



National Bank
of Ukraine

Interim Concise Consolidated Financial Statements

for the period ended 31 March 2021



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Interim Concise Consolidated Statement of Financial Position

	Notes	As of 31 March 2021	As of 31 December 2020
(UAH million)			
Assets			
Funds and deposits in foreign currency and investment metals	5	83,688	121,112
Foreign securities	6	642,175	671,778
SDR holdings	7.1	164	128
Monetary gold		37,144	42,014
Ukrainian securities	8	339,907	335,401
Loans to banks and other borrowers	9	74,083	66,930
Domestic public debt		1,611	1,635
IMF quota contributions	7.2	79,505	81,927
Property and equipment and intangible assets		4,052	4,190
Other assets		12,260	6,459
Total assets		1,274,589	1,331,574
Liabilities			
Banknotes and coins in circulation		554,022	558,694
Accounts of banks	10	65,180	50,017
Accounts of government and other institutions	11	51,300	70,664
Liabilities on profit distribution to the State Budget of Ukraine	19	24,434	24,434
Certificates of deposit issued by the NBU	12	143,368	163,485
Borrowings received		2,789	2,827
Liabilities to the IMF except IMF quota contributions	7.3	176,090	193,471
Liabilities to the IMF with respect to quota settlement	7.3	79,495	81,917
Other liabilities		2,280	1,095
Total liabilities		1,098,958	1,146,604
Equity			
Statutory capital		100	100
General reserves		59,127	67,734
Revaluation reserves for assets and liabilities		116,360	117,092
Total equity		175,587	184,926
Noncontrolling interest		44	44
Total capital		175,631	184,970
Total equity and liabilities		1,274,589	1,331,574

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

Governor

Kyrylo SHEVCHENKO

Chief Accountant,
Director of Accounting Department



Bohdan LUKASEVYCH

Notes on pages 8 through 35 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 31 March	
		2021	2020
			(UAH million)
Interest income	14	11,630	6,360
Interest expenses	14	(3,249)	(6,147)
Net interest income before profit from reversal of impairment		8,381	213
Profit from reversal of impairment on interest bearing financial assets	17	96	291
Net interest income after profit from reversal of impairment		8,477	504
Fee and commission income		154	99
Fee and commission expense		(12)	(167)
Net fee and commission income		142	(68)
Gains or losses on operations with financial assets and liabilities in foreign currency and monetary gold	15	(13,115)	80,728
Gains or losses on operations with financial instruments measured at fair value through profit or loss	16	(3,723)	11,961
Other income		213	125
Total net income/(expenses)		(8,006)	93,250
Staff costs	20	(573)	(477)
Costs related to production of banknotes, coins, souvenirs, and other products		(337)	(237)
Administrative and other expenses	21	(283)	(209)
Expenses on allowances for contingent and other liabilities		–	(95)
(Loss)/profit before tax		(9,199)	92,232
Income tax expense of subsidiary		–	(1)
(Loss)/profit for the period		(9,199)	92,231
Other comprehensive income not to be reclassified subsequently to profit or loss:			
Revaluation of investment metals		(80)	171
Other comprehensive income for the period		(80)	171
Total comprehensive (expense)/income for the period		(9,279)	92,402
(Loss)/profit for the period attributable to:			
the National Bank of Ukraine		(9,199)	92,230
Noncontrolling interest		–	1
		(9,199)	92,231
Comprehensive (expenses)/income attributable to:			
the National Bank of Ukraine		(9,279)	92,401
Noncontrolling interest		–	1
		(9,279)	92,402

Interim Concise Consolidated Statement of Profit and Loss and Other Comprehensive Income comprises comparative data of two periods, as Q1 data and cumulative data from the beginning of the year are identical.

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

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Financial Controlling Department



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Interim Concise Consolidated Statement of Changes in Equity

	Statutory capital	General reserves	Revaluation reserve for assets and liabilities	Total equity	Noncontrolling interest	Total equity
						(UAH million)
Balance as of 1 January 2020	100	51,439	31,790	83,329	44	83,373
Total comprehensive income for Q1 2020	–	92,230	171	92,401	1	92,402
Allocation of unrealized gain/(loss) on revaluation of securities and derivatives to revaluation reserve	–	1,973	(1,973)	–	–	–
Balance as of 31 March 2020	100	145,642	29,988	175,730	45	175,775
Balance as of 1 January 2021	100	67,734	117,092	184,926	44	184,970
Total comprehensive income for Q1 2021	–	(9,199)	(80)	(9,279)	–	(9,279)
Gain/(loss) on transfer of assets	–	(60)	–	(60)	–	(60)
Allocation of unrealized gain/(loss) on revaluation of securities and derivatives to revaluation reserve	–	652	(652)	–	–	–
Balance as of 31 March 2021	100	59,127	116,360	175,587	44	175,631

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Director of Accounting Department



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Interim Concise Consolidated Statement of Cash Flows

