MONETA Money Bank, a.s.

Consolidated financial report for the first quarter ended 31 March 2016

1 Content

2 Recent developments

2.1 Summary of results for the three months ended 31 March 2016

Underlying financial performance of MONETA Money Bank, a.s. (the "Company") and its subsidiaries (together the "Group") during the three months ended 31 March 2016 continued to develop broadly in line with, both management's expectations for the period and historical trends.

The Group's overall portfolio of net customer loans stood at CZK 107.7 billion as at 31 March 2016 and was relatively flat compared to CZK 108.4 billion as at 31 December 2015 though there were specific trends within key product segments.

While net retail loans stood at CZK 53.5 billion as at 31 March 2016 and were relatively flat compared to CZK 53.7 billion as at 31 December 2015, there was a strong increase in consumer loan volumes, which was driven by the Group's ongoing re-pricing strategy, where product yields have been reduced and brought more in line with competitor levels. The increase in consumer loan receivables more than offsets a decrease in outstanding credit card balances. While mortgage balances declined between 31 December 2015 and 31 March 2016, the Group registered increased applications for its mortgage loans and its pipeline of demand is expected to reverse the trend over time.

Net commercial loans of CZK 54.2 billion as at 31 March 2016 decreased 0.9% from CZK 54.7 billion as at 31 December 2015. As seen in previous years, the first quarter of the year exhibits seasonality as overall commercial loan growth tends to be lower than in other quarters, with lower working capital drawdowns (particularly in the agriculture sector due to the disbursement of subsidies). Additionally, we have observed lower volumes in auto and equipment loans and leases due to attrition in the MONETA Leasing ("ML") sales force which has been partially mitigated through recent recruitment and by offering the leasing product through the bank's SME sales force. During the upcoming months of 2016, the Group will further integrate the leasing product into its SME banking systems and train relationship managers to offer leasing products to the Group's wider SME customer base. In parallel, efforts continue to fill remaining vacancies within ML.

The Group's customer deposits continued to grow in both the retail and commercial segments and stood at CZK 111.0 billion as at 31 March 2016, increasing 2.1% compared with CZK 108.7 billion as at 31 December 2015. Across both segments, balance increases came primarily from current accounts, preserving the cost of funding at a stable level. These developments are in line with trends observed throughout 2015 and support the Group's medium term loan to deposit ratio target of less than 100%. The quarterly growth in deposit taking reinforced the already strong self-funding capacity of the Group and further strengthened its solid liquidity position.

The Group's net interest margin declined to 6.3% for the three months ended 31 March 2016 from 6.7% for the year ended 31 December 2015. The decline was caused mainly by the following factors: (i) continued consolidation of credit card balances; (ii) the recently introduced re-pricing policy for consumer loans; and (iii) the impact of lower margins originated by the leasing franchise during 2015. Overall, net interest margin is in line with management expectations.

Net fee and commission income of CZK 490 million for the three months ended 31 March 2016 decreased from CZK 572 million for the three months ended 31 March 2015, and is consistent with the underlying trends observed in the last three years as well as with management expectations, with a continued decline of servicing fees on current accounts and consumer lending products. Figures for the three months ended 31 March 2016 were additionally adversely impacted by the introduction of lower interchange fees in December 2015.

Total underlying operating costs are in line with management expectations.

Net impairment of loans and receivables of CZK 237 million for the three months ended 31 March 2016 increased from CZK 167 million for the three months ended 31 March 2015 and were in line with the trend observed in 2015 and were influenced by a continued low rate of NPL formation and by a number of non-recurring events. Similar to the first quarter of 2015, market conditions were favourable and CZK 1.1 billion of gross receivables from the NPL portfolio were sold. This had a positive impact on the cost of risk, which was more than offset by an increase of provisions due to updated reserving estimates for certain loans. Adjusting for non-recurring events, the risk performance of the Group in the first quarter of 2016 was similar to the average for 2015. Total cost of risk for the whole of 2016 is expected to reach approximately 1% assuming no unexpected deterioration in the overall portfolio quality and no major single commercial defaults.

