



National Bank
of Ukraine

Interim Concise Consolidated Financial Statements

for the period ended 30 September 2023



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Interim Concise Consolidated Statement of Financial Position

	Note	As of 30 September 2023	As of 31 December 2022
(UAH millions)			
Assets			
Funds and deposits in foreign currency and investment metals	5	400,618	241,504
Foreign securities	6	991,536	695,506
SDR holdings	7.1	10,717	62,174
Monetary gold		54,277	52,272
Domestic securities	8	737,577	757,040
Loans to banks and other borrowers	9	7,328	40,781
Domestic public debt		1,425	1,444
IMF quota contributions	7.2	96,741	97,908
Property and equipment and intangible assets		4,039	4,117
Other assets		6,471	5,882
Total assets		2,310,729	1,958,628
Liabilities			
Banknotes and coins in circulation		727,125	715,330
Accounts of banks	10	206,761	86,870
Accounts of government and other institutions	11	285,851	53,024
Liabilities to transfer distributable profit to the State Budget of Ukraine	20	–	71,868
Certificates of deposit issued by the NBU	12	514,464	457,464
Liabilities to the IMF, apart from IMF quota contributions	7.3	90,294	141,279
Liabilities to the IMF with respect to quota contributions	7.3	96,730	97,897
Other liabilities		3,745	6,695
Total liabilities		1,924,970	1,630,427
Equity			
Statutory capital	19	100	100
General reserves and retained earnings	19	160,555	99,712
Revaluation reserves for assets and liabilities	19	225,059	228,346
Total equity		385,714	328,158
Noncontrolling interest		45	43
Total capital		385,759	328,201
Total equity and liabilities		2,310,729	1,958,628

Authorised by the Assets and Liabilities Management Committee of the National Bank of Ukraine for issued on 23 November 2023.

Signed on 24 November 2023.

Governor



Andriy PYSHNYY

Chief Accountant,
Director of Accounting Department



Liudmyla SNIHURSKA

Notes on pages 8 through 43 are an integral part of these interim concise consolidated financial statements.

Interim Concise Consolidated Statement of Profit and Loss and Other Comprehensive Income

	Note	For the period ended 30 September 2023		For the period ended 30 September 2022	
		for the current quarter	on a cumulative basis from the beginning of the year	for the current quarter	on a cumulative basis from the beginning of the year
(UAH millions)					
Interest income	14	29,284	98,360	31,773	72,866
Interest expenses	14	(27,893)	(75,168)	(13,573)	(24,886)
Net interest income before gains from reversal of impairment		1,391	23,192	18,200	47,980
Gains/(losses) from reversal of impairment/(impairment) on interest-bearing financial assets	17	724	980	(852)	(793)
Net interest income after gains/(losses) from reversal of impairment/(impairment)		2,115	24,172	17,348	47,187
Fee and commission income		164	409	140	377
Fee and commission expense		(11)	(35)	(11)	(200)
Net fee and commission income		153	374	129	177
Gains or losses on transactions with financial assets and liabilities in foreign currency and monetary gold	15	495	8,231	118,898	167,719
Gains or losses on transactions with financial instruments at fair value through profit or loss	16	12,902	28,377	1,723	(4,698)
Other income		623	1,456	316	672
Total net income		16,288	62,610	138,414	211,057
Staff costs	21	(754)	(2,261)	(730)	(2,352)
Costs related to the production of banknotes, coins, souvenirs, and other products		(598)	(1,333)	(588)	(1,174)
Administrative and other expenses	22	(430)	(1,243)	(332)	(1,074)
Release of provisions for probable contingencies		95	95	129	129
Gains/(losses) on the reversal of impairment/(impairment) of other assets	17	–	10	(15)	(12)
Profit before income tax		14,601	57,878	136,878	206,574
Income tax expense of subsidiary		(1)	(2)	–	(1)
Profit for the period		14,600	57,876	136,878	206,573
Other comprehensive income not to be reclassified subsequently to profit or loss:					
Revaluation of investment metals		(34)	(302)	415	541
Other comprehensive (expense)/income for the period		(34)	(302)	415	541
Total comprehensive income for the period		14,566	57,574	137,293	207,114
Profit/(loss) for the period attributable to:					
the National Bank of Ukraine		14,599	57,874	136,879	206,574
Noncontrolling interest		1	2	(1)	(1)
		14,600	57,876	136,878	206,573
Total comprehensive income/(expenses) attributable to:					
the National Bank of Ukraine		14,565	57,572	137,294	207,115
Noncontrolling interest		1	2	(1)	(1)
		14,566	57,574	137,293	207,114

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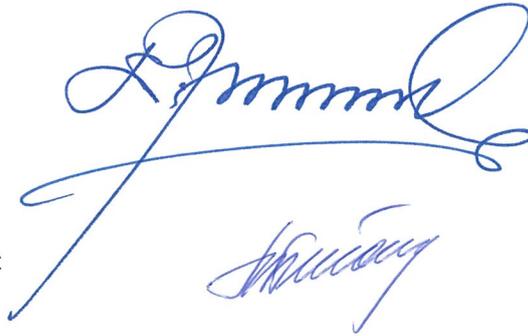
Interim Concise Consolidated Statement of Changes in Equity

	Statutory capital	General reserves and retained earnings	Revaluation reserve for assets and liabilities	Total equity	Noncontrolling interest	Total capital
(UAH millions)						
Balance as of 1 January 2022	100	80,530	86,247	166,877	44	166,921
Total comprehensive income for nine months in 2022	–	206,574	541	207,115	(1)	207,114
Realized result on revaluation of disposed investment metals	–	56	(56)	–	–	–
Realized result on revaluation of disposed securities and derivatives	–	778	(778)	–	–	–
Balance as of 30 September 2022	100	287,938	85,954	373,992	43	374,035
Balance as of 1 January 2023	100	99,712	228,346	328,158	43	328,201
Total comprehensive income for nine months in 2023	–	57,874	(302)	57,572	2	57,574
Gain/(loss) on transfer of assets	–	(16)	–	(16)	–	(16)
Realized gain/(loss) on revaluation of disposed investment metals	–	65	(65)	–	–	–
Realized gain/(loss) on revaluation of disposed securities and derivatives	–	2,920	(2,920)	–	–	–
Balance as of 30 September 2023	100	160,555	225,059	385,714	45	385,759

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Interim Concise Consolidated Statement of Cash Flows

	Note	As of 30 September 2023	As of 30 September 2022
(UAH millions)			
Operating activities			
Interest received		103,685	36,272
Fees and commissions received		410	377
Other income		1,451	670
Interest paid		(67,838)	(24,495)
Fees and commissions paid		(35)	(36)
Other expenses		(3,177)	(2,564)
Taxes, duties, and charges paid		(829)	(865)
Transfers to the State Budget of Ukraine	20	(71,868)	(18,786)
Decrease in loans to banks and other borrowers		34,916	30,712
Domestic public debt repaid		66	99
Increase in accounts of banks on demand		119,891	27,136
Increase in accounts of government and other institutions		234,883	48,790
Decrease/(increase) in other assets		405	(6,576)
Decrease in other liabilities		(1,621)	(1,387)
Other flows		(337)	628
Net change in cash flows from operating activities		350,002	89,975
Investing activities			
Increase in term deposits placed in gold		(53)	34
Net (increase)/decrease in foreign securities		(269,748)	219,606
Purchase of monetary gold		–	(52)
Net decrease/(increase) in domestic securities		13,869	(306,980)
Investments in associated company		2	2
Acquisition of property and equipment, and intangible assets		(239)	(118)
Net cash flows from investing activities		(256,169)	(87,508)
Financing activities			
Banknotes and coins issue in circulation	13	11,795	49,240
Repayment of liabilities to the IMF	13	(49,932)	(44,361)
Placement of certificates of deposit issued by the National Bank of Ukraine	13	49,574	44,759
Loan repayments	13	–	(2,925)
Net cash flows from financing activities		11,437	46,713
Effect of changes in exchange rate		2,197	58,087
Net change in cash and cash equivalents		107,467	107,267
Cash and cash equivalents at the beginning of the reporting period		298,461	178,087
Cash and cash equivalents at the end of the reporting period	13	405,928	285,354

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Notes to Interim Concise Consolidated Financial Statements

Section I. Basis for Preparing Financial Statements

1. Principal Activities

The National Bank of Ukraine (NBU) is Ukraine's central bank. Its operations are governed by Ukraine's Constitution, Ukraine's law On the National Bank of Ukraine, as well as other Ukrainian laws. In accordance with Ukrainian legislation, the main function of the NBU is safeguarding the stability of the Ukrainian national currency. In performing its main function, the NBU is guided by the priority of achieving and maintaining price stability in the country. The NBU facilitates the stability of the banking system and sustainable economic growth, and supports the economic policies of the Cabinet of Ministers of Ukraine, provided that these do not prevent the NBU from carrying out its primary function of maintaining price stability.

The NBU does not have the objective of generating profits. The NBU's financial performance and the structure of its assets, liabilities, and capital are determined by the NBU's mandate as a special central authority.

The NBU's authorized capital is the property of the state.

As of 30 September 2023 and 31 December 2022, the NBU's structure comprised the Head Office and the Banknote Printing and Minting Works – a standalone unit of the central bank. These units operate exclusively within the NBU's mandate, which is enshrined in the Law of Ukraine On the National Bank of Ukraine.

The NBU's subsidiary is the SETTLEMENT CENTER FOR SERVICING FINANCIAL MARKET AGREEMENTS PJSC (hereinafter the Settlement Center).

The NBU's shareholding in the authorized capital of the Settlement Center was 83.55% as of 30 September 2023 (83.55% as of 31 December 2022).

As of 30 September 2023 and 31 December 2022, the statutory capital of the Settlement Center totaled UAH 206.7 million and comprised ordinary registered shares with a par value of UAH 1,000 each.

Under Ukrainian legislation, the Settlement Center carries out professional activities in capital markets, clearing activities to identify liabilities, and clearing activities of a central counterparty.

The Settlement Center performs the following functions, among other things:

makes/ensures cash settlements under concluded derivative contracts and transactions with money market instruments

and assets admitted for trading in the organized commodity market, subject to settlements based on the delivery-versus-payment principle, and under transactions with securities subject to settlements based on the delivery-of-securities-versus-payment principle

ensures the exercise of rights (including rights to receive income) with regard to assets deposited in the relevant accounts of the Settlement Center for making/ensuring settlements under derivative contracts and transactions with financial instruments and other assets, and facilitates the filing of claims under bank guarantees

makes transactions with derivative contracts, financial instruments, and other assets to ensure the fulfillment of obligations.

