MONETA Money Bank, a.s.

Consolidated financial report as of and for the three months ended 31 March 2018

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 2018 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 "Bank" 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 Bank does not assume, and hereby disclaims, any obligation or duty to update forward-looking statements if circumstances or management's assumptions beliefs, expectations or opinions should change, unless it would be required to do so under applicable law or regulation. For these reasons, recipients should not place reliance on, and are cautioned about relying on, any forward-looking statements.

Material assumptions for forward-looking statements

A number of economic, market, operational and regulatory assumptions were made by the Bank in preparing its forward looking guidance
Positive macroeconomic outlook will persist in the medium term:

- 3M PRIBOR assumed to gradually increase and reach 2.8%[1] in 4Q 2019
- Consumer loan market portfolio yield expected to bottom out at around 8%
- 2018 effective tax rate to be reduced by the impact of IFRS 9 one-time charge
- Cost of risk assumptions:
  - 15 – 20% higher allowance level under IFRS 9
  - 2018 supported by significant gain from legacy NPL monetization
  - Contingency for potential large commercial default
  - Cost of Risk likely to bottom out during 2018
- Flat operating cost impacted by 10% - 15% productivity improvement over next 3 years, offset by increased Depreciation and Amortization charges of additional investments

Third parties' data

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

1 CNB forecast from 4Q 2017 (http://www.cnb.cz/cs/menova_politika/zpravy_o_inflaci/2017/2017_IV/download/ZOI_IV_2017_T_1_Makroindikatory.xlsx)

2 Letter from the CEO

I am pleased to report that the Bank delivered a consolidated net profit of CZK 1.2 billion in 1Q of 2018. This represents a 12.8 per cent increase on the same period of 2017.

Our operating income for the period of CZK 2.4 billion went down by 5.8 per cent year on year, impacted by continued yield compression in the retail segment, with the first signs of consumer loan portfolio pricing stabilization in March 2018.

During the first quarter of 2018, the Bank made further good progress with the development of its business model and the expansion of its activities, supporting our objective to maintain our position as a leading bank for Czech households and to become the leading bank for small businesses. We place strong emphasis on addressing the needs and aspirations of self-employed professionals, tradesmen and entrepreneurs. Additionally, our strategy remains focused on the development of digital capabilities.

The Bank achieved strong growth in the net number of clients acquired with a net increase of 8,200, up from 5,000 in the same quarter last year. The 52.6 per cent cost to income ratio was in line with management expectations. I am also pleased to report that management´s dividend proposal met with approval at the Annual General Meeting on 25 April 2018 with a vote to support the 2017 dividend pay-out of CZK 4.1 billion before tax.

Retail Segment

I am pleased to report continued success in our ability to generate strong growth. Our retail segment delivered a 4.1 per cent increase in gross performing loans during first three months of 2018. Retail lending focused on the expansion of mortgage activity: we delivered 9.4 per cent growth compared to year end in gross performing mortgage balances and captured 2.0 per cent of market share in gross balances as at 1Q 2018.

The success of the Bank's digital origination strategy has enabled the Bank to optimise its branch network with 26 branches closed since 4Q 2017.

Commercial Segment

Our commercial lending activity had a positive result with gross performing loans growing 1.6 per cent when compared to the 31 December 2017 balance. As it was last year, the small business sub-segment confirmed strong growth, reinforcing the progress we are making on our strategic vision, with the gross performing instalment loan balance rising 17.3 per cent during first three months of 2018 and new volume up 89.9 per cent year-on-year.

Digital Strategy Execution

The Bank continues to seek differentiation and cost efficiency through digital innovations. We launched a fully online credit card for retail and small business clients. In addition, we have achieved 91.8 per cent year-on-year growth in Smart Banka registered users, with this number reaching 210,000, with Google Pay activation and payment protection insurance becoming available through Smart Banka.

During the period, CZK 1.6 billion of consumer loans were originated online, representing 30 per cent of the Bank's consumer loan production during 1Q 2018. Similarly, CZK 161 million of small business loans were originated online, representing 25.0 per cent of the Bank's small business loan production during the quarter.

For the rest of 2018, the Bank will target further enhancements of our digital pre-approved unsecured loan offer to expand the pool of eligible clients and accelerate take-up. Digitally-enabled retail unsecured lending for new-to-bank clients via tablet on branches will be rolled out during 1H 2018 and a new web presence will be developed during the year to drive online origination.

Risk Management

The Bank continued to focus on improving our balance sheet quality. The Bank further reduced its NPL ratio to 3.7 per cent and increased its NPL coverage to 93.0 per cent. During 2018, the Bank will seek to continue monetizing on and off balance sheet NPLs.

The Bank posted a net release of allowances of 90 basis points in 1Q 2018 mainly driven by a positive impact of CZK 475m legacy NPL sales. The core Cost of Risk, excluding the disposal of legacy non-performing loans, remains very low at 62 basis points.

Capital Management

The Bank continued to maintain a superior capital position, closing 1Q 2018 with a capital adequacy ratio of 16.6 per cent. The group continues to move towards its 15.5 per cent medium-term capital target.

Outlook

Our strong performance during the quarter has positioned the Bank well to achieve our targets across all key financial commitments for 2018.

Tomáš Spurný

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

3 Key performance indicators

	Three months ended 31 Mar 2018	Year ended 31 Dec 2017	Change
Profitability			
Yield (% Avg. Net Customer Loans)	5.7%	6.3%	(60) bps
Cost of Funds (% Avg Deposits)[2]	0.19%	0.15%	4 bps
NIM (% Avg Int Earning Assets)[3]	3.8%	4.3%	(50) bps
Cost of Risk (% Avg Net Customer Loans)	(0.90)%	0.32%	(122) bps
Risk-adj. yield (% Avg Net Customer Loans)	6.6%	6.0%	60 bps
Net Fee & Commission Income / Operating Income (%)	18.7%	18.7%	-
Net Non-Interest Income / Operating Income (%)	24.7%	28.7%	(400) bps
Reported RoTE	18.9%	16.0%	290 bps
Adj. RoTE @ 15.5% CET1 Ratio	19.9%	17.7%	220 bps
RoAA[1]	2.4%	2.2%	20 bps
Liquidity / Leverage			
Net Loan to Deposit ratio[4]	91.4%	93.7%	(230) bps
Total Equity / Total Assets[1]	14.2%	12.9%	130 bps
Liquid Assets[1,2] / Total Assets[1]	29.6%	36.2%	(660) bps
LCR	200.4%	182.9%	1,750 bps
Equity			
Total Equity (CZK m)	26,299	25,763	2.1%
Tangible Equity (CZK m)	24,863	24,462	1.6%
Capital Adequacy			
RWA / Total Assets[1]	64.9%	59.4%	550 bps
CET1 ratio (%)	16.6%	17.4%	(80) bps
Tier 1 ratio (%)	16.6%	17.4%	(80) bps
Asset Quality			
Non Performing Loan Ratio (%)	3.7%	4.1%	(40) bps
NPL Ratio Retail (%)	5.0%	5.6%	(60) bps
NPL Ratio Commercial (%)	2.3%	2.6%	(30) bps
Core Non Performing Loan Coverage (%)	65.3%	64.1%	120 bps
Core NPL Coverage Retail (%)	67.1%	67.4%	(30) bps
Core NPL Coverage Commercial (%)	61.4%	56.7%	470 bps
Total NPL Coverage (%)	93.0%	77.0%	1,600 bps
Efficiency			
Cost to Income Ratio	52.6%	47.9%	470 bps
FTEs (average)	3,280	3,304	(24)
Branches[5]	206	227	(21)
ATMs	663	668	(5)

[2] Repo transactions with banks and customers which are closed on back-to-back basis by reverse repo transactions with CNB are included.
[3] Interest earning assets include encumbered assets of CZK 4.5 bn.
[4] Repo transactions with customers which are closed on back-to-back basis by reverse repo transactions with CNB are excluded.
[5] 21 branches closed in 1Q 2018, 5 branches closed in 4Q 2017.

4 Macroeconomic environment

Czech economic growth for 2017 was stronger than expected and recorded an increase of 4.6% year-on-year[6]. The key supporting factors were household consumption and the investment activity of companies. The economy also benefited from strong external demand, which was driven by an overall improvement in the economies of Czech´s main trading partners. Strong domestic demand is reflected by the strong performance of retail trade, which grew by 6.0% year-on-year in February 2018[7]. The financial situation of households is further supported by decreasing unemployment, which reached 3.5% at the end of the first quarter of 2018[8].

The Czech National Bank (CNB) increased the main monetary policy interest rate by an additional 25 basis points to 0.75% in February 2018[9]. Since then the interest rates remained unchanged. Therefore, after the three hikes performed in the last 9 months, the rate of increase in interest rates has slowed down, with the potential of one additional increase in late 2018, according to the new macroeconomic forecast by the CNB. The restrictive monetary policy has had an impact and inflation remained at 1.7%, close to the 2% target of the CNB at the end of the 1Q 2018[10].

The main restriction of further economic growth remains the domestic labor market. The extremely low unemployment level, which is the lowest among the EU member states, together with increasing number of job vacancies, which practically reached the level of registered unemployment, impose serious constraints on any future increase in output. The lack of labor force availability is pushing wages up significantly, by 8.0% year-on-year in the fourth quarter of 2017 in nominal terms[11].