In line with its strategy, the Group's NPL ratio of 8.4% as at 31 March 2016 decreased significantly from 11.7% as at 31 December 2015 (already allowing the Group to achieve its stated target of a 25% reduction in NPL ratio by the end of 2016). Positive contributions were CZK 4.3 billion through NPL sales and NPL write-offs. The overall NPL coverage ratio (including total loan allowances) stayed at a comparatively high level of 82% at 31 March 2016 versus 84% at 31 December 2015.

Profit after tax attributable to equity holders was thus CZK 1,079 million.

The annualised return on equity equalled 14.9%. The annualised return on tangible equity was 15.2%.

As at 31 March 2016, the consolidated common equity Tier 1 ratio was 17.9%, up by 20 basis points compared to its level on 31 December 2015.

The net book value per share reached CZK 56.5 million at 31 March 2016, prior to change in the number of shares as described in section below.

2.2 Post balance sheet events

Offering to institutional investors and listing

Following the strategy announced by General Electric Company in April 2015 to sell most of its financial services businesses and focus on its industrial businesses, the sole shareholder of the Company, GE Capital International Holdings Limited offered 51% of the common shares of the Company (the "Offering") to institutional investors and the Company applied for the admission of all common shares to trading on the Prime Market of Prague Stock Exchange (the "Listing").

The Offering was completed and settled on 10 May 2016. The conditional trading in the shares commenced on 6 May 2016 and the official trading in shares commenced on 10 May 2016.

In addition, the Offering incorporates an over-allotment option exercisable within 30 days starting on the first day of conditional trading in the shares of up to 7.65% of the shares to cover over-allotments or short positions incurred in connection with the Offering, if any.

On 10 May 2016, GE Capital International Holdings Limited has lent to the stabilisation agent of the Offering 7.65% of the shares (including all rights attached thereto) in order to cover a possible over-allotment. GE Capital International Holdings Limited retained as at date of this report at least a 41.35% shareholding in the Company.

Pre-Listing Dividend

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

Rebranding

As part of the overall separation from GE Capital, the Company ceased using the GE corporate brand. On 1 May 2016 the Company was officially renamed as MONETA Money Bank, a.s.. The Company is planning to undertake an extensive rebranding exercise to launch its new corporate identity through a nationwide brand campaign.

Change in registered share capital

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

Company's New Supervisory Board

In connection with the Offering and the Listing, the previous members of the Supervisory Board resigned from their positions and the following new members were elected on 21 April 2016. Each of the members of the Supervisory Board set out below is subject to a standard vetting process carried out by the Czech National Bank which has not been fully completed on the date hereof.

Name	Position	Independent	Committee Membership	Appointed	Current end period
Christopher Chambers	Chairman	Yes	Audit, Nomination and Remuneration	21.04.2016	21.04.2020
Richard Laxer	Vice-Chairman	No	Nomination and Remuneration	21.04.2016	21.04.2020
Michal Petrman	Member	Yes	Audit and Group Transition	21.04.2016	21.04.2020
Ronald Clarke	Member	Yes	Nomination and Remuneration	21.04.2016	21.04.2020
Denis Hall	Member	No	Audit and Group Transition	21.04.2016	21.04.2020

3 Basic details of MONETA Money Bank, a.s.

BASIC DETAILS OF MONETA MONEY BANK, A.S., BEING THE PARENT COMPANY WITHIN THE MONETA COMPANIES AS AT 31 MARCH 2016.

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

Branches and employees:

Number of branch offices as at 31 March 2016 and 31 December 2015: 229

Number of employees (average full time equivalents during the period) as at 31 March 2016: 3,050, decrease of 1.5% from 31 December 2015

Business activities:

The MONETA Money Bank Group ("Group") operates in the Czech Republic and focuses primarily on secured and unsecured consumer lending and commercial financing.

Ownership structure:

As at 31 March 2016, the Company was fully owned by GE Capital International Holdings Limited, part of General Electric Co (US) ("GE").

GE Capital International Holdings Limited retained as at the date of this report at least a 41.35% share (51% of the shares were sold as a result of the Offering and 7.65% of the shares were lent to stabilization agent in connection with the Offering). The latest available list of shareholders with over 3% of the shares is available in the investor section of the Company website investors.gemoney.cz/shareholder-structure .

