

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

*For the nine months ended 30 September 2023*

*Translation from Ukrainian original*

*Translation from Ukrainian original*

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

### **CONTENTS**

	<b>Page</b>
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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	7-59

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

**INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023**  
(in thousands of UAH)

	Notes	For the three months ended 30 September 2023	For the nine months ended 30 September 2023	For the three months ended 30 September 2022	For the nine months ended 30 September 2022
Interest income on financial assets at amortised cost and at fair value through other comprehensive income	5	7,813,213	20,924,034	4,861,582	13,178,199
Interest income on financial assets at fair value through profit or loss	5	953,112	2,841,232	899,581	2,630,345
Interest expense	5	(3,813,160)	(9,967,072)	(1,780,314)	(5,372,137)
<b>Net interest income</b>		<b>4,953,165</b>	<b>13,798,194</b>	<b>3,980,849</b>	<b>10,436,407</b>
(Accrual)/reversal of allowance for expected credit losses on interest bearing assets	27	164,645	1,399,589	(4,197,262)	(9,613,646)
<b>Net interest income/ (expense) after (accrual)/reversal of allowance for expected credit losses on interest bearing assets</b>		<b>5,117,810</b>	<b>15,197,783</b>	<b>(216,413)</b>	<b>822,761</b>
Fee and commission income	6	3,092,434	8,728,834	2,453,072	6,456,065
Fee and commission expense	6	(1,339,120)	(3,651,597)	(704,870)	(2,388,269)
Dealing in foreign currencies, net		197,547	533,880	377,217	1,014,321
Translation differences, net		(23,033)	81,332	(2,867,331)	(3,786,305)
Net gain/(loss) on transactions with financial instruments at fair value through profit or loss	7	4,215,981	4,012,346	11,515,905	11,527,929
(Accrual)/reversal of allowance for expected credit losses on other financial assets and guarantees	27	(16,595)	183,148	(29,132)	(282,748)
(Accrual)/reversal of allowance for impairment losses on other non-financial assets		10,611	(12,910)	(31,034)	(28,347)
Gains/(losses) arising on initial recognition of financial assets at an interest rate higher or lower than the market rate		(10,518)	(43,366)	-	(28,339)
Net profit from transactions with debt financial instruments at fair value through other comprehensive income		-	-	330	903
Net gain/(loss) on modifications of financial assets		(5,370)	(222,189)	(463,622)	(597,773)
Other income		56,239	301,072	76,659	223,390
<b>Net non-interest income</b>		<b>6,178,176</b>	<b>9,910,550</b>	<b>10,327,194</b>	<b>12,110,827</b>
<b>Operating income/ (expenses)</b>		<b>11,295,986</b>	<b>25,108,333</b>	<b>10,110,781</b>	<b>12,933,588</b>
Personnel expenses	8	(1,721,259)	(5,221,026)	(1,818,643)	(6,187,706)
Depreciation and amortization	8	(505,502)	(1,437,207)	(461,800)	(1,391,951)
Other administrative and operational expenses	8	(1,414,714)	(3,962,433)	(1,053,866)	(2,996,420)
<b>Profit/(loss) from operating activities</b>		<b>7,654,511</b>	<b>14,487,667</b>	<b>6,776,472</b>	<b>2,357,511</b>
Profit/(loss) from derecognition of financial assets measured at amortised cost		1,215	6,757	339	4,372
<b>Profit/(loss) before tax</b>		<b>7,655,726</b>	<b>14,494,424</b>	<b>6,776,811</b>	<b>2,361,883</b>
Income tax (expense)/benefit		(319,768)	(319,695)	249	550
<b>Net profit/(loss) for the period</b>		<b>7,335,958</b>	<b>14,174,729</b>	<b>6,777,060</b>	<b>2,362,433</b>
<b>Attributable to:</b>					
Shareholder of the Bank		7,336,619	14,175,224	6,777,116	2,362,947
Non-controlling interest		(661)	(495)	(56)	(514)

Notes set out on pages 7 to 59 form the integral part of these interim condensed consolidated financial statements.

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

**INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023 (CONTINUED)**  
(in thousands of UAH)

Notes	For the three months ended 30 September 2023	For the nine months ended 30 September 2023	For the three months ended 30 September 2022	For the nine months ended 30 September 2022
Net profit/(loss) for the period	7,335,958	14,174,729	6,777,060	2,362,433
Other comprehensive income/ (expenses)				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Losses from impairment of fixed assets net of deferred income tax effect	-	-	(1)	(97,469)
Net profit/(loss) from revaluation of shares at fair value through other comprehensive income	(5,132)	88,325	61,786	23,334
<i>Items that will be reclassified subsequently to profit or loss</i>				
Exchange differences on translating a foreign operation to reporting currency	-	-	841	1,068
Net change in fair value of investments at fair value through other comprehensive income net of deferred income tax effect	10,823	(30,814)	(111,270)	(174,952)
Net revaluation reserve for investments at fair value through other comprehensive income reclassified to profit or loss	-	-	431	1,188
Other comprehensive income/ (expenses)	<u>5,691</u>	<u>57,511</u>	<u>(48,213)</u>	<u>(246,831)</u>
Total comprehensive income/ (expenses) for the period	<u><u>7,341,649</u></u>	<u><u>14,232,240</u></u>	<u><u>6,728,847</u></u>	<u><u>2,115,602</u></u>
Attributable to:				
Shareholder of the Bank	7,342,310	14,232,735	6,728,903	2,116,116
Non-controlling interest	(661)	(495)	(56)	(514)

On behalf of the Management Board:

  
S.V. Naumov  
Chairman of the Management Board



21 November 2023

  
M.S. Demkovych,  
Acting Chief Accountant

21 November 2023

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

Translation from Ukrainian original

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

**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2023  
(in thousands of UAH)**

	Notes	30 September 2023	31 December 2022
<b>Assets</b>			
Cash and cash equivalents	11	62,486,948	28,376,712
Loans to customers	12	83,035,062	83,215,595
Investments	13	153,453,965	143,398,851
Investment property		626,789	626,789
Fixed assets		8,256,340	6,521,344
Intangible assets		2,438,423	2,106,476
Income tax prepaid		182,394	470,943
Other financial assets	14	1,134,803	1,319,773
Other non-financial assets	14	3,146,810	3,237,587
<b>Total assets</b>		<b>314,761,534</b>	<b>269,274,070</b>
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Due to banks	15	236,568	543,326
Customer accounts	16	268,857,454	233,940,309
Eurobonds issued	17	2,763,698	6,041,534
Other borrowed funds	18	3,646,528	2,676,153
Provisions	19	857,484	1,179,977
Other financial liabilities	19	561,791	606,965
Other non-financial liabilities	19	1,265,122	1,290,000
Deferred income tax liabilities	9	117,116	97,833
Subordinated debt	20	233,943	716,442
<b>Total liabilities</b>		<b>278,539,704</b>	<b>247,092,539</b>
<b>Equity</b>			
Share capital	21	49,724,980	49,724,980
Property revaluation reserve		1,473,046	1,473,482
Revaluation reserve for financial assets at fair value through other comprehensive income		30,080	60,894
Revaluation reserve for investments in equity instruments at fair value through other comprehensive income		772,926	684,601
Cumulative foreign exchange differences		2,537	2,537
Accumulated deficit		(15,794,027)	(29,777,746)
Non-controlling interest		12,288	12,783
<b>Total equity</b>		<b>36,221,830</b>	<b>22,181,531</b>
<b>Total liabilities and equity</b>		<b>314,761,534</b>	<b>269,274,070</b>

On behalf of the Management Board:

  
S.V. Naumov  
Chairman of the Management Board

21 November 2023



M.S. Demkovich,  
Acting Chief Accountant

21 November 2023

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

Notes set out on pages 7 to 59 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 CHANGES IN EQUITY  
 FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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
<b>1 January 2022</b>		<b>49,724,980</b>	<b>1,564,504</b>	<b>146,089</b>	<b>544,219</b>	<b>1,469</b>	<b>(30,106,919)</b>	<b>21,874,342</b>	<b>13,195</b>	<b>21,887,537</b>
Profit for the period		-	-	-	-	-	2 362 947	2 362 947	(514)	2 362 433
Other comprehensive income/(expenses) for the period, net of income tax		-	(97,469)	(173,764)	23,334	1,068	-	(246,831)	-	(246,831)
<b>Total comprehensive income/(expenses) for the period</b>		<b>-</b>	<b>(97,469)</b>	<b>(173,764)</b>	<b>23,334</b>	<b>1,068</b>	<b>2,362,947</b>	<b>2,116,116</b>	<b>(514)</b>	<b>2,115,602</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		-	(4,833)	-	-	-	4,833	-	-	-
<b>30 September 2022</b>		<b>49,724,980</b>	<b>1,462,202</b>	<b>(27,675)</b>	<b>567,553</b>	<b>2,537</b>	<b>(28,057,256)</b>	<b>23,672,341</b>	<b>12,681</b>	<b>23,685,022</b>
<b>1 January 2023</b>		<b>49,724,980</b>	<b>1,473,482</b>	<b>60,894</b>	<b>684,601</b>	<b>2,537</b>	<b>(29,777,746)</b>	<b>22,168,748</b>	<b>12,783</b>	<b>22,181,531</b>
Profit for the period		-	-	-	-	-	14,175,224	14,175,224	(495)	14,174,729
Other comprehensive income/(expenses) for the period, net of income tax		-	-	(30,814)	88,325	-	-	57,511	-	57,511
<b>Total comprehensive income/(expenses) for the period</b>		<b>-</b>	<b>-</b>	<b>(30,814)</b>	<b>88,325</b>	<b>-</b>	<b>14,175,224</b>	<b>14,232,735</b>	<b>(495)</b>	<b>14,232,240</b>
Payment of the profit share based on the financial result for the year	21	-	-	-	-	-	(191,941)	(191,941)	-	(191,941)
Disposal of premises revaluation reserve		-	(436)	-	-	-	436	-	-	-
<b>30 September 2023</b>		<b>49,724,980</b>	<b>1,473,046</b>	<b>30,080</b>	<b>772,926</b>	<b>2,537</b>	<b>(15,794,027)</b>	<b>36,209,542</b>	<b>12,288</b>	<b>36,221,830</b>

On behalf of the Management Board:

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

21 November 2023

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

  
**M.S. Demkovich,**  
 Acting Chief Accountant

21 November 2023

Notes set out on pages 7 to 59 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 NINE MONTHS ENDED 30 SEPTEMBER 2023  
(in thousands of UAH)**

	Notes	For the nine months ended 30 September 2023	For the nine months ended 30 September 2022
<b>Cash flows from operating activities</b>			
Interest received		20,703,890	12,167,723
Interest paid		(9,705,200)	(5,565,028)
Fees and commissions received		8,713,610	6,465,067
Fees and commissions paid		(3,650,765)	(2,388,269)
Foreign currency transactions		533,880	1,014,321
Other income		176,378	62,342
Staff costs paid		(5,274,144)	(6,118,136)
Operating expenses paid		(4,017,626)	(2,814,859)
<b>Cash flow from operating activities before changes in operating assets and liabilities</b>		<b>7,480,023</b>	<b>2,823,161</b>
<b>Changes in operating assets and liabilities</b>			
<i>Decrease/(increase) in operating assets</i>			
Loans to customers		966,531	(11,524,484)
Other financial assets		304,161	21,266
Other non-financial assets		(218,736)	25,031
<i>Increase/(decrease) in operating liabilities</i>			
Due to banks		(308,087)	(7,517,033)
Customer accounts		34,784,601	3,715,203
Other financial liabilities		74,226	(30,343)
Other non-financial liabilities		71,596	20,925
<b>Net cash proceeds/(outflow) from operating activities before income tax</b>		<b>43,154,315</b>	<b>(12,466,274)</b>
Income tax (paid)/benefit		(30,688)	(55,268)
<b>Net cash proceeds/(outflow) from operating activities</b>		<b>43,123,627</b>	<b>(12,521,542)</b>
<b>Cash flows from investing activities</b>			
Acquisition of investments		(3,285,488,274)	(2,695,103,171)
Proceeds on sale and redemption of investments		3,282,584,027	2,716,639,486
Purchase of fixed assets		(2,445,931)	(1,596,365)
Purchase of intangible assets		(618,837)	(158,098)
Proceeds from sale of fixed assets		4,057	8,771
<b>Net cash proceeds/(outflow) from investing activities</b>		<b>(5,964,958)</b>	<b>19,790,623</b>
<b>Cash flows from financing activities</b>			
Proceeds of other borrowed funds	18	1,757,000	–
Payment of the profit share based on the financial result for the year	21	(191,941)	(318,117)
Proceeds of other borrowed funds	18	(773,896)	(1,009,962)
Repayment of Eurobonds issued	17	(3,108,331)	(3,949,410)
Repayment of subordinated debt	20	(457,108)	(356,201)
Repayment of lease liabilities	19	(138,252)	(116,137)
<b>Net cash proceeds/(outflow) from financing activities</b>		<b>(2,912,528)</b>	<b>(5,749,827)</b>
<b>Net increase/ (decrease) in cash and cash equivalents before the effect of exchange rates changes</b>		<b>34,246,141</b>	<b>1,519,254</b>

Notes set out on pages 7 to 59 form the integral part of these interim condensed consolidated financial statements.

