

**JOINT STOCK COMPANY**  
**“STATE SAVINGS BANK OF UKRAINE”**  
**Interim Condensed Consolidated Financial Statements**

*For the three months ended 31 March 2023*

*Translation from Ukrainian original*

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## **JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

### **CONTENTS**

	<b>Page</b>
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2023	
Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income	1-2
Interim Consolidated Statement of Financial Position	3
Interim Consolidated Statement of Changes in Equity	4
Interim Consolidated Statement of Cash Flows	5-6
Notes to the Interim Condensed Consolidated Financial Statements	7-58

**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED 31 MARCH 2023**  
*(in thousands of UAH)*

	Notes	For the three months ended 31 March 2023	For the three months ended 31 March 2022
Interest income on financial assets at amortised cost and at fair value through other comprehensive income	5	6,553,581	4,122,801
Interest income on financial assets at fair value through profit or loss	5	934,945	874,202
Interest expense	5	(2,842,640)	(1,797,173)
<b>Net interest income</b>		<b>4,645,886</b>	<b>3,199,830</b>
<i>(accrual)/ reversal of allowance for expected credit losses on interest bearing assets</i>	27	534,017	(1,069,760)
<b>Net interest income after allowance for expected credit losses on interest bearing assets</b>		<b>5,179,903</b>	<b>2,130,070</b>
Fee and commission income	6	2,787,401	2,131,547
Fee and commission expense	6	(1,116,991)	(1,062,453)
Dealing in foreign currencies, net		170,821	141,045
Translation differences, net		62,848	(932,576)
Net gain/(loss) on transactions with financial instruments at fair value through profit or loss	7	(1,359,926)	2,172,724
(Accrual) /reversal of allowance for expected credit losses on other financial assets and guarantees	27	132,189	(337,291)
(Accrual)/reversal of allowance for impairment losses on non-financial assets		(7,314)	(10,182)
Gains/(losses) arising on initial recognition of financial assets at an interest rate higher or lower than the market rate		(18,354)	(98,180)
Net gain/(loss) on modifications of financial assets		(41,645)	(88,205)
Other income		163,091	60,636
<b>Net non-interest income</b>		<b>772,120</b>	<b>1,977,065</b>
<b>Operating income</b>		<b>5,952,023</b>	<b>4,107,135</b>
Personnel expenses	8	(1,766,627)	(2,512,067)
Depreciation and amortization	8	(463,486)	(450,534)
Other administrative and operational expenses	8	(1,180,857)	(903,048)
<b>Profit from operating activities</b>		<b>2,541,053</b>	<b>241,486</b>
Profit/(loss) from derecognition of financial assets measured at amortized cost		194	605
<b>Profit before tax</b>		<b>2,541,247</b>	<b>242,091</b>
Income tax benefit		31	96
<b>Net profit for the period</b>		<b>2,541,278</b>	<b>242,187</b>
<b>Attributable to:</b>			
Shareholder of the Bank		2,541,393	242,584
Non-controlling interest		(115)	(397)

Translation from Ukrainian original

**JOINT STOCK COMPANY "STATE SAVINGS BANK OF UKRAINE"**

**INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED 31 MARCH 2023 (CONTINUED)**  
(in thousands of UAH)

Notes	For the three months ended 31 March 2023	For the three months ended 31 March 2022
Net profit for the period	2,541,278	242,187
Other comprehensive income/(expenses)		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Net profit/(loss) from revaluation of shares at fair value through other comprehensive income	39,807	27,722
<i>Items that will be reclassified subsequently to profit or loss</i>		
Exchange differences on translating a foreign operation to reporting currency	-	227
Net change in fair value of investments at fair value through other comprehensive income net of deferred income tax effect	(33,227)	(60,861)
Other comprehensive income/(expenses)	<u>6,580</u>	<u>(32,912)</u>
Total comprehensive income for the period	<u><b>2,547,858</b></u>	<u><b>209,275</b></u>
Attributable to:		
Shareholder of the Bank	2,547,973	209,672
Non-controlling interest	(115)	(397)

On behalf of the Management Board:

  
**S.V. Naumov**  
Chairman of the Management Board

20 September 2023

  
**G.S. Kostenko,**  
Chief Accountant

20 September 2023

Prepared by: O.V. Rybalka, 537-47-75, K.G. Zadneprovsky, 537-47-84

**JOINT STOCK COMPANY "STATE SAVINGS BANK OF UKRAINE"**

**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2023  
(in thousands of UAH)**

	Notes	31 March 2023	31 December 2022
<b>Assets</b>			
Cash and cash equivalents	11	49,082,202	28,376,712
Loans to customers	12	80,707,435	83,215,595
Investments	13	132,896,694	143,398,851
Investment property		626,789	626,789
Fixed assets		6,541,116	6,521,344
Intangible assets		2,041,539	2,106,476
Income tax prepaid		468,966	470,943
Other financial assets	14	1,998,227	1,319,773
Other non-financial assets	14	4,143,537	3,237,587
<b>Total assets</b>		<b>278,506,505</b>	<b>269,274,070</b>
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Due to banks	15	942,357	543,326
Customer accounts	16	242,291,241	233,940,309
Eurobonds issued	17	3,689,097	6,041,534
Other borrowed funds	18	2,734,028	2,676,153
Provisions	19	1,063,295	1,179,977
Other financial liabilities	19	1,224,482	606,965
Other non-financial liabilities	19	1,267,113	1,290,000
Deferred income tax liabilities	9	98,372	97,833
Subordinated debt	20	467,131	716,442
<b>Total liabilities</b>		<b>253,777,116</b>	<b>247,092,539</b>
<b>Equity</b>			
Share capital	21	49,724,980	49,724,980
Property revaluation reserve		1,473,333	1,473,482
Revaluation reserve for financial assets at fair value through other comprehensive income		27,667	60,894
Revaluation reserve for investments in equity instruments at fair value through other comprehensive income		724,408	684,601
Cumulative foreign exchange differences		2,537	2,537
Accumulated deficit		(27,236,204)	(29,777,746)
<b>Total equity attributable to the Bank's shareholder</b>		<b>24,716,721</b>	<b>22,168,748</b>
Non-controlling interest		12,668	12,783
<b>Total equity</b>		<b>24,729,389</b>	<b>22,181,531</b>
<b>Total liabilities and equity</b>		<b>278,506,505</b>	<b>269,274,070</b>

On behalf of the Management Board:

  
S.V. Naumov  
Chairman of the Management Board

  
G.S. Kostenko,  
Chief Accountant

20 September 2023

20 September 2023

Prepared by: O.V. Rybalka, 537-47-75, K.G. Zadneprovsky, 537-47-84

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**JOINT STOCK COMPANY "STATE SAVINGS BANK OF UKRAINE"**

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
 FOR THE THREE MONTHS ENDED ON 31 MARCH 2023  
 (in thousands of UAH)**

	Notes	Share capital	Property revaluation reserve	Revaluation reserve for financial assets at fair value through other comprehensive income	Revaluation reserve for investments in equity instruments at fair value through other comprehensive income	Cumulative foreign exchange differences	Accumulated deficit	Total equity attributable to the Bank's shareholder	Non-controlling interest	Total Equity
1 January 2022		49,724,980	1,564,504	146,089	544,219	1,469	(30,106,919)	21,874,342	13,195	21,887,537
Profit for the period		-	-	-	-	-	242,584	242,584	(397)	242,187
Other comprehensive income/(expenses) for the period, net of income tax		-	-	(60,861)	27,722	227	-	(32,912)	-	(32,912)
<b>Total comprehensive income/(expenses) for the period</b>		-	-	<b>(60,861)</b>	<b>27,722</b>	<b>227</b>	<b>242,584</b>	<b>209,672</b>	<b>(397)</b>	<b>209,275</b>
Payment of the profit share based on the financial result for the year	21	-	-	-	-	-	(318,117)	(318,117)	-	(318,117)
Disposal of premises revaluation reserve		-	(444)	-	-	-	444	-	-	-
<b>31 March 2022</b>		<b>49,724,980</b>	<b>1,564,060</b>	<b>85,228</b>	<b>571,941</b>	<b>1,696</b>	<b>(30,182,008)</b>	<b>21,765,897</b>	<b>12,798</b>	<b>21,778,695</b>
1 January 2023		49,724,980	1,473,482	60,894	684,604	2,537	(29,777,746)	22,169,748	12,793	22,181,531
Profit for the period		-	-	-	-	-	2,541,393	2,541,393	(115)	2,541,278
Other comprehensive income/(expenses) for the period, net of income tax		-	-	(33,227)	39,807	-	-	6,580	-	6,580
<b>Total comprehensive income/(expenses) for the period</b>		-	-	<b>(33,227)</b>	<b>39,807</b>	-	<b>2,541,393</b>	<b>2,547,973</b>	<b>(115)</b>	<b>2,547,858</b>
Payment of the profit share based on the financial result for the year		-	-	-	-	-	-	-	-	-
Disposal of premises revaluation reserve		-	(149)	-	-	-	149	-	-	-
<b>31 March 2023</b>		<b>49,724,980</b>	<b>1,473,333</b>	<b>27,667</b>	<b>724,408</b>	<b>2,537</b>	<b>(27,236,204)</b>	<b>24,716,721</b>	<b>12,668</b>	<b>24,729,389</b>

On behalf of the Management Board:

S.V. Naumov  
 Chairman of the Management Board

20 September 2023

G.S. Kostenko,  
 Chief Accountant

20 September 2023

Prepared by: O.V. Rybalka, 537-47-75, K.G. Zadneprovsky, 537-47-84

Notes set out on pages 7 to 58 form the integral part of these interim condensed consolidated financial statements.

Translation from Ukrainian original

**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE THREE MONTHS ENDED ON 31 MARCH 2023  
(in thousands of UAH)**

	Notes	For the three months ended 31 March 2023	For the three months ended 31 March 2022
<b>Cash flows from operating activities</b>			
Interest received		6,268,525	4,101,082
Interest paid		(2,887,816)	(1,992,807)
Fees and commissions received		2,778,742	2,147,345
Fees and commissions paid		(1,117,142)	(1,062,361)
Foreign currency transactions		170,821	141,045
Other income received		94,687	-
Other expenses paid		-	(47,976)
Staff costs paid		(1,790,535)	(2,226,889)
Operating expenses paid		(1,284,974)	(944,961)
<b>Cash flow from operating activities before changes in operating assets and liabilities</b>		<b>2,232,308</b>	<b>114,478</b>
<b>Changes in operating assets and liabilities</b>			
<i>Decrease/(increase) in operating assets</i>			
Loans to customers		3,075,304	(164,868)
Other financial assets		(572,146)	318,902
Other non-financial assets		(32,279)	220,589
<i>Increase/(decrease) in operating liabilities</i>			
Due to banks		394,728	(217,194)
Customer accounts		8,047,569	(1,471,764)
Other financial liabilities		740,599	(36,135)
Other non-financial liabilities		18,552	21,332
<b>Net cash proceeds/(outflow) from operating activities before income tax</b>		<b>13,904,635</b>	<b>(1,214,660)</b>
Income tax (paid)/benefit		1,927	(56,266)
<b>Net cash proceeds/(outflow) from operating activities</b>		<b>13,906,562</b>	<b>(1,270,926)</b>
<b>Cash flows from investing activities</b>			
Acquisition of investments		(1,605,421,876)	(953,759,945)
Proceeds on sale and redemption of investments		1,615,807,901	959,268,148
Purchase of fixed assets		(1,177,913)	(62,530)
Purchase of intangible assets		(26,571)	(30,636)
Proceeds from sale of fixed assets		2,401	3,224
<b>Net cash proceeds/(outflow) from investing activities</b>		<b>9,183,942</b>	<b>5,418,261</b>
<b>Cash flows from financing activities</b>			
Proceeds of other borrowed funds	18	316,700	-
Payment of the profit share based on the financial result for the year	21	-	(318,117)
Proceeds of other borrowed funds	18	(290,198)	(608,297)
Repayment of Eurobonds issued	17	(2,194,116)	(1,755,294)
Repayment of subordinated debt	20	(228,554)	(173,358)
Repayment of lease liabilities	19	(46,022)	(35,691)
<b>Net cash proceeds/(outflow) from financing activities</b>		<b>(2,442,190)</b>	<b>(2,890,757)</b>

Notes set out on pages 7 to 58 form the integral part of these interim condensed consolidated financial statements.

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**JOINT STOCK COMPANY "STATE SAVINGS BANK OF UKRAINE"**  
**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED ON 31 MARCH 2023 (CONTINUED)**  
*(in thousands of UAH)*

	Notes	For the three months ended 31 March 2023	For the three months ended 31 March 2022
Effect of exchange rates changes on cash and cash equivalents		61,012	560,393
Effect of change in expected credit losses on cash and cash equivalents		(3,836)	(1,859)
<b>Net increase/(decrease) of cash and cash equivalents</b>		<b>20,705,490</b>	<b>1,815,112</b>
Cash and cash equivalents, at the beginning of the year		28,376,712	19,001,319
<b>Cash and cash equivalents, at the end of the year</b>	11	<b>49,082,202</b>	<b>20,816,431</b>

On behalf of the Management Board:

  
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**S.V. Naumov**  
**Chairman of the Management Board**

  
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**G.S. Kostenko**  
**Chief Accountant**

20 September 2023

20 September 2023

Prepared by: O.V. Rybalka, 537-47-75, K.G. Zadneprovsky, 537-47-84

Notes set out on pages 7 to 58 form the integral part of these interim condensed consolidated financial statements.



## JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2023 (in thousands of UAH)

#### 1. ORGANIZATION

The Bank is a legal successor of all rights and obligations of the State Specialized Commercial Savings Bank of Ukraine registered by the National Bank of Ukraine (hereinafter – the “NBU”) on 31 December 1991, registration No. 4. Open Joint Stock Company “State Savings Bank of Ukraine” was established in accordance with the Decree of the President of Ukraine No. 106 dated 20 May 1999 *On Corporatisation of the State Specialised Commercial Savings Bank of Ukraine* and the Resolution of the Cabinet of Ministers of Ukraine No. 876 dated 21 May 1999 *On Certain Issues of Management of the State Specialised Commercial Savings Bank of Ukraine*, by converting the State Specialized Commercial Savings Bank of Ukraine into Open Joint Stock Company “State Savings Bank of Ukraine”. Open Joint Stock Company “State Savings Bank of Ukraine” was registered by the NBU on 26 May 1999, registration No. 4. In accordance with the Law of Ukraine *On Joint Stock Companies*, the type of open joint stock company “State Savings Bank of Ukraine” was changed to a public joint stock company by the Resolution of the Cabinet of Ministers of Ukraine No. 502 dated 6 April 2011 *On Amendments to the Resolution of the Cabinet of Ministers of Ukraine No. 261 dated 25 February 2003*. The change of name to Public Joint Stock Company “State Savings Bank of Ukraine” was registered on 7 June 2011. On 5 June 2019, the Cabinet of Ministers of Ukraine adopted Resolution No. 568 *Issue of Joint Stock Company “State Savings Bank of Ukraine”*, which was officially published and came into force on 10 July 2019, according to which the type of public joint stock company “State Savings Bank of Ukraine” was changed from public to private and renamed it to the joint stock company “State Savings Bank of Ukraine” (“the Bank”). The Charter was revised accordingly and was agreed with the National Bank of Ukraine. On 18 July 2019, its state registration was done.

On 27 August 2022, the Cabinet of Ministers of Ukraine adopted Resolution No. 958 *On Amendments to the Charter of the joint-stock company “State Savings Bank of Ukraine”*, which was officially published on 1 September 2022, according to which the Charter of JSC “Oschadbank” is set out in a new version. Changes to the Bank’s Charter, after their approval by the NBU, enter into force from the day of their state registration.

On 21 October 2022, state registration of the new edition of the Bank's Charter was done. The new edition of the Bank's Charter specifies that deposits of individuals placed with the Bank are guaranteed in the manner and in the amounts stipulated by the Law of Ukraine *“On the System of Guaranteeing Deposits of Individuals”*. The Bank has been a member of the Individual Deposit Guarantee Fund since April 2022.

As at 31 March 2023 and 31 December 2022, 100% of the Bank’s shares were state-owned.

The Bank is operating under a banking license issued by the National Bank of Ukraine. The Bank has a general licenses issued by the National Securities and Stock Market Commission (the “NSSMC”) to carry out professional activities in the stock market - securities trading activities: securities management, underwriting, brokerage and dealing activities.

The Bank provides banking and other financial services (other than insurance services, except for insurance intermediary functions), and carries out other activities in national and foreign currencies. The Bank’s primary business is maintaining bank accounts and attracting deposits from legal entities and individuals, issuing loans, transferring payments, trading in securities and operating with foreign currencies.

The registered address of the Bank is at: 12G Hospitalna str., Kyiv, 01001, Ukraine.

These interim condensed consolidated financial statements have been prepared for the Bank and PrJSC “Home Loans Refinancing Agency” (hereinafter – “the Group”):

Name	Country of operation	Participatory/voting interest (%) as at		Type of activities
		31 March 2023	31 December 2022	
JSC “Oschadbank”	Ukraine	Parent company		Banking
PrJSC “Home Loans Refinancing Agency”	Ukraine	70.86	70.86	Loan refinancing

These interim condensed consolidated financial statements were approved by the Management Board on 20 September 2023.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2023  
(in thousands of UAH)**

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## 2. OPERATING ENVIRONMENT

The losses of the Ukrainian economy in the first quarter of 2023 amounted to 10.5% compared to the same period in 2022. Compared to the fourth quarter of 2022, the country's GDP grew by 2.4%. The corresponding results are due, in particular, to the ability of the economy to quickly adapt to the conditions caused by Russia's military aggression against Ukraine.

According to the results of March 2023, consumer inflation amounted to 21.3% y/y. The slowdown in inflation, in addition to the effect of the comparison base, is also caused by a significant supply of food and fuel, stabilization of the situation in the energy sector, and a favorable situation on the cash FX market. The hryvnia cash rate has strengthened by 6% since the beginning of the year.

The level of the key policy rate remains at the level of 25%, which, according to the NBU, is due to the need to maintain exchange rate stability and a steady trend of decreasing inflation.

The banking sector in the first quarter of 2023 maintained high liquidity and profitability due to an increase in interest income from liquid assets. The operational efficiency of banks has increased. The increase in the share of non-performing loans and provisioning costs in the first quarter was insignificant, which also had a positive impact on the banking system's profit. The increase in bank funding during the quarter was mainly due to funds of businesses. The increase in the level of reserve norms outlined a tendency to increase the volume of time deposits of individuals in the national currency, led to an increase in the balances of banks' funds with the NBU and investments in OVDP. At the same time, the credit risk of the banking sector of Ukraine remains at a high level due to the shutdown of part of the business, destruction of production infrastructure and collateral property. The share of non-performing loans in the banking sector at the end of the first quarter was 38.8%, banks continued to recognize losses from credit risk. In order to assess the actual state of the assets' portfolio and capital requirements the NBU has launched the banking sector key participants' resilience assessment.