The NBU is the founder of the Corporate Nonstate Pension Fund (CNPF).

The NBU manages and stores the CNPF's assets.

The NBU has analyzed the availability of controls required for consolidation in accordance with International Financial Reporting Standard (IFRS) 10 "Consolidated Financial Statements" with regard to the CNPF. The NBU is the founder of the CNPF, but it does not bear this fund's risks and is not entitled to the variable results of its activities. Under IFRS 10 "Consolidated Financial Statements," the NBU does not control the CNPF, and CNPF data has not been consolidated for the purpose of these consolidated financial statements.

As of 30 September 2023 and 31 December 2022, the NBU's investments in associated companies were represented by its investments in the authorized capital of the NATIONAL DEPOSITORY OF UKRAINE PUBLIC JOINT STOCK COMPANY (hereinafter the National Depository).

The NBU, the National Securities and Stock Market Commission, and other stock market practitioners are shareholders of the National Depository. Under its charter, the National Depository conducts depository record-keeping, and maintains records of securities and issuers' corporate transactions on customers' securities accounts.

As of 30 September 2023 and 31 December 2022, the NBU owned 2,580 ordinary registered shares of the National Depository with a face value of UAH 10,000 each and UAH 25.8 million in total. As of 30 September 2023, the NBU's shareholding in the statutory capital of the National Depository was 25% (25% as of 31 December 2022).

2. Basis of Accounting Policies and Reporting Presentation

This section describes the NBU's accounting policy that relates to financial statements as a whole.

The interim concise consolidated financial statements of the NBU were prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting," as approved by the International Accounting Standards Board.

These interim concise consolidated financial statements do not include all of the information required for complete financial reporting in line with IFRS, but contain only some notes explaining the events and transactions that are essential to understanding the changes in the NBU's financial standing and performance that have occurred since the publication of the central bank's latest consolidated financial statements.

These interim concise consolidated financial statements are to be read together with the NBU's annual consolidated financial statements compiled as of 31 December 2022 in line with the IFRS.

These interim concise consolidated financial statements have been prepared based on the assumption that the NBU will continue as a going concern in the foreseeable future.

In the first nine months of 2023, the NBU's financial risk management targets and policies remained unchanged.

The official hryvnia exchange rate against major foreign currencies – which is reflected in the monetary items of the consolidated statement on financial position and monetary gold – was as follows:

	30 September 2023 (in UAH)	31 December 2022 (in UAH)
1 U.S. dollar	36.5686	36.5686
1 SDR	48.086841	48.667093
1 euro	38.5543	38.951
1 GBP	44.6503	44.0048
1 Troy ounce of gold	68,610.37	66,075.8

Basic estimates and judgments in applying accounting principles

The NBU makes estimates, assumptions, and professional judgments that affect the sums of assets and liabilities reported in its interim concise consolidated financial statements. Estimates and judgments are regularly revised and are based on NBU management's experience and other factors, including expectations of future events that are believed to be reasonable under the apparent conditions.

The most significant estimates and judgments include:

basic assumptions and judgements about future events that could lead to substantial adjustments to the book value of assets and liabilities in the next reporting period

estimates of expected credit losses on demand deposits and term deposits in foreign currency and monetary gold

estimates of expected credit losses on securities that are measured at amortized cost

estimates of expected credit losses on loans granted to banks and other borrowers

depreciation of property and equipment and amortization of intangible assets

provisions for contingent liabilities under lawsuits filed against the NBU

related party transactions.

The same estimates and judgements applied in the recent annual consolidated financial statements were used in these interim concise consolidated financial statements.

Contingent Liabilities

Capital Commitments

As of 30 September 2023, the NBU had a total of UAH 237 million in capital commitments related to the acquisition, construction, and improvement of property and equipment and intangible assets (up from UAH 209 million as of 31 December 2022).

Legal Proceedings

From time to time and in the normal course of business, certain lawsuits are filed against the NBU. As of 30 September 2023 and 31 December 2022, there were lawsuits for which the NBU estimates the probability of having to pay damages as low, but the NBU believes that disclosure in such property lawsuits may harm it in disputes with other parties on the subject matter of the lawsuit. For such lawsuits, there are contingent liabilities. No provisions for potential liabilities were made.

As of 30 September 2023, there were no lawsuits that had been filed against the NBU that had a high likelihood of resulting in losses, according to NBU estimates. As of 31 December 2022, for lawsuits against the NBU estimated as the ones having high likelihood of resulting in losses, the

NBU made a respective provision of UAH 94,7 million. In August 2023, provisions for contingent liabilities in the amount of UAH 94.7 million were liquidated as a result of a court decision in favor of the NBU, which is final and not subject to appeal. In the first nine months of 2022, no changes were observed in provisions for probable contingencies.

Swap Transactions

As of 30 September 2023, the NBU had no swap agreements (during 2022, the NBU performed foreign currency swaps with foreign banks with a maturity of up to one month for the purpose of managing international reserves).

As of 31 December 2022, the NBU had 2 foreign currency swap deals with UAH 1,834 million in receivables, and with USD 47.5 million (UAH 1,737 million at the official exchange rate as of the end of the year) in payables.

As of 30 September 2023, the NBU had 43 interest rate swap agreements in the total amount of UAH 10,176 million with initial maturities from 3 to 5 years, including face value of transactions maturing in 3 years was UAH 2,706 million, maturing in 4 years – UAH 4,470 million, maturing in 5 years – UAH 3,000 million. From 1 October 2021, performance of these transactions was suspended due to rolling back of emergency monetary measures.

As of 31 December 2022, the NBU had 60 interest rate swap agreements in the total amount of UAH 16,981 million with maturity terms from 2 to 5 years (including: face value of transactions maturing in 2 years was UAH 550 million, maturing in 3 years – UAH 8,961 million, maturing in 4 years – UAH 4,470 million, maturing in 5 years – UAH 3,000 million).

Changes that occurred in the first nine months of 2023 in contingent liabilities for loan commitments are laid out in Note 9.

3. Impact of Economic Conditions on the NBU's Financial Position and Performance

The economy continued to grow in Q3 2023. This was largely driven by a stronger harvest of main crops compared to last year thanks to very favorable weather conditions, which led to both high crop yields and faster pace of harvesting. Economic growth continued to be supported by the high adaptability of businesses and households to wartime conditions, as evidenced by positive business expectations of companies and consumer sentiment of households. The stable situation in the energy sector, including due to electricity imports, was an important factor bolstering economic activity of businesses and households. Loose fiscal policy, which fueled domestic consumer and investment demand, made a significant contribution to the growth in real GDP. At the same time, high security risks and limited export logistics continued to restrain economic activity.

The recovery of the labor market also contributed to the revival of economic activity. Higher demand for labor drove an increase in employment and a gradual decrease in unemployment. However, the situation on the labor market remained difficult: recovery was uneven across sectors and regions due to changes in the structure of the economy and significant internal and external migration. As of the end of Q3 2023, 6.2 million Ukrainians stayed outside Ukraine (according to UN estimates), and the number of internally displaced persons was 3.7 million (according to the International Organization for Migration). Household income gradually grew thanks to the economic revival and budget spending, in particular on wages, military pay, and social protection. However, labor income in the private sector continued to grow only moderately.

The consolidated budget deficit remained large. In January–September 2023, it surpassed UAH 707 billion, or UAH 1,070 billion after grants are excluded from revenues. Despite an improvement in revenues due to the revival of economic activity, as well as improved tax administration and restoration of tax rates that had been in effect until February 2022, the large deficit was driven by high security and defense spending, which accounted for around 60% of total expenditures.

International financial assistance remained the main source of deficit financing and debt repayment (from the start of the year, Ukraine received USD 32.7 billion as of end-September). At the same time, investors remained interested in domestic government debt securities in Q3, primarily thanks to attractive real rates. Due to large volumes of debt financing of the budget deficit, public and publicly guaranteed debt amounted to around 80% of GDP as of end-September 2023, according to NBU estimates.

In January–September 2023, the current account was in deficit (USD 5.5 billion), primarily due to a significant widening of the negative balance of merchandise trade (to USD 20.8 billion, from USD 8.6 billion in January–September 2022). The decline in exports of mining and metals products, which was caused by logistical problems,

the destruction of production facilities, and weak demand in the European market, was the key factor behind the drop in exports of goods (by 15.2% yoy). In addition, food exports declined significantly in Q3: due to the termination of the grain corridor and restrictions on the supply of certain food products imposed by the EU, exports of grains and oilseeds fell significantly. By contrast, imports of goods rose by 19.2% yoy on the back of a pickup in domestic demand, in particular for backup power supply equipment and vehicles, as well as due to considerable defense needs. Growth in the deficit of trade in goods slowed, although it remained significant (USD 7.2 billion versus USD 7.3 billion in January–September 2022). Meanwhile, a further widening of the current account deficit was restrained by large volumes of international grants and sustained remittances. The latter, though slightly reduced, remained an important source of FX inflows.

Substantial financial support from international partners was the source of significant capital inflows to the financial account in January–September 2023 (USD 14.9 billion). In addition, capital outflows from the private sector decreased markedly year-on-year. This was primarily driven by a decline in trade credit outflows amid some improvement in logistics and exchange rate expectations. As a result, the sizeable surplus of the balance of payments allowed the NBU to increase its reserves by USD 11.2 billion, to USD 39.7 billion.

In the first nine months of 2023, consumer price growth decelerated sharply, to 7.1% yoy in September (down from 26.6% yoy in December 2022). The pullback in inflation was primarily driven by an increase in supply of raw food products, including fruits and vegetables from the new harvest, as well as by the impact of larger harvests of grains and oilseeds on prices of food products. Inflation was also restrained by the effects of certain utility tariffs being frozen and an improvement in exchange rate and inflation expectations against the backdrop of a stable FX market, including thanks to the NBU's measures. At the same time, despite a decrease in the pressure from the cost of inputs for food products, businesses continued to incur large war-related expenses. The cost of energy and labor continued to grow for companies.

The NBU's measures to raise the attractiveness of hryvnia savings also sustained the downtrend in inflation. As a result, demand for hryvnia instruments grew, while that for foreign currency declined. At the same time, rapid disinflation and sustained FX market conditions enabled the central bank to start the cycle of key policy rate cuts and lower the rate by 3 pp to 22% in July and by 2 pp to 20% in September.

