PPF GROUP N.V.

Condensed interim consolidated financial statements
for the first half of 2015

Review report

To: the Board of Directors of PPF Group N.V.

Introduction

We have reviewed the accompanying condensed interim consolidated financial information as at 30 June 2015 of PPF Group N.V., Amsterdam, which comprises the condensed interim consolidated statement of financial position as at 30 June 2015, the condensed interim consolidated income statement, the condensed interim consolidated statements of comprehensive income, condensed interim consolidated changes in equity, and condensed interim consolidated statements of cash flows for the period of six months ended 30 June 2015, and the notes. The directors of the Company are responsible for the preparation and presentation of this condensed interim consolidated financial information in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope

We conducted our review in accordance with Dutch law including standard 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial information as at 30 June 2015 is not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

Amstelveen, 23 October 2015

KPMG Accountants N.V.

B.M. Herngreen RA

Contents

Glossary of abbreviations

F/Ss	- financial statements
OCI	- other comprehensive income
NCI	- non-controlling interests
AFS	- available for sale
FVTPL	- fair value through profit or loss
PPE	- property, plant and equipment
PVFP	- present value of future profits
IPRD	- in-progress research and development
FX	- foreign exchange
FV	- fair value
RBNS	- provision for claims reported but not settled
IBNR	- provision for claims incurred but not reported

Condensed interim consolidated statement of financial position

As at 30 June 2015

In millions of EUR

	Note	30 June 2015	31 December 2014
ASSETS			
Cash and cash equivalents	E1	2,183	2,148
Investment securities	E2	2,934	2,707
Positive fair value of hedging derivatives		119	131
Loans and receivables due from banks and other financial institutions	E3	532	695
Loans due from customers	E4	7,265	7,060
Trade and other receivables	E5	343	355
Current tax assets		27	23
Inventories	E6	390	358
Assets held for sale	E7	68	1,177
Investments in associates	E8	626	577
Investment property	E9	1,646	1,596
Property, plant and equipment	E10	2,451	2,458
Intangible assets	E11	2,215	2,199
Other assets	E12	316	272
Deferred tax assets		173	137
TOTAL ASSETS		**21,288**	**21,893**
LIABILITIES			
Financial liabilities at fair value through profit or loss	E2.2	263	262
Due to non-banks	E13	7,501	6,587
Due to banks and other financial institutions	E14	4,138	5,301
Debt securities issued	E15	914	1,077
Subordinated liabilities	E16	308	502
Liabilities held for sale	E7	35	10
Current tax liabilities		44	58
Trade and other payables	E18	1,385	1,675
Provisions	E17	252	267
Deferred tax liabilities		451	460
TOTAL LIABILITIES		**15,291**	**16,199**
CONSOLIDATED EQUITY			
Issued capital	E19	1	1
Share premium		677	677
Other reserves		(401)	(1,216)
Retained earnings		5,044	5,417
Total equity attributable to owners of the Parent		5,321	4,879
Non-controlling interests	E20	676	815
Total consolidated equity		**5,997**	**5,694**
TOTAL LIABILITIES AND EQUITY		**21,288**	**21,893**

Condensed interim consolidated income statement

For the six months ended 30 June 2015

In millions of EUR

	Note	30 June 2015	30 June 2014 (restated)*
Interest income		1,067	1,330
Interest expense		(407)	(411)
Net interest income	E21	**660**	**919**
Fee and commission income		207	279
Fee and commission expense		(66)	(63)
Net fee and commission income	E22	**141**	**216**
Net gain/(loss) on financial assets	E23	(7)	18
Net impairment losses on financial assets	E24	(472)	(707)
Other banking result		**(479)**	**(689)**
NET BANKING INCOME		**322**	**446**
Net earned premiums		81	132
Net insurance benefits and claims		(14)	(18)
Acquisition costs		(35)	(72)
NET INSURANCE INCOME	E25	**32**	**42**
Rental and related income	E26	67	39
Property operating expenses		(19)	(10)
Net valuation gain/loss on investment property		(41)	(18)
NET REAL ESTATE INCOME		**7**	**11**
Sales of goods		586	896
Cost of goods sold		(413)	(681)
Other income on retail operations		12	20
NET INCOME ON RETAIL OPERATIONS		**185**	**235**
Telecommunication income		818	659
Telecommunication expenses		(282)	(198)
NET TELECOMMUNICATION INCOME	E27	**536**	**461**
Net agriculture income	E28	3	(5)
Other income	E29	126	46
OTHER OPERATING INCOME		**129**	**41**
General administrative expenses	E30	(820)	(978)
Other operating expenses	E31	(266)	(344)
OPERATING EXPENSES		**(1,086)**	**(1,322)**
Net gain from sale of subsidiaries and associates		104	364
Share of earnings of associates	E8	13	43
PROFIT/(LOSS) BEFORE TAX		**242**	**321**
Income tax expense	E32	(44)	(24)
NET PROFIT FOR THE PERIOD		**198**	**297**
Net profit attributable to non-controlling interests		12	(8)
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT		**186**	**305**

* Refer to A.5.

Condensed interim consolidated statement of comprehensive income

For the six months ended 30 June 2015

In millions of EUR

	30 June 2015	30 June 2014 (restated)*
NET PROFIT FOR THE PERIOD	**198**	**297**
Other comprehensive income**		
Valuation gains/(losses) on available-for-sale financial assets	13	17
AFS revaluation gains/(losses) transferred to income statement	(4)	(4)
Currency translation differences	225	(48)
Effect of movement in equity of associates	1	(1)
Disposal of associates	23	65
Cash flow hedge - effective portion of changes in fair value	10	11
Cash flow hedge - net amount transferred to profit or loss	(16)	(4)
Income tax relating to components of other comprehensive income	(2)	(2)
Other comprehensive income/(loss) for the period (net of tax)	**250**	**34**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**448**	**331**
Total comprehensive income attributable to non-controlling interests	40	(6)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT	**408**	**337**

* Refer to A.5.
** Items that are or may be reclassified to income statement.

The consolidated financial statements were approved by the Board of Directors on 23 October 2015.

Condensed interim consolidated statement of changes in equity

In millions of EUR, for the for the six months ended 30 June 2015

	Issued capital	Share premium	Available for sale reserve	Legal and statutory reserves	Translation reserve	Treasury shares reserve	Hedging reserve	Retained earnings	Attributable to owners of the Parent	Attributable to non-controlling interests	Total
Balance at 1 January 2015	**1**	**677**	**21**	**28**	**(704)**	**(567)**	**6**	**5,417**	**4,879**	**815**	**5,694**
Profit for the period	-	-	-	-	-	-	-	186	186	12	198
Currency translation differences	-	-	-	-	196	-	1	-	197	28	225
Valuation gains/(losses) taken to equity for AFS	-	-	13	-	-	-	-	-	13	-	13
AFS revaluation gains transferred to income statement	-	-	(4)	-	-	-	-	-	(4)	-	(4)
Effect of hedge accounting	-	-	-	-	-	-	(6)	-	(6)	-	(6)
Effect of movement in equity of associates	-	-	1	-	-	-	-	-	1	-	1
Disposal of associates	-	-	(27)	-	50	-	-	-	23	-	23
Tax on items taken directly to or transferred from equity	-	-	(3)	-	-	-	1	-	(2)	-	(2)
Total comprehensive income for the period	**-**	**-**	**(20)**	**-**	**246**	**-**	**(4)**	**186**	**408**	**40**	**448**
Net allocation to legal and statutory reserves	-	-	-	8	-	-	-	(8)	-	-	-
Acquisition of NCI in Home Credit and Air Bank	-	-	-	-	-	-	-	(49)	(49)	(29)	(78)
Sale of NCI in Eldorado	-	-	-	-	18	-	-	59	77	21	98
Dividends to NCI	-	-	-	-	-	-	-	-	-	(31)	(31)
Other changes in NCI	-	-	-	-	-	-	-	6	6	(140)	(134)
Cancellation of treasury shares	-	-	-	-	-	567	-	(567)	-	-	-
Total transactions with owners of the Company	**-**	**-**	**-**	**8**	**18**	**567**	**-**	**(559)**	**34**	**(179)**	**(145)**
Balance at 30 June 2015	**1**	**677**	**1**	**36**	**(440)**	**-**	**2**	**5,044**	**5,321**	**676**	**5,997**

In millions of EUR, for the for the six months ended 30 June 2014

	Issued capital	Share premium	Available for sale reserve	Legal and statutory reserves	Translation reserve	Treasury shares reserve	Hedging reserve	Retained earnings	Attributable to owners of the Parent	Attributable to non-controlling interests	Total
Balance at 1 January 2014	**1**	**677**	**29**	**24**	**(357)**	**(458)**	**(35)**	**5,181**	**5,062**	**428**	**5,490**
Profit for the period	-	-	-	-	-	-	-	305	305	(8)	297
Currency translation differences	-	-	-	-	(50)	-	-	-	(50)	2	(48)
Valuation gains/(losses) taken to equity for AFS	-	-	17	-	-	-	-	-	17	-	17
AFS revaluation gains transferred to income statement	-	-	(4)	-	-	-	-	-	(4)	-	(4)
Effect of hedge accounting	-	-	-	-	-	-	7	-	7	-	7
Effect of movement in equity of associates	-	-	(1)	-	(13)	-	(1)	14	(1)	-	(1)
Disposal of associates	-	-	1	-	29	-	35	-	65	-	65
Tax on items taken directly to or transferred from equity	-	-	(1)	-	-	-	(1)	-	(2)	-	(2)
Total comprehensive income for the period	**-**	**-**	**12**	**-**	**(34)**	**-**	**40**	**319**	**337**	**(6)**	**331**
Net allocation to legal and statutory reserves	-	-	-	(4)	-	-	-	4	-	-	-
Effect of acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	776	776
Dividends to NCI	-	-	-	-	-	-	-	-	-	(73)	(73)
Other changes in NCI	-	-	2	-	7	-	(1)	-	8	(4)	4
Total transactions with owners of the Company	**-**	**-**	**2**	**(4)**	**7**	**-**	**(1)**	**4**	**8**	**699**	**707**
Balance at 30 June 2014	**1**	**677**	**43**	**20**	**(384)**	**(458)**	**4**	**5,504**	**5,407**	**1,121**	**6,528**

Condensed interim consolidated statement of cash flows

For the first half ended 30 June, prepared using the indirect method

In millions of EUR

	2015	2014
Cash flows from operating activities		
Profit before tax	242	321
Adjustments for:		
Gains/losses on disposal from consolidated subsidiaries/associates	(104)	(364)
Interest expense	407	411
Interest income	(1,067)	(1,330)
Other adjustments	1,099	614
Change in assets and liabilities	(477)	440
Net cash from operating activities	**100**	**92**
Cash flows from investing activities		
Interest received	1,119	1,316
Dividends received	27	46
Purchase of tangible assets and intangible assets	(163)	(157)
Purchase of investment property	(17)	(154)
Acquisition of subsidiaries and associates, net of cash acquired	(78)	(1,863)
Proceeds from disposal of subsidiaries and associates, net of cash disposed	1,344	1,088
Other movements	(127)	(176)
Net cash from investing activities	**2,106**	**100**
Cash flows from financing activities		
Interest paid	(522)	(419)
Dividends and other distribution paid to NCI	(132)	(6)
Change in debt securities issued	(373)	(444)
Change in loans from banks and other financial institutions	(1,222)	1,792
Cash flow from financing activities	**2,249**	**923**
Net increase (decrease) in cash and cash equivalents	**(43)**	**1,115**
Cash and cash equivalents as at 1 January	**2,148**	**1,875**
Effect of exchange rate changes on cash and cash equivalents	78	(29)
Cash and cash equivalents as at 30 June	**2,183**	**2,961**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

A. General

A.1. Description of the Group

PPF Group N.V. (the "Parent Company" or the "Parent") is a company domiciled in the Netherlands. It invests in multiple market segments such as banking and financial services, telecommunications, real estate, retail, insurance, metal mining, agriculture and biotechnology. Its activities span from Europe to Russia, the USA and across Asia.

The consolidated financial statements of the Parent Company for the six month period ended 30 June 2015 comprise the Parent Company and its subsidiaries (together referred to as "PPF Group" or the "Group") and the Group's interests in associates and affiliated entities. Refer to Section B of these financial statements for a listing of significant Group entities and changes to the Group in 2015 and 2014.

The registered office address of the Company is Strawinskylaan 933, 1077XX Amsterdam.

As at 30 June 2015, the ultimate shareholder structure was as follows:

Petr Kellner - 98.92% (directly and indirectly)
Ladislav Bartoníček - 0.54% (indirectly)
Jean-Pascal Duvieusart - 0.54% (indirectly)

A.2. Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. Selected explanatory notes are included to explain events and transactions that are significant to understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2014. These condensed consolidated interim financial statements do not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards.

