To: All Moneta minority shareholders and other stakeholders

London, 1st of June 2021

Legal considerations on the Moneta/PPF transaction structure

Dear Madam / Sir,

Petrus Advisers is the second largest shareholder of MONETA Money Bank, a.s. ("**Moneta**") with a stake of more than 5%. We have publicly outlined our reservations against the contemplated merger between Moneta and Air Bank a.s. under the terms which were presented by both parties ("**Merger**").

We consider the Merger to be a worrying attempt to merge the well-managed Moneta with a convoluted bag of heterogeneous assets owned by members of the PPF Group, namely Home Credit, N.V.("**HCNV**") and Home Credit International, a.s ("**HCI**" and collectively with HCNV "**PPF**"), represented by Air Bank, a.s. its subsidiary Benxy s.r.o. and its connected companies Home Credit, a.s., Home Credit Slovakia, a.s. (Air Bank, a.s., Home Credit, a.s., Home Credit Slovakia, a.s. collectively "**PPF asset collection**" or "**PPFAC**").

We have publicly advocated that we do not see the strategic fit for this transaction, nor do we consider the price that Moneta plans to pay for PPFAC to be justified. Additionally, we highlighted the highly unusual structure of the transaction that we consider to be designed to circumvent certain legal obligations and to benefit PPF in the process to the detriment of the Moneta's minority shareholders.

We describe these legal considerations and other reservations about the Merger in more detail below.

1. STRUCTURE OF THE TRANSACTION

We understand that the Merger will consist of the following steps:

i. Moneta will buy PPFAC from HCI and HCNV at a price of CZK 25.9 billion;
ii. Moneta´s Extraordinary General Meeting to be held on June 22, 2021 (the "**EGM**") will approve the increase of Moneta´s share capital by 57% excluding pre-emptive rights, with HCNV subscribing all 291 375 000 newly issued shares. The subscription price for the newly issued shares, which amounts to CZK 23.31 billion, will be fully offset between HCNV and Moneta against the purchase price for PPFAC;
iii. PPFAC will merge with Moneta as the successor company.

2. RISKS ARISING FROM THE MERGER

We refute the Merger in its entirety on the back of the following frankly alarming issues:

2.1 ***Unauthorised return of contributions:*** The Merger could effectively represent an unauthorised return of contributions, which would violate Czech corporate law.[1] In such case, the acquisition would create legal risks and could be judged invalid by the relevant court, resulting in the invalidation of the share capital increase and the subsequent merger.

2.2 ***Circumvention of minority shareholders' rights:*** The steps described in point 1 above will put PPF and Moneta in the same position as if PPFAC had merged with Moneta without first becoming its wholly owned subsidiaries. In this case, PPF would have received Moneta's shares in exchange for PPFAC's shares in a single step. Steps i. and ii. are added artificially and their sole purpose is to circumvent certain provisions of Act No. 125/2008 Coll., on the Transformation of Companies and Cooperatives (the "**Transformation Act**"), which would apply to the merger between PPFAC and Moneta if it took place without the previous sale of PPFAC to Moneta and without the previous increase in the share capital of Moneta and, as a result, Moneta would not merge with its subsidiary under simplified rules, but with the company of PPF group, an entity unrelated 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. If the exchange ratio was not adequate, minority shareholders could claim a settlement[2]. The above structure, namely the inclusion of steps i. and ii., completely excludes these rights and obligations.

2.3 ***Cash contribution simulation:*** The increase in the share capital of Moneta, in which PPF uses a participation in PPFAC to pay the subscription price (offsetting its price against the subscription price), is essentially an increase in the share capital by a non-monetary contribution. However, by including steps ii and iii, PPF is trying to simulate that it is a cash contribution. The sole purpose of this complicated structure is to circumvent PPF's voting ban[3], 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.

In other words, PPF is not only trying to circumvent the statutory rules applicable to mergers between unrelated parties by splitting the merger into (i) the exchange of PPFAC's shares for Moneta's shares and (ii) the merger between Moneta and its wholly owned subsidiaries, PPFAC, but is also intending to divide step (i) into three subsequent steps in order to circumvent the legal ban on voting on its own non-monetary contribution:

- sale of PPFAC to Moneta;
- issue of Moneta's new shares in favour of HCNV; and

[1] Section 40 of Act No. 90/2012 Coll., on Business Corporations ("**Business Corporations Act**" or "**BCA**"), in particular paragraph 5 thereof.
[2] See Section 45 of the Transformation Act
[3] 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.