In Q3 2023, the banking system's liquidity continued to expand: average daily balances of funds in correspondent accounts and certificates of deposit amounted to almost UAH 700 billion (up from UAH 612 billion in Q2 2023). In order to absorb liquidity, the NBU started a cycle of gradual increases in the required reserve ratios since the start of the

year, while improving the approaches to their calculation. In Q3, the NBU equalized the required reserve ratios for corporate deposits by maturity. These measures contributed to the strengthening of monetary transmission and the absorption of the banking system's liquidity excess. In addition, in order to strengthen market incentives for the banks to attract retail term deposits in the national currency, the NBU updated the operational design of its monetary policy in April, and adjusted its parameters in September (the share of retail term deposit balances that is taken into account when calculating the limit on banks' investments in three-month certificates of deposit was reduced to 35% from 70%).

On 20 January 2023 and 23 June 2023, Fitch Ratings affirmed Ukraine's long-term foreign-currency issuer default rating at CC. In the meantime, on 10 February 2023, Moody's downgraded Ukraine's long-term ratings in foreign and

domestic currencies and foreign currency senior unsecured debt ratings to Ca, from Caa3, changing the outlook from negative to stable. Standard and Poor's confirmed Ukraine's long-term foreign-currency issuer default rating at CCC+ on 10 March 2023, and then lowered this rating to CCC on 6 April 2023, changing the outlook to negative from stable. On 8 September 2023, Standard and Poor's confirmed the rating at CCC.

Going forward, Russia's full-scale military aggression, and the materialization of risks that come with it, might affect the NBU's performance and financial standing, but the magnitude of such an impact cannot be measured at this point. The NBU's leadership is closely monitoring current developments and is taking action to mitigate the influence of adverse factors.

Section II.I. Financial Instruments

4. Presentation of financial instruments by measurement categories

Transactions with Financial Instruments

The NBU classifies all financial assets into the categories that are at fair value through profit or loss and amortized cost depending on the models determined to manage financial assets and cash flow characteristics. The NBU does not classify any assets into the category at fair value through profit or loss in order to remove or reduce significantly

accounting discrepancies. The NBU does not classify any assets in to the category at fair value through other comprehensive income.

The NBU's financial liabilities other than financial derivative instruments are estimated at amortized cost.

As of 30 September 2023, financial assets were broken down into measurement categories as follows:

	Assets at fair value through profit or loss	Assets at amortized cost	Total
			(UAH millions)
Financial assets			
Funds and deposits in foreign currency	–	395,457	395,457
Foreign securities	991,536	–	991,536
SDR holdings	–	10,717	10,717
Domestic securities	726	736,851	737,577
Loans to banks and other borrowers	–	7,328	7,328
Domestic public debt	–	1,425	1,425
IMF quota contributions	–	96,741	96,741
Other financial assets	5	313	318
Total financial assets	992,267	1,248,832	2,241,099

As of 31 December 2022 financial assets were broken down into measurement categories as follows:

	Assets at fair value through profit or loss	Assets at amortized cost	Total
			(UAH millions)
Financial assets			
Funds and deposits in foreign currency	–	236,534	236,534
Foreign securities	695,506	–	695,506
SDR holdings	–	62,174	62,174
Domestic securities	460	756,580	757,040
Loans to banks and other borrowers	–	40,781	40,781
Domestic public debt	–	1,444	1,444
IMF quota contributions	–	97,908	97,908
Other financial assets	5	81	86
Total financial assets	695,971	1,195,502	1,891,473

Section II.II. Financial assets and liabilities

5. Funds and Deposits in Foreign Currency and Investment Metals

	As of 30 September 2023	As of 31 December 2022
		(UAH millions)
Financial assets at amortized cost		
Foreign currency cash	39,411	39,474
Demand deposits	345,596	197,060
Term deposits in foreign currency	10,450	–
Total financial assets at amortized cost	395,457	236,534
Nonfinancial assets		
Term deposits in gold	5,161	4,970
Total nonfinancial assets	5,161	4,970
Total funds and deposits in foreign currency and investment metals	400,618	241,504

All funds and deposits in foreign currency are not backed by collateral as of 30 September 2023 and 31 December 2022.

As of 30 September 2023, the gross carrying value of demand deposits was UAH 345,596 million and it changed during nine months of 2023 mostly due to increase in balances on nonresident correspondent accounts (as of 31 December 2022 it was UAH 197,060 million).

In nine months of 2023 and 2022, all demand deposits were at stage 1 for assessing expected credit losses. In nine months of 2023 and 2022, the NBU did not recognize any allowances for expected credit losses on demand accounts.

As of 30 September 2023, the gross carrying value of term deposits in foreign currency was UAH 10,450 million,

allowances for expected credit losses were not made (as of 31 December 2022, the NBU had no term deposits in foreign currency).

In nine months of 2023 and 2022, term deposits in foreign currencies were at stage 1 for assessing expected credit losses.

For the purposes of the consolidated statement of cash flows, the cash flows on term deposits in gold are classified as investment activities.

Information on funds and deposits in foreign currency and investment metals broken down into current and noncurrent funds is available in Note 24.

6. Foreign Securities

As of 30 September 2023, foreign securities were comprised of the following:

	Government bonds	Securities issued by international agencies, banks and other issuers	Total
(UAH millions)			
Foreign securities at fair value through profit or loss			
Debt securities by issuers:			
securities issued by U.S. issuers:			
denominated in USD	891,372	921	892,293
securities issued by EU issuers:			
denominated in USD	249	68,117	68,366
denominated in GBP	–	5,293	5,293
denominated in AUD	–	766	766
securities issued by other issuers:			
denominated in USD	1,694	11,765	13,459
denominated in AUD	394	–	394
denominated in Chinese renminbi	–	8,753	8,753
denominated in JPY	367	1,221	1,588
Total debt securities	894,076	96,836	990,912
Equity instruments:			
shares of the Black Sea Trade and Development Bank	–	624	624
Total equity instruments	–	624	624
Total foreign securities at fair value through profit or loss	894,076	97,460	991,536

Securities issued by international agencies, banks and other issuers include debt securities issued by foreign central and investment banks, international agencies and other issuers.

Information on securities broken down into current and noncurrent ones is available in Note 24.

As of 31 December 2022, foreign securities were comprised of the following:

	Government bonds	Securities issued by international agencies, banks and other issuers	Total
(UAH millions)			
Foreign securities at fair value through profit or loss			
Debt securities by issuers:			
securities issued by U.S. issuers:			
denominated in USD	583,952	–	583,952
securities issued by EU issuers:			
denominated in USD	946	22,302	23,248
denominated in EUR	–	975	975
securities issued by other issuers:			
denominated in USD	–	55,652	55,652
denominated in EUR	–	9,701	9,701
denominated in AUD	797	408	1,205
denominated in GBP	3,664	1,532	5,196
denominated in Chinese renminbi	–	10,456	10,456
denominated in JPY	409	4,088	4,497
Total debt securities	589,768	105,114	694,882
Equity instruments:			
shares of the Black Sea Trade and Development Bank	–	624	624
Total equity instruments	–	624	624
Total foreign securities at fair value through profit or loss	589,768	105,738	695,506

Information about the nominal value, coupon rate and maturities of foreign debt securities as of 30 September 2023 is presented in the table below:

	Total nominal value in foreign currency, in millions	Total nominal value in hryvnia equivalent, UAH millions	Coupon rate, % p.a.	Frequency of coupon payments	Maturity
Debt securities at fair value through profit or loss by issuers					
Government bonds:					
securities issued by U.S. issuers:					
denominated in USD	24,711	903,647	0–5.50526	Quarterly, every 6 months, without coupon payments	From two days to 1.8 years
securities issued by EU issuers:					
denominated in USD	7	256	0	Without coupon payment	5.7 months
securities issued by other issuers:					
denominated in USD	47	1,700	0.25–3.35	Every 6 months	From 1.1 months to 7.6 months
denominated in AUD	17	393	2.75	Every 6 months	6.8 months
denominated in JPY	1,500	367	0.02	Every 6 months	1.7 years
Bonds issued by international agencies, banks and other issuers:					
securities issued by U.S. issuers:					
denominated in USD	25	914	5.3–5.64	Every 6 months	From 5.3 months to 11.7 months
securities issued by EU issuers:					
denominated in USD	1,933	70,683	0–5.59586	Quarterly, every 6 months, once a year, without coupon payments	From 1.4 months to 1 year
denominated in GBP	120	5,358	0	Without coupon payment	From 12 days to 4.4 months
denominated in AUD	34	783	0	Without coupon payment	From 4.3 months to 8.7 months
securities issued by other issuers:					
denominated in USD	321	11,728	0.25–6.50504	Quarterly, every 6 months, once a year	From 6 days to 1.6 years
denominated in Chinese renminbi	1,750	8,762	0–3.4	Every 6 months, once a year, without coupon payments	From 19 days to 1.9 years
denominated in JPY	5,000	1,225	0.295	Every 6 months	1.1 years

Information about the nominal value, coupon rate and maturities of foreign debt securities as of 31 December 2022 is presented in the table below:

	Total nominal value in foreign currency, millions	Total nominal value in the hryvnia equivalent, UAH millions	Coupon rate, % p.a.	Frequency of coupon payments	Maturity
Debt securities at fair value through profit or loss by issuers					
Government bonds:					
securities issued by U.S. issuers:					
denominated in USD	16,183	591,782	0–2.75	Every 6 months, without coupon payments	From 15 days to 11.6 months
securities issued by EU issuers:					
denominated in USD	26	954	0–0.625	Once a year, without coupon payment	From 2.5 months to 3.9 months
securities issued by other issuers:					
denominated in AUD	32	784	5.5	Every 6 months	3.7 months
denominated in GBP	84	3,674	0.125	Every 6 months	1 month
denominated in JPY	1,500	410	0.02	Every 6 months	2.5 years
Bonds issued by international agencies, banks and other issuers:					
securities issued by EU issuers:					
denominated in USD	614	22,457	0–4.89514	Quarterly, every 6 months, once a year, without coupon payments	From 17 days to 1.2 years
denominated in EUR	25	974	2.593	Quarterly	2.2 months
securities issued by other issuers:					
denominated in USD	1,521	55,623	0–5.72271	Quarterly, every 6 months, once a year, without coupon payments	From 3 days to 2.3 years
denominated in EUR	250	9,738	0	Without coupon payment	From 1.3 months to 2.6 months
denominated in AUD	17	410	0	Without coupon payment	2 months
denominated in GBP	35	1,540	0	Without coupon payment	1.6 months
denominated in Chinese renminbi	2,000	10,503	0–3.4	Every 6 months, once a year, without coupon payments	From 1 month to 2.6 years
denominated in JPY	15,000	4,104	0–0.295	Every 6 months, without coupon payments	From 5.2 months to 1.8 years

7. Transactions with the IMF

7.1. SDR Holdings

SDR holdings are demand deposits denominated in SDR on the account opened at the IMF for Ukraine.

