PPF GROUP N.V.

Annual accounts 2023

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Report of the board of directors

Description of the Company

PPF Group N.V.
Date of incorporation: 29 December 1994
Registered office: Netherlands, Strawinskylaan 933, 1077XX Amsterdam
Identification number: 33264887
Basic share capital: EUR 603,605
Principal business: Holding company activities and financing thereof

General information

PPF Group (the "Group") invests in numerous sectors, including telecommunications, media, financial services, e-commerce, real estate, engineering, mobility, leisure and entertainment, and biotech.

PPF Group's reach spans from Central and Eastern Europe, across Asia, to the USA. As of 31 December 2023, PPF Group owned assets exceeding EUR 43 billion. PPF Group N.V., with its registered office in Amsterdam, is the key holding company of the Group that makes strategic decisions governing the entire Group's activity. The Group comprises several business segments.

PPF Group's growth rests on the development of traditional and new industries, the building of modern infrastructure, the digital economy, and linking the best talent and capabilities with global opportunities.

PPF Group's significant investments in innovation and advanced technologies enable its companies to offer highly competitive services that not only deliver value to customers, but often also contribute to the sustainable development of the entire market.

In all countries in which it maintains a presence, PPF Group has long supported education, science, culture, selected social issues, and emergency relief through foundation-led projects and its charity work.

Significant events in 2023 and until April 2024

January 2023

PPF Group signed an agreement to acquire Robertson & Caine (R&C), a South African boatbuilding company and maker of the Leopard catamaran. The deal signals the Group's further expansion into the global pleasure craft manufacturing business, chartering and related services. The transaction was closed in June 2023.

February 2023

The Czech and Slovak arms of Home Credit became wholly owned subsidiaries of Air Bank.

April 2023

CETIN a.s., a subsidiary of PPF Telecom Group, agreed to acquire Nej.cz, a Czech internet service provider (ISP). The transaction was closed in November 2023, following approval by the Czech Office for the Protection of Competition. Nej.cz's infrastructure passes nearly half a million households, mostly with optical fibre, and connects almost a quarter of a million of active subscribers.

June 2023

The Group invested in InPost, the Amsterdam Euronext-listed operator of a European network of pick-up lockers for e-commerce deliveries in nine European countries. PPF Group CEO Jiří Šmejc was subsequently elected to the InPost supervisory board in October 2023. In December 2023, PPF Group's aggregate shareholding in InPost accounted for 21.75% of the company's outstanding share capital Based on the contract concluded in April 2024 the Group expects to reach a 28.75% share in beginning of May 2024.

The Group completed the acquisition of an additional 10% stake in Heureka Group and FAST CR (closed in May), thereby increasing to 50% its interest in both companies. Heureka is the largest online shopping guide and price comparison engine in CEE, and FAST is a leading Czech trading and distribution retail company.

PPF Group's shareholding in ProSiebenSat.1 Media SE, listed on the Frankfurt Stock Exchange, exceeded 15%.

August 2023

The Group entered into a transformational transaction to build a telecom partnership in South-eastern and Central Europe with e& (previously known as Etisalat), a technology group from the United Arab Emirates. e& will acquire a stake of 50% plus one share in PPF Telecom Group's assets in Bulgaria, Hungary, Serbia, and Slovakia.

Mrs Renáta Kellnerová and four children of the late Mr Kellner, through a company wholly owned by them, acquired PPF Group shares previously held by Ladislav Bartoníček (0.535%) and Jean-Pascal Duvieusart (0.535%) to become the 100% owners of PPF Group.

October 2023

Home Credit Group, PPF Group's consumer finance arm, completed the sale of its divisions in both Indonesia and the Philippines (closed in June 2023) to a consortium of Mitsubishi UFJ Financial Group affiliates.

Home Credit Group finalised its internal restructuring. Home Credit Group B.V. (previously the top holding entity of Home Credit) merged into its subsidiary Home Credit N.V, which became the legal successor of Home Credit Group B.V. As of 20 October 2023, a branch office of Home Credit N.V, (Home Credit N.V., odštěpný závod) was established in the Czech Republic.

The Group sold a 20% stake in the German energy company LEAG, which was a joint-venture investment with EPH.

December 2023

PPF Group announced that it was intending to participate in the recapitalisation of the Scandinavian streaming platform Viaplay. The company's shareholders approved the plan at an extraordinary general meeting held on 10 January 2024. In February 2024, the Group became a 29.3% shareholder.

Through a subsidiary outside PPF Telecom Group, the Group agreed to acquire 25% stakes in Yettel Hungary and CETIN Hungary and became the sole shareholder of both businesses. The full acquisition of Yettel Hungary was finalised in December, while the CETIN Hungary deal was completed in March 2024.

February 2024

Home Credit Group signed a conditional framework agreement to sell 100% of its Home Credit Vietnam business to The Siam Commercial Bank Public Company Limited. The transaction is subject to regulatory approval and expected to be completed in the first half of 2025.

April 2024

The Group became a sole shareholder of Home Credit by acquiring a 8.88% minority stake from Emma Omega Ltd.

Key financial highlights

As at 31 December 2023, the total consolidated balance sheet amounted to EUR 43,484 million (2022: EUR 39,883 million). The Group's key driver behind the asset increase is attributable to the growth of PPF banka's assets (EUR 3.6 billion) and the new minority stake acquisitions stakes in InPost and ProSieben (EUR 1 billion). This growth was partly mitigated by a decrease in Home Credit's assets (EUR 1.7 billion).

The consolidated net profit of the Group for 2023 reached EUR 1,449 million (2022: EUR 164 million). The Group's telecommunications and media segments contributed stable profits similar to 2022 results, while the financial segment achieved profitable results due to the strong performances of PPF banka, Air Bank, and Home Credit after losses incurred in previous years.

At the end of 2023, the consolidated equity of the Group amounted to EUR 9,262 million and remained stable in comparison with the previous period (2022: EUR 9,250 million). During 2023, PPF Group N.V. conducted transactions with its shareholders in the form of dividends and purchase of its treasury shares amounting to almost 700 million.

Consolidated financial highlights, in millions of EUR

	2023	2022*
Total operating income*	4,996	5,028
Net profit	1,449	164
Total assets	43,484	39,883
Total equity	9,262	9,250

*restated due to application of IFRS 17

Workforce

The rounded average number of employees during 2023 was 55,000 (2022: 61,000).

Composition of the board of directors

The size and composition of the board of directors and the combined experience and expertise of their members should as closely as possible fit the profile and strategy of the Company. This aim for the best fit, in combination with the availability of qualified candidates, resulted in PPF Group currently having a board of directors in which all three members are male. To promote gender diversity on the board of directors, but also on its other corporate and management bodies, PPF Group intends to pay close attention to gender diversity in the process of recruiting and appointing future members of the board of directors, the supervisory board and other management layers. PPF Group will, in accordance with Article 2:166, Section 2 of the Dutch Civil Code, set ambitious and appropriate targets with a view to having the ratio of men to women in the board of directors, the supervisory board and designated higher management layers balanced. PPF Group will retain an active and open attitude as regards selecting female candidates.

Supervisory board and audit committee

In February 2018, the shareholders of PPF Group N.V. established a supervisory board in compliance with the articles of association of PPF Group N.V. As of 31 December 2023, the members of the supervisory board were Mr Kamil Ziegler (designated as the chairman), Mrs Zuzana Prokopcová and Mr Lubomír Král. The supervisory board supervises the board of directors of PPF Group N.V. and provides this body with any (un)solicited advice it deems appropriate within the best interest of PPF Group N.V.

The supervisory board may also establish special committees of its members or other persons or both. Based on the aforementioned authority, an audit committee (comprising of the same three members as the supervisory board) has been instantly established at PPF Group N.V. Regarding the fact that all conditions of the Dutch transposition of Article 39 (3) (a) of Directive 2006/43/EC are followed in case of the audit committee, one Group entity – CETIN Finance B.V. as a public interest entity (until December 2023) was not obliged to establish its own audit committee because all related applicable requirements are followed by the audit committee at PPF Group N.V. level.

Code of conduct

PPF Group N.V. as the parent of the Group implemented a corporate compliance programme, which sets out the fundamental principles and rules of conduct for employees in the PPF Group and enables compliance checks and putting remedies in place when shortcomings are discovered or objectionable or illegal conduct identified. An important part of the programme is the PPF Group Code of Ethics that deals among other topics with the protection of human rights and the prevention of corrupt conduct in all PPF Group activities. Internal PPF Group policy on corporate compliance internal investigation further regulates how staff, managers and the management and supervisory bodies of the Group should proceed in case of suspicion, investigation and discovery of action which is unethical or improper and/or action which is contrary to legal regulations or the Code of Ethics of PPF Group.

Capital management

In 2015, PPF Group restructured its consumer finance business represented by Home Credit, Air Bank and PPF banka under PPF Financial Holdings B.V., PPF Financial Holdings B.V. (“the Subgroup”) was a financial holding company and as such became subject to the consolidated prudential requirements. In 2021, the shareholders of the company decided to conduct a cross-border conversion. The conversion was carried out as a conversion without the liquidation of PPF Financial Holdings B.V. and by continuing its existence and legal personality as a Czech Republic governed joint stock company, PPF Financial Holdings a.s., a joint stock company under Czech Law that occurred on 1 June 2021.

PPF Financial Holdings a.s. as an approved financial holding entity (in the sense of par. 28 of Act No. 21/1992 Coll. on banks) is subject to prudential requirements on its consolidated basis pursuant to Regulation (EU) 575/2013 of the European Parliament and of the Council, and the Directive 2013/36/EU of the European Parliament and of the Council (as transposed in the Czech Republic). The Czech National Bank acts as a supervisory authority over PPF Financial Holdings on its consolidated basis. Since November 2022, PPF Financial Holdings is designated as an “other systemically important institution”.

As of 31 December 2023, the Subgroup was required to maintain, in addition to 8% capital adequacy, the capital conservation buffer amounting to 2.5%, the institution specific countercyclical capital buffer amounting to 1.036%, and the capital buffer for other systemically important institutions amounting to 0.5% of its risk weighted assets. Furthermore, an additional capital requirement according to Pillar Two in the amount of 1.0% of risk weighted assets is applicable as of December 2023. With effect from 31 March 2024, the Pillar Two requirement will be 1.2%.

The Subgroup monitors and maintains other regulatory requirements, such as large exposures, liquidity, and leverage ratios.

The Group, the Subgroup, and their individually regulated operations complied with all externally imposed capital requirements, liquidity requirements, and leverage requirements throughout the reporting period.

Risk management

The Group is exposed to various risks as a result of its activities, mainly: liquidity risk, market risks (interest rate risk, equity price risk, currency risk), credit risk and insurance risk.

Liquidity risk arises in the general funding of the Group’s activities and in the management of its positions. The Group has access to a diverse funding base. Funds are raised using a broad range of instruments including deposits as well as other liabilities evidenced by paper, bank loans and shareholders' equity.

All financial instruments and positions are subject to market risk, i.e. the risk that future changes in market conditions may make an instrument more or less valuable. Exposure to market risk is formally managed by buying or selling instruments or entering into offsetting positions in accordance with risk limits or frameworks set by senior management at the level of the individual Group companies.

The Group is subject to credit risk through its trading, lending and investing activities and where it acts as an intermediary on behalf of third parties. The Group's primary exposure to credit risk arises through the purchase of debt securities and through the provision of loans and advances. Credit risk is managed at the level of the individual Group companies.

The Group carries an inventory of capital market instruments to manage those risks. Positions are opened in the money market, foreign exchange markets, debt and credit markets and equity markets based on expectations of future market conditions. As of 31 December 2023, the Group held financial instruments of EUR 18,848 million (excluding cash and cash equivalents). Of this amount, financial assets at fair value through profit or loss amounted to EUR 4,656 million; financial assets at fair value through other comprehensive income came to EUR 1,929 million, financial assets at amortised cost to EUR 2,359 million, and loans and receivables to EUR 9,904 million. Financial liabilities held by the Group include, in particular, liabilities due to non-banks totalling EUR 14,661 million, liabilities due to banks of EUR 7,438 million, debt securities issued amounting to EUR 3,165 million, subordinated liabilities of EUR 26 million and financial liabilities at fair value through profit or loss of EUR 4,034 million.

The Group holds derivative financial instruments for trading and for risk management purposes: swaps, futures, forwards, options and other similar types of contracts whose value changes in response to changes in interest rates, foreign exchange rates, security prices or price indices.

For detailed information on risk management, see Section C of the notes to the consolidated financial statements.

Approach to risks associated with the financial reporting

Pursuant to the Dutch legislation, the Company keeps its books in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. All subsidiaries, regardless of the accounting standard they use to prepare their individual financial statements, report data for PPF Group consolidation purposes according to IFRS.

Unified accounting policies followed by the subsidiaries are defined in the Group accounting manual in full compliance with generally applicable accounting standards. The standards are further supplemented with a set of auxiliary guidelines detailing specific technical and methodical areas of the accounting process.

On the Group level there is a strict division between accounting and reporting functions followed by appropriate segregation of duties within the internal review system.

The effectiveness of the Group's system of internal controls, the process of compiling PPF Group's separate financial statements and consolidated financial statements, and the process of auditing financial statements are also reviewed by the supervisory board, which conducts these activities as the company governance body without prejudice to the responsibilities of board of directors.

The board of directors is responsible for maintaining proper accounting records, for safeguarding assets and for taking reasonable steps to prevent and detect fraud and other irregularities. It is responsible for selecting suitable accounting policies and applying them on a consistent basis, making judgements and estimates that are prudent and reasonable. It is also responsible for establishing and maintaining internal procedures which ensure that all major financial information is known to the board of directors, so that the timeliness, completeness and correctness of the external financial reporting are assured. The board of directors oversees compliance with the relevant laws and regulations. To reduce company's exposure to legal and compliance risks, management implemented, amongst others, the following: compliance programs, whistleblowing procedures, incident register, conducting risk assessments, developing appropriate policies and procedures, implementing internal controls, monitoring and auditing process, responding to non-compliance and training and education.

Description of core business segments and their development in 2023

PPF Telecom Group – Telecommunications

*Consolidated financial highlights, in millions of EUR**

	2023	2022
PPF Group's share	100%	100%
Total revenues	3,776	3,506
EBITDA	1,757	1,617
Net profit	542	651
Total assets	8,377	7,874
Total equity	998	994

*The figures represent PPF Telecom Group results and exclude the minority stakes in Hungarian Yettel and CETIN held by the Group entity outside PPF Telecom Group (as presented together in the segment analysis).

PPF Telecom Group is a leading telecommunications services provider in Central and South-eastern Europe. Through its innovative operational model and strategic investments in advanced technologies, PPF Telecom Group ("the Telco Group") drives digital transformation and improves connectivity throughout the region.

Yettel, O2 and CETIN – the Telco Group's companies in the Czech Republic, Bulgaria, Hungary, Slovakia, and Serbia – operate their end-user and infrastructure services separately. PPF Group pioneered this approach in 2015, when it split infrastructure ownership and operation from commercial services in the Czech Republic.

The group's commercial arm serves end-users in the consumer, corporate, and public sectors through the O2 and Yettel brands, which offer mobile voice, data and text messaging, fixed broadband, multi-platform internet television, fixed voice lines, and corporate data networks.

CETIN's branches provide wholesale telecommunications infrastructure services on equal terms to all operators on the market. In the Czech Republic, CETIN owns and operates the country's largest fixed network, with nationwide coverage. CETIN's Czech, Slovak, and Hungarian branches operate radio access networks for mobile services under network sharing agreements. This improves network coverage and capacity, accelerates modernisation, and generates energy savings.

PPF Telecom Group's long-term strategy rests on the highest-quality telecommunications networks and the delivery of a superior customer experience. The group operates in stable markets with positive trends supporting sustainable business growth. At the end of 2023, 18 million customers relied on PPF Telecom Group's mobile services, and more than a million customers used the group's fixed broadband.

State-of-the-art 5G mobile networks are in operation in most of the group's markets. The Telco Group has accelerated the rapid roll-out of 5G networks by sharing expertise and resources within the group's infrastructure arm. 5G services will continue driving the wave of innovation and growth in telecommunications for years to come. The Telco Group pursues fixed-mobile convergence through its own fixed network in the Czech Republic, which it recently expanded via a significant acquisition, wholesale access in Serbia, and fixed wireless access in other markets, coupled with the group's own, next-generation TV platform.

The Telco Group is investing to develop a customer journey and products that are fully digitalised. This includes integrating partner companies' complementing services, such as financial services or media and entertainment, to further improve the customer experience.

As a result, the Telco Group's customer base is growing and maturing in all its countries of operation. In 2023, the Telco Group reported solid revenue and EBITDA growth, with contributions from all its brands and companies. The Telco Group's companies generate predictable cash flows that are resilient to business-cycle fluctuations and adverse global influences, most recently the Covid pandemic and the invasion of Ukraine.

In 2023, PPF Group announced a partnership with Emirates Telecommunication Group Company (e&), which will see e& acquire a stake of 50% plus one share in PPF Telecom Group's assets in Bulgaria, Hungary, and Serbia. The joint venture, leveraging PPF Group's regional know-how and experience and e&'s global scale and expertise, will be seeking to unlock synergies and enhance customer offerings in order to drive further growth. The transaction is expected to close during 2024.

Yettel

The Yettel mobile operators provide telecommunications services to customers in Hungary, Bulgaria and Serbia. Yettel's vision is to drive new technologies and offer innovative and simple customised solutions in mobile and fixed services.

Yettel mobile operators maintain leading positions in overall brand and network perception across Southeastern Europe. By the end of 2023, they were serving 10 million customers. Despite competition and inflation-driven challenges, all Yettel operators increased revenues and recurring operating profits in 2023.

For several times in a row, operators in Bulgaria and Serbia have been awarded the prestigious Best in Test certificate in the independent mobile infrastructure quality testing conducted by the international Umlaut organisation. In Hungary, Yettel is the holder of the Fastest in Test award, based on Speedtest by Ookla. These good results place Yettel's mobile networks among the best in Europe.

Hungary

Yettel Hungary has 3.7 million customers. It is the country's second- largest operator in terms of revenue and a market pioneer in mobile broadband technology. The company's mobile network, covering 100% of the population with 4G connectivity, is rapidly scaling and deploying 5G services capable of two to three times' higher data throughput.

Bulgaria

Measured in terms of total revenue, Yettel Bulgaria is the largest and most profitable mobile telecommunications provider in Bulgaria. It successfully competes with two other full-scale telecommunications providers while serving 3.2 million customers. This number represents a third of the mobile telecommunications market in Bulgaria. In 2023, Yettel remained at the top of the Bulgarian mobile market, covering more than 70% of the population with a 5G network. A new photovoltaic plant powers more than 80% of Yettel's network.

Serbia

With a loyal customer base of 3 million users, Yettel Serbia is the country's most successful mobile telecommunications provider. The company is one of two in the market which offers quad play services – fixed, mobile, home internet and Pay TV. After just two years in the market, Yettel's Hipernet service had reached more than 90,000 household customers in 2023. Yettel Serbia had the first 100% green mobile network in the country.

O2 Czech Republic

O2 Czech Republic (“O2 CR”) is the largest telecommunications operator in the Czech Republic. It provides voice, internet and data services to a full range of customers: households, SMEs, large corporations, and government. With its O2 TV service, it is the largest operator of internet television broadcasting in the country.

Operating in a highly competitive, highly saturated telecommunications market, O2 CR excels by combining the most affordable fixed internet, a superior mobile network, and exclusive television content. While mobile telecommunications services are its main revenue stream, O2 CR’s fixed internet covers 99% of the Czech Republic’s inhabited territory, which positions it as the largest internet provider for both businesses and households. O2 CR is one of the biggest providers of hosting, cloud services, managed services and ICT.

Another of O2 CR’s focuses is on developing and offering more unconventional telecommunications services such as cybersecurity and financial services, which include device insurance and mobile travel insurance. Virtual operators also offer their services in the O2 CR mobile network.

In response to changing trends and market demands, O2 CR has innovated plans for unlimited data in the 5G network. O2 Spolu (“O2 Together”) family service packages, combining telecommunications services with O2 TV, are the best on the market and can be tailored to the customer. O2 TV has given the company a consolidated position as the most popular IPTV service in the Czech Republic. At the end of 2023, there were 770,000 active subscribers, including customers with prepaid TV services. For O2 TV, 2023 was a key year as it acquired exclusive broadcasting rights to the Extraliga, the top ice-hockey league in the Czech Republic, and the Czech First Football League, providing viewers with unique content for the next five and six years respectively.

O2 CR’s long-term emphasis on technological development and innovation has resulted in the continuous expansion of the 5G network, which research by the Czech Technical University has shown to be the fastest in the Czech Republic. O2 CR enjoys a significant lead over its competitors in measured speeds because it is building a 5G network from the ground up on entirely new technologies rather than simply upgrading older transmitters. O2 CR customers can enjoy the best 5G experience in the Czech Republic by subscribing to the new innovative O2 Neo+ mobile data plans, all of which come with unlimited speed and capacity.

Other areas being developed by O2 CR include artificial intelligence and big data technology, both handled by its Dataclair.ai – Artificial Intelligence Centre. O2 CR is also active in smart city infrastructure and autonomous mobility of the future.

O2 Slovakia

O2 Slovakia entered the Slovak market as the country’s third operator in February 2007. In 2023, it had 2.3 million customers, making it the market’s second largest player, and by the end of the year it had expanded its 5G network to provide availability to over 70% of the population. This expansion consolidated the company’s position as a frontrunner in the 5G industry in 2023.

Corporate customers can subscribe to O2 Business Services, a 100% subsidiary of O2 Slovakia, which offers a portfolio of fixed and mobile telecommunications services and ICT solutions.

O2 Slovakia spun off its active and passive mobile infrastructure assets into a separate company O2 Networks s.r.o. on 1 June 2022. The legal name changed to CETIN Networks s.r.o. effective 1 January 2024. CETIN Networks provides mobile network services on a wholesale basis to O2 Slovakia as its principal customer.

CETIN Group

CETIN is a leading wholesale provider of telecommunications infrastructure services for fixed and mobile networks in Central and Southeastern Europe. By investing in advanced technologies and cutting-edge services, it is driving digital transformation in the four countries where it operates.

CETIN was established in the Czech Republic in 2015, when the infrastructure arm of O2 was successfully spun off into a separate company. In 2020, infrastructure was separated from the commercial activities of Telenor (now Yettel) in Hungary, Bulgaria, and Serbia in the same manner, and the regional CETIN Group was established. In October 2021, PPF Group and GIC, an international investment and infrastructure fund based in Singapore, struck an agreement that saw GIC acquire a 30% stake in CETIN Group.

CETIN Group's vast networks and infrastructure are continuously under technical supervision to maintain the reliability and stability of its services. These services provide customers in the Czech Republic, Hungary, Bulgaria, and Serbia, as well as other international wholesale customers, with high-end voice and data services, including TV broadcasting services, IT services and cybersecurity.

Czech Republic

CETIN's mission in the Czech Republic is to build, operate and innovate a reliable, secure and fast telecommunications infrastructure. This mission is an essential part of digitalisation and support for the Czech economy's competitiveness.

CETIN owns and runs the largest electronic communications network in the Czech Republic and is a wholesale telecommunications services provider. The company offers its services on equal terms to all telecommunications operators and internet access providers that supply end customers through CETIN infrastructure.

In addition to providing mobile and fixed network infrastructure for households and businesses (network access services, xDSL and fibre-optic connectivity, IPTV, and voice services), CETIN offers data services for corporate networks and data centre leasing. CETIN also offers international voice services for domestic providers and more than 200 telecommunications operators worldwide.

As the manager of the largest communication infrastructure in the Czech Republic, CETIN invests billions of Czech crowns annually in development. In 2023, the company continued to build FTTH fibre-optic connections, which accelerated the average speed available in the network to 289 Mbps.

Last year, CETIN continued to roll out 5G mobile technology across the Czech Republic. The complete replacement of technologies used in the mobile access network raised the network's overall capacity and quality of services. By the end of 2023, 5G connectivity was available to 87% of the population in Czech Republic. CETIN has deployed Ericsson technologies to build its fifth-generation network and infrastructure, leveraging the high cybersecurity standards guaranteed by these solutions.

Hungary

In 2023, CETIN continued to modernise its network and has upgraded more than 80% of its mobile infrastructure in Hungary. It also fitted more than 24% of its upgraded transmitters with the latest high-capacity 5G (C-band) technology. Parallel to this, 3G technology was phased out. Using more efficient technologies, CETIN delivered outstanding seamless broadband network performance to meet the significant growth in data demand.

The company's strategy prioritises customer experience by providing high-quality network infrastructure services to Yettel, its key customer, and all other mobile operators in Hungary. CETIN Hungary also successfully developed and delivered new third-party services, such as distributed antenna systems (DAS) with multi-operator capability for industrial, commercial, hospitality and residential use, SD-WAN, and enterprise WIFI services.

Bulgaria

For CETIN Bulgaria, 2023 was marked by the successful completion of several milestone projects. It became the first company on the Bulgarian market to sign a power purchase agreement (PPA) for the supply of electricity from renewable sources. This PPA between CETIN Bulgaria, Yettel Bulgaria, and Electrohold Trade is the first major step in the company’s decarbonisation programme, which is part of PPF Group’s sustainability strategy.

In 2023, the company helped Yettel Bulgaria to add a sixth consecutive UMLAUT Best in Test certificate to its portfolio, ranking this CETIN-managed network among the world’s top 25% of UMLAUT-tested networks for the second year in a row.

CETIN Bulgaria continued to develop its 5G network in order to offer the best possible services to Yettel’s end customers. In 2023, after more than a decade’s worth of effort, the company successfully activated the 700 MHz and 800 MHz frequency layers, improving network access in remote and sparsely populated areas. This project is also part of the EU's Digital Decade programme, which aims to provide network coverage to every inhabited place in the EU.

Serbia

Recognised as the trailblazer behind Serbia’s first certified green network in Serbia, CETIN Serbia consistently delivers top-tier network quality, as confirmed when UMLAUT named its network Best in Test in Serbia for the fifth consecutive year.

In order to meet the rising demand for services, CETIN Serbia also initiated a new greenfield investment for the construction of a new data centre.

In 2023, CETIN Bulgaria continued to invest in upgrading its access and transport network. Working with its new access network partner, Ericsson, CETIN’s network will be 5G-ready in 2024 and transport network capacity will be able to handle the growing data traffic from both IPTV and mobile data customers.

CME Media Enterprises - Media

Consolidated financial highlights, in millions of EUR

	2023	2022
PPF Group’s share	100%	100%
Total revenues	868	777
Operating profit	220	207
Net profit	108	136
Total assets	2,305	2,275
Total equity	1,151	1,094

*since acquisition in October 2020

CME Media Enterprises B.V. („CME”) is a media and entertainment company operating leading television stations in six Central and Eastern European markets. CME broadcasts 43 television channels, reaches 49 million viewers, and operates VOYO, a leader in streaming services. The company invests heavily in in-house production, content, and distribution platforms as it consolidates its market-leading position.

In 2023, CME continued to grow by pursuing and investing in an “anytime, anywhere” strategy, producing high-quality local programming at scale to meet consumer demand. CME’s momentum in 2023 was driven by its content, increased consumption, and persistently strong performance in the TV advertising market. Since being acquired by PPF Group in 2020, CME has risen to become the CEE’s largest, healthiest, most invested-in and most significant broadcaster, and is well positioned for expansion and growth. Today, CME continues to operate in six markets: Croatia, the Czech Republic, Bulgaria, Romania and Moldova, Slovakia, and Slovenia.

In Europe, SVOD continues to advance rapidly in response to consumers' rising expectations. CME continued to scale up the VOYO platform, premiering 34 new VOYO originals by the end of 2023. This original content was well received and won awards across the region, notably Slovenia's Orion Prize for The Kitchen and a Czech Lion Film Awards nomination for Mathematics of Crime. VOYO's August launch in Croatia expanded this SVOD brand to all CME markets and saw it named Digital Product of the Year at the 2023 SoMo Gorac Awards. By the end of the year, VOYO had 650,000 paying subscribers in the Czech Republic and Slovakia, and was very close to passing a million paying subscribers across all its markets. In most of its markets, VOYO is a top-three SVOD service provider and the number-one local provider.

CME's ability to draw on local stories that resonate with its audience is a core strength built into a strategy that is anchored in a comprehensive long-term content plan and digital flexibility. In 2023, there were more than 100 linear and VOYO projects in the pipeline across CME. Production hours were up 20% year on year.

News, with its significant market and audience share, remains at the heart of CME's programming. In July 2023, CME opened the CME News Bureau in Brussels as a hub from which seasoned correspondents from all CME stations can report on EU, NATO and other European affairs for their domestic audiences. Between October and December 2023, CME also deployed four rotating teams to cover the Middle East conflict.

In 2023, CME continued its strategy of acquiring premium sports content for live broadcast. Key sports rights acquisitions in 2023 included Formula 1 for the Czech and Slovak market and the UEFA Champions League in Slovenia.

CME pressed forward with the CME Content Academy, an educational platform offering a two-year multidisciplinary programme designed to inspire and train young talent to become tomorrow's entertainment industry leaders. In April 2023, CME launched CME Cares, its own ESG brand, as a response to the most pressing social and environmental challenges facing the media sector. CME recognises that, as a content producer and media broadcaster, it engages with millions of people every day through news, programming, and digital channels, and is uniquely positioned to inspire, raise awareness, and advocate for positive change.

PPF Financial Holdings – Financial services

Consolidated financial highlights, in millions of EUR

	2023	2022
PPF Group's share	100%	100%
Total operating income	1,602	1,804
Net profit/(loss)	580	(1,464)
Total assets	25,220	22,871
Total equity	2,129	1,918

PPF Group's core business includes financial services and banking. Its focus on customer needs, investment in innovation and digital technology, and its ever-evolving range of modern financial services help to drive the growth of PPF Financial Holdings' brands, which include PPF banka, Home Credit, Air Bank, Zonky, Mobi Banka and ClearBank.

PPF Financial Holdings is subject to consolidated prudential requirements under Regulation (EU) No 575/2013 of the European Parliament and of the Council and to consolidated supervision by the Czech National Bank. In March 2022, the Czech National Bank approved the compliance of PPF Financial Holdings a.s. with the statutory requirements for financial holding companies under the September 2021 amendment to the Czech Banking Act. In November 2022, the Czech National Bank formally designated PPF Financial Holdings an "other systemically important institution".

There were few changes in the financing and structure of the debt of PPF Financial Holdings a.s. over the course of 2023. The company drew on cash flow from its most significant subsidiaries – PPF banka and Home Credit – and distributed a dividend of more than EUR 310 million. The company was also granted regulatory approval and called its EUR 92 million Tier 2 subordinated bond issue for early redemption in September 2023.

The shareholding in MONETA Money Bank, a.s., acquired in 2021 and held via Tanemo a.s. (an affiliate, not part of PPF Financial Holdings), remained unchanged in 2023.

PPF banka

Individual financial highlights, in millions of EUR

	2023	2022
PPF Group's share	92.96%	92.96%
Operating income	287	219
Net profit	162	111
Total assets	15,573	11,972
Total equity	840	719

PPF banka specialises in trading on financial and capital markets, providing structured financing (for projects, acquisitions, leveraging and real estate) and related services to corporate and public- and private-sector customers. PPF banka is the hub of PPF Group's financial activities. The bank carries out international payment transactions, provides financing, manages financial assets, and trades on capital markets for the Group companies.

The bank has built its services on professional expertise and unique solutions which emphasise added value. For customers, the bank is a stable, professional and reliable partner providing financing in many areas of the economy, such as trade, industrial production, energy, renewable energy sources, agriculture and forestry, and services (including IT and e-commerce).

PPF banka also provides financing for commercial and residential real estate and other development projects. It has long-term partnerships with Czech regions and statutory cities, and supports their energy, circular-economy, education, and other projects. An important aspect of the portfolio is the services offered to private clients, who benefit from a personal approach towards their financial needs.

In 2023, the bank focused primarily on developing services for existing customers and supporting their business activities. In keeping with its strategy, PPF bank invested in digitalisation, cybersecurity, and more efficient services, including upgrades to its mobile app and internet banking. Despite challenging external conditions, PPF banka continued to support and finance customers from diverse sectors of the economy.

From an earnings perspective, 2023 was the most successful year in the bank's history. It posted a net profit of EUR 162 million, surpassing the previous year by more than EUR 50 million.

PPF banka has played a prominent role as a market maker in the Czech government bond market for a long time, as evidenced by its regular placing among the top primary dealers in the ranking compiled by the Ministry of Finance. In 2023, PPF banka was rated first among major Czech and international banks on the primary market and second in the overall ranking (i.e. the primary and secondary market together), reaffirming its status as one of the largest dealers in Czech government bonds.

Home Credit Group

Consolidated financial highlights, in millions of EUR

	2023	2022
PPF Group's effective share	91.12%	91.12%
Operating income*	1,070	1,380
Net profit/(loss)	381	(1,612)
Total assets	8,309	10,069
Total equity	577	600

Home Credit N.V. (“HC Group” or “Home Credit”) is a consumer finance provider focusing on emerging markets. Home Credit’s mission is to provide consumer finance responsibly, especially to people with little or no credit history, via a multichannel online and offline distribution model that emphasises digital services and tools.

Home Credit operates in countries where growth potential is high, GDP growth is above average and the consumer finance penetration rate is low. Towards the end of 2023, Home Credit companies were serving approximately 5 million active customers across all their markets and were among the largest and best-ranked point-of-sale financing brands.

In a constantly evolving digital world, the group’s mission is to provide highly competitive services while maintaining an exceptional level of agility and innovation. Advanced technology and Home Credit’s easy-to-use mobile apps offer inclusive access to credit services. By taking an omnichannel approach, Home Credit provides customers who are unable or unwilling to use standard banking tools with their first taste of credit and financial products. The responsible lending decisions crucial to Home Credit’s business model are made accurately and swiftly thanks to Home Credit’s data-centric operations, which draw on predictive tools and data analysis.

Home Credit offers three categories of unsecured consumer finance products on its markets – non-bank loans, multipurpose or cash loans, and revolving credit products. In addition to loans, Home Credit offers customers complementary products and services such as reinsurance and third-party insurance distribution. The HC Group’s product strategy aims to sustain high customer loyalty with services that respond well to the ever-changing needs and life situations that people face across all age groups.

In 2023, Home Credit’s core markets experienced significant growth in volume, largely driven by broader economic recovery. Last year was also notable for the completion of the sales of Home Credit’s Indonesian and Philippines business units, both of which were acquired by a consortium of Japanese financial institutions – Mitsubishi UFJ Financial Group – and affiliates led by Krungsri Bank, a renowned Thai institution, in deals worth EUR 656 million.

Globally, the company continued to accelerate digitalisation, which included tighter integration of mobile apps to improve the customer experience and interaction in loan repayments, and to simplify the purchase of consumer goods through online retail partners. More than 90% of the company’s business is driven by mobile devices.

HC Group continues to be recognised as a top responsible operator in the Czech Republic and Slovakia. In 2023, Home Credit ranked first in the People in Need independent assessment published as the Responsible Lending Index. Home Credit also continues to focus on exploring new revenue streams, such as insurance distribution, and on developing new business products.

Air Bank (part of Home Credit)

Established 12 years ago to compete with conventional banks by offering straightforward, customer-centric and innovative services, Air Bank is a next-generation retail and hyper-digital bank. Air Bank’s goal is to be the first-choice retail bank on the market. It is the fastest-growing neo-bank in the Czech Republic.

Air Bank routinely introduces innovative financial services and solutions to the Czech market and leads the way by focusing on customers’ needs. Its customer-centric approach attracts new clients while increasing the lending volume and income from regular retail banking services. At the end of 2023, Air Bank was serving over 1.2 million customers via 1,061 employees at 32 branches across the Czech Republic.

In 2023, Air Bank attracted multiple awards for its services, marketing, and standard of customer service. The My Air mobile app, the Air Bank current account and the Air Bank loan all scooped awards in the Golden Crown (Zlatá koruna) competition. In 2023, Air Bank was also named Customer

Bank of the Year and in doing so reclaimed its status as the Czech Republic's customer-experience leader. For the fifth time, it took the top spot as the most attractive employer in the banking and insurance industry.

Air Bank is steadily advancing the digitalisation of its financial services. By the end of 2023, more than 972,000 people were using Air Bank's mobile banking, with 57% of new accounts being opened and 90% of all loan applications being submitted online.

In 2023, the bank introduced several new services, including new services for the business community and SME clients. It also expanded its range of mortgage services to include the option of mortgages for foreign real estate and other interesting features. At the same time, it rolled out a new service designed to help people manage their household cash flow when faced with an unexpected expense.

Bank Home Credit (Kazakhstan)

Home Credit Bank recorded substantial profits of EUR 58 million in 2023, driven by the double-digit annual growth of interest income and lending. The full-year volumes of new customer loans exceeded the 2023 budget, owing to points of sales uptake. Deposits grew steadily in the second half of 2023, reflecting marketing campaigns' positive impact.

Mobi Banka

Based in Belgrade, Mobi Banka's goal is to become the first choice for customers' mobile and online banking needs in Serbia. Since 2014, Mobi Banka has offered innovative digital banking services that are simple to use and available everywhere 24/7. The user-friendly mobile/PC platform gives customers full control over their personal finances. Mobi Banka has always nurtured a strong synergy with the telecommunications services of Yettel, another Group-owned company in Serbia.

By the end of 2023, Mobi Banka was providing more than 780,000 clients with a wide range of personal retail financial services. As at 31 December 2023, the bank was managing assets worth EUR 302 million.

ClearBank

Based in the UK, ClearBank is a fast-growing clearing bank operating entirely in a cloud-based environment. It serves over 200 financial institutions.

Since its establishment in 2017, ClearBank has provided financial institutions with banking and payment infrastructure built on a cloud-native, intelligent and robust technology solution which offers secure accounts and real-time payment clearing. Rapid processing and next-generation financial solutions are integral to ClearBank's business model. Transactions performed in 2023 totalled EUR 174 billion. As at 31 December 2023, PPF Group held a 33.32% stake in ClearBank.

The bank enjoyed its first full financial year of profitability in 2023, primarily on the back of rising transaction volumes, new clients and interest income. The successful year was also bolstered by offering payments in foreign currencies. ClearBank now serves more than 200 financial institutions, with a total of 10 million accounts, including 1.2 million embedded-banking accounts, 27 million virtual accounts, and balances aggregating EUR 7 billion.

<u>InPost - E-commerce</u>

The leader in the European market of automated delivery lockers, the company provides efficient and sustainable solutions on "the last mile" section of parcels' journeys from online shops to clients and between individuals.

In 2023, PPF Group acquired the aggregate shareholding of 21.75% of InPost, an operator of a pan-European network of automated drop-off and pick-up parcel machines (APMs) for e-commerce businesses and individuals. The company is active in eight Western European countries in addition to its Polish home market, operating more than 35,000 APMs at the end of 2023, up 27% year-on-year. InPost is a trailblazer providing sustainable solutions for e-commerce logistics in the last-mile leg between customers and online shop operators. The company's APMs also serve for parcel deliveries of pre-used goods exchanged directly among individuals on popular reselling platforms, such as Vinted. PPF Group CEO Mr Šmejc has served on the InPost's supervisory board since October 2023.

In April 2024, the Group signed an agreement increasing its share in InPost to 28.75% (closing expected in May 2024).

Heureka Group - E-commerce/ Retail

Heureka Group is Europe's largest group of comparison websites and online shopping consultants. It operates in nine CEE markets and is building a region-wide e-commerce platform aimed primarily at helping e-shops, brands and other partners to connect with users in all countries where it has a presence.

Heureka Group's websites attract over 23 million users per month, giving them access to more than 55,000 e-shops. In addition to its Czech and Slovak arms, Heureka Group members are Árukereső.hu in Hungary, Compari.ro in Romania, Pazaruvaj.com in Bulgaria, Ceneje.si in Slovenia, Jetfinije.hr in Croatia, Idealno.rs in Serbia, and Idealno.ba in Bosnia. PPF Group holds a 50% stake in Heureka Group, the other shareholder is EC Investments.

In 2023, Heureka continued to improve its services and technologies by taking the major step of building its own integrated shopping platform that unifies the various technological solutions used across all nine countries. The company began rolling out a front-end change to establish a uniform new look that would be recognisable to all users. This new solution was initially deployed on the Pazaruvaj search engine and online shopping guide in Bulgaria. Rollout across the other eight markets is planned for 2024, with Slovakia up first, followed by the Czech Republic and Romania. This refreshed visual identity is accompanied by new logos, designs and B2C and B2B communication styles.

Knowing that merchant credibility is a key criterion for customers, Heureka Group holds an annual competition to identify the best e-shops in each market and awards "Verified by Customers" certificates based on the feedback of millions of shoppers. In 2023, the second year of the Sustainable E-shop project – a collaboration in the Czech Republic between Heureka Group and other partners – rewarded sustainable e-shops meeting strict criteria with a special icon. This initiative is a way of helping customers to find sustainable choices in the vast sea of online shops. Of the 1,300 e-shops that applied for certification, 240 satisfied the tough requirements. With customers across the region placing increasing importance on responsible business practices, the Sustainable E-shop project has also been introduced in Slovakia.

Heureka Group's research suggests that what stops many users from making purchases is decision paralysis. In response, it has introduced the Choose Wonderfully! communication concept.

FAST Group – E-commerce/ Retail

FAST Group is a wholesale and retail trading and distribution company that specialises in branded consumer electronics, tools, telecommunications and office equipment. It operates out of the Czech Republic and Slovakia, has subsidiaries in Hungary and Poland, and distributes goods to 58 other countries.

FAST Group has vast experience in selling, developing and testing products supplied to sales channels and retail chains in the Czech Republic and abroad, including its own PLANEO network and distribution channels in Hungary, Poland, and other countries. PPF Group hold a 50% stake in FAST Group, the remaining shares are held by EC Investments.

FAST Group's long-term priority is to strategically expand its product range in established segments and strengthen the position of its key brands, with a particular focus on SENCOR, Philco, Fieldmann, Lamart, Yenkee, Catler, Buxton, Bayby, Retlux and Stell. It currently owns 15 DIY and consumer electronics brands. With SENCOR, its most profitable and established brand, FAST Group concentrates on innovating, developing and improving its product portfolio and supporting end customers. In addition to overseeing its own brands, FAST Group handles the distribution for over a hundred other brands, which includes exclusive representation of the world-famous Sage and SodaStream brands.

In these challenging times of global economic downturn brought about by the war in Ukraine and the energy crisis, FAST Group is keenly focused on maximising sales and profit backed by a robust business model and its traditionally strong market position. FAST Group is in the process of building an extensive retail network, improving its quality, and planning for further sustainable expansion. It is actively seeking viable locations in the Czech Republic and abroad and continuously monitoring, analysing and improving the profitability metrics of its individual shops.

In its international business operations, FAST Group concentrates in particular on distributing its own brands in other EU countries, especially in the Balkans and the Baltic. These are centres that will create new business opportunities, support new and existing business partners, and pave the way for further product and service development in both B2B and B2C.

In recent years, FAST Group has capitalised on the trend of accelerated e-commerce growth driven by pandemic constraints and focused on vigorously pursuing the development of its own B2C online sales platforms. In 2022 and 2023, it successfully propelled PLANEO's e-commerce business forwards by assembling a team and building a new platform geared towards e-commerce, enabling it to grow even in an otherwise shrinking market. This move handed FAST Group a dominant market share in high-growth categories such as e-mobility, professional weather stations, and mobile air-conditioning, where its own SENCOR-branded products have proved their worth. FAST Group continues to invest in the digitalisation and automation of its operations to improve customer support, enhance the customer experience, and increase the company's technological edge.

PPF Real Estate Holding - Real estate

Consolidated financial highlights, in millions of EUR

	2023	2022
PPF Group's share	100%	100%
Net loss	(124)	(294)
Total assets	1,751	2,407
Total equity	710	954

PPF Real Estate Holding, a globally recognised developer and investor owning properties in Europe and the United States, manages real estate assets with a value of almost EUR 1.8 billion. It is dedicated to managing and growing a portfolio of properties and projects in prime locations with value-added potential and seeking out new real estate investment opportunities.

PPF Real Estate Holding operates in the Czech Republic, Germany, the Netherlands, Poland, Romania, Ukraine, the UK, and the US. In line with PPF Group policy, the company is gradually divesting its Russian assets while actively evaluating business potential in all other countries where it is present, as well as in new markets overseas and in Central and Eastern Europe.

In addition to acquisitions, PPF Real Estate is committed to maintaining long-term assets and a stable portfolio. As a real estate developer, the company seeks to meet the needs of sustainable planning and development, employ energy-saving technologies, and create a healthy, modern environment for its properties and public-space users.

PPF Real Estate moved forward with the development of a 308-unit multi-family development project in Orlando, Florida, together with its JV partner. It also continued an office development project in the

Romanian capital of Bucharest, where it plans to build 29,000 m² of class-A office space in accordance with the latest ESG trends. Two residential development projects in Prague – part of a joint-venture partnership with a well-established local developer – progressed, with one of the projects slated for a building permit in 2024. In the Netherlands, the company signed an agreement in December 2023 to divest its 13,900 m² regional shopping centre, the deal closed in March 2024. The remaining Dutch real estate investments include seven office buildings with a total lettable area of over 140,000 m² and a Marriott-branded hotel in Rotterdam. In the United Kingdom, PPF Real Estate is working on a major office building refurbishment in the City of London. It also owns and rents three modernised Victorian houses in London.

Škoda Group – Mechanical engineering

Consolidated financial highlights of Škoda a.s., in millions of EUR

	2022	2022
PPF Group's share	85.7%	85.7%
Total revenues	1,136	775
EBITDA	(17)	216
Net profit/(loss)	(78)	132
Total assets	1,386	1,428

Škoda Group, a leading international provider of public transport solutions, consolidates its market position through innovation, digitalisation and the development of an extensive portfolio of vehicles and services. The group's continued growth in order volumes has facilitated significant investment in production capacity and jobs.

Škoda Group's development programme encompasses a full range of mobility solutions, including trams, trolleybuses, electric buses, hydrogen buses, trains and metros, and supports these solutions with comprehensive servicing, maintenance, and the in-house production of high-level electrical components. The group is increasingly moving towards sustainable next-generation transport and solutions for the data-connected transport infrastructure of future smart cities and 5G connectivity. Its digital division is dedicated to developing and innovating digital, control and diagnostic systems for vehicles. In the field of digital technologies, the group introduced its Smart Depot concept, opening up new possibilities for transport companies to make their depot operations more efficient. The component manufacturing business also thrived, with Škoda to be involved in supplying traction motors for Melbourne's trams. All Škoda Group's vehicles are purely electric, ensuring zero emissions and an environmentally friendly footprint.

In 2023, Škoda Group went through a strategic transformation of the organisational structure, appointment of new CEO and the business regions were reorganised. In addition to this development, the Austrian company Molinari Rail and the Belgian company The Signalling Company were acquired in 2023. The group's key countries of operation are the Czech Republic, Germany, the Baltic countries, Poland, Slovakia, Finland, and Italy. In 2023, the Škoda Group also published the first ESG report presenting its sustainability strategy.

Despite the persistent problems related to the impact of the Covid-19 pandemic and the Russian aggression in Ukraine, Škoda Group successfully secured major contracts and concluded numerous projects such as orders for night coaches from the Finnish carrier VR and the Italian company Trenitalia. Additionally, the company signed a contract to modernize the NightJet fleet for the Austrian national carrier ÖBB. New electric trains are in the works for Uzbekistan and Estonia, while Sofia, Bulgaria, will receive the latest metro trains. The streets of Bergamo, Italy, and Kassel, Germany, will welcome new trams manufactured by Škoda Group. Capping off the year on a high note, Škoda Group triumphed in a significant tender, earning the opportunity to produce up to 200 trams for the city of Prague. These trams for Prague will be equipped with the advanced Škoda anti-collision system, recognised with the prestigious Česká hlava Award in the Industrie category in 2023.

Škoda Group also completed the handover of the entire fleet of EMU Moravia units to the South Moravian Region, introduced Škoda 41T trams in Bonn, and delivered new trolleybuses in Czech cities. Notably, Škoda-Solaris 24m, the longest ever trolleybus in the Czech Republic, started trial operations, set to serve Prague's Václav Havel Airport in 2024. Besides the Czech Republic, trolleybuses have found their way also to Bratislava, Slovakia.

In 2023, the group had revenues of EUR 1,136 million, representing more than 46% increase in comparison with 2022. As production increased, the number of employees grew, rising by 14% to almost 7,300. During the year, the order backlog also swelled to over EUR 3.2 billion. In 2023, Škoda Group invested EUR 85 million in research and development. Škoda Group also published its first ESG report, in which it laid out its sustainability strategy.

TEMSA

TEMSA, which Škoda Group controls jointly with Sabanci Holding, is a Turkish manufacturer operating in 70 countries, with a broad portfolio of urban and intercity buses and coaches. The company has subsidiaries to support sales and provide after-sales services in France, Germany and the United States. The main plant in Adana has an annual production capacity of 10,000 vehicles. The company is a major local employer with a workforce of more than 1,400 employees. In 2023, TEMSA generated revenues of EUR 440 million and operating profit of EUR 54 million.

Synergies between TEMSA and Škoda Group companies support further growth and expansion into international markets and Western Europe through jointly developed smart mobility solutions. TEMSA also runs the first bus research and development centre in Turkey.

ITIS Holding – Transport systems

ITIS Holding was established in 2022 to serve as an umbrella for PPF Group’s business in smart transport infrastructure solutions. It is dedicated to innovation and advanced services linked to road-user charging, traffic control and regulation in cities, conurbations and beyond, and the management of safety, efficiency and environmental challenges.

Electronic toll system operators CzechToll and SkyToll, tech company TollNet, and cashless toll payment solutions provider PaySystem became wholly owned by ITIS Holding in 2022. PPF Group has a 50% stake in ITIS Holding, which is one of only two providers in the world to operate a satellite toll system in two countries. It also runs an electronic vignette payment system for passenger vehicles in two markets.

The holding company’s highest-profile brand in the Czech Republic is CzechToll, which built and, since 2019, has operated a satellite-based toll collection system for vehicles weighing more than 3.5 tonnes. This project saw the world’s first-ever seamless introduction of new-generation, scalable satellite technology to replace the existing electronic toll system’s technologically outdated and costly microwave system. The cost to the government of operating the new system is three times lower than the previous-generation solution.

In 2023, 828,000 vehicles weighing over 3.5 tonnes were registered with CzechToll; 178,000 of these vehicles had Czech number plates. In total, more than 645,000 onboard units were supplied to hauliers.

Slovakia’s SkyToll is the world’s first system to combine satellite GNSS technology for positioning purposes, microwave DSRC technology for short-distance communication, and mobile GSM technology for communication in mobile networks. Since 2010, SkyToll has been operating the satellite toll system it built in Slovakia. It has also been running an electronic vignette system in Slovakia since 2015, and in 2021 it built and successfully launched the same type of system in Slovenia.

PPF Nautical

PPF Nautical is a global player in the marine leisure industry. It is a diverse group of companies and investments focused on the chartering and manufacture of recreational sailboats and powerboats across multiple markets. It has developed into a major international consumer business in line with PPF Group's investment philosophy.

PPF Nautical's brands cater to the growing demand for sustainable and environmentally friendly nautical tourism, a market being driven by consumers' shift to the online and digital space when choosing their vacation destinations and managing their bookings.

PPF Group entered the nautical leisure and services sector in 2021 when it established a joint venture with Groupe Beneteau, a traditional French manufacturer of smaller recreational vessels. This PPF-Beneteau partnership, called Blue Sea Holding, currently operates some 1,200 charter boats, the world's largest such fleet, via DreamYacht Charter and Navigare Yachting. These networks also command a significant presence in the boat sales and management markets. DreamYacht and Navigare operate from more than 100 bases at Caribbean, Mediterranean, Asian and Pacific marinas. Together, they account for approximately 10% of the global boat charter industry, with annual bookings in excess of EUR 1.4 billion. PPF Nautical's market share is bolstered by SamBoat, its global online boat chartering platform.

Recreational chartering, with its low carbon footprint and emphasis on slow travel, is well placed to tap into holidaymakers' growing desire for sustainable and eco-friendly getaways. The marine leisure business also presents an opportunity to harness digital transformation in order to consolidate an industry that is still largely fragmented.

In June 2023, PPF Nautical entered the boatbuilding business when it acquired Robertson & Caine, the South African manufacturer of Leopard catamarans. These sailboats and powerboats are sold in large numbers on the US market and, to a lesser extent, in Europe.

Last year, Robertson & Caine launched its first all-electric boat, another step in its commitment to sustainability.

The Robertson & Caine deal was followed by the acquisition of another boatyard, Privilège Marine, based in the French port of Les Sables-d'Olonne, where the Vendée Globe round-the-world yacht race starts and finishes. This acquisition is in line with PPF Group's strategy to strengthen PPF Nautical's premium blue water catamaran brand, as it will support Privilège Marine's efforts to innovate, particularly through its research into alternative fossil fuel-free propulsion systems and the development of its product range.

O2 arena, O2 universum, and STAGES HOTEL Prague - Leisure

O2 arena is one of the most modern multi-purpose halls in Europe and, with a 20,000 seat capacity, it is the largest arena in the Czech Republic. Together with O2 universum, the multi-purpose conference and cultural centre, and STAGES HOTEL Prague, the arena offers unique facilities with high-quality services for organisers and visitors of the most popular concerts and sports, conference and corporate events.

O2 arena

O2 arena enjoyed a successful year in 2023, attracting the third highest number of visitors in its history over the 91 events it held. Nearly 950,000 people attended musical, sports and other events, bringing the total number of visitors since 2004, when the arena opened, to almost 13.3 million.

The biggest draws last year included concerts by Iron Maiden, Roger Waters, and local band Queenie's Queen Relived, all of whom performed twice in a row. Bryan Adams, Kiss and Maneskin filled the O2 arena to capacity. Czech performers like Lucie, Mirai and Ewa Farna, Ben Cristovao, and Marie

Rottrová were a success. Dara Rolins and Calin & Viktor Sheen thrilled audiences with their debut performances in the O2 arena, as did international stars such as Pentatonix, Louis Tomlinson, and Lewis Capaldi. More than 230,000 ice-hockey fans watched HC Sparta Prague compete in the Czech Tipsport Extraliga.

O2 universum

The O2 universum held what was essentially its first full-year season, as even though this multipurpose centre had opened in 2019, its operations were initially influenced by the Covid-19 pandemic, when it served as a national vaccination centre, and it did not resume regular activities until April 2022. Last year, events hosted by the 38–hall multipurpose facility included the popular Comic-Con festival, concerts by the Czech band Škwor and rapper Marpo, and performances by other well-known artists such as Billy F Gibbons and Cigarettes After Sex. Upwards of 140,000 people attended public and corporate events in its various halls.

STAGES HOTEL Prague

In 2023, STAGES HOTEL Prague, a modern-lifestyle destination, celebrated its second birthday and was named a “Shining Star” among the 500 franchise hotels in Marriott International’s EMEA network.

This Tribute Portfolio Hotel played host to numerous hospitality events in conjunction with concerts at O2 arena and O2 universum next door, and accommodated more than 100,000 guests.

Popular warm-up parties were thrown on the hotel’s Piazzetta, with Czech Floyd taking to the open-air stage before the Roger Waters concert, Kiss Revival Band before the Kiss concert, and Miloš Meier with his drumming show before the Pantera concert.

<u>PPF Biotech - Biotechnology</u>

SOTIO Biotech

SOTIO Biotech Group, operating within the PPF Biotech division, researches and develops innovative cancer treatments and applies its scientific immunotherapy knowledge to clinical trials. Teams of leading experts from all over the world work for SOTIO as part of its extensive international activities. SOTIO Group, which has its own scientific and laboratory facilities in Prague, is the largest privately funded research endeavour in the Czech Republic.