Group's Management Board

The composition of the Group's Management Board has not changed since 31 December 2015, except Philip Holemans who was appointed as Vice Chairman of the Management Board.

Name	Position held from
Tomáš Spurný, Chairman of the Management Board	01.10.2015
Philip Holemans, Vice Chairman of the Management Board	21 04. 2016
Jan Novotný, Member of the Management Board	16. 12. 2013
Carl Normann Vökt, Member of the Management Board	25. 01. 2013

4 Interim financial report for the three months ended 31 March 2016

4.1 Condensed consolidated statement of comprehensive income for the period ended 31 March 2016

	Quarter ended	
CZK m	31.3.2016	31.3.2015
Interest and similar income	2,224	2,414
Interest expense and similar charges	(48)	(57)
Net interest income	2,176	2,357
Fee and commission income	561	656
Fee and commission expense	(71)	(84)
Net fee and commission income	490	572
Net income from financial operations	74	92
Other operating income	33	33
Total operating income	2,773	3,054
Personnel expenses	(517)	(515)
Other administrative expenses	(392)	(572)
Depreciation and amortisation	(81)	(122)
Other operating expenses	(192)	(182)
Total operating expenses	(1,182)	(1,391)
Profit for the period before tax and net impairment of loans and receivables	1,591	1,663
Net impairment of loans and receivables	(237)	(167)
Profit for the period before tax	1,354	1,496
Taxes on income	(275)	(313)
Profit for the period after tax	1,079	1,183
Items that are or might be reclassified to profit or loss		
- Change in fair value of AFS investments recognised in OCI	(54)	40
- Change in fair value of AFS investments recognised in P&L	-	(13)
- Deferred tax	10	(5)
Other comprehensive income, net of tax	(44)	21
Total comprehensive income attributable to the equity holders	1,035	1,204
Earnings per share		
Profit for the period after tax attributable to the equity holders	1,079	1,183
Weighted average of ordinary shares (units)	511	510
Basic/Diluted earnings per share (CZK million)	2.11	2.32

4.2 Condensed consolidated statement of financial position as at 31 March 2016

CZK m	31.3.2016	31.12.2015
Assets		
Cash and balances with the central bank	19,599	15,475
Financial assets at fair value through profit or loss	2	7
Financial assets available for sale	13,195	13,255
Loans and receivables to banks	429	139
Loans and receivables to customers	107,700	108,437
Intangible assets	458	429
Property and equipment	466	485
Non-current assets held for sale	0	22
Goodwill	104	104
Investments in associates	2	2
Current tax assets	220	172
Deferred tax assets	874	944
Other assets	541	566
TOTAL ASSETS	143,590	140,037
Liabilities		
Deposits from banks	166	289
Due to customers	111,040	108,698
Financial liabilities at fair value through profit or loss	15	8
Provisions	501	543
Current tax liabilities	5	1
Deferred tax liabilities	223	220
Other liabilities	2,766	2,439
Total liabilities	114,716	112,198
Equity		
Share capital	511	511
Share premium	5,028	5,028
Legal and statutory reserve	167	167
Available for sale reserve	438	482
Share based payment reserve	(2)	(2)
Retained earnings	22,732	21,653
Total equity	28,874	27,839
TOTAL LIABILITIES AND EQUITY	143,590	140,037

4.3 Condensed consolidated statement of changes in equity for the period ended 31 March 2016

CZK m	Share capital	Share premium	Legal and statutory reserve	AFS reserve	Share based payment reserve	Retained earnings	Total
Balance 1.1.2015	510	4,702	158	359	(2)	36,856	42,583
Total comprehensive income							
Profit for the period after tax						1,183	1,183
Other comprehensive income after tax							
Change in fair value of AFS assets							
- Change in fair value of AFS investments recognised in OCI				40			40
- Change in fair value of AFS investments recognised in P&L				(13)			(13)
- Deferred tax				(5)			(5)
Balance 31.3.2015	510	4,702	158	381	(2)	38,039	43,788
Balance 1.1.2016	511	5,028	167	482	(2)	21,653	27,839
Total comprehensive income							
Profit for the period after tax						1,079	1,079
Other comprehensive income after tax							
Change in fair value of AFS assets							
- Change in fair value of AFS investments recognised in OCI				(54)			(54)
- Change in fair value of AFS investments recognised in P&L				-			-
- Deferred tax				10			10
Balance 31.3.2016	511	5,028	167	438	(2)	22,732	28,874