Lending to the corporate sector continues mainly within the state support program "Affordable loans 5-7-9%", the design of which was updated in March 2023. Loans provided within the program make up about a third of the operating gross hryvnia credit portfolio of corporate clients of banks.

In order to finance the deficit of the state budget, the Ministry of Finance of Ukraine, starting from March last year, regularly sells military bonds. From the beginning of the full-scale invasion until 31 March 2023, UAH 263.17 billion, USD 2.7 billion and EUR 1.06 billion were raised at auctions from the placement of OVDP. UAH 261.57 billion, USD 3.54 billion and EUR 0.66 billion were allocated to the repayment of domestic debt securities during this period. In order to activate the domestic debt market, the NBU gave banks the opportunity to cover up to half of the total amount of required reserves at the expense of the benchmark OVDP. According to the results of the first quarter of 2023, the volumes of OVDP acquisition significantly exceeded the volumes of repayments.

On the background of a decrease in the volume of currency net sales by the NBU and moderate debt payments, the international reserves of the NBU as of 1 April 2023 amounted to USD 31.9 billion. Support for international reserves was provided by foreign currency receipts to the Government's accounts from partner countries and international organizations, a reduction in the volume of interventions by the NBU on the sale of foreign currency, a revaluation of the value of financial instruments, and proceeds from the sale of currency OVDP.

On 20 January 2023, the international rating agency Fitch Ratings confirmed the sovereign long-term issuer default ratings (IDRs) of Ukraine in foreign currency at the level of "CC" and in the national currency at the level of "CCC-". The rating of the country's ceiling at "B-" level, as well as the short-term IDRs in foreign and national currencies at the "C" level, were also confirmed.

On 10 March 2023, the international rating agency Standard & Poor's confirmed the long- and short-term sovereign credit rating of Ukraine in foreign currency at the level of "CCC+/C", as well as confirmed the long- and short-term sovereign credit rating of Ukraine in the national currency at "CCC+/C" levels. The forecast is "stable". On 6 April 2023, Standard & Poor's lowered the long-term sovereign credit rating of Ukraine in foreign currency to the level of "CCC" from "CCC+" and confirmed the long-term and short-term sovereign credit rating

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2023  
(in thousands of UAH)**

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of Ukraine in the national currency at the level of "CCC+/C" and the short-term rating in foreign currency at level "C". The forecast was changed to "negative".

The management staff focuses on maintaining the Bank's stable operations, which corresponds to the existing circumstances and available information. However, against the background of the current situation, the possibility of the emergence of external factors that may have a negative impact on the stability of the banking system in general, and therefore on the results of operations and financial condition of the Bank, the nature and consequences of which cannot be determined at the present time, is not excluded.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **3.1. Statement of compliance**

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Statements (IAS 34), and in compliance with the requirements of paragraph 8.2, section III of Instruction about the order of preparation and publication of Ukrainian banks' financial statements, approved by the Resolution of the Management Board of the NBU No. 373 dated 24 October 2011 (with amendments).

Therefore, it does not contain all information required by the International Financial Reporting Standards ("IFRS"), produced by the International Accounting Standards Board ("IASB"). These interim condensed consolidated financial statements should be considered together with the Group's consolidated financial statements as at 31 December 2022 and for the year than ended, that are published on the official website of the Bank ([www.oschadbank.ua](http://www.oschadbank.ua)).

#### **3.2. Basis of presentation**

These interim condensed consolidated financial statements are presented in thousands of UAH, unless otherwise indicated.

These interim condensed consolidated financial statements of the Group do not include all information and disclosures that could materially duplicate the information included in the consolidated financial statements for the year ended 31 December 2022 prepared in accordance with the IFRS, such as accounting policies. The Management believes that the interim condensed consolidated financial statements reflect all adjustments necessary to present a true and fair view of the Group's financial position, operating results, statement of changes in equity and statement of cash flows for the interim period.

The accounting policies and calculation methods used in the preparation of these interim condensed consolidated financial statements were the same as those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2022.

#### ***Going concern basis***

These interim condensed consolidated financial were prepared on a going concern basis. During the preparation of the financial statements, the Group's management assessed the Group's ability to continue its operations in future, taking into account hostilities in Ukraine, which have already caused and continue to cause significant negative consequences for the economy of the country as a whole and for the Group's customers as described in Note 2.

The Group has analyzed Group's ability to continue its operations in future on going concern basis based on the following assumptions:

- the macroeconomic forecast corresponds to the forecasts of the NBU and data published in international information and analytical systems, in particular Bloomberg ;
- bank's customer accounts (including current accounts) will grow in volumes sufficient to ensure the Bank's financing of active operations and the formation of highly liquid assets' stock, taking into account the current reserve requirement ratios for funds on a correspondent account with the NBU;

## JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2023

(in thousands of UAH)

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- credit portfolio for retail business will show tendencies towards retention; for corporate clients - lending to critical industries, enterprises of the agro-industrial complex, in particular within state programs monetary credit support ;
- a slight increase in commission income compared to the pre-war level is expected despite the decrease of transactions volume and the closure of branches at the occupied territories. The Bank is taking a prudent approach to the restoration of tariffs for commission services, planning to gradually renew tariffs for payments, transfers, cash transactions, acquiring, and at the same time maintaining reduced commissions for critical transactions;
- credit risks in the forecast period are growing, which requires recognition of additional allowance for expected credit losses;
- the Management Board of the Bank will continue to implement measures to optimize operating expenses, which will partially compensate for the negative impact of macroeconomic factors on the growth of their volume. At the same time, additional expenses related to the restoration of the functioning of the network of bank branches, the increase in the cost of goods and services because of the devaluation of the national currency and the strengthening of inflationary expectations are possible;
- regulatory requirements take into account all officially approved at the forecast date plans of the NBU to introduce new requirements during the forecast period.

Assumptions underlying management's going concern assessments do not take into account external factors that may change in the future, namely: changes in capital market conditions in Ukraine and in the world as a whole, other and / or macroeconomic impacts not included in the Group's estimates, geopolitical changes, significant changes in legislation, including banking, changes in reporting and accounting standards, changes in tax legislation, as well as other changes that may occur in the future and over which the Group has no influence.

The Bank's management believes that over the next 12 months, the Bank will meet its obligations on time and in full and will repay approximately USD 89 million in equivalent (USD 92 million including interest) of external borrowings, of which EUR 7.5 million and USD 6.3 million have already been repaid in June 2023 and July 2023 (including interest – EUR 8.1 million and USD 7 million, respectively).

Taking into account the expected credit losses due to the military aggression of the Russian Federation against Ukraine, the dynamics of macroeconomic factors that may adversely affect the revaluation of the Bank's financial instruments, including indexed government bonds, as well as the results of stress testing of banks planned by the NBU in 2023, the Bank may not have sufficient capital to meet the NBU's regulatory requirements. Under such conditions, the Bank has to formulate and activate recovery plan, which potentially will include, in particular, additional capitalization at the expense of the shareholder. In accordance with Resolution No. 23 of the NBU dated 25 February 2022 (as amended), the Bank is not subject to sanctions during martial law for violations of capital, liquidity, credit risk and investment ratios, caused by the negative impact of the military aggression of the Russian Federation against Ukraine.

There is still a material uncertainty, due to the unpredictable impact of ongoing hostilities on the territory of Ukraine, that may cast significant doubt on the Bank's ability to continue as a going concern and, therefore, it will not be able to realize its assets and repay its liabilities in the ordinary course of business.

The management of the Group based on forecast indicators of liquidity, capital standards, the amount of expected credit losses, believes that there are sufficient grounds for drawing up these interim condensed consolidated financial statements based on the going concern assumption.

### 3.3. Functional currency

The Bank and its subsidiaries' functional currency and currency of presentation of these interim condensed consolidated financial statements is Hryvnia (“UAH”). All amounts are rounded to thousands, unless otherwise indicated.

**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2023  
(in thousands of UAH)**

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***Foreign currency transactions***

Monetary assets and liabilities denominated in foreign currencies are translated into UAH at the appropriate spot exchange rates effective at the reporting date. Foreign currency transactions are accounted for at the exchange rates set at the date of the transaction. Gains and losses arising from these translations as well as from the settlement of foreign exchange transactions are included in net gain/(loss) on foreign exchange operations.

The official exchange rates at period-end used by the Group in preparation of the interim condensed consolidated financial statements are as follows:

	<u>31 March 2023</u>	<u>31 December 2022</u>
UAH/USD 1	36.5686	36.5686
UAH/EUR 1	39.7812	38.9510

**3.4. Significant assumptions and sources of estimation uncertainty**

While preparing the interim condensed consolidated financial statements of the Group, management is required to make assumptions, estimates and use professional judgment in terms of the carrying amount of assets and liabilities that are not apparent from other sources. The estimates and related assumptions are based on historical experience and other relevant factors. Actual results may differ from these estimates.

While preparing the interim condensed consolidated financial statements, the critical judgments made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2022 prepared in accordance with the IFRS.

***Assessment of expected credit losses***

Approaches for assessment of expected credit losses (ECL) were the same as those applied to the consolidated financial statements for the year ended 31 December 2022 prepared in accordance with the IFRS.

***Buildings and properties under construction***

The Group provides revaluation of properties (buildings) as part of property and equipment with sufficient regularity so that the carrying amount does not differ significantly from that, which would be determined using fair value at the end of the reporting period. The frequency of revaluations depends on changes in the fair value of the revalued items of property and equipment. If the fair value of a revalued asset differs materially from its carrying amount, a revaluation is performed.

Real estate (buildings) in property, plant and equipment are stated at fair value. The last valuation was conducted on 1 December 2020 with the involvement of an independent appraiser. The value of real estate was determined by an independent appraiser using income and comparative approaches.

As at 31 March 2023, buildings and office premises owned by the Group were not revalued. According to management estimates during 3 months 2023 market value of real estate property has not changed significantly, thus the carrying value of buildings and office premises owned by the Group does not differ materially from that which would be determined using fair value at the end of the reporting period.

***Deferred tax assets***

Deferred tax assets related to tax losses carried forward are mostly not recognized in the statement of financial position, as the Group's management believes that the probability of using such an asset in the future is low due to uncertainty connected with the martial law introduced in Ukraine.

## JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2023 (in thousands of UAH)

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#### **Exchange rate of hryvnia to foreign currencies**

National Bank of Ukraine by Board's Resolution No.18 dated 24 February 2022 “On the operation of the banking system during the introduction of martial law” fixed the official exchange rate of the hryvnia to foreign currencies. On 21 July 2022, National Bank of Ukraine corrected the official exchange rate of UAH to USD by 25% from 29.2549 to 36.5686 hryvnia for one US dollar. At the same time, as at 31 March 2023, the commercial weighted average exchange rate of UAH to USD when buying/selling on the cash foreign exchange market of Ukraine differs from the official exchange rate of UAH to USD by 2.92% та 3.56%, respectively. The Group continues to accounting monetary assets and liabilities denominated in foreign currencies at the official exchange rate of the hryvnia to foreign currencies established by the National Bank of Ukraine on the reporting date, as required by the Group's accounting policy.

#### **Other sources of uncertainty**

While the Ukrainian government has introduced a range of stabilization measures aimed at providing liquidity to Ukraine's banks and companies, there continues to be uncertainty regarding the access to capital and cost of capital for the Group and its counterparties, which could negatively affect the Group's consolidated financial position, results of operations, and development prospects.

The effects on the Group's consolidated financial position of any further deterioration in the liquidity of the financial markets and the increased volatility in the currency and capital markets cannot be reliably estimated. Management believes it is taking all the necessary measures to support the sustainability and growth of the Group's business in the current circumstances.

#### **4. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)**

##### **Amendments to the standards, which come into force on 1 January 2022**

The Group applied for the first time certain amendments to the standards, which are effective for annual periods beginning on or after 1 January 2022. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

The following new or amended standards and interpretations had no significant impact on the Group's consolidated financial statements:

##### **Reference to the Conceptual Framework – Amendments to IFRS 3**

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.

##### **Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16**

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2023  
(in thousands of UAH)****Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37**

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

**IFRS 9 Financial Instruments – Fees in the “10 per cent” test for derecognition of financial liabilities**

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.

**5. NET INTEREST INCOME**

Net interest income is presented as follows:

	<b>For the three months ended 31 March 2023</b>	<b>For the three months ended 31 March 2022</b>
<b>Interest income comprises:</b>		
<b>Interest income, calculated using effective interest method:</b>		
<b>Interest income on financial assets measured at amortised cost</b>		
interest on investments	3,265,526	1,740,586
interest on loans to customers	3,049,487	2,269,041
interest on due from banks	112,481	1,038
other interest income	–	59
<b>Interest income on financial assets measured at fair value through other comprehensive income</b>		
interest on investments	126,087	112,077
<b>Total interest income, calculated using effective interest method</b>	<b>6,553,581</b>	<b>4,122,801</b>
<b>Interest income on financial assets measured at fair value through profit or loss</b>		
interest on investments	745,312	703,492
interest on loans to customers	189,633	170,710
<b>Total interest income</b>	<b>7,488,526</b>	<b>4,997,003</b>
<b>Interest expense comprises:</b>		
<b>Interest expense on financial liabilities measured at amortised cost</b>		
interest on customer accounts	(2,665,343)	(1,398,445)
interest on Eurobonds issued (Note 17)	(123,564)	(174,669)
interest on funds due to banks	–	(173,860)
interest on other borrowed funds (Note 18)	(26,251)	(26,671)
interest on subordinated debt (Note 20)	(14,165)	(13,488)
<b>Other interest expense</b>		
Interest on lease liabilities	(13,317)	(10,040)
<b>Total interest expense</b>	<b>(2,842,640)</b>	<b>(1,797,173)</b>
<b>Net interest income</b>	<b>4,645,886</b>	<b>3,199,830</b>

**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2023  
(in thousands of UAH)**

**6. FEE AND COMMISSION INCOME AND EXPENSE**

Fee and commission income and expense are presented as follows:

	<b>For the three months ended 31 March 2023</b>	<b>For the three months ended 31 March 2022</b>
<b>Fee and commission income:</b>		
Payment card transactions	1,942,855	1,387,209
Cash and settlement transactions	715,069	635,502
Foreign currency transactions	47,916	34,290
Loan servicing to customers	28,609	14,965
Off-balance sheet operations	12,209	9,483
Transactions with securities	1,375	290
Other	39,368	49,808
	<u>2,787,401</u>	<u>2,131,547</u>
<b>Total fee and commission income</b>	<b>2,787,401</b>	<b>2,131,547</b>
<b>Fee and commission expense:</b>		
Payment card transactions	(1,064,132)	(1,023,679)
Foreign currency transactions	(25,342)	(9,866)
Cash and settlement transactions	(20,080)	(22,917)
Off-balance sheet operations	(4,449)	(1,890)
Transactions with securities	(735)	(1,028)
Other	(2,253)	(3,073)
	<u>(1,116,991)</u>	<u>(1,062,453)</u>
<b>Total fee and commission expense</b>	<b>(1,116,991)</b>	<b>(1,062,453)</b>

**7. NET GAIN/(LOSS) ON TRANSACTIONS WITH FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS**

Net gain/(loss) on transactions with financial instruments at fair value through profit or loss is presented as follows:

	<b>For the three months ended 31 March 2023</b>	<b>For the three months ended 31 March 2022</b>
<i>Trading transactions, net:</i>		
Investments	466	127
<i>Change in fair value:</i>		
Loans to customers	(166,255)	(558,785)
Investments	(1,194,137)	2,731,382
	<u>(1,359,926)</u>	<u>2,172,724</u>
<b>Total net gain/(loss) on transactions with financial instruments at fair value through profit or loss</b>	<b>(1,359,926)</b>	<b>2,172,724</b>



**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2023  
(in thousands of UAH)**

**8. OPERATING EXPENSES**

Operating expenses are presented as follows:

	For the three months ended 31 March 2023	For the three months ended 31 March 2022
<b>Personnel expenses</b>		
Salary and bonuses	1,271,829	1,212,877
Social security costs	305,311	420,241
Other short-term employee payments	189,289	878,896
Other employee expense	198	53
<b>Total personnel expenses</b>	<b>1,766,627</b>	<b>2,512,067</b>
<b>Depreciation and amortization</b>		
Depreciation of fixed assets (without of right-of-use assets)	324,420	332,218
Amortization of intangible assets	91,508	81,057
Depreciation of right-of-use assets	47,558	37,259
<b>Total depreciation and amortization</b>	<b>463,486</b>	<b>450,534</b>
<b>Other administrative and operational expenses</b>		
Fixed assets maintenance	425,813	297,833
Deductions to the Individual Deposit Guarantee Fund	246,028	–
Communication services	74,632	85,942
Utilities	70,683	119,846
Taxes other than income tax	50,685	37,190
Office maintenance	47,854	21,291
Fuel expenses	39,773	28,861
Leases	25,431	27,754
Security	17,912	16,402
Professional services	9,499	15,123
Insurance	7,071	7,945
Advertising costs	3,530	3,812
Business trip expenses	1,947	1,183
Other expenses	159,999	239,866
<b>Total other administrative and operational expenses</b>	<b>1,180,857</b>	<b>903,048</b>
<b>Total operating expenses</b>	<b>3,410,970</b>	<b>3,865,649</b>

**9. INCOME TAX**

The Group calculates income tax based on the tax accounts maintained and prepared in accordance with the current Ukrainian tax legislation, which may differ from International Financial Reporting Standards.

Movements in deferred tax assets/(liabilities) are presented as follows:

	For the three months ended 31 March 2023	For the three months ended 31 March 2022
<b>At the beginning of the period</b>	<b>(97,833)</b>	<b>(173,704)</b>
Change in deferred income tax liabilities recognised in profit or loss	33	96
Tax effect on revaluation reserve of securities measured at fair value through other comprehensive income	(572)	13,156
<b>At the end of the period</b>	<b>(98,372)</b>	<b>(160,452)</b>

**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2023  
(in thousands of UAH)**

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**10. EARNINGS PER SHARE**

For the purposes of these interim condensed consolidated financial statements, the earnings per share are not disclosed whereas 100% of the Bank’s shares belong to the state.

**11. CASH AND CASH EQUIVALENTS**

	<b>31 March 2023</b>	<b>31 December 2022</b>
Correspondent accounts	13,643,583	12,911,000
Less: allowance for expected credit losses	(25,384)	(21,420)
<i>Total correspondent accounts</i>	<b>13,618,199</b>	<b>12,889,580</b>
Cash on hand	14,458,905	11,974,282
Balances with the National Bank of Ukraine	21,005,098	3,512,850
<b>Total cash and cash equivalents</b>	<b>49,082,202</b>	<b>28,376,712</b>

Balances with the NBU are funds placed to ensure daily settlements and other transactions.

