



National Bank
of Ukraine

Interim Concise Consolidated Financial Statements

for the period ended 30 September 2022



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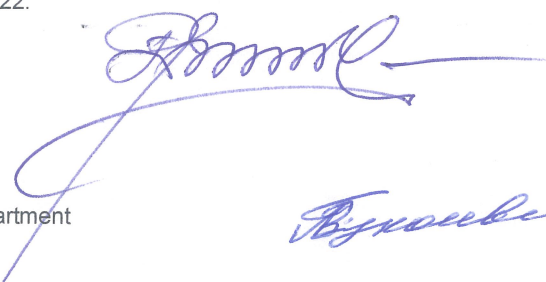
Interim Concise Consolidated Statement of Financial Position

	Notes	As of 30 September 2022	As of 31 December 2021
(UAH millions)			
Assets			
Funds and deposits in foreign currency and investment metals	5	243,880	181,279
Foreign securities	6	558,605	644,288
SDR holdings	7.1	46,230	510
Monetary gold		47,769	38,800
Domestic securities	8	665,824	323,943
Loans to banks and other borrowers	9	68,792	99,861
Domestic public debt		1,468	1,541
IMF quota contributions	7.2	94,159	76,807
Property and equipment and intangible assets		4,136	4,343
Other assets		13,461	5,525
Total assets		1,744,324	1,376,897
Liabilities			
Banknotes and coins in circulation		677,059	627,819
Accounts of banks	10	88,498	57,136
Accounts of government and other institutions	11	102,369	55,133
Liabilities to transfer distributable profit to the State Budget of Ukraine	20	–	18,786
Certificates of deposit issued by the NBU	12	257,720	212,926
Borrowings received		–	2,728
Liabilities to the IMF, apart from IMF quota contributions	7.3	144,375	156,570
Liabilities to the IMF with respect to quota contributions	7.3	94,148	76,798
Other liabilities		6,120	2,080
Total liabilities		1,370,289	1,209,976
Equity			
Statutory capital	19	100	100
General reserves and retained earnings	19	287,938	80,530
Revaluation reserves for assets and liabilities	19	85,954	86,247
Total equity		373,992	166,877
Noncontrolling interest		43	44
Total capital		374,035	166,921
Total equity and liabilities		1,744,324	1,376,897

Authorized by the Assets and Liabilities Management Committee of the National Bank of Ukraine for issue on 23 November 2022.

Signed on 25 November 2022.

Governor



Andriy PYSHNYI

Chief Accountant,
Director of Accounting Department



Bohdan LUKASEVYCH

Notes on pages 8 through 42 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 2022		For the period ended 30 September 2021	
		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	31,773	72,866	7,799	32,133
Interest expenses	14	(13,573)	(24,886)	(3,906)	(11,010)
Net interest income before impairment losses		18,200	47,980	3,893	21,123
Impairment losses on interest-bearing financial assets	17	(852)	(793)	(293)	(339)
Net interest income after impairment losses		17,348	47,187	3,600	20,784
Fee and commission income		140	377	164	473
Fee and commission expense		(11)	(200)	(8)	(28)
Net fee and commission income		129	177	156	445
Gains or losses on transactions with financial assets and liabilities in foreign currency and monetary gold	15	118,898	167,719	(12,628)	(38,162)
Gains or losses on transactions with financial instruments at fair value through profit or loss	16	1,723	(4,698)	633	(1,869)
Other income		316	672	231	1,131
Total net income/(expenses)		138,414	211,057	(8,008)	(17,671)
Staff costs	21	(730)	(2,352)	(607)	(1,768)
Costs related to the production of banknotes, coins, souvenirs, and other products		(588)	(1,174)	(491)	(1,254)
Administrative and other expenses	22	(332)	(1,074)	(294)	(844)
Release of provisions for probable contingencies (Losses)/gains on (impairment)/reversal of impairment of other assets	17	129	129	–	–
		(15)	(12)	1	(2)
Income/(loss) before tax		136,878	206,574	(9,399)	(21,539)
Income tax expense of subsidiary		–	(1)	–	–
Profit/(loss) for the period		136,878	206,573	(9,399)	(21,539)
Other comprehensive income not to be reclassified subsequently to profit or loss:					
Revaluation of investment metals		415	541	(570)	(617)
Other comprehensive income/(expenses) for the period		415	541	(570)	(617)
Total comprehensive income/(expenses) for the period		137,293	207,114	(9,969)	(22,156)
Profit/(loss) for the period attributable to:					
the National Bank of Ukraine		136,879	206,574	(9,399)	(21,539)
Noncontrolling interest		(1)	(1)	–	–
		136,878	206,573	(9,399)	(21,539)
Comprehensive income/(expenses) attributable to:					
the National Bank of Ukraine		137,294	207,115	(9,969)	(22,156)
Noncontrolling interest		(1)	(1)	–	–
		137,293	207,114	(9,969)	(22,156)

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Director of Accounting Department



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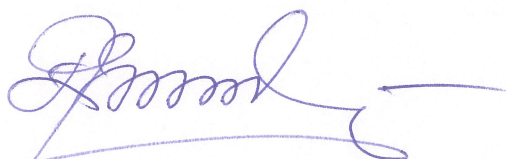
Interim Concise Consolidated Statement of Changes in Equity

	Statutory capital	General reserves and retained earnings	Revaluation reserve for assets and liabilities	Total equity	Noncontrolling interest	Total capital
(UAH millions)						
Balance as of 1 January 2021	100	67,734	117,092	184,926	44	184,970
Total comprehensive income for 9 months of 2021	–	(21,539)	(617)	(22,156)	–	(22,156)
Gain/(loss) on transfer of assets	–	(84)	–	(84)	–	(84)
Realized result on revaluation of disposed investment metals	–	5	(5)	–	–	–
Allocation of unrealized gain/(loss) on revaluation of securities and derivatives from revaluation reserve	–	2,115	(2,115)	–	–	–
Balance as of 30 September 2021	100	48,231	114,355	162,686	44	162,730
Balance as of 1 January 2022	100	80,530	86,247	166,877	44	166,921
Total comprehensive income for 9 months of 2022	–	206,574	541	207,115	(1)	207,114
Realized result on revaluation of disposed investment metals	–	56	(56)	–	–	–
Realized gain/(loss) 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

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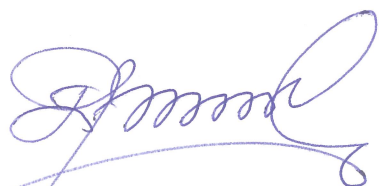
Interim Concise Consolidated Statement of Cash Flows

	Note	As of 30 September 2022	As of 30 September 2021
(UAH millions)			
Operating activities			
Interest received		36,272	24,904
Fees and commissions received		377	472
Other income		670	1,126
Interest paid		(24,495)	(10,849)
Fees and commissions paid		(36)	(36)
Other expenses		(2,564)	(3,462)
Taxes, duties, and charges paid		(865)	(439)
Transfers to the State Budget of Ukraine	20	(18,786)	(24,434)
Decrease/(increase) in loans to banks and other borrowers		30,712	(26,944)
Domestic public debt repaid		99	99
Increase in accounts of banks on demand		27,136	21,532
Increase/(decrease) in accounts of government and other institutions		48,790	(16,574)
(Increase)/decrease in other assets		(6,576)	531
(Decrease)/increase in other liabilities		(1,387)	1,503
Other cash flows		628	1,021
Net change in cash flows from operating activities		89,975	(31,550)
Investing activities			
Decrease/(increase) in term deposits placed		34	(248)
Net decrease in foreign securities		219,606	15,509
Purchase of monetary gold		(52)	(12)
Net (increase)/decrease in domestic securities		(306,980)	12,917
Investments in associated company		2	2
Acquisition of property and equipment, and intangible assets		(118)	(433)
Sale of property and equipment, and intangible assets		–	2
Net cash flows from investing activities		(87,508)	27,737
Financing activities			
Banknotes and coins issue in circulation	13	49,240	33,718
Proceeds from the IMF		–	34,875
Repayment of liabilities to the IMF	13	(44,361)	(22,928)
Issue/(repayment) of certificates of deposit issued by the NBU	13	44,759	(19,183)
Repayment of loans received	13	(2,925)	–
Net cash flows from financing activities		46,713	26,482
Effect of changes in exchange rate		58,087	(12,838)
Net change in cash and cash equivalents		107,267	9,831
Cash and cash equivalents at the beginning of the reporting period	13	178,087	118,410
Cash and cash equivalents at the end of the reporting period	13	285,354	128,241

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Notes to Interim Concise Consolidated Financial Statements

Section I. Basis for Preparing Financial Statements

1. Principal Activities

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

The NBU does not aim to earn profits.

