PPF Financial Holdings a.s.

Annual Report 2021

This document is the PDF/printed version of the 2021 Annual Report of PPF Financial Holdings a.s. and has been prepared for ease of use. The ESEF package is available on the company's website at https://www.ppf.eu/en/our-companies/ppf-financial-holdings and includes a human readable XHTML version of the 2021 Annual Report. In any case of discrepancies between this PDF version and the ESEF package, the latter prevails.

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Directors' report

Description of the Company

PPF Financial Holdings a.s. (previously PPF Financial Holdings B.V.)
Date of inception: 13 November 2014
Seat: Czech Republic, Evropská 2690/17, Dejvice, 160 00 Prague 6
Telephone: +420 224 174 555
Place of registration: Czech Republic, Prague
Register (registration authority): Commercial Register kept by the Municipal Court in Prague
Registration number: 10907718
LEI: 31570014BNQ1Q99CNQ35
Issued capital: CZK 2,000,000
Paid up capital: CZK 2,000,000
Principal business: Holding company activities and financing thereof

The board of directors of PPF Financial Holdings a.s. (the "Company") is pleased to present to you the directors' report as part of the financial statements for 2021. This directors' report aims to provide a comprehensive overview of significant events within the Company as well as within the group of companies with which it forms a group.

Board of Directors

Jean-Pascal Duvieusart, chairman of the board of directors
Kateřina Jirásková, member of the board of directors
Lubomír Král, member of the boards of directors
Radek Pluhař, member of the board of directors

General information

The Company is the parent holding company of a group of companies (the "Group") that operates in the field of financial services. The Group is composed of four main investments: Home Credit Group B.V., PPF banka a.s., Mobi Banka a.d. Beograd and ClearBank Ltd. The Company is a 100% subsidiary of PPF Group N.V. (together with its subsidiaries "PPF Group"). Except for the role of a holding entity, the Company generates interest income from loans.

Home Credit Group B.V. ("Home Credit" or "HC Group") is a global consumer credit provider with a focus on emerging markets. Home Credit is the parent which holds the equity stakes in consumer finance companies in nine countries which are clustered across five regions: Central and Eastern Europe ("CEE") which includes businesses in the Czech Republic and Slovakia; the Commonwealth of Independent States ("CIS"), which includes businesses in Russia and Kazakhstan; China; South and South East Asia ("SSEA"), which includes businesses in India, Indonesia, Philippines and Vietnam and Other, which includes projects or specific entities in other countries. The operating entities are regulated companies, fully licensed by a national government regulatory body and compliant with respective local laws. Home Credit holds banking licences in the Czech Republic, Russia and Kazakhstan.

The HC Group's mission is to transform the way its customers purchase and make the things that matter in their lives affordable in a convenient way through its omni-channel distribution model, both online and offline. The HC Group's strategy is to build long-term relationships with customers in its markets, transform how they make purchases and make the things which matter to them affordable in a convenient and efficient way. Home Credit aims to provide a seamless experience across relevant touchpoints, be agile and innovate in an ever-evolving digital world where technology changes how people live and how companies do business with their customers. Its business continues to be fine-tuned to better adjust to the evolving business in a more digital world in which Home Credit operates. The HC

Group's focuses on having a truly customer-centric culture, offering high value-added products and cutting-edge innovations.

Home Credit mainly offers three types of unsecured consumer finance loan products in its markets: POS or large ticket BNPL loans (a non-cash loan to finance the purchase of consumer durables), multi-purpose or cash loans and revolving lending products. The HC Group is continually evolving its product offering and during 2021 it has continued to enhance its focus on revolving credit. Home Credit product strategy is to help maintain high customer loyalty throughout their life cycle. In 2021, repeat customers continued to increase and accounted for approximately 80% of new loan volume.

Home Credit operates in countries with high growth potential with a combined population of approximately 3.4 billion, an above average GDP growth rate and low consumer finance penetration rate.

As at 31 December 2021, the companies held by Home Credit Group B.V. served almost 14 million active customers across their operations: the Czech Republic (operational since 1997), Slovakia (1999), the Russian Federation (2002), Kazakhstan (2005), China (2007), Vietnam (2009), India (2012), Indonesia (2013) and the Philippines (2013).

PPF banka a.s. (the "Bank") has been an integral part of PPF Group since 2002 and it significantly participates in its domestic and international activities. The Bank acts as PPF Group's treasury bank, conducting international payment operations for companies within PPF Group as well as providing underwriting and other investment services, such as brokering finance in the capital markets.

PPF banka's business objects comprise all types of banking transactions and the provision of banking and financial services together with related services, on both domestic and international markets. The Bank's services are primarily provided to Czech clients in the municipal and corporate segments. The Bank specialises in trading on financial and capital markets in accordance with applicable legislation and on the basis of licences granted by the Czech National Bank.

The Bank is the market maker for the Czech government bonds, it is very active in the field of corporate bonds, foreign exchange markets and interest rate financial derivatives.

Mobi Banka a.d. Beograd, acquired in 2019, is a mobile and online bank based in Belgrade that provides its services primarily to retail customers in Serbia.

ClearBank Ltd. is a bank that was licensed in the United Kingdom in 2016 and focuses on providing clearing services. The Company holds a minority interest in ClearBank Ltd.

For more information, visit www.ppffinancialholdings.eu

Cross-border conversion

Pursuant to the amendments of CRD (Directive (EU) 2013/36 amended by Directive (EU) 2019/878 of the European Parliament and of the Council) and CRR (Regulation (EU) No 575/2013 amended by Regulation (EU) 2019/876 of the European Parliament and of the Council) as of 20 May 2019, PPF Financial Holdings B.V. was expected to apply for a new special approval simultaneously with the competent authorities in the Czech Republic and in the Netherlands. To simplify the approval process, the shareholders of the Company decided to conduct a cross-border conversion.

PPF Financial Holdings B.V., a private limited liability company (besloten vennootschap met beperkte aansprakelijkheid) under Dutch law, having had its official seat in Amsterdam, the Netherlands, and its registered office address at Strawinskylaan 933, 1077 XX Amsterdam, the Netherlands, registered with the Dutch Trade Register under number 61880353 converted from a Dutch law-governed private limited liability company (besloten vennootschap met beperkte aansprakelijkheid) into a Czech law-governed joint stock company (akciová společnost) in accordance with the cross-border conversion proposal of the board of directors of PPF Financial Holdings B.V. dated 11 March 2021 (the "Conversion"). The Conversion became effective on 1 June 2021. Furthermore, the Conversion was carried out as a conversion without liquidation of PPF Financial Holdings B.V. and by continuing its existence and legal personality as a Czech Republic governed joint stock company (akciová společnost) PPF Financial Holdings a.s., having its official seat in Prague, Czech Republic, and its registered address at Prague 6, Evropská 2690/17, Postal Code 160 00, the Czech Republic, ID number 10907718, registered in the Commercial Register maintained by the Municipal court held in Prague, File number B 26382.

Following the Conversion, the Company issued one share with the notional amount of CZK 2 million. The share confers a voting right, right to a share in profits and in other funds, a right to a share in liquidation balance, and other rights if stipulated so in the Czech Business Corporations Act.

The consolidated financial statements for the year ended 31 December 2021 have been prepared on a going concern basis, the Conversion has no effect on the financial results or the reporting period. The corporate governance changes related to the Conversion are described in the relevant sections below.

Highlights

PPF Financial Holdings – holding level

The funding and debt structure of the Company did not change significantly in 2021. During 2021, the Company optimised the structure of its issued debt instruments. AT1 notes (classified as equity instruments) with nominal value of EUR 80 million were replaced with subordinated debt of the same amount.

After the Conversion and after the implementation of CRD V into the Czech legislation, the Company applied for approval pursuant to the Article 28 of the Czech Law on Banks in November 2021. The application was approved by the Czech National Bank in March 2022. As an approved financial holding company, the Company is obliged to publish certain information pursuant to CRR on its web pages. The information can be found at the following address: www.ppffinancialholdings.eu/ under the section "Obligatory Published Information".

The Home Credit Group

The COVID-19 pandemic has affected all of the HC Group 's markets over the last couple of years. The various social-distancing measures implemented, including full and partial lockdowns, created a challenging economic environment by dampening consumer demand and limiting access to physical stores for our customers. The HC Group companies showed agility and adaptability by remaining fully operational throughout this difficult time supporting customers, partners and employees. As a result, the new volumes were significantly impacted which drives the size of interest earning assets to be smaller. Furthermore, the Group implemented a number of measures and amended process to safeguard the health and wellbeing of its employees. The Group remain positive about the outlook after the actions taken to be a more nimble, agile company in a more rapidly changing environment.

Home Credit continues to maintain strict underwriting criteria while adjusting them as the environment stabilises or improves. The approval rate remains in the high 40percentile range for 2021 and increased slightly compared to 2020 but remains lower than high 50's pre-pandemic. In addition, as part of ongoing de-risking efforts, the average ticket size reduced further from EUR 301 in 2020 to EUR 273 in 2021, while the average tenor was 13 months across the portfolio (2020: 10 months). Due to multiple actions taken over the last two years, the new vintages early risk indicators reverted to pre-COVID level or improved beyond.

During 2021, the HC Group focused on rolling out a new back-end architecture for its app across markets while the front end remained localised. The app took a central role to how Home Credit conducts business and with its interaction with customer. During 2021, approximately 80% of new volumes were conducted through the mobile app which allowed for a growing number of in-app messages generated by bots to better interact with Home Credit customers. Chat bots and voice bots are now also handling 90% of the collections interactions with customers. In China and India all POS have pivoted to become fully self-service.

The HC Group continued the execution of its ongoing digitalisation strategy this year by leveraging on technology for customer lifecycle management which enables to optimise its operations to the new business environment. As the HC Group leveraged technology, it was able to reduce its employee base from approximately 120,000 at the end of 2019 to approximately 69,000 at the end of 2020 to 44,900 at the end of 2021. These adjustments delivered significant cost reductions and operational leverage for the future.

During 2021, Home Credit has continued to deleverage the overall group with the natural amortisation of its existing loans. Furthermore, in the markets where Home Credit operates, it has continued to actively manage its liquidity, with cash collections remaining a key focus to maintain a strong liquidity cushion. In its deposit taking operations, the HC Group has seen its deposit balances increase in Airbank, Russia and Kazakhstan.

While facing more challenging market conditions in China, Home Credit successfully issued two ABS in January and April, it also raised loans from various local financial institutions and continue to be in active dialogue with partners in light of the ongoing regulatory changes. In India, a joint lending partnership launched at the beginning of the year has grown in scale; with approximately 8% of the HC Group cash loans new volumes originated through such partnership.

In Vietnam, the HC Group has launched an Entrustment Lending cooperation which is the first between non-related parties in the country. In the Philippines, Home Credit concluded its first ESG loan with KPIs reflecting the trust that the HC Group partners have in its work to drive its ESG agenda. In Indonesia, Home Credit concluded its first unsecured line and extended the offshore syndicated loan by an additional year. Moreover, Home Credit was able to decrease its cost of funding in operations while further focusing on its asset liability management.

From an international ratings perspective, in April, Fitch revised their outlook from 'Negative' to 'Stable' for Home Credit Vietnamese operations. In September, they also upgraded Home Credit and Finance Bank (the Russian bank) to 'BB' from previous 'BB-' with a stable outlook and Bank Home Credit SB (the Kazakh bank) to 'BB-' with a stable outlook.

The HC Group is recognised across different markets and received various awards, such as Bank of the Year by Mastercard; Best Consumer Finance Mobile Application in Philippines by International Finance; Most Innovative Digital Transformation Strategies in Vietnam by The Global Economic Award; and Best Employer in Russia by Forbes.

On 20 December 2021, MONETA Money Bank, a.s. ("MONETA") announced that its general meeting approved the acquisition of shares in Air Bank a.s. and the Czech and Slovak Home Credit. The share purchase agreement with Home Credit N.V. and Home Credit International a.s., acting as the sellers, under which MONETA will acquire from both entities the ownership title to a 100% share in Air Bank a.s., Home Credit a.s. and Home Credit Slovakia a.s. Total purchase price for the above listed entities amounts to CZK 25.9 billion (approx. EUR 1,041 million). The sale transaction is expected to be completed within a 12-months period from the current reporting date and it is subject to regulatory approvals. As at 31 December 2021, all entities in the transaction are classified as a disposal group held for sale and as a discontinued operation. PPF Group, through its subsidiary Tanemo a.s., holds a 29.94% stake in MONETA.

PPF banka

During 2021, although the domestic economy recovered after the sharp downturn in 2020, the negative impacts of the pandemic continued to linger and affect our lives and the Bank's operations.

Even in the face of such adversity, PPF banka made a net profit of EUR 68 million in 2021, EUR 25 million more than in the previous year. The Bank made headway with many projects of key importance to the Bank, where the focus was on the further development of services for existing customers and support for their business activities. In line with its strategy, the Bank invested in digitalisation, cybersecurity, and the streamlining of service provision. PPF banka also invested in the development of a new mobile app. The Ministry of Finance of the Czech Republic again ranked the Bank second among primary dealers of government bonds. The overall securities trading of EUR 16 billion in 2021 made PPF banka one of the most important traders on the financial markets in the Czech Republic.

In 2021, the Bank again supported numerous projects geared towards improving education and training, enriching the cultural landscape, and distributing resources to those in need. It is in the Bank's DNA to help where it makes sense to do so. That is why the Bank is keen to continue its active involvement in CSR activities.

The Bank helps its customers to make the progressive preparations needed so that they have ample time to adapt to new business sustainability requirements under the law. The Bank also actively supports and finances the transformation of their business in this way.

Mobi Banka

Mobi Banka's strategic commitment is to continue developing innovative digital products through the synergy of telco and banking solutions, which will be available to clients primarily through mobile and online banking in Serbia. Its business synergy with Yettel telecommunications services in Serbia (previously under the Telenor brand) held by PPF Group is also unique. At present, it offers a wide range of financial services for retail clients. In the seventh year of doing business, at the end of 2021, it has a constantly growing base of 648 thousand clients.

In 2021, Mobi Banka achieved loan portfolio growth of 10% and maintained stable total assets of EUR 208 million. The bank managed to achieve a net result 29% better than in previous year and 37% better than planned, finishing the year with a EUR 3.5 million net loss. Mobi Banka funds its growth on a healthy basis and is fully self-funded by its retail deposit portfolio of EUR 152 million, which grew by 15% comparing to previous year, and equity of EUR 31 million.

ClearBank

Since 2017, the Group has invested in ClearBank Ltd., a company incorporated in the UK and jointly regulated by the Prudential Regulation Authority and the Financial Conduct Authority. As at 31 December 2021, the Group's holding in ClearBank stood at 44.8%, representing a cumulative investment of EUR 123 million. Authorised to accept deposits and operate as a credit institution, ClearBank is the UK's first new clearing bank in more than 250 years and currently provides state of the art clearing and settlement services to regulated financial institutions.

As at 31 December 2021, ClearBank had secured 176 clients, after onboarding almost 60 new financial institutional clients since the end of 2020. In total, the clients generated combined customer balances of EUR 3 billion. ClearBank's balance sheet closed the period with net assets totalling EUR 86 million, this being 24% up from the end of 2020 and with robust regulatory metrics for both capital and liquidity.

ClearBank has seen significant growth in transactional volumes and values. As at 31 December 2021, it was processing around 10 million transactions per month, including internal transfers, with the total value processed during 2021 of EUR 140 billion.

Key business and financial results

Consolidated financial highlights

	2021	2020
Total assets (EUR billions)	25.4	24.8
Net loans (EUR billions)*	11.4	13.9
Deposits (EUR billions)*	13.8	11.6
Total equity (EUR billions)	2.7	2.9
Net profit/(loss) (EUR millions)	(258)	(555)

*including items classified as held for sale

As of 31 December 2021, the total consolidated equity of the Group amounted to EUR 2,712 million (2020: EUR 2,852 million). The drop in equity related to the net loss was partly mitigated by a positive FX translation revaluation caused by revaluation of significant Group´s foreign operations to Euro.

Total assets increased from EUR 24,760 million to EUR 25,454 million. The movement is attributable mainly to the increase in the PPF banka´s total assets (approx. EUR 3 billion) that was caused by a higher volume of repo operations with the central bank. On the contrary, the Home Credit loan portfolio decreased by EUR 3 billion as a direct impact of the lower new volume generated during the past couple of years.

The consolidated net loss of the Group for 2021 reached EUR 258 million (2020: EUR 555 million loss). The main source of the negative result is Home Credit which was still impacted by the pandemic, whereas PPF banka remained profitable, with a significantly higher profit compared to 2020.

The Home Credit Group

Consolidated financial highlights

	2021	2020
Total assets (EUR billions)	16.3	18.5
Net loans (EUR billions)*	9.8	12.7
Deposits (EUR billions)*	7.9	6.7
Total equity (EUR billions)	1.8	1.9
Net profit/(loss) (EUR millions)	(303)	(584)
Net interest margin	12.1%	13.9%
Cost-of-risk ratio	9.6%	12.9%
Cost-to-income ratio	59.3%	49.1%
NPL ratio	9.2%	6.4%
Return on average equity (RoAE)	(15.9%)	(25.7%)
Number of distribution points (ths.)	236	333
Number of active customers (mil.)	14.2	18.8

*including items classified as held for sale

The HC Group's total assets declined by 12.2% from EUR 18.5 billion at the end of 2020 to EUR 16.3 billion at the end of 2021, driven by a 22.6% decline in net loans from EUR 12.7 billion to EUR 9.8 billion. This evolution was driven by a decrease in new volume on the back of lower consumption and more conservative risk underwriting during the past couple of years. During 2021, new volumes declined 11.8% year-on-year to EUR 9.5 billion in 2021, however, excluding Chinese operations, new volumes increased by 28.8% to EUR 8.7 billion from EUR 6.7 billion. Overall collections remained higher than new volumes. As a result, in 2021, the net loan portfolio excluding China increased by 23.0% from EUR 6.0 billion to 7.4 billion but China experienced a 63.6% decrease from EUR 6.7 billion to 2.4 billion as we managed liquidity. The HC Group continued to manage its legacy portfolio which was impacted from the pandemic. The payment holiday moratorium provided during 2020 ended during the 1H2021 and based on actual observation of collections during 2Q2021, the Group wrote down EUR 1.1 billion in the first half of the year. Loans that were overdue by 30 days or more decreased to EUR 1.2 billion from EUR 2.3 billion at the end of 2020 while the coverage ratio remained elevated.

As the environment continued to normalise, the HC Group slightly reduced its liquidity buffer with cash decreasing from 14.1% of total assets at the end of 2020 to 13.2% at the end of 2021. This buffer remains to help the HC Group be prepared to capture new business opportunities.

Under the circumstances, the HC Group's consolidated operating income was solid at EUR 2.1 billion, down 33% from EUR 3.2 billion 2020 in line with the decrease in portfolio while the group's net interest margin declined to 12.1% in 2020 from 13.9% in 2020 as the HC Group focused on providing shorter tenor loan to better borrowers. Cost of funds decreased from 6.7% in 2020 to 5.3% in 2021 as the group deleverages and optimises its funding sources. This is a demonstration of the resilience of the business.

Cost-of-risk ratio decreased from 12.9% in 2020 to 9.6% during 2021. During the first half of the year, the impairment charge was elevated to principally cover payment holidays from the legacy portfolio based on observed collections after the end of the moratoriums. In the second half of the year, the risk costs decreased by 36% as the underlying quality of the portfolio continued to improve and reflected the quality of the new vintages. Reflecting the overall loan portfolio reduction, the NPL ratio (or loans past due greater than 90 days) increased slightly to 9.2% in 2021 from 6.4% in 2020. However, NPL coverage ratio remained elevated at 110.8% in 2021 and the allowance to gross loans was 10% at the end of 2021. The payment holiday portfolio now stands at EUR 0.6 billion compared to EUR 1.8 billion at the end of 2020. The Group believes the impairment to be sufficient based on ECL and allows it to focus on new business opportunities.

Operational cost decreased by 19.3% from EUR 1.6 billion in 2020 to EUR 1.3 billion in 2021 including one-off costs and were 30.2% lower than 2019 operational cost. This was a reflection of the impact from further operational leverage due to the execution of our digitalisation strategy.

Home Credit closed 2021 with a net loss of EUR 303 million compared to a EUR 584 million loss in 2020. The HC Group delivered profit in all countries except in China and India. The loss was mainly driven by the impact of the payment holiday portfolio described above.

The HC Group's consolidated equity declined from EUR 1.9 billion at the end of 2020 to EUR 1.8 billion at the end of 2021, the Group remains comfortable with its overall capitalisation as the equity to net loans ratio increased from 15.3% to 18.5%.

During 2021, the HC Group benefited from favourable foreign currency translation compared to the negative impact in 2020 mitigating the impact of the net loss for the year.

In China, regulatory changes targeting unlicensed players undermined sentiment toward the consumer finance industry. This and a number of defaults led to a challenging liquidity situation prompting a change in liquidity management and new volumes. At the same time, the HC Group focused on the implementation of its asset light model and on deepening engagement with its customers with non-credit products, leveraging its extensive retailer partnerships and omnichannel distribution model, maintaining risk excellence and improving operational efficiency. At present the business in China is completely focused on self-serviced distribution. Through the end of 2021 Home Credit China has served over 57 million customers and had more than 6 million customers signed up for its loyalty programme. Operating income for 2021 was EUR 708 million (2020: EUR 1,742 million) and net loan EUR 2,440 million as of 31 December 2021 (2020: EUR 6,698 million).

In SSEA, all countries continue to pursue their digital strategy with India pivoting to a fully self-serviced distribution model which will help drive the business forward. The online and offline network expansion supports our Asian growth strategy. While India experienced a severe COVID wave during 2Q21 and Vietnam experienced its first wave in the summer 2021, all countries have seen subsequent waves having a reduced impact as societies gradually adapted to the situation. All countries in the cluster returned to profitability during 2021 except India who was on a clear path to profitability in late 4Q21. Indonesia recorded its best net profit results to date. Operating income for 2021 was EUR 688 million (2020: EUR 785 million) and net loan EUR 1,791 million as of 31 December 2021 (2020: EUR 1,726 million).

In CIS, Home Credit has continued to integrate its centrally developed digital solutions to support the life-time value of its long-term customer relationships. The HC Group also rolled out Banking As A Service or offering non-bank institution partners the ability to propose banking products to their customers. This was very successful with a number of digital ecosystem players and retailers. The cluster experienced one of their best net profit results on the back of growing portfolio and improved risk performance. The operating income for 2021 was EUR 540 million (2020: EUR 522 million) and net loan EUR 3,218 million as of 31 December 2021 (2020: EUR 2,382 million).

In CEE, the cluster originated its highest volume to date and the business continues to develop well. The operating income for 2021 was EUR 217 million (2020: EUR 181 million) and net loan EUR 2,368 million as of 31 December 2021 (2020: EUR 1,884) and generated a strong profit during the year. In December 2021, Moneta shareholders approved to combine MONETA Money Bank with Air Bank and its affiliates. The combination is a step towards our goal of creating a strong and digitally focused domestic banking group capable of competing with Czech market leaders.

PPF banka

Unconsolidated financial highlights

	2021	2020
Total assets (BEUR)	9.5	6.5
Net loans (BEUR)	1.7	1.4
Deposits from customers (BEUR)	5.9	5.0
Total equity (MEUR)	665	588
Net profit (MEUR)	68	43
NPL ratio	4.1%	8.3%
Cost-to-income ratio	35.7%	25.9%
Return on average equity (RoAE)	10.9%	7.5%

Building on its run of successful years, PPF banka's financial performance in 2021 was much better than in 2020. Profit after tax came to EUR 68 million in 2021, an increase by EUR 25 million on the previous year's result. Total comprehensive income for 2021, reported at EUR 44 million, also exceeded the 2020 result. The value of other comprehensive income can mainly be attributed to the fair value reserve (debt instruments measured at fair value through equity).

Shareholders' equity rose by 7.3% to EUR 665 million, mainly on the back of the total profit. Despite the effects of the pandemic in 2021, the return on equity was very robust at almost 11%. The capital ratio of more than 20.3% was well above the regulatory requirement. The Bank's liquidity, as expressed by its LCR of more than 120%, was at a very good and stable level.

Total assets at the end of 2021 came to EUR 9.5 billion, up EUR 3 billion on the end of 2020, and thus returned to the closing level of 2019. This change was mainly concentrated in reverse repo operations with the central bank, which reached EUR 5 billion at the end of 2021. There was also significant growth in financial assets measured at fair value and advances to customers. Financial assets measured at fair value through profit or loss rose by EUR 0.7 billion to almost EUR 1.5 billion, driven by reverse repo operations for trading. Financial assets measured at fair value through other comprehensive income also grew slightly to EUR 0.9 billion, of which EUR 0.1 billion was in government bonds. Advances to customers increased by EUR 0.3 billion to 1.7 billion.

Deposits from customers, the main source of funding within total liabilities, was stable, spread between demand deposits, term deposits, and repo operations. Deposits from customers increased by

EUR 0.6 billion year on year to almost EUR 5.9 billion, mainly in the area of repo operations with financial institutions. The overall change in the volume of liabilities therefore mainly reflected shifting business opportunities after interest rates were hiked at the end of the year.

Compared to the previous year, the level of operating income was affected by the low interest rates in 2021, but it was still above average at EUR 129 million.

Lower interest rates in the first half of 2021 pushed net interest income down by 14% year on year from EUR 128 million to EUR 110 million, even though there were increases in the balance-sheet totals of advances to customers and the investment portfolio. Net fee and commission income in 2021 decreased slightly by EUR 0.6 million on 2020, mainly due to the lower volume of administration services for clients. As in the previous year, the securities trading result was excellent at EUR 28 million. The total net profit on financial operations in 2021 came to an admirable EUR 10 million. The slight decrease compared to 2020 can be explained by lower realised gains on assets measured at fair value through other comprehensive income.

In 2021, a change stemming from the impairment of assets had a positive impact on financial performance. PPF banka took a cautious approach in 2021 and, after massive provisioning during the pandemic year of 2020, only EUR 7 million was dissolved in 2021.

Total operating expenses amounted to EUR 53 million. General administrative expenses came to EUR 17 million, rising by a modest EUR 0.4 million on 2020. Other operating expenses and their main component, the payment to the resolution fund, remained on a par with 2020. The small increase in other administrative expenses was mainly due to an increase in donations. In 2021, PPF banka continued its charity work and considers corporate social responsibility to be one of its fundamental values.

Securities

In 2021, as in previous years, PPF banka was very active as a market maker for the Czech government bonds. In the ranking of primary dealers compiled by the Ministry of Finance of the Czech Republic, the Bank was a leading primary dealer over 2021, placing second not only in terms of initial subscriptions of government bonds (the primary market), but also in the criterion of quoting activity on the secondary market (the MTS Czech Republic electronic trading platform).

Overview of PPF banka's securities trading volumes in billions of EUR:

	2021	2020
Domestic bonds	14.2	14.7
Foreign bonds	1.1	0.9
Domestic equities	0.5	-
Foreign equities	0.5	0.7
Total securities trading volume	16.3	16.3

Last year was one of the busiest securities trading years, mainly because of the way PPF banka actively provided clients with access to the Czech government bond market, including auctions, and liquidity on the secondary market. The Bank was heavily involved in transactions related to Czech equities traded on the Prague Stock Exchange.

PPF banka participated in many issue-related products, including:

- CZECHOSLOVAK GROUP bonds with a total volume of EUR 78 million (role: co-lead manager);
- investment certificates (public offerings without the need for a prospectus) with underlying assets in the form of PPF Group members' debt totalling the equivalent of EUR 71 million;

- bonds and investment certificates (private placement) totalling the equivalent of EUR 107 million.

Depending on the type of transaction, the Bank acted as lead manager/arranger, distributor, administrator, collateral agent, or calculation agent for the securities issued.

Foreign exchange and derivative markets

PPF banka traded above-average volumes of instruments on the foreign exchange markets, particularly on the spot market. The Bank achieved an all-time high in interest rate derivatives, thanks to stronger activity in the interest rate swap market, which benefited from unprecedentedly high movement in CZK interest rates.

The distribution and timing of PPF banka's transactions are shown in the table below.

	2021	2020
FX spot	13.2	10.7
FX derivatives	14.8	18.5
Total securities trading volume	28.0	29.2

As far as interest-rate derivatives are concerned, PPF banka continued with its significant activity on FRA markets and provided liquidity for the market in CZK interest-rate swaps (2021: EUR 10.3 billion; 2020: EUR 9 billion).

As in the past, in 2021 the Bank again focused on its role as PPF Group's central treasury bank and, in various tasks, engaged in the hedging of risks for the Group companies. In these transactions, the Bank acts as a counterparty and as hedge provider or auction organiser.

Corporate banking and the public sector

In corporate banking, beyond our routine work, the Bank continued to help its clients to cope with the COVID-19 pandemic by drawing on available support schemes in 2021. With the Bank's assistance, numerous clients launched new investment projects, expanded production capacity, found ways to cover their rising running costs, and landed new customers. Some of our clients used financing from PPF banka to acquire other companies. With other clients, the Bank worked on revising their operational financing structure.

In the public sector, in 2021 the Bank successfully built on the active cooperation it had established in previous years with the Czech Republic's regions and statutory cities. In the pursuit of the strategy of being an active partner for the public sector, the Bank offers its services to companies in which regions and municipalities have participating interests.

Private banking for individuals

PPF banka's private banking department specialises in serving our most demanding private clients and in providing investment services. The Bank prides itself on the quality of its team of experienced private bankers, expert knowledge and ability to listen to our customers. Like everyone, the Bank found 2021 very challenging, but this was also a year that yielded a lot of new perspectives on the established order and made the Bank think about a wide range of opportunities and stimuli.

Staff development

As of 31 December 2021, the Company had 30 employees (2020: nil).

The average number of Group employees during 2021 was 54,000 (2020: 88,000). The adjustment in headcount was mostly driven by rightsizing sales forces as the digitalisation of HC Group´s products and distribution network generated increases in operational efficiency.

Social aspects of operating the business

The Company is a holding entity with limited business operations. Operations are conducted by its subsidiaries operating in each of the Group's countries. The subsidiaries have their own social policies that are reflective of specific local regulatory requirements and of specific local challenges and opportunities to contribute to society more broadly.

Home Credit

Last year saw the launch of the HC Group's inaugural Environmental, Social, Governance (ESG) report. The report sets out the programmes and measures that Home Credit has been delivering to support communities and customers, and explains how the company has focused on delivering sustainable financial services. The report – released on an annual basis - also sets out a six-pillar framework that guides the HC Group's ESG approach and carries a particular focus on some of the pandemic related support the company has been extending to customers and communities across the world.

A core pillar of the HC Group's ESG approach is focused on responsible finance. This is delivered through the promotion of socially inclusive activities. These activities fall into three main categories: education (in particular financial literacy), poverty reduction, and direct community outreach. In 2021, the HC Group was involved in numerous schemes in these areas. Each of the countries where Home Credit does business runs financial literacy programmes tailored to its own specific cultural environment.

The HC Group's corporate social responsibility philosophy is centred on promoting financial inclusion, and specifically on creating the conditions to facilitate financially inclusive societies. The HC Group understands that its place in the financial industry gives it an important role in enhancing financial inclusion since it is often the first touchpoint for people who encounter the regulated financial system.

The HC Group worked to maintain its support for communities impacted by the COVID-19 pandemic. Home Credit contributed to promote vaccination campaigns by offering incentives for vaccinated customers, releasing awareness-raising videos and turned its offices into temporary vaccination centres. The HC Group also helped communities to provide access to medical care, bringing oxygen generators to the homes of patients during the peak of the pandemic in markets such as Indonesia.

One of the worst hit countries by the Delta variant was Vietnam. At the time the variant began to emerge, the vast majority of the population had yet to receive vaccinations. The HC Group efforts saw a VND 1 billion (approx. EUR 38 thousand) contribution delivered to the National Vaccination Fund in Vietnam. Home Credit had similar initiatives in other countries such as the Philippines where it supported the General Hospital Foundation with a donation.

In Indonesia, Home Credit offered 100 scholarships for IT courses, helping disabled members of communities to become app developers.

One of the traditional central pillars of the HC Group CSR activity is the promotion of financial and digital literacy. There have been large increases in reports of fraud across the world since the onset of the pandemic. As the health crisis has forced many of us to move our financial lives online, there have been associated security issues. The HC Group invested EUR 203 thousand into various educational activities, reaching more than 109 million people.

PPF banka

Every year, PPF banka contributes to numerous projects primarily geared towards the development of Czech education and culture. It supports the activities of The Kellner Family Foundation and the PPF Foundation. It helps to fund Pipan, a bilingual nursery school for the hearing impaired that is part of the Tamtam Children's Hearing Centre.

Together with other PPF Group companies, the Bank is a long-standing partner of major cultural projects in the Czech Republic. For many years, it has sponsored the Summer Shakespeare Festival, Europe's largest open-air theatre festival to specialise in the staging of William Shakespeare's works. The festival ran from the end of June to the beginning of September and took place on outdoor stages in Prague, Brno, Ostrava, and Bratislava. Likewise, the Bank sponsors the Jára Cimrman Theatre, which is woven into the very fabric of the Czech theatre scene and has been entertaining audiences and inspiring other professional and amateur theatre ensembles for more than 50 years.

In 2021, PPF banka became the general partner of the Cirk La Putyka company and the Jatka78 theatre because it believes in the importance of supporting projects, activities, and people who are constantly looking for ways and opportunities to develop themselves, and who refuse to be stopped even by the COVID-19 pandemic. With its support, they can continue to pursue their activities and offer culture vultures unique performances and outstanding cultural experiences. Their projects – thanks in part to their international dimension – have long been among the best rated on the Czech cultural scene.

In the aftermath of the devastating tornado that hit south Moravia in June 2021, PPF banka became involved in a solidarity event by PPF Group staff to help people in the disaster zone. As support for education is an important PPF principle, the funds raised by PPF Group employees and shareholders were used to reconstruct a primary school in the town of Moravská Nová Ves.

Environmental influence, research and development

The Group is aware of the importance of maintaining a healthy and undamaged environment for the current and future generations. Although the nature of its core activities does not have a major impact on the environment, the Group nevertheless strives to limit any negative environmental effects of its everyday activities through moving the majority of its loan contracts onto paperless or online carriers, as well as aiming to save energy and other resources in its offices.

The Group dedicates ample resources to research and development activities, primarily in the area of the development of new credit scoring techniques using advanced data enrichment (Big Data), feature engineering, and advanced tooling (using non-structured data analytical tools). The Group invests into anti-fraud processes, and undertakes more general research in the consumer finance sector, including collaborative projects with major universities in the Group companies' markets.

Disclosure under the EU Taxonomy Regulation

In order to meet the EU`s climate and energy targets for 2030 and reach the objectives of the European green deal, European authorities emphasise a need to direct investments towards sustainable project and activities. As a consequence, the EU taxonomy classification system was launched to establish a list of environmentally sustainable activities. Article 8 of the EU Taxonomy Regulation[1] requests any undertaking which is subject to the obligation to publish non-financial information pursuant to NFRD[2],

[1] Regulation (EU) 2020/852 of 18 June 2020
[2] Directive 2014/95/EU of 22 October 2014

to disclose also mandatory information to what extent the undertaking`s activities are associated with economic activities that qualify as environmentally sustainable.

As further stipulated by the related Disclosure Delegated Act[3], per financial year 2021, PPF Financial Holdings a.s. discloses on its consolidated level[4] the following ratios[5]:

Disclosure Delegated Act, art. 10	
The proportion in the adjusted assets of exposures to Taxonomy non-eligible economic activities	97%
The proportion in the adjusted assets of exposures to Taxonomy eligible economic activities	3%
The proportion in the total assets of sovereign and central banks exposures	42%
The proportion in the total assets of derivative exposures	3%
The proportion in the total assets of exposures towards undertakings not subject to NFRD	9 %
The proportion in the total assets of trading portfolio	6 %
The proportion in the total assets of on demand inter-bank loans	2 %

The Group's prudentially consolidated assets amount to EUR 25.5 billion. Resulting indicators are mostly driven by the nature of products or counterparties and geographical location, rather than by the eligibility assessment itself.

In particular, EUR 10.6 billion (42% of total assets) were excluded fully from the taxonomy related analysis in line with Disclosure Delegated Act as it represents exposures towards sovereigns and central banks. Out of remaining adjusted assets of EUR 15 billion, EUR 9.5 billion (63% of adjusted assets) consists of consumer finance loans to retail clients (non-purpose loans to households) that due to their nature do not have any link to environmental aspects. These loans are classified as non-eligible. Additionally, EUR 2.4 billion (16% of adjusted assets, 9% of total assets) represents exposures towards financial and non-financial undertakings that are not subject to NFRD and pursuant to the FAQ[6] not included in the nominator (classified as non-eligible). Derivatives and on demand intra-bank deposits in amount of EUR 1 billion (8% of adjusted assets) are also excluded from the nominator pursuant to the Disclosure Delegated Act (classified as non-eligible). Trading portfolio amounting to EUR 1.4 billion (6% of total assets) were either excluded from the analysis due to sovereign and central banks counterparties or assumed to be non-eligible.

In fact, only remaining EUR 1.8 billion was subject to eligibility analysis, out of which EUR 481 million (3% of adjusted assets) are classified as eligible. The amount consists of portfolio of exposures collateralised by immovable residential property. Besides the ratios disclosed on mandatory basis in the table above, an additional ratio disclosed on a voluntary basis is added - proportion of assets to Taxonomy eligible activities in total assets subject to eligibility analysis: 26%.

For future disclosure periods, incremental increase of the eligibility is expected thanks to published information by the Group´s financial and non-financial counterparties subject to NFRD. At the same time, the Group intends to build up its expertise and supporting data based on direct interviewing of its corporate credit counterparties.

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[3] Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021

[4] Prudential consolidation scope as per Regulation (EU) No 575/2013 of 26 June 2013, as amended, in line with Frequently Asked Questions document issued by the European Commission in December 2021 (FAQs, How should financial and non-financial undertakings report Taxonomy-eligible economic activities and assets)

[5] Financial holding does not fulfil the definition of the financial undertaking as stipulated by the Disclosure Delegated Act (art. 1 (8)). However, being an (EU parent) institution as per art. 11 Regulation (EU) No 575/2013, as amended, PPF Financial Holdings opted to disclose the mandatory information as stipulated for financial undertakings (indicators requested from non-financial undertakings being irrelevant for financial nature of the business).

[6] Frequently Asked Questions document issued by the European Commission in December 2021 stipulates that mandatory disclosure is based on own eligibility-related disclosures of counterparties.

Information supply and computerisation

The HC Group's IT applications and systems are decentralised by segments. Back-office systems in use are mostly industry standard applications, mainly desktop office applications. In addition to this, the HC Group uses a proprietary loan and credit card processing core system called Homer and Homer Select, that has been developed by the HC Group's in-house IT team, known as EmbedIT. The HC Group also uses both off-the-shelf and customised solutions for risk, CRM and sales management, including advanced machine-learning and AI solutions, which also interface with customers through, e.g, voice and chatbots. All systems are backed up appropriately; and regular security testing and audits are carried out in line with both regulations and industry best practice.

In 2021, PPF banka's focus in IT and IT/IS security was on stabilising and improving areas that the Bank had developed previously. The project changes mainly encompassed the realisation of business needs and the introduction of regulatory requirements. The active integration of Enterprise Architecture (EA) into development and project activities, as well as in the creation of a comprehensive conceptual framework for the IT environment, was vital for the overall improvement in the quality of IT delivery. The EA quickly demonstrated how important and warranted it was, and the Bank expects to see competencies strengthened further in this area.

There was a significant shift in the quality of IT systems operation at the level of the basic infrastructure when the Bank's main data centre was relocated to a technologically more modern and operationally more secure site. The relocation itself was carried out while the Bank remained in normal operation, with no disruption of service availability, thus reinforcing just how professional and all-rounded our IT staff are.

Banking services related to electronic payment channels were continuously developed and further improved. They were expanded by integrating Multichannel internet banking with the CRM system. At the end of 2021, a new mobile app – PPF banka Smart Banking – was prepared for customers and elevated the Bank to the ranks of modern mobile banking institutions.

Regulatory projects included the roll-out and further development of Target2, the CSDR, SRD II, and portfolio reporting for financial markets. Other areas related to the general standard at financial institutions and banking were also expanded, for example, by using an EFI platform for the benchmarking and scoring of financial institutions in various factors linked to the fight against financial crime and money laundering.

In IT regulation and IT/IS security, the Bank continued to prepare and make additional changes demanded by the requirements of the National Cyber and Information Security Agency (NCIS) and the European Banking Authority's Guidelines on ICT and Security Risk Management (EBA GL). In this respect, the Bank is continuing to work towards the objectives emerging from previous cybersecurity gap analyses.

Corporate governance and internal controls

Following the Conversion, the corporate governance of the Company has been adjusted appropriately. A summary of the corporate governance rules is provided in the text below.

The Company has a two-tier corporate structure consisting of the Board of Directors (představenstvo) and of the Supervisory Board (dozorčí rada). The Board of Directors represents the Company in all matters and is charged with its day-to-day business management. The Supervisory Boards conducts the roles foreseen by the Czech Corporate law and by the prudential regulation applicable to the Company.

General Meeting

The General Meeting is the highest decision-making body of the Company. Every year, at least one General Meeting must be held no later than within six months from the last day of the financial period.

Convocation of the General Meeting

The General Meeting is convened by the Board of Directors. Under the terms and conditions provided by the Articles of Association or the Czech Business Corporations Act, the General Meeting may be convened by the Supervisory Board.

The Board of Directors is obliged to convene the General Meeting:

- if requested by a shareholder or shareholders owning shares with a par value equal to at least five per cent (5%) of the Company's registered capital.
- without undue delay after they find that the Company's total loss based on the financial statements reached such an amount that when settled from the Company's available resources the unsettled loss would reach one half of the registered capital, or if it might be reasonably expected considering all circumstances, or from another serious reason, and they will make a proposal to the General Meeting to dissolve the Company or to adopt another appropriate measure.

The General Meeting is convened by its convener at least thirty days before the day of holding the General Meeting by publishing an invitation to the General Meeting on the Company's website and, concurrently, by sending it to shareholders owning shares to their names and addresses stated in the shareholders list.

If the Company has only one shareholder, the General Meeting is not held and its powers are exercised by the sole shareholder.

The General Meeting can be held without complying with the requirements provided by the law and the Articles of Association, subject to approval of all shareholders. A shareholder who is not present may grant his approval in writing, with an officially certified or recognised electronic signature affixed.

Procedures at the General Meeting

Any shareholder registered as a holder of the Company's shares in the shareholders list of the Company as at the day of holding the General Meeting may participate in and vote at the General Meeting. A shareholder participates at the General Meeting in person or by proxy.

The General Meeting constitutes a quorum if shareholders owning shares with an aggregate par value of thirty per cent (30%) of the Company's registered capital are present. If the General Meeting does not constitute a quorum, the Board of Directors will convene a substitute General Meeting with the same agenda, if still necessary.

The General Meeting's scope of powers includes among others:

- decisions on amendments to the Articles of Association, unless it is an amendment as a result of an increase in the registered capital by the authorised Board of Directors or an amendment based on other legal facts,
- decisions on changes in the registered capital amount and on the authorisation of the Board of Directors to increase the registered capital,
- decisions on the issue of convertible or priority bonds,
- electing and dismissing members of the Board of Directors from their office, unless provided otherwise by the Business Corporations Act,

- electing and dismissing members of the Supervisory Board from their office, unless provided otherwise by the Business Corporations Act,
- approving ordinary, extraordinary or consolidated financial statements and, in the cases provided by the law, also interim financial statements,
- making decisions on the distribution of profits or other own resources or on the settlement of loss,
- approving the agreements to perform the office of the member of the Board of Directors and of the member of the Supervisory Board, including amendments thereof,
- approving other payments or benefits for the benefit of a person that is member of the Company's elected body in the sense of Section 61 of the Czech Business Corporations Act,
- approving a transfer or pledge of a business or such a part of assets which would represent a significant change to the actual scope of business or activities of the company,
- setting rules and instructions outside business management to the Board of Directors, provided they are in accordance with the applicable laws and the Articles of Association,
- setting rules to the Supervisory Board,
- decisions to appoint an auditor to make an audit or verify other documents, if such an appointment is required by the applicable laws,
- resolution of disputes between the Board of Directors and the Supervisory Board of the Company, especially in the cases of the Supervisory Board's negative position on a proposal of the Board of Directors of the Company,
- decision on the establishment of the Audit Committee, and decision on its dissolution,
- election and dismissal of members of the Audit Committee,
- decision on the remuneration of the members of the Audit Committee, including the approval of their agreements to perform the office.

Matters which were not put on the proposed General Meeting agenda can only be discussed or decided upon in the General Meeting if all shareholders are present and agree.

If it constitutes a quorum, the General Meeting will first, upon proposal of the Board of Directors, elect its chairperson, minute-taker, minute-verifier and scrutineer. Until a chairperson is elected, the General Meeting is chaired by the convener or a person appointed by the convener. The minute-taker will produce minutes of the General Meeting within fifteen days from the day when the General Meeting was ended. The minutes are signed by the minute taker, the chairperson of the General Meeting or the convener and the minute-verifier(s).

Decision making at the General Meeting

The General Meeting makes decisions through a majority of votes of the present shareholders, unless another majority is required under the Czech Business Corporations Act. If so provided by the Czech Business Corporations Act, a decision of the General Meeting must be certified in the form of an official document.

A vote is taken at the General Meeting upon call of the chairperson of the General Meeting. If more proposals in the same matter are submitted, the vote is first taken on the proposal of the Board of Directors, then on the proposal of the Supervisory Board and then in the order in which such proposals were submitted.

Board of Directors

The Board of Directors is the authorised representative of the Company. The Company is represented by each member of the Board of Directors individually.

The Board of Directors has four members elected and dismissed by the General Meeting of the Company. The term of office of each member of the Board of Directors is five years. A member may be re-elected.

The Board of Directors makes decisions on all Company matters, unless reserved for the General Meeting or Supervisory Board by the Czech Business Corporations Act or the Articles of Association. In conducting their activities, the Board of Directors follows the rules and instructions approved by the General Meeting, provided that they are compliant with the applicable laws and the Articles of Association. Members of the Board of Directors may ask the General Meeting, in accordance with the applicable laws, for giving instructions in respect of the Company's business management.