SOTIO, part of PPF Group since 2012, coordinates the Group’s biotechnology activities. It is building a diversified portfolio of immuno-oncology programmes based on its own research and development, partnerships, licensing agreements, investments, mergers and acquisitions. It has operations in Europe and the US, with principal centres in Prague, Basel, and Boston.

SOTIO’s research and development programmes embrace IL–15 superagonist-based products, including immunocytokines, along with personalised cellular immunotherapy on the CAR-T platform and next-generation antibody-drug conjugate (ADC) oncology products.

SOTIO validates the safety and efficacy of its products in comprehensive clinical trials conducted in Europe and the US since 2012.

In October 2023, SOTIO signed a licence and option agreement with Dutch company Synaffix to develop next-generation ADCs for the treatment of solid tumours. SOTIO will leverage Synaffix’s ADC technology platform to develop up to three novel ADC programmes for integration into the existing SOTIO ADC portfolio.

SCTbio (SCT Cell Manufacturing)

As the servicing organisation for SOTIO Group companies and external partners, SCTbio manufactures investigational medicinal products based on cell therapies intended for the treatment of cancer. SCTbio also provides SOTIO Group and external partners with logistics and other services related to the development and manufacture of autologous and allogeneic advanced therapy medicinal products, including viral vectors.

Other PPF biotech holdings

PPF Group's biotech portfolio also includes investments in Swiss company Cellestia Biotech and the UK-based biotechnology company Autolus Therapeutics.

Corporate social responsibility

PPF Group has a long-standing commitment to support education, culture, sports, and local communities, along with the advancement of civil society and scientific research, in all 25 countries where it operates. Besides financial donations and material support, PPF Group companies support non-profit and civic activities by providing services on preferential terms, sharing relevant expertise, and involving the Group's specialists and teams in professionally focused training projects.

In the Czech Republic, PPF Group primarily supports projects, people, and institutions that dedicate their efforts or talents to the development of Czech society and help to create the environment and conditions for an open society, mutual respect, opportunities for individuals to follow their own paths, giving them the chance to succeed in the world and inspire others through their activities. Since 2019, many of the Group's CSR programmes and activities have been centralised through the PPF Foundation.

Internationally, PPF Group provides support through its companies' projects and foundations focusing long-term on specific areas that reflect their skill sets, business pursuits, and locations, often in partnership with the public sector and communities.

CSR at PPF Group

PPF Group companies are involved in non-profit projects and CSR initiatives relevant to their business and location. Support programmes and key activities are coordinated across the Group to amplify the overall benefits of community activities. This policy helps the Group companies to benefit from shared experience, information, and resources.

The general thrust of each PPF Group company's CSR activities depends on the nature of their business. These efforts are also driven by employees leveraging their skills, knowledge, and enthusiasm to make meaningful contributions to communities and individuals.

Financial-service companies are particularly dedicated to fostering financial literacy and the responsible management of personal finances. These programmes, run internationally in collaboration with local organisations, educational institutions, and other partners, include financial or in-kind support, workshops, and the production and distribution of publications, videos, and digital apps.

The Group's telecommunications companies focus on areas such as providing access to, promoting, and developing online education in schools, as well as internet safety for children and guidance on how to navigate the online world safely.

PPF Group's media companies are committed to harnessing their potential for social good in all their markets. Effective partnerships help to raise awareness of critical social, health, and other issues, and have proven successful at collecting financial donations in response to natural disasters.

In 2023, PPF Group's Czech companies donated EUR 33 million to the Group's CSR activities, non-profit activities, and support for sports, education, health care, and local communities in the Czech

Republic, with the PPF Group as a whole donating the equivalent of more than EUR 36 million globally to non-profit activities and support for sport, culture, education, health care and local communities.

Selected fields of PPF Group companies' CSR activities in 2023

PPF banka and Air Bank

PPF banka and Air Bank continued their involvement in the "Bankers Go To School" project in association with the Czech Banking Association. As part of this campaign to raise awareness of cybersecurity best practices, Air Bank representatives went into primary and secondary schools to give talks on cybersecurity and financial literacy. In 2023, both banks donated almost EUR 18 million.

Home Credit

Home Credit India's "Saksham" project, run in partnership with IDF, provided financial literacy education to 30,000 marginalised women and girls from July 2022 to March 2023. In Vietnam, Home Credit's "Home for Life" project, targeting 500 households, provided disadvantaged women with interest-free loans and financial training. The "Home Love" initiative distributed gifts and essentials across the country, including a new playground in Bac Lieu and warm clothes for hundreds of children in Ha Giang. Over 1,500 Home Credit employees participated in charitable activities,.

Mobi Banka

In 2023, Mobi Banka continued its rewarding partnership with the BELhospice Foundation, a pioneering Serbian charity in the field of palliative care for cancer patients. Mobi Banka signed up as a gold sponsor for the BELhospice Charity Ball. Employees from the bank joined the BELhospice marathon team, dedicating their run to cancer patients and raising funds for the cause.

Mobi Banka became involved with the Serbian Philanthropy Forum's New Year's charity campaign in collaboration with Jevremovac Botanical Garden. Funds were raised to contribute to the garden's restoration and educational programmes for vulnerable groups, and support civil society projects and schools that promote activism, solidarity, and humanity among children and young people.

The bank's employees also took the lead in a New Year's initiative aimed at making the holidays more pleasant for children supported by the Stefan Bunijevac Charity Association, which assists children with cancer and rare diseases, as well as those from socially disadvantaged backgrounds.

PPF Telecom Group

In 2023, PPF Telecom Group placed digital literacy and inclusion at the forefront of its CSR initiatives. Yettel Bulgaria's Digital Scouts program reached over 47,000 schoolchildren, with 400 teachers nationwide educating 9,400 students about digital safety. Since 2015, Yettel Hungary's ProSuli programme has empowered over 800 teachers in 160 schools with digital skills, and now includes robotics.

During the festive season, O2 Slovakia's Fair Foundation and the TV Markíza Foundation worked together to support vulnerable families, collecting unwanted phones and gathering e-waste. In Serbia, Yettel and its foundation donated a car, computers, and TV packages to the Institute for Mother and Child Health Care in Belgrade so that the children here would not feel isolated from their family and friends.

Yettel Bulgaria's ninth annual Side-by-Side programme, supporting the professional development and social integration of people with disabilities, attracted 166 applicants in 2023. The programme has received international recognition for the impact it has. Yettel Hungary and the Hungarian Red Cross established the Digital Inclusion Fund with a budget of HUF 50 million (EUR 130 thousand) to increase digital engagement among the socially disadvantaged, including Ukrainian refugees, with a focus on distance learning tools. The programme reported a 100% increase in applications in 2023.

CME

CME Group, with its affiliates BTV Bulgaria, POP TV, and TV NOVA, have made a difference to communities across Central and Eastern Europe through various initiatives.

In Bulgaria, BTV Group's "Let's Clean Bulgaria Together" project, part of the global "Let's Do It World" movement, celebrated its 11th year. This initiative focused on personal responsibility for a clean environment and the future of children. It successfully mobilised over 300,000 volunteers, including 350 companies and NGOs, to collect 4,300 tonnes of waste and clean 6,092 sites. Since its inception in 2012, this campaign has become Bulgaria's largest environmental volunteering effort, with 3.1 million volunteers having cleared 100,000 tonnes and cleaned up 25,000 sites.

In Slovenia, POP TV played a pivotal role in responding to the country's devastating floods. UEFA President Aleksander Čeferin organised a charity football match featuring stars such as Zlatan Ibrahimovic and Paolo Maldini, which was broadcast on POP TV. The event, held at Ljubljana's Arena Stožice, quickly sold out its 16,000 tickets and was watched by two thirds of Slovenia's TV audience. This collaboration with Slovenia's largest radio network raised a record EUR 3.8 million for flood victims, proving how powerful the media can be in mobilising support for disaster relief.

In the Czech Republic, TV NOVA team up with the NGO Diakonie on projects that were aimed primarily at helping children in need. The "To Pupils from the Heart" and "Shoebox" projects collected essential school supplies and Christmas gifts for disadvantaged children, resulting in over 86,000 boxes. The "Letters from Heart" campaign connected over 4,000 lonely seniors with the community through heartfelt letters. TV Nova, as the main media partner, was able to engage nearly 2 million viewers in the provision of significant organisational, production, and material support for these initiatives.

These efforts underscore CME's commitment to harnessing media influence for social good, supporting environmental initiatives and disaster relief, and helping vulnerable individuals and communities across the region.

SOTIO and SCTbio

In 2017, SOTIO, inspired by two employees, started a tradition of Christmas charity collections. Each year, SOTIO and SCTbio employees select two non-profit organisations or specific projects for support. Staff contributions are matched by SOTIO and SCTbio and then donated to the chosen projects.

In 2023, the two organisations selected by employees were Cesta domů, which provides in-home hospice care and counselling for terminally ill patients and their families, and Pink Bubble Foundation, which supports cancer-stricken children and young adults during their treatment, recovery, and return to everyday life.

Robertson & Caine

In 2023, Robertson and Caine (R&C) spearheaded several CSR initiatives. The Santa Shoebox Project marked its 18th year, with R&C donating personalised gift boxes, including virtual ones valued at ZAR 60,000 (EUR 3,000), to underprivileged children in South Africa and Namibia. This effort is part of a larger campaign that has positively impacted over 1.2 million children.

R&C launched a learnership programme for young people aged 18-29 who live with disabilities. This 12-month initiative, which focused on project management and contact centre skills, included a monthly stipend for participants, representing a financial commitment of approximately ZAR 2.7 million (EUR 135 thousand).

Another R&C programme that provides boat-building training for unemployed youth welcomed 236 trainees in 2023, with 94 successfully completing the programme and securing full-time employment at R&C. The programme, which cost ZAR 16 million (EUR 0.8 million) in stipends, will be expanded in 2024. As well as providing vital skills and employment opportunities to young people, this initiative aligns with R&C's core values of community empowerment and promoting sustainable careers.

Heureka

In August 2023, Slovenia was hit by severe flooding, which caused widespread material damage and loss of life. Concerned about the fate of this country, where its Ceneje colleagues are from, Heureka Group launched a fundraising drive among employees and customers. The money collected was donated to ADRA Slovenia and used to purchase dehumidifiers, disinfectants, cleaning supplies, shovels, cleaning tools, and drinking water in order to help local people affected by the floods.

Sustainability

PPF Group has a track record of creating and running businesses that represent real value for customers and inspire and cultivate markets and industries. Sustainable value creation allows the benefits of such entrepreneurship to be shared with communities and society in general, to enhance its prosperity.

Group companies continue to invest in solutions critical for sustainable business practices and environmental protection. PPF companies are playing their part in the transition to a low-carbon economy by developing autonomous transport systems and hydrogen-powered mobility, reducing the carbon intensity of data transfer, and deploying energy-efficient designs and management systems for buildings.

Alongside investment in innovation, a pivotal emphasis is placed on cultivating a diverse workforce of PPF's own people, teams, and employees. Outstanding products and services can only be delivered if the Group provides its tens of thousands employees with an exceptional workplace environment and culture. The commitment to excellence in this field is underscored by the accolades that PPF companies have earned, such as their Great Place to Work certification, recognition as one of the most attractive employers in the Czech Republic, and numerous other HR awards. With more than 80 nationalities represented across its operations in over 25 countries, PPF celebrates diversity and, with zero tolerance for discrimination, recognises people based solely on their abilities and results.

PPF attaches the highest importance to its responsibilities towards customers and end users. Making financial services more accessible has to go hand in hand with financial education. Providing e-commerce customers with transparent information about supply chains and each product's carbon footprint helps to incentivise sustainable consumption. Raising awareness of environmental issues in PPF's media has its role in inspiring individuals to play a more active role in protecting nature and its resources. Similarly, PPF is looking for opportunities to drive positive social change.

Environment

PPF Group's operations as a whole did not have any significant negative impact on the environment.

Recent events, commercial and financial outlook

In 2023, the continuing war in Ukraine and the challenging macroeconomic situation impacted the PPF Group's business.

The Group has already disposed of most of its Russian assets since deciding to leave the country immediately after Russia invaded Ukraine in February 2022. Already in that year, PPF Group managed to sell all Russian banking, non-life insurance (a majority stake), agriculture businesses, and most real estate projects, another significant real estate projects were disposed in 2023. The Group's remaining Russian assets are in the life insurance segment, while the last significant real estate project comprises three office buildings. The sale process is ongoing and subject to mandatory approvals by Russian authorities.

The Group is refocusing on mature markets in Europe and North America, to counter rising geopolitical risks facing its investments in other regions. The Group further expects to close two significant transactions, i.e., the finalisation of a new partnership with e& comprising PPF Telecom Group's assets in Bulgaria, Hungary, Serbia, and Slovakia during 2024 and the sale of our Home Credit operations in Vietnam during 2025.

For more details, please refer to the subsequent events disclosed in section G (consolidated financial statements).

Cautionary statement with respect to forward-looking statements

Certain statements contained in these annual accounts are statements of future expectations and other forward-looking statements that are based on management's current view, estimates and assumptions about future events.

These forward-looking statements are subject to certain risks, uncertainties and special circumstances or events that may cause results to differ materially from those expressed or implied in such statements.

25 April 2024

Board of directors

PPF GROUP N.V.

Consolidated financial statements for the year ended
31 December 2023

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Glossary

AC	- amortised cost
AT1	- Additional Tier 1 bonds
CGU	- cash generating unit
EAD	- exposure at default
EBITDA	- earnings before interest, tax, depreciation and amortisation
ECL	- expected credit loss
FV	- fair value
FVOCI	- fair value through other comprehensive income
FVTPL	- fair value through profit or loss
FX	- foreign exchange
HFS	- held-for-sale
IFRS AS	- International Financial Reporting Standards – Accounting Standards
IPRD	- in-progress research and development
JV	- joint venture
LGD	- loss given default
MOSA	- management and operational service agreement
MSA	- master service agreement
NCI	- non-controlling interests
OCI	- other comprehensive income
OTC	- over the counter
PD	- probability of default
PL	- profit or loss
POCI	- purchased or originated credit impaired
PPE	- property, plant and equipment
ROU	- right-of-use assets

Consolidated statement of financial position

In millions of EUR

	Note	31 December 2023	31 December 2022 (restated)*
ASSETS			
Cash and cash equivalents	E1	8,535	8,726
Investment securities and derivatives	E2	8,944	5,592
Loans and receivables due from banks and other financial institutions	E3	193	153
Loans due from customers	E4	8,457	8,213
Trade and other receivables	E5	1,254	1,180
Contract assets	E5	275	371
Current tax assets		28	35
Inventories	E6	460	444
Assets held for sale	E7	28	1,606
Equity-accounted investees	E8	3,279	1,482
Investment property	E9	1,219	1,632
Property, plant and equipment	E10	4,403	4,212
Goodwill	E11.1	3,236	2,987
Other intangible assets	E11.2	2,132	2,253
Programming assets	E6	302	256
Other assets	E12	512	515
Deferred tax assets	E37.2	227	226
TOTAL ASSETS		**43,484**	**39,883**
LIABILITIES			
Financial liabilities at FVTPL	E13	4,034	1,300
Due to non-banks	E14	14,661	13,207
Due to banks and other financial institutions	E15	7,438	6,552
Debt securities issued	E16	3,165	3,992
Subordinated liabilities	E17	26	44
Liabilities directly associated with assets held for sale	E7	13	870
Current tax liabilities		51	82
Trade and other payables	E18	2,714	2,606
Contract liabilities	E5	397	420
Provisions	E19	216	174
Conditional commitment to acquire NCI´s share	B3.4, B3.6	1,019	850
Deferred tax liabilities	E37.2	488	536
TOTAL LIABILITIES		**34,222**	**30,633**
EQUITY			
Issued capital	E20	1	1
Share premium	E20	677	677
Other reserves	E21	(1,483)	(1,079)
Retained earnings	E21.1	9,574	8,929
Total equity attributable to owners of the Parent		8,769	8,528
Non-controlling interests	E22	493	722
Total equity		**9,262**	**9,250**
TOTAL LIABILITIES AND EQUITY		**43,484**	**39,883**

*For more details on the restatement refer to A.6.

The notes on pages 39 to 204 are an integral part of these consolidated financial statements.

Consolidated statement of income

For the year ended 31 December

In millions of EUR

	Note	2023	2022 (restated)*
Interest income		2,335	2,360
Interest expense		(1,353)	(1,063)
Net interest income	E25	**982**	**1,297**
Fee and commission income		330	353
Fee and commission expense		(119)	(127)
Net fee and commission income	E26	**211**	**226**
Insurance income		28	36
Insurance expense		(27)	(31)
Net insurance income		**1**	**5**
Rental and related revenues	E29	156	261
Property operating expenses	E29	(53)	(82)
Net valuation loss on investment property	E9	(122)	(181)
Net income related to construction contracts		-	9
Net real estate income		**(19)**	**7**
Telecommunications revenues		3,768	3,500
Telecommunications costs		(1,091)	(1,115)
Net telecommunications income	E30	**2,677**	**2,385**
Media revenues		854	767
Media costs		(463)	(405)
Net media income	E31	**391**	**362**
Mechanical engineering revenues		1,136	775
Mechanical engineering costs		(844)	(486)
Net mechanical engineering income	E32	**292**	**289**
Leisure and entertainment revenues		344	211
Leisure and entertainment costs		(227)	(131)
Net leisure and entertainment income	E33	**117**	**80**
Toll operations revenues		-	24
Toll operations costs		-	(8)
Net toll operations income	B3.10	**-**	**16**
Other net gain/(loss) on financial instruments	E27	248	(82)
Other income	E34	96	443
TOTAL OPERATING INCOME		**4,996**	**5,028**
Net impairment losses on financial assets	E28	(369)	(665)
Personnel expenses	E35	(1,303)	(1,249)
Other operating expenses	E35	(1,268)	(1,226)
Depreciation and amortisation	E36	(1,026)	(971)
Loss on disposals/liquidations of equity-accounted investees and subsidiaries	B2	(71)	(722)
Share of profit of equity-accounted investees, net of tax	E8	795	891
PROFIT BEFORE TAX		**1,754**	**1,086**
Income tax expense	E37.1	(305)	(867)
Net profit from continuing operations		**1,449**	**219**
Net loss from discontinued operations, net of tax	B2.6	-	(55)
NET PROFIT FOR THE PERIOD		**1,449**	**164**

In millions of EUR

	Note	2023	2022
Profit attributable to:			
Owners of the Parent		1,355	242
Non-controlling interests	E22	94	(78)
NET PROFIT FOR THE PERIOD		**1,449**	**164**

*For more details on the restatement refer to A.7.

Consolidated statement of comprehensive income

For the year ended 31 December

In millions of EUR

	2023	2022
NET PROFIT FOR THE PERIOD	**1,449**	**164**
Other comprehensive income		
Valuation gains/(losses) on FVOCI equity instruments	43	(266)
Valuation gains/(losses) on FVOCI debt securities*	29	(59)
FVOCI revaluation losses reclassified to profit or loss*	2	28
Foreign operations - currency translation differences*	(184)	308
Share of OCI of equity-accounted investees*	(66)	(427)
Disposal of subsidiaries and equity-accounted investees*	12	553
Cash-flow hedge - effective portion of changes in fair value*	(40)	6
Cash-flow hedge - net change in fair value reclassified to profit or loss*	2	9
Income tax related to components of other comprehensive income*	2	-
Other comprehensive income/(expense) for the period, net of tax	**(200)**	**152**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**1,249**	**316**
Total comprehensive income/(expense) attributable to:		
Owners of the Parent	1,172	326
Non-controlling interests	77	(10)

*Items that are or will be reclassified subsequently to profit or loss.

The notes on pages 39 to 204 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

In millions of EUR

	Issued capital	Share premium	Other reserves					Retained earnings	Attributable to owners of the Parent	Attributable to NCI	Total
			Revaluation reserve	Translation reserve	Hedging reserve	Other reserves	Reserve for puttable instruments				
Balance as at 1 January 2023 (restated)*	**1**	**677**	**(314)**	**93**	**(11)**	**3**	**(850)**	**8,929**	**8,528**	**722**	**9,250**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,355**	**1,355**	**94**	**1,449**
Currency translation differences	-	-	-	(186)	-	-	-	-	(186)	2	(184)
FVOCI revaluation gains taken to equity	-	-	72	-	-	-	-	-	72	-	72
FVOCI revaluation losses reclassified to profit or loss	-	-	2	-	-	-	-	-	2	-	2
FVOCI revaluation gains reclassified directly to retained earnings	-	-	(36)	-	-	-	-	36	-	-	-
Cash-flow hedge – effective portion of changes in fair value	-	-	-	-	(35)	-	-	-	(35)	(5)	(40)
Cash-flow hedge – net change in fair value reclassified to profit or loss	-	-	-	-	2	-	-	-	2	-	2
Share of OCI of equity-accounted investees	-	-	-	(21)	(43)	(2)	-	-	(66)	-	(66)
Disposals and deconsolidation of subsidiaries (refer to B.2 section)	-	-	-	26	-	-	-	-	26	(14)	12
Tax on items taken directly to or transferred from equity	-	-	(7)	-	9	-	-	-	2	-	2
Other comprehensive income/(expense) for the period	**-**	**-**	**31**	**(181)**	**(67)**	**(2)**	**-**	**36**	**(183)**	**(17)**	**(200)**
Total comprehensive income/(expense) for the period	**-**	**-**	**31**	**(181)**	**(67)**	**(2)**	**-**	**1,391**	**1,172**	**77**	**1,249**

*refer to A.6

In millions of EUR

	Issued capital	Share premium	Other reserves					Retained earnings	Attributable to owners of the Parent	Attributable to NCI	Total
			Revaluation reserve	Translation reserve	Hedging reserve	Other reserves	Reserve for puttable instruments				
Total comprehensive income/(expense) for the period	**-**	**-**	**31**	**(181)**	**(67)**	**(2)**	**-**	**1,391**	**1,172**	**77**	**1,249**
Transactions with owners of the Parent											
Dividends to shareholders	-	-	-	-	-	-	-	(118)	(118)	-	(118)
Dividends to NCI	-	-	-	-	-	-	-	-	-	(96)	(96)
Acquisition of own treasury shares (refer to E.20)	-	-	-	-	-	-	-	(575)	(575)	-	(575)
Acquisition of shares in subsidiaries from NCI (refer to B.3.4)	-	-	-	(10)	-	-	-	(59)	(69)	(200)	(269)
Conditional commitment to acquire NCI’s share - origination (refer to B.3.4)	-	-	-	-	-	-	(36)	-	(36)	-	(36)
Conditional commitment to acquire NCI’s share – change in net present value (refer to B.3.6)	-	-	-	-	-	-	(133)	-	(133)	-	(133)
Other changes in NCI	-	-	-	-	-	-	-	(2)	(2)	(10)	(12)
Other	-	-	-	-	-	(6)	-	8	2	-	2
Total transactions with owners of the Parent	**-**	**-**	**-**	**(10)**	**-**	**(6)**	**(169)**	**(746)**	**(931)**	**(306)**	**(1,237)**
Balance as at 31 December 2023	**1**	**677**	**(283)**	**(98)**	**(78)**	**(5)**	**(1,019)**	**9,574**	**8,769**	**493**	**9,262**

The notes on pages 39 to 204 are an integral part of these consolidated financial statements.

In millions of EUR

	Issued capital	Share premium	Other reserves					Retained earnings	Attributable to owners of the Parent	Attributable to NCI	Total
			Revaluation reserve	Translation reserve	Hedging reserve	Other reserves	Reserve for puttable instruments				
Balance as at 1 January 2022	**1**	**677**	**(40)**	**(734)**	**449**	**171**	**-**	**7,835**	**8,359**	**596**	**8,955**
Restatement due to initial application of IFRS 17 (refer to A.6 and F.2.2)	-	-	-	-	-	-	-	79	79	-	79
Balance as at 1 January 2022 (restated)	**1**	**677**	**(40)**	**(734)**	**449**	**171**	**-**	**7,914**	**8,438**	**596**	**9,034**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**242**	**242**	**(78)**	**164**
Currency translation differences	-	-	-	243	-	-	-	-	243	65	308
FVOCI revaluation losses taken to equity	-	-	(323)	-	-	-	-	-	(323)	(2)	(325)
FVOCI revaluation losses reclassified to profit or loss	-	-	28	-	-	-	-	-	28	-	28
FVOCI revaluation losses reclassified directly to retained earnings	-	-	16	-	-	-	-	(16)	-	-	-
Cash-flow hedge – net change in fair value reclassified to profit or loss	-	-	-	-	2	-	-	-	2	4	6
Cash-flow hedge – effective portion of changes in fair value	-	-	-	-	9	-	-	-	9	-	9
Share of OCI of equity-accounted investees	-	-	-	32	(465)	7	-	-	(426)	(1)	(427)
Disposals and deconsolidation of subsidiaries (refer to B.2 section)	-	-	(1)	552	-	-	-	-	551	2	553
Tax on items taken directly to or transferred from equity	-	-	6	-	(6)	-	-	-	-	-	-
Other comprehensive income/(expense) for the period	**-**	**-**	**(274)**	**827**	**(460)**	**7**	**-**	**(16)**	**84**	**68**	**152**
Total comprehensive income/(expense) for the period	**-**	**-**	**(274)**	**827**	**(460)**	**7**	**-**	**226**	**326**	**(10)**	**316**

In millions of EUR

	Issued capital	Share premium	Other reserves: Revaluation reserve	Other reserves: Translation reserve	Other reserves: Hedging reserve	Other reserves: Other reserves	Other reserves: Reserve for puttable instruments	Retained earnings	Attributable to owners of the Parent	Attributable to NCI	Total
Total comprehensive income/(expense) for the period	**-**	**-**	**(274)**	**827**	**(460)**	**7**	**-**	**226**	**326**	**(10)**	**316**
Transactions with owners of the Parent											
Dividends to shareholders	-	-	-	-	-	-	-	(119)	(119)	-	(119)
Dividends to NCI	-	-	-	-	-	-	-	-	-	(37)	(37)
Sales of shares in subsidiaries to NCI (refer to B.3.6)	-	-	-	-	-	-	-	1,151	1,151	260	1,411
Acquisition of shares in subsidiaries from NCI (refer to B.3.7)	-	-	-	-	-	-	-	(251)	(251)	(60)	(311)
Conditional commitment to acquire NCI’s share - origination (refer to B.3.6)	-	-	-	-	-	-	(1,411)	-	(1,411)	-	(1,411)
Conditional commitment to acquire NCI’s share – change in net present value (refer to B.3.6)	-	-	-	-	-	-	561	-	561	-	561
Contributions by NCI	-	-	-	-	-	-	-	-	-	5	5
Other changes in NCI	-	-	-	-	-	-	-	16	16	(32)	(16)
Disposal of AT1 subordinated bond (loss of control of the issuing subsidiary, refer to B.2.6)	-	-	-	-	-	(181)	-	-	(181)	-	(181)
Other	-	-	-	-	-	6	-	(8)	(2)	-	(2)
Total transactions with owners of the Parent	**-**	**-**	**-**	**-**	**-**	**(175)**	**(850)**	**789**	**(236)**	**136**	**(100)**
Balance as at 31 December 2022 (restated)*	**1**	**677**	**(314)**	**93**	**(11)**	**3**	**(850)**	**8,929**	**8,528**	**722**	**9,250**

*refer to A.6

The notes on pages 39 to 204 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the year ended 31 December, prepared using the indirect method

In millions of EUR

	Notes	2023	2022 (restated)[2]
Cash flows from operating activities			
Profit for the period, net of tax (incl. discontinued operations in 2022)[1]		1,449	164
Adjustments for:			
Depreciation and amortisation		1,026	980
Impairment of current and non-current assets		449	897
(Gain)/loss on disposal of PPE, intangible assets and investment property		9	(186)
Other net (gain)/loss on financial instruments		(248)	42
Loss on disposals of equity-accounted investees and subsidiaries		71	722
Interest income	E25	(2,335)	(2,571)
Interest expense	E25	1,353	1,141
Net foreign exchange (gains)/losses	E34, E35	34	(154)
Share of profit of equity-accounted investees, net of tax		(795)	(891)
Other expenses not involving movements of cash		167	232
Income tax expense	E37.1	305	853
Interest received		2,285	2,439
Change in loans and receivables due from banks and other financial institutions		(46)	501
Change in loans due from customers		(608)	157
Change in financial assets at FVTPL held for trading		(3,318)	315
Change in trade and other receivables		(6)	(559)
Change in other assets		(123)	(207)
Change in liabilities due to non-banks		1,796	2,063
Change in financial liabilities at FVTPL held for trading		3,224	127
Change in trade and other payables		59	187
Change in assets held for sale and liabilities related to assets held for sale		38	-
Cash and cash equivalents reclassified as assets HFS[3]		-	(54)
Income tax paid		(377)	(324)
Net cash from operating activities		**4,409**	**5,874**
Cash flows from investing activities			
Dividends received		64	60
Purchase of tangible and intangible assets	E10, E11	(826)	(968)
Purchase of financial assets at FVTPL not held for trading		(121)	(221)
Purchase of financial assets at AC		(663)	(643)
Purchase of financial assets at FVOCI		(589)	(824)
Purchase of investment property		(9)	(68)
Acquisition of subsidiaries and equity-acc. investees, net of cash acquired (incl. capital increase)[4]	B2	(1,475)	(118)
Proceeds from disposals of tangible and intangible assets		30	295
Proceeds from sale of financial assets at FVTPL not held for trading		66	43
Proceeds from sale of financial assets at AC		492	85
Proceeds from sale of financial assets at FVOCI		182	440
Proceeds from disposal of subsidiaries and equity-acc. investees, net of cash disposed (incl. capital decrease)[4]	B2	694	487
Net cash used in investing activities		**(2,155)**	**(1,432)**

In millions of EUR

	Notes	2023	2022 (restated)(2)
Cash flows from financing activities			
Proceeds from the issue of debt securities		798	1,195
Proceeds from liabilities due to banks and other financial institutions		5,391	4,389
Repayment of debt securities		(1,608)	(660)
Repayment of liabilities due to banks and other financial institutions		(4,298)	(8,239)
Interest paid		(1,277)	(1,054)
Cash payments for principal portion of lease liability		(159)	(149)
Dividends paid to shareholders		(118)	(119)
Dividends paid to NCI		(96)	(37)
Payments for acquisition of own treasury shares	E20	(575)	-
Proceeds from sale of shares in subsidiaries to NCI	B3.6	-	1,411
Payments for purchase of shares in subsidiaries from NCI	B3	(269)	(311)
Other contributions/(distributions) related to NCI		(11)	5
Net cash used in financing activities	**E24**	**(2,222)**	**(3,569)**
Net increase in cash and cash equivalents		**32**	**873**
Cash and cash equivalents as at 1 January		**8,726**	**7,779**
Effect of movements in exchange rates on cash and cash equivalents		(223)	74
Cash and cash equivalents as at 31 December		**8,535**	**8,726**

(1) For more details on the discontinued operations in 2022 refer to B.2.6.
(2) For more details on the restatement refer to A.8.
(3) The amount represents cash and cash equivalents of the disposal group held for sale in 2022, refer to B.2.3
(4) Cash-flows from capital increase/decrease presented relate only to transactions with the equity-accounted investees.

The notes on pages 39 to 204 are an integral part of these consolidated financial statements.

Cash flow lines directly attributable to the statement of income comprise both continuing and discontinued operations in 2022. For separate presentation of cash flows from discontinued operations refer to B.2.6.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

A. General

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 telecommunications, media, financial services, e-commerce, real estate, mechanical engineering, biotechnology, and others. Its activities span from Europe to the US, across Asia, and marginally the Russian Federation (Russia).

The consolidated financial statements of the Parent Company for the year ended 31 December 2023 comprise the Parent Company and its subsidiaries (together the "PPF Group" or the "Group") and the Group's interests in associates and joint ventures. Refer to B section of these consolidated financial statements for a list of significant Group entities and changes to the Group in 2023 and 2022.

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

During 2023, Mrs Renáta Kellnerová and four children of the late Mr Kellner through their fully controlled subsidiary acquired a 1.07% minority share in the Parent Company and, as of 31 December 2023, as the ultimate controlling party, held directly and indirectly the 100% share in the Parent Company.

Financial reporting period

These financial statements cover the year 2023 that ended at the balance sheet date of 31 December 2023. The year 2022 ending 31 December 2022 presented in these financial statements represents a comparative period.

Application of Section 402, Book 2 of the Dutch Civil Code

The financial information of the Company is included in the consolidated financial statements. For this reason, in accordance with Section 402, Book 2 of the Dutch Civil Code, the separate profit and loss account of the Company exclusively states the share of the result of participating interests after tax and the other income and expenses after tax.

For an appropriate interpretation of these statutory financial statements, the consolidated financial statements of the Company should be read in conjunction with the company financial statements, as included under pages 205 to 220.

A.1. Statement of compliance

These consolidated financial statements were approved by the board of directors and the supervisory board on 25 April 2024.

These consolidated financial statements have been prepared in accordance with the IFRS Accounting Standards as adopted by the European Union (IFRS-AS EU) including the International Accounting Standards (IAS), promulgated by the International Accounting Standards Board (IASB), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB and with Part 9 of Book 2 of the Dutch Civil Code.

Changes to the material accounting policies are described in Note F.2.

A.2. Basis of measurement

The Group decided to present a consolidated statement of its financial position showing assets and liabilities in their broad order of liquidity because this presentation provides reliable and more relevant information than a presentation of current and non-current classifications.

The consolidated financial statements have been prepared based on the going concern assumption, applying a historical cost basis, except for the following assets and liabilities stated at their fair value: derivative financial instruments, financial instruments at FVTPL (incl. those designated upon initial recognition as at FVTPL), financial instruments at FVOCI and investment property. Financial assets and liabilities as well as non-financial assets and liabilities measured at historical cost are stated at AC 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 their carrying amount and fair value less costs to sell.

The Group accounts for business combinations using the acquisition method when control is transferred to the Group (refer to A.4). In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has the option to apply a ‘concentration test’ that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested semi-annually for impairment. Any gains on a bargain purchase is immediately recognised in profit or loss (refer to F.1.12.1). Transaction costs are expensed as incurred, unless they relate to an issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay a contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured, and its settlement is accounted for within equity.

Otherwise, other contingent considerations are re-measured at fair value at each reporting date and subsequent changes in the fair value of the contingent considerations are recognised in profit or loss.

A.3. Use of judgements and estimates

In preparing these consolidated financial statements, management 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.

The following key estimates are based on the information available at the consolidated financial statements date and specifically relate to the determination of:

- assessment of control over subsidiaries (refer to B.3.6);
- the fair value of tangible and intangible assets identified during the purchase price allocation exercise and initial value of goodwill or gain on bargain purchase for each business combination (refer to B.2);
- useful life of tangible and intangible fixed assets (refer to F.1.11, F.1.12);
- in-progress research and development recognised as intangible asset (refer to E.11.2);
- the fair value of investment property (refer to E.9);
- the fair value of financial instruments (refer to C.7);
- expected credit losses on investment debt securities, loans provided, trade and other receivables, contract assets and other financial assets (refer to E.2 – E.5);
- consumption and impairment of programming assets (refer to F.1.13);
- provisions recognised under liabilities (refer to E.19);
- the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits (refer to E.37.2);
- revenue recognition timing in terms of the transfer of control over the goods and services to the customer – at a point in time or over time (refer to E.30 – E.33);
- commissions as costs to obtain contracts with customers and stand-alone selling prices (refer to E.12, E.26 – E.33);
- contingent assets and liabilities (E.39);
- lease-term for the lessee accounting whether the Group is reasonably certain to exercise extension options (refer to E.23);
- assessment of recognition and the net present value of the conditional commitment to acquire NCI's share (refer to B.3.4 and B.3.6);
- discount rate applied for calculation of the carrying amount of insurance liabilities (refer to E.18.1 and F.2.2).

A.4. Basis of consolidation

Subsidiaries are entities controlled by the Group. The Group controls an entity if it is exposed, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it has control if one or more of the elements of control changes. This includes circumstances in which protective rights held, either by the Group or by the non-controlling interest (e.g., those resulting from a lending relationship), become substantive and lead to the Group, or the non-controlling interest, having power over an investee or, if the substantive right on the contrary come to the benefit of the non-controlling interest, the Group might lose its power over an investee and cease controlling it. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of the subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

The Group's interests in equity-accounted investees comprise interests in associates and joint ventures. Associates are those entities in which the Group has significant influence, but not control over financial and operating policies. A joint venture is an arrangement in which the Group has joint control based on a contractual agreement, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates and jointly controlled entities on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds the carrying amount of the equity-accounted investee, the carrying amount is reduced to nil and further losses are recognised as expected credit losses to loans provided to the investee. If no loans were provided to the equity-accounted investee, a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the equity-accounted investee. If the associate or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Reorganisations and mergers involving the Group companies under common control are accounted for using consolidated net book values (the "predecessor accounting method"). Consequently, no adjustment is made to carrying amounts in the consolidated accounts and no goodwill or gain on bargain purchase arise on such transactions.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when the control is lost. In the case of reorganisations and demergers involving Group companies under common control, any resulting gain or loss is recognised directly in equity.

All intra-group balances, transactions, and any unrealised income and expenses, gains and losses arising from intra-group transactions are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

A.5. Presentation of functional currency

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

Due to the continuing situation with the Russian Federation, the European Central Bank (ECB) has not changed its approach not to quote the EUR/RUB currency pair exchange rate, referring to its official statement about its position in the ability to set the reference rate for EUR/RUB currency pair that would be representative of prevailing market conditions. The ECB last published the EUR/RUB reference rate on 1 March 2022. Since then, the Group has been applying the EUR/RUB reference rate published daily by the Central Bank of the Russian Federation as a good point of reference for the EUR/RUB exchange rate quotation.

A.6. Comparative figures in the consolidated statement of financial position

The comparative figures as at 31 December 2022 have been restated due to two following reasons:

As at 31 December 2022, the Group presented mandatory minimum reserves amounting to EUR 226 million as Loans and receivables due from banks and other financial institutions in the consolidated statement of financial position. In 2023, the Group decided to enhance the presentation of these mandatory minimum reserves and reclassified their balance from loans and receivables due from banks and other financial institutions to cash and cash equivalents, as this presentation better reflects the nature of these mandatory minimum reserves held by the banks controlled by the Group (refer to also to E.1). The comparative consolidated figures as at 31 December 2022 in the consolidated statement of financial position and in the consolidated statement of cash-flows were restated accordingly (refer also to A.8). This restatement had no impact on the Group's financial performance, liquidity, or the consolidated statement of changes in equity either.

The Group also initially applied the new standard IFRS 17: Insurance Contracts effective from 1 January 2023. The main impact in terms of financial figures to the Group's consolidated financial statements are presented below in this section. However, for more detailed information regarding the related changes in the accounting policies and the impact on the Group's consolidated financial statements (especially as at 1 January 2022 in relation to the affected movement tables in disclosures), refer to F.2.2.

The following table summarises the impact of the change in mandatory minimum reserves presentation and the application of IFRS 17 on the comparative figures in the consolidated statement of financial position:

In millions of EUR

	31 December 2022 (reported)	Change of mandatory minimum reserves classification	Initial application of IFRS 17	31 December 2022 (restated)
Cash and cash equivalents	8,500	226	-	8,726
Loans and receivables due from banks and other financial institutions	379	(226)	-	153
TOTAL ASSETS	**39,883**	**-**	**-**	**39,883**
Trade and other payables	2,526	-	80	2,606
Provisions	380	-	(206)	174
Deferred tax liability	513	-	23	536
TOTAL LIABILITIES	**30,736**	**-**	**(103)**	**30,633**
Retained earnings	8,826	-	103	8,929
Total equity	**9,147**	**-**	**103**	**9,250**
TOTAL LIABILITIES AND EQUITY	**39,883**	**-**	**-**	**39,883**

A.7. Comparative figures in the consolidated statement of income

The comparative figures in the consolidated statement of income for the year ended 31 December 2022 have been restated for two reasons described below.

Firstly, due to the initial application of IFRS 17 (as stated in A.6 and F.2.2).

Secondly, considering the changes in the segment reporting structure (refer to D section) the Group reassessed the appropriateness of presentation of entertainment revenues and related costs, previously reported under other income and other operating expenses captions, respectively, in the consolidated statement of income. The Group concluded that it is more appropriate to report these items under leisure business income and leisure business expenses as such classification better reflects their nature and role in the Group's operations.

The table below shows the comparative data as previously reported and after the above-described restatements:

In millions of EUR, for the for the year ended 31 December 2022

	2022 (reported)	Initial application of IFRS 17	Presentation of entertainment revenues	2022 (restated)
Interest income	2,345	15	-	2,360
Interest expense	(1,063)	-	-	(1,063)
Net interest income	**1,282**	**15**	**-**	**1,297**
Net earned premiums	69	(69)	-	-
Net insurance benefits and claims	(48)	48	-	-
Acquisition costs	(15)	15	-	-
Insurance income	-	36	-	36
Insurance expense	-	(31)	-	(31)
Net insurance income	**6**	**(1)**	**-**	**5**
Leisure and entertainment revenues	169	-	42	211
Leisure and entertainment costs	(109)	-	(22)	(131)
Net leisure and entertainment income	**60**	**-**	**20**	**80**
Other income	485	-	(42)	443
TOTAL OPERATING INCOME	**5,036**	**14**	**(22)**	**5,028**
Personnel expenses	(1,259)	10	-	(1,249)
Other operating expenses	(1,253)	5	22	(1,226)
PROFIT BEFORE TAX	**1,057**	**29**	**-**	**1,086**
Income tax expense	(862)	(5)	-	(867)
Net profit from continuing operations	**195**	**24**	**-**	**219**
NET PROFIT FOR THE PERIOD	**140**	**24**	**-**	**164**
Profit/(loss) attributable to:				
Owners of the Parent	218	24	-	242
Non-controlling interests	(78)	-	-	(78)
NET PROFIT FOR THE PERIOD	**140**	**24**	**-**	**164**

A.8. Comparative figures in the consolidated statement of cash flows

The following table summarizes the impact of the change in presentation of mandatory minimum reserves (refer to A.6) and the application of IFRS 17 (refer to A.6 and A.7) on the comparative figures of the consolidated statement of cash flows:

In millions of EUR, for the year ended 31 December 2022

	2022 (reported)	Change of mandatory minimum reserves classification	Initial application of IFRS 17	2022 (restated)
Profit for the period, net of tax (incl. discontinued operations)	140	-	24	164
Adjustments for:				
Interest income	(2,556)	-	(15)	(2,571)
Income tax expense	848	-	5	853
Change in loans and receivables due from banks and other financial institutions	450	51	-	501
Change in trade and other payables	201	-	(14)	187
Net cash from operating activities	**5,823**	**51**	**-**	**5,874**
Net cash used in investing activities	**(1,432)**	-	**-**	**(1,432)**
Net cash used in financing activities	**(3,569)**	-	**-**	**(3,569)**
Net increase in cash and cash equivalents	**822**	**51**	**-**	**873**
Cash and cash equivalents as at 1 January	**7,604**	**175***	**-**	**7,779**
Effect of exchange rate movements on cash and cash equivalents	74	-	-	74
Cash and cash equivalents as at 31 December	**8,500**	**226***	**-**	**8,726**

*represents the mandatory minimum reserves balance as at the stated date

B. Consolidated group and main changes for the period

B.1. Group entities

The following list shows only significant holding and operating entities that are subsidiaries, associates or joint ventures of the Parent Company as of 31 December 2023 and 2022.

Company	Domicile	Effective proportion of ownership interest 31 December 2023	31 December 2022
PPF Group N.V.	Netherlands	Parent Company	Parent Company
PPF Financial Holdings subgroup - subsidiaries			
PPF Financial Holdings a.s.	Czech Republic	100.00%	100.00%
AB 4 B.V.	Netherlands	91.12%	91.12%
Air Bank a.s.	Czech Republic	91.12%	91.12%
EmbedIT s.r.o.	Czech Republic	91.12%	91.12%
Favour Ocean Ltd.	Hong Kong	91.12%	91.12%
Home Credit Bank JSC(1)	Kazakhstan	100.00%	100.00%
Home Credit a.s.	Czech Republic	91.12%	91.12%
Home Credit Asia Ltd.	Hong Kong	91.12%	91.12%
Home Credit N.V.	Netherlands	91.12%	91.12%
Home Credit Consumer Finance Co., Ltd.	China	91.12%	91.12%
Home Credit India Finance Private Ltd.	India	91.12%	91.12%
Home Credit International a.s.	Czech Republic	91.12%	91.12%
Home Credit Slovakia, a.s.	Slovakia	91.12%	91.12%
Home Credit Vietnam Finance Company Ltd.	Vietnam	91.12%	91.12%
Mobi Banka a.d. Beograd	Serbia	100.00%	100.00%
PPF banka, a.s.	Czech Republic	92.96%	92.96%
PPF Co3 B.V.	Netherlands	92.96%	92.96%
Shenzhen Home Credit Number One Consulting Co., Ltd.	China	91.12%	91.12%
Shenzhen Home Credit Xinchi Consulting Co., Ltd.	China	91.12%	91.12%
HC Consumer Finance Philippines, Inc.(2)	Philippines	-	91.12%
HCPH Financing 1, Inc.(2)	Philippines	-	91.12%
Home Credit Group B.V.(3)	Netherlands	-	91.12%
Home Credit Indonesia PT.(2)	Indonesia	-	77.45%
PPF Financial Holdings subgroup – associates			
CB Growth Holdings Limited	United Kingdom	33.32%	35.35%
ClearBank Ltd.	United Kingdom	33.32%	35.35%
RTGS Group Limited(4)	United Kingdom	54.50%	44.30%
Home Credit Insurance LLC(5)	Russia	-	45.10%
Telecommunications subgroup – subsidiaries			
PPF Telecom Group B.V.	Netherlands	100.00%	100.00%
CETIN a.s.	Czech Republic	70.00%	70.00%
CETIN Bulgaria EAD	Bulgaria	70.00%	70.00%
CETIN d.o.o. Beograd-Novi Beograd	Serbia	70.00%	70.00%
CETIN Finance B.V.	Netherlands	70.00%	70.00%
CETIN Group N.V.	Netherlands	70.00%	70.00%
CETIN Hungary Zrt.(6)	Hungary	72.50%	52.50%
Nej.cz s.r.o.(7)	Czech Republic	70.00%	-
O2 Czech Republic a.s.	Czech Republic	100.00%	100.00%
O2 IT Services s.r.o.	Czech Republic	100.00%	100.00%
O2 Networks, s.r.o.(8)	Slovakia	100.00%	100.00%
O2 Slovakia, s.r.o.	Slovakia	100.00%	100.00%
PPF Comco N.V.	Netherlands	100.00%	100.00%
PPF TMT Bidco 1 N.V.	Netherlands	100.00%	100.00%
Yettel Bulgaria EAD	Bulgaria	100.00%	100.00%
Yettel d.o.o. Beograd	Serbia	100.00%	100.00%

Company	Domicile	Effective proportion of ownership interest	
		31 December 2023	31 December 2022
Yettel Magyarország Zrt.(6)	Hungary	100.00%	75.00%
Yettel Real Estate Hungary Zrt.(6)	Hungary	100.00%	75.00%
TMT Hungary B.V.(6)	Netherlands	100.00%	75.00%
TMT Hungary Holdco B.V.(6)	Netherlands	100.00%	-
TMT Hungary Infra B.V.(6)	Netherlands	72.50%	52.50%
Real estate subgroup – subsidiaries			
PPF Real Estate Holding B.V.	Netherlands	100.00%	100.00%
ARC DEVELOPMENT S.R.L.	Romania	100.00%	100.00%
Art Office Gallery a.s.	Czech Republic	100.00%	100.00%
Boryspil Project Management Ltd.	Ukraine	100.00%	100.00%
Capellalaan (Hoofddorp) B.V.	Netherlands	100.00%	100.00%
De Reling (Dronten) B.V.	Netherlands	100.00%	100.00%
Devediaco Enterprises Limited	Cyprus	89.91%	89.91%
EusebiusBS (Arnhem) B.V.	Netherlands	100.00%	100.00%
Fosol Enterprises Limited	Cyprus	89.91%	89.91%
Gen Office Gallery a.s.	Czech Republic	100.00%	100.00%
German Properties B.V.	Netherlands	100.00%	100.00%
Hofplein Offices (Rotterdam) B.V.	Netherlands	100.00%	100.00%
In Vino LLC	Russia	99.90%	99.90%
Johan H (Amsterdam) B.V.	Netherlands	100.00%	100.00%
Kateřinská Office Building s.r.o.	Czech Republic	100.00%	100.00%
Millennium Hotel Rotterdam B.V.	Netherlands	100.00%	100.00%
Millennium Tower (Rotterdam) B.V.	Netherlands	100.00%	100.00%
Monheim Property B.V.	Netherlands	100.00%	100.00%
Monchyplein (Den Haag) B.V.	Netherlands	100.00%	100.00%
Murcja sp. Z o.o.	Poland	100.00%	100.00%
Plaza Development SRL	Romania	100.00%	100.00%
Pompenburg (Rotterdam) B.V.	Netherlands	100.00%	100.00%
PPF CYPRUS RE MANAGEMENT Ltd.	Cyprus	100.00%	100.00%
PPF Gate, a.s.	Czech Republic	100.00%	100.00%
PPF reality a.s.	Czech Republic	100.00%	100.00%
PPF Real Estate s.r.o.	Czech Republic	100.00%	100.00%
PPF Real Estate I, Inc.	USA	100.00%	100.00%
One Westferry Circus B.V.	Netherlands	100.00%	100.00%
RC PROPERTIES S.R.L.	Romania	100.00%	100.00%
Sun Belt Multi I, LLC	USA	100.00%	100.00%
Sun Belt Multi II, LLC	USA	100.00%	100.00%
Sun Belt Office I, LLC	USA	100.00%	100.00%
Sun Belt Office I Interholdco, LLC	USA	100.00%	100.00%
Sun Belt Office II Interholdco, LLC	USA	100.00%	100.00%
Sun Belt Office II, LLC	USA	100.00%	100.00%
Tanaina Holdings Ltd.	Cyprus	100.00%	100.00%
Telistan Ltd.	Cyprus	99.90%	99.90%
Wagnerford LLC	Russia	89.91%	89.91%
Charlie Com LLC(9)	Russia	-	100.00%
Investitsioniy Trust CJSC(9)	Russia	-	78.75%
Stockmann StP Centre LLC(9)	Russia	-	100.00%
Real estate subgroup – associates/joint ventures			
Aventon Alaira II JV, LLC(10)	USA	90.00%	90.00%
Elekouso Limited	Cyprus	49.94%	49.94%
Flowermills Holding B.V.	Netherlands	49.94%	49.94%
Vitodol Holdings Limited	Cyprus	49.94%	49.94%
Marisana Enterprises Ltd.	Cyprus	49.94%	49.94%
Gilbey Holdings Ltd.	Cyprus	60.00%	60.00%
Komodor LLC	Ukraine	59.40%	59.40%
Seal House JV a.s.	Czech Republic	50.00%	50.00%
MiddleCap Seal House Ltd.	United Kingdom	50.00%	50.00%
Westminster JV a.s.	Czech Republic	50.00%	50.00%
Carolia Westminster Hotel Ltd.	United Kingdom	45.00%	45.00%
Engineering subgroup – subsidiaries			
Škoda a.s.	Czech Republic	85.70%	85.70%

Company	Domicile	Effective proportion of ownership interest 31 December 2023	Effective proportion of ownership interest 31 December 2022
Bammer trade a.s.	Czech Republic	85.70%	85.70%
ŠKODA ELECTRIC a.s.	Czech Republic	85.70%	85.70%
Škoda Investment a.s.	Czech Republic	85.70%	85.70%
ŠKODA PARS a.s.	Czech Republic	85.70%	85.70%
Škoda Transportation a.s.	Czech Republic	85.70%	85.70%
Škoda Transtech Oy	Finland	85.70%	85.70%
ŠKODA VAGONKA a.s.	Czech Republic	85.70%	85.70%
Engineering subgroup – joint ventures			
TEMSA ULASIM ARACLARI SANAYI VE TICARET A.S.	Turkey	42.85%	42.85%
Media subgroup – subsidiaries			
CME Media Enterprises B.V.	Netherlands	100.00%	100.00%
BTV Media Group EAD	Bulgaria	94.00%	94.00%
CME Services s.r.o.	Czech Republic	100.00%	100.00%
MARKIZA-SLOVAKIA, spol. s r.o.	Slovakia	100.00%	100.00%
PRO PLUS d.o.o.	Slovenia	100.00%	100.00%
Pro TV S.R.L.	Romania	100.00%	100.00%
RTL Hrvatska d.o.o.	Croatia	100.00%	100.00%
TV Nova s.r.o.	Czech Republic	100.00%	100.00%
Leisure and entertainment subgroup - subsidiaries			
Bestsport, a.s.	Czech Republic	100.00%	100.00%
BLUE SEA HOLDING Srl	Belgium	58.91%	58.91%
Dream Yacht Group SA	Belgium	51.17%	51.17%
Letňany eGate s.r.o.	Czech Republic	100.00%	100.00%
Letňany Park Gate s.r.o.	Czech Republic	100.00%	100.00%
Prague Entertainment Group B.V.	Netherlands	100.00%	100.00%
Privilège Marine SAS	France	99.72%	-
Robertson and Caine Proprietary Limited(11)	South Africa	100.00%	-
Robertson and Caine Properties Proprietary Limited(11)	South Africa	100.00%	-
Vox Ventures B.V.	Netherlands	100.00%	100.00%
The Culture Trip Ltd.(9)	United Kingdom	-	85.54%
Leisure and entertainment subgroup – associates			
Navigare Yachting Global Holding AB	Sweden	33.88%	33.88%
Other significant subsidiaries			
BONAK a.s.	Czech Republic	100.00%	100.00%
Cytune Pharma SAS	France	97.00%	97.00%
Excoso a.s.	Czech Republic	97.00%	97.00%
Fodina B.V.	Netherlands	100.00%	100.00%
GEMCOL Ltd.	Cyprus	100.00%	100.00%
Miridical Holding Limited	Cyprus	100.00%	100.00%
Naneva B.V.	Netherlands	100.00%	100.00%
PPF a.s.	Czech Republic	100.00%	100.00%
PPF Biotech B.V.	Netherlands	97.00%	97.00%
PPF CYPRUS MANAGEMENT Ltd.	Cyprus	100.00%	100.00%
PPF Finco B.V.	Netherlands	100.00%	100.00%
PPF IM LTD *(formerly ACOLENDO LIMITED)*	Cyprus	100.00%	100.00%
PPF Life Insurance LLC	Russia	100.00%	100.00%
PPF NIPOS B.V.(12)	Netherlands	100.00%	-
PPF Telco B.V.	Netherlands	100.00%	100.00%
PPF TMT Holdco 1 B.V.	Netherlands	100.00%	100.00%
SCT Cell Manufacturing s.r.o.	Czech Republic	97.00%	97.00%
SOTIO Biotech AG	Switzerland	97.00%	97.00%
SOTIO Biotech a.s.	Czech Republic	97.00%	97.00%
Tanemo a.s.	Czech Republic	100.00%	100.00%
Timeworth Holdings Ltd.	Cyprus	100.00%	100.00%
Other significant associates/joint ventures			
CE Electronics Holding a.s.(13)	Czech Republic	50.00%	40.00%
FAST ČR, a.s.(13)	Czech Republic	50.00%	40.00%
Heureka Group a.s.(13)	Czech Republic	50.00%	40.00%
InPost S.A.(12)	Luxembourg	21.75%	-
ITIS Holding a.s.	Czech Republic	50.00%	50.00%
CzechToll s.r.o.	Czech Republic	50.00%	50.00%

Company	Domicile	Effective proportion of ownership interest	
		31 December 2023	31 December 2022
SkyToll, a.s.	Slovakia	50.00%	50.00%
LEAG Holding a.s.[14]	Czech Republic	30.00%	50.00%
Lausitz Energie Verwaltungs GmbH	Germany	30.00%	50.00%
MONETA Money Bank, a.s.	Czech Republic	29.94%	29.94%

(1) The effective legal ownership share is 7.5%, however, the Group continues controlling the subsidiary (refer to B.2.6).
(2) The Group sold its entire stakes in Philippine and Indonesian businesses (refer to B.2.3).
(3) Home Credit Group B.V. merged into its subsidiary Home Credit N.V. with the merger effective date of 1 January 2023. Home Credit Group B.V. thus ceased to exist.
(4) Although, as at 31 December 2023, the Group held an ownership share exceeding 50%, based on existing special shareholders arrangements, the Group kept its significant influence.
(5) During 2022, the Group sold all its stake in Home Credit and Finance Bank LLC and lost control but kept its significant influence over Home Credit Insurance LLC. Despite its 45.10% share, the Group no longer exercises any significant influence over the entity. The investment is therefore presented as a financial asset at FVTPL not held for trading (refer to B.2.6).
(6) On 19 December 2023, the Group through its newly established subsidiary TMT Hungary Holdco B.V. increased its ownership interest in the Hungarian telecommunication entities (refer to B.3.4).
(7) Acquired by CETIN a.s. in November 2023 (refer to B.2.4).
(8) On 1 January 2024, O2 Networks, s.r.o. was renamed to CETIN Networks, s.r.o.
(9) Sold or indirectly sold.
(10) Despite the Group holds 90% share, due to contractual arrangements the project is classified as a joint venture.
(11) Acquired on 1 June 2023 (refer to B.2.2).
(12) PPF NIPOS B.V. established in 2023 to acquire a significant influence in InPost S.A. on 7 June 2023 (refer to B.3.3).
(13) During the first half of 2023, the Group increased its share in Heureka Group and CE Electronics Holdings a.s. (refer to B.3.2).
(14) In October 2023, a part of the shareholding was sold and the investment in LEAG changed its nature from a joint venture to an associate (refer to B.3.1).

