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Moneta is keen on expensive Air – this entire saga smells

May 2021

Moneta is keen on expensive Air

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2.4x Air book value proposed

- Petrus Advisers have been a long-term investor in Moneta, currently owning more than 5% of the bank and we agree with research that sees the short-term independent value at CZK 93 or more
- In 2018/19, we opposed the proposed combination of Moneta with a set of low quality PPF assets due to (i) concerns regarding the intercompany financing of PPF activities (ii) lack of strategic fit – especially regarding Home Credit – and (iii) valuation
  - The 2018/19 attempt was dismissed
- Now, PPF, with the biased loud support of Moneta's CEO, are trying to force a combination: This time with a low price for Moneta, an excessive price for low quality PPF assets and unrealistic assumptions to make it look doable. All this would be detrimental to Moneta shareholders
- Moneta's CEO, already full of Air, has been loud on conference calls, telling investors to "sell their shares if they disagree"

- **We have a better idea: vote against this nonsense, as we think something smells**
- **International and domestic investors will ensure that such business practices and behaviour have no place in the Czech Republic in 2021**

This entire story smells

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Painting a pig with lipstick and calling it a bride

1 The proposed deal makes structurally no sense for Moneta and increases exposure to high-risk, declining business

- The transaction involves four different stagnating companies (Air Bank, Benxy, Home Credit Czechia and Home Credit Slovakia: together the "**PPF asset collection**" or "**PPFAC**"), making a successful integration very complex and unlikely
- We are unimpressed by the targets' business models with Home Credit & Benxy accounting for ~50% of Air Bank's loan book
- An enormous loan book of PPFAC to the PPF group, especially in Asia, making up ~15% of PPFAC's total customer loans[1], exposes Moneta to large additional and exotic consumer finance risk or, at best, massive negative synergies of CZK 1bn / year

2 Terms of the transaction imply an inadequate valuation of Moneta

- PPF's mandatory takeover price of CZK 80 per share does clearly not reflect the value of Moneta – for reference, brokers are currently estimating the standalone valuation of Moneta at CZK 93.3 per share on average (median is CZK 95.1)
- With potential synergies, the takeover value of Moneta should be even higher – we estimate the NPV of synergies to be CZK ~11bn[2] or CZK 10.6 per share assuming 50% of synergies paid to current Moneta shareholders

3 Air is dramatically overvalued under the proposed terms of the transaction

- PPF intergroup financing artificially inflates net interest income by an estimated CZK 1bn – CEO Spurný himself labelled this a "subsidy" that will fall away
- Historical performance of PPFAC has been driven by very low risk provisioning: in 2020 only CZK 0.6bn vs. CZK 3.6bn at Moneta
- Valuation demanded for PPFAC has increased to 2.4x P/B vs. the 2.2x P/B at which the previous merger attempt was dismissed in 2019
- Multiples for PPFAC (2.4x P/B; 17.2x P/E) are not justified based on operating performance

4 Deal economics are not attractive for Moneta shareholders

- Risk of unsuccessful / delayed integration due to multiple companies being acquired simultaneously
- Change in business model as the loan book will become significantly riskier following a potential merger with larger exposure to unsecured consumer finance and ultra low historical risk provisioning
- PPFAC's profitability relies heavily on interest rate increases and recovery of written off bad debt – despite very low historical cost of risk accounted for by PPFAC

1) *Air Bank consolidated annual report 2020 customer loans to related parties: CZK 8.5bn / CZK 56.7bn total customer loans PPFAC as per Moneta presentation "Acquisition of Air Bank Group".*
2) *Assumes cost synergy phasing of 25%/50%/72%/95%/100% between 2022-2026 and restructuring cost phasing of 45%/45%/9% between 2022-2024. Tax rate of 20% applied. CoE of 10% and 0% growth rate applied. Valuation date: 6/5/2021 and terminal value applied from 2027 onwards.*

Source: Company filings, Factset, Broker research

Moneta's CEO, already full of Air, has been loud

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5 Moneta management has presented questionable synergy assumptions

- The CZK 1.9bn synergies by 2026 mentioned in the presentation would rank among the highest of any European banking takeover[1] while integration / restructuring costs of CZK 2.2bn seem very ambitious given the integration complexity
- Despite the aggressive synergy assumptions, the deal is only expected to be EPS accretive from 2024 (+15%) onwards with run-rate level being reached only in 2026+

6 Doubtful visibility on future governance and management incentivisation

- Potential conflict of interest given management's relationship and prior history with PPF and the recent appointment of a new ex-PPF management board member

7 Extremely aggressive deal structure, circumventing minority shareholders' rights

- Unnecessarily complex deal structure that ultimately gets the parties the same result as a customary share-merger
- Purpose of the complicated transaction structure is to circumvent PPF's voting ban, as well as the rules for the mandatory valuation of a non-monetary contribution by an independent expert and PPF's obligation to pay the difference between the determined value and the actual value of the contribution

- **This deal makes no sense for Moneta**
- **The structure, incentives of the acting decision-makers (and obvious conflicts of interest involved) suggest an independent forensic review is required – <u>something smells here</u>**
- **We recommend all shareholders participate in the upcoming EGM (June 22nd) and vote against the PPFAC deal**

1) *Synergies compared to previous banking M&A on the basis of run-rate cost synergies as % of target cost base.*

Source: Company filings, Goldman Sachs research (please refer to the appendix)

Supporting Analysis

1 The proposed deal makes structurally no sense for Moneta and increases exposure to high-risk, declining business

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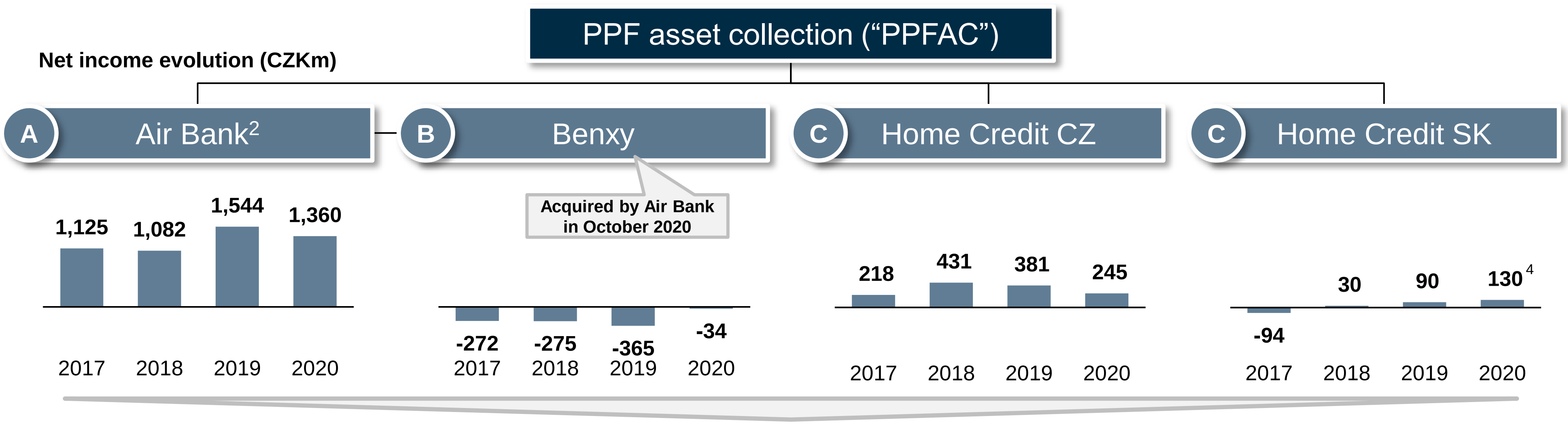
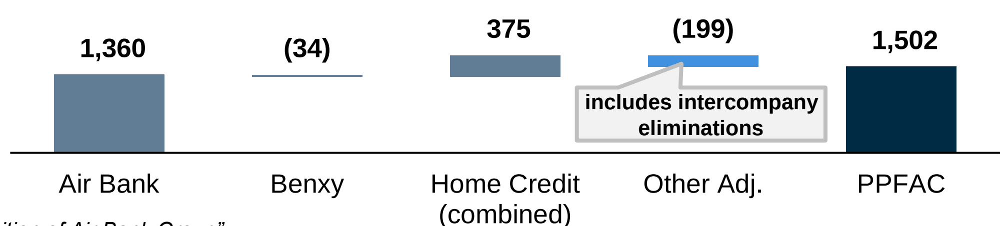
- Significant information asymmetry between PPF and other Moneta shareholders – so far, the parties have failed to provide enough transparency to the public about intercompany lending, asset quality and provisioning adequacy
- In particular, shareholders have no insight into the quality of Covid-related provisioning undertaken by PPFAC – shareholders could wake up to significant negative surprises (CoR has been around 30bps for PPFAC despite its loan book consisting to 73% of unsecured retail loans[1])
- Equally, shareholders have received limited information concerning the exposure of PPFAC to PPF Group entities which amounts to CZK ~8.5bn and CZK ~1bn of net interest income[3] – upon request, management stated that CZK ~6bn of this exposure is to Home Credit International (Philippines, India, Indonesia) and will be repaid / fall away

