

# **MONETA Money Bank, a.s.**

**Consolidated financial report as of and for the six  
months ended 30 June 2019**

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## 1 Disclaimer

### Forward-looking statements

This report may contain projections, estimates, forecasts, targets, opinions, prospects, results, returns and forward-looking statements with respect to, the financial guidance<sup>1</sup>, profitability, costs, assets, capital position, financial condition, results of operations, dividend and business (together, “forward-looking statements”) of MONETA Money Bank, a.s. and its consolidated subsidiaries (the “Group” or “MONETA”). The forward-looking statements assume a purely organic growth without regard to any potential acquisition.

Any forward-looking statements involve material assumptions and subjective judgements which may or may not prove to be correct and there can be no assurance that any of the matters set out in forward looking statements will actually occur or will be realized or that such matters are complete or accurate. The assumptions may prove to be incorrect and involve known and unknown risks, uncertainties, contingencies and other important factors, many of which are outside the control of the Group. Actual achievements, results, performance or other future events or conditions may differ materially from those stated, implied and/or reflected in any forward-looking statements due to a variety of risks, uncertainties and other factors. Any forward-looking statement contained in this report is made as at the date of this report. The Bank does not assume, and hereby disclaims, any obligation or duty to update forward-looking statements if circumstances or management’s assumptions beliefs, expectations or opinions should change, unless it would be required to do so under applicable law or regulation. For these reasons, recipients should not place reliance on, and are cautioned about relying on, any forward-looking statements.

### Dividend Guidance

In addition to the limitations of forward-looking statements stated above, the medium-term dividend guidance of CZK 10.2 billion provided in this report is also subject to corporate, regulatory and regulator limitations and approval of the relevant Annual General Meeting. The dividend guidance assumes purely organic growth without any potential acquisition and the ability to maintain capital adequacy ratio target at 15.5 %. The dividend guidance is also subject to actual results of the Group in the years 2019 – 2021.

### Material assumptions for forward-looking statements

In preparing revised 2019 financial guidance<sup>1</sup>, the Bank has made a number of economic, market, operational, regulatory and other assumptions of both quantitative and judgemental nature. These assumptions include the following:

- Positive macroeconomic outlook will persist.
- 3M PRIBOR assumed to remain stable throughout the rest of 2019<sup>2</sup>.
- Gross performing loan balance is expected to grow at 11.5% CAGR in the 3 years until 2021.
- Customer deposits balance is expected to grow at 11.2% CAGR in the 3 years until 2021.

### Third parties’ data

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

<sup>1</sup> Revised 2019 guidance released on August 1, 2019:

<sup>2</sup> As per the Czech National Bank forecast issued on 2 May 2019:

[https://www.cnb.cz/export/sites/cnb/cs/menova-politika/galleries/zpravy\\_o\\_inflaci/2019/2019\\_II/download/ZOI\\_II\\_2019\\_T\\_1\\_Makroindikatory.xlsx](https://www.cnb.cz/export/sites/cnb/cs/menova-politika/galleries/zpravy_o_inflaci/2019/2019_II/download/ZOI_II_2019_T_1_Makroindikatory.xlsx)

## 2 Letter from the CEO

I am pleased to report that MONETA has delivered a strong consolidated net profit for the first half of 2019, amounting to CZK 2,012 million, with recurring profitability increasing by 13.4 % year-on-year. Enhanced profitability has translated into a Return on Tangible Equity of 18.2 %, ahead of our initial guidance of 15.5 %.

Total operating income rose 8.8 % to CZK 5,189 million, driven by a 9.1 % year-on-year increase in net interest income, which totalled CZK 3,902 million. Net fee and commission income grew consistently at 5.0 % to CZK 950 million year-on-year.

Despite our prudent approach to controlling our costs, operating expenses were up 7.8 % year-on-year, to CZK 2,556 million, primarily as a result of an increase in our contribution to Resolution and Recovery funds and higher depreciation and amortisation costs. Excluding this higher contribution to regulatory funds, costs would have risen 5.7 % year-on-year.

We have continued our efforts to improve our balance sheet position, through monetisation of our non-performing loans ('NPL') portfolio. In the year to date, NPL sales with a nominal value of CZK 2.3 billion have delivered a pre-tax gain of CZK 313 million. This gain, coupled with a relatively benign macroeconomic environment, has supported our very low Cost of Risk, which amounts to CZK 133 million or 18bps.

I am delighted that our continued strong performance and improved credit profile has resulted in Moody's upgrading their long-term credit opinion by three notches to 'A2' from 'Baa2', with a stable outlook and an upgraded short-term rating of 'Prime-1' from 'Prime-2'.

Based on our improved capital position and anticipated changes to MONETA's capital structure, we remain committed to our medium-term minimum dividend guidance of CZK 10.2 billion, representing CZK 6.65 per share for 2019, 2020 and 2021 financial years.

### Digital Strategy Execution

We have made considerable progress in the last quarter in developing our digital capabilities, with fully online loans for new-to-bank small business clients now being offered through brokers, and real-



time price optimisation now enabled for consumer loans through branches. On the transaction banking side, we are now offering a fully online retail savings account for new to bank clients via the web, which has been very successful from its launch. During the past quarter we launched a pilot programme for automated investment advice and further extended our funds offer, with the addition of new investment partners and funds.

Our digital lending offer continues to gain momentum, with consumer loans originated online increasing 40.5 % year-on-year, representing a 34.7 % share of total new production. Small business instalment loans originated online rose 94.4 % year-on-year, reflecting a 26.7 % share of total new production.

The introduction of new payment platforms, in the form of Google Pay and Apple Pay, have been hugely successful. The combined penetration of these platforms has increased 248.9 % over the past 12-months, while the number of transactions has increased 475 % over the same period.

Overall mobile banking penetration has increased 33.8 % year-on-year, with the number of Smart Banka users totalling 305,000 users, while internet banking penetration rose 4.3 % year-on-year to 900,000 users.

### **Retail Segment**

I am pleased to report on the successful expansion of our mortgage and consumer lending, which has underpinned the overall growth in our retail gross performing loan portfolio of 10.3 % year-to-date. Out of which our mortgage portfolio grew by 18.7 % from the beginning of the year, with a market share of 2.9 %, while our consumer loan portfolio expanded by 6.3 % over the same period, with a market share of 18.6 %.

In line with the trends that we are seeing in the market, revolving products balances continued to decrease, with credit cards and overdrafts falling 8.7 % year-to-date. Auto lending was down 6.5 % over the same period.

### **Commercial Segment**

Overall, our commercial gross performing loan portfolio showed positive momentum, increasing by 1.1 % year-to-date. We saw excellent growth of 32.6 % in our small business loan portfolio year-to-date, with 26.7 % of small business lending production originating online. The new volume of small business instalment loans increased 48.7 % year-on-year. This growth in small business loans offset a small decline in our auto loans and leasing portfolio of 2.7 %. SME lending was almost stable year-to-date.

### **Capital Management**

Our capital optimisation initiatives have been a consistent focus for management throughout the first six months of the year and brought capital savings of CZK 566 million, out of which RWA optimisation brought CZK 394 million and inclusion of part of 1H 2019 profit another CZK 172 million. I am also very proud of our strong RWA management where RWA grew by 0.4 % while our net loan portfolio grew by 5.8 % year-to-date. This helps us to keep a solid capital adequacy ratio of 16.7 %, ahead of our capital target of 15.5 %, further supported by strong regulatory capital at CZK 20.5 billion.

### **Outlook**

Building on our success in the first half of 2019, we have revised guidance for the full year 2019 around several of our key metrics. Our expected overall cost of risk for 2019 is reduced by 10bps to be between 35 and 45 bps; guided consolidated net profit for the full year has risen to around CZK 3.8 billion, from CZK 3.7 billion resulting in increased guidance on return on tangible equity to 16.0%. Management also confirms its previously communicated dividend guidance of CZK 6.65 per share which will be paid annually in next three years.

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

### 3 Key performance indicators

	Six months ended 30 Jun 2019	Year ended 31 Dec 2018	Change
<b>Profitability</b>			
NIM (% Avg Int Earning Assets) <sup>3</sup>	3.8 %	3.7 %	10 bps
Yield (% Avg. Net Customer Loans)	5.3 %	5.5 %	(20) bps
Cost of Funds (% Avg Deposits and Loans) <sup>4</sup>	0.40 %	0.23 %	17 bps
Cost of Funds on Core Customer Deposits (% Avg Deposits)	0.23 %	0.18 %	5 bps
Cost of Risk (% Avg Net Customer Loans)	0.18 %	0.21 %	(3) bps
Risk-adj. Yield (% Avg Net Customer Loans)	5.1 %	5.3 %	(20) bps
Net Fee & Commission Income / Operating Income (%)	18.3 %	18.6 %	(30) bps
Net Non-Interest Income / Operating Income (%)	24.8 %	27.1 %	(230) bps
RoTE	18.2 %	17.9 %	30 bps
RoE	16.7 %	16.6 %	10 bps
RoAA <sup>4</sup>	1.9 %	2.1 %	(20) bps
<b>Liquidity / Leverage</b>			
Net Loan to Deposit ratio <sup>4</sup>	84.6 %	83.0 %	160 bps
Total Equity / Total Assets <sup>4</sup>	11.4 %	12.2 %	(80) bps
Liquid Assets <sup>3,4</sup> / Total Assets <sup>4</sup>	27.2 %	30.1 %	(290) bps
LCR	142.3 %	160.8 %	(1,850) bps
<b>Equity</b>			
Total Equity (CZK m)	24,107	25,237	(4.5) %
Tangible Equity (CZK m)	22,110	23,448	(5.7) %
<b>Capital Adequacy</b>			
RWA Density <sup>5</sup>	50.3 %	50.0 %	30 bps
CAR Ratio (%)	16.7 %	16.4 %	30 bps
Tier 1 Ratio (%)	16.7 %	16.4 %	30 bps
<b>Asset Quality</b>			
Non-Performing Loan Ratio (%)	1.8 %	2.8 %	(100) bps
NPL Ratio Retail (%)	2.0 %	3.7 %	(170) bps
NPL Ratio Commercial (%)	1.6 %	1.8 %	(20) bps
Core Non-Performing Loan Coverage (%)	56.7 %	66.3 %	(960) bps
Core NPL Coverage Retail (%)	56.3 %	67.2 %	(1,090) bps
Core NPL Coverage Commercial (%)	57.2 %	64.1 %	(690) bps
Total NPL Coverage (%)	109.4 %	99.9 %	950 bps
<b>Efficiency</b>			
Cost to Income Ratio	49.3 %	47.7 %	160 bps
FTEs (average)	3,055	3,188	(133)
Branches	192	202	(10)
ATMs	652	654	(2)

All ratios are annualized.

<sup>3</sup> Interest earning assets include encumbered assets of CZK 17 bn in liquid assets as at 30 June 2019 (31 December 2018: CZK 9.1 bn), where CZK 15.1 bn is used as collateral in repo operations (31 December 2018: CZK 7.7 bn) and CZK 1.6 bn are client's receivables recognised in "Loans and receivables to customers" used as collateral for received loan from third party in MONETA Leasing (31 December 2018: CZK 1.4 bn).

<sup>4</sup> Repo transactions with banks and customers which are closed on back-to-back basis by reverse repo transactions with CNB are included.

<sup>5</sup> RWA density ratio calculated in compliance with BIS Working Papers: Leverage and Risk Weighted Capital Requirements.

## 4 Macroeconomic environment

The first half of 2019 was, similarly to 2018, a period of continuous economic growth. The latest GDP release showed that the Czech economy grew by 2.8 %<sup>6</sup> year-on-year and added 0.6 %<sup>6</sup> quarter-on-quarter in the first quarter of 2019. The growth was driven mainly by domestic demand as household spending increased by 2.7 %<sup>7</sup> year-on-year. Positive development of internal economic factors was strong enough to outweigh the slowdown of dynamics in foreign trade and investments.

