

Annual Report  
2024



# RESILIENCE



# CONTENTS

NBU Council  
System of NBU Collegial Bodies  
Strategy of Ukrainian Financial Sector Development  
Strategy of the National Bank of Ukraine

## Goal 1. Sustainable Hryvnia

Monetary Policy: Keeping a Balance between Delivering Price Stability and Supporting the Economy's Adaptation to the Shocks of War  
Regulation of Money Market and FX Market amid Military Aggression  
International (Gold and Foreign Exchange) Reserves of Ukraine  
Achievements Made Thanks to Measures Taken under the Strategy for Easing FX Restrictions, Transitioning to Greater Flexibility of the Exchange Rate, and Returning to Inflation Targeting  
The NBU's Business Outlook Surveys

## Goal 2. Financial Stability

Financial Sector in Wartime  
Registration and licensing of banks and nonbank financial institutions  
Main Results of Inspections of Banks  
Supervision of the Non-bank Financial Services Market  
Main Results of Inspections of Non-Bank Financial Institutions  
Key findings of inspections of non-bank payment service providers  
Supervision on Issues of Financial Monitoring and Compliance with Currency and Sanctions Laws of Ukraine  
Oversight of Financial Market Infrastructures  
Report on Consumer Rights Protection During the War  
Introduction of New Capital Requirements, Preparation of Resilience Assessment for 2025, Revision of the Macroprudential Strategy  
Implementation of European Prudential Requirements for Banks and Banking Groups  
Improvement of approaches to implementing risk-based supervision of banks  
Creating Integrated Platform for Supervising Financial Market Participants  
NPLs Resolution  
Regulation of Non-Bank Financial Services Market and Non-Bank Payment Market  
PROSTIR National Payment System

## Goal 3. Financial System Operating for the Country's Recovery

Financial Sector's Role in the Country's Recovery: Lending Development  
Providing Financial Market Participants with Technological Access to Data from State Registers  
Developed Capital Market Infrastructure as Catalyst for Attracting Investment in the Country's Recovery  
Tightening Sanctions Policy and Disclosure of Information on Customers' Ties with the Aggressor State

Improving Consumer Rights Protection  
Barrier-free Financial Services and Financial Inclusion  
Boosting Financial Literacy of Ukrainians

## Goal 4. Modern Financial Services

Stable, Efficient, and Customer-oriented Cash Circulation  
Regulation of Payment Market  
Development of Monetary and Payment Infrastructure  
NBU System of Electronic Payments  
SEP Development and Instant Transfers Implementation  
Ukraine's Joining the Single Euro Payments Area (SEPA)  
Digital Financial Services as Part of digital state: NBU BankID System  
Technology Development of Financial Market: Implementing Open-banking Standards  
E-Hryvnia  
Zero Tolerance for russian and belarusian Software  
Strengthening Cooperation with Market Participants for Development of RegTech in Ukraine  
Cyber Security in Financial Sector  
Development of Reporting and Statistics System

## Goal 5. Effective Central Bank

The National Bank of Ukraine and its Stakeholders  
Voice of the National Bank of Ukraine: Strategic Communications in Wartime  
European Integration and the NBU's International Cooperation Efforts  
Project Management  
NBU's Process Management System  
Implementation of Artificial Intelligence (AI) at the NBU  
NBU's Process Management System  
Implementing the European Central Bank's Accounting and Reporting Methodologies and Requirements at the NBU  
Internal Audit  
Using Cutting-edge Technology to Automate Certain Functions of the NBU  
Increasing Employees' Workplace Mobility  
Human Capital is the Main Asset  
Development of Research



# ADDRESS

The NBU's transparency and openness are important assets that help maintain the confidence of stakeholders, primarily the people of Ukraine, in our decisions.

We therefore issue detailed, publicly accessible annual reports on the results of our work. Summarized in one sentence, our goal for 2024 was to reinforce the foundation for economic recovery and continue to bring the country's economic life back to business as usual even as the war went on. Ultimately, this is the only way to set the stage for a bright future. During the reporting year, we consistently put these words into action by taking specific decisions and achieving concrete results.

## **Despite the war's challenges, the macrofinancial situation remains under control**

As Bank of England Governor Andrew Bailey has aptly noted, there is no trade-off between macrofinancial stability and economic growth.

In pursuing our mandate as a central bank, we switched to flexible inflation targeting in 2024, putting our efforts into bringing inflation to the NBU's 5% target within an acceptable policy horizon (of up to three years). This was an important step toward a return to business as usual.

A clear understanding of the NBU's tasks by the general public enhances the predictability of our actions and simplifies the assessment of their effectiveness. And this is an important factor in bolstering economic agents' trust in the NBU, the national currency, and financial institutions.

In addition, the FX market fully adjusted to managed flexibility of the exchange rate, a regime to which the NBU switched in October 2023. The new exchange rate regime enhanced the economy's ability to absorb internal and external shocks, and brought back the awareness of FX risk to businesses and all economic agents. Over more than a year of managed exchange rate flexibility, it has been possible to nearly triple the FX market's depth and minimize the spread between the official exchange rate and the cash FX market's rate. All of these are components of the FX market's long-run sustainability.

Our interest rate policy decisions incorporated the need to maintain a balance between ensuring price stability, which the NBU prioritizes, and supporting economic growth. Amid low inflationary pressures, the NBU continued an easing of its interest rate policy



that began in mid-2023, cutting the key policy rate by 2 pp in H1 2024, to 13%. Coupled with the implementation of the NBU's core strategy, these decisions gave a strong impetus to the development of lending. The net hryvnia corporate loan portfolio grew 21% in 2024, while the net hryvnia retail loan portfolio surged 40%.

These positive developments were also driven by the revival of demand from both businesses and households for loans and by the growth in the banks' risk appetite. It goes without saying that in 2025, we will continue to implement the steps outlined in the Lending Development Strategy.

Macrofinancial stability and the sustainability of the FX market have also allowed us to move further along the FX liberalization roadmap. In May 2024, we approved the largest package of measures to ease FX restrictions for businesses since full-scale war's outset. Hundreds of companies have already been able to take advantage of this liberalization effort, while it has only had a limited impact on the FX market.

At the same time, we constantly analyzed the situation and responded early on to the projected reversal of the inflation uptrend in H2 2024. Starting in July 2024, we suspended the easing of our interest rate policy and moved to raise the key policy rate due to intensified price pressures. This made it possible to keep inflationary processes and expectations in check.

### **The financial sector is sustainable, and its reform continues to bring it up to par with European standards**

The banks remain capitalized and profitable, operating smoothly and supporting the economy. Thanks to profitability and a sufficient transition period, the banks successfully migrated to a new capital structure and capital adequacy ratios that meet EU standards. The NBU is planning to further implement European regulations.

On top of that, we have been conducting a standard assessment of the banking system's resilience in 2025, including stress testing under a baseline and an adverse scenario.

Throughout 2024, we once again saw how cohesive and responsible the banking sector is. This was definitely the first time in my career as a banker that I had seen such examples of partnership in what is otherwise a highly competitive environment.

The first such case was cooperation to develop a lending mechanism to finance the restoration of Ukraine's energy infrastructure. As part of the joint effort, a Memorandum was concluded and a common product framework was defined. Twenty banks that together held over 85% of the sector's net assets signed the Memorandum in June. In the seven months between early June and late December, the banks began to finance UAH 10.5 billion worth of business projects to rebuild energy facilities. The financing came in the form of loans and lines of credit that are gradually drawn down as relevant long-term investment projects are implemented and equipment is purchased and installed. The overall generation capacity made possible by this funding had exceeded 470 MW by the end of the year.

The second case of cooperation was the large banks' initiative to ensure the transparency of the payment services market, an effort that had been enshrined in a respective Memorandum signed in December. The purpose of the document is to streamline existing processes and approaches in the field of effective monitoring of payment transactions in order to jointly prevent the payment infrastructure from being used to bankroll illegal activities. These include terrorism and subversion, whereby Russia uses bank-drop hubs to pay those who commit arson and set off explosions in our cities, as well as the servicing of the shadow economy, which deprives Ukraine of a huge amount of funding that would otherwise go toward the defense effort.

This initiative evolved from the dialogue we started with the market in fall 2024, when we articulated the need for a comprehensive solution to combat the use of payment infrastructure for nefarious purposes. To give ourselves and the market time to come up with a systemic solution, we imposed a temporary cap of UAH 150,000 per month on outgoing card-to-card transfers between individuals that restrains bank-drop activities.

Last year, the banks once again became the largest donors to the Ukrainian government. They ramped up investment in domestic government debt securities by almost UAH 230 billion, and by over UAH 350 billion since the full-scale invasion. These funds are allocated for defense needs. State-owned banks' dividends and taxes provide another source of support for the state budget. In 2024, the banks made about UAH 130 billion of such payments, equivalent to 5% of the budget's total tax and non-tax revenues. As a result, the percentage of state budget revenues generated by the financial sector significantly exceeds the sector's 3% share of GDP.



The NBU keeps actively transforming the non-bank financial sector.

In January 2024, a number of new NBU-drafted laws and regulations on financial services, insurance, and credit unions took effect. This laid the groundwork for the further transformation of the financial market's non-bank segment. On the one hand, the new regulations are stricter because they include new types of reporting, new mandatory standards, requirements for management and internal control systems, and consumer protections. On the other hand, tightened standards guarantee that the sector functions in a quality-oriented manner in order to create a transparent, reliable, and competitive market that respects EU rules and contributes to the country's recovery.

We are also rebooting our supervisory functions, implementing a risk-based approach, and rethinking the licensing and registration process. The NBU-drafted law on compulsory motor third party liability insurance was passed, significantly raising the level of consumer protection by increasing the amount of liability and simplifying the settling of insurance claims. Among other innovations in the law are the transition to electronic insurance policies, the introduction of supervision over the Motor (Transport) Insurance Bureau of Ukraine, and the overhaul of its corporate governance system. We will actively continue to work on this in 2025.

### **There is sustained confidence in the banking system and the national currency**

The most telling indicator to support this statement is the increase in term deposits. Their volume and share in the breakdown of client deposits are growing. In 2024, households' hryvnia term deposits as a share of the total volume of hryvnia term deposits accounted for about one-third, up noticeably from 2022.

The overall volume of deposits held by households and businesses in bank accounts increased. According to 1 January 2025 data, there was UAH 1.9 trillion of clients' hryvnia deposits at the banks (UAH 0.8 trillion in retail accounts plus UAH 1.1 trillion in corporate ones). Over the year, hryvnia retail deposits in the banks rose in volume by 12%, and corporate ones by 19%. The volume of hryvnia deposits held by clients at the banks had doubled since the outset of the full-scale war. This means that not even ad-hoc seasonal fluctuations in deposits could reverse their overall uptrend or have a noticeable effect on the banking system's liquidity. This trust is also supported by the banks' uninterrupted operation, high-quality services, and unhindered

access to deposits. In particular, the POWER BANKING project proved its functionality, which I personally witnessed in Kharkiv in spring, when Russia launched a new wave of aerial strikes against Ukraine's energy infrastructure.

### **The level of cooperation with international partners and national institutions remains high**

Later in the year, the International Monetary Fund's Executive Board approved the sixth review of the Extended Fund Facility (EFF) program for Ukraine. This was an unprecedented outcome for our country in its entire history of cooperation with the IMF (when this Report was being prepared, Ukraine had successfully passed the seventh review of the program). In previous years, we had never progressed beyond a fourth review. Who could have imagined that Ukraine would be so effective in the most difficult times? The successful implementation of the program is the best argument for our partners to fulfill their assurances of support for Ukraine.

A total of USD 42 billion in foreign financial assistance was provided to our country in 2024. This made it possible to set a new historical record for the size of Ukraine's international reserves, at USD 43.8 billion as of 1 January 2025.

In the context of international cooperation, 2024 was a landmark year in yet another area. The Ukrainian team, which included the NBU, made progress on the issue of making frozen Russian assets accessible to Ukraine. During each international visit and every meeting with our partners, we prove that leveraging these assets for Ukraine's needs is fair and safe, and that we can help find the right format through which to access these funds.

We started off with our partners telling us "definitely not" when asked about the chance of channeling these assets to Ukraine's benefit. Today we have the first (and definitely not the last) implemented tool: the Extraordinary Revenue Acceleration (ERA) Loans initiative, which gave our country access to G-7 financing secured by proceeds from frozen Russian assets. When the ERA Loans received a go-ahead in June 2024 at a G-7 summit, it became clear that a final breakthrough had occurred in how Russian assets were perceived, and that a new era of support for Ukraine had started.

We have already set ourselves the next goal: to achieve direct use of the principal amount of assets, not just the profits. Ukraine must receive fair compensation for the damage wrought by Russia.

Constructive interactions with all financial sector participants, in particular Ukraine's Ministry of Finance, made it possible to continue to effectively raise financing in the domestic debt market to cover the defense needs. Together with international support, these funds have become the key to financing the budget without resorting to central-bank funding.

Effective internal and external cooperation has also ensured our progress implementing Ukraine's most ambitious reform plan since independence in order to strengthen the financial sector and help the country as it walks the path to EU accession.

A screening of national legislation with the European Commission is ongoing. The NBU is 100% ready to reform the country and move forward toward the EU. Based on our discussions within Ukraine and record progress implementing international programs, in particular the Ukraine Facility with the EU, I am convinced that our colleagues from other government agencies have the same level of readiness.

### **Ukraine's financial system continues to be a leader of digital transformation**

On 1 December 2024, the transition to a new version of the NBU System of Electronic Payments (SEP) took place. Since then, the SEP has had the capacity to facilitate instant credit transfers and ensure an almost immediate remittance of funds from the payer's account to the recipient's. As a result, funds take no more than 10 seconds to remit, and both the payer and the recipient are immediately notified that the instant credit transfer has been successfully completed. We expect that instant SEP transfers will have a positive impact on the level of digitalization and financial inclusion, as well as the development of the cashless economy.

The introduction of instant credit transfers will also contribute to the further transformation of the Ukrainian financial market. In particular, their role in the development of open banking, to be launched in Ukraine on 1 August 2025, is significant. The arrival of open banking involves the emergence of new participants in the Ukrainian payment market that provide non-financial payment services and that can develop their own products upon receiving appropriate authorization.

Instant credit transfers and open banking will contribute to fulfilling part of the criteria for Ukraine's integration into the Single Euro Payments Area (SEPA).

### **Large-scale work to develop financial inclusion has begun**

Our goal is to create the world's most inclusive financial system. As a financial regulator, the NBU has taken the lead in this process by rallying the sector's participants.

First, we must ensure physical and informational access to financial services. To this end, mobile bank branches are already operating in the frontline oblasts in the form of armored vehicles deployed where it is simply not possible to have brick-and-mortar branches. The banks and non-bank financial institutions have been gradually re-equipping their offices and generally implementing the NBU-approved Methodology Guidelines on Rules for Inclusive Provision of Financial Services.

The second major part of financial inclusion concerns a full reintegration of veterans and frontline regions into the country's economic life. We have already started putting this part into practice. In spring, the NBU signed a memorandum of understanding with the EBRD on cooperation to support financial inclusion and reintegration of war veterans in Ukraine. One of its purposes is to promote the Charter on Financial Inclusion and Reintegration of Veterans. Thirty eight large banks have already signed up to the Charter. They have committed to implement a very ambitious program of internal changes over the course of two years, not only as financial service providers, but also as employers that hire veterans.

The NBU also plans to introduce a new type of financial institution – the financial-inclusion bank with a limited banking license. This will help resolve the issue of access to financial services for households and businesses in small towns and areas close to the frontline. A respective draft law is under consideration by the Verkhovna Rada of Ukraine.

### **The NBU is working to restore historical justice in monetary circulation**

In September, on a Hryvnia Day that marked the 28th anniversary of a monetary reform that made the hryvnia the national currency of independent Ukraine, the NBU unveiled its initiative to rename Ukrainian coins. Instead of the Russian derivative *kopiika*, we proposed to bring back to life *shah*, an inherently Ukrainian term that was used by previous generations of Ukrainians. The Ukrainian people are taking back everything that was stolen from them and mutilated by the Kremlin's narratives. The revival of the name *shah* will restore the identity of Ukrainian coins and essentially complete the

monetary reform that began in 1992, when the hryvnia emerged while the kopiika stuck around. We have to remove this piece of trash from our house.

**We generate central-banking development trends for the whole world and train colleagues from other countries**

By its example, the NBU shows how to take a broader approach to the pursuit of a central-bank mandate, whether it be through our support for the state's sanctions policy against the aggressor state, or through our participation in the fight against illegal schemes that sap our country of its resources.

And most important, regardless of how difficult our tasks are, we maintain the NBU's independence.

Thanks to these achievements, the NBU has gained a strong voice that rings loud and clear outside Ukraine.

People come to us for knowledge and learn from our solutions in monetary and exchange rate policy and in setting up the smooth operation of banks while under martial law. For central banks, the NBU has become a unique source of information about how to improve their processes.

Our numismatic products – a result of deep collective reflection on Ukrainian modernity whose symbolism resonates with people in different parts of the world – have won international awards.

And last but not least, it would be appropriate to set goals for 2025. Each of the points I laid out remains relevant. However, today we should start thinking about what the day after a just peace is achieved will be like for Ukraine. What will it be like to have a project to rebuild Ukraine, facilitate its economic recovery, and strengthen its financial system?



# KEY PERFORMANCE

Indicators of Ukrainian Economy and Financial Sector in 2024

2024

+2.9%

Real  
GDP change

12%

target 5%

Inflation

830

UAH billion

+14.2%

Hryvnia loans by banks  
(gross)

268.8

UAH billion

+4.1%

Banking sector  
regulatory capital

43.8

USD billion

+8%

International reserves

30.3%

-7.1 pp

NPL rate

1,906

UAH billion

+15.7%

Hryvnia accounts  
of customers in banks

13.5%

-1.5 pp

NBU's key policy rate

125.9

UAH billion

+14%

Loans  
by finance companies

94.6%

+1.1 pp

Cashless settlements  
within total card transactions



# MANAGEMENT

## NBU Board

The NBU Board is responsible for managing the central bank's activities, conducting monetary policy, and performing other functions, as set forth in the Law of Ukraine *On the National Bank of Ukraine*.

The NBU Board consists of seven members: the NBU Governor, the First Deputy Governor, and Deputy Governors. The NBU Governor is appointed by the Ukrainian parliament at the suggestion of the Ukrainian president, and has a tenure of seven years. All NBU Deputy Governors are appointed and dismissed by the NBU Council at the suggestion of the NBU Governor.

A meeting of the NBU Board shall be valid if at least four of its members are present. NBU Board decisions are taken on the principle of collegiality by a simple majority vote, with the NBU Governor having the deciding vote.





# ANDRIY PYSHNYI

Andriy Pyshnyy assumed the position of Governor of the National Bank of Ukraine on 7 October 2022.

The Governor manages the NBU's activities within his competence, as defined by the Law of Ukraine *On the National Bank of Ukraine*, acts on behalf of the NBU, and represents the NBU's interests in relations with stakeholders without a power of attorney.

He also directly oversees the activities of the NBU units responsible for HR management, legal support, risk management, communications, consumer protection in financial services, security, state secret protection, and anti-corruption efforts.

Andriy Pyshnyy was honored with two prestigious international awards in the field of central banking for his outstanding achievements in 2023: Central Banker of the Year 2024, an honorary title granted in the Global and Europe category of The Banker, a UK-based financial media outlet Governor of the Year, an award bestowed on Andriy Pyshnyy as part of Central Banking Awards 2024 by Central Banking, a UK outlet that grants honorary titles for excellence in central banking.

Andriy Pyshnyy has been working in the financial sector since 2000.

From March 2014 to November 2020 he served as the Chairman of the Management Board of Oschadbank JSC.

In 2012, Pyshnyy was elected a member of the Ukrainian parliament and the First Deputy Head of Parliamentary Committee on Rules of Procedure, Parliamentary Ethics, and Administration of Verkhovna Rada's Work. Between 2009 and 2012 he held the position of the Director of Social Strategy Fund LLC. Between August 2007 and June 2009 Pyshnyy served as Deputy Secretary of the National Security and Defense Council of Ukraine. From April 2007, Pyshnyy was the First Deputy Chairman



of the Management Board at Ukreximbank OJSC, and later a member of the Supervisory Board of Ukreximbank OJSC and Oschadbank OJSC. From 2003 to 2007 he held positions as a Management Board Member, First Deputy Chairman of the Management Board, and Acting Chairman of the Management Board of Oschadbank OJSC. In 2000, Pyshnyy embarked on his banking career as Head of the Legal Support Department at Oschadbank JSC.

Pyshnyi started his career in 1996 as a Teaching Assistant in the Department of Constitutional, Administrative, and Financial Law at Yuriy Fedkovych Chernivtsi National University.

He has got a degree in law from Chernivtsi National University and a degree in banking from the NBU Ukrainian Academy of Banking. He holds a PhD in Law.



# KATERYNA ROZHKOVA

First Deputy Governor of the National Bank of Ukraine since June 2018, NBU Board member since January 2016.

Kateryna Rozhkova's responsibilities include managing the areas of financial stability and macroprudential policy, the methodology for regulating the operation of the banks and nonbank financial institutions. Ms Rozhkova is a member of the Financial Stability Council comprised of representatives from the National Bank of Ukraine, the Government of Ukraine, and regulators of the financial market. She is involved in a number of strategic projects to implement the EU acquis into Ukrainian financial laws and regulations. For over five years at the NBU, Kateryna Rozhkova was in charge of banking supervision, first as a department director and later as a deputy governor, supervising the area. Together with her team, she played a key role in the global rehabilitation of the banking system, when 97 banks were removed from the market and the country's largest bank, JSC CB PrivatBank, was nationalized.

Under Kateryna Rozhkova's leadership, the prudential team has implemented a number of reforms, including the risk-based supervision based on the SREP (Supervisory Review and Evaluation Process) methodology and the Split Law, which resulted in the NBU becoming the regulator of insurance, leasing, and finance companies, credit unions, pawnshops, and credit bureaus.

Before joining the NBU, Ms Rozhkova had been working in the banking system of Ukraine for 20 years, including more than 12 years of experience in senior positions. She started her career at Aval JSB, one of the largest Ukrainian banks. Kateryna Rozhkova has a Master's degree from Kyiv National Economic University and has obtained an MBA at the International Institute of Management (MIM-Kyiv).



# YURIY HELETIY

Deputy Governor of the National Bank of Ukraine since 27 July 2020.

Yuriy Heletiy is in charge of regulating monetary and FX markets, operations on managing liquidity of the banking system, liquidity support lending to banks and the Deposit Guarantee Fund, NBU Depository and corporate rights management.

He has been working in the area of finance since 2003. Before his appointment as a deputy governor of the National Bank of Ukraine, Yuriy Heletiy worked in the Ministry of Finance of Ukraine: from 2018 to July 2020 as a deputy minister and in 2015–2018 as director of the Financial Policy Department. During his time in the ministry, he focused on the strategic reform of state-owned banks, development of the markets of financial services and securities.

His professional career started at the National Bank of Ukraine in 2003, where during 2003–2015 he went from serving as an entry-level economist to heading a unit in the Regulatory and Methodology Support of Banking Regulation and Supervision Department and the Methodology Department.

Yuriy Heletiy graduated from Ivan Franko National University of Lviv. With degrees in international economic relations, translation, and law. He holds a PhD in Economics.





# YAROSLAV MATUZKA

Deputy Governor of the National Bank of Ukraine since 17 September 2020.

Areas under Yaroslav Matuzka's management include accounting, financial controlling, administrative support, procurement, NBU corporate operation support, nonperforming assets management, administration of the NBU Corporate Pension Fund, and occupational, fire and environmental safety.

Before joining the NBU as Deputy Governor, he worked at CB Privatbank JSC since 2016, coordinating legal team of the bank's head office since 2018.

In 2010–2017, Yaroslav Matuzka served on the supervisory board of Ukrgasbank JSB. In 2011–2014, he sat on the Audit Commission of Oschadbank JSC.

Ministry of Finance of Ukraine was where Yaroslav Matuzka made his first career steps upon graduation, going from category I lawyer to head of legal department in a matter of years (2001–2008, 2009–2016).

In 2008–2009, he led the legal functions at several privately owned investment companies. In 2001, Yaroslav Matuzka graduated from V. Hetman Kyiv National Economic University with a master degree in legal regulation of economy.



# SERGIY NIKOLAYCHUK

Deputy Governor of the National Bank of Ukraine since 23 July 2021.

Sergiy Nikolaychuk is in charge of monetary policy and economic analysis, statistics and reporting, maintaining financial stability, and international cooperation.

Sergiy Nikolaychuk worked with the NBU from 2004 to 2019, making his way from an economist to the director of Monetary Policy and Economic Analysis Department.

From September 2019 to April 2020, he was the Deputy Minister of Economic Development, Trade, and Agriculture of Ukraine. From April 2020 to July 2021, Sergiy worked as the head of macroeconomic research department at ICU.

Sergiy Nikolaychuk is an honorary professor of practice at Kyiv School of Economics and a professor at Taras Shevchenko National University of Kyiv.

In 2004, he graduated with distinction from Taras Shevchenko National University of Kyiv, receiving a master's degree in economics. In 2008, at the same university, he presented his thesis titled Modelling the Transmission Mechanism of the Monetary Policy in Ukraine and was awarded his PhD in Economics.





# DMYTRO OLIINYK

From 25 October 2022 Dmytro OLIINYK has held the position of NBU Deputy Governor.

Dmytro Oliinyk oversees such areas as banking supervision, nonbank financial services supervision, inspections, licensing, and financial monitoring. Dmytro Oliinyk has been working in Ukraine's financial system since 2005.

He started his career as a specialist at a Ukrsibbank JSC branch. In 2007–2013, Dmytro Oliinyk worked in Ukrainian and international banks. In 2013, he started working for the multinational company PricewaterhouseCoopers PJSC (PwC), providing consulting services to banks in Central and Eastern Europe, as well as the Ukrainian authorities. Since 2017, Dmytro Oliinyk had been working as Director of the Credit Risk and Asset Assessment Department, and later as Director of the General Risk Management Department, at the state-owned bank Oschadbank. Since January 2020, Dmytro Oliinyk was Director of the Financial Policy Department at the Ministry of Finance of Ukraine. From April 2021 until his appointment at the NBU, he was Director General of the Economic Policy Directorate at the Office of the President of Ukraine. In 2007, Dmytro Oliinyk graduated from Khmelnytskyi National University with a degree in economic cybernetics. In 2011, he earned his PhD at the same university. Since 2020, he has been a postgraduate student at the Academy of Financial Management, a state education and research institution.





# OLEKSII SHABAN

Deputy Governor of the National Bank of Ukraine since 7 August 2020.

Oleksii Shaban is in charge of such areas as the development and regulation of payment and settlement systems, the management of the cash circulation system and banknote and coin production, information technologies, protection of critical infrastructure etc.

Oleksii Shaban worked in Ukraine's banking system for more than 29 years.

Prior to his appointment as Deputy Governor of the NBU, since February 2020, Oleksii Shaban served as director of the NBU Payment Systems and Innovative Development Department.

Before joining the NBU, he had worked in CB PrivatBank JSC for over 24 years, where he was in charge of retail business and actively introduced new card and payment products, including through remote channels. From 2018, Oleksii Shaban was a member of PrivatBank's board.

In 1995, Oleksii Shaban graduated from the National Metallurgical Academy of Ukraine, with a degree in management in the manufacturing industry.

## NBU Council

Under the Constitution of Ukraine, the main tasks of the NBU Council include developing Monetary Policy Guidelines and overseeing the conduct of monetary policy. Pursuant to the Law of Ukraine *On the National Bank of Ukraine*, the main task of the NBU Council is also exercising supervision over the NBU's internal control system.

The NBU Council consists of the NBU Board members that are appointed by the Verkhovna Rada of Ukraine and the President of Ukraine. The Verkhovna Rada of Ukraine appoints four NBU Council members through the approval of respective resolution.

The President of Ukraine appoints four NBU Council members by presidential decree. The NBU Governor, who is appointed by the Ukrainian parliament on the recommendation of the Ukrainian president, is a member of the Council by virtue of their position.

The tenor of members of the NBU Council is seven years, except for the NBU Governor, who is part of the NBU Council for the duration of their term of office.

Meetings of the NBU Council shall be held once a quarter. The NBU Council holds extraordinary meetings, in case of necessity.

Six NBU Council members constitute a quorum. The NBU Council organizes its work in accordance with the annual work plan approved at the Council meeting and determines the rules of procedure for holding its meetings. Decisions are made by open voting. Each member of the NBU Council has one vote.

Members of the Council of the National Bank of Ukraine as of 31 December 2024:

- sitting Council members that have been appointed by parliament:
  - Anatolii Barsukov
  - Vasyl Horbal
  - Olena Shcherbakova
- sitting Council members that have been appointed by the President of Ukraine:
  - Ihor Veremii
  - Vasyl Furman
  - Andriy Pyshnyy – Governor of the National Bank of Ukraine, member of the NBU Council by virtue of his position.

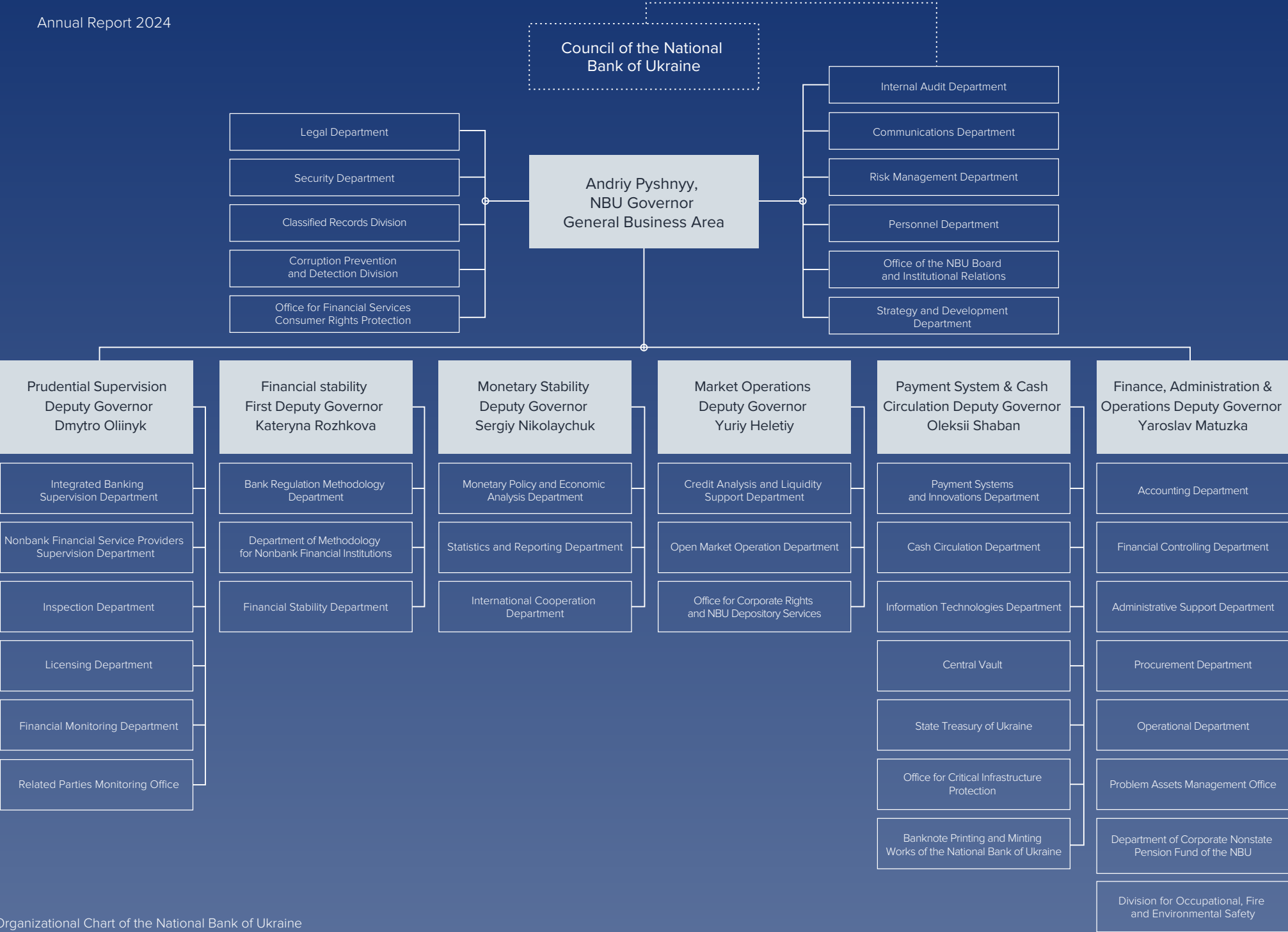
A special role in the NBU Council activities is assigned to the Audit Committee, which is an advisory executive body and operates on the basis of the regulation approved by the NBU Council. The committee's main objective is to assess reliability and effectiveness of the NBU's internal control system, and completeness and accuracy of its annual financial statements.

In addition to members of the NBU Council, independent experts may be members of the Audit Committee. The Audit Committee cannot have more than five members. Members of the Audit Committee of the NBU Council as of 31 December 2024:

- Vasyl Horbal, Head of the Audit Committee – Member of the NBU Council
- Members of the Audit Committee – Members of the NBU Council:
  - Anatolii Barsukov
  - Olena Shcherbakova.

Vira Rychakivska, an independent expert, is also a member of the Audit Committee (in line with Article 131 of the Law of Ukraine *On the National Bank of Ukraine*).

Monetary Policy and Financial Stability Committee of the NBU Council is another advisory working body of the NBU Council. Its main task is to develop and submit draft decisions and other materials for the NBU Council's consideration pursuant to the NBU Council rules of procedure.



Organizational Chart of the National Bank of Ukraine as at 1 January 2025



## System of NBU Collegial Bodies

As of the end of 2024, the NBU Board had nine committees.

The structure of the NBU's committee system covers all the main functional areas of the NBU that require collegial decisions.

The committees fall into three main groups:

- 1) policymaking:
  - Monetary Policy Committee
  - Financial Stability Committee
- 2) policy implementation:
  - Credit Committee
  - NBU Assets and Liabilities Management Committee
  - Committee on Banking Regulation and Supervision and Oversight of Payment Infrastructures
  - Committee on Regulation and Supervision of Nonbank Financial Services Markets
- 3) policy support:
  - Change Management Committee
  - Operational Risk Management and Business Continuity Committee
  - Budget Committee.

Mandate of NBU Board Committees:

### The Monetary Policy Committee

An advisory collegial body established to facilitate the exchange of information and opinions

regarding the development and implementation of monetary policy.

The main tasks of the Committee are:

- 1) formulating the principles of, and conducting, monetary policy with the purpose of meeting the objectives and performing the tasks set forth in Ukrainian laws, Monetary Policy Strategy, and Monetary Policy Guidelines
- 2) developing draft proposals on monetary policy objectives and benchmarks
- 3) using monetary policy instruments.

### Financial Policy Committee

A consultative and advisory collegial body that develops proposals and recommendations for the formulation of principles and implementation of macroprudential policy to ensure financial stability.

The main tasks of the Committee are:

- 1) identifying potential systemic risks threatening the financial stability, and preparing proposals on minimizing their adverse impact
- 2) developing recommendations on the use of macroprudential policy instruments, their alignment with measures of monetary and macroprudential policy, and monitoring of their use
- 3) ensuring interaction between the NBU units in developing recommendations on financial stability.

### Credit Committee

A consultative and advisory collegial body established to consider and review the issues and provide recommendations to the NBU Board.

The main tasks of the Committee are drafting and submitting to the NBU Board recommendations regarding:

- 1) lending to banks for the liquidity support, except for the operations with the use of standard instruments for banking system liquidity regulation, and to the Deposit Guarantee Fund
- 2) creating (releasing) and using provisions to cover financial risks related to impairment of the NBU's assets (including loans and securities), except for accounts receivable
- (3) performing debt workout of the banks classified as insolvent under loans issued by the NBU
- (4) the methodology of credit risk assessment (collateral appraisal) under the NBU's transactions and credit risk management.

### NBU Assets and Liabilities Management Committee

A collegial body mandated by the NBU Board to make decisions concerning the management of assets and liabilities, including Ukraine's gold and foreign exchange (international) reserves, and to monitor risks and financial performance on transactions with the NBU's assets and liabilities.

The main tasks of the Committee are:

- 1) formulation and implementation of the policy of efficient assets and liabilities management, including international reserves
- 2) defining and implementing the NBU's investment strategy under transactions on international reserves allocation
- 3) determining actions on open markets



4) defining and implementing the policy of managing financial risks to the international reserves as well as the NBU's market risks

5) monitoring market risks and financial performance under transactions with the NBU's assets and liabilities.

### **Committee on Banking Regulation and Supervision and Oversight of Payment Infrastructures**

A collegial body mandated by the NBU Board with special powers on banking regulation and supervision, currency supervision, state regulation and supervision of financial monitoring, oversight of payment infrastructures, monitoring compliance with laws and regulations on the consumer rights in financial and payment services.

The main tasks of the Committee are:

- 1) ensuring stability and reliability of the Ukrainian banking system and protection of interests of banks' depositors and other creditors
- 2) solving priority issues of supervision over banks, their standalone units and branches of foreign banks, and activities of the Ukrainian banking sector
- 3) identifying trends in the banking system development and submission of respective proposals to the NBU Board (if needed)
- 4) ensuring work coordination of the NBU structural units engaged in banking supervision, including improvement of information flows and further development of procedures for prompt and efficient decision-making and response to the banks' activities

5) imposing enforcement measures and sanctions for violations of the banking, currency laws of Ukraine, Ukrainian laws on financial monitoring, NBU regulations, including the regulations setting the restrictions for transactions that violate/intend to violate the laws, assist or may assist to bypass/break the restrictions established by personal special economic and other restrictive measures (sanctions) (hereinafter referred to as the "sanctions laws"), NBU requirements set pursuant to Articles 66 and 67 of the Law of Ukraine On Banks and Banking, Ukrainian laws on protection of critical infrastructure, cybersecurity, and information security, on protection of consumer rights in financial and payment services, laws that regulate activities on the payment market and in the event of insufficient risk management measures taken to protect interests of payment services consumers, or in the case of the banks' risky operations threatening to the interests of depositors or other banks' creditors, as well as in the case of applying by the foreign states, interstate associations, or international organizations of sanctions to banks or qualifying holders in the banks that threaten the interests of depositors or other banks' creditors, and/or banking system stability

6) implementing the measures for prevention of crimes and offences in the banking system

7) assisting in improvement of the legal framework on banking regulation and supervision, currency supervision, state regulation and supervision in financial monitoring, supervision over compliance with the sanctions laws, oversight of payment infrastructures and monitoring of compliance with laws and regulations on the consumer rights in financial and payment services

by initiating new laws of Ukraine and NBU regulations and amending the existing ones

8) approval, rejection to the appointment of the CEO (except for the Chairman of the Board) of a bank or

a foreign bank's branch, chief risk officer, chief compliance officer, head of the internal audit unit (candidates for positions), employee in charge of financial monitoring of a bank or a foreign bank's branch; taking a decision on fitness or unfitness of the CEO (except for the Chairman of the Board), chief risk officer, chief compliance officer, head of the internal audit unit, employee who is a member of the board in charge of financial monitoring of a bank or a foreign bank's branch to the qualification requirements established in the laws of Ukraine and NBU regulations regarding independent director and/or independence requirements to members of the supervisory board of a state-owned bank, and/or requirements of Article 7 of the the Banking Law

9) ensuring the NBU's functions on registration and licensing of banks, accreditation of subsidiaries and representative offices of foreign banks in the territory of Ukraine, and registration of payment systems.

### **Committee on Regulation and Supervision of Non-bank Financial Services Markets**

A collegial body to which the NBU Board delegated special powers of state regulation and supervision over non-bank financial services markets, including imposing the enforcement measures, including penalty sanctions (fines) envisaged by Ukrainian laws on non-bank financial services market participants and debt collection agencies.

The main tasks of the Committee are:

- 1) ensuring stability and reliability of non-bank financial markets of Ukraine
- 2) protecting consumer rights in non-bank financial services
- 3) issues of supervision and regulation of Ukrainian non-bank financial services markets, including with regard to debt collection agencies in the area of consumer lending
- 4) defining development trends of nonbank financial services markets and submission of respective proposals to the NBU Board
- 5) ensuring coordination of the units work in supervision over the nonbank financial markets, improving information exchange, further development of the procedures for prompt and efficient decision-making and response to the operations in nonbank financial markets, including consumer lending as regards the collection agencies' activities
- 6) applying enforcement measures and penalties for violation of laws on non-bank financial services, laws on protection of consumer rights in non-bank financial services, currency legislation, laws on financial monitoring, or laws on applying and monitoring of effectiveness of imposed personal special economic and other restrictive measures (sanctions), including NBU regulations, by the following supervised entities:
  - legal persons and individuals providing one or more financial services and other services (transactions) related to provision of financial services, except for banks and subjects of payment infrastructures oversight

- debt collection agencies and non-bank financial institutions that are lenders and grant new loans
- non-bank financial groups and institutions listed in NBU regulations on organization and conducting supervision in the area of financial monitoring, currency supervision, and supervision over the imposition and monitoring of personal special economic and other restrictive measures (sanctions)

7) promoting the improvement of the legal framework for regulation and supervision of nonbank financial markets, currency supervision, state regulation and supervision in the area of financial monitoring, protection of consumer rights in nonbank financial services, provision of recommendations on amending the NBU regulations

8) exercising the NBU's functions in the area of registration and licensing of participants of nonbank financial services markets ensuring exercising of the NBU functions in the area of protection of consumer rights in nonbank financial services.

### **Change Management Committee**

A collegial consultative and advisory body of the NBU Board established to manage project activities at the NBU, with the purposes of implementing changes to build a modern, institutionally capable central bank and financial sector, including the Ukrainian banking system.

The main tasks of the Committee are:

- 1) managing the strategic initiatives implementation within the NBU Strategy, Financial Sector Strategy, and functional strategies that

meet the criteria and attributes of project activities, or those implemented within the changes to the NBU processes without launching the respective projects

- 2) approving the introduction of new information systems and technologies and software complexes implemented within the project activities considering the introduction of innovative financial products and services at the NBU.

### **Committee on Operational Risk Management and Business Continuity of the National Bank of Ukraine**

A collegial consultative and advisory body established to promote a culture of the operational risk management, raise awareness among NBU employees on business continuity management (including during special periods), and organize the internal control system.

The main tasks of the Committee are consideration and provision to the NBU Board of recommendations, proposals on operational risk management, business continuity management (including during a special period), organization of the NBU internal control system.

### **Budget Committee**

A collegial consultative and advisory body set up to ensure the professional discussion of the issues related to the NBU's supporting activities, with the ultimate goal of improving the quality of managerial decisions.

The main tasks of the Committee are:

- 1) promoting the formation and implementation of the NBU's policy aimed at raising the efficiency of its financial resources management

2) performing the cost management process, including the budgeting process and its integration with the strategy planning process aiming at the development of an integral system of the NBU's activities management

3) promoting implementation of the NBU cost management process to enhance the economic feasibility assessment when making managerial decisions in the NBU's financial and economic activities.

In 2024, the structure of the NBU's committees remained unchanged. During the reporting period, the powers of the Committee on Banking Regulation and Supervision and Oversight of Payment Infrastructures were supplemented and clarified to ensure their compliance with changes in Ukrainian law.

## Strategy of Ukrainian Financial Sector Development

The Strategy of Ukrainian Financial Sector Development (hereinafter referred to as the “Strategy”) published in August 2023, defines the future priorities of the financial system and ensures coordinated effort by Ukraine’s financial sector regulators to

- foster restoration and development of the financial system
- safeguard the continuity of the financial system
- gradually unwind emergency prudential measures
- introduce plans for the diagnostic study of bank assets and monitoring and resolving NPLs.

The new Strategy focused on resisting Russian aggression and reconstructing the country was drafted pursuant to the Ukraine-IMF Memorandum of Economic and Financial Policies.

The strategy envisages, among other things, the development and implementation of the Strategy for Easing FX Restrictions, Transitioning to Greater Flexibility of the Exchange Rate, and Returning to Inflation Targeting. Significant emphasis is placed on aligning with European legislation and adopting best international practices in financial sector regulation and supervision. The Strategy also focuses on resolving state-owned banks, including the revision of the Strategy for Developing the State-Owned Banking Sector to ensure macrofinancial stability and reduce the state’s share in the banking sector, as well as updating individual strategies for

state-owned banks and upholding their financial resilience.

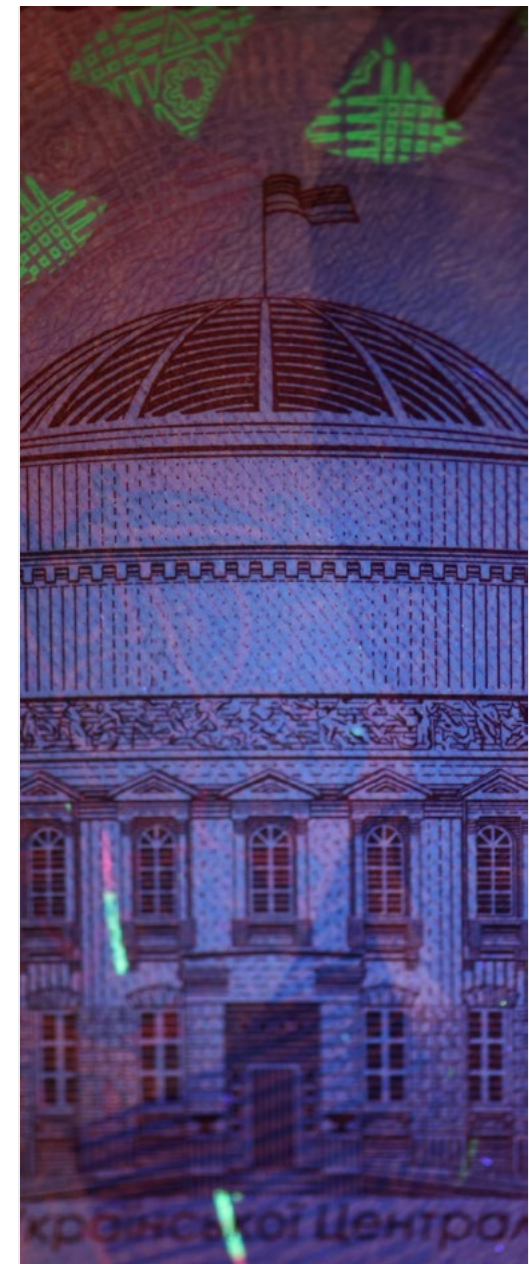
The Committee on Financial Development within the Financial Stability Council (hereinafter “the Committee”) is the monitoring and controlling body for the Strategy implementation.

The Committee was established at the initiative of the National Bank of Ukraine. It is also joined by representatives of the Ministry of Finance of Ukraine, the Ministry of Economy of Ukraine, the Deposit Guarantee Fund, and the National Securities, and Stock Market Commission.

The main tasks of the Committee are:

- identifying areas and priorities of implementing the Strategy
- facilitating the coordinated implementation of the measures stipulated in the Strategy and monitoring the effectiveness of their implementation
- reviewing proposed action plans for the financial sector’s development.

The Committee met on 11 July 2024 to monitor the implementation of the Strategy and update it. Based on the meeting outcomes, the process of updating the Strategy was launched in 2024.





## Strategy of the National Bank of Ukraine

The NBU Strategy entitled “Financial Fortress” (hereinafter referred to as the NBU Strategy) is a flexible document focused on resisting Russia’s aggression and rebuilding the country.

It is periodically updated to account for changeable and unpredictable external circumstances. The NBU Strategy approved in May 2023 was first updated in January 2024.

In late 2024, for the second time since the onset of Russia’s full-scale invasion of Ukraine, the NBU has updated its institutional Strategy.

Updating the Strategy will help improve the efficiency of the NBU’s operations in a rapidly changing external environment, and strengthen its readiness for new challenges and various scenarios.

### NBU’s Mission and Vision

The NBU’s mission and vision meet the challenges of military aggression.

**VISION:** The National Bank of Ukraine is a modern, innovative, open, and independent central bank that is able to execute its mandate at all times, is a leader in the development of the financial ecosystem, cares about financial services consumers, is integrated into the European community of national central banks, and enjoys trust of the public and international partners.

**MISSION:** To ensure price and financial stability and promote sustainable economic development in order to enhance Ukraine’s capacity on its way to Victory and during the post-war recovery.

In order to successfully implement the NBU’s Vision and Mission amid current conditions and to live up to the expectations of customers, the NBU’s strategic objectives take into account the challenges that arise in two areas: resistance to Russian aggression and Ukraine’s reconstruction.

### Revising Priority Measures of NBU’s Strategy

The strategic goals are detailed in 25 strategic initiatives decomposed into a list of measures, on which the central bank focuses.

At the end of 2024, the NBU team held a strategic session to review and clarify current trends, threats, and opportunities for the financial sector and the NBU, verify and expand the current roadmap of the NBU Strategy across all strategic goals, and update the indicators for achieving them. As a result of the update, 11 new indicators were added to the NBU Strategy and 6 existing ones were clarified. The roadmap in the updated document was supplemented by 17 new measures, and another 45 measures were clarified or transformed in line with the current challenges.

Thus, the list of the regulator’s priorities has been supplemented by a number of relevant measures and revised indicators, in particular:

- under Goal 1 Sustainable Hryvnia, the NBU plans to achieve more ambitious objectives

in terms of price stability, inflation expectations, and exchange rate sustainability

- under Goal 2 Financial Stability, new measures have been added in order to:
  - enhance business continuity of financial sector participants
  - improve requirements for organization of the risk management system in banks
  - identify and respond to ties with the aggressor state in the ownership structures of financial market participants
  - create registers of drops and miscoding, and ensuring counteraction to existing and new drop schemes
  - ensure resilience of the financial sector’s critical infrastructure

The name of Goal 3 has been updated to reflect the deepening of European integration – Financial System Operates for the Country’s Recovery and Is Integrating into the EU – and the list of initiatives to attain this goal has been revised. Thus, the NBU’s efforts will additionally focus on:

- integration in the EU financial services market
- development and implementation of the financial sector ESG Policy
- compliance with the requirements for the corporate governance system of financial market participants (on a continuous basis and taking into account the risk-based approach)
- promotion of financial inclusion, including taking into account the needs of war veterans in Ukraine

- initiatives to develop lending and financial literacy of households and entrepreneurs, in particular, taking into account new interagency strategies (the Lending Development Strategy and the National Strategy for Financial Literacy Development until 2030).

Additional indicators for the implementation of the tasks under this goal are the opening of negotiations on Ukraine's accession to the EU under negotiation clusters that include chapters of which the NBU is in charge or in which it is involved, and the NBU's Comprehensive Plan for European Integration, which was updated in line with the course of the negotiation process.

Under Goal 4 Modern Financial Services, the NBU plans to:

- strengthen control over cyber resilience, information security, and digital operational resilience, in particular, taking into account the EU legislation on digital operational resilience of the financial sector (DORA)
- expand the perimeter of activity to implement regulation and supervision of virtual assets
- specify measures to develop cash circulation in accordance with the approved model of the organization of cash circulation in Ukraine and the NBU's infrastructure.

Additional indicators for achieving this goal are the introduction of regulation for the use of cloud computing technology and the provision of cloud services, as well as the impossibility of using software solutions from suppliers associated with the aggressor country.

Under Goal 5 Effective Central Bank, the list of priority measures aimed at ensuring the continuity of the NBU's performance of its functions under any conditions has been significantly expanded.

In particular, these include:

- developing security systems and organizing performance of the NBU's tasks as a critical infrastructure operator
- building and developing the NBU State Sectoral Archive
- developing and phased implementation of the NBU's ESG Policy
- streamlining the process of change management at the central bank
- developing the regulator's innovation potential (in particular, the development of the NBU's Digital Transformation Strategy) and researching on artificial intelligence and its implementation in the central bank's processes
- clarifying measures aimed at developing human capital, in particular, with regard to the development of corporate culture and the reintegration and adaptation of war veterans at the NBU.

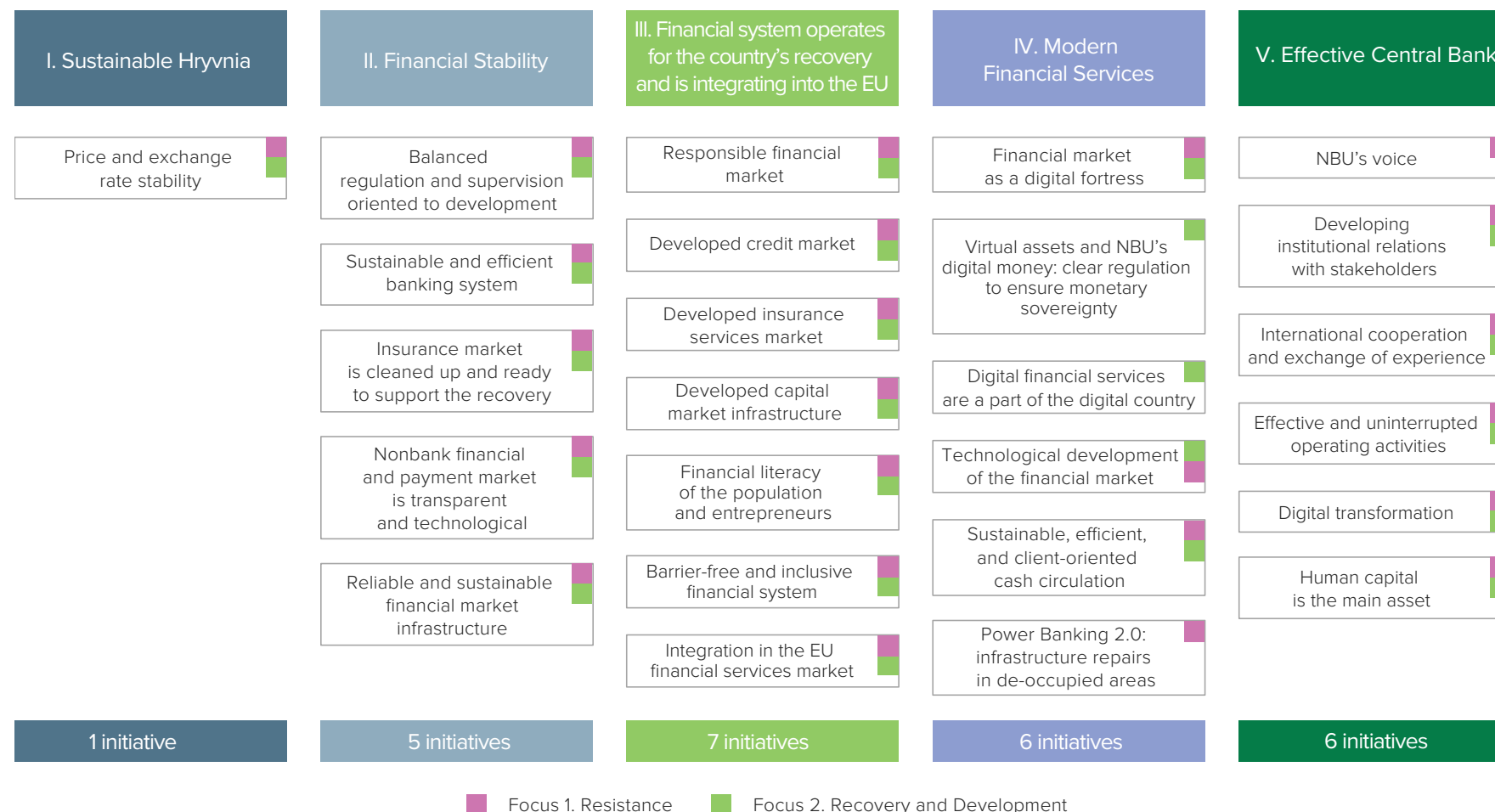
At the same time, the NBU's daily activities demonstrate once again that the NBU is capable of working under any circumstances, unites the participants of the financial ecosystem to ensure Ukraine's financial defense, strengthens Ukraine's capacity on its way to victory, ensures price and financial stability amid the war, and comprehensively contributes to the country's recovery.

As of the end of 2024, the NBU managed to fully implement 26% of the NBU's Strategy, which accounts for 48% of the actions planned under the Resistance Focus, 21% under the Recovery Focus, and 13% of actions included in both focuses. The highest performance was recorded for goal 2 Financial Stability – 48%, goal 4 Modern Financial Services – 26%, and goal 1 Sustainable Hryvnia – 25%.

With elevated uncertainty and increased risks, the NBU included strategic goal implementation indicators at the end of the Resistance Focus into the NBU Strategy, as the achievement of strategic goals is contingent on the macroeconomic and other preconditions that cannot be reliably forecasted. For these indicators, 48% of target levels were achieved (14 out of 29 indicators). Most other indicators are showing positive dynamics.

The implementation of the NBU Strategy and the Strategy of Ukrainian Financial Sector Development will lay the groundwork for the further development of Ukraine's financial sector and its competitiveness amid progress towards EU accession and integration into the global financial space. It will create conditions for reinforcing Ukraine's potential on its way to Victory and will contribute to introducing transformations needed for the reconstruction and growth in the national economy both during and after the full-scale war.

## NBU's Strategic Goals and Initiatives







# SUSTAINABLE

Goal 1/5

**Sustainable Hryvnia**

# GOAL 1

## SUSTAINABLE HRYVNIA

---

### Monetary Policy: Keeping a Balance between Delivering Price Stability and Supporting the Economy's Adaptation to the Shocks of War

At the start of the full-scale Russian invasion, the NBU overhauled its approaches to monetary policy, but immediately declared in the [Monetary Policy Guidelines for the Period of Martial Law](#) its strategic intention to return to a full-fledged inflation targeting (IT) format with a floating exchange rate as the economy and financial system normalize.

In 2022–2023, preconditions were formed for the next step on this path. This primarily concerns improving the effectiveness of the key policy rate as a monetary instrument, strengthening the role of inflation as a nominal anchor for expectations, easing a number of administrative restrictions on foreign exchange transactions and capital flows, and successfully [implementing the regime of managed exchange rate flexibility](#). These trends allowed the NBU to transition to a flexible IT regime in 2024. The NBU Council laid down principles, goals, tasks, and other key features of the new regime in the Monetary Policy Guidelines

for the Medium Term (hereinafter referred to as the “Monetary Policy Guidelines”). Flexible IT is an intermediate regime on the way to restoring a full-fledged IT format. Under such a regime, monetary policy continues to be aimed primarily at attaining and maintaining price stability through bringing inflation – measured in annual terms by the CPI – to the target within the appropriate policy horizon. At the same time, under the flexible IT regime, the NBU shifted away from a target range ( $5\% \pm 1\text{ pp}$ ) toward a point target of 5%. In addition, the maximum length of the policy horizon, i.e. the period within which inflation should be brought back to its target, was extended from 9–18 months to three years. Such changes allow the NBU to respond more flexibly to the shocks that are likely to occur due to the unpredictable nature of the war, and to support economic recovery without creating threats of a persistent unanchoring of inflation expectations.

Thus, flexible IT provides for the possibility of a temporary deviation of inflation from the target in order to increase the ability of Ukraine's economy to adapt to changes in internal and external conditions, and to recover steadily. At the same time, the controllability of inflation expectations and processes under this monetary regime is being ensured by the appropriate interest rate policy (in particular, fuelling interest in hryvnia instruments), as well as by maintaining the sustainability of the FX market under the regime of managed exchange rate flexibility. Therefore, another important difference between flexible IT and the full-fledged IT format is the active use of



a consistent combination of exchange rate and interest rate policy instruments, FX restrictions, and other monetary instruments so as to maintain a proper balance between ensuring price stability and facilitating the economy's adaptation to the shocks of war.

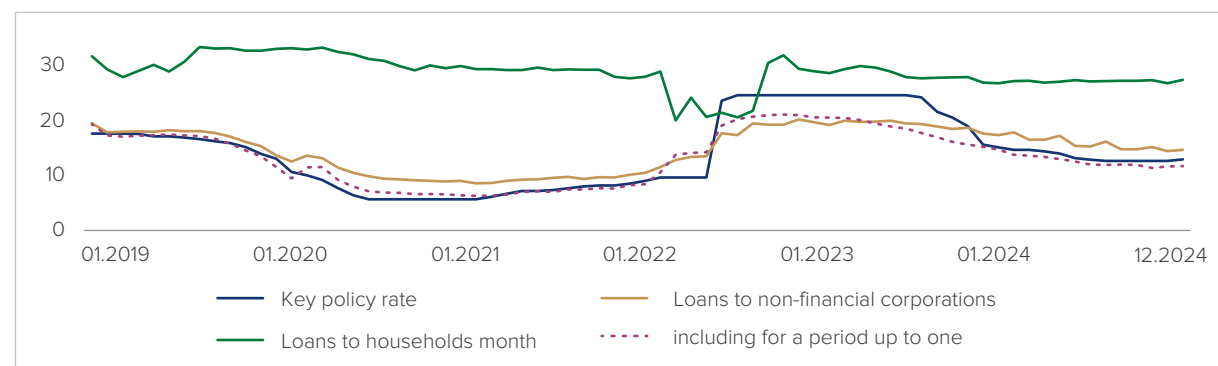
Thus, in H1 2024, the strengthening of the NBU's capability to ensure FX market sustainability and progress made in reducing inflation (to 3.2% in April 2024) made it possible to continue the interest rate easing cycle, which started in 2023. The key policy rate was cut from 15% in January to 13% in June. The adjustments made to the operational framework parameters of interest rate policy in March and April were also aimed at boosting lending and supporting economic recovery.

As a result, amid the easing of interest rate policy, the average rate on corporate loans in 2024 fell to 15% per annum – the pre-pandemic level observed in 2019.

At the same time, the preservation of macrofinancial stability contributed to a further easing of lending standards. Together with the progress made in implementing [the Lending Development Strategy](#), this fueled a 10% (UAH 51 billion) increase in hryvnia loans to the corporate sector and a 25% (UAH 53 billion) increase in retail loans since the start of the year (read more in Role of the Financial Sector in the Country's Recovery: Implementation of the Lending Development Strategy).

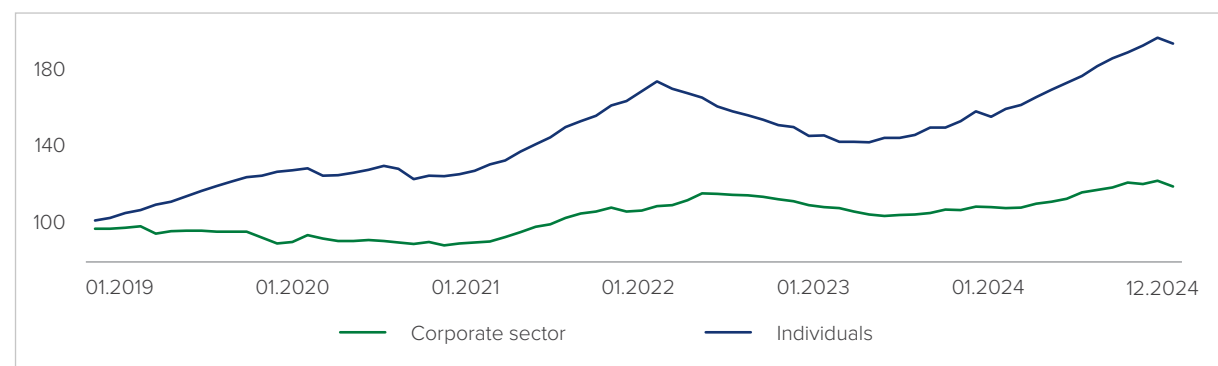
The revival in lending supported the recovery of the economy, which grew by 2.9% in 2024, according to the NBU's estimates. Despite the higher intensity of hostilities, Russia intensifying its

### Weighted average interest rates on hryvnia loans and average monthly key policy rate, %



Source: NBU.

### Hryvnia loans, December 2018 = 100



Source: NBU.



air attacks, and the resulting electricity shortages, economic growth was driven by the high adaptability of businesses and households to the circumstances of the war. Economic growth was also supported by the stable functioning of the sea corridor and loose fiscal policy, which contributed to the resilience of both consumer and investment demand. At the same time, the recovery was restrained by smaller harvests due to poor weather conditions in 2024, and somewhat weaker-than-expected external demand.

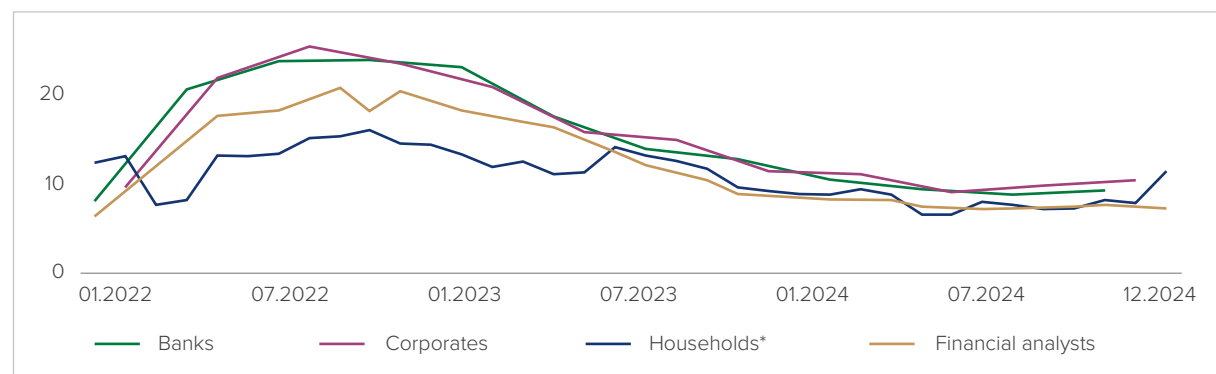
The inflow of international financial assistance and the sustainability of the FX market through the use of a combination of instruments allowed the NBU to gradually ease FX restrictions in 2024 without threatening macrofinancial stability. In turn, the liberalization of the most burdensome restrictions helped to create the basis for improving the business climate in Ukraine, which will subsequently support the entry of domestic businesses into new markets and the inflow of new investments into the country (read more in paragraph 3.4. Achievements Made Thanks to Measures Taken under [the Strategy for Easing FX Restrictions, Transitioning to Greater Flexibility of the Exchange Rate, and Returning to Inflation Targeting](#)).