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**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023 (CONTINUED)**  
*(in thousands of UAH)*

	Notes	For the nine months ended 30 September 2023	For the nine months ended 30 September 2022
Effect of exchange rates changes on cash and cash equivalents		(128,636)	3,279,038
Cash on hand located in the temporarily occupied territories		-	(133,800)
Effect of change in expected credit losses on cash and cash equivalents		(7,269)	(10,236)
<b>Net increase/(decrease) of cash and cash equivalents</b>		<b>34,110,236</b>	<b>4,654,256</b>
Cash and cash equivalents, at the beginning of the period		28,376,712	19,001,319
<b>Cash and cash equivalents, at the end of the period</b>	11	<b>62,486,948</b>	<b>23,655,575</b>

On behalf of the Management Board:

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

21 November 2023



  
**M.S. Demkovych,**  
**Acting Chief Accountant**

21 November 2023

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



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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023  
(in thousands of UAH)**

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**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 30 September 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 licences from the National Securities and Stock Market Commission (the "NSSMC") to carry out professional activities in the capital markets for trading in financial instruments, which include portfolio management, sub-brokerage, brokerage, placement without providing a guarantee, and trading in financial instruments. The Bank also has licences from the NSSMC to carry out depository activities as a depository institution, custody of assets of collective investment institutions, and custody of assets of pension funds.

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 PJSC “Home Loans Refinancing Agency” (hereinafter – “the Group”):

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

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023  
(in thousands of UAH)**

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PrJSC “Home Loans Refinancing Agency” (hereinafter – PrJSC “HLRA”) was established on 17 February 2012. The primary activity of the company is refinancing mortgage loans through the issue of mortgage securities.

On 30 November 2022, the Bank's supervisory board made a decision to put on the General Meeting of Shareholders of PrJSC “HLRA” agenda's the following: PrJSC “HLRA” liquidation, the election of a liquidation commission, approval of the order and terms of liquidation, and the order of distribution among shareholders of the property remaining after the satisfaction of creditors' demands. By this decision, the Bank's management board was empowered to make decisions and take all necessary actions on liquidation of the company. On 4 April 2023, the Bank's management board approved the proposals of PrJSC “HLRA” regarding the draft agenda of the Annual General Meeting of PrJSC “HLRA” and the plan of measures for the liquidation of PrJSC “HLRA”. 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. A liquidation commission was elected from among the Bank's representatives, to which the powers of the supervisory board and the board of PrJSC “HLRA” were transferred, and the liquidation process was started.

These interim condensed consolidated financial statements were approved by the Management Board on 21 November 2023.

## **2. OPERATING ENVIRONMENT**

Despite the ongoing full-scale hostilities and high risks to energy and food security, the Ukrainian economy is experiencing a gradual recovery in production, new supply chains, lower growth in raw material and energy costs, improved inflation and exchange rate expectations, and stable domestic demand. Updated forecasts by international experts, including the IMF, show a positive assessment of the prospects for the Ukrainian economy's recovery.

International financial and humanitarian assistance plays an important role in stabilising the economy. Continued support for Ukraine directly depends on global macroeconomic stability given the growing geopolitical risks and escalating international conflicts.

Since the beginning of the year, inflation has been declining rapidly (compared to the same month of the previous year), from 26.6% at the beginning of the year to 7.1% in September. The slowdown in inflation was driven by a greater supply of food, including newly harvested vegetables and fruits, and better harvests of grain and oilseeds. These factors, in the context of export restrictions, influenced the price of both raw and processed food.

In the third quarter of 2023, the NBU cut the key policy rate by 5 pp to 20% per annum, taking into account price dynamics, the stable foreign exchange market, and the continued attractiveness of hryvnia savings. This softening of monetary conditions by the NBU is intended to promote economic recovery and revive lending.

The NBU's proactive monetary policy, a noticeable improvement in inflation and exchange rate expectations of businesses and households, and the stability of the foreign exchange market have created the conditions for a transition to a regime of managed exchange rate flexibility while maintaining strict control over hryvnia devaluation by the NBU. This measure is aimed at strengthening the economy's adaptability during martial law and the post-war reconstruction period.

The banking system's profits continued to grow in the third quarter. Public sector banks generated the bulk of the total financial result. The credit risk of the Ukrainian banking sector remains high due to the suspension of operations of some businesses, destruction/damage to production facilities, transport infrastructure and collateral, and a decline in borrowers' creditworthiness.

Lending to the corporate sector continues mainly under the government support programme "Affordable Loans 5-7-9%". Loans granted under the programme continue to form about a third of the gross hryvnia portfolio of business loans. The volume of the net retail loan portfolio in hryvnia increased due to the resumption of card lending. Mortgage lending volumes exceeded repayments and grew due to the granting of loans under the eOselya programme.

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(in thousands of UAH)**

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The increase in solvent banks' liabilities in the third quarter of 2023 was driven by an increase in business funds, which accounted for almost half of the liabilities structure. The amount of hryvnia deposits of individuals has grown mainly due to inflows to current accounts. At the same time, changes in the NBU's monetary policy continued to influence the increase in the volume of term deposits of individuals in the national currency.

Through the placement of military domestic government bonds in the primary market, the Government of Ukraine borrowed UAH 277.8 billion, USD 2.53 billion, and EUR 0.5 billion in the first three quarters of 2023. USD 2.53 billion and EUR 0.71 billion. The Government's borrowings exceeded its repayments by UAH 105.7 billion in equivalent: UAH 179.0 billion, USD 2.47 billion, and EUR 0.71 billion were allocated for repayments on domestic debt securities during this period. USD 2.47 billion and EUR 0.59 billion. The largest volume of military government bonds is concentrated in the hands of primary dealer banks, while the second largest portfolio is held by individuals and businesses. The volume of these bonds held by non-residents has increased more than 5 times since the beginning of the year.

In the third quarter of 2023, international reserves reached USD 39.7 billion. The dynamics of international reserves are determined by the Government's receipts from partner countries and international organisations and payments to repay public debt, the NBU's operations in the Ukrainian foreign exchange market, and changes in the market value of financial instruments.

On 8 September 2023, Standard & Poor's affirmed Ukraine's long-term foreign and local currency sovereign ratings at 'CCC/CCC+' and its short-term foreign and local currency sovereign ratings at 'C/C'. The outlook is negative. Ukraine's national scale rating has been affirmed at uaBB.

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 8.5, 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)).

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.

#### **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

*Translation from Ukrainian original*  
**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023  
(in thousands of UAH)**

---

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.

***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 compiled taking into account 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;
- the loan portfolio of retail business will show upward trends; the loan portfolio of legal entities will focus on lending to critical sectors of the economy and agricultural enterprises, including through monetary support of government programmes;
- the upward trend in fee and commission income will continue despite the martial law and occupation of part of the country's territory. The Bank takes a balanced approach to setting tariffs for banking commission services;
- 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 forecast 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 82 million in equivalent (USD 89 million including interest) of external borrowings.

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.

*Translation from Ukrainian original*  
**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023  
(in thousands of UAH)**

---

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.

#### ***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>30 September 2023</u>	<u>31 December 2022</u>
UAH/USD 1	36.5686	36.5686
UAH/EUR 1	38.5543	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 30 September 2023, buildings and office premises owned by the Group were not revalued. According to management estimates during 6 months ended 30 September 2023 market value of real estate property has

*Translation from Ukrainian original*  
**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023  
(in thousands of UAH)**

---

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.

***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 30 September 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 3.04% and 4.19%, 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.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023  
(in thousands of UAH)**

---

**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.

**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.

*Translation from Ukrainian original*  
**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023  
(in thousands of UAH)**

**5. NET INTEREST INCOME**

Net interest income is presented as follows:

	<b>For the nine months ended 30 September 2023</b>	<b>For the nine months ended 30 September 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	10,332,403	5,445,412
interest on loans to customers	9,641,708	7,363,761
interest on due from banks	567,132	31,773
other interest income	-	543
<b>Interest income on financial assets measured at fair value through other comprehensive income</b>		
interest on investments	382,791	336,710
<b>Total interest income, calculated using effective interest method</b>	<b>20,924,034</b>	<b>13,178,199</b>
<b>Interest income on financial assets measured at fair value through profit or loss</b>		
interest on investments	2,206,040	2,165,003
interest on loans to customers	635,192	465,342
<b>Total interest income</b>	<b>23,765,266</b>	<b>15,808,544</b>
<b>Interest expense comprises:</b>		
<b>Interest expense on financial liabilities measured at amortised cost</b>		
interest on customer accounts	(9,515,439)	(4,414,516)
interest on Eurobonds issued (Note 17)	(293,515)	(496,554)
interest on other borrowed funds (Note 18)	(82,679)	(74,953)
interest on subordinated debt (Note 20)	(36,947)	(43,115)
interest on funds due to banks	-	(308,595)
<b>Other interest expense</b>		
Interest on lease liabilities (Note 19)	(38,492)	(34,404)
<b>Total interest expense</b>	<b>(9,967,072)</b>	<b>(5,372,137)</b>
<b>Net interest income</b>	<b>13,798,194</b>	<b>10,436,407</b>



*Translation from Ukrainian original*  
**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 nine months ended 30 September 2023</b>	<b>For the nine months ended 30 September 2022</b>
<b>Fee and commission income:</b>		
Payment card transactions	6,045,293	4,373,039
Cash and settlement transactions	2,188,452	1,771,542
Foreign currency transactions	185,351	99,520
Loan servicing to customers	114,903	67,791
Off-balance sheet operations	44,753	35,085
Transactions with securities	3,573	2,185
Other	146,509	106,903
<b>Total fee and commission income</b>	<b>8,728,834</b>	<b>6,456,065</b>
<b>Fee and commission expense:</b>		
Payment card transactions	(3,474,553)	(2,301,346)
Foreign currency transactions	(80,792)	(26,379)
Cash and settlement transactions	(68,784)	(40,401)
Off-balance sheet operations	(17,163)	(11,304)
Transactions with securities	(3,258)	(1,395)
Other	(7,047)	(7,444)
<b>Total fee and commission expense</b>	<b>(3,651,597)</b>	<b>(2,388,269)</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 nine months ended 30 September 2023</b>	<b>For the nine months ended 30 September 2022</b>
<i>Trading transactions, net:</i>		
Investments	990	142
<i>Change in fair value:</i>		
Investments	4,726,704	12,852,725
Loans to customers	(715,348)	(1,324,938)
<b>Total net gain/(loss) on transactions with financial instruments at fair value through profit or loss</b>	<b>4,012,346</b>	<b>11,527,929</b>

*Translation from Ukrainian original*  
**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023  
(in thousands of UAH)**

**8. OPERATING EXPENSES**

Operating expenses are presented as follows:

	<b>For the nine months ended 30 September 2023</b>	<b>For the nine months ended 30 September 2022</b>
<b>Personnel expenses</b>		
Salary and bonuses	3,772,093	3,797,477
Social security costs	900,764	1,058,772
Other short-term employee payments	547,483	1,331,021
Other employee expense	686	436
<b>Total personnel expenses</b>	<b>5,221,026</b>	<b>6,187,706</b>
<b>Depreciation and amortization</b>		
Depreciation of fixed assets (without of right-of-use assets)	994,281	990,693
Amortization of intangible assets	300,470	251,258
Depreciation of right-of-use assets	142,456	150,000
<b>Total depreciation and amortization</b>	<b>1,437,207</b>	<b>1,391,951</b>
<b>Other administrative and operational expenses</b>		
Fixed assets maintenance	1,489,610	975,340
Deductions to the Individual Deposit Guarantee Fund	756,196	321,202
Communication services	306,640	288,962
Utilities	160,904	222,262
Taxes other than income tax	140,035	112,917
Office maintenance	123,910	73,829
Fuel expenses	120,043	109,669
Leases	91,851	72,403
Professional services	76,464	41,983
Security	56,063	53,699
Advertising costs	30,486	15,964
Insurance	17,328	26,041
Business trip expenses	10,560	6,269
Impairment of fixed assets	-	207,880
Impairment of investment property	-	5,605
Other expenses	582,343	462,395
<b>Total other administrative and operational expenses</b>	<b>3,962,433</b>	<b>2,996,420</b>
<b>Total operating expenses</b>	<b>10,620,666</b>	<b>10,576,077</b>

**9. INCOME TAX**

The Bank 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:

	<b>For the nine months ended 30 September 2023</b>	<b>For the nine months ended 30 September 2022</b>
<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	(503)	552
Tax effect of property revaluation reserve change	-	22,109
Tax effect on revaluation reserve of securities measured at fair value through other comprehensive income	(18,780)	50,950
<b>At the end of the period</b>	<b>(117,116)</b>	<b>(100,093)</b>

*Translation from Ukrainian original*  
**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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>30 September 2023</b>	<b>31 December 2022</b>
Correspondent accounts	26,137,698	12,911,000
Less: allowance for expected credit losses	(28,587)	(21,420)
<i>Total correspondent accounts</i>	<i>26,109,111</i>	<i>12,889,580</i>
Cash on hand	11,645,617	11,974,282
Balances with the National Bank of Ukraine	24,732,220	3,512,850
<b>Total cash and cash equivalents</b>	<b>62,486,948</b>	<b>28,376,712</b>

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

As at 30 September 2023, cash on hand in the amount of UAH 91,907 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 30 September 2023, corresponding accounts including cash and cash equivalents in the amount of UAH 16,996,793 thousand (27.19%) were placed in three 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.

