



National Bank  
of Ukraine

# Interim Concise Consolidated Financial Statements

for the period ended 30 June 2021



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## Interim Concise Consolidated Statement of Financial Position

	Notes	As of 30 June 2021	As of 31 December 2020
(UAH million)			
<b>Assets</b>			
Funds and deposits in foreign currency and investment metals	5	115,970	121,112
Foreign securities	6	629,086	671,778
SDR holdings	7.1	581	128
Monetary gold		37,983	42,014
Ukrainian securities	8	332,160	335,401
Loans to banks and other borrowers	9	88,352	66,930
Domestic public debt		1,588	1,635
IMF quota contributions	7.2	77,987	81,927
Property and equipment and intangible assets		4,273	4,190
Other assets		6,427	6,459
<b>Total assets</b>		<b>1,294,407</b>	<b>1,331,574</b>
<b>Liabilities</b>			
Banknotes and coins in circulation		585,365	558,694
Accounts of banks	10	74,273	50,017
Accounts of government and other institutions	11	49,025	70,664
Liabilities on profit distribution to the State Budget of Ukraine	20	–	24,434
Certificates of deposit issued by the NBU	12	157,125	163,485
Borrowings received		2,718	2,827
Liabilities to the IMF except IMF quota contributions	7.3	172,747	193,471
Liabilities to the IMF with respect to quota settlement	7.3	77,978	81,917
Other liabilities		2,461	1,095
<b>Total liabilities</b>		<b>1,121,692</b>	<b>1,146,604</b>
<b>Equity</b>			
Statutory capital		100	100
General reserves and retained earnings	19	56,914	67,734
Revaluation reserves for assets and liabilities		115,657	117,092
<b>Total equity</b>		<b>172,671</b>	<b>184,926</b>
<b>Noncontrolling interest</b>		<b>44</b>	<b>44</b>
<b>Total capital</b>		<b>172,715</b>	<b>184,970</b>
<b>Total equity and liabilities</b>		<b>1,294,407</b>	<b>1,331,574</b>

Signed and approved for publishing on behalf of the National Bank of Ukraine on 28 August 2021.

Governor

Kyrylo SHEVCHENKO

Chief Accountant,  
Director of Accounting Department



Bohdan LUKASEVYCH

Notes on pages 8 through 38 are an integral part of these interim concise consolidated financial statements.

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

	Notes	For the period ended 30 June 2021		For the period ended 30 June 2020	
		For the current quarter	On a cumulative basis from the beginning of the year	For the current quarter	On a cumulative basis from the beginning of the year
(UAH million)					
Interest income	14	12,704	24,334	8,838	15,196
Interest expenses	14	(3,855)	(7,104)	(3,807)	(9,952)
<b>Net interest income before profit from reversal of impairment</b>		<b>8,849</b>	<b>17,230</b>	<b>5,031</b>	<b>5,244</b>
(Loss)/profit from reversal of impairment on interest bearing financial assets	17	(142)	(46)	40	331
<b>Net interest income after profit from reversal of impairment</b>		<b>8,707</b>	<b>17,184</b>	<b>5,071</b>	<b>5,575</b>
Fee and commission income		155	309	67	166
Fee and commission expense		(8)	(20)	(31)	(198)
<b>Net fee and commission income/(expenses)</b>		<b>147</b>	<b>289</b>	<b>36</b>	<b>(32)</b>
Gains or losses on operations with financial assets and liabilities in foreign currency and monetary gold	15	(12,419)	(25,534)	(20,301)	60,427
Gains or losses on operations with financial instruments measured at fair value through profit or loss	16	1,221	(2,502)	3,842	15,803
Other income		687	900	204	330
<b>Total net (expenses)/income</b>		<b>(1,657)</b>	<b>(9,663)</b>	<b>(11,148)</b>	<b>82,103</b>
Staff costs	21	(588)	(1,161)	(415)	(892)
Costs related to the production of banknotes, coins, souvenirs, and other products		(426)	(763)	(347)	(584)
Administrative and other expenses	22	(267)	(550)	(357)	(566)
Expenses on allowances for contingent and other liabilities		-	-	-	(95)
Losses from impairment of other assets		(3)	(3)	(1)	(1)
<b>(Loss)/profit before tax</b>		<b>(2,941)</b>	<b>(12,140)</b>	<b>(12,268)</b>	<b>79,965</b>
<b>Income tax expense of subsidiary</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(1)</b>
<b>(Loss)/profit for the period</b>		<b>(2,941)</b>	<b>(12,140)</b>	<b>(12,268)</b>	<b>79,964</b>
Other comprehensive income not to be reclassified subsequently to profit or loss:					
revaluation of investment metals		33	(47)	94	263
<b>Other comprehensive income for the period</b>		<b>33</b>	<b>(47)</b>	<b>94</b>	<b>263</b>
<b>Total comprehensive (expense)/income for the period</b>		<b>(2,908)</b>	<b>(12,187)</b>	<b>(12,174)</b>	<b>80,227</b>
<b>(Loss)/profit for the period attributable to:</b>					
the National Bank of Ukraine		(2,941)	(12,140)	(12,268)	79,963
Noncontrolling interest		-	-	-	1
		<b>(2,941)</b>	<b>(12,140)</b>	<b>(12,268)</b>	<b>79,964</b>
Comprehensive (expenses)/income attributable to:					
the National Bank of Ukraine		(2,908)	(12,187)	(12,174)	80,226
Noncontrolling interest		-	-	-	1
		<b>(2,908)</b>	<b>(12,187)</b>	<b>(12,174)</b>	<b>80,227</b>

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## Interim Concise Consolidated Statement of Changes in Equity

	Statutory capital	General reserves and retained earnings	Revaluation reserves for assets and liabilities	Total equity	Noncontrolling interest	Total capital
						(UAH million)
<b>Balance as of 1 January 2020</b>	<b>100</b>	<b>51,439</b>	<b>31,790</b>	<b>83,329</b>	<b>44</b>	<b>83,373</b>
Total comprehensive income for H1 2020	–	79,963	263	80,226	1	<b>80,227</b>
Allocation of unrealized gain/(loss) on revaluation of securities and derivatives from revaluation reserve	–	2,353	(2,353)	–	–	–
<b>Balance as of 30 June 2020</b>	<b>100</b>	<b>133,755</b>	<b>29,700</b>	<b>163,555</b>	<b>45</b>	<b>163,600</b>
<b>Balance as of 1 January 2021</b>	<b>100</b>	<b>67,734</b>	<b>117,092</b>	<b>184,926</b>	<b>44</b>	<b>184,970</b>
Total comprehensive income for H1 2021	–	(12,140)	(47)	(12,187)	–	<b>(12,187)</b>
Gain/(loss) on transfer of assets	–	(68)	–	(68)	–	<b>(68)</b>
Realized gain/(loss) on revaluation of investment metals sold	–	5	(5)	–	–	–
Allocation of unrealized gain/(loss) on revaluation of securities and derivatives from revaluation reserve	–	1,383	(1,383)	–	–	–
<b>Balance as of 30 June 2021</b>	<b>100</b>	<b>56,914</b>	<b>115,657</b>	<b>172,671</b>	<b>44</b>	<b>172,715</b>

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## Interim Concise Consolidated Statement of Cash Flows

	Notes	As of 30 June 2021	As of 30 June 2020
(UAH million)			
<b>Operating activities</b>			
Interest received		19,953	15,408
Fees and commissions received		308	166
Other income		897	948
Interest paid		(7,017)	(10,274)
Fees and commissions paid		(27)	(198)
Other expenses		(1,943)	(2,357)
Taxes, duties, and charges paid		(257)	(229)
Transfers to the state budget of Ukraine		(24,434)	(42,722)
Increase in loans to banks and other borrowers		(21,209)	(364)
Internal state debt repaid		66	66
Increase/(decrease) in accounts of banks on demand		24,967	(30,483)
(Decrease)/increase in accounts of government and other institutions		(20,035)	91,876
Increase in other assets		(4,131)	(597)
Increase in other liabilities		332	1,474
Other cash flows		950	(1,130)
<b>Net change in cash flows from operating activities</b>		<b>(31,580)</b>	<b>21,584</b>
<b>Investing activities</b>			
Decrease in term deposits placed		2,696	–
Net decrease/(increase) in foreign securities		13,286	(194)
Purchase of monetary gold		(11)	(50)
Repayment of domestic securities		8,246	12,500
Investments in associated company		2	–
Acquisition of property and equipment, and intangible assets		(201)	(75)
Sale of property and equipment, and intangible assets		2	–
<b>Net change in cash flows from investing activities</b>		<b>24,020</b>	<b>12,181</b>
<b>Financing activities</b>			
Banknotes and coins issue in circulation	13	26,671	61,249
Repayment of liabilities to the IMF	13	(11,713)	(8,271)
Net decrease in certificates of deposit issued by the NBU	13	(6,475)	(47,169)
<b>Net change in cash flows from financial activities</b>		<b>8,483</b>	<b>5,809</b>
<b>Effect of changes in exchange rate</b>		<b>(5,650)</b>	<b>11,162</b>
<b>Net change in cash and cash equivalents</b>		<b>(4,727)</b>	<b>50,736</b>
<b>Cash and cash equivalents at beginning of the reporting period</b>		<b>118,410</b>	<b>89,619</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	13	<b>113,683</b>	<b>140,355</b>

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# Notes to Interim Concise Consolidated Financial Statements

## Section I. Basis of preparation of financial statements

### 1. Principal Activities

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

The NBU does not aim to earn profits.