	Notes	As of 31 March 2021	As of 31 March 2020
(UAH million)			
Operating activities			
Interest received		4,372	5,537
Fees and commissions received		154	99
Other income		214	495
Interest paid		(3,207)	(6,346)
Fees and commissions paid		(12)	(167)
Other expenses		(1,052)	(1,074)
Taxes, duties, and charges paid		(129)	(115)
(Increase)/Decrease in loans to banks and other borrowers		(5,693)	736
Internal state debt repaid		33	33
Increase/(decrease) in accounts of banks on demand		15,478	(19,030)
(Decrease)/increase in accounts of government and other institutions		(18,570)	14,685
Increase in other assets		(9,257)	(9,620)
Increase in other liabilities		521	4,605
Other cash flows		(483)	(2,246)
Net change in cash from operating activities		(17,631)	(12,408)
Investing activities			
Decrease in term deposits placed		2,696	–
Net decrease in foreign securities		14,307	30,986
Purchase of monetary gold		(2)	(50)
Repayment of domestic securities		3,446	12,500
Acquisition of property and equipment, and intangible assets		(44)	(33)
Sale of property and equipment, and intangible assets		2	–
Net change in cash from investing activities		20,405	43,403
Financing activities			
Withdrawal of banknotes and coins from circulation	13	(4,672)	(818)
Repayment of liabilities to the IMF	13	(11,713)	(8,271)
Certificates of deposit issued by the NBU	13	(20,194)	(36,574)
Net change in cash from financing activities		(36,579)	(45,663)
Effect of changes in exchange rate		(3,435)	14,073
Net change in cash and cash equivalents		(37,240)	(595)
Cash and cash equivalents at beginning of the reporting period		118,410	89,619
Cash and cash equivalents at the end of the reporting period	13	81,170	89,024

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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. The central bank's mandate is to safeguard the stability of the Ukrainian currency. In the pursuit of its mandate, the NBU must be guided by the priority of achieving and maintaining price stability in the country. The NBU facilitates the stability of the banking system and sustainable economic growth, and supports the economic policies of the Cabinet of Ministers of Ukraine, provided that these do not prevent the NBU from carrying out its primary function of maintaining price stability.

The NBU does not aim to earn profits.

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

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

As of 31 March 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 central 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 31 March 2021 (unchanged from 83.55% as of 31 December 2020).

As of 31 March 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 entered into on the stock exchange or in over-the-counter agreements, where the "delivery versus payment" principle is used. 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, 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 does not bear its 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 31 March 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 customers' securities accounts.

As of 31 March 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 31 March 2021, the NBU's shareholding in the authorized capital of the National Depository was 25% (unchanged from 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 comprise 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 Q1 2021, the NBU's financial risk management targets and policies remained unchanged.

The official hryvnia exchange rate against the major foreign currencies used in presenting the monetary items of the consolidated statement of financial position and monetary gold was as follows:

	31 March 2021 (in hryvnias)	31 December 2020 (in hryvnias)
1 U.S. dollar	27.8852	28.2746
1 SDR	39.519113	40.723015
1 euro	32.7233	34.7396
1 GBP	38.3408	38.4393
1 Troy ounce of gold	47,032.85	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 circumstances.

The most significant estimates and judgments include:

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

measurement of loss allowances for expected credit losses on demand deposits and time deposits in foreign currency and monetary gold

measurement of loss allowances for expected credit losses on securities that are measured at amortized cost

measurement 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 31 March 2021, the NBU did not apply additional discounts for 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 other public sector authorities (hereinafter state mortgage institutions or SMI) 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 B3 SMI bonds.

No other changes occurred in Q1 2021 in accounting estimates or judgments of 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 31 March 2021, the NBU had UAH 378 million in capital commitments with respect to the acquisition, construction, and improvement of plant, property, and equipment and intangible assets (up from UAH 251 million as of 31 December 2020).

Legal Proceedings

From time to time and in the normal course of business, certain lawsuits are filed against the NBU. As of 31 March

2021 and 31 December 2020, there were no lawsuits 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.

For lawsuits against the NBU that, the NBU estimated, had a high likelihood of resulting in losses, the NBU made a respective provision of UAH 223 million as of 31 March 2021 (unchanged from UAH 223 million as of 31 December 2020).

Changes that occurred in Q1 2021 in contingent liabilities for derivative financial instruments and loan commitments are laid out in Notes 5 and 9, respectively.

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

Economic activity weakened in Q1 2021, which was driven by new quarantine restrictions introduced in some regions and unfavorable weather, as well as by broader factors, such as the difficult situation in animal farming and stronger competition in certain foreign markets. The drop in real GDP deepened to 2% yoy (<http://ukrstat.gov.ua>). On the other hand, consumer demand continued to support the economy, remaining strong early in the year despite the quarantine restrictions. Consumer demand was propped up by higher household income and an improvement in labor market conditions. Investment demand also picked up.

The consolidated budget recorded a moderate deficit of UAH 6.3 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 estimated by the NBU – as a percentage of GDP on a year-to-date basis. Among other things, this was driven by exchange rate revaluation triggered by the strengthening of the hryvnia.