*Translation from Ukrainian original*  
**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023  
(in thousands of UAH)**

**12. LOANS TO CUSTOMERS**

	<b>30 September 2023</b>	<b>31 December 2022</b>
Loans to customers measured at amortised cost	82,709,562	82,734,176
Loans to customers measured at fair value through profit or loss (Note 24)	325,500	481,419
<b>Total loans to customers</b>	<b>83,035,062</b>	<b>83,215,595</b>
<b>Loans measured at amortised cost</b>		
<b>Loans to legal entities:</b>		
Loans to corporate entities	81,474,664	81,210,567
Less: allowance for expected credit losses	(19,401,458)	(19,793,660)
<b>Total loans to corporate entities</b>	<b>62,073,206</b>	<b>61,416,907</b>
Loans to state and municipal authorities	7,635,856	10,094,679
Less: allowance for expected credit losses	(181,076)	(253,599)
<b>Total state and municipal authorities</b>	<b>7,454,780</b>	<b>9,841,080</b>
Mortgage loans	798	1,543
<b>Total mortgage loans</b>	<b>798</b>	<b>1,543</b>
<b>Loans to individuals:</b>		
Mortgage loans	5,322,220	3,683,923
Less: allowance for expected credit losses	(773,634)	(772,268)
<b>Total mortgage loans</b>	<b>4,548,586</b>	<b>2,911,655</b>
Other loans	12,472,767	12,646,782
Less: allowance for expected credit losses	(3,840,575)	(4,083,791)
<b>Total other loans</b>	<b>8,632,192</b>	<b>8,562,991</b>
<b>Total loans measured at amortised cost</b>	<b>82,709,562</b>	<b>82,734,176</b>
<b>Loans to customers measured at fair value through profit or loss</b>		
Loans to corporate entities	325,500	481,419
<b>Total loans measured at fair value through profit or loss</b>	<b>325,500</b>	<b>481,419</b>

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

As at 30 September 2023, loans with gross carrying amount of UAH 46,388,624 thousand (43%) (31 December 2022: UAH 46,793,095 thousand (43%)), were granted to ten borrowers, which represents a significant concentration.

*Translation from Ukrainian original*  
**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023  
(in thousands of UAH)**

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

	30 September 2023		31 December 2022	
<b>Analysis by economic sectors</b>	Gross carrying value	Allowance for ECL	Gross carrying value	Allowance for ECL
Energy	19,734,949	(4,389,404)	20,627,849	(4,680,409)
Individuals	17,794,987	(4,614,209)	16,330,705	(4,856,059)
Agriculture	14,653,759	(2,056,892)	14,227,669	(1,966,173)
Oil, gas and chemical production	12,122,084	(433,866)	12,180,124	(497,880)
Construction and real estate	9,681,369	(5,561,017)	9,798,994	(5,420,767)
Trade	9,131,984	(1,476,608)	9,669,016	(1,636,751)
Food and beverage manufacturing and processing	6,296,565	(2,127,378)	6,679,837	(2,384,681)
Road construction and maintenance	5,729,627	(159,772)	6,100,301	(188,851)
Mining and metallurgy	5,211,878	(2,812,303)	4,892,472	(2,719,830)
Municipal authorities	1,906,229	(21,304)	3,994,378	(64,748)
Industrial and consumer goods manufacturing	1,260,989	(88,928)	1,064,339	(103,182)
Financial services	1,216,167	5,082	66,522	10,064
Services	1,046,004	(333,968)	895,916	(264,892)
Transport	748,106	(56,288)	1,138,665	(53,638)
Engineering	340,565	(46,471)	171,083	(49,704)
Press and publishing	48,779	(803)	41,631	(4,783)
Media and communications	15,902	(1,830)	15,025	(1,844)
Other	291,862	(20,784)	224,387	(19,190)
<b>Total loans to customers</b>	<b>107,231,805</b>	<b>(24,196,743)</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 30 September 2023, such assets in the amount of UAH 727,419 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:

	30 September 2023	31 December 2022
Mortgage loans	5,322,220	3,683,923
Other loans:		
Payment card loans	4,999,258	5,558,342
Car loans	4,627,407	4,209,385
Consumer loans secured by real estate and guarantees	1,323,810	1,344,085
Other consumer loans	1,522,292	1,534,970
	<b>17,794,987</b>	<b>16,330,705</b>
Less: allowance for impairment losses	(4,614,209)	(4,856,059)
<b>Total loans to individuals</b>	<b>13,180,778</b>	<b>11,474,646</b>

In October 2022, the Bank became a participant in the new state programme of affordable mortgage lending "eOselya" initiated by the President of Ukraine (Note 18). During the three quarters of 2023, the Group issued 1,283 loans in the amount of UAH 1,885,421 thousand. (During 2022, the Group issued 340 loans in the amount of UAH 462,388 thousand). As at 30 September 2023, the gross carrying value of these loans amounted to UAH 1,858,730 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 NINE MONTHS ENDED 30 SEPTEMBER 2023  
(in thousands of UAH)**

**13. INVESTMENTS**

	30 September 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	-	-	8,166,216	197	-	18,282,939
Medium-term Ukrainian government debt securities	52,212	6,052,676	50,881,430	3,236	6,094,568	28,765,399
Long-term Ukrainian government debt securities	56,291,622	2,070,575	5,783,790	54,575,386	2,006,502	5,779,243
Allowance for expected credit losses	-	-	(710,026)	-	-	(475,453)
<b>Total Ukrainian government debt securities</b>	<b>56,343,834</b>	<b>8,123,251</b>	<b>64,121,410</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	-	-	898,442	-	-	853,700
Allowance for expected credit losses	-	-	(28,024)	-	-	(10,699)
<b>Total corporate debt securities</b>	<b>-</b>	<b>-</b>	<b>870,418</b>	<b>-</b>	<b>-</b>	<b>883,864</b>
<b>Other debt securities:</b>						
Debt commitments of the NBU	-	-	22,959,215	-	-	26,533,398
Bonds issued by local government authorities	-	-	230,791	-	-	232,834
Allowance for expected credit losses	-	-	(2,194)	-	-	(2,177)
<b>Total other debt securities</b>	<b>-</b>	<b>-</b>	<b>23,187,812</b>	<b>-</b>	<b>-</b>	<b>26,764,055</b>
<b>Total debt securities</b>	<b>56,343,834</b>	<b>8,123,251</b>	<b>88,179,640</b>	<b>54,578,819</b>	<b>8,101,070</b>	<b>80,000,047</b>
<b>Equity securities:</b>						
Corporate shares	-	807,240	-	-	718,915	-
<b>Total equity securities</b>	<b>-</b>	<b>807,240</b>	<b>-</b>	<b>-</b>	<b>718,915</b>	<b>-</b>
<b>Total investments</b>	<b>56,343,834</b>	<b>8,930,491</b>	<b>88,179,640</b>	<b>54,578,819</b>	<b>8,819,985</b>	<b>80,000,047</b>

*Translation from Ukrainian original*  
**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023  
(in thousands of UAH)**

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

As at 30 September 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 15,507,301 thousand (31 December 2022: UAH 13,181,984 thousand).

As at 30 September 2023, Ukrainian state debt securities carried at amortized cost with a carrying amount of UAH 5,866,143 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>30 September 2023</b>	<b>31 December 2022</b>
<b>Other financial assets:</b>		
Restricted cash and cash equivalents	602,382	963,783
Less: allowance for expected credit losses	(91,915)	(106,917)
<b>Total restricted cash and cash equivalents</b>	<b>510,467</b>	<b>856,866</b>
Settlements with money transfer systems	66,820	310,114
Income accrued	308,183	268,985
Other receivables	388,782	27,357
Fair value of spot foreign currency transactions	718	-
Less: allowance for expected credit losses	(140,167)	(143,549)
<b>Total accounts receivable for transactions and other receivables</b>	<b>624,336</b>	<b>462,907</b>
<b>Total other financial assets</b>	<b>1,134,803</b>	<b>1,319,773</b>
<b>Other non-financial assets:</b>		
Collateral repossessed by the Group	727,419	682,856
Prepayments:		
Prepayments for purchase of assets	1,210,587	1,536,155
Deferred expenses	893,412	748,878
Prepaid services	101,213	144,325
Less: allowance for expected credit losses	(88,634)	(80,152)
<b>Total prepayments</b>	<b>2,116,578</b>	<b>2,349,206</b>
Inventories	255,631	162,281
Precious metals	23,969	29,415
Miscellaneous assets:		
Receivables from employees and third parties	36,754	33,222
Obligatory payments	22,204	13,319
Other	507	5
Less: allowance for expected credit losses	(36,525)	(33,016)
<b>Total miscellaneous assets</b>	<b>22,940</b>	<b>13,530</b>
Receivables on taxes other than income tax		
Receivables on value added tax (VAT)	273	299
<b>Total receivables on taxes other than income tax</b>	<b>273</b>	<b>299</b>
<b>Total other non-financial assets</b>	<b>3,146,810</b>	<b>3,237,587</b>

*Translation from Ukrainian original*  
**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023  
(in thousands of UAH)**

Restricted cash and cash equivalents as at 30 September 2023 are represented by balances on escrow accounts with the National Bank of Ukraine in the amount of UAH 434,292 thousand (31 December 2022: UAH 786,801 thousand) and cash on hand in the amount of UAH 91,907 thousand (31 December 2022: UAH 106,909 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.

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

During the three quarters of 2023, the Group sold repossessed assets with a carrying value of UAH 80,402 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>30 September 2023</b>	<b>31 December 2022</b>
Correspondent accounts of other banks	236,568	543,326
<b>Total due to banks</b>	<b>236,568</b>	<b>543,326</b>

**16. CUSTOMER ACCOUNTS**

Customer accounts comprise:

	<b>30 September 2023</b>	<b>31 December 2022</b>
Term deposits:		
Balances on term deposits from customers	100,153,200	78,928,950
Balances on other deposits from customers	2,501,487	2,507,162
Demand accounts:		
Balances on current accounts from customers	161,869,465	150,677,669
Balances on demand deposits from customers	4,333,302	1,826,528
<b>Total customer accounts</b>	<b>268,857,454</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 30 September 2023, total balances on accounts of top ten customers amounted to UAH 31,678,090 thousand which represented 12% of total customer balances (31 December 2022: UAH 15,463,883 thousand, which represented 7%). As at 30 September 2023, total balance on accounts of one largest customer comprised 4% of total balances on customers' accounts (31 December 2022: 1%).



*Translation from Ukrainian original*  
**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023  
(in thousands of UAH)**

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

	<b>30 September 2023</b>	<b>31 December 2022</b>
<b>Analysis by sector of economy:</b>		
Individuals	180,474,080	168,637,281
Energy	12,593,756	14,628,762
Oil, gas and chemical production	11,189,896	1,073,826
Agriculture	10,302,041	7,830,821
Trade	8,711,853	8,786,690
Services	7,153,514	5,481,932
Transport	6,670,847	2,494,109
State authorities and local governments	5,423,722	3,981,625
Construction and real estate	4,651,718	4,047,533
Financial services	4,362,154	2,631,779
Media and communications	3,734,257	1,794,974
Engineering	1,968,493	2,426,258
Industrial and consumer goods manufacturing	1,403,936	1,332,156
Food and beverage manufacturing and processing	1,355,676	1,391,742
Mining and metallurgy	1,246,533	779,598
Press and publishing	95,901	70,144
Other	7,519,077	6,551,079
<b>Total customer accounts</b>	<b>268,857,454</b>	<b>233,940,309</b>

As at 30 September 2023, included in customer accounts are deposits in the amount of UAH 224,653 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 30 September 2023 amount of provisions for liabilities to customers comprised UAH 270,609 thousand (31 December 2022: UAH 271,909 thousand) (Note 19).