4.4 Condensed consolidated statement of cash flow for the period ended 31 March 2016

	Quarter ended	
CZK m	31.3.2016	31.3.2015
Cash and Cash equivalents at the end of the previous period	15,614	12,279
Profit after tax	1,079	1,183
Depreciation and amortization	81	122
Net impairment of loans and receivables	237	167
Net gain on sale of available for sale financial assets	-	(13)
Net loss on sale of tangible and intangible assets	(7)	5
Tax expense	275	313
Financial assets at fair value through profit or loss	5	(30)
Loans and receivables to customers	500	763
Other assets	25	(86)
Deposits from banks	(123)	(69)
Deposits from customers	2,342	845
Financial liabilities at fair value through profit or loss	7	10
Other liabilities and provisions	285	231
Income taxes paid	(236)	(310)
Cash flow from operating activities	4,470	3,131
Acquisition of financial assets available for sale	(118)	(2,259)
Proceeds from financial assets available for sale	126	4,184
Acquisition of property and equipment and Intangible assets	(93)	(32)
Proceeds from the sale of property and equipment and Intangible assets	29	-
Cash flow from investing activities	(56)	1,893
Cash flow from financing activities	-	-
Cash and Cash equivalents at the end of period	20,028	17,303

5 Notes to consolidated financial statements

5.1 Basis of preparation and presentation

International Financial Reporting Standards comprise accounting standards issued or adopted by the International Accounting Standards Board ("IASB") as well as interpretations issued or adopted by the IFRS Interpretations Committee ("IFRIC"). The condensed financial statements were prepared in accordance with International Accounting Standard 34 Interim Financial Reporting.

The Group has consistently applied the accounting policies, presentation and methods of computation in these condensed financial statements as were applied in the preparation of the Group's financial statements for the year ended 31 December 2015. There were no changes in accounting policies.

Going Concern

The condensed financial statements are prepared on a going concern basis, as the Directors are satisfied that the Group have the resources to continue in business for the foreseeable future. In making this assessment, the Directors 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

The Group's condensed 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.

These interim financial statements were neither audited nor reviewed by an auditor.

5.2 Basis of consolidation

Subsidiaries are consolidated from the date when control is obtained until the date when control is lost. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

5.2.1 Consolidation group

The definition of the consolidation group as of 31 March 2016 has not changed as compared to 31 December 2015, with the exception of exclusion of AgroConsult Bohemia s.r.o., which was deregistered from the commercial register on 25 January 2016 following the completion of its liquidation. The liquidation did not have any material impact on the Group's financial statements.

The legal and commercial names of some of the companies in the group were changed on 1 May 2016 as follows:

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

5.3 Segment Reporting

The Group's operating segments are as follows: Commercial, Retail and Treasury/Other. The segments are described in more detail in the 2015 Annual Report.

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

CZK m	Commercial	Retail	Treasury/Other	Total
Quarter ended 31.3.2016				
Interest and similar income	581	1,620	23	2,224
Interest expense and similar charges	(12)	(36)	-	(48)
Net fee and commission income	131	359	-	490
Net income from financial operations	-	-	74	74
Other operating income	11	22	-	33
Total operating income	**711**	**1,965**	**97**	**2,773**
Net impairment of loans and receivables	(54)	(186)	-	(240)
Net impairment of other receivables	-	3	-	3
Risk adjusted operating income	**657**	**1,782**	**97**	**2,536**
Total operating expense				(1,182)
Profit for the period before tax				1,354
Tax on income				(275)
Profit for the period after tax				**1,079**
Total assets of the segment	57,765	57,186	28,639	143,590
Net value of loans and receivables to customers	54,189	53,511	-	107,700
Total liabilities of the segment	44,221	70,495	-	114,716

