

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

**Interim Condensed Consolidated Financial Statements**

*For the six months ended 30 June 2022*

*Translation from Ukrainian original*

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

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## Report on Review of Interim Financial Information

To the Shareholder and Management of JSC "Oschadbank"

### Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of JSC "Oschadbank" ("Bank") and its subsidiaries ("Group") that comprise the interim consolidated statement of financial position as at 30 June 2022, and the interim consolidated statement of profit and loss and other comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory information ("interim financial information"). Management is responsible for the preparation and fair presentation of this interim financial information in accordance with the International Accounting Standard 34, *Interim financial statements*. Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with the International Accounting Standard 34, *Interim Financial Reporting*.

### Material uncertainty related to going concern

We draw attention to Note 3 to interim condensed consolidated financial statements, which indicates that since 24 February 2022 the Group's operations are negatively affected by the ongoing military invasion of Ukraine, with the magnitude of further developments or the timing of their cessation being uncertain. As stated in Note 3, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.



*Other matter*

Financial information for the three months ended 30 June 2022 and 30 June 2021 was not reviewed.

*Ernst & Young Andrii Gerasimov LLC*

7 December 2022  
Kyiv, Ukraine

**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”****INTERIM CONSOLIDATED FINANCIAL STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2022**  
*(in thousands of UAH)*

	Notes	For the three months ended 30 June 2022	For the six months ended 30 June 2022	For the three months ended 30 June 2021 (reclassified*)	For the six months ended 30 June 2021 (reclassified*)
<b>(unaudited)</b>					
Interest income on financial assets at amortised cost and at fair value through other comprehensive income	5	4,193,816	8,316,617	4,350,677	8,409,898
Interest income on financial assets at fair value through profit or loss	5	856,562	1,730,764	853,677	1,810,849
Interest expense	5	(1,794,650)	(3,591,823)	(2,109,184)	(4,226,527)
<b>Net interest income</b>		<b>3,255,728</b>	<b>6,455,558</b>	<b>3,095,170</b>	<b>5,994,220</b>
<i>(accrual)/ reversal of allowance for expected credit losses on interest bearing assets</i>	27	(4,346,624)	(5,416,384)	(22,593)	391,009
<b>Net interest income after allowance for expected credit losses on interest bearing assets</b>		<b>(1,090,896)</b>	<b>1,039,174</b>	<b>3,072,577</b>	<b>6,385,229</b>
Fee and commission income	6	1,871,446	4,002,993	2,341,467	4,649,914
Fee and commission expense	6	(620,946)	(1,683,399)	(737,306)	(1,637,721)
Dealing in foreign currencies, net		496,059	637,104	5,771	42,915
Translation differences, net		13,602	(918,974)	503,742	718,008
Net gain/(loss) on transactions with financial instruments at fair value through profit or loss	7	(2,160,700)	12,024	(1,483,642)	(3,551,250)
(Accrual) /reversal of allowance for expected credit losses on other financial assets and guarantees	27	83,680	(253,616)	(5,559)	(14,048)
(Accrual)/reversal of allowance for impairment losses on other non- financial assets		12,864	2,687	(5,913)	(6,820)
Gains/(losses) arising on initial recognition of financial assets at an interest rate higher or lower than the market rate		69,841	(28,339)	–	–
Net profit from transactions with debt financial instruments at fair value through other comprehensive income		573	573	–	–
Net gain/(loss) on modifications of financial assets		(45,946)	(134,151)	(631,497)	(727,020)
Other income/(expenses)		86,095	146,731	28,143	251,267
<b>Net non-interest income</b>		<b>(193,432)</b>	<b>1,783,633</b>	<b>15,206</b>	<b>(274,755)</b>
Operating income		(1,284,328)	2,822,807	3,087,783	6,110,474
Personnel expenses	8	(1,856,996)	(4,369,063)	(1,588,128)	(3,149,945)
Depreciation and amortization	8	(479,617)	(930,151)	(464,546)	(919,879)
Other administrative and operational expenses	8	(1,039,506)	(1,942,554)	(775,206)	(1,528,995)
<b>Profit from operating activities</b>		<b>(4,660,447)</b>	<b>(4,418,961)</b>	<b>259,903</b>	<b>511,655</b>
Profit/(loss) from derecognition of financial assets measured at amortized cost		3,428	4,033	–	–
<b>Profit before tax</b>		<b>(4,657,019)</b>	<b>(4,414,928)</b>	<b>259,903</b>	<b>511,655</b>
Income tax benefit		205	301	(3)	205
<b>Net profit for the period</b>		<b>(4,656,814)</b>	<b>(4,414,627)</b>	<b>259,900</b>	<b>511,860</b>
<b>Attributable to:</b>					
Shareholder of the Bank		(4,656,753)	(4,414,169)	260,005	512,077
Non-controlling interest		(61)	(458)	(105)	(217)

Notes set out on pages 7 to 66 form the integral part of these interim condensed consolidated financial statements.

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

INTERIM CONSOLIDATED FINANCIAL STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2022 (CONTINUED)  
(in thousands of UAH)

Notes	For the three months ended 30 June 2022	For the six months ended 30 June 2022	For the three months ended 30 June 2021 (reclassified*)	For the six months ended 30 June 2021 (reclassified*)
	(unaudited)			
Net profit for the period	(4,656,814)	(4,414,627)	259,900	511,860
Other comprehensive income/(expenses)				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Losses from impairment of fixed assets net of deferred income tax effect	(97,468)	(97,468)	-	-
Net profit/(loss) from revaluation of shares at fair value through other comprehensive income	(66,174)	(38,452)	14,398	961
<i>Items that will be reclassified subsequently to profit or loss</i>				
Exchange differences on translating a foreign operation to reporting currency	-	227	(81)	(125)
Net change in fair value of investments at fair value through other comprehensive income net of deferred income tax effect	(2,821)	(63,682)	(109,630)	(240,097)
Net revaluation reserve for investments at fair value through other comprehensive income reclassified to profit or loss	757	757	-	-
Other comprehensive income/(expenses) for the year	(165,706)	(198,618)	(95,313)	(239,261)
Total comprehensive income for the year	(4,822,520)	(4,613,245)	164,587	272,599
Attributable to:				
Shareholder of the Bank	(4,822,459)	(4,612,787)	164,692	272,816
Non-controlling interest	(61)	(458)	(105)	(217)

\* Certain amounts shown here are inconsistent with the interim condensed financial statements for the six months ended 30 June 2021 and reflect reclassifications made, see Note 3.

On behalf of the Management Board:

S.V. Naumov  
Chairman of the Management Board

7 December 2022



G.S. Kostenko  
Chief Accountant

7 December 2022

**JOINT STOCK COMPANY "STATE SAVINGS BANK OF UKRAINE"****INTERIM CONSOLIDATED FINANCIAL STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2022  
(in thousands of UAH)**

	Notes	30 June 2022 (unaudited)	31 December 2021
<b>Assets</b>			
Cash and cash equivalents	11	19,754,568	19,001,319
Loans to customers	12	77,624,757	74,754,086
Investments	13	117,775,388	128,686,039
Investment property		627,494	633,099
Fixed assets	14	6,177,804	6,947,115
Intangible assets	14	1,954,771	2,049,509
Income tax prepaid		473,438	417,175
Other financial assets	15	403,476	468,886
Other non-financial assets	15	2,419,458	2,014,206
<b>Total assets</b>		<b>227,211,154</b>	<b>234,971,434</b>
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Due to banks	16	99,941	7,608,283
Customer accounts	17	198,148,812	191,452,639
Eurobonds issued	18	6,651,746	7,908,096
Other borrowed funds	19	2,065,590	2,818,312
Provisions	20	837,818	829,107
Other financial liabilities	20	491,036	534,499
Other non-financial liabilities	20	1,069,119	880,297
Deferred income tax liabilities	9	136,095	173,704
Subordinated debt	21	754,822	878,960
<b>Total liabilities</b>		<b>210,254,979</b>	<b>213,083,897</b>
<b>Equity</b>			
Share capital	22	49,724,980	49,724,980
Property revaluation reserve		1,463,022	1,564,504
Revaluation reserve for financial assets at fair value through other comprehensive income		83,164	146,089
Revaluation reserve for investments in equity instruments at fair value through other comprehensive income		505,767	544,219
Cumulative foreign exchange differences		1,696	1,469
Accumulated deficit		(34,835,191)	(30,106,919)
<b>Total equity attributable to the Bank's shareholder</b>		<b>16,943,438</b>	<b>21,874,342</b>
Non-controlling interest		12,737	13,195
<b>Total equity</b>		<b>16,956,175</b>	<b>21,887,537</b>
<b>Total liabilities and equity</b>		<b>227,211,154</b>	<b>234,971,434</b>

On behalf of the Management Board:




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

7 December 2022



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

7 December 2022



# JOINT STOCK COMPANY "STATE SAVINGS BANK OF UKRAINE"

## INTERIM CONSOLIDATED FINANCIAL STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED ON 30 JUNE 2022 (in thousands of UAH)

Notes	Share capital	Property revaluation reserve	Revaluation reserve for financial assets 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 (reclassified*)
1 January 2021	49,724,980	1,572,968	429,062	546,998	1,583	(30,334,988)	21,940,603	13,524	21,954,127
Profit for the year	-	-	-	-	-	512,077	512,077	(217)	511,860
Other comprehensive income/(expenses) for the year, net of income tax	-	-	(240,097)	961	(125)	-	(239,261)	-	(239,261)
Total comprehensive income/(expenses) for the year	-	-	(240,097)	961	(125)	512,077	272,816	(217)	272,599
Payment of the profit share based on the financial result for the year	-	-	-	-	-	(832,897)	(832,897)	(5)	(832,902)
Disposal of premises revaluation reserve	-	(1,025)	-	-	-	1,025	-	-	-
30 June 2021 (unaudited)	49,724,980	1,571,943	188,965	547,959	1,458	(30,654,783)	21,380,522	13,302	21,393,824
1 January 2022	49,724,980	1,564,504	146,089	544,219	1,469	(30,106,919)	21,874,342	13,195	21,887,537
Profit for the year	-	-	-	-	-	(4,414,169)	(4,414,169)	(458)	(4,414,627)
Other comprehensive income/(expenses) for the year, net of income tax	-	(97,468)	(62,925)	(38,452)	227	-	(198,618)	-	(198,618)
Total comprehensive income/(expenses) for the year	-	(97,468)	(62,925)	(38,452)	227	(4,414,169)	(4,612,787)	(458)	(4,613,245)
Payment of the profit share based on the financial result for the year	-	-	-	-	-	(318,117)	(318,117)	-	(318,117)
Disposal of premises revaluation reserve	-	(4,014)	-	-	-	4,014	-	-	-
30 June 2022 (unaudited)	49,724,980	1,463,022	83,164	505,767	1,696	(34,835,191)	16,943,438	12,737	16,956,175

\* Certain amounts shown here are inconsistent with the interim condensed financial statements for the six months ended 30 June 2021 and reflect reclassifications made, see Note 3.

On behalf of the Management Board:



S.V. Naumov  
Chairman of the Management Board

*[Signature]*

G.S. Kostenko  
Chief Accountant

7 December 2022

7 December 2022

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

Notes set out on pages 7 to 66 form the integral part of these interim condensed consolidated financial statements.



# JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”

## INTERIM CONSOLIDATED FINANCIAL STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (in thousands of UAH)

	Notes	For the six months ended 30 June 2022	For the six months ended 30 June 2021 (reclassified*)
		(unaudited)	
<b>Cash flows from operating activities</b>			
Interest received		8,380,283	9,036,768
Interest paid		(3,629,260)	(4,313,407)
Fees and commissions received		4,013,419	4,621,610
Fees and commissions paid		(1,683,399)	(1,637,721)
Foreign currency transactions		637,104	42,915
Other operating (expenses paid)/income received		18,670	245,390
Staff costs paid		(4,125,814)	(2,950,302)
Operating expenses paid		(1,789,327)	(1,575,992)
<b>Cash flow from operating activities before changes in operating assets and liabilities</b>		<b>1,821,676</b>	<b>3,469,261</b>
<b>Changes in operating assets and liabilities</b>			
<i>Decrease/(increase) in operating assets</i>			
Due from banks		–	(6,794)
Loans to customers		(6,938,119)	(7,147,125)
Other financial assets		151,214	54,357
Other non-financial assets		49,575	480,784
<i>Increase/(decrease) in operating liabilities</i>			
Due to banks		(7,514,008)	1,498,006
Customer accounts		3,866,929	20,410,484
Other financial liabilities		(32,975)	95,337
Other non-financial liabilities		13,671	53,940
<b>Net cash proceeds/(outflow) from operating activities before income tax</b>		<b>(8,582,037)</b>	<b>18,908,250</b>
Income tax paid		(56,267)	(147,650)
<b>Net cash proceeds/(outflow) from operating activities</b>		<b>(8,638,304)</b>	<b>18,760,600</b>
<b>Cash flows from investing activities</b>			
Acquisition of investments		(2,363,530,026)	(907,478,866)
Proceeds on sale and redemption of investments		2,376,457,421	908,182,277
Purchase of fixed assets		(704,580)	(459,335)
Proceeds from sale of fixed assets		(69,832)	(6,255)
Purchase of intangible assets		5,838	6,218
<b>Net cash proceeds/(outflow) from investing activities</b>		<b>12,158,821</b>	<b>244,039</b>
<b>Cash flows from financing activities</b>			
Payment of the profit share based on the financial result for the year	22	(318,117)	(832,902)
Repayment of other borrowed funds	19	(753,785)	(592,714)
Repayment of Eurobonds issued	18	(1,755,294)	(1,663,919)
Repayment of subordinated debt	21	(173,358)	(174,816)
Repayment of lease liabilities	20	(78,081)	(95,177)
<b>Net cash proceeds/(outflow) from financing activities</b>		<b>(3,078,635)</b>	<b>(3,359,528)</b>

**INTERIM CONSOLIDATED FINANCIAL STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2022**  
*(in thousands of UAH)*

	Notes	For the six months ended 30 June 2022	For the six months ended 30 June 2021 (reclassified*)
		(unaudited)	
Effect of exchange rates changes on cash and cash equivalents		465,974	(1,091,192)
Cash on hand located in the temporarily occupied territories	11	(156,112)	–
Effect of allowance change for cash and cash equivalents		1,505	(4,969)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>753,249</b>	<b>14,548,950</b>
Cash and cash equivalents, at the beginning of the period		19,001,319	26,553,199
<b>Cash and cash equivalents, at the end of the period</b>	11	<b>19,754,568</b>	<b>41,102,149</b>

\* Certain amounts shown here are inconsistent with the interim condensed financial statements for the six months ended 30 June 2021 and reflect reclassifications made, see Note 3.

**On behalf of the Management Board:**

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

7 December 2022

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

7 December 2022

# JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (in thousands of UAH)

### 1. ORGANIZATION

The Bank is a legal successor of the State Specialized Commercial Savings Bank of Ukraine registered by the National Bank of Ukraine (hereinafter – “the NBU”) on 31 December 1991, registration №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 and the Resolution of the Cabinet of Ministers of Ukraine No. 876 dated 21 May 1999 by converting the State Specialized Commercial Savings Bank of Ukraine into the State Savings Bank of Ukraine in the form of an open joint stock company. Open Joint Stock Company “State Savings Bank of Ukraine” was registered by the NBU on 26 May 1999, registration №4. The change of the Bank’s 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 the Resolution №568 “Aspects of the Joint Stock Company “State Savings Bank of Ukraine”, formally published and effective from 10 July 2019, which outlined the change of the legal type of Joint Stock Company “State Savings Bank of Ukraine” from public to private and adopted the new version of the Charter of JSC “Oschadbank”. The new version of the Charter was validated by the NBU and on 18 July 2019 its state registration was completed.