Net income evolution (CZKm)



2020 net income build-up (CZKm)



1) *As per page 12/42 Moneta presentation "Acquisition of Air Bank Group".*
2) *2020 as per IFRS statutory view including My Air (as per Moneta merger presentation), 2017-2019 as per Air Bank consolidated financial reporting.*
3) *As per Air Bank consolidated financial reporting.*
4) *Home Credit (CZ + SK) as per Moneta presentation "Acquisition of Air Bank Group" less 2020 results of Home Credit CZ.*

Source: Company filings

1 Implied PPFAC standalone business plan growth looks highly optimistic and is not justified by historical performance

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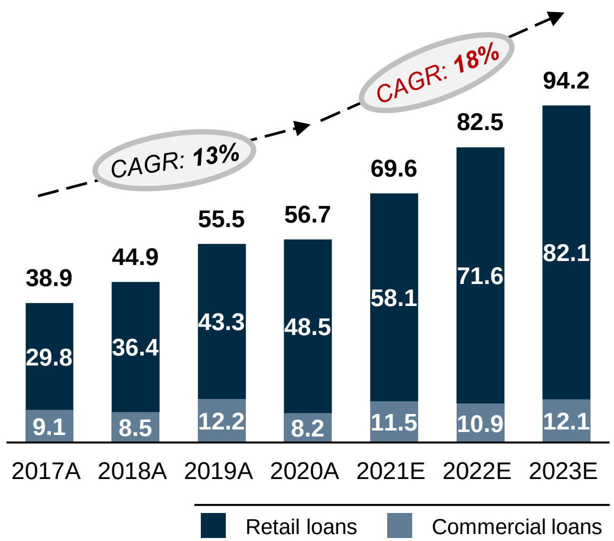
- Loan growth is forecasted to accelerate substantially over the coming years at higher rates than observed in the past – we are sceptical of this assumption especially as this seems to not take into account any attrition of the loan book[1]
  - Further, increasing competition and regulatory headwinds are putting pressure on retail lending yields: expected to decline from 4.9% in 2022 to 4.4% by 2026 while cost of retail funding is expected to increase with interest rates from 0.33% in 2022 to 0.56% by 2026 (combined entity)
- Cost of risk has been unsustainably low over the previous years while PPFAC has massive exposure to very risky unsecured retail lending
  - Even the cost of risk estimates look very ambitious and are only slightly higher than Moneta's – a bank that has a much higher quality loan book (Moneta 23% unsecured retail lending vs. PPFAC 73%)
- The net income guidance provided by Michal Strcula (Air Bank CEO) of CZK 3bn in 2023[3] is in no way justified by historical performance

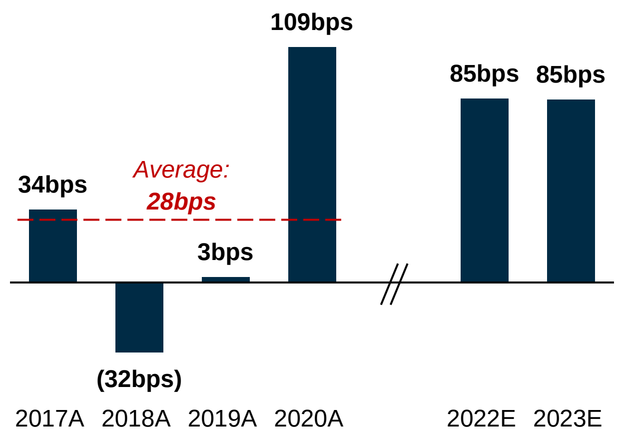
Lending growth with no attrition?

PPFAC implied customer loans in CZKbn[1]



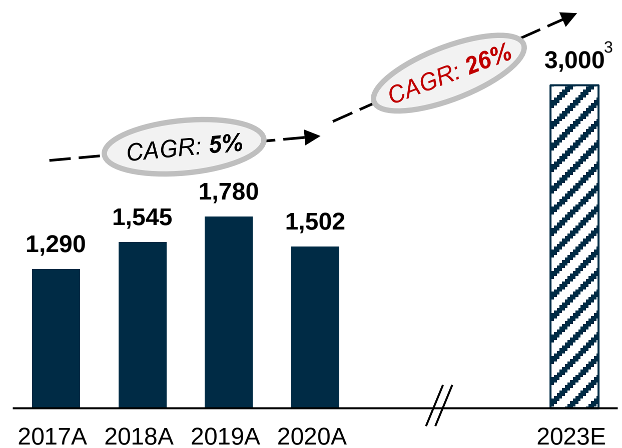
Questionable provisioning levels…

PPFAC cost of risk (bps)[2]



Is net income really taking off?

PPFAC net income in CZKm



1) Implied customer loans of PPFAC: combined business plan loans less Moneta standalone business plan loans.
2) Implied from guidance published in M&A presentation. Implied LLPs (Pro-forma Moneta+PPFAC less Moneta standalone guidance) divided by implied avg. loans (Pro-forma Moneta+PPFAC less Moneta standalone guidance).
3) Guidance "allowing us to reach our goal of close to CZK 3 billion in profit by 2023" as per PPF press release from March 2021 (https://www.ppf.eu/en/press-releases/2020-unaudited-combined-financial-results-of-air-bank-group)

Source: Company filings, PPF website

1 A Air Bank is air: Majority of the bank is made up of high-risk lending originated by Home Credit putting neobank growth case into question

