

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

For six months ended 30 June 2024

Translation from Ukrainian original

Translation from Ukrainian original

JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”

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JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2024

(in thousands of UAH)

	Notes	For the three months ended 30 June 2024	For the six months ended 30 June 2024	For the three months ended 30 June 2023	For the six months ended 30 June 2023
Interest income on financial assets at amortised cost and at fair value through other comprehensive income	5	9,815,633	18,601,005	6,557,240	13,110,821
Interest income on financial assets at fair value through profit or loss	5	869,866	1,737,741	953,175	1,888,120
Total interest income		10,685,499	20,338,746	7,510,415	14,998,941
Interest expense	5	(5,039,120)	(9,380,910)	(3,311,272)	(6,153,912)
Net interest income		5,646,379	10,957,836	4,199,143	8,845,029
(Accrual)/reversal of allowance for expected credit losses on interest bearing assets	27	813,640	1,544,550	700,927	1,234,944
Net interest income after (accrual) /reversal of allowance for expected credit losses on interest bearing assets		6,460,019	12,502,386	4,900,070	10,079,973
Fee and commission income	6	3,142,910	6,035,337	2,848,999	5,636,400
Fee and commission expense	6	(1,422,225)	(2,442,736)	(1,195,486)	(2,312,477)
Dealing in foreign currencies, net		265,991	569,923	165,512	336,333
Translation differences, net		2,152	(74,461)	41,517	104,365
Net gain/(loss) on transactions with financial instruments at fair value through profit or loss	7	1,264,656	2,306,867	1,156,291	(203,635)
(Accrual)/reversal of allowance for expected credit losses on other financial assets and guarantees	27	(144,666)	(239,762)	67,554	199,743
(Accrual)/reversal of allowance for impairment losses on other non-financial assets		(6,589)	37,414	(16,207)	(23,521)
Gains/(losses) arising on initial recognition of financial assets at an interest rate higher or lower than the market rate		8,125	8,123	(14,494)	(32,848)
Net gain/(loss) on modifications of financial assets		(9,390)	(527,177)	(175,174)	(216,819)
Other income		147,191	229,158	81,742	244,833
Net non-interest income		3,248,155	5,902,686	2,960,254	3,732,374
Operating income		9,708,174	18,405,072	7,860,324	13,812,347
Personnel expenses	8	(2,176,818)	(4,036,408)	(1,733,140)	(3,499,767)
Depreciation and amortisation	8	(581,140)	(1,189,470)	(468,219)	(931,705)
Other administrative and operational expenses	8	(1,748,663)	(3,121,924)	(1,366,862)	(2,547,719)
Profit from operating activities		5,201,553	10,057,270	4,292,103	6,833,156

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JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2024 (CONTINUED)
(in thousands of UAH)

	Notes	For the three months ended 30 June 2024	For the six months ended 30 June 2024	For the three months ended 30 June 2023	For the six months ended 30 June 2023
Profit/(loss) from derecognition of financial assets measured at amortised cost		–	–	5,348	5,542
Profit/(loss) before tax		5,201,553	10,057,270	4,297,451	6,838,698
Income tax (expense)/ benefit		(1,244,712)	(1,244,713)	42	73
Net profit /(loss)		3,956,841	8,812,557	4,297,493	6,838,771
Attributable to:					
Shareholder of the Bank		3,956,952	8,812,768	4,297,212	6,838,605
Non-controlling interest		(111)	(211)	281	166

Notes on pages 8-64 form an 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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2024 (CONTINUED)

(in thousands of UAH)

Notes	For the three months ended 30 June 2024	For the six months ended 30 June 2024	For the three months ended 30 June 2023	For the six months ended 30 June 2023
Net profit /(loss)	3,956,841	8,812,557	4,297,493	6,838,771
Other comprehensive income/(expenses)				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Net change in property revaluation reserve, net of deferred income tax effect	(2,159)	(2,159)	-	-
Net profit/(loss) from revaluation of shares at fair value through other comprehensive income	(45,789)	83,687	53,650	93,457
<i>Items that will be reclassified subsequently to profit or loss</i>				
Exchange differences on translating a foreign operation to reporting currency	153	323	-	-
Net change in fair value of investments at fair value through other comprehensive income net of deferred income tax effect	4,120	2,402	(8,410)	(41,637)
Other comprehensive income/(expenses)	(43,675)	84,253	45,240	51,820
Total comprehensive income/(expenses)	<u>3,913,166</u>	<u>8,896,810</u>	<u>4,342,733</u>	<u>6,890,591</u>
Attributable to:				
Shareholder of the Bank	3,913,277	8,897,021	4,342,452	6,890,425
Non-controlling interest	(111)	(211)	281	166

On behalf of the Management Board:


S. Naumov
Chairman of the Management Board


M. Demkovich
Chief Accountant

20 August 2024

20 August 2024

Prepared by: O. Rybalka, 537-47-75, O. Shoha, 247-86-19

JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION


AS AT 30 JUNE 2024

(in thousands of UAH)

	Notes	30 June 2024	31 December 2023
Assets			
Cash and cash equivalents	11	86,218,006	65,850,018
Loans to customers	12	96,668,149	89,109,019
Investments	13	204,155,818	173,447,680
Investment property		542,598	542,598
Income tax prepaid		55,685	62,772
Deferred income tax assets	9	–	865,374
Fixed assets		10,673,766	10,208,797
Intangible assets		2,413,462	2,465,154
Other financial assets	14	692,443	746,511
Other non-financial assets	14	3,971,621	3,237,800
Total assets		405,391,548	346,535,723
Liabilities and equity			
Liabilities			
Due to banks	15	324,117	366,363
Customer accounts	16	355,356,825	302,944,010
Provisions	19	1,119,530	939,501
Other financial liabilities	19	548,362	608,667
Other non-financial liabilities	19	1,836,033	1,450,879
Deferred income tax liabilities	9	376,539	–
Current income tax liabilities		2	2,953,486
Other borrowed funds	18	7,916,638	5,361,909
Eurobonds issued	17	2,085,662	2,935,584
Subordinated debt	20	–	250,816
Total liabilities		369,563,708	317,811,215
Equity			
Share capital	21	49,724,980	49,724,980
Property revaluation reserve		1,981,418	1,985,382
Revaluation reserve for financial assets at fair value through other comprehensive income		12,132	9,730
Revaluation reserve for investments in equity instruments at fair value through other comprehensive income		964,549	880,862
Cumulative foreign exchange differences		3,024	2,701
Accumulated deficit		(16,870,328)	(23,891,423)
Non-controlling interest		12,065	12,276
Total equity		35,827,840	28,724,508
Total liabilities and equity		405,391,548	346,535,723

On behalf of the Management Board:


S. Naumov
Chairman of the Management Board


M. Demkovich
Chief Accountant

20 August 2024

20 August 2024

Prepared by: O. Rybalka, 537-47-75, O. Shoha, 247-86-19

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JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED ON 30 JUNE 2024
(in thousands of UAH)**

	Notes	Share capital	Property revaluation reserve	Revaluation reserve for financial assets at fair value through other comprehensive income	Revaluation reserve for investments in equity instruments at fair value through other comprehensive income	Cumulative foreign exchange differences	Accumulated deficit	Total equity attributable to the Bank's shareholder	Non-controlling interest	Total Equity
1 January 2023		49,724,980	1,473,482	60,894	684,601	2,537	(29,777,746)	22,168,748	12,783	22,181,531
Net profit/(loss)		-	-	-	-	-	6,838,605	6,838,605	166	6,838,771
Other comprehensive income/(expenses) net of income tax		-	-	(41,637)	93,457	-	-	51,820	-	51,820
Total comprehensive income/(expenses)		-	-	(41,637)	93,457	-	6,838,605	6,890,425	166	6,890,591
Payment of the profit share based on the financial result for the year	21	-	-	-	-	-	(191,941)	(191,941)	-	(191,941)
Disposal of property revaluation reserve		-	(436)	-	-	-	436	-	-	-
30 June 2023		49,724,980	1,473,046	19,257	778,058	2,537	(23,130,646)	28,867,232	12,949	28,880,181
1 January 2024		49,724,980	1,985,382	9,730	880,862	2,701	(23,891,423)	28,712,232	12,276	28,724,508
Net profit/(loss)		-	-	-	-	-	8,812,768	8,812,768	(211)	8,812,557
Other comprehensive income/(expenses) net of income tax		-	(2,159)	2,402	83,687	323	-	84,253	-	84,253
Total comprehensive income/(expenses)		-	(2,159)	2,402	83,687	323	8,812,768	8,897,021	(211)	8,896,810
Payment of the profit share based on the financial result for the year	21	-	-	-	-	-	(1,793,478)	(1,793,478)	-	(1,793,478)
Disposal of property revaluation reserve		-	(1,805)	-	-	-	1,805	-	-	-
30 June 2024		49,724,980	1,981,418	12,132	964,549	3,024	(16,870,328)	35,815,775	12,065	35,827,840

On behalf of the Management Board:


S. Naumov
Chairman of the Management Board


M. Demkovich
Chief Accountant

20 August 2024

20 August 2024

Prepared by: O. Rybalka, 537-47-75, O. Shoha, 247-86-19

Notes on pages 8-64 form an integral part of these interim condensed consolidated financial statements.

JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”

**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2024
(in thousands of UAH)**

	Notes	For the six months ended 30 June 2024	For the six months ended 30 June 2023
Cash flows from operating activities			
Interest received		18,605,693	13,315,561
Interest paid		(9,118,014)	(5,971,270)
Fees and commissions received		6,015,398	5,631,970
Fees and commissions paid		(2,443,131)	(2,312,628)
Foreign currency transactions		569,923	336,333
Other income received		98,012	143,193
Staff costs paid		(3,657,267)	(3,538,114)
Operating expenses paid		(3,096,834)	(2,615,146)
Cash flow from operating activities before changes in operating assets and liabilities		6,973,780	4,989,899
Changes in operating assets and liabilities			
Decrease/(increase) in operating assets:			
Loans to customers		(5,571,578)	3,149,999
Other financial assets		203,155	(1,414,360)
Other non-financial assets		(459,220)	(379,412)
Increase/(decrease) in operating liabilities:			
Due to banks		(43,614)	(221,688)
Customer accounts		48,241,382	23,785,497
Other financial liabilities		(64,636)	4,843
Other non-financial liabilities		42,033	36,773
Net cash proceeds/(outflow) from operating activities before income tax		49,321,302	29,951,551
Income tax (paid)/benefit		(2,953,613)	(31,146)
Net cash proceeds/(outflow) from operating activities		46,367,689	29,920,405
Cash flows from investing activities			
Acquisition of investments		(3,421,018,913)	(2,571,061,437)
Proceeds on sale and redemption of investments		3,395,160,462	2,577,140,803
Purchase of fixed assets		(1,258,508)	(1,694,611)
Purchase of intangible assets		(395,468)	(568,500)
Proceeds from sale of fixed assets		3,510	4,057
Net cash proceeds/(outflow) from investing activities		(27,508,917)	3,820,312
Cash flows from financing activities			
Proceeds of other borrowed funds	18	3,210,000	709,200
Payment of the profit share based on the financial result for the year	21	(1,793,478)	(191,941)
Repayment of other borrowed funds	18	(679,199)	(478,531)
Repayment of Eurobonds issued	17	(969,995)	(2,194,116)
Repayment of subordinated debt	20	(237,029)	(228,554)
Repayment of lease liabilities	19	(96,521)	(92,185)
Net cash proceeds/(outflow) from financing activities		(566,222)	(2,476,127)
Net increase/ (decrease) in cash and cash equivalents before the effect of exchange rates changes		18,292,550	31,264,590

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**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2024 (CONTINUED)
(in thousands of UAH)**

	Notes	For the six months ended 30 June 2024	For the six months ended 30 June 2023
Effect of exchange rates changes on cash and cash equivalents		1,975,503	138,783
Effect of change in expected credit losses on cash and cash equivalents		99,935	(6,223)
Net increase/(decrease) of cash and cash equivalents		20,367,988	31,397,150
Cash and cash equivalents, at the beginning of the period		65,850,018	28,376,712
Cash and cash equivalents, at the end of the period	11	86,218,006	59,773,862

On behalf of the Management Board:


S. Naumov
Chairman of the Management Board

20 August 2024


M. Demkovych
Chief Accountant

20 August 2024

Prepared by: O. Rybalka, 537-47-75, O. Shoha, 247-86-19

JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024 (in thousands of UAH)

1. ORGANIZATION

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

The Bank has been a member of the Individual Deposit Guarantee Fund since April 2022.

As at 30 June 2024 and 31 December 2023, 100% of the Bank’s shares were state-owned.

The Bank is operating under a banking license issued by the NBU. 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 financial instruments 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 consolidated financial statements have been prepared for the Bank, PrJSC “Home Loans Refinancing Agency” (collectively referred to as “the Group”):

Name	Country of operation	Participatory/voting interest (%) as at		Type of activities
		30 June 2024	31 December 2023	
JSC “Oschadbank”	Ukraine	Parent company		Banking
PJSC “Home Loans Refinancing Agency”	Ukraine	70.86	70.86	Loan refinancing

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 procedure and terms of liquidation, and the procedure for distributing 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 JSC “Oschadbank” 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

JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024 (CONTINUED) (in thousands of UAH)

was made to terminate PrJSC "HLRA" 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 is in process as at 30 June 2024.

These interim condensed consolidated financial statements were approved by the Bank's Management Board on 20 August 2024.

2. OPERATING ENVIRONMENT

Currently the economy as a whole remains resilient to military shocks, but risks have increased. Greater intensity of hostilities, damage to energy infrastructure and electricity shortages, and a lack of skilled personnel have made business expectations worse. As a result, real GDP growth is holding back, with the NBU forecasting that it will slow down to 3% in 2024.

Consumer inflation accelerated to 4.8% y/y at the end of Q2, driven by revised electricity tariffs for households and non-household consumers, which was reflected in consumer prices by higher costs of goods and services. Higher production costs for labor, difficulties with energy supply, depreciation of the hryvnia exchange rate, and rising fuel prices also affected inflation.

As a result of the NBU's foreign exchange interventions to cover the structural shortage of foreign currency in the market and smooth exchange rate fluctuations, the volume of international reserves decreased by more than 13% to USD 37.9 billion in Q2. Amid uncertainty, stabilization of devaluation expectations directly depends on external aid inflows. International financial support and the Government's measures to enhance the resilience of public finances provide the essential basis for maintaining macrofinancial stability. The NBU has reduced the key policy rate twice in Q2, which dropped to 13.0% per annum in June 2024.