A Czech economic slowdown is probably an inevitable event; however, the risk of an economic downturn remains very low.

[6]Source: Czech Statistical Office, Quarterly Sector Accounts - 4th quarter of 2017.
[7]Source: Czech Statistical Office, Retail trade - February 2018.
[8] Source: Ministry of Labour and Social Affairs, unemployment statistics.
[9] Source: Czech National Bank, monetary policy decisions.
[10]Source: Czech Statistical Office, Consumer price indices - inflation - March 2018
[11]Source: Czech Statistical Office, Average wages - 4th quarter of 2017.

The start of the new interest rate cycle and good economic performance helped to stabilize the market operating income, which dropped by 0.7% year-on-year in 2017[12], mainly due to a high comparison base from 2016 (the sale of VISA shares) and drop in non-interest income. Interest income continued to accelerate its growth and reached a 2.4% increase year-on-year in 2017[12]. The banking industry net income increased by 3.5%, strongly supported by a declining cost of risk (down by nearly 50% year-on-year in 2017)[12].

The industry total net assets grew by a solid 19.1% year-on-year in 2017, driven partly by an increase in loans to customers, which added 4.6% year-on-year[12]. The growth of customer receivables remained above 4%[12] in 1Q 2018 and accelerated in the segment of households, which confirms that strong credit demand persists. The stock of nonperforming loans continued to decrease and shrank by 13.6% year-on-year in December 2017[12] with the NPL ratio decreasing to 4.0%[12].

The overall profitability of the banking sector, measured by ROE, decreased to 16.7% in 2017[12] as the Tier 1 capital growth (7.5% year-on-year)[12] outweighed the increase in net income. The common equity Tier 1 (CET1) ratio improved again and reached a new high of 18.1% in 2017[12]. The excess total capital grew to CZK 276 billion at the end of 2017, from CZK 250 billion at the end of 2016[12]. Thus, the lending capacity of banks remains more than sufficient to finance the potential future economic expansion.

5 Group performance

5.1 Business performance

The Group generated consolidated net profit of CZK 1,173 million in the first three months of 2018, supported by an extraordinary gain of CZK 475 million on sale of legacy NPLs realized in the first quarter of 2018.

Solid new production across both commercial and retail segments supported the Group's gross performing loans growth of 2.8% to CZK 125.9 billion during the first three months of 2018.

[12]Source: Czech National Bank, ARAD database.

The retail portfolio of gross performing loans and receivables to customers increased by 4.1% when compared to the 31 December 2017 balance, standing at CZK 63.7 billion as at 31 March 2018. This growth was mainly driven by a continuing increase in new production of mortgage loans, driving balances up 9.4% in the first three months of 2018. The retail balance growth is also a result of an increased gross performing balance of consumer loans, up 2.3% in the first three months of 2018 to CZK 35.2 billion. MONETA Auto retail loans recorded gross performing receivables growth of 2.4% from the 31 December 2017 driven by higher new production. The decline in outstanding credit card and overdraft balances continued during 1Q 2018 – a decline of 6.3%, when compared to 31 December 2017, partially offset the positive development on other products.

The commercial gross performing loans balance stood at CZK 62.2 billion as at 31 March 2018, an increase of 1.6% from the 31 December 2017 balance. Small business instalment lending new production almost doubled year-on-year, driving 17.3% gross performing balance growth to CZK 2.6 billion as at 31 March 2018. This was achieved through an expanded physical and digital distribution network. The investment loan gross performing loan balance remained flat at CZK 34.4 billion as at 31 March 2018, while the working capital balance increased by 6.5% to CZK 9.8 billion when compared to 31 December 2017. The MONETA Auto and MONETA Leasing gross performing balance remained flat at CZK 14.8 billion compared to 31 December 2017, with an increase in MONETA Auto commercial lending being offset by a decline in MONETA Leasing portfolio.

The Group's customer deposits continued their gradual growth, demonstrating an increase in both retail and commercial segments and stood at CZK 138.1 billion (excluding CZK 7.1 billion of repo transactions) as at 31 March 2018, increasing 4.6% from CZK 132.0 billion (excluding CZK 9.4 billion of repo transactions) as at 31 December 2017. Across both segments, balance increases came primarily from current and saving accounts, allowing the overall cost of funding to stay low at 0.19%. The loan to deposit ratio stood at 91.4% (excluding opportunistic repo transactions).

The balance Due to banks decreased significantly compared to 31 December 2017 and stood at CZK 10.3 billion as at 31 March 2018. The decrease was driven by an outflow of opportunistic repo operations with financial institutions.

The Group retains a highly liquid position, despite the significantly lower volume of opportunistic externally funded repo operations, compared to last quarter of 2017. The Liquidity Coverage Ratio (LCR) stood at 200.4%, primarily consisting of CZK 35.2 billion in reverse repo operations with CNB and investments into Czech government bonds of CZK 11.9 billion (including CZK 4.4bn of encumbered assets)[13].

5.2 Financial performance

The Group's net interest margin declined to 3.8% in the first three months ended 31 March 2018, from 4.3% for the year ended 31 December 2017. The decline was mainly a result of continued yield compression in the retail segment, from 8.5% in 4Q 2017 to 7.9% 1Q 2018, driven by the changing mix towards secured loans, while the commercial yield increased from 3.4% in 4Q 2017 to 3.5% in 1Q 2018, supported by higher market rates.

Net fee and commission income of CZK 445 million for the three months ended 31 March 2018 declined by 2.8% year-on-year. This drop was in line with trends observed in 2017, namely a 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 current accounts as experienced in prior years. This decline is partially offset by broadened our third party offering, namely insurance and investment funds products, where the Group achieved growth of CZK 16 million, or 14%, year-on-year.

Net income from financial operations amounted to CZK 85 million in the first three months of 2018 compared to CZK 103 million in the same period of 2017. The decline was driven by an extraordinary gain on sale of bonds portfolio of CZK 23 million realized in 1Q 2017.

Operating expenses for the first three months of 2018 amounted to CZK 1,255 million, up 8.9% year-on-year. The Group incurred CZK 593 million of personnel expenses, a 5.5% year-on-year increase compared to the same period last year, driven mainly by wage inflation and change in FTE structure. Administrative and other operating

[13]Total balance of encumbered assets included in the Consolidated Statement of Financial Position amounts to CZK 4.5 billion of which CZK 4.4 billion relates to Czech government bonds

expenses reached CZK 535 million, a 5.7% year-on-year increase. The increase was mainly caused by one-off provision release in 2017 (CZK 84 million) that was partly offset by no TSA/MSA charges in 2018 (CZK 42 million). Depreciation and amortization expenses increased by 51.2% to CZK 127 million, where the key driver was higher amortization due to investments in IT separation and Digital. The balance of Intangible assets grew 72% year-on-year.

Net impairment of financial assets resulted in a net gain of CZK 281 million (pre-tax) for the three months ended 31 March 2018, driven by a gain on sale of legacy NPLs of CZK 475 million. The core cost of risk, excluding the impact of legacy NPL sale, amounted to 62 bps compared to core cost of risk of 59 bps for the full year of 2017.

As a result, the consolidated net profit for the first three months of 2018 was CZK 1,173 million. Annualized reported RoTE for the three months ended 31 March 2018 increased to 18.9% from 16.0% for the year ended 31 December 2017.

A continued low rate of NPL formation complemented by proactive NPL management resulted in a reduction of the Group NPL ratio to 3.7% as at 31 March 2018 from 4.1% as at 31 December 2017. The overall total NPL coverage stood at 93.0% as at 31 March 2018 (compared to 77.0% at 31 December 2017), following IFRS 9 implementation.

The CET1 Ratio further decreased to 16.6%14 as at 31 March 2018 against 17.4%[14] as at 31 December 2017, gradually reaching the medium-term target of 15.5%.

5.3 Outlook for 2018 and risks

The outlook for the economic environment remains positive. The May macroeconomic forecast by the Czech National Bank predicts a 3.9% GDP growth in 2018[15], followed by 3.4% growth in 2019. The economy should be supported mainly by domestic demand with a strong contribution from households. The unemployment should decrease further, however, given the current very low level, the pace of the decline will decelerate.

Interest rates are assumed to continue in their gradual increase, which was initiated in 2017. This indicates the slowdown of lending activity, which is already visible in mortgages. On the other hand, the continuing good financial condition of Czech households and companies indicate that the growth in lending volumes should still outperform the economic growth of the country.

The positive economic development translates into the higher consumption and investment capacity of domestic households and companies. Despite the drop in the savings rate of households in 2017, the growing disposable income will probably turn into the continued growth of savings balance, which can be further supported later in the year by increasing interest rates in the country.

The Group delivered CZK 1.2 billion of net profit in the first quarter of 2018, which constitutes year-on-year growth of 12.8%. Based on the positive results of 1Q 2018, the Group is targeting to achieve consolidated net profit of CZK 3.5 billion for the whole year 2018, compared to initial guidance of CZK 3.4 billion.

Operating income went down by 5.8% year-on-year to CZK 2.4 billion, driven by lower income across all categories. Group is targeting to deliver the full-year operating income of CZK 9.5 billion as stated in our 2018 guidance.