A.3. Basis of preparation

Dutch accounting legislation enables the Group to prepare these consolidated financial statements in accordance with IFRS (as adopted by the EU).

The financial statements are presented in Euros (EUR), which is the Company's functional currency and the Group's reporting currency, rounded to the nearest million.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which are stated at their fair value: derivative financial instruments, financial instruments held for trading, financial instruments designated upon initial recognition as financial instruments at fair value through profit or loss, financial instruments classified as available-for-sale, investment property and biological assets. Financial assets and liabilities and non-financial assets and liabilities which are measured at historical cost are stated at amortised cost using the effective interest method or historical cost, as appropriate, net of any relevant impairment.

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

A.4. Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

A.5. Change in presentation of associate as an asset held for sale

In January 2013, the Group signed an agreement for the future sale of its residual 24% stake in Generali PPF Holding ("GPH") which settled in January 2015 (refer to B.2.1). After signing the agreement, the Group continued to exercise significant influence over GPH and, thus, classified this investment as an associate in the 2013 financial statements. In 2014, the Group reclassified the asset to held-for-sale and ceased to recognise its share of the earnings of GPH in the income statement. In the 2014 year-end F/Ss the dividend received during 2014 was recorded as a decrease in the value of the held-for-sale asset. In comparison with the 2014 interim F/Ss the Group changed the presentation of the dividend received. As a result, these interim F/Ss contain a restatement of the comparative figures in the income statement by a MEUR 41 dividend excluded from net gain/(loss) on financial assets.

B. Consolidated group and the main changes for the period

B.1. Group entities

The following list shows only significant holding and operating entities that are subsidiaries or associates of the Parent Company as of 30 June 2015 and 31 December 2014.

Company	Domicile	Effective proportion of ownership interest June 2015	Effective proportion of ownership interest December 2014
PPF Group N.V.	Netherlands	Parent Company	Parent Company
Home Credit subgroup -subsidiaries			
Home Credit B.V.	Netherlands	88.62%	86.62%
Bank Home Credit SB JSC	Kazakhstan	88.62%	86.62%
CF Commercial Consulting (Beijing) Co., Ltd.	China	88.62%	100.00%
Favour Ocean Ltd.	Hong Kong	88.62%	86.62%
Guangdong Home Credit Financing Guarantee Co., Ltd.	China	88.62%	86.62%
HC Consumer Finance Philippines, Inc.	Philippines	86.68%	82.58%
Home Credit a.s.	Czech Republic	88.62%	86.62%
Home Credit and Finance Bank LLC	Russia	88.62%	86.62%
Home Credit Asia Ltd.	Hong Kong	88.62%	86.62%
Home Credit Bank OJSC	Belarus	88.62%	86.62%
Home Credit Consumer Finance China Ltd.	China	88.62%	86.62%
Home Credit India Finance Private Ltd.	India	88.62%	86.62%
Home Credit Indonesia PT	Indonesia	75.33%	65.38%
Home Credit Insurance LLC	Russia	88.62%	86.62%
Home Credit International a.s.	Czech Republic	88.62%	86.62%
Home Credit Slovakia, a.s.	Slovakia	88.62%	86.62%
Home Credit US, LLC	USA	88.62%	86.62%
Home Credit Vietnam Finance Company Ltd.	Vietnam	88.62%	86.62%
Homer Software House LLC	Ukraine	88.62%	86.62%
PPF Home Credit IFN S.A.	Romania	88.62%	86.62%
PPF Insurance FICJSC	Belarus	88.62%	86.62%
Shenzen Home Credit Financial Service Co., Ltd.	China	88.62%	86.62%
Shenzen Home Credit Number One Consulting Co., Ltd.	China	88.62%	86.62%
Sichuan Home Credit Financing Guarantee Co. Ltd.	China	88.62%	86.62%
Air Bank a.s.	Czech Republic	88.62%	86.62%
AB 1 B.V.	Netherlands	88.62%	86.62%
AB 2 B.V.	Netherlands	88.62%	86.62%
AB 3 B.V.	Netherlands	88.62%	86.62%
AB 4 B.V.	Netherlands	88.62%	86.62%
AB 5 B.V.	Netherlands	88.62%	86.62%
AB 6 B.V.	Netherlands	88.62%	86.62%
AB 7 B.V.	Netherlands	88.62%	86.62%
Other banking subgroup - subsidiaries			
PPF banka, a.s.	Czech Republic	92.96%	92.96%
Ruconfin B.V.	Netherlands	92.96%	92.96%
Real Estate subgroup - subsidiaries			
PPF Real Estate Holding B.V.	Netherlands	100.00%	100.00%
Alrik Ventures Ltd.	Cyprus	100.00%	100.00%
Anthemona Ltd.	Cyprus	100.00%	100.00%

Aranciata a.s.	Czech Republic	100.00%	100.00%
Areál Ďáblice s.r.o.	Czech Republic	100.00%	-
Art Office Gallery a.s.	Czech Republic	100.00%	100.00%
Boryspil Project Management Ltd.	Ukraine	100.00%	100.00%
BTC-Invest LLC	Russia	100.00%	100.00%
Bucca Properties Ltd.	BVI	100.00%	100.00%
Capellalaan (Hoofddorp)B.V.	Netherlands	100.00%	100.00%
Celestial Holdings Group Ltd.	BVI	100.00%	100.00%
City Tower a.s.	Czech Republic	100.00%	100.00%
Dadrin Ltd.	Cyprus	100.00%	100.00%
De Reling (Dronten) B.V.	Netherlands	100.00%	100.00%
Donskoe LLC	Russia	100.00%	100.00%
EusebiusBS (Arnhem) B.V.	Netherlands	100.00%	100.00%
Fantom LLC	Russia	100.00%	100.00%
Gen Office Gallery a.s.	Czech Republic	100.00%	100.00%
German Properties B.V.	Netherlands	100.00%	100.00%
Glancus Investments Inc.	BVI	100.00%	100.00%
Gorod Molodovo Pokoleniya CJSC	Russia	73.00%	73.00%
In Vino LLC	Russia	99.90%	99.90%
In Vino Natukhaevskoe LLC	Russia	64.94%	64.94%
Intrust NN CJSC	Russia	66.66%	66.67%
Investitsionny Trust CJSC	Russia	75.00%	75.24%
ISK Klokovo LLC	Russia	80.00%	80.00%
Johan H (Amsterdam) B.V.	Netherlands	100.00%	100.00%
Karperstraat (Amsterdam) B.V.	Netherlands	100.00%	100.00%
Karta Realty Ltd.	Cayman Islands	60.07%	60.07%
Kvartal Togliatti LLC	Russia	100.00%	100.00%
Langen Property B.V.	Netherlands	100.00%	100.00%
Logistics-A LLC	Russia	100.00%	100.00%
Longoria a.s.	Czech Republic	100.00%	100.00%
LvZH (Rijswijk) B.V.	Netherlands	100.00%	100.00%
Midataner a.s.	Czech Republic	100.00%	100.00%
Millennium Tower (Rotterdam) B.V.	Netherlands	100.00%	100.00%
Mitino Sport City LLC	Russia	80.00%	80.00%
Monheim Property B.V.	Netherlands	100.00%	100.00%
Monchyplein (Den Haag) B.V.	Netherlands	100.00%	100.00%
Office Star Five spol. s r. o.	Czech Republic	100.00%	100.00%
Office Star Nine spol. s r. o.	Czech Republic	100.00%	100.00%
Office Star Two spol. s r. o.	Czech Republic	100.00%	100.00%
Pompenburg (Rotterdam) B.V.	Netherlands	100.00%	100.00%
PPF Gate, a.s.	Czech Republic	100.00%	100.00%
Retail Star 3, spol. s r.o.	Czech Republic	100.00%	100.00%
Retail Star 22, spol. s r.o.	Czech Republic	100.00%	100.00%
Roko LLC	Russia	100.00%	100.00%
Ryazan Shopping Mall Ltd.	Cyprus	100.00%	100.00%
Slovak Trade Company, s.r.o.	Slovakia	57.50%	57.50%
Spektr LLC	Russia	100.00%	100.00%
Tanaina Holdings Ltd.	Cyprus	100.00%	100.00%
TK Lipetskiy LLC	Russia	100.00%	100.00%
Trigon Berlin B.V.	Netherlands	100.00%	100.00%
Velthemia Ltd.	Cyprus	60.07%	60.07%
Vítězné náměstí a.s.	Czech Republic	100.00%	100.00%
Wilhelminaplein B.V.	Netherlands	100.00%	100.00%
Yugo-Vostochnaya promyshlennaya companiya “Kartontara” LLC	Russia	100.00%	100.00%
Real Estate subgroup – associates			
Bohemia LLC	Russia	35.00%	35.00%
Circle Slovakia, s.r.o.	Slovakia	24.50%	24.50%
Gilbey Ltd.	Cyprus	40.00%	40.00%
Kendalside Ltd.	United Kingdom	49.00%	49.00%

Komodor LLC	Ukraine	40.00%	40.00%
Moravia LLC	Russia	35.00%	35.00%
Sigurno Ltd.	Cyprus	40.00%	40.00%
Syner NN LLC	Russia	35.00%	35.00%
Other significant subsidiaries			
Anthiarose Ltd.	Cyprus	100.00%	100.00%
Bavella B.V.	Netherlands	100.00%	100.00%
Bestsport Arena, a.s.	Czech Republic	94.48%	80.97%
Bestsport Services, a.s.	Czech Republic	88.03%	82.89%
Česká telekomunikační infrastruktura a.s. (“CETIN”)	Czech Republic	85.46%	-
Eldomarket LLC	Russia	80.00%	100.00%
Eldorado Licensing Ltd.	Cyprus	80.00%	100.00%
Eldorado LLC	Russia	80.00%	100.00%
Facipero Investments Ltd.	Cyprus	80.00%	100.00%
Fodina B.V.	Netherlands	100.00%	100.00%
GIM Invest Co. Ltd.	Jersey	100.00%	100.00%
GIM Ltd.	Jersey	92.38%	92.38%
Invest-Realty LLC	Russia	80.00%	100.00%
Lindus Services Ltd.	Cyprus	100.00%	100.00%
Maraflex s.r.o.	Czech Republic	100.00%	100.00%
Moranda a.s.	Czech Republic	100.00%	100.00%
O2 Czech Republic a.s.*	Czech Republic	84.73%	84.61%
O2 IT Services s.r.o. *(formerly PPF IT Services s.r.o.)*	Czech Republic	84.73%	99.99%
O2 Slovakia, s.r.o.	Slovakia	84.73%	84.61%
Oribase Pharma SAS	France	54.50%	52.43%
PPF a.s.	Czech Republic	99.99%	99.99%
PPF A3 B.V.	Netherlands	100.00%	100.00%
PPF Arena 1 B.V.	Netherlands	100.00%	100.00%
PPF Arena 2 B.V.	Netherlands	100.00%	100.00%
PPF Co1 B.V.	Netherlands	100.00%	100.00%
PPF Co3 B.V.	Netherlands	100.00%	100.00%
PPF Financial Holdings B.V.	Netherlands	100.00%	100.00%
PPF Healthcare N.V.	Netherlands	100.00%	100.00%
PPF Life Insurance LLC	Russia	100.00%	100.00%
RAV Agro LLC	Russia	100.00%	100.00%
RAV Molokoproduct LLC	Russia	100.00%	100.00%
Rentol LLC	Russia	80.00%	100.00%
Sotio N.V.	Netherlands	92.00%	92.00%
Sotio a.s.	Czech Republic	88.32%	84.64%
Sotio Medical Research (Beijing) Co., Ltd.	China	92.00%	92.00%
Other significant associates			
Polymetal International Plc**	Jersey	17.92%	18.42%
Generali PPF Holding B.V.**	Netherlands	-	24.00%

* Due to existence of treasury shares held by O2 Czech Republic a.s. in 2014 the direct stake in the registered capital of this company was 83.16%.
** This associate comprises a group of entities.

The principal place of business corresponds to the domicile of respective entity with the following exceptions:

Place of business	Entity
Russia	Anthemona Ltd., Ryazan Shopping Mall Ltd.
United Kingdom	Alrik Ventures Ltd., Dadrin Ltd., Tanaina Holdings Ltd.
Germany	Langen Property B.V., Monheim Property B.V., Trigon Berlin B.V.

B.2. Acquisitions and disposals through business combinations in 2015/2014

B.2.1. Sale of Generali PPF Holding in 2015

On 8 January 2013, the Group, acting through its subsidiary PPF Co1 B.V., signed an agreement with Assicurazioni Generali for the future sale of its 49% stake in Generali PPF Holding B.V. ("GPH") through two partial disposals. On 28 March 2013, Assicurazioni Generali acquired a 25% shareholding in GPH, then held by the Group. At the same moment the Group repaid a 51% portion of the Calyon facility (a syndicated bank loan facility of MEUR 2,099 obtained in January 2008) in an amount of MEUR 1,071 and redeemed MEUR 192 of a MEUR 400 bond issued in November 2009.