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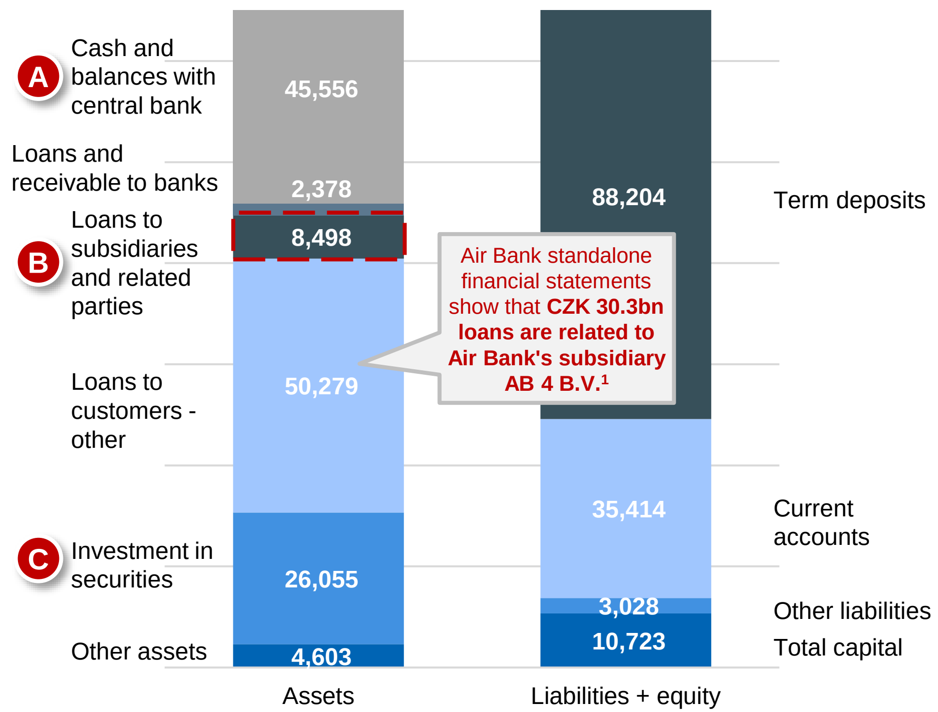
- Air Bank collects deposits from retail clients historically attracted by appealing savings rate but lowered rates in the recent past to counteract declining interest rates – how will this business grow its deposit base going forward?
- Half of the balance sheet is allocated to risk free assets while the remainder goes to loans. Out of this, CZK ~28bn represent standard banking loans and CZK ~30bn is invested into Air Bank's subsidiaries[1] that purchase financial assets from Home Credit and Benxy of which CZK ~8.5bn of loan exposure is intergroup financing to PPF Group
- Pressure could pick up if Air Bank needs to replace related party loans with standard products or should its pricing reflect prevailing market conditions
- Substantial increase in loans classified as Stage 2 in 2020 predominantly due to a spike of Stage 2 loans to related parties

Air Bank simplified balance sheet in CZKm (Dec-20)



Commentary

A Cash and balances with central bank – Total: CZK 45.6bn

- Of which CZK 41.7bn in repo operations: base rate has decreased from 2.25% in Feb 2020 to 0.25% (latest)

B Loans to subsidiaries and related parties – Total: CZK 8.5bn

- Large portion of net interest income (CZK ~1bn, 10.6% margin) comes from Air Bank's subsidiaries exposed to PPF / HC

C Investment in securities – Total: CZK 26.1bn

Simplified Air Bank P&L in CZKm (Dec-20)

Net interest income	3,691
Net fee and commission income	163
Total income	**3,848**
Total operating expenses	(1,743)
Pre-provision profit	**2,105**
LLPs	(462)
PBT	1,643
Net income	**1,316**

B *24%*

Of which interest income from PPF exposed subsidiaries (%)
- please refer to next page for details

1) *Reference is made to Air Bank's subsidiary AB 4 B.V. whose main activity is to acquire, purchase and collect financial assets from PPF Group related companies through concluded agreements on the transfer of receivables or through participation agreements. As per Air Bank annual report 2020 (standalone reporting).*

*Source: 2020 Air Bank annual report. Please note that **Air Bank financials are referring to consolidated Air Bank reporting***

1 A Air Bank is air: highly reliant on PPF related lending to hold up topline in structural decline

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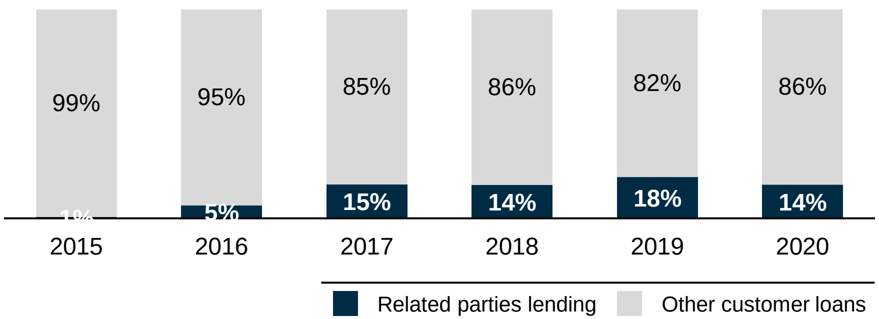
Increased lending to related parties makes Air Bank vulnerable to yield compression

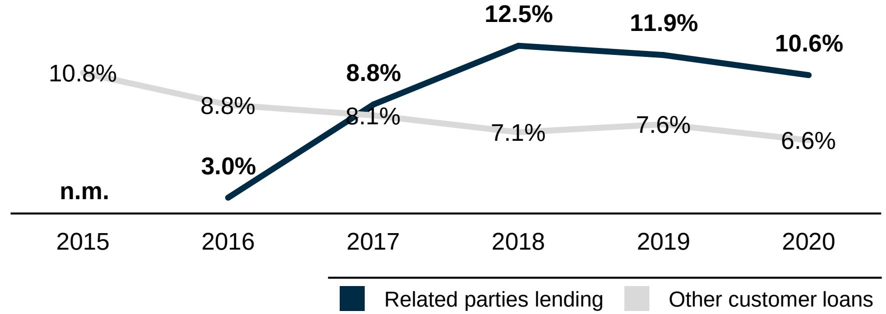
Contribution from related parties lending has increased…

Contribution to total customer loans (%)



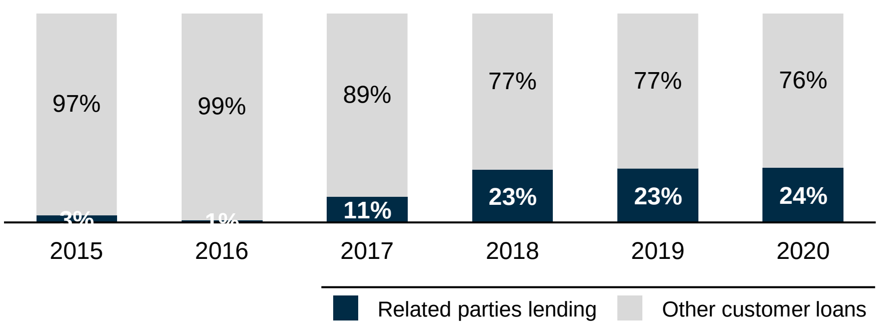
…at significantly higher yields than other lending…

Loan yield (interest income / avg. loans; %)



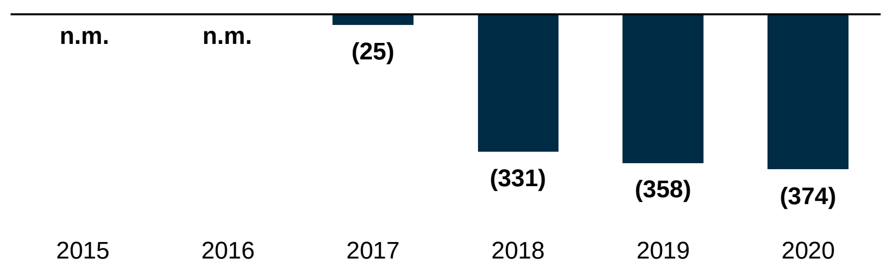
…making interest income exposed to related parties lending…

Contribution to interest income (%)



…with significant potential impact on profitability

Delta in interest income if lending yields converge (CZKm)[1]



*1) (Loan yield other customer loans – loan yield related parties lending) * avg. related parties lending.*

*Source: Air Bank annual reports. Please note that **Air Bank financials are referring to consolidated Air Bank reporting***