The Board of Directors meets as necessary.

The Board of Directors is able to make valid decisions if a majority of the members are present. The approval of a majority of the present members of the Board of Directors is required for the adoption of a decision. Each member of the Board of Directors has one vote.

A member of the Board of Directors may resign from his office. Performance of his office is terminated on the day when the resignation was or should have been discussed by the Board of Directors.

Decisions of the Board of Directors may be adopted also outside a meeting of the Board of Directors (per rollam). In such a case, a proposed decision is sent to the members of the Board of Directors in writing or electronically to their e-mail addresses.

In line with Article 3(1) (25) of Regulation (EU) No 596/2014 of the European Parliament and of the Council on market abuse, the Company identified the members of the Board of Directors as the persons discharging managerial responsibilities.

As of the effective date of the Conversion, the General Meeting elected following Board of Directors members:

- Mr. Jean-Pascal Pierre Alexandre Duvieusart
- Mrs. Kateřina Jirásková
- Mr. Lubomír Král
- Mr. Radek Pluhař

The Board of Directors elected Mr. Duvieusart as its chairperson effective 29 June 2021.

The directors focus on the following areas in the management of the Company:

- the management of the Group and of the risks related to group structures,
- the management of investments in subsidiaries,
- the legal and regulatory environment of the Company,
- the legal and regulatory environment of the Group,
- financial accounting, tax, and reporting,
- the risk management, compliance, and internal audit,
- the capital and funding management.

Diversity policy applicable to the Board of Directors

The Board of Directors approved the updated Company´s Policy on Suitability of the Directors and Supervisory Board Members in 2021. The policy includes a subsection addressing the diversity.

The Company and its subsidiaries are active across many geographical regions. Building a more diverse and inclusive workforce is a critical component to developing a sustainable and successful business. The Company focuses on:

- improving the diversity of the workforce.
- fostering open, inclusive and, where appropriate, challenging discussion.

- leveraging diversity of thought.

The following diversity aspects are considered in the composition of the Board of Directors: educational and professional background, gender, age, and geographical provenance. However, the directors are not recruited with the sole purpose of increasing diversity to the detriment of the functioning and suitability of the Board of Directors collectively, or at the expense of the suitability of individual directors.

The Company formulated the targeted participation of the underrepresented gender on the Board of Directors at 25%. In 2021, the target of the policy was met.

Supervisory Board

The Supervisory Board has four members elected and dismissed by the General Meeting of the Company. The term of office of each member of the Supervisory Board is five years. A member may be re-elected.

Policy on Suitability of the Directors and Supervisory Board Members applies also to the members of the Supervisory Board. The Company formulated the target participation of the underrepresented gender on the Supervisory Board at 25 %. In 2021, the target of the policy was met.

The Supervisory Board is able to make valid decisions if a majority of the members of the Supervisory Board is present. The approval of the majority of the present members of the Supervisory Board is required to adopt a decision of the Supervisory Board. Each member of the Supervisory Board has one vote.

A member of the Supervisory Board may not be at the same time a member of the Board of Directors or another person authorised to act on behalf of the Company. A member of the Supervisory Board may serve as the member of the Audit Committee.

The Supervisory Board supervises the exercise of powers of the Board of Directors and the conduct of the Company's activities. Under the Czech Business Corporations Act and the Articles of Association, the Supervisory Board or, if applicable, members of the Supervisory Board have in particular the following powers:

- overseeing that the Company's activities are conducted in accordance with the applicable laws and the Articles of Association,
- looking into all documents and records concerning the Company's activities,
- overseeing that the accounting records are kept properly and reflect the actual situation and that the Company's business and other activities are conducted in accordance with the applicable laws and the Articles of Association,
- reviewing the ordinary, extraordinary, consolidated or also interim financial statements and a proposal for distribution of profits or other own resources or for settlement of loss and submitting their statements to the General Meeting, participating at the General Meeting and presenting to it the results of their supervisory activities,
- convening the General Meeting under the conditions provided by the Articles of Association,
- representing the Company against members of the Board of Directors at proceedings before courts or other bodies,
- conducting other activities imposed on the Supervisory Board by the applicable laws, the General Meeting or the Articles of Association.

In line with Article 3(1) (25) of Regulation (EU) No 596/2014 of the European Parliament and of the Council on market abuse, the Company identified the members of the Supervisory Board as the persons discharging managerial responsibilities.

As of the effective date of the Conversion, the General Meeting elected following Supervisory Board members:

- Mr. Martin Brzokoupil
- Mr. Petr Přecechtěl
- Mr. Martin Půlpán

The Supervisory Board elected Mr. Martin Brzokoupil as its chairperson effective 10 June 2021.

As of 25 October 2021, the General Meeting dismissed all aforementioned members of the Supervisory Board and elected following Supervisory Board members:

- Mr. Ondřej Chaloupecký
- Mr. Petr Janák
- Mrs. Kateřina Wojaczková
- Mr. Pavel Charamza

As of 25 October 2021, Mr. Ondřej Chaloupecký was elected as the chairperson of the Supervisory Board.

Audit Committee

Until the effective date of the Conversion, an audit committee has been established at a higher level within PPF Group, in compliance with all conditions of the Dutch transposition of Article 39 (3) (a) of Directive 2006/43/EC, as a result of which the Company as PPF Group N.V.'s subsidiary was entirely exempt from obligations in respect of an audit committee. Due to the application of the aforementioned exemption, the audit committee of PPF Group N.V. followed all obligatory responsibilities in relation to PPF Financial Holdings B.V.

After the Conversion, the General Meeting of the Company established the Audit Committee, and elected following members effective 1 September 2021:

- Mr. Kamil Ziegler (chairperson)
- Mrs. Zuzana Prokopcová
- Mr. Martin Půlpán

The responsibilities of the Audit Committee include:

- supervising preparation of statutory and consolidated financial statements, providing recommendation to the Board of Directors or the Supervisory Board to ensure integrity of accounting and reporting systems,
- recommendation to the Supervisory Board for the selection of the external auditor including reasonable justification,
- monitoring the statutory audit process,
- informing the Supervisory Board about the result of the statutory audit and related findings,
- maintaining contact and supervising the relationship with the external auditor, including in particular:
    - assessing the external auditor's independence and provision of non-audit work for the Group,
    - approving the non-audit work engagements,
    - discussion with the external auditor about threats limiting its independence and measures taken to limit those threats,
- monitoring of the effectiveness of the internal control and risk management systems,

- monitoring of the effectiveness of the internal audit and its functional independence.

The Audit Committee adopts its resolutions by a majority of the votes cast at a meeting at which majority of the members of audit committee are present or represented.

Principles of remuneration

The Company implemented a remuneration framework applicable for the Group. The remuneration framework includes principles of remuneration which apply to the remuneration of all staff (including persons discharging managerial responsibilities) and key principles applicable to the remuneration of persons discharging managerial responsibilities including:

- compliance with the regulatory requirements on remuneration in financial holding companies,
- limit on the ratio between the variable and the fix component of remuneration, the General Meeting approved a limit of 200% between the variable and the fix component,
- deferral of a portion of variable remuneration with a deferral period of at least 3 years, with at least 40 % of variable remuneration deferred,
- variable remuneration in instruments; as the equity instruments issued by the Company are not traded, a virtual equity certificate for remuneration was created.

The remuneration framework was updated in 2021 and the final framework was approved by the Board of Directors.

The Company did not establish a remuneration committee. The General Meeting determines the absolute remuneration and further conditions of the agreement to perform office for each member of the Board of Directors, the Supervisory Board, and the Audit Committee. The General Meeting approved all agreements to perform office for the members of the Board of Directors, members of the Supervisory Board, and the members of the Audit Committee in 2021. The agreements were approved for an indefinite period of time and do not provide for any remuneration or benefits after the end of the period in office.

The General Meeting approved the key performance indicators for the members of the Board of Directors for 2021, it assessed the fulfilment of the key performance indicators in April 2022, and it decided about the variable remuneration of the members of the Board of Directors. All four members of the Board of Directors met their key performance goals in 2021.

The remuneration of the members of the Supervisory Board and the members of the Audit Committee from the agreements to perform office is fixed. There is no variable component of remuneration for them.

For the 2021 accounting period, the members of the Board of Directors received total remuneration for the performance of their office in the Company or employee benefits provided by the Group entities, totalling EUR 5,466 thousand and comprising the following: the fixed remuneration for the performance of the office of EUR 1,466 thousand (from the Company), the variable remuneration for the performance of the office of EUR 683 thousand (from the Company), the fixed salary component of EUR 2,746 thousand (from other Group entities), and the variable salary component of EUR 571 thousand (from other Group entities).

For the 2021 accounting period, the members of the Supervisory Board received total remuneration for the performance of their office or employee benefits provided by the Company, totalling EUR 96 thousand and comprising the following: the fixed remuneration for the performance of the office of EUR 3 thousand, the fixed salary component of EUR 57 thousand, and the variable salary component of EUR 36 thousand.

The members of the Board of Directors, Supervisory Board, and Audit Committee neither own any shares of the Company nor have any option rights on the shares of the Company.

Dividend policy

The Company has no specific dividend policy, it follows the general rules of the Czech Corporate Law. In 2021 and 2020 the Company did not pay any dividend.

Conflict of interest

The Company is not aware of any conflict of interest of the persons discharging managerial responsibilities in the Company in connection with their roles in the Company.

Code of conduct

PPF Group N.V. as the parent of the Company implemented a corporate compliance programme, which sets out the fundamental principles and rules of conduct for staff in the PPF Group and enables compliance checks and putting remedies in place when shortcomings are discovered, or objectionable or illegal conduct is identified. An important part of the programme is the PPF Group Code of Ethics that, among other topics, deals with the protection of human rights and the prevention of corrupt conduct in all PPF Group activities. An internal PPF Group policy on internal investigations of corporate compliance further provides rules for the investigation of suspected breaches of legal regulations or of the PPF Group Code of Ethics.

The Board of Directors of the Company implemented the PPF Group Code of Ethics and the PPF Group policy on internal investigations of corporate compliance.

Corporate governance code

The Company is not required by applicable law to follow any particular corporate governance code. The Prague Stock Exchange, where the financial instruments issued by the Company are listed, does not require the Company to implement any particular corporate governance code.

As a financial holding company, the Company is subject to prudential supervision on a consolidated basis by the Czech National Bank as stipulated in Directive 2013/36/EU of the European Parliament and of the Council on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms and its transposition into Czech law. A significant portion of the prudential regulation relates to the corporate governance of the Company. The Board of Directors is of the view that because of the high standard of the prudential regulation it is not necessary to follow any additional corporate governance codes.

Approach to risks associated with financial reporting

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

The unified accounting policies followed by the subsidiaries are defined in the PPF 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 the accounting and reporting functions followed by the appropriate segregation of duties within the internal review system.

Only users with appropriate rights have access to the individual accounting systems. Access rights for the system are granted by means of a software application and subject to approval by a superior and a system administrator. Access privileges are granted according to each employee's position. Only employees of the relevant accounting department have privileges for active operations in the accounting system. The accounting system allows for the identification of the user that created, changed, or reversed any accounting record.

Data reported to prepare the consolidated accounts are stored in the Group consolidation system. Only users from the consolidation department with appropriate rights have access to the group consolidation system. Access rights for the system are granted by means of a software application and subject to approval by a superior and a system administrator. The Group uses an on-line application to monitor and reconcile intercompany transactions that are eliminated within the consolidation process. Only users with appropriate rights have access to the intercompany application. The consolidation system allows for the monitoring and tracking of all source data used within the consolidation process, including – source individual data, intercompany eliminations, consolidation accounting and manual adjustments.

The annual financial statements are subject to an external audit that implies that financial data used for consolidation are also subject to component audits. The Group also prepares interim consolidated financial statements that are reviewed by the auditor.

The effectiveness of the Group's system of internal controls, the process of compiling PPF Financial Holdings' individual financial statements and consolidated financial statements, and the process of auditing financial statements are also reviewed by the audit committee, which conducts these activities as the Company´s governance body without prejudice to the responsibilities of members of the management board.

Information on regulated markets and rating of the Company

Neither the Company nor any financial instruments issued by the Company have been assigned a rating by a credit rating agency.

The Company has issued three debt instruments. One of the debt instruments was admitted to trading on the Prague Stock Exchange.

Name of the issue	ISIN	Date of the issue	Due date	First trading date	Regulated market
PPF FIN.H. VAR/27	CZ0000001011	18 December 2017	18 December 2027	27 August 2018	Prague Stock Exchange
PPF FIN.H. 3.60/28	CZ0000001078	21 September 2018	21 September 2028	N/A	N/A
PPF FIN.H. 3.60/31	CZ0003533218	9 July 2021	9 July 2031	N/A	N/A

Financial instruments and risk management

The Group's main strategic risk concerns the appropriateness of the selected business model, i.e., marketing, sales, and risk strategies as well as the resources allocated to support the strategy. Such risks are mitigated through careful selection of markets and calibration start-up pilot projects on one hand and geographic diversification on the other hand. The Group is exposed to various risks as a result of its activities, primarily credit risk, liquidity risk, market risks (interest rate risk and currency risk), and operational risk.

The Group's primary exposure to credit risk arises from the provision of consumer financing to private customers, which is the Group's principal business in its Home Credit Group subsidiaries, and from the provision of corporate loans and from financial market transactions in its PPF banka subsidiary. The credit risk is managed both at the level of individual subsidiaries and at the Group level.

Liquidity risk arises from the general funding of the Group's activities and from the management of its positions. The Group has access to a diversified funding base. Funds are raised using a broad range of instruments including deposits, debt securities, bank loans, subordinated debt, and shareholders' equity.

All financial instruments and positions are subject to market risk, i.e. the risk that future changes in market conditions may change the value of the instrument. The majority of the Group's exposure to market risk arises in connection with the funding of the Group's operations with liabilities denominated in foreign currencies, and to the extent that the term structure of interest-bearing assets differs from that of liabilities. In PPF banka, the Group may actively assume market risk exposure to profit from the development of the financial market. Such exposures are subject to strict limits and daily monitoring.

Operational risk is the risk 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, financial reporting and generally accepted standards of corporate behaviour. The Group's objective is to manage operational risk to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

For detailed information on risk management see Note C of the financial statements.

Macroeconomic and regulatory development in countries where the Group operates

The year 2021 was a time of recovery from the anti-epidemic measures of 2020. Historically speaking, the revival was very fast, but the Czech economy still lagged behind other EU countries. Blanket lockdowns continued to be imposed in the first quarter of last year, though by this stage industrial production was exempted. Consequently, the fall recorded in GDP in the first quarter of 2021 was not as pronounced as in previous quarters. GDP contracted by 2.4% year on year. This decline was mainly driven by private consumption, which stalled because the retail sector was shut down. With spending inhibited, savings continued to increase in the first three months of last year. Investment also shrank (-3.8% y/y), countered by government support schemes acting in the opposite direction. Overall government consumption rose by 3.8% y/y. In the quarters that followed, the low comparison base was reflected in the year-on-year growth that was being reported. The economy's 8.2% y/y growth in Q2 may look impressive, but this translated into underperformance internationally. Economic results in Q3 2021 also disappointed expectations. The economy grew by only a scant 3.3% y/y. GDP growth in Q4 did exceed expectations, rising by 3.6% y/y, but not even this was enough to bring the Czech economy back to pre-pandemic levels. Overall, GDP remained 2% below pre-pandemic levels at the end of 2021.

The labour market situation remained rosy. There was only moderate unemployment growth during the pandemic, rising from 2.0% at the end of 2019 to 3.4% in the first quarter of 2021. As the real economy recovered, there was a renewed decline in unemployment. Although the unemployment rate has not yet reached the all-time lows from before the pandemic, it still remains at the lowest level in the EU (2.2% in Q4 2021 according to the Czech Statistical Office).

The cocktail of a sound labour market situation combined with disruptions in supply and demand chains and the resumption of consumer spending triggered a hike in prices. Inflationary pressures had already been detected before the pandemic, but expectations that they were would be cooled by the pandemic and the associated downturn in the real economy were confounded. The resumption of economic activity in 2021 prompted another leap in inflation. External supply-side factors were partly to blame for the inflationary pressures, but increased domestic demand also played a part. (The Czech National Bank calculated that the inflation pressures fuelled by domestic demand accounted for almost half of inflation.) The average inflation rate in 2021 was 3.8%, 0.6 percentage points higher than in 2020. This was the highest average annual inflation rate since 2008. The unexpectedly rapid rise in inflationary pressures elicited an unusually forceful response from the CNB, which raised the base repo rate by a cumulative 3.5% to 3.75% in 2021. Such quick-fire rate hikes were unprecedented and contrasted with the inaction of the ECB and the Fed.

Fiscal expansion continued in 2021. Once again, the state budget deficit of EUR 16.8 billion was an all-time record, though this was less than the planned EUR 20.1 billion. The total government debt continued to rise in tandem with the budget deficit and currently stands at 41% of GDP. Although this is still a relatively innocuous figure compared to other European countries, the pace at which sovereign debt is increasing is very high. In pre-pandemic times, the debt-to-GDP ratio was 28.5%. Higher deficits have thus prompted the Ministry of Finance to engage in broader-scale bond issuance. There continues to be plenty of appetite for these Czech government bonds, especially among domestic investors, though the proportion of bonds held by non-residents has been steadily declining.

Following table summarises the main macroeconomic indicators within all the countries where the Group operates:

	Year	**Czech Republic**	**Slovakia**	**Russia**	**Kazakhstan**	**China**	**Vietnam**	**India**	**Indonesia**	**Philippines**
GDP growth	2021	3.4	3.1	4.7	4	8.1	2.6	(6.6)	3.7	5.6
	2020	(5.7)	(4.4)	(3)	(2.5)	2.2	2.9	3.7	(2)	(9.6)
Average rate of unemployment	2021	2.8	6.8	4.8	4.9	4.4	3.2	7.9	6.5	7.6
	2020	2.6	6.7	5.8	5	4.2	2.3	9.1	7.1	10.4
Average inflation rate	2021	3.9	6.7	6.7	8	0.9	1.8	5.1	1.6	3.9
	2020	3.2	3.4	3.4	6	2.5	3.2	6.6	2	2.4
total government debt to GDP	2021	na	na	na	na	na	na	na	na	na
	2020	37.8	60.3	19.3	26.3	68	46.3	81.6	36.6	51.7
Base repo rate	2021	3.75	0	8.5	9.75	4.35	4	4	3.5	2
	2020	0.25	0	4.25	9	4.35	4	4	3.75	2

*Source – ČSÚ, Bloomberg, Reuters, IMF (debt)

In 2021, the Group, especially Home Credit, continued to face challenging business conditions across all its markets as the world continues to manage the ongoing COVID-19 pandemic. The recovery was volatile across the various countries of operation. As vaccination campaigns were rolled out in different countries and most recent variant have lower morbidity rate, the Group saw customer sentiment improving and subsequent waves had a reduced impact on each market. While the Group saw an improving trend since the low in April 2020, the recovery remains volatile as witnessed by subsequent waves due to new COVID variant, forced lockdown and impact on consumer spending. This was mostly impacting the Group´s operations in Asia while the more developed would appear to more quickly adapt to COVID. During the period there has been no new moratorium initiated in any of our countries of operation to the exception of India where, following the severe outbreak in 2Q2021, the regulators re-introduced an opt-out moratorium.

Following RBI (Reserve Banka of India) restructuring guidelines from May 2021, Home Credit India introduced restructuring program in the form of payment reliefs to customers who were non-impaired as of 31 March 2021. This program was available for HC India customers until the end of September 2021.

There have not been any major regulatory changes impacting the Group´s operations directly, but a number of regulations in China targeting unlicensed players undermined sentiment toward the consumer finance industry and impacted our operations indirectly. The Group also observed a strengthening of the data privacy laws across our markets. All operating entities are licensed and in compliance with applicable regulation.

Recent events and outlook for 2022

The coronavirus pandemic continues to impact the Group´s business in early 2022.

In late February 2022 the CIS cluster became subject to the ongoing conflict in Ukraine which will have both local and global implications. The US, UK, EU and others have imposed simultaneous sanctions against Russia, certain Russian entities and individuals which have disrupted financial markets and led to uncertainties for the global economy. At the same time, Russia has taken a number of counter sanctions and measures which could impact our business. The Group realises that the geopolitical situation will have significant repercussions for the economy in the Czech Republic and other countries. The full impact of the sanctions, counter sanctions and economic impact are difficult to fully quantify at present.

Home Credit Group's subsidiary in Russia is Home Credit and Finance Bank ("HCFB") which is self-funded and fully independent from the Group. The exposure to Russia as at 31 December 2021 was EUR 3.6 billion asset and EUR 0.9 billion equity and to the entire CIS was EUR 4.5 billion asset and EUR 1.1 billion equity. As of today, HCFB's operations run as usual with focus on liquidity and tightened underwriting criteria considering the uncertain environment. The impact on the Group will depend on how financial markets and foreign exchange market settle, as well as the macroeconomic impact on the local economies where we operate.

In case of PPF banka, the direct exposure to Russia and Ukraine is insignificant (as at 31 December 2021, EUR 43 million assets, EUR 32 million liabilities). The Bank's direct exposure consists, on the assets side, mainly of financial assets at fair value through other comprehensive income and loans and advances to banks, and, on the liabilities side, mainly of deposits from customers. Responding to the situation over 2022, the Bank has significantly reduced its exposures to counterparties with Russian risk as at 31 December 2021 by cutting limits on those Russian counterparties and on RUB transactions.

Subsequent events are disclosed in section G (consolidated financial statements) and section F (individual financial statements.

Other information and audit expenses

For other information see section G of individual financial statements. In 2021, KPMG Česká republika Audit, s.r.o. provided following services: audit of financial statements (CZK 24 million), other audit engagements (CZK 8 million), other non-audit services (CZK 1 million). For detail of services provided by KPMG see section F of individual financial statements.

Declaration

During the period covering at least the previous 12 months, no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware) have had in the recent past any significant effects on the Company and/or the Group's financial position or profitability.

No material contracts entered into in the ordinary course of the issuer's business could result in any group member being under an obligation or entitlement that would be material to the Company's ability to meet its obligations to security holders in respect of the securities being issued.

The Board of Directors hereby declares that, to its best knowledge, the consolidated annual report gives a true and faithful reflection of the financial situation, business and the results of the Company and its consolidated whole for the past accounting period, and of the outlook on the future development of the financial situation, business and results.

In Prague on 29 April 2022,

The directors of PPF Financial Holdings a.s.

Appendix:

Alternative performance measures

In this report, the Company uses financial measures defined or specified in the applicable financial reporting framework, which relate to the performance of the subsidiaries. Those financial measures may be reconciled with the respective consolidated or individual financial statements of the subsidiaries but not with the financial statements of the Company.

Additionally, the Company uses alternative performance measures in this report. An alternative performance measure is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. The definitions or references to the definitions of the alternative performance measures used in this report are provided below. For each alternative performance measure, it is indicated if the alternative performance measure may be reconciled with the financial measures in the financial statements.

Performance measure	**Purpose and definition**
Allowance to gross loans	**Purpose:** Allowance to gross loans ratio demonstrates what part of gross loans is covered by allowance. **Definition:** Allowance for impairment – retail + Allowance for impairment – non-retail divided by Gross loans – retail + Gross loans – non-retail. **Reconciliation with financial statements:** This measure is used for the description of the performance of Home Credit Group B.V. on consolidated basis. It cannot be reconciled with the financial statements of the Company. However, it may be reconciled with the financial statements of Home Credit Group B.V.
Cost of funds	**Purpose:** Cost of funds demonstrates for what price the Group is able to obtain financial sources. **Definition:** Interest expense/average interest bearing liabilities The average interest bearing liabilities for a given year are calculated as an average of the interest bearing liabilities at the end of Q4 of the previous year and Q1, Q2, Q3, and Q4 of the respective year.

	The interest bearing liabilities are defined as liabilities for which interest is charged such as loans due to banks, amounts due to customers or debt securities issued. **Reconciliation with financial statements:** This measure is used for the description of the performance of Home Credit Group B.V. on consolidated basis. It can neither be reconciled with the financial statements of the Company nor with the financial statements of Home Credit Group B.V.
Cost-of-risk ratio	**Purpose:** The cost-of-risk ratio is a measure of credit risk of a loan portfolio. A lower cost-of-risk ratio is associated with lower credit risk of a loan portfolio. **Definition:** Impairment losses on financial assets/average loans to customers The average loans to customers for a given year are calculated as the average of loans to customers at the end of Q4 of the previous year and Q1, Q2, Q3, and Q4 of the respective year. **Reconciliation with financial statements:** This measure is used for the description of the performance of Home Credit Group B.V. It can neither be reconciled with the financial statements of the Company nor with the financial statements of Home Credit Group B.V.
Cost-to-income ratio	**Purpose:** The cost-to-income ratio is a measure of a company´s operational effectiveness. A lower cost-to-income ratio is associated with better company performance. **Definition:** When used for Home Credit Group B.V.: (Personnel expenses and Other operating expenses + Rental, maintenance and repairs + Depreciation and amortisation) / Operating income When used for PPF banka a.s.: Operating expenses (including donations and excluding impairment (loss)/reversal)/operating income **Reconciliation with financial statements:** This measure is used for the description of the performance of Home Credit Group B.V. and of PPF banka. It cannot be reconciled with the

	financial statements of the Company. However, it may be reconciled with the financial statements of Home Credit Group B.V. and with the financial statements of PPF banka.
Deposits	**Definition:** The term is used as a synonym for due to non-banks as used in the financial statements of the Company, as a synonym for current accounts and deposits from customers as used in the financial statements of Home Credit Group B.V., and as a synonym for deposits due to customers as used in the financial statements of PPF banka a.s.
Equity to net loans	**Purpose:** The equity to net loans ratio measures what part of loans to clients is covered by equity. **Definition:** Total equity divided by Loans to customers. **Reconciliation with financial statements:** This measure is used for the description of the performance of Home Credit Group B.V. on consolidated basis. It cannot be reconciled with the financial statements of the Company. However, it could be reconciled with the financial statements of Home Credit Group B.V.
New volume	**Purpose:** New volume represents amount of loans provided to customers during given period. The performance measure is used in Home Credit Group. **Definition:** Gross amount of loans provided in the period **Reconciliation with financial statements:** This measure is used for the description of performance of Home Credit Group B.V. It can neither be reconciled with the financial statements of the Company nor with the financial statements of Home Credit Group B.V.
Net interest margin	**Purpose:** The net interest margin is a profitability measure. Although the net interest margin of various loan portfolios is not directly comparable (for example due to the credit risk or administrative costs), a higher net interest margin is usually associated with higher profit. **Definition:**

	Net interest income/average interest earning assets The average interest earning assets for a given year are calculated as an average of the interest earning assets at the end of Q4 of the previous year and Q1, Q2, Q3, and Q4 of the respective year. The interest earning assets are defined as assets for which interest is charged such as loans due from customers or loans and receivables due from banks and other financial institutions. **Reconciliation with financial statements:** This measure is used for the description of performance of Home Credit Group B.V. It can neither be reconciled with the financial statements of the Company nor with the financial statements of Home Credit Group B.V.
NPL coverage ratio	**Purpose:** The NPL coverage ratio is a measure of the portfolio credit quality. Usually, a higher NPL coverage ratio is associated with higher portfolio quality. **Definition:** Allowance for impairment – retail + Allowance for impairment – non-retail divided by Gross loans at Stage 3 – retail + Gross loans at Stage 3 – non-retail. **Reconciliation with financial statements:** This measure is used for the description of the performance of Home Credit Group B.V. on consolidated basis. It cannot be reconciled with the financial statements of the Company. However, it may be reconciled with the financial statements of Home Credit Group B.V.
NPL ratio (Home Credit)	**Purpose:** The NPL ratio is a measure of the portfolio credit quality. Usually, a higher NPL ratio is associated with lower portfolio quality. **Definition:** Gross loans at Stage 3 – retail + Gross loans at Stage 3 – non-retail divided by Gross loans – retail + Gross loans – non-retail **Reconciliation with financial statements:** This measure is used for the description of the performance of Home Credit Group B.V. on consolidated basis. It cannot be reconciled with the financial statements of the Company. However, it may be reconciled with the financial statements of Home Credit Group B.V.
NPL ratio (PPF banka)	**Purpose:**

	The NPL ratio is a measure of the portfolio credit quality. Usually, a higher NPL ratio is associated with lower portfolio quality. **Definition:** Gross non-performing loans and advances to customers / Gross performing loans and advances to customers **Reconciliation with financial statements:** This measure is used for the description of the performance of PPF banka a.s. It cannot be reconciled with the financial statements of the Company. However, it may be reconciled with the financial statements of PPF banka a.s.
Proportion of assets to Taxonomy eligible activities in total assets subject to eligibility analysis	**Purpose:** The proportion of assets to Taxonomy eligible activities in total assets subject to eligibility analysis is a measure disclosed on a voluntary basis to supplement mandatory information disclosed as requested by Taxonomy Regulation, article 8. **Definition:** The proportion of assets to Taxonomy eligible activities in total assets that were decreased by exposures to sovereigns, central banks, derivatives, trading book, on demand inter-bank deposits, consumer finance loans, and exposures to counterparties not subject to NFRD. **Reconciliation with financial statements:** The ratio cannot be reconciled with the financial statements of the Company.
Return on average equity (RoAE)	**Purpose:** The return on average equity is a performance measure. It measures how effectively a company uses its equity. Usually, a higher return on average performance is associated with better company performance. **Definition:** Net profit from continuing operations for the period/average equity. The average equity for a given year is calculated as the average of total equity at the end of Q4 of the previous year and Q1, Q2, Q3, and Q4 of the respective year. **Reconciliation with financial statements:** This measure is used for the description of the performance of Home Credit Group B.V. and PPF banka a.s. It can neither be reconciled with the financial statements of the Company nor with the financial statements of Home Credit Group B.V or PPF banka a.s.

Total volume of securities trading	**Purpose:** The total volume of securities trading is a measure which expresses the total amount of securities bought/sold as part of proprietary bank´s business and for customers. **Definition:** The total notional amount of securities bought/sold as part of proprietary bank´s business and for customers. **Reconciliation with financial statements:** This measure is used for the description of the performance of PPF banka a.s. It can neither be reconciled with the financial statements of the Company nor with the financial statements of PPF banka a.s.
Volume of foreign exchange market transactions	**Purpose:** The total volume of foreign exchange market transactions is a measure which expresses the total amount of foreign exchange market transactions traded as part of proprietary bank´s business and for customers. **Definition:** The total notional amount of foreign exchange market transactions traded as part of proprietary bank´s business and for customers. **Reconciliation with financial statements:** This measure is used for the description of the performance of PPF banka a.s. It can neither be reconciled with the financial statements of the Company nor with the financial statements of PPF banka a.s.

PPF Financial Holdings

PPF Financial Holdings a.s.

(formerly PPF Financial Holdings B.V.)

Consolidated financial statements for the year ended 31 December 2021

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Glossary

AC	- amortised cost
CGU	- cash generating unit
EAD	- exposure at default
EBA	- European Banking Authority
ECL	- expected credit losses
FLI	- forward-looking information
FVOCI	- fair value through other comprehensive income
FVTPL	- fair value through profit or loss
FX	- foreign exchange
HFS	- held-for-sale
IASB	- International Accounting Standards Board
LGD	- loss given default
LTV	- loan-to-value
NCI	- non-controlling interests
OCI	- other comprehensive income
PD	- probability of default
PL	- profit or loss
POCI	- purchased or originated credit impaired
PPE	- property, plant and equipment
ROU	- right-of-use assets
SICR	- significant increase in credit risk

Consolidated statement of financial position

In millions of EUR

	Note	31 December 2021	31 December 2020 (restated)**
ASSETS			
Cash and cash equivalents	E1	5,941	5,951
Investment securities and derivatives	E2	2,665	2,775
Loans and receivables due from banks and other financial institutions	E3	706	466
Loans due from customers	E4	8,988	13,943
Trade and other receivables	E5	51	56
Current tax assets		34	16
Assets held for sale	E30	5,542	1
Equity-accounted investees	E6	51	32
Property, plant and equipment	E7, E21.1	163	229
Intangible assets (incl. goodwill)	E8	363	403
Deferred tax assets	E32.1	795	640
Other assets	E9	155	248
TOTAL ASSETS		**25,454**	**24,760**
LIABILITIES			
Financial liabilities at fair value through profit or loss	E10	1,029	635
Due to non-banks	E11	8,626	11,640
Due to banks and other financial institutions	E12	5,717	6,924
Debt securities issued	E13	1,067	1,683
Subordinated liabilities	E14	334	256
Liabilities directly associated with assets held for sale	E30	5,355	-
Current tax liabilities		3	15
Trade and other payables	E15	551	702
Provisions	E16	54	45
Deferred tax liabilities	E32.1	6	8
TOTAL LIABILITIES		**22,742**	**21,908**
EQUITY			
Issued capital*	E17	-	-
Share premium	E17	2,324	2,324
Additional paid-in capital	E18	-	80
Other reserves	E19	(312)	(510)
Retained earnings		498	752
Total equity attributable to owners of the Parent		2,510	2,646
Non-controlling interests	E20	202	206
Total equity		**2,712**	**2,852**
TOTAL LIABILITIES AND EQUITY		**25,454**	**24,760**

*Issued capital is CZK 2 million (approx. EUR 78 thousand); 2020: EUR 45 thousand.
**For more details on the restatement refer to A.7.

The notes on pages 45 to 153 are an integral part of these consolidated financial statements.

Consolidated statement of income

For the year ended 31 December

In millions of EUR

	Note	2021	2020 (restated)*
Interest income		2,527	4,145
Interest expense		(758)	(1,298)
Net interest income	E23	**1,769**	**2,847**
Fee and commission income		385	412
Fee and commission expense		(144)	(147)
Net fee and commission income	E24	**241**	**265**
Net earned premiums		20	18
Net insurance benefits and claims		(2)	(1)
Acquisition costs		(3)	(3)
Net insurance income		**15**	**14**
Net gains/(losses) on financial assets/liabilities	E25	74	(32)
Other income	E26	49	80
TOTAL OPERATING INCOME		**2,148**	**3,174**
Net impairment losses on financial assets	E27	(1,194)	(2,388)
Personnel expenses	E28	(661)	(885)
Depreciation and amortisation	E29	(182)	(178)
Other operating expenses	E28	(403)	(450)
Net gains/(losses) on disposals/liquidations of subsidiaries and equity-accounted investees		2	(1)
Share of losses of equity-accounted investees, net of tax	E6	(19)	(9)
LOSS BEFORE TAX		**(309)**	**(737)**
Income tax benefit	E32.2	26	137
Net loss from continuing operations		**(283)**	**(600)**
Net profit from discontinued operations, net of tax	E30	25	45
LOSS FOR THE PERIOD		**(258)**	**(555)**
Loss attributable to:			
Owners of the Parent		(237)	(476)
Non-controlling interests	E20	(21)	(79)

*The comparative figures have been restated due to the discontinued operations in CEE region (refer to A.8 and E.30).

The notes on pages 45 to 153 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

For the year ended 31 December

In millions of EUR

	2021	2020
NET LOSS FOR THE PERIOD	**(258)**	**(555)**
Other comprehensive income		
Valuation gains on FVOCI equity instruments	2	3
Valuation gains/(losses) on FVOCI debt securities*	(29)	10
FVOCI revaluation gains transferred to profit or loss*	(2)	(11)
Foreign operations - currency translation differences*	234	(381)
Cash flow hedge - effective portion of changes in fair value*	1	(1)
Disposal of subsidiaries*	(1)	7
Share of OCI of equity-accounted investees*	4	-
Income tax relating to components of other comprehensive income*	6	1
Other comprehensive income/(expense) for the period (net of tax)	**215**	**(372)**
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD	**(43)**	**(927)**
Total comprehensive expense attributable to:		
Owners of the Parent	(39)	(815)
Non-controlling interests	(4)	(112)

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

The notes on pages 45 to 153 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

In millions of EUR

	Issued capital*	Share premium	Additional paid-in capital	Revaluation reserve	Translation reserve	Hedging reserve	Other equity instr.	Retained earnings	Attributable to owners of the Parent	Attributable to NCI	Total
Balance as at 1 January 2021 (restated)**	**-**	**2,324**	**80**	**21**	**(709)**	**(3)**	**181**	**752**	**2,646**	**206**	**2,852**
Loss for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(237)**	**(237)**	**(21)**	**(258)**
Currency translation differences	-	-	-	-	215	-		-	215	19	234
FVOCI revaluation losses taken to equity	-	-	-	(25)	-	-	-	-	(25)	(2)	(27)
FVOCI revaluation gains transferred to profit or loss	-	-	-	(2)	-	-	-	-	(2)	-	(2)
Effect of hedge accounting	-	-	-	-	-	1	-	-	1	-	1
Share of OCI of equity-accounted investees	-	-	-	-	4	-	-	-	4	-	4
Disposals and deconsolidation of subsidiaries	-	-	-	-	(1)	-	-	-	(1)	-	(1)
Tax on items taken directly to or transferred from equity	-	-	-	6	-	-	-	-	6	-	6
Other comprehensive income for the period	**-**	**-**	**-**	**(21)**	**218**	**1**	**-**	**-**	**198**	**17**	**215**
Total comprehensive expense for the period	**-**	**-**	**-**	**(21)**	**218**	**1**	**-**	**(237)**	**(39)**	**(4)**	**(43)**
Dividends to shareholders	-	-	-	-	-	-	-	(4)	(4)	-	(4)
Acquisition of NCI	-	-	-	-	-	-	-	1	1	(1)	-
Other changes in NCI	-	-	-	-	-	-	-	-	-	1	1
Distributions for the period (refer to E.18)	-	-	(80)	-	-	-	-	-	(80)	-	(80)
Other	-	-	-	-	-	-	-	(14)	(14)	-	(14)
Total transactions with owners of the Parent	**-**	**-**	**(80)**	**-**	**-**	**-**	**-**	**(17)**	**(97)**	**-**	**(97)**
Balance as at 31 December 2021	**-**	**2,324**	**-**	**-**	**(491)**	**(2)**	**181**	**498**	**2,510**	**202**	**2,712**

*Issued capital is CZK 2 million (approx. EUR 78 thousand); 2020: EUR 45 thousand.
**For more details on the restatement refer to A.7.

The notes on pages 45 to 153 are an integral part of these consolidated financial statements.

In millions of EUR

	Issued capital*	Share premium	Additional paid-in capital	Revaluation reserve	Translation reserve	Hedging reserve	Other equity instr.	Retained earnings	Attributable to owners of the Parent	Attributable to NCI	Total
Balance as at 1 January 2020 (restated)**	**-**	**2,324**	**80**	**22**	**(368)**	**(2)**	**181**	**1,234**	**3,471**	**306**	**3,777**
Loss for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(476)**	**(476)**	**(79)**	**(555)**
Currency translation differences	-	-	-	-	(348)	-	-	-	(348)	(33)	(381)
FVOCI revaluation gains taken to equity	-	-	-	13	-	-	-	-	13	-	13
FVOCI revaluation gains transferred to profit or loss	-	-	-	(11)	-	-	-	-	(11)	-	(11)
FVOCI revaluation gains transferred directly to retained earnings	-	-	-	(4)	-	-	-	4	-	-	-
Effect of hedge accounting	-	-	-	-	-	(1)	-	-	(1)	-	(1)
Disposals and deconsolidation of subsidiaries	-	-	-	-	7	-	-	-	7	-	7
Tax on items taken directly to or transferred from equity	-	-	-	1	-	-	-	-	1	-	1
Other comprehensive expense for the period	**-**	**-**	**-**	**(1)**	**(341)**	**(1)**	**-**	**4**	**(339)**	**(33)**	**(372)**
Total comprehensive expense for the period	**-**	**-**	**-**	**(1)**	**(341)**	**(1)**	**-**	**(472)**	**(815)**	**(112)**	**(927)**
Dividends to shareholders	-	-	-	-	-	-	-	(5)	(5)	**-**	**(5)**
Contributions by NCI	-	-	-	-	-	-	-	-	-	13	13
Other changes in NCI	-	-	-	-	-	-	-	-	-	(1)	(1)
Other	-	-	-	-	-	-	-	(5)	(5)	-	(5)
Total transactions with owners of the Parent	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(10)**	**(10)**	**12**	**2**
Balance as at 31 December 2020 (restated)**	**-**	**2,324**	**80**	**21**	**(709)**	**(3)**	**181**	**752**	**2,646**	**206**	**2,852**

*Issued capital is EUR 45 thousand.
**For more details on the restatement refer to A.7.

The notes on pages 45 to 153 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

	Note	2021	2020* (restated)
Cash flows from operating activities			
Loss for the period, net of tax (incl. discontinued operations)		(258)	(555)
Adjustments for:			
Depreciation and amortisation		205	199
Impairment loss on current and non-current assets	E27	1,191	2,418
Loss on disposal of PPE, intangible assets, and goodwill		3	1
(Profit)/loss on sale of investment securities and derivatives		28	(24)
Losses on disposal of subsidiaries		-	1
Interest expense		769	1,316
Interest income		(2,733)	(4,347)
Net foreign exchange losses		26	280
Other expenses not involving movements of cash		18	17
Income tax benefit		(8)	(122)
Interest received		2,767	4,343
Change in loans and receivables due from banks and other financial institutions		(363)	21
Change in loans due from customers		2,310	3,657
Change in trade and other receivables		(72)	5
Change in other assets		64	99
Change in financial assets at FVTPL		(348)	(342)
Change in financial liabilities at FVTPL		36	200
Change in liabilities due to non-banks		1,477	(1,410)
Change in trade and other payables		(62)	(185)
Cash and cash equivalents reclassified as assets HFS**		(1,261)	-
Income tax paid		(125)	(146)
Net cash from operating activities		**3,664**	**5,426**
Cash flows from investing activities			
Purchase of tangible and intangible assets	E7, E8	(134)	(179)
Purchase of financial assets at AC		(708)	(374)
Purchase of financial assets FVOCI		(943)	(2,135)
Acquisition of subsidiaries and equity-acc. investees, net of cash acquired (incl. capital increase)		(33)	(23)
Dividends received from equity-acc. investees		-	5
Proceeds from disposals of PPE and intangible assets		5	16
Proceeds from financial assets at AC		115	18
Proceeds from sale of financial assets FVOCI		902	2,120
Proceeds from disposal of subsidiaries and equity-acc. investees, net of cash disposed (incl. capital distribution)		8	5
Net cash used in investing activities		**(788)**	**(547)**

	Note	2021	2020* (restated)
Cash flows from financing activities			
Proceeds from the issue of debt securities		936	1,204
Proceeds from loans due to banks and other financial institutions		7,741	7,010
Repayment of additional paid-in capital instruments		(80)	-
Repayment of debt securities		(1,565)	(1,787)
Repayment of loans due to banks and other financial institutions		(9,423)	(12,961)
Interest paid		(806)	(1,345)
Cash payments for principal portion of lease liabilities		(35)	(45)
Dividends paid to a shareholder		(5)	(5)
Payments related to other equity instruments		(15)	(15)
Contribution by NCI		-	13
Net cash used in financing activities	**E22**	**(3,252)**	**(7,931)**
Net decrease in cash and cash equivalents		**(376)**	**(3,052)**
Cash and cash equivalents as at 1 January		**5,951**	**9,375**
Effect of exchange rate movements on cash and cash equivalents		366	(372)
Cash and cash equivalents as at 31 December		**5,941**	**5,951**

*For more details on the restatement refer to A.9.
**The amount represents cash and cash equivalents of the disposal group held for sale, refer to E.30.

The notes on pages 45 to 153 are an integral part of these consolidated financial statements.

Cash flow lines directly attributable to the income statement comprise both continuing and discontinued operations. For separate presentation of cash flows from discontinued operations refer to E.30.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

A. General

A.1. Description of the Group

PPF Financial Holdings a.s. (the "Parent Company" or the "Parent") is a company domiciled in the Czech Republic since 1 June 2021. It focuses on the following market segments: consumer finance, retail banking and corporate banking. Its activities span from Europe to the Russian Federation, the US, and across Asia.

The original parent company, PPF Financial Holdings B.V., was incorporated on 13 November 2014 in the Netherlands as a 100% subsidiary of PPF Group N.V. (the ultimate parent). PPF Financial Holdings B.V., a private limited liability company (besloten vennootschap met beperkte aansprakelijkheid) under Dutch law, having had its official seat in Amsterdam, the Netherlands, and its registered office address at Strawinskylaan 933, 1077 XX Amsterdam, registered with the Dutch Trade Register under number 61880353, converted from a Dutch law-governed private limited liability company into a Czech law-governed joint stock company (akciová společnost) in accordance with the cross-border conversion proposal of the management board of PPF Financial Holdings B.V. dated 11 March 2021 (the "Conversion"). The Conversion became effective on 1 June 2021. Furthermore, 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, having its official seat in Prague, Czech Republic, and its registered address at Prague 6, Evropská 2690/17, the Czech Republic, identification number 109 07 718, registered in the Czech Commercial Register.

The transfer of PPF Financial Holdings' registered office to the Czech Republic enables simplification of the financial holding company's supervisory and licensing processes, and consequently will create operational savings. The Parent Company currently holds four main investments: Home Credit Group B.V., PPF banka, a.s., Mobi Banka a.d. Beograd, and Clear Bank Ltd. Due to the scope and regulatory importance of banking services provided by PPF banka and Air Bank (i.e., banks domiciled in the Czech Republic), the Czech National Bank is the consolidating supervisory authority for entities within the PPF Financial Holdings.

The consolidated financial statements of the Parent Company for the year ended 31 December 2021 comprise the Parent Company and its subsidiaries (together the "PPF Financial Holdings Group" or the "Group") and the Group's interests in associates and affiliated entities. Refer to Section B of these consolidated financial statements for a list of significant Group entities and changes to the Group in 2021 and 2020.

As of 31 December 2021, the ultimate controlling party was Mrs Renáta Kellnerová who was appointed, during 2021, as an administrator of the inheritance of the late Mr Kellner authorised to manage all the assets belonging to the inheritance in ordinary course of business.

A.2. Statement of compliance

These consolidated financial statements were authorised for issue by the board of directors on 29 April 2022.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-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.

The Company has also prepared separate financial statements for the year ended 31 December 2021, which have been prepared in accordance with IFRS-EU, including IASs, promulgated by the IASB and interpretations issued by the IFRIC of the IASB as adopted by the European Union.

