September 2017, a 42.6% decrease compared to CZK 698 million in the first nine months of 2016. This drop was driven by continued favorable macroeconomic conditions resulting in an improvement of risk parameters supported by proceeds from legacy NPL monetization. As a result, the cost of risk remained very low at 46bps.

A continued low rate of NPL formation complemented by proactive NPL management resulted in a reduction of the Group NPL ratio to 4.4% as at 30 September 2017 from 6.3% as at 31 December 2016. The overall total NPL coverage (including total loan allowances) stood at a comparatively high level of 81.1% as at 30 September 2017 versus 82.5% at 31 December 2016.

As a result, the consolidated net profit for the first nine months of 2017 was CZK 3,119 million.

Annualized reported RoTE for the nine months ended 30 September 2017 increased to 17.5% from 15.3% for the year ended 31 December 2016.

The CET1 Ratio decreased to 18.1%[14] as at 30 September 2017 against 20.5%[15] as at 31 December 2016. As at 30 September 2017, the excess capital amounted to CZK 2.9 billion. Our CET1 medium-term target of 15.5% confirmed within the completed SREP process[16]. It consists of 11% total SREP capital ratio, 2.5% conservation buffer, 1% countercyclical buffer (including anticipated increase of countercyclical buffer of 0.5% effective from 1st July 2018) and 1% management buffer.

5.3 Outlook for 2017 and risks

The outlook for the economic environment remains broadly positive. The updated macroeconomic forecast by the Czech National Bank predicts 4.5% year-on-year[17] growth in GDP for 2017, followed by 3.4% growth in 2018. The economy should still be supported by both domestic and external demand. Unemployment should decrease further, however, given the current very low level, the pace of the decline will decelerate.

Interest rates are assumed to continue to gradually increase, which was initiated in the third quarter. This points to a slowdown of lending activity. On the other hand, persisting positive financial conditions of both households and companies indicate that the growth of lending volumes should still outperform the nominal economic growth in the country.

13 Out of total increase of IT separation costs of CZK 23m, CZK 9m was booked in Depreciation & Amortization line and CZK 14m in Administrative Expenses line;

14 Does not include net profit for the first nine months of the year 2017

15 Does not include net profit after tax for the year 2016

16 CNB may re-assess SREP capital requirement at least annually or on the basis of further CNB's oversight activities

17 Source: CNB web pages http://www.cnb.cz/en/monetary_policy/forecast

The overall economic development translates into better economic situation of both households and companies. Despite the drop in the savings rate of households, the growing disposable income will probably turn into the accelerated growth in the balance of savings, which can be further supported by increasing interest rates in the country.

The Group recorded CZK 3.1 billion of net profit in the first nine months of 2017 and is targeting to achieve the 2017 annual consolidated net profit of CZK 3.9 billion, exceeding the initial 2017 guidance of at least CZK 3.4 billion.

Operating income went down by 6.9% year-on-year to CZK 7.8 billion and the Group is targeting to deliver the operating income of CZK 10.3 billion as provided in the initial 2017 guidance.

Operating expenses reached CZK 3.5 billion with cost-to-income ratio at 44.6%. The Group remains on track to maintain the full-year costs of CZK 4.8 billion as communicated in the second quarter 2017 earnings release.

The Cost of Risk remained very low at 46bps and as a result the full-year guidance has been further reduced to between 50 and 60 bps, well below the initial guidance of 100 to 110 bps.

Capitalization remains solid with the CET1 ratio at 18.1%[18] as at 30 September 2017 and the management intends to propose to our shareholders 2017 dividend payout significantly above 70% of consolidated net profit[19].

The Group is exposed to standard risks and uncertainties which have already been 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:

- Risk of unfavorable 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 the Leasing platform would further materially impact the commercial performance.
- Interest rate risk, particularly on the negative rate side.
- 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 8.11.

[18] Does not included current year net profit

[19] Subject to regulatory, regulator's and corporate limitations

[20] and the approval of the Annual General Meeting to be held in 2018

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

BASIC DETAIL ABOUT MONETA	
Name	MONETA Money Bank, a.s.
Registered Office	Vyskočilova 1422/1a, 140 28 Praha 4 – Michle
Company ID	25672720
Legal form	Joint stock company
Date of registration	9 June 1998
Registered share capital	511,000,000
Paid up	100%

Branches, ATMs and employees:

Number of branches as at 30 September 2017: 232 and 31 December 2016: 230

Number of ATMs as at 30 September 2017: 657 and 31 December 2016: 632

Number of full time employees (FTEs) in the first nine months ended 30 September 2017 was 3,301 (an increase of 6.0% compared to the year end 2016)

Business activities:

The Company and its consolidated subsidiaries (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 products include consumer and auto loans, credit cards and personal overdrafts. Secured lending is provided in the form of mortgages and finance leases.

Commercial lending products comprise of working capital, investment loans, finance and operating leases, auto loans, financing of small business and entrepreneurs, providing guarantees, letters of credit and foreign exchange transactions.

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. 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 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.

Company's Supervisory Board

The Company's Supervisory board held five meetings in the first nine months of 2017.

Name	Position	Position held from	Position held to
Maria Luisa Cicognani	Chair of the Supervisory Board*	22 May 2017**	24 April 2021
Miroslav Singer	Vice-Chair of the Supervisory Board*	22 May 2017**	24 April 2021
Michal Petrman	Member of the Supervisory Board	21 April 2016	21 April 2020
Ronald Clarke	Member of the Supervisory Board	21 April 2016	21 April 2020
Denis Hall	Member of the Supervisory Board	21 April 2016	21 April 2020
Gabriel Eichler	Member of the Supervisory Board	26 October 2017**	26 October 2021
Tomáš Pardubický	Member of the Supervisory Board	26 October 2017**	26 October 2021

* Christopher Chambers held the position of the Chair of the Supervisory Board until 18 May 2017. Richard Laxer held the position of the Vice-Chair of the Supervisory Board until 23 April 2017.