The domestic economic situation remains very solid, which is illustrated by growth rates of retail trade (by 2.7 %<sup>8</sup> year-on-year in May 2019), industry (by 3.2 %<sup>9</sup> year-on-year in May 2019) and construction (by 0.2 %<sup>10</sup> year-on-year in May 2019). On the other hand, the economic development slowed down, affected by cross-border geopolitical risk factors and limited by the internal job market. The unemployment rate remains around 2 % (2.2 %<sup>11</sup> in May 2019) and the excess of job vacancies over the stock of available workforce appears to be the key restricting factor of extended economic growth. The situation on the job market still pushes up labour costs as the average gross nominal wage grew by 7.4 %<sup>12</sup> year-on-year in the first quarter of 2019 (which was 4.6 % in real terms).

General economic improvement together with quickly growing wages are reflected in the inflation rate, which reached 2.7 %<sup>13</sup> in June 2019 and remains since the beginning of the year above the Czech National Bank inflationary target. On the other hand, the price growth slightly slowed down, and thus the monetary authority decided to keep interest rates stable at the last monetary policy meeting in June<sup>14</sup>. The base rate, the 2-week repo rate, thus remains at 2.0 % and the whole Q2 movement was +25bps.

Coming quarters should remain economically good as the May Czech National Bank macroeconomic forecast predicts a 2.5 % GDP growth for 2019 and a 2.8 %<sup>15</sup> growth for 2020. Compared to the previous forecast,

the growth rates were decreased, mainly due to exhausted growth potential and due to external factors. Among these, the recent slowdown especially in the German economy, continuing trade disputes between China and United States, and the uncertainty about oil price due to geopolitical tensions are expected to become reflected in economic confidence and thus the economic expectations setting. The key risks for the future economic development therefore remain outside the country's borders.

The banking sector's total operating income increased by 5.9 % year-on-year in the first quarter of 2019<sup>16</sup> driven by growth in net interest income (18.7 % year-on-year)<sup>16</sup>, supported by the CNB main policy rate increase. Net non-interest income fell by 19.5 % year-on-year<sup>16</sup>. The Czech banking sector's net profit reached 1 % growth year-on-year<sup>16</sup> with operating expenses increased by 9.2 % year-on-year<sup>16</sup> and cost of risk progressed by 107.6 % year-on-year<sup>16</sup>. The annualized return on equity measured by net profit to Tier 1 capital declined to 14.8 % in Q1 2019<sup>16</sup> compared to the same period of the previous year.

Interest bearing assets represented by market net loans increased by 6.6 % year-on-year in the first quarter of 2019<sup>16</sup>. Total assets grew by 6.5 % year-on-year<sup>16</sup>. Total assets to Tier 1 ratio remained around 15.5 %<sup>16</sup>. NPL balances continued to decline by 9.6 % year-on-year<sup>16</sup>. Core coverage progressed to a 51.6 %<sup>16</sup> level. The capitalization of the Czech banking sector remained strong, Tier 1 capital increased by 6 % year-on-year<sup>16</sup> reaching almost CZK 475 billion in the first quarter of 2019<sup>16</sup>. Regulatory Tier 1 capital to risk weighted assets slightly grew to 17.92 %<sup>17</sup>.

<sup>6</sup> Source: Czech Statistical Office, Quarterly Sector Accounts – 1st quarter of 2019.

<sup>7</sup> Source: Czech Statistical Office, GDP Resources and Uses - 1st quarter of 2019.

<sup>8</sup> Source: Czech Statistical Office, Retail trade - May 2019.

<sup>9</sup> Source: Czech Statistical Office, Industry - May 2019.

<sup>10</sup> Source: Czech Statistical Office, Construction - May 2019.

<sup>11</sup> Source: Czech Statistical Office, Rates of employment, unemployment and economic activity - May 2019.

<sup>12</sup> Source: Czech Statistical Office, Average wages - 1st quarter of 2019.

<sup>13</sup> Source: Czech Statistical Office, Consumer price indices - inflation - June 2019.

<sup>14</sup> Source: Czech National Bank, CNB Board decisions – Board decision 26. 6. 2019.

<sup>15</sup> Source: Czech National Bank, CNB macroeconomic forecast – May 2019.

<sup>16</sup> Source: Czech National Bank, ARAD quarterly mandatory disclosures, banking sector without building societies.

<sup>17</sup> Source: CNB Core and encouraged financial soundness indicators (consolidated).

## 5 Group performance

### 5.1 Business performance

The Group generated consolidated Net profit of CZK 2,012 million in the first half of 2019, supported by an extraordinary pre-tax gain of CZK 313 million on sale of NPLs.

Solid new production, especially in retail segment, supported the Group's gross performing loans year-to-date growth of 6.0 % to CZK 148.5 billion as at 30 June 2019.

The retail gross performing loan balance increased by 10.3 % when compared to 31 December 2018, standing at CZK 82.5 billion as at 30 June 2019. Majority of this growth was driven by continuing increase of new production of mortgage loans, up 25.3 % year-on-year, which drove balances up 18.7 % to CZK 37.2 billion during the six months ended 30 June 2019. The consumer loans balance grew by 6.3 % in the first six months of 2019 to CZK 39.3 billion, a result of solid new production. MONETA Auto retail loans recorded balance decline of 6.5 % since 31 December 2018 while outstanding credit card and overdraft balances declined by 8.7 % in the same period amid continuing trend of switching to instalment lending.

The commercial gross performing loan balance stood at CZK 66.1 billion as at 30 June 2019, an increase of 1.1 % from the 31 December 2018 balance. Small business instalment lending new production grew by 48.7 % year-on-year, driving balances up 36.5 % year-to-date to CZK 5.2 billion as at 30 June 2019. The investment loan balance fell slightly by 1.0 % to CZK 36.2 billion as at 30 June 2019 because of our focus on improving profitability in this segment. Working capital balance stood at CZK 9.6 billion, remaining flat relative to 31 December 2018. The combined balance of MONETA Auto commercial portfolio and MONETA Leasing fell to CZK 14.2 billion, down 2.7 % compared to 31 December 2018, with an increase in MONETA Auto commercial lending more than offset by a decline in MONETA Leasing portfolio.

The Group's customer deposits continued their gradual growth, growing in both retail and commercial segment, totalling CZK 157.0 billion (excluding CZK 18.2 billion of opportunistic repo transactions) as at 30 June 2019, increasing 5.2 % from CZK 149.2 billion (excluding CZK 19.6 billion of opportunistic repo transactions) as at 31 December 2018. Across both segments, balance growth came

from current accounts and saving accounts and was also supported by growth of term deposit balances. Although the cost of core deposits stayed low at 0.23 %, the Group's overall Cost of Funds increased to 0.40 % due to costs of opportunistic repos. The Loan to Deposit Ratio was 84.6 %.

The Due to banks balance stood at CZK 8.4 billion as at 30 June 2019, lower compared to 10.7 billion as at 31 December 2018. The decrease was driven mainly by net outflow of opportunistic repo operations classified as Due to banks.

The Group retains a highly liquid position, with Liquidity coverage ratio at 142.3 % at the Group and 146.0 % at the Bank level, well above regulatory requirement. The liquid assets primarily consist of CZK 27.2 billion in reverse repo operations with CNB and investments into bonds of CZK 21.8 billion (including CZK 15.1 billion of encumbered bonds).

### 5.2 Financial performance

Operating income for the first half of 2019 was CZK 5.2 billion, growing by 8.8 % year-on-year, supported by higher Net interest income and Net fee and commission income.

Net interest income amounted to 3,902 million for the six months ended 30 June 2019, up 9.1 % from 3,578 million for the first half of 2018, where the main driver was balance growth. The yield on loan portfolio declined to 5.3 % for the six months of 2019, compared to 5.6 % half-year yield in 2018. This was mainly a result of retail yield decline driven by portfolio mix amid growth of mortgage franchise, while commercial yield remained stable. The Group's Net interest margin grew to 3.8 % in the six months ended 30 June 2019, from 3.7 % for the year ended 31 December 2018.

Net fee and commission income for the six months ended 30 June 2019 increased 5.0 % year-on-year to CZK 950 million. This growth is driven by year-on-year higher transactional fees and third-party commissions along with lower fee expense incurred. This was partially offset by decline in deposit servicing fees and by lower income from penalty and early termination fees.

Net income from financial operations amounted to CZK 273 million in the first half of 2019, compared



to CZK 186 million in the same period of 2018. Other operating income fell to CZK 63 million, down from 100 million in the first half of 2018.

Operating expenses for the first half of 2019 amounted to CZK 2,556 million, growing by 7.8 % year-on-year. The Group incurred CZK 1,125 million of personnel expenses, decreasing by 4.0 % year-on-year due to efficiency measures and declining number of average FTE (5.7 % lower year-on-year). Administrative and other operating expenses reached CZK 812 million, with a 3.4 % year-on-year decrease, impacted primarily by Rental expense reclassification into D&A according to IFRS 16. Depreciation and amortization expenses increased by 79.1 % to CZK 480 million, where the impact of IFRS 16 accounting methodology change was accompanied by growing intangible assets balance (27.4 % year-on-year) due to investments in IT and Digital. Regulatory charges reached CZK 139 million, growing 56.2 % year-on-year, where the growth is driven by higher contribution to Resolution and Recovery Fund due to growing deposit balance, also affected by opportunistic repo operations.

Net impairment of financial assets amounted to 133 million for the six months ended 30 June 2019, compared to 151 million net release in the same period last year. The primary driver of the variance is a lower gain on sale of NPLs, amounting to CZK 294 million for the six months of 2019 compared to 648 million in the same period last year. The Core Cost of Risk, excluding the impact of NPL sale, amounted to 59bps for the six months ended 30 June 2019 compared to Core Cost of Risk of 72bps for the full year of 2018.

As a result, the consolidated Net profit for the six months of 2019 was CZK 2,012 million, a 5.1 % decrease year-on-year. Annualized RoTE for period ended 30 June 2019 rise to 18.2 % from 17.9 % for the year ended 31 December 2018.

A continued low rate of NPL formation complemented by proactive NPL management resulted in a reduction of the Group NPL Ratio to 1.8 % as at 30 June 2019 from 2.8 % as at 31 December 2018. The overall Total NPL Coverage stood at 109.4 % as at 30 June 2019 (compared to 99.9 % at 31 December 2018).

The CAR Ratio grew to 16.7 % as at 30 June 2019 from 16.4 % as at 31 December 2018, supported by positive impact of RWA optimization and inclusion

of part of the Net Profit generated in the first half of 2019 into regulatory capital. In total they had a positive impact of CZK 566 million on regulatory capital.

### 5.3 Outlook for 2019 and risks

The outlook for the economic development remains bright. The May macroeconomic forecast by the Czech National Bank predicts a 2.5 % GDP growth in 2019<sup>18</sup>, followed by a 2.8 % growth in 2020. The predicted growth rates again dropped compared to the last forecast, but the growth pace still remains healthy.

The growth prospects of the country cause that the situation on the labour market is likely to remain tensed, as the unemployment rate remains the lowest among the EU countries and the stock of job offers continue to exceed the stock of unemployed labour force.

The growth of interest rates is projected to slow down, despite the inflation is still above the inflationary target of the central bank. This was also reflected on the mortgage market, where interest rates on mortgages slightly dropped recently<sup>19</sup>.

Good economic situation pushes the demand for credit up, however, growing interest rates together with limitations of real estate risks imposed by the Czech National Bank to the mortgage market have exactly the opposite effect. The result will probably still be a growing lending market, but, compared to previous periods, the growth might slow down. Due to higher inflation level and quickly growing wages will likely be offset in growing deposits.

The Group delivered CZK 2,012 million of net profit in the six months of 2019, supported by benign credit risk environment and as a result the management decided to revise the net profit guidance to at least CZK 3.8 billion for the full year 2019 and return on tangible equity to 16.0%.