The NBU performs its functions and conducts operations in accordance with the Law of Ukraine *On the National Bank of Ukraine*.

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

As of 30 September 2022 and 31 December 2021, 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 as per 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 SETTLEMENT CENTER PJSC).

The NBU's shareholding in the authorized capital of SETTLEMENT CENTER PJSC was 83.55% as of 30 September 2022 (unchanged from 83.55% as of 31 December 2021).

As of 30 September 2022 and 31 December 2021, the statutory capital of SETTLEMENT CENTER PJSC totaled UAH 206.7 million and comprised ordinary registered shares with a face value of UAH 1,000 each.

Under Ukrainian legislation, SETTLEMENT CENTER PJSC carries out professional activities in capital markets, clearing activities to identify liabilities, and clearing activities of a central counterparty.

Among other things, SETTLEMENT CENTER PJSC performs the following functions:

- 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 SETTLEMENT CENTER PJSC 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 (CNPFF).

The NBU manages and stores the CNPFF'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 CNPFF. The NBU is the founder of the CNPFF, 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 CNPFF, and CNPFF data has not been consolidated for the purpose of these consolidated financial statements.

As of 30 September 2022 and 31 December 2021, 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 ND PJSC).

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

As of 30 September 2022 and 31 December 2021, the NBU owned 2,580 ordinary registered shares of NDU PJSC with a face value of UAH 10,000 each and UAH 25.8 million in total. As of 30 September 2022, the NBU's shareholding in the authorized capital of NDU PJSC was 25% (unchanged from 31 December 2021).

2. Basis of Accounting Policies and Reporting Presentation

This section contains information on 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 2021 in line with the IFRS.

These interim concise consolidated financial statements have been prepared on the basis of the assumption that the NBU is a going concern that will continue to operate in the foreseeable future.

In the first nine months of 2022, 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 2022 (in hryvnias)	31 December 2021 (in hryvnias)
1 U.S. dollar	36.5686	27.2782
1 SDR	46.803435	38.178401
1 euro	35.5611	30.9226
1 GBP	39.7556	36.8392
1 Troy ounce of gold	60,394.51	49,115.22

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 continually revised and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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 2022, 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 215 million as of 31 December 2021).

Legal Proceedings

From time to time and in the normal course of business, certain lawsuits are filed against the NBU. As of 30 September 2022 and 31 December 2021, 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.

For lawsuits against the NBU that, the NBU estimated, had a high likelihood of resulting in losses, the NBU made a respective provision of UAH 94.7 million as of 30 September 2022 (down from UAH 223.7 million as of 31 December 2021).

Swap transactions

For the purpose of managing international reserves, during the first nine months of 2022 and in 2021, the NBU made foreign currency swaps with foreign banks with a maturity of up to one month as of 30 September 2022, and a maturity of up to three months as of 31 December 2021.

As of 30 September 2022, the NBU had 2 foreign currency swap deals with UAH 1,860 million in receivables, and with USD 60 million (UAH 2,194 million at the official exchange rate as of 30 September 2022) in payables.

As of 31 December 2021, the NBU had 15 foreign currency swap deals with USD 770 million (UAH 21,004 million according to the official exchange rate as of the end of the year) in receivables, UAH 2,684 million in receivables, JPY 87,564 million (UAH 20,745 million according to the official exchange rate as of the end of the year) in payables, and USD 100 million (UAH 2,728 million according to the official exchange rate as of the end of the year) in payables.

Between July 2020 and September 2021, the NBU made interest rate swap transactions. Since 1 October 2021, such transactions have been suspended. As of 30 September 2022, the NBU had 60 interest rate swap agreements, worth a total of UAH 16,981 million in notional value, with maturities from 2 to 5 years. Those included UAH 550 million in transactions with maturities of up to 2 years, UAH 8,961 million in transactions with maturities of up to 3 years, UAH 4,470 million in transactions with maturities of up to 4 years, and UAH 3,000 million in transactions with maturities of up to 5 years (as of 31 December 2021, the NBU had 72 interest rate swap agreements, worth a total of UAH 19,411 million in notional value, with maturities from 2 to 5 years, including UAH 2,980 million, in face value, in swaps maturing in 2 years, UAH 8,961 million in swaps maturing in 3 years, UAH 4,470 million in swaps maturing in 4 years, and UAH 3,000 million in swaps maturing in 5 years).

Changes that occurred in the first nine months of 2022 in contingent liabilities for other derivative financial instruments and loan commitments are laid out in Notes 5 and 9, respectively.

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

In Q3 2022, the economy of Ukraine continued to recover from the deepest trough of the start of the full-scale war. To a large extent, this was facilitated by the liberation of occupied territories, the launch of the grain corridor, setting up of logistics, relocation of enterprises, and the return of some displaced persons to their permanent places of residence. According to NBU estimates, the decline in real GDP slowed to 34.4% qoq in Q3 (according to a flash estimate by the State Statistics Service of Ukraine, real GDP in Q2 decreased by 37.2% qoq; ukrstat.gov.ua). However, the recovery was restrained by destruction of production facilities and infrastructure, weaker consumer and investment demand, logistical problems (especially with exports), and harvests that were lower than last year. A deep recession of economic activity keeps unemployment high, according to NBU estimates, and causes household income to decline.

The consolidated budget deficit in January–September 2022 reached a historic high of more than UAH 407 billion. Such deficit was driven by a contraction of the tax base and a large increase in expenses – primarily the expenses on maintaining defense capability and supporting households amid the war. High budget needs (excluding grants) were financed mainly by international assistance (in March–September 2022, inflows of both loans and grants totaled USD 20 billion) and the NBU repurchasing domestic government debt securities. The NBU's repurchases have not exceeded UAH 30 billion per month since July, which contributed to the easing of pressure on the FX market and limited the worsening of inflationary expectations. At the same time, public and publicly guaranteed debt increased both in absolute terms and in relation to GDP. This was driven, on the one hand, by the UAH/USD exchange rate adjustment in July 2022, significant budgetary needs, and state guarantees provided to support businesses, and on the other hand, by a large drop in GDP.

The current account posted a surplus (USD 8.5 billion) in January–September 2022 thanks to sizeable international financial assistance received in the form of grants, dividend payment restrictions, decreased reinvested earnings, and steady remittances. At the same time, the deficit of trade in goods widened considerably (to USD 9 billion versus USD 3.5 billion in January–September 2021) as imports of goods recovered more rapidly than exports. The launch of the “gran corridor” slightly slowed the decline in exports of goods. However, the decline was still considerable (31.6% yoy in January–September) due to the sea port blockade and the destruction of production facilities and infrastructure. Imports of goods recovered more rapidly than exports due to their lower dependence on sea transportation, a recovery in domestic demand, and a large increase in energy prices. The cancelation of the preferential tax regime and the adjustment of the hryvnia exchange rate somewhat slowed the recovery in imports of goods. However, imports continued to decline (by 17.8% yoy in January–September) much slower than

exports. Moreover, strong migration abroad drove a large increase in travel services imports, which led to a deficit in trade in services (USD 6.1 billion). The financial account recorded an outflow of USD 14.5 billion, generated by the private sector. This was a result of a large increase in FX cash outside banks (USD 8.9 billion) and a rise in nonresidents' debt on trade loans, in particular due to logistical problems. Net inflows to the public sector (USD 6.4 billion) came from the financial assistance of international partners. Due to the large outflows from the financial account, the balance of payments ran a deficit of USD 5.9 billion, while international reserves decreased compared to the start of the year, to USD 23.9 billion as of end-September.

