



National Bank
of Ukraine

Interim Concise Consolidated Financial Statements

for the period ended 30 June 2022



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Interim Concise Consolidated Statement of Financial Position

	Notes	As of 30 June 2022	As of 31 December 2021
(UAH millions)			
Assets			
Funds and deposits in foreign currency and investment metals	5	182,704	181,279
Foreign securities	6	404,752	644,288
SDR holdings	7.1	53,016	510
Monetary gold		42,224	38,800
Domestic securities	8	555,111	323,943
Loans to banks and other borrowers	9	90,201	99,861
Domestic public debt		1,493	1,541
IMF quota contributions	7.2	78,146	76,807
Property and equipment and intangible assets		4,199	4,343
Other assets		5,107	5,525
Total assets		1,416,953	1,376,897
Liabilities			
Banknotes and coins in circulation		673,671	627,819
Accounts of banks	10	79,748	57,136
Accounts of government and other institutions	11	17,260	55,133
Liabilities to transfer distributable profit to the State Budget of Ukraine	20	–	18,786
Certificates of deposit issued by the NBU	12	189,364	212,926
Borrowings received		–	2,728
Liabilities to the IMF, apart from IMF quota contributions	7.3	135,934	156,570
Liabilities to the IMF with respect to quota contributions	7.3	78,137	76,798
Other liabilities		6,097	2,080
Total liabilities		1,180,211	1,209,976
Equity			
Statutory capital	19	100	100
General reserves and retained earnings	19	150,880	80,530
Revaluation reserves for assets and liabilities	19	85,718	86,247
Total equity		236,698	166,877
Noncontrolling interest		44	44
Total capital		236,742	166,921
Total equity and liabilities		1,416,953	1,376,897

Authorized by the Assets and Liabilities Management Committee of the National Bank of Ukraine for issue on 19 September 2022.

Signed on 19 September 2022.

Governor

Kyrylo SHEVCHENKO

Chief Accountant,
Director of Accounting Department

Bohdan LUKASEVYCH

Notes on pages 8 through 42 are an integral part of these interim concise consolidated financial statements.

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

	Note	For the period ended 30 June 2022		For the period ended 30 June 2021	
		For the current quarter	On a cumulative basis from the beginning of the year	For the current quarter	On a cumulative basis from the beginning of the year
(UAH millions)					
Interest income	14	27,641	41,093	12,704	24,334
Interest expenses	14	(6,945)	(11,313)	(3,855)	(7,104)
Net interest income before gains/(losses) from reversal of impairment/(impairment)		20,696	29,780	8,849	17,230
Gains/(losses) from reversal of impairment/(impairment) on interest-bearing financial assets	17	(722)	59	(142)	(46)
Net interest income after gains/(losses) from reversal of impairment/(impairment)		19,974	29,839	8,707	17,184
Fee and commission income		95	237	155	309
Fee and commission expense		(8)	(189)	(8)	(20)
Net fee and commission income		87	48	147	289
Gains or losses on transactions with financial assets and liabilities in foreign currency and monetary gold	15	(97)	48,821	(12,419)	(25,534)
Gains or losses on transactions with financial instruments at fair value through profit or loss	16	(4,258)	(6,421)	1,221	(2,502)
Other income		145	356	687	900
Total net income/(expenses)		15,851	72,643	(1,657)	(9,663)
Staff costs	21	(818)	(1,622)	(588)	(1,161)
Costs related to the production of banknotes, coins, souvenirs, and other products		(241)	(586)	(426)	(763)
Administrative and other expenses	22	(409)	(742)	(267)	(550)
Gains/(losses) on the reversal of impairment/(impairment) of other assets	17	2	3	(3)	(3)
Income/(loss) before tax		14,385	69,696	(2,941)	(12,140)
Income tax expense of subsidiary		–	(1)	–	–
Profit/(loss) for the period		14,385	69,695	(2,941)	(12,140)
Other comprehensive income not to be reclassified subsequently to profit or loss:					
Revaluation of investment metals		(211)	126	33	(47)
Other comprehensive income/(expenses) for the period		(211)	126	33	(47)
Total comprehensive income/(expenses) for the period		14,174	69,821	(2,908)	(12,187)
Profit/(loss) for the period attributable to:					
the National Bank of Ukraine		14,385	69,695	(2,941)	(12,140)
Noncontrolling interest		–	–	–	–
		14,385	69,695	(2,941)	(12,140)
Comprehensive income/(expenses) attributable to:					
the National Bank of Ukraine		14,174	69,821	(2,908)	(12,187)
Noncontrolling interest		–	–	–	–
		14,174	69,821	(2,908)	(12,187)

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Interim Concise Consolidated Statement of Changes in Equity

	Statutory capital	General reserves and retained earnings	Revaluation reserve for assets and liabilities	Total equity	Noncontrolling interest	Total capital
	(UAH millions)					
Balance as of 1 January 2021	100	67,734	117,092	184,926	44	184,970
Total comprehensive income for H1 2021	–	(12,140)	(47)	(12,187)	–	(12,187)
Gain/(loss) on transfer of assets	–	(68)	–	(68)	–	(68)
Realized result on revaluation of disposed investment metals	–	5	(5)	–	–	–
Realized gain/(loss) on revaluation of disposed securities and derivatives	–	1,383	(1,383)	–	–	–
Balance as of 30 June 2021	100	56,914	115,657	172,671	44	172,715
Balance as of 1 January 2022	100	80,530	86,247	166,877	44	166,921
Total comprehensive income for H1 2022	–	69,695	126	69,821	–	69,821
Realized result on revaluation of disposed investment metals	–	56	(56)	–	–	–
Realized gain/(loss) on revaluation of disposed securities and derivatives	–	599	(599)	–	–	–
Balance as of 30 June 2022	100	150,880	85,718	236,698	44	236,742