Operating expenses reached CZK 1.3 billion with the cost-to-income ratio at 52.6%. The Group remains on track to maintain the full-year costs of CZK 4.9 billion as communicated in the 2018 guidance.

The Cost of Risk was positively affected by the debt sales undertaken in the first quarter and totalled (90bps) for the period. The full-year guidance on the cost of risk is therefore adjusted to be between 35 and 45 bps on reported basis.

The Group is exposed to standard risks and uncertainties which have already been disclosed in the prospectus of the Bank relating to public offering and the listing of the Bank's shares on Prague Stock Exchange (IPO). A non-exhaustive list of risks, to which the Group continues to be exposed, is set out below:

[14] Does not include net profit for the year 2017 and for 1Q'2018 and is subject to corporate, regulatory and regulator's limitations.
[15] Source: CNB web pages
http://www.cnb.cz/en/monetary_policy/forecast.

- Risk of unfavorable development in 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 management the staff attrition at the MONETA 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 8.14.

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
Bank 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 31 March 2018: 206 and 31 December 2017: 227

Number of ATMs as at 31 March 2018: 663 and 31 December 2017: 668

Number of employees (FTEs) in the first three months ended 31 March 2018 was 3,280 (a decrease of 0.7% compared to the year end 2017)

Business activities:

The Bank and its consolidated subsidiaries (the "Group") operate 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, according to the registry of the shareholders administered by the Central Securities Depository Prague, more than 1% of the shares is available in the investor relations section of the Bank's website at https://investors.moneta.cz/shareholder-structure.

Bank's Supervisory Board

The Bank's Supervisory board held two meetings in the first three months of 2018.

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 Chairman of the Supervisory Board	22 May 2017*	24 April 2021
Michal Petrman	Member of the Supervisory Board	21 April 2016	21 April 2020
Clare Ronald Clarke	Member of the Supervisory Board	21 April 2016	21 April 2020
Denis Arthur 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

* Maria Luisa Cicognani and Miroslav Singer were elected by the General Meeting as the members of the Supervisory Board on 24 April 2017.

Bank's Management Board

The Bank's Management Board held 15 meetings in the first three months of 2018.

Name	Position	Position held from	Position held to
Tomáš Spurný	Chairman of the Management Board	1 October 2015	1 October 2019
Philip Holemans	Vice Chairman of the Management Board	20 April 2016*	17 July 2018
Jan Novotný	Member of the Management Board	16 December 2013	16 December 2021
Carl Normann Vökt	Member of the Management Board	25 January 2013	25 January 2021
Albert Piet van Veen	Member of the Management Board	1 May 2017	1 May 2021

*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 three months ended 31 March 2018 (Unaudited)

7.1 Condensed consolidated statements of profit or loss and other comprehensive income for the three-month period ended 31 March 2018 (Unaudited)

		Quarter ended	
CZK m	Note	31 Mar 18 *	31 Mar 17
Interest and similar income		1,873	1,939
Interest expense and similar charges		(77)	(47)
Net interest income	8.7	1,796	1,892
Fee and commission income		519	534
Fee and commission expense		(74)	(76)
Net fee and commission income	8.8	445	458
Dividend income		0	0
Net income from financial operations		85	103
Other operating income		59	79
Total operating income		**2,385**	**2,532**
Personnel expenses		(593)	(562)
Administrative expenses		(468)	(525)
Depreciation and amortisation		(127)	(84)
Other operating expenses		(67)	19
Total operating expenses	8.9	**(1,255)**	**(1,152)**
Profit for the period before tax and net impairment of financial assets**		1,130	1,380
Net impairment of financial assets**	8.17.6	281	(80)
Profit for the period before tax		1,411	1,300
Taxes on income		(238)	(260)
Profit for the period after tax		**1,173**	**1,040**
Items that may be reclassified subsequently to profit or loss			
- Change in fair value of AFS investments recognised in OCI		n/a	(256)
- Change in fair value of AFS investments recognised in P&L		n/a	(23)
- Deferred tax		n/a	53
Items that will not be reclassified subsequently to profit or loss			
- Change in fair value of equity instruments designated at FVTOCI		0	n/a
- Deferred tax		0	n/a
Other comprehensive income, net of tax		**0**	**(226)**
Total comprehensive income attributable to the equity holders		**1,173**	**814**
Profit for the year after tax attributable to the equity holders		**1,173**	**1,040**
Weighted average of ordinary shares (millions of shares)		511	511
Basic and Diluted earnings per share (in CZK)		2.3	2.0

* The amounts for the period ended 31 March 2018 have been prepared in accordance with IFRS 9; prior period amounts have not been restated.
** Impairment of investment securities has been added in 2018 as a result of application of IFRS 9.

7.2 Condensed consolidated statement of financial position as at 31 March 2018 (Unaudited)

CZK m	Note	31 Mar 18*	31 Dec 17
Assets			
Cash and balances with the central bank		6,823	7,127
Derivative financial instruments**	8.18	45	48
Investment securities	8.10	11,965	n/a
Financial assets available for sale	8.18	n/a	57
Financial assets held to maturity	8.18	n/a	11,723
Hedging derivatives with positive fair values		0	4
Change in fair value of items hedged on portfolio basis		58	(6)
Loans and receivables to banks	8.11	35,849	53,380
Loans and receivables to customers	8.12	126,261	123,680
Intangible assets		1,436	1,301
Property and equipment		874	871
Investments in associates		3	2
Current tax assets		279	308
Deferred tax assets		339	386
Other assets		862	853
TOTAL ASSETS		184,794	199,734
Liabilities			
Derivative financial instruments**	8.18	37	68
Due to banks	8.13	10,264	29,643
Due to customers	8.13	145,175	141,469
Hedging derivatives with negative fair values		88	4
Provisions		333	364
Current tax liabilities		17	2
Deferred tax liabilities		254	267
Other liabilities		2,327	2,154
Total liabilities		**158,495**	**173,971**
Equity			
Share capital		511	511
Share premium		5,028	5,028
Statutory reserve		102	102
Reserve from revaluation of FVTOCI		0	n/a
Available for sale reserve		n/a	(57)
Share based payment reserve		(2)	(2)
Retained earnings		20,660	20,181
Total equity		**26,299**	**25,763**
TOTAL LIABILITIES AND EQUITY		184,794	199,734

* The amounts as at 31 March 2018 have been prepared in accordance with IFRS 9; prior period amounts have not been restated.
** These lines have been renamed from Financial assets, resp. liabilities, at fair value through profit or loss to "Derivative financial instruments".

7.3 Condensed consolidated statement of changes in equity for the three-month period ended 31 March 2018 (Unaudited)

CZK m	Share capital	Share premium	Statutory reserve	AFS reserve	Reserve from revaluation of FVTOCI	Share based payment reserve	Retained earnings	Total
Balance as reported 31 Dec 17	**511**	**5,028**	**102**	**(57)**	**n/a**	**(2)**	**20,181**	**25,763**
Cumulative effect of adopting of IFRS 9				**57**			**(695)**	**(638)**
Restated balance 1 Jan 18	**511**	**5,028**	**102**	**0**	**0**	**(2)**	**19,486**	**25,125**
Total comprehensive income								
Profit for the year after tax							1,173	1,173
Other comprehensive income after tax								
- Change in fair value of FVTOCI investment securities					0			
- Deferred tax					0			
Balance 31 Mar 18	**511**	**5,028**	**102**	**n/a**	**0**	**(2)**	**20,660**	**26,299**
Balance 1 Jan 17	**511**	**5,028**	**102**	**363**	**n/a**	**(2)**	**21,266**	**27,268**
Total comprehensive income								
Profit for the year after tax							1,040	1,040
Other comprehensive income after tax								
Change in fair value of AFS assets								
- Change in fair value of AFS investments recognised in OCI				(256)				(256)
- Change in fair value of AFS investments recognised in P&L				(23)				(23)
- Deferred tax				53				53
Balance 31 March 17	**511**	**5,028**	**102**	**137**	**n/a**	**(2)**	**22,306**	**28,082**

7.4 Condensed consolidated statement of cash flows for the three-month period ended 31 March 2018 (Unaudited)

	Quarter ended	
CZK m	31 Mar 18	31 Mar 17
Cash flows from operating activities		
Profit after tax	1,173	1,040
Adjustments for:		
- Depreciation and amortization	127	84
- Impairment of tangible and intangible assets	6	0
- Net impairment of financial assets	(281)	80
- Net gain on sale of available for sale financial assets	n/a	(23)
- Amortisation of coupon of financial assets available for sale	n/a	(22)
- Amortisation of coupon of investment securities	(22)	n/a
- Net interest income from hedging derivatives	18	0
- Net gain/ loss from revaluation of hedging derivatives	65	0
- Net gain/ loss from revaluation of items hedged on porfolio basis	(64)	0
- Release of provision for restructuring not recognized in depreciation and amortization	(24)	0
- Net loss on sale of tangible and intangible assets	1	0
- Tax expense	238	260
	1,237	1,419
Changes in:		
- Derivative financial instruments (assets)*	48	(2)
- Loans and receivables to customers	(2,976)	(1,264)
- Other assets	(8)	(307)
- Due to banks	(19,379)	2,578
- Due to customers	3,706	3,646
- Derivative financial instruments (liabilities)*	(68)	14
- Other liabilities and provisions	35	(65)
	(17,405)	6,019
Income taxes paid	(172)	(237)
Net cash used in operating activities	(17,578)	5,782
Cash flows from investing activities		
Proceeds from financial assets available for sale	n/a	3,268
Proceeds from investment securities	13	n/a
Proceeds from hedging derivatives	4	0
Acquisition of property and equipment and Intangible assets	(274)	(184)
Net cash used in investing activities	(257)	3,084
Cash flows from financing activities		
Net cash used in financing activities	0	0