Despite high global prices for exported goods, the goods trade deficit remained significant due to the rapid recovery in imports. However, the current account remained in the black (USD 0.9 billion) thanks to the larger services trade surplus and sustained inflows of remittances. Same as before, capital outflows from the financial account (USD 1.9 billion) resulted from private sector transactions. Due to the deficit of the overall balance of payments and scheduled repayments of IMF loans, international reserves scaled down to USD 27 billion as of end-March 2021, covering 4.1 months of future imports.

As expected, inflation deviated from the 5% \pm 1 pp target range in Q1 2021, and consumer prices grew by 8.5% yoy in March. The steep rise in inflation was largely driven by temporary factors, such as growing global prices for food and energy. A low comparison base also played an important role. At the same time, the underlying inflationary pressure, measured by the core consumer price index, increased on the back of further growth in consumer demand.

In view of the current balance of risks and the increase in underlying inflationary pressures, the NBU in March 2021 raised the key policy rate by 50 bp, to 6.5% per annum. This decision was necessary to restrain further deterioration in inflation expectations of households and businesses, and bring consumer inflation back to the target range.

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 Q1 2021, mainly a result of growth in intraday balances of certificates of deposit (the principal amount reached UAH 135 billion). Intraday balances of banks' correspondent accounts remained practically unchanged at UAH 56.1 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.

With the COVID-19 pandemic persisting in Ukraine and globally, quarantine restrictions continue to be tightened in 2021. The pace of vaccination campaigns 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 unresolved armed conflict in some areas of Luhansk and Donetsk oblasts, as well as by complicated political and economic relations with Russia.

Further on, these factors may have a mixed effect on the NBU's performance and financial position. 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 Q1 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 31 March 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)
Financial assets			
Funds and deposits in foreign currency and investment metals	3	81,042	81,045
Foreign securities	642,175	–	642,175
SDR holdings	–	164	164
Ukrainian securities	1,255	338,652	339,907
Loans to banks and other borrowers	–	74,083	74,083
Domestic public debt	–	1,611	1,611
IMF quota contributions	–	79,505	79,505
Other financial assets	103	6,665	6,768
Total financial assets	643,536	581,722	1,225,258

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)
Financial assets			
Funds and deposits in foreign currency and investment metals	8	118,331	118,339
Foreign securities	671,778	–	671,778
SDR holdings	–	128	128
Ukrainian securities	1,273	334,128	335,401
Loans to banks and other borrowers	–	66,930	66,930
Domestic public debt	–	1,635	1,635
IMF quota contributions	–	81,927	81,927
Other financial assets	46	1,269	1,315
Total financial assets	673,105	604,348	1,277,453

Section II.II. Financial assets and liabilities

5. Funds and deposits in foreign currency and investment metals

	As of 31 March 2021	As of 31 December 2020
		(UAH million)
Financial assets at amortized cost		
Foreign currency cash	21,441	22,164
Demand deposits	32,218	70,305
Term deposits in foreign currency	27,384	25,863
Allowances for expected credit losses on deposits in foreign currency at amortized cost	(1)	(1)
Total financial assets at amortized cost	81,042	118,331
Financial assets at fair value through profit or loss		
Demand deposits for settling futures transactions	3	8
Total financial assets	81,045	118,339
Nonfinancial assets		
Demand deposits:		
in gold	2,643	2,773
Total nonfinancial assets	2,643	2,773
Total funds and deposits in foreign currency and investment metals	83,688	121,112

The sum of demand deposits at amortized cost as of 31 March 2021 includes balances of special purpose accounts of UAH 33 million (UAH 47 million as of 31 December 2020), which are maintained by the NBU within the credit lines granted by international financial institutions, and which are restricted for use.

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 31 March 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 31 March 2021, the gross carrying value of demand deposits was UAH 32,218 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 Q1 2021 and 2020, all demand deposits were at stage 1 for assessing expected credit losses. In Q1 2021 and 2020, the NBU did not recognize any allowances for expected credit losses on demand accounts.

As of 31 March 2021, the gross carrying value of term deposits in foreign currency was UAH 27,384 million,

allowances for expected credit losses were UAH 1 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 Q1 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 of 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 31 March 2021 includes funds of UAH 3 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 31 March 2021, the NBU had 20 long stock-exchange interest futures contracts of UAH 123 million or USD 4 million in face value, maturing in June 2021 (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 31 March 2021, foreign securities were comprised of the following:

	Government bonds	Securities issued by international agencies, banks and other issuers	Total
			(UAH million)
Foreign securities at fair value through profit or loss:			
Debt securities by issuers:			
securities issued by U.S. issuers:			
denominated in USD	386,974	6,073	393,047
denominated in GBP	–	890	890
securities issued by EU issuers:			
denominated in USD	6,861	40,187	47,048
denominated in EUR	–	8,990	8,990
denominated in GBP	1,342	2,847	4,189
securities issued by other issuers:			
denominated in USD	12,217	104,068	116,285
denominated in EUR	1,638	32,010	33,648
denominated in AUD	721	320	1,041
denominated in GBP	5,216	2,960	8,176
denominated in Chinese renminbi	340	16,404	16,744
denominated in JPY	379	11,617	11,996
Total debt securities	415,688	226,366	642,054
Equity instruments:			
shares of the Black Sea Trade and Development Bank	–	120	120
investment in the Interstate Bank	–	1	1
Total equity instruments	–	121	121
Total foreign securities at fair value through profit or loss	415,688	226,487	642,175