Movements in the SDR holding account in the first nine months of 2023 and the same period in 2022 were as follows:

	2023	2022
		(UAH millions)
Balance of SDR holdings as of 1 January	62,174	510
Proceeds from the IMF:		
in favor of the government of Ukraine (hereinafter the government)	131,371	41,263
Proceeds from international donor financial aid to Ukraine:		
in favor of the government	64,235	66,256
Purchase of SDRs	4,967	25,326
Other proceeds and payments	224	26
Loan repayment:		
on behalf of the NBU (Note 7.3)	(49,932)	(44,361)
on behalf of the government	(24,513)	(14,161)
Payment of loan-related fees and commissions	(1,077)	(206)
Conversion of SDRs to other foreign currencies:		
in favor of the NBU	(155,394)	(30,484)
Payment of interest for the use of IMF loans:		
on behalf of the NBU	(5,609)	(3,346)
on behalf of the government	(12,865)	(3,282)
Payment of interest for the use of funds received under SDR allocation:		
on behalf of the NBU	(102)	(13)
on behalf of the government	(3,952)	(421)
Other payments	(2)	(1)
Income on SDR holdings	1,698	302
Exchange rate differences	(506)	8,822
Balance of SDR holdings as of 30 September	10,717	46,230

In nine months of 2023 and 2022, there were no proceeds from the IMF to the NBU.

In April 2022, the IMF's Executive Board approved the opening of the IMF administered account for Ukraine providing a safe way for donors to direct financial aid for Ukraine in a form of grants and loans. In nine months of 2023, SDRs in 1,305 million or UAH 64,235 million were transferred from said account to the SDR holding account at the official UAH/SDR exchange rate on the transaction date

in favor of the Government (in nine months of 2022, SDRs in 1,641 million or UAH 66,256 million at the official UAH/SDR exchange rate on the transaction date) and credited to the account of the State Treasury Service of Ukraine.

Information on SDR holdings broken down into current and noncurrent ones is available in Note 24.

7.2. IMF Quota Contributions

The quota balance is a special type of asset that represents Ukraine's contribution as an IMF member. Quotas vary based on the economic size of each country and are determined by the IMF Board of Governors. The quota determines a member's voting power in the IMF, the limits of its access to the financial resources of the fund, and a participant's share in the allocation of SDRs, the fund's unit of accounting. The major part of Ukraine's quota was paid in the form of non-interest-bearing debt instrument issued by the NBU to the IMF, with the remainder being credited to the IMF accounts No. 1 and No. 2 (Note 7.3).

As of 30 September 2023, Ukraine's total quota in the IMF amounted to SDR 2,012 million (UAH 96,741 million at the official UAH/SDR exchange rate as of the end of the reporting period) (as of 31 December 2022, it was SDR 2,012, or UAH 97,908 million at the year-end official exchange rate). The quota does not earn interest.

The reserve position in the IMF is a specific type of asset that is created by converting a part of the contribution of a member country to the IMF liquidity quota. The reserve position is a part of the country's currency reserves.

As of 30 September 2023, the reserve position of Ukraine in the IMF amounted to SDR 241,031, or UAH 11.6 million at the official UAH/SDR exchange rate as of the end of the reporting period (as of 31 December 2022, it was SDR 241,031, or UAH 11.7 million at the year-end official UAH/SDR exchange rate). The amount of the reserve position is included into the item *IMF quota contributions* of the Interim Concise Consolidated Statement of Financial Position.

Information on IMF quota contributions broken down into current and noncurrent ones is available in Note 24.

7.3. Liabilities to the IMF

	As of 30 September 2023	As of 31 December 2022
		(UAH millions)
Liabilities to the IMF for SDR purchases	86,347	137,293
Liabilities to the IMF for SDR allocations	3,943	3,982
IMF account No. 2	4	4
Liabilities to the IMF apart from quota contributions	90,294	141,279
Liabilities to the IMF on quota contributions	96,487	97,651
IMF account No. 1	243	246
Liabilities to the IMF on quota contributions	96,730	97,897
Total liabilities to the IMF	187,024	239,176

Liabilities to the IMF for SDR allocation represent funds received by the NBU as a result of the special SDR allocation.

Liabilities to the IMF for purchases of SDRs represent loans received from the IMF to accounts with the NBU. In nine months of 2023 and 2022, there were no proceeds from the IMF to the NBU (Note 7.1).

IMF account No. 1 is the IMF account with the NBU in domestic currency that is used for transactions with the IMF related to the servicing and repayment of IMF loans. IMF account No. 2 is the IMF account with the NBU in the domestic currency that is used by the IMF for receipts and administrative disbursements in UAH in Ukraine.

Liabilities to the IMF on quota contributions represent liabilities for quota settlement.

In nine months of 2023 and 2022, no changes occurred in the size of the quota (Note 7.2).

During nine months of 2023, liabilities worth SDR 1,024 million (UAH 49,932 million at the official exchange rate at the transaction date, or UAH 45,690 million at the annual exchange rate of the IMF) were repaid to the IMF [during nine months of 2022, repayments of liabilities to the IMF worth SDR 1,024 million (UAH 44,361 million at the official exchange rate at the transaction date, or UAH 40,537 million at the annual exchange rate of the IMF) were repaid] (Note 7.1).

Information on liabilities to the IMF broken down into current and noncurrent ones is available in Note 24.

8. Domestic Securities

	As of 30 September 2023	As of 31 December 2022
		(UAH millions)
Securities at fair value through profit or loss:		
in foreign currencies:		
government derivatives denominated in US dollars	726	460
Total securities at fair value through profit or loss	726	460
Debt securities at amortized cost:		
in domestic currency:		
domestic government debt securities (at a fixed interest rate)	276,498	292,165
domestic government debt securities (at a floating interest rate)	460,353	464,415
Total debt securities at amortized cost	736,851	756,580
Total domestic securities	737,577	757,040

According to Article 54 of the Law of Ukraine *On the National Bank of Ukraine*, the NBU has no right to acquire securities in the primary market, which are issued by the Cabinet of Ministers of Ukraine, a state institution, or other legal entity whose property is state-owned.

However, according to Law of Ukraine No. 2118-IX On Amendments to the Tax Code of Ukraine and Other Laws of Ukraine Regarding the Specific Taxation and Reporting Under Martial Law dated 3 March 2022, this article was temporarily suspended from 7 March 2022 for the duration of martial law in Ukraine.

In nine months of 2023 the NBU did not purchase domestic government debt securities. In March-December 2022, the NBU acquired on a primary market from the issuer, the Ministry of Finance of Ukraine, domestic government debt

securities at a fixed interest rate and domestic government debt securities at a floating interest rate with the total nominal value of UAH 400,000 million. Those domestic government debt securities have nominal value UAH 1,000 each, with UAH 120,000 million falling on securities at a fixed interest rate and UAH 280,000 on securities at a floating interest rate.

Each government derivative has a notional value of USD 1,000 or such aggregate value that is an integer multiple equal to USD 1,000 (hereinafter referred to as the “notional value”). Payments on government derivatives depend on reaching certain GDP indicators and the indicator of real GDP growth for 2019–2038.

Information on domestic securities broken down into current and noncurrent ones is available in Note 24.

Information on the nominal value, yield to maturity, coupon income, and maturities of domestic securities as of 30 September 2023 is presented in the table below:

	Total nominal value and notional value in the UAH equivalent, UAH millions	Total nominal value and notional value in foreign currency, millions	Yield to maturity, % p.a.	Coupon rate, % p.a.	Frequency of coupon payments	Maturity
Securities at fair value through profit or loss:						
in foreign currencies:						
government derivatives	1,603	44	–	–	–	Up to 17.8 years
Debt securities at amortized cost:						
in domestic currency:						
domestic government debt securities (at a fixed interest rate)	265,713	–	12.24–19.57	8.12–19.75	Once a year, every 6 months	From 1.8 months to 13.6 years
domestic government debt securities (at a floating interest rate)	425,173	–	7.62–14.39	2.20–24.71	Once a year	From 9.7 years to 28.6 years

Information on the nominal value, yield to maturity, coupon income, and maturities of domestic securities as of 31 December 2022 is presented in the table below:

	Total nominal value and notional value in the UAH equivalent, UAH millions	Total nominal value and notional value in foreign currency, millions	Yield to maturity, % p.a.	Coupon rate, % p.a.	Frequency of coupon payments	Maturity
Securities at fair value through profit or loss:						
in foreign currencies:						
government derivatives	1,603	44	–	–	–	Up to 17.4 years
Debt securities at amortized cost:						
in domestic currency:						
domestic government debt securities (at a fixed interest rate)	279,572	–	12.27–22.28	8.12–21.33	Once a year, every 6 months	From 0.6 months to 14.3 years
domestic government debt securities (at a floating interest rate)	425,173	–	5.95–15.92	21.50–27.50	Once a year	From 10.4 years to 29.4 years

In nine months of 2023 and 2022, all debt securities at amortized cost (government securities) were at stage 1. During nine months of 2023 and 2022, the NBU did not make provisions for expected credit losses on government securities.

9. Loans to Banks and other Borrowers

Loans to banks and other borrowers by their designated purpose are classified as follows:

	As of 30 September 2023	As of 31 December 2022
		(UAH millions)
Loans granted to banks to support their liquidity:		
for stabilizing banking activities	37,301	37,853
through tenders conducted by the NBU:		
long-term	3,829	36,899
short-term	283	1,542
other	10	10
Loans granted under credit lines to support small and medium businesses using funds received from the European Bank for Reconstruction and Development (the EBRD)	21	21
Provisions for expected credit losses on loans to banks and other borrowers	(34,116)	(35,544)
Total loans to banks and other borrowers	7,328	40,781

During first nine months of 2023, the NBU supported the liquidity of banks via a standing refinancing line (overnight loans), bank refinancing with maturities up to one year by holding tenders [during 2022: via a standing refinancing line (overnight loans), bank refinancing with maturities from 14 to 90 days and up to one year by holding tenders].