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

Place of business	Entity
Germany	Monheim Property B.V.
United Kingdom	Tanaina Holdings Ltd., One Westferry Circus B.V.

B.2. Changes in the Group structure in 2023/2022 – business combinations

Overview of the disposals of subsidiaries and equity-accounted investees having an impact on profit or loss during the year ended 31 December 2023:

In millions of EUR, for the year ended 31 December 2023

Russian real estate projects sale (B.2.1)	(30)
Home Credit businesses in the Philippines and Indonesia sale (B.2.3)	385
Partial sale of a share in LEAG JV (B.3.1)	(435)
Other sales	9
Total profit/(loss) on disposals of subsidiaries and equity-accounted investees	**(71)**

B.2.1. Sale of real estate projects in Russia

At the beginning of 2023, the Group sold its 100% stake in Trilogy Park Holding B.V. and Investitsioniy Trust CJSC (a logistics park, warehouses near Moscow) for a negligible consideration (in thousands of EUR), resulting in a loss of EUR 11 million. Additionally, the Group sold its 100% stake in Oil Investments LLC with Stockmann StP Centre LLC (a shopping mall in Saint Petersburg) for a consideration of approx. EUR 11 million, resulting in a loss of EUR 19 million. The results of both transactions include the impact of accumulated translation losses until the loss of control relating to these foreign operations, reclassified to profit or loss, of EUR 15 million.

The entities representing the above sold real estate projects in Russia comprised primarily the following items:

In millions of EUR, as at the disposal dates for the year ended 31 December 2023

Investment property	208
Loans due from customers	48
Other assets	17
Cash and cash equivalents	3
Total assets	**276**
Due to banks and other financial institutions	(159)
Due to non-banks	(46)
Other liabilities	(46)
Total liabilities	**(251)**
Net assets value	**25**

In October 2023, the Group signed agreements to sell its 90% stake in Devediaco Enterprises Limited and its 49.94% stakes in Elekouso Limited and Vitodol Holdings Limited for a total consideration of EUR 12 million. These transactions were subject to regulatory approvals by the Russian government which were obtained in March 2024, and are still subject to ongoing clarification of some parameters of the agreements.

B.2.2. Robertson & Caine acquisition

In January 2023, the Group signed an agreement to acquire Robertson & Caine (R&C), a South African producer of Leopard catamarans, from its founder and shareholder. Leopard is most notably known in the US markets. This acquisition complements the Group’s current global activities in the production and rental of recreational vessels and the provision of related services. The transaction was closed on 1 June 2023 after the required approvals from South African regulatory authorities were obtained.

In accordance with IFRS 3, the Group prepared a purchase price allocation exercise (PPA) to identify the fair value of the assets acquired and the liabilities assumed. Assets and liabilities denominated in foreign currencies were translated using the exchange rate valid as at the acquisition date. Consequently, the assets and liabilities were restated to their respective fair values. The difference between the allocated purchase price and the fair values of the identified assets and liabilities resulted in the recognition of goodwill. As the previous shareholders were entitled to a potential earn-out payment contingent on achieving EBITDA for 2023, the contingent consideration payable was determined at its fair value as at the acquisition date. Subsequently, the liability was measured at fair value through profit or loss. The earn-out was agreed at its maximum amount at the beginning of 2024 (refer to the below goodwill table).

Key assumption and valuation approach

As the acquired business is a boat builder manufacturing for export and globally the third largest builder of catamarans, key asset categories acquired were inventories, fixed assets representing land and a building, machinery and equipment, along with the newly identified Leopard brand and a customer-related contract.

Since each asset category has distinct characteristics, different valuation methods were appropriately applied.

The following table summarises the recognised amounts of assets and liabilities assumed at the acquisition and considering the above facts:

In millions of EUR, as at 1 June 2023

Fair value of assets (excluding goodwill)	**95**
Intangible assets	34
Inventories	30
Property, plant and equipment	17
Cash and cash equivalents	9
Other assets	5
Fair value of liabilities	**(44)**
Trade and other payables	(28)
Deferred tax liability	(10)
Financial liabilities at FVTPL	(4)
Due to banks and other financial institutions	(2)
Fair value of identifiable net assets	**51**

Goodwill arising from the acquisition has been recognised as follows:

In millions of EUR

Effective ownership	100.00%
Total consideration [a]	81
Purchase price (paid in cash)	*53*
*Fair value of contingent consideration as at the acquisition date**	*28*
Fair value of identifiable net assets [b]	51
Goodwill [a-b]	30

*The maximum amount of the earn-out payment amounted to USD 30 million (approx. EUR 28 million).

Goodwill is primarily attributable to the established position of R&C in the industry and anticipated synergies with the Group’s complementary businesses.

During the seven-month period ended 31 December 2023, the acquired entities contributed a revenue of EUR 98 million and profit of EUR 17 million to the Group´s results. If the acquisition had occurred on 1 January 2023, consolidated revenues would have been higher by EUR 50 million and profit higher by EUR 9 million.

B.2.3. Sale of Home Credit businesses in the Philippines and Indonesia

On 24 November 2022, through its Home Credit subsidiaries the Group entered into agreements for the sale of a 100% share in Home Credit Philippines (HC Consumer Finance Philippines, Inc.) and an 85% share in Home Credit Indonesia PT. The transaction was undertaken with a consortium of Mitsubishi UFJ Financial Group ("MUFG") affiliates and led by Krungsri Bank, a leading Thai institution. Both sales were subject to the customary regulatory approvals, where for the Philippines and for the Indonesian transactions, the Group obtained these regulatory approvals on 1 June 2023 and on 2 October 2023, respectively. The transactions were closed on these dates. As at 31 December 2022, the assets and liabilities of the Philippines and Indonesian entities were classified as held for sale (refer to E.7).

The following table summarises the gains on sale from both transactions:

In millions of EUR

Transaction	Philippine entities in total	Indonesian entity
Direct ownership sold	100.00%	77.45%
Sale price	468	188
Net assets value disposed	(199)	(69)
where:		
Accumulated translation losses until loss of control relating to these foreign operations (reclassified from equity to profit or loss)	*(7)*	*(8)*
Non-controlling interests	-	12
Total net gain on sale	262	123

The following table summarises the assets and liabilities of both entities:

In millions of EUR, as at the moment of losing control

	Philippine entities in total	Indonesian entity
Loss of control date	*1 June 2023*	*2 October 2023*
Loans and receivables due from customers	701	184
Other assets	114	62
Cash and cash equivalents	39	18
Total assets	**854**	**264**
Due to banks and other financial institutions	(525)	(144)
Other liabilities	(130)	(51)
Total liabilities	**(655)**	**(195)**
Net assets value	**199**	**69**

B.2.4. Acquisition of Nej.cz

In April 2023, the Group (specifically CETIN a.s.) entered into an agreement to acquire a 100% stake in Nej.cz s.r.o. ("Nej.cz"), an internet connection, voice and television services provider in the Czech Republic. The Group thus acquired a high-speed optical infrastructure available for half a million households in several regions of the Czech Republic for its portfolio. The transaction was subject to the approval of the Office for the Protection of Competition and the closing of the transaction occurred on 30 November 2023.

In accordance with IFRS 3, the Group prepared a purchase price allocation exercise (“PPA”) to determine the fair value of the acquired assets and assumed liabilities, and to potentially identify and determine the fair value of any assets and liabilities not previously recognised by the acquired entity. Assets and liabilities denominated in foreign currencies were translated using the exchange rate valid as at the acquisition date. Consequently, the acquired assets and assumed liabilities were restated to their respective fair values. The difference between the purchase price (consideration paid) and the fair values of identified assets and liabilities resulted in the recognition of goodwill.

Key assumptions and valuation approach

As the acquired business is an internet connection, voice and television services provider, the key asset categories acquired in the acquisition were fixed assets reported in the balance sheet, and customer relationships identified in addition to the fixed assets. The main fixed assets category was ducts, cables, and related plant.

Since each asset category has distinct characteristics, different asset valuation methods were applied. Based on the nature of the tangible assets and their continuing use, the reproduction or replacement cost approach was applied. Physical depreciation was reflected by the application of the Iowa and linear depreciation curves. Newly identified customer relations were valued using the multi-period excess earnings method, and the brand’s fair value was determined using the relief from royalty method.

It was concluded that the carrying amounts of the current non-financial assets, current financial assets, and all assumed liabilities represented their respective fair values as at the acquisition date.

The following table summarises the recognised acquisition amounts of the acquired assets and assumed liabilities:

In millions of EUR, as at 30 November 2023

Fair value of assets acquired (excl. goodwill)	**203**
Property, plant and equipment (incl. right-of-use assets)	152
Intangible assets	39
Trade and other receivables	6
Other assets	3
Cash and cash equivalents	3
Fair value of liabilities assumed	**(153)**
Due to non-banks	(106)
Deferred tax liability	(20)
Lease liabilities	(13)
Trade and other payables	(7)
Contract liabilities	(6)
Other liabilities	(1)
Fair value of identifiable net assets	**50**

Prior to the closing of the transaction, the Group refinanced Nej.cz’s debts, i.e., external CZK bank loans totalling approx. EUR 69 million and a shareholder CZK loan from Nej.cz’s previous owner of approx. EUR 37 million by way of a CZK loan provided by Cetin a.s. to Nej.cz (presented in the above table together as liabilities due to non-banks). Thus, with the acquisition of control over Nej.cz, the loan became an intragroup relationship and, as at 31 December 2023 was fully eliminated from the Group’s perspective.

Total consideration transferred for the acquisition of Nej.cz effectively amounts to EUR 352 million comprising a base consideration of EUR 246 million and the above-described loans refinancing totalling EUR 106 million.

The acquisition of shares and the above loan was financed by a mix of equity and external debt financing.

Goodwill arising from the acquisition was recognised as follows:

In millions of EUR, as at 30 November 2023

Consideration paid	246
Fair value of identifiable net assets	50
Goodwill	**196**

Goodwill is attributable to the established position of Nej.cz's businesses on the Czech market, anticipated synergies with other Group's operations and the assembled workforce. The goodwill balance is not expected to be deductible for tax purposes.

In the period from the acquisition date to 31 December 2023, Nej.cz contributed revenue of EUR 5 million and profit of EUR 1 million to the Group's results. If the acquisition had occurred on 1 January 2023, consolidated revenues would have increased by approximately EUR 62 million and profit by approximately EUR 9 million.

B.2.5. Agreement with Emirates Telecommunication Group Company (closing pending)

On 1 August 2023, the Parent Company and Emirates Telecommunications Group Company PJSC ("e&") signed the agreement under which e& will acquire a stake of 50% plus one share in PPF Telecom Group B.V.'s assets in Bulgaria, Hungary, Serbia, and Slovakia. PPF Telecom Group B.V.'s existing assets in the Czech Republic, including CETIN a.s. and the Czech operator O2 Czech Republic a.s., will not be part of the transaction. The transaction parties have agreed that e& will pay EUR 2,150 million upfront at the closing for the acquisition of the 50% stake plus one share in PPF Telecom Group B.V. and additional earn-out payments of up to EUR 350 million within three years after the closing if PPF Telecom Group B.V., at its consolidated level, exceeds certain financial targets. This is subject to a claw back of up to EUR 75 million if such financial targets are not achieved.

The transaction with e& is expected to close during 2024 and is subject to regulatory approvals (including the EU Foreign Subsidies Regulation review) and other customary closing conditions.

The Group's management performed a thorough analysis and evaluated that the PPF Telecom Group B.V.'s assets in Bulgaria, Hungary, Serbia, and Slovakia subject to this sale transaction do not meet the criteria to be classified as held-for-sale as at 31 December 2023.

B.2.6. Sale of Home Credit and Finance Bank (2022)

B.2.6.1. Transaction

On 17 May 2022, the Group announced an agreement to sell 100% of its Russian consumer finance assets (held directly by Home Credit subgroup where the Group effectively holds a 91.12% share) to a group of Russian individual investors. The Russian consumer finance assets were all part of the CIS operating segment and included (i) Home Credit and Finance

Bank LLC (“HCFB”) (the parent company of the Kazakh subsidiary joint-stock company “Bank Home Credit” (“HC KZ”)); (ii) Home Credit Insurance LLC (“HC Ins”), (iii) MCC Kupi ne kopi LLC (“Kupi”); (iv) Forward Leasing LLC; and (v) Vsegda Da LLC.

The divestment of the Russian assets was executed in two phases:

- Phase 1 – sale of (a) a 50.5% share in HCFB, HC Ins and Kupi, and (b) a 100% share in Vsegda Da LLC and Forward Leasing LLC for a total purchase price of approximately RUB 26.4 billion (EUR 382 million). Upon the completion of this phase, Home Credit N.V. ceased to control these Russian operations. Phase 1 was completed between 25 May and 16 June 2022 when all share transfers were registered with the relevant Russian authorities (the registration of the transfer of 50.5% of HCFB shares was completed on 16 June 2022).

- Phase 2 – forward sale of the remaining 49.5% share in HCFB, HC Ins and Kupi has been completed in the second half of the year 2022, for a total purchase price of approximately RUB 16.4 billion (EUR 237 million). The remaining 49.5% share in HCFB was sold in August 2022, and the remaining 49.5% share in Kupi was sold in October 2022. The remaining 49.5% share in HC Ins is still in holding by the Group, waiting for the regulatory approvals. As at 31 December 2023, the share is classified as financial asset at FVTPL (31 December 2022: asset held-for-sale).

Parallel to the above divestment of the Russian assets, HCFB sold its 74.999% shareholding in HC KZ to private individuals identified as related parties of the Group. The registration of the share transfer with the Kazakh regulatory authority was completed on 23 May 2022.

In addition, HCFB granted a call option on the remaining 25.001% shareholding in HC KZ to parties related to the Group. The call option was executed during the second half of 2022 and Kazakh regulatory authority approval for this transfer was obtained in December 2022.

B.2.6.2. Accounting consequences

On 22 August 2022, the Group entered into an agreement for the accelerated sale of the remaining 49.5% share in HCFB, HC Ins and Kupi for a total purchase price of approximately RUB 9.1 billion (approx. EUR 150 million). The sale was accelerated through replacing each of Russian individual investors who had been parties to Phase 1 of the transaction by HCFB as the purchaser of the remaining shares.

In relation to HCFB, Phase 2 was completed with the registration of the transfer of 49.5% of the HCFB shares with the local authorities on 24 August 2022. The purchase price payment relating to the transfer of 49.5% of the HCFB shares was settled by the end of 2022.

The transfer of 49.5% of shares in Kupi was registered on 24 October 2022.

As part of the comparative data in the consolidated statement of income the Russian entities are for the six months ended 30 June 2022 classified as discontinued operations and consolidated until the Group lost the control over them on 16 June 2022. The financial performance and cash-flows relating to the discontinued operations of the Russian entities are presented below in B.2.6.3).

The Group retained its control over HC KZ throughout the duration of the whole transaction. Until the moment of launching the transaction, the Group held control over HC KZ through its indirect 100% interest in HCFB. As at 31 December 2022, as a result of Phase 1 and execution of the call option by the related parties to the Group, the Group holds no legal ownership interest in HC KZ. However, a 100% legal ownership interest is held by individuals related to the Group. PPF Financial Holdings a.s. provided funding for these individuals to purchase their interests in HC KZ and granted them with put options to sell their interests in HC KZ with a fixed strike price (the Group recognised a financial liability measured at FVTPL). The individuals should repay these loans from the considerations received from the potential future sales of their interests in HC KZ. At the same time, the Group entered into call options with these individuals to purchase their share in HC KZ, whereby the counterparties created mirror positions (the Group measures these options at FVTPL).

These factors and other contract parameters were considered to conclude that the Group is still indirectly exposed to risks and related variable returns implying the retention of control over HC KZ. Subsequently, in May 2023, the Group exercised the above-mentioned call options with the aim of buying out a direct ownership stake in the share capital of HC KZ, by which the above-mentioned loans were settled as well. On 12 June 2023, the Group thus acquired a direct share of 3% and on 13 June 2023, the Group acquired another 4.5% share in the share capital of HC KZ. The remaining 92.5% share is still legally owned by the aforementioned individuals related to the Group.

B.2.6.3. Loss on sale of HCFB and other Russian entities (discontinued operations)

The impact of the sale of the Russian entities recognised in these consolidated financial statements (in the comparative period) is summarised in the following tables:

In millions of EUR

Direct ownership sold	100.00%
Consideration received in cash (sale price)	532
Fair value of the remaining 49.5% share in HC Ins (classified as HFS)	2
Net asset value disposed	(1,122)
where:	
Accumulated translation losses until loss of control relating to these foreign operations (reclassified from equity to profit or loss)	*(490)*
AT1 subordinated bond	*181*
Total net loss on sale	(897)

The following table summarises the impact of the sale of the above Russian entities (both phases) on the Group's cash position:

In millions of EUR

Phase 1:	
Consideration received in cash (sale price in Phase 1) [a]	382
Cash and cash equivalents disposed with the subsidiaries [b]	455
Net cash inflow in Phase 1 by 30 June 2022 [a-b]	(73)
Phase 2:	
Consideration received in cash (sale price in Phase 2) [c]	150
Net cash flow in both Phases by 31 December 2022 [a-b+c]	77

The following table summarises the assets and liabilities of the Russian entities when the Group lost control:

In millions of EUR

	HCFB	Other Russian entities	Russian entities in total
Cash and cash equivalents	444	11	455
Investment securities and derivatives	117	3	120
Loans and receivables due from banks and other financial institutions	44	7	51
Loans due from customers	2,731	115	2,846
Current tax assets	29	2	31
Property, plant and equipment	78	-	78
Other intangible assets	63	15	78
Deferred tax assets	94	4	98
Other assets	157	39	196
Total assets	**3,757**	**196**	**3,953**
Due to non-banks	(2,291)	(1)	(2,292)
Due to banks	(85)	(43)	(128)
Debt securities issued	(187)	(90)	(277)
Deferred tax liabilities	-	(3)	(3)
Provisions	(13)	(33)	(46)
Other liabilities	(75)	(10)	(85)
Total liabilities	**(2,651)**	**(180)**	**(2,831)**
Net assets value	**1,106**	**16**	**1,122**

Discontinued operations

As described above, the Russian entities' operations presented in the reporting segment (refer to Section D) as a part of the CIS region were classified as discontinued operations in these consolidated financial statements. The results of the discontinued Russian operations are presented below:

In millions of EUR, for the year ended 31 December

	2022*
Interest income	211
Interest expense	(78)
Net interest income	**133**
Fee and commission income	40
Fee and commission expense	(26)
Net fee and commission income	**14**
Net earned premiums	7
Net insurance benefits and claims	(1)
Acquisition costs	(1)
Net insurance income	**5**
Net gains/(losses) on financial assets/liabilities	(7)
Other income	-
TOTAL OPERATING INCOME	**145**
Net impairment losses on financial assets	(102)
Personnel expenses	(63)
Depreciation and amortisation	(9)
Other operating expenses	(42)
Share of profit of equity accounted investees, net of tax	2
PROFIT BEFORE TAX	**(69)**
Income tax expense	14
NET PROFIT FROM DISCONTINUED OPERATIONS	**(55)**

*until date of sale in Phase 1 (refer to B.2.6.1)

Net cash flows incurred by discontinued Russian operations:

In millions of EUR, for the year ended 31 December

	2022*
Cash flows used in operating activities	(182)
Cash flows from investing activities	316
Cash flows used in financing activities	(5)
Net cash flow from discontinued operations	**129**

*until date of sale in Phase 1 (refer to B.2.6.1)

B.2.7. Other Russian businesses sales (2022)

B.2.7.1. Russian real estate sales

During 2022, the Group sold a part of its Russian real estate entities. The sale took effect throughout 2022; however, a significant number of transactions was closed in the first half of 2022 representing sales of LLC Logistika-A LLC, Logistika-Ufa LLC, Skolkovo LLC, Kvartal-Tolyatti LLC, ISK Klokovo LLC (all representing land plots), and Spetsializirovanniy zastroyshchik “Delta-Com” LLC (a residential project under construction) for a total consideration of EUR 26 million. For “Delta-Com” LLC, consideration of RUB 1.3 billion (approx. EUR 13 million) was deferred and not collected by 31 December 2022. The total loss from these first-half-year sales amounted to EUR 70 million (including the impact of accumulated translation losses up to the loss of control relating to these foreign operations, reclassified to profit or loss of EUR 35 million).

Furthermore, the Group sold its 100% stake in Fantom LLC (a shopping mall in Astrachan), its 100% stake in TK Lipetskiy LLC (a land plot in Lipetsk), its indirect approx. 67% effective stake in Intrust NN CJCS (a land plot in Nizhni Novgorod) and its indirect 60% effective stake in Razvitie LLC and Skladi 104 LLC (warehouses in Moscow) for a total consideration of EUR 93 million. Total loss from the sale of these entities amounted to EUR 55 million (including the impact of accumulated translation gains up to the loss of control relating to these foreign operations, reclassified from equity to profit or loss of EUR 10 million).

Additionally, in October 2022, the Group entered into an agreement for the sale of its 100% share in Comcity Office Holding B.V. and Charlie Com LLC (ComCity office complex project in Moscow) and the acquisition of an insignificant share in a distressed mortgage fund (Imperial Fund) registered in the United States of America, measured at FVOCI. The total value of the transaction amounts to EUR 175 million resulting in a loss of EUR 87 million (including the impact of accumulated translation gains up to the loss of control relating to these foreign operations, reclassified to profit or loss of EUR 24 million). All asset swap steps were finalised by 31 December 2022, except for the registration of Charlie Com LLC transaction in the Russian commercial register, which happened on 3 February 2023). As at 31 December 2022, Charlie Com LLC’s assets and liabilities are classified as held for sale (refer to E.7).

The entities sold during 2022 comprised primarily the following items:

In millions of EUR, as at the disposal dates during 2022

Investment property	818
Contract assets	95
Inventories (trading property)	36
Loans to corporations	35
Other assets	12
Trade and other receivables	11
Cash and cash equivalents	9
Total assets	**1,016**
Due to banks and other financial institutions	(428)
Trade and other payables	(84)
Due to non-banks	(70)
Deferred tax liabilities	(62)
Provisions (other)	(8)
Current tax liabilities	(8)
Total liabilities	**(660)**
Net assets value	**356**

B.2.7.2. RAV Group sale (agriculture)

In April 2022, the Group entered into agreement for the sale of its 100% share in RAV Agro group comprising several entities, the most significant ones being RAV Agro LLC and RAV Molokoproduct LLC.

With this disposal in April 2022, the Group lost control over this sub-group and is no longer consolidated. The total profit from the sale of this subgroup amounted to EUR 50 million. The final consideration totalling EUR 62 million was collected in April 2022.

B.2.8. Acquisition of hotel operator in Rotterdam (2022)

In December 2020, the Group signed an agreement with Tower Hotel Rotterdam (a hotel operator), the anchor tenant in the Millennium Tower building owned by the Group, for the future acquisition of the hotel’s operations. The closing of this transaction occurred in April 2022 and the purchase price amounted to EUR 6 million. In the meantime, the Group provided the seller with operational bridge financing and a consolidation loan totalling EUR 5 million to settle with the existing minority shareholders.

The acquisition of a hotel’s operations resulted in minor goodwill of EUR 3.5 million, representing the value added of the running operating and functioning business in a building situated in an affluent and convenient area in Rotterdam. As from the Group´s perspective, the part of the building with its fair value of EUR 40 million previously and still owned by the Group rented by the hotel business changed its purpose from being previously rented out to currently serving the Group’s own operations, this part was appropriately reclassified from investment property to property, plant and equipment and started to be depreciated from that carrying amount.

B.2.9. Acquisition of RTL Croatia (2022)

On 1 June 2022, CME Media Enterprises B.V. closed transactions to acquire RTL Croatia (RTL Hrvatska d.o.o.) at a purchase price of EUR 41 million net of cash acquired.

In accordance with IFRS 3, the Group prepared a purchase price allocation exercise to determine the fair value of acquired assets and assumed liabilities, and to potentially identify and determine the fair value of assets and liabilities not previously recognised by the acquired entity. Assets and liabilities denominated in foreign currencies were translated using the exchange rate valid as at the acquisition date. Consequently, the acquired assets and assumed liabilities were restated to their respective fair values. The difference between the allocated purchase price and the fair values of the identified assets and liabilities resulted in the recognition of goodwill.

Key assumptions and valuation approach

As the acquired business is a television broadcaster, the key asset categories were programme rights, and intangible and fixed assets. Major fixed asset categories reported on the balance sheet represented buildings and other machinery and equipment, including production-related assets, and software.

Since each asset category has different characteristics, different asset valuation methods were used. The income approach was applied to measure the programming library. The cost approach was applied primarily for equipment and software.

It was concluded that the carrying amounts of current assets, financial assets, and all assumed liabilities represented their respective fair values as at the acquisition date.

The following table summarises the recognised amounts of acquired assets and assumed liabilities, taking into consideration the above:

In millions of EUR, as at 1 June 2022

Fair value of assets acquired (excl. goodwill)	**42**
Trade and other receivables	15
Programming assets (rights)	10
Property, plant and equipment*	8
Intangible assets (excl. goodwill)	4
Deferred tax assets	3
Cash and cash equivalents	2
Fair value of liabilities assumed	**(23)**
Trade and other payables	(18)
Lease liabilities	(5)
Fair value of identifiable net assets	**19**

*incl. right-of-use assets of EUR 5 million

Goodwill arising from the acquisition has been recognised as follows:

In millions of EUR

Total consideration	43
Fair value of identifiable net assets	19
Goodwill	**24**

Goodwill is attributable to the established position of RTL's business in the relevant market, potential synergies with other Group operations, and the assembled workforce. The recognised goodwill balance is not expected to be deducted for tax purposes.

B.3. Other changes

B.3.1. Partial sale of a share in LEAG JV

At the end of 2022, the Group and its joint venture partner were in negotiations on the sale of the Group's 20% stake in LEAG joint-venture investment. As a result of these negotiations reflecting the prevailing market conditions, during the first half of 2023, the Group concluded a sale agreement with the joint venture partner to sell the 20% stake in LEAG for EUR 1. The Group and the joint-venture partner also granted call and put options to each other (the Group to sell, the joint-venture partner to buy) for the remaining 30% stake in LEAG for its fair market value. The options are exercisable at any time from 1 October 2024 to 30 September 2026.

As at 31 December 2022, the Group classified this 20% stake in LEAG as held-for-sale with the carrying amount of EUR 435 million (refer to E.7). The transaction was subject to regulatory approvals that were obtained in September and October 2023, and the transaction was closed. As a result of this transaction, the Group recognised a loss from sale of equity-accounted investees amounting to EUR 435 million.

As at 31 December 2023, the remaining 30% stake is classified as an associate and continues to be measured by applying the equity method (refer to E.8).

B.3.2. Increased share in Heureka Group and CE Electronics Holding, and sale of Vivantis

On 24 May 2023, the Group, together with its jointly participating partners, entered into a series of agreements through which it aimed to increase its share in Heureka Group and in CE Electronics Holding Group (CEEH) from the previous 40% stake to the new 50% stake in both cases, and fully dispose its 40% stake in Vivantis. The additional acquisitions were closed by 30 June 2023 and changed the classification of Heureka Group and CEEH from associates to joint-ventures following the contractual arrangements with the continuing joint-venture partner while the equity method retains to be applied for the measurement of these two investments. The sale of Vivantis was closed in August 2023 (with a negligible loss on sale in thousands of EUR).

The additional 10% stake in Heureka Group was acquired for a cash consideration of EUR 16 million resulting in an additional goodwill recognised within the carrying amount of Heureka Group investment of EUR 32 million. The increase in goodwill is enhanced by the negative net assets of Heureka Group reported under IFRS AS (refer to E.8). The additional 10% stake in CEEH was acquired for a cash consideration of EUR 2 million resulting in no additional goodwill recognition.

B.3.3. Acquisition of significant influence in InPost

In May 2023, the Group through its newly established Dutch holding company PPF NIPOS B.V. entered into an agreement to acquire an additional 15% stake in the publicly traded InPost S.A. ("InPost") for a cash consideration of EUR 750 million. After the closing of the transaction in June 2023, the Group held a 16.75% stake in InPost and became the second largest shareholder in this e-commerce distribution group currently active on its home market in Poland and in eight Western European countries. InPost operates almost 30 thousand automated parcel machines (APMs) providing self-service delivery boxes for e-commerce clients, develops fulfilment centres (parcel storage and distribution), and offers its services to e-shops.

Along with the above acquisition, the Group agreed with the seller on a call option to purchase an additional 15% stake in InPost. After a thorough analysis of the arrangements the Group arrived at the assessment that in June 2023 it had acquired a significant influence over InPost. The InPost investment was therefore classified as an associate, and the equity method has been applied since then.

In accordance with IFRS 3, the Group prepared a purchase price allocation exercise (PPA) to identify the fair value of the Group's share on the net assets acquired together with the significant influence. Since InPost is a publicly traded company, the accessibility of InPost's data is legally restricted to those publicly available. Although the significant influence was acquired on 7 June 2023, to perform the PPA, the Group only had access to the publicly available data as at 30 June 2023. The PPA itself was performed by an independent certified valuation expert company under the legal restrictions on the data availability of publicly traded entities.

The following table summarises InPost's fair values of assets and liabilities determined as at the Group's acquisition of the significant influence. The below assets and liabilities are not recognised in the Group's consolidated figures directly, and only the Group's share on InPost's net assets is presented in the equity-accounted investees balance in the consolidated statement of financial position:

In millions of EUR, as at 30 June 2023

Fair value of assets (excluding goodwill)	3,120
Fair value of liabilities	(2,059)
Fair value of identifiable net assets (100%)	1,061

Goodwill arising from the acquisition has been recognised and presented with the equity-accounted investee's carrying amount due to the excess of the purchase price over the Group's share on the fair value of net assets:

In millions of EUR, as at 30 June 2023

Effective ownership at acquisition of the significant influence	16.75%
Total consideration [a]	837
Fair value of the previously held interest (1.75% share)	*87*
Total cash consideration for the additional acquired 15% share	*750*
Fair value of identifiable net assets, excl. goodwill (100%)	1,061
Fair value of identifiable net assets, excl. goodwill (attributable to the Group's share) [b]	178
Goodwill (included in equity-acc. investee's carrying amount at acquisition) [a-b]	659

The call option to acquire an additional 15% stake in InPost, originated in May 2023, expired unexercised. However, the Group entered into a new agreement in December 2023 under which it acquired an additional 5% stake in InPost on 7 December 2023, and entered into a new call option arrangement enabling the Group to acquire an additional 10% stake in InPost with expiration in April 2024. The option was measured at FVTPL. The acquisition of the additional 5% stake in December 2023 increased the goodwill recognised within the InPost equity-accounted investment's carrying amount by EUR 207 million to a total of EUR 866 million (refer to E.8). Both acquisitions, the 15% share in June and the 5% share in December, were financed by a mix of equity and external secured bank financing.

In April 2024, the Group exercised the new call option to acquire a 10% share. In parallel, the Group and an unrelated investment fund separately agreed that the fund will purchase a 3% share in InPost from the Group. The Group will thus increase its ownership from 21.75% to 28.75% of InPost’s outstanding share capital. This acquisition was also financed through a combination of equity and external secured bank financing.

B.3.4. Increased share in Yettel Hungary and Cetin Hungary

On 19 December 2023 through its newly established subsidiary TMT Hungary Holdco B.V. the Group acquired the entire remaining 25% stake in TMT Hungary B.V. (the holding company for the telecommunication retail business in Hungary, Yettel) from a non-controlling shareholder and became the sole shareholder. The Group also acquired an additional 20% stake in TMT Hungary Infra B.V. (the holding company for telecommunication infrastructure in Hungary, Cetin) while the non-controlling shareholder retained a 5% stake. For more details on the impact of this transaction on the non-controlling interest, please refer to E.22.

The following table summarises the financial aspects of these transactions:

In millions of EUR

Effective ownership acquired – TMT Hungary B.V.	25.00%
Effective ownership acquired – TMT Hungary Infra B.V.	20.00%
Total consideration paid	269
Total net asset value attributable to non-controlling interests acquired	200
Effect attributable to the owners of the Parent in equity	(69)
out of which:	
recorded in retained earnings (loss)	*(59)*
recorded in translation reserve (loss)	*(10)*

On 19 December 2023, the Group also entered into a call option with the non-controlling shareholder to purchase the remaining 5% stake in TMT Hungary Infra B.V., whereby the non-controlling shareholder created a mirror position by entering into a put option agreement. The Group measures the call option at FVTPL. The put option represents a liability of EUR 36 million for the Group which is recognised as a conditional commitment to acquire NCI’s share in the consolidated statement of financial position. In 2024, the put option expired as unexercised as the Group utilised its call option and on 5 March 2024 acquired the remaining 5% stake in TMT Hungary Infra B.V. for a consideration of EUR 36 million.

B.3.5. Arrangements between Home Credit shareholders

With effect from 1 July 2019, PPF Financial Holdings B.V. and Emma Omega Ltd. as the direct shareholders of Home Credit Group B.V. (subsequently Home Credit N.V.) entered into an agreement concerning certain transactions with Home Credit Group shares. The agreement was subsequently modified in September 2019 (the “Agreement”). As of 31 December 2023, the Agreement ended with the expiration of the period for which it was concluded. As of 31 December 2023, Emma Omega Ltd. owned an 8.88% stake in Home Credit N.V.

By the date of these consolidated financial statements, the Group became the sole shareholder of Home Credit N.V. The estimate of the financial impact of the transaction is being finalised. The Group also entered into an agreement to sell its 8.88% stake in the Kazakhstani bank Home Credit Bank JSC to Emma Omega Ltd. The closing of the transaction is subject to various conditions precedent (incl. regulatory approvals).

B.3.6. Sale of 30% stake in CETIN Group N.V. (2022)

In October 2021, the Group entered in an agreement with GIC Private Limited ("GIC") to sell its 30% stake in CETIN Group N.V., the sole owner of CETIN CZ, CETIN Bulgaria and CETIN Serbia, and the holder of a 75% stake in CETIN Hungary. After obtaining all regulatory approvals, the transaction was completed in March 2022. GIC became a minority shareholder, the Group maintains its control over CETIN Group N.V.

The following table summarises the financial aspects of this transaction:

In millions of EUR

Effective ownership sold	30.00%
Total consideration received in cash	1,411
Net asset value attributable to non-controlling interests sold	260
Effect recorded in retained earnings (gain)	1,151

Within the above transaction, the PPF Telecom Group B.V. (the direct owner of CETIN Group N.V.) also granted a put option to GIC for its 30% share in CETIN Group N.V. for the fair value of the share as at the exercise date of the option. One of the conditions of the put option may be exercised by GIC should PPF Telecom Group B.V.'s controlling party change without prior approval, as defined in the agreement (incl. the Parent Company and the ultimate controlling party defined in note A.1, hereinafter together as "controlling parties").

The Group is fully capable of avoiding the situations that would allow GIC to exercise the put option, except for the mentioned unapproved change of control (while fully in the power of the Parent Company's ultimate controlling party). Following IFRS AS guidance (IAS 32), this situation would require the Group to deliver cash or another financial asset because technically, neither the PPF Telecom Group B.V.'s management nor the Parent Company's management can avoid triggering an unapproved change of control over the Parent Company. However, the Parent Company's ultimate controlling party will always consider all effects of an unapproved change of control. Thus, the Group's management considers the exercisability of the put option highly unlikely.

However, even though the above situation is exceedingly unlikely, i.e., the put option is highly improbable to be exercised, IFRS AS guidance does not define such put option liabilities based on what is likely to happen but instead uses the contractual terms of the agreement. As with the existence of this put option GIC still has access to the returns from the investment in CETIN Group N.V. (such as dividends), applying the present-access method (refer to F.1.15.3), the Group's conditional commitment to acquire NCI's share was recognised in the consolidated financial statements for year ended 31 December 2023 as a financial liability at net present value with the net present value remeasurements directly through equity attributable to the owners of the Parent.

The initial value of this conditional commitment to acquire NCI's share in March 2022 amounted to EUR 1,411 million. As at 31 December 2023, the net present value of the conditional commitment to acquire NCI's share totalling EUR 983 million (2022: EUR 850 million) was derived from the fair value of the 30% share in CETIN Group N.V. determined by independent valuation experts using a multicriteria approach aligned with general professional valuation practices comprising the discounted-cash-flows method and market multiples of comparable companies. For the year ended 31 December 2023, a remeasurement loss of EUR 133 million from the increase in the net present value of the conditional commitment to acquire NCI's share was recognised in the reserve for puttable instruments in the equity attributable to the owners of the Parent (2022: a remeasurement gain of EUR 561 million).

The other conditions related to the put option granted to GIC, are fully under the control of the Group's management, and no liability recognition is required.

B.3.7. Increased share in O2 Czech Republic a.s. (2022)

As at 1 January 2022, the Group held a 90.52% stake in O2 Czech Republic a.s. (O2 CZ). As the holder of more than 90% of the share capital of O2 CZ, the Group initiated a squeeze-out procedure of the remaining holders in O2 CZ through a mandatory tender offer for the shares in this telecommunications operator held by the remaining minority shareholders. The transfer of all shares to the Group was approved by the general meeting of O2 CZ on 26 January 2022. O2 CZ subsequently submitted a request for the delisting of its shares from the Prague Stock Exchange and RM-SYSTÉM (i.e., both Czech stock exchanges). The last trading day of O2 CZ shares was 28 February 2022.

A consideration of CZK 270 per share was paid to the remaining holders of 28.5 million shares (representing the remaining minority shareholders). The settlement process of the liability to the remaining holders started in March 2022.

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

In millions of EUR

Total consideration (approx. CZK 270 per share)	311
Effective ownership acquired from external parties	9.48%
Net asset value attributable to non-controlling interests acquired*	(23)
Effect recorded in retained earnings (loss)	(288)

*incl. accumulated foreign exchange translation losses from the Group's operations of EUR 37 million

B.3.8. O2 subgroup business restructuring (2022)

Following the concentration of 100% shares in O2 CZ, the Group performed the restructuring of O2 subgroup. In April 2022, O2 Slovakia, s.r.o. was sold by O2 CZ to PPF Comco N.V., and subsequently, an infrastructure part of O2 Slovakia, s.r.o. was separated by way of demerger to a newly established O2 Networks, s.r.o. Separating retail and infrastructure parts of the Group businesses is consistent with group structure in other Group's current telecommunication markets. The direct owner of O2 Networks, s.r.o. is PPF Comco N.V. as at 31 December 2023.

These transactions had no impact on the consolidated financial statements.

B.3.9. Sale of Mall Group (closed in 2022)

In November 2021, the Group, together with its partners entered into agreement for the sale of 100% of Mall Group (as at 31 December 2021, the Group held a 40% stake) to Allegro.pl. The closing was subject to the approval by the appropriate antitrust authorities. The consideration for the sale was concluded as a cash consideration plus a non-cash consideration in the form of shares in Allegro. The closing finally became effective in April 2022, and the cash consideration amounting to EUR 225 million and the consideration in newly issued Allegro shares (10,023,118 pieces) valued at EUR 122 million (in November 2021) were collected by the Group in April 2022 as well. The net impact of the transaction on the Group's results was a total net profit of EUR 273 million, where the profit from the sale of the associate amounted to EUR 347 million and, in connection with the consideration received in the newly issued Allegro shares, the Group incurred a loss of EUR 74 million presented under net trading income from derivatives in E.27.

B.3.10. Toll services in the Czech Republic and Slovakia (2022)

In March 2022, the Group announced its intention to acquire SkyToll (electronic toll systems operator in Slovakia), TollNet (technology company), and PaySystem (supplier of payment solutions for carriers) and combine these companies under a newly established ITIS Holding a.s., classified as a joint venture. ITIS Holding became the 100% shareholder of CzechToll and SkyToll, TollNet, and PaySystem. On 31 August 2022, following the approval of the transaction by the antimonopoly offices in the Czech Republic and Slovakia, the transaction was finalised. By the finalisation date, the Group was the sole shareholder of CzechToll, the operator of a satellite toll system in the Czech Republic from 1 December 2019.

With the formation of this new holding, in August 2022, the Group lost its control over CzechToll as this subsidiary was sold to ITIS Holding for a deferred consideration amounting to EUR 20 million with a gain on sale of EUR 8 million. The assets and liabilities of CzechToll, when disposed, totalled EUR 106 million and EUR 94 million, respectively, and represented primarily trade receivables and trade payables. For details on the financial figures of ITIS Holding refer to E.8.

C. Risk exposures, risk management objectives and procedures

This section provides details on the Group's exposure to risks and describes the methods used by the management to control the risks. The most important types of financial risks to which the Group is exposed are the credit, market, operational and liquidity risks. Market risk includes mainly currency risk and interest rate risk.

As at 31 December 2022, all disclosures with the financial figures in this whole C section show figures solely for the part of the Group, that was not classified as held-for-sale as at 31 December 2022. The relevant disclosures for the part of the Group classified as held-for-sale are presented in Note E.7.

The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Due to the varying nature of the Group's businesses and associated risks the senior management of each business segment is responsible for setting up and monitoring the risk management policies. The board of directors and the Group's senior management, including shareholders, regularly perform business reviews of individual business segments, including an assessment of the risk management.

For its consumer finance and corporate banking business in PPF Financial Holdings subgroup represented by Home Credit (including Air Bank), PPF banka, Home Credit Bank, and Mobi Banka, the Group established the group risk committee and mandated it to assist the board of directors in the risk management area. The subgroup's risk committee is headed by the chief risk officer of PPF Financial Holdings and includes chief risk officers of Air Bank, PPF banka, and Home Credit subgroup. The subgroup's risk committee designs and implements the risk management framework and regularly monitors the risk development in detail. The subgroup's risk committee prepares the main risk management internal regulations such as the subgroup's risk appetite statement, the subgroup's limit book, the subgroup's risk management strategy, the internal capital adequacy assessment framework, and the internal liquidity assessment framework, which are ultimately approved by the board of directors of PPF Financial Holdings. The subgroup's risk committee also approves the counterparty exposure limits for the largest counterparties. The whole risk management system is subject to the oversight by the supervisory board of PPF Financial Holdings.

As the most significant part of the Group's financial operations, the Home Credit subgroup ("Home Credit Group") established the function of chief risk officer (CRO) to head the Home Credit Group's risk management department. The Home Credit Group also established two risk-related committees: the asset liability committee (ALCO) and the group operational risk management committee. Home Credit Group's CRO and the committees are responsible for the development, implementation, and monitoring of risk management in their specified areas.

All subsidiary banks established the function of chief risk officer who heads the independent risk management function in the respective banks. Telecommunication entities have their own separate credit management units.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the products and services offered. Through its training and management standards and procedures, the Group aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Management of risk arising from participation in foreign subsidiaries and from financial instruments is fundamental to the Group's business and is an essential element of its operations. Major risks related to participation in foreign subsidiaries include the risk of impairment due to adverse economic conditions, movements in foreign exchange rates, and liquidity risk given the strong growth in emerging markets. Those risks are managed by the Group by monitoring developments in foreign markets, using a robust investment decision-making process, and exercising prudence in liquidity management. The Group faces financial instrument risk in conjunction with credit exposures, movements in interest rates and foreign exchange rates.

Risk management policies at associates are determined by the controlling shareholder(s) and/or other major shareholders. The Group regularly monitors and analyses the situation at said associates as a minority shareholder exercising its significant influence through its existing representatives in the respective executive bodies.

C.1. Derivative financial instruments

The Group holds a variety of derivative financial instruments for trading and risk management purposes. This note describes the derivatives used by the Group. Further details of the Group's objectives and strategies in the use of derivatives are set out in the following sections. The nature of the derivative instruments used by the Group is described in the following sections of this note.

Derivative financial instruments used by the Group include swaps, futures, forwards, options, and other similar contracts, value of which changes in response to changes in interest rates, foreign exchange rates, security prices and/or price indices. Derivatives are either standardised contracts transacted through regulated exchanges (referred to as exchange-traded products) or individually negotiated over-the-counter contracts (referred to as OTC products).

C.1.1. Swaps

Swaps are over-the-counter agreements between the Group and other parties to exchange future cash flows based upon agreed notional amounts. The swaps most used by the Group are interest rate and cross-currency interest rate swaps. Under interest rate swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between fixed-rate and floating-rate interest amounts calculated by reference to an agreed notional amount. Cross-currency swaps require an exchange of interest payment flows and capital amounts in different currencies. The Group is subject to credit and liquidity risk arising from default of the respective counterparties. Market risk arises from potentially unfavourable movements in interest rates relative to the rates set in the contract, or from movements in foreign exchange rates.

C.1.2. Forwards and futures

Forwards and futures contracts are commitments to either purchase or sell a designated financial instrument, currency, commodity, or index at a specified future date for a specified price and may be settled in cash or another financial asset. Forwards and futures contracts result in credit exposure to the counterparty and exposure to market risk based on changes in market prices relative to the contracted amounts.

C.1.3. Options

Options are derivative financial instruments that give the buyer, in exchange for a premium payment, the right, but not the obligation, to either purchase from (call option) or sell to (put option) the writer a specified underlying instrument at a specified price on or before a specified date. The Group enters into interest rate options, foreign exchange options, equity and index options and credit failure options (swaps). Interest rate options, including caps and floors, may be used as hedges against a rise or fall in interest rates. They provide protection against changes in interest rates of floating rate instruments above or below a specified level. Foreign currency options may also be used (commensurate with the type of option) to hedge against rising or falling currency rates. As a buyer of over-the-counter options, the Group is subject to market risk and credit risk since the counterparty is obliged to make payments under the terms of the contract if the Group exercises the option. As a writer of over-the-counter options, the Group is subject to market risk, as it is obliged to make payments if the option is exercised by the counterparty.

C.1.4. Other derivatives

In connection with some significant acquisitions, the Group negotiated various over-the-counter contracts. Those existing at the reporting date are recognised at fair value using external or internal valuations.

C.2. Credit risk

Credit risk is the risk of financial loss occurring as a result of default by a borrower or counterparty on their obligation to the Group. The majority of the Group's exposure to credit risk arises in connection with the provision of consumer financing to private individual customers (Home Credit Group). Other significant businesses affected by credit risk are corporate banking (PPF banka) and telecommunications business (O2 CZ, O2 Slovakia, and Yettel entities).

C.2.1. Home Credit Group (including Air Bank)

For risk management purposes, the Home Credit Group classifies the loans made to individual customers into several classes, the most significant of which are cash loans, consumer loans, revolving loans, car loans and mortgage loans. This core part of the Home Credit Group's loan portfolio consists of a large number of loans with relatively low outstanding amounts.

For Home Credit Group credit risk management the board of directors uses the Home Credit Group credit risk department. This department is responsible for overseeing the Group's credit risk, including:

- formulating credit risk policies in consultation with business units covering credit assessment, underwriting policies, collection policies, and risk reporting by business unit and loan classes;
- establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to the management of the various business units, while

large exposures and new types of exposures require Home Credit Group approval. The Home Credit Group uses one central loan administration system to facilitate loan underwriting;
- continuous monitoring of performance of the Home Credit Group's individual credit exposures by country, product class and distribution channel;
- limiting of concentrations of credit exposures by country, product class and distribution channel;
- approving counterparty limits for financial institutions;
- reviewing business units' compliance with agreed exposure limits;
- providing advice, guidance and specialist skills to business units to promote best practice throughout the Home Credit Group in the management of credit risk.

Home Credit Group continuously monitors the performance of individual credit exposures at both individual business unit and Home Credit Group levels using several criteria, including delinquency rates, default rates, and collection efficiency metrics. Home Credit Group has an active fraud prevention and detection programme. Credit risk developments are reported by the Home Credit Group credit risk department to the board of directors on a regular basis.

Home Credit Group operates its business in multiple geographies. Some of them suffered economic downturns in recent years. Home Credit Group developed tools and rapid response guidelines expected to significantly limit major credit losses resulting from an economic downturn. These actions include specific adjustments of the underwriting decision making, pricing and collections strategies.

Credit underwriting process

The credit underwriting process involves the verification of customer data, combined with sophisticated scoring models that consider both risk and profitability to determine whether an applicant is eligible for a product and, if so, at what price.

Information supplied by the applicant may be cross checked with information in the Group's customer database for the relevant country. Consumer loans are provided with minimum documentation from the customer. Applications for other products, in particular cash loans, require more supporting documentation and verification. If the standards set by the Group are not being adhered to, the Group discontinues selling through the relevant retailer's employee or the relevant retailer.

Fraud prevention

The Group has developed a set of tools aimed at fraud prevention, detection and investigation that keep the levels of fraud risk observed low. The focus is on the tight monitoring of the sales process and proper design of the incentive models. Other tools include cross checks and the verification of application data provided by the customer, biometrical ID verification tools and use of third-party data in the underwriting process. The use of specific tools varies, based on their availability in the respective market and on the legal and regulatory framework.

General loan collection

The Group's loan collection system follows standard steps and procedures, which may vary depending on country-specific requirements and the legal and operational tools available for collection.

Pre-collection measures

Various forms of communication are used to remind customers how and when to pay – e.g., welcome letters (or calls) – and SMS reminders are sent to customers a short time prior to payment due dates.

Early collection

The early collection procedures vary depending on which specific collection segment a customer is assigned to, based on exposure, customer account data and previous collection behaviour. These procedures are typically applied to payments which are 5 to 75 days overdue. The Group uses SMS messages, outbound calls, letters and interactive voice response tools to communicate with customers to remind them of, and procure, the overdue amounts.

Administrative and personal collection

The Group sends the customer written correspondence including a warning that the full amount of the loan could be declared immediately due and payable if a loan reaches a higher stage of delinquency, with outstanding payments typically more than 60 to 90 days overdue (the point in time at which a loan moves from early collection to administrative and personal collection may vary). Letters are then followed by a call explaining to the customer the consequences of not repaying the debt.

Late collection

Late collection procedures are usually initiated when a loan becomes 90 days overdue. Usage of external agencies or internal field collector methods is typically considered.

Legal collection, debt sale

Loans with outstanding repayments that have been overdue for more than 360 days are referred to the Group’s external legal counsel, who informs the customer through formal correspondence that the loan is closed, and that legal action will commence against the customer. As an alternative, debt selling to collection agencies may also be considered. The approval authority for any debt sale in the Group rests with the ALCO.

The Kazakh bank applies identical principles as those above described for Home Credit Group.

C.2.2. PPF banka (the “Bank”)

The board of directors has partially delegated the responsibility for the management of credit risk to the credit committee. A separate credit risk management department, reporting to the credit committee, is responsible for the oversight of the Bank’s credit risk similar to the Home Credit Group procedures mentioned above, but with business specifics representing limiting concentrations of exposure to counterparties, geographies and segments (for loans and advances), and by issuer, credit rating band, market liquidity and country (for investment securities).

Since 2014, the Bank has calculated the capital requirement for the credit risk of the investment portfolio using a standardised approach in accordance with the Basel III standard and the Regulation of the European Parliament and of the Council on Prudential Requirements for Credit Institutions and Investment Firms.

Loans with renegotiated terms and the Group's forbearance policy

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to the current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value.

Exposures with forbearance are exposures where the debtor is considered unable to comply with the contract due to financial difficulties and the Group has decided to grant a concession to the debtor. A forbearance measure may be either a modification of terms and conditions or the refinancing of the contract. A modification of terms includes payment schedule changes (deferrals or reductions of regular payments, extended maturities, etc.), interest rate reductions or penalty interest waivers.

The Group renegotiates loans to customers in financial difficulties (referred to as forbearance activities) to maximise collection opportunities and minimise the risk of default. Under the Group's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on the debt or if there is a high risk of default, there is evidence that the debtor has made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

C.2.3. Telecommunications

For telecommunications, business credit risk is managed by the credit management units of relevant entities and is based on three main activities:

- prevention: scoring of new customers – regular monitoring of customers' payment morale, activation of control procedures (integrated black list, external credit registers, and other external information databases), limits and/or deposits applied based on customer segments or the product, credit limits for indirect sales partners (dealers, distributors, franchises) for the purchase of our products, collateral security (deposits, receivables insurance, bills of exchange, pledges of real estate, bank guarantees etc.).
- monitoring of accounts receivables: regular monitoring of the creditworthiness of existing customers and monitoring and analysing of the receivable aging structure (internal and external indicators of any potential bad debts). These activities are processed in an integrated system solution for the scoring, maintenance and collection of receivables.
- collection process: credit management units cooperate with the customer care units in the implementation of a reasonable, effective and continual collection process. Collection process competences are allocated separately. In the CETIN subgroup, collection from active customers is in the competence of the accounting unit; subsequent collection is the responsibility of the treasury unit, the legal unit, and the accounting unit. In other segments, collection from active customers is in the competence of the customer care unit; any collection after contracts are cancelled falls within the responsibility of the credit management unit.