A.3. 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 on 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), and financial instruments at FVOCI. 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 held for sale and disposal groups 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.5). From 1 January 2020, 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’ in accordance with IFRS 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 of the 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 generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised immediately in profit or loss (refer to F.1.12). Transaction costs are expensed as incurred, expect if related to the 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 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.4. Use of judgements and estimates

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

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

The following key estimates are based on the information available at the consolidated financial statements date and specifically relate to the determination of:
- functional currency of the parent company (refer to A.6);
- the fair value of tangible and intangible assets identified during the purchase price allocation exercise and the value of gain on bargain purchase (refer to B);
- useful life of tangible and intangible fixed assets (refer to F.1.11 and F.1.12);
- provisions recognised under liabilities (refer to E.16);
- the fair value of financial instruments (refer to C.6);
- the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits (refer to E.32.1);
- expected credit losses on investment securities, loans provided, other financial assets and non-financial assets (refer to E.2, E.3, E.4 and E.5);
- contingent assets/liabilities (refer to E.33);
- lease-term for the lessee accounting if the Group is reasonably certain to exercise extension options (refer to E.21).

A.5. 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 (e.g., those resulting from a lending relationship) become substantive and lead to the Group having power over an investee. 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.

Associates are entities in which the Group has significant influence but not control over financial and operating policies. Jointly controlled entities are entities over whose activities the Group has joint control established by a contractual agreement. 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 associate or jointly controlled entity, the carrying amount is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate or jointly controlled entity.

Reorganisations and mergers involving the Group companies under common control are accounted for using consolidated net book values. Consequently, no adjustment is made to carrying amounts in the consolidated accounts and no goodwill arises 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 control is lost.

All intra-Group balances, transactions, income and expenses, unrealised gains and losses, and dividends are eliminated in the preparation of the consolidated financial statements.

A.6. Presentation and functional currency

The consolidated financial statements are presented in euros (EUR), which is the Group's presentation currency, rounded to the nearest million.

The Group's presentation currency differs from the functional currency of the Parent. The Group decided to apply a different presentation currency to improve comparability of its consolidated financial statements with those of similar groups generally applying EUR as presentation currency.

During 2021, following the redomiciliation of the Parent from the Netherlands to the Czech Republic (refer to A.1), the Parent reassessed, in line with IAS 21, its functional currency. As a conclusion, the Parent assessed that, since 1 June 2021, its functional currency has been the Czech crown. Thus, the Parent's functional currency changed from euro to the Czech crown on 1 June 2021, as it reflects its primary economic environment in which the Parent Company operates since then, as well as the corporate changes connected to the redomiciliation, and other additional relevant factors assessed. The other relevant factors comprise significant change in the corporate governance and the related new organisational structure that was built-up on the Company level following the Conversion to fulfil all regulatory requirements to the management and control system, fulfilment of the conditions with respect to the autonomous entity and increasing relevancy of the Czech currency on the Company and Group level.

A.7. Change in the presentation of legal and statutory reserves and reserve for common control transactions (UCC)

In 2021, the Group changed the presentation of legal and statutory reserves that, in full, represent a non-distributable part of retained earnings. These reserves are no longer presented as a discrete column in the consolidated statement of changes in equity and are included in the retained earnings column instead. This decision required a reclassification of legal and statutory reserves from other reserves to retained earnings in comparative consolidated statement of financial position too. For details relating to the restated comparative figures see the below tables in this section.

In 2021, the Group also decided to present the retained earnings impact of historical common control transactions, coming notably from the year 2015, no longer as a discrete column in the consolidated statement of changes in equity, and merged this part of retained earnings with the original retained earnings column. The separate presentation was evaluated by the Group as being no longer of beneficial information to the user. For details relating to the restated comparative figures see the below tables:

A.7.1. Comparative consolidated statement of financial position

In millions of EUR

	31 December 2020 (reported)	Reclassification of legal and statutory reserves	Reclassification of reserve for UCC	31 December 2020 (restated)
Other reserves	(879)	(149)	518	(510)
Retained earnings	1,121	149	(518)	752
Total equity attributable to owner of the Parent	2,646	-	-	2,646
Non-controlling interests	206	-	-	206
Total equity	**2,852**	**-**	**-**	**2,852**
TOTAL LIABILITIES AND EQUITY	**24,760**	**-**	**-**	**24,760**

A.7.2. Comparative consolidated statement of changes in equity

In millions of EUR

	Legal and statutory reserves	Reserve for UCC	Retained earnings
Balance as at 1 January 2020 (reported)	**143**	**(518)**	**1,609**
Reclassification of legal and statutory reserves	(143)	-	143
Reclassification of reserve for UCC	-	518	(518)
Balance as at 1 January 2020 (restated)	**-**	**-**	**1,234**
Balance as at 31 December 2020 (reported)	**149**	**(518)**	**1,121**
Reclassification of legal and statutory reserves	(149)	-	149
Reclassification of reserve for UCC	-	518	(518)
Balance as at 31 December 2020 (restated)	**-**	**-**	**752**

A.8. Comparative figures in the statement of income

The comparative figures for the year ended 31 December 2020 have been restated to present the continuing operations only. The below table shows comparative figures as they were previously reported before and after the restatement:

In millions of EUR

	2020 (reported)	Restatement due to discontinued operations*	2020 (restated)
Interest income	4,347	(202)	4,145
Interest expense	(1,316)	18	(1,298)
Net interest income	**3,031**	**(184)**	**2,847**
Fee and commission income	447	(35)	412
Fee and commission expense	(185)	38	(147)
Net fee and commission income	**262**	**3**	**265**
Net earned premiums	18	-	18
Net insurance benefits and claims	(1)	-	(1)
Acquisition costs	(3)	-	(3)
Net insurance income	**14**	**-**	**14**
Net losses on financial assets/liabilities	(28)	(4)	(32)
Other income	83	(3)	80
TOTAL OPERATING INCOME	**3,362**	**(188)**	**3,174**
Net impairment losses on financial assets	(2,406)	18	(2,388)
Personnel expenses	(935)	50	(885)
Depreciation and amortisation	(199)	21	(178)
Other operating expenses	(489)	39	(450)
Net losses on disposals/liquidations of subsidiaries and equity-accounted investees	(1)	-	(1)
Share of losses of equity accounted investees, net of tax	(9)	-	(9)
LOSS BEFORE TAX	**(677)**	**(60)**	**(737)**
Income tax benefit	122	15	137
NET LOSS FROM CONTINUING OPERATIONS	**(555)**	**(45)**	**(600)**

*refer to E.30

A.9. Change in the presentation of cash flows from financial assets at FVTPL

In 2021, the Group reassessed appropriateness of presentation of selected line items within operating, investing and financing activities and concluded that cash-flows from transactions with financial assets at FVTPL better reflect their nature and role within the Group's operations when presented under operating activities instead of investing activities (as previously reported).

Having reached this conclusion, the Group, in the comparative consolidated statement of cash flows for the year 2020, changed the presentation and reclassified the purchase of financial assets at FVTPL of negative EUR 602 million and proceeds from financial assets at FVTPL of EUR 260 million from cash flows from investing activities to cash flows from operating activities. This resulted in a total change of the presented net cash from operating activities of EUR 5,768 million to EUR 5,426 million, and in a total change of the presented net cash used in investing activities of EUR 889 million (negative) to EUR 547 million (negative).

A.10. COVID-19 and its impact on the Group´s financial statements

On 11 March 2020, the World Health Organisation declared the coronavirus outbreak a pandemic. The term pandemic refers to the extraordinary societal efforts over the past 2 years to respond to a new disease that have changed how individuals live their lives and how policy responses have developed in governments around the world. In the countries where the Group operates, the local governments imposed different restrictions on its citizens and businesses with gradual softening towards the end of 2021, as the situation overall improved, because of broad previous exposure to virus, regularly accepted vaccines to new antigens or variants and the advent of antivirals. In limiting the effects of any possible operational risks, the Group has been following and observed business continuity protocols, as the health of the Group’s employees and clients is its priority.

The slowdown in economic growth and the adverse effects on new business were significant. Increased loss events had an impact on the quality of retail and corporate loan portfolios especially in 2020 and beginning of 2021 with a new variant Delta affecting badly some of the Group’s regions. Limitations of opening hours and/or complete lockdowns of certain business premises in the individual countries have impacted the volume of new businesses and the renewal of existing business relationships. Despite the various setbacks in 2021 related to COVID-19, the group proved to stay strong by adapting the strategy to the evolving situation and finally achieving better than pre-COVID results. Increasingly, COVID-19 is becoming another recurrent disease that health systems, societies and businesses will have to manage and adapt to.

The impact on the Group’s risk evaluation, risk modelling techniques and accounting policies is described in section F.1.7.1.

The Group has sufficient available funds and does not expect to have issues in meeting its obligations when they come due. During the year, the Group managed to raise various funding from external parties and also renewed the Group’s syndicated loan. Towards the end of 2021 the shareholders of Moneta Money Bank a.s. approved the acquisition with Air Bank a.s., Home Credit a.s. and Home Credit Slovakia a.s., which will further strengthen the liquidity position of the Group- On top of that, the Group is closely monitoring the situation in the countries to beware on any potential breaches of covenants.

As the precautionary measure, the Group keeps continuously monitoring the situation, nevertheless based on its current knowledge and available information, the Group does not expect COVID-19 to have an impact on its ability to continue as a going concern in the future.

B. Consolidated group and main changes for the period

B.1. Group entities

The following list only shows significant holding and operating entities that are subsidiaries or equity-accounted investees of the Parent Company as of 31 December 2021 and 2020.

Company	Domicile	Effective proportion of ownership interest	
		31 December 2021	31 December 2020
PPF Financial Holdings a.s. *(until 31 May 2021 PPF Financial Holdings B.V.)**	Czech Republic *(previously the Netherlands)**	Parent Company	Parent Company
Home Credit subgroup - subsidiaries			
Home Credit Group B.V.	Netherlands	91.12%	91.12%
AB 4 B.V.	Netherlands	91.12%	91.12%
Air Bank a.s.	Czech Republic	91.12%	91.12%
Bank Home Credit SB JSC	Kazakhstan	91.12%	91.12%
Favour Ocean Ltd.	Hong Kong	91.12%	91.12%
Guangdong Home Credit Number Two Information Consulting Co., Ltd.	China	91.12%	91.12%
HC Consumer Finance Philippines, Inc.	Philippines	91.12%	91.12%
HCPH Financing 1, Inc.	Philippines	91.12%	91.12%
Home Credit a.s.	Czech Republic	91.12%	91.12%
Home Credit and Finance Bank LLC	Russia	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 Indonesia PT	Indonesia	77.45%	77.45%
Home Credit Insurance LLC	Russia	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 US, LLC	USA	91.12%	45.65%
Home Credit Vietnam Finance Company Ltd.	Vietnam	91.12%	91.12%
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%
Benxy s.r.o.**	Czech Republic	-	91.12%
PPF banka subgroup - subsidiaries			
PPF banka a.s.	Czech Republic	92.96%	92.96%
PPF Co3 B.V.	Netherlands	92.96%	92.96%
Other subsidiaries			
Mobi Banka a.d. Beograd	Serbia	100.00%	100.00%
Associates			
ClearBank Ltd.	United Kingdom	44.78%	40.61%

*Since 1 June 2021, the Parent Company seat has been moved to the Czech Republic. For more details refer to A.1.
**Merged with Air Bank a.s.

B.2. Changes in the Group structure related to 2021/2020

B.2.1. Assets classified as held for sale/discontinued operations

On 20 December 2021, MONETA Money Bank, a.s. ("MONETA") announced that its general meeting approved the acquisition of shares in Air Bank a.s. ("AB") and the Czech and Slovak Home Credit ("HCAS" and "HCS", respectively). The general meeting granted its approval for MONETA to enter as the purchaser into following agreements:

- the share purchase agreement with Home Credit N.V. ("HCNV"), acting as the seller, under which MONETA will acquire from HCNV the ownership title to a 100% share in Air Bank a.s. ("AB") and Home Credit Slovakia a.s. ("HCS"); and, simultaneously
- the share purchase agreement with Home Credit International a.s. ("HCI"), acting as the seller, under which MONETA will acquire from HCI the ownership title to a 100% share in Home Credit a.s. ("HCAS").

Total purchase price for the above listed entities amounts to CZK 25.9 billion (approx. EUR 1,041 million). The resolution of MONETA's general meeting will be automatically cancelled in the case the above share purchase agreements are not entered into until 20 April 2023.

The sale transaction is expected to be completed within a 12-months period from the current reporting date. As at 31 December 2021, AB, HCAS and HCS (together as "CEE region") were classified as a disposal group held for sale and as a discontinued operation.

The financial performance, financial position and cash-flows relating to the discontinued operations of the CEE region are presented in separate note E.30.

B.2.2. 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. entered into an agreement concerning certain transactions with Home Credit Group shares. The agreement was subsequently modified in September 2019 (the "Agreement").

Under the Agreement, the parties agreed on the following arrangements valid as of 31 December 2021:

PPF Financial Holdings and Emma Omega have agreed that PPF Financial Holdings will sell to Emma Omega a 2.5% shareholding interest in Home Credit Group at the nominal value of a share if PPF Financial Holdings is able to achieve a pre-agreed internal rate of return on its investment in Home Credit Group calculated for the period (a) from 31 December 2018 until 31 December 2023 if Home Credit is not listed, and (b) from the Home Credit listing date until 31 December 2023. Based on the market situation as of 31 December 2021 the fulfilment of the conditions is not probable, therefore the Agreement's value is currently valued to nil.

Upon the regular termination of the Agreement which shall occur on 31 December 2023, Emma Omega shall sell all its shares in Home Credit Group for their fair value derived entirely or partially from the average market price of any material listed subsidiary of Home Credit Group, if listed at that time. The contractual arrangements may also be terminated earlier than on the regular termination date (31 December 2023) under the agreed and specified circumstances. The acquirer of the shares is an affiliate of PPF Financial Holdings (outside the Group).

The contractual arrangements described above have no impact on the consolidated financial statements.

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 2021, all disclosures with the financial figures in this whole C section show figures solely for the continuing operations, i.e., excluding the part of the Group, that is classified as held-for-sale as at 31 December 2021 and representing discontinued operations. The relevant disclosures for this part of the Group are presented in E.30.

The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors annually approves the risk appetite statement, the key risk limits, and the capital budget of the Group.

The board of directors established the group risk committee and mandated it to assist the board of directors in the risk management area. The group risk committee designs and implements the risk management framework in the Group. The group risk committee approves the main risk management internal regulations such as the group risk management framework, the internal capital adequacy assessment framework, and the internal liquidity assessment framework. The Group Risk Committee approves the counterparty exposure limits for the largest counterparties.

As the most significant part of the Group's financial operations, the Home Credit subgroup established the function of chief risk officer (CRO) who heads 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.

PPF banka a.s., Air Bank a.s., and Home Credit and Finance Bank LLC established the function of chief risk officer who heads the independent risk management function in the respective bank.

The Group's risk management policies are designed 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 changes in the offered products and services. Through 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.

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 outstanding at the reporting date 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 whose value 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). The principal types of derivative instruments used by the Group are described below.

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 commonly 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 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

Forward 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. Forward 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.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 Group's exposure to credit risk arises in connection with the provision of consumer financing to private individual customers (Home Credit), including Air Bank and corporate banking (PPF banka).

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 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.

C.2.2. PPF banka (the "Bank")

For the risk management the board of directors uses 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 Bank'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.

The Bank has implemented a new forbearance methodology according to the EBA regulation. Exposures with forbearance are exposures where the debtor is considered unable to comply with the contract due to financial difficulties and the Bank 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 Bank renegotiates loans to customers in financial difficulties (referred to as forbearance activities) to maximise collection opportunities and minimise the risk of default. Under the Bank'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. Concentration of credit risks

A concentration of credit risk arises as a result of the existence of loans with similar economic characteristics affecting the debtor's ability to meet its obligations. The Group treats a receivable from a debtor or an economically connected group of debtors exceeding 10% of the Group's eligible capital as a large exposure and applies a limit of 25% of the Group's eligible capital to such exposures. As at the balance sheet date, the Group did not have any significant concentration of credit risk with respect to any individual debtor and the limits were not exceeded in relation to individual debtors and to related parties.

The same principles apply for PPF banka, Air Bank and Home Credit and Finance Bank on their individual levels.

The following tables show the economic and geographic concentration of credit risk. The figures for 2021 and 2020 below and in the whole C section exclude the fair value hedge adjustments of EUR nil for Loans due from customers (2020: positive EUR 14 million) and negative EUR 83 million for bonds under Investment securities but classified as assets held for sale (2020: negative EUR 10 million) (refer to C.4.4):

In millions of EUR, as at 31 December

	2021	2021	2020	2020
Economic concentration				
Households/Individuals	8,689	44.07%	14,074	56.93%
Financial services	8,168	41.43%	7,069	28.59%
Public sector	1,359	6.89%	2,287	9.25%
Corporate sector	849	4.31%	765	3.09%
Construction and real estate	427	2.17%	327	1.32%
Mechanical engineering	221	1.12%	192	0.78%
Other	2	0.01%	9	0.04%
Total	**19,715**	**100.00%**	**24,723**	**100.00%**
Geographic concentration				
Czech Republic	7,901	40.08%	9,817	39.71%
Russia	4,035	20.47%	2,875	11.63%
China	2,777	14.09%	7,453	30.15%
Vietnam	1,071	5.43%	830	3.36%
Kazakhstan	1,004	5.09%	777	3.14%
Slovakia	120	0.61%	459	1.86%
Cyprus	84	0.43%	118	0.48%
Netherlands	53	0.27%	108	0.44%
Other EU countries	866	4.38%	496	2.01%
Other	1,804	9.15%	1,790	7.24%
Total	**19,715**	**100.00%**	**24,723**	**100.00%**
Of which:				
Loans due from customers	8,988	45.59%	13,929	56.34%
Cash and cash equivalents (excl. cash on hand)	5,873	29.79%	5,815	23.52%
Investment securities*	2,582	13.10%	2,747	11.11%
Loan commitments and guarantees (off-balance sheet)	1,390	7.05%	1,644	6.65%
Loans and receivables due from banks and other financial institutions	706	3.58%	466	1.88%
Trade and other receivables and other financial assets**	132	0.67%	112	0.46%
Hedging derivatives	44	0.22%	10	0.04%

*excl. equity securities, positive fair value 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 and specific deposits and receivables totalling EUR 80 million (2020: EUR 77 million), refer to E.9. 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 counterparts 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 uncollectability. The table comprises off-balance sheet items (refer to E.33.1) and financial assets, except for equity securities.

Credit quality and collateral received

The following tables summarise the credit quality of the Group's loan exposure:

In millions of EUR, as at 31 December 2021 (excl. held-for-sale presented in E.30)

Loan exposure	Loans due from customers*	Loans and receivables due from banks and other financial institutions
Gross amount	9,973	706
Stage 1	7,437	706
Stage 2	1,620	-
Stage 3	916	-
POCI	-	-
Loss allowance	(991)	-
Carrying amount	**8,982**	**706**

*excluding cash collateral for derivative instruments of EUR 6 million (applies hereinafter in this section).

In millions of EUR, as at 31 December 2020

Loan exposure	Loans due from customers*	Loans and receivables due from banks and other financial institutions
Gross amount	15,837	466
Stage 1	11,547	466
Stage 2	3,232	-
Stage 3	1,058	-
POCI	-	-
Loss allowance	(1,920)	-
Carrying amount	**13,917**	**466**

*excluding cash collateral for derivative instruments of EUR 9 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 the Group's securities borrowing activity. It does not have any no overdue loans to banks.

All these transactions are conducted at arm's length.

In millions of EUR, as at 31 December 2021 (excl. held-for-sale presented in E.30)

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	382	38	-	-
Deposits with banks	15	-	-	-
Securities received under reverse repo	-	-	474	-
Equity securities	193	-	-	-
Other	97	-	-	-
Total collateral received	**687**	**38**	**474**	**-**

In millions of EUR, as at 31 December 2020

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	1,044	42	-	-
Deposits with banks	14	-	-	-
Securities received under reverse repo	-	-	110	-
Equity securities	202	-	-	-
Other	252	19	-	-
Total	**1,512**	**61**	**110**	**-**

The Group also received collateral for reverse repo operations with central banks as follows:

In millions of EUR (2021: excl. held-for-sale presented in E.30)

Fair value of collateral received for reverse repo operations	31 December 2021	31 December 2020
For receivables from reverse repo operations classified as:		
Cash and cash equivalents	4,868	4,733
Financial assets at FVTPL - trading	427	-
Total	**5,295**	**4,733**

The total value of assets held as collateral is EUR 6,564 million (2020: EUR 6,488 million), refer to E.33.3, and consists of the collateral stated above (2021: EUR 6,494 million, 2020: EUR 6,416 million) plus collateral in the form of guarantees received (2021: EUR 70 million, 2020: EUR 72 million).

No collateral was held for trade and other receivables in 2021 and 2020. 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 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 the 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 the Group's exposure to liquidity risk:

In millions of EUR, as at 31 December 2021 (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	5,941	-	-	-	-	5,941
Investment securities	503	176	266	433	1,249	2,627
Financial assets at FVTPL	468	65	61	90	770	1,454
Financial assets at FVOCI*	24	39	196	332	460	1,051
Financial assets at AC	11	72	9	11	19	122
Loans and receivables due from banks and other financial institutions	645	49	12	-	-	706
Loans due from customers	2,370	3,177	1,843	1,363	235	8,988
Trade and other receivables**	109	27	1	1	-	138
Total financial assets	**9,568**	**3,429**	**2,122**	**1,797**	**1,484**	**18,400**

*excluding 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.9

In millions of EUR, as at 31 December 2021 (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	32	55	72	232	638	1,029
Due to non-banks	6,953	1,310	338	25	-	8,626
Due to banks and other financial institutions	2,024	2,695	998	-	-	5,717
Debt securities issued	101	434	442	90	-	1,067
Subordinated liabilities	2	-	-	-	332	334
Trade and other payables*	313	8	3	7	-	331
Lease liabilities**	7	16	18	27	4	72
Total financial liabilities	**9,432**	**4,518**	**1,871**	**381**	**974**	**17,176**

*excl. tax and other non-financial liabilities
**presented under trade and other payables in the consolidated statement of financial position, refer to E.15

Net liquidity position 2021	**136**	**(1,089)**	**251**	**1,416**	**510**	**1,224**

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

The following tables show the Group's exposure to liquidity risk:

In millions of EUR, as at 31 December 2020

	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	5,951	-	-	-	-	5,951
Investment securities	169	92	145	1,068	1,282	2,756
Financial assets at FVTPL	25	40	58	80	510	713
Financial assets at FVOCI*	143	30	57	506	253	989
Financial assets at AC	1	22	30	482	519	1,054
Loans and receivables due from banks and other financial institutions	401	42	4	12	7	466
Loans due from customers	3,708	4,351	2,985	2,661	224	13,929
Trade and other receivables**	82	26	-	-	22	130
Total financial assets	**10,311**	**4,511**	**3,134**	**3,741**	**1,535**	**23,232**

*excluding 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.9

In millions of EUR, as at 31 December 2020

	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	27	40	22	131	415	635
Due to non-banks	10,347	933	124	236	-	11,640
Due to banks and other financial institutions	2,181	3,445	835	463	-	6,924
Debt securities issued	278	922	320	163	-	1,683
Subordinated liabilities	-	3	-	-	253	256
Trade and other payables*	367	3	1	3	2	376
Lease liabilities**	12	27	23	37	9	108
Total financial liabilities	**13,212**	**5,373**	**1,325**	**1,033**	**679**	**21,622**

*excl. tax and other non-financial liabilities
**presented under trade and other payables in the consolidated statement of financial position, refer to E.15

Net liquidity position 2020	**(2,901)**	**(862)**	**1,809**	**2,708**	**856**	**1,610**

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

The following tables show the residual maturities of balance sheet and off-balance sheet liabilities on an undiscounted cash flow basis.

In millions of EUR, as at 31 December 2021 (excl. held-for-sale)

Undiscounted cash-flow basis	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	6,967	1,351	349	28	-	8,695
Due to banks and other financial institutions	2,103	2,805	1,024	-	-	5,932
Debt securities issued	110	477	475	93	-	1,155
Subordinated liabilities	3	13	16	48	361	441
Trade and other payables*	313	8	3	7	-	331
Lease liabilities**	8	19	21	30	5	83
Loan commitments (off-balance sheet)	396	120	796	28	4	1,344
Payment guarantees provided (off-balance sheet)	3	3	6	1	-	13
Total	**9,903**	**4,796**	**2,690**	**235**	**370**	**17,994**

*excl. tax 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 2020

Undiscounted cash-flow basis	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	10,355	958	131	245	-	11,689
Due to banks and other financial institutions	2,315	3,652	886	481	-	7,334
Debt securities issued	288	995	346	177	-	1,806
Subordinated liabilities	-	11	8	24	271	314
Trade and other payables*	367	3	1	3	2	376
Lease liabilities**	13	30	26	42	11	122
Loan commitments (off-balance sheet)	819	46	625	111	4	1,605
Payment guarantees provided (off-balance sheet)	5	6	5	3	-	19
Total	**14,162**	**5,701**	**2,028**	**1,086**	**288**	**23,265**

*excl. tax and other non-financial liabilities
**presented under trade and other payables in the consolidated statement of financial position

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

In millions of EUR, as at 31 December 2021 (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	(507)	(4,228)	(3,000)	(3,207)	(8,221)	(19,163)
Currency derivatives held for trading	(2,670)	(2,189)	(967)	(197)	-	(6,023)
Hedging derivatives	(1)	(29)	(114)	-	-	(144)
Inflows						
Interest rate derivatives held for trading	508	4,228	3,000	3,206	8,217	19,159
Currency derivatives held for trading	2,667	2,187	968	198	-	6,020
Hedging derivatives	-	29	115	-	-	144
Net position	**(3)**	**(2)**	**2**	**-**	**(4)**	**(7)**

In millions of EUR, as at 31 December 2020

	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	(407)	(3,509)	(1,733)	(3,205)	(6,686)	(15,540)
Currency derivatives held for trading	(2,673)	(896)	(1,221)	(171)	-	(4,961)
Hedging derivatives	(2)	(96)	(3)	(8)	(28)	(137)
Inflows						
Interest rate derivatives held for trading	403	3,510	1,738	3,208	6,684	15,543
Currency derivatives held for trading	2,679	900	1,214	170	-	4,963
Hedging derivatives	1	91	2	9	32	135
Net position	**1**	**-**	**(3)**	**3**	**2**	**3**

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 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.2.1 and E.10) 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 2021 would be approximately EUR 144 million higher/lower (2020: EUR 226 million) and the revaluation reserve in equity would be EUR 21 million higher/ 33 lower (31 December 2020: EUR 19 million higher / 47 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 2021 (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	3.1%	5,941	-	-	-	-	5,941
Investment securities	3.3%	487	523	140	328	519	1,997
Financial assets at FVTPL	2.9%	436	125	-	4	259	824
Financial assets at FVOCI*	3.4%	40	327	130	313	241	1,051
Financial assets at AC	4.7%	11	71	10	11	19	122
Loans and receivables due from banks and other financial institutions	5.7%	657	49	-	-	-	706
Loans due from customers	20.2%	2,848	3,260	1,715	1,027	138	8,988
Trade and other receivables**	0.0%	109	28	-	1	-	138
Total financial assets		**10,042**	**3,860**	**1,855**	**1,356**	**657**	**17,770**

*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.9

In millions of EUR, as at 31 December 2021 (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	1.8%	2	2	21	107	280	412
Due to non-banks	3.1%	6,953	1,310	338	25	-	8,626
Due to banks and other financial institutions	6.9%	2,662	2,630	425	-	-	5,717
Debt securities issued	7.7%	101	434	442	90	-	1,067
Subordinated liabilities	4.5%	93	160	-	-	81	334
Trade and other payables*	0.0%	313	8	3	7	-	331
Lease liabilities**	6.9%	7	16	18	26	5	72
Total financial liabilities		**10,131**	**4,560**	**1,247**	**255**	**366**	**16,559**

*excl. tax and other non-financial liabilities
**presented under trade and other payables in the consolidated statement of financial position, refer to E.15

Effect of interest rate derivatives		**(29)**	**29**	**-**	**-**	**-**	**-**

Net position 2021		**(118)**	**(671)**	**608**	**1,101**	**291**	**1,211**

In millions of EUR, as at 31 December 2020

	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	0.4%	5,951	-	-	-	-	5,951
Investment securities	1.5%	172	855	109	530	823	2,489
Financial assets at FVTPL	0.9%	1	194	40	10	201	446
Financial assets at FVOCI*	2.6%	165	224	36	423	141	989
Financial assets at AC	0.7%	6	437	33	97	481	1,054
Loans and receivables due from banks and other financial institutions	1.0%	401	42	4	12	7	466
Loans due from customers	24.3%	4,125	4,367	2,914	2,451	72	13,929
Trade and other receivables**	0.1%	103	27	-	-	-	130
Total financial assets		**10,752**	**5,291**	**3,027**	**2,993**	**902**	**22,965**

*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.9

In millions of EUR, as at 31 December 2020

	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	1.6%	-	2	-	88	266	356
Due to non-banks	0.9%	10,347	933	124	236	-	11,640
Due to banks and other financial institutions	9.0%	2,947	3,225	752	-	-	6,924
Debt securities issued	9.2%	278	922	320	163	-	1,683
Subordinated liabilities	3.2%	-	163	93	-	-	256
Trade and other payables*	0.0%	367	3	1	3	2	376
Lease liabilities**	5.8%	12	27	23	37	9	108
Total financial liabilities		**13,951**	**5,275**	**1,313**	**527**	**277**	**21,343**

*excl. tax and other non-financial liabilities
**presented under trade and other payables in the consolidated statement of financial position, refer to E.15

Effect of interest rate derivatives		**190**	**230**	**(88)**	**(185)**	**(147)**	**-**
Net position 2020		**(3,009)**	**246**	**1,626**	**2,281**	**478**	**1,622**

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 and Asian countries in which the Group operates. Its exposures are measured mainly in Czech crowns, Chinese yuan, Russian roubles, Vietnamese dong, Indian rupee, Kazakhstani tenge and US dollars. 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. 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 country in other than the local currency is excluded.

In millions of EUR, as at 31 December 2021 (excl. held-for-sale)

	EUR	CZK	CNY	RUB	VND	INR	KZT	USD	Other	Total
Net investment in foreign operations	(334)	660	569	715	185	491	367	5	421	3,079

In millions of EUR, as at 31 December 2020

	EUR	CZK	CNY	RUB	VND	INR	KZT	USD	Other	Total
Net investment in foreign operations	(418)	1,028	926	600	194	524	293	4	458	3,609

The Group's transactional exposures give rise to foreign currency gains and losses that are recognised in the income statement. 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 2021 (excl. held-for-sale)

	EUR	CZK	CNY	RUB	INR	KZT	USD	Other	Total
Financial assets	1,004	5	-	2	11	-	706	99	1,827
Financial liabilities	1,482	-	28	64	-	-	581	39	2,194
Effect of FX derivatives	(98)	-	-	51	(297)	(48)	163	(6)	(235)
Net FX position	**(576)**	**5**	**(28)**	**(11)**	**(286)**	**(48)**	**288**	**54**	**(602)**

In millions of EUR, as at 31 December 2020

	EUR	CZK	CNY	RUB	INR	KZT	USD	Other	Total
Financial assets	1,010	-	3	4	9	-	515	79	1,620
Financial liabilities	1,641	152	-	66	-	-	453	66	2,378
Effect of FX derivatives	418	-	-	62	(351)	(112)	147	(33)	131
Net FX position	**(213)**	**(152)**	**3**	**-**	**(342)**	**(112)**	**209**	**(20)**	**(627)**

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 2021 and 2020 and a simplified scenario of a 5% change in CZK, USD, RUB, KZT and CNY to EUR exchange rates:

In millions of EUR, as at 31 December 2021 (excl. held-for-sale)

	CZK	USD	RUB	KZT	CNY	INR
Effect of 5% currency depreciation against EUR	(33)	(15)	(35)	(16)	(27)	(11)
Effect of 5% currency appreciation against EUR	33	15	35	16	27	11

In millions of EUR, as at 31 December 2020

	CZK	USD	RUB	KZT	CNY	INR
Effect of 5% currency depreciation against EUR	(43)	(10)	(30)	(9)	(46)	(9)
Effect of 5% currency appreciation against EUR	43	10	30	9	46	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 derivative financial instruments are used for this purpose, including interest rate swaps and currency swaps, options, forward contracts, and other 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 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 started to apply hedge accounting to better align the internal risk management for interest rate driven changes in fair value of certain loan portfolios and bonds with external reporting. The hedged portfolios, represented by a part of retail (cash, consumer, revolving, car, and mortgage loans receivables) and corporate loans receivables, and government bonds, are all denominated in CZK. The hedge of the retail loans was a portfolio hedge (terminated during the second half of 2020 as further described below). The hedge of the corporate loans and of the government bonds is either a hedge of a single loan or a single bond issue, or a hedge of a group of loans or bond issues (micro hedge).

The hedged government bonds, corporate loans and the hedged retail loans carry fixed interest rates. The mortgage loans carry fixed interest rates until the next repricing.

For the fair value hedge of the retail loans portfolios (portfolio hedging), the composition of the hedged portfolios was changed monthly. Existing retail loans are repaid, excluded from the hedged portfolio due to default, and newly originated retail loans are added to the portfolio. Additional interest rate swaps may be added to the group of hedging instruments to match the underlying position of the loans.

The common objective of the hedging of both loan portfolios and bonds 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 either cumulatively (was for the terminated retail loans fair value hedge) or in each reporting period (bonds, corporate loans). The hedge effectiveness is measured for each hedge relationship separately with application of the dollar offset method. The hedge ineffectiveness may result from imperfect matching of the hedging instruments with the hedged items (volumes, timing of cash flows).

For the year ending 31 December 2021, all continuing micro fair value hedges were assessed as effective being in the range of 80-125%. A total loss of EUR 3.5 million from the hedge ineffectiveness is presented in the consolidated statement of income under net gains/losses on financial assets/liabilities caption.

During the first half of 2021, the Group decided to terminate several micro hedge relationships, due to a change in the Group's risk management strategy. All discontinued micro fair value hedges were assessed as effective being in the range of 80-125% until the discontinuation date.

Discontinued micro hedge relationships were following:

- Corporate loans with effective date of discontinuance of 31 May 2021 due to repayment. The related cumulative fair value adjustment was released in full in the consolidated statement of income due to its insignificance.
- Government bonds with effective date of discontinuance of April and May 2021, because of a planned termination of the connected hedging instruments (interest rate swaps). The related cumulative fair value hedge adjustment started to be amortised since 1 May 2021 in the consolidated statement of income applying the effective interest rate method.

For the year ending 31 December 2020, all micro fair value hedges were assessed as effective being in the range of 80-125%. A total loss of EUR 1 million from the hedge ineffectiveness is presented in the consolidated statement of income under net gains/losses on financial assets/liabilities caption, where no PL effect relates to the portfolio hedge and a loss of EUR 1 million relates to the micro hedge.

During the second half of 2020, the Group decided to cease all its portfolio hedge relationships, with an effective date of this discontinuance of 1 October 2020. The hedged items in these portfolio hedge relationships were retail loans portfolios. Thus, all portfolio fair value hedges are presented as discontinued in the below tables.

Until the period ending 1 October 2020 (portfolio hedge discontinuation date), all discontinued fair value hedges were assessed as effective being in the range of 80-125%. No PL effect from the related hedge ineffectiveness is presented in profit or loss.

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 2021

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, E.30)	Liabilities (refer to E.10, E.30)		
Interest rate swaps	415*	67	(2)	Investment securities and derivatives/ Assets held for sale (for assets) --- Financial liabilities at FVTPL/Liabilities directly associated with assets held for sale (for liabilities)	(82)

*approx. CZK 10,265 million

In millions of EUR, as at 31 December 2020

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.10)		
Interest rate swaps	609*	10	(21)	Investment securities and derivatives (for assets) / Financial liabilities at FVTPL	(1)

*approx. CZK 15,975 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 2021

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.30)	409	(81)	Assets held for sale	78
Total	**409**	**(81)**		**78**

In millions of EUR, as at 31 December 2020

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
Corporate loans (refer to E.4)	30	-	Loans due from customers (non-retail)	1
Bonds (refer to E.2.2)	1,003	(10)	Investment securities	(1)
Total	**1,033**	**(10)**		**-**

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 2021

	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	-	-	-	4	411	415
Average interest rate	-	-	-	0.6%	4.14%	-

In EUR million, as at 31 December 2020

	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	-	31	-	78	500	609
Average interest rate	-	0.3%	-	1.2%	1.8%	-

The total notional amount of the interest rate swaps used as the hedging instruments for the discontinued fair value micro hedge relationships (discontinued during 2021) amounted to CZK 5,610 million (approx. EUR 226 million) as at the moment of discontinuation. The related changes in fair values used for calculating hedge ineffectiveness during the year 2021 resulted in a loss of EUR 1.5 million. As at 31 December 2021, the unamortised FV hedge adjustment relating to the discontinued fair value hedge relationships amounts to negative EUR 3 million.

C.4.4.2. Portfolio hedge

The total notional amount of the interest rate swaps used as the hedging instruments for the discontinued fair value portfolio hedge relationships (discontinued during 2020) amounted to CZK 21,600 million (approx. EUR 823 million) as at the moment of discontinuation. The related changes in fair values used for calculating hedge ineffectiveness during the year 2020 resulted in a decrease of EUR 21 million.

During the year ended 31 December 2021, the Group decided to fully expense the accumulated FV hedge adjustments totalling EUR 14 million due to their insignificance. These FV hedge adjustments were initially in 2020 intended to be amortised with a 3-year period applying the effective interest rate method.

In millions of EUR, as at 31 December 2020

Fair value hedges - portfolio (disc.) (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
Cash loans (refer to E.4)	-	4	Loans due from customers (retail)	6
Revolving loans (refer to E.4)	-	2	Loans due from customers (retail)	3
Mortgage loans (refer to E.4)	-	7	Loans due from customers (retail)	10
Car loans (E.4)	-	1	Loans due from customers (retail)	2
Total	**-**	**14**		**21**

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 is actively monitoring the situation – there were no instruments linked to major benchmark reference rates which were to cease as at 31 December 2021.

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. 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 non-life insurance business comprises mainly loan and accident insurance. Insurance risk on non-life insurance contracts is divided into price risk and reserve deficiency risk. The Group's portfolio of accident insurance is not subject to catastrophe risk.

Price risk arises due to the fact that insurance premiums may not be sufficient to cover future losses and expenses on insurance contracts. To manage price risk, the Group regularly analyses profitability in the context of insurance products and makes appropriate adjustments in its pricing and underwriting policies.

Reserve deficiency risk arises from uncertainties regarding the future development of loss reserves and takes into account the likelihood that insurance reserves are insufficient to meet the Group's obligations to policyholders. This risk is managed by regularly checking the adequacy of loss reserves and conducting loss analyses of insurance products, including the analysis of the sensitivity of insurance reserves to changes in expected insurance contract loss rates. The Group analyses its assumptions against publicly available market data. The uncertainty associated with the analysis of incurred but not reported (IBNR) provisions is greater than that of the reported but not settled (RBNS) analysis. The identification of claims generated by the Group's insurance portfolio is of a short-term nature. Therefore, most claims are settled within one year of the loss incident. Refer to section E.16 for quantitative information related to insurance provision.

C.6. 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) 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 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.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using valuation techniques.

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.

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 fair values of debt securities, through other comprehensive income, and of foreign currency futures are based on their quoted market price. Other derivative contracts are not exchange traded and their fair value is estimated using an arbitrage pricing model whose key parameters are the relevant foreign exchange rates and interbank interest rates prevailing 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 2021 (excl. held-for-sale)

	Carrying amount	Fair value	Level 1	Level 2	Level 3
Loans and receivables due from banks and other financial institutions	706	707	-	707	-
Loans due from customers	8,988	8,924	-	6	8,918
Financial assets at AC (E.2.2)	122	122	95	3	24
Trade and other receivables*	138	138	-	-	138
Due to non-banks	(8,626)	(8,601)	-	(8,601)	-
Due to banks and other financial institutions	(5,717)	(5,721)	-	(5,721)	-
Debt securities issued	(1,067)	(1,051)	(210)	(397)	(444)
Subordinated liabilities	(334)	(327)	-	-	(327)
Trade and other payables**	(402)	(402)	-	(5)	(397)

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

In millions of EUR, as at 31 December 2020

	Carrying amount	Fair value	Level 1	Level 2	Level 3
Loans and receivables due from banks and other financial institutions	466	466	-	466	-
Loans due from customers	13,929	13,993	-	9	13,984
Financial assets at AC (E.2.2)	1,054	1,053	1,045	-	8
Trade and other receivables*	130	130	-	-	130
Due to non-banks	(11,640)	(11,645)	-	(11,645)	-
Due to banks and other financial institutions	(6,924)	(6,924)	-	(6,924)	-
Debt securities issued	(1,683)	(1,666)	(1,026)	(246)	(394)
Subordinated liabilities	(256)	(248)	-	-	(248)
Trade and other payables**	(484)	(484)	-	-	(484)

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

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 valuation 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 2021 (excl. held-for-sale)

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	387	1,067	-	1,454
Financial assets at FVOCI	934	141	14	1,089
Financial liabilities at FVTPL	(411)	(618)	-	(1,029)
Total	**910**	**590**	**14**	**1,514**

In millions of EUR, as at 31 December 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	444	269	-	713
Financial assets at FVOCI	866	138	14	1,018
Financial liabilities at FVTPL	(356)	(279)	-	(635)
Total	**954**	**128**	**14**	**1,096**

The Group uses the following techniques to determine fair value under Level 2 and Level 3:

Level 2 assets include mainly financial derivatives, corporate bonds and treasury bills. For derivative exposures the fair value is estimated using the present value of the cash flows resulting from the transactions taking into account market inputs like FX spot and forwards rates, benchmark interest rates, swap rates, etc. The fair value of corporate bonds, treasury bills is calculated as the present value of cash flows using the benchmark interest rates.

Level 3 assets include equity instruments not traded on the market where the fair value is calculated using the valuation techniques including expert appraisals.

There were no transfers between Level 1, 2 and 3 in 2021 and in 2020.

Reconciliation of movement of financial assets at FVOCI in Level 3 is presented in the below table:

In millions of EUR

Financial assets at FVOCI	2021	2020
Balance as at 1 January	14	-
Additions	1	11
Transfer to assets held for sale	(1)	-
Revaluation of financial assets at FVOCI	-	3
Balance as at 31 December	**14**	**14**

Level 3 additions in 2020 represent assets in the amount of EUR 11 million which were transferred from Investments in associates as at 31 December 2020.

The fair valuation determination methodology for Level 3 equity instruments is based on discounted cash flows valuation technique. The fair value of equity securities is sensitive to economic developments at the businesses in question.

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 of these outputs are estimated to some degree and significant changes would result in changes of fair value.

C.7. Offsetting financial assets and liabilities

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 similar to those of ISDA master netting agreements.

C.8. 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 of the 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 this is 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 ultimate parent group's consolidation 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.9. Capital management

PPF Group restructured its consumer finance and banking business represented by Home Credit, Air Bank and PPF banka under PPF Financial Holdings B.V., a new holding entity, in 2015. PPF Financial Holdings B.V. was a financial holding company and as such became subject to the consolidated prudential requirements under Regulation (EU) 575/2013 of the European Parliament and of the Council (the "CRR") and Directive 2013/36/EU of the European Parliament and of the Council (the "CRD") as transposed in the Czech Republic. The Czech National Bank acted as the consolidating supervisor of the Group. PPF banka was appointed as the responsible reporting entity for the Group.

Pursuant to the amendments to the CRD (amended by Directive (EU) 2019/878 of the European Parliament and of the Council) and the CRR (amended by Regulation (EU) 2019/876 of the European Parliament and of the Council) as of 20 May 2019, PPF Financial Holdings B.V. was expected to apply for a new special authorisation by the competent authorities in the Czech Republic and, simultaneously, in the Netherlands. To simplify the authorisation process, the shareholders of the company decided to conduct a cross-border conversion (refer to A.1).

After the Conversion, PPF Financial Holdings a.s. was subject to the same capital requirements on its consolidated basis as PPF Financial Holdings B.V. before the Conversion. The Group was required to fulfil the following minimum capital requirements:

- a Tier 1 capital adequacy ratio of at least 6%; and
- a total capital adequacy ratio of at least 8%.

Additionally, the Group was required to maintain a capital conservation buffer amounting to 2.5% of its risk-weighted assets and an institution-specific countercyclical capital buffer 0.14%.

The Group monitored and maintained other regulatory requirements, such as large exposures, liquidity, and leverage ratios.

Based on a decision by the Czech National Bank in 2015, the Group was identified as an Other Systemically Important Institution ("O-SII"). This classification has since been confirmed every year. No additional capital requirement was imposed due to this classification.

However, the Czech Republic did not transpose the CRD to the Czech legislation in time as required by the EU law. Therefore, the capital requirements imposed by the CRR ceased to be effective for the Group as of 28 June 2021. For the same reason, the designation of PPF Financial Holdings a.s. as an O-SII was revoked by the Czech National Bank on 28 June 2021. Authorisation process for financial holdings became effective in the Czech Republic only in October 2021. PPF Financial Holdings submitted its formal application to the Czech National Bank in November 2021. As at 31 December 2021 the application was still pending (it was approved in March 2022). However, throughout the reporting period, the Group maintained all capital requirements and reported them to the Czech National Bank as if effective for the Group.

Some of the Group'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 Group'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 Group 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 Group's regulatory capital:

In millions of EUR, as at 31 December

	2021	2020
Issued capital	0.00	0.05
Share premium	2,324	2,324
Retained earnings and other reserves	313	579
Full year profit/(loss) included into capital	(258)	(493)
Minority interests on CET 1	13	9
Adjustment to CET 1 due to IFRS 9	180	603
(-) Additional valuation adjustment	(4)	(2)
(-) Intangible assets	(237)	(203)
(-) Deferred tax assets (deductible part)	(605)	(174)
(-) Investments in financial sector	(20)	-
Total Tier 1 capital	**1,708**	**2,642**
Total Tier 2 capital	**404**	**347**
Total capital	**2,112**	**2,989**
Total capital adequacy ratio	**11.52%**	**14.94%**

D. Segment reporting

The Group recognises reportable segments that are defined in sector terms. These segments offer different products and services and are managed separately because they operate in completely distinct business sectors. The Group's board of directors and shareholders (the chief operating decision maker) review the internal management reports of individual segments on a regular basis.