1B Benxy: CZK 1bn of cumulative losses since its launch

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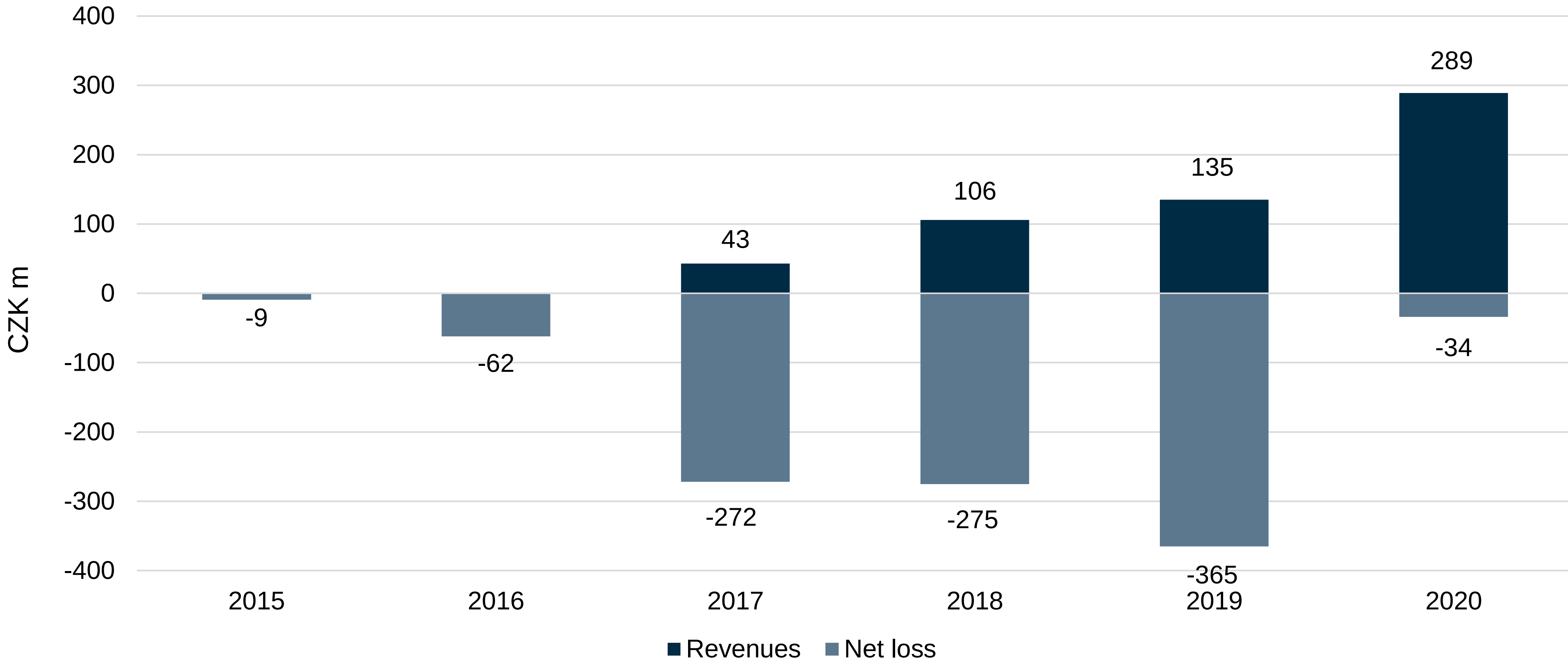
- High growth rates needed to reach breakeven
- Negative cashflow expected going forward



1) As per Air Bank 2020 annual report page 78/201.

Source: Company filings

1C Home Credit CZ & SK: Sluggish business yet to face the Corona reality

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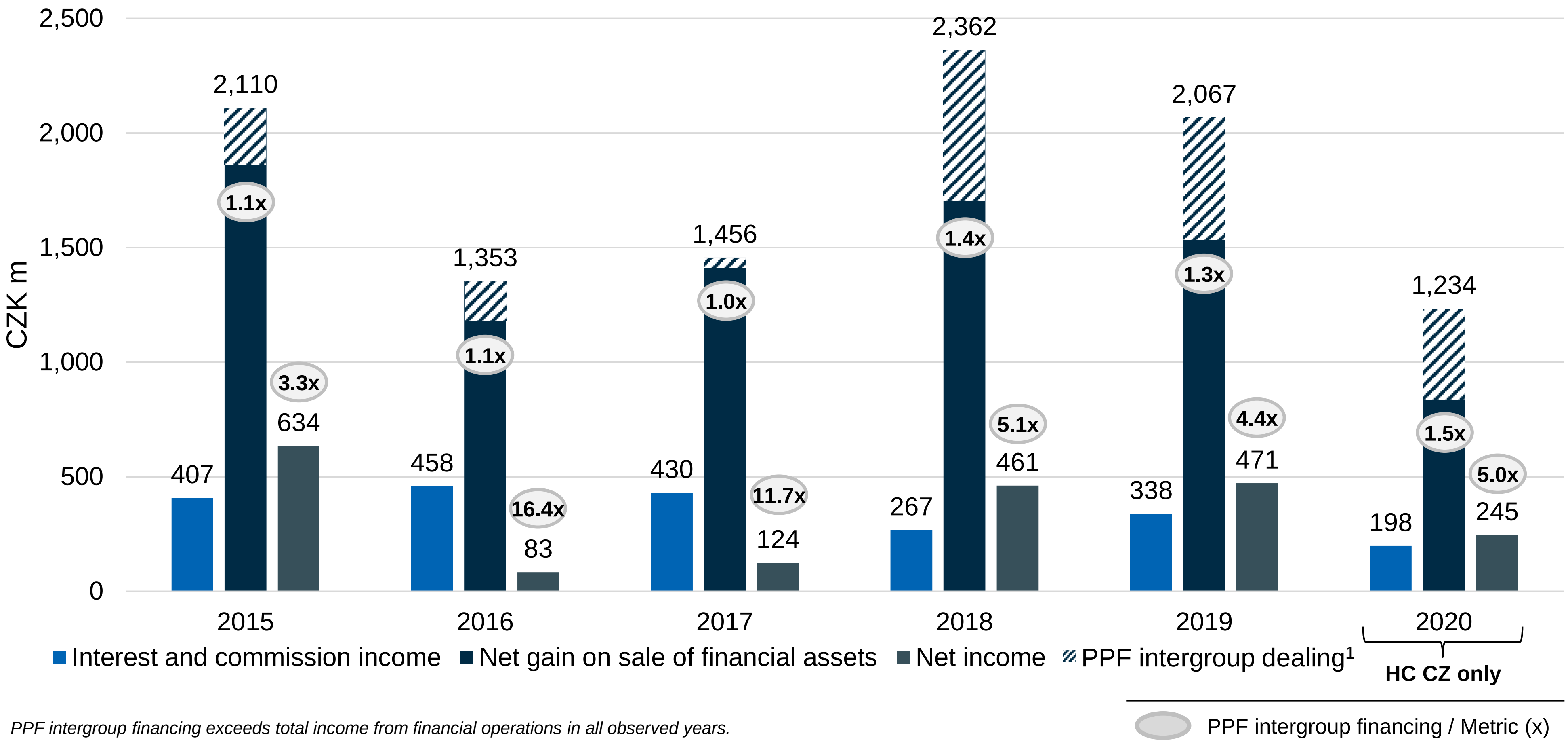
- Net profit has never reached 2015 levels, likely to suffer further pressure going forward
- Profitability entirely dependent on loan sales to Air Bank
- Situation unchanged at Home Credit CZ in 2020 with business operations evolving around transactions with related parties



1) *PPF intergroup financing exceeds total income from financial operations in all observed years.*

Source: Company filings

2 Terms of the transaction imply an inadequate valuation of Moneta

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Analyst target prices for Moneta (standalone) imply a 17% premium to PPF's offer at CZK 80 per share

Firm	Recommendation	Target Price (CZK)	Date
Citi	Buy	95.0	19/05/2021
PKO BP Securities	Buy	96.3	11/05/2021
Wood & Company	Buy	95.1	07/05/2021
Erste Group	Hold	85.0	07/05/2021
Goldman Sachs	Buy	97.0	07/05/2021
J&T Banka	Buy	106.0	20/04/2021
mBank	Buy	95.5	09/04/2021
HSBC	Buy	83.0	15/02/2021
Haitong	Buy	86.7	27/01/2021
Average[1]		**93.3**	***17%***
Median[1]		**95.1**	***19%***

implied upside vs. PPF offer (CZK 80) – Standalone Moneta only!