The NBU performs banks refinancing by providing the banks with overnight loans and refinancing loans and has the outstanding debts under those loans as of 30 September 2023 and 31 December 2022. The NBU grants to banks the overnight and refinancing loans secured by a pool that may consist of the following asset (property) types: securities [Ukrainian government bonds, bonds of international financial institutions (issued in accordance with the Ukrainian laws), corporate bonds placed against the CMU's guarantees, domestic municipal bonds], including property rights to future cash flows in national and/or foreign currency as payment of income and/or repayment of pledged securities to separate bank accounts at the NBU; the NBU's certificates of deposit, including property rights to future cash receipts as payment of income and/or repayment of pledged certificates of deposit to separate bank accounts at the NBU; foreign currency (U.S. dollars, euros, GB pounds, Swiss francs, Japanese yens); cash in national and/or foreign currency transferred as payment of income and/or repayment of pledged securities and/or certificates of deposit, property rights to future receipts pledged as collateral.

The securities (Ukraine's government bonds, corporate bonds, including those placed under the CMU's guarantees), foreign currency, shares of the owners of a bank's qualifying holding, real estate, and property rights under loan agreements were accepted as collateral against stabilization loans issued to banks to support their liquidity before 2017 and which remained outstanding as of 30 September 2023 and 31 December 2022. The NBU has not granted stabilization loans since 2017. Instead of them, the NBU may issue to banks loans for emergency liquidity assistance, but no such loans have been issued yet.

As of 30 September 2023, the gross carrying value of loans to banks was UAH 37,301 million, provisions for expected loan losses under stabilization loans were UAH 33,723 million (as of 31 December 2022, the gross carrying value of stabilization loans to banks was UAH 37,853 million, and provisions for expected credit losses were UAH 34,201 million).

As of 30 September 2023, the gross carrying value of loans to banks provided through tenders conducted by the NBU was UAH 4,112 million, loan loss provisions under loans provided through tenders conducted by the NBU were UAH 362 million (as of 31 December 2022, the gross carrying value of loans to bank provided through tenders conducted by the NBU was UAH 38,441 million, and loan loss provisions were UAH 1,312 million).

As of 30 September 2023 and 31 December 2022, the gross carrying value of other loans was UAH 10 million, the provisions for expected credit losses was UAH 10 million.

As of 30 September 2023 and 31 December 2022, the gross carrying value of loans granted under credit lines to support small and medium enterprises using the funds received from the European Bank for Reconstruction and Development and other loans equaled UAH 21 million, and loan loss provisions were UAH 21 million.

Estimated fair value of loans to banks and other borrowers is presented in Note 18. Information on loans to banks and other borrowers broken down into current and noncurrent ones is available in Note 24.

Loan Commitments

As of 30 September 2023 and 31 December 2022, the NBU had commitments for granting loans to the Deposit Guarantee Fund under an open revocable revolving credit line totaling UAH 3,000 million (Note 23).

10. Accounts of Banks

	As of 30 September 2023	As of 31 December 2022
		(UAH millions)
Correspondent accounts:		
in domestic currency	200,308	77,245
in foreign currency	1	66
Other accounts of banks on demand:		
in foreign currency	1,490	4,562
Bank accounts on special use terms:		
in domestic currency	4,026	2,518
in foreign currency	321	671
Funds placed to ensure the repayment of bank debts to the NBU:		
in foreign currency	423	1,615
Bank funds to ensure the execution of liabilities to the NBU:		
in domestic currency	2	–
in foreign currency	190	193
Total accounts of banks	206,761	86,870

As of 30 September 2023 and 31 December 2022, setting the interest rates on the balances in the domestic currency in the correspondent accounts was not provided for by NBU regulations, therefore the interest was not accrued.

Other demand accounts of banks included the funds placed by resident banks with the NBU in line with NBU regulations and signed agreements. As of 30 September 2023, balances of other foreign-currency demand deposits of banks bore an interest rate of 5.25% (4.25% as of 31 December 2022).

Accounts of banks on special-use terms include funds placed for the purposes of liquidation committees of banks to make settlements in the process of a bank's liquidation, as well as in other cases specified by the laws of Ukraine and the NBU's regulations.

Funds placed to ensure the repayment of bank debts to the NBU include the funds of resident banks placed in accounts with the NBU as collateral for liabilities under loans granted under loan agreements and as security for interest rate swap transactions.

Funds of banks used to ensure discharge of liabilities to the NBU do not include funds of the pool of assets (property) that ensure the fulfillment of obligations under refinancing loans, transferred as payment of income and/or repayment of pledged securities, property rights for future proceeds of which had been pledged. Interest on said funds was not accrued.

Information on accounts of banks broken down into current and noncurrent ones is available in Note 24.

11. Accounts of Government and Other Institutions

	As of 30 September 2023	As of 31 December 2022
		(UAH millions)
Funds of budgets and budget entities:		
in domestic currency	93,696	15,102
in foreign currency	184,950	35,974
Deposit Guarantee Fund:		
in domestic currency	6,157	947
Other:		
in domestic currency	736	714
in foreign currency	312	287
Total accounts of government and other institutions	285,851	53,024

The NBU services the accounts of the State Budget of Ukraine (the State Budget) and local budgets, which are consolidated on the single treasury account.

In accordance with the Law of Ukraine On the National Bank of Ukraine, all budget accounts are non-interest-bearing, except for the accounts of the Deposit Guarantee Fund,

which set the interest rate of 4.98% as of 30 September 2023 (31 December 2022: 4.49%).

Information on accounts of government and other institutions broken down into current and noncurrent ones is available in Note 24.

12. Certificates of Deposit Issued by the NBU

The certificates of deposit issued by the NBU are one of its monetary policy instruments. They are debt securities issued by the NBU in nondocumentary form that confirm the placement of banks' funds with the NBU and the right of banks to receive at their maturity the funds they placed, together with the interest accrued. The expenses (yield for the banks) on the certificates of deposit is set based on the NBU's interest rate policy framework, taking into account its current objectives.

The NBU updated the operational design of monetary policy, starting 7 April 2023, in order to strengthen the banks' market-based incentives for raising hryvnia retail term deposits and

to reduce risks to the FX market and international reserves. The changes will protect household savings from inflation-driven depreciation, ensure a further easing of price pressure, and help develop a culture of hryvnia-denominated term savings.

Changes to the operational design include: cutting the rate on overnight certificates of deposit from 23% to 20% per annum as of 7 April 2023, 18% as of 28 July 2023, and 16% as of 15 September 2023; introducing new limited three-month certificates of deposit with a fixed rate that equals the key policy rate.

	As of 30 September 2023	As of 31 December 2022
		(UAH millions)
Certificates of deposit at amortized cost:		
overnight certificates of deposit	306,087	457,464
certificates of deposit with maturities up to 100 days	208,377	–
Total amount of certificates of deposit at amortized cost	514,464	457,464

As of 30 September 2023 and 31 December 2022, the nominal value of the certificates of deposit issued by the NBU was UAH 1 million each.

Information on the nominal value, weighted average loss, interest rate and maturities of domestic securities as of 30 September 2023 is presented in the table below:

	Total nominal value of certificates of deposit, in UAH millions	Weighted average loss, % p.a.	Interest rate, % p.a.	Frequency of interest payments	Period of placement, calendar days
Certificates of deposit at amortized cost					
overnight certificates of deposit	305,819	16.00	16.00	One time during repayment	3
certificates of deposit with maturities up to 100 days	200,643	23.21	20.00–25.00	One time during repayment	91

Information on the nominal value, weighted average loss, interest rate, and period of placement as of 31 December 2022 is presented in the table below:

	Total nominal value of certificates of deposit, UAH millions	Weighted average loss, % p.a.	Interest rate, % p.a.	Frequency of payment interest payments	Period of placement, calendar days
Certificate of deposit at amortized cost					
overnight certificates of deposit	456,888	23.00	23.00	One time during repayment	3
certificates of deposit with maturities up to 100 days	–	–	–	–	–

Information on certificates of deposit broken down into current and noncurrent ones is available in Note 24.

13. Cash and Cash Equivalents

	Note	As of 30 September 2023	As of 31 December 2022
(UAH millions)			
Foreign currency cash	5	39,411	39,474
Demand deposits	5	345,610	197,068
Short-term deposits with maturities of up to three months (other than gold)		10,422	–
SDR holdings	7.1	10,485	61,919
Total cash and cash equivalents		405,928	298,461

Changes in liabilities that resulted from financial activities, in the first nine months of 2023:

	Notes	As of 1 January 2023	Issue/ (redemption)/ placement of liabilities	Interest expenses paid	Changes in exchange rates	Interest expenses accrued	Other	As of 30 September 2023
(UAH millions)								
Banknotes and coins in circulation		715,330	11,795	–	–	–	–	727,125
Liabilities to the IMF	7.1, 7.3	239,176	(49,932)	(5,711)	(2,136)	5,558	69	187,024
Certificates of deposit issued by the NBU	12	457,464	49,574	(61,933)	–	69,359	–	514,464

The NBU classifies interests paid as cash flows from operating activity in the consolidated statement of cash flows.

Changes in liabilities that resulted from financial activities, in the first nine months of 2022:

	Notes	As of 1 January 2022	Issue/ (redemption)/ placement of liabilities	Interest expenses paid	Changes in exchange rates	Interest expenses accrued	Other	As of 30 September 2022
(UAH millions)								
Banknotes and coins in circulation		627,819	49,240	–	–	–	–	677,059
Liabilities to the IMF	7.1, 7.3	233,368	(44,361)	(3,359)	49,161	3,619	95	238,523
Borrowings received		2,728	(2,925)	(15)	197	15	–	–
Certificates of deposit issued by the NBU	12	212,926	44,759	(20,926)	–	20,961	–	257,720

Section II.III. Financial Performance by Financial Instruments

14. Interest income and expenses

	For the period ended 30 September 2023		For the period ended 30 September 2022	
	for the current quarter	on a cumulative basis from the beginning of the year	for the current quarter	on a cumulative basis from the beginning of the year
(UAH millions)				
Interest income				
Income on domestic securities at amortized cost	23,590	81,931	25,197	59,044
Income on accounts and deposits in foreign currencies	4,808	11,130	1,090	1,291
Income on loans to banks	424	3,509	5,218	12,133
Income on SDR holdings	431	1,698	237	302
Income on domestic public debt	30	90	31	95
Other	1	2	–	1
Total interest income at the effective interest rate	29,284	98,360	31,773	72,866
Interest expenses				
Expenses on certificates of deposit issued by the NBU	(26,047)	(69,359)	(11,903)	(20,961)
Expenses on operations with the IMF	(1,804)	(5,627)	(1,589)	(3,714)
Expenses on banks' funds	(19)	(123)	–	–
Expenses on Deposit Guarantee Fund accounts	(23)	(59)	(81)	(149)
Expenses on borrowings received	–	–	–	(15)
Total interest expenses at the effective interest rate	(27,893)	(75,168)	(13,573)	(24,839)
Interest expenses on demand deposits and term deposits with a negative interest rate	–	–	–	(47)
Net interest income	1,391	23,192	18,200	47,980

Other interest income includes interest income on loans to employees.