All foreign securities are expected to be recovered within 12 months, 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)			
Foreign securities at fair value through profit or loss:			
Debt securities by issuers:			
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
Total debt securities	432,431	239,226	671,657
Equity instruments:			
shares of the Black Sea Trade and Development Bank	–	120	120
investment in the Interstate Bank	–	1	1
Total equity instruments	–	121	121
Total foreign securities at fair value through profit or loss	432,431	239,347	671,778

Information about the nominal value, coupon rate and maturities of foreign debt securities as of 31 March 2021 is presented in the table below:

	Total nominal value in foreign currency, in millions	Total nominal value in the hryvnia equivalent, UAH million	Coupon rate, % p.a.	Frequency of coupon payments	Maturity
Debt securities at fair value through profit or loss by issuers:					
Government bonds:					
securities issued by U.S. issuers:					
denominated in USD	13,555	377,988	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	6,759	0.125–1.875	Quarterly, every 6 months, once a year	From 7 months to 2.1 years
denominated in GBP	35	1,342	0.09938	Quarterly	7.1 months
securities issued by other issuers:					
denominated in USD	435	12,130	0.4–2.625	Every 6 months	From 10 months to 4.8 years
denominated in EUR	50	1,636	0.125	Once a year	5.6 years
denominated in AUD	30	643	2.25–5.5	Every 6 months	From 1.6 years to 2.1 years
denominated in GBP	135	5,165	0.5–0.75	Every 6 months	From 1.3 years to 2.3 years
denominated in Chinese renminbi	80	337	2.95	Every 6 months	2.8 months
denominated in JPY	1,500	375	0.02	Every 6 months	4.2 years
Bonds issued by international agencies, banks and other issuers:					
securities issued by U.S. issuers:					
denominated in USD	219	6,101	0.36388–0.75	Quarterly, every 6 months, once a year	From 8.6 months to 4.9 years
denominated in GBP	24	920	0.25	Once a year	6.5 years
securities issued by EU issuers:					
denominated in USD	1,433	39,950	0–3.375	Quarterly, every 6 months, once a year, without coupon payment	From 16 days to 5.8 years
denominated in EUR	273	8,933	0–4	Quarterly, once a year, without coupon payment	From 17 days to 5.9 years
denominated in GBP	74	2,837	0–1	Once a year, without coupon payment	From 3.1 months to 1.7 years
securities issued by other issuers:					
denominated in USD	3,721	103,761	0–3.35	Quarterly, every 6 months, once a year, without coupon payment	From 12 days to 5 years
denominated in EUR	971	31,774	0–0.75	Quarterly, once a year	From 2.5 months to 4.9 years
denominated in AUD	15	318	0.8601	Quarterly	7.7 months
denominated in GBP	77	2,952	0.375–0.46813	Quarterly, once a year	From 6.1 months to 2.3 years
denominated in Chinese renminbi	3,869	16,417	0–4.8	Every 6 months, once a year, without coupon payment	From 1.8 months to 4.4 years
denominated in JPY	46,000	11,625	0–0.42	Every 6 months, without coupon payment	From 1.8 months to 3.6 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 the hryvnia equivalent, UAH million	Coupon rate, % p.a.	Frequency of coupon payments	Maturity
Debt securities at fair value through profit or loss by issuers:					
Government bonds:					
securities issued by U.S. issuers:					
denominated in USD	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
Bonds issued by international agencies, banks and other issuers:					
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 Q1 2021 and the same period in 2020 were as follows:

	2021	2020
		(UAH million)
Balance of SDR holdings as of 1 January	128	234
Purchase of SDRs	20,123	15,833
Loan repayment:		
on behalf of the NBU (Note 7.3)	(11,713)	(8,271)
on behalf of the government of Ukraine (hereinafter the government)	(6,338)	(5,715)
Payment of interest for the use of IMF loans:		
on behalf of the NBU	(1,225)	(1,376)
on behalf of the government	(772)	(471)
Payment of interest for the use of funds received under SDR allocation:		
on behalf of the NBU	(1)	(5)
on behalf of the government	(11)	(80)
Income on SDR holdings	–	1
Exchange rate differences	(27)	61
Balance of SDR holdings as of 31 March	164	211

In Q1 2021 and Q1 2020, the NBU received no funds from the IMF.

7.2. IMF Quota Contributions

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

As of 31 March 2021, Ukraine's total quota in the IMF amounted to SDR 2,012 million (UAH 79,505 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 the currency reserves of the country.