- offsetting the price for PPFAC's shares against the subscription price for Moneta's shares.

2.4 ***Exclusion of the Pre-Emptive Rights***: Moneta may exclude the pre-emptive rights of its shareholders only for important reasons that are in the interests of the company. As per previous court decisions, the reasons indicated in the invitation to the EGM do not meet this prerequisite. Even if the Merger was in Moneta´s best interest, this fact itself does not justify the exclusion of the pre-emptive rights of Moneta´s shareholders. Admittedly, Moneta may claim that PPF conditioned the transfer of PPFAC to an increase of its ownership in Moneta, which is the reason why only HCNV was entitled to subscribe. Yet this argument is not valid, since PPF should have transferred the shares in PPFAC as an in-kind contribution (see 2.3 above).

In addition, exclusion of the pre-emptive rights must always apply to all shareholders. By permitting subscription of all shares to HCNV, a related party to its current major shareholder, Moneta would fail to apply the principle of equal treatment of all shareholders.

2.5 ***Incompatibility with Moneta's previous cautious approach:*** Moneta has CZK 27.6 billion in equity[4] and the offer implied market capitalisation stands at CZK 40.9 billion[5]. In response to the outbreak of the COVID-19 pandemic, the bank conservatively recorded provisions of CZK 3.6 billion in 2020 resulting in a Cost of Risk of 174bps[6], which is a year-on-year increase of 589%, and the CNB did not allow it to pay a dividend to ensure the stability of the financial system. PPFAC, on the other hand, recorded a Cost of Risk of mere 109bps[7] in 2020, despite a much higher exposure to very risky unsecured retail lending (PPFAC exposure 73% vs. Moneta 23%) and the owners took out dividends amounting to CZK 1.1bn in 2020 alone. This disconnect between the two approaches further underlines the undervaluation of Moneta and the exaggerated price tag of PPFAC.

We have previously said that the proposed deal only benefits PPF and does not make sense for minority shareholders. The legal concerns summarized in this document are a reflection of this lack of attraction of the proposed terms.

We reiterate our view that the proposed deal

- makes structurally no sense for Moneta;
- increases its exposure to high-risk, declining consumer lending business;
- implies an inadequate valuation of Moneta standalone while shareholders are asked to pay an exorbitant price for PPFAC;
- raises numerous legal concerns; and
- is by far less attractive than the stand-alone growth opportunity for Moneta.

---

[4] *According to Moneta's report for Q1 2021.*
[5] As per the proposed offer at CZK 80 per share.
[6] *According to Moneta's report for FY 2020.*
[7] Implied from guidance published in Moneta's 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).

We therefore recommend all minority shareholders vote against the Merger.

For more information, please visit https://petrusadvisers.com/en/active-investments/

Petrus Advisers

Disclaimer:

This document is issued by Petrus Advisers Ltd. ("Petrus Advisers") which is authorised and regulated by the Financial Conduct Authority ("FCA"). It is only directed at those who are Professional Clients or Eligible Counterparties only (as defined by the FCA).

The information included within this document and any supplemental documentation provided are based on publicly available information and should not be copied, reproduced or redistributed without the prior written consent of Petrus Advisers. The information and opinions contained in this document are for background purposes only and do not purport to be full or complete and do not constitute investment advice. No reliance may be placed for any purpose on the information and opinions contained in this document or their accuracy or completeness. No representation, warranty or undertaking, expressed or implied, is given as to the accuracy or completeness of the information or opinions contained in this document.

Detailed information can be obtained from Petrus Advisers Ltd., 100 Pall Mall, London, SW1Y 5NQ; or by telephoning 0207 933 88 08 between 9am and 5pm Monday to Friday; or by visiting www.petrusadvisers.com. Telephone calls with Petrus Advisers may be recorded.

This document does not constitute an offer, invitation, or inducement to distribute or purchase shares or to enter into an investment agreement by Petrus Advisers in any jurisdiction in which such offer, invitation or inducement is not lawful or in which Petrus Advisers is not qualified to do so or to anyone to whom it is unlawful to make such offer, invitation or inducement.

Investors should take their own legal advice prior to making any investment. In particular, investors should make themselves aware of the risks associated with any investment before entering into any investment activity. The information contained in the document shall not be considered as legal, tax or other advice. All information is subject to change at any time without prior notice or other publication of changes.