On 16 January 2015, the Group sold its residual 24% shareholding in Generali PPF Holding B.V. for consideration of MEUR 1,246. At the same moment the outstanding amount of the Calyon facility (MEUR 1,028) and the bond notes (MEUR 208) were repaid. During 2015 (in January and June), the Group received dividend payments of 18 MEUR which are included in the net profit from the sale. The impact of the transaction on 2015 income statements is the following:

In millions of EUR

Consideration	1,246
Carrying value of GPH stake as of 31 December 2014	1,144
Dividend received during 2015	(18)
Carrying value of GPH stake at disposal	1,126
AFS reserve (reclassified to the income statement)	27
Currency translation reserve (reclassified to the income statement)	(50)
Net profit from the sale	97

B.2.2. O2 Czech Republic – telecommunication business

B.2.2.1. Initial acquisition in 2014

On 5 November 2013 the Group, acting through its subsidiary PPF Arena 2 B.V., signed an agreement with Telefónica S.A. for the purchase of a 65.93% stake in Telefónica Czech Republic, a.s. The acquiree was subsequently renamed to O2 Czech Republic a.s. ("O2 CR"). O2 CR is a Czech publicly listed telecommunication company operating also in the Slovak Republic through its 100% subsidiary O2 Slovakia, s.r.o. (previously named Telefónica Slovakia, s.r.o.). The closing of the transaction, which was subject to approval by the European Commission, occurred in January 2014. The following table shows the key non-financial parameters of the transaction:

Date of acquisition	28 January 2014
Stake acquired (proportion of the registered capital)	65.93%
Effective share of voting rights (after elimination of treasury shares held by O2 CR)	67.09%

The Group financed the transaction partially through a syndicated loan facility provided by a consortium led by Société Générale (the "SG facility"), for more information refer to E.14. The SG facility also involved a loan commitment for funding the acquisition of shares through a mandatory tender offer ("MTO"). The MTO process was launched in June and additional shares were acquired in August 2014.

In the eleven months to 31 December 2014, consolidated O2 CR contributed revenue of MEUR 1,488 and profit of MEUR 127 to the Group's results. If the acquisition had occurred on 1 January 2014 consolidated revenue would have been increased by MEUR 134 and profit by MEUR 11.

The following table provides a breakdown of the purchase price:

In millions of EUR

Initial instalment (paid in CZK and EUR)	1,969
Deferred instalments (to be paid in CZK)	379
Deferred period	4 years/8 equal instalments
Net present value of deferred instalments	357
Total purchase price	2,326

The Group incurred acquisition-related costs of approximately MEUR 2 in legal fees and due diligence costs. These costs were presented under professional service costs, mostly within the 2013 income statement.

In accordance with IFRS 3, the Group performed a purchase price allocation exercise ("PPA") over its Czech and Slovak operations (two separate cash generating units) pro-rata based on the enterprise values of the individual units. Consequently, the acquired assets and assumed liabilities of the individual units were restated to their respective fair values. The difference between the allocated purchase price and the fair values of identified assets and liabilities resulted in the recognition of goodwill.

The following table summarises the recognised amounts of assets and liabilities assumed in the acquisition, taking into consideration the facts stated above:

In millions of EUR, as at 28 January 2014

Fair value of assets	**3,775**
Cash and cash equivalents	157
Investment securities	1
Loans due from non-banks	1
Trade and other receivables	230
Inventories	18
Property, plant and equipment	2,173
out of which:	
Land, buildings and construction	336
Ducts, cables and related plant	1,441
Telecommunication technology and related equipment	348
Other tangible assets	48
Intangible assets	1,136
out of which:	
Software	132
Licences	397
Customer relationship	602
Other intangibles assets	5
Other assets	44
Deferred tax assets	15

In millions of EUR, as at 28 January 2014

Fair value of liabilities	**1,072**
Due to banks and other financial institutions	109
Current tax liabilities	9
Trade and other payables	574
out of which:	
Trade payables	504
Deferred income	34
Wages and salaries	19
Social security and health insurance	7
Other	10
Provisions	1
Deferred tax liabilities	379
Fair value of identifiable net assets	**2,703**

Trade receivables comprise gross contractual amounts due of MEUR 374, of which collection of MEUR 144 was expected to be doubtful at the acquisition date.

Goodwill arising from the acquisition has been recognised as follows:

In millions of EUR

Total consideration	2,326
Effective ownership (share of voting rights)	67.09%
Fair value of identifiable net assets	2,703
Net asset value attributable to non-controlling interests	(889)
Goodwill	512

Non-controlling interests are measured as a proportionate interest in the recognised amount of the identifiable net assets. The goodwill is attributable to the established position of O2 CR in the market, potential synergies with other Group operations affecting revenue growth and the assembled workforce. None of the goodwill recognised is expected to be deducted for tax purposes.

B.2.2.2. Increase in shareholding in 2014 and 2015

On 2 June 2014 the Group, acting through its subsidiary PPF Arena 2 B.V., published the mandatory tender offer concerning the shares issued by O2 CR. The offer period ended on 30 June 2014. As a result of the MTO and later independent transactions, the Group (through its subsidiaries PPF Arena 2 B.V. and the newly established PPF A3 B.V.) acquired 54.4 million shares representing 17.53% of the voting rights in O2 CR (17.22% of the registered capital). The acquisitions occurred in the second half of 2014 and were financed by drawing down the SG facility and other banking facilities, as well as from own equity. The difference between the purchase price and the net asset value attributable to non-controlling interests acquired was recognised directly in equity.

The following table summarises the financial aspects of the transactions described above:

In millions of EUR

Total consideration (paid in cash)	538
Effective ownership (share of voting rights)	17.53%
Net asset value attributable to non-controlling interests acquired	(450)
Effect recorded in retained earnings (decrease)	(88)

On 27 February 2015, the Company acquired additional 362 thousand shares of O2 CR for MEUR 4 as a result of a voluntary offer made to the individual holders of O2 CR shares. The shares acquired represented 0.12% of effective voting rights.

B.2.2.3. Business restructuring in 2015

On 28 April 2015, the Annual General Meeting of O2 Czech Republic approved the company's demerger into O2 Czech Republic a.s. and Česká telekomunikační infrastruktura, a.s. ("CETIN"). The infrastructure part of the current business, including both the fixed and mobile networks, was spun-off to CETIN, while O2 CR remained a publicly-listed operator providing voice, data and TV services. Having been approved by the court of registration, the demerger took effect as at 1 June 2015. The main business purpose of this step was to separate the telecommunication operator from the regulated infrastructure provider that can offer its services also to other clients on the market in a more efficient way. Since the demerger O2 CR and CETIN act like two independent business partners with no benefits gaining from common control of PPF Group. The Group also ceased to apply its active shareholder role in O2 CR and considers its position as a financial investor not interfering in the running of the company. Notwithstanding this fact the ability of the Group to control O2 CR is not limited and the Group remains to fully consolidate O2 CR in accordance with IFRS requirements.

The restructuring process has no impact on the Group's consolidated financial statements. As the whole telecommunication business was acquired in January 2014, the fair values of acquired assets and assumed liabilities were allocated to the respective entities and no revaluation was performed.

B.2.3. Acquisition of a 2% share in Home Credit and Air Bank

On 17 June 2015, the Group acquired a 2% stake in Home Credit B.V. and Air Bank a.s. from the affiliate of Mr. Šmejc, the former shareholder of PPF Group. The Group increased its shareholding in both companies from 86.62 to 88.62%. The difference between the purchase price and the net asset value attributable to non-controlling interests acquired was recognised directly in equity.

The following tables summarise the financial aspect of the transaction:

In millions of EUR

Consideration	74
Effective ownership acquired in Home Credit	2%
Net asset attributable to non-controlling interests acquired	25
Effect recorded in retained earnings (loss)	49
Consideration	4
Effective ownership acquired in Air Bank	2%
Net asset attributable to non-controlling interests acquired	4
Effect recorded in retained earnings	-

B.2.4. Sale of a 20% share in Eldorado

On 17 June 2015, the Group sold a 20% stake in Facipero Investments Ltd., the sole shareholder of Eldorado LLC, to the affiliate of Mr. Šmejc. The difference between the sale price and the net asset value attributable to non-controlling interests sold was recognised directly in equity.

The following table summarises the financial aspect of the transaction:

Consideration	98
Effective ownership sold	20%
Net asset attributable to non-controlling interests sold	21
Currency translation reserve (attributable to NCI)	(18)
Effect recorded in retained earnings (gain)	59

B.2.5. "O2 Arena" sports hall in Prague (in 2014)

During 2013, the Group held a 50% stake in Lindus Services Ltd., the entity controlling Bestsport Arena a.s. (which owns and operates the "O2 Arena" sports hall in Prague) and Bestsport Services a.s. In October 2013, the Group agreed with the joint venture partner to acquire the remaining 50%. The transaction closed on 23 January 2014 after receipt of a regulatory approval. Since then the Group has been the controlling shareholder of all three entities in question.

The following table summarises the financial aspect of the transaction described above:

In millions of EUR

Transaction date	23 January 2014
Total purchase price (paid in cash)	22
Stake acquired (in Lindus Services Ltd.)	50%
Fair value of assets acquired	92
Fair value of liabilities acquired	(61)
Net asset value attributable to NCI (Bestsport Arena a.s. and Bestsport Services a.s.)	(23)
Goodwill (fully impaired)	18
Gain on revaluation of previous 50% shareholding	4

B.2.6. New real estate projects (in 2014)

During 2014, the Group acquired two significant real estate projects treated as business combinations. In the second acquisition, the Group gained control through acquisition of a minority stake in a logistics project and changed the classification from associate to subsidiary. Both acquisitions followed the Group's strategy of building a stable portfolio of office premises and warehouses.

The following table summarises the financial aspect of the transaction:

	City Tower, a.s.	Investitsionny Trust CJSC
Transaction date	May 2014	October 2014
Type of investment property	Office building	Warehouse
Location	Czech Republic	Russia
Stake acquired	100%	24.76%*
In millions of EUR		
Purchase price (paid in cash)	49	11
Fair value of assets acquired	147	123
out of which:		
Investment property	130	113
Fair value of liabilities acquired	(89)	(78)
Non-controlling interests at acquisition	-	14
Negative goodwill	9	-

*Increase to 75.24%

Negative goodwill was recognised within other income in the income statement.

B.2.7. Sale of Energetický a průmyslový holding (in 2014)

During the first half of 2014, the Group fully disposed of its 44.44% share in Energetický a průmyslový holding, a.s. ("EP Holding") through two partial sales completed in February (4.44%) and June (40%). In addition, EP Holding fully repaid a MEUR 235 loan owed to the Group in January 2014.

The following table summarises the financial aspect of the transaction:

In millions of EUR

Date of disposal	5 February/20 June 2014
Equity stake sold	44.44%
Consideration	1,080
Carrying value of associate at disposal	653
AFS reserve (reclassified to income statement)	(1)
Currency translation reserve (reclassified to income statement)	(29)
Cash flow hedge reserve (reclassified to income statement)	(35)
Net profit from the sale	362
Share of earnings in associates (in 2014 until disposal)	26

B.3. Other changes

B.3.1. Change in shareholding structure of Air Bank

On 30 June 2015, the Group and the affiliate of Mr. Šmejc (as the non-controlling shareholder) contributed their Air Bank shares to Home Credit B.V. Home Credit became the sole direct shareholder of Air Bank a.s. whereas the effective ownership of both ultimate shareholders did not change (88.62%/11.38%). The transaction has no impact on the Group's consolidated financial statements.

B.3.2. Transfers of Home Credit Vietnam and China (in 2014)

In September 2012, PPF Group N.V. and Home Credit B.V. entered into an agreement for purchase and sale of 100% stakes in Home Credit Vietnam Finance Company Ltd. and Home Credit Consumer Finance China Ltd. The transfers to Home Credit B.V. were subject to several regulatory approvals which were essential to close both transactions in question. The regulatory approvals were obtained in July and August 2014, respectively. Since then, Home Credit B.V. has controlled both companies and the Group's effective ownership decreased to 86.62%.

The following table summarises the financial aspect of the transactions described above:

In millions of EUR

Home Credit Vietnam	
Total consideration (paid in cash)	70
Effective ownership indirectly lost	13.38%
Net asset value attributable to non-controlling interests at transfer	(7)
Home Credit China	
Total consideration (paid in cash)	84
Effective ownership indirectly lost	13.38%
Net asset value attributable to non-controlling interests at transfer	(5)

C. Risk exposures, risk management objectives and procedures

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2014.

During the interim period there were no other significant changes in the nature or extent of risks arising from financial instruments.

C.1. Liquidity risk

In 2015, liquidity position was influenced by the sale of residual stake in GPH. Proceeds from the transactions were used to repay the outstanding amount of the Calyon facility (MEUR 1,028) and related bond issue (MEUR 208).