As at 31 March 2023, cash on hand in the amount of UAH 93,749 thousand (31 December 2022: UAH 106,909 thousand), has 100% expected credit losses, which were located in the Bank’s branches located in the temporarily occupied territories of Ukraine and over which control was lost. Therefore these cash on hand did not conform the definition of cash and cash equivalents, they were reclassified as restricted cash and cash equivalents in Other financial assets, Note 14.

Movements in expected credit losses for cash and cash equivalents are presented in Note 27.

As at 31 March 2023, corresponding accounts including cash and cash equivalents in the amount of UAH 8,986,335 thousand (18,3%) were placed in two banks of one banking group (31 December 2022: UAH 9,694,541 thousand (34,14%) were placed in two banks of one banking group), which is the evidence of high concentration.

**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2023***(in thousands of UAH)***12. LOANS TO CUSTOMERS**

	<u>31 March 2023</u>	<u>31 December 2022</u>
Loans to customers measured at amortised cost	80,225,638	82,734,176
Loans to customers measured at fair value through profit or loss (Note 24)	481,797	481,419
<b>Total loans to customers</b>	<b><u>80,707,435</u></b>	<b><u>83,215,595</u></b>
<b>Loans measured at amortised cost</b>		
<b>Loans to legal entities:</b>		
Loans to corporate entities	80,277,870	81,210,567
Less: allowance for expected credit losses	(19,832,919)	(19,793,660)
<b>Total loans to corporate entities</b>	<b><u>60,444,951</u></b>	<b><u>61,416,907</u></b>
Loans to state and municipal authorities	8,879,685	10,094,679
Less: allowance for expected credit losses	(221,745)	(253,599)
<b>Total state and municipal authorities</b>	<b><u>8,657,940</u></b>	<b><u>9,841,080</u></b>
Mortgage loans	1,452	1,543
<b>Total mortgage loans</b>	<b><u>1,452</u></b>	<b><u>1,543</u></b>
<b>Loans to individuals:</b>		
Mortgage loans	3,979,995	3,683,923
Less: allowance for expected credit losses	(779,192)	(772,268)
<b>Total mortgage loans</b>	<b><u>3,200,803</u></b>	<b><u>2,911,655</u></b>
Other loans	11,936,718	12,646,782
Less: allowance for expected credit losses	(4,016,226)	(4,083,791)
<b>Total other loans</b>	<b><u>7,920,492</u></b>	<b><u>8,562,991</u></b>
<b>Total loans measured at amortised cost</b>	<b><u>80,225,638</u></b>	<b><u>82,734,176</u></b>
<b>Loans to customers measured at fair value through profit or loss</b>		
<b>Loans to legal entities:</b>		
Loans to corporate entities	481,797	481,419
<b>Total loans measured at fair value through profit or loss</b>	<b><u>481,797</u></b>	<b><u>481,419</u></b>

Movements in the allowance for expected credit losses of loans to customers are disclosed in Note 27.

As at 31 March 2023, loans with gross carrying amount of UAH 46,471,713 thousand (44%) (31 December 2022: UAH 46,793,095 thousand (43%)), were granted to ten borrowers, which represents a significant concentration.

**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2023  
(in thousands of UAH)**

The table below represents the structure of the Group’s borrowers by economic sectors:

	31 March 2023		31 December 2022	
	Gross carrying value	Allowance for ECL	Gross carrying value	Allowance for ECL
Energy	20,214,480	(4,699,858)	20,627,849	(4,680,409)
Individuals	15,916,713	(4,795,418)	16,330,705	(4,856,059)
Agriculture	14,165,318	(1,945,782)	14,227,669	(1,966,173)
Oil, gas and chemical production	12,170,785	(492,017)	12,180,124	(497,880)
Construction and real estate	9,732,890	(5,394,870)	9,798,994	(5,420,767)
Trade	9,686,004	(1,636,940)	9,669,016	(1,636,751)
Food and beverage manufacturing and processing	6,436,019	(2,400,441)	6,679,837	(2,384,681)
Road construction and maintenance	6,017,668	(177,434)	6,100,301	(188,851)
Mining and metallurgy	5,021,540	(2,737,094)	4,892,472	(2,719,830)
Municipal authorities	2,862,017	(44,312)	3,994,378	(64,748)
Industrial and consumer goods manufacturing	1,135,902	(100,434)	1,064,339	(103,182)
Services	936,216	(310,250)	895,916	(264,892)
Transport	665,713	(53,023)	1,138,665	(53,638)
Engineering	253,211	(48,113)	171,083	(49,704)
Press and publishing	44,282	(3,693)	41,631	(4,783)
Financial services	41,169	11,444	66,522	10,064
Media and communications	15,121	(1,890)	15,025	(1,844)
Other	242,469	(19,957)	224,387	(19,190)
<b>Total</b>	<b>105,557,517</b>	<b>(24,850,082)</b>	<b>108,118,913</b>	<b>(24,903,318)</b>

The Group repossessed real estate property and other assets as a repayment of non-performing loans. As at 31 March 2023, such assets in the amount of UAH 748,401 thousand (31 December 2022: UAH 682,856 thousand) thousand, respectively, were included in other assets (Note 14).

Loans to individuals are presented by the following products:

	31 March 2023	31 December 2022
Mortgage loans	3,979,995	3,683,923
Other loans:		
Payment card loans	4,906,875	5,558,342
Car loans	4,213,746	4,209,385
Consumer loans secured by real estate and guarantees	1,328,426	1,344,085
Other consumer loans	1,487,671	1,534,970
	<b>15,916,713</b>	<b>16,330,705</b>
Less: allowance for impairment losses	(4,795,418)	(4,856,059)
<b>Total loans to individuals</b>	<b>11,121,295</b>	<b>11,474,646</b>

In October 2022, the Group became a participant in the new state programme of affordable mortgage lending "eOselya" initiated by the President of Ukraine (Note 18). During the first quarter of 2023, the Group issued 305 loans in the amount of UAH 404,514 thousand. (During 2022, the Group issued 340 loans in the amount of UAH 462,388 thousand). As at 31 March 2023, the gross carrying value of these loans amounted to UAH 400,962 thousand (31 December 2022: UAH 460,746 thousand).

Translation from Ukrainian original

**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2023  
(in thousands of UAH)**

**13. INVESTMENTS**

	31 March 2023			31 December 2022		
	At fair value through profit or loss	At fair value through other comprehensive income	At amortised cost	At fair value through profit or loss	At fair value through other comprehensive income	At amortised cost
<b>Ukrainian government debt securities</b>						
Short-term Ukrainian government debt securities	-	-	7,107,056	197	-	18,282,939
Medium-term Ukrainian government debt securities	3,391	6,127,001	41,864,252	3,236	6,094,568	28,765,399
Long-term Ukrainian government debt securities	53,712,699	1,992,615	5,779,308	54,575,386	2,006,502	5,779,243
Allowance for expected credit losses	-	-	(563,574)	-	-	(475,453)
<b>Total Ukrainian government debt securities</b>	<b>53,716,090</b>	<b>8,119,616</b>	<b>54,187,042</b>	<b>54,578,819</b>	<b>8,101,070</b>	<b>52,352,128</b>
<b>Other:</b>						
<b>Corporate debt securities:</b>						
Bonds issued by corporate entities	-	-	-	-	-	40,863
Bonds issued by State Mortgage Institution	-	-	886,495	-	-	853,700
Allowance for expected credit losses	-	-	(10,750)	-	-	(10,699)
<b>Total corporate debt securities</b>	<b>-</b>	<b>-</b>	<b>875,745</b>	<b>-</b>	<b>-</b>	<b>883,864</b>
<b>Other debt securities:</b>						
Debt commitments of the NBU	-	-	15,009,452	-	-	26,533,398
Bonds issued by local government authorities	-	-	232,199	-	-	232,834
Allowance for expected credit losses	-	-	(2,171)	-	-	(2,177)
<b>Total other debt securities</b>	<b>-</b>	<b>-</b>	<b>15,239,480</b>	<b>-</b>	<b>-</b>	<b>26,764,055</b>
<b>Total debt securities</b>	<b>53,716,090</b>	<b>8,119,616</b>	<b>70,302,267</b>	<b>54,578,819</b>	<b>8,101,070</b>	<b>80,000,047</b>
<b>Equity securities:</b>						
Corporate shares	-	758,721	-	-	718,915	-
<b>Total equity securities</b>	<b>-</b>	<b>758,721</b>	<b>-</b>	<b>-</b>	<b>718,915</b>	<b>-</b>
<b>Total investments</b>	<b>53,716,090</b>	<b>8,878,337</b>	<b>70,302,267</b>	<b>54,578,819</b>	<b>8,819,985</b>	<b>80,000,047</b>

**JOINT STOCK COMPANY "STATE SAVINGS BANK OF UKRAINE"****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2023  
(in thousands of UAH)**

Movements in the allowance for expected credit losses of investments are disclosed in Note 27.

As at 31 March 2023, in compliance with the terms of the agreement on storage of cash of the National Bank, Ukrainian state debt securities were pledged as collateral, state bonds at fair value through profit or loss with carrying amount of UAH 13,010,802 thousand (31 December 2022: UAH 13,181,984 thousand).

As at 31 March 2023, Ukrainian state debt securities carried at amortized cost with a carrying amount of UAH 2,630,008 thousand were used as collateral under a non-revolving credit line received from PrJSC "Ukrainian Financial Housing Company" (31 December 2022: UAH 1,689,234 thousand) (Note 18).

As at 3 March 2023, the Bank excluded from the pledge Ukrainian government debt securities provided as collateral under the general loan agreement with the National Bank of Ukraine, as at 31 December 2022 the Group pledged under this agreement Ukrainian state debt securities carried at amortized cost with a carrying amount UAH 1,927,686 thousand.

Company shares are investments in equity instruments designated at fair value through other comprehensive income, which are represented mainly by shares of Visa and Mastercard payment systems.

**14. OTHER ASSETS**

Other assets comprise:

	<b>31 March 2023</b>	<b>31 December 2022</b>
<b>Other financial assets:</b>		
Restricted cash and cash equivalents	1,488,044	963,783
Less: allowance for expected credit losses	(93,756)	(106,917)
<b>Total restricted cash and cash equivalents</b>	<b>1,394,288</b>	<b>856,866</b>
Settlements with money transfer systems	431,793	310,114
Income accrued	283,685	268,985
Other receivables	27,601	27,357
Fair value of spot foreign currency transactions	353	-
Less: allowance for expected credit losses	(139,493)	(143,549)
<b>Total accounts receivable for transactions and other receivables</b>	<b>603,939</b>	<b>462,907</b>
<b>Total other financial assets</b>	<b>1,998,227</b>	<b>1,319,773</b>
<b>Other non-financial assets:</b>		
Collateral repossessed by the Group	748,401	682,856
Prepayments:		
Deferred expenses	727,208	748,878
Prepayments for purchase of assets	2,341,198	1,536,155
Prepaid services	156,969	144,325
Less: allowance for expected credit losses	(87,516)	(80,152)
<b>Total prepayments</b>	<b>3,137,859</b>	<b>2,349,206</b>
Inventories	215,093	162,281
Precious metals	29,399	29,415
Miscellaneous assets:		
Receivables from employees and third parties	33,056	33,222
Obligatory payments	12,160	13,319
Other	90	5
Less: allowance for expected credit losses	(32,791)	(33,016)
<b>Total miscellaneous assets</b>	<b>12,515</b>	<b>13,530</b>
Receivables on taxes other than income tax		
Receivables on value added tax (VAT)	270	299
<b>Total receivables on taxes other than income tax</b>	<b>270</b>	<b>299</b>
<b>Total other non-financial assets</b>	<b>4,143,537</b>	<b>3,237,587</b>

**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2023  
(in thousands of UAH)**

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Movements in allowance for other financial assets are disclosed in Notes 27.

Restricted cash and cash equivalents as at 31 March 2023 are represented by balances on escrow accounts with the National Bank of Ukraine in the amount of UAH 1,320,879 thousand and cash on hand in the amount of UAH 93,749 thousand, which were kept in the Bank's branches located in the temporarily occupied territories of Ukraine (Note 11), were reclassified to restricted cash and cash equivalents in Other financial assets.

In the first quarter of 2023, the Group sold repossessed assets with a carrying value of UAH 59,532 thousand. As a result, gain in amount of UAH 13,529 thousand was recognized in the interim consolidated statement of profit or loss and other comprehensive income within Other income.

Precious metals are represented by gold and silver in vault.

**15. DUE TO BANKS**

Due to banks comprises:

	<b>31 March 2023</b>	<b>31 December 2022</b>
Correspondent accounts of other banks	942,357	543,326
<b>Total due to banks</b>	<b>942,357</b>	<b>543,326</b>

**16. CUSTOMER ACCOUNTS**

Customer accounts comprise:

	<b>31 March 2023</b>	<b>31 December 2022</b>
Term deposits:		
Balances on term deposits from customers	86,673,092	78,928,950
Balances on other deposits from customers	2,550,692	2,507,162
Demand accounts:		
Balances on current accounts from customers	150,831,833	150,677,669
Balances on demand deposits from customers	2,235,624	1,826,528
<b>Total customer accounts</b>	<b>242,291,241</b>	<b>233,940,309</b>

Balances on other deposits from customers included deposits from customers for which the agreements have expired and for which customers did not withdraw funds for three or more years.

As at 31 March 2023, total balances on accounts of top ten customers amounted to UAH 19,600,097 thousand which represented 8% of total customer balances (31 December 2022: UAH 15,463,883 thousand, which represented 7%). As at 31 March 2023, total balance on accounts of one largest customer comprised 2% of total balances on customers' accounts (31 December 2022: 1%).

**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2023  
(in thousands of UAH)**

The table below represents customer accounts' structure by industry sectors:

	<u>31 March 2023</u>	<u>31 December 2022</u>
<b>Analysis by sector of economy:</b>		
Individuals	171,625,276	168,637,281
Energy	17,894,482	14,628,762
Agriculture	9,731,531	7,830,821
Trade	7,887,438	8,786,690
Services	4,331,296	5,481,932
Construction and real estate	3,534,668	4,047,533
Transport	3,388,832	2,494,109
State authorities and local governments	3,343,055	3,981,625
Oil, gas and chemical production	3,160,782	1,073,826
Financial services	2,811,041	2,631,779
Engineering	1,961,595	2,426,258
Media and communications	1,867,390	1,794,974
Food and beverage manufacturing and processing	1,646,691	1,391,742
Industrial and consumer goods manufacturing	1,055,867	1,332,156
Mining and metallurgy	912,544	779,598
Press and publishing	100,476	70,144
Other	7,038,277	6,551,079
<b>Total customer accounts</b>	<b><u>242,291,241</u></b>	<b><u>233,940,309</u></b>

As at 31 March 2023, included in customer accounts are deposits in the amount of UAH 43,824 thousand (31 December 2022: UAH 42,181 thousand), that are held as a collateral for financial guarantees issued and other commitments (Note 22).

The Group derecognized liabilities on customer accounts for which clients identification data was no longer available. At the same time, the Group recognized a provision to cover possible payments under these liabilities in full. The provision was accrued to cover payments on liabilities on customer accounts in case of receiving of all information for client identification as required by the current legislation of Ukraine. As at 31 March 2023 amount of provisions for liabilities to customers comprised UAH 271,784 thousand (31 December 2022: UAH 271,909 thousand) (Note 19).

## 17. EUROBONDS ISSUED

Eurobonds issued are presented as follows:

Currency	Maturity	31 March 2023		31 December 2022		
		Coupon rate p.a., %	Carrying value	Maturity	Coupon rate p.a., %	Carrying value
USD	March 2023	9.375	–	March 2023	9.375	1,319,187
	September 2023–			March 2023 –		
USD	March 2025	9.625	3,689,097	March 2025	9.625	4,722,347
<b>Total Eurobonds issued</b>			<b><u>3,689,097</u></b>			<b><u>6,041,534</u></b>

Changes within the Eurobonds issued are presented as follows:

	<u>For the three months ended 31 March 2023</u>	<u>For the three months ended 31 March 2022</u>
<b>At the beginning of the period</b>	<b>6,041,534</b>	<b>7,908,096</b>
Repayment on Eurobonds	(2,194,116)	(1,755,294)
Effect of changes in the foreign exchange rates	–	574,033
Interest expense (Note 5)	123,564	174,669
Interest paid	(281,885)	(392,339)
<b>At the end of the period</b>	<b><u>3,689,097</u></b>	<b><u>6,509,165</u></b>



**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2023  
(in thousands of UAH)**

On 8 March 2023, the Group made full repayment in the amount of USD 35,000 thousand (UAH 1,279,901 thousand as of the maturity date) of the balance of Eurobonds issued in March and July 2011. On 16 March, the Group repaid USD 25,000 thousand (UAH 914,215 thousand as of the maturity date) of Eurobonds issued in March 2013. The repayments were made on time, in accordance with the terms of the Eurobonds issue. Along with the planned redemptions of the principal amount of Eurobonds, the Group also paid accrued interest.

On 4 March 2022, the Group repaid USD 35,000 thousand (UAH 1,023,922 thousand as of the maturity date) of Eurobonds issued in March and July 2011. On 17 March 2022, the Group repaid USD 25,000 thousand (UAH 731,372 thousand as of the maturity date) of Eurobonds issued in March 2013. The repayments were made on time, in accordance with the terms of the Eurobonds issue. Along with the planned redemptions of the principal amount of Eurobonds, the Group also paid accrued interest.

The Bank is obliged to comply with certain covenants specified in the loan agreement with SSB No.1 Plc in relation to the Eurobonds issued. Those covenants include: requirement to submit financial statements according to the schedule, restriction to declare or pay dividends or make other distributions if this may lead to delays in repayment of the Eurobonds or if such distributions, in aggregate, exceed 30% of net profits of the Bank for the relevant period (calculated in accordance with the laws of Ukraine), certain limitations on transactions with related parties, etc.