** Maria Luisa Cicognani and Miroslav Singer were elected by the General Meeting as the members of the Supervisory Board on 24 April 2017, Gabriel Eichler and Tomáš Pardubický were elected by the General Meeting as the members of the Supervisory Board on 26 October 2017.

Company's Management Board

The Company's Management Board held 35 meetings in the first nine months of 2017.

Name	Position	Position held from
Tomáš Spurný	Chair of the Management Board	1 October 2015
Philip Holemans	Vice-Chair 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
Albert Piet van Veen	Member of the Management Board	1 May 2017

*Philip Holemans was elected by the Supervisory Board as the member of the Management Board on 17 July 2014.

7 Condensed consolidated interim financial statements for the nine months ended 30 September 2017

7.1 Condensed consolidated statements of profit or loss and other comprehensive income for the three-month and the nine-month periods ended 30 September 2017

		Quarter ended		Nine months ended	
CZK m	Note	30 Sep 17	30 Sep 16*	30 Sep 17	30 Sep 16*
Interest and similar income		1,858	2,095	5,671	6,471
Interest expense and similar charges		(54)	(48)	(151)	(143)
Net interest income	8.5	1,804	2,047	5,520	6,328
Fee and commission income		561	547	1,634	1,684
Fee and commission expense		(87)	(74)	(242)	(223)
Net fee and commission income	8.6	474	473	1,392	1,461
Dividend income		0	0	0	12
Net income from financial operations		103	93	619	404
Other operating income		71	46	224	127
Total operating income		2,452	2,659	7,755	8,332
Personnel expenses		(610)	(604)	(1,784)	(1,655)
Administrative expenses		(395)	(495)	(1,315)	(1,431)
Depreciation and amortisation		(112)	(71)	(282)	(228)
Other operating expenses		(40)	(92)	(74)	(286)
Total operating expenses	8.7	(1,157)	(1,262)	(3,455)	(3,600)
Profit for the period before tax and net impairment of loans, receivables, AFS and HTM		1,295	1,397	4,300	4,732
Net impairment of loans and receivables	8.14.5	(140)	(222)	(401)	(698)
Profit for the period before tax		1,155	1,175	3,899	4,034
Taxes on income		(231)	(266)	(780)	(847)
Profit for the period after tax		**924**	**909**	**3,119**	**3,187**
Items that are or might be reclassified to profit or loss					
- Change in fair value of AFS investments recognised in OCI		52	74	(178)	50
- Change in fair value of AFS investments recognised in P&L		0	0	(343)	(158)
- Deferred tax		(11)	(12)	99	22
Other comprehensive income, net of tax		41	62	(422)	(86)
Total comprehensive income attributable to the equity holders		965	971	2,697	3,101
Earnings per share					
Profit for the year after tax attributable to the equity holders		924	909	3,119	3,187
Weighted average of ordinary shares (millions of shares)		511	511	511	511
Basic and Diluted earnings per share (in CZK)		1.81	1.78	6.10	6.24

* The comparative figures have been regrouped or reclassified, where necessary, on a basis consistent with the current year

7.2 Condensed consolidated statement of financial position as at 30 September 2017

CZK m	Note	30 Sep 17	31 Dec 16
Assets			
Cash and balances with the central bank		7,373	20,235
Financial assets at fair value through profit or loss	8.15	42	26
Financial assets available for sale	8.15	55	13,749
Financial assets held to maturity	8.15	8,996	0
Loans and receivables to banks	8.8	38,919	189
Loans and receivables to customers	8.9	119,900	111,860
Intangible assets		1,108	744
Property and equipment		677	649
Non-current assets held for sale		0	0
Goodwill		104	104
Investments in associates		2	2
Current tax assets		262	267
Deferred tax assets		449	805
Other assets		980	749
TOTAL ASSETS		**178,867**	**149,379**
Liabilities			
Due to banks	8.10	20,303	2,657
Due to customers	8.10	130,358	116,252
Financial liabilities at fair value through profit or loss	8.15	41	7
Provisions		267	416
Current tax liabilities		4	29
Deferred tax liabilities		244	280
Other liabilities		2,693	2,470
Total liabilities		**153,910**	**122,111**
Equity			
Share capital		511	511
Share premium		5,028	5,028
Legal and statutory reserve		102	102
Available for sale reserve		(59)	363
Share based payment reserve		(2)	(2)
Retained earnings		19,377	21,266
Total equity		24,957	27,268
TOTAL LIABILITIES AND EQUITY		**178,867**	**149,379**

7.3 Condensed consolidated statement of changes in equity for the nine-month period ended 30 September 2017

CZK m	Share capital	Share premium	Legal and statutory reserve	AFS reserve	Share based payment reserve	Retained earnings	Total
Balance 1 Jan 17	511	5,028	102	363	(2)	21,266	27,268
Transactions with owners of the company							
Dividends						(5,008)	(5,008)
Total comprehensive income							
Profit for the year after tax						3,119	3,119
Other comprehensive income after tax							
Change in fair value of AFS assets							
- Change in fair value of AFS investments recognised in OCI				(178)			(178)
- Change in fair value of AFS investments recognised in P&L				(343)			(343)
- Deferred tax				99			99
Balance 30 Sep 17	511	5,028	102	(59)	(2)	19,377	24,957
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)
Funds release			(65)			65	0
Total comprehensive income							
Profit for the year after tax						3,187	3,187
Other comprehensive income after tax							
Change in fair value of AFS assets							
- Change in fair value of AFS investments recognised in OCI				50			50
- Change in fair value of AFS investments recognised in P&L				(158)			(158)
- Deferred tax				22			22
Balance 30 Sep 16	511	5,028	102	396	(2)	20,399	26,434