## 17. EUROBONDS ISSUED

Eurobonds issued are presented as follows:

Currency	Maturity	30 September 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
	March 2024–			March 2023 –		
USD	March 2025	9.625	2,763,698	March 2025	9.625	4,722,347
<b>Total Eurobonds issued</b>			<b>2,763,698</b>			<b>6,041,534</b>

Changes within the Eurobonds issued are presented as follows:

	<b>For the nine months ended 30 September 2023</b>	<b>For the nine months ended 30 September 2022</b>
<b>At the beginning of the period</b>	<b>6,041,534</b>	<b>7,908,096</b>
Interest expense (Note 5)	293,515	496,554
Interest paid	(463,020)	(782,451)
Repayment on Eurobonds	(3,108,331)	(3,949,410)
Effect of changes in the foreign exchange rates	-	2,236,839
<b>At the end of the period</b>	<b>2,763,698</b>	<b>5,909,628</b>

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

*Translation from Ukrainian original*  
**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023  
(in thousands of UAH)**

and 18 September 2023, the Group made repayments of USD 25,000 thousand each (a total of UAH 1,828,430 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 and 8 September 2022, the Group made repayments of USD 35,000 thousand each (a total of UAH 2,303,823 thousand as of the maturity date) of Eurobonds issued in March and July 2011. On 17 March and 16 September 2022, the Group made repayments of USD 25,000 thousand each (a total of UAH 1,645,587 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:

	30 September 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	December 2023 – December 2024	4.26	551,488	June 2023 – December 2024	4.26	735,205
Loans from the European Investment Bank	EUR	March 2024 – September 2024	4.43	364,587	March 2023 – September 2024	4.43	744,944
Loans from the European Investment Bank	EUR	January 2024- July 2025	3.91	428,092	January 2023- July 2025	3.91	655,139
Loans from the PrJSC "Ukrainian Financial Housing Company"	UAH	January 2024- October 2043	3.00	2,302,361	October 2023- October 2043	3.00	540,865
<b>Total other borrowed funds</b>				<b>3,646,528</b>			<b>2,676,153</b>

Changes in other borrowed funds are presented as follows:

	For the nine months ended 30 September 2023	For the nine months ended 30 September 2022
<b>At the beginning of the period</b>	<b>2,676,153</b>	<b>2,818,312</b>
Proceeds of other borrowed funds	1,757,000	–
Repayment of other borrowed funds	(773,896)	(1,009,962)
Interest expense (Note 5)	82,679	74,953
Interest paid	(90,146)	(91,903)
Effect of changes in the foreign exchange rates	(5,262)	321,427
<b>At the end of the period</b>	<b>3,646,528</b>	<b>2,112,827</b>

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

On 4 October 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

*Translation from Ukrainian original*  
**JOINT STOCK COMPANY "STATE SAVINGS BANK OF UKRAINE"**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023  
(in thousands of UAH)**

Company" (hereinafter - "UFHC") concluded a non-revolving credit line agreement. As at 30 September 2023, debt securities measured at amortized cost with a carrying amount of UAH 5,866,143 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>30 September 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	550,845	380,902
Provisions for financial guarantee contracts	36,030	527,166
<b>Total provisions for expected credit losses for guarantees and other credit commitments</b>	<b>586,875</b>	<b>908,068</b>
<b>Other provisions:</b>		
Provisions for liabilities to customers	270,609	271,909
<b>Total other provisions</b>	<b>270,609</b>	<b>271,909</b>
<b>Total provisions</b>	<b>857,484</b>	<b>1,179,977</b>
<b>Other financial liabilities</b>		
Lease liabilities	351,900	392,712
Other accounts payable:		
Accrued expenses for cash operations	47,096	43,781
Accounts payable for other operations	83,890	11,156
Fair value of spot foreign currency transactions	528	-
<b>Total other accounts payable</b>	<b>131,514</b>	<b>54,937</b>
Accrued expenses	78,377	159,316
<b>Total other financial liabilities</b>	<b>561,791</b>	<b>606,965</b>
<b>Other non-financial liabilities</b>		
Taxes payable other than income tax:		
Value added tax payables	10,806	19,520
Accounts payable for other taxes and mandatory payments	142,963	107,715
<b>Total taxes payable other than income tax</b>	<b>153,769</b>	<b>127,235</b>
Advances received	111,600	83,052
Accounts payable for payments to banks employees:		
Provisions for unused vacations	678,512	673,934
Accrued bonuses and salaries	42,669	100,365
Other accounts payable for payments to banks employees	2,154	547
<b>Total accounts payable for payments to banks employees and advances receives</b>	<b>834,935</b>	<b>857,898</b>
Accounts payable on fees to the Individual Deposit Guarantee Fund	259,936	236,577
Other	16,482	68,290
<b>Total other non-financial liabilities</b>	<b>1,265,122</b>	<b>1,290,000</b>
<b>Total other liabilities</b>	<b>2,684,397</b>	<b>3,076,942</b>

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 in the event of receipt of all information to identify the customer, as required by current legislation of Ukraine (Note 16).

*Translation from Ukrainian original*  
**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023  
(in thousands of UAH)**

Movement in lease liabilities is presented as follows:

	<b>For the nine months ended 30 September 2023</b>	<b>For the nine months ended 30 September 2022</b>
<b>At the beginning of the period</b>	<b>392,712</b>	<b>428,638</b>
Liabilities recognition	94,407	89,336
Interest accrual (Note 5)	38,492	34,404
Interest paid	(35,459)	(33,341)
Liabilities repayments	(138,252)	(116,137)
<b>At the end of the period</b>	<b>351,900</b>	<b>402,900</b>

## 20. SUBORDINATED DEBT

Subordinated debt is presented as follows:

<b>Currency</b>	<b>Maturity of the principal</b>	<b>Interest rate, %</b>	<b>30 September 2023</b>	<b>Interest rate, %</b>	<b>31 December 2022</b>
USD	19 January 2024	12.70	233,943	10.19	716,442
<b>Total subordinated debt</b>			<b>233,943</b>		<b>716,442</b>

Changes in subordinated debt are presented as follows:

	<b>For the nine months ended 30 September 2023</b>	<b>For the nine months ended 30 September 2022</b>
<b>At the beginning of the period</b>	<b>716,442</b>	<b>878,960</b>
Interest expense (Note 5)	36,947	43,115
Interest paid	(62,338)	(57,129)
Repayment of subordinated debt	(457,108)	(356,201)
Effect of changes in the foreign exchange rates	-	189,731
<b>At the end of the period</b>	<b>233,943</b>	<b>698,476</b>

On 17 January and 17 July 2023, the Group repaid part of the subordinated debt in the amount of USD 6,250 thousand each, which together amounted to UAH 457,108 thousand at the maturity date. Along with the scheduled repayments of the principal, the Group also repaid accrued interest.

On 14 January and 15 July 2022, the Group repaid part of the subordinated debt in the amount of USD 6,250 thousand each, which together amounted to UAH 356,201 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.

## 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>30 September 2023</b>	42,649	49,472,840	49,724,980

As at 30 September 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.

*Translation from Ukrainian original*  
**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023  
(in thousands of UAH)**

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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 2023, based on the financial result of 2022, the Group paid out a portion of profit in the amount of UAH 191,941 thousand to the State Budget of Ukraine in accordance with 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 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 30 September 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 30 September 2023 and 31 December 2022, the nominal or contractual amounts were as follows:

	<b>30 September 2023</b>	<b>31 December 2022</b>
<b>Contingent financial liabilities and credit commitments</b>		
Irrevocable commitments on loans and unused credit lines	12,853,866	11,187,489
Financial guarantees issued and similar commitments	554,279	644,277
Letters of credit and other contingencies	87,765	742,190
<b>Total contingent financial liabilities and credit commitments</b>	<b>13,495,910</b>	<b>12,573,956</b>

As at 30 September 2023, non-financial guarantees amounted to UAH 211,123 thousand (31 December 2022: UAH 10,642 thousand).

As at 30 September 2023, provisions for contingent financial liabilities and credit commitments, including financial guarantees and other liabilities amounted to UAH 586,872 thousand (31 December 2022: UAH 908,068 thousand) (Notes 19, 27); provisions for non-financial guarantees amounted to UAH 3 thousand (31 December 2022: UAH 38 thousand).

As at 30 September 2023, guarantees issued and other liabilities were provided by cash deposits in the amount of UAH 224,653 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 30 September 2023, the total amount of such revocable commitments amounted to UAH 22,900,010 thousand (31 December 2022: UAH 16,574,045 thousand).

*Translation from Ukrainian original*  
**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023  
(in thousands of UAH)**

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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 30 September 2023, there were disputes in the courts for UAH 42,376 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 30 September 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 30 September 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 30 September 2023 and for the year then ended 31 December 2022.

## **23. RELATED PARTY TRANSACTIONS**

The Group's 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.

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 NINE MONTHS ENDED 30 SEPTEMBER 2023  
(in thousands of UAH)**

The Group’s balances with its related parties as at 30 September 2023 and 31 December 2022 are presented in the table below.

	30 September 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	–	25,006,564	25,006,564	<b>62,486,948</b>	–	3,806,255	3,806,255	<b>28,376,712</b>
Loans to customers	1,122	29,619,016	29,620,138	<b>83,035,062</b>	1,234	30,040,860	30,042,094	<b>83,215,595</b>
Investments	–	152,445,869	152,445,869	<b>153,453,965</b>	–	142,435,472	142,435,472	<b>143,398,851</b>
Other financial assets	–	434,392	434,392	<b>1,134,803</b>	–	786,901	786,901	<b>1,319,773</b>
<b>Liabilities</b>								
Due to banks	–	16,012	16,012	<b>236,568</b>	–	165,927	165,927	<b>543,326</b>
Customer accounts	73,509	35,957,270	36,030,779	<b>268,857,454</b>	61,702	17,334,714	17,396,416	<b>233,940,309</b>
Other borrowed funds	–	2,302,361	2,302,361	<b>3,646,528</b>	–	540,865	540,865	<b>2,676,153</b>
Other non-financial liabilities	6,258	–	6,258	<b>1,265,122</b>	4,383	–	4,383	<b>1,290,000</b>
Contingent liabilities and credit commitments, including allowance for expected credit losses	282	2,092,781	2,093,063	<b>36,607,046</b>	664	2,545,503	2,546,167	<b>29,158,681</b>

As at 30 September 2023, gross loans to customers and allowances for expected credit losses amounted to UAH 30,580,039 thousand (31 December 2022: UAH 31,089,927 thousand) and UAH (961,023) thousand (31 December 2022: UAH (1,049,067) thousand), respectively, for other related parties.

As at 30 September 2023, gross investment and allowance for expected credit losses amounted to UAH 153,183,920 thousand (31 December 2022: UAH 142,921,414 thousand) and UAH (738,051) 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 NINE MONTHS ENDED 30 SEPTEMBER 2023  
(in thousands of UAH)**

Included in the interim condensed consolidated statement of profit or loss and other comprehensive income for the nine months ended 30 September 2023 and 2022 were the following amounts which arose due to transactions with related parties:

	For the period ended 30 September 2023				For the period ended 30 September 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>Income and expense</b>								
Interest income	77	16,095,960	16,096,037	<b>23,765,266</b>	131	10,701,589	10,701,720	<b>15,808,544</b>
Interest expense	(1,423)	(1,829,761)	(1,831,184)	<b>(9,967,072)</b>	(504)	(1,436,878)	(1,437,382)	<b>(5,372,137)</b>
Fee and commission income	113	188,113	188,226	<b>8,728,834</b>	241	261,699	261,940	<b>6,456,065</b>
Fee and commission expense	-	(41,777)	(41,777)	<b>(3,651,597)</b>	-	(9,014)	(9,014)	<b>(2,388,269)</b>
Net gain/(loss) on transactions with financial instruments at fair value through profit or loss	-	4,727,694	4,727,694	<b>4,012,346</b>	-	12,852,867	12,852,867	<b>11,527,929</b>
Net profit/(loss) from transactions with debt financial instruments at fair value through other comprehensive income	-	-	-	-	-	(285)	(285)	<b>903</b>
(Accrual)/reversal of allowance for expected credit losses on interest bearing assets	-	(56,150)	(56,150)	<b>1,399,589</b>	-	(389,185)	(389,185)	<b>(9,613,646)</b>
Net gain/(loss) on modifications of financial assets	-	(136,912)	(136,912)	<b>(222,189)</b>	-	(53,209)	(53,209)	<b>(597,773)</b>
Other income	-	18,645	18,645	<b>301,072</b>	-	4,214	4,214	<b>223,390</b>
Personnel expenses	(81,237)	-	(81,237)	<b>(5,221,026)</b>	(126,127)	-	(126,127)	<b>(6,187,706)</b>
Other administrative and operational expenses	-	(853,377)	(853,377)	<b>(3,962,433)</b>	-	(544,151)	(544,151)	<b>(2,996,420)</b>
Key management personnel remuneration:	(78,527)	-	(78,527)	<b>(5,221,026)</b>	(126,981)	-	(126,981)	<b>(6,187,706)</b>
short-term employee benefits	(75,980)	-	(75,980)	-	(119,494)	-	(119,494)	-
social charges	(2,547)	-	(2,547)	-	(7,487)	-	(7,487)	-



