

REPORT OF MANAGEMENT BOARD

OF MONETA MONEY BANK, A.S.

CONCERNING EXCLUSION OF STATUTORY PREFERENTIAL RIGHTS

IN RELATION TO INCREASE IN REGISTERED SHARE CAPITAL

TO BE VOTED UPON AT GENERAL MEETING

TAKING PLACE ON 22 JUNE 2021

(informative English translation from Czech language)

Dear shareholders,

As required by the Corporations Act (Czech Act No. 90/2012 Coll., Sec. 488 par. 4), the Management Board of MONETA Money Bank, a.s. (“**Moneta**” or the “**bank**”) presents to you this report setting out reasons for a proposed increase in Moneta’s equity by an increase in its registered share capital and share premium. This proposal involves an exclusion of the statutory preferential rights of Moneta shareholders to subscribe for new shares, granted to the shareholders by the Corporations Act in proportion to the nominal value of their shares.

A. Proposed increase in Moneta’s equity

The proposed increase in Moneta’s equity by CZK 23,310,000,000 is to be effected by an increase in the registered share capital by CZK 5,827,500,000 (i.e. from the current CZK 10,220,000,000 to CZK 16,047,500,000) and an increase in the share premium by CZK 17,482,500,000. This increase is proposed as part of the resolution on an increase in the registered share capital through an issuance of new shares put as item no. 4 on the agenda of Moneta’s General Meeting convened for 22 June 2021.

Under the proposal, the registered share capital is to be increased through an issuance of 291,375,000 pieces of new registered book-entered shares of Moneta at the subscription price of CZK 80.00 per share payable in cash (the “**New Shares**”). The subscription price has two components:

- (i) CZK 20.00 per share (or CZK 5,827,500,000 in total) constitutes the nominal value of the New Shares and will increase Moneta’s registered share capital; and
- (ii) CZK 60.00 per share (or CZK 17,482,500,000 in total) represents the share premium.

B. Subscription for the New Shares by PPF Group through Home Credit N.V.

Under the proposal, the New Shares are to be subscribed for by Home Credit N.V. (with corporate seat at Strawinskylaan 933, 1077 XX Amsterdam, the Netherlands, registration No. 34126597), a member of PPF Group (“**HCNV**”), as the sole pre-selected subscriber.

For this reason, Moneta shareholders are requested to decide at the General Meeting whether they agree with the proposed exclusion of their statutory preferential rights to subscribe for the New Shares.

C. Issuance of New Shares is a necessary prerequisite for completion of an acquisition of Air Bank Group by Moneta

The issuance of New Shares to HCNV is a necessary prerequisite for completion of an acquisition by Moneta of 100 % shareholdings in the following entities for a total purchase price of CZK 25.90 billion:

- (a) **Air Bank a.s.**, with corporate seat at Evropská 2690/17, Dejvice, 160 00 Prague 6, ID number: 290 45 371;
 - (b) **Benxy s.r.o.**, with corporate seat at Evropská 2690/17, Dejvice, 160 00 Prague 6, ID number: 035 70 967, and other subsidiaries of Air Bank a.s.;
 - (c) **Home Credit Slovakia a.s.**, with corporate seat at Teplická 7434/147, Piešťany 921 22, Slovak Republic, ID number: 36 234 176; a
 - (d) **Home Credit a.s.**, with corporate seat at Nové sady 996/25, Staré Brno, 602 00 Brno, ID number: 269 78 636
- (collectively, “**Air Bank Group**”).

The acquisition of Air Bank Group by Moneta is subject to a separate General Meeting approval proposed under item no. 3 on the agenda of the General Meeting convened for 22 June 2021.

D. Exclusion of statutory preferential rights to subscribe for the New Shares is in a material interest of Moneta

As further elaborated below, the Management Board has concluded that the proposed exclusion of the shareholders’ statutory preferential right to subscribe for the New Shares is in a material interest of Moneta for the following reasons:

- (i) the exclusion of the statutory preferential rights to subscribe for the New Shares is a necessary prerequisite for completion of the acquisition of Air Bank Group by Moneta, required and communicated to Moneta by PPF Group which currently owns 29.94 per cent of Moneta shares;
- (ii) the Management Board is convinced that the acquisition of the retail-focused Air Bank Group is a unique business opportunity that will significantly contribute to the realisation of Moneta’s long-term strategy, has a potential to create significant benefits for all Moneta shareholders and, as such, unequivocally justifies the proposed exclusion of the statutory preferential rights; and
- (iii) the benefits which the acquisition of Air Bank Group has a potential to create in the medium to long term will be distributed proportionally between the existing Moneta shareholders and PPF Group in the context of sharing future profits and other strategically important benefits, provided that potential benefits to the existing shareholders stemming from a strengthening of Moneta’s performance and an increase in its value are projected to significantly outweigh the 36.314 per cent dilution of their interest in the registered share capital of Moneta.

For these reasons, the Management Board believes that the proposed acquisition of Air Bank Group, involving the proposed exclusion of the statutory preferential rights as its inherent prerequisite required by PPF Group, represents a choice between a short-term profitability and a medium to long-term objective of securing a capacity for sustainability and increasing the value of Moneta as a whole.

E. Record date for participation at the General Meeting convened for 22 June 2021

Only those Moneta's shareholders listed in the list of shareholders (an excerpt from the Central Securities Depository Prague of Moneta shares) as at 15 June 2021 (Tuesday) shall be entitled to participate at the General Meeting convened for 22 June 2021 and to vote on the proposed increase in the registered share capital with the exclusion of the statutory preferential rights.

F. Contents of this report

This report is divided into the following main chapters:

- I. Moneta's business strategy and opportunities for consolidation with other banks ([page 5](#)).
- II. Process of negotiating terms of the Air Bank Group acquisition ([page 8](#)).
- III. The Air Bank Group acquisition, which as per PPF Group's requirement necessitates the exclusion of the statutory preferential rights, is in a material interest of Moneta ([page 15](#)).
- IV. Mandatory tender offer with an offer price of at least CZK 80 per share is an integral part of the Air Bank Group acquisition due to PPF Group's acquiring control over Moneta ([page 25](#)).
- V. Approval of the exclusion of the statutory preferential rights requires a significant support from non-PPF shareholders of Moneta ([page 27](#)).
- VI. Conclusion ([page 29](#)).

I. MONETA'S BUSINESS STRATEGY AND OPPORTUNITIES FOR CONSOLIDATION WITH OTHER BANKS

(a) Moneta's business strategy

As it has been regularly communicated to the shareholders and investors, the long-term business strategy of Moneta is based on increasing its earnings per share (EPS) and dividend per share (DPS) by expanding Moneta's retail portfolio, improving its cost effectivity, furthering its development through investments into digital distribution, services and infrastructure of the bank as well as by a prudent risk management and capital effectivity.¹

Moneta also communicated its target to increase the size of its balance sheet to more than CZK 500 billion through the above strategy. In this respect, Moneta also systematically stressed out its interest in pursuing opportunities for its consolidation with other entities to gain a greater relevance and a critical size to retain its competitiveness in the Czech banking market.

(b) Organic growth between 2016 and 2020 and the acquisition of Czech Wüstenrot

Since its listing on the Prague Stock Exchange in 2016 until the end of 2020, Moneta accomplished to almost double its balance sheet. This growth was achieved both organically and by an acquisition of Wüstenrot – stavební spořitelna a.s. and Wüstenrot hypoteční banka a.s. As a consequence, Moneta has achieved to maintain a solid level of income and profit.

At the beginning of 2021, when the integration of the acquired Wüstenrot companies into Moneta's structure was successfully completed with a positive impact in all aspects of its strategy, Moneta was evaluating new business opportunities with a view to select the best one in light of its medium- and long-term business strategy.