**18. OTHER BORROWED FUNDS**

Other borrowed funds include:

	31 March 2023				31 December 2022		
	Currency	Maturity	Coupon rate p.a., %	Carrying value	Maturity	Coupon rate p.a., %	Carrying value
Loans from the European Investment Bank	EUR	June 2023 – December 2024	4.26	758,727	June 2023 – December 2024	4.26	735,205
Loans from the European Investment Bank	EUR	September 2023 – September 2024	4.43	564,252	March 2023 – September 2024	4.43	744,944
Loans from the European Investment Bank	EUR	July 2023– July 2025	3.91	552,145	January 2023– July 2025	3.91	655,139
Loans from the PJSC "Ukrainian Financial Housing Company"	UAH	October 2023- October 2043	3.00	858,904	October 2023- October 2043	3.00	540,865
<b>Total other borrowed funds</b>				<b>2,734,028</b>			<b>2,676,153</b>

Changes in other borrowed funds are presented as follows:

	For the three months ended 31 March 2023	For the three months ended 31 March 2022
<b>At the beginning of the period</b>	<b>2,676,153</b>	<b>2,818,312</b>
Proceeds of other borrowed funds	316,700	–
Repayment of other borrowed funds	(290,198)	(608,297)
Effect of changes in the foreign exchange rates	38,303	140,931
Interest expense (Note 5)	26,251	26,671
Interest paid	(33,181)	(41,749)
<b>At the end of the period</b>	<b>2,734,028</b>	<b>2,335,868</b>

Under the loan agreement with the European Investment Bank (“EIB”) the Bank is obliged to comply with a range of information requirements and financial covenants, which include maintaining certain coefficients (ratios) at determined levels.

**JOINT STOCK COMPANY "STATE SAVINGS BANK OF UKRAINE"****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2023  
(in thousands of UAH)**

On 4 October 4 2022, in order to ensure the Bank's participation in the state program for providing affordable mortgage lending to citizens of Ukraine "eOselya", the Bank and PrJSC "Ukrainian Financial Housing Company" (hereinafter - "UFHC") concluded a non-revolving credit line agreement. As at 31 March 2023, debt securities measured at amortized cost with a carrying amount of UAH 2,630,008 thousand (31 December 2022: UAH 1,689,234 thousand) (Note 13) were used as collateral under the non-revolving credit line with the UFHC.

**19. OTHER LIABILITIES**

Other liabilities include:

	<b>31 March 2023</b>	<b>31 December 2022</b>
<b>Provisions</b>		
<b>Provisions for expected credit losses for guarantees and other credit commitments:</b>		
Provisions for credit commitments	354,064	380,902
Provisions for financial guarantee contracts	437,447	527,166
<b>Total provisions for expected credit losses for guarantees and other credit commitments</b>	<b>791,511</b>	<b>908,068</b>
<b>Other provisions:</b>		
Provisions for liabilities to customers	271,784	271,909
<b>Total other provisions</b>	<b>271,784</b>	<b>271,909</b>
<b>Total provisions</b>	<b>1,063,295</b>	<b>1,179,977</b>
<b>Other financial liabilities</b>		
Lease liabilities	355,849	392,712
Other accounts payable:		
Accrued expenses for cash operations	782,354	43,781
Accounts payable for other operations	12,609	11,156
Fair value of spot foreign currency transactions	511	-
<b>Total other accounts payable</b>	<b>795,474</b>	<b>54,937</b>
Accrued expenses	73,159	159,316
<b>Total other financial liabilities</b>	<b>1,224,482</b>	<b>606,965</b>
<b>Other non-financial liabilities</b>		
Taxes payable other than income tax:		
Value added tax payables	15,612	19,520
Accounts payable for other taxes and mandatory payments	124,805	107,715
<b>Total taxes payable other than income tax</b>	<b>140,417</b>	<b>127,235</b>
Advances received	79,047	83,052
Accounts payable for payments to banks employees:		
Provisions for unused vacations	700,886	673,934
Accrued bonuses and salaries	49,505	100,365
Other accounts payable for payments to banks employees	1,095	547
<b>Total accounts payable for payments to banks employees and advances receives</b>	<b>830,533</b>	<b>857,898</b>
Accounts payable on fees to the Individual Deposit Guarantee Fund	246,028	236,577
Other	50,135	68,290
<b>Total other non-financial liabilities</b>	<b>1,267,113</b>	<b>1,290,000</b>
<b>Total other liabilities</b>	<b>3,554,890</b>	<b>3,076,942</b>

**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2023  
(in thousands of UAH)**

Movements in allowance for expected credit losses for guarantees and other commitments are disclosed in Notes 27.

Provisions for liabilities to customers were formed to cover payments on liabilities to the customer accounts of the Crimean Republican Administration in the event of receipt of all information to identify the customer, as required by current legislation of Ukraine (Note 16).

Movement in lease liabilities is presented as follows:

	<b>For the three months ended 31 March 2023</b>	<b>For the three months ended 31 March 2022</b>
<b>At the beginning of the period</b>	<b>392,712</b>	<b>428,638</b>
Liabilities recognition	6,299	35,676
Liabilities repayments	(46,022)	(35,691)
Interest accrual (Note 5)	13,317	10,040
Interest paid	(10,457)	(9,116)
<b>At the end of the period</b>	<b>355,849</b>	<b>429,547</b>

**20. SUBORDINATED DEBT**

Subordinated debt is presented as follows:

<u>Currency</u>	<u>Maturity of the principal</u>	<u>Interest rate, %</u>	<u>31 March 2023</u>	<u>Interest rate, %</u>	<u>31 December 2022</u>
USD	19 January 2024	12.00	467,131	10.19	716,442
<b>Total subordinated debt</b>			<b>467,131</b>		<b>716,442</b>

Changes in subordinated debt are presented as follows:

	<b>For the three months ended 31 March 2023</b>	<b>For the three months ended 31 March 2022</b>
<b>At the beginning of the period</b>	<b>716,442</b>	<b>878,960</b>
Repayment of subordinated debt	(228,554)	(173,358)
Effect of changes in the foreign exchange rates	-	52,738
Interest expense (Note 5)	14,165	13,488
Interest paid	(34,922)	(30,460)
<b>At the end of the period</b>	<b>467,131</b>	<b>741,368</b>

On 17 January 2023, the Group repaid part of the subordinated debt in the amount of USD 6,250 thousand, which amounted to equivalent of UAH 228,554 thousand at the maturity date. Along with the scheduled repayments of the principal, the Group also repaid accrued interest.

On 14 January 2022, the Group repaid part of the subordinated debt in the amount of USD 6,250 thousand, which amounted to equivalent of UAH 173,358 thousand at the maturity date. Along with the scheduled repayments of the principal, the Group also repaid accrued interest.

In the event of bankruptcy or liquidation of the Bank, repayment of this debt is subordinated to the repayments of the Bank's liabilities to all other creditors.

**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2023  
(in thousands of UAH)**

**21. SHARE CAPITAL**

Share capital is presented as follows:

	<b>Number of shares</b>	<b>Nominal value, UAH thousand</b>	<b>Adjusted amount, UAH thousand</b>
<b>31 December 2021</b>	42,649	49,472,840	49,724,980
<b>31 December 2022</b>	42,649	49,472,840	49,724,980
<b>31 March 2023</b>	42,649	49,472,840	49,724,980

As at 31 March 2023 and 31 December 2022 the nominal value of each share amounted to UAH 1,160,000. All shares rank equally and carry one vote.

These interim condensed consolidated financial statements reflect the amount of paid share capital carried at cost, which was adjusted for the effect of hyperinflation in the amount of UAH 252,140 thousand that existed before 31 December 2000.

In 2022, based on the financial result of 2021, the Group paid out a portion of profit in the amount of UAH 318,117 thousand to the State Budget of Ukraine in accordance with the Resolution of the Cabinet of Ministers of Ukraine dated 3 March 2022 No. 183 “Some issues of dividend payment by state banks in 2022”.

As at 31 March 2023 and 31 December 2022 the Group’s capital was established and paid in by cash, by Ukrainian government debt securities and using the profit of UAH 49,724,980 thousand, contributed to increase the share capital, taking into account effect of hyperinflation as required by IAS 29 Financial Reporting in Hyperinflationary Economies.

The cash contributed to the Group share capital is used for the activities envisaged by the Group Charter.

**22. COMMITMENTS AND CONTINGENCIES**

In the normal course of business, the Group is a party to financial instruments with off-balance sheet risk in order to meet the needs of its customers. These instruments, involving varying degrees of credit risks, are not reflected in the interim consolidated statement of financial position.

The Group’s maximum exposure to credit risk under contingent liabilities and contractual commitments to extend credit, in the event of non-performance by the other party where all counterclaims, collateral, or security prove valueless, is represented by the contractual amounts of those instruments.

The Group uses the same credit control and management policies in undertaking off-balance sheet commitments as it does for operations recorded in the interim consolidated statement of financial position.

As at 31 March 2023 and 31 December 2022, the nominal or contractual amounts were as follows:

	<b>31 March 2023</b>	<b>31 December 2022</b>
<b>Contingent financial liabilities and credit commitments</b>		
Irrevocable commitments on loans and unused credit lines	11,130,170	11,187,489
Financial guarantees issued and similar commitments	614,414	644,277
Letters of credit and other contingencies	431,509	742,190
<b>Total contingent financial liabilities and credit commitments</b>	<b>12,176,093</b>	<b>12,573,956</b>

As at 31 March 2023, non-financial guarantees amounted to UAH 75,664 thousand (31 December 2022: UAH 10,642 thousand).

As at 31 March 2023, provisions for contingent financial liabilities and credit commitments, including financial guarantees and other liabilities amounted to UAH 791,497 thousand (31 December 2022: UAH 908,068 thousand) (Notes 19, 27); provisions for non-financial guarantees amounted to UAH 14 thousand (31 December 2022: UAH 38 thousand).

## JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2023 (in thousands of UAH)

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As at 31 March 2023, guarantees issued and other liabilities were provided by cash deposits in the amount of UAH 43,824 thousand (31 December 2022: UAH 42,181 thousand) (Note 16).

Increase of loans to customers within loans and credit line limits is approved by the Group on a case-by-case basis and depends on the borrowers' financial performance, debt service quality, and other conditions. As at 31 March 2023, the total amount of such revocable commitments amounted to UAH 15,507,624 thousand (31 December 2021: UAH 16,574,045 thousand).

The total amount of debt for unused credit lines, letters of credit and guarantees under the agreements do not necessarily represent future cash claim, since the expiration or cancellation of those commitments without providing funds to the borrower could be possible.

#### Litigations

As at 31 March 2023, there were disputes in the courts for UAH 31,785 thousand (31 December 2022: UAH 27,918 thousand), the probability of resource outflows for which the Group assesses as possible. Taking into account the Group's assessment of the prospects for resolving the disputes, no provisions were made for these risks.

#### Taxation

Due to presence in the Ukrainian legislation, in particular, tax legislation, of provisions allowing more than one interpretation, and also due to the practice developed in a generally unstable environment by the tax authorities of making arbitrary judgment of business activities, Ukrainian tax authorities may take a stricter position in their interpretation of the law during the tax audits. Combined with possible efforts to increase collection of taxes to meet state budget requirements this could increase the level and frequency of inspections by the tax authorities. In particular, it is possible that transactions and activities that were not challenged in the past, may be challenged. As a result, significant additional taxes, penalties and fines may be assessed. Such uncertainty may relate to the valuation of financial instruments, allowances for expected credit losses, operations with non residents and the market level for pricing of deals.

In respect of certain areas, the Ukrainian tax legislation does not contain clear guidance. From time to time, the Group uses the interpretation of such uncertain areas, based on the provisions of current Ukrainian legislation, intergovernmental legislative acts on avoidance of double taxation, which results in application by the Group (the tax agent) of the tax rates which are based on intergovernmental agreements. As noted above, such tax positions may be subject to detailed inspection. The impact of any claims by the tax authorities cannot be reliably estimated; however, it may be material to the financial position and/or general operations of the Group.

As at 31 March 2023 and 31 December 2022, the Group had no overdue liabilities in paying taxes (presence/absence of tax liability) . The Group believes that it has already made all tax payments, and, therefore, no allowance has been made in the interim condensed consolidated financial statements. Tax records remain open to review by the tax authorities for three years, taking into account the statute of limitations.

As at 31 March 2023 and 31 December 2022, the Group had no contingent assets and/or liabilities with a high probability of their recognition in the balance sheet, except for those reported in the financial statements as at 31 March 2023 and for the year then ended 31 December 2022.

### 23. RELATED PARTY TRANSACTIONS

Transactions and balances with related parties comprise transactions with government, government-related entities (both directly and indirectly), key management personnel of the Group, and entities, if any, that are controlled or jointly controlled, by them.

*Translation from Ukrainian original*

**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2023  
(in thousands of UAH)**

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Government-related entities are entities that are controlled, jointly controlled, or significantly influenced by the government bodies.

In considering each possible related party relationship, one should pay analyze substance of the relationship and not merely the legal form.

Related party transactions and balances which are transactions with the government, entities related to public authorities (directly or indirectly), entities that are controlled, jointly controlled by key management personnel of the Group are disclosed as other related party transactions.

Translation from Ukrainian original

## JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2023 (in thousands of UAH)

The Group's balances with its related parties as at 31 March 2023 and 31 December 2022 are presented in the table below.

	31 March 2023				31 December 2022			
	Key management personnel of entity	Other related parties	Transactions with related parties	Total in category	Key management personnel of entity	Other related parties	Transactions with related parties	Total in category
<b>Assets</b>								
Cash and cash equivalents	–	21,219,027	21,219,027	<b>49,082,202</b>	–	3,806,255	3,806,255	<b>28,376,712</b>
Loans to customers	980	29,006,900	29,007,880	<b>80,707,435</b>	1,234	30,040,860	30,042,094	<b>83,215,595</b>
Investments	–	131,934,319	131,934,319	<b>132,896,694</b>	–	142,435,472	142,435,472	<b>143,398,851</b>
Other financial assets	–	1,320,979	1,320,979	<b>1,998,227</b>	–	786,901	786,901	<b>1,319,773</b>
<b>Liabilities</b>								
Due to banks	–	164,003	164,003	<b>942,357</b>	–	165,927	165,927	<b>543,326</b>
Customer accounts	71,905	23,939,996	24,011,901	<b>242,291,241</b>	61,702	17,334,714	17,396,416	<b>233,940,309</b>
Other borrowed funds	–	858,904	858,904	<b>2,734,028</b>	–	540,865	540,865	<b>2,676,153</b>
Other financial liabilities	–	731,372	731,372	<b>1,224,482</b>	–	–	–	<b>606,965</b>
Other non-financial liabilities	4,785	–	4,785	<b>1,267,113</b>	4,383	–	4,383	<b>1,290,000</b>
Contingent liabilities and credit commitments, including allowance for expected credit losses	440	98,359	98,799	<b>27,759,395</b>	664	2,545,503	2,546,167	<b>29,158,681</b>

As at 31 March 2023, gross loans to customers and allowances for expected credit losses amounted to UAH 29,992,440 thousand (31 December 2022: UAH 31,089,927 thousand) and UAH (985,540) thousand (31 December 2022: UAH (1,049,067) thousand), respectively, for other related parties.

As at 31 March 2023, gross investment and allowance for expected credit losses amounted to UAH 132,508,644 thousand (31 December 2022: UAH 142,921,414 thousand) and UAH (574,325) thousand (31 December 2022: UAH (485,942) thousand), respectively, for other related parties.

Translation from Ukrainian original

**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2023  
(in thousands of UAH)**

Included in the interim condensed consolidated statement of profit or loss and other comprehensive income for the three months ended 31 March 2023 and 2022 were the following amounts which arose due to transactions with related parties:

	31 March 2023				31 March 2022			
	Key management personnel of entity	Other related parties	Transactions with related parties	Total in category	Key management personnel of entity	Other related parties	Transactions with related parties	Total in category
Interest income	26	5,187,565	5,187,591	<b>7,488,526</b>	2	3,251,949	3,251,951	<b>4,997,003</b>
Interest expense	(216)	(520,055)	(520,271)	<b>(2,842,640)</b>	(243)	(492,719)	(492,962)	<b>(1,797,173)</b>
Fee and commission income	47	75,749	75,796	<b>2,787,401</b>	95	90,934	91,029	<b>2,131,547</b>
Fee and commission expense	-	(9,912)	(9,912)	<b>(1,116,991)</b>	-	(1,448)	(1,448)	<b>(1,062,453)</b>
Net (loss)/gain on transactions with financial instruments at fair value through profit or loss	-	(1,193,671)	(1,193,671)	<b>(1,359,926)</b>	-	2,731,509	2,731,509	<b>2,172,724</b>
(Accrual)/reversal of allowance for expected credit losses on interest bearing assets	-	14,036	14,036	<b>534,017</b>	-	(11,816)	(11,816)	<b>(1,069,760)</b>
Net gain/(loss) on modifications of financial assets	-	-	-	<b>(41,645)</b>	-	(57)	(57)	<b>(88,205)</b>
Other income	-	2,317	2,317	<b>163,091</b>	-	1,724	1,724	<b>60,636</b>
Personnel expenses	(41,261)	-	(41,261)	<b>(1,766,627)</b>	(61,664)	-	(61,664)	<b>(2,512,067)</b>
Other administrative and operational expenses	-	(268,739)	(268,739)	<b>(1,180,857)</b>	-	(148,875)	(148,875)	<b>(903,048)</b>
Key management personnel remuneration:	(40,024)	-	(40,024)	<b>(1,766,627)</b>	(62,563)	-	(62,563)	<b>(2,512,067)</b>
short-term employee benefits	(38,892)	-	(38,892)	-	(59,944)	-	(59,944)	-
social charges	(1,132)	-	(1,132)	-	(2,619)	-	(2,619)	-



**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2023**

*(in thousands of UAH)*

**24. FAIR VALUE**

IFRS defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The estimated fair values have been determined by the Group using available market information, where it exists, and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to determine the estimated fair value. Management has used all available market information in estimating the fair value. The estimates presented in the interim condensed consolidated financial statements are not necessarily indicative of the amounts the Group could realize in a market exchange from the sale of its full holdings of a particular instrument or pay in the transfer of liabilities.

**Fair value of the Group’s financial assets and financial liabilities at fair value on a recurring basis and fair value of buildings**

Some of the Group’s financial assets and financial liabilities, as well as the Group’s buildings, are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used):

<b>Assets/Liabilities</b>	<b>Fair value hierarchy</b>	<b>Valuation techniques and key inputs</b>
Investments, shares	1	Quoted bid prices of shares (unadjusted) in an active market (available to the Group on assessment date) for identical investments. Fair value of shares is assessed using market approach.
Investments, debt securities	1	Quoted bid prices of debt securities (unadjusted) in an active market (available to the Group on assessment date) for identical investments. Fair value of debt securities is assessed using market approach.
	2	Discounted cash flows on debt securities.  Future cash flows are estimated based on the inputs that are observable, either directly or indirectly, and the estimates use one or more observable prices for orderly transactions in the markets that are not considered active.
	3	Discounted cash flows on debt securities Future cash flows are estimated based on both observable and unobservable inputs. Unobservable inputs include assumptions regarding future financial performance of the issuer and its risk profile.  The fair value of the embedded option on indexed domestic government loan bonds is calculated using the adjusted option pricing model for European currency options (Garman-Kohlhagen’s form of the Black-Scholes’s formula).  The following input data are used in the calculations: <ul style="list-style-type: none"> <li>• strike rate of US dollar against UAH. Defined as the average US dollar exchange rate against UAH on the interbank market for the month preceding the date of issue of the relevant series of bonds with indexed value (according to the indexation mechanism provided for in the terms of issue). For the Ukrainian government bonds with indexed value received by the Group as contribution to the share capital, strike rate was in the range UAH 14.81-27.23 per US dollar for a package of bonds depending on the date of issue of relevant series of UDGB;</li> <li>• forward US dollar exchange rate against UAH. Determined based maturity of indexed Ukrainian government debt securities:</li> </ul> for Ukrainian government debt securities with maturity up to one year forward USD/UAH exchange rate is determined based on official NBU USD/UAH exchange rate and taking into account the risk-free rate of return in the US dollars (according to the yield to maturity of the United States government securities) as well as the national currency (according to zero-coupon yield curve published by the National Bank of Ukraine).