Operating income is up by 8.8 % year-on-year to CZK 5.2 billion, supported by portfolio growth, namely in retail segment, and margin stabilization in the commercial segment.

Operating expenses reached CZK 2.6 billion with the Cost to Income Ratio at 49.3 %, impacted by timing of Regulatory charges in the first quarter. Group

<sup>18</sup> Source: Czech National Bank, May 2019 macroeconomic forecast

<sup>19</sup> Source: Fincentrum Hypoindex

remains committed to keep the Cost base at or below CZK 5.0 billion.

The Cost of Risk amounted to 18bps net book up for the six months of the year 2019, as it was positively impacted by gain on NPL sales and improving asset

quality. Core cost of risk, excluding the impact of NPL sales, amounted to 59bps. The Group revised its full-year 2019 guidance on the Cost of Risk downwards and is now targeting between 35-45bps on reported basis and between 60-70bps excluding gains on NPL sales.

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

BASIC DETAILS ABOUT MONETA MONEY BANK	
Name	MONETA Money Bank, a.s.
Registered Office	Vyskočilova 1442/1b, 140 28 Praha 4 – Michle
Company ID	25672720
Legal form	Joint stock company
Date of registration	9 June 1998
Registered share capital	511,000,000
Paid up	100 %

### Branches, ATMs and employees:

Number of branches as at 30 June 2019: 192  
 and 31 December 2018: 202.

Number of ATMs as at 30 June 2019: 652  
 and 31 December 2018: 654.

Number of employees (FTEs) in the first six months ended 30 June 2019 was 3,055 (decrease of 133 compared to the year end 2018).

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

### Ownership structure:

The latest available list of 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>. Such persons may not necessarily be the beneficial owners of the Bank shares but may hold shares of the Bank (as custodians, securities brokers, banks, or nominees) for the beneficial owners.

### Bank's Supervisory Board

The Bank's Supervisory board held 3 meetings in the first six months of 2019.

Name	Position	Member position held from	Member position held to
Gabriel Eichler	Chairman of the Supervisory Board*	26 October 2017	26 October 2021
Miroslav Singer	Vice-chairman of the Supervisory Board**	24 April 2017	24 April 2021
Michal Petřman	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
Tomáš Pardubický	Member of the Supervisory Board	26 October 2017	26 October 2021
Klára Sokolová	Member of the Supervisory Board***	21 January 2019	21 January 2023
Jiří Huml	Member of the Supervisory Board***	21 January 2019	21 January 2023
Aleš Sloupenský	Member of the Supervisory Board***	21 January 2019	21 January 2023

\* Mr. Gabriel Eichler was elected as Chairman of the Supervisory Board with effect from 2 August 2018.

\*\* Mr. Miroslav Singer was elected as Vice-chairman of the Supervisory Board with effect from 22 May 2017.

\*\*\* Mrs. Klára Sokolová, Mr. Jiří Huml and Mr. Aleš Sloupenský were elected as Supervisory Board members by employees with effect from 21 January 2019.

### Bank's Management Board

The Bank's Management Board held 24 meetings in the first six months of 2019.

Name	Position	Member position held from	Member position held to
Tomáš Spurný	Chairman of the Management Board	1 October 2015	1 October 2023
Carl Normann Vökt	Vice-chairman of the Management Board*	25 January 2013	26 January 2021
Jan Novotný	Member of the Management Board	16 December 2013	17 December 2021
Albert Piet van Veen	Member of the Management Board	1 May 2017	1 May 2021
Jan Friček	Member of the Management Board	1 March 2019	1 March 2023
Philip Holemans	Vice-chairman of the Management Board**	17 July 2014	28 February 2019

\* Mr. Carl Normann Vökt was elected as Vice-chairman of the Management Board with effect from 1 March 2019.

\*\* Mr. Philip Holemans was elected as Vice-chairman of the Management Board with effect from 20 April 2016 and he resigned from his position of Vice-chairman and member of the Management Board as of 28 February 2019.

## 7 Condensed consolidated interim financial statements for the six months ended 30 June 2019 (Unaudited)

### 7.1 Condensed consolidated statements of profit or loss and other comprehensive income for the three and six-month periods ended 30 June 2019 (Unaudited)

CZK m	Note	Quarter ended		Half-year ended	
		30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
Interest and similar income		2,157	1,874	4,262	3,747
Interest expense and similar charges		(202)	(92)	(360)	(169)
<b>Net interest income</b>	<b>8.7</b>	<b>1,955</b>	<b>1,782</b>	<b>3,902</b>	<b>3,578</b>
Fee and commission income		575	550	1,097	1,069
Fee and commission expense		(91)	(90)	(147)	(164)
<b>Net fee and commission income</b>	<b>8.8</b>	<b>484</b>	<b>460</b>	<b>950</b>	<b>905</b>
Dividend income		0	1	1	1
Net income from financial operations		173	101	273	186
Other operating income		27	41	63	100
<b>Total operating income</b>		<b>2,639</b>	<b>2,385</b>	<b>5,189</b>	<b>4,770</b>
Personnel expenses		(579)	(579)	(1,125)	(1,172)
Administrative expenses*		(321)	(358)	(640)	(739)
Depreciation and amortisation		(234)	(141)	(480)	(268)
Regulatory charges*		0	0	(139)	(89)
Other operating expenses*		(87)	(37)	(172)	(102)
<b>Total operating expenses</b>	<b>8.9</b>	<b>(1,221)</b>	<b>(1,115)</b>	<b>(2,556)</b>	<b>(2,370)</b>
<b>Profit for the period before tax and net impairment of financial assets</b>		<b>1,418</b>	<b>1,270</b>	<b>2,633</b>	<b>2,400</b>
Net impairment of financial assets	8.17.6	(147)	(130)	(133)	151
Profit for the period before tax		1,271	1,140	2,500	2,551
Taxes on income		(242)	(192)	(488)	(430)
<b>Profit for the period after tax</b>		<b>1,029</b>	<b>948</b>	<b>2,012</b>	<b>2,121</b>
<b>Other comprehensive income, net of tax</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income attributable to the equity holders</b>		<b>1,029</b>	<b>948</b>	<b>2,012</b>	<b>2,121</b>
<b>Profit for the period after tax attributable to the equity holders</b>		<b>1,029</b>	<b>948</b>	<b>2,012</b>	<b>2,121</b>
Weighted average of ordinary shares (millions of shares)		511	511	511	511
Basic and Diluted earnings per share (in CZK)		2.0	1.9	3.9	4.2

\* "Administrative expenses" and "Other operating expenses" for 2018 have been restated to reflect newly added line "Regulatory charges" (see the note 8.9).

## 7.2 Condensed consolidated statement of financial position as at 30 June 2019 (Unaudited)

CZK m	Note	30 Jun 2019	31 Dec 2018
<b>Assets</b>			
Cash and balances with the central bank		7,334	8,139
Derivative financial instruments	8.18	19	28
Investment securities	8.10, 8.18	21,834	20,780
Hedging derivatives with positive fair values		36	53
Change in fair value of items hedged on portfolio basis		88	30
Loans and receivables to banks	8.11	28,443	33,436
Loans and receivables to customers	8.12	148,289	140,123
Intangible assets		1,997	1,789
Property and equipment		3,208	1,296
Investments in associates		3	2
Current tax assets		28	16
Deferred tax assets		0	127
Other assets		672	1,113
<b>TOTAL ASSETS</b>		<b>211,951</b>	<b>206,932</b>
<b>Liabilities</b>			
Derivative financial instruments	8.18	99	44
Due to banks	8.13	8,353	10,716
Due to customers	8.13	175,186	168,792
Hedging derivatives with negative fair values		292	167
Provisions		246	261
Current tax liabilities		38	107
Deferred tax liabilities		249	177
Other liabilities		3,381	1,431
<b>Total liabilities</b>		<b>187,844</b>	<b>181,695</b>
<b>Equity</b>			
Share capital		511	511
Share premium		5,028	5,028
Statutory reserve		102	102
Share based payment reserve		(2)	(2)
Retained earnings		18,468	19,598
<b>Total equity</b>		<b>24,107</b>	<b>25,237</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>211,951</b>	<b>206,932</b>

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### 7.3 Condensed consolidated statement of changes in equity for the six-month period ended 30 June 2019 (Unaudited)

CZK m	Share capital	Share premium	Statutory reserve	AFS reserve	Reserve from revaluation of FVTOCI	Share based payment reserve	Retained earnings	Total
<b>Balance as reported 31 Dec 2018</b>	<b>511</b>	<b>5,028</b>	<b>102</b>	n/a	<b>0</b>	<b>(2)</b>	<b>19,598</b>	<b>25,237</b>
Cumulative effect of adopting of IFRS 16	0	0	0	n/a	0	0	1	1
<b>Restated balance 1 Jan 2019</b>	<b>511</b>	<b>5,028</b>	<b>102</b>	n/a	<b>0</b>	<b>(2)</b>	<b>19,599</b>	<b>25,238</b>
<b>Transactions with owners of the company</b>								
Dividends	0	0	0	n/a	0	0	(3,143)	(3,143)
Other changes	0	0	0	n/a	0	0	0	0
<b>Total comprehensive income</b>							0	0
Profit for the period after tax	0	0	0	n/a	0	0	2,012	2,012
<b>Other comprehensive income after tax</b>								
Change in fair value of FVTOCI investment securities	0	0	0	n/a	0	0	0	0
Deferred tax	0	0	0	n/a	0	0	0	0
<b>Balance 30 Jun 2019</b>	<b>511</b>	<b>5,028</b>	<b>102</b>	<b>n/a</b>	<b>0</b>	<b>(2)</b>	<b>18,468</b>	<b>24,107</b>
<b>Balance as reported 31 Dec 2017</b>	<b>511</b>	<b>5,028</b>	<b>102</b>	<b>(57)</b>	<b>n/a</b>	<b>(2)</b>	<b>20,181</b>	<b>25,763</b>
Cumulative effect of adopting of IFRS 9	0	0	0	57	0	0	(695)	(638)
<b>Restated balance 1 Jan 2018</b>	<b>511</b>	<b>5,028</b>	<b>102</b>	<b>0</b>	<b>0</b>	<b>(2)</b>	<b>19,486</b>	<b>25,125</b>
<b>Transactions with owners of the company</b>								
Dividends	0	0	0	n/a	0	0	(4,088)	(4,088)
<b>Total comprehensive income</b>								
Profit for the period after tax	0	0	0	n/a	0	0	2,121	2,121
<b>Other comprehensive income after tax</b>								
Change in fair value of FVTOCI investment securities	0	0	0	n/a	0	0	0	0
Deferred tax	0	0	0	n/a	0	0	0	0
<b>Balance 30 Jun 2018</b>	<b>511</b>	<b>5,028</b>	<b>102</b>	<b>n/a</b>	<b>0</b>	<b>(2)</b>	<b>17,519</b>	<b>23,158</b>

#### 7.4 Condensed consolidated statement of cash flows for the six-month period ended 30 June 2019 (Unaudited)

CZK m	Half-year ended	
	30 Jun 2019	30 Jun 2018
<b>Cash flows from operating activities</b>		
<b>Profit after tax</b>	<b>2,012</b>	<b>2,121</b>
Adjustments for:		
Depreciation and amortization	480	268
Net impairment of financial assets	133	(151)
Net gain on revaluation or sales of investment securities	(83)	(10)
Amortisation of coupon of investment securities	(150)	(65)
Net interest income from hedging derivatives	(32)	38
Net gain/ loss from revaluation of hedging derivatives	114	71
Net gain/ loss from revaluation of hedged items	(118)	(75)
Change in provisions not recognised in Depreciation and amortization	(17)	(63)
Net loss on sale and other disposal or impairment of tangible and intangible assets	3	3
Dividend income	(1)	(1)
Tax expense	488	430
	<b>2,829</b>	<b>2,566</b>
Changes in:		
Loans and receivables to customers	(8,281)	(9,052)
Other assets	441	24
Due to banks	(2,298)	(15,619)
Due to customers	6,394	4,922
Other liabilities excl. impact of IFRS 16 transition and subsequent non-cash movements	(114)	366
	<b>(1,029)</b>	<b>(16,793)</b>
Income taxes paid	(369)	(338)
<b>Net cash used in operating activities</b>	<b>(1,398)</b>	<b>(17,131)</b>
<b>Cash flows from investing activities</b>		
Acquisition of investment securities	(2,422)	(9,184)
Proceeds from investment securities	1,660	92
Proceeds from hedging derivatives	58	15
Acquisition of tangible and intangible assets	(540)	(753)
Proceeds from the sale of property and equipment and intangible assets	1	0
Dividends received	1	1
<b>Net cash used in investing activities</b>	<b>(1,242)</b>	<b>(9,829)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(3,143)	(4,088)
<b>Net cash used in financing activities</b>	<b>(3,143)</b>	<b>(4,088)</b>
<b>Net change in cash and cash equivalents</b>	<b>(5,784)</b>	<b>(31,048)</b>



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<b>Cash and cash equivalents at beginning of period</b>	<b>41,558</b>	<b>60,490</b>
Effect of exchange rate fluctuations on cash and cash equivalents	0	20
<b>Cash and cash equivalents at end of period</b>	<b>35,774</b>	<b>29,462</b>
Interest received*	3,915	3,812
Interest paid*	(172)	(116)

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

## 8 Notes to unaudited condensed consolidated interim financial statements

### 8.1 Reporting entity

MONETA Money Bank, a.s. (the Bank) is a company domiciled in the Czech Republic. These condensed consolidated interim financial statements (interim financial statements) as at and for the six months ended 30 June 2019 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 2018 (last annual financial statements). These interim financial statements 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 interim financial statements were neither audited nor reviewed by an auditor.