The following summary describes the operations and geographic focus of three reportable segments.

Reportable segment	Business name/brand	Operations	Geographic focus
Consumer lending	Home Credit	Lending to private individual customers, deposit-taking	Czech Republic (disc.)**, Slovakia (disc.)**, Russia, Asia
	Air Bank* and its subsidiaries	Deposits, loans and other transactions and balances with retail customers	Czech Republic (disc.)**, Slovakia (disc.)**
Corporate banking	PPF banka and its subsidiaries	Loans, deposits and other transactions and balances with corporate customers, trading activities	Czech Republic
	ClearBank _(associate)_	Clearing and settlement services	United Kingdom
Retail banking	Mobi Banka	Deposits, loans and other transactions and balances with retail customers	Serbia

*part of Home Credit Group
**CEE region comprising Home Credit a.s., Home Credit Slovakia, a.s., Air Bank a.s. and its subsidiaries is presented as discontiuned operation (refer to B.2.1).

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 Group also presents additional information for revenue and net interest income based on the division of the countries into four geographic clusters: China, the Commonwealth of Independent States, South East Asia, Central and Eastern Europe. The Home Credit Group operates in the following principal geographical areas: China, the Russian Federation, Kazakhstan, Vietnam, India, Indonesia, the Philippines, the Czech Republic, and Slovakia. The Russian and Kazakh Home Credit businesses and Air Bank operate under banking licences allowing for the collection of deposits.

Mobi Banka (formerly Telenor Banka) constitutes a separate segment as it is not related to the Home Credit business.

As an associate with insignificant value, ClearBank is included in an unallocated segment.

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

Total segment revenue contains the continuing operations that may be reconciled to the consolidated statement of income and discontinued operations (refer to B.2.1 and E.30). The main categories are presented in the below table:

In millions of EUR, for the year ended 31 December 2021

	Continuing	Discontinued	Total
Interest income	2,527	206	2,733
Fee and commission income	385	45	430
Net earned premiums	20	-	20
Total revenue from external customers	**2,932**	**251**	**3,183**

In millions of EUR, for the year ended 31 December 2020

	Continuing	Discontinued	Total
Interest income	4,145	202	4,347
Fee and commission income	412	35	447
Net earned premiums	18	-	18
Total revenue from external customers	**4,575**	**237**	**4,812**

The Group also presents additional financial information for revenue including fee income and net interest income in the segment reporting.

The following table shows the main items from the financial statements broken down according to reportable segments for 2021 and 2020:

In millions of EUR

2021	Consumer lending						Corporate banking	Retail banking	Unallocated	Eliminations	**Consolidated**
		China	CIS*	SEA	CEE (disc.)**	Other					
Revenue from customers	3,018	1,148	792	827	251	-	137	20	8	-	3,183
Inter-segment revenue	-	-	-	-	-	-	40	-	24	(64)	-
Total revenue	**3,018**	**1,148**	**792**	**827**	**251**	**-**	**177**	**20**	**32**	**(64)**	**3,183**
Net interest income from external customers	1,878	707	449	558	195	(31)	78	10	(2)	-	1,964
Inter-segment net interest income	(66)	(1)	(1)	(29)	(4)	(31)	40	(1)	24	3	-
Total net interest income	**1,812**	**706**	**448**	**529**	**191**	**(62)**	**118**	**9**	**22**	**3**	**1,964**
Total fee and commission income	**399**	**6**	**166**	**182**	**45**	**-**	**23**	**9**	**-**	**(1)**	**430**
Insurance commissions	213	7	75	122	9	-	-	-	-	-	213
Customer payment processing and account maintenance	42	-	17	5	20	-	4	8	-	-	54
Cash transactions	41	-	31	-	10	-	-	1	-	-	42
Penalty fees	34	(12)	18	24	4	-	1	-	-	-	35
Commission income from partners	25	4	-	21	-	-	-	-	-	-	25
Retailers' commissions	14	-	14	-	-	-	-	-	-	-	14
Other	30	7	11	10	2	-	18	-	-	(1)	47
Income tax expense	24						(18)	-	2	-	8
Net loss for the period	**(309)**						**67**	**(4)**	**(14)**	**2**	**(258)**
Capital expenditure	(65)						(4)	(1)	-	-	(70)
Depreciation and amortisation	(199)						(4)	(2)	-	-	(205)
Other significant non-cash expenses	(1,191)						-	(1)	(2)	-	(1,194)
Segment assets	16,262						9,518	208	549	(1,083)	25,454
Segment liabilities	14,446						8,836	178	367	(1,085)	22,742
Segment equity	**1,816**						**682**	**30**	**182**	**2**	**2,712**

*CIS – Commonwealth of Independent States, SEA – South East Asia, CEE – Central and Eastern Europe
**CEE region (refer to the above paragraphs in this section) is classified as held for sale and related operations are classified as discontinued as at 31 December 2021, segment reporting is presented as if there were no discontinued operations Results from discontinued operations presented in separate note E.30.

In millions of EUR

2020	Consumer lending						Corporate banking	Retail banking	Unallocated	Eliminations	**Consolidated**
		China	CIS*	SEA	CEE (disc.)**	Other					
Revenue from customers	4,646	2,654	764	984	236	8	142	15	9	-	4,812
Inter-segment revenue	-	-	-	-	-	-	54	-	14	(68)	-
Total revenue	**4,646**	**2,654**	**764**	**984**	**236**	**8**	**196**	**15**	**23**	**(68)**	**4,812**
Net interest income from external customers	2,947	1,682	448	672	184	(39)	78	6	-	-	3,031
Inter-segment net interest income	(63)	-	(2)	(39)	(1)	(21)	53	(1)	14	(3)	-
Total net interest income	**2,884**	**1,682**	**446**	**633**	**183**	**(60)**	**131**	**5**	**14**	**(3)**	**3,031**
Total fee and commission income	**420**	**78**	**119**	**185**	**35**	**3**	**20**	**8**	**-**	**(1)**	**447**
Insurance commissions	206	51	44	105	6	-	-	-	-	-	206
Penalty fees	64	15	17	27	4	1	1	-	-	-	65
Commission income from partners	55	11	-	44	-	-	-	-	-	-	55
Customer payment processing and account maintenance	42	-	21	2	19	-	4	7	-	-	53
Cash transactions	32	-	26	-	6	-	-	1	-	-	33
Retailers' commissions	4	-	3	-	-	1	-	-	-	-	4
Other	17	1	8	7	-	1	15	-	-	(1)	31
Income tax expense	133						(14)	-	3	-	122
Net profit for the period	**(579)**						**37**	**(5)**	**(3)**	**(5)**	**(555)**
Capital expenditure	(119)						(3)	-	-	-	(122)
Depreciation and amortisation	(194)						(3)	(2)	-	-	(199)
Other significant non-cash expenses	(2,362)						(54)	(1)	(1)	-	(2,418)
Segment assets (incl. equity accounted investees)	18,526						6,474	205	517	(962)	24,760
Segment liabilities	16,585						5,868	169	246	(960)	21,908
Segment equity	**1,941**						**606**	**36**	**271**	**(2)**	**2,852**

*CIS – Commonwealth of Independent States, SEA – South East Asia, CEE – Central and Eastern Europe
**CEE region (refer to the above paragraphs in this section) is classified as held for sale and related operations are classified as discontinued as at 31 December 2021. Results from discontinued operations presented in separate note E.30

E. 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 2021	31 December 2020
Cash on hand	68	136
Current accounts	569	637
Balances with central banks	272	253
Placements with financial institutions due within one month	77	107
Reverse repo operations with central banks	4,955	4,818
Total cash and cash equivalents	**5,941**	**5,951**

As at 31 December 2021, cash and cash equivalents amounting to EUR 95 million (2020: EUR 265 million) are restricted by borrowing agreements contracted by Chinese Home Credit and Benxy (where for Benxy only 2020 applies, no restrictions in 2021) with the creditors either to the disbursement of loans to retail clients or the repayment of loans received from the creditors. If cash is used to provide loans to retail clients, the loans are pledged as collateral. Thus, the restriction on cash effectively increases the security of the creditors.

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 2021	31 December 2020
Financial assets at FVTPL*	1,454	713
Financial assets at AC**	122	1,044
Amortised cost	122	1,054
FV hedge adjustment**	-	(10)
Financial assets at FVOCI	1,089	1,018
Total investment securities and derivatives	**2,665**	**2,775**

*incl. derivatives
**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 2021	31 December 2020
Government and other public-sector bonds*	384	443
Corporate bonds*	3	3
Reverse repo operations*	435	-
Other	1	-
Positive fair values of trading derivatives (refer to E.10)	587	257
Interest rate derivatives	525	183
Currency derivatives	62	74
Positive fair values of hedging derivatives	44	10
Total financial assets at FVTPL	**1,454**	**713**

*held for trading

During the first half of 2021, the Group enriched its trading portfolio for reverse repo operations.

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 2021

	Gross amount	Amortised cost
Government bonds	93	93
Corporate bonds	29	29
Total financial assets at AC	**122**	**122**

In millions of EUR, as at 31 December 2020

	Gross amount	Amortised cost
Government bonds	1,038	1,038
Corporate bonds	16	16
Total financial assets at AC	**1,054**	**1,054**

Credit quality analysis

No loss allowances on financial assets at AC were recognised during the years ended 31 December 2021 and 2020.

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 otherwise stated. Details of the Group's internal grading system are set out in Note F.1.7. ECL allowances for financial assets at AC as investment securities are calculated on an individual basis.

In millions of EUR, as at 31 December 2021

	Stage 1	Stage 2	Stage 3	POCI	Total
Very low risk	24	-	-	-	24
Low risk	81	-	-	-	81
Medium risk	17	-	-	-	17
High risk	-	-	-	-	-
Default	-	-	-	-	-
Gross amount	**122**	-	-	-	**122**
Loss allowance	-	-	-	-	-
Total carrying amount	**122**	-	-	-	**122**

In millions of EUR, as at 31 December 2020

	Stage 1	Stage 2	Stage 3	POCI	Total
Very low risk	1,038	-	-	-	1,038
Low risk	16	-	-	-	16
Medium risk	-	-	-	-	-
High risk	-	-	-	-	-
Default	-	-	-	-	-
Gross amount	**1,054**	**-**	**-**	**-**	**1,054**
Loss allowance	-	-	-	-	-
Total carrying amount	**1,054**	**-**	**-**	**-**	**1,054**

E.2.3. Financial assets at FVOCI

Financial assets at FVOCI comprise the following:

In millions of EUR

	31 December 2021	31 December 2020
Debt securities	1,051	989
Government bonds	663	651
Corporate bonds	388	338
Equity securities – shares	38	29
Total financial assets at FVOCI	**1,089**	**1,018**

Credit quality analysis

The following table shows the fair value of the Group's debt securities 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.1.7. ECL allowances for debt securities at FVOCI are calculated on an individual basis.

In millions of EUR, as at 31 December 2021

Debt securities at FVOCI	Stage 1	Stage 2	Stage 3	POCI	Total
Very low risk	566	-	-	-	566
Low risk	197	-	-	-	197
Medium risk	255	33	-	-	288
High risk	-	-	-	-	-
Default	-	-	-	-	-
Total carrying amount (fair value)	**1,018**	**33**	**-**	**-**	**1,051**

In millions of EUR, as at 31 December 2020

Debt securities at FVOCI	Stage 1	Stage 2	Stage 3	POCI	Total
Very low risk	515	-	-	-	515
Low risk	67	-	-	-	67
Medium risk	343	64	-	-	407
High risk	-	-	-	-	-
Default	-	-	-	-	-
Total carrying amount (fair value)	**925**	**64**	**-**	**-**	**989**

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

In millions of EUR, for the year ended 31 December 2021

Loss allowance – debt securities at FVOCI*	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance as at 1 January	**(5)**	**(3)**	**-**	**-**	**(8)**
Change in loss allowances	-	1	-	-	1
Transfer from other stages/(to) Stage 1	-	1	-	-	1
New originated or purchased	(1)	-	-	-	(1)
Change in PD/EAD/LGD, unwind of discount	2	-	-	-	2
Effect of movements in exchange rates	1	1	-	-	2
Net change during the period	**2**	**2**	**-**	**-**	**4**
Loss allowance as at 31 December	**(3)**	**(1)**	**-**	**-**	**(4)**

*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 2020

Loss allowance – debt securities at FVOCI*	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance as at 1 January	**(2)**	**(1)**	**-**	**-**	**(3)**
Change in loss allowances	-	(2)	-	-	(2)
Transfer from other stages/(to) Stage 2	-	(2)	-	-	(2)
New originated or purchased	(1)	-	-	-	(1)
Change in PD/EAD/LGD, unwind of discount	(2)	-	-	-	(2)
Net change during the period	**(3)**	**(2)**	**-**	**-**	**(5)**
Loss allowance as at 31 December	**(5)**	**(3)**	**-**	**-**	**(8)**

*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 2021	31 December 2020
Gross amount	706	466
Loss allowance	-	-
Total carrying amount	**706**	**466**
Term deposits at banks	24	41
Minimum reserve deposits with central banks	67	223
Loans to banks	27	39
Loans and advances provided under repos	448	104
Cash collateral for derivative instruments	140	59

The minimum reserve deposits are mandatory non-interest-bearing deposits with restricted withdrawals, maintained in accordance with regulations issued by the central banks of the countries in which the Group's banking entities operate.

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.1.7. ECL allowances for loans to banks and other financial institutions are calculated on an individual basis.

In millions of EUR, as at 31 December

					2021	2020
Loans to banks and other financial institutions	Stage 1	Stage 2	Stage 3	POCI	Total	Total
Very low risk	82	-	-	-	82	231
Low risk	576	-	-	-	576	189
Medium risk	48	-	-	-	48	46
High risk	-	-	-	-	-	-
Default	-	-	-	-	-	-
Gross amount	**706**	**-**	**-**	**-**	**706**	**466**
Loss allowance	-	-	-	-	-	-
Total carrying amount	**706**	**-**	**-**	**-**	**706**	**466**

There were no significant movements in the corresponding ECL allowances during the year ended 31 December 2021 and 31 December 2020.

E.4. Loans due from customers

Loans due from customers comprise the following:

In millions of EUR

	31 December 2021	31 December 2020
Cash loans	5,511	8,930
Amortised cost	5,511	8,926
FV hedge adjustment*	-	4
Consumer loans	1,492	2,467
Revolving loans	561	901
Amortised cost	561	899
FV hedge adjustment*	-	2
Car loans	-	157
Amortised cost	-	156
FV hedge adjustment*	-	1
Mortgage loans	5	290
Amortised cost	5	283
FV hedge adjustment*	-	7
Loans due from customers – retail (carrying amounts)	**7,569**	**12,745**
Loans to corporations	1,414	1,186
Other	5	12
Loans due from customers – non-retail (carrying amounts)	**1,419**	**1,198**
Total loans due from customers (carrying amounts)	**8,988**	**13,943**

*refer to C.4.4

E.4.1.1. Loans due from customers - retail

Loans due from customers – retail (excl. FV hedge adjustments – refer to the above table) comprise the following:

In millions of EUR, as at 31 December 2021

	Cash loans	Consumer loans	Revolving loans	Other*	Total
Gross amount	**6,324**	**1,587**	**590**	**5**	**8,506**
Stage 1	4,566	1,301	445	5	6,317
Stage 2	1,082	166	112	-	1,360
Stage 3	676	120	33	-	829
POCI	-	-	-	-	-
Loss allowance	**(813)**	**(95)**	**(29)**	**-**	**(937)**
Stage 1	(202)	(32)	(9)	-	(243)
Stage 2	(317)	(25)	(9)	-	(351)
Stage 3	(294)	(38)	(11)	-	(343)
POCI	-	-	-	-	-
Total carrying amount	**5,511**	**1,492**	**561**	**5**	**7,569**

*incl. mortgage loans

In millions of EUR, as at 31 December 2020

	Cash loans	Consumer loans	Revolving loans	Other*	Total
Gross amount	**10,458**	**2,671**	**970**	**463**	**14,562**
Stage 1	7,267	2,127	736	406	10,536
Stage 2	2,549	345	170	36	3,100
Stage 3	642	199	64	21	926
POCI	-	-	-	-	-
Loss allowance	**(1,532)**	**(204)**	**(71)**	**(24)**	**(1,831)**
Stage 1	(273)	(55)	(17)	(1)	(346)
Stage 2	(993)	(69)	(12)	(3)	(1,077)
Stage 3	(266)	(80)	(42)	(20)	(408)
POCI	-	-	-	-	-
Total carrying amount	**8,926**	**2,467**	**899**	**439**	**12,731**

*incl. mortgage loans and car loans.

Credit quality analysis

The Group's maximum exposure to credit risk and the year-end stage classification are shown in the above table. The Group does not apply its internal credit rating system for retail portfolios, as other more appropriate measures are applied. Details of these measures are set out in Note F.1.7. ECL allowances for retail loans to customers (consumer lending) are calculated on a collective basis.

An analysis of the changes in the corresponding ECL allowances in relation to loans to customers – retail is, as follows:

In millions of EUR, for the year ended 31 December 2021

Loss allowance – Loans to customers – retail*	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance as at 1 January	**(346)**	**(1,077)**	**(408)**	**-**	**(1,831)**
Changes in the loss allowance	63	(5)	(308)	-	(250)
Transfer from other stages/(to) Stage 1	(8)	17	1	-	10
Transfer from other stages/(to) Stage 2	41	(147)	3	-	(103)
Transfer from other stages/(to) Stage 3	30	125	(312)	-	(157)
New originated or purchased	(98)	(50)	(55)	-	(203)
Change in PD/EAD/LGD, unwind of discount	(330)	(626)	(532)	-	(1,488)
Financial assets fully repaid**	147	262	76	-	485
Write-offs	333	1,201	773	-	2,307
Transfer to assets held for sale	14	14	142	-	170
Effect of movements in exchange rates	(26)	(70)	(31)	-	(127)
Net change during the period	**103**	**726**	**65**	**-**	**894**
Loss allowance as at 31 December	**(243)**	**(351)**	**(343)**	**-**	**(937)**

*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 2020

Loss allowance – Loans to customers – retail*	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance as at 1 January	**(578)**	**(427)**	**(577)**	**-**	**(1,582)**
Changes in the loss allowance	151	(719)	(347)	-	(915)
Transfer from other stages/(to) Stage 1	(7)	18	-	-	11
Transfer from other stages/(to) Stage 2	139	(864)	3	-	(722)
Transfer from other stages/(to) Stage 3	19	127	(350)	-	(204)
New originated or purchased	(118)	(86)	(59)	-	(263)
Change in PD/EAD/LGD, unwind of discount	(520)	(455)	(723)	-	(1,698)
Modification of contractual cash flows of financial assets	(1)	-	-	-	(1)
Financial assets fully repaid**	173	95	67	-	335
Write-offs	521	480	1,206	-	2,207
Effect of movements in exchange rates	26	35	25	-	86
Net change during the period	**232**	**(650)**	**169**	**-**	**(249)**
Loss allowance as at 31 December	**(346)**	**(1,077)**	**(408)**	**-**	**(1,831)**

*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 – non-retail

Loans to corporations comprise the following:

In millions of EUR

	31 December 2021	31 December 2020
Gross amount	1,468	1,275
Loss allowance	(54)	(89)
Total carrying amount*	**1,414**	**1,186**

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

Credit quality analysis

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 of impairment allowances. Details of the Group's internal grading system are set out in Note F.1.7. ECL allowances for non-retail loans to corporations, are calculated on an individual basis.

In millions of EUR, as at 31 December 2021

Loans to customers – non-retail (corporations)	Stage 1	Stage 2	Stage 3	POCI	2021 Total	2020 Total
Very low risk	1	-	-	-	1	177
Low risk	33	-	-	-	33	7
Medium risk	1,076	202	-	-	1,278	892
High risk	11	58	-	-	69	67
Default	-	-	87	-	87	132
Total gross amount	**1,121**	**260**	**87**	**-**	**1,468**	**1,275**
Loss allowance	(6)	(10)	(38)	-	(54)	(89)
Carrying amount	**1,115**	**250**	**49**	**-**	**1,414**	**1,186**

An analysis of the changes in the corresponding ECL allowances in relation to loans to non-retail customers is as follows:

In millions of EUR, for the year ended 31 December 2021

Loss allowance - Loans to customers - non-retail (corporations)*	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance as at 1 January	(11)	(5)	(73)	-	(89)
Change in loss allowance	4	(6)	-	-	(2)
Transfer from other stages/(to) Stage 2	4	(6)	-	-	(2)
New originated or purchased	(8)	-	-	-	(8)
Change in PD/EAD/LGD, unwind of discount	8	(1)	-	-	7
Financial assets fully repaid**	1	(1)	2	-	2
Financial assets derecognised due to sale	-	-	31	-	31
Write-offs	-	-	4	-	4
Transfer to assets held for sale	-	3	-	-	3
Effect of movements in exchange rates	-	-	(2)	-	(2)
Net change during the period	**5**	**(5)**	**35**	**-**	**35**
Loss allowance as at 31 December	**(6)**	**(10)**	**(38)**	**-**	**(54)**

*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 2020

Loss allowance - Loans to customers - non-retail (corporations)*	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance as at 1 January	(6)	(1)	(49)	-	(56)
Change in loss allowance	2	(3)	(31)	-	(32)
Transfer from other stages/(to) Stage 2	2	(3)	-	-	(1)
Transfer from other stages/(to) Stage 3	-	-	(31)	-	(31)
New originated or purchased	(6)	-	-	-	(6)
Change in PD/EAD/LGD, unwind of discount	(3)	(2)	(17)	-	(22)
Financial assets fully repaid**	2	1	1	-	4
Write-offs	-	-	18	-	18
Effect of movements in exchange rates	-	-	5	-	5
Net change during the period	**(5)**	**(4)**	**(24)**	**-**	**(33)**
Loss allowance as at 31 December	**(11)**	**(5)**	**(73)**	**-**	**(89)**

*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

Trade and other receivables comprise the following:

In millions of EUR

	31 December 2021	31 December 2020
Trade receivables	45	52
Accrued income	9	6
Individual loss allowance	(3)	(2)
Total trade and other receivables	**51**	**56**

E.6. Equity-accounted investees

The following table shows a breakdown of individual equity-accounted investees:

In millions of EUR

	31 December 2021	31 December 2020
ClearBank Ltd.	40	28
Other	11	4
Total equity-accounted investees	**51**	**32**

Other equity-accounted investees comprise several start-ups dealing with business related to consumer finance.

The following table shows the breakdown of the share of losses of equity-accounted investees, net of tax:

In millions of EUR, for the year ended 31 December

	2021	2020
ClearBank Ltd.	(25)	(15)
Other	6	6
Total share of losses in equity-accounted investees	**(19)**	**(9)**

ClearBank Ltd. (associate)

ClearBank is a UK bank that since 2017 has been providing clearing and settlement services. The following table shows the bank's performance:

In millions of EUR

	31 December 2021	31 December 2020
Non-current assets	33	28
Current assets	3,265	1,143
Current liabilities	(3,214)	(1,106)
Net assets (100%)	84	65
Group's share of net assets (44.78%; 2020: 40.61%)	38	26
Goodwill included in carrying amount	2	2
Carrying amount of investment in the associate	**40**	**28**
	2021	2020
Total net loss for the period (100%)	(34)	(33)
Group's share on the net loss (44.78%; 2020: 40.61%)	(15)	(13)
Dilution loss	(10)	(2)
Total share on loss (44.78%; 2020: 40.61%)	**(25)**	**(15)**

E.7. Property, plant and equipment

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

In millions of EUR, for the year ended 31 December 2021

	Buildings	Other tangible assets and equipment	Construction in progress	Total
Cost	74	299	-	373
Accumulated depreciation and impairment	(28)	(222)	-	(250)
Carrying amount as at 1 January 2021	**46**	**77**	**-**	**123**
Additions	-	18	2	20
Disposals	-	(4)	-	(4)
Transfer	-	1	(1)	-
Depreciation charge (incl. discontinued operations)	(3)	(41)	-	(44)
Transfer to assets held for sale	(3)	(4)	-	(7)
Effects of movements in exchange rates	3	4	-	7
Carrying amount as at 31 December 2021	**43**	**51**	**1**	**95**
Cost	68	270	1	339
Accumulated depreciation and impairment	(25)	(219)	-	(244)

The roll-forward of right-of-use assets with total carrying amount of EUR 68 million as at 31 December 2021 (2020: EUR 106 million) is disclosed in Note E.21.1.

In millions of EUR, for the year ended 31 December 2020

	Buildings	Other tangible assets and equipment	Total
Cost	93	340	433
Accumulated depreciation and impairment	(33)	(225)	(258)
Carrying amount as at 1 January 2020	**60**	**115**	**175**
Additions	-	24	24
Disposals	(1)	(2)	(3)
Depreciation charge (incl. discontinued operations)	(3)	(51)	(54)
Effects of movements in exchange rates	(10)	(9)	(19)
Carrying amount as at 31 December 2020	**46**	**77**	**123**
Cost	74	299	373
Accumulated depreciation and impairment	(28)	(222)	(250)

E.8. Intangible assets (incl. goodwill)

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

In millions of EUR, for the year ended 31 December 2021

	Goodwill	Software	Other intangible assets	Work in progress	Total
Cost	3	746	66	35	850
Accumulated amortisation and impairment losses	-	(435)	(7)	(5)	(447)
Carrying amount as at 1 January 2021	**3**	**311**	**59**	**30**	**403**
Additions	-	22	12	16	50
Additions from internal development	-	52	-	11	63
Disposal	-	(2)	(1)	(2)	(5)
Transfer to assets held for sale	-	(60)	-	-	(60)
Other changes	-	27	5	(32)	-
Amortisation charge (incl. discontinued operations)	-	(112)	(11)	-	(123)
Impairment reversal	-	3	-	-	3
Effects of movements in exchange rates	-	19	11	2	32
Carrying amount as at 31 December 2021	**3**	**260**	**75**	**25**	**363**
Cost	3	750	89	30	872
Accumulated amortisation and impairment losses	-	(490)	(14)	(5)	(509)

In millions of EUR, for the year ended 31 December 2020

	Goodwill	Software	Other intangible assets	Work in progress	Total
Cost	3	746	50	12	791
Accumulated depreciation and impairment losses	-	(391)	(11)	-	(402)
Carrying amount as at 1 January 2020	**3**	**335**	**39**	**12**	**389**
Additions	-	68	25	5	98
Additions from internal development	-	35	-	23	58
Disposal	-	(14)	-	-	(14)
Other changes	-	6	-	(6)	-
Amortisation charge (incl. discontinued operations)	-	(95)	(4)	-	(99)
Impairment charge		(5)	-	(5)	(10)
Effects of movements in exchange rates	-	(19)	(1)	1	(19)
Carrying amount as at 31 December 2020	**3**	**311**	**59**	**30**	**403**
Cost	3	746	66	35	850
Accumulated amortisation and impairment losses	-	(435)	(7)	(5)	(447)

E.9. Other assets

Other assets comprise the following:

In millions of EUR

	31 December 2021	31 December 2020
Specific deposits and other specific receivables	43	20
Other settlement accounts	6	60
Cash collateral for payment cards	37	57
Prepaid expenses and advances	29	74
Other	27	26
Other taxes receivable	11	8
Inventories	2	3
Total other assets	**155**	**248**

E.10. 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 2021	31 December 2020
Negative fair values of trading derivatives	613	250
Interest rate derivatives	531	182
Currency derivatives	82	68
Liabilities from short sales of securities	411	356
Negative fair values of hedging derivatives	4	29
Other	1	-
Total financial liabilities at FVTPL	**1,029**	**635**

Details of derivatives are provided in the following tables:

In millions of EUR, as at 31 December 2021

Interest rate derivatives	Notional amount	Positive fair values	Negative fair values
OTC products:			
Forward rate agreements	3,612	-	(8)
Interest rate swaps	13,514	525	(523)
Exchange-traded products:			
Interest rate futures	85	-	-
Total	**17,211**	**525**	**(531)**
Currency derivatives			
OTC products:			
Forward exchange contracts	1,145	8	(32)
Currency swap contracts	3,417	46	(42)
Foreign exchange options (purchase)	279	8	-
Foreign exchange options (sale)	283	-	(8)
Total	**5,124**	**62**	**(82)**
Hedging derivatives			
OTC products:			
Currency swap contracts	144	-	(1)
Interest rate swap contracts	304	44	(3)
Total	**448**	**44**	**(4)**

In millions of EUR, as at 31 December 2020

Interest rate derivatives	Notional amount	Positive fair values	Negative fair values
OTC products:			
Forward rate agreements	1,132	-	(1)
Interest rate swaps	10,460	183	(181)
Exchange-traded products:			
Interest rate futures	15	-	-
Total	**11,607**	**183**	**(182)**
Currency derivatives			
OTC products:			
Forward exchange contracts	802	11	(11)
Currency swap contracts	4,957	58	(52)
Foreign exchange options (purchase)	394	5	-
Foreign exchange options (sale)	394	-	(5)
Total	**6,547**	**74**	**(68)**
Hedging derivatives			
OTC products:			
Forward exchange contracts	24	-	(6)
Currency swap contracts	62	-	(2)
Interest rate swap contracts	609	10	(21)
Total	**695**	**10**	**(29)**

E.11. Liabilities due to non-banks

Liabilities to non-banks comprise the following:

In millions of EUR

	31 December 2021	31 December 2020
Current accounts and demand deposits	3,357	8,471
Term deposits	3,167	2,032
Loans received under repo operations	2,065	1,111
Loans	28	5
Collateral deposits for derivatives	8	19
Other	1	2
Total liabilities to non-banks	**8,626**	**11,640**

The table shows the liabilities owed to corporate and individual clients of the Group, the bulk of which relates to the banking business of PPF banka, Home Credit and Finance Bank and Air Bank (for Air Bank only 2020 applies, for 2021 classified as held-for-sale, refer to E.30).

E.12. Liabilities due to banks and other financial institutions

Liabilities to banks and other financial institutions comprise the following:

In millions of EUR

	31 December 2021	31 December 2020
Secured loans (other than repos)	2,818	4,944
Loans received under repo operations	1,540	-
Unsecured loans	1,234	1,911
Repayable on demand	-	5
Collateral deposits for derivatives	107	42
Other	18	22
Total liabilities to banks	**5,717**	**6,924**

As at 31 December 2021 and 2020, the Group was in compliance with the financial covenants imposed by its loan facilities.

E.13. Debt securities issued

The maturities of the debt securities are as follows:

In millions of EUR

	31 December 2021	31 December 2020
Fixed rate debt securities		
Within 1 year	401	1,094
1-2 years	309	224
2-3 years	143	124
3-4 years	7	79
4-5 years	92	-
Variable rate debt securities		
Within 1 year	88	75
1-2 years	27	65
2-3 years	-	22
Total debt securities issued	**1,067**	**1,683**

As at 31 December 2021, debt securities issued of EUR 11 million (2020: EUR 511 million) were secured, of which EUR 9 million (2020: EUR 82 million) by cash loan receivables, EUR 1 million (2020: EUR 261 million) by consumer loan receivables, and EUR 1 million (2020: EUR 168 million) by cash and cash equivalents.

E.14. Subordinated liabilities

Subordinated liabilities comprise the following:

In millions of EUR

	Interest rate	Maturity	31 December 2021	31 December 2020
Bond issue of CZK 4,000 million	Variable	2027	161	151
Bond issue of EUR 92 million	Variable	2028	92	93
Bond issue of EUR 80 million	Fixed	2031	81	-
Bond issue of CZK 253 million*	Variable	2029	-	10
Loan of USD 7 million**	Variable	2023	-	2
Total subordinated liabilities			**334**	**256**

*Subordinated bonds issue amounting to EUR 11 million as at 31 December 2021 has been transferred to and is presented under liabilities directly associated with assets held for sale (refer to E.30).
**Subordinated loan to Sprint eBusiness was repaid prematurely during the year 2021.

The bond issue of CZK 4,000 million was issued in December 2017. The interest rate was determined as a fixed rate for the first two years and subsequently, in 2020 in accordance with the contractual terms, it was changed to a floating rate (variable). The Group has an early redemption option exercisable on or after 18 December 2022.

The bond issue of EUR 92 million was issued in September 2018. The bonds bear a variable coupon rate of 6M EURIBOR + 2.95 p.a., but until September 2021 they bore a fixed coupon rate of 3.6% p.a. Their final maturity is in September 2028. The Group has an early redemption option exercisable in September 2023.

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 Company has an early redemption option exercisable in July 2026.

E.15. Trade and other payables

Trade and other payables comprise the following:

In millions of EUR

	31 December 2021	31 December 2020
Settlements with suppliers	114	123
Wages and salaries	93	85
Social security and health insurance	10	11
Other taxes payable	24	38
Accrued expenses	56	70
Customer loan overpayments	111	189
Lease liabilities	72	108
Financial settlement and other similar accounts	14	9
Deferred income	9	3
Other liabilities	48	66
Total trade and other payables	**551**	**702**

E.16. Insurance and other provisions

Provisions comprise the following:

In millions of EUR, as at 31 December

	31 December 2021	31 December 2020
Provisions for unearned premiums	30	27
Provisions for outstanding claims	1	1
Provisions for insurance commissions return	11	5
Provisions for expected credit losses from loan commitments and financial guarantees	3	4
Provision for litigation except for tax-related litigation	6	5
Other provisions	3	3
Total provisions	**54**	**45**

Movements in non-insurance provisions can be analysed as follows:

In millions of EUR, for the year ended 31 December 2021

	Provision for litigation except for tax issues	Provisions for insurance commissions return	Provision for expected credit losses from loan commitments and financial guarantees	Other provisions	Total
Balance as at 1 January	**5**	**5**	**4**	**3**	**17**
Provisions created during the year	1	54	7	-	62
Provisions used during the year	-	(48)	(3)	-	(51)
Provisions released during the year	-	-	(5)	(1)	(6)
Effects of movements in exchange rates	-	-	-	1	1
Balance as at 31 December	**6**	**11**	**3**	**3**	**23**
Non-current (> 1 year)	1	-	1	1	3
Current (< 1 year)	5	11	2	2	20
Total provisions	**6**	**11**	**3**	**3**	**23**

In millions of EUR, for the year ended 31 December 2020

	Provision for litigation except for tax issues	Provisions for insurance commissions return	Provision for expected credit losses from loan commitments and financial guarantees	Other provisions	Total
Balance as at 1 January	**6**	**10**	**3**	**6**	**25**
Provisions created during the year	-	34	8	2	44
Provisions used during the year	-	(37)	(1)	-	(38)
Provisions released during the year	-	-	(6)	(6)	(12)
Effects of movements in exchange rates	(1)	(2)	-	1	(2)
Balance as at 31 December	**5**	**5**	**4**	**3**	**17**
Non-current (> 1 year)	5	-	1	1	7
Current (< 1 year)	-	5	3	2	10
Total provisions	**5**	**5**	**4**	**3**	**17**

Movements in provisions for unearned premiums can be analysed as follows:

In millions of EUR, for the year ended 31 December

	2021	2020
Balance as at 1 January	**27**	**37**
Premiums written during the year	22	17
Premiums earned during the year	(21)	(18)
Effects of movements in exchange rates	2	(9)
Balance as at 31 December	**30**	**27**

E.17. Issued capital and share premium

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.

As at 31 December 2021, the issued capital is represented by 1 registered share with par value EUR 78 thousand. As at 31 December 2020, the issued capital was EUR 45 thousand (45,000 shares with EUR 1 par value per share). The increase of the nominal value of the issued capital is a consequence of the redomiciliation from the Netherlands to the Czech Republic as described in A.1.

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 2021 and 2020, there was no change in share premium.

E.18. Additional paid-in capital

In June 2018, PPF Financial Holdings B.V. issued additional Tier 1 capital (AT1 Notes) in EUR with a total nominal value of EUR 80 million, held by PPF Group N.V. These bonds were classified as equity instruments as, beside other characteristics, payments of interest to the investors and the redemption of the original principal amount was at the issuer's discretion. The bonds included non-cumulative coupon payments of 6%. The interest payment on the bonds was carried out once a year on 29 June. These interest payments are presented as dividends in these consolidated financial statements. During 2021, the Group paid dividends amounting to EUR 4 million (2020: EUR 5 million). The additional tier 1 capital was fully repaid on 28 May 2021.

E.19. Reserves

E.19.1. 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 2021, these non-distributable reserves totalled EUR 92 million (2020: EUR 149 million).

E.19.2. 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.19.3. Currency translation reserve

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.

E.19.4. Hedging reserve

The hedging reserve, i.e., the cash flow hedge reserve represents the effect of the recognition of the effective portion of changes in the fair value of hedging instruments in other comprehensive income in equity. The cash flow hedge reserve is not available for distribution to shareholders.

E.19.5. Other equity instruments

Other equity instruments comprise a balance of AT1 subordinated bonds issued by one of Home Credit subgroup's subsidiaries. AT1 bond represents perpetual subordinated loan participation notes with a nominal value of USD 200 million. The notes are non-callable for the first 5 years and 3 months and bear a discretionary fixed interest rate of 8.8% p.a. payable quarterly until 7 February 2025. Balance related to AT1 subordinated bond is not available for distribution to the shareholders.

E.20. Non-controlling interests

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

Name of subsidiary	Abbr.	Applicable	Country of incorporation
Home Credit Group B.V. (subgroup)	HC	2021/2020	Netherlands
PPF banka, a.s. (subgroup)	PPFB	2021/2020	Czech Republic
Home Credit Indonesia PT	HCID	2021/2020	Indonesia
Home Credit US, LLC	HCUS	2020	USA

The following table summarises the information relating to these subsidiaries:

In millions of EUR

2021	HC	PPFB	HCID	**Total**
NCI percentage (effective ownership)	**8.88%**	**7.04%**	**22.55%**	
Total assets	16,262	9,518	211	
Total liabilities	(14,446)	(8,836)	(144)	
Net assets	**1,816**	**682**	**67**	
Net assets attributable to NCI of the sub-group	(10)	-	-	
Net assets attributable to owners of the Parent	**1,806**	**682**	**67**	
Carrying amount of NCI	144	48	10	
NCI percentage during the period	**8.88%**	**7.04%**	**22.55%**	**202**
Revenue	3,020	187	145	
Profit/(loss)	(303)	67	9	
Other comprehensive income	194	7	-	
Total comprehensive income/(expense)	(109)	74	9	
Profit/(loss) allocated to NCI	(27)	5	1	**(21)**
OCI allocated to NCI	16	1	-	**17**
Dividends paid to NCI	-	-	-	**-**

In millions of EUR

2020	HC	PPFB	HCID	HCUS	**Total**
NCI percentage (effective ownership)	**8.88%**	**7.04%**	**22.55%**	**54.35%**	
Total assets	18,518	6,474	267	13	
Total liabilities	(16,582)	(5,869)	(214)	(13)	
Net assets	**1,936**	**605**	**53**	**-**	
Net assets attributable to NCI of the sub-group	(8)	-	-	-	
Net assets attributable to owners of the Parent	**1,928**	**605**	**53**	**-**	
Carrying amount of NCI	155	43	8	-	**206**
NCI percentage during the period	**8.88%**	**7.04%**	**22.55%**	**54.35%**	
Revenue	4,642	208	184	7	
Profit/(loss)	(552)	37	(20)	(58)	
Other comprehensive income	(364)	4	-	-	
Total comprehensive income/(expense)	(916)	41	(20)	(58)	
Profit/(loss) allocated to NCI	(49)	3	(3)	(30)	**(79)**
OCI allocated to NCI	(32)	(1)	-	-	**(33)**
Dividends paid to NCI	-	-	-	-	

E.21. Leases

The Group acts as the lessee under lease contracts for stores and offices.

E.21.1. Right-of-use assets

The following table shows the roll-forward of right-of-use assets (land and buildings):

In millions of EUR, for the year ended 31 December

Carrying amount	2021	2020
Balance as at 1 January	106	152
Additions	28	27
Disposals resulting from business combination	(1)	-
Disposals	(15)	(17)
Transfer to assets held for sale	(17)	-
Depreciation charge (incl. discontinued operations)	(39)	(46)
Effects of movements in exchange rates	6	(10)
Balance as at 31 December	**68**	**106**

For the maturity analysis of lease liabilities refer to C.3

E.21.2. Amounts recognised in profit and loss

In millions of EUR, for the year ended 31 December

Leases under IFRS 16	2021	2020
Interest expense on lease liabilities	6	7
Expenses relating to short-term leases	3	5
Expenses relating to lease of low-value assets	1	1

Total cash outflow for leases in 2021 amounted to EUR 41 million (2020: EUR 52 million).

E.21.3. 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 a lease’s commencement date, the Group assesses whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if significant events or significant changes in circumstances within its control occur.

E.22. 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 2021

	Debt securities and subordinated liabilities	Due to banks, other financial institution and holding companies	Lease liabilities	Total
Balance as at 1 January	**1,939**	**6,924**	**108**	**8,971**
Changes from financing cash flows:				
Proceeds from the issue of debt securities	936	-	-	936
Proceeds from due to banks and other financial institutions	-	7,741	-	7,741
Repayment of debt securities	(1,565)	-	-	(1,565)
Repayment of due to banks and other financial institutions	-	(9,423)	-	(9,423)
Repayment of principal portion of lease liabilities	-	-	(35)	(35)
Total changes from financing cash flows	**(629)**	**(1,682)**	**(35)**	**(2,346)**
Effect of movements in exchange rates and transfers	119	533	4	656
Transfer to liabilities directly associated with assets held for sale (refer E.30)	(11)	(29)	(17)	(57)
New leases	-	-	12	12
Interest expense	114	495	6	615
Interest paid	(131)	(524)	(6)	(661)
Balance as at 31 December	**1,401**	**5,717**	**72**	**7,190**

For the years ended 31 December 2021 and 2020, share premium remained stable at EUR 2,324 million. The additional paid-in capital was fully repaid on 28 May 2021, refer to E.18.

In millions of EUR, for the year ended 31 December 2020

	Debt securities and subordinated liabilities	Due to banks, other financial institution and holding companies	Lease liabilities	Total
Balance as at 1 January	**2,657**	**13,260**	**155**	**16,072**
Changes from financing cash flows:				
Proceeds from the issue of debt securities	1,204	-	-	1,204
Proceeds from due to banks and other financial institutions	-	7,010	-	7,010
Repayment of debt securities	(1,787)	-	-	(1,787)
Repayment of due to banks and other financial institutions	-	(12,961)	-	(12,961)
Repayment of principal portion of lease liabilities	-	-	(45)	(45)
Total changes from financing cash flows	**(583)**	**(5,951)**	**(45)**	**(6,579)**
Effect of movements in exchange rates and transfers	(137)	(293)	(10)	(440)
New leases	-	-	8	8
Interest expense	165	948	7	1,120
Interest paid	(163)	(1,040)	(7)	(1,210)
Balance as at 31 December	**1,939**	**6,924**	**108**	**8,971**

E.23. Net interest income

Interest income comprises the following:

In millions of EUR, for the year ended 31 December

	2021	2020
Financial assets at FVTPL (refer to E.2.1)	8	9
Financial assets at FVOCI (refer to E.2.3)	32	39
Financial assets at AC (refer to E.2.2)	3	1
Due from banks and other financial institutions	62	84
Cash loan receivables	1,793	3,072
Consumer loan receivables	425	765
Revolving loan receivables	147	123
Mortgage loan receivables	1	1
Loans to corporations	54	50
Other	2	1
Total interest income*	**2,527**	**4,145**

*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

	2021	2020
Due to customers	140	176
Due to banks and other financial institutions	494	947
Debt securities issued	104	155
Lease liabilities	6	7
Subordinated liabilities	9	9
Other	5	4
Total interest expenses	**758**	**1,298**

Total net interest income	**1,769**	**2,847**

E.24. Net fee and commission income

Fee and commission income comprises the following:

In millions of EUR, for the year ended 31 December

	2021	2020
Insurance commissions	205	200
Penalty fees	31	61
Customer payment processing and account maintenance	34	34
Commission income from partners	25	55
Cash transactions	32	27
Retailers’ commissions	14	4
Other	44	31
Total fee and commission income	**385**	**412**

Fee and commission expense comprises the following:

In millions of EUR, for the year ended 31 December

	2021	2020
Commissions to retailers	6	4
Cash transactions	21	24
Payment processing and account maintenance	42	47
Payments to deposit insurance agencies	22	21
Credit and other register expense	23	27
Other	30	24
Total fee and commission expense	**144**	**147**

Total net fee and commission income	**241**	**265**

E.25. Net gain/loss on financial assets/liabilities

In millions of EUR, for the year ended 31 December

	2021	2020
Net trading income/(expense)	70	(43)
Debt securities trading	28	17
FX trading	18	(45)
Derivatives	24	8
Other	-	(23)
Net realised gains	4	11
Financial assets at FVOCI	2	11
Loans and receivables	2	-
Total net gain/(loss) on financial assets	**74**	**(32)**

E.26. Other income

In millions of EUR, for the year ended 31 December

	2021	2020
Income from reimbursement	25	-
Income from other services provided	16	21
Net foreign currency gains	-	30
Other	8	29
Total other income	**49**	**80**

E.27. Net impairment losses on financial assets

In millions of EUR, for the year ended 31 December

	2021	2020
Cash loan receivables	1,166	1,979
Consumer loan receivables	1	306
Revolving loan receivables	26	45
Mortgage loan receivables	(1)	(1)
Loans to corporations	1	57
Due from banks and other financial institutions	-	(4)
Trade and other receivables	1	1
Financial assets at FVOCI	(3)	4
Other financial assets*	3	1
Total net impairment losses on financial assets	**1,194**	**2,388**

*incl. impairment losses on undrawn credit limit

E.28. Personnel expenses and other operating expenses

In millions of EUR, for the year ended 31 December

	2021	2020
Employee compensation	567	781
Payroll related taxes (including pension contribution)	94	104
Total personnel expenses	**661**	**885**
Rental, maintenance and repair expense	23	25
Telecommunication and postage	52	69
Professional services	55	80
Information technologies	50	69
Advertising and marketing	35	35
Collection agency fee	95	65
Taxes other than income tax	27	41
Travel expenses	6	10
Net impairment losses on other assets	-	2
Net impairment losses on other intangible assets	(3)	10
Loss on disposal of PPE and intangible assets	3	1
Net foreign currency losses	25	-
Other	35	43
Total other operating expenses	**403**	**450**

The average rounded number of employees during 2021 was 54,000 (2020: 88,000).