(c) Recent opportunities for consolidation with other banks

Moneta's recent business opportunities have spanned at least two contemplated acquisitions or other forms of consolidation of business activities pursuing a further development of Moneta and its ability to achieve strategic goals. The Management Board has regularly consulted all the acquisition opportunities with the Supervisory Board and has also regularly communicated its intentions to the Czech National Bank ("CNB"). On both occasions, Moneta engaged external advisers, conducted a comprehensive due diligence on the former and, on the latter, devised through its external advisers a combined business plan, including an assessment of potential cost synergies.

¹ Page 71 and pages 7 to 10 of the investor presentation concerning financial results of Moneta for the 3rd quarter of 2020 dated 30 October 2021 (available at: <https://investors.moneta.cz/documents/12270853/15117599/mmb-3q-2020-results-en.pdf>) and pages 21 to 23 of Moneta's annual report for 2020 (available at: <https://investors.moneta.cz/documents/12270853/12624935/mmb-annual-report-2020-en.pdf>).

(i) Contemplated acquisition of a smaller Czech retail bank

One of the opportunities involved an acquisition of a smaller Czech retail bank by Moneta. After completing an in-depth due diligence and valuation in early 2021, following the receipt of PPF Group's invitation to negotiate the Air Bank Group acquisition, the Management Board submitted to the seller an offer to purchase the bank for a purchase price significantly higher than the book value of the target bank's equity. However, Moneta's offer was not been accepted by the seller, and the Management Board assumes that the price offered by the successful bidder was higher than the price offered by Moneta.

The Management Board believes that the acquisition route to a substantial growth in the relevant segments and product categories of the retail banking market would have been closed after the closure of this opportunity but for the proposed Air Bank Group acquisition.

Furthermore, the Management Board anticipates that realisation of this acquisition opportunity by the successful bidder who is a direct competitor to Moneta will significantly intensify the competitive environment and, as such, jeopardise the realisation of Moneta's growth and profitability objectives. In the Management Board's view, the acquiror will likely have to support this acquisition both through an increased intensity of investments and its market behaviour in strategically relevant segments.

(ii) Unfavourable opportunity for a takeover of Moneta by a competitor was rejected by Moneta

The second opportunity for consolidation was presented and subsequently intermediated by one of Moneta shareholders who now opposes the proposed acquisition of Air Bank Group. This second opportunity consisted in a takeover of Moneta by a regional banking group that also owns a banking group in the Czech Republic.

After more than a year of negotiations and exchange of confidential information between Moneta and this potential bidder, merely a verbal tentative indication of a price per share in Moneta at which this bidder would be willing to make an offer for consolidation with Moneta was communicated to the Management Board. The Chairman and the Vice-Chairman of the Supervisory Board were invited to participate in the communication and were also regularly informed about developments in the negotiations and the exchange of information.

The Management Board rejected this tentative price indication as unfavourable for Moneta and its shareholders and the Supervisory Board expressed the same view. However, even after receiving this tentative price indication, the Management Board of Moneta sought to provide the potential bidder with all relevant information so that it could come up with a higher offer price than had been the price

tentatively indicated should it decide to make a bid. However, despite all its efforts and cooperation, the Management Board of Moneta received no response. The process was formally terminated in April 2021 after the counterparty had been repeatedly urged to respond by the Chairman of the Management Board of Moneta.

Under the rejected tentative price indication, Moneta shareholders would have received from the potential bidder a consideration for their shares that was far below the value of Moneta. The tentatively indicated consideration was substantially lower than PPF Group's offer of CZK 80.00 per share. It was also significantly lower than the target price for Moneta shares published by stock analysts of the bidder's banking group at the time.

At the same time, the bidder did not count on a voluntary public offer to purchase a portion of Moneta shares from existing shareholders, although this mechanism was demanded by the Management Board of Moneta. In order to give the shareholders an opportunity to sell their shares quickly and profitably, Moneta requested that the transaction be structured as a three-step process, whereby a combination with another bidder would be preceded by a public offer to purchase a portion of the shares from existing shareholders of Moneta and, once the combination was consummated, the potential bidder would then launch a mandatory tender offer for all Moneta shares.

In this context, the potential bidder demanded a control over Moneta, likely to be followed by a squeeze-out of its minority shareholders. In principle, Moneta continues to be open to discuss any offer from this party as long as it is higher and more favourable to its shareholders than PPF Group's offer.

The Management Board believes that the closure of this option has also limited the range of opportunities to diversify and instantly enlarge Moneta's activities.

II. PROCESS OF NEGOTIATING TERMS OF AIR BANK GROUP ACQUISITION

(a) PPF Group's invitation for negotiations concerning the Air Bank Group acquisition and a voluntary tender offer to purchase up to 29 per cent of Moneta shares

On 22 January 2021, Moneta received from Tanemo a.s. (with corporate seat at Evropská 2690/17, Dejvice, 160 00 Prague 6, ID number: 098 34 273; "Tanemo"), a member of PPF Group, a wording of a voluntary tender offer to purchase up to 29 per cent of Moneta shares from its existing shareholders.

Along with the voluntary tender offer wording, Moneta also received a letter from PPF Group inviting Moneta to negotiate the acquisition of Air Bank Group. In this letter, PPF Group voiced a requirement that the transfer of 100 per cent of shares in Air Bank Group to Moneta be financed from the funds received by Moneta in consideration of an issuance of 336,429,519 pieces of new Moneta shares to PPF Group.

(b) Position of the Management Board on PPF Group's voluntary tender offer to purchase up to 29 per cent of Moneta shares

In its position² on the voluntary tender offer, required to be rendered by the Management Board under the Corporations Act, the Management Board concluded that the voluntary tender offer to purchase up to 29 % per cent of Moneta shares appeared to be in line with the interests of Moneta.

As regards the invitation to negotiate the acquisition of the retail-focused Air Bank Group, which was not a part of the voluntary tender offer, the Management Board took a view that it was obliged to evaluate this acquisition opportunity in light of Moneta's business strategy. However, the Management Board stated that this acquisition opportunity would have to be subject to an in-depth due diligence and related procedures before the Management Board could adopt an informed position.

(c) PPF Group has become the biggest shareholder of Moneta

The voluntary tender offer³ was made by Tanemo on 8 February 2021. It was consummated on 20 April 2021 whereby Tanemo acquired 28.37 per cent of Moneta shares. As a corollary, PPF Group has become the largest shareholder of Moneta. Based on other trades, PPF Group has increased its shareholding interest in Moneta to the current 29.94 per cent.

² The Management Board's position on Tanemo's voluntary tender offer is available at: <https://investors.moneta.cz/documents/12270853/16648961/mmb-MB-position-voluntary-tender-offer-2021-en.pdf>

³ Tanemo's voluntary tender offer is available at: <https://investors.moneta.cz/documents/12270853/16648961/mmb-voluntary-tender-offer-ppf-en.pdf>

In this respect, the Management Board of Moneta notes that none of its members has sold its Moneta shares nor does it intend to do so in the event of a mandatory tender offer by PPF Group to purchase all Moneta shares.

Based on the voluntary tender offer, PPF invested CZK 12.3 billion in Moneta shares and subsequently participated in the General Meeting of Moneta held on 28 April 2021.

In light of the voluntary tender offer's acceptance rate, where a significant number of Moneta shareholders decided to sell their shares, the Management Board believes that its position on the voluntary tender offer by Tanemo was in the best interests of Moneta shareholders. With an offer price of CZK 80.00 per share, the shareholders realised a significant gain over the closing market price of Moneta shares as at 22 January 2021 when Moneta announced it had received the wording of Tanemo's voluntary tender offer along with the invitation for negotiations of the Air Bank Group acquisition.

(d) Moneta has dedicated an extensive internal and external team to evaluate the Air Bank Group acquisition

Moneta has dedicated an extensive internal and external team to evaluate and negotiate the Air Bank Group acquisition. Within Moneta, a team of 22 senior managers across all relevant areas was intensively involved in the Air Bank Group acquisition, including an internal due diligence. External advisors comprised the consultancy group Ernst & Young conducting a comprehensive in-depth due diligence of Air Bank Group spanning, among other areas, finance, tax, risk management, IT, human resources and compliance. Moneta has also engaged the global investment bank J.P. Morgan as its investment advisor and the law firm Skils as its legal advisor.