Consumer inflation accelerated rapidly, reaching 24.6% yoy in September 2022. The acceleration of inflation continued to be driven by the fallout from russia's full-scale on Ukraine. This includes supply chain disruptions and destruction of production facilities, which has led to decreased supplies of goods and services, and higher costs for businesses. Another factor was the pass-through effect on prices from the adjustment of the official hryvnia-to-dollar exchange rate in late July. Pressures from global inflationary processes also increased. On the other hand, an increase in inflationary pressures was restrained by the saturation of the domestic fuel market and taxes on fuel remaining low, unchanged utility tariffs, and a large decline in demand.

Foreign exchange interventions, combined with capital movement restrictions, have been the most effective instruments for maintaining macrofinancial stability since the onset of the war. In June the NBU adjusted the hryvnia official exchange rate by 25% and fixed it at a new level. Taking into account the change in the fundamental characteristics of the Ukrainian economy during the war and the strengthening of the U.S. dollar against other currencies, which led to the strengthening of the nominal effective exchange rate of the hryvnia, this step was necessary to raise the competitiveness of Ukrainian producers, harmonize exchange rate conditions for various groups of businesses and households, and support the resilience of the economy during the war. Supporting the exchange rate stability and protecting international reserves require ensuring that yields on hryvnia assets stay attractive. This was facilitated, among other things, by leaving the key policy rate unchanged at 25%.

The banking system's liquidity continued to grow: it reached another record high in Q3 2022 (the average daily balances of correspondent accounts and certificates of deposit exceeded UAH 267 billion, compared UAH 228 billion in Q2 2022).

On 25 February 2022, Moody's confirmed Ukraine's credit rating at B3, while Fitch Ratings and Standard & Poor's downgraded it to CCC/C and B-/B respectively¹. In later rating reviews, Moody's on 4 March 2022 downgraded Ukraine's

¹ For Fitch Ratings and Standard & Poor's, the first and the second value of the FX debt rating refer to ratings for long- and short-term debt respectively. For Moody's, this is the rating of long-term FX debt.

credit rating to Caa2, and Standard & Poor's on 11 March 2022 affirmed the rating at B-/B. In the following reviews held in Q2 2022, sovereign ratings of Ukraine deteriorated further: Standard & Poor's downgraded the rating to CCC+/C on 27 May, and Moody's set the rating at Caa3 on 20 May 2022.

The ratings continued to deteriorate at the start of Q3, in particular on the back of the negotiations on postponing for two years the redemption of sovereign Eurobonds and related interest payments. Standard & Poor's downgraded the credit rating to CC/C on 29 July 2022 and to SD/SD on 12 August. Fitch Ratings revised its rating downward to C/C on 22 July 2022 and to RD/C on 12 August. In August 2022, changes to conditions of issuance and placement of

government financial instruments were successfully agreed with holders of sovereign Eurobonds and government derivatives (GDP warrants). After that, ratings improved slightly: Fitch Ratings on 17 August raised the credit rating for FX debt to CC/C, and Standard & Poor's on 19 August upgraded Ukraine's rating to CCC+/C.

Going forward, Russia's full-scale military aggression may have a mixed effect on the NBU's performance and financial standing. However, the degree of the effect cannot be estimated reliably at this point. The NBU's management is closely monitoring the developments and is taking all necessary actions to mitigate the influence of adverse factors.

Section II.I Financial Instruments

4. Presentation of Financial Instruments by Measurement Categories

In nine months of 2022, the NBU's accounting policy remained unchanged.

depending on the models determined to manage financial assets and cash flow characteristics. The NBU's financial liabilities other than financial derivative instruments are estimated at amortized cost.

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

As of 30 September 2022, financial assets were broken down into measurement categories as follows:

	Assets at fair value through profit or loss	Assets at amortized cost	Total
(in UAH millions)			
Financial assets			
Funds and deposits in foreign currency	–	239,338	239,338
Foreign securities	558,605	–	558,605
SDR holdings	–	46,230	46,230
Domestic securities	453	665,371	665,824
Loans to banks and other borrowers	–	68,792	68,792
Domestic public debt	–	1,468	1,468
IMF quota contributions	–	94,159	94,159
Other financial assets	381	7,558	7,939
Total financial assets	559,439	1,122,916	1,682,355

As of 31 December 2021 financial assets were broken down into measurement categories as follows:

	Assets at fair value through profit or loss	Assets at amortized cost	Total
(in UAH millions)			
Financial assets			
Funds and deposits in foreign currency	33	177,552	177,585
Foreign securities	644,288	–	644,288
SDR holdings	–	510	510
Domestic securities	1,082	322,861	323,943
Loans to banks and other borrowers	–	99,861	99,861
Domestic public debt	–	1,541	1,541
IMF quota contributions	–	76,807	76,807
Other financial assets	278	300	578
Total financial assets	645,681	679,432	1,325,113

Section II.II. Financial assets and liabilities

5. Funds and Deposits in Foreign Currency and Investment Metals

	As of 30 September 2022	As of 31 December 2021
		(in UAH millions)
Financial assets at amortized cost		
Foreign currency cash	16,701	20,677
Demand deposits	71,560	58,631
Overnight deposits placed at the initiative of correspondent bank	70,072	49,200
Term deposits in foreign currency	81,024	49,049
Allowances for expected credit losses on deposits in foreign currency at amortized cost	(19)	(5)
Total financial assets at amortized cost	239,338	177,552
Financial assets at fair value through profit or loss		
Demand deposits for settling futures transactions	–	33
Total financial assets	239,338	177,585
Nonfinancial assets		
Term deposits in gold	4,542	3,694
Total nonfinancial assets	4,542	3,694
Total funds and deposits in foreign currency and investment metals	243,880	181,279

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

The NBU changed the presentation of the overnight deposits placed at the initiative of a correspondent bank in order to enhance the information relevance and understandability. In the note *Funds and Deposits in Foreign Currencies and Investment Metals* of the consolidated financial statements for the year ended on 31 December 2021, such overnight deposits are presented in the item *Term Deposits in Foreign Currencies*. To ensure the consequent presentation of the information for 2021 the respective overnight deposits were transferred from the item *Term Deposits in Foreign Currencies* to the item *Overnight Deposits Placed at the Initiative of Correspondent Bank* of this note. The respective change is applied in note 13.

All funds and deposits in foreign currency are not backed by collateral as of 30 September 2022 and 31 December 2021.

As of 30 September 2022, the gross carrying value of demand deposits was UAH 71,560 million and it changed mostly due to increase in balances on nonresident bank accounts (as of 31 December 2021 it was UAH 58,631 million). In nine months of 2022 and 2021, all demand deposits were at stage 1 for assessing expected credit losses. In nine months of 2022 and 2021, the NBU did not recognize any allowances for expected credit losses on demand accounts.

As of 30 September 2022, the gross carrying value of the overnight deposits placed at the initiative of a correspondent

bank was UAH 70,072 million and it changed mostly due to increase in amounts of those deposits (as of 31 December 2021 it was UAH 49,200 million). In nine months of 2022 and 2021, all overnight deposits placed at the initiative of a correspondent bank were at stage 1 for assessing expected credit losses. In nine months of 2022 and 2021, the NBU did not make allowances for expected credit losses on overnight deposits placed at the initiative of a correspondent bank.