E.29. Depreciation and amortisation

In millions of EUR, for the year ended 31 December

	2021	2020
Depreciation of property, plant and equipment	40	49
Depreciation of property, plant and equipment – ROU (IFRS 16)	33	41
Amortisation of intangible assets	109	88
Total depreciation and amortisation	**182**	**178**

E.30. Discontinued operations and disposal subsidiaries held for sale

CEE region was classified as disposal group held for sale and as a discontinued operation, refer to B.2.1 for details. The results of the CEE region for the year are presented below:

In millions of EUR

	2021	2020
Interest income	206	202
Interest expense	(11)	(18)
Net interest income	**195**	**184**
Fee and commission income	45	35
Fee and commission expense	(38)	(38)
Net fee and commission income	**7**	**(3)**
Net gains/(losses) on financial assets/liabilities	(41)	4
Other income	(1)	3
TOTAL OPERATING INCOME	**160**	**188**
Net impairment losses on financial assets	(4)	(18)
Personnel expenses	(54)	(50)
Depreciation and amortisation	(23)	(21)
Other operating expenses	(36)	(39)
PROFIT BEFORE TAX	**43**	**60**
Income tax expense	(18)	(15)
NET PROFIT FROM DISCONTINUED OPERATIONS	**25**	**45**

The major classes of assets and liabilities of the CEE region classified as held for sale as at 31 December 2021 are as follows:

In millions of EUR

	31 December 2021
ASSETS	
Cash and cash equivalents	1,261
Investment securities and derivatives	1,553
Loans and receivables due from banks and other financial institutions	109
Loans due from customers	2,412
Other assets	207
TOTAL ASSETS HELD FOR SALE	**5,542**
LIABILITIES	
Financial liabilities at fair value through profit or loss	21
Due to non-banks	5,202
Due to banks and other financial institutions	28
Subordinated liabilities	11
Other liabilities	93
TOTAL LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS HELD FOR SALE	**5,355**
NET ASSETS DIRECTLY ASSOCIATED WITH DISPOSAL GROUP	**187**

The net cash flow incurred by discontinued CEE region are, as follows:

In millions of EUR

	2021	2020
Cash flows from/(used in) operating activities	(63)	593
Cash flows used in investing activities	(472)	(308)
Cash flows used in financing activities	(4)	(81)
Net cash flow from/(used in) discontinued operations	**(539)**	**204**

No impairment losses for write-downs of the disposal group of subsidiaries to the lower of its carrying amount and its fair value less costs to sell have been recognised, as the fair values less costs to sell were evaluated and being of higher amounts for the disposal assets and of lower amounts for the disposal liabilities, as determined for the purposes of the sale price determination.

For the year ended 31 December 2021, the cumulative income/(expense) included in OCI relating to the disposal group of subsidiaries is nil (2020: nil).

The following table summarise the credit quality of the disposal group's loans exposure:

In millions of EUR, as at 31 December 2021

Loan exposure	Loans due from customers	Loans and receivables due from banks and other financial institutions
Gross amount	2,585	109
Stage 1	2,106	109
Stage 2	309	-
Stage 3	170	-
Purchased or originated credit impaired	-	-
Loss allowance	(173)	-
Carrying amount	**2,412**	**109**

In millions of EUR, as at 31 December 2021

Fair value of collateral received	Loans due from customers	
	Stage 1-2	Stage 3
Secured by:		
Property	1,122	-
Equity securities	67	-
Other	179	16
Total collateral received	**1,368**	**16**

In millions of EUR

Fair value of collateral received for reverse repo operations	31 December 2021
For receivables from reverse repo operations classified as:	
Cash and cash equivalents	1,076
Total	**1,076**

Loans due from customers – retail, which are part of the disposal group held for sale, could be presented as follows:

In millions of EUR, as at 31 December 2021

	Cash loans	Consumer loans	Revolving loans	Other*	Total
Gross amount	**1,474**	**45**	**342**	**668**	**2,529**
Stage 1	1,234	5	233	626	2,098
Stage 2	149	18	71	24	262
Stage 3	91	22	38	18	169
POCI	-	-	-	-	-
Loss allowance	**(91)**	**(23)**	**(36)**	**(21)**	**(171)**
Stage 1	(9)	-	(3)	(2)	14
Stage 2	(8)	(1)	(3)	(2)	14
Stage 3	(74)	(22)	(30)	(17)	143
POCI	-	-	-	-	-
Total carrying amount	**1,383**	**22**	**306**	**647**	**2,358**

*incl. car and mortgage loans

E.31. Repurchase agreements 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

	2021 Fair value of underlying assets	2021 Carrying amount of correspondin g liabilities	2020 Fair value of underlying assets	2020 Carrying amount of correspondin g liabilities
Financial assets provided under repos	3,634	3,605	1,090	1,111
Total	**3,634**	**3,605**	**1,090**	**1,111**

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

	2021 Fair value of assets received as collateral (total)	2021 of which: Fair value of assets repledged or sold	2021 Carrying amount of receivables	2020 Fair value of assets received as collateral (total)	2020 of which: Fair value of assets repledged or sold	2020 Carrying amount of receivables
Cash and cash equivalents (with central banks)	4,868	3,634	4,955	4,734	1,090	4,818
Financial assets at FVTPL	427	-	435	-	-	-
Loans and advances to banks	474	-	447	109	-	104
Total loans and advances	**5,769**	**3,634**	**5,837**	**4,843**	**1,090**	**4,922**

E.32. Income taxes

E.32.1. Deferred tax

Deferred tax assets and liabilities comprise the following:

In millions of EUR, as at 31 December

	2021 Deferred tax liabilities	2021 Deferred tax assets	2020 Deferred tax liabilities	2020 Deferred tax assets
Investment securities	(1)	3	(4)	1
Loans	(2)	347	-	488
Trade and other receivables	-	5	-	4
Property, plant and equipment	(4)	7	(5)	5
Intangible assets	(15)	37	(19)	38
Other assets	(6)	1	(5)	2
Due to banks and other financial institutions	-	2	-	-
Debt securities issued	-	33	-	21
Financial liabilities at FVTPL	-	-	(2)	2
Lease liabilities	(4)	1	(2)	1
Other liabilities	-	28	-	22
Provisions	-	2	-	3
Other temporary differences	-	7	(5)	9
Value of loss carry-forwards recognised	-	346	-	78
Value of tax credits	-	2	-	-
Deferred tax assets/(liabilities)	**(32)**	**821**	**(42)**	**674**
Net deferred tax assets/(liabilities)	**(6)**	**795**	**(8)**	**640**

Deferred tax assets arising from other temporary differences consist mainly of uneven balance sheet eliminations from intra-group transactions.

The table below shows the roll-forward of net deferred taxes:

In millions of EUR, for the year ended 31 December

	2021	2020
Net deferred tax assets as at 1 January	**632**	**406**
Deferred tax benefit for the period	98	255
Deferred tax recognised directly in equity	6	1
Deferred tax assets transferred to assets held for sale	(10)	-
Deferred tax liabilities transferred to liabilities directly associated with assets held for sale	1	-
Effects of movements in exchange rates	62	(30)
Net deferred tax assets as at 31 December	**789**	**632**

E.32.2. Income tax benefit

Income tax benefit comprises the following:

In millions of EUR, for the year ended 31 December

	2021	2020
Current tax expense	(73)	(113)
Deferred tax benefit	99	250
Total income tax benefit	**26**	**137**

The following table explains why the effective tax rate differs from the nominal one:

In millions of EUR, for the year ended 31 December

	2021	2020
Tax rate (nominal)	19%	25%
Loss from continuing operations (before taxation)	(309)	(737)
Computed taxation using applicable tax rate	59	184
Tax non-deductible expenses	(42)	(40)
Non-taxable income	7	4
Withholding tax on dividends	3	(10)
Tax rate differences on foreign results	57	(2)
Current-year losses for which no deferred tax asset is recognised	(57)	(13)
Tax loss carried forward not recognised	6	-
Fiscal unity and other	(7)	14
Total income tax benefit	**26**	**137**

The Parent Company is since 1 June 2021 subject to corporate income tax in the Czech Republic at an income tax rate of 19% (till 31 May 2021 and for the year 2020: the Netherlands, tax rate of 25%), the change is connected with the cross-border conversion, refer to A.1 for the description of this redomiciliation. The Parent Company's subsidiaries as well as associates are also subject to corporate income tax laws in the respective jurisdictions where they operate with corporate income tax rates ranging from 12.5% in Cyprus to 34.94% in India.

Pursuant to the local tax legislations and relevant double tax treaties, withholding tax in the range of 0% to 30% is levied on dividends, interest, royalties, and other relevant payments to foreign recipients.

The Group follows the principle for the recognition of deferred tax assets, i.e., if it is not considered likely that taxable profits will be available against which the unused tax losses can be utilised, the deferred tax assets are not recognised. A deferred tax loss not previously recognised substantially decreased the effective tax rate of the Group during 2020 as it became likely that the Group would generate sufficient taxable profits to utilise tax losses from previous periods.

The change of deferred tax benefit is mainly caused by increased deferred tax assets stemming from recognition of deferred tax assets in relation to tax losses in 2021, and the additional creation of ECLs in 2020.

E.32.3. Tax losses

As at 31 December 2021, the Group incurred tax losses from recent years of EUR 2,158 million (2020: EUR 897 million) available to be carried forward and offset against future taxable income. If it is not considered likely that taxable profits will be available against which the unused tax losses can be utilised, the deferred tax assets are not recognised. The unrecognised deferred tax assets amount to EUR 163 million (2020: EUR 114 million). The unutilised tax losses can be claimed in the period from 2022 to 2029 in the Netherlands (2022 to 2026 in the Czech Republic and Cyprus, and for an indefinite time in Hong Kong, China and in the Russian Federation) and expire as follows:

In millions of EUR

	31 December 2021	31 December 2020
2021	-	15
2022	24	23
2023	14	25
2024	8	21
2025	376	91
2026	1,249	97
2027	14	2
2028	1	1
2029	145	1
Tax losses that can be carried forward indefinitely	327	621
Total	**2,158**	**897**

E.33. Off-balance sheet items

E.33.1. Commitments and contingent liabilities

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

The Group companies included in the banking segment engage in the provision of open credit facilities to allow customers quick access to funds in order to meet their short-term obligations as well as their long-term financing needs. Such credit facilities can take the form of guarantees, whereby the Group might guarantee repayment of a loan taken out by a client with a third party; stand-by letters of credit which are credit enhancement facilities enabling customers to engage in trade finance at lower cost; documentary letters of credit for obtaining lower cost financing for foreign trade on behalf of a customer; documentary letters of credit reimbursable to a Group company later and debt facilities and revolving underwriting facilities that allow customers to issue short or medium-term debt instruments without engaging in the normal underwriting process on each occasion. Revenue from 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 2021	31 December 2020
Loan commitments	1,344	1,605
Revolving loan commitments	997	1,255
Consumer loan commitments	16	31
Cash loan commitments	61	31
Undrawn overdraft facilities	80	126
Term loan facilities	190	162
Capital expenditure commitments	6	4
Guarantees provided	46	39
of which non-payment guarantees	*33*	*20*
Other	-	3
Total commitments and contingent liabilities	**1,396**	**1,651**

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

The following table shows secured liabilities:

In millions of EUR

	31 December 2021	31 December 2020
Secured bank loans	2,817	4,944
Loans received under repos	3,605	1,111
Debt securities issued	11	511
Total secured liabilities	**6,433**	**6,566**

The assets pledged as security were as follows:

In millions of EUR

	31 December 2021	31 December 2020
Cash and cash equivalents	91	265
Loans and receivables due from customers	2,393	5,865
Financial assets in off balance sheet (repo operations)	3,634	1,090
Total assets pledged as security	**6,118**	**7,220**

E.33.2. Other contingencies

E.33.2.1. Taxation

The taxation systems in the Russian Federation, India, Kazakhstan, Vietnam, China and some other countries of operations are relatively new and characterised by frequent changes in legislation which is subject to varying interpretations 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 Russian Federation, 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 Russian, Indian, Kazakh, Vietnamese, Chinese and other countries’ tax legislation, official pronouncements and court decisions.

HC Consumer Finance Philippines, Inc., Home Credit Consumer Finance Co. Ltd. and Home Credit India Finance Private Limited are currently undergoing a tax inspection. The final results are not yet known.

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

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

In millions of EUR

	31 December 2021	31 December 2020
Guarantees accepted	70	72
Loan commitments received	33	12
Value of assets received as collateral (including reverse repos)	6,494	6,416
Total contingent assets	**6,597**	**6,500**

E.34. Related parties

E.34.1. Identity of related parties

The Group has a related party relationship with its parent company PPF Group N.V., subsidiaries of its parent company, the Group's equity accounted investees and non-consolidated subsidiaries.

Furthermore, the key management personnel of the Group and the close family members of such personnel, other parties which are controlled, jointly controlled, or significantly influenced by such individuals and entities in which such individuals hold significant voting power are also considered related parties.

The key management personnel of the Group comprise members of the board of directors and key executive officers.

In 2021, the Group narrowed the definition of key management personnel of Home Credit business that newly comprises only the core functions which are the board and executive committee members at the Home Credit Group level. The comparative remuneration figure was restated accordingly in the below paragraph (E.34.2).

E.34.2. Transactions with key management personnel

The remuneration of the governing bodies and key executive officers received from the Group for 2021 was EUR 22 million (2020: EUR 19 million, restated from EUR 33 million).

The remuneration only representing short-term benefits includes financial and non-financial income as follows:

Financial income includes all financial income accepted by a member of a board from the Group during the financial year (especially allowances provided for membership in statutory bodies, salaries, wages, bonuses and benefits, income under other arrangements and group life insurance).

Non-financial income includes all non-monetary income (benefits) that accepted by a member of a board from the Group during the financial year.

E.34.3. Transactions with the parent company

During the year, the Group had the following significant transactions at arm's length with its parent company:

In millions of EUR, for the year ended 31 December

	2021	2020
Net gain on financial assets	2	2
Total revenue	**2**	**2**
Interest expense	(3)	-
Other operating expenses	-	(1)
Total expenses	**(3)**	**(1)**

At the reporting date, the Group had the following balances with its parent company:

In millions of EUR

	31 December 2021	31 December 2020
Loans due from customers*	-	70
Total assets	**-**	**70**
Due to non-banks	(524)	(628)
Subordinated liabilities	(145)	-
Total liabilities	**(669)**	**(628)**

*presented in their gross amounts (while ECL allowance is nil in 2020).

E.34.4. Transactions with affiliates

During the year, the Group had the following significant transactions at arm's length with its affiliates:

In millions of EUR, for the year ended 31 December

	2021	2020
Interest income	9	7
Fee and commission income	16	13
Net gain on financial assets	5	6
Other income	1	1
Total revenue	**31**	**27**
Interest expense	(3)	(2)
Other operating expenses	(21)	(18)
Net impairment losses on financial assets	2	-
Depreciation and amortisation	(3)	(4)
Total expenses	**(25)**	**(24)**

At the reporting date, the Group had the following balances with its affiliates:

In millions of EUR

	31 December 2021	31 December 2020
Loans due from customers (gross amounts)	198	164
Loans due from customers (loss allowances)	*(6)*	*(7)*
Loans and receivables due from banks and other financial institutions	12	-
Right of use assets	17	20
Trade and other receivables (gross amounts)	9	7
Trade and other receivables (loss allowances)	*(2)*	-
Intangible assets	1	1
Investment securities	18	24
Other assets	1	1
Cash and cash equivalents	1	-
Total assets	**249**	**210**
Due to non-banks	(652)	(729)
Financial liabilities at FVTPL	(25)	(5)
Trade and other payables	(23)	(25)
Due to banks and other financial institutions	(18)	-
Total liabilities	**(718)**	**(759)**

In 2021 and 2020, the Group acquired participation certificates from telecommunication entities (subsidiaries of PPF Group), where the underlying assets are consumer loans to retail customers on mobile handsets and other telecommunication equipment. Under the certificates, the Group is an economic owner of all risks and rewards while the telecommunication entities retain rights to receive the related cash and are obliged to pay it to the Group without material delay. The outstanding balance of all tranches of these participation certificates held by the Group as at 31 December 2021, presented as loans due from customers in the consolidated statement of financial position, amounted to EUR 78 million (2020: EUR 81 million).

E.34.5. 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

	2021	2020
Interest income	13	12
Total revenue	**13**	**12**
Net impairment losses on loans due from customers	(4)	-
Other operating expenses	(3)	(3)
Total expenses	**(7)**	**(3)**

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

In millions of EUR

	31 December 2021	31 December 2020
Loans due from customers (gross amounts)	226	217
Loans due from customers (loss allowances)	*(9)*	*(7)*
Total assets	**217**	**210**
Due to non-banks	(47)	(55)
Total liabilities	**(47)**	**(55)**

F. Significant accounting policies

F.1. Significant 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 currency transactions

A foreign currency transaction is a transaction that is denominated in or requires settlement in a currency other than the functional currency. The functional currency is the currency of the primary economic environment in which an entity operates. For initial recognition purposes, a foreign currency transaction is translated into the functional currency using the exchange rate effective at the date of the transaction and announced by the bank authority ("BA") for the respective country in which the entity operates. As at the reporting date:

- Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency using the exchange rate at that date (announced by the BA).
- Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated using the exchange rates (announced by the BA) prevailing at the date that the fair value was determined.
- Non-monetary items denominated in foreign currencies that are measured in terms of historical cost are translated using the exchange rate (announced by the BA) at the date of the original transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for the differences arising on the retranslation of equity investments which are recognised in other comprehensive income.

F.1.1.2. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to euros at the exchange rates prevailing at the reporting date and announced by European Central Bank.

The income and expenses of foreign operations are translated to euro at exchange rates approximating the foreign exchange rates prevailing at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly owned subsidiary, the relevant proportion of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of with loss of control, significant influence or joint control, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to the non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

F.1.2. Financial assets and liabilities

Financial assets include financial assets at FVTPL, financial assets at FVOCI and financial assets at AC.

Financial assets are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument. For regular purchases and sales of financial assets, the Group's policy is to recognise them using 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. A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

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 of the 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 that are at initial recognition mandatorily at FVTPL are financial assets held for trading, those that are managed and whose performance is evaluated on a fair value basis, equity securities for which the irrevocable option to measure them at FVOCI was not applied, and debt securities that did not meet the SPPI criterion. Non-trading financial assets are financial assets at initial recognition designated at FVTPL.

Financial assets held for trading are assets that were acquired or incurred principally for the purpose of generating a profit from short-term fluctuations in their price or the dealer's margin. Financial assets are classified as held for trading if, regardless of the reason they were acquired, they are part of a portfolio for which there is evidence of a recent actual pattern of short-term profit taking.

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 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.

A financial asset is measured at AC if it meets both of the following conditions and is not designated as at FVTPL (held-to-collect business model):

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial recognition, the Group measures these financial assets at AC less any relevant impairment. Interest revenue determined using the effective interest method, expected credit losses and reversals, and foreign exchange gains and losses related to financial assets at AC are recognised in the income statement.

When the financial assets at AC are derecognised, the gains or losses are recognised in the income statement.

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.

After initial recognition, the Group measures equity securities at fair value, where any revaluation gain or loss is recognised in other comprehensive income. No expected credit losses (impairment) are recognised for equity securities. Dividends from equity securities at FVOCI are recognised in the income statement.

When equity securities at FVOCI are derecognised, under no circumstances is the cumulative gain or loss previously recognised in equity reclassified to the income statement. Instead, it is directly reclassified to retained earnings. The transaction costs incurred on disposal of equity securities at FVOCI are recognised in the income statement.

A debt security is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, the Group measures the above debt securities at fair value. Interest revenue, determined using the effective interest rate method, expected credit losses (impairment) and foreign exchange gain or loss are recognised in the income statement, whereas any other revaluation gain or loss is recognised in other comprehensive income.

When the debt securities at FVOCI are derecognised, the cumulative gain or loss previously recognised in equity is reclassified to the income statement.

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

Trade receivables an unconditional right of the Group to receive cash or other financial asset, are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market, other than those classified as at FVTPL or at FVOCI.

Trade receivables (unless those without a significant financing component that are initially measured at the transaction price) are initially measured at fair value plus eligible transaction costs. The Group subsequently measures the trade receivables at AC less any relevant impairment.

F.1.2.7. Cash and cash equivalents

Cash equivalents are short-term (with original maturities of three month or less from the date of acquisition), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are carried at AC less any relevant impairment.

Mandatory minimum reserves as the part of balances with central banks are classified under loans and receivables due to banks.

F.1.2.8. Lease transactions

Loans and receivables include the Group's net investment in finance leases where the Group is acting as the lessor. The net investment in finance leases is the aggregate of the minimum lease payments and any unguaranteed residual value accruing to the lessor discounted at the interest rate implicit in the lease. Lease payments include repayment of the finance lease principal and interest income. Recognition of the interest is based on a variable interest rate, which is applied to the net investment (principal) outstanding in respect of the finance lease. Income from finance leases is allocated over the lease term on a systematic basis.

F.1.3. Derecognition of financial assets and liabilities

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised separately as asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire or when its terms are modified, and the cash flows of the modified liability are substantially different. In that case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, the amortised cost of the 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 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 liability and amortised over the remaining term of the modified financial 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 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.

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract – with the effect that some of the cash flows or other characteristics of a combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative may be separated from the host contract and accounted for as a separate derivative if, and only if:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;
- a separate financial instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the host instrument is not measured at fair value with changes in fair value recognised in profit or loss or the host instrument is measured at fair value, but changes in fair value are recognised in the statement of financial position.

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. Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and the intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

F.1.7. Impairment

F.1.7.1. 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.

No loss allowance is recognised on equity investments.

The Group measures loss allowances on either of the following bases:

- *12-month ECLs*: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- *lifetime ECLs*: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group recognises loss allowances at an amount equal to lifetime ECLs for a financial instrument, if the credit risk on that financial instrument has increased significantly since initial recognition – whether assessed on an individual or collective basis – considering all reasonable and supportable information. If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, an entity measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

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 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;
- a breach of contract such as a default; or
- probability that the borrower will enter bankruptcy or another 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.

As the COVID-19 pandemic was followed by the implementation of a series of measures such as national quarantines, adjustments of risk management practices (e.g. extending debt reliefs to borrowers or by specific guidance issued by governments or regulators, etc.) in countries where Home Credit subgroup (consumer lending business) operates, the Group's existing modelling techniques were not fully applicable for the calculation of ECL on some portfolios since, under the circumstances, purely statistical models can give inaccurate results, or it is not possible to calculate the results without undue cost or effort. The main reasons were lock-downs in the countries or states of emergency not allowing customers to service their obligations. Usually, a portfolio-wide delay in payments would result in a significant worsening of historical model statistics which was not realistic in this case. To ensure the overall methodology remains appropriate given the impact of COVID-19, the consumer loan portfolio was split into three parts – "COVID", "PayHol" and "non-COVID" portfolios. "COVID portfolio" was identified where a significant deterioration from the current (i.e. not overdue) delinquency bucket is observable during the first months of the crisis and additional significant pandemic waves. "PayHol portfolio" was part of portfolio where payment holidays were provided during the COVID-19 period (based on moratoria set in individual countries). The remaining portfolio fell within "non-COVID portfolio".

During 2021, after the situation caused by the COVID-19 outbreak settled down, ECL models used in the pre-COVID-19 period could be fully utilized again for almost all portfolios with few limitations only in countries where high portion of customers were provided with payment holidays under the government moratoria. In such cases ECL estimation for this part of the portfolio could be based on internal analysis of performance during and after the actual payment holidays period as the risk on this portfolio is expected to be higher compared to the estimation based on standard ECL models. Further information about approach used during the main COVID-19 period (mainly split into segments where payment holidays were provided or direct deterioration after the COVID-19 wave hit was observed) is kept for reporting purposes only.

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 initial recognition, and where possible, also into its measurement of ECLs. External information may include 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 80%, the rest is being distributed among downside and upside scenarios) for each country based on the applicable facts and circumstances.

Management considered the sensitivity of the ECL outcome against the economic forecasts as part of the ECL governance process by recalculating the ECL under two scenarios (upside and downside) - described below for selected portfolios, applying a 100% weighting to each scenario in turn. The weighting is reflected in the measurement of the resulting ECL.

The Group simulated the impact of defaults for all retail loans in the various stages that might occur in the future under different economic scenarios. The retail loans' sensitivity analysis stated below is inclusive of management judgmental adjustments. The ECL resulting from the calculation of the Upside and Downside scenarios should not be taken to represent the upper and lower limits of possible ECL outcomes. There is a particularly high degree of estimation uncertainty in numbers representing tail risk scenarios when assigned a 100% weighting since the scenarios are meant to be significantly less likely to occur.

At 31 December 2021, there is no significant level of ECL sensitivity outlier as the impact of the Downside and Upside scenarios are relatively even. The scenario weighting reflects that tail scenarios are considered unlikely on the same (standardized) probability level therefore the Group's preferred solution was to use weighted scenario with standard weights 80/10/10.

As the COVID-19 impact is not fully gone and some volatility and persistent uncertainty of the future development is expected, FLI models alone may not be able to accurately predict ECL within the Group. Therefore, management uses not only the latest available forecasts for individual markets to compute FLI impacts but applies also additional overlays to the extent of the latest ECL estimates on, e.g., portfolios where payment holidays were widely provided , which are usually the main potential internal source of volatility in resulting ECL estimate. Resulting management adjustments both on Group and local level are being applied to appropriately reflect the overall ECL.

Overall impact of COVID-19 related FLI and other additional adjustments as at 31 December 2021 is MEUR 124 (31 December 2020: MEUR 197) on retail loans.

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 2021 are shown in the table below:

	Weight	2022	2023	2024
Czech Republic – GDP growth				
Baseline scenario	50%	4.2%	3.5%	2.5%
Optimistic scenario	10%	4.4%	4.6%	2.5%
Pessimistic scenario	40%	0.1%	(1.1%)	(2.1%)
World – GDP growth				
Baseline scenario	50%	4.4%	3.5%	2.8%
Optimistic scenario	10%	4.4%	3.5%	2.8%
Pessimistic scenario	40%	1.0%	0.0%	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.

In 2021, the level of expected credit losses was still affected by the COVID-19 pandemic. The amount of expected credit losses resulting from the effect of forward-looking information (i.e., from expected development of GDP) as at 31 December 2021 totalled EUR 4 million (2020: EUR 19 million) for the corporate loans, bonds, accounts and balances with banks and central banks and loans and advances to banks.

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 rating used by Moody's rating agency:

Rating	Internal rating	External rating
Very low risk	A1	Aaa-Aa
Low risk	A1-A4	A-Baa
Medium risk	B1-B6	Ba-B
High risk	C1	Caa-Ca
Default	C2-C4	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 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 SICR 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 internal guidelines and settings.

In response to the COVID-19 pandemic the Group implemented additional procedures related to SICR, where collective assessment utilizing internal or external data available on the particular market (qualitative assessments, impact on business sectors, impact on different geographical location, data acquired during collections processes, qualitative research etc.) could be used instead or together with the standard case-by-case basis described above. This holds in particular for the PayHol portfolio (for detailed information on the portfolio split refer to Notes section Inputs into measurement of ECLs above), where the actual risk behaviour is not observable and standard PD estimation cannot be utilized. The PayHol portfolio is continuously and closely monitored in the collection processes. If a client suffered short-term problems which are mitigated after the end of the payment holidays, the performance gets back to standard. If the crisis triggers long-term problems, a client usually falls into the 30DPD category and staging is applied accordingly. The COVID portfolio (significantly impacted by the crisis) is subject to SICR and lifetime ECL is utilized.

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 rist 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.

Due to the COVID-19 pandemic, the Group introduced forbearance measures such as payment holidays for affected clients or/and other measures imposed by local governments such as different types of moratoria (both opt-in and opt-out). The Group adhered to guidance from several European/supra-national authorities (such as EBA, IASB, etc.) that forbearance measures related to COVID-19 do not automatically lead to SICR. For detailed information of SICR assessment refer to the above section Determining whether credit risk has increased significantly.

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 recognised 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.1.7.2. 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.

For impairment testing, assets are grouped together into the smallest group of assets that generating cash inflows from continuing use largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in the income statement. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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 amount do not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

F.1.7.3. Inventories

Inventories are stated at the lower of cost and net realisable value (being the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale). Where the net realisable value is below cost, inventories are written down to the lower value, and the impairment loss is recorded in the income statement. Costs of inventories include the purchase price and related costs of acquisition (transport, customs duties and insurance). The cost of inventory is determined using its weighted average cost.

F.1.8. 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.

This policy is applied to contracts entered into or changed on or after 1 January 2019.

The Group recognises 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 remeasurements 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 remeasured 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 presents lease liabilities in "Trade and other payables" in the consolidated statement of financial position. For details refer to E.15.

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 has elected not to recognise leases of low-value assets, and right-of-use assets and lease liabilities for some leases that have a lease term of 12 months or less. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

F.1.9. Non-current assets held for sale

Non-current 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. 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. Deferred acquisition costs of insurance contracts

Direct costs arising from the writing or renewing of insurance contracts are deferred to the extent that these costs are recoverable out of future premiums. All other acquisition costs are recognised as an expense when incurred. Subsequent to initial recognition, deferred acquisition costs are amortised over the period in which the related revenues are earned. The reinsurers' shares of deferred acquisition costs are amortised in the same manner as the underlying asset amortisation is recorded.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value, an impairment loss is recognised in the statement of comprehensive income.

Deferred acquisition costs are derecognised when the related insurance contracts are either settled or disposed of.

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 50 years
Other tangible assets and equipment	up to 10years

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 a bargain purchase

The Group accounts for all business combinations except those determined to be reorganisations involving group companies under common control as acquisitions.

Goodwill is measured at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units at the date of the acquisition and is not amortised but instead tested for impairment, annually or more frequently if events or changes in circumstances indicate that it might be impaired. Gain on a bargain purchase arising on the acquisition is recognised immediately in the income statement.

In respect of equity accounted investees, the carrying amount of any goodwill is included in the carrying amount of the investment in the associate.

F.1.12.2. Present value of future profits from acquired portfolio

On the acquisition of a portfolio of long-term insurance contracts or investment contracts, either directly or through the acquisition of an enterprise, the net present value of the shareholders' interest in the expected cash flows of the portfolio acquired is capitalised as an asset. This asset, referred to as the present value of future profits (PVFP), is calculated based on an actuarial computation taking into account assumptions for future premium income, contributions, mortality, morbidity, lapses and returns on investments. PVFP is recognised separately for insurance segments and for the respective companies.

The PVFP is amortised over the average effective life of the contracts acquired, using an amortisation pattern reflecting expected future profit recognition. The assumptions used in the development of the PVFP amortisation pattern are consistent with the ones applied in its initial measurement, however the values of the assumptions are modified if it is required by the current circumstances.

F.1.12.3. Other intangible assets

Other intangible assets, including software and licences, 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 10 years
PVFP	5 years (non-life portfolio)
Other	up to 10 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.

As for the life and non-life insurance portfolio, the recoverable amount of the value of the in-force business acquired is determined by conducting the liability adequacy test (LAT) on the insurance provisions, taking into account the deferred acquisition costs, if any, recognised in the statement of financial position. Any impairment losses are recognised in the income statement.

Where there is any indication that an impairment loss recognised for PVFP in prior years no longer exists, the carrying amount of PVFP is increased to its estimated recoverable amount. The increased carrying amount of PVFP due to reversal of impairment loss may not exceed the carrying amount that would be determined if no impairment loss had been recognised for PVFP in prior years, net of any amortisation accounted for in the meantime.

F.1.13. 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.1.13.1. 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.1.13.2. 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.1.13.3. 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.1.14. Deposits, loans, debt securities issued and subordinated liabilities

Liabilities due to non-banks and due to banks, debt securities issued and subordinated liabilities are the Group’s sources of debt funding.

Deposits, loans, debt securities issued and subordinated liabilities are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the Group designates liabilities at FVTPL.

F.1.15. Other liabilities and provisions

Accounts payable arise when the Group has a contractual obligation to deliver cash or another financial asset. Accounts payable are measured at AC, which is normally equal to their nominal or repayment value.

A provision is recognised in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reasonable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

F.1.16. Insurance provisions

F.1.16.1. Provisions for unearned premiums

Provisions for unearned premiums comprise the part of gross premium revenue attributable to subsequent periods, calculated separately for each insurance contract.

F.1.16.2. Provisions for outstanding claims

Provisions for outstanding claims represent the total estimated cost of settling all claims arising from events that occurred up to the reporting date, whether reported or not, less amounts already paid in respect of such claims. These provisions include claims reported by policyholders but not settled (RBNS) and claims incurred but not reported (IBNR). Provisions for outstanding claims are not discounted for time value of money.

F.1.16.3. Other insurance provisions

Other insurance provisions contain all other insurance technical provisions not mentioned above, such as provision for unexpired risks (also referred to as the premium deficiency) in non-life insurance, ageing provision in health insurance, provision for contractual non-discretionary bonuses in the non-life business and other similar provisions.

F.1.17. Equity

F.1.17.1. Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, 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.1.17.2. Dividends

Dividends on share capital are recognised as a liability, provided they are declared before the reporting date. Dividends declared after the reporting date are not recognised as a liability but are disclosed in the notes.

F.1.17.3. 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 equity transactions.

F.1.18. Interest income and interest expense

Interest income and interest expense are recognised in the income statement on an accrual basis, taking into account 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.1.19. 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.1.20. 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 derecognition 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.1.21. Net insurance premium revenue

Net insurance premium revenue includes gross premium revenue from the direct insurance business and assumed (inwards) reinsurance business, net of premiums ceded to reinsurers.

F.1.22. Net insurance benefits and claims

Insurance technical charges include claims (benefit) expenses, the change in technical provisions and rebates, and profit sharing. Claims expenses consist of benefits and surrenders, net of reinsurance. Benefits and claims comprise all payments made in respect of the financial year: annuities, surrenders, additions and releases of loss provisions to and from ceding insurance enterprises and reinsurers, and external and internal claims management costs.

F.1.23. Acquisition costs

Acquisition costs are costs arising from the conclusion of insurance or investment contracts and include direct costs, such as acquisition commissions, as well as indirect costs, such as advertising costs and administrative expenses. After initial recognition, the acquisition costs for non-life contracts are amortised over the expected life of the contracts.

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 employee 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

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.

F.1.26. Discontinued operation

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 2021

F.2.1. Changes in accounting policies

Change in the definition of cash and cash equivalents

The Group, to better reflect the nature of these items and to improve their presentation in the consolidated statement of financial position, consolidated statement of cash-flows and the relevant disclosures, changed its definition of cash and cash equivalents with an effective date for the accounting periods beginning on and after 1 January 2021. The change in the definition only represents prolonging of the investments' original maturity from one month or less to three months or less. Thus, the currently applicable definition of cash and cash equivalents (with the reference to F.1.2.7 in these consolidated financial statements) is as follows:

Cash equivalents are short-term (with original maturities of three months or less from the date of acquisition), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are carried at AC less any relevant impairment.

Mandatory minimum reserves as the part of balances with central banks are classified under loans and receivables due to banks.

Had this new definition applied before 1 January 2021, the above change would have retrospectively increased the balance of cash and cash equivalents as at 31 December 2020 by EUR 12 million (current accounts) at the expense of the balance of loans and receivables due from banks and other financial institutions. The management concluded that the impact on these consolidated financial statements is immaterial and, therefore, the relevant comparative figures were not restated.

F.2.2. New effective requirements

Interest Rate Benchmark Reform – Phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (effective from 1 January 2021)

The Phase 2 amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate ("IBOR") is replaced with an alternative nearly risk-free interest rate ("RFR"). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;

- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued;

- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

The amendments address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities; and hedge accounting.

Change in basis for determining cash flows
The amendments require an entity to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform by updating the effective interest rate of the financial asset or financial liability.

Hedge accounting
The amendments provide exceptions to the hedge accounting requirements in the following areas.

- The designation of a hedging relationship may be amended to reflect changes that are required by the reform.
- 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 will be deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.
- When a group of items is designated as a hedged item and an item in the group is amended to reflect the changes that are required by the reform, the hedged items are allocated to subgroups based on the benchmark rates being hedged.
- If an entity reasonably expects that an alternative benchmark rate will be separately identifiable within a period of 24 months, it is not prohibited from designating the rate as a non-contractually specified risk component if it is not separately identifiable at the designation date.

These amendments were endorsed by the EU and had no impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

Amendments to IFRS 16 Leases: COVID-19-Related Rent Concessions beyond 30 June 2021 (issued on 31 March 2021) (effective from 1 April 2021)

The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. When there is a change in lease payments, the accounting consequences will depend on whether that change meets the definition of a lease modification, which IFRS 16 Leases defines as "a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease (for example, adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual lease term)".

Since lessors continue to grant COVID-19-related rent concessions to lessees and since the effects of the COVID-19 pandemic are ongoing and significant, the IASB decided to permit a lessee to apply the practical expedient regarding COVID-19-related rent concessions to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022 (rather than only payments originally due on or before 30 June 2021).

The amendment has been adopted by the EU and is effective beginning on 1 April 2021.

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 2021 and have not been applied in the preparation of the 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.

IFRS 17 Insurance Contracts (effective from 1 January 2023)

IFRS 17 Insurance Contracts establishes principles for the recognition, measurement, presentation and disclosure of issued insurance contracts. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with issued discretionary participation features. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. This information gives a basis for the users of financial statements to assess the effect that contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of an entity.

IFRS 17 has not yet been adopted by the Group but has already been adopted the EU.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 17. Given the nature of the Group's operations, this standard is not expected to have significant impact on the consolidated financial statements.

Initial application of IFRS 17 and IFRS 9 – Comparative information (effective from 1 January 2023)

The amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements.

This amendment has already been adopted by the EU and the Group is not expecting it to have significant impact of the consolidated financial statements.

Amendments to IFRS 3, IAS 16, IAS 37 and Annual Improvements 2018-2020 (effective from 1 January 2022)

In general, these amendments and annual improvements bring some clarifications in the standards on various guidance and update some references.

The Group does not expect these amendments to have a significant impact on its consolidated financial statements.

Amendments to IFRS 3 – References to the Conceptual Framework (effective from 1 January 2022)

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

These amendments may impact the Group's consolidated financial statements should the Group enter into any business combinations.

Amendment to IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities (effective from 1 January 2022)

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is not expected to have a material impact on the Group's consolidated financial statements.

Amendments to IAS 1 Presentation of Financial Statement Classification of Liabilities as Current or Non-Current (expected effectiveness from 1 January 2023)

These amendments to IAS 1 affect only the presentation of liabilities in the statement of financial position — 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 not 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 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.

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 have been already endorsed 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 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.

This amendment has not been adopted by the EU and the Group is assessing the potential impact on its consolidated financial statements resulting from the application of this amendment.

G. Subsequent events

On 29 March 2022, the sole shareholder, PPF Group N.V., provided a capital supplement in the amount of EUR 135 million (approx. CZK 3,327 million) in the form of a voluntary supplement outside the Parent Company's registered capital.

In late February 2022, the CIS cluster became subject to the ongoing conflict in Ukraine which will have both local and global implications. The US, UK, EU and others have imposed simultaneous sanctions against Russia, certain Russian entities and individuals which have disrupted financial markets and led to uncertainties for the global economy. At the same time, Russia has taken a number of counter sanctions and measures which could impact the Group's business. The full financial impact of the sanctions, counter sanctions and economic impact are currently difficult to fully quantify. The Group is committed to fully comply with the applicable sanction regulations.

Home Credit Group's subsidiary in Russia is Home Credit and Finance Bank ("HCFB") which is self-funded and fully independent from the Group. The exposure to Russia as at 31 December 2021 was EUR 3.6 billion asset and EUR 0.9 billion equity and to the entire CIS cluster was EUR 4.5 billion asset and EUR 1.1 billion equity. As of the date of these consolidated financial statements, HCFB's operations run as usual with focus on liquidity and tightened underwriting criteria considering the currently uncertain environment. The financial impact on the Group will depend on how financial markets and foreign exchange market settle, as well as the macroeconomic impact on the local economies where the Group operates. At this moment, the Group is not planning any restructuring of its Russian business, however, ongoing developments will be closely monitored.

For PPF banka (hereinafter also as the "Bank"), the direct exposure to Russia and Ukraine is insignificant (as at 31 December 2021, EUR 43 million assets, EUR 32 million liabilities). The Bank's direct exposure consists, on the assets side, mainly of financial assets at fair value through other comprehensive income and loans and advances to banks, and, on the liabilities side, mainly of deposits from customers. Responding to the situation over 2022, PPF banka has significantly reduced its exposures to counterparties with Russian risk, by cutting limits on those Russian counterparties and on RUB transactions.

In March 2022, the Bank further significantly reduced the direct exposure of its financial assets at fair value through other comprehensive income (as at 31 December 2021, EUR 20 million of assets, EUR 31 million of liabilities). Despite engaging in the above actions, the Bank confirms its business and capital position remained strong in the first quarter of 2022.

The Group has evaluated subsequent events after the balance sheet date and determined that there have been no other events that have occurred that would require adjustments to the disclosures in these consolidated financial statements. The Group concluded that the impact of the conflict on the Russian business ultimately does not affect the application of the Group's going concern assumption.

29 April 2022

The board of directors:

Jean Pascal Duvieusart
Chairman of board of directors

Kateřina Jirásková
Member of the board of directors

Radek Pluhař
Member of the board of directors

Lubomír Král
Member of the board of directors

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This document is an unsigned English translation of the Czech independent auditor's report that we issued on 29 April 2022 on the statutory consolidated financial statements included in the consolidated annual report of PPF Financial Holdings a.s., prepared in accordance with the provisions of Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format ("the ESEF Regulation"), related to the financial statements. The accompanying consolidated annual report has not been prepared in accordance with the ESEF Regulation and therefore does not represent a statutory consolidated annual report. Consequently, neither it nor this copy of the auditor's report is a legally binding document. We did not audit the consistency of the accompanying consolidated annual report with the statutory and legally binding consolidated annual report under the ESEF Regulation in Czech, and therefore we do not provide an opinion on the accompanying consolidated annual report.

Independent Auditor's Report to the Shareholder of PPF Financial Holdings a.s.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of PPF Financial Holdings a.s. ("the Company") and its subsidiaries (together "the Group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory notes. Information about the Group is set out in Note A.1 to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors, Regulation (EU) No. 537/2014 of the European Parliament and of the Council, and Auditing Standards of the Chamber of Auditors of the Czech Republic, consisting of International Standards on Auditing (ISAs), which may be supplemented and amended by relevant application guidelines. Our responsibilities under those regulations are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Loss allowances for loans and receivables from customers

Loss allowances for loans due from customers amounted to EUR 991 million as at 31 December 2021 (31 December 2020: EUR 1,920 million). These loss allowances as at 31 December 2021 comprised loss allowances for retail loans amounting EUR 937 million (31 December 2020: EUR 1,831 million) and loss allowances for loans to corporations amounting EUR 54 million (31 December 2020: EUR 89 million).

Gross amount of loans due from customers amounted to EUR 9,974 million as at 31 December 2021 (31 December 2020: EUR 15,837 million). This gross amount of loans due from customers comprised retail loans amounting EUR 8,506 million (31 December 2020: EUR 14,562 million) and loans to corporations amounting EUR 1,468 million (31 December 2020: EUR 1,275 million).

For other information refer to following notes within notes to the consolidated financial statements: C.2. (Credit risk), E.4. (Loans due from customers), E.27. (Net impairment losses on other financial assets) and F.1.7. (Significant accounting policies - impairment).

Key audit matter	How the audit matter was addressed
We focused on this area as the Group's management makes significant judgments and complex assumptions when estimating adequacy and sufficiency of expected credit losses ("expected credit losses" or "ECL"). We consider the area to be associated with a significant risk of material misstatement, which, coupled with the significantly higher estimation uncertainty stemming from the impact of the COVID-19 global pandemic on multiple sectors of the economy, required our increased attention in the audit. As such, we determined it to be a key audit matter. For the purposes of the ECL measurement, the loans are segmented into individually managed loans (corporate loans) and portfolio managed loans (retail loans). The loans are further assigned to one of three stages in line with the requirements of IFRS 9 *Financial instruments* for the purposes of estimating the loss allowances. Stage 1 and Stage 2 loans are performing loans, with Stage 2 representing loans where a significant increase in credit risk ("SICR") since origination has been observed. Stage 3 loans are non-performing, i.e. credit-impaired loans. Loss allowances are determined by modelling techniques taking into account historical experience, forward-looking information and management judgment. Key assumptions and judgments relevant to the assessment of performing exposures comprise: — definition of default and of significant increase in credit risk	Assisted, where applicable, by our own credit risk and information technology (IT) specialists, we performed, among others, the procedures outlined below: — We assessed the Group's credit and accounting policies and processes related to estimating ECLs. This included assessing whether the relevant methods, models, assumptions and data used therein comply with the requirements of the relevant financial reporting standards and industry practice. As part of the above, we assessed the process of identifying indicators of default, SICR, and allocating of loans to particular stages in line with IFRS 9. In addition, we tested IT control environment for data security and access. — We tested the design, implementation and operating effectiveness of selected IT-based and manual controls over the identification and timely consideration of SICR and credit impairment, mainly over matching of incoming payments, calculating days past due, recovery identification of defaulted loans and reconciliation procedure over outputs from statistical ECL models. Our testing included making inquiries of Group`s management, in combination with the observation, inspection of underlying documentation, and, where applicable, reperformance of controls. — We evaluated whether in its ECL measurement the Group appropriately considered the effects of the market disruption resulting from the COVID-19 pandemic.