**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2023  
(in thousands of UAH)**

Assets/Liabilities	Fair value hierarchy	Valuation techniques and key inputs
		<p>for Ukrainian government debt securities with maturity from 1 to 2 years forward USD/UAH exchange rate is determined based on quotation of non-delivery forward contracts (NDF) for the currency pair UAH/USD.</p> <p>for Ukrainian government debt securities with maturity over 2 years forward USD/UAH exchange rate is determined based on quotation of NDF with 2 years maturity for the currency pair UAH/USD and taking into account the risk-free rate of return in the US dollars (according to the yield to maturity of the United States government securities) as well as the national currency (according to zero-coupon yield curve published by the National Bank of Ukraine).</p> <p>As at 31 March 2023, the estimated value of the forward US dollar in UAH, which is adopted for calculating the fair value of the embedded option, ranged from 37.63 UAH/USD for 0.32 year time horizon to 72.51 UAH/USD for 8.90 year time horizon (31 December 2022: from 38.98 UAH/USD for 0.56 year time horizon to 73.54 UAH/USD for 9.14 year time horizon);</p> <ul style="list-style-type: none"> <li>• volatility of the US dollar against UAH. Defined as the annual volatility of quotation of NDF with one year maturity. As at 31 March 2023, the volatility of the US dollar against the hryvnia was 19.61% (31 December 2022: 19.66%);</li> <li>• discount rate. The discount rate is determined according zero-coupon yield curve published by the National Bank of Ukraine. As at 31 March 2023, the discount rate ranged from 19.86% per annum for the term of 1.64 years to 10.52% per annum for the period of 8.90 years (31 December 2022: from 18.64% per annum for the term of 1.89 years to 10.40% per annum for the period of 9.14 years).</li> </ul>
Loans, to customers measured at fair value through profit or loss	3	<p>Discounted cash flows on loans to customers measured at fair value through profit or loss.</p> <p>Future cash flows on loans to customers measured at fair value through profit or loss are estimated based on expected cash flows attributable to the repayment of loans and are risk-adjusted considering the Group’s analytical evaluations of respective amounts and maturities and taking into account the probabilities of their origination. Cash flows are discounted applying risk-free interest rates adjusted for systemic risk in respective currencies determined according zero-coupon yield curve published by the National Bank of Ukraine.</p>
Real estate: capital investments on construction in progress	3	<p>The Group engages professional independent appraisers to determine the fair values of its constructions in progress.</p> <p>To assess the fair value of constructions in progress, a combination of market, income and cost approaches is used, considering time from the beginning of construction, degree of readiness of construction and prospect of completion of the valuation objects.</p>
Real estate: <i>buildings</i>	3	<p>Prospective low-readiness projects that have been purchased or recently started can be evaluated using a cost approach. The cost approach shows an estimate of the cost of replacing or replacing an object minus all types of wear (physical, functional, economic).</p> <p>The Group engages professional independent appraisers to determine the fair value of its buildings. To determine the fair value, the appraiser used the income approach for office and retail properties in Kyiv and regional centers and the comparative approach for properties outside of regional centers.</p>
Real estate: <i>investment property</i>	3	<p>Inputs and assumptions used: for the sales comparison approach, market sales prices for comparable properties in the immediate vicinity are adjusted for differences in key parameters (such as area of the property). The main parameter used in this valuation method is the price per square meter of a property.</p> <p>The Group engages professional independent appraisers to determine the fair value of its investment property. To determine the fair value, the appraiser used</p>

**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2023  
(in thousands of UAH)**

Assets/Liabilities	Fair value hierarchy	Valuation techniques and key inputs
		the income approach for office and retail properties in Kyiv and regional centers and the comparative approach for properties outside of regional centers.
		Inputs and assumptions used: for the sales comparison approach, market sales prices for comparable properties in the immediate vicinity are adjusted for differences in key parameters (such as area of the property). The main parameter used in this valuation method is the price per square meter of a property.

The following table summarizes financial instruments and real estate carried at fair value using a fair value hierarchy. The levels reflect the ability of direct determination of the fair value based on the market data:

	Level 1	Level 2	Level 3	31 March 2023 Total
<b>Assets</b>				
<b>Investments at fair value through profit or loss:</b>				
Ukrainian government debt securities	–	3,391	53,712,699	53,716,090
<b>Investments at fair value through other comprehensive income:</b>				
Ukrainian government debt securities	–	8,119,616	–	8,119,616
Equity securities	729,796	–	28,925	758,721
<b>Loans measured at fair value through profit or loss</b>				
Loans measured at fair value through profit or loss	–	–	481,797	481,797
<b>Real estate:</b>				
construction in progress	–	–	6,612	6,612
buildings	–	–	2,684,541	2,684,541
<b>Investment property</b>	–	–	626,789	626,789
<b>Total</b>	<b>729,796</b>	<b>8,123,007</b>	<b>57,541,363</b>	<b>66,394,166</b>
	Level 1	Level 2	Level 3	31 December 2022 Total
<b>Assets</b>				
<b>Investments at fair value through profit or loss:</b>				
Ukrainian government debt securities	–	3,433	54,575,386	54,578,819
<b>Investments at fair value through other comprehensive income:</b>				
Ukrainian government debt securities	–	8,101,070	–	8,101,070
Equity securities	689,467	–	29,448	718,915
<b>Loans measured at fair value through profit or loss</b>				
Loans measured at fair value through profit or loss	–	–	481,419	481,419
<b>Real estate:</b>				
construction in progress	–	–	6,612	6,612
buildings	–	–	2,664,771	2,664,771
<b>Investment property</b>	–	–	626,789	626,789
<b>Total</b>	<b>689,467</b>	<b>8,104,503</b>	<b>58,384,425</b>	<b>67,178,395</b>

During three months ended 31 March 2023 the Group did not carry out transfers between Level 2 and Level 3 hierarchies of fair value. The Group policy determines that the transfers between the levels of the fair value hierarchy is considered to be made at the reporting date.

As at 31 March 2022 in comprise with 31 December 2021 debt securities measured at fair value through other comprehensive income in amounts UAH 2,190,824 thousands were transferred from Level 2 to Level 3 hierarchies of fair value owing to some changes of observable inputs. During three months ended 31 March

**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2023  
(in thousands of UAH)**

2022 some quotes and other observable market data were not available for these securities, so their fair value was estimated using valuation methods that use information that is different from observable market data.

The following tables present movements in fair values of Level 3 for financial instruments measured at fair value:

**Investments measured at fair value through other comprehensive income**

**Debt securities**

<b>1 January 2023</b>	–	<b>1 January 2022</b>	<b>548,630</b>
Total income and expense:		Total income and expense:	
In profit or loss:	–	In profit or loss:	24,221
Interest income and dividends trading result	–	Interest income and dividends trading result	23,296
(accrual)/release of allowance for expected credit losses	–	(accrual)/release of allowance for expected credit losses	–
In other comprehensive income:	–	In other comprehensive income:	925
- net change in fair value of investments at FVOCI	–	- net change in fair value of investments at FVOCI	(12,754)
Coupon income collected	–	Coupon income collected	(12,754)
Sale	–	Sale	(19,201)
Transfers from Level 2 to Level 3	–	Transfers from Level 2 to Level 3	–
	<u>–</u>		<u>2,190,824</u>
<b>31 March 2023</b>	<u>–</u>	<b>31 March 2022</b>	<u><b>2,731,720</b></u>

**Equity securities**

<b>1 January 2023</b>	<b>29,448</b>	<b>1 January 2022</b>	<b>29,734</b>
Total income and expense:		Total income and expense:	
In profit or loss:	–	In profit or loss:	–
dividends	–	dividends	–
In other comprehensive income:	(523)	In other comprehensive income:	1,388
net change in fair value of investments at FVOCI	(523)	net change in fair value of investments at FVOCI	1,388
Dividend collection	–	Dividend collection	–
	<u>28,925</u>		<u>31,122</u>
<b>31 March 2023</b>	<u>28,925</u>	<b>31 March 2022</b>	<u>31,122</u>

**Investments measured at fair value through profit or loss**

**Debt securities**

<b>1 January 2023</b>	<b>54,575,386</b>	<b>1 January 2022</b>	<b>42,786,103</b>
Total income and expense:		Total income and expense:	
In profit or loss:	(448,974)	In profit or loss:	3,434,042
interest income	745,198	interest income	702,685
net change in fair value	(1,194,172)	net change in fair value	2,731,357
Coupon income collected	(413,713)	Coupon income collected	(413,713)
	<u>53,712,699</u>		<u>45,806,432</u>
<b>31 March 2023</b>	<u>53,712,699</u>	<b>31 March 2022</b>	<u>45,806,432</u>

**Loans measured at fair value through profit or loss**

<b>1 January 2023</b>	<b>481,419</b>	<b>1 January 2022</b>	<b>2,037,961</b>
Total income and expense:		Total income and expense:	
In profit or loss:	23,378	In profit or loss:	(388,074)
interest income	189,633	interest income	170,710
net change in fair value	(166,255)	net change in fair value	(558,784)
Interest income collected	(23,000)	Interest income collected	(836)
Repayment	–	Repayment	(5,000)
	<u>481,797</u>		<u>1,644,051</u>
<b>31 March 2023</b>	<u>481,797</u>	<b>31 March 2022</b>	<u>1,644,051</u>

**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2023  
(in thousands of UAH)**

**Sensitivity analysis of fair value of Level 3 financial instruments measured at fair value**

Sensitivity of the fair value measurement for Level 3 financial instruments to reasonably possible changes in inputs used is presented below:

*Investments at fair value through profit or loss*

Fair value of investments measured at fair value through profit or loss (domestic government debt securities with indexed value denominated in hryvnias) consists of the fair value of the principal contract and the fair value of the embedded option. The table below provides information on the sensitivity of the fair value measurement of investments, measured at fair value through profit or loss, taking into account the sensitivity to market indicators (indicators), the change of which affects the fair value of the financial instruments (the forward exchange rate of the US dollar to the hryvnia, the volatility of the dollar USD to hryvnia and discount rates):

Government securities

	Change of index		Change in fair value of embedded derivative			
			31 March 2023		31 December 2022	
Forward USD/UAH exchange rate	+ 1%	- 1%	497,175	(497,113)	502,652	(502,548)
Volatility of USD/UAH exchange rate	+1 p.p.	-1 p.p.	12,441	(10,476)	13,013	(10,921)
Discount rate	+1 p.p.	-1 p.p.	(1,287,018)	1,350,904	(1,424,176)	1,495,527

The fair value of the embedded option is most sensitive to the changes in discount rates by 1 p.p. increase/decrease in discount rate would result in the fair value of the option decrease/increase by UAH (- 1,287,018)/+1,350,904) thousand as at 31 March 2023 (31 December 2022: by UAH (- 1,424,176)/+1,495,527 thousand).

The Group also carried out a simulation of the fair value change of the hybrid instrument on the basis of changes that were objectively feasible – an increase in the forward rate of the US dollar to the hryvnia by 10% and simultaneous increase of discount rates by 1 p.p. If the above scenario is implemented, the fair value of the investments will increase by UAH 3,559,528 thousand as at 31 March 2023 (31 December 2022: UAH 3,464,351 thousand). Reduction of the forward exchange rate of the US dollar to the hryvnia by 5% and reduction of discount rates by 1 p.p. will result reduction in the fair value of investments of UAH 1,200,516 thousand as at 31 March 2023 (31 December 2022: UAH 1,090,152 thousand).

*Investments at fair value through other comprehensive income*

Other securities and equity securities

**Risk premium applied on observable discount rate as at (input)**

	Change in input		Fair value	Change in fair value	
31 March 2023	+1 p.p.	-1 p.p.	28,925	(1,047)	1,098
31 December 2022	+1 p.p.	-1 p.p.	29,448	(1,070)	1,125

*Sensitivity analysis of the fair value of loans measured at fair value through profit or loss*

Presented below is the sensitivity of the fair value of loans measured at fair value through profit or loss to the changes in the inputs by 1 p.p.

Discount rate as at	Change in discount rate		Change in fair value	
31 March 2023	+1 p.p.	-1 p.p.	(27,403)	29,455
31 December 2022	+1 p.p.	-1 p.p.	(27,619)	29,697

**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2023  
(in thousands of UAH)**

**Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)**

*Other financial instruments*

For financial assets and liabilities that have a short-term maturity, it is assumed that the carrying amounts approximate their fair value. This assumption is also applied to on-demand deposits and current accounts without defined maturity.

The Group’s management believes that, except for included in the table below, the carrying amounts of financial assets and financial liabilities recognized in the interim condensed consolidated financial statements approximate their fair values.

	31 March 2023		31 December 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Assets</b>				
Loans to legal entities	69,104,343	71,055,855	71,259,530	74,330,995
Loans to individuals	11,121,295	9,525,087	11,474,646	10,002,021
Investments	70,302,267	69,208,817	80,000,047	78,999,699
<b>Total assets</b>	<b>150,527,905</b>	<b>149,789,759</b>	<b>162,734,223</b>	<b>163,332,715</b>
<b>Liabilities</b>				
Customer accounts	242,291,241	242,203,957	233,940,309	233,750,875
Eurobonds issued	3,689,097	2,560,033	6,041,534	3,712,384
Other borrowed funds	2,734,028	1,528,991	2,676,153	1,419,694
Subordinated debt	467,131	399,547	716,442	494,560
<b>Total liabilities</b>	<b>249,181,497</b>	<b>246,692,528</b>	<b>243,374,438</b>	<b>239,377,513</b>

The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used):

**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2023  
(in thousands of UAH)**

Financial assets/ financial liabilities	Level of the fair value hierarchy	Valuation techniques and key inputs
Due from banks	2	Discounted cash flows on due from banks.  Future cash flows on due from banks are estimated based on the inputs that are observable, either directly or indirectly, and the estimates use one or more observable prices for orderly transactions in the markets that are not considered active.
Loans to customers at amortised cost	3	Discounted cash flows on loans to customers at amortised cost. Future cash flows are estimated based on both observable and unobservable inputs. Unobservable inputs include assumptions regarding future financial performance of a counterparty and its risk profile.  Cash flows are discounted applying risk-free interest rates adjusted for systemic risk in respective currencies determined according zero-coupon yield curve published by the National Bank of Ukraine.
Investments at amortised cost	2	Discounted cash on investments at amortised cost.  Future cash flows on investments at amortised cost are estimated based on the inputs that are observable, either directly or indirectly, and the estimates use one or more observable prices for orderly transactions in the markets that are not considered active.
	3	Discounted cash on investments at amortised cost.  Future cash flows on investments at amortised cost are estimated based on both observable and unobservable inputs. Unobservable inputs include assumptions regarding future financial performance of the issuer and its risk profile.
Due to banks	2	Discounted cash flows on due to banks.  Future cash flows on due to banks are estimated based on the inputs that are observable, either directly or indirectly, and the estimates use one or more observable prices for orderly transactions in the markets that are not considered active.
Customer accounts	2	Discounted cash flows on customer accounts.  Future cash flows on customer accounts are estimated based on both observable and unobservable inputs.
Eurobonds issued	2	Discounted cash flows on Eurobonds issued.  Future cash flows on Eurobonds issued are estimated based on the inputs that are observable, either directly or indirectly, and the estimates use one or more observable prices for orderly transactions in the markets that are not considered active.
	2	Discounted cash flows on other borrowed funds.  Future cash flows on other borrowed funds are estimated based on the inputs that are observable, either directly or indirectly, and the estimates use one or more observable prices for orderly transactions in the markets that are not considered active.
Other borrowed funds	2	Discounted cash flows on other borrowed funds.  Future cash flows on other borrowed funds are estimated based on the inputs that are observable, either directly or indirectly, and the estimates use one or more observable prices for orderly transactions in the markets that are not considered active.
Subordinated debt	2	Discounted cash flows on subordinated debt.  Future cash flows on subordinated debt are estimated based on the inputs that are not observable directly, and the estimates use one or more unobservable prices for orderly transactions in the markets that are not considered active.

**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2023  
(in thousands of UAH)**

<b>31 March 2023, fair value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>				
Loans to customers	-	-	80,580,942	80,580,942
Investments	-	68,007,275	1,201,542	69,208,817
<b>Total</b>	<b>-</b>	<b>68,007,275</b>	<b>81,782,484</b>	<b>149,789,759</b>
<b>Liabilities</b>				
Customer accounts	-	242,203,957	-	242,203,957
Eurobonds issued	-	2,560,033	-	2,560,033
Other borrowed funds	-	1,528,991	-	1,528,991
Subordinated debt	-	399,547	-	399,547
<b>Total</b>	<b>-</b>	<b>246,692,528</b>	<b>-</b>	<b>246,692,528</b>
<b>31 December 2022 fair value</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>				
Loans to customers	-	-	84,333,016	84,333,016
Investments	-	77,760,063	1,239,636	78,999,699
<b>Total</b>	<b>-</b>	<b>77,760,063</b>	<b>85,572,652</b>	<b>163,332,715</b>
<b>Liabilities</b>				
Customer accounts	-	233,750,875	-	233,750,875
Eurobonds issued	-	3,712,384	-	3,712,384
Other borrowed funds	-	1,419,694	-	1,419,694
Subordinated debt	-	494,560	-	494,560
<b>Total</b>	<b>-</b>	<b>239,377,513</b>	<b>-</b>	<b>239,377,513</b>

**25. CAPITAL MANAGEMENT**

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximizing the return to the shareholder through the optimization of the debt and equity balance.

The capital structure of the Group consists of share capital, reserves, and accumulated deficit as disclosed in the interim consolidated statement of changes in equity, and borrowed funds, which include subordinated debt disclosed in Note 20.

The Group reviews the capital structure on a regular basis. As a part of this review the cost of capital, its components and the risks, that are inherent to the Group and might cause the loss of a component of capital are comprehensively analyzed. The Group balances its overall capital structure, in particular, through new share issues as well as the issue/redemption of subordinated debt.