C.2.4. Concentration of credit risk

The following tables show the economic and geographic concentration of credit risk. The figures for 2023 and 2022 below and in the whole C section exclude the fair value hedge adjustments of negative EUR 51 million for bonds at amortised cost presented under Investment securities (2022: negative EUR 129 million) (refer to C.4.4):

In millions of EUR, as at 31 December

	2023	2023	2022 (restated)*	2022 (restated)*
Economic concentration				
Financial services	12,687	45.16%	10,387	40.94%
Households/individuals	7,661	27.26%	7,269	28.65%
Public sector	5,117	18.21%	4,252	16.76%
Corporate sector	1,773	6.31%	2,592	10.22%
Construction and real estate	734	2.61%	522	2.06%
Mechanical engineering	108	0.38%	226	0.89%
Other	21	0.07%	123	0.48%
Total	**28,101**	**100.00%**	**25,371**	**100.00%**
Geographic concentration				
Czech Republic	20,342	72.39%	16,614	65.48%
Kazakhstan	1,513	5.38%	1,114	4.39%
Vietnam	1,035	3.68%	1,326	5.23%
Slovakia	762	2.71%	858	3.38%
India	662	2.36%	557	2.20%
Serbia	488	1.74%	367	1.45%
Netherlands	212	0.75%	113	0.45%
Cyprus	197	0.70%	537	2.10%
China	193	0.69%	740	2.92%
Other EU countries	1,501	5.34%	1,875	7.39%
Other	1,196	4.26%	1,270	5.01%
Total	**28,101**	**100.00%**	**25,371**	**100.00%**
Of which:				
Loans due from customers	8,457	30.10%	8,213	32.37%
Cash and cash equivalents (excl. cash on hand)	8,405	29.91%	8,609	33.93%
Investment securities and trading derivatives**	8,130	28.93%	5,050	19.91%
Trade and other receivables and other financial assets***	1,337	4.75%	1,255	4.95%
Loan commitments and guarantees (off-balance sheet)	1,219	4.34%	1,547	6.10%
Contract assets	275	0.98%	371	1.46%
Loans and receivables due from banks and other financial institutions	193	0.69%	153	0.60%
Hedging derivatives	85	0.30%	173	0.68%

*restatement due to changed presentation of mandatory minimum reserves, refer to A.6
**excl. equity securities, positive fair values of hedging derivatives (being presented in a separate row in the above table), and FV hedge adjustments (refer to C.4.4)
***Other financial assets represent cash collateral for payment cards, specific deposits and receivables and receivables from sale of shares in subsidiaries, associates and JVs totalling EUR 83 million (2022: EUR 76 million), refer to E.12. In the consolidated statement of financial position presented as other assets.

The amounts in the tables represent the maximum accounting loss that would be recognised at the reporting date if the counterparties failed completely to meet their obligations and any collateral or security proved to be of no value. The amounts, therefore, greatly exceed expected losses, if any, that are included in the allowance for un-collectability (ECL allowance). The table comprises off-balance sheet items (refer to E.39.1) and financial assets, except for equity securities.

Credit quality and collateral received

The following table summarises information about the credit quality of the Group's loan exposure:

In millions of EUR, as at 31 December 2023

Loan exposure	Loans due from customers*	Loans and receivables due from banks and other financial institutions
Gross amount	8,849	195
Stage 1	7,346	193
Stage 2	890	-
Stage 3	608	2
POCI	5	-
Loss allowance	(673)	(2)
Carrying amount	**8,176**	**193**

*excluding loans and advances provided under reverse repo operations of EUR 269 million and category other of EUR 12 million (applies hereinafter in this section)

In millions of EUR, as at 31 December 2022 (excl. held-for-sale presented in E.7)

Loan exposure	Loans due from customers*	Loans and receivables due from banks and other financial institutions
Gross amount	8,968	379
Stage 1	6,930	379
Stage 2	1,302	-
Stage 3	736	-
Loss allowance	(781)	-
Carrying amount	**8,187**	**379**

*excluding category other of EUR 26 million (applies hereinafter in this section)

The Group holds collateral for loans and advances to non-banks in the form of mortgage interests over property, debt and/or equity securities and received guarantees. Collateral for loans and advances to banks is held mainly under reverse repos and as a part of securities borrowing activities. There are no overdue loans to banks.

All these transactions are conducted at arm's length.

In millions of EUR, as at 31 December 2023

Fair value of collateral received for loans and receivables	Loans due from customers		Loans and receivables due from banks and other financial institutions	
	Stage 1-2	Stage 3	Stage 1-2	Stage 3
Secured by:				
Property	2,146	4	-	-
Deposits with banks	22	-	-	-
Equity securities	224	-	-	-
Other	344	20	-	-
Total collateral received	**2,736**	**24**	**-**	**-**

In millions of EUR, as at 31 December 2022 (excl. held-for-sale presented in E.7)

Fair value of collateral received for loans and receivables	Loans due from customers		Loans and receivables due from banks and other financial institutions	
	Stage 1-2	Stage 3	Stage 1-2	Stage 3
Secured by:				-
Property	1,878	8	-	-
Deposits with banks	13	-	-	-
Equity securities	207	-	-	-
Other	278	15	-	-
Total collateral received	**2,376**	**23**	**-**	**-**

The total value of assets held as collateral is EUR 13,387 million (2022: EUR 9,716 million) and consists of the collateral stated above, collateral under reverse repurchase agreements (2023: EUR 10,442 million; 2022: EUR 7,103 million), refer to E.38, plus collateral in the form of guarantees accepted (2023: EUR 185 million; 2022: EUR 214 million), refer to E.39.3.

No collateral was held for trade and other receivables either in 2023 or in 2022. For a detailed credit quality overview of financial assets, refer to E.2-E.5.

The net realisable value of the collateral assessed by the Group is usually based on an opinion prepared by a valuation expert. The net realisable value of the collateral is determined considering this value, the exposure collateralised, a coefficient reflecting the Group's ability to realise the collateral when becomes enforceable, and the time factor of such a realisation.

C.3. Liquidity risk

Liquidity risk arises in the general funding of the Group's activities and in the management of its positions. It includes the risk of being unable to fund assets using instruments with appropriate maturities and rates, the risk of being unable to liquidate an asset sufficiently quickly and in the appropriate amount, and the risk of being unable to meet obligations as they become due.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. All liquidity policies and procedures, as well as liquidity position projections, are subject to review and approval by senior management.

The Group's treasury department collects information from business units and holding companies regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. A portfolio of short-term liquid assets is maintained to ensure sufficient liquidity. The daily liquidity position is monitored, and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. The individual scenarios focus on liquidity available on specific markets and facilities, the nature of the related risks and the magnitude of their impact on the Group's business, management tools available and preventive actions.

The Group has access to a diverse funding base. Funds are raised using a broad range of instruments including deposits, bank loans, loans from central banks, debt securities and subordinated debt. Management strives to maintain a balance between continuity of funding and flexibility through use of liabilities with a range of maturities.

The following tables show exposure to liquidity risk:

In millions of EUR, as at 31 December 2023

	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
Cash and cash equivalents	8,535	-	-	-	-	8,535
Investment securities and derivatives	3,225	542	440	1,321	2,687	8,215
Financial assets at FVTPL*	3,194	208	92	204	773	4,471
Financial assets FVOCI*	19	197	131	464	523	1,334
Financial assets at AC	12	137	217	653	1,391	2,410
Loans and receivables due from banks and other financial institutions	167	14	2	7	3	193
Loans due from customers	1,533	2,057	1,658	2,547	662	8,457
Trade and other receivables**	1,141	278	106	59	74	1,658
Total financial assets	**14,601**	**2,891**	**2,206**	**3,934**	**3,426**	**27,058**

*excl. equity instruments (refer to E.2.1 and E.2.3 for FVTPL and FVOCI, respectively)
**incl. cash collateral for payment cards and other financial assets (presented as other assets in the consolidated statements of financial position), refer to E.12

In millions of EUR, as at 31 December 2023

	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
Financial liabilities at FVTPL	3,167	102	60	287	418	4,034
Due to non-banks	14,043	550	14	53	1	14,661
Due to banks and other financial institutions	1,202	1,021	1,304	3,664	247	7,438
Debt securities issued	136	519	822	1,688	-	3,165
Subordinated liabilities	-	-	-	-	26	26
Trade and other payables*	1,175	175	17	24	38	1,429
Lease liabilities**	41	104	115	224	179	663
Conditional commitment to acquire NCI's share	36	983	-	-	-	1,019
Total financial liabilities	**19,800**	**3,454**	**2,332**	**5,940**	**909**	**32,435**

*excl. other taxes payable, insurance contract liabilities and other non-financial liabilities
**presented under trade and other payables in the consolidated statement of financial position (refer to E.18)

Net liquidity position 2023	**(5,199)**	**(563)**	**(126)**	**(2,006)**	**2,517**	**(5,377))**

The less-than-three-months interval within due to non-banks contains banking deposits, most of which are repayable on demand.

In millions of EUR, as at 31 December 2022 (excl. held-for-sale)

	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
Cash and cash equivalents*	8,726	-	-	-	-	8,726
Investment securities and derivatives	231	863	377	1,620	2,132	5,223
Financial assets at FVTPL**	204	128	91	585	653	1,661
Financial assets FVOCI**	18	215	211	465	342	1,251
Financial assets at AC	9	520	75	570	1,137	2,311
Loans and receivables due from banks and other financial institutions*	134	13	1	2	3	153
Loans due from customers	1,729	2,049	1,809	2,125	501	8,213
Trade and other receivables***	976	436	125	50	74	1,661
Total financial assets	**11,796**	**3,361**	**2,312**	**3,797**	**2,710**	**23,976**

*for more details on the restatement refer to A.6
**excl. equity instruments (refer to E.2.1 and E.2.3 for FVTPL and FVOCI, respectively)
***incl. cash collateral for payment cards and other financial assets (presented as other assets in the consolidated statements of financial position), refer to E.12

In millions of EUR, as at 31 December 2022 (excl. held-for-sale)

	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
Financial liabilities at FVTPL	125	65	70	553	487	1,300
Due to non-banks	12,482	597	37	90	1	13,207
Due to banks and other financial institutions	1,538	1,412	484	2,866	252	6,552
Debt securities issued	151	821	785	2,235	-	3,992
Subordinated liabilities	-	-	-	-	44	44
Trade and other payables*	1,103	212	9	23	44	1,391
Lease liabilities**	36	103	127	261	133	660
Conditional commitment to acquire NCI's share	-	850	-	-	-	850
Total financial liabilities	**15,435**	**4,060**	**1,512**	**6,028**	**961**	**27,996**

*excl. other taxes payable, insurance contract liabilities and other non-financial liabilities
**presented under trade and other payables in the consolidated statement of financial position, refer to E.18

Net liquidity position 2022	**(3,639)**	**(699)**	**800**	**(2,231)**	**1,749**	**(4,020)**

The net liability position in 2023 and 2022 reflects the fact that the Group finances the previous acquisitions of its significant investments (CME group in 2020, Yettel assets in 2018, O2 CZ/CETIN in previous years) and investment property using bank financing and debt securities. The Group repays such loans by proceeds from future dividends, rental income, or the sale of assets, or is able to refinance such facilities at their maturities.

The following tables show the residual maturities of balance sheet and off-balance sheet liabilities on an undiscounted cash flow basis. Only those liability items are shown for which the total estimated undiscounted cash flows differ from the book values shown in the consolidated statement of the financial position.

In millions of EUR, as at 31 December 2023

	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
Due to non-banks	14,071	577	21	57	3	14,729
Due to banks and other financial institutions	1,307	1,293	1,649	3,975	256	8,480
Debt securities issued	153	575	936	1,804	-	3,468
Subordinated liabilities	-	1	2	5	28	36
Trade and other payables*	1,176	176	17	24	42	1,435
Lease liabilities**	47	123	132	257	221	780
Loan commitments (off-balance sheet)	834	107	89	84	3	1,117
Payment guarantees provided (off-balance sheet)	19	10	10	2	1	42
Total	**17,607**	**2,862**	**2,856**	**6,208**	**554**	**30,087**

*excl. other taxes payable, insurance contract liabilities and other non-financial liabilities
**presented under trade and other payables in the consolidated statement of financial position

In millions of EUR, as at 31 December 2022 (excl. held-for-sale)

	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
Due to non-banks	12,500	615	38	92	4	13,249
Due to banks and other financial institutions	1,626	1,590	645	3,038	265	7,164
Debt securities issued	233	935	878	2,355	-	4,401
Subordinated liabilities	-	2	3	8	48	61
Trade and other payables*	1,110	220	10	23	49	1,412
Lease liabilities**	48	135	169	326	178	856
Loan commitments (off-balance sheet)	780	74	18	45	3	920
Payment guarantees provided (off-balance sheet)	11	556	7	7	1	582
Total	**16,308**	**4,127**	**1,768**	**5,894**	**548**	**28,645**

*excl. other taxes payable, insurance contract liabilities and other non-financial liabilities
**presented under trade and other payables in the consolidated statement of financial position

The following tables show exposure to liquidity risk related to insurance contract liabilities on discounted and undiscounted cash flow basis:

In millions of EUR

	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
Carrying amounts (discounted)						
31 December 2023	2	5	8	8	(88)	(65)
31 December 2022	3	8	10	7	(108)	(80)
Residual maturities (undiscounted)						
31 December 2023	2	5	10	12	(565)	(536)
31 December 2022	2	5	11	8	(518)	(492)

The expected cash outflows and inflows related to trading and hedging derivatives are as follows:

In millions of EUR, as at 31 December 2023

	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
Outflows						
Interest rate derivatives held for trading	(255)	(3,493)	(1,913)	(4,448)	(5,475)	(15,584)
Currency derivatives held for trading	(4,755)	(3,154)	(781)	(501)	-	(9,191)
Hedging derivatives	(105)	(128)	(32)	(75)	(36)	(376)
Inflows						
Interest rate derivatives held for trading	255	3,497	1,916	4,439	5,475	15,582
Currency derivatives held for trading	4,757	3,160	782	505	-	9,204
Hedging derivatives	98	129	17	76	41	361
Net position 2023	**(5)**	**11**	**(11)**	**(4)**	**5**	**(4)**

In millions of EUR, as at 31 December 2022 (excl. held-for-sale)

	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
Outflows						
Interest rate derivatives held for trading	(575)	(4,523)	(1,446)	(4,480)	(4,713)	(15,737)
Currency derivatives held for trading	(3,668)	(2,524)	(1,660)	(280)	-	(8,132)
Hedging derivatives	(152)	(167)	(143)	(11)	(8)	(481)
Inflows						
Interest rate derivatives held for trading	579	4,526	1,448	4,470	4,709	15,732
Currency derivatives held for trading	3,643	2,510	1,642	276	-	8,071
Hedging derivatives	155	181	160	29	35	560
Net position 2022	**(18)**	**3**	**1**	**4**	**23**	**13**

C.4. Market risk

Market risk is the risk that changes in market rates, such as interest rates, foreign exchange rates, and prices of equity securities will affect the Group’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage market risk exposure and keep it within acceptable limits.

The bulk of the Group’s exposure to market risk arises in connection with the use of assets and liabilities denominated in foreign currencies to finance the Group’s operations, and to the extent the term structure of interest-bearing assets differs from that of liabilities. Exposure to market risk is formally managed by buying or selling instruments or entering into offsetting positions subject to risk limits or frameworks set by senior management.

C.4.1. Interest rate risk

The Group’s operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets (including investments) and interest-bearing liabilities mature or reprice at different times or in differing amounts. In the case of floating-rate assets and liabilities, the Group is also exposed to interest rate cash-flow risk, which varies depending on the different repricing characteristics of the various floating-rate instruments.

Interest rate risk is managed principally by monitoring interest rate gaps and by having pre-approved limits for repricing bands. The Group’s senior management monitors compliance with these limits. Interest rate derivatives (refer to E.13) are one of the tools the Group uses to manage this position.

Interest rate derivatives are primarily used to bridge the repricing mismatch between assets and liabilities. In addition, the Group enters into interest rate swaps to fix the interest rates on its floating-rate debts at a certain level.

The management of interest rate risk against interest rate gap limits is supplemented by monitoring of the sensitivity of the Group’s financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered include a 200-basis-point parallel fall or rise in all yield curves worldwide. In such a case, the net interest income for the year ended 31 December 2023 would be approximately EUR 243 million higher/lower (2022: EUR 214 million) and the revaluation reserve in equity would be EUR 56 million higher / 108 million lower (2022: EUR 40 million higher / EUR 72 million lower).

The tables below summarise the interest rate repricing gap of the Group’s financial assets and liabilities at the reporting date. The carrying amounts of interest-rate-sensitive assets and liabilities and the notional amounts of swaps and other derivative financial instruments are presented in the periods in which they mature or in which the interest rates will next be fixed. To reflect anticipated prepayments, certain asset and liability categories are included in the table based on estimated rather than contractual maturity dates. Items are allocated to time bands by reference to the earlier of the next contractual interest rate repricing date and the expected maturity date.

The following tables present an analysis of the interest rate gap position (excl. derivatives):

In millions of EUR, as at 31 December 2023

	Effective interest rate	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
Cash and cash equivalents	6.16%	8,535	-	-	-	-	8,535
Investment securities	5.46%	3,376	725	350	924	2,132	7,507
Financial assets at FVTPL	6.51%	3,150	17	9	56	531	3,763
Financial assets at FVOCI*	6.03%	153	561	124	261	235	1,334
Financial assets at AC	3.52%	73	147	217	607	1,366	2,410
Loans and receivables due from banks and other financial institutions	7.04%	167	14	2	7	3	193
Loans due from customers	16.52%	2,418	2,024	1,521	2,306	188	8,457
Trade and other receivables**	0.97%	1,184	278	106	59	31	1,658
Total financial assets		**15,680**	**3,041**	**1,979**	**3,296**	**2,354**	**26,350**

*excl. equity instruments (refer to E.2.3)
**incl. cash collateral for payment cards and other financial assets (presented as other assets in the consolidated statements of financial position), refer to E.12

In millions of EUR, as at 31 December 2023

	Effective interest rate	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
Financial liabilities at FVTPL	4.86%	3,137	139	37	132	172	3,617
Due to non-banks	4.42%	14,098	548	13	1	1	14,661
Due to banks and other financial institutions	7.02%	6,216	644	302	234	42	7,438
Debt securities issued	5.34%	136	578	822	1,629	-	3,165
Subordinated liabilities	6.01%	-	12	-	-	14	26
Trade and other payables*	0.41%	1,163	181	23	24	38	1,429
Lease liabilities**	4.97%	41	104	115	224	179	663
Total financial liabilities		**24,791**	**2,206**	**1,312**	**2,244**	**446**	**30,999**

*excl. other taxes payable, insurance contract liabilities and other non-financial liabilities
**presented under trade and other payables in the consolidated statement of financial position (refer to E.18)

Effect of interest rate derivatives		**188**	**189**	**(48)**	**(52)**	**(277)**	**-**
Net position 2023		**(8,923)**	**1,024**	**619**	**1,000**	**1,631**	**(4,649)**

In millions of EUR, as at 31 December 2022 (excl. held-for-sale)

	Effective interest rate	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
Cash and cash equivalents*	6.02%	8,726	-	-	-	-	8,726
Investment securities	3.74%	203	1,410	165	979	1,541	4,298
Financial assets at FVTPL	3.93%	145	171	5	199	216	736
Financial assets at FVOCI**	5.72%	48	676	86	253	188	1,251
Financial assets at AC	2.61%	10	563	74	527	1,137	2,311
Loans and receivables due from banks and other financial institutions*	5.23%	134	13	1	2	3	153
Loans due from customers	15.29%	2,184	2,254	1,606	1,973	196	8,213
Trade and other receivables***	-	1,019	436	125	51	30	1,661
Total financial assets		**12,266**	**4,113**	**1,897**	**3,005**	**1,770**	**23,051**

*for more details on the restatement refer to A.6
**excl. equity instruments (refer to E.2.3)
***incl. cash collateral for payment cards and other financial assets (presented as other assets in the consolidated statements of financial position), refer to E.12

In millions of EUR, as at 31 December 2022 (excl. held-for-sale)

	Effective interest rate	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
Financial liabilities at FVTPL	2.21%	102	78	19	309	131	639
Due to non-banks	3.15%	12,605	580	12	9	1	13,207
Due to banks and other financial institutions	5.94%	4,064	887	289	1,269	43	6,552
Debt securities issued	4.48%	151	874	785	2,182	-	3,992
Subordinated liabilities	5.76%	32	12	-	-	-	44
Trade and other payables*	-	1,103	216	9	23	40	1,391
Lease liabilities**	3.62%	36	103	127	261	133	660
Total financial liabilities		**18,093**	**2,750**	**1,241**	**4,053**	**348**	**26,485**

*excl. tax, insurance contract liabilities and other non-financial liabilities
**presented under trade and other payables in the consolidated statement of financial position, refer to E.18

Effect of interest rate derivatives		**238**	**21**	**(29)**	**(89)**	**(141)**	**-**
Net position 2022		**(5,589)**	**1,384**	**627**	**(1,137)**	**1,281**	**(3,434)**

The following tables present an analysis of the interest rate gap position of insurance contract:

In millions of EUR

Interest rate gap (insurance contracts)	Effective interest rate	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
31 December 2023	10.57%	2	5	8	7	(88)	(65)
31 December 2022	9.95%	3	8	10	7	(108)	(80)

C.4.2. Equity price risk

Equity price risk is the risk that equity prices will fluctuate, affecting the fair value of equity investments and other instruments that derive their value from a particular equity investment or index of equity prices.

The Group manages its use of equity investments in response to changing market conditions and limits the risk by maintaining a diversified portfolio.

C.4.3. Currency risk

The Group is exposed to currency risk through transactions in foreign currencies and through its assets and liabilities denominated in foreign currencies. Foreign currency risk arises when the actual or forecast assets denominated in a given foreign currency are either greater or less than the liabilities denominated in that currency. It is the Group’s policy to hedge such mismatches with derivative financial instruments to eliminate the foreign currency exposure.

The Group’s main foreign exposures are to the European, the US and Asian countries in which the Group operates. Its exposures are measured mainly in the Czech crowns, Serbian dinars, Hungarian forints, Bulgarian leus, Indian rupees, Vietnamese dongs, Kazakhstani tenges, and Chinese yuans. As the currency in which the Group presents its consolidated financial statements is the euro, movements in the exchange rates between these currencies and the euro affect the Group's consolidated financial statements in OCI (translation reserve). Net investments in foreign operations are not hedged.

The following table summarises the Group's exposure in individual countries and respective local functional currencies. Any exposure in the individual countries in other than the local currency is excluded.

In millions of EUR, as at 31 December 2023

	EUR	CZK	RSD	HUF	BGN	INR	VND	KZT	CNY	USD	Other	Total
Net investment in foreign operations	(4,159)	7,078	1,054	1,046	657	473	420	330	(324)	178	1,670	8,423

In millions of EUR, as at 31 December 2022 (excl. held-for-sale)

	EUR	CZK	RSD	HUF	BGN	INR	VND	KZT	CNY	USD	Other	Total
Net investment in foreign operations	(2,715)	6,849	829	987	626	480	410	268	(227)	169	730	8,406

The Group's transactional exposures give rise to foreign currency gains and losses that are recognised in the consolidated statement of income. These exposures comprise the monetary assets and monetary liabilities of the Group companies that are not denominated in the functional currency of the respective Group entity. In respect of monetary assets and liabilities in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying and selling foreign currencies at spot rates when considered appropriate, or through short-term FX trades.

The Group entities' largest foreign currency exposures are for financial assets and financial liabilities, i.e., exposures in currencies different from the entities' functional currencies:

In millions of EUR, as at 31 December 2023

	EUR	USD	GBP	CZK	INR	PLN	KZT	HUF	Other	Total
Financial assets	2,703	786	116	77	10	55	-	36	231	4,014
Financial liabilities	2,303	687	35	55	-	2	-	1	89	3,172
Effect of FX derivatives	(93)	185	11	-	(276)	(44)	(21)	(29)	(10)	(277)
Net FX position	**307**	**284**	**92**	**22**	**(266)**	**9**	**(21)**	**6**	**132**	**565**

In millions of EUR, as at 31 December 2022 (excl. held-for-sale)

	EUR	USD	GBP	CZK	INR	PLN	KZT	HUF	Other	Total
Financial assets	2,310	667	132	212	10	130	-	19	273	3,753
Financial liabilities	2,145	661	42	56	-	1	-	6	100	3,011
Effect of FX derivatives	(486)	332	124	-	(318)	(183)	(51)	(13)	21	(574)
Net FX position	**(321)**	**338**	**214**	**156**	**(308)**	**(54)**	**(51)**	**-**	**194**	**168**

The following tables present an analysis of the sensitivity of the Group's equity to changes in currency exchange rates based on positions existing as at 31 December 2023 and 2022 and a simplified scenario of a 5% change in CZK, USD, KZT, GBP, HUF and INR to EUR exchange rates:

In millions of EUR, as at 31 December 2023

	CZK	USD	KZT	GBP	HUF	INR
Effect of 5% currency depreciation against EUR	(355)	(23)	(16)	(12)	(52)	(11)
Effect of 5% currency appreciation against EUR	355	23	16	12	52	11

In millions of EUR, as at 31 December 2022

	CZK	USD	KZT	GBP	HUF	INR
Effect of 5% currency depreciation against EUR	(350)	(25)	(10)	(19)	(49)	(9)
Effect of 5% currency appreciation against EUR	350	25	10	19	49	9

C.4.4. Hedging

The Group uses derivative financial instruments to manage the potential earnings impact of interest rate and foreign currency movements. Several types of financial derivative instruments are used for this purpose, including interest rate swaps and currency swaps, options, forward contracts and other financial derivatives. The purpose of the Group's economic hedging activities is to protect the Group from the risk that the net cash inflows will be adversely affected by changes in interest or exchange rates, credit ratings or market prices. The Group enters into transactions to ensure that it is economically hedged in accordance with its asset-liability risk management policies.

Interest rate hedging derivatives are designated as economic hedges of benchmark interest rates for specified assets or groups of similar assets, as well as liabilities or groups of similar liabilities, or anticipated transactions. The Group's risk management activities concentrate on economic hedging of the Group's net exposure based on its asset and liability positions. Therefore, the Group monitors its interest rate risk exposures by reviewing the net asset or liability gaps within the relevant repricing bands.

When the Group economically hedges a portfolio of loans or liabilities in respect of the interest rate risk, it classifies the loans in question into homogenous groups, each with specific maturities.

The Group manages its use of hedging derivatives in response to changing market conditions, as well as to changes in the characteristics and mix of the related assets, liabilities and firm commitments.

Pursuant to its above interest rate risk management policy and with the objective to match the interest rate profile of its assets and liabilities, the Group applies hedge accounting to better align the internal risk management for interest rate driven changes in fair value of certain bonds with external reporting (applied for certain corporate loans, see further below). The hedge of the government bonds is either a hedge of a single bond issue, or a hedge of a group bond issues (micro hedge).

The hedged government bonds carry fixed interest rates.

The common objective of the bonds hedging is to offset the changes in the fair value of the CZK hedged items due to the changes in market interest rates by gains or losses on the hedging instruments (CZK interest rate swaps). In this way, the Group also matches its assets with its floating rate liabilities. The Group applies hedge accounting for these hedge relationships. The hedge effectiveness is measured in each reporting period. The hedge effectiveness is measured for each hedge relationship separately with application of the dollar offset method. The hedge ineffectiveness might result from imperfect matching of the hedging instruments with the hedged items (volumes, timing of cash flows).

For the year ending 31 December 2023 and 31 December 2022, all continuing micro fair value hedges were assessed as effective being in the range of 80-125%. No gain/loss from the hedge ineffectiveness is presented in the consolidated income statement under other net gain/(loss) on financial instruments caption (2022: loss of EUR 3 million).

C.4.4.1. Micro hedge

The following table shows the details on the hedging derivatives used for the fair value hedge relationships (continuing):

In millions of EUR, as at 31 December 2023

Fair value hedges (interest rate risk)	Notional amount of the hedging instruments	Carrying amount of the hedging instruments		Presentation in statement of financial position	Increase/(decrease) in FV used for calculating hedge ineffectiveness for the period
		Assets (refer to E.2.1)	Liabilities (refer to E.13)		
Interest rate swaps	1,117*	68	(40)	Investment securities and derivatives --- Financial liabilities at FVTPL	77

*approx. CZK 27,617 million

In millions of EUR, as at 31 December 2022

Fair value hedges (interest rate risk)	Notional amount of the hedging instruments	Carrying amount of the hedging instruments		Presentation in statement of financial position	Increase/(decrease) in FV used for calculating hedge ineffectiveness for the period
		Assets (refer to E.2.1)	Liabilities (refer to E.13)		
Interest rate swaps	660*	115	(3)	Investment securities and derivatives --- Financial liabilities at FVTPL	(46)

*approx. CZK 15,381 million

The following table shows the details on the hedged items subject to the fair value hedge relationships (continuing):

In millions of EUR, as at 31 December 2023

Fair value hedges (interest rate risk)	Carrying amount of the hedged assets	Accumulated amount of FV hedge adjustments on the hedged assets incl. in their carrying amount	Presentation in statement of financial position	Increase/(decrease) in FV used for calculating hedge ineffectiveness for the period
Bonds (refer to E.2.2)	1,133	(51)	Investment securities and derivatives	(77)
Total	**1,133**	**(51)**		**(77)**

In millions of EUR, as at 31 December 2022

Fair value hedges (interest rate risk)	Carrying amount of the hedged assets	Accumulated amount of FV hedge adjustments on the hedged assets incl. in their carrying amount	Presentation in statement of financial position	Increase/(decrease) in FV used for calculating hedge ineffectiveness for the period
Bonds (refer to E.2.2)	707	(129)	Investment securities and derivatives	43
Total	**707**	**(129)**		**43**

The maturity and interest rate risk profiles of the Group's hedging instruments used in micro fair value hedge relationships is, as follows:

In EUR million, as at 31 December 2023

	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
Interest rate swaps						
Notional principal	-	96	163	4	854	1,117
Average interest rate	-	6.26%	8.43%	24.81%	6.56%	-

In EUR million, as at 31 December 2022

	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
Interest rate swaps						
Notional principal	-	-	91	138	431	660
Average interest rate	-	-	13.05%	11.44%	3.27%	-

As at 31 December 2023, the unamortised FV hedge adjustment relating to the discontinued fair value hedge relationships amounted to negative EUR 2 million (2022: negative EUR 3 million).

The Phase 2 amendments of IBOR reform provide a series of temporary exceptions from certain hedge accounting requirements when a change required by interest rate benchmark reform occurs to a hedged item and/or hedging instrument that permit the hedge relationship to be continued without interruption. The Group will apply the following reliefs as and when uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument:

- the Group will amend the designation of a hedging relationship to reflect changes that are required by the reform without discontinuing the hedging relationship; and
- when a hedged item in a cash flow hedge is amended to reflect the changes that are required by the reform, the amount accumulated in the cash flow hedge reserve is deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.

While uncertainty persists in the timing or amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument, the Group continues to apply the existing accounting policies.

The Group keeps actively monitoring the situation – there were no instruments linked to major benchmark reference rates which were to cease either during 2023 or during 2022.

C.5. Insurance risk

The main risk faced by the Group under insurance contracts is that the actual claims and benefit payments, or the timing thereof, will differ from expectations. This is influenced by the frequency of claims, severity of claims, claims settlement period, etc. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover current and future liabilities under insurance contracts. The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

The Group uses reinsurance agreements as a part of its risk mitigation programme. Insurance risk is transferred to reinsurance on a pro rata and disproportional basis. Most reinsurance contracts are proportional reinsurance (quota/surplus reinsurance) combined with excess of loss reinsurance.

C.5.1. Life insurance

Insurance risks related to life insurance contracts include biometric risks arising from events related to mortality trends, longevity, morbidity, etc., as well as risks related to trends in lapses and acquisition and maintenance expenses from insurance contracts.

The vast majority of life insurance contracts offered by the Group have two components: the main programme, which is a savings (endowment/pure endowment) component, and riders that may include pure risks cover, such as accident cover or critical illness cover. One of the Group’s products also includes a pension annuity. All of the Group’s life insurance contracts have a guaranteed interest rate. In order to fulfil its obligations to policyholders, the Group uses the concept of asset-liability matching, which means that the Group invests in assets with a rate of return equal to or more than the minimum interest guaranteed under insurance contracts.

Risks associated with the savings component of insurance contracts are screened (i.e., assessed and analysed) regularly in light of the principle of prudence. Such screening includes, inter alia, analysing the prevailing conditions on financial markets and any regulatory restrictions. The screening results are used to shape the underwriting and pricing policies of the Group.

C.6. Risks specific to real estate business

C.6.1. Concentration risk

The Group's goal is to hold a well-balanced portfolio with respect to the geographical concentration of its assets. Therefore, it broadened its geographical focus during the last years by having properties in the Czech Republic, Germany, the Netherlands, Poland, Romania, Russia, the USA, and the United Kingdom. Any potential concentration risk is also managed through diversified investments into different real estate sectors such as office, logistics and retail and through careful selection of real estate projects and internal project management controls.

C.6.2. Valuation risk

Given the nature of the assets and the requirement that they should be measured at fair market value, the Group uses only reputable and internationally well-known independent experts to establish fair market values. In the case the valuation is made based on internal calculations, it is always subject to several rounds of discussions between internal real estate analysts and the Group's senior management, with strict emphasis on taking a justifiable, conservative approach.

C.6.3. Occupancy risk

The Group is exposed to an occupancy risk stemming from the possibility of losing the tenant or the need to provide for significant incentives either to keep the current tenant or to obtain a new one. In the current buyers' market environment, when faced with such requirements the Group's position is not very strong. To partially mitigate such adverse conditions, the Group tries to offset the immediate negative impact in the long term, e.g., to negotiate long rental agreements incorporating the unilateral option to renew the agreement or to impose significant penalties if the contract is broken by the tenant.

C.7. Fair value of financial assets and liabilities

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: Quoted market price (unadjusted) or dealer price quotations in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments measured using: market prices quoted in active markets for similar instruments; prices quoted for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. Level 2 assets include mainly financial derivatives, corporate bonds, and treasury bills. For OTC derivative exposures, the fair value is estimated using the present value of the cash flows resulting from the transactions considering market inputs like FX spot and forwards rates, benchmark interest rates, swap rates, arbitrage pricing model and others. The fair value of corporate bonds and treasury bills is calculated as the present value of cash flows using the benchmark interest rates.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are measured based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments. Level 3 assets include equity and debt instruments not traded on the market where the fair value is calculated using the valuation techniques including expert appraisals. The fair valuation methodology for Level 3 equity and debt instruments is based on discounted cash flow valuation techniques. The fair value of equity and debt securities is sensitive to economic development at the businesses in question. The valuation techniques include a comparison with similar instruments for which market observable prices exist, the net present value and discounted cash flow models, Black-Scholes option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premiums used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

The main unobservable inputs used in measuring fair value of Level 3 assets are expected net cash flows and cost of equity. Expected net cash flows are projected cash flows from entity's business plan multiplied by enterprise value-to-sales ratio derived from similar market participants. All these outputs are estimated to some degree and significant changes would result in changes of fair value. Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market-related rate at the reporting date for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market related measures at the reporting date.

The following table shows the carrying amounts and fair values of financial instruments measured at AC, including their levels in the fair value hierarchy (excl. FV hedge adjustments, refer to C.4.4):

In millions of EUR, as at 31 December 2023

	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets at AC (E.2.2)	2,410	2,323	2,276	47	-
Loans and receivables due from banks and other financial institutions	193	193	32	158	3
Loans due from customers	8,457	8,236	-	11	8,225
Trade and other receivables*	1,658	1,658	-	-	1,658
Due to non-banks	(14,661)	(14,658)	-	(14,443)	(215)
Due to banks and other financial institutions	(7,438)	(7,444)	-	(6,239)	(1,205)
Debt securities issued	(3,165)	(3,114)	-	(2,697)	(417)
Subordinated liabilities	(26)	(23)	-	(12)	(11)
Trade and other payables**	(2,157)	(2,157)	-	-	(2,157)

*incl. cash collateral for payment cards and other financial assets
**excl. other taxes payable and other non-financial liabilities

In millions of EUR, as at 31 December 2022 (excl. held-for-sale)

	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets at AC (E.2.2)	2,311	2,057	2,023	34	-
Loans and receivables due from banks and other financial institutions***	153	153	33	99	21
Loans due from customers	8,213	8,112	-	25	8,087
Trade and other receivables*	1,661	1,661	-	-	1,661
Due to non-banks	(13,207)	(13,201)	-	(13,021)	(180)
Due to banks and other financial institutions	(6,552)	(6,512)	-	(5,341)	(1,171)
Debt securities issued	(3,992)	(3,815)	-	(3,208)	(607)
Subordinated liabilities	(44)	(44)	-	(12)	(32)
Trade and other payables**	(2,129)	(2,129)	-	-	(2,129)

*incl. cash collateral for payment cards and other financial assets
**excl. other taxes payable and other non-financial liabilities
***restated, for more details refer to A.6.

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

Where they are available, the fair value of financial instruments measured at amortised costs is based on observable market transactions. Where observable market transactions are not available, fair value is estimated using valuation models, such as discounted cash flow techniques. Input into the valuation techniques includes expected lifetime credit losses, interest rates, prepayment rates and primary origination or secondary market spreads.

To improve accuracy of the value estimate for retail loans, homogeneous loans are grouped into portfolios with similar characteristics such as vintage, life-time value ratios, the quality of collateral, product and borrower type, prepayment and delinquency rates, and default probability.

The fair value of current accounts and deposits from customers is estimated using discounted cash flow techniques, applying the rates that are offered for deposits of similar maturities and terms. The fair value of deposits payable on demand is the amount payable at the reporting date.

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 31 December 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	796	3,839	21	4,656
Financial assets FVOCI	1,722	145	62	1,929
Financial liabilities at FVTPL	(467)	(3,535)	(32)	(4,034)
Total	**2,051**	**499**	**51**	**2,551**

In millions of EUR, as at 31 December 2022 (excl. held-for-sale)

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	497	1,049	174	1,720
Financial assets at FVOCI	1,470	138	82	1,690
Financial liabilities at FVTPL	(340)	(786)	(174)	(1,300)
Total	**1,627**	**401**	**82**	**2,110**

There were no significant transfers between Level 1, 2 and 3 in 2023 and 2022.

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

In millions of EUR, for the year ended 31 December 2023

	Financial assets FVTPL	Financial assets FVOCI	Financial liabilities FVTPL	Total
Balance as at 1 January	174	82	(174)	82
Net gains/(losses) recorded in profit or loss (included in other net gain/(loss) on financial instruments)	(5)	-	18	13
Net losses recorded in other comprehensive income	-	(29)	-	(29)
Purchases or originations of financial assets	49	-	-	49
Sales/settlements	(197)	-	151	(46)
Additions of financial liabilities/Issues	-	-	(2)	(2)
Additions resulting from business combinations	-	-	(27)	(27)
Transfer out of / into Level 3	-	10	-	10
Effect of movements in exchange rates	-	(1)	2	1
Balance as at 31 December 2023	**21**	**62**	**(32)**	**51**

In millions of EUR, for the year ended 31 December 2022

	Financial assets FVTPL	Financial assets FVOCI	Financial liabilities FVTPL	Total
Balance as at 1 January	17	23	(15)	25
Net gains/(losses) recorded in profit or loss (included in other net gain/(loss) on financial instruments)	3	-	(55)	(52)
Net losses recorded in other comprehensive income	-	(6)	-	(6)
Purchases or originations of financial assets	195	61	-	256
Sales/settlements	(43)	-	9	(34)
Additions of financial liabilities/Issues	-	-	(111)	(111)
Transfer out of / into Level 3	-	3	-	3
Effect of movements in exchange rates	2	1	(2)	1
Balance as at 31 December 2022	**174**	**82**	**(174)**	**82**

The financial assets at FVOCI in Level 3 represent equity securities of EUR 62 million (2022: equity securities of EUR 77 million and debt securities of EUR 5 million). The fair value of debt securities is sensitive to market interest rates. The fair value of equity securities is sensitive to economic developments at the businesses in question.

C.8. Offsetting financial assets and liabilities

The Group has various netting arrangements in place with the counterparties to manage the associated credit risks. Such arrangements primarily include over-the-counter derivatives, repo and reverse repo transactions, lending arrangements. These netting arrangements and similar arrangements generally enable the counterparties to set-off liabilities against available assets received in the ordinary course of business and/or in the event of the counterparty's default. The offsetting right is a legal right to settle, or otherwise eliminate, all or a portion of an amount due by applying an amount receivable from the same counterparty against it, thus, reducing credit exposure.

The Group's derivative transactions are predominantly entered into under International Swaps and Derivatives Association (ISDA) master netting agreements. In general, under such agreements the amounts owed by each counterparty that are due on a single day in respect of transactions outstanding in the same currency are aggregated into a single net amount payable by one party to the other. In certain circumstances, e.g., when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed, and only a single net amount is due or payable in settlement transactions.

Loans and advances provided and received under repo operations are covered by global master repurchase agreements and similar agreements with terms like those of ISDA master netting agreements.

The following tables summarise the financial assets and liabilities subject to offsetting, enforceable master netting and similar agreements, as well as financial collateral received to mitigate the credit exposures for these financial assets, and whether offset is achieved in the consolidated statement of financial position:

C.8.1. Financial assets subject to offsetting, netting arrangements

In millions of EUR, as at 31 December 2023

	Offsetting recognised in the statement of financial position			Netting potential not recognised in the statement of financial position			Assets not subject to netting arrangements**	Total consolidated assets recognised in the statement of financial position	Maximum exposure to credit risk after consideration of netting potential
	Gross assets before offset	Offset with gross liabilities	Net assets recognised in the statement of financial position	Financial liabilities	Collateral received	Assets after consideration of netting potential*	Assets recognised in the statement of financial position		
Reverse repo operations (E.1, E.2.1)	9,920	(51)	9,869	-	(10,442)	-	534	10,403	534
Derivatives (E.2.1)	617	(186)	431	-	(184)	247	277	708	524
Mortgage loans (E.4.1)	787	(60)	727	-	-	727	-	727	727
Trade receivables (E.5)	60	(25)	35	-	-	35	1,328	1,363	1,363
Total	**11,384**	**(322)**	**11,062**	**-**	**(10,626)**	**1,009**	**2,139**	**13,201**	**3,148**

*The amounts have been capped by the relevant netting agreement so as not to exceed the net amount of financial assets presented in the statement of financial position (i.e., over-collateralisation, where it exists, is not reflected in the table, given the fact that such a surplus collateral would not be recognisable in an event of default).
**Represents items not subject to enforceable netting arrangements and other out-of-scope items.

In millions of EUR, as at 31 December 2022

	Offsetting recognised in the statement of financial position			Netting potential not recognised in the statement of financial position			Assets not subject to netting arrangements**	Total consolidated assets recognised in the statement of financial position	Maximum exposure to credit risk after consideration of netting potential
	Gross assets before offset	Offset with gross liabilities	Net assets recognised in the statement of financial position	Financial liabilities	Collateral received	Assets after consideration of netting potential*	Assets recognised in the statement of financial position		
Reverse repo operations (E.1, E.2.1)	6,399	(74)	6,325	-	(7,102)	-	801	7,126	801
Derivatives (E.2.1)	986	(196)	790	-	(325)	465	135	925	600
Mortgage loans (E.4.1)	689	(54)	635	-	-	635	-	635	635
Trade receivables (E.5)	74	(29)	45	-	-	45	1,250	1,295	1,295
Total	**8,148**	**(353)**	**7,795**	**-**	**(7,427)**	**1,145**	**2,186**	**9,981**	**3,331**

*The amounts have been capped by the relevant netting agreement so as not to exceed the net amount of financial assets presented in the statement of financial position (i.e., over-collateralisation, where it exists, is not reflected in the table, given the fact that such a surplus collateral would not be recognisable in an event of default).
**Represents items not subject to enforceable netting arrangements and other out-of-scope items.

C.8.2. Financial liabilities subject to offsetting, netting arrangements

In millions of EUR, for the year ended 31 December 2023

	Offsetting recognised in the statement of financial position			Netting potential not recognised in the statement of financial position			Liabilities not subject to netting arrangements**	Total consolidated liabilities recognised in the statement of financial position	Maximum exposure after consideration of netting potential
	Gross liabilities before offset	Offset with gross assets	Net liabilities recognised in the statement of financial position	Financial assets	Collateral pledged	Liabilities after consideration of netting potential*	Liabilities recognised in the statement of financial position		
Repo operations (E.13-E.15)	(8,462)	50	(8,412)	8,406	-	(103)	(1)	(8,413)	(104)
Derivatives (E.13)	(468)	187	(281)	-	144	(137)	(136)	(417)	(273)
Current accounts and demand deposits (E.14)	(5,554)	60	(5,494)	-	-	(5,494)	(2,336)	(7,830)	(7,830)
Trade and other payables (E.18)	(40)	25	(15)	-	-	(15)	(892)	(907)	(907)
Total	**(14,524)**	**322**	**(14,202)**	**8,406**	**144**	**(5,749)**	**(3,365)**	**(17,567)**	**(9,114)**

*The amounts have been capped by the relevant netting agreement so as not to exceed the amount of financial liabilities presented in the statement of financial position (i.e., over-collateralisation, where it exists, is not reflected in the table, given surplus collateral would not be recognisable in an event of default).
**Represents items not subject to enforceable netting arrangements and other out-of-scope items.

In millions of EUR, for the year ended 31 December 2022

	Offsetting recognised in the statement of financial position			Netting potential not recognised in the statement of financial position			Liabilities not subject to netting arrangements**	Total consolidated liabilities recognised in the statement of financial position	Maximum exposure after consideration of netting potential
	Gross liabilities before offset	Offset with gross assets	Net liabilities recognised in the statement of financial position	Financial assets	Collateral pledged	Liabilities after consideration of netting potential*	Liabilities recognised in the statement of financial position		
Repo operations (E.13-E.15)	(4,031)	74	(3,957)	3,947	-	(128)	-	(3,957)	(128)
Derivatives (E.13)	(612)	197	(415)	-	124	(291)	(246)	(661)	(537)
Current accounts and demand deposits (E.14)	(5,403)	53	(5,350)	-	-	(5,350)	(2,764)	(8,114)	(8,114)
Trade and other payables (E.18)	(46)	29	(17)	-	-	(17)	(890)	(907)	(907)
Total	**(10,092)**	**353**	**(9,739)**	**3,947**	**124**	**(5,786)**	**(3,900)**	**(13,639)**	**(9,686)**

*The amounts have been capped by the relevant netting agreement so as not to exceed the amount of financial liabilities presented in the statement of financial position (i.e., over-collateralisation, where it exists, is not reflected in the table, given surplus collateral would not be recognisable in an event of default).
**Represents items not subject to enforceable netting arrangements and other out-of-scope items.

C.9. Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology, and infrastructure, and from external factors other than credit, market, and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all Group's operations and are faced by all business entities.

The Group's objective is to manage operational risk to balance the avoidance of financial losses/damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk has been assigned to the senior management of the Group. This responsibility is supported by the development of standards for the management of operational risk in the following areas:

- requirements for the appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards;
- risk mitigation, including insurance where effective.

Compliance with Group standards is supported by a programme of periodic reviews undertaken by internal audit. The individual subsidiaries have their local internal audit teams that also cooperate with the Group internal audit on the PPF Group level. The results of internal audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the senior management of the Group.

C.10. Capital management

The Group's objective is to maximise shareholder value while maintaining investor, creditor, and market confidence and being able to sustain the businesses' future development. The Group manages its capital structure and makes adjustments in light of any changes in economic conditions.

To achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets the financial covenants attached to interest-bearing loans and borrowings. Any breaches in meeting the financial covenants would permit the lenders to call loans and borrowings, subject to the Group not being able to remedy the breach. None of the financial covenants of any interest-bearing loans and borrowings were breached in the current period.

In 2023, PPF Group N.V. distributed EUR 118 million to its shareholders (2022: EUR 119 million). The distribution should be seen in relation to the general principles for capital management as explained above.

C.10.1. Financial services segment

PPF Financial Holdings a.s. as an approved financial holding entity (in the sense of Section 28 of Act No. 21/1992 Coll. on banks) is subject to prudential requirements on its consolidated basis pursuant to Regulation (EU) 575/2013 of the European Parliament and of the Council, and the Directive 2013/36/EU of the European Parliament and of the Council (as transposed in the Czech Republic). The Czech National Bank acts as a supervisory authority over PPF Financial Holdings on its consolidated basis (the "Subgroup").

As of 31 December 2023, in addition to an 8% capital adequacy, the Subgroup was required to maintain a capital conservation buffer amounting to 2.5%, an institution specific countercyclical capital buffer amounting to 1.036%, and a capital buffer for other systemically important institutions amounting to 0.5% of its risk weighted assets. Furthermore, an additional capital requirement according to Pillar Two of 1.0% of risk weighted assets has been applicable as of December 2023. With effect from 31 March 2024, the Pillar Two requirement will be 1.2%.

Some of the Subgroup's subsidiaries operating in the banking, consumer finance and insurance sectors maintain capital adequacy in compliance with local regulations, requiring the respective entities to maintain a ratio of total capital to total risk-weighted assets at or above a certain minimum level. The ratios are calculated based on the entities' financial statements prepared in accordance with local accounting standards. The Subgroup's policy in this respect is to support the subsidiaries with capital as necessary to maintain the subsidiaries' full compliance with the relevant requirements.

The Subgroup complied with all externally imposed capital requirements, large exposure requirements, liquidity requirements, and leverage requirements throughout the reporting period.

The following table presents the composition of the Subgroup's regulatory capital:

In millions of EUR, as at 31 December

	2023	2022
Issued capital	0.00	0.00
Share premium	2,324	2,324
Retained earnings and other reserves	(835)	865
Full year profit/(loss) included into capital	293	(1,385)
Minority interests on CET 1	17	15
Adjustment to CET 1 due to IFRS 9	-	92
(-) Additional valuation adjustment	(9)	(4)
(-) Intangible assets	(87)	(167)
(-) Deferred tax assets (deductible part)	(44)	(38)
Total Tier 1 capital	**1,663**	**1,703**
Total Tier 2 capital	**92**	**181**
Total capital	**1,755**	**1,885**
Total capital adequacy ratio	**15.01%**	**14.15%**

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 the geographic focus of each reportable segment.

Reportable segment	Business name/brand	Operations	Geographic focus
Financial services	PPF banka and its subsidiaries	Loans, deposits and other transactions and balances with corporate customers, trading activities	Czech Republic
	Home Credit	Lending to private individual customers, deposit-taking	Czech Republic, Slovakia, Asia, Russia (disc.)[(1)]
	Air Bank[(2)] and its subsidiaries	Deposits, loans and other transactions and balances with retail customers	Czech Republic, Slovakia
	Bank Home Credit	Deposits, loans and other transactions and balances with retail customers	Kazakhstan
	Mobi Banka	Deposits, loans and other transactions and balances with retail customers	Serbia
	ClearBank *(associate)*	Clearing and settlement services	United Kingdom
Telecommunications	O2 Czech Republic	Fixed and mobile telecommunication and data services	Czech Republic
	O2 Slovakia/ O2 Networks	Mobile telecommunication and data services, and infrastructure	Slovakia
	CETIN	Administration and operation of data and communication networks	Czech Republic, Hungary, Bulgaria, Serbia
	Yettel	Mobile operators providing a range of voice and data services	Hungary, Bulgaria, Serbia
Media	CME and its subsidiaries	Television broadcasting	Czech Republic, Bulgaria, Romania, Slovakia, Slovenia, Croatia
Mechanical engineering	Škoda	Production, development, assembling and repairs of vehicles for public transport	Czech Republic, Eastern Europe, Finland, Belgium
	Temsa *(JV)*	Production of buses	Turkey
Real estate	PPF Real Estate Holding	Developing, investing, and professional consulting in the property sector	Central and Western Europe, Romania, USA, Russia
Leisure and entertainment	Dream Yacht (subs.)/ Navigare *(associate)*	Sea boat charter services and production	worldwide
	Robertson & Caine[(3)]	Catamaran producer	South Africa, USA
	O2 Arena/ O2 Universum	Operation of multipurpose hall hosting mainly sports and cultural events	Czech Republic

Reportable segment	Business name/brand	Operations	Geographic focus
Other	Sotio	Development of new medical therapies, focusing on the treatment of cancer	Czech Republic, USA, France, Switzerland
	PPF Insurance	Provision of life insurance products	Russia
	ITIS Holding *(JV)*	Toll operating and collection system	Czech Republic, Slovakia
	Heureka(4) *(JV)*	E-commerce and comparison-shopping platforms	Central and Eastern Europe
	FAST(4) *(JV)*	Consumer electronic wholesaler and retailer	Czech Republic, Slovakia, Hungary, Poland
	LEAG(5) *(associate)*	Extraction, processing, refining and sale of lignite, generation of electricity and heat	Germany
	InPost(6) *(associate)*	Operator of automated parcel machines	Poland, Western Europe
	MONETA Money Bank *(associate)*	Provider of banking and financing services to individual customers and clients in the SME segment	Czech Republic

(1) For the year ended 31 December 2022, Russia region (a part of CIS region) is presented as discontinued operations (refer to B.2.6).
(2) a part of Home Credit Group
(3) Acquired in June 2023 (refer to B.2.2)
(4) Changed from an associate to a joint-venture (refer to B.3.2)
(5) Changed from a joint-venture to an associate (refer to B.3.1)
(6) Acquired in June 2023 (refer to B.3.3)

As a reaction to the changing portfolio of the Group, the management, for the purposes of these consolidated financial statements ended 31 December 2023, re-evaluated the way how the segment distribution is perceived, and the relevant information evaluated, by the chief operating decision maker. This re-evaluation resulted in a change of the segment structure presentation to correspond with the chief operating decision maker’s views. Thus, the leisure and entertainment segment is newly reportable separately, comprising entities previously allocated to other segment (refer to the above table), whereas the insurance segment has no longer been evaluated separately but newly within other segment (refer to the above table). The comparative information was restated accordingly to ensure the comparability of the financial figures presented.

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 the segments. Significant non-cash expenses comprise mainly impairment losses on financial and non-financial assets. Eliminations represent intercompany balances among individual reporting segments.

For the year ended 31 December 2023, total segment revenues contain the following categories, which may be reconciled to the income statement as follows:

In millions of EUR, for the year ended 31 December 2023

Interest income[1]	2,275
Fee and commission income	330
Insurance income	28
Telecommunications revenues	3,768
Media revenues	854
Mechanical engineering revenues	1,136
Rental and related revenues	156
Leisure and entertainment revenues	344
Total revenues from external customers	**8,891**

(1) interest income related solely to financial services and unallocated segments, and insurance business (reported under other segment)

For the year ended 31 December 2022, total segment revenues contain the following categories of continuing operations that may be reconciled to the consolidated statement of income and the Russian Federation financial services discontinued operations (refer to B.2.6). The main categories are presented in the below table:

In millions of EUR, for the year ended 31 December 2022

	Continuing (restated)[1]	Discontinued[2]	Total
Interest income[3]	2,322	211	2,533
Fee and commission income	353	40	393
Insurance income	36	7	43
Telecommunications revenues	3,500	-	3,500
Media revenues	767	-	767
Mechanical engineering revenues	775	-	775
Rental and related revenues[4]	270	-	270
Leisure and entertainment revenues	211	-	211
Toll operations revenues[5]	24	-	24
Total revenues from external customers	**8,258**	**258**	**8,516**

(1) for more details on the restatement refer to A.7.
(2) Russian financial services operations only (refer to B.2.6)
(3) interest income related solely to financial services and unallocated segments, and insurance business (reported under other segment)
(4) incl. net income related to construction contracts
(5) toll operations income by 30 August 2022 (refer to B.3.10)

The Group does not have a major customer or individual customer with revenues exceeding 10% of total segment revenues.