(e) Negotiations concerning the Air Bank Group acquisition value

Upon completion of the in-depth due diligence, the Management Board requested each of its advisors, Ernst & Young and J.P. Morgan, to prepare a valuation of Air Bank Group. Based on these valuations, the Management Board has strived to achieve terms that would be, relative to the terms initially demanded by PPF Group, more favourable for the existing Moneta shareholders.

In particular, the Management Board has endeavoured to decrease a total purchase price for Air Bank Group and mitigate the potential dilution of the existing Moneta shareholders. The negotiations of these parameters have resulted in the following agreement:

Table 1: Comparison of the achieved terms with those initially demanded by PPF Group

	Framework Agreement terms	Terms initially demanded by PPF Group
Moneta to Air Bank value ratio	61.20 : 38.80	60.30 : 39.70
Moneta shareholders dilution (%)	36.314 %	39.70 %
Payment from own funds	CZK 2.59 billion (10 %)	CZK 0 (0 %)

The payment of 10 per cent of the purchase price from Moneta’s own funds (excess capital) was proposed to PPF Group by the Management Board of Moneta as it is currently not permissible to distribute dividends due to regulatory restrictions introduced in the wake of the COVID-19 pandemic. This own funds-sourced payment mitigates the dilution of the existing shareholders’ shareholding interests in Moneta while enhancing their participation in the potential increase of Moneta’s medium to long-term profitability.

Accordingly, Moneta is to pay CZK 2.59 billion from its excess equity for Air Bank Group’s equity with the book value of CZK 10.5 billion. The remaining portion of the purchase price in the amount of CZK 23.31 billion is to be paid entirely from the funds received as the subscription price for the New Shares in the amount of CZK 23.31 billion. As a result, existing shareholders of Moneta are not required to increase their risk exposure by another investment given that such an investment is borne by PPF Group.

The Management Board has decided to accept these improved terms of the proposed Air Bank Group acquisition since it believes that the proposed acquisition has a potential to increase Moneta’s value by strengthening its profitability and sustainability of its business activities. This potential is drawn upon the combined business plan outlined in part III. (d) below, its review by Moneta’s investment and financial advisors as well as on Moneta’s prior acquisition experience.

Since the inception of the negotiations, the Management Board has also been consulting the proposed Air Bank Group acquisition, including its goals in the negotiations with PPF Group and their outcome, with the Supervisory Board. The Supervisory Board was regularly furnished with all materials relating to the proposed Air Bank Group acquisition including assumptions used in the financial modelling. On this basis, the Supervisory Board has adopted an affirmative position on the proposed Air Bank Group acquisition, with eight out of nine Supervisory Board members voting in favour of the acquisition and one abstaining.

(f) Exclusion of the statutory preferential rights was required by PPF Group as its condition for sale of Air Bank Group to Moneta

(i) PPF Group conditioned the sale of Air Bank Group upon the issuance of the New Shares solely to PPF Group

Subscription for all New Shares by PPF Group has been required by PPF Group as its condition for sale of Air Bank Group to Moneta since the very beginning.

PPF Group has voiced this commercial demand, for instance, in its letter received by Moneta on 21 April 2021. In this letter, in response to a requirement raised by Moneta, PPF Group conceded it would accept that a payment of maximum 10 per cent of the total purchase price agreed for Air Bank Group would be paid in cash from Moneta's own funds. The remaining minimum 90 per cent of the total purchase price would be paid in cash from funds received as the subscription price for the New Shares by PPF Group.

(ii) Main reasons for the acceptance of PPF Group's proposal concerning its subscription for all New Shares in Moneta

The Management Board has decided to accept PPF Group's requirement to fund the cash payment of at least 90 per cent of the total purchase price from the funds received as the subscription price for the New Shares by PPF Group. As a corollary, PPF Group will hold in total 55.38 per cent (corresponding to the sum of Tanemo's current shareholding and the New Shares to be issued to HCNV) of the exposure to potential risks associated with the Air Bank Group acquisition and its further development, while PPF Group's portion may subsequently increase as a result of the mandatory tender offer.

In light of Moneta's defined strategy and the Czech banking market structure, the Management Board has concluded that the Air Bank Group acquisition is a unique commercial opportunity the realisation of which is in a material interest of Moneta and which offers a potential of significant benefits to all Moneta shareholders. These reasons are elaborated in detail in part III. below.

In this respect, the Management Boards has sought in good faith to reflect the result of the comprehensive, in-depth due diligence process, valuation of Air Bank Group supported by fairness opinions from Ernst & Young and global investment bank J.P. Morgan, evaluation of alternative commercial opportunities and alternative sources of funding. The Management Board has also received an affirmative opinion from Moneta's top management team dedicated to the Air Bank Group acquisition. Also, the Supervisory Board of Moneta expressed an affirmative position on the Air Bank Group acquisition.

In its decision-making, the Management Board of Moneta has also duly considered that PPF group will be obliged to launch a mandatory tender offer (takeover bid) in case the Air Bank Group acquisition is approved by the General Meeting and is completed. The shareholders unwilling to bear the potential risks associated with the acquisition of Air Bank Group and reluctant to remain shareholders of Moneta, will have an opportunity to sell their shares to PPF Group for the price of at least CZK 80.00 (see part IV. below).

The Management Board has also taken into account that the exclusion of the shareholders' statutory preferential right to subscribe for the New Shares requires to be approved at Moneta's General Meeting by at least 3/4 of votes of participating shareholders and thus needs a significant support of non-PPF shareholders (see part V. below). This support has been quantified to range between 21 to 64 per cent of all non-PPF shareholders of Moneta with a potential attendance on at Moneta's General Meeting ranging between 60 to 100 per cent of all Moneta shareholders.

(g) Entering into the Framework Agreement with PPF Group and its main terms

(i) Entering into the Framework Agreement

On 6 May 2021, Moneta has entered into a Framework Agreement for the acquisition of Air Bank Group with HCNV, HCI, and Tanemo. The Framework Agreement, including its schedules, has been published on Moneta's website in section Investor Relations. A summary of key terms of the Framework Agreements has also been published in that section along with a notice of the General Meeting convened for 22 June 2021.

(ii) Key terms of the Framework Agreement

By the Framework Agreement, Moneta has undertaken to enter into separate share purchase agreements with HCNV and HCI, respectively, for purchase of the individual Air Bank Group companies for the total purchase price of CZK 25.90 billion and into a subscription agreement regarding the issuance of 291,375,000 pieces of New Shares in Moneta to HCNV. The New Shares subscription price is to be entirely paid prior to the transfer of the Air Bank Group shares to Moneta.

Pursuant to the Framework Agreement, the subscription price of each New Share shall be equal to the price of CZK 80.00 per share offered by Tanemo in its voluntary tender offer and totalling to CZK 23.31 billion (90 per cent of the total purchase price agreed for the Air Bank Group acquisition by Moneta). The funds received as payment of the subscription price shall be used for the payment of the purchase price for Air Bank Group while the remaining CZK 2.59 billion (10 % per cent of the agreed purchase price) shall be paid by Moneta to PPF Group from its own funds – excess capital.

(iii) The Management Board has accomplished to negotiate acquisition terms which are more favourable for shareholders than the initial PPF Group's proposal

Relative to the initial proposal by PPF Group, the total purchase price agreed under the Framework Agreement has lowered by CZK 1 billion while the number of the New Shares to be issued to PPF Group has decreased by approx. 45 million pieces. Thereby, the Management Board has accomplished to negotiate acquisition terms which are more favourable for Moneta shareholders than those initially demanded by PPF Group. The improved terms strengthen the potential of the positive impact of the Air Bank Group acquisition on Moneta and its shareholders, as described below.

(iv) Subscription price of CZK 80.00 represents a premium against the volume weighted average market price of Moneta shares

The subscription price of CZK 80.00 implies a value of Moneta at CZK 40.88 billion and represents an equivalent of a 1.5 multiple of the book value of Moneta's consolidated equity as at 31 December 2020 and a 15.7 multiple of consolidated net profit of Moneta for the year ending 31 December 2020.