Translation from Ukrainian original  
**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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: <ul style="list-style-type: none"> <li>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).</li> <li>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.</li> <li>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</li> </ul> </li> </ul>

Translation from Ukrainian original  
**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023  
(in thousands of UAH)**

Assets/Liabilities	Fair value hierarchy	Valuation techniques and key inputs
		<p>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 30 September 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 41.07 UAH/USD for 0.97 year time horizon to 86.74 UAH/USD for 8.39 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 30 September 2023, the volatility of the US dollar against the hryvnia was 19.65% (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 30 September 2023, the discount rate ranged from 17.66% per annum for the term of 2.08 years to 10.91% per annum for the period of 8.39 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> <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>
Real estate: <i>buildings</i>	3	<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 the income approach for office and retail properties in Kyiv and regional centers and the comparative approach for properties outside of regional centers.</p> <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>

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:

Translation from Ukrainian original  
**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023  
(in thousands of UAH)**

	Level 1	Level 2	Level 3	30 September 2023 Total
<b>Assets</b>				
<b>Investments at fair value through profit or loss:</b>				
Ukrainian government debt securities	–	52,212	56,291,622	<b>56,343,834</b>
<b>Investments at fair value through other comprehensive income:</b>				
Ukrainian government debt securities	–	8,123,251	–	<b>8,123,251</b>
Equity securities	777,575	–	29,665	<b>807,240</b>
<b>Loans measured at fair value through profit or loss</b>				
Loans measured at fair value through profit or loss	–	–	325,500	<b>325,500</b>
<b>Real estate:</b>				
construction in progress	–	–	6,612	<b>6,612</b>
buildings	–	–	4,399,767	<b>4,399,767</b>
<b>Investment property</b>	–	–	626,789	<b>626,789</b>
<b>Total</b>	<b>777,575</b>	<b>8,175,463</b>	<b>61,679,955</b>	<b>70,632,993</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	<b>54,578,819</b>
<b>Investments at fair value through other comprehensive income:</b>				
Ukrainian government debt securities	–	8,101,070	–	<b>8,101,070</b>
Equity securities	689,467	–	29,448	<b>718,915</b>
<b>Loans measured at fair value through profit or loss</b>				
Loans measured at fair value through profit or loss	–	–	481,419	<b>481,419</b>
<b>Real estate:</b>				
construction in progress	–	–	6,612	<b>6,612</b>
buildings	–	–	2,664,771	<b>2,664,771</b>
<b>Investment property</b>	–	–	626,789	<b>626,789</b>
<b>Total</b>	<b>689,467</b>	<b>8,104,503</b>	<b>58,384,425</b>	<b>67,178,395</b>

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**

<b>Debt securities</b>			
<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:	71,036
Interest income and dividends	–	Interest income and dividends	68,560
trading result	–	trading result	(285)
(accrual)/release of allowance for expected credit losses	–	(accrual)/release of allowance for expected credit losses	2,761
In other comprehensive income:	–	In other comprehensive income:	(27,198)
- net change in fair value of investments at FVOCI	–	- net change in fair value of investments at FVOCI	(27,198)
Coupon income collected	–	Coupon income collected	(56,354)
Sale	–	Sale	(70,434)
<b>30 September 2023</b>	<b>–</b>	<b>30 September 2022</b>	<b>465,680</b>

Translation from Ukrainian original  
**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023  
(in thousands of UAH)**

**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	2,397	dividends	1,989
In other comprehensive income:		In other comprehensive income:	
net change in fair value of investments at FVOCI	217	net change in fair value of investments at FVOCI	(1,177)
Dividend collection	(2,397)	Dividend collection	(1,989)
<b>30 September 2023</b>	<b>29,665</b>	<b>30 September 2022</b>	<b>28,557</b>

**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:		In profit or loss:	
interest income	6,931,616	interest income	15,014,743
net change in fair value	2,204,864	net change in fair value	2,161,898
Coupon income collected	4,726,752	Coupon income collected	12,852,845
Repayment	(1,237,065)	Repayment	(1,237,065)
	(3,978,315)		-
<b>30 September 2023</b>	<b>56,291,622</b>	<b>30 September 2022</b>	<b>56,563,781</b>

**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:		In profit or loss:	
interest income	(80,156)	interest income	(960,995)
net change in fair value	635,192	net change in fair value	465,342
result of modification	(715,348)	result of modification	(1,324,938)
Interest income collected	-	Interest income collected	(101,399)
Repayment	(75,763)	Repayment	(1,336)
	-		(5,000)
<b>30 September 2023</b>	<b>325,500</b>	<b>30 September 2022</b>	<b>1,070,630</b>

**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			
		30 September 2023		31 December 2022	
Forward USD/UAH exchange rate	+ 1% - 1%	528,702	(528,785)	502,652	(502,548)
Volatility of USD/UAH exchange rate	+1 p.p. -1 p.p.	6,402	(5,149)	13,013	(10,921)
Discount rate	+1 p.p. -1 p.p.	(1,265,382)	1,328,975	(1,424,176)	1,495,527

*Translation from Ukrainian original*  
**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023  
(in thousands of UAH)**

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 (- 1,265,382)/+ 1,328,975) thousand as at 30 September 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 3,897,415 thousand as at 30 September 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 1,380,340 thousand as at 30 September 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	
30 September 2023	+1 p.p.	-1 p.p.	29,665	(1,025)	1,074
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 (input)	Change in discount rate		Change in fair value	
30 September 2023	+1 p.p.	-1 p.p.	(18,939)	20,288
31 December 2022	+1 p.p.	-1 p.p.	(27,619)	29,697

**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.

	30 September 2023		31 December 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Assets</b>				
Loans to legal entities	69,528,784	70,949,934	71,259,530	74,330,995
Loans to individuals	13,180,778	11,158,808	11,474,646	10,002,021
Investments	88,179,640	87,856,125	80,000,047	78,999,699
<b>Total assets</b>	<b>170,889,202</b>	<b>169,964,867</b>	<b>162,734,223</b>	<b>163,332,715</b>
<b>Liabilities</b>				
Customer accounts	268,857,454	268,874,597	233,940,309	233,750,875
Eurobonds issued	2,763,698	2,604,541	6,041,534	3,712,384
Other borrowed funds	3,646,528	1,922,130	2,676,153	1,419,694
Subordinated debt	233,943	232,162	716,442	494,560
<b>Total liabilities</b>	<b>275,501,623</b>	<b>273,633,430</b>	<b>243,374,438</b>	<b>239,377,513</b>

*Translation from Ukrainian original*  
**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023  
(in thousands of UAH)**

---

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>Financial assets/ financial liabilities</b>	<b>Level of the fair value hierarchy</b>	<b>Valuation techniques and key inputs</b>
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.

*Translation from Ukrainian original*  
**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023  
(in thousands of UAH)**

The table below analyses financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required). Levels correspond to the ability to measure fair value directly based on market data:

<b>30 September 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	-	-	82,108,742	82,108,742
Investments	-	86,793,282	1,062,843	87,856,125
<b>Total</b>	<b>-</b>	<b>86,793,282</b>	<b>83,171,585</b>	<b>169,964,867</b>
<b>Liabilities</b>				
Customer accounts	-	268,874,597	-	268,874,597
Eurobonds issued	-	2,604,541	-	2,604,541
Other borrowed funds	-	1,922,130	-	1,922,130
Subordinated debt	-	232,162	-	232,162
<b>Total</b>	<b>-</b>	<b>273,633,430</b>	<b>-</b>	<b>273,633,430</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 30 September 2023 and 31 December 2022, the Group complied with the requirements of the National Bank of Ukraine regarding adequacy of the regulatory capital.

*Translation from Ukrainian original*  
**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023  
(in thousands of UAH)**

**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.

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>30 September 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	(15,794,027)	(29,777,746)
<b>Total Tier 1 qualified capital</b>	<u><b>33,930,953</b></u>	<u><b>19,947,234</b></u>
<b>Tier 2 capital</b>		
Revaluation reserves	2,278,589	2,221,514
Subordinated debt	45,711	182,843
<b>Total Tier 2 qualified capital up to a limit of 100% total Tier 1 capital</b>	<u><b>2,324,300</b></u>	<u><b>2,404,357</b></u>
<b>Total regulatory capital</b>	<u><b>36,255,253</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>22.04%</b></u>	<u><b>15.02%</b></u>
<b>Total Tier 1 capital as a percentage of total risk-weighted assets</b>	<u><b>20.63%</b></u>	<u><b>13.41%</b></u>

**27. RISK MANAGEMENT POLICIES**

With the exception of credit risk and geographical concentration 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 30 September 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 NINE MONTHS ENDED 30 SEPTEMBER 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	(576,233)	–	–	(576,233)	(41)	–	–	(41)
Other changes	(643,335)	–	–	(643,335)	10,276	–	–	10,276
Foreign exchange differences	1,660,184	–	–	1,660,184	1,494	–	–	1,494
<b>Balance as at 30 September 2022</b>	<b>7,152,917</b>	–	–	<b>7,152,917</b>	<b>18,793</b>	–	–	<b>18,793</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	548,766	–	–	548,766	–	–	–	–
Repaid assets	(508,447)	–	–	(508,447)	–	–	–	–
Other changes	13,292,307	–	–	13,292,307	7,269	–	–	7,269
Foreign exchange differences	(105,928)	–	–	(105,928)	(102)	–	–	(102)
<b>Balance as at 30 September 2023</b>	<b>26,137,698</b>	–	–	<b>26,137,698</b>	<b>28,587</b>	–	–	<b>28,587</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 NINE MONTHS ENDED 30 SEPTEMBER 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	34,553,337	–	–	34,553,337	118,494	–	–	118,494
Repaid assets	(49,909,047)	–	–	(49,909,047)	(54,231)	–	–	(54,231)
Other changes	269,009	–	–	269,009	(10,947)	–	–	(10,947)
Foreign exchange differences	3,668,278	–	–	3,668,278	6,291	–	–	6,291
<b>Balance as at 30 September 2022</b>	<b>52,619,639</b>	–	–	<b>52,619,639</b>	<b>173,990</b>	–	–	<b>173,990</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	43,692,408	–	–	43,692,408	507,903	–	–	507,903
Repaid assets	(31,113,945)	(1,611,002)	–	(32,724,947)	(438)	(103)	–	(541)
Other changes	993,231	48,984	–	1,042,215	(274,431)	2,081	–	(272,350)
Foreign exchange differences	(5,821)	–	–	(5,821)	(439)	–	–	(439)
<b>Balance as at 30 September 2023</b>	<b>59,047,646</b>	<b>5,783,790</b>	–	<b>64,831,436</b>	<b>502,650</b>	<b>207,376</b>	–	<b>710,026</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	(437)	–	44,468	44,031	(345)	–	13,025	12,680
<b>Balance as at 30 September 2022</b>	<b>41,002</b>	–	<b>875,010</b>	<b>916,012</b>	<b>644</b>	–	<b>21,698</b>	<b>22,342</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	–	44,742	45,237	(203)	–	17,535	17,332
<b>Balance as at 30 September 2023</b>	<b>–</b>	–	<b>898,442</b>	<b>898,442</b>	<b>–</b>	–	<b>28,024</b>	<b>28,024</b>

Translation from Ukrainian original  
**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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	4,302,710	–	–	4,302,710	–	–	–	–
Repaid assets	(17,503,836)	–	–	(17,503,836)	–	–	–	–
Other changes	1,533	–	–	1,533	985	–	–	985
<b>Balance as at 30 September 2022</b>	<b>4,535,794</b>	–	–	<b>4,535,794</b>	<b>3,574</b>	–	–	<b>3,574</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	120,742,251	–	–	120,742,251	–	–	–	–
Repaid assets	(125,293,843)	–	–	(125,293,843)	–	–	–	–
Other changes	975,366	–	–	975,366	17	–	–	17
<b>Balance as at 30 September 2023</b>	<b>23,190,006</b>	–	–	<b>23,190,006</b>	<b>2,194</b>	–	–	<b>2,194</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>
New assets	5,844,690	–	–	5,844,690	56,816	–	–	56,816
Other changes	(236,271)	–	–	(236,271)	5,218	–	–	5,218
Foreign exchange differences	–	–	–	–	–	–	–	–
<b>Balance as at 30 September 2022</b>	<b>7,870,567</b>	–	–	<b>7,870,567</b>	<b>69,938</b>	–	–	<b>69,938</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>
New assets	–	–	–	–	–	–	–	–
Other changes	(123,380)	59,522	–	(63,858)	(112,571)	(4,551)	–	(117,122)
Foreign exchange differences	(30,327)	–	–	(30,327)	756	–	–	756
<b>Balance as at 30 September 2023</b>	<b>6,095,087</b>	<b>2,091,338</b>	–	<b>8,186,425</b>	<b>42,410</b>	<b>20,764</b>	–	<b>63,174</b>