C.2. Fair value of financial assets and liabilities

The Group has performed a fair-value assessment of its financial instruments to determine whether it is practicable within the constraints of timeliness and cost to determine their fair values with sufficient reliability.

The fair values of the following financial instruments differ from their carrying amounts shown in the statement of financial position, either in 2015 or in 2014:

In millions of EUR, as at 31 December

	30 June 2015 Carrying amount	30 June 2015 Fair value	31 December 2014 Carrying amount	31 December 2014 Fair value
Loans due from customers (Level 2/3)	7,265	7,251	7,060	6,813
Due to non-banks (Level 2/3)	(7,501)	(7,490)	(6,587)	(6,526)
Debt securities issued (Level 1/2)	(914)	(909)	(1,077)	(1,071)
Subordinated liabilities (Level 1/2)	(308)	(292)	(502)	(379)

The Group's fair-value estimates for its other financial assets and liabilities are not materially different from their carrying values.

The following table presents an analysis of financial instruments recorded at fair value, broken down by how the fair value calculation is accomplished: i.e., based on quoted market prices (Level 1), calculated using valuation techniques where all the model inputs are observable in the market (Level 2), or calculated using valuation techniques where significant model inputs are not observable in the market (Level 3):

In millions of EUR, as at 30 June 2015

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	542	71	2	615
Financial assets AFS	2,083	219	11	2,313
Positive FV of hedging derivatives	-	119	-	119
Financial liabilities at FVTPL	(222)	(32)	(9)	(263)
Total	**2,403**	**377**	**4**	**2,784**

In millions of EUR, as at 31 December 2014

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	545	148	4	697
Financial assets AFS	1,622	310	62	1,994
Positive FV of hedging derivatives	-	131	-	131
Financial liabilities at FVTPL	(202)	(51)	(9)	(262)
Total	**1,965**	**538**	**57**	**2,560**

In 2015, the Group has reclassified financial assets AFS in amount of MEUR 53 from Level 3 to Level 2. The Group changed the revaluation model for certain corporate debt and equity securities due to regulatory requirements.

Financial assets at FVTPL and Financial liabilities at FVTPL include derivatives held for trading. All hedging derivatives in both periods had positive fair values.

The following table shows the reconciliation of movements in Level 3:

In millions of EUR, for the year ended 30 June 2015

	Financial assets at FVTPL	Financial assets AFS	Financial liabilities FVTPL	Total
Balance at 1 January	4	62	(9)	57
Net gains/(losses) recorded in profit or loss (included in “Net gain/(loss) on financial assets”)	(2)	2	-	-
Purchases of financial assets	2	-	-	2
Settlements	(2)	-	-	(2)
Transfers out of Level 3	-	(53)	-	(53)
Balance at 30 June 2015	**2**	**11**	**(9)**	**4**

In millions of EUR, for the year ended 31 December 2014

	Financial assets at FVTPL	Financial assets AFS	Financial liabilities FVTPL	Total
Balance at 1 January	27	100	(12)	115
Net gains/(losses) recorded in profit or loss (included in “Net gain/(loss) on financial assets”)	15	1	4	20
Net gains/(losses) recorded in other comprehensive income	(1)	(3)	-	(4)
Purchases of financial assets	2	31	-	33
Additions of financial liabilities	-	-	(1)	(1)
Settlements	(39)	(67)	-	(106)
Balance at 31 December 2014	**4**	**62**	**(9)**	**57**

The financial assets at fair value through profit or loss presented in Level 3 above include positive fair values of interest rate derivatives in KZT of MEUR 1 (2014: interest rate derivatives in KZT of MEUR 1 and currency derivatives in BYR of MEUR 2) and other derivatives of MEUR 1 (2014: MEUR 1). The fair value of the derivative instruments is sensitive to changes in the BYR/EUR and KZT/EUR foreign currency exchange rates and to changes in interest rates.

The financial assets available for sale presented in Level 3 consist of debt securities of MEUR 1 (2014: MEUR 33) and equity securities of MEUR 10 (2014: MEUR 29). The fair value of debt securities is sensitive to market interest rates. The fair value of equity securities is sensitive to economic developments of the businesses in question.

C.3. Capital management

In January 2015 following the Generali PPF Holding divestment, the Group ceased to be a financial conglomerate (group of mixed financial holding companies) and became a group of mixed holding companies and as such the Group is no longer subject to the supplementary prudential rules. As of 30 June 2015, the Group restructured its consumer finance and other banking business represented by Home Credit, Air Bank and PPF banka under new holding entity PPF Financial Holdings B.V. This subgroup became subject to the consolidated prudential requirements based on the regulation No. 575/2013 of the European Parliament with the Czech National Bank as a consolidating supervisor. The main requirement stated by the regulation is to retain sufficient level of capital adequacy within the newly established financial subgroup. The Group and its individually regulated operations complied with all externally imposed capital requirements throughout the reporting period.

D. Segment reporting

The Group recognises reportable segments that are defined in both geographical and sector terms. These segments offer different products and services, and are managed separately because they operate in completely distinct business sectors. The Group's Board of Directors and shareholders (the Chief Operating Decision Maker) review the internal management reports of individual segments on a regular basis.

The following summary describes the operations and geographic focus of each reportable segment.

Reportable segment	Business name/brand	Operations	Geographic focus
Consumer finance	Home Credit	Provision of loans to private individual customers, deposit taking	Czech Republic, Slovak Republic, Russia, Asia
	subsidiaries of PPF banka and Air Bank	Provision of loans to private individual customers	Czech Republic, Slovak Republic, Russia
Other banking	PPF banka	Loans, deposits and other transactions and balances with corporate customers, trading activities	Czech Republic
	Air Bank	Deposits, loans and other transactions and balances with retail customers	Czech Republic
Real estate	PPF Real Estate Holding	Developing, investing and professional consulting in the property sector	Central and Western Europe, Russia, Ukraine
Retail	Eldorado	Retailing consumer electronic and domestic appliance	Russia
Telecommunication	O2	Telecommunication operator providing a range of voice and data services (CZ), mobile operator (SK)	Czech Republic, Slovak Republic
	CETIN	Administration and operation of data and communication network	Czech Republic
Insurance	PPF Insurance	Provision of life insurance products	Russia
	Generali PPF Holding *(sold in 2015)*	Provision of life and non-life insurance products	Central and Eastern Europe
Other	Polymetal (associate)	Gold and silver mining	Russia, Kazakhstan
	RAV Holding	Grain and livestock production, storage and trade	Russia
	Sotio	Development of new medical therapies, focusing on the treatment of cancer and autoimmunity diseases	Czech Republic, USA, China
	O2 Arena	Operation of multipurpose hall hosting mainly sporting and cultural events	Czech Republic

Since 30 June 2015 Air Bank is legally part of the Home Credit Group (refer to B.3.1), however it is still presented within the other banking segment together with PPF banka. Subsidiaries of both banks are newly included in the consumer finance segment based on their geographical focus. The comparative figures have been restated accordingly.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Inter-segment pricing is determined on an arm's length basis. Segment assets and liabilities include all assets and liabilities attributable to segments. Significant non-cash expenses are comprised mainly of impairment losses on financial and non-financial assets. Eliminations represent intercompany balances among individual reporting segments.

Total segment revenue contains the following categories which may be reconciled to the income statement as follows:

In millions of EUR, for the six months ended 30 June

	2015	2014
Interest income	1,067	1,330
Fee and commission income	207	279
Net earned premiums	81	132
Rental and related income	67	39
Sales of goods	586	896
Other income from retail operations	12	20
Revenues from telecommunication business	818	659
Agriculture income	3	4
Total revenue from external customers	**2,841**	**3,359**

The following table shows the main items from the financial statements broken down according to reportable segments for the first half of 2015 and comparative figures for 2014:

In millions of EUR

30 June 2015	Consumer finance	Other banking	Real estate	Retail	Insurance	Telecommu-nications	Other	Unallocated	Eliminations	**Consolidated**
Revenue from external customers	1,229	53	73	603	54	818	5	6	-	2,841
Inter-segment revenue	2	40	-	11	2	1	0	18	(74)	-
Total revenue from continuing operations	**1,231**	**93**	**73**	**614**	**56**	**819**	**5**	**24**	**(74)**	**2,841**
Segment share of earnings of associates	1	-	(4)	-	-	-	16	-	-	13
Net profit from continuing operations	**(84)**	**37**	**28**	**20**	**100**	**104**	**12**	**(17)**	**(2)**	**198**
Net profit for the year										**198**
Other significant non-cash expenses	(493)	16	(2)	1	-	(1)	(1)	-	-	(480)
Segment assets	7,958	6,282	2,032	810	197	4,142	311	1,917	(2,987)	20,662
Investments in associates	1	-	-	-	-	1	624	-	-	626
Total assets										**21,288**
Segment liabilities	6,795	5,866	1,620	548	164	1,033	240	1,983	(2,958)	15,291
Total liabilities										**15,291**
Segment equity	**1,164**	**416**	**412**	**262**	**33**	**3,110**	**695**	**(66)**	**(29)**	**5,997**

In millions of EUR

30 June 2014	Consumer finance	Other banking	Real estate	Retail	Insurance	Telecommu-nications	Other	Unallocated	Eliminations	**Consolidated**
Revenue from external customers	1,583	50	40	920	92	659	6	9	-	3,359
Inter-segment revenue	3	49	6	3	1	1	2	68	(133)	-
Total revenue from continuing operations	**1,586**	**99**	**46**	**923**	**93**	**660**	**8**	**77**	**(133)**	**3,359**
Segment share of earnings of associates	1	-	2	-	-	-	41	(1)	-	43
Net profit from continuing operations	**(48)**	**23**	**(17)**	**(29)**	**1**	**13**	**376**	**(33)**	**11**	**297**
Net profit for the year										**297**
Other significant non-cash expenses	(707)	(9)	(1)	(3)	-	(4)	(18)	-	-	(742)
31 December 2014										
Segment assets	7,849	6,044	1,911	847	1,341	4,105	274	2,180	(3,235)	21,316
Investments in associates	2	-	-	-	-	1	574	-	-	577
Total assets										**21,893**
Segment liabilities	6,696	5,676	1,551	846	175	1,000	189	3,309	(3,243)	16,199
Total liabilities										**16,199**
Segment equity	**1,155**	**368**	**360**	**1**	**1,166**	**3,106**	**659**	**(1,129)**	**8**	**5,694**

D.1. Consumer finance segment

The Home Credit consumer finance business is divided into segments based on geographical regions corresponding to the geographical location of customers. The Group operates in ten principal geographical areas: the Russian Federation, the Czech Republic, the Slovak Republic, the Republic of Belarus, Kazakhstan, China, Vietnam, India, Indonesia, and Philippines.

The following table supplements the information presented for the consumer finance business in the previous table. Eliminations represent intercompany balances among individual reporting segments within Home Credit. Inter-segment revenue represents revenue realised with other core segments outside the consumer finance segment.

In millions of EUR

30 June 2015	Russian Federation	Czech Republic	Slovak Republic	Belarus	Kazakhstan	China	Vietnam	Other	Unallocated	Eliminations	**Consolidated**
Revenue from customers	558	55	32	30	115	344	80	12	5	-	1,231
Inter-segment revenue	9	-	-	-	-	-	-	-	-	(9)	-
Total revenue	**567**	**55**	**32**	**30**	**115**	**344**	**80**	**12**	**5**	**(9)**	**1,231**
Net interest income from external customers	203	34	21	11	62	244	54	10	(6)	-	633
Inter-segment net interest income	9	-	-	-	(1)	-	(2)	-	(7)	1	-
Total net interest income	**212**	**34**	**21**	**11**	**61**	**244**	**52**	**10**	**(13)**	**1**	**633**
Income tax expense	32	(4)	(1)	1	(8)	(24)	(3)	-	(1)	-	(8)
Net profit from continuing operations	**(147)**	**20**	**3**	**(3)**	**17**	**72**	**10**	**(26)**	**(25)**	**(5)**	**(84)**
Other significant non-cash expenses	(344)	(4)	(8)	(5)	(31)	(79)	(21)	(3)	2	-	(493)
Segment assets	4,430	472	281	177	533	1,703	230	142	216	(226)	7,958
Segment liabilities	3,898	478	268	151	386	1,026	156	32	610	(210)	6,795
Segment equity	**533**	**(6)**	**13**	**26**	**147**	**677**	**74**	**110**	**(394)**	**(16)**	**1,164**

In millions of EUR

30 June 2014	Russian Federation	Czech Republic	Slovak Republic	Belarus	Kazakhstan	China	Vietnam	Other	Unallocated	Eliminations	**Consolidated**
Revenue from customers	1,041	62	34	43	96	218	78	7	7	-	1,586
Inter-segment revenue	6	-	-	-	-	-	-	-	1	(7)	-
Total revenue	**1,047**	**62**	**34**	**43**	**96**	**218**	**78**	**7**	**8**	**(7)**	**1,586**
Net interest income from external customers	562	39	19	16	54	151	56	5	(3)	-	899
Inter-segment net interest income	6	-	-	-	(3)	-	(2)	-	(2)	1	-
Total net interest income	**568**	**39**	**19**	**16**	**51**	**151**	**54**	**5**	**(5)**	**1**	**899**
Income tax expense	18	(4)	-	(1)	(3)	(17)	(4)	-	(4)	-	(15)
Net profit from continuing operations	**(89)**	**15**	**1**	**3**	**12**	**26**	**14**	**(11)**	**(20)**	**1**	**(48)**
Other significant non-cash expenses	(573)	(10)	(9)	(7)	(31)	(54)	(21)	(2)	-	-	(707)
31 December 2014											
Segment assets	4,785	483	282	149	506	1,377	278	103	213	(327)	7,849
Segment liabilities	4,155	479	268	113	371	820	208	29	568	(315)	6,696
Segment equity	**632**	**4**	**14**	**36**	**135**	**557**	**70**	**74**	**(355)**	**(12)**	**1,155**

D.2. Telecommunication segment

The telecommunication segment, represented by O2 CR and CETIN, is further divided into two segments based on geographical regions corresponding to the geographical location of customers. The business was acquired in January 2014.