The amount of CZK 80.00 per share also values Moneta against the volume weighted average market price of Moneta shares over a period of 180 days calculated as at (i) 22 January 2021 (when Moneta announced the receipt of the wording of the voluntary tender offer of Tanemo for purchase of Moneta shares together with the invitation from PPF Group negotiate the parameters of the acquisition of Air Bank Group) at a premium of 34 per cent, and (ii) 5 May 2021 (one day prior announcement of the entry into the Framework Agreement) at a premium of 8 per cent.

(v) External fairness opinions support the adequacy of the consideration for Air Bank Group

Based on the Air Bank Group valuations supported by external fairness opinions from the global consultancy firm Ernst & Young and the global investment bank J.P. Morgan, the Management Board of Moneta is of the view that the total purchase price of CZK 25.90 billion is adequate.

The valuations of Air Bank Group are based on Air Bank Group's business plan adjusted by Moneta so that it relies on more conservative assumptions. The valuations are derived primarily from the equity discounted cash flows (dividends) methods.

Ernst & Young and J.P. Morgan have provided Moneta with positive fairness opinions confirming that the agreed purchase price in the amount of CZK 25.9 billion is adequate in the context of the acquired entities from Air Bank Group and related cost synergies.

(vi) Exclusion of the statutory preferential rights and other conditions precedent for the implementation of the Air Bank Group acquisition

Under the Framework Agreement, the implementation of the Air Bank Group acquisition is subject to numerous conditions precedent. In addition to obtaining the requisite regulatory approvals, these include, among other things, obtaining an approval of the General Meeting for the proposed increase in Moneta's registered share capital with the exclusion of the shareholders' statutory preferential right to subscribe for the New Shares.

(vii) Right to withdraw from the Air Bank Group acquisition before its completion

PPF Group has the right to withdraw from the sale of Air Bank Group to Moneta before its completion in case a material adverse change affecting Moneta occurs. Specifically, PPF Group has the right to withdraw from the Air Bank Group sale if the CNB or another regulatory body prohibits or, as compared to the current state of affairs, materially limits dividend payments to Moneta shareholders for a period of at least 12 months. Besides, PPF Group has the right to withdraw from the sale of Air Bank Group to Moneta if circumstances arise in the financial markets that prevent PPF Group from obtaining the financing necessary to settle the Air Bank Group sale, including the subsequent mandatory takeover bid.

Moneta has the right to withdraw from the Air Bank Group acquisition before its completion in case a material adverse change affecting Air Bank Group companies occurs. Both parties have the right to withdraw from the sale of Air Bank Group if Moneta and PPF do not obtain the relevant regulatory approvals for the Air Bank Group acquisition by 6 May 2022, the acquisition is not completed by that date, an event or circumstance precluding completion occurs or if a party breaches pre-completion covenants causing to the other party a loss exceeding CZK 1 billion.

III. AIR BANK GROUP ACQUISITION, WHICH AS PER PPF GROUP'S REQUIREMENT NECESSITATES EXCLUSION OF STATUTORY PREFERENTIAL RIGHTS, IS IN MATERIAL INTEREST OF MONETA

Given the structure of Czech banking market, the Management Board of Moneta is convinced that an acquisition-driven growth with a parallel strategic focus on the attractively profitable retail sector is the only way for Moneta to achieve a relevant size and mitigate impacts of competitive pressures. The relevant size also brings a cost and capital efficiency, resilience and ultimately a higher profitability (see [part III. \(a\)](#) below). The acquisition of Air Bank Group, therefore, presents in this respect a unique business opportunity which is in line with a long-term strategy of the bank communicated to the markets.

The Management Board sees the uniqueness of the proposed Air Bank Group acquisition particularly in an unrivalled strategic complementarity between Moneta and Air Bank Group. This complementarity will allow for a growth of Moneta's balance sheet, client base, market share in key segments of the retail finance market as well as for a strengthening of its competitiveness (see [part III. \(b\)](#) below). From this unique strategic complementarity also stems a strong potential for creation of cost synergies (see [part III. \(c\)](#) below) and for an accretion in profitability and dividend capacity of Moneta (see [part III. \(d\)](#) below).

This potential can positively translate into a more efficient use of capital in the form of a higher return on tangible equity (see [part III. \(e\)](#) below). In addition, the issuance of the New Shares to PPF Group with the exclusion of the statutory preferential rights, which is a prerequisite for the completion of the acquisition of Air Bank Group, will create a potential for an extraordinary dividend payment (see [part III. \(f\)](#) below).

The Management Board of Moneta believes that no other currently available business opportunity in the Czech banking market offers such a potential for a future development of Moneta with benefits for shareholders in the form of medium to long-term earnings per share and dividend per share accretion potential as the currently proposed acquisition of Air Bank Group. In the opinion of the Management Board, it is also very unlikely that any alternative business opportunity with a comparable potential may arise in the Czech banking market in a foreseeable future.

As described above, the acquisition of Air Bank Group (and therefore the realisation of its benefits to Moneta and its shareholders as described in this [part III.](#)) requires the exclusion of the statutory preferential rights of Moneta shareholders as its prerequisite.

(a) An acquisition is the only way for Moneta to achieve a critical size and associated higher profitability

(i) Large banks achieve higher profitability due to competitive advantages

In 2017 through 2020, five Czech large banks⁴ generated 64 per cent of all revenues in relation to the whole Czech banking sector, deployed 64 per cent of all Tier 1 capital and produced 70 per cent of all net profit. In contrast, mid-sized banks in relation to whole Czech banking sector generated 18 per cent of all profits, deployed 23 per cent of all Tier 1 capital and produced 17 per cent of all net profit.

It is clear from the comparison above that, in the Czech banking market, competitive advantages bringing higher profitability are stemming from a larger size of a bank.

(ii) Mid-sized banks are exposed to competitive pressures from both large and smaller banks

On the other hand, Moneta and other mid-sized banks are in terms of profits and pricing subject to a strong competitive pressure from both larger and smaller banks. Such a pressure is particularly noticeable in the highly competitive segment of consumer financing. The CNB experts themselves present this fact in their study stressing out the importance of a competitive environment in this segment of the banking market which leads to consumer lending at unusually low client interest rates.⁵ In addition, the inability to make a sufficient use of economies of scale has a negative impact on the cost side of medium-sized banks.

(iii) An acquisition is the only way for Moneta to achieve relevant size

According to the Management Board, at this time, when the profitability of the entire Czech banking sector is declining due to the repercussions of the COVID-19 pandemic, it is unrealistic for Moneta to achieve the critical size associated with economies of scale, a relatively lower cost base, a higher capital efficiency and ultimately a higher profitability through an organic growth. Therefore, the only way for Moneta to achieve the relevant size and the associated higher resilience, profitability and sustainability remains an acquisition of one of its banking competitors while maintaining the current strategic focus on attractively profitable sector of retail financing.

⁴ For the purposes of this report, banks with a balance sheet total of more than 10% of the banking sector are considered large banks, banks with a balance sheet total between 2% and 10% of the banking sector are considered mid-sized banks and banks with a balance sheet total of less than 2% of the banking sector are considered small banks, according to data in the ARAD database maintained by the Czech National Bank.

⁵ V. Brož and M. Hlaváček, What Drives the Distributional Dynamics of Client Interest Rates on Consumer Loans in the Czech Republic? A Bank-level Analysis, *Czech National Bank Working Paper No. 6/2018*, available here: <https://www.cnb.cz/en/economic-research/research-publications/cnb-working-paper-series/What-Drives-the-Distributional-Dynamics-of-Client-Interest-Rates-on-Consumer-Loans-in-the-Czech-Republic-A-Bank-level-Analysis>

The Management Board of Moneta is convinced that the acquisition of the retail-focused Air Bank Group is entirely unique in this respect and has the potential to create in the Czech banking market a champion for consumers, entrepreneurs and small businesses. The Management Board believes that Moneta and Air Bank Group, when combined, will be able to generate a greater value and benefits for shareholders, customers, employees and the society as a whole than in case the acquisition of Air Bank Group by Moneta does not occur.