As of 31 March 2021, the reserve position of Ukraine in the IMF amounted to SDR 241,031 (UAH 10 million at the official UAH/SDR exchange rate as of the end of the reporting period) (as of 31 December 2020, it was SDR 241,031, or UAH 10 million at the year-end official UAH/SDR exchange rate).

7.3. Liabilities to the IMF

	As of 31 March 2021	As of 31 December 2020
		(UAH million)
Liabilities to the IMF for SDR purchases	172,868	190,151
Liabilities to the IMF for SDR allocations	3,219	3,317
IMF account No. 2	3	3
Liabilities to the IMF apart from quota contributions	176,090	193,471
Liabilities to the IMF in respect of quota contributions	79,296	81,711
IMF account No. 1	199	206
Liabilities to the IMF to pay quota contributions	79,495	81,917
Total liabilities to the IMF	255,585	275,388

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 Q1 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 Q1 2021 and in 2020, there were no changes in liabilities on quota contributions related to the IMF's administrative disbursements in the hryvnia.

In Q1 2021 and in 2020, there were no changes to the size of the quota (Note 7.2).

In Q1 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 Q1 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 774 million (UAH 28,539 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. Ukrainian domestic securities

As of 31 March 2021, domestic securities were comprised of the following:

	As of 31 March 2021	As of 31 December 2020
		(UAH million)
Securities measured at fair value through profit or loss:		
denominated in foreign currencies:		
Government derivatives denominated in USD	1,255	1,273
Total securities at fair value through profit or loss	1,255	1,273
Debt securities at amortized cost:		
denominated in domestic currency:		
domestic government debt securities	338,652	334,128
Total debt securities at amortized cost	338,652	334,128
Total domestic securities	339,907	335,401

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 Q1 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.

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 28,016 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 31 March 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 31 March 2021 is presented in the table below:

	Total nominal value and notional value in the hryvnia equivalent in UAH million	Total nominal value and notional value in foreign currency, in millions	Yield to maturity, % p.a.	Coupon rate, % p.a.	Frequency of coupon payments	Maturity
Securities at fair value through profit or loss:						
denominated in foreign currencies:						
Government derivatives	1,222	44	–	–	–	Up to 19.2 years
Debt securities at amortized cost:						
denominated in domestic currency:						
domestic government debt securities	322,077	–	7.38–12.34	8.12–14.30	once a year, every 6 months	From 0.7 months to 26.6 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 million	Total nominal value and notional value in foreign currency, in millions	Yield to maturity, % p.a.	Coupon rate, % p.a.	Frequency of coupon payments	Maturity
Securities at fair value through profit or loss:						
denominated in foreign currencies:						
Government derivatives	1,240	44	–	–	–	Up to 19.4 years
Debt securities at amortized cost:						
denominated in domestic currency:						
domestic government debt securities	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 Q1 2021 and 2020, all government securities were at stage 1. In Q1 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 31 March 2021	As of 31 December 2020
	(UAH million)	
Loans granted to banks to support their liquidity:		
for stabilizing banking activities	40,063	41,434
through tenders conducted by the NBU:		
short-term	2,795	13,916
long-term	66,406	48,381
overnight	100	–
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
Allowance for expected credit losses on loans to banks and other borrowers	(35,329)	(36,849)
Total loans to banks and other borrowers	74,083	66,930

In Q1 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 31 March 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: Ukraine's government bonds, the NBU's 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 31 March 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 31 March 2021, the gross carrying value of loans to banks was UAH 40,063 million, provisions for expected loan losses under stabilization loans were UAH 34,965 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 31 March 2021, the gross carrying value of loans to banks provided through tenders conducted by the NBU was UAH 69,301 million, provisions for expected loan losses under loans provided through tenders conducted by the NBU were UAH 316 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 31 March 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 31 March 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 38 million.

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

Loan Commitments

As of 31 March 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 31 March 2021	As of 31 December 2020
		(UAH million)
Correspondent accounts:		
in domestic currency	54,838	37,501
Accounts of banks on special use terms:		
in domestic currency	1,194	1,370
in foreign currency	217	165
Funds placed to ensure the repayment of bank debts to the NBU:		
in domestic currency	8,522	–
in foreign currency	409	10,981
Total accounts of banks	65,180	50,017

As of 31 March 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 31 March 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 31 March 2021 and 31 December 2020, the term of all banks' accounts was up to 12 months.

11. Accounts of government and other institutions

	As of 31 March 2021	As of 31 December 2020
		(UAH million)
Funds of budgets and budget entities:		
in domestic currency	30,144	12,013
in foreign currency	20,765	57,080
Deposit Guarantee Fund:		
in domestic currency	231	1,414
Other:		
in domestic currency	127	110
in foreign currency	33	47
Total accounts of government and other institutions	51,300	70,664

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 5.19% as of 31 March 2021 (5.68% as of 31 December 2020).

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

As of 31 March 2021 and 31 December 2020, the term of all accounts of government and other institutions was 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 the policy's current objectives.