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

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

As of 30 June 2021 and 31 December 2020, the NBU's structure comprised the Head Office and the Banknote Printing and Minting Works – a standalone unit of the bank.

The NBU's subsidiary is the SETTLEMENT CENTER FOR SERVICING FINANCIAL MARKET AGREEMENTS PJSC (hereinafter the Settlement Center). The NBU's shareholding in the authorized capital of the Settlement Center was 83.55% as of 30 June 2021 (83.55% as of 31 December 2020).

As of 30 June 2021 and 31 December 2020, the statutory capital of the Settlement Center totaled UAH 206.7 million and comprised ordinary registered shares with a par value of UAH 1,000 each.

The Settlement Center is the only institution that has a mandate to settle the cash leg of securities and other financial instrument agreements conducted on a stock exchange and over-the-counter agreements with the "delivery versus payment" principle. The Settlement Center opens and

maintains cash accounts for stock market participants. It is also responsible for paying securities-related income and the face value of redeemed securities to their holders, as well as for making payments related to other corporate transactions by an issuer, including those related to securities that are placed and held outside Ukraine.

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

The NBU manages and stores the CNPF's assets.

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

As of 30 June 2021 and 31 December 2020, the NBU's investments in associated companies were represented by its investments in the authorized capital of the NATIONAL DEPOSITORY OF UKRAINE PUBLIC JOINT STOCK COMPANY (hereinafter the National Depository).

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

As of 30 June 2021 and 31 December 2020, the NBU owned 2,580 ordinary registered shares of the National Depository with a face value of UAH 10,000 each and UAH 25.8 million in total. As of 30 June 2021, the NBU's shareholding in the statutory capital of the National Depository was 25% (25% as of 31 December 2020).



## 2. Basis of Accounting Policies and Reporting Presentation

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

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

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

These interim concise consolidated financial statements are to be read together with the NBU's annual consolidated financial statements compiled as of 31 December 2020 in line with IFRS.

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

In H1 2021, the NBU's financial risk management targets and policies remained the same.

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

	30 June 2021 (in hryvnias)	31 December 2020 (in hryvnias)
1 U.S. dollar	27.1763	28.2746
1 SDR	38.764917	40.723015
1 euro	32.3018	34.7396
1 GBP	37.578	38.4393
1 Troy ounce of gold	48,084.39	53,200.92

### Basic estimates and judgments in applying accounting principles

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

The most significant estimates and judgments include:

- basic assumptions and judgements about future events that could lead to substantial adjustments to the book value of assets and liabilities in the next reporting period
- estimates of loss allowances for expected credit losses on demand deposits and time deposits in foreign currency and monetary gold
- estimates of loss allowances for expected credit losses on securities that are measured at amortized cost
- estimates of loss allowances for expected credit losses on loans granted to banks and other borrowers
- depreciation of property and equipment and amortization of intangible assets
- provisions for contingent liabilities under lawsuits filed against the NBU
- related party transactions.

When calculating provisions for expected credit losses as of 30 June 2021, the NBU did not apply additional discounts for the crisis periods of the economic cycle to the fair value of

collateral for credit transactions. These discounts, determined on the basis of expert judgments, were not applied due to a projection that in the next few years (2021–2023), the economy will be in recovery mode. These changes in judgments had no significant influence on the amount of provisions for expected credit losses.

As of 31 December 2020, the outstanding debt on the bonds of the State Mortgage Institution carried at amortized cost was at stage three of impairment. NBU management believes that as of 31 December 2020, there was objective evidence of impairment (depreciation) of these assets (violation by the securities issuer of the issue terms – nonpayment of face value and coupon for the latest interest period as envisaged by the terms of issue).

In March 2021, the State Treasury Service of Ukraine, pursuant to the instruction of the Ministry of Finance of Ukraine by order of the Cabinet of Ministers of Ukraine, transferred to the NBU UAH 946 million as requested by the NBU to meet the commitments under the state guaranty of the State Mortgage Institution's B3 bonds.

H1 2021 saw no other changes in accounting estimates or judgments of the management (in terms of judgments used to assess the fair value of debt securities and determine the possible impairment of deposits, loans and securities measured at amortized cost).

## Contingent Liabilities

### Capital Commitments

As of 30 June 2021, the NBU had capital commitments with respect to the acquisition, construction, and improvement of property and equipment and intangible assets totaling UAH 396 million (as of 31 December 2020: UAH 251 million).

### Legal Proceedings

From time to time and in the normal course of business, certain lawsuits are filed against the NBU. As of 30 June 2021 and 31 December 2020, there were no lawsuits that had been filed against the NBU that had a low likelihood of resulting in losses, according to NBU estimates. Therefore, the NBU made no provisions for liabilities that could arise from these lawsuits.

At the same time, for lawsuits against the NBU that, the NBU estimated, had a high likelihood of resulting in losses, the NBU made a respective provision, which as of 30 June 2021 amounted to UAH 223 million (31 December 2020: UAH 223 million).

Changes that occurred in H1 2021 in contingent liabilities for derivative financial instruments and loan commitments are laid out in Notes 5 and 9, respectively.

## Change in presentation

In preparing its interim concise consolidated financial statements, the NBU changed the format of its presentation in order to increase the relevance, clarity, and interconnectedness of information, specifically:

- The title of the item “General reserves” of the Interim Concise Consolidated Statement of Financial Position was changed to “General reserves and retained earnings,” while the content of this item remained unchanged.
- To meet user preferences, the note “Capital management” was included.
- The format of the note “Gains or losses on operations with financial instruments measured at fair value through profit or loss” to the Interim Concise Consolidated Statement of Profit or Loss and Other Comprehensive Income was changed, as the breakdown of unrealized gains into components is useful and relevant only for the annual statements, as it aims to improve the clarity of information on the calculation of profit before distribution, which is carried out only as of the end of the year and is thus disclosed only in the annual consolidated financial statements.

In the note “Capital management,” the presentation of comparative information for 2020 was changed in accordance with its presentation for H1 2021.

## Changes to the note “Capital Management”:

	Presented for the year ended 31 December 2020	Change in presentation	Presentation for the year ended 31 December 2020 was changed
			(UAH million)
Authorized capital	100	–	100
General reserves	51,397	–	51,397
Retained earnings	16,337	(36)	16,301
Reserve capital	–	36	36
Revaluation reserves of foreign currency and monetary gold	105,318	–	105,318
Revaluation reserves of investment metals	1,320	–	1,320
Revaluation reserves of financial instruments to their fair value	10,454	–	10,454
<b>Total equity</b>	<b>184,926</b>	<b>–</b>	<b>184,926</b>

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

In Q2 2021, the Ukrainian economy grew at a high pace by 5.4% yoy (<http://ukrstat.gov.ua>).

The economic recovery was further fueled by sustained consumer demand, a favorable external environment, increased budget spending, and a pickup in investment. The statistical base made a significant contribution: last year, it was in Q2 that the strictest quarantine restrictions were in place and a deep decline in real GDP occurred. Restrictions were looser this year and were applied only to certain oblasts, while households and businesses adapted to quarantine measures to a large extent. The revival of economic activity led to an improvement in the labor market and further growth in household incomes.

The consolidated budget recorded a deficit of UAH 14.6 billion, which stemmed from the State Budget of Ukraine (State Budget). The deficit and debt repayments were financed with domestic borrowings and foreign currency accumulated in the previous year. The public and publicly guaranteed debt decreased both in absolute terms and as a percentage of GDP on a year-to-date basis, by NBU estimates. Among other things, this was driven by an exchange rate revaluation triggered by the strengthening of the hryvnia.

Q2 2021 saw a current account surplus of USD 1.4 billion due to a narrower deficit in the trade in goods. Growth in exports of goods accelerated due to a further rise in global prices and a revival of external demand, while the resumption of imports was restrained by lower energy purchases. However, the surplus was smaller than a year ago, due to record payments of dividends and the gradual revival in imports of services. The financial account recorded insignificant capital outflows (USD 0.2 billion), as increased borrowing by the government sector almost fully offset ongoing capital outflows from the private sector. As a result, the consolidated balance of payments ran a surplus, while international reserves increased to USD 28.4 billion as of the end of June 2021, covering four months of future imports.