In the first nine months of 2023, income on domestic securities at amortized cost included UAH 16,487 million of

income on floating-rate domestic government securities – in Q3 2023, UAH 60,284 million – on a cumulative basis from the beginning of 2023 (in Q3 2022 – UAH 17,683 million, in the same period of 2022 – UAH 40,354 million).

15. Gains or Losses on Transactions with Financial Assets and Liabilities in Foreign Currency and Monetary Gold

	For the period ended 30 September 2023		For the period ended 30 September 2022	
	for the current quarter	on a cumulative basis from the beginning of the year	for the current quarter	on a cumulative basis from the beginning of the year
				(UAH millions)
Unrealized gains or losses on transactions with financial assets and liabilities in foreign currency and monetary gold	(5,049)	(5,767)	113,807	131,758
Realized gains or losses on transactions with financial assets and liabilities in foreign currency and monetary gold	5,544	13,998	5,091	35,961
Total gains or losses on operations with financial assets and liabilities in foreign currency and monetary gold	495	8,231	118,898	167,719

16. Gains or Losses on Transactions with Financial Instruments at Fair Value through Profit or Loss

	For the period ended 30 September 2023		For the period ended 30 September 2022	
	for the current quarter	on a cumulative basis from the beginning of the year	for the current quarter	on a cumulative basis from the beginning of the year
				(UAH millions)
Foreign securities at fair value through gains or losses				
Interest income	2,447	5,739	1,071	4,405
Unrealized results on foreign securities at fair value through gains or losses	5,715	12,294	1,251	(1,255)
Realized results on foreign securities measured at fair value through profit or loss (previously unrealized results of the current year that were realized)	3,736	8,743	(760)	(3,535)
Total gains or losses from foreign securities at fair value through profit or loss	11,898	26,776	1,562	(385)
Derivative financial instruments				
Unrealized gains or losses from derivative financial instruments	699	2,434	737	(3,727)
Realized gains or losses on derivative financial instruments (previously unrealized gains or losses of the current year that were realized)	305	(833)	(576)	(585)
Total amount of gains or losses from derivative financial instruments	1,004	1,601	161	(4,312)
Capital instruments at fair value through gains or losses				
Unrealized gains or losses from capital instruments	–	–	–	(1)
Total amount of gains or losses from capital instruments	–	–	–	(1)
Total gains or losses on transactions with financial instruments at fair value after revaluation in profit or loss	12,902	28,377	1,723	(4,698)

In the first nine months of 2023, interest received on foreign securities included in the net increase in foreign securities in the Interim Concise Consolidated Cash Flow Statement

amounted to UAH 3,778 million (UAH 6,038 million in the first nine months of 2022).

17. Gains /(Losses) on the Reversal of Impairment/(Impairment) of Financial and Nonfinancial Assets

Gains /(losses) on the reversal of impairment/(impairment) of financial and nonfinancial assets:

	For the period ended 30 September 2023		For the period ended 30 September 2022	
	for the current quarter	on a cumulative basis from the beginning of the year	for the current quarter	on a cumulative basis from the beginning of the year
	(UAH millions)			
Gains/(losses) on the reversal of impairment/(impairment) on deposits in foreign currency at amortized cost	1	1	(15)	(18)
Gains on the reversal of impairment on claims under debt securities of other government institutions at amortized cost	–	–	–	37
Gains/(losses) from the reversal of impairment/(impairment) on loans to banks	722	978	(837)	(810)
Gains/(losses) from the reversal of impairment/(impairment) on loans to employees	1	1	–	(2)
Gains/(losses) from reversal of impairment/(impairment) on interest-bearing financial assets	724	980	(852)	(793)
Gains/(losses) on the reversal of impairment/(impairment) of receivables	–	3	(6)	(3)
Gains/(losses) on the reversal of impairment/(impairment) of other nonfinancial assets	–	7	(9)	(9)
Gains/(losses) on the reversal of impairment/(impairment) of other assets	–	10	(15)	(12)

Section II.IV. Fair Value of Financial Assets and Liabilities

18. Fair Value of Financial Assets and Liabilities

The market where the NBU usually performs transactions to sell an asset or transfer a liability is deemed to be the principal market or, in the absence of a principal market, the most advantageous one for the asset or liability. The NBU should have access to the principal or the most advantageous market as of the measurement date. The NBU measures the fair value of an asset or liability using the same assumptions used by market participants for forming a price for the asset or liability, and assuming that the market participants act in their economic interests.

If the principal market for an asset or liability exists, fair value measurement represents a price on this market (irrespective of the fact whether the price is publicly available, or it was calculated using a different measurement method), even if the price on other market is potentially more advantageous at the measurement date.

To establish the fair value of financial instruments regarding which no information on market prices is available from external sources, such valuation methods are used as discounted cash flow and analysis of financial information on investment objects. The use of the valuation methods may require the assumptions not supported with market data. In these consolidated financial statements, the information on assumptions is disclosed in the cases when the replacement of such assumption with a possible alternative option may lead to substantial change in amounts of profits, income, losses, the total amount of assets or liabilities.

The NBU uses the valuation methods in conformity with the circumstances and for which the data are sufficient to evaluate fair value, using at maximum the proper, publicly available inputs and minimizing the use of confidential inputs.

All assets and liabilities whose fair value is measured or disclosed in consolidated financial statements are classified according to the hierarchy of three levels of fair value.

The NBU determines the estimated fair value of financial assets and liabilities using available market information, where it exists, and the appropriate evaluation methodologies. However, professional judgment is required to interpret market data to measure fair value. Given the low activity in the financial market of Ukraine, the measured fair value may not be fully reflective of the value that could be realized by the NBU in the current circumstances.

Financial Assets and Liabilities at Fair Value.

Financial instruments carried at fair value include foreign securities and derivative financial instruments.

The fair value of foreign debt securities (except for capital instruments) is defined on quoted prices on the active market (Level 1 inputs), other quotations from trading information systems (Level 2 inputs), or in the absence of information on

quoted prices on the active market, the fair value is based on an income approach and Level 3 inputs (the yield of the securities during their initial placement by the issuer and the assumption that the yield will remain unchanged until the maturity date of the relevant securities, taking into account their short maturities). The fair value of capital instruments is determined by an external appraiser using the cost method based on Level 3 inputs.

The fair value of derivative financial instruments (government derivatives) is determined on the basis of quoted prices on an active market (Level 1 inputs).

When determining the fair value of derivative financial instruments such as interest rate and currency swaps, a valuation method is used for data that is openly observed on the market (Level 2). Fair value is determined with valuation models based on the current market-based and contractual value of the underlying instruments and other drivers. The models include various data, namely forward and spot exchange rates, exchange rate volatility, interest rate indices on interbank markets, and yield curves.

Financial Assets and Liabilities at Amortized Cost.

The NBU has determined that the fair value of certain financial assets and liabilities carried at amortized cost does not materially differ from their carrying value for the purposes of disclosing the fair value. These financial assets and liabilities include funds and deposits in foreign currencies, SDR holdings and IMF quota contributions, other financial assets, banknotes and coins in circulation, accounts of banks, accounts of state and other institutions, NBU certificates of deposit, liabilities to the IMF, and other financial liabilities.

Financial instruments carried at amortized cost, the fair value of which may differ significantly from their carrying values, include domestic securities, domestic public debt in domestic currency, and loans to banks and other borrowers. None of these financial instruments have an active market.

For the purposes of disclosing in its consolidated financial statements the fair values of financial assets and liabilities for which no active market exists, the NBU estimates the fair values of such assets and liabilities using the discounted cash flow method (the income approach). The said model takes into account future interest payments and principal repayments, the repayment period, and the discount rate.

The NBU estimates the fair value of domestic securities on the basis of the income approach and the following information:

for long-term inflation-indexed government bonds – Level 2 inputs (spot rates calculated on the basis of the zero-coupon yield curve built using data from actually concluded and

executed agreements on domestic government debt securities, using the Svensson parametric model, and the actual consumer price index calculated month-on-month over the period from October 2022 to August 2023), and Level 3 inputs (the September 2023 FOCUSECONOMICS consensus forecast of consumer price indices for 2023–2027 and target consumer price indices established by the NBU for the period from 2028 to 2047)

for other Ukrainian government bonds – Level 2 inputs (spot rates calculated on the basis of the zero-coupon yield curve built using data from actually concluded and executed agreements on domestic government debt securities, using

the Svensson parametric model, key policy rates from the NBU's forecasts).

To measure the fair value of domestic public debt in the domestic currency, the NBU's weighted average rate on recent refinancing instruments (Level 3 inputs) of the reporting period is used as the discount rate.

As of 30 September 2023 and 31 December 2022, the NBU applied the market rate [the NBU's key policy rate established by the NBU's rate policy as a margin interest rate (the lower point of the range) for loans to banks] at the measurement date (Level 3 inputs) as the discount rate used to measure the fair value of loans to banks and other borrowers.

The discount rates used were as follows:

	30 September 2023	31 December 2022
	discount rate, in % per annum	discount rate, in % per annum
Domestic securities in domestic currency:		
domestic government debt securities (at a fixed interest rate)	12.24 – 19.57	12.27–22.28
domestic government debt securities (at a floating interest rate)	7.62 – 14.39	5.95–15.92
Domestic public debt in domestic currency (1994–1996)	24.00	27.00
Loans to banks and other borrowers in domestic currency	20.00	25.00

The following table summarizes the carrying value and estimated fair values of the financial assets that do not appear in the NBU's Interim Concise Consolidated Statement of Financial Position at their fair values:

	30 September 2023		31 December 2022	
	carrying value	fair value	carrying value	fair value
	(UAH millions)			
Domestic securities in domestic currency:				
domestic government debt securities (at a fixed interest rate)	276,498	237,217	292,165	242,168
domestic government debt securities (at a floating interest rate)	460,353	396,478	464,415	474,623
Domestic public debt	1,425	849	1,444	757
Loans to banks and other borrowers	7,328	7,448	40,781	42,754

Taking into account that fair value estimates are based on certain assumptions, it should be noted that the information provided above may not be fully reflective of the value that could be realized.