Net change in cash and cash equivalents	(17,835)	8,866
Cash and cash equivalents at beginning of period	60,490	20,424
Cash and cash equivalents at end of period	42,655	29,290

Interest received**	1,881	2,070
Interest paid**	(57)	(50)

* Lines "Financial assets at fair value through profit and loss" and "Financial liabilities at fair value through profit and loss", disclosed in 4Q 2017 and earlier reports have been renamed to "Derivative financial instruments" since 1 January 2018.
**Lines "Interest received" and "Interest paid" represent interest as per contractual rate and are included within cash flows from operating activities

Foreign exchange losses relating to average balance of cash and cash equivalents in foreign currencies for the three months period ended 31 March 2018 are in the amount of CZK 3 million (three months ended 31 Mar 17: CZK 0 million).

8 Notes to unaudited condensed consolidated interim financial statements

8.1 Reporting entity

MONETA Money Bank, a.s. (the 'Bank') is a company domiciled in the Czech Republic. These unaudited condensed consolidated interim financial statements ('interim financial statements') as at and for the three months ended 31 March 2018 comprise the Bank and its consolidated subsidiaries (together referred to as the 'Group').

8.2 Basis of preparation and presentation

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2017 ('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 by an auditor nor audited.

The Group's interim financial statements were authorised for issue by the Management Board on 9 May 2018.

Going Concern

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

Functional and presentation currency

These 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 Significant accounting policies

The significant accounting policies used in preparation of these interim financial statements are consistent with those used in the Group´s last annual financial statements as at and for the year ended 31 December 2017, except for changes in accounting for financial instruments resulting from the adoption of IFRS 9 Financial instruments ("IFRS 9"). Changes in classification and measurement of financial assets and liabilities due to transition to IFRS 9 including financial impact to the opening balance sheet as at 1 January 2018 are described in the Group´s last annual financial statements, note 4.1.

In terms of capital adequacy requirements, the Group has decided not to apply the transitional arrangements specified in Article 473a of Regulation (EU) No 575/2013 for mitigating the impact of the introduction of IFRS 9 and analogous expected credit losses (ECLs), and therefore its own funds, capital and leverage ratios will already reflect the full impact of IFRS 9 and analogous ECLs.

Following chapter comprises description of significant accounting policies related to financial assets and financial liabilities that were influenced by transition to IFRS 9 since 1 January 2018.

8.4.1 Recognition and initial measurement

The Group initially recognises financial assets measured at amortised cost on the date on which they are originated. All other financial instruments are recognised on the trade date which is the date the Group becomes a party to the contractual provisions of the instrument.

All financial instruments are initially measured at fair value plus respectively minus transaction costs, in case of a financial asset respectively financial liability not at fair value through profit or loss. Financial assets include debt and equity instruments.

8.4.2 Debt instruments

Debt instruments include loans and debt securities. They are classified into one of the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVTOCI); or
- Fair value through profit or loss (FVTPL).

Classification is based on the assessment of the business model under which the asset is held and on the assessment of contractual cash flow characteristics of the asset.

The Group has defined its business models as follows:

- Held to collect (HTC) business model for financial assets acquired with the intention to be held until its maturity and to collect contractual cash flows. Sales, which are insignificant or infrequent, related to management of increased credit risk of the asset, or close to maturity of the financial assets are considered to be consistent with HTC business model.
- Held to collect and sell (HTCS) business model for financial assets acquired with the intention to be held to collect contractual cash flows and to be sold. More frequent sales within this portfolio are expected, mainly for the purpose of managing the Group's liquidity needs.
- Other business model for financial assets neither classified as HTC nor HTCS.

Currently, the Group hold all debt financial assets (securities as well as loans and receivables) within HTC business model.

Contractual cash flow characteristics are assessed by analyzing the contractual features of the financial asset to determine whether they are connected with cash flows consistent with basic lending arrangement, i. e. comprising solely payments of principal and interest from principal amount outstanding ("SPPI test"). Principal is the fair value of financial asset at the initial recognition and it changes due to repayments over the time. Interest represents a consideration for time value of money, profit margin, credit risk and other basic lending risks. If a financial asset does not pass SPPI test it is measured at fair value through profit or loss (FVTPL). Currently the Group does not classify any non-derivative debt instrument in the FVTPL.

Debt instruments measured at amortised cost

Debt instruments are measured at amortized cost if they are held within a business model whose objective is hold to collect (HTC) contractual cash flows where those cash flows represent solely payments of principal and interest. After initial measurement, debt instruments in this category are carried at amortized cost using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset to the carrying amount. Amortized cost is calculated taking into account any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate. Interest income from debt instruments measured at amortised cost is recorded in profit or loss in the line "Interest and similar income".

Impairment on debt instruments measured at amortized cost is calculated using the expected credit loss approach. Loans and debt securities measured at amortized cost are presented net of the allowance for credit losses in the statement of financial position.

Debt instruments measured at FVTOCI

Debt instruments are measured at FVTOCI if they are held within a business model hold to collect and sale (HTCS), where the assets' cash flows represent payments that are solely payments of principal and interest. Subsequent to initial recognition, unrealized gains and losses on debt instruments measured at FVTOCI are recorded in other comprehensive Income (OCI). Upon derecognition, realized gains and losses are reclassified from OCI to profit or loss. Currently, the Group does not classify any debt instrument in FVTOCI.

8.4.3 Equity instruments

Equity instruments are measured at FVTPL, unless an election is made to designate them at FVTOCI at the initial recognition or at the date of transition to IFRS 9.

For equity instruments measured at FVTPL, changes in fair value are recognized in the profit or loss in the line "Net income from financial operations".

A major part of current equity securities portfolio is classified as FVTPL. For the residual minor part, the Group elected the irrevocable option provided by IFRS 9 to classify it as at the date of transition as FVTOCI. All Gains and losses resulting from FVTOCI equity instruments including when derecognized or sold are recorded in OCI and are not subsequently reclassified to profit or loss. Nevertheless, dividends received from FVTOCI equity instruments are disclosed in the profit or loss in the line "Dividend income".

8.4.4 Impairment of financial assets

The Group measures allowance for credit losses, using an expected credit loss approach as required under IFRS 9, for the following categories of financial instruments:

- Amortized cost financial assets;
- Debt securities classified as at FVTOCI; and
- Undrawn loan commitments.

Financial assets migrate through three stages based on the change in credit risk since initial recognition.

Expected credit loss impairment model

The Group's allowance for credit loss calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The expected credit loss impairment model reflects the present value of all cash shortfalls related to default events either (i) over the following twelve months or (ii) over the expected life of a financial instrument depending on credit deterioration from inception. The allowance for credit losses reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts.

The impairment model measures credit loss allowances using a three-stage approach based on the extent of credit deterioration since origination:

- Stage 1 – If there has not been a significant increase in credit risk (SICR) since initial recognition of a financial instrument, a loss allowance at an amount equal to 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date) is recorded. Interest revenue is recognised using the effective interest rate method applied on the financial asset´s gross carrying amount.
- Stage 2 – When a financial instrument experiences an SICR subsequent to origination but is not considered to be in default, a loss allowance at an amount equal to full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument) is recorded. Interest revenue is recognised using the effective interest rate method applied on the financial asset´s gross carrying amount.
- Stage 3 – Financial instruments that are considered to be in default are included in this stage. Similar to Stage 2, a loss allowance at an amount equal to full lifetime expected credit losses is recorded. Interest revenue is recognised using the effective interest rate method applied on the financial asset´s net carrying amount.

Measurement of expected credit loss

The probability of default (PD), exposure at default (EAD), and loss given default (LGD) inputs used to estimate expected credit losses are modelled based on macroeconomic variables that are most closely related with credit losses in the relevant portfolio. Details of these statistical parameters/inputs are as follows:

- PD – The probability of default is an estimate of the likelihood of default over a given time horizon.
- EAD – The exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- LGD – The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral.

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgement.

Presentation of allowance for credit losses (ACL) in the statement of financial position

- Financial assets measured at amortized cost: ACL is deducted from the gross carrying amount of the financial assets;
- Debt instruments measured FVTOCI: no ACL is recognized in the statement of financial position because the carrying value of these assets is their fair value. However, the ACL is presented in the accumulated OCI;
- Off-balance sheet credit risks (esp. lending commitments, guarantees: ACL is recognised within liabilities.

Purchased or originated credit-impaired financial assets (POCI)

POCI loans should be comprised in Stage 3 and are always subject to lifetime allowance for credit losses. According to the analyses provided, the Group does not recognise any POCI financial assets in its portfolio.