As expected, inflation deviated from the 5%  $\pm$  1 pp target range in Q2 2021, and consumer prices grew by 9.5% yoy in June. On the one hand, this rise in inflation was largely driven by temporary factors, such as growing global prices for food and energy. On the other hand, underlying inflationary

pressures increased more noticeably. Specifically, core inflation also sped up, propelled mainly by sustained robust consumer demand and higher production costs, including labor costs.

In Q2 2021, the NBU continued to tighten its monetary policy, raising the key policy rate by 100 bp in April, to 7.5% per annum. This decision was necessary to keep inflation expectations in check and bring consumer inflation back into its target range in 2022. Furthermore, the NBU announced that it would roll back its emergency monetary measures, which together with the increase in the key policy rate will help form a stable disinflationary trend.

The banking system maintained a large liquidity surplus (which is defined as balances of banks' correspondent accounts and NBU certificates of deposit). The intraday liquidity surplus increased somewhat in Q2 2021 compared to the previous quarter, mainly a result of growth in intraday balances of certificates of deposit (the principal amount reached UAH 151.3 billion). Intraday balances of banks' correspondent accounts remained practically unchanged at UAH 56.3 billion.

In June 2020, Moody's upgraded its Ukraine credit rating to B3 from Caa1, which had not changed since the end of 2018. Fitch and Standard&Poor's affirmed their ratings for Ukraine at B in February and March 2021 respectively.

COVID-19 continues to spread throughout the world and Ukraine. The pace of vaccination rollout differs by country, being extremely slow in Ukraine. The risks of new lockdowns and related economic downturn thereby remain in place.

Ukraine's economy remains affected by Russia's annexation of the Autonomous Republic of Crimea, the ongoing Russian military aggression in some areas of Luhansk and Donetsk oblasts, as well as by complicated political and economic relations with Russia.

Going forward, these factors may have a mixed effect on the NBU's performance and financial standing. However, the degree of this effect cannot be measured accurately as of today. NBU management is closely watching the current situation and developments and is taking necessary action in order to mitigate the influence of negative factors.

## Section II.I Financial Instruments

### 4. Presentation of Financial Instruments by Measurement Categories

In H1 2021, the NBU's accounting policy remained unchanged.

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

#### Transactions with Financial Instruments

The NBU classifies all financial assets into the categories that are at fair value through profit or loss and amortized cost

As of 30 June 2021, financial assets were broken down into measurement categories as follows:

	Assets at fair value through profit or loss	Assets at amortized cost	Total
			(UAH million)
<b>Financial assets</b>			
Funds and deposits in foreign currency and investment metals	5	113,094	<b>113,099</b>
Foreign securities	629,086	–	<b>629,086</b>
SDR holdings	–	581	<b>581</b>
Domestic securities	1,409	330,751	<b>332,160</b>
Loans to banks and other borrowers	–	88,352	<b>88,352</b>
Domestic public debt	–	1,588	<b>1,588</b>
IMF quota contributions	–	77,987	<b>77,987</b>
Other financial assets	166	418	<b>584</b>
<b>Total financial assets</b>	<b>630,666</b>	<b>612,771</b>	<b>1,243,437</b>

As of 31 December 2020, financial assets were broken down into measurement categories as follows:

	Assets at fair value through profit or loss	Assets at amortized cost	Total
			(UAH million)
<b>Financial assets</b>			
Funds and deposits in foreign currency and investment metals	8	118,331	<b>118,339</b>
Foreign securities	671,778	–	<b>671,778</b>
SDR holdings	–	128	<b>128</b>
Domestic securities	1,273	334,128	<b>335,401</b>
Loans to banks and other borrowers	–	66,930	<b>66,930</b>
Domestic public debt	–	1,635	<b>1,635</b>
IMF quota contributions	–	81,927	<b>81,927</b>
Other financial assets	46	1,269	<b>1,315</b>
<b>Total financial assets</b>	<b>673,105</b>	<b>604,348</b>	<b>1,277,453</b>

## Section II.II. Financial Assets and Liabilities

### 5. Funds and Deposits in Foreign Currency and Investment Metals

	As of 30 June 2021	As of 31 December 2020
		(UAH million)
<b>Financial assets at amortized cost</b>		
Foreign currency cash	21,007	22,164
Demand deposits	47,105	70,305
Term deposits in foreign currency	44,985	25,863
Allowances for expected credit losses on deposits in foreign currency at amortized cost	(3)	(1)
<b>Total financial assets at amortized cost</b>	<b>113,094</b>	<b>118,331</b>
<b>Financial assets at fair value through profit or loss</b>		
Demand deposits for settling futures transactions	5	8
<b>Total financial assets</b>	<b>113,099</b>	<b>118,339</b>
<b>Nonfinancial assets</b>		
Demand deposits:		
in gold	2,871	2,773
<b>Total nonfinancial assets</b>	<b>2,871</b>	<b>2,773</b>
<b>Total funds and deposits in foreign currency and investment metals</b>	<b>115,970</b>	<b>121,112</b>

For the purposes of the interim consolidated statement of cash flows, the cash flows on term deposits in gold are classified as investment activities, while demand accounts in gold - as operating activities.

All funds and deposits in foreign currency are not backed by collateral as of 30 June 2021 and 31 December 2020.

All funds and deposits in foreign currency are expected to be recovered within 12 months (as of 31 December 2020, these funds and deposits were also expected to be recovered within 12 months).

As of 30 June 2021, the gross carrying value of demand deposits was UAH 47,105 million and it changed mostly due to redistribution of FX assets between financial instruments for management of international reserves (as of 31 December 2020, it was UAH 70,305 million). In H1 2021 and 2020, all demand deposits were at stage 1 for assessing expected credit losses. In H1 2021 and 2020, the NBU did not make provision for expected credit losses on government demand deposits.

As of 30 June 2021, the gross carrying value of term deposits in foreign currency was UAH 44,985 million, allowances for expected credit losses were UAH 3 million (as of 31 December 2020, the gross carrying value of term deposits was UAH 25,863 million, and allowances for expected credit

losses was UAH 1 million). In H1 2021 and 2020, all term deposits in foreign currency were at stage 1 for assessing expected credit losses. The change of gross carrying amount was caused by return of the deposits available as of the beginning of the year and placement of new ones, and changes in allowances were due to release of allowances against returned deposits and recognition of new allowances against placed deposits.

The sum of demand deposits at fair value through profit or loss as of 30 June 2021 includes funds of UAH 5 million (as of 31 December 2020 - UAH 8 million) for settling futures transactions under agreements on investment management and the provision of advisory services between the IBRD and the NBU.

Since October 2013 the NBU has carried out transactions with futures for the purpose of regulating the interest rate risk under an Investment Management and Consulting Services Agreement between the NBU and the International Bank for Reconstruction and Development.

As of 30 June 2021, the NBU had no long stock-exchange interest futures contracts (as of 31 December 2020, the NBU had 274 long stock-exchange interest futures contracts of UAH 1,031 billion or USD 36 million in face value, maturing in March 2021).

## 6. Foreign Securities

As of 30 June 2021, foreign securities were comprised of the following:

	Government bonds	Securities issued by international agencies, banks and other issuers	Total
			(UAH million)
<b>Foreign securities at fair value through profit or loss</b>			
<b>Debt securities by issuers:</b>			
securities issued by U.S. issuers:			
denominated in USD	373,677	5,924	379,601
denominated in GBP	–	879	879
securities issued by EU issuers:			
denominated in USD	6,679	41,654	48,333
denominated in EUR	–	8,919	8,919
denominated in GBP	1,315	2,794	4,109
securities issued by other issuers:			
denominated in USD	14,629	106,455	121,084
denominated in EUR	1,620	29,096	30,716
denominated in AUD	691	308	999
denominated in GBP	5,111	2,904	8,015
denominated in Chinese renminbi	–	14,653	14,653
denominated in JPY	369	11,288	11,657
<b>Total debt securities</b>	<b>404,091</b>	<b>224,874</b>	<b>628,965</b>
<b>Equity instruments:</b>			
shares of the Black Sea Trade and Development Bank	–	120	120
investment in the Interstate Bank	–	1	1
<b>Total equity instruments</b>	<b>–</b>	<b>121</b>	<b>121</b>
<b>Total foreign securities at fair value through profit or loss</b>	<b>404,091</b>	<b>224,995</b>	<b>629,086</b>

All foreign securities are expected to be recovered within 12 months from the reporting date, except for capital instruments worth UAH 121 million (UAH 121 million as of 31 December 2020).