The fair value of financial instruments was categorized as follows:

	30 September 2023			31 December 2022		
	level 1	level 2	level 3	level 1	level 2	level 3
	(UAH millions)					
Assets measured at fair value						
Foreign securities carried at fair value	902,307	18,192	71,037	607,882	59,957	27,667
Domestic securities carried at fair value:						
government derivatives	726	–	–	460	–	–
Assets for which fair value is disclosed						
Domestic securities in domestic currency:						
domestic government debt securities (at a fixed interest rate)	–	237,217	–	–	242,168	–
domestic government debt securities (at a floating interest rate)	–	271,053	125,425	–	311,705	162,918
Domestic public debt	–	–	849	–	–	757
Loans to banks and other borrowers	–	–	7,448	–	–	42,754
Liabilities measured at fair value						
Other financial liabilities at fair value:						
interest rate swap	–	1,350	–	–	4,390	–
currency swap	–	–	–	–	63	–

Over the first nine months of 2023, there were neither material transfers of financial instruments between Levels 1 and 2 of the fair value hierarchy, nor transfers of financial instruments to or from Level 3 of the fair value hierarchy.

Long-term inflation-indexed domestic government debt securities – the fair values of which are disclosed – are included in Level 3 of the fair value hierarchy.

The change in the fair value of foreign securities that are measured at the reporting date at fair value, and are included in Level 3 of the fair value hierarchy, is presented as follows:

Fair value of foreign securities that are measured at fair value through profit or loss and are attributed to Level 3 of the fair value hierarchy	
(UAH millions)	
Foreign securities as of 1 January 2022	16,949
Income/(expense) recognized during the reporting period as part of profit or loss	1,214
Purchases of foreign securities	6,909
Redemptions of foreign securities	(13,671)
Foreign securities as of 30 September 2022	11,401
Foreign securities as of 31 December 2022	27,667
Income/(expense) recognized during the reporting period as part of profit or loss	187
Purchases of foreign securities	70,288
Redemptions of foreign securities	(27,105)
Foreign securities as of 30 September 2023	71,037

Income and expenses from change in the fair value of foreign securities measured as of the reporting date and included in Level 3 of the fair value hierarchy are included in profits or losses from transactions with financial assets and liabilities in foreign currencies and monetary gold, and profits or losses from transactions with financial instruments at fair value through profit or loss of the interim concise consolidated statement of profit or loss and other comprehensive income (Notes 15 and 16, respectively).

The average weighted modified duration under financial assets at fair value that are included in Level 3 of the fair

value hierarchy (except for equity instruments at fair value through profit or loss) was 0.64 as of 30 September 2023 (0.19 as of 31 December 2022). An increase in the yield rates used to determine the fair value of these financial assets as of 30 September 2023 (Level 3 inputs) by 1 basis point would decrease the fair value of the relevant assets by UAH 453 million (by UAH 52 million as of 31 December 2022), while a decrease in these yield rates by 1 basis point would increase the fair value of these assets by UAH 453 million (UAH 52 million as of 31 December 2022).

Section III. Capital Management

19. Capital Management

The NBU's capital function is to ensure economic independence and its ability to perform the functions defined by the legislation of Ukraine. As of 30 September 2023, the total amount of capital managed by the NBU was UAH 385,714 million (UAH 328,158 million as of 31 December 2022). No requirements are set for the NBU's equity, except for the amount of authorized capital and general reserves established by the Law of Ukraine *On the National Bank of Ukraine*.

Authorized Capital

According to the Law of Ukraine *On the National Bank of Ukraine*, the statutory capital is UAH 10 million. It was increased to UAH 100 million by the decision of the NBU Council based on 2007 performance.

General Reserves

The NBU creates general reserves, which are used to cover its losses, in accordance with the Law of Ukraine *On the National Bank of Ukraine*.

General reserves made in the reporting year must equal 10% of the average annual monetary liabilities of the NBU, which in 2022 amounted to UAH 996,750 million.

Reserve Capital

Reserve capital includes a reserve fund raised by the NBU's subsidiary – in accordance with the Law of Ukraine *On Joint Stock Companies* – by paying in annual contributions from the subsidiary's net profit. Contributions to the reserve fund

must be at least 5% of the net profit until the reserve fund reaches 15% of the subsidiary's authorized capital.

Revaluation Reserves for Assets and Liabilities

According to the Law of Ukraine *On the National Bank of Ukraine*, unrealized gains from revaluation of foreign currency and monetary gold due to changes in the official exchange rate of the hryvnia to foreign currencies/accounting price of gold throughout the reporting year, unrealized gains from revaluation of securities, capital instruments, and derivative financial instruments in connection with their revaluation to fair value, and unrealized gains or losses from revaluation of bank metals due to changes in the accounting price of bank metals are attributed by the NBU to the item Revaluation Reserves for Assets and Liabilities in the Equity section of the consolidated statement of financial position and the consolidated statement of changes in equity.

The amount of revaluation reserves is used to offset the amount of unrealized expenses from revaluation of foreign currency, monetary gold, securities, capital instruments, and derivative financial instruments carried at fair value if they accumulate throughout the reporting year.

The amount of revaluation reserves for foreign currency, monetary gold, securities, capital instruments, derivative financial instruments, and investment metals that are disposed of or narrow the open FX position is included into the distributable profit in the corresponding reporting periods.

As of 30 September 2023 and 31 December 2022, the equity of the NBU consisted of the following components:

	As of 30 September 2023	As of 31 December 2022
	(UAH millions)	
Statutory capital	100	100
General reserves	99,675	80,489
Retained earnings	60,849	19,192
Reserve capital	31	31
Revaluation reserves of foreign currency and monetary gold	223,450	223,450
Revaluation reserves of investment metals	1,041	1,409
Revaluation reserves of financial instruments to their fair value	568	3,487
Total equity	385,714	328,158

20. Liabilities to Transfer Distributable Profit to the State Budget of Ukraine

Pursuant to the Tax Code of Ukraine, the NBU makes settlements with the State Budget in line with Article 5¹ of the Law of Ukraine *On the National Bank of Ukraine*.

The NBU transfers its portion of distributable profit to the State Budget of Ukraine in accordance with the Law of Ukraine *On the National Bank of Ukraine*. Distributable profit is determined by reducing the profit by the amount of unrealized gains for the reporting period, which are directed to revaluation reserves. A gain becoming realized in the following periods is recognized in the distributable profit of the respective reporting periods. The NBU redeems the excess of unrealized expenses over revaluation reserve against the current year's profit, and in the case of shortage – against general reserves. These operations are shown in the Consolidated Statement of Changes in Equity.

A part of the distributable profit that is left after general reserves are made is subject to transferring to the State Budget of Ukraine.

In April 2023, the NBU transferred UAH 71,868 million of its 2022 distributable profit to the State Budget of Ukraine (UAH 18,786 million in 2022).

The transfer of funds by the NBU to the State Budget of Ukraine in 2022 due to the full-scale military aggression of the Russian Federation against Ukraine was conducted on 24 February 2022 in a special manner (pending confirmation by the external auditor and approval by the NBU Board of the annual consolidated financial statements for 2021) in the amount determined by the NBU Board and disclosed to the audit firm for confirmation as part of the annual consolidated financial statements.

Section IV. Expenses Related to the Support of the NBU Operation

21. Staff Costs

	For the period ended 30 September 2023		For the period ended 30 September 2022	
	for the current quarter	on a cumulative basis from the beginning of the year	for the current quarter	on a cumulative basis from the beginning of the year
	(UAH millions)			
Payroll of staff	610	1,837	596	1,925
Single contribution for mandatory state social security and contributions to nonstate pension funds	133	398	126	406
Financial assistance and other social benefits	3	8	3	8
Other	8	18	5	13
Total staff costs	754	2,261	730	2,352

Other staff costs include costs for training and development, expenditures for voluntary medical insurance of employees, etc.

22. Administrative and Other Expenses

	For the period ended 30 September 2023		For the period ended 30 September 2022	
	for the current quarter	on a cumulative basis from the beginning of the year	for the current quarter	on a cumulative basis from the beginning of the year
	(UAH millions)			
Banknote Printing and Minting Works' expenses not included in production cost	125	470	88	405
Depreciation and amortization	66	195	63	190
Utilities and household expenses	58	183	66	159
Expenses for maintenance of noncurrent tangible and intangible assets	46	129	43	110
Problem assets expenses	62	63	1	2
Business trips	14	41	16	78
Telecommunication services and maintenance	15	35	9	23
Contributions to the Primary Labor Union Organization of the NBU	8	23	8	24
Cost of sewage facility services	7	22	13	16
Payments to NBU Council members	5	19	6	18
Taxes, duties, and charges	6	18	4	14
Consulting and legal services	6	8	2	5
Financial assistance and other social benefits to pensioners of the NBU	2	6	2	7
Expenses on software maintenance	2	6	1	3
Audit expenses	–	5	5	5
Other operational expenses related to cash processing	1	3	1	1
Loss on disposal of property, plant and equipment, and intangible assets	2	2	–	–
Hospitality expenses	1	2	1	1
Negative result from raw materials inventory	–	1	–	–
Expenses on office supplies	1	2	–	1
Subscription to periodicals	–	1	–	1
Payment for consulting services	1	1	–	–
Repayments to banks of the earlier paid fines	–	–	2	2
Other	2	8	1	9
Total administrative and other expenses	430	1,243	332	1,074

Depreciation and amortization charges over the first nine months of 2023 exclude depreciation worth UAH 127 million (nine months of 2022: UAH 128 million) for property and equipment used in the production of banknote paper, banknotes, coins, and other products. This portion of depreciation and amortization charges is included in costs

related to the production of banknotes, coins, and other products.

Other expenses include the negative result from liquidation of the stock of tangible assets, penalties, fines, forfeits, advertising and marketing expenses etc.

Section V. Other Notes

23. Related Party Transactions

Terms and Conditions of Related Party Transactions

For the purposes of these consolidated financial statements, parties are considered to be related if the parties are under common control, or if one party has the ability to control the other party or can exercise significant influence over the other party in making financial or operational decisions, as defined

by IAS 24 *Related Party Disclosures*. In considering each possible related party relationship, attention is paid to the substance of the relationship, not merely the legal form. The related parties of the NBU include the Ukrainian government, state-controlled entities, key management personnel, etc.