Key audit matter	How the audit matter was addressed
(SICR); — the probability of default (PD), loss given default (LGD) and exposure at default (EAD); and — an estimate of selected forward-looking information (FLI) based on several macroeconomic scenarios. For individually managed loans, the PD, LGD and EAD parameters are estimated on an individual basis, based on both internal and external market data. Loss allowances for all Stage 3 loans are determined on an individual basis by discounting the probability-weighted scenarios of estimated future cash flows from the borrower. The key judgments and assumptions therein are those in respect of the estimated amount and timing of future cash repayments, including the net realisable value of underlying collateral. For portfolio-managed loans, ECLs are measured using internally-developed statistical models. The models are based on the Group's own historical data, adjusted for FLI with an number of probability-weighted scenarios considered.	— We evaluated the appropriateness and tested the mathematical accuracy of model applied for portfolio-managed loans, and also assessed on a sample of individual loans appropriateness of the allocation of individual loans to the relevant days past due buckets and stages. We assessed the key assumptions applied in the model as follows: • definition of default and of SICR – by reference to the requirements of the relevant financial reporting standard; • PD, LGD and EAD parameters – by reference to the Group's historical and contractual data and considering any required adjustments to reflect expected changes in circumstances, and • forward-looking indicators – by means of corroborating inquiries of the management of the Group applying our knowledge of the Group and inspecting publicly available data and reports. — For a sample of individually assessed Stage 1 and Stage 2 loans, we evaluated whether the loans were allocated to appropriate stages in line with IFRS 9, and whether appropriate EAD, PD and LGD parameters were applied in determining the related ECLs. This evaluation was based on inspection of the underlying documentation (loan files), external market data, inquiries of responsible credit risk department personnel and our assessment of latest development of the borrower. As part of the procedure, we specifically focused on the robustness of the Group's financial analysis of the borrower, the repayment pattern for the loan and the collateral values (including the appropriateness of any haircuts applied).

Key audit matter	How the audit matter was addressed
	— For a sample of individually assessed Stage 3 loans, we challenged the estimated cash flow scenarios and their probabilities. In performing the procedure, we focused on the key assumptions, such as the realisable value of the underlying collateral, which we traced to the appraisals by the valuation experts engaged by the Group, or other supporting evidence where collateral was less relevant in the process of recovery. — We critically assessed the overall reasonableness of the estimated ECLs by performing analytical procedures on selected indicators. — We examined whether the Group's ECL and credit risk-related disclosures in the consolidated financial statements appropriately include and describe the relevant quantitative and qualitative information required by the applicable financial reporting framework.

Other Information

In accordance with Section 2(b) of the Act on Auditors, other information is defined as information included in the consolidated annual report other than the consolidated financial statements and our auditor's report. The statutory body is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable laws and regulations, in particular, whether the other information complies with laws and regulations in terms of formal requirements and the procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with those requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- the other information describing matters that are also presented in the consolidated financial statements is, in all material respects, consistent with the consolidated financial statements; and
- the other information has been prepared in accordance with applicable laws and regulations.

In addition, our responsibility is to report, based on the knowledge and understanding of the Group obtained in the audit, on whether the other information contains any material misstatement. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

Responsibilities of the Statutory Body, Supervisory Board and Audit Committee for the Consolidated Financial Statements

The statutory body is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as the statutory body determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the statutory body is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the statutory body either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Group's financial reporting process. The Audit Committee is responsible for monitoring the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the above regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error 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 these consolidated financial statements.

As part of an audit in accordance with the above regulations, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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 error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the statutory body.
- Conclude on the appropriateness of the statutory body'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In compliance with Article 10(2) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council, we provide the following information in our independent auditor´s report, which is required in addition to the requirements of International Standards on Auditing:

Appointment of Auditor and Period of Engagement

We were appointed as the auditors of the Group by the General Meeting of Shareholders on 3 December 2021. We are auditors of the Company since December 2021.

Consistency with Additional Report to Audit Committee

We confirm that our audit opinion on the consolidated financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 28 April 2022 in accordance with Article 11 of Regulation (EU) No 537/2014 of the European Parliament and of the Council.

Provision of Non-audit Services

We declare that no prohibited services referred to in Article 5 of Regulation (EU) No. 537/2014 of the European Parliament and of the Council were provided.

Except for the statutory audit we did not provide the Company and its controlled undertakings with any other services that have not been disclosed in notes to the consolidated financial statements or consolidated annual report.

Report on Compliance with the ESEF Regulation

We have undertaken a reasonable assurance engagement on the compliance of consolidated financial statements included in the consolidated annual report with the provisions of Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format ("the ESEF Regulation"), related to the consolidated financial statements.

Responsibilities of the Statutory Body

The Company's statutory body is responsible for the preparation of consolidated financial statements that comply with the ESEF Regulation. This responsibility includes:

- the design, implementation and maintenance of internal control relevant to the application of the ESEF Regulation;
- the preparation of consolidated financial statements included in the consolidated annual report in the applicable XHTML format; and
- the selection and application of XBRL mark-ups as required by the ESEF Regulation.

Auditor's Responsibilities

Our responsibility is to express an opinion on whether the consolidated financial statements included in the consolidated annual report comply, in all material respects, with the ESEF Regulation based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000").

The nature, timing and extent of procedures selected depend on the auditor's judgment. Reasonable assurance is a high level of assurance, but is not a guarantee that an assurance engagement conducted in accordance with the above standard will always detect any existing material non-compliance with the ESEF Regulation.

Our selected procedures included:

- obtaining an understanding of the requirements of the ESEF Regulation;
- obtaining an understanding of the Company's internal control relevant to the application of the ESEF Regulation;
- identifying and assessing the risks of material non-compliance with the ESEF Regulation, whether due to fraud or error; and
- based on the above, designing and performing procedures to respond to the assessed risks and to obtain reasonable assurance for the purpose of expressing our conclusion.

The objective of our procedures was to evaluate whether:

- the consolidated financial statements included in the consolidated annual report were prepared in the applicable XHTML format;
- the disclosures in the consolidated financial statements as specified in the ESEF Regulation were marked up, with all mark-ups meeting the following requirements:
  - the XBRL mark-up language was used;
  - the elements of the core taxonomy specified in the ESEF Regulation with the closest accounting meaning were used, unless an extension taxonomy element was created in compliance with the ESEF Regulation; and
  - the mark-ups complied with the common rules on mark-ups specified in the ESEF Regulation.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

In our opinion, the Company's consolidated financial statements for the year ended 31 December 2021 included in the consolidated annual report are, in all material respects, in compliance with the ESEF Regulation.

Statutory Auditor Responsible for the Engagement

Veronika Strolená is the statutory auditor responsible for the audit of the consolidated financial statements of PPF Financial Holdings a.s. as at 31 December 2021, based on which this independent auditor's report has been prepared.

Prague
29 April 2022

Signed by *Signed by*

KPMG Česká republika Audit, s.r.o.
Registration number 71

Veronika Strolená
Partner
Registration number 2195

PPF Financial Holdings a.s.

Separate financial statements for the period from 1 June to 31 December 2021

Commercial Register kept by the Municipal Court in Prague, B 26382

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Glossary

AC	- amortised cost
CGU	- cash generating unit
EAD	- exposure at default
ECL	- expected credit losses
FLI	- forward-looking information
FVOCI	- fair value through other comprehensive income
FVTPL	- fair value through profit or loss
FX	- foreign exchange
LGD	- loss given default
NCI	- non-controlling interests
OCI	- other comprehensive income
OTC	- over-the-counter
PD	- probability of default

Company statement of financial position

In millions of CZK

	Note	31 December 2021	1 June 2021
ASSETS			
Cash and cash equivalents	C1	626	1,424
Positive fair values of derivatives (at FVTPL)	C13	19	-
Loans and receivables due from banks and other financial institutions	C2	7	6
Loans and receivables due from customers/third parties	C2	11,626	11,281
Investments in subsidiaries, associates and joint ventures	C3	46,979	46,369
Income tax receivable		33	97
Deferred tax assets	C9	4	-
Other assets		2	1
TOTAL ASSETS		**59,296**	**59,178**
LIABILITIES			
Due to non-banks	C7	695	2,693
Current income tax		24	-
Other liabilities		63	16
Subordinated liabilities	C6	8,331	6,448
TOTAL LIABILITIES		**9,113**	**9,157**
EQUITY			
Issued capital		2	2
Share premium		59,140	59,140
Other reserves		(11,056)	(11,056)
Retained earnings		2,097	1,935
TOTAL EQUITY	**C4**	**50,183**	**50,021**
TOTAL LIABILITIES AND EQUITY		**59,296**	**59,178**

The notes on pages 170 to 208 are an integral part of these separate financial statements.

Company statement of income

For the 7-month period ended 31 December 2021

In millions of CZK

	Note	1 June – 31 December 2021
Interest income	C8	497
Interest expenses	C8	(181)
Net interest income		**316**
Net fee and commission income		(2)
Net gain on financial assets/liabilities		19
Net impairment gains on financial assets		72
Net foreign exchange losses		(78)
Operating income		3
Operating expense	C11	(146)
PROFIT BEFORE TAX		**184**
Income tax expense	C9	(22)
NET PROFIT FOR THE PERIOD		**162**

Company statement of comprehensive income

For the 7-month period ended 31 December 2021

In millions of CZK

	1 June – 31 December 2021
NET PROFIT FOR THE PERIOD	**162**
Other comprehensive income for the period	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**162**

The notes on pages 170 to 208 are an integral part of these separate financial statements.

Company statement of changes in equity

In millions of CZK

	Issued capital	Share premium	Other reserves	Retained earnings	Total
Balance as at 1 June 2021	**2**	**59,140**	**(11,056)**	**1,935**	**50,021**
Profit for the period	-	-	-	162	162
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**-**	**162**	**162**
Balance as at 31 December 2021	**2**	**59,140**	**(11,056)**	**2,097**	**50,183**

There were no transactions realised with owners of the Company during the reported period.

Company statement of cash flows

For the 7-month period ended 31 December 2021, prepared using the indirect method

In millions of CZK

	Note	1 June – 31 December 2021
Cash flows from operating activities		
Profit for the period, net of tax		162
Adjustments for:		
Reversal of impairment of loans provided		(72)
Changes in fair value of derivatives to profit or loss		(19)
Interest income	C8	(497)
Interest expense	C8	181
Net foreign exchange losses		78
Income tax expense		22
Change in loans and receivables due from banks and other financial institutions		(1)
Change in loans due from customers		3
Change in liabilities due to non-banks		(2,064)
Change in trade and other payables		46
Interest received		93
Income tax overpayments received		61
Cash flows used in operating activities		**(2,007)**
Cash flows from investing activities		
Acquisition of subsidiaries, associates and joint-ventures, net of cash acquired (incl. capital increase)	C3	(610)
Cash flows used in investing activities		**(610)**
Cash flows from financing activities		
Proceeds from the issue of subordinated liabilities (bonds)	C6	2,064
Interest paid		(231)
Cash flows from financing activities		**1,833**
Net decrease in cash and cash equivalents		**(784)**
Cash and cash equivalents as at 1 June		**1,424**
Effect of exchange rate movements on cash and cash equivalents		(14)
Cash and cash equivalents as at 31 December		**626**

The notes on pages 170 to 208 are an integral part of these separate financial statements.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

A. General

PPF Financial Holdings a.s. (the "Company") is a joint-stock company registered in the Commercial Register held by the Municipal Court in Prague under the file number B 26382 with its seat in the Czech Republic. The registered seat is Evropská 2690/17, Dejvice, 160 00, Prague 6.

The original company, PPF Financial Holdings B.V., was incorporated on 13 November 2014 in the Netherlands as a 100% subsidiary of PPF Group N.V. (the ultimate parent). PPF Financial Holdings B.V., a private limited liability company (besloten vennootschap met beperkte aansprakelijkheid) under Dutch law, having had its official seat in Amsterdam, the Netherlands, and its registered office address at Strawinskylaan 933, 1077 XX Amsterdam, registered with the Dutch Trade Register under number 61880353, converted from a Dutch law-governed private limited liability company into a Czech law-governed joint stock company (akciová společnost) in accordance with the cross-border conversion proposal of the management board of PPF Financial Holdings B.V. dated 11 March 2021 (the "Conversion").

The Conversion became effective on 1 June 2021. Furthermore, 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, having its official seat in Prague, Czech Republic, and its registered address at Prague 6, Evropská 2690/17, the Czech Republic, identification number 109 07 718, registered in the Czech Commercial Register.

The transfer of PPF Financial Holdings' registered office to the Czech Republic enables simplification of the financial holding company's supervisory and licensing processes, and consequently will create operational savings. The Company currently holds four main investments: Home Credit Group B.V., PPF banka, a.s., Mobi Banka a.d. Beograd, and Clear Bank Ltd. Due to the scope and regulatory importance of banking services provided by PPF banka and Air Bank (i.e. banks domiciled in the Czech Republic), the Czech National Bank is the consolidating supervisory authority for entities within the PPF Financial Holdings.

The main activity of the Company is to act as a holding and financing company.

The Company does not prepare its separate annual report as all relevant information is published in its consolidated annual report.

As of 31 December 2021, the ultimate controlling party was Mrs Renáta Kellnerová who was appointed, during 2021, as an administrator of the inheritance of the late Mr Kellner authorised to manage all the assets belonging to the inheritance in ordinary course of business.

Description of the Company

PPF Financial Holdings a.s. (previously PPF Financial Holdings B.V.)
Date of transfer of the registered office: 1 June 2021
Seat: Czech Republic, Evropská 2690/17, Dejvice, 160 00 Prague 6
Telephone: +420 224 174 555
Place of registration: Czech Republic, Prague
Register (registration authority): Commercial Register kept by the Municipal Court in Prague
Registration number: 10907718
LEI: 31570014BNQ1Q99CNQ35
Issued capital: CZK 2,000,000
Paid up capital: CZK 2,000,000
Principal business: Holding company activities and financing thereof
Shareholder: PPF Group N.V., registered office address at Strawinskylaan 933, 1077 XX, shareholding: 100%

Board of Directors as at 31 December 2021:

Jean-Pascal Duvieusart, chairman of the board of directors
Kateřina Jirásková, member of the board of directors
Lubomír Král, member of the boards of directors
Radek Pluhař, member of the board of directors

All members of the board of directors were registered on 1 June 2021. Jean-Pascal Duvieusart became the chairman of the board of directors on 29 June 2021. His function was registered on 18 August 2021.

Supervisory Board as at 31 December 2021:

Ondřej Chaloupecký, chairman of the supervisory board
Pavel Charamza, member of the supervisory board
Petr Janák, member of the supervisory board
Kateřina Wojaczková, member of the supervisory board

On 1 June 2021, the supervisory board consisted of following members: Martin Brzokoupil, Petr Přecechtěl and Martin Půlpán. Martin Brzokoupil became the chairman of the supervisory Board on 10 June 2021, his function was registered on 18 August 2021.

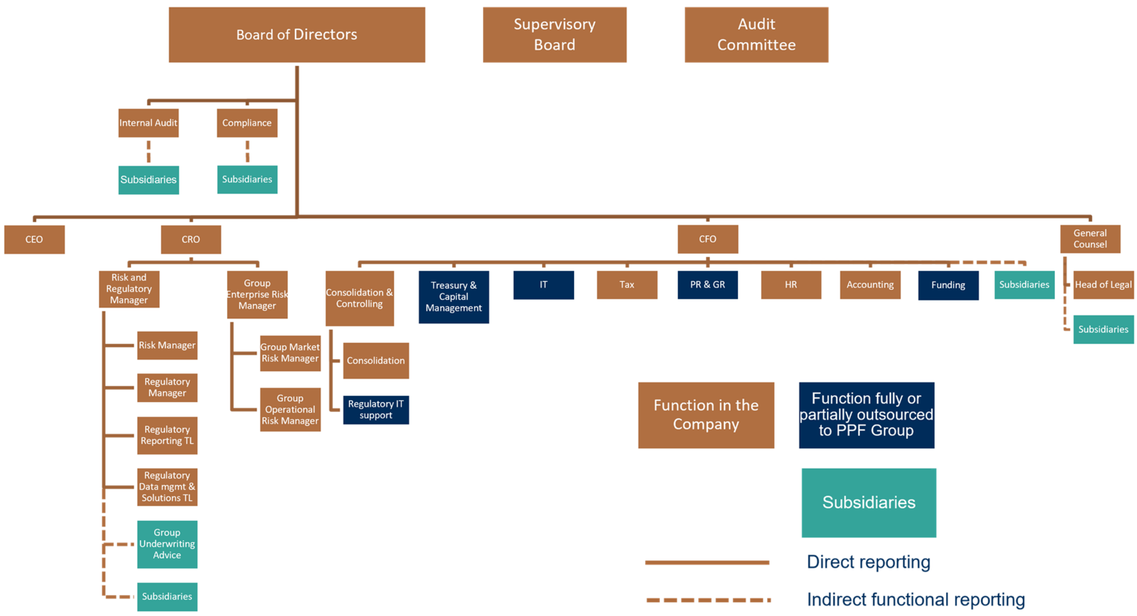
On 25 October 2021, the members of the supervisory board were replaced by Ondřej Chaloupecký (chairman), Pavel Charamza, Petr Janák and Kateřina Wojaczková, so the number of supervisory board members changed from 3 to 4. All these changes were registered on the date of their occurrence.

Audit committee as at 31 December 2021:

After the Conversion, the General Meeting of the Company established the Audit Committee, and elected following members effective 1 September 2021:

Kamil Ziegler (chairperson)
Zuzana Prokopcová
Martin Půlpán

Organisation structure



A.1. Statement of compliance

These separate financial statements were authorised for issue by the board of directors on 29 April 2022

These separate financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU), including 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.

A.2. Basis of presentation

All amounts are presented in Czech crowns (CZK) rounded to the nearest million, unless stated otherwise. CZK is the Company's functional currency.

During 2021, following the redomiciliation of the Company from the Netherlands to the Czech Republic, the Company reassessed, in line with IAS 21, its functional currency. The Company's functional currency changed from euro to the Czech crown on 1 June 2021, as it reflects its primary economic environment in which the Company operates since then, as well as the corporate changes connected to the redomiciliation, and other additional relevant factors assessed. The other relevant factors comprise significant change in the corporate governance and the related new organisational structure that was built-up on the Company level following the Conversion to fulfil all regulatory requirements to the management and control system, fulfilment of the conditions with respect to the autonomous entity and increasing relevancy of the Czech currency on the Company level.

A.3. Basis of measurement

These separate financial statements have been prepared on a historical cost basis, except for the following assets and liabilities stated at their fair value: derivative financial instruments. 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.

A.4. Use of judgements and estimates

In preparing these separate financial statements, management has made judgements, estimates and assumptions that affect the application of the Company'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 financial statements date and specifically relate to the determination of:

- functional currency of the Company (refer to A.2);
- the fair value of financial instruments (refer to B.5);
- expected credit losses of loans provided, other financial assets and non-financial assets (refer to C.2 and C.3);
- provisions recognised under liabilities;
- the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits (refer to C.9).

A.5. Consolidated entities

The Company prepares both, these separate financial statements and the consolidated financial statements. The consolidated group includes also companies presented in note C.3.

A.6. Going concern

These separate financial statements have been prepared on the basis of the going concern assumption.

The accounting period is from the date of registration in the Czech Commercial register, i.e., from 1 June 2021 till the end of the calendar year 2021. The comparative data are therefore only presented for the statement of financial position as at 1 June 2021.

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B. Risk management

This section provides details on the Company'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 Company is exposed are the credit, market, operational and liquidity risks. Market risk includes mainly currency risk and interest rate risk.

The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors annually approves the risk appetite statement, the key risk limits, and the capital budget of the Company.

The Company's risk management policies are designed to identify and analyse the risks faced by the Company, 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 changes in the offered products and services. Through training and management standards and procedures, the Company aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

B.1. 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 Company.

The Company's exposure to credit risk arises in connection with the provision of intragroup loans or loans to business partners.

As providing of lending products is not one of the Company's activities, the Company provides only small number of loans, with relatively high outstanding amounts and under individually agreed conditions.

The board of directors of the Company has delegated responsibility for the management of credit risk to the Company's risk department. This department is responsible for oversight of the Company's credit risk, including:

- formulating credit risk policies covering credit assessment, underwriting policies, collection policies, and risk reporting;
- establishing the procedures for the approval and renewal of credit facilities;
- assessing the credit quality of the counterparty;
- continuous monitoring of performance of the credit exposures.

However, the board of directors of the Company is the approval body for any loans provided by the Company.

The Company continuously monitors the performance of individual credit exposures. Credit risk developments are reported by the Company's risk department to the board of directors of the Company on a regular basis.

B.1.1. Credit underwriting process

The credit underwriting process involves the verification of customer data and AML check, combined with credit risk analysis resulting in internal rating and business assessment that consider both risk and profitability. Information supplied by the applicant is cross checked with publicly available information.

B.1.2. Collection process

Due to the nature of provided loans, the Company does not use any specific procedures or systems for loan collections. In case such an activity is necessary, the Company will outsource this activity into the different company in the Group with necessary knowledge and experience.

B.1.3. Concentration of credit risks

A concentration of credit risk arises as a result of the existence of loans with similar economic characteristics affecting the debtor's ability to meet its obligations. Due to the nature of provided loans, the Company does not identify a significant concentration of credit risk.

B.1.4. Credit quality and collateral received

The Company holds collateral for loans and advances to non-banks in the form of equity securities.

The net realisable value of the collateral assessed by the Company is based on an opinion prepared by a valuation expert.

The following tables show the economic and geographic concentration of credit risk:

In millions of CZK

	31 December 2021	31 December 2021	1 June 2021	1 June 2021
Economic concentration				
Financial services	12,278	100.00%	12,711	100.00%
Total	**12,278**	**100.00%**	**12,711**	**100.00%**
Geographic concentration				
Czech Republic	633	5.16%	1,430	11.25%
China	695	5.66%	656	5.16%
Cyprus	2,091	17.03%	1,890	14.87%
Netherlands	8,013	65.26%	7,868	61.90%
Other	846	6.89%	867	6.82%
Total	**12,278**	**100.00%**	**12,711**	**100.00%**
Of which:				
Loans and receivables due from customers/third parties	11,626	94.69%	11,281	88.75%
Cash and cash equivalents (excl. cash on hand)	626	5.10%	1,424	11.20%
Loans and receivables due from banks and other financial institutions	7	0.06%	6	0.05%
Positive fair values of derivatives (at FVTPL)	19	0.15%	-	0.00%

The amounts in the tables represent the maximum accounting loss that would be recognised at the reporting date if the counterparts 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 uncollectability. The table comprises financial assets, except for equity securities.

Credit quality and collateral received

The following tables summarise the credit quality of the Company's loan exposure:

In millions of CZK, as at 31 December 2021

Loan exposure	Loans and receivables due from customers/ third parties	Loans and receivables due from banks and other financial institutions
Gross amount	11,741	7
Stage 1	8,746	7
Stage 2	2,995	-
Loss allowance	(115)	-
Carrying amount	**11,626**	**7**

In millions of CZK, as at 1 June 2021

Loan exposure	Loans and receivables due from customers/ third parties	Loans and receivables due from banks and other financial institutions
Gross amount	11,467	6
Stage 1	9,439	6
Stage 2	2,028	-
Loss allowance	(186)	-
Carrying amount	**11,281**	**6**

All these transactions are conducted at arm's length.

The total value of assets held as collateral is CZK 801 million (as at 1 June 2021: CZK 647 million), and consists of the equity securities.

B.2. Liquidity risk

Liquidity risk represents 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 obligation as they become due. The Company continually assesses its liquidity risk with the Company's treasury department by identifying and monitoring changes in the funding required to meet the business goals.

In millions of CZK, as at 31 December 2021

	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	626	-	-	-	-	626
Positive fair values of derivatives (at FVTPL)	19	-	-	-	-	19
Loans and receivables due from banks and other financial institutions	7	-	-	-	-	7
Loans and receivables due from customers/third parties	695	846	8,013	2,072	-	11,626
Total financial assets	**1,347**	**846**	**8,013**	**2,072**	**-**	**12,278**
Due to non-banks	-	695	-	-	-	695
Subordinated liabilities	50	9	-	-	8,272	8,331
Trade and other payables*	30	-	-	-	-	30
Total financial liabilities	**80**	**704**	**-**	**-**	**8,272**	**9,056**
Net liquidity position	**1,267**	**142**	**8,013**	**2,072**	**(8,272)**	**3,222**

*excluding tax liabilities and other non-financial liabilities

In millions of CZK, as at 1 June 2021

	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	1,424	-	-	-	-	1,424
Loans and receivables due from banks and other financial institutions	6	-	-	-	-	6
Loans and receivables due from customers/third parties	-	1,524	-	9,757	-	11,281
Total financial assets	**1,430**	**1,524**	**-**	**9,757**	**-**	**12,711**
Due to non-banks	2,036	657	-	-	-	2,693
Subordinated liabilities	52	58	-	-	6,338	6,448
Trade and other payables*	14	-	-	-	-	14
Total financial liabilities	**2,102**	**715**	**-**	**-**	**6,338**	**9,155**
Net liquidity position	**(672)**	**809**	**-**	**9,757**	**(6,338)**	**3,556**

*excluding tax liabilities and other non-financial liabilities

The following table shows the residual maturities of balance sheet and off-balance sheet liabilities on an undiscounted cash flow basis.

In millions of CZK, as at 31 December 2021

	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	-	707	-	-	-	707
Subordinated liabilities	63	322	398	1,194	9,012	10,989
Trade and other payables*	30	-	-	-	-	30
Total financial liabilities	**93**	**1,029**	**398**	**1,194**	**9,012**	**11,726**

*excluding tax liabilities and other non-financial liabilities

In millions of CZK, as at 1 June 2021

	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	2,036	661	-	-	-	2,697
Subordinated liabilities	58	173	178	535	6,722	7,666
Trade and other payables*	14	-	-	-	-	14
Total financial liabilities	**2,108**	**834**	**178**	**535**	**6,722**	**10,377**

*excluding tax liabilities and other non-financial liabilities

B.3. Interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates. However, the short-term and long-term debt as well as cash assets can be maintained on both floating and fixed interest rates.

The Company's objective in managing its exposure to interest rate fluctuations is to minimise reported earnings and cash flow volatility associated with interest rate changes by regular monitoring the interest rates development and taking appropriate actions.

As at 31 December 2021, the Company's financial assets measured at fair value through profit or loss include only foreign exchange derivatives (refer to C.14).

The tables below summarise the interest rate repricing gap of the Company's financial assets and liabilities at the reporting date. The carrying amounts of interest-rate-sensitive assets and liabilities 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:

In millions of CZK, as at 31 December 2021

	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
Interest-bearing financial assets							
Cash and cash equivalents	0.01%	626	-	-	-	-	626
Loans and receivables due from banks and other financial institutions	0.01%	7	-	-	-	-	7
Loans and receivables due from customers/third parties	7.44%	695	846	8,013	2,072	-	11,626
Total interest-bearing financial assets*		**1,328**	**846**	**8,013**	**2,072**	**-**	**12,259**
Interest bearing financial liabilities							
Due to non-banks	6.20%	-	695	-	-	-	695
Subordinated liabilities	4.50%	2,299	4,009	-	-	2,023	8,331
Total interest-bearing financial liabilities		**2,299**	**4,704**	**-**	**-**	**2,023**	**9,026**
Net position		**(971)**	**(3,858)**	**8,013**	**2,072**	**(2,023)**	**3,233**

*excluding positive fair values of derivatives (at FVTPL)

In millions of CZK, as at 1 June 2021

	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
Interest-bearing financial assets							
Cash and cash equivalents	0.01%	1,424	-	-	-	-	1,424
Loans and receivables due from banks and other financial institutions	0.01%	6	-	-	-	-	6
Loans and receivables due from customers/third parties	7.44%	-	1,524	-	9,757	-	11,281
Total interest-bearing financial assets		**1,430**	**1,524**	**-**	**9,757**	**-**	**12,711**
Interest bearing financial liabilities							
Due to non-banks	2.65%	2,036	657	-	-	-	2,693
Subordinated liabilities	3.15%	4,052	2,396	-	-	-	6,448
Total interest-bearing financial liabilities		**6,088**	**3,053**	**-**	**-**	**-**	**9,141**
Net position		**(4,658)**	**(1,529)**	**-**	**9,757**	**-**	**3,570**

B.4. Foreign currency risk

The Company 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 foreign currency are either greater or less than the liabilities denominated in that currency. It is the Company's policy to hedge such mismatches with derivative financial instruments to eliminate the foreign currency exposure.

The Company's foreign exposures are measured mainly in Euros, US dollars, GB pounds and Chinese yuans. As the functional currency of the Company is the Czech crown, movements in the exchange rates between these currencies and the Czech crown affect the financial statements.

The Company's transactional exposures give rise to foreign currency gains and losses that are recognised in the income statement. In respect of monetary assets and liabilities in foreign currencies, the Company 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 Company's largest foreign currency exposures are for financial assets and financial liabilities, i.e., exposures in currencies different from the Company's functional currency (gross position as net financial assets and financial liabilities):

In millions of CZK, as at 31 December 2021

	EUR	USD	GBP	Other currencies	Total
Cash and cash equivalents	611	3	-	-	614
Loans and receivables due from customers/third parties	9,088	997	846	695	11,626
Total financial assets	**9,699**	**1,000**	**846**	**695**	**12,240**
Due to non-banks	-	-	-	695	695
Subordinated liabilities	4,322	-	-	-	4,332
Trade and other payables*	-	-	4	-	4
Total financial liabilities	**4,322**	**-**	**4**	**695**	**5,021**
Effect of FX derivatives	(5,470)	-	-	-	(5,470)
Net FX position	**(93)**	**1,000**	**842**	**-**	**1,749**

*excluding tax liabilities and other non-financial liabilities

In millions of CZK, as at 1 June 2021

	EUR	USD	GBP	Other currencies	Total
Cash and cash equivalents	1,408	-	15	-	1,423
Loans and receivables due from customers/third parties	8,883	874	868	656	11,281
Total financial assets	**10,291**	**874**	**883**	**656**	**12,704**
Due to non-banks	2,036	-	-	657	2,693
Subordinated liabilities	2,396	-	-	-	2,396
Trade and other payables*	7	-	-	-	7
Total financial liabilities	**4,439**	**-**	**-**	**657**	**5,096**
Net FX position	**5,852**	**874**	**883**	**(1)**	**7,608**

*excluding tax liabilities and other non-financial liabilities

The following tables present an analysis of the sensitivity of the Company's equity to changes in currency exchange rates based on positions existing as at 31 December 2021 and 1 June 2021 and a simplified scenario of a 5% change in EUR, USD and GBP to CZK exchange rates:

In millions of CZK, as at 31 December 2021

	EUR	USD	GBP
Effect of 5% currency depreciation against CZK	5	(50)	(42)
Effect of 5% currency appreciation against CZK	(5)	50	42

In millions of CZK, as at 1 June 2021

	EUR	USD	GBP
Effect of 5% currency depreciation against CZK	(293)	(44)	(44)
Effect of 5% currency appreciation against CZK	293	44	44

B.5. Fair values of financial instruments

The Company 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) 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 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.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Company determines fair values using valuation techniques.

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.

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 fair values of derivative contracts that are not exchange traded is estimated using an arbitrage pricing model whose key parameters are the relevant foreign exchange rates and interbank interest rates prevailing at the reporting date.

The estimated fair values of the following financial instruments differ from their carrying amounts shown in the separate statement of financial position as follows:

In millions of CZK

	31 December 2021 Carrying amount	31 December 2021 Fair value	1 June 2021 Carrying amount	1 June 2021 Fair value
Loans and receivables due from customers/third parties (Level 3)	11,626	11,757	11,281	12,091
Subordinated liabilities (Level 3)	8,331	8,160	6,448	6,235

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

C. Notes to the separate financial statements

C.1. Cash and cash equivalents

Cash and cash equivalents comprise mainly the cash on current accounts at PPF banka a.s. All cash deposits with PPF banka a.s. are freely distributable.

C.2. Loans receivable

In millions of CZK

	31 December 2021	1 June 2021
Receivables due from banks	7	6
Related parties' loans	8,708	8,523
Other external loans	2,918	2,758
Total loans receivable*	**11,633**	**11,287**

*Total loans receivable represents loans and receivables due from banks and other financial institutions, and loans and receivables due from customers/third parties, as presented in the company's statement of financial position.

Loans provided to related parties include (i) a loan amounting to CZK 8,050 million (as of 1 June 2021: CZK 7,899 million) that bears a fixed interest rate of 7.5% p.a., and matures in December 2023, and (ii) a loan amounting to CZK 696 million (as of 1 June 2021: CZK 657 million) that bears a fixed interest rate of 6.5% p.a. and matures in April 2022; in 2022 the maturity was extended till April 2023.

The external loans include (i) a loan amounting to CZK 2,139 million (as of 1 June 2021: CZK 2,028 million) that bears a fixed interest rate of 7.5% p.a. and matures in June 2024, and (ii) a loan amounting to CZK 856 million (as of 1 June 2021: CZK 883 million) that bears a fixed interest rate of 7.5% p.a. and matures in December 2022. Both loan receivables are at Stage 2 with increased credit risk (as of 1 June 2021, the loan (i) was at Stage 2).

The aggregate gross balance of loans is CZK 11,741 million (as of 1 June 2021: CZK 11,467 million). The Company recognised an expected probability-weighted estimate of credit losses relating to these loans of CZK 115 million (as of 1 June 2021: CZK 186 million).

C.3. Investments in subsidiaries and associates

In millions of CZK

	Domicile***	Share****	31 December 2021	Share****	1 June 2021
Home Credit Group B.V.	Netherlands	91.12%	42,125	91.12%	42,125
PPF banka a.s.	Czech Republic	92.96%	1,512	92.96%	1,512
Mobi Banka a.d. Beograd	Serbia	100.00%	121	100.00%	121
ClearBank Ltd. (associate)	United Kingdom	44.78%	3,066	41.10%	2,566
CB Investment Growth Holdings Limited (associate)	United Kingdom	50.00%	21	50.00%	-
AB Structured Funding 1 DAC*	Ireland	100.00%	2	100.00%	2
Usconfin 1 DAC**	Ireland	100.00%	2	100.00%	2
RTGS Group Limited (associate)	United Kingdom	39.40%	130	39.16%	41
Total investments in subsidiaries and associates			**46,979**		**46,369**

*liquidated on 29 December 2021, the amount represents the liquidation balance
**liquidated on 19 February 2022, the amount represents the liquidation balance
***place of business and country of incorporation are the same
****economic and voting share are the same

C.4. Equity

C.4.1. Issued capital

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 2021	1 June 2021
Number of shares authorised	1	1
Number of shares issued and fully paid	1	1
Par value per share	CZK 2 million	CZK 2 million

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

C.4.2. Share premium

The share premium is the amount by which the amount received by the Company exceeds the par value of its shares. The share premium is freely distributable.

There was no change in share premium in 2021.

C.5. Reconciliation of movements of liabilities to cash flows arising from financing activities

In millions of CZK for the 7-month period ended 31 December 2021

	Subordinated liabilities	Due to non-banks	Total
Balance as at 1 June 2021	**6,448**	**2,693**	**9,141**
Proceeds from the issue of subordinated liabilities (bonds)	2,064	-	2,064
Interest paid	(203)	(28)	(231)
Total cash flows from financing activities	**1,861**	**(28)**	**1,833**
The effect of movements in exchange rates and transfers	(131)	66	(65)
Change in liabilities due to non-banks	-	(2,064)	(2,064)
Interest expense	153	28	181
Balance as at 31 December 2021	**8,331**	**695**	**9,026**

C.6. Subordinated liabilities

The bond issue of CZK 4,000 million was issued in December 2017. The bonds bear a variable coupon rate of 6M PRIBOR + 2.5% p.a., and their final maturity is in December 2027 (until December 2019 they bore a fixed coupon rate of 4.5% p.a.). The Company has an early redemption option exercisable in December 2022. As of 31 December 2021, bonds in the nominal value of CZK 72 million (as of 1 June 2021: CZK 24 million) are held by related parties.

The bond issue of EUR 92 million (CZK 2,283 million, as of 1 June 2021: CZK 2,338 million) was issued in September 2018. The bonds bear a variable coupon rate of 6M EURIBOR + 2.95% p.a., but until September 2021 they bore a fixed coupon rate of 3.6% p.a. Their final maturity is in September 2028. The Company has an early redemption option exercisable in September 2023. As of 31 December 2021, bonds in the nominal value of CZK 1,861 million (as of 1 June 2021: CZK 0 million) are held by related parties.

The bond issue of EUR 80 million (CZK 1,989 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 Company has an early redemption option exercisable in July 2026. As of 31 December 2021, bonds in the nominal value of CZK 1,664 million are held by related parties.

C.7. Liabilities due to non-banks

In millions of CZK

	31 December 2021	1 June 2021
Related parties' loans payable	695	2,693

Two loans from related parties were drawn in May 2021. The loan in EUR (as of 1 June 2021: CZK 2,036 million) bore a variable interest rate of 3M EURIBOR + 1.5% p.a. and was repaid in July 2021. The loan in CNY (CZK 695 million, as of 1 June 2021 CZK 657 million) bears a fixed interest rate of 6.2% p.a. and matures in April 2022.

C.8. Net interest income

In millions of CZK for the 7-month period ended 31 December 2021

	1 June – 31 December 2021
Interest income – loans	497
Total interest income	**497**
Interest expense – subordinated liabilities (bonds)	(153)
Interest expense – loans	(28)
Total interest expenses	**(181)**
Total net interest income	**316**

C.9. Income tax

Taxes on income consist of current tax on income calculated based on the results reported for tax purposes and the change in deferred taxes.

In millions of CZK for the 7-month period ended 31 December 2021

	1 June – 31 December 2021
Income tax - current	(26)
Income tax - deferred	4
Income tax expense	**(22)**

The following table reconciles the tax expense:

In millions of CZK for the 7-month period ended 31 December 2021

	1 June – 31 December 2021
Tax rate in the Czech Republic	19.00%
Profit before tax	184
Computed taxation using applicable tax rate	(35)
Tax non-deductible expenses	(6)
Non-taxable income	15
Total income tax expense	**(26)**

Deferred tax assets and liabilities comprise the following:

In millions of CZK, as at 31 December

	2021 Deferred tax liabilities	2021 Deferred tax assets
Other liabilities	-	4
Deferred tax assets/(liabilities)	**-**	**4**
Net deferred tax assets	**-**	**4**

The table below shows the roll-forward of net deferred taxes:

In millions of CZK for the 7-month period ended 31 December 2021

	1 June – 31 December 2021
Net deferred tax assets as at 1 June	**-**
Deferred tax benefit for the period	4
Net deferred tax assets as at 31 December	**4**

C.10. Related parties

The Company has related party relationships with its parent company PPF Group N.V. and its subsidiaries (PPF a.s., PPF banka a.s., Home Credit Group B.V., Home Credit Consumer Finance Co., Ltd.). All transactions with related parties are disclosed in individual sections above. Furthermore, the key management personnel of the Company and their close family members as well as other parties that are controlled, jointly controlled or significantly influenced by such individuals and entities in which the individuals, hold significant voting power are also considered related parties.

The key management personnel of the Company comprise the members of the board of directors, members of supervisory board and audit committee. In the period from 1 June 2021 to 31 December 2021, the remuneration falls primarily on the board of directors (CZK 55 million).

For more details about remuneration of senior management and supervisory board members refer to the section E.

C.11. Operating expense

In millions of CZK for the 7-month period ended 31 December 2021

	1 June – 31 December 2021
Personnel expenses	
Wages and salaries	12
Wages and salaries of the key management	55
Social and health insurance	10
Other operating expenses	
Advisory services	57
Donations	10
Other	2
Total operating expenses	**146**

C.12. Average number of employees

	1 June – 31 December 2021
Members of board of directors	4
Members of supervisory board	3
Employees	16

C.13. Off-balance sheet items

C.13.1. Off-balance sheet financial instruments

In millions of CZK

	Notional value		Positive fair value		Negative fair value	
	31 December 2021	1 June 2021	31 December 2021	1 June 2021	31 December 2021	1 June 2021
FX forwards	5,484	-	19	-	-	-
Total	**5,484**	**-**	**19**	**-**	**-**	**-**

C.13.2. Residual maturity of derivatives

The following table represents expected cash outflows and inflows related to derivatives:

In millions of CZK as at 31 December 2021

	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
Outflow						
Currency derivatives	(5,470)	-	-	-	-	(5,470)
Inflow						
Currency derivatives	5,489	-	-	-	-	5,489
Net position	**19**	**-**	**-**	**-**	**-**	**19**

The Company was no contractual party under any derivative contract as at 1 June 2021.

D. Significant accounting policies

D.1. Significant accounting policies

D.1.1. Foreign currency transactions

A foreign currency transaction is a transaction that is denominated in or requires settlement in a currency other than the functional currency. The functional currency is the currency of the primary economic environment in which an entity operates. For initial recognition purposes, a foreign currency transaction is translated into the functional currency using the exchange rate effective at the date of the transaction and announced by the Czech National Bank ("CNB"). As at the reporting date:

- Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency using the exchange rate at that date (announced by the CNB).
- Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated using the exchange rates (announced by the CNB) prevailing at the date that the fair value was determined.
- Non-monetary items denominated in foreign currencies that are measured in terms of historical cost are translated using the exchange rate (announced by the CNB) at the date of the original transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for the differences arising on the retranslation of equity investments which are recognised in other comprehensive income.

D.1.2. Financial assets and liabilities

Financial assets include financial assets at FVTPL, financial assets at FVOCI and financial assets at AC.

Financial assets are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. For regular purchases and sales of financial assets, the Company's policy is to recognise them using 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 Company used the settlement date accounting. Financial instruments, with the exception of financial instruments at FVTPL, are measured initially at fair value plus transaction costs directly attributable to the acquisition or issue of the financial instrument.

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

D.1.2.1. Business model assessment

The Company assesses the objective of the business model in which a financial asset is held to best reflect the way how the business is managed, and relevant information is provided to management. The information that is considered includes the business objectives, management strategies and operations, compensation of the managers, risks affecting the business model and evaluation of the exposure performance.

The Company 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).

D.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 Company 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 Company considers:
- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Company'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 of the Company's 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.

D.1.2.3. Financial assets at FVTPL

Financial assets that are at initial recognition mandatorily at FVTPL are financial assets held for trading, those that are managed and whose performance is evaluated on a fair value basis, equity securities for which the irrevocable option to measure them at FVOCI was not applied, and debt securities that did not meet the SPPI criterion. Non-trading financial assets are financial assets at initial recognition designated at FVTPL.

Financial assets held for trading are assets that were acquired or incurred principally for the purpose of generating a profit from short-term fluctuations in their price or the dealer's margin. Financial assets are classified as held for trading if, regardless of the reason they were acquired, they are part of a portfolio for which there is evidence of a recent actual pattern of short-term profit taking.

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 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.

D.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.

A financial asset is measured at AC if it meets both of the following conditions and is not designated as at FVTPL (held-to-collect business model):

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial recognition, the Company measures these financial assets at AC less any relevant impairment. Interest revenue determined using the effective interest method, expected credit losses and reversals, and foreign exchange gains and losses related to financial assets at AC are recognised in the income statement.

When the financial assets at AC are derecognised, the gains or losses are recognised in the income statement.

D.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 Company 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.

After initial recognition, the Company measures equity securities at fair value, where any revaluation gain or loss is recognised in other comprehensive income. No expected credit losses (impairment) are recognised for equity securities. Dividends from equity securities at FVOCI are recognised in the income statement.

When equity securities at FVOCI are derecognised, under no circumstances is the cumulative gain or loss previously recognised in equity reclassified to the income statement. Instead, it is directly reclassified to retained earnings. The transaction costs incurred on disposal of equity securities at FVOCI are recognised in the income statement.

A debt security is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, the Company measures the above debt securities at fair value. Interest revenue, determined using the effective interest rate method, expected credit losses (impairment) and foreign exchange gain or loss are recognised in the income statement, whereas any other revaluation gain or loss is recognised in other comprehensive income.

When the debt securities at FVOCI are derecognised, the cumulative gain or loss previously recognised in equity is reclassified to the income statement.

For debt securities that are not held for trading, the Company 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.

D.1.2.6. Cash and cash equivalents

Cash equivalents are short-term (with original maturities of three month or less from the date of acquisition), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are carried at AC less any relevant impairment.

D.1.3. Derecognition of financial assets and liabilities

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised separately as asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire or when its terms are modified, and the cash flows of the modified liability are substantially different. In that case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, the amortised cost of the 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 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 liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

D.1.4. Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and the intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

D.1.5. Impairment

D.1.5.1. Non-derivative financial asset

The Company 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;
- trade receivables and accrued income;
- cash and cash equivalents;
- debt instruments at FVOCI;

No loss allowance is recognised on equity investments.

The Company measures loss allowances on either of the following bases:

- *12-month ECLs*: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- *lifetime ECLs*: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company recognises loss allowances at an amount equal to lifetime ECLs for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition considering all reasonable and supportable information. If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, an entity measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Company has elected to measure loss allowances for trade receivables and accrued income at an amount equal to lifetime ECLs.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets are credit-impaired (referred to as Stage 3 financial assets). The Company classifies financial asset as 'credit-impaired' when it exceeds 90 days past due.

The Company also considers other events that 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;
- a breach of contract such as a default; or
- probability that the borrower will enter bankruptcy or another 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 Company in accordance with the contract and the cash flows that the Company 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;

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.

For individually significant financial assets, the parameter PD is determined by internally developed credit model and adjusted by the expert judgement.

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 Company 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 Company's portfolio. For this reason, the Company bases its determination of LGD on the regulatory loss given default.

For stage 3 exposures, the Company 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 Company 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 initial recognition, and where possible, also into its measurement of ECLs. External information may include economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Company 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.

Due to the nature of provided loans, the Company calculates estimated credit losses according to the macroeconomic baseline scenario, as the impact of different scenarios on these loans is very limited. The Company monitors the up-to-datedness of macroeconomic baseline scenario at least on a quarterly basis.

The resulting estimated credit losses then reflect macroeconomic baseline scenario, PD and LGD.

The Company uses historical data analysis to estimate the relationships between macroeconomic variables and probabilities of default that are used to measure expected credit losses.

The Company considers the change in the GDP of respective countries and the change in world GDP as key variables explaining the changes in the historical probability of default. For exposures of clients whose business risk lies primarily in a country, the Company uses change in GDP of that country for PD estimates. In the case the client's business risk lies in a country for which the change in GDP cannot or is extremely difficult to determine, the Company uses the change in the world GDP as an explanatory variable.

Credit risk grades

The Company 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 Company 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 Company collects performance and default information about its credit risk exposures analysed by jurisdiction, by type of product and borrower and by credit risk grading.

The Company 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.

Credit risk grades applied by the Company

For the provided debt instruments and loans, the Company applies internal credit risk rating. The following table shows the relationship between the internal credit risk grades and the external long-term rating used by Moody's rating agency:

Rating	External rating (Moody's)
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

For individually significant financial assets, the Company 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 Company 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 Aaa to Baa (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 Caa;
- 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.