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

As of 31 December 2020, foreign securities were comprised of the following:

	Government bonds	Securities issued by international agencies, banks and other issuers	Total
(UAH million)			
<b>Foreign securities at fair value through profit or loss</b>			
<b>Debt securities by issuers:</b>			
securities issued by U.S. issuers:			
denominated in USD	404,704	6,013	410,717
denominated in GBP	–	921	921
securities issued by EU issuers:			
denominated in USD	7,119	46,142	53,261
denominated in EUR	–	9,592	9,592
denominated in GBP	1,345	2,855	4,200
securities issued by other issuers:			
denominated in USD	10,137	103,063	113,200
denominated in EUR	1,747	37,511	39,258
denominated in AUD	736	328	1,064
denominated in GBP	5,886	2,975	8,861
denominated in Chinese renminbi	345	16,120	16,465
denominated in JPY	412	13,706	14,118
<b>Total debt securities</b>	<b>432,431</b>	<b>239,226</b>	<b>671,657</b>
<b>Equity instruments:</b>			
shares of the Black Sea Trade and Development Bank	–	120	120
investment in the Interstate Bank	–	1	1
<b>Total equity instruments</b>	<b>–</b>	<b>121</b>	<b>121</b>
<b>Total foreign securities at fair value through profit or loss</b>	<b>432,431</b>	<b>239,347</b>	<b>671,778</b>

Information about the nominal value, coupon rate and maturities of foreign debt securities as of 30 June 2021 is presented in the table below:

	Total nominal value in foreign currency, in millions	Total nominal value in hryvnia equivalent, in UAH millions	Coupon rate, % p.a.	Frequency of coupon payments	Maturity
<b>Debt securities at fair value through profit or loss by issuers:</b>					
<b>Government bonds:</b>					
securities issued by U.S. issuers:					
denominated in USD	13,474	366,178	0–2.875	Every 6 months, without coupon payments	From 15 days to 4.9 years
securities issued by EU issuers:					
denominated in USD	242	6,587	0.125–1.875	Quarterly, every 6 months, once a year	From 4 months to 1.8 years
denominated in GBP	35	1,315	0.14513	Quarterly	4 months
securities issued by other issuers:					
denominated in USD	535	14,539	0.4–2.625	Every 6 months	From 7 months to 4.9 years
denominated in EUR	50	1,615	0.125	Once a year	5.4 years
denominated in AUD	32	660	0.25–5.5	Every 6 months	From 1.4 years to 3.4 years
denominated in GBP	135	5,081	0.125–0.75	Every 6 months	From 1.1 years to 2.6 years
denominated in JPY	1,500	368	0.02	Every 6 months	4 years
<b>Bonds issued by international agencies, banks and other issuers:</b>					
securities issued by U.S. issuers:					
denominated in USD	219	5,946	0.29888–0.75	Quarterly, every 6 months, once a year	From 5.6 months to 4.6 years
denominated in GBP	24	902	0.25	Once a year	6.2 years
securities issued by EU issuers:					
denominated in USD	1,526	41,481	0–3.375	Quarterly, every 6 months, once a year, without coupon payment	From 2.5 months to 5.5 years
denominated in EUR	275	8,883	0–0.5	Quarterly, once a year, without coupon payment	From 8.5 months to 7.4 years
denominated in GBP	74	2,781	0–1	Once a year, without coupon payment	From 2 days to 1.5 years
securities issued by other issuers:					
denominated in USD	3,905	106,118	0–3.35	Quarterly, every 6 months, once a year, without coupon payment	From 2 days to 5.5 years
denominated in EUR	894	28,878	0–0.75	Quarterly, once a year	From 3 months to 7 years
denominated in AUD	15	306	0.8894	Quarterly	4.7 months
denominated in GBP	77	2,894	0.375–0.45788	Quarterly, once a year	From 3.1 months to 2.1 years
denominated in Chinese renminbi	3,484	14,651	0–3.4	Every 6 months, once a year, without coupon payment	From 6 days to 4.1 years
denominated in JPY	46,000	11,293	0–0.42	Every 6 months, without coupon payment	From 2.3 months to 3.3 years



Information about the nominal value, coupon rate and maturities of foreign debt securities as of 31 December 2020 is presented in the table below:

	Total nominal value in foreign currency, in millions	Total nominal value in hryvnia equivalent, in UAH millions	Coupon rate, % p.a.	Frequency of coupon payments	Maturity
<b>Debt securities at fair value through profit or loss by issuers:</b>					
<b>Government bonds:</b>					
securities issued by U.S. issuers:					
denominated in USD	13,838	391,256	0–2.875	Every 6 months, without coupon payments	From 15 days to 4.9 years
securities issued by EU issuers:					
denominated in USD	247	6,995	0.125–1.875	Quarterly, every 6 months, once a year	From 29 days to 2.3 years
denominated in GBP	35	1,345	0.10875	Quarterly	10.1 months
securities issued by other issuers:					
denominated in USD	351	9,924	0.4–2.625	Every 6 months	From 1.4 months to 4.8 years
denominated in EUR	50	1,737	0.125	Once a year	5.9 years
denominated in AUD	30	657	2.25–5.5	Every 6 months	From 1.9 years to 2.3 years
denominated in GBP	151	5,797	0.5–1.5	Every 6 months	From 22 days to 2.6 years
denominated in Chinese renminbi	80	345	2.95	Every 6 months	5.8 months
denominated in JPY	1,500	412	0.02	Every 6 months	4.5 years
<b>Bonds issued by international agencies, banks and other issuers:</b>					
securities issued by U.S. issuers:					
denominated in USD	211	5,977	0.3965–0.75	Quarterly, every 6 months, once a year	From 11.6 months to 4.8 years
denominated in GBP	24	923	0.25	Once a year	6.7 years
securities issued by EU issuers:					
denominated in USD	1,612	45,566	0–3.125	Quarterly, every 6 months, once a year, without coupon payment	From 1.6 months to 6 years
denominated in EUR	273	9,484	0–4	Quarterly, once a year, without coupon payment	From 3.6 months to 6.2 years
denominated in GBP	74	2,845	0–1	Once a year, without coupon payment	From 6.1 months to 2 years
securities issued by other issuers:					
denominated in USD	3,625	102,495	0–3.35	Quarterly, every 6 months, once a year, without coupon payment	From 29 days to 4.9 years
denominated in EUR	1,071	37,206	0–0.75	Quarterly, once a year, without coupon payment	From 12 days to 4.8 years
denominated in AUD	15	325	0.869	Quarterly	10.7 months
denominated in GBP	77	2,960	0.375–0.40538	Quarterly, once a year	From 9.1 months to 2.6 years
denominated in Chinese renminbi	3,754	16,267	0–4.8	Every 6 months, once a year, without coupon payment	From 1.9 months to 4.6 years
denominated in JPY	50,000	13,722	0–0.42	Every 6 months, without coupon payment	From 1.9 months to 3.8 years

## 7. Transactions with the IMF

### 7.1. SDR Holdings

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

Movements in the SDR holding account in H1 2021 and the same period in 2020 were as follows:

	2021	2020
		(UAH million)
<b>Balance of SDR holdings as of 1 January</b>	<b>128</b>	<b>234</b>
Proceeds from the IMF:		
in favor of the government	–	55,259
Purchase of SDRs	<b>21,923</b>	17,692
Other proceeds and payments	<b>486</b>	82
Loan repayment:		
on behalf of the NBU (Note 7.3)	<b>(11,713)</b>	(8,271)
on behalf of the government of Ukraine (hereinafter – the government)	<b>(6,338)</b>	(5,715)
Payment of loan-related fees and commissions	<b>(62)</b>	(469)
Conversion of SDRs to other foreign currencies:		
in favor of the government	–	(55,259)
Payment of interest for the use of IMF loans:		
on behalf of the NBU	<b>(2,308)</b>	(2,555)
on behalf of the government	<b>(1,464)</b>	(869)
Payment of interest for the use of funds received under SDR allocation:		
on behalf of the NBU	<b>(1)</b>	(8)
on behalf of the government	<b>(19)</b>	(116)
Other payments	<b>(1)</b>	(1)
Income on SDR holdings	–	1
Exchange rate differences	<b>(50)</b>	34
<b>Balance of SDR holdings as of 30 June</b>	<b>581</b>	<b>39</b>

In H1 2021 and H1 2020, the NBU received no funds from the IMF.

In H1 2021, SDR 12.53 million, or UAH 486 million, were credited to the SDR holding account at the official UAH/SDR

exchange rate on the transaction date, based on a decision by the IMF Board of Governors. The proceeds were recognized as the NBU's income and included into the item "Other income" of the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

## 7.2. IMF Quota Contributions

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

As of 30 June 2021, Ukraine's total quota in the IMF amounted to SDR 2,012 million (UAH 77,987 million at the official UAH/SDR exchange rate as of the end of reporting

period) (as of 31 December 2020, it was SDR 2,012, or UAH 81,927 million at the year-end official exchange rate). The quota does not earn interest. Quota contributions are a noncurrent asset.

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

As of 30 June 2021, the reserve position of Ukraine in the IMF amounted to SDR 241,031 (UAH 9 million at the H1-end official UAH/SDR exchange rate) (31 December 2020: SDR 241,031, or UAH 10 million at the year-end official UAH/SDR exchange rate).