8.4.5 Hedge accounting

The Group has elected to continue to apply the hedge accounting requirements of IAS 39. The hedge accounting policy is described in note 5 of the Group's consolidated financial statements in the 2017 Annual Report.

8.5 Transition to IFRS 9

Transition to IFRS 9 is described in the in the Group´s last annual financial statements (note 4.1) including the opening statement of financial position as at 1 January 2018 where adjustments of each line due to transition to IFRS 9 are disclosed.

Following table shows reclassification of financial assets between measurement categories and adjustements in carrying values due to transtion to IFRS 9:

IAS 39			transition to IFRS 9		IFRS 9		
Statement of financial position as at 31 Dec 2017	**Measurement basis IAS 39**	**Carrying amount IAS 39**	**Changes in carrying amounts due to reclasssification between measurement categories**	**Changes in carrying amounts due to IFRS 9 transition**	**Statement of financial position as at 1 Jan 2017**	**Measurement basis IFRS 9**	**Carrying amount IFRS 9**
Cash and balances with the central bank	Amortised cost	7,127	0	0	Cash and balances with the central bank	Amortised cost	7,127
Financial assets at fair value through profit or loss	FVTPL	48	0	0	Derivative financial instruments	FVTPL	48
Financial assets available for sale	FVTOCI	57	(9)	0	Investment securities		11,846
	FVTOCI	*47*	*0*	*0*	*Investment securities*	*FVTPL*	*47*
	FVTOCI	*1*	*0*	*0*	*Investment securities*	*FVTOCI*	*1*
	FVTOCI	*9*	*(9)*	*0*	*Other assets*	*Amortised cost*	*0*
Financial assets held to maturity	Amortised cost	11,723	0	75	*Investment securities*	*Amortised cost*	*11,798*
Hedging derivatives with positive fair values	FVTPL	4	0	0	Hedging derivatives with positive fair values	FVTPL	4
Change in fair value of items hedged on portfolio basis	FVTPL	(6)	0	0	Change in fair value of items hedged on portfolio basis	FVTPL	(6)
Loans and receivables to banks	Amortised cost	53,380	0	0	Loans and receivables to banks	Amortised cost	53,380
Loans and receivables to customers	Amortised cost	123,680	0	(676)	Loans and receivables to customers	Amortised cost	123,004
Intangible assets		1,301	0	0	Intangible assets		1,301
Property and equipment		871	0	0	Property and equipment		871
Investments in associates		2	0	0	Investments in associates		2
Current tax assets		308	0	0	Current tax assets		308
Deferred tax assets		386	0	(14)	Deferred tax assets		372
Other assets	Amortised cost	853	9	1	Other assets	Amortised cost	863
Total Assets		199,734	0	(614)			199,120

Due to banks	Amortised cost	29,643	0	0	Due to banks	Amortised cost	29,643
Due to customers	Amortised cost	141,469	0	0	Due to customers	Amortised cost	141,469
Financial liabilities at fair value through profit or loss	FVTPL	68	0	0	Derivative financial instruments	FVTPL	68
Hedging derivatives with negative fair values	FVTPL	4	0	0	Hedging derivatives with negative fair values	FVTPL	4
Provisions		364	0	19	Provisions		383
Current tax liabilities		2	0	0	Current tax liabilities		2
Deferred tax liabilities		267	0	0	Deferred tax liabilities		267
Other liabilities		2,154	0	5	Other liabilities		2,159
Total Liabilities		173,971	0	24			173,995
Share capital		511	0	0	Share capital		511
Share premium		5,028	0	0	Share premium		5,028
Statutory reserve		102	0	0	Statutory reserve		102
Available for sale reserve		(57)	0	57	n/a		n/a
Share based payment reserve		(2)	0	0	Share based payment reserve		(2)
Retained earnings		20,181	0	(695)	Retained earnings		19,486
Total Equity		25,763	0	(638)			25,125
Total Liabilities & Equity		199,734	0	(614)			199,120

8.6 Consolidation group

The definition of the consolidation group as at 31 March 2018 has not changed compared to the last annual financial statements.

Apart from the Bank, the Group's companies included into the consolidation group as at 31 March 2018 together with the ownership were as follows:

Name	Registered office	Business activity	The Bank's share	Method of consolidation
MONETA Auto, s.r.o.	Vyskočilova 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

8.7 Net interest income

CZK m	Quarter ended 31 Mar 18	31 Mar 17
Interest income from financial assets measured at amortised cost	1,891	1,917
Loans to customers	1,798	1,913
out of which interest income from impaired loans	*52*	*71*
out of which penalty interest	*24*	*34*
Loans to banks	68	0
out of which arising from repurchase and reverse repurchase agreements	*67*	*0*
Cash and deposit with central bank and other banks	3	4
Interest from hedging derivatives	(18)	0
Interest income from investment securities at amortised cost	22	n/a
Interest income from held to maturity financial assets	n/a	0
Interest income from investment securities at FVTOCI	0	n/a
Interest income from available for sale financial assets	n/a	22
Interest income and similar income	**1,873**	**1,939**
Interest expense from financial liabilities measured at amortised cost	**(77)**	**(47)**
Due to banks	(12)	0
Due to customers	(65)	(47)
out of which arising from repurchase agreements	*(9)*	*0*
Interest expense and similar expense	**(77)**	**(47)**
Net interest income	**1,796**	**1,892**

8.8 Net fee and commission income

CZK m	Quarter ended 31 Mar 18	31 Mar 17
Insurance	98	90
Investment funds	29	21
Penalty fees (incl. early termination fees)	98	95
Deposit servicing fees	104	129
Lending servicing fees	50	56
Transactional and other fees	140	143
Fee and commission income	**519**	**534**
Fee and commission expense	**(74)**	**(76)**
Net fee and commission income	**445**	**458**

8.9 Total operating expenses

CZK m	Quarter ended 31 Mar 18	31 Mar 17
Personnel expenses	(593)	(562)
Administrative expenses	(468)	(525)
Depreciation and amortisation	(127)	(84)
Other operating expenses	(67)	19
Total operating Expenses	**(1,255)**	**(1,152)**
FTEs (average)	**3,280**	**3,254**

Administrative expenses comprise costs on contribution to the Deposit Insurance Fund for 2018 in the amount of CZK 42 million (2017: CZK 44 million) and to the Resolution and Recovery Fund in the amount of CZK 45 million (2017: CZK 52 million).

8.10 Investment securities

CZK m	31 Mar 18**	31 Dec 17*
Debt securities measured at amortised cost	11,916	n/a
Treasury and corporate bonds	*11,916*	*n/a*
Held to maturity investment securities	n/a	11,723
Treasury and corporate bonds	*n/a*	*11,723*
Equity securities measured at FVTOCI	1	n/a
Equity investments	*1*	*n/a*
Equity securities measured at FVTPL	48	n/a
Equity investments	*48*	*n/a*
Available for sale investment securities	n/a	57
Equity investments	*n/a*	*48*
Other investments designated as AFS	*n/a*	*9*
Total investement securities	11,965	11,780

* According to IAS 39
** According to IFRS 9

8.11 Loans and receivables to banks

CZK m	31 Mar 18	31 Dec 17
Current accounts at banks	421	170
Term deposits in banks payable within 3 months	125	0
Receivables arising from reverse repurchase agreements	35,235	53,107
Cash collaterals granted	51	86
Other	17	17
Included in cash equivalents	35,832	53,363
Total Loans and receivables to banks	**35,849**	**53,380**

8.12 Lending portfolio

	31 Mar 18			31 Dec 17		
CZK m	Gross carrying amount	Allowance	Carrying amount	Gross Carrying amount	Allowance	Carrying amount
Retail loan balances						
Consumer Loans	37,490	(2,186)	35,304	36,813	(1,844)	34,969
Mortgages	22,335	(142)	22,193	20,495	(157)	20,338
Credit Cards & Overdrafts	3,938	(403)	3,535	4,228	(284)	3,945
Auto Loans and Financial Leases	2,902	(125)	2,777	2,840	(109)	2,732
Other	411	(411)	0	505	(505)	0
Total	**67,076**	**(3,267)**	**63,809**	**64,881**	**(2,897)**	**61,984**
Commercial loan balances						
Investment Loans	34,830	(291)	34,539	34,893	(260)	34,633
Working Capital	10,075	(224)	9,851	9,503	(216)	9,287
Auto & Equipment Loans and Financial Leases	14,172	(410)	13,762	14,374	(406)	13,968
Unsecured Instalment Loans and Overdraft	3,345	(166)	3,179	2,925	(167)	2,758
Inventory Financing and Other	1,234	(113)	1,121	1,166	(116)	1,050
Total	**63,656**	**(1,204)**	**62,452**	**62,861**	**(1,165)**	**61,696**

8.13 Due to customers and Due to banks

Breakdown of Due to banks

CZK m	31 Mar 18	31 Dec 17
Deposits on demand	428	445
Term Deposits	763	970
Liabilities arising from repurchase agreements*	4,025	23,155
Other due to banks	5,048	5,073
Total Due to banks	**10,264**	**29,643**

* Transferred financial assets as at 31 March 2018 comprise government coupon bonds from investment securities at amortised cost in the carrying value of CZK 4,426 million. Transferred financial assets as at 31 December 2017 consist government coupon bonds from held to maturity portfolio in the carrying value of CZK 3,371 million.