At the same time, in the medium and long term, maintaining stable inflation expectations and price stability is an important prerequisite for reviving lending, investment inflows, and a sustainable economic recovery. Therefore, given the projected acceleration of inflation and the upwardly shifted balance of risks to its dynamics, the NBU paused its interest rate policy easing cycle in July 2024 and took measures to strengthen the sustainability of the FX market.

In H2, consumer inflation accelerated as expected, largely driven by temporary factors that were primarily related to the effects of poorer harvests amid unfavorable weather conditions, renewed electricity shortages due to new damage to energy infrastructure caused by Russian attacks,

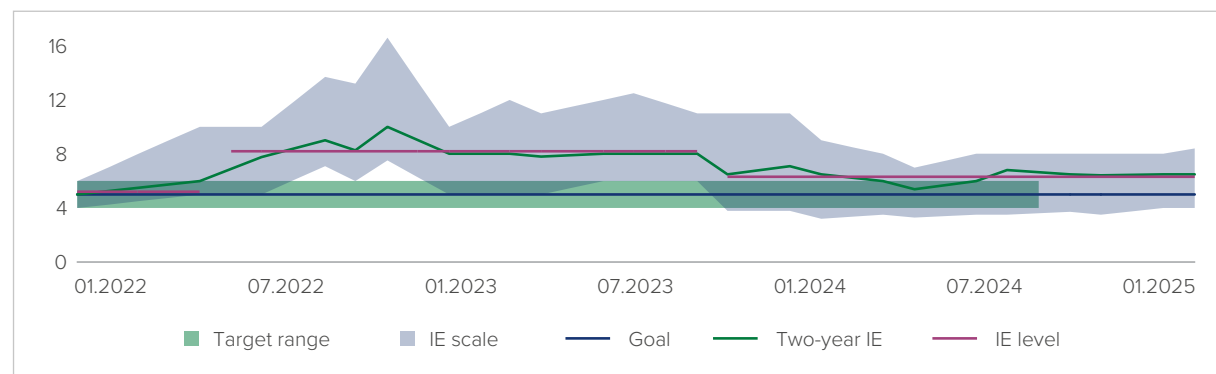
and the depreciation of the hryvnia in H1. However, despite the increased price pressure, inflation expectations for the next 12 months across all groups of respondents showed relative stability until Q4 2024.

### Inflation expectations for the next 12 months\*, %



\* From March 2022, the survey method for households was changed from in-person to telephone interviews.  
Source: NBU, Info Sapiens.

### NBU's inflation target, medium-term inflation expectations (IE) of financial analysts, their level and scale\*, %



\* IE median value. IE levels were assessed on the basis of the methodology of Bai and Perron (2003).  
Source: NBU.

These factors preserved room for a fairly flexible monetary policy in Q3 2024. It included keeping the key policy rate unchanged and optimizing the parameters of the operational framework and required reserves, while seeking a compromise between maintaining the economy's adaptability to shocks, the need to stimulate domestic borrowing to reduce the risk of a resumption of monetary financing, and ensuring price stability over the medium term.

The changes in the operational framework made [in September](#), together with the application of a modified reserve requirement mechanism, were primarily aimed at increasing the banks' flexibility in managing their own liquidity and reviving the domestic debt market. The NBU reduced spreads between the key policy rate and rates on three-month certificates of deposit and refinancing loans by 0.5 pp, and limited the maximum maturity of the latter to 14 days. Along with making changes to the operational framework, the NBU announced an increase in the required reserve ratio and in October raised it by 5 pp. At the same time, the share of required reserves that the banks can meet using benchmark domestic government debt securities was increased to 60%.

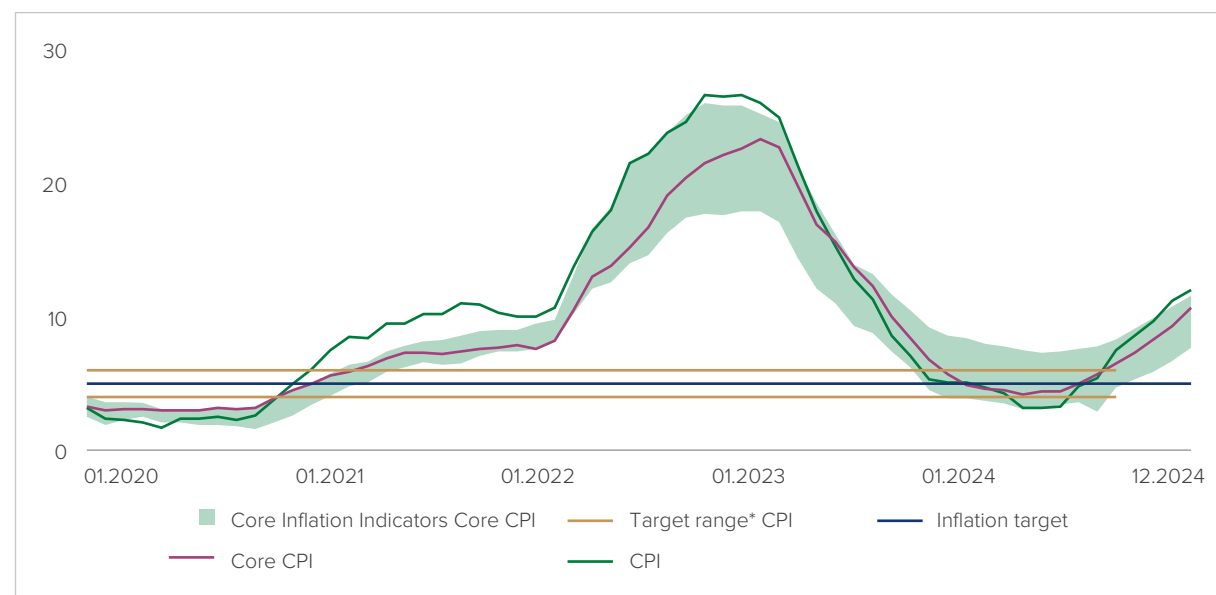
The adopted changes helped spur demand for domestic government debt securities, which strengthened the government's ability to raise the necessary financing in the domestic debt market without resorting to monetary financing. As of the end of 2024, the rollover of investments in domestic government debt securities was 155% by nominal value in all currencies.

At the same time, underlying price pressures rose markedly at the end of the year: core inflation

accelerated to 10.7% yoy in December, with services prices increasing significantly (12.5% yoy). These price dynamics were driven by businesses' higher expenses on raw inputs, materials, and electricity, as well as by wage increases driven by persisting labor shortages. Inflation was also

fueled by the persistence of robust consumer demand. As a result, consumer inflation reached 12% in December 2024, substantially exceeding the NBU's forecast and financial analysts' expectations.

### Consumer inflation and estimates of main inflation trends, % yoy



\* The target range was applied until August 2024 inclusive. Source: SSSU, NBU staff estimates.

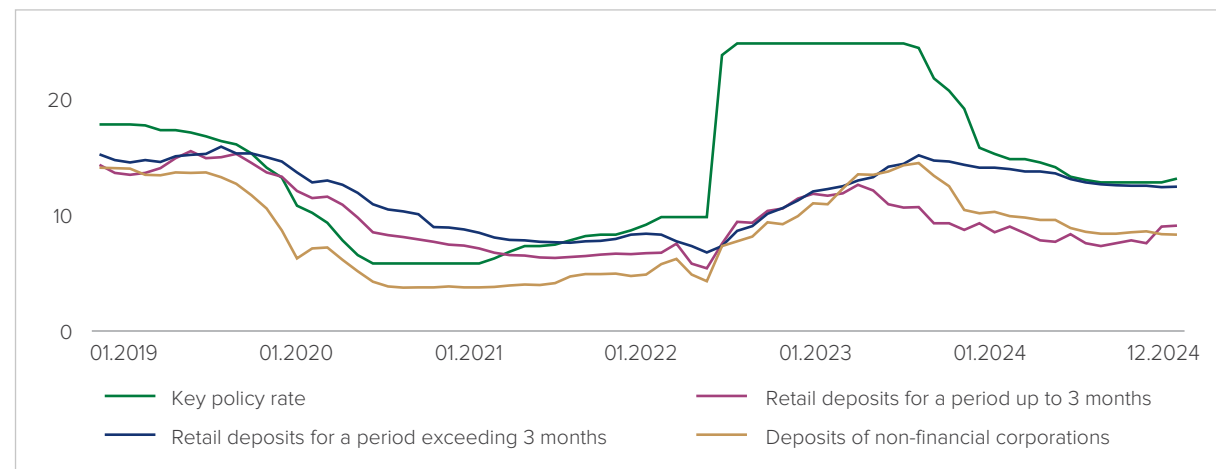
The acceleration of inflation to double-digit levels significantly increased economic agents' concerns about future prices of goods and services (read more in Box 2 of the October 2024 [Inflation Report](#)). As a result, at the end of the year, short-term inflation expectations of businesses and households deteriorated markedly, albeit remaining below the current inflation rate. Although the inflation expectations of financial analysts and the banks remained stable, the further rise in inflation may have negatively affected their belief that the price surge was short-lived.

In response to further growth in underlying price pressures and the risk of the unanchoring of inflation expectations, and thus the threat of inflation remaining high for longer, the NBU switched to a cycle of interest rate policy tightening in December 2024. Having raised the key policy rate to 13.5%, the NBU also announced its readiness to tighten interest rate policy further to support interest in hryvnia savings, reverse the inflation trend in 2025, and bring inflation to the 5% target over the policy horizon.

The NBU's placement [of three-month certificates](#) of deposit supported the banks' interest in attracting hryvnia term deposits from households. Such transactions helped to restrain the pace of inertial decline in deposit rates during and after the key policy rate reduction cycle, and to protect hryvnia savings from inflation going forward.

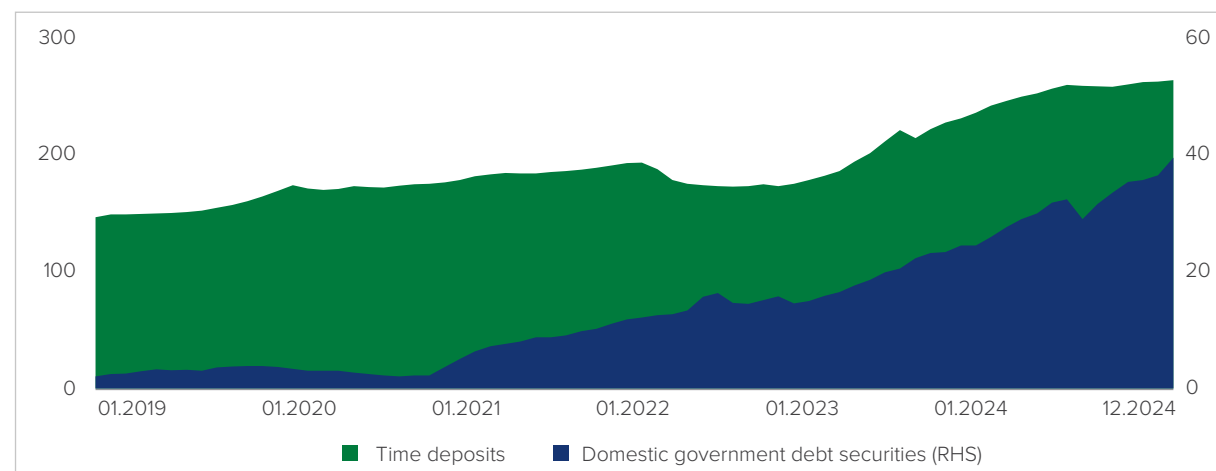
As a result, despite accelerating inflation and a certain deterioration in expectations, real rates on hryvnia term instruments remained positive.

### Weighted average interest rates on hryvnia term deposits and average monthly key policy rate, %



Source: NBU.

### Hryvnia-denominated domestic government debt securities in households' portfolios and hryvnia retail term deposits, UAH billions



\* At amortized nominal value  
Source: NBU.

The protection of term deposits from inflationary depreciation maintained Ukrainians' interest in hryvnia instruments. Although the inflow of hryvnia deposits to the banks slowed (including due to the increase in the military tax rate), deposits continued to grow: retail term deposits increased by 9% during the year, and since the onset of the full-scale invasion by 41%, to UAH 264 billion as of 1 January 2025.

The income from domestic government debt securities being exempt from taxes coupled with the high real yields of these securities raised households' interest in this savings instrument. In 2024, the portfolio of hryvnia-denominated domestic government debt securities held by households increased by more than 50%, and its growth in Q4 outpaced the growth in term deposits.

The sustained interest in hryvnia term instruments in 2024 limited the pressure on prices through the channels of expectations and the propensity to save, as well as helping to maintain the sustainability of the FX market and ensure that international reserves were used sparingly. For its part, maintaining a stable and controlled situation in the FX market remained an important safeguard against an unanchoring of expectations, and a key prerequisite for ensuring price stability.

Russia's full-scale invasion distorted economic processes and the financing of the budget deficit, which also led to major changes in the functioning of the Ukrainian FX market. In particular, on the one hand, a considerable structural deficit of foreign currency in the private sector was observed in 2024 and is likely to persist for a long time: for example, the trade deficit in 2024 amounted to USD 35.7 billion, caused by limited export

opportunities amid high import needs, including for military purposes.

On the other hand, international reserves were sufficiently replenished thanks to significant amounts of assistance from international partners that did not come directly to the FX market. In such a way, thanks to loans and grants of about USD 42 billion received by Ukraine from international partners in 2024, the NBU was able to increase international reserves to a historic high (USD 43.8 billion at the end of 2024).

In addition, uncertainty, restrictions on capital flows, and other consequences of the full-scale invasion were still distorting and limiting the effectiveness of monetary transmission channels.

All of this made it important for the NBU to be present on the FX market, so as to maintain moderate two-way fluctuations of the exchange rate depending on changes in market conditions in 2024. On the one hand, the NBU ensured that a portion of the international assistance flowed into the FX market, compensating for the structural deficit of foreign currency in the private sector and fueling the supply of foreign currency, as well as smoothing out excessive exchange rate fluctuations. On the other hand, by adhering to the principles of managed exchange rate flexibility, the NBU helped strengthen the role of the exchange rate as an adjustment mechanism for the economy.

To achieve intentional synergy effects, the NBU also calibrated the parameters of its FX interventions, aligning them with the parameters of interest rate policy and settings of FX restrictions.

In particular, this made it possible in 2024:

- to eliminate the problem of multiple exchange rates: the difference between the cash and official exchange rates averaged less than 1% and did not exceed 3% during the year (whereas it reached 25% in 2022 and 10% in 2023). This is particularly important for de-shadowing the demand for foreign currency cash and maintaining control over the dynamics of the cash exchange rate – and thus over exchange rate expectations
- to stimulate market activity and increase the depth of the FX market, which enhances its ability to self-balance: the average daily volume of transactions without the NBU's participation has almost tripled since the introduction of managed exchange rate flexibility, and the share of such transactions in the total volume of transactions on the interbank market has almost doubled
- to strengthen the link between the exchange rate and FX market conditions and restore economic agents' sense of FX risk, which is important for avoiding the accumulation of foreign trade imbalances, reducing imbalances in the economy, and enhancing its adaptability
- to improve the effectiveness of monetary transmission channels, which enhances the NBU's ability to influence macroeconomic processes, in particular, to maintain a proper balance between ensuring price stability and facilitating the economy's adaptation to the shocks of war.



## Regulation of Money Market and FX Market amid Military Aggression

One of the tools that enabled the NBU to ensure the banking system's stability in the earliest days of the full-scale war was the imposition of temporary emergency restrictions in line with NBU Board Resolution No. 18 *On the Operation of the Banking System Under Martial Law*, dated 24 February 2022 (hereinafter referred to as "Resolution No. 18"). This move played an extremely important role in maintaining macrofinancial stability as a fundamental condition for business continuity under the stress of the large-scale invasion.

FX restrictions/bans imposed by Resolution No. 18 remain in force, in particular those regarding:

- trading in currency valuables and their movement out of Ukraine, as well as transfers of funds into non-resident banks' correspondent accounts, in the hryvnia and foreign currency, that have been opened with resident banks
- withdrawals from FX accounts, as well as from hryvnia accounts in Ukraine and abroad
- transactions that are not typical of the general public, specifically those involving the transfer of funds to the accounts of individuals abroad using the payer's payment card details, as well as transactions using payment cards to purchase assets that are directly convertible (exchanged) into cash and that are considered to be quasi cash transactions

- transactions related to the movement of capital from Ukraine. At the same time, for these transactions the list of exceptions to bans on money transfers from Ukraine is gradually being widened – it now includes exceptions for meeting state-guaranteed commitments, transactions with certain international financial institutions, transactions under certain categories of loan agreements concluded by resident borrowers with non-resident creditors, and transactions for the partial payment of dividends on corporate interests/shares
- transactions with russian and belarusian rubles, as well as transactions in which money is debited from the accounts of russian and belarusian residents
- deadlines for settlements in goods export and import transactions (to 180 calendar days, down from 365)
- the length of use of purchased foreign currency (reduced from 10 to 2 business days)
- issuing and distributing e-money and depositing e-money into e-wallets
- issuing of savings certificates denominated in foreign currency by banks
- the conclusion of money market derivative contracts (except for swaps) by banks.

In 2024, the NBU took a number of steps to ease FX restrictions. In particular, in early May 2024, the NBU implemented its largest package of steps to ease FX restrictions on businesses since the outset of the full-scale war. In addition, in July–December 2024, the central bank supplemented this package with more liberalization measures.

The liberalization changes concerned several areas:

- 1) goods export and import transactions:
  - purchases and transfers of foreign currency were allowed for imports of all types of goods, including works and services (abolition of the list of critical imports), which were/are being delivered after 23 February 2021
  - restrictions were eased for purchases of foreign currency and/or transfers of funds from Ukraine in settlements for imports of goods delivered before 23 February 2021: starting from 20 November 2024, this restriction does not apply to transactions to meet obligations under import contracts implemented with the participation of foreign export credit agencies or with the participation of a foreign state
  - settlement deadlines for transactions to export certain types of agricultural products were extended from 90 to 120 calendar days
- 2) several significant steps were taken to ease FX restrictions on resident borrowers' transactions to repay debt under loan agreements with non-residents. FX purchases and transfers from Ukraine were allowed in the following cases: to repay and service "new" external loans, whereby borrowed funds arrived in Ukraine after 20 June 2023, subject to a maximum interest rate of 12% per annum. In this case, only the restriction on FX purchases to repay short-term (up to one year) "new" foreign loans remains in effect (previously, there was a restriction on FX purchases to repay principal and interest on "new" foreign loans with maturities of up to three years)

- to pay interest on “old” external loans (with disbursements that started before 21 June 2023): within the limit of EUR 1 million per quarter for interest payments overdue as of 1 May 2024, and with no limits on the amount for further scheduled interest payments (made after 1 May 2024). The restriction on the purchase of foreign currency and the transfer of funds from Ukraine remains in place only for those “old” external loans that were already overdue as of 24 February 2022.

3) FX transfers from Ukraine to foreign investors/non-residents to partially pay out dividends on corporate interests/shares were allowed, including:

- to repatriate abroad “new” dividends (accrued on corporate interests/shares on performance in the period starting no earlier than 1 January 2024) in favor of non-resident owners of the corporate interests/shares and/or through the depository system of Ukraine within a monthly limit of up to EUR 1 million (per issuer)
- for a resident legal person to make additional payouts (above the established limit) of dividends on corporate interests/shares, provided that these funds ultimately go towards the making of scheduled, or the reimbursement of already made, interest payments (coupons) on Eurobonds issued by non-residents (the resident’s affiliates/related parties). Funds transfers in this case are allowed, subject to a number of additional conditions
- as of 21 December 2024, the list of cases in which the repatriation of dividends is permitted to reimburse payments of coupons on Eurobonds was supplemented with the

case of a non-resident not affiliated/related to a resident providing a loan to a resident borrower at the expense of funds from the placement of Eurobonds. Thus, the rules allowing Ukrainian companies to reimburse non-residents for expenses incurred through the payment of Eurobond coupons were optimized, so that all Ukrainian companies that had raised funding for projects in Ukraine through the issuance of Eurobonds had the same opportunities to reimburse non-residents.

4) restrictions were lifted on fund transfers from Ukraine in leasing/rent transactions.

Legal persons and sole proprietors were allowed to transfer funds abroad to make settlements under leasing/rental agreements, with no additional restrictions on the item being leased/rented (previously, such transfers had been allowed only under agreements to ease/rent vehicles)

5) FX purchases and transfers by representative offices of airlines and international card payment systems have been allowed in favor of their parent companies within a limit equivalent to EUR 5 million (based on the exchange rate on the date of transaction) per calendar month per representative office of one company in one bank of the representative office’s choice.

6) FX transfers by state-owned enterprises to purchase emission quotas to cover or offset carbon dioxide emissions related to aviation activities have been allowed.

7) Opportunities were expanded for residents (commission agents/commercial agents (sub-agents)/assignees)) to conduct settlements with

non-residents under intermediary agreements. From now on, under commission agreements/agency agreements/assignment agreements, residents will be able to transfer funds received from selling the goods, services, and works of a non-resident over the period from 24 February 2022 to a non-resident principal/entity represented by a commercial agent (sub-agent)/assignee (until 4 May 2024, this possibility was foreseen for services and works specified in Resolution No. 153 of the Cabinet of Ministers of Ukraine *On Certain Issues of Ensuring Imports*, dated 24 February 2022 (as amended)).

8) restrictions were lifted on payments made by residents under a guarantee/surety that ensures that a resident borrower fulfills the liabilities under a loan agreement concluded with a non-resident (provided that the transfer of funds from Ukraine is also permitted for the relevant transactions of resident borrowers).

9) Ukrainian businesses were allowed to transfer funds to reimburse the expenses/payments of non-resident guarantors (surety providers/pledgors/insurers) resulting from their participation in meeting creditors’ claims under external loans received by Ukrainian borrowers. The condition for such a transaction is that such a guarantor/surety provider/insurer under an external loan must be a foreign export credit agency or a foreign state, or an international financial institution (IFI) must be a guarantor or surety provider for such a debt. Such changes will expand the opportunities for Ukrainian companies to attract new external loans.

10) Transfers of funds were permitted in favor of non-resident legal persons whose members (shareholders, founders) include a foreign state (except for a state that is committing military aggression against Ukraine) under agreements that provide for the coverage of war risks in Ukraine

11) residents have been enabled to pay fees (duties) for actions related to the protection of intellectual property rights, including payment for services provided by patent offices of other countries and services of patent attorneys abroad

12) resident e-commerce entities (legal persons and sole proprietors) registered as VAT payers in the European Union were provided with the opportunity to transfer foreign currency in order to pay VAT under EU laws to the budget of the country of registration.

13) restrictions have been lifted for payments on transactions under reinsurance agreements concluded with foreign nuclear insurance pools

14) state-owned natural gas market participants were allowed to make cross-border transfers (on the terms and in the amounts approved by the government) in order to fulfill obligations under decisions of foreign arbitration courts.

15) it was permitted to transfer funds from Ukraine to make settlements under international technical assistance projects/programs, regardless of which state/organization finances the project

16) enable non-residents to make charitable contributions (donations) in the hryvnia inside Ukraine in order to support Ukraine's defense

capability and people's other urgent needs while under martial law. Such contributions may be made to the accounts of both government agencies and charitable foundations

17) allow individuals to transfer funds for the purpose of returning social benefits received in a foreign country

18) a regulatory framework was established for limits on settlements from FX accounts outside of Ukraine for transactions using certain merchant category codes. In particular, the following settlements were allowed:

- in the amount of UAH 100,000 (in equivalent) per calendar month under merchant category codes 5094 (precious stones, metals, and jewelry), 5944 (watches, jewelry, and silverware), and 5972 (stamp and coin stores)
- in the amount of UAH 500,000 (in equivalent) per calendar month using merchant category code 6513 (Visa Real Estate Agents and Managers; MasterCard Real Estate Agents and Managers: Rentals)

19) for currency valuables trading transactions:

- A temporary possibility was provided (until 31 December 2024) to convert (sell, exchange) bank clients' balances of russian/belarusian rubles in cashless form. This amendment was made to implement the Law of Ukraine No. 3498–IX *On Amendments to Certain Laws of Ukraine Regarding the Improvement of the Functions of the State Regulation of Financial Services Markets* dated 22 November 2023.
- Purchases and sales of investment metals were allowed for legal persons and sole

proprietors without physical delivery for cashless hryvnias, subject to certain conditions being met (if the need for banking metals is due to the economic activities of persons in the field of jewelry production; if such persons began to carry out activities in the field of jewelry production before 23 February 2022, as confirmed by the relevant documents).

- The rule was clarified regarding the existing limit of UAH 100,000 per day (excluding bank commission) for the purchase and sale of foreign currency cash for non-cash hryvnia funds, which corresponds to the limit on cash withdrawals from clients' current accounts (as before, there is no limit on the amount of cash exchange transactions).

To prevent non-productive capital outflows and reduce pressure on Ukraine's FX market, the NBU in 2024 introduced the following safeguards:

- 1) additional criteria for dividend repatriation abroad within the limit, with regard to:
  - the minimum period of issuers' operations from the date of state registration to the date of the transfer (no less than 12 months)
  - the moment when a foreign investor acquires ownership rights to the issuer's corporate interests/shares on which the dividends are paid (no earlier than six months before the date of the transfer)
- 2) a ban on using foreign currency loans for the purpose of acquiring foreign-currency-denominated securities. Specifically, banks are prohibited from:

- transferring foreign currency on behalf of clients (except other banks) who received the foreign currency in the form of a loan (including repayable financial assistance) for the purpose of acquiring foreign-currency-denominated securities and/or depositing them into a central counterparty's current account
- granting foreign currency loans for clients/borrowers to purchase foreign-currency-denominated securities.

At the legislative level, a number of systemic measures were introduced – in particular, those aimed at encouraging the timely return of FX earnings from exports of certain types of agricultural products. The NBU, along with other state authorities, took an active part in developing these measures. Specifically, Law of Ukraine No. 3706-IX *On Amendments to the Tax Code of Ukraine and Other Laws of Ukraine on the Specifics of Exporting Certain Types of Goods Under Martial Law*, dated 9 May 2024, was developed and adopted, and the export control regime was introduced in accordance with this law (in line with the respective resolution of the government of Ukraine).

At the same time, in order to minimize risks to the security and stability of the financial system, reduce the negative effects of online gambling, promote consumer protection, and develop responsible consumer lending, starting from 22 June 2024, payment service providers were prohibited from conducting payment transactions that involve funds provided to users as loans, where these funds are to be transferred to the accounts of gambling organizers for participation in online gambling.

In addition, in order to prevent the use of payment infrastructure for illegal purposes, for the period from 1 October 2024 through 31 March 2025, the NBU set a limit on transfers within Ukraine from all domestic-currency accounts of an individual user with a payment service provider to accounts of other individual recipients using the details of electronic means of payment of the individual recipients, of an amount of no more than UAH 150,000 per month. The limit does not apply to accounts of volunteers who meet the criteria set forth in Resolution No. 18 and persons whose monthly income from confirmed sources exceeds the amount of the established limit, and in the case that the money is transferred between a client's own accounts. It should be noted that transactions using IBAN details are not limited.

In 2024, the NBU also took measures to improve the tools for regulating bank liquidity.

In such a way, in 2024, the NBU continued to provide the banks with the opportunity to purchase three-month certificates of deposit at a more attractive rate compared to overnight certificates of deposit within the amount of the growth in retail deposits attracted for a period of three months or more. A bank's ability to invest in three-month NBU certificates of deposit is determined by its activity in the segment of hryvnia retail deposits with maturities exceeding 92 days. In September 2024, the NBU Board decided to change the parameters of other monetary policy instruments and operations. From 20 September 2024, the maximum term of refinancing loans was limited to 14 days. Previously, liquidity support loans could be granted for up to one year.





In addition, in 2024, the NBU increased the required reserve ratios by 5 pp (except for the ratio for hryvnia retail term deposits with maturities of 93 calendar days and more), which resulted in an increase in the required reserves by more than UAH 120 billion.

At the same time, the NBU strengthened the incentive component of this instrument, namely by enabling the banks to cover a larger share of their required reserves – up to 60% of the total required reserves – using benchmark domestic government debt securities, the list of which was determined on the basis of proposals from the Ministry of Finance of Ukraine.

This contributed to an increase in market demand for domestic government debt securities and, consequently, enabled the financing of the budget deficit without resorting to monetary financing.

In addition, in 2024, the list of domestic government debt securities eligible for covering the required reserves was expanded from 11 to 15 ISINs (International Securities Identification Number).

### International (Gold and Foreign Exchange) Reserves of Ukraine

Ukraine’s international (gold and foreign exchange) reserves (hereinafter referred to as “international reserves”) increased over the year by USD 3.3 billion, or by 8.1%, to reach USD 43.8 billion as of 1 January 2025.

In 2024, international reserves were mainly replenished through inflows worth the equivalent of a total amount of USD 42 billion (including the equivalent of USD 5.3 billion from the IMF)

and receipts from the placement of government securities of Ukraine worth the equivalent of USD 3.5 billion.

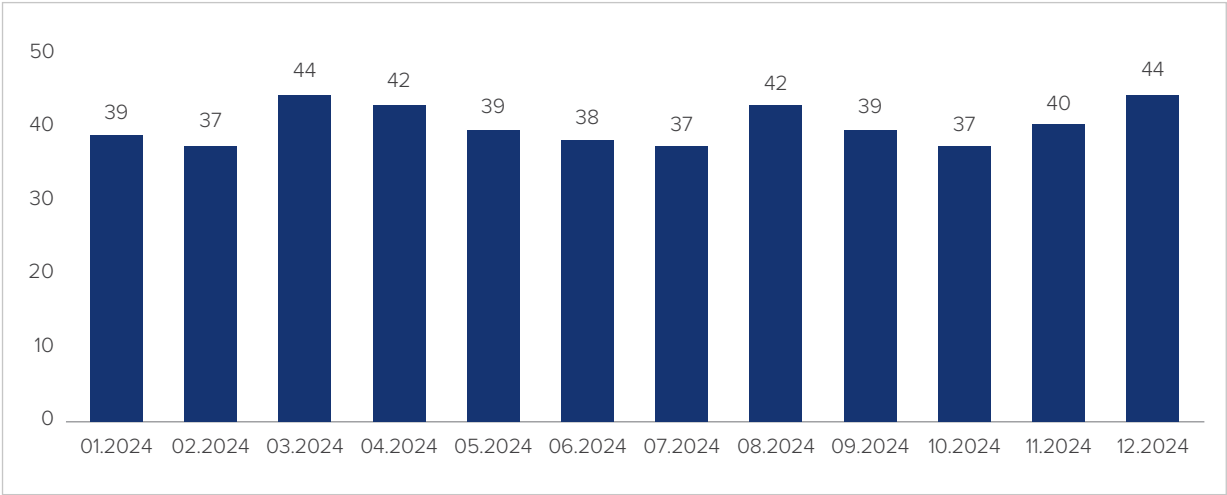
In 2024, international reserves decreased mainly due to foreign currency sales on the interbank FX market of Ukraine worth the equivalent of a total amount of USD 34.9 billion, payments made by the government of Ukraine worth the equivalent of USD 6.7 billion, and payments made to repay and

service IMF loans worth the equivalent of USD 3.4 billion.

International reserves were mainly managed with a view to ensuring an optimum ratio between security, liquidity, and profitability, which enabled the NBU to perform its statutory functions.

In the reporting period, international reserves were managed according to the *Provisional Investment Declaration of International (Gold and Foreign Exchange) Reserves of Ukraine during Martial Law or a Special Period*.

**Ukraine’s international reserves (at current exchange rate), end of period, USD billions**



## Achievements Made Thanks to Measures Taken under the Strategy for Easing FX Restrictions, Transitioning to Greater Flexibility of the Exchange Rate, and Returning to Inflation Targeting

In 2024, the NBU continued to implement the Strategy for Easing FX Restrictions, Transitioning to Greater Flexibility of the Exchange Rate, and Returning to Inflation Targeting<sup>1</sup> (the “Strategy”).

### On Easing FX Controls

The liberalization of the FX restrictions that were imposed upon the introduction of martial law in Ukraine is continuing in accordance with the comprehensive Roadmap for the Gradual Easing of FX Restrictions<sup>2</sup> (the “Roadmap”), which is being implemented by the NBU within the framework of the Strategy.

In May 2024, the NBU introduced the largest FX restrictions-easing package since the onset of the full-scale war. Steps taken under this package concerned measures of both the first and second stages of the Roadmap.

In particular, the following transactions were allowed:

- transferring foreign currency abroad for importing all types of works and services (if such works and services were provided after 23 February 2021)

- servicing and making partial repayments of “new” external loans (received after 20 June 2023)
- making partial payments of scheduled interest payments on “old” external loans (received before 20 June 2023) and past due interest payments on such loans that were accrued as of 1 May 2024
- repatriating dividends on corporate interests or shares abroad, with dividends being accrued based on the performance results for the period starting from 1 January 2024
- transferring foreign currency abroad under leasing and rent and transfers by representative offices of airlines and international card payment systems to their parent companies.

In July, September, November, December 2024, additional liberalization measures of the second stage of the Roadmap were approved, the purpose of which, in particular, was to:

- provide the possibility of transferring funds for the payment of dividends on corporate rights / shares in excess of the established limit, provided that these funds are directed to scheduled payments of interest income (coupon payments) and the reimbursement of already paid interest payments (coupons) on Eurobonds
- lift restrictions on transfers of funds from Ukraine to fulfill obligations under import transactions, the delivery of goods under which was carried out before 23 February 2021 (provided that such transactions were carried

out with the participation of a foreign export credit agency / foreign state)

- unify approaches to making previous and scheduled interest (coupon) payments in cases where external corporate borrowings are structured in different ways
- lay the groundwork for counteracting unproductive capital outflows from Ukraine.

As a result of the implementation of above liberalization measures, practically all steps of the first stage of the Roadmap have been completed. However, the implementation of the first stage is ongoing, as some transactions are still being carried out within the established limits. At the same time, the NBU started to implement the second stage in 2024, and is now actively working on it.

The main goal of all such liberalization measures was to improve the conditions for doing business in Ukraine so that domestic businesses could enter new markets. These changes helped increase economic activity and create conditions for the inflow of investment capital into Ukraine.

From May to December 2024, 295 companies took advantage of the opportunity to pay interest on “old” external loans, and 452 companies took advantage of the opportunity to repatriate dividends accrued based on their performance results in the period from 1 January 2024. The volume of cross-border transfers related to FX liberalization measures was 5%–7% of the total volume of transfers, with a significant part of these funds (about 40%) being foreign currency owed by businesses.

<sup>1</sup> The document is available on the NBU's official website via the link: <https://bit.ly/3Z7Q8Jm>

<sup>2</sup> The document is available on the NBU's official website via the link: <https://bank.gov.ua/ua/files/gdFgnFollLJXXBg>

The total volume of new investments in Ukraine for equity participation for the period from the introduction of the largest FX liberalization package in May to 1 January 2025 amounted to USD 0.2 billion. At the same time, in 2024, Ukrainian companies attracted new external loans from non-residents in the amount of USD 0.5 billion.

The next steps in liberalization will be determined by the formation of relevant economic prerequisites and weighing potential risks.

Given the continuation of hostilities and current macroeconomic conditions in Ukraine, the liberalization of FX restrictions could be carried out gradually, based on the presence of the appropriate economic prerequisites.

### Exchange Rate Flexibility

In 2024, the NBU's FX interventions remained an important tool for covering the structural deficit of foreign currency, smoothing out short-term market fluctuations, and maintaining FX market sustainability.

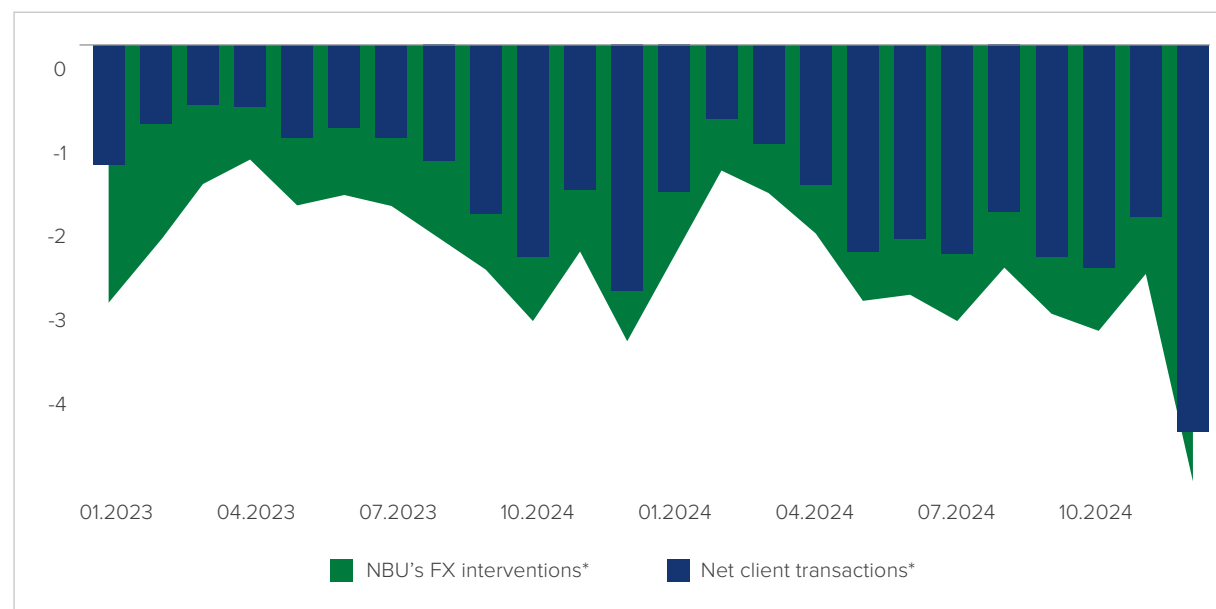
As of the end of 2024, the negative balance of the NBU's FX interventions amounted to USD 34.8 billion (USD 28.6 billion in 2023). Despite the increase in the volume of interventions, their nature remained mainly stabilizing, with their aim being to cover the gap between demand and supply.

Inflows of international financial assistance in 2024 worth about USD 42 billion ensured international reserves remained at a sufficient level.

International reserves as of 1 January 2025 reached USD 43.8 billion, which was USD 3.3 billion more than at the start of 2024 (USD 40.5 billion) and USD 16.4 billion more than at the start of the full-scale war (USD 27.4 billion).

Maintaining a high level of international reserves throughout 2024 was the key prerequisite for continuing FX liberalization in line with the Roadmap.

### Balance of bank\* clients' FX transactions and NBU interventions, USD billions



\* Net transactions by bank clients to purchase/sell cashless and cash foreign currency on TOD, TOM, and spot terms.

The vector of exchange rate movement was determined by the influence of changes in market conditions, namely, a change in the balance between demand and supply of foreign currency in one direction or another.

Certain periods of 2024 (in particular, August and December) were marked by situational spikes in demand for foreign currency, which, in turn, affected exchange rate dynamics.

The NBU covered the structural deficit of foreign currency and smoothed out excessive exchange rate fluctuations.

In 2024, the hryvnia exchange rate remained under control, fluctuating in two directions both during each individual trading day and within any longer period of time.

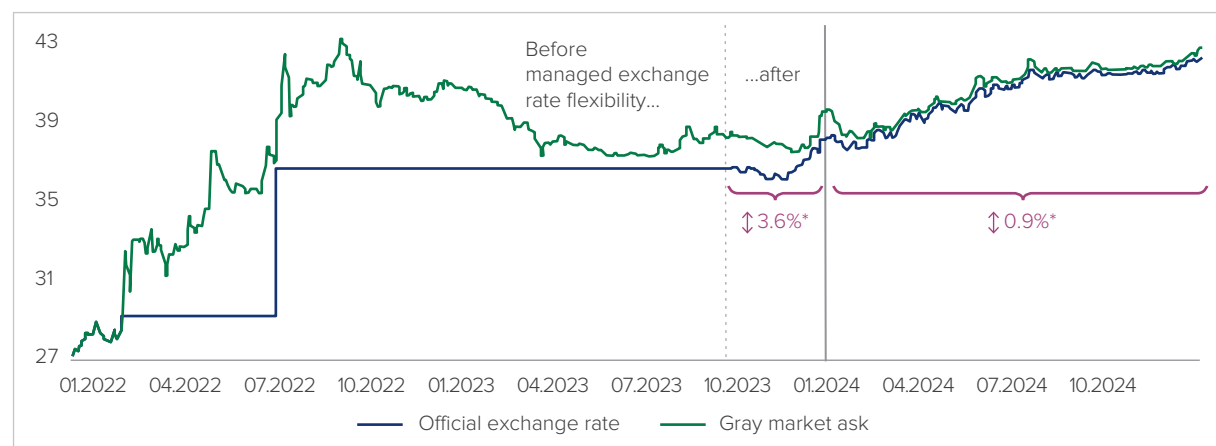
The official UAH/USD exchange rate as 31 January 2024 was UAH 42.04 per U.S. dollar, with the hryvnia having depreciated by 10.7% over 2024. The cash-market ask price as of 31 January 2024 was UAH 42.5 per U.S. dollar, reflecting a depreciation of 8.7% over 2024. The spread between the cash and official exchange rates did not exceed 1% on average for the year.

During 2024, activity in the FX market not including the participation of the NBU remained high. The average share of transactions without the participation of the NBU in the total volume of transactions in the interbank market was at the level of about 50%, which was 10 pp higher than the average level recorded in 2023, after the introduction of exchange rate flexibility (39%), and almost twice the level before the introduction of exchange rate flexibility.

The average daily volume of transactions in the FX market between banks without the participation of the NBU in 2024 increased on average to USD 113 million, compared to USD 91 million on average in October–December 2023 (since the

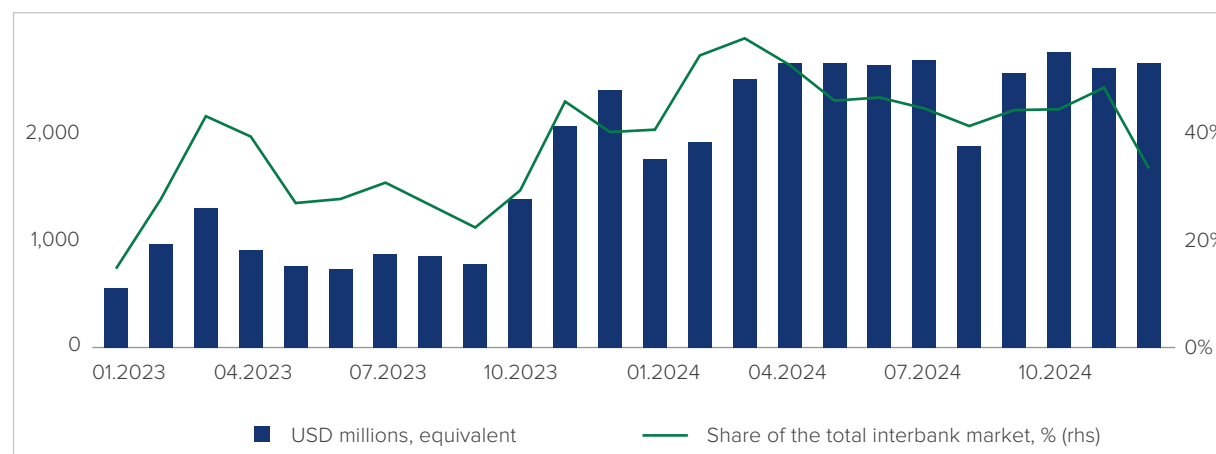
introduction of exchange rate flexibility). This was also almost three times the level recorded before the introduction of exchange rate flexibility. During 2024, this indicator fluctuated in the range from USD 77 million to USD 133 million.

### Hryvnia exchange rates, UAH per USD



\* Spread average for the period.

### Interbank transactions (no NBU involvement) in the FX market





## The NBU's Business Outlook Surveys

In order to inform monetary and macroprudential policy decision-making, boost the NBU's communications with economic agents and society, and ensure the central bank's transparency, the NBU continued to conduct systematic surveys in 2024:

- business outlook surveys (monthly and quarterly)
- surveys of banks (lending and funding surveys)
- surveys of financial analysts' (professional forecasters') macroeconomic expectations
- and surveys of the top managers of Ukraine's key financial institutions and companies regarding systemic risks in the financial sector.

The NBU ensured there was active two-way communication with market participants, continuing the practice of holding meetings with heads of enterprises participating in surveys on business expectations.

Such regular meetings are an effective platform for informing the business community about the NBU's latest decisions, receiving feedback, and discussing issues of importance to businesses.

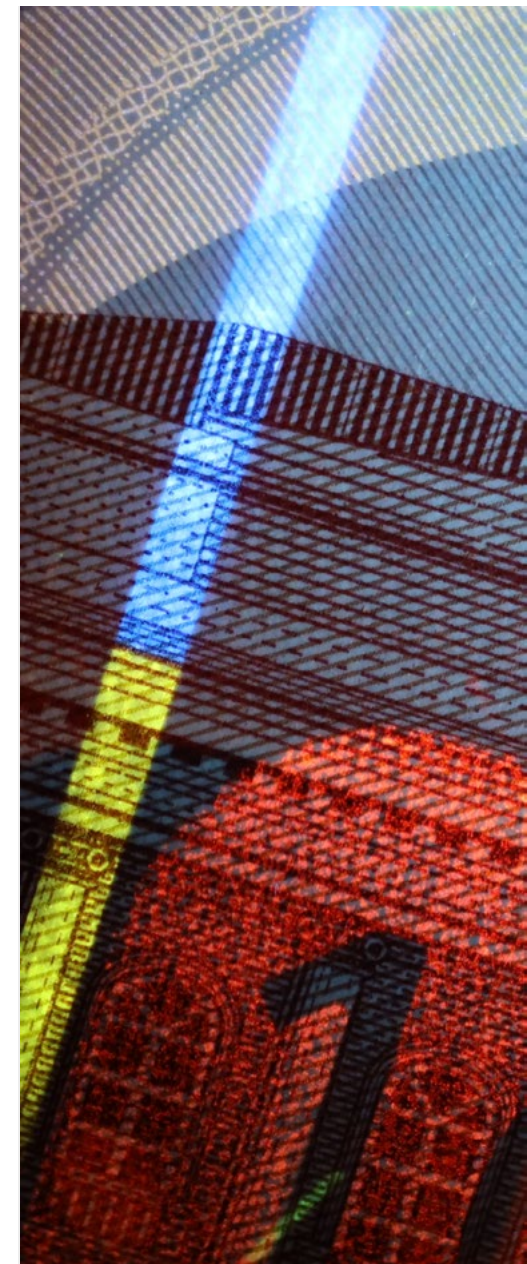
Despite the increased intensity of hostilities and air attacks on infrastructure, two such online meetings were held in 2024 with the participation of a significant number of participants (bringing together 114 and 132 company managers, respectively, who represented almost all economic activities and regions in Ukraine).

The program of the meetings, as has become usual, covered a wide range of issues, with an emphasis on the NBU's recent decisions and its further plans. Key topics included:

- overview of the current state of the economy and the updated macroeconomic forecast of the NBU
- the state of the FX market and the progress of FX liberalization
- AML/CFT problems and wartime sanctions policy
- resilience of the banking sector and development of lending.

In addition, NBU representatives provided detailed answers to numerous questions from representatives of the business community.

The NBU has been publishing indicators that are based on findings from its monthly and quarterly business outlook surveys, which are available on the Open Data page on the NBU's official website. This has been done with a view to ensuring user access to data, facilitating rapid information exchanges among various target groups, making it easier for researchers to make analyses and forecasts, making data more transparent, and boosting confidence in the central bank.





# STABILITY

Goal 2/5

**Financial Stability**

# GOAL 2

## FINANCIAL STABILITY

### Financial Sector in Wartime

#### State of the Banking Sector

In 2024, the number of operating banks in Ukraine decreased by two, to 61: ComInvestBank (0.04% of the sector's net assets) was withdrawn from the market due to violations of Ukrainian legislation and regulatory requirements, and Alpari Bank (less than 0.01% of the sector's net assets) ceased operations at its own initiative. The exit of these banks from the market did not have any significant impact on the sector. In 2024, the network of branches of solvent banks decreased slightly compared to the previous year: a total of 156 branches were closed during the year, 80 of which were those of private banks (including those of the banks that were withdrawn from the market).

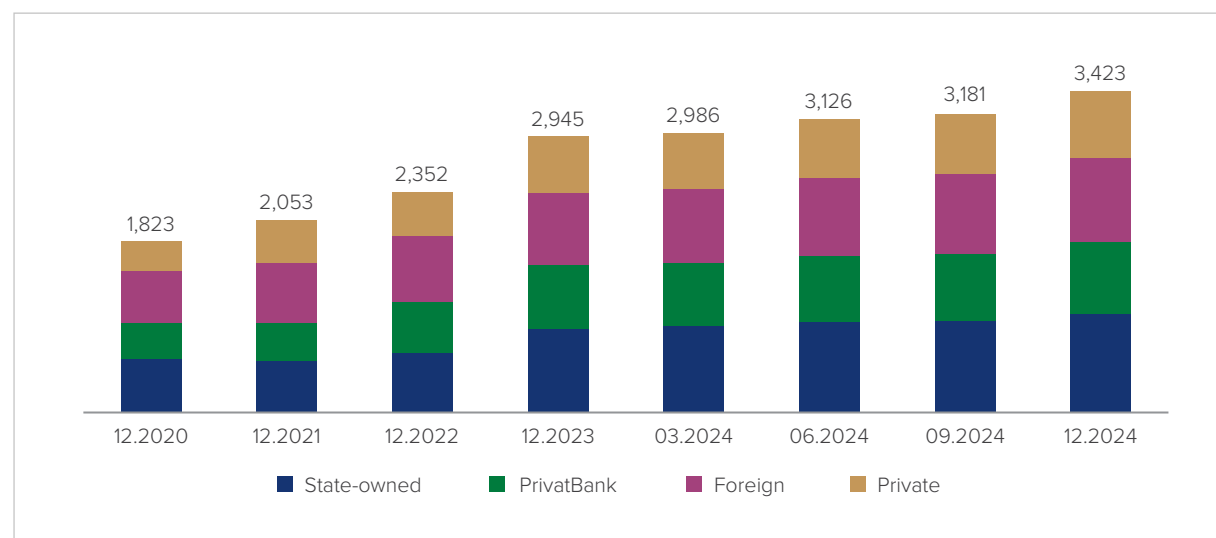
During the year, two small banks were reclassified as state-owned banks after they were transferred from sanctioned entities to state ownership: First Investment Bank (0.01% of total sector assets) and Motor-Bank (0.02% of sector assets). In spite of that, the share of net assets of the state-owned banks dropped by 0.3 pp, to 53.3% over the year. The share of retail deposits in the state-owned banks declined by 1.2 pp, to 63.3%. PrivatBank remains the leader in

attracting retail deposits, accounting for over 36% of the total deposits in the sector. The share of net assets of the 20 largest banks in the system increased by 0.4 pp, to 93.4% over the year.

The banks' net assets expanded by 16.2% in 2024 (by 13.1% yoy at the exchange rate fixed at the beginning of the period). Investments in domestic government debt securities grew most of all – by more than a third over the year. The banks increased the share of government

bonds in their assets to maintain portfolio yields in the face of declining interest rates. In addition, the banks' demand for benchmark domestic government debt securities resulted in an increase in the required reserve ratio and the percentage of these securities the banks could use to meet this ratio. At the same time, the volume of NBU certificates of deposit decreased by 11.6% over the year.

#### Banks' total assets, UAH billions\*



\* End quarter data including adjusted entries, except for the Q4 2024 data. Solvent banks were divided into groups according to the classification in the respective reporting period.



In 2024, the economy recovered thanks to its successful adaptation to the difficult conditions of the war. This drove demand from borrowers, which contributed to the gradual growth of the banks' loan portfolios. According to a lending survey conducted by the NBU, demand for corporate loans grew throughout 2024. Bankers' estimates of demand for loans to large companies in Q4 2024 were the highest since 2021.

Net hryvnia corporate loans had grown for a year-and-a-half in a row as of the end of 2024. The year-on-year increase was 20.6%. Net hryvnia loans to SMEs rose somewhat faster, by 22.1% yoy, while their share in the net hryvnia corporate loan portfolio increased to 60.2%, up by 0.7 pp over the year. The loan portfolio grew the most in state-owned banks: by 24.8% over the year. Overall, loans to the trade and food industry increased the most over the year.

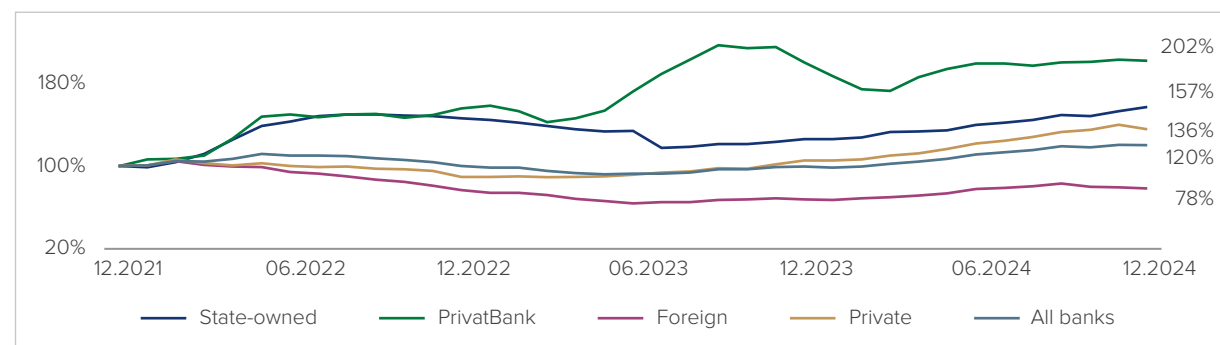
Favorable lending conditions, including interest rates that in H2 were in line with those in the pre-COVID year of 2019, encouraged lending and reduced demand for subsidized loans. The share of loans granted under the Affordable Loans 5-7-9% program was 33.7% in the hryvnia net corporate loan portfolio at the end of the year.

In a lending survey at the end of the year, the banks noted an increase in demand from businesses for loans due to their intentions to make capital investments. Accordingly, the share of loans with maturities of more than three years increased to 25.2%, up by 6 pp over the year. Net hryvnia loans with maturities of over three years rose by more than 58% over the year.

Net hryvnia retail loans are growing rapidly, by 39.9% over the year. This portfolio continues to be dominated by unsecured loans. At the same time, the share of the two leading banks in the segment was slowly declining due to competition in the last two quarters of the year, to 54.5%. Growth in mortgage loans slowed to 60.7% yoy at the end of the year, while the share of mortgages in the portfolio of net retail hryvnia loans increased

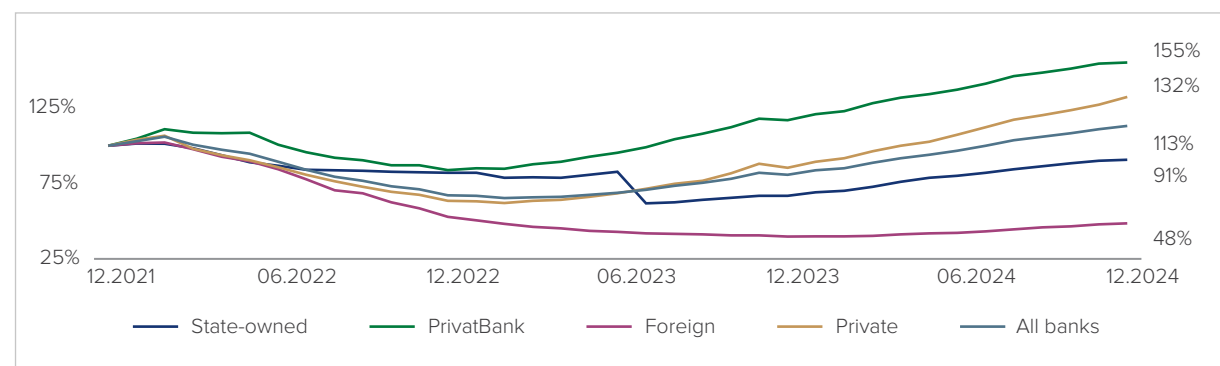
slightly, by 1.7 pp over the year. Mortgage loans continued to be issued almost exclusively under the eOselya state program. The development of mortgage lending requires more active involvement of banks with marketable products, which requires strengthening the regulatory and legislative frameworks for the real estate sector and improving state support for mortgages.

### Net hryvnia corporate loans, 2021=100%



At banks solvent as of 1 January 2025; including accrued interest.

### Net hryvnia corporate loans, 2021=100%



At banks solvent as of 1 January 2025; including accrued interest.



The quality of the loan portfolio is improving. Over the year, the NPL ratio declined by 7.1 pp, to 30.3%.

At the same time, excluding the debts of PrivatBank's former owners and old debts that arose before the 2014–2016 crisis, this share is 18.6%, down by 6.4 pp over the year.

The share of retail NPLs is declining faster than that of corporate NPLs. The main driver of the NPL ratio decline remained loan write-offs and the growth in new loans. In 2024, the NPL ratio declined in all groups of banks.

The share of corporate borrowers that defaulted on hryvnia loans in 2024 decreased to about 4%.

In 2024, solvent banks' liabilities continued to grow (by 14.8%). The share of client funds in the structure of banks' liabilities was consistently high throughout the year (over 90%). Outstanding refinancing loans from the NBU stood at UAH 1.9 billion across five small financial institutions. External debt decreased by USD 0.15 billion compared to 2023 and remained at approximately USD 1.6 billion throughout the year (below the level seen at the end of 2023), representing about 2% of liabilities.

Hryvnia retail deposits with banks increased by 11.5% over the year, with growth across all groups of banks. Term hryvnia retail deposits also grew – by 8.8% over the year.

However, due to the faster growth of funds on current accounts, the share of term deposits dropped by 0.8 pp over the year, to 33.6%. FX retail deposits grew by 2.7% over the year, also primarily due to inflows to current accounts. At the same time, term FX deposits declined by 6.2% over the year, despite some increase in the last quarter.

Hryvnia corporate deposits rose by 19.0%. All groups of banks, except for PrivatBank, showed growth. FX corporate deposits increased by 5.5% yoy for the year as a whole.

The share of FX retail deposits grew by 0.5 pp to 34.9%, while that of FX corporate deposits dropped by 0.4% to 28.8%. Overall, the dollarization rate of deposits remained almost unchanged over the year, and stood at 31.4%.

The banks are maintaining high liquidity. The LCR short-term liquidity ratios in all currencies and in foreign currencies are more than three times the minimum requirements.

The NBU's key policy rate was cut by a total of 1.5 pp to 13.0% per annum in H1. The central bank's key policy rate cutting cycle stopped in December, when the NBU raised the rate to 13.5%. Thus, the dominant trend during the year was a decline in market rates.

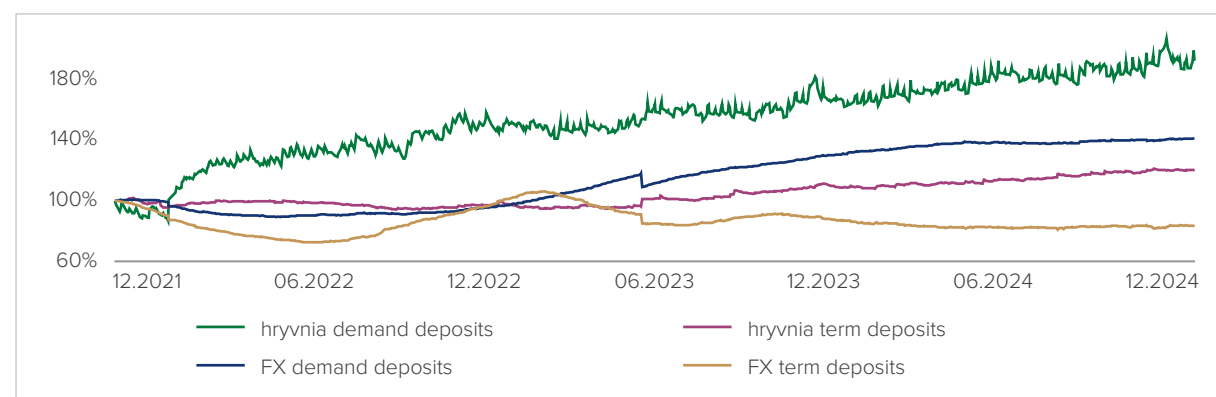
Interest rates on retail deposits fell during the year: the UIRD for twelve-month hryvnia deposits decreased by 1.1 pp to 13% over the year, while that for three-month deposits dropped by 1.0 pp to 13.1% per annum at the end of December.

At the same time, due to of the NBU's key policy rate cutting cycle being suspended, the decline in interest rates on retail deposits also came to a halt in the last quarter.

Interest rates on new hryvnia retail deposits amounted to 9.6% per annum in December. The spread between three-month and twelve-month deposits has been insignificant since October 2023, with three-month deposit rates being slightly higher than one-year rates at the end of the year.

Interest rates on corporate loans decreased by 2.9 pp over the year to 14.7% in December, while interest rates on retail loans fluctuated between 27% and 28%.

### Retail deposits, 2021=100%\*



At banks solvent as of 1 January 2025.

According to the preliminary data of the annual audit for 2024, the banks received UAH 103.7 billion in profit, 39% of which was generated by PrivatBank. Nine small banks were loss-making, with a total loss of UAH 0.4 billion. In Q4, the sector recorded a loss of UAH 13.5 billion, which was caused by the retrospective accrual of the income tax at a higher rate of 50% for the entire year.

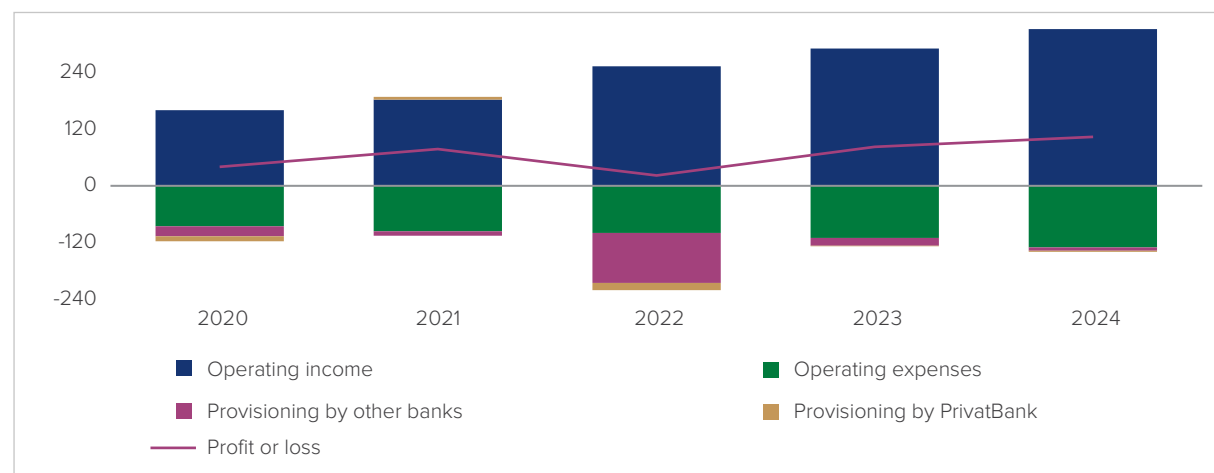
Net interest income grew by 16.4% over the year, remaining the main source of high profit. The role of yields on NBU certificates of deposit decreased significantly. Instead, the role of yields on domestic government debt securities and loans increased. The cost of liabilities and the return on assets declined almost simultaneously, so the interest margin did not change significantly over the year, averaging 7.6% for the year.

Net fee and commission income also grew noticeably, by 11.3% over the year. In December, for the first time since the onset of the full-scale war, its monthly volume reached the pre-war level.

Operating expenses increased over the year, with the most significant growth being in personnel costs, where the rise was 20.2%. The cost-to-income ratio (CIR) gradually deteriorated throughout the year, totaling 46.4% in Q4, compared to 39.2% on average for the year. Eight institutions incurred operating losses over the year<sup>3</sup>.

Overall, the year saw the release of loan provisions and the addition of loss provisions for domestic government debt securities.

## Banks' financial results



\* Current data for 2024.

<sup>3</sup> Including the representative office of the FUIB (First Ukrainian International Bank) in London, which is temporarily closed.