The Bank operates under a banking license issued by the National Bank of Ukraine. The Bank has a general license issued by the National Bank of Ukraine for conducting foreign currency transactions and licenses issued by the National Securities and Stock Market Commission (hereinafter – the “NSSMC”) for operations with securities.

The Bank’s primary business activities are represented by processing banking accounts and attracting deposits from legal entities and individuals, issuing loans, transferring payments, trading in securities, and operating with foreign currencies.

Since April 2022 the Bank was a member of the Individual Deposit Guarantee Fund.

As at 30 June 2022 and 31 December 2021, 100% of the Bank’s shares were state-owned.

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

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

Name	Country of operation	Participatory/voting interest (%) as at		Type of activities
		30 June 2022	31 December 2021	
JSC “Oschadbank”	Ukraine	Parent company		Banking
PJSC “Mortgage Loans Refinancing Agency”	Ukraine	70.86	70.86	Loan refinancing

These interim condensed consolidated financial statements were approved by the Management Board on 7 December 2022.

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

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (in thousands of UAH)

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#### 2. OPERATING ENVIRONMENT

Russia's full-scale military aggression against Ukraine has led to a deep crisis, which is expected to have far-reaching negative consequences for both Ukraine and the countries of the European Union, multiplying the amount of damage from the COVID-19 pandemic in the period of 2020-2021. There is a slowdown, and in some places, a halt in the growth of sectors of the country's economy, acceleration of inflation, geopolitical instability, etc.

For the economy of Ukraine, the risks associated with the war and its consequences remain at a high level. The recovery of the economy is significantly hindered by problems with logistics and the loss of access to export by sea transport, which is of great importance for large export-oriented enterprises. Economic activity is conducted in accordance with new conditions, supply chains, sales markets are changing, business is being repurposed. According to preliminary estimates of the State Statistics Service of Ukraine, in the second quarter of 2022, real GDP decreased by 37.2% compared to the corresponding quarter last year. According to the NBU's alternative forecast, the reduction of GDP in 2022 will amount to 34.5% y/y.

The factor of military operations on the territory of Ukraine determines the dominant part of the annual increase in inflation. According to the results of the II quarter of 2022, inflationary pressure continues to increase: in annual terms, inflation accelerated to 21.5%. The main factors of the increase in consumer prices remain: disruption of supply and production processes, uneven demand, increased business costs, as well as the physical destruction of assets of many enterprises. In June, with the aim of curbing inflationary processes and ensuring exchange rate stability, the NBU raised the discount rate to 25%. However, taking into account the necessary time lag, the real effect of the mentioned step is expected after at least 4-5 months.

The banking system of Ukraine continues to maintain stability in wartime conditions. At the same time, the negative impact of the economic crisis on the activities of bank clients, caused by military actions, will have a proportional reflection in the quality of credit portfolios and losses from the realization of credit risk. The Government and the National Bank of Ukraine continue to develop and implement measures aimed at protecting the economy, maintaining the state's defense capabilities, and the smooth functioning of the banking system. Thus, increasing the attractiveness of hryvnia assets together with the correction of the official exchange rate and additional economic policy measures should reduce demand on the foreign exchange market, help maintain a sufficient level of international reserves and ensure exchange rate and macro-financial stability. Important steps in this direction are the narrowing of the budget deficit, the replacement of emission financing with market incentives and the reduction of imports, in particular due to additional taxation in order to increase the competitiveness of Ukrainian manufacturers. Clients' access to financing is provided by state credit support programs.

In order to finance the state budget deficit, the Ministry of Finance of Ukraine regularly holds auctions for the sale of military bonds, thanks to which almost UAH 77 billion and about USD 496 million were raised as of the end of the II quarter.

The situation on the interbank foreign exchange market of Ukraine continues to be characterized by the predominance of demand for foreign currency over its supply. As a result, the NBU's international reserves as at 1 July 2022 have decreased to USD 22.8 billion. The main direction of the reduction of international reserves was the sale of foreign currency by the National Bank on the market and payments for servicing and repayment of the state debt in foreign currency. Instead, foreign currency inflows to the accounts of the Government of Ukraine at the National Bank of Ukraine from the World Bank, the Government of Canada, the Agency for International Cooperation of Japan and from the placement of currency government bonds contributed to the support of international reserves.

In May 2022, the international rating agency Moody's downgraded Ukraine's long-term credit rating from Caa2 to Caa3 (the lowest non-default level), and also changed the forecast to "negative" and emphasized that this review for a possible downgrade started on 25 February 2022, completed. At the same time, the agency expects a gradual recovery of the Ukrainian economy by 2023. Previous long-term issuer default ratings (IDR) in foreign and national currencies of the Fitch Ratings agency (downgraded on 25 February, 2022 to the level of "CCC"), as well as the country ceiling rating ("B-") and short-term IDRs in foreign and national currencies ("C") were not reviewed during the II quarter of 2022.

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

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (in thousands of UAH)

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

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### 3.1. Statement of compliance

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

Therefore, it does not contain all information required by the International Financial Reporting Standards (“IFRS”), produced by the International Accounting Standards Board (“IASB”). These interim condensed consolidated financial statements should be considered together with the Group's consolidated financial statements as at 31 December 2021 and for the year than ended, that are published on the official website of the Bank ([www.oschadbank.ua](http://www.oschadbank.ua)).

The accounting policies and calculation methods used in the preparation of these interim condensed consolidated financial statements were the same as those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2021.

#### 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 2021 prepared in accordance with the IFRS, such as accounting policies. The Management believes that the interim condensed consolidated financial statements reflect all adjustments necessary to present a true and fair view of the Group's financial position, operating results, statement of changes in equity and statement of cash flows for the interim period.

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

This consolidated financial statements 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.

The Group has analyzed the potential impact of military aggression against Ukraine on its financial position and future financial results. The Group's estimates and forecasts for the next 12 months based on the following assumptions:

- the macroeconomic forecast is calculated with including the forecasts of the National Bank of Ukraine and data published in international information and analytical systems, in particular Bloomberg;
- bank's customer accounts (including current accounts) tend to grow in volumes sufficient to ensure the Bank's financing of credit programs and projects, investments in government securities and maintaining an acceptable level of liquidity;
- credit portfolio - for retail business, the temporary one has a tendency to decrease;
- for corporate clients - lending to critical industries, enterprises of the agro-industrial complex in safe regions, including under state programs;
- decrease of commission income to 86% of pre-war level due to decrease of transactions volume and reduction of the number of branches at the occupied territories. At the same time, the Group is taking a

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

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (in thousands of UAH)

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- prudent approach to the restoration of tariffs for commission services, planning to gradually renew tariffs for payments, transfers, cash transactions, acquiring, and at the same time maintaining reduced commissions for critical transactions;
- credit risks in the forecast period are growing, which requires recognition of additional provisions for expected credit losses;
  - the Bank's 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 restoration of the functioning of the network of bank branches, the increase in the cost of goods and services because of the devaluation of the national currency and the strengthening of inflationary expectations are possible;
  - regulatory requirements take into account all officially approved at the forecast date plans of the NBU to introduce new requirements during the forecast period. At the same time, the Group is considering the possibility of postponing the implementation of certain requirements of the NBU at the end of the forecasted period, given the actual situation and capabilities of the banking system at that time.

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

The Group's management believes that over the next 12 months, the Group expects to meet its obligations on time and in full, including the scheduled repayment of about USD 156 million (or USD 178 million including percent payments) of external borrowings, of which in September of this year USD 60 million has already been repaid and EUR 4.7 million. Balances on correspondent accounts and deposit certificates of the National Bank of Ukraine are forecasted at the average level of UAH 26.5 billion equivalent, which will ensure the liquidity needs in 2023.

Taking into account the expected credit losses due to the military aggression of the Russian Federation against Ukraine, there may be a lack of capital to meet the NBU's regulatory requirements by the end of 2023. Under such conditions, the Bank plans to activate recovery plan, which provides for additional capitalization at the expense of the shareholder, the amounts of which can not be reliably measured at the moment. In accordance with Resolution #23 of the National Bank of Ukraine of 25 February 2022 (as amended), the Bank is not subject to sanctions during martial law for violations of capital, liquidity and credit risk.

Based on its forecasts of the liquidity position, capital adequacy ratios, expected credit losses the Group's management considers that it would be appropriate to prepare these financial statements on the going concern basis.

However, there is still a material uncertainty, due to the unpredictable impact of ongoing hostilities on the territory of Ukraine, which may affect assumptions about the Bank's ability to continue as a going concern.

This uncertainty and the respective risk of the Group's insolvency, e.g. breach of capital ratios, are significantly mitigated by the status of the Bank (defined by the National Bank of Ukraine as systemically important), and by the Bank being an entity of critical infrastructure – both to be considered in case of additional capitalization of the Bank being a state-owned bank.

#### **Reclassifications**

In preparing the consolidated financial statements for 2021, the Bank decided to approximate the format of disclosure of indicators and titles of the main forms of financial reporting to the format of financial statements based on taxonomy of financial statements according to International Financial Reporting Standards in a single electronic format approved by Order of the Ministry of Finance of Ukraine #595 “On Approval of the Translation of the Taxonomy of Financial Statements under International Financial Reporting Standards 2021”, dated 12 November 2021, then accordingly, certain changes were made in the presentation of comparative information for the interim condensed consolidated financial statements for the six months ended 30 June 2021 to bring it into line with the new data presentation format as disclosed below:



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## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(in thousands of UAH)

### INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2021

	For the six months ended 30 June 2021	Effect of the change in presentation	For the six months ended 30 June 2021 (as reclassified)	For the three months ended 30 June 2021	Effect of the change in presentation	For the three months ended 30 June 2021 (as reclassified)
(Accrual)/reversal of allowance for expected credit losses and losses on modifications of interest bearing assets	(336,011)	336,011	-	(654,090)	654,090	-
<i>included reversal/(accrual) of allowance for expected credit losses on interest bearing assets</i>						
(Accrual)/reversal of allowance for expected credit losses on interest bearing assets	391,009	(391,009)	-	(22,593)	22,593	-
<b>Net interest income after allowance for expected credit losses on interest bearing assets and losses on modifications of interest bearing assets</b>	<b>5,658,209</b>	<b>(5,658,209)</b>	<b>-</b>	<b>2,441,080</b>	<b>(2,441,080)</b>	<b>-</b>
<b>Net interest income after allowance for expected credit losses on interest bearing assets</b>	<b>-</b>	<b>6,385,229</b>	<b>6,385,229</b>	<b>-</b>	<b>3,072,577</b>	<b>3,072,577</b>
Net (loss)/gain on foreign exchange transactions	760,923	(760,923)	-	509,513	(509,513)	-
Dealing in foreign currencies, net	-	42,915	42,915	-	503,742	503,742
Translation differences, net	-	718,008	718,008	-	5,771	5,771
Net gain/(losses) on modifications of financial assets	-	(727,020)	(727,020)	-	(631,497)	(631,497)
Net other income	251,267	(251,267)	-	28,143	(28,143)	-
Other (expense)/income	-	251,267	251,267	-	28,143	28,143
Net non-interest income	452,265	(727,020)	(274,755)	646,703	(631,497)	15,206
Operating expenses	(5,598,819)	5,598,819	-	(2,827,880)	2,827,880	-
Personnel expenses	-	(3,149,945)	(3,149,945)	-	(1,588,128)	(1,588,128)
Depreciation and amortization	-	(919,879)	(919,879)	-	(464,546)	(464,546)
Other administrative and operational expenses	-	(1,528,995)	(1,528,995)	-	(775,206)	(775,206)
Profit from operating activities	-	511,655	511,655	-	259,903	259,903

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### INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2021

	As previously reported	Effect of the change in presentation	As reclassified	
	Revaluation reserve for securities at fair value through other comprehensive income	Allocation of the amount of 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
	(unaudited)			
1 January 2021	976,060	(976,060)	429,062	546,998
Other comprehensive income/ (expenses) for the year, net of income tax	(239,136)	239,136	(240,097)	961
30 June 2021	736,924	(736,924)	188,965	547,959

### INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2021

	As previously reported	Effect of the change in presentation (unaudited)	As reclassified
<b>Cash flows from operating activities</b>			
<b>Decrease/(increase) in operating assets</b>			
Other assets	535,141	(535,141)	–
Other financial assets	–	54,357	54,357
Other non-financial assets	–	480,784	480,784
<b>Decrease/(increase) in operating liabilities</b>			
Other liabilities	149,277	(149,277)	–
Other financial liabilities	–	95,337	95,337
Other non-financial liabilities	–	53,940	53,940
<b>Cash flows from investing activities</b>			
Purchase of property and equipment and intangible assets	(465,590)	465,590	–
Purchase of fixed assets	–	(459,335)	(459,335)
Purchase of intangible assets	–	(6,255)	(6,255)

### 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.

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

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (in thousands of UAH)

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 2022	31 December 2021
UAH/USD 1	29.2549	27.2782
UAH/EUR 1	30.7776	30.9226

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

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

While preparing the interim condensed consolidated financial statements, the critical judgments made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2021 prepared in accordance with the IFRS.

#### **Assessment of expected credit losses**

As at 30 June 2022, 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 the value depending on the proximity of the territories to: the zone of hostilities, the zone of temporary occupation, de-occupied territories. For loans in the territories of temporary occupation, the Group recognizes ECL at the level of 98% or more, depending on the type of borrower and loan product.

As at 30 June 2022, taking into account the uncertainty regarding changes in macro factors and their impact on the quality of credit portfolios in war conditions, to take into account the increase in risk, an approach was developed situationally to apply increasing coefficients to the level of probability of default – depending on the status of the territories (temporary occupation/de-occupied territories/territories of military operations, etc.) increased minimum values of default probabilities were established for portfolio assessment in terms of client segments and credit products. The applied values of default probabilities were later confirmed by the results of back-testing.

To assess ECL for investments in government securities and loans to state companies, the Group has modified the approach of assessing risk parameters, refer to Note 28.

The mentioned changes in valuation approaches do not have a retrospective impact on the Group's financial statements.

#### **Credit holidays and other relaxations for borrowers in connection with the military aggression of the russian federation against Ukraine**

In connection with the military aggression of the russian federation against Ukraine, which became the basis for the introduction of martial law since 24 February 2022, and which are extraordinary, unavoidable and objective circumstances for subjects of economic activity and natural persons under contracts, the implementation of which became impossible within the established period due to the occurrence of such force majeure circumstances, the Group made a decision regarding:

for individuals:

- the introduction of credit holidays until 31 May 2022 concerning to the full or partial cancellation of the calculation of interest payments for the use of loans, as well as the postponement of the payment of the principal amount of the debt to the final date of repayment of the loan or in the specified period not to apply

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

### **NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (in thousands of UAH)**

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penalties in case of non-fulfillment of obligations, or not later than 23 February 2023 for a separate pool of loans;

- further restructuring, starting since 1 June 2022 with the provision of a grace period for the payment of mandatory payments for a period of three or six months.

for business entities whose debt is recognized as problematic:

- not to apply fines in case of non-fulfillment of obligations due to their violation of the terms/terms of repayment of principal debt, payment of accrued interest and commission fees, if such violations occurred in the period since 24 February 2022 to 31 August 2022 inclusive, with the corresponding by transferring the payment of these payments to the final date of repayment of the loan.

The impact of changes in loan repayment terms because of the introduction of credit holidays and other relaxations is reflected in the Group's interest income.