Other due to banks comprises:

- Loan provided by Komerční banka, a.s. to MONETA Leasing s.r.o. in April 2017. Simultaneously, MONETA Money Bank, a.s. guaranteed the repayment of this loan. Loan amount of CZK 1,750 million at 31 March 2018 (CZK 1,750 million at 31 December 2017).
- Loan provided by ING Bank N.V. to MONETA Leasing s.r.o. in September 2017. To secure this loan, MONETA Leasing s.r.o., pledged its trade receivables (in the value of 125 % of financed amount). Loan amount of CZK 1,250 million at 31 March 2018 (CZK 1,250 million at 31 December 2017).
- Loan provided by European Investment Bank in September 2017 to MONETA Money Bank, a.s. that will be used for financing of SME´s. Loan amount of CZK 2,036 million at 31 March 2018 (CZK 2,044 million at 31 December 2017).

Breakdown of Due to customers

CZK m	31 Mar 18	31 Dec 17
Retail Current Accounts	44,754	42,586
Retail Savings Accounts and Term Deposits	41,799	40,435
Commercial Current Accounts	35,050	33,822
Commercial Savings Accounts and Term Deposits	16,167	14,681
Liabilities arising from repurchase agreements	7,051	9,445
Other	354	500
Total Due to customers	**145,175**	**141,469**

8.14 Legal risks

The below legal risks, to which the Group is exposed, have been disclosed in the Bank's 2017 Consolidated Annual Report. The Bank updates information on these legal risks as follows:

8.14.1 Significant legal disputes

8.14.1.1 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 Bank 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 2017 (pages 89 through 91). Since 31 December 2017, there have been no significant developments in the ongoing court proceedings as described in the Consolidated Annual Report for 2017.

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

For information on the risks relating to various administrative proceedings initiated by the Czech Trade Inspection Authority ("CTI") against MONETA Auto, please see the Consolidated Annual Report for 2017 (page 91). There have been no significant developments in the administrative proceedings initiated by the CTI against MONETA Auto and related court proceedings since 31 December 2017.

8.14.2 Legal Challenges of General Meeting Resolutions

8.14.2.1 Legal Challenges of Resolutions of General Meeting held on 26 October 2017

For information on the risks relating to the court proceedings on the action filed against the Bank by Arca Capital Bohemia, a.s. challenging the validity of the resolutions adopted by the General Meeting of the Bank held on 26 October 2017, please see the Consolidated Annual Report for 2017 (page 91). There have been no significant developments in the court proceedings initiated against the Bank by Arca Capital Bohemia, a.s. since 31 December 2017.

8.14.2.2 Protest against Resolutions of Annual General Meeting held on 25 April 2018

At the Annual General Meeting of the Bank held on 25 April 2018, a sole protest was submitted by a shareholder-individual against all resolutions adopted at the Annual General Meeting, asserting that the Annual General Meeting was allegedly inquorate and that the resolutions were not adopted by the requisite majority of the votes. The Bank believes that the Annual General Meeting was quorate, all resolutions were duly adopted by the Annual General Meeting in accordance with applicable law and the Bank's Articles of Association and that the protest is baseless. For more information on the said protest please see the statement of the Bank published on 27 April 2018 at https://investors.moneta.cz/en/general-meeting.

8.15 Segment Reporting

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

The Management Board of the Bank (the chief operating decision 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.

CZK m	Commercial	Retail	Treasury / Other	Total
Year to date 31 Mar 18				
Interest and similar income	542	1,249	82	1,873
Interest expense and similar charges	(11)	(46)	(20)	(77)
Net fee and commission income	117	320	8	445
Dividend income	0	0	0	0
Net income from financial operations	0	0	85	85
Other operating income	20	39	0	59
Total operating income	**668**	**1,562**	**155**	**2,385**
Net impairment of financial assets	(21)	304	(2)	281
Risk adjusted operating income	647	1,866	153	2,666
Total operating expenses				(1,255)
Profit for the period before tax				1,411
Tax on income				(238)
Profit for the period after tax				1,173

CZK m	Commercial	Retail	Treasury / Other	Total
Year to date 31 Mar 17				
Interest and similar income	517	1,395	27	1,939
Interest expense and similar charges	(9)	(38)	0	(47)
Net fee and commission income	133	319	6	458
Dividend income	0	0	0	0
Net income from financial operations	0	0	103	103
Other operating income	30	51	(2)	79
Total operating income	**671**	**1,728**	**133**	**2,532**
Net impairment of financial assets	45	(125)	0	(80)
Risk adjusted operating income	716	1,603	133	2,452
Total operating expenses				(1,152)
Profit for the period before tax				1,300
Tax on income				(260)
Profit for the period after tax				1,040

Assets and liabilities by segment

CZK m	Commercial	Retail	Treasury / Other	Total
31 Mar 2018				
Total assets of the segment	67,048	68,415	49,331	184,794
Net value of loans and receivables to customers	62,452	63,809	0	126,261
Total liabilities of the segment	54,158	88,088	16,249	158,495

CZK m	Commercial	Retail	Treasury / Other	Total
31 Dec 2017				
Total assets of the segment	66,010	66,233	67,491	199,734
Net value of loans and receivables to customers	61,696	61,984	0	123,680
Total liabilities of the segment	51,654	84,571	37,746	173,971

8.16 Related parties

The following transactions were done between related parties:

CZK m	Key members of the management*
Quarter ended 31 Mar 18	
Operating expenses	(20)
Quarter ended 31 Mar 17	
Operating expenses	(33)

CZK m	Key members of the management*
31 Mar 18	
Loans and receivables to customers	17
Due to customers	23
31 Dec 17	
Loans and receivables to customers	17
Due to customers	24

*Includes members of the Supervisory Board, Management Board and other Key Executive Managers

8.17 Risk management

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

Since 1 January 2018, the Group measures allowance for credit losses using the expected credit loss approach that is required by IFRS 9 and described in chapter 8.4.3 Impairment of financial assets. Changes in classification and measurement of financial assets and liabilities due to transition to IFRS 9 including financial impact to the opening balance sheet as at 1 January 2018 are described in the Group´s last annual financial statements, note 4.1.

Other risk management policies and practices have not changed since 31 December 2017, except of slightly change in the organization structure of Risk Division of the Bank (especially the responsibility for model governance has been transferred to newly established department in 1Q 2018).

8.17.1 Capital Management

Regulatory capital and its components and capital adequacy:

CZK m	31 Mar 18	31 Dec 17
Regulatory Capital	19,887	20,653
RWA	119,985	118,547
out of which Credit Risk	*105,715*	*103,178*
out of which Operational Risk	*14,165*	*15,293*
out of which CVA	*106*	*75*

Capital adequacy (%)	31 Mar 18	31 Dec 17
RWA / Total Assets	64.93%	59.4 %
CET1 Ratio	16.57%	17.42 %
Tier 1 Ratio	16.57%	17.42 %
Total Capital Ratio	16.57%	17.42 %

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. Furthermore, from local perspective, the regulatory framework is given by Banking Act No. 21/1992 Coll., as amended, and CNB Decree No. 163/2014 Coll., as amended.

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

8.17.2 Loans and receivables to banks and customers according to their categorization (IFRS 9)

The following table shows categorization of receivables to banks and customers summarized according to Stages applied for measurement of allowance for credit losses (IFRS 9):

CZK m	31 Mar 2018							
	Loans and receivables to banks			Total	Loans and receivables to customers			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Performing before due date	35,849	0	0	35,849	118,595	3,735	0	122,330
Performing past due date	0	0	0	0	2,183	1,412	0	3,595
Total performing	35,849	0	0	35,849	120,778	5,147	0	125,925
Total non-performing*	0	0	0	0	0	0	4,807	4,807
Gross loans and receivables	**35,849**	**0**	**0**	**35,849**	**120,778**	**5,147**	**4,807**	**130,732**
Allowances	0	0	0	0	(961)	(371)	(3,139)	(4,471)
Net loans and receivables	**35,849**	**0**	**0**	**35,849**	**119,817**	**4,776**	**1,668**	**126,261**
Individual allowances	0	0	0	0	0	0	(416)	(416)
Portfolio allowances	0	0	0	0	(961)	(371)	(2,723)	(4,055)
Total allowances	**0**	**0**	**0**	**0**	**(961)**	**(371)**	**(3,139)**	**(4,471)**

Following table shows categorization of receivables to banks customers (IAS 39):

CZK m	31 Dec 2017		
	Receivables to banks	Loans and receivables to customers	Total
Performing before due date	53,380	118,699	172,079
Performing past due date	0	3,769	3,769
Total performing	53,380	122,468	175,848
Total non-performing*	0	5,274	5,274
Gross loans and receivables	**53,380**	**127,742**	**181,122**
Allowances	0	(4,062)	(4,062)
Net loans and receivables	**53,380**	**123,680**	**177,060**
Individual allowances	0	(396)	(396)

Portfolio allowances	0	(3,666)	(3,666)
Total allowances	**0**	**(4,062)**	**(4,062)**

* Represents Stage 3 according to IFRS 9 methodology of calculation of allowance for credit losses.