During the first six months of 2024, the Government of Ukraine raised UAH 177,468.9 million, USD 1,170.9 million, and EUR 841.8 million from auctioned domestic government bonds. The NBU's provision for banks to cover up to 50% of their total required reserves with benchmark domestic government bonds and the gradual expansion of this list contributed to the increased borrowing.

Ukraine's banking system maintains financial stability and customer confidence, increases lending to businesses and households, and is increasingly involved in financing the budget deficit. Capital and liquidity reserves ensure the banking system's continuity even amid a protracted war. Ukrainian banks keep identifying war as a key systemic risk that affects their current operations and long-term development strategies. Banks keep increasing their UAH loans to businesses, with annual growth rates exceeding 10%. The SME loan portfolio is growing more rapidly, and banks are trying to attract new customers. The largest growth in the business loan portfolio occurred under the government program "Affordable Loans 5-7-9%". Mortgage lending to households under the "YeOselya" program is actively underway.

The NBU, together with the Government, has developed a Lending Development Strategy that defines the priority steps to intensify lending amid the war and to develop the credit market infrastructure in the future. The strategy implementation will enhance the role of the banking sector towards meeting the needs of the economy to resist the aggressor and recover after the war.

The growth in household and business incomes is driving up the amount of funding in banks, primarily in UAH. These are mainly invested in high-quality liquid assets, which account for more than a third of banking institutions' net assets. As a result, banks maintain high liquidity ratios, with LCR ratios in all currencies more than three times the minimum requirements.

On January 23, 2024, Rating and Investment Information international rating agency has affirmed Ukraine's long-term foreign currency sovereign rating at 'CCC' with a possible downgrade outlook.

On March 8, 2024, Standard & Poor's downgraded Ukraine's long-term foreign currency sovereign rating to 'CC' from 'CCC' with a negative outlook. Ukraine's national currency sovereign credit rating (CCC+/C) and short-term foreign currency sovereign rating (C) remained unchanged.

The management staff focuses on maintaining the Bank's stable operations, which corresponds to the existing circumstances and available information. However, given the current situation, there is a possibility of the

JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024 (CONTINUED) (in thousands of UAH)

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 currently.

3. MATERIAL ACCOUNTING POLICIES INFORMATION

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 NBU Resolution 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 Bank's consolidated financial statements as at 31 December 2023 and for the year than ended, that are published on the official website of the Bank (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 2023.

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 2023 prepared in accordance with the IFRS, such as accounting policies. The Management believes that the interim condensed consolidated financial statements reflect all adjustments necessary to present a true and fair view of the Group's financial position, operating results, statement of changes in equity and statement of cash flows for the interim reporting 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 the potential impact of military aggression against Ukraine on its financial condition, expects a moderate recovery of the Ukrainian economy and is focused on:

- forecast values of macroeconomic indicators for 2024 were compiled taking into account the data from the National Bank of Ukraine, macro benchmarks used as a basis for the preparation of the state budget for 2024, and the data contained in international information and analytical systems (Bloomberg).
- continuing to provide financing for the economy of Ukraine, the loan portfolio of retail businesses will show growth trends, that of legal entities will focus on lending to critical sectors of the economy, agro-industrial sector enterprises, including due to monetary support of state programs;
- public lending, including under the state "YeOselya" program and lending to MSME customers, including due to loans under state programs to support small businesses, farmers, etc.;
- attraction of resources in the amounts required by the Bank for active transactions, with restrictions on the acceptability of the cost of such resources for the Bank;

JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024 (CONTINUED) (in thousands of UAH)

- the Group does not expect a deterioration in the quality of loan portfolio;
- the Bank is planning to maintain its market position at the level of 2023. In order to achieve the goals, it is planned to: increase loan and investment portfolio, the resource base (mainly due to the attraction of customers' funds), increase the amount of net commission income and trading result;
- the Bank's Management Board 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 increase in the cost of goods/works and services, inflationary expectations of suppliers of goods/works/services, increased IT infrastructure costs, recovery of the operation of the Bank's branch network, are possible;
- regulatory requirements take into account all officially approved plans of the NBU as of the forecast date on the implementation of new requirements during the forecast period.

The assumptions underlying the assessment of business continuity do not take into account external factors that may change in the future, namely: changes in the capital market situation in Ukraine and the world as a whole, other and/or macroeconomic influences not included in the Bank's assessments, geopolitical changes, significant changes in legislation, including banking, changes in reporting and accounting standards, changes in tax legislation, changes in the operational design of the NBU's monetary and exchange rate policy, as well as other changes that may occur in the future and that the Bank cannot control.

The management believes that the Bank will timely and fully fulfill its own obligations within the next 12 months and will repay about USD 66 mln. equivalent (USD 70 mln. including interest) of external borrowings.

The unpredictable development of military operations on the territory of Ukraine causes significant uncertainty, which may affect assumptions on the Group's ability to maintain business continuity and, consequently, on the Group's ability to ensure the sale of its assets and repayment of liabilities.

At the same time, the management of the Group, carrying out the consistent development of the management of business continuity and operational risks, based on forecast indicators of liquidity, capital ratios, the amount of expected credit losses, believes that there are sufficient grounds for drawing up these 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:

	30 June 2024	31 December 2023
UAH/USD 1	40.5374	37.9824
UAH/EUR 1	43.3547	42.2079

3.4. Significant assumptions and sources of estimation uncertainty

While preparing the interim condensed consolidated financial statements of the Group, management has used professional judgments assumptions and estimates that affect the application of accounting policies and the

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reported amounts of assets and liabilities, income and expenses. 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 2023 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 2023 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 31 December 2023 with the involvement of an independent appraiser. The value of real estate was determined by an independent appraiser using income and comparative approaches.

The Group believes that the accounting estimates and assumptions used in determining the fair value of buildings and office space are the same source of valuation uncertainty and are subject to the same limitations as the accounting estimates and assumptions described above.

Deferred income tax assets

Deferred tax assets are recognized in the statement of financial position to the extent that it is probable that future taxable profits will be available against which the unused tax losses and unused tax credits can be utilized, taking into account the uncertainty arising from the martial law in Ukraine.

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.

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

Amendments to the standards, which came into force on 1 January 2024

The Group applied for the first time certain amendments to the standards, which came into force for annual periods beginning on or after 1 January 2024. 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:

Amendments to IAS 1 "Presentation of financial statements": "Classification of liabilities as current or non-current"

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments clarify the criterion in IAS 1 "Presentation of Financial Statements" for classifying liabilities as non-current: the requirement for an entity to have the right to defer repayment of the liability for at least 12 months after the reporting period.

Amendments to IAS 1 "Presentation of financial statements": Non-current Liabilities with Covenants

The amendments improve the information provided by an entity if its right to defer repayment of a liability for at least twelve months is subject to certain conditions being met. The amendments also respond to stakeholders concerns regarding the classification of such a liability as current or non-current.

Amendments to IFRS 16 "Leases": "Lease Liability in a Sale and Leaseback"

The lease liability on sale and leaseback amends IFRS 16 by adding further requirements to the measurement of sale and leaseback transactions. The amendment clarifies how a seller-lessee subsequently evaluates sale and leaseback transactions.

Amendments to IFRS 7 "Financial Instruments: Disclosures" and IAS 7 "Statement of Cash Flows": "Supplier Finance Agreements"

Supplier finance arrangements amend IAS 7 Statement of Cash Flows to require an entity to disclose additional information about supplier finance arrangements. The amendments also add supplier finance agreements as an example to IFRS 7 Financial Instruments: Disclosures requirements for liquidity risk disclosures.

Standards for sustainable development

In June 2023, the International Council for Sustainable Development issued the following financial reporting standards for sustainable development:

- IFRS S1 “General Requirements for Disclosure of Sustainability-related Financial Information” (hereinafter - IFRS S1);
- IFRS S2 “Climate-related Disclosures” (hereinafter - IFRS S2).

Standards IFRS S1 and IFRS S2 became effective for annual reporting periods beginning on 1 January 2024.

These standards establish disclosure requirements about risks and opportunities related to sustainable development and climate change that may affect an entity's cash flows, access to financing or cost of capital in the short, medium or long term.

The Group assesses the impact of IFRS S1 and IFRS S2 on its annual financial statements.

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New and revised standards that have been published but have not yet effective

The standards and interpretations that have been issued but not yet effective at the date of publication of the Group's financial statements are presented below. The Group plans to apply these standards and interpretations when they become effective.

Amendments to IAS 21 "The Effect of Changes in Exchange Rates" - "Lack of Exchangeability" (issued in August 2023 and effective on or after 1 January 2025)

The changes relate to the definition of convertible (exchangeable) currency. The standard is supplemented by a definition of what a convertible currency is, guidance on how to determine whether a currency is convertible, how to determine the spot rate if the currency is not convertible, and how to disclose it in the financial statements.

The Group is assessing the impact of this amendment on its financial statements.

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5. NET INTEREST INCOME

Net interest income is presented as follows:

	For the six months ended 30 June 2024	For the six months ended 30 June 2023
Interest income comprises:		
Interest income, calculated using effective interest method:		
Interest income on financial assets measured at amortised cost		
interest on investments	10,470,722	6,445,456
interest on loans to customers	7,234,364	6,121,287
interest on due from banks	728,717	290,232
Total interest income on financial assets measured at amortised cost	18,433,803	12,856,975
Interest income on financial assets measured at fair value through other comprehensive income		
interest on investments	167,202	253,846
Total interest income, calculated using effective interest method	18,601,005	13,110,821
Interest income on financial assets measured at fair value through profit or loss		
interest on investments	1,363,738	1,509,888
interest on loans to customers	374,003	378,232
Total interest income	20,338,746	14,998,941
Interest expense comprises:		
Interest expense on financial liabilities measured at amortised cost		
interest on customer accounts	(9,125,012)	(5,835,735)
interest on Eurobonds issued (Note 17)	(114,877)	(211,295)
interest on other borrowed funds (Note 18)	(106,968)	(52,990)
interest on subordinated debt (Note 20)	(1,645)	(28,204)
Total interest expense on financial liabilities measured at amortised cost	(9,348,502)	(6,128,224)
Interest on lease liabilities (Note 19)	(32,408)	(25,688)
Total interest expense	(9,380,910)	(6,153,912)
Net interest income	10,957,836	8,845,029

6. FEE AND COMMISSION INCOME AND EXPENSE

Fee and commission income and expense are presented as follows:

	For the six months ended 30 June 2024	For the six months ended 30 June 2023
Commission income		
Payment card transactions	4,086,720	3,883,193
Cash and settlement transactions	1,607,949	1,444,481
Foreign currency transactions	99,075	122,697
Loan servicing to customers	95,191	71,364
Off-balance sheet transactions	22,666	23,791
Transactions with securities	3,652	2,640
Other	120,084	88,234
Total fee and commission income	6,035,337	5,636,400
Fee and commission expense		
Payment card transactions	(2,259,028)	(2,195,834)
Foreign currency transactions	(89,145)	(54,652)
Cash and settlement transactions	(64,945)	(45,192)
Off-balance sheet transactions	(20,137)	(10,317)
Dealing with securities	(3,761)	(1,398)
Other	(5,720)	(5,084)
Total fee and commission expense	(2,442,736)	(2,312,477)

Notes on pages 8-64 form an integral part of these interim condensed consolidated financial statements.

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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:

	For the six months ended 30 June 2024	For the six months ended 30 June 2023
<i>Trading transactions, net</i>		
- investments	2,093	526
<i>Change in fair value:</i>		
- loans to customers	(387,246)	(477,469)
- investments	2,692,020	273,308
Total net gain/(loss) on transactions with financial instruments at fair value through profit or loss	2,306,867	(203,635)

8. OPERATING EXPENSES

Operating expenses are presented as follows:

	For the six months ended 30 June 2024	For the six months ended 30 June 2023
Personnel expenses		
Salary and bonuses	2,934,145	2,525,449
Social security costs	677,043	605,772
Other short-term employee payments	424,686	367,996
Other employee expense	534	550
Total personnel expenses	4,036,408	3,499,767
Depreciation and amortisation:		
Depreciation of fixed assets (excluding right-of-use assets)	835,265	650,147
Amortisation of intangible assets	249,189	185,741
Depreciation of right-of-use assets	105,016	95,817
Total depreciation and amortisation	1,189,470	931,705
Other administrative and operational expenses		
Fixed assets maintenance	1,295,531	942,249
Deductions to the Individual Deposit Guarantee Fund	546,467	496,242
Communication services	206,295	186,598
Utilities	119,405	126,063
Taxes other than income tax	108,273	97,144
Fuel expenses	89,009	78,460
Office maintenance	79,920	79,985
Professional services	75,926	47,310
Leases	68,266	59,353
Security	38,724	36,406
Advertising costs	19,116	12,836
Business trip expenses	11,274	6,141
Insurance	7,904	12,568
Other expenses	455,814	366,364
Total other administrative and operational expenses	3,121,924	2,547,719
Total operating expenses	8,347,802	6,979,191

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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:

	For the six months ended 30 June 2024	For the six months ended 30 June 2023
At the beginning of the period	865,374	(97,833)
Change in deferred income tax assets/liabilities recognised in profit or loss	(1,237,496)	77
Tax effect of property revaluation reserve change recognised in other comprehensive income	474	-
Tax effect on revaluation reserve of securities measured at fair value through other comprehensive income	(4,891)	(6,480)
At the end of the period	(376,539)	(104,236)

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

	30 June 2024	31 December 2023
Correspondent accounts	39,389,983	27,332,945
Less: allowance for expected credit losses	(259)	(98,482)
<i>Total correspondent accounts</i>	<i>39,389,724</i>	<i>27,234,463</i>
Cash on hand	17,599,293	15,592,135
Balances with the National Bank of Ukraine	29,228,989	23,023,420
Total cash and cash equivalents	86,218,006	65,850,018

NBU sets requirements for mandatory reserve standards, and these requirements were changed during the first half of 2024 and during 2023. The amount of mandatory reserves must be kept on a correspondent account with the NBU and is calculated as a percentage of certain liabilities of the Bank based on the borrowed funds for the previous reserve period.

During the first half of 2024 and during 2023, the Bank complied with mandatory provisioning standards at the level established by the NBU, which were in effect in the respective reporting periods.

As at 30 June 2024, cash on hand in the amount of UAH 93,972 thousand (31 December 2023: UAH 92,744 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 June 2024, corresponding accounts including cash and cash equivalents in the amount of UAH 24,242,039 thousand (28.12%) were placed in two banks of one banking group (31 December 2023: UAH 14,892,791 thousand (22.58%) were placed in two banks of one banking group), which is the evidence of high concentration.