#### ***Buildings and properties under construction***

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

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

As at 30 June 2022, buildings and office premises owned by the Group were not revalued. According to management estimates during 6 months 2022 market value of real estate property has not changed significantly, thus the carrying value of buildings and office premises owned by the Group does not differ materially from that which would be determined using fair value at the end of the reporting period. Additionally as at 30 June 2022, the Group recognized the impairment of fixed assets that were destroyed or control over which was lost, refer to Note 14.

#### ***Deferred tax assets***

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

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

The Board of the National Bank of Ukraine adopted amendments to Resolution #18 dated 24 February 2022 “On the operation of the banking system during the introduction of martial law”, which fixed the official exchange rate of the hryvnia to foreign currencies at the level that was in effect at the time of the beginning of russian aggression. At the same time, as at 30 June 2022, the commercial weighted average exchange rate of UAH to USD when buying/selling on the cash foreign exchange market of Ukraine differs from the official exchange rate of UAH to USD by 20.74% and 21.41%, respectively. The Group continues to accounting monetary assets and liabilities denominated in foreign currencies at the official exchange rate of the hryvnia to foreign currencies established by the National Bank of Ukraine on the reporting date, as required by the Group's accounting policy.

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

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

(in thousands of UAH)

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

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

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

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

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

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

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to *the Framework for the Preparation and Presentation of Financial Statements*.

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

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

##### ***Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37***

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

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

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

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

# JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (in thousands of UAH)

### 5. NET INTEREST INCOME

Net interest income is presented as follows:

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
	(unaudited)	
<b>Interest income comprises:</b>		
<b>Interest income calculated using effective interest rate method</b>		
<b>Interest income on financial assets at amortised cost</b>		
Interest income on loans to customers	4,298,501	4,427,063
Interest income on investments	3,800,345	3,077,285
Interest income on due from banks	3,787	4,642
Other interest income	89	687
<b>Interest income on financial assets at fair value through other comprehensive income</b>		
Interest income on investments	213,895	900,221
<b>Total interest income calculated using effective interest rate method</b>	<b>8,316,617</b>	<b>8,409,898</b>
<b>Interest income on financial assets at fair value through profit or loss</b>		
Interest income on investments	1,424,767	1,347,125
Interest income on loans to customers	305,997	463,724
<b>Total interest income</b>	<b>10,047,381</b>	<b>10,220,747</b>
<b>Interest expense comprises:</b>		
<b>Interest expense on financial liabilities at amortised cost</b>		
Interest expense on customer accounts	(2,858,967)	(3,380,744)
Interest expense on Eurobonds issued (Note 18)	(322,786)	(450,485)
Interest expense on amounts due to banks	(308,595)	(237,174)
Interest expense on other borrowed funds (Note 19)	(50,784)	(88,802)
Interest expense on subordinated debt (Note 21)	(26,942)	(37,684)
<b>Other interest expense</b>		
Interest expense on lease obligations	(23,749)	(31,638)
<b>Total interest expense</b>	<b>(3,591,823)</b>	<b>(4,226,527)</b>
<b>Net interest income</b>	<b>6,455,558</b>	<b>5,994,220</b>



# JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (in thousands of UAH)

### 6. FEE AND COMMISSION INCOME AND EXPENSE

Fee and commission income and expense are presented as follows:

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
	(unaudited)	
<b>Fee and commission income:</b>		
Payment card transactions	2,649,282	2,795,305
Cash and settlement transactions	1,159,163	1,611,445
Foreign currency transactions	61,485	56,556
Loan servicing to customers	36,447	68,917
Off-balance sheet operations	22,010	32,685
Transactions with securities	1,491	2,541
Other	73,115	82,465
<b>Total fee and commission income</b>	<b>4,002,993</b>	<b>4,649,914</b>
<b>Fee and commission expense:</b>		
Payment card transactions	(1,630,501)	(1,554,556)
Cash and settlement transactions	(28,455)	(61,944)
Foreign currency transactions	(11,437)	(13,911)
Off-balance sheet transactions	(6,224)	(3,223)
Dealing with securities	(1,154)	(3,188)
Other	(5,628)	(899)
<b>Total fee and commission expense</b>	<b>(1,683,399)</b>	<b>(1,637,721)</b>

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

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

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
	(unaudited)	
<i>Trading transactions, net:</i>		
Investments	142	221
<i>Change in fair value:</i>		
Investments	1,161,837	(3,357,573)
Loans to customers	(1,149,955)	(193,898)
<b>Total net gain/(loss) on transactions with financial instruments at fair value through profit or loss</b>	<b>12,024</b>	<b>(3,551,250)</b>

# JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (in thousands of UAH)

### 8. OPERATING EXPENSES

Operating expenses are presented as follows:

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
	(unaudited)	
<b>Personnel expenses</b>		
Salary and bonuses	2,529,743	2,280,366
Social security costs	742,179	554,998
Other short-term employee payments	1,096,963	314,211
Other employee expense	178	370
<b>Total personnel expenses</b>	<b>4,369,063</b>	<b>3,149,945</b>
<b>Depreciation and amortization:</b>		
Depreciation of fixed assets	662,889	688,237
Depreciation of right-of-use assets	103,449	103,109
Amortization of intangible assets	163,813	128,533
<b>Total depreciation and amortization</b>	<b>930,151</b>	<b>919,879</b>
<b>Other administrative and operational expenses</b>		
Fixed assets maintenance	546,852	660,224
Impairment of fixed assets	207,880	–
Utilities	190,306	103,479
Communication services	179,812	208,260
Deductions to the Individual Deposit Guarantee Fund	153,195	–
Taxes other than income tax	73,624	76,393
Fuel expenses	63,644	57,071
Leases	50,132	64,395
Office maintenance	45,270	41,413
Security	36,958	33,948
Professional services	31,673	49,181
Insurance	18,696	17,885
Advertising costs	7,569	9,046
Impairment of investment property	5,605	–
Business trip expenses	3,957	3,548
Other expenses	327,381	204,152
<b>Total other administrative and operational expenses</b>	<b>1,942,554</b>	<b>1,528,995</b>
<b>Total operating expenses</b>	<b>7,241,768</b>	<b>5,598,819</b>

### 9. INCOME TAX

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

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

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
	(unaudited)	
<b>At the beginning of the period</b>	<b>(173,704)</b>	<b>(233,833)</b>
Change in deferred income tax liabilities recognised in profit or loss	303	208
Tax effect of property revaluation reserve change	22,109	–
Tax effect on revaluation reserve of securities measured at fair value through other comprehensive income	15,197	48,802
<b>At the end of the period</b>	<b>(136,095)</b>	<b>(184,823)</b>

# JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (in thousands of UAH)

### 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 2022 (unaudited)	31 December 2021
Cash on hand	10,840,192	10,850,522
Correspondent accounts	6,285,064	6,712,301
Balances with the National Bank of Ukraine	2,635,209	1,445,560
Less: allowance for expected credit losses	(5,897)	(7,064)
<b>Total cash and cash equivalents</b>	<b>19,754,568</b>	<b>19,001,319</b>

Balances with the NBU represent funds placed with the NBU to secure daily settlements and other operations.

As at 30 June 2022, cash on hand in the amount of UAH 156,112 thousand equivalent 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 15.

Movements in expected credit losses for cash and cash equivalents are presented in Notes 28.

As at 30 June 2022 corresponding accounts including cash and cash equivalents in the amount of UAH 1,745,111 thousand (8.79%) were placed in two banks of one banking group (31 December 2021: UAH 1,815,569 thousand (9.55%) were placed in three banks of one banking group), which is the evidence of high concentration.

# JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (in thousands of UAH)

### 12. LOANS TO CUSTOMERS

Loans to customers are presented as follows:

	30 June 2022 (unaudited)	31 December 2021
Loans measured at amortised cost	76,436,589	72,716,125
Loans measured at fair value through profit or loss (Note 25)	1,188,168	2,037,961
<b>Total loans to customers</b>	<b>77,624,757</b>	<b>74,754,086</b>
<b>Loans measured at amortised cost</b>		
<b>Loans to legal entities:</b>		
Loans to corporate entities	66,306,028	57,561,182
Less: allowance for expected credit losses	(12,327,014)	(9,513,449)
<b>Total loans to corporate entities</b>	<b>53,979,014</b>	<b>48,047,733</b>
Loans to state and municipal authorities	10,885,349	11,140,533
Less: allowance for expected credit losses	(160,618)	(94,709)
<b>Total state and municipal authorities</b>	<b>10,724,731</b>	<b>11,045,824</b>
Mortgage loans	2,053	2,075
Less: allowance for expected credit losses	–	–
<b>Total mortgage loans</b>	<b>2,053</b>	<b>2,075</b>
<b>Loans to individuals:</b>		
Mortgage loans	3,197,637	3,176,327
Less: allowance for expected credit losses	(671,623)	(643,740)
<b>Total mortgage loans</b>	<b>2,526,014</b>	<b>2,532,587</b>
Other loans	12,980,603	13,467,535
Less: allowance for expected credit losses	(3,775,826)	(2,379,629)
<b>Total other loans</b>	<b>9,204,777</b>	<b>11,087,906</b>
<b>Total loans measured at amortised cost</b>	<b>76,436,589</b>	<b>72,716,125</b>
<b>Loans measured at fair value through profit or loss</b>		
Loans to legal entities		
Loans to corporate entities	1,188,168	2,037,961
<b>Total loans measured at fair value through profit or loss</b>	<b>1,188,168</b>	<b>2,037,961</b>

Movements in the allowance for expected credit losses are disclosed in Notes 28.

As at 30 June 2022 and 31 December 2021 loans in the amount of UAH 41,270,598 thousand (44%) and UAH 36,003,473 thousand (41%), respectively were issued to ten borrowers legal entities which is the evidence of high concentration.

# JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (in thousands of UAH)

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

Analysis by sector	30 June 2022 (unaudited)		31 December 2021	
	Gross carrying value	Allowance for ECL	Gross carrying value	Allowance for ECL
Energy	17,522,909	(2,783,947)	18,884,112	(1,138,498)
Individuals	16,178,240	(4,447,451)	16,643,862	(3,023,369)
Oil, gas and chemical production	11,708,148	(193,312)	7,159,735	(62,442)
Agriculture	10,130,025	(1,551,586)	5,333,641	(581,611)
Construction and real estate	9,523,427	(3,049,926)	11,129,869	(3,804,835)
Trade	7,006,533	(929,800)	5,395,506	(663,756)
Food and beverage manufacturing and processing	5,554,363	(1,591,988)	5,159,163	(1,185,245)
Road construction and maintenance	5,367,714	(1,003)	5,279,505	(570)
Municipal authorities	5,287,693	(158,481)	5,557,726	(93,137)
Mining and metallurgy	3,770,906	(1,871,884)	3,803,019	(1,859,403)
Industrial and consumer goods manufacturing	922,613	(94,597)	836,515	(44,325)
Services	713,790	(154,516)	458,619	(85,483)
Transport	545,862	(49,558)	1,418,403	(29,433)
Engineering	107,716	(45,189)	141,605	(55,715)
Press and publishing	31,567	(1,941)	30,228	(1,419)
Media and communications	7,719	(1,319)	8,488	(1,238)
Other	180,613	(8,583)	145,617	(1,048)
<b>Total loans to customers</b>	<b>94,559,838</b>	<b>(16,935,081)</b>	<b>87,385,613</b>	<b>(12,631,527)</b>

The Group obtained real estate and other assets by taking possession of collateral it held as security. As at 30 June 2022 and 31 December 2021 such assets in the amount of UAH 902,136 thousand and UAH 1,079,230 thousand respectively were included in other assets (Note 15).

Loans to individuals comprise the following products:

	30 June 2022 (unaudited)	31 December 2021
Mortgage loans	3,197,637	3,176,327
Other loans:		
Payment card loans	5,535,364	5,296,263
Car loans	4,435,927	4,797,608
Consumer loans secured by real estate and guarantees	1,295,558	1,352,753
Other consumer loans	1,713,754	2,020,911
	<b>16,178,240</b>	<b>16,643,862</b>
Less: allowance for impairment losses	(4,447,449)	(3,023,369)
<b>Total loans to individuals</b>	<b>11,730,791</b>	<b>13,620,493</b>

As at 30 June 2022, loans to customers located in the temporarily occupied territories amounted to UAH 3,942,285 thousand, which was 4% of the total amount of loans to customers, the amount of allowances for expected credit losses for these loans was UAH 3 870,453 thousand.

As at 30 June 2022, loans to customers located in the zone of hostilities amounted to UAH 772,598 thousand, which was 1% of the total amount of loans to customers , the amount of allowances for expected credit losses for these loans was UAH 350,088 thousand.

# JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (in thousands of UAH)

### 13. INVESTMENTS

Investments are presented as follows:

	30 June 2022 (unaudited)			31 December 2021		
	At fair value through profit or loss	At fair value through other comprehensive income	At amortised cost	At fair value through profit or loss	At fair value through other comprehensive income	At amortised cost
<b>Ukrainian government debt securities</b>						
Short-term Ukrainian government debt securities	-	-	16,706,233	-	-	5,407,543
Medium-term Ukrainian government debt securities	41,315	-	37,559,299	-	-	52,858,270
Long-term Ukrainian government debt securities	44,547,242	2,185,259	5,773,591	42,786,103	2,254,244	5,772,249
Allowance for expected credit losses	-	-	(215,132)	-	-	(114,383)
<b>Total Ukrainian government debt securities</b>	<b>44,588,557</b>	<b>2,185,259</b>	<b>59,823,991</b>	<b>42,786,103</b>	<b>2,254,244</b>	<b>63,923,679</b>
<b>Other:</b>						
<b>Corporate debt securities:</b>						
Bonds issued by corporate entities	-	505,259	41,136	-	548,630	41,439
Bonds issued by State Mortgage Institution	-	-	869,230	-	-	830,542
Allowance for expected credit losses	-	-	(12,296)	-	-	(9,662)
<b>Total corporate debt securities</b>	<b>-</b>	<b>505,259</b>	<b>898,070</b>	<b>-</b>	<b>548,630</b>	<b>862,319</b>
<b>Other debt securities:</b>						
Debt commitments of the NBU	-	-	9,005,672	-	-	17,503,835
Bonds issued by local government authorities	-	-	232,408	-	-	231,552
Allowance for expected credit losses	-	-	(3,676)	-	-	(2,589)
<b>Total other debt securities</b>	<b>-</b>	<b>-</b>	<b>9,234,404</b>	<b>-</b>	<b>-</b>	<b>17,732,798</b>
<b>Total debt securities</b>	<b>44,588,557</b>	<b>2,690,518</b>	<b>69,956,465</b>	<b>42,786,103</b>	<b>2,802,874</b>	<b>82,518,796</b>
<b>Equity securities:</b>						
Corporate shares	-	539,848	-	-	578,266	-
<b>Total equity securities</b>	<b>-</b>	<b>539,848</b>	<b>-</b>	<b>-</b>	<b>578,266</b>	<b>-</b>
<b>Total investments</b>	<b>44,588,557</b>	<b>3,230,366</b>	<b>69,956,465</b>	<b>42,786,103</b>	<b>3,381,140</b>	<b>82,518,796</b>



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

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (in thousands of UAH)

Movements in allowance for expected credit losses for the six months ended 30 June 2021 and 2020 are disclosed in Notes 28.

As at 30 June 2022 on fulfillment of the terms of the NBU's cash reserves agreement government debt securities of Ukraine in the amount of UAH 12,326,792 thousand were pledged as collateral, i.e. those carried at amortized cost in amount of UAH 2,999,223 thousand, and those carried at fair value through profit or loss in the amount of UAH 9,327,569 thousand (as at 31 December 2021 government debt securities of Ukraine in the amount of UAH 11,926,503 thousand, i.e. those carried at amortized cost in amount of UAH 3,035,906 thousand, and those carried at fair value through profit or loss in the amount of UAH 8,890,597 thousand were pledged under the same agreement).