The following table supplements the information presented for the telecommunications business in the previous table. Eliminations represent intercompany balances among individual reporting segments within the segment. Inter-segment revenue represents revenue realised with other core segments outside the telecommunication segment.

In millions of EUR

30 June 2015	Czech Republic	Slovak Republic	Eliminations	**Consolidated**
Revenue from customers	705	114	-	819
Inter-segment revenue	6	1	(7)	-
Total revenue	**711**	**115**	**(7)**	**819**
Cost related to telecommunication business	(235)	(50)	3	(282)
Net telecommunication income	469	64	3	536
Segment result	**122**	**13**	**(31)**	**104**
Other significant non-cash expenses	-	(1)	-	(1)
Segment assets	3,997	475	(330)	4,142
Segment liabilities	1,030	132	(129)	1,033
Segment equity	**2,968**	**343**	**(201)**	**3,110**

In millions of EUR

30 June 2014	Czech Republic	Slovak Republic	Eliminations	**Consolidated**
Revenue from customers	576	84	-	660
Inter-segment revenue	9	1	(10)	-
Total revenue	**585**	**85**	**(10)**	**660**
Cost related to telecommunication business	(172)	(31)	5	(198)
Net telecommunication income	403	53	5	461
Segment result	**41**	**5**	(33)	13
Other significant non-cash expenses	(3)	(1)	-	(4)
31 December 2014				
Segment assets	3,863	472	(230)	4,105
Segment liabilities	901	110	(11)	1,000
Segment equity	**2,963**	**362**	**(219)**	**3,106**

E. Notes to the consolidated financial statements

E.1. Cash and cash equivalents

Cash and cash equivalents comprise the following:

In millions of EUR

	30 June 2015	31 December 2014
Cash on hand	109	265
Current accounts	638	679
Balances with central banks	1,042	1,030
Placements with financial institutions due within one month	394	174
Total cash and cash equivalents	**2,183**	**2,148**

In accordance with the SG facility (refer to E.14), as of 31 December 2014 the cash balance of MEUR 102 could be primarily used to repay the following liabilities in the order as stated: taxes, operating and interest expenses and loan principle related to PPF Arena 2 B.V. The majority of cash was finally used as a mandatory and voluntary prepayment of the SG facility in February 2015. As of 30 June 2015, the restricted cash balance amounted to MEUR 100.

There are no other restrictions on the availability of cash and cash equivalents.

E.2. Investment securities

Investment securities comprise the following:

In millions of EUR

	30 June 2015	31 December 2014
Financial assets at fair value through profit or loss	615	697
Financial assets available for sale	2,313	1,994
Financial assets held to maturity	6	16
Total financial securities	**2,934**	**2,707**

E.2.1. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss held for trading (except for part of government bonds which are non-trading) comprise the following:

In millions of EUR

	30 June 2015	31 December 2014
Government and other public-sector bonds	507	478
Corporate bonds	65	86
Positive fair values of derivatives	43	133
Total financial assets at FVTPL	**615**	**697**

In 2015, the government bonds include non-trading 10-year fixed-interest bonds in an amount of MEUR 186 (2014: 191 MEUR). The fixed interest income from these bonds is economically hedged by interest rate swaps.

E.2.2. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise the following:

In millions of EUR

	30 June 2015	31 December 2014
Negative fair values of trading derivatives	32	51
Liabilities from short sales of securities	222	201
Other	9	10
Total financial liabilities at FVTPL	**263**	**262**

E.2.3. Financial assets available for sale

Financial assets available for sale comprise the following:

In millions of EUR for six months ended 30 June 2015

	Carrying amount	Amortised cost
Debt securities	2,243	2,228
Government bonds	1,443	1,418
Corporate bonds	727	735
Other debt securities	73	75
Equity securities	69	80
Shares	69	79
Mutual fund investments	-	1
Loans and receivables	1	6
Total AFS assets	**2,313**	**2,314**

In millions of EUR, as at 31 December 2014

	Carrying amount	Amortised cost
Debt securities	1,958	1,950
Government bonds	1,410	1,384
Corporate bonds	500	515
Other debt securities	48	51
Equity securities	35	44
Shares	35	43
Mutual fund investments	-	1
Loans and receivables	1	6
Total AFS assets	**1,994**	**2,000**

E.3. Loans and receivables due from banks and other financial institutions

Loans and receivables due from banks and other financial institutions comprise the following:

In millions of EUR

	30 June 2015	31 December 2014
Term deposits at banks	109	199
Minimum reserve deposits with central banks	139	135
Loans to banks	12	13
Loans and advances provided under repos	207	330
Other	65	18
Total loans and receivables due from banks and other financial institutions	**532**	**695**

The minimum reserve deposits are mandatory non-interest-bearing deposits calculated in accordance with regulations issued by central banks, whose withdrawability is restricted.

E.4. Loans due from customers

Loans and receivables due from non-banks comprise the following:

In millions of EUR

	30 June 2015	31 December 2014
Gross amount		
Cash loan receivables	4,086	4,158
Consumer loan receivables	1,797	1,802
Revolving loan receivables	926	975
Car loan receivables	113	109
Mortgage loan receivables	77	73
Loans to corporations	1,112	1,041
Loans and advances provided under repos	258	52
Loans to associates	35	33
Other	6	3
Total gross amount	**8,410**	**8,246**
Collective allowances for impairment		
Cash loan receivables	(654)	(683)
Consumer loans receivables	(201)	(213)
Revolving loan receivables	(181)	(176)
Car loan receivables	(23)	(23)
Mortgage loan receivables	(6)	(5)
Other	(1)	(1)
Total collective impairment	**(1,066)**	**(1,101)**
Individual allowances for impairment		
Loans to corporations	(49)	(60)
Loans to associates	(30)	(25)
Total individual impairment	**(79)**	**(85)**
Total carrying amount	**7,265**	**7,060**

Loans to associates represent mainly the provision of funds used to finance several real estate projects. Out of the associates three small real estate projects have negative net asset value. Impairment of loans to associates contains the negative share in the associates attributable to the Parent. The share in the associates in question is presented at nil.

E.5. Trade and other receivables

Trade and other receivables comprise the following:

In millions of EUR

	30 June 2015	31 December 2014
Gross amount		
Trade receivables	360	367
Accrued income	1	2
Individual impairment	(18)	(14)
Total carrying amount	**343**	**355**

E.6. Inventories

Goods are attributable mainly to the retail business of Eldorado and comprise the following:

In millions of EUR

	30 June 2015	31 December 2014
Goods/merchandise for resale	318	301
Trading property	66	52
Agricultural inventories	3	3
Other inventory	3	2
Total inventories	**390**	**358**

E.7. Assets and liabilities held for sale

Assets and liabilities held for sale are as follows:

In millions of EUR

	30 June 2015	31 December 2014
Cash and cash equivalents	14	-
Other assets	3	4
Investments in associates	-	1,144
Investment property	51	27
Property, plant and equipment	-	2
Total assets held for sale	**68**	**1,177**
Due to banks and other financial institutions	12	8
Due to non-banks	16	-
Other liabilities	2	-
Deferred tax liabilities	5	2
Total liabilities held for sale	**35**	**10**

In 2014, the held-for-sale investment in associates represented a 24% share in Generali PPF Holding (refer to B.2.1).

E.8. Investments in associates

The following table shows a break-down of individual investments in associates:

In millions of EUR

	30 June 2015	31 December 2014
Polymetal	618	574
Other	8	3
Total investments in associates	**626**	**577**

The following table shows a break-down of the share of earnings of associates:

In millions of EUR

	30 June 2015	30 June 2014
Polymetal	16	15
EP Holding	-	26
Real estate projects	(3)	2
Total share of earnings in associates	**13**	**43**

The difference between the total investment and the Group’s share in equity comprises goodwill.

Polymetal

Since 2008 the Group has held a stake in Polymetal International Plc, the Russian precious metals mining company. As of 31 December 2014, the Group held 18.42%. During 2015, the share in Polymetal was decreased to 17.92%. The company is listed on the London Stock Exchange. As of 30 June 2015, the share price of Polymetal was GBP 5.19 (31 December 2014: GBP 5.76). The Group holds 75.8 million shares.

As the investment in Polymetal fell below 20%, the Group continuously assesses the significant qualitative features of the ability to apply significant control such as representation on the board of directors and concentration of other shareholders. Based on this assessment, the Group retains the initial classification of Polymetal as "investment in associate".

In millions of EUR

	30 June 2015	31 December 2014
Total assets	2,755	2,469
Total liabilities	(1,920)	(1,753)
Group's share in equity (17.92%; 2014: 18.42%)	**150**	**132**
	30 June 2015	30 June 2014
Total revenue	581	530
Total net profit/(loss)	88	73
Group's share in profit/(loss) (17.92%; 2014: 20.05%)	**16**	**15**

EP Holding

In February 2014, EP Holding acquired 7.41% of its own shares from the Group for MEUR 54. After the transaction, the effective ownership held by the Group decreased from 44.44% to 40%. In June 2014, the Group disposed the entire stake in EP Holding (refer to B.2.7). The figures presented for 2014 represent financial performance up to the moment of disposal.

In millions of EUR

	30 June 2014
Total revenue	1,835
Total net profit	190
Group's share in net profit (40%)	76
Non-controlling interests at subholding level	(50)
Group's share in profit (40%)	**26**

Real estate

This investment consists of several projects, with ownership participations ranging from 24.5% to 50 %. Three small projects with negative net asset value of MEUR 29 (31 December 2014: MEUR 23) are valued at nil.

E.9. Investment property

Investment property includes all projects acquired through several acquisitions during the last years. The projects, located in the Russian Federation, the Czech Republic, the Netherlands, Germany, the Slovak Republic, Romania, Ukraine and India, consist mainly of finished office premises already rented, land plots and projects under construction.

The following table shows the break-down of investment property by category and country:

In millions of EUR for six months ended 30 June 2015

	Russia	Czech Republic	Netherlands	Germany	Other	Total
Land plot	158	42	-	-	1	201
Office	314	170	256	73	-	813
Office under development	-	4	-	-	-	4
Warehouse	440	-	-	-	-	440
Warehouse under development	4	-	-	-	-	4
Retail	119	10	35	-	-	164
Residential	7	-	-	-	-	7
Other	8	1	-	-	-	9
Other under development	-	4	-	-	-	4
Total investment property	**1,050**	**231**	**291**	**73**	**1**	**1,646**

In millions of EUR, as at 31 December 2014

	Russia	Czech Republic	Netherlands	Germany	Other	Total
Land plot	103	42	-	-	1	146
Office	337	138	254	73	-	802
Office under development	-	35	-	-	-	35
Warehouse	384	1	-	-	-	385
Retail	140	38	35	-	-	213
Residential	6	-	-	-	-	6
Other	8	1	-	-	-	9
Total investment property	**978**	**255**	**289**	**73**	**1**	**1,596**

The following table shows the roll-forward of investment property:

In millions of EUR

	30 June 2015	31 December 2014
Balance at 1 January	1,596	1,209
Additions resulting from business combination	-	256
Additions - acquisition through asset deal	2	114
Additions - capitalised costs	16	199
Disposals	(1)	(6)
Transfer to/from non-current assets held for sale	(26)	(18)
Transfer to/from PPE	-	2
Other changes	4	-
Unrealised gains from investment property	24	203
Unrealised losses from investment property	(65)	(110)
Net FX differences	96	(253)
Balance at 30 June 2015 / 31 December 2014	**1,646**	**1,596**

Except for the acquisitions described in section B.2.6 the most significant development in real estate segment in 2014 were the following:

- acquisition of two office buildings in Germany (close to Frankfurt and Düsseldorf), two buildings in the Netherlands (both in Rotterdam);
- finalisation of construction of the Moscow office building project ComCity during 2014.