## 7.3. Liabilities to the IMF

	As of 30 June 2021	As of 31 December 2020
		(UAH million)
Liabilities to the IMF for SDR purchases	169,587	190,151
Liabilities to the IMF for SDR allocations	3,157	3,317
IMF account No. 2	3	3
<b>Liabilities to the IMF apart from quota contributions</b>	<b>172,747</b>	<b>193,471</b>
Liabilities to the IMF with respect to quota settlements	77,782	81,711
IMF account No. 1	196	206
<b>Liabilities to the IMF to pay quota contributions</b>	<b>77,978</b>	<b>81,917</b>
<b>Total liabilities to the IMF</b>	<b>250,725</b>	<b>275,388</b>

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

Liabilities to the IMF for purchases of SDRs represent loans received from the IMF to accounts with the NBU. In H1 2021 and in 2020, there were no proceeds from the IMF to the NBU (Note 7.1).

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

Liabilities to the IMF to pay quota contributions represent liabilities for quota settlement. In H1 2021 and in 2020, there were no changes in liabilities on quota contributions related to the IMF's administrative disbursements in the hryvnia.

In H1 2021 and in 2020, there were no changes to the size of the quota (Note 7.2).

In H1 2021, liabilities worth SDR 294 million (UAH 11,713 million at the official exchange rate as of the transaction date, or UAH 10,839 million at the annual exchange rate of the IMF) were repaid to the IMF (in H1 2020, repayments of liabilities to the IMF equaled SDR 234 million (UAH 8,271 million at the official exchange rate as of the transaction date, or UAH 8,648 million at the annual exchange rate of the IMF)) (Note 7.1).

All liabilities to the IMF are noncurrent, except for balances on IMF accounts No. 1 and No. 2, liabilities to the IMF for SDR allocation, liabilities to the IMF for borrowing the amount of SDR 961 million (UAH 38,277 million at the IMF's annual exchange rate), and interest accrued on liabilities to the IMF [in 2020, SDR 649 million (UAH 23,932 million at the IMF's annual exchange rate) and interest accrued on liabilities to the IMF].

## 8. Domestic Securities

As of 30 June 2021, domestic securities comprised the following:

	As of 30 June 2021	As of 31 December 2020
		(UAH million)
<b>Securities measured at fair value through profit or loss:</b>		
denominated in foreign currencies:		
Government derivatives denominated in USD	1,409	1,273
<b>Total securities at fair value through profit or loss</b>	<b>1,409</b>	<b>1,273</b>
<b>Debt securities at amortized cost:</b>		
denominated in domestic currency:		
domestic government bonds	330,751	334,128
<b>Total debt securities at amortized cost</b>	<b>330,751</b>	<b>334,128</b>
<b>Total domestic securities</b>	<b>332,160</b>	<b>335,401</b>

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

Domestic government debt securities are issued by the Ministry of Finance of Ukraine and have the nominal value of UAH 1,000 each.

In H1 2021 and 2020, the NBU did not purchase domestic government debt securities.

Each government derivative has a notional value of USD 1,000 or such aggregate value that is an integer multiple equal to USD 1,000 (hereinafter — the notional value). Payments on government derivatives depend on reaching certain GDP indicators and the indicator of real GDP growth for 2019–2038. In Q2 2021, UDS 0.6 million, or UAH 15

million the government derivatives were paid at the official exchange rate at the transaction date.

All domestic securities are expected to be redeemed later than 12 months from the reporting date, excluding the nominal value of domestic government debt securities and the accrued interest on debt securities totaling UAH 24,080 million payable in 12 months from the reporting date (as of 31 December 2020: all domestic securities were expected to be redeemed later than 12 months from the reporting date, excluding the nominal value of domestic government debt securities and accrued interest on debt securities totaling UAH 21,022 million payable within 2020).

As of 30 June 2021 and 31 December 2020, all Ukrainian domestic securities are government securities.

Information on the nominal value, yield to maturity, coupon income, and maturities of domestic securities as of 30 June 2021 is presented in the table below:

	Total nominal value and notional value in the hryvnia equivalent in UAH millions	Total nominal value in foreign currency, in millions	Yield to maturity, % p.a.	Coupon rate, % p.a.	Frequency of coupon payments	Maturity
<b>Securities measured at fair value through profit or loss:</b>						
denominated in foreign currencies:						
government derivatives	1,191	44	–	–	–	Up to 18.9 years
<b>Debt securities at amortized cost:</b>						
denominated in domestic currency:						
domestic government bonds and bills	317,277	–	7.82–12.49	8.12–16.60	Once a year, every 6 months	From 0.9 months to 26.4 years

Information on the nominal value, yield to maturity, coupon income, and maturities of domestic securities as of 31 December 2020 is presented in the table below:

	Total nominal value and notional value in the hryvnia equivalent in UAH millions	Total nominal value in foreign currency, in millions	Yield to maturity, % p.a.	Coupon rate, % p.a.	Frequency of coupon payments	Maturity
<b>Securities measured at fair value through profit or loss:</b>						
denominated in foreign currencies:						
government derivatives	1,240	44	–	–	–	Up to 19.4 years
<b>Debt securities at amortized cost:</b>						
denominated in domestic currency:						
domestic government bonds and bills	324,577	–	7.45–15.43	6.6–14.3	Once a year, every 6 months	From 1.3 months to 26.9 years

In H1 2021 and 2020, all government securities were at stage 1. In H1 2021 and 2020, the NBU did not make provisions for expected credit losses on government securities.

## 9. Loans to Banks and Other Borrowers

Loans to banks and other borrowers by the purpose of their issue are classified as follows:

	As of 30 June 2021	As of 31 December 2020
		(UAH million)
Loans granted to banks to support their liquidity:		
for stabilizing banking activities	39,797	41,434
through tenders conducted by the NBU:		
Short term	4,468	13,916
Long term	79,292	48,381
other	10	10
Loans granted under credit lines to support small and medium businesses using funds received from the European Bank for Reconstruction and Development (the EBRD)	36	36
Other	2	2
Provisions for expected credit losses on loans to banks and other borrowers	(35,253)	(36,849)
<b>Total loans to banks and other borrowers</b>	<b>88,352</b>	<b>66,930</b>

In H1 2021, the NBU supported the liquidity of banks through establishing a standing refinancing line (overnight loans), refinancing banks for the periods from 14 to 90 days and from one to five years (in 2020 - from 14 to 90 days and from one to five years) by holding tenders. As of 30 June 2021 and 31 December 2020, the NBU has the outstanding debts under those loans.

The NBU grants to banks the overnight and refinancing loans secured by a pool that may consist of the following asset (property) types: Ukrainian government bonds, NBU certificates of deposit, bonds of international financial institutions (issued in accordance with the Ukrainian law), corporate bonds placed against the CMU's guarantees, domestic municipal bonds, and foreign currency (US dollars, Euros, GB pounds, Swiss francs, Japanese yens).

The securities (Ukraine's government bonds, corporate bonds, including those placed under the CMU's guarantees), foreign currency, shares of the owners of a bank's qualifying holding, real estate, and property rights under loan agreements were accepted as collateral against stabilization loans issued to banks to support their liquidity before 2017 and which remained outstanding as of 30 June 2021 and 31 December 2020. Since 2017, the NBU did not grant the stabilization loans. Instead of stabilization loans, the NBU may issue to banks loans for emergency liquidity assistance, but no such loans have been issued yet.

As of 30 June 2021, the gross carrying value of loans to banks was UAH 39,797 million, provisions for expected loan losses under stabilization loans were UAH 34,885 million (as of 31 December 2020, the gross carrying value of stabilization loans to banks was UAH 41,434 million, and provisions for expected credit losses were UAH 36,470 million).

As of 30 June 2021, the gross carrying value of loans to banks provided through tenders conducted by the NBU was UAH 83,760 million, provisions for expected loan losses under loans provided through tenders conducted by the NBU were UAH 320 million (as of 31 December 2020, the gross carrying value of loans to bank provided through tenders conducted by the NBU was UAH 62,297 million, and provisions for expected credit losses were UAH 331 million).

As of 30 June 2021 and 31 December 2020, the gross carrying value of other loans was UAH 10 million, allowance for expected credit losses was UAH 10 million.

As of 30 June 2021 and 31 December 2020, the gross carrying value of loans granted under credit lines to support small and medium enterprises using the funds received from the European Bank for Reconstruction and Development and other loans equaled UAH 38 million, and provisions for expected credit losses were UAH 38million.

Loans to banks granted through tenders conducted by the NBU, which are expected to be recovered later than within 12 months of the reporting date, amounted to UAH 78,901.8 million at the nominal value.

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

### Loan Commitments

As of 30 June 2021, the NBU had commitments for granting loans to the Deposit Guarantee Fund under an open revolving credit line totaling UAH 2,000 million (as of 31 December 2020, the NBU had commitments in UAH 2,000 million).