Broker target price > CZK 80

1) Including only brokers with research updates post the PPF offer from January 2021.

Source: Factset and Bloomberg as of 19/05/2021

2 European banks have re-rated since January[1], making PPF's opportunistic bid even more unattractive for Moneta shareholders

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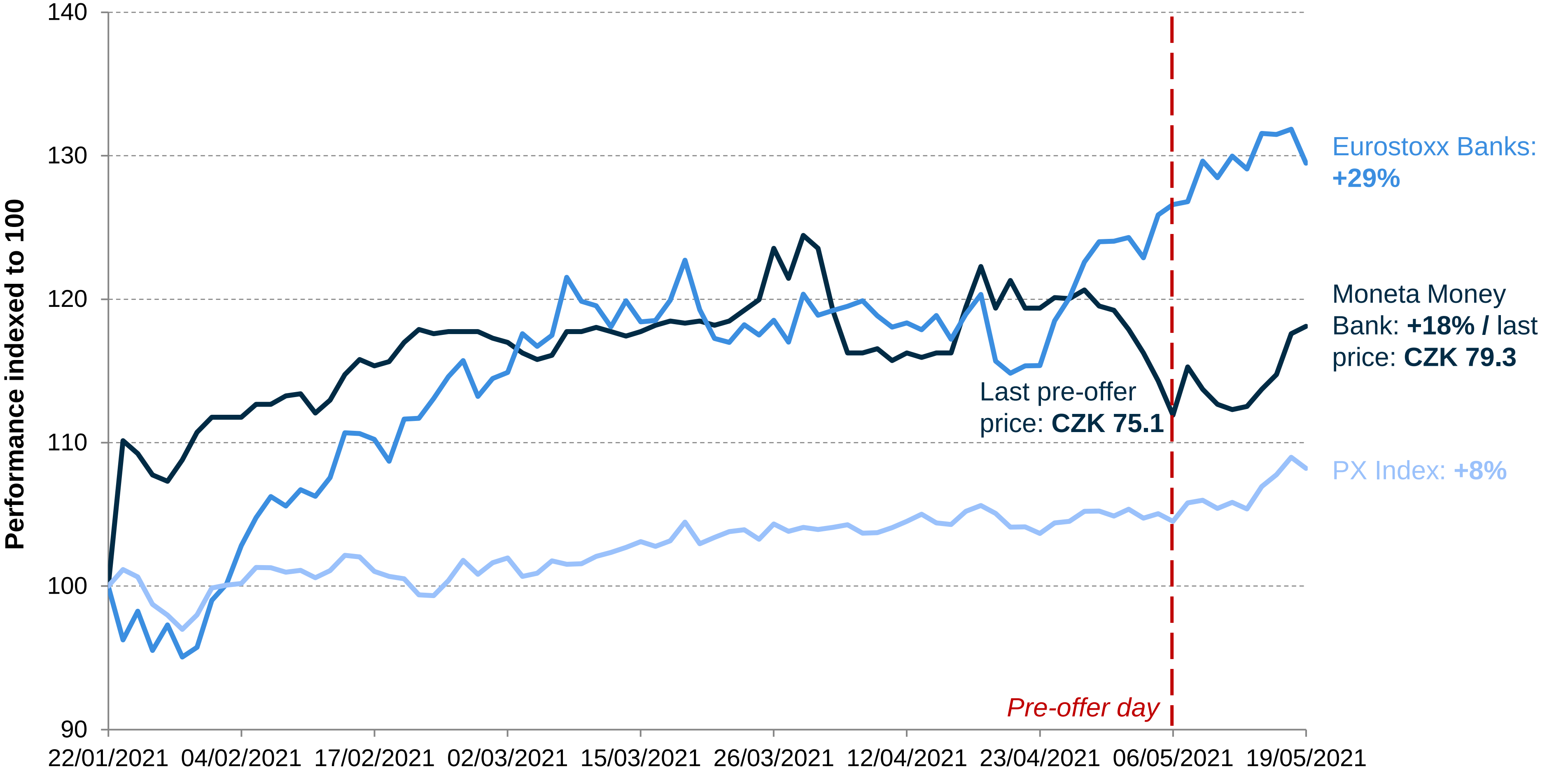
The offer price does not reflect the recovery of the banking sector since January



1) Date upon which Moneta received PPF Group's proposal of the preceding voluntary tender offer accompanied by a request to negotiate the acquisition of PPFAC.

Source: Factset as of 19/05/2021

3 Air is dramatically overvalued …

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	Moneta	PPFAC[1]	Delta (%)
Valuation metrics			
Valuation	CZK 40.9m[2]	CZK 25.9m	
P/E '19A	10.2x	14.6x	(4.4x)
P/E '20A	15.7x	17.2x	(1.5x)
P/B (latest)	1.5x	2.4x	(0.9x)
Operating metrics			
Earnings CAGR ('20A-'23E) - guidance	20.9%[3]	25.9%[4]	(5.0%pt)
Earnings CAGR ('20A-'23E) - implied	n.a.	20.8%[5]	n.a.
ROTE ('19A)	18.2%	22.8%	(4.6%pt)
ROTE ('20A)	10.8%	17.2%	(6.4%pt)
Assets / Equity ('20A)	11.1x	13.2x	(2.0x)

"We also realise it is a rich price, it's not cheap"
(Tomáš Spurný, Moneta CEO, 14/05/2021)

1) *Financials as per Moneta merger presentation as of 20/05/2021.*
2) *As per proposed offer at CZK 80 per share.*
3) *As per latest standalone business plan guidance.*
4) *2023 guidance: https://www.ppf.eu/en/press-releases/2020-unaudited-combined-financial-results-of-air-bank-group.*
5) *Please refer to the appendix for underlying calculation.*

Source: Company filings, Moneta analyst & investor call on 20/05/2021

3 …while terms of the deal have even deteriorated vs. the failed 2018/19 proposal

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	2018 deal	2018 deal revised[3]	Current proposal	2018 vs. current proposal
PPFAC valuation	**CZK 19.8bn**	**CZK 18.5bn**	**CZK 25.9bn**	**+40%**
P/E	**15.8x**[1]	**14.8x**[1,4]	**17.2x**[5]	**+17%**
P/B	**2.2x**[2]	**1.9x**[4]	**2.4x**[6]	**+25%**

PPF capital invested	• Receive CZK 6.75bn cash • Contribution in kind: Air Bank, Home Credit CZ & SK	• Receive unspecified amount of cash • Contribution in kind: Air Bank, Home Credit CZ & SK	• Moneta to pay CZK 2.6bn cash • Contribution in kind: Air Bank, Home Credit CZ & SK, Benxy	
PPF shareholding[7]	25%	15%	25.4%	

- **PPFAC is air but now valued at 2.4x book by Moneta? PPF wanted 15% shareholding and would now get 25.4%...**
- **Home Credit CZ & SK owners have taken out CZK ~1.9bn[8] in equity since 2018**

1) *Net profit of Air Bank and Home Credit CZ&SK per YE2017.*
2) *Book equity per 1H/2018 as per Moneta presentation of the proposed transaction from November 2018.*
3) *Revised conditions per Moneta press release from February 2019.*
4) *Implied from the revised valuation of CZK 18.5bn.*
5) *Earnings as per FY'20 PPFAC (Moneta merger presentation as of 20/05/2021).*
6) *Book value as per Q1'21 PPFAC (Moneta merger presentation as of 20/05/2021).*
7) *Increase in PPF stake through merger.*
8) *Includes CZK 250m, CZK 500m and CZK 1.1bn for HC CZ from 2018-2020 and EUR 3.4m for HCSK in 2018.*