The Group's interim financial statements were authorised for issue by the Management Board on 31 July 2019.

#### *Going Concern*

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

#### *Functional and presentation currency*

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

### 8.3 Use of judgements and estimates

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of uncertainty estimation 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 last annual financial statements, except for changes in accounting for leases resulting from the

adoption of IFRS 16 Leases (IFRS 16). Impacts of IFRS 16 adoption are described in the Group's last annual financial statements, note 4.1 and in the following chapter 8.4.1. Further since 2Q 2019, costs on obtaining contracts on current accounts and investment funds are recognised within the line "Other assets" and they are subsequently amortised into profit or loss line "Fees and commission expense" over at maximum 60 month or shorter period in case the contract is terminated. They represent acquisition costs on obtaining service contracts according to IFRS 15 Revenue from contracts with customers.

#### 8.4.1 Transition to IFRS 16

In the context of the transition to IFRS 16, right-of-use assets of CZK 2,070 million and lease liabilities of CZK 1,877 million were recognised as at 1 January 2019. The amount of CZK 192 million representing prepaid rentals was transferred to right-of-use assets from prepaid expenses. Resulting difference of CZK 1 million represents impact from disposal of low value assets previously disclosed in the statement of financial position according to IAS 17. It was disclosed in the Retained earnings as at 1 January 2019. Previously recognised leased assets (arising from financial lease contracts according to IAS 17) in the amount of CZK 7 million remained recognised in the statement of financial position in "Property and Equipment" together with other right-of-use assets. The Group transitioned to IFRS 16 in accordance with modified retrospective approach. The prior-year figures were not adjusted.

The right-of-use assets are recorded in "Property and Equipment" and the corresponding liabilities to the lessors are included in "Other liabilities". Newly recognised leased assets were booked as at 1 January 2019 in value of initial liabilities amount and prepaid expenses at that date.

The lease liabilities are measured at the present value of fixed and variable lease payments net of cash lease incentives that are not paid at the statement of financial position date. Lease payments are apportioned between the finance charges and reduction of the lease liabilities using incremental borrowing rate to achieve a constant rate of the interest on the remaining balance of liabilities. Lease payments exclude service fees for cleaning and other operating costs.

The Group has decided not to apply IFRS 16 guidance to leases whose term ends within twelve months from the date of initial application or from the lease start date (short-term leases) and leases of assets with purchase price lower than 100 thousand CZK (low value assets). In such cases, the lease payments are recognised as an expense when arising. Classification is made at the inception of the lease.

Following table shows impact of transition to IFRS 16 on the consolidated statement of financial position:

Financial Statement line	Balance 31 Dec 2018 (IAS 17)	IFRS 16 adjustment	Balance 1 Jan 2019 (IFRS 16)
Property and equipment	1,296	2,070	3,366
Other assets	1,113	(192)	921
<b>Total adjustment of Assets</b>		<b>1,878</b>	
Other liabilities	1,431	1,877	3,308
Retained earnings	19,598	1	19,599
<b>Total adjustment of Liabilities &amp; Equity</b>		<b>1,878</b>	

## 8.5 Consolidation group

The definition of the consolidation group as at 30 June 2019 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 30 June 2019 together with the ownership were as follows:

Name	Registered office	Business activity	The Bank's share	Method of consolidation
MONETA Auto, s.r.o.	Vyskočilova 1442/1b, 140 00 Prague 4	Auto financing (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. v likvidaci*	Vyskočilova 1442/1b, 140 00 Prague 4	Debt recovery services	100 %	Full
CBCB – Czech Banking Credit Bureau, a.s.	Štětkova 1638/18, 140 00 Prague 4	Banking Credit Register	20 %	Equity

\* The Bank as the sole shareholder of Inkasní Expresní Servis s.r.o. decided on the dissolution of this company with liquidation starting from 1 January 2019. For the duration of the liquidation process the company uses business name with the appendix "v likvidaci" (Inkasní Expresní Servis s.r.o. v likvidaci).

## 8.6 Dividends paid

On 24 April 2019 the General Meeting approved the dividend payment of CZK 6,15 per share before tax which represented the total amount of CZK 3,142,650,000. The dividend was due on 6 June 2019 and was paid by MONETA Money Bank, a.s. 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 MONETA Money Bank, a.s. as at 30 April 2019.

## 8.7 Net interest income

CZK m	Quarter ended		Half-year ended	
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
Interest income from financial assets measured at amortised cost	2,138	1,894	4,230	3,785
Loans to customers	1,918	1,782	3,795	3,582
<i>out of which interest income from impaired loans</i>	33	48	66	100
<i>out of which penalty interest</i>	8	29	18	53
<i>out of which amortisation, derecognitions or modifications of deferred costs and fees</i>	(124)	(137)	(245)	(240)
Loans to banks	128	63	258	130
<i>out of which interest income from repurchase and reverse repurchase agreements</i>	126	62	255	129
Cash and deposit with central bank and other banks	14	6	27	8
Interest income from investment securities at amortised cost	78	43	150	65
Interest income from hedging derivatives	19	(20)	32	(38)
<b>Interest income and similar income</b>	<b>2,157</b>	<b>1,874</b>	<b>4,262</b>	<b>3,747</b>
Interest expense from financial liabilities measured at amortised cost	(196)	(92)	(349)	(169)
Due to banks	(28)	(22)	(38)	(34)
Due to customers	(168)	(70)	(311)	(135)
<i>out of which from repurchase agreements</i>	(79)	(12)	(140)	(21)
Interest expense from lease liabilities	(6)	n/a	(11)	n/a
<b>Interest expense and similar expense</b>	<b>(202)</b>	<b>(92)</b>	<b>(360)</b>	<b>(169)</b>
<b>Net interest income</b>	<b>1,955</b>	<b>1,782</b>	<b>3,902</b>	<b>3,578</b>

8.7.1 Walk of deferred costs and fees directly attributable to origination of new loan products that are integral part of the effective interest rate for the three and six month periods

Quarter ended 30 Jun 2019	Balance at beginning of period	Amortisation	Derecognitions / Modifications	Additions to deferred fees	Additions to deferred costs	Balance at end of period
CZK m						
Consumer Loans	62	(10)	(5)	(28)	51	70
Mortgages	511	(11)	0	0	59	559
Credit Cards & Overdrafts	25	(5)	0	0	6	26
Auto Loans and Finance Leases	253	(42)	(2)	0	22	231
<b>Retail loans deferrals</b>	<b>851</b>	<b>(68)</b>	<b>(7)</b>	<b>(28)</b>	<b>138</b>	<b>886</b>
Investment Loans	28	(1)	0	(3)	6	30
Working Capital	3	(1)	0	(1)	0	1
Auto & Equipment Loans and Finance Leases	266	(42)	0	0	36	260
Unsecured Instalment Loans and Overdrafts	35	(5)	0	(3)	29	56
<b>Commercial loans deferrals</b>	<b>332</b>	<b>(49)</b>	<b>0</b>	<b>(7)</b>	<b>71</b>	<b>347</b>
<b>Total loan deferrals</b>	<b>1,183</b>	<b>(117)</b>	<b>(7)</b>	<b>(35)</b>	<b>209</b>	<b>1,233</b>

Quarter ended 30 Jun 2018	Balance at beginning of period	Amortisation	Derecognitions / Modifications	Additions to deferred fees	Additions to deferred costs	Balance at end of period
CZK m						
Consumer Loans	13	(3)	(2)	(26)	41	23
Mortgages	272	(5)	(3)	0	61	325
Credit Cards & Overdrafts	27	(4)	0	0	4	27
Auto Loans and Finance Leases	366	(69)	(7)	0	64	354
<b>Retail loans deferrals</b>	<b>678</b>	<b>(81)</b>	<b>(12)</b>	<b>(26)</b>	<b>170</b>	<b>729</b>
Investment Loans	16	0	(1)	(4)	9	20
Working Capital	3	(1)	0	(1)	1	2
Auto & Equipment Loans and Finance Leases	269	(40)	0	0	49	278
Unsecured Instalment Loans and Overdrafts	10	(2)	0	(2)	7	13
<b>Commercial loans deferrals</b>	<b>298</b>	<b>(43)</b>	<b>(1)</b>	<b>(7)</b>	<b>66</b>	<b>313</b>
<b>Total loan deferrals</b>	<b>976</b>	<b>(124)</b>	<b>(13)</b>	<b>(33)</b>	<b>236</b>	<b>1,042</b>

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Half-year ended 30 Jun 2019	Balance at beginning of period	Amortisation	Derecognitions / Modifications	Additions to deferred fees	Additions to deferred costs	Balance at end of period
<b>CZK m</b>						
Consumer Loans	42	(16)	(11)	(53)	108	70
Mortgages	457	(24)	2	0	124	559
Credit Cards & Overdrafts	26	(10)	0	0	10	26
Auto Loans and Finance Leases	283	(88)	(5)	0	41	231
<b>Retail loans deferrals</b>	<b>808</b>	<b>(138)</b>	<b>(14)</b>	<b>(53)</b>	<b>283</b>	<b>886</b>
Investment Loans	24	0	1	(6)	11	30
Working Capital	2	(2)	0	(2)	3	1
Auto & Equipment Loans and Finance Leases	275	(83)	0	0	68	260
Unsecured Instalment Loans and Overdrafts	28	(9)	0	(5)	42	56
<b>Commercial loans deferrals</b>	<b>329</b>	<b>(94)</b>	<b>1</b>	<b>(13)</b>	<b>124</b>	<b>347</b>
<b>Total loan deferrals</b>	<b>1,137</b>	<b>(232)</b>	<b>(13)</b>	<b>(66)</b>	<b>407</b>	<b>1,233</b>