The following table shows the main items from the financial statements broken down according to reportable segments for the year ended 31 December 2023 and comparative figures for 2022:

In millions of EUR

2023	Financial services	Telecommu-nications	Media	Mechanical engineering	Real estate	Leisure and entertainment	Other	Unallocated	Eliminations	**Consolidated**
Revenues from external customers	2,564	3,768	854	1,136	147	353	46	23	-	8,891
Inter-segment revenues	14	8	14	-	-	2	-	25	(63)	-
Total revenues	**2,578**	**3,776**	**868**	**1,136**	**147**	**355**	**46**	**48**	**(63)**	**8,891**
Segment share of profit/(loss) of equity-accounted investees	(11)	-	-	23	(12)	-	795	-	-	795
Net profit/(loss) for the year	**580**	**542**	**108**	**(78)**	**(124)**	**47**	**433**	**(44)**	**(15)**	**1,449**
Capital expenditure	51	622	14	69	1	31	11	1	(10)	790
Depreciation and amortisation	(152)	(760)	(34)	(41)	(5)	(39)	(5)	(2)	12	(1,026)
Other significant non-cash expenses	(354)	(105)	(2)	(2)	(4)	1	(25)	-	(13)	(504)
Segment assets	25,220	8,388	2,305	1,386	1,751	759	5,302	959	(2,586)	43,484
of which: equity-accounted investees	_92_	_1_	-	_59_	_69_	_2_	_3,056_	-	-	_3,279_
Segment liabilities	23,091	7,685	1,154	957	1,041	527	1,162	1,219	(2,614)	34,222
Segment equity	**2,129**	**703**	**1,151**	**429**	**710**	**232**	**4,140**	**(260)**	**28**	**9,262**

In millions of EUR

2022	Financial services	Telecommu-nications	Media	Mechanical engineering	Real estate	Leisure and entertainment*	Other*	Unallocated	Eliminations	**Consolidated**
Revenues from external customers	2,862	3,500	767	775	263	218	96	35	-	8,516
Inter-segment revenues	20	6	10	-	2	2	-	29	(69)	-
Total revenues	**2,882**	**3,506**	**777**	**775**	**265**	**220**	**96**	**64**	**(69)**	**8,516**
Segment share of profit/(loss) of equity-accounted investees	17	-	-	2	(17)	-	889	-	-	891
Net profit/(loss) for the year	**(1,449)**	**651**	**136**	**132**	**(293)**	**(57)**	**1,085**	**(72)**	**31**	**164**
Capital expenditure	68	751	17	68	2	17	3	1	(12)	915
Depreciation and amortisation	(156)	(707)	(38)	(39)	(4)	(40)	(6)	(2)	12	(980)
Other significant non-cash expenses	(729)	(84)	3	(8)	(26)	(11)	(2)	(70)	(8)	(935)
Segment assets	22,871	7,874	2,275	1,428	2,411	607	3,227	1,369	(2,179)	39,883
of which: equity-accounted investees	_95_	_1_	-	_32_	_80_	_8_	_1,266_	-	-	_1,482_
Segment liabilities	20,953	6,880	1,181	872	1,455	439	474	580	(2,201)	30,633
Segment equity	**1,918**	**994**	**1,094**	**556**	**956**	**168**	**2,753**	**789**	**22**	**9,250**

*restated (as explained at the beginning of this section)

D.1.1. Financial services segment

The financial services segment is primarily represented by Home Credit Group (consumer lending), Bank Home Credit (consumer lending) and PPF Banka (corporate banking). The Home Credit Group reports on one global consumer lending segment where all information about similar products, services, and customers is presented. This approach suits the global business strategy of having a similar approach to customers, a unique and unified product portfolio, as well as centralised processes that drive operational excellence. The Home Credit Group also presents additional information for revenue and net interest income based on the division of countries into four geographic clusters: Southeast Asia, Central and Eastern Europe, China, and the Commonwealth of Independent States. The Home Credit Group operates or operated in the comparative period of these consolidated financial statements in the following principal geographical areas: the Czech Republic and Slovakia, Vietnam, India, China, Indonesia (until 2 October 2023, refer to B.2.3), the Philippines (until 1 June 2023, refer to B.2.3), the Russian Federation (until 16 June 2022, refer to B.2.6) and Kazakhstan (until 16 June 2022, refer to B.2.6). The Russian Home Credit businesses (until 16 June 2022), Air Bank, and Bank Home Credit (Kazakhstan) operate under banking licences allowing for the collection of deposits.

On 16 June 2022, the Home Credit Group lost control over Bank Home Credit (Kazakhstan) while the control has been retained by PPF Financial Holdings Group (refer to B.2.6). Since the direct control was transferred to PPF Financial Holdings Group level, the operations of Bank Home Credit started to be directly managed from that level, accordingly. The CIS region comprised both Russia and Kazakhstan in the segment report presentation. As PPF Financial Holdings subgroup lost control over its Russian operations and the direct management of Kazakh operations changed, CIS region, in the segment report for the twelve-month period ending 31 December 2022, was split, for the presentation purposes, to both countries being presented separately, and the Kazakh operations were newly presented as Consumer lending (Kazakhstan) segment, compared to its previous presentation under Consumer lending of the Home Credit Group.

Retail banking in Serbia comprises Mobi Banka, a Serbian bank not related to the Home Credit business.

The following table shows the main items from the financial statements broken down according to reportable segments for 2023 and 2022:

In millions of EUR

2023	Consumer lending					Corporate banking	Consumer lending	Retail banking	Unallocated	Eliminations	**Consolidated**
		SEA*	_CEE*_	_China_	_Other_		_Kazakhstan_	_Serbia_			
Revenues from customers	1,402	822	484	86	10	767	372	30	7	-	2,578
Inter-segment revenues	33	-	31	-	2	52	-	-	21	(106)	-
Total revenues	**1,435**	**822**	**515**	**86**	**12**	**819**	**372**	**30**	**28**	**(106)**	**2,578**
Net interest income from external customers	830	549	270	11	-	240	222	16	(2)	-	1,306
Inter-segment net interest income	(32)	(20)	8	(2)	(18)	42	-	(2)	21	(29)	-
Total net interest income	**798**	**529**	**278**	**9**	**(18)**	**282**	**222**	**14**	**19**	**(29)**	**1,306**
Net profit/(loss) for the year	**381**					**167**	**58**	**1**	**(25)**	**(2)**	**580**
Capital expenditure	37					1	22	7	-	(16)	51
Depreciation and amortisation	(140)					(4)	(10)	(1)	-	33	(152)
Other significant non-cash expenses	(276)					(24)	(52)	(3)	(5)	6	(354)
Segment assets	8,309					15,589	1,609	303	414	(1,004)	25,220
Segment liabilities	7,732					14,727	1,268	267	89	(992)	23,091
Segment equity	**577**					**862**	**341**	**36**	**325**	**(12)**	**2,129**

SEA – South East Asia, CEE – Central and Eastern Europe

In millions of EUR

2022	Consumer lending						Corporate banking	Consumer lending	Retail banking	Unallocated	Eliminations	**Consolidated**
		SEA*	_CEE*_	_China_	_Russia (CIS part)* disc**_	_Other_		_Kazakhstan_	_Serbia_			
Revenues from customers	2,080	1,015	421	386	258	-	505	265	23	9	-	2,882
Inter-segment revenues	18	-	17	-	1	-	46	1	-	28	(93)	-
Total revenues	**2,098**	**1,015**	**438**	**386**	**259**	**-**	**551**	**266**	**23**	**37**	**(93)**	**2,882**
Net interest income from external customers	1,280	698	276	192	133	(19)	223	177	12	(12)	-	1,680
Inter-segment net interest income	(53)	(21)	2	(2)	-	(32)	47	(1)	(1)	28	(20)	-
Total net interest income	**1,227**	**677**	**278**	**190**	**133**	**(51)**	**270**	**176**	**11**	**16**	**(20)**	**1,680**
Net profit/(loss) for the year	**(1,614)**						**112**	**50**	**-**	**(11)**	**(1)**	**(1,464)**
Capital expenditure	61						1	6	1	-	(1)	68
Depreciation and amortisation	(144)						(4)	(9)	(2)	-	3	(156)
Other significant non-cash expenses	(666)						(37)	(24)	(2)	-	-	(729)
Segment assets	10,069						11,977	1,125	232	732	(1,264)	22,871
Segment liabilities	9,469						11,241	836	201	472	(1,266)	20,953
Segment equity	**600**						**736**	**289**	**31**	**260**	**2**	**1,918**

*CIS – Commonwealth of Independent States, SEA – South East Asia, CEE – Central and Eastern Europe
**Russia region (refer to the above paragraphs in this section) and its related operations are presented as discontinued for the year ended 31 December 2022, however, for the enhanced understandability of this segment reporting, the Russian operations are presented as if there were no discontinued operations. The results from discontinued operations are presented in the separate note B.2.6.

D.1.2. Telecommunications segment

The telecommunication segment is represented by O2 Czech Republic, O2 Slovakia, O2 Networks, CETIN, and Yettel entities.

For the year ended 31 December 2023, O2 Slovakia and O2 Networks are each presented as a separate segment compared to the presentation in the financial statements for the year ended 31 December 2022, where they were both presented under O2 Slovakia segment. The comparative figures for the year ended 31 December 2022 were restated accordingly. O2 Networks, renamed to CETIN Networks, s.r.o. on 1 January 2024, is presented under CETIN Slovakia segment in the below table.

In millions of EUR

2023	O2 Czech Republic	O2 Slovakia	Yettel Hungary	Yettel Bulgaria	Yettel Serbia	CETIN CZ	CETIN Slovakia	CETIN Hungary	CETIN Bulgaria	CETIN Serbia	Unallo-cated	Elimi-nations	**Consoli-dated**
Revenues from external customers	1,453	345	612	499	498	348	-	5	5	11	-	-	3,776
Inter-segment revenues	13	4	3	4	11	468	93	170	136	110	-	(1,012)	-
Total revenues	**1,466**	**349**	**615**	**503**	**509**	**816**	**93**	**175**	**141**	**121**	**-**	**(1,012)**	**3,776**
Operating profit excl. depr., amort. and impairments	**472**	**78**	**126**	**151**	**144**	**418**	**69**	**119**	**101**	**92**	**(4)**	**(9)**	**1,757**
Net profit for the period	**216**	**14**	**6**	**81**	**63**	**67**	**22**	**59**	**55**	**39**	**(81)**	**1**	**542**
Capital expenditure	82	22	27	56	30	221	29	81	39	35	-	-	622
Depreciation and amortisation	(165)	(43)	(72)	(42)	(53)	(234)	(36)	(45)	(39)	(39)	-	8	(760)
Other significant non-cash expenses	(30)	(9)	(12)	(17)	(29)	(2)	-	(1)	-	(5)	-	-	(105)
Segment assets	1,581	320	794	555	653	2,932	271	509	362	372	1,974	(1,935)	8,388
Segment liabilities	892	160	334	131	102	1,959	157	163	103	80	5,539	(1,935)	7,685
Segment equity	**689**	**160**	**460**	**424**	**551**	**973**	**114**	**346**	**259**	**292**	**(3,565)**	**-**	**703**

In millions of EUR

2022	O2 Czech Republic	O2 Slovakia*	Yettel Hungary	Yettel Bulgaria	Yettel Serbia	CETIN CZ	CETIN Slovakia*	CETIN Hungary	CETIN Bulgaria	CETIN Serbia	Unallo-cated	Elimi-nations	**Consoli-dated**
Revenues from external customers	1,381	320	537	452	473	327	-	3	4	9	-	-	3,506
Inter-segment revenues	12	4	4	4	8	436	81	128	120	94	-	(891)	-
Total revenues	**1,393**	**324**	**541**	**456**	**481**	**763**	**81**	**131**	**124**	**103**	**-**	**(891)**	**3,506**
Operating profit excl. depr., amort. and impairments	**458**	**79**	**108**	**157**	**136**	**375**	**60**	**96**	**84**	**78**	**(5)**	**(9)**	**1,617**
Net profit for the period	**217**	**20**	**10**	**91**	**55**	**118**	**17**	**47**	**43**	**36**	**(2)**	**(1)**	**651**
Capital expenditure	68	45	171	31	33	223	48	61	51	34	-	(14)	751
Depreciation and amortisation	(161)	(40)	(63)	(39)	(50)	(222)	(35)	(35)	(36)	(33)	(1)	8	(707)
Other significant non-cash expenses	(26)	(8)	(11)	(15)	(21)	(1)	-	(2)	-	-	-	-	(84)
Segment assets	1,598	345	777	507	603	2,571	271	410	352	366	1,544	(1,470)	7,874
Segment liabilities	975	164	301	120	116	1,595	179	133	97	77	4,591	(1,468)	6,880
Segment equity	**623**	**181**	**476**	**387**	**487**	**976**	**92**	**277**	**255**	**289**	**(3,047)**	**(2)**	**994**

*restated (as explained at the beginning of this section)

E. Additional notes to the consolidated financial statements

E.1. Cash and cash equivalents

Cash and cash equivalents comprise the following:

In millions of EUR

	31 December 2023	31 December 2022 (restated)*
Cash on hand	130	117
Current accounts	719	697
Balances with central banks	614	641
Placements with financial institutions due within three months	75	249
Reverse repo operations with central banks	6,997	7,022
Total cash and cash equivalents	**8,535**	**8,726**

*refer to A.6.

As at 31 December 2023, current accounts comprise EUR 82 million (2022: EUR 71 million) which is to a certain extent restricted to its use. The use of the cash is restricted by the Group's borrowing agreements with its creditors for the received funding.

Balances with central banks include minimum reserve deposits totalling EUR 298 million (2022: EUR 226 million). The minimum reserve deposits are mandatory non-interest-bearing deposits with restricted withdrawals, maintained in accordance with regulations issued by central banks in countries in which the Group's banking entities operate. In the event of non-fulfilment of this requirement by the commercial bank, the central bank burdens the unfulfilled part of the mandatory minimum reserve deposit requirement with interest, representing the interest expense for the commercial bank.

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

E.2. Investment securities and derivatives

Investment securities and derivatives comprise the following.

In millions of EUR

	31 December 2023	31 December 2022
Financial assets at FVTPL (incl. derivatives)	4,656	1,720
Financial assets at AC	2,359	2,182
Amortised cost	2,410	2,311
FV hedge adjustment*	(51)	(129)
Financial assets at FVOCI	1,929	1,690
Total investment securities and derivatives	**8,944**	**5,592**

*refer to C.4.4

E.2.1. Financial assets at FVTPL

Financial assets at FVTPL comprise the following:

In millions of EUR

	31 December 2023	31 December 2022
Financial assets held for trading	4,386	1,306
Reverse repo operations	3,130	104
Debt securities	612	439
Equity securities	21	11
Positive fair values of trading derivatives	623	752
Interest rate derivatives	352	617
Equity derivatives	172	-
Currency derivatives	99	135
Financial assets not held for trading	270	414
Shares	164	48
Positive fair values of hedging derivatives	85	173
Loans and receivables	17	165
Other	4	28
Total financial assets at FVTPL	**4,656**	**1,720**

The significant increase in receivables from reverse repo operations reflects the market needs and opportunities especially on the Czech market.

For more details on notional amounts and the positive and negative fair values of derivative instruments (trading and hedging) refer to E.13.

E.2.2. Financial assets at AC

Financial assets at AC (excl. FV hedge adjustment – refer to E.2) comprise the following:

In millions of EUR, as at 31 December 2023

	Gross amount	Amortised cost
Government bonds	2,393	2,393
Corporate bonds	17	17
Total financial assets at AC	**2,410**	**2,410**

In millions of EUR, as at 31 December 2022

	Gross amount	Amortised cost
Government bonds	2,305	2,305
Corporate bonds	6	6
Total financial assets at AC	**2,311**	**2,311**

Credit quality analysis

No loss allowances on financial assets at AC was recognised as at 31 December 2023 (2022: nil).

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stages classification. The amounts presented are gross carrying amounts unless otherwise stated. Details of the Group's internal grading system are set out in Note F.1.6. ECL allowances for financial assets at AC as investment securities are calculated on an individual basis.

In millions of EUR, as at 31 December 2023

	Stage 1	Stage 2	Stage 3	POCI	Total
Very low risk	2,394	-	-	-	2,394
Low risk	10	-	-	-	10
Medium risk	6	-	-	-	6
High risk	-	-	-	-	-
Default	-	-	-	-	-
Gross amount	**2,410**	**-**	**-**	**-**	**2,410**
Loss allowance	-	-	-	-	-
Total carrying amount	**2,410**	**-**	**-**	**-**	**2,410**

In millions of EUR, as at 31 December 2022

	Stage 1	Stage 2	Stage 3	POCI	Total
Very low risk	2,305	-	-	-	2,305
Low risk	6	-	-	-	6
Medium risk	-	-	-	-	-
High risk	-	-	-	-	-
Default	-	-	-	-	-
Gross amount	**2,311**	**-**	**-**	**-**	**2,311**
Loss allowance	-	-	-	-	-
Total carrying amount	**2,311**	**-**	**-**	**-**	**2,311**

E.2.3. Financial assets at FVOCI

Financial assets at FVOCI comprise the following:

In millions of EUR

	31 December 2023	31 December 2022
Debt securities	1,334	1,251
Government bonds	954	902
Corporate bonds	380	349
Equity securities	595	439
Shares	558	377
Mutual fund investments	24	27
Other equity securities	13	35
Total financial assets at FVOCI	**1,929**	**1,690**

Majority of shares within the equity securities represent investments in publicly traded shares measured at fair value of Level 1. The tables below show details of the Group’s most significant share investments at FVOCI:

In millions of EUR

Company name	31 December 2023	31 December 2022
ProSiebenSat.1 Media SE	130	58
Allegro.eu	104	83
Autolus Therapeutics PLC	85	26
Kontron AG *(formerly S&T AG)*	72	52
Polymetal	63	44
Other	104	114
Total equity securities - shares (at FVOCI)	**558**	**377**

Net revaluation gains and losses from these share investments recognised through other comprehensive income for the year ended 31 December 2023 and 2022 were as follows:

In millions of EUR, for the year ended 31 December

	2023	2022
ProSiebenSat.1 Media SE	(61)	7
Allegro.eu	33	(20)
Autolus Therapeutics PLC	59	(41)
Kontron AG _(formerly S&T AG)_	21	3
Polymetal	19	(203)
Other	(5)	(12)
Total net revaluation gains/(losses) in OCI*	**66**	**(266)**

*excluding revaluation gains/(losses) related to mutual fund investments and other equity securities

Credit quality analysis

The following table shows the fair value of the Group's debt instruments at FVOCI split by credit risk, based on the Group's internal rating system and year-end stage classification. Details of the Group's internal grading system are set out in Note F.1.6. ECL allowances for debt instruments at FVOCI are calculated on an individual basis.

In millions of EUR, as at 31 December 2023

Debt securities and loans at FVOCI	Stage 1	Stage 2	Stage 3	POCI	Total
Very low risk	815	-	-	-	815
Low risk	233	-	-	-	233
Medium risk	221	57	-	-	278
High risk	1	7	-	-	8
Default	-	-	-	-	-
Total carrying amount (fair value)	**1,270**	**64**	**-**	**-**	**1,334**

In millions of EUR, as at 31 December 2022

Debt securities and loans at FVOCI	Stage 1	Stage 2	Stage 3	POCI	Total
Very low risk	739	-	-	-	739
Low risk	252	-	-	-	252
Medium risk	224	31	-	-	255
High risk	-	5	-	-	5
Default	-	-	-	-	-
Total carrying amount (fair value)	**1,215**	**36**	**-**	**-**	**1,251**

An analysis of the changes in the corresponding ECL allowances in relation to debt instruments at FVOCI as investment securities is as follows:

In millions of EUR, for the year ended 31 December 2023

Loss allowance – debt securities at FVOCI*	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance as at 1 January	**(3)**	**(37)**	**-**	**-**	**(40)**
Change in loss allowances	-	(6)	-	-	(6)
Transfer from Stage 1 to Stage 2	-	(6)	-	-	(6)
Financial assets fully repaid	-	10	-	-	10
Financial assets derecognised	-	26	-	-	26
Effect of movements in exchange rates	-	1	-	-	1
Net change during the period	**-**	**31**	**-**	**-**	**31**
Loss allowance as at 31 December	**(3)**	**(6)**	**-**	**-**	**(9)**

*In the case the debt security was derecognised during the period, i.e., no ECL allowance balance is reported as at the end of the period, all related changes in the loss allowances are shown in the stage as per classification of the debt security as at the beginning of the period.

In millions of EUR, for the year ended 31 December 2022

Loss allowance – debt securities at FVOCI*	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance as at 1 January	**(3)**	**(1)**	**-**	**-**	**(4)**
Change in loss allowances	-	(19)	-	-	(19)
Transfer from Stage 1 to Stage 2	-	(19)	-	-	(19)
Change in PD/EAD/LGD, unwind of discount	-	(18)	-	-	(18)
Effect of movements in exchange rates	-	1	-	-	1
Net change during the period	**-**	**(36)**	**-**	**-**	**(36)**
Loss allowance as at 31 December	**(3)**	**(37)**	**-**	**-**	**(40)**

*In the case the debt security was derecognised during the period, i.e., no ECL allowance balance is reported as at the end of the period, all related changes in the loss allowances are shown in the stage as per classification of the debt security as at the beginning of the period.

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

	31 December 2023	31 December 2022 (restated)*
Term deposits at banks	47	42
Loans and advances provided under reverse repo operations	7	-
Loans due from banks	5	13
Cash collateral for derivative instruments	134	98
Total loans and receivables due from banks and other financial institutions	**193**	**153**

*refer to A.6.

Credit quality analysis

The following table shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stages classification. The amounts presented are gross carrying amounts unless stated otherwise. Details of the Group's internal grading system are set out in Note F.1.6. ECL allowances for loans due from banks and other financial institutions are calculated on an individual basis.

In millions of EUR, as at 31 December

					2023	2022
Loans due from banks and other financial institutions	Stage 1	Stage 2	Stage 3	POCI	Total	Total
Very low risk	13	-	-	-	13	10
Low risk	160	-	-	-	160	134
Medium risk	20	-	-	-	20	9
High risk	-	-	-	-	-	-
Default	-	-	2	-	2	-
Gross amount	**193**	**-**	**2**	**-**	**195**	**153**
Loss allowance	-	-	(2)	-	(2)	-
Total carrying amount	**193**	**-**	**-**	**-**	**193**	**153**

E.4. Loans due from customers

Loans due from customers measured at amortised cost comprise the following items:

In millions of EUR

	31 December 2023	31 December 2022*
Cash loans	4,071	4,013
Consumer loans	455	426
Revolving loans	731	612
Mortgage loans	727	636
Car loans	316	231
Loans due from customers – retail (carrying amounts)	**6,300**	**5,918**
Loans due from corporations	1,780	2,169
Loans and advances provided under reverse repo operations	269	-
Loans due from equity-accounted investees	96	100
Other	12	26
Loans due from customers – non-retail (carrying amounts)	**2,157**	**2,295**
Total loans due from customers (carrying amounts)	**8,457**	**8,213**

*restated

In 2023, the Group reclassified a subsidiary's product within the Home Credit subgroup. The subsidiary offers to the customers a certain limit without information about down payment or the commodity. This product was previously classified as consumer loan and is now reclassified as a revolving loan. The comparative figures as at 31 December 2022 in the above table showing breakdown of loans due from customers have been restated as follows: revolving loans have been increased by EUR 83 million while consumer loans have been decreased by EUR 83 million. This change has no impact on the consolidated statement of financial position or the consolidated statement of comprehensive income. The change only affects the breakdown of retail loans into consumer loans and revolving loans, along with the associated revenues and expenses in E.25 and E.28.

As at 31 December 2023, a new balance of loans and advances provided under reverse repo operations reflects the market needs and opportunities especially on the Czech market.

E.4.1.1. Loans due from customers – retail

Loans due from customers – retail comprise the following:

In millions of EUR, as at 31 December 2023

	Cash loans	Consumer loans	Revolving loans	Mortgage loans	Car loans	Total
Gross amount	**4,378**	**486**	**813**	**728**	**346**	**6,751**
Stage 1	3,538	436	642	662	312	5,590
Stage 2	503	18	95	65	13	694
Stage 3	333	32	76	1	21	463
POCI	4	-	-	-	-	4
Loss allowance	**(307)**	**(31)**	**(82)**	**(1)**	**(30)**	**(451)**
Stage 1	(91)	(9)	(21)	(1)	(7)	(129)
Stage 2	(61)	(3)	(10)	-	(3)	(77)
Stage 3	(152)	(19)	(51)	-	(20)	(242)
POCI	(3)	-	-	-	-	(3)
Total carrying amount	**4,071**	**455**	**731**	**727**	**316**	**6,300**

In millions of EUR, as at 31 December 2022

	Cash loans	Consumer loans*	Revolving loans*	Mortgage loans	Car loans	Total
Gross amount	**4,479**	**472**	**674**	**636**	**255**	**6,516**
Stage 1	3,281	392	497	516	226	4,912
Stage 2	747	24	117	119	13	1,020
Stage 3	451	56	60	1	16	584
POCI	-	-	-	-	-	-
Loss allowance	**(466)**	**(46)**	**(62)**	-	**(24)**	**(598)**
Stage 1	(123)	(13)	(18)	-	(6)	(160)
Stage 2	(171)	(8)	(9)	-	(2)	(190)
Stage 3	(172)	(25)	(35)	-	(16)	(248)
POCI	-	-	-	-	-	-
Total carrying amount	**4,013**	**426**	**612**	**636**	**231**	**5,918**

*restated

Credit quality analysis:

The Group’s maximum exposure to credit risk and the year-end stage classification are shown in the above table. For retail portfolio, provisioning coefficients are usually estimated using statistical models (stochastic Markov chain-based model) based on internally compiled data, while, where available, market data are also used. Details of all these measures are set out in Note F.1.6. ECL allowances for retail loans due from customers (consumer lending) are calculated on a collective basis.

An analysis of the changes in the corresponding ECL allowances in relation to loans due from customers – retail results in the following:

In millions of EUR, for the year ended 31 December 2023

Loss allowance – Loans due from customers – retail*	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance as at 1 January	**(160)**	**(190)**	**(248)**	**-**	**(598)**
Changes in the loss allowance	38	7	(84)	-	(39)
Transfer from other stages/(to) Stage 1	(3)	5	-	-	2
Transfer from other stages/(to) Stage 2	21	(28)	1	-	(6)
Transfer from other stages/(to) Stage 3	20	30	(85)	-	(35)
New originated or purchased	(94)	(26)	(27)	(3)	(150)
Change in PD/EAD/LGD, unwind of discount	(52)	(76)	(187)	-	(315)
Financial assets fully repaid**	49	42	24	-	115
Write-offs	84	159	279	-	522
Effect of movements in exchange rates	6	7	1	-	14
Net change during the period	**31**	**113**	**6**	**(3)**	**147**
Loss allowance as at 31 December	**(129)**	**(77)**	**(242)**	**(3)**	**(451)**

*In the case the loan was derecognised during the period, i.e., no ECL allowance balance is reported as at the end of the period, all related changes in the loss allowances are shown in the stage as per classification of the loan as at the beginning of the period.
**The impact of partial repayments of financial assets is presented in the line: Change in PD/EAD/LGD, unwind of discount.

In millions of EUR, for the year ended 31 December 2022

Loss allowance – Loans due from customers – retail*	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance as at 1 January	**(259)**	**(365)**	**(484)**	**-**	**(1,108)**
Disposals resulting from business combination	55	70	45	-	170
Changes in the loss allowance	47	(16)	(166)	-	(135)
Transfer from other stages/(to) Stage 1	(14)	13	-	-	(1)
Transfer from other stages/(to) Stage 2	43	(104)	3	-	(58)
Transfer from other stages/(to) Stage 3	18	75	(169)	-	(76)
New originated or purchased	(135)	(43)	(44)	-	(222)
Change in PD/EAD/LGD, unwind of discount	(156)	(226)	(286)	-	(668)
Financial assets fully repaid**	105	93	60	-	258
Write-offs	150	291	608	-	1,049
Transfer to assets held for sale	41	20	40	-	101
Effect of movements in exchanges rates	(8)	(14)	(21)	-	(43)
Net change during the period	**99**	**175**	**236**	**-**	**510**
Loss allowance as at 31 December	**(160)**	**(190)**	**(248)**	**-**	**(598)**

*In the case the loan was derecognised during the period, i.e., no ECL allowance balance is reported as at the end of the period, all related changes in the loss allowances are shown in the stage as per classification of the loan as at the beginning of the period.
**The impact of partial repayments of financial assets is presented in the line: Change in PD/EAD/LGD, unwind of discount.

E.4.1.2. Loans due from corporations and equity-accounted investees – non-retail

Loans due from corporations and equity-accounted investees comprise the following:

In millions of EUR

	31 December 2023	31 December 2022
Gross amount	**2,098**	**2,452**
Loans due from corporations	1,966	2,338
Loans due from equity-accounted investees	132	114
Loss allowance	**(222)**	**(183)**
Total carrying amount*	**1,876**	**2,269**

*excl. loans and advances provided under reverse repo operations and other

Credit quality analysis:

The following table shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stages classification. The amounts presented are gross of impairment allowances. Details of the Group's internal grading system are set out in Note F.1.6. ECL allowances for non-retail loans due from customers comprising loans due from corporations and equity-accounted investees, are calculated on an individual basis.

In millions of EUR, as at 31 December

					2023	2022
Loans due from customers – non-retail (corporations and equity-accounted investees)	Stage 1	Stage 2	Stage 3	POCI	Total	Total
Very low risk	198	-	-	-	198	334
Low risk	169	-	-	-	169	442
Medium risk	1,034	181	-	-	1,215	1,465
High risk	355	15	-	-	370	58
Default	-	-	146	-	146	153
Total gross amount	**1,756**	**196**	**146**	**-**	**2,098**	**2,452**
Loss allowance	(71)	(9)	(142)	-	(222)	(183)
Total carrying amount*	**1,685**	**187**	**4**	**-**	**1,876**	**2,269**

*excl. loans and advances provided under reverse repo operations and other

The changes in the corresponding ECL allowances in relation to loans due from corporations and equity-accounted investees are analysed below:

In millions of EUR, for the year ended 31 December 2023

Loss allowance - Loans due from customers – non-retail (corporations and equity-accounted investees)*	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance as at 1 January	**(30)**	**(10)**	**(143)**	**-**	**(183)**
Disposals resulting from business combination	-	-	2	-	2
Change in loss allowance	4	(4)	-	-	-
Transfer to Stage 2	4	(4)	-	-	-
New originated or purchased	(29)	-	(2)	-	(31)
Change in PD/EAD/LGD, unwind of discount	(18)	4	-	-	(14)
Financial assets fully repaid**	2	1	-	-	3
Effect of movements in exchange rates	-	-	1	-	1
Net change during the period	**(41)**	**1**	**1**	**-**	**(39)**
Loss allowance as at 31 December	**(71)**	**(9)**	**(142)**	**-**	**(222)**

*In the case the loan was derecognised during the period, i.e., no ECL allowance balance is reported as at the end of the period, all related changes in the loss allowances are shown in the stage as per classification of the loan as at the beginning of the period.
**The impact of partial repayments of financial assets is presented in the line: Change in PD/EAD/LGD, unwind of discount.

In millions of EUR, for the year ended 31 December 2022

Loss allowance - Loans due from customers – non-retail (corporations and equity-accounted investees)*	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance as at 1 January	**(12)**	**(12)**	**(101)**	**-**	**(125)**
Disposals resulting from business combination	-	-	16	-	16
New originated or purchased	(8)	-	-	-	(8)
Change in PD/EAD/LGD, unwind of discount	(5)	1	(69)	-	(73)
Changes to model assumptions and methodologies	(9)	-	-	-	(9)
Financial assets fully repaid**	5	.1	16	-	22
Effect of movements in exchange rates	(1)	-	(5)	-	(6)
Net change during the period	**(18)**	**2**	**(42)**	**-**	**(58)**
Loss allowance as at 31 December	**(30)**	**(10)**	**(143)**	**-**	**(183)**

*In the case the loan was derecognised during the period, i.e., no ECL allowance balance is reported as at the end of the period, all related changes in the loss allowances are shown in the stage as per classification of the loan as at the beginning of the period.
**The impact of partial repayments of financial assets is presented in the line: Change in PD/EAD/LGD, unwind of discount.

E.5. Trade and other receivables, contract balances

Trade and other receivables and contract assets comprise the following:

In millions of EUR

	31 December 2023	31 December 2022
Gross amount	1,415	1,341
Trade receivables	1,363	1,295
Accrued income	52	46
Individual loss allowance	(161)	(161)
Total trade and other receivables	**1,254**	**1,180**
Gross amount	281	375
Individual loss allowance	(6)	(4)
Total contract assets	**275**	**371**

<u>Credit quality analysis</u>

The Group generally uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a large number of small balances. In the engineering segment, where trade receivables comprise a small number of large balances, a specific loss allowance is used. In contrast, in the telecommunications and real estate segments, where a large number of small balances is typical, the portfolio approach is applied.

Loss rates are calculated using the roll rate method based on the probability of receivables progressing through the successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics: geographic region, age of customer relationship, and type of product purchased.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets from individual customers using the provision matrix.

In millions of EUR, as at 31 December 2023

	Weighted-average loss rate	Gross amount	Loss allowance	Carrying amount	Credit-impaired
Current (not past due)	2.6%	1,396	(36)	1,360	No
1-90 days	6.4%	156	(10)	146	No
91-180 days	52.2%	23	(12)	11	Yes
more than 180 days past due	90.1%	121	(109)	12	Yes
Total		**1,696**	**(167)**	**1,529**	

In millions of EUR, as at 31 December 2022

	Weighted-average loss rate	Gross amount	Loss allowance	Carrying amount	Credit-impaired
Current (not past due)	2.7%	1,443	(39)	1,404	No
1-90 days	5.9%	136	(8)	128	No
91-180 days	42.9%	21	(9)	12	Yes
more than 180 days past due	94.0%	116	(109)	7	Yes
Total		**1,716**	**(165)**	**1,551**	

Loss rates are based on actual credit loss experiences over past years. The rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data was collected, current conditions and the Group’s view of economic conditions over the expected lives of the receivables. The most significant scalar factors are the GDP forecast and industry outlook as well as actual and forecasted unemployment rates.

The movements in the loss allowance in respect of trade and other receivables and contract assets during the year were as follows.

In millions of EUR, for the year ended 31 December

	2023	2022
Balance as at 1 January	(165)	(146)
Additions resulting from business combination	(2)	-
Disposals resulting from business combination	-	42
Impairment losses recognised in profit or loss	(47)	(72)
Financial assets derecognised during the period (excl. write offs)	13	3
Release of impairment losses on written-off items	28	22
Effect of movements in exchange rates	6	(14)
Balance as at 31 December	**(167)**	**(165)**

Contract assets and contract liabilities

The following table provides information about the carrying amounts of receivables, contract assets and contract liabilities from contracts with customers.

In millions of EUR

	31 December 2023	31 December 2022
Receivables, which are included in trade and other receivables	**1,110**	**1,090**
Contract assets	**275**	**371**
out of which:		
Contract assets (mechanical engineering)	183	292
Contract assets (telecommunications)	92	79
Contract liabilities	**(397)**	**(420)**
out of which:		
Contract liabilities (mechanical engineering)	(179)	(253)
Contract liabilities (telecommunications)	(109)	(101)
Contract liabilities (leisure)	(66)	(66)
Contract liabilities (financial services)	(43)	-

Contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on mechanical engineering contracts. The contract assets are transferred to receivables when the rights become unconditional. For the telecommunications segment, contract assets relate to rights to consideration in exchange for goods or services that the Group has already transferred to customers but not yet invoiced. These contract assets particularly include contracts with customers where the supply of telecommunication services is supplemented by the sale of subsidised telecommunication equipment. A contract asset arises from the reallocation of revenues under a customer contract from telecommunication services provided and recognised during the life of the contract to the revenues from the sale of such subsidised equipment, which is recognised at the time of sale.

Contract liabilities primarily relate to advances received from customers for engineering contracts, for which revenues is recognised when the Group is able to reliably measure the progress in the completion of the contracts. The Group applies the input method.

For telecommunication operators, contract liabilities include mostly telecommunication services prepaid by customers on prepaid cards. These revenues are recognised when the voice or data traffic takes place, or when other services are provided, or when the card associated with the prepaid credit expires. Contract liabilities also arise when activation fees are invoiced upon the conclusion of a new contract, which is not a distinct performance obligation, and are thus accrued over the term of the contract with the customer. For telecommunication infrastructure entities, contract liabilities relate mostly to received installation fees related to the entitlement to use the spare capacity of the optical fibre. Contract liabilities in leisure business arise from forward sales of boats and deferred income.

Contract liabilities from financial services have been recognized as a result of the sale of the Philippine and Indonesian subsidiaries (refer to B.2.3). They relate to advances received pursuant to agreements between EmbedIT s.r.o. and former subsidiaries (that are no longer a part of the Group) for the provision of IT services and support over a period of 3 years, as well as to the licensing agreement between Home Credit International a.s. and the former subsidiaries for the use of Home Credit trademark.

Significant changes in the contract assets and the contract liabilities balances during the period are as follows:

In millions of EUR, for the year ended 31 December 2023

	Contract assets	Contract liabilities
Balance as at 1 January 2023	371	(420)
Additions resulting from business combination	-	(12)
Revenue recognised that was included in the contract liability balance at the beginning of the period	-	261
Increases due to cash received, excluding amounts recognised as revenue during the period	-	(232)
Transfers from contract assets recognised at the beginning of the period to receivables	(357)	-
Increases as a result of changes in the measure of progress	266	-
Net changes in Expected Credit Losses	(2)	-
Effect of movements in exchange rates	(3)	6
Balance as at 31 December 2023	**275**	**(397)**

In millions of EUR, for the year ended 31 December 2022

	Contract assets	Contract liabilities
Balance as at 1 January 2022	260	(409)
Disposals resulting from business combination	(95)	2
Revenue recognised that was included in the contract liability balance at the beginning of the period	-	222
Increases due to cash received, excluding amounts recognised as revenue during the period	-	(229)
Transfers from contract assets recognised at the beginning of the period to receivables	(164)	-
Increases as a result of changes in the measure of progress	375	-
Net changes in Expected Credit Losses	2	-
Refunds to clients	-	2
Effect of movements in exchange rates	(7)	(8)
Balance as at 31 December 2022	**371**	**(420)**

The transaction price allocated to the remaining performance obligations related to contracts with customers (unsatisfied or partially unsatisfied) is as follows:

In millions of EUR

	31 December 2023	31 December 2022
Within 1 year	1,306	1,670
Between 1 and 2 years	882	878
Between 2 and 5 years	723	802
More than 5 years	1,017	1,041
Transaction price on performance obligations yet to be satisfied	**3,928**	**4,391**

E.6. Inventories and programming assets

Inventories comprise the following:

In millions of EUR

	31 December 2023	31 December 2022
Mechanical engineering inventories	301	343
Goods/merchandise for resale	91	98
Boats manufacturing inventories	54	-
Agricultural inventories	11	-
Other inventories	3	3
Total inventories	**460**	**444**

The carrying amounts of inventories comprise impairment allowance of EUR 37 million (2022: EUR 32 million) which represents notably an allowance for mechanical engineering categories and slow-moving and damaged items.

Programming assets comprise the following:

In millions of EUR

	31 December 2023	31 December 2022
Acquired programming rights	97	87
Produced programming rights	135	112
Released	83	65
Completed but not transmitted	2	1
In the course of production	50	46
Prepayments on acquired programming rights, other programming assets	70	57
Total programming assets	**302**	**256**

Programming assets relate solely to Group's media business, represented by the CME group. The balance contains acquired licenses from third parties, own production and related prepayments.

E.7. Assets held for sale and liabilities directly associated with assets held for sale

As at 31 December 2023, assets held for sale and liabilities directly associated with assets held for sale represented one Dutch project under De Reling (Dronten) B.V. The transaction was closed on 28 March 2024 (refer to G.4).

As at 31 December 2022, assets held for sale and liabilities directly associated with assets held for sale mainly represented assets and liabilities of Home Credit subgroup operations in the Philippines and Indonesia (refer to B.2.3), the Comcity real estate project (refer to B.2.7.1), a 20% share in the LEAG joint-venture investment (refer to B.3.1), and a remaining share with significant influence in Home Credit Insurance LLC (refer to B.2.6). The sale transaction for the remaining share in Home Credit Insurance LLC was finished by neither the end of 2023 nor the date of these consolidated financial statement, and the Group's management decided to reclassify this investment as financial assets at FVTPL (equity instruments).

Assets held for sale

In millions of EUR

	31 December 2023	31 December 2022
Asian Home Credit business	-	1,047
Cash and cash equivalents	-	54
Financial assets at fair value through profit or loss and hedging	-	8
Loans due from customers	-	879
Other assets	-	106
Comcity real estate project (Charlie Com LLC)	-	116
Investment property	-	112
Other assets	-	4
LEAG	-	435
Home Credit Insurance LLC	-	2
De Reling (investment property)	28	-
Other	-	6
Total assets held for sale	**28**	**1,606**

Liabilities directly associated with assets held for sale

In millions of EUR

	31 December 2023	31 December 2022
Asian Home Credit business	-	742
Due to banks and other financial institutions	-	577
Other liabilities	-	165
Comcity real estate project (Charlie Com LLC)	-	128
Due to banks and other financial institutions	-	76
Due to non-banks	-	47
Trade and other payables	-	5
De Reling (due to banks and other financial institutions)	13	**-**
Total liabilities directly associated with assets held for sale	**13**	**870**

Loans due from customers - retail

The following tables summarise the credit quality of the Asian Home Credit business loans exposure. All loans presented below are unsecured:

In millions of EUR, as at 31 December 2022

Loan exposure	Cash loans	Consumer loans	Revolving loans	Total
Gross amount	**355**	**585**	**40**	**980**
Stage 1	267	533	36	836
Stage 2	62	22	2	86
Stage 3	26	30	2	58
POCI	-	-	-	-
Loss allowance	**(41)**	**(56)**	**(4)**	**(101)**
Stage 1	(14)	(26)	(2)	(42)
Stage 2	(7)	(12)	(1)	(20)
Stage 3	(20)	(18)	(1)	(39)
POCI	-	-	-	-
Total carrying amount	**314**	**529**	**36**	**879**

E.8. Equity-accounted investees

The following table shows the breakdown of individual equity-accounted investees (comprising associates and joint-ventures):

In millions of EUR

	31 December 2023	31 December 2022
LEAG*	1,338	652
InPost S.A. (refer to B.3.3)	1,115	-
Moneta	483	493
ClearBank	88	88
ITIS Holding**	51	57
Heureka Group***	40	27
Temsa**	58	31
CE Electronics Holding Group***	29	13
Metropolis (Russia)	26	61
Other	51	60
Total equity-accounted investees	**3,279**	**1,482**

*an associate as at 31 December 2023 (2022: a joint-venture), refer to B.3.1
**a joint-venture
***a joint-venture as at 31 December 2023 (2022: an associate), refer to B.3.2

The following table shows the breakdown of the share on profits and losses of equity-accounted investees:

In millions of EUR

	31 December 2023	31 December 2022
LEAG*	731	800
InPost S.A. (refer to B.3.3)	5	-
Moneta	53	50
ClearBank	(1)	20
ITIS Holding**	5	40
Heureka Group***	(2)	3
Temsa**	23	3
CE Electronics Holding Group***	3	(3)
Metropolis (Russia)	20	(14)
Other	(42)	(8)
Total share of profit/(loss) in equity-accounted investees	**795**	**891**

*Represents a 30% share on profit/(loss) of the associate investment in LEAG – refer to B.3.1 and E.7 (2022: a 50% share).
**a joint-venture
***a joint-venture as at 31 December 2023, refer to B.3.2 (2022: associate).

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

LEAG

In October 2016, the Group acquired a 50% share in LEAG, a German group of entities dealing with the extraction, processing, refining, and sale of lignite, and the generation of electricity and heat. LEAG operates mines, power plants, and a refining plant. In 2023, the Group sold a 20% share and as at 31 December 2023, the Group continues to hold a 30% share in LEAG (refer to B.3.1). As at 31 December 2022, the Group's 20% share in LEAG (out of its total 50% shareholding) was classified as an asset held-for-sale (refer to B.3.1 and E.7). The following table shows LEAG's financial position and performance:

In millions of EUR

	31 December 2023	31 December 2022
Non-current assets	6,186	3,843
Current assets	7,249	8,073
Non-current liabilities	(3,344)	(3,169)
Current liabilities	(5,631)	(6,573)
Net assets (100%)	4,460	2,174
Group's share on net assets (30.00%, 2022: 50.00%)	1,338	1,087
Group's share presented as held-for-sale (0%, 2022: 20.00%)*	-	435
Carrying amount of investment in associate/JV (30.00%, 2022: 30.00%)	**1,338**	**652**
	2023	2022
Total revenue	11,355	7,973
Total net profit for the period (100.00%)	2,436	1,600
Group's share on profit (30.00%, 2022: 50.00%)	**731**	**800**
Total other comprehensive (expense) for the period (100.00%)	(152)	(902)
Group's share on other comprehensive (expense) (30.00%, 2022: 50.00%)	**(46)**	**(451)**

*In 2023, due to its classification as a held-for-sale asset until the sale in October 2023, the equity method was not applied to the 20% share (refer to B.3.1).

Other comprehensive income mainly comprises a cash flow hedge effect related to the forward contracts for CO_2 emission rights. The hedging instruments are commodity derivatives designed to hedge the purchase price for future purchases of emission rights.

The other comprehensive result in 2023 and 2022, as well as profit or loss, follows the development of emission rights market prices. For the cumulated hedging reserve refer to E.21.4.

<u>InPost S.A.</u>

During 2023, the Group acquired a significant influence in InPost, an e-commerce distribution group currently active on its home market in Poland and in eight Western European countries, operating automated parcel machines and developing fulfilment centres for e-shops (refer to B.3.3). As at 31 December 2023, the Group held a 21.75% share in InPost.

The following table presents InPost's financial position and performance:

In millions of EUR

	31 December 2023
Percentage ownership interest (direct)	**21.75%**
Non-current assets	2,781
Current assets	489
Non-current liabilities	(1,665)
Current liabilities	(462)
Net assets (100%)	1,143
Group's share of net assets (21.75%)	249
Goodwill included in carrying amount	866
Carrying amount of investment in associate (21.75%)	**1,115**
Since the acquisition of significant influence in June 2023 to 31 December 2023	2023
Total revenue	1,040
Total net profit for the period (100%)	26
Group's share on profit (19.00%*)	**5**
Total other comprehensive income for the period (100%)	22
Group's share of other comprehensive income (19.00%*)	**4**

*weighted average for the period

MONETA

As at 31 December 2023, the Group holds a 29.94% stake in MONETA Money Bank. The following table shows the financial position and performance of MONETA:

In millions of EUR

	31 December 2023	31 December 2022
Percentage ownership interest (direct)	**29.94%**	**29.94%**
Total assets*	18,579	16,165
Total liabilities*	(17,239)	(14,797)
Net assets (100%)	1,340	1,368
Group's share of net assets (29.94%)	401	410
Goodwill included in carrying amount of the investment	82	83
Carrying amount of investment in associate (29.94%)	**483**	**493**
	2023	2022
Total revenue	1,084	733
Total net profit for the period (100%)	176	167
Group's share on profit (29.94%)	**53**	**50**
Dividends received by the Group	51	44

*Being a bank, in its reporting it does not distinguish between current and non-current assets and liabilities.

ClearBank

ClearBank Ltd. is a licensed clearing bank operating in the UK.

During 2022, a new partner entered the business and provided additional capital with the perspective of expanding current operations. A new holding company for ClearBank's structure, CB Growth Holdings Limited ("CBGH"), was formed. With the entrance of the new partner, the Group's original shareholding of 44.78% in ClearBank Ltd. transformed into a 35.35% share as at 31 December 2022, while the Group kept its significant influence over the ClearBank project.

The following table shows the bank's performance:

In millions of EUR

	31 December 2023	31 December 2022
Percentage ownership interest (direct)	**33.32%**	**35.35%**
Total assets*	7,323	3,616
Total liabilities*	(7,109)	(3,417)
Net assets (100%)	214	199
Group's share of net assets (33.32%; 2022: 35.35%)	70	70
Goodwill included in carrying amount	18	18
Carrying amount of investment in associate	**88**	**88**
	2023	2022
Total revenue	85	81
Total net profit/(loss) for the period (100%)	8	(4)
Group's share on the net profit/(loss) (33.32%; 2022: 35.35%)	3	(4)
Dilution gain/(loss)	(4)	24
Total share on profit/(loss) for the period (33.32%; 2022 35.35%)	**(1)**	**20**
Total other comprehensive income for the period (100%)	4	2
Group's share of other comprehensive income (33.32%, 2022: 35.35%)	**1**	**1**

*Being a bank, in its reporting it does not distinguish between current and non-current assets and liabilities.

ITIS Holding a.s.

ITIS Holding is a joint project combining Czech and Slovak toll operating and supporting activities for toll operations in the Czech Republic and Slovakia. ITIS Holding was formed in August 2022 (refer to B.3.10).

The following table presents the performance of ITIS Holding a.s.:

In millions of EUR

	31 December 2023	31 December 2022
Percentage ownership interest (direct)	**50.00%**	**50.00%**
Non-current assets	70	88
Current assets	194	189
Non-current liabilities	(39)	(38)
Current liabilities	(123)	(125)
Net assets (100%)	102	114
Carrying amount of investment in JV (50%)	**51**	**57**
	2023	2022*
Total revenue	112	46
Total net profit for the period (100%)	10	80
Group's share on profit (50%)	**5**	**40**
Dividends received by the Group	7	8

*Since formation on 31 August 2022 to 31 December 2022.

Heureka Group

The following table presents the financial position and performance of Heureka Group:

In millions of EUR

	31 December 2023	31 December 2022
Percentage ownership interest (direct)	**50.00%**	**40.00%**
Non-current assets	52	45
Current assets	22	24
Non-current liabilities	(207)	(207)
Current liabilities	(30)	(25)
Net assets (100%)	(163)	(163)
Group's share of net assets (50.00%; 2022: 40.00%)*	(81)	(65)
Goodwill included in carrying amount	121	92
Carrying amount of investment in JV/associate (50.00%; 2022: 40.00%)*	**40**	**27**
	2023	**2022**
Total revenue	87	80
Total net profit/(loss) for the period (100%)	(5)	8
Group's share on profit/(loss) (50.00%; 2022:40.00%)*	**(2)**	**3**
Total other comprehensive income/(expense) for the period (100%)	1	(1)
Group's share of other comprehensive income/(expense) (50.00%)	**-**	**-**

*The Group increased its share in Heureka Group in June 2023, and the investment changed from an associate to a joint venture (refer to B.3.2).

Temsa

In October 2020, the Group acquired a 50% stake in Temsa Ulasim Araclari Sanayi ve Ticaret A.S. Temsa is a Turkish bus manufacturer with subsidiaries responsible for sales and marketing activities in Germany, France, and the USA. In the financial year ended 31 December 2022, Turkey met the requirements to be designated as a hyperinflationary economy under IAS 29 'Financial Reporting in Hyperinflationary Economies'. The Group has therefore applied hyperinflationary accounting as specified in IAS 29, since for the reporting period commencing 1 January 2022, Temsa's functional currency is the Turkish lira.

The following table presents the performance of TEMSA:

In millions of EUR

	31 December 2023	31 December 2022
Percentage ownership interest (direct)	**50.00%**	**50.00%**
Non-current assets	88	88
Current assets	207	141
Non-current liabilities	(56)	(73)
Current liabilities	(123)	(93)
Net assets (100%)	116	63
Carrying amount of investment in JV (50%)	**58**	**31**
	2023	**2022**
Total revenue	440	291
Total net profit for the period (100%)	45	7
Group's share on profit (50%)	**23**	**3**
Total other comprehensive expense for the period (100%)	(6)	(15)
Group's share on other comprehensive expense (50%)	**(3)**	**(8)**

<u>CE Electronics Holding Group</u>

The following table presents the performance of CE Electronics Holding Group:

In millions of EUR

	31 December 2023	31 December 2022
Percentage ownership interest (direct)	**50.00%**	**40.00%**
Non-current assets	73	75
Current assets	222	236
Non-current liabilities	(122)	(165)
Current liabilities	(125)	(128)
Net assets (100%)	48	18
Group's share of net assets (50.00%; 2022: 40.00%)*	24	8
Goodwill included in carrying amount	5	5
Carrying amount of investment in JV/associate (50.00%; 2022: 40.00%)*	**29**	**13**
	2023	2022
Total revenue	601	561
Total net profit for the period (100%)	6	7
Group's share on profit (50%; 2022:40.00%)*	**3**	**3**
Total other comprehensive income/(expense) for the period (100%)	1	(1)
Group's share of other comprehensive income/(expense) (50.00%)	**1**	**(1)**

*The Group increased its share in CE Electronics Holding Group in June 2023, and the investment changed from an associate to a joint venture (refer to B.3.2).

Metropolis (Russia)

In July 2015, the Group acquired a 49.99% stake in entities holding two up-and-running Moscow office buildings. The following table shows the project's performance:

In millions of EUR

	31 December 2023	31 December 2022
Percentage ownership interest (direct)	**49.99%**	**49.99%**
Non-current assets	299	375
Current assets	20	19
Non-current liabilities	(258)	(262)
Current liabilities	(9)	(10)
Net assets (100%)	52	122
Carrying amount of investment in associate (49.99%)	**26**	**61**
	2023	2022
Total revenue	30	43
Total net profit/(loss) for the period (100%)	40	(28)
Group's share on profit/(loss) (49.99%)	**20**	**(14)**
Total other comprehensive income/(expense) for the period (100%)	**(78)**	38
Group's share on other comprehensive income/(expense) (49.99%)	**(39)**	**19**

E.9. Investment property

Investment property comprises projects located in the USA, the Netherlands, the UK, the Czech Republic, Romania, Russia, Poland, and Germany, and consists mainly of completed and rented office premises, buildings, warehouses, and shopping malls.

The following table shows the breakdown of investment property by category and country:

In millions of EUR, as at 31 December 2023

	USA	Netherlands	UK	Czech Republic	Romania	Russia	Poland	Germany	Total
Office	335	279	97	93	100	104	90	25	1,123
Residential	-	-	30	21	-	-	-	-	51
Land plot	22	-	-	7	10	1	5		45
Total investment property	**357**	**279**	**127**	**121**	**110**	**105**	**95**	**25**	**1,219**

In millions of EUR, as at 31 December 2022

	USA	Netherlands	UK	Czech Republic	Romania	Russia	Poland	Germany	Total
Office	398	315	116	96	94	131	93	28	1,271
Retail	-	24	-	-	-	154	-	-	178
Residential	22	-	28	23	-	1	-	-	74
Warehouse	-	-	-	-	-	66	-	-	66
Land plot	21	-	-	7	13	1	-	-	42
Other	-	-	-	-	-	1	-	-	1
Total investment property	**441**	**339**	**144**	**126**	**107**	**354**	**93**	**28**	**1,632**

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

In millions of EUR, for the year ended 31 December

	2023	2022
Balance as at 1 January	1,632	2,413
Disposals resulting from business combination*	(208)	(787)
Additions - direct acquisition through asset deal	-	22
Additions - capitalised costs	8	71
Transfer to assets held for sale (refer to E.7)	(28)	(113)
Transfer to property, plant & equipment (refer to B.2.8)	-	(39)
Other changes	17	-
Unrealised revaluation gains from investment property	15	26
Unrealised revaluation losses from investment property	(137)	(207)
Effect of movements in exchange rates	(80)	246
Balance as at 31 December	**1,219**	**1,632**

*for 2023, refer to B.2.1; for 2022, refer to B.2.7.1.

E.9.1. Techniques used for valuing investment property

Income approach – discounted cash flow (DCF) calculation

The income approach is used to value commercial and investment properties. Because it is intended to directly reflect or model the expectations and behaviours of typical market participants, this approach is generally considered the most applicable valuation technique for income-producing properties, where sufficient market data exists.

In a commercial income-producing property, this approach capitalises an income stream into the present value. This can be done using revenues multipliers or capitalisation rates applied to net operating income.

The DCF methodology reflects the market's perception of a relationship between a property's potential income and its market value, a relationship expressed as a capitalisation rate or yield. This approach converts the anticipated benefits in terms of income (cash flow) or amenity to be derived from the ownership of the property into a value indication through capitalisation. This approach is widely used when appraising either income-producing properties or properties capable of producing an income. The property is valued by capitalising the future cash flow produced by the building at the end of the assumed holding period. These future cash flows (both rental and capital receipts from an assumed sale, and assumed expenditure required to realise same) are then discounted back at a discount rate that reflects a typical investor's overall target rate of return.

Income approach is used by the Group for valuation of all investment properties, with the exception of land plots.