7.4 Condensed consolidated statement of cash flows for the nine-month period ended 30 September 2017

CZK m	Nine months ended 30 Sep 17	30 Sep 16*
Cash flows from operating activities		
Profit after tax	3,119	3,187
Adjustments for:		
- Depreciation and amortization	282	228
- Impairment of tangible and intangible assets	6	0
- Net impairment of loans and receivables	401	698
- Net gain (-) / loss (+) on sale of available for sale financial assets	(343)	(158)
- Amortisation of coupon of financial assets available for sale	(37)	(64)
- Amortisation of coupon of financial assets held to maturity	(5)	0
- Net loss (+) / gain (-) on sale of tangible and intangible assets	3	(2)
- Dividend income	0	(12)
- Taxes on income	780	847
Changes in:		
- Financial assets at fair value through profit or loss	(16)	2
- Loans and receivables to banks not included in cash equivalents	(38,502)	0
- Loans and receivables to customers	(8,441)	(1,764)
- Other assets	(231)	(102)
- Due to banks	17,646	576
- Due to customers	14,106	6,247
- Financial liabilities at fair value through profit or loss	34	(6)
- Other liabilities and provisions	(573)	248
Income taxes paid	(385)	(589)
Net cash from / (used in) operating activities	12,156	9,336
Cash flows from investing activities		
Acquisition of financial assets available for sale	0	(2,363)
Proceeds from financial assets available for sale	8,282	2,864
Acquisition of financial assets held to maturity	(3,087)	0
Proceeds from financial assets held to maturity	5	0
Acquisition of property and equipment and Intangible assets	(691)	(333)
Proceeds from the sale of property and equipment and Intangible assets	20	31
Dividend received	0	12
Net cash from / (used in) investing activities	4,529	211
Cash flows from financing activities		
Dividend paid	(5,008)	(4,506)
Net cash from/(used in) financing activities	(5,008)	(4,506)
Net change in cash and cash equivalents	(12,634)	5,041
Cash and Cash equivalents at the beginning of period	20,424	15,614
Cash and Cash equivalents at the end of period	7,790	20,655
Interest received**	5,864	6,144
Interest paid**	(151)	(186)

* The comparative figures have been regrouped or reclassified, where necessary, on a basis consistent with the current year

** 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 nine months ended 30 September 2017 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 2016 ('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 neither reviewed nor audited.

There have not been significant changes in accounting policies since the last annual financial statements except presentation of external collection cost directly attributable to related loan within the profit or loss line 'Net impairment of loans and receivables'. Due to this change, the line "Net impairment of loans and receivables", the line "Other operating expenses" and "Administrative expenses" of the consolidated profit or loss statement as at 30 September 2016 were restated. The impact of this restatement is described in detail below in section 8.14.5 Net impairment of loans and receivables.

In 3Q 2017 management approved new investment strategy of the Group. According to this strategy the Group established held to maturity portfolio for securities intended to be held until maturity that is used since 1 August 2017. Consequently, all bonds comprised in the available for sale portfolio as at 1 August 2017 were reclassified into the held to maturity portfolio and they are measured at amortized costs rather than fair values thenceforth. Total carrying value of the reclassified portfolio was CZK 5,287 million.

Available for sale reserve relating to reclassified portfolio (negative balance CZK 79.6 million) remains recognized in the equity according to IAS 39.

The Group's interim financial statements were authorised for issue by the Management Board on 8 November 2017.

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 September 2017 has not changed compared to other interim financial statements presented in 2017 and 31 December 2016.

Apart from the Company, the Group's companies included into the consolidation group as at 30 September 2017 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 28 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

8.5 Net interest income

CZK m	Quarter ended		Nine months ended	
	30 Sep 17	30 Sep 16	30 Sep 17	30 Sep 16
Interest income from financial assets measured at amortised cost	1,857	2,073	5,633	6,407
Loans to customers	1,836	2,069	5,601	6,399
out of which interest income from impaired	60	87	196	260
out of which penalty interest*	41	31	117	113
Loans to banks	14	1	18	1
Cash and deposit with central bank and other banks	2	3	9	7
Interest income from held to maturity financial assets	5	0	5	0
Interest income from available-for-sale financial assets	1	22	38	64
Interest income and similar income	1,858	2,095	5,671	6,471
Interest expense from financial liabilities measured at amortised cost	(54)	(48)	(151)	(143)
Due to banks	(4)	0	(7)	0
Due to customers	(50)	(48)	(144)	(143)
Interest expense and similar expense	(54)	(48)	(151)	(143)
Net interest income	1,804	2,047	5,520	6,328

*Change in payment allocation method in 3Q'17

8.6 Net fee and commission income

CZK m	Quarter ended		Nine months ended	
	30 Sep 17	30 Sep 16	30 Sep 17	30 Sep 16
Lending servicing fees	54	62	164	195
Deposit servicing fees	118	143	369	447
Investment funds fees	27	14	79	42
Insurance	107	85	295	247
Penalty fees (incl. early termination fees)*	101	102	281	324
Transaction fees and other	154	141	446	429
Fee and commission income	561	547	1,634	1,684
Fee and commission expense	(87)	(74)	(242)	(223)
Net fee and commission income	474	473	1,392	1,461