Half-year ended 30 Jun 2018	Balance at beginning of period	Amortisation	Derecognitions / Modifications	Additions to deferred fees	Additions to deferred costs	Balance at end of period
<b>CZK m</b>						
Consumer Loans	0	(4)	(8)	(49)	84	23
Mortgages	217	(16)	(8)	0	132	325
Credit Cards & Overdrafts	26	(8)	0	0	9	27
Auto Loans and Finance Leases	364	(126)	(13)	0	129	354
<b>Retail loans deferrals</b>	<b>607</b>	<b>(154)</b>	<b>(29)</b>	<b>(49)</b>	<b>354</b>	<b>729</b>
Investment Loans	14	(1)	(2)	(6)	15	20
Working Capital	3	(1)	0	(2)	2	2
Auto & Equipment Loans and Finance Leases	230	(49)	0	0	95	278
Unsecured Instalment Loans and Overdrafts	10	(4)	0	(3)	10	13
<b>Commercial loans deferrals</b>	<b>257</b>	<b>(55)</b>	<b>(2)</b>	<b>(11)</b>	<b>122</b>	<b>313</b>
<b>Total loan deferrals</b>	<b>864</b>	<b>(209)</b>	<b>(31)</b>	<b>(60)</b>	<b>476</b>	<b>1,042</b>

## 8.8 Net fee and commission income

CZK m	Quarter ended		Half-year ended	
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
Insurance	163	116	286	215
Investment funds	32	27	65	55
Penalty fees (incl. early termination fees)	56	94	119	192
Deposit servicing fees	87	99	176	203
Lending servicing fees	48	50	98	100
Transactional and other fees	189	164	353	304
<b>Fee and commission income</b>	<b>575</b>	<b>550</b>	<b>1,097</b>	<b>1,069</b>
<b>Fee and commission expense</b>	<b>(91)</b>	<b>(90)</b>	<b>(147)</b>	<b>(164)</b>
<b>Net fee and commission income</b>	<b>484</b>	<b>460</b>	<b>950</b>	<b>905</b>

## 8.9 Total operating expenses

CZK m	Quarter ended		Half-year ended	
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
Personnel expenses	(579)	(579)	(1,125)	(1,172)
Administrative expenses*	(321)	(358)	(640)	(739)
Depreciation and amortisation	(234)	(141)	(480)	(268)
<i>out of which depreciation of right-of-use assets</i>	(82)	n/a	(164)	n/a
Regulatory charges*	0	0	(139)	(89)
Other operating expenses*	(87)	(37)	(172)	(102)
<b>Total operating expenses</b>	<b>(1,221)</b>	<b>(1,115)</b>	<b>(2,556)</b>	<b>(2,370)</b>
<b>FTEs (average)</b>	<b>3,033</b>	<b>3,200</b>	<b>3,055</b>	<b>3,240</b>

\* The line "Regulatory charges" separately disclosed since 2019 includes contributions to the Deposit Insurance Fund of CZK 45 million in 2019, contributions to the Resolution and Recovery Fund of CZK 92 million in 2019 and contributions to the Investor Compensation Fund of CZK 2 million in 2019. Contributions to Deposit Insurance Fund of CZK 42 million in 2018, contributions to Resolution and Recovery Fund of CZK 45 million in 2018 both previously disclosed in "Administrative expenses" and contributions to Investor Compensation Fund of CZK 2 million in 2018 previously disclosed in "Other operating expenses" were reclassified to "Regulatory charges" in comparative figures.

## 8.10 Investment securities

CZK m	30 Jun 2019	31 Dec 2018
Debt securities measured at amortised cost	21,757	20,721
<i>Government bonds</i>	21,502	20,470
<i>Corporate bonds</i>	255	251
Equity securities measured at FVTOCI	1	1
Equity securities measured at FVTPL	76	58
<b>Total investment securities</b>	<b>21,834</b>	<b>20,780</b>



### 8.11 Loans and receivables to banks

CZK m	30 Jun 2019	31 Dec 2018
Current accounts at banks	677	48
Overnight deposits	225	0
Receivables arising from reverse repurchase agreements	27,211	33,241
Cash collaterals granted	327	130
Other	3	17
<b>Total Loans and receivables to banks</b>	<b>28,443</b>	<b>33,436</b>
<i>Included in cash equivalents</i>	<i>28,440</i>	<i>33,419</i>

### 8.12 Loans and receivables to customers

CZK m	30 June 2019			31 Dec 2018		
	Gross carrying amount	Allowance	Carrying amount	Gross carrying amount	Allowance	Carrying amount
Consumer Loans	40,577	(1,560)	39,017	39,148	(2,263)	36,885
Mortgages	37,377	(28)	37,349	31,615	(109)	31,506
Credit Cards & Overdrafts	3,409	(269)	3,140	3,823	(350)	3,473
Auto Loans and Finance Leases	2,742	(86)	2,656	2,977	(135)	2,842
Other	35	(35)	0	135	(135)	0
<b>Total Retail</b>	<b>84,140</b>	<b>(1,978)</b>	<b>82,162</b>	<b>77,698</b>	<b>(2,992)</b>	<b>74,706</b>
Investment Loans	36,448	(202)	36,246	36,826	(223)	36,603
Working Capital	9,785	(183)	9,602	9,821	(191)	9,630
Auto & Equipment Loans and Finance Leases	13,644	(372)	13,272	14,068	(434)	13,634
Unsecured Instalment Loans and Overdrafts	6,145	(179)	5,966	4,636	(148)	4,488
Inventory Financing and Other	1,093	(52)	1,041	1,174	(112)	1,062
<b>Total Commercial</b>	<b>67,115</b>	<b>(988)</b>	<b>66,127</b>	<b>66,525</b>	<b>(1,108)</b>	<b>65,417</b>
<b>Total Loans and receivables to customers</b>	<b>151,255</b>	<b>(2,966)</b>	<b>148,289</b>	<b>144,223</b>	<b>(4,100)</b>	<b>140,123</b>

## 8.13 Due to banks and Due to customers

### Breakdown of Due to banks

CZK m	30 Jun 2019	31 Dec 2018
Deposits on demand	418	357
Term Deposits	501	0
Liabilities arising from repurchase agreements*	4,226	7,204
Other due to banks**	3,208	3,155
<b>Total Due to banks</b>	<b>8,353</b>	<b>10,716</b>

### Breakdown of Due to customers

CZK m	30 Jun 2019	31 Dec 2018
Retail Current Accounts	52,397	49,569
Retail Savings Accounts and Term Deposits	46,598	44,879
Commercial Current Accounts	37,412	35,906
Commercial Savings Accounts and Term Deposits	20,191	18,522
Liabilities arising from repurchase agreements*	18,153	19,564
Other due to customers	435	352
<b>Total Due to customers</b>	<b>175,186</b>	<b>168,792</b>

\* Collateral transferred within repurchase agreements comprises securities from investment securities at amortised cost disclosed in the statement of financial position in the carrying value of CZK 15,104 million as at 30 June 2019 (31 December 2018: CZK 7,711 million) and securities obtained in reverse repurchase agreements as collateral in the amount of CZK 8,064 million as at 30 June 2019 (31 December 2018: CZK 19,598 million).

\*\* Other due to banks comprises:

- 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). This loan amounts to CZK 1,000 million at 30 June 2019 (CZK 1,000 million at 31 December 2018).
- Loan provided by European Investment Bank in September 2017 to MONETA Money Bank, a.s. that will be used for financing of SME portfolio. This loan amounts to CZK 2,037 million at 30 June 2019 (CZK 2,059 million at 31 December 2018).
- Cash collaterals received represent CSA<sup>20</sup> Collaterals of other financial institutions for derivative and repo transactions in the amount of CZK 171 million at 30 June 2019 (CZK 96 million at 31 December 2018).

<sup>20</sup> Credit Support Annex (CSA) is a legal document which regulates credit support (collateral) for derivative transactions.

## 8.14 Legal risks

The below legal risks, to which the Group is exposed, have been disclosed in the Bank's 2018 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 2018 (pages 105 through 108). In addition to that, the Czech High Court in Prague on 22 May 2019 confirmed with final legal force previous judgment of the Municipal Court in Prague of 22 August 2018 in which the court dismissed in its entirety court action filed by Arca Services (later renamed to ARC equity services and now existing under name Serbina Consulting) in which the petitioner claimed invalidity of the purchase agreement for part of Agrobanka business from 1998.

#### 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 CTI against MONETA Auto, please see the Consolidated Annual Report for 2018 (page 107). Further to the information disclosed in the Consolidated Annual Report for 2018, the dispute concerning the annual percentage rate of the loan (APR) and the total amount repayable by the consumer to MONETA Auto is now pending before the Constitutional Court of the Czech Republic. In addition to that the Municipal Court in Prague on 21 May 2019 cancelled decision of the CTI from 2017 based on which MONETA Auto paid to CTI penalty of CZK 900,000. As a result of this court decision the CTI already returned to MONETA Auto the penalty of CZK 900,000 in full and paid to MONETA Auto the costs of proceedings. Further, on 14 June 2019, the CTI imposed on MONETA Auto summary penalty of CZK 500,000 for an alleged breach of the Czech Consumer Credit law. MONETA Auto appealed against the CTI decision and the appeal is to be resolved by the Central Inspectorate of CTI. MONETA Auto is convinced that it complied with all requirements of the Czech Consumer Credit law and will continue to contest all decisions of the CTI in the above matters in administrative proceedings and in court.

#### 8.14.1.3 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 2018 (pages 107 and 108). Since 31 December 2018, there have been no significant developments in the ongoing court proceedings initiated by Arca Capital Bohemia, a.s. against the Bank as described in the Consolidated Annual Report for 2018.

#### 8.14.1.4 Legal Challenges of Resolutions of Annual General Meeting held on 25 April 2018

For information on the risks relating to the court proceedings on the action filed against the Bank by a minority shareholder-individual, to our best knowledge associated with Arca Group, challenging the validity of the resolutions adopted by the General Meeting of the Bank held on 25 April 2018, please see the Consolidated Annual Report for 2018 (page 108). Since 31 December 2018, there have been no significant developments in the ongoing court proceedings initiated by the minority shareholder-individual against the Bank as described in the Consolidated Annual Report for 2018.

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

Quarter ended 30 Jun 2019				
CZK m	Commercial	Retail	Treasury / Other	Total
Interest and similar income	631	1,286	240	2,157
Interest expense and similar charges	(43)	(49)	(110)	(202)
Net fee and commission income	137	313	34	484
Dividend income	0	0	0	0
Net income from financial operations	0	0	173	173
Other operating income	14	13	0	27
<b>Total operating income</b>	<b>739</b>	<b>1,563</b>	<b>337</b>	<b>2,639</b>
Net impairment of financial assets	(69)	(76)	(2)	(147)
<b>Risk adjusted operating income</b>	<b>670</b>	<b>1,487</b>	<b>335</b>	<b>2,492</b>
Total operating expenses				(1,221)
<b>Profit for the period before tax</b>				<b>1,271</b>
Tax on income				(242)
<b>Profit for the period after tax</b>				<b>1,029</b>

Quarter ended 30 Jun 2018				
CZK m	Commercial	Retail	Treasury / Other	Total
Interest and similar income	531	1,252	91	1,874
Interest expense and similar charges	(13)	(48)	(31)	(92)
Net fee and commission income	138	315	7	460
Dividend income	0	0	1	1
Net income from financial operations	0	0	101	101
Other operating income	18	22	0	41
<b>Total operating income</b>	<b>674</b>	<b>1,542</b>	<b>169</b>	<b>2,385</b>
Net impairment of financial assets	(120)	8	(18)	(130)
<b>Risk adjusted operating income</b>	<b>554</b>	<b>1,550</b>	<b>151</b>	<b>2,255</b>
Total operating expenses				(1,115)
<b>Profit for the period before tax</b>				<b>1,140</b>
Tax on income				(192)
<b>Profit for the period after tax</b>				<b>948</b>

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Half-year ended 30 Jun 2019				
	Commercial	Retail	Treasury / Other	Total
<b>CZK m</b>				
Interest and similar income	1,244	2,545	473	4,262
Interest expense and similar charges	(80)	(95)	(185)	(360)
Net fee and commission income	266	632	52	950
Dividend income	0	0	1	1
Net income from financial operations	0	0	273	273
Other operating income	35	28	0	63
<b>Total operating income</b>	<b>1,465</b>	<b>3,110</b>	<b>614</b>	<b>5,189</b>
Net impairment of financial assets	(118)	(15)	0	(133)
<b>Risk adjusted operating income</b>	<b>1,347</b>	<b>3,095</b>	<b>614</b>	<b>5,056</b>
Total operating expenses				(2,556)
<b>Profit for the period before tax</b>				<b>2,500</b>
Tax on income				(488)
<b>Profit for the period after tax</b>				<b>2,012</b>

