

A background image of a grand, multi-story building with classical architectural features, including arched windows, a balcony with a white railing, and a brick section with a decorative golden scrollwork element. The image is split vertically, with the left side being a faded, blue-tinted version of the same scene.

What PPF calls gold is Air and doesn't even glitter

Clarifications to Moneta publications

December 2021

CEO Spurný spins the facts and is only interested in helping PPF cash out

- Moneta has once more tried to twist reality by questioning the facts we have discovered – **these facts are:**
 1. Moneta has violated its ad-hoc publication obligations by not communicating the 46%¹ 2021/22 performance upgrade in a fair and transparent way
 2. Misrepresentation of the cash flow to PPF by Moneta related to the proposed transaction: PPF will take home CZK 20-21bn² and NOT just CZK 8-9bn by expected transaction closing
 3. Underwriting by Moneta of Air Bank Group's very aggressive business plan upgrades despite dismal current performance at Air Bank Group
 4. Moneta has refrained from making clear to its shareholders that the planned/likely outcome of the transaction is not an MTO by PPF → there is no PPF put at CZK 90 post dividend(s)
 5. Moneta has apparently not been willing to or able to push PPF for a full MTO commitment
 6. Moneta has been using outdated research reports to guide the fair value for Moneta
- This miscommunication by Moneta raises serious concerns about the motivation of Moneta management and Supervisory Board – CEO Tomáš Spurný has hardly any skin in the game, i.e. only 0.06%³ ownership

Petrus Advisers deem the current offer as opaque and unfair: We demand a commitment by PPF to launch an MTO or else recommend that shareholders vote against this convoluted transaction

Refute the PPF cash heist – again and for good

1 Ad-hoc violation regarding 2021/22 outperformance in the middle of this deal raises questions

- Not a single research analyst had forecasted net income of CZK 3.8bn for the next nine months, yet Moneta pretends like this was very obvious based on latest earnings calls – to overshadow the fact that PPF likely had access to inside information¹
- We very much disagree that the market could have reconciled this number based on public information and are thus concerned about two points: (i) why did Moneta not come out with an ad-hoc release as soon as this number was used in the transaction structure calculations and (ii) PPF having access to the capital bridge before this was disclosed to the market
- In comparison to the comments that Moneta's CEO has provided about a potential 4-5% guidance upgrade, the updated Air Bank Group business plan seems punchy with a 27% upgrade vs. the previous plan²; so far this year, the bank has done just one thing: underdeliver³

2 Moneta's mgmt. is trying to downplay the cash extraction by PPF – but cannot hide the fact that it will be CZK >20bn

- Moneta misleadingly calculated CZK 7.8-8.9bn net cash extraction by PPF but takes into account sunk costs, i.e. the price at which PPF initially acquired shares in Moneta (which is completely irrelevant to this transaction)
- It is a fact that purely through the proposed Air Bank Group transaction, PPF will receive net cashflows of CZK 20.1-21.2bn⁴ between the upcoming EGM and the closing of the rights issues while not committing to an MTO
- We thus demand an all-share merger with a subsequent MTO that gives shareholders a true valuation floor and an option if they want to remain invested in this Moneta/PPF undertaking or sell out at a fair premium to market price

3 CEO Tomáš Spurný has consistently downplayed the valuation of Moneta – we very much disagree and believe in a strong standalone case while questioning his incentives in this transaction

- We are tired of the CEO actively talking down the standalone valuation of Moneta (as it happened again on the conference call about the Air Bank transaction) and would like to point to the fact that a revised business plan should lead to consensus upgrades
- The average target price of research analysts is already above CZK 100 per share (still based on the old guidance)

Supporting Analysis

1

Moneta's management has communicated inconclusive messages around its guidance upgrade with market participants being left guessing

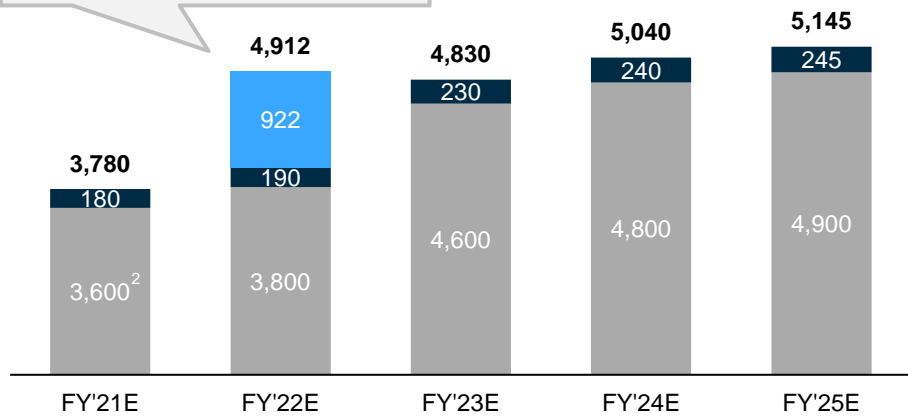
- There is no way to assess the relative attractiveness of the transaction without seeing an updated business plan for Moneta