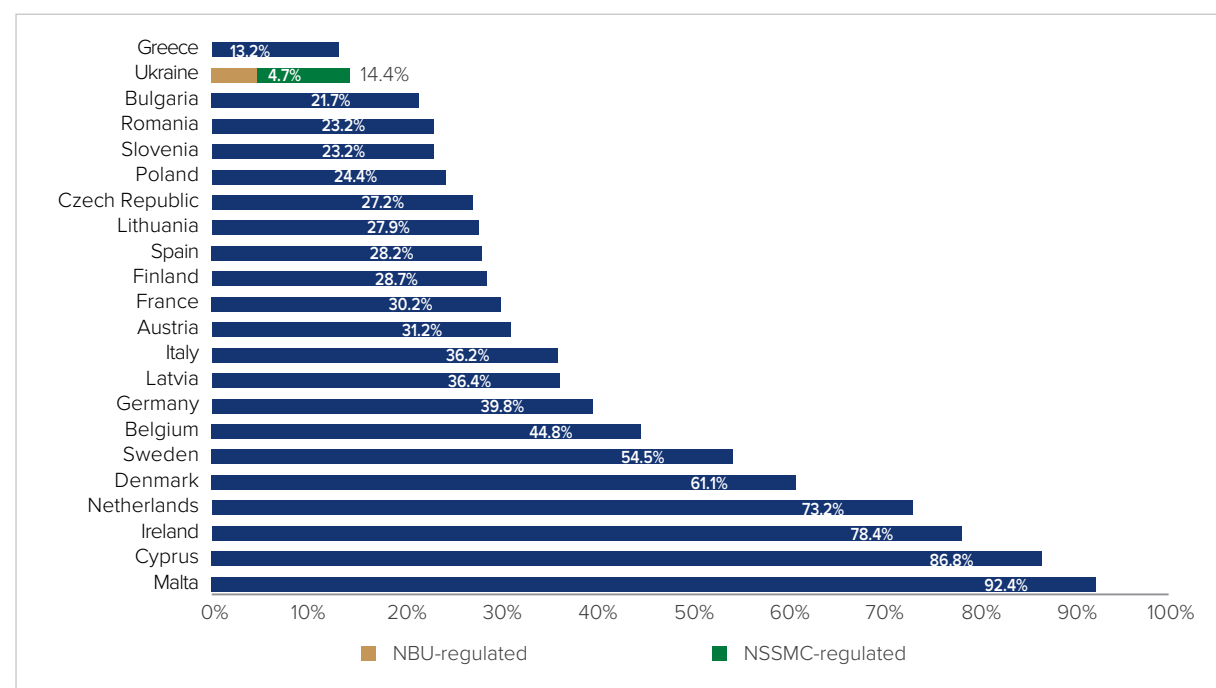
Starting from 1 January 2024, 100% of the amount of operational risk has been taken into account for the calculation of the capital adequacy ratio. What is more, in August 2024, the banks switched to a new capital structure and ratios, and began to cover market risk with capital (see the [Section Introducing New Capital Requirements, Preparing the 2025 Resilience Assessment, and Updating the Macprudential Strategy](#)). The banks' transition to a new capital structure increased the Common Equity Tier 1 capital – the highest quality component of capital (due to the inclusion of retained earnings, which were previously mostly reflected in lower-tier capital, as well as the inclusion of interim profit without an audit confirmation in accordance with transitional provisions). Thus, the banks' capital is sufficient to cover all significant risks. During the year, the capital adequacy ratio remained high, totaling about 17% for regulatory and Tier 1 capital as of 1 January. All of the banks were in compliance with capital adequacy requirements at the end of the year.

### State of Non-bank Financial Services Sector

Ukraine's financial sector is bank-centered, with the banks' assets exceeding the total assets of other market participants by several times. As the full-scale invasion has shown, non-bank financial service providers are less resilient to crises. Until recently, one of the main reasons for this was outdated legislation and lax requirements for institutions. This did not ensure adequate investment protection or respect for the rights of financial services consumers, and hindered the development of the sector. The share of non-bank financial institutions' assets in the financial sector's assets (including the NBU) is only 14%, which is one of the lowest figures among EU countries.

The starting point for the reboot of the non-bank financial services market was the adoption of key laws for finance companies, insurers, credit unions, and pawnshops in 2021–2023. In view of the declared goals of European integration, the legislation is closer to European practice. The updated laws introduce new licensing conditions, requirements for ownership structure, corporate governance, internal control systems, as well as for liquidity and solvency.

### Share of assets\* of non-bank market participants in financial sector assets in Europe, June 2024



\* Share of total financial system assets, including central bank assets.

Sources: Eurostat, NBU.

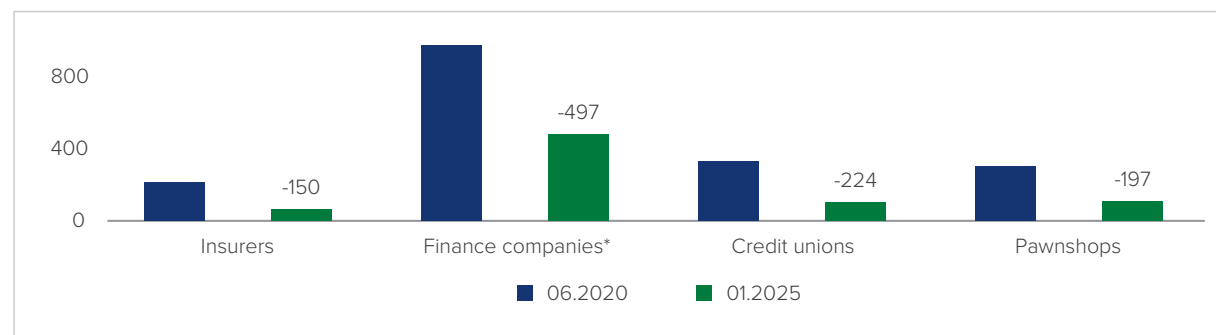
The NBU also continued to change approaches to the preparation and submission of reports by market participants – from the beginning of 2024, they have been submitting reports under the new rules.

In 2024, the number of non-bank financial services providers continued to decrease: one in four companies left the market over the year. Overall, the market shrank by more than 250 institutions, mostly finance companies, insurers and pawnshops. Most of the companies left the market following the regulator's decision, in particular due to non-compliance with license conditions. In accordance with the new legislative requirements, at the beginning of the year, all existing lessor legal entities acquired the status of finance companies. Only three finance companies were registered during the year.

Asset dynamics differed across market segments: the assets of finance companies and pawnshops increased, while those of credit unions and insurers slightly decreased. The share of the non-bank segment in the assets of NBU-supervised financial institutions grew slightly over the year, to 10.2% at the end of 2024.

The insurance market grew at a consistent rate in 2024. The total volume of non-life insurance premiums in 2024 increased by 13%, to UAH 47.354 billion, exceeding its pre-war level. Life insurance premiums increased by 11% during the year (to UAH 5.725 billion), which is 3% less than in 2021.

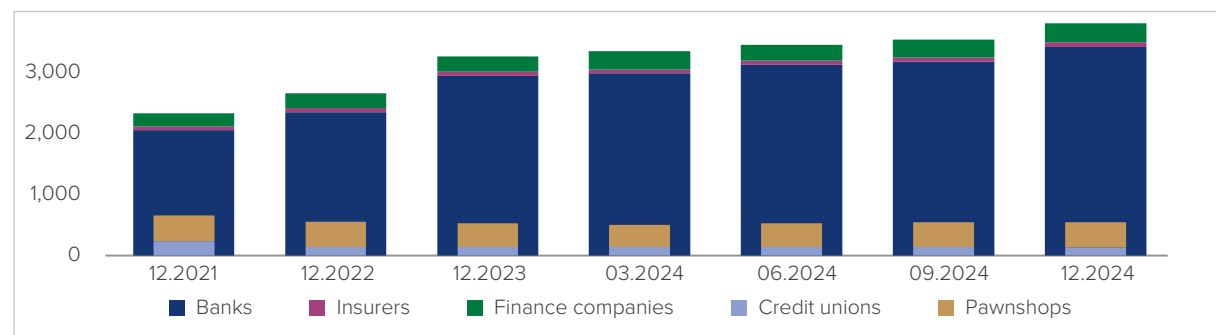
### Changes in the number of financial services providers since the start of the split reform



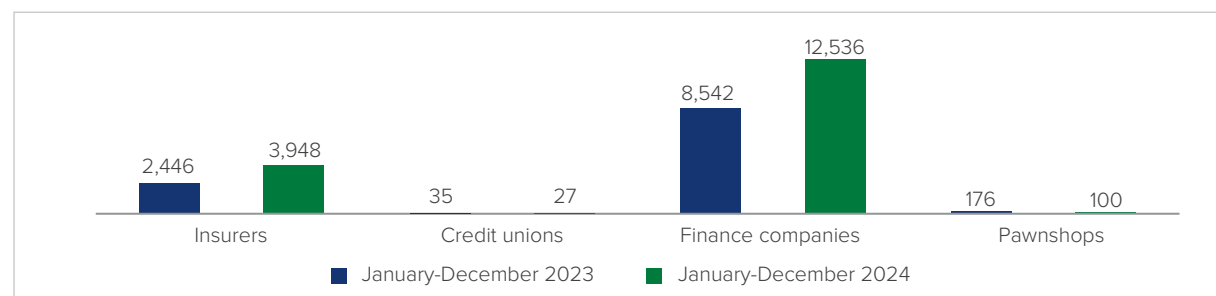
\* Starting from 1 January 2024, lessor legal entities acquired the status of finance companies.

The legends indicate the change in the number of participants during the period.

### Assets of NBU-regulated financial institutions, UAH billions



### Net profit or loss for the year, UAH millions





On 1 January 2024, the NBU introduced new approaches to the submission of information by insurance companies for regulatory purposes. Specifically, insurers provide information on non-life and life insurance products broken down by 25 lines of business. Car insurance products (comprehensive coverage, MTPL, and Green Card) and personal insurance (life, health and assistance) remain the market leaders: During the year, insurers received more than 80% of all premiums (UAH 45.102 billion) and settled more than 90% of all claims (UAH 19.677 billion) on these products. Other lines of business in which insurers received more than UAH 1 billion in premiums in 2024 were property and fire-related risks, liability, cargo and baggage, and financial risks.

As of 1 January 2025, the share of eligible assets in the assets of insurers<sup>4</sup> was 86% (UAH 62,699 million). More than 95% of insurers' eligible assets are funds with banks and domestic government debt securities. However, the eligible assets of non-life insurers are more diverse – one third are other components: balances with the MTIBU, reinsurance<sup>5</sup> provisions, and others.

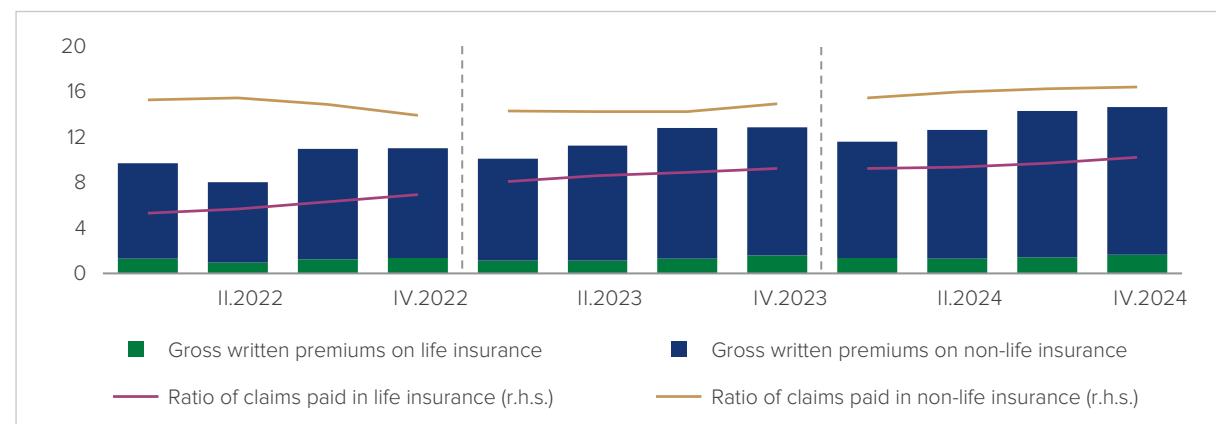
In 2024, the profits of non-life insurers increased by almost a third compared to 2023, to UAH 2.5 billion, while the net profit of life insurers more than doubled, due to one company, to UAH 1.4 billion.

To meet the updated minimum solvency requirements, some insurers have increased their capital.

Companies that failed to bring their operations into line with the updated Ukrainian legislation,

in particular the solvency requirements, left the insurance market. In 2024, 34 non-life insurers and two life insurers left the market. As of 1 January 2025, all insurance companies complied with the new solvency requirements: minimum capital (MCR) and/or solvency capital (SCR) requirements. The median ratio of regulatory capital to solvency capital as of the beginning of January was 142%, with the regulatory requirement being 100%.

**Premiums and ratios of claims paid by type of insurance, UAH billions**



<sup>4</sup> The regulatory reporting data reflects insurers' assets and liabilities, including certain components according to prudential requirements, primarily provisions.

<sup>5</sup> Technical provisions for outward reinsurance agreements.

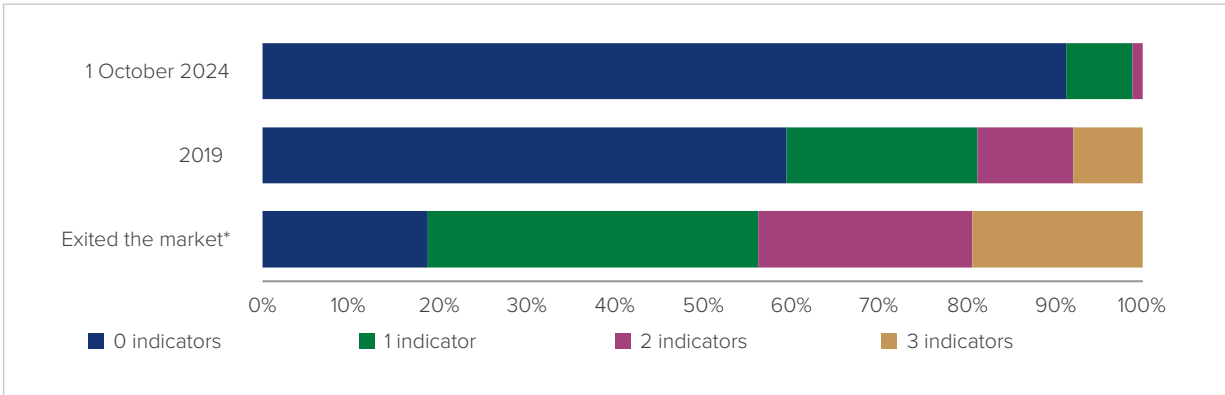
Over the four years since the start of the non-bank sector reform, the insurance market has become much more resilient. The share of companies with risk indicators, such as the share of low-liquid assets, volatility of funds in banks, and understated premium provisions, decreased from 41% to 9% of assets.

The credit union sector continued to shrink in 2024. Credit union assets decreased by 5% over the year, mainly due to a drop in the assets of “share” unions. At the same time, the number of institutions decreased. During the year, 29 unions were removed from the register. Due to difficulties in 2022–2024 resulting from the full-scale invasion, 12 institutions used the right granted by the regulator to “freeze operations”.

At the end of the year, total assets accounted for 61% of the pre-war level.

Starting in 2024, new legislation expanded credit union membership to include small businesses, and it also broadened the range of financial services they can offer. However, the inefficient business models of most institutions, problems with digitalization, and a moderate recovery in the solvency of individuals significantly hinder the development of this segment and the demand for its services. Over the year, new loans decreased by 6%, and the gross loan portfolio shrank by 8%, primarily due to a reduction in consumer loans. The corporate loan portfolio remained almost unchanged. The share of loans overdue for more than 90 days increased by 5 pp, to 23%.

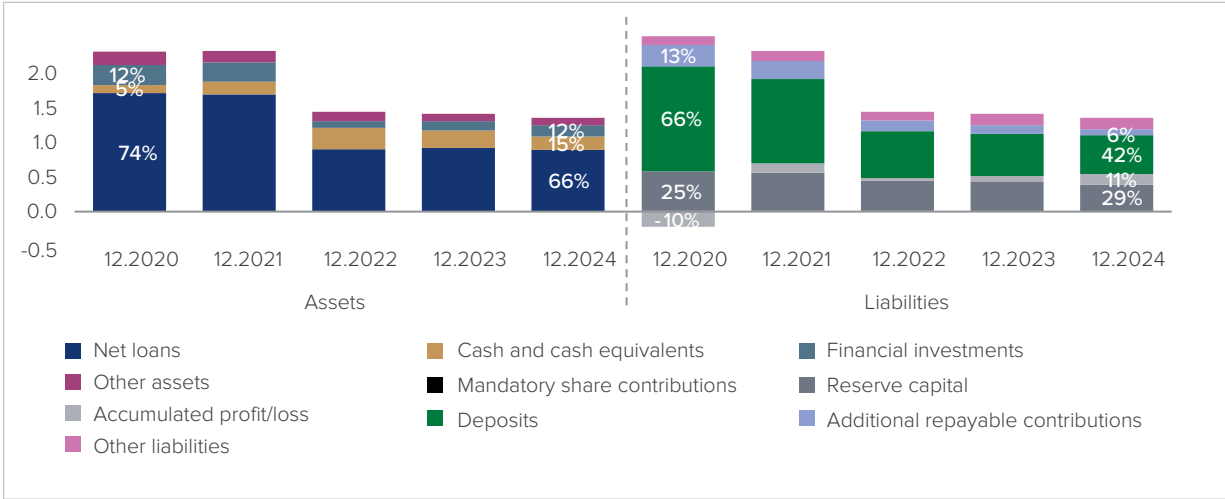
### Share of insurers’ assets by number of risk indicators



Risk indicators are the NBU’s expert assessments for financial stability purposes. These indicators include a significant share of illiquid assets, high volatility of funds in banks, lower-than-average premium reserves for the sector, regulatory breaches, and more.

\* Companies that have exited the market since 2020 and companies that voluntarily exit the market in accordance with a plan agreed with the NBU.

### Assets and liabilities of credit unions, UAH billions



In 2024, the credit unions were operationally inefficient. This was due to a decrease in the loan portfolio and a decline in operating income, along with an increase in administrative expenses. In Q2, not only was the balance of ECL provisions negative, but the profit was generated by significant non-interest income of almost UAH 18 million (including income from donated assets totaling UAH 12 million).

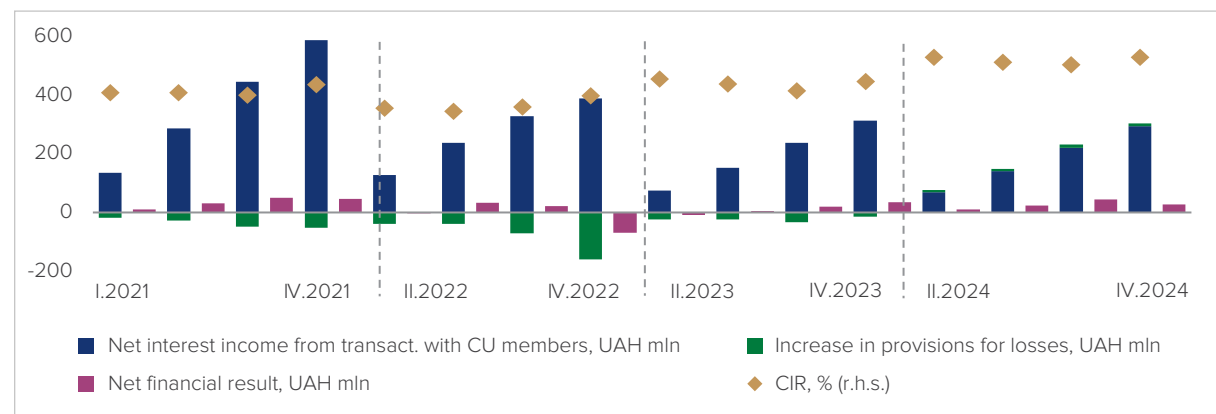
At the same time, the materialization of credit risk reduced the profitability of credit unions compared to the previous year. Moderate profitability continues to prevent credit unions from generating enough resources to increase their capital and solvency. The outflow of deposits and additional share contributions continues.

At the beginning of 2025, three institutions failed to meet the capital adequacy ratio. The number of non-complying institutions was down by five compared to the beginning of 2024, mainly due to the exit of such institutions from the market.

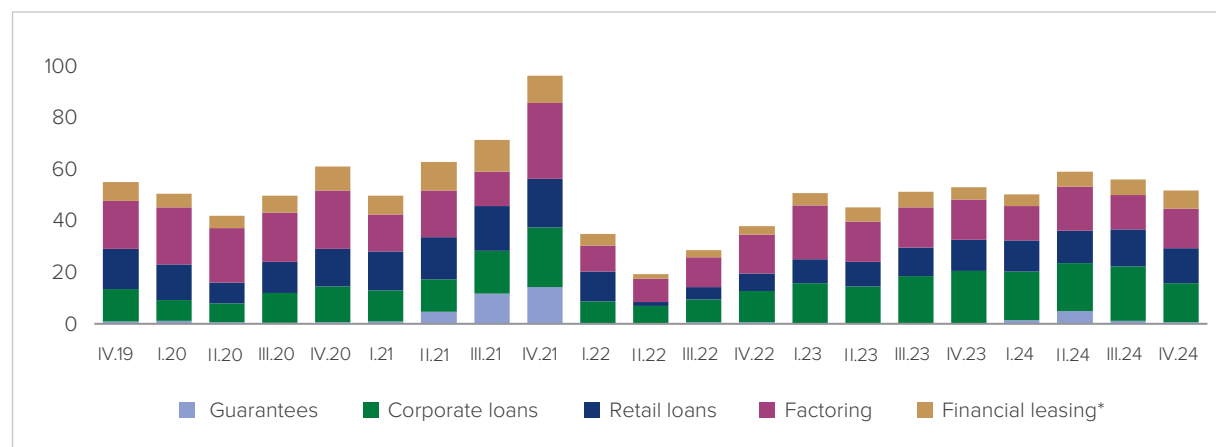
Finance companies and pawnshops are recovering from the shocks of the war. The assets of finance companies increased by 24% over the year, despite the withdrawal of a significant number of institutions from the market.

The number of participants decreased despite the fact that since the beginning of 2024, all lessor legal entities have acquired the status of finance companies and three new finance companies have been registered. The volume of basic financial services increased, but still remained below its pre-war level.

### Operational efficiency (on a cumulative basis)



### Financial services provided by finance companies, by type of service (quarterly data), UAH billions



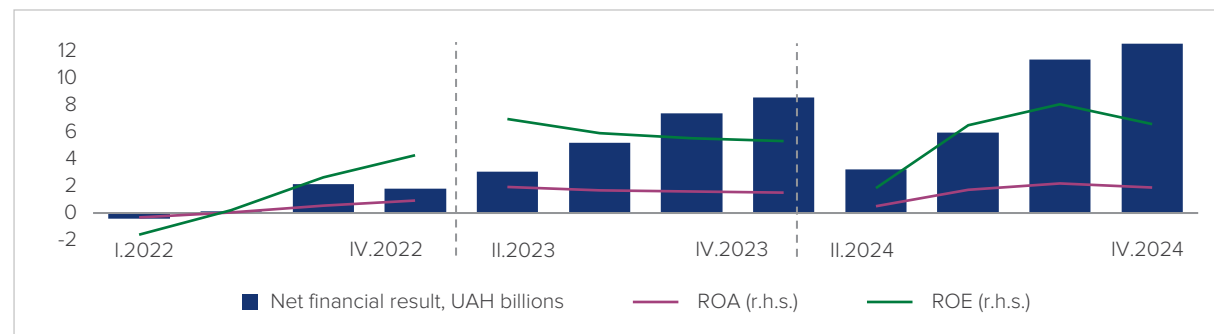
\* Starting from 1 January 2024, lessor legal entities acquired the status of finance companies.

Finance companies continued to be active in lending to households: retail loans issued in 2024 increased by a quarter compared to 2023. Corporate loans also increased by 7% over the year. In 2024, factoring transactions decreased significantly. One third of them were classical factoring transactions, i.e. receivables financing. Guarantee transactions increased over the year.

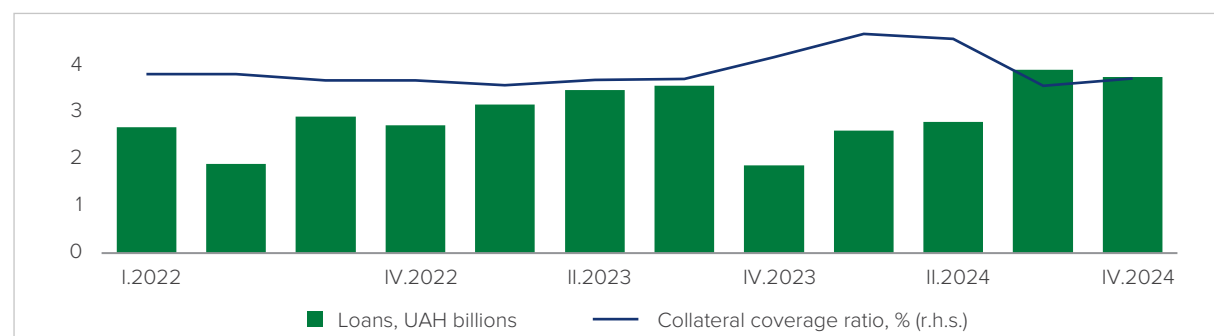
In 2024, finance companies generated record profits compared to previous years. About 86% of finance companies recorded profits. Almost half of the segment's total profit was earned by Ukrfinzhytlo, the state-owned institution that operates the eOselia program. Its main revenues are generated from interest payments on domestic government debt securities in its capital. However, even without taking into account Ukrfinzhytlo's profits, the segment's profit in 2024 increased by 2.4 times compared to 2023.

In 2024, pawnshops' performance was sluggish. Assets and new loans grew slightly. Revenues from financial services declined, but the segment made profits over the year. The rate of return was the lowest since the beginning of the year. Equity decreased by almost 10% over the year.

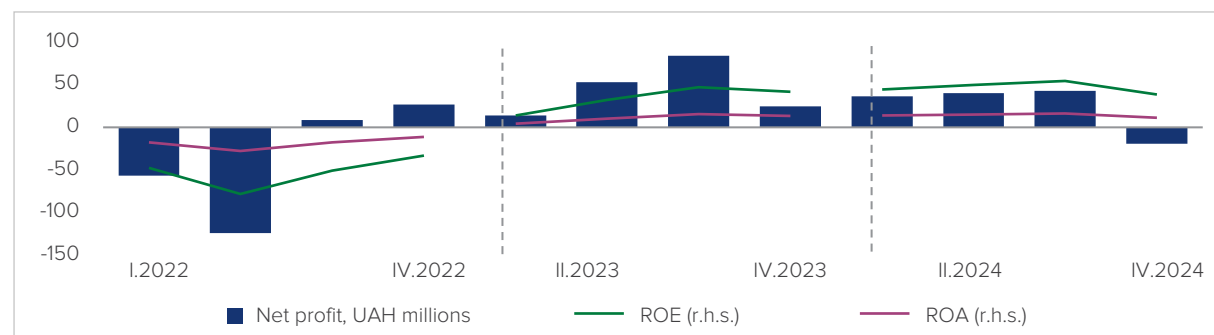
### Profit or loss (on a cumulative basis) and profitability ratios of finance companies



### Loans issued by pawnshops over the quarter and collateral coverage ratio



### Financial performance of pawnshops





## Registration and Licensing of Banks and Nonbank Financial Institutions

### Approving a Bank Charter

The NBU shall approve the charters of legal entities that intend to engage in banking activities (newly established banks). Moreover, until 2 May 2024, when the Licensing Regulations were amended, the NBU had to approve all changes made to the charters of operating banks. At present, the NBU only approves amendments to charters in the case of an increase in the authorized capital of a bank. In the event of an increase in a bank's authorized capital, the NBU checks the sources of funds contributed to the bank's authorized capital by its shareholders. These funds must belong to them, and not be borrowed.

Moreover, the NBU grants preliminary approval for a bank's capitalization under a simplified procedure by verifying the sources of funds to be contributed to the bank's authorized capital by its shareholders.

In 2024, the NBU reviewed two sets of documents for the preliminary approval of bank capitalization. This resulted in one package being returned to a bank, and one decision to grant consent.

Also, before making a decision on approving amendments to a bank's charter that are not related to changes in the authorized capital, the bank has the right to obtain a preliminary opinion from the NBU regarding the compliance of the draft charter with the legislation of Ukraine.

	2018	2019	2020	2021	2022	2023	2024
Document packages received:							
total	137	57	58	67	54	51	25
for an increase in authorized capital	42	26	25	19	5	4	8
for a decrease in authorized capital			1	0	0	0	0
Approved amendments to charters:							
total	105	45	44	40	42	41	17
for an increase in authorized capital	32	19	18	17	5	1	8
for a decrease in authorized capital			1	0	0	0	0
Rejected amendments to charters:							
total	3	3	2	1	0	0	0
for an increase in authorized capital	3	2	2	1	0	0	0
Document packages returned:	30	1	2	6	6	4	0

In 2024, the Licensing Department received 11 document packages with requests for the NBU’s preliminary opinion on the compliance of a bank’s charter with Ukrainian law.

Based on the results of the consideration of submitted document packages:

- preliminary opinions provided – 2
- requests for preliminary opinions rejected – 8
- returned – 1.

**Approval of Bank Top Managers**

The NBU follows an established procedure for approving the banks’ top managers (chair, deputy chairs, and members of the bank’s supervisory board; chair, deputy chairs, and members of the management board; and the chief accountant of the bank), top manager of a branch of a foreign bank, the chief risk officer, the chief compliance officer, and the head of the bank’s internal audit, responsible for financial monitoring of a function/ foreign bank’s branch (hereafter referred to as “top managers”). When approving top managers, the NBU checks their compliance with the qualification requirements it has set. In particular, candidates must have an impeccable business reputation, the required fitness and propriety, the relevant knowledge, the and the professional and managerial experience needed for a top manager to properly fulfill their duties, taking into account the bank’s business plan and strategy. The NBU also assesses the functional load and the scope of responsibility of a specific top manager, and – for independent directors – their compliance with independence requirements.

**Monitoring of Bank Top Managers**

The NBU continuously monitors the collective suitability of a bank’s governing bodies and the compliance of current executives, the chief risk officer, the chief compliance officer, and the head of the internal audit unit with the established qualification requirements

regarding professional suitability and business reputation.

In 2024, the NBU issued seven decisions regarding the non-compliance of bank executives/ key personnel with the established qualification requirements for professional suitability.

Approval of top managers by the NBU in 2024	Number
Based on the results of the consideration of the submitted document packages:	194
top managers approved	
approval denied	110
document packages returned (for further work, at banks’ requests, remaining unconsidered, etc.)	21
document packages returned (for further work, at banks’ requests, remaining unconsidered, etc.)	30

### Supervision Over Banks' Owners

The Law of Ukraine *On Banks and Banking* and NBU regulations set requirements for the business reputation and financial standing or property status of owners of qualifying holdings in banks. These requirements must also be met by persons that acquire or increase a qualifying holding in a bank. Having checked these persons, the NBU grants or refuses permission to acquire a qualifying holding.

### Supervision over Transparency of Ownership Structures and Banking Groups

The NBU checks banks' ownership structures for transparency. An ownership structure reflects the ties between a bank and its owners. In 2024, the NBU published 86 datasheets on banks' ownership structures. As of today, the owners of all banks have been disclosed, and each bank has an owner of a qualifying holding.

The NBU supervises banking groups. Pursuant to the Law of Ukraine *On Banks and Banking*, a banking group must comply with the requirements set by the NBU.

In 2024, the NBU	Quantity
received document packages for acquiring a qualifying holding	5
approved acquisitions of a qualifying holding	4 <sup>6</sup>
refused requests to acquire a qualifying holding	0
returned document packages on acquiring a qualifying holding	2
extended the period for acting on the intention to acquire a qualifying holding in a bank	1
refused to extend the period for acting on the intention to acquire a qualifying holding in a bank	0
determined that a person has a decisive influence and recognized the person as the owner of a qualifying holding	0
imposed a fine for the unauthorized acquisition of a qualifying holding	0
canceled approval of the acquisition of a qualifying holding	0
prohibited the owner of a qualifying holding in a bank from selling off the bank's shares	0
temporarily prohibited, until a violation was eliminated, the use of voting rights a qualifying holding	6
requested the owner of a qualifying holding in a bank to sell off the bank's shares	2
approved changes in the ownership structure of banking groups	7
decided to recognize the banking group	0
stopped recognizing the banking group	4

As of 31 December 2024, 15 banking groups were operating in Ukraine (As of 31 December 2023, 19 groups were present).

<sup>6</sup> This includes two sets of documents submitted earlier in the reporting period.

## Registration and Licensing of Participants in the Nonbank Financial Services market

On 2 January 2024, the Law of Ukraine *On Financial Services and Financial Companies* (hereinafter – the Law on Financial Services) came into effect. Simultaneously, the Resolution of the NBU Board No. 199, dated 29 December 2023, *On Approval of the Regulation on Authorization of Financial Service Providers and the Terms and Conditions of Their Financial Service Provision* (hereinafter – Resolution No. 199), and the Regulation *On Authorization of Financial Service Providers and the Terms and Conditions of Their Financial Service Provision*, approved by the Resolution of the NBU Board No. 199, dated 29 December 2023 (hereinafter – the Regulation on Authorization), also became effective.

The NBU improved the operating rules, procedures, and conditions for accessing the market for nonbank financial institutions and legal-entity lessors through bringing them closer to European standards.

Since 2024, the National Bank has been authorizing financial service providers by issuing licenses for specific types of financial service activities and licenses for conducting foreign exchange transactions involving cash trading

From the beginning of 2024, financial service providers have not been issued separate licenses to provide a particular financial service. The list of financial services that a financial service provider is authorized to offer is specified in their financial service activity license and their

foreign exchange transaction license for cash trading.

When a license for a type of financial service activity or a license for conducting foreign exchange transactions involving cash trading is issued, information about the financial service provider is entered into the State Register of Financial Institutions (hereinafter – the SRFI).

Moreover, a financial services provider may, if necessary, supplement the financial services license with a relevant financial service or exclude a certain financial service from the license.

If a license for a type of financial service activity or a license for conducting foreign exchange transactions involving cash trading is annulled (and if this is the only license the financial service provider holds), information about the financial service provider is removed from the SRFI.

Section VII «Final and Transitional Provisions» of the Law on Financial Services and Resolution No. 199 stipulate the reissuance of existing financial service licenses granted to financial companies, pawnshops, and legal entities acting as lessors, as licenses for specific types of financial service activities. Specifically, legal entities acting as lessors acquired the status of financial institutions.

Resolution No. 199 also mandates the reissuance of existing licenses for trading in foreign currencies, issued to financial service providers, as licenses for conducting foreign exchange transactions involving cash trading.

In 2024, the NBU reissued financial service licenses (excluding temporarily suspended ones) as licenses for credit union activities to 115 credit unions (96 standard and 19 simplified licenses), as licenses for pawnshop activities to 125 pawnshops, and as licenses for financial company activities to 527 financial companies and 68 legal entities acting as lessors, who simultaneously acquired the status of financial institutions.

Additionally, in 2024 the NBU reissued the license for trading in foreign currencies as a license for conducting foreign exchange transactions involving cash trading to 31 financial service providers.

Furthermore, in 2024 the NBU, in compliance with the requirements of the Law on Financial Services and Resolution No. 10, reissued licenses for providing cash collection services to banks and the NBU's approval for legal entities to conduct cash operations as NBU licensees for conducting cash operations to 11 legal entities.

The NBU continues to assess the business reputation of significant shareholders, executives of financial service providers, and the financial service providers themselves in accordance with specific authorization procedures for financial service providers. Individuals or legal entities with certain indicators of a less-than-impeccable business reputation has the right to submit a petition to the NBU requesting that the identified indicator not be applied to them.

The NBU also assesses the financial or property status of significant shareholders of financial service providers. The assessment of



the financial or property status of significant shareholders of financial service providers is carried out when submitting a package of documents to obtain a license, acquire or increase a significant shareholding, as well as during the term of the financial service provider's license.

### Insurance companies (data for the period from 1 January through 31 December 2024)

Indicator	Quantity	
	66	
Number of registered insurance companies as of 31 December 2024	Non-life	Life
	56	10
Registration		
Number of insurance companies added to the Register	0	
Number of insurance companies excluded from the Register	36	
Licensing		
Number of licenses issued to insurance companies	0	
Insurance companies that left the market	36	
	in line with enforcement measure	11
	upon request of insurance company	25
Approval of acquiring a qualifying holding		
Number of persons that received approval for acquiring or increasing a qualifying holding in an insurance company	0	
Number of persons that were denied approval for acquiring or increasing a qualifying holding in an insurance company	0	
Approval by top managers, chief accountants, key persons		
Number of persons whose packages of documents for approval of managers, chief accountants and key persons have been submitted	456	
Based on the results of the consideration of the submitted document packages:		
approved	249	
approval denied	48	
document packages returned (ceased being considered at insurance companies' request, or were not considered etc.)	159	
The Business Reputation of Insurance Companies and Qualifying Holders		
Number of insurance companies, the business reputation of which was recognized as compromised	0	
Number of insurance companies for which the business reputation of qualifying holders was declared compromised	0	
Approval of an increase in authorized capital		
Number of insurers approved to increase their authorized capital	14	
Number of insurers that were denied approval to increase their authorized capital	4	

### Insurance brokers (data for the period from 1 January through 31 December 2024)

Indicator	Quantity
Number of registered insurance brokers as of 31 December 2024	44
Number of insurance brokers that are included in the Register	12
Number of insurance brokers that are excluded from the Register	1

### Financial companies, pawnshops (data for the period from 1 January through 31 December 2024)

Indicator	Quantity	
	588	
Number of registered finance companies and pawnshops as of 31 December 2024 <sup>7</sup>	<b>Finance companies</b>	<b>Pawnshops</b>
	479 <sup>8</sup>	109 <sup>9</sup>
<b>Licensing</b>		
licenses for the operation of a financial company were issued	3	-
licenses for the operation of a pawnshop were issued		0
change in the scope of a license for the provision of financial services (expanding the license scope)	1	-
The license was revoked/changed, namely:		
revocation of license for providing financial services	130	19
revocation of license for foreign currency transactions for trading in cash currency valuables	4	-
certain financial services were excluded from licenses for providing financial services	166	-
Number of financial service providers whose information was included in the SRFI	3	
Number of financial service providers whose information was excluded from the SRFI	151	37
<b>Business reputation</b>		
The business reputation of financial service providers is recognized as compromised	9 decisions	
The business reputation of the qualifying holders/participants of financial services providers is recognized as compromised	9 decisions	
The business reputation of the qualifying holder, who is also the head of a financial services provider, is recognized as not compromised	1 decision	
The business reputation of financial service providers head is recognized as compromised	1 decision	

<sup>7</sup> One legal entity-lessor is included in the register of entities that are not financial institutions but have the right to provide certain financial services. The license of this legal entity to provide financial services was suspended in accordance with paragraph 91 of Section VII, Final and Transitional Provisions of the Law On Financial Services, due to the location of the legal entity in temporarily occupied territory

<sup>8</sup> Among them, one financial company whose license to provide financial services was suspended in accordance with paragraph 91 of Section VII, Final and Transitional Provisions, of the Law On Financial Services due to the location of the finance company in the temporarily occupied territory.

<sup>9</sup> Among them, six pawnshops whose licenses to provide financial services were suspended in accordance with paragraph 91 of Section VII, Final and Transitional Provisions, of the Law On Financial Services due to the location of pawnshops in temporarily occupied territory.

### Credit unions (data for the period from 1 January through 31 December 2024)

Indicator	Quantity
Number of registered credit unions as of 31 December 2024	104
Registration	
Number of credit unions added to the Register:	0
Number of collection agencies excluded from the Register, including:	29
as an enforcement measure	2
at the request of the credit union under a special procedure during martial law:	27
Licensing	
Number of issued licenses:	0
Number of licenses revoked, including:	36
as an enforcement measure:	3 licenses
at the request of the credit union to cancel (revoke) the license to operate	
at the request of credit union and exclusion of a credit union from the Register	33 licenses
using a special procedure for the duration of the martial law	
due to reorganization	-
Number of suspended licenses/specific types of services (as enforcement measures):	1
Number of narrowed licenses (as enforcement measures):	3
Number of restrictions on a particular type of financial service provided by a credit union (as an enforcement measure):	2
Approval of top managers, credit unions' key persons	
approved	11
approval denied	-

### Legal entities licensed by the NBU to carry out cash transactions (data for the period from 1 January through 31 December 2024)

Indicator	Quantity
Number of registered legal entities as of 31 December 2024:	11
Licenses	
Number of legal entities that have been issued a license to carry out cash transactions	-
Number of legal entities that changed the scope of their license for cash transactions	-
Number of revoked/suspended/renewed licenses for cash transactions	-

### Supervision over Transparency of Ownership Structures of Participants in the Nonbank Financial Services Market

The NBU sets requirements for disclosing ownership structures by participants in the nonbank financial services market (in particular, financial services providers, debt collection agencies, and legal entities that provide CIT services to banks) and checks if the ownership structures of such companies are transparent. An ownership structure reflects the ties between an institution and its owners.

Thanks to this regulation, anyone interested can see the detailed ownership structures of Ukrainian companies in the financial services market in publicly available information on the companies' and the NBU's websites. This is an important element of financial sector transparency and customer trust. All consumers of financial services must understand with whom they are dealing, to whom they are giving their money, and from whom they are taking a loan.

### Registering Debt Collector Agencies

The NBU conducts state regulation and supervision in the area of consumer lending, including collection agencies. Any collection agency intending to provide services in

settling debts on consumer loans must register with the NBU's Register of Debt Collection Agencies.

Statistical data on legal entities that have been registered with the NBU and obtained the status of collection agencies are detailed below.

## Main Results of Inspections of Banks

As part of its banking supervision function in the form of inspections, the NBU planned to start/conduct 27 inspections of banks in line with the Plan for Inspections of Banks for 2024.

In 2024, 24 scheduled inspections of banks were started/conducted. Inspections of two banks were postponed until 2025, while one bank was classified as insolvent. Additionally, in 2024 three unscheduled inspections were conducted.

In 2024 the main areas of inspections were:

- bank business model
- assessment of capital adequacy for coverage of the main types of risks inherent in the bank's activities
- liquidity adequacy
- level and assessment of corporate governance and internal control.

In 2024, based on the results of inspections, non-bank financial institutions were subject to enforcement measures for violating the requirements of the laws on regulating the provision of financial services, laws on, and NBU regulations, specifically:

Type of enforcement measure	Quantity
Written warnings	22
Fines imposed on banks	18
Restrictions on some types of transactions	2
Entering into a written agreement with a bank	1

The total amount of fines paid was UAH 46,775.

### Collection agencies (as of 31 December 2024)

Indicator	Quantity
Number of registered collectors as of 31 December 2024:	73
Registration	
Number of collection agencies added to the Register	8
Number of collection agencies excluded from the Register, in particular:	6
upon request	2
due to violation of the law	4



## Supervision of the Non-bank Financial Services Market

Under conditions of full-scale armed aggression, the NBU's policy on regulating and supervising the non-bank financial market focused on constantly updating and addressing urgent needs for ensuring the stable functioning of the non-bank sector.

Throughout 2024, some market players left the market, either surrendering their licenses voluntarily or being removed from the market by the regulator compulsorily.

A little more than a third of insurance companies (36%) withdrew from the market in 2024.

This trend of insurers leaving the market increased in H1 2024 and continued in Q3 and Q4 due to the need for companies to bring their operations into line with the revised requirements of special laws, primarily capital and solvency requirements.

In this period the insurance market contracted to 36 insurance companies: In 2024, 25 insurers voluntarily exited the market. Under new regulations, such exits required the implementation of a wind-down plan agreed upon with the NBU; one insurer had its license revoked in accordance with the law (the company was registered in the temporarily occupied area and failed to renew its license); 11 insurers were removed from the market on a compulsory basis through enforcement measures imposed by the NBU (for failure to comply with the regulator's

decisions, repeated violations of license conditions, conducting risky activities, non-admission to inspection, classification as insolvent (2 insurers). Two of these companies were involved in mandatory third-party liability insurance (MTPL) insurance.

As of 1 January 2025, the State Register of Financial Institutions (SRFI) contained 66 insurers (including 10 life insurance companies).

Temporary anti-crisis measures to stabilize the financial market during the war remained in effect in 2024 (NBU Board Resolution No. 39 On Regulating the Activities of Nonbank Financial Market Participants, Nonbank Financial Groups, Payment Market Participants, Debt Collection Agencies, and Legal Entities Licensed to Provide Cash Collection Services to Banks dated 6 March 2022 (as amended) and NBU Board Resolution No. 18 On the Operation of the Banking System under Martial Law dated 24 February 2022 (as amended, hereinafter referred to as "Resolution No. 18").

Both from the beginning of 2024 and after the deadline set by the Law of Ukraine *On Insurance* for bringing solvency into compliance with the new requirements (July 1, 2027)<sup>10</sup>, insurers exited the market both voluntarily and compulsorily, based on decisions by the NBU (application of supervisory measures).

In H1 2024, the NBU conducted a preliminary assessment of insurers' compliance with the new solvency requirements and, based on its findings, carried out systematic supervisory work with more than three dozen insurers that needed capital and

could have been declared insolvent.

This work helped these insurers decide on their future activities in the insurance market and choose the best strategy for recapitalization or voluntary withdrawal from the market.

Thus, as of the end of 2024, most of the insurers that had left the market had done so voluntarily (25 out of 36) by settling their insurance portfolios and preserving their business reputation, while creating no additional risks of market destabilization and without losing customer confidence.

Only two insurers that failed to take the appropriate measures to improve their financial condition were declared by the regulator to be insolvent.

Today, all insurers – in both the non-life and life markets – finished 2024 in compliance with solvency requirements. Some of them will continue to increase their capital to a level that ensures sufficient risk absorption capacity commensurate with their business volumes and the specifics of their insurance activities. With the transitional period ending on 1 July 2024, those insurers who failed to take appropriate measures in time had to continue restoring their solvency in accordance with their recovery/financing plans developed and agreed upon with the NBU. As of today, the NBU has approved such plans for 14 insurers, while eight companies have had their plans rejected (plans were repeatedly rejected for three insurers, and updated plans were approved for two insurers after being first rejected).

<sup>10</sup> Article 38 of the Law of Ukraine *On Insurance, Regulation On Establishing Requirements for Ensuring Insurer's Solvency and Investment Activities*, approved by NBU Board Resolution No. 201, dated 29 December 2023 (as amended).

Most of the companies that had their business recovery/financing plans rejected left the market either voluntarily or compulsorily.

In 2023, all reporting indicators of insurers were reviewed and updated due to the entry into force, on 1 January 2024, of the new requirements of the Laws of Ukraine *On Financial Services and Finance Companies* and *On Insurance*, along with the NBU regulations adopted to fully implement the requirements prescribed by Ukrainian law.

Outward reinsurance operations in 2024, under martial law, remained at the previous year's level with a slight decrease of 3%. Notably, the volume of these operations continues to be primarily driven by non-resident reinsurers. However, domestic outward reinsurance once again significantly decreased (by more than half), accounting for only one-tenth of all such reinsurance premiums and just 1.0% of all gross underwritten insurance premiums during the reporting period.

This trend is due to both the overall decrease in the volume of insurance services provided compared to pre-war levels and the restrictions on foreign-currency transactions imposed by the NBU since the start of the military aggression of the Russian Federation in Ukraine. At the same time, solvent insurers with transparent ownership structures are able to conduct reinsurance operations with non-residents after being included by the NBU in the list of insurers eligible to conduct reinsurance operations with non-resident reinsurers (in accordance with Resolution No. 18).

The share of outwards reinsurance in total insurance premiums dropped from 10% to 9%.

In 2024, Ukrainian insurers reinsured risks with non-residents from Austria (33%), the United Kingdom (12%), and Germany (11%), with the share of reinsurance to other countries not exceeding 10%: Czech Republic (7%), France (6%), Azerbaijan (6%), Switzerland (5%), Poland (5%), etc.

Reinsurance mainly covered risks under motor lines of business (56%) ((Green Card (26%), MTPL (18%), CASCO (12%)), as well as property risks (14%) and property risks and liability of marine and aviation transport and cargo transportation (17%).

Currently, the list of insurers eligible to conduct foreign currency transactions with non-resident reinsurers includes 29 insurers from both the life and non-life segments. These insurers have transparent ownership structures and are solvent.

An analysis of outwards reinsurance transactions with non-residents in 2024 found no increase in the volume of premiums being transferred from Ukraine for reinsurance purposes.

Off-site supervision of non-bank financial institutions was conducted using a risk-based approach. This was ensured through regular monitoring of activities and analysis of the financial condition of financial service providers, as well as regular communication with them and the receipt of information.

Supervision was intended to support the resilience of financial market participants and ensure their business continuity.

Assessing the financial standing and activities of market participants was significantly complicated during the first year of the full-scale war due to the unavailability of reporting data or delayed submission of such data to the NBU.

In 2024, the situation improved, with all licensed insurers included in the State Register of Financial Institutions as of the end of 2024 submitting their reports.

However, financial companies and credit unions located in temporarily occupied territories or active combat zones, as well as credit unions that have temporarily suspended their operations, remained non-compliant with reporting requirements.

As a result of the NBU's off-site supervision in 2024, 469 violations were identified and recorded among non-bank financial institutions. The vast majority, or 71%, were for non-submission, late submission, or submission of inaccurate reports/information, and almost 24% related to non-compliance with prudential norms. The largest number of violations was found among finance companies and pawnshops – almost 83%. The smallest number was among insurers, with 7% of all violations.

Having reviewed the violations within the off-site supervision framework, the NBU applied 267 enforcement measures to providers of non-bank financial services. Some 85% of these measures were imposed on finance companies and pawnshops.

The most common supervisory measures in 2024 were the demand to rectify violations and warnings (188 measures, or 70% of the total), and

the imposition of fines (48 fines, or 18% of the total).

The main reason for the fines was the untimely submission of regulatory reporting data requested by the NBU.

Supervisory measures in the form of revoking financial service licenses, followed by exclusion from the registers maintained by the NBU, were applied to 21 supervised entities.

Thanks to the supervisory actions taken by the NBU over the year with regard to credit unions and insurers, the situation regarding their compliance with prudential requirements improved significantly.

In 2024, the NBU forcibly removed three companies with outstanding insurance obligations from the market without classifying them as insolvent. Following the revocation of their licenses, these companies had their management removed and temporary administrations appointed, the oversight of which is carried out by the NBU. The temporary administrations will remain in place at all of these insurers until a court opens liquidation proceedings and appoints a liquidator.

A temporary administration was introduced at one credit union, and its term ended in November 2024 with the appointment of a liquidator.

The introduction of prudential norms for financial companies encouraged them to actively review the effectiveness of their business models and the viability of their presence in the non-bank financial services market. Specifically, 42 finance

companies in 2024 increased their authorized capital by UAH 7.1 billion, and 11 finance companies raised subordinated debt (UAH 17 billion<sup>11</sup>). Three of these finance companies obtained permission to include subordinated debt in prudential requirements. At the same time, 95 financial companies voluntarily exited the market, and 152 financial companies reduced the scope of their licenses, representing a third of the total number. The market cleanup is ongoing.

A significant portion of violations by non-bank financial service providers were rectified independently before supervisory measures were applied.

Every year, the NBU conducts an assessment of social importance and determines the risk profile (level of riskiness of business) of NBFIs. Based on the assessment, the regulator draws up a plan of inspections.

To enhance its supervisory methodology in 2024, the NBU began developing a supervisory assessment methodology for non-bank financial institutions. This included creating separate methodologies for the insurance market, financial companies and pawnshops, and credit unions.

The development of this methodology is a structural benchmark of the IMF and includes an assessment of the risk profile of non-bank financial institutions based on both quantitative and qualitative indicators, including an evaluation of insurers' governance systems.

In 2025, the NBU will conduct testing of the new supervisory assessment methodology for

non-bank financial institutions, with the aim of its subsequent implementation.

The NBU continuously conducts supervision on a consolidated basis of non-bank financial groups to ensure the stability of the financial system and limit the risks to financial institutions arising from their participation in financial groups.

In 2024, based on the results of a study into the activities of non-bank financial groups supervised by the NBU and an analysis of international best practices, automated consolidated and sub-consolidated reporting for non-bank financial groups was developed and implemented from 1 January 2025. This reporting, submitted to the NBU, includes new reports.

on intra-group transactions (taking into account the technical standard of DIRECTIVE 2002/87/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 16 December 2002 on the supplementary supervision of credit institutions, insurance undertakings, and investment firms in a financial conglomerate, and amending Council Directives 73/239/EEC, 79/267/EEC, 92/49/EEC, 92/96/EEC, 93/6/EEC and 93/22/EEC, as well as Directives of the European Parliament and of the Council 98/78/EC and 2000/12/EC) and transactions with related parties of non-bank financial groups. According to the Rules for Organizing Statistical Reporting Submitted to the NBU and approved by NBU Board Resolution No. 123, dated 25 November 2021 (as amended) (NBU Board Resolution No. 145, dated 10 December 2024), and the Rules for the Preparation and Submission of Reports by Participants in the Non-Bank Financial Services Market to the NBU, approved by NBU Board

<sup>11</sup> Data for the first nine months of 2024 is subject to clarification in February 2025, based on Q4 2024 earnings reports.

Resolution No. 202, dated 29 December 2023 (as amended) (NBU Board Resolution No. 175, dated 27 December 2024).

By the end of 2024, 40 non-bank financial groups were registered and supervised by the NBU. During 2024, the recognition of six previously registered non-bank financial groups was terminated, but 26 new groups were recognized. Of the non-bank financial groups recognized at the end of 2024, nine were insurance groups.

While implementing consolidated supervision of non-bank financial groups, the NBU maintains cooperation with regulators from other countries by participating in annual meetings of committees established within the framework of supplementary supervision over international financial groups.

**Supervision of Non-bank Financial Groups**

The NBU supervises non-bank financial groups, excluding those where the predominant activity is carried out by financial institutions supervised by the National Securities and Stock Market Commission (NSSMC). In line with the Law of Ukraine On Financial Services the financial groups are liable to comply with NBU requirements.

**Supervision of Credit Bureaus**

The NBU carries out state regulation of the activities of credit history bureaus.

As of 31 December 2024, eight registered credit bureaus were operating in the market

**Regulation of the Payment Market**

On 1 August 2022, the Law of Ukraine *On Payment Services* came into effect, which was aimed at introducing the provisions of EU directives, in particular, those of Payment Services Directive 2 (PSD2) and the Electronic Money Directive (EMD), which Ukraine is required to implement by the EU-Ukraine Association Agreement.

In 2024, payment market participants continued to bring their activities in line with the requirements of the Law of Ukraine *On Payment Services*, taking into account the possibility of expanding their activities by providing more financial payment services.

**Statistics**

As of the end of 2024, 29 payment and settlement systems were operating in Ukraine, including:

- 13 systems established by residents, of which:
  - 5 systems operated by banks (all of them are international systems)
  - 8 systems operated by non-bank financial institutions (4 domestic systems and 4 international ones)
- 14 payment systems established by non-residents:
  - 5 card payment systems
  - 9 international money transfer systems
- 2 state-operated payment systems.

**Non-bank financial groups (data for the period from 1 January through 31 December 2024)**

Indicator	Quantity
Number of non-bank financial groups as of 31 December 2024	40
Recognized non-bank financial groups	26
Non-bank financial groups that are no longer recognized	6



Furthermore, 30 technical service providers operate on the Ukrainian payment market.

**Registration of Payment Systems, their Participants, and Payment Service Providers**

In 2024, changes in the Ukrainian payment market were primarily caused by fulfilling the requirements of the Law of Ukraine *On Payment Services*.

A total of 6 payment systems established by residents and 1 payment system established by a non-resident left the payment market of Ukraine at their own initiative.

The registration of 6 technical service providers and 1 payment system established by a non-resident was canceled at the initiative of the National Bank of Ukraine due to their failure to carry out their activities and non-compliance with the requirements of the Law of Ukraine *On Payment Services*.

The NBU also registered 1 technical service provider, viz. AMO FINTECH LLC.

**Licenses for providing financial payment services**

As of 1 January 2024, 30 financial institutions and 1 postal operator had the right to operate in the payment market.

During 2024, one financial institution (HOSTPAY LLC) received a license to provide financial payment services, and one finance company received the right to provide a financial payment service on transferring funds without opening an account by extending the license for carrying out activities by a finance company (FC PROFINEF LLC).

In addition, in 2024, two payment institutions (FC ELAYENS LLC and DIAMOND PAY LLC) were withdrawn from the market for submitting false information in the documents for obtaining a license to provide financial payment services and for the ties of their shareholders with the Russian Federation.

**Payment market (data for the period from 1 January through 31 December 2024)**

Indicator	Quantity
Number of international payment systems, of which: card payment systems	14
Fund transfers	5
Number of national payment systems non-bank payment systems	9
banking payment systems	15
payment systems	8
banking payment systems	5
state-owned	2
Number of payment systems registered in 2024, of which:	0
Payment systems established by residents	0
International payment systems established by non-residents	0
Number of payment systems whose registration was revoked in 2024, of which:	8
Payment systems established by residents	6
International payment systems established by non-residents	2
Number of technical service providers	30
Number of technical service providers registered in 2024	1
Number of technical service providers whose registration was revoked in 2024	6



Main Results of Inspections  
of Non-Bank Financial Institutions

Exercising its function of conducting inspections to supervise activities of the non-bank financial services markets, the NBU planned to launch/ conduct 26 inspections (of 12 financial companies and 14 insurance companies) in accordance with the Annual Inspection Plan for Non-Bank Financial Services Market Participants for 2024. In 2024, 24 scheduled inspections of insurance and financial companies were started/conducted.

The NBU revoked the insurance licenses of two insurance companies prior to the start of scheduled inspections. Also, in 2024, the NBU conducted one unscheduled inspection of an insurance company.

Inspections of non-bank financial institutions in 2024 were conducted in the following areas:

- determining the level of security and stability of operations/activities of non-bank financial institutions
- assessing the quality of corporate governance
- verifying compliance with the requirements of laws on regulation of financial services and laws on consumer protection in financial services.

In 2024, based on the results of inspections, non-bank financial institutions were subject to enforcement measures for violating the requirements of the laws on regulating the provision of financial services, laws on consumer protection in financial services, and NBU regulations, specifically:

Type of enforcement measure	Quantity
Revocation of license for providing financial services/insurance/finance company operations	9 (6 insurance companies, 3 finance companies)
Obligation to take actions to eliminate violations and/or causes of the violation/ requirement to take measures to rectify violations found in the course of supervision and to bring operations in line with legal requirements	5 (2 insurance companies, 3 finance companies)
Written warnings	3 finance companies
Fines for violation of laws on regulation of financial services provision	4 (2 insurance companies, 2 finance companies)
Fines for violating laws on consumer protection in financial services	6 finance companies

The total amount of fines paid was UAH 7,157.

The main grounds for applying enforcement measures in the form of license revocation for conducting insurance activities included:

- refusal to conduct inspection, in particular, absence during the first day of inspection of a person authorized to represent the interests of nonbank financial institution at the time of inspection and/or failure to provide

documents and information on the subject of inspection

- establishing the fact of risky activities that compromises the interests of insurers and/or other creditors
- violation of laws on regulation of provision of financial services/laws on consumer protection in financial services.



## Key Findings of Inspections of Non-bank Payment Service Providers

Exercising its function of conducting inspections to supervise activities of non-bank payment service providers, the NBU planned to launch/conduct 6 inspections in accordance with the Inspection Plan for Non-Bank Payment Service Providers and Providers of Limited Payment Services for 2024.

In 2024, the NBU conducted four scheduled inspections of non-bank payment service providers. The NBU revoked the licenses of two non-bank payment service providers for the provision of financial payment services.

In 2024, inspections of non-bank payment service providers were conducted in the following areas:

- compliance with laws regulating relations between payment service providers and users
- compliance with the procedure for payment transactions
- assessment of the general corporate governance framework and the qualifications of senior management.

In 2024, based on the inspections' findings, some non-bank payment service providers were subject to enforcement measures due to legal violations, regulating operations in the payment market.

Type of enforcement measure	Quantity
Fines	2
Written warnings	1

The total amount of fines paid was UAH 952,000.

Supervision on Issues of Financial Monitoring and Compliance with Currency and Sanctions Laws of Ukraine

In 2024, the NBU carried out supervision over banks and institutions in the area of financial monitoring and compliance with the currency and sanctions laws taking into consideration NBU regulations, in particular NBU Board Resolution No. 18 *On Operation of Banking System Under Martial Law* dated 24 February 2022 (as amended) by conducting scheduled and unscheduled on-site inspections and off-site supervision.

After the laws and regulations in the area of prevention and counteraction to legalization (laundering) of criminal proceeds, terrorist financing and financing of proliferation of weapons of mass destruction regarding politically exposed persons (PEPs) were amended, the NBU conducted on-site inspections and/or off-site supervision of certain banks/institutions on their implementation of due diligence measures to PEPs.

During 2024, the NBU in accordance with the approved Plan of on-site inspections on compliance by banks/institutions with the requirements of the laws and regulations on prevention of and counteraction to legalization (laundering) of the proceeds from crime, terrorism financing, and financing of proliferation of weapons of mass destruction (AML/CFT), currency laws and regulations, as well as those in the area of implementation of special economic and other restrictive measures (sanctions) (hereinafter

referred to as the “Plan of on-site inspections”), carried out the following:

- 7 inspections of banks
- 9 inspections of institutions (of which one was terminated early).

The plan of on-site inspections was fully implemented.

In 2024, the NBU conducted one unscheduled inspection of a bank. The NBU also conducted 149 unscheduled on-site inspections of structural units of 17 institutions to ensure compliance with

the procedure for organizing and trading currency valuables in cash, as established by the NBU.

Within off-site supervision, the NBU conducted:

- 60 inspections of banks
- 84 inspections of institutions.

The NBU paid special attention to verifying compliance with the requirements of the financial monitoring legislation when banks provide e-commerce services, service customers whose accounts received budgetary funds to ensure compliance with the terms

Number of inspections of banks and non-bank institutions on their compliance with the legislation on financial monitoring, currency and sanctions legislation

Indicator	Number of inspections			
	Total	including		
		banks	Institutions	structural units of institutions
Inspections performed, of which:	310	68	93	149
scheduled on-site	16	7	9	0
unscheduled on-site	150	1	0	149
off-site inspections	144	60	84	0
Entities where violations were detected in their activities	x	30	84	13 (6 institutions)





of their agreements for the supply of goods, services, service importers/exporters, and payment services.

**Cooperation with State Financial Monitoring Service of Ukraine on Financial Monitoring Issues**

In 2024, the NBU sent the following to the State Financial Monitoring Service of Ukraine (hereinafter referred to as the “SFMS”):

- 27 letters regarding financial transactions of customers of 27 banks
- 17 notifications regarding financial transactions of customers of 19 institutions

containing the information, which can be related to suspicion of legalization (laundering) of criminal proceeds, terrorist financing and financing of proliferation of weapons of mass destruction, obtained in the course of supervision in this area and the information on large-scale transactions of bank customers, including large-scale transactions of individuals that may indicate unregistered (hidden) business activities related to embezzlement of funds from the State Budget of Ukraine, large-scale financial transactions of legal persons and business entities for cashing of funds, financial transactions that may be carried out for tax avoidance, large-scale transactions of customers using the services of banks and other payment service providers, including Internet acquiring; information on foreign exchange transactions of institutions that show signs of artificial exchange rate manipulation, large-scale financial transactions for prepayment for goods in favor of non-residents outside Ukraine, where the goods were not delivered or were delivered in insignificant amounts.

On the basis of the identified violations, the NBU took enforcement measures proportionate to the violations committed.

The NBU regularly releases information on enforcement measures taken with regard to banks and institutions, and also about appeals in court proceedings on the relevant decisions, through press releases published on its official website.

**Enforcement measures taken against banks and institutions in 2024 for violating the AML/CFT, currency, and sanctions laws**

Indicator	Quantity
Revocation of licenses and/or other documents that give the right to perform activities and that give such institutions the status of an obliged entity and/or revocation of licenses for trading in currency valuables	2
Fine imposed on a bank	32 decisions totaling UAH 348,308,574.33
Fine imposed on an institution	68 decisions totaling UAH 116,076,169.99
Restrictions on some types of bank transactions	1
Written warning to a bank	15
Written warning to an institution	35

Additionally, for violations of Resolution No. 18, enforcement measures in the form of three fines totaling UAH 9,952,777.13 were imposed.



## Oversight of Financial Market Infrastructures

The NBU carries out the oversight of financial market infrastructures in accordance with the Laws of Ukraine *On Payment Services* and *On Capital Markets and Organized Commodity Markets* taking into account the Principles for financial market infrastructures (hereinafter referred to as the “international oversight standards”)<sup>12</sup>, and the approaches of the Bank for International Settlements, the European Central Bank, and other leading financial institutions.

The key focus of the oversight is aimed at ensuring the continuity of the operation of financial market infrastructures that play an important role in the country’s financial stability, especially during martial law, with a view to, in particular:

- payment infrastructure, which is formed from payment systems and their subjects, payment system participants, settlement banks, and technical service providers
- capital market infrastructure, which includes entities performing the functions of a central securities depository, central counterparty, trade repository, and securities settlement systems in Ukraine.

As part of the payment infrastructure oversight function, in 2024, the NBU carried out the following:

1) assessing compliance of operators of important payment systems and other important overseen entities (payment system participants and technical service providers) with the enhanced business continuity requirements of Regulation No. 187 On Oversight<sup>13</sup> taking into account the war risks and the specifics of non-residents’ operations in Ukraine. The assessment was carried out by interviewing important overseen entities regarding their compliance with the above requirements, as well as other additional measures that contributed to the continuity and/or prompt resumption of operations.

The information obtained during the topical assessment from important overseen entities, in particular, on business continuity, made it possible to identify best practices for preventing and minimizing risks, which were used to improve regulations on the oversight of payment infrastructure. In addition, taking into account the results of the topical assessment, recommendations for improvement of operations and/or measures were sent to important overseen entities

2) analyzing the status of implementation of the recommendations provided as a result of a comprehensive assessment of the NBU SEP, the systemically important payment system, in 2022-2023 for compliance with international oversight standards. The purpose of the analysis is to monitor the implementation of recommendations and to improve operation of the NBU SEP

3) off-site monitoring by collecting, categorizing, and analyzing data on the following:

- operation of overseen payment infrastructures to determine the importance of payment systems and overseen entities, as well as to strengthen the controls over the submission of statistical reports by participants of the Ukrainian payment market
- use of such payment instruments as credit transfer and direct debit, which made it possible to track their volumes and dynamics of use, as well as to compare them with the use of payment cards

4) onsite monitoring of entities overseen by the NBU was resumed in order to ensure their compliance with the requirements of Ukrainian law, and to assess the adequacy of the measures taken by the overseen entities to ensure the continuous, reliable and efficient functioning of payment infrastructure.