Definition of default

The Company 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 Company in full, without recourse by the Company 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 Company.

In assessing whether a borrower is in default, the Company 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 Company could renegotiate loans to customers in financial difficulties (referred to as 'forbearance activities') to maximise collection opportunities and minimise the risk of default.

Write-offs

Loans and debt securities are written off when the Company has no reasonable expectations of recovering the financial asset (in neither its entirety nor a portion of it). This is the case when the Company 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 Company may also apply enforcement activities to financial assets being written off. Recoveries resulting from the Company'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 recognised 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 Company cannot identify the ECL on the loan commitment component separately from those on the drawn component, the Company 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.

D.1.5.2. Non-financial assets

At each reporting date, the Company 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.

For impairment testing, assets are grouped together into the smallest group of assets that generating cash inflows from continuing use largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in the income statement. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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 amount do not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

D.1.6. 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.

D.1.6.1. 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 Company 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.

D.1.6.2. 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 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 Company 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.

D.1.7. Loans, debt securities issued and subordinated liabilities

Liabilities due to non-banks and due to banks, debt securities issued and subordinated liabilities are the Company's sources of debt funding.

Loans, debt securities issued and subordinated liabilities are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the Company designates liabilities at FVTPL.

D.1.8. Other liabilities and provisions

Accounts payable arise when the Company has a contractual obligation to deliver cash or another financial asset. Accounts payable are measured at AC, which is normally equal to their nominal or repayment value.

D.1.9. Equity

D.1.9.1. Dividends

Dividends are recognised as a liability, provided they are declared before the reporting date. Dividends declared after the reporting date are not recognised as a liability but are disclosed in the notes.

D.1.10. 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.

D.1.11. Fee and commission expense

Fee and commission expenses arise on financial services provided to the Company including custody services, payment clearing, and investment services. Fee and commission expenses are recognised when the corresponding service is provided or received.

D.1.12. 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 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 derecognition 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.

D.1.13. Personnel and other operating expenses

Personnel and other operating expenses generally include expenses relating to the running of the Company. These include personnel expenses, office rental expenses and other operating expenses. Staff costs include employee salaries and wages, management remuneration and bonuses, and social insurance.

Within banking operations, other operating expenses include the costs of processing payments.

D.1.14. Pensions

The government of the country the Company operates in is responsible for providing pensions and retirement benefits to the Company's employees. A regular contribution linked to employees' salaries is made by the Company to the governments to fund the national pension plans. Payments under these pension schemes are charged as expenses as they fall due.

D.2. Accounting pronouncements adopted since 1 June 2021

Interest Rate Benchmark Reform – Phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (effective from 1 January 2021)

The Phase 2 amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate ("IBOR") is replaced with an alternative nearly risk-free interest rate ("RFR"). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;

- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued;

- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

The amendments address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities; and hedge accounting.

Change in basis for determining cash flows
The amendments require an entity to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform by updating the effective interest rate of the financial asset or financial liability.

Hedge accounting
The amendments provide exceptions to the hedge accounting requirements in the following areas.

- The designation of a hedging relationship may be amended to reflect changes that are required by the reform.
- 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 will be deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.
- When a group of items is designated as a hedged item and an item in the group is amended to reflect the changes that are required by the reform, the hedged items are allocated to subgroups based on the benchmark rates being hedged.
- If an entity reasonably expects that an alternative benchmark rate will be separately identifiable within a period of 24 months, it is not prohibited from designating the rate as a non-contractually specified risk component if it is not separately identifiable at the designation date.

These amendments were endorsed by the EU and had no impact on the separate financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

D.3. Standards, interpretations and amendments to published standards that are not yet effective but relevant for the Company's separate financial statements

A number of new standards, amendments to standards and interpretations were not yet effective as of 31 December 2021 and have not been applied in the preparation of the separate financial statements. Of these pronouncements, the following will have a potential impact on the Company's operations. The Company plans to adopt these pronouncements when they become effective.

Amendments to IFRS 3, IAS 16, IAS 37 and Annual Improvements 2018-2020 _(effective from 1 January 2022)_

In general, these amendments and annual improvements bring some clarifications in the standards on various guidance and update some references.

The Company does not expect these amendments to have a significant impact on its separate financial statements.

Amendment to IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities _(effective from 1 January 2022)_

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is not expected to have a material impact on the Company's separate financial statements.

Amendments to IAS 1 Presentation of Financial Statement Classification of Liabilities as Current or Non-Current _(expected effectiveness from 1 January 2023)_

These amendments to IAS 1 affect only the presentation of liabilities in the statement of financial position — 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 not been adopted by the EU and the Company is assessing the potential impact on its separate financial statements resulting from the application of these amendments.

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.

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 have been already endorsed by the EU and the Company is assessing the potential impact on its separate financial statements resulting from the application of these amendments.

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.

This amendment has not been adopted by the EU and the Company is assessing the potential impact on its separate financial statements resulting from the application of this amendment.

E. Remuneration of Senior Management and Supervisory Board Members

The Company implemented a remuneration framework applicable for the Group. The remuneration framework includes principles of remuneration which apply to the remuneration of all staff (including persons discharging managerial responsibilities) and key principles applicable to the remuneration of persons discharging managerial responsibilities including:

- compliance with the regulatory requirements on remuneration in financial holding companies,
- limit on the ratio between the variable and the fix component of renumeration, the General Meeting approved a limit of 200% between the variable and the fix component,
- deferral of a portion of variable remuneration with a deferral period of at least 3 years, with at least 40 % of variable remuneration deferred,
- variable remuneration in instruments (i.e., non-cash part); as the equity instruments issued by the Company are not traded, a virtual equity certificate for remuneration was created.

The remuneration framework was updated in 2021 and the final framework was approved by the board of directors.

The Company did not establish a remuneration committee. The General Meeting determines the absolute remuneration and further conditions of the agreement to perform for each member of the board of directors, the supervisory board, and the audit committee. The General Meeting approved all agreements to perform office for the members of the board of directors, members of the supervisory board, and the members of the audit committee in 2021. The agreements were approved for an indefinite period of time and do not provide for any remuneration or benefits after the end of the period in office.

The General Meeting approved the key performance indicators for the members of the board of directors for 2021, it assessed the fulfilment of the key performance indicators in April 2022, and it decided about the variable remuneration of the members of the board of directors. All four members of the board of directors met their key performance goals in 2021.

The remuneration of the members of the supervisory board and the members of the audit committee from the agreements to perform office is fixed. There is no variable component of remuneration for them.

The renumeration received from the Company by the members of the board of directors, the members of the supervisory board, and the members of the audit committee in 2021 is stated in section C.11.

In 2021 no in-kind income was provided.

The members of the board of directors, supervisory board, and audit committee neither own any shares of the Company nor have any option rights on the shares of the Company.

F. Group audit expenses

In millions of CZK for the period from 1 January 2021 to 31 December 2021

	KPMG Česká republika Audit, s.r.o.	Other KPMG network	Total
Audit of financial statements	24	42	66
Other audit engagements	8	5	13
Tax advisory	-	4	4
Other non-audit services	1	-	1
Total	**33**	**51**	**84**

Out of the amounts disclosed above, the audit expenses incurred directly by the Company in the period ended 31 December 2021 comprise audit services amounting to CZK 8 million and other audit engagements amounting to CZK 4 million.

G. Other information

In 2021 the Company incurred no expenditure on research and development or environmental protection.

The Company has no branches abroad.

The Company did not obtain any of its own shares.

As for the employer-employee relations, in 2021 the Company was in full compliance with the applicable legislation.

The Company does not foresee any significant changes in the development of its activities.

H. Proposal for the distribution of profit 2021

The Company made a profit after tax of CZK 161,762,661 in 2021.

The Company's Board of Directors proposes the following profit distribution: appropriation to retained earnings in the total amount of CZK 161,762,661.

I. Subsequent events

On 16 March 2022, the Czech National Bank approved the Company as a financial holding entity pursuant to the Czech Law on Banks.

On 29 March 2022 the sole shareholder, PPF Group N.V., provided a supplement in the amount of EUR 135 million (CZK 3,327 million) in the form of a voluntary supplement apart the Company's registered capital.

On 19 February 2022 USCONFIN 1 DESIGNATED ACTIVITY COMPANY was deleted from the Irish Commercial Register.

In late February 2022 the CIS cluster became subject to the ongoing conflict in Ukraine which will have both local and global implications. The US, UK, EU and others have imposed simultaneous sanctions against Russia, certain Russian entities and individuals which have disrupted financial markets and led to uncertainties for the global economy. At the same time, Russia has taken a number of counter sanctions and measures which could impact our business. The Company realises that the geopolitical situation will have significant repercussions for the economy in the Czech Republic and other countries. The full impact of the sanctions, counter sanctions and economic impact are difficult to fully quantify at present.

The Company concluded that the conflict in Ukraine does not affect the application of the Company's going concern assumption.

On 11 April 2022 a loan provided by a related party in CNY was fully repaid (total amount including accrued interest: CZK 725 million).

On 11 April 2022 a loan provided by a related party in CNY was drawn (CZK 708 million). The loan bears a fixed interest rate of 6.2% p.a. and matures in April 2023.

On 27 April 2022 the dividend distribution from PPF banka a.s. was approved. The total dividend amounts to CZK 1,492 million. The Company will receive 92,96% from the total dividend amount.

The Company's management is not aware of any other events occurring after the balance-sheet day that would require additional disclosures to these separate financial statements.

29 April 2022

The board of directors:

Jean-Pascal Duvieusart
Chairman of the board of directors

Kateřina Jirásková
Member of the board of directors

Radek Pluhař
Member of the board of directors

Lubomír Král
Member of the board of directors

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This document is an unsigned English translation of the Czech independent auditor's report that we issued on 29 April 2022 on the statutory separate financial statements. Only the Czech version of the report is legally binding.

Independent Auditor's Report to the Shareholder of PPF Financial Holdings a.s.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying separate financial statements of PPF Financial Holdings a.s. ("the Company"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union, which comprise the separate statement of financial position as at 31 December 2021, and the separate statement of comprehensive income, the statement of changes in equity and the cash flow statement for the period from 1 June 2021 to 31 December 2021, and notes to the separate financial statements, including a summary of significant accounting policies and other explanatory notes. Information about the Company is set out in Note A to the separate financial statements.

In our opinion, the accompanying separate financial statements give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2021, and of its unconsolidated financial performance and its unconsolidated cash flows for the period from 1 June 2021 to 31 December 2021 in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors, Regulation (EU) No. 537/2014 of the European Parliament and of the Council, and Auditing Standards of the Chamber of Auditors of the Czech Republic, consisting of International Standards on Auditing (ISAs), which may be supplemented and amended by relevant application guidelines. Our responsibilities under those regulations are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Investment in subsidiaries and associates

Investments in subsidiaries and associates amounted to CZK 46,979 million as at 31 December 2021 (31 December 2020: CZK 46,369 million).

For other information refer to following notes within notes to the separate financial statements: C.3 (Investments in subsidiaries and associates) and D.1. (Significant accounting policies).

Key audit matter	How the audit matter was addressed
The Company has investments in subsidiaries and associates as at 31 December 2021. In the separate financial statements, these investments are carried at cost less impairment losses, if any. As at each reporting date, management of the Company assesses whether indications exist that impairment exists, i.e. that the investments' carrying amounts are higher than their recoverable amounts. Indications of impairment may include, among other things, significant operating losses, shareholders' equity below the carrying amount of investment or entering insolvency proceedings or potential liquidation. Once impairment indications are identified for an investment, the management of the Company estimates	Our procedures, performed, where applicable, with the support from our own valuation specialists, included, among others: — Evaluating, against the relevant requirements of the financial reporting standards, the reasonableness of the Company's process of identification of impairment indicators, taking into consideration our understanding of the current market conditions and independently assessed the investees' financial performance. — Testing the design and implementation of the selected key controls within the financial reporting process relating to the impairment testing of investments in subsidiaries and associates, including those over

Key audit matter	How the audit matter was addressed
its recoverable amount, being the higher of its fair value less costs to sell or the value-in-use. The determination of the recoverable amounts, performed primarily, but not only, on the basis of discounted cash flow models, involves significant management judgment and assumptions such as growth rates, discount rates and forecasted net operating profit. In the wake of the above-mentioned circumstances, coupled with necessity to assess impacts of COVID-19 pandemic on the potential impairment of investments in subsidiaries and associates, this area required our increased attention in the audit and is considered by us to be a key audit matter.	the validation of the impairment test outcomes. — Assessing the appropriateness of valuation methodology applied for impairment testing against the relevant requirements of financial reporting standards. As part of the above, we identified the relevant methods, assumptions and sources of data, and assessed whether such methods, assumptions, data and their application are appropriate in the context of the said requirements; — Assessing the market assumptions including the discount rate applied in the model by comparing them to independently determined available market data, — Assessing of the growth rate assumption in the terminal period by comparing it to publicly available long-term inflation forecasts, — Assessing the validity of the assumptions and impairment model by building an independent expectation of a market valuation based on comparable market data, considering the relevant market peer companies based on the industry and financial measures, and of an income valuation using independent market based assumptions, i.e. discount rate and terminal growth rate. — Challenging significant assumptions by analysing sensitivity of the valuation model to changes in significant assumptions and considering whether the significant assumptions applied in the model indicate management bias. — Evaluating the accuracy and completeness of the Company's disclosures regarding the key

Key audit matter	How the audit matter was addressed
	assumptions and judgements applied while assessing the recoverable amounts of the investments in subsidiaries and associates.

Other Information

In accordance with Section 2(b) of the Act on Auditors, other information is defined as information included in the annual report other than the financial statements and our auditor's report. The statutory body is responsible for the other information.

As described in Note A to the separate financial statements, the Company has not prepared an annual report as at 31 December 2021, as it plans to include the respective information in a consolidated annual report. Consequently, this auditor's report does not include our statement on the other information.

Responsibilities of the Statutory Body, Supervisory Board and Audit Committee for the Financial Statements

The statutory body is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as the statutory body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the statutory body is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the statutory body either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Company's financial reporting process. The Audit Committee is responsible for monitoring the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the above regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error 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 these financial statements.

As part of an audit in accordance with the above regulations, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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 error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the statutory body.
- Conclude on the appropriateness of the statutory body'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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In compliance with Article 10(2) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council, we provide the following information in our independent auditor's report, which is required in addition to the requirements of International Standards on Auditing:

Appointment of Auditor and Period of Engagement

We were appointed as the auditors of the Company by the General Meeting of Shareholders on 3 December 2021. We are auditors of the Company since December 2021.

Consistency with Additional Report to Audit Committee

We confirm that our audit opinion on the financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 28 April 2022 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and of the Council.

Provision of Non-audit Services

We declare that no prohibited services referred to in Article 5 of Regulation (EU) No. 537/2014 of the European Parliament and of the Council were provided.

Except for the statutory audit, we did not provide the Company and its controlled undertakings with any other services that have not been disclosed in notes to the financial statements or annual report.

Statutory Auditor Responsible for the Engagement

Veronika Strolená is the statutory auditor responsible for the audit of the financial statements of PPF Financial Holdings a.s. as at 31 December 2021, based on which this independent auditor’s report has been prepared.

Prague
29 April 2022

Signed by

KPMG Česká republika Audit, s.r.o.
Registration number 71

Signed by

Veronika Strolená
Partner
Registration number 2195

Report on the Relations between the Controlling Entity and the Controlled Entity and between the Controlled Entity and Entities Controlled by the Same Controlling Entity

for the accounting period from 1 June 2021 to 31 December 2021

The Company: PPF Financial Holdings a.s., with its registered office at Evropská 2690/17, Dejvice, postcode: 160 00, entered in the Commercial Register maintained by the Metropolitan Court in Prague, File number B 26382 (hereinafter referred to as the "Company") is required, for the accounting period from 1 June 2021 to 31 December 2021 (hereinafter referred to as the "Reported Period"), to compile the so-called report on the relations between the controlling entity and the Company and between the Company and entities controlled by the same controlling entity under Section 82 et seq. Act No. 90/2012 Coll., on Companies and Cooperatives, as amended (hereinafter referred to as the "Report on Relations").

1. **The structure of relations between the controlling entity and the Company and between the Company and entities controlled by the same controlling entity**

   According to the statement of PPF Group N.V., in which the authorised representative of the Company did not to its knowledge find any incompleteness, the structure is given in Appendix No. 1 to this Report on Relations.

2. **The role of the Company**

   In the interest of or at the instigation of the controlling entity or entities controlled by the same controlling entity, no measures or other legal transactions were adopted or implemented by the Company in the Reported Period providing any special benefits to the Company or imposing any special obligations on it. The Company does not derive any special benefits in connection with control. Nor does it incur any special obligations towards the controlling entity and/or entities controlled by the same controlling entity beyond those agreed in the agreements referred to in section 5 of this Report on Relations.

   The Company is a holding company managing its own assets and providing financing to group companies.

3. **Method and means of control**

   The controlling entity exercises control through its ownership rights by decisions at the general meetings of the Company (or decisions of the sole partner/shareholder of the Company). The methods and means of controlling the Company include the articles of incorporation or the articles of association of the Company and decisions of the highest body of the Company, so there are no special agreements between the Company and the controlling entity in relation to the methods and means of controlling the Company.

4. Summary of transactions under Section 82 (2) (d) of Act No. 90/2012 Coll., on Companies and Cooperatives, as amended

In the Reported Period, the Company did not perform any transactions at the instigation or in the interest of the controlling entity or its controlled entities in which assets exceeding 10% of the Company's equity, as determined from the financial statements for the accounting period immediately preceding the accounting period for which the Report of Relations is prepared, would be disposed.

5. Overview of mutual agreements

The Company entered into the following agreements with the controlling entity and with the controlled entities, of which the following were performed in the Reported Period:

- The following agreement(s) was(were) entered into with CETIN a.s., with its registered office at Prague 9, Libeň, Českomoravská 2510/19, postcode: 190 00, Company Reg. No.: 04084063:
  - Agreement on the Granting of Leave and Lump-sum Reimbursement of Expenses for Leave so Granted
- The following agreement(s) was(were) entered into with Home Credit Consumer Finance Co., Ltd, with its registered office in the People's Republic of China, Tianjin, floor 27, building C1, TEDA MSD-C District, No. 79, Company Reg. No.: 91120116636067462H:
  - Loan Agreement, subject of performance: drawing and instalment of a part of a loan and interest on the loan
- The following agreement(s) was(were) entered into with Home Credit Group B.V., with its registered office in the Netherlands, Amsterdam, Strawinskylaan 933, postcode: 1077XX, Company Reg. No.: 69638284:
  - Loan Agreement, subject of performance: provision and instalment of a part of a loan and interest on the loan
- The following agreement(s) was(were) entered into with Home Credit International a.s., with its registered office at Prague 6, Evropská 2690/17, postcode: 160 00, Company Reg. No.: 60192666:
  - Agreement on the Granting of Leave and Lump-sum Reimbursement of Expenses for Leave so Granted
- The following agreement(s) was(were) entered into with PPF Gastro s.r.o. (formerly: Mystery Services s.r.o.), with its registered office at Prague 6, Evropská 2690/17, postcode: 160 00, Company Reg. No.: 24768103:
  - Agreement on Staff Catering
- The following agreement(s) was(were) entered into with PPF a.s., with its registered office at Prague 6, Evropská 2690/17, postcode: 160 41, Company Reg. No.: 25099345:
  - Agreement on the Granting of Leave and Lump-sum Reimbursement of Expenses for Leave so Granted
  - Agreement on the Sale of Small Property, subject of performance: small property

- Agreement on the Use of Office Premises
- Agreement to Terminate the Agreement on the Use of Office Premises, subject of performance: sublease of premises
- Agreement on the Sublease of Non-residential Premises and Movable Property Comprising their Equipment, as amended
- Licence Agreement for PPF logos and PPF trademarks
- Reinvoicing of Expenses for COVID-19 Testing
- Service Agreement, as amended, subject of performance: advisory services
- Agreement on the Processing of Personal Data

- The following agreement(s) was(were) entered into with PPF banka a.s., with its registered office at Prague 6, Evropská 2690/17, postcode: 160 41, Company Reg. No.: 47116129:
    - Mandate Agreement
    - Framework Agreement on Payment and Banking Services, as amended, subject of performance: financial services
    - Administrator Agreement, subject of performance: bond issue administration
    - Administrator Agreement, subject of performance: bond issue administration
    - Administrator Agreement, subject of performance: bond issue administration
    - Administrator Agreement, subject of performance: bond issue administration
    - Administrator Agreement, subject of performance: bond issue administration
    - Investment Service Agreement, subject of performance: financial services
    - Service Agreement, subject of performance: credit risk analysis
    - Group Corporate Governance Agreement
    - Transfer Agreement for Group Corporate Governance Agreement
    - Sub-licence Agreement, subject of performance: SW licence and support
- The following agreement(s) was(were) entered into with PPF Group N.V., with its registered office in the Netherlands, Amsterdam, Strawinskylaan 933, postcode: 1077XX, Company Reg. No.: 33264887:
    - Loan Agreement, subject of performance: drawing and instalment of a loan and interest on the loan
    - Loan Agreement, subject of performance: drawing and instalment of a part of a loan and interest on the loan
- The following agreement(s) was(were) entered into with Skoda B.V. (formerly PPF IndustryCo B.V., PPF Beer Topholdco B.V.), with its registered office in the Netherlands, Amsterdam, Strawinskylaan 933, postcode: 1077XX, Company Reg. No.: 67420427:
    - Reinvoicing of Expenses for Advisory Services
- The following agreement(s) was(were) entered into with Tanemo a.s., with its registered office at Prague 6, Evropská 2690/17, postcode: 160 00, Company Reg. No.: 9834273:
    - Reinvoicing of Expenses for Administrative Charges

Assessment of whether the Company suffered damage and assessment of its settlement under Sections 71 and 72 of Act No. 90/2012 Coll., on Companies and Cooperatives, as amended

All the transactions described in section 4 of this Report on Relations, if any, were made and the agreements described in section 5 of this Report on Relations were entered into under normal business conditions. Similarly, all services provided and received under these agreements were provided under normal business conditions, and the Company did not suffer any loss from these transactions and agreements.

The Company declares that, in the Reported Period, there was no influence on the Company's conduct by an influential entity or a controlling entity which would have a decisive and significant effect on the Company's conduct to its detriment. The Company declares that it has not suffered any loss. Therefore, it is not necessary to assess the compensation for damage under Sections 71 and 72 of Act No. 90/2012 Coll., on Companies and Cooperatives, as amended.

The authorised representative of the Company declares that, based on a thorough assessment of the Company's role vis-à-vis the controlling entity and entities controlled by the same controlling entity, the Company does not enjoy any special advantages and/or suffer any disadvantages arising from relations between the Company and its controlling entity and/or entities controlled by the same controlling entity.

For the Company, its role vis-à-vis the controlling entity and persons controlled by the same controlling entity did not and does not represent any risk. Therefore, it is not necessary to state whether, in what way, and in what period damage was or will be compensated according to Sections 71 and 72 of Act No. 90/2012 Coll., on Companies and Cooperatives, as amended.

The authorised representative declares that they have obtained the necessary information for the preparation of this Report on Relations, have compiled this Report on Relations with due diligence, and the data in this Report on Relations are correct and complete.

In Prague, 31 March 2022

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On behalf of

PPF Financial Holdings a.s.

Ing. Kateřina Jirásková

Member of the board of directors

Appendix No. 1 – List of Companies Directly or Indirectly Controlled by the Same Controlling Entity

Controlling entity: Ing. Petr Kellner / Renáta Kellnerová, administrator of the inheritance (hereinafter referred to as the "Controlling Entity")

Business name	Identification/ registration no.	Country of registration	Method and means of control	Note	Interest mediated by
AB 4 B.V.	34186049	Netherlands	Entity controlled by the same controlling entity through an ownership interest		Air Bank a.s.
AB STRUCTURED FUNDING 1 DESIGNATED ACTIVITY COMPANY	619700	Ireland	Entity controlled by the same controlling entity through an ownership interest		PPF Financial Holdings a.s.
AB-X Projekt GmbH in liquidation	HRB 247124	Federal Republic of Germany	Entity controlled by the same controlling entity through an ownership interest		Home Credit Group B.V.
Accord Research, s.r.o. in liquidation	29048974	Czech Republic	Entity controlled by the same controlling entity through an ownership interest	until 23 March 2021	PPF Capital Partners Fund B.V.
AF Airfueling s.r.o.	02223953	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		Prague Entertainment Group B.V.
Air Bank a.s.	29045371	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		Home Credit N.V.
Alcat S.r.l	1982487	France	Entity controlled by the same controlling entity through an ownership interest	since 30 September 2021	Dream Yacht Italia S.r.l
Anse Marcel Marina SAS	484763594	France	Entity controlled by the same controlling entity through an ownership interest	since 30 September 2021	Dream Yacht Saint Martin
ANTHEMONA LIMITED	HE 289677	Republic of Cyprus	Entity controlled by the same controlling entity through an ownership interest		Comcity Office Holding B.V.

Business name	Identification/ registration no.	Country of registration	Method and means of control	Note	Interest mediated by
Aqualodge	823597950	Martinique	Entity controlled by the same controlling entity through an ownership interest	since 30 September 2021	Dream Yacht Charter
Argos Yachtcharter & Touristik GmbH	9313	Federal Republic of Germany	Entity controlled by the same controlling entity through an ownership interest	since 30 September 2021	Lacani
Archipels croisieres	92125B	France	Entity controlled by the same controlling entity through an ownership interest	since 30 September 2021	Dream Yacht Tahiti
Art Office Gallery a.s.	24209627	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		Office Star Eight a.s.
Asake HW s.r.o. in liquidation (formarly eKasa s.r.o.)	05089131	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		O2 Czech Republic a.s.
ASTAVEDO LIMITED	HE 316792	Republic of Cyprus	Entity controlled by the same controlling entity through an ownership interest		Home Credit Group B.V.
B2S Servisní, a.s. in liquidation	19013825	Czech Republic	Entity controlled by the same controlling entity through an ownership interest	until 29 January 2021	PPF CYPRUS MANAGEMENT LIMITED
Bammer trade a.s.	28522761	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		Skoda B.V.
Bavella B.V.	52522911	Netherlands	Entity controlled by the same controlling entity through an ownership interest		PPF Group N.V.
Beficery LTD	417922	Republic of Cyprus	Entity controlled by the same controlling entity through an ownership interest	since 10 November 2021	PPF Industrial Holding B.V.

Business name	Identification/ registration no.	Country of registration	Method and means of control	Note	Interest mediated by
Benxy s.r.o.	03570967	Czech Republic	Entity controlled by the same controlling entity through an ownership interest	until 1 December 2021	Air Bank a.s.
Best Charter	820563815	Guadeloupe	Entity controlled by the same controlling entity through an ownership interest	since 30 September 2021	Dream Yacht Charter
Bestsport holding a.s.	06613161	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		Prague Entertainment Group B.V.
Bestsport Services, a.s. in liquidation	24215171	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		PPF CYPRUS MANAGEMENT LIMITED
Bestsport, a.s.	24214795	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		LINDUS SERVICES LIMITED
BLUE SEA HOLDING Sárl	0771845232	Belgium	Entity controlled by the same controlling entity through an ownership interest	since 29 July 2021	Vox Ventures B.V.
Bolt Start Up Development a.s.	04071336	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		O2 Czech Republic a.s.
BONAK a.s.	05098815	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		PPF a.s.
Boryspil Project Management Ltd.	34999054	Ukraine	Entity controlled by the same controlling entity through an ownership interest		Pharma Consulting Group Ltd.
Bravewave Limited	HE 416017	Republic of Cyprus	Entity controlled by the same controlling entity through an ownership interest	since 10 November 2021	PPF Industrial Holding B.V.

Business name	Identification/ registration no.	Country of registration	Method and means of control	Note	Interest mediated by
BTV Media Group EAD	130081393	Bulgaria	Entity controlled by the same controlling entity through an ownership interest		CME Bulgaria B.V.
Capellalaan (Hoofddorp) B.V.	58391312	Netherlands	Entity controlled by the same controlling entity through an ownership interest		Seven Assets Holding B.V.
Carolia Westminster Hotel Limited	9331282	United Kingdom of Great Britain and Northern Ireland	Entity controlled by the same controlling entity by acting in concert through an ownership interest		CW Investor S.á.r.l.
CEIL (Central Europe Industries) LTD	275785	Republic of Cyprus	Entity controlled by the same controlling entity through an ownership interest	since 10 November 2021	Bravewave limited, Beficery LTD
Central European Media Enterprises Ltd.	19574	Bermuda	Entity controlled by the same controlling entity through an ownership interest	until 24 June 2021	TV Bidco B.V.
CETIN a.s.	04084063	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		CETIN Group N.V.
CETIN Bulgaria EAD	206149191	Bulgaria	Entity controlled by the same controlling entity through an ownership interest		CETIN Group N.V.
CETIN d.o.o. Belgrade - New Belgrade	21594105	Serbia	Entity controlled by the same controlling entity through an ownership interest		CETIN Group N.V.
CETIN Finance B.V.	66805589	Netherlands	Entity controlled by the same controlling entity through an ownership interest		CETIN a.s.
CETIN Group N.V. (formerly CETIN Group B.V.)	65167899	Netherlands	Entity controlled by the same controlling entity through an ownership interest		PPF Telecom Group B.V.
CETIN Hungary Zártkörűen Működő Részvénytársaság	13-10-042052	Hungary	Entity controlled by the same controlling entity through an ownership interest		TMT Hungary Infra B.V.

Business name	Identification/ registration no.	Country of registration	Method and means of control	Note	Interest mediated by
CETIN služby s.r.o.	06095577	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		CETIN a.s.
CIAS HOLDING a.s.	27399052	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		Skoda B.V.
CITY TOWER Holding a.s.	02650665	Czech Republic	Entity controlled by the same controlling entity through an ownership interest	until 6 November 2021	PPF Real Estate Holding B.V.
CME Bulgaria B.V.	34385990	Netherlands	Entity controlled by the same controlling entity through an ownership interest		CME Media Enterprises B.V.
CME Investments B.V.	33289326	Netherlands	Entity controlled by the same controlling entity through an ownership interest		CME Media Enterprises B.V.
CME Media Enterprises B.V.	33246826	Netherlands	Entity controlled by the same controlling entity through an ownership interest		TV Bidco B.V.
CME Media Enterprises Limited	49774	Bermuda	Entity controlled by the same controlling entity through an ownership interest	until 29 January 2021	Central European Media Enterprises Ltd.
CME Media Services Limited	6847543	United Kingdom of Great Britain and Northern Ireland	Entity controlled by the same controlling entity through an ownership interest		CME Media Enterprises B.V.
CME Programming B.V.	33020125	Netherlands	Entity controlled by the same controlling entity through an ownership interest	until 11 March 2021	CME Media Enterprises B.V.
CME Services s.r.o.	29018412	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		CME Media Enterprises B.V.

Business name	Identification/ registration no.	Country of registration	Method and means of control	Note	Interest mediated by
CME Slovak Holdings B.V.	34274606	Netherlands	Entity controlled by the same controlling entity through an ownership interest		TV Nova s.r.o.
Comcity Office Holding B.V.	64411761	Netherlands	Entity controlled by the same controlling entity through an ownership interest		PPF Real Estate Holding B.V.
Croatia Yacht Club d.o.o.	100001999	Croatia	Entity controlled by the same controlling entity through an ownership interest	since 30 September 2021	Dream Yacht Charter
Croisiere Cabine Antilles	791273881	Martinique	Entity controlled by the same controlling entity through an ownership interest	since 30 September 2021	Dream Yacht Charter
Culture Trip (Israel) Ltd.	515308609	Israel	Entity controlled by the same controlling entity through an ownership interest		The Culture Trip Ltd
CW Investor S.á.r.l.	B211446	Luxembourg	Entity controlled by the same controlling entity by acting in concert through an ownership interest		Westminster JV a.s.
Cytune Pharma SAS	500998703	France	Entity controlled by the same controlling entity through an ownership interest		Sotio Biotech B.V.
Czech Equestrian Team a.s.	01952684	Czech Republic	Entity controlled by the same controlling entity by acting in concert through an ownership interest		SUNDOWN FARMS LIMITED
CZECH TELECOM Germany GmbH i.L.	HRB 51503	Federal Republic of Germany	Entity controlled by the same controlling entity through an ownership interest		CETIN a.s.
CzechToll s.r.o.	06315160	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		PPF a.s.

Business name	Identification/ registration no.	Country of registration	Method and means of control	Note	Interest mediated by
De Reling (Dronten) B.V.	58164235	Netherlands	Entity controlled by the same controlling entity through an ownership interest		Seven Assets Holding B.V.
DEVEDIACO ENTERPRISES LIMITED	HE 372136	Republic of Cyprus	Entity controlled by the same controlling entity through an ownership interest		TELISTAN LIMITED
DRAK INVESTMENT HOLDING LTD	324472	Antigua and Barbuda	Entity controlled by the same controlling entity through an ownership interest		GONDRA HOLDINGS LTD
Dream Yacht Americas, Inc.	D13776851	USA	Entity controlled by the same controlling entity through an ownership interest	since 30 September 2021	Dream Yacht Charter
Dream Yacht Australia Pty Ltd	138577634	Australia	Entity controlled by the same controlling entity through an ownership interest	since 30 September 2021	Dream Yacht Charter
Dream Yacht Bahamas Limited	105631118	Bahamas	Entity controlled by the same controlling entity through an ownership interest	since 30 September 2021	Dream Yacht Americas, Inc.
Dream Yacht Belize Ltd	239396	Belize	Entity controlled by the same controlling entity through an ownership interest	since 30 September 2021	Dream Yacht Charter
Dream Yacht Caribean	478532559	Martinique	Entity controlled by the same controlling entity through an ownership interest	since 30 September 2021	Dream Yacht Charter
Dream Yacht Club DOO	080648734	Croatia	Entity controlled by the same controlling entity through an ownership interest	since 30 September 2021	Dream Yacht Nordic AB
Dream Yacht Finance France	844801514	France	Entity controlled by the same controlling entity through an ownership interest	since 30 September 2021	Dream Yacht Méditerranée

Business name	Identification/ registration no.	Country of registration	Method and means of control	Note	Interest mediated by
Dream Yacht Fleet	844858043	France	Entity controlled by the same controlling entity through an ownership interest	since 30 September 2021	Dream Yacht Finance France
Dream Yacht Grenadines Ltd	No.70 of 2015	Mexico	Entity controlled by the same controlling entity through an ownership interest	since 30 September 2021	Dream Yacht Charter
Dream Yacht Group SA	BE068187664 3	Belgium	Entity controlled by the same controlling entity through an ownership interest	since 30 September 2021	BLUE SEA HOLDING Sárl
Dream Yacht Charter	C10039041	Republic of Mauritius	Entity controlled by the same controlling entity through an ownership interest	since 30 September 2021	DREAM YACHT GROUP SA
Dream Yacht Charter (Antigua) Limited	C138/13	Antigua and Barbuda	Entity controlled by the same controlling entity through an ownership interest	since 30 September 2021	Dream Yacht Charter
Dream Yacht Charter Balearic, Sociedad Limitada	B57918252	Spain	Entity controlled by the same controlling entity through an ownership interest	since 30 September 2021	Dream Yacht Méditerranée
Dream Yacht Charter Grenada Limited	112OF2013-7013	Mexico	Entity controlled by the same controlling entity through an ownership interest	since 30 September 2021	Dream Yacht Charter
Dream Yacht Charter, SA DE CV (Dream Yacht Mexico)	DYC1408125 Z0	Mexico	Entity controlled by the same controlling entity through an ownership interest	since 30 September 2021	Dream Yacht Americas, Inc.
Dream Yacht Italia S.r.l	2113336	France	Entity controlled by the same controlling entity through an ownership interest	since 30 September 2021	Dream Yacht Méditerranée
Dream Yacht Malaysia	793437U	Malaysia	Entity controlled by the same controlling entity through an ownership interest	since 30 September 2021	Dream Yacht Charter

Business name	Identification/ registration no.	Country of registration	Method and means of control	Note	Interest mediated by
Dream Yacht Méditérranée	494440712	France	Entity controlled by the same controlling entity through an ownership interest	since 30 September 2021	Dream Yacht Charter
Dream Yacht Nordic AB	5564283728	Sweden	Entity controlled by the same controlling entity through an ownership interest	since 30 September 2021	Dream Yacht Méditerranée
Dream Yacht Nouvelle-Calédonie	000963892	France	Entity controlled by the same controlling entity through an ownership interest	since 30 September 2021	Dream Yacht Charter
Dream Yacht Saint Martin	812809143	France	Entity controlled by the same controlling entity through an ownership interest	since 30 September 2021	Dream Yacht Charter
Dream Yacht Seychelles Ltd	8427841	Seychelles	Entity controlled by the same controlling entity through an ownership interest	since 30 September 2021	Dream Yacht Charter
Dream Yacht Tahiti	08179B	France	Entity controlled by the same controlling entity through an ownership interest	since 30 September 2021	Dream Yacht Charter
Dream Yacht Tortola INC.	1463569	British Virgin Islands	Entity controlled by the same controlling entity through an ownership interest	since 30 September 2021	Dream Yacht Charter
Dream Yacht Travel	477550313	France	Entity controlled by the same controlling entity through an ownership interest	since 30 September 2021	Lacani
Dream Yacht USVI LLC	DC0111468	USA	Entity controlled by the same controlling entity through an ownership interest	since 30 September 2021	Dream Yacht Charter
Duoland s.r.o.	06179410	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		Prague Entertainment Group B.V.

Business name	Identification/ registration no.	Country of registration	Method and means of control	Note	Interest mediated by
DYC HELLAS M.C.P.Y.	EL99759440	Greece	Entity controlled by the same controlling entity through an ownership interest	since 30 September 2021	Dream Yacht Méditerranée
Eastern Properties B.V.	58756566	Netherlands	Entity controlled by the same controlling entity through an ownership interest		PPF Real Estate Holding B.V.
Easy Sailing j.d.o.o za usluge, turisticka agencija	080883331	Croatia	Entity controlled by the same controlling entity through an ownership interest	since 30 September 2021	Croatia Yacht Club d.o.o.
Easy Sailing Single-Member Shipping Limited Liability Company	004313901000	Greece	Entity controlled by the same controlling entity through an ownership interest	since 30 September 2021	Dream Yacht Méditerranée
Ecos Yachting	080422270	Croatia	Entity controlled by the same controlling entity through an ownership interest	since 30 September 2021	Dream Yacht Charter
ELTHYSIA LIMITED	HE 290356	Republic of Cyprus	Entity controlled by the same controlling entity through an ownership interest		PPF Real Estate Holding B.V.
Emeldi Technologies, s.r.o.	25663232	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		O2 Czech Republic a.s.
EMPTYCO a.s. (formerly Telematika a.s.)	05418046	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		PPF a.s.
ENADOCO LIMITED	HE 316486	Republic of Cyprus	Entity controlled by the same controlling entity through an ownership interest		Home Credit Group B.V.
Erable B.V.	67330495	Netherlands	Entity controlled by the same controlling entity through an ownership interest		PPF Group N.V.

Business name	Identification/ registration no.	Country of registration	Method and means of control	Note	Interest mediated by
ESK Developments Limited	1611159	British Virgin Islands	Entity controlled by the same controlling entity through an ownership interest		Chelton Properties Limited
EusebiusBS (Arnhem) B.V.	58163778	Netherlands	Entity controlled by the same controlling entity through an ownership interest		Seven Assets Holding B.V.
FACIPERO INVESTMENTS LIMITED	HE 232483	Republic of Cyprus	Entity controlled by the same controlling entity through an ownership interest		PPF Group N.V.
Favour Ocean Limited	1065678	People's Republic of China	Entity controlled by the same controlling entity through an ownership interest		Home Credit N.V.
FELISTON ENTERPRISES LIMITED	HE 152674	Republic of Cyprus	Entity controlled by the same controlling entity through an ownership interest	until 14 August 2021	SALEMONTO LIMITED
Filcommerce Holdings, Inc	CS 201310129	Republic of the Philippines	Entity controlled by the same controlling entity through an ownership interest		HC Philippines Holding B.V.
FLOGESCO LIMITED	HE 172588	Republic of Cyprus	Entity controlled by the same controlling entity through an ownership interest		Gilbey Holdings Limited
FO Management s.r.o.	06754295	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		PPF FO Management B.V.
FO servis s.r.o.	08446407	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		PPF FO Management B.V.
Fodina B.V.	59400676	Netherlands	Entity controlled by the same controlling entity through an ownership interest		PPF Group N.V.

Business name	Identification/ registration no.	Country of registration	Method and means of control	Note	Interest mediated by
Fórum Karlín a.s.	08259551	Czech Republic	Entity controlled by the same controlling entity through an ownership interest	Since 9 July 2021	Prague Entertainment Group B.V.
Forward leasing LLP	190740032911	Kazakhstan	Entity controlled by the same controlling entity through an ownership interest		Vsegda Da N.V., LLC Forward leasing
FOSOL ENTERPRISES LIMITED	HE 372077	Republic of Cyprus	Entity controlled by the same controlling entity through an ownership interest		DEVEDIACO ENTERPRISES LIMITED
GABELLI CONSULTANC Y LIMITED	HE 160589	Republic of Cyprus	Entity controlled by the same controlling entity through an ownership interest		VELTHEMIA LIMITED
Ganz-Skoda Electric Zrt.	110045500	Hungary	Entity controlled by the same controlling entity through an ownership interest		ŠKODA TRANSPORTAT ION a.s.
Gen Office Gallery a.s.	24209881	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		Office Star Eight a.s.
German Properties B.V.	61008664	Netherlands	Entity controlled by the same controlling entity through an ownership interest		PPF Real Estate Holding B.V.
GILBEY HOLDINGS LIMITED	HE182860	Republic of Cyprus	Entity controlled by the same controlling entity through an ownership interest		PPF Real Estate Holding B.V.
GONDRA HOLDINGS LTD	324452	Antigua and Barbuda	Entity controlled by the same controlling entity through an ownership interest		Salonica Holding Limited
GRACESPRING LIMITED	HE 208337	Republic of Cyprus	Entity controlled by the same controlling entity through an ownership interest		PPF Real Estate Holding B.V.
Grandview Resources Corp.	1664098	British Virgin Islands	Entity controlled by the same controlling entity		Bavella B.V.

Business name	Identification/ registration no.	Country of registration	Method and means of control	Note	Interest mediated by
			through an ownership interest		
Guangdong Home Credit Number Two Information Consulting Co., Ltd	76732894-1	People's Republic of China	Entity controlled by the same controlling entity through an ownership interest		Home Credit Asia Limited
HC Asia B.V.	34253829	Netherlands	Entity controlled by the same controlling entity through an ownership interest		Home Credit N.V.
HC Consumer Finance Philippines, Inc	CS201301354	Republic of the Philippines	Entity controlled by the same controlling entity through an ownership interest		HC Philippines Holding B.V.
HC Finance USA LLC	7241255	USA	Entity controlled by the same controlling entity through an ownership interest		Home Credit US Holding, LLC
HC ITS s.r.o. in liquidation	08803251	Czech Republic	Entity controlled by the same controlling entity through an ownership interest	until 20 September 2021	Home Credit Group B.V.
HC Philippines Holding B.V.	35024270	Netherlands	Entity controlled by the same controlling entity through an ownership interest		HC Asia B.V.
HCPH Financing I. Inc	CS201727565	Republic of the Philippines	Entity controlled by the same controlling entity through an ownership interest		HC Philippines Holding B.V.
HCPH INSURANCE BROKERAGE, INC.	CS201812176	Republic of the Philippines	Entity controlled by the same controlling entity through an ownership interest		HC Philippines Holding B.V.
Hofplein Offices (Rotterdam) B.V.	64398064	Netherlands	Entity controlled by the same controlling entity through an ownership interest		Seven Assets Holding B.V.
Home Credit a.s.	26978636	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		Home Credit International a.s.

Business name	Identification/ registration no.	Country of registration	Method and means of control	Note	Interest mediated by
Home Credit Asia Limited	890063	People's Republic of China	Entity controlled by the same controlling entity through an ownership interest		HC Asia B.V.
Home Credit Consumer Finance Co., Ltd	91120116636067462H	People's Republic of China	Entity controlled by the same controlling entity through an ownership interest		Home Credit N.V.
Home Credit Group B.V.	69638284	Netherlands	Entity controlled by the same controlling entity through an ownership interest		PPF Financial Holdings a.s.
Home Credit India B.V.	52695255	Netherlands	Entity controlled by the same controlling entity through an ownership interest		HC Asia B.V.
HOME CREDIT INDIA FINANCE PRIVATE LIMITED	U65910HR1997PTC047448	Republic of India	Entity controlled by the same controlling entity through an ownership interest		Home Credit India B.V., Home Credit International a.s.
HOME CREDIT INDIA STRATEGIC ADVISORY SERVICES PRIVATE LIMITED	U74999HR2017FTC070364	Republic of India	Entity controlled by the same controlling entity through an ownership interest		Home Credit India B.V., Home Credit International a.s.
Home Credit Indonesia B.V.	52695557	Netherlands	Entity controlled by the same controlling entity through an ownership interest		HC Asia B.V.
Home Credit International a.s.	60192666	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		Home Credit N.V.
Home Credit N.V.	34126597	Netherlands	Entity controlled by the same controlling entity through an ownership interest		Home Credit Group B.V.
Home Credit Slovakia, a.s.	36234176	Slovakia	Entity controlled by the same controlling entity through an ownership interest		Home Credit N.V.