E.10. Property, plant and equipment

The following table shows the roll-forward of property, plant and equipment:

In millions of EUR, for six months ended 30 June 2015

	Land and buildings	Ducts, cables and related plant	Telecom. technology and related equipment	Vehicles	Other tangible assets and equipment	Total
Carrying amount						
Balance at 1 January	625	1,385	259	5	184	2,458
Additions	11	6	44	3	26	90
Disposals	(4)	-	(6)	-	(9)	(19)
Other movements	1	-	11	-	(14)	(2)
Depreciation charge	(21)	(38)	(37)	(1)	(37)	(134)
Impairment charge	-	-	(1)	-	(4)	(5)
Impairment reversal	-	-	-	-	2	2
Net FX differences	22	24	5	-	10	61
Total	**634**	**1,377**	**275**	**7**	**158**	**2,451**
Cost	718	1,484	424	14	410	3,050
Accumulated depreciation and impairment	(84)	(107)	(149)	(7)	(252)	(599)
Out of this: Not in use	5	7	63	-	7	82

In millions of EUR, for the year ended 31 December 2014

	Land and buildings	Ducts, cables and related plant	Telecom. technology and related equipment	Vehicles	Other tangible assets and equipment	Total
Carrying amount						
Balance at 1 January	318	-	-	7	230	555
Additions resulting from business combinations	394	1,438	348	1	52	2,233
Additions	18	24	32	2	80	156
Disposals	(3)	-	(1)	-	(13)	(17)
Other movements	7	-	-	-	(6)	1
Depreciation charge	(28)	(67)	(117)	(3)	(98)	(313)
Depreciation included in cost of sales (agriculture)	-	-	-	-	(2)	(2)
Impairment charge	(1)	-	-	-	(15)	(16)
Impairment reversal	1	-	-	-	2	3
Net FX differences	(81)	(10)	(3)	(2)	(46)	(142)
Total	**625**	**1,385**	**259**	**5**	**184**	**2,458**
Cost	686	1,452	375	12	408	2,933
Accumulated depreciation and impairment	(61)	(67)	(116)	(7)	(224)	(475)
Out of this: Not in use	8	5	20	-	16	49

E.11. Intangible assets

Intangible assets comprise the following:

In millions of EUR

	30 June 2015	31 December 2014
Goodwill	714	690
Software	291	266
Trademark	211	217
Licences	345	365
Customer relationships	525	544
In-process research and development	109	93
Present value of future profits from portfolios acquired	18	18
Other	2	6
Total intangible assets	**2,215**	**2,199**

The increase in goodwill is affected only by FX movements.

E.11.1. Goodwill

Goodwill consists of two significant items arising from acquisition of Eldorado in 2009 and O2 CR in 2014. As of 30 June 2015, the carrying value amounts to MEUR 157 (2014: MEUR 143) and MEUR 516 (2014: MEUR 508), respectively. After the demerger of O2 CR in 2015 the goodwill relates to both entities, O2 CR and CETIN.

E.11.2. Other intangible assets

The following table shows the roll-forward of the remaining categories of intangible assets:

In millions of EUR, for the six months ended 30 June 2015

	Software	Trade-marks	Licences	Customer relation-ships	IPRD	PVFP	Other intangible assets	Total
Carrying amount								
Balance at 1 January	266	217	365	544	93	18	6	1,509
Additions	43	-	-	-	11	-	2	56
Additions from internal development	14	-	-	-	3	-	-	17
Disposal	(2)	-	-	-	-	-	(1)	(3)
Other changes	6	-	-	1	-	-	(4)	3
Amortisation charge	(46)	(16)	(25)	(28)	-	-	-	(115)
Net FX differences	10	10	5	8	2	-	(1)	34
Balance at 30 June	**291**	**211**	**345**	**525**	**109**	**18**	**2**	**1,501**
Cost	540	259	399	607	109	33	4	1,951
Accumulated amortisation and impairment losses	(249)	(48)	(54)	(82)	-	(15)	(2)	(450)
Out of this: Not in use	61	-	-	3	-	-	-	64

In millions of EUR, for the year ended 31 December 2014

	Software	Trade-marks	Licences	Customer relation-ships	IPRD	PVFP	Other intangible assets	Total
Carrying amount								
Balance at 1 January	139	129	-	-	72	36	1	377
Additions resulting from business combinations	132	-	397	602	-	-	5	1,136
Additions	93	136	-	-	17	-	1	247
Additions from internal development	24	-	-	-	5	-	-	29
Disposal	(4)	-	-	-	-	-	-	(4)
Other changes	1	-	-	-	-	-	-	1
Amortisation charge	(89)	(5)	(32)	(54)	-	(8)	-	(188)
Impairment charge	(4)	-	-	-	-	-	-	(4)
Net FX differences	(26)	(43)	-	(4)	(1)	(10)	(1)	(85)
Balance at 31 December	**266**	**217**	**365**	**544**	**93**	**18**	**6**	**1,509**
Cost	462	247	395	598	93	30	8	1,833
Accumulated amortisation and impairment losses	(196)	(30)	(30)	(54)	-	(12)	(2)	(324)
Out of this: Not in use	70	-	-	-	-	-	-	70

E.12. Other assets

Other assets comprise the following:

In millions of EUR

	30 June 2015	31 December 2014
Prepaid expenses and advances	151	111
Other taxes receivable	27	32
Biological assets	18	6
Insurance related other assets	62	83
Deferred acquisition costs – insurance business	58	79
Non-life amounts ceded to reinsurers from insurance provisions	1	1
Receivables arising out of direct insurance operations	3	3
Other	63	45
Subtotal other assets (gross)	**321**	**277**
Individual allowances for impairment		
Prepaid expenses and advances	(2)	(2)
Other	(3)	(3)
Total other assets (net)	**316**	**272**

E.13. Liabilities to non-banks

Liabilities to non-banks comprise the following:

In millions of EUR

	30 June 2015	31 December 2014
Current accounts and demand deposits	3,978	3,490
Term deposits	3,496	2,921
Loans	12	11
Loans received under repos	-	163
Other	15	2
Total liabilities to non-banks	**7,501**	**6,587**

The table shows the liabilities owed to corporate and individual clients of the Group, the bulk of which relates to the banking business of PPF banka, Home Credit and Finance Bank and Air Bank.

E.14. Liabilities to banks and other financial institutions

Liabilities to banks and other financial institutions comprise the following:

In millions of EUR

	30 June 2015	31 December 2014
Repayable on demand	40	30
Loans received under repos	181	335
Secured loans (other than repos)	2,558	3,531
Unsecured loans	1,327	1,394
Other	32	11
Total liabilities to banks	**4,138**	**5,301**

Secured loans include three significant loan facilities.

The first syndicated loan facility (the “Calyon facility”) had maximum amount of MEUR 1,028 (since March 2013) and was secured by a 24% stake in GPH. In January 2015, the facility was repaid at the moment of GPH disposal.

The second syndicated loan facility was provided by a consortium led by Société Générale (the “SG facility”) in connection with the acquisition of O2 CR in January 2014. It comprises a MEUR 1,300 term loan, financing the initial acquisition price and additional shares acquired during the MTO, and a MEUR 63 revolving loan. As of 30 June 2015, the loan balance including the accrued interest amounted to MEUR 1,229 (2014: 1,300). The revolving loan is used for payment of debt service costs and as of 30 June 2015 and 31 December 2014, no amount is drawn. The SG facility had original maturity in November 2018 and it is secured by a pledge of the Group’s share in O2 CR and CETIN (following the demerger of O2 CR). In August 2015, the facility was fully repaid and replaced by a new facility (refer to G.2).

In connection to additional direct purchases of O2 CR shares the Group received another secured loan of MEUR 270 initially maturing in October 2020 (refer to B.2.2.2). In 2015 the facility was renegotiated which resulted in prolonged maturity in October 2021. The facility is secured by a pledge of O2 CR and CETIN shares (following the demerger of O2 CR) in a proportion financed by the facility.

As of 31 December 2014 the Company complied with all covenants related to the loan facilities except for two Russian real estate projects - construction of Moscow office building ComCity and a shopping mall in Ryazan. In the case of ComCity, during 2015 the Group signed a new pledge agreement reflecting finalisation of the construction phase in which new covenants are fulfilled.

In relation to the Ryazan project with the loan amounting to MEUR 72, the Group has managed to agree with the financing bank a limited standstill period till the end of November 2015 being confirmed by the bank in the form of a waiver letter. During that period both parties agreed to mutually seek the solution to remedy the current situation where the borrower (Ryazan Shopping Mall Ltd.) is not in compliance with some covenants stipulated in the facility agreement. According to the waiver letter the bank agreed not to declare any event of default, other breach or omission of the covenants even though the last principle and interest payment is partially outstanding.

E.15. Debt securities issued

The following table shows details of bonds issued by the Group:

In millions of EUR

	Interest rate	Maturity	30 June 2015	31 December 2014
Unsecured CZK bond issue 4 of MCZK 2,900	Fixed	2015	105	100
Unsecured RUB bond issue 2 of MRUB 3,000	Fixed	2016	47	44
Unsecured CZK bond issue 5 of MCZK 3,750	Fixed	2016	120	124
Cash loan receivables backed note issue of MRUB 5,000	Variable	2016	77	73
Unsecured bond issue 1 of MKZT 7,000	Fixed	2016	34	31
Unsecured CZK bond issue of MCZK 920	Fixed	2017	31	29
Unsecured bond issue 2 of MKZT 6,769	Fixed	2019	33	31
Unsecured RUB bond issue 7 of MRUB 5,000	Variable	2015	-	74
Notes MEUR 208	Fixed	2015	-	209
Deposit bills of exchange; rates (0%-1.4%)	Fixed	2015	352	269
Deposit bills of exchange; rates (0%-1.0%)	Fixed	2016	44	28
Long-term registered certificate of deposit; rate 14%	Fixed	2016	31	29
Long-term registered certificates of deposit; rates (13-13.5%)	Fixed	2017	19	16
Deposit bill of exchange; rate 0%	Fixed	2018	21	20
Total debt securities issued			**914**	**1,077**

In January 2015, the Group realised an earlier repayment of 208 MEUR notes (disclosed maturity in November 2015) in connection with the sale of Generali PPF Holding.

RUB denominated cash loans receivables backed notes were issued in November 2013 with a fixed coupon rate which is valid until the coupon payment date on 19 January 2017 and capped floating coupon rate from 20 January 2017 till the final maturity. The bondholders are entitled to require early redemption of the bonds in November 2016. As at 30 June 2015 cash loan receivables of MEUR 100 (2014: MEUR 91) served as collateral for these notes. As at 30 June 2015 the Group bought back cash loans receivables backed notes with a cumulative par value of MRUB 201 (MEUR 3).

E.16. Subordinated liabilities

Subordinated liabilities comprise the following:

In millions of EUR

	Interest rate	Maturity	30 June 2015	31 December 2014
Loan participation notes issue 7 of MUSD 500	Fixed	2020	58	283
Loan participation notes issue 8 of MUSD 200	Fixed	2021	180	153
Bond issue of MCZK 1,400	Fixed	2023	52	53
Bond issue of MCZK 1,000	Fixed	2024	18	13
Total subordinated liabilities			**308**	**502**

Subordinated loan participation notes issue 7 was issued in October 2012. The Group has an early redemption option exercisable on 24 April 2018 (the reset date). After the reset date the interest rate is determined as a variable rate. As at 30 June 2015 the Group bought back the loan participation notes with a cumulative par value of MUSD 271 (2014: cumulative par value of MUSD 51).

Subordinated loan participation notes issue 8 was issued in October 2013. The Group has an early redemption option exercisable on 17 April 2019 (the reset date). After the reset date the interest rate is determined as a variable rate.

The bond issue of MCZK 1,400 was issued in April 2013. The Group has an early redemption option exercisable on 4 July 2018.

The bond issue of MCZK 1,000 was issued in April 2014. The Group has an early redemption option exercisable on 30 April 2019.

E.17. Provisions

Provisions comprise the following:

In millions of EUR

	30 June 2015	31 December 2014
Insurance provisions	225	239
Goods returns	7	7
Provision for litigation except for tax-related litigation	8	5
Other provisions	12	16
Total provisions	**252**	**267**

Other provisions include mainly asset retirement obligation related to liquidation of technical installation in CETIN.