As at 31 March 2023 and 31 December 2022, the Group complied with the requirements of the National Bank of Ukraine regarding adequacy of the regulatory capital.

**26. REGULATORY MATTERS**

The Group monitors its capital adequacy using, among other measures, the ratios established by the Basel Capital Accord 1988 and the ratios established by the NBU in its supervision of the Bank and entities over which the Bank has power, risk or exposure to variable returns and is able to affect those returns through its power over the investee.



**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2023  
(in thousands of UAH)**

Quantitative measures established by regulation to ensure capital adequacy require that the Group maintain minimum amounts and ratios of total and Tier 1 capital to risk-weighted assets.

Quantitative measures established by the Basel Committee to ensure capital adequacy require that the Group maintain minimum amounts and ratios of total capital (8%) and Tier 1 capital (4%) to risk-weighted assets.

The following table analyses the Group’s regulatory capital resources for capital adequacy purposes in accordance with the Basel Capital Accord 1988:

	<u>31 March 2023</u>	<u>31 December 2022</u>
<b>Regulatory capital:</b>		
<b>Tier 1 capital</b>		
Share capital	49,724,980	49,724,980
Accumulated deficit	(27,236,204)	(29,777,746)
<b>Total Tier 1 qualified capital</b>	<u><b>22,488,776</b></u>	<u><b>19,947,234</b></u>
<b>Tier 2 capital</b>		
Revaluation reserves	2,227,945	2,221,514
Subordinated debt	91,422	182,843
<b>Total Tier 2 qualified capital up to a limit of 100% total Tier 1 capital</b>	<u><b>2,319,367</b></u>	<u><b>2,404,357</b></u>
<b>Total regulatory capital</b>	<u><b>24,808,143</b></u>	<u><b>22,351,591</b></u>
<b>Capital ratios:</b>		
<b>Total regulatory capital as a percentage of total risk-weighted assets</b>	<u><b>16.07%</b></u>	<u><b>15.02%</b></u>
<b>Total Tier 1 capital as a percentage of total risk-weighted assets</b>	<u><b>14.56%</b></u>	<u><b>13.41%</b></u>

**27. RISK MANAGEMENT POLICIES**

With the exception of credit risk disclosed below, there were no material changes in the Group’s risk management approach during the reporting period compared to those disclosed in the consolidated financial statements for the year ended 31 December 2022 prepared in accordance with IFRS.

**Credit risk**

As at 31 March 2023, to assess ECL the Group has applied a differentiated approach to assessing the probability of default on loans based on the collective assessment in terms of increasing its value depending on whether the territory of granting the loan is temporarily occupied or the territory in which active hostilities are taking place. In particular, the aggregate ECL allowance for loans in the temporarily occupied territory was recognized at 98%, including 100% ECL rate for borrowers, for which there are no sources of repayment outside this territory.

Translation from Ukrainian original

**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2023  
(in thousands of UAH)**

*Change in gross carrying value and allowances for losses on financial instruments by Stages subject to the IFRS 9 impairment requirements*

**Cash and cash equivalents, other than cash on hand and balances with the National Bank of Ukraine**

	Gross carrying value			Total	ECL			Total
	Stage 1 12-month ECL	Stage 2 Life-time ECL (not impaired)	Stage 3 Life-time ECL (impaired)		Stage 1 12-month ECL	Stage 2 Life-time ECL (not impaired)	Stage 3 Life-time ECL (impaired)	
<b>Balance as at 1 January 2022</b>	<b>6,712,301</b>	-	-	<b>6,712,301</b>	<b>7,064</b>	-	-	<b>7,064</b>
New assets	-	-	-	-	-	-	-	-
Repaid assets	(563,759)	-	-	(563,759)	(28)	-	-	(28)
Other changes	(2,217,989)	-	-	(2,217,989)	1,888	-	-	1,888
Foreign exchange differences	346,769	-	-	346,769	430	-	-	430
<b>Balance as at 31 March 2022</b>	<b>4,277,322</b>	-	-	<b>4,277,322</b>	<b>9,354</b>	-	-	<b>9,354</b>
<b>Balance as at 1 January 2023</b>	<b>12,911,000</b>	-	-	<b>12,911,000</b>	<b>21,420</b>	-	-	<b>21,420</b>
New assets	18,312	-	-	18,312	-	-	-	-
Repaid assets	(528,421)	-	-	(528,421)	(24)	-	-	(24)
Other changes	1,141,833	-	-	1,141,833	3,860	-	-	3,860
Foreign exchange differences	100,859	-	-	100,859	128	-	-	128
<b>Balance as at 31 March 2023</b>	<b>13,643,583</b>	-	-	<b>13,643,583</b>	<b>25,384</b>	-	-	<b>25,384</b>

The table does not disclose information on cash on hand and balances with the National Bank of Ukraine included in cash and cash equivalents as these assets are free from credit risk and, accordingly, are not subject to expected credit losses.

Movements in the gross carrying amount and allowance for expected credit losses of cash on hand that did not meet the definition of cash and cash equivalents (Notes 11,14) are disclosed in Other financial assets.

Translation from Ukrainian original

**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2023  
(in thousands of UAH)**

**Investments measured at amortised cost  
Government debt securities of Ukraine**

	Gross carrying value				ECL			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Life-time ECL (not impaired)	Life-time ECL (impaired)		12-month ECL	Life-time ECL (not impaired)	Life-time ECL (impaired)	
<b>Balance as at 1 January 2022</b>	<b>64,038,062</b>	–	–	<b>64,038,062</b>	<b>114,383</b>	–	–	<b>114,383</b>
New assets	16,739,316	–	–	16,739,316	42,922	–	–	42,922
Repaid assets	(21,975,975)	–	–	(21,975,975)	(9,290)	–	–	(9,290)
Other changes	383,298	–	–	383,298	(33,807)	–	–	(33,807)
Foreign exchange differences	1,085,860	–	–	1,085,860	1,407	–	–	1,407
<b>Balance as at 31 March 2022</b>	<b>60,270,561</b>	–	–	<b>60,270,561</b>	<b>115,615</b>	–	–	<b>115,615</b>
<b>Balance as at 1 January 2023</b>	<b>45,481,773</b>	<b>7,345,808</b>	–	<b>52,827,581</b>	<b>270,055</b>	<b>205,398</b>	–	<b>475,453</b>
New assets	18,211,221	–	–	18,211,221	196,130	–	–	196,130
Repaid assets	(16,943,080)	–	–	(16,943,080)	(83)	–	–	(83)
Other changes	527,540	44,502	–	572,042	(101,774)	(6,759)	–	(108,533)
Foreign exchange differences	82,852	–	–	82,852	607	–	–	607
<b>Balance as at 31 March 2023</b>	<b>47,360,306</b>	<b>7,390,310</b>	–	<b>54,750,616</b>	<b>364,935</b>	<b>198,639</b>	–	<b>563,574</b>

**Investments measured at amortised cost  
Corporate debt securities**

	Gross carrying value				ECL			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Life-time ECL (not impaired)	Life-time ECL (impaired)		12-month ECL	Life-time ECL (not impaired)	Life-time ECL (impaired)	
<b>Balance as at 1 January 2022</b>	<b>41,439</b>	–	<b>830,542</b>	<b>871,981</b>	<b>989</b>	–	<b>8,673</b>	<b>9,662</b>
Repaid assets	–	–	–	–	–	–	–	–
Other changes	(157)	–	32,709	32,552	392	–	10,384	10,776
<b>Balance as at 31 March 2022</b>	<b>41,282</b>	–	<b>863,251</b>	<b>904,533</b>	<b>1,381</b>	–	<b>19,057</b>	<b>20,438</b>
<b>Balance as at 1 January 2023</b>	<b>40,863</b>	–	<b>853,700</b>	<b>894,563</b>	<b>210</b>	–	<b>10,489</b>	<b>10,699</b>
Repaid assets	(41,358)	–	–	(41,358)	(7)	–	–	(7)
Other changes	495	–	32,795	33,290	(203)	–	261	58
<b>Balance as at 31 March 2023</b>	<b>–</b>	–	<b>886,495</b>	<b>886,495</b>	<b>–</b>	–	<b>10,750</b>	<b>10,750</b>

Translation from Ukrainian original

**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2023  
(in thousands of UAH)**

**Investments measured at amortised cost  
Other debt securities**

	Gross carrying value			Total	ECL			Total
	Stage 1 12-month ECL	Stage 2 Life-time ECL (not impaired)	Stage 3 Life-time ECL (impaired)		Stage 1 12-month ECL	Stage 2 Life-time ECL (not impaired)	Stage 3 Life-time ECL (impaired)	
<b>Balance as at 1 January 2022</b>	<b>17,735,387</b>	-	-	<b>17,735,387</b>	<b>2,589</b>	-	-	<b>2,589</b>
New assets	16,504,069	-	-	16,504,069	-	-	-	-
Repaid assets	(17,503,836)	-	-	(17,503,836)	-	-	-	-
Other changes	(287)	-	-	(287)	(21)	-	-	(21)
<b>Balance as at 31 March 2022</b>	<b>16,735,333</b>	-	-	<b>16,735,333</b>	<b>2,568</b>	-	-	<b>2,568</b>
<b>Balance as at 1 January 2023</b>	<b>26,766,232</b>	-	-	<b>26,766,232</b>	<b>2,177</b>	-	-	<b>2,177</b>
New assets	35,522,370	-	-	35,522,370	-	-	-	-
Repaid assets	(57,052,616)	-	-	(57,052,616)	-	-	-	-
Other changes	10,005,665	-	-	10,005,665	(6)	-	-	(6)
<b>Balance as at 31 March 2023</b>	<b>15,241,651</b>	-	-	<b>15,241,651</b>	<b>2,171</b>	-	-	<b>2,171</b>

**Investments measured at fair value through other comprehensive income  
Ukrainian government debt securities**

	Gross carrying value			Total	ECL			Total
	Stage 1 12-month ECL	Stage 2 Life-time ECL (not impaired)	Stage 3 Life-time ECL (impaired)		Stage 1 12-month ECL	Stage 2 Life-time ECL (not impaired)	Stage 3 Life-time ECL (impaired)	
<b>Balance as at 1 January 2022</b>	<b>2,262,148</b>	-	-	<b>2,262,148</b>	<b>7,904</b>	-	-	<b>7,904</b>
Other changes	(63,428)	-	-	(63,428)	(8)	-	-	(8)
Foreign exchange differences	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2022</b>	<b>2,198,720</b>	-	-	<b>2,198,720</b>	<b>7,896</b>	-	-	<b>7,896</b>
<b>Balance as at 1 January 2023</b>	<b>6,248,794</b>	<b>2,031,816</b>	-	<b>8,280,610</b>	<b>154,225</b>	<b>25,315</b>	-	<b>179,540</b>
Other changes	(70,461)	(15,309)	-	(85,770)	(35,949)	(1,423)	-	(37,372)
Foreign exchange differences	68,483	-	-	68,483	1,539	-	-	1,539
<b>Balance as at 31 March 2023</b>	<b>6,246,816</b>	<b>2,016,507</b>	-	<b>8,263,323</b>	<b>119,815</b>	<b>23,892</b>	-	<b>143,707</b>

Translation from Ukrainian original

**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2023  
(in thousands of UAH)**

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**Investments measured at fair value through other comprehensive income  
Corporate debt securities**

	Gross carrying value				ECL			
	Stage 1 12-month ECL	Stage 2 Life-time ECL (not impaired)	Stage 3 Life-time ECL (impaired)	Total	Stage 1 12-month ECL	Stage 2 Life-time ECL (not impaired)	Stage 3 Life-time ECL (impaired)	Total
<b>Balance as at 1 January 2022</b>	<b>552,327</b>	-	-	<b>552,327</b>	<b>3,697</b>	-	-	<b>3,697</b>
Repaid assets	-	-	-	-	-	-	-	-
Other changes	(8,659)	-	-	(8,659)	(925)	-	-	(925)
Write-off of assets	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2022</b>	<b>543,668</b>	-	-	<b>543,668</b>	<b>2,772</b>	-	-	<b>2,772</b>
<b>Balance as at 1 January 2023</b>	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2023</b>	-	-	-	-	-	-	-	-

Translation from Ukrainian original

**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2023  
(in thousands of UAH)**

**Loans that are measured at amortised cost  
Loans to corporate entities**

	Gross carrying value					ECL				
	Stage 1 12-month ECL	Stage 2 Life-time ECL (not impaired)	Stage 3 Life-time ECL (impaired)	Purchased or initially impaired	Total	Stage 1 12-month ECL	Stage 2 Life-time ECL (not impaired)	Stage 3 Life-time ECL (impaired)	Purchased or initially impaired	Total
<b>Balance as at 1 January 2022</b>	<b>29,241,339</b>	<b>11,172,314</b>	<b>7,372,378</b>	<b>9,775,151</b>	<b>57,561,182</b>	<b>160,549</b>	<b>1,634,008</b>	<b>4,964,411</b>	<b>2,754,481</b>	<b>9,513,449</b>
New assets	1,053,745	-	-	274,970	1,328,715	19,280	-	-	6,640	25,920
Stage 1	10,536	(7,993)	(2,543)	-	-	503	(54)	(449)	-	-
Stage 2	(93,743)	94,189	(446)	-	-	(3,622)	3,622	-	-	-
Stage 3	(7,780)	(2,856)	10,636	-	-	(276)	(467)	743	-	-
Repaid assets	(1,279,462)	(3,255)	(1,217)	-	(1,283,934)	(10,638)	(14)	(995)	-	(11,647)
Other change	239,566	554,603	109,040	34,102	937,311	85,823	259,372	61,004	366,718	772,917
Adjustment of interest income	-	-	-	-	-	-	-	30,618	(13,104)	17,514
Write-off of assets	-	-	(30,934)	-	(30,934)	-	-	(30,934)	-	(30,934)
Restructuring of an asset, resulted in derecognition of financial instrument	-	-	-	(460,971)	(460,971)	-	-	-	(277,256)	(277,256)
Reversal of ECL	-	-	-	-	-	-	-	-	-	-
Effect of modifications	(68,568)	7	-	-	(68,561)	(1,793)	-	-	-	(1,793)
Foreign exchange differences	474,751	582,995	267,861	267,215	1,592,822	3,225	94,715	158,943	62,290	319,173
<b>Balance as at 31 March 2022</b>	<b>29,570,384</b>	<b>12,390,004</b>	<b>7,724,775</b>	<b>9,890,467</b>	<b>59,575,630</b>	<b>253,051</b>	<b>1,991,182</b>	<b>5,183,341</b>	<b>2,899,769</b>	<b>10,327,343</b>
<b>Balance as at 1 January 2023</b>	<b>20,986,210</b>	<b>29,179,609</b>	<b>19,506,764</b>	<b>11,537,984</b>	<b>81,210,567</b>	<b>222,648</b>	<b>1,481,152</b>	<b>11,873,175</b>	<b>6,216,685</b>	<b>19,793,660</b>
New assets	6,452,609	-	-	471,778	6,924,387	184,029	-	-	59,736	243,765
Stage 1	102,168	(64,531)	(37,637)	-	-	13,712	(4,421)	(9,291)	-	-
Stage 2	(176,887)	181,774	(4,887)	-	-	(8,167)	9,674	(1,507)	-	-
Stage 3	(10,472)	(78,105)	88,577	-	-	(78)	(4,168)	4,246	-	-
Repaid assets	(373,446)	(26,026)	(143,551)	(334,335)	(877,358)	(548)	(609)	(136,172)	3,238	(134,091)
Other change	(2,085,670)	(5,056,452)	(48,012)	(68,657)	(7,258,791)	(59,213)	(179,210)	123,247	(523,783)	(638,959)
Adjustment of interest income	-	-	-	-	-	-	-	210,796	102,395	313,191
Write-off of assets	-	-	(15,000)	-	(15,000)	-	-	(15,000)	-	(15,000)
Restructuring of an asset, resulted in derecognition of financial instrument	-	-	-	-	-	-	-	-	(7,314)	(7,314)
Reversal of ECL	-	-	-	141,660	141,660	-	-	-	141,660	141,660
Effect of modifications	577	6,455	(13,613)	(19,066)	(25,647)	209	2,155	(13,613)	58,517	47,268
Foreign exchange differences	1,459	10,307	163,867	2,419	178,052	-	11	88,204	524	88,739
<b>Balance as at 31 March 2023</b>	<b>24,896,548</b>	<b>24,153,031</b>	<b>19,496,508</b>	<b>11,731,783</b>	<b>80,277,870</b>	<b>352,592</b>	<b>1,304,584</b>	<b>12,124,085</b>	<b>6,051,658</b>	<b>19,832,919</b>

Translation from Ukrainian original

**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED 31 MARCH 2023**

*(in thousands of UAH)*

**Loans that are measured at amortised cost**

**Loans to individuals**

	Gross carrying value			Total	ECL			Total
	Stage 1 12-month ECL	Stage 2 Life-time ECL (not impaired)	Stage 3 Life-time ECL (impaired)		Stage 1 12-month ECL	Stage 2 Life-time ECL (not impaired)	Stage 3 Life-time ECL (impaired)	
<b>Balance as at 1 January 2022</b>	<b>10,070,705</b>	<b>1,282,636</b>	<b>2,114,194</b>	<b>13,467,535</b>	<b>241,448</b>	<b>123,992</b>	<b>2,014,189</b>	<b>2,379,629</b>
New assets	772,546	-	-	772,546	28,308	-	-	28,308
Stage 1	120,974	(117,740)	(3,234)	-	25,347	(23,759)	(1,588)	-
Stage 2	(3,127,397)	3,130,666	(3,269)	-	(25,442)	26,391	(949)	-
Stage 3	(22,851)	(64,250)	87,101	-	(1,941)	(23,149)	25,090	-
Repaid assets	(220,902)	(85,813)	(17,526)	(324,241)	(6,258)	(3,335)	(14,265)	(23,858)
Other change	21,683	(315,579)	(24,293)	(318,189)	132,854	220,860	25,982	379,696
Adjustment of interest income	-	-	-	-	-	-	(644)	(644)
Write-off of assets	-	-	(29,571)	(29,571)	-	-	(29,571)	(29,571)
Restructuring of an asset, resulted in derecognition of financial instrument	-	-	-	-	-	-	(21)	(21)
Effect of modifications	(6,608)	(3,828)	3	(10,433)	(535)	(3,003)	-	(3,538)
Foreign exchange differences	104	4	54,432	54,540	4	4	54,429	54,437
Sale of assets	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2022</b>	<b>7,608,254</b>	<b>3,826,096</b>	<b>2,177,837</b>	<b>13,612,187</b>	<b>393,785</b>	<b>318,001</b>	<b>2,072,652</b>	<b>2,784,438</b>
<b>Balance as at 1 January 2023</b>	<b>4,776,761</b>	<b>3,942,782</b>	<b>3,927,239</b>	<b>12,646,782</b>	<b>291,288</b>	<b>238,953</b>	<b>3,553,550</b>	<b>4,083,791</b>
New assets	873,949	-	-	873,949	19,789	-	-	19,789
Stage 1	446,071	(419,550)	(26,521)	-	174,435	(162,266)	(12,169)	-
Stage 2	(599,671)	664,916	(65,245)	-	(53,934)	62,023	(8,089)	-
Stage 3	(6,281)	(155,320)	161,601	-	(691)	(78,765)	79,456	-
Repaid assets	(716,578)	(176,906)	(69,059)	(962,543)	(37,807)	(6,848)	(52,938)	(97,593)
Other change	(105,783)	(379,244)	(116,678)	(601,705)	(120,528)	175,984	(57,306)	(1,850)
Adjustment of interest income	-	-	-	-	-	-	28,514	28,514
Write-off of assets	-	-	(13,517)	(13,517)	-	-	(13,517)	(13,517)
Restructuring of an asset, resulted in derecognition of financial instrument	-	-	-	-	-	-	-	-
Effect of modifications	(3,623)	(1,423)	(1,111)	(6,157)	(452)	(1,132)	(1,105)	(2,689)
Foreign exchange differences	24	-	2,944	2,968	2	(1)	2,839	2,840
Sale of assets	-	-	(3,059)	(3,059)	-	-	(3,059)	(3,059)
<b>Balance as at 31 March 2023</b>	<b>4,664,869</b>	<b>3,475,255</b>	<b>3,796,594</b>	<b>11,936,718</b>	<b>272,102</b>	<b>227,948</b>	<b>3,516,176</b>	<b>4,016,226</b>