4 Deal economics are not attractive for Moneta shareholders

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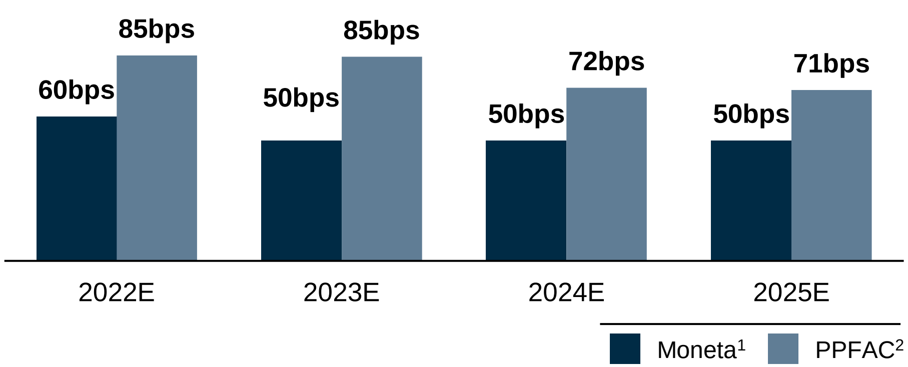
Merger with PPFAC increases Moneta's risk profile substantially

1 Increased reliance on risky consumer finance

	Estimated current Moneta mkt. share	Estimated current PPFAC mkt. share	Post combination position	Medium term strategic aspiration
Mortgage	7%	<1%	7%	15%
Banking Consumer Loans	18%	10%	28%	30%
Consumer Finance	**7%**	**32%**	**39%**	**35%**

2 Change in lending mix will drive up cost of risk

Implied cost of risk (bps)



1. Loan book will become significantly riskier following a potential merger with larger exposure to unsecured consumer finance
   - No revenue attrition assumed by Moneta for pro-forma market shares which seems unrealistic given client overlap and post-merger attrition
   - PPFAC's loan book consists of 73% unsecured retail lending (vs. 23% Moneta standalone)
   - Profitability assumptions of PPFAC questionable as relying on interest rate increases and recovery of written off bad debt
2. Implied cost of risk for PPFAC expectedly higher than Moneta's
   - Investors lack asset quality details of PPFAC to verify future provisioning estimates
   - Latest disclosure shows a build-up of stage 2 loans almost entirely attributable to PPF and we thus question the sustainability of PPFAC's latest reported CoR

1) Midpoint from standalone Moneta guidance.

2) Implied from guidance published in M&A presentation. Implied LLPs (Pro-forma Moneta+PPFAC less Moneta standalone guidance) divided by implied avg. loans (Pro-forma Moneta+PPFAC less Moneta standalone guidance). CAGRs from guidance applied for lending growth.

Source: Company filings

5 Moneta management has presented questionable synergy assumptions in the merger announcement…

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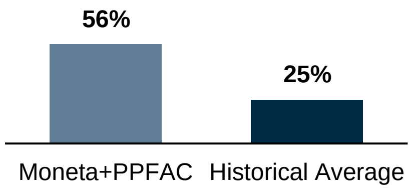
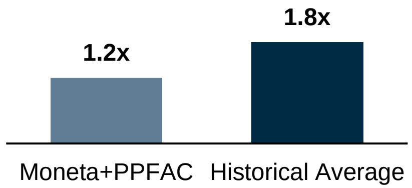
Announced synergies would rank among the highest achieved in European banks M&A

Cost takeout as % of target cost base



Restructuring costs / run-rate synergies (x)



EPS accretion / dilution sensitivities to synergy assumptions[1]

Cost takeout as % of target cost base (columns); *Restructuring costs as multiple of run-rate synergies (x)* (rows)

Year	Restructuring costs (x)	20.0%	25.0%	30.0%	56.2%
2023E	2.0x	(2%)	(3%)	(4%)	(8%)
2023E	1.8x	(2%)	(2%)	(3%)	(6%)
2023E	1.6x	(1%)	(1%)	(2%)	(4%)
2023E	1.2x	0%	0%	0%	0%
2024E	2.0x	6%	7%	8%	13%
2024E	1.8x	7%	8%	9%	14%
2024E	1.6x	7%	8%	9%	14%
2024E	1.2x	7%	8%	9%	15%
2025E	2.0x	11%	13%	14%	23%
2025E	1.8x	11%	13%	14%	23%
2025E	1.6x	11%	13%	14%	23%
2025E	1.2x	11%	13%	14%	23%

- EPS accretion is highly sensitive to cost takeout and restructuring charges
- Slightly missing synergy targets or overspending on restructuring charges would result in decretive EPS until at least 2024E
- The average cost takeout was ~25% in precedent European banks deals while acquirors have historically spent ~1.8x run-rate synergies on integration (see appendix for precedent transactions)
  - Complexity of integrating multiple companies that are part of PPFAC
- Shareholders have received no information on quantification of potential revenue dis-synergies
- Long period until full realisation of cost synergies comes at the cost of significant execution risk

EPS A/D if applying average cost takeout and restructuring charges from precedent European banks M&A transactions

EPS A/D as per Moneta announcement

1) Assumes cost synergy phasing of 25%/50%/72%/95% between 2022-2025 and restructuring cost phasing of 45%/45%/9% between 2022-2024. Tax rate of 20% applied.

Source: Company filings, Goldman Sachs research (please refer to the appendix)

5 …and wants to make us believe that they can take more cost out than there is

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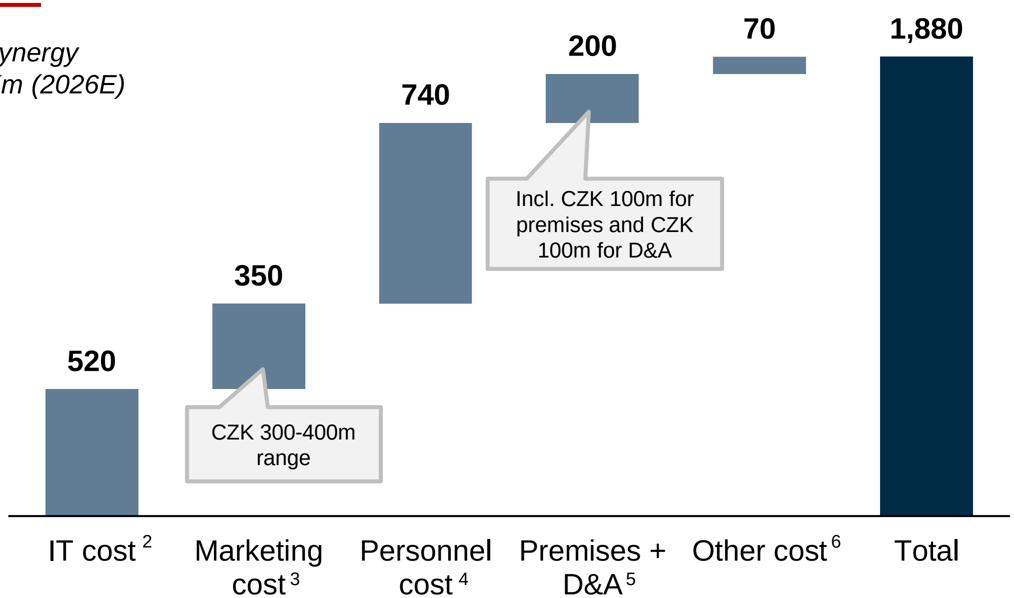
Guidance from management on synergy build-up implies very aggressive cost takeout assumptions

	IT cost	Marketing cost	Personnel cost	Premises + D&A	Other cost	Total
Cost takeout as % of target cost base[1]	158%	85%	52%	24%	19%	56%
Cost takeout as % of combined cost base[1]	65%	59%	19%	9%	5%	21%

Illustrative

Run-rate cost synergy build-up in CZKm (2026E)