E.17.1. Insurance provisions

Insurance provisions comprise the following:

In millions of EUR

	30 June 2015	31 December 2014
Non-life insurance provisions	144	170
Provisions for unearned premiums	135	162
Provisions for outstanding claims	9	8
RBNS provisions	8	6
IBNR provisions	1	2
Life insurance provisions	81	69
Provisions for outstanding claims	3	2
Mathematical provisions	76	64
Provisions for profit participation allocated to policyholders	2	3
Total insurance provisions	**225**	**239**

E.18. Trade and other payables

Trade and other payables comprise the following:

In millions of EUR

	30 June 2015	31 December 2014
Settlements with suppliers	619	842
Wages and salaries	97	92
Social security and health insurance	27	20
Other taxes payable	69	69
Finance lease liabilities	7	9
Accrued expenses	43	38
Deferred income	101	110
Advance received	39	51
Customer loan overpayments	28	30
Deferred acquisition payment	277	315
Other	78	99
Total trade and other payable	**1,385**	**1,675**

The deferred acquisition payment represents the net present value of the deferred payment for the acquisition of O2 CR which is payable in equal instalments up to January 2018 (refer to B.2.2.1).

The "Other" category includes clearing accounts of PPF banka in an amount of MEUR 53 (2014: MEUR 72).

E.19. Issued capital

Issued capital represents capital in respect of which the shareholders' liability for an entity's obligation towards its creditors is limited. The amount is limited to the current nominal capital approved by shareholders' resolution.

The following table provides details of authorised and issued shares:

	30 June 2015	31 December 2014
Number of shares authorised	250,000	250,000
Number of shares issued and fully paid	62,401	66,738
Par value per share	EUR 10	EUR 10

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Parent Company.

On 1 May 2015, the Group cancelled 6.5% shares held as treasury shares. The effective ownership stake of the Group's shareholders, as stated in section A, did not change.

E.20. Non-controlling interests

The following subsidiaries of the Group have material non-controlling interests:

Name of subsidiary*	Abbr.	Applicable	Country of incorporation
O2 Czech Republic a.s. (subgroup)	O2 CR	2015/2014	Czech Republic
Česká telekomunikační infrastruktura a.s.	CETIN	2015	Czech Republic
Home Credit B.V. (subgroup)	HC	2015/2014	Netherlands
Air Bank a.s. *(in 2015 part of HC)*	AirB	2014	Czech Republic
PPF banka, a.s.	PPFB	2015/2014	Czech Republic
Facipero Investments Ltd.	FACI	2015	Cyprus
Velthemia Ltd. (subgroup)	VELT	2015/2014	Cyprus
GIM Ltd.	GIM	2014	Jersey

*For place of business refer to B.1.

The following table summarises the information relating to these subsidiaries:

In millions of EUR

30 June 2015	O2 CR	CETIN	HC	AirB	PPFB	FACI	VELT	Other	**Total**
NCI percentage (ownership)	**15.27%**	**14.54%**	**11.38%**	**-**	**7.04%**	**20.00%**	**39.93%**	**n/a**	**n/a**
Total assets	1,625	2,055	9,486	-	3,840	653	441		
Total liabilities	(691)	(395)	(8,148)	-	(3,587)	(548)	(256)		
Net assets	**934**	**1,660**	**1,338**	**-**	**253**	**105**	**185**		
Net assets attributable to NCI of the sub-group	-	-	(3)	-	-	-	-		
Net assets attributable to owners of the Parent	**934**	**1,660**	**1,335**	**-**	**253**	**105**	**185**		
Carrying amount of NCI	143	241	152	-	18	21	74	27	**676**
NCI percentage during the period	**15.27%**	**15.27%**	**13.38%**	**13.38%**	**7.04%**	**-**	**39.93%**		
Profit/(loss)	47	57	(89)	8	30	-	3		
Other comprehensive income	-	-	112	(6)	3	-	-		
Total comprehensive income	47	57	23	2	33	-	3		
Profit/(loss) allocated to NCI	7	9	(12)	1	2	-	1	4	**12**
OCI allocated to NCI	-	-	15	(1)	-	-	-	14	**28**

In millions of EUR

31 December 2014	O2 CR	HC	AirB	PPFB	GIM	VELT	Other	**Total**
NCI percentage (ownership)	**16.84%**	**13.38%**	**13.38%**	**7.04%**	**7.62%**	**39.93%**	**n/a**	**n/a**
Voting rights held by NCI (if different)	15.39%	-	-	-	-	-		
Total assets	3,598	7,037	2,272	3,926	1,312	415		
Total liabilities	(1,000)	(5,798)	(2,102)	(3,711)	-	(228)		
Net assets	**2,598**	**1,239**	**170**	**215**	**1,312**	**187**		
Net assets attributable to NCI of the sub-group	-	(4)	-	-	-	-		
Net assets attributable to owners of the Parent	**2,598**	**1,235**	**170**	**215**	**1,312**	**187**		
Carrying amount of NCI	400	165	23	15	100	75	37	**815**
30 June 2014								
NCI percentage during the period	**32.91%**	**13.38%**	**13.38%**	**7.04%**	**7.62%**	**39.93%**		
Profit/(loss)	13	(78)	6	20	1	10		
Other comprehensive income	-	(47)	10	7	-	-		
Total comprehensive income	13	(125)	16	27	1	10		
Profit/(loss) allocated to NCI	4	(10)	1	1	-	4	(8)	**(8)**
OCI allocated to NCI	-	(6)	1	-	-	-	7	**2**

E.21. Net interest income

Interest income comprises the following:

In millions of EUR, for the six months ended 30 June

	2015	2014
Financial instruments at FVTPL	8	7
Financial instruments available for sale	25	17
Financial instruments held to maturity	-	1
Due from banks and other financial institutions	24	17
Cash loan receivables	596	791
Consumer loan receivables	250	279
Revolving loan receivables	117	170
Car loan receivables	11	12
Mortgage loan receivables	4	4
Loans to corporations	32	32
Total interest income	**1,067**	**1,330**

Interest expense comprises the following:

In millions of EUR, for the six months ended 30 June

	2015	2014
Due to customers	226	220
Due to banks and other financial institutions	129	117
Debt securities issued	24	42
Subordinated liabilities	20	23
Finance lease liabilities	1	1
Other	7	8
Total interest expenses	**407**	**411**

Total net interest income	**660**	**919**

E.22. Net fee and commission income

Fee and commission income comprises the following:

In millions of EUR, for the six months ended 30 June

	2015	2014
Penalty fees	50	52
Insurance commissions	111	165
Cash transactions	13	25
Customer payment processing and account maintenance	20	19
Retailers' commissions	9	11
Other	4	7
Total fee and commission income	**207**	**279**

Fee and commission expense comprises the following:

In millions of EUR, for the six months ended 30 June

	2015	2014
Commissions to retailers	14	19
Cash transactions	10	12
Payment processing and account maintenance	16	11
Payments to deposit insurance agencies	9	11
Other	17	10
Total fee and commission expense	**66**	**63**
Total net fee and commission income	**141**	**216**

E.23. Net gain/loss on financial assets

In millions of EUR, for the six months ended 30 June

	2015	2014
Net trading income	7	10
Debt securities trading	19	5
Equity securities trading	-	2
FX trading	17	25
Derivatives	(29)	(22)
Net gains on financial assets at FVTPL	(9)	3
Debt securities	(9)	-
Other	-	3
Net realised gains/(losses)	(5)	-
AFS financial assets	3	3
Loans and receivables	(11)	(3)
Financial liabilities measured at amortized cost	3	-
Dividends	-	5
Total net gain/(loss) on financial assets	**(7)**	**18**

E.24. Net impairment losses on financial assets

In millions of EUR, for the six months ended 30 June

	2015	2014
Financial instruments available for sale	(5)	-
Cash loan receivables	311	451
Consumer loan receivables	89	123
Revolving loan receivables	90	126
Car loan receivables	1	2
Mortgage loan receivables	2	(1)
Loans to corporations	(16)	6
Total net impairment losses on financial assets	**472**	**707**

E.25. Insurance income

In millions of EUR, for the six months ended 30 June 2015

	Non-life	Life	Total
Gross earned premium	62	20	82
Gross premium written	23	20	43
Change in the provisions for unearned premiums	39	-	39
Earned premiums ceded	(1)	-	(1)
Ceded reinsurance premiums	(1)	-	(1)
Net insurance benefits and claims	(3)	(11)	(14)
Claims paid	(3)	(6)	(9)
Change in provisions for outstanding claims	(1)	-	(1)
Change in mathematical provisions	1	(5)	(4)
Acquisition cost	(30)	(5)	(35)
Total insurance income	**28**	**4**	**32**

In millions of EUR, for the six months ended 30 June 2014

	Non-life	Life	Total
Gross earned premium	107	26	133
Gross premium written	36	26	62
Change in the provisions for unearned premiums	71	-	71
Earned premiums ceded	(1)	-	(1)
Change in the provisions for unearned premiums	(1)	-	(1)
Net insurance benefits and claims	(5)	(13)	(18)
Claims paid	(3)	(5)	(8)
Change in the provisions for outstanding claims	(1)	-	(1)
Change in the mathematical provisions	-	(8)	(8)
Change in other insurance provision	(1)	-	(1)
Acquisition cost	(64)	(8)	(72)
Total insurance income	**37**	**5**	**42**

E.26. Rental and related income

In millions of EUR, for the six months ended 30 June

	2015	2014
Gross rental income	60	34
Service income	5	1
Service charge income	8	8
Service charge expense	(6)	(4)
Total rental and related income	**67**	**39**

E.27. Net telecommunication income

Telecommunication income comprises the following:

In millions of EUR, for the six months ended 30 June

	2015	2014
Revenues from voice services	435	352
Revenues from data services	207	173
Other telecommunication services	176	134
Telecommunication income	**818**	**659**

Telecommunication expenses comprise the following:

In millions of EUR, for the six months ended 30 June

	2015	2014
Interconnection and roaming	(178)	(125)
Cost of goods sold	(48)	(26)
Commissions	(22)	(21)
Sub-deliveries	(14)	(12)
Other costs	(20)	(14)
Telecommunication expenses	**(282)**	**(198)**
Net telecommunication income	**536**	**461**

Net telecommunication income in 2014 comprises five month period from the moment of O2 CR acquisition.

E.28. Net agricultural income

In millions of EUR, for the six months ended 30 June

	2015	2014
Sales of goods	2	4
Cost of sales	(2)	(6)
Change in fair value of biological assets	3	(3)
Total net agriculture income	**3**	**(5)**

E.29. Other income

In millions of EUR, for the six months ended 30 June

	2015	2014
Rental income	12	10
Other retail income – sublease charges	2	5
Gain on disposal of PPE and intangible assets	2	-
Negative goodwill	-	13
Foreign currency income	76	-
Other	34	18
Total other income	**126**	**46**

E.30. General administrative expenses

In millions of EUR, for the six months ended 30 June

	2015	2014
Employee compensation	334	385
Payroll related taxes (including pension contribution)	80	89
Advertising and marketing	41	55
Professional services	46	50
Telecommunication and postage	30	39
Travel expenses	10	11
Taxes other than income tax	26	18
Information technologies	56	57
Rental, maintenance and repair expense	134	176
Distribution, transport and storage of goods	12	19
Other	51	79
Total general administrative expenses	**820**	**978**

E.31. Other operating expenses

In millions of EUR, for the six months ended 30 June

	2015	2014
Depreciation of property, plant and equipment	134	169
Amortisation of intangible assets	115	103
Net impairment losses on goodwill	-	18
Net impairment losses on other intangible assets	-	1
Net impairment losses on property, plant and equipment	4	12
Net impairment losses other assets	3	4
Net impairment losses on trading property	1	1
Loss on disposal of PPE and intangible assets	9	4
Foreign currency losses	-	32
Total other operating expenses	**266**	**344**

E.32. Income tax expense

Income tax expense comprises the following:

In millions of EUR, for the six months ended 30 June

	2015	2014
Current tax expense	(96)	(69)
Deferred tax expense	52	45
Total income tax expense	**(44)**	**(24)**

Income tax expense is recognised based on management’s best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the interim period. The Group’s consolidated effective tax rate in respect of continuing operations for the six months ended 30 June 2015 was 18% (30 June 2014: 7 %). The increase in the effective tax rate is influenced mainly by the gain on sale of EP Holding in 2014 which was non-taxable income.

E.33. Off-balance sheet items

E.33.1. Commitments and contingent liabilities

The contractual amounts of commitments and contingent liabilities are set out in the following table by category. The amounts reflected in the table for commitments assume that these amounts have been fully advanced. The amounts set forth in the table for guarantees and letters of credit represent the maximum accounting loss that would be recognised at the reporting date if the counterparties failed completely to meet their contractual obligations.

The Group companies included in the banking segment engage in providing open credit facilities to allow customers quick access to funds in order to meet their short-term obligations as well as their long-term financing needs. Such credit facilities can take the form of guarantees, whereby the Group might guarantee repayment of a loan taken out by a client with a third party; stand-by letters of credit which are credit enhancement facilities enabling customers to engage in trade finance at lower cost; documentary letters of credit for obtaining lower cost financing for foreign trade on behalf of a customer; documentary letters of credit reimbursable to a Group company later and debt facilities and revolving underwriting facilities that allow customers to issue short or medium-term debt instruments without engaging in the normal underwriting process on each occasion. Revenue from provided guarantees is recognised under “Fee and commission income” and is determined by applying the agreed rates to the nominal amount of the guarantees.