Sales comparable approach

This method relies on direct evidence from the market of sales and/or offers on properties with similar characteristics. As it is difficult to find evidence of comparables which are identical to any given property which is to be valued, the evidence must be adjusted to align it with the property in question. This allows the comparable evidence to be utilised in a calculation. The adjustments made will vary depending on the drivers of value in any given market and the specific differences between the property being valued and the comparables. The amount of adjustment depends on the judgement and knowledge of the valuer and relies on their skill and understanding of the market.

Sales comparable approach is used by the Group for valuation of land plots.

The following table summarises the significant inputs used in measuring the fair value of investment property used in the valuation of income-generating properties:

For the year ended 31 December 2023

	Current income per sqm	Market rent per sqm	Initial yield	Reversionary yield
Czech Republic	EUR 11.27-15.04	EUR 14.69-16.37	4.29%-7.91%	6.73%-8.59%
Germany	EUR 12.2	EUR 12.31	6.25%	6.39%
Netherlands	EUR 13.48-19.72	EUR 11.93-20.62	5.65%-8.75%	7.63%-11.8%
Poland	EUR 14.86	EUR 16.93	9.40%	9.30%
Romania	EUR 17.68-18.89	EUR 18.99-19.02	8.58%-8.76%	7.00%
Russia	EUR 29.49	EUR 32.02	7.87%	8.55%
United Kingdom	EUR 11.36	EUR 34.56	1.01%	8.51%
USA	EUR 15.15-18.94	EUR 19.88-21.88	6.96%-7.08%	8.36%-10.2%

For the year ended 31 December 2022

	Current income per sqm	Market rent per sqm	Initial yield	Reversionary yield
Czech Republic	EUR 11.03-15.67	EUR 14.61-16.11	4.72%-7.54%	6.57%-7.59%
Germany	EUR 11.65	EUR 12.06	5.31%	6.39%
Netherlands	EUR 13.02-17.94	EUR 11.93-18.35	4.8%-8.5%	6.11%-10.84%
Poland	EUR 13.46	EUR 16.93	8.75%	8.50%
Romania	EUR 14.06-17.7	EUR 17.84-18.4	8.04%-8.09%	7.96%-8.38%
Russia	EUR 8.17-38.66	EUR 7.66-41.92	8.82%-11.46%	9.57%-13.07%
United Kingdom	EUR 10.58	EUR 36.25	0.21%	7.57%
USA	EUR 15.7-18.54	EUR 20.68-21.85	5.53%-6.13%	7.7%-7.97%

The Group categorised investment property within Level 3 of the fair value hierarchy, as certain inputs for the assessment of the fair value are unobservable.

E.10. Property, plant and equipment

The following table shows the roll-forward of property, plant and equipment (excl. right-of-use assets):

In millions of EUR, for the year ended 31 December 2023

	Land and buildings	Ducts, cables and related plant	Telecom technology and related equipment	Other tangible assets and equipment	Construction in progress	Total
Cost	1,126	2,039	1,587	772	309	5,833
Accumulated depreciation and impairment losses	(284)	(714)	(857)	(427)	(7)	(2,289)
Carrying amount as at 1 January 2023	**842**	**1,325**	**730**	**345**	**302**	**3,544**
Additions resulting from business combinations	27	105	15	18	3	168
Additions	17	46	212	87	161	523
Disposals	(5)	-	(2)	(16)	(2)	(25)
Other transfers	(2)	46	123	26	(189)	4
Depreciation charge	(39)	(86)	(203)	(84)	-	(412)
Impairment reversal/(charge)	(1)	-	(7)	1	(2)	(9)
Effect of movements in exchange rates	(16)	(35)	(6)	(2)	(4)	(63)
Carrying amount as at 31 December 2023	**823**	**1,401**	**862**	**375**	**269**	**3,730**
Cost	1,138	2,183	1,826	851	277	6,275
Accumulated depreciation and impairment losses	(315)	(782)	(964)	(476)	(8)	(2,545)

The roll-forward of right-of-use assets amounting to EUR 673 million as at 31 December 2023 (2022: EUR 668 million) is disclosed in E.23.1.

In millions of EUR, for the year ended 31 December 2022

	Land and buildings	Ducts, cables and related plant	Telecom technology and related equipment	Other tangible assets and equipment	Construction in progress	Total
Cost	1,088	1,923	1,418	847	254	5,530
Accumulated depreciation and impairment losses	(264)	(614)	(728)	(469)	(8)	(2,083)
Carrying amount as at 1 January 2022	**824**	**1,309**	**690**	**378**	**246**	**3,447**
Additions resulting from business combinations	2	-	-	5	-	7
Additions	13	41	167	79	189	489
Disposals resulting from business combinations	(43)	-	-	(18)	-	(61)
Disposals	(3)	-	(5)	(18)	(3)	(29)
Transfers from investment property (refer to B.2.8)	39	-	-	-	-	39
Transfer to assets held for sale (refer to E.7)	(1)	-	-	(8)	(1)	(10)
Other transfers	29	16	57	24	(129)	(3)
Depreciation charge (incl. discontinued operations)	(34)	(80)	(182)	(101)	-	(397)
Impairment charge	(11)	-	(2)	-	(2)	(15)
Effect of movements in exchange rates	27	39	5	4	2	77
Carrying amount as at 31 December 2022	**842**	**1,325**	**730**	**345**	**302**	**3,544**
Cost	1,126	2,039	1,587	772	309	5,833
Accumulated depreciation and impairment losses	(284)	(714)	(857)	(427)	(7)	(2,289)

In both periods, the most significant additions of PPE relate to the construction and modernisation of a mobile telecommunication infrastructure mainly in the Czech Republic (related radio network modernization and roll-out of 5G and continuous investments into a fixed network), Hungary (radio network modernization and roll-out of 5G), Slovakia (radio network modernization and roll-out of 5G) and Bulgaria (roll-out of 5G).

E.11. Goodwill and other intangible assets

E.11.1. Goodwill

The following table shows the roll-forward of goodwill:

In millions of EUR, for the year ended 31 December

	2023	2022
Balance as at 1 January	2,987	2,984
Additions resulting from business combinations (refer to B section)	269	30
Other*	-	(35)
Effect of movements in exchange rates	(20)	8
Balance as at 31 December	**3,236**	**2,987**

*In 2022, goodwill resulting from the acquisition of Cytune Pharma was transferred to intangible assets as a result of the subsequent reassessment of purchase price allocation exercise.

Goodwill is allocated to individual CGUs as follows:

In millions of EUR

	31 December 2023	31 December 2022
O2 CZ*	543	421
O2 Slovakia**	24	24
O2 Networks**	16	16
CETIN CZ*	173	117
CETIN Hungary	177	169
CETIN Bulgaria	104	104
CETIN Serbia	189	189
Yettel Hungary	182	173
Yettel Bulgaria	118	118
Yettel Serbia	184	184
CME - Bulgaria	58	58
CME - Czech Republic	670	686
CME - Romania	363	365
CME - Slovakia	201	201
CME - Slovenia	90	90
CME – Croatia	24	24
Other	120	48
Total goodwill	**3,236**	**2,987**

*The significant increase in goodwill relates to the acquisition of Nej.cz (refer to B.2.4).
**2022 restated (refer to D.1.2)

Goodwill is tested semi-annually for impairment. A reasonably possible change in the key assumptions on which the management has based its determination of the recoverable amounts would not result in carrying amounts being higher than their recoverable amounts.

O2 CZ, O2 Slovakia and Yettel

O2 CZ and O2 Slovakia, operating in the Czech Republic and in Slovakia, were identified as individual CGUs for the purposes of the impairment test. Yettel's CEE businesses operate in three countries and were identified as individual CGUs for the purposes of the impairment test. These operating businesses are in Hungary, Bulgaria, and Serbia.

The impairment test involves determining the recoverable amount of the above five cash-generating units, which correspond to their value in use. The value in use of a CGU is the present value of future cash flows expected to be derived from each CGU.

Value in use is determined in an enterprise valuation model and assessed from the group-internal perspective. Value in use is derived from the medium-term forecast for a period of five years (from 2024 to 2028), prepared by the management at the time of the impairment test. The forecast is also based on future market trends, general macroeconomic data derived from macroeconomic and financial studies. The key assumptions on which management bases its business plan and growth rates include trends in the gross domestic product, interest rates, nominal wages, capital expenditures, market share, growth rates, and discount rates.

The calculation of value in use is the most sensitive to the following assumptions:

Estimated growth rate in terminal value – forecasts of the market and regulatory environment in which the company conducts its principal business, as well as the investment life cycle, are the basis for determining the value assigned to the estimated growth rate. A 2.0% growth rate is used.

Discount rate – the discount rate reflects the Group's estimate of the risk and related expected return specific to the CGU. The weighted average cost of capital forms the basis for the determination of the discount rate. Relevant data taken from independent financial analysts as a benchmark for the weighted average cost of capital are used to determine the discount rate for each respective CGU. The resulting discount rate and its effect on value in use are tested for sensitivity. The current methodology used as at 31 December 2023 will be subject to regular reassessments and potential adjustments.

The discounted cash flow valuation is supported by a valuation using the market approach based on publicly traded peer companies. The multiple of enterprise value (EV) to earnings before interest, taxes, depreciation and amortisation (EBITDA) was selected as the most suitable multiple, as EBITDA is considered to be the closest approximate of free cash flow. The value estimates the draw on EV/EBITDA multiples based on market data as at the valuation date and the EBITDA of the peer public companies for 2023.

<u>CETINs and O2 Networks</u>

CETIN's businesses represent operating companies in four countries and were identified as individual CGUs for the purposes of the impairment test. These operating businesses are in Czech Republic, Hungary, Bulgaria, and Serbia. O2 Networks was identified as individual CGU operating in Slovakia.

The impairment test involves determining the above five cash-generating unit's recoverable amount, corresponding to the value in use. Value in use is the present value of the future cash flows expected to be derived from the CGUs.

Value in use is determined in an enterprise valuation model and assessed from a group-internal perspective. Value in use is derived from the medium-term forecast for a period of seven years (from 2024 to 2030), prepared by management and most recent at the time of the impairment test. Management believes that use of longer than usual 5 years forecast of future cashflows is sufficiently reliable due to long term contracts with operating companies (e.g., MSA and MOSA contracts). The medium-term forecast is based on past experience, future market trends, and general economic data derived from macroeconomic and financial studies. The key assumptions on which management bases its business plan and growth rates include trends in the gross domestic product, interest rates, nominal wages, capital expenditures, market share, growth rates, and discount rates.

The calculations of a CGU's value in use are the most sensitive to the following assumptions:

Estimated growth rate in terminal value – forecasts of the market and regulatory environment in which the company conducts its principal business, as well as the investment life cycle, are the basis for determining the value assigned to the estimated growth rate. A growth rate of 2.0% is used.

Discount rate – this reflects the Group's estimate of the risk and related expected return. The weighted average cost of capital forms the basis for the determination of the discount rate. Relevant data taken from independent financial analyses as a benchmark for the weighted average cost of capital is used to determine the discount rate. The resulting discount rate and its effect on value in use are tested for sensitivity. The current methodology used as at 31 December 2023 is subject to regular reassessments and potential adequate adjustments.

The discounted cash flow valuation is supported by a valuation using the market approach based on publicly traded peer companies. The multiple of enterprise value (EV) to earnings before interest, taxes, depreciation and amortisation (EBITDA) was selected as the most suitable multiple, as EBITDA is considered to be the closest approximate of free cash flow. The value estimates draw on EV/EBITDA multiples based on market data as at the valuation date and EBITDA of the peer public companies for 2023. EV/Sales multiple is considered as well.

The Nej.cz acquisition-related goodwill (refer to B.2.4) totalling EUR 196 million was allocated to O2 CZ CGU (EUR 136 million) and CETIN CZ CGU (EUR 60 million) in accordance with the internal optimisation of the business structure that is going to happen during the first half of 2024 in the form of a formal reallocation of the recently acquired Nej.cz retail part from CETIN CZ to O2 CZ (by way of an intragroup sale without any impact on the consolidated financial statements of the Group). The amount of the goodwill assigned to O2 CZ was determined as a difference between the intragroup sale price and the fair value of Nej.cz retail business net assets.

<u>CME</u>

CME subgroup is managed on a geographical basis, with six operating segments: Bulgaria, the Czech Republic, Croatia, Romania & Moldova, Slovakia, and Slovenia where these segments were also identified as the respective CGUs for the purposes of the goodwill impairment testing.

The impairment test involves determining each CGU’s recoverable amount, corresponding to its value in use, and comparing this to its carrying value as at the valuation date. Value in use is the present value of the future cash flows expected to be derived from each CGU.

Value in use is determined in an enterprise valuation model and assessed from the group-internal perspective. Value in use is derived from the CME subgroup’s 2024 budget and most recent long-term plan prepared by the management at the time of the impairment testing. CME subgroup’s 2024 budget and long-term plan (from 2025 to 2027) are based on past experience, expected macroeconomic and television advertising market trends and other information known to the business.

The calculation of a CGU’s value in use is the most sensitive to the following assumptions:

Estimated growth rate in terminal value – forecasts of the market and regulatory environment in which the company conducts its principal business, as well as the investment life cycle, are the basis for determining the value assigned to the estimated growth rate. The Group has conservatively applied a terminal growth rate of 2% for each CGU.

Discount rate – this reflects the Group’s estimate of the risk and related expected return. The weighted average cost of capital forms the basis for the determination of the discount rate. Relevant data taken from independent financial analyses as a benchmark for the weighted average cost of capital is used to determine the discount rate. The resulting discount rate and its effect on value in use are tested for sensitivity. The current methodology used as at 31 December 2023 is subject to regular reassessments and potential adequate adjustments.

E.11.2. Other intangible assets

Other intangible assets comprise the following:

In millions of EUR

	31 December 2023	31 December 2022
Software	407	461
Licences	609	659
Customer relationships	491	538
In-process research and development	64	85
Trademark	301	293
Other	70	76
Work in progress	190	141
Total other intangible assets	**2,132**	**2,253**

Licences (including spectrum licences) facilitate the roll-out of mobile services. Customer relationships are an asset ensuring a long-term revenues stream from customers who have made commitments to purchase specific amounts of products or services. In the case of O2 CZ, O2 Slovakia and Yettel, they comprise individuals, small/home offices, and corporations.

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

In millions of EUR, for the year ended 31 December 2023

	Software	Licences	Customer relation-ships	IPRD	Trade-marks*	Other intangible assets	Work in progress	Total
Cost	1,565	1,070	1,300	135	478	223	144	4,915
Accumulated amortisation and impairment losses	(1,104)	(411)	(762)	(50)	(185)	(147)	(3)	(2,662)
Carrying amount as at 1 January 2023	**461**	**659**	**538**	**85**	**293**	**76**	**141**	**2,253**
Additions resulting from business combinations	1	-	60	-	15	-	16	92
Additions	117	23	-	6	3	34	88	271
Additions from internal development	27	-	-	-	-	-	8	35
Disposal	-	-	-	-	-	(2)	(10)	(12)
Other transfers	34	5	-	6	-	4	(49)	-
Amortisation charge	(226)	(88)	(110)	(8)	(7)	(24)	-	(463)
Impairment charge	(2)	-	-	(25)	-	(16)	(1)	(44)
Effect of movements in exchange rates	(5)	10	3	-	(3)	(2)	(3)	-
Carrying amount as at 31 December 2023	**407**	**609**	**491**	**64**	**301**	**70**	**190**	**2,132**
Cost	1,484	1,107	1,355	138	487	240	193	5,004
Accumulated amortisation and impairment losses	(1,077)	(498)	(864)	(74)	(186)	(170)	(3)	(2,872)

*Trademarks with total cost of EUR 233 million (no accumulated impairment) are evaluated as having an indefinite useful life, not amortised but subject to regular impairment reviews.

In millions of EUR, for the year ended 31 December 2022

	Software	Licences	Customer relation-ships	IPRD	Trade-marks*	Other intangible assets	Work in progress	Total
Cost	1,558	954	1,300	88	566	200	155	4,821
Accumulated amortisation and impairment losses	(1,001)	(428)	(648)	(41)	(213)	(72)	(5)	(2,408)
Carrying amount as at 1 January 2022	**557**	**526**	**652**	**47**	**353**	**128**	**150**	**2,413**
Additions resulting from business combinations	4	-	-	-	-	-	-	4
Additions	111	157	-	4	12	29	113	426
Additions from internal development	32	-	-	-	-	-	3	35
Disposals resulting from business combinations	(68)	-	-	-	-	(1)	(7)	(76)
Disposal	-	(1)	-	-	(74)	-	(3)	(78)
Transfer to assets held for sale	(13)	-	-	-	-	-	(3)	(16)
Transfers from goodwill (refer to E.11.1)	-	-	-	33	-	-	-	33
Other transfers	36	74	-	8	5	(2)	(114)	7
Amortisation charge (incl. discontinued operations)	(192)	(85)	(108)	(6)	(8)	(29)	-	(428)
Impairment charge	(29)	-	-	(2)	-	(51)	(2)	(84)
Effect of movements in exchange rates	23	(12)	(6)	1	5	2	4	17
Carrying amount as at 31 December 2022	**461**	**659**	**538**	**85**	**293**	**76**	**141**	**2,253**
Cost	1,565	1,070	1,300	135	478	223	144	4,915
Accumulated amortisation and impairment losses	(1,104)	(411)	(762)	(50)	(185)	(147)	(3)	(2,662)

*Trademarks with total cost of EUR 219 million (no accumulated impairment) are evaluated as having an indefinite useful life, not amortised but subject to regular impairment reviews.

In June 2022, through its industrial companies under Škoda Group, the Group entered into an agreement with Volkswagen Group’s Škoda Auto to settle all trademark disputes over the use of the Škoda brand. As part of the settlement, the Group sold its current ŠKODA trademark and recognised a gain from sale presented as other income in the consolidated statement of income. The Group, however, will be able to use name Škoda, as well as the winged-arrow logo until 2029 under a license agreement. Accordingly, a new licensed trademark intangible asset was recognised under trademark category as an addition in the above table.

E.12. Other assets

Other assets comprise the following:

In millions of EUR

	31 December 2023	31 December 2022
Prepaid expenses and advances	209	199
Cost to obtain or fulfil the contract	104	97
Cash collateral for payment cards*	60	58
Other settlements accounts*	46	34
Other tax receivables	22	25
Receivables from sale of shares in subsidiaries, associates, and JVs*	17	37
Specific deposits and other specific receivables*	8	14
Insurance related other assets	-	3
Other	50	82
Subtotal other assets (gross)	**516**	**549**
Individual loss allowance	(4)	(34)
Deferred expenses and advances	(1)	(1)
Specific deposits and other specific receivables	(2)	(2)
Receivables from sale of shares in subsidiaries, associates, and JVs	-	(31)
Other	(1)	-
Total other assets (net)	**512**	**515**

*represents other financial assets

Capitalised incremental costs to obtain contracts, presented in line with IFRS 15, include commissions for external and internal business channels that are directly attributable to obtaining customer contracts and incremental. The amortisation of these costs is recognised in a separate line (amortisation of cost to obtain contracts) in profit or loss; the amortisation period is determined by the expected average duration of contracts separately for business customers and for consumers and separately for certain product types (ranging from 16 to 48 months).

E.13. Financial liabilities at fair value through profit or loss

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

In millions of EUR

	31 December 2023	31 December 2022
Financial liabilities held for trading	3,940	1,104
Liabilities from repo operations	3,099	100
Liabilities from short sales of securities	468	347
Negative fair values of trading derivatives	373	657
Interest rate derivatives	323	581
Currency derivatives	49	76
Equity derivatives	1	-
Financial liabilities not held for trading	94	196
Negative fair values of hedging derivatives	44	4
Financial liabilities designated at FVTPL	18	-
Other	32	192
Total financial liabilities at FVTPL	**4,034**	**1,300**

Similarly to the opposite position in E.2.1 on the receivables side, the significant increase in liabilities from repo operations reflects the market needs and opportunities especially on the Czech market.

Details of trading derivatives are provided in the following table:

In millions of EUR, as at 31 December 2023

	Notional amount	Positive fair values*	Negative fair values
Interest rate derivatives			
OTC products:			
Forward rate agreements	2,843	2	(1)
Interest rate swaps	9,966	346	(322)
Interest rate options (purchase)	347	4	-
Exchange-traded products:			
Interest rate futures	18	-	-
Total	**13,174**	**352**	**(323)**
Currency derivatives			
OTC products:			
Forward exchange contracts	702	17	(7)
Currency swap contracts	6,597	82	(42)
Foreign exchange options (purchase)	5	-	-
Foreign exchange options (sale)	5	-	-
Total	**7,309**	**99**	**(49)**
Equity derivatives			
OTC products:			
Equity/Index options (purchase)	525	119	-
Equity/Index options (sale)	11	-	(1)
Other equity/index contracts	107	53	-
Total	**643**	**172**	**(1)**

*refer to E.2.1.

In millions of EUR, as at 31 December 2022

	Notional amount	Positive fair values*	Negative fair values
Interest rate derivatives			
OTC products:			
Forward rate agreements	2,739	1	(1)
Interest rate swaps	10,843	610	(580)
Interest rate options (purchase)	218	5	-
Other	43	1	-
Exchange-traded products:			
Interest rate futures	1	-	-
Total	**13,844**	**617**	**(581)**
Currency derivatives			
OTC products:			
Forward exchange contracts	615	15	(16)
Currency swap contracts	5,506	119	(60)
Foreign exchange options (purchase)	5	-	-
Foreign exchange options (sale)	5	-	-
Total	**6,131**	**134**	**(76)**

*refer to E.2.1.

The following tables shows details of the hedging derivatives:

In millions of EUR, as at 31 December 2023

	Notional amount	Positive fair values*	Negative fair values
OTC products:			
Forward exchange contracts	109	4	(3)
Currency swap contracts	156	3	-
Interest rate swap contracts	1,331	78	(41)
Total	**1,596**	**85**	**(44)**

*refer to E.2.1.

In millions of EUR, as at 31 December 2022

	Notional amount	Positive fair values*	Negative fair values
OTC products:			
Forward exchange contracts	77	8	-
Currency swap contracts	386	23	(1)
Interest rate swap contracts	927	142	(3)
Total	**1,390**	**173**	**(4)**

*refer to E.2.1.

E.14. Liabilities due to non-banks

Liabilities due to non-banks comprise the following:

In millions of EUR

	31 December 2023	31 December 2022
Current accounts and demand deposits	7,830	8,114
Loans received under repo operations	4,819	3,174
Term deposits	1,846	1,906
Loans	150	13
Other	16	-
Total liabilities due to non-banks	**14,661**	**13,207**

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 and Air Bank.

E.15. Liabilities due to banks and other financial institutions

Liabilities due to banks and other financial institutions comprise the following:

In millions of EUR

	31 December 2023	31 December 2022
Secured loans (other than repo operations)	3,982	4,039
Unsecured loans	2,792	1,493
Loans received under repo operations	495	683
Collateral deposits for derivatives	166	326
Repayable on demand	2	9
Other	1	2
Total liabilities due to banks	**7,438**	**6,552**

Secured loans include the following significant loan facilities related to the acquisition of CME group:

Consolidating its media segment, in October 2019, CME Media Enterprises B.V. entered into a senior facilities agreement (SFA) with a syndicate of banks and in October 2020 utilised a secured term loan facility amounting to EUR 1,100 million to fund the merger with CME and refinance CME's existing indebtedness. On 14 November 2023, CME entered into an amendment and restatement agreement to extend the maturity date of the senior facilities agreement from 25 April 2025 to 25 April 2028 (the "Amended,"). The amended SFA became effective on 5 December 2023 and resulted in a substantial modification and the derecognition of the prior loan (including transaction costs) and the recognition of a new loan. As at 31 December 2023, the outstanding principal amount of these facilities is EUR 872 million (31 December 2022: EUR 923 million). The actual outstanding secured loan liabilities stated in the above table are lower by unamortised facility and legal fees directly attributable to the origination of the loan facilities. These fees were capitalised and are amortised to finance costs using the effective interest rate method.

As at 31 December 2023 and 31 December 2022, the remaining balances of secured loans represent a higher number of various loans mostly from financial services and real estate segments.

Unsecured loans include the following significant loans facilities related to telecommunication business:

In August 2021, CETIN Group N.V., PPF Telecom Group B.V.'s subsidiary, became a party to a term and revolving facilities agreement with a syndicate of banks. CETIN Group N.V. then utilised bridge, term, and incremental term loan facilities amounting to EUR 1,450 million in aggregate. In April 2022, CETIN Group N.V. issued senior notes with a total nominal amount of EUR 500 million and used the proceeds to prepay the entire bridge and a portion of the term loan. In December 2023, CETIN Group N.V. utilised EUR 197 million of a EUR 200 million committed revolving facility. The Group used the proceeds to repay a bond with a nominal value of CZK 4,866 million (EUR 203 million) (refer to E.16).

As at 31 December 2023, the outstanding principal amounts of these loans were EUR 511 million for the term loan (2022: EUR 511 million), EUR 444 million for the incremental term loan (2022: EUR 444 million), and EUR 197 million for the revolving facility (2022: nil). The actual amount of the outstanding secured loan liabilities stated in the above table is lower by unamortised facility and legal fees directly attributable to the origination of the loan facilities. These fees were capitalised and are amortised to finance costs using the effective interest rate method.

In April 2023, PPF Telecom Group B.V. became a party to a term loan facility amounting to EUR 250 million and a backstop loan facility amounting to EUR 600 million. In June 2023, the company became a party to an additional term loan facility agreement of up to EUR 600 million, which was used to repay a bond with a nominal value of EUR 600 million (refer to E.16). The outstanding principal amount of the term loan facilities as at 31 December 2023 was EUR 850 million in aggregate. As at 31 December 2023, the backstop loan facility remained undrawn. The actual amount of the outstanding loan liabilities stated in the table above is lower by unamortised fees and other transaction costs directly attributable to the origination of the loan facilities. These fees were capitalised and are amortised to finance costs using the effective interest rate method.

As at 31 December 2023 and 31 December 2022, the Group complied with the financial covenants imposed by its loans facilities.

E.16. Debt securities issued

Debt securities issued relate to bonds issued, certificates of deposit, asset-backed security issues and promissory notes except for subordinated items.

The maturities of the debt securities are as follows:

In millions of EUR

	31 December 2023	31 December 2022
Fixed rate debt securities	**3,024**	**3,860**
Within 1 year	478	860
1-2 years	883	780
2-3 years	646	658
3-4 years	1,006	559
4-5 years	11	1,003
Variable rate debt securities	**141**	**132**
Within 1 year	81	46
1-2 years	-	33
2-3 years	60	-
3-4 years	-	53
Total debt securities issued	**3,165**	**3,992**

In March 2019, the Group established a EUR 3,000 million medium term note programme. At the same time, via its subsidiary PPF Telecom Group B.V, the Group obtained corporate credit ratings Ba1 by Moody's, BB+ by Standard & Poor’s and BBB- by Fitch Ratings. During 2019 and 2020, under this programme, the Group issued senior secured Eurobonds in the aggregate nominal amount of EUR 2,250 million. Most of the bond proceeds were used to repay the Group’s secured loans.

In April 2022, the Group’s subsidiary CETIN Group N.V. established EUR 2,000 million Euro medium term note programme under which it issued senior notes with the total nominal amount of EUR 500 million. CETIN Group N.V. used the bond proceeds to repay its outstanding bank loans (refer to E.15).

In July 2023, the Group fully repaid the bond with a nominal value of EUR 600 million, maturing in May 2024, using the proceeds from a new term loan facility (refer to E.15).

In December 2023, the Group fully repaid the bond with a nominal value of CZK 4,866 million (approx. EUR 203 million), maturing in December 2023, using the proceeds from a new revolving loan facility (refer to E.15).

As at 31 December 2023, debt securities issued of EUR 37 million (2022: EUR 18 million) were secured, mainly by cash loan receivables.

E.17. Subordinated liabilities

Subordinated liabilities comprise the following:

In millions of EUR

	Interest rate	Maturity	31 December 2023	31 December 2022
Bond issue of EUR 80 million	Fixed	2031	14	14
Bond issue of CZK 290 million	Variable	2029	12	12
Bond issue of EUR 92 million	Variable	2028	-	18
Total subordinated liabilities			**26**	**44**

The bond issue of EUR 80 million was issued in July 2021. The bonds bear a fixed coupon rate of 3.6% p.a., and their final maturity is in July 2031. The Group has an early redemption option exercisable in July 2026. As at 31 December 2023 and 2022, the significant part of the issue is held by the Parent.

The bond issue of CZK 290 million was issued in October 2019. The bonds bear a variable coupon rate of 12M PRIBOR + 2.3% p.a., and their final maturity is in October 2029. The Group has and early redemption option exercisable in February 2025.

The bond issue of EUR 92 million was issued in September 2018. The bonds with a final maturity in September 2028 bore a variable coupon rate of 6M EURIBOR + 2.95% p.a. The Group utilised its early redemption option and repaid the bonds in full in September 2023.

E.18. Trade and other payables

Trade and other payables comprise the following:

In millions of EUR

	31 December 2023	31 December 2022 (restated)*
Settlements with suppliers*	908	907
Lease liabilities*	663	660
Accrued expenses*	249	236
Wages and salaries	228	176
Deferred income	101	122
Other taxes payable	93	87
Advances received	84	37
Customer loan overpayments*	83	93
Programming related liabilities – media*	73	69
Insurance contract liabilities**	65	80
Social and health insurance payable	44	44
Financial settlement and other similar accounts*	27	11
Liabilities from acquisitions of subsidiaries or equity-accounted investees*	8	9
Payables arising out of insurance operations*	3	4
Other*	85	71
Total trade and other payables	**2,714**	**2,606**

*represents other financial liabilities
**Insurance contract liabilities were restated due to the initial application of IFRS 17 (refer to A.6. and F.2.)

E.18.1. Insurance contract liabilities

Insurance contract liabilities comprise the following:

In millions of EUR

	31 December 2023	31 December 2022
Estimates of the present value of future cash flows	25	63
Contractual service margin	31	9
Risk adjustment	9	8
Total insurance contract liabilities	**65**	**80**

Movements in insurance contract liabilities can be analysed as follows:

In millions of EUR, for the year ended 31 December

	2023	2022
Balance as at 1 January	80	99
Disposals resulting from business combinations	-	(44)
Changes in profit or loss and OCI	(27)	12
Net insurance income	(1)	(5)
Insurance finance income	2	(15)
Effect of movements in exchange rates	(28)	32
Net cash inflows/(outflows)	10	12
Premiums received	55	66
Claims and other expenses paid (including investment components and premium refunds)	(30)	(35)
Insurance acquisition cash flows	(15)	(19)
Other movements	2	1
Balance as at 31 December	**65**	**80**

E.19. Provisions

Provisions comprise the following:

In millions of EUR

	31 December 2023	31 December 2022 (restated)*
Provisions for asset retirement obligations	63	49
Warranty provisions	50	36
Provisions for litigation except for tax-related litigations	14	15
Provisions for onerous contracts	18	7
Other provisions	71	67
Provisions for restructuring	13	3
Provisions for expected credit losses from loan commitments and financial guarantees	9	6
Other	49	58
Total provisions	**216**	**174**

*Insurance provisions were restated due to the initial application of IFRS 17 (refer to A.6. and F.2.) and are newly presented as insurance contract liabilities (refer to E.18.1).

Movements in provisions can be analysed as follows:

In millions of EUR, for the year ended 31 December 2023

	Provisions for asset retirement obligations	Warranty provisions	Provisions for litigation except for tax-related litigations	Provisions for onerous contracts	Other provisions	Total
Balance as at 1 January	**49**	**36**	**15**	**7**	**67**	**174**
Additions resulting from business combinations	-	1	-	8	-	9
Provisions created during the year	17	29	6	6	51	109
Provisions used during the year	-	(13)	(1)	(1)	(28)	(43)
Provisions released during the year	(3)	(1)	(6)	(2)	(19)	(31)
Effect of movements in exchange rates	-	(2)	-	-	-	(2)
Balance as at 31 December	**63**	**50**	**14**	**18**	**71**	**216**
Non-current (> 1 year)	63	11	3	-	13	90
Current (< 1 year)	-	39	11	18	58	126
Total provisions	**63**	**50**	**14**	**18**	**71**	**216**

In millions of EUR, for the year ended 31 December 2022

	Provisions for asset retirement obligations	Warranty provisions	Provisions for litigation except for tax-related litigations	Provisions for onerous contracts	Other provisions	Total
Balance as at 1 January	**51**	**29**	**20**	**9**	**85**	**194**
Disposals resulting from business combinations	-	-	-	-	(20)	(20)
Provisions created during the year	14	22	1	1	51	89
Provisions used during the year	(3)	(14)	(3)	(2)	(29)	(51)
Provisions released during the year	(11)	(1)	(4)	(2)	(22)	(40)
Effect of movements in exchange rates	(2)	-	1	1	2	2
Balance as at 31 December	**49**	**36**	**15**	**7**	**67**	**174**
Non-current (> 1 year)	49	1	8	2	14	74
Current (< 1 year)	-	35	7	5	53	100
Total provisions	**49**	**36**	**15**	**7**	**67**	**174**

The Group recognised a provision for asset retirement obligations of EUR 63 million (2022: EUR 49 million). The amount of the provision is affected by the increased estimate of the present value of the future costs of dismantling, removing of assets and restoring sites in connection with network construction. Scenarios of future costs based on management estimations, market prices, and historical costs were discounted to present value. Discount rates are paired to the expected dates of any future dismantling and removing of assets.

E.20. Issued capital, share premium, and dividends

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 a shareholder resolution.

The following table provides details of authorised and issued shares:

	2023	2022
Number of shares authorised	2,500,000	2,500,000
Number of shares issued and fully paid	603,605	624,010
Par value per share	EUR 1	EUR 1

In July 2023, the Parent Company bought back its own 3.27% share for EUR 575 million, which was recorded directly in retained earnings in the consolidated statement of changes in equity. These treasury shares were cancelled in December 2023.

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. During 2023, the Parent Company paid dividends amounting EUR 118 million, i.e., EUR 189 per share (2022: EUR 119 million, i.e., EUR 191 per share)

As of 31 December 2023, share premium representing the excess received by the Parent Company over the par value of its share amounted to EUR 677 million (31 December 2022: EUR 677 million).

E.21. Other reserves and retained earnings

E.21.1. Retained earnings

Retained earnings include legal and statutory reserves representing reserves, the creation and use of which is limited by legislation and the articles of association of each company within the Group and that are not available for distribution to shareholders. As at 31 December 2023, these reserves non-distributable to shareholders totalled EUR 119 million (2022: EUR 117 million).

E.21.2. Revaluation reserve

The revaluation reserve represents the changes, net of deferred tax, in the fair value of financial assets at FVOCI. The revaluation reserve is not available for distribution to shareholders.

E.21.3. Currency translation reserves

The currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of companies within the Group with a functional currency other than the Group presentation currency, which is the euro. The translation reserve is not available for distribution to shareholders. During the year ended 31 December 2022, a significant balance of accumulated translation losses totalling EUR 552 million was reclassified to profit or loss with the Group's loss of control over the Russian operations (refer to B.2.6 and B.2.7).

E.21.4. Hedging reserve

The hedging reserve represents mainly a cash flow hedge effect related to the forward contracts for CO_2 emission rights recognised in other comprehensive income by the Group's associate LEAG. The hedging instruments are commodity derivatives designed to hedge the purchase price for future purchases of emission rights. For the period ending 31 December 2023, the Group recognised its share on the loss in other comprehensive income amounting to EUR 43 million (31 December 2022: a loss of EUR 465 million).

E.21.5. Reserve for puttable instruments

The reserve for puttable instruments represents the equity impact of the conditional commitment to acquire NCI's share, which relates mainly to the sale of 30% stake in CETIN Group N.V. (refer to B.3.6). In March 2022, the Group initially recognised a reserve of EUR 1,411 million and subsequent accumulated changes in its net present value resulted in a carrying amount of the reserve of negative EUR 983 million as at 31 December 2023 (31 December 2022: EUR 850 million). In December 2023, the Group initially recognised a reserve of EUR 36 million related to the acquisition of the remaining stake in Cetin Hungary (refer to B.3.4).

E.21.6. Other reserves

As at 1 January 2022, other reserves comprised primarily a balance of EUR 181 million of AT1 subordinated bonds issued by one of Home Credit subgroup's subsidiaries. AT1 bonds represented perpetual subordinated loan participation notes with a nominal value of USD 200 million. These AT1 subordinated bonds were disposed with the Group's loss of control over the Russian operations during the first half of 2022 (refer to B.2.1).

E.22. Non-controlling interests

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

Name of subsidiary	Abbr.	Applicable	Country of incorporation
PPF banka, a.s. (subgroup)	PPFB	2023/2022	Czech Republic
Home Credit N.V. (subgroup)*	HC	2023/2022	Netherlands
CETIN Group N.V. (subgroup)	CETIN	2023/2022	Netherlands
TMT Hungary Infra B.V. (subgroup)	TMT Infra	2023/2022	Netherlands
Škoda a.s. (subgroup)	MECH	2023/2022	Czech Republic
TMT Hungary B.V. (subgroup)	TMT	2023/2022	Netherlands
Velthemia Ltd. (subgroup)	VELT	2023/2022	Cyprus
O2 Czech Republic a.s. (subgroup)	O2 CZ	2022	Czech Republic

*As of 31 December 2023, the parent company of Home Credit subgroup is Home Credit N.V. The subgroup's original parent company, Home Credit Group B.V., merged with its subsidiary Home Credit N.V. with an effective date of 1 January 2023 and ceased to exist.

The following table summarises the information relating to these subsidiaries:

In millions of EUR

As at 31 December 2023	PPFB	HC	CETIN	TMT Infra[1,2]	MECH	TMT[2]	VELT[3]	Other	Total
NCI percentage (effective ownership)	**7.04%**	**8.88%**	**30.00%**	**27.50%**	**14.30%**	**-%**	**-%**		
Total assets	15,588	8,310	4,181	512	1,386	815	-		
Total liabilities	(14,727)	(7,732)	(3,136)	(163)	(955)	(335)	-		
Net assets	**861**	**578**	**1,045**	**349**	**431**	**480**	**-**		
Net assets attributable to NCI of the subgroup	-	-	(87)	-	-	-	-		
Net assets attributable to owners of the subgroup	861	578	958	349	431	480	-		
Carrying amount of NCI	**61**	**51**	**288**	**17**	**61**	**-**	**-**	**15**	**493**
NCI percentage during the period (effective ownership)	**7.04%**	**8.88%**	**30.00%**	**44.17%**	**14.30%**	**23.25%**	**-%**		
Revenues	823	1,456	1,241	176	1,136	615	-		
Profit/(loss)	167	381	185	59	(78)	7	-		
Other comprehensive income/(expense)	14	(7)	(11)	13	(51)	23	-		
Total comprehensive income/(expense)	181	374	174	72	(129)	30	-		
Profit/(loss) allocated to NCI	**12**	**34**	**51**	**13**	**(11)**	**2**	**-**	**(7)**	**94**
OCI allocated to NCI	**1**	**(1)**	**(3)**	**3**	**(7)**	**5**	**-**	**(1)**	**(3)**
Dividends paid to NCI	4	32	43	3	-	-	14	-	96

(1) TMT Hungary Infra is part of Cetin Group subgroup.
(2) For details on decrease in NCI's percentage ownership refer to B.3.4.
(3) During 2023, the subgroup became subsequently a group of empty holding companies after the sale of the related operating entities in 2022 (refer to B.2.7.1).

In millions of EUR

As at 31 December 2022	PPFB	HC	CETIN(1)	TMT Infra(2)	MECH	TMT	VELT	O2 CZ(3)	Other	Total
NCI percentage (effective ownership)	**7.04%**	**8.88%**	**30.00%**	**47.50%**	**14.30%**	**25.00%**	**39.93%**	**-%**		
Total assets	11,977	10,069	3,733	410	1,428	799	72	1,598		
Total liabilities	(11,241)	(9,469)	(2,717)	(120)	(870)	(302)	-	(975)		
Net assets	**736**	**600**	**1,016**	**290**	**558**	**497**	**72**	**623**		
Net assets attributable to NCI of the subgroup	-	(10)	(73)	-	-	-	-	-		
Net assets attributable to owners of the subgroup	736	590	943	290	558	497	72	623		
Carrying amount of NCI	**52**	**52**	**283**	**73**	**80**	**124**	**29**	**-**	**29**	**722**
NCI percentage during the period (effective ownership)	**7.04%**	**8.88%**	**22.92%**	**43.75%**	**14.30%**	**25.00%**	**39.93%**	**0.49%**		
Revenues	498	1,838	1,108	131	775	541	37	1,393		
Profit/(loss)	112	(1,614)	224	47	132	10	(66)	686		
Other comprehensive income/(expense)	2	837	(2)	(23)	55	(41)	15	13		
Total comprehensive income/(expense)	115	(777)	222	24	187	(30)	(51)	699		
Profit/(loss) allocated to NCI	**8**	**(143)**	**52**	**12**	**19**	**3**	**(26)**	**3**	**(6)**	**(78)**
OCI allocated to NCI	**-**	**78**	**-**	**(6)**	**8**	**(10)**	**2**	**-**	**(4)**	**68**
Dividends paid to NCI	4	-	28	5	-	-	-	-	-	37

(1) For details on increase in NCI‘s percentage ownership refer to B.3.6.
(2) TMT Hungary Infra is part of Cetin Group subgroup.
(3) For details on decrease in NCI‘s percentage ownership refer to B.3.7.

E.23. Leases

The Group acts as a lessee under lease contracts for stores, office and technical buildings, telecommunications technology, vehicles, and office equipment.

E.23.1. Right-of-use assets

The following table shows the roll-forward of right-of-use assets:

In millions of EUR, for the year ended 31 December 2023

	Land and buildings	Telecom. technology and related equipment	Boats	Other tangible assets and equipment	Total
Carrying amount					
Balance as at 1 January 2023	523	25	114	6	668
Additions resulting from business combinations	14	2	-	2	18
Additions	127	6	9	35	177
Disposal	(24)	-	(3)	-	(27)
Transfer to other categories	-	-	(4)	-	(4)
Depreciation charge	(119)	(5)	(17)	(14)	(155)
Effects of movements in exchange rates	(5)	2	-	(1)	(4)
Balance as at 31 December 2023	**516**	**30**	**99**	**28**	**673**

In millions of EUR, for the year ended 31 December 2022

	Land and buildings	Telecom. technology and related equipment	Boats	Other tangible assets and equipment	Total
Carrying amount					
Balance as at 1 January 2022	499	74	115	32	720
Additions resulting from business combinations	5	-	1	-	6
Additions	124	4	8	12	148
Disposals resulting from business combinations	(18)	-	-	-	(18)
Disposal	(13)	-	(6)	-	(19)
Transfer to other categories	49	(48)	(5)	-	(4)
Transfer to assets held for sale	(10)	-	-	-	(10)
Depreciation charge (incl. discontinued operations)	(120)	(4)	-	(33)	(157)
Impairment charge	-	-	-	(1)	(1)
Effects of movements in exchange rates	7	(1)	1	(4)	3
Balance as at 31 December 2022	**523**	**25**	**114**	**6**	**668**

For the maturity analysis of lease liabilities, please refer to C.3.

Amounts recognised in profit and loss:

In millions of EUR, for the year ended 31 December

Leases under IFRS 16	2023	2022
Interest on lease liabilities	29	24
Expenses relating to short-term leases	17	12
Expenses relating to lease of low-value assets	1	1
Variable lease payments	(1)	(1)
Income from sub-leasing ROU assets presented in other revenue	1	1

E.23.2. Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The held extension options are exercisable only by the Group and not by the lessors. At the lease commencement date, the Group assesses whether it is reasonably certain that it will exercise the extension options. The Group reassesses whether it is reasonably certain that it will exercise the options if significant events or changes in circumstances within its control occur.

The Group has estimated that should it exercise the extension option, potential future lease payments would result in an increase of EUR 9 million (2022: EUR 9 million) in the lease liability.

Total cash outflow for leases amounted to EUR 187 million for the year ended 31 December 2023 (2022: EUR 172 million).

E.23.3. Operating leases where the Group acts as a lessor

The Group also leases out its investment properties. The table below shows the future minimum lease payments under non-cancellable operating leases. None of the leases included contingent rentals.

In millions of EUR

	31 December 2023	31 December 2022
Less than 3 months	25	33
Between 3 months and 1 year	74	101
Between 1 and 2 years	94	118
Between 2 and 5 years	178	280
More than 5 years	93	173
Total receivables under non-cancellable operating leases	**464**	**705**

E.24. Reconciliation of movements of liabilities to cash flows arising from financing activities

Reconciliation of movements of liabilities to cash flows arising from financing activities:

In millions of EUR, for the year ended 31 December 2023

	Debt securities and subordinated liabilities	Liabilities due to banks and other financial institution	Lease liabilities	Total
Balance as at 1 January	**4,036**	**6,552**	**660**	**11,248**
Changes from financing cash flows:				
Proceeds from the issue of debt securities	798	-	-	798
Proceeds from liabilities due to banks and other financial institutions	-	5,391	-	5,391
Repayment of debt securities issued	(1,608)	-	-	(1,608)
Repayment of liabilities due to banks and other financial institutions	-	(4,298)	-	(4,298)
Repayment of principal portion of lease liabilities	-	-	(159)	(159)
Interest paid	(186)	(402)	(28)	(616)
Total changes from financing cash flows	**(996)**	**691**	**(187)**	**(492)**
Additions resulting from business combinations	-	11	19	30
Disposals resulting from business combinations	-	(146)	-	(146)
Transfer to liabilities directly associated with assets held for sale (refer to E.7)	-	(13)	-	(13)
New leases	-	-	146	146
Interest expense	186	455	29	670
Effects of movements in exchange rates	(35)	(121)	(4)	(160)
Other non-cash changes	-	9	-	9
Balance as at 31 December	**3,191**	**7,438**	**663**	**11,292**

In millions of EUR, for the year ended 31 December 2022

	Debt securities and subordinated liabilities	Liabilities due to banks and other financial institution	Lease liabilities	Total
Balance as at 1 January	**3,741**	**11,353**	**707**	**15,801**
Changes from financing cash flows:				
Proceeds from the issue of debt securities	1,195	-	-	1,195
Proceeds from liabilities due to banks and other financial institutions	-	4,389	-	4,389
Repayment of debt securities issued	(660)	-	-	(660)
Repayment of liabilities due to banks and other financial institutions	-	(8,239)	-	(8,239)
Repayment of principal portion of lease liabilities	-	-	(149)	(149)
Interest paid	(153)	(495)	(23)	(671)
Total changes from financing cash flows	**382**	**(4,345)**	**(172)**	**(4,135)**
Additions resulting from business combinations	-	-	5	5
Disposals resulting from business combinations	(362)	(478)	(23)	(863)
Transfer to liabilities directly associated with assets held for sale (refer to E.7)	-	(653)	(10)	(663)
New leases	-	-	123	123
Interest expense	173	532	25	730
Effects of movements in exchange rates	102	132	5	239
Other non-cash changes	-	11	-	11
Balance as at 31 December	**4,036**	**6,552**	**660**	**11,248**

E.25. Net interest income

Interest income comprises the following:

In millions of EUR, for the year ended 31 December

	2023	2022 (restated)*
Cash loan receivables	944	1,156
Due from banks and other financial institutions	458	388
Consumer loan receivables	219	357
Loans due from corporations	197	117
Revolving loan receivables	156	96
Financial assets at FVTPL (E.2.1)**	126	37
Financial assets at FVOCI (E.2.3)	100	89
Financial assets at AC (E.2.2)	75	51
Car loan receivables	29	29
Mortgage loan receivables	21	13
Other	10	27
Total interest income*	**2,335**	**2,360**

*Restatement due to initial application of IFRS 17, refer to A.6 and F.2.2, and due to change in presentation of certain product in Home Credit subgroup (refer to E.4).
**Total interest income represents interest income calculated using the effective interest method except for financial assets at FVTPL.

Interest expense comprises the following:

In millions of EUR, for the year ended 31 December

	2023	2022
Due to customers	582	318
Due to banks and other financial institutions	455	532
Debt securities issued	183	152
Lease liabilities	29	24
Significant financing component (IFRS 15)	6	7
Subordinated liabilities	2	14
Other	96	16
Total interest expenses	**1,353**	**1,063**
Net interest income	**982**	**1,297**

E.26. Net fee and commission income

Fee and commission income comprises the following:

In millions of EUR, for the year ended 31 December

	2023	2022
Insurance commissions	124	172
Customer payment processing and account maintenance	64	62
Commission income from partners	42	32
Penalty fees	27	29
Cash transactions	13	13
Retailers’ commissions	1	1
Other	59	44
Total fee and commission income	**330**	**353**

Fee and commission expense comprises the following:

In millions of EUR, for the year ended 31 December

	2023	2022
Payment processing and account maintenance	21	28
Cash transactions	19	16
Credit and other register expense	18	21
Commissions to retailers	15	22
Other	46	40
Total fee and commission expense	**119**	**127**
Net fee and commission income	**211**	**226**

E.27. Other net gain/(loss) on financial instruments

In millions of EUR, for the year ended 31 December

	2023	2022
Net trading income/(expense)	165	32
Derivatives	142	17
FX trading	16	33
Debt securities trading	7	(18)
Changes in fair value hedge adjustments	77	(43)
Net realised gains/(losses)	7	(23)
Loans and receivables measured at amortised cost	10	1
Financial assets at FVOCI	(3)	(27)
Financial liabilities measured at amortised cost	-	3
Dividend income	6	3
Other net losses on financial assets	(1)	(4)
Net losses on financial assets/liabilities at FVTPL not held for trading	(6)	(47)
Total other net gain/(loss) on financial instruments	**248**	**(82)**

E.28. Net impairment losses on financial assets

In millions of EUR, for the year ended 31 December

	2023	2022 (restated)*
Cash loan receivables	237	383
Revolving loan receivables	46	42
Trade and other receivables	36	27
Consumer loan receivables	16	67
Loans due from corporations	15	68
Loans and receivables due from banks and other financial institutions	12	-
Car loan receivables	8	7
Financial assets at FVOCI	(4)	36
Other financial assets**	3	35
Total net impairment losses on financial assets	**369**	**665**

*refer to E.4.
**incl. impairment losses on undrawn credit limit

E.29. Net rental and related income

Rental and related revenues comprise the following:

In millions of EUR, for the year ended 31 December

	2023	2022
Gross rental revenues	108	192
Hotel revenues	25	15
Service revenues	12	18
Service charge revenues	11	36
Total rental and related revenues	**156**	**261**

Property operating expenses comprise the following:

In millions of EUR, for the year ended 31 December

	2023	2022
Repairs and maintenance	11	15
Hotel operating expenses	11	8
Material and energy consumed	8	9
Service charge expense	6	22
Other taxes	6	13
Employee compensation (including payroll related taxes)	5	4
Other expenses	6	11
Total property operating expense	**53**	**82**

E.30. Net telecommunications income

E.30.1. Revenues from telecommunications business – major lines of business

Net telecommunications income comprises the following:

In millions of EUR, for the year ended 31 December

	2023	2022
Mobile originated revenues	2,750	2,547
Fixed originated revenues	592	552
International transit revenues	191	192
Other wholesale revenues	220	196
Other sales	15	13
Revenues from telecommunications business	**3,768**	**3,500**
out of which:		
Services/products transferred over time	3,277	3,026
Services/products transferred at a point in time	491	474
Supplies	(605)	(612)
Cost of goods sold	(486)	(461)
Commissions	-	(42)
Costs related to telecommunications business	**(1,091)**	**(1,115)**
Net telecommunications income	**2,677**	**2,385**

E.30.2. Revenues from telecommunications business – geographical markets

The revenues from the telecommunications business are geographically disaggregated per the customers' sites, as follows:

In millions of EUR, for the year ended 31 December

	2023	2022
Services/products transferred over time	3,277	3,026
Czech Republic	1,487	1,387
Hungary	507	445
Serbia	394	372
Bulgaria	379	332
Slovakia	277	268
Germany	33	33
Other	200	189
Services/products transferred at a point in time	491	474
Czech Republic	105	109
Hungary	104	100
Bulgaria	108	102
Serbia	103	104
Slovakia	71	59
Total revenues from telecommunication business	**3,768**	**3,500**

For relevant information on contract assets and contract liabilities, refer to E.5.

E.31. Net media income

E.31.1. Revenues from media business – major lines of business

Net media income comprises the following:

In millions of EUR, for the year ended 31 December

	2023	2022
TV advertising revenues	605	558
Carriage fees	150	137
Subscription fees	50	31
Other revenue	49	41
Revenues from media business	**854**	**767**
Programming assets amortisation	(388)	(339)
Salaries and staff related expenses	(27)	(23)
Royalties	(20)	(18)
External services and other operating costs	(28)	(25)
Costs related to media business	**(463)**	**(405)**
Net media income	**391**	**362**

E.31.2. Revenues from media business – geographical markets

The revenues from the media business are geographically disaggregated per the customers' sites, as follows:

In millions of EUR, for the year ended 31 December

	2023	2022
Services/products transferred over time	854	767
Czech Republic	307	272
Romania	206	195
Slovakia	127	114
Bulgaria	86	80
Slovenia	76	78
Croatia (refer to B.2.9)	52	28

Neither in 2023 nor in 2022, the Group realised any revenues from the media business from services or products transferred at a point in time.

E.32. Net mechanical engineering income

E.32.1. Revenues from mechanical engineering business – major lines of business

Net mechanical engineering income comprises the following:

In millions of EUR, for the year ended 31 December

	2023	2022
Sales of finished goods, services and goods for resale	1,136	775
Electric locomotives and suburb units	467	311
Tramcars	196	131
Full service and repairs	145	141
Metro	126	65
Trolleybuses	94	30
Spare parts	10	7
Traction motors	19	7
Modernisation of rail vehicles	17	12
Electric equipment	16	12
Other products and services	46	59
Revenues from mechanical engineering business	**1,136**	**775**
out of which:		
Services/products transferred over time	1,039	654
Services/products transferred at a point in time	97	121
Raw material	(640)	(370)
Purchased services related to projects	(112)	(66)
External workforce	(34)	(27)
Other	(58)	(23)
Costs related to mechanical engineering business	**(844)**	**(486)**
Net mechanical engineering income	**292**	**289**

E.32.2. Revenues from mechanical engineering business – geographical markets

The revenues from the mechanical engineering business are geographically disaggregated per the customers' sites, as follows:

In millions of EUR, for the year ended 31 December

	2023	2022
Services/products transferred over time	1,039	654
Czech Republic	446	349
Slovakia	154	25
Poland	128	73
Latvia	113	74
Germany	76	48
Finland	75	59
Other	47	26
Services/products transferred at a point in time	97	121
Czech Republic	75	98
Slovakia	6	6
Other	16	17

For relevant information on contract assets and contract liabilities, refer to E.5.