In accordance with the terms of the General Loan Agreement concluded with the NBU, the Group pledged government debt securities of Ukraine. As at 30 June 2021 the carrying value of the pledged assets comprised UAH 11,037,100 thousand (as at 31 December 2021: UAH 11,609,640 thousand). Securities carried at amortized cost in amount of UAH 11,037,100 thousand are pledged as collateral (as at 31 December 2021: UAH 11,609,640 thousand).

Corporate shares are investments in equity instruments at fair value through other comprehensive income, and represented mostly by shares of Visa and Mastercard.

#### 14. FIXED ASSETS

Fixed assets are presented as follows:

	30 June 2022 (unaudited)	31 December 2021
<b>Fixed assets</b>		
Buildings	2,668,492	2,960,402
Vehicles	287,084	227,589
Office equipment	1,135,378	1,394,851
Computer equipment	1,339,494	1,505,391
Communication and network equipment	375,639	405,694
Construction in progress	3,556	4,828
Incomplete investments	315,127	380,978
Other property and equipment	53,034	67,382
<b>Total fixed assets</b>	<b>6,177,804</b>	<b>6,947,115</b>
<b>Intangible assets</b>		
Computer software	1,876,200	1,959,027
Other intangible assets	78,571	90,482
<b>Total intangible assets</b>	<b>1,954,771</b>	<b>2,049,509</b>

The group "Buildings" within fixed assets includes right-of-use assets.

As at 30 June 2022 the Group recognized the impairment of fixed assets that have been destroyed or control over which was lost: the value of the buildings equals UAH 164,377 thousand, the value of the vehicles equals UAH 13,395 thousand, the value of the office equipment equals UAH 104,331 thousand, the value of the computer equipment equals UAH 7,877 thousand, the value of the communication and network equipment equals UAH 22,198 thousand. The decrease in the value of fixed assets is reflected in the consolidated statement of profit and loss and other comprehensive income for the first half of 2022 as part of operating expenses in the amount of UAH 207,880 thousand (Note 8) and due to the reduction of the building revaluation reserve in the amount of UAH 100,719 thousand.

During the first half of 2022, the Group purchased computer equipment in amount of UAH 454,572 thousand, vehicles in amount of UAH 244,064 thousand, computer software in amount of UAH 69,832 thousand to ensure continuity of Group's operations during war.

# JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (in thousands of UAH)

### 15. OTHER ASSETS

Other assets comprise:

	30 June 2022 (unaudited)	31 December 2021
<b>Other financial assets</b>		
Restricted cash and cash equivalents	211,958	48,100
	(156,112)	–
<b>Total restricted cash and cash equivalents</b>	<b>55,846</b>	<b>48,100</b>
Settlements with money transfer systems	211,897	292,964
Income accrued	244,943	245,858
Other receivables	15,326	4,253
Fair value of spot currency transactions	1,545	–
Less: allowance for expected credit losses	(126,081)	(122,289)
<b>Total accounts receivable for transactions and other receivables</b>	<b>347,630</b>	<b>420,786</b>
<b>Total other financial assets</b>	<b>403,476</b>	<b>468,886</b>
<b>Other non-financial assets</b>		
Collateral repossessed by the Group	902,136	1,079,230
Prepayments:		
Deferred expenses	552,944	429,052
Prepayments for purchase of assets	707,368	287,963
Prepaid services	129,071	99,394
Prepaid precious metals	10,185	3,625
Less: allowance for expected credit losses	(74,787)	(77,447)
<b>Total prepayments</b>	<b>1,324,781</b>	<b>742,587</b>
Precious metals	29,252	30,100
Inventories	144,203	152,925
Miscellaneous assets:		
Receivables from employees and third parties	33,492	73,784
Obligatory payments	18,169	9,009
Other	266	5
Less: allowance for expected credit losses	(33,145)	(73,712)
<b>Total miscellaneous assets</b>	<b>18,782</b>	<b>9,086</b>
Receivables on taxes other than income tax		
Receivables on value added tax (VAT)	304	278
Receivables on other taxes	–	–
<b>Total receivables on taxes other than income tax</b>	<b>304</b>	<b>278</b>
<b>Total other non-financial assets</b>	<b>2,419,458</b>	<b>2,014,206</b>

As at 30 June 2022, cash on hand in the amount of UAH 156,112 thousand equivalent, which were located in the Bank's branches located in the temporarily occupied territories of Ukraine (Note 11), were reclassified to Restricted cash and cash equivalents in Other financial assets.

Movements in allowance for expected credit losses are disclosed in Note 28.

In the first half of 2022, the Group sold repossessed assets with a carrying value of UAH 178,806 thousand. As a result, gain in amount of UAH 2,433 thousand was recognized in the interim condensed consolidated statement of profit or loss and other comprehensive income within Net other income.

Precious metals are represented by gold and silver in vault.

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

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (in thousands of UAH)

#### 16. DUE TO BANKS

Due to banks comprises:

	30 June 2022 (unaudited)	31 December 2021
Loans received from the National Bank of Ukraine	–	7,248,487
Correspondent accounts of other banks	99,941	359,046
Liabilities due to other banks	–	750
<b>Total due to banks</b>	<b>99,941</b>	<b>7,608,283</b>

On 7 June 2022 the Group did early repayment of the loans received from the National Bank of Ukraine with a maturity dates in 2026 in the amount of UAH 7,250,000 thousand.

Loans received from the National Bank of Ukraine were obtained under a general loan agreement secured by government securities (Note 13).

#### 17. CUSTOMER ACCOUNTS

Customer accounts comprise:

	30 June 2022 (unaudited)	31 December 2021
Term deposits:		
Balances on term deposits from customers	67,886,085	75,333,748
Balances on other deposits from customers	2,315,369	2,246,985
Demand accounts:		
Balances on current accounts from customers	127,087,007	113,665,633
Balances on demand deposits from customers	860,351	206,273
<b>Total customer accounts</b>	<b>198,148,812</b>	<b>191,452,639</b>

As at 30 June 2022 the total balances of top ten customers amounted to UAH 15,094,835 thousand which represents 8% (as at 31 December 2022: UAH 23,140,917 thousand which represents 12%). As at 30 June 2022 the total balance on accounts of the largest customer comprised 1% of the total balances on customers' accounts respectively (as at 31 December 2022: 4%).

**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2022***(in thousands of UAH)*

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

	30 June 2022 (unaudited)	31 December 2021
<b>Analysis by sector of economy:</b>		
Individuals	135,951,294	123,543,068
Energy	12,838,633	17,507,610
Agriculture	6,817,276	7,484,151
Trade	6,723,757	7,546,691
Financial services	6,686,281	2,458,217
Services	3,838,245	4,378,885
Transport	3,686,544	2,981,456
Oil, gas and chemical production	2,779,528	8,015,114
State authorities and local governments	2,602,320	1,261,491
Media and communications	2,492,169	3,368,299
Construction and real estate	2,460,081	4,215,148
Engineering	1,307,202	1,623,620
Industrial and consumer goods manufacturing	1,007,915	1,132,999
Food and beverage manufacturing and processing	662,504	362,429
Mining and metallurgy	520,399	583,837
Press and publishing	70,506	85,311
Other	7,704,158	4,904,313
<b>Total customer accounts</b>	<b>198,148,812</b>	<b>191,452,639</b>

As at 30 June 2022 customer accounts include deposits in the amount of UAH 557,944 thousand (31 December 2021: UAH 554,160 thousand) that are pledged as collateral for financial guarantees issued and other commitments (Note 23).

In the first half of 2021, the Group derecognized liabilities on customer accounts related to the Crimean Republican Branch, which ceased its operations in 2014 due to the annexation of Crimea, as clients identification data was no longer available. At the same time, the Group recognized provision to cover possible payments under these liabilities in full. Provision was created in order to cover payments under liabilities on customer accounts of the Crimean Republican Branch in case of receipt of all information for client identification, as required by the current legislation of Ukraine (Note 20).

**18. EUROBONDS ISSUED**

Eurobonds issued are presented as follows:

		30 June 2022 (unaudited)		31 December 2021		
		Coupon rate p.a., %	Carrying value		Coupon rate p.a., %	Carrying value
Currency	Maturity			Maturity		
SSB NO.1 Plc	September 2022–March 2025	9.625	4,537,317	March 2022– March 2025	9.625	4,943,316
SSB NO.1 Plc	September 2022–March 2023	9.375	2,114,429	March 2022– March 2023	9.375	2,964,780
<b>Total Eurobonds issued</b>			<b>6,651,746</b>			<b>7,908,096</b>

# JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (in thousands of UAH)

Changes within the Eurobonds issued are presented as follows:

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
	(unaudited)	
<b>At the beginning of the period</b>	<b>7,908,096</b>	<b>11,744,616</b>
Interest expense (Note 5)	322,786	450,485
Interest paid	(397,876)	(532,425)
Redemption of Eurobonds issued	(1,755,294)	(1,663,919)
Foreign exchange differences	574,034	(421,556)
<b>At the end of the period</b>	<b>6,651,746</b>	<b>9,577,201</b>

On 4 March 2022, the Group repaid USD 35,000 thousand (UAH 1,023,922 thousand as of the maturity date) of Eurobonds issued in March and July 2011. On 17 March 2022, the Group repaid USD 25,000 thousand (UAH 731,372 thousand as of the maturity date) of Eurobonds issued in March 2013. The repayments took place 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 5 March 2021 the Group repaid USD 35,000 thousand (UAH 971,474 thousand as of the maturity date) of Eurobonds issued in March and July 2011. On 18 March 2021, the Group repaid USD 25,000 thousand (UAH 692,445 thousand as of the maturity date) of Eurobonds issued in March 2013. The repayments took place 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 comprise: 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.

# JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (in thousands of UAH)

### 19. OTHER BORROWED FUNDS

Other borrowed funds include:

	Валюта	30 June 2022 (unaudited)			Maturity	31 December 2021		
		Maturity	Coupon rate p.a., %	Carrying value		Maturity	Coupon rate p.a., %	Carrying value
Loans from the European Investment Bank	EUR	December 2022 – December 2024	4,26	726,067	June 2022 – December 2024	4,26		875,573
Loans from the European Investment Bank	EUR	September 2022 – September 2024	4,43	735,660	March 2022 – September 2024	4,43		887,112
Loans from the European Investment Bank	EUR	July 2022 – July 2025	3,91	603,863	January 2022 – July 2025	3,91		693,502
Loan from Entrepreneurship Development Fund	EUR	January 2022	2,80	–	January 2022	2,80		62,269
Loans from the European Investment Bank	USD	February 2022 – February 2022	5,87	–	February 2022 – February 2022	5,87		249,116
Loan from Entrepreneurship Development Fund	UAH	March 2022	7,31	–	March 2022	6,89		50,740
<b>Total other borrowed funds</b>				<b>2,065,590</b>				<b>2,818,312</b>

Changes in other borrowed funds are presented as follows:

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
	(unaudited)	
<b>At the beginning of the period</b>	<b>2,818,312</b>	<b>4,452,649</b>
Interest expense (Note 5)	50,784	88,802
Interest paid	(61,322)	(95,482)
Repayment of other borrowed funds	(753,785)	(592,714)
Foreign exchange differences	11,601	(272,215)
<b>At the end of the period</b>	<b>2,065,590</b>	<b>3,581,040</b>

Under the loan agreement with the EIB the Bank is required to comply with certain non-financial requirements and financial covenants, which include maintaining certain coefficients (ratios) at the established levels.



# JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (in thousands of UAH)

### 20. OTHER LIABILITIES

Other liabilities comprise:

	30 June 2022 (unaudited)	31 December 2021
<b>Provisions</b>		
<b>Provisions for expected credit losses for guarantees and other credit commitments:</b>		
Provisions for credit commitments	325,046	323,598
Provisions for financial guarantee contracts	490,553	483,290
<b>Total provisions for expected credit losses for guarantees and other credit commitments</b>	<b>815,599</b>	<b>806,888</b>
<b>Other provisions:</b>		
Provisions for liabilities to customers	22,219	22,219
<b>Total other provisions</b>	<b>22,219</b>	<b>22,219</b>
<b>Total provisions</b>	<b>837,818</b>	<b>829,107</b>
<b>Other financial liabilities</b>		
Lease liabilities	384,289	428,638
Other accounts payable:		
Accrued expenses for cash operations	45,135	39,405
Accounts payable for other operations	1,809	17,297
Fair value of spot foreign currency transactions	287	–
<b>Total other accounts payable</b>	<b>47,231</b>	<b>56,702</b>
Accrued expenses	59,516	49,159
<b>Total other financial liabilities</b>	<b>491,036</b>	<b>534,499</b>
<b>Other non-financial liabilities</b>		
Taxes payable other than income tax:		
Value added tax payables	8,799	16,317
Accounts payable for other taxes and mandatory payments	84,399	77,631
<b>Total taxes payable other than income tax</b>	<b>93,198</b>	<b>93,948</b>
Advances received	63,713	72,860
Accounts payable for payments to banks employees:		
Provisions for unused vacations	628,882	543,413
Accrued bonuses and salaries	242,193	86,446
Other accounts payable for payments to banks employees	22,426	285
<b>Total accounts payable for payments to banks employees and advances receives</b>	<b>893,501</b>	<b>630,144</b>
Other	18,707	83,345
<b>Total other non-financial liabilities</b>	<b>1,069,119</b>	<b>880,297</b>
<b>Total other liabilities</b>	<b>2,397,973</b>	<b>2,243,903</b>

Movements in expected credit losses for guarantees and other commitments are disclosed in Notes 28.

Provision for commitments to customers was formed to cover payments under liabilities on customer accounts related to the Crimean Republican Branch in the event of receipt of all information for client's identification, as required by current legislation of Ukraine (Note 17).

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

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (in thousands of UAH)

Movement in lease liabilities is presented as follows:

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
	(unaudited)	
<b>At the beginning of the period</b>	<b>428,638</b>	<b>414,899</b>
Liabilities recognized	32,889	88,564
Interest accrual (Note 5)	23,749	31,638
Interest paid	(22,906)	(31,412)
Liabilities repayments	(78,081)	(95,177)
<b>At the end of the period</b>	<b>384,289</b>	<b>408,512</b>

## 21. SUBORDINATED DEBT

Subordinated debt is presented as follows:

Currency	Maturity of principal	Interest rate %	30 June 2022 (unaudited)	Interest rate %	31 December 2021
USD	19 January 2024	7.29	754,822	7.03	878,960
<b>Total subordinated debt</b>			<b>754,822</b>		<b>878,960</b>

Changes in subordinated debt are presented as follows:

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
	(unaudited)	
<b>At the beginning of the period</b>	<b>878,960</b>	<b>1,276,240</b>
Interest expense (Note 5)	26,942	37,684
Interest paid	(30,460)	(44,160)
Redemption of the subordinated debt	(173,358)	(174,816)
Foreign exchange differences	52,738	(44,097)
<b>At the end of the period</b>	<b>754,822</b>	<b>1,050,851</b>

On 14 January 2022 the Group made partial repayment of subordinated debt in accordance with the repayment schedule in amount of USD 6,250 thousand (which is UAH 173,358 thousand in UAH equivalent as at the repayment date) and paid interest.

On 14 January 2021 the Group made partial repayment of subordinated debt in accordance with the repayment schedule in amount of USD 6,250 thousand (which is UAH 174,816 thousand in UAH equivalent as at the repayment date) and paid interest.