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12. LOANS TO CUSTOMERS

	30 June 2024	31 December 2023
Loans to customers measured at amortised cost	96,359,332	88,720,959
Loans to customers measured at fair value through profit or loss (Note 24)	308,817	388,060
Total loans to customers	96,668,149	89,109,019
Loans measured at amortised cost		
Loans to legal entities:		
Loans to corporate entities	91,727,994	86,831,357
Less: allowance for expected credit losses	(19,914,728)	(19,930,693)
Total loans to corporate entities	71,813,266	66,900,664
Loans to state and municipal authorities	6,123,970	7,059,913
Less: allowance for expected credit losses	(160,836)	(200,727)
Total state and municipal authorities	5,963,134	6,859,186
Mortgage loans	168	601
Total mortgage loans	168	601
Loans to individuals:		
Mortgage loans	9,926,660	7,036,575
Less: allowance for expected credit losses	(788,963)	(789,269)
Total mortgage loans	9,137,697	6,247,306
Other loans	13,212,432	12,486,568
Less: allowance for expected credit losses	(3,767,365)	(3,773,366)
Total other loans	9,445,067	8,713,202
Total loans measured at amortised cost	96,359,332	88,720,959
Loans to customers measured at fair value through profit or loss		
Loans to corporate entities	308,817	388,060
Total loans measured at fair value through profit or loss	308,817	388,060

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

As at 30 June 2024, loans with gross carrying amount of UAH 48,155,603 thousand (40%) (31 December 2023: UAH 46,649,292 thousand (41%)), were granted to ten borrowers, which represents a significant concentration.

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

Analysis by sector	30 June 2024		31 December 2024	
	Gross carrying value	Allowance for ECL	Gross carrying value	Allowance for ECL
Individuals	23,139,092	(4,556,328)	19,523,143	(4,562,635)
Energy	19,342,561	(4,473,325)	20,363,179	(4,765,359)
Agriculture	17,905,898	(1,907,584)	16,048,310	(1,933,764)
Oil, gas and chemical production	12,039,760	(576,228)	12,109,593	(577,718)
Trade	10,330,172	(518,406)	10,477,794	(935,935)
Construction and real estate	9,841,558	(5,720,532)	9,731,222	(5,490,944)
Food and beverage manufacturing and processing	6,934,420	(2,194,402)	7,202,695	(2,492,567)
Mining and metallurgy	5,893,262	(3,754,720)	5,422,494	(3,023,074)
Road construction and maintenance	4,714,443	(142,204)	5,427,202	(180,616)
Financial services	4,147,229	(48,934)	1,771,265	(20,707)
Industrial and consumer goods manufacturing	1,713,458	(107,630)	1,358,245	(91,683)
Municipal authorities	1,411,751	(18,641)	1,634,529	(20,110)
Engineering	1,278,439	(58,152)	398,197	(48,021)
Services	1,220,951	(478,690)	1,131,581	(410,640)
Transport	935,776	(45,408)	783,388	(113,862)
Press and publishing	53,709	(663)	48,814	(836)
Media and communications	17,394	(2,149)	16,113	(2,137)
Other	380,168	(27,896)	355,310	(23,447)
Total loans to customers	121,300,041	(24,631,892)	113,803,074	(24,694,055)

The Group repossessed real estate property and other assets as a repayment of non-performing loans. As at 30 June 2024, such assets in the amount of UAH 802,769 thousand (31 December 2023: UAH 712,402 thousand) thousand, respectively, were included in other assets (Note 14).

Loans to individuals are presented by the following products:

	30 June 2024	31 December 2023
Mortgage loans	9,926,660	7,036,575
Other loans:		
Payment card loans	5,474,027	4,821,323
Car loans	4,769,871	4,765,739
Consumer loans secured by real estate and guarantees	1,282,749	1,322,058
Other consumer loans	1,685,785	1,577,448
	23,139,092	19,523,143
Less: allowance for expected credit losses	(4,556,328)	(4,562,635)
Total loans to individuals	18,582,764	14,960,508

In October 2022, the Bank became a participant in the new state programme of affordable mortgage lending "YeOselya" initiated by the President of Ukraine (Note 18). As at 30 June 2024, the gross carrying value of these loans amounted to UAH 7,090,058 thousand (31 December 2023: UAH 4,055,767 thousand).

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13. INVESTMENTS

	30 June 2024			31 December 2023		
	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
Ukrainian government debt securities						
Short-term Ukrainian government debt securities	-	-	-	-	-	5,317,988
Medium-term Ukrainian government debt securities	414,695	-	97,274,650	27,325	6,511,947	64,909,440
Long-term Ukrainian government debt securities	52,249,935	2,126,146	5,790,023	48,941,812	2,102,830	5,786,755
Allowance for expected credit losses	-	-	(1,245,895)	-	-	(976,731)
Total Ukrainian government debt securities	52,664,630	2,126,146	101,818,778	48,969,137	8,614,777	75,037,452
Other:						
Corporate debt securities:						
Bonds issued by corporate entities	-	-	672,432	-	-	-
Bonds issued by State Mortgage Institution	-	-	916,606	-	-	904,658
Allowance for expected credit losses	-	-	(53,159)	-	-	(30,239)
Total corporate debt securities	-	-	1,535,879	-	-	874,419
Other debt securities:						
Debt commitments of the NBU	-	-	44,785,922	-	-	38,809,458
Bonds issued by local government authorities	-	-	227,398	-	-	229,208
Allowance for expected credit losses	-	-	(1,961)	-	-	(2,097)
Total other debt securities	-	-	45,011,359	-	-	39,036,569
Total debt securities	52,664,630	2,126,146	148,366,016	48,969,137	8,614,777	114,948,440
Equity securities:						
Corporate shares	-	999,026	-	-	915,326	-
Total equity securities	-	999,026	-	-	915,326	-
Total investments	52,664,630	3,125,172	148,366,016	48,969,137	9,530,103	114,948,440

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

As at 30 June 2024, in compliance with the terms of the agreement on storage of cash of the National Bank, Ukrainian state debt securities were pledged as collateral, state bonds at fair value through profit or loss with carrying amount of UAH 13,825,286 thousand (31 December 2023: UAH 12,891,406 thousand).

As at 30 June 2024, Ukrainian state debt securities carried at amortised cost with a carrying amount of UAH 15,784,309 thousand were used as collateral under a non-revolving credit line received from PrJSC "Ukrainian Financial Housing Company" (31 December 2023: UAH 8,561,799 thousand) (Note 18).

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:

	30 June 2024	31 December 2023
Other financial assets:		
Restricted cash and cash equivalents	448,267	521,344
Less: allowance for expected credit losses	(93,972)	(92,752)
Total restricted cash and cash equivalents	354,295	428,592
Settlements with money transfer systems	64,096	87,647
Income accrued	440,699	327,910
Other receivables	38,041	29,767
Fair value of spot foreign currency transactions	625	-
Less: allowance for expected credit losses	(205,313)	(127,405)
Total accounts receivable for transactions and other receivables	338,148	317,919
Total other financial assets	692,443	746,511
Other non-financial assets:		
Collateral repossessed by the Group	802,769	712,402
Prepayments:		
Prepayments for purchase of assets	1,342,356	1,167,569
Deferred expenses	1,529,129	1,119,653
Prepaid services	35,567	104,086
Less: allowance for impairment losses	(67,309)	(113,264)
Total prepayments	2,839,743	2,278,044
Inventories	272,611	208,703
Precious metals	44,826	23,568
Miscellaneous assets:		
Receivables from employees and third parties	44,047	37,425
Obligatory payments	11,005	14,557
Other	320	14
Less: allowance for impairment losses	(43,904)	(37,137)
Total miscellaneous assets	11,468	14,859
Receivables on taxes other than income tax		
Receivables on value added tax (VAT)	204	224
Total receivables on taxes other than income tax	204	224
Total other non-financial assets	3,971,621	3,237,800

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

Restricted cash and cash equivalents as at 30 June 2024 are represented by balances on escrow accounts with NBU in the amount of UAH 262,929 thousand (31 December 2023: UAH 349,518 thousand) and cash on hand in the amount of UAH 93,972 thousand (31 December 2023: UAH 92,744 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.

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In the first half of 2024, the Group sold repossessed assets with a carrying value of UAH 31,823 thousand. As a result, gain in amount of UAH 7,295 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:

	30 June 2024	31 December 2023
Correspondent accounts of other banks	324,117	366,363
Total due to banks	324,117	366,363

16. CUSTOMER ACCOUNTS

Customer accounts comprise:

	30 June 2024	31 December 2023
Term deposits:		
Balances on term deposits from customers	110,045,753	99,372,104
Balances on other deposits from customers	2,652,806	2,563,878
Demand accounts:		
Balances on current accounts from customers	238,917,938	198,755,336
Balances on demand deposits from customers	3,740,328	2,252,692
Total customer accounts	355,356,825	302,944,010

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 June 2024, total balances on accounts of top ten customers amounted to UAH 73,380,517 thousand which represented 21% of total customer balances (31 December 2023: UAH 37,140,902 thousand, which represented 12%). As at 30 June 2024, total balance on accounts of one largest customer comprised 7% of total balances on customers' accounts (31 December 2023: 5%).

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

	30 June 2024	31 December 2023
Analysis by sector of economy:		
Individuals	197,544,755	188,852,202
Energy	27,170,716	15,992,561
Oil, gas and chemical production	25,812,544	15,040,163
Transport	18,557,390	6,143,959
Trade	16,496,474	14,907,078
Agriculture	15,455,717	9,798,926
Services	12,387,198	8,883,024
Mining and metallurgy	6,182,680	6,894,704
Financial services	5,528,183	6,024,665
Media and communications	5,077,218	6,735,517
State authorities and local governments	4,749,623	3,683,279
Engineering	4,211,424	4,095,573
Mining and metallurgy	3,544,163	1,897,936
Industrial and consumer goods manufacturing	2,419,710	2,164,692
Food and beverage manufacturing and processing	1,826,683	1,537,451
Press and publishing	97,005	133,946
Other	8,295,342	10,158,334
Total customer accounts	355,356,825	302,944,010

As at 30 June 2024, included in customer accounts are deposits in the amount of UAH 565,440 thousand (31 December 2023: UAH 412,919 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 June 2024 amount of provisions for liabilities to customers comprised UAH 297,283 thousand (31 December 2023: UAH 280,848 thousand) (Note 19).

17. EUROBONDS ISSUED

Eurobonds issued are presented as follows:

	30 June 2024				31 December 2023			
	Currency	Date of issue	Maturity	Coupon rate p.a., %	Carrying value	Maturity	Coupon rate p.a., %	Carrying value
	USD	March 2013	September 2024 – March 2025	9.625	2,085,662	March 2024– March 2025	9.625	2,935,584
Total Eurobonds issued					2,085,662			2,935,584

Changes within the Eurobonds issued are presented as follows:

	For the six months ended 30 June 2024	For the six months ended 30 June 2023
At the beginning of the period	2,935,584	6,041,534
Repayment on Eurobonds	(969,995)	(2,194,116)
Interest expense (Note 5)	114,877	211,295
Interest paid	(146,567)	(287,033)
Effect of changes in the foreign exchange rates	151,763	–
At the end of the period	2,085,662	3,771,680

Notes on pages 8-64 form an integral part of these interim condensed consolidated financial statements.

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On 18 March, the Group repaid USD 25,000 thousand (UAH 969,995 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 8 March 2023, the Group made full repayment in the amount of USD 35,000 thousand (UAH 1,279,901 thousand as of the maturity date) of the balance of Eurobonds issued in March and July 2011. On 16 March, the Group repaid USD 25,000 thousand (UAH 914,215 thousand as of the maturity date) of Eurobonds issued in March 2013. The repayments were made on time, in accordance with the terms of the Eurobonds issue. Along with the planned redemptions of the principal amount of Eurobonds, the Group also paid accrued interest.

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:

	Currency	Maturity	30 June 2024		31 December 2023		
			Coupon rate p.a., %	Carrying value	Maturity	Coupon rate p.a., %	Carrying value
Loans from the European Investment Bank	EUR	December 2024	4.26	204,472	June 2024 – December 2024	4.26	398,259
Loans from the European Investment Bank	EUR	September 2024	4.43	207,245	March 2024 – September 2024	4.43	403,593
Loans from the European Investment Bank	EUR	July 2024 – July 2025	3.91	364,549	January 2024– July 2025	3.91	473,245
Loans from the PJSC "UFHC"	UAH	January 2025- October 2043	3.00	7,140,372	January 2024- October 2043	3.00	4,086,812
Total other borrowed funds				7,916,638			5,361,909

Changes in other borrowed funds are presented as follows:

	For the six months ended 30 June 2024	For the six months ended 30 June 2023
At the beginning of the period	5,361,909	2,676,153
Proceeds of other borrowed funds	3,210,000	709,200
Repayment of other borrowed funds	(679,199)	(478,531)
Interest expense (Note 5)	106,968	52,990
Interest paid	(103,856)	(55,916)
Effect of changes in the foreign exchange rates	20,816	48,449
At the end of the period	7,916,638	2,952,345

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.

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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 "YeOselya", the Bank and PJSC "UFHC" (hereinafter – "UFHC") concluded a credit line agreement. As at 30 June 2024, debt securities measured at amortised cost with a carrying amount of UAH 15,784,309 thousand (31 December 2023: UAH 8,561,799 thousand) (Note 13) were used as collateral under the credit line with the UFHC.

19. OTHER LIABILITIES

Other liabilities include:

	<u>30 June 2024</u>	<u>31 December 2023</u>
Provisions		
Provisions for expected credit losses for guarantees and other credit commitments:		
Provisions for credit commitments	748,595	632,841
Provisions for financial guarantee contracts	620	389
Total provisions for expected credit losses for guarantees and other credit commitments	749,215	633,230
Other provisions:		
Provisions for liabilities to customers	297,283	280,848
Litigation provisions	73,032	25,423
Total other provisions	370,315	306,271
Total provisions	1,119,530	939,501
Other financial liabilities		
Lease liabilities	399,632	370,558
Other accounts payable:		
Accrued expenses for cash operations	48,315	26,853
Accounts payable for other operations	6,840	102,594
Fair value of spot foreign currency transactions	377	–
Total other accounts payable	55,532	129,447
Accrued expenses	93,198	108,662
Total other financial liabilities	548,362	608,667
Other non-financial liabilities		
Taxes payable other than income tax:		
Value added tax payables	13,318	11,342
Accounts payable for other taxes and mandatory payments	162,175	151,194
Total taxes payable other than income tax	175,493	162,536
Accounts payable for payments to banks employees:		
Provisions for unused vacations	785,497	715,853
Accrued bonuses and salaries	375,290	65,793
Other accounts payable for payments to banks employees	2,423	1,210
Total accounts payable for payments to banks employees	1,163,210	782,856
Advances received	148,708	123,022
Accounts payable on fees to the Individual Deposit Guarantee Fund	276,863	266,058
Other	71,759	116,407
Total other non-financial liabilities	1,836,033	1,450,879
Total other liabilities	3,503,925	2,999,047

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).