	As of 31 March 2021	As of 31 December 2020
		(UAH million)
Certificates of deposit at amortized cost:		
overnight certificates of deposit	28,829	52,494
certificates of deposit with maturities up to 100 days	114,539	110,991
Total amount of certificates of deposit at amortized cost	143,368	163,485

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

weighted average yield was 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 Q1 2021 was 5.61% per annum, and the initial period of placement varied from 1 to 9 days (in 2020, the

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

During Q1 2021 and Q1 2020, the movements in the book value of certificates of deposit were as follows:

	2021	2020
		(UAH million)
Certificates of deposit (book value) as of 1 January	163,485	151,932
Placement of certificates of deposit	143,241	115,247
Repayment of certificates of deposit	(163,441)	(151,686)
Other movements (accrual and payment of interest)	83	(129)
Certificates of deposit (book value) as of 31 March	143,368	115,364

Information on the nominal value, weighted average yield, interest rate, and period of placement as of 31 March 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 interests payments
Certificates of deposit at amortized cost:					
Overnight certificates of deposit	28,824	5.50	5.50	1	One time during repayment
Certificates of deposit with maturities up to 100 days	114,417	6.50	6.50	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
Certificates of deposit at amortized cost:					
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 31 March 2021	As of 31 March 2020
(UAH million)			
Foreign currency cash	5	21,441	8,737
Demand deposits (other than restricted funds)	5	32,185	42,569
Short-term deposits with maturities of up to three months (other than deposits in gold, investment metals, and restricted funds)	5	27,381	37,508
SDR holdings	7.1	163	210
Total cash and cash equivalents		81,170	89,024

Changes in liabilities that resulted from financial activities in Q1 2021:

	Note	As of 1 January 2021	Issue/ attraction/ (repayment) of liabilities	Interest paid	Changes in exchange rates	Interest expenses accrued	Other	As of 31 March 2021
(UAH million)								
Banknotes and coins in circulation		558,694	(4,672)	–	–	–	–	554,022
Liabilities to the IMF	7.3	275,388	(11,713)	(1,226)	(8,098)	1,187	47	255,585
Certificates of deposit issued by the NBU	12	163,485	(20,194)	(1,925)	–	2,008	(6)	143,368

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 Q1 2020:

	Note	As of 1 January 2020	Issue/ attraction/ (repayment) of liabilities	Interest paid	Changes in exchange rates	Interest expenses accrued	Other	As of 31 March 2020
(UAH million)								
Banknotes and coins in circulation		425,256	(818)	–	–	–	–	424,438
Liabilities to the IMF	7.3	236,945	(8,271)	(1,381)	39,343	1,284	35	267,955
Certificates of deposit issued by the NBU	12	151,932	(36,574)	(4,860)	–	4,731	135	115,364

Section II.III. Financial Performance by Financial Instrument

14. Interest income and expenses

	For the period ended 31 March	
	2021	2020
		(UAH million)
Interest income		
Income on domestic securities at amortized cost	10,354	5,502
Income on loans to banks and other borrowers	1,216	596
Income on accounts and deposits in foreign -946460272 currencies	22	221
Income on SDR holdings	–	1
Income on domestic public debt	34	37
Other	4	3
Total interest income at the effective interest rate	11,630	6,360
Interest expenses		
Expenses on certificates of deposit issued by the NBU	(2,006)	(4,723)
Expenses on operations with the IMF	(1,187)	(1,319)
Expenses on Deposit Guarantee Fund accounts	(19)	(49)
Expenses on borrowings received	(22)	(30)
Total interest expenses at the effective interest rate	(3,234)	(6,121)
Interest expenses on demand deposits and term deposits with a negative interest rate	(15)	(26)
Net interest income	8,381	213

Other interest income includes interest income on loans to employees. indexed domestic government securities (up from UAH 412 million in the same period of 2020).

In Q1 2021, income on domestic securities at amortized cost included UAH 5,549 million of interest income on inflation-

15. Gains or losses on operations with financial assets and liabilities in foreign currency and monetary gold

	For the period ended 31 March	
	2021	2020
		(UAH million)
Unrealized gains or losses on operations with financial assets and liabilities in foreign currency and monetary gold	(13,115)	69,233
Realized gains or losses on transactions with financial assets and liabilities in foreign currency and monetary gold	–	11,495
Total results on operations with financial assets and liabilities in foreign currency and monetary gold	(13,115)	80,728