Translation from Ukrainian original  
**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023  
 (in thousands of UAH)**

Investments measured at fair value through other comprehensive income  
 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>552,327</b>	–	–	<b>552,327</b>	<b>3,697</b>	–	–	<b>3,697</b>
Repaid assets	(56,635)	–	–	(56,635)	(379)	–	–	(379)
Other changes	(29,075)	–	–	(29,075)	(2,381)	–	–	(2,381)
<b>Balance as at 30 September 2022</b>	<b>466,617</b>	–	–	<b>466,617</b>	<b>937</b>	–	–	<b>937</b>
<b>Balance as at 1 January 2023</b>	–	–	–	–	–	–	–	–
<b>Balance as at 30 September 2023</b>	–	–	–	–	–	–	–	–

Translation from Ukrainian original  
**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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	17,776,549	-	-	696,735	18,473,284	329,479	-	-	311,031	640,510
Stage 1	30,640	(29,819)	(821)	-	-	279	(29)	(250)	-	-
Stage 2	(2,442,736)	2,442,736	-	-	-	(57,336)	57,336	-	-	-
Stage 3	(2,017,636)	(3,500,733)	5,518,369	-	-	(128,965)	(544,761)	673,726	-	-
Repaid assets	(2,580,090)	(1,204,423)	(5,185)	(25,521)	(3,815,219)	(13,608)	(11,093)	(1,468)	4,019	(22,150)
Other changes	791,618	(96,941)	(26,563)	218,522	886,636	186,191	1,277,387	3,461,664	2,489,738	7,414,980
Adjustment of interest income	-	-	-	-	-	-	-	403,266	68,274	471,540
Write-off of assets	-	-	(168,575)	-	(168,575)	-	-	(168,575)	-	(168,575)
Restructuring of an asset, resulted in derecognition of financial instrument	-	-	(1,150,147)	(460,971)	(1,611,118)	-	-	(1,035,032)	(277,257)	(1,312,289)
Recovery of previously written-off assets	-	-	226	-	226	-	-	226	-	226
Reversal of ECL	-	-	-	-	-	-	-	-	-	-
Effect of modifications	(52,228)	(9,778)	(249,431)	(170,683)	(482,120)	(34,909)	(6,322)	(182,676)	(106,223)	(330,130)
Foreign exchange differences	1,766,083	1,656,217	2,087,036	1,341,428	6,850,764	36,762	188,306	1,186,971	343,671	1,755,710
<b>Balance as at 30 September 2022</b>	<b>42,513,539</b>	<b>10,429,573</b>	<b>13,377,287</b>	<b>11,374,661</b>	<b>77,695,060</b>	<b>478,442</b>	<b>2,594,832</b>	<b>9,302,263</b>	<b>5,587,734</b>	<b>17,963,271</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	14,792,076	-	-	595,698	15,387,774	350,408	-	-	62,125	412,533
Stage 1	1,317,254	(1,158,296)	(158,958)	-	-	230,351	(176,293)	(54,058)	-	-
Stage 2	(7,809,016)	8,351,293	(542,277)	-	-	(431,345)	479,504	(48,159)	-	-
Stage 3	(117,132)	(1,432,094)	1,549,226	-	-	(1,383)	(378,994)	380,377	-	-
Repaid assets	(2,590,170)	(950,798)	(210,325)	(282,347)	(4,033,640)	(5,551)	(169,753)	(187,615)	(72,239)	(435,158)
Other change	(5,334,325)	(4,848,886)	137,604	(330,128)	(10,375,735)	(173,864)	42,340	(345,076)	(823,049)	(1,299,649)
Adjustment of interest income	-	-	-	-	-	-	-	711,360	334,043	1,045,403
Write-off of assets	-	-	(23,542)	-	(23,542)	-	-	(23,542)	-	(23,542)
Restructuring of an asset, resulted in derecognition of financial instrument	-	-	(211,508)	(337,339)	(548,847)	-	-	(161,352)	(7,314)	(168,666)
Recovery of previously written-off assets	-	-	-	-	-	-	-	-	-	-
Reversal of ECL	-	-	-	141,660	141,660	-	-	-	141,660	141,660
Effect of modifications	(33,526)	(134,895)	(20,541)	(18,620)	(207,582)	(33,825)	(28,163)	(20,374)	58,963	(23,399)
Foreign exchange differences	(1,997)	(2,385)	(70,456)	(1,153)	(75,991)	-	3	(40,830)	(557)	(41,384)
<b>Balance as at 30 September 2023</b>	<b>21,209,374</b>	<b>29,003,548</b>	<b>19,955,987</b>	<b>11,305,755</b>	<b>81,474,664</b>	<b>157,439</b>	<b>1,249,796</b>	<b>12,083,906</b>	<b>5,910,317</b>	<b>19,401,458</b>

Translation from Ukrainian original  
**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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	1,887,788	–	–	1,887,788	158,656	–	–	158,656
Stage 1	71,528	(68,162)	(3,366)	–	16,259	(14,357)	(1,902)	–
Stage 2	(2,859,029)	2,860,514	(1,485)	–	(30,359)	31,025	(666)	–
Stage 3	(1,529,336)	(262,668)	1,792,004	–	(114,714)	(46,264)	160,978	–
Repaid assets	(979,891)	(314,591)	(55,315)	(1,349,797)	(20,851)	(11,534)	(43,482)	(75,867)
Other change	(193,084)	(710,567)	28,433	(875,218)	90,535	168,624	1,246,690	1,505,849
Adjustment of interest income	–	–	–	–	–	–	63,641	63,641
Write-off of assets	–	–	(81,698)	(81,698)	–	–	(81,698)	(81,698)
Restructuring of an asset, resulted in derecognition of financial instrument	–	–	–	–	–	–	(22,456)	(22,456)
Recovery of previously written-off assets	–	–	25	25	–	–	25	25
Effect of modifications	(4,786)	(4,138)	(1,288)	(10,212)	430	(3,119)	(766)	(3,455)
Foreign exchange differences	411	45	233,620	234,076	18	1	232,720	232,739
Sale of assets	–	–	–	–	–	–	–	–
<b>Balance as at 30 September 2022</b>	<b>6,464,306</b>	<b>2,783,069</b>	<b>4,025,124</b>	<b>13,272,499</b>	<b>341,422</b>	<b>248,368</b>	<b>3,567,273</b>	<b>4,157,063</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	3,505,404	–	–	3,505,404	80,906	–	–	80,906
Stage 1	1,606,004	(1,569,154)	(36,850)	–	453,797	(438,561)	(15,236)	–
Stage 2	(2,131,900)	2,225,894	(93,994)	–	(152,028)	165,184	(13,156)	–
Stage 3	(34,676)	(345,644)	380,320	–	(3,493)	(174,993)	178,486	–
Repaid assets	(1,167,599)	(501,138)	(349,676)	(2,018,413)	(64,015)	(16,464)	(295,203)	(375,682)
Other change	(317,654)	(1,000,941)	(152,735)	(1,471,330)	(289,495)	455,956	1,932	168,393
Adjustment of interest income	–	–	–	–	–	–	72,003	72,003
Write-off of assets	–	–	(26,745)	(26,745)	–	–	(26,745)	(26,745)
Restructuring of an asset, resulted in derecognition of financial instrument	–	–	(3,467)	(3,467)	–	–	(3,467)	(3,467)
Recovery of previously written-off assets	–	–	–	–	–	–	75	75
Effect of modifications	(1,681)	(412)	(1,740)	(3,833)	(101)	(1,129)	(1,752)	(2,982)
Foreign exchange differences	26	(31)	(1,292)	(1,297)	2	(7)	(1,378)	(1,383)
Sale of assets	–	–	(154,334)	(154,334)	–	–	(154,334)	(154,334)
<b>Balance as at 30 September 2023</b>	<b>6,234,685</b>	<b>2,751,356</b>	<b>3,486,726</b>	<b>12,472,767</b>	<b>316,861</b>	<b>228,939</b>	<b>3,294,775</b>	<b>3,840,575</b>

Translation from Ukrainian original  
**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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>-</b>	<b>300</b>	<b>11,140,533</b>	<b>94,409</b>	<b>-</b>	<b>300</b>	<b>94,709</b>
New assets	39,557	-	-	39,557	2,126	-	-	2,126
Stage 2	(2,702,922)	2,702,922	-	-	(56,832)	56,832	-	-
Repaid assets	-	-	-	-	-	-	-	-
Other changes	(864,274)	(285,119)	-	(1,149,393)	91,382	38,931	-	130,313
Effect of modifications	90	6,913	-	7,003	90	2,963	-	3,053
Foreign exchange differences	1,133,426	-	-	1,133,426	216	-	-	216
<b>Balance as at 30 September 2022</b>	<b>8,746,110</b>	<b>2,424,716</b>	<b>300</b>	<b>11,171,126</b>	<b>131,391</b>	<b>98,726</b>	<b>300</b>	<b>230,417</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	-	-	-	-	-	-	-	-
Stage 2	(299,195)	299,195	-	-	(3,301)	3,301	-	-
Repaid assets	(717,957)	(38,345)	-	(756,302)	(10,882)	(71)	-	(10,953)
Other changes	(1,176,803)	(525,718)	-	(1,702,521)	(30,188)	(31,382)	-	(61,570)
Effect of modifications	-	-	-	-	-	-	-	-
Foreign exchange differences	-	-	-	-	-	-	-	-
<b>Balance as at 30 September 2023</b>	<b>1,646,919</b>	<b>5,988,637</b>	<b>300</b>	<b>7,635,856</b>	<b>17,908</b>	<b>162,868</b>	<b>300</b>	<b>181,076</b>

Translation from Ukrainian original  
**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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	320,977	-	-	2,148	323,125	9,115	-	-	1	9,116
Stage 1	3,040	(1,935)	(1,105)	-	-	296	(62)	(234)	-	-
Stage 2	(586,178)	586,838	(660)	-	-	(392)	406	(14)	-	-
Stage 3	(171,530)	(2,784)	174,314	-	-	(8,798)	(465)	9,263	-	-
Repaid assets	(85,477)	(4,351)	(10,116)	-	(99,944)	(9)	-	(6,458)	-	(6,467)
Other change	(136,360)	(81,021)	(18,800)	-	(236,181)	1,046	1,560	48,030	-	50,636
Adjustment of interest income	-	-	-	-	-	-	-	169	4	173
Write-off of assets	-	-	(49,475)	-	(49,475)	-	-	(49,475)	-	(49,475)
Restructuring of an asset, resulted in derecognition of financial instrument	-	-	-	-	-	-	-	(289)	-	(289)
Effect of modifications	(10,231)	(500)	(390)	78	(11,043)	(420)	16	(81)	7	(478)
Foreign exchange differences	571	-	111,827	-	112,398	2	-	111,205	-	111,207
<b>Balance as at 30 September 2022</b>	<b>1,837,457</b>	<b>512,489</b>	<b>865,110</b>	<b>2,226</b>	<b>3,217,282</b>	<b>1,720</b>	<b>1,984</b>	<b>754,447</b>	<b>12</b>	<b>758,163</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	2,081,540	-	-	479	2,082,019	200	-	-	12	212
Stage 1	751,165	(728,880)	(22,285)	-	-	7,420	(4,823)	(2,597)	-	-
Stage 2	(484,944)	508,162	(23,218)	-	-	(972)	4,723	(3,751)	-	-
Stage 3	(6,549)	(33,813)	40,362	-	-	(20)	(1,348)	1,368	-	-
Repaid assets	(55,385)	(35,345)	(11,079)	(352)	(102,161)	(37)	(83)	(5,653)	2	(5,771)
Other change	(204,058)	(111,198)	(3,233)	(255)	(318,744)	(6,783)	3,285	16,405	(292)	12,615
Adjustment of interest income	-	-	-	-	-	-	-	8,903	(1)	8,902
Write-off of assets	-	-	(10,244)	-	(10,244)	-	-	(10,244)	-	(10,244)
Restructuring of an asset, resulted in derecognition of financial instrument	-	-	(1,475)	-	(1,475)	-	-	(1,698)	-	(1,698)
Effect of modifications	(7,466)	(2,579)	(729)	-	(10,774)	(857)	(92)	(683)	47	(1,585)
Foreign exchange differences	(4)	-	(1,065)	-	(1,069)	-	-	(1,065)	-	(1,065)
<b>Balance as at 30 September 2023</b>	<b>4,029,830</b>	<b>445,406</b>	<b>845,462</b>	<b>2,320</b>	<b>5,323,018</b>	<b>1,799</b>	<b>5,644</b>	<b>766,435</b>	<b>(244)</b>	<b>773,634</b>



*Translation from Ukrainian original*  
**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023  
(in thousands of UAH)**

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For the nine months of 2023, due to changes in exchange rates of the national currency, the gross carrying value of the loans to legal entities decreased by UAH 78,353 thousand, that was followed by a decrease in allowance in the amount of UAH 43,832 thousand (for the nine months of 2022: due to the devaluation of the national currency, the gross carrying value of the loans to legal entities increased by UAH 7,984,189 thousand, that was followed by an increase in allowance in the amount of UAH 950,526 thousand).