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Movement in lease liabilities is presented as follows:

	For the six months ended 30 June 2024	For the six months ended 30 June 2023
At the beginning of the period	370,558	392,712
Liabilities recognized	124,396	29,374
Liabilities repayments	(96,521)	(92,185)
Interest accrual (Note 5)	32,408	25,688
Interest paid	(31,209)	(22,635)
At the end of the period	399,632	332,954

20.SUBORDINATED DEBT

Subordinated debt is presented as follows:

Currency	Maturity of the principal	Interest rate, %	30 June 2024	Interest rate, %	31 December 2023
USD	19 January 2024	12.70	–	12.70	250,816
Total subordinated debt			–		250,816

Changes in subordinated debt are presented as follows:

	For the six months ended 30 June 2024	For the six months ended 30 June 2023
At the beginning of the period	250,816	716,442
Repayment of subordinated debt	(237,029)	(228,554)
Interest expense (Note 5)	1,645	28,204
Interest paid	(15,050)	(34,922)
Effect of changes in the foreign exchange rates	(382)	–
At the end of the period	–	481,170

In January 2024, in accordance with the terms and conditions of the agreement, the balance of the subordinated debt was repaid by the Group in the amount of USD 6,250 thousand (UAH 237,029 thousand at the maturity date). Along with the repayments of the balance of the subordinated debt, the Group also repaid accrued interest.

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

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21. SHARE CAPITAL

Share capital is presented as follows:

	Number of shares	Nominal value, UAH thousand	Adjusted amount, UAH thousand
31 December 2022	42,649	49,472,840	49,724,980
31 December 2023	42,649	49,472,840	49,724,980
30 June 2024	42,649	49,472,840	49,724,980

As at 30 June 2024 and 31 December 2023, the nominal value of each share amounted to UAH 1,160 thousand. All shares rank equally and carry one vote.

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

In February 2024 the Group made an advance payment to the State Budget of Ukraine of the share of profit, which is directed to the payment of dividends, based on the forecasted results of operations in 2023 in accordance with the requirements of the Resolution of the Cabinet of Ministers of Ukraine dated 09 February 2024 No.129 “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 2023 of Business Companies with State Corporate Rights in the Charter Capital” in the amount of UAH 692,311 thousand.

In June 2024, in accordance with the Resolution of the Cabinet of Ministers of Ukraine No. 371-p dd. April 26, 2024 "Certain Issues of Activity of Joint Stock Company "State Savings Bank of Ukraine", which approved the amount of the Bank's annual dividends for 2023 in the amount of UAH 1,793,478 thousand, the Group transferred to the State Budget of Ukraine the remaining share of profit allocated for dividend payment based on its performance in 2023 in the amount of UAH 1,101,167 thousand.

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”.

As at 30 June 2024 and 31 December 2023 the Group's share 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. CONTINGENT FINANCIAL LIABILITIES

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 risk, are not reflected in the 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 being impaired, is represented by the contractual amounts of those instruments.

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

Notes on pages 8-64 form an integral part of these interim condensed consolidated financial statements.

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As at 30 June 2024 and 31 December 2023, the nominal or contractual amounts were as follows:

	<u>30 June 2024</u>	<u>31 December 2023</u>
Contingent financial liabilities and credit commitments		
Irrevocable commitments on loans and unused credit lines	18,158,337	14,734,831
Financial guarantees issued, performance guarantees issued and similar commitments	941,137	801,362
Letters of credit and other contingencies	1,214,750	568,467
Total contingent financial liabilities and credit commitments	<u><u>20,314,224</u></u>	<u><u>16,104,660</u></u>

As at 30 June 2024, performance guarantees less allowance for expected credit loss amounted to UAH 313,372 thousand (31 December 2023: UAH 298,125 thousand).

As at 30 June 2024, provisions for contingent financial liabilities and credit commitments, including financial guarantees and other liabilities amounted to UAH 749,215 thousand (31 December 2023: UAH 633,225 thousand), provisions for non-financial guarantees amounted to UAH zero (31 December 2023: UAH 5 thousand) (Notes 19, 27).

As at 30 June 2024, guarantees issued and other liabilities were provided by cash deposits in the amount of UAH 565,440 thousand (31 December 2023: UAH 412,919 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 June 2024, the total amount of such revocable commitments amounted to UAH 21,627,913 thousand (31 December 2023: UAH 27,278,893 thousand).

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

Capital commitments

As at 30 June 2024, the Group had obligations for the purchase of fixed assets in the amount of UAH 185,436 thousand and intangible assets in the amount of UAH 226,331 thousand (31 December 2023: UAH 158,289 thousand and UAH 188,805 thousand).

Litigations

As at 30 June 2024, there were lawsuits against the Bank in the courts, according to which the outflow of resources was probable. Provision in the amount of UAH 73,032 thousand was recognised by the Group for the specified obligations under lawsuits (31 December 2023: UAH 25,423 thousand) (Note 19).

As 30 June 2024 lawsuits in the amount of UAH 15,914 thousand took place in the courts (31 December 2023: UAH 16,468 thousand), an outflow of resources that the Group assesses as possible. Taking into account the Group's assessment of the prospect of dispute resolution, no provision was made for these claims.

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.

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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 Bank (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 June 2024 and 31 December 2023, the Group had no overdue liabilities in paying taxes. The Group believes that it has already made all tax payments, and, therefore, no allowance has been made in the 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 June 2024 and 31 December 2023, 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 June 2024 and for the year then ended 31 December 2023.

23. RELATED PARTY TRANSACTIONS

Transactions and balances with related parties of the Group comprise transactions with the state, 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 analyze substance of the relationship and not merely the legal form.

Related party of the Group transactions and balances which are transactions with the government, government-related entities (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

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The Group's balances with its related parties as at 30 June 2024 and 31 December 2023 are presented in the table below:

	30 June 2024				31 December 2023			
	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
Assets								
Cash and cash equivalents	–	29,996,115	29,996,115	86,218,006	–	24,106,840	24,106,840	65,850,018
Loans to customers	924	31,628,233	31,629,157	96,668,149	1,034	29,572,019	29,573,053	89,109,019
Investments	–	202,309,729	202,309,729	204,155,818	–	172,333,769	172,333,769	173,447,680
Other financial assets	–	263,029	263,029	692,443	–	349,618	349,618	746,511
Liabilities								
Due to banks	–	13,820	13,820	324,117	–	24,798	24,798	366,363
Customer accounts	77,610	81,621,190	81,698,800	355,356,825	70,020	43,940,109	44,010,129	302,944,010
Other borrowed funds	–	7,140,372	7,140,372	7,916,638	–	4,086,812	4,086,812	5,361,909
Other non-financial liabilities	7,754	–	7,754	1,836,033	6,078	–	6,078	1,450,879
Contingent liabilities and credit commitments, including allowance for expected credit losses	450	5,530,829	5,531,279	41,942,137	611	6,661,058	6,661,669	43,383,553

As at 30 June 2024, gross loans to customers and allowances for expected credit losses amounted to UAH 32,732,965 thousand (31 December 2023: UAH 30,826,417 thousand) and UAH (1,104,732) thousand (31 December 2023: UAH (1,254,398) thousand), respectively, for other related parties.

As at 30 June 2024, gross investment and allowance for expected credit losses amounted to UAH 203,587,201 thousand (31 December 2023: UAH 173,340,739 thousand) and UAH (1,277,472) thousand (31 December 2023: UAH (1,006,970) thousand), respectively, for other related parties.

Notes on pages 8-64 form an integral part of these interim condensed consolidated financial statements.

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Included in the interim condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2024 and 2023 were the following amounts which arose due to transactions with related parties::

	For the period ended 30 June 2024				For the period ended 30 June 2023			
	Key management personnel of entity	Other related parties	Transactions with related parties	Total in category	Key management personnel of entity	Other related parties	Transactions with related parties	Total in category
Interest income	50	14,117,818	14,117,868	20,338,746	51	10,243,172	10,243,223	14,998,941
Interest expense	(1,846)	(2,507,650)	(2,509,496)	(9,380,910)	(761)	(1,117,092)	(1,117,853)	(6,153,912)
Fee and commission income	59	139,647	139,706	6,035,337	89	135,075	135,164	5,636,400
Fee and commission expense	-	(37,268)	(37,268)	(2,442,736)	-	(27,354)	(27,354)	(2,312,477)
Net gain/(loss) on transactions with financial instruments at fair value through profit or loss	-	2,694,113	2,694,113	2,306,867	-	273,834	273,834	(203,635)
(Accrual)/reversal of allowance for expected credit losses on interest bearing assets	-	(184,526)	(184,526)	1,544,550	-	(168,995)	(168,995)	1,234,944
Net gain/(loss) on modifications of financial assets	-	(226,763)	(226,763)	(527,177)	-	(136,912)	(136,912)	(216,819)
Other income	-	7,690	7,690	229,158	-	17,750	17,750	244,833
Personnel expenses	(75,048)	-	(75,048)	(4,036,408)	(63,729)	-	(63,729)	(3,499,767)
Other administrative and operational expenses	-	(621,115)	(621,115)	(3,121,924)	-	(540,065)	(540,065)	(2,547,719)
Key management personnel remuneration:	(73,371)	-	(73,371)	(4,036,408)	(61,311)	-	(61,311)	(3,499,767)
short-term employee benefits	(71,116)	-	(71,116)	-	(59,383)	-	(59,383)	-
social charges	(2,255)	-	(2,255)	-	(1,928)	-	(1,928)	-

Notes on pages 8-64 form an integral part of these interim condensed consolidated financial statements.

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24. FAIR VALUE

IFRS defines fair value as the price that would be received from an asset sale 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 herein 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 measured 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):

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Assets/liabilities	Fair value hierarchy	Valuation techniques and key inputs
Investments, shares	1	<p>Quoted bid prices of shares (unadjusted) in an active market (available to the Group on assessment date) for identical investments.</p> <p>Fair value of shares is assessed using market approach.</p>
Investments, debt securities	1	<p>Quoted bid prices of debt securities (unadjusted) in an active market (available to the Group on assessment date) for identical investments.</p>
	2	<p>Fair value of debt securities is assessed using market approach.</p> <p>Discounted cash flows on debt securities.</p>
	3	<p>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.</p> <p>Discounted cash flows on debt securities.</p> <p>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.</p> <p>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:</p> <ul style="list-style-type: none"> • 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 UDGB 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 14.81-27.22 per US dollar for a package of bonds depending on the date of issue of relevant series of UDGB; • forward US dollar exchange rate against UAH. It is determined based on the risk-free yield rates in US dollars (according to the yield to maturity of US government securities) and hryvnias (according to the zero-coupon yield curve published by the NBU. As at 30June 2024, the estimated value of the forward US dollar in UAH, which is adopted for calculating the fair value of the embedded option, ranged from 41.19 UAH/USD for 0.22 year time horizon to 88.78 UAH/USD for 7.64 year time horizon (31 December 2023: 41.07 UAH/USD for 0.72 year time horizon to 68.99 UAH/USD for 8.14 year time horizon); • volatility of the US dollar against UAH. Defined as the annual volatility of interbank exchange rate of the US dollar against the hryvnia for the period from 1 January 2015 (excluding the period of validity of the fixed exchange rate mode). As at 30June 2024, the volatility of the US dollar against the hryvnia was 17.09% (31 December 2023: 17.62%); • discount rate. The discount rate is determined according zero-coupon yield curve published by the NBU. As at 30June 2024, the discount rate ranged from 12.71% per annum for the term of 0.22 years to 15.61% per annum for the period of 2.58 years (31 December 2023: from 17.36% per annum for the term of 1.87 years to 11.12% per annum for the period of 8.14 years).

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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 NBU.</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: buildings	3	<p>The Group engages professional independent appraisers to determine the fair value of its buildings. To determine the fair value, the appraiser used a comparative approach.</p> <p>Use of key inputs and assumptions: market sales prices for comparable real estate objects were used for the comparative approach: by location, by functional purpose, area and other parameters. In order to bring the value of the comparison objects to the value of the evaluation objects, adjustments were applied: for the bargaining (the appraiser used the offer prices, not the prices of real deals), location within the settlement, type of real estate, architectural design, floor space, land plot status, the presence of a basement and the area. Bargain adjustment applied by appraiser in the range of 15% to 20%.</p>
Real estate: investment property	3	<p>The Group engages professional independent appraisers to determine the fair value of its investment property. The appraiser used the income approach to determine the fair value.</p> <p>Use of key inputs and assumptions: the method of discounting cash flows from the hotel and business center was used for the income approach. At the same time, discount rates, rental rates and an estimate of the size of operating costs were applied, which were based on the prospect of the recovery of the real estate market at the end of the forecast period to the level observed before the start of armed aggression against Ukraine by the Russian Federation. The discount rate was calculated as the weighted average cost of capital and was: for 2024-2025 – 18.20%, 2026 – 15.14%, 2027-2028 and in the post-forecast period – 11.50%.</p>

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

	Level 1	Level 2	Level 3	30 June 2024 Total
Assets				
Investments at fair value through profit or loss:				
Ukrainian government debt securities	–	414,695	52,249,935	52,664,630
Investments at fair value through other comprehensive income:				
Ukrainian government debt securities	–	2,126,146	–	2,126,146
Equity securities	968,250	–	30,776	999,026
Loans measured at fair value through profit or loss				
	–	–	308,817	308,817
Real estate:				
construction in progress	–	–	8,151	8,151
Buildings	–	–	3,627,079	3,627,079
Investment property	–	–	542,598	542,598
Total	968,250	2,540,841	56,767,356	60,276,447
				31 December 2023 Total
	Level 1	Level 2	Level 3	
Assets				
Investments at fair value through profit or loss:				
Ukrainian government debt securities	–	27,325	48,941,812	48,969,137
Investments at fair value through other comprehensive income:				
Ukrainian government debt securities	–	8,614,777	–	8,614,777
Equity securities	884,874	–	30,452	915,326
Loans measured at fair value through profit or loss				
	–	–	388,060	388,060
Real estate:				
construction in progress	–	–	6,531	6,531
Buildings	–	–	3,653,960	3,653,960
Investment property	–	–	542,598	542,598
Total	884,874	8,642,102	53,563,413	63,090,389

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

Equity securities

	1 January 2024	1 January 2023
Total income and expense:	30,452	29,448
In profit or loss:		
dividends	4,189	2,397
In other comprehensive income:		
net change in fair value of investments at FVOCI	324	(290)
Dividend collection	(4,189)	(2,397)
30 June 2024	30,776	29,158

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Investments measured at fair value through profit or loss

Debt securities

1 January 2024	48,941,812	1 January 2023	54,575,386
Total income and expense:		Total income and expense:	
In profit or loss:		In profit or loss:	
interest income	4,043,725	interest income	1,782,872
net change in fair value	1,353,338	net change in fair value	1,509,650
Coupon income collected	2,690,387	Coupon income collected	273,222
	<u>(735,602)</u>		<u>(823,352)</u>
30 June 2024	<u>52,249,935</u>	30 June 2023	<u>55,534,906</u>

Loans measured at fair value through profit or loss

1 January 2024	388,060	1 January 2023	481,419
Total income and expense:		Total income and expense:	
In profit or loss:		In profit or loss:	
interest income	(13,243)	interest income	(99,237)
net change in fair value	374,003	net change in fair value	378,232
Interest income collected	(387,246)	Interest income collected	(477,469)
Repayment	(63,544)	Repayment	(52,763)
	<u>(2,456)</u>		<u>-</u>
30 June 2024	<u>308,817</u>	30 June 2023	<u>329,419</u>

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 consists of the fair value of the principal contract (domestic government debt securities with indexed value denominated in hryvnias) and the fair value of the embedded option of domestic government debt securities with indexed value denominated in hryvnias. 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 June 2024		31 December 2023	
Forward USD/UAH exchange rate	+1%	-1%	496,903	(496,819)	457,483	(457,365)
Volatility of USD/UAH exchange rate	+1 p.p.	-1 p.p.	2,956	(2,000)	9,290	(7,425)
Discount rate	+1 p.p.	-1 p.p.	(759,744)	799,746	(932,787)	979,275

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 (- 759,744)/+799,746 thousand as at 30 June 2024 (31 December 2023: by UAH (- 932,787)/+ 979,275 thousand).