(b) There is a unique strategic complementarity between Moneta and Air Bank Group

(i) Introduction of Air Bank Group

Air Bank a.s. is the fastest growing and largest so-called neobank in the Czech Republic that offers a comprehensive range of retail banking products mainly through its digital channels. Concurrently, it is one of few neobanks in the world that managed to achieve both significant scale and profitability.

Home Credit a.s. is jointly with Home Credit Slovakia a.s. one of the largest and most trusted non-banking providers of retail financing, offered in the points of sale in the form of credit cards, consumer credits and vehicle credits. In 2020, Home Credit a.s. ranked third in the Responsible Lending Index, which is regularly compiled by the NGO People in Need (*Člověk v tísni*).

Benxy s.r.o. is a provider of a digital platform for a direct (peer-to-peer) credit lending operating under the brand Zonky. Most of the loans made through this digital platform are funded by Air Bank a.s., contributing to its profitability and diversity of innovative distribution channels.

Air Bank Group's net profit after tax adjusted for intra-group items for the year ending as at 31 December 2020 amounted to over CZK 1.5 billion. Selected audited combined financial information of Air Bank Group prepared in accordance with IFRS as at and for the year ended 31 December 2020 and the combined financial information of Air Bank Group for the years ended 31 December 2017 through 2020 form Annex 2 of this report. In 1Q 2021, Air Bank Group generated a net profit after tax of CZK 447 million.⁶

(ii) Creating a leading Czech retail challenger bank with a strong balance sheet

The acquisition of Air Bank Group will form a transformational combination of highly complementary companies that will create a leading Czech retail bank with a potential for a faster overall growth and greater profitability, sustainability and resilience. The acquisition of Air Bank Group will create a major publicly traded retail challenger bank with a relevant size that will be able to benefit from its broad

⁶ Based on unaudited financial information provided by PPF Group adjusted for intragroup items.

client base and build on it for a future growth. The combined group will also be able to compete successfully with leading incumbent companies.

Moneta's balance sheet will increase its loan base by approximately 25 per cent and deposits by almost 50 per cent as a result of the acquisition of Air Bank Group. Moneta will become the Czech market leader in consumer loans and fourth largest bank in the segment of consumer deposits.⁷ The increase in the size of Moneta's balance sheet will not only have a positive impact on its profitability but will also strengthen Moneta's resilience to price pressures in a highly competitive market environment and to developments in the financial markets. Overall, this will strengthen Moneta's position for its future operations and development in the Czech market.

(iii) Increasing the total client base to 2.4 million clients

The acquisition of Air Bank Group will expand Moneta's existing customer base of 1.4 million customers by an additional one million of Air Bank Group's customers. While Moneta has its strong client base concentrated mainly in smaller and medium-sized cities, the client base of Air Bank a.s. typically includes a segment of young, digitally-savvy clients from large cities in the Czech Republic with a potential for penetration by other products. The demographic profile of the clients of Air Bank a.s. extremely well complements the profile of Moneta's clients and will support its growth in the medium term.

(iv) Creating a Czech banking champion for consumers, entrepreneurs and small businesses

In line with its strategy, following the acquisition of Air Bank Group, Moneta will continue to focus primarily on financing retail and small businesses, mainly on maintaining an above-market growth through efficient pricing and an emphasis on high-quality customer services.

Currently, Air Bank a.s. boasts the highest score in the customer experience quality indicator (so-called *net promoter score*) in the market, reaching a score of 80, while Moneta reaches a score of 40. Both Air Bank a.s. and Moneta are thus above the average of the Czech banking sector. In this context, the combined group will aim to achieve a significant size and a strong position in the retail segment of the banking market in the medium term.

The acquisition of Air Bank Group will increase the size of the portfolio of highly profitable retail unsecured loans by 78 per cent. The share of consumer deposits in total customer deposits will increase from 75 per cent to 83 per cent, creating a strong foundation for future lending. The acquisition will also create a significant potential for revenue synergies, when clients of Air Bank Group from the segment of consumers, entrepreneurs and small businesses may be reached out to with an

⁷ Based on data for December 2020, excluding loans and deposits from building savings.

offering from Moneta's established product range through Moneta's specialised distribution network, particularly in the areas of investment products and insurance.

The combined business plan prepared by Moneta for the purposes of the acquisition of Air Bank Group outlined in part III. (d) below envisages the following targets of market shares for 2024:

Table 2: Target market shares in the retail segment

	Estimated current position of Moneta	Estimated current position of Air Bank Group	Estimated position after acquisition of Air Bank Group	Medium-term strategic aspiration
Mortgages	7%	<1%	7%	15%
Banking Consumer Loans⁸	18%	10%	28%	30%
Consumer Finance⁹	7%	32%	39%	35%
Retail Deposits	7%	5%	12%	15%
Asset Management	3%	0%	3%	10%

In view of the above, following the acquisition of Air Bank Group, Moneta will target more than 80 per cent of its loan portfolio to be generated in the attractive retail banking segment comprising consumers, entrepreneurs and small businesses.

(v) Creating a strong distribution network

Following the acquisition of Air Bank Group, Moneta will operate a network of 187 retail branches enhanced by 33 modern Air Bank a.s. branches located in attractive locations. The total size of the distribution network will be supplemented by more than 900 ATMs. This number will represent the third densest network in the Czech Republic, which will continue to provide a convenient access to cash and other ATM operations. As a result of the combination with Air Bank Group, consumer credit sales opportunities will be further supported by an additional 2,000 sales points of the business partners of Home Credit a.s. and Home Credit Slovakia a.s. as well as digital distribution channels of Benxy s.r.o.

⁸ Estimated current position of Air Bank Group includes Air Bank a.s. including Benxy s.r.o. and does not include Home Credit a.s. and Home Credit Slovakia a.s.

⁹ Estimated current position of Air Bank Group includes portfolio of non-banking consumer credits of Home Credit a.s. financed by Air Bank a.s.

Thus, the acquisition of the Air Bank Group will substantially expand Moneta's sales activities in the area of consumer credit, such as financing of household investments, overdrafts, consumer credit consolidation and vehicle financing.

(vi) Acceleration of products and services digitalisation

The acquisition of Air Bank Group will also enhance Moneta's competitiveness by combining the first-class proven practices of Air Bank a.s. in online sales and customer support with Moneta's well-established digital functionalities. Moneta will be able to benefit from the scale of investments in digital platforms for a larger client base while utilising the experience, skills and capabilities of both organisations.

The combination with Air Bank Group will also have the benefit of an expanded product offering, which will create an opportunity for further growth in digital sales in consumer lending, deposits, investment funds and insurance. Following the acquisition, Moneta will be in a stronger position to further introduce technological innovation and improve the customer experience, as both Moneta and Air Bank a.s. are already considered market leaders in this area.

(vii) More opportunities for career development of employees

The acquisition of Air Bank Group will also create more opportunities for career development of employees of both organizations than Moneta and the Air Bank Group could offer independently.

(c) The acquisition of Air Bank Group will create a potential for significant cost synergies

The acquisition of Air Bank Group also has the potential to create significant cost synergies by rationalising overlapping functions, optimising the ATM and branch networks, reducing marketing and advertising costs and gradually migrating to a common IT platform. These activities will require an estimated CZK 2.2 billion in restructuring costs and investments to be incurred by the combined group over the period of 2022 through 2024 so that future savings can be achieved. Cost savings of this amount will enable future efficiencies and set the basis for mitigating the projected 2 per cent increase in operating costs over 2022 to 2025 and a potential for significant cost synergies.

Based on external valuations, the total net present value of cost synergies that the Air Bank Group acquisition has the potential to create could, under the current assumptions, amount to (a) up to between CZK 6.5 billion and CZK 10.1 billion according to Ernst & Young and (b) up to between CZK 7.3 billion and CZK 10.4 billion according to J.P. Morgan.