*Change in payment allocation method in 3Q'17

8.7 Total operating expenses

CZK m	Quarter ended		Nine months ended	
	30 Sep 17	30 Sep 16	30 Sep 17	30 Sep 16
Personnel expenses	(610)	(604)	(1,784)	(1,655)
Administrative expenses	(395)	(495)	(1,315)	(1,431)
out of which Rebranding & IPO	0	(133)	0	(253)
Depreciation and amortisation	(112)	(71)	(282)	(228)
Other operating expenses	(40)	(92)	(74)	(286)
Total operating expenses	(1,157)	(1,262)	(3,455)	(3,600)
FTEs (average)	**3,329**	**3,113**	**3,301**	**3,081**

Administrative expenses include costs on contribution to the Deposit Insurance Fund for nine months ended 30 September 2017 in the amount of CZK 44 million (2016: CZK 57 million) and to the Resolution and Recovery Fund in the amount of CZK 52 million (2016: CZK 12 million).

8.8 Loans and receivables to banks

CZK m	30 Sep 17	31 Dec 16
Current accounts of banks	305	154
Overnight deposits	21	0
Term deposits in banks payable within 3 months	20	35
Receivables arising from reverse repo agreements	38,502	0
Deposits as derivative transactions (ISDA) collateral	53	0
Other	18	0
Total Loans and receivables to banks	38,919	189
Included in cash equivalents in the Statement of cash flows	417	189

8.9 Net lending portfolio

Retail net loan balances by product

CZK m	30 Sep 17	31 Dec 16
Consumer Loans	34,059	32,281
Mortgages	18,809	15,571
Credit Cards & Overdrafts	3,984	4,551
Auto Loans and Financial Leases	2,550	2,188
Other	0	18
Retail loan balances	59,402	54,609

Commercial net loan balances by product

CZK m	30 Sep 17	31 Dec 16
Investment Loans	33,693	31,426
Working Capital	9,527	8,676
Auto & Equipment Loans and Financial Leases	13,900	14,591
Unsecured Instalment Loans and Overdraft*	2,402	1,721
Inventory Financing and Other	976	837
Commercial loan balances	60,498	57,251

* Includes commercial credit card balances

8.10 Due to customers and Due to banks

Breakdown of Due to banks

CZK m	30 Sep 17	31 Dec 16
Deposits on demand	190	233
Term Deposits	961	945
Liabilities arising from repurchase agreement*	14,048	1,479
Other due to banks	5,104	0
Total Due to banks	20,303	2,657

*Transferred financial assets as at 30 September 2017 comprise government coupon bonds from held to maturity portfolio in the carrying value of CZK 4,394 million. Transferred financial assets as at 31 December 2016 consist of treasury bonds from available for sale portfolio in the carrying value (fair value) CZK 1,863 million.

Further, in 3Q 2017 cash collateral in the amount of CZK 53 million has been transferred within repurchase agreement transactions (in 2016: CZK 0 million).

Other due to banks comprises:

- Loan provided by Komerční banka, a.s. to MONETA Leasing s.r.o. in April 2017 in the amount of CZK 1,750 million. Simultaneously, MONETA Money Bank, a.s. provided guaranteed the repayment of this loan.
- Loan provided by ING Bank N.V. to MONETA Leasing s.r.o. in September 2017 in the amount of CZK 1,250 million. To secure this loan, MONETA Leasing s.r.o., pledged its trade receivables (in the value of 125% of financed amount).
- Loan provided by European Investment Bank in September 2017 in the amount of CZK 2,078 million to MONETA Money Bank, a.s. that will be used for financing of SME´s.

Breakdown of Due to customers

CZK m	30 Sep 17	31 Dec 16
Retail Current Accounts	41,488	37,181
Retail Savings Accounts and Term Deposits	39,495	35,986
Commercial Current Accounts	33,451	30,310
Commercial Savings Accounts and Term Deposits	15,479	12,091
Other	445	684
Total Due to customers	130,358	116,252

8.11 Legal risks

The below legal risks, to which the Group is exposed, have been disclosed in the Company's 2016 Consolidated Annual Report and the Company's Consolidated Financial Report for the six months ended 30 June 2017. The Company updates information on these legal risks as follows:

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

For information on the litigation risks in respect of the acquisition by the Company from Agrobanka Praha, a.s., currently Agrobanka Praha, a.s. v likvidaci ("Agrobanka"), of a part of Agrobanka's banking business in June 1998 and the ongoing liquidation of Agrobanka, please see the Consolidated Annual Report for 2016 (pages 87 through 89) and the Company's Consolidated Financial Report as of and for the six months ended 30 June 2017 (pages 24 through 25). Since 30 June 2017, there have been no significant developments in the ongoing court proceedings as described in the Consolidated Annual Report for 2016 and the Company's Consolidated Financial Report as of and for the six months ended 30 June 2017.

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

For information on the risks relating to various administrative proceedings initiated by the Czech Trade Inspection Authority ("CTI") against MONETA Auto, s.r.o. ("MONETA Auto"), please see the Consolidated Annual Report for 2016 (page 89) and the Company's Consolidated Financial Report for the six months ended 30 June 2017 (page 24).