## 10. Accounts of Banks

	As of 30 June 2021	As of 31 December 2020
		(UAH million)
Correspondent accounts:		
in domestic currency	59,724	37,501
Accounts of banks on special use terms:		
in domestic currency	1,741	1,370
in foreign currency	145	165
Funds placed to ensure the repayment of bank debts to the NBU:		
in foreign currency	12,663	10,981
<b>Total accounts of banks</b>	<b>74,273</b>	<b>50,017</b>

As of 30 June 2021 and 31 December 2020, no interest was accrued on the balances of correspondent accounts.

purposes specified by the laws of Ukraine and the NBU's regulations.

Accounts of banks on special-use terms as of 30 June 2021 and 31 December 2020 included accounts for liquidation committees of banks to make settlements in the process of a bank's liquidation, and the accounts opened for other

As of 30 June 2021 and 31 December 2020, all accounts of banks were to mature within 12 months.

## 11. Accounts of Government and Other Institutions

	As of 30 June 2021	As of 31 December 2020
		(UAH million)
Funds of budgets and budget entities:		
in domestic currency	10,397	12,013
in foreign currency	37,966	57,080
Deposit Guarantee Fund:		
in domestic currency	531	1,414
Other:		
in domestic currency	92	110
in foreign currency	39	47
<b>Total accounts of government and other institutions</b>	<b>49,025</b>	<b>70,664</b>

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

which bore interest rates of 5.06% as of 30 June 2021 (31 December 2020: 5.68%).

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

As of 30 June 2021 and 31 December 2020, the maturities of all accounts of state and other institutions were up to 12 months.

## 12. Certificates of Deposit Issued by the NBU

The certificates of deposit issued by the NBU are one of its monetary policy instruments. They are debt securities issued by the NBU in nondocumentary form that confirm the placement of banks' funds with the NBU and the right of

banks to receive at their maturity the funds they placed, together with the interest accrued. The yield on the certificates of deposit is set based on the NBU's interest rate policy framework, taking into account its current objectives.

	As of 30 June 2021	As of 31 December 2020
		(UAH million)
<b>Certificates of deposit at amortized cost:</b>		
overnight certificates of deposit	32,690	52,494
certificates of deposit with maturities up to 100 days	124,435	110,991
<b>Total amount of certificates of deposit at amortized cost</b>	<b>157,125</b>	<b>163,485</b>

As of 30 June 2021 and 31 December 2020, the nominal value of the certificates of deposit issued by the NBU was UAH 1 million each.

average yield of 7.22% per annum, and the initial period of placement varied from 1 to 14 days).

The weighted average interest rate for certificates of deposit placed in H1 2021 was 6.26% per annum, and the initial period of placement varied from 1 to 9 days (2020: a weighted

As of 30 June 2021 and 31 December 2020, all certificates of deposit issued by the NBU were to mature within 12 months.

Information on the nominal value, weighted average yield, interest rate, and period of placement as of 30 June 2021 is presented in the table below:

	Total nominal value of certificates of deposit, in UAH millions	Weighted average yield, % p.a.	Interest rate, % p.a.	Period of placement, calendar days	Frequency of interest payments
<b>Certificates of deposit at amortized cost:</b>					
overnight certificates of deposit	32,684	6.50	6.50	1	One time during repayment
certificates of deposit with maturities up to 100 days	124,282	7.50	7.50	7	One time during repayment

Information on the nominal value, weighted average yield, interest rate, and period of placement as of 31 December 2020 is presented in the table below:

	Total nominal value of certificates of deposit, in UAH millions	Weighted average yield, % p.a.	Interest rate, % p.a.	Period of placement, calendar days	Frequency of interest payments
<b>Certificates of deposit at amortized cost:</b>					
overnight certificates of deposit	52,487	5.00	5.00	4	One time during repayment
certificates of deposit with maturities up to 100 days	110,954	6.00	6.00	7	One time during repayment



### 13. Cash and Cash Equivalents

	Note	As of 30 June 2021	As of 31 December 2020
(UAH million)			
Foreign currency cash	5	21,007	22,164
Demand deposits (other than restricted funds)	5	47,111	70,258
Short-term deposits with maturities of up to three months (other than deposits in gold, investment metals, and restricted funds)	5	44,984	25,860
SDR holdings	7.1	581	128
<b>Total cash and cash equivalents</b>		<b>113,683</b>	<b>118,410</b>

Changes in liabilities that resulted from financial activities in H1 2021:

	Note	As of 1 January 2021	Issue/ attraction/ (repayment) of liabilities	Interest paid	Changes in exchange rates	Interest expenses accrued	Other	As of 30 June 2021
(UAH million)								
Banknotes and coins in circulation		558,694	26,671	–	–	–	–	585,365
Liabilities to the IMF	7.3	275,388	(11,713)	(2,309)	(12,937)	2,208	88	250,725
Certificates of deposit issued by the NBU	12	163,485	(6,475)	(4,602)	–	4,717	–	157,125

The NBU classifies paid interest as cash flows from operating activity in the Interim Concise Consolidated Statement of Cash Flow.

Changes in liabilities that resulted from financial activities in H1 2020:

	Note	As of 1 January 2020	Issue/ attraction/ (repayment) of liabilities	Interest paid	Changes in exchange rates	Interest expenses accrued	Other	As of 30 June 2020
(UAH million)								
Banknotes and coins in circulation		425,256	61,249	–	–	–	–	486,505
Liabilities to the IMF	7.3	236,945	(8,271)	(2,563)	28,355	2,352	19	256,837
Certificates of deposit issued by the NBU	12	151,932	(47,169)	(7,521)	–	7,350	163	104,755

## Section II.III. Financial Performance by Financial Instrument

### 14. Interest Income and Expenses

	For the period ended 30 June 2021		For the period ended 30 June 2020	
	For the current quarter	On a cumulative basis from the beginning of the year	For the current quarter	On a cumulative basis from the beginning of the year
(UAH million)				
<b>Interest income</b>				
Income on domestic securities at amortized cost	11,067	21,421	8,356	13,858
Income on loans to banks and other borrowers	1,582	2,798	424	1,020
Income on accounts and deposits in foreign currencies	18	40	16	237
Income on SDR holdings	–	–	–	1
Income on domestic public debt	34	68	36	73
Other	3	7	6	7
<b>Total interest income at the effective interest rate</b>	<b>12,704</b>	<b>24,334</b>	<b>8,838</b>	<b>15,196</b>
<b>Interest expenses</b>				
Expenses on certificates of deposit issued by the NBU	(2,711)	(4,717)	(2,619)	(7,340)
Expenses on operations with the IMF	(1,093)	(2,280)	(1,103)	(2,423)
Expenses on Deposit Guarantee Fund accounts	(13)	(32)	(34)	(82)
Expenses on borrowings received	(21)	(43)	(21)	(51)
<b>Total interest expenses at the effective interest rate</b>	<b>(3,838)</b>	<b>(7,072)</b>	<b>(3,777)</b>	<b>(9,896)</b>
Interest expenses on demand deposits and term deposits with a negative interest rate	(17)	(32)	(30)	(56)
<b>Net interest income</b>	<b>8,849</b>	<b>17,230</b>	<b>5,031</b>	<b>5,244</b>

Other interest income includes interest income on loans to employees.

In H1 2021, income on domestic securities at amortized cost included UAH 6,344 million of interest income on inflation-indexed domestic government securities – in Q2 2021,

UAH 11,893 million – on a cumulative basis from the beginning of 2021 (in Q2 2020 – UAH 3,440 million in the same period of 2020 – UAH 3,852 million).

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

	For the period ended 30 June 2021		For the period ended 30 June 2020	
	For the current quarter	On a cumulative basis from the beginning of the year	For the current quarter	On a cumulative basis from the beginning of the year
	(UAH million)			
Unrealized gains or losses on operations with financial assets and liabilities in foreign currency and monetary gold	<b>(12,562)</b>	<b>(25,677)</b>	(20,301)	48,931
Realized result on transactions with financial assets and liabilities in foreign currency and monetary gold	<b>143</b>	<b>143</b>	–	11,496
<b>Total results on operations with financial assets and liabilities in foreign currency and monetary gold</b>	<b>(12,419)</b>	<b>(25,534)</b>	(20,301)	60,427

## 16. Gains or Losses on Operations with Financial Instruments Measured at fair Value through Profit or Loss

	For the period ended 30 June 2021		For the period ended 30 June 2020	
	For the current quarter	On a cumulative basis from the beginning of the year	For the current quarter	On a cumulative basis from the beginning of the year
	(UAH million)			
<b>Foreign securities at fair value through gains or losses</b>				
Interest income	1,824	3,845	2,165	4,414
Total unrealized results on foreign securities at fair value through profit or loss	(561)	(5,073)	797	9,499
Realized gains or losses from foreign securities measured at fair value through profit or loss (previously unrealized gains or losses of the current period that were realized)	(226)	(300)	353	1,578
<b>Total results on foreign securities at fair value through profit or loss:</b>	<b>1,037</b>	<b>(1,528)</b>	<b>3,315</b>	<b>15,491</b>
<b>Derivative financial instruments</b>				
Total amount of unrealized results on derivative financial instruments	101	(1,094)	465	235
Realized gains or losses from derivative financial instruments (previously unrealized gains or losses of the current period that were realized)	83	120	61	78
<b>Total amount of results on derivative financial instruments</b>	<b>184</b>	<b>(974)</b>	<b>526</b>	<b>313</b>
<b>Property rights on loan agreements repossessed by the NBU</b>				
Realized gains or losses (previously unrealized gains or losses of the current period that were realized)	–	–	1	(1)
<b>Total results on property rights on loan agreements repossessed by the NBU</b>	<b>–</b>	<b>–</b>	<b>1</b>	<b>(1)</b>
<b>Total results on transactions with financial instruments at fair value with the recognition of the revaluation result in profit or loss</b>	<b>1,221</b>	<b>(2,502)</b>	<b>3,842</b>	<b>15,803</b>

In H1 2021, interest received on foreign securities included in the net decrease/(increase) in foreign securities in the concise consolidated cash flow statement amounted to

UAH 3,762 million (down from UAH 4,448 million in H1 2020).