During the nine months of 2023, loans classified as Stage 3 with a gross carrying amount of UAH 95,590 thousand, for which provisions were made, including interest income adjustment, in the amount of UAH 80,707 thousand 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 758,732 thousand (including the gross carrying amount of loans that were classified as Stage 3 before derecognition - UAH 88,292 thousand), the total initial impairment (discount) amounted to UAH 238,455 thousand (in particular, the initial impairment (discount) on loans that were included in Stage 3 before derecognition - UAH 12,799 thousand).

During the nine months of 2022, loans classified as Stage 3 with a gross carrying amount of UAH 1,204,296 thousand, for which provisions were made, including interest income adjustment, in the amount of UAH 1,050,788 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 5,882,571 thousand (including the gross carrying amount of loans that were classified as Stage 3 before derecognition – UAH 1,185,302 thousand), the total initial impairment (discount) amounted to UAH 5,550,520 thousand (in particular, the initial impairment (discount) on loans that were included in Stage 3 before derecognition – UAH 1,040,021 thousand).

During the nine months of 2023, the Bank made payments under the letters of credit assessed at Stage 3 in the amount of UAH 58,510 thousand, for which provisions of UAH 13,845 thousand were made by disbursing tranches of open credit lines. As a result, new loans classified as POCI were recognised with gross carrying amount before initial impairment of UAH 58,510 thousand and initial impairment (discount) of UAH 27,709 thousand was recognised.

During the nine months of 2023, the Bank made payments under the guarantees assessed at Stage 3 in the amount of UAH 165,492 thousand, for which provisions in the amount of UAH 158,166 thousand were made, by disbursing tranches under open credit lines. As a result, new loans classified as POCI were recognised with gross carrying amount before initial impairment of UAH 165,492 thousand and initial impairment (discount) of UAH 138,141 thousand was recognised.

As at 30 September 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 24,715,878 thousand (31 December 2022: UAH 24,702,821 thousand).

Loans to customers issued during the nine months of 2023 amounted to UAH 20,975,175 thousand, representing 19% of loans granted to customers (during the nine months of 2022: UAH 20,723,902 thousand, representing 24% of loans granted to customers as at 31 December 2021).

During the nine months of 2023, loans to customers amounting to UAH 6,910,517 thousand have been fully repaid, representing 6% of loans to customers, remained on the Bank's balance sheet as at 31 December 2022 (during the nine months of 2022: UAH 6,414,353 thousand, representing 8% of loans to customers as at 31 December 2021).

As at 30 September 2023, loans to customers overdue for more than 90 days (NPLs – non-performing loans) amounted to UAH 24,770,423 thousand, representing 23% 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 nine months of 2023, the Bank wrote off loans to customers in the amount of UAH 60,531 thousand in hryvnia equivalent, which was 0.2% of the volume of loans to customers overdue for more than 90 days as of

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023**

***(in thousands of UAH)***

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31 December 2022 (during the nine months of 2022: UAH 299,748 thousand in hryvnia equivalent, which was 3% of the volume of loans to customers overdue for more than 90 days as at 31 December 2021). 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 NINE MONTHS ENDED 30 SEPTEMBER 2023  
(in thousands of UAH)**

**Other financial assets**

	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>52,337</b>	<b>444,797</b>	<b>94,041</b>	<b>591,175</b>	<b>-</b>	<b>35,085</b>	<b>87,204</b>	<b>122,289</b>
New assets	63,053	-	-	63,053	11,082	-	-	11,082
Stage 2	(55,929)	69,043	(13,114)	-	(5,593)	17,247	(11,654)	-
Stage 3	(6,242)	(20,023)	26,265	-	(5,489)	(5,871)	11,360	-
Repaid assets	-	(239,352)	(17,582)	(256,934)	-	(2,424)	(15,001)	(17,425)
Other changes	37,719	191,298	146,940	375,957	-	(9,629)	154,235	144,606
Write-off of assets	-	-	(618)	(618)	-	-	(618)	(618)
Restructuring of an asset, resulted in derecognition of financial instrument	-	-	-	-	-	-	-	-
Recovery of previously written-off assets	-	-	-	-	-	-	-	-
Foreign exchange differences	-	40,566	1,944	42,510	-	897	163	1,060
Sale of assets	-	-	-	-	-	-	-	-
<b>Balance as at 30 September 2022</b>	<b>90,938</b>	<b>486,329</b>	<b>237,876</b>	<b>815,143</b>	<b>-</b>	<b>35,305</b>	<b>225,689</b>	<b>260,994</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	6,087	113,753	-	119,840	-	7,537	-	7,537
Stage 2	-	25,431	(25,431)	-	-	23,078	(23,078)	-
Stage 3	-	(18,110)	18,110	-	-	(7,712)	7,712	-
Repaid assets	(360,907)	(1,188,019)	(40,361)	(1,589,287)	-	(7,721)	(36,845)	(44,566)
Other changes	-	1,243,881	21,768	1,265,649	-	(5,859)	28,372	22,513
Write-off of assets	-	-	(2,958)	(2,958)	-	-	(2,958)	(2,958)
Restructuring of an asset, resulted in derecognition of financial instrument	-	-	(2)	(2)	-	-	(2)	(2)
Recovery of previously written-off assets	-	-	-	-	-	-	3	3
Foreign exchange differences	-	3,480	-	3,480	-	(42)	(75)	(117)
Sale of assets	-	-	(794)	(794)	-	-	(794)	(794)
<b>Balance as at 30 September 2023</b>	<b>533,018</b>	<b>642,325</b>	<b>190,824</b>	<b>1,366,167</b>	<b>7</b>	<b>46,718</b>	<b>185,357</b>	<b>232,082</b>

As at 30 September 2023, 100% allowance for possible losses was made for cash on hand in the amount of UAH 91,907 thousand (31 December 2022: UAH 106,909 thousand), 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 NINE MONTHS ENDED 30 SEPTEMBER 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	972,618	–	–	972,618	42,219	–	–	42,219
Stage 1	13,244	(12,667)	(577)	–	771	(659)	(112)	–
Stage 2	(671,435)	671,726	(291)	–	(13,646)	13,691	(45)	–
Stage 3	(646,139)	(9,792)	655,931	–	(7,389)	(635)	8,024	–
Repaid commitments	(8,092,780)	(6,078)	(9,270)	(8,108,128)	(171,246)	(742)	(2,061)	(174,049)
Other changes	385,272	(216,508)	(537,899)	(369,135)	100,214	34,686	18,166	153,066
Foreign exchange differences	1,761	–	–	1,761	686	29	–	715
<b>Balance as at 30 September 2022</b>	<b>10,224,846</b>	<b>464,044</b>	<b>125,987</b>	<b>10,814,877</b>	<b>265,607</b>	<b>52,150</b>	<b>27,792</b>	<b>345,549</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	2,182,671	–	–	2,182,671	79,412	–	–	79,412
Stage 1	631,212	(596,621)	(34,591)	–	65,256	(58,536)	(6,720)	–
Stage 2	(1,538,965)	1,544,053	(5,088)	–	(38,296)	39,456	(1,160)	–
Stage 3	(49,561)	(49,234)	98,795	–	(1,493)	(5,262)	6,755	–
Repaid commitments	(1,248,523)	(51,810)	(15,600)	(1,315,933)	(44,381)	(12,942)	(4,149)	(61,472)
Other changes	775,202	(3,292)	27,828	799,738	(2,215)	140,867	13,351	152,003
Foreign exchange differences	–	(58)	(41)	(99)	–	–	–	–
<b>Balance as at 30 September 2023</b>	<b>11,176,341</b>	<b>1,472,731</b>	<b>204,794</b>	<b>12,853,866</b>	<b>326,228</b>	<b>182,214</b>	<b>42,403</b>	<b>550,845</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 NINE MONTHS ENDED 30 SEPTEMBER 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	97,738	-	-	97,738	18,305	-	-	18,305
Stage 1	-	-	-	-	-	-	-	-
Stage 2	(92,673)	92,673	-	-	(202)	202	-	-
Stage 3	(69,081)	-	69,081	-	(18,305)	-	18,305	-
Repaid commitments	(97,135)	(23,033)	(454,216)	(574,384)	(104)	-	(61,362)	(61,466)
Other changes	-	(60,000)	(53,688)	(113,688)	-	(162)	70,875	70,713
Disposal due to asset recognition	-	-	-	-	-	-	-	-
Foreign exchange differences	2,263	-	264,303	266,566	(5)	-	47,474	47,469
<b>Balance as at 30 September 2022</b>	<b>45,400</b>	<b>596,782</b>	<b>1,274,170</b>	<b>1,916,352</b>	<b>-</b>	<b>40</b>	<b>558,271</b>	<b>558,311</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	325,281	-	-	325,281	341	-	-	341
Stage 1	34,408	(34,408)	-	-	-	-	-	-
Stage 2	(48,949)	307,624	(258,675)	-	-	53,139	(53,139)	-
Stage 3	(1,287)	-	1,287	-	-	-	-	-
Repaid commitments	(43,677)	(112,650)	(590,592)	(746,919)	-	(23,150)	(256,100)	(279,250)
Other changes	30,305	(59,515)	(290,496)	(319,706)	(1,080)	(15,941)	(43,222)	(60,243)
Disposal due to asset recognition	-	-	-	-	-	-	(151,987)	(151,987)
Foreign exchange differences	(3,079)	-	-	(3,079)	-	-	-	-
<b>Balance as at 30 September 2023</b>	<b>518,677</b>	<b>101,751</b>	<b>21,616</b>	<b>642,044</b>	<b>537</b>	<b>14,048</b>	<b>21,442</b>	<b>36,027</b>

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

*Translation from Ukrainian original*  
**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023  
(in thousands of UAH)**

**Effect of modifications on financial assets**

Impact of modifications on financial assets at amortised cost:

	<b>For the nine months ended 30 September 2023</b>	<b>For the nine months ended 30 September 2022</b>
<b>Financial assets modified in the reporting period</b>		
Amortised cost before modification	9,866,625	4,867,499
Net result from modifications of loans to customers (lifetime ECL)	(181,557)	(370,244)
<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	185,508	9,416

**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 30 September 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	26,109,111	–	12,889,580	–
Loans to customers:	82,709,562	44,188,000	82,734,176	39,316,045
- corporate customers	69,528,784	31,566,947	71,259,530	29,867,124
- individuals	13,180,778	12,621,053	11,474,646	9,448,921
Investments	96,302,891	–	88,101,117	–
Other financial assets	1,134,803	–	1,319,773	–
<b>Total</b>	<b>206,256,367</b>	<b>44,188,000</b>	<b>185,044,646</b>	<b>39,316,045</b>

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.

*Translation from Ukrainian original*  
**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023  
(in thousands of UAH)**

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

	<b>30 September 2023</b>	<b>31 December 2022</b>
Cash and cash equivalents, except cash	26,109,111	12,889,580
Investments:		
Ukrainian government debt securities	72,244,661	60,453,198
Corporate debt securities	870,418	883,864
Other debt securities	23,187,812	26,764,055
Loans to customers:		
Loans to corporate entities	62,073,206	61,416,907
Loans to state and municipal authorities	7,454,780	9,841,080
Mortgage loans	4,549,384	2,913,198
Other loans	8,632,192	8,562,991
Other financial assets	1,134,803	1,319,773
	<b>206,256,367</b>	<b>185,044,646</b>

As at 30 September 2023, the net carrying value of the credit-impaired loans amounted to UAH 13,541,060 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 10,712,406 thousand (31 December 2022: UAH 11,093,269 thousand).

As at 30 September 2023, the Group had loans to customers with carrying amount of UAH 10,160,866 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>30 September 2023</b>	<b>31 December 2022</b>
<b>The maximum exposure to credit risk:</b>		
Credit commitments	12,303,021	10,806,587
Financial guarantees issued and similar commitments	606,014	859,301
	<b>12,909,035</b>	<b>11,665,888</b>

As at 30 September 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 35,809,045 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 6,041,552 thousand (31 December 2022: UAH 2,052,230 thousand).

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

	<b>30 September 2023</b>	<b>31 December 2022</b>
Investments:		
Ukrainian government debt securities	56,343,834	54,578,819
Loans to customers:		
Loans to corporate entities	325,500	481,419

The collateral used to reduce the credit risk for loans at fair value through profit or loss as at 30 September 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 325,500 thousand (31 December 2022: UAH 388,235 thousand).