The Group 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 4,135,224 thousand as at 30 June 2024 (31 December 2023: UAH 3,551,725 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 1,723,903 thousand as at 30 June 2024 (31 December 2023: increase in the fair value of UAH 1,354,974 thousand).

Notes on pages 8-64 form an integral part of these interim condensed consolidated financial statements.

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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 June 2024	+1 p.p.	-1 p.p.	30,776	(1,021)	1,070
31 December 2023	+1 p.p.	-1 p.p.	30,452	(1,058)	1,109

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 June 2024	+1 p.p.	-1 p.p.	(17,470)	18,678
31 December 2023	+1 p.p.	-1 p.p.	(22,642)	24,260

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. Accordingly, for other financial assets and other financial liabilities, the carrying value is approximately equal to their fair value. This assumption is also applied to demand deposits and current accounts without defined maturity.

The management believes that, except for included in the table below, the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

	30 June 2024		31 December 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Loans to legal entities	77,776,568	77,924,765	73,760,451	76,719,593
Loans to individuals	18,582,764	13,832,023	14,960,508	12,303,924
Investments	148,366,016	148,760,632	114,948,440	115,171,483
Total assets	244,725,348	240,517,420	203,669,399	204,195,000
Liabilities				
Customer accounts	355,356,825	355,715,086	302,944,010	303,147,347
Eurobonds issued	2,085,662	1,997,308	2,935,584	2,806,197
Other borrowed funds	7,916,638	7,793,767	5,361,909	4,748,933
Subordinated debt	-	-	250,816	250,543
Total liabilities	365,359,125	365,506,161	311,492,319	310,953,020

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):

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

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

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30 June 2024,

	Level 1	Level 2	Level 3	Total
Assets				
Loans to customers	–	–	91,756,788	91,756,788
Investments	–	147,201,224	1,559,408	148,760,632
Total	–	147,201,224	93,316,196	240,517,420
Liabilities				
Customer accounts	–	355,715,086	–	355,715,086
Eurobonds issued	–	1,997,308	–	1,997,308
Other borrowed funds	–	7,793,767	–	7,793,767
Subordinated debt	–	–	–	–
Total	–	365,506,161	–	365,506,161

31 December 2023,

	Level 1	Level 2	Level 3	Total
Assets				
Loans to customers	–	–	89,023,517	89,023,517
Investments	–	114,101,795	1,069,688	115,171,483
Total	–	114,101,795	90,093,205	204,195,000
Liabilities				
Customer accounts	–	303,147,347	–	303,147,347
Eurobonds issued	–	2,806,197	–	2,806,197
Other borrowed funds	–	4,748,933	–	4,748,933
Subordinated debt	–	250,543	–	250,543
Total	–	310,953,020	–	310,953,020

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 consolidated statement of changes in equity.

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.

As at 30 June 2024 and 31 December 2023, the Group's prudential capital ratios exceeded the regulatory ceilings set by the NBU.

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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 on capital components:

	30 June 2024	31 December 2023
Regulatory capital:		
Tier 1 capital		
Share capital	49,724,980	49,724,980
Accumulated deficit	(16,870,328)	(23,891,423)
Total Tier 1 qualified capital	32,854,652	25,833,557
Tier 2 capital		
Revaluation reserves	2,961,123	2,878,675
Subordinated debt	–	47,478
Total Tier 2 qualified capital up to a limit of 100% total Tier 1 capital	2,961,123	2,926,153
Total regulatory capital	35,815,775	28,759,710
Capital ratios:		
Total regulatory capital as a percentage of total risk-weighted assets	19.99%	16.88%
Total Tier 1 capital as a percentage of total risk-weighted assets	18.34%	15.16%

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27. RISK MANAGEMENT POLICIES

With the exception of credit risk, liquidity 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 2023 prepared in accordance with IFRS.

Credit risk

As at 30 June 2024, 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 100% ECL rate for borrowers, for which there are no sources of repayment outside this territory.

Translation from Ukrainian original

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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)	
Balance as at 1 January 2023	12,911,000	–	–	12,911,000	21,420	–	–	21,420
New assets	9,805,468	–	–	9,805,468	6,223	–	–	6,223
Repaid assets	(508,447)	–	–	(508,447)	–	–	–	–
Foreign exchange differences	123,810	–	–	123,810	152	–	–	152
Balance as at 30 June 2023	22,331,831	–	–	22,331,831	27,795	–	–	27,795
Balance as at 1 January 2024	27,332,945	–	–	27,332,945	98,482	–	–	98,482
New assets	10,326,761	–	–	10,326,761	(99,933)	–	–	(99,933)
Repaid assets	(878)	–	–	(878)	(2)	–	–	(2)
Foreign exchange differences	1,731,155	–	–	1,731,155	1,712	–	–	1,712
Balance as at 30 June 2024	39,389,983	–	–	39,389,983	259	–	–	259

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

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Investments measured at amortised cost Government debt securities 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)	
Balance as at 1 January 2023	45,481,773	7,345,808	–	52,827,581	270,055	205,398	–	475,453
New assets	35,758,375	–	–	35,758,375	428,539	–	–	428,539
Repaid assets	(28,021,599)	(1,611,002)	–	(29,632,601)	(438)	(103)	–	(541)
Other changes	889,038	46,030	–	935,068	(177,652)	4,909	–	(172,743)
Foreign exchange differences	110,762	–	–	110,762	1,643	–	–	1,643
Balance as at 30 June 2023	54,218,349	5,780,836	–	59,999,185	522,147	210,204	–	732,351
Balance as at 1 January 2024	70,227,428	5,786,755	–	76,014,183	724,464	252,267	–	976,731
New assets	39,375,951	–	–	39,375,951	550,871	–	–	550,871
Repaid assets	(14,031,597)	–	–	(14,031,597)	(479)	–	–	(479)
Other changes	1,068,916	3,268	–	1,072,184	(285,358)	(7,189)	–	(292,547)
Foreign exchange differences	633,952	–	–	633,952	11,319	–	–	11,319
Balance as at 30 June 2024	97,274,650	5,790,023	–	103,064,673	1,000,817	245,078	–	1,245,895

Investments measured at amortised cost Corporate 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)	
Balance as at 1 January 2023	40,863	–	853,700	894,563	210	–	10,489	10,699
New assets	–	–	–	–	–	–	–	–
Repaid assets	(41,358)	–	–	(41,358)	(7)	–	–	(7)
Other changes	495	–	38,592	39,087	(203)	–	17,270	17,067
Balance as at 30 June 2023	–	–	892,292	892,292	–	–	27,759	27,759
Balance as at 1 January 2024	–	–	904,658	904,658	–	–	30,239	30,239
New assets	663,626	–	–	663,626	21,300	–	–	21,300
Repaid assets	–	–	–	–	–	–	–	–
Other changes	8,806	–	11,948	20,754	282	–	1,338	1,620
Balance as at 30 June 2024	672,432	–	916,606	1,589,038	21,582	–	31,577	53,159

Notes on pages 8-64 form an integral part of these interim condensed consolidated financial statements.

Translation from Ukrainian original

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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)	
Balance as at 1 January 2023	26,766,232	-	-	26,766,232	2,177	-	-	2,177
New assets	81,285,898	-	-	81,285,898	-	-	-	-
Repaid assets	(93,588,644)	-	-	(93,588,644)	-	-	-	-
Other changes	271,816	-	-	271,816	31	-	-	31
Balance as at 30 June 2023	14,735,302	-	-	14,735,302	2,208	-	-	2,208
Balance as at 1 January 2024	39,038,666	-	-	39,038,666	2,097	-	-	2,097
New assets	170,387,500	-	-	170,387,500	-	-	-	-
Repaid assets	(165,572,161)	-	-	(165,572,161)	-	-	-	-
Other changes	1,159,315	-	-	1,159,315	(136)	-	-	(136)
Balance as at 30 June 2024	45,013,320	-	-	45,013,320	1,961	-	-	1,961

As at 30 June 2024, other debt instruments include NBU deposit certificates amounted UAH 44,785,922 thousand, (31 December 2023: UAH 38,809,458 thousand), for which the Bank does not assess expected credit losses, since there is no credit risk for this asset.

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)	
Balance as at 1 January 2023	6,248,794	2,031,816	-	8,280,610	154,225	25,315	-	179,540
Repaid assets	-	-	-	-	-	-	-	-
Other changes	(67,515)	29,258	-	(38,257)	(70,568)	(2,413)	-	(72,981)
Foreign exchange differences	86,441	-	-	86,441	1,823	-	-	1,823
Balance as at 30 June 2023	6,267,720	2,061,074	-	8,328,794	85,480	22,902	-	108,382
Balance as at 1 January 2024	6,512,211	2,120,272	-	8,632,483	263	17,443	-	17,706
Repaid assets	(6,412,475)	-	-	(6,412,475)	(260)	-	-	(260)
Other changes	-	11,310	-	11,310	-	(12,007)	-	(12,007)
Foreign exchange differences	(99,736)	-	-	(99,736)	(3)	-	-	(3)
Balance as at 30 June 2024	-	2,131,582	-	2,131,582	-	5,436	-	5,436

Notes on pages 8-64 form an integral part of these interim condensed consolidated financial statements.

JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024 (CONTINUED)
(in thousands of UAH)**

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

	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	
Balance as at 1 January 2023	20,986,210	29,179,609	19,506,764	11,537,984	81,210,567	222,648	1,481,152	11,873,175	6,216,685	19,793,660
New assets	11,187,811	-	-	562,334	11,750,145	324,413	-	-	61,635	386,048
Stage 1	1,254,174	(1,143,369)	(110,805)	-	-	217,881	(173,621)	(44,260)	-	-
Stage 2	(5,402,423)	5,496,143	(93,720)	-	-	(181,963)	213,060	(31,097)	-	-
Stage 3	(51,928)	(109,490)	161,418	-	-	(738)	(11,493)	12,231	-	-
Repaid assets	(1,100,006)	(918,207)	(153,919)	3,003	(2,169,129)	(4,029)	(161,694)	(196,105)	3,238	(358,590)
Other changes	(4,921,666)	(5,490,626)	(87,294)	(143,525)	(10,643,111)	(222,728)	(134,061)	(180,458)	(747,333)	(1,284,580)
Adjustment of interest income	-	-	-	-	-	-	-	462,315	223,394	685,709
Write-off of assets	-	-	(16,232)	-	(16,232)	-	-	(16,232)	-	(16,232)
Restructuring of an asset, resulted in derecognition of financial instrument	-	-	(215,374)	(337,339)	(552,713)	-	-	(154,065)	(7,314)	(161,379)
Reversal of ECL	-	-	-	141,660	141,660	-	-	-	141,660	141,660
Effect of modifications	(33,428)	(134,872)	(13,616)	(18,907)	(200,823)	(33,796)	(28,139)	(13,616)	58,676	(16,875)
Foreign exchange differences	2,269	13,451	206,216	3,056	224,992	-	10	111,161	645	111,816
Balance as at 30 June 2023	21,921,013	26,892,639	19,183,438	11,748,266	79,745,356	321,688	1,185,214	11,823,049	5,951,286	19,281,237
Balance as at 1 January 2024	25,594,992	29,462,276	19,133,543	12,640,546	86,831,357	191,658	1,489,391	12,411,123	5,838,521	19,930,693
New assets	8,854,401	-	-	-	8,854,401	106,059	-	-	-	106,059
Stage 1	4,724,483	(4,704,601)	(19,882)	-	-	374,611	(367,674)	(6,937)	-	-
Stage 2	(1,385,450)	1,412,566	(27,116)	-	-	(17,187)	25,164	(7,977)	-	-
Stage 3	(57,401)	(154,225)	211,626	-	-	(636)	(47,451)	48,087	-	-
Repaid assets	(1,684,791)	(1,432,806)	(120,556)	79,269	(3,158,884)	(2,534)	(62,719)	(63,350)	96,804	(31,799)
Other change	(1,269,505)	(236,302)	(397,118)	(316,997)	(2,219,922)	(230,129)	(127,865)	(826,185)	(236,492)	(1,420,671)
Adjustment of interest income	-	-	-	-	-	-	-	554,317	272,369	826,686
Write-off of assets	-	-	(7,901)	-	(7,901)	-	-	(7,901)	-	(7,901)
Restructuring of an asset, resulted in derecognition of financial instrument	-	-	16,488	-	16,488	-	-	(4,440)	-	(4,440)
Reversal of ECL	-	-	-	-	-	-	-	97,401	-	97,401
Effect of modifications	(10,165)	(227,675)	(283,563)	-	(521,403)	259	(51,446)	(283,563)	-	(334,750)
Foreign exchange differences	197,076	587,959	708,705	440,118	1,933,858	6,922	35,582	441,325	269,621	753,450
Balance as at 30 June 2024	34,963,640	24,707,192	19,214,226	12,842,936	91,727,994	429,023	892,982	12,351,900	6,240,823	19,914,728

"Other changes" reflects changes in the gross carrying amount and ECL that occurred when the asset was at the relevant stage of ECL measurement and are not related to full repayment of debt or generation of new assets:

- in terms of changes in the gross carrying amount: new disbursements or repayments within the existing credit limits, changes in accrued and unpaid interest, repayment of principal debt, etc;

Notes on pages 8-64 form an integral part of these interim condensed consolidated financial statements.