Based on the combined business plan prepared by the Management Board for the purposes of the acquisition of Air Bank Group, which is outlined in part III. (d) below, Moneta will target to achieve cost synergies from 2025 in the amount of at least CZK 1.8 billion a year.¹⁰

(d) The acquisition of the Air Bank Group will create a potential for a significant growth of earnings per share (EPS) and dividend per share (DPS)¹¹

The acquisition of Air Bank Group aims to strengthen Moneta's earnings per share and dividend per share compared to the targets previously set by Moneta's management on a stand-alone basis as published by Moneta in the form of its medium-term guidance.¹²

Based on the results of the due diligence and Air Bank Group's revised business plan, the Management Board of Moneta has prepared a combined business plan for the purpose of the proposed acquisition of the Air Bank Group, with the key assumptions and rationale set out in Annex 2 to this report. Based on this combined business plan, the Management Board of Moneta believes that the proposed acquisition of Air Bank Group has a potential to be accretive in terms of earnings per share and dividend per share from 2024 onwards.

Compared to the medium-term aspirations prepared for the stand-alone scenario, if the acquisition of the Air Bank Group is completed, Moneta will gain a potential to increase its net profit by up to 75 per cent between 2022 and 2026, with dividend per share accretion of up to 15 per cent in 2024 and up to 23 per cent in 2025.

From the perspective of a potential five-year cumulative net profit for years 2022 through 2026, Moneta's shareholders may – while taking into account the dilution of their shareholding – potentially receive 11 per cent more in dividends than if Moneta achieves its stand-alone targets. However, if the objectives for the Air Bank Group acquisition are met, it is reasonable to believe that the increase in Moneta's value will significantly outweigh the 36.314 per cent dilution of the existing shareholders' interest in the registered share capital of Moneta which is a prerequisite for the completion of this acquisition. This is particularly true if the targets for the period 2024 to 2026 and beyond are met.

Besides, the stated does not reflect the additional potential for the payment of an extraordinary dividend resulting from the equity increase which is described in part III. (f) below and is not included in the combined business plan.

¹⁰ This target has been set based on the operating costs of Moneta (CZK 5.5 billion) and Air Bank Group (CZK 3.3 billion) for the year 2020. For the limitations that are inherent to any forward-looking statements, see pages 35 a 36 below.

¹¹ For the limitations that are inherent to any forward-looking statements, see pages 35 a 36 below.

¹² Guidance published on 30 October 2020 as part of the presentation of financial results for 3Q 2020.

Table 3: Financial targets of Moneta without taking into account the acquisition¹³

	2022	2023	2024	2025	2026	2022-2026
Net profit (CZK bn)	3.8	4.6	4.8	4.9	5.0	23.1
Number of shares (m)	511	511	511	511	511	511
Earnings per share (CZK)	7.4	9.0	9.4	9.6	9.8	45.2
Dividend (CZK bn)	3.0	3.7	3.8	3.9	4.0	18.5
Dividend per share (CZK)	5.9	7.2	7.5	7.7	7.8	36.2
Dividend pay-out ratio	80%	80%	80%	80%	80%	80%
Target capital adequacy	14.4%	14.4%	14.4%	14.4%	14.4%	14.4%

Table 4: Financial targets of Moneta following the acquisition¹⁴

	2022	2023	2024	2025	2026	2022-2026
Net profit (CZK bn)	5.2	7.2	8.7	9.5	9.8	40.4
Number of shares (m)	802.4	802.4	802.4	802.4	802.4	802.4
Earnings per share (CZK)	6.5	9.0	10.8	11.8	12.2	50.4
Dividend per share (CZK)	5.2	7.2	8.7	9.5	9.8	40,3
Dividend pay-out ratio	80%	80%	80%	80%	80%	80 %
Target capital adequacy	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%
Accretion - Earnings per share	(12)%	0%	15%	23%	25%	11%
Accretion – Dividend per share	(12)%	0%	15%	23%	25%	11%

¹³ See Important notice on forward-looking statements on page 35 a 36 of this document and material assumption on page 64 a 65 of the presentation of financial results for 1Q 2021 published on 29 April 2021 and available at: <https://investors.moneta.cz/documents/12270853/17249947/mmb-1q2021-results-en.pdf>

¹⁴ See Key assumptions of the combined business plan in Annex 2 below. For the limitations that are inherent to any forward-looking statements, see pages 35 a 36 below.

Based on the combined business plan, starting in 2024, Moneta will target a net profit of at least CZK 8.5 billion per year and growth in dividend per share of at least 15 per cent per year.¹⁵

While the combined business plan, the fulfilment of which is, as in the case of any other acquisition, associated with a number of risks, indicates a decrease in the dividend per share in the short term until 2023, in the medium and long term the acquisition of the Air Bank Group will, however, create a potential for a strong accretion that will significantly outweigh the indicated reduction between 2022 and 2023. For this reason, as well, the Management Board of Moneta believes that the acquisition of the Air Bank Group is not only in a material interest of Moneta as a whole, but also offers a potential of significant benefits to the existing shareholders which benefits will significantly outweigh the 36.314 per cent dilution of the existing shareholders' interest in the registered share capital of Moneta stemming from the issuance of New Shares to PPF Group.

(e) The acquisition of the Air Bank Group creates a potential for a significantly more efficient use of capital

In addition to the potential for the increased profitability (see part III. (d) above), the acquisition of the Air Bank Group also has a potential to strengthen Moneta's capital position. The consequence, according to the comparison below, would be a more efficient use of Moneta's capital in the form of a higher return on tangible equity than if the acquisition of the Air Bank Group had not occurred:

Table 5: Target return on tangible equity (ROTE)¹⁶ of Moneta without taking into account the acquisition¹⁷

	2022	2023	2024	2025	2026
Tangible equity (CZK bn)	24.6	26.2	27.5	28.8	29.9
Capital adequacy (%)	15.8%	15.3%	15.0%	14.9%	14.9%
Return on tangible equity (%)	15.4%	17.6%	17.4%	17.0%	16.7%

¹⁵ For the limitations that are inherent to any forward-looking statements, see pages 35 a 36 below.

¹⁶ Return on tangible equity is calculated as the ratio of consolidated profit after tax for the financial year to tangible equity, where tangible equity is the consolidated equity of Moneta less consolidated intangible assets and goodwill.

¹⁷ See Important notice on forward-looking statements on page 35 a 36 of this document and material assumption on page 64 a 65 of the presentation of financial results for 1Q 2021 published on 29 April 2021 and available at <https://investors.moneta.cz/documents/12270853/17249947/mmb-1q2021-results-en.pdf>

Table 6: Target return on tangible equity (ROTE) of Moneta following the acquisition¹⁸

	2022	2023	2024	2025	2026
Tangible equity (CZK bn)	34.8	37.9	40.8	43.3	45.5
Capital adequacy (%)	15.3%	15.1%	15.0%	15.1%	15.3%
Return on tangible equity (%)	14.9%	19.0%	21.3%	21.9%	21.5%
Accretion – Return on tangible equity (%)	(0.5)%	1.4%	3.9%	4.9%	4.8%

(f) The subscription for New Shares increases and strengthens Moneta's equity and creates a potential for an extraordinary dividend payment¹⁹

The Management Board believes that the proposed increase in Moneta's equity will contribute to maintaining and strengthening the bank's existing capital buffer estimated at CZK 4.2 billion. In the combined business plan, this reserve is allocated for the bank's growth and dividend payments in the period 2022 to 2024, except for CZK 1.5 billion which is estimated to be potentially unused in the aforementioned five-year period.

This surplus of the bank's equity of CZK 1.5 billion is not reflected in the relevant calculations for the target dividend payments set out in part III. (d) above and is treated as a reserve that could potentially be paid out as an extraordinary dividend in the estimated amount of CZK 1.5 billion over and above the ordinary dividend from the profit achieved in the period concerned if a positive opinion of the CNB is obtained and other conditions are met. Subject to fulfilment of all conditions, the CZK 1.5 billion extraordinary dividend could potentially be payable in 2022.²⁰

¹⁸For the limitations that are inherent to any forward-looking statements, see pages 35 a 36 below.