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

(Losses)/gains on the (impairment)/reversal of impairment of financial assets:

	For the period ended 30 June 2021		For the period ended 30 June 2020	
	For the current quarter	On a cumulative basis from the beginning of the year	For the current quarter	On a cumulative basis from the beginning of the year
	(UAH million)			
(Losses)/gains from the (impairment)/reversal of impairment on deposits in foreign currency at amortized cost	(2)	(2)	–	9
Gains from the reversal of impairment on debt securities of other government institutions at amortized cost	–	14	57	70
(Losses)/gains from the reversal of impairment on loans to banks and other borrowers	(140)	(58)	(17)	253
Losses from the impairment of loans due from employees	–	–	–	(1)
<b>(Losses)/gains from reversal of impairment on interest bearing financial assets</b>	<b>(142)</b>	<b>(46)</b>	<b>40</b>	<b>331</b>
<b>Losses from impairment of other assets</b>	<b>(3)</b>	<b>(3)</b>	<b>(1)</b>	<b>(1)</b>

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

### 18. Fair Value of Financial Assets and Liabilities

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

#### Financial Assets and Liabilities Carried at Fair Value

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

The fair value of these securities is defined on quoted prices in the active market (Level 1 inputs), other quotations from trading information systems (Level 2 inputs), or in the absence of information on quoted prices in the active market, the fair value is based on an income approach and Level 3 inputs (the yield of the securities during their initial placement by the issuer and the assumption that the yield will remain unchanged until the maturity date of the relevant securities, taking into account their short maturities).

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

#### Financial Assets and Liabilities at Amortized Cost.

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

Financial instruments carried at amortized cost, the fair value of which may differ significantly from their carrying values, include domestic securities, domestic public debt in domestic

currency, and loans to banks and other borrowers. None of these financial instruments have an active market.

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

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

for long-term inflationary government bonds, Level 2 inputs (spot rates calculated on the basis of the zero-coupon yield curve built using data from actually concluded and executed agreements on domestic government debt securities, using the Svensson parametric model, and the actual consumer price index calculated for one month and compared to the previous month over the period from September 2020 to May 2021), and Level 3 inputs (the March 2021 FOCUSECONOMICS consensus forecast of consumer price indices for the next five years and target consumer price indices established by the NBU for the period from year 6 to year 30)

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

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

As of 30 June 2020 and 31 December 2020, the NBU applied the market rate (the NBU's key policy rate) as of the calculation date (Level 3 inputs) as the discount rate used to measure the fair value of loans to banks and other borrowers.

The discount rates used are as follows:

	30 June 2021	31 December 2020
	Discount rate, in % per annum	Discount rate, in % per annum
Domestic securities in domestic currency:		
domestic government bonds and bills	7.82–12.49	7.45–11.59
Domestic public debt in domestic currency (1994–1996)	7.50	6.08
Loans to banks and other borrowers in domestic currency	7.50	6.00
Claims under bonds of other government institutions	–	10.32

The following table summarizes the carrying value and estimated fair values of the financial assets that do not appear in the NBU's interim concise consolidated financial statements at their fair values:

	30 June 2021		31 December 2020	
	Carrying value	Fair value	Carrying value	Fair value
	(UAH million)			
Domestic securities in domestic currency:				
domestic government bonds and bills	330,751	294,814	334,128	315,282
Domestic public debt	1,588	1,684	1,635	1,876
Loans to banks and other borrowers	88,352	89,054	66,930	67,229
Claims under bonds of other government institutions	–	–	907	920

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

The fair value of financial instruments was categorized as follows:

	30 June 2021			31 December 2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	(UAH million)					
<b>Assets carried at fair value</b>						
Funds and deposits in foreign currency (futures)	5	–	–	8	–	–
Foreign securities carried at fair value	497,217	112,656	19,213	521,245	125,534	24,999
Domestic securities carried at fair value:						
in foreign currency:						
Government derivatives denominated in USD	1,409	–	–	1,273	–	–
<b>Assets for which fair value is disclosed</b>						
Domestic securities in domestic currency:						
domestic government bonds and bills	–	169,052	125,762	–	184,466	130,816
Domestic public debt	–	–	1,684	–	–	1,876
Loans to banks and other borrowers	–	–	89,054	–	–	67,229
Claims under bonds of other government institutions	–	–	–	–	–	920

In H1 2021, there were no significant transfers of financial instruments between Levels 1 and 2 of the fair value hierarchy. In H1 2021, there were no transfers of financial instruments to or from Level 3 of the fair value hierarchy.

Long-term inflationary domestic bonds the fair values of which are disclosed are included in Level 3 of the fair value hierarchy.

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

Fair value of foreign securities that are measured at fair value through profit or loss and are attributed to Level 3 of the fair value hierarchy	
(UAH million)	
<b>Foreign securities as of 31 December 2019</b>	<b>33,400</b>
Expenses	(5,878)
Purchases of foreign securities	16,390
Redemptions of foreign securities	(19,451)
<b>Foreign securities as of 30 June 2020</b>	<b>24,461</b>
<b>Foreign securities as of 31 December 2020</b>	<b>24,999</b>
Expenses	(2,874)
Purchases of foreign securities	10,823
Redemptions of foreign securities	(13,735)
<b>Foreign securities as of 30 June 2021</b>	<b>19,213</b>

Income and expenses from change in fair value of foreign securities evaluated as of the reporting date – and assigned to the 3rd level of fair value assessment – are included in profits or losses from transactions with financial asset and liabilities in foreign currencies and monetary gold, and profits or losses from transactions with financial instruments at fair value through profit or loss of the consolidated statement of profit or loss and other comprehensive income (Note 15 and 16 respectively).

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

value hierarchy (except for the equity instruments at fair value through profit or loss) was 0.58 as of 30 June 2021 (0.48 as of 31 December 2020). An increase in the yield rates used to determine the fair value of these financial assets as of 30 June 2021 (Level 3 inputs) by 1 basis point would decrease the fair value of the relevant assets by UAH 111 million (by UAH 120 million as of 31 December 2020), while a decrease in these yield rates by 1 basis point would increase the fair value of these assets by UAH 111 million (UAH 120 million as of 31 December 2020).



## Section III. Capital Management

### 19. Capital Management

The NBU's capital function is to ensure economic independence and its ability to perform the functions defined by the legislation of Ukraine. As of 30 June 2021, the total amount of capital managed by the NBU was UAH 172,671 million (UAH 184,926 million as of 31 December 2020). No requirements are set for the NBU's equity, except for the amount of authorized capital established by the Law of Ukraine *On the National Bank of Ukraine*.

#### Authorized Capital

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

#### General reserves

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

General reserves made in the reporting year must equal 10% of the average annual monetary liabilities of the NBU that in 2020 amounted to UAH 676,914 million.

#### Reserve capital

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

be at least 5% of the net profit until the reserve fund reaches 25% of the subsidiary's regulatory capital.

#### Revaluation Reserves for Assets and Liabilities

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

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

The amount of revaluation reserves for foreign currency, monetary gold, securities, derivative financial instruments, and bank metals that are disposed of is included into the distributable profit in the corresponding reporting periods.

As of 30 June 2021 and 31 December 2020, the equity of the NBU consisted of the following components:

	As of 30 June 2021	As of 31 December 2020
		(UAH million)
Statutory capital	<b>100</b>	100
General reserves	<b>67,691</b>	51,397
Retained earnings	<b>(10,813)</b>	16,301
Reserve capital	<b>36</b>	36
Revaluation reserves of foreign currency and monetary gold	<b>105,318</b>	105,318
Revaluation reserves of investment metals	<b>1,268</b>	1,320
Revaluation reserves of financial instruments to their fair value	<b>9,071</b>	10,454
<b>Total equity</b>	<b>172,671</b>	184,926

## 20. Liabilities on profit distribution to the State Budget of Ukraine

Pursuant to the Tax Code of Ukraine, the NBU makes settlements with the State Budget in line with Article 5<sup>1</sup> of the Law of Ukraine *On the National Bank of Ukraine*.