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

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Share capital is presented as follows:

	<b>Number of shares</b>	<b>Nominal value, UAH thousand</b>	<b>Adjusted amount, UAH thousand</b>
<b>31 December 2020</b>	<b>42,649</b>	<b>49,472,840</b>	<b>49,724,980</b>
Additional issue of shares	—	—	—
<b>31 December 2021</b>	<b>42,649</b>	<b>49,472,840</b>	<b>49,724,980</b>
Additional issue of shares	—	—	—
<b>30 June 2022 (unaudited)</b>	<b>42,649</b>	<b>49,472,840</b>	<b>49,724,980</b>

As at 30 June 2022 and 31 December 2021 the nominal value of each share amounted to UAH 1,160,000. All shares rank equally and carry one vote.

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

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

In 2021, based on the financial result of 2020, the Bank paid out a portion of profit in the amount of UAH 832,897 thousand to the State Budget of Ukraine in accordance with the Resolution of the Cabinet of Ministers of Ukraine dated 28 April 2021 No. 415 “*On approval of the basic standard of deduction of a share of the profit directed on payment of dividends on results of financial and economic activity in 2020 of the companies, the statutory capital of which includes corporate rights of the state*”.

As at 30 June 2022 and 31 December 2021 the Group's capital was established and paid in by cash, by Ukrainian government debt securities and using the profit of UAH 49,724,980 thousand, contributed to increase the share capital, taking into account effect of hyperinflation as required by IAS 29 *Financial Reporting in Hyperinflationary Economies*.

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

**23. COMMITMENTS AND CONTINGENCIES**

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

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

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

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As at 30 June 2022 and 31 December 2021, the nominal or contractual amounts were as follows:

	30 June 2022 (unaudited)	31 December 2021
<b>Contingent financial liabilities and credit commitments</b>		
Irrevocable commitments on loans and unused credit lines	11,445,865	18,317,761
Financial guarantees issued and similar commitments	1,084,047	1,206,390
Letters of credit and other operations related to contingencies	757,580	1,033,730
<b>Total contingent financial liabilities and credit commitments</b>	<b>13,287,492</b>	<b>20,557,881</b>

As at 30 June 2022 non-financial guarantees amounted to UAH 215 thousand (31 December 2021: UAH 294,315 thousand).

As at 30 June 2022, allowance for financial guarantees and other liabilities amounted to UAH 815,599 thousand (31 December 2021: UAH 806,886 thousand); provisions for non-financial guarantees and other liabilities amounted to UAH nil (31 December 2021: UAH 2 thousand) (Notes 20, 28).

As at 30 June 2022, guarantees issued and other liabilities were provided by cash deposits in the amount of UAH 557,944 thousand (31 December 2021: UAH 554,160 thousand) (Note 17).

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 2022, the total amount of such revocable commitments amounted to UAH 17,113,520 thousand (31 December 2021: UAH 10,849,678 thousand).

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 2022, the Group had commitments to purchase intangible assets for the amount of UAH 291,755 thousand (31 December 2021: UAH 218,942 thousand).

#### Litigations

From time to time and in the normal course of business, claims against the Group are received from customers and counterparties. Management believes that no material losses will be incurred within the Group and, accordingly, no provision has been made in these interim condensed consolidated financial statements.

#### Taxation

Due to presence in the Ukrainian commercial legislation, and tax legislation in particular, 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, impairment provisions, operations with non-residents and the market level for pricing of deals.

In respect of certain areas, the Ukrainian tax legislation does not contain clear guidance. From time to time, the Group uses the interpretation of such uncertain areas, based on the provisions of current Ukrainian legislation, intergovernmental legislative acts on avoidance of double taxation, which results in application by the Group (the tax agent) of the tax rates which are based on intergovernmental agreements. As noted above,

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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 2022 and 31 December 2021 the Group has neither overdue tax liabilities (existence/absence of tax debt), nor unpaid penalties for violations of the financial services legislation, including those on the securities market. The management believes that it has already made all tax payments, and, therefore, no allowance has been made in the interim condensed consolidated financial statements. Tax records remain open to review by the tax authorities for three years.

As at 30 June 2022 and 31 December 2021 the Group has no contingent assets and/or liabilities with a high probability of their recognition in the balance sheet, except for those reported in these financial statements.

#### **24. RELATED PARTY TRANSACTIONS**

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

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

Government refers to the Government of Ukraine, government agencies, and similar bodies, whether local, national, or international.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Other related parties comprise government, government-related entities (both directly and indirectly) and entities that are controlled, jointly controlled or significantly influenced by them.

	30 June 2022 (unaudited)			31 December 2021				
	Key management personnel	Other related parties	Transactions with related parties	Total in category	Key management personnel	Other related parties	Transactions with related parties	Total in category
<b>Assets</b>								
Cash and cash equivalents	–	2,661,289	2,661,289	19,754,568	–	1,643,983	1,643,983	19,001,319
Loans to customers:	3,343	27,332,876	27,332,219	77,624,757	4,187	23,950,951	23,955,138	74,754,086
loans to customers before reduction allowance	3,474	27,633,250	27,636,724	94,559,838	4,290	24,101,091	24,105,381	87,385,613
allowance for expected credit losses on loans to customers	(131)	(304,374)	(304,505)	(16,935,081)	(103)	(150,140)	(150,243)	(12,631,527)
Investments:	–	116,995,790	116,995,790	117,775,388	–	127,865,514	127,865,514	128,686,039
investments before reduction allowance	–	117,222,183	117,222,183	118,006,492	–	127,988,570	127,988,570	128,812,673
allowance for expected credit losses	–	(226,393)	(226,393)	(231,104)	–	(123,056)	(123,056)	(126,634)
Other financial assets	–	100	100	403,476	–	100	100	468,886
<b>Liabilities</b>								
Due to banks	–	26,378	26,378	99,941	–	7,396,047	7,396,047	7,608,283
Customer accounts	57,086	21,576,179	21,633,265	198,148,812	58,267	28,407,921	28,466,188	191,452,639
Other borrowed funds	–	–	–	2,065,590	–	113,009	113,009	2,818,312
Other non-financial liabilities	12,973	–	12,973	1,069,119	12,068	–	12,068	880,297
Contingent liabilities and credit commitments, including allowance for expected credit losses	1,788	4,647,899	4,649,687	30,401,227	1,879	3,747,448	3,749,327	31,701,876

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Included in the interim consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2022 and 2021 were the following amounts which arose due to transactions with related parties:

	For the period, ended 30 June 2022 (unaudited)			For the period, ended 30 June 2021 (unaudited)				
	Key management personnel	Other related parties	Transactions with related parties	Total in category	Key management personnel	Other related parties	Transactions with related parties	Total in category
Interest income	50	6,885,933	6,885,983	10,047,381	273	6,551,456	6,551,729	10,220,747
Interest expense	(379)	(1,066,110)	(1,066,489)	(3,591,823)	(887)	(683,262)	(684,149)	(4,226,527)
Fee and commission income	171	176,444	176,615	4,002,993	64	208,217	208,281	4,649,914
Fee and commission expense	-	(8,308)	(8,308)	(1,683,399)	-	(26,341)	(26,341)	(1,637,721)
Net (loss)/gain on transactions with financial instruments at fair value through profit or loss	-	1,161,979	1,161,979	12,024	-	(3,357,352)	(3,357,352)	(3,551,250)
Net profit from transactions with debt financial instruments at fair value through other comprehensive income	-	(184)	(184)	573	-	-	-	-
(Accrual)/reversal of allowance for expected credit losses on interest bearing assets	-	(264,627)	(264,627)	(5,416,384)	-	(34,230)	(34,230)	391,009
Net gain/(loss) on modifications of financial assets	-	(38,224)	(38,224)	(134,151)	-	(38,986)	(38,986)	(727,020)
Other income/(expense)	-	3,033	3,033	146,731	-	5,132	5,132	251,267
Personnel expenses	(101,212)	-	(101,212)	(4,369,063)	(98,616)	-	(98,616)	(3,149,945)
Other administrative and operational expenses	-	(337,284)	(337,284)	(1,942,554)	-	(56,683)	(56,683)	(1,528,995)
Key management personnel remuneration: short-term employee benefits	(100,306)	-	(100,306)	(4,369,063)	(101,120)	-	(101,120)	(3,149,945)
social charges	(94,973)	-	(94,973)	-	(96,045)	-	(96,045)	-
	(5,333)	-	(5,333)	-	(5,075)	-	(5,075)	-

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(in thousands of UAH)****25. FAIR VALUE**

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

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

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

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

<b>Assets/Liabilities</b>	<b>Fair value hierarchy</b>	<b>Valuation techniques and key inputs</b>
Investments	1	Quoted bid prices (unadjusted) in an active market (available to the Group on assessment date) for identical investments. Fair value is assessed using market approach.
	2	Discounted cash flows. Future cash flows are estimated based on the inputs that are observable, either directly or indirectly, and the estimates use one or more observable prices for orderly transactions in the markets that are not considered active.
	3	Discounted cash flows. 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.
Investments with indexed value	3	<p>The fair value 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"> <li>- Strike rate of US dollar against UAH. Defined as the average US dollar exchange rate against UAH on the interbank market for the month preceding the date of issue of the relevant series of bonds with indexed value (according to the indexation mechanism provided for in the terms of issue). For the Ukrainian government bonds with indexed value received by the Group as contribution to the share capital, strike rate was in the range UAH 14.81-27.23 per US dollar for a package of bonds depending on the date of issue of relevant series of bonds;</li> <li>- Forward US dollar exchange rate against UAH. Since 2022 in the conditions of martial law, the National Bank of Ukraine: suspended the operation of the foreign exchange market (except operations for the sale of foreign currency by clients); the rate of the hryvnia against the US dollar was fixed at 29.25 hryvnias/dollar; the right of banks to set purchase and sale rates is limited (purchase - at the official rate, sale - no more than the official rate +1%), thus, the spot exchange rate of the hryvnia against the US dollar on the interbank market has lost the signs of a market indicator. As a result, the Group revised some determining the fair value of an option under an UDGB with an indexed value, in terms of determining the forward exchange rates of the hryvnia to the US dollar for different time horizons: the source of such exchange rates is the quotation of NDF (non-delivery forward contracts) according to Bloomberg system data, instead of exchange rates of the interbank market. Therefore, determined based on the risk-free rate of return in the US dollars (according to the yield to maturity of the United States government securities) as well as the national currency (according to zero-coupon yield curve published by the National Bank of Ukraine). As at 30 June 2022, the estimated value of the forward US dollar in UAH, which is adopted for calculating the fair value of the embedded option, ranged from 34.19 UAH/USD for 1.07 year time horizon to 61.77 UAH/USD for 9.65 year time horizon (31 December 2021: from 32.43 UAH/USD for 1.56 year time horizon to 63.40 UAH/USD for 10.14 year time horizon);</li> <li>- Volatility of the US dollar against UAH. Defined as the annual volatility of interbank US dollar against UAH. As at 30 June 2022, the volatility of the US dollar against the hryvnia was 15.97% (31 December 2021: 16.06%);</li> <li>- Discount rate. The discount rate is determined according zero-coupon yield curve published by the National Bank of Ukraine. As at 30 June 2022, the discount rate ranged from 13.26% per annum for the term of 2.39 years to 10.02% per annum for the period of 9.65 years (31 December 2021: from 12.13% per annum for the term of 3.83 years to 9.82% per annum for the period of 10.14 years).</li> </ul>



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<b>Assets/Liabilities</b>	<b>Fair value hierarchy</b>	<b>Valuation techniques and key inputs</b>
Loans measured at fair value through profit or loss	3	Discounted cash flows. Future cash flows are estimated based on expected cash flows attributable to the repayment of loans and are risk-adjusted considering the Group's analytical evaluations of respective amounts and maturities and taking into account the probabilities of their origination. Cash flows are discounted applying risk-free interest rates adjusted for systemic risk in respective currencies determined according zero-coupon yield curve published by the National Bank of Ukraine.
Real estate: capital investments on construction in progress	3	The Group engages professional independent appraisers to determine the fair values of its constructions in progress. 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. 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).
Real estate: buildings Investment property	3	The Group engages professional independent appraisers to determine the fair values of its buildings and office premises and investment property by using sales comparison approach, and for items for which there are no market analogues, income capitalization approach is used. In the sales comparison approach, the prices of market-based sales of comparable properties in the immediate proximity are adjusted with reference to differences in main parameters (such as property space). The main parameter used in this valuation technique is the price per square meter of a property.

The following table summarizes financial instruments and buildings and office premises 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:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>30 June 2022 Total</b>
	<b>(unaudited)</b>			
<b>Assets</b>				
<b>Investments at fair value through profit or loss:</b>				
Ukrainian government debt securities	–	41,315	44,547,242	<b>44,588,557</b>
<b>Investments at fair value through other comprehensive income:</b>				
Ukrainian government debt securities	–	–	2,185,259	<b>2,185,259</b>
Other debt securities	–	–	505,259	<b>505,259</b>
Equity securities	508,078	–	31,770	<b>539,848</b>
<b>Loans measured at fair value through profit or loss</b>	–	–	1,188,168	<b>1,188,168</b>
<b>Real estate:</b>				
construction in progress	–	–	6,253	<b>6,253</b>
buildings	–	–	2,349,160	<b>2,349,160</b>
Investment property	–	–	627,494	<b>627,494</b>
<b>Total</b>	<b>508,078</b>	<b>41,315</b>	<b>51,440,605</b>	<b>51,989,998</b>

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	Level 1	Level 2	Level 3	31 December 2021 Total
<b>Assets</b>				
<b>Investments at fair value through profit or loss:</b>				
Ukrainian government debt securities	–	–	42,786,103	<b>42,786,103</b>
<b>Investments at fair value through other comprehensive income:</b>				
Ukrainian government debt securities	–	2,254,244	–	<b>2,254,244</b>
Other debt securities	–	–	548,630	<b>548,630</b>
Equity securities	548,532	–	29,734	<b>578,266</b>
<b>Loans measured at fair value through profit or loss</b>	–	–	2,037,961	<b>2,037,961</b>
<b>Real estate:</b>				
construction in progress	–	–	7,199	<b>7,199</b>
buildings	–	–	2,564,885	<b>2,564,885</b>
Investment property	–	–	633,099	<b>633,099</b>
<b>Total</b>	<b>548,532</b>	<b>2,254,244</b>	<b>48,607,611</b>	<b>51,410,387</b>

As at 30 June 2022 in comprise with 31 December 2021 debt securities measured at fair value through other comprehensive income in amounts UAH 2,190,824 thousands were transferred from Level 2 to Level 3 hierarchies of fair value owing to some changes of observable inputs. During six months ended 30 June 2022 some quotes and other observable market data were not available for these securities, so their fair value was estimated using valuation methods that use information that is different from observable market data.