In 2024, the NBU conducted on-site monitoring of the payment infrastructure overseen entities in accordance with the Plan for On-Site Monitoring of Overseen Entities. The main violations detected during on-site monitoring were the following:

- failure to comply with requirements for ensuring operational continuity and data protection
- services provided in violation of the documents approved by the NBU

<sup>12</sup> International oversight standards (The Principles for Financial Market Infrastructure), which are documents adopted by the Committee on Payments and Market Infrastructures of the Bank for International Settlements and the Technical Committee of the International Organization of Securities Commissions that determine oversight standards for financial market infrastructure.

<sup>13</sup> Regulation On the Oversight of Payment Infrastructure in Ukraine approved by NBU Board Resolution No. 187 dated 24 August 2022.

- inaccurate (distorted) reporting of statistical reporting data on the activities of payment systems and their participants, the submission of which is foreseen by NBU regulations
- failure to ensure proper measures to store information about each payment transaction made in the payment system with the possibility of data recovery.

In response to the uncovered violations, the NBU imposed enforcement measures on overseen entities of the payment infrastructure, as foreseen under Article 84 of the Law of Ukraine *On Payment Services*.

As part of the capital markets oversight function, in 2024, the NBU carried out the following:

- 1) developed and approved the Instruction on Assessment of Compliance with the International Standards of Oversight of Entities that Perform the Functions of a Central Securities Depository, a Central Counterparty, a Trade Repository, and a Securities Settlement System in Ukraine, which will help improve the legislative support for the oversight of capital markets infrastructure
- 2) quarterly monitoring of capital markets infrastructure entities based on the parameters of efficiency and effectiveness, as well as reliability and continuity of their operations. This allows capital markets infrastructure entities to take measures to increase control and improve their efficiency, reliability and continuity
- 3) carried out a comprehensive assessment for compliance with the international oversight

standards of Settlement Center PJSC central counterparty with the participation of NSSMC<sup>14</sup> representatives in the working group. Based on the results of the comprehensive assessment, recommendations were developed to improve the operation of the central counterparty in order to increase its compliance with the international oversight standards

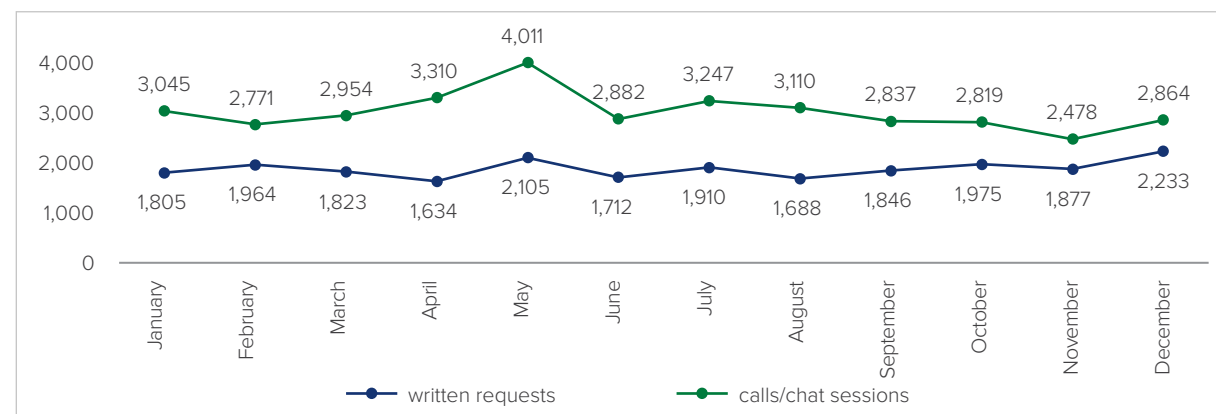
4) carried out an analysis of the implementation by the NBU depository of the recommendations developed on the basis of the results of the comprehensive assessment for the compliance with the international oversight standards.

Based on the results of the analysis, the NBU depository is taking appropriate measures to improve its compliance with the international oversight standards.

## Report on Consumer Rights Protection During the War

The public can call, send a letter by post or email to the NBU, fill an online form on the NBU's official website, or communicate through a chat bot to easily find the information they require. The chat bot contains a set of question-answer pairs, thus optimizing the operation of the contact center. If the inquiry is complex and cannot be handled by the chat bot, the conversation is redirected to an employee of the Office for Protecting the Rights of Financial Services Consumers.

The abovementioned communication channels together allowed the NBU to process 58,900 requests in 2024: more than 22,500 written requests, over 36,300 calls to the NBU's contact center (hereinafter referred to as the "contact center") and chat bot sessions.



<sup>14</sup> the National Securities and Stock Market Commission.

During 2024, the Office for Protecting the Rights of Financial Services Consumers received and handled more than 22,500 written requests from the public and over 500 requests for information. Most written requests (50.4%) were related to non-bank financial institutions. Activities by banks were the cause of 34.9% of the written requests, 4.1% of the requests were related to financial institutions removed from the register, and 4.7% of the requests were about collection agencies.

In quantitative terms, the NBU received over 7,800 requests regarding active banks.

There were almost 9,500 requests on the operation of financial companies, making them leaders among the non-bank financial institutions in the number of requests. The NBU

received more than 1,800 requests regarding the operation of insurers, 1,000 requests regarding the activities of collection agencies, and about 70 requests on the activities of credit unions, pawnshops, and lessors.

Most written inquiries in 2024, about 21,900 requests, were made by individuals. Over 600 requests were received from economic entities.

The most frequently asked questions about banks' activities in 2024 were related to freezing and seizing of funds on customer accounts – over 2,600 requests, fraud – about 1,000 applications, past due debt resolution – almost 500 claims, and the loan repayment holidays under martial law – more than 150 requests.

The most frequently asked questions about the activities of non-bank financial institutions were related to the settlement of outstanding debts – over 6,900 requests, the nonpayment of insurance indemnities – over 1,000 claims, loan repayment holidays under martial law – more than 500 applications, and fraud – over 300 requests.

Attributes of violations of laws on protection of consumer rights in financial services were identified in 14% of consumer requests related to operation of banks, non-bank financial institutions, and collection agencies. Clarifications were given in 86% of requests.

In 2024, the NBU's contact center received over 36,300 oral requests, specifically: regarding operating banks – over 11,200 calls, non-bank financial institutions – over 2,600 requests, financial institutions removed from the register – over 2,600 requests, and collection agencies – about 150 requests. More than 19,600 requests were received on other matters.

The most frequently asked questions in oral requests in 2024 were related to freezing and seizing funds on accounts – over 6,100 applications, information on the status of requests' consideration – over 3,700 requests, the settlement of outstanding debts – over 3,200 requests, and the impossibility of exchanging / withdrawing foreign currency – over 3,100 requests. In 2024, the NBU processed over 1,700 chat bot sessions.

The typical consumer rights violations detected in 2024 included:

- unethical behavior in the settlement of overdue consumer loan debt, including communication in the period from 9 a.m. to 8 p.m., on holidays, on days off, and on nonbusiness days, interaction with third parties who have not given consent for such interaction, and informing such third parties about the consumer's debt
- violation of legislation on interaction with protected categories of consumers during the settlement of overdue consumer loan debt under martial law in Ukraine
- unlawful accrual of penalties and fines under consumer loan agreements
- non-compliance of concluded agreements with current laws, including non-compliance with the written form of transactions, and the absence in consumer loan agreements of the daily interest rate and its calculation
- failure to provide consumers with information required by law prior to the conclusion of a financial services agreement
- failure to comply with the statutory order of debt repayment under a consumer loan agreement
- delayed decisions on paying insurance indemnities, and violations of the deadlines for making decisions on paying insurance indemnities, as well as failure to pay insurance indemnities in full
- payment card scams

## Introduction of New Capital Requirements, Preparation of Resilience Assessment for 2025, Revision of the Macprudential Strategy

### New Capital Requirements

In 2024, the NBU, as planned, took a number of steps to strengthen the resilience of banks and align requirements to their capital with European standards.

The most important of these steps was the transition to a new capital structure at the beginning of August. Since then, capital has been divided into three components instead of two: common equity Tier 1 capital, additional Tier 1, and Tier 2. This structure complies with both the provisions of the updated version of the Law of Ukraine *On Banks and Banking* and EU standards.

Given the change in the capital structure, the capital adequacy ratios have been set at:

- 5.625% for common equity Tier 1 (CET1)
- 7.5% for Tier 1
- 10% for regulatory capital.

At the same time, the NBU introduced a number of transitional provisions to balance the implementation of European requirements against preserving the banking system's ability to continue to ramp up credit support for the economy. (see Section [Implementation of European Prudential Requirements to Banks and Banking Groups](#)). In

particular, a phased schedule was applied for meeting a minimum regulatory capital adequacy ratio of at least 8.5% starting from 5 August 2024; at least 9.25% from 1 January 2025; and at least 10% from 1 July 2025.

The banking system of Ukraine has successfully transitioned to the new capital structure and continues to maintain all tiers of capital with a significant buffer after the transition (see Section [State of Financial Sector during War](#)). This resulted in an increase in its highest quality component – Common Equity Tier 1.

Under the new rules, it can include accumulated profits, which were previously mostly reflected in lower tiers of capital. In addition, under the transitional provisions, the banks may recognize interim profits in their capital before they are audited. Overall, the Tier 1 capital adequacy ratio in the banking system at the end of the year stood at 16.9%, while the regulatory capital ratio was 17.3%. The current level of capital ensures the sector's resilience to potential shocks and enables further growth in the loan portfolio.

At the same time, the requirements for capital risk coverage were strengthened. Since the beginning of 2024, have been taking into account 100% of operational risk when calculating their capital needs, and starting from May 2025 (after a three-year hiatus), they have been updating the calculation of this risk on the basis of current financial statements. Due to the combined effect of these two factors, the banks' estimated capital requirements to cover operational risk have significantly increased.

In August, simultaneously with the introduction of the new capital structure, a requirement to cover the full amount of market risk with capital came into effect. Until then, the minimum requirements had taken into account only one of its components – FX risk. As FX risk dominates market risk, the full coverage of market risk has had almost no impact on capital adequacy ratios. Therefore, going forward, the banks will have to hold capital to fully cover all three main risks inherent in their activities – credit risk, operational risk, and market risk. This is in line with European requirements.

The NBU will continue working on the implementation of European requirements, particularly, capital requirements, including the activation of capital buffers.

Stricter requirements for capital and risk assessment increase the banks' resilience to adverse events, as they will hold more capital to cover unexpected losses.

### Banking Sector's Resilience Assessment

In 2025, following a four-year break, the NBU will conduct the resilience assessment of the banks and the banking system under standard procedure involving external auditors for asset quality review and applying an adverse scenario within stress testing. Adaptation to wartime conditions and the normalization of banks' activities have made it possible to return to the usual practice of annual resilience assessment. Resuming the standard assessment is envisaged in the Memorandum of Economic and Financial Policies with the IMF and Ukraine's Plan for implementing the EU's Ukraine Facility<sup>15</sup> financial support program and regulated by the Regulation On Assessing

<sup>15</sup> Approved by Ordinance of the Cabinet of Ministers of Ukraine No. 244 dated 18 March 2024



Resilience of Banks and Banking System of Ukraine<sup>16</sup> (as amended) (hereinafter referred to as “Regulation No. 141”).

In 2025, the NBU will assess the resilience of the banks and the banking system<sup>17</sup> in line with the Terms of Reference<sup>18</sup>, following the standard three-stage approach:

- Stage I. Asset quality review (AQR). The AQR is mandatory for all of the banks and is carried out by independent auditors. It involves verifying, as of 1 January 2025, the quality of a core sample of assets and the eligibility of collateral that is pledged against them, in line with the NBU’s credit risk assessment requirements.

If upon testing the core sample the auditors find a significant number of errors in the credit risk assessment (that exceed thresholds), the auditors will do an in-depth review of an expanded sample.

- Stage II. Extrapolation. This stage extrapolates the results of the AQR’s in-depth review of assets. The NBU carries out Stage II only for the banks whose assets underwent the in-depth review.
- Stage III. Stress testing. The NBU conducts this stage for the baseline scenario and the adverse one, using the banks’ financial statements and a forecast horizon of three years. The last stage will involve 21 banks that account for over 90% of the banking sector assets. The banks were selected based on three criteria: the size of risk-weighted

assets, the amount of deposits attracted from households, and the amount of net loans to households.

The NBU has established specific requirements for conducting the 2025 resilience assessment that differ from the requirements of Regulation No. 141, under which the first stage does not include the following:

- verification of the value of a bank’s own real estate, given that non-core assets are entirely deducted from capital calculations
- assessment of the write-off of impaired financial assets was conducted, taking into account the progress that had been made in writing off such assets, and the results of the review do not impact the bank’s capital, as the NBU carries out this assessment as part of the annual supervisory process.

In the autumn, the banks that are subject to higher required capital adequacy ratios based on the results of the resilience assessment will develop capitalization or restructuring programs. These programs will have to be implemented until the end of 2025. The requirements based on the results of the 2025 resilience assessment will replace the current requirements established following previous resilience assessments. The results of the resilience assessment conducted in 2025 will be published by 31 December 2025.

The results of the resilience assessment will form the basis for developing a schedule for the implementation of the further regulatory

capital requirements, which are being introduced to harmonize Ukrainian legislation with EU acquis.

### Update of the Macprudential Policy Strategy

A comprehensive approach, taking into account the prospect of introducing macroprudential capital requirements, is defined in the Macprudential Policy Strategy. The NBU updated this document at the end of the year. The document reflects the impact of Russia’s full-scale invasion on Ukraine’s financial sector, new challenges for macroprudential policy, and the central bank’s approaches to responding to these new challenges.

The financial stability as a strategic objective, as well as the intermediate objectives defined in accordance with the recommendations of the European Systemic Risk Board remain unchanged in the Macprudential Policy Strategy. At the same time, because of the war and its consequences, the intermediate goals of macroprudential policy have their own specific features. For instance, the priority is to harmoniously resume lending in a way that does not lead to more imbalances.

In addition to traditional challenges, the NBU draws attention in the updated Strategy to the following aspects:

- The need to ensure business continuity during the full-scale war has become crucial for financial institutions, while operational risks may prove to be systemic.
- The government’s lending support programs

<sup>16</sup> Regulation On Assessing Resilience of Banks and Banking System of Ukraine, approved by NBU Board Resolution No. 141 dated 22 December 2017 (as amended).

<sup>17</sup> NBU Board Resolution No. 149 On Peculiarities of Assessing the Resilience of Banks and the Banking System of Ukraine in 2024, dated 16 July 2025 (as amended)

<sup>18</sup> NBU Board Resolution No. 149 On Specifics of Assessing the Resilience of Banks and the Banking System of Ukraine in 2025 dated 16 December 2024.

launched in 2020 played a significant role during the most severe stages of the COVID-19 crisis and the first months of the full-scale war. However, in the current more stable macroeconomic environment, the programs need to be focused on specific segments and categories of clients, where it does not impede the development of market-terms lending.

- Environmental, social, and governance (ESG) risks have a significant impact on the operations of financial institutions.

Over time, the above challenges may turn into systemic risks, which calls for an appropriate macroprudential response. When choosing the instruments and method of response, the NBU will take into account the scale of the risk, its origin, and the way different policy instruments function.

## Implementation of European Prudential Requirements for Banks and Banking Groups

In 2024, the NBU took a significant step in implementing European acquis in the area of regulating the activities of banks and banking groups in Ukraine, in line with Ukraine's international obligations, particularly those outlined in program documents with key international

partners such as the European Union (EU), the IMF, and the World Bank.

The implementation of provisions of the EU acquis into the NBU regulations is an important area of the NBU's European integration efforts, given that Ukraine was granted the status of a candidate for accession to the EU and that Ukraine's legislation was officially screened for alignment with the EU acquis as part of the EU accession negotiations.

### Implementation of EU Acquis

The NBU Board approved a number of regulations that introduce or update requirements for the activities of banks and banking groups.

1. Prudential liquidity ratios on a consolidated basis, including the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR) were introduced<sup>19</sup>.

As of 1 December 2024, banking groups shall conduct test calculations of liquidity coverage ratios, and as of 1 January 2025 – test calculations of the net stable funding ratio.

The minimum value of these ratios will be set at 100%. Banking groups will be required to meet the minimum values of the liquidity coverage ratio starting from 1 April 2025, and the net stable funding ratio starting from 1 July 2025.

2. The NBU updated the minimum capital adequacy requirements for banks under the new (three-tier) structure<sup>20</sup>, which banks must comply

with starting from 5 August 2024 (see Section [Introduction of New Capital Requirements, Preparation of Resilience Assessment for 2025 Update of the Macroprudential Policy Strategy](#)). These requirements aim to further ensure the sustainability of the banking system, protect the interests of bank depositors, and to maintain financial stability, which is an important component of the country's defense capabilities.

At the same time, the NBU introduced a number of transitional provisions to balance the implementation of European requirements against preserving the banking system's ability to continue to ramp up credit support for the economy (see Section [Introduction of New Capital Requirements, Preparation of Resilience Assessment for 2025, Update of the Macroprudential Policy Strategy](#)). These provisions ensure a proper balance between regulatory requirements aimed at the implementation of EU acquis and measures set forth in the Lending Development Strategy (see Section [Role of the Financial Sector in the Country's Recovery: Lending Development](#)). These transitional provisions preserve the banks' capital buffers, which are necessary to cover martial law risks and to protect the interests of depositors. At the same time, taking into account the transitional provisions, the banks' potential to expand their loan portfolios increased by one-and-a-half times compared to their previous capital buffers.

<sup>19</sup> NBU Board Resolution No. 2 On Approval of Amendments to Certain Regulations of the National Bank of Ukraine dated 5 January 2024 and NBU Board Decision No. 4 On Approval of Amendments to Certain Regulations of the National Bank of Ukraine dated 5 January 2024.

<sup>20</sup> NBU Board Resolution No. 65 On Amending Certain Regulations of the National Bank of Ukraine and Establishing Transitional Provisions for the Introduction of Updated Capital Requirements for Banks dated 7 June 2024.

3. The capital adequacy requirements for banking groups<sup>21</sup> have been updated, specifically regarding the calculation of capital adequacy for credit and investment subgroups, which is based on a new (three-tier) capital structure. In particular, the NBU established:

- procedure for calculating Tier 1 common equity, Tier 1 capital, regulatory capital for credit and investment subgroups, as well as requirements for components of the capital
- three new capital adequacy ratios for credit and investment subgroups
- the list of capital buffers for credit and investment subgroup.

As banks constitute a significant share of the assets of banking groups, the updated capital adequacy requirements for banking groups have been introduced with transitional provisions that are similar to those applied to banks.

4. The NBU has established the procedure for calculating by banks and banking groups the Leverage Ratio (LR) – a new Tier 1 capital adequacy ratio aimed at limiting excessive growth of low-risk assets<sup>22</sup>.

Also, as part of the implementation of the leverage ratio, EU acquis are being introduced on the assessment of counterparty credit risk (CCR) for derivative transactions. Such an assessment will be carried out using the simplest Original Exposure Method (OEM), which

corresponds to the current state of the derivatives market, as the derivatives market is limited and the volume of derivative transactions conducted by Ukrainian banks is insignificant.

The NBU will set the minimum leverage ratio and the schedule for its gradual achievement based on the results of the analysis of banks' test calculations in Q2 2025 and taking into account the state of the financial sector.

The requirements for banks to comply with the minimum ratios are planned to be established no earlier than August 2025 for banks and no earlier than April 2026 for banking groups. The NBU has introduced requirements for the organization of the Internal Liquidity Adequacy Assessment Process (ILAAP) in banks and banking groups<sup>23</sup>. The introduction of these requirements is aimed at ensuring that banks/banking groups maintain a level of liquidity sufficient to meet their obligations in a timely manner and comply with the liquidity ratios set by the NBU, and effectively plan liquidity adequacy for the forecast period from an economic and regulatory perspective, taking into account the level of risk appetite and the set strategic goals in accordance with the business plan.

The NBU has established a requirement to prepare the annual reporting on the ILAAP and submit it to the NBU for evaluation as part of the Supervisory Review and Evaluation Process (SREP):

- for banks (on an individual basis) – until 31 May
- for an authorized person of the banking group – until 30 June.

The first reports on the ILAAP shall be submitted to the NBU for evaluation on 1 January 2025.

5. The NBU has established the procedure for banks and banking groups to assess the minimum amount of settlement risk to be covered with capital<sup>24</sup>.

Settlement risk refers to the potential for losses or missed income from transactions involving the purchase, sale, and exchange of securities, commodities, and foreign currencies, in the event that counterparties fail to settle these transactions.

The new requirements to banks and banking groups provide for the use of test calculations that shall be performed:

- by banks from 1 November 2025 to 28 February 2026
- by responsible persons of banking groups from 1 April to 1 October 2026.

Following an analysis of test calculations, the NBU will set the date when the minimum settlement risk will begin to be incorporated into the calculation of capital adequacy ratios.

<sup>21</sup> NBU Board Resolution No. 86 On Amending Certain Regulations of the National Bank of Ukraine on the Regulation of the Activities of Banking Groups dated 17 July 2024 (as amended).

<sup>22</sup> NBU Board Resolution No. 89 On Approval of the Regulation On Procedure for the Calculation by Banks of Ukraine and by Banking Groups of the Leverage Ratio dated 19 July 2024 (as amended).

<sup>23</sup> NBU Board Resolution No. 88 On Approval of the Regulation On the Organization of the Internal Liquidity Adequacy Assessment Process in Banks of Ukraine and Banking Groups dated 19 July 2024 (as amended).

<sup>24</sup> NBU Board Resolution No. 158 On Approval of the Regulation On Procedure for Determining the Minimum Settlement Risk by Ukrainian Banks and Banking Groups dated 23 December 2024.

## Other Issues of Bank Regulation

During 2024, amendments<sup>25</sup> were made to the Regulation *On Bank Licensing*, approved by NBU Board Resolution No. 149 dated 22 December 2018, to improve the bank licensing process, tighten supervision, and adapt to martial law. Specifically:

- additional signs of impeccable business reputation for individuals and legal persons were introduced that are related to their activities and property in the aggressor state
- mandatory submission was introduced of electronic notifications through the electronic form of the State Register of Banks that are necessary to open, change the data of, or shut down standalone units and remote-service points
- requirements for auditor reporting, in particular for annual and interim financial reporting, were defined
- procedures for amending banks' articles of association were simplified
- requirements for the banking system's physical and data accessibility were defined
- accreditation procedures for branches and representative offices of foreign banks were improved.

In addition, to bring NBU regulations into line with Law No. 3498–IX *On Amendments to Certain Laws of Ukraine on Improving the State Regulation of Financial Services Markets* dated 22 November 2023, amendments were made to:

- Regulation *On the Organization and Conduct of Inspections*, in terms of conducting inspections outside the inspected entity's location through remote access to documents, information, and banking transaction automation systems using information and communication technologies<sup>26</sup>
- Regulation *On Application of Enforcement Measures by the National Bank of Ukraine*, in terms of applying enforcement measures for violations of legislation on advertising in financial services markets and on dissemination of information about financial and related services<sup>27</sup>.

To promote the security and stability of the banking system and prevent crises during martial law, pursuant to the Decision by the National Security and Defense Council of Ukraine's *On Countering the Negative Consequences of Internet Gambling* dated 20 April 2024, enacted by Presidential Decree No. 234/2024 *On the Decision of the National Security and Defense Council of Ukraine Dated 20 April 2024 On Countering the Negative*

*Consequences of Internet Gambling* dated 20 April 2024, the NBU prohibited<sup>28</sup> banks from carrying out active transactions with individuals whose collateral is dual-use goods included in the Unified List of Dual-Use Goods as defined by the Cabinet of Ministers of Ukraine's Resolution No. 86 *On Approval of the Procedure for State Control over International Transfers of Dual-Use Goods* dated 28 January 2004 (as amended).

## New Administrative Procedure

The NBU brought its regulations into line with Law of Ukraine No. 2073–IX *On Administrative Procedure* (as amended) dated 17 February 2022, and Law No. 4017–IX *On Amendments to Certain Laws of Ukraine due to the Passage of the Law of Ukraine On Administrative Procedure* dated 10 October 2024. These laws introduced unified rules for interactions between the state and individuals and businesses in compliance with EU standards.

In particular, amendments were made to a number of NBU regulations to improve procedures for regulating the activities of banks and banking groups and to increase the transparency and efficiency of how the NBU performs its public administration functions. Specifically:

- NBU Board Resolution No. 23 *On Certain Issues of Activities of Ukrainian Banks* and

<sup>25</sup> NBU Board Resolution No. 54 *On Amendments to Certain Regulations of the National Bank of Ukraine* dated 2 May 2024 (as amended), NBU Board Resolution No. 104 *On Amendments to Certain Regulations of the National Bank of Ukraine* dated 31 August 2024, and NBU Board Resolution No. 131 *On Amendments to Certain Resolutions of the National Bank of Ukraine on Bank Licensing* dated 1 November 2024.

<sup>26</sup> NBU Board Resolution No. 276 *On Approval of the Regulation on the Organization and Conduct of Inspections* dated 17 July 2001 (as amended).

<sup>27</sup> NBU Board Resolution No. 346 *On Approval of the Regulation on the Application of Enforcement Measures by the National Bank of Ukraine* dated 17 August 2012 (as amended).

<sup>28</sup> NBU Board Resolution No. 51 *On Amendments to NBU Board Resolution No. 23* dated 25 February 2022 dated 2 May 2024.

*Banking Groups* dated 25 February 2022<sup>29</sup>

- Regulation On Organization of Risk Management System in Ukrainian Banks and Banking Groups<sup>30</sup>
- Regulation On Identifying a Bank's Related Parties<sup>31</sup>
- Regulation On Bank Licensing<sup>32</sup>
- Instruction On the Procedure for Regulation of Bank Activities in Ukraine<sup>33</sup>
- Regulation On the Procedure for Identification and Recognition of Banking Groups<sup>34</sup>
- Regulation On Procedure for Regulation of Banking Groups' Activities<sup>34</sup>
- Regulation On Procedure for Calculating the Regulatory Capital by Ukrainian Banks<sup>34</sup>
- Regulation On the Procedure for Submitting Information on the Ownership Structure of a Bank<sup>34</sup>
- Regulation On Applying Enforcement Measures by the National Bank of Ukraine<sup>35</sup>
- Regulation On Specifics of a Bank's Reorganization upon Decision of the Bank's Owners<sup>36</sup>.

## Improvement of Approaches to Implementing Risk-based Supervision of Banks

In 2024, supervisory tools were improved and measures were introduced to strengthen the dialogue between market participants and the regulator within the framework of risk-based supervision, including when assessing the quality of corporate governance and internal control and the feasibility of banks' business models and reports on the internal capital adequacy assessment process (ICAAP), with a focus on risk management issues and those that have a significant impact on the viability of banks.

Throughout 2024, the NBU carried out banking supervision as per the risk-based approach and recommendations of the Basel Committee on Banking Supervision, while also applying a proportionality approach to supervision.

The implementation of risk-based supervision by the NBU helps ensure the banking system's financial stability and protect the interests of creditors and bank depositors, and is consistent with international best practices in this field, placing the supervisory focus on larger, more complex, or riskier banks, while taking into

account their risk profiles and main areas of activity.

In 2024, approaches to conducting off-site supervision were improved:

- bank risk assessment was introduced to set supervisory priorities based on the identification, assessment, and understanding of risks inherent in the activities of banks, an achievement that will help enhance the effectiveness of supervision and identify problematic aspects in the banking practice of providing banking services and financial payment services
- a new form of off-site supervision in the form of in-depth analysis has been defined, aimed at strengthening supervision over compliance by banks and non-bank payment service providers with the procedure for executing payment transactions and regulatory requirements for the provision of banking services or financial payment services
- new approaches to the bank assessment process (SREP) were introduced, based on the provisions of the European Banking Authority's updated Guidelines for common procedures and methodologies for the supervisory review and evaluation process (SREP) and supervisory stress testing under Directive 2013/36/EU (EBA/

<sup>29</sup> NBU Board Resolution No. 159 On Amendments to NBU Board Resolution No. 23 dated 25 February 2022 dated 23 December 2024.

<sup>30</sup> NBU Board Resolution No. 152 On Approval of Amendments to Regulation On Organization of Risk Management System in Banks of Ukraine and Banking Groups dated 20 December 2024.

<sup>31</sup> NBU Board Resolution No. 169 On Approval of the Regulation on a Bank's Related Party Identification dated 26 December 2024.

<sup>32</sup> NBU Board Resolution No. 178 On Amendments to the Regulation On Bank Licensing dated 27 December 2024.

<sup>33</sup> NBU Board Resolution No. 187 On Amendments to Certain Regulations of the National Bank of Ukraine On Regulation of Banks and Banking Groups dated 27 December 2024.

<sup>34</sup> NBU Board Resolution No. 188 On Approval of Amendments to Regulation On Procedure for Submitting Data on Bank's Ownership Structure dated 27 December 2024.

<sup>35</sup> NBU Board Resolution No. 189 On Approval of Amendments to the Regulation On the Application by the National Bank of Ukraine of Enforcement Measures dated 27 December 2024.

<sup>36</sup> NBU Board Resolution No. 190 On Approval of Amendments to Regulation On Specifics of a Bank's Reorganization upon Decision of the Bank's Owners dated 28 December 2024.



GL/2022/03 of 18 March 2022), specifically regarding the determination of the procedure for conducting a review of the evaluation, applying a simplified assessment procedure, and integrating the bank's AML/CFT risks into the SREP.

To further improve risk-based supervision so that it can meet new challenges facing the NBU, to introduce new approaches to integrated analysis of the banking system's risks, and to ensure the development of expert skills in supervision, task-specific teams were put together to analyze bank risks (risk-based competency hubs). These changes took into account the results of joint work by NBU staff and IMF experts on strategic planning of banking supervision functions.

Integrated supervision is implemented through joint interaction of risk-based competency hubs and supervisory teams with all of the NBU's supervisory areas, an effort that should become the engine of effective evidence-oriented supervision using a risk-based approach and that will help identify positive and negative trends in the banking system, as well as problematic issues that require increased attention.

Competency hubs provide independent judgments within the supervisory process to improve the quality of decision-making. These judgments are concerned with key types of risk that banks take in the area of integrated risk assessment of supervised entities and in the field of comprehensive analysis of business models.

Within the framework of risk-based banking supervision in 2024, the following results were achieved:

- implementation of off-site banking supervision

on an individual and consolidated basis, subject to NBU requirements regarding specific features of regulating bank activities during martial law, to ensure the reliability and stability of the banking system's operation timely identification of risks, potential problems, and adverse developments in banks' business that may lead to the loss of assets, capital, and liquidity, and to insolvency

- timely supervisory response to prevent a deterioration of banks' financial standing and reduce existing significant risks inherent in their business
- control over the quality of corporate governance in banks and the effectiveness of the internal control system, including the risk management system, their compliance with the requirements of Ukrainian legislation, the size of banks, and their business models.

Constant communication with bank managers was also maintained, including during supervision of their activities by authorized NBU employees under Article 67 of the Law of Ukraine *On Banks and Banking*.

In 2024, the NBU conducted no resilience assessment of banks. The respective decision was approved by NBU Board Resolution No. 44 dated 12 April 2024.

During 2024, the NBU monitored the implementation by some of the banks of capitalization/restructuring programs previously agreed with the NBU and developed from the results of resilience assessments conducted in prior years.

## Current Monitoring of the Financial Standing of Banks and Performance Indicators of Banking Groups

Based on the results of off-site supervision, the following was ensured:

- 1) monitoring the financial condition of banks and performance indicators of banking groups based on observation of changes in banks' financial standing through:
  - supervision of compliance with banking legislation, NBU regulations, and prudential standards
  - monitoring of banks' compliance with requirements and restrictions placed on their activities by the NBU
  - analysis of statistical/financial reporting data of banks or banking groups and information obtained from other available sources
  - assessment of how the risks inherent in banking business affect the financial stability of Ukraine's banks and banking system
- 2) prompt supervisory response to detected:
  - adverse trends in the business of some of the banks with heightened risks. Such banks were given appropriate advice and were monitored for whether and how they followed it
  - violation by banks and banking groups of banking legislation, or conduct of risky business that threatens the interests of depositors or other creditors of banks.

When violations were detected in banks' activities, adequate measures were taken to prevent the deterioration of the financial standing of such banks, mitigate existing risks, and protect the

interests of depositors and other creditors of banks.

Specifically, based on the results of off-site banking supervision during 2024, 55 enforcement measures were applied to banks, including: written warnings – 19; written agreements concluded – 5; amendments made to a written agreement – 1; restrictions placed on certain types of operations carried out by banks, including operations with parties related to the bank – 3; decisions to extend the term of the enforcement measure applied to the bank in the form of restrictions on transactions made by the bank – 7; imposition of a fine on the bank – 9 (a total of UAH 11.3 million in fines); classification of banks as problematic – 2; categorization of banks as insolvent – 1; revocation of a banking license and liquidation of the bank – 1.

### **Prevention of Conflict of Interest during the Exercise by the NBU of its Power to Conduct Off-site Supervision of Banks**

The NBU's policy on preventing and combatting corruption is based on the principles of the rule of law, good faith, zero tolerance for any form of corruption, inevitability of punishment for corruption offenses, transparency and openness of NBU operation, and the collegiality principle for important decision-making.

During 2024, in addition to taking measures to prevent and settle conflicts of interest that are defined by the Law of Ukraine *On Prevention of Corruption*, the NBU implemented additional steps to prevent the emergence of conflicts of interest in the activities of persons authorized to carry out off-site supervision of banks.

Specifically, under the ordinance that stipulates the procedure for organizing and monitoring the conduct at the NBU of measures to prevent and resolve conflicts of interest, an NBU employee, while a document is being drafted to authorize them to conduct off-site supervision of a bank, shall report that they have no conflict of interest related to said powers.

A similar approach is taken in the work of the Committee on Bank Supervision and Regulation and Payment Infrastructure Oversight whereby a survey of its members is conducted at the beginning of the meeting about the presence of a conflict of interest in relation to the issues on the agenda.

In addition, when exercising its off-site banking supervision powers, the NBU is guided by other NBU regulations aimed at reducing the impact of corruption-generating factors on NBU activities and at creating effective mechanisms to prevent corruption.

The NBU has developed a set of measures to prevent, detect, and combat corruption at the NBU, ensure compliance by employees who conduct off-site banking supervision with the requirements of anti-corruption legislation, and create additional safeguards against the commission by NBU employees of corruption offenses and corruption-related crimes. Priority attention is paid to the implementation of preventive anti-corruption measures.

In the field of off-site banking supervision, the NBU constantly implements the following measures aimed at preventing, detecting, and combating corruption:

- 1) applies the principle of multiple eyes or collegiality in decision-making
- 2) engages the authorized unit to provide NBU employees with advice on compliance with anticorruption restrictions, the requirements regarding the prevention and resolution of conflicts of interest, and other requirements of anti-corruption legislation, and arranges relevant trainings
- 3) monitors compliance by NBU employees who conduct off-site banking supervision with anti-corruption restrictions, requirements for preventing and resolving conflicts of interest, and other legal requirements in the field of corruption prevention
- 4) regulates NBU activities in the field of off-site banking supervision
- 5) encourages and promotes a culture of reporting potential corruption, corruption-related violations, and other breaches of the Law of Ukraine *On Prevention of Corruption*
- 6) implements the NBU's anti-corruption program
- 7) takes other measures specified by the requirements of the legislation of Ukraine.

### **Improving Approaches to Risk-based Supervision in terms of Defining Banks' Related Parties**

Taking into account new challenges facing the NBU, the related-parties supervision unit in 2024 improved the part of its bank supervision activities that is concerned with identifying the parties related to banks, subject to a risk-based approach.

To this end, on an ongoing basis, the NBU:

- identified signs of parties' connections with banks and grounds for recognizing such persons as banks' related parties, and raised with an NBU collegial body the issue of identifying parties related to banks
- monitored banks' compliance with Ukrainian legislation regarding the definition of banks' related parties and analyzed the terms of banks' transactions with their related parties for whether such transactions aligned with current market conditions
- made an assessment, according to the criterion Risk of Transactions with the Bank's Related Parties, within the framework of the NBU's evaluation of banks' business models, taking into account the documents of the European Banking Authority on the organization of a unified procedure and methodology for the Supervisory Review and Evaluation Process (SREP).

### **Extending the Related-party Supervision Unit's Powers to NBU-regulated Non-bank Financial Institutions**

The Related-Parties Monitoring Division was overhauled into the Related-Parties Monitoring Office, which also started to perform new functions concerned with the supervision of non-bank financial institutions in terms of identifying their related parties and conditions of doing business with them.

### **Work to create an internal database and tools for effective identification of related parties by automating related-party identification processes**

Among the key tasks implemented by the Related-Parties Monitoring Office and to be implemented in 2025 are:

- initiating amendments to Ukraine's legislation regarding the definition of parties related to non-bank financial institutions
- developing a statistical reporting form for parties related to non-bank financial institutions
- working out a concept for risk-based supervision of non-bank financial institutions in order to strengthen the regulator's supervisory function in terms of defining the signs of relatedness of parties and grounds for identifying parties as related, including through automation of monitoring processes.

## **Creating Integrated Platform for Supervising Financial Market Participants**

In 2024, the NBU ensured the development of competencies for the on-site supervision of non-bank payment service providers by developing in-depth data analytics, and by modeling and identifying risk behavior profiles of financial companies and their customers. The further development of the in-depth analytics function will enable the NBU to more accurately identify risks inherent in business models, better assess and forecast them, and model complex impacts on the banking system and the payment market.

In 2024, the NBU improved approaches to on-site supervision of non-bank payment service providers and providers of limited payment services:

- a concept for risk-based supervision of non-bank payment service providers and providers of limited payment services was developed

- risk assessment of non-bank payment service providers and limited payment service providers was introduced to ensure that risks, potential problems, and negative trends in their activities are identified, that supervisory response measures are taken into account in a timely manner against such supervised entities, and that general approaches are defined to formulate proposals for further supervisory actions against such institutions, based on the results of on-site supervision and taking into account a risk-based approach to supervision
- a new form of on-site supervision was defined in the form of in-depth analysis, which involves a comprehensive analysis of documents, information, and data, which is carried out to identify unlicensed activities in the provision of payment services or payment transactions
- a separate center of competence for risk assessment of payment service providers was organized and formed to develop supervisory tools and approaches to building the risk-based supervision of non-bank payment service providers.

An important element in this process is the introduction of an integrated supervisory platform that should ensure centralized data collection and processing, standardize approaches to analysis, and increase the speed and accuracy of responses to risks in the financial system, in particular those caused by Russian aggression against Ukraine.

The integrated supervisory platform is being implemented as part of the NBU's Concept for the Development of Supervisory Solutions and under the approved Technology Supervision Program.

## NPLs Resolution

As of 1 January 2025, the share of non-performing loans (NPLs) in the banking sector decreased to 30.3%, which was a drop of 7.1 pp compared to 1 January 2024 (see the section [State of the Financial Sector in Times of War](#)). The positive trend in the NPL level has continued since the beginning of 2023 due to the banks' further increasing high quality hryvnia loans and writing off NPLs, primarily retail loans. However, to accelerate the clearing of bad debts from the banks balance sheets, which hinder lending, it is important to build the infrastructure to settle such debts.

In collaboration with other authorities and international experts, the NBU is actively working to streamline the regulatory framework for NPL resolution and creditor rights protection.

In 2024, the NBU:

- approved the interdepartmental action plan to resolve nonperforming loans (NPLs) (see the Section [The Role of the Financial Sector in the Country's Recovery: Credit Development](#))
- developed the concept of a draft law on the establishment of special companies for dealing with non-performing loans (assets resolution companies), which aims to create conditions for the operation of international professional and financially powerful structures specializing in dealing with NPLs, using all economically feasible methods to resolve problem loans in Ukraine. Such structures will help attract professional targeted investments to the NPL market and reduce the level of discounts when selling loans. As a result, a reduction in losses of primary creditors (banks) and the

preservation and restoration of viable business is expected

- proposed amendments to the Bankruptcy Code of Ukraine that have been agreed with the banking community
- within the scope of project activity, detailed individual proposals regarding the regulatory improvement of financial restructuring procedures and
- developed proposals on measures to improve procedures for the collection and sale of collateral.

The implementation of these proposals will ensure a reduction in the duration of recovery procedures and the resolution of NPLs, and an increase in the percentage of debt being returned to creditors. Preservation of a viable business through optimal restructuring remains a priority.

The NBU maintains communications with stakeholders on problematic issues of improving procedures for the resolution of problem debt.

## Regulation of Non-Bank Financial Services Market and Non-Bank Payment Market

In 2024, the NBU continued to work on updating the regulatory framework for the functioning of a stable non-bank financial services market and non-bank payment market to ensure the implementation of the Laws of Ukraine *On Financial Services and Financial Companies*, *On Insurance*, and *On Credit Unions*, the main provisions of which came into force on 1 January 2024, as well as the Laws of

Ukraine *On Payment Services*, Law No. 3994-IX. *On Currency and Currency Operations*, dated 8 October 2024, *On Amendments to Laws of Ukraine on Improving the Functions of the National Bank of Ukraine in State Regulation of Financial Services Markets*, etc.

The NBU has also updated a number of its regulations to bring them into line with the Law of Ukraine *On Administrative Procedure*, which introduces unified rules for relations between citizens and businesses and the state in line with EU standards.

### Updating General Regulation

1. Amendments to Certain NBU Regulations, approved by NBU Board Resolution No. 34, dated 19 March 2024, regarding the provisional administration of non-bank financial institutions and the application of corrective measures, early intervention measures, and measures of influence in the field of state regulation of activities in the non-bank financial services markets. The changes concern:

- establishing the fact that an insurer or a credit union has or does not have obligations under financial services/insurance (reinsurance, co-insurance) agreements, for the purposes of appointing a provisional administration and expanding the list of information that the NBU may use to establish such facts
- expanding the list of signs of risky activities and penalties that may be imposed for violations of the rights of financial services consumers, etc.

2. Amendments to Certain NBU Regulations, approved by NBU Board Resolution No. 61, dated 25 May 2024, regarding the specifics of re-

issuing licenses to financial companies, payment institutions and postal operators, as well as settlement of issues related to:

- bans on financial companies operating in the lottery sector
- introducing a mechanism for the NBU to check for the compliance of the employee responsible for financial monitoring with the requirements for professional suitability and business reputation
- introduction of new grounds for refusing to approve the head or key person of a united credit union / significant credit union / insurer / payment institution / electronic money institution / postal operator if that person has failed to appear for testing three times without a valid reason
- clarifying the signs of the absence of an impeccable business reputation in case of providing false information to the NBU, etc.

3. Amendments to Certain NBU Regulations, approved by NBU Board Resolution No. 99, dated 6 August 2024, regarding the implementation of on-site supervision in the payment market and non-banking financial services markets.

The amendments introduce a new method of on-site supervision – in-depth analysis, which involves a comprehensive analysis of documents and information in order to identify the fact that the on-site supervised entity is engaged in the provision of financial / limited payment services / services with signs of financial services / limited payment services without authorization. The list of decisions that may be made based on the results of such an in-depth analysis is also defined.

4. Regulation *On Recognition of a Service or Transaction as a Financial/Limited Payment Service and Detection of Unlicensed Activities in the Non-Bank Financial Services Market and Payment Market*, approved by NBU Board Resolution No. 105, dated 4 September 2024 (as amended by NBU Board Resolution No. 127, dated 18 October 2024).

The Regulation defines procedures and mechanisms for identifying the facts of unlicensed activities in the financial services market/payment market by persons, and recognizing the services or transactions as a certain type of financial service or limited payment service.

5. Amendments to Certain NBU Regulations, approved by NBU Board Resolution No. 127, dated 18 October 2024, regarding regulation and supervision of activities in the non-bank financial services market and the non-banking payment market, which, in particular:

- oblige financial services/financial payment service providers to ensure physical and informational accessibility of at least 50 percent of their separate units in each region of operation for people with disabilities and other low-mobility groups by 31 March 2025
- provide for the possibility for the on-site supervised entity to submit a substantiated request to extend the deadline for the submission of documents stipulated in the NBU's request, but not more than 30 business days
- a sign of not impeccable business reputation is established in relation to key persons / managers / owners of qualifying holding of the institution in the event that this institution

carries out unlicensed activities in the non-bank financial services / payment market

- the procedure for approval for the position of head of a financial services provider was improved.

6. Amendments to certain NBU Regulation, approved by Resolution No. 130 of the NBU Board, dated 31 October 2024, which provide for updating the procedures for provisional administration, on-site supervision of financial and support services, the application of corrective measures, early intervention measures, and measures of influence in the field of state regulation of activities in the markets of non-bank financial services.

The amendments provide for improved approaches to:

- the minimum scope of measures of the provisional administrator to ensure the safety of assets / documents / information / accounting and registration systems / databases of the insurer, and credit union
- concluding contracts with independent experts (external provisional administrators)
- formulation of the budget of the provisional administration and the procedure for its review by the NBU
- procedures for early termination of the powers of provisional administrators, etc.

7. Amendments to the Regulations *On the Procedure for Issuing Licenses for Currency Transactions*, approved by NBU Board Resolution No. 133, dated 14 November 2024, concerning:

- re-issuing the NBU's licenses for FX transactions



involving the lending of funds, including on a financial loan basis, to licenses for FXe transactions involving the lending of funds

- clarifying the list of circumstances under which non-bank institutions lose the right to conduct FX transactions, as well as cases when the NBU has the right to revoke (cancel) a non-bank institution's foreign exchange license
- clarifying the requirements for the property status of an individual who directly has a qualifying holding in a non-bank institution, or a legal entity that directly has a qualifying holding or is the ultimate owner of a non-bank institution.

8. The new version of the Regulation *On Establishing Criteria for Determining the Risk Profile of Financial Service Providers, Their Social Importance, Based on Which Supervisory Actions of the National Bank of Ukraine are Determined*, approved by NBU Board Resolution No. 141, dated 29 November 2024.

The Regulation establishes the criteria/indicators based on which the NBU determines the risk profile of financial service providers (other than banks) and their social importance in order to determine the intensity of supervisory actions of prudential supervision (including the frequency of scheduled inspections, certain measures during on-site prudential supervision) in relation to financial service providers whose activities are regulated and supervised by the NBU, and the procedure for their application.

### Novelties in Payment Market Regulation

1. Amendments to Certain NBU Regulation, approved by NBU Board Resolution No. 12, dated 30 January 2024 (as amended by NBU Board Resolution No. 61, dated 25 May 2024), regarding the update of the procedure for the authorization

of financial payment service providers and their activities in the payment market. The amendments regulate, in particular, the following issues:

- mandatory connection of non-bank financial services / limited payment services providers to the NBU's e-mail system for official communications with the regulator
- excluding the function of internal financial monitoring from operational functions
- 199.harmonization of the Regulation *On the Procedure for the Authorization of Financial Payment Services and Limited Payment Services Providers*, approved by NBU Board Resolution No. 217, dated 7 October 2022 (as amended), with the Regulation *On Authorization of Financial Service Providers and Conditions for Carrying Out Financial Services Activities*, approved by NBU Board Resolution No. 199, dated 29 December 2023.

2. Regulation *On Requirements for the Management System of a Financial Payment Service Provider*, approved by NBU Board Resolution No. 123, dated 10 October 2024, which provides for:

- the obligation of non-bank payment service providers to designate certain units as responsible for internal audit / risk management / compliance control functions, or to assign the relevant functions to the internal auditor / chief internal auditor / chief risk officer / chief compliance officer
- the risk officer/ compliance officer's veto power over the executive body's decisions on issues that affect the non-bank financial payment service provider's business model, internal control system, risk management system, tariff

policy, risk appetite and/or approved risk limits

- list of and requirements for the key internal documents on the management system
- approaches to managing operational risks, including their identification, measurement, monitoring, control, reporting and mitigation.

3. Amendments to certain NBU Regulation, approved by NBU Board Resolution No. 128, dated 25 October 2024, are aimed at bringing the authorization procedures in line with the requirements of the Regulation *On Requirements for the Management System of a Financial Payment Service Provider*, approved by Board Resolution No. 123, dated 10 October 2024.

### New administrative procedure

In order to bring regulation into line with the requirements of the Law of Ukraine *On Administrative Procedure* and the Law of Ukraine No. 4017-IX *On Amendments to Certain Legislative Acts of Ukraine in Connection with the Adoption of the Law of Ukraine On Administrative Procedure*, dated 10 October 2024, the NBU Board approved in 2024:

- 1) the amendment of certain NBU regulations on conducting inspections of non-bank payment service providers, providers of limited payment services; organization and conduct of inspections in the non-bank financial services markets, approved by NBU Board Resolution No. 160, dated 24 December 2024
- 2) the amendment of certain NBU regulation approved by NBU Board Resolution No. 161, dated 24 December 2024, regarding the general procedure for administrative proceedings at the NBU in the non-bank financial services market

for the licensing, registration, authorization, and certification of persons to carry out the provisional administration of a non-bank financial institution, and voluntary withdrawal from the market of credit unions and insurers

- 3) Amendments to certain NBU Regulations approved by NBU Board Resolution No. 162, dated 24 December 2024, regarding the issues of on-site supervision of financial and support services / payment market activities of non-bank payment service providers, limited payment service providers
- 4) Amendments to the Regulation *On Requirements to the Ownership Structure of Financial Service Providers*, approved by NBU Board Resolution No. 170, dated 26 December 2024
- 5) Amendments to certain NBU Regulations, approved by NBU Board Resolution No. 174, dated 27 December 2024, regarding the application by the NBU of corrective measures, early intervention measures, enforcement measures in the non-bank financial services markets, as well as enforcement measures in the payment market
- 6) Amendments to the Regulation *On the Procedure for Supervision of Non-Bank Financial Groups on a Consolidated Basis*, approved by NBU Board Resolution No. 175, dated 27 December 2024
- 7) Amendments to the Regulation *On the Certification of Persons for the Right to Carry Out Provisional Administration of a Non-Bank Financial Institution*, approved by NBU Board Resolution No. 180, dated 27 December 2024
- 8) Amendments to the Regulation *On the Procedure for Authorization of Financial Payment*

*Services and Limited Payment Services Providers*, approved by NBU Board Resolution No. 181, dated 27 December 2024

- 9) Amendments to the Regulation *On the Procedure for Issuing Licenses for Currency Transactions*, approved by NBU Board Resolution No. 182, dated 27 December 2024
- 10) Amendments to the Regulation *On Reorganization and Liquidation of a Credit Union by Decision of the General Meeting of Credit Union Members*, approved by NBU Board Resolution No. 186, dated 27 December 2024
- 11) to amend certain NBU regulations regarding the authorization of non-bank financial service providers, approved by NBU Board Resolution No. 191, dated 28 December 2024
- 12) amendments to certain NBU regulations, approved by NBU Board Resolution No. 176, dated 27 December 2024, regarding the voluntary withdrawal of an insurer from the market and transfer of the insurance portfolio by the insurer and authorization of persons entitled to carry out actuarial activities in the insurance sector/perform the duties of a responsible actuary
- 13) Amendments to the Regulation *On Registration of Collection Agencies* approved by NBU Board Resolution No. 192, dated 31 December 2024
- 14) Amendments to the Regulation *On the Application by the NBU of Enforcement Measures for Violation by Collection Agencies of the Legislation on Protection of Financial Service Consumers*, approved by NBU Board Resolution No. 193 of 31 December 2024

15) Amendments to the Regulation *On the Procedure for Regulating the Activities of Credit Unions in Ukraine*, approved by NBU Board Resolution No. 172, dated 26 December 2024

16) Amendments to the Regulation *On the Procedure for Regulating the Activities of Credit Unions in Ukraine*, approved by NBU Board Resolution No. 177, dated 27 December 2024.

### Improving insurance market regulation

1. Regulation *On the Requirements for an Additional Report of the Auditor on the Insurer and the Procedure for Its Submission*, approved by NBU Board Resolution No. 20, dated 15 February 2024, which defines the procedure for appointing an auditor, the structure of the additional report and the procedure for its submission to the NBU.
2. Regulation *On Determining the Methodology for the Valuation of Assets and Liabilities for the Purposes of Calculating the Insurer's Regulatory Capital*, approved by NBU Board Resolution No. 71, dated 21 June 2024.
3. Regulation *On the Procedure for Preparing and Updating the Insurer's Business Continuity Plan, Business Recovery Plan and Financing Plan*, approved by NBU Board Resolution No. 74, dated 21 June 2024.
4. Amendments to certain NBU Regulatory Legal Acts of the National Bank of Ukraine, approved by Resolution of the NBU Board No. 77, dated 28 June 2024, regarding the regulation of insurers' activities in the transitional period after the enactment of the Law of Ukraine *On Insurance*.
5. Regulation *On the Procedure for the Application of Subparagraphs 165.1.27 and 165.1.28 of*

*Paragraph 165.1 of Article 165.1 of Section IV of the Tax Code of Ukraine in the Course of Insurance Activities*, approved by NBU Board Resolution No. 85, dated 15 July 2024, which updates the procedure for documenting insurance payment/compensation/redemption amount under an insurance contract in favor of an individual, in accordance with amendments to the legislation of Ukraine in the field of insurance and healthcare.

6. Amendments to the Regulation *On Conducting Insurance Activities of Agricultural Products with State Support*, approved by NBU Board Resolution No. 150, dated 18 December 2024, to take into account the provisions of the new Law of Ukraine *On Insurance*, and amendments to the Law of Ukraine *On the Specifics of the Insurance of Agricultural Products with State Support*, as well as updating the requirements for insurers intending to insure such products or carrying out insurance.

7. Amendments to certain provisions of Regulation *On the Activities of the Export Credit Agency*, approved by NBU Board Resolution No. 148, dated 15 December 2024, regarding updating the procedure for the NBU to supervise the activities of the Export Credit Agency.

8. Amendments to the Regulation *On Establishing Requirements for Ensuring Insurer Solvency and Investment Activities*, approved by NBU Board Resolution No. 1, dated 2 January 2025, to update the requirements for insurers, in accordance with the new Law of Ukraine *On Compulsory Third Party Insurance Against Civil Liability in Respect of Use of Land Motor Vehicles* and to resolve topical issues that arose during the period of martial law.

### **New Regulation of Insurance Intermediaries**

Starting from 1 January 2025, new requirements for the sale of insurance and reinsurance products and activities of insurance intermediaries, as set out in Section XII of the Law of Ukraine *On Insurance*, will come into force in Ukraine. The new regulation is based on the requirements of Directive 2016/97/EC and provides for:

- introducing the authorization of all categories of insurance intermediaries (insurance agents, subagents, additional insurance agents, insurance and reinsurance brokers) and establishing requirements for their activities
- establishing professional requirements for persons involved in the sale of insurance and reinsurance products (insurance intermediaries, managers and distribution employees of the insurer and insurance intermediary), in particular, impeccable business reputation, training, maintenance of separate current accounts, intermediary liability insurance, etc.
- maintenance by the NBU of a unified register of insurance intermediaries, etc.
- publishing on their websites lists of employees involved in the sale of insurance and reinsurance products by insurers and insurance intermediaries.

In order to implement a new model of regulation and supervision of insurance intermediaries and to implement the Law of Ukraine *On Insurance*, the NBU Board adopted the Regulation *On Authorization of Insurance Intermediaries and Conditions for the Sale of Insurance and/or Reinsurance Products*, approved by NBU Board Resolution No. 2, dated 3 January 2025.

### **Reforming Regulation of Motor Third Party Liability Market**

On 1 January 2025, the new Law of Ukraine *On Compulsory Motor Third Party Liability Insurance* came into force, designed to introduce a qualitatively new model of market regulation in accordance with European standards, taking into account the interests of insurers and injured persons, increase confidence in such insurance, and develop the market. The NBU adopted the following regulations in accordance with the said law:

1. Regulation *On the Operation of a Single Centralized Database on Compulsory Motor Third-party Liability Insurance*, approved by NBU Board Resolution No. 165, dated 26 December 2024
2. Regulation *On the Supervision of the Motor (Transport) Insurance Bureau of Ukraine*, approved by NBU Board Resolution No. 194 dated 31 December 2024.
3. Amendments to the NBU Board Resolution No. 85, dated 25 June 2020, introduced by NBU Board Resolution No. 163, dated 24 December 2024, and the revocation of a number of regulations of the State Commission for Regulation of Financial Services Markets of Ukraine / National Commission for State Regulation of Financial Services Markets, developed in pursuance of the requirements of the previous Law of Ukraine *On Compulsory Third Party Insurance Against Civil Liability in Respect of Use of Land Motor Vehicles* (No. 1961-IV, dated 1 July 2004, which lost its force on 1 January 2025).

### Creating War Risk Insurance System in Ukraine

In 2024, the NBU, with the participation of World Bank experts and a wide range of stakeholders, worked to create an effective mechanism for covering war risks in Ukraine. On 5 February 2024, the Financial Stability Council approved a Concept Note on the introduction of a fully functional war risk insurance system in Ukraine.

Pursuant to the Concept Note, the NBU, together with the Ministry of Economy and the Ministry of Finance, developed a draft law on the war risk insurance system, which was discussed with international experts and representatives of the Ukrainian business community.

The draft law was registered in the Verkhovna Rada of Ukraine on 30 December 2024 (Reg. No. 12372) and is being prepared for its first reading.

The main purpose of introducing a war risk insurance system is to ensure the necessary protection of the population and business from the consequences of the war, increase the economic attractiveness of the Ukrainian economy, attract investment, and ensure the post-war recovery of Ukraine.

### Reforming Regulation of Credit Unions Market

In order to introduce modern standards for regulating credit unions, focused on transparency, management efficiency, and financial stability of these institutions, as well as to adapt them to current economic realities and legislation, the NBU adopted a number of regulations:

1) Regulation *On the Procedure for Regulating the Activities of Credit Unions in Ukraine*, approved by NBU Board Resolution No. 14, dated

2 February 2024, which defines mandatory prudential requirements and standards for credit unions (capital adequacy, liquidity, risk concentration, etc.)

2) Regulation *On Requirements for the Management System of a Credit Union*, approved by NBU Board Resolution No. 15, dated 2 February 2024, which regulates the requirements for the internal control system, including the responsibilities of governing bodies, internal control, audit and risk assessment, etc.

3) Regulation *On the Reorganization and Liquidation of a Credit Union by a Decision of a General Meeting of Credit Union Members*, approved by NBU Board Resolution No. 16, dated 2 February 2024, which regulates the procedure for the voluntary withdrawal of a credit union from the market, the procedure for reorganization and liquidation of credit unions by a decision of a general meeting, the process of transferring assets and liabilities, etc.

4) The Regulation *On Determining Persons Related to a Credit Union*, approved by NBU Board Resolution No. 5, dated 11 January 2024, aimed at strengthening regulatory control over credit unions' transactions with related parties.

### Requirements for Corporate Governance and Internal Control Systems in Financial Company

Regulation *On Requirements for the Corporate Governance System and Internal Control System of a Financial Company*, approved by NBU Board Resolution No. 185, dated 27 December 2024, which takes into account the specifics of the activity, nature and the list of services, and the risks inherent in such activity. The Regulation establishes requirements for a financial company's

risk management system in managing operational, credit, currency, liquidity and compliance risks.

### Legislative Updates on Non-bank Financial Services Markets

The NBU, together with the relevant committee of the Verkhovna Rada of Ukraine and market representatives, has prepared a draft Law of Ukraine *On Credit History*, which aims to replace the current Law of Ukraine *On the Organization of Formation and Circulation of Credit Histories* in order to modernize legislation in this area, improve the system of credit information exchange, ensure the continuous provision of information to credit bureaus by lenders, maintain the relevance of the information provided, increase the level of responsible lending, and implement an effective supervisory function of the NBU over compliance with legislation in the field of credit history formation and circulation.

The NBU has also prepared a draft law *On Factoring* aimed at implementing the provisions of the International Institute for the Unification of Private Law model law on factoring into Ukrainian legislation, which will bring Ukrainian factoring closer to the best international practices. The draft law provides for the separation of trade factoring and financial debt transactions. At the same time, the assignment of claims under contracts and consumer loans will be carried out within the framework of a financial company license. The draft law was developed in cooperation with international organizations and market representatives.

Both draft laws are currently registered and are awaiting further consideration by the Ukrainian parliament.



## Revision of Measures Imposed under Martial Law in Ukraine

Throughout 2024, the NBU improved the regulation of “martial law” resolutions of the NBU Board:

1) amendments to NBU Board Resolution No. 39, «*On Regulation of the Activities of Non-Bank Financial Services Market Participants, Non-Bank Financial Groups, Payment Market Participants, Collection Agencies and Legal Entities that Have Received a License to Provide Collection Services to Banks*», dated 6 March 2022, approved by NBU Board resolutions No. 43, dated 10 April 2024, No. 53, dated 2 May 2024, No. 127, dated 18 October 2024, No. 191, dated 28 December 2024, concerning:

- preventing the pledge of dual-use goods for active banking transactions of non-bank financial institutions with individuals (including the provision of loans) under martial law in Ukraine
- the specifics of compliance with the requirements for insurer solvency for the period of martial law in Ukraine
- performing the duties, powers and/or functions of the provisional administrator in the event of a threat to the life and health of the provisional administrator, including those caused by armed aggression against Ukraine
- procedures for conducting an inspection of a non-bank financial services market participant in a remote format
- application of regulations adopted in 2023 to implement the new financial laws during martial law

- exclusion of irrelevant norms introduced at the beginning of Russia's full-scale military aggression against Ukraine

2) Amendments to NBU Board Resolution No. 165 *On Peculiarities of Regulation and Supervision of Currency Trading in Cash during the Period of Martial Law*, dated 29 July 2022 and to NBU Board Resolution No. 39, dated 6 March 2022, approved by NBU Board Resolution No. 68, dated 18 June 2024 and by NBU Board Resolution No. 157, dated 20 December 2024, concerning a new administrative procedure and unscheduled on-site inspections of institutions licensed to trade in currency during martial law.

## Regulation in the Area of Financial Monitoring and in the Area of Sanctions Implementation

The NBU is one of the state financial monitoring authorities, in accordance with the Law of Ukraine *On Prevention and Counteraction of Legalization (Laundering) of the Proceeds from Crime, Terrorism Financing, and Financing the Proliferation of Weapons of Mass Destruction* (Law No. 361-IX).

The NBU performs regulatory and supervisory functions in the area of preventing and counteracting the legalization (laundering) of proceeds from crime, financing terrorism, and financing the proliferation of weapons of mass destruction (hereinafter referred to as “financial monitoring” or “AML/CFT”) with respect to the obliged entities (banks, institutions) defined in Law No. 361-IX.

In order to reduce the burden on banks and institutions in the course of the NBU's supervision and to ensure the implementation of the paperless concept, in 2024, the NBU amended the procedure for on-site supervision, on-site inspections of banks and institutions on financial monitoring, and compliance with currency and sanctions legislation as regards the following:

- introduction of new supervisory tools – use of remote access during on-site inspections, inspection team members conducting an inspection operation, photo/video recording of facts that may indicate violations of legal requirements
- improving the procedure for holding meetings between the NBU and representatives of banks/institutions during on-site inspections/off-site supervision. There is a possibility to hold meetings via video connection
- prioritizing the use of electronic documents in the course of information exchange for supervisory actions
- updating the standard forms of answers that banks and institutions are required to provide at the request of the NBU for an on-site inspection and making them automated.

Said amendments were introduced by NBU Board Resolution No. 37 *On Amendments to Certain Regulatory Documents of the National Bank of Ukraine Regarding Supervision* dated 4 April 2024 (entered into force on 25 April 2024).

For the purpose of switching to electronic document management, the requirements of Regulation *On Applying Enforcement Measures by the National Bank of Ukraine to Institutions for Violations of Laws on Financial Monitoring*



approved by NBU Board Resolution No. 106 dated 28 July 2020 (hereinafter referred to as Regulation No. 106) were standardized. The respective amendments to Regulation No. 106, which provide for the possibility of electronic document flow during the application of enforcement measures, were introduced by Resolution No. 19 *On Approving Amendments to Regulation On Applying Enforcement Measures* by the National Bank of Ukraine to Institutions for Violations of Laws on Financial Monitoring dated 9 February 2024 (entered into force on 15 February 2024).

The NBU also updated a number of provisions on off-site supervision and on-site inspections of banks and institutions, taking into account the practice developed during the quarantine and martial law period. In particular, the amendments provide for the possibility for a bank/institution to choose the address of the location at which an on-site inspection will be conducted (upon written request of the bank/institution or the NBU).

It also details the procedure for banks/institutions to identify and verify individuals and update customer data during martial law. These amendments were introduced by NBU Board Resolution No. 47 *On Amendments to NBU Board Resolution No. 60 dated 23 March 2022*, dated 23 April 2024, (entered into force on 25 April 2024) and were also reflected in the wording of NBU Board Regulation No. 153 *On the Procedure for Organizing and Exercising Certain Requirements of the Legislation in the Area of Financial Monitoring, Currency Supervision, Supervision on the Issues Related to Implementation of Special Economic and Other Restrictive Measures (Sanctions) During the Period of Martial Law* approved by NBU Board Resolution

No. 153 dated 20 December 2024 (hereinafter referred to as Resolution No. 153) that entered into force on 1 January 2025 to replace NBU Board Resolution No. 60, dated 23 March 2022.