CZK m	Commercial	Retail	Treasury/Other	Total
Quarter ended 31.3.2015				
Interest and similar income	604	1,786	24	2,414
Interest expense and similar charges	(11)	(46)	-	(57)
Net fee and commission income	144	430	(2)	572
Net income from financial operations	-	-	92	92
Other operating income	6	27	-	33
Total operating income	**743**	**2,197**	**114**	**3,054**
Net impairment of loans and receivables	(34)	(136)	-	(170)
Net impairment of other receivables	-	3	-	3
Risk adjusted operating income	**709**	**2,064**	**114**	**2,887**
Total operating expense				(1,391)
Profit for the period before tax				1,496
Tax on income				(313)
Profit for the period after tax				**1,183**
Total assets of the segment	54,537	58,791	32,300	145,628
Net value of loans and receivables to customers	51,147	55,120	-	106,267
Total liabilities of the segment	36,443	65,393	-	101,836

5.4 Risk management

The aim of the Group is to achieve competitive yields at an acceptable risk level as part of its business activities. Risk management covers the control of risks associated with all business activities in the environment in which the Group operates and ensures that the risks taken are in compliance with regulatory limits.

Risk management organization, policies and practices are the same as described in Annual Report 2015.

5.4.1 Capital Management

Regulatory capital and Risk Weighted Assets:

CZK m	31.3. 2016	31.12.2015
Regulatory capital (consists entirely of Common Equity Tier I capital)	22,306	22,343
RWA: *of which*	124,464	126,565
RWA Credit Risk	107,500	109,601
RWA Operational Risk	16,964	16,964
Capital adequacy ratio	17.9%	17.7%

The framework used for capital management involves monitoring and complying with the capital adequacy limit in accordance with the Basel III rules codified in Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012, as amended.

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

5.4.2 Credit Risk

Credit risk is the risk of loss for the Group resulting from the failure of a counterparty to meet its obligations arising from the terms and conditions of the contract under which the Group became the creditor of this counterparty. The Group is exposed to credit risk in particular in the case of credits granted, non-approved debits, guarantees provided, letters of credit issued, and interbank deals.

CZK m	31.3.2016	31.12.2015
Balance		
Standard and Watch	105,923	106,192
Impaired: of which	9,668	14,023
Sub-standard	932	915
Doubtful	1,156	1,394
Loss	7,580	11,714
Total (all balances)	**115,591**	**120,215**
Allowances		
Standard and Watch	877	921
Impaired: of which	7,014	10,857
Sub-standard	322	347
Doubtful	598	686
Loss	6,095	9,824
Total (all balances)	**7,891**	**11,778**
Total NPLs	**9,668**	**14,023**
NPL Ratio	8.4%	11.7%
Total Allowances Coverage	82%	84%

5.5 Fair values of financial assets and liabilities

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:

	31.3.2016			31.12.2015		
CZK m	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
FINANCIAL ASSETS						
Financial assets at fair value through profit or loss	-	2	-	-	7	-
Financial assets available for sale	11,264	1,796	135	11,315	1,805	135
FINANCIAL LIABILITIES						
Financial liabilities at fair value through profit or loss	-	15	-	-	8	-

There were no transfers between level 1 and 2 during the first quarter of 2016 and 2015.

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

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

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

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

6 Glossary

Annualised return on equity	Profit after tax for the quarter multiplied by 4 and divided by total equity
Annualised return on tangible equity	Profit after tax for the quarter multiplied by 4 and divided by total equity less intangible assets and goodwill
CEO	Chief executive officer
CET 1	Common Equity Tier 1
Cost of Risk	Impairment of loans and receivables over average net loans
CZK	Czech crown
FTE	Full time employee
GE	General Electric Co
LCR	Liquidity Coverage Ratio
m	million
ML	MONETA Leasing, s. r. o.
Net book value per share	Equity divided by number of shares
Net interest margin	Net interest and similar income divided by average balance of net interest earning assets
No.	Number
NPL	Non-performing loans
NPL coverage ratio	Ratio (expressed as a percentage) of provisions for non-performing loans and receivables to total non-performing
NPL ratio	Ratio (expressed as a percentage) of total gross receivables categorized
Q	Quarter
RWA	Risk Weighted Assets
SME	Small and medium enterprises
the Company	MONETA Money Bank, a.s.
the Group	MONETA Money Bank, a.s. and its subsidiaries
Yield	Interest income calculated as interest from retail and commercial loans (i.e. excluding interest from cash and securities) over average net loans.

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