

PPF Group and MONETA Money Bank agree to terminate the acquisition of Air Bank Group

PPF Group is announcing that it has signed an agreement today with MONETA Money Bank (MMB) to terminate the process of combining the assets of Air Bank Group with MMB. The termination agreement was prompted by macroeconomic changes which radically altered the parameters of the originally planned merger as laid out in the framework agreement signed by the two parties in May 2021 and subsequently updated in November 2021. PPF believes the conditions underlying the agreed transaction are not and will not be fulfilled. PPF Group was ready to meet the transaction's obligations, but it welcomes the termination agreement, deeming it the best solution for both PPF and other MMB shareholders.

During negotiations between PPF and MMB on the integration planning process, new circumstances materialized which fundamentally altered the economic parameters of the agreed merger of Air Bank Group and MMB.

These new circumstances, altering the economic parameters agreed last year, are as follows:

1. Starting on 1 July 2022, the CNB-mandated countercyclical capital buffer, which is required of all financial institutions in the Czech Republic, will gradually rise from the current 0.5% to 2.5% from 1 April 2023. This rise in the countercyclical capital buffer will drastically diminish the dividend capacity planned for the merged bank and further negatively impact the attractiveness of the planned acquisition for all MMB shareholders.
2. Under the applicable accounting regulations, known as Purchase Price Allocation, completion of the transaction would have severe implications for both the accounting and regulatory levels of equity. This, too, is a consequence of the deteriorating macroeconomic climate and rising interest rates. Without the need for steeply increasing interest rates to counter soaring inflation, the Purchase Price Allocation rules would have only a limited impact on the transaction's execution.
3. The deteriorating macroeconomic and geopolitical situation, including the effects of the war in Ukraine, are significantly increasing economic risks regarding the newly formed banking entity's asset performance. The current economic situation and difficulties concerning the prediction and visibility of future developments are also reducing the growth potential of the merged bank.

With a 29.94% stake, PPF Group remains MMB's largest shareholder.

Press Release

Notes for Editors

PPF Group operates in 25 countries, investing in multiple sectors, including financial services, telecommunications, media, biotechnology, real estate, and engineering. PPF Group's reach spans from Europe to North America and across Asia. The Group owns assets to the value of EUR 40.3 billion and employs 80,000 people globally (30 June 2021).

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