The following tables present movements in fair value of Level 3 financial instruments at fair value as follows:

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

<b>1 January 2022</b>	<b>548,630</b>	<b>1 January 2021</b>	<b>1,076,155</b>
Total income and expense:		Total income and expense:	
In profit or loss:	118,001	In profit or loss:	94,200
Interest income and dividends	125,113	Interest income and dividends	89,559
trading result	(182)	trading result	–
Reversal of allowance for expected credit losses	(6,930)	Accrual of allowance for expected credit losses	4,641
In other comprehensive income:	(16,246)	In other comprehensive income:	(32,173)
Net change in fair value of investments at FVOCI	(16,246)	Net change in fair value of investments at FVOCI	(32,173)
Coupon income and dividend collection	(115,902)	Coupon income and dividend collection	(80,822)
Sale	(34,789)	Sale	(436,369)
Transfers from Level 2 to Level 3	2,190,824	Transfers from Level 2 to Level 3	–
<b>30 June 2022 (unaudited)</b>	<b>2,690,518</b>	<b>30 June 2021 (unaudited)</b>	<b>620,991</b>

**Equity securities**

<b>1 January 2022</b>	<b>29,734</b>	<b>1 January 2021</b>	<b>29,389</b>
Total income and expense:		Total income and expense:	
In profit or loss:	–	In profit or loss:	1,965
dividends	–	dividends	1,965
In other comprehensive income:	2,036	In other comprehensive income:	1,326
net change in fair value of investments at FVOCI	2,036	net change in fair value of investments at FVOCI	1,326
Dividend collection	–	Dividend collection	(1,965)
<b>30 June 2022 (unaudited)</b>	<b>31,770</b>	<b>30 June 2021 (unaudited)</b>	<b>30,715</b>

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

<b>1 January 2022</b>	<b>42,786,103</b>	<b>1 January 2021</b>	<b>46,152,268</b>
Total income and expense:		Total income and expense:	
In profit or loss:	2,584,491	In profit or loss:	(2,010,448)
Interest income	1,422,698	Interest income	1,347,124
Net change in fair value	1,161,793	Net change in fair value	(3,357,572)
Interest income collected	(823,352)	Interest income collected	(823,352)
<b>30 June 2022 (unaudited)</b>	<b>44,547,242</b>	<b>30 June 2021 (unaudited)</b>	<b>43,318,468</b>

### Loans at fair value through profit or loss

<b>1 January 2022</b>	<b>2,037,961</b>	<b>1 January 2021</b>	<b>2,476,267</b>
Total income and expense:		Total income and expense:	
In profit or loss:	(843,957)	In profit or loss:	269,827
Interest income	305,997	Interest income	463,724
Net change in fair value	(1,149,954)	Net change in fair value	(193,897)
Interest income received	(836)	Interest income received	(59,392)
Repayment	(5,000)	Redemption	(120,187)
<b>30 June 2022 (unaudited)</b>	<b>1,188,168</b>	<b>30 June 2021 (unaudited)</b>	<b>2,566,515</b>

### Sensitivity analysis of measurement of fair value of Level 3 financial instruments at fair value

Sensitivity of the fair value measurement for level 3 measurements 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 for domestic government debt securities with index value. 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 embedded option (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 input		Change in fair value of financial instrument			
			30 June 2022 (unaudited)		31 December 2021	
Forward USD/UAH exchange rate	+1%	-1%	391,804	(391,610)	365,979	(365,448)
Volatility of USD/UAH exchange rate	+1 p.p.	-1 p.p.	22,119	(18,361)	30,361	(25,843)
Discount rate	+1 p.p.	-1 p.p.	(1,353,501)	1,426,364	(1,490,143)	1,576,001

The fair value of investments is the most sensitive to volatility of discount rates. A 1 p.p. increase/decrease in discount rate would result in the fair value of the option decrease/increase by UAH (-1,353,501)/+ 1,426,364 thousand as at 30 June 2022 and by UAH (-1,490,143)/+1,576,001 thousand as at 31 December 2021 respectively.

The Group also carried out a simulation of the fair value change of the hybrid instrument on the basis of changes that were objectively feasible – an increase in the forward rate of the US dollar to the hryvnia by 10% and simultaneous increase of discount rates by 1 p.p. If the above scenario is implemented, the fair value of the investments will increase by UAH 2,444,467 thousand as at 30 June 2022 and UAH 2,042,756 thousand as at 31 December 2021. 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 in an decrease in the fair value of investments of UAH 596,220 thousand as at 30 June 2022 and an decrease in the fair value of UAH 320,455 thousand as at 31 December 2021.

# JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (in thousands of UAH)

*Investments at fair value through other comprehensive income*

### Ukrainian government debt securities

Risk premium applied on observable discount rate as at (input)	Change in input		Fair value	Change in fair value	
30 June 2022 (unaudited)	+ 1 p.p.	- 1 p.p.	2,185,259	(35,872)	36,862

### 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 2022 (unaudited)	+1 p.p.	-1 p.p.	537,029	(3,244)	3,332
31 December 2021	+1 p.p.	-1 p.p.	578,404	(5,578)	5,636

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

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

Discount rate as at	Change in discount rate		Change in fair value	
30 June 2022 (unaudited)	+1 p.p.	-1 p.p.	(61,551)	66,386
31 December 2021	+1 p.p.	-1 p.p.	(92,745)	99,345

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

### ***Other financial instruments***

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

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

	30 June 2022		31 December 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
	(unaudited)			
<b>Assets</b>				
Loans to legal entities	64,705,798	66,272,911	59,095,632	60,363,084
Loans to individuals	11,730,791	10,920,702	13,620,493	11,649,598
Investments	69,956,465	69,254,906	82,518,796	82,331,323
<b>Total assets</b>	<b>146,393,054</b>	<b>146,448,519</b>	<b>155,234,921</b>	<b>154,344,005</b>
<b>Liabilities</b>				
Customer accounts	198,148,812	198,054,398	191,452,639	191,443,362
Eurobonds issued	6,651,746	4,823,635	7,908,096	8,004,686
Other borrowed funds	2,065,590	1,069,381	2,818,312	2,590,535
Subordinated debt	754,822	519,015	878,960	870,802
<b>Total liabilities</b>	<b>207,620,970</b>	<b>204,466,429</b>	<b>203,058,007</b>	<b>202,909,385</b>

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

<b>Financial assets / financial liabilities</b>	<b>Fair value hierarchy</b>	<b>Valuation techniques and key inputs</b>
Due from banks	2	Discounted cash flows. 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.
Loans to customers at amortised cost	3	Discounted cash flows. 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.
Investments at amortised cost	3	Discounted cash flows. Future cash flows are estimated based on the inputs that are observable, either directly or indirectly, and the estimates use one or more observable prices for orderly transactions in the markets that are not considered active.
	3	Discounted cash flows. 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.
Due to banks	2	Discounted cash flows. 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.
Customer accounts	2	Discounted cash flows. Future cash flows are estimated based on both observable and unobservable inputs.
Eurobonds issued	2	Discounted cash flows. 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.
Other borrowed funds	2	Discounted cash flows. 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.
Subordinated debt	2	Discounted cash flows. 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.

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

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The following table provides analysis of financial assets and financial liabilities that are not measured at fair value on an ongoing basis (but disclosure on fair value is required). The levels correspond to the ability of direct determination of fair value based on market data:

30 June 2022, fair value	Level 1	Level 2	Level 3	Total
		(unaudited)		
<b>Assets</b>				
Loans to customers	–	–	77,193,613	77,193,613
Investments	–	–	69,254,906	69,254,906
<b>Total</b>	<b>–</b>	<b>–</b>	<b>146,448,519</b>	<b>146,448,519</b>
<b>Liabilities</b>				
Customer accounts	–	198,054,398	–	198,054,398
Eurobonds issued	–	4,823,635	–	4,823,635
Other borrowed funds	–	1,069,381	–	1,069,381
Subordinated debt	–	519,015	–	519,015
<b>Total</b>	<b>–</b>	<b>204,466,429</b>	<b>–</b>	<b>204,466,429</b>
<b>31 December 2021, fair value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>				
Loans to customers	–	–	72,012,682	72,012,682
Investments	–	81,124,630	1,206,693	82,331,323
<b>Total</b>	<b>–</b>	<b>81,124,630</b>	<b>73,219,375</b>	<b>154,344,005</b>
<b>Liabilities</b>				
Customer accounts	–	191,443,362	–	191,443,362
Eurobonds issued	–	8,004,686	–	8,004,686
Other borrowed funds	–	2,590,535	–	2,590,535
Subordinated debt	–	870,802	–	870,802
<b>Total</b>	<b>–</b>	<b>202,909,385</b>	<b>–</b>	<b>202,909,385</b>

## 26. CAPITAL MANAGEMENT

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

The capital structure of the Group consists of share capital, reserves, and accumulated deficit as disclosed in the interim condensed consolidated statement of changes in equity and borrowed funds, which include subordinated debt disclosed in Note 21.

The Bank’s Management Board comprehensively analyzes the cost of capital, its components and risks that are inherent in the Bank’s activities and threaten the loss of a certain component of capital. The Bank adjusts its capital structure, in particular, by issuing additional shares, raising / repaying subordinated debt.

As at 30 June 2022 and 31 December 2021, the Group complied with the requirements under statutory regulations of the National Bank of Ukraine regarding the regulatory capital adequacy of the banking group.

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#### 27. REGULATORY MATTERS

The adequacy of the Group's capital is monitored using, among other measures, the ratios established by the Basel Capital Accord 1988 and the ratios established by the NBU in supervising the Bank and companies forming the Group.

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 (8%) and Tier 1 capital (4%) to riskweighted assets.

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

	30 June 2022 (unaudited)	31 December 2021
<b>Regulatory capital:</b>		
<b>Tier 1 capital</b>		
Share capital	49,724,980	49,724,980
Accumulated deficit	(34,835,191)	(30,106,919)
<b>Total Tier 1 qualified capital</b>	<b>14,889,789</b>	<b>19,618,061</b>
<b>Tier 2 capital</b>		
Revaluation reserves	2,053,649	2,256,281
Subordinated debt	219,412	306,880
<b>Total Tier 2 qualified capital up to a limit 100% of total Tier 1 capital</b>	<b>2,273,061</b>	<b>2,563,161</b>
<b>Total regulatory capital</b>	<b>17,162,850</b>	<b>22,181,222</b>
<b>Capital ratios</b>		
<b>Total regulatory capital expressed as a percentage of total risk-weighted assets</b>	<b>13.10%</b>	<b>16.61%</b>
<b>Total Tier 1 capital expressed as a percentage of total risk-weighted assets</b>	<b>11.36%</b>	<b>14.69%</b>

#### 28. RISK MANAGEMENT POLICIES

With the exception of credit risk disclosed below, there were no material changes in the Group's risk management approach during the reporting period compared to those disclosed in the consolidated financial statements for the year ended 31 December 2021 prepared in accordance with IFRS.

##### Credit risk

As at 30 June 2022, to assess ECL the Group has applied a differentiated approach to assessing the probability of default on loans based on the collective assessment in terms of increasing its value depending on whether the territory of granting the loan is temporarily occupied or the territory in which active hostilities are taking place. In particular, the aggregate ECL allowance for loans in the temporarily occupied territory was recognized at 98%, including 100% ECL rate for borrowers, for which there are no sources of repayment outside this territory.

In order to assess ECL for state securities and loans to state companies, the Group has modified the approach to the assessment of risk parameters in terms of:

- a differentiated approach to assessing the probability of default (PD) for investments denominated in national and foreign currencies, using statistical information from the international rating agency "Standard and Poor's";

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

### **NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022**

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

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- applying of the value of probability of default in the assessment of ECL according to the rating assessment according to the national scale of the international rating agency "Standard and Poor's";
- applying to state securities and loans to state companies that are guaranteed by the state, an assessment of the level of losses at the time of default (LGD) at the level of the average value of the assessment of losses on default events of Ukraine according to the information of the international rating agency "Moody's".
- LGD is applied at the level of 45% for loans to state companies that do not have a state guarantee. The Group applied this value of LGD based on recommendations of Basel Committee and National Bank of Ukraine. The Group does not have sufficient own statistics for losses/recoveries for such assets.

As at 30 June 2022, the overall effect of the change in the approach to the calculation of ECL for state securities and loans to state companies is an increase in amount of UAH 248,366 thousand including a decrease in amount of UAH 565,361 thousand due to the change in the LGD estimate.

The specified changes in valuation approaches do not have a retrospective effect on the Group's financial statements.

To confirm existence and current condition of collateral property during 6 months of 2022 the Group conducted regular monitoring procedures as well as inquiries of borrowers and mass media information analysis. As a result, the items identified as significantly damaged was excluded from ECL calculation. For de-occupied zone overlay discount factors applied to collateral values to ensure that unrecorded damages are reflected in ECL calculation.



# JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”

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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 (correspondent accounts)

	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)
				(unaudited)		Stage 3 Life-time ECL (impaired)
						Total
Balance as at 1 January 2021	11,327,031	-	-	11,327,031	10,607	-
Repaid assets	(57,102)	-	-	(57,102)	(4)	-
Other changes	12,194,599			12,194,599	4,973	-
	(979,447)	-	-	(979,447)	(789)	-
Foreign exchange differences						
Balance as at 30 June 2021	22,485,081	-	-	22,485,081	14,787	-
Balance as at 1 January 2022	6,712,301	-	-	6,712,301	7,064	-
Repaid assets	(602,878)	-	-	(602,878)	(41)	-
Other changes	(112,069)			(112,069)	(1,463)	-
Foreign exchange differences	287,710	-	-	287,710	337	-
Balance as at 30 June 2022	6,285,064	-	-	6,285,064	5,897	-

#### Due from banks Term deposits

	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)
				(unaudited)		Stage 3 Life-time ECL (impaired)
						Total
Balance as at 1 January 2021	-	-	-	-	-	-
New assets	6,785	-	-	6,785	-	-
Balance as at 30 June 2021	6,785	-	-	6,785	-	-
Balance as at 1 January 2022	-	-	-	-	-	-
Balance as at 30 June 2022	-	-	-	-	-	-

# JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (in thousands of UAH)

### Loans to other banks

	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
				(unaudited)				
Balance as at 1 January 2021	-	-	189,045	189,045	-	-	189,045	189,045
Write-off of assets	-	-	(183,436)	(183,436)	-	-	(183,436)	(183,436)
Foreign exchange differences	-	-	(5,609)	(5,609)	-	-	(5,609)	(5,609)
Balance as at 30 June 2021	-	-	-	-	-	-	-	-
Balance as at 1 January 2022	-	-	-	-	-	-	-	-
Balance as at 30 June 2022	-	-	-	-	-	-	-	-

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

	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
	(unaudited)							
Balance as at 1 January 2021	67,245,619	-	-	67,245,619	151,842	-	-	151,842
New assets	25,482,418	-	-	25,482,418	87,640	-	-	87,640
Repaid assets	(28,058,606)	-	-	(28,058,606)	(29,461)	-	-	(29,461)
Other changes	(34,199)	-	-	(34,199)	(59,554)	-	-	(59,554)
Foreign exchange differences	(757,035)	-	-	(757,035)	(1,328)	-	-	(1,328)
Balance as at 30 June 2021	63,878,197	-	-	63,878,197	149,139	-	-	149,139
Balance as at 1 January 2022	64,038,062	-	-	64,038,062	114,383	-	-	114,383
New assets	28,578,230	-	-	28,578,230	144,224	-	-	144,224
Repaid assets	(33,474,331)	-	-	(33,474,331)	(24,987)	-	-	(24,987)
Other changes	(60,780)	-	-	(60,780)	(19,770)	-	-	(19,770)
Foreign exchange differences	957,942	-	-	957,942	1,282	-	-	1,282
Balance as at 30 June 2022	60,039,123	-	-	60,039,123	215,132	-	-	215,132

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Investments measured at amortised cost  
Corporate debt securitiesInvestments measured at amortised cost  
Other debt securities47