Resolution No. 153 brought in line with the Law of Ukraine *On the Administrative Procedure*, taking into account the specifics of administrative proceedings at the NBU established by amendments to special laws, in particular Law No. 361-IX, the following regulations:

- Regulation *On the Procedure for Organizing and Exercising Supervision in the Area of Financial Monitoring, Currency Supervision, Supervision on the Issues Related to Implementation of Special Economic and Other Restrictive Measures (Sanctions)* approved by NBU Board Resolution No. 90 dated 30 June 2020 (as amended by NBU Board Resolution No. 37 dated 4 April 2024) (hereinafter referred to as Regulation No. 90)
- Regulation No. 106.

The updated provisions of Regulation No. 90 and Regulation No. 106 regulate the NBU's procedures aimed at protecting the rights and legitimate interests of individuals and legal persons in the course of supervision in the area of financial monitoring, currency supervision, and supervision in the area of sanctions legislation (entered into force on 1 January 2025).

The NBU also established a procedure for reporting by banks and institutions on discrepancies between the information obtained in the course of due diligence and the information published in the Unified State Register of Legal Entities, Sole Proprietors, and Civic Organizations (hereinafter referred to as the "Unified Register") on the ultimate

beneficial owners (UBO) and the ownership structure of a customer by amending the respective regulations on financial monitoring.

Therefore, starting from 1 September 2024, banks and institutions have to report discrepancies in the information on the customer's UBO and ownership structure to the keeper of the Unified Register – the Ministry of Justice of Ukraine. Previously, such notifications were sent to the State Financial Monitoring Service of Ukraine.

Said amendments, in particular, provide for the following:

- the period for the bank/institution to establish whether there are any discrepancies in the information on the customer's UBO and ownership structure
- the bank/institution determines whether there are any discrepancies and reports the identified discrepancies in accordance with the procedure established by the Ministry of Justice of Ukraine
- the transitional period during which banks and institutions must bring the respective customer profiles and/or customer lists and the register of discrepancies on the UBO and ownership structure in line with said changes.

Said changes are approved by NBU Board Resolution No. 121 *On Approval of Amendments to Certain Regulatory Documents of the National Bank of Ukraine Regarding Financial Monitoring*, dated 5 October 2024 (hereinafter referred to as "Resolution No. 121") (entered into force on 8 October 2024) that amends the following:

- Regulation *On Conducting Financial Monitoring by Banks* approved by NBU Board Resolution

No. 65 dated 19 May 2020 (as amended).

- Regulation *On Conducting Financial Monitoring by Institutions approved by NBU Board Resolution No. 107 dated 28 July 2020* (as amended).

In accordance with the NBU functions defined in Law No. 361-IX, the NBU ensures that guidelines, along with methodological and other support, are provided to the obliged entities (banks and institutions) and that such support includes the provision of recommendations and clarifications about the respective laws.

In particular, with the support of the International Monetary Fund, the NBU, based on the results of the processing of the materials of inspections on compliance by obliged entities with the requirements of the legislation on the application of a risk-based approach to politically exposed persons, prepared and sent clarifications and recommendations on relevant issues to banks and institutions that comply with FATF standards, with examples of inspection cases (letters No. 25-0005/9103 dated 6 February 2024 and No. P/25-0005/66138 dated 31 August 2024).

The NBU's recommendations and clarifications on financial monitoring issues, as well as answers to the respective questions from banks and institutions, are published on the NBU's official website.

The NBU ensures that guidelines, along with methodological and other support, are provided to the subjects of the sanctions implementation – banks and institutions, and that such support includes the provision of recommendations and clarifications of the sanctions laws. The NBU's recommendations and clarifications about sanctions legislation are published on the NBU's official website.

## PROSTIR National Payment System

In 2024, the regulator directed its efforts increasing the number of issuers and expanding the acceptance infrastructure of payment cards of the National Payment System PROSTIR (hereinafter referred to as "PROSTIR") in compliance with the NBU Strategy.

### PROSTIR Participants

In 2024, four banks were awarded the status of issuer and/or acquirer: Universalbank JSC, Cristalbank PJSC, Cominvestbank JSC, and Credit Agricole Bank JSC. At the same time three banks ceased their participation:

- Alpari Bank JSC and Portal Bank JSC on account of ceasing banking activity
- Creditwest Bank JSC according to the bank's decision to cease card operations.

As of the end of 2024, PROSTIR had 49 participants. 38 PROSTIR participants are connected to the Central Router and Settlement and Clearing Center.

### PROSTIR Payment Infrastructure

In 2024, the infrastructure for PROSTIR payment card acceptance expanded further, in particular, the following was achieved:

- Universalbank JSC, Credit Agricole Bank JSC, Cristalbank PJSC, and Cominvestbank JSC set up proprietary networks of payment devices
- NovaPay LLC introduced online acquiring for PROSTIR payment cards and acceptance of these cards in Nova Poshta mobile app

- UKRSIBBANK JSC and A-Bank JSC introduced purchases accompanied with cash back at retail checkouts (the cash back at checkout service), where mentioned banks are acquirers. Now, this service is provided by the entire network of acquiring banks for PROSTIR payment cards in Ukraine
- UKRGASBANK JSB, A-Bank JSC, and UKRSIBBANK JSC set up the terminal in smartphone technology for accepting PROSTIR payment card for payments for goods and services
- TASCOMBANK JSC introduced payment card replenishment in its self-service terminals.

Also, all participating banks of the system completed setting their contactless ATMs for servicing PROSTIR contactless payment cards using NFC module. Now contactless payment chip card transactions are available to customers in ATMs of CB PrivatBank JSC, Oschadbank JSC, UKRSIBBANK JSC, Raiffeisen Bank JSC, Pravex Bank JSC, A-BANK JSC, Sense Bank JSC, Bank Vostok PJSC, and Credit Agricole Bank JSC.

At present, PROSTIR card payments were delivered in 508,000 retail POS terminals and 15,000 ATMs, which accounted for nearly 100% of the total number of POS terminals in Ukraine.

### PROSTIR Payment Cards and Transactions

In 2024, OTP Bank JSC, Cristalbank PJSC, and TASCOMBANK JSC commenced operations according to the PROSTIR issuer status.

At the end of year, 16 participants in the system were issuing PROSTIR payment cards.

As of the end of 2024, the total number of PROSTIR payment cards issued by participating banks was almost 455 units, including 205 units of active payment cards (45% of their total number).

In 2024, PROSTIR payment cards holders made cashless transactions more often, as evidenced by an increase in their share, to 80% of the total number of PROSTIR transactions in 2024 (in contrast to 78% in 2023).

Also, cashless payment transaction increased in value per one active payment card by 19% (from UAH 6,361 to UAH 7,592).

#### **Secure PROSTIR Online Payment Card Settlements**

TASCOMBANK JSC, A-BANK JSC, and NovaPay LLC have set the PROSTIR e-Secure technology for protecting e-commerce transactions for the merchants that receive their online acquiring services.

Cristalbank PJSC conducted strong authentication of own PROSTIR payment card holders using e-Secure technology for transactions without the physical presence of said payment cards online.





# RECOVERY

Goal 3/5

**Financial System  
Operating for the  
Country's Recovery**

# GOAL 3

## FINANCIAL SYSTEM OPERATES FOR THE COUNTRY'S RECOVERY

---

### Financial Sector's Role in the Country's Recovery: Lending Development

In June 2024, the Financial Stability Council approved the Lending Development Strategy (hereinafter referred to as the "Strategy"), which outlines a comprehensive vision of the key principles of lending development in Ukraine, as well as the actions necessary to implement these principles and facilitate a sustainable recovery of the country's economy.

Lending conditions for businesses and households are improving as macroeconomic stability is being maintained thanks to significant international assistance and the consistent policies of the NBU and the government of Ukraine. In particular, interest rates on loans are declining. However, demand for loans is segmented, and a number of industries and regions are facing significant war risks that make it difficult to access the necessary financing.

The Strategy's goal is to mobilize funding for rebuilding energy infrastructure and to activate positive trends in the lending market by stimulating demand that increases the country's defense capabilities – including demand from enterprises in the defense industry, manufacturing, and agriculture in the de-occupied and front-line territories known as "resilience areas." The measures of the Strategy are being implemented in two focus directions: stepping up lending to priority areas while under martial law, and developing the legal framework to further incentivize market lending.

The NBU's goal within the Strategy is to further maintain macrofinancial stability and regulate the sector, while maintaining a balance between ensuring financial stability and developing lending.

The NBU immediately started to implement measures within its purview:

1. Guided by the measures in the Strategy to boost the launch and implementation of new projects involving loans, including in the economy's priority sectors (defense, energy, manufacturing, and agriculture), and to encourage the banking sector to finance the rebuilding of energy facilities, the NBU put in place temporary specifications for assessing the credit risk for specialized lending, which will be in effect while the country is under martial law and for one year after it is terminated or cancelled.

To increase the efficiency of project and object financing mechanisms, including consortium





financing, the NBU took a series of decisions<sup>37</sup> to encourage the banking sector to become involved in financing projects to rebuild the country's economy. Such decisions are aimed at adapting credit risk assessment mechanisms (in particular, for project financing) to martial law conditions so as to galvanize the launch and implementation of new projects, including those to rebuild the priority sectors noted above.

The said decisions also introduced increased liquidity ratios for collateral in the form of equipment intended for use in the energy sector and distributed energy generation (0.9 if such equipment is accepted as security on the basis of trust property rights, and 0.75 if said equipment is accepted as collateral). The banks have the right to apply such increased liquidity ratios to loans granted after 1 June 2024 for the purchase of equipment intended for use/operation in the energy sector and distributed energy generation.

2. In addition, with the launch of the land market for legal persons and the partial guarantee fund for agricultural loans in Ukraine, the NBU made changes<sup>38</sup> to its Regulation On the Assessment by Ukrainian Banks of Credit Risk Associated with Their Asset Exposures. Specifically:

- expanded the list of acceptable collateral whose value is accounted for in the calculation of credit risks guaranteed by the Partial Guarantee Fund for Agricultural Loans
- increased the liquidity ratios of certain types

of collateral, in particular for agricultural land.

These changes lay the groundwork for the wider use of land as liquid collateral against bank loans, and contribute to the expansion of credit support for agricultural producers.

3. To streamline the procedure whereby Ukrainian banks calculate the credit risk of their asset exposures, and to increase the efficiency of impaired-asset management by Ukrainian banks, the NBU has clarified the approaches to identifying non-performing assets and to terminating the recognition of debtor default<sup>39</sup>. The changes also set the conditions for terminating the recognition of assets as non-performing and defaulted. Special focus was placed on restructured assets, considering the elevated risks of such assets and the approaches outlined in European legislation.

4. In line with the Law of Ukraine No. 2823-IX *On Amendments to the Tax Code of Ukraine and Certain Laws of Ukraine Regarding Support for Borrowers whose Property was Destroyed or Damaged as a Result of Armed Aggression by the Russian Federation against Ukraine* dated 1 December 2022 (hereinafter referred to as "Law No. 2823-IX"), to maintain access to credit for borrowers whose property was destroyed or damaged as a result of armed aggression by Russia, banks that assess credit risk during martial law and 365 calendar days after its termination or cancellation are granted the right<sup>40</sup> to disregard the fact of the recognition

of a borrower's default on a loan issued under an agreement that is subject to Law No. 2823-IX.

5. The NBU has expanded the list of exceptions to established prohibitions on banks' exposures to related parties<sup>41</sup>. Such exceptions are aimed at letting more participants into the lending market, specifically leasing companies that belong to the same banking group as the bank itself.

The banking sector complemented these measures with its own coordinated efforts. With the NBU's facilitation, 20 banks that together hold over 85% of the sector's net assets signed a memorandum in June 2024 to finance energy recovery. The memorandum's provisions cater to the needs of various SMEs, large businesses, and households. In particular, entrepreneurs can raise financing on better terms for projects to build solar power plants, wind farms, biogas power plants, gas-turbine and gas-piston power plants, and to purchase industrial batteries, storage devices, and more. The base lending rate under the memorandum starts at 13.5% per annum (or UIRD3M + 0.5% for the first year of financing, and no more than UIRD12M + 3% thereafter).

Combined, these provisions have yielded tangible positive results for energy lending. Specifically, in June–December 2024, the banks received almost 3,500 loan applications worth a total of UAH 72.8 billion from businesses that sought to finance projects to restore energy infrastructure. Within the same timeframe, the banks began to

37 NBU Board Resolution No. 66 *On Amendments to Certain Regulatory Documents of the National Bank of Ukraine* dated 8 June 2024, and Resolution No. 118 *On Approval of Amendments to the Rules for the Operation of Banks in Connection with the Introduction of Martial Law in Ukraine* dated 28 September 2024.

38 NBU Board Resolution No. 39 *On Amendments to Certain Regulatory Documents of the National Bank of Ukraine* dated 6 April 2024.

39 NBU Board Resolution No. 52 *On Amending Certain Regulations of the National Bank of Ukraine* dated 1 May 2024.

40 NBU Board Resolution No. 96 *On Amending Certain Regulations of the National Bank of Ukraine* dated 3 August 2024.

41 NBU Board Resolution No. 66 *On Amending Certain Regulations of the National Bank of Ukraine* dated 8 June 2024.

disburse UAH 10.5 billion in financing for this effort (by making loans and opening credit lines). As of early January, the gross portfolio of loans to finance legal persons' energy needs, net of repayments that had been made, stood at UAH 6.6 billion. A total of more than 470 MW in generation capacity had been financed since June through the loans issued to businesses. The banks are also lending to households: since June, a total of 5,270 loans together worth UAH 657 million had been made to citizens to meet their energy needs.

At the same time, the Ukrainian government took a number of measures to implement the Strategy: steps were taken to support the defense industry, the Affordable Loans 5–7–9% program shifted part of its focus to borrowers in need, and a compromise was reached on new environmental and social requirements for borrower assessments.

Thus, a number of the measures of the Strategy have already been implemented and have yielded positive outcomes. They include measures by the banks to ramp up credit support to industries prioritized while under martial law.

The further implementation of the Strategy will help expand access to credit, promote entrepreneurship, attract investment, create new jobs, and bring Ukrainians back from abroad. This is a matter of the country's financial security and a tool for building a dynamic and competitive economy capable of sustainable development and European integration. Going forward, the NBU and other state institutions should therefore move on to the areas of focus in the Strategy that are next in line: developing a legislative framework to improve lending infrastructure, and facilitating the resolution of NPLs.

## Providing Financial Market Participants with Technological Access to Data from State Registers

The year 2024 was marked by the implementation of the Concept, drafted in 2023, of a technological model that aims to establish information exchanges between financial market participants and the keepers of state registers. This concerns the possibility of receiving multiple copies of electronic documents, or specific data contained within them, that are generated via the Diia app (so-called multi-sharing).

The proposed multi-sharing model allows financial market participants to simultaneously receive both electronic copies of several digital documents and specific information about their financial standing (e.g. proof of income, OK-5 and OK-7 forms) within a single request. It is mandatory that the client consent to the sharing of information in this way. At the same time, the client alone chooses what information they want to provide to which financial institution.

To implement this model, the Cabinet of Ministers of Ukraine adopted Resolution No. 423 Some Issues of Comprehensive Transmission of Electronic Copies of Documents and Specific Information (Statements, Data) Contained Therein by Means of the Unified State Web Portal for Electronic Services dated 13 April 2024, which approves the procedure for the comprehensive transmission of electronic copies of documents and information generated by means of the said portal.

In addition, the Ministry of Finance of Ukraine, by Order No. 410 dated 21 August 2024, amended the Regulation On the Registration of Individuals in the State Register of Taxpayer Individuals. The Ministry of Digital Transformation has already begun work on the technical implementation of this model.

These innovations simplify and speed up the process of obtaining financial services. Identification, verification, account opening, loan processing, and other financial transactions will be ensured through real-time access to electronic copies of documents and the required information from state registers about the client's financial standing and solvency.

To enhance the performance of NBU functions, the central bank in 2024 introduced the Trembita system of electronic interactions between state electronic information resources. The NBU has already begun to use Trembita to organize electronic information interactions with the Ministry of Justice.

## Developed Capital Market Infrastructure as Catalyst for Attracting Investment in the Country's Recovery

In 2024, Ukraine's capital market infrastructure continued to develop despite the challenges posed by the full-scale war. The main efforts were aimed at ensuring the stability of the capital market infrastructure, rapid adaptation to the needs of market participants, and infrastructure development in line with the country's European integration processes.

In 2024, the NBU Depository continued to record and service domestic government debt securities, including war bonds, thanks to the protocols developed and tested in practice to maintain uninterrupted operations. In addition, the NBU Depository provided services for the multistage restructuring of Ukraine's external public debt.

The NBU Depository successfully ensured the implementation of two stages of comprehensive procedures for voting by holders of external government debt securities of Ukraine (hereinafter referred to as "Eurobonds") and the exchange of Eurobonds in the Ukrainian depository system for all investors, taking into account sanctions restrictions.

Given the upward trend in Ukrainians' investments in domestic government debt securities and the limited choice of organized market operators, the NBU, together with the Public Joint-Stock Company Settlement Center for Servicing Financial Market Agreements (hereinafter referred to as the "Settlement Center"), ensured the ability to conduct net settlements in securities under transactions concluded outside the organized capital market. The NBU Depository revised the regulatory framework and technically implemented the ability to conduct over-the-counter net settlements under transactions with domestic government debt securities through a central counterparty in the depository record-keeping system. The newly introduced technical capacities will facilitate the development of projects aimed at automating investments in domestic government debt securities, and will support the growing trend of Ukrainians investing in war bonds.

The NBU has actively supported processes aimed at enhancing the effectiveness of public debt management. In 2024, the NBU Depository developed amendments to regulations and tested new transactions in the depository record-keeping system to ensure the servicing of the Ministry of Finance's auctions for the exchange of domestic government debt securities, the launch of which was scheduled for 2025.

To increase transparency and facilitate a comprehensive analysis of the operation of secondary market for domestic government debt securities, the NBU significantly expanded the list of market indicators published on its official website.

The expansion of statistical reporting is also aimed at simplifying access to information about the domestic government debt securities market for both Ukrainian and foreign investors, increasing their awareness of potential transactions and the parameters of the securities issues serviced by the NBU Depository, as well as at enhancing the compliance of activities with the international Principles for Financial Market Infrastructures (PFMI).

During the reporting period, the NBU continued to improve the regulatory framework for the provision of depository and custodian services by the NBU. The new and updated NBU regulations increase the level of legal certainty in the NBU Depository's activities, ensure transparency of the terms and conditions for providing depository services, and ease access to information on available services. In addition, the NBU regulations expand the list of customers and depositors that the NBU can provide services to when performing its functions as a depository institution. In particular, the NBU will be able to open and service a nominee securities account for a foreign financial institution

that meets the requirements of Ukrainian laws, and a securities account for a foreign depository. These changes open opportunities for expanding cooperation with one of the NBU's partners, the international central securities depository Clearstream Banking Luxembourg, and will help attract foreign investment in the Ukrainian capital markets.

In 2024, the NBU and Clearstream Banking Luxembourg took practical steps for the technical implementation of their expanded cooperation to ensure that foreign investors have access to instruments for the reconstruction and recovery of Ukraine. Based on the NBU's existing infrastructure, Clearstream is preparing to launch another link in the Ukrainian market, which will allow, in addition to government securities, to effectively attract foreign investment in other debt securities aimed at Ukraine's reconstruction and recovery. Through Clearstream, foreign investors will be able to invest in municipal bonds, infrastructure bonds, the bonds of international financial institutions, and other debt financial instruments aimed at supporting Ukraine's economy and rebuilding the infrastructure of the country damaged as a result of the war.

The NBU continued to work actively with the Public Joint-Stock Company National Depository of Ukraine (NDU) and the Settlement Center, which, together with the NBU Depository, serve as key elements of the post-trade infrastructure of the Ukrainian capital market infrastructure.

The NBU, which owns more than 83% of the shares in the Settlement Center and 25% of the shares in the NDU, is actively involved in ensuring effective corporate governance at these companies.

In the reporting year, the NBU, as the Settlement Center's majority shareholder, contributed to the implementation of the Settlement Center Development Strategy for 2023–2025. The Settlement Center's Supervisory Board assessed the degree to which the Settlement Center's strategic goal indicators for 2023 were met and, taking into account the NBU Board's proposals, reviewed the target indicators for achieving its strategic goals for upcoming periods to update and prioritize them.

Thanks to the joint active work of the Settlement Center's Supervisory Board and the NBU Board in the reporting year, the necessary measures were taken to improve the procedures for ensuring the continuity of the Settlement Center's activities, to update plans for uninterrupted operation, and to restore the company's critical business processes under martial law, taking into account the NBU requirements. In terms of financial performance, compared with the target indicator set in the Settlement Center's budget for 2024, this subsidiary managed to significantly exceed the financial performance of the company.

In the reporting year, the Settlement Center focused its efforts on developing and launching a new service for customers to provide the centralized clearing of securities transactions concluded outside the organized capital market. The new service provides that the Settlement Center becomes a party to each transaction as a central counterparty, and conducts netting of securities transactions executed in compliance with the delivery-versus-payment principle. By choosing this model of transaction, professional participants effectively receive the same guarantees of settlement under securities transactions concluded on the over-

the-counter market that are currently in place for the organized market. Using the Settlement Center's technologies, market participants can enter into securities transactions in compliance with the delivery-versus-payment principle on standard terms and conditions, without involving an exchange.

At the same time, the Settlement Center, which is the central counterparty, minimizes the credit risk of the parties to the transaction.

It should also be noted that the Settlement Center further improved its services, specifically the "repos with risk control" and "FX swaps with risk control" instruments, which are becoming increasingly popular in the market, as indicated by the growing open position level for instruments with risk control.

The Settlement Center also paid considerable attention to improving the effectiveness of its operations, ensuring compliance with international standards, and assessing its own performance and operational capacity. In 2024, the Settlement Center was the first among the central elements of Ukraine's capital market infrastructure to undergo an official assessment of compliance with the international Principles for Financial Market Infrastructures (PFMI) conducted by the NBU. Overall, this is the second time that the Settlement Center has been assessed. The first assessment was voluntary, as the NBU was legally mandated to conduct an oversight of capital market infrastructure only in 2024.

In the reporting year, the NBU, as one of the key shareholders, cooperated effectively with the NDU. Thanks to the active cooperation of the NDU Supervisory Board and the NDU Board, drafts

of the new IT Development Strategy until 2027 were prepared, taking into account the challenges of wartime, requests for new services from customers, and the progress made in European integration. In 2024, the NBU maintained the uninterrupted operation of the NDU under martial law, conducted the testing of two scenarios for ensuring the continuity of the NDU's operations in the event of emergencies, including the testing of server equipment located in the main Data Processing Center (DPC).

Based on the results of the tests, the NBU identified measures to minimize shortcomings and developed amendments to the company's BCPs and DRPs, which are scheduled for approval in 2025.

The NDU continued to increase the level of digitalization of its processes and enhance the cyber resilience of its infrastructure. Special attention was paid to updating the functionality of the authorized electronic system for holding general meetings of shareholders through electronic voting.

This authorized electronic system makes it possible to simplify the organization of general meetings of shareholders, including providing access to materials, registration, voting, discussion of the agenda, and summarizing the results of the meeting.

Thanks to its stable and profitable business performance in 2024, not only did the NDU ensure the uninterrupted operation of capital market infrastructure, but it also paid out a total of almost UAH 40 million in dividends from the accumulated profits of previous years and the successful results of 2023, which will be used to support the country's state budget during the war.

The NBU is also actively working on the alignment of the target model of capital market infrastructure to engage foreign investors.

Overall, 2024 has been a year of the accomplishment of important tasks: adapting capital market infrastructure to the needs of the domestic market, engaging with international partners, and expanding opportunities to attract foreign investors. All of this creates a solid foundation for further integration of Ukrainian capital markets with international financial markets and attracting the investments needed for the country's reconstruction.

## **Tightening Sanctions Policy and Disclosure of Information on Customers' Ties with the Aggressor State**

In response to the crimes committed by the Russian Federation, in 2024 the NBU continued to actively participate, including through interdepartmental cooperation with national stakeholders and communication with foreign sanctions coordinators and regulators, in the development and implementation of sanctions policies. The NBU's institutional capacity and the effectiveness of the sanctions have been significantly strengthened by the development of expertise within the relevant structural unit, which allowed the NBU to improve and enhance its systematic approach to the design and implementation of sanctions policy.

In cooperation with the national stakeholders in the sanctions policy, the NBU prepared several packages of proposals to extend sanctions for a new term and impose them for the first time on a number of Russian financial infrastructure companies and their owners and managers, reinforcing the sectoral sanctions imposed against Russian financial institutions by the National Security and Defense Council of Ukraine (NSDC) in 2023 in accordance with the NBU's proposals. The NBU was actively involved in the activities of the interagency working group for public sanctions policy and expert groups on specific areas of the sanctions policy, in particular, the use of Russian assets subject to seizure for the state's benefit, which resulted in the expansion of Ukraine's effective sanctions initiatives at the national and international levels.

In addition, on 8 March 2024, amendments to the Law of Ukraine *On Banks and Banking* came into force. According to the said amendments, in order to take measures to exercise the powers defined by the Law of Ukraine *On Sanctions*, in particular to identify and trace the assets of specific sanctioned persons<sup>42</sup>, the Ministry of Justice of Ukraine has the right, for the period of martial law in Ukraine, to obtain, at its request, from the NBU, information stipulated by this Law on the relevant sanctioned persons and assets. As part of this cooperation, the NBU received and processed more than 60 requests from the Ministry of Justice of Ukraine.

The NBU continued effective cooperation and coordination with the specialized regulators of the countries in the sanctions coalition, which

resulted in the development of a number of powerful sanctions packages, including both personal and sectoral sanctions. In particular, the United States imposed sanctions on senior officials of the central bank of the Russian Federation, the Moscow Exchange and related parties, over 50 Russian banks, including Gazprombank, and leading financial infrastructure companies. New EU sanctions programs were also introduced against financial institutions conducting transactions in favor of the Russian military-industrial complex, and against banks connected to the financial message transmission system of the central bank of the Russian Federation.

The NBU also continued to communicate with the IMF and the central banks of Ukraine's partners to develop mechanisms for using frozen Russian sovereign assets and their proceeds to support Ukraine. Through constant and persistent communication with partners on the use of Russian assets for the benefit of Ukraine, the NBU team contributed to the approval of a decision by the G7 countries to disburse a loan to Ukraine from the proceeds of Russian assets (ERA loans) and its subsequent implementation.

Through joint efforts, the NBU and the European Central Bank formalized the requirements for financial groups, including RBI and UniCredit, regarding their strategy and plan to reduce their activities in the Russian market.

The NBU, within the mandate of Ukraine's financial market regulator, also took steps to encourage international financial groups to

<sup>42</sup> Specifically, the assets of individuals and legal persons that are specified in relevant decisions of the NSDC and to which a sanction in the form of asset freezing has been applied pursuant to the Law of Ukraine *On Sanctions*, and the assets in relation to which the said persons can directly or indirectly (through other individuals or legal persons) take actions identical in content to exercising the right to dispose of such assets.



accelerate their exit from the russian/belorusian market by using the instruments of licensing requirements for supervised entities.

In particular, the NBU expanded the list of attributes of an impeccable business reputation for qualifying shareholders and managers of Ukrainian banks and institutions. The business reputation of qualifying shareholders in banks and institutions, including parent banks of international financial groups represented in Ukraine, may be considered compromised if such groups have not exited the markets of the aggressor states and continue to operate in such markets through financial institutions registered in the russian federation/the republic of belarus.

In such circumstances, the NBU will restore the impeccable business reputation of the parent banks of international financial groups if they submit plans to exit the markets of the aggressor states and commit to their implementation.

The updated licensing requirements introduced by the NBU should become an additional factor for international banking groups to consider in their strategies for further operation in the russian federation and the republic of belarus and, together with other measures taken by the NBU and international partners, will accelerate their complete exit from the market of the aggressor state.

## Improving Consumer Rights Protection

In 2019, the Office for the Protection of Consumer Rights in Financial Services began systematic work on processing citizens' inquiries.

This makes it possible to identify critical problems and shortcomings in the activities of financial institutions, creating mechanisms for promptly responding to consumer needs.

At the same time, the activities of the Office for the Protection of Consumer Rights in Financial Services are comprehensive in nature, going beyond processing inquiries. Through active cooperation with representatives of the financial sector, specialized agencies, and experts, the NBU is able not only to identify systemic problems, but also to effectively implement the necessary legislative changes to strengthen both the protection of the rights and interests of financial services consumers, and the efficient operation of financial institutions.

In 2024, pursuant to the Resolution of the NBU Board No. 29, dated 14 March 2024, the Regulation on the Procedure for Notification by Providers of Financial or Support Services of a Technical Failure or Other Unavoidable Circumstances was approved. It means that in the event of a technical failure or other objective reasons that make it impossible to assess the consumer's creditworthiness or meet the deadlines for providing information to credit bureaus, the NBU will not apply enforcement measures in the form of a fine in accordance with Article 28, part two, paragraph eighteen of the Law of Ukraine *On Financial Services and Financial Companies*.

In response to the challenges posed by the attacks on Ukraine's energy infrastructure and related power outages, the NBU, together with the Ministry of Digital Transformation of Ukraine, introduced an interactive map of regular bank branches in the Diia mobile application to inform the public about operating bank branches. The map of branches integrated into the Diia Portal is updated on a regular basis. The Office for the Protection of Consumer Rights in Financial Services is responsible for ensuring the accuracy and relevance of the data through weekly reviews, allowing citizens to have reliable information about available bank branches even in a difficult infrastructure situation.

In 2024, the NBU actively worked to improve the barrier-free nature of Ukraine's financial market. It resulted in the approval of the Methodological Recommendations on the Rules for the Inclusive Provision of Financial Services in Ukrainian Institutions (NBU Board Resolution No. 240, dated 5 July 2024); amendments to the license conditions for banking activities and authorization requirements for financial services and financial payment services providers in terms of barrier-free service delivery (NBU Board Resolution No. 104, dated 31 August 2024, and No. 127, dated 18 October 2024, respectively), as well as the adoption of the Law of Ukraine No. 3994, dated 8 October 2024, *On Amendments to Certain Legislative Acts of Ukraine on Improving the NBU Functions on State Regulation of Financial Services Markets*. Pursuant to it, the NBU was authorized to implement a barrier-free policy in the financial services markets – to regulate and supervise the accessibility of financial and support services for people with disabilities and people with reduced mobility.

The Guidelines on the Rules for Inclusive Financial Services provide institutions with practical tools for implementing barrier-free policies, including checklists and guidelines for serving customers with various functional impairments.

In accordance with the changes to the licensing and authorization conditions, financial/financial payment service providers are required to provide barrier-free access in at least 50% of the branches in each region in which they operate, and provide customers with up-to-date information about such branches. Law of Ukraine No. 3994-IX, dated 8 October 2024, stimulates banks and nonbank financial institutions to transition to an inclusive customer service policy.

The NBU's communication with market participants on the development of inclusive financial services demonstrates a shared vision of the future of Ukraine's financial system, which is especially important as hundreds of thousands of citizens adapt to new living conditions as a result of the war. In 2024, 38 banks joined the Charter on Financial Inclusion and Reintegration of Ukrainian Veterans, concluded by mutual understanding between the NBU and the European Bank for Reconstruction and Development (EBRD), thus expressing support for the financial inclusion and reintegration of war veterans in Ukraine.

The Office for the Protection of Consumer Rights in Financial Services conducted educational activities to raise the level of financial literacy of Ukrainian male and female defenders – patients of the Superhumans Center for prosthetics, reconstructive surgery, rehabilitation and psychological support for war-affected people – and worked with external EBRD experts to draft

recommendations for the economic integration of demobilized workers.

In 2024, the NBU modernized the procedure for supervising compliance with the legislation of Ukraine on the protection of consumers of financial and payment services by approving amendments to the Regulation on the Supervision by the NBU of Compliance by Supervised Objects with the Legislation of Ukraine on the Protection of Consumers of Financial Services and Limited Payment Services, Requirements for Interaction with Consumers in the Settlement of Overdue Debts, as approved by NBU Board Resolution No. 198, dated 2 September 2022 (as amended). The amendments aim to create a transparent and fair ecosystem of financial, support, payment and limited payment services by strengthening consumer protection, introducing a clear procedure for desk audits to identify violations by providers of such services, and applying professional judgment in supervising compliance with Ukrainian consumer protection legislation.

To exercise the powers provided for in Article 4, part three of the Law of Ukraine *On Financial Services and Financial Companies*, the NBU approved the Regulation on the Recognition of a Service or Transaction as a Financial/Limited Payment Service and Detection of Unlicensed Activities in the Nonbank Financial Services and Payment Market. The regulation, approved by NBU Board Resolution No. 105, dated 4 September 2024, defines the procedure for making decisions on the affiliation or non-affiliation of certain services or transactions that inherently contain features of one or more types of financial services. The procedure is in accordance with the Law of Ukraine *On Financial Services and Financial Companies* and special laws on a

certain type of financial services, as defined in Article 4, part one of the said Law, as well as the prohibition of the provision of certain services that are not provided for in Article 4, part one of the Law, but that inherently contain features of one or more types of financial services in accordance with this Law and/or special laws.

In 2024, the NBU actively participated in working meetings with the Verkhovna Rada Committee on Finance, Taxation, and Customs Policy and with market participants in support services to discuss a draft law on improving the state regulation and functioning of credit bureaus. On 28 November 2024, the Verkhovna Rada of Ukraine registered draft Law No. 12260 *On Credit Histories*.

An important step in the digitalization of financial services was the introduction in late 2024 of a new procedure for concluding electronic contracts for compulsory third-party liability motor insurance, which strengthened the security and transparency of financial transactions.

In accordance with NBU Board Resolution No. 144, dated 4 December 2024, an electronic contract of compulsory third-party liability motor insurance shall contain the consumer's electronic signature and a qualified electronic signature of the insurer's authorized representative, with an electronic time stamp. An important innovation is the prohibition on providing paper or electronic copies of the mandatory civil liability insurance contract for owners of land vehicles instead of the original document. These regulatory changes are aimed at ensuring the maximum legal transparency and protection of the parties' rights when entering into electronic contracts of compulsory third-party liability motor vehicle insurance, as well as full compliance with the requirements of the

Civil Code of Ukraine. The new rules will come into force on 1 July 2025. This will give market participants enough time to adapt to the updated requirements.

In addition, requirements have been established for disclosing information to consumers about the insurance intermediary, as well as requirements for the procedure for selling an insurance product as an additional item to other goods, works, or services that are not insurance-related (Resolution of the Board of the National Bank of Ukraine No. 173 dated December 26, 2024). Specifically, a list of information that the insurance intermediary is required to provide to the consumer regarding their activities before concluding an insurance contract has been defined. Additionally, to prevent the imposition of insurance contracts, restrictions have been established on the sale of insurance products that are supplementary to other goods, works, or services.

The NBU also updated the requirements for disclosing information and posting information on standard insurance products on the websites of insurers and insurance intermediaries.

In particular, the requirements for disclosing information about non-standard insurance products have been clarified. Additionally, the requirements for disclosing information about standard insurance products by insurance intermediaries who do not have their own website have been defined. Furthermore, a list of information about the mandatory civil liability insurance for owners of land vehicles that must be provided to consumers before concluding the contract has also been specified.

In 2024, the NBU continued to improve the financial literacy of the population. The Office for Protection of Consumer Rights in Financial Services contributed to the development of materials for a nationwide awareness campaign on consumer protection in financial services called “Know Your Rights: Insurance.” It was explained to citizens how to choose an insurance company, what to pay attention to when agreeing a contract, how to get full information about insurance products, and what to do in the case of an insured event, or a breach of policyholder or customer rights.

One of the objectives of the campaign was to familiarize Ukrainians with legislative changes in the insurance market as the new Laws of Ukraine *On Insurance* and *On Compulsory Third-Party Insurance Against Civil Liability in Respect of the Use of Land Motor Vehicles* came into force. The updated legislation is aimed at enhancing the stability of the insurance market and introducing stricter requirements for insurers to disclose information on the terms of insurance products.

## Barrier-free Financial Services and Financial Inclusion

Financial inclusion is important for the growth of Ukraine’s economy and is an NBU global initiative aimed at providing the population – regardless of their social status – with equal opportunities and access to financial services and resources.

The need to introduce financial inclusion has become especially acute in the context of the ongoing war, which negatively affects access to financial services for small and medium-sized

businesses in areas close to the armed conflict, in sparsely populated, remote, or liberated territories, and for certain groups of people. Such a need is caused by the reduction of bank branches and ATMs as a result of destruction or the suspension of operations, a loss of profitability, a lack of electricity and communication interruptions.

Given that the NBU, as a driver of change, identifies financial inclusion as one of the key priorities of its institutional strategy, the regulator has updated its concept of financial inclusion development, which includes measures aimed at:

- maintaining the presence of financial institutions and expanding physical service formats by adapting requirements to the needs of physical customer service in the temporarily occupied territories and remote territories, as well as in the combat zone
- mobilizing nonfinancial infrastructure for the provision of financial services through an agency scheme, namely, by involving companies with developed retail sales networks (store chains, gas station chains, postal operators) in providing financial services through the said agency scheme
- introducing a limited banking license aimed at addressing the growing challenges of financial inclusion by utilizing existing infrastructure and “last-mile” competencies. An unequivocal prerequisite for obtaining such a license is the readiness to provide financial services in areas and to people that are currently outside the financial system.

Based on the results of developments and consultations with key participants in the banking and payment services market, international

experts, and taking into account international best practices and the rapid growth of financial inclusion challenges, the NBU has developed a draft legislative initiative to introduce the concept of a limited banking license into banking legislation by establishing specialized banks and establishing prudential and licensing requirements of the NBU, as well as restrictions on such activities.

The limited banking license allows large retail and postal companies that specialize in servicing a large number of customers and branches, and that can meet the licensing and prudential conditions, to establish a separate legal entity – a financial inclusion bank – that will use existing infrastructure to provide financial services throughout the country to individuals and small businesses: cash withdrawals, foreign exchange transactions, payments, savings and loans.

Based on the updated vision for the development of financial inclusion approved by the NBU Board on 30 July 2024, the draft Law of Ukraine *On Amendments to Certain Laws of Ukraine on the Development of Financial Inclusion in Ukraine* was prepared and registered on 19 September 2024 in the Verkhovna Rada of Ukraine (registration No. 12044).

This draft law was developed pursuant to paragraph 62 of the Memorandum of Economic and Financial Policies with the International Monetary Fund dated 17 June 2024, which provides for the preparation of a legislative proposal for a specialized and limited banking license aimed at quickly addressing the growing challenges of financial inclusion using existing infrastructure.

This initiative is aimed at providing the necessary legal framework for a new type of service provider in the Ukrainian financial services market - financial inclusion operator banks. These banks will ensure proper access to financial services for Ukrainian citizens and microenterprises in areas close to the armed conflict zone, in the liberated territories, as well as for socially vulnerable groups.

The measures mentioned above are primarily aimed at ensuring that the National Bank complies with Ukrainian legislation and achieves the strategic goals outlined in the NBU's Strategy. These goals focus on balanced regulation and supervision aimed at developing a resilient and capable banking system, a transparent and technological payment market, identifying risks, potential issues, and negative trends in banking operations, and timely supervisory responses. Additionally, they involve the development of supervisory tools in accordance with the updated Core Principles for Effective Banking Supervision.

## Boosting Financial Literacy of Ukrainians

In 2024, the NBU took many essential steps for developing financial literacy in Ukraine. In particular, the NBU adopted the National Strategy for Financial Literacy Development until 2030, published the Financial Competences Framework for Children and Youth, prepared a textbook for eighth grade students, and conducted information campaigns such as #CybersecurityFinances and #KnowYourRights\_Insurance, etc.

Also, four annual initiatives were launched: the FinLit Forum conference for educators, the

Money & Banking conference for scientists, Ukrainian-wide testing of financial literacy for adults, and the Ukrainian Financial Literacy Championship for schoolchildren.

### National Strategy for Financial Literacy Development until 2030

In July, the NBU finalized work on the National Strategy for Financial Literacy Development until 2030. The document was developed at the initiative of the NBU and in cooperation with representatives of the state authorities, educators, financial market participants, and NGOs.

The main task is to create and develop a financial literacy ecosystem in Ukraine.

The strategy sets out five key goals:

- high-quality basic financial education
- responsible handling of personal finances
- financially literate entrepreneurs
- advanced digital financial literacy
- a favorable ecosystem for the development of financial literacy

The strategy covers different age and social groups: children, young people, adults, entrepreneurs, veterans, internally displaced persons and the elderly. Its implementation will help to strengthen the financial stability of the country's citizens and the formation of responsible financial behavior.

Financial Competency Framework for Children and Youth of Ukraine

Also in 2024, the NBU published the Financial Competence Framework for Children and Youth of

Ukraine, which it drew up jointly with the Deposit Guarantee Fund, the Ministry of Education and Science of Ukraine, and the National Commission on Securities and the Financial Market.

The document defines the key financial competences for children and young people aged 5 to 18, covering the knowledge, skills and attitudes necessary for responsible financial management and the use of financial services.

The Framework is based on international approaches, in particular the OECD/INFE Core Competencies Framework on financial literacy for Youth, adapted to the Ukrainian context.

The NBU expects that the Framework's practical application will facilitate the introduction of financial literacy in the educational process and the development of modern curricula and materials. It will also form the basis for the introduction of financial education as part of the New Ukrainian School concept, and will contribute to increasing the overall level of financial awareness in society.

### **Ukrainian-wide Testing of Financial Literacy**

On the occasion of the 100th anniversary of World Savings Day (31 October), the NBU initiated extensive testing for adults on the basis of the "Harazd" financial literacy educational website. During the test, any interested person could take a self-diagnosis of financial knowledge and receive personalized recommendations on improving their financial awareness.

The test presented participants with 20 real-world financial situations faced by consumers of financial services in their everyday lives. This made it possible for the participants not only to check their

knowledge, but also to practice making informed financial decisions.

About 52 users visited the digital testing platform, and more than 23 participants tested their financial knowledge and passed the test in full. A total of 13% answered all the questions correctly. It is planned to make this project an annual event to help increase the financial awareness of the population.

### **Training for Teachers, Children and Young People**

Throughout the year, the NBU focused on developing teaching materials and preparing educators to teach the course Entrepreneurship and Financial Literacy, which will become required for all eighth graders starting in the 2025-2026 academic year.

Authors from the NBU together with Osvita Publishing House prepared a textbook for grade eight, an educational app, a workbook for students, and presentations for teachers. Work is underway on methodological materials for educators and a course for the national online school.

Educators have already begun to pilot and test the educational materials in educational institutions. In July-August 2024, educators from the pilot schools were trained in the free online course "Entrepreneurship and Financial Literacy. Grade 8", which was successfully completed by 189 teachers from all regions of Ukraine. A free course called "Financial Literacy for Educators" on the Prometheus online education platform is also being conducted, with about 20 educators registered for it.

In addition, a number of events for educators, children and young people were held:

- Hryvnia Day - over 3,000 participants
- Savings Week - about 33 participants
- The Educational marathon "Dream Profession – Banker," with 253 ambassadors of financial literacy (bank employees and educators) holding events for over 9,700 participants
- together with the NGO Junior Achievement Ukraine, the NBU launched a new annual project – the Ukraine-wide Financial Literacy Championship, for which over 450 secondary schools from different oblasts of Ukraine applied
- Global Money Week

### **Global Money Week Information Campaign**

The NBU for tenth time was the coordinator in Ukraine of Global Money Week – an international campaign to raise financial awareness of children and young people. As part of the campaign, contests, webinars, and virtual tours were held.

The events, which took place from 18 to 24 March, were attended by more than 152,000 participants from nearly 3,500 organizations and educational institutions (five times more than in 2023). The information publications of the campaign generated more than 1.1 million views in total, which demonstrates the increasing interest in financial education in Ukraine.

During Global Money Week, national qualifying rounds for the European Money Quiz were held. More than 4,200 schoolchildren from 400 educational institutions across Ukraine participated. The winning team, from the Ternopil



Cooperative Vocational College, represented Ukraine at the European competition in Brussels.

In addition, as part of Global Money Week, a new initiative was launched – the FinLit Forum conference for educators on financial literacy. About 2,500 representatives of international organizations, government agencies, financial markets, experts and educators took part in the first forum. The main topic of discussion was the development of financial literacy in school education. In particular, the integration of financial literacy into school education, the preparation for teaching a new subject, and international experience in financial education were discussed.

### **Payment Security Event**

For four years in a row, the NBU has been holding educational events on payment security. This year, the central bank began with Safe Internet Day, in which 2,565 educators participated by holding lessons on payment security for more than 110,000 pupils and students. From May to December, the NBU held the #CybersecurityFinances information campaign, a joint educational project of the NBU and the State Service for Special Communications and Information Protection of Ukraine. The campaign was aimed at increasing the public's awareness of payment security and developing their skills in protecting financial data in the digital environment.

#CybersecurityFinances was a continuation of the campaign #GoodbyeToFraud, which the NBU conducted in previous years.

As part of the campaign, the bank told people how to defend themselves against phishing, secure their social network accounts and devices,

create strong passwords, set up multifactor authentication, and follow other important cybersecurity rules. The project involved more than 80 partners, including banks, payment systems, mobile operators, retail chains, marketplaces, gas stations, shopping malls, internet providers, utility companies, public authorities, associations, NGOs, and international organizations.

Thanks to the partners, #CybersecurityofFinances information materials were aired on radio and television, appeared in online and press media, and were circulated by bloggers on Telegram channels, in SMS messages, on outdoor and banner advertising, on advertising in the subway (including in trains), and in administrative service centers, employment centers, service centers of the Pension Fund of Ukraine, and even in civil registry offices.

In total, the NBU shared over 39 million information messages.

Also, at the initiative of the NBU, educational institutions held the Month of Payment Security campaign, during which nearly 500 educators held classes on the subject for 32,500 pupils and students.

At the end of the year, an online advent calendar with useful information on payment security was published. In three weeks, it was viewed 48,500 times.

### **#KnowYourRights\_Insurance Information Campaign**

From July to October of this year, the NBU held the #KnowYourRights\_Insurance information campaign, which was aimed at informing citizens

about changes in legislation on the protection of the rights of insurance consumers, and increasing their awareness of their rights and obligations in the insurance industry.

The campaign involved more than 40 partners, including state institutions, insurance and banking associations, banks, online insurance services, media, and driving schools.

During the campaign, it was explained to citizens how to choose an insurance company, what to pay attention to when agreeing a contract, how to get full information about insurance products, and what to do in the case of a breach of policyholder rights. In total, the campaign shared over 7 million information messages.

### **Charitable Initiatives**

The NBU also held informational and educational events to promote the culture of charity, and initiated a charity event.

Together with the Superhumans Center and with the support of partner banks FUIB, PrivatBank and Oschadbank, a charity event #SuperCoins to collect coins was held to unite the efforts of Ukrainians and to raise funds to help Ukrainian soldiers and civilians affected by the fighting.

Participants of the #SuperCoins charity campaign donated almost UAH 3.6 million. The main driving forces behind the fundraiser were children and young people who collected coins in educational institutions. More than 210,000 children, students and educators from all over Ukraine took part in the event.

Also in December, the NBU as is usually the case joined in the organization of events within

as part of the All-Ukrainian Day of Good Deeds #GivingTuesday, involving about 133,000 people.

**The main activities under this initiative were:**

- The School of Charity project. Inclusion project, which brought together 1,610 teachers
- The Marathon of Good Deeds, which was joined by 115,400 participants.
- the class “With Good in the Heart, with Ukraine in the Soul,” which was attended by 6,800 participants

Respect, Understand and Be Grateful! contest – more than 700 participants, and 9,100 views of the contest video. The Marathon of Good Deeds had a wide range of activities, including assistance to the military, victims of war, children, the elderly, animals, and environmental initiatives.

**Money Museum of the National Bank of Ukraine**

Throughout the year, the Money Museum conducted offline and online tours. Some 110 online events were held (with more than 8,000 participants) and more than 250 offline excursions were attended by more than 5,000 people.

The Money Museum also developed the area of professional development for teachers, for which it held 13 webinars attended by more than 2,300 educators.

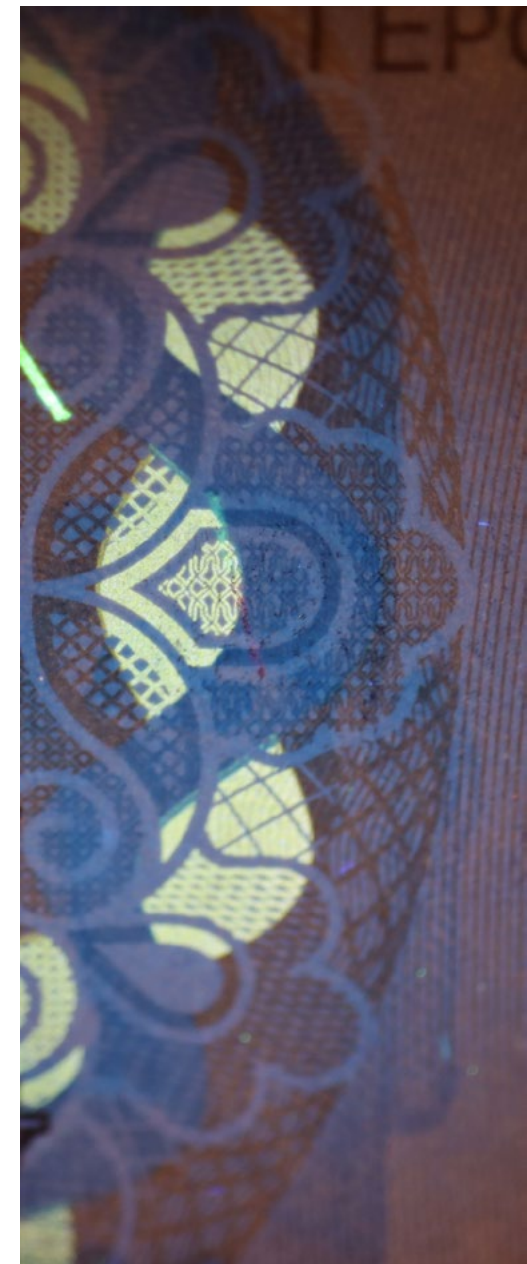
In September, as part of the Hryvnia Day events, the Money Museum held the first annual numismatic conference “Money & Banking: Money and Banks in the History of Europe”.

The event brought together more than 120 experts in history, numismatics, banking, art history, and archaeology.

The conference included six thematic sections on the history of money circulation, banking, banknote design, and the role of numismatics.

The key topic was the restoration of the historical name “shah” instead of “kopiika”. The initiative was supported by the conference participants.

Overall, the event provided a platform for scientific discussions and exchange of experience, and confirmed the NBU’s role in shaping Ukrainian numismatic traditions. In future, the conference will be held annually.







# MODERN

Goal 4/5

**Modern Financial  
Services**

# GOAL 4

## MODERN FINANCIAL SERVICES

### Stable, Efficient, and Customer-oriented Cash Circulation

Cash is of significant importance to society and is an important element of any economy. In this connection, the stability and efficiency of cash circulation becomes crucial for ensuring the smooth functioning of the country's financial system as a single mechanism.

Throughout 2024, to ensure the stability, efficiency, and customer-orientation of cash circulation, the NBU continued to transfer its cash reserves for storage by authorized banks (Oschadbank JSC, JCB PrivatBank JSC, Raiffeisen Bank JSC, and PUMB JSC). Under the terms of the concluded agreements, the authorized banks store the NBU's cash reserves in accordance with the established limits in all oblasts of Ukraine and in the city of Kyiv.

At the same time, to reduce the risks of possible cash losses, the NBU took care to minimize the amounts of NBU cash reserves stored at branches of the authorized banks in regions located near active hostilities. In addition, the cash received from the NBU in these regions was immediately transferred to the banks' cash desks to make payments to the public and the military.

During 2024, NBU branches issued UAH 279.6 billion in banknotes and coins from cash reserves to authorized banks and other banks of Ukraine (in 2023 this was UAH 248.8 billion). In 2024, cash receipts from authorized banks and other banks of Ukraine amounted to UAH 215.5 billion (in 2023 this was UAH 201.1 billion). Of those receipts, UAH 155.1 billion was unfit for circulation. This was 2.6 times more than in 2023 (in 2023 it was UAH 59.3 billion), which indicates an improvement in the quality of the cash in circulation.

To ensure the stability and efficiency of cash circulation under martial law during 2024, the NBU on the one hand provided the banks with banknotes and coins without restrictions, and on the other hand further decentralized the storage of the NBU's emergency funds to minimize risks and ensure the security of cash. At the same time, a rule was in effect throughout 2024 that hryvnia cash withdrawals from a client's account must not exceed UAH 100,000 per day, with the exception of certain payments (wages, social benefits, etc.).

### Improving Regulatory Framework

In order to optimize the mechanisms for cash management, the NBU has updated the regulations that regulate cash circulation.

Thus, the Model of Organization of Cash Circulation in Ukraine and NBU infrastructure





was approved by NBU Board Decision No. 360, dated 3 October 2024. It provides for an updated approach to the regulation of cash circulation to mitigate risks and enhance the NBU's role as a cash center. In view of market risks, the NBU made a decision to use in Ukraine a partially delegated model for organizing cash circulation. It provides for a comprehensive approach to the optimization of cash circulation, in particular, regarding the partial delegation of functions to the commercial sector through the use of a network of sale points of authorized banks for the storage of cash reserves in order to provide for the timely delivery of cash of the required denominations, amounts, and quality. It is also planned to optimize the NBU's expenses on cash circulation, while at the same time ensuring there are proper levels of control at all stages of the cash cycle.

Apart from that, during 2024 the NBU amended the Instruction On Cash Handling Procedures in Banks and Payment Service Providers in Ukraine, approved by NBU Board Resolution No. 103 dated 25 September 2018 (as amended). The amendments foresaw the following:

- introduction of control over cash transactions by banks when servicing customers using a technological video surveillance system, and control over cash processing by legal entities that have received a license to carry out cash transactions and carry out cash processing and storage activities
- preventing the conduct financial transactions with cash that carry a high risk of their possible use for illegal purposes, establishing certain restrictions when performing payment transactions in cash for transferring funds without opening an account, as well as

reducing the time for conducting cash research at the NBU

- improving the requirements on processing domestic currency cash that were earlier established by the NBU.

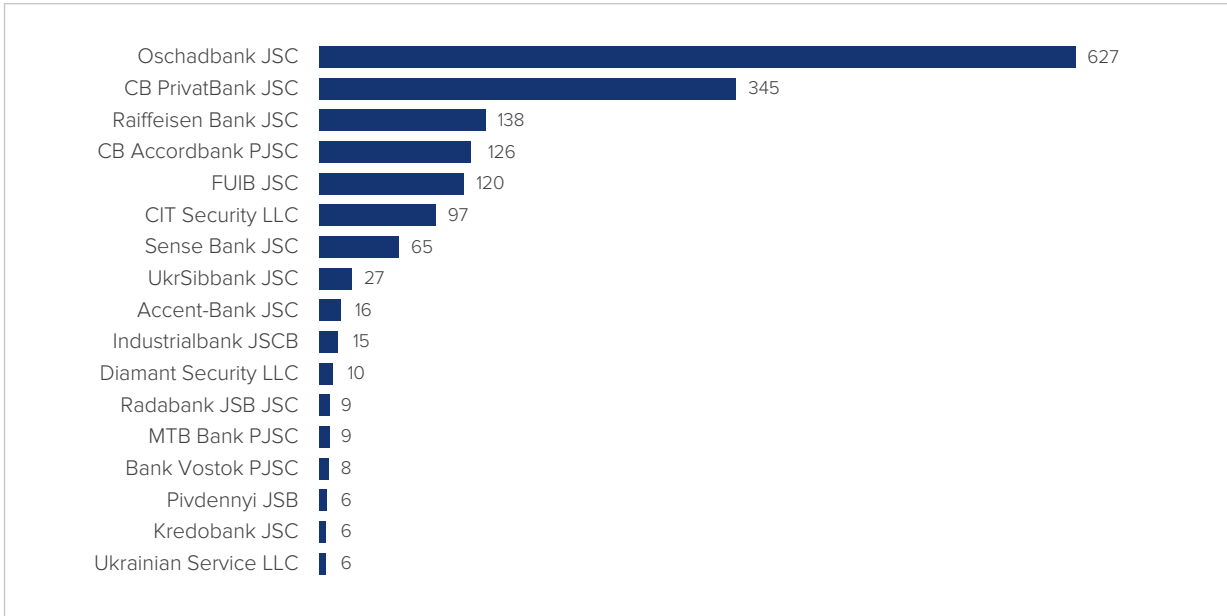
**Cash Collection**

During 2024, 23 banks and 11 CIT companies carried out activities related to the collection of funds and transportation of currency values in the cash circulation market. During 2024, a total of over UAH 1.404 trillion in cash was received from customers and self-service

payment terminals, UAH 121 billion was delivered to customers, and over UAH 4.05 trillion was transported, including interbank transportations and ATM servicing.

In 2024 banks and CIT companies had 1,682 operational vehicles, which served 59,129 customer cash collection points; 11,425 customer cash delivery points; 6,411 bank offices; 15,080 ATMs, and 23,805 self-service payment terminals.

**The availability of operational vehicles and escort cars by banks and CIT companies – TOP-15 banks**





In 2024, the NBU improved the system of licensing legal persons to operate in cash market, in particular, by bringing it into line with the requirements of the Law of Ukraine *On Administrative Proceedings*.

Also in 2024, the regulatory framework regulating activities in the collection services market was finalized, in particular, to bring it into line with the requirements of the Law of Ukraine *On the National Bank of Ukraine*, the use of heavy-duty operational vehicles, customer service, clarification of requirements for the execution of accompanying documents, and so on.

One effective measure to stabilize cash circulation and reduce oncoming cash transportation remains the significant use by the population of the “cash at the cash register” service, which is provided by thousands of retailers (at cash registers in retail chains of stores, gas stations, pharmacies, and so on). Maximum amount of one-off cash withdrawal is UAH 6,000.

#### Ensuring Circulation of High-quality Cash in A Sufficient Quantity

Continuously meeting the needs of the economy with cash in the required denominations, amounts, and quality is now becoming crucial for ensuring customer-oriented cash circulation.

Thus, as of 1 January 2025, Ukraine had UAH 822.4 billion worth of banknotes and coins in circulation.

In particular, the numbers of banknotes and coins in circulation were as follows:

- 2.6 billion banknotes worth UAH 814.3 billion

- over 14.8 billion small-denomination and circulating coins together worth almost UAH 8.0 billion
- more that 25.4 million commemorative and investment coins together worth over UAH 157.1 million.

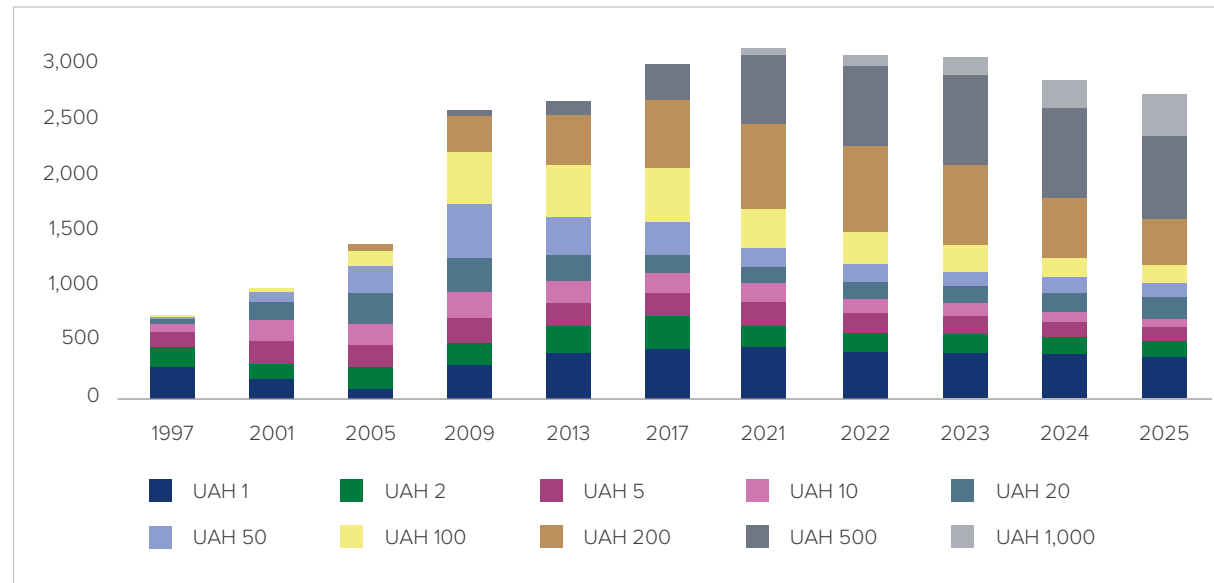
In 2024, the total number of banknotes in circulation decreased by 120.6 million (4.4%), whereas the number of coins increased by 341.7 million (2.4%).

The 500-hryvnia banknote and 10-kopiika coin are the most circulated denominations (27.3% and 27.8%, respectively).

At the same time, in late 2024, 354 million banknotes of the highest denomination – the UAH 1,000 banknote, introduced more than four years ago (on 25 October 2019) – were in circulation.

As of 1 January 2025, there were 63 banknotes (three fewer than in 2023, or 4.5% less) and 186 small denomination and circulating coins that are legal tender (nine more than in 2023, or 5.1% more) per capita in Ukraine (as of 1 January 2024 it was 66 banknotes and 177 coins).

#### Number of banknotes in circulation (as of the start of the year), million notes



In 2024, the NBU continued withdrawing from circulation small-denomination (one-, two-, five-, and 25-kopiika coins and 1-hryvnia coins of the old design that were issued before 2018). Between 1 October 2019 and 31 December 2024, a total of 311.42 million coins of the old, pre-2018 design in the 1-, 2-, 5-, and 25-kopiika denomination and in the 1-hryvnia denomination, were withdrawn from circulation. This was 4.2% of the total number of coins of the said denominations that were in circulation as of 1 October 2019 (7.4397 trillion coins). Specifically: 8.90 million coins of the 1-kopiika denomination, 5.08 million coins of the 2-kopiika denomination, 46.88 million coins of the 5-kopiika denomination, 172.02 million coins of the 25-kopiika denomination, and 78.54 million coins of the 1-hryvnia denomination were withdrawn.

Within the structure of currency in circulation, small-denomination coins (1-, 2-, 5-, and 25-kopiika that are not legal tender anymore) are accounted for as long as citizens can exchange them for coins and banknotes of other denominations in circulation. Exchange is possible until the end of martial law in Ukraine and from 90 calendar days of the date of its termination or cancellation.

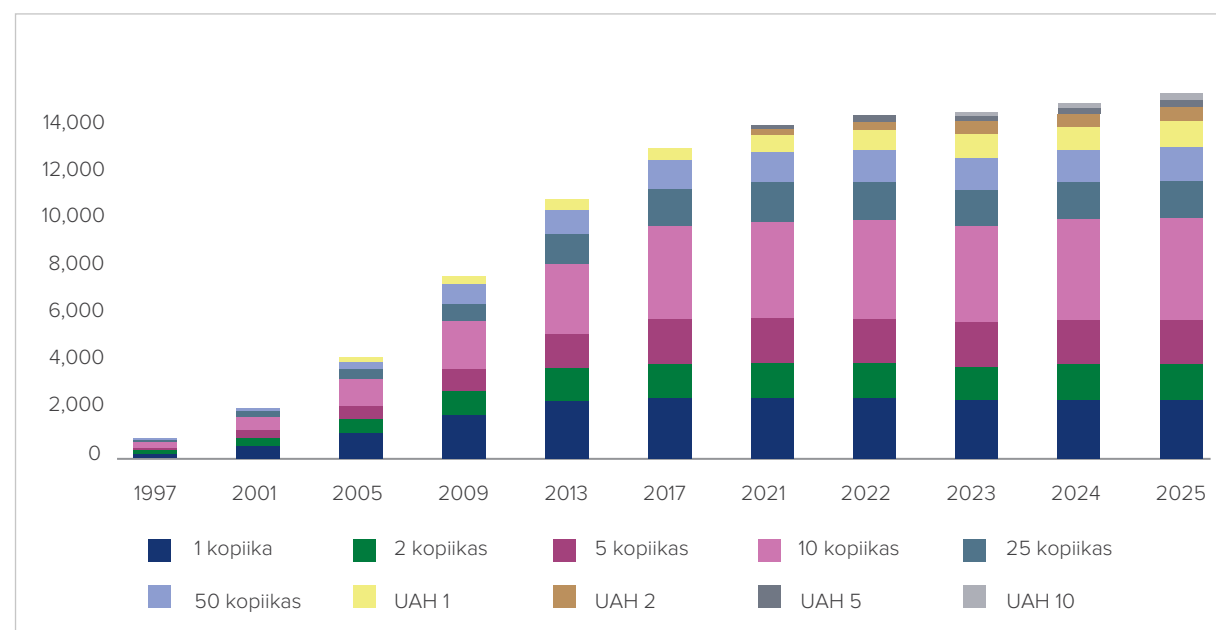
As a reminder, the following denominations of banknotes issued in 2003-2007 (of the old design) are already being gradually withdrawn from circulation and replaced:

- 1 and 2 hryvnias – starting from 1 October 2020
- 5, 10, 20, and 100 hryvnias – starting from 1 January 2023
- 500 hryvnias – starting from 1 August 2024
- 50, and 200 hryvnias – starting from 1 November 2024.

The NBU is gradually replacing the 20-, 50-, 100-, 200-, and 500-hryvnia banknotes of the old designs with latest-generation banknotes of the same denominations (designs from 2014 and subsequent years of issue), which have improved designs and enhanced security systems. At the same time, Ukrainians are not specifically required to exchange old banknotes. Citizens can pay with old-style banknotes without restrictions, as these banknotes currently remain valid means of payment.

To mark the 33rd anniversary of Ukraine's independence, in August 2024 the National Bank of Ukraine issued modified hryvnia banknotes (denominations of 50, 500, and 1,000 hryvnias) bearing the slogan of modern Ukraine: "GLORY TO UKRAINE! GLORY TO THE HEROES!"