Half-year ended 30 Jun 2018				
	Commercial	Retail	Treasury / Other	Total
<b>CZK m</b>				
Interest and similar income	1,073	2,501	173	3,747
Interest expense and similar charges	(24)	(94)	(51)	(169)
Net fee and commission income	255	635	15	905
Dividend income	0	0	1	1
Net income from financial operations	0	0	186	186
Other operating income	38	62	0	100
<b>Total operating income</b>	<b>1,342</b>	<b>3,104</b>	<b>324</b>	<b>4,770</b>
Net impairment of financial assets	(142)	313	(20)	151
<b>Risk adjusted operating income</b>	<b>1,200</b>	<b>3,417</b>	<b>304</b>	<b>4,921</b>
Total operating expenses				(2,370)
<b>Profit for the period before tax</b>				<b>2,551</b>
Tax on income				(430)
<b>Profit for the period after tax</b>				<b>2,121</b>

#### Assets and liabilities by segment

30 Jun 2019				
	Commercial	Retail	Treasury / Other	Total
<b>CZK m</b>				
Total assets of the segment	70,957	87,879	53,115	211,951
Net value of loans and receivables to customers	66,127	82,162	0	148,289
Total liabilities of the segment	60,472	101,394	25,978	187,844

31 Dec 2018				
	Commercial	Retail	Treasury / Other	Total
<b>CZK m</b>				
Total assets of the segment	69,802	79,440	57,690	206,932
Net value of loans and receivables to customers	65,417	74,706	0	140,123
Total liabilities of the segment	56,013	95,548	30,134	181,695

## 8.16 Related parties

The following transactions were done between related parties:

CZK m	Quarter ended		Half-year ended	
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
Key members of the management* and Supervisory Board				
Operating expenses	(22)	(19)	(44)	(39)

CZK m	30 Jun 2019	31 Dec 2018
Key members of the management* and Supervisory Board		
Loans and receivables to customers	19	16
Due to customers	18	19

\*Includes members of 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.

Risk management policies and practices have not changed since 31 December 2018 and are described in the last annual financial statements. In addition, the Bank implemented limits for the impact of liquidity management stress scenarios on the Bank's liquidity position.

### 8.17.1 Capital Management

Regulatory Capital and its components and capital adequacy:

CZK m	30 Jun 2019	31 Dec 2018
Regulatory Capital	20,462	20,063
RWA	122,723	122,202
out of which Credit Risk	109,177	107,939
out of which Operational Risk	13,343	14,165
out of which CVA	203	98
out of which Trading Book	1	1

Capital adequacy (%)	30 Jun 2019	31 Dec 2018
RWA Density*	50.3 %	50.0 %
CET1 Ratio	16.7 %	16.4 %
Tier 1 Ratio	16.7 %	16.4 %
Total Capital Ratio (CAR)	16.7 %	16.4 %

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

The framework used for capital management involves monitoring and complying with the capital adequacy limit in accordance with the Basel III rules codified in Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012, as amended, Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, as amended, and Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms, as amended, and their implementing measures. 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, and Act No. 374/2015 Coll., on recovery and resolution in the financial market, 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 regulatory capital requirement for operational risk, the Bank uses the alternative standardised approach (ASA) on an individual basis. The standardised approach (TSA) is used to calculate the capital requirement for operational risk on a consolidated basis for the rest of the consolidated Group.

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

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

30 Jun 2019 CZK m	Loans and receivables to banks				Loans and receivables to customers			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Performing before due date	28,443	0	0	28,443	141,781	3,075	0	144,856
Performing past due date	0	0	0	0	2,493	1,195	0	3,688
Total performing	28,443	0	0	28,443	144,274	4,270	0	148,544
Total non-performing	0	0	0	0	0	0	2,711	2,711
<b>Gross loans and receivables</b>	<b>28,443</b>	<b>0</b>	<b>0</b>	<b>28,443</b>	<b>144,274</b>	<b>4,270</b>	<b>2,711</b>	<b>151,255</b>
Individual allowances	0	0	0	0	0	0	(274)	(274)
Portfolio allowances	0	0	0	0	(1,046)	(384)	(1,262)	(2,692)
<b>Total allowances</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,046)</b>	<b>(384)</b>	<b>(1,536)</b>	<b>(2,966)</b>
<b>Net loans and receivables</b>	<b>28,443</b>	<b>0</b>	<b>0</b>	<b>28,443</b>	<b>143,228</b>	<b>3,886</b>	<b>1,175</b>	<b>148,289</b>

31 Dec 2018 CZK m	Loans and receivables to banks				Loans and receivables to customers			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Performing before due date	33,436	0	0	33,436	132,998	2,305	0	135,303
Performing past due date	0	0	0	0	3,626	1,190	0	4,816
Total performing	33,436	0	0	33,436	136,624	3,495	0	140,119
Total non-performing	0	0	0	0	0	0	4,104	4,104
<b>Gross loans and receivables</b>	<b>33,436</b>	<b>0</b>	<b>0</b>	<b>33,436</b>	<b>136,624</b>	<b>3,495</b>	<b>4,104</b>	<b>144,223</b>
Individual allowances	0	0	0	0	0	0	(325)	(325)
Portfolio allowances	0	0	0	0	(1,035)	(345)	(2,395)	(3,775)
<b>Total allowances</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,035)</b>	<b>(345)</b>	<b>(2,720)</b>	<b>(4,100)</b>
<b>Net loans and receivables</b>	<b>33,436</b>	<b>0</b>	<b>0</b>	<b>33,436</b>	<b>135,589</b>	<b>3,150</b>	<b>1,384</b>	<b>140,123</b>



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

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

CZK m	Quarter ended 30 Jun 2019				Half-year ended 30 Jun 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Balance at beginning of period</b>	<b>764</b>	<b>240</b>	<b>1,063</b>	<b>2,067</b>	<b>792</b>	<b>253</b>	<b>1,947</b>	<b>2,992</b>
Purchases and originations	84	1	4	89	154	3	11	168
Derecognition and maturities	(50)	(2)	(61)	(113)	(95)	(11)	(242)	(348)
Transfer to (out) Stage 1	32	(17)	(15)	0	114	(76)	(38)	0
Transfer to (out) Stage 2	(15)	24	(9)	0	(46)	91	(45)	0
Transfer to (out) Stage 3	(20)	(15)	35	0	(47)	(91)	138	0
Remeasurements, changes in models and methods	(9)	31	98	120	(86)	93	182	189
Use of allowances (write offs)	0	0	(185)	(185)	0	0	(1,023)	(1,023)
Foreign exchange adjustments	0	0	0	0	0	0	0	0
<b>Balance at end of period</b>	<b>786</b>	<b>262</b>	<b>930</b>	<b>1,978</b>	<b>786</b>	<b>262</b>	<b>930</b>	<b>1,978</b>

CZK m	Quarter ended 30 Jun 2018				Half-year ended 30 Jun 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Balance at beginning of period</b>	<b>740</b>	<b>296</b>	<b>2,231</b>	<b>3,267</b>	<b>708</b>	<b>305</b>	<b>2,493</b>	<b>3,506</b>
Purchases and originations	73	2	6	81	135	5	8	148
Derecognition and maturities	(39)	(9)	(87)	(135)	(77)	(18)	(179)	(274)
Transfer to (out) Stage 1	81	(71)	(10)	0	191	(167)	(24)	0
Transfer to (out) Stage 2	16	(15)	(1)	0	(2)	25	(23)	0
Transfer to (out) Stage 3	(14)	(76)	90	0	(22)	(175)	197	0
Remeasurements, changes in models and methods	(73)	142	57	126	(149)	294	136	281
Use of allowances (write offs)	0	0	(455)	(455)	0	0	(777)	(777)
Foreign exchange adjustments	0	0	0	0	0	0	0	0
<b>Balance at end of period</b>	<b>784</b>	<b>269</b>	<b>1,831</b>	<b>2,884</b>	<b>784</b>	<b>269</b>	<b>1,831</b>	<b>2,884</b>

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

CZK m	<u>Quarter ended 30 Jun 2019</u>				<u>Half-year ended 30 Jun 2019</u>			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Balance at beginning of period</b>	<b>255</b>	<b>112</b>	<b>682</b>	<b>1,049</b>	<b>243</b>	<b>92</b>	<b>773</b>	<b>1,108</b>
Purchases and originations	58	1	5	64	97	2	7	106
Derecognition and maturities	(9)	0	(36)	(45)	(15)	(2)	(43)	(60)
Transfer to (out) Stage 1	4	1	(5)	0	41	(23)	(18)	0
Transfer to (out) Stage 2	(3)	5	(2)	0	(9)	21	(12)	0
Transfer to (out) Stage 3	(2)	(21)	23	0	(5)	(34)	39	0
Remeasurements, changes in models and methods	(43)	24	65	46	(92)	66	131	105
Use of allowances (write offs)	0	0	(125)	(125)	0	0	(270)	(270)
Foreign exchange adjustments	0	0	(1)	(1)	0	0	(1)	(1)
<b>Balance at end of period</b>	<b>260</b>	<b>122</b>	<b>606</b>	<b>988</b>	<b>260</b>	<b>122</b>	<b>606</b>	<b>988</b>

CZK m	<u>Quarter ended 30 Jun 2018</u>				<u>Half-year ended 30 Jun 2018</u>			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Balance at beginning of period</b>	<b>221</b>	<b>75</b>	<b>908</b>	<b>1,204</b>	<b>180</b>	<b>76</b>	<b>976</b>	<b>1,232</b>
Purchases and originations	50	1	15	66	83	2	16	101
Derecognition and maturities	(6)	(4)	(23)	(33)	(11)	(8)	(37)	(56)
Transfer to (out) Stage 1	25	(19)	(6)	0	62	(50)	(12)	0
Transfer to (out) Stage 2	4	(4)	0	0	5	5	(10)	0
Transfer to (out) Stage 3	3	(15)	12	0	3	(27)	24	0
Remeasurements, changes in models and methods	(9)	51	33	75	(34)	87	36	89
Use of allowances (write offs)	0	0	(31)	(31)	0	0	(85)	(85)
Foreign exchange adjustments	0	0	1	1	0	0	1	1
<b>Balance at end of period</b>	<b>288</b>	<b>85</b>	<b>909</b>	<b>1,282</b>	<b>288</b>	<b>85</b>	<b>909</b>	<b>1,282</b>

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

30 Jun 2019 CZK m	Stage 1	Stage 2	Stage 3	Total
<b>Retail loans</b>	<b>786</b>	<b>262</b>	<b>930</b>	<b>1,978</b>
Consumer Loans	643	170	747	1,560
Mortgages	4	3	21	28
Credit Cards & Overdrafts	104	76	89	269
Auto Loans and Finance Leases	31	12	43	86
Other	4	1	30	35
<b>Commercial loans</b>	<b>260</b>	<b>122</b>	<b>606</b>	<b>988</b>
Investment Loans	66	21	115	202
Working Capital	25	36	122	183
Auto & Equipment Loans and Finance Leases	79	36	257	372
Unsecured Instalment Loans and Overdraft	88	28	63	179
Inventory Financing and Other	2	1	49	52
<b>TOTAL allowances to Lending portfolio</b>	<b>1,046</b>	<b>384</b>	<b>1,536</b>	<b>2,966</b>
Debt instruments measured at amortised costs	3	0	0	3
<b>TOTAL allowances Financial Assets</b>	<b>1,049</b>	<b>384</b>	<b>1,536</b>	<b>2,969</b>
Financial guarantees	21	1	0	22
Loan commitments - Retail	23	4	0	27
Loan commitments - Commercial	13	4	0	17
<b>TOTAL liabilities to off balance sheet items</b>	<b>57</b>	<b>9</b>	<b>0</b>	<b>66</b>