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

	Gross carrying value			ECL		
	Stage 1 12-month ECL	Stage 2 Life-time ECL (not impaired)	Stage 3 Life-time ECL (impaired)	Total	Stage 1 12-month ECL	Stage 2 Life-time ECL (not impaired)
				(unaudited)	Stage 3 Life-time ECL (impaired)	Total
<b>Balance as at 1 January 2021</b>	<b>11,198,863</b>	-	-	<b>11,198,863</b>	<b>22,615</b>	-
Repaid assets	(7,253,179)	-	-	(7,253,179)	(11,743)	-
Other changes	(91,537)	-	-	(91,537)	(2,836)	-
Foreign exchange differences	(169,461)	-	-	(169,461)	(127)	-
<b>Balance as at 30 June 2021</b>	<b>3,684,686</b>	-	-	<b>3,684,686</b>	<b>7,909</b>	-
<b>Balance as at 1 January 2022</b>	<b>2,262,148</b>	-	-	<b>2,262,148</b>	<b>7,904</b>	-
Repaid assets	-	-	-	-	-	-
Other changes	(63,764)	-	-	(63,764)	5,221	-
Foreign exchange differences	-	-	-	-	-	-
<b>Balance as at 30 June 2022</b>	<b>2,198,384</b>	-	-	<b>2,198,384</b>	<b>13,125</b>	-

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

	Gross carrying value			ECL		
	Stage 1 12-month ECL	Stage 2 Life-time ECL (not impaired)	Stage 3 Life-time ECL (impaired)	Total	Stage 1 12-month ECL	Stage 2 Life-time ECL (not impaired)
				(unaudited)	Stage 3 Life-time ECL (impaired)	Total
<b>Balance as at 1 January 2021</b>	<b>630,231</b>	-	<b>71,536</b>	<b>701,767</b>	<b>4,345</b>	<b>71,536</b>
Repaid assets	-	-	(1,569)	(1,569)	-	(1,569)
Other changes	(4,819)	-	-	(4,819)	76	-
<b>Balance as at 30 June 2021</b>	<b>625,412</b>	-	<b>69,967</b>	<b>695,379</b>	<b>4,421</b>	<b>69,967</b>
<b>Balance as at 1 January 2022</b>	<b>552,327</b>	-	-	<b>552,327</b>	<b>3,697</b>	-
Repaid assets	-	-	-	-	-	-
Other changes	(41,671)	-	-	(41,671)	1,700	-
<b>Balance as at 30 June 2022</b>	<b>510,656</b>	-	-	<b>510,656</b>	<b>5,397</b>	-

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Investments measured at fair value through other comprehensive income  
Other debt securities

	Gross carrying value			ECL		
	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)
				Total (unaudited)		Total
Balance as at 1 January 2021	453,418	-	-	453,418	-	3,149
New assets	10,012,329	-	-	10,012,329	-	-
Repaid assets	(453,418)	-	-	(453,418)	-	(3,149)
Balance as at 30 June 2021	10,012,329	-	-	10,012,329	-	-
Balance as at 1 January 2022	-	-	-	-	-	-
Balance as at 30 June 2022	-	-	-	-	-	-

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Loans that are measured at amortised cost  
Loans to corporate entities

	(unaudited)									
	Gross carrying value					ECL				
	Stage 1 12- month ECL	Stage 2 Life- time ECL (not impaired)	Stage 3 Life- time ECL (impaired)	Purchased or initially impaired	Total	Stage 1 12- month ECL	Stage 2 Life- time ECL (not impaired)	Stage 3 Life- time ECL (impaired)	Purchased or initially impaired	Total
<b>Balance as at 1 January 2021</b>	<b>23,787,462</b>	<b>8,418,909</b>	<b>26,568,548</b>	<b>9,790,216</b>	<b>68,565,135</b>	<b>164,258</b>	<b>669,712</b>	<b>20,701,427</b>	<b>927,788</b>	<b>22,463,185</b>
New assets	3,938,334	-	-	-	3,938,334	19,548	-	-	-	19,548
Stage 1	3,124,292	(3,120,524)	(3,768)	-	-	346,290	(342,780)	(3,510)	-	-
Stage 2	(116,483)	119,856	(3,373)	-	-	(561)	2,791	(2,230)	-	-
Stage 3	(13,796)	(6,651)	20,447	-	-	(1,409)	(1,269)	2,678	-	-
Repaid assets	(2,070,109)	(177,375)	(8,773)	(93,565)	(2,349,822)	(5,627)	(17,537)	(3,492)	343,150	316,494
Other changes	4,845,371	192,243	182,275	83,443	5,303,332	(94,675)	46,428	373,543	(82,387)	242,909
Adjustment of interest income	-	-	-	-	-	-	-	315,704	59,704	375,408
Write-off of assets	-	-	(1,465,313)	-	(1,465,313)	-	-	(1,465,313)	-	(1,465,313)
Asset's restructuring resulted in derecognition of financial instrument	-	-	-	-	-	-	-	-	-	-
Effect of modifications	(89,148)	(71,699)	(533,895)	(57,740)	(752,482)	(46,303)	(53,426)	(388,527)	80,147	(408,109)
Foreign exchange differences	(639,424)	(270,385)	(887,609)	(151,599)	(1,949,017)	(22,249)	(15,589)	(627,538)	(6,071)	(671,447)
<b>Balance as at 30 June 2021</b>	<b>32,766,499</b>	<b>5,084,374</b>	<b>23,868,539</b>	<b>9,570,755</b>	<b>71,290,167</b>	<b>359,272</b>	<b>288,330</b>	<b>18,902,742</b>	<b>1,322,331</b>	<b>20,872,675</b>
<b>Balance as at 1 January 2022</b>	<b>29,241,339</b>	<b>11,172,314</b>	<b>7,372,378</b>	<b>9,775,151</b>	<b>57,561,182</b>	<b>160,549</b>	<b>1,634,008</b>	<b>4,964,411</b>	<b>2,754,481</b>	<b>9,513,449</b>
New assets	11,177,143	-	-	617,088	11,794,231	213,427	-	-	-	213,427
Stage 1	24,409	(21,631)	(2,778)	-	-	590	(167)	(423)	-	-
Stage 2	(1,425,306)	1,425,308	(2)	-	-	(10,074)	10,074	-	-	-
Stage 3	(1,235,788)	(1,868,837)	3,104,625	-	-	(101,249)	(59,787)	161,036	-	-
Repaid assets	(1,707,995)	(10,773)	(4,406)	-	(1,723,174)	(11,334)	(19)	(1,115)	-	(12,468)
Other changes	66,941	(666,627)	(170,261)	157,861	(612,086)	199,801	293,070	2,578,213	522,416	3,593,500
Adjustment of interest income	-	-	-	-	-	-	-	188,900	80,469	269,369
Write-off of assets	-	-	(167,629)	-	(167,629)	-	-	(167,629)	-	(167,629)
Asset's restructuring resulted in derecognition of financial instrument	-	-	(1,150,147)	(460,971)	(1,611,118)	-	-	(1,035,032)	(277,257)	(1,312,289)
Effect of modifications	(106,757)	(7,362)	2	-	(114,117)	(21,738)	-	-	-	(21,738)
Foreign exchange differences	390,667	262,055	265,296	260,721	1,178,739	2,991	24,645	161,990	61,767	251,393
<b>Balance as at 30 June 2022</b>	<b>36,424,653</b>	<b>10,284,447</b>	<b>9,247,078</b>	<b>10,349,850</b>	<b>66,306,028</b>	<b>432,963</b>	<b>1,901,824</b>	<b>6,850,351</b>	<b>3,141,876</b>	<b>12,327,014</b>

# JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (in thousands of UAH)

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 2021	7,269,128	516,938	2,557,033	10,343,099	144,333	48,977	2,445,125	2,638,435
New assets	2,830,012	-	-	2,830,012	61,896	-	-	61,896
Stage 1	213,213	(203,062)	(10,151)	-	17,319	(15,192)	(2,127)	-
Stage 2	(1,164,874)	1,167,496	(2,622)	-	(49,447)	49,991	(544)	-
Stage 3	(75,834)	(51,154)	126,988	-	(5,281)	(12,480)	17,761	-
Repaid assets	(713,819)	(65,014)	(59,042)	(837,875)	(10,479)	(3,655)	(45,155)	(59,289)
Other changes	(127,353)	(161,687)	(46,327)	(335,367)	(4,794)	77,426	40,462	113,094
Adjustment of interest income	-	-	-	-	-	-	(2,761)	(2,761)
Write-off of assets	-	-	(35,986)	(35,986)	-	-	(35,986)	(35,986)
Effect of modifications	11,961	7,057	(21)	18,997	368	974	2	1,344
Foreign exchange differences	(75)	(4)	(48,535)	(48,614)	(3)	(4)	(48,527)	(48,534)
Balance as at 30 June 2021	8,242,359	1,210,570	2,481,337	11,934,266	153,912	146,037	2,368,250	2,668,199
Balance as at 1 January 2022	10,070,705	1,282,636	2,114,194	13,467,535	241,448	123,992	2,014,189	2,379,629
New assets	929,987	-	-	929,987	103,804	-	-	103,804
Stage 1	110,810	(106,362)	(4,448)	-	23,973	(22,168)	(1,805)	-
Stage 2	(2,774,955)	2,777,798	(2,843)	-	(10,802)	11,776	(974)	-
Stage 3	(1,219,008)	(211,566)	1,430,574	-	(113,861)	(42,876)	156,737	-
Repaid assets	(553,922)	(197,967)	(36,386)	(788,275)	(14,096)	(7,384)	(27,850)	(49,330)
Other changes	(137,063)	(552,005)	72,800	(616,268)	71,326	54,174	1,222,691	1,348,191
Adjustment of interest income	-	-	-	-	-	-	(504)	(504)
Write-off of assets	-	-	(49,680)	(49,680)	-	-	(49,680)	(49,680)
Asset's restructuring resulted in derecognition of financial instrument	-	-	-	-	-	-	(30)	(30)
Effect of modifications	(5,566)	(3,164)	(1,262)	(9,992)	139	(2,918)	(719)	(3,498)
Foreign exchange differences	54	-	47,242	47,296	1	-	47,243	47,244
Balance as at 30 June 2022	6,421,042	2,989,370	3,570,191	12,980,603	301,932	114,596	3,359,298	3,775,826

# JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (in thousands of UAH)

Loans that are measured at amortised cost  
Loans to state and municipal authorities

	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
	(unaudited)							
<b>Balance as at 1 January 2021</b>	<b>5,819,242</b>	<b>-</b>	<b>300</b>	<b>5,819,542</b>	<b>89,149</b>	<b>-</b>	<b>300</b>	<b>89,449</b>
New assets	431,860	-	-	431,860	8,930	-	-	8,930
Stage 2	(2,256,639)	2,256,639	-	-	(123)	123	-	-
Repaid assets	-	-	-	-	-	-	-	-
Other changes	(453,331)	(145,170)	-	(598,501)	(18,019)	(13)	-	(18,032)
Effect of modifications	(1,503)	-	-	(1,503)	(1,503)	-	-	(1,503)
Foreign exchange differences	-	-	-	-	-	-	-	-
<b>Balance as at 30 June 2021</b>	<b>3,539,629</b>	<b>2,111,469</b>	<b>300</b>	<b>5,651,398</b>	<b>78,434</b>	<b>110</b>	<b>300</b>	<b>78,844</b>
<b>Balance as at 1 January 2022</b>	<b>11,140,233</b>	<b>-</b>	<b>300</b>	<b>11,140,533</b>	<b>94,409</b>	<b>-</b>	<b>300</b>	<b>94,709</b>
New assets	39,903	-	-	39,903	2,235	-	-	2,235
Stage 2	(1,606,814)	1,606,814	-	-	(21,126)	21,126	-	-
Repaid assets	-	-	-	-	-	-	-	-
Other changes	(472,230)	(64,046)	-	(536,276)	17,054	46,587	-	63,641
Effect of modifications	-	-	-	-	-	-	-	-
Foreign exchange differences	241,189	-	-	241,189	33	-	-	33
<b>Balance as at 30 June 2022</b>	<b>9,342,281</b>	<b>1,542,768</b>	<b>300</b>	<b>10,885,349</b>	<b>92,605</b>	<b>67,713</b>	<b>300</b>	<b>160,618</b>



# JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (in thousands of UAH)

### Loans that are measured at amortised cost Mortgage loans to corporate entities and individuals

	Gross carrying value					ECL				
	Stage 1 12-month ECL	Stage 2 Life-time ECL (not impaired)	Stage 3 Life-time ECL (impaired)	Initially impaired loans	Total (unaudited)	Stage 1 12-month ECL	Stage 2 Life-time ECL (not impaired)	Stage 3 Life-time ECL (impaired)	Initially impaired loans	Total
Balance as at 1 January 2021	1,197,932	3,719	840,889	-	2,042,540	714	555	828,168	-	829,437
New assets	594,925	-	-	-	594,925	20	-	-	-	20
Stage 1	3,590	(2,004)	(1,586)	-	-	89	(89)	-	-	-
Stage 2	(10,438)	11,006	(568)	-	-	(1)	75	(74)	-	-
Stage 3	(3,402)	(992)	4,394	-	-	(13)	(85)	98	-	-
Repaid assets	(73,376)	(151)	(3,894)	-	(77,421)	(35)	(40)	(2,469)	-	(2,544)
Other changes	(96,549)	(3,800)	(9,096)	-	(109,445)	26	(22)	(7,558)	-	(7,554)
Adjustment of interest income	-	-	-	-	-	-	-	(496)	-	(496)
Write-off of assets	-	-	(11,040)	-	(11,040)	-	-	(11,040)	-	(11,040)
Effect of modifications	8,103	13	(149)	-	7,967	5	-	(133)	-	(128)
Foreign exchange differences	(234)	(7)	(25,431)	-	(25,672)	(1)	-	(25,364)	-	(25,365)
Balance as at 30 June 2021	1,620,551	7,784	793,519	-	2,421,854	804	394	781,132	-	782,330
Balance as at 1 January 2022	2,502,645	16,242	659,515	-	3,178,402	880	529	642,331	-	643,740
New assets	280,187	-	-	2,393	282,580	7,734	-	-	(13)	7,721
Stage 1	5,804	(2,753)	(3,051)	-	-	1,081	(63)	(1,018)	-	-
Stage 2	(510,910)	511,381	(471)	-	-	(519)	558	(39)	-	-
Stage 3	(93,137)	(2,355)	95,492	-	-	(7,259)	(355)	7,614	-	-
Repaid assets	(41,086)	(3,455)	(6,249)	-	(50,790)	(16)	-	(3,564)	-	(3,580)
Other changes	(109,357)	(51,257)	(18,219)	-	(178,833)	160	540	47,875	-	48,575
Adjustment of interest income	-	-	-	-	-	-	-	(2,297)	-	(2,297)
Write-off of assets	-	-	(44,511)	-	(44,511)	-	-	(44,511)	-	(44,511)
ECL disposal on restructuring resulted in derecognition of financial instrument	-	-	-	-	-	-	-	(289)	-	(289)
Effect of modifications	(9,624)	(380)	(38)	-	(10,042)	(363)	8	-	2	(353)
Foreign exchange differences	260	3	22,621	-	22,884	100	-	22,517	-	22,617
Balance as at 30 June 2022	2,024,782	467,426	705,089	2,393	3,199,690	1,798	1,217	668,619	(11)	671,623

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

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (in thousands of UAH)

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In the first half of 2022, due to of the devaluation of the national currency, the gross carrying value of the loans to legal entities increased by UAH 1,490,110 thousand, that was followed by an increase in allowance in the amount of UAH 321,287 thousand, while in 2021, due to the strengthening of the national currency the gross carrying value of loans to legal entities decreased by UAH 2,446,489 thousand, that was followed by a decrease in allowance in the amount of UAH 950,526 thousand.