Further to the information disclosed in the Consolidateed Annual Report for 2016 and the Company's Consolidated Financial Report for the six months ended 30 June 2017:

- in the administrative court proceedings initiated by MONETA Auto against the decision of General Director of the CTI issued in July 2016 (which affirmed the decision of the CTI issued in August 2015), the administrative court dismissed in August 2017 the action of MONETA Auto and, consequently, MONETA Auto filed an appeal against this court decision with the Czech Supreme Administrative Court; and

- in August 2017, the CTI issued a further decision imposing a fine of CZK 800,000 against MONETA Auto for further alleged breach of Czech consumer credit law, including credit check requirements and requirements for the mandatory content of consumer credit agreements. MONETA Auto lodged an appeal against this decision with the Director of the CTI. For the sake of completeness, the CTI (Prague department) did not, in this decision, object to the method for presentation of the annual percentage rate of the loan (RPSN) in the loan agreements that were concerned in the decision.

Apart from the above, there have been no significant developments in the administrative proceedings initiated by the CTI against MONETA Auto and related court proceedings since 30 June 2017.

8.12 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. 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 or Loss. For this reason, Operating expenses, Taxes and consequently Profit for the year before tax and Profit for the year after tax are 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 September 2017				
Interest and similar income	521	1,315	22	1,858
Interest expense and similar charges	(14)	(40)	0	(54)
Net fee and commission income	124	345	5	474
Dividend income	0	0	0	0
Net income from financial operations	0	0	103	103
Other operating income	19	50	2	71
Total operating income	650	1,670	132	2,452
Net impairment of loans and receivables	(102)	(38)	0	(140)
Risk adjusted operating income	548	1,632	132	2,312
Total operating expense				(1,157)
Profit for the period before tax				1,155
Tax on income				(231)
Profit for the period after tax				924

CZK m	Commercial	Retail	Treasury/Other	Total
Quarter ended 30 September 2016				
Interest and similar income	548	1,523	24	2,095
Interest expense and similar charges	(12)	(36)	0	(48)
Net fee and commission income	131	341	1	473
Dividend income	0	0	0	0
Net income from financial operations	0	0	93	93
Other operating income	14	32	0	46
Total operating income	681	1,860	118	2,659
Net impairment of loans and receivables	(90)	(132)	0	(222)
Risk adjusted operating income	591	1,728	118	2,437
Total operating expense				(1,262)
Profit for the period before tax				1,175
Tax on income				(266)
Profit for the period after tax				909

CZK m	Commercial	Retail	Treasury/Other	Total
Nine months ended 30 September 2017				
Interest and similar income	1,552	4,049	70	5,671
Interest expense and similar charges	(35)	(116)	0	(151)
Net fee and commission income	380	996	16	1,392
Dividend income	0	0	0	0
Net income from financial operations	0	0	619	619
Other operating income	65	160	(1)	224
Total operating income	1,962	5,089	704	7,755
Net impairment of loans and receivables	(109)	(292)	0	(401)
Risk adjusted operating income	1,853	4,797	704	7,354
Total operating expense				(3,455)
Profit for the period before tax				3,899
Tax on income				(780)
Profit for the period after tax				3,119

CZK m	Commercial	Retail	Treasury/Other	Total
Nine months ended 30 September 2016				
Interest and similar income	1,695	4,704	72	6,471
Interest expense and similar charges	(37)	(106)	0	(143)
Net fee and commission income	403	1,054	4	1,461
Dividend income	0	0	12	12
Net income from financial operations	0	0	404	404
Other operating income	47	80	0	127
Total operating income	2,108	5,732	492	8,332
Net impairment of loans and receivables	(131)	(567)	0	(698)
Risk adjusted operating income	1,977	5,165	492	7,634
Total operating expense				(3,600)
Profit for the period before tax				4,034
Tax on income				(847)
Profit for the period after tax				3,187

Assets and liabilities by segment

CZK m	Commercial	Retail	Treasury/Other	Total
30 September 2017				
Total assets of the segment	64,735	63,398	50,734	178,867
Net value of loans and receivables to customers	60,498	59,402	0	119,900
Total liabilities of the segment	71,104	82,765	41	153,910

CZK m	Commercial	Retail	Treasury/Other	Total
31 December 2016				
Total assets of the segment	61,179	58,032	30,168	149,379
Net value of loans and receivables to customers	57,251	54,609	0	111,860
Total liabilities of the segment	47,083	75,021	7	122,111

8.13 Related parties

The following transactions were done between related parties:

CZK m	Key members of the management*	Former majority shareholder**	Other related parties **	Total
Quarter ended 30 September 2017				
Operating expenses	(32)	0	0	(32)
Other operating income	0	0	0	0
Quarter ended 30 September 2016				
Operating expenses	(30)	0	(45)	(75)
Other operating income	0	106	0	106

CZK m	Key members of the management*	Former majority shareholder**	Other related parties **	Total
Nine months ended 30 September 2017				
Operating expenses	(95)	0	0	(95)
Other operating income	0	0	0	0
Nine months ended 30 September 2016				
Operating expenses	(103)	(56)	(173)	(332)
Other operating income	0	106	5	111

*Includes members of the Supervisory Board, Management Board and senior management team

** Due to the announcement in September 2016 made by the former majority shareholder GE to sale shares and reduce the share on capital below 20% only the overview of expenses or income is included in the overview for 2016.

The following transactions were done between related parties:

CZK m	Key members of the management*
30 September 2017	
Loans and receivables to customers	22
Due to customers	32

CZK m	Key members of the management*
31 December 2016	
Loans and receivables to customers	10
Due to customers	19

*Includes members of the Supervisory Board, Management Board and senior management team

8.14 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 as well as risk appetite of the Group.