Net income estimates based on latest management comments

Moneta net income estimates (CZKbn)

Guidance FY'21E (incl. 5% upside)	3,780
(-) 9M'21A	2,897
Implied Q4'21E	883
(+) H1'22E (50% of FY'22E guidance incl. 5% upside)	1,995
Next 9M based on revised guidance	2,878
Guidance next 9M (per Moneta/Petrus Q&A) ¹	3,800
Delta to guidance from Q&A document	922

We remain surprised that Moneta has not informed the market via an ad-hoc statement if this number is underlying the transaction structure



Latest published guidance (per Oct-20)
 Upside from 5% guidance outperformance
 Upside from one-offs (Covid-related exposure upgrades)

- In the Q3 earnings call, CEO Tomáš Spurný mentioned a 4-5% guidance upgrade. This was then refined on the Air Bank transaction conference call (30-Nov) to be based on the cumulative plan (2021-2025)
- In the Q3 earnings call, the drivers impacting the guidance were defined as:
 - “Slightly better” net interest income due to faster than expected rate hikes
 - Moneta is “under tremendous cost pressure”, relating to payroll, real estate, energy, software services, cash handling and other
 - Higher CoR on commercial loans due to rising cost of energy and potentially further Covid-related restrictions
- In the Air Bank transaction conference call, Tomáš Spurný then also pointed to the fact that the main reason for the guidance revision (i.e. the figure provided in the answer to our question list) was related to upgrades of Covid-impacted exposure
- In the Q3 presentation (slide 55), Moneta mentioned that Covid-related NPLs were “subject to potential upgrade” (no reference to precise phasing and amount)
- To assume that investors will think provision releases will add almost CZK 1bn of net income in H1'22 is naive given that Tomáš Spurný mentions potentially higher CoR due to further Covid-related restrictions in the same conference call

Notes: (1) Page 10 of the document “Explanation to published materials with respect to the General Meeting to be held on 20 December 2021” on <https://investors.moneta.cz/general-meeting> under the section “requests for a clarification”; (2) As per latest published guidance in Q3 earnings presentation.

Source: Company filings, earnings call recordings, Bloomberg earnings call transcripts

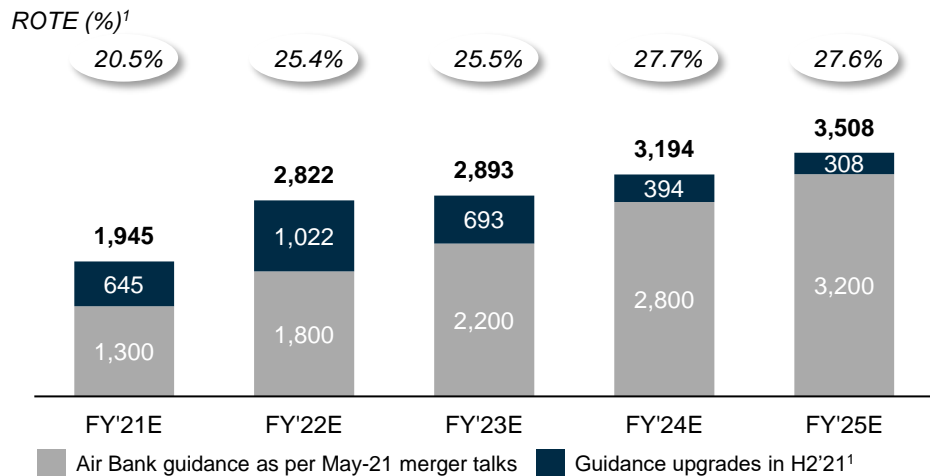
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While Moneta has been very imprecise in its guidance upgrade, PPF assumes that Air Bank Group will conquer the world