8.17.3 Walk of allowances to Loans and receivables to customers (IFRS 9)

Walk of allowances in 1Q 2018 to loans and receivables - retail customers (IFRS 9)

CZK m	Stage 1	Stage 2	Stage 3	Total
Balance of allowance at 1 Jan 2018*	**708**	**305**	**2,493**	**3,506**
Purchases and originations	62	3	2	67
Derecognition and maturites	(38)	(9)	(92)	(139)
Transfer to (out) Stage 1	110	(96)	(14)	0
Transfer to (out) Stage 2	(18)	40	(22)	0
Transfer to (out) Stage 3	(8)	(99)	107	0
Remeasurements, changes in models and methods	(76)	152	79	155
Use of allowances (write offs)	0	0	(322)	(322)
Foreign exchange adjustments	0	0	0	0
Balance of allowance as at 31 Mar 2018	**740**	**296**	**2,231**	**3,267**

Walk of allowances in 1Q 2018 to loans and receivables - commercial customers (IFRS 9)

CZK m	Stage 1	Stage 2	Stage 3	Total
Balance of allowance at 1 Jan 2018*	**180**	**76**	**976**	**1,232**
Purchases and originations	33	1	1	35
Derecognition and maturites	(5)	(4)	(14)	(23)
Transfer to (out) Stage 1	37	(31)	(6)	0
Transfer to (out) Stage 2	1	9	(10)	0
Transfer to (out) Stage 3	0	(12)	12	0
Remeasurements, changes in models and methods	(25)	36	3	14
Use of allowances (write offs)	0	0	(54)	(54)
Foreign exchange adjustments	0	0	0	0
Balance of allowance as at 31 Mar 2018	**221**	**75**	**908**	**1,204**

* After transition to IFRS 9.

8.17.4 Break down of allowances according to loan type and stages (IFRS 9)

31 Mar 2018 CZK m	Stage 1	Stage 2	Stage 3	Total
Retail loan balances	**740**	**296**	**2,231**	**3,267**
Consumer Loans	*537*	*189*	*1,460*	*2,186*
Mortgages	*15*	*8*	*119*	*142*
Credit Cards & Overdrafts	*136*	*87*	*180*	*403*
Auto Loans and Financial Leases	*34*	*11*	*80*	*125*
Other	*18*	*1*	*392*	*411*
Commercial loan balances	**221**	**75**	**908**	**1,204**
Investment Loans	*70*	*17*	*204*	*291*
Working Capital	*28*	*9*	*187*	*224*
Auto & Equipment Loans and Financial Leases	*62*	*30*	*318*	*410*
*Unsecured Instalment Loans and Overdraft**	*56*	*17*	*93*	*166*
Inventory Financing and Other	*5*	*2*	*106*	*113*
TOTAL allowances Lending Portfolio	**961**	**371**	**3,139**	**4,471**
Debt instruments measured at amortised cost	4	0	0	4
TOTAL allowances Financial Assets	**965**	**371**	**3,139**	**4,475**
Financial guarantees	24	1	0	25
Loan commitments - Retail	34	6	0	40
Loan commitments - Commercial	15	1	0	16
TOTAL liabilities to off balance sheet items	**73**	**8**	**0**	**81**

8.17.5 Coverage of Non-performing loans and receivables (Stage 3 according to IFRS 9)

CZK m	31 Mar 2018	31 Dec 2017
Retail	3,328	3,639
Commercial	1,479	1,635
Total NPL	4,807	5,274

CZK m	31 Mar 2018	31 Dec 2017
Retail	2,231	2,453
Commercial	908	927
Total allowances to NPL	3,139	3,380

CZK m	31 Mar 2018	31 Dec 2017
Retail		
Total NPL coverage	98.2%	79.6%
NPL ratio	5.0%	5.6%
Commercial		
Total coverage	81.4%	71.2%
NPL ratio	2.3%	2.6%
Total portfolio		
Total coverage	93.0%	77.0%
NPL ratio	3.7%	4.1%

8.17.6 Net impairment of financial assets

CZK m	Quarter ended	
	31 Mar 2018	31 Mar 2017
Additions and release of loan loss allowances	(135)	(124)
Additions and release of unused commitments allowances, resp provisions, and Other	2	(15)
Use of loan loss allowances	376	890
Income from previously written-off receivables	590	170
Write offs of uncollectable receivables	(383)	(971)
Change in allowances to Investment securities	0	0
Change in allowances to operating receivables	(3)	0
Collection expense	(166)	(30)
Net impairment of financial assets	**281**	**(80)**

The increase of the Income from previously written-off receivables from CZK 170 million for the three months ended 31 March 2017 to CZK 590 million for the three months ended 31 March 2018 was caused by a sale of legacy non-performing loans resulting in CZK 475 million gain.

8.17.7 Maximum credit risk exposures

CZK m 31 Mar 18	Statement of financial position	Off-balance sheet	Total credit risk exposure	Available collateral*
Cash and balances with the central bank	**6,823**	**0**	**6,823**	**0**
Derivative financial instruments**	**45**	**0**	**45**	**9**
Investment securities measured at FVTPL	**48**	**0**	**48**	**0**
Equity investments	**48**	**0**	**48**	**0**
Investment securities measured at FVTOCI	1	0	1	0
Equity investments	1	0	1	0
Investment securities measured at amortized cost	**11,916**	**0**	**11,916**	**0**
Treasury and corporate bonds	11,916	0	11,916	0
Hedging derivatives with positive fair values	**0**	**0**	**0**	**0**
Interest rate swaps	0	0	0	0
Change in fair value of items hedged on portfolio basis	**58**	**0**	**58**	**0**
Loans and receivables to banks	**35,849**	**0**	**35,849**	**34,531**
Current accounts at banks	421	0	421	0
Term deposits in banks payable within 3 months	125	0	125	0
Receivables arising from reverse repurchase agreements	35,235	0	35,235	34,531***
Cash collaterals granted	51	0	51	0
Other	17	0	17	0
Loans and receivables to customers	**126,261**	**21,494**	**147,755**	**54,542**
Consumer authorized overdrafts and credit cards	3,535	5,090	8,625	0
Consumer loans	35,304	1,041	36,345	0
Mortgages	22,193	4,861	27,054	22,061
Commercial loans	48,690	10,420	59,110	24,233
Auto & Equipment Financial Lease	4,719	0	4,719	4,092
Commercial	4,719	0	4,719	4,092
Retail	0	0	0	0
Auto & Equipment Loans	11,820	82	11,902	4,156
Commercial	9,043	82	9,125	4,156
Retail	2,777	0	2,777	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**	**1,658**	**1,658**	**254**
Issued letter of credit	**0**	**78**	**78**	**0**
Other assets	**3,793**	**0**	**3,793**	**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.
** Line "Financial assets at fair value through profit and loss" used in 4Q 2017 and earlier reports has been renamed to "Derivative financial instruments" since 1 January 2018.
*** Thereof securities obtained in repurchase agreements as collateral in the amount of CZK 6,875 million were transferred as collateral according to repo from reverse repurchase agreements as at 31 March 2018 (2017: CZK 29,201 million).

CZK m 31 Dec 17	Statement of financial position	Off-balance sheet	Total credit risk exposure	Available collateral*
Cash and balances with the central bank	7,127	0	7,127	0
Derivative financial instruments**	48	0	48	28
Financial assets available for sale	57	0	57	0
Treasury and corporate bonds	0	0	0	0
Equity investments	57	0	57	0
Financial assets held to maturity	11,723	0	11,723	0
Treasury and corporate bonds	11,723	0	11,723	0
Hedging derivatives with positive fair values	4	0	4	0
Interest rate swaps	4	0	4	0
Change in fair value of items hedged on portfolio basis	(6)	0	(6)	0
Loans and receivables to banks	53,380	0	53,380	52,033
Current accounts at banks	170	0	170	0
Term deposits in banks payable within 3 months	0	0	0	0
Receivables arising from reverse repurchase agreements	53,107	0	53,107	52,033***
Cash collaterals granted	86	0	86	0
Other	17	0	17	0
Loans and receivables to customers	123,680	20,109	143,789	52,942
Consumer authorized overdrafts and credit cards	3,945	5,039	8,984	0
Consumer loans	34,969	910	35,879	0
Mortgages	20,338	3,775	24,113	20,207
Commercial loans	47,728	10,333	58,061	24,230
Auto & Equipment Financial Lease	5,057	0	5,057	4,378
Commercial	5,057	0	5,057	4,378
Retail	0	0	0	0
Auto & Equipment Loans	11,643	52	11,695	4,127
Commercial	8,911	52	8,963	4,127
Retail	2,732	0	2,732	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	1,660	1,660	160
Issued letter of credit	0	1	1	1
Other assets	3,721	0	3,721	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.
** Line "Financial assets at fair value through profit and loss" used in 4Q 2017 and earlier reports hase been renamed to "Derivative financial instruments" since 1Q 2018 reports.
*** Thereof securities obtained in repurchase agreements as collateral in the amount of CZK 29,201 million were transferred as collateral according to repo from reverse repurchase agreements as at 31 December 2017.