- On an update call for investors and analysts (14/05/21) as well as an additional presentation published (20/05/21), the Moneta management made further comments on synergies
- Management clarified to take the guidance *"with a grain of salt"* but even the rough estimates provided, make clear how aggressive / unrealistic individual buckets of synergies appear from an outside-in perspective
- Especially assumed cost takeout related to IT and marketing looks highly questionable to us with more than 50% reduction of the combined cost base
  - We wonder how management plans to run the Moneta and Air Bank brand in parallel while cutting ~60% of the combined marketing budget

1) *For Moneta includes 2020A financials and for PPFAC latest available (i.e. 2020A for Air Bank (consolidated financial reporting) and HC CZ and 2019A for HC SK and Benxy).*
2) *For Moneta includes "IT and software expenses" and for PPFAC "Informační technologie".*
3) *For Moneta includes "Marketing" and for PPFAC "Reklama a marketing".*
4) *For Moneta includes "Total personnel expenses" and for PPFAC "Mzdové náklady" and "Sociální a zdravotní pojištění (včetně penzijního připojištění)".*
5) *For Moneta includes "Rent expenses", "Rent-related services", "Office supplies" and "total D&A" and for PPFAC "Nájemné" and "Odpisy dlouhodobého hmotného a nehmotného majetku".*
6) *Other cost is equal to delta of operating expenses as disclosed for Air Bank Group in presentation from 20/05/2021 and previous synergy blocks.*

Source: Company filings, Moneta analyst & investor call on 14/05/2021, Moneta presentation "Acquisition of Air Bank Group" from 20/05/2021

7 Extremely aggressive deal structure, circumventing minority shareholders' rights – something smells

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- The steps of the transaction (outlined below) will put PPF and Moneta in the same position as if PPFAC had merged with Moneta without first becoming its wholly-owned subsidiary – PPF would have received Moneta shares in exchange for PPFAC shares in a single step

  (i) Moneta acquiring PPFAC for CZK 25.9bn

  (ii) Moneta's EGM approving an increase in Moneta's share capital with PPF subscribing all shares

  (iii) PPFAC merging with Moneta as the successor company (same outcome as straight share-merger)

- Steps (i) and (ii) are added artificially and their **sole purpose is to circumvent certain provisions[1]** which would apply to the merger between PPFAC and Moneta if it took place without the previous sale of PPFAC to Moneta
  - In such case, the appropriateness and justification of the share exchange ratio would have to be explained in the report of Moneta's Board of Directors
  - The report would be subject to review by a court-appointed expert, who would also perform a valuation of Moneta
  - In the event that the exchange ratio was not adequate, minority shareholders could claim a settlement
  - The above structure, namely the inclusion of steps (i) and (ii), excludes these rights and obligations
  - Exclusion of subscription rights of non-PPF shareholders not warranted - will be subject to legal claims and lawsuits for months and years to come

The sole purpose of the complicated transaction structure is to circumvent PPF's voting ban[2], as well as the rules for the mandatory valuation of a non-monetary contribution by an independent expert and PPF's obligation to pay the difference between the determined value and the actual value of the contribution

1) *Provisions of Act No. 125/2008 Coll., on the Transformation of Companies and Cooperatives (the "Transformation Act").*
2) *The provisions of Section 426(b) of the BCA prohibit shareholders from voting at a general meeting when deciding on their non-monetary contribution due to a conflict of interests.*

Source: Company filings, Factset, Broker research

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Appendix

Back-of-the-envelope PPFAC earnings growth looks very ambitious – history gives us no reason to cheer

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PPFAC earnings growth (guidance and implied earnings)

In CZKbn	2022E	2023E	2024E	2025E
Synergy estimates				
1 Cost synergies phasing	25%	50%	72%	95%
Restructuring cost phasing	45%	45%	9%	0%
Phased-in synergies	0.5	0.9	1.4	1.8
Phased-in restructuring charges	(1.0)	(1.0)	(0.2)	0.0
Net income estimates				
2 **Pro-forma Moneta+PPFAC**	**5.2**	**7.2**	**8.7**	**9.5**
(-) Moneta standalone net income	3.8	4.6	4.8	4.9
(-) Post-tax synergies	0.4	0.8	1.1	1.4
(-) Post-tax restructuring charges	(0.8)	(0.8)	(0.2)	0.0
3 **PPFAC net income (implied)**	**1.8**	**2.6**	**3.0**	**3.2**
4 PPFAC net income (guidance)		3.0		
Discount to guidance		*(12%)*		
Net income growth comparison				
Pro-forma Moneta+PPFAC		*38%*	*21%*	*9%*
Moneta standalone		*21%*	*4%*	*2%*
5 **PPFAC**		***45%***	***12%***	***7%***

Net income CAGR to reach guidance ('20A-'23E): 26%

1. Assumed phasing of synergies and restructuring costs based on press release and presentation
2. Pro-forma Moneta+PPFAC earnings and Moneta standalone earnings as per guidance from announcement[1]
3. Implied net income of PPFAC calculated by subtracting Moneta standalone earnings, synergies and restructuring costs from pro-forma Moneta+PPFAC earnings guidance
4. Guidance *"allowing us to reach our goal of close to CZK 3 billion in profit by 2023"* as per PPF press release[2] from March 2021
5. PPFAC net income growth looks very ambitious

Petrus assumptions

1) *Moneta press release from 06/05/2021 and presentation from 11/05/2021.*
2) *https://www.ppf.eu/en/press-releases/2020-unaudited-combined-financial-results-of-air-bank-group.*

Source: Company filings

Deal of a decade for PPF – only for PPF…

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PPF's desperation to find a buyer for its asset collection has lead it to Moneta – again…

Status quo PPF ownership	
Current stake in Moneta	29.9%
Mandatory takeover offer price (CZK)	80.0
Number of shares owned (#m)	153.0
Value Moneta stake (CZKm)	**12,240**
(+) Book value of PPFAC (CZKm)	**10,920**
Total value of PPF stakes (CZKm)	**23,160**

Post-deal PPF ownership	
Offer value of PPFAC	25,900
Initial stake in Moneta stake	29.9%
Additional shares received through PPAC deal	25.4%
Pro-forma stake in Moneta	**55.4%**
Mandatory takeover offer price (CZK)	80
Number of shares owned (#m)	444.4
Post-deal PPF stake (CZKm)	**35,550**