**Number of coins in circulation (as of the start of the year), million coins**



The modified banknotes will be issued to replace worn and damaged banknotes in order to improve the quality of cash in circulation, and will circulate as legal tender alongside other banknotes of the corresponding denominations from previous years of issue.

In 2024, the amount of cash in circulation increased by UAH 58 billion, or by 7.6% (in 2023, by UAH 48.3 billion, or by 6.7%).

As of 1 January 2025, cash balances in banks' cash desks reached UAH 62.7 billion, which is the highest amount in the last 20 years. In 2024, the amount of cash in the banks' cash desks increased by UAH 14.45 billion, or by 30% (in 2023, cash balances in the banks' cash desks decreased by UAH 800 million, or by 1.7%).

In 2024, there was an increase in the cash turnover of banks and CIT companies in terms of cash receipts, as well as cash withdrawals to/from bank cash desks. In comparison with the previous year, cash receipts at the cash desks of banks and CIT companies increased by UAH 324.9 billion (or by 13.0%), while disbursements from the banks' cash desks grew by UAH 319.0 billion (or by 12.5%).

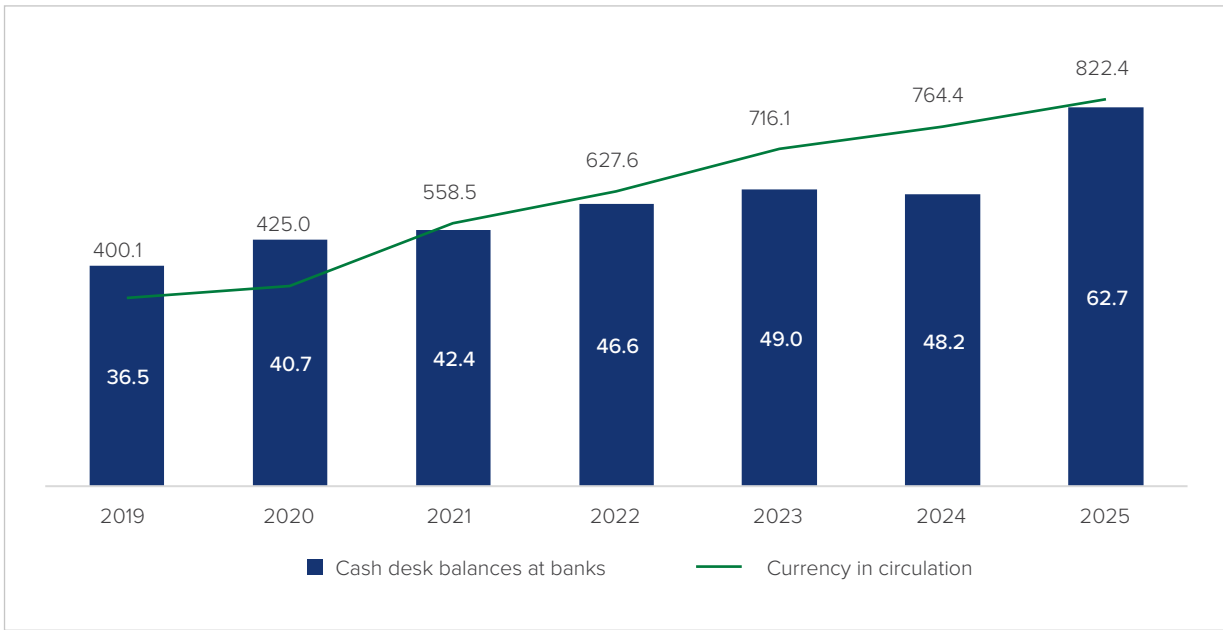
In 2024, compared to the previous year, the largest increases were observed in the following areas of cash inflow:

- receipts from trade – by UAH 30.3 billion, or by 3.6%, to UAH 875.2 billion
- receipts from foreign currency sales – by UAH 317.7 billion, or by 2.4%, to UAH 550.2 billion
- for other purposes – by UAH 105.2 billion, or by 1.6%, to UAH 273.3 billion.

At the same time, in 2024 there was a reduction in cash receipts at the banks' cash desks, specifically, in the following areas:

- payment card-based receipts fell by UAH 81.1 billion, or by 11.1%, to UAH 648.8 billion
- receipts of individuals' deposits dropped by UAH 17.9 billion, or by 23.1%, to UAH 59.6 billion
- receipts from sales of all services were down by UAH 31.3 billion, or by 8.0%, to UAH 360.5 billion.

### Cash in Circulation and Cash Desk Balances at Banks (at the start of the year), UAH billions



It is noteworthy that in 2024 versus the previous year, an increase was observed in the following cash disbursements from the banks' cash desks:

- payment card-based disbursements increased by UAH 305.2 billion, or by 14.3%, to UAH 2,443.8 billion
- disbursements of deposits of individuals rose by UAH 13.4 billion, or by 37.4%, to UAH 49.2 billion.

However, in 2024 cash disbursements to purchase foreign currency through the banks' cash desks fell by UAH 7.2 billion, or by 7.2%, to UAH 93.2 billion.

The balance of foreign exchange transactions (the excess of hryvnia cash receipts at the bank's cash desks from sales of foreign currency over hryvnia disbursements for sales of foreign currency) amounted to UAH 457 billion in 2024 (in 2023 it was UAH 132 billion, or 3.5 times less).

### Cash Processing

To ensure the sustainability of cash circulation in 2024, the NBU has considerably stepped up its work to increase the quality of cash in circulation.

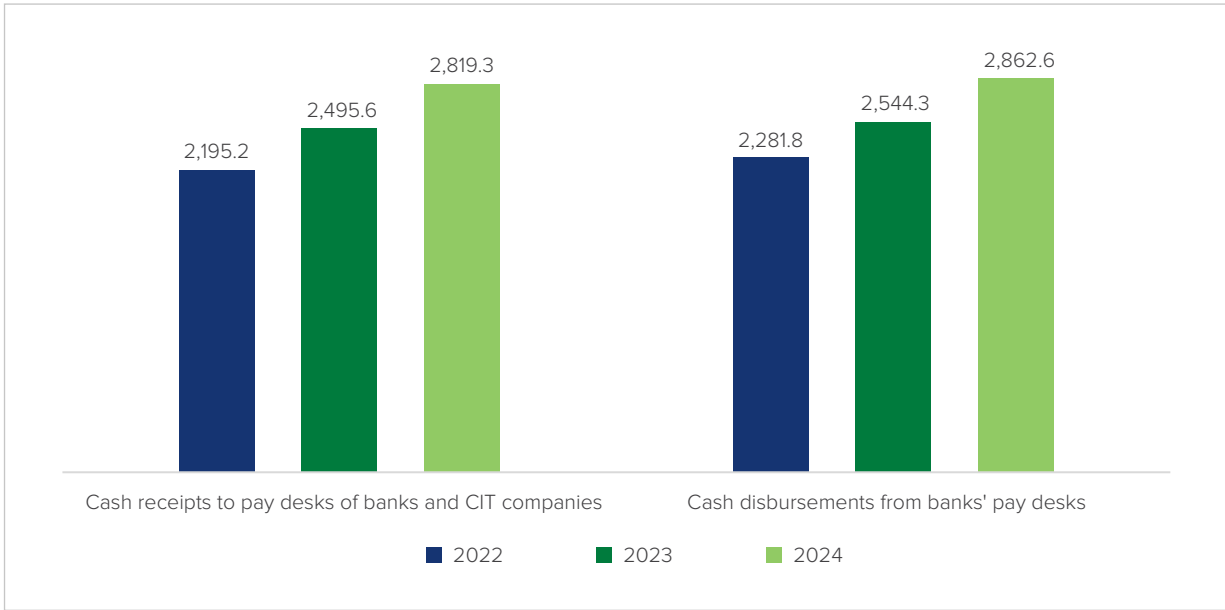
Thus, in 2024, 899.4 million banknotes were processed using automated banknote processing systems (BPS 1040/M7). This is an increase of 92 million banknotes compared to 2023. Specifically, 176.4 million banknotes were sorted as fit for circulation, and 2.6 million banknotes were identified as worn. Manual processing was required for 8.7 million banknotes. A total of 711.7 million banknotes unfit for circulation were shredded by the automated banknote processing systems.

At the same time, in 2024, the banks transferred 566.6 million banknotes suitable for circulation to the NBU's cash circulation units for handling, which was 19% less than in 2023 (701.1 million banknotes).

In particular, the banks and CIT companies transferred the following amounts of circulation-fit banknotes:

- to regional cash circulation units – 240.9 million banknotes, or 16% less than in 2023 (288.1 million banknotes)
- to the Central Vault – 325.6 million banknotes, or 21% less than in 2023 (413 million banknotes).

### Cash turnover of banks and CIT companies, UAH billions



### Withdrawal of Worn-out Banknotes

To ensure a customer-oriented approach to cash circulation and to increase the quality of the cash in circulation in 2024, the NBU carried out work to withdraw worn-out banknotes from circulation.

Thus, in 2024, the NBU and authorized banks withdrew from circulation 697.7 million worn-out banknotes, worth a total sum of UAH 176.7 billion.

The number of withdrawn worn-out banknotes was 14% less than that the number withdrawn in 2023 (610.97 million banknotes worth a total sum of UAH 109.4 billion).

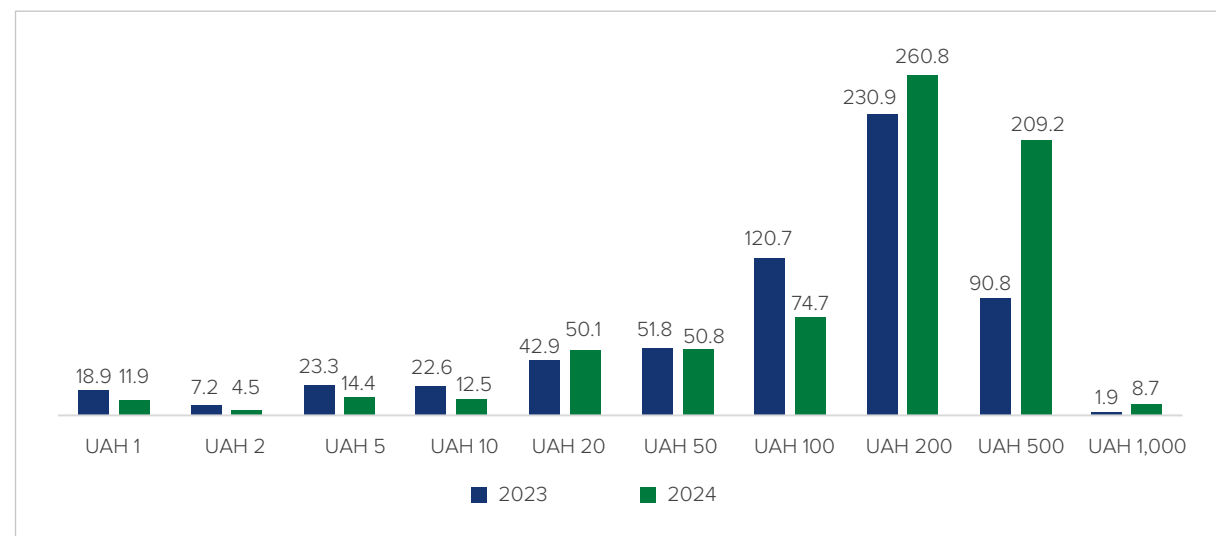
In 2024 versus the previous year, there was an increase in the withdrawal from circulation of the number of worn-out banknotes of the UAH 20 and higher denominations. The denominations that were withdrawn most in 2024 were UAH 200 banknotes (260.8 million) and UAH 500 banknotes (209.2 million, which was 2.3 times more than in 2023).

The total number of the worn-out banknotes withdrawn from circulation in 2024 was equal to 26.8% of the banknotes in circulation as of 1 January 2025 (2,601.5 million banknotes).

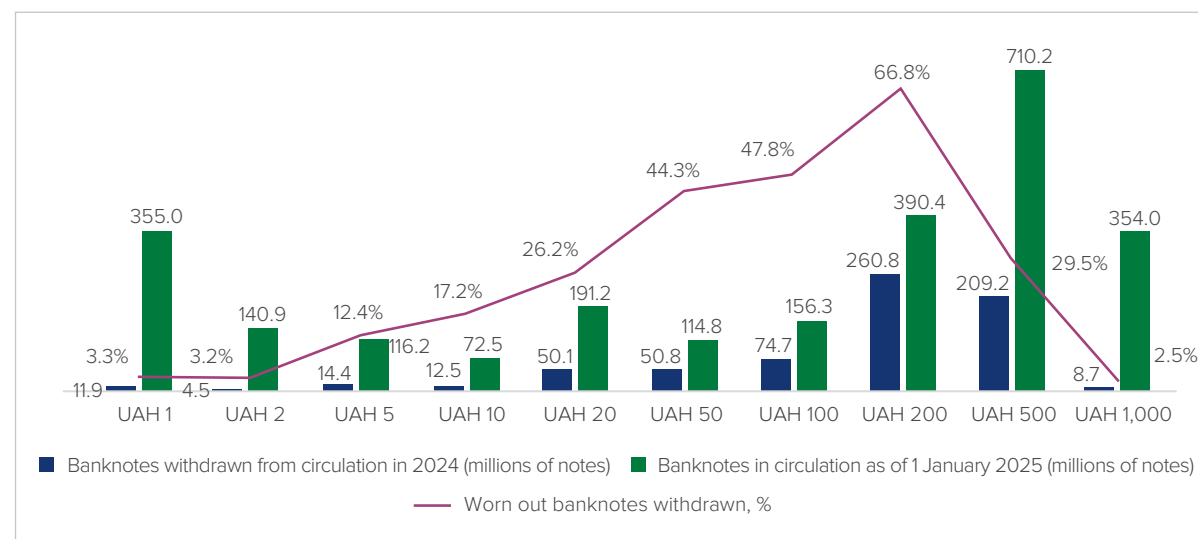
Among the banknotes in circulation as of 1 January 2025, the following denominations of worn-out banknotes had the largest percentages of withdrawals from circulation:

UAH 50 – 44.3%, UAH 100 – 47.8%, and UAH 200 – 66.8%.

### Number of Withdrawn Worn-out Banknotes by Denomination, million notes



### Withdrawals of worn out banknotes from circulation in 2024 compared to banknotes in circulation as of 1 January 2025, million banknotes





### On Inspections and Audits of Cash Stocks

In 2024, the NBU carried out 17 audits of the NBU's cash stock in custody and one on-site inspection of units of authorized banks located in 11 cities of Ukraine.

In particular, at:

- Oschadbank JSC – four audits and one inspection
- CB PrivatBank JSC – five audits
- Raiffeisen Bank JSC – four audits
- FUIB JSC – four audits.

The NBU carried out the said audits and inspections to monitor the compliance of the authorized banks with NBU requirements for the organization of work with cash stocks in custody, the procedure for their storage, the performance of transactions with them, carrying out proper sorting during automated processing of cash, and reissuing cash into circulation.

During 2024, the NBU also conducted the following inspections:

- seven scheduled inspections of banks on compliance with NBU regulations on the organization of cash operations, the collection of funds and transportation of currency valuables, and the organization of the security of premises and ensuring the security
- 14 unscheduled onsite inspections, including: 13 inspections of the compliance of banks' actual cash desk balances in domestic and foreign currency with accounting data at three banks and their standalone units located in eight oblast centers, as well as an inspection

of one bank with regard to the technical condition of its premises and premises of its standalone units, including the premises of cash hubs, the organization of work with automated teller machines (hereinafter referred to as "ATMs") at the bank, and with regard to the presence of the equipment for automated banknote processing.

The NBU also checked the activities of four legal entities that received an NBU license to conduct cash transactions and are engaged in cash collection and the transportation of currency and other valuables. In particular, the following inspections were conducted:

- two scheduled inspections on compliance with NBU regulations as regards cash collection and the transportation of currency and other valuables, as well as on receiving, storing and processing cash
- Two unscheduled inspections were carried out concerning the accuracy and the established procedure for submitting reporting information to the National Bank on the operational status of the cash collection unit regarding cash collection, the transportation of cash, and the available operational vehicles, with a focus on adherence to licensing requirements and the rules and procedures for providing cash collection services.

Furthermore, during the reporting period, two inspections of Cash Circulation Department units were conducted regarding the organization and procedure for conducting issue and cash operations in the domestic currency.

Conducting such audits and inspections helped strengthen control over:

- the compliance of the NBU's cash stocks in custody with accounting data, and compliance with the procedure for cash storage and conditions for its keeping, as well as carrying out operations with it
- the quality of cash issued into circulation by the authorized banks and stored in the vaults of their structural units
- banks' compliance with NBU regulations on the organization of cash operations, cash collection and transportation of currency valuables, the organization of the security of premises and ensuring the security of currency in storage, and compliance of the banks' actual cash desk balances in domestic and foreign currency with their accounting data
- activities of legal entities that received an NBU license to conduct cash transactions and that are engaged in cash collection and the transportation of currency and other valuables
- compliance of Cash Circulation Departments' units with the procedures for issuing cash and performing cash desk operations.

### NBU Revenues From Cash Services Provided to Banks and Cash Collection Companies

In 2024, the NBU received revenues from the provision of cash services to banks and cash collection companies worth a total of UAH 260,000 (in 2023, UAH 21.26 million).

This is due to an increase in the amount of free cash handling services provided by the NBU and a decrease in tariffs in the second half of the year, aimed at improving the exchangeability and quality of banknotes and coins.

Thus, in H2 2024, the NBU reduced the tariffs for cash services provided to banks and cash collection companies and clarified the names of some services so as to align them with NBU regulations.

### Withdrawal of Counterfeit Money from Circulation

The NBU continually monitors the withdrawal of counterfeit money from circulation, and has confirmed that there is a relatively low level of counterfeiting of hryvnia banknotes.

In 2024, the level of counterfeiting of hryvnia banknotes experienced a moderate increase compared to the extremely low levels of 2022–2023 and approached the level of 2021, preceding the full-scale invasion. At the same time, the situation remains under control and does not pose a threat to the country's economy.

In 2024, the number of counterfeit banknotes withdrawn from circulation accounted for 0.00051% of the total number of banknotes in circulation in Ukraine's banking system. This means there were approximately 5.1 counterfeit banknotes per one million authentic banknotes. Meanwhile, in 2021, this indicator was higher, amounting to nearly 7.1 counterfeit banknotes.

For comparison, in 2024, according to the official website of the European Central Bank, this indicator in the EU was three times more, at 18 counterfeit euro banknotes per million in circulation (in 2021, it was almost two times more than in Ukraine – 12 counterfeit euro banknotes).

Throughout 2024, the NBU withdrew from circulation almost 13,314 counterfeit hryvnia

banknotes with a total face value of UAH 5,853,518 (in 2023, 5,657 counterfeit hryvnia banknotes worth UAH 1,661,688 were withdrawn). Compared to 2023, the number of counterfeit banknotes withdrawn from circulation and their total face value increased by 2.4 times and by 3.5 times, respectively.

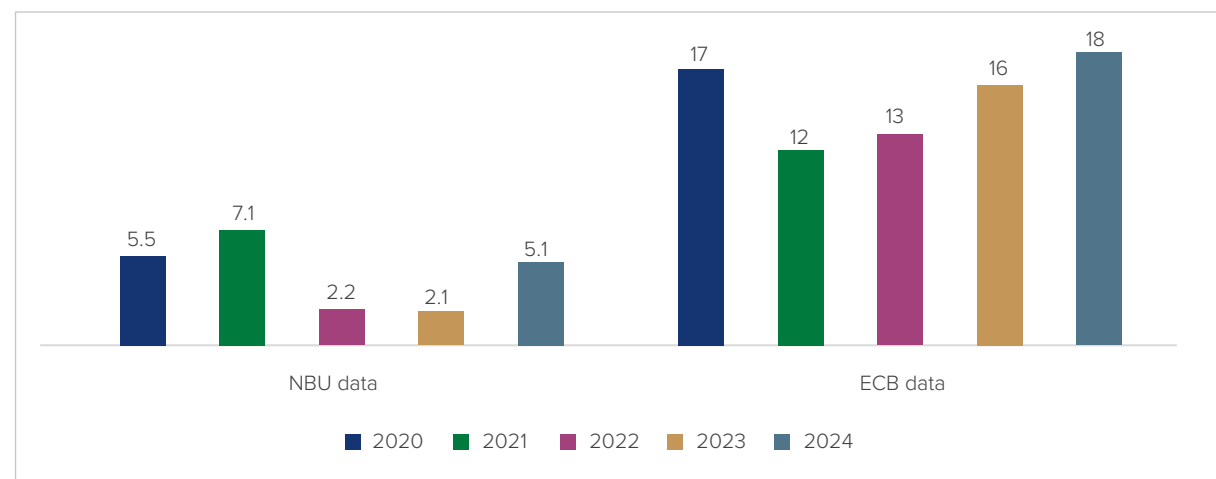
The moderate increase in the level of hryvnia banknote counterfeiting in 2024 occurred due to increased activity by perpetrators, which is explained by a certain adaptation to the realities of martial law and a desire to test the effectiveness of the banking and law enforcement systems in countering such cases.

In 2024, only 5.5% of the total number of counterfeit banknotes withdrawn from circulation in the banking system of Ukraine were counterfeits of the latest designs of hryvnia banknotes. Accordingly, the number of counterfeit hryvnia banknotes of the new designs in 2024 per million authentic banknotes was only 0.3 banknotes.

The majority (96%) of counterfeit banknotes withdrawn from circulation were banknotes of the following two denominations:

- 500-hryvnia banknotes (78% of the total number of withdrawn counterfeit banknotes and 88% of their total nominal value)

### Number of counterfeit banknotes per million authentic banknotes



- 200-hryvnia banknotes (18% and 8%, respectively).

The other counterfeit UAH 1, UAH 5, UAH 10, UAH 20, UAH 50, UAH 100, and UAH 1,000 banknotes that the NBU withdrew accounted for just 4% of all withdrawn banknotes.

This is owing to the fact that the hryvnia banknotes of the modern generation, in particular the banknotes of the 100-, 200-, 500- and 1,000-hryvnia denominations, which the NBU put into circulation in 2015–2020, have an improved design and a reinforced security system. They are comparable in design and security to the euro banknotes of the Europe series and the U.S. dollar banknotes of the New Generation series.

Among the counterfeit foreign currency banknotes withdrawn from circulation in 2024, US dollars and euros were the most common (93% and 7% of the total number of counterfeit foreign currency banknotes withdrawn).

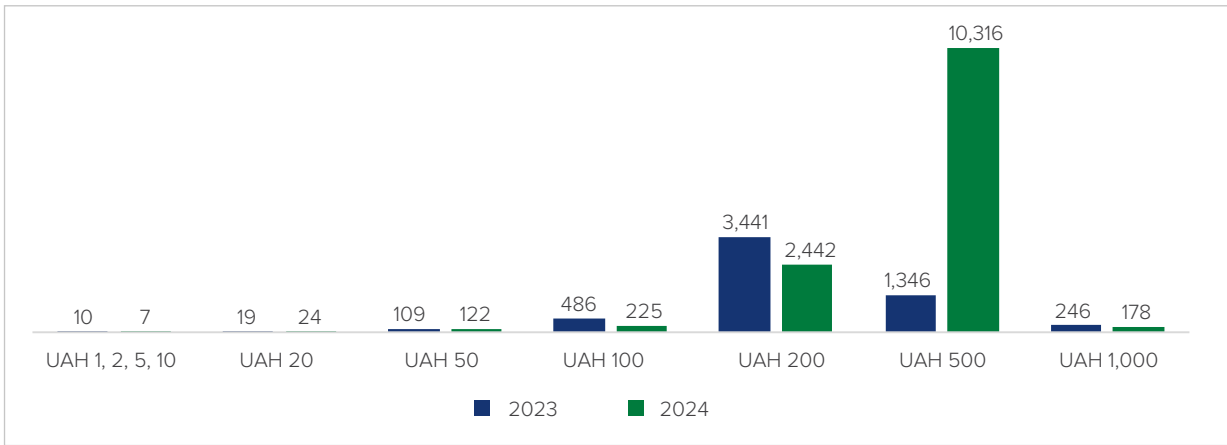
At the same time, counterfeit USD 50 and USD 100 notes accounted for 9% and 90%, respectively, of all of the withdrawn counterfeit U.S. dollars, while counterfeit EUR 50, EUR 100, and EUR 200 notes accounted for 21%, 25%, and 35%, respectively, of all of the withdrawn counterfeit euros.

As part of the activities of the Center of Competence for Countering Counterfeiting of Banknotes, the National Bank conducted 42 seminars and webinars in 2024 on the identification of the authenticity and validity of banknotes for nearly 6,000 cashiers from banks and non-bank financial institutions.

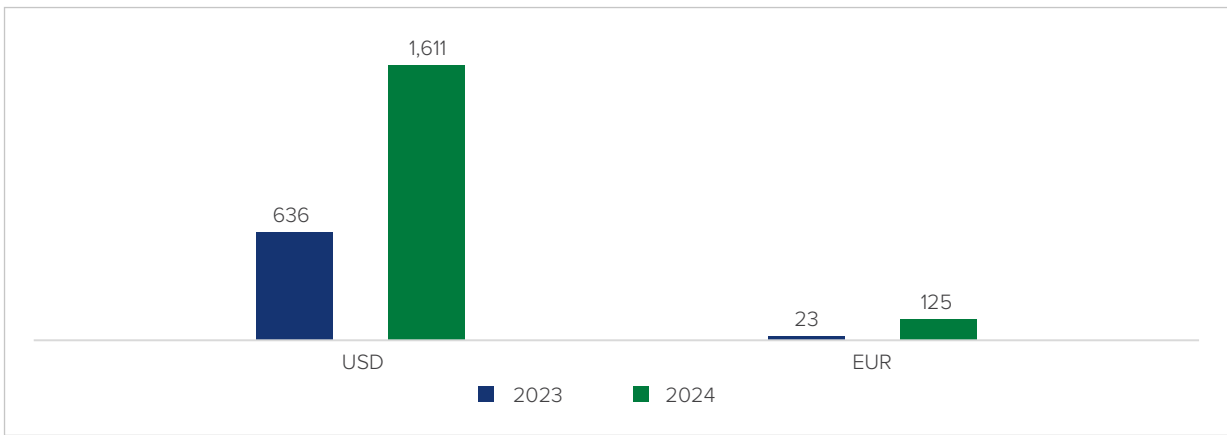
The NBU worked on a continuous basis with the Economic Security Bureau of Ukraine, the Strategic Investigations Department of the National Police of Ukraine, expert institutions of the Ministry of Internal Affairs of Ukraine and the Ministry of

Justice of Ukraine, the European Central Bank, and other central banks from around the world, on issues related to the withdrawing of counterfeit money.

### Number of withdrawn counterfeit hryvnia banknotes, by denomination



### Number of withdrawn counterfeit foreign currency banknotes



### Issue and Sales of Numismatic and Souvenir Products and Bullion Coins

The year 2024 was another year of work for the NBU in wartime conditions. While fulfilling its core tasks in the field of numismatics, the NBU actively used numismatics as an additional channel of communication.

In implementing its numismatic program, the NBU actively drew attention to important state and social issues, emphasized the need to preserve historical and cultural heritage, the importance of strengthening national identity, and encouraged interest in art and culture.

So in 2024, the NBU created numismatic products that reflected both the tragic events of the war in Ukraine and the faith and hope for a peaceful and bright future.

#### Year's Results

In 2024, the NBU made significant progress in the production and sale of numismatic products. The central bank managed to

- strengthen the trust of its consumers, improve product and service quality
- streamline production processes
- improve current operational and production processes.

The NBU also launched new projects and initiatives that have contributed to both the development of Ukrainian numismatics at home, and its popularization abroad.

In 2024, the NBU issued 37 types of numismatic products, with a total mintage/issue number of 1,494,952 units. During the reporting year,

compared to the previous year, the circulation of precious metal products increased by 86% and nickel silver coins by 30%, which was generally driven by demand in the domestic and foreign markets, and also increased the overall growth in numismatic products by 9%.

In 2024, the NBU's revenue from the sale of Ukrainian commemorative and bullion coins, souvenir and related products in the domestic and external markets amounted to UAH 595 million, with the total number of numismatic products sold totaling almost 1.7 million units.

### Numismatic products issued by the NBU in 2023–2024, units

Numismatic products	2023		2024		Increase, %
	mintage/ issue numbers	issue type, units	mintage/ issue numbers	issue type, units	mintage/ issue numbers
Commemorative coins					
Nickel silver coins	785,000	15	1,020,000	20	↑30%
Silver coins	35,000	7	65,000	10	↑86%
Souvenir products					
souvenir products (including commemorative banknote)	687,500	15	409,952	7	↓40%
<b>Total</b>	<b>1,507,500</b>	<b>37</b>	<b>1,494,952</b>	<b>37</b>	
Continuing issues from previous years					
Numismatic products made of precious and non-precious metals	48,500	5	194,496	13	-
<b>Total</b>	<b>1,556,000</b>	<b>42</b>	<b>1,689,448</b>	<b>50</b>	↑9%

## Memorable Events

In 2024, the NBU, with the participation of other government institutions, museums, and NGOs, organized a number of important numismatic events that made a significant mark on the social and cultural life of the country.

- Presentation of the commemorative entitled “The Country of Superheroes. We Thank Our Medical Workers!” NBU Governor Andriy Pyshnyy presented this commemorative coin at the Okhmatdyt National Children’s Hospital, the largest children’s hospital in Ukraine that was damaged in a Russian missile strike.

The coin celebrates the selfless work of Ukrainian healthcare professionals, who are constantly saving the lives and health of children and adults, both in the rear and on the front line.

- Presentation of the commemorative coin called “Barrier-Free Accessibility”. This coin raises the important topic of building a barrier-free society, where everyone has equal opportunities. NBU Governor Andriy Pyshnyy presented this coin at a meeting of the Barrier-Free Business community, in which Ukrainian First Lady Olena Zelenska also participated.

## Sales of commemorative and bullion coins, souvenir and related products in 2024

Domestic market		
Type of product	quantity, thousands of units	revenue, UAH millions
Commemorative coins:		
gold coins	6.42	165.97
silver coins	41.12	102.55
nickel silver coins	955.42	123.69
	<b>1,002.96</b>	<b>392.21</b>
Bullion coins:		
gold coins	4.65	60.59
silver coins	18.09	30.23
	<b>22.74</b>	<b>90.82</b>
Souvenir and related products:		
souvenir products	573.94	107.01
related products	54.48	2.56
	<b>628.42</b>	<b>109.57</b>
<b>Domestic market, total</b>	<b>1,654.12</b>	<b>592.60</b>
External market		
commemorative coins	1.06	0.62
bullion coins	0.6	1.81
souvenir and related products	0.06	0.002
<b>External market, total</b>	<b>1.72</b>	<b>2.43</b>



- The retrospective exhibition of works by the prominent Ukrainian artist Ivan Marchuk “The Cosmic Mystery of Life.” NBU Governor Andriy Pyshnyy presented a new commemorative coins entitled “Pliontanism” (Ivan Marchuk) at the Museum of Kyiv History. This coin celebrates a unique painting technique that was invented by artist Ivan Marchuk. The event was attended by the artist Ivan Marchuk. The exhibition featured 180 paintings by this contemporary genius.



Presentation of the commemorative coin “Pliontanism” (Ivan Marchuk)

- Presentation of commemorative coins “The Ornek. A Crimean Tatar Ornament.” NBU Deputy Governor Oleksii Shaban presented these commemorative coins, which celebrate a unique ornament that is an integral part of the national identity of the Crimean Tatars. The presentation was also attended by Esma Adzhieva, head of the Alem NGO, acting Minister of Culture and Information Policy of Ukraine Rostyslav Karandiev, and Head of Cooperation of the Embassy of Switzerland in Ukraine Andreas Huber.

- Presentation of the commemorative coin “The Digital State.” During the UAFIN.TECH 2024 conference, NBU Governor Andriy Pyshnyy presented a coin that celebrates Ukraine’s achievements in the field of digital technologies and innovations.

### Overview of Products Worthy of Note

- Apart from the above products, in 2024, the NBU continued to issue popular commemorative coin series and created new thematic areas dedicated to important events and personalities.
- The NBU launched a new theme “Ukrainian Bavovna,” which celebrates Ukrainian weapons and military equipment. In 2024, three commemorative coins were issued: “The Neptune,” “The Bucephalus BTR-4E” and “The Leleka-100.”
- The NBU issued commemorative coins that celebrate cultural and historical events and outstanding personalities of Ukraine: “Sergei Parajanov,” and “The Light of Goodness and Love (Olena Pchilka 1849 – 1930).”
- Through numismatic products, the NBU paid special attention to raising awareness – topics that are relevant today were reflected in commemorative coins, such as “A Drop of Life” (the importance of blood donation and saving lives), “Barrier-Free Accessibility” (a barrier-free society), and “The Digital State” (the largest digital project in modern Ukraine).
- The NBU also paid attention to national events and activities. Thus, in 2024,

the following commemorative coins were put into circulation: “Europe Day” (dedicated to the unity of Ukraine with Europe), “100 Years since the Establishment of Radio Ukraine” (dedicated to the centenary of the first Ukrainian radio broadcaster) and “Undisputed” (dedicated to the outstanding achievements of Ukrainian athletes, in particular the triumphant victory of boxer Oleksandr Usyk, who became the absolute world heavyweight champion in May 2024).

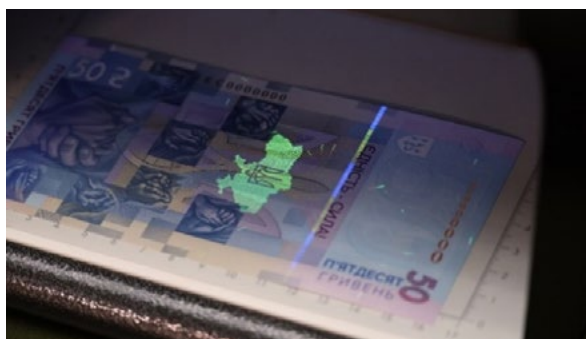
- The themes of love and the joy of parenthood were also present in this year’s numismatic program: commemorative coins “Parental Happiness” and “Love” emphasized the importance of universal feelings and values.
- An exclusive and updated design of the silver commemorative coin “Archangel Michael,” dedicated to one of the main archangels, was put into circulation. The Archangel Michael is one of the most revered biblical characters among believers. He leads “the heavenly army of angels,” and is the patron of soldiers who fight for just causes.

### Commemorative Banknote

On the occasion of the second anniversary of Russia's invasion of Ukraine, on 22 February 2024, the National Bank of Ukraine issued a commemorative banknote "Unity Saves the World," which emphasizes the importance of cohesion and cooperation of nations in modern conditions. This banknote celebrates the invincibility of the Ukrainian people in their struggle for freedom and European values, the consolidation of Ukrainian society to protect Ukraine's territorial integrity, and the unity of the democratic world in the face of Russian aggression.



Unity Saves the World (commemorative banknote)



Unity Saves the World (commemorative banknote)

### Rolls of Circulation Commemorative Coins

In 2024, the NBU continued to issue rolls of circulation commemorative coins dedicated to individual units, services, and troops of Ukraine's Armed Forces, and to all those who guard the life and defense of the country.

The NBU issued circulation commemorative coins that celebrate The State Special Transport Service, The Medical Branch of Ukraine's Armed Forces, The Communications and Cybersecurity Branch of Ukraine's Armed Forces, and The Logistics Branch of Ukraine's Armed Forces – this is not an exhaustive list of commemorative coins issued in 2024. Given the gradually growing demand for such products, the NBU plans to continue developing this theme in the coming periods.



Rolls of circulation commemorative coins

### Innovations and new solutions in coin design and manufacturing technologies

Among other tasks, the NBU will also actively work to introduce new forms and technological solutions to numismatic products, new techniques for their decoration, and to improve the quality of packaging materials and design. In 2024, the

NBU issued into circulation silver commemorative coins that differed from others in shape ("The Digital State" in the form of a square) or in their decoration techniques ("A Christmas Decoration," which was enameled and gilded), "Pliontanism (Ivan Marchuk)" and "Sergei Parajanov" (these coins were covered with patina).



"The Digital State" and "A Christmas Decoration" coins

The NBU's efforts to expand the range and improve the design of souvenir packaging, improve the quality and security of certificates for numismatic products, and their thematic design received positive feedback, which further emphasized the uniqueness and aesthetic value of coins.



## Creative Team

In 2024, the NBU continued to work together with the following talented and consistent artists and designers: the ArtTrium Group: (Volodymyr Taran, Oleksandr Kharuk and Serhii Kharuk), Maryna Kuts, Nataliia Fandikova, and Vladyslav Yarovyi. The NBU also actively engaged new authors and co-authors in the development of designs. These were Ivan Marchuk, Olha Dehtiarova, and Andrii Sahach. And this is just a small part of the ideas the central bank has implemented to deepen its cooperation with professional artists and new designers.

In total, three in-house designers of the Monetary Circulation Department, five specialists of the Design Development Division of the NBU Mint, and more than 10 freelance artists worked on the 2024 program sketches, their artistic completion, and creative implementation.

The NBU also understands that modern production is based not only on the knowledge of technology but also requires new creative decisions, innovation, sustainable development, and customer focus. Therefore, the NBU plans to continue to provide training for, and raise the skills of, specialists that produce and design numismatic products, as well as project managers involved in the creation of numismatic products that meet modern consumer requirements.

## “Banknotes and Coins of Ukraine” annual catalogue

To systematize the NBU’s numismatic products and make them easy to research, the NBU continues to publish a bilingual annual electronic catalog “Banknotes and Coins of Ukraine”. This electronic catalog contains descriptions and

images of all commemorative coins, souvenir products, bullion coins, hryvnia banknotes, circulation coins, circulation commemorative coins, and low-denomination coins issued by the NBU during the year.

In the year under review, the NBU issued a catalog containing information on 2023 coins. Its updated version with 2024 numismatic products will be released in 2025.

## International Activities and Achievements of the NBU

The NBU understands that participation in international competitions and exhibitions is an important milestone for the development of the NBU’s numismatics. Exhibition activities help boost the country’s international image, popularize the NBU’s numismatic products, and expand international cooperation, provide an opportunity to study current trends and technologies, and enables professional participants in the numismatic market to exchange experience.

In 2024, the NBU resumed its participation in the annual International Numismatic Exhibition World Money Fair, which took place on 2 through 4 February this year in Berlin. At the exhibitions, the NBU presented more than 20 commemorative coins and medals made in 2020–2023. The exhibition was attended by more than 13,500 people from more than 50 countries, which made it possible to once again draw attention to Ukraine, present the NBU’s numismatic products, and establish new contacts with numismatic market participants.



The NBU’s exhibits clearly demonstrated both the high technological level and the original design of Ukrainian numismatic products, as well as the uniqueness of Ukraine’s cultural traditions and values. The exhibits were highly appreciated by visitors, including those from Central and Eastern Asia, Europe, the United States, and Canada.

The NBU participated in the prestigious international coin competition The Coin of the Year (COTY), which is held annually by the influential numismatic publication World Coin News, winning in the Best Contemporary Event Coin category. According to the vote by a jury comprised of over 100 experts from all over the world, the Ukrainian silver commemorative coin “The Courage to Be. UA” was ranked among the top ten coins in the world. What is more, the coin “The Country of Superheroes. We Thank Our Energy Workers” won in the Most Artistic Coin category, being ranked among the 100 best coins worldwide.

2024 was a year of new challenges and achievements for the NBU’s numismatic program. The NBU is confident that in the future its coins



will not only be a valuable asset for collectors, but will also become an additional symbol of Ukrainians' unbreakable strength and unity, and a symbol of a strong and distinctive state – Ukraine.

In 2025, the NBU will continue to work on new projects and initiatives that will promote the development of numismatics in Ukraine, as well as deepen international cooperation, strengthen Ukraine's position in international competitions and exhibitions, expand the range of numismatic products in accordance with international standards, expand its awareness campaigns, and introduce innovations and new technologies.

## Regulation of Payment Market

In 2024, the NBU took a number of measures to regulate the payment market, including the following:

1. Revision of the registration procedure for domestic and international payment systems, payment system participants, payment service technology operators and commercial agents of financial payment service providers (hereinafter referred to as “payment market participants” or “applicants”).

The revision was intended to bring the registration procedure in line with Law of Ukraine *On Administrative Procedures* (the effect of which has extended to the NBU since 1 January 2025).

Specifically:

1) establishing the NBU's mandate:

- to leave the applications submitted by payment market participants for registration and amendments to the Payment Infrastructure Register (hereinafter referred to as the “Register”) without processing if:
  - the application is not completed in the required format
  - the set of documents submitted is incomplete
  - the application/documents were drafted in violation of the law
- to refuse registration, particularly in the event that the applicant fails to rectify the identified deficiencies that led to the application being left without processing within the established timeframe (previously, the regulator returned such documents without review);

to suspend administrative proceedings (the procedure for reviewing the documents) both at the initiative of the NBU and at the request of the applicant:

- in the event of circumstances arising that impede the resolution of the case (providing comments, requesting additional documents/information required for making a decision, etc.)
- in cases set out in Article 64 part two subparagraphs 1–4 of the Law of Ukraine *On Administrative Procedures* (illness or being in regular military service / on a long-term business trip of a participant in administrative proceedings, etc.)

2) establishing the applicant's right to file a request to the NBU on:

- extension of the deadline for rectifying deficiencies due to the application being left without processing
- extending the timeframe for considering documents
- suspending/renewing the consideration of documents

3) stipulating that the NBU notify the applicant about:

- the method and deadline for rectifying deficiencies
- the deadline for appealing the decision to leave the application without processing
- the suspension and resumption of the review of the application and documents
- recording/removing information to/from the Register (notification is delivered within three business days instead of five), etc.

Respective amendments were made to the Regulation On Registering Payment Systems, Payment System Participants, and Operators of Payment Infrastructure Services, approved by NBU Board Resolution No. 208 of 26 September 2022 (as amended), and the Regulation On Engaging Commercial Agents for Providing Financial Payment Services approved by NBU Board Resolution No. 168 of 2 August 2022 (as amended).

2. Revised the procedure for opening and closing user accounts by payment service providers servicing accounts:

1) granted the right to:

- nonbank payment service providers:

- to apply the procedure for opening new accounts and closing previously opened user accounts (account changes)
- to open payment accounts for other non-bank payment service providers and financial institutions authorized to provide payment services solely for the purpose of executing payment transactions using their own funds
- users (user representatives, account managers) are permitted to use a qualified electronic signature, a digital handwritten signature, an advanced electronic signature with a qualified certificate, as well as other electronic signatures when signing electronic documents, provided that the use of such other electronic signature has been previously agreed upon in the contract between the user and the payment service provider

2) simplified the requirements for managing an account of an individual, sole proprietor, and self-employed individual by removing the requirement for the use of a specimen of their handwritten signature / the handwritten signature of their authorized representative / other authorized person, as specified in the agreement / power of attorney / other document, when carrying out transactions on these users' accounts.

3) established requirements for indicating the digital handwritten signature of individuals authorized to manage a user's account (excluding natural persons, individual entrepreneurs, and natural persons engaged in independent professional activities) in the list of individuals authorized to manage the user's account and sign payment instructions when such individuals manage the user's account using remote communication tools.

3. Regulated the procedure for transferring funds that belong to a sanctioned person as set out in Article 4 part one paragraph 11 of the Law of Ukraine *On Sanctions*, whereby assets belonging to an individual or a legal person are seized as government revenues, as well as assets with regard to which the said individual or legal person may directly or indirectly (via other individuals or legal entities) take actions essentially similar to exercising the right to dispose of such assets.

4. The requirements of the regulation governing the procedure for conducting guarantee operations in national and foreign currencies have been extended to financial companies authorized to issue guarantees in accordance with amendments to the Law of Ukraine *On Financial Services and Financial Companies*, and the provisions of the regulation have also been updated in accordance with legal requirements.

5. The form and terms of the bank guarantee used during the sale of large-scale privatization objects were clarified at the request of the State Property Fund of Ukraine, as well as in connection with changes in the legislation of Ukraine.

6. To provide for election process:

1) The list of information for which a bank must obtain permission from the relevant candidate (candidate's representative) / representative of a political party (party organization), public organization, initiative group to provide to the Central Election Commission / regional or territorial representation of the Central Election Commission / territorial election commission / National Agency on Corruption Prevention information stipulated by the Electoral Code of Ukraine and the Law of Ukraine On All-Ukrainian Referendums has been clarified.

2) determined together with the Central Election Commission the procedure for monitoring the use of election funds in Ukrainian presidential elections.

## Development of Monetary and Payment Infrastructure

As of 1 January 2025, 63 payment service providers serviced their users' accounts, including 61 banks and two nonbank payment service providers.

As of 1 January 2025, the total number of users who opened accounts with them was almost 84 million (2% more than on 1 January 2024).

Thus, the number of customers serviced by the banks amounted to almost 83.2 million people, of whom:

- 79.8 million were individuals
- 2.4 million were sole proprietors
- almost 1 million were legal persons.

The number of users serviced by nonbank payment service providers amounted to 506,000 people, of whom:

- 476,000 were individuals
- 30,000 were sole proprietors
- 123 were legal persons.

As of 1 January 2025, the total number of accounts opened to payment service users increased by 4% yoy and stood at almost million (185.1 million as of 1 January 2024).



The number of bank accounts was 192.2 million, of which:

- almost 185.2 million were individual accounts
- 4.6 million were sole proprietor accounts
- 2.4 million were corporate accounts.

The number of accounts with nonbank payment service providers amounted to 532,000, of which:

- 502,000 were individual accounts
- 30,000 were sole proprietor accounts
- 127 were corporate accounts.

The ratio of accounts of individuals to the number of such users shows that each individual has two accounts on average.

In addition, the number of users serviced remotely continues to grow. As of 1 January 2025, more than two-thirds of all users with accounts were serviced remotely: 89.85% are business entities and 82.87% are individuals (as of 1 January 2024, 89.2% were business entities and 79.5% were individuals).

**Development of the Payment Card Market in Ukraine**

In 2024, Ukraine had seven card payment systems, in particular:

- four payment systems established by nonresidents, including MasterCard, VISA, American Express,
- and one national payment system established by the NBU (the PROSTIR National Payment System).

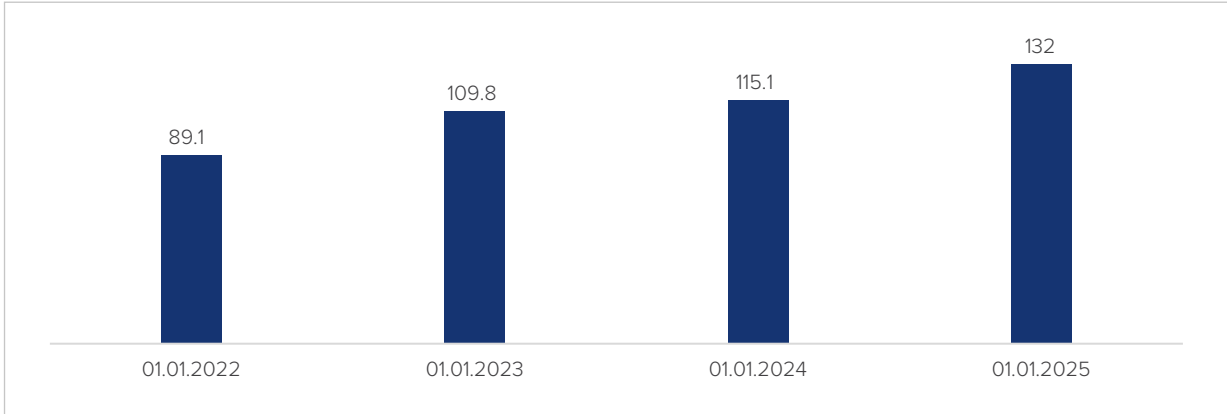
The total number of direct payment system participants that were operating in Ukraine in 2024 were 59 financial institutions (57 banks, postal operator Ukrposhta JSC and nonbank financial institution NovaPay LTC), as well as 28 indirect participants (26 nonbank financial institutions and two banks (through 18 direct participants).

**Issue and Types of Payment Cards**

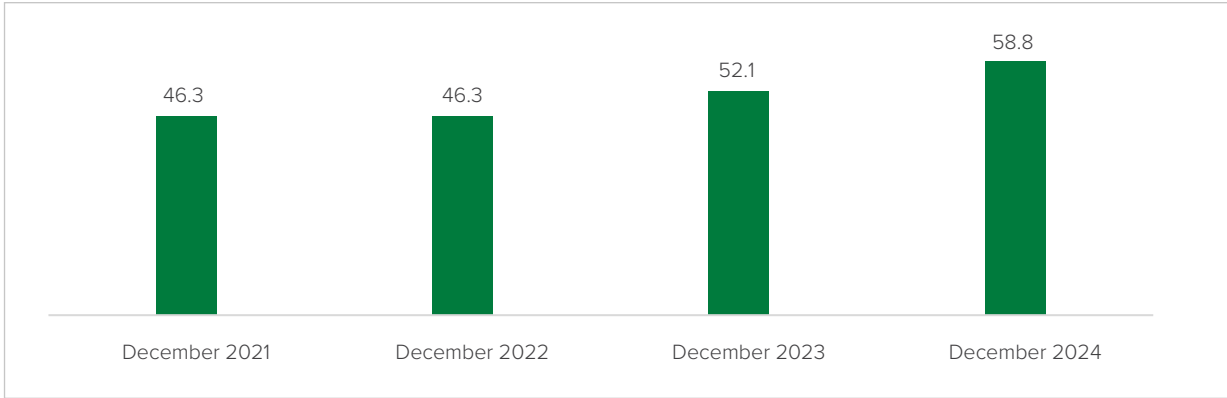
The number of payment cards issued by Ukrainian banks as of 1 January 2025 was 132 million. This is a 14.7% increase since 1 January 2024.

The number of cards used for debit transactions was 58.8 million (44.5% of issued payment cards) in December 2024.

**Total number of issued payment cards, millions**



**Active payment cards, millions**



In 2024, the number of active contactless cards increased. In December 2024, the number of such cards increased by 14.4% to 35 million payment cards, up from 30.6 million yoy. In general, more than half of the payment cards (59.5%) used in December 2024 for debit transactions were contactless cards. The number of tokenized payment cards also increased in 2024. In December 2024, the number of such cards increased by 33.1% yoy (to 16.5 million cards, up from 12.4 million).

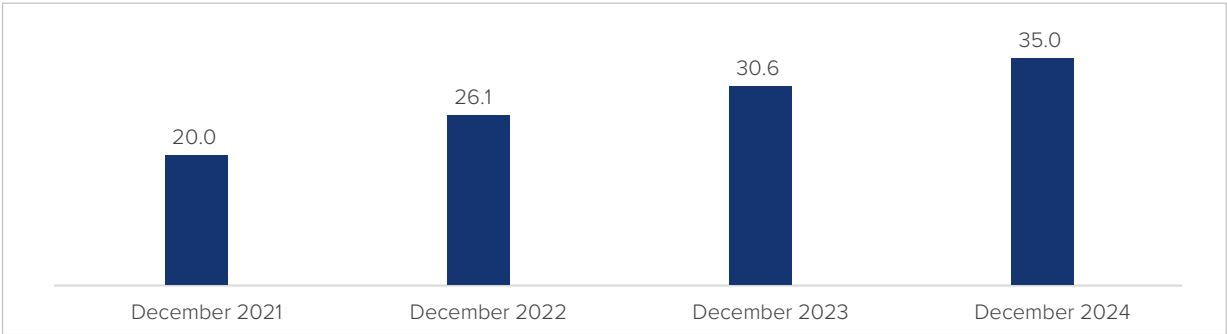
As of 1 January 2025, most payment cards were issued within the MasterCard international payment system (67.9 million, or 51.5%). CB PrivatBank JSC was the top card issuing bank (42.9% of all issued cards).

Payment Infrastructures

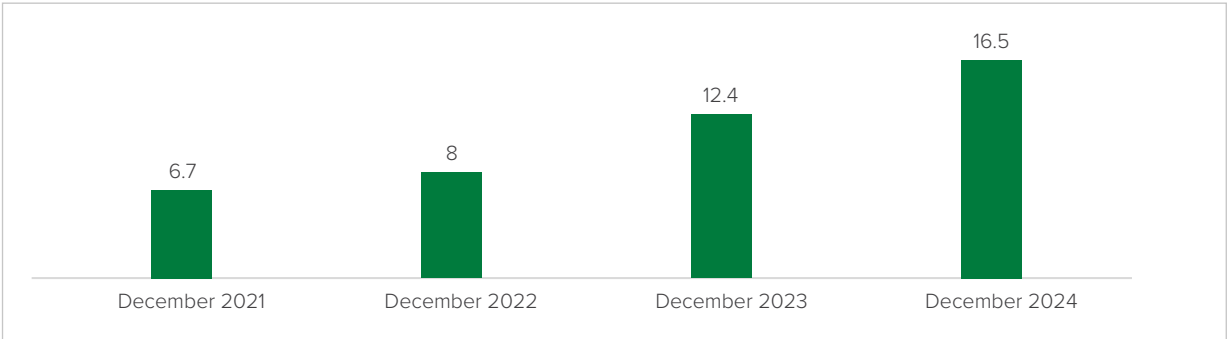
The number of payment terminals in the retail and service network increased by 10.5% compared to 2023, reaching 496,600 units. Of these, 484,000 (97.5%) were contactless terminals. The number of payment devices belonging to banks and non-bank financial institutions (ATMs, self-service terminals, and payment terminals) rose by 13.1% to 55,300 units.

The majority of retail POS-terminals were operated by CB PrivatBank JSC (63.6% of all POS-terminals in retail and service networks).

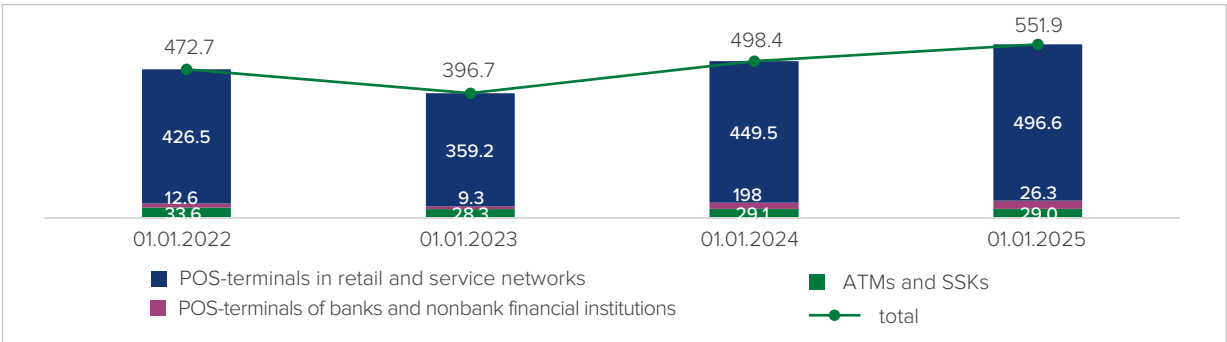
Contactless payment cards, millions



Tokenized payment cards, millions



Payment infrastructure, thousands



Payment Card Transactions

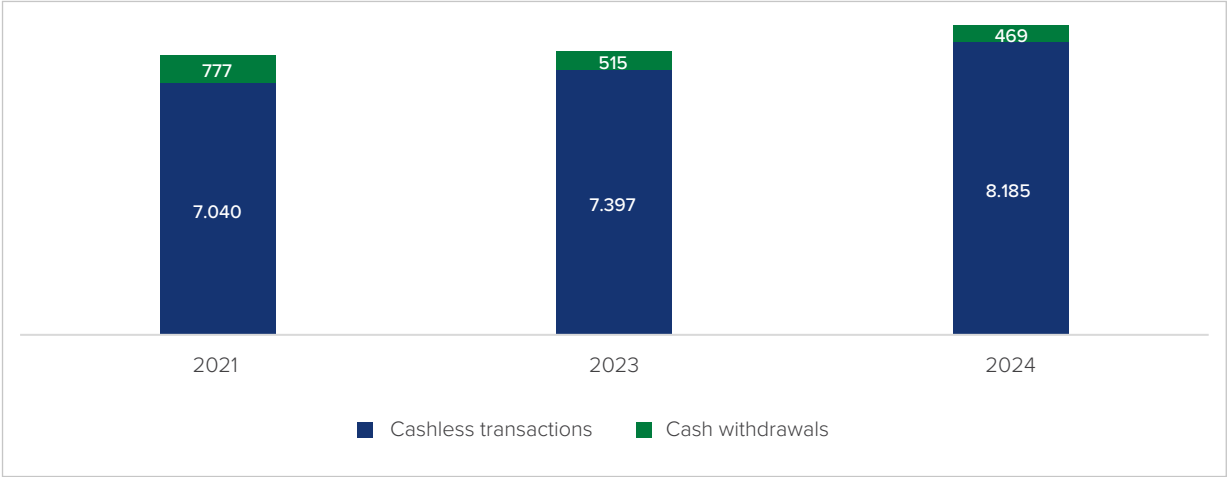
The number of transactions using cards issued by Ukrainian issuers (banks and nonbank financial institutions) in 2024 was 8,654.5 million. The total amount of such transactions was UAH 6,577.4 billion.

Outside of Ukraine, the volume of transactions using payment cards issued by Ukrainian issuers in 2024 accounted for 8.2% of the total number of payment card transactions, and 9.9% of their total value. At the same time, the volume of transactions with payment cards issued by non-resident banks within Ukraine was insignificant, accounting for 0.8% of the total number and 1.0% of the total value of all such transactions.

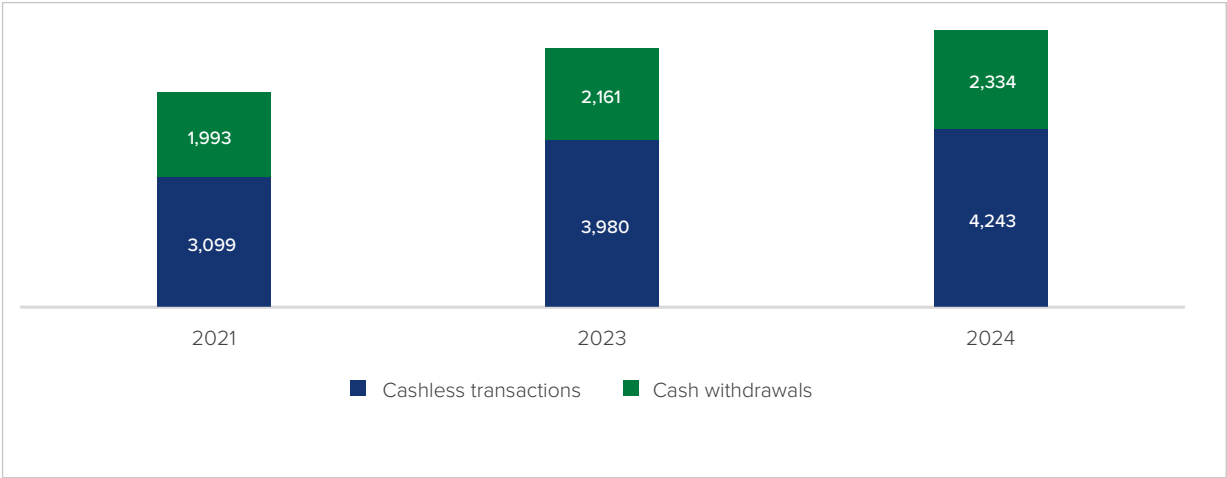
In 2024, the number of cashless transactions using payment cards, both within Ukraine and abroad, reached 8,184 billion (94.6% of the total number), with a total value of UAH 4,243 trillion (64.5% of the total value of all payment card transactions).

In 2024, payment card withdrawals accounted for 469.6 million (5.4% of total number) in number and UAH 2,334 trillion (35.5% of total payment card transactions) in value.

Number of cash withdrawals and noncash transactions with payment cards, million transactions<sup>43</sup>



Value of cash withdrawals and noncash transactions with payment cards, UAH billions



<sup>43</sup> The year 2022 was not used for comparison because there was no data available for the full year. (The submission of statistical reports on payment card transactions for February–April 2022 was suspended in accordance with the Rules for the Organization of Statistical Reporting Submitted to the NBU under Special Period Conditions, approved by NBU Board Resolution No. 140, dated 18 December 2018, as amended).

Over 70% of the cashless payment card transactions were conducted in retail networks, accounting for 46.8% of the total value of cashless transactions. Correspondingly, 95.7% of the number and 94.7% of the value of these transactions were carried out using contactless payment technology and NFC technology.

Transfers from card to card accounted for one-third (31.1%) of the total value of cashless payment card transactions, while their number constituted 8.2% of the total.

### Fund Transfer Systems in Ukraine

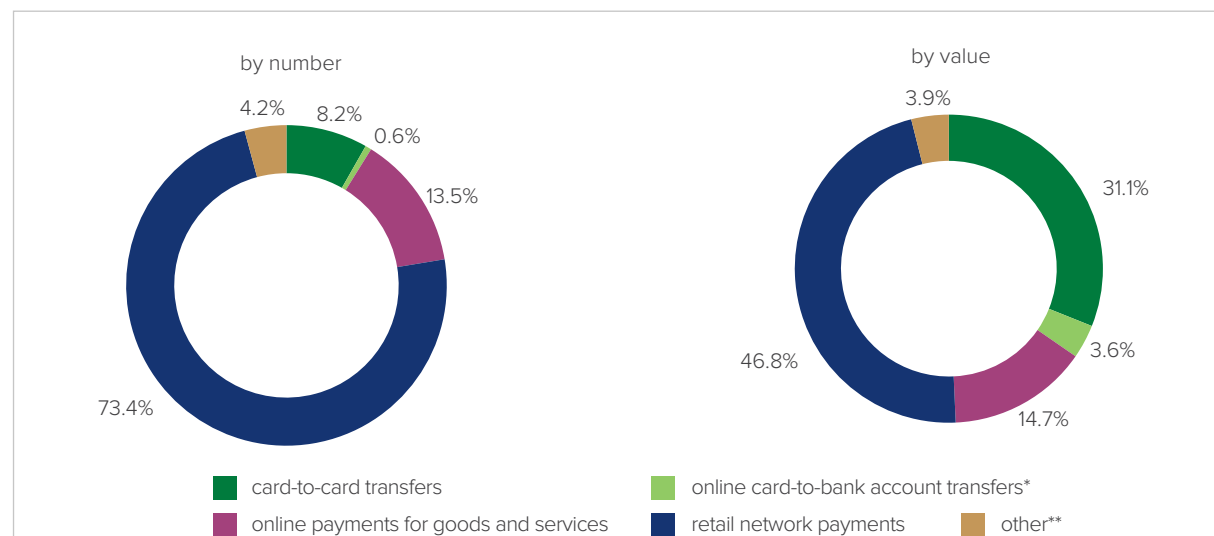
In 2024, 24 payment systems provided fund transfer services in Ukraine, including 15 systems established by residents, and nine by nonresidents.

In 2024, fund transfer systems established by both residents and nonresidents transferred:

- UAH 1.3 trillion or USD 33.2 billion (in the equivalent) in domestic transfers
- USD 2.5 billion to Ukraine (in the equivalent).

Note that in line with NBU Board Resolution No. 18 *On the Operation of the Banking System Under Martial Law*, dated 24 February 2022, authorized institutions are subject to restrictions on transferring funds from Ukraine.

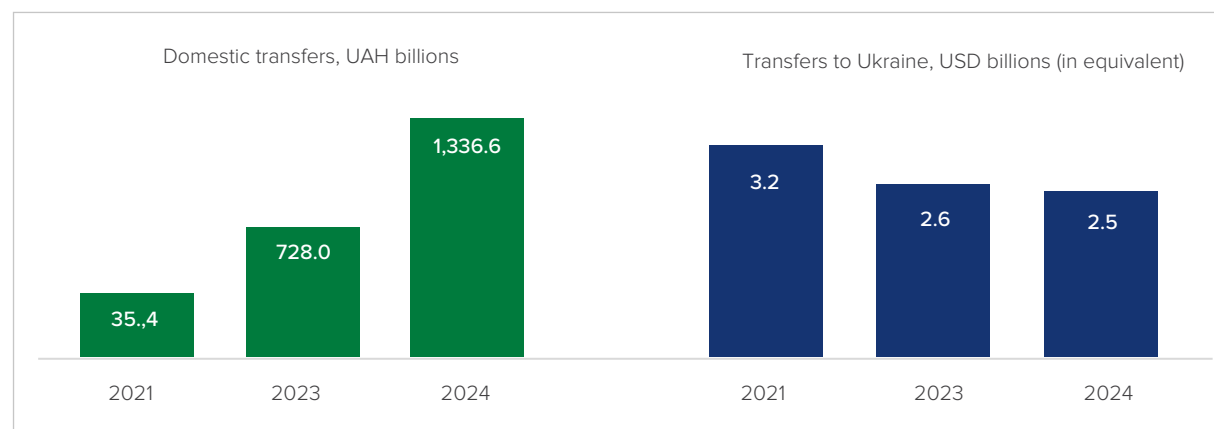
### The structure of cashless transactions with payment cards in 2024



\* Payment card payment transactions to bank account (loan repayment, deposit replenishment etc.)

\*\* Transactions via self-service devices and transactions "into Internet"

### Amounts of transfers through "money transfer" payment systems<sup>44</sup>



<sup>44</sup> The year 2022 was not used for comparison because there was no data available for the full year. (The submission of statistical reports on payment card transactions for February–April 2022 was suspended in accordance with the Rules for the Organization of Statistical Reporting Submitted to the NBU under Special Period Conditions, approved by NBU Board Resolution No. 140, dated 18 December 2018, as amended).

**Operation of Fund Transfer Systems Established by Residents**

Throughout 2024, five systems established by banks and ten systems established by non-bank institutions provided payment transaction services.