E.33. Net leisure and entertainment income

Net leisure and entertainment income comprises net income from boat manufacturing, net income from non-manufacturing business (boat charter, resale of boats and other) and net entertainment income:

In millions of EUR, for the year ended 31 December

	2023	2022
Revenues from leisure business (non-manufacturing)	186	153
Charter revenues (transferred overtime)	96	105
USA and Caribbean	46	59
Europe & Mediterranean Sea	28	23
Asia & Indian Ocean	20	19
Pacific Ocean	2	4
Revenues from resale of boats (transferred at a point in time)	90	48
New boats	76	36
Used boats	14	12
Revenues from boats manufacturing (transferred at a point in time)	99	-
Entertainment revenues (transferred at a point in time)	41	42
Other revenues	18	16
Revenues from leisure and entertainment business	**344**	**211**
Costs related to leisure business (non-manufacturing)	(160)	(131)
Direct costs relating to charter services	(56)	(60)
Rental of boats	(1)	-
Commissions to brokers	(9)	(10)
Costs attributable to boat sales	(75)	(41)
Entertainment costs	(19)	(20)
Costs related to boat manufacturing	(67)	-
Raw materials consumed	(47)	-
Employee costs	(14)	-
Manufacturing expenses (incl. depreciation)	(5)	-
Other	(1)	-
Costs related to leisure and entertainment business	**(227)**	**(131)**
Net leisure and entertainment income	**117**	**80**

E.34. Other income

In millions of EUR, for the year ended 31 December

	2023	2022 (restated)*
Income from other services provided	21	29
Rental income (other than from investment property rental activities)	18	15
Net gain on disposal of PPE and other intangible assets	3	186
Other	54	59
Net foreign currency gains	-	154
Total other income	**96**	**443**

*refer to A.7

E.35. Personnel expenses and other operating expenses

In millions of EUR, for the year ended 31 December

	2023	2022 (restated)*
Employee compensation**	1,051	1,020
Payroll related taxes (including pension contribution)**	252	229
Total personnel expenses	**1,303**	**1,249**
Professional services	174	185
Rental, maintenance and repair expense	146	143
Advertising and marketing	146	142
Information technologies	131	131
Amortisation of cost to obtain or fulfil a contract	76	60
Collection agency fee	65	89
Net impairment losses on other intangible assets	44	84
Taxes other than income tax	43	53
Telecommunications and postage	41	49
Net foreign currency losses	34	-
Net impairment losses on other assets (including contract assets)	28	25
Travel expenses	23	18
Payments to deposit insurance agencies	22	15
Net loss on disposal of intangible assets	12	-
Restructuring charge	11	-
Net impairment losses on property, plant and equipment	9	16
Other	263	216
Total other operating expenses	**1,268**	**1,226**

*refer to A.7.
**In the comparative figures for the year ending 31 December 2022, the Group reclassified EUR 51 million of social security expenses from employee compensation caption to payroll related taxes (including pension contribution) caption, following the clarification of the local legislation of the reporting entities.

The average rounded number of employees during 2023 was 55,000 (2022: 61,000 employees); 121 employees were employed in the Netherlands (2022: 76 employees). Increase of employees in the Netherlands relate to the acquisition of hotel operations, refer to B.2.8.

E.36. Depreciation and amortisation

In millions of EUR, for the year ended 31 December

	2023	2022
Depreciation of property, plant and equipment	408	394
Depreciation of property, plant and equipment – ROU (IFRS 16)	155	155
Amortisation of intangible assets	463	422
Total depreciation and amortisation	**1,026**	**971**

E.37. Income taxes

E.37.1. Income tax expense

Income tax expense comprises the following:

In millions of EUR, for the year ended 31 December

	2023	2022 (restated)*
Current tax expense	(352)	(359)
Deferred tax benefit/(expense)	47	(508)
Total income tax expense	**(305)**	**(867)**

*For more details on the restatement refer to A.6. and A.7.

The following table reconciles the tax expense:

In millions of EUR, for the year ended 31 December

	2023	2022 (restated)*
Tax rate	25.8%	25.8%
Profit from continuing operations (before taxation)	1,754	1,086
Computed taxation using applicable tax rate	(453)	(280)
Tax non-deductible expenses	(190)	(231)
Non-taxable income	137	119
Non-taxable share of profit of equity-accounted investees	205	231
Tax rate differences on foreign results	109	87
Utilised tax loss for which no deferred tax was previously recognised	2	3
Current-year losses for which no deferred tax asset is recognised	(85)	(208)
Items taxed at different tax rates, i.e., withholding tax	4	1
Release of deferred tax assets from tax losses carried forward	-	(453)
Non-taxable net losses on disposals/liquidations of subsidiaries and equity-accounted investees	(41)	(188)
Other	7	52
Total income tax expense	**(305)**	**(867)**

*For more details on the restatement refer to A.6. and A.7.

The Company is subject to corporate income tax in the Netherlands at an income tax rate of 25.8%. The Company's subsidiaries as well as associates are also subject to corporate income tax laws in the respective jurisdictions where the Group operates, with corporate income tax rates ranging from 9% in Hungary to approx. 27% in South Africa.

Pursuant to local tax legislation and relevant double tax treaties, a withholding tax in the range of 0% to 35% is levied on the dividends, interest, royalties, and other relevant payments to foreign recipients.

The principle the Group follows in the recognition of deferred tax assets prescribes that if it is not considered likely that taxable profits will be available against which unused tax losses can be utilised, the deferred tax assets are not recognised. In 2022, this likelihood of utilisation of previous tax losses significantly decreased in China, and the Group released its previously recognised relating deferred tax assets of EUR 453 million accordingly. This release significantly contributed to the deferred tax expense in 2022.

E.37.2. Deferred tax

Deferred tax assets and liabilities comprise the following:

In millions of EUR, as at 31 December

	2023 Deferred tax liabilities	2023 Deferred tax assets	2022 Deferred tax liabilities (restated)*	2022 Deferred tax assets (restated)*
Investment securities	(2)	6	(1)	18
Loans	(8)	36	(7)	43
Trade and other receivables, contract assets	(45)	18	(130)	16
Inventories	-	48	-	133
Investment property	(76)	-	(122)	2
Property, plant and equipment	(400)	51	(380)	8
Programming assets	(3)	9	(2)	8
Intangible assets	(134)	13	(125)	24
Other assets	(1)	6	(2)	7
Debt securities issued	-	26	-	31
Lease liabilities	(11)	90	(13)	85
Trade and other payables	(10)	26	(25)	24
Provisions	-	36	(1)	29
Other temporary differences	(11)	24	(28)	21
Value of loss carry-forwards recognised	-	51	-	77
Deferred tax assets/(liabilities)	**(701)**	**440**	**(836)**	**526**
Net deferred tax assets/(liabilities)	**(488)**	**227**	**(536)**	**226**

*Comparative information as at 31 December 2022 is restated due to initial application of IFRS 17 (refer to A.6 and F.2.2) and due to the amendments to IAS 12 Income Taxes: Deferred tax related to assets and liabilities arising from a single transaction (refer to F.2.4).

The table below shows the roll-forward of net deferred taxes:

In millions of EUR, for the year ended 31 December

	2023	2022 (restated)*
Net deferred tax assets/(liabilities) as at 1 January	(310)	262
Deferred tax benefit/(expense) for the period	47	(508)
Deferred tax recognised directly in equity	2	-
Additions resulting from business combinations	(32)	3
Disposals resulting from business combinations	24	(31)
Deferred tax assets transferred to assets held for sale	-	(36)
Effect of movements in exchange rates	8	-
Net deferred tax liabilities as at 31 December	**(261)**	**(310)**

*For more details on the restatement refer to A.6. and A.7.

E.37.3. Tax losses

As at 31 December 2023, the Group incurred tax losses from recent years of EUR 4,387 million (2022: EUR 3,964 million) available to be carried forward and off-set against future taxable income. As a rule, if it is considered likely that no taxable profits will be available against which the unused tax losses can be utilised, deferred tax assets are not recognised. Unrecognised deferred tax assets amount to EUR 944 million (2022: EUR 824 million). Unutilised tax losses can be claimed in the period from 2024 to 2028 mainly in the Czech Republic and China, and for an indefinite time in Hong Kong and in the Netherlands. The expiration of the unutilised tax losses is as follows:

In millions of EUR

	31 December 2023	31 December 2022
2023	-	28
2024	33	32
2025	331	383
2026	1,116	1,226
2027	640	713
2028	741	7
2029	138	162
2030	55	52
2031	46	6
2032	15	21
2033	17	-
Tax losses that can be carried forward indefinitely	1,255	1,334
Total	**4,387**	**3,964**

E.38. Repurchase and reverse repurchase agreements

The Group raises funds by selling financial instruments under agreements to repurchase them at future dates at the same price plus interest at a predetermined rate (repos). As at 31 December, assets sold under repos were as follows:

In millions of EUR, as at 31 December

	2023 Fair value of underlying assets	2023 Carrying amount of corresponding liabilities	2022 Fair value of underlying assets	2022 Carrying amount of corresponding liabilities
Financial assets at FVTPL	-	-	81	74
Financial assets at AC	51	-	26	27
Financial assets as off-balance sheet item	206	205	-	-
Financial assets received in reverse repos	8,149	8,207	3,840	3,856
Total assets	**8,406**	**8,412**	**3,947**	**3,957**

The Group also purchases financial instruments under agreements to resell them at future dates (reverse repos). The seller commits to repurchase the same or similar instruments at an agreed future date. Reverse repos are entered into as a facility to provide funds to customers. As at 31 December, assets purchased subject to agreements to resell them were as follows:

In millions of EUR, as at 31 December

	2023 Fair value of assets received as collateral (total)	2023 of which: Fair value of assets repledged or sold	2023 Carrying amount of receivables	2022 Fair value of assets received as collateral (total)	2022 of which: Fair value of assets repledged or sold	2022 Carrying amount of receivables
Cash and cash equivalents (with central banks)	6,879	5,158	6,997	6,924	3,742	7,022
Loans and advances	489	-	276	-	-	-
Financial assets at FVTPL	3,074	2,991	3,130	179	98	104
Total loans and advances	**10,442**	**8,149**	**10,403**	**7,103**	**3,840**	**7,126**

E.39. Off-balance sheet items

E.39.1. 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 the provision of open credit facilities to allow customers quick access to funds 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 the guarantees provided 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

	31 December 2023	31 December 2022
Loan commitments	1,117	920
Revolving loan commitments	734	591
Consumer loan commitments	43	34
Cash loan commitments	23	25
Undrawn overdraft facilities	123	106
Term loan facilities	194	164
Capital expenditure commitments	469	299
Guarantees provided	102	627
Non-payment guarantees	44	33
Payment guarantees	42	580
Provided undrawn commitments to provide	16	14
Digital transmission obligations	30	27
Programming liabilities	236	153
Other	186	84
Total commitments and contingent liabilities	**2,140**	**2,110**

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 expected future cash flows.

The following table shows secured liabilities:

In millions of EUR

	31 December 2023	31 December 2022
Loans received under repos (refer to E.38)	8,412	3,957
Secured bank loans (refer to E.15)	3,982	4,039
Debt securities issued (refer to E.16)	37	18
Total secured liabilities	**12,431**	**8,014**

The assets pledged as security were as follows:

In millions of EUR

	31 December 2023	31 December 2022
Financial assets in off-balance sheet (repo operations)	8,355	3,840
Investments in equity-accounted investees	1,598	493
Investment property (incl. assets held for sale)	1,194	1,590
Loans and receivables due from customers	434	805
Property, plant and equipment	320	348
Cash and cash equivalents	91	86
Financial assets FVOCI (other)	71	-
Investment securities at amortised cost	51	26
Trade and other receivables	44	45
Financial assets FVTPL (repos)	35	81
Other assets	65	37
Total assets pledged as security	**12,258**	**7,351**

As at 31 December 2023 and 31 December 2022, the Group has pledged certain assets as collateral for funding facilities related to CME acquisition. The pledged assets include, in particular, receivables from bank accounts, intercompany loans and all shares of CME Media

Enterprises B.V., Pro TV S.R.L., Markiza-Slovakia, spol. s r.o., CME Slovak Holdings B.V, Pro Plus d.o.o., Pop TV d.o.o. and RTL Hrvatska d.o.o. and the 94% of shares of CME Bulgaria B.V. held by CME Media Enterprises B.V.

As at 31 December 2023 and 31 December 2022, shares of PPF TMT Holdco 1 B.V., PPF Finco B.V. and Tanemo a.s. and some of their receivables were pledged as security for their financial indebtedness.

E.39.2. Other contingencies

E.39.2.1. 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. On 13 June 2016, the Municipal Court in Prague fully dismissed the action of the ex-minority shareholders, however, some of them have appealed against the dismissal to the High Court in Prague. On 31 March 2022 the High Court decided to repeal first instance judgment and returned the case back to the Municipal Court in Prague for further proceedings. On 6 June 2023 the Municipal Court in Prague approved procedural succession on side of ex-minority shareholders whereby all of them were replaced by one successor. On 31 July 2023 the court held hearing without any decision. On 13 December 2023 the Municipal Court in Prague fully dismissed the claims of the plaintiff (successor of the ex-minority shareholders) and confirmed that the consideration paid to the minority shareholders was adequate. In March 2024 the plaintiff filed its appeal against this decision to the High Court in Prague.

The Group (through its subsidiary PPF A4 B.V.) is involved in litigations connected to a squeeze-out of minority shareholders in CETIN a.s., approved by general meeting of this company on 3 December 2015. Several former minority shareholders filed their actions with the relevant court and asked the court to decide on adequate consideration (i.e., higher than that originally paid by PPF A4 B.V.) for their shares in CETIN. The first hearings took place in March and May 2018. On 3 April 2019, the court appointed its own expert to assess whether the consideration paid by PPF A4 B.V. was adequate or not with no conclusion by the date of the issue of these consolidated financial statements. On 19 April 2021 the court decided to appoint another expert to review and revise previous expert reports. The expert has been appointed on 21 July 2021 and delivered its expert opinion dated 20 July 2023; its conclusions fully support position of the Group.

The Group (through its subsidiary PPF Telco B.V.) is involved in litigations connected to a squeeze-out of minority shareholders in O2 Czech Republic a.s., approved by general meeting of this company on 26 January 2022. In the first half of 2023, the Group was informed that several former minority shareholders filed their actions with the relevant court and asked the court to decide on adequate consideration (i.e., higher than that originally paid by PPF Telco B.V.) for their shares in O2 Czech Republic a.s. The Group rejected these claims as ungrounded and proposed to the court to dismiss the actions.

Based on the analyses carried out by external advisors, management believes that it is unlikely that any of the cases above will be concluded in favour of the plaintiffs.

The following legal cases related to O2 CZ and Yettel Bulgaria are significant from the Group's perspective:

On 28 March 2011, VOLNÝ, a.s. ("VOLNÝ") filed a legal action with the Municipal Court in Prague against O2 CZ for an amount exceeding EUR 154 million for an alleged abuse of a dominant position on the market of Internet broadband connection provided to households via ADSL. VOLNÝ filed the legal action to coincide directly with the opening of ÚOHS proceedings, which were closed by a decision in favour of O2 on 23 January 2019. The amount is meant to represent the lost profit for the years 2004 to 2010. VOLNÝ claims to have had 30% share on the dial-up Internet market in 2003 and, in its legal action, it implies that it should have automatically had the same result on the broadband market, which it did not. Allegedly, it was due to the margin squeeze applied by O2 CZ on the fix broadband market. O2 CZ replied to the petition in July 2011, noting that both the claim and the calculations submitted by the plaintiff were unsubstantiated and pointing out discrepancies in the petition claims. The court started the proceedings in the matter and hearings took place during the year 2013, including the hearings of witnesses and experts.

At the hearing held on 30 March 2016, the court considered the possibility of a revision expert opinion that would review the opinions filed by VOLNÝ and O2 CZ. VOLNÝ proposed an expert who turned out to be biased, and thus O2 CZ filed a protest. Subsequently, the court appointed another expert and defined a set of questions. The revision expert opinion confirmed O2 CZ's statement. The expert opinion stated that no anti-competition practice had been proved against O2 CZ. It also pointed out that O2 CZ was not in a dominant position on the market of internet broadband connections. After hearing the appointed independent expert, the Municipal Court in Prague dismissed the legal action by VOLNÝ in full. The court concluded that O2 CZ had not breached any competition rules and thus could not have caused any damage to VOLNÝ. The decision was delivered in June 2018. The plaintiff filed an appeal and applied for court fee relief. The Municipal Court in Prague and the High Court in Prague granted the plaintiff a 50% court fee relief. The ÚOHS's decision of 23 January 2019 was submitted to the court and confirmed O2 CZ's consistent position in the civil dispute and the correctness of the first instance dismissal of the legal action.

In September 2020, the High Court in Prague delivered a confirmatory judgment, which came into legal force on 26 November 2020. The High Court awarded O2 CZ the full reimbursement of the costs of the proceedings. VOLNÝ filed an extraordinary appeal to the Supreme Court. In July 2022, the Supreme Court annulled the previous decisions for procedural reasons and returned the case for further proceedings. Following reiteration of certain evidence and update to the original expert opinion the Municipal Court in Prague issued a judgment in November 2023 in which it again completely rejected the lawsuit as unjustified and awarded O2 CZ compensation for the costs of the proceedings. The plaintiff filed an appeal against the decision.

In January 2021, the Bulgarian Telecommunications Regulator TCRC started a tender for the distribution of the spectrum in 3600 MHz. On 8 April 2021, the spectrum was distributed with equal parts among three current operators whereas Yettel received 100 Mhz. Two decisions or procedural steps of CRC (however not against the actual decision on the assignment of frequencies from May 2021 which thus became effective and enforceable) were appealed to the Administrative Court Sofia Region by MAC (a group of small fixed operators). On 11 April 2022, the Administrative Court Sofia Region decided that CRC procedural approach for completion of the public consultations and adopting CRC's position on the spectrum allocation and the need for a tender procedure was incorrect. On 13 March 2023, the Supreme Administrative Court confirmed this decision by the court of first instance. Following the negative court decision, CRC implemented the court instructions, taking into account that the spectrum is already distributed and utilized. There are no further steps on the matter expected by the Regulator. In January 2024, the last court instance dismissed the second appeal of MAC which was made against the decision of CRC on publication of the terms of the tender.

Dispute with Mr Kocner and Mr Rusko related to CME Group represents a significant legal case from the Group's perspective.

In the fourth quarter of 2016, the Slovak subsidiary MARKIZA-SLOVAKIA, spol. s.r.o. ("Markiza") was notified of claims that were filed in June 2016 in a court of first instance in Bratislava, the Slovak Republic to collect amounts allegedly owing under four promissory notes that have a collective face value of approximately EUR 69.0 million. These four promissory notes were purportedly issued in June 2000 by Pavol Rusko in his personal capacity and were purportedly guaranteed by Markiza under the signature of Mr. Rusko, who was an executive director of Markiza at that time as well as one of its shareholders. Two of the notes purport to be issued in favor of Marian Kocner, a controversial Slovak businessman, and the other two to a long-time associate of Mr. Kocner. Markiza has never believed the notes were signed in June 2000 or that any of the notes were authentic and has vigorously defended the claims in civil proceedings and filed a criminal compliant with special prosecutor in Slovakia in May 2018. Special prosecutor has charged both Mr. Kocner and Mr. Rusko in June 2018 with counterfeiting, falsification and illegal production of securities and obstruction of justice. As a result of the criminal proceedings, in February 2020, both Mr. Kocner and Mr. Rusko were convicted and sentenced to 19 years in prison each. The civil proceedings (which were previously suspended until a final decision in the criminal proceedings was issued) regarding two of the promissory notes were already dismissed and Markiza expects to receive the confirmation of dismissal of the remaining two cases of the other two promissory notes as well.

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

E.39.2.2. Regulatory investigation

In January 2018, the Hungarian Competition Authority carried out an unannounced inspection at the headquarters of Telenor Hungary in relation to two cases: (i) the investigation of the 800 MHz frequency tender auction, in which Telenor Hungary and Magyar Telekom allegedly committed anti-competitive behaviour during the tender in form of bid rigging and information exchange; and (ii) the 800 MHz network sharing cooperation, under investigation since 2015. As of the date of these financial statements, both investigations are terminated without any infringement being found.

E.39.2.3. Taxation

The taxation systems in Russia, India, Kazakhstan, Vietnam, China and some other countries of operations are relatively new and are characterized by frequent changes in legislation which are subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during several subsequent calendar years. Recent events within the Russia, India, Kazakhstan, Vietnam, China and some other countries of operations suggest that the tax authorities are taking a more assertive position in their interpretation and enforcement of tax legislation.

In the respective countries, the facts mentioned above may create tax risks that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Indian, Kazakh, Vietnamese, Chinese and other countries' tax legislation, official pronouncements, and court decisions.

Home Credit India Finance Private Limited is currently undergoing a tax inspection. The results are not yet known.

E.39.3. Off-balance sheet assets

Off-balance sheet assets were as follows:

In millions of EUR

	31 December 2023	31 December 2022
Guarantees accepted	185	214
Loan commitments received	768	383
Programming assets	291	196
Value of assets received as collateral (including repos)	5,026	5,662
Other	946	1,476
Total off-balance sheet assets	**7,216**	**7,931**

Increase in the balance of loan commitments received as at 31 December 2023 relate to new facilities agreements entered into by PPF Telecom Group B.V. in April 2023, refer to E.15.

Other off-balance sheet assets represent primarily bank guarantees issued by various banks for Škoda Group's projects.

E.40. Related parties

E.40.1. Identity of related parties

The Group has a related party relationship with its associates, joint ventures (together as "equity-accounted investees") and non-consolidated subsidiaries.

Furthermore, the key management personnel of the Group and their close family members; other parties which are controlled, jointly controlled, or significantly influenced by such individuals, and the entities in which such individuals hold significant voting power are also considered related parties.

The key management personnel of the Group include members of the board of directors and the key management personnel of the Parent and its significant subsidiaries.

E.40.2. Transactions with governing bodies and executive officers

For the year ended 31 December 2023 and 2022, key management personnel were provided with benefits as follows:

In millions of EUR, for the year ended 31 December

	2023	2022
Board of directors of the Parent Company	0.4	0.4
Supervisory board of the Parent Company	0.1	0.2
Key executive officers	87	74

These benefits consist mainly of short-term fixed and variable salaries, incentive bonuses, contributions to pension and insurance plans granted by PPF Group. As at 31 December 2023, key management remuneration deferred as long-term was EUR 21 million (2022: EUR 10 million).

E.40.3. Transactions with equity-accounted investees

During the year, the Group had the following significant arm's length transactions with the equity-accounted investees:

In millions of EUR, for the year ended 31 December

	2023	2022
Fee and commission income	15	5
Interest income	9	7
Net gain on financial assets	9	-
Telecommunications revenues	8	8
Other income	2	3
Profit on disposals/liquidations of equity-accounted investees and subsidiaries (refer to B.3.10)	-	8
Total revenues	**43**	**31**
Interest expense	(2)	(3)
Mechanical engineering costs	(2)	(3)
Telecommunications costs	(1)	(8)
Media costs	-	(1)
Net loss on financial assets	-	(20)
Net impairment losses on loans to customers	6	-
Other operating expenses	(1)	(13)
Total expenses	**-**	**(48)**

At the reporting date, the Group had the following balances with equity-accounted investees:

In millions of EUR

	31 December 2023	31 December 2022
Loans due from customers (gross amounts)	132	114
Loans due from customers (loss allowances)	*(36)*	*(14)*
Investment securities and derivatives	43	22
Trade and other receivables	3	4
Loans and receivables due from banks and other financial institutions	2	21
Cash and cash equivalents	2	1
Other assets	-	1
Total assets	**146**	**149**
Liabilities due to non-banks	(49)	(43)
Liabilities due to banks and other financial institutions	(5)	-
Trade and other payables	(2)	(20)
Financial liabilities at FVTPL	(14)	(25)
Total liabilities	**(70)**	**(88)**

E.40.4. Other related parties including key management personnel

During the year, the Group had the following significant transactions at arm's length with other related parties:

In millions of EUR, for the year ended 31 December

	2023	2022
Interest income	18	15
Net gain on financial assets	5	-
Other income	2	-
Total revenues	**25**	**15**
Other operating expenses	(7)	(1)
Interest expense	(3)	-
Net impairment gains/(losses) on financial assets	4	(1)
Net loss on financial assets	-	(22)
Total expenses	**(6)**	**(24)**

During 2023, the Group further provided donations amounting to EUR 24 million (2022: EUR 17 million) to foundations classified as related parties.

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

In millions of EUR

	31 December 2023	31 December 2022
Loans due from customers (gross amounts)	216	303
Loans due from customers (loss allowances)	*(4)*	*(9)*
Investment securities and derivatives	-	149
Cash and cash equivalents	-	12
Total assets	**212**	**455**
Liabilities due to non-banks	(206)	(107)
Financial liabilities at FVTPL	-	(168)
Total liabilities	**(206)**	**(275)**

F. Material accounting policies

F.1. Material accounting policies

The accounting policies set out below have been applied consistently by all Group entities to all periods presented in these consolidated financial statements.

F.1.1. Foreign currency

F.1.1.1. Foreign operations

For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation in these terms and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, and the income and expenses of foreign operations are translated to euro following the respective guidance in the IFRS AS using the exchange rates announced by the European Central Bank. For those currencies for which the European Central Bank does not announce the rate either at all or at any reasonably time frequency, the exchange rates announced by the respective local central banks are applied.

F.1.2. Financial assets and liabilities

Regarding the Group's diverse activities, the Group, in general, recognises all IFRS 9 financial assets classes: financial assets at FVTPL, financial assets at FVOCI, and financial assets at AC based on the business model in which a financial asset is managed (for more details on the business models the Group applies refer to F.1.2.1).

For regular purchases and sales of financial assets, the Group's policy is to recognise the transactions applying the settlement date accounting. Any change in the fair value of an asset to be received during the period between the trade date and the settlement date is accounted for in the same way as if the Group used the settlement date accounting.

F.1.2.1. Business model assessment

The Group assesses the objective of the business model in which a financial asset is held either at the portfolio level, as this best reflects the way the business is managed and information is provided to management, or individually in specific cases. Apart from the portfolio's cash-flow characteristics, the information that is considered for portfolio assets includes the portfolio objectives, management strategies and operations, compensation of the managers, risks affecting the business model, and evaluation of the portfolio performance. The same information is considered in the specific individual cases.

The Group differentiates between the following basic business models:

- held-to-collect business model;
- both held-to-collect and for-sale business model;
- other business models (incl. trading, managing assets on a fair value basis, maximising cash-flows through sale and other models).

F.1.2.2. Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, principal is defined as the fair value of the financial asset on initial recognition. Interest is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time, and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows in a way that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group’s claim to cash flows from specified assets – e.g., non-recourse asset arrangements; and
- features that modify consideration for the time value of money – e.g., periodic reset of interest rates.

All Group’s retail loans and certain fixed-rate corporate loans contain prepayment features. A prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents any unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. In addition, a prepayment feature is treated as consistent with this criterion if a financial asset is acquired or originated at a premium or discount to its contractual par amount, the prepayment amount substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination), and the fair value of the prepayment feature is insignificant on initial recognition.

F.1.2.3. Financial assets at FVTPL

Financial assets held for trading include investments and certain purchased loans and derivative contracts that are not designated as effective hedging instruments. All trading derivatives in a net receivable position (positive fair value), as well as options purchased, are reported as trading financial assets. All trading derivatives in a net payable position (negative fair value), as well as options written, are reported as financial liabilities at FVTPL.

Subsequent to initial recognition, all financial assets at FVTPL are measured at fair value based on the market prices quoted on an active market, except for derivative instruments that are not exchange-traded and financial assets that are not quoted on an active market, which are measured based on generally accepted valuation techniques depending on the product. Gains and losses arising from changes in the fair values of financial assets at FVTPL are recognised in the income statement.

F.1.2.4. Financial assets at AC

Financial assets at AC comprise cash and cash equivalents, loans and receivables due from banks and other financial institutions, loans due from customers, trade receivables and accrued income, and certain investment debt securities.

F.1.2.5. Financial assets at FVOCI

Financial assets at FVOCI comprise equity and debt securities. Both equity and debt securities, are initially measured at fair value plus eligible transaction costs.

For equity securities that are not held for trading the Group on initial recognition may irrevocably elect to present subsequent any changes in fair value in OCI. This election is made on an investment-by-investment basis.

For debt securities that are not held for trading, the Group on initial recognition may irrevocably elect to present a subsequent change in fair value in FVTPL if, and only if, such designation eliminates or significantly reduces a measurement or recognition inconsistency. This election is made on an investment-by-investment basis.

F.1.2.6. Trade receivables

Amounts receivable from and payable to other domestic and foreign operators related to transit in telecommunications business are netted and settled net on a regular basis.

F.1.3. Derecognition of financial assets and liabilities

A financial asset or a financial liability is derecognised, in general, when the rights to receive, or obligation to pay, respectively, the contractual cash-flows expire, or the terms of the financial asset or financial liability are substantially modified. In the case the terms are modified but not substantially, the modification of a financial asset or liability measured at amortised cost is not accounted for as derecognition. The amortised cost of the asset or liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial assets or liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the asset or liability and amortised over the remaining term of the modified financial asset or liability by re-computing the effective interest rate on the instrument.

F.1.4. Derivatives and hedge accounting

At the inception of a financial derivative contract, the Group designates the derivative instrument as either held for trading or hedging.

The Group has elected, as an accounting policy choice under IFRS 9, to continue to apply the hedge accounting requirements of IAS 39. Hedging derivatives are derivatives that the Group uses to hedge against interest rate and foreign exchange rate risks to which it is exposed as a result of its financial market transactions. The Group designates a derivative as hedging only if the criteria set out under IFRS AS are met at the designation date, i.e., if, and only if, all of the following conditions are met:

- there is compliance with the Group's risk management objective and strategy in undertaking the hedge;
- at inception of the hedge there is formal designation and documentation of the hedging relationship which includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging

instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk;
- the hedge is expected to be highly effective at inception and throughout the period;
- the effectiveness of the hedge can be reliably measured; and
- changes in the fair value or cash flows of the hedged item are almost fully offset by changes in the fair value or cash flows of the hedging instrument and the results are within a range of 80% to 125%.

Hedging derivatives are accounted for according to the type of hedging relationship, which can be one of the following:

- a hedge of an exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability, or firm commitment, that is attributable to a particular risk and that could affect profit or loss (fair value hedge); or
- a hedge of an exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and that could affect profit or loss (cash flow hedge).

Changes in the fair value of a derivative that is designated and qualified as a cash flow hedge and that proves to be highly effective in relation to hedged risk are recognised in OCI and they are transferred to the income statement and classified as income or expense in the periods during which the hedged assets and liabilities affect the income statement.

On this basis, the Group hedges the interest rate risk and foreign currency risk associated with selected portfolios of assets or liabilities or individually significant assets or liabilities. The effectiveness of the hedge is regularly tested through prospective and retrospective tests on a quarterly basis. If the hedge no longer meets the criteria for hedge accounting, the hedging instrument expires or is sold, terminated, or exercised, the entity revokes the designation, and the hedge accounting is discontinued prospectively.

Financial derivatives representing economic hedges under the Group's risk management positions but not qualifying for hedge accounting under the specific rules of IAS 39 are treated as derivatives held for trading.

F.1.5. Repurchase agreements

The Group enters into purchases (sales) of investments under agreements to resell (repurchase) substantially identical investments at a certain date in the future at a fixed price (repos). Investments purchased subject to commitments to resell them at future dates are not recognised. The amounts paid are recognised in loans to either banks or non-banks. The receivables are shown as collateralised by the underlying security. Investments sold under repos continue to be recognised in the statement of financial position and are measured in accordance with the accounting policy relevant for the appropriate business model. The proceeds from the sale of the investments are reported as liabilities to either banks or non-banks.

The difference between the sale and repurchase considerations is recognised on an accrual basis over the period of the transaction and is treated as interest.

F.1.6. Impairment

F.1.6.1. Non-derivative financial assets

The Group's entities recognise the loss allowance for ECLs on the following financial instruments that are not measured at FVTPL:

- loans and receivables due from banks and other financial institutions;
- loans due from customers;
- trade receivables and accrued income;
- cash and cash equivalents;
- debt instruments at FVOCI;
- lease receivables; and
- loan commitments and financial guarantee contracts issued (previously, impairment was measured under IAS 37 Provisions, Contingent Liabilities and Contingent Assets).

No impairment loss is recognised on equity investments.

The Group has elected to measure loss allowances for trade and lease receivables and accrued income at an amount equal to lifetime ECLs.

Credit impaired financial assets

At each reporting date, the Group assesses whether financial assets are credit-impaired (referred to as Stage 3 financial assets). The Group classifies financial asset as credit-impaired when it exceeds 90 days past due.

The Group also considers other events that can have a detrimental effect on the estimated future cash flows of the financial asset resulting in credit-impaired classification. Examples of these events are:

- significant financial difficulty of the borrower or issuer;
- breach of contract such as a default; or
- probability that the borrower will enter bankruptcy or other financial reorganisation.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses and is measured as follows:

- financial assets that are not credit-impaired at the reporting date: the present value of all cash shortfalls - i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive;
- financial assets that are credit-impaired at the reporting date: the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn and the cash flows that the Group expects to receive from this commitment; and
- financial guarantee contracts: the present value of the expected payments to reimburse the holder less any amounts that the Group expects to recover.

Inputs into measurement of ECLs

In general, the key inputs into the measurement of ECLs are probability of default (PD), loss given default (LGD) and exposure at default (EAD). Alone or together, these parameters are derived from internally developed statistical models based on own historical data or derived from available market data.

Retail

For the retail portfolio, PD and EAD are usually estimated together using statistical models (a stochastic Markov chain-based model) based on internally compiled data. Where available, market data is also used to determine the PD for large corporate counterparties where there is not enough internally available data for statistical modelling.

LGD is estimated based on the history of recovery rates of claims against defaulted counterparties. It is calculated on a discounted cash flow basis using the effective interest rate as the discounting factor. For loans secured by retail property, loan-to-value (LTV) ratios are likely to be a key parameter in determining LGD and models will consider the structure, collateral, seniority of the claim, and recovery costs of any collateral that is integral to the financial asset.

For retail overdraft and credit card facilities and certain corporate revolving facilities that include both a loan and an undrawn commitment component, the Group measures ECLs over a period when the Group's ability to demand repayment and cancel the undrawn commitment does not limit the Group's exposure to credit losses to the contractual notice period. These facilities do not have a fixed term or repayment structure and are managed on a collective basis. The Group can cancel them with immediate effect, but this contractual right is not enforced in the normal day-to-day management but only when the Group becomes aware of an increase in credit risk at the facility level. This period is estimated considering the credit risk management actions that the Group expects to take and that serve to mitigate ECLs. These include a reduction in limits and the cancellation of the facility.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped based on shared risk characteristics, such as:

- instrument type;
- credit risk grade;
- collateral type;
- date of initial recognition;
- remaining term to maturity.

The grouping is subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

For portfolios in respect of which the Group has limited historical data, external benchmark information is used to supplement the internally available data.

Non-retail – individual level

For individually significant financial assets, the parameters (PD, LGD and EAD) are – separately from those used for the collective basis – derived from statistical models created on the basis of available market data. Failure probability estimates are estimates at a certain date that are calculated on the basis of statistical rating models and assessed using the rating tools established for different categories of counterparties and exposures. Models created on the basis of available market data are periodically back-tested on internal historical data.

The migration of a counterparty or exposure between credit ratings results in a change in the estimate of the associated PD.

LGD is the amount of probable loss in the event of a default. For stage 1 and 2 exposures, the Group uses external comparative information to assess LGDs as it has insufficient observations and data to derive its own statistically significant LGDs based on an analysis of the Group's portfolio. For this reason, the Group bases its determination of LGD on the regulatory loss given default.

For stage 3 exposures, the Group uses the difference between the gross carrying amount of an asset and the present value of estimated future cash flow applying scenario probability weights to measure expected credit losses.

Forward-looking information

The Group incorporates forward-looking information (FLI) based on both external and internal sources into its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and – where possible – as part of the measurement of ECLs. External information used includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Group operates, supranational organisations such as the Organisation for Economic Co-operation and Development (OECD) and the International Monetary Fund (IMF), commercial sources (such as Bloomberg or Thomas Reuters), and selected private sector and academic forecasters. Internal information then consists of both portfolio and vintage risk parameters and calibrated client scoring models and functions.

Retail

Depending on the availability of data and the credibility of its sources, the Group analyses historical data over the past 4 to 14 years to estimate the relationships between macro-economic variables and credit risk and credit losses. Key external drivers may include variables such as interest rates, unemployment rates, inflation rates, GDP growth rates, FX rates and other macroeconomic variables and their forecasts.

Each estimation of impact of macroeconomic forecast on provisioning (based on the latest data available from external sources) is also subject to an internal materiality threshold evaluation to avoid short-term fluctuation in provisioning volumes in cases where the impact of expected macroeconomic situation is considered not material. The materiality threshold is set up to be 2% of total provision for each respective Group Company and respective Reporting date.

Results are reviewed by the management and models are adjusted if, based on the management's opinion, the results do not fully capture the extent of recent credit or economic events.

The results are based on the latest macroeconomic forecast per country they operate in. The Group uses three scenarios with set weights for evaluation of the impact:

- base scenario – The development according to available macroeconomics forecasts.
- downside scenario – either based on worsening of the Base scenario, or based on percentile from historical development (depending on reliability of model results).
- upside scenario – either based on improving of the Base scenario, or based on percentile from historical development (depending on reliability of model results).

Scenario weights are set for each country in which the Group operates, and are set according to the latest expectations (the weight assigned to the base scenario is mostly 70%, the rest is being distributed among downside and upside scenarios) for each country based on the applicable facts and circumstances.

Non-retail – individual level

For the non-retail loans the Group defines also three economic scenarios:

- the baseline economic scenario, which is the Group's main scenario and is assigned the highest weight. This scenario is defined internally according to publicly available estimates of trends in key macroeconomic variables by relevant institutions, such as Oxford Economics, the Czech National Group, the IMF, the OECD, and consensus analyst estimates published by Bloomberg and Reuters;
- optimistic economic scenario;
- pessimistic economic scenario.

The last two scenarios are less likely. The Group monitors the up-to-datedness of macroeconomic scenarios at least on a quarterly basis. The scenarios and their weights applicable as at 31 December 2023 are shown in the table below:

	Weight as at 31 December 2023	Weight as at 31 December 2022	2024	2025	2026
Czech Republic – GDP growth					
Baseline scenario	50%	50%	1.2%	2.8%	2.5%
Optimistic scenario	1%	1%	3.6%	4.5%	4.5%
Pessimistic scenario	49%	49%	(3.8%)	2.3%	1.4%
World – GDP growth					
Baseline scenario	50%	50%	3.0%	3.0%	3.0%
Optimistic scenario	1%	1%	4.2%	4.5%	4.5%
Pessimistic scenario	49%	49%	(1.3%)	2.8%	2.0%

The resulting estimated credit losses then reflect expected development of gross domestic product in the three scenarios above.

On the strength of data availability and resource credibility, the Group uses historical data analysis to estimate the relationships between macroeconomic variables and probabilities of default that are used to measure expected credit losses.

The Group considers the change in the GDP of the Czech Republic and the change in world GDP as key variables explaining the changes in the historical probability of default. For exposures of clients who account in accordance with Czech accounting standards and whose business risk lies in the Czech Republic, the Group uses change in GDP of the Czech Republic for PD estimates. For other client's exposures, the Group uses the change in the world GDP as an explanatory variable.

For risks that were not factored into the macroeconomic model, the Group recognised additional allowances ("management overlay"). The Group resorted to management overlay to individually significant loans at the end of third quarter of the year 2022 for the first time. In making management overlays, the Group relies on the regular quarterly stress testing of its loan portfolio, the management overlay amount being based on the expected additional loss on the loan portfolio under a slight stress scenario. Management overlays are remeasured on a quarterly basis.

Credit risk grades

The Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. The Group uses these grades to identify significant increases in credit risk. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default. These factors may vary depending on the nature of the exposure and the type of borrower.

Each exposure is allocated to a credit risk grade upon initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade.

Credit risk grades and client's score are primary inputs into the determination of the probability of default (PD) development for exposures. The Group collects performance and default information about its credit risk exposures analysed by jurisdiction, by type of product and borrower and by credit risk grading. For some portfolios, information purchased from external credit reference agencies may also be used.

The Group employs statistical models to analyse the collected data and generate estimates of the remaining lifetime PD of exposures and how these are expected to change over time.

Group's internal credit risk grades

The Group uses internal credit risk grades for provided debt instruments and loans. The table below indicates how the Group's internal credit risk grades relate to the external long-term ratings used by Moody's rating agency:

Internal rating	External rating
Very low risk	Aaa-Aa
Low risk	A-Baa
Medium risk	Ba-B
High risk	Caa-Ca
Default	C and lower

Determining whether credit risk has significantly increased

The Group considers historical experience, expert credit assessment, forward-looking information, and other relevant reasonable and supportable information.

Retail

The criteria may vary by portfolio and include a backstop based on delinquency. As a backstop, the Group presumptively considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. The Group determines days past due by counting the number of days since the earliest elapsed due date in respect of which full payment – subject to materiality threshold – has not been received.

The Group deems the credit risk of a particular exposure to have increased significantly since initial recognition if since initial recognition the remaining lifetime PD is determined to have increased more than is defined for the respective exposure class.

The qualitative criteria utilized for assessment of EV may include, e.g., external data on clients' ability to repay (insolvency/bankruptcy registers and similar locally available data sources), distressed restructuring/forbearance measures evidence, etc.

Assessing whether credit risk has increased significantly since initial recognition of a financial instrument requires identifying the date of the initial recognition of the instrument. For certain revolving facilities (e.g., credit cards and overdrafts), the date of their first use could have been a long time ago. Modifying the contractual terms of a financial instrument may also affect this assessment.

In certain instances, using its expert credit judgement and, where possible, relevant historical experience, the Group may determine that an exposure has undergone a significant increase in credit risk if particular qualitative factors indicate this and if those indicators may not be fully captured by its quantitative analysis on a timely basis.

The Group monitors the suitability of the criteria used to identify significant increases in credit risk by regular reviews to confirm that results of assessment are compliant with IFRS 9 and internal guidelines and settings.

Non-retail – individual level

For individually significant financial assets, the Group primarily identifies whether a significant increase in credit risk has occurred for an exposure by comparing:

- the credit risk as at the reporting date; with
- the credit risk that was estimated on initial recognition of the exposure.

As for the corporate loan portfolio, the Group considers there to have been a significant increase in credit risk since initial recognition if:

- the credit internal rating has deteriorated by two or more notches since initial recognition and the current credit rating is outside the range A1 to A4 (for the internal credit ratings see above)
- the receivable or part thereof is more than 30 days past due;
- the current credit rating has deteriorated by at least one notch since initial recognition and the client has been assigned a credit rating of C1;
- the exposure has been designated as a exposure with forbearance;
- the exposure in the regime of increased monitoring (so called „pre-workout");

- and individual assessment has been performed by the Head of the Credit Risk Management Department, who, on the basis of available information, has determined that the receivable exhibits signs of an increased credit risk.

As for the debt securities and other assets, the Group considers there to have been a significant increase in credit risk since initial recognition if:

- the credit internal rating has deteriorated by two or more notches since initial recognition and the current credit rating is outside the range A1 to A4 (for the internal credit ratings see above)
- the receivable or part thereof is more than 30 days past due;
- the current credit rating has deteriorated by at least one notch since initial recognition and the client has been assigned a credit rating of C1;
- an individual assessment has been performed by the Head of the Credit Risk Management Department, who, on the basis of available information, has determined that the receivable exhibits signs of an increased credit risk.

Definition of default

The Group considers a financial asset to be in default when there is available information that:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the borrower is more than 90 days past due on the respective significant credit obligation to the Group. Overdrafts are considered past due once the customer has breached an advised limit or been advised of a limit that is smaller than the current amount outstanding.

In assessing whether a borrower is in default, the Group considers indicators that are:

- qualitative: e.g. breaches of covenant;
- quantitative: e.g. overdue status; and
- based on data developed internally and obtained from external sources (e.g. insolvency or bankruptcy loan registers).

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Modified financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to the current or potential credit deterioration of the customer.

The Group renegotiates loans to customers in financial difficulties (referred to as ‘forbearance activities’) to maximise collection opportunities and minimise the risk of default. Under the Group’s forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Group determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with
- the remaining lifetime PD at the reporting date based on the modified terms.

When a financial asset is modified, the Group assess whether this modification results in derecognition. In accordance with the Group's policy, a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Group considers both qualitative (such as SPPI criterion, change in currency, change in counterparty, maturity, covenants) and quantitative (such as comparison of present values of the remaining contractual cash flows under the original terms with the contractual cash flows under the modified terms) factors.

Forbearance

Generally, forbearance is a qualitative indicator of default and credit impairment. Expectations of forbearance are relevant in assessing whether there is a significant increase in credit risk.

Following forbearance, a customer needs to demonstrate consistently good payment behaviour over a period of time before the exposure is no longer considered to be in default/credit-impaired or the PD is considered to have decreased for the loss allowance to revert to being measured at an amount equal to 12-month ECLs.

Write-offs

Loans and debt securities are written off when the Group has no reasonable expectations of recovering the financial asset (in neither its entirety nor a portion of it). This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Group may also apply enforcement activities to financial assets being written off. Recoveries resulting from the Group's enforcement activities will result in impairment gains.

Presentation of allowances for ECL in the financial statements

Loss allowances for ECL are presented in the statement of financial position as follows:

- for financial assets measured at AC: as a deduction from the gross carrying amount of the assets;
- for debt instruments measured at FVOCI: no loss allowance is recognized in the statement of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the investment revaluation reserve;
- for loan commitments and financial guarantee contracts: as a provision; and
- where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group presents a combined loss allowance for both components. The combined amount is presented as deduction from the gross carrying

amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

F.1.6.2. Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories, deferred acquisition costs, the present value of future profits on acquired insurance portfolios and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired.

An impairment loss in respect of goodwill is not reversed. For other assets, impairment losses are reversed only to the extent that the assets' carrying amounts do not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

F.1.7. Leases

At the inception of a contract, the Group assesses whether a contract is or contains a lease. A contract is or contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset. This may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.
- The Group has the right to obtain substantially all economic benefits from the use of the asset throughout the period of use.
- The Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
  - the Group has the right to operate the asset
  - the Group has designed the asset predetermining how and for what purpose it will be used.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost comprising the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The Group presents right-of-use assets that do not meet the definition of investment property in “property, plant and equipment”, i.e., on the same line item on which it presents underlying owned assets of the same nature.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or, as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease terms and significantly affects the amount of lease liabilities and the recognised right-of-use assets.

The Group presents lease liabilities in “Trade and other payables” in the consolidated statement of financial position. For details refer to E.18.

The Group applies the exemption relating to the short-term leases for all its businesses (except for telecommunications, for which application of this exemption was assessed as not appropriate), and does not capitalise leases with lease term of 12 month or shorter (for telecommunications these short-term leases are capitalised). Regarding the leases with a low-value underlying asset the Group applies this practical expedient as well. Low-value tangible assets like copy machines (below EUR 5 thousand) are not required to capitalise. The Group has also outscoped the leased intangible assets from capitalisation, as allowed by IFRS 16. For all its businesses, the Group does not separate non-lease components and capitalises them as lease payments (except for the finance business for which the non-lease components (like cleaning and maintenance) are separated and not capitalised as lease payments).

F.1.8. Inventories

Costs of inventories include the purchase price and related costs of acquisition (transport, customs duties and insurance). The cost of inventory is determined using weighted average cost.

Trading property is a special kind of inventory comprising land and buildings constructed or acquired by the Group for future sale. Trading property is measured at the lower of cost and net realisable value.

F.1.9. Assets held for sale

Assets (or disposal groups comprising assets and liabilities) expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before being classified as held for sale, the assets (or components of a disposal group) are measured in accordance with the applicable IFRS AS. Thereafter, the assets (or disposal groups) are generally measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is allocated to assets and liabilities on a pro rata basis, except that no loss is allocated to inventory, financial assets, deferred tax assets, employee benefit assets, investment property and biological assets; these continue to be measured in accordance with the Group’s accounting policies. Impairment losses on initial classification as held for sale and any subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

F.1.10. Investment property

Investment properties are properties that are held either to earn rental income or for capital appreciation or for both. A property owned by the Group is treated as an investment property if it is not occupied by a Group company or if only an insignificant portion of the property is occupied by a Group company.

Subsequent to initial recognition all investment properties are measured at fair value. The fair value is determined annually based on appraisals by an independent external expert or based on internal valuations in the case of projects with immaterial value.

The external valuations are always obtained from leading market experts such as Colliers International, Cushman & Wakefield or CBRE. All the valuation reports are based on a generally worldwide accepted RICS (Royal Institute of Chartered Surveyors) valuation methodology, which is one of the best methods used to obtain the fair market valuation of the given property, especially in the absence of any actual transactions. All the valuation reports produced by external experts are then subject to several rounds of discussions and challenges before the final figures are obtained and agreed.

When the Group applies internal valuations the fair value of investment property is determined using the discounted cash flow or comparable method. Such valuations require the use of judgment and assumptions about future market conditions.

Property that is being built or developed for future use as investment property is classified as investment property and recognised at fair value. In case the fair value is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable, or construction is complete.

Any gain or loss arising from a change in fair value is recognised in the income statement. Rental income from investment property is accounted for over the lease term.

When an item of property, plant and equipment becomes an investment property following a change in its use, any gain arising at the date of transfer between the carrying amount of the item and its fair value, and the related deferred tax thereon, is recognised directly in equity. Upon disposal of the item, the gain is transferred to retained earnings. Any loss is recognised in the income statement immediately.

Subsequent expenditures relating to investment properties are capitalised if they extend the useful life of the assets; otherwise, they are recognised as an expense.

F.1.11. Property, plant and equipment

Property, plant and equipment is stated at the purchase price or production cost, less accumulated depreciation (except for freehold land) and any accumulated impairment losses.

Property, plant and equipment include all costs directly attributable to bringing an asset to the working condition for its intended use. With respect to the construction of a network, this comprises every expenditure up to the customer premises, including the cost of contractors, material, direct labour costs and interest cost incurred during the course of construction.

The gain or loss on the disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property, plant and equipment, and is recognised in other operating income/other operating expenses in profit or loss.

Depreciation is provided on a straight-line basis using the following useful lives:

Buildings and constructions	up to 90 years
Ducts and cables	up to 45 years
Telecommunication technology and equipment	up to 35 years
Other tangible assets and equipment	up to 35 years

Component parts of an asset that have different useful lives or provide benefits in a different pattern are recognised as separate assets with different depreciation rates.

The depreciation methods, useful lives, and residual values, if not insignificant, are reassessed annually. If a material technical improvement is made to an asset during the year, its useful life and residual value are reassessed at the time the technical improvement is recognised.

F.1.12. Intangible assets and goodwill

F.1.12.1. Goodwill and gain on bargain purchase

The Group accounts for all business combinations, except those determined to be reorganisations involving group companies under common control (refer to A.4) as acquisitions.

F.1.12.2. Trademarks

Trademarks that were acquired separately are initially measured at cost, while trademarks acquired through a business combination are measured at fair value. Trademarks with finite useful life are amortised on a straight-line basis over their useful life. Trademarks with infinite useful life are not amortised but they are tested for impairment annually or whenever there is an indication that the trademark may be impaired.

F.1.12.3. Other intangible assets

Other intangible assets, including software, licences and customer relationships, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Such categories of assets with finite useful lives are amortised on a straight-line basis. The estimated useful lives are as follows:

Software	up to 23 years
Trademark	indefinite/22 years
Licences	up to 22 years
Customer relationships	10-15 years
Other	up to 55 years

The amortisation methods, useful lives and residual values, if not insignificant, are reassessed annually. If a material technical improvement is made to an asset during the year, its useful life and residual value are reassessed at the time the technical improvement is recognised.

F.1.13. Programming assets

Programming assets consist of programming (film and television licences) rights acquired from third parties and own-produced programming rights, which together form the majority of the Group's broadcast schedules. Programming rights related to contracted rights that are not yet available for immediate broadcast are presented as off-balance sheet programming assets.

F.1.13.1. Acquired programming rights

Acquired programming rights are recognised at their acquisition cost when the Group obtains control over the right, including when it reasonably expects that the right will generate future economic benefits, which is usually when the license period begins, and the programmes are available for broadcast.

The cost incurred to acquire programming rights is allocated to individual programmes on the basis of their relative value, which is often specified in the license agreement. Acquired programming rights are recognised as current assets, while the related liability is classified as current or non-current according to the payment terms of the license agreement.

F.1.13.2. Own produced programming rights

Own-produced programming rights consist of deferred film and television costs including direct costs, production overhead and development costs. The costs are stated at the lower of cost or net realisable value. Own-produced programming rights are recognised as current assets. The own-produced programming rights are intended primarily for exploitation on the Group’s own channels and platforms.

F.1.13.3. Consumption of programming rights

The Group determines the expected number of runs and allocates the total cost of a programming right to each run based on the proportion of revenues expected to be earned for the specific run to the total expected revenues to be earned for the whole programme. The process for evaluating these revenues is tailored to the potential the Group believes a title has for generating multiple revenues. The programmes are expensed in a manner that reflects the pattern in which the benefits of the consumption of programming rights are received.

Accordingly, the estimates of future advertising and other revenues, and the future broadcasting schedules have a significant impact on the value of consumption of programming rights.

When the initial airing of a programme is expected to provide more value than any subsequent airings, the Group applies an accelerated method of amortisation. These accelerated methods of amortisation are based on historical data for similar programming. For content that is expected to be aired only once, the entire cost is expensed once the content is broadcast. For programming rights which are not advertising-supported, the programme's cost is expensed on a straight-line basis over the license period.

F.1.13.4. Impairment of programming rights

Programming rights are evaluated to determine if expected revenues to be earned broadcasting a programme, less additional costs to be incurred (including exploitation costs), are not lower than the book value of the programme. If the expected revenues are lower than the carrying value of the programme, the programming rights are written down to their net realisable value by recording an impairment charge. The net realisable value is assessed on a segment portfolio basis unless specific indicators of impairment are identified for individual titles. The impairment charges are presented as a component of consumption of programming rights in net media income (refer to F.1.21).

F.1.14. Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

F.1.14.1. Current tax

Current tax is the expected tax payable on the taxable income for the year, using the tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

The Group does not offset current tax assets and current tax liabilities unless it has a legally enforceable right to set off the recognised amounts or intends to settle them on a net basis, or to realise the asset and settle the liability simultaneously.

F.1.14.2. Deferred tax

A deferred tax position is recognised in cases when temporary differences arise between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the initial recognition of goodwill arising from a business combination, the initial recognition of assets or liabilities that affect neither the accounting nor the taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantially enacted at the reporting date.

A deferred tax asset is recognised for unused tax losses, unused tax credits and deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Recognised deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Group offsets deferred income tax assets and deferred income tax liabilities only if it has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income tax levied by the same taxation authority and relate to the same taxable entity.

F.1.14.3. Tax exposure

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these issues is different from the amounts initially recorded, such differences will affect the income tax and deferred tax provisions in the period in which such determination is made.

F.1.15. Equity

F.1.15.1. Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the paid consideration, including directly attributable costs, is recognised as a change in equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

F.1.15.2. Non-controlling interests

Non-controlling interests consist of the minority shareholders' proportion of the subsidiary's recognised net assets at the date of the original combination, plus or minus their share of changes in the subsidiary's equity since that date.

Net profit allocated to non-controlling interests is the part of the net results of the Group attributable to interests not owned, either directly or indirectly through subsidiaries, by the equity holders of the Parent Company.

Losses applicable to non-controlling interests, including negative other comprehensive income, are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners, i.e., outside profit or loss.

F.1.15.3. *Purchase commitment for NCI's share*

The Group can grant a put option to minority shareholders (NCI) of its fully consolidated subsidiaries. If the put option provides for a settlement in cash or in another financial asset, the Group recognises a liability for the present value of the exercise price of the option. Pending specific guidance from IFRS regarding this issue, the Group first assess whether such put option effectively means either that the minority shareholder has no longer its access to the returns associated with the underlying ownership interest or whether the minority shareholder's access to the returns is still present.

In the case the minority shareholder's access to returns no longer exists with the put option granted, the "anticipated-acquisition method" is applied, under which:

- purchase commitment liability is recognised and subsequently measured at net present value with the net present value changes recognised directly in equity, presented in the reserve for puttable instruments;
- non-controlling interest is derecognised when the put option is granted;
- any difference between the initial recognition value of the purchase commitment liability and the carrying amount of the non-controlling interest at derecognition is recognised directly in equity in the reserve for puttable instruments;
- subsequently, non-controlling interest's share on profit or loss and other comprehensive income is no longer recognised as under this method the put option is accounted for as if had been exercised already;
- when the put option expires unexercised, the non-controlling interest is recognised at its proportionate share on net assets of the investee and the purchase commitment liability is derecognised at its net present value;
- any difference between the carrying amount of non-controlling interest newly recognised and the net present value of the purchase commitment liability at derecognition is recognised in equity in the reserve for puttable instruments. The accumulated reserve for puttable instruments is subsequently reclassified directly to retained earnings with no impact on profit or loss.