The NBU transfers its portion of distributable profit to the State Budget of Ukraine in accordance with the Law of Ukraine *On the National Bank of Ukraine*. Distributable profit is determined by reducing the profit by the amount of unrealized gains for the reporting period, which are directed to revaluation reserves. Unrealized gains that will be realized in future periods are recognized as distributable profit in respective reporting periods. The NBU redeems the excess of unrealized expenses over revaluation reserve against the current year's profit, and in the case of shortage – against general reserves.

A part of the distributable profit that is left after general reserves are made – and that is payable to the State Budget of Ukraine – is transferred after it is confirmed by an external auditor and the NBU Council approves the annual financial statements.

General reserves made in the reporting year must equal 10% of the average annual monetary liabilities of the NBU.

In accordance with the Law of Ukraine *On the National Bank of Ukraine*, the NBU may not transfer to the State Budget of Ukraine an amount of distributable profit that is higher than what is determined in annual financial statements, as confirmed by the external auditor and approved by the NBU Council.

Therefore, total funds transferred by the NBU to the State Budget of Ukraine in April 2021 amounts to UAH 24,434 million (in 2020, the NBU transferred UAH 42,722 million to the State Budget).

The NBU's forecast for distributable profit in 2021 is UAH 27.3 billion. The estimated share of 2021 distributable profit that will be transferred to Ukraine's State Budget in 2022 is UAH 13.6 billion. The final amount of distributable profit that the NBU will transfer to the State Budget in 2022 will depend on actual macroeconomic performance in 2021, and will be determined after confirmation by an external auditor and approval by the NBU Council of the NBU's annual financial statements for the respective years.

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

### 21. Staff Costs

	For the period ended 30 June 2021		For the period ended 30 June 2020	
	For the current quarter	On a cumulative basis from the beginning of the year	For the current quarter	On a cumulative basis from the beginning of the year
	(UAH million)			
Payroll of staff	474	934	327	715
Single contribution for mandatory state social security and contributions to nonstate pension funds	108	213	80	168
Financial assistance and other social benefits	2	5	1	2
Other	4	9	7	7
<b>Total staff costs</b>	<b>588</b>	<b>1,161</b>	<b>415</b>	<b>892</b>

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

### 22. Administrative and Other Expenses

	For the period ended 30 June 2021		For the period ended 30 June 2020	
	For the current quarter	On a cumulative basis from the beginning of the year	For the current quarter	On a cumulative basis from the beginning of the year
	(UAH million)			
Banknote Printing and Minting Works' expenses not included in production cost	78	160	82	154
Depreciation and amortization	53	108	52	99
Utilities and household expenses	36	71	36	69
Problem assets expenses	1	35	19	19
Expenses for maintenance of noncurrent tangible and intangible assets	46	75	33	58
Taxes, duties, and charges	10	16	7	12
Telecommunication services and maintenance	9	11	6	9
Excess of the carrying value over the value of sales of valuables and precious metals	–	15	1	1
Cost of sewage facility services	4	8	4	8
Loss on disposal of property, plant and equipment and intangible assets	7	7	77	77
Payments to NBU Council members	4	8	4	8
Business trips	2	4	1	5
Consulting and legal services	2	3	10	11
Expenses on maintaining and selling collateral	–	–	2	3
Repayments to banks of the earlier paid fines	–	4	–	–
Other	15	25	23	33
<b>Total administrative and other expenses</b>	<b>267</b>	<b>550</b>	<b>357</b>	<b>566</b>

Depreciation and amortization charges in H1 2021 exclude depreciation worth UAH 88 million (in H1 2020: UAH 85 million) for property and equipment used in the production of banknote paper, banknotes, coins, and other products. This portion of depreciation and amortization charges is included

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

Other costs include contributions to the NBU trade union, costs of audit, software maintenance, financial assistance and other social benefits to NBU pensioners, etc.

## Section V. Other Notes

### 23. Related Party Transactions

#### Terms and Conditions of Related Party Transactions

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

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

In the normal course of its operations, the NBU enters into transactions with related parties. The outstanding balances as of 30 June 2021 and 31 December 2020 are presented in the table below:

	Notes	As of 30 June 2021			As of 31 December 2020		
		Government and state-controlled entities	Associated companies	Other related parties	Government and state-controlled entities	Associated companies	Other related parties
							(UAH million)
Domestic securities	8	332,160	–	–	335,401	–	–
Loans to banks and other borrowers		32,915	–	–	25,752	–	–
Loss allowances for loans to banks and other borrowers		(3,988)	–	–	(4,098)	–	–
Domestic public debt		1,588	–	–	1,635	–	–
Other assets		45	34	–	949	32	–
Accounts of banks		39,870	–	–	18,451	–	–
Accounts of government and other institutions	11	48,430	8	5	69,144	–	6
Accounts of the Deposit Guarantee Fund	11	531	–	–	1,414	–	–
Liabilities to transfer distributable profit to the State Budget of Ukraine		–	–	–	24,434	–	–
Certificates of deposit issued by the NBU		59,062	–	–	46,512	–	–
Other liabilities		774	–	–	23	–	–

Other related party transactions include the account balances of the Corporate Nonstate Pension Fund.

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

long-term loans to state-owned banks (included in the loans to banks and other borrowers in the table above) as of 30 June 2021 bore an interest rate of 7.50% (6.00% as of 31 December 2020)

the accounts of the government and other institutions as of 30 June 2021 and 31 December 2020 were noninterest-bearing

the accounts of the Deposit Guarantee Fund as of 30 June 2021 bore interest rates of 5.06% (31 December 2020: 5.68%)

the balances of required reserves transferred by state-owned banks to the NBU's correspondent accounts (included in accounts of banks in the table above) earned no interest as of 30 June 2021 and 31 December 2020 (Note 10).

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

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

	For the period ended 30 June 2021			For the period ended 30 June 2020		
	Government and state- controlled entities	Associated companies	Other related parties	Government and state- controlled entities	Associated companies	Other related parties
	(UAH million)					
Interest income	22,321	–	–	14,308	–	–
Interest expenses	(1,665)	–	–	(3,030)	–	–
Fee and commission income	94	–	–	41	–	–
Other income	(509)	3	–	89	2	–
Staff costs	–	–	(23)	–	–	(22)
Other expenses	(155)	–	(23)	(312)	–	(18)
Gains on reversal of impairment	109	–	–	18	–	–

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

In H1 2021, the short-term benefits (salary) of key management personnel were UAH 22.50 million, including

remuneration to members of the NBU Council of UAH 8.03 million [H1 2020: the short-term benefits (salary) of key management personnel were UAH 21.60 million, including remuneration to members of the NBU Council of UAH 7.40 million]. No loans to key management personnel were outstanding as of 30 June 2021 and 30 June 2020.

## 24. Events That Followed the Reporting Date

In August 2021, liabilities to the IMF under Extended Fund Facility 2015 worth SDR 99 million (UAH 3,776 million at the official exchange rate at the transaction date, or UAH 3,925 million at the annual exchange rate of the IMF) were repaid.

The Board of the National Bank of Ukraine has decided to hike the key policy rate to 8.0% from 7.5%, effective from

23 July 2021. The tighter monetary policy resulted from stronger inflationary pressures and the need to keep inflation expectations in check.

In August 2021, funds were credited to the SDR holding account under SDR allocation worth SDR 1,928 million (UAH 76,837 million at the annual exchange rate of the IMF).

## 25. Introducing New and Amended Standards and Interpretations of the Financial Statements

### **Amended IFRS and interpretations that came into effect and were adopted on 1 January 2021**

Amendments to IFRS 9, IAS 39, IFRS 7 *Interest Rate Benchmark Reform*, IFRS 4, and IFRS 16 (phase II).

Amended IFRSs and interpretations had no significant effect on the NBU's financial results and financial position.

### **New and revised standards that have been issued but are not yet effective**

Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*. The amendments apply to annual reporting periods beginning on or after the date to be specified. Early application is permitted.

Amendments to IAS 1 *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* is intended to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual terms in effect at the reporting date. The amendments apply to annual reporting periods beginning on or after 1 January 2023.

Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* are intended to explain the differences between changes in accounting estimates and

changes in accounting policies. The amendments apply to annual reporting periods beginning on or after 1 January 2023.

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

Amendments to IFRS 3 *Business Combinations* related to amendments to the Conceptual Framework. The amendments apply to annual reporting periods beginning on or after 1 January 2022.

IFRS 17 *Insurance Contracts* is a new financial reporting standard for insurance contracts that covers recognition, measurement, presentation, and disclosure of information. It applies to annual reporting periods beginning on or after 1 January 2023, although early application is permitted.

Annual improvements to IFRS in 2017–2020 (amendments to IFRS 1, IFRS 9, IFRS 16, IAS 41).

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

28 August, 2021  
Kyiv, Ukraine