16. Gains or losses on operations with financial instruments measured at fair value through profit or loss

	For the period ended 31 March	
	2021	2020
	(UAH million)	
Foreign securities at fair value through gains or losses		
Interest income	2,021	2,249
Unrealized gains allocated to the allowance for the revaluation of financial instruments to their fair value	271	10,147
Unrealized losses covered by the allowance for the revaluation of financial instruments to their fair value	(2,437)	(447)
Unrealized losses not covered by the allowance for the revaluation of financial instruments to their fair value	(2,346)	(998)
Total unrealized gains or losses from foreign securities measured at fair value through profit or loss	(4,512)	8,702
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)	(74)	1,225
Total gains or losses from foreign securities at fair value through profit or loss:	(2,565)	12,176
Derivative Financial Instruments		
Unrealized gains allocated to the allowance for the revaluation of financial instruments to their fair value	27	59
Unrealized losses covered by the allowance for the revaluation of financial instruments to their fair value	(41)	(283)
Unrealized losses not covered by the allowance for the revaluation of financial instruments to their fair value	(1,181)	(6)
Total amount of unrealized gains or losses from derivative financial instruments	(1,195)	(230)
Realized gains or losses from derivative financial instruments (previously unrealized gains or losses of the current period that were realized)	37	17
Total amount of gains or losses from derivative financial instruments	(1,158)	(213)
Proprietary rights on loan agreements repossessed by the NBU		
Realized gains or losses (previously unrealized gains or losses of the current period that were realized)	-	(2)
Total gains or losses from rights of claim under credit agreements repossessed by the NBU	-	(2)
Total gains or losses from transactions with financial instruments measured at fair value with the recognition of revaluation results in profit or loss	(3,723)	11,961

In Q1 2021, interest received on foreign securities included in the net decrease of foreign securities in the concise consolidated cash flow statement amounted to UAH 1,672 million (down from UAH 2,337 million in 2020).

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

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

	As of 31 March	
	2021	2020
	(UAH million)	
Gains on the reversal of impairment of deposits in foreign currency at amortized cost	-	9
Gains on the reversal of impairment on debt securities of other government institutions at amortized cost	14	13
Gains from the reversal of impairment on loans to banks and other borrowers	82	270
Impairment losses on loans due from employees	-	(1)
Gains from the reversal of impairment on interest-bearing financial assets	96	291

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 market information in order to assess fair value. Given the low activity in the financial market of Ukraine, the estimated fair value may not correspond to the actual prices at which the NBU could sell financial assets and liabilities 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 based on quoted prices in an 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 inputs).

Financial Assets and Liabilities Carried 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 the 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 March 2020 to February 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 domestic public debt in domestic currency, the NBU's weighted average rate on all refinancing instruments (Level 3 inputs) is used as the discount rate.

As of 31 March 2021, the NBU applied the market rate (the NBU's key policy rate plus 1% for overnight loans and the NBU's key policy rate for other refinancing loans) 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.

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

The discount rates used were as follows:

	31 March 2021	31 December 2020
	Discount rate, % per annum	Discount rate, % per annum
Domestic securities in domestic currency:		
domestic government debt securities	7.38–12.34	7.45–11.59
Domestic public debt in domestic currency (1994–1996)	6.74	6.08
Loans to banks and other borrowers in domestic currency	6.50–7.50	6.00
Claims on bonds of other government institutions	–	10.32

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

	31 March 2021		31 December 2020	
	Carrying value	Fair value	Carrying value	Fair value
(UAH million)				
Domestic securities in domestic currency:				
domestic government debt securities	338,652	309,858	334,128	315,282
Domestic public debt	1,611	1,780	1,635	1,876
Loans to banks and other borrowers	74,083	74,546	66,930	67,229
Claims on 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 by levels of the fair value hierarchy as follows:

	31 March 2021			31 December 2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
(UAH million)						
Assets carried at fair value:						
Funds and deposits in foreign currency (futures)	3	–	–	8	–	–
Foreign securities carried at fair value	525,635	99,738	16,802	521,245	125,534	24,999
Domestic securities carried at fair value:						
denominated in foreign currencies:						
government derivatives denominated in US dollars	1,255	–	–	1,273	–	–
Assets for which fair value is disclosed:						
Domestic securities in domestic currency:						
domestic government debt securities	–	177,393	132,465	–	184,466	130,816
Domestic public debt	–	–	1,780	–	–	1,876
Loans to banks and other borrowers	–	–	74,546	–	–	67,229
Claims on bonds of other government institutions	–	–	–	–	–	920

In Q1 2021, there were no significant transfers of financial instruments between Levels 1 and 2 of the fair value hierarchy. In Q1 2021, there were no transfers of financial instruments to or from Level 3 of the fair value hierarchy.

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

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

Fair value of foreign securities that are measured at fair value through profit or loss and are attributed to Level 3 of the fair value hierarchy	
(UAH million)	
Foreign securities as of 31 December 2019	33,400
Gains	3,773
Purchases of foreign securities	2,442
Redemptions of foreign securities	(10,812)
Foreign securities as of 31 March 2020	28,803
Foreign securities as of 31 December 2020	24,999
Gains	1,376
Purchases of foreign securities	(8,533)
Redemptions of foreign securities	(1,040)
Foreign securities as of 31 March 2021	16,802

Gains from changes in the fair value of foreign securities – evaluated as of the reporting date at fair value and attributed to Level 3 of the fair value hierarchy – have been included in the profits or losses from transactions with financial assets and liabilities in foreign currencies and monetary gold, and in profits or losses from transactions with financial instruments at fair value through profit or loss reflected in the interim concise consolidated statement of profit/loss and other comprehensive income (Note 15 and 16 respectively).