In the case the minority shareholder's access to returns is still present with the put option granted, the "present-access method" is applied, under which:

- purchase commitment liability is recognised and subsequently measured at net present value with the net present value changes recognised directly in equity, presented in the reserve for puttable instruments;
- with the recognition of the above purchase commitment liability, any losses or gains are recognised directly in equity in the reserve for puttable instruments at initial recognition value of the purchase commitment liability;
- non-controlling interest continues to be recognised when the put option is granted;
- subsequently, non-controlling interest's share on profit or loss and other comprehensive income is recognised in a standard way as if no put option was granted;
- when the put option expires unexercised, the purchase commitment liability is derecognised at its net present value as well as the accumulated reserve for puttable instruments. No difference between the derecognition value of the liability and the accumulated reserve for puttable instruments shall arise.

F.1.16. Interest income and interest expense

Interest income and interest expense are recognised in the income statement on an accrual basis, considering the effective yield of the asset or liability in question, or the applicable floating rate. Interest income and interest expenses include the amortisation of any discounts or premiums or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated using the effective interest rate method.

F.1.17. Net fee and commission income

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or a financial liability are included in the measurement of the effective interest rate.

A contract with a customer that results in a recognised financial instrument in the Group's consolidated financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, the Group first applies IFRS 9 to separate the relevant part and measure that part of the contract that is in the scope of IFRS 9 in line with IFRS 9, and then applies IFRS 15 to the residual.

Other fees and commission income and expense relate mainly to transaction and service fees, which are recognised as the services are rendered or received.

The Group acts as an agent for insurance providers offering their insurance products to consumer loan borrowers (protection service). Commission income from this insurance represents commissions for such agency services received by the Group from such partners. It is not considered to be integral to the overall profitability of consumer loans because it is determined and recognised based on the Group's contractual arrangements with the insurance provider rather than with the borrower. The borrowers have an option to purchase the insurance service, but not obligation, while the interest rates for the borrowers are the same, no matter whether they used the option or not. The Group is not exposed to the insurance risk, which is entirely borne by the partner.

Commission income from insurance is recognised in profit or loss when the Group provides the agency service to the insurance company.

Commission income from insurance is recognised in profit of loss when the performance obligation is satisfied.

The Group recognises income over the time by measuring the progress towards the complete satisfaction of performance obligation, if one of the following criteria is met:

- the Group simultaneously receive and consumes the benefits provided by group performance as the Group performs;
- the customer controls the service provided by the Group in the course of performance or;
- the Group does not provide service with an alternative use to the Group, and the Group has an enforceable right to payment for performance obligation completed to date;
- in other cases, the Group recognises revenue at a point in time at which a customer obtains control on the provided services.

Penalty fee income is recognised on an accrual basis or on a cash basis. It depends on the collectability of the penalty. In the case the collectability of the penalty fee is approximately same as for other loan components (e.g., its principal), the Group books penalty on an accrual basis and recognises impairment loss allowance in the same way as for other components of the loan receivable. In the case the collectability of the penalty fee is worse than for other loan components (e.g., principal), the Group books the penalty fee income on a cash basis, i.e., when it is received on the Group's accounts eventually.

F.1.18. Net gain/loss on financial assets

Net gain/loss on financial assets comprises net trading income, net gains on financial assets at FVTPL that are not held for trading, net realised gains, and dividends.

Net trading income arises from the subsequent measurement of trading assets and trading liabilities at fair value or from their disposal. The amount of trading income to be recorded represents the difference between the latest carrying value and the sale price or between the latest carrying value and the fair value as of the date of the consolidated financial statements.

Net gains on financial assets at FVTPL that are not held for trading arise from their subsequent measurement at fair value or from their disposal.

A realised gain/loss arises on the de-recognition of financial assets other than financial assets at FVTPL. The amount of the realised gain/loss represents the difference between the carrying value of the financial asset and the sale price adjusted for any cumulative gain or loss directly recognised in equity.

Dividends from financial assets are recorded in the income statement once declared and approved by the shareholders' general meeting of the respective company.

F.1.19. Net real estate income

Rental income is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income. Rent increases calculated with reference to an underlying index are recognised in income as they are determined. Rental income from investment properties is included in the net rental income, while rental income from other operating leases is included in other income.

Property operating expenses include expenses directly attributable to rental income and other expenses related to investment property.

F.1.20. Net telecommunications income

Revenues and expenses are recognised on an accrual basis, i.e., when the flow of goods or services takes place, regardless of when the payment or collection is being made.

The Group generates revenues through the sale of mobile and fixed telecommunication services such as voice and data services, internet services, SMS services, ICT services as well as the sale of mobile and fixed access devices. Products and services may be sold separately or in bundles. The standard length of contracts with customers that includes a bundle is 24 months.

In the case of contracts containing bundles, the Group accounts separately for specific products or services if these products or services can be separated and have added value for the customer in that stand-alone form. The total price invoiced to customers is allocated to respective products and services based on their stand-alone selling prices.

Commissions paid to agents for activation, marketing, and other activities are included in the cost of sales for the period, unless it is the cost that meets the definition of incremental costs to obtain contracts. Capitalised incremental costs to obtain contracts are amortised over the expected average period that the customer uses the service of the Company.

F.1.20.1. Mobile origination - internet and data, voice services, MMS and SMS

Revenues from mobile services include revenues from both contract and prepaid cards for the provision of telecommunication services (internet and data, voice, MMS and SMS services).

Contract service comprises a flat rate and a variable part invoiced according to the actual usage. Revenues are recognised, invoiced, and paid by customers on a monthly basis according to the actual utilisation of services with the exception of contracts containing multiple services and products where the total transaction price is allocated based on the standalone selling prices of respective performance obligations. A typical contract is for 24 months.

Revenues from prepaid cards are recognised when voice or data traffic is made, other services are provided, or the card expires, and the associated prepaid credit expires. Prepaid cards are paid by customers purchasing a coupon or recharging an already purchased SIM card.

Interconnection revenues arise from calls and SMSs initiated in the networks of other domestic or foreign operators but terminating in or transiting through the Group's network. These revenues are recognised in profit or loss at the time when the call or SMS is received in the Group's network. Interconnection revenues are invoiced and paid on a monthly basis. The Group pays a part of the proceeds from its customers to domestic and foreign operators whose network is used for calls initiated in the Group's network and which use the networks of other domestic or foreign operators. Receivables and payables in respect of other domestic and foreign operators are regularly offset and settled.

Other mobile revenues include, in particular, revenues from virtual operators (MVNOs) for the use of the Group's mobile network services, roaming revenues and insurance revenues. Revenues from virtual operators for usage of the Group’s mobile network and related services are recognised on a monthly basis; the price is usually set at a flat monthly rate with a variable component charged according to the actual usage of individual MVNOs. The services are invoiced to and paid by MVNOs on a monthly basis. Roaming revenues are revenues from foreign partner operators for their customers’ usage of the Group's mobile network. The services are invoiced and paid on a monthly basis according to the actual usage. As a rule, agreed volume discounts are calculated annually, for which estimates are created by the Group on a monthly basis. Revenues are recognised on a monthly basis. Revenues from insurance include revenues from insurance of mobile devices and travel insurance sold to the Group's customers. The service is invoiced and paid by customers on a monthly basis, which is in line with the recognition of relevant revenues. Customers have the option to terminate this service at any time without penalty.

F.1.20.2. Fixed services – voice, internet, data and television

Revenues from fixed telecommunication services include revenues from internet connectivity, data, TV, and fixed voice services. The services are offered at a flat monthly rate with the option to purchase additional services, or with variable invoicing according to the actual usage. Revenues are recognised, invoiced, and paid by customers monthly. Currently, a typical contract duration is either 12 or 24 months.

Information and communication technology (ICT) services include complex customer solutions and managed services, mainly system integration, outsourcing services, project solutions and software development. Revenue recognition of such services reflects the substance of the service provided. Generally, it relates to services which are invoiced and paid by customers on a monthly basis, for a period of at least of 24 months. Revenue from fixed price construction contracts (long-term contracts) is recognised using the percentage of completion method, measured by reference to the percentage of the actual costs incurred to date to the estimated total costs of the contract. A loss expected from the construction contract is immediately recognised as an expense, when it is probable that total contract costs will exceed total contract revenue.

F.1.20.3. Equipment sales and sale of other goods

Revenues from the sale of equipment and other goods are recognised at the time of the sale, i.e., at the time the goods were handed over to the distributor or the final customer, which usually occurs when the contract is signed. Where equipment is subsidised and sold together with the services as a bundle, revenues from the subsidised equipment is recognised at the point of sale at a value determined using the stand-alone selling prices of services and products within the bundle.

Mobile devices and fixed access equipment can be paid for in full by the customer when sold or they can be sold on an instalment basis, with the contracts being signed for period from 12 to 48 months. Sale of equipment on instalment basis can contain significant financing component, which is presented as telecommunications income and recognised as revenues transferred over time.

F.1.20.4. Gross and net revenues recognition

Revenues within the network sharing project are recognised at net value, because mutually provided services within the project are of similar nature and value. Net revenues are generated from provision of premium SMS, audiotex or other services.

F.1.20.5. International transit

Revenues from transit represents the service of routing and termination of mostly international voice traffic of international operators utilising points of presence outside of the Czech Republic. The revenues is calculated by valuation of the incoming and outgoing minutes based on the measurement of monthly traffic.

F.1.20.6. Other wholesale revenues

Other wholesale revenues include but are not limited to revenues from the granting of the right to use the optical fibre (dark fibre); revenues are accrued at the time of signing of the contract and recognised as revenues on straight-line basis over the contract term. Revenues from housing represents data centre services; the revenues occurs continuously in accordance with the invoicing.

F.1.21. Net media income

Media revenues include television advertising revenues, carriage fees and subscription and other revenues.

F.1.21.1. Television advertising revenues

Television advertising revenues primarily result from the sale of advertising time. Television advertising revenues are earned as the commercials are aired. In some of the Group's operating territories, the Group has committed to provide advertisers with certain rating levels in connection with their advertising. Revenues is recorded based on a charge per gross rating point (GRP) ordered during the month, net of estimated shortfalls. Discounts and agency commissions on television advertising revenues are recognised on a monthly basis and are reflected as a reduction of gross revenues.

F.1.21.2. Carriage fees

Carriage fees include revenues from cable operators and direct-to-home broadcasters. Revenues from cable operators and direct-to-home broadcasters are recognised as revenues over the period for which the channels are provided and to which the fees relate. This fee revenues is generally based on the number of subscribers to offerings from these operators and broadcasters that include the Group's channels. The impacts of future changes in subscriber levels are recognised when they occur, as estimates of future subscribers are constrained.

F.1.21.3. Subscription revenues

Subscription revenues include fees from subscribers for access to Voyo, the Group's platform. Revenues from subscriptions to the streaming services are recognised over the period of the subscription.

Other media revenues primarily include revenues from internet display advertising, as well as revenues from the licensing of the Group's media content.

Media revenues streams involve significant judgment with respect to the discounts and agency commissions provided to certain customers based on the amount of advertising purchased. Such discounts are based on estimates of the total amount expected to be earned and reduce revenues based on the systematic and rational allocation of the cost of honouring the discounts earned and claimed on each of the underlying revenues transactions that result in a customer's progress towards earning a discount.

Costs related to the media business include programming costs (consumption of programming rights, refer to F.1.13.), salaries and staff related expenses, royalties, external services, and other operating costs.

F.1.22. Net mechanical engineering income

Revenues from mechanical engineering business, shown net of value added tax, comprise revenues from goods for resale, services rendered and revenues from mechanical engineering construction contracts (finished goods).

Revenues from goods for resale representing notably new rail vehicles and spare parts are recognised at a point in time, when the customer obtains control of the goods and to the extent that it is highly probable that a significant reversal in the amount of cumulative revenues recognised will not occur. The customer obtains control when the goods are delivered and accepted by the customer. Any relevant costs are recognised at the same time as the revenues.

For sales with multiple components in one contract, the Group determines whether the contract contains more than one transactions, performance obligations. Once certain criteria are met, for example the good brings benefit to the customer on its own, the Group applies recognition criteria for the distinct identifiable components in order to reflect the substance of the transaction. For the revenue recognition, two or more transactions can be analysed together, if it is not possible to understand their commercial substance without consideration of series of transactions as a whole, i.e. the unique transaction is not distinct within the context of the contract.

Revenues from services rendered and related costs are recognised at the moment the services are provided. For the long-term service contracts, the revenues and the associated costs are recognised over time based on the percentage of completion method.

F.1.22.1. Revenues from mechanical engineering construction contracts

Finished goods in mechanical engineering business represent specialised assets built to a customer's specifications. If a contract for these goods is terminated by the customer, the Group is, under usual contract terms, entitled to reimbursement of the costs incurred to date, including reasonable margin. Therefore, revenues from these contracts and the associated costs are recognised over time, i.e. before the goods are delivered to the customer's premises.

For the consolidation purposes (intercompany sales and purchases eliminations), the contract revenues and the associated costs are aggregated to the project level by the Group. The percentage of completion and related revenues and losses recognition is re-evaluated at the Group level.

F.1.23. Net leisure and entertainment business income

Net leisure and entertainment income consists mainly of the following categories of revenues:

- non-manufacturing revenues and costs, i.e. from sale of yacht chartering services and sale of boats, entertainment revenues and costs (from sale of tickets and catering for cultural and other entertainment or sports events);
- revenues and costs from boat manufacturing.

Revenues from yacht chartering services includes charter income and agency fees. Revenues from charters is recognised at return date, whereas agency fees are recognised at departure date when the services are realised. These revenues are recognised on an over time basis, in the accounting year in which the services are rendered (by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided).

Most of the revenues is derived from fixed price contracts and therefore the amount of revenues to be earned from each contract is determined by reference to those fixed price.

Sale of boats revenues is recognised at a point in time when control of the goods has been transferred to the customer. This is generally when the goods are delivered to the customer.

Costs related to leisure business comprise direct costs relating to charter services, rental of boats, commissions to brokers and costs attributable to yacht sales.

Entertainment revenues include revenues from sale of entrance tickets on own entertainment events, revenues from catering on the entertainment events, revenues from services provided on entertainment events. Entertainment costs include costs attributable to providing the entertainment events (i.e. catering, technical support of events, royalties related to the entertainment events, other services as security, cleaning etc.).

Revenues from boat manufacturing represent mainly revenues from sale of manufactured boats (which are transferred at a point in time) and costs related to boat manufacturing, i.e., raw materials consumed, employee costs, manufacturing expenses and other direct costs.

F.1.24. Personnel and other operating expenses

Personnel and other operating expenses generally include expenses relating to the running of the Group. These include personnel expenses, office rental expenses and other operating expenses. Staff costs include employees' salaries and wages, management remuneration and bonuses, and social insurance.

Within banking operations, other operating expenses include the costs of processing payments, maintaining customer accounts and records, and dealing with customers.

F.1.25. Pensions and similar employee benefits

The governments of the countries the Group operates in are responsible for providing pensions and retirement benefits to the Group's employees. A regular contribution linked to employees' salaries is made by the Group to the governments to fund the national pension plans. Payments under these pension schemes are charged as expenses as they fall due.

The Group also has obligations from defined benefit plans representing post-employment benefit plans that are other than defined contribution plans. The Group's net obligation in respect of the defined benefit plans is calculated separately for each plan by estimating the amount of the future benefit that employees earned in the current and prior periods. The resulting amount is discounted to determine its present value. The Group recognises all actuarial gains and losses under the defined benefit plans in other comprehensive income.

The Group recognises employee bonuses related to the given accounting period in accordance with the expectations of achievement of the targets of the Group, which take into consideration key performance indicators such as turnover or free cash flow after adjustments. The Group recognises a liability where the Group is contractually obliged to grant bonuses or where there is a past practice that has created a constructive obligation.

Employees whose employment was terminated due to statutory reasons are entitled to redundancy and severance payment. The Group recognises a provision for redundancy and severance payments when it is demonstrably committed to terminate the employment of current employees according to a detailed formal plan without an opt-out possibility. Severance payments falling due more than 12 months after the balance sheet date are discounted to their present value. The Group presently has no redundancy and severance obligations falling due more than 12 months after the balance sheet date.

F.1.26. Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of the operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations;
- or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is restated as if the operation had been discontinued from the start of the comparative period.

F.2. Changes in accounting policies and accounting pronouncements adopted since 1 January 2023, and new accounting policies

F.2.1. Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (effective from 1 January 2023)

Applying the amendments, an entity discloses its material accounting policies, instead of its significant accounting policies. The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial.

In accordance with these newly effective amendments, the Group reduced the scope of accounting policies previously disclosed in F.1. The material accounting policies disclosed in these consolidated financial statements focus primarily on the areas where IFRS AS guidance offers a choice of policies, and on the policies relating to significant judgements and estimates applied by the Group. The changes in the scope of the disclosed accounting policies however do not have any impact on the accounting policies applied in these consolidated financial statements except for the impact of the newly effective amendments as disclosed further below in this section.

F.2.2. IFRS 17 Insurance Contracts (effective from 1 January 2023)

The Group initially applied IFRS 17 from 1 January 2023, which had an impact on the Group's financial statements.

The new accounting standard IFRS 17: Insurance contracts fully replaces the previous standard IFRS 4: Insurance contracts. The application of IFRS 17 has an impact on the Group's insurance business segment, represented by a single company PPF Life Insurance LLC. IFRS 17 provides consistent principles for all aspects of accounting for insurance contracts. It removes existing inconsistencies and enables investors, analysts and others to meaningfully compare companies, contracts and industries.

IFRS 17 requires companies to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to insurance contracts. This requirement will provide transparent reporting about a company's financial position and risk. IFRS 17 also requires a company to recognise profits as it delivers insurance services (rather than when it receives premiums) and to provide information about insurance contract profits the company expects to recognise in the future.

The transition to IFRS 17 results is the decrease in Group-reported insurance revenue for the reporting period. This decrease directly stems from the revised revenue recognition criteria under the new standard. Insurance revenue is now recognised over the life of the insurance contract, better aligning with the timing of the provision of insurance coverage. This realignment provides a more accurate portrayal of revenue generation from insurance activities in previous years.

The decrease in insurance revenue is accompanied by a corresponding decrease in reported insurance service expenses. The shift in revenue recognition over the life of the insurance contract leads to the systematic recognition of expenses associated with providing insurance coverage throughout the contract duration. This change reflects the Contractual Service Margin (CSM) and general measurement model (GMM) under IFRS 17, which align the recognition of expenses with the provision of insurance services. The result is a more accurate representation of the costs associated with the Group's insurance operations.

The second change resulting from the application of IFRS 17 relates to insurance liabilities. The liability for a group of insurance contracts relating to performance obligations for remaining service is newly measured broadly consistent with IFRS 15: Revenue from Contracts with Customers, with following exceptions:

- The measurement is updated for changes in financial assumptions (to varying degrees depending on the type of insurance contract);
- The liability often includes an investment component typically not in contracts within the scope of IFRS 15.

The general measurement model (GMM) in the standard for the measurement of the insurance contract liabilities is based on a building block approach that consists of four blocks:

- expected future cash flows for contract fulfilment form the basis for measuring insurance assets and liabilities;
- discounting of future cash inflows and outflows in order to reflect the time value of money and the financial risks;
- risk adjustment of the present values of the above cash inflows and outflows to reflect the uncertainty arising from non-financial risk;
- contractual service margin recognition representing the unearned profit for the groups of insurance contracts classified as profitable at initial recognition.

In view of the GMM's high complexity, IFRS 17 provides the option of using – primarily for short-term contracts – a simplified measurement model known as the premium allocation approach (PAA). IFRS 17 also provides for a modified measurement model, the variable fee approach (VFA), for certain participating primary insurance contracts, which is not applied by the Group.

For all measurement models, there is distinction between a pre-claims stage (liability from remaining coverage – LRC) and a claims stage after the occurrence of an insured event (liability for incurred claims – LIC). The measurement of the LRC and LIC is based on a series of estimates and assumptions, particularly the estimate of future cash flows as well as the procedures and inputs for determining both the discount rate and the risk adjustment for non-financial risk. In addition, a certain degree of judgement must be exercised when establishing coverage units. Both LRC and LIC are presented under insurance contract liability.

The Group applied modified retrospective approach for the initial application of IFRS 17 with the transition date of 1 January 2022. The initial application of IFRS 17 resulted in the restatements of the following parts of the previously published consolidated financial statements and notes:

- Consolidated statement of financial position as at 31 December 2022 (refer to A.6);
- Consolidated statement of income for the year ended 31 December 2022 (refer to A.7);
- Consolidated statement of cash flows for the year ended 31 December 2022 (refer to A.8);
- Trade and other payables disclosure table in notes as at 31 December 2022 (refer to E.18);
- Provisions disclosure table in notes as at 31 December 2022 (refer to E.19);
- Net interest income disclosure table in notes as at 31 December 2022 (refer to E.25);
- Personnel expenses and other operating expenses disclosure table in note as at 31 December (refer to E.35);

- Income taxes disclosure tables in notes as at 31 December 2022 (refer to E.37).

Additionally, the impact of initial application of IFRS 17 as at 1 January 2022 (the transition date to IFRS 17) was as follows:

In millions of EUR

	1 January 2022 (reported)	Restatement	1 January 2022 (restated)
Trade and other payables	2,764	99	2,863
Provisions	390	(196)	194
Deferred tax liability	602	18	620
TOTAL LIABILITIES	**33,058**	**(79)**	**32,979**
Retained earnings	7,835	79	7,914
Total equity	**8,955**	**79**	**9,034**
TOTAL LIABILITIES AND EQUITY	**42,013**	**-**	**42,013**

F.2.3. Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (effective from 1 January 2023)

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”.

These amendments had no material impact on the Group’s consolidated financial statements.

F.2.4. Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective from 1 January 2023)

The amendments require entities to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The typical areas impacted are deductible temporary differences associated with right-of-use assets and lease liabilities, and decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related assets.

These amendments had a material impact on the disclosures related to the source of deferred tax asset and deferred tax liabilities in E.37.2. The main affected categories are deferred taxes calculated from the right-of-use assets, lease liabilities, provisions for asset retirement obligation and related property, plant and equipment. Comparative information was restated accordingly directly in E.37.2.

F.2.5. Amendments to IAS 12 Income Taxes: International Tax Reform – Pillar Two Model Rules (effective from 1 January 2023)

These amendments (already adopted by the EU) were issued on 23 May 2023 with the immediate effectiveness to clarify the application of IAS 12 Income Taxes to income taxes arising from tax laws enacted or substantively enacted to implement the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) Pillar Two model rules. These amendments introduce:

- a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules;

- disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

As the Group has applied the temporary mandatory relief from deferred tax accounting for the future impacts of the top-up tax, neither current nor deferred tax impact was recognised for the year ended 31 December 2023.

Not only is the Group itself in the scope of Pillar Two legislation, but this legislation has also been enacted or substantively enacted in some of the jurisdictions in which the Group operates. As the legislation was enacted quite recently and the Group's portfolio is dynamic (with reference especially to the active transactions described in B and G sections of these consolidated financial statements), the Group is still in the process of assessing the potential exposure to Pillar Two income taxes as at 31 December 2023. The potential exposure, if any, to Pillar Two income taxes is currently not known or reasonably estimable.

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

A number of new standards, amendments to standards, and interpretations were not yet effective as of 31 December 2023 and have not been applied in the preparation of these consolidated financial statements. Of these pronouncements, the following will have a potential impact on the Group's operations. The Group plans to adopt these pronouncements when they become effective.

Amendments to IAS 1 Presentation of Financial Statement: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (effective from 1 January 2024)

These amendments to IAS 1 affect only the presentation of liabilities in the statement of financial position, but not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability.

The amendments further clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

These amendments have been adopted by the EU and the Group does not expect this standard to have significant impact on the consolidated financial statements.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (expected effectiveness from 1 January 2024)

The amendments to IAS 7 introduce a disclosure objective for supplier finance arrangements, where entities need to disclose details about arrangements where finance providers pay the entity's owed amounts to suppliers, affecting payment terms. This is to help users assess effects on cash flows, liabilities, and liquidity risk. Notably, arrangements solely enhancing credit or settling amounts with suppliers are not considered. Changes in IFRS 7 require entities to include these arrangements when disclosing liquidity risk management related to financial liabilities.

These amendments have not been adopted by the EU yet. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of these amendments.

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (effective from 1 January 2024)

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in statement of profit or loss any gain or loss relating to the partial or full termination of a lease.

These amendments have been adopted by the EU and the Group is assessing the potential impact on its consolidated financial statements resulting from the application of these amendments.

Amendments to IAS 21 The effects of changes in Foreign Exchange Rates: Lack of Exchangeability (expected effectiveness from 1 January 2025)

The amendments to IAS 21 clarify whether a currency is exchangeable and how to determine a spot exchange rate when it is not. The amendments require disclosure of information to understand the impact of a currency not being exchangeable.

These amendments have not been adopted by the EU yet. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of these amendments.

IFRS 18 Presentation and Disclosures in Financial Statements (effective from 1 January 2027)

The IASB has published recently a new standard IFRS 18 that will replace the current IAS 1 Presentation of Financial Statements. IFRS 18 introduces three key new requirements on presentation and disclosures in the financial statements, with a focus on the statement of income and reporting of financial performance. The new requirements, however, do not aim to affect the way the companies measure the items in the financial statements, but it will affect the way the relevant information is presented and disclosed.

IFRS 18 requires the entities to classify income and expenses into three new defined categories – operating, investing, and financing; and two new defined subtotals – “operating profit or loss” and “Profit or loss before financing and income tax”. It also brings new requirements on disclosures about management-defined performance measures in the financial statements, and specific requirements to disaggregate certain expenses, in the notes, especially for the companies that present operating expenses by function in the statement of income.

The new standard has not been adopted by the EU yet and the Group is assessing its impact on its consolidated financial statements.

G. Subsequent events

G.1. Acquisition of significant influence in Viaplay

On 16 February 2024, the Group increased its ownership in the Stockholm Exchange-traded Swedish streaming group Viaplay from 9.39% owned by the end of 2023 to a 29.29% stake for SEK 1.33 billion (approx. EUR 118 million). As the transaction represents an ordinary share acquisition, the Group thus acquired a significant influence over Viaplay, and the investment is classified as an associate, with the equity method having been applied since then.

G.2. Sale of Home Credit business in Vietnam

On 28 February 2024, the Group signed a conditional framework agreement to sell its 100% share in Home Credit Vietnam business to The Siam Commercial Bank Public Company Limited. The consideration for the transaction amounts to approximately EUR 800 million. The deal is subject to regulatory approval and expected to be completed in the second half of 2025.

G.3. Home Credit Chinese operations restructuring

During the first quarter of 2024, the Group initiated a process that may result in the restructuring of its Home Credit Chinese operations.

G.4. Sale of a real estate project in the Netherlands

On 28 March 2024, the Group sold its 100% stake in De Reling (Dronten) B.V. (a retail park project in the Netherlands) for EUR 27 million, implying a gain of approx. EUR 1 million.

G.5. Increased shareholding in InPost

In April 2024, the Group increased its shareholding in InPost by exercising its call option (refer to B.3.3).

G.6. Increased shareholding in Home Credit group

In April, the Group became the sole shareholder of Home Credit N.V. (refer to B.3.5).

G.7. Increased shareholding in ClearBank project

In April 2024, the Group increased its shareholding in CB Growth Holdings Limited from 33.32% to 38.79% exercising its existing call option for a consideration of GBP 28 million (approx. EUR 32 million). CB Growth Holdings Limited is a holding entity for ClearBank, the UK based licenced clearing bank on which the Group has a significant influence.

G.8. Sale of share in Kazakhstani bank

In April 2024, the Group entered into an agreement to sell its stake in the Kazakhstani bank Home Credit Bank JSC (refer to B.3.5).

Other than the events listed above and in section B of these consolidated financial statements, the Group is not aware of any events occurring after the balance sheet date that would require an adjustment to these consolidated financial statements.

PPF GROUP N.V.

Company financial statements for the year ended
31 December 2023

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Company statement of financial position

Presented before appropriation of result:

In millions of EUR

	Note	31 December 2023	31 December 2022 (restated)*
FIXED ASSETS			
Financial fixed assets	A1	8,773	7,654
Total fixed assets		**8,773**	**7,654**
CURRENT ASSETS			
Trade receivables and other assets	A2	23	247
Cash and cash equivalents	A3	768	747
Total current assets		**791**	**994**
TOTAL ASSETS		**9,564**	**8,648**
SHAREHOLDER´S EQUITY			
Issued share capital		1	1
Share premium		677	677
Legal and statutory reserves		(334)	(111)
Revaluation reserve		163	230
Other reserves		6,907	7,489
Unappropriated result		1,355	242
Total equity	A4	**8,769**	**8,528**
NON-CURRENT LIABILITIES		**509**	**2**
CURRENT LIABILITIES	A5	**286**	**118**
TOTAL EQUITY AND LIABILITIES		**9,564**	**8,648**

* The comparative figures in the company statements of financial position have been restated due to the initial application of IFRS 17. For more details on the restatement refer to the section A.6 of the notes to the consolidated financial statements for the year ended 31 December 2023.

The notes on pages 209 to 220 are an integral part of these company financial statements.

Company statement of income

Presented in condensed version applying art. 2:402 BW of the Dutch Civil Code, before appropriation of profit:

For the year ended 31 December

In millions of EUR

	2023	2022 (restated)*
Result of group companies after taxation	1,375	500
Other results after taxation	(20)	(258)
NET RESULT FOR THE PERIOD	**1,355**	**242**

* The comparative figures in the company statement of income have been restated due to the initial application of IFRS 17. For more information on the restatement refer to the section A.7 of the notes to the consolidated financial statements for the year ended 31 December 2023.

The notes on pages 209 to 220 are an integral part of these company financial statements.

GENERAL INFORMATION

These company financial statements of PPF Group N.V. (the "Company") should be read in conjunction with the consolidated financial statements.

Identification

PPF Group N.V. was incorporated on 29 December 1994. The objectives of the Company are to manage, finance and participate in other companies.

Basis for preparation

These company financial statements have been prepared in accordance with Title 9, Book 2 of the Dutch Civil Code. For setting the principles for the recognition and measurement of assets and liabilities and determination of results for its company financial statements, the Company makes use of the option provided in section 2:362(8) of the Dutch Civil Code (DCC). This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the company financial statements of the Company are the same as those applied for the consolidated IFRS-EU financial statements. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities. In the case no other principles are mentioned, refer to the accounting principles as described in the consolidated financial statements. For an appropriate interpretation of these statutory financial statements, these company financial statements should be read in conjunction with the consolidated financial statements.

Participating interests in group companies

Group companies are all entities in which the Company has directly or indirectly control. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the group company and has the ability to affect those returns through its power over the group company. Group companies are recognised from the date on which control is obtained by the Company and derecognised from the date that control by the Company over the group company ceases. Participating interests in group companies are accounted for in the separate financial statements according to the equity method, with the principles for the recognition and measurement of assets and liabilities and determination of results as set out in the notes to the consolidated financial statements.

Participating interests with a negative net asset value are valued at nil. This measurement also covers any receivables provided to the participating interests that are, in substance, an extension of the net investment. This relates to loans for which settlement is neither planned nor likely to occur in the foreseeable future. A share in the profits of the participating interest in subsequent years will only be recognised if and to the extent that the cumulative unrecognised share of loss has been absorbed. If the Company fully or partially guarantees the debts of the relevant participating interest, or if has the constructive obligation to enable the participating interest to pay its debts (for its share therein), then a provision is recognised accordingly to the amount of the estimated payments by the Company on behalf of the participating interest.

Share of result from participating interests

The share in the result of participating interest consists of the share of the Company on the result of the participating interests. Unrealised results from transactions with transfer of assets and liabilities between the Company and its participating interests and among participating interests are not recorded.

The Company's board of directors authorised these company financial statements for issue on 25 April 2024.

Currency

All amounts are stated in euros (EUR) and rounded to the nearest million, unless stated otherwise.

Going concern

These company financial statements have been prepared on the basis of the going concern assumption as described in section A.2 of the notes to the consolidated financial statements for the year ended 31 December 2023.

Corporate income tax

The Company is the head of the fiscal unity. The Company recognises the portion of corporate income tax that it would owe as an independent tax payer, taking into account the allocation of the advantages of the fiscal unity. The standard conditions stipulate that each of the companies is liable for the tax payable by all companies belonging to the fiscal unity.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

A.1 Financial fixed assets

Financial fixed assets comprise the following:

In millions of EUR

	31 December 2023	31 December 2022
Participating interests in group companies	8,719	7,518
Other securities	54	136
Total financial fixed assets	**8,773**	**7,654**

Movements in financial fixed assets were as follows:

In millions of EUR, for the year ended 31 December 2023

2023	Participating interests in group companies	Other securities	**Total**
Balance as at 1 January 2023:			
Cost of acquisition	7,384	143	7,527
Accumulated revaluations	134	(7)	127
Carrying amount	**7,518**	**136**	**7,654**
Changes during the financial year:			
Investments into participating interests	1,448	-	1,448
Divestments of participating interests	(628)	-	(628)
Share in result of participating interests	1,375	-	1,375
Dividends received from participating interests	(580)	-	(580)
Early redemption of bonds	-	(75)	(75)
Interest income	-	5	5
Interest received	-	(6)	(6)
Other movements in shareholder’s equity	(414)	(6)	(420)
Total changes	**1,201**	**(82)**	**1,119**
Balance as at 31 December 2023			
Cost of acquisition	8,204	67	8,271
Accumulated revaluations	515	(13)	502
Carrying amount	**8,719**	**54**	**8,773**

In millions of EUR, for the year ended 31 December 2022

2022	Participating interests in group companies (restated)*	Other securities	**Total**
Balance as at 1 January 2022:			
Cost of acquisition	6,228	144	6,372
Accumulated revaluations	902	(2)	900
Balance as at 1 January 2022	**7,130**	**142**	**7,272**
Changes during the financial year:			
Investments into participating interests	1,892	-	1,892
Divestments of participating interests	(736)	-	(736)
Share in result of participating interests	500	-	500
Dividends received from participating interests	(1,061)	-	(1,061)
Interest income	-	4	4
Interest received	-	(5)	(5)
Other movements in shareholder's equity	(207)	(5)	(212)
Total changes	**388**	**(6)**	**382**
Balance as at 31 December 2022			
Cost of acquisition	7,384	143	7,527
Accumulated revaluations	134	(7)	127
Carrying amount	**7,518**	**136**	**7,654**

*for more details on the restatement refer to the section A.6 of the notes to the consolidated financial statements for the year ended 31 December 2023

A.2 Trade receivables and other assets

The trade receivables and other assets comprise the following:

In millions of EUR

	31 December 2023	31 December 2022
Loans due from group companies	10	125
Loans due from related parties	-	54
Trade receivables	8	24
Other assets	5	44
Total trade receivables and other assets	**23**	**247**

During 2023, majority of loans due from group companies and loans due from related parties were repaid.

As at 31 December 2023, the Company held a loan provided to a third with its gross amount (incl. accrued interest) of EUR 128 million (2022: EUR 128 million) in Stage 3, as the counterparty has been in default with this loan. The Company has thoroughly assessed the recoverability of the loan considering all currently known information, the change in the legal counterparty before the end of 2023, the quality of the personal guarantee collateralising the loan, steps the Company has already made in the effort to collect the loan, and has considered various scenarios, their probabilities and related financial outcomes weighted by the probabilities. As a result of this thorough assessment, an expected credit loss allowance totalling EUR 128 million was recognised in 2023 (2022: EUR 128 million), as it reflects the gradual development of the probability-weighted scenarios for the actions taken by the Company. The Company continues to closely monitor this loan. The loan is presented under loans due from third parties.

As at 31 December 2023, loans provided of EUR 10 million do not include any non-current part. As at 31 December 2022, loans provided of EUR 179 million included a non-current part of EUR 10 million.

As at 31 December 2022, other assets comprised an uncollected funds distribution receivable of EUR 40 million from one of the Company's subsidiaries.

A.3 Cash and cash equivalents

As at 31 December 2023, cash and cash equivalents represented by balances on bank accounts and short-term deposits totalled EUR 768 million (2022: EUR 747 million). The availability of cash and cash equivalents bears no restrictions.

A.4 Shareholders equity (Capital and reserves)

Reconciliation of movements in capital and reserves

The following tables show the roll-forward of shareholders' equity:

In millions of EUR

	Issued share capital	Share premium	Legal and statutory reserves	Revaluation reserve	Other reserves	Unappropriated result	Total
Balance as at 1 January 2023 (restated)*	**1**	**677**	**(111)**	**230**	**7,489**	**242**	**8,528**
Changes in financial year 2023:	-	-	-	-	-	-	-
Net result	-	-	-	-	-	1,355	1,355
Currency translation differences	-	-	(186)	-	-	-	(186)
FVOCI revaluation gains taken to equity	-	-	72	-	-	-	72
FVOCI revaluation losses transferred to statement of income	-	-	2	-	-	-	2
FVOCI revaluation gains transferred directly to retained earnings	-	-	(36)	-	36	-	-
Cash-flow hedge – effective portion of changes in fair value	-	-	(35)	-	-	-	(35)
Cash-flow hedge – net change in fair value reclassified to profit or loss	-	-	2	-	-	-	2
Effect of movement in equity of equity-accounted investees**	-	-	(66)	-	-	-	(66)
Disposal and deconsolidation of subsidiaries***	-	-	26	-	-	-	26
Tax on items taken directly to or transferred from equity			2	-	-	-	2
Origination and subsequent remeasurement of conditional commitment to non-controlling interests	-	-	-	-	(169)	-	(169)
Transfer from Unappropriated result	-	-	-	-	242	(242)	-
Net allocation to/(from) legal and statutory reserves	-	-	2	-	(2)	-	-
Allocation of revaluation of Investment property	-	-	-	(54)	54	-	-
Investment property sold	-	-	-	(13)	13	-	-
Acquisition and sale of share (from)/to non-controlling interests	-	-	-	-	(71)	-	(71)
Dividends paid	-	-	-	-	(118)	-	(118)
Purchase of own treasury shares	-	-	-	-	(575)	-	(575)
Other	-	-	(6)	-	8	-	2
Balance as at 31 December 2023	**1**	**677**	**(334)**	**163**	**6,907**	**1,355**	**8,769**

*for more information refer to the section A.6 of the notes to the consolidated financial statements
**mainly relates to changes in translation reserve and hedge reserve, for more information refer to consolidated statement of changes in equity
***relates to the accumulated translation reserve

In millions of EUR

	Issued share capital	Share premium	Legal and statutory reserves	Revaluation reserve	Other reserves	Unappropriated result	Total
Balance as at 1 January 2022	**1**	**677**	**(44)**	**577**	**7,082**	**239**	**8,532**
Restatement due to initial application of IAS 37 amendment to onerous contracts	-	-	-	-	(173)	-	(173)
Restatement due to initial application of IFRS 17*	-	-	-	-	79	-	79
Balance as at 1 January 2022 (restated)*	**1**	**677**	**(44)**	**577**	**6,988**	**239**	**8,438**
Changes in financial year 2022:							
Net result*	-	-	-	-	-	242	242
Currency translation differences	-	-	243	-	-	-	243
FVOCI revaluation losses taken to equity	-	-	(323)	-	-	-	(323)
FVOCI revaluation losses transferred to statement of income	-	-	28	-	-	-	28
FVOCI revaluation losses transferred directly to retained earnings	-	-	16	-	(16)	-	-
Cash-flow hedge – effective portion of changes in fair value	-	-	2	-	-	-	2
Cash-flow hedge – net change in fair value reclassified to profit or loss	-	-	9	-	-	-	9
Effect of movement in equity of equity-accounted investees**	-	-	(426)	-	-	-	(426)
Disposal and deconsolidation of subsidiaries***	-	-	551	-	-	-	551
Origination and subsequent remeasurement of conditional commitment to non-controlling interests	-	-	-	-	(850)	-	(850)
Transfer from Unappropriated result	-	-	-	-	239	(239)	-
Net allocation to/(from) legal and statutory reserves	-	-	8	-	(8)	-	-
Allocation of revaluation of Investment property	-	-	-	(22)	22	-	-
Investment property sold	-	-	-	(325)	325	-	-
Acquisition and sale of share (from)/to non-controlling interests	-	-	-	-	916	-	916
Dividends paid				-	(119)	-	(119)
Disposal of AT1 subordinated bond (loss of control of a subsidiary)	-	-	(181)	-		-	(181)
Other	-	-	6	-	(8)	-	(2)
Balance as at 31 December 2022 (restated)*	**1**	**677**	**(111)**	**230**	**7,489**	**242**	**8,528**

*for more information refer to the section A.6 of the notes to the consolidated financial statements
**mainly relates to changes in translation reserve and hedge reserve, for more information refer to consolidated statement of changes in equity
***relates to the accumulated translation reserve

Dividends

In 2023, PPF Group N.V. distributed EUR 118 million as dividend to its shareholders (2022: EUR 119 million).

Issued capital and share premium

The 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 a shareholder resolution. The following table provides details of authorised and issued shares:

	31 December 2023	31 December 2022
Number of shares authorised	2,500,000	2,500,000
Number of shares issued and fully paid	603,605	624,010
Par value per share	EUR 1	EUR 1

In July 2023, PPF Group N.V. bought back its own 3.27% share for EUR 575 million, which was recorded directly in retained earnings in the consolidated statement of changes in equity. These treasury shares were cancelled in December 2023.

Share premium representing the excess received by the Company over the par value of its shares. As at 31 December 2023, share premium amounted to EUR 677 million (2022: EUR 677 million).

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 Company.

Company equity and related reserves

The total amount of equity in the company financial statements equals equity "attributable to the owners of the Parent" in the consolidated financial statements. Certain components within equity are different, as a result of the following presentation differences between the Company accounts and consolidated accounts:

Legal and statutory reserves

Legal and statutory reserves comprise non-distributable retained earnings reserves of group companies, foreign currency translation on consolidated group companies presented as translation reserve in the consolidated accounts, revaluation of debt and equity securities measured at fair value through other comprehensive income presented as revaluation reserve in the consolidated accounts, and hedging reserve from consolidated group companies presented as hedging reserve in the consolidated accounts.

Revaluation reserve

Revaluations on investment property recognised in income and consequently presented in retained earnings in the consolidated accounts, is presented in the other reserves in the Company accounts.

Other reserves

Other reserves represent retained earnings, including a part related to PPF Financial Holdings a.s., which is subject to consolidated prudential requirements based on Regulation No 575/2013 of the European Parliament and of the Council. Hence, this part is distributable only to the extent that this regulated subgroup fulfils the regulatory minimum capital requirements.

There was appropriation of profit of 2022. Appropriation of profit of 2023 is still a subject to proposal by shareholders by the day of issue of these company financial statements.

Reconciliation of shareholders' equity and net result per the consolidated financial statements with shareholders' equity and net result per the company financial statements:

In millions of EUR

	31 December 2023	31 December 2022 (restated)*
Individual balance of equity	8,769	8,528
Non-controlling interests:		
Cetin Group N.V.	288	283
Home Credit N.V.**	51	52
PPF banka a.s.	61	52
Škoda a.s.	61	80
TMT Hungary B.V.	-	124
TMT Hungary Infra B.V.	17	73
Velthemia Ltd.	-	29
Other	15	29
Total consolidated equity	**9,262**	**9,250**

*for more information refer to the section A.6 of the notes to the consolidated financial statements
**Home Credit Group B.V. merged into its subsidiary Home Credit N.V. with the merger effective date of 1 January 2023. Home Credit Group B.V. thus ceased to exist.

In millions of EUR, for the period ended 31 December

	2023	2022 (restated)*
Group's net result attributable to owners of the Parent	1,355	242
Net profit/(loss) attributable to non-controlling interests:		
Cetin Group N.V.	51	52
Home Credit N.V.**	34	(143)
O2 Czech Republic a.s.	-	3
PPF banka, a.s.	12	8
Škoda a.s.	(11)	19
TMT Hungary B.V.	2	3
TMT Hungary Infra B.V.	13	12
Velthemia Ltd.	-	(26)
Other	(7)	(6)
Total consolidated net profit for the period	**1,449**	**164**

*for more information refer to the section A.7 of the notes to the consolidated financial statements
**Home Credit Group B.V. merged into its subsidiary Home Credit N.V. with the merger effective date of 1 January 2023. Home Credit Group B.V. thus ceased to exist.

A.5 Liabilities

Liabilities comprises the following:

In millions of EUR

	31 December 2023	31 December 2022
Loans from group companies	784	102
Other	11	18
Balance as at 31 December	**795**	**120**
Non-current (> 1 year)	509	2
Current (< 1 year)	286	118
Total liabilities	**795**	**120**

In 2023, the Company received a new loan from group companies of EUR 513 million. The loan with a final maturity in December 2026 bore a variable interest rate of 3M EURIBOR + 3.925% p.a.

A.6 Audit and related services

PPF Group N.V. and its subsidiaries incurred expenses for the following services provided by KPMG Accountants N.V. and its affiliates as referred to in Section 2:382a (1) and (2) of the Dutch Civil Code:

In thousands of EUR, for the year ended 31 December

	2023 KPMG Netherlands	2022 KPMG Netherlands	2023 Other KPMG	2022 Other KPMG
Audit of financial statements	3,297	4,402	5,241	5,070
Other audit engagements	1,080	973	977	1,003
Tax advisory	-	-	289	268
Other non-audit services	13	49	24	225
Total expenses	**4,390**	**5,424**	**6,531**	**6,566**

The fees for audit and the related services are recognised in the period in which the services are performed.

A.7 Off-balance sheet items

As at 31 December 2023, the value of off-balance sheet assets was nil (2022: EUR 550 million).

As at 31 December 2023, the value of off-balance sheet liabilities represents EUR 277 million (2022: EUR 831 million).

In 2022, the Company issued a guarantee to its subsidiary's joint-venture investment to cover the investment's possible future needs for liquidity in a maximum amount of EUR 550 million, and with expiration on 31 December 2023. This guarantee represented the Company's off-balance sheet liability. The Company also accepted a mirroring guarantee from the subsidiary's joint-venture investment partner to compensate the above possible future liquidity needs. This guarantee amounted to EUR 550 million, expired on 15 March 2024, and represented the Company's off-balance sheet asset. As at 31 December 2023, the issued guarantee expired unexercised and the accepted guarantee is valued at nil, as it could no longer be exercised even before its expiration on 15 March 2024.

The Company pledged certain assets as collateral for the funding liabilities of its subsidiaries. As at 31 December 2023 and 31 December 2022, pledged assets in particular include shares in PPF TMT Holdco 1 B.V., PPF Finco B.V. and Tanemo a.s.

A.8 Financial instruments

The Group is exposed to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- insurance risk

Information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital, is included in notes to the consolidated financial statements.

These risks, objectives, policies and processes for measuring and managing risk, and the management of capital also apply to the company financial statements of the Company.

Fair value

Fair values of the financial instruments stated on the balance sheet, including accounts receivable, securities, cash and cash equivalents, and current and non-current liabilities, are close to their carrying amounts. For details on fair value principles, refer to Note C.7 of the consolidated financial statements.

A.9 Share in results from participating interests

For the year ended 31 December 2023, a profit of EUR 580 million represents a profit of group companies excluding a profit of EUR 795 million incurred by associates and joint-ventures within PPF Group N.V. group. For the year ended 31 December 2022, a loss of EUR 391 million represents a loss of group companies excluding a profit of EUR 891 million incurred by associates and joint-ventures within PPF Group N.V. group.

A.10 Related parties

For details of the related party transactions of the Company, refer to Note E.40 of the consolidated financial statements.

A.11 Number of employees

The average number of employees employed directly by the Company during 2023 was 10 (2022: 10 employees).

A.12 Transactions with key management personnel

For details of transactions with key management personnel, refer to Note E.40.4 of the consolidated financial statements.

A.13 Subsequent events

For subsequent events, refer to Section G of the consolidated financial statements of PPF Group N.V. for the year ended 31 December 2023.

25 April 2024

Board of directors:

Aleš Minx
Chairman of the board of directors

Rudolf Bosveld
Member of the board of directors

Jan Cornelis Jansen
Member of the board of directors

Supervisory board:

Kamil Ziegler
Chairman of the supervisory board

Zuzana Prokopcová
Member of the supervisory board

Lubomír Král
Member of the supervisory board

OTHER INFORMATION

Contents:

Provisions in the Articles of Association governing the profit appropriation

Profits and distribution are specified in Article 21 of the Company's articles of associations.

The allocation of profits accrued in a financial year shall be determined by the general meeting. The distribution of profits shall be made after the adoption of the annual accounts if permissible under the law, given the contents of the annual accounts. The general meeting may resolve to make interim distributions and/or to make distributions at the expense of any reserve of the Company. Distributions may be made only up to an amount not exceeding distributable equity. If concerning an interim distribution, compliance with the requirement must be evidenced by an interim statement of assets and liabilities as referred to in Section 2:105 Subsection 4, of the Dutch Civil Code.

Offices

The main statutory offices of the Company are in the Netherlands, the Czech Republic, Cyprus, and in other Eastern European countries. For details in this respect, please refer to Section B.1 of the consolidated statements.

KPMG

Independent auditor's report

To: the General Meeting and the Supervisory Board of PPF Group N.V.

Report on the audit of the accompanying financial statements

Our opinion

We have audited the financial statements 2023 of PPF Group N.V., based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of PPF Group N.V. as at 31 December 2023 and of its result and its cash flows for the year 2023 in accordance with IFRS Accounting Standards as endorsed by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1 the consolidated and company statement of financial position as at 31 December 2023;

2 the following consolidated and company statements for the year 2023: the statements of income, comprehensive income, changes in equity and cash flows; and

3 the notes comprising material accounting policy information and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of PPF Group N.V. in accordance with the ‘Wet toezicht accountantsorganisaties’ (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in respect of fraud and non-compliance with laws and regulations and going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

Audit response to the risk of fraud and non-compliance with laws and regulations

As part of our audit, we have gained insights into the Group and its business environment and the Group's risk management in relation to fraud and non-compliance. Our procedures included, among other things, assessing the Group's code of conduct, whistleblowing procedures, reporting any illegal or unethical behaviour and its procedures to investigate indications of possible fraud and non-compliance. Furthermore, we performed relevant inquiries with management, those charged with governance and other relevant functions, such as Internal Audit, Legal Counsel and Compliance. As part of our audit procedures, where considered appropriate, we:

- obtained an understanding of how the Group uses information technology (IT) and the impact of IT on the financial statements;
- assessed other positions held by management board members and/or other employees and paid special attention to procedures and governance/compliance in view of possible conflicts of interest;
- evaluated investigation reports on indications of possible fraud and non-compliance; and
- evaluated correspondence with supervisory authorities and regulators as well as legal confirmation letters.

As a result from our risk assessment, we identified the following laws and regulations as those most likely to have a material effect on the financial statements in case of non-compliance:

- sanctions law;
- anti-money laundering and terrorist financing law;
- data protection law; and
- consumer financing law.

We, together with our forensics specialists, evaluated the fraud and non-compliance risk factors to consider whether those factors indicate a risk of material misstatement in the financial statements.

In accordance with the information presented above and the applicable auditing standards, we have identified fraud and non-compliance risks that are pertinent to our audit.

Among these risks, we have listed below the most relevant for 2023 audit, together with the appropriate planned audit responses as delineated below:

Management override of controls (a presumed risk)

Risk:

Management is in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Responses:

— We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls that mitigate fraud risks, such as processes related to journal entries, estimates linked to an identified significant risks and significant unusual transactions.

— We performed a data analysis of high-risk journal entries and evaluated key estimates and judgments for bias by the Group's management. Where we identified instances of unexpected journal entries or other risks through our data analytics, we performed additional audit procedures to address each identified risk, including testing of transactions back to source information.

Revenue recognition (a presumed risk)

Risk:

In accordance with Dutch Standards on Auditing 240 there is a presumed fraud risk related to revenue recognition. It is presumed that there is generally pressure on and/or incentives for management to commit fraudulent financial reporting through inappropriate revenue recognition.

We identified a fraud risk in relation to the recognition of revenue of interest income and fee income as certain Asian countries where Home Credit operates, have a low score on the Corruption Perceptions Index, and these Home Credit entities have high staff turnover and it's revenues are generated in decentralized, local points of sales.

We also identified a fraud risk in revenue recognition for Škoda Transportation a.s. as revenues are generated via long-term projects and the percentage of completion method applied by management is subject to judgement. Manipulation in sales and/or expected cost to complete projects may result in fraudulently recognized revenues.

A fraud risk in revenue recognition for PPF Telecom Group B.V. and CME Media Enterprises B.V. was identified as a result of budget, key performance indicator and rating agency requirements and/or covenant compliance requirements. There may be an increased pressure to achieve certain results and pressure on management or operating personnel to meet financial targets. The specific risk per component has been determined based on identified opportunities to manipulate revenues.

Responses:

— We evaluated the appropriateness of relevant design and the implementation of anti-fraud controls over revenue.

— We performed substantive test of details procedures over manual journal entries to revenue, including assessing the appropriateness of the applied revenue recognition method.

Management override of collective ECL provision

Risk:

The expected credit loss provision for the following loan types are calculated using a centralized model (Markov model): cash loans, POS (Point Of Sales consumer) loans, car loans and revolving loans.

Taking into consideration the recent market economic conditions, we identified a fraud risk as management is in a unique position to override the model outcomes by applying a management overlay/ top-side adjustment as a response to greater uncertainties to estimate ECLs.

Responses:

- We evaluated the design and implementation of internal controls related to the ECL process for loans and advances to customers (cash loans, POS loans, car loans and revolving loans). This included controls related to the assumptions (including PD, LGD, EAD and macroeconomic forecasts), review of model outputs, the application of the definition of default and management overlays to the modelled ECL.
- We inspected the calculations of locally determined management overlays to the modelled ECL due to the increased uncertainty in the macroeconomic outlook in the global economy. These management overlays included economic segment based adjustments in the respective countries.
- We performed back testing of certain models to evaluate current model performance. We considered the impact these overlays have on model calculations and results when reaching conclusions.

We communicated our risk assessment, audit responses and results to management and the Audit Committee of the Supervisory Board.

Other than already disclosed in the annual report, our audit procedures did not reveal indications and/or reasonable suspicion of fraud and non-compliance that are considered material for our audit.

Audit response to going concern

The board of directors has performed its going concern assessment and has not identified any going concern risks. To assess the board of directors' assessment, we have performed, inter alia, the following procedures:

- we considered whether the board of directors' assessment of the going concern risks includes all relevant information of which we are aware as a result of our audit;
- we considered whether the developments in macroeconomics (such as increase in energy prices, inflation and interest rates) indicate a going concern risk; and
- we analysed the company's financial position as at year-end and compared it to the previous financial year in terms of indicators that could identify going concern risks.

The outcome of our risk assessment procedures did not give reason to perform additional audit procedures on management's going concern assessment.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains all the information regarding the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Board of Directors is responsible for the preparation of the other information, including the management report, in accordance with Part 9 of Book 2 of the Dutch Civil Code, and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities regarding the financial statements

Responsibilities of the Board of Directors and the Supervisory Board for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Directors is responsible for such internal control as the Board of Directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Board of Directors is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board of Directors should prepare the financial statements using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud during our audit.

Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- concluding on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company ceasing to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are solely responsible for the opinion and therefore responsible to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. In this respect we are also responsible for directing, supervising and performing the group audit.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amstelveen, 25 April 2024

KPMG Accountants N.V.

M.L.M. Kesselaer RA