As of 30 September 2022, the gross carrying value of term deposits in foreign currency was UAH 81,024 million, allowances for expected credit losses were UAH 19 million (as of 31 December 2021, the gross carrying value of term deposits was UAH 49,049 million, and allowances for expected credit losses were UAH 5 million). In nine months of 2022 and 2021, all term deposits in foreign currency were at stage 1 for assessing expected credit losses. The changes in gross carrying amount were caused by the term deposits placing and changes in allowances were due to the release of allowances against returned deposits and provisioning for of newly placed deposits.

As of 30 September 2022 the NBU had no demand deposits at fair value through profit or loss (as of 31 December 2021 the sum of demand deposits at fair value through profit or loss included funds of UAH 33 million for settling futures transactions under the Investment Management and Consulting Services Agreements between the IBRD and the NBU that were estimated at fair value and included in FX funds and deposits).

Since October 2013 the NBU has carried out transactions with futures for the purposes of regulating the interest rate

risk under an Investment Management and Consulting Services Agreement between the NBU and the International Bank for Reconstruction and Development.

As of 30 September 2022, the NBU had no futures contracts (as of 31 December 2021 the NBU had 38 long stock-

exchange interest futures contracts of UAH 258 million or USD 9 million in notional value, maturing in March 2022, and 1,593 short stock-exchange interest futures contracts of UAH 10,714 million or USD 393 million in notional value, maturing between June 2022 and September 2026).

6. Foreign Securities

As of 30 September 2022, foreign securities were comprised of the following:

	Government bonds	Securities issued by international agencies, banks and other issuers	Total
(in UAH millions)			
Foreign securities at fair value through profit or loss:			
Debt securities by issuers:			
securities issued by U.S. issuers:			
denominated in USD	422,181	–	422,181
securities issued by EU issuers:			
denominated in USD	2,019	13,011	15,030
denominated in EUR	–	884	884
denominated in GBP	–	798	798
securities issued by other issuers:			
denominated in USD	1,841	96,266	98,107
denominated in EUR	–	4,976	4,976
denominated in AUD	776	378	1,154
denominated in GBP	2,499	–	2,499
denominated in Chinese renminbi	–	8,946	8,946
denominated in JPY	379	3,531	3,910
Total debt securities	429,695	128,790	558,485
Equity instruments:			
shares of the Black Sea Trade and Development Bank	–	120	120
investment in the Interstate Bank	–	–	–
Total equity instruments	–	120	120
Total foreign securities at fair value through profit or loss	429,695	128,910	558,605

In line with NBU Board Decision No. 108 On Assessing the Investment of the National Bank of Ukraine Into the Authorized Capital dated 3 March 2022, the absence of probability to gain economic benefits from the NBU's investment into the equity instruments of the Interstate Bank was established as a criterion for derecognition of such investment as an asset. Losses in amount of UAH 1 million were reflected in *Results from transactions with financial*

instruments at fair value through profit or loss of the Interim concise consolidated statement of profit/loss and other comprehensive income (Note 16).

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

As of 31 December 2021, foreign securities were comprised of the following:

	Government bonds	Securities issued by international agencies, banks and other issuers	Total
(in UAH millions)			
Foreign securities at fair value through profit or loss:			
Debt securities by issuers:			
securities issued by U.S. issuers:			
denominated in USD	462,574	299	462,873
denominated in GBP	–	844	844
securities issued by EU issuers:			
denominated in USD	2,337	21,679	24,016
denominated in EUR	–	10,218	10,218
denominated in GBP	–	2,029	2,029
securities issued by other issuers:			
denominated in USD	3,178	85,487	88,665
denominated in EUR	1,546	21,877	23,423
denominated in AUD	665	297	962
denominated in GBP	3,555	2,830	6,385
denominated in Chinese renminbi	–	14,687	14,687
denominated in JPY	355	9,710	10,065
Total debt securities	474,210	169,957	644,167
Equity instruments:			
shares of the Black Sea Trade and Development Bank	–	120	120
investment in the Interstate Bank	–	1	1
Total equity instruments	–	121	121
Total foreign securities at fair value through profit or loss	474,210	170,078	644,288

Information about the nominal value, coupon rate and maturities of foreign debt securities as of 30 September 2022 is presented in the table below:

	Total nominal value in foreign currency, 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	11,670	426,745	0–2.875	Every 6 months, without coupon payments	From 15 days to 1 year
securities issued by EU issuers:					
denominated in USD	55	2,026	0.125–0.625	Every 6 months, once a year	From 14 days up to 7 months
securities issued by other issuers:					
denominated in USD	50	1,828	2.125	Every 6 months	1.1 months
denominated in AUD	32	759	2.25–5.5	Every 6 months	From 1.7 months to 6.8 months
denominated in GBP	64	2,524	0.125	Every 6 months	4.1 months
denominated in JPY	1,500	379	0.02	Every 6 months	2.7 years
Bonds issued by international agencies, banks and other issuers:					
securities issued by EU issuers:					
denominated in USD	356	13,000	0-3.864	Quarterly, every 6 months, once a year, without coupon payments	From 17 days to 1.4 years
denominated in EUR	25	889	1.416	Quarterly	5.3 months
denominated in GBP	20	795	1.00	Once a year	2.5 months
securities issued by other issuers:					
denominated in USD	2,644	96,690	0–4.28143	Quarterly, every 6 months, once a year, without coupon payments	From 5 days to 2.5 years
denominated in EUR	140	4,979	0	Without coupon payment	From 1.6 months to 1.9 months
denominated in AUD	16	380	0	Without coupon payment	2.3 months
denominated in Chinese renminbi	1,752	8,987	0–3.4	Every 6 months, once a year, without coupon payments	From 1.5 months to 2.9 years
denominated in JPY	14,000	3,538	0–0.295	Every 6 months, without coupon payments	1.3 months to 2.1 years

Information about the nominal value, coupon rate and maturities of foreign debt securities as of 31 December 2021 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	16,800	458,264	0–2.5	Every 6 months, without coupon payments	From 15 days to 1.1 years
securities issued by EU issuers:					
denominated in USD	85	2,319	0.125–1.875	Every 6 months, once a year	From 6.9 months to 9.6 months
securities issued by other issuers:					
denominated in USD	115	3,137	2.125–2.625	Every 6 months	From 25 days to 10.2 months
denominated in EUR	50	1,546	0.125	Once a year	4.9 years
denominated in AUD	33	650	0.25–5.75	Every 6 months	From 6.5 months to 2.9 years
denominated in GBP	97	3,581	0.125–0.75	Every 6 months	From 6.8 months to 2.1 years
denominated in JPY	1,500	355	0.02	Every 6 months	3.5 years
Bonds issued by international agencies, banks and other issuers:					
securities issued by U.S. issuers:					
denominated in USD	11	303	0.625–0.75	Once a year	From 4.1 months to 4.1 years
denominated in GBP	24	884	0.25	Once a year	5.7 years
securities issued by EU issuers:					
denominated in USD	792	21,600	0–2.75	Quarterly, every 6 months, once a year, without coupon payments	From 18 days to 4.8 years
denominated in EUR	330	10,204	0–0.5	Quarterly, once a year, without coupon payments	From 2.4 months to 6.9 years
denominated in GBP	55	2,026	0–1	Once a year, without coupon payments	From 1.2 months to 11.6 months
securities issued by other issuers:					
denominated in USD	3,133	85,460	0–3.25	Quarterly, every 6 months, once a year, without coupon payments	From 11 days to 4.8 years
denominated in EUR	704	21,770	0–0.75	Quarterly, once a year	From 24 days to 6.7 years
denominated in AUD	15	297	0	Without coupon payment	5 months
denominated in GBP	77	2,837	0–0.375	Once a year, without coupon payments	From 12 days to 1.6 years
denominated in Chinese renminbi	3,459	14,804	0–3.4	Every 6 months, once a year, without coupon payments	From 1.5 months to 3.6 years
denominated in JPY	41,000	9,713	0–0.295	Every 6 months, without coupon payments	From 4.8 months to 2.8 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 2022 and the same period in 2021 were as follows:

	Note	2022	2021
			(in UAH millions)
Balance of SDR holdings as of 1 January		510	128
Proceeds from the IMF:			
in favor of the government of Ukraine (hereinafter the government)		41,263	–
Proceeds (other)			
in favor of the government		66,256	–
Proceeds from the SDR allocation		–	72,816
Purchase of SDRs		25,326	40,949
Other proceeds and payments		26	486
Loan repayment:			
on behalf of the NBU	7.3	(44,361)	(22,928)
on behalf of the government		(14,161)	(12,409)
Payment of loan-related fees and commissions		(206)	(62)
Conversion of SDRs to other foreign currencies:			
in favor of the NBU		(30,484)	–
in favor of the government		–	(37,941)
Payment of interest for the use of IMF loans:			
on behalf of the NBU		(3,346)	(3,350)
on behalf of the government		(3,282)	(2,127)
Payment of interest for the use of funds received under SDR allocation:			
on behalf of the NBU		(13)	(2)
on behalf of the government		(421)	(24)
Other payments		(1)	(1)
Income on SDR holdings		302	3
Exchange rate differences		8,822	(202)
Balance of SDR holdings as of 30 September		46,230	35,336

In the first nine months of 2022 and the same period in 2021, the NBU received no funds from the IMF.

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 the form of grants and loans. In nine months of 2022, SDRs in 1,641 million or UAH 66,256 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 and credited to the account of the State Treasury Service of Ukraine.

In June 2021, SDRs in 12.53 million or UAH 486 million were credited to the SDR holding account at the official UAH/SDR exchange rate on the transaction date, based on a decision by the IMF Executive Board. The proceeds were recognized

as the NBU's income and included into the item *Other income* of the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

The IMF, pursuant to the decision of the IMF's Board of Governors, approved the general SDR allocation to support liquidity in the global economic system by replenishing the currency reserves of IMF member states. In August 2021, funds were credited to the SDR holding account in the amount of SDR 1,928 million (UAH 72,816 million at the official exchange rate at the transaction date) under the general SDR allocation. In September 2021, a part of the amount (SDR 1,000 million or UAH 37,941 million at the official exchange rate at the transaction date) was converted into US dollars and euros and credited to the accounts of the State Treasury Service of Ukraine.

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 2022, Ukraine's total quota in the IMF amounted to SDR 2,012 million (UAH 94,159 million at the official UAH/SDR exchange rate as of the end of the reporting

period) (as of 31 December 2021, it was SDR 2,012 million, or UAH 76,807 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 part of a country's currency reserves.

As of 30 September 2022, the reserve position of Ukraine in the IMF amounted to SDR 241,031 (UAH 11 million at the official UAH/SDR exchange rate as of the end of the reporting period) (as of 31 December 2021, it was SDR 241,031, or UAH 9 million at the year-end official UAH/SDR exchange rate).

7.3. Liabilities to the IMF

	As of 30 September 2022	As of 31 December 2021
		(in UAH millions)
Liabilities to the IMF for SDR purchases	140,549	153,455
Liabilities to the IMF for SDR allocations	3,822	3,112
IMF account No. 2	4	3
Liabilities to the IMF apart from quota contributions	144,375	156,570
Liabilities to the IMF with respect to quota contributions	93,912	76,605
IMF account No. 1	236	193
Liabilities to the IMF to pay quota contributions	94,148	76,798
Total liabilities to the IMF	238,523	233,368

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 2022 and in 2021, 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 to pay quota contributions represent liabilities for quota settlement. In nine months of 2022 and in

2021, there were no changes in liabilities on quota contributions related to the IMF's administrative disbursements in hryvnia.

In nine months of 2022 and 2021, there were no changes to the size of the quota (Note 7.2).

During nine months of 2022, liabilities 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 to the IMF [during nine months of 2021, repayments of liabilities to the IMF worth SDR 588 million (UAH 22,928 million at the official exchange rate at the transaction date, or UAH 22,559 million at the annual exchange rate of the IMF) were repaid] (Note 7.1).

8. Domestic Securities

	As of 30 September 2022	As of 31 December 2021
		(in UAH millions)
Securities at fair value through profit or loss:		
in foreign currencies:		
government derivatives denominated in US dollars	453	1,082
Total securities at fair value through profit or loss	453	1,082
Debt securities at amortized cost:		
in domestic currency:		
domestic government debt securities (except for long-term inflationary bonds)	494,794	171,759
long-term inflationary domestic government bonds	170,577	151,102
Total debt securities at amortized cost	665,371	322,861
Total domestic securities	665,824	323,943

Under the Law of Ukraine On the National Bank of Ukraine, the NBU performs transactions with domestic securities on the secondary market.

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, Article 54 of the Law of Ukraine *On the National Bank of Ukraine*, which forbids the NBU from granting loans to the state was suspended from 7 March 2022 for the duration of martial law in Ukraine.

Therefore, the NBU in March-September purchased from the issuer war domestic government bonds (hereinafter referred

to as the war domestic government debt securities) with the total nominal value of UAH 315,000 million, issued pursuant to Resolution No. 156 of the Cabinet of Ministers of Ukraine *On Issuing War Bonds* dated 25 February 2022. War domestic government debt securities are issued by the Ministry of Finance of Ukraine and have the nominal value of UAH 1,000 each.

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 the nominal value, yield to maturity, coupon income, and maturities of domestic securities as of 30 September 2022 is presented in the table below:

	Total nominal value and notional value in the UAH equivalent, UAH millions	Total nominal 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 17.7 years
Debt securities at amortized cost:						
in domestic currency:						
domestic government debt securities (except for long-term inflationary bonds)	474,558	–	5.92–21.14	8.12–25.00	Once a year, every 6 months	From 1.8 months to 29.6 years
long-term inflationary domestic government bonds	145,173	–	6.59–12.92	26.50–28.90	Once a year	From 13.6 years to 25.1 years

Information on the nominal value, yield to maturity, coupon income, and maturities of domestic securities as of 31 December 2021 is presented in the table below:

	Total nominal value and notional value in the UAH equivalent, UAH millions	Total nominal 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	1,196	44	–	–	–	Up to 18.4 years
Debt securities at amortized cost:						
in domestic currency:						
domestic government debt securities (except for long-term inflationary bonds)	167,579	–	9.67–13.10	8.12–17.25	Every 6 months	From 0.2 months to 13.9 years
long-term inflationary domestic government bonds	145,173	–	6.97–9.39	9.9–12.4	Once a year	From 14.4 years to 25.9 years

In nine months of 2022 and 2021, all government securities were at stage 1. During the first nine months of 2022 and 2021, 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 2022	As of 31 December 2021
	(in UAH millions)	
Loans granted to banks to support their liquidity:		
for stabilizing banking activities	37,934	38,955
through tenders conducted by the NBU:		
long-term	47,823	88,852
short-term	17,972	6,578
overnight	345	470
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)	36	36
Other	2	2
Provisions for expected credit losses on loans to banks and other borrowers	(35,330)	(35,042)
Total loans to banks and other borrowers	68,792	99,861

During the first nine months of 2022, the NBU supported the liquidity of banks by establishing a standing refinancing line (overnight loans), refinancing banks for a period from 14 up to 90 days and from one to five years by holding tenders (during 2021–, the NBU supported the liquidity of banks by establishing a standing refinancing line (overnight loans), refinancing banks for a period from 14 up to 90 days and from one to five years 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 2022 and 31 December 2021. 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 law), 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 (US 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 2022 and 31 December 2021. The NBU has not granted stabilization loans since 2017. Instead of stabilization loans,

the NBU may issue to banks loans for emergency liquidity assistance, but no such loans have been issued yet.

As of 30 September 2022, the gross carrying value of loans to banks was UAH 37,934 million, provisions for expected loan losses under stabilization loans were UAH 33,912 million (as of 31 December 2021, the gross carrying value of stabilization loans to banks was UAH 38,955 million, and provisions for expected credit losses were UAH 34,688 million).