¹⁹For the limitations that are inherent to any forward-looking statements, see pages 35 a 36 below.

²⁰For the limitations that are inherent to any forward-looking statements, see pages 35 a 36 below.

IV. MANDATORY TENDER OFFER WITH OFFER PRICE OF AT LEAST CZK 80 PER SHARE IS INTEGRAL PART OF AIR BANK ACQUISITION DUE TO PPF GROUP'S ACQUIRING CONTROL OVER MONETA

Shareholders who do not wish to bear the risks associated with the acquisition of Air Bank Group and do not want to remain shareholders of Moneta will have a viable opportunity to sell their shares in a mandatory tender offer (mandatory takeover bid). Accordingly, shareholders can eliminate the risks associated with the proposed acquisition of Air Bank Group through the mandatory tender offer.

(a) Legal obligation of PPF Group to purchase all Moneta shares in a mandatory tender offer

If the exclusion of the statutory preferential rights is approved by the General Meeting and the acquisition of the Air Bank Group is successfully completed after the satisfaction of the conditions precedent, PPF Group's shareholding in Moneta will increase from the current 29.94 per cent to 55.38 per cent.²¹

As a result of the completion of the acquisition of Air Bank, PPF Group will be obliged to make a mandatory tender offer to all Moneta shareholders pursuant to the Takeover Bids Act (Czech Act No. 104/2008 Coll.), whereby each of Moneta shareholders will have the right to sell its shares to PPF Group at a price of at least CZK 80.00²², i.e. at the same price as in the case of the voluntary public offer and the subscription price for New Shares paid by HCNV. This mechanism will effectively eliminate for a certain period of time the market risk of negative post-acquisition fluctuations in the price of shares held by shareholders of Moneta.

(b) Minimum statutory offer price

The minimum offer price under the mandatory tender offer of CZK 80.00 implies a value of Moneta of CZK 40.88 billion and represents a premium against the volume weighted average market price of Moneta shares over a period of 180 days calculated as at one day prior to the entry into the Framework Agreement, as further described in part II. (g) (iv) above.

²¹ Provided that PPF Group will not sell any Moneta shares. The shareholding of non-PPF shareholders of Moneta will, in turn, decrease from 70.06 per cent to 44.62 per cent.

²² Unless the Czech National Bank decides to alter the offer price in case of the existence of a statutory reason.

(c) PPF Group declares to maintain the listing of Moneta shares on the Prague Stock Exchange

For completeness, the Management Board would like to point out the statement of PPF Group's management that PPF Group does not intend to seek to delist Moneta's shares from trading on the Prague Stock Exchange.²³ Thus, Moneta's shares will retain their liquidity and shareholders and the general investing public will continue to be able to trade in Moneta shares freely on the public market. Accordingly, in terms of shareholding structure and trading on the Prague Stock Exchange, Moneta will have a similar position as one of its banking competitors.

(d) PPF Group declares to maintain, support and develop the current level of Moneta's corporate governance

The Management Board also points out to PPF Group's declaration to maintain the composition of Moneta's Supervisory Board in line with the current practice so that a majority of its members remain independent. At present, five out of six members of the Supervisory Board elected by Moneta shareholders at General Meetings are independent, and a similar rule is applied in relation to the Audit Committee.

In the event the acquisition of Air Bank Group is completed, PPF Group has indicated it will nominate at a maximum two representatives to the Supervisory Board of Moneta. Once completion occurs, PPF Group intends to nominate Ms Kateřina Jirásková, PPF Group's CFO, as its representative in the Supervisory Board of Moneta. PPF Group also indicated it will decide whether to nominate its second representative within approx. six months after the completion.

²³ Tycoon's Team Rebuffs Activists Over Czech bank Merger Plan (Bloomberg, 1 February 2021), available here: <https://www.bloomberg.com/news/articles/2021-02-01/billionaire-s-ppf-defends-valuation-proposed-for-moneta-merger>;

Nechceme stáhnout Monetu z burzy, říká finanční ředitelka PPF Jirásková (idnes.cz, 1 February 2021), available here: https://www.idnes.cz/ekonomika/podniky/katerina-jiraskova-ppf-rozhovor-moneta-air-bank-fuze-odkup-akcii-home-credit-zonky-akcie.A210201_120957_ekoakcie_rts?&utm_source=twitter&utm_medium=sharecd&utm_campaign=desktop

V. APPROVAL OF EXCLUSION OF STATUTORY PREFERENTIAL RIGHTS REQUIRES SIGNIFICANT SUPPORT FROM NON-PPF SHAREHOLDERS OF MONETA

(a) The exclusion of the statutory preferential rights requires an approval by 3/4 votes of shareholders participating at the General Meeting

The Management Board considers important to emphasise that the Corporations Act and the Articles of Association of Moneta require that the proposed increase in the registered share capital with the exclusion of the statutory preferential rights be approved by a qualified majority of at least 3/4 of the votes of the shareholders participating at a General Meeting.

Thus, PPF Group will not be able to force through the exclusion of the statutory preferential rights by weight of its own votes alone without obtaining a significant support from Moneta shareholders outside PPF Group.

(b) With an average participation, the exclusion of the statutory preferential rights requires the consent of 21 per cent of all non-PPF shareholders

Depending on the level of shareholder participation at the General Meeting, the support ranging between 50 to 64 per cent of non-PPF shareholders attending the General Meeting, representing 21 to 64 per cent of all non-PPF shareholders, will be required to approve the exclusion of the statutory preferential rights:

Table 7: Number of votes of non-PPF shareholders required to approve the exclusion of the statutory preferential rights

SHARES ISSUED	PARTICIPATION ON GENERAL MEETING						75% Threshold	NON-PPF SHAREHOLDER VOTES NEEDED FOR APPROVAL		
	OVERALL	PPF		NON-PPF shareholders		(G)Number of shares/votes needed		% of PRESENT shareholder votes present on GM	% of ALL non PPF shareholder votes	
(A) Number of all shares/votes issued	(B) Participation %	(C) Number of shares/votes [A x B]	Share % (D) Number of shares/ votes	Share % (E) Number of shares/votes	(F) Number of shares/votes [0.75 x C]	[F - D]	[G / E]	[G / (0.70 x A)]		
511	60%	306.6	29.94%	153.0	30.06%	153.6	230.0	77.0	50%	21%
511	65%	332.2	29.94%	153.0	35.06%	179.2	249.1	96.1	54%	27%
511	70%	357.7	29.94%	153.0	40.06%	204.7	268.3	115.3	56%	32%
511	75%	383.3	29.94%	153.0	45.06%	230.3	287.4	134.4	58%	38%
511	80%	408.8	29.94%	153.0	50.06%	255.8	306.6	153.6	60%	43%
511	90%	459.9	29.94%	153.0	60.06%	306.9	344.9	191.9	63%	54%
511	100%	511.0	29.94%	153.0	70.06%	358.0	383.3	230.3	64%	64%

Therefore, with an average historical attendance at the last eight General Meetings of approximately 60 per cent of shareholders, the approval of at least 45 per cent of all Moneta shareholders, including at least 21 per cent of all Moneta shareholders outside PPF Group, would be required for the exclusion of the statutory preferential rights to be approved.

It is a fundamental right of all shareholders to participate at the General Meeting convened for 22 June 2021 and vote according to their best beliefs on such a fundamental matter as is the exclusion of the

statutory preferential rights, which is a necessary prerequisite for completion of the proposed acquisition of Air Bank Group by Moneta.

(c) Summary of the key benefits of the Air Bank Group acquisition for the shareholders who will be voting on the exclusion of the statutory preferential rights

In conclusion, the Management Board summarises that if the proposed exclusion of the statutory preferential rights, which is a necessary prerequisite for the acquisition of Air Bank Group by Moneta, is approved at the General Meeting of Moneta, the Management Board believes that both groups of existing shareholders of Moneta (i.e. those wishing to remain invested in Moneta and those seeking a divestment of their Moneta shares) may benefit from the proposed Air Bank Group acquisition.

