



National Bank
of Ukraine

Interim Concise Consolidated Financial Statements

for the period ended 30 September 2023



Contents

INTERIM CONCISE CONSOLIDATED FINANCIAL STATEMENTS

| | |
|--|---|
| Interim Concise Consolidated Statement of Financial Position | 4 |
| Interim Concise Consolidated Statement of Profit and Loss and Other Comprehensive Income | 5 |
| Interim Concise Consolidated Statement of Changes in Equity | 6 |
| Interim Concise Consolidated Statement of Cash Flows | 7 |

| | |
|---|---|
| Notes to Interim Concise Consolidated Financial Statements..... | 8 |
|---|---|

| | |
|---|---|
| Section I. Basis for Preparing Financial Statements | 8 |
|---|---|

| | |
|--|----|
| 1. Principal Activities | 8 |
| 2. Basis of Accounting Policies and Reporting Presentation | 9 |
| 3. Impact of Economic Conditions on the NBU's Financial Position and Performance | 11 |

| | |
|---|----|
| Section II.I. Financial Instruments | 13 |
|---|----|

| | |
|--|----|
| 4. Presentation of financial instruments by measurement categories | 13 |
|--|----|

| | |
|---|----|
| Section II.II. Financial assets and liabilities | 14 |
|---|----|

| | |
|---|----|
| 5. Funds and Deposits in Foreign Currency and Investment Metals | 14 |
| 6. Foreign Securities | 15 |
| 7. Transactions with the IMF | 19 |
| 7.1.SDR Holdings | 19 |
| 7.2.IMF Quota Contributions | 20 |
| 7.3.Liabilities to the IMF | 20 |
| 8. Domestic Securities | 21 |
| 9. Loans to Banks and other Borrowers | 23 |
| 10. Accounts of Banks | 24 |
| 11. Accounts of Government and Other Institutions | 25 |
| 12. Certificates of Deposit Issued by the NBU | 26 |
| 13. Cash and Cash Equivalents | 27 |

| | |
|---|----|
| Section II.III. Financial Performance by Financial Instruments..... | 28 |
|---|----|

| | |
|---|----|
| 14. Interest income and expenses | 28 |
| 15. Gains or Losses on Transactions with Financial Assets and Liabilities in Foreign Currency and Monetary Gold | 29 |
| 16. Gains or Losses on Transactions with Financial Instruments at Fair Value through Profit or Loss | 29 |
| 17. Gains /(Losses) on the Reversal of Impairment/(Impairment) of Financial and Nonfinancial Assets | 30 |

| | |
|---|----|
| Section II.IV. Fair Value of Financial Assets and Liabilities | 31 |
|---|----|

| | |
|--|----|
| 18. Fair Value of Financial Assets and Liabilities | 31 |
|--|----|

| | |
|---------------------------------------|----|
| Section III. Capital Management | 35 |
|---------------------------------------|----|

| | |
|---|----|
| 19. Capital Management | 35 |
| 20. Liabilities to Transfer Distributable Profit to the State Budget of Ukraine | 36 |

| | |
|--|----|
| Section IV. Expenses Related to the Support of the NBU Operation | 37 |
|--|----|

| | |
|---|----|
| 21. Staff Costs | 37 |
| 22. Administrative and Other Expenses | 38 |
| Section V. Other Notes | 39 |
| 23. Related Party Transactions | 39 |
| 24. Current and Noncurrent Assets and Liabilities | 41 |
| 25. Events That Followed the Reporting Date | 42 |
| 26. Introducing New and Amended Standards and Interpretations of the Financial Statements | 43 |

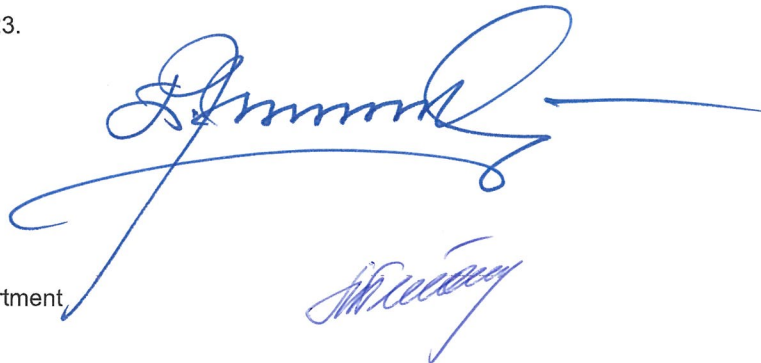
Interim Concise Consolidated Statement of Financial Position

| | 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 |

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 PYSHNYI

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.

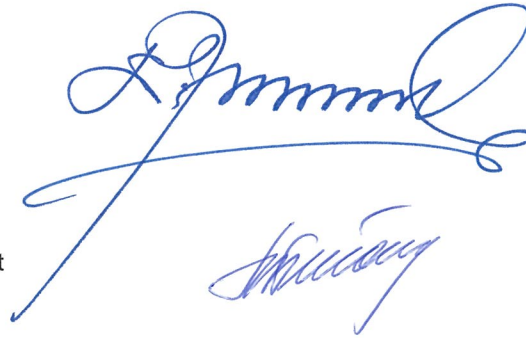
Interim Concise Consolidated Statement of Changes in Equity

| | 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 |

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 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 |

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 PYSHNYI

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.

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