As of 30 September 2022, the gross carrying value of loans to banks provided through tenders conducted by the NBU was UAH 65,795 million, the provisions for expected loan losses under loans provided through tenders conducted by the NBU were UAH 1370 million (as of 31 December 2021, the gross carrying value of loans to bank provided through tenders conducted by the NBU was UAH 95,430 million, and provisions for expected credit losses were UAH 306 million).

As of 30 September 2022 and 31 December 2021, 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 2022 and 31 December 2021, 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 38 million, the provisions for expected credit losses were UAH 38 million.

The estimated fair value of loans to banks and other borrowers is presented in Note 18.

Loan commitments

As of 30 September 2022, the NBU had commitments for granting loans to the Deposit Guarantee Fund under an open revolving credit line totaling UAH 3,000 million (as of 31 December 2021, the NBU had no commitments for granting loans to banks) (Note 23).

10. Accounts of Banks

	As of 30 September 2022	As of 31 December 2021
		(in UAH millions)
Correspondent accounts:		
in domestic currency	63,536	34,843
in foreign currency	7	–
Accounts of banks on special use terms:		
in domestic currency	4,911	1,644
in foreign currency	13,925	148
Funds placed to ensure the repayment of the debts of banks to the NBU:		
in foreign currency	6,059	20,501
Bank funds to ensure execution liabilities to the NBU:		
in domestic currency	8	–
in foreign currency	52	–
Total accounts of banks	88,498	57,136

As of 30 September 2022 and 31 December 2021, no interest was accrued on the balances of correspondent accounts.

Accounts of banks on special-use terms as of 30 September 2022 and 31 December 2021 included accounts for liquidation committees of banks to make settlements in the process of a bank's liquidation, and the accounts opened for other purposes specified by the laws of Ukraine and the NBU's regulations.

Funds of banks used to ensure discharge of liabilities to the NBU as of 30 September 2022 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 have been pledged (as of 31 December 2021 – no transactions were conducted).

11. Accounts of Government and Other Institutions

	As of 30 September 2022	As of 31 December 2021
		(in UAH millions)
Funds of budgets and budget entities:		
in domestic currency	10,317	15,672
in foreign currency	83,875	38,638
Deposit Guarantee Fund:		
in domestic currency	7,442	675
Other:		
in domestic currency	496	54
in foreign currency	239	94
Total accounts of government and other institutions	102,369	55,133

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

except for the accounts of the Deposit Guarantee Fund, which set the interest rate of 4.00% as of 30 September 2022 (31 December 2021: 4.80%).

In accordance with the Law of *Ukraine On the National Bank of Ukraine*, all budget accounts are non-interest-bearing,

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 non-documentary form evidencing the placement of banks' funds with the NBU and the right of banks to receive on their maturity the funds 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.

	As of 30 September 2022	As of 31 December 2021
		(in UAH millions)
Certificates of deposit at amortized cost:		
overnight certificates of deposit	257,720	112,147
certificates of deposit with maturities up to 100 days	–	100,779
Total amount of certificates of deposit at amortized cost	257,720	212,926

As of 30 September 2022 and 31 December 2021, 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 2022 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.	Period of placement, calendar days	Frequency of interest payments
Certificates of deposit at amortized cost					
overnight certificates of deposit	257,558	23.00	23.00	1	one time during repayment
certificates of deposit with maturities up to 100 days	–	–	–	–	–

Information on the nominal value, weighted average loss, interest rate, and period of placement as of 31 December 2021 is presented in the table below:

	Total nominal value of certificates of deposit, in UAH millions	Average weighted loss, % p.a.	Interest rate, % p.a.	Period of placement, calendar days	Frequency of interest payments
Certificates of deposit at amortized cost					
overnight certificates of deposit	112,122	8.00	8.00	4	one time during repayment
certificates of deposit with maturities up to 100 days	100,677	9.00	9.00	15	one time during repayment

13. Cash and Cash Equivalents

	Note	As of 30 September 2022	As of 31 December 2021
(in UAH millions)			
Foreign currency cash	5	16,701	20,677
Demand deposits		71,583	58,661
Overnight deposits placed at the initiative of the correspondent bank		70,072	49,200
Short-term deposits with maturities of up to three months (other than deposits in gold)	5	80,930	49,041
SDR holdings	7.1	46,068	508
Total cash and cash equivalents		285,354	178,087

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

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

In March 2022, the NBU returned a loan received from the Swiss National Bank in the amount of USD 100 million (UAH 2,925 million at the official exchange rate on the date of payment).

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 2021:

	Notes	As of 1 January 2021	Issue/raised/(repayment) of liabilities	Interest expenses paid	Changes in exchange rates	Interest expenses accrued	Other	As of 30 September 2021
(in UAH millions)								
Banknotes and coins issued in circulation		558,694	33,718	–	–	–	–	592,412
Repayment of liabilities to the IMF	7.1, 7.3	275,388	11,947	(3,352)	(21,146)	3,208	(132)	265,913
Repayment of certificates of deposit issued by the NBU	12	163,485	(19,183)	(7,311)	–	7,508	–	144,499

Section II.III. Financial Performance by Financial Instruments

14. Interest Income and Expenses

	For the period ended 30 September 2022		For the period ended 30 September 2021	
	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	25,197	59,044	5,775	27,196
Income on loans to banks	5,218	12,133	1,957	4,755
Income on accounts and deposits in foreign currencies	1,090	1,291	26	66
Income on SDR holdings	237	302	3	3
Income on domestic public debt	31	95	34	102
Other	–	1	4	11
Total interest income at the effective interest rate	31,773	72,866	7,799	32,133
Interest expenses				
Expenses on certificates of deposit issued by the NBU	(11,903)	(20,961)	(2,791)	(7,508)
Expenses on operations with the IMF	(1,589)	(3,714)	(1,035)	(3,315)
Expenses on Deposit Guarantee Fund accounts	(81)	(149)	(23)	(55)
Expenses on borrowings received	–	(15)	(21)	(64)
Total interest expenses at the effective interest rate	(13,573)	(24,839)	(3,870)	(10,942)
Interest expenses on demand deposits and term deposits with a negative interest rate	–	(47)	(36)	(68)
Net interest income	18,200	47,980	3,893	21,123

Other interest income includes interest income on loans to employees.

In the first nine months of 2022, income on domestic securities included interest income on inflation-indexed

domestic government securities at amortized cost, specifically UAH 9,015 million in Q3 2022, UAH 31,016 million on a cumulative basis from the beginning of 2022 (UAH 1,193 million in Q3 2021, UAH 13,086 million on a cumulative basis from the beginning of 2021).

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

	For the period ended 30 September 2022		For the period ended 30 September 2021	
	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/(losses) on operations with financial assets and liabilities in foreign currency and monetary gold	113,807	131,758	(12,628)	(38,305)
Realized result on transactions with financial assets and liabilities in foreign currency and monetary gold	5,091	35,961	–	143
Total results on operations with financial assets and liabilities in foreign currency and monetary gold	118,898	167,719	(12,628)	(38,162)

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

	For the period ended 30 September 2022		For the period ended 30 September 2021	
	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	1,071	4,405	1,700	5,545
Unrealized results on foreign securities at fair value through gains or losses	1,251	(1,255)	276	(4,797)
Realized results on foreign securities measured at fair value through profit or loss (previously unrealized results of the current period that were realized)	(760)	(3,535)	(1,250)	(1,550)
Total gains or losses from foreign securities at fair value through profit or loss	1,562	(385)	726	(802)
Derivative financial instruments				
Unrealized gains or losses from derivative financial instruments	737	(3,727)	(148)	(1,242)
Realized gains or losses from derivative financial instruments (previously unrealized gains or losses of the current period that were realized)	(576)	(585)	55	175
Total amount of gains or losses from derivative financial instruments	161	(4,312)	(93)	(1,067)
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 results on transactions with financial instruments at fair value after revaluation in profit or loss	1,723	(4,698)	633	(1,869)

In the first nine months of 2022, interest received on foreign securities included in the net decrease in foreign securities in the Interim Concise Consolidated Cash Flow Statement amounted to UAH 6,038 million (UAH 5,680 million in the first nine months of 2021).