The weighted average modified duration of the financial assets that are carried at fair value and are included in

Level 3 of the fair value hierarchy (except equity instruments that are measured at fair value through profit or loss) was 0.47 as of 31 March 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 31 March 2021 (Level 3 inputs) by 1 basis point would decrease the fair value of the relevant assets by UAH 78 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 78 million (UAH 120 million as of 31 December 2020).

Section III. Capital Management

19. 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 5¹ of the Law of Ukraine, *On the National Bank of Ukraine*.

The NBU transfers its portion of distributable profit to the State Budget of Ukraine in accordance with the Law of Ukraine, *On the National Bank of Ukraine*. Distributable profit is determined by reducing the profit by the amount of unrealized gains for the reporting period, which are directed to revaluation reserves. 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 provisions.

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 an external auditor confirms 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 to be transferred by the NBU in 2021 to the State Budget of Ukraine will amount 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

20. Staff costs

	For the period ended 31 March	
	2021	2020
		(UAH million)
Payroll of staff	460	387
Single contribution for mandatory state social security and contributions to nonstate pension funds	105	88
Financial assistance and other social benefits	3	1
Other	5	1
Total staff costs	573	477

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

21. Administrative and other expenses

	For the period ended 31 March	
	2021	2020
		(UAH million)
Depreciation and amortization	55	47
Utilities and household expenses	35	33
Compensation to the Deposit Guarantee Fund for maintaining and selling collateral	34	–
Expenses for maintenance of noncurrent tangible and intangible assets	29	25
Consulting and legal services	1	1
Taxes, duties, and charges	6	5
Business trips	2	4
Telecommunication services and maintenance	2	2
Excess of the carrying value over the value of sales of valuables and precious metals	15	–
Value of sales of the services of waste treatment facilities	4	4
Costs of operations with collateral	–	1
Compensations to the NBU Council members	4	4
Repayments to banks of earlier paid fines	4	–
Banknote Printing and Minting Works' expenses not included in production cost	82	72
Other	10	11
Total administrative and other expenses	283	209

Depreciation and amortization charges in Q1 2021 exclude depreciation worth UAH 44 million (in Q1 2020: UAH 42 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 for software maintenance, financial assistance and other social benefits to NBU pensioners, etc.

SECTION V. Other Notes

22. Related Party Transactions

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 NBU's related parties include the government, state-controlled entities, key management personnel, etc.

In the normal course of its operations, the NBU conducts transactions with related parties. The balances of these transactions as of 31 March 2021 and 31 December 2020 are presented in the table below:

	Notes	As of 31 March 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	339,907	–	–	335,401	–	–
Loans to banks and other borrowers		28,016	–	–	25,752	–	–
Provisions for loans to banks and other borrowers		(4,086)	–	–	(4,098)	–	–
Domestic public debt		1,611	–	–	1,635	–	–
Other assets		6,377	34	–	949	32	–
Accounts of banks		28,632	–	–	18,451	–	–
Accounts of state and other institutions	11	50,962	–	4	69,144	–	6
Accounts of the Deposit Guarantee Fund	11	231	–	–	1,414	–	–
Liabilities on profit distribution to the State Budget of Ukraine		24,434	–	–	24,434	–	–
Certificates of deposit issued by the NBU		46,244	–	–	46,512	–	–
Other liabilities		713	–	–	23	–	–

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

The terms of the transactions presented in the table 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 31 March 2021 bore an interest rate of 6.50% (6.00% as of 31 December 2020)

the accounts of the government and other institutions as of 31 March 2021 and 31 December 2020 were non-interest-bearing

the accounts of the Deposit Guarantee Fund bore an interest rate of 5.19% as of 31 March 2021 (5.68% as of 31 December 2020)

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 31 March 2021 and 31 December 2020 (Note 10).

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

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

	For the period ended 31 March 2021			For the period ended 31 March 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	10,749	–	–	5,820	–	–
Interest expenses	(579)	–	–	(1,863)	–	–
Fee and commission income	46	–	–	30	–	–
Other income	(497)	2	–	45	2	–
Staff costs	–	–	(11)	–	–	(11)
Other expenses	(58)	–	(11)	(226)	–	(9)
Gains on reversal of impairment	12	–	–	229	–	–

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 Q1 2021, the short-term benefits (salary) of key management personnel were UAH 10.66 million, including

remuneration to members of the NBU Council of UAH 3.82 million (in Q1 2020, the short-term benefits (salary) of key management personnel were UAH 10.58 million, including remuneration to members of the NBU Council of UAH 3.68 million). No loans to key management personnel were outstanding as of 31 March 2021 and 31 March 2020.

23. Events That Followed the Reporting Date

In April 2021, the NBU transferred a portion of its distributable profit in the amount of UAH 24,434 million to the state budget of Ukraine.

24. 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).

The amended IFRS and interpretations had no significant influence on the NBU's performance indicators and financial standing.

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 for the period of 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 May 2021
Kyiv, Ukraine