Translation from Ukrainian original

JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024 (CONTINUED) (in thousands of UAH)

- in terms of changes in the ECL: changes in models and applied values of risk parameters for ECL measurement, changes in scenario weights and/or changes in expected cash flows, changes in collateral value/collateral coverage level, etc.

Loans that are measured at amortised cost Loans to individuals

	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
Balance as at 1 January 2023	4,776,761	3,942,782	3,927,239	12,646,782	291,288	238,953	3,553,550	4,083,791
New assets	2,126,171	-	-	2,126,171	47,547	-	-	47,547
Stage 1	1,283,181	(1,252,307)	(30,874)	-	355,214	(341,631)	(13,583)	-
Stage 2	(1,346,500)	1,425,055	(78,555)	-	(107,117)	118,030	(10,913)	-
Stage 3	(29,669)	(265,774)	295,443	-	(3,020)	(130,424)	133,444	-
Repaid assets	(889,913)	(340,592)	(276,604)	(1,507,109)	(47,777)	(11,915)	(233,727)	(293,419)
Other change	(197,839)	(720,906)	(84,323)	(1,003,068)	(242,577)	312,972	54,767	125,162
Adjustment of interest income	-	-	-	-	-	-	49,934	49,934
Write-off of assets	-	-	(15,310)	(15,310)	-	-	(15,310)	(15,310)
Restructuring of an asset, resulted in derecognition of financial instrument	-	-	-	-	-	-	(1,991)	(1,991)
Recovery of previously written-off assets	-	-	-	-	-	-	24	24
Effect of modifications	(2,912)	(845)	(1,438)	(5,195)	(236)	(1,221)	(1,438)	(2,895)
Foreign exchange differences	33	-	3,704	3,737	2	-	3,609	3,611
Sale of assets	-	-	(142,431)	(142,431)	-	-	(142,431)	(142,431)
Balance as at 30 June 2023	5,719,313	2,787,413	3,596,851	12,103,577	293,324	184,764	3,375,935	3,854,023
Balance as at 1 January 2024	7,020,787	2,029,974	3,435,807	12,486,568	337,841	153,802	3,281,723	3,773,366
New assets	2,784,871	-	-	2,784,871	90,069	-	-	90,069
Stage 1	2,073,173	(2,060,416)	(12,757)	-	194,744	(187,528)	(7,216)	-
Stage 2	(2,859,102)	2,876,167	(17,065)	-	(75,021)	79,980	(4,959)	-
Stage 3	(15,182)	(153,089)	168,271	-	(1,040)	(94,683)	95,723	-
Repaid assets	(779,019)	(295,045)	(106,952)	(1,181,016)	(48,648)	(5,391)	(85,572)	(139,611)
Other change	(136,839)	(579,165)	(130,356)	(846,360)	(73,314)	241,050	(94,477)	73,259
Adjustment of interest income	-	-	-	-	-	-	4,275	4,275
Write-off of assets	-	-	(86,263)	(86,263)	-	-	(86,263)	(86,263)
Restructuring of an asset, resulted in derecognition of financial instrument	-	-	-	-	-	-	-	-
Recovery of previously written-off assets	-	-	-	-	-	-	157	157
Recovery of impairment	-	-	-	-	-	-	77	77
Effect of modifications	1,449	567	(730)	1,286	(522)	(84)	(642)	(1,248)
Foreign exchange differences	36	5	53,308	53,349	2	-	53,285	53,287
Sale of assets	-	-	(3)	(3)	-	-	(3)	(3)
Balance as at 30 June 2024	8,090,174	1,818,998	3,303,260	13,212,432	424,111	187,146	3,156,108	3,767,365

Notes on pages 8-64 form an integral part of these interim condensed consolidated financial statements.

Translation from Ukrainian original

JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024 (CONTINUED) (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)	
Balance as at 1 January 2023	3,840,874	6,253,505	300	10,094,679	62,279	191,020	300	253,599
New assets	-	-	-	-	-	-	-	-
Stage 1	-	-	-	-	-	-	-	-
Repaid assets	(612,490)	-	-	(612,490)	(9,635)	-	-	(9,635)
Other changes	(1,048,717)	(242,495)	-	(1,291,212)	(28,212)	(14,244)	-	(42,456)
Foreign exchange differences	-	-	-	-	-	-	-	-
Balance as at 30 June 2023	2,179,667	6,011,010	300	8,190,977	24,432	176,776	300	201,508
Balance as at 1 January 2024	1,417,102	5,642,511	300	7,059,913	17,112	183,315	300	200,727
New assets	100,841	-	-	100,841	1,492	-	-	1,492
Stage 1	151,858	(151,858)	-	-	2,063	(2,063)	-	-
Repaid assets	(13,077)	-	-	(13,077)	(73)	-	-	(73)
Other changes	(247,497)	(1,028,889)	-	(1,276,386)	(2,263)	(48,460)	-	(50,723)
Foreign exchange differences	-	252,679	-	252,679	-	9,413	-	9,413
Balance as at 30 June 2024	1,409,227	4,714,443	300	6,123,970	18,331	142,205	300	160,836

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JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024 (CONTINUED)
(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	
Balance as at 1 January 2023	1,955,531	849,059	878,428	2,448	3,685,466	2,848	3,982	765,450	(12)	772,268
New assets	909,206	-	-	116	909,322	(531)	-	-	2	(529)
Stage 1	738,139	(719,187)	(18,952)	-	-	7,294	(4,721)	(2,573)	-	-
Stage 2	(291,806)	311,386	(19,580)	-	-	(519)	3,710	(3,191)	-	-
Stage 3	(5,129)	(31,777)	36,906	-	-	(20)	(1,172)	1,192	-	-
Repaid assets	(33,144)	(23,059)	(9,449)	(303)	(65,955)	(21)	(40)	(3,551)	(3)	(3,615)
Other change	(123,489)	(88,089)	(892)	(170)	(212,640)	(6,506)	370	21,052	(41)	14,875
Adjustment of interest income	-	-	-	-	-	-	-	5,915	(1)	5,914
Write-off of assets	-	-	(6,289)	-	(6,289)	-	-	(6,289)	-	(6,289)
Restructuring of an asset, resulted in derecognition of financial instrument	-	-	-	-	-	-	-	(1,698)	-	(1,698)
Effect of modifications	(7,561)	(2,540)	(700)	-	(10,801)	(846)	(94)	(653)	22	(1,571)
Foreign exchange differences	12	1	2,905	-	2,918	-	-	2,905	-	2,905
Balance as at 30 June 2023	3,141,759	295,794	862,377	2,091	4,302,021	1,699	2,035	778,559	(33)	782,260
Balance as at 1 January 2024	5,715,388	482,953	836,723	2,112	7,037,176	1,802	5,159	782,522	(214)	789,269
New,assets	3,316,027	-	-	-	3,316,027	4,160	-	-	-	4,160
Stage 1	37,381	(22,886)	(14,495)	-	-	5,792	(242)	(5,550)	-	-
Stage 2	(96,108)	99,635	(3,527)	-	-	(116)	442	(326)	-	-
Stage 3	(8,598)	(17,608)	26,206	-	-	(19)	(1,104)	1,123	-	-
Repaid assets	(45,261)	(22,568)	(4,848)	(426)	(73,103)	(74)	(91)	(2,537)	77	(2,625)
Other change	(286,589)	(54,951)	(6,395)	(101)	(348,036)	(1,372)	(129)	(4,791)	29	(6,263)
Adjustment of interest income	-	-	-	-	-	-	-	3,178	1	3,179
Write-off of assets	-	-	(24,164)	-	(24,164)	-	-	(24,164)	-	(24,164)
Restructuring of an asset, resulted in derecognition of financial instrument	-	-	-	-	-	-	-	-	-	-
Effect of modifications	(5,883)	(975)	(203)	-	(7,061)	(117)	(249)	(181)	-	(547)
Foreign exchange differences	12	(2)	25,979	-	25,989	-	-	25,954	-	25,954
Balance as at 30 June 2024	8,626,369	463,598	835,276	1,585	9,926,828	10,056	3,786	775,228	(107)	788,963

Notes on pages 8-64 form an integral part of these interim condensed consolidated financial statements.

JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024 (CONTINUED) (in thousands of UAH)

In the first half of 2024, due to changes in exchange rates of the national currency, the gross carrying value of the loans to legal entities increased by UAH 2,265,877 thousand, that was followed by an increase in allowance in the amount of UAH 842,105 thousand (in the first half 2023: the gross carrying value of the loans to legal entities increased by UAH 224,994 thousand, that was followed by an increase in allowance in the amount of UAH 111,814 thousand).

During the first half of 2024, loans classified as Stage 3 with a gross carrying amount of UAH 16,488 thousand, for which provisions were made, including interest income adjustments, in the amount of UAH 16,488 thousand, were restructured. As a result of the restructuring, new loans classified as POCI were recognized with a total gross carrying amount of UAH 10,539 thousand, including a total initial impairment (discount) amounting to UAH 3,523 thousand.

During the first half of 2023, loans classified as Stage 3 with a gross carrying amount of UAH 63,297 thousand, for which provisions were made, including interest income adjustment, in the amount of 48,665 UAH and loans classified as POCI with a gross carrying amount of UAH 670,380 thousand for which provisions were made, including interest income adjustments, in the amount of UAH 11,497 thousand and, accordingly, the amount of initial impairment (discount) was UAH 333,041 thousand, were restructured, including with the replacement of the borrower. As a result of the restructuring, new loans classified as POCI were recognised with a total gross carrying amount of UAH 728,219 thousand (including the gross carrying amount of loans that were classified as Stage 3 before derecognition - UAH 57,779 thousand), the total initial impairment (discount) amounted to UAH 227,937 thousand (in particular, the initial impairment (discount) on loans that were included in Stage 3 before derecognition - UAH 2,281 thousand).

As at 30 June 2024, 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 25,699,077 thousand (31 December 2023: UAH 25,350,197 thousand).

Loans to customers issued in the first half of 2024 amounted to UAH 15,056,140 thousand, representing 13% of loans granted to customers (during the first half of 2023: UAH 1,178,738 thousand, representing 14% of loans granted to customers as at 31 December 2022).

During the first half of 2024, loans to customers amounting to UAH 4,421,840 thousand have been fully repaid, representing 4% of loans to customers, remained on the Bank's balance sheet as at 31 December 2023 (during the first half of 2023: UAH 4,354,684 thousand, representing 4% of loans to customers as at 31 December 2022).

As at 30 June 2024, loans to customers overdue for more than 90 days (NPLs – non-performing loans) amounted to UAH 23,144,580 thousand, representing 19% of the total amount of loans to customers before deducting allowance for expected credit losses (31 December 2023: UAH 24,376,947 thousand, representing 21% of the total amount of loans to customers before deducting allowance for expected credit losses).

During the first half of 2024, the Bank wrote off loans to customers in the amount of UAH 118,328 thousand in hryvnia equivalent, which was 0.1% of the volume of loans to customers overdue for more than 90 days as of 31 December 2023 (during the first half of 2023: UAH 37,381 thousand in hryvnia equivalent, which was 0.1% of the volume of loans to customers overdue for more than 90 days as at 31 December 2022). 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

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024 (CONTINUED) (in thousands of UAH)

Other financial assets

	Gross carrying value			Total	ECL			Total
	Stage 1 12-month ECL	Stage 2 Life-time ECL (not impaired)	Stage 3 Life-time ECL (impaired)		Stage 1 12-month ECL	Stage 2 Life-time ECL (not impaired)	Stage 3 Life-time ECL (impaired)	
Balance as at 1 January 2023	887,838	461,909	220,492	1,570,239	7	37,437	213,022	250,466
New assets	-	83,395	-	83,395	-	3,642	-	3,642
Stage 2	-	24,716	(24,716)	-	-	22,432	(22,432)	-
Stage 3	-	(12,380)	12,380	-	-	(5,858)	5,858	-
Repaid assets	(54,745)	(302,540)	(20,871)	(378,156)	-	(4,335)	(18,847)	(23,182)
Other changes	6,612	1,777,365	8,185	1,792,162	1	(6,134)	11,890	5,757
Write-off of assets	-	-	(2,438)	(2,438)	-	-	(2,438)	(2,438)
Foreign exchange differences	-	1,561	52	1,613	-	13	52	65
Sale of assets	-	-	(686)	(686)	-	-	(686)	(686)
Balance as at 30 June 2023	839,705	2,034,026	192,398	3,066,129	8	47,197	186,419	233,624
Balance as at 1 January 2024	458,624	312,678	195,366	966,668	7	46,836	173,314	220,157
New assets	300,945	33,774	-	334,719	-	3,042	-	3,042
Stage 2	-	2,746	(2,746)	-	-	1,762	(1,762)	-
Stage 3	-	(14,875)	14,875	-	-	(4,737)	4,737	-
Repaid,assets	(379,580)	(805,314)	(5,683)	(1,190,577)	-	(5,509)	(4,446)	(9,955)
Other,changes	12,906	769,462	92,110	874,478	(7)	10,683	73,391	84,067
Write-off,of,assets	-	-	(371)	(371)	-	-	(371)	(371)
Foreign,exchange,differences	-	5,731	1,080	6,811	-	190	2,155	2,345
Sale of assets	-	-	-	-	-	-	-	-
Balance as at 30 June 2024	392,895	304,202	294,631	991,728	-	52,267	247,018	299,285

As at 30 June 2024, 100% allowance for possible losses was made for cash on hand in the amount of UAH 93,972 thousand (31 December 2023: UAH 92,085 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.

Notes on pages 8-64 form an integral part of these interim condensed consolidated financial statements.

JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024 (CONTINUED)
(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)	
Balance as at 1 January 2023	10,424,305	629,693	133,491	11,187,489	267,945	78,631	34,326	380,902
Increase of commitments	1,374,293	–	–	1,374,293	47,230	–	–	47,230
Stage 1	549,787	(516,176)	(33,611)	–	60,287	(53,766)	(6,521)	–
Stage 2	(900,661)	905,394	(4,733)	–	(23,382)	24,431	(1,049)	–
Stage 3	(46,612)	(39,765)	86,377	–	(1,389)	(3,949)	5,338	–
Repaid commitments	(840,310)	(23,415)	(9,029)	(872,754)	(32,875)	(8,452)	(2,407)	(43,734)
Other changes	408,714	(33,818)	3,777	378,673	(30,335)	75,853	8,109	53,627
Foreign exchange differences	–	(58)	251	193	–	–	–	–
Balance as at 30 June 2023	10,969,516	921,855	176,523	12,067,894	287,481	112,748	37,796	438,025
Balance as at 1 January 2024	13,712,860	823,143	198,828	14,734,831	498,462	94,259	40,120	632,841
Increase of commitments	2,412,143	–	–	2,412,143	100,532	–	–	100,532
Stage 1	205,152	(183,613)	(21,539)	–	17,743	(12,317)	(5,426)	–
Stage 2	(236,985)	237,443	(458)	–	(4,296)	4,412	(116)	–
Stage 3	(10,350)	(18,664)	29,014	–	(492)	(3,240)	3,732	–
Repaid commitments	(1,153,911)	(34,802)	(6,467)	(1,195,180)	(33,720)	(4,500)	(2,898)	(41,118)
Other changes	2,100,120	74,042	26,948	2,201,110	19,432	20,797	16,027	56,256
Foreign exchange differences	4,698	–	735	5,433	7	1	76	84
Balance as at 30 June 2024	17,033,727	897,549	227,061	18,158,337	597,668	99,412	51,515	748,595

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

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Financial guarantees issued, performance 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)	
Balance as at 1 January 2023	225,675	700	1,160,092	1,386,467	1,276	-	525,890	527,166
Increase of commitments	245,281	-	-	245,281	266	-	-	266
Stage 1	1,408	(1,408)	-	-	-	-	-	-
Stage 2	(48,949)	50,357	(1,408)	-	-	-	-	-
Stage 3	(1,287)	-	1,287	-	-	-	-	-
Repaid commitments	(13,287)	(2,944)	(384,974)	(401,205)	-	-	(209,647)	(209,647)
Other changes	6,494	-	(222,113)	(215,619)	(1,340)	41	(32,978)	(34,277)
Disposal due to asset recognition	-	-	(155,618)	(155,618)	-	-	(96,861)	(96,861)
Foreign exchange differences	-	-	-	-	-	-	-	-
Balance as at 30 June 2023	415,335	46,705	397,266	859,306	202	41	186,404	186,647
Balance as at 1 January 2024	1,364,058	5,771	-	1,369,829	389	-	-	389
Increase of commitments	806,781	-	-	806,781	378	-	-	378
Stage 1	626,577	(626,577)	-	-	42	(42)	-	-
Stage 2	(639,110)	639,110	-	-	(80)	80	-	-
Stage 3	-	-	-	-	-	-	-	-
Repaid commitments	(34,206)	(1,042)	-	(35,248)	(8)	-	-	(8)
Other changes	(32,837)	-	-	(32,837)	(102)	(40)	-	(142)
Disposal due to asset recognition	-	-	-	-	-	-	-	-
Foreign exchange differences	42,947	4,415	-	47,362	1	2	-	3
Balance as at 30 June 2024	2,134,210	21,677	-	2,155,887	620	-	-	620

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

During the first half of 2024, the Group has not made any payments under letters of credit and guarantees that were classified as Stage 3.

During the first half of 2023, the Group made payments due to the provision of tranches under open credit lines: under letters of credit assessed at Stage 3, in the amount of UAH 58,510 thousand and guarantees, in the amount of UAH 97,108 thousand, which were evaluated at Stage 3 and for which provisions were made, in the amount of UAH 13,845 thousand and UAH 91,738 thousand, respectively. As a result, new loans classified as POCI were recognized, the gross carrying value of which before deducting the initial impairment amounted to UAH 155,618 thousand, and the initial impairment (discount) in the amount of UAH 110,725 thousand was recognized. The result of the specified operations is reflected in the line “Disposal due to recognition of the asset”.

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Effect of modifications on financial assets

Impact of modifications on financial assets at amortised cost:

	For the six months ended 30 June 2024	For the six months ended 30 June 2023
Financial assets modified in the reporting period		
Amortised cost before modification	6,391,919	8,188,696
Net result from modifications of loans to customers (lifetime ECL)	(512,579)	(174,958)
Financial assets modified at the date of initial recognition		
Gross balance value of financial assets for which the calculation of the allowance for impairment was replaced by a 12-month estimate of ECL	1,020,339	1,199,919

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:

	As at 30 June 2024		As at 31 December 2023	
	Net carrying value	Collateral value	Net carrying value	Collateral value
Cash and cash equivalents	39,389,724	–	27,234,463	–
Loans to customers:	96,359,332	56,204,849	88,720,959	49,172,306
- <i>corporate customers</i>	77,776,568	39,064,923	73,760,451	34,944,680
- <i>individuals</i>	18,582,764	17,139,926	14,960,508	14,227,626
Investments	150,492,162	–	123,563,217	–
Other financial assets	692,443	–	746,511	–
Total	<u>286,933,661</u>	<u>56,204,849</u>	<u>240,265,150</u>	<u>49,172,306</u>

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.

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

	30 June 2024	31 December 2023
Cash and cash equivalents, except cash	39,389,724	27,234,463
Investments:		
Ukrainian government debt securities	103,944,924	83,652,229
Corporate debt securities	1,535,879	874,419
Other debt securities	45,011,359	39,036,569
Loans to customers:		
Loans to corporate entities	71,813,266	66,900,664
Loans to state and municipal authorities	5,963,134	6,859,186
Mortgage loans	9,137,865	6,247,907
Other loans	9,445,067	8,713,202
Other financial assets	692,443	746,511
	286,933,661	240,265,150

As at 30 June 2024, the net carrying value of the credit-impaired loans amounted to UAH 13,568,057 thousand (31 December 2023: UAH 13,735,230 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 9,318,859 thousand (31 December 2023: UAH 9,489,172 thousand).

As at 30 June 2024, the Group had loans to customers with carrying amount of UAH 13,473,033 thousand (31 December 2023: UAH 12,713,545 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:

	30 June 2024	31 December 2023
The maximum exposure to credit risk:		
Credit commitments	17,409,742	14,101,990
Financial guarantees issued, performance guarantees issued and similar commitments	2,155,267	1,369,440
	19,565,009	15,471,430

As at 30 June 2024, the guarantees and other credit commitments (including revocable credit commitments), net of allowance for expected credit losses amounted to UAH 41,192,922 thousand (31 December 2023: UAH 42,750,323 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 6,995,162 thousand (31 December 2023: UAH 10,526,048 thousand).

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

	30 June 2024	31 December 2023
Investments:		
Ukrainian government debt securities	52,664,630	48,969,137
Loans to customers:		
Loans to corporate entities	308,817	388,060

The collateral used to reduce the credit risk for loans at fair value through profit or loss as at 30 June 2024 the 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 308,817 thousand (31 December 2023: UAH 388,060 thousand).

Liquidity risk

Liquidity risk arises from the mismatch in timing and amounts of cash inflows and outflows which may result in losses, reduction in revenue or decrease the market value of the Group’s capital as a result of failure of the Group to cover its cash requirements to fully meet its financial obligations on a timely manner and with minimal losses.

The analysis of liquidity gap based on the carrying value of financial assets and liabilities is presented in the following table. Liquidity analysis is based on estimated cash flows. Certain amounts that are shown in the table are estimates and can change:

Translation from Ukrainian original

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	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	Maturity undefined	30 June 2024 Total
Non-derivative financial assets							
Cash and cash equivalents	39,389,724	–	–	–	–	–	39,389,724
Loans to customers	3,057,817	2,717,684	18,146,418	61,859,126	10,887,104	–	96,668,149
Investments	29,259,639	34,826,068	61,380,671	64,775,306	12,915,108	–	203,156,792
Total interest bearing assets	71,707,180	37,543,752	79,527,089	126,634,432	23,802,212	–	339,214,665
Cash and cash equivalents	46,828,282	–	–	–	–	–	46,828,282
Investments	–	–	–	–	–	999,026	999,026
Other financial assets	396,246	228,493	7,363	58,058	1,658	–	691,818
Total non-derivative financial assets	118,931,708	37,772,245	79,534,452	126,692,490	23,803,870	999,026	387,733,791
Non-derivative financial liabilities							
Due to banks	324,117	–	–	–	–	–	324,117
Customer accounts	272,027,486	43,225,854	38,153,238	1,860,414	89,823	10	355,356,825
Eurobonds issued	–	1,070,197	1,015,465	–	–	–	2,085,662
Other borrowed funds	126,104	224,415	504,064	1,561,862	5,500,193	–	7,916,638
Lease liabilities	49,104	45,274	139,770	157,792	7,692	–	399,632
Subordinated debt	–	–	–	–	–	–	–
Total interest bearing liabilities	272,526,811	44,565,740	39,812,537	3,580,068	5,597,708	10	366,082,874
Other financial liabilities	143,239	157	1,288	3,661	8	–	148,353
Total non-derivative financial liabilities	272,670,050	44,565,897	39,813,825	3,583,729	5,597,716	10	366,231,227
Liquidity gap between non-derivative financial assets and liabilities	(153,738,342)	(6,793,652)	39,720,627	123,108,761	18,206,154	999,016	
Liquidity gap between interest bearing assets and interest bearing liabilities	(200,819,631)	(7,021,988)	39,714,552	123,054,364	18,204,504	–	
Cumulative liquidity gap between interest bearing assets and interest bearing liabilities	(200,819,631)	(207,841,619)	(168,127,067)	(45,072,703)	(26,868,199)		
Cumulative interest sensitivity gap as a percentage of total assets	-49.5%	-51.3%	-41.5%	-11.1%	-6.6%		
Derivative financial instruments and spot contracts							
Spot contracts	248	–	–	–	–	–	248
Aggregated liquidity gap	(153,738,094)	(6,793,652)	39,720,627	123,108,761	18,206,154	999,016	
Cumulative liquidity gap	(153,738,094)	(160,531,746)	(120,811,119)	2,297,642	20,503,796	21,502,812	

Notes on pages 8-64 form an integral part of these interim condensed consolidated financial statements.

Translation from Ukrainian original

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	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	Maturity undefined	31 December 2023 Total
Non-derivative financial assets							
Cash and cash equivalents	27,234,462	–	–	–	–	–	27,234,462
Loans to customers	2,933,323	2,956,020	15,393,446	58,215,239	9,610,991	–	89,109,019
Investments	41,234,444	14,698,721	52,102,936	51,767,481	12,728,772	–	172,532,354
Total interest bearing assets	71,402,229	17,654,741	67,496,382	109,982,720	22,339,763		288,875,835
Cash and cash equivalents	38,615,556	–	–	–	–	–	38,615,556
Investments	–	–	–	–	–	915,326	915,326
Other financial assets	460,886	244,357	4,058	34,043	3,167	–	746,511
Total non-derivative financial assets	110,478,671	17,899,098	67,500,440	110,016,763	22,342,930	915,326	329,153,228
Non-derivative financial liabilities							
Due to banks	366,363	–	–	–	–	–	366,363
Customer accounts	226,615,534	32,961,589	41,161,113	2,116,052	89,722	–	302,944,010
Eurobonds issued	–	1,029,810	952,887	952,887	–	–	2,935,584
Other borrowed funds	151,625	239,044	868,164	1,057,914	3,045,162	–	5,361,909
Lease liabilities	41,423	38,750	128,266	159,250	2,869	–	370,558
Subordinated debt	250,816	–	–	–	–	–	250,816
Total interest bearing liabilities	227,425,761	34,269,193	43,110,430	4,286,103	3,137,753		312,229,240
Other financial liabilities	138,632	6	276	99,175	20	–	238,109
Total non-derivative financial liabilities	227,564,393	34,269,199	43,110,706	4,385,278	3,137,773	–	312,467,349
Liquidity gap between non-derivative financial assets and liabilities	(117,085,722)	(16,370,101)	24,389,734	105,631,485	19,205,157	915,326	
Liquidity gap between interest bearing assets and interest bearing liabilities	(156,023,532)	(16,614,452)	24,385,952	105,696,617	19,202,010		
Cumulative liquidity gap between interest bearing assets and interest bearing liabilities	(156,023,532)	(172,637,984)	(148,252,032)	(42,555,415)	(23,353,405)		
Cumulative interest sensitivity gap as a percentage of total assets	-45.0%	-49.8%	-42.8%	-12.3%	-6.7%		
Derivative financial instruments and spot contracts							
Spot contracts	–	–	–	–	–	–	–
Aggregated liquidity gap	(117,085,722)	(16,370,101)	24,389,734	105,631,485	19,205,157	915,326	
Cumulative liquidity gap	(117,085,722)	(133,455,823)	(109,066,089)	(3,434,604)	15,770,553	16,685,879	

Notes on pages 8-64 form an integral part of these interim condensed consolidated financial statements.

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The Group’s liquidity risk management includes estimate of the core current accounts, i.e. permanent balances of the customers’ accounts, using the statistical methods applied to the historical information on fluctuations of the customer accounts balances. As at 30 June 2024, the permanent balances on the current accounts were estimated at UAH 132,027,332 thousand (31 December 2023: UAH 107,430,079 thousand). Based on a going concern assumption of the Group, the effective maturity of the core current accounts is considered to be indefinite.

Information as to the expected periods of customers’ accounts repayment and liquidity gaps based on the expected periods of customers’ accounts repayment is presented below:

	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	Maturity undefined	30 June 2024 Total
Total non-derivative financial assets	118,931,708	37,772,245	79,534,452	126,692,490	23,803,870	999,026	387,733,791
Total non-derivative financial liabilities	272,670,050	44,565,897	39,813,825	3,583,729	5,597,716	10	366,231,227
Liquidity gap	(153,738,342)	(6,793,652)	39,720,627	123,108,761	18,206,154	999,016	
Current customer accounts analysed based on expected withdrawal dates	140,000,154	43,225,854	38,153,238	1,860,414	89,823	132,027,342	355,356,825
Liquidity gap based on expected withdrawal dates for current customer accounts	(21,711,010)	(6,793,652)	39,720,627	123,108,761	18,206,154	(131,028,316)	
Cumulative liquidity gap based on expected withdrawal dates for current customer accounts	(21,711,010)	(28,504,662)	11,215,965	134,324,726	152,530,880	21,502,564	

	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	Maturity undefined	31 December 2023 Total
Total non-derivative financial assets	110,478,671	17,899,098	67,500,440	110,016,763	22,342,930	915,326	329,153,228
Total non-derivative financial liabilities	227,564,393	34,269,199	43,110,706	4,385,278	3,137,773	–	312,467,349
Liquidity gap	(117,085,722)	(16,370,101)	24,389,734	105,631,485	19,205,157	915,326	
Current customer accounts analysed based on expected withdrawal dates	119,185,455	32,961,589	41,161,113	2,116,052	89,722	107,430,079	302,944,010
Liquidity gap based on expected withdrawal dates for current customer accounts	(9,655,643)	(16,370,101)	24,389,734	105,631,485	19,205,157	(106,514,753)	
Cumulative liquidity gap based on expected withdrawal dates for current customer accounts	(9,655,643)	(26,025,744)	(1,636,010)	103,995,475	123,200,632	16,685,879	

The Group management believes that the liquidity gap based on the expected maturities of customer accounts of “Up to One Year” as at 30 June 2024 is controllable and does not present a threat to the Group’s ability to settle its obligations on a timely basis and in full.