Those shareholders who decide to retain their shares in Moneta and continue to be shareholders in Moneta will be able to benefit proportionately from the increase in the value of the bank for which the acquisition of Air Bank Group will create the potential. The Management Board believes that if the targets set in relation to the acquisition of Air Bank Group are met, and, in particular, the targets for the period 2024 through 2026 and beyond, the increase in Moneta's value will significantly outweigh the 36.314 per cent dilution of the existing shareholders' interest in the registered share capital of Moneta caused by the exclusion of the statutory preferential rights and the issuance of the New Shares to PPF Group.

Those shareholders who do not wish to take on the potential risks associated with the acquisition of the Air Bank Group and who do not wish to remain shareholders in Moneta will be able to sell their shares to PPF Group at a price of at least CZK 80.00 per share as part of the mandatory tender offer (mandatory takeover bid) that PPF Group will be obliged to make after the completion of the proposed Air Bank Group acquisition.

VI. CONCLUSION

In light of the foregoing, the Management Board of Moneta has unanimously concluded that the exclusion of the shareholders' statutory preferential right proposed as part of the increase in the registered share capital through the issuance of 291,375,000 new Moneta shares put as item no. 4 on the agenda of the General Meeting of Moneta convened for 22 June 2021 is in a material interest of Moneta with a potential to create significant benefits for all Moneta shareholders.

On 20 May 2021

Management Board of MONETA Money Bank, a.s.

Tomáš Spurný
Chair of the Management Board and CEO

Carl Normann Vökt
Vice-Chair of the Management Board

Annex 1

Selected financial information of Air Bank Group

A. Financial information relating to Air Bank Group companies as at and for the year ended 31 December 2020 (IFRS)

CZK m	Air Bank a.s.	Home Credit a.s. & Home Credit Slovakia a.s.	Benxy s.r.o.	Adjustments	Air Bank Group
Balance sheet items:					
TOTAL ASSETS	136 678	32 160	782	(31 778)	137 842
RECEIVABLES FROM CLIENTS	58 557	28 720	28	(30 569)	56 736
AMOUNTS DUE FROM NON-BANKING ENTITIES	123 618	-	-	-	123 618
TOTAL EQUITY	11 137	265	362	(1 292)	10 472
Profit and loss statement items:					
NET INTEREST INCOME	3 338	2 421	5	58	5 822
OPERATING INCOME	(3 429)	2 249	289	(143)	5 824
OPERATING EXPENSES	(1 620)	(1 407)	(371)	10	(3 388)
IMPAIRMENT LOSS	(137)	(382)	0	(94)	(613)
NET PROFIT	1351	375	(34)	(190)	1 502

Source: Data provided by Air Bank Group.

Note: The "Adjustments" column includes adjustments for eliminations of intercompany items between companies within Air Bank Group.

B. Combined profit and loss statement of Air Bank Group for the years ended 31 December 2017 through 2020 (IFRS)

CZK m	2017 ^{1,2}	2018 ^{1,2}	2019 ³	2020 ³	CAGR 2017-2020
NET INTEREST INCOME	4,661	5,162	5,991	5,823	7.7%
NET FEE AND COMMISSION INCOME	(113)	(95)	(82)	(105)	(2.4%)
OTHER INCOME	378	24	40	63	(45.0%)
TOTAL OPERATING INCOME	4,926	5,091	5,949	5,781	5.5%
TOTAL OPERATING EXPENSES	(3,071)	(3,166)	(3,616)	(3,344)	2.9%
COST OF RISK	(132)	136	(13)	(613)	66.8%
PROFIT BEFORE TAX	1,723	2,061	2,320	1,824	1.9%
NET PROFIT	1,290	1,545	1,780	1,502	5.2%

Source: Data provided by Air Bank Group

¹ Benxy s.r.o. (formerly Zonky s.r.o.) not included in the combined statements for 2017-2018. The entity generated losses of CZK 272 million in 2017 and CZK 275 million in 2018.

² Unaudited.

³ Audited by KPMG Česká republika Audit, s.r.o.

C. Combined balance sheet statement of Air Bank Group as at 2017 through 2020 (IFRS)

CZK m	2017 ^{1,2}	2018 ^{1,2}	2019 ³	2020 ³	CAGR 2017-2020
CASH AND BALANCES WITH THE CENTRAL BANK	34,457	42,694	40,798	46,212	10.3%
FINANCIAL INSTRUMENTS	20,267	20,019	18,784	26,964	10.0%
LOANS AND RECEIVABLES TO BANKS	2,899	3,131	2,055	2,456	(5.4)%
LOANS AND RECEIVABLES TO CUSTOMERS	38,939	44,900	55,492	56,736	13.4%
Retail loans	29,827	36,383	43,328	48,518	17.6%
Commercial loans	9,112	8,517	12,164	8,218	(3.4)%
INTANGIBLE ASSETS	1,784	1,801	1,966	1,955	3.1%
PROPERTY AND EQUIPMENT	408	341	915	760	23.0%
OTHER ASSETS	3,010	2,574	2,808	2,759	(2.9)%
TOTAL ASSETS	101,764	115,460	122,818	137,842	10.6%
DUE TO BANKS	1,512	1,011	1,255	157	(53.0)%
DUE TO CUSTOMERS	89,524	102,108	107,067	123,618	11.4%
DEBT SECURITIES ISSUED	1,360	1,357	202	255	(42.8)%
OTHER LIABILITIES	2,210	2,523	3,367	3,340	14.8%
TOTAL LIABILITIES	94,606	106,999	111,891	127,370	10.4%
TOTAL EQUITY	7,158	8,461	10,927	10,472	13.5%
TOTAL LIABILITIES AND EQUITY	101,764	115,460	122,818	137,842	10.6%

Source: Data provided by Air Bank Group

¹ Benxy s.r.o. (formerly Zonky s.r.o.) not included in the combined statements for 2017-2018.

² Unaudited.

³ Audited by KPMG Česká republika Audit, s.r.o.

Annex 2
Key Assumptions and Background to the Combined Business Plan
for the Acquisition of Air Bank Group

1) Macroeconomic outlook

Indicator	2021E	2022E	2023E	2024E	2025E
GDP	3.5 %	4.0 %	3.1 %	2.7 %	2.5 %
Unemployment	4.7 %	4.3 %	3.5 %	2.6 %	2.5 %
Inflation	2.4 %	2.2 %	2.0 %	2.0 %	2.0 %
1M PRIBOR	0.34 %	0.69 %	1.29 %	1.80 %	189 %
2-week repo rate	0.31 %	0.69 %	1.25 %	1.73 %	1.75 %

2) Growth assumptions

- Loan growth at 6.7 per cent CAGR focused on retail and small business segments.
- Customer deposits growth at 5.4 per cent CAGR with core cost of funding gradually increasing in to 50 bps.
- balance sheet growth assumed at 5.7 per cent CAGR (2021-2026).

3) Cost synergies and integration

- Full cost synergies are projected at CZK 1.8 billion annually, mainly due to the reduction of overlapping functions and business premises, reduction of IT and marketing costs and rationalisation of the distribution network.
- Restructuring and integration costs are estimated at CZK 2.2 billion and are primarily focused on integrating the IT environment and eliminating overlapping functions and premises.

4) Cost of risk

- The cost of risk is gradually normalised over the medium term at a level of 55 to 65 basis points (based on the experience gained for individual product categories during losses over economic cycles).

5) Capital and dividends

- A target total capital adequacy ratio of at least 14.9 per cent (compared to 14.4 per cent in the absence of the acquisition) and a Tier 1 capital ratio of at least 12.9 per cent, assuming no change in the current countercyclical buffer of 50 basis points, and after including a capital buffer of 50 basis points, which, under current assumptions, will be mandated for the combined group due to its systemic importance.
- Dividend distribution of 80 per cent of the dividend pay-out ratio from consolidated net income, subject to regulatory requirements, shareholder approvals and a sufficient capital and liquidity position.

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