8.18 Fair values of financial assets and liabilities

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

CZK m	31 Mar 2018 Carrying value	31 Dec 2017 Carrying value	31 Mar 2018 Fair value	31 Dec 2017 Fair value
FINANCIAL ASSETS				
Cash and balances with the central bank	6,823	7,127	6,823	7,127
Investment securities at amortised cost*	11,916	n/a	11,270	n/a
Financial assets held to maturity*	n/a	11,723	n/a	11,238
Loans and receivables to banks	35,849	53,380	35,849	53,380
Loans and receivables to customers	126,261	123,680	128,045	125,555
FINANCIAL LIABILITIES				
Due to banks	10,264	29,643	10,256	29,631
Due to customers	145,175	141,469	145,175	141,469

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

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

CZK m	31 Mar 2018 Level 1	31 Mar 2018 Level 2	31 Mar 2018 Level 3	31 Dec 2017 Level 1	31 Dec 2017 Level 2	31 Dec 2017 Level 3
FINANCIAL ASSETS						
Derivative financial instruments*	0	45	0	0	48	0
Investment securities measured at FVTPL	0	0	48	n/a	n/a	n/a
Investment securities measured at FVTOCI	0	0	1	n/a	n/a	n/a
Financial assets available for sale	n/a	n/a	n/a	0	0	57
Hedging derivatives with positive fair values	0	0	0	0	4	0
Change in fair value of items hedged on portfolio basis	0	0	58	0	0	(6)
FINANCIAL LIABILITIES						
Derivative financial instruments*	0	37	0	0	68	0
Hedging derivatives with negative fair values	0	88	0	0	4	0

* Line "Financial assets / liabilities at fair value through profit and loss" used in 4Q 2017 and earlier reports has been renamed to "Derivative financial instruments"

There were no transfers between level 1 and 2 during the period of the three months ended 31 March 2018 and the year ended 31 December 2017.

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 2018	Sales	Additions	Total gains and losses in the period recognised in OCI	Total gains and losses in the period recognised in P/L	As at 31 Mar 2018
Investment securities at FVTOCI	1	0	0	0	0	1
Investment securities at FVTPL	47	0	0	0	1	48
Total	48	0	0	0	1	49

CZK m	As at 1 Jan 2017	Sales	Additions	Total gains and losses in the period recognised in OCI	As at 31 Dec 2017
Available for sale					
Equity investments	40	0	0	8	48
Other investments designated as AFS	9	0	0	0	9
Total	49	0	0	8	57

8.19 Subsequent events

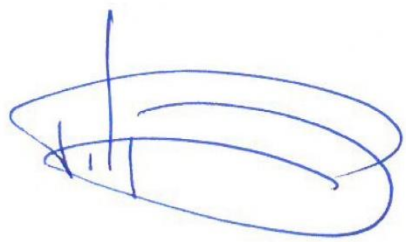
On 25 April 2018 the General Meeting approved the dividend payment of CZK 8 before tax per share which represents the total amount of CZK 4,088,000,000 before tax. The dividend shall be due on 31 May 2018, when the dividend shall be distributed by the Bank from its accounts and so paid in Czech crowns. The dividend shall be paid by the Bank through Komerční banka, a.s., ID number: 453 17 054, with its registered office at Prague 1, Na Příkopě 969/33, Post Code: 114 07, as paying agent, by a transfer to bank accounts of the shareholders listed in the registry of book-entry shares of the Bank.

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 three months of 2018, and outlook for the development of Group's financial situation, business activities and results.

Prague, 9 May 2018

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, 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, 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 evaluating the Group's performance, and (ii) provide to investors a 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 31 March 2018 and 31 December 2017:

CZK m (unless otherwise indicated)	31 Mar 18	31 Dec 17
Reported Profit after tax (A)	**1,173**	**3,923**
Excess Capital (B = H - (G x J))	1,289	2,278
Cost of funds% (C)	0.2%	0.2%
Tax Rate (D)	**19%**	**19%**
Adjustment for cost of funds (E = B x C x (1-D))	0	(3)
Adjusted Profit after tax (F)	**1,173**	**3,920**
Reported Total Risk Weighted Assets (G)	119,985	118,547
Regulatory Capital (H)	19,887	20,653
Reported CET1 percentage (I = H / G)	16.6%	17.4%
Target CET1 percentage (J)	**15.5%**	**15.5%**
Excess Capital (B = H - (G x J))	1,289	2,278
Equity (K)	**26,299**	**25,763**
Intangible Assets and Goodwill (L)	1,436	1,301
Tangible Equity (M = K - L)	**24,863**	**24,462**
Excess Capital (B = H - (G x J))	1,289	2,278
Adjusted Tangible Equity (N = M - B)	**23,574**	**22,184**
Reported Return on Tangible Equity (A / M)	**18.9%**	**16.0%**
Adjusted Return on Tangible Equity (F / N)	**19.9%**	**17.7%**

Note: Cost of Funds, Reported Return on Tangible Equity and Adjusted Return on Tangible Equity for the three months ended 31 March 2018 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 three months ended 31 March 2018 and 0.2 % in 2017) 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% CAR)	Adjusted return on tangible equity is based on a management target CAR 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).
ACL	Allowance for Credit Losses
Annualised	Adjusted so as to reflect the relevant rate on the full year basis.
ARAD	Public database that is part of the information service of the Czech National Bank. It is uniform system of presenting time series of aggregated data for individual statistics and financial market areas.
Average balance of due to banks and due to customers	Two-point average of the beginning and ending balances of Due to banks and Due to customers for the period
Average balance of net interest earning assets	Two-point average of the beginning and ending balances of Net Interest Earning Assets for the period
Average balance of net loans to customers	Two-point average of the beginning and ending balances of Loans and receivables to customers for the period
AFS	Available For Sale
Bank	MONETA Money Bank, a.s.
Bps	Basis points
CAR	Capital Adequacy Ratio calculated as regulatory capital as a percentage of risk-weighted assets
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 Bank itself
CNB	Czech National Bank
CZK	Czech Koruna
Cost of Funds (% Avg Deposits)	Interest expense and similar charges for the period divided by average balance of due to banks and due to customers
Core Cost of Risk or Core CoR	Net impairment of loans and receivables for the period 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 NPLs

CRR	Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012, as amended
CTI	Czech Trade Inspection
Customer deposits	Due to customers
EAD	Exposure At Default
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)
Expected credit loss (ECL) model	The impairment model that measures credit loss allowances using a three-stage approach based on the extent of credit deterioration of financial asset since origination; Stage 1 – financial assets with no significant increase in credit risk since initial recognition, Stage 2 - financial assets with significant increase in credit risk since initial recognition but not in default, Stage 3 – financial assets in default.
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.
FVTOCI	Financial assets measured at Fair Value Through Other Comprehensive Income
FVTPL	Financial assets measured at Fair Value Through Profit or Loss
GDP	Gross Domestic Product
Gross performing loans	Performing Loans and Receivables to customers as determined in accordance with the Bank's loan receivables categorization rules (Standard)
Group	Bank and its consolidated subsidiaries
HTC	Held To Collect
HTCS	Held To Collect and Sell
Investment securities	Equity and debt securities in the Group´s portfolio, consist of securities measured at amortised cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL)
k	thousands
IFRS	International Financial Reporting Standards
Liquid Assets	Liquid assets comprise of cash and balances with central banks, investment securities (not transferred as collateral in repurchase agreements), loans and receivables to banks and prior transition to IFRS 9 also financial assets at fair value through profit or loss, financial assets available for sale, financial assets held to maturity (not transferred as collateral in repurchase agreements).
LCR	Liquidity Coverage Ratio measures the ratio (expressed as a percentage) of a 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 CRR and 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
m	Millions

MONETA Auto	MONETA Auto, s.r.o.
MONETA Leasing	MONETA Leasing, s.r.o.
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, investment securities loans and receivables to banks, loans and receivables to customers and prior to transition to IFRS 9 also financial assets at fair value through profit and loss, financial assets available for sale, financial assets held to maturity
Net Interest Margin or NIM (% 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) and pursuant to CNB Decree 163/2014 Coll., Stage 3 according to IFRS9
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
OCI	Other Comprehensive Income
Online origination	Represents new volume originated from online applications and leads (client with contact details)
PD	Probability of Default
Q	Quarter
Reported RoTE	Profit after tax divided by tangible equity
Regulatory Capital	Mainly consists of paid-up registered share capital, share premium, retained profits, disclosed reserves and reserves for general banking risks, which must be netted off against accumulated losses, certain deferred tax assets, certain intangible assets and shares held by the Company in itself (calculated pursuant to CRR)
Risk Adjusted Operating Income	Calculated as total operating income less Net impairment of financial assets
Risk Adjusted Yield or Risk Adjusted Yield	Interest and similar income from loans to customers less net impairment of financial assets divided by average balance of net loans to customers

(% Avg Net Customer Loans)	
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 (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 Capital as a percentage of risk-weighted assets
Tier 2 Capital	Regulatory capital which consists of certain unsecured subordinated debt obligations with payment restrictions
Total NPL Coverage	Ratio (expressed as a percentage) of individual and portfolio allowances for loans and receivables to total NPL
Yield (% Avg Net Customer Loans)	Interest and similar income from loans to customers divided by average balance of net loans to customers