+53% value uplift for PPF through merger

Value uplift through merger for PPF (CZKm)	**12,390**

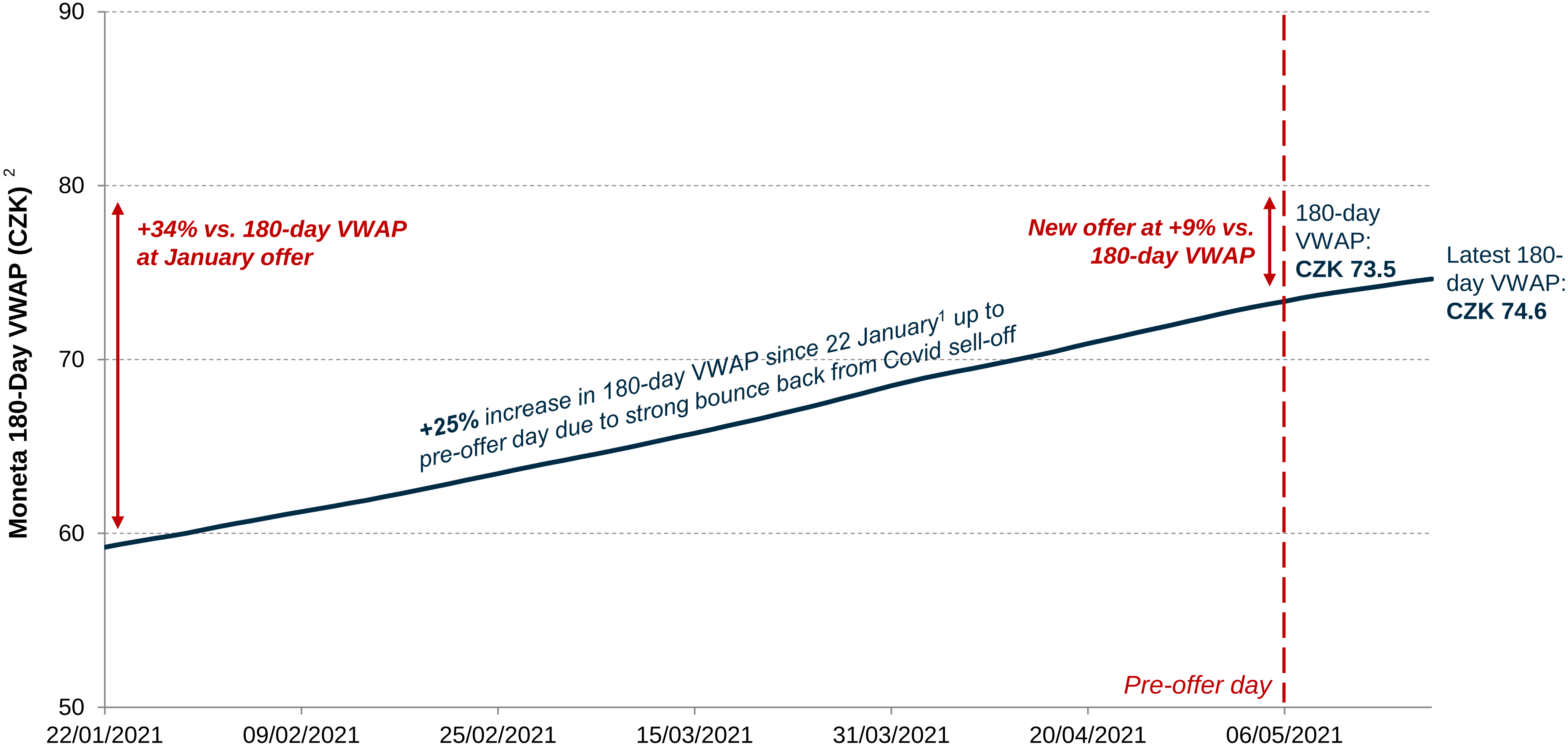
- **The proposed transaction leads to a significant transfer of value to PPF – at the expense of other Moneta shareholders**
- PPF is again trying to force its asset collection onto Moneta while looking to make a substantial profit on the way
- The valuation of its ownership is set to increase by 53% under the terms of the transaction while other Moneta shareholders will be compensated with a 9% premium to 180-day VWAP
- With the proposed transaction structure and the CZK 80 per share mandatory takeover offer, **PPF does not compensate other Moneta shareholders for any portion of the synergies created**
  - We estimate the present value of net synergies at CZK 10.8bn[1] or CZK 10.6 per share assuming current Moneta shareholders receive 50% of the value created

1) *Assumes cost synergy phasing of 25%/50%/72%/95%/100% between 2022-2026 and restructuring cost phasing of 45%/45%/9% between 2022-2024. Tax rate of 20% applied. CoE of 10% and 0% growth rate applied. Valuation date: 6/5/2021 and terminal value applied from 2027 onwards.*

Source: Company filings

Increase in VWAP following banking sector recovery is not reflected in the offer price

Proposed transaction terms imply a premium of <10% vs. 180-day VWAP



1) Date upon which Moneta received PPF Group's proposal of the preceding voluntary tender offer accompanied by a request to negotiate the acquisition of PPFAC.

2) 180 calendar days used.

Source: Factset as of 19/05/2021

Synergies achieved in precedent European bank M&A deals

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Date	Deal (Target / Acquiror)	Cost Synergies		Restr. Costs
		(€mn)	% target's costs	x of cost synergies
Eurozone				
Apr-98	Credito Italiano / Unicredito	325	25%	0.6x
May-99	Banca Commerciale Italiana / Banca Intesa	506	20%	0.8x
Sep-99	Paribas / BNP	700	21%	-
Dec-99	Banca Regionale Europea / Banca Lombarda	14	6%	-
Dec-02	Credit Lyonnais / Credit Agricole	760	16%	-
Dec-03	Banco Atlantico / Banco de Sabadell	74	36%	1.6x
May-05	Bayerische Hypo / Unicredito Italiano	887	29%	1.5x
Nov-05	Eurohypo / Commerzbank	90	19%	-
Feb-06	BNP Paribas / BNL	250	13%	1.8x
May-06	Banco Urquijo / Banco de Sabadell	32	31%	2.7x
Aug-06	SanPaolo IMI / Banca Intesa	980	21%	1.5x
Oct-06	FriulAdria + Intesa (193 Brch) / Credit Agricole	65	9%	1.6x
Oct-06	BPI / Banco Popolare di Verona	220	20%	-
Nov-06	Banca Lombardae / Banche Popolari Unite SCRL	225	28%	1.7x
May-07	Capitalia / Unicredito Italiano	800	25%	-
Jun-07	Banca CR Firenze / Intesa Sanpaolo	120	20%	1.5x
Jul-08	Alliance & Leicester / Banco Santander	226	23%	-
Aug-08	Dresdner Bank / Commerzbank	1,900	39%	1.1x
Sep-08	Deutsche Postbank / Deutsche Bank	710	25%	2.0x
Jun-10	Bancaja / Caja Madrid	500	54%	-
Sep-10	Bank Zachodni WBK / Banco Santander	54	13%	-
Aug-14	Barclays Sau / CaixaBank	150	23%	2.9x
Mar-15	TSB Banking Group / Banco de Sabadell	225	23%	2.8x
Mar-16	Banca Popolare di Milano Scarl / Banco Popolare	320	34%	1.5x
Apr-16	Banco BPI / CaixaBank	85	13%	2.9x
Jan-17	"Target Bridge Institutions"/UBI Banca	194	34%	0.7x
Mar-17	Banco Mare Nostrum / Bankia	155	40%	2.2x
Jun-17	Banco Popular Espano / Banco Santander	500	33%	2.6x
Feb-19	Unipol Banca / BPER Banca	63	24%	0.8x
Feb-20	UBI Banca / Intesa San Paolo	510	22%	2.5x
Sep-20	CaixaBank / Bankia	770	43%	2.9x
Average		-	25%	1.8x
Median		-	23%	1.7x
Max		-	54%	2.9x
Min		-	6%	0.6x

Date	Deal (Target / Acquiror)	Cost Synergies		Restr. Costs
		(€mn)	% target's costs	x of cost synergies
Non-Eurozone				
Sep-99	Merita / Nordbanken Holding	76	7%	1.3x
Nov-99	NatWestBank / Royal Bank of Scotland	1,877	23%	-
Aug-00	Woolwich / Barclays	249	36%	1.0x
May-01	Bank of Scotland / Halifax Group	546	29%	1.1x
Sep-04	ABSA Group / Barclays	71	5%	3.2x
Dec-04	Northern Bank / Danske Bank	47	19%	4.3x
Mar-07	National Bank of Dubai / Emirates Bank	31	22%	-
Sep-08	HBOS / Lloyds TSB Group	1,265	9%	-
Feb-12	Kredyt Bank / Bank Zachodni WBK	82	34%	1.7x
Jun-13	Nordea Bank Polska / PKO Bank Polski	29	22%	-
Jun-16	National Bank of Abu Dhabi / First Gulf Bank	121	12%	1.2x
Dec-17	DB (Retail Banking Unit) – Poland / Bank Zachodni WBK	31	38%	2.0x
Apr-18	Raiffeisen Bank Pol (Core Oper) / Bank BGZ (BNP)	121	12%	1.0x
May-18	Virgin Money / CYBG	137	34%	2.0x
Jul-18	Gjensidige Bank / Nordea	25	56%	-
Dec-19	MONETA Money Bank / W□stenrot (Czech Subsidiaries)	12	31%	1.3x
Average		-	24%	1.8x
Median		-	23%	1.3x
Max		-	56%	4.3x
Min		-	5%	1.0x

Source: Goldman Sachs research

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