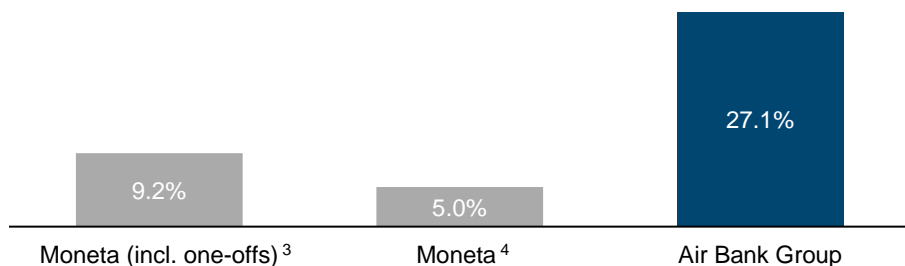
- Air Bank Group guidance upgrade looks very aggressive, e.g. assumes 7x mortgage market share expansion but lacks disclosure on capital adequacy

Net income guidance for Air Bank Group

Air Bank Group net income guidance in CZK m

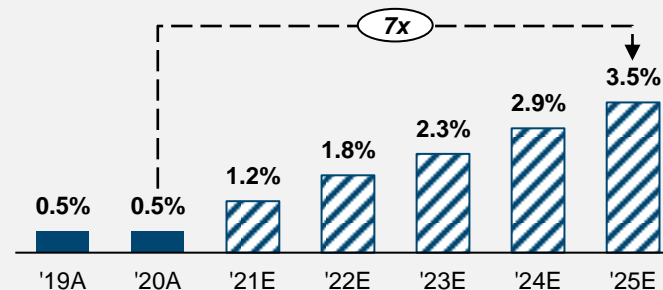


Cumulative guidance increase as % of initial guidance (2021-2025E)²



- The revised business plan/guidance for Air Bank Group published by PPF is substantially higher than the guidance that was used in the merger discussions in H1'21, i.e. 27% higher cumulative net income between 2021 and 2025
- The 4-5% upside referred to by Tomáš Spurný to the Moneta Oct-20 guidance seems extremely conservative vs. the revision of the Air Bank Group business plan
- The Air Bank Group business plan is based on aggressive growth assumptions that we deem as highly questionable
- Especially market share assumptions look unrealistic
- Capital adequacy is another area of concern with net loans growing at 14% CAGR ('21-25) vs. equity at 5% implying a large reduction in CET1 ratio, ROTE figures thus lack credibility
 - Capital adequacy is not considered at all in the guidance

Example: Air Bank mortgage market share underlying guidance⁵



Notes: (1) As per revised guidance from presentation "Air Bank Group – Intro & financials" as published by PPF in Nov-21; (2) Incremental cumulative net income due to guidance increase divided by cumulative net income as per initial business plan; (3) Includes CZK 922m one-off in H1'22 as per previous slide; (4) Based on upper end of 4-5% cumulative guidance increase as provided by Moneta on Q3 earnings call; (5) Page 13/23 Air Bank Group presentation, refers to mortgage balance, assumes further product enhancements.

1

Air Bank Group's YTD 2021 performance shows negative underlying top-line growth

- We remain highly sceptical of Air Bank Group's ability to deliver on its business plan given substantial underperformance so far this year (excl. one-off provision releases)

Air Bank Group performance in 2021

All in CZKm	9M'20A	9M'21A	Air Bank YoY (%)	Moneta YoY (%)
Net interest income	4,509	4,147	(8%)	2%
Net fee and commission income	(109)	10	NM	4%
Other income	(37)	136	NM	(77%)
Total operating income	4,363	4,293	(2%)	(13%)
Opex	(2,472)	(2,466)	(0%)	1%
Pre-provision profit	1,891	1,827	(3%)	(23%)
Loan loss provisions	(314)	41	NM	(85%)
Taxes	(318)	(396)	25%	147%
Net income	1,259	1,472	17%	51%

- Current trading by Air Bank Group has been completely underwhelming with a shrinking top-line year-on-year driven by an 8% drop in net interest income
- Moneta on the other hand has shown strong top-line results year-to-date with a 2% increase in net interest income and 4% increase in net fee and commission income
 - Recurring operating income of Moneta: +3% year-on-year¹
 - (13%) from the table includes large one-off items in 2020, e.g. gain from acquisition of CZK 1.1bn
- Air Bank Group's pre-provision profit has also declined year-on-year
- Increase in net income purely driven by one-off provision releases

Notes: (1) Please refer to page 26 of the Moneta Q3'21 presentations.