During the first half of 2022, the loans assessed at Stage 3 with a gross carrying value of UAH 1,204,296 thousand, for which allowance for ECL, including interest income, was recorded in the amount of UAH 1,050,788 thousand, as well as loans classified as POCI, with a gross carrying amount of UAH 4,694,215 thousand, for which allowance for ECL, including interest income, was recorded in the amount of UAH 292,168 thousand and, accordingly, the amount of initial impairment (discount) amounted to UAH 4,233,243 thousand, were restructured including with the change of the borrower. As a result of the restructuring, new loans classified as POCI were recognized, the gross carrying amount of which amounted to UAH 5,882,571 thousand (a gross carrying value of the loans reclassified as POCI from Stage 3 – UAH 1,185,302 thousand) including initial impairment (discount) in the amount of UAH 5,550,520 thousand (initial impairment (discount) of the loans reclassified as POCI from Stage 3 – UAH 1,040,021 thousand).

During 2021, loans assessed in Stage 3 with a gross carrying amount of UAH 80,108 thousand, for which allowance for ECL, including interest income, was recorded in the amount of UAH 47,232 thousand, as well as loans classified as POCI, with a gross carrying amount of UAH 702,642 thousand, for which allowance for ECL, including interest income, was recorded in the amount of UAH (319,110) thousand and, accordingly, the amount of initial impairment (discount) amounted to UAH 945,804 thousand, were restructured including with the change of the borrower. As a result of the restructuring, new loans classified as POCI were recognized, the gross carrying amount of which amounted to UAH 1,092,903 thousand, including an initial impairment (discount) of UAH 695,026 thousand.

During the first half of 2022 the Group has made payments under letters of credit assessed at Stage 3 with value of UAH 210,635 thousand for which allowance for expected credit losses, in the amount of UAH 95,694 thousand by issuing tranches of credit lines. Thus, new loans classified as POCI were recognized, the gross carrying value before initial impairment of which amounted to UAH 210,635 including initial depreciation (discount) in the amount of UAH 95,694 thousand.

As at 30 June 2022 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 23,471,741 thousand (31 December 2021: UAH 21,704,408 thousand).

Loans to customers issued in the first half of 2022 amounted to UAH 13,046,701 thousand, representing 15% of loans granted to customers as at 31 December 2021 (for the first half of 2021: UAH 7,795,131 thousand, representing is 9% of loans granted to clients as at 31 December 2020).

During the first half of 2022, loans to customers amounting to UAH 2,562,239 thousand was fully repaid, representing 3% of loans to customers as at 31 December 2021 (for the first half of 2021: UAH 3,265,119 thousand, representing 4% of loans to customers as at 31 December 2020).

As at 30 June 2022, loans to customers overdue for more than 90 days (NPLs – non-performing loans) amounted to UAH 9,710,980 thousand, representing 10% of loans to customers before deducting allowance for expected credit losses (31 December 2021: UAH 8,194,983 representing 9% of the total amount of loans to customers before deducting allowance for expected credit losses). The amount of overdue loans was influenced by the credit holidays introduced by the Bank since the beginning of the war, which continued to operate as at 30 June 2022.

During the first half of 2022, the Bank wrote off loans to customers in the amount of UAH 261,820 thousand in the hryvnia equivalent, which was 3% of the volume of loans to customers overdue for more than 90 days as at 31 December 2021 (during 2021: UAH 15,118,859 thousand in the hryvnia equivalent, which was 69% of the volume of loans to customers overdue for more than 90 days as at 31 December 2020). According to the write-off, during the reporting period, there was a decrease in the amount of loans and the allowance for ECL.

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

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

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The Group expects that a significant part of loans (other than the loans granted to customers of the Crimean Republican Branch and Regional Branches in Luhansk and Donetsk Regions located in the territories that are not controlled by the Ukrainian authorities), 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 Group's 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



## Credit commitments

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

[illegible]58

**JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2022***(in thousands of UAH)**Impact of modifications on financial assets at amortised cost*

	For the period ended 30 June 2022	For the period ended 30 June 2021
	(unaudited)	
<b>Financial assets modified in the reporting period</b>		
Amortised cost before modification	1,456,922	8,975,622
Net result from modifications of loans to customers (lifetime ECL)	(10,955)	(690,784)
<b>Financial assets modified at the date of initial recognition</b>		
Gross balance value of financial assets for which the calculation of the allowance for impairment was replaced by a 12-month estimate of ECL	9,047	3,480,739

**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 2022 (unaudited)		As at 31 December 2021	
	Net carrying value	Collateral value	Net carrying value	Collateral value
Cash and cash equivalents	6,279,167	–	6,705,237	–
Due from banks	–	–	–	–
Loans to customers:	76,436,589	40,348,856	72,716,125	38,699,315
- corporate customers	64,705,798	31,048,663	59,095,632	28,996,139
- individuals	11,730,791	9,300,193	13,620,493	9,703,176
Investments	72,646,983	–	85,321,670	–
Other financial assets	403,476	–	468,886	–
<b>Total</b>	<b>155,766,215</b>	<b>40,348,856</b>	<b>165,211,918</b>	<b>38,699,315</b>

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

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

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (in thousands of UAH)

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

	30 June 2022 (unaudited)	31 December 2021
Cash and cash equivalents, except cash	6,279,167	6,705,237
Due from banks	–	–
Investments:		
Ukrainian government debt securities	62,009,250	66,177,923
Corporate debt securities	1,403,329	1,410,949
Other debt securities	9,234,404	17,732,798
Loans to customers:		
Loans to corporate entities	53,979,014	48,047,733
Loans to state and municipal authorities	10,724,731	11,045,824
Mortgage loans	2,528,067	2,534,662
Other loans	9,204,777	11,087,906
Other financial assets	403,476	468,886
	<b>155,766,215</b>	<b>165,211,918</b>

As at 30 June 2022, the net carrying value of the credit-impaired loans amounted to UAH 9,854,469 thousand (31 December 2021: UAH 9,545,923 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 6,550,910 thousand (31 December 2021: UAH 6,260,298 thousand).

As at 30 June 2022, the Group had loans to customers with carrying amount of UAH 7,790,735 thousand (31 December 2021: UAH 7,847,983 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 2022 (unaudited)	31 December 2021
<b>The maximum exposure to credit risk:</b>		
Credit commitments	11,120,819	17,994,163
Financial guarantees issued and similar commitments	1,351,074	1,756,830
	<b>12,471,893</b>	<b>19,750,993</b>

As at 30 June 2022, the guarantees and other credit commitments (including revocable credit commitments, but excluding performance guarantees), net of allowance for expected credit losses amounted to UAH 29,585,413 thousand (31 December 2021: UAH 30,600,670 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 1,847,884 thousand (31 December 2021: UAH 2,161,507 thousand).

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

	30 June 2022 (unaudited)	31 December 2021
Investments:		
Ukrainian government debt securities	44,588,557	42,786,103
Loans to customers:		
Loans to corporate entities	1,188,168	2,037,961

The collateral used to reduce the credit risk for loans at fair value through profit or loss as at 30 June 2022 (vehicles, equipment and other movable property, real estate, integral property complexes, and other types of collateral) was provided in the amount of UAH 417,286 thousand (31 December 2021: UAH 770,537 thousand).



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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(in thousands of UAH)**

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**29. SEGMENT INFORMATION**

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

According to the division of the Corporate Clients segment into the Big Corporate Business and Micro, SME areas, were the corresponding recalculation of the indicators compared to the consolidated financial statements as at 30 June 2021.

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

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

As at 30 June 2022 and 2021, the Group recognized interest income received from one counterparty in the amount of UAH 4,336,434 thousand and UAH 4,749,437 thousand, which is 31% and 44% of the Group's income, respectively.

# JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(in thousands of UAH)

### Income, expense and results of reportable segments for the six months ended 30 June 2022 (unaudited)

Items	Name of a reportable segment					Unallocated amounts	Total
	Big corporate business	Micro-, SME	Retail business	Treasury	General management		
<b>Income from external customers</b>	<b>2,660,968</b>	<b>1,403,669</b>	<b>3,251,103</b>	<b>2,840,129</b>	<b>3,895,376</b>	-	<b>14,051,245</b>
Interest income	3,250,423	697,432	703,226	1,595,866	3,800,434	-	10,047,381
Fee and commission income	612,022	771,179	2,537,387	82,298	107	-	4,002,993
Net gain/(loss) on transactions with financial instruments at fair value through profit or loss	(1,149,955)	-	-	1,161,979	-	-	12,024
Gains/(losses) arising on initial recognition of financial assets at an interest rate higher or lower than the market rate	(28,255)	-	(254)	170	-	-	(28,339)
Net profit from transactions with debt financial instruments at fair value through other comprehensive income	573	-	-	-	-	-	573
Net gain/(losses) on modifications of financial assets	(45,536)	(68,581)	(20,034)	-	-	-	(134,151)
Other income/(expense)	21,696	3,639	26,745	(184)	94,835	-	146,731
Profit/(loss) from derecognition of financial assets measured at amortized cost			4,033				4,033
<b>Income from other segments</b>	<b>2,430,660</b>	<b>1,635,140</b>	<b>5,900,061</b>	<b>332,687</b>	<b>1,227,666</b>	<b>(11,526,214)</b>	<b>-</b>
Interest income	2,430,660	1,635,140	5,900,061	332,687	1,227,666	(11,526,214)	-
<b>Total segments income</b>	<b>5,091,628</b>	<b>3,038,809</b>	<b>9,151,164</b>	<b>3,172,816</b>	<b>5,123,042</b>	<b>(11,526,214)</b>	<b>14,051,245</b>
Interest expense	(3,252,508)	(1,036,346)	(2,516,723)	(2,712,734)	(5,599,726)	11,526,214	(3,591,823)
(Accrual)/reversal of allowance for expected credit losses on interest bearing assets	(2,592,125)	(1,247,946)	(1,469,267)	(3,858)	(103,188)	-	(5,416,384)
(Accrual) /reversal of allowance for expected credit losses on other operations	(112,255)	(14,421)	15,505	(99)	(139,659)	-	(250,929)
Dealing in foreign currencies, net	-	-	659,445	29,175	(970,490)	-	(281,870)
Fee and commission expense	(483,848)	(724,555)	(463,140)	(11,853)	(3)	-	(1,683,399)
Operating expense	(451,646)	(970,343)	(3,851,785)	(207,834)	(1,760,160)	-	(7,241,768)
<b>Segment result (before taxation))</b>	<b>(1,800,754)</b>	<b>(954,802)</b>	<b>1,525,199</b>	<b>265,613</b>	<b>(3,450,184)</b>	<b>-</b>	<b>(4,414,928)</b>
Income tax benefit	-	-	-	-	-	301	301
<b>Net profit for the year from ongoing activities</b>	<b>(1,800,754)</b>	<b>(954,802)</b>	<b>1,525,199</b>	<b>265,613</b>	<b>(3,450,184)</b>	<b>-</b>	<b>(4,414,627)</b>

## Assets and liabilities of reportable segments as at 30 June 2022 (unaudited)

**Other segment items for the six months ended 30 June 2022 (unaudited)**

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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 2022 (in thousands of UAH)

### Income, expense and results of reportable segments for the six months ended 30 June 2021 (unaudited)

Items	Name of a reportable segment						Unallocated amounts	Withdrawal	Total
	Big corporate business	Micro-, SME	Retail business	Treasury	General management				
<b>Income from external customers</b>	<b>3,395,768</b>	<b>1,525,501</b>	<b>3,694,124</b>	<b>(1,108,079)</b>	<b>3,336,344</b>		-		<b>10,843,658</b>
Interest income	3,395,473	412,991	1,171,883	2,162,428	3,077,972		-		10,220,747
Fee and commission income	923,430	1,130,088	2,508,969	86,845	582		-		4,649,914
Net gain/(loss) on transactions with financial instruments at fair value through profit or loss							-		
Gains/(losses) arising on initial recognition of financial assets at an interest rate higher or lower than the market rate	(193,898)	-	-	(3,357,352)	-		-		(3,551,250)
Net profit from transactions with debt financial instruments at fair value through other comprehensive income	-	-	-	-	-		-		-
Net gain/(losses) on modifications of financial assets	(731,461)	(22,524)	26,965	-	-		-		(727,020)
Other income/(expense)	2,224	4,946	(13,693)	-	257,790		-		251,267
<b>Income from other segments</b>	<b>2,521,164</b>	<b>1,879,107</b>	<b>6,217,329</b>	<b>304,632</b>	<b>891,825</b>		(11,814,057)		-
Interest income	2,521,164	1,879,107	6,217,329	304,632	891,825		(11,814,057)		-
<b>Total segments income</b>	<b>5,916,932</b>	<b>3,404,608</b>	<b>9,911,453</b>	<b>(803,447)</b>	<b>4,228,169</b>		(11,814,057)		<b>10,843,658</b>
Interest expense	(3,020,522)	(1,333,730)	(2,916,032)	(2,914,372)	(5,855,928)		11,814,057		(4,226,527)
(Accrual)/reversal of allowance for expected credit losses on interest bearing assets	555,452	(20,503)	(106,808)	35,498	(72,630)		-		391,009
(Accrual) /reversal of allowance for expected credit losses on other operations	10,980	(1,884)	8,558	41	(38,563)		-		(20,868)
Dealing in foreign currencies, net	-	-	113,284	(70,291)	717,930		-		760,923
Fee and commission expense	(524,829)	(720,688)	(371,174)	(20,887)	(143)		-		(1,637,721)
Operating expense	(426,469)	(854,092)	(3,814,039)	(177,755)	(326,464)		-		(5,598,819)
<b>Segment result (before taxation)</b>	<b>2,511,544</b>	<b>473,711</b>	<b>2,825,242</b>	<b>(3,951,213)</b>	<b>(1,347,629)</b>		-		<b>511,655</b>
Income tax benefit	-	-	-	-	-		205		205
<b>Net profit for the year from ongoing activities</b>	<b>2,511,544</b>	<b>473,711</b>	<b>2,825,242</b>	<b>(3,951,213)</b>	<b>(1,347,629)</b>		-		<b>511,860</b>

# JOINT STOCK COMPANY “STATE SAVINGS BANK OF UKRAINE”

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (in thousands of UAH)

### Assets and liabilities of reportable segments as at 31 December 2021

Items	Name of reportable segments				Total
	Big corporate business	Micro-, SME	Retail business	Treasury	
Segment assets	55,605,170	9,300,473	21,685,128	53,250,979	234,971,434
Segment liabilities	40,319,170	28,127,626	123,910,990	7,663,959	213,083,897

### Other segment items for the six months ended 30 June 2021 (unaudited)

Items	Name of reportable segments				Total
	Big corporate business	Micro-, SME	Retail business	Treasury	
Depreciation and amortization charges on fixed assets and intangible assets	(72,186)	(140,376)	(606,429)	(35,075)	(919,879)
Capital investments	-	-	-	-	485,380

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(in thousands of UAH)**

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**30. SUBSEQUENT EVENTS**

On 21 July 2022, National Bank of Ukraine corrected the official exchange rate of UAH to USD by 25% from 29.2549 to 36.5686 hryvnia for 1 USA dollar.

On 27 August 2022, the Cabinet of Ministers of Ukraine adopted Resolution No.958 “*On Amendments to the Charter of Joint Stock Company “State Savings Bank of Ukraine”*”, which was officially published on 1 September 2022, according to which the Charter of JSC “Oschadbank” was revised accordingly in a new version. Changes of the Bank’s charter after their approval with the National Bank of Ukraine were entered into force from the day of their state registration

The new edition of the Bank’s charter specifies that deposits of individuals placed with the Bank are guaranteed in the procedure and in the amounts defined by the Law of Ukraine “*On the System of Guaranteeing Deposits of Individuals*”.