Business name	Identification/ registration no.	Country of registration	Method and means of control	Note	Interest mediated by
Home Credit US Holding, LLC	5467913	USA	Entity controlled by the same controlling entity through an ownership interest		Home Credit Group B.V.
Home Credit US, LLC	5482663	USA	Entity controlled by the same controlling entity through an ownership interest		Home Credit US Holding, LLC
Home Credit Vietnam Finance Company Limited	307672788	Vietnam	Entity controlled by the same controlling entity through an ownership interest		Home Credit N.V.
HOPAR LIMITED	HE 188923	Republic of Cyprus	Entity controlled by the same controlling entity through an ownership interest		PPF Real Estate Holding B.V.
Horse Arena s.r.o.	04479823	Czech Republic	Entity controlled by the same controlling entity by acting in concert through an ownership interest		SUNDOWN FARMS LIMITED
Chelton Properties Limited	1441835	British Virgin Islands	Entity controlled by the same controlling entity through an ownership interest		Renáta Kellnerová
INTENS Corporation s.r.o.	28435575	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		Bolt Start Up Development a.s.
ITIS Holding a.s.	07961774	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		PPF a.s.
Izotrem Investments Limited	HE 192753	Republic of Cyprus	Entity controlled by the same controlling entity through an ownership interest		Gilbey Holdings Limited
JARVAN HOLDINGS LIMITED	HE 310140	Republic of Cyprus	Entity controlled by the same controlling entity through an ownership interest		PPF Real Estate Holding B.V., PPF CYPRUS RE MANAGEMENT LIMITED

Business name	Identification/ registration no.	Country of registration	Method and means of control	Note	Interest mediated by
Johan H (Amsterdam) B.V.	58163239	Netherlands	Entity controlled by the same controlling entity through an ownership interest		Seven Assets Holding B.V.
Joint-Stock Company " Investments trust"	1037739865052	Russian Federation	Entity controlled by the same controlling entity through an ownership interest		Trilogy Park Holding B.V.
Joint-Stock Company “Intrust NN”	1065259035896	Russian Federation	Entity controlled by the same controlling entity through an ownership interest		Stinctum Holdings Limited
Jokiaura Kakkonen Oy	2401050-2	Finland	Entity controlled by the same controlling entity through an ownership interest		Skoda B.V.
JONSA LIMITED	HE275110	Republic of Cyprus	Entity controlled by the same controlling entity through an ownership interest		PPF Real Estate Holding B.V., PPF CYPRUS RE MANAGEMENT LIMITED
Kanal A d.o.o.	5402662000	Slovenia	Entity controlled by the same controlling entity through an ownership interest		PRO PLUS d.o.o.
Kateřinská Office Building s.r.o.	03495663	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		PPF Real Estate s.r.o.
Komodor LLC	32069917	Ukraine	Entity controlled by the same controlling entity through an ownership interest		West Logistics Park LLC
Lacani	799758412	France	Entity controlled by the same controlling entity through an ownership interest	since 30 September 2021	Dream Yacht Group SA
Langen Property B.V.	61012777	Netherlands	Entity controlled by the same controlling entity through an ownership interest		German Properties B.V.

Business name	Identification/ registration no.	Country of registration	Method and means of control	Note	Interest mediated by
Latesail Limited	3783328	United Kingdom of Great Britain and Northern Ireland	Entity controlled by the same controlling entity through an ownership interest	since 30 September 2021	Lacani
Letiště Praha Letňany, s.r.o.	24678350	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		Prague Entertainment Group B.V.
Letňany Air Land s.r.o.	06138462	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		Prague Entertainment Group B.V.
Letňany Air Logistics s.r.o.	06138411	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		Prague Entertainment Group B.V.
Letňany eGate s.r.o.	06137628	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		Prague Entertainment Group B.V.
Letňany Park Gate s.r.o.	06138446	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		Prague Entertainment Group B.V.
Limited Liability Company "Dream Yacht Montenegro" Llc KOTOR	50961329	Montenegro	Entity controlled by the same controlling entity through an ownership interest	since 30 September 2021	Dream Yacht Charter
LINDUS SERVICES LIMITED	HE 281891	Republic of Cyprus	Entity controlled by the same controlling entity through an ownership interest		Bestsport holding a.s.
LLC "Gorod Molodogo Pokolenija"	1187746792914	Russian Federation	Entity controlled by the same controlling entity through an ownership interest		JARVAN HOLDINGS LIMITED
LLC "KARTONTARA"	1197746247247	Russian Federation	Entity controlled by the same controlling entity through an ownership interest	until 31 August 2021	JARVAN HOLDINGS LIMITED
LLC Alians R	1086627000635	Russian Federation	Entity controlled by the same controlling entity		JONSA LIMITED

Business name	Identification/ registration no.	Country of registration	Method and means of control	Note	Interest mediated by
			through an ownership interest		
LLC Almondsey	1127747228190	Russian Federation	Entity controlled by the same controlling entity through an ownership interest		PPF Real Estate Holding B.V., LLC Charlie Com.
LLC BRAMA	1107746950431	Russian Federation	Entity controlled by the same controlling entity through an ownership interest		JARVAN HOLDINGS LIMITED
LLC Comcity Kotelnaya	5157746112959	Russian Federation	Entity controlled by the same controlling entity through an ownership interest		Comcity Office Holding B.V.
LLC EASTERN PROPERTIES RUSSIA	1137746929836	Russian Federation	Entity controlled by the same controlling entity through an ownership interest		Bavella B.V., GRANDVIEW RESOURCES CORP.
LLC ERKO	1044702180863	Russian Federation	Entity controlled by the same controlling entity through an ownership interest	until 28 December 2021	LLC "Gorod Molodogo Pokolenija"
LLC Fantom	1053001163302	Russian Federation	Entity controlled by the same controlling entity through an ownership interest		PPF Real Estate s.r.o., PALEOS INDUSTRIES B.V.
LLC Financial Innovations	1047796566223	Russian Federation	Entity controlled by the same controlling entity through an ownership interest		LLC Home Credit & Finance Bank
LLC Forward leasing	1157746587943	Russian Federation	Entity controlled by the same controlling entity through an ownership interest		Vsegda Da N.V.
LLC Home Credit & Finance Bank	1027700280937	Russian Federation	Entity controlled by the same controlling entity through an ownership interest		Home Credit N.V., Home Credit International a.s.

Business name	Identification/ registration no.	Country of registration	Method and means of control	Note	Interest mediated by
LLC Home Credit Insurance	1027739236018	Russian Federation	Entity controlled by the same controlling entity through an ownership interest		Home Credit N.V.
LLC Charlie Com	1137746330336	Russian Federation	Entity controlled by the same controlling entity through an ownership interest		PPF Real Estate s.r.o.
LLC In Vino	1052309138628	Russian Federation	Entity controlled by the same controlling entity through an ownership interest		Gracespring Limited
LLC ISK Klokovo	1127746186501	Russian Federation	Entity controlled by the same controlling entity through an ownership interest		STEPHOLD LIMITED
LLC K-Development	1077760004629	Russian Federation	Entity controlled by the same controlling entity through an ownership interest	until 16 September 2021	JARVAN HOLDINGS LIMITED
LLC KEPS	1127746190604	Russian Federation	Entity controlled by the same controlling entity through an ownership interest	until 5 July 2021	PPF Real Estate Holding B.V., PALEOS INDUSTRIES B.V.
LLC Kvartal Togliatti	1056320172567	Russian Federation	Entity controlled by the same controlling entity through an ownership interest		PPF Real Estate Holding B.V., PALEOS INDUSTRIES B.V.
LLC LB Voronezh	1133668033872	Russian Federation	Entity controlled by the same controlling entity through an ownership interest		LLC EASTERN PROPERTIES RUSSIA
LLC Logistics - A	1115048002156	Russian Federation	Entity controlled by the same controlling entity through an ownership interest		ELTHYSIA LIMITED, PPF CYPRUS RE MANAGEMENT LIMITED
LLC Logistika - Ufa	1150280069477	Russian Federation	Entity controlled by the same controlling entity through an ownership interest		PPF Real Estate s.r.o.

Business name	Identification/ registration no.	Country of registration	Method and means of control	Note	Interest mediated by
LLC MCC Kupi ne kopi	1027700280640	Russian Federation	Entity controlled by the same controlling entity through an ownership interest		Home Credit N.V.
LLC My Gym	5157746112915	Russian Federation	Entity controlled by the same controlling entity through an ownership interest		Comcity Office Holding B.V.
LLC Oil Investments	1167746861677	Russian Federation	Entity controlled by the same controlling entity through an ownership interest		PPF Real Estate s.r.o., PALEOS INDUSTRIES B.V.
LLC PPF Life Insurance	1027739031099	Russian Federation	Entity controlled by the same controlling entity through an ownership interest		PPF Group N.V.
LLC PPF Real Estate Russia	1057749557568	Russian Federation	Entity controlled by the same controlling entity through an ownership interest		PPF Real Estate Holding B.V.
LLC RAV Agro	1073667022879	Russian Federation	Entity controlled by the same controlling entity through an ownership interest		Bavella B.V., Grandview Resources Corp.
LLC RAV Agro Pro	1033600135557	Russian Federation	Entity controlled by the same controlling entity through an ownership interest		LLC RAV Agro, LLC RAV Molokoprodukt
LLC RAV Molokoprodukt	1083627001567	Russian Federation	Entity controlled by the same controlling entity through an ownership interest		LLC RAV Agro, Grandview Resources Corp., Bavella B.V.
LLC RAV Myasoproduct - Orel	1135749001684	Russian Federation	Entity controlled by the same controlling entity through an ownership interest		LLC RAV Agro
LLC RAV Niva Orel	1113668051090	Russian Federation	Entity controlled by the same controlling entity through an ownership interest		LLC RAV Agro
LLC Razvitie	1155009002609	Russian Federation	Entity controlled by the same controlling entity		VELTHEMIA LIMITED

Business name	Identification/ registration no.	Country of registration	Method and means of control	Note	Interest mediated by
			through an ownership interest		
LLC Regional Real Estate	1137746217950	Russian Federation	Entity controlled by the same controlling entity through an ownership interest		PPF Real Estate Limited
LLC ROKO	5107746049329	Russian Federation	Entity controlled by the same controlling entity through an ownership interest		JONSA LIMITED
LLC Sibelectroprivod	1045400530922	Russian Federation	Entity controlled by the same controlling entity by acting in concert through an ownership interest		LOSITANTO LIMITED
LLC Skladi 104	5009049271	Russian Federation	Entity controlled by the same controlling entity through an ownership interest		GABELLI CONSULTANCY LIMITED
LLC Skolkovo Gate	1137746214979	Russian Federation	Entity controlled by the same controlling entity through an ownership interest		PPF Real Estate s.r.o.
LLC Sotio	1117746901502	Russian Federation	Entity controlled by the same controlling entity through an ownership interest		PPF Biotech B.V.
LLC Spectrum	1097746356806	Russian Federation	Entity controlled by the same controlling entity through an ownership interest	until 09 February 2021	PPF Real Estate Holding B.V., PALEOS INDUSTRIES B.V.
LLC Spetsializirovanniy zastroyschik " Delta Com"	1137746330358	Russian Federation	Entity controlled by the same controlling entity through an ownership interest		LLC Skolkovo Gate
LLC Stockmann StP Centre	1057811023830	Russian Federation	Entity controlled by the same controlling entity through an ownership interest		LLC Oil Investments
LLC Strata	7702765300	Russian Federation	Entity controlled by the same controlling entity through an ownership interest		VELTHEMIA LIMITED

Business name	Identification/ registration no.	Country of registration	Method and means of control	Note	Interest mediated by
LLC Street Retail	1207700449880	Russian Federation	Entity controlled by the same controlling entity through an ownership interest		PPF Real Estate s.r.o., PPF Cyprus RE Management Limited
LLC Torgovij complex Lipetskiy	1074823001593	Russian Federation	Entity controlled by the same controlling entity through an ownership interest		JARVAN HOLDINGS LIMITED
LLC Trilogy	1155027001030	Russian Federation	Entity controlled by the same controlling entity through an ownership interest		Trilogy Park Holding B.V.
LLC Trilogy Services	1155027007398	Russian Federation	Entity controlled by the same controlling entity through an ownership interest		Trilogy Park Holding B.V.
LLC Urozhay	1063627011910	Russian Federation	Entity controlled by the same controlling entity through an ownership interest		LLC Yug
LLC Vagonmash	1117847029695	Russian Federation	Entity controlled by the same controlling entity by acting in concert through an ownership interest		ŠKODA TRANSPORTATION a.s.
LLC Vsegda Da	5177746179705	Russian Federation	Entity controlled by the same controlling entity through an ownership interest		Vsegda Da N.V., LLC Forward leasing
LLC Yug	1083627001567	Russian Federation	Entity controlled by the same controlling entity through an ownership interest		LLC LB Voronezh
LOSITANTO Ltd.	HE157131	Republic of Cyprus	Entity controlled by the same controlling entity through an ownership interest		SATACOTO Ltd.
LvZH (Rijswijk) B.V.	58163999	Netherlands	Entity controlled by the same controlling entity through an ownership interest		Seven Assets Holding B.V.

Business name	Identification/ registration no.	Country of registration	Method and means of control	Note	Interest mediated by
Maraflex s.r.o.	02415852	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		PPF Group N.V.
Marina Zaton d.o.o. za nauticki turizam i usluge	080861249	Croatia	Entity controlled by the same controlling entity through an ownership interest	since 30 September 2021	Dream Yacht Charter
MARKÍZA - SLOVAKIA, spol s r.o.	31444873	Slovakia	Entity controlled by the same controlling entity through an ownership interest		CME Slovak Holdings B.V.
MICROLIGHT TRADING LIMITED	HE 224515	Republic of Cyprus	Entity controlled by the same controlling entity through an ownership interest		PPF Real Estate Holding B.V.
MIDDLECAP SEAL HOUSE LIMITED	11669616	United Kingdom of Great Britain and Northern Ireland	Entity controlled by the same controlling entity by acting in concert through an ownership interest		Seal House JV a.s.
Millennium Hotel Rotterdam B.V. (formerly PPF Beer IM Holdco B.V.)	67331378	Netherlands	Entity controlled by the same controlling entity through an ownership interest		PPF Real Estate Holding B.V.
Millennium Tower (Rotterdam) B.V.	56261330	Netherlands	Entity controlled by the same controlling entity through an ownership interest		Seven Assets Holding B.V.
Miridical Holding Limited	425998	Republic of Cyprus	Entity controlled by the same controlling entity through an ownership interest	since 13 December 2021	PPF a.s.
mluvii.com s.r.o.	27405354	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		Bolt Start Up Development a.s.
MOBI BANKA AD BEOGRAD (NEW BELGRADE)	17138669	Serbia	Entity controlled by the same controlling entity through an ownership interest		PPF Financial Holdings a.s.
Monheim Property B.V.	61012521	Netherlands	Entity controlled by the same controlling entity through an ownership interest		German Properties B.V.

Business name	Identification/ registration no.	Country of registration	Method and means of control	Note	Interest mediated by
Monchyplein (Den Haag) B.V.	58163603	Netherlands	Entity controlled by the same controlling entity through an ownership interest		Seven Assets Holding B.V.
Montería, spol. s r.o.	27901998	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		PPF FO Management B.V.
Moranda, a.s.	28171934	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		PPF Group N.V.
MP Holding 2 B.V.	69457018	Netherlands	Entity controlled by the same controlling entity through an ownership interest		DEVEDIACO ENTERPRISES LIMITED
Murcja sp. z o.o.	0000905867	Poland	Entity controlled by the same controlling entity through an ownership interest	since 29 September 2021	PPF Real Estate s.r.o.
My Air a.s.	05479070	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		Air Bank a.s.
Mystery Services s.r.o.	24768103	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		PPF a.s.
Naneva B.V.	67400639	Netherlands	Entity controlled by the same controlling entity through an ownership interest		PPF Group N.V.
Navigare Yachting AB	5566862354	Sweden	Entity controlled by the same controlling entity by acting in concert through an ownership interest	since 5 July 2021	Navigare Yachting Holding AB
Navigare Yachting AS	990383960	Sweden	Entity controlled by the same controlling entity by acting in concert through an ownership interest	since 5 July 2021	Navigare Yachting Holding AB

Business name	Identification/ registration no.	Country of registration	Method and means of control	Note	Interest mediated by
Navigare Yachting Bahamas, Ltd	78803C	Bahamas	Entity controlled by the same controlling entity by acting in concert through an ownership interest	since 5 July 2021	Navigare Yachting Holding AB
NAVIGARE YACHTING D.O.O.	43630049107	Croatia	Entity controlled by the same controlling entity by acting in concert through an ownership interest	since 5 July 2021	Navigare Yachting Holding AB
Navigare Yachting Global Holding AB	5569860496	Sweden	Entity controlled by the same controlling entity by acting in concert through an ownership interest	since 5 July 2021	BLUE SEA HOLDING Sárl
Navigare Yachting Greece Single Member P.C.	132130909000	Greece	Entity controlled by the same controlling entity by acting in concert through an ownership interest	since 5 July 2021	Navigare Yachting Holding AB
Navigare Yachting Holding AB	5565747861	Sweden	Entity controlled by the same controlling entity by acting in concert through an ownership interest	since 5 July 2021	Navigare Yachting Global Holding AB
Navigare Yachting Ltd	1779855	British Virgin Islands	Entity controlled by the same controlling entity by acting in concert through an ownership interest	since 5 July 2021	Navigare Yachting Holding AB
Navigare Yachting Ltd under liquidation	EL999903510	Greece	Entity controlled by the same controlling entity by acting in concert through an ownership interest	since 5 July 2021	Navigare Yachting Holding AB
Navigare Yachting Operations Company Limited	0835554001869	Thailand	Entity controlled by the same controlling entity by acting in concert through an ownership interest	since 5 July 2021	Navigare Yachting Holding AB
Navigare Yachting Services Single Member P.C.	131919703000	Greece	Entity controlled by the same controlling entity by acting in concert through an ownership interest	since 5 July 2021	Navigare Yachting Greece Single Member P.C.

Business name	Identification/ registration no.	Country of registration	Method and means of control	Note	Interest mediated by
Navigare Yachting Seychelles	8429665-1	Seychelles	Entity controlled by the same controlling entity by acting in concert through an ownership interest	since 5 July 2021	Navigare Yachting Holding AB
Navigare Yachting Spain S.L.	B16562860	Spain	Entity controlled by the same controlling entity by acting in concert through an ownership interest	since 5 July 2021	Navigare Yachting Holding AB
Navigare Yachting USA, Inc.	371800516	USA	Entity controlled by the same controlling entity by acting in concert through an ownership interest	since 5 July 2021	Navigare Yachting Holding AB
Navtours INC	1148230619	Canada	Entity controlled by the same controlling entity through an ownership interest	since 30 September 2021	Dream Yacht Charter
Navtours USA INC	F20000004093	USA	Entity controlled by the same controlling entity through an ownership interest	since 30 September 2021	Navtours INC
NBWC Limited	1024143	British Virgin Islands	Entity controlled by the same controlling entity through an ownership interest		ESK Developments Limited
Net Gate s.r.o.	24765651	Czech Republic	Entity controlled by the same controlling entity through an ownership interest	until 26 October 2021	PPF a.s.
O2 Business Services, a.s.	50087487	Slovakia	Entity controlled by the same controlling entity through an ownership interest		O2 Slovakia, s.r.o.
O2 Czech Republic a.s.	60193336	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		PPF Telco B.V.
O2 Family, s.r.o.	24215554	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		O2 Czech Republic a.s.

Business name	Identification/ registration no.	Country of registration	Method and means of control	Note	Interest mediated by
O2 Financial Services s.r.o.	05423716	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		O2 Czech Republic a.s.
O2 IT Services s.r.o.	02819678	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		O2 Czech Republic a.s.
O2 Slovakia, s.r.o.	35848863	Slovakia	Entity controlled by the same controlling entity through an ownership interest		O2 Czech Republic a.s.
O2 TV s.r.o.	03998380	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		O2 Czech Republic a.s.
Oceane Yacht Charter LTD	8419691	Seychelles	Entity controlled by the same controlling entity through an ownership interest	since 30 September 2021	Dream Yacht Seychelles Ltd
Office Star Eight a.s.	27639177	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		PPF Real Estate s.r.o.
Office Star Nine, spol. s r. o.	27904385	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		PPF Real Estate Holding B.V.
One Westferry Circus S.a.r.l.	B175495	Luxembourg	Entity controlled by the same controlling entity through an ownership interest		PPR Real Estate s.r.o.
Paleos Industries B.V.	66846919	Netherlands	Entity controlled by the same controlling entity through an ownership interest		PPF Real Estate Holding B.V.
Pharma Consulting Group Ltd.	34529634	Ukraine	Entity controlled by the same controlling entity through an ownership interest		HOPAR LIMITED, PPF CYPRUS RE MANAGEMENT LIMITED

Business name	Identification/ registration no.	Country of registration	Method and means of control	Note	Interest mediated by
Plaza Development SRL	22718444	Romania	Entity controlled by the same controlling entity through an ownership interest		PPF Real Estate s.r.o. , PPF CYPRUS RE MANAGEMENT LIMITED
POLL,s.r.o.	62967754	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		ŠKODA TRANSPORTAT ION a.s.
Pompenburg (Rotterdam) B.V.	58163506	Netherlands	Entity controlled by the same controlling entity through an ownership interest		Seven Assets Holding B.V.
POP TV d.o.o.	1381431000	Slovenia	Entity controlled by the same controlling entity through an ownership interest		PRO PLUS d.o.o.
POTLAK LIMITED	HE362788	Republic of Cyprus	Entity controlled by the same controlling entity through an ownership interest		Renáta Kellnerová
PPF a.s.	25099345	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		PPF Group N.V.
PPF A3 B.V.	61684201	Netherlands	Entity controlled by the same controlling entity through an ownership interest	until 1 September 2021	PPF Group N.V.
PPF A4 B.V.	63365391	Netherlands	Entity controlled by the same controlling entity through an ownership interest		PPF Group N.V.
PPF Advisory (CR) a.s.	25792385	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		PPF Group N.V.
PPF ADVISORY (RUSSIA) LIMITED	HE 276979	Republic of Cyprus	Entity controlled by the same controlling entity through an ownership interest		PPF Group N.V.

Business name	Identification/ registration no.	Country of registration	Method and means of control	Note	Interest mediated by
PPF Advisory (UK) Limited	5539859	United Kingdom of Great Britain and Northern Ireland	Entity controlled by the same controlling entity through an ownership interest		PPF Group N.V.
PPF Art a.s.	63080672	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		PPF a.s.
PPF banka a.s.	47116129	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		PPF Financial Holdings a.s.
PPF Biotech B.V. (formerly PPF Capital Partners Fund B.V.)	55003982	Netherlands	Entity controlled by the same controlling entity through an ownership interest		PPF Group N.V.
PPF CO 3 B.V.	34360935	Netherlands	Entity controlled by the same controlling entity through an ownership interest		PPF banka a.s.
PPF CYPRUS MANAGEMENT LIMITED	HE 224463	Republic of Cyprus	Entity controlled by the same controlling entity through an ownership interest		PPF Group N.V.
PPF CYPRUS RE MANAGEMENT LIMITED	HE 251908	Republic of Cyprus	Entity controlled by the same controlling entity through an ownership interest		PPF Real Estate s.r.o.
PPF Financial Holdings a.s. (change of registered office, formerly PPF Financial Holding B.V.)	10907718	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		PPF Group N.V.
PPF Finco B.V.	77800117	Netherlands	Entity controlled by the same controlling entity through an ownership interest		PPF Group N.V.
PPF FO Management B.V.	34186296	Netherlands	Entity controlled by the same controlling entity through an ownership interest		Renáta Kellnerová

Business name	Identification/ registration no.	Country of registration	Method and means of control	Note	Interest mediated by
PPF FrenchCo SAS	888264744	France	Entity controlled by the same controlling entity through an ownership interest		Skoda B.V.
PPF GATE a.s.	27654524	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		PPF Real Estate Holding B.V.
PPF Group N.V.	33264887	Netherlands	Entity controlled by the same controlling entity through an ownership interest		Renáta Kellnerová, PPF Holdings B.V.
PPF Healthcare N.V.	34308251	Netherlands	Entity controlled by the same controlling entity through an ownership interest		PPF Group N.V.
PPF Holdings B.V.	34186294	Netherlands	Entity controlled by the same controlling entity through an ownership interest		Renáta Kellnerová
PPF Industrial Holding B.V.	71500219	Netherlands	Entity controlled by the same controlling entity through an ownership interest		PPF Group N.V.
PPF RE Consulting s.r.o. (formerly PPF Financial Consulting s.r.o.)	24225657	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		PPF Real Estate Holding B.V.
PPF Real Estate Holding B.V.	34276162	Netherlands	Entity controlled by the same controlling entity through an ownership interest		PPF Group N.V.
PPF Real Estate I, Inc.	7705173	USA	Entity controlled by the same controlling entity through an ownership interest		PPF Real Estate s.r.o.
PPF REAL ESTATE LIMITED	HE 188089	Republic of Cyprus	Entity controlled by the same controlling entity through an ownership interest		PPF Real Estate Holding B.V.

Business name	Identification/ registration no.	Country of registration	Method and means of control	Note	Interest mediated by
PPF Real Estate s.r.o.	27638987	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		PPF Real Estate Holding B.V., PPF RE Consulting s.r.o.
PPF reality a.s.	29030072	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		PPF Real Estate s.r.o.
PPF SECRETARIAL LTD	HE 340708	Republic of Cyprus	Entity controlled by the same controlling entity through an ownership interest		PPF CYPRUS MANAGEMENT LIMITED
PPF SERVICES LIMITED	HE 92432	Republic of Cyprus	Entity controlled by the same controlling entity through an ownership interest	until 26 July 2021	PPF Group N.V.
PPF Telco B.V.	65167902	Netherlands	Entity controlled by the same controlling entity through an ownership interest		PPF Telecom Group B.V.
PPF Telecom Group B.V.	59009187	Netherlands	Entity controlled by the same controlling entity through an ownership interest		PPF TMT Holdco 2 B.V.
PPF TMT Bidco 1 B.V.	70498288	Netherlands	Entity controlled by the same controlling entity through an ownership interest		PPF Telecom Group B.V.
PPF TMT Bidco 1 Infra B.V.	81312776	Netherlands	Entity controlled by the same controlling entity through an ownership interest	until 12 February 2021	PPF Telecom Group B.V.
PPF TMT Bidco 2 B.V (formerly PPF Beer Bidco B.V.)	67332722	Netherlands	Entity controlled by the same controlling entity through an ownership interest		PPF Group N.V.
PPF TMT Holdco 1 B.V.	70498261	Netherlands	Entity controlled by the same controlling entity through an ownership interest		PPF Group N.V.
PPF TMT Holdco 2 B.V.	70526214	Netherlands	Entity controlled by the same controlling entity through an ownership interest		PPF TMT Holdco 1 B.V.

Business name	Identification/ registration no.	Country of registration	Method and means of control	Note	Interest mediated by
Prague Entertainment Group B.V.	63600757	Netherlands	Entity controlled by the same controlling entity through an ownership interest		PPF Group N.V.
Pro Digital S.R.L.	1003600048028	Moldova	Entity controlled by the same controlling entity through an ownership interest		CME Media Enterprises B.V.
PRO PLUS d.o.o.	5895081000	Slovenia	Entity controlled by the same controlling entity through an ownership interest		CME Media Enterprises B.V.
Pro TV S.R.L.	J40/24578/1992	Romania	Entity controlled by the same controlling entity through an ownership interest		CME Media Enterprises B.V.
PT Home Credit Indonesia	03.193.870.7-021.000	Republic of Indonesia	Entity controlled by the same controlling entity through an ownership interest		Home Credit Indonesia B.V.
Public Picture & Marketing a.s.	25667254	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		PPF a.s.
Qazbiz partners LLP	190740017254	Kazakhstan	Entity controlled by the same controlling entity through an ownership interest		Vsegda Da N.V., Forward leasing LLP (KZ)
Raccom EAD	200625769	Bulgaria	Entity controlled by the same controlling entity through an ownership interest	from 9 July 2021 until 1 December 2021	Sofia Communications EAD
Radiocompany C.J. OOD	131117650	Bulgaria	Entity controlled by the same controlling entity through an ownership interest		BTV Media Group AD
RC PROPERTIES S.R.L.	12663031	Romania	Entity controlled by the same controlling entity through an ownership interest		PPF Real Estate s.r.o.

Business name	Identification/ registration no.	Country of registration	Method and means of control	Note	Interest mediated by
Real Estate Russia B.V.	63458373	Netherlands	Entity controlled by the same controlling entity through an ownership interest		PPF Real Estate Holding B.V.
REDLIONE LTD	HE 178059	Republic of Cyprus	Entity controlled by the same controlling entity through an ownership interest		Home Credit Group B.V.
REPIENO LIMITED	HE 282866	Republic of Cyprus	Entity controlled by the same controlling entity through an ownership interest		PPF Real Estate Holding B.V.
RHASKOS FINANCE LIMITED	HE 316591	Republic of Cyprus	Entity controlled by the same controlling entity through an ownership interest		Home Credit Group B.V.
Roses Yachts S.L	B17778598	Spain	Entity controlled by the same controlling entity through an ownership interest	since 30 September 2021	Drem Yacht Charter Balearic, Sociedad Limitada
Saint World Limited	1065677	People's Republic of China	Entity controlled by the same controlling entity through an ownership interest		Home Credit Group B.V.
SALEMONTO LIMITED	HE 161006	Republic of Cyprus	Entity controlled by the same controlling entity through an ownership interest		PPF Real Estate Holding B.V.
Salonica Holding Limited	1949492	British Virgin Islands	Entity controlled by the same controlling entity through an ownership interest		Renáta Kellnerová
SATACOTO Ltd.	HE 155018	Republic of Cyprus	Entity controlled by the same controlling entity through an ownership interest		Skoda B.V.
SB JSC Bank Home Credit	513-1900-AO (UI)	Kazakhstan	Entity controlled by the same controlling entity through an ownership interest		LLC Home Credit & Finance Bank
SCI LA FORET	309844371	France	Entity controlled by the same controlling entity		Renáta Kellnerová

Business name	Identification/ registration no.	Country of registration	Method and means of control	Note	Interest mediated by
			through an ownership interest		
SCT Cell Manufacturing s.r.o.	14088266	Czech Republic	Entity controlled by the same controlling entity through an ownership interest	since 22 December 2021	PPF Biotech B.V.
SCTbio a.s. (formerly SOTIO a.s.)	24662623	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		PPF Biotech B.V.
Seal House JV a.s.	09170782	Czech Republic	Entity controlled by the same controlling entity by acting in concert through an ownership interest		PPF Real Estate s.r.o.
Selman Resources Limited	1005589	British Virgin Islands	Entity controlled by the same controlling entity through an ownership interest		SR Development Limited
SEPTUS HOLDING LIMITED	HE 316585	Republic of Cyprus	Entity controlled by the same controlling entity through an ownership interest		Home Credit Group B.V.
Seven Assets Holding B.V.	58163050	Netherlands	Entity controlled by the same controlling entity through an ownership interest		PPF Real Estate Holding B.V.
Shenzhen Home Credit Number One Consulting Co., Ltd.	914403006641 74257K	People's Republic of China	Entity controlled by the same controlling entity through an ownership interest		Home Credit Asia Limited
Shenzhen Home Credit Xinchi Consulting Co., Ltd.	914403007966 38527A	People's Republic of China	Entity controlled by the same controlling entity through an ownership interest		Favour Ocean Limited
SIGURNO LIMITED	HE 172539	Republic of Cyprus	Entity controlled by the same controlling entity through an ownership interest		Gilbey Holdings Limited

Business name	Identification/ registration no.	Country of registration	Method and means of control	Note	Interest mediated by
Skoda B.V. (formerly PPF IndustryCo B.V., PPF Beer Topholdco B.V.)	67420427	Netherlands	Entity controlled by the same controlling entity through an ownership interest		PPF Industrial Holding B.V.
SKODA Transportation Deutschland GmbH	HRD 208725	Federal Republic of Germany	Entity controlled by the same controlling entity through an ownership interest		ŠKODA TRANSPORTATION a.s.
Skoda Transportation GmbH (formerly D - Toll Holding GmbH)	HRB 191929 B	Federal Republic of Germany	Entity controlled by the same controlling entity through an ownership interest		Skoda B.V.
Smart home security s.r.o.	06321399	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		Bolt Start Up Development a.s.
SNC T 2008	513120949	France	Entity controlled by the same controlling entity through an ownership interest	since 30 September 2021	Dream Yacht Tahiti
Sofia Communications EAD	130806190	Bulgaria	Entity controlled by the same controlling entity through an ownership interest	since 9 July 2021	CETIN Bulgaria EAD
SOTIO Biotech a.s.	10900004	Czech Republic	Entity controlled by the same controlling entity through an ownership interest	since 28 May 2021	Sotio Biotech B.V.
SOTIO Biotech AG (formerly Cytune Pharma AG)	CHE-354.429.802	Greece	Entity controlled by the same controlling entity through an ownership interest		Sotio Biotech B.V.
SOTIO Biotech B.V. (formerly Cytune Pharma B.V.)	80316557	Netherlands	Entity controlled by the same controlling entity through an ownership interest		PPF Biotech B.V.
SOTIO Biotech Inc. (formerly Sotio Biotech LLC)	EIN 35-2424961	USA	Entity controlled by the same controlling entity through an ownership interest		SOTIO Biotech a.s.

Business name	Identification/ registration no.	Country of registration	Method and means of control	Note	Interest mediated by
Sotio Medical Research (Beijing) Co. Ltd	110000410283 022	People's Republic of China	Entity controlled by the same controlling entity through an ownership interest		SCTbio a.s.
SOTIO N.V.	34302290	Netherlands	Entity controlled by the same controlling entity through an ownership interest	until 22 July 2021	PPF Group N.V.
SOTIO Therapeutics AG	CHE-385.585.958	Greece	Entity controlled by the same controlling entity through an ownership interest		SCTbio a.s.
SR Boats Limited	2016073	British Virgin Islands	Entity controlled by the same controlling entity through an ownership interest		SR Development Limited
SR Development Limited	1968975	British Virgin Islands	Entity controlled by the same controlling entity through an ownership interest		Chelton Properties Limited
SR-R Limited	708998	British Virgin Islands	Entity controlled by the same controlling entity through an ownership interest		SR Development Limited
STEL-INVEST s.r.o.	26238365	Czech Republic	Entity controlled by the same controlling entity through an ownership interest	until 1 February 2021	CETIN a.s.
Stellar Holding s.r.o.	14005816	Czech Republic	Entity controlled by the same controlling entity through an ownership interest	since 24 November 2021	PPF Group N.V.
STEPHOLD LIMITED	HE 221908	Republic of Cyprus	Entity controlled by the same controlling entity through an ownership interest		PPF Real Estate Holding B.V.
STINCTUM HOLDINGS LIMITED	HE 177110	Republic of Cyprus	Entity controlled by the same controlling entity through an ownership interest		SALEMONTO LIMITED

Business name	Identification/ registration no.	Country of registration	Method and means of control	Note	Interest mediated by
Sun Belt Multi I, LLC	20213849720	USA	Entity controlled by the same controlling entity through an ownership interest	since 29 November 2021	PPF Real Estate I, Inc.
Sun Belt Office I Interholdco, LLC	20210215807	USA	Entity controlled by the same controlling entity through an ownership interest	since 25 January 2021	PPF Real Estate I, Inc.
Sun Belt Office I, LLC	20210116384	USA	Entity controlled by the same controlling entity through an ownership interest	since 14 January 2021	Sun Belt Office I Interholdco, LLC
Sun Belt Office II Interholdco, LLC	20213597548	USA	Entity controlled by the same controlling entity through an ownership interest	since 25 October 2021	PPF Real Estate I, Inc.
Sun Belt Office II, LLC	20213597547	USA	Entity controlled by the same controlling entity through an ownership interest	since 25 October 2021	Sun Belt Office II Interholdco, LLC
SUNDOWN FARMS LIMITED	HE 310721	Republic of Cyprus	Entity controlled by the same controlling entity by acting in concert through an ownership interest		Vixon Resources Limited, Chelton Properties Limited
SYLANDER CAPITAL LIMITED	HE 316597	Republic of Cyprus	Entity controlled by the same controlling entity through an ownership interest		Home Credit Group B.V.
Škoda a.s.	14070421	Czech Republic	Entity controlled by the same controlling entity through an ownership interest	since 16 December 2021	Skoda B.V.
ŠKODA CITY SERVICE s.r.o.	29119057	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		ŠKODA TRANSPORTATION a.s.
ŠKODA DIGITAL s.r.o.	01731530	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		ŠKODA TRANSPORTATION a.s.

Business name	Identification/ registration no.	Country of registration	Method and means of control	Note	Interest mediated by
ŠKODA EKOVA a.s.	28642457	Czech Republic	Entity controlled by the same controlling entity through an ownership interest	since 2 August 2021	ŠKODA TRANSPORTATION a.s.
ŠKODA ELECTRIC a.s.	47718579	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		ŠKODA TRANSPORTATION a.s.
ŠKODA ICT s.r.o.	27994902	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		ŠKODA INVESTMENT a.s.
ŠKODA INVESTMENT a.s.	26502399	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		Skoda B.V.
ŠKODA PARS a.s. (formerly Pars nova a.s.)	25860038	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		ŠKODA TRANSPORTATION a.s.
ŠKODA POLSKA Sp.z o.o.	NIP 7010213385	Poland	Entity controlled by the same controlling entity through an ownership interest		ŠKODA TRANSPORTATION a.s.
ŠKODA RAIL s.r.o.	05822149	Czech Republic	Entity controlled by the same controlling entity through an ownership interest	until 1 January 2021	ŠKODA TRANSPORTATION a.s.
ŠKODA SERVIS s.r.o.	26351277	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		ŠKODA INVESTMENT a.s.
ŠKODA TRANSPORTATION a.s.	62623753	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		Skoda B.V.
Škoda Transportation Balkan d.o.o.	21736473	Serbia	Entity controlled by the same controlling entity through an ownership interest	since 19 November 2021	ŠKODA TRANSPORTATION a.s.

Business name	Identification/ registration no.	Country of registration	Method and means of control	Note	Interest mediated by
ŠKODA TRANSPORTATION UKRAINE, LLC	42614252	Ukraine	Entity controlled by the same controlling entity through an ownership interest		ŠKODA TRANSPORTATION a.s.
Škoda Transportation USA, LLC	81-257769	USA	Entity controlled by the same controlling entity through an ownership interest		ŠKODA TRANSPORTATION a.s.
ŠKODA TRANSTECH OY	1098257-0	Finland	Entity controlled by the same controlling entity through an ownership interest		ŠKODA TRANSPORTATION a.s.
ŠKODA TVC s.r.o.	25247964	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		ŠKODA TRANSPORTATION a.s.
ŠKODA VAGONKA a.s.	25870637	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		ŠKODA TRANSPORTATION a.s.
TALPA ESTERO LIMITED	HE 316502	Republic of Cyprus	Entity controlled by the same controlling entity through an ownership interest		Home Credit Group B.V.
TANAINA HOLDINGS LIMITED	HE318483	Republic of Cyprus	Entity controlled by the same controlling entity through an ownership interest		TOLESTO LIMITED
Tanemo a.s.	9834273	Czech Republic	Entity controlled by the same controlling entity through an ownership interest	since 18 January 2021	PPF Group N.V.
Te Arearea	07295C	France	Entity controlled by the same controlling entity through an ownership interest	since 30 September 2021	Archipels Croisiéres
Telenor Bulgaria EAD	130460283	Bulgaria	Entity controlled by the same controlling entity through an ownership interest		PPF TMT Bidco 1 B.V.

Business name	Identification/ registration no.	Country of registration	Method and means of control	Note	Interest mediated by
Telenor Common Operation Ztr.	13-10-041370	Hungary	Entity controlled by the same controlling entity through an ownership interest	until 26 July 2021	CETIN Group N.V.
Telenor d.o.o. Belgrade	20147229	Serbia	Entity controlled by the same controlling entity through an ownership interest		PPF TMT Bidco 1 B.V.
Telenor d.o.o. Podgorica	50017124	Montenegro	Entity controlled by the same controlling entity through an ownership interest	until 21 December 2021	PPF TMT Bidco 1 B.V.
Telenor Magyarország Zrt.	13-10-040409	Hungary	Entity controlled by the same controlling entity through an ownership interest		TMT Hungary B.V.
Telenor Real Estate Hungary Ztr.	13-10-041060	Hungary	Entity controlled by the same controlling entity through an ownership interest		TMT Hungary B.V.
TELISTAN LIMITED	HE 341864	Republic of Cyprus	Entity controlled by the same controlling entity through an ownership interest		PPF Real Estate s.r.o.
Temsa Deutschland GmbH	DE256871263	Federal Republic of Germany	Entity controlled by the same controlling entity by acting in concert through an ownership interest		Temsa Skoda Sabanci Ulaşım Araçları A.Ş.
TEMSA EGYPT for Bus Manufacturing & Engineering SAE	3028	Egypt	Entity controlled by the same controlling entity by acting in concert through an ownership interest		Temsa Skoda Sabanci Ulaşım Araçları A.Ş.
Temsa North America, INC.	83-1118821	USA	Entity controlled by the same controlling entity by acting in concert through an ownership interest		Temsa Skoda Sabanci Ulaşım Araçları A.Ş.

Business name	Identification/ registration no.	Country of registration	Method and means of control	Note	Interest mediated by
Temsa Skoda Sabanci Ulaşım Araçları A.Ş. (formerly Temsa Ulaşim Araçlari San.ve Tic. A.Ş.)	8380046749	Turkey	Entity controlled by the same controlling entity by acting in concert through an ownership interest		Skoda B.V.
Tesco Mobile ČR s.r.o.	29147506	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		O2 Czech Republic a.s., Tesco Stores ČR a.s.
Tesco Mobile Slovakia, s.r.o.	36863521	Slovakia	Entity controlled by the same controlling entity through an ownership interest		O2 Slovakia, s. r. o.
TFR SAS	FR 27 878443936	France	Entity controlled by the same controlling entity by acting in concert through an ownership interest		Temsa Skoda Sabanci Ulaşım Araçları A.Ş.
The Culture Trip (USA) Ltd.	5908200	USA	Entity controlled by the same controlling entity through an ownership interest		The Culture Trip Ltd
The Culture Trip Ltd	7539023	United Kingdom of Great Britain and Northern Ireland	Entity controlled by the same controlling entity through an ownership interest		The Culture Trip Sárl.
The Culture Trip Sárl.	B220626	Luxembourg	Entity controlled by the same controlling entity through an ownership interest		Vox Ventures B.V.
Tianjin Home Credit E-commerce Co., Ltd.	91120116MA075WF70G	People's Republic of China	Entity controlled by the same controlling entity through an ownership interest		Shenzhen Home Credit Xinchi Consulting Co., Ltd.
TIMEWORTH HOLDINGS LTD.	HE 187475	Republic of Cyprus	Entity controlled by the same controlling entity through an ownership interest		PPF Group N.V.
TMT Hungary B.V.	75752824	Netherlands	Entity controlled by the same controlling entity through an ownership interest		PPF TMT Bidco 1 B.V.

Business name	Identification/ registration no.	Country of registration	Method and means of control	Note	Interest mediated by
TMT Hungary Infra B.V.	81357397	Netherlands	Entity controlled by the same controlling entity through an ownership interest		CETIN Group N.V.
TOLESTO LIMITED	HE 322834	Republic of Cyprus	Entity controlled by the same controlling entity through an ownership interest		PPF Real Estate Holding B.V., PPF CYPRUS RE MANAGEMENT LIMITED
Trigon II B.V.	56068948	Netherlands	Entity controlled by the same controlling entity through an ownership interest		PPF Real Estate Holding B.V.
Trilogy Park Holding B.V.	60006609	Netherlands	Entity controlled by the same controlling entity through an ownership interest		PPF Real Estate Holding B.V.
Trilogy Park Nizhny Novgorod Holding B.V.	67330355	Netherlands	Entity controlled by the same controlling entity through an ownership interest		PPF Real Estate Holding B.V.
TV Bidco B.V.	75994437	Netherlands	Entity controlled by the same controlling entity through an ownership interest		TV Holdco B.V.
TV Holdco B.V.	75983613	Netherlands	Entity controlled by the same controlling entity through an ownership interest		PPF TMT Bidco 2 B.V.
TV Nova s.r.o.	45800456	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		CME Media Enterprises B.V.
Usconfin 1 DAC	619282	Martinique	Entity controlled by the same controlling entity through an ownership interest		PPF Financial Holdings a.s.
VELTHEMIA LIMITED	HE 282891	Republic of Cyprus	Entity controlled by the same controlling entity through an ownership interest		REPIENO LIMITED

Business name	Identification/ registration no.	Country of registration	Method and means of control	Note	Interest mediated by
Velvon GmbH	HRB 239796	Federal Republic of Germany	Entity controlled by the same controlling entity through an ownership interest		AB-X Projekt GmbH
Vents de Mer	432981934	France	Entity controlled by the same controlling entity through an ownership interest	since 30 September 2021	Lacani
VGBC Limited	700080	British Virgin Islands	Entity controlled by the same controlling entity through an ownership interest		Chelton Properties Limited
VGMC Limited	709492	British Virgin Islands	Entity controlled by the same controlling entity through an ownership interest		ESK Developments Limited
Vixon Resources Limited	144 18 84	British Virgin Islands	Entity controlled by the same controlling entity by acting in concert through an ownership interest		Renáta Kellnerová
Vox Ventures B.V.	65879554	Netherlands	Entity controlled by the same controlling entity through an ownership interest		PPF Group N.V.
Vsegda Da N.V.	52695689	Netherlands	Entity controlled by the same controlling entity through an ownership interest		Home Credit N.V., Forward leasing LLP (KZ)
VÚKV a.s.	45274100	Czech Republic	Entity controlled by the same controlling entity through an ownership interest		Skoda B.V.
Wagnerford Holdings Limited	HE 210154	Republic of Cyprus	Entity controlled by the same controlling entity through an ownership interest		MP Holding 2 B.V.
Wagnerford LLC	5087746372819	Russian Federation	Entity controlled by the same controlling entity through an ownership interest		Wagnerford Holdings Limited
West Hillside Limited	1582181	British Virgin Islands	Entity controlled by the same controlling entity through an ownership interest		Chelton Properties Limited

Business name	Identification/ registration no.	Country of registration	Method and means of control	Note	Interest mediated by
West Logistics Park LLC (WLP)	35093235	Ukraine	Entity controlled by the same controlling entity through an ownership interest		Izotrem Investments Limited
Westminster JV a.s.	05714354	Czech Republic	Entity controlled by the same controlling entity by acting in concert through an ownership interest		PPF Real Estate s.r.o.
Wilhelminaplein (Rotterdam) B.V.	59494034	Netherlands	Entity controlled by the same controlling entity through an ownership interest		PPF Real Estate Holding B.V.
Ziza d.o.o za trgovinu, ugostiteljstvo, turizam i promet	060159616	Croatia	Entity controlled by the same controlling entity through an ownership interest	since 30 September 2021	Marina Zaton d.o.o. za nauticki turizam i usluge