*Translation from Ukrainian original*  
**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023  
(in thousands of UAH)**

**Geographical concentration**

Geographical concentration of assets and liabilities is presented below:

	Ukraine	Other non-OECD countries	OECD countries	30 September 2023 Total
<b>Non-derivative financial assets</b>				
Cash and cash equivalents	37,032,281	-	25,454,667	62,486,948
Loans to customers	83,035,062	-	-	83,035,062
Investments	152,676,390	-	777,575	153,453,965
Other financial assets	691,834	29	442,222	1,134,085
<b>Total non-derivative financial assets</b>	<b>273,435,567</b>	<b>29</b>	<b>26,674,464</b>	<b>300,110,060</b>
<b>Non-derivative financial liabilities</b>				
Due to banks	235,543	475	550	236,568
Customer accounts	268,417,508	256,436	183,510	268,857,454
Eurobonds issued	-	-	2,763,698	2,763,698
Other borrowed funds	2,302,361	-	1,344,167	3,646,528
Lease liabilities	351,900	-	-	351,900
Other financial liabilities	137,429	-	71,934	209,363
Subordinated debt	-	-	233,943	233,943
<b>Total non-derivative financial liabilities</b>	<b>271,444,741</b>	<b>256,911</b>	<b>4,597,802</b>	<b>276,299,454</b>
<b>Net position on non-derivative financial instruments</b>	<b>1,990,826</b>	<b>(256,882)</b>	<b>22,076,662</b>	
<b>Derivative financial instruments and spot contracts</b>				
Spot contracts	252	-	(62)	190
<b>Net position on derivative financial instruments and spot contracts</b>	<b>252</b>	<b>-</b>	<b>(62)</b>	
<b>Net position</b>	<b>1,991,078</b>	<b>(256,882)</b>	<b>22,076,600</b>	
	Ukraine	Other non-OECD countries	OECD countries	31 December 2022 Total
<b>Non-derivative financial assets</b>				
Cash and cash equivalents	16,286,802	-	12,089,910	28,376,712
Loans to customers	83,215,595	-	-	83,215,595
Investments	142,709,384	-	689,467	143,398,851
Other financial assets	1,249,836	-	69,937	1,319,773
<b>Total non-derivative financial assets</b>	<b>243,461,617</b>	<b>-</b>	<b>12,849,314</b>	<b>256,310,931</b>
<b>Non-derivative financial liabilities</b>				
Due to banks	542,220	475	631	543,326
Customer accounts	233,526,992	278,394	134,923	233,940,309
Eurobonds issued	-	-	6,041,534	6,041,534
Other borrowed funds	540,865	-	2,135,288	2,676,153
Lease liabilities	392,712	-	-	392,712
Other financial liabilities	150,082	-	64,171	214,253
Subordinated debt	-	-	716,442	716,442
<b>Total non-derivative financial liabilities</b>	<b>235,152,871</b>	<b>278,869</b>	<b>9,092,989</b>	<b>244,524,729</b>
<b>Net position on non-derivative financial instruments</b>	<b>8,308,746</b>	<b>(278,869)</b>	<b>3,756,325</b>	
<b>Derivative financial instruments and spot contracts</b>				
Spot contracts	-	-	-	-
<b>Net position on derivative financial instruments and spot contracts</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Net position</b>	<b>8,308,746</b>	<b>(278,869)</b>	<b>3,756,325</b>	

The Group's activities are focused mainly on the domestic market.



*Translation from Ukrainian original*  
**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023  
(in thousands of UAH)**

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Financial assets located in other countries represent funds on accounts with non-resident banks.

The main proportion of financial liabilities raised from non-residents represent loans from international and other financial organizations, subordinated debt in US dollars and other borrowings from residents of OECD countries.

## **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 nine months of 2023 the Group recognised interest income received from Counterparty 1 in the amount of UAH 8,779,950 thousand, which is 23% of income and allocated to the Treasury and General management segments in the amount of UAH 2,588,830 thousand and UAH 6,191,120 thousand, respectively and from Counterparty 2 in the amount of UAH 3,993,400 thousand, which is 10% of income and allocated to the General management segments.

During the nine months of 2022 the Group recognised interest income received from Counterparty 1 in the amount of UAH 6,485,688 thousand, which is 19% of income and allocated to the Treasury and General management segments in the amount of UAH 2,422,030 thousand and UAH 4,063,658 thousand, respectively.

Translation from Ukrainian original  
**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023  
(in thousands of UAH)**

**Income, expense and results of reportable segments for the nine months ended 30 September 2023**

Items	Name of a reportable segment						Unallocated amounts	Total Total
	Big corporate business	Micro-, SME	Retail business	Treasury	General management	Withdrawal		
<b>Income</b>	<b>8,252,262</b>	<b>5,159,876</b>	<b>7,089,514</b>	<b>8,238,374</b>	<b>10,259,288</b>	-	-	<b>38,999,314</b>
Interest income	5,845,649	2,595,590	1,835,662	3,155,962	10,332,403	-	-	23,765,266
Fee and commission income	1,725,870	2,169,700	4,614,272	210,976	8,016	-	-	8,728,834
Net gain/(loss) on transactions with financial instruments at fair value through profit or loss	(715,348)	-	-	4,727,694	-	-	-	4,012,346
Other income/(expense)	14,268	21,481	56,878	-	208,445	-	-	301,072
Profit/(loss) from derecognition of financial assets measured at amortized cost	-	-	6,757	-	-	-	-	6,757
(Accrual)/reversal of allowance for expected credit losses on interest bearing assets	1,039,696	378,347	123,895	110,004	(252,353)	-	-	1,399,589
(Accrual) /reversal of allowance for expected credit losses on other operations	342,127	(5,242)	(179,126)	(24)	12,503	-	-	170,238
Dealing in foreign currencies, net	-	-	631,176	33,762	(49,726)	-	-	615,212
<b>Transfer income of segments</b>	<b>5,666,709</b>	<b>5,221,501</b>	<b>20,050,335</b>	<b>448,808</b>	<b>1,821,884</b>	<b>(33,209,237)</b>	-	-
Interest income	5,666,709	5,221,501	20,050,335	448,808	1,821,884	(33,209,237)	-	-
<b>Total segments income</b>	<b>13,918,971</b>	<b>10,381,377</b>	<b>27,139,849</b>	<b>8,687,182</b>	<b>12,081,172</b>	<b>(33,209,237)</b>	-	<b>38,999,314</b>
Interest expense	(7,522,972)	(4,140,604)	(7,610,084)	(10,555,373)	(13,347,276)	33,209,237	-	(9,967,072)
Gains/(losses) arising on initial recognition of financial assets at an interest rate higher or lower than the market rate	(43,330)	-	(36)	-	-	-	-	(43,366)
Net gain/(loss) on modifications of financial assets	(214,314)	6,731	(14,606)	-	-	-	-	(222,189)
Fee and commission expense	(1,079,777)	(1,303,899)	(1,235,572)	(31,437)	(912)	-	-	(3,651,597)
Operating expense	(947,631)	(1,753,629)	(6,516,990)	(458,596)	(943,820)	-	-	(10,620,666)
<b>SEGMENT RESULT (before taxation)</b>	<b>4,110,947</b>	<b>3,189,976</b>	<b>11,762,561</b>	<b>(2,358,224)</b>	<b>(2,210,836)</b>	-	-	<b>14,494,424</b>
Income tax (expense)/benefit	-	-	-	-	-	-	(319,695)	(319,695)
<b>Profit/(loss)</b>	<b>4,110,947</b>	<b>3,189,976</b>	<b>11,762,561</b>	<b>(2,358,224)</b>	<b>(2,210,836)</b>	-	<b>(319,695)</b>	<b>14,174,729</b>

Translation from Ukrainian original  
**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023  
(in thousands of UAH)**

**Income, expense and results of reportable segments for the nine months ended 30 September 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>5,241,894</b>	<b>2,522,777</b>	<b>5,196,875</b>	<b>15,457,050</b>	<b>5,602,607</b>	-	-	<b>34,021,203</b>
Interest income	5,530,864	1,195,958	1,170,841	2,464,926	5,445,955	-	-	15,808,544
Fee and commission income	1,012,811	1,321,455	3,982,063	139,542	194	-	-	6,456,065
Net gain/(loss) on transactions with financial instruments at fair value through profit or loss	(1,324,938)	-	-	12,852,867	-	-	-	11,527,929
Net profit from transactions with debt financial instruments at fair value through other comprehensive income	903	-	-	-	-	-	-	903
Other income/(expense)	22,254	5,364	39,599	(285)	156,458	-	-	223,390
Profit/(loss) from derecognition of financial assets measured at amortized cost	-	-	4,372	-	-	-	-	4,372
<b>Transfer income of segments</b>	<b>3,740,526</b>	<b>2,842,867</b>	<b>10,790,084</b>	<b>426,410</b>	<b>1,578,020</b>	<b>(19,377,907)</b>	-	-
Interest income	3,740,526	2,842,867	10,790,084	426,410	1,578,020	(19,377,907)	-	-
<b>Total segments income</b>	<b>8,982,420</b>	<b>5,365,644</b>	<b>15,986,959</b>	<b>15,883,460</b>	<b>7,180,627</b>	<b>(19,377,907)</b>	-	<b>34,021,203</b>
Interest expense	(5,362,093)	(1,845,798)	(3,981,282)	(5,142,352)	(8,418,519)	19,377,907	-	(5,372,137)
(Accrual)/reversal of allowance for expected credit losses on interest bearing assets	(6,307,278)	(1,528,881)	(1,637,983)	(72,521)	(66,983)	-	-	(9,613,646)
(Accrual) /reversal of allowance for expected credit losses on other operations	(138,916)	(17,687)	(12,042)	(60)	(142,390)	-	-	(311,095)
Gains/(losses) arising on initial recognition of financial assets at an interest rate higher or lower than the market rate	(28,255)	-	(254)	170	-	-	-	(28,339)
Net gain/(loss) on modifications of financial assets	(508,600)	(67,917)	(21,256)	-	-	-	-	(597,773)
Dealing in foreign currencies, net	-	-	987,318	140,255	(3,899,557)	-	-	(2,771,984)
Fee and commission expense	(675,081)	(1,002,510)	(692,963)	(17,712)	(3)	-	-	(2,388,269)
Operating expense	(709,237)	(1,530,939)	(6,007,210)	(335,320)	(1,993,371)	-	-	(10,576,077)
<b>SEGMENT RESULT (before taxation)</b>	<b>(4,747,040)</b>	<b>(628,088)</b>	<b>4,621,287</b>	<b>10,455,920</b>	<b>(7,340,196)</b>	-	-	<b>2,361,883</b>
Income tax (expense)/benefit	-	-	-	-	-	-	550	550
<b>Profit/(loss)</b>	<b>(4,747,040)</b>	<b>(628,088)</b>	<b>4,621,287</b>	<b>10,455,920</b>	<b>(7,340,196)</b>	-	<b>550</b>	<b>2,362,433</b>

Translation from Ukrainian original  
**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023  
(in thousands of UAH)**

**Assets and liabilities of the reportable segments as at 30 September 2023**

Items	Name of reportable segments					Total
	Big corporate business	Micro-, SME	Retail business	Treasury	General management	
Segment assets	52,879,163	20,048,773	22,005,171	116,189,085	103,639,342	<b>314,761,534</b>
Segment liabilities	47,441,202	41,164,580	181,295,398	296,791	8,341,733	<b>278,539,704</b>
<i>Other segment items for the nine months ended 30 September 2023:</i>						
Depreciation and amortization charges on fixed assets and intangible assets	(125,078)	(237,473)	(857,252)	(78,645)	(138,759)	<b>(1,437,207)</b>
Capital investments	-	-	-	-	3,390,237	<b>3,390,237</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 nine months ended 30 September 2022:</i>						
Depreciation and amortization charges on fixed assets and intangible assets	(108,597)	(223,776)	(884,642)	(66,825)	(108,111)	<b>(1,391,951)</b>
Capital investments	-	-	-	-	931,986	<b>931,986</b>

*Translation from Ukrainian original*

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023**

*(in thousands of UAH)*

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**29. SUBSEQUENT EVENTS**

Starting from 3 October 2023, the NBU switched to a managed floating exchange rate regime. Under this policy, the official exchange rate is determined based on the interbank market rate, rather than being set by the NBU in accordance with the Board Resolution No. 18 "On the operation of the banking system during the period of martial law" dated 24 February 2022, as it had been since 24 February 2022.

On 27 October 2023, the NBU cut the key policy rate to 16% per annum.

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 NBU. By the decision of Committee on Supervision and Regulation of Banks, Oversight of Payment dated 1 November 2023 No. 24/2036-rk, the NBU has appointed Philip George Heasley as a member of the Supervisory Board of the Bank, appointed by the Resolution of the Cabinet of Ministers of Ukraine dated 21 April 2023 No. 343-r "Certain Issues of the Activities of the Joint Stock Company "State Savings Bank of Ukraine".