31 Dec 2018 CZK m	Stage 1	Stage 2	Stage 3	Total
<b>Retail loans</b>	<b>792</b>	<b>253</b>	<b>1,947</b>	<b>2,992</b>
Consumer Loans	604	171	1,488	2,263
Mortgages	17	5	87	109
Credit Cards & Overdrafts	114	65	171	350
Auto Loans and Finance Leases	39	11	85	135
Other	18	1	116	135
<b>Commercial loans</b>	<b>243</b>	<b>92</b>	<b>773</b>	<b>1,108</b>
Investment Loans	66	22	135	223
Working Capital	23	13	155	191
Auto & Equipment Loans and Finance Leases	78	34	322	434
Unsecured Instalment Loans and Overdraft	72	22	54	148
Inventory Financing and Other	4	1	107	112
<b>TOTAL allowances to Lending portfolio</b>	<b>1,035</b>	<b>345</b>	<b>2,720</b>	<b>4,100</b>
Debt instruments measured at amortised costs	3	0	0	3
<b>TOTAL allowances Financial Assets</b>	<b>1,038</b>	<b>345</b>	<b>2,720</b>	<b>4,103</b>
Financial guarantees	3	1	0	4
Loan commitments - Retail	24	4	0	28
Loan commitments - Commercial	16	2	0	18
<b>TOTAL liabilities to off balance sheet items</b>	<b>43</b>	<b>7</b>	<b>0</b>	<b>50</b>

#### 8.17.5 Coverage of Non-Performing Loans and receivables (Stage 3)

CZK m	30 Jun 2019	31 Dec 2018
Retail	1,652	2,899
Commercial	1,059	1,205
<b>Total NPL</b>	<b>2,711</b>	<b>4,104</b>

CZK m	30 Jun 2019	31 Dec 2018
Retail	930	1,947
Commercial	606	773
<b>Total allowances to NPL</b>	<b>1,536</b>	<b>2,720</b>

%	30 Jun 2019	31 Dec 2018
Retail	119.8 %	103.2 %
Commercial	93.2 %	91.9 %
<b>Total NPL coverage</b>	<b>109.4 %</b>	<b>99.9 %</b>

%	30 Jun 2019	31 Dec 2018
Retail	2.0 %	3.7 %
Commercial	1.6 %	1.8 %
<b>NPL Ratio</b>	<b>1.8 %</b>	<b>2.8 %</b>

#### 8.17.6 Net impairment of financial assets

CZK m	Quarter ended		Half-year ended	
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
Additions and release of loan loss allowances	(175)	(206)	(187)	(342)
Additions and release of allowances/provisions to unused commitments	5	(14)	2	(12)
Use of loan loss allowances	310	486	1,293	862
Income from previously written-off receivables	52	159	155	749
Write offs of uncollectable receivables	(328)	(494)	(1,367)	(876)
Change in allowances to Investment securities	0	(3)	0	(3)
Change in allowances to operating receivables	1	(4)	1	(7)
Collection expense	(12)	(54)	(30)	(220)
<b>Net impairment of financial assets</b>	<b>(147)</b>	<b>(130)</b>	<b>(133)</b>	<b>151</b>

Net impairment of financial assets for the six months ended 30 June 2019 was significantly influenced by sales of NPLs resulting in the gain recognized in this line in the amount of CZK 294 million (six months ended 30 June 2018: gain CZK 648 million).

8.17.7 Maximum credit risk exposures

30 Jun 2019 CZK m	Statement of financial position	Off- balance sheet	Total credit risk exposure	Available collateral*
<b>Cash and balances with the central bank</b>	<b>7,334</b>	<b>0</b>	<b>7,334</b>	<b>0</b>
<b>Derivative financial instruments</b>	<b>19</b>	<b>0</b>	<b>19</b>	<b>0</b>
<b>Investment securities measured at FVTPL</b>	<b>76</b>	<b>0</b>	<b>76</b>	<b>0</b>
<i>Equity investments</i>	76	0	76	0
<b>Investment securities measured at FVTOCI</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>
<i>Equity investments</i>	1	0	1	0
<b>Investment securities measured at amortized cost</b>	<b>21,757</b>	<b>0</b>	<b>21,757</b>	<b>0</b>
<i>Treasury and corporate bonds</i>	21,757	0	21,757	0
<b>Hedging derivatives with positive fair values</b>	<b>36</b>	<b>0</b>	<b>36</b>	<b>0</b>
<i>Interest rate swaps</i>	36	0	36	0
<b>Change in fair value of items hedged on portfolio basis</b>	<b>88</b>	<b>0</b>	<b>88</b>	<b>0</b>
<b>Loans and receivables to banks</b>	<b>28,443</b>	<b>0</b>	<b>28,443</b>	<b>26,664</b>
<i>Current accounts at banks</i>	677	0	677	0
<i>Overnight deposits</i>	225	0	225	0
<i>Term deposits in banks payable within 3 months</i>	0	0	0	0
<i>Receivables arising from reverse repurchase agreements</i>	27,211	0	27,211	26,664**
<i>Cash collaterals granted</i>	327	0	327	0
<i>Other</i>	3	0	3	0
<b>Loans and receivables to customers</b>	<b>148,289</b>	<b>24,450</b>	<b>172,739</b>	<b>69,144</b>
<i>Consumer authorized overdrafts and credit cards</i>	3,140	4,894	8,034	0
<i>Consumer loans</i>	39,017	1,516	40,533	0
<i>Mortgages</i>	37,349	7,016	44,365	36,262
<i>Commercial loans</i>	52,855	10,946	63,801	26,485
<i>Auto &amp; Equipment Finance Lease</i>	3,341	0	3,341	2,708
<i>Commercial</i>	3,341	0	3,341	2,708
<i>Retail</i>	0	0	0	0
<i>Auto &amp; Equipment Loans</i>	12,587	78	12,665	3,689
<i>Commercial</i>	9,931	78	10,009	3,689
<i>Retail</i>	2,656	0	2,656	0
<i>Other loans</i>	0	0	0	0
<i>Commercial</i>	0	0	0	0
<i>Retail</i>	0	0	0	0
<b>Issued guarantees and credit limits on guarantees</b>	<b>0</b>	<b>1,459</b>	<b>1,459</b>	<b>268</b>
<b>Issued letter of credit</b>	<b>0</b>	<b>5</b>	<b>5</b>	<b>0</b>
<b>Other assets</b>	<b>5,908</b>	<b>0</b>	<b>5,908</b>	<b>0</b>

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

\*\* Thereof securities obtained in repurchase agreements as collateral in the amount of CZK 8,064 million were transferred as collateral according to repo from reverse repurchase agreements as at 30 June 2019 (31 Dec 2018: CZK 19,598 million).

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31 Dec 2018	Statement of financial position	Off-balance sheet	Total credit risk exposure	Available collateral*
CZK m				
<b>Cash and balances with the central bank</b>	<b>8,139</b>	<b>0</b>	<b>8,139</b>	<b>0</b>
<b>Derivative financial instruments</b>	<b>28</b>	<b>0</b>	<b>28</b>	<b>19</b>
<b>Investment securities measured at FVTPL</b>	<b>58</b>	<b>0</b>	<b>58</b>	<b>0</b>
<i>Equity investments</i>	58	0	58	0
<b>Investment securities measured at FVTOCI</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>
<i>Equity investments</i>	1	0	1	0
<b>Investment securities measured at amortized cost</b>	<b>20,721</b>	<b>0</b>	<b>20,721</b>	<b>0</b>
<i>Treasury and corporate bonds</i>	20,721	0	20,721	0
<b>Hedging derivatives with positive fair values</b>	<b>53</b>	<b>0</b>	<b>53</b>	<b>0</b>
<i>Interest rate swaps</i>	53	0	53	0
<b>Change in fair value of items hedged on portfolio basis</b>	<b>30</b>	<b>0</b>	<b>30</b>	<b>0</b>
<b>Loans and receivables to banks</b>	<b>33,436</b>	<b>0</b>	<b>33,436</b>	<b>32,583</b>
<i>Current accounts at banks</i>	48	0	48	0
<i>Overnight deposits</i>	0	0	0	0
<i>Term deposits in banks payable within 3 months</i>	0	0	0	0
<i>Receivables arising from reverse repurchase agreements</i>	33,241	0	33,241	32,583**
<i>Cash collaterals granted</i>	130	0	130	0
<i>Other</i>	17	0	17	0
<b>Loans and receivables to customers</b>	<b>140,123</b>	<b>23,419</b>	<b>163,542</b>	<b>65,649</b>
<i>Consumer authorized overdrafts and credit cards</i>	3,473	4,796	8,269	0
<i>Consumer loans</i>	36,885	1,318	38,203	0
<i>Mortgages</i>	31,506	7,305	38,811	30,967
<i>Commercial loans</i>	51,782	9,919	61,701	27,342
<i>Auto &amp; Equipment Finance Lease</i>	3,878	0	3,878	3,346
<i>Commercial</i>	3,878	0	3,878	3,346
<i>Retail</i>	0	0	0	0
<i>Auto &amp; Equipment Loans</i>	12,599	81	12,680	3,994
<i>Commercial</i>	9,757	81	9,838	3,994
<i>Retail</i>	2,842	0	2,842	0
<i>Other loans</i>	0	0	0	0
<i>Commercial</i>	0	0	0	0
<i>Retail</i>	0	0	0	0
<b>Issued guarantees and credit limits on guarantees</b>	<b>0</b>	<b>1,677</b>	<b>1,677</b>	<b>275</b>
<b>Issued letter of credit</b>	<b>0</b>	<b>37</b>	<b>37</b>	<b>1</b>
<b>Other assets</b>	<b>4,342</b>	<b>0</b>	<b>4,342</b>	<b>0</b>

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

\*\* Thereof securities obtained in reverse repurchase agreements as collateral in the amount of CZK 19,598 million were transferred as collateral according to repo from reverse repurchase agreements as at 31 December 2018.

## 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	30 Jun 2019		31 Dec 2018	
	Carrying value	Fair value	Carrying value	Fair value
<b>FINANCIAL ASSETS</b>				
Cash and balances with the central bank	7,334	7,334	8,139	8,139
Investment securities at amortised cost*	21,757	21,852	20,721	19,957
Loans and receivables to banks	28,443	28,443	33,436	33,436
Loans and receivables to customers	148,289	148,707	140,123	140,794
<b>FINANCIAL LIABILITIES</b>				
Due to banks	8,353	8,357	10,716	10,712
Due to customers	175,186	175,186	168,792	168,792

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

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

CZK m	30 Jun 2019			31 Dec 2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>FINANCIAL ASSETS</b>						
Derivative financial instruments	0	19	0	0	28	0
Investment securities measured at FVTPL	0	0	76	0	0	58
Investment securities measured at FVTOCI	0	0	1	0	0	1
Hedging derivatives with positive fair values	0	36	0	0	53	0
Change in fair value of items hedged on portfolio basis	0	0	88	0	0	30
<b>FINANCIAL LIABILITIES</b>						
Derivative financial instruments	0	99	0	0	44	0
Hedging derivatives with negative fair values	0	292	0	0	167	0

There were no transfers between level 1 and 2 during the period of the six months ended 30 June 2019 and the year ended 31 December 2018.