Risk management policies and practices are the same as described in the last annual financial statements. Risk management organization has slightly changed as responsibility for information security was transferred from Information Technologies Division to Risk Division in 1Q 2017.

8.14.1 Capital Management

Regulatory capital and its components and capital adequacy:

CZK m	30 Sep 17	31 Dec 16
Regulatory Capital	20,712	22,420
RWA	114,599	109,301
out of which Credit Risk	99,306	94,008
out of which Operational Risk	15,293	15,293

Capital adequacy (%)	30 Sep 17	31 Dec 16
RWA / Total Assets	64.1%	73.2%
CET1 Ratio	18.1%	20.5%
Tier 1 Ratio	18.1%	20.5%
Total Capital Ratio	18.1%	20.5%

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.

8.14.2 Loans and receivables to customers

CZK m	30 Sep 17	31 Dec 16
Retail	62,678	59,320
Commercial	61,646	58,715
Gross loans and receivables to customers	124,324	118,035
Loss allowances for loans and receivables to customers	(4,424)	(6,175)
Net loans and receivables to customers	119,900	111,860
Gross loans and receivables to customers w/o impairment	118,867	110,547
Loss allowances for loans and receivables to customers w/o impairment	(710)	(865)
Net loans and receivables to customers w/o impairment	118,157	109,682

8.14.3 Loans and receivables to banks and customers according the categorization

CZK m	30 Sep 17			31 Dec 16		
	ɔans and receivables to banks	Loans and receivables to customers	Total	Loans and receivables to banks	Loans ɯıɯ receivables to customers	Total
Performing before due date	38,919	114,932	153,851	189	106,525	106,714
Performing past due date	0	3,935	3,935	0	4,022	4,022
Total performing	38,919	118,867	157,786	189	110,547	110,736
Total non-performing	0	5,457	5,457	0	7,488	7,488
Gross loans and receivables	38,919	124,324	163,243	189	118,035	118,224
Allowances	0	(4,424)	(4,424)	0	(6,175)	(6,175)
Net loans and receivables	38,919	119,900	158,819	189	111,860	112,049
Individual allowances	0	(311)	(311)	0	(406)	(406)
Portfolio allowances	0	(4,113)	(4,113)	0	(5,769)	(5,769)
Total allowances	0	(4,424)	(4,424)	0	(6,175)	(6,175)

8.14.4 Non-performing loans and receivables to customers

CZK m	30 Sep 17	31 Dec 16
Retail	3,941	5,686
Commercial	1,516	1,802
Total NPL	**5,457**	**7,488**

CZK m	30 Sep 17	31 Dec 16
Retail	2,821	4,094
Commercial	893	1,216
Total allowances to NPL	**3,714**	**5,310**

CZK m	30 Sep 17	31 Dec 16
Retail		
Total NPL coverage	83.1%	82.9%
NPL ratio	6.3%	9.6%
Commercial		
Total coverage	75.7%	81.2%
NPL ratio	2.5%	3.1%
Total portfolio		
Total NPL coverage	81.1%	82.5%
NPL ratio	4.4%	6.3%

The Group continued in the reduction of the NPL ratio to 4.4 % as at 30 September 2017 from 6.3% as at 31 December 2016 mainly through non-performing loans ("NPLs") monetization and write offs. The Total NPL coverage remained at a comparatively high level of 81.1% as at 30 September 2017.

8.14.5 Net impairment of loans and receivables

CZK m	Quarter ended		Nine months ended	
	30 Sep 17	30 Sep 16*	30 Sep 17	30 Sep 16*
Additions and release of loan l oss allowances	(169)	(247)	(511)	(749)
Additions and release of unused commitments provisions and Other	1	(7)	2	(1)
Use of loan loss allowances	755	450	2,156	6,266
Income from previously written-off receivables / recoveries	74	66	302	138
Write offs of uncollectable receivables	(765)	(450)	(2,256)	(6,266)
Collection expense	(36)	(34)	(94)	(86)
Net impairment of loans and receivables	(140)	(222)	(401)	(698)

*Restated

The decrease of the Additions and release of loan loss allowances from CZK (749) million for the nine months ended 30 September 2016 to CZK (511) million for the nine months ended 30 September 2017 was caused by a continuously good macroeconomic environment, which was reflected in an improvement of the loan portfolio performance. The increase of the Income from previously written-off receivables / recoveries from CZK 138 million for the nine months ended 30 September 2016 to CZK 302 million for the nine months ended September 2017 was caused by a sale of written-off receivables primarily in 1Q 2017.

At the beginning of the year 2017 the Group started to take into account external collection costs in determining impairment loss of loans and receivables and these costs are disclosed in the line "Net impairment of loans and receivables" when they are incurred (previously calculated allowances shown in the line "Other operating expenses" and "Administrative expenses"). Estimate of these costs also reduces present value of recovery cash flows expected from related impaired receivables. This change has been applied retrospectively and the impact is disclosed in the table above as "Collection expense".