In the normal course of its operations, the NBU enters into transactions with related parties. The outstanding balances as of 30 September 2023 and 31 December 2022 are presented in the table below:

	Note	As of 30 September 2023			As of 31 December 2022		
		Government and state-controlled entities	associated company	other related parties	Government and state-controlled entities	associated company	other related parties
(UAH millions)							
Funds and deposits in foreign currency and investment metals		3	–	–	69	–	–
Domestic securities	8	737,577	–	–	757,040	–	–
Loans to banks and other borrowers		4,015	–	–	22,468	–	–
Loss allowances for loans to banks and other borrowers		(3,000)	–	–	(3,006)	–	–
Domestic public debt		1,425	–	–	1,444	–	–
Other assets		63	33	–	52	30	–
Accounts of banks		106,894	–	–	32,512	–	–
Accounts of government and other institutions	11	279,661	7	5	52,009	4	8
Accounts of the Deposit Guarantee Fund	11	6,157	–	–	947	–	–
Liabilities to transfer distributable profit to the State Budget of Ukraine	20	–	–	–	71,868	–	–
Certificates of deposit issued by the NBU		195,026	–	–	145,683	–	–
Other liabilities		1,846	–	–	3,500	–	–

Other related party transactions of the Accounts of Government and Other Institutions item include accounts of the Corporate Nonstate Pension Fund.

The terms and conditions of the transactions above were as follows:

long-term loans to state-owned banks (included in the loans to banks and other borrowers in the table above) as of 30 September 2023 bore an interest rate of 20.00% (25.00% as of 31 December 2022)

as of 30 September 2023 and 31 December 2022, the NBU had commitments for granting loans to the Deposit Guarantee Fund under an open revocable revolving credit line totaling UAH 3,000 million (Note 9).

the balances of funds in domestic currency held by state-owned banks in the NBU's correspondent accounts (included

in accounts of banks in the table above) earned no interest as of 30 September 2023 and 31 December 2022 (Note 10).

Balances of other foreign-currency demand deposits of banks (included in accounts of banks in the table above) as of 30 September 2023 bore an interest rate of 5.25% (4.25% as of 31 December 2022)(Note 10).

the accounts of the government and other institutions as of 30 September 2023 and 31 December 2022 were noninterest-bearing (Note 11)

the accounts of the Deposit Guarantee Fund bore interest rates of 4.98% as of 30 September 2023 (31 December 2022: 4.49%) (Note 11).

The terms of transactions with domestic securities are disclosed in the respective notes.

Income and expense items from transactions with related parties were as follows:

	For the period ended 30 September 2023			For the period ended 30 September 2022		
	Government and state- controlled entities	associated company	other related parties	Government and state- controlled entities	associated company	other related parties
	(UAH millions)					
Interest income	83,554	–	–	63,770	–	–
Interest expenses	(21,446)	–	–	(5,241)	–	–
Fee and commission income	149	–	–	143	–	–
Fee and commission expense	(4)	–	–	–	–	–
Other income	505	6	–	264	4	–
Gains or losses on transactions with financial instruments at fair value through profit or loss	896	–	–	(3,090)	–	–
Costs related to the production of banknotes, coins, souvenirs, and other products	(80)	–	–	(104)	–	–
Staff costs and remuneration of NBU Council members	–	–	(53)	–	–	(47)
Administrative and other expenses	(85)	–	(47)	(18)	–	(47)
Gains from the reversal of impairment on interest-bearing financial assets	4	–	–	685	–	–

Other related parties in the item *Administrative and economic and other expenses* include the NBU's contributions to the CNPF.

In accordance with the Law of Ukraine *On the National Bank of Ukraine*, the NBU provides services to the State Treasury of Ukraine on a free-of-charge basis.

In the first nine months of 2023, the short-term benefits (salary and social security tax) of key management personnel were UAH 52.57 million, including remuneration to members of the NBU Council of UAH 18.97 million (in the first nine months of 2022, the short-term benefits of key management personnel were UAH 46.58 million, including remuneration to members of the NBU Council of UAH 17.67 million). As of 30 September 2023 and 31 December 2022, there were no outstanding loans to key management personnel.

24. Current and Noncurrent Assets and Liabilities

The table below shows the classification of assets and liabilities by periods of their expected recovery or maturity into current (up to one year) and noncurrent (more than one year):

	Note	As of 30 September 2023			As of 31 December 2022		
		current	noncurrent	total	current	noncurrent	total
(UAH millions)							
Assets							
Funds and deposits in foreign currency and investment metals	5	400,618	–	400,618	241,504	–	241,504
Foreign securities	6	990,912	624	991,536	694,882	624	695,506
SDR holdings	7.1	10,717	–	10,717	62,174	–	62,174
Monetary gold		–	54,277	54,277	–	52,272	52,272
Domestic securities	8	58,891	678,686	737,577	66,452	690,588	757,040
Loans to banks and other borrowers	9	3,633	3,695	7,328	4,891	35,890	40,781
Domestic public debt		133	1,292	1,425	111	1,333	1,444
IMF quota contributions	7.2	–	96,741	96,741	–	97,908	97,908
Property and equipment and intangible assets		–	4,039	4,039	–	4,117	4,117
Other assets		3,775	2,696	6,471	2,808	3,074	5,882
Total assets		1,468,679	842,050	2,310,729	1,072,822	885,806	1,958,628
Liabilities							
Banknotes and coins in circulation		727,125	–	727,125	715,330	–	715,330
Accounts of banks	10	206,761	–	206,761	86,870	–	86,870
Accounts of government and other institutions	11	285,851	–	285,851	53,024	–	53,024
Liabilities to transfer distributable profit to the State Budget of Ukraine	20	–	–	–	71,868	–	71,868
Certificates of deposit issued by the NBU	12	514,464	–	514,464	457,464	–	457,464
Liabilities to the IMF, apart from IMF quota contributions	7.3	45,189	45,105	90,294	64,060	77,219	141,279
Liabilities to the IMF with respect to quota contributions	7.3	96,730	–	96,730	97,897	–	97,897
Other liabilities		2,527	1,218	3,745	3,391	3,304	6,695
Total liabilities		1,878,647	46,323	1,924,970	1,549,904	80,523	1,630,427

25. Events That Followed the Reporting Date

As of 3 October 2023, the NBU shifted to the regime of managed exchange rate flexibility, in line with the Strategy for Easing FX Restrictions, Transitioning to Greater Flexibility of the Exchange Rate, and Returning to Inflation Targeting. According to said regime the official exchange rate shall be determined based on the exchange rate of interbank transactions (on 24 February 2022, the NBU Board approved Resolution No. 18 *On Operation of Banking System Under Martial Law* dated 24 February 2022 identifying specifics of regulation of monetary and FX markets under martial law that determined the official hryvnia exchange rate against the US dollar). At the same time, the NBU will remain the key player in the market, compensating for the structural deficit of foreign currency and limiting exchange rate fluctuations through FX interventions.

As of 27 October 2023, the NBU set its key policy rate at 16%, making it equal to the rate on overnight certificates of deposit.

In such a way, the NBU modernized the operational design of its monetary policy in line with the lower-bound system. The interest rates on other transactions with the banks remained unchanged. This will reinforce the signaling role of the key policy rate amid the structural liquidity surplus.

In October 2023, before the day of signing this interim concise consolidated financial report, liabilities worth SDR 61 million (UAH 2,932 million at the official rate as of the transaction date, or UAH 3,013 million at the annual exchange rate of the IMF) were repaid to the IMF in line with the repayment schedules.

Throughout the period from 1 October 2023 to the day this interim concise consolidated financial report was signed, scheduled redemptions of domestic government debt securities totaled UAH 21,304 million (UAH 704 million of face value and UAH 20,600 million of coupon payments).

26. Introducing New and Amended Standards and Interpretations of the Financial Statements

Amended IFRS and interpretations that came into effect and were adopted on 1 January 2023 and did not have any significant influence on the NBU's performance indicators and financial standing

Amendments to IAS 1 *Presentation of Financial Statements* are intended to provide clarifications on disclosure of accounting policies in financial statements (apply to annual reporting periods beginning on or after 1 January 2023).

Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* are intended to explain the differences between changes in accounting estimates and changes in accounting policies. (Apply to annual reporting periods beginning on or after 1 January 2023.)

IFRS 17 *Insurance Contracts* is a new financial reporting standard for insurance contracts that determines recognition, measurement, presentation, and disclosure of information (applies to annual reporting periods beginning on or after 1 January 2023).

Amendments to IAS 12 *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (Apply to annual reporting periods beginning on or after 1 January 2023.)

Amendments to IAS 12 *Income Taxes – International Tax Reform Pillar Two Model Rules* provide for temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two Model Rules (apply to annual reporting periods beginning on or after 1 January 2023).

New and Revised Standards that have been Issued but are not yet Effective

Amendments to IFRS 10. *Consolidated Financial Statements* and IAS 28. *Investments in Associates and Joint Ventures – Sale or distribution of assets between an investor and its associate or joint venture* (apply to annual reporting periods beginning on or after the date to be specified. Early application is permitted).

Amendments to IAS 1. *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* are intended to clarify the approach to the classification of liabilities under IAS 1 based on the contractual terms in effect at the reporting date (apply to annual reporting periods beginning on or after 1 January 2024).

Amendments to IAS 1. *Presentation of Financial Statements – Noncurrent liabilities with covenants* are intended to provide a more general approach to the classification of liabilities, both current and noncurrent (apply to annual reporting periods beginning on or after 1 January 2024).

Amendments to IAS 7. *Statement of Cash Flows* and IFRS 7. *Financial Instruments: Disclosures – Supplier Finance Arrangements* add disclosure requirements and “indicators” within the existing disclosure requirements that require business entities to provide qualitative and quantitative information on supplier finance arrangements (apply to annual reporting periods beginning on or after 1 January 2024).

Amendments to IAS 21. *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*, require companies to provide more useful information in their financial statements when a currency is not exchangeable into another (apply to annual reporting periods beginning on or after 1 January 2025).

Amendments to IFRS 16. *Leases – Lease Liability in Sale-and-Leaseback Transaction* are intended to clarify the requirements applied by the seller lessee to assess the lease liability arising in the leaseback transaction (apply to annual reporting periods beginning on or after 1 January 2024).

The NBU did not apply the above new and revised standards before the effective date. The NBU's top managers expect the application of these standards and amendments will not have a significant effect on the NBU's performance and financial standing.

 November 2023
Kyiv, Ukraine