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 2022		For the period ended 30 September 2021	
	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)			
Losses on the impairment of deposits in foreign currency at amortized cost	(15)	(18)	–	(2)
Gains on the reversal of impairment on debt securities of other government institutions at amortized cost	–	37	–	14
Impairment losses on loans to banks and other borrowers	(837)	(810)	(294)	(352)
(Losses)/gains on (impairment)/reversal of impairment of loans to employees	–	(2)	1	1
Impairment losses on interest-bearing financial assets	(852)	(793)	(293)	(339)
Impairment losses from receivables	(6)	(3)	–	–
(Losses)/gains on (impairment)/reversal of impairment of other nonfinancial assets	(9)	(9)	1	(2)
(Losses)/gains on (impairment)/reversal of impairment of other assets	(15)	(12)	1	(2)

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 interim concise 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 fair value levels specified below, on the basis of the lowest level inputs, which are substantial for fair value measurement in general:

- Level 1 – quoted prices of the similar assets or liabilities on active markets (without any adjustment)
- Level 2 - evaluation models in which the inputs substantial for fair valuation in general and belonging to the lowest hierarchal level are directly or indirectly observable in the market
- Level 3 - evaluation models in which the inputs substantial for fair valuation in general and belonging to the lowest hierarchal level are not observable in the market.

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 Ukraine's financial market, the estimated fair value may not always reflect the value that could be realized by the NBU in the current circumstances.

Financial Assets and Liabilities Carried at Fair Value

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

The fair value of these securities 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 such derivative financial instruments as futures and 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 so on.

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, loans received, 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, including the actual consumer price indices calculated month-on-month over the period from July 2021 to May 2022, and Level 3 inputs (the June 2022 FOCUSECONOMICS consensus forecast of consumer price indices for 2022–2026 and target consumer price indices established by the NBU for the period from 2022 to 2047)

for other government securities of Ukraine - Level 2 inputs.

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

As of 30 September 2022 and as of 31 December 2021, the NBU applied the market rate (the NBU's key policy rate plus 1% for overnight loans and the NBU's key policy rate for other refinancing loans) 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 2022	31 December 2021
	Discount rate, in % per annum	Discount rate, in % per annum
Domestic securities in domestic currency:		
domestic government debt securities (except for long-term inflation-indexed bonds)	5.92 – 21.14	9.67–13.10
long-term inflation-indexed domestic government bonds	6.59 – 12.92	6.97 – 9.39
Domestic public debt in domestic currency (1994–1996)	27.00	9.92
Loans to banks and other borrowers in domestic currency:		
overnight	26.00	10.00
other	25.00	9.00

The following table summarizes the carrying amounts and measured fair values of the financial assets that do not appear in the NBU's consolidated statement of financial position at their fair value:

	30 September 2022		31 December 2021	
	Carrying amount	Fair value	Carrying value	Fair value
	(UAH millions)			
Domestic securities in domestic currency:				
domestic government debt securities	665,371	630,527	322,861	296,271
Domestic public debt	1,468	765	1,541	1,451
Loans to banks and other borrowers	68,792	71,785	99,861	100,987

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 2022			31 December 2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	(UAH millions)					
Assets measured at fair value						
Funds and deposits in foreign currency (futures)	–	–	–	33	–	–
Foreign securities carried at fair value	449,174	98,030	11,401	498,539	128,800	16,949
Domestic securities carried at fair value:						
government derivatives	453	–	–	1,082	–	–
Other financial assets at fair value:						
currency swap	–	376	–	–	273	–
Assets for which fair value is disclosed						
Domestic securities in domestic currency:						
domestic government debt securities	–	458,609	171,918	–	161,952	134,319
Domestic public debt	–	–	765	–	–	1,451
Loans to banks and other borrowers	–	–	71,785	–	–	100,987
Liabilities measured at fair value						
Other financial liabilities at fair value:						
interest rate swap	–	4,827	–	–	1,105	–

Over the first nine months of 2022, there were no material transfers of financial instruments between Levels 1 and 2 of the fair value hierarchy. Over the first nine months of 2022, there were no 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 31 December 2020	24,999
Income/(expense) recognized during the reporting period as part of profit or loss, including:	(1,916)
unrealized gains/(losses) from revaluation of financial instruments to their fair value	33
unrealized gain/(loss) from revaluation due to change in the official exchange rate of the hryvnia against foreign currencies	(762)
Purchases of foreign securities	10,699
Redemptions of foreign securities	(18,208)
Foreign securities as of 30 September 2021	15,574
Foreign securities as of 31 December 2021	16,949
Income/(expense) recognized during the reporting period as part of profit or loss, including:	1,214
unrealized gains/(losses) from revaluation of financial instruments to their fair value	21
unrealized gain/(loss) from revaluation due to change in the official exchange rate of the hryvnia against foreign currencies	950
Purchases of foreign securities	6,909
Redemptions of foreign securities	(13,671)
Foreign securities as of 30 September 2022	11,401

Income and expenses from change in the fair value of foreign securities measured as of the reporting date and assigned to 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 0.15 as of 30 September 2022 (0.45 as of 31 December 2021). An increase in the yield rates used to determine the fair value of these financial assets as of 30 September 2022 (Level 3 inputs) by 1 basis point would decrease the fair value of the relevant assets by UAH 17 million (by UAH 76 million as of 31 December 2021), while a decrease in these yield rates by 1 basis point would increase the fair value of these assets by UAH 17 million (UAH 76 million as of 31 December 2021).

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 2022, the total amount of capital managed by the NBU was UAH 373,992 million (UAH 166,877 million as of 31 December 2021). No requirements are set for the NBU's equity, except for the amount of authorized capital established by the Law of Ukraine *On the National Bank of Ukraine*.

Statutory 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 that in 2021 amounted to UAH 804,893 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 (since 1 July 2021). 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 (since 1 July 2021).

Revaluation Reserves for Assets and Liabilities

In accordance with 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 as well as unrealized gains from revaluation of securities and derivative financial instruments in connection with their revaluation to fair value, and unrealized gains or losses from revaluation of investment metals due to changes in the accounting price of investment 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, 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, derivative financial instruments, and investment metals that are disposed of is included into the distributable profit in the corresponding reporting periods.

As of 30 September 2022 and 31 December 2021, the equity of the NBU consisted of the following components:

	As of 30 September 2022	As of 31 December 2021
	(in UAH millions)	
Statutory capital	100	100
General reserves	80,489	67,691
Retained earnings	207,417	12,803
Reserve capital	32	36
Revaluation reserves of foreign currency and monetary gold	83,856	83,856
Revaluation reserves of investment metals	1,098	613
Revaluation reserves of financial instruments to their fair value	1,000	1,778
Total equity	373,992	166,877

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

Accounting Policy

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. The total amount transferred by the NBU

to the State Budget of Ukraine in 2022 amounted to UAH 18,786 million (UAH 24,434 million in 2021).

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).

The NBU's forecast for distributable profit in 2022 is UAH 91.2 billion. The estimated share of 2022 distributable profit that will be transferred to Ukraine's State Budget in 2023 is UAH 71.9 billion. The final amount of distributable profit that the NBU will transfer to the State Budget in 2023 will depend on actual macroeconomic performance in 2022, and will be determined after confirmation by an external auditor and approval by the NBU Council of the NBU's annual financial statements for the respective years.