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

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

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

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

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Movement analysis of level 3 financial assets and liabilities

CZK m	As at 1 Jan 2019	Sales	Additions	Total gains and losses in the period recognised in the profit or loss	Total gains and losses in the period recognised in OCI	As at 30 Jun 2019
Investment securities at FVTOCI	1	0	0	0	0	1
Investment securities at FVTPL	58	0	0	18	0	76
<b>Total</b>	<b>59</b>	<b>0</b>	<b>0</b>	<b>18</b>	<b>0</b>	<b>77</b>

CZK m	As at 1 Jan 2018	Sales	Additions	Total gains and losses in the period recognised in the profit and loss	Total gains and losses in the period recognised in OCI	As at 31 Dec 2018
Investment securities at FVTOCI	1	0	0	0	0	1
Investment securities at FVTPL	47	0	0	11	0	58
<b>Total</b>	<b>48</b>	<b>0</b>	<b>0</b>	<b>11</b>	<b>0</b>	<b>59</b>



## 8.19 Subsequent events

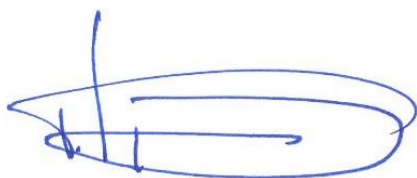
There have been no subsequent events arising after 30 June 2019 that would have material impact on this consolidated financial report.

## 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 six months of 2019, and outlook for the development of Group's financial situation, business activities and results.

Prague, 31 July 2019

Signed on behalf of the Management Board:



Tomáš Spurný  
CEO and Chairman of the Management Board



Jan Friček  
CFO and Member of the Management Board

## 10 Glossary

<b>Annualised</b>	Adjusted so as to reflect the relevant rate on the full year basis
<b>ARAD</b>	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.
<b>Average balance of due to banks and due to customers</b>	Two-point average of the beginning and ending balances of Due to banks and Due to customers for the period
<b>Average balance of net interest earning assets</b>	Two-point average of the beginning and ending balances of Net Interest Earning Assets for the period
<b>Average balance of net loans to customers</b>	Two-point average of the beginning and ending balances of Loans and receivables to customers for the period
<b>Bank</b>	MONETA Money Bank, a.s.
<b>Bps</b>	Basis points
<b>Capital Adequacy Ratio or CAR or Total Capital Adequacy Ratio</b>	Regulatory capital expressed as a percentage of RWA
<b>CAGR</b>	Compound Annual Growth Rate
<b>CEO</b>	Chief Executive Officer
<b>CET1 Capital Ratio or CET1 ratio</b>	CET1 Capital as a percentage of RWA (calculated pursuant to CRR)
<b>CET1 of CET1 Capital</b>	Common equity tier 1 capital represents regulatory capital which mainly consists of capital instruments and other items provided in the Article 26 of CRR, such as paid-up registered share capital, share premium, retained profits, disclosed reserves and reserves for general banking risks, which must be netted off against accumulated losses, certain deferred tax assets, certain intangible assets and shares held by the Bank itself (calculated pursuant to CRR).
<b>CNB</b>	Czech National Bank
<b>CoR or Cost of Risk (% Avg Net Customer Loans)</b>	Net impairment of loans and receivables for the period divided by average balance of net loans to customers. MONETA uses the cost of risk measure because it describes the development of the credit risk in relative terms to its average loan portfolio balance.
<b>Core CoR or Core Cost of Risk (% Avg Net Customer Loans)</b>	Net impairment of financial assets for the period divided by average balance of net loans to customers excluding gain from monetisation of NPLs. MONETA uses the Core Cost of Risk measure because the reported CoR is impacted by non-recurring gains from monetisation of NPLs.
<b>Core customer deposits</b>	Due to customers excluding repo operations. MONETA uses this measure to show customer deposits without repo operations.
<b>Core NPL Coverage</b>	Ratio (expressed as a percentage) of Loss allowances for NPL to total NPL receivables. MONETA uses the core NPL coverage measure because it shows the degree to which its Stage 3 loan portfolio is covered by loss allowances for losses created for the Stage 3 loans.
<b>Cost of Funds (% Avg Deposits)</b>	Interest expense and similar charges for the period divided by Average balance of due to banks and due to customers. MONETA uses the cost of funds measure because it represents a relative measure of MONETA's cost of funding to its overall funding base comprised primarily of customer deposits.
<b>Cost of Funds on Core Customer Deposits (% Avg Deposits)</b>	Interest expense and similar charges on customer deposits for the period divided by average balance customer deposits, excl. repo operations
<b>Cost to Income Ratio</b>	Ratio (expressed as a percentage) of total operating expenses for the period to total operating income for the period. MONETA uses the cost to income ratio measure because it reflects the cost efficiency in relative terms to generated revenues.
<b>Credit Valuation Adjustment or CVA</b>	The difference between the risk-free portfolio value and the fair value of the portfolio that takes into account the possibility of a counterparty's default (calculated in accordance with CRR).

<b>CRR</b>	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.
<b>CSA</b>	Credit Support Annex, a legal document which regulates credit support (collateral) for derivative transactions.
<b>CTI</b>	Czech Trade Inspection Authority
<b>Customer deposits</b>	Due to customers
<b>CZK</b>	Czech Koruna
<b>Excess capital</b>	Capital exceeding the management target CAR capital ratio of 15.5%. MONETA uses the excess capital measure because it describes the MONETA's capital in excess of capital held to maintain its target CAR and thus represents the amount of capital which could potentially be used for growth, both organic and inorganic, or paid out to its shareholders.
<b>FTE</b>	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.
<b>FVTOCI</b>	Financial assets measured at Fair Value Through Other Comprehensive Income
<b>FVTPL</b>	Financial assets measured at Fair Value Through Profit or Loss
<b>GDP</b>	Gross Domestic Product
<b>Gross performing loans</b>	Performing Loans and Receivables to customers as determined in accordance with the Bank's loan receivables categorization rules (Standard, Watch)
<b>Group</b>	Bank and its consolidated subsidiaries
<b>HTC</b>	Held To Collect
<b>HTCS</b>	Held To Collect and Sell
<b>IFRS</b>	International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board, the International Accounting Standards (IASs) adopted by the International Accounting Standards Board, the Standing Interpretation Committee abstracts (SICs) and the International Financial Reporting Interpretation Committee abstracts (IFRICs) as adopted or issued by the International Financial Reporting Interpretation Committee, in each case, as codified in the Commission Regulation (EC) No. 1126/2008 of 3 November 2008 adopting certain international accounting standards in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council, as amended, or otherwise endorsed for use in the European Union.
<b>Investment securities</b>	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)
<b>k</b>	thousands
<b>Liquid Assets</b>	Liquid assets comprise of cash and balances with central banks, investment securities and receivables to banks.
<b>Liquidity Coverage Ratio or LCR</b>	Liquidity Coverage Ratio measures the ratio (expressed as a percentage) of a Group's buffer of high quality liquid assets to its projected net liquidity outflows over a 30-day stress period, as calculated in accordance with CRR and EU Regulation 2015/61
<b>Loan to Deposit Ratio or L/D Ratio</b>	Loan to deposit ratio calculated as net loans and receivables to customers divided by customer deposits. MONETA uses the loan to deposit ratio measure because this metric is used by the Management of MONETA to assess its liquidity level.
<b>m</b>	Millions
<b>MONETA Auto</b>	MONETA Auto, s.r.o.
<b>MONETA Leasing</b>	MONETA Leasing, s.r.o.
<b>Net Customer Loans</b>	Net loans and receivables to customers
<b>Net Income or Profit after Tax or Net profit</b>	Profit for the period after tax, on consolidated basis unless this report states otherwise.
<b>Net Interest Earning Assets</b>	Cash and balances with the central bank, investment securities loans and receivables to banks, loans and receivables to customers
<b>Net Non-Interest Income</b>	Total operating income less Net interest income for the period. MONETA uses the net non-interest income measure because this is an important metric for assessing and control of the diversity of revenue streams.
<b>New Volume / New Production</b>	Aggregate of loan principal disbursed in the period for non-revolving loans

<b>NIM or Net Interest Margin (% Avg Int Earning Assets)</b>	Net interest income divided by Average balance of net interest earning assets. MONETA uses the net interest margin measure because this metric represents the primary measure of profitability showing margin between interest earned on interest earning assets (mainly loans to customers) and paid on interest bearing liabilities (mainly customer deposits) in relative terms to the average balance of interest earning assets.
<b>No.</b>	Number
<b>NPL Coverage or Total NPL Coverage</b>	Ratio (expressed as a percentage) of Loss allowances for loans and advances to customers to NPL receivables. MONETA uses the NPL coverage measure because it shows the degree to which its Stage 3 loan portfolio is covered by total loss allowances created for credit losses.
<b>NPL Ratio or Non-Performing Loans Ratio</b>	Ratio (expressed as a percentage) of total gross receivables categorized as non-performing to total gross receivables. MONETA uses the NPL ratio measure because it's the key indicator of portfolio quality and allows comparison to the market and peers.
<b>NPL/Non-Performing Loans</b>	Non-performing loans as determined in accordance with the Bank's loan receivables categorization rules (Substandard, Doubtful, Loss) and pursuant to CNB Decree 163/2014 Coll., Stage 3 according to IFRS 9.
<b>OCI</b>	Other Comprehensive Income
<b>Online / Fully online volume / sales / origination / production</b>	Online volume/sale represents volume from leads initiated through digital channels and disbursed either through digital channels or branches; fully online volume /sales = volume from leads both initiated and disbursed in digital channels; online initiated = volume from leads initiated in digital channels but disbursed at branch. MONETA uses the online sales/origination/production/volume because it reflects the production of MONETA's digital/online distribution channels.
<b>Q</b>	Quarter
<b>Regulatory Capital</b>	CET1 (calculated pursuant to CRR) as MONETA, as at the date hereof, has not issued any Additional Tier 1 Capital or Tier 2 Capital instruments or items.
<b>Return on Equity or RoE</b>	Return on equity calculated as annualized profit after tax for the period divided by total equity
<b>Return on Tangible Equity or RoTE or RoTE</b>	Consolidated profit after tax divided by tangible equity. MONETA uses the RoTE measure because it is one of the key performance indicators used to assess MONETA's rentability of tangible capital.
<b>Risk Adjusted Operating Income</b>	Calculated as total operating income less Net impairment of financial assets
<b>Risk Adjusted Yield (% Avg Net Customer Loans)</b>	Interest and similar income from loans to customers less net impairment of financial assets divided by average balance of net loans to customers.
<b>Risk-Weighted Assets or RWA or risk exposure</b>	Risk weighted assets (calculated pursuant to CRR)
<b>RoAA or Return on Average Assets</b>	Return on average assets calculated as profit after tax for the year divided by Average balance of total assets. Average balance of total assets is calculated as two point average from total assets as at the end of current year and prior year (31 December). MONETA uses the RoAA measure because it is one of the key performance indicators used to assess MONETA's rentability of assets.
<b>RWA density</b>	Ratio of RWA to the Leverage Exposure (consisting of On&Off-balance sheet Gross Loans and receivables and counterparty credit risk)
<b>Small Business</b>	Entrepreneurs and small companies with an annual turnover of up to CZK 60 million
<b>Small business (new) production</b>	New Volume of unsecured instalment loans and receivables to customers
<b>SME</b>	An enterprise with an annual turnover of up to CZK 200 million
<b>Tangible Equity</b>	Calculated as total equity less intangible assets and goodwill
<b>Tier 1 Capital</b>	The aggregate of CET1 Capital and Additional Tier 1 capital
<b>Tier 1 Capital Ratio</b>	Tier 1 capital as a percentage of RWA
<b>Tier 2 Capital</b>	Regulatory capital which consists of capital instruments, subordinated loans and other items (including certain unsecured subordinated debt obligations with payment restrictions) provided in Article 62 of CRR.
<b>Trading book</b>	Trading book according to the Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012, as amended (article 4, para 86).

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Consolidated financial report  
as of and for the six months ended 30 June 2019  
(All amounts in CZK millions unless otherwise stated)

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<b>Yield on net customer loans (% Avg Net Customer Loans)</b>	Interest and similar income from loans to customer divided by Average balance of net loans to customers. MONETA uses the yield on net customer loans measure because it represents interest generated on the loan portfolio in relative terms to its average balance and is one of the key performance indicators of its lending activities.
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