8.14.6 Maximum credit risk exposures

CZK m 30 Sep 2017	Statement of financial position	Off balance sheet	Total credit risk exposure	Available collateral*
Cash and balances with the central bank	7,373	0	7,373	0
Financial assets at fair value through profit or loss	42	0	42	0
Currency swaps	3	0	3	0
Currency forwards	39	0	39	0
Financial assets available for sale	55	0	55	0
Treasury bills	0	0	0	0
Treasury bonds	0	0	0	0
Equity investments	46	0	46	0
Other investments designated as AFS	9	0	9	0
Financial assets held to maturity	8,996	0	8,996	0
Treasury bills	0	0	0	0
Treasury bonds	8,996	0	8,996	0
Loans and receivables to banks	38,919	0	38,919	37,698
Current accounts at banks	305	0	305	0
Receivables arising from reverse repo agreements	38,502	0	38,502	37,698**
Other deposits at banks payable within 3 months	112	0	112	0
Loans and receivables to customers	119,900	19,395	139,295	51,863
Consumer authorized overdrafts and credit cards	3,984	5,156	9,140	0
Consumer loans	34,059	782	34,841	0
Mortgages	18,809	2,641	21,450	18,692
Commercial loans	46,598	10,758	57,356	24,192
Auto & Equipment Lease	5,433	0	5,433	4,708
Commercial	5,433	0	5,433	4,708
Retail	0	0	0	0
Auto & Equipment Loans	11,017	58	11,075	4,271
Commercial	8,468	58	8,526	4,271
Retail	2,549	0	2,549	0
Other loans	0	0	0	0
Commercial	0	0	0	0
Retail	0	0	0	0
Issued guarantees and credit limits on guarantees	0	1,720	1,720	126
Letter of credit	0	1	1	1
Other assets	3,582	0	3,582	0

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

**Thereof securities obtained in repurchase agreements as collateral in the amount of CZK 9,690 million were transferred as collateral according to repo from reverse repo agreements as at 30 September 2017 (2016: CZK 0 million)

CZK m 31 Dec 16	Statement of financial position	Off balance sheet	Total credit risk exposure	Available collateral*
Cash and balances with the central bank	20,235	0	20,235	0
Financial assets at fair value through profit or loss	26	0	26	0
Currency swaps	20	0	20	0
Currency forwards	6	0	6	0
Financial assets available for sale	13,749	0	13,749	0
Treasury bills	0	0	0	0
Treasury bonds	13,700	0	13,700	0
Equity investments	40	0	40	0
Other investments designated as AFS	9	0	9	0
Financial assets held to maturity	0	0	0	0
Treasury bills	0	0	0	0
Treasury bonds	0	0	0	0
Loans and receivables to banks	189	0	189	0
Current accounts at banks	154	0	154	0
Receivables arising from reverse repo agreements	0	0	0	0
Other deposits at banks payable within 3 months	35	0	35	0
Loans and receivables to customers	111,860	15,799	127,659	47,403
Consumer authorized overdrafts and credit cards	4,551	5,489	10,040	0
Consumer loans	32,281	460	32,741	0
Mortgages	15,571	1,056	16,627	15,513
Commercial loans	42,639	8,754	51,393	21,988
Auto & Equipment Lease	6,633	0	6,633	5,719
Commercial	6,633	0	6,633	5,719
Retail	0	0	0	0
Auto & Equipment Loans	10,146	40	10,186	4,183
Commercial	7,958	40	7,998	4,183
Retail	2,188	0	2,188	0
Other loans	39	0	39	0
Commercial	22	0	22	0
Retail	17	0	17	0
Issued guarantees and credit limits on guarantees	0	1,512	1,512	133
Letter of credit	0	2	2	2
Other assets	3,320	0	3,320	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.

8.15 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, besides other factors, 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 Sep 17	31 Dec 16	30 Sep 17	31 Dec 16
	Carrying value		Fair value	
FINANCIAL ASSETS				
Cash and balances with the central bank	7,373	20,235	7,373	20,235
Financial assets held to maturity*	8,996	0	8,802	0
Loans and receivables to banks	38,919	189	38,919	189
Loans and receivables to customers	119,900	111,860	122,044	115,379
FINANCIAL LIABILITIES				
Due to banks	20,303	2,657	20,303	2,657
Due to customers	130,358	116,252	130,358	116,252

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

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

	30 Sep 17			31 Dec 16		
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		42			26	
Financial assets available for sale	0	0	55	13,444	256	49
FINANCIAL LIABILITIES						
Financial liabilities at fair value through profit or loss		41			7	

There were no transfers between level 1 and 2 during the period of the nine months ended 30 September 2017 and the nine months ended 30 September 2016.

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 Jan 17	Sales	Additions	Total gains and losses in the period recognised in OCI	As at 30 Sep 17
Available for sale					
Equity investments	40	0	0	6	46
Other investments designated as AFS	9	0	0	0	9
Total	49	0	0	6	55

CZK m	As at 1 Jan 16	Sales	Additions	Total gains and losses in the period recognised in OCI	As at 31 Dec 2016
Available for sale					
Equity investments	135	(293)	37	161	40
Other investments designated as AFS	0	0	8	1	9
Total	135	(293)	45	162	49

8.16 Subsequent events

On 26 October 2017 General meeting approved Mr. Gabriel Eichler and Mr. Tomáš Pardubický as new members of the Supervisory Board. Mrs. Zuzana Prokopcová was elected to the Audit Committee. Entire agenda of General meeting and meeting minutes can be found on Moneta´s web site https://investors.moneta.cz/general-meeting.

9 Management affidavit

To the best of our knowledge, we believe that this consolidated financial report gives a fair and true view of the Group's financial position, business activities and results for the nine months of 2017, and outlook for the development of Group's financial situation, business activities and results.

Prague, 8 November 2017

Signed on behalf of the Management Board:

Tomáš Spurný
Chair of the Management Board

Philip Holemans
Vice-Chair 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 , 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, core cost of risk, 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 / Non-performing loans, core NPL coverage, NPL ratio, risk weighted assets, new production / new volume and average turn.