As at 30 June 2024, the Group’s secondary liquidity reserve amounted to UAH 62,747,449 thousand, which represented the following securities with a maturity greater than one year:

- Unencumbered government debt securities at fair value through profit or loss. Necessary funds can be obtained through the sale of these securities or from a refinancing loan from the NBU secured with these securities. As at 30 June 2024, the fair value of such securities was UAH 9,719,357 thousand;
- Unencumbered government debt securities accounted at amortised cost, which can be used as collateral to obtain a refinancing loan from the NBU. As at 30 June 2024, the carrying value of such securities was UAH 53,028,091 thousand.

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The above securities included in secondary liquidity reserves cover the cumulative liquidity gap in the period of up to one year.

Geographical concentration

Geographical concentration of assets and liabilities is presented below:

	Ukraine	Other non-OECD countries	OECD countries	30 June 2024 Total
Non-derivative financial assets				
Cash and cash equivalents	47,596,541	-	38,621,465	86,218,006
Loans to customers	96,668,149	-	-	96,668,149
Investments	203,187,568	-	968,250	204,155,818
Other financial assets	600,552	41	91,225	691,818
Total non-derivative financial assets	348,052,810	41	39,680,940	387,733,791
Non-derivative financial liabilities				
Due to banks	323,065	475	577	324,117
Customer accounts	354,785,982	355,230	215,613	355,356,825
Eurobonds issued	-	-	2,085,662	2,085,662
Other borrowed funds	7,140,371	-	776,267	7,916,638
Lease liabilities	399,632	-	-	399,632
Other financial liabilities	64,143	-	84,210	148,353
Subordinated debt	-	-	-	-
Total non-derivative financial liabilities	362,713,193	355,705	3,162,329	366,231,227
Net position on non-derivative financial instruments	(14,660,383)	(355,664)	36,518,611	
Derivative financial instruments and spot contracts				
Spot contracts	414	-	(166)	248
Net position on derivative financial instruments and spot contracts	414	-	(166)	248
Net position	(14,659,969)	(355,664)	36,518,445	
	Ukraine	Other non-OECD countries	OECD countries	31 December 2023 Total
Non-derivative financial assets				
Cash and cash equivalents	39,699,104	-	26,150,914	65,850,018
Loans to customers	89,109,019	-	-	89,109,019
Investments	172,562,806	-	884,874	173,447,680
Other financial assets	667,538	30	78,943	746,511
Total non-derivative financial assets	302,038,467	30	27,114,731	329,153,228
Non-derivative financial liabilities				
Due to banks	365,348	475	540	366,363
Customer accounts	302,463,459	266,241	214,310	302,944,010
Eurobonds issued	-	-	2,935,584	2,935,584
Other borrowed funds	4,086,812	-	1,275,097	5,361,909
Lease liabilities	370,558	-	-	370,558
Other financial liabilities	162,743	-	75,366	238,109
Subordinated debt	-	-	250,816	250,816
Total non-derivative financial liabilities	307,448,920	266,716	4,751,713	312,467,349
Net position on non-derivative financial instruments	(5,410,453)	(266,686)	22,363,018	
Derivative financial instruments and spot contracts				
Spot contracts	-	-	-	-
Net position on derivative financial instruments and spot contracts	-	-	-	-
Net position	(5,410,453)	(266,686)	22,363,018	

Notes on pages 8-64 form an integral part of these interim condensed consolidated financial statements.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024 (CONTINUED) (in thousands of UAH)

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

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 by issued Eurobonds and other borrowings.

28. SEGMENT INFORMATION

Segment information refers to the services rendered within segments and is provided to the Group's management responsible for making operating decision on resources allocation and assessment of the segments' activities.

The Segment Information note for the first half of 2024 was prepared using the new methodology for segmentation and determination of transfer income and expenses by segments.

Assets/liabilities and income/expense have been allocated to the relevant segment under the new approach based on the business segment responsible for decision-making regarding the provision of products/services to the Bank's customers, as opposed to the previous approach, which was based on the type of customer (corporate, MSME, retail, etc.) the Group provides services to.

The following amendments were made to the approaches to determining transfer rates and, accordingly, to the calculation of transfer income and expenses.

The transfer rate was based on market rates rather than internal interest rates on deposits and loans of the Group's customers, as it was before.

According to the new approach to transfer pricing, the yield on all assets and liabilities (including non-interest bearing ones) is estimated based on the cash flows of the transaction (including the start and end dates of the transaction) or based on a certain list of time periods applied to assets/liabilities that do not have start and end dates. The transfer rate is set at the moment of entering into an agreement and may not be revised during the entire validity period of the agreement, during which the expected cash flows under the agreement remain unchanged. According to the previous approach, the transfer rate used to be revised on a monthly basis regardless of the term of the agreement.

When calculating the transfer rate, the following components were added to the basic rate (risk-free interest rate based on market rates): liquidity premium (liquidity risk), liquidity buffer cost (unexpected liquidity risk), option premium (option risk) and management premium (management adjustment aimed at achieving strategic goals and/or goals set out in the business plan). According to the previous approach, transfer rates have been set only as a basic rate, and no other components have been applied. Changes in the approaches to determining transfer rates and, accordingly, in the calculation of transfer income and expenses affected the calculation of segment profitability. At the same time, the structure of the note items has not changed.

The new segmentation methodology was applied to the following segments:

Retail banking. All products for individuals, except for services assigned to other business segments. Payment acceptance, merchant and internet acquiring services provided to all customer segments.

MSME. All products for microenterprises, including individual entrepreneurs, small and medium-sized enterprises, except for services assigned to other business segments.

Corporate business. All products for corporate customers, except for services assigned to other business segments.

Cash Collection. All services related to the transportation of cash and valuables provided to external customers (corporate, MSME, retail, banks, the NBU, etc.), as well as services related to the transportation, recalculation and safekeeping of cash and valuables for the needs of internal customers (cash collection of branches, ATMs, etc.).

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Financial and investing activities. Management of the trading book and other instruments of the financial and capital markets, and the Group's custodial activities.

Other. Servicing of the non-performing loan portfolio that arose before January 1, 2014 and was transferred to a separate non-performing asset unit, and general banking operations, property, plant and equipment, inventories, and other assets/liabilities of the Group.

As this change in approach affected the Group's assets and liabilities by segments and their income and expenses, the comparative information in the note as at 30 June 2023 has been restated.

There are no items of unusual nature that affect assets, liabilities or profit in the interim financial statements by segment.

During the first half of 2024, the Group recognized income received from Counterparty 1 in the amount of UAH 10,838,020 thousand, which is 35% of income and is allocated to the "Financing and investing activities" segment, and from Counterparty 2 in the amount of UAH 3,518,268 thousand, which is 11% of income and is allocated to the "Financing and investing activities" and "Retail business" segments in the amount of UAH 3,509,360 thousand and UAH 8,908 thousand, respectively.

During the first half of 2023, the Group recognized income received from Counterparty 1 in the amount of UAH 5,404,622 thousand, which is 24% of income, and which was allocated to the "Financing and investing activities" segment, and from Counterparty 2 in the amount of UAH 2,545,968 thousand, which is 11% of income, which was allocated to the "Financing and investing activities" and "Retail business" segments in the amount of UAH 2,521,765 thousand and UAH 24,203 thousand, respectively.

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Income, expense and results of reportable segments for the six months ended 30 June 2024

Items	Name of a reportable segment						Withdrawal	Unallocated amounts	Total
	Big corporate business	Micro-, SME	Retail business	Cash Collection	Financing-investing activity	Other			
Income	5,252,632	2,772,719	6,943,637	697,299	15,164,412	127,544	-	-	30,958,243
Interest income	3,312,874	2,191,652	1,606,060	-	12,621,402	606,758	-	-	20,338,746
Fee and commission income	153,900	443,701	4,733,113	696,735	4,157	3,731	-	-	6,035,337
Net gain/(loss) on transactions with financial instruments at fair value through profit or loss	-	-	-	-	2,694,113	(387,246)	-	-	2,306,867
(Accrual)/reversal of allowance for expected credit losses on interest bearing assets	1,759,219	131,663	34,179	-	(220,551)	(159,960)	-	-	1,544,550
Gains/(losses) arising on initial recognition of financial assets at an interest rate higher or lower than the market rate	8,125	-	-	-	(2)	-	-	-	8,123
Dealing in foreign currencies, net	-	-	433,451	-	62,011	-	-	-	495,462
Other income/(expense)	18,514	5,703	136,834	564	3,282	64,261	-	-	229,158
Transfer income of segments	4,933,919	2,967,545	11,009,695	13,908	2,671,683	231,271	(21,828,021)	-	-
Interest income	4,933,919	2,967,545	11,009,695	13,908	2,671,683	231,271	(21,828,021)	-	-
Total segments income	10,186,551	5,740,264	17,953,332	711,207	17,836,095	358,815	(21,828,021)	-	30,958,243
Interest expense	(6,422,267)	(3,050,343)	(5,434,501)	10,833	(14,665,889)	(1,646,764)	21,828,021	-	(9,380,910)
Net gain/(losses) on modifications of financial assets	(522,441)	1,038	(5,774)	-	-	-	-	-	(527,177)
(Accrual) /reversal of allowance for expected credit losses on other operations	3,387	(5,879)	(136,113)	(644)	(504)	(62,595)	-	-	(202,348)
Fee and commission expense	(10,666)	(27,061)	(2,329,222)	(71,809)	(3,889)	(89)	-	-	(2,442,736)
Operating expense	(303,538)	(1,260,776)	(6,015,139)	(505,598)	(134,637)	(128,114)	-	-	(8,347,802)
SEGMENT RESULT (before taxation)	2,931,026	1,397,243	4,032,583	143,989	3,031,176	(1,478,747)	-	-	10,057,270
Income tax (expense)/benefit	-	-	-	-	-	-	-	(1,244,713)	(1,244,713)
Profit/(loss)	2,931,026	1,397,243	4,032,583	143,989	3,031,176	(1,478,747)	-	(1,244,713)	8,812,557

Notes on pages 8-64 form an integral part of these interim condensed consolidated financial statements.

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(in thousands of UAH)**

Income, expense and results of reportable segments for the six months ended 30 June 2023

Items	Name of a reportable segment						Withdrawal	Unallocated amounts	Total
	Big corporate business	Micro-, SME	Retail business	Cash Collection	Financing-investing activity	Other			
Income	4,457,895	2,224,543	6,263,531	607,302	8,213,706	970,603	-	-	22,737,580
Interest income	3,267,994	1,545,321	1,191,364	-	8,377,063	617,199	-	-	14,998,941
Fee and commission income	139,506	399,895	4,493,640	590,020	3,750	9,589	-	-	5,636,400
Other income/(expense)	4,266	2,165	117,158	375	-	120,869	-	-	244,833
Profit/(loss) from derecognition of financial assets measured at amortised cost	-	-	5,394	-	-	148	-	-	5,542
(Accrual)/reversal of allowance for expected credit losses on interest bearing assets	922,762	276,500	102,957	-	(188,497)	121,222	-	-	1,234,944
(Accrual) /reversal of allowance for expected credit losses on other operations	123,367	767	(65,974)	16,907	(421)	101,576	-	-	176,222
Dealing in foreign currencies, net	-	(105)	418,992	-	21,811	-	-	-	440,698
Transfer income of segments	2,479,250	2,566,642	10,157,220	15,746	3,026,751	141,767	(18,387,376)	-	-
Interest income	2,479,250	2,566,642	10,157,220	15,746	3,026,751	141,767	(18,387,376)	-	-
Total segments income	6,937,145	4,791,185	16,420,751	623,048	11,240,457	1,112,370	(18,387,376)	-	22,737,580
Interest expense	(4,510,527)	(2,574,890)	(4,194,448)	(41,578)	(11,893,251)	(1,326,594)	18,387,376	-	(6,153,912)
Net gain/(loss) on transactions with financial instruments at fair value through profit or loss	-	-	-	-	273,833	(477,468)	-	-	(203,635)
Gains/(losses) arising on initial recognition of financial assets at an interest rate higher or lower than the market rate	(31,945)	(882)	-	-	-	(21)	-	-	(32,848)
Net gain/(losses) on modifications of financial assets	(188,980)	504	(15,996)	-	-	(12,347)	-	-	(216,819)
Fee and commission expense	(8,484)	(22,375)	(2,225,014)	(52,652)	(3,810)	(142)	-	-	(2,312,477)
Operating expense	(362,474)	(1,054,875)	(4,849,575)	(479,770)	(97,950)	(134,547)	-	-	(6,979,191)
SEGMENT RESULT (before taxation)	1,834,735	1,138,667	5,135,718	49,048	(480,721)	(838,749)	-	-	6,838,698
Income tax (expense)/benefit	-	-	-	-	-	-	-	73	73
Profit/(loss)	1,834,735	1,138,667	5,135,718	49,048	(480,721)	(838,749)	-	73	6,838,771

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Assets and liabilities of the reportable segments as at 30 June 2024

Items	Name of a reportable segment						Total
	Big corporate business	Micro-, SME	Retail business	Cash Collection	Financing-investing activity	Other	
Segment assets	53,100,328	23,246,109	23,967,664	13,459,796	269,365,515	22,252,136	405,391,548
Segment liabilities	114,013,114	48,926,009	198,877,547	2,163,020	3,211,752	2,372,266	369,563,708
<i>Other segment items for the six months ended 30 June 2024:</i>							
Depreciation and amortisation charges on fixed assets and intangible assets	(14,012)	(152,366)	(853,471)	(146,876)	(10,010)	(12,735)	(1,189,470)

Assets and liabilities of the reportable segments as at 30 June 2023

Найменування статті	Name of a reportable segment						Total
	Big corporate business	Micro-, SME	Retail business	Cash Collection	Financing-investing activity	Other	
Segment assets	49,900,039	21,367,458	21,103,861	11,095,061	220,700,335	22,368,969	346,535,723
Segment liabilities	74,120,103	44,186,646	189,905,104	151,549	4,828,024	4,619,789	317,811,215
<i>Other segment items for the six months ended 30 June 2023:</i>							
Depreciation and amortisation charges on fixed assets and intangible assets	(19,646)	(108,767)	(645,616)	(131,739)	(13,959)	(11,978)	(931,705)