In millions of EUR, as at 31 December

	30 June 2015	31 December 2014
Loan commitments	828	807
Revolving loan commitments	559	570
Consumer loan commitments	36	34
Cash loan commitments	17	11
Undrawn overdraft facilities	63	76
Term loan facilities	153	116
Capital expenditure commitments	76	67
Guarantees provided	130	337
Non-payment guarantees	65	75
Non-revocable letters of credit	1	2
Payment guarantees	64	260
Total commitments and contingent liabilities	**1,034**	**1,211**

These commitments and contingent liabilities have an off-balance sheet credit risk because only organisation fees and accruals for probable losses are recognised in the statement of financial position until the commitments are fulfilled or expire. Many of the contingent liabilities and commitments will expire without being advanced in whole or in part. Therefore, the amounts do not represent the expected future cash flows.

The following table shows secured liabilities:

In millions of EUR, as at 31 December

	30 June 2015	31 December 2014
Secured bank loans	2,558	3,531
Debt securities issued	76	73
Repayable on demand	2	-
Total secured liabilities	**2,636**	**3,604**

The assets pledged as security were as follows:

In millions of EUR, as at 31 December

	30 June 2015	31 December 2014
Cash and cash equivalents	-	30
Financial assets at fair value through profit and loss (repos)	-	71
Financial assets available for sale (repos)	-	110
Loans and receivables due from banks and other financial institutions	17	1
Loans and receivables due from customers	188	181
Inventories	183	84
Investment in subsidiaries	2,713	2,705
Investment in associates (repos)	333	302
Investment in associates (in 2014 held for sale)	-	1,144
Investment property	1,332	1,097
Investment property (in 2015 held for sale)	29	-
Property, plant and equipment	78	79
Financial assets as off-balance sheet items (repos)	-	160
Total assets pledged as security	**4,873**	**5,964**

A significant portion of secured liabilities is attributable to the SG facility and the Calyon facility (in 2014), which are secured by the share in O2 CR and CETIN (subsidiaries) and the share in Generali PPF Holding (2014: held-for-sale asset), respectively. The investment in O2 CR and CETIN amounting to MEUR 2,713 (2014: MEUR 2,705) represents net assets value attributable to the pledged shares.

E.33.2. Other contingencies

E.33.2.1. Litigation

The Group (as a former sole shareholder of Česká pojišťovna a.s.) is involved in litigation (formally consisting of five disputes merged procedurally into one) in which the adequacy of the consideration paid to minority shareholders arising from the decision of the general meeting of Česká pojišťovna a.s. adopted in July 2005 approving a squeeze-out of minority shareholders is being challenged in court. Based on legal analyses carried out by external legal counsel, management believes that it is unlikely that this case will be concluded in favour of the plaintiffs.

The following legal cases related to O2 CR are significant from the Group's perspective:

On 28 March 2011, VOLNÝ, a.s. filed a legal action with the Municipal Court in Prague against O2 CR for an amount exceeding MEUR 146, regarding alleged abuse of the dominant position in the market of broadband Internet access for households via ADSL technology. Allegedly it is due to a margin squeeze applied by O2 CR on the fixed broadband market. O2 CR replied to the petition in July 2011 by noting that both the claim and the calculations submitted by the claimant were unsubstantiated and by pointing at discrepancies in the petition claims. The court started hearings of this case and the hearings continued in 2013, including hearings of experts and witnesses.

A legal action for MEUR 117 filed by company BELL TRADE s.r.o. was delivered to O2 CR in February 2012. The legal action was filed at the District Court in Malacky (the Slovak Republic); it alleges that O2 CR had signed contracts with a company called RVI, a.s. for the delivery of several IT projects back in 2002. BELL TRADE s.r.o., based in Bratislava, allegedly acquired the claims as an agreed fee for services, through a chain of intermediaries.

After several stages of hearings at lower Slovak courts' levels, O2 CR filed a constitutional complaint against the decisions on the jurisdiction of Slovak courts. The Slovak Constitutional Court by its decision from 18 March 2014 suspended the decision of the Regional Court in Bratislava and on 2 June 2014 published information on its website that the constitutional complaint of O2 CR was successful. The decision of the Regional Court in Bratislava which originally left the case in the jurisdiction of the Slovak courts (namely the County Court in Malacky), was cancelled as unconstitutional. Regional Court in Bratislava was obliged to issue a decision in accordance with the binding legal opinion of the Slovak Constitutional Court and thus the proceeding at Slovak courts was finally terminated by the decision dated 28 November 2014.

A legal action for MEUR 113 filed by České Radiokomunikace a.s. (ČRa) was served to O2 CR in October 2012. The claimant states that O2 CR allegedly caused it damage by abusing a dominant position on the xDSL market, which had impacted ČRa's ability to reach an "equitable position on the retail xDSL market". On 7 February 2013, the Municipal Court in Prague interrupted the proceedings pending the end of the administrative proceedings led by the Office for the Protection of Economic Competition. After O2 CR appealed, the High Court in Prague changed the decision in June 2013 and ordered a continuation of the proceedings. ČRa filed an extraordinary appeal but it was declined by the Supreme Court on 29 April 2014. Therefore the court will have to decide on the merits without waiting for the outcome of the proceedings led by the Office. Oral hearings took place in October and November 2014 and January 2015.

The legal action where Vodafone Czech Republic a.s. claims amount MEUR 14 was delivered to the Company on 2 April 2015. Vodafone Czech Republic a.s. claims that the Company allegedly breached the competition rules regarding broadband internet connection via xDSL technology during years 2009 to 2014. The legal action was filed less than a week after the two-page pre-litigation letter had been delivered to the Company. According to the Company, the legal action is artificially created case, which primarily aimed to damage the Company by its medialisation. Vodafone Czech Republic a.s. claims that lost profit was caused by not acquiring 200 thousand xDSL customers. The Company sent its statement to the court pointing out that the legal action is not based on the facts. The oral hearing hasn´t been scheduled yet.

No provision has been created with respect to the legal disputes discussed above. The Group believes that all litigation risk has been faithfully reflected in the financial statements.

E.33.2.2. Taxation

The taxation systems in the Russian Federation, the Republic of Belarus, Kazakhstan, Vietnam and China are characterised by frequent changes in legislation which are subject to varying interpretation by diverse tax authorities. Taxes are subject to review and investigation by a number of authorities, which have the power to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during several subsequent calendar years. Common practice in the Russian Federation, the Republic of Belarus, Kazakhstan, Vietnam, China, India, Indonesia and Philippines suggests that the tax authorities are taking a more assertive position in their interpretation and enforcement of tax legislation.

The facts mentioned above may create tax risks in the respective countries that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities and that outstanding tax receivables are recoverable based on its interpretations of applicable tax legislation, official pronouncements and court decisions within each country in question.

In terms of other countries where Group companies operate, several changes in tax legislation have been observed in recent years, especially in Cyprus, the Netherlands, the Czech Republic and the Slovak Republic. However, these changes have had no significant impact on the tax positions of any companies.

E.33.3. Guarantee received and off-balance sheet assets

Guarantees received and off-balance sheet assets were as follows:

In millions of EUR, as at 31 December

	30 June 2015	31 December 2014
Guarantees received	290	556
Loan commitments received	139	100
Value of assets received as collateral (including repos)	1,271	1,012
Total contingent assets	**1,700**	**1,668**

E.34. Related parties

E.34.1. Transactions with associates

During the course of the year the Group had the following significant transactions at arm’s length with associates:

In millions of EUR, for the six months ended 30 June

	2015	2014
Interest income	1	2
Rental and related income	-	1
Operating income	-	1
Total revenue	**1**	**4**
Interest expense	-	(7)
Net earned premiums	-	(1)
Total expense	**-**	**(8)**

At the reporting date the Group had the following balances with associates:

In millions of EUR

	30 June 2015	31 December 2014
Financial assets at FVTPL	-	5
Loans due from customers	35	33
Trade and other receivables	3	3
Property, plant and equipment	-	2
Other assets	-	13
Total assets	**38**	**56**
Due to non-banks	-	(187)
Debt securities issued	-	(175)
Total liabilities	**-**	**(362)**

E.34.2. Other related parties including key management personnel

During the course of the year the Group had the following significant transactions at arm’s length with other related parties:

In millions of EUR, for the six months ended 30 June

	2015	2014
Interest income	11	13
Total revenue	**11**	**13**
Net gain/(loss) on financial assets	-	(3)
General administrative expenses	(5)	(7)
Total expenses	**(5)**	**(10)**

At the reporting date the Group had the following balances with other related parties:

In millions of EUR

	30 June 2015	31 December 2014
Loans due from customers	345	322
Trade and other receivables	1	1
Intangible assets	2	3
Other assets	3	-
Total assets	**351**	**326**
Due to non-banks	(3)	(5)
Trade and other payables	(3)	(3)
Total liabilities	**(6)**	**(8)**

In December 2014, the Group acquired 1.5% of treasury shares from the controlling shareholder for MEUR 109. Refer also to B.2.4. and B.3.1 for transaction with other related party.

F. Significant accounting policies

F.1. Significant accounting policies

The Group applies the same accounting policies in these condensed interim consolidated financial statements as were applied in the recent annual consolidated financial statements for the year ended 31 December 2014, except for the changes described below.

F.2. Changes in accounting policies and accounting pronouncements adopted since 1 January 2015

The following published Standards, Amendments and Interpretations to existing standards are mandatory and relevant for the Group's accounting periods and have been applied by the Group since 1 January 2015:

Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle (effective from 1 July 2014)

In December 2013, the IASB published two Cycles of the Annual Improvements to IFRSs: "2010-2012 Cycle" and "2011-2013 Cycle". The Annual Improvements to IFRSs Cycles are part of the annual improvements process to make non-urgent but necessary amendments to IFRS. The new cycles of improvements contain amendments to IFRS 1, IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24, IAS 38 and IAS 40, with consequential amendments to other standards and interpretations.

F.3. Standards, interpretations and amendments to published standards that are not yet effective and are relevant for the Group's financial statements

A number of new Standards, amendments to Standards and Interpretations are not yet effective as of 30 June 2015, and have not been applied in preparing these financial statements. Of these pronouncements, potentially the following will have an impact on the Group's operations. The Group plans to adopt these pronouncements when they become effective. The Group is in the process of analysing the likely impact on its financial statements. None of the standards mentioned below have been endorsed by the EU.

IFRS 9 Financial Instruments (effective from 1 January 2018)
IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9.

Given the nature of the Group's operations, this standard is expected to have a pervasive impact on the Group's financial statements. In particular, calculation of impairment of financial instruments on an expected credit loss basis is expected to result in a change in the overall level of impairment allowance.

IFRS 15 Revenue from Contracts with Customers (effective from 1 January 2018)
In May 2014 IASB and the Financial Accounting Standards Board (FASB), responsible for US Generally Accepted Accounting Principles (US GAAP) jointly issued a converged Standard on the recognition of revenue from contracts with customers. The core principle of the new Standard is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new Standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements.

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers, and SIC-31 Revenue-Barter Transactions Involving Advertising Services.

Amendments to IAS 1 Disclosure Initiative (effective from 1 January 2016)
The Amendments to IAS 1 include the following five, narrow-focus improvements to the disclosure requirements contained in the standard.

The guidance on materiality in IAS 1 has been amended to clarify that immaterial information can detract from useful information; materiality applies to the whole of the financial statements as well as to each disclosure requirement in an IFRS.

The guidance on the order of the notes (including the accounting policies) has been amended to remove language from IAS 1 that has been interpreted as prescribing the order of notes to the financial statements and to clarify that entities have flexibility about where they disclose accounting policies in the financial statements.

Annual Improvements 2012-2014 Cycle (effective from 1 January 2016)
In September 2014 the IASB published Annual Improvements to IFRSs 2010-2012 Cycle as part of the annual improvements process to make non-urgent but necessary amendments to IFRS. The new cycle of improvements contains amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34 and it has not yet been adopted by the EU.

G. Subsequent events

G.1. Acquisition of Metropolis

In July 2015 the Group acquired a 49.99% share in Russian real estate project "Metropolis" consisting of two Moscow office buildings in operation. The consideration paid for the non-controlling stake amounted to MEUR 40.

G.2. Refinancing of SG facility

In August 2015 the Group obtained through its subsidiary CETIN a new syndicated loan facility provided by a bank consortium in total amount MEUR 1,181. On 5 August 2015, the facility drawn in maximum amount fully replaced the SG facility provided for the acquisition of O2 CR in January 2014. The facility in Czech Korunas consists of a 3-year term loan amounting to MEUR 374 and a 7-year term loan amounting to MEUR 807. It is secured by a pledge of CETIN share held by PPF Arena 2 and also by fixed assets held by CETIN.

Date:	Signature of the Board of Directors:
23 October 2015	