Translation from Ukrainian original

**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED 31 MARCH 2023**

*(in thousands of UAH)*

**Loans that are measured at amortised cost**

**Loans to state and municipal authorities**

	Gross carrying value			Total	ECL			Total
	Stage 1 12-month ECL	Stage 2 Life-time ECL (not impaired)	Stage 3 Life-time ECL (impaired)		Stage 1 12-month ECL	Stage 2 Life-time ECL (not impaired)	Stage 3 Life-time ECL (impaired)	
<b>Balance as at 1 January 2022</b>	<b>11,140,233</b>	-	<b>300</b>	<b>11,140,533</b>	<b>94,409</b>	-	<b>300</b>	<b>94,709</b>
New assets	40,065	-	-	40,065	573	-	-	573
Repaid assets	-	-	-	-	-	-	-	-
Other changes	(374,503)	-	-	(374,503)	11,963	-	-	11,963
Foreign exchange differences	241,189	-	-	241,189	33	-	-	33
<b>Balance as at 31 March 2022</b>	<b>11,046,984</b>	-	<b>300</b>	<b>11,047,284</b>	<b>106,978</b>	-	<b>300</b>	<b>107,278</b>
<b>Balance as at 1 January 2023</b>	<b>3,840,874</b>	<b>6,253,505</b>	<b>300</b>	<b>10,094,679</b>	<b>62,279</b>	<b>191,020</b>	<b>300</b>	<b>253,599</b>
New assets	-	-	-	-	-	-	-	-
Repaid assets	(377,290)	-	-	(377,290)	(6,029)	-	-	(6,029)
Other changes	(716,758)	(120,946)	-	(837,704)	(12,930)	(12,895)	-	(25,825)
Foreign exchange differences	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2023</b>	<b>2,746,826</b>	<b>6,132,559</b>	<b>300</b>	<b>8,879,685</b>	<b>43,320</b>	<b>178,125</b>	<b>300</b>	<b>221,745</b>



Translation from Ukrainian original

**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED 31 MARCH 2023**

*(in thousands of UAH)*

**Loans that are measured at amortised cost**

**Mortgage loans to corporate entities and individuals**

	Gross carrying value				Total	ECL				Total
	Stage 1 12-month ECL	Stage 2 Life-time ECL (not impaired)	Stage 3 Life-time ECL (impaired)	Purchased or initially impaired		Stage 1 12-month ECL	Stage 2 Life-time ECL (not impaired)	Stage 3 Life-time ECL (impaired)	Purchased or initially impaired	
<b>Balance as at 1 January 2022</b>	<b>2,502,645</b>	<b>16,242</b>	<b>659,515</b>	<b>-</b>	<b>3,178,402</b>	<b>880</b>	<b>529</b>	<b>642,331</b>	<b>-</b>	<b>643,740</b>
New assets	289,592	-	-	-	289,592	357	-	-	-	357
Stage 1	2,975	(1,835)	(1,140)	-	-	309	(113)	(196)	-	-
Stage 2	(345,282)	345,792	(510)	-	-	(403)	479	(76)	-	-
Stage 3	(8,954)	(1,913)	10,867	-	-	19	(131)	112	-	-
Repaid assets	(19,558)	(981)	(2,798)	-	(23,337)	(8)	-	(1,620)	-	(1,628)
Other change	(65,349)	(21,777)	(5,802)	-	(92,928)	888	2,217	(4,867)	-	(1,762)
Adjustment of interest income	-	-	-	-	-	-	-	(474)	-	(474)
Write-off of assets	-	-	(15,420)	-	(15,420)	-	-	(15,420)	-	(15,420)
Restructuring of an asset, resulted in derecognition of financial instrument	-	-	-	-	-	-	-	(44)	-	(44)
Recovery of previously written-off assets	-	-	-	-	-	-	-	-	-	-
Effect of modifications	(9,025)	(186)	-	-	(9,211)	(257)	1	-	-	(256)
Foreign exchange differences	163	13	28,714	-	28,890	2	-	28,595	-	28,597
<b>Balance as at 31 March 2022</b>	<b>2,347,207</b>	<b>335,355</b>	<b>673,426</b>	<b>-</b>	<b>3,355,988</b>	<b>1,787</b>	<b>2,982</b>	<b>648,341</b>	<b>-</b>	<b>653,110</b>
<b>Balance as at 1 January 2023</b>	<b>1,955,531</b>	<b>849,059</b>	<b>878,428</b>	<b>2,448</b>	<b>3,685,466</b>	<b>2,848</b>	<b>3,982</b>	<b>765,450</b>	<b>(12)</b>	<b>772,268</b>
New assets	442,877	-	-	-	442,877	(573)	-	-	-	(573)
Stage 1	46,308	(33,219)	(13,089)	-	-	2,580	(775)	(1,805)	-	-
Stage 2	(164,503)	175,789	(11,286)	-	-	(244)	915	(671)	-	-
Stage 3	(2,794)	(17,765)	20,559	-	-	(11)	(815)	826	-	-
Repaid assets	(11,096)	(12,131)	(2,965)	(303)	(26,495)	(8)	(14)	(858)	(3)	(883)
Other change	(55,895)	(51,511)	785	(71)	(106,692)	(1,457)	1,265	10,836	(10)	10,634
Adjustment of interest income	-	-	-	-	-	-	-	2,722	(1)	2,721
Write-off of assets	-	-	(6,289)	-	(6,289)	-	-	(6,289)	-	(6,289)
Restructuring of an asset, resulted in derecognition of financial instrument	-	-	-	-	-	-	-	-	-	-
Recovery of previously written-off assets	-	-	-	-	-	-	-	16	-	16
Effect of modifications	(6,917)	(2,600)	(216)	-	(9,733)	(732)	(109)	(164)	-	(1,005)
Foreign exchange differences	10	-	2,303	-	2,313	-	-	2,303	-	2,303
<b>Balance as at 31 March 2023</b>	<b>2,203,521</b>	<b>907,622</b>	<b>868,230</b>	<b>2,074</b>	<b>3,981,447</b>	<b>2,403</b>	<b>4,449</b>	<b>772,366</b>	<b>(26)</b>	<b>779,192</b>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2023  
(in thousands of UAH)**

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In the first quarter of 2023, due to of the devaluation of the national currency, the gross carrying value of the loans to legal entities increased by UAH 178,054 thousand, that was followed by an increase in allowance in the amount of UAH 88,739 thousand (in the first quarter 2022: due to of the devaluation of the national currency, the gross carrying value of the loans to legal entities increased by UAH 1,917,441 thousand, that was followed by an increase in allowance in the amount of UAH 402,240 thousand).

During the first quarter of 2023, loans classified as Stage 3 with a gross carrying amount of UAH 9,893 thousand, for which provisions were made, including interest income adjustment, in the amount of zero UAH and loans classified as POCI with a gross carrying amount of UAH 670,380 thousand for which provisions were made, including interest income adjustments, in the amount of UAH 11,497 thousand and, accordingly, the amount of initial impairment (discount) was UAH 333,041 thousand, were restructured, including with the replacement of the borrower. As a result of the restructuring, new loans classified as POCI were recognised with a total gross carrying amount of UAH 680,324 thousand (including the gross carrying amount of loans that were classified as Stage 3 before derecognition - UAH 9,884 thousand), the total initial impairment (discount) amounted to UAH 225,929 thousand (in particular, the initial impairment (discount) on loans that were included in Stage 3 before derecognition - UAH 273 thousand).

During the first quarter of 2022, loans classified as Stage 3 with a gross carrying amount of UAH 866,802 thousand, for which provisions were made, including interest income adjustment, in the amount of UAH 866,802 thousand and loans classified as POCI with a gross carrying amount of UAH 4,694,215 thousand for which provisions were made, including interest income adjustments, in the amount of UAH 292,168 thousand and, accordingly, the amount of initial impairment (discount) was UAH 4,233,243 thousand, were restructured, including with the replacement of the borrower. As a result of the restructuring, new loans classified as POCI were recognised with a total gross carrying amount of UAH 4,697,435 thousand (including the gross carrying amount of loans that were classified as Stage 3 before derecognition - UAH 165,641 84 thousand), the total initial impairment (discount) amounted to UAH 4,510,521 thousand (in particular, the initial impairment (discount) on loans that were included in Stage 3 before derecognition - UAH 20,830 thousand).

As at 31 March 2023, the amount of the initial impairment loss for purchased or originated credit impaired loans recognized at origination, which is not included in the allowance, comprised UAH 24,610,710 thousand (31 December 2022: UAH 24,702,821 thousand).

Loans to customers issued in the first quarter of 2023 amounted to UAH 8,139,601 thousand, representing 8% of loans granted to customers (31 December 2022: UAH 26,699,956 thousand, representing 25% of loans granted to customers).

During the first quarter of 2023, loans to customers amounting to UAH 2,243,819 thousand have been fully repaid, representing 2% of loans to customers as at 31 December 2022 (during the first quarter of 2022: UAH 2,092,515 thousand, representing 2% of loans to customers as at 31 December 2021).

As at 31 March 2023, loans to customers overdue for more than 90 days (NPLs – non-performing loans) amounted to UAH 26,483,846 thousand, representing 25% of the total amount of loans to customers before deducting allowance for expected credit losses (31 December 2022: UAH 26,703,394 thousand, representing 25% of the total amount of loans to customers before deducting allowance for expected credit losses).

During the first quarter of 2023, the Bank wrote off loans to customers in the amount of UAH 34,806 thousand in hryvnia equivalent, which was 0.2% of the volume of loans to customers overdue for more than 90 days as of 31 December 2022 (during the first quarter of 2022: UAH 75,925 thousand in hryvnia equivalent, which was 0.9% of the volume of loans to customers overdue for more than 90 days). According to the write-off, during the reporting period, the amount of loans and the provision for expected loan losses decreased.

The Group expects that a significant part of loans except for loans to customers located in the temporarily occupied territory, which are overdue for more than 90 days, will be repaid either by the proceeds from the borrowers' own earnings or proceeds from the sale of collateral. Such expectations are based on the fact that a considerable part of overdue loans to legal entities are secured by marketable collateral and granted to entities which have potential ability to restore their solvency. The Group's ability to receive payments on overdue loans to individuals is explained by the fact that these loans are mostly secured by real estate or vehicles. Moreover, even if the value of collateral is not enough to repay the loan, the Group retains the right to demand repayments from the borrowers until the loan is repaid in full.

Translation from Ukrainian original

## JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2023 (in thousands of UAH)

#### Other financial assets

	Gross carrying value			Total	ECL			Total
	Stage 1 12-month ECL	Stage 2 Life-time ECL (not impaired)	Stage 3 Life-time ECL (impaired)		Stage 1 12-month ECL	Stage 2 Life-time ECL (not impaired)	Stage 3 Life-time ECL (impaired)	
<b>Balance as at 1 January 2022</b>	<b>52,337</b>	<b>444,798</b>	<b>94,040</b>	<b>591,175</b>	<b>-</b>	<b>35,085</b>	<b>87,204</b>	<b>122,289</b>
New assets	33,468	-	-	33,468	4,375	-	-	4,375
Stage 2	(26,890)	28,396	(1,506)	-	(3,618)	4,977	(1,359)	-
Stage 3	(798)	(11,497)	12,295	-	(757)	(6,799)	7,556	-
Repaid assets	-	(309,031)	(19,746)	(328,777)	-	(1,302)	(17,221)	(18,523)
Other changes	1,478	45,483	4,769	51,730	-	6,302	7,209	13,511
Write-off of assets	-	-	(208)	(208)	-	-	(208)	(208)
Foreign exchange differences	-	28,723	411	29,134	-	107	352	459
Sale of assets	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2022</b>	<b>59,595</b>	<b>226,872</b>	<b>90,055</b>	<b>376,522</b>	<b>-</b>	<b>38,370</b>	<b>83,533</b>	<b>121,903</b>
<b>Balance as at 1 January 2022</b>	<b>887,838</b>	<b>461,909</b>	<b>220,492</b>	<b>1,570,239</b>	<b>7</b>	<b>37,437</b>	<b>213,022</b>	<b>250,466</b>
New assets	562,013	44,097	-	606,110	-	1,705	-	1,705
Stage 2	-	15,994	(15,994)	-	-	14,595	(14,595)	-
Stage 3	-	(9,697)	9,697	-	-	(4,208)	4,208	-
Repaid assets	(27,626)	(207,001)	(13,485)	(248,112)	-	(2,067)	(11,962)	(14,029)
Other changes	-	305,857	(2,018)	303,839	-	(5,577)	1,638	(3,939)
Write-off of assets	-	-	(1,043)	(1,043)	-	-	(1,043)	(1,043)
Foreign exchange differences	-	437	23	460	-	11	95	106
Sale of assets	-	-	(17)	(17)	-	-	(17)	(17)
<b>Balance as at 31 March 2023</b>	<b>1,422,225</b>	<b>611,596</b>	<b>197,655</b>	<b>2,231,476</b>	<b>7</b>	<b>41,896</b>	<b>191,346</b>	<b>233,249</b>

As at 31 March 2023, 100% allowance for possible losses was made for cash on hand in the amount of UAH 93,749 thousand equivalent, which was kept in the Bank's branches located in the temporarily occupied territories of Ukraine and over which control was lost. As these cash on hand balances did not meet the definition of cash and cash equivalents, they were reclassified to restricted cash and cash equivalents in Other financial assets.

Translation from Ukrainian original

**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2023  
(in thousands of UAH)**

**Credit commitments**

	Gross carrying value			Total	ECL			Total
	Stage 1 12-month ECL	Stage 2 Life-time ECL (not impaired)	Stage 3 Life-time ECL (impaired)		Stage 1 12-month ECL	Stage 2 Life-time ECL (not impaired)	Stage 3 Life-time ECL (impaired)	
<b>Balance as at 1 January 2022</b>	<b>18,262,305</b>	<b>37,363</b>	<b>18,093</b>	<b>18,317,761</b>	<b>313,998</b>	<b>5,780</b>	<b>3,820</b>	<b>323,598</b>
Increase of commitments	865,391	–	–	865,391	31,653	–	–	31,653
Stage 1	19,680	(19,223)	(457)	–	1,013	(916)	(97)	–
Stage 2	(569,843)	569,878	(35)	–	(15,292)	15,315	(23)	–
Stage 3	(5,010)	(5,242)	10,252	–	(138)	(485)	623	–
Repaid commitments	(1,690,748)	(2,060)	(1,109)	(1,693,917)	(12,786)	(326)	(250)	(13,362)
Other changes	47,880	(93,381)	(7,367)	(52,868)	223,668	70,564	121	294,353
Foreign exchange differences	1,315	–	–	1,315	48	–	–	48
<b>Balance as at 31 March 2022</b>	<b>16,930,970</b>	<b>487,335</b>	<b>19,377</b>	<b>17,437,682</b>	<b>542,164</b>	<b>89,932</b>	<b>4,194</b>	<b>636,290</b>
<b>Balance as at 1 January 2023</b>	<b>10,424,305</b>	<b>629,693</b>	<b>133,491</b>	<b>11,187,489</b>	<b>267,945</b>	<b>78,631</b>	<b>34,326</b>	<b>380,902</b>
Increase of commitments	488,573	–	–	488,573	21,928	–	–	21,928
Stage 1	141,873	(109,370)	(32,503)	–	14,788	(8,455)	(6,333)	–
Stage 2	(156,524)	161,146	(4,622)	–	(1,748)	2,673	(925)	–
Stage 3	(3,303)	(21,697)	25,000	–	(81)	(1,954)	2,035	–
Repaid commitments	(429,690)	(32,665)	(5,680)	(468,035)	(18,985)	(6,875)	(1,568)	(27,428)
Other changes	(42,209)	(16,967)	(18,812)	(77,988)	(24,178)	5,494	(2,654)	(21,338)
Foreign exchange differences	–	(58)	189	131	–	–	–	–
<b>Balance as at 31 March 2023</b>	<b>10,423,025</b>	<b>610,082</b>	<b>97,063</b>	<b>11,130,170</b>	<b>259,669</b>	<b>69,514</b>	<b>24,881</b>	<b>354,064</b>

Credit commitments include Irrevocable commitments on loans and unused credit lines.