Using payment systems established by resident banks and non-banks, the following amounts were transferred in 2024:

- UAH 1.3 trillion or USD 33.2 billion (in the equivalent) in domestic transfers
- to Ukraine – the equivalent of USD 421.1 million.

In 2024, PrivatMoney was the top payment system in domestic transfers (57.0% of total domestic transfers).

**Operation of Payment Systems Established by Nonresidents**

Throughout 2024, nine non-resident-established money transfer payment systems provided money transfer services within Ukraine (including four systems from the United States, three from the UK, and one each from Georgia and Canada).

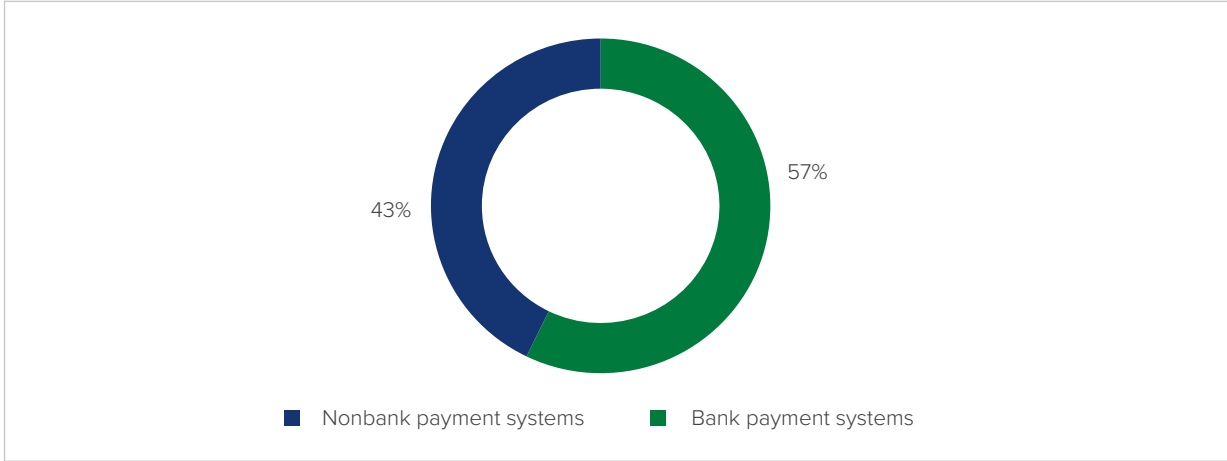
In 2024, the systems established by nonresidents transferred:

- within Ukraine – UAH 17.2 million, or the equivalent of USD 0.4 million
- USD 2.1 billion to Ukraine (in the equivalent).

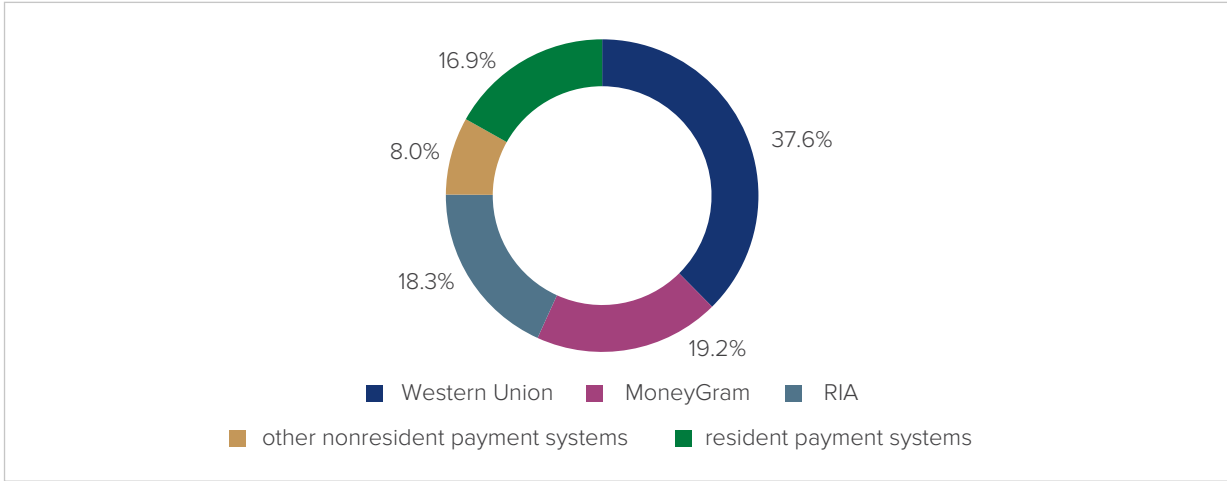
In 2024, Western Union was the top transfer system by transfer value to Ukraine (37.6% of cross-border transfers to Ukraine).

In 2024, the largest transfers to Ukraine came from the United States (19%), Israel (17%), and Germany (11%).

**Breakdown of cross-border transfers to Ukraine via funds transfer systems (by payment systems and value)**



**Breakdown of transfers made through payment systems within Ukraine in 2024 (by value)**





### NBU System of Electronic Payments

Even in the third year of full-scale war, the NBU System of Electronic Payments (SEP) continued to operate reliably and develop efficiently, meeting the needs of the Ukrainian financial system and its customers for payments in the national currency.

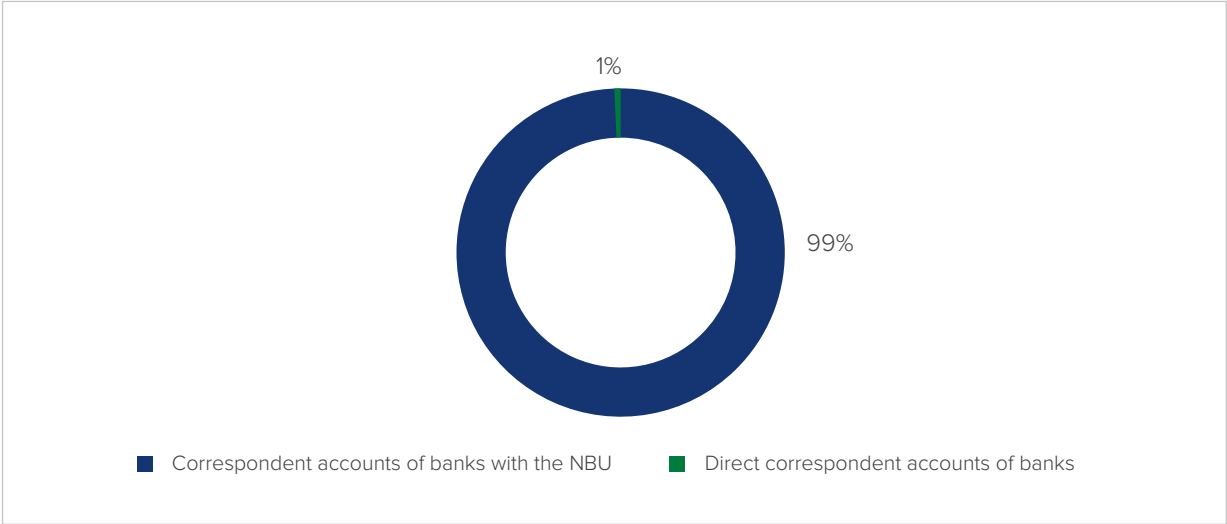
The SEP is the only national 24/7 RTGS-class state payment system that is systemically important and operates in a 24 hours / 7 days a week regime. In the reporting year, this state-owned banking payment system handled 99% of interbank hryvnia payments within Ukraine.

As of January 1, 2025, the participants in the SEP were 62 Ukrainian banks and their branches, the State Treasury Service of Ukraine, and the NBU.

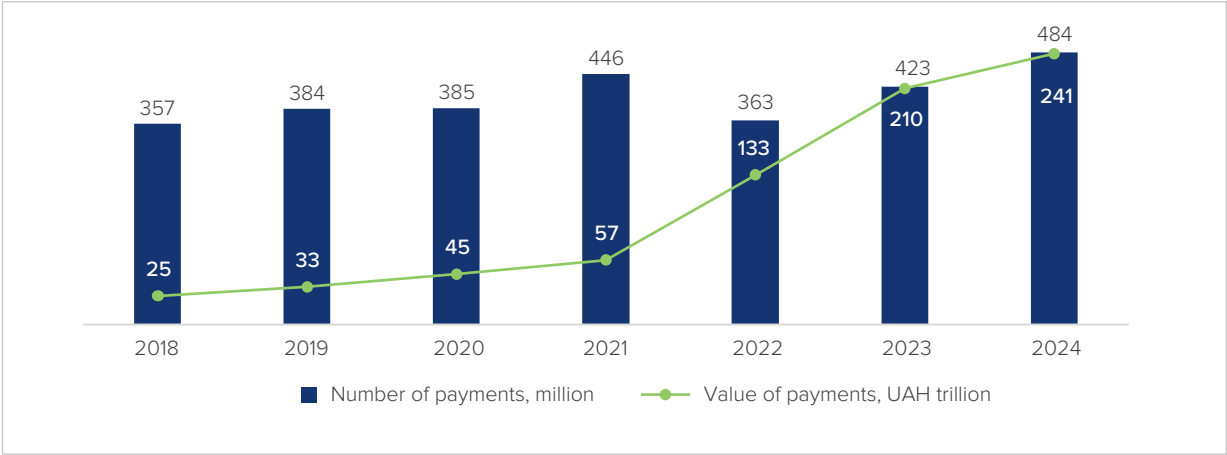
In 2024 about 484 million payments worth a total of over UAH 241 trillion were processed through the SEP (including 19 million payments of UAH 56.5 billion under state programs)

This is a 14% increase in number and in value from 2023, when 423 million payments totaling more than UAH 210 trillion were made.

### Interbank hryvnia payments through the banks’ direct correspondent accounts and through the SEP



### SEP payments value



During the year, there was an upward trend in the number of payments processed by the system.

There was also an upward trend in customer demand for using the SEP on weekends during 2024. At the beginning of 2024 the average number of payments on Saturdays and Sundays was about 600,000, while in December it was more than 900,000.

It is important to note that 49% of the payments in the SEP are payments made between accounts of bank customers (UAH 236 million of payments).

On an average in 2024, SEP processed daily approximately 1.32 million payments worth a total of nearly UAH 658 billion. At the same time, the system is capable of processing almost 10 times the current level of payments per day.

In 2024 the average daily balance on SEP participants' accounts totaled UAH 265 billion.

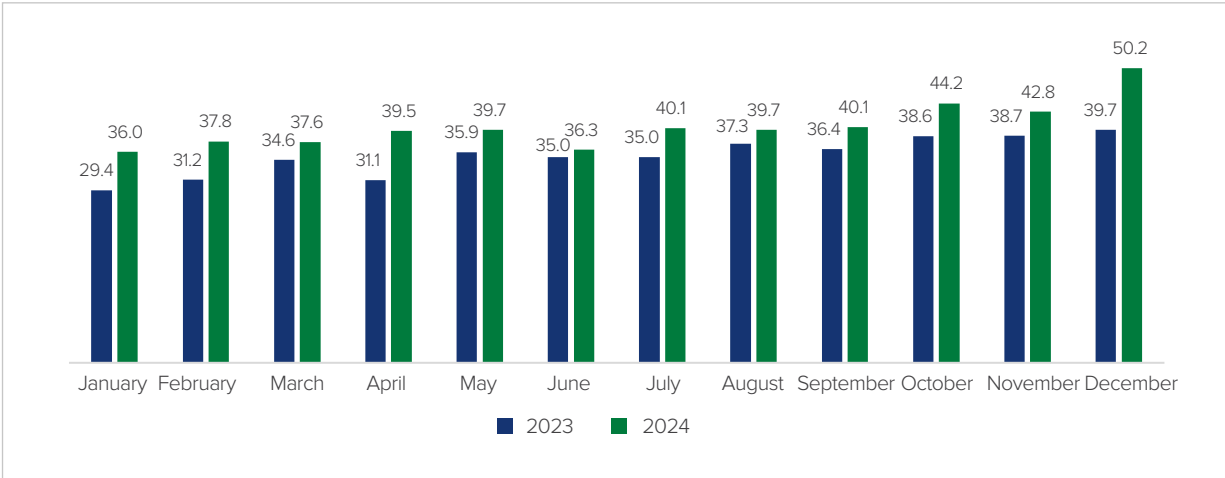
As is usual, the vast majority of payments sent to the system last year were from Ukrainian banks and their branches – 96% of their total number.

The structure of payments in the SEP in 2024 shows that:

- in terms of number, small payments were processed most often:
  - under UAH 1,000 – 40%
  - UAH 1,000 – UAH 100,000 – 55%
- over UAH 100,000 – 5%

- in terms of amount, most payments were large:
  - under UAH 1,000 – less than 1%
  - UAH 1,000 – UAH 100,000 – 1.4%
  - over UAH 100,000 – 98.5%.

**Number of payments through the SEP, millions**



## SEP Development and Instant Transfers Implementation

The reporting year was an important milestone for the further development of the SEP in Ukraine.

### New Version of SEP

As of 1 December 2024, the latest version of the System of Electronic Payments of the National Bank of Ukraine – SEP 4.1, which provides for instant transfers (hereinafter referred to as “SEP instant transfers”) was launched in Ukraine. These payment transactions are provided for by the Law of Ukraine *On Payment Services*, which came into effect on 8 November 2024.

All SEP participants have transitioned to the new version. The upgraded SEP continues to perform effectively seven days a week. The transition to the new version of the software was successful, and now the instant transfer option of the SEP is available to all those connected to the system: banks, nonbank payment service providers, and the State Treasury Service of Ukraine.

Thanks to the introduction of the new version, SEP-4.1 with instant transfers functionality, the system has become more functional and productive, ensuring uninterrupted payments and the option to deliver instant transfers. This step strengthens the high level of reliability and stability of the country's payment infrastructure and supports the innovative development of the financial sector, which will contribute to economic growth and the financial stability of Ukraine.

As of December 31, 2024, there were 15 direct participants in the SEP instant transfers system, including, in particular, the National Bank,

JSC “Oschadbank” (with 24 branches), JSC CB “PrivatBank” (with eight branches), JSC “UKRSIBBANK,” and JSC “Ukreximbank.” During the first month of operation, 11,487 instant transfers were successfully completed for a total amount of UAH 124.8 million.

Moreover, as part of the SEP's development, the NBU has implemented modern versions of the technical and system software that forms the basis for the functioning of the system, in particular, the DataPower API Gateway, and updated versions of server operating systems and the Oracle database management system.

### SEP Instant Transfers

Thanks to the SEP update, the system now allows for instant SEP transfers.

SEP instant transfer is an interbank payment transaction executed through SEP, initiated by an individual or legal person, that allows for the instant crediting of funds to the recipient's account (within 10 seconds).

The advantages of SEP instant transfers include:

- for individuals:
  - fast crediting of funds to the payee in real time, which is particularly important when making payments for goods and services
  - convenient initiation of payments (through the payment apps of payment service providers) and transfer of payment details between users (using QR codes or Deeplink)
- for business:
  - reducing operating costs and effectively managing their own liquidity

- improved service for customers due to the 24/7 availability of SEP payments
- for the Ukrainian economy in general:
  - boosting the digitalization of financial services and the development of cashless payments
  - strengthening competition between payment systems and services, which will boost transparency and reduce transactional costs
  - potential for future integration with international instant transfer systems, including those of the EU.

SEP instant transfers will have a positive impact on financial inclusion and the development of the Cashless Economy, as said transfers will foster:

- competition in the payment services market and, as a result, increased transparency and reduced costs of payment transactions
- the development of new innovative services and products
- further integration with the Single Euro Payments Area (SEPA).

The government has also initiated free payments to the population via the SEP under the National Cashback, Zymova e-Pidtrymka, and e-Knyha government social support programs. The NBU continues to work on further innovative development of the SEP, including the implementation of the next versions of the SEP, which may, among other things, come equipped with a tracking service for payments, multicurrency functions, a payment transaction risk assessment service, and more.

## Instant Transfers

In November 2024, amendments to the Law of Ukraine *On Payment Services* came into effect, defining the general principles for performing instant credit transfers. They implement in Ukraine the requirements of Regulation (EU) 2024/886 of the European Parliament and of the Council [amending Regulation (EU) No. 260/2012 of the European Parliament and of the Council, Regulation (EU) 2021/1230 of the European Parliament and of the Council, Directive 98/26/EC and Directive (EU) 2015/2366 with regard to establishing specific requirements for instant credit transfers in euros, in addition to the general requirements applicable to all credit transfers, which is an important step towards the integration of Ukraine into the EU payment area].

In view of the changes above, an instant credit transfer is a credit transfer that is executed immediately after the time of receipt of the payment order during any 24-hour period of any calendar day. Thus, already in August 2025, payment service providers that offer users the service of executing a credit transfer are to ensure that users are also provided with the service of executing an instant credit transfer using the same means of remote communication and at a cost that should not exceed the total amount of all commission fees and other charges that the payer or recipient has to pay when executing a credit transfer.

The NBU expects instant credit transfers to become the basis for the further transformation of the financial market of Ukraine, including the ability to make payment transactions cheaper, and providing an alternative method of accepting payment for goods and services to card payments through instantly transferring funds from the

payer's account to the recipient's account, and instantly informing the payer and recipient about the results of the payment transaction. In this case, the funds will be delivered to a recipient instantly (in up to 10 seconds) and will be available for use.

With the aim of promoting instant credit transfers in the payment market of Ukraine and realizing the economic benefits of their use, the NBU held a series of consultations with participants in the payment market of Ukraine and discussed a list of measures, the implementation of which will contribute to the wider adoption of instant credit transfers in the payment market of Ukraine.

It is of importance to create a uniform user experience:

- instant credit transfers should have the same name across all payment applications of payment service providers, and the location of the QR code scanner should be on the main screen of the payment application
- it is necessary to ensure convenient exchanges of details. To this end, the NBU is currently working on updating the Rules for Generating and Using QR-Codes for Credit Transfers, approved by NBU Board Resolution No. 68, dated 28 May 2020 (as amended). The new rules will cover the formation, transmission and processing of the data structure and graphic image of the QR-code for the exchange of credit and instant credit transfer details. In particular, it will include requirements for its branding, which will allow users to distinguish such a QR-code for making credit and instant credit transfers from other QR-codes. The new rules will describe the features of payment applications to ensure the convenient transfer of recipient details.



## Ukraine's Joining the Single Euro Payments Area (SEPA)

In light of Ukraine's EU Candidate Status, joining the Single Euro Payments Area (SEPA) is the NBU's key priority.

The NBU has been actively working to implement the first stage of Ukraine's accession to SEPA — validating the Ukraine's eligibility as a jurisdiction/territory for SEPA membership.

In 2024, the NBU closely coordinated with the European Commission's Directorate General for Financial Stability, Financial Services and Capital Markets Union (DG FISMA).

As a result of informal assessment of the compliance of national legislation with EU directives and regulations on combating the legalization (laundering) of income, payments and banking activities, proposals for necessary changes to Ukrainian legislation were received. Colleagues from DG FISMA stated that progress has been made in implementing the provisions necessary to meet the criteria for the SEPA accession.

In August 2024, the NBU initiated an interagency meeting with representatives from the Ministry of Finance, the Ministry of Economy, the State Financial Monitoring Service, and the National Securities and Stock Market Commission to discuss the amendments to the legislation of Ukraine in order to ensure its compliance with the criteria for joining SEPA.

As a result of this meeting, the participants reached an agreement to develop a single draft

law to make the necessary legislative changes. An interagency working group was also created to increase the level of coordination between the government agencies involved.

The NBU plans to submit an application for accession to SEPA after making the necessary legislative changes (approximately in the second half of 2025).

In parallel, together with the financial community the NBU is developing the necessary steps for technological integration into SEPA.

The NBU has a clear understanding of the necessary changes to our payment infrastructure and the roles of the NBU, financial institutions and their associations in this process.

However, it is the first stage (confirming Ukraine's compliance with the SEPA membership criteria as a jurisdiction/territory) that is currently key and is underway.

## Digital Financial Services as Part of digital state: NBU BankID System

Throughout 2024, the NBU BankID System operated smoothly and continued to provide the public with access to a wide range of remote services in Ukraine.

The growth in the number of successful identifications was facilitated by the expansion of the list of remote services in the public sector and the revival of activity in the financial market.

Specifically, 21 new subscribers — service providers — were connected to the NBU BankID System, of which 18 were commercial institutions, three were non-profit organizations (NPOs), and one was a new subscriber-identifier, Piraeus Bank ICB JSC.

At the beginning of 2025, the NBU BankID System had 39 subscriber-identifiers and 110 subscriber service providers (96 commercial institutions and 14 non-commercial ones).

In 2024, the demand for the system's services doubled: The total number of successful identifications by means of the NBU BankID System was 87.7 million, which was 104%, or 44.8 million electronic identifications, higher than in 2023.

In particular, the number of successful electronic identifications of commercial subscribers over 2024 year increased by more than one-third (up 36% or by 1.6 million) to 5.8 million.

Among commercial services, financial services remained most popular with users (over 5.1 million identifications in 2024, a 26% or 1.1 million increase from a year earlier).

The number of successful electronic identifications of non-commercial subscribers redoubled in 2024 (up 43.2 million identifications) to 81.8 million.

An important decision in 2024 was to integrate the NBU BankID System with the state-owned Reserve+ app. The NBU BankID System has become the only authentication method that remotely updates data on persons liable for military service. This made it possible to provide millions of Ukrainians with timely updating of their



account data in accordance with the requirements of the Law of Ukraine *On Mobilization Preparation and Mobilization*. Overall, such an integration solution contributed to significant savings of state resources that go toward the collection and processing of respective data. Since the launch of Reserve+ in 2024, 16.4 million successful identifications have been made via the NBU BankID System.

In summer 2024, the NBU BankID System became available for use with another state service – Mriia – an educational app that provides students, parents, and teachers with learning tools.

The stable and reliable operation of the NBU BankID System plays an important role in the development of remote services in Ukraine, especially amid martial law. The NBU BankID System was highly praised by Ukrainian experts. For the second year in a row, the NBU BankID System received the Ukrainian Fintech Awards trophy in the Best Remote Identification Provider category from the Ukrainian Association of FinTech and Innovation Companies.

It is noteworthy that the NBU BankID System underwent a preliminary assessment in 2024 for conformity with eIDAS requirements set by the EU for electronic identification schemes. According to the assessment, the system's level of assurance was identified as substantial. This phase marks an important step towards bringing the NBU BankID System into full compliance with EU requirements and best practices.

On top of that, new requirements regarding multifactor user authentication by identifying banks took effect in spring 2024. Using at least two authentication factors that must each belong

to a different category (knowledge, possession, or inherence) and that must be independent of each other will make it impossible to compromise them simultaneously. This helped strengthen security and minimize the risks of compromising access to user identification data.

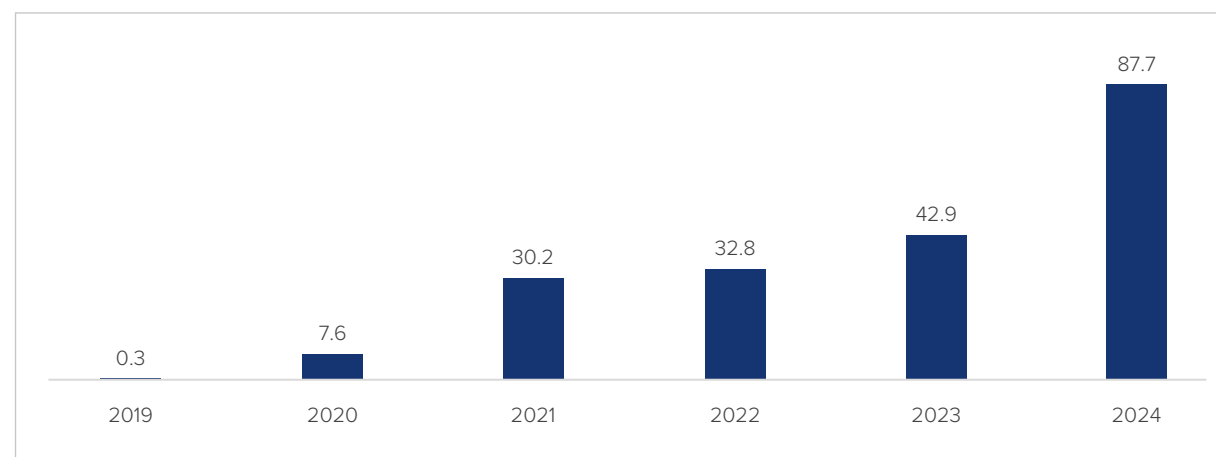
To optimize the resolution of disputes that may arise between subscribers of the NBU BankID System during payments, the procedure for appealing successful electronic confirmations of electronic remote identification of users of the NBU BankID System and considering disputes between subscribers was automated, effective 1 May 2024. The procedure takes place using the remote web service called Subscriber's Personal Account.

At the end of 2024, changes to the Specification for Interaction of the Subscriber Node with the Central Node of the NBU BankID System were approved. The amendments will take effect 1 June 2025. The changes concern strengthening

the security of user data transmission through the NBU BankID System in a way that minimizes the risks of fraud during its use, clarifying the requirements for the transmission of user data, establishing a new requirement for the user to be familiar with the name of the subscriber node to which their data is to be transmitted, before the user consents to the transmission of their data.

In addition, to optimize the interaction between subscribers of the NBU BankID System and the NBU itself, amendments were approved in October 2024 to the NBU's Public Offer to conclude the NBU BankID System Connection Agreement (hereinafter referred to as the "Connection Agreement"). The amendments incorporate the provisions of the Subscriber Settlements Agreement into the Connection Agreement. These changes took effect on 8 April 2025. Accordingly, from that date onward, all relations with subscribers are governed by the Connection Agreement.

### Successful identifications per year, millions



## Technology Development of Financial Market: Implementing Open-banking Standards

The introduction of open banking in Ukraine is an important project as our country follows its EU integration path. This project is part of the changes that bring Ukrainian legislation into line with European requirements.

Open banking in Ukraine should start operating on 1 August 2025. This will help develop FinTech, introduce innovations, increase competition and, as a result, improve the quality of existing and create new services and products in the financial sector.

Open banking is a structured and secure data exchange via Application Programming Interfaces (APIs) between an account servicing payment service provider (ASPSP) and a third-party payment service provider (PISP/AISP) that is carried out with the user's consent when their accounts are accessed by a third-party payment service provider (PISP/AISP) for the purpose of rendering non-financial payment services to the user, such as payment transaction initiation services and account information services.

The Open Banking Concept approved by the NBU in 2023 defined the development areas, the roadmap, and the key requirements for the implementation of open banking in Ukraine.

Under the Law of Ukraine *On Payment Services*, the NBU by 1 July 2025 should pass regulations governing the operation of payment market

participants within the framework of open-banking activities.

Specifically, the NBU in 2024 was working to draft regulations regarding:

- procedure for authorizing activities to provide non-financial payment services
- procedure for open banking in Ukraine, which defines the requirements for open-banking entities, their interaction during access to user accounts, user consent management, development and operation of APIs, and more
- procedure for using electronic trust services when payment service providers obtain access to the accounts of payment service users
- procedure for insurance of liability of providers of non-financial payment services to users and providers of account maintenance payment services.

While drafting said regulations, the NBU was guided, in particular, by European experience implementing open banking and actively cooperated with European regulators and international experts.

Along with market participants, the NBU continued to work on technical specifications describing the operation of APIs in order to configure information systems of payment service providers within the framework of open banking. These technical specifications are based on Berlin Group specifications.

## E-Hryvnia

In 2024, the NBU continued to study the need for a large-scale issuance of the e-hryvnia (central bank digital currency or CBDC) in Ukraine and to prepare for an e-hryvnia pilot project.

Within the pilot project, the e-hryvnia will be tested as Ukraine's monetary unit as defined in the Law of Ukraine *On Payment Services*, which stipulates that the digital money of the NBU is an electronic form of the currency of Ukraine that is issued by the NBU.

In particular, as it prepared in 2024 for the e-hryvnia pilot project, the NBU looked into and analyzed various technological solutions that could ensure its implementation, including in accordance with the NBU's business requirements, and communicated with the developers of such solutions to find a potential technological partner for testing the e-hryvnia. The research and efforts to find a partner are currently underway. The NBU involved World Bank and IMF staff in this process, and also analyzed other CBDC pilot projects implemented around the globe to take into account their experience. In view of Ukraine's European integration course, the NBU paid close attention to the progress made by the European Central Bank's Digital Euro project.

What is more, to ensure users' access to payment transactions in various unforeseen circumstances (for example, if there is no power, communication, or internet), the NBU began to explore the possibility of using an offline solution.

Based on the results of the e-hryvnia pilot project, the NBU is planning to make a decision on whether it is feasible to conduct a large-scale

issue of the e-hryvnia in Ukraine. The decision will be informed by a survey of the project's participants, research by other central banks and international institutions on the development and implementation of CBDCs, and an assessment of the risks of the e-hryvnia's impact on financial stability and the transmission mechanism.

The NBU also reviewed the most frequently asked questions about the e-hryvnia and posted answers on its official website.

## Zero Tolerance for russian and belarusian Software

In 2024, the NBU carried out comprehensive work aimed at implementing one of its important strategic measures, namely zero tolerance for the use of russian and belarusian software in the financial market.

In particular, the NBU continued its regular monitoring of the action plans submitted by the banks and technical service providers to minimize the information and cybersecurity risks associated with the use of software from these suppliers, and continued to assess the adequacy of the measures they had planned and taken. The ownership structure and ultimate beneficial owners of the companies providing such software were also studied to determine whether there had been any links with the aggressor countries.

Based on the responses received from the banks and technical service providers, the NBU analyzed the extent to which they have currently reduced their use of such software.

The NBU will continue to take measures within its competence to achieve the goal of eliminating russian and belarusian software from the Ukrainian financial market.

The drafts of the first parts of the specifications have already been developed for testing by payment market participants and approved by the NBU. This effort shall ensure that payment service providers (ASPSPs) will be able to finalize their information systems on time to ensure continuous access to user accounts through APIs by third-party payment service providers (PISPs/AISPs) starting in August 2025.

It is noteworthy that access to accounts for the purpose of obtaining account information or initiating a payment transaction will be provided solely with the user's consent. This will be ensured through a strengthened authentication procedure by the payment service provider with which the user's account is opened.

## Strengthening Cooperation with Market Participants for Development of RegTech in Ukraine

The development of RegTech, with a focus on the process of regulatory compliance (compliance with regulatory requirements) in the Ukrainian financial market, remains one of the areas of work envisaged in the NBU Strategy and in the Strategy.

In order to update its position on this issue, the NBU worked throughout 2024 to prepare a public document – the Green Paper on RegTech Development (hereinafter referred to as the “Green

Paper”) – and prepared to hold discussions with financial market participants.

At the end of the year, the NBU announced the release of the Green Paper and the regulator's next steps in this direction, and specified the focus of the further development of RegTech. Thus, according to the NBU, the determining factors for successful development should be: the initiative of financial institutions and suppliers in implementing RegTech solutions, and the NBU's comprehensive assistance within its mandate in creating conditions for the development of the RegTech market.

The NBU plans to work on the position set forth in the Green Paper in 2025 together with experts and financial market participants, in particular by launching a survey of current obstacles and expectations. The NBU will also initiate work on measures to develop RegTech, and plans to set out the joint updated position of the regulator and financial market participants in the White Paper on RegTech Development, which will give a new impetus to the development of RegTech in the most optimal ways.

## Cyber Security in Financial Sector

In 2024, the National Bank of Ukraine fulfilled its responsibilities and exercised its authority as the primary entity within Ukraine's national cybersecurity system, as defined by the Law of Ukraine *On the Basic Principles of Cybersecurity of Ukraine*.

Under the conditions of the martial law regime, the NBU continued to work on ensuring the cyber resilience of Ukraine's banking system

and ensuring the stable operation of Ukraine's financial sector as a whole.

In 2024, the NBU's Cyber Security Center and the Cyber Security Incident Response Team of the Ukrainian banking system (CSIRT-NBU) operated in enhanced mode and constantly monitored cyber threats, promptly taking necessary response and counteraction measures within their area of responsibility.

Within its competence, the NBU ensured the implementation of measures of the Cybersecurity Strategy of Ukraine in accordance with the Implementation Plan of the Cybersecurity Strategy of Ukraine, enacted by Decree of the President of Ukraine No. 37/2022 On the Decision of the National Security and Defense Council of Ukraine on the Action Plan to Implement Ukraine's Cybersecurity Strategy dated 30 December 2021 dated 1 February 2022.

The participation of the NBU in the operations of the National Coordination Center for Cybersecurity under the National Security and Defense Council of Ukraine was ensured.

Over 2024, the cyber incident response team for the banking system of Ukraine (CSIRT-NBU) identified and analyzed over 3 samples of malicious software, and processed 3,100 cyber incidents that were reported by banks. No critical-level cyber threats were reported.

As part of the private public cooperation on cyber security, timely alerts were delivered to Ukrainian banks on detected cybersecurity incidents and reported attempted cyberattacks. More than 100 reports on cyber incidents and indicators of cyber threats were submitted to the MISP-NBU information sharing platform

on current cyber threats in the banking system. As of 31 December 2024, 61 banks were connected to the MISP-NBU information sharing platform on current cyber threats in the banking system.

In 2024, the cyber incident response team for the banking system of Ukraine (CSIRT-NBU) identified and initiated the blocking of approximately 70,000 phishing resources related to financial fraud and stylized as governmental, public, and popular portals (the portals of the Cabinet of Ministers of Ukraine, "Diia," "eDopomoha," (winter YePidtrymka, YeVidnovlennia, YePilha, YeVyplata), the Humanitarian Aid portal, Ukrposhta, OLX, Nova Poshta, etc.), and the portals of Ukrainian banks and payment services. Based on an analysis of trending fraudulent campaigns, 29 materials describing the relevant schemes were published on the National Bank's Cybersecurity Center portal.

In 2024, the fishing domain filtering system blocked requests for access to fraudulent resources from about 4.5 million members of the Ukrainian public.

In 2024, together with the State Cyber Protection Center of the State Service of Special Communication and Information Protection of Ukraine, over 20 targeted cyberattacks aimed at state institutions and critical infrastructure were identified and appropriately responded to. Also, in 2024, TF-CSIRT (the international community of cyber security incident response teams) awarded CSIRT-NBU the status "ACCREDITED".

During the reporting period, the NBU conducted on-site inspections in the area of "information

security and cybersecurity" at seven Ukrainian banks (of which five were systemically important banks – banks whose operations affect the stability of the entire banking system) Risk-based planning of such measures has been carried out for the next period.

Additional measures aimed at developing and strengthening the operational capacity of the NBU's cybersecurity system were implemented. In 2024, an information security audit of the NBU was conducted. Based on the audit results, measures to eliminate potential vulnerabilities in the NBU's information infrastructure were identified and planned. Furthermore, in 2024, a pre-certification audit of the NBU's information security management system was conducted, and the updating and implementation of a new information security policy for the protection of the NBU's information infrastructure was carried out.

In 2024, the analysis of the state of organization of information security and cybersecurity of non-bank financial services market participants was completed. Based on the analysis, a potential list of risks for financial institutions regarding the state of information security and cybersecurity was compiled, and targeted recommendations were developed for institutions on implementing a core set of information security and cybersecurity measures. An NBU regulatory legal act standardizes issues of cyber risk and security risk management for providers of financial payment services.

The NBU cooperated with main entities of the national cyber security system of Ukraine in accordance with memorandums of cooperation and collaboration with the Administration of the

State Service of Special Communication and Information Protection of Ukraine, the Cyber Security Situation Center of the Security Service of Ukraine, the Cyber Police Department of the National Police of Ukraine, the National Coordination Center for Cybersecurity of the National Security and Defense Council of Ukraine, and the Ministry of Digital Transformation.

Within the framework of international cooperation, a Memorandum of Understanding on cooperation in the field of cybersecurity was signed in 2024 between the NBU and the U.S. Department of the Treasury.

## Development of Reporting and Statistics System

In 2024, the NBU continued to ensure the uninterrupted collection of reports for the purposes of regulating and supervising financial markets during the special period of martial law. It also supported the development and improvement of the reporting system and its adaptation to new challenges by drafting appropriate amendments to NBU regulations on reporting.

### Changes to Reporting Submitted to the NBU

The reporting requirements for banks and banking groups underwent significant changes during the year. Appropriate changes have been made to the Rules for Organizing Statistical Reporting Submitted to the NBU, approved by the Resolution of the NBU Board No. 120, dated 13 November 2018 (as amended), and the Rules for Organizing Statistical Reporting Submitted to the NBU under Special Period Conditions, approved by the Resolution of the NBU Board No. 140, dated 18 December 2018 (as amended).

In accordance with the requirements of NBU Board Resolution No. 2 *On Approval of Amendments to Certain Regulations of the National Bank of Ukraine*, dated 5 January 2024 (hereinafter referred to as “Resolution No. 2”), and NBU Board Decision No. 4 *On Approval of Amendments to Certain Regulations of the National Bank of Ukraine*, dated 5 January 2024 (hereinafter referred to as “Decision No. 4”), the new 6KC<sup>45</sup> file has been introduced.

In accordance with the requirements of Resolution No. 2, Decision No. 4, and NBU Board Decision No. 259 *On Approval of Amendments to the Methodology for Calculating the Net Stable Funding Ratio (NSFR)*, the new 6NC<sup>46</sup> file was introduced.

In accordance with the requirements of NBU Board Resolution No. 196, dated 28 December

2023 *On Approval of the Regulation on the Procedure for Determining the Regulatory Capital by Ukrainian Banks* (as amended), the new 6RX<sup>47</sup> file was introduced.

To account for the need to separately identify in accounting and statistical reporting funds with usage restrictions, specifically: funds blocked in accordance with the Law of Ukraine On Sanctions and forcibly seized in accordance with the Law of Ukraine *On the Basic Principles of Forcible Seizure in Ukraine of Property Rights of the Russian Federation and its Residents*, and to transfer all necessary data for calculating the volume of mandatory reserves to a separate file, the new 21X<sup>48</sup> reporting file has been developed.

To obtain reporting data for banking supervision purposes, the new 3WX<sup>49</sup> file was developed, in which data are submitted in accordance with the requirements of the Regulation *On Determining the Amount of Credit Risk by Ukrainian Banks for Bank Exposures*, approved by Resolution of the NBU Board No. 351, dated 30 June 2016 (as amended).

To optimize the number of files with reporting indicators submitted to the NBU, the submission of the 79X<sup>50</sup> file was canceled and the frequency of A7X file submission was changed from ten days to monthly<sup>51</sup>.

<sup>45</sup> 6KC “Data on calculation of the Liquidity Coverage Ratio for all currencies (LCRBBk) and the Liquidity Coverage Ratio for foreign currencies (LCRIBk) on a consolidated basis”.

<sup>46</sup> 6NC “Data on calculation of the Net Stable Funding Ratio (NSFR) on a consolidated basis”.

<sup>47</sup> 6RX “Data on calculation of regulatory capital”.

<sup>48</sup> 21X “Data for calculation of required reserves”.

<sup>49</sup> 3WX “Data from a multi-factor model for assessing the financial position of the borrowing legal person under a specialized loan”.

<sup>50</sup> 79X “Data on subordinated debt raised for inclusion in the bank’s capital”.

<sup>51</sup> A7X “Data on the maturity structure of assets and liabilities”.



To ensure the calculation and compliance with prudential standards in accordance with Law of Ukraine No. 1587–IX *On Amendments to Certain Laws of Ukraine on Improving Corporate Governance in Banks, and Other Operational Issues of the Banking System*, dated 30 June 2021, three reporting files were amended. In addition, the NBU amended and updated the requirements for the compilation of another 25 files collected for banking supervision purposes.

The Law of Ukraine *On Payment Services* provides for the separation of the NBU's functions in the oversight of payment infrastructure and supervision over payment service providers. To this end, the statistical reporting files were amended to take into account the specifics of entities under oversight and supervision, and to avoid misunderstandings when determining the status of a reporting respondent. Accordingly, requirements for the compilation of seven files were updated.

To ensure the proper fulfillment by the NBU of its obligation to implement and monitor the effectiveness of personal special economic and other restrictive measures (sanctions) applied by

decisions of the National Security and Defense Council of Ukraine, changes have been made to the requirements for the creation of five files.

To improve the reporting of information on customers' ties with the state conducting armed aggression against Ukraine, three files were amended.

To improve the information received on the organization of the internal financial monitoring system, changes were made to one file.

Due to amendments to the Regulation *On the Procedure for Licensing Legal Persons to Conduct Cash Transactions and Conditions (Requirements) for Legal Persons to Conduct Cash Transactions*, approved by NBU Board Resolution No. 926 dated 24 December 2015 (as amended), the list of respondents in five files was expanded, and additional changes have been made to the indicators in two of these files containing data on cash operations.

To monitor compliance with the requirements of the Law of Ukraine *On Payment Services*, the list of respondents to the payment services market

was expanded to include payment service market participants that submit two files with financial statement data.

Five new files were developed to improve the reporting of non-bank financial services market participants: for credit unions – the CR21<sup>52</sup> file, and for insurers – files IR23<sup>53</sup>, IR24<sup>54</sup>, IR25<sup>55</sup>, and IR26<sup>56</sup>.

The requirements were updated and the changes were made to the Rules for the Compilation and Filing of Reports with the NBU by Non-bank Financial Services Market Participants, approved by NBU Board Resolution No. 123, dated 25 November 2021 (as amended), regarding 22 files, namely, for credit unions – seven files, for insurers – three files, and for finance companies and pawnshops – 12 files.

As part of the introduction of new regulatory reporting for non-bank financial groups, the NBU introduced nine new files for submission of consolidated and sub-consolidated reports by non-bank financial groups, which will be submitted to the NBU starting from 2025: G01<sup>57</sup>, G02<sup>58</sup>, G03<sup>59</sup>, G031<sup>60</sup>, GF0<sup>61</sup>, GF1<sup>62</sup>, GT1<sup>63</sup>, GT21<sup>64</sup>, GT22<sup>65</sup>.

<sup>52</sup> CR21 "Data on related parties of a credit union".

<sup>53</sup> IR23 "Data on transactions with an insurer's related parties".

<sup>54</sup> IR24 "Data on transactions on purchase/sale of government securities".

<sup>55</sup> IR25 "Data on regulatory capital components".

<sup>56</sup> IR26 "Data on liabilities other than liabilities under insurance (reinsurance) agreements collateralized with the insurer's assets".

<sup>57</sup> G01 "Data on compliance with requirements on regulatory capital adequacy and prudential ratios by a non-bank financial group and its subgroups".

<sup>58</sup> G02 "Data on related parties of non-bank financial group".

<sup>59</sup> G03 "Data on consolidated statements of changes in equity".

<sup>60</sup> G031 "Data on sub-consolidated statements of changes in equity of an insurance subgroup and a credit and investment subgroup of a non-bank financial group".

<sup>61</sup> GF0 "Data on consolidated statements of a non-bank financial group".

<sup>62</sup> GF1 "Data on sub-consolidated statements of an insurance subgroup and a credit and investment subgroup of a non-bank financial group".

<sup>63</sup> GT1 "Data on intra-group transactions on assets/liabilities/equity".

<sup>64</sup> GT21 "Data on participants in intra-group insurance/reinsurance transactions".

<sup>65</sup> GT22 "Data on intra-group insurance/reinsurance transactions".

## Development of the NBU Credit Register

In 2024, the NBU worked on the implementation of the requirements of the Law of Ukraine *On Financial Services and Finance Companies* with regard to the revised requirements for the NBU Credit Register (hereinafter referred to as the “Credit Register”). The amendments made to the legal framework significantly expanded the list of information to be provided to the Credit Register, and the list of respondents required to provide such information to the NBU was supplemented.

At the beginning of 2024, the NBU Board adopted Resolution No. 9 *On Approval of the Rules for Reporting on Exposures*, dated 18 January 2024 (hereinafter referred to as “Rules No. 9”), and Resolution No. 8 *On Approval of the Rules for the Provision of Information by the Deposit Guarantee Fund to the Credit Register of the National Bank of Ukraine*, dated 18 January 2024 (hereinafter referred to as “Rules No. 8”).

Rules No. 9 specify the requirements for reporting on exposures and the procedure for submitting reports to the NBU by banks, credit unions, and financial companies that are authorized to provide at least one of the financial services provided for in Article 29 part one paragraphs 1–4 of the Law *On Financial Services and Finance Companies*. Data from such reports are used to compile the Credit Register. Rules No. 8 specify the requirements for the Deposit Guarantee Fund for gathering information on credit transactions and submitting it to the Credit Register.

In H1 2024, a test environment was set up for respondents to test the technology for reporting

on exposures in accordance with Rules No. 9 and maintaining the Credit Register. Respondents who successfully passed the test period were switched to reporting on exposures in the standard mode.

Pursuant to the Law of Ukraine *On Financial Services and Finance Companies*, the NBU Board by its Decision No. 24, dated 24 January 2024, approved the Methodology for Calculating the Debt Threshold for Information on Financial Services Provided by the National Bank of Ukraine from the Credit Register of the National Bank of Ukraine.

During the period of transition and adaptation of new and existing participants of the Credit Register to the requirements of Rules No. 9, the NBU constantly interacts with respondents and software developers and provides them with consultations, correspondence, feedback, clarifications on technical and methodological issues, and examples of information.

## Innovations in Statistics Compilation

To ensure that monetary and financial statistics comply with European standards on the way to Ukraine’s EU membership, the NBU started working on the ECB legal framework that sets out the requirements for balance sheet statements of monetary financial institutions, indicators of loans, deposits, interest rates, as well as the structure of data sets and the format for their transmission to the ECB.

As part of the screening under Chapter 18 “Statistics”, the NBU prepared information on the compliance of external sector statistics with the EU acquis, and developed an action plan for the preparation and submission to Eurostat of

datasets and metadata in accordance with EU standards in the areas “Balance of Payments” and “Foreign Direct Investment”. The relevant information was presented during bilateral meetings between Ukraine and the EU within the screening process under Chapter 18 “Statistics” in Luxembourg.

The NBU has begun work on preparing data on foreign direct investment in a geographical breakdown for subsequent conversion to the SDMX format, in accordance with the requirements of Regulation (EC) No 184/2005 of the European Parliament and of the Council of 12 January 2005 on Community statistics concerning the balance of payments, international trade in services, and foreign direct investment, and Regulation (EC) No 601/2006 of the European Parliament and of the Council of 18 April 2006 on the format and procedure for the transmission of data.

To continue work within the framework of the Special Data Dissemination Standard (SDDS) and the Special Data Dissemination Standard Plus (SDDS Plus) on the components of the financial and external sectors’ data categories, the NBU launched data dissemination in the format of the Statistical Data and Metadata eXchange (SDMX) standard.

## Publication of External Sector Statistics in Euro and Domestic Currency

The NBU expanded the publication of the main external sector statistics tables on its official website, with data in the euro and the hryvnia. This practice is in line with Ukraine’s European integration track. Such an expansion of data

publication reflects the high share of external transactions in the euro, which continues to grow.

The time series of external sector statistics have been retrospectively recalculated in the euro and the hryvnia to cover the period since 2015.

The NBU also started publishing data on the balance of payments, international investment position, and external debt in the euro and the hryvnia in the open data format (API).

### **Implementation of FINREP and COREP Standards**

The NBU continued to implement FINREP and COREP standards in its reporting.

The main factors in this process include Ukraine's active integration into the EU and the alignment of supervisory reporting with modern supervisory standards.

The NBU continues to update its methodologies for generating indicators in accordance with FINREP and COREP standards, and developing new methodologies for market risk and regulatory capital.

The NBU continues to expand its capabilities to obtain market and operational risk data in accordance with the COREP standard, calculate capital on an individual and consolidated basis, and calculate the liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) on a consolidated basis.



A close-up, artistic photograph of a US dollar bill, likely a \$100 bill, showing intricate patterns and textures. The image is heavily stylized with a strong blue and red color cast, creating a dramatic, high-contrast effect. The lighting is focused on the central part of the bill, with the edges fading into darkness.

# EFFECTIVE

Goal 5/5

**Effective Central  
Bank**



# GOAL 5

## EFFECTIVE CENTRAL BANK

### The National Bank of Ukraine and its Stakeholders

#### Institutional Relations with Ukrainian Stakeholders

Ukraine's accession to the European Union, the implementation of European standards in banking and non-banking regulation, ensuring the uninterrupted operation of the banking system, seeking solutions to increase the attractiveness of investment in the Ukrainian economy, ensuring the transparency of the payment services market, as well as exploring potential avenues for post-war recovery, were important areas of interaction between the National Bank of Ukraine and its stakeholders in 2024. These issues determined the main priorities in the NBU's work and contributed to strengthening its cooperation with national and international partners.

In 2024, the NBU Board held 12 monthly meetings with the management of the top 30 banks. Regular communications between the NBU and representatives of the largest banks enabled the establishment of a productive and effective dialogue and shaped relevant expectations of the regulator's actions among the banks. The topics discussed at these meetings included cooperation

with the International Monetary Fund, the key policy rate, the easing of currency controls, the development of lending and implementation of responsible lending, the revival of the domestic debt market, changes in financial monitoring approaches, and strengthening the continuity of bank operations. At the request of the banks, meetings were also held on specific topics. A total of 42 meetings were held with representatives of the banking community throughout the year.

Meetings were also held with representatives of the largest insurance companies.

One of the most important issues discussed was the transition to the new insurance legislation.

Ensuring interaction with representatives of non-bank financial institutions on an ongoing basis was a priority and took place at all levels.

Overall, 36 meetings of various formats were held during the year between top NBU officials and representatives of non-bank financial institutions.

The NBU maintains a constant dialog with business representatives. In its interactions with the business community, the NBU maintains its position as an open, transparent, consistent, and predictable institution.

Separate working meetings were held with relevant specialized associations, including:





The Independent Association of the Banks of Ukraine and the Association of Ukrainian Banks, associations of non-bank financial institutions, as well as the Motor (Transport) Insurance Bureau of Ukraine.

In 2024, the Memorandum on Preferential Lending for Energy Sector Recovery and the Memorandum on Ensuring the Transparency of Payment Services Market Operations were signed at the initiative of banking associations and with the support of the NBU.

Throughout the year, several meetings took place between members of the NBU Board and the leadership and member companies of the American Chamber of Commerce, the European Business Association, the Chamber of Commerce and Industry, Diia City Union, as well as the payment systems VISA and Mastercard, and representatives of exporting companies. A total of 12 meetings were held with the participation of associations and payment systems.

In February, NBU Governor Andriy Pyshnyy spoke at the Global Outlook event organized by the European Business Association. The main topics of the event included the country's macroeconomic stability, the defense industry and its development prospects, as well as cooperation between Ukraine and Poland. In September, the NBU governor spoke during a panel discussion at the YES Annual Meeting. In November, at the Annual Meeting of the European Business Association, the NBU governor outlined the milestones for business in 2025.

In March 2024, the NBU governor spoke at a meeting of the Barrier-Free Council, where he outlined the main areas of the NBU's work to ensure barrier-free access to banking and non-bank institutions.

In February, First Deputy Governor Kateryna Rozhkova took part in the Finance for Business in Wartime 2024 conference, which was organized by the European Business Association. In September–October, Rozhkova held a series of meetings to discuss the draft law on war risk insurance. The discussions took place with representatives of: The Independent Association of Ukrainian Banks, the National Association of Insurers of Ukraine, the American Chamber of Commerce, the European Business Association, the Union of Ukrainian Entrepreneurs, and the Federation of Employers of Ukraine.

Another important area of the NBU's work in 2024 was interaction and dialogue with volunteer organizations. In June and July, NBU Governor Andriy Pyshnyy and Deputy Governor Dmytro Oliinyk met with representatives of volunteer organizations to discuss restrictions on P2P transfers.

NBU Deputy Governor Yuriy Heletiy met with representatives of business associations during the year to discuss currency regulation.

NBU Deputy Governor Yaroslav Matuzka participated in two events organized by the Congress of Local and Regional Authorities.

In April, NBU Deputy Governor Sergiy Nikolaychuk spoke at a webinar for the

German-Ukrainian Chamber of Industry and Commerce.

In 2024, NBU Deputy Governor Oleksii Shaban regularly met with representatives of systemically important banks to ensure the uninterrupted operation of the banks.

The NBU's main priorities in its interaction with other state authorities remain cooperation with the government of Ukraine to ensure monetary and financial stability and the efficient operation of the financial system, primarily to support domestic businesses, as well as cooperation with the Verkhovna Rada of Ukraine to foster the implementation of legislative changes in the financial sector.

The NBU supported the consideration of draft laws in parliament, including decisions aimed at minimizing the negative effects of Russia's military aggression and stepping up efforts to implement European integration changes in the financial sector.

Facilitating the legislative process to ensure the fulfillment of Ukraine's international commitments under financial assistance programs was one of the components of this cooperation.

As a result of the NBU's active cooperation with the Verkhovna Rada, the Ukrainian parliament passed a number of important laws for the financial sector. Some of these laws were drafted entirely by the NBU or with its active involvement, or incorporated its proposals. These were:

- 1) Law of Ukraine No. 5865 *On Amending the Law of Ukraine On State Regulation of Capital Markets and Organized Commodity Markets and Some Other Legislative Acts of Ukraine*

*on Improving State Regulation and Supervision of Capital Markets and Organized Commodity Markets, dated 22 February 2024*

2) Law of Ukraine No. 3587-IX *On Amending Certain Laws of Ukraine on Improving Corporate Governance*, dated 22 February 2024

3) Law of Ukraine No. 3624-IX *On Amending Certain Laws of Ukraine Concerning Certain Issues Related to the Activities of the Deposit Guarantee Fund, the National Bank of Ukraine, and the National Securities and Stock Market Commission*, dated 21 March 2024

4) Law of Ukraine No. 3706-IX *On Amendments to the Tax Code of Ukraine and Other Laws of Ukraine on the Specifics of Exporting Certain Types of Goods Under Martial Law*, dated 9 May 2024

5) Law of Ukraine No. 3707-IX *On Amendments to the Customs Code of Ukraine on the Specifics of Exporting Certain Types of Goods Under Martial Law*, dated 9 May 2024

6) Law of Ukraine No 3720-IX *On Compulsory Insurance against Civil Liability in Respect of the Use of Land Motor Vehicles*, dated 21 May 2024

7) Law of Ukraine No. 3983-IX *On Specifics of Sales of Stakes Owned by the State in the Authorized Capital of Banks*, dated 19 September 2024

8) Law of Ukraine No. 3994-IX *On Amendments to Certain Laws of Ukraine On the Consolidation of Functions of the State Regulation of the Financial Services Markets*, dated 8 October 2024

9) Law of Ukraine No. 4017-IX *On Amendments to Certain Laws of Ukraine Related to Adoption of the Law of Ukraine On Administrative Procedure*, dated 10 October 2024

In 2024, representatives of the NBU took part in 22 meetings of Verkhovna Rada committees, as well as in more than 70 working meetings and conferences held as part of the Ukrainian parliament's legislative work.

One of the important formats of institutional interaction with government agencies was the conclusion of a number of cooperation documents.

An agreement on exchanging information concluded between the NBU and the Ministry of Justice of Ukraine came into force on 22 February 2024, and an agreement on the mutual exchange of information resources concluded between the NBU and the State Statistics Service of Ukraine came into effect on 31 October 2024.



## Voice of the National Bank of Ukraine: Strategic Communications in Wartime

During the third year of the war, ever-changing challenges required the NBU to further adjust its strategic priorities and muster an appropriate communications response.

Our key task for 2024 was to reinforce the foundation for economic recovery and continue to bring the country's economic life back to business as usual even as the war went on. Accordingly, for the first time since the full-scale invasion, the NBU's communications were no longer anti-crisis and reactive, but once again aimed consistently at achieving the three main goals of the NBU's Communications Strategy:

- strengthen confidence in the NBU
- maximize the impact of the regulator's policy on the behavior of target audiences
- reduce economic uncertainty by providing information needed to make educated decisions.

At the same time, the communication content of these goals expanded significantly as they were adjusted to address current challenges and needs.

Specifically, in 2024, the NBU's communications were primarily intended to:

- promote the awareness of monetary policy by explaining the goals and expected results of monetary policy decisions, macroeconomic forecasts, and other factors underlying relevant decisions, and elucidate

the NBU's intentions regarding its monetary policy

- strengthen the confidence of households, businesses, the financial sector, and the expert community in monetary policy, the national currency, and the banking sector, and shape the perception of the NBU as an open, independent, competent, and effective regulator
- minimize information asymmetry, reduce economic uncertainty, and create a predictable business environment for all economic agents amid high risks associated with the full-scale war
- amplify the effectiveness of monetary transmission channels.

Combined, these actions helped raise the effectiveness of the NBU's policy, achieve the central bank's legally defined goals (while prioritizing the pursuit and maintenance of price and financial stability), and resolve other urgent tasks.

### Ensuring Macrofinancial Resilience

In September, the NBU Council approved the Monetary Policy Guidelines for the medium term, which officially outlined the NBU's transition to flexible inflation targeting and stipulated the key principles of communications regarding monetary policy. NBU speakers repeatedly explained the features and key elements of the new monetary regime, including during press briefings. Furthermore, considerable attention was paid to the effectiveness of the NBU's monetary tools, an important factor in bringing inflation to the central bank's 5% target within the policy horizon.

Communications about interest rate policy decisions were carried out regularly, proactively, and in compliance with the principle of effective (feasible) transparency. The goals, principles, and expected outcomes of monetary policy decisions were disclosed primarily by publishing press releases on the NBU's official website following the results of NBU Board meetings on monetary policy issues. Each decision was announced and explained during regular press briefings by the head and members of the NBU Board. The press releases contained relevant forward guidance regarding further changes in monetary policy, as well as forecasts of the central bank's key policy rate in order to shape appropriate expectations of target audiences and economic agents. However, forward guidance about, and expected trajectories of, the key policy rate retained their status as forecasts, rather than commitments by the NBU to pursue a specific policy.

In 2024, press briefings covering monetary policy and the Financial Stability Report continued to be held online and broadcast on the NBU's YouTube channel due to high security risks. The NBU was still giving these briefings in a hybrid format by speaking with journalists via Zoom. This made the briefings quality-oriented and dynamic, despite being held online. In 2024, we were also able to improve the use of timecodes, which we first added to our press-briefing recordings in 2023.

Following the press briefings, speeches by the NBU Governor were traditionally published on the central bank's official website and then posted on the homepage of the Bank for International Settlements (BIS). In addition, notifications with key messages from the press releases about the key policy rate, and separate

updates on the results of the Q&A sessions, were featured on the NBU's social media accounts.

In total, eight press briefings for the media took place in 2024 about monetary policy decisions, as did another two, regarding the publication of the Financial Stability Report. More than 70 press releases were issued that covered interest rate and exchange rate policy, inflation, GDP growth, and financial stability. Over 70 written comments were provided in response to media inquiries about inflation developments, monetary policy, and the state of the FX and banking markets.

Publication of the summaries of discussions by the Monetary Policy Committee about the level of the key policy rate also helped explain the purposes, justifications, and expected results of the NBU's decisions. Based on the "one voice" principle, the summaries of key policy rate discussions and the NBU's other communications continued to reveal only the depersonalized opinions of those involved in making monetary policy decisions, including positions that differed from the decisions adopted by the NBU Board, and the rationale behind them. A total of eight summaries of key policy rate discussions were published during the year.

In its Inflation Reports, the NBU has traditionally made public its perspective on the current and future state of the Ukrainian economy, as well as on anticipated changes in monetary policy. By outlining in its Inflation Report its own macroeconomic forecast and the underlying assumptions, the NBU increases the transparency and predictability of monetary policy and strengthens public confidence in the central bank's actions. Four Inflation Reports and

four press releases covering their key takeaways were issued in 2024.

Monetary policy decisions, made while revising the macroeconomic forecasts, were discussed in conference calls with both Ukrainian experts and money market participants, as well as foreign analysts and representatives of international capital markets. During 2024, four discussions were held with Ukrainian experts and four more with analysts from abroad. During those meetings, the NBU gave detailed answers and explanations regarding its decisions on interest rate and exchange rate policies and macroeconomic forecasts. In addition to promoting awareness of its monetary policy decisions and their planned outcomes and shaping the right expectations, these interactions allowed the NBU to receive constructive feedback from important target audiences, including critical comments.

Most decisions on the key policy rate were predictable for analysts and financiers. The only exception was the central bank's move to raise its key policy rate in December, which took the market by surprise even though the NBU had issued multiple prior communications that signaled its readiness to reverse policy.

In general, according to surveys by Bloomberg, ICU, and Interfax-Ukraine, experts and the media have a fairly high level of understanding of the NBU's monetary policy and are primarily guided by the key policy rate forecast published by the central bank.

To improve people's awareness of its monetary policy and forecasts, the NBU posted to its official website the quarterly updates, headlined as

Economy Explained, that laid out in simple terms the main takeaways from the Inflation Reports. Those explanations were accompanied by the NBU's posts on its official social-media pages.

To maintain the clarity of its exchange rate policy and FX liberalization priorities, the NBU constantly updated the sections What Does the NBU Plan to Do with the Exchange Rate and FX Restrictions? and FX Restrictions and Exchange Rate Policy on its official homepage. NBU spokespeople regularly made comments for the media on the effectiveness of managed flexibility of the exchange rate and the importance of FX liberalization, while also communicating these messages through the NBU's social-media channels. However, the topic being highly sensitive, some of this information (in particular, with regard to the forecast trajectory of the exchange rate and the parameters and tactics of FX interventions) remains non-public to maintain constructive uncertainty and ensure the effectiveness of the NBU's policy.

To deepen the public's understanding of monetary policy and shore up trust in the NBU's decisions, the central bank also explained in its communications the analytical basis for its monetary policy actions, focusing on topics of substantial importance to the Ukrainian economy. Moreover, some of the messages posted on the NBU's official accounts in social media outlined the gist of thematic boxes featured in the Inflation Reports.

To mitigate uncertainty for businesses and households and to better explain the NBU's monetary decisions in 2024, the central bank issued 27 columns and 20 interviews (including for foreign media) covering:

- priorities and objectives of the NBU's monetary policy
- specifics of how the size of the key policy rate is determined in wartime
- effectiveness of monetary transmission and the role of NBU's certificates of deposit
- importance of macrofinancial stability for Ukrainians
- significance of the world's support for Ukraine.

To reinforce trust in the NBU's policy and monetary and foreign-exchange decisions, and to promote Ukraine abroad, information campaigns were conducted on the topics Anniversary of the Transition to Managed Flexibility of the Exchange Rate and The Role of Monetary Policy in Wartime.

Among other strategic priorities in 2024, active communications accompanied the NBU's international activities. These included key tracks such as continuing effective cooperation with international partners to maintain sufficient and regular financial support for Ukraine, degrading the aggressor's ability to bankroll its war against our country, in part through tighter sanctions, and implementing an ambitious reform plan to bring Ukraine's financial sector into line with EU standards.

The adoption of the Lending Development Strategy in 2024 and the unique cooperation effort between the banks as they actively implemented that document, in particular by working out a lending mechanism to finance projects to restore Ukraine's energy infrastructure under the respective Memorandum, further efforts to reform the non-bank financial sector, targeted work to stop the illegal practice

of using the payment market for unlawful purposes, innovative development of the financial sector, and the beginning of large-scale work to promote financial inclusion are areas that received extensive communication coverage throughout the year.

Various communication tools were used within the information campaigns: press releases, interviews, columns and comments for media outlets, and posts in social media, including in a Q&A format.

### **Communication Support for the NBU's Flagship Events and Initiatives**

In 2024, the NBU provided active communication support both at the stage of preparation and during all of the NBU's flagship events. The main attention was paid to the Annual Research Conference Navigating the Changing Landscape: Central Banks in a New Normal hosted by central banks of Ukraine and Poland (hereinafter referred to as the "ARC") on 21–22 June 2024. For the first time since 2019, the event was held in Kyiv, Ukraine. The ARC brought together more than

380 leading experts and representatives of central banks, research centers, and financial organizations from 30 countries. The conference placed its focus on strategies that central banks can pursue to effectively manage the economic fallout from the war against Ukraine and to meet the related current challenges. The keynote speakers at the conference were Frank Smets, Advisor to the the Counsel to the Executive Board at the European Central Bank, and Gita Gopinath, First Deputy Managing Director of the International Monetary Fund.

At the stage of preparing for the ARC, the NBU published three announcements on its website and six announcements containing videos and infographics on social media. The conference was broadcast daily on the NBU's YouTube channel and streamed live on the NBU's Twitter account: 22 messages were posted on the first day and 43 messages on the second day of the conference. Five interviews with conference speakers were also organized for the media. Post-communications included the publication of the NBU Governor's opening remarks on the BIS website and a summary of the conference Lessons for Central Banks in the NBU Governor's column, as well as posts on the NBU's social media pages summarizing each day of the conference, the final press release, the final video, and columns by the speakers at the event.

Communication support was also provided for other important NBU events, including:

- workshop on the topic Monetary Policy in Emerging Markets: Crafting Integrated Solutions (4 December), which brought together more than 100 participants from around the world
- VII Conference for Students and Young Researchers Banking Sector and Monetary Policy: Development Prospects (24 May)
- seven open research seminars, the speakers at which were representatives of the Bank of Lithuania, the New York University, the Lehigh University, the University of Birmingham, the University of Saskatchewan, the University of Bologna, and the Ludwig Maximilian University of Munich



- the sixth student championship Monetary Policy: NBU University Challenge, with more than 90 participants from 14 Ukrainian universities registered to participate.

In H2 2024, one of the focus areas of NBU communications was the support of the NBU's initiative to rename small-denomination coins kopiikas to inherently Ukrainian shahs.

After researching the history of Ukraine's money circulation, the NBU experts, including historians from the NBU's Money Museum, came to a unanimous conclusion that the name of a small-denomination coin kopiika is essentially a symbol of Moscow's occupation. Today, the Ukrainian people are taking back everything that was unjustly stolen from them and mutilated by Kremlin narratives.