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

21. Staff Costs

	For the period ended 30 September 2022		For the period ended 30 September 2021	
	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 million)			
Payroll of staff	596	1,925	491	1,425
Single contribution for mandatory state social security and contributions to nonstate pension funds	126	406	109	322
Financial assistance and other social benefits	3	8	2	7
Other	5	13	5	14
Total staff costs	730	2,352	607	1,768

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 2022		For the period ended 30 September 2021	
	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 million)			
Banknote Printing and Minting Works' expenses not included in production cost	88	405	82	242
Depreciation and amortization	63	190	56	164
Utilities and household expenses	66	159	31	102
Expenses for maintenance of noncurrent tangible and intangible assets	43	110	38	113
Business trips	16	78	4	8
Contributions to the NBU's Labor Union	8	24	2	7
Telecommunication services and maintenance	9	23	9	20
Payments to NBU Council members	6	18	6	14
Cost of sewage facility services	13	16	4	12
Taxes, duties, and charges	4	14	5	21
Financial assistance and other social benefits to pensioners of the NBU	2	7	2	7
Audit expenses	5	5	1	6
Consulting and legal services	2	5	2	5
Expenses on software maintenance	1	3	–	2
Problem assets expenses	1	2	45	80
Repayments to banks of the earlier paid fines	2	2	–	4
Loss on disposal of property, plant and equipment, and intangible assets	–	–	–	7
Other	3	13	7	30
Total administrative and other expenses	332	1,074	294	844

Depreciation and amortization charges over nine months of 2022 exclude depreciation worth UAH 128 million (nine months of 2021: UAH 132 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 other operational expenses related to cash processing, expenses on purchase of stationary, etc.

Section V. Other Notes

23. Related Party Transactions

Terms and Conditions of Related Party Transactions

For the purposes of these interim concise consolidated financial statements, parties are considered to be related if they 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 managerial

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 2022 and 31 December 2021 are presented in the table below:

	Note	As of 30 September 2022			As of 31 December 2021		
		Government and state-controlled entities	Associated companies	Other related parties	Government and state-controlled entities	Associated companies	Other related parties
							(UAH millions)
Domestic securities	8	665,824	–	–	323,943	–	–
Loans to banks and other borrowers		36,577	–	–	37,277	–	–
Loss allowances for loans to banks and other borrowers		(3,007)	–	–	(3,664)	–	–
Domestic public debt		1,468	–	–	1,541	–	–
Other assets		7,504	36	–	35	34	–
Accounts of banks		26,730	–	–	25,206	–	–
Accounts of government and other institutions	11	94,895	9	4	54,432	3	7
Accounts of the Deposit Guarantee Fund	11	7,442	–	–	675	–	–
Liabilities to transfer distributable profit to the State Budget of Ukraine	20	–	–	–	18,786	–	–
Certificates of deposit issued by the NBU		68,843	–	–	67,724	–	–
Other liabilities		2,974	–	–	595	–	–

Other related party transactions include the account balances 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 2022 bore an interest rate of 25.00% (9.00% as of 31 December 2021)

as of 30 September 2022, the NBU had commitments for granting loans to the Deposit Guarantee Fund under an open revolving credit line totaling UAH 3,000 million (as of 31 December 2021, the NBU had no commitments for granting those loans) (Note 9)

the accounts of the government and other institutions as of 30 September 2022 and 31 December 2021 were noninterest-bearing (Note 11)

the accounts of the Deposit Guarantee Fund bore interest rates of 4.00% as of 30 September 2022 (31 December 2021: 4.80%) (Note 11)

the balances of required reserves 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 2022 and 31 December 2021 (Note 10).

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 2022			For the period ended 30 September 2021		
	Government and state- controlled entities	Associated companies	Other related parties	Government and state- controlled entities	Associated companies	Other related parties
	(UAH millions)					
Interest income	63,770	–	–	28,724	–	–
Interest expenses	(5,241)	–	–	(2,647)	–	–
Fee and commission income	143	–	–	146	–	–
Other income and results	(2,042)	4	–	(281)	5	–
Staff costs	–	–	(47)	–	–	(37)
Other expenses	(104)	–	(47)	(193)	–	(36)
Gains on reversal of impairment	685	–	–	109	–	–

Other income and results include gains or losses on related party transactions with financial instruments at fair value through profit or loss.

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 2022, the short-term benefits (salary and social security tax) of key management personnel were UAH 46.58 million, including remuneration to members of the NBU Council of UAH 17.67 million (in the first nine months of 2021, the short-term benefits of key management personnel were UAH 37.42 million, including remuneration to members of the NBU Council of UAH 14.32 million). As of 30 September 2022 and 30 September 2021, 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):

	Notes	As of 30 September 2022			As of 31 December 2021		
		Current	Noncurrent	Total	Current	Noncurrent	Total
(in UAH millions)							
Assets							
Funds and deposits in foreign currency and investment metals	5	243,880	–	243,880	181,279	–	181,279
Foreign securities	6	558,485	120	558,605	644,167	121	644,288
SDR holdings	7.1	46,230	–	46,230	510	–	510
Monetary gold		–	47,769	47,769	–	38,800	38,800
Domestic securities	8	59,640	606,184	665,824	21,077	302,866	323,943
Loans to banks and other borrowers	9	22,804	45,988	68,792	11,440	88,421	99,861
Domestic public debt		110	1,358	1,468	110	1,431	1,541
IMF quota contributions	7.2	–	94,159	94,159	–	76,807	76,807
Property and equipment and intangible assets		–	4,136	4,136	–	4,343	4,343
Other assets		10,708	2,753	13,461	3,192	2,333	5,525
Total assets		941,857	802,467	1,744,324	861,775	515,122	1,376,897
Liabilities							
Banknotes and coins in circulation		676,844	215	677,059	627,604	215	627,819
Accounts of banks	10	88,498	–	88,498	57,136	–	57,136
Accounts of government and other institutions	11	102,369	–	102,369	55,133	–	55,133
Liabilities to transfer distributable profit to the State Budget of Ukraine	20	–	–	–	18,786	–	18,786
Certificates of deposit issued by the NBU	12	257,720	–	257,720	212,926	–	212,926
Borrowings received		–	–	–	2,728	–	2,728
Liabilities to the IMF, apart from IMF quota contributions	7.3	61,415	82,960	144,375	49,842	106,728	156,570
Liabilities to the IMF with respect to quota settlement	7.3	94,148	–	94,148	76,798	–	76,798
Other liabilities		2,437	3,683	6,120	1,012	1,068	2,080
Total liabilities		1,283,431	86,858	1,370,289	1,101,965	108,011	1,209,976

25. Events That Followed the Reporting Date

In October 2022, liabilities to the IMF worth SDR 61 million (UAH 2,879 million at the official exchange rate at the transaction date, or UAH 2,406 million at the annual exchange rate of the IMF) were repaid.

Throughout the period from 1 October 2022 to the date these interim concise consolidated financial statements were signed, the NBU purchased war bonds to the total amount of UAH 40 billion by face value.

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 2022 and did not have any significant influence on the NBU's performance indicators and financial standing:

amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract* (apply to annual reporting periods beginning on or after 1 January 2022)

amendments to IFRS 3 *Business Combinations* related to amendments to the Conceptual Framework for Financial Reporting (apply to annual reporting periods beginning on or after 1 January 2022)

amendments to IAS 16 *Property, Plant and Equipment – Proceeds before Intended Use*. The amendments apply to annual reporting periods beginning on or after 1 January 2022.

annual improvements to IFRS for the period of 2018–2020 (amendments to IFRS 1, IFRS 9, IFRS 16, and IAS 41).

New and revised standards that have been published 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* 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, but early application is permitted)

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 1 *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* are intended to provide a more general 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 IFRS 16 *Leases – Lease Liability in a Sale and Leaseback*. The amendments are intended to clarify the requirements for the measurement by a seller-lessee of the lease liability arising in sale and leaseback transactions (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 management expects the application of the above standards will not have a significant effect on the central bank's performance and financial standing.

25 November 2022
Kyiv, Ukraine