Translation from Ukrainian original

**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2023  
(in thousands of UAH)**

**Financial guarantees issued and similar commitments**

	Gross carrying value			Total	ECL			Total
	Stage 1 12-month ECL	Stage 2 Life-time ECL (not impaired)	Stage 3 Life-time ECL (impaired)		Stage 1 12-month ECL	Stage 2 Life-time ECL (not impaired)	Stage 3 Life-time ECL (impaired)	
<b>Balance as at 1 January 2022</b>	<b>204,288</b>	<b>587,142</b>	<b>1,448,690</b>	<b>2,240,120</b>	<b>311</b>	<b>-</b>	<b>482,979</b>	<b>483,290</b>
Increase of commitments	85,081	-	-	85,081	12,490	-	-	12,490
Stage 1	-	-	-	-	-	-	-	-
Stage 2	(16,000)	16,000	-	-	-	-	-	-
Stage 3	(69,081)	-	69,081	-	(12,490)	-	12,490	-
Repaid commitments	-	(8,200)	(139,670)	(147,870)	-	-	(18,638)	(18,638)
Other changes	-	-	(68,501)	(68,501)	328	-	31,107	31,435
Foreign exchange differences	3,326	-	74,909	78,235	3	-	10,822	10,825
<b>Balance as at 31 March 2022</b>	<b>207,614</b>	<b>594,942</b>	<b>1,384,509</b>	<b>2,187,065</b>	<b>642</b>	<b>-</b>	<b>518,760</b>	<b>519,402</b>
<b>Balance as at 1 January 2023</b>	<b>225,675</b>	<b>700</b>	<b>1,160,092</b>	<b>1,386,467</b>	<b>1,276</b>	<b>-</b>	<b>525,890</b>	<b>527,166</b>
Increase of commitments	35,744	-	-	35,744	266	-	-	266
Stage 1	1,408	(1,408)	-	-	-	-	-	-
Stage 2	(2,944)	4,352	(1,408)	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-
Repaid commitments	(5,420)	-	(310,680)	(316,100)	-	-	(75,585)	(75,585)
Other changes	(188)	-	(60,000)	(60,188)	(273)	-	(14,127)	(14,400)
Foreign exchange differences	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2023</b>	<b>254,275</b>	<b>3,644</b>	<b>788,004</b>	<b>1,045,923</b>	<b>1,269</b>	<b>-</b>	<b>436,178</b>	<b>437,447</b>

Financial guarantees issued and similar commitments consist of financial guarantees issued, letters of credit and other contingencies.

**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2023  
(in thousands of UAH)**

Effect of modifications on financial assets

*Impact of modifications on financial assets at amortised cost:*

	<b>For the three months ended 31 March 2023</b>	<b>For the three months ended 31 March 2022</b>
<b>Financial assets modified in the reporting period</b>		
Amortised cost before modification		
Net result from modifications of loans to customers (lifetime ECL)	3,203,331	402,428
<b>Financial assets modified at the date of initial recognition</b>		
Gross balance value of financial assets for which the calculation of the allowance for impairment was replaced by a 12-month estimate of ECL	(38,029)	(3,500)
	3,799	25,994

**Effect of security**

The Group's credit policy implies the compliance with a conservative lending principle – loans shall be secured.

The estimate of the expected credit losses on collateralized financial instruments includes the amounts and timing of the cash flows expected from foreclosure, less discounted costs for receiving and disposing of collateral (the Group takes into account the probability of the foreclosure and the cash flows resulting from that). Accordingly, any cash flows expected from the sale of collateral after the contractual maturity date are included in the analysis. The loan portfolio of the Group is secured with the following types of collateral: vehicles, equipment and other movable property and the property rights thereto, real estate and property rights thereto, integral property complexes, government debt securities and guarantees issued by the government bodies, property rights to funds in cash, while some part of the Group's loan portfolio is not secured.

The impact of collateral on the improvement of the credit quality and the maximum exposure to credit risk in terms of financial assets types carried at amortised cost and at fair value through other comprehensive income is presented as follows:

	<b>As at 31 March 2023</b>		<b>As at 31 December 2022</b>	
	<b>Net carrying value</b>	<b>Collateral value</b>	<b>Net carrying value</b>	<b>Collateral value</b>
Cash and cash equivalents	13,618,199	–	12,889,580	–
Loans to customers:	80,225,638	39,812,913	82,734,176	39,316,045
- corporate customers	69,104,343	29,646,657	71,259,530	29,867,124
- individuals	11,121,295	10,166,256	11,474,646	9,448,921
Investments	78,421,883	–	88,101,117	–
Other financial assets	1,998,227	–	1,319,773	–
<b>Total</b>	<b>174,263,947</b>	<b>39,812,913</b>	<b>185,044,646</b>	<b>39,316,045</b>

**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2023  
(in thousands of UAH)**

Collateral value used while calculating the allowance for expected credit losses is the collateral fair value, adjusted for the liquidity ratios and costs for the property sale, and discounted to reflect time value of money.

The maximum exposure to credit risk of financial assets subject to the IFRS 9 impairment requirements comprises:

	<b>31 March 2023</b>	<b>31 December 2022</b>
Cash and cash equivalents, except cash	13,618,199	12,889,580
Investments:		
Ukrainian government debt securities	62,306,658	60,453,198
Corporate debt securities	875,745	883,864
Other debt securities	15,239,480	26,764,055
Loans to customers:		
Loans to corporate entities	60,444,951	61,416,907
Loans to state and municipal authorities	8,657,940	9,841,080
Mortgage loans	3,202,255	2,913,198
Other loans	7,920,492	8,562,991
Other financial assets	1,998,227	1,319,773
	<b>174,263,947</b>	<b>185,044,646</b>

As at 31 March 2023, the net carrying value of the credit-impaired loans amounted to UAH 13,430,986 thousand (31 December 2022: UAH 13,444,014 thousand) and the collateral value (vehicles, equipment and other movable property, real estate, integral property complexes, property rights to cash, and other types of collateral), used in calculating the allowance for expected credit losses, was UAH 10,170,906 thousand (31 December 2022: UAH 11,093,269 thousand).

As at 31 March 2023, the Group had loans to customers with carrying amount of 9,091,160 thousand (31 December 2022: UAH 7,464,379 thousand), for which no allowance for expected credit losses was recognised due to availability of sufficient collateral to cover the risk.

The maximum exposure to credit risk of contingent financial liabilities and credit commitments subject to the IFRS 9 impairment requirements comprises:

	<b>31 March 2023</b>	<b>31 December 2022</b>
<b>The maximum exposure to credit risk:</b>		
Credit commitments	10,776,106	10,806,587
Financial guarantees issued and similar commitments	608,476	859,301
	<b>11,384,582</b>	<b>11,665,888</b>

As at 31 March 2023, the guarantees and other credit commitments (including revocable credit commitments, but excluding performance guarantees), net of allowance for expected credit losses amounted to UAH 26,892,206 thousand (31 December 2022: UAH 28,239,933 thousand), and the collateral value (vehicles, equipment, other movable/immovable property, property rights to cash, and other types of collateral) used in the calculation of the allowance for expected credit losses amounted to UAH 2,801,893 thousand (31 December 2022: UAH 2,052,230 thousand).

**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2023  
(in thousands of UAH)**

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The maximum exposure to credit risk of financial assets measured at fair value through profit or loss comprises:

	<b>31 March 2023</b>	<b>31 December 2022</b>
Investments:		
Ukrainian government debt securities	53,716,090	54,578,819
Loans to customers:		
Loans to corporate entities	481,797	481,419

The collateral used to reduce the credit risk for loans at fair value through profit or loss as at 31 March 2023 Bank accepted as collateral vehicles, equipment and other movable property, real estate, integral property complexes, and other types of collateral in the amount of UAH 395,757 thousand (31 December 2021: UAH 388,235 thousand).

## **28. SEGMENT INFORMATION**

Segment information refers to the services rendered within segments and provided to the Group's management responsible for operating decision making in order to allocate resources and assess the segments' activities.

There were no differences in the basis of the segment's profit or loss assessment compared to the previous financial statements. The accounting policies and segment calculation methods used in the preparation of these interim condensed consolidated financial statements were the same as those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2022.

Items that are unusual in nature, which affect the assets, liabilities or profit in the interim condensed consolidated financial statements by segments are absent.

The total amount of estimates of profit or loss of the reporting segments agrees with the Group's profit.

During the first quarter of 2023 the Group recognised interest income received from Counterparty 1 in the amount of UAH 2,698,640 thousand, which is 24% of income and allocated to the Treasury and General management segments in the amount of UAH 871,400 thousand and UAH 1,827,240 thousand, respectively and from Counterparty 2 in the amount of UAH 1,388,700 thousand, which is 12% of income and allocated to the General management segments.

During the first quarter of 2022 the Group recognised interest income received from Counterparty 1 in the amount of UAH 2,142,211 thousand, which is 23% of income and allocated to the Treasury and General management segments in the amount of UAH 780,343 thousand and UAH 1,361,868 thousand, respectively.



Translation from Ukrainian original

**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2023  
(in thousands of UAH)**

**Income, expense and results of reportable segments for for the three months ended 31 March 2023**

Items	Name of a reportable segment							Unallocated amounts	Total
	Big corporate business	Micro-, SME	Retail business	Treasury	General management	Withdrawal			
<b>Income</b>	<b>2,922,320</b>	<b>1,568,530</b>	<b>2,455,938</b>	<b>1,120,304</b>	<b>3,264,681</b>	-	-	<b>11,331,773</b>	
Interest income	1,970,624	704,262	564,234	983,880	3,265,526	-	-	7,488,526	
Fee and commission income	527,590	643,364	1,539,609	75,932	906	-	-	<b>2,787,401</b>	
(Accrual)/reversal of allowance for expected credit losses on interest bearing assets	322,700	191,019	74,172	33,686	(87,560)	-	-	534,017	
(Accrual)/reversal of allowance for expected credit losses on other operations	99,962	356	17,568	13	6,976	-	-	124,875	
Dealing in foreign currencies, net	-	-	225,524	26,793	(18,648)	-	-	233,669	
Other income/(expense)	1,444	29,529	34,637	-	97,481	-	-	163,091	
Gain (loss) arising from derecognition of financial assets measured at amortized cost	-	-	194	-	-	-	-	194	
<b>Transfer income of segments</b>	<b>1,767,134</b>	<b>1,520,052</b>	<b>6,339,852</b>	<b>115,144</b>	<b>511,301</b>	<b>(10,253,483)</b>	-	-	
Interest income	1,767,134	1,520,052	6,339,852	115,144	511,301	(10,253,483)	-	-	
<b>Total segments income</b>	<b>4,689,454</b>	<b>3,088,582</b>	<b>8,795,790</b>	<b>1,235,448</b>	<b>3,775,982</b>	<b>(10,253,483)</b>	-	<b>11,331,773</b>	
Interest expense	(2,395,038)	(1,166,470)	(2,245,144)	(3,223,993)	(4,065,478)	10,253,483	-	(2,842,640)	
Net gain/(loss) on transactions with financial instruments at fair value through profit or loss	(166,255)	-	-	(1,193,671)	-	-	-	(1,359,926)	
Gains/(losses) arising on initial recognition of financial assets at an interest rate higher or lower than the market rate	(18,354)	-	-	-	-	-	-	(18,354)	
Net gain/(losses) on modifications of financial assets	(32,778)	7,023	(15,890)	-	-	-	-	(41,645)	
Fee and commission expense	(335,852)	(394,528)	(377,776)	(8,690)	(145)	-	-	(1,116,991)	
Operating expense	(278,123)	(563,619)	(2,185,189)	(128,662)	(255,377)	-	-	(3,410,970)	
<b>SEGMENT RESULT (before taxation)</b>	<b>1,463,054</b>	<b>970,988</b>	<b>3,971,791</b>	<b>(3,319,568)</b>	<b>(545,018)</b>	-	-	<b>2,541,247</b>	
Income tax benefit	-	-	-	-	-	-	31	31	
<b>Profit/(loss)</b>	<b>1,463,054</b>	<b>970,988</b>	<b>3,971,791</b>	<b>(3,319,568)</b>	<b>(545,018)</b>	-	<b>31</b>	<b>2,541,278</b>	

Translation from Ukrainian original

**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2023  
(in thousands of UAH)**

**Income, expense and results of reportable segments for for the three months ended 31 March 2022**

Items	Name of a reportable segment						Unallocated amounts	Total
	Big corporate business	Micro-, SME	Retail business	Treasury	General management	Withdrawal		
<b>Income</b>	<b>1,511,777</b>	<b>798,701</b>	<b>1,704,465</b>	<b>3,567,044</b>	<b>1,780,528</b>	-	-	<b>9,362,515</b>
Interest income	1,666,451	307,902	488,695	793,311	1,740,644	-	-	4,997,003
Fee and commission income	401,922	488,094	1,199,246	42,224	61	-	-	2,131,547
Net gain/(loss) on transactions with financial instruments at fair value through profit or loss	(558,785)	-	-	2,731,509	-	-	-	2,172,724
Net profit from transactions with debt financial instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	-
Other income/(expense)	2,189	2,705	15,919	-	39,823	-	-	60,636
Gain (loss) arising from derecognition of financial assets measured at amortized cost	-	-	605	-	-	-	-	605
<b>Transfer income of segments</b>	<b>1,124,457</b>	<b>778,632</b>	<b>2,827,074</b>	<b>174,022</b>	<b>773,795</b>	<b>(5,677,980)</b>	-	-
Interest income	1,124,457	778,632	2,827,074	174,022	773,795	(5,677,980)	-	-
<b>Total segments income</b>	<b>2,636,234</b>	<b>1,577,333</b>	<b>4,531,539</b>	<b>3,741,066</b>	<b>2,554,323</b>	<b>(5,677,980)</b>	-	<b>9,362,515</b>
Interest expense	(1,624,485)	(474,048)	(1,286,435)	(1,280,543)	(2,809,642)	5,677,980	-	(1,797,173)
(Accrual)/reversal of allowance for expected credit losses on interest bearing assets	(589,111)	(88,038)	(380,180)	(1,851)	(10,580)	-	-	(1,069,760)
(Accrual)/reversal of allowance for expected credit losses on other operations	(50,814)	(4,228)	(295,734)	(147)	3,450	-	-	(347,473)
Gains/(losses) arising on initial recognition of financial assets at an interest rate higher or lower than the market rate	(98,350)	-	-	170	-	-	-	(98,180)
Net gain/(losses) on modifications of financial assets	-	(68,562)	(19,643)	-	-	-	-	(88,205)
Dealing in foreign currencies, net	-	-	119,877	10,246	(921,654)	-	-	(791,531)
Fee and commission expense	(355,138)	(439,020)	(260,015)	(8,277)	(3)	-	-	(1,062,453)
Operating expense	(209,164)	(457,867)	(1,859,715)	(92,512)	(1,246,391)	-	-	(3,865,649)
<b>SEGMENT RESULT (before taxation)</b>	<b>(290,828)</b>	<b>45,570</b>	<b>549,694</b>	<b>2,368,152</b>	<b>(2,430,497)</b>	-	-	<b>242,091</b>
Income tax benefit	-	-	-	-	-	-	96	96
<b>Profit/(loss)</b>	<b>(290,828)</b>	<b>45,570</b>	<b>549,694</b>	<b>2,368,152</b>	<b>(2,430,497)</b>	-	<b>96</b>	<b>242,187</b>

Translation from Ukrainian original

**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2023  
(in thousands of UAH)**

**Assets and liabilities of the reportable segments as at 31 March 2023**

Items	Name of reportable segments					Total
	Big corporate business	Micro-, SME	Retail business	Treasury	General management	
Segment assets	54,962,637	18,088,306	22,686,514	97,884,244	84,884,804	<b>278,506,505</b>
Segment liabilities	35,776,671	35,384,734	172,277,562	1,731,541	8,606,608	<b>253,777,116</b>
<i>Other segment items for the three months ended 31 March 2023:</i>						
Depreciation and amortization charges on fixed assets and intangible assets	(39,852)	(76,553)	(280,653)	(24,052)	(42,376)	<b>(463,486)</b>
Capital investments	–	–	–	–	399,168	<b>399,168</b>

**Assets and liabilities of the reportable segments as at 31 December 2022**

Items	Name of reportable segments					Total
	Big corporate business	Micro-, SME	Retail business	Treasury	General management	
Segment assets	57,747,880	17,333,992	20,478,119	79,946,664	93,767,415	<b>269,274,070</b>
Segment liabilities	29,493,735	36,436,534	169,272,155	1,138,650	10,751,465	<b>247,092,539</b>
<i>Other segment items for the three months ended 31 March 2022:</i>						
Depreciation and amortization charges on fixed assets and intangible assets	(35,532)	(71,480)	(286,725)	(21,576)	(35,221)	<b>(450,534)</b>
Capital investments	–	–	–	–	163,548	<b>163,548</b>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2023  
(in thousands of UAH)**

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**29. SUBSEQUENT EVENTS**

The Cabinet of Ministers of Ukraine by its Resolution dated 21 April 2023 No. 343-r Certain Issues of the Activities of the Joint Stock Company "State Savings Bank of Ukraine" (hereinafter - Order No. 343-r) appointed Juan Enrique Pérez Calot, Mikhal Krupinskyi, Elizabeth Nelson, Philip Heasley, Volodymyr Lavrenchuk and Anton Piatygin as independent members of the Bank's Supervisory Board, having terminated the respective powers of Baiba Apine, Juan Enrique Pérez Calot, Peter Briggs, Michael Weinstein, Janne Harjunpää, Anton Piatygin. According to part 21 of Art. 7 of the Law of Ukraine "On Banks and Banking Business" and clause 116 of the Charter of JSC "Oschadbank", the members of the Supervisory Board take up their position after their approval by the National Bank of Ukraine.

In accordance with subparagraphs 1, 4 of paragraph 321 of Chapter 39 of Section VI of the Regulation on Licensing of Banks, approved by Resolution of the Board of the National Bank of Ukraine No. 149 dated 22 December 2018, it is stipulated that the NBU's approval for the positions of bank managers is not required in the following cases:

- re-election/re-appointment of a bank's manager to the position held at the time of such re-election/re-appointment, if the NBU has previously approved him/her for this position in the bank;
- change of the manager's position in the bank's board (except for election as an independent director), if the NBU has previously approved him/her for the position in the board of this bank.

As Juan Enrique Perez Calot and Anton Pyatigin were reappointed the positions of members of the Supervisory Board of the Bank, which they held at the time of appointment in accordance with the Resolution No. 343-r, and therefore, the NBU's approval is not required in this case.

Volodymyr Mykolayovych Lavrenchuk was approved by the NBU in accordance with the decision of the Committee on Supervision and Regulation of Banks, Oversight of the Payment Infrastructure of the NBU dated July 24, 2023 No. 24/1364-rk.

Elizabeth Nelson and Mikhal Krupinsky were approved by the NBU in accordance with the decisions of the Committee on the Supervision and Regulation of Banks, the Oversight of the Payment Infrastructure of the NBU dated August 14, 2023 No. 24/1514-rk and No. 24/1501-rk, respectively.

On 5 May 2023, at the remote annual general meeting of shareholders, a decision was made to terminate PrJSC "Home Loans Refinancing Agency" by liquidating it.

In 2023, the Group paid a share of profit based on the financial result of 2022 to the State Budget of Ukraine in accordance with the requirements of the Resolution of the Cabinet of Ministers of Ukraine dated 18 April 2023 No. 358 On Approval of the Basic Standard for Deduction of the Share of Profit Allocated to Payment of Dividends Based on the Results of Financial and Business Activities in 2022 of Business Companies with State Corporate Rights in the Charter Capital in the amount of UAH 191,941 thousand.