Therefore, in order to restore historical justice to the monetary system, to assert monetary sovereignty, and eliminate the slightest association with Russia, NBU Governor Andriy Pyshnyy announced his intention to revive the name shah for Ukrainian small-denomination coins. The announcement was made during a meeting with journalists on 2 September 2024.

The initiative sparked heated debates across Ukrainian society. The NBU actively maintained a dialogue with the media and the public, explaining its position and the benefits of implementing such an initiative, and engaged NBU experts and opinion leaders (in particular, historians, politicians, and cultural elite) in the discussion.

Specifically, in September alone, the NBU Governor gave two major interviews and wrote a column for reputable social and political media. In

addition, NBU Governor Andriy Pyshnyy and Senior Curator of the NBU Money Museum, Doctor of Historical Sciences Andrii Boiko-Haharin, explained the initiative on TV channels.

In September, the NBU hosted the First Numismatic Conference Money & Banking: Money and Banks in the History of Europe. The conference brought together leading experts in the fields of history, numismatics, banking, art history, linguistics, and archaeology. This event was a platform for them to exchange knowledge and experience, as well as an important step towards the formation of a strong scientific community capable of influencing the development of historical thought and numismatic research. The three-day conference was held as part of the events dedicated to Hryvnia Day. The main theme that ran through all of the conference discussions was the NBU's initiative on shahs. The conference participants welcomed the NBU's proposal to change the name of Ukrainian coins from kopiika to shah and initiated an open letter from the scientific community in support of this initiative, which was signed by 50 conference participants.

### NBU's Lecture Series

In 2024, the NBU continued the educational project launched in 2023 for Ukrainian media journalists covering topics in finance and economics. To provide a deeper understanding of key financial topics and strengthen the expertise of journalists, the NBU held a special series of lectures.

During the reporting year, the directors of departments and heads of independent structural

units of the NBU provided detailed insights into the monetary policy priorities in 2024 and macroeconomic prospects, the current state and outlook of the domestic insurance market, the impact of the Lending Development Strategy on increasing financing for strategic sectors, particularly the energy sector recovery, the consumer protection in financial services, the sanctions policy against the Russia and its financial sector and the NBU's role in this process, as well as practical aspects of financial monitoring. The results of 2024 were traditionally summarized at a meeting with NBU Governor Andriy Pyshnyy and the NBU Board members.

As in 2023, the lecture series received positive feedback from journalists in 2024, so the NBU is planning to continue this project in 2025.

### Technical Assistance in Crisis Communications

As part of the development of international technical cooperation programs, the NBU Communications Department was actively involved in sharing experience with leading European central banks and financial regulators, including in response to their requests.

In 2023, the NBU first shared with the Bank of Latvia and the Bank of England its experience in organizing communications during the full-scale invasion. In 2024, the NBU summarized the experience of the central bank's anti-crisis communications during the full-scale war in a presentation at a two-day conference of the heads of communications departments of the Nordic and Baltic central banks. In early 2025, the NBU shared its expertise with the Swedish Financial Supervisory Authority.

At the request of their colleagues, the NBU representatives discussed in detail the process of ensuring the continuity of communications during the war, the specifics of organizing communication support of complex and non-standard decisions in conditions of uncertainty, managing anti-crisis communications, countering the enemy's subversive information warfare efforts and the spread of disinformation and fakes.

Based on the results of the presentations, the NBU received an invitation to continue sharing experience on other aspects of this topic in 2025, including the growing role of media monitoring and analytics in the early risk detection and making management decisions at the NBU.

### **Social Networks as a Quick Source of Data**

Social networks continue to play an important role in NBU communications as a channel that enabled Ukrainians to quickly access information about the central bank's decisions and that built up its credibility in stakeholders' eyes.

The NBU actively used its accounts on Facebook, X, Instagram, and Telegram to convey key messages, including monetary policy communications, to a wide audience using plain language and visual tools. Specifically, the NBU in 2024 posted on Facebook – its primary social media platform – about 160 publications just to support communications on monetary and FX policies.

In 2024, the NBU further intensified its international, in particular European integration, activities (meetings with international partners, participation in high-level international events, bilateral meetings with the European Commission as part of the official screening of national legislation, and publication of comments and

interviews in foreign media), the number of communications increased proportionately. That included an expansion of content, primarily on Facebook and X.

The NBU completely reoriented communications in social network X to the international audience by publishing exclusively English-language news with a focus on international visits of NBU delegations, meetings with international partners, and high-level events, including the Annual Research Conference.

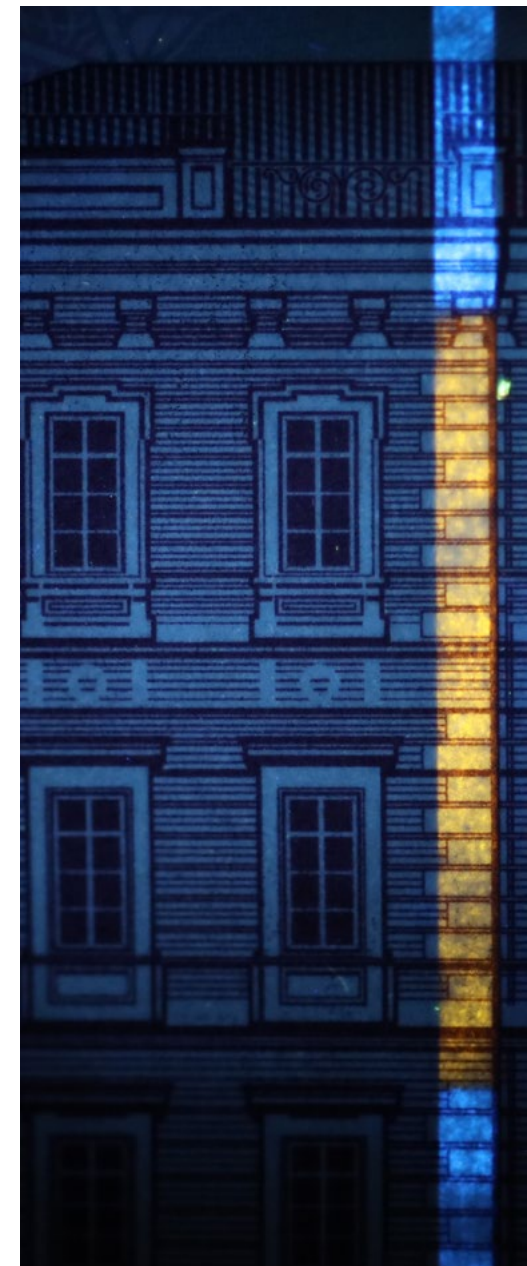
In 2024, the NBU was actively engaged in communications in social networks (including, Instagram and Facebook) on its numismatic function, specifically, highlighting the NBU's initiative to restore the historical justice and replace the russian-named small-denomination coin "kopiika" with the Ukrainian "shah".

Such communications contributed to an active public discussion of the initiative, as well as increased attention to the process of de-communicization and de-russification of Ukraine's historical heritage and the destruction of russian imperial narratives.

Substantial importance was attached to generating video content: clips that featured explanations, interviews, and numismatic products.

Social networks were also actively used to promptly expose false narratives that sought to defame the NBU's leadership and decisions.

Through a channel for information support, anti-crisis and prompt communications in social networks, the NBU ensured active communication in line with general trends in information consumption by the Ukrainian audience.



**NBU’s Official Website**

In 2024, the NBU’s website was visited by 10.2 million users. The site’s total audience came out smaller than in 2022 and 2023, but continues to significantly surpass the numbers of visitors in the years before the full-scale invasion, when the website was visited only by the Ukrainian audience (e.g., 4.7 million visits in 2021).

It should be noted that in the first months of Russia’s full-scale invasion of Ukraine in 2022, there was a spike in user numbers as Ukrainians were actively looking for up-to-date information about the regulator’s emergency decisions and the specifics of the financial system’s wartime operation. As a result, the site’s visitor count hit 24.5 million in 2022.

The section that scored the most views was Financial Markets (34%), which among other things featured the official exchange rate indicators. The News section received 10.4% of views. Also, Special Accounts and Hryvnia ranked among the most visited sections, accounting for 5.8% and 5.4% of the website traffic respectively. Active communications on social media ensured a steady uptrend in the number of followers on all of the NBU’s pages throughout 2024. However, this activity has shifted into lower gear since achieving a peak in 2022 and 2023 that had been driven by the full-scale war’s initial effect on NBU communications.

In 2024, the number of subscribers increased:

- by 1.7 % on Facebook
- by 2.7 % on X
- by 9.5 % on Instagram

- by 13.5 % on Telegram
- by 12.7 % on YouTube.

In 2024, NBU: Know. Understand remained the NBU’s fastest-growing Telegram channel.

In total, 654 press releases and announcements were published on the NBU website in 2024. In addition, there were more than 40 interviews with national and foreign media, and 32 columns by NBU spokespeople were released that were also featured on the website in its “Direct Speech” section.

Systematic, proactive, consistent, and accessible communications effectively supported the central bank’s decisions and actions during the full-scale

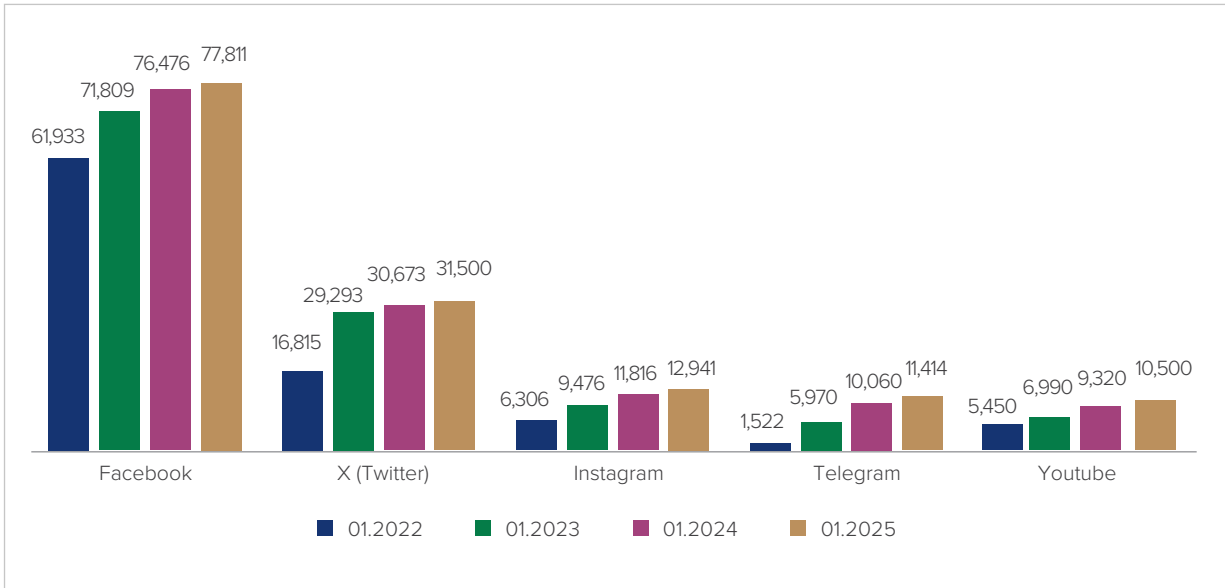
invasion, helped stabilize the financial system’s operation, and maintained confidence in the domestic currency.

**Media Monitoring and Analysis**

Throughout 2024, the activities of the media field monitoring and analysis department focused on the development of the work areas established in 2022 and 2023, their institutionalization, and strengthening them with new practical experience in accordance with current challenges.

Regarding information support for the NBU’s decision-making process during the year, the NBU:

**Increase in the number of subscribers to NBU accounts on social media**



- improved the system of operational information on the results of media monitoring, which ensured increased situational awareness of the NBU's management and accelerated response to identified challenges and problematic issues;
- introduced the practice of preparing express analytics on the information background for specific topics
- expanded monitoring of the international media field to include new specialized sources, systematic information on current practical solutions, theoretical developments, and the research findings of foreign central banks and international financial institutions
- integrated artificial intelligence tools into monitoring and operational information processes.

Regarding the effectiveness of NBU communications:

- approaches to assessing the effectiveness of monetary communications were improved, in particular:
  - the analysis of monetary expectations was strengthened in the period between monetary press briefings, which contributed to a fuller understanding of the dynamics of changes in expectations and the drivers of these changes
  - an express assessment of the feedback of monetary policy decisions announced by the NBU Board was introduced
- the scope of monitoring of public opinion in social media on the NBU's competence was expanded in order to detect and assess public

reactions and expectations early, timely identify communication barriers in the perception of the NBU's decisions and initiatives, promptly study alternative proposals, and take constructive criticism into account.

The NBU's anti-crisis communications efforts were focused on:

- detecting and neutralizing enemy subversive information activities, disinformation campaigns, and fake content aimed at weakening Ukraine's financial stability and undermining the credibility of the NBU, the banking system, and the domestic currency of Ukraine.
- strengthening the informational resilience of Ukrainian society and international partners to disinformation, fakes, and enemy informational operations in areas within the NBU's competence by:
  - providing proactive explanatory communications on the NBU's key decisions and measures and their role in ensuring Ukraine's financial stability during the war
  - cooperating with public institutions that promote compliance with professional ethical standards in the Ukrainian media (the Commission on Journalistic Ethics, the Institute of Mass Information) and independent fact-checkers to comprehensively counter disinformation campaigns and provide the media with complete, objective and reliable information on maintaining Ukraine's macrofinancial stability and the NBU's operations in wartime
- systematizing practices to improve early warning mechanisms of risks to the NBU's

reputation and information threats to Ukraine's financial stability.

The NBU's internal communications

Throughout 2024, internal communications activities were focused on several key directions and strategic vectors.

1. Formation of a unified information space for all employees of the National Bank: systematic and comprehensive information on the current state of affairs, key events and important aspects of the NBU's activities, current news, work results, implementation of effective communication support, and ensuring employee awareness.

In particular, various educational and training activities, as well as cultural and social events, were held.

NBU staff were actively involved in charitable and volunteer projects aimed at supporting the defense forces of Ukraine, including their bank colleagues who are defending Ukraine, and their families, as well as people affected by the full-scale war.

2. Organizing events and implementing new communication formats:

- two traditional annual meetings were held between the management and the team to discuss pending issues: current results, summarizing and outlining prospects and forecasts for the future, and setting priorities
- new formats of communication events and activities for employees were introduced:
  - to raise the level of national identity, patriotism, and the popularization of Ukrainian culture, the project "Proud

of Ukrainian!” was implemented, which included a series of screenings of iconic Ukrainian films and meetings with interesting personalities and creative teams (“Slovo House”, “Da Vinci”, “Dovbush”)

- the first workshop, themed “Cooperation and Communication: Creative Problem Solving in Crisis Times”, was held as part of a series of transformational events for the NBU management team.

3. Promoting the development of corporate culture: cultural and themed events were held for NBU employees, and communication support was provided for initiatives to develop the corporate culture of the specialized unit that promotes team spirit, inspiration, and common values.

Also, a number of initiatives were implemented in the following areas:

- awareness campaigns:
  - Help for Ukraine’s Defenders and Help a Colleague – charitable initiatives
  - The Mental Health project, part of the NBU’s mental health support program for employees
- special projects:
  - to support for a barrier-free financial system — employees received comprehensive insights on inclusiveness having completed a specially designed training course on providing comprehensive knowledge and tools about inclusivity
  - to improve financial literacy, promote the domestic currency and support large-scale cultural and educational

initiatives, preparations were made for the implementation of the national exhibition project “The Hryvnia. More Than Money” within the framework of cooperation with the state enterprise “Ukrainian House” (National Center for Business and Cultural Cooperation)

- cultural and social events to raise employee awareness of the social context: 13 excursions to the Money Museum were conducted, attended by more than 260 NBU employees, and tours to large-scale retrospective exhibitions at the Ukrainian House and the Museum of Kyiv History were organized. Employees also had the chance to participate in presentations of numismatic products
- cultivate and develop the NBU’s reading community, including discussions, mutual development, and the exchange of books. BETWEEN THE LINES, a corporate book-crossing system, received new books
- promote a healthy lifestyle, proper nutrition, and the benefits of sports. For instance, employees were constantly kept posted on the running club’s activities, opportunities to participate in team sports (basketball, soccer), and so on
- organized events for employees’ children — FinCamp, other educational and festive events:
  - 44 children of various age groups attended the FinCamp 2024 summer camp, where they learned a lot of interesting and useful things, as the program was as rich and informative as possible: lectures, excursions, quests, IT marathons on cybersecurity, interactive training and various games on

financial literacy. The children made their own lap books with tips on how to counteract fraudsters, and mastered the skills of an SMM specialist using the Canva software

- a Christmas party was held for 100 children who had the opportunity immerse themselves in a stylized trip to Hogwarts at the NBU building. The event was full of various competitions, workshops on making their own wands, and entertainment with cheerful entertainers. Everyone was able to watch a film about Harry Potter in a cozy cinema room.
4. The NBU provided communication support to its units: Communication support as an internal communication partnership, namely, the formation, development, and implementation of communications at the request of structural units. During the year, the functionality of key internal communication channels such as the NBU’s internal portal and its sub-portals was expanded. To inform employees, internal information communication tools such as email newsletters and weekly digests via the NBU’s corporate email, as well as the placement of thematic information banners and posters in the central bank’s buildings, were also actively used.



## European Integration and the NBU's International Cooperation Efforts

### European Integration

The NBU is an active participant in Ukraine's European integration processes and is continuing to modernize the financial sector in line with EU legislation. European integration has always been the NBU's focus. After all, the NBU's vision sees it as a full member of the European community of central banks, and one of the NBU's strategic goals is to integrate Ukraine's financial system into the financial system of the EU.

### Negotiation Process for Ukraine's Accession to the EU

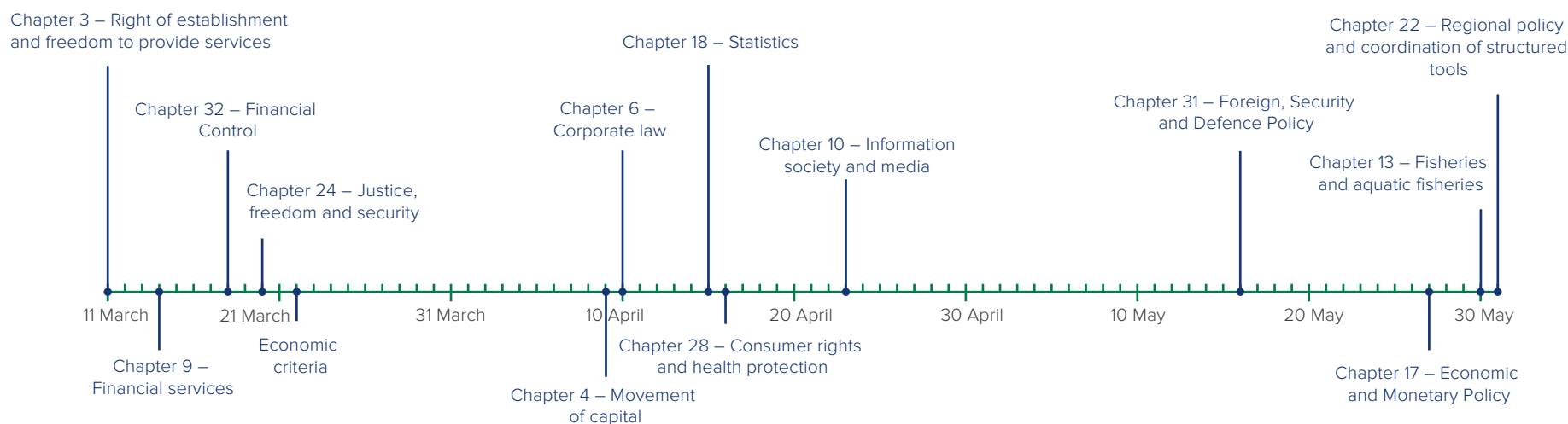
Following the European Council's decision to start negotiations on Ukraine's accession to the EU, the European Commission on 14 December 2023 began an official screening of Ukraine's national legislation.

Within the framework of the screening, the NBU coordinates the holding of meetings with the European Commission on negotiating chapters 4, Free Movement of Capital and 9, Financial Services, including the formation, coordination, and presentation of a common Ukrainian position to the European Commission.

As part of the first stage of the screening, a number of explanatory meetings were held. During these meetings, the European Commission provided clarifications on the key features of EU legislation and its implementation in national legislation, and also answered questions from Ukraine. From March through May 2024, representatives of the NBU participated in 15 explanatory meetings with the European Commission, including meetings on negotiating chapters 4, Free Movement of Capital, and 9, Financial Services.

On 25 June, the First EU-Ukraine Intergovernmental Conference was held, at which the start of negotiations on Ukraine's membership

### Explanatory meetings – participation of the National Bank of Ukraine



of the EU was officially announced. The EU negotiating framework, which defines the general approaches and principles of the negotiations, was also presented.

From July 2024, the second stage of the screening process started, consisting of bilateral meetings with the European Commission, during which a candidate state for EU membership presents the progress it has made in implementing the EU acquis.

On 20 November 2024, a bilateral meeting was held under negotiating chapter 4, Free Movement of Capital, which is led by the NBU. During the event, the Ukrainian side presented information on the current status and plans for the implementation of the relevant EU acquis in the areas of Free Movement of Capital and Payments, Payment Systems, and Anti-Money Laundering and Countering the Financing of Terrorism.

In total, in 2024, as part of the second stage of the screening, the NBU representatives participated as speakers in four bilateral meetings.

To ensure the negotiating process on Ukraine’s accession to the EU and the adaptation of Ukrainian laws to EU legislation, an interagency working group, which includes the NBU Deputy Governor, was established in Ukraine pursuant to

Resolution of the Cabinet of Ministers of Ukraine No. 987, dated 27 August 2024.

For sectoral support of the negotiation process, the NBU was designated to chair the working (negotiation) groups to prepare Ukraine’s negotiating positions for the negotiations with the EU on the conclusion of the EU-Ukraine Accession Treaty with regard to financial services and free movement of capital.

Furthermore, to enhance the capacity of the NBU during the preparation for and within the negotiation process regarding Ukraine’s accession to the EU, a working group on European integration has been established within the NBU. This group demonstrated its effectiveness throughout 2024 while the central bank of Ukraine implemented measures related to European integration in the financial sector.

**Implementation of European Commission Recommendations**

The NBU is actively engaged in fulfilling the European Commission’s recommendations outlined in the Ukraine Progress Report, part of the European Union’s enlargement package. The results of the NBU’s efforts in the area of European integration were acknowledged in the European Commission’s Ukraine Progress Report

for 2024. Thus, the European Commission noted some progress in the area of the movement of capital, improved regulation of non-bank financial services, and a gradual return to a flexible exchange rate regime and inflation targeting.

**Implementation of the EU-Ukraine Association Agreement**

The implementation of the EU-Ukraine Association Agreement remains an important area of the NBU’s work, particularly with regard to its commitments on financial services, payment systems, capital liberalization, anti-money laundering and countering the financing of terrorism, and consumer protection.

The NBU is regularly involved in the work of a number of bilateral bodies of the EU-Ukraine association. In particular, the NBU participated in meetings of the EU-Ukraine Association Committee in Trade Configuration (5 November 2024) and Cluster 1 of the Subcommittee on Economic and Other Sector Cooperation of the EU-Ukraine Association Committee (8 November 2024). The NBU also worked on updating the list of EU acquis that Ukraine is obliged to implement into its national legislation. In 2024, the NBU reviewed the European Commission’s proposals to update Appendix XVII-2 Rules Applicable to Financial Services of Annex XVII Regulatory Approximation of the Association Agreement.

**EU Financial Assistance**

Ukraine Facility Plan. In preparation for the implementation of the EU’s financial support instrument for Ukraine, the Ukraine Facility, which provides for the receipt of up to EUR 50 billion in funds over 2024–2027, the NBU took an active

Bilateral meeting with the European Commission	Date of the meeting
Economic criteria	8 October
Chapter 32 – Financial Control	8 October
Section 18 – Statistics	11 and 12 November
Chapter 4 – Free Movement of Capital	20 November



part in the development of the Ukraine Plan provided for by this instrument. NBU Governor Andriy Pyshnyy was one of the signatories of the international documents necessary for the implementation of this EU instrument, namely the Memorandum of Understanding and the Loan Agreement for Transitional Financing and the Loan Agreement for the Ukraine Facility.

The NBU has identified three indicators in Ukraine's Plan, specifically regarding the assessment of the banking system's resilience, the approval of a Non-Performing Loan (NPL) Resolution Strategy, and the adoption of legislative amendments for their improved resolution. After Financial Stability Council on 6 June 2024 approved the Lending Development Strategy, which contains a separate section on measures to resolve NPLs, one of the indicators was met ahead of schedule. Work on implementing the other two indicators will continue in 2025.

The timely and full implementation of the indicators of the Ukraine Plan as a whole allowed Ukraine to receive more than EUR 16 billion in funding from the EU in 2024.

**EU Macrofinancial Assistance.** As part of its efforts to provide international financial support to Ukraine, the NBU took part in the preparation of a new EU macro-financial support program for Ukraine for 2025, totaling up to EUR 35 billion. NBU Governor Andriy Pyshnyy and Minister of Finance of Ukraine Sergii Marchenko signed the Memorandum of Understanding and Loan Agreement necessary for the launch of this instrument.

In order to meet one of the commitments under the Memorandum, at the end of 2024, the NBU Board approved the Concept for Assessing the Resilience of Banks and the Banking System of Ukraine in 2025.

### **EU Technical Assistance**

In 2024, the NBU continued to implement measures under Component 3, Financial Reporting in a Single Electronic Format, of the EU Project, Implementation of EU Practices for Accounting, Financial Reporting and Audit in Ukraine, and to prepare for the implementation of the Twinning Project, Implementing Effective Supervision over Non-bank Financial Institutions.

### **Institutional Cooperation with EU Bodies**

The NBU, in line with its mandate as the central bank of an EU candidate country, held a number of meetings during the year, both at the highest management level and at the expert level, with the European Commission, the European Central Bank, the European Banking Authority, and the European Insurance and Occupational Pensions Authority. The main focus of the relationship includes the approximation of national financial legislation to EU legislation, central bank independence, accession to the Single Euro Payments Area (SEPA), building a war risk insurance system in Ukraine, and preparations for future negotiations with the EU on Ukraine's membership.

### **International Cooperation**

Cooperation with International Financial Institutions. The NBU's management and other central bank representatives took part in the IMF and World Bank Spring Meetings on 15-20 April

2024, in Washington, DC, and the IMF and World Bank Annual Meetings on 21–26 October 2024, in Washington, DC.

During the events, considerable attention was given to the global economic challenges caused by the war in Ukraine, inflation, and the food crisis. The agenda also included discussions on ways to stabilize financial markets, ensure gender equality, and promote sustainable development amid global instability. The participants also discussed avenues for supporting Ukraine and its economic recovery.

Cooperation under the IMF-supported program remained a top priority for the National Bank of Ukraine. On 31 March 2023, the IMF Executive Board approved a new four-year Extended Fund Facility for Ukraine.

The program is worth about USD 15.6 billion (SDR 11.6 billion). Disbursements under the program are conditional on quarterly review results. In 2024, four such reviews confirmed Ukraine's ability to meet its commitments. Both structural benchmarks and other key objectives outlined in Letters of Intent, Memoranda of Economic and Financial Policies, and Technical Memoranda of Understanding were met. Due to strong performance under the program in 2024, Ukraine received nearly USD 5.28 billion (SDR 4 billion), which was allocated to the general fund of the State Budget of Ukraine.

A total of six reviews have already been conducted under the program, and seven disbursements have been received worth a total of about USD 9.76 billion (SDR 7.34 billion).

The NBU was actively engaged in the systemic projects of Ukrainian government with the

International Bank for Reconstruction and Development (IBRD) and International Finance Corporation of the World Bank Group, which are allocating financing to support the state budget and the implementation of investment projects in Ukraine aimed at financial sector development.

On 26 March 2024, the World Bank's Board of Executive Directors approved a new Development Policy Operation (DPO), a loan that was part of the Growth Foundations operation, for Ukraine. The country then received USD 1.5 billion, which went toward meeting the key priorities of Ukraine's State Budget. The financing consisted of a guarantee from the government of Japan through the World Bank's ADVANCE Ukraine Trust Fund in the amount of USD 984 million, and a guarantee from the United Kingdom totaling USD 516 million.

On 17 December, the World Bank's Board of Executive Directors approved a second DPO within the framework of the Growth Foundations operation, financed by IBRD funds with additional backing through the ADVANCE Ukraine Trust Fund, supported by the Ministry of Finance of Japan and the government of the United Kingdom.

Under the second Development Policy Loan, Ukraine received USD 1 billion.

Since the outset of Russia's full-scale war against Ukraine, the World Bank and its partners have mobilized a total of more than USD 57 billion in assistance for Ukraine.

The NBU continued its cooperation with the European Bank for Reconstruction and Development (EBRD) through bilateral engagements, during which the importance of ongoing support for Ukraine was emphasized. This includes investments in the private sector,

particularly in the financial and banking sectors, as well as assistance in maintaining economic activity by enabling businesses to operate and pay taxes. At the Ukraine Recovery Conference held in Berlin in June 2024, the EBRD signed numerous financing and pre-financing agreements, bringing the total volume of EBRD financing in Ukraine since the start of the full-scale invasion to EUR 6 billion by the end of 2024.

An important project that the NBU is pursuing with the EBRD is the implementation of a Memorandum of Understanding between the two institutions that provides for cooperation in support of financial inclusion and reintegration of war veterans in Ukraine, signed on 9 April 2024. The purpose of the MoU is to promote the development of inclusive and accessible financial services, cooperation in the field of financial inclusion and reintegration of veterans into civilian life and the economy, as well as the inclusion of Ukrainian banks in the Charter on

Financial Inclusion and Reintegration of Veterans. As of the end of 2024, 38 Ukrainian banks have signed this charter.

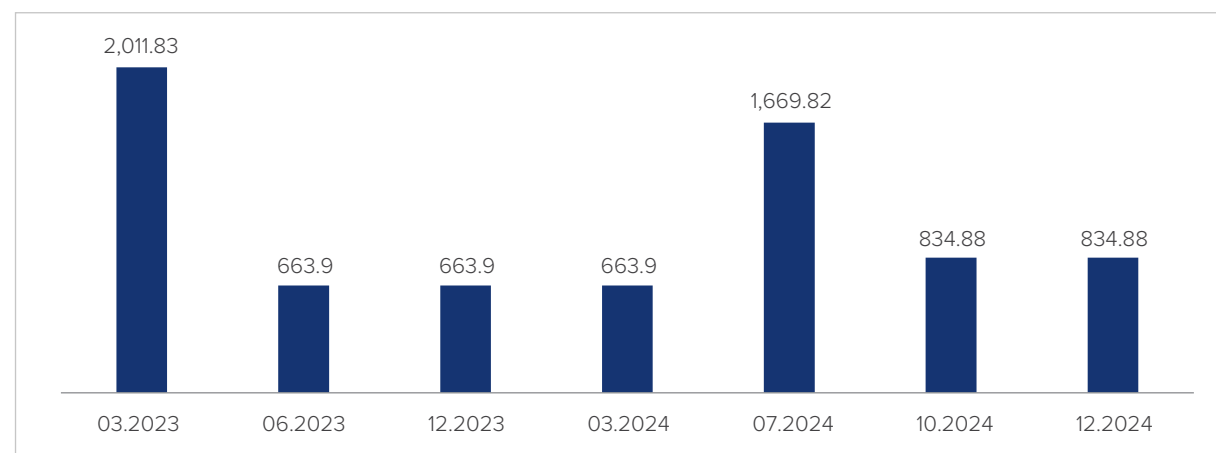
Furthermore, over the course of 2024, the NBU actively participated in the process of preparing Ukraine for membership in the Organisation for Economic Cooperation and Development (OECD) and implementing the OECD Country Program for Ukraine for 2023–2027, and took part in OECD events and the processing of the organization's documents regarding Ukraine.

### **NBU's Membership in the International Organizations**

The NBU is a member of 19 international organizations and initiatives. Throughout 2024, it continued to expand its international presence and establish cooperation with new international organizations.

In April 2024, the NBU became a Premium member of the Center for Economic Policy

### **Amount of IMF Disbursement (SDR million)**



Research (CEPR), and also began the process of joining the European Association of Automated Clearing Houses (EACHA).

#### Bilateral Meetings and Dialogue with International Partners

Throughout 2024, the NBU continued to focus its efforts on strengthening bilateral partnerships, also leveraging multilateral events abroad to maintain high-level communication with key international partners. In particular, during the year the meetings were held with:

- leadership of the central banks of the Netherlands, Croatia, Belgium, Sweden, Israel, Lithuania, Latvia, Switzerland, Moldova, Denmark, the United Kingdom, France, Finland, Germany, Turkey, South Africa, India, Canada, and the U.S.;
- as well as the heads of the European Central Bank, the European Commission, the U.S. Department of State, the Ministries of Finance of Lithuania, Sweden, the U.S., the Swedish Parliament,
- as well as representatives of the diplomatic corps, including the Ambassadors Extraordinary and Plenipotentiary of the U.S., the UK, France, and Sweden.

During each of the meetings, urgent issues for Ukraine were discussed, including potential ways to strengthen the international isolation of the Russian Federation and increase sanctions pressure on its banking and financial institutions, as well as support for Ukraine in securing the necessary international financial assistance to sustain the resistance against Russian invaders and ensure post-war reconstruction. In turn, international partners received up-to-date

information from the NBU regarding its policies aimed at maintaining macroeconomic and financial stability in Ukraine, the regulator's further plans in the field of currency liberalization, and initiatives to engage the banking sector in supporting the economy and ensuring its resilience.

An important topic during the high-level meetings was also the NBU's measures to ensure the continuity of operations during emergencies. During the NBU's delegation visit to the Sveriges Riksbank, special attention was given to preparing in advance for the implementation of negative scenarios and the key principles of rapid response to them. These same issues were discussed with the leadership of the Polish Financial Supervision Authority during their visit to Kyiv in December.

During their visit to the NBU, our partners were able to see firsthand the specific features of the central bank's operations under martial law.

In the reporting year, the NBU joined efforts aimed at activating and implementing a mechanism to direct excess profits from immobilized Russian assets to benefit Ukraine through ERA Loans for Ukraine, a mechanism designed to finance the country's post-war reconstruction. The dialogue, ongoing throughout the year with the leadership of key EU and US bodies involved in decision-making, played an important role in the first step taken by partners to utilize immobilized Russian assets for Ukraine's benefit, which, at the beginning of 2024, seemed impossible.

With the aim of improving the business climate in the de-occupied territories—particularly by unblocking cross-border payments in favor of Ukrainian businesses registered in the non-occupied and/or de-occupied territories

of Kherson, Zaporizhzhia, Donetsk, and Luhansk oblasts—the NBU continued its active communication throughout 2024 with banking and insurance groups, their subsidiaries, as well as with foreign regulators. In addition, in cooperation with other government authorities, the NBU worked on enhancing the unified official English-language source of information regarding the territorial control of Ukraine and developed guidelines for foreign banks to verify such control.

To help maintain Ukraine's sovereign credit rating, the NBU also participated in a series of meetings with representatives of credit rating agencies S&P Global Ratings and Fitch Ratings, during which it provided comprehensive and reliable information on monetary and foreign exchange policy conducted under martial law, as well as on the measures taken to ensure financial stability.

#### International Events

In 2024, the National Bank of Ukraine remained actively represented at high-level international events. The NBU leadership participated in several international events, including:

- High-Level Conference of the National Bank of Belgium and De Nederlandsche Bank on Central Bank Independence in a Changing World
- High-Level Roundtable, organized by U.S. Special Representative for Ukraine's Economic Recovery Penny Pritzker, on Mechanism to Reduce Risks: Ensuring Global (Re)Insurance Capacity for Ukraine's Economic Recovery
- Ukraine Security Forum organized by Friends of Europe, titled A Tipping Point for Europe's Security and Democracy



- European Investment Bank (EIB) Forum on European Competitiveness in a Polarized Global Context
- High-Level Regional Forum of the IMF and the Central Bank of Armenia on central bank governance
- Regional closed lunch of central bankers, High-level conference of Banka Slovenije and the International Monetary Fund, and the Conference of Narodowy Bank Polski under the title 100 Years of the Central Bank of Poland – a Success Story
- 23rd Annual International Conference organized by the World Bank, IMF, and the U.S. Federal Reserve System on Policy Challenges for the Financial Sector
- Ukraine Recovery Conference hosted jointly by the Federal Ministry for Economic Cooperation and Development (BMZ) and the Federal Foreign Office
- European Financial Congress organized by the Polish Financial Supervision Authority (KNF)
- Conference of the Oesterreichische Nationalbank titled Financial Stability Conference on Building Resilience and Managing Financial Crises
- Conference organized by the Polish Ministry of Foreign Affairs on Navigating Sanctions Against Russia: Evaluating Effects and Identifying Challenges
- Central & Eastern European Forum 2024 organized by Euromoney International Conference on Regional Card Schemes and Retail Financial Market Infrastructure organized by the World Bank

- Conference of the IMF and the National Bank of Moldova titled Promoting Central Bank Governance, Risk Management, and Communication in a Changing Landscape
- Annual Economic Conference of the Bank of Lithuania titled Pillars of Resilience amid Global Geopolitical Shifts

### **Cooperation with International Partners under the Agreements of NBU and Ukraine**

The NBU continued to expand its portfolio of bilateral agreements on international cooperation. In particular, a Memorandum of Understanding on cooperation and information exchange in the field of regulation and supervision, as well as a Memorandum of Understanding in the area of anti-money laundering and combating the financing of terrorism, were signed with the central bank of Hungary.

In 2024, the NBU actively contributed to the preparation and development of the following intergovernmental agreements:

- Agreement between the Government of Ukraine and the Government of the French Republic on the Establishment and Operation of the Agence Française de Développement (AFD), Groupe Agence Française de Développement (PROPARCO) and Expertise France in Ukraine
- Agreement on Free Trade Agreement between Ukraine and EFTA member states
- Comprehensive Economic Partnership Agreement between the Government of Ukraine and the Government of United Arab Emirates

- Agreement between Ukraine and Japan on the Promotion and Protection of Investments.

In addition, the NBU was involved in implementing measures related to political cooperation, reform implementation, and sanctions policy, as outlined in the action plans for the implementation of the Security Cooperation Agreements between Ukraine and the United Kingdom of Great Britain and Northern Ireland, the Federal Republic of Germany, France, Denmark, the Republic of Latvia, the Netherlands, Italy, the Republic of Finland, Canada, the United States of America, Japan, the European Union, Estonia, the Republic of Lithuania, the Grand Duchy of Luxembourg, the Republic of Poland, Romania, the Czech Republic, the Republic of Slovenia, and Ireland.

### **International Technical Partnership of the NBU**

International technical partnership of the NBU fosters the development and strengthening of the NBU's dialogue with the international financial community. This is achieved by engaging with and implementing global best practices to enhance Ukraine's financial sector, sharing expertise on the most pressing topics, and disseminating the NBU's unique specialized knowledge, enriched by the Ukrainian context.

Each year, the NBU continues to strengthen its standing on the international professional stage by enhancing cooperation with EU member states, EU candidate countries, and advanced economies. In 2024, the NBU achieved its highest level of international technical cooperation over the past seven years — 546 events (an average of 2.1 events per working day), representing a 12.3% increase compared to 2023.

## International Technical Cooperation

Support from key international partners remains consistently high and effective. Among the largest donors are the international Monetary Fund (IMF), the World Bank Group, the European Union (EU), the European Bank for Reconstruction and Development, the U.S. Agency for International Development (USAID), the Swedish International Development Cooperation Agency (SIDA), and the Swiss State Secretariat for Economic Affairs (SECO). In addition to ongoing technical assistance projects and programs, the IMF Capacity Development Program for Ukraine 2024–2028 was launched in 2024, along with several projects including the EBRD's "Ukraine: NBU Project Office Phase 2 – Implementation of the Financial Sector Strategy of Ukraine during the War," the IFC's "Reform of Asset Resolution Companies (ARC)" and "Development of Digital Financial Services (DFS)," USAID's "Growth (GROW) in Ukraine," and the German Agency for International Cooperation (GIZ)'s "Application and Implementation of the EU-Ukraine Association Agreement in the field of Trade / EU4Business: competitiveness and internationalization of SMEs." These initiatives support the NBU in achieving its strategic goals and developing the financial sector.

In addition, support from central banks and financial sector regulators in EU member states and developed economies continues to grow. In 2024, significant assistance in acquiring enhanced international experience and specialized knowledge was received from 36 central banks and nine other financial sector regulators.

The NBU actively cooperates with the European Central Bank and regulators from France, Germany, Italy, Latvia, Lithuania, the Netherlands, Poland, Spain, Sweden and the United Kingdom.

## International Technical And Expert Cooperation

Despite the turbulent times and Russia's military aggression, the NBU continues its tradition of holding large-scale annual international technical and expert cooperation (ITC) events. The demand for and interest in these events from the international audience are steadily growing, with the number of participants increasing 2.5 times compared to 2023.

In particular, the NBU initiated three important international events in 2024, namely:

- the 8th International Conference Navigating the Changing Landscape: Central Banks in a New Normal (384 participants from Ukraine and abroad)
- the 6th international roundtable Strategic Development and Change Management in Central Banks in Times of Extreme Uncertainty (198 participants from Ukraine and abroad)
- The NBU Research Workshop Monetary Policy in Emerging Markets: Creating Integrated Solutions (182 participants from Ukraine and abroad).

In addition, the NBU's experts actively participate in experience-sharing events at the invitation of the central bank's international partners. The most-requested topics were: operational, information, and cybersecurity, regulation of NBFIs, monetary policy, the impact of communications on macroeconomic performance, trust building and crisis communications, financial literacy (including digital), risk management, financial stability and crisis management, banking supervision, NBU BankID, internal audit (including ESG audit), and more.

## International Technical Assistance from NBU

In 2024, demand for the NBU's expertise from EU countries, EU candidate countries, advanced economies, and others rose to times the 2023 levels.

Twenty-one events were held, on the following topics:

- Uninterrupted activity and Power Banking (Norway, Moldova, Lithuania)
- Central bank governance in wartime (Sweden, Poland)
- Crisis preparedness and financial stability, exchange rate policy and the central bank's FX reserves (Sweden)
- Prudential requirements in wartime, implementation of Regulation No. 575/2013 (CRR) (Moldova)
- Cash storage and logistics during the war (Lithuania)
- Contingency planning, ISO 20022, communications and payments (Norway)
- Crisis communications (Latvia, Iceland, Denmark, Finland, Lithuania, Estonia, Sweden)
- Drafting meetings minutes (Moldova)
- Cyber and operational resilience (Denmark)
- Operational digital resilience of banks as part of the supervisory process (Sweden)
- Enforcement measures imposed on banks and NBFIs (Azerbaijan)
- Registrable securities and requirements for insurance companies (Egypt)
- Payment sustainability and the use of CBDC to enhance it (IMF).

## Project Management

In 2024, the NBU's project management activities focused on improving the efficiency of project implementation and managing risks in the face of growing challenges and limited resources.

The NBU's project portfolio remains balanced and includes four programs and 30 active projects. All projects are aimed at achieving strategic goals, including maintaining the stability of the financial system, improving supervisory functions, and introducing innovative financial services.

Also, a pilot project on the application of agile project management methodologies continued throughout the year, and these methodologies proved to be quite effective. In particular, the use of Agile and Scrum approaches made it possible to quickly create a prototype of the project's product and quickly integrate new product requirements.

In 2024, the NBU focused on strengthening proactive risk management, adapting projects to dynamic changes, and using new tools to optimize processes. The NBU will take into account the successful experience of applying innovative approaches in future initiatives and scaling up other strategic projects.

## NBU's Process Management System

The organization of high-quality performance of functions and the implementation of the Strategy are based, in particular, on a process-based approach. As of the end of 2024, the NBU Board had identified 305 processes that are underway. The structure of the NBU's processes is constantly reviewed and updated.

One of the key indicators of the NBU's effective operation and an important measure of its development is the assessment of the process management maturity level.

At the NBU, the level of process management maturity is assessed in line with the Business Process Maturity Model (BPMM). The model makes it possible to determine the extent to which the NBU's processes are identified, coordinated, understood, measured, controlled and aimed at implementing the Strategy.

As of December 2024, the NBU's process management maturity level is 4.09 points out of 5, and is defined as "Predictable" according to the BPMM. This level of maturity confirms that the NBU's processes are systematic and efficient, and that the NBU has implemented an effective approach to making decisions about processes based on quantitative indicators.

The NBU systematically implements measures according to the developed plan for the development of a process management culture. These measures aim to increase the level of process culture and the maturity level of process management, as well as to improve approaches to monitoring and evaluating processes to ensure their effective execution and continuous improvement.

## Implementation of Artificial Intelligence (AI) at the NBU

In 2024, the National Bank of Ukraine strengthened its focus on implementing innovative solutions, including artificial intelligence (AI) technologies, to improve the efficiency of its operations. Innovative technologies open up new opportunities for automating and optimizing processes, speeding up the processing of large amounts of information, deeper data analysis, identifying trends, and managing key risks.

This will, in particular, help the NBU make even more effective decisions and reduce the negative impact of the external environment on its activities, as well as generally improving the effectiveness of the fulfillment of the central bank's mandate.

For this reason, the NBU is actively exploring the possibilities of using artificial intelligence (AI) in its operations. Thus, in August 2024, the NBU set up a working group. As part of the group's operation:

- a number of meetings were held to exchange experience with the central banks of the Netherlands, France, England, Israel, Belgium, and the European Central Bank
- a draft Policy on the Responsible Use of AI in the NBU was drawn up, taking into account international standards
- the NBU continues to implement programs to train and develop the competencies of its employees in AI.

The NBU expects that the working group's practical developments will be a significant asset when taking the next steps in integrating innovative technologies and services based on artificial intelligence not only into the NBU's processes, but also in ensuring the well thought-out and safe use of this technology in financial services.

## NBU's Risk Management System

The NBU's risk management system aims to facilitate the achievement of the NBU's strategic goals and effective performance of its functions as defined in the Law of Ukraine *On the National Bank of Ukraine*, support its institutional capacity and independence by protecting its assets, capital, and reputation, and maintain trust in the NBU and in the policy that it develops and implements.

The NBU's risk management system is comprehensive and is based on holistic risk management as a systematic and continuous process. This process is run by the NBU Board and NBU staff and starts with the Strategy development and covers all the NBU's activities. This process is aimed at detecting events that may adversely affect the NBU's activities and the banking system of Ukraine, and the management of risks related to such events within the set level of risk appetite, in order to ensure that the NBU performs its functions and achieves its goals.

The NBU Board organizes the risk management process in a way to make the NBU's risk management system correspond to the functions, specifics, and role of the NBU as Ukraine's central bank and a special central body of public

administration determining the country's monetary policy.

The NBU's risk profile comprises both financial and nonfinancial risks. Financial risks constitute the risks that arise in connection with financial instruments. The NBU's financial risks are grouped as follows:

- financial risks related to the policies determined and conducted by the NBU. These risks arise from financial instruments, when their recognition on the NBU's balance sheet or off balance is related to the central bank's performance of its main function and other functions, as set forth in Articles 6, 7 of the Law of Ukraine *On the National Bank of Ukraine*, with the exception of Article 7 paragraph 15 thereof
- financial risks arising from Ukraine's international (foreign exchange and gold) reserves
- other financial risks.

Each financial risk category includes several risk types defined by the factors that cause the respective risks. In particular, the NBU distinguishes between liquidity, credit and market risks.

Nonfinancial risks include the risks of the NBU that arise in connection with nonfinancial factors. The NBU's nonfinancial risks are as follows: operational risk, compliance risk, strategic risk, and reputational risk.

NBU orders on risk management set out the management policy for certain types of NBU risks, its risk tolerance level, and its risk appetite.

The NBU has introduced a uniform and structured approach to ensure the effective performance of the NBU's functions, its stable and continuous operation, cooperation between NBU units at all organizational levels, and to introduce a corporate culture of organizing and developing the NBU's internal controls.

In 2024, the NBU continued to maintain the existing risk management system in a proper and operational state, ensured transparent and understandable management of financial and non-financial risks, and focused on synchronizing its risk management approaches with the best international practices.

## Implementing the European Central Bank's Accounting and Reporting Methodologies and Requirements at the NBU

The NBU is continually improving the framework and content of its financial reporting. The aim is to provide the best presentation of information that is necessary and useful to its users, taking into account the unique aspects of the central bank's operations, relationships, and impact, as well as the strategic goal of Ukraine's accession to the EU. This area is also aligned with the NBU's obligations in the framework of its Memorandum on Economic and Financial Policy with the IMF.

Thus, the NBU's Strategy within the *Effective Central Bank Strategic* Goal foresees a range of measures for implementing the European

Central Bank's (ECB's) accounting and reporting methodologies and requirements at the NBU.

To achieve this strategic goal, the NBU implemented a set of measures in 2024 as part of the Implementation of ECB Guidelines in NBU Accounting and Reporting project. Specifically, work has been done to study the requirements of ECB Guideline (EU) 2016/2249 of 3 November 2016 on the legal framework for accounting and financial reporting in the European System of Central Banks (hereinafter referred to as "Guideline (EU) 2016/2249").

NBU experts (the project team members) did the following:

- 1) participated in training events on the approaches, peculiarities, and methodologies for conducting accounting and financial and statistical reporting by the ECB (ECB Workshop) and EU national central banks (KNF Poland, Denmark, Sweden, Croatia, and Italy) (hereinafter referred to as the "ESCB")
- 2) conducted a comparative analysis of Guideline (EU) 2016/2249 with the NBU's Accounting Policy.

To further implement the ECB's requirements, in 2025, the NBU plans to continue studying the requirements of Guideline (EU) 2016/2249 and related documents, cooperating with the ECB and studying the following:

- 1) approaches, peculiarities, and methodologies for conducting accounting and financial and statistical reporting by the ESCB and the ECB, and analysis of the ECB's experience in organizing the transition to accounting and reporting in accordance with the ECB standards.

additionally, NBU experts will analyze the differences (GAP analysis) in methodologies for the accounting, composition and content of financial and statistical reporting between the NBU and the ESCB, the necessity to amend laws and NBU regulations, and IT systems alignment.

Based on this analysis, the NBU is to prepare a top-level plan of actions required to implement ECB accounting and reporting requirements at the NBU.

## Internal Audit

In 2024, the Internal Audit Department ensured the uninterrupted performance of its tasks and functions pursuant to the Law of Ukraine *On the National Bank of Ukraine*.

Throughout 2024, the NBU conducted 21 audits on the effectiveness of risk management, internal control, and managerial function execution processes provided by the central bank's structural units across the main areas of their activities. These included audits under the Memorandum of Economic and Financial Policies with the IMF.

The audits were conducted in 2024, in accordance with the Plan for Internal Auditing of the NBU's structural units. The plan was approved by the NBU Council.

These scheduled audits covered all areas of the NBU's activity, using a process-based and risk-oriented approach to the auditees.

In 2024, the Internal Audit Department regularly communicated its audit results to the NBU

Council, the Council's Audit Committee, and the NBU Board. To assess the effectiveness of the internal control system, the materials from the audits were repeatedly included in the consideration of relevant issues at the meetings of the Audit Committee of the NBU Council throughout 2024.

In 2024, the NBU's methodological documents on internal audit in its structural units were brought into line with the Global Internal Audit Standards, which came into force on 9 January 2025.

It should be noted that external independent experts, as well as the IMF mission based on the results of the safeguards assessment, confirmed and acknowledged the quality of the NBU's internal audit.

## Using Cutting-edge Technology to Automate Certain Functions of the NBU

Amidst Russia's full-scale aggression, one of the NBU's main challenges is to ensure the stability and development of NBU information systems in order to support the business continuity of the entire banking system of Ukraine.

To expand the capabilities of the corporate cloud, the NBU put in place additional cutting-edge equipment for data storage systems with Flash technologies, and upgraded the data storage infrastructure and local computer network at the NBU's sites.



Throughout 2024, procedures for backing up data from information systems and their recovery were performed in accordance with the concluded backup agreements. All scheduled work was carried out for the creation, accounting, storage, and destruction of segregated electronic data obtained from the operation of information systems.

With the aim of providing coverage of the NBU's processes with the latest automation technologies, more than 1,250 business requirements and requests for changes to software regarding the expansion of automation capabilities of the NBU's functions were implemented during 2024.

The NBU applied modern technologies and revised the functions of most of its informational systems, including the SEP, CCAS ("Treasury"), ASMPI (WEB-AIS "Electronic Form of the State Register of Banks", SS "Exchange Rates"), SS "FX Market Conditions", "BARS Millennium" ABS, the NBU's official website, the NBU's external web portal, the data warehouse, the analytical system, "NBU E-Archive project", AIS "Register of Nonresidents' Accounts", the "Trembita" system of electronic interaction of state electronic information resources and the interoperability system in Ukraine, the mailing portal solution "Web FD", NBU's Comprehensive Information System (CIS NBU), ASCOD, and SAP NBU.

The NBU also upgraded the NBU's Credit Register (2.0 version which, thanks to an improved data structure and a wider range of participants, ensures more accurate monitoring of the financial market and enhances the quality of management decision-making.

In order to conduct Ukrainian-wide testing of financial literacy, the "Harazd" financial literacy website was upgraded and its technical features were expanded.

The use of modern advanced technologies enabled the NBU to enhance the accessibility, functionality, and security of its information systems and strengthen the resilience of its entire IT infrastructure.

## Increasing Employees' Workplace Mobility

Throughout 2024, the NBU worked diligently to gradually increase the indicator of workplace mobility, as envisaged by the Strategy.

The NBU managed in 2024 to meet its targets and achieve a mobility indicator of 75.6%.

The employees of the NBU, primarily those responsible for the functioning of critical processes, including the heads of independent departments of the NBU and members of the NBU Board, are provided with the ability to work from any location and at any time, which will contribute to their mobility and enhance the central bank's ability to operate without interruption.



## Human Capital is main Asset

In 2024, the NBU continued to search for and select qualified employees to staff the NBU team. The hiring of new employees met the need to ensure the continuity of the processes of the organization, and the fulfillment of the strategic goals of each unit and the NBU as a whole.

Particular attention was paid to the process of effective onboarding of new employees, their quick and efficient inclusion in NBU processes, and their ability to adapt to changes and work effectively. According to the results of the adaptation and support measures for newly hired employees, over 96% of respondents highly rated the level of organization of this process.

The NBU also continued work on developing and strengthening its employer brand. In particular, the NBU focused on working with young people and attracted talented students to join the NBU team by:

- participating in job fairs
- working together with Ukrainian universities
- holding thematic meetings and lectures with the participation of speakers from the NBU
- organizing internships and traineeships for students

In 2024, the NBU employed 16 students who had undertaken internships and traineeships at the NBU. Seven students and graduates of higher education institutions joined the NBU after undergoing successful interviews.

As a result of the implementation of measures aimed at working with young people and promoting the employer brand, the NBU entered the top three companies in the banking sector and received the “Best Employer of 2024” award according to Ukrainian students (the rating was compiled by the HR-brand agency UGEN).

Also, throughout 2024, personnel support for NBU employees was provided in accordance with the requirements of the labor legislation of Ukraine. Measures were taken to improve the automation of the personnel record-keeping process. Also, the NBU ensured that measures were taken to organize the maintenance of personal military records of conscripts and reservists among NBU employees, along with measures related to the conscription of employees for military service during mobilization.

To create conditions aimed at restoring and returning war veterans to work, the NBU approved its Programme of Support for War Veterans in Ukraine, which provides for:

- granting war veterans preferential rights to employment during the decision-making process on selection of candidates for vacant positions under equal conditions of professional experience, qualifications, the integrity of knowledge and skills, and candidate reliability.
- granting additional paid leave to employees who have started working after returning from military service.

Thus, to facilitate the adaptation of demobilized employees of the NBU, to restore their physical and psychological state, and to provide them with the opportunity to rest and recuperate, an additional type of leave (14 calendar days) was introduced in 2024 for NBU employees who started working after completing service in the Armed Forces of Ukraine.

In order to promote the regulation of labor relations and the coordination of interests between employees and the NBU as an employer, a new Collective Agreement was signed in 2024 between the management (administration) and the workforce of the central office of the NBU for the years 2024–2028. The Collective Agreement regulates industrial, labor, and socio-economic relations, and coordinates the interests of employees and management regarding issues of work organization and remuneration, guarantees and benefits concerning housing, social, and medical services, and the organization of recreation and leisure for NBU employees.

### Staff Motivation

Throughout the year, the NBU continued to support and develop a modern personnel motivation system aimed at retaining and incentivizing staff for the high-quality execution of goals and tasks in order to ensure the achievement of the NBU’s strategic objectives.

The NBU continues to have a program in place to assist employees whose housing has been damaged as a result of hostilities. Recognizing the importance of supporting its mobilized employees in 2024, the NBU ensured the stable payment of financial assistance to address the social and

living needs of employees called up to the ranks of the Armed Forces of Ukraine.

The NBU continues to support employees and their family members and provides assistance with the treatment of critical illnesses.

Due to military operations, as well as for the safety and continuity of NBU operations, in 2024, employees continued to use the remote work format, which is part of the hybrid work format, i.e. a working time management model that allows employees to work both in offices at the NBU's locations, and remotely.

With the aim of caring for the health of employees and considering the best practices in the insurance services market, the voluntary medical insurance program for NBU employees was updated, and now includes, in particular, a set of measures for psychological support. The psychological support program is implemented both in the form of individual online consultations with psychologists and in the form of group webinars/lectures for employees. In addition, a significant advantage of the voluntary medical insurance program is the care for the health of mobilized and demobilized employees – the current program includes additional options specifically for this category of employee.

Indicator	2024	
	Head Office of the National Bank of Ukraine	Banknote Printing and Minting Works
Average employee age	47.2	48.2
Average length of service at the NBU	13	14.1
Females/males at the NBU	55% / 45%	34% / 66%
FTEs as of 31 December 2024	3,365.5	1,191
Staff turnover	4.01%	0.74%
Managers*	9.30%	3.80%
Specialists**	75.10%	32.90%
Employees***	15.60%	63.30%
Total	100%	100%
Distribution of employees by age group:		
To 30 years	5%	5%
30 To 50 years	56%	51%
More than 50 years	39%	44%
Gender distribution among managers (women/men)	46%/54%	26%/74%

\*The category of managers includes heads of structural units.

\*\*The category of specialists includes other managers, specialists, and professionals.

\*\*\*The category of employees includes other employees and technical staff.

## Staff Training

During 2024, there was an increase in both the number of training and development events, and in the number of employees who attended them. The total number of training events held in 2024, including development programs, was 648. The number of those attending educational courses almost doubled in comparison to 2023. Specifically, this was due to the mandatory training by all employees in cybersecurity, anticorruption activities, barrier-free society, and inclusion.

In 2024, the trend of the prevalence of educational events related to hard skills was maintained, compared to soft skills training: 462 versus 161 events, respectively. Training events were also conducted with the support of international partners – 100 participants received the opportunity to take part on educational events abroad (in Austria, Germany, and the United States). In total, 222 events with the participation of international providers were held, which were attended by 1,345 employees.

A significant number of soft skills training events were conducted by the NBU's internal trainers.

The intensity of knowledge sharing among NBU employees who attended relevant training and shared their acquired experience with other colleagues increased by 44%

In addition, NBU employees conducted 43 events for representatives of the banking sector and other institutions. These events were conducted by the employees of the Integrated Banking Supervision Department, Financial Monitoring Department, Licensing Department, Cash Circulation Department, and Legal Department.

In 2024, two groups began training under the relevant talent pool development programs, which were approved in 2024: successors for management positions at level B-1 (16 employees); successors for management positions at levels B-2 (31 employees) and B-3 (126 employees). In 2024 the participants mastered over 60% of the training programs.

In the framework of the leadership development program in 2024, the following areas were covered: a leader's personal development and team development; support for team psychological resilience, resiliency, prevention of emotional burnout; involvement and raising a team's efficiency and motivation; innovations in the financial sphere; inclusive communications, specifics of communication in the course of a veteran's reintegration; and specifics of feedback in wartime for various target audiences, including veterans. The events were attended by 311 managers of B1, B2, and B3 levels, and members of the succession pool for B1 positions.

Throughout 2024, training on mentoring tools was also conducted for employees who were approved for the mentor group in 2024 (16 participants). In particular, the meetings of the Mentors Club on adaptation and interaction with veterans and on the reintegration of employees into work teams in wartime were held. 112 employees attended these meetings.

Within the updated Academy of Trainer Excellence, 12 participants studied three training modules. And nearly 30 alumni from various graduating years participated in the two semi-annual meetings of the Academy of Trainer Excellence Club.

## Corporate Culture

In 2024 the NBU actively developed its corporate culture, focusing on unity, support, and mutual assistance in the times of war, thus maintaining the team's morale, supporting mental health, and enhancing the social ties within the organization.

A key focus of corporate volunteering remains support for fellow employees who are serving in the military. Thanks to donations from NBU employees in 2024, 73 bank employees, as well as mobilized close relatives of employees serving in the Armed Forces of Ukraine, received assistance totaling UAH 1,640,000. In 2023, NBU employees donated UAH 1,566,188 to the NBU's charitable account.

Cooperation with Kyiv Municipal Blood Center was also an important part of the corporate culture development.

In 2024 four Donor's Day actions were held in the NBU's premises, they resulted in the donation of 119 liters of blood. This blood was used to aid wounded soldiers, victims of war, and patients with chronic blood diseases, as well as cancer patients and women after childbirth. These initiatives were an important contribution to ensuring medical institutions had the necessary resources for saving lives and supporting the health of Ukrainians.

As part of its corporate social initiatives, the NBU together with the Heroes' Children Charity Foundation implemented a project to support children who have lost one or both parents due to the war. Through joint efforts, the dreams of 70 children came true on New Year's Eve. This project is a prime example of

the contribution of corporate culture to making positive changes in the lives of those who are facing hardship due to the war.

Recognizing the importance of preserving the psycho-emotional well-being of employees during wartime, throughout the year the NBU conducted lectures by professional psychologists, training sessions on information hygiene and cyber protection, as well as meetings with top speakers on current relevant topics.

An additional area for the development of corporate culture was creating conditions for the successful integration of war veterans into the team.

This was facilitated by conducting training events for NBU employees on interacting with veteran colleagues; preparing relevant reference materials; and incorporating the topic of war veterans' reintegration within the NBU's employee development programs.

These initiatives became an important aspect of employee support, helping them effectively cope with the challenges they face both in their professional activities and in their daily lives under conditions of stress and uncertainty.

## Development of Research

The NBU continues its active research activities, which allows it to stay at the forefront of economic thought, improve its analytical tools, and engage external expertise. Disseminating research results helps increase confidence in the central bank's policy, which is key to ensuring the effectiveness of its influence on economic processes.

### Research Undertaken in 2024

In 2024, the NBU conducted the entire range of its usual research activities.

The main scientific event was the return of the Annual Research Conference to Kyiv – for the first time since 2019, it was held offline. On 20 and 21 June, more than 300 leading experts, representatives of central banks, financial organizations, universities, and research centers from nearly 30 countries discussed the topic Navigating the Changing Landscape: Central Banks in a New Normal. The conference focused on the strategies of central banks to manage the economic consequences of the war in Ukraine and current global challenges. The key speakers were First Deputy Managing Director of the IMF Gita Gopinath and ECB representative Frank Smets.

In addition, the NBU held its regular workshop Monetary Policy in Emerging Markets: Creating Integrated Solutions, which brought together more than 150 participants online. The seminar focused on developing a comprehensive approach to economic policy that promotes macroeconomic and financial stability. The key event was a presentation by Jesper Lindé and Marcin Kolasa (IMF) on a model for an integrated

policy approach, as well as the presentation of the IMF's semi-structural model that can be applied by central banks in practice.

Over the course of the year, the NBU held seven open research seminars on the consequences of Russian aggression for Ukraine's economy, as well as on relevant aspects of macroeconomic forecasting and financial stability.

### Collaboration with Young Researchers

The 7th Conference for Students and Young Researchers – Banking Sector and Monetary Policy: Future Prospects – was held on 24 May 2024, in cooperation with the Kyiv School of Economics.

This was the first time since 2019 that the conference was held in a hybrid format in Kyiv. The NBU and the Kyiv School of Economics selected the eight best papers for the final presentation, and the authors of the winning papers – Diana Tsymbal (National University of Kyiv-Mohyla Academy), Roman Soltysiak (National University of Kyiv-Mohyla Academy), and Vitalii Kramar (Precarpathian National University) – were awarded during the NBU's Annual Research Conference.

In addition, the NBU held the regular all-Ukrainian competition Monetary Policy: the NBU University Challenge, which was attended by 27 teams from 18 universities.

The team of Taras Shevchenko Kyiv National University won, the second place went to the team of Vadym Hetman Kyiv National Economic University, and the third to the team of Odesa National Economic University.



## Areas of Research and Publications

In 2024, the NBU team conducted research in priority areas focusing on monetary policy, financial stability, economic recovery, and digital markets, and taking into account the short- and long-term effects of the war.

The key research topics included:

- 1) studying the factors that shape inflation expectations, the role of central bank communications, and public awareness
- 2) analysis of the specifics of the Ukrainian labor market arising from the war
- 3) forecasting economic indicators in the face of limited data and high volatility
- 4) studying the specific nature of the transmission mechanism in Ukraine
- 5) developing tools for monitoring systemic risks to financial stability
- 6) identifying lending factors and sustainability factors of the banking system.

Based on the results of the research, 10 research products were published, including: three issues of the NBU Working Papers; four articles in the magazine “Visnyk of the National Bank of Ukraine”; three publications in international peer-reviewed journals.

The NBU continues to expand its analytical tools and deepen its research activities, which contributes to effective decision-making to ensure the country's macroeconomic stability.