Source: Company filings

2

“Petrus Advisers analyses is incorrect: PPF’s maximum net cash flow is in the range of CZK 7.8 – 8.9 billion”

- PPF is trying to extract CZK >20bn funds from Moneta through the Air Bank transaction

Fund flows to PPF until transaction closing (no MTO case)

All in CZK m	Including CZK 7 p.s. dividend in H1'22	Excluding CZK 7 p.s. dividend in H1'22
Air Bank cash payment	25,900	25,900
Participation in 1 st rights issue	(6,273)	(6,273)
Participation in 2 nd rights issue ¹	0	0
Dividend Dec-21E	459	459
Dividend May-22E ²	1,071	0

Total fund flows to PPF through Air Bank transaction	21,157	20,086
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PPF acquiring shares at CZK 80 p.s. (sunk cost)	(12,239)	(12,239)
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All time cash extraction by PPF	8,918	7,847
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- PPF acquiring shares in Moneta is a sunk cost and not related to the proposed Air Bank transaction (assuming no MTO)
- We are surprised that Moneta’s management is trying to defend PPF by making it look like they would not extract CZK >20bn from the bank
- PPF have been pretending they would want to trigger an MTO with this transaction “PPF [...], would welcome majority control of domestic lender MONETA”³ if they were serious, they would just commit to it!⁴
- Without an MTO, the cash extraction by PPF will be substantial and stressing Moneta’s capital position to the limit

Unrelated to proposed Air Bank transaction

Notes: (1) Assuming no participation of PPF in the 2nd rights issue (PPF can in fact participate up to 50.9m shares/CZK 4.6bn in the 2nd rights issue without triggering an MTO, assuming 36.6% MTO threshold); (2) Assuming a potential CZK 7 per share dividend payment takes place in May-22 following AGM approval in April 2021; (3) <https://www.reuters.com/business/ppf-would-welcome-majority-moneta-up-shareholders-cfo-says-2021-12-02/>; (4) For detailed analysis of MTO triggers, please review our previous presentation from 29-Nov-21.

Source: Company filings

3

CEO Tomáš Spurný has consistently downplayed the valuation of Moneta – we very much disagree and believe in a strong standalone case

■■■ PETRUSADVISERS

- We are questioning the incentives of Tomáš Spurný in this endeavour as he continues downplaying the Moneta valuation; his stake in the company remains very small at 0.06%

Target prices of brokers with active coverage¹

Firm	Recommendation	Target Price (CZK)	Date
PKO BP Securities	Buy	97.1	30/11/2021
Citi	Buy	103.0	26/11/2021
J&T Banka	Buy	105.0	22/11/2021
Ipopema Securities	Buy	103.6	22/11/2021
Komerční Banka	Buy	109.7	19/11/2021
Erste Group	Hold	85.0	18/11/2021
Wood & Company	Buy	95.1	18/11/2021
mBank	Buy	95.5	04/11/2021
HSBC	Buy	112.0	04/11/2021

Mistakenly shown as CZK 95 in the Moneta presentation

Average	100.7	Upside:	12.8% ⁵
Median	103.0		15.4% ⁵

- CEO Tomáš Spurný on the latest conference call “So from our perspective, this somewhat limits the potential for further appreciation [of the Moneta valuation]”²
- In its page showing analyst target prices³, Moneta’s management includes completely outdated target prices (e.g. CZK 75 from Fio Banka as of 13-Jan-2021) to downplay its standalone valuation
- The average target price on Factset is in fact CZK >100 p.s.⁴ vs. an average target price of CZK 96.2 per Moneta presentation
- Except for Erste Group, all brokers target prices are in excess of the current share price
- Interestingly, Tomáš Spurný only has a tiny stake in Moneta and thus very questionable incentives
 - Based on latest disclosure, Tomáš Spurný only owns 0.06% of Moneta’s outstanding shares

Notes: (1) Includes active broker coverage only (based on Factset definition); (2) Bloomberg transcript conference call regarding the proposed acquisition of Air Bank Group (30-Nov-21); (3) Page 8/66 of the presentation “Proposed acquisition of Air Bank Group and related proposal for capital increase” from 19-Nov-21; (4) Factset as of 3-Dec-21; (5) Upside vs. pre transaction announcement; upside to current price 6-9%.

Source: Company filings, Factset as per 3-Dec-21, Bloomberg as per 3-Dec-21

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