These alternative performance measures are included to (i) extend the financial disclosure also to metrics which are used, along with IFRS measures, by the management in 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 September 2017 and 31 December 2016:

CZK million (unless otherwise indicated)	30 Sep 2017	31 Dec 2016
Reported Profit after tax (A)	3,119	4,054
Excess Capital (B=H-(GxJ))	2,949	5,478
Cost of funds% (C)	0.1%	0.2%
Tax Rate (D)	19%	19.0%
Adjustment for cost of funds (E = B x C x (1-D))	(3)	(7)
Adjusted Profit after tax (F)	3,116	4,047
Reported Total Risk Weighted Assets (G)	114,599	109,301
Regulatory Capital (H)	20,712	22,420
Reported CET1 % (I = H / G)	18.1%	20.5%
Target CET1 % (J)	15.5%	15.5%
Excess Capital (B = H - (G x J))	2,949	5,478
Equity (K)	24,957	27,268
Intangible Assets and Goodwill (L)	1,212	848
Tangible Equity (M = K - L)	23,745	26,420
Excess Capital (B = H - (G x J))	2,949	5,478
Adjusted Tangible Equity (N = M - B)	20,796	20,942
Reported Return on Tangible Equity (A / M)	17.5%	15.3%
Adjusted Return on Tangible Equity (F / N)	20.0%	19.3%

Note: Cost of Funds, Reported Return on Tangible Equity and Adjusted Return on Tangible Equity for the nine months ended 30 September 2017 are 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 % (consisting of 11% total SREP capital ratio, 2.5% conservation buffer, 1% countercyclical buffer (including anticipated increase of countercyclical buffer of 0.5% effective from 1st July 2018) and 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 period of nine months ended 30 September 2017 and 0.2 % in 2016) 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% (consisting of 11% total SREP capital ratio, 2.5% conservation buffer, 1% countercyclical buffer (including anticipated increase of countercyclical buffer of 0.5% effective from 1st July 2018) and 1% management buffer).
Annualised	Adjusted so as to reflect the relevant rate on the full year basis.
Attrition / Loan Balance Attrition	Extraordinary principal repayment transactions exceeding 40% of the prior month average principal and not recognized as internal refinancing. Loans more than 30 days past due are excluded.
Average balance of deposits from banks and due to customers	Two-point average of the beginning and ending balances of Deposits from 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
Average balance of total assets	Two-point average of the beginning and ending balances of Total Assets for the period
AFS	Available for sale
Bps	Basis points
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 itself
CET1 Ratio	CET1 as a percentage of risk-weighted assets
CNB	Czech National Bank
CZK	Czech Koruna
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
Core Cost of Risk or Core CoR	Net impairment of loans and receivables divided by average balance of net loans to customers excluding gain from monetization of NPLs
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 Loss allowances for non-performing loans and receivables to total non-performing loans and receivables
Customer deposits	Due to customers
Excess capital	Capital exceeding the management target CET1 Ratio, currently 15.5% (consisting of 11% total SREP capital ratio, 2.5% conservation buffer, 1% countercyclical buffer (including anticipated increase of countercyclical buffer of 0.5% effective from 1st July 2018) and 1% management buffer)

FTE	The average recalculated number of employees during the period is an average of the figures reported to Czech Statistical Authority (CSA) on a monthly basis in accordance with Article 15 of Czech Act No. 518/2004. The figures reported to CSA equal to quotient of the following nominator and the following denominator. The nominator is defined as all hours worked by all employees, their related leaves/holidays and their related sick days. The denominator represents a standard working hours per an employee and a month.
GDP	Gross domestic product
Gross performing loans	Performing Loans and Receivables to customers as determined in accordance with the Bank's loan receivables categorization rules (Standard)
Group	Company and its consolidated subsidiaries
HTM	Held to maturity
k	thousands
KPI	Key performance indicator
IFRS	International Financial Reporting Standards
IPO	Initial public offering
ISRE 2410	International Standard on Review Engagements 2410 (review of the financial statements by the independent auditor)
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, financial assets held to maturity (not transferred as collateral in repurchase agreements) 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
LGD	Loss given default
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 Customer Loans	Net loans and receivables to customers
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, financial assets held to maturity, 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
Net Performing Loans	Performing Loans and Receivables to customers as determined in accordance with the Bank's loan receivables categorization rules (Standard) less Loss Allowances for Loans and Receivables to customers
Net Profit	Profit for the period after tax
New volume / New production	Aggregate of loan principal disbursed in the period for non-revolving loans
No.	Number
NPL	Non-performing loans as determined in accordance with the Bank´s loan receivables categorization rules (Substandard, Doubtful, Loss)

NPL coverage	Ratio (expressed as a percentage) of Loss allowances for loans and advances to customers to NPL
NPL Ratio or Non-performing Loans Ratio	Ratio (expressed as a percentage) of total gross receivables categorized as non-performing to total gross receivables
Online origination	Represents new volume originated from online applications and leads (client with contact details)
PD	Probability of default
Q	Quarter
RE	Real estate
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 (calculated pursuant to CRR)
RWA density	Ratio of RWA to total assets
Small Business	An enterprise with an annual turnover of up to CZK 60 million
Small business loan balances	Loans and receivables of unsecured instalment loans, commercial credit cards and unsecured overdrafts provided to an enterprise with an annual turnover of up to CZK 60 million
Small business (new) production	New volume of unsecured instalment loans and receivables to customers
SME	An enterprise with an annual turnover of up to CZK 200 million
SREP	Supervisory Review and Evaluation Process
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 allowances for loans and receivables to total non-performing loans and receivables
Yield (% Avg Net Customer Loans)	Interest and similar income from loans to customers divided by average balance of net loans to customers