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Interim Concise Consolidated Statement of Cash Flows

	Note	As of 30 June 2022	As of 30 June 2021
(UAH millions)			
Operating activities			
Interest received		27,296	19,953
Fees and commissions received		231	308
Other income		356	897
Interest paid		(11,150)	(7,017)
Fees and commissions paid		(26)	(27)
Other expenses		(2,591)	(1,943)
Taxes, duties, and charges paid		(587)	(257)
Transfers to the State Budget of Ukraine	20	(18,786)	(24,434)
Decrease/(increase) in loans to banks and other borrowers		9,988	(21,209)
Domestic public debt repaid		66	66
Increase in accounts of banks on demand		21,804	24,967
Decrease in accounts of government and other institutions		(37,221)	(20,035)
Decrease/(increase) in other assets		1,013	(4,131)
Increase in other liabilities		135	332
Other cash flows		463	950
Net change in cash flows from operating activities		(9,009)	(31,580)
Investing activities			
(Increase)/decrease in term deposits placed		(3)	2,696
Net decrease in foreign securities		279,780	13,286
Purchase of monetary gold		(52)	(11)
Net (increase)/decrease in domestic securities		(218,516)	8,246
Investments in associated company		-	2
Acquisition of property and equipment, and intangible assets		(68)	(201)
Sale of property and equipment, and intangible assets		-	2
Net cash flows from investing activities		61,141	24,020
Financing activities			
Banknotes and coins issue in circulation	13	45,852	26,671
Repayment of liabilities to the IMF	13	(24,375)	(11,713)
Repayment of certificates of deposit issued by the NBU	13	(23,554)	(6,475)
Repayment of loans received	13	(2,925)	-
Net cash flows from financing activities		(5,002)	8,483
Effect of changes in exchange rate		6,454	(5,650)
Net change in cash and cash equivalents		53,584	(4,727)
Cash and cash equivalents at the beginning of the reporting period		178,087	118,410
Cash and cash equivalents at the end of the reporting period	13	231,671	113,683

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Notes to Interim Concise Consolidated Financial Statements

Section I. Basis for Preparing Financial Statements

1. Principal Activities

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

The NBU does not aim to earn profits.

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

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

As of 30 June 2022 and 31 December 2021, the NBU's structure comprised the Head Office and the Banknote Printing and Minting Works – a standalone unit of the bank.

The NBU's subsidiary is the SETTLEMENT CENTER FOR SERVICING FINANCIAL MARKET AGREEMENTS PJSC (hereinafter SETTLEMENT CENTER PJSC).

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

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

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

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

- makes/ensures cash settlements under concluded derivative contracts and transactions with money market instruments and assets admitted for trading in the organized commodity market, subject to settlements based on the delivery-versus-payment principle, and

under transactions with securities subject to settlements based on the delivery-of-securities-versus-payment principle

- ensures the exercise of rights (including rights to receive income) with regard to assets deposited in the relevant accounts of SETTLEMENT CENTER PJSC for making/ensuring settlements under derivative contracts and transactions with financial instruments and other assets, and facilitates the filing of claims under bank guarantees
- makes transactions with derivative contracts, financial instruments, and other assets to ensure the fulfillment of obligations.

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

The NBU manages and stores the CNPFF's assets.

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

As of 30 June 2022 and 31 December 2021, the NBU's investments in associated companies were represented by its investments in the authorized capital of the NATIONAL DEPOSITORY OF UKRAINE PUBLIC JOINT STOCK COMPANY (hereinafter ND PJSC).

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

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

2. Basis of Accounting Policies and Reporting Presentation

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

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

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

These interim concise consolidated financial statements are to be read together with the NBU's annual consolidated financial statements compiled as of 31 December 2021 in line with the IFRS.

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

In H1 2022, 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 2022 (in hryvnias)	31 December 2021 (in hryvnias)
1 U.S. dollar	29.2549	27.2782
1 SDR	38.844113	38.178401
1 euro	30.7776	30.9226
1 GBP	35.5491	36.8392
1 Troy ounce of gold	53,384.34	49,115.22

Basic estimates and judgments in applying accounting principles

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

The most significant estimates and judgments include:

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

estimates of expected credit losses on demand deposits and term deposits in foreign currency and monetary gold

estimates of expected credit losses on securities that are measured at amortized cost

estimates of expected credit losses on loans granted to banks and other borrowers

depreciation of property and equipment and amortization of intangible assets

provisions for contingent liabilities under lawsuits filed against the NBU

related party transactions.

The same estimates and judgements applied in the recent annual consolidated financial statements were used in these interim concise consolidated financial statements.

Contingent Liabilities

Capital Commitments

As of 30 June 2022, the NBU had UAH 264 million in capital commitments related to the acquisition, construction, and improvement of property and equipment, and intangible assets (up from UAH 215 million as of 31 December 2021).

Legal Proceedings

From time to time and in the normal course of business, certain lawsuits are filed against the NBU. As of 30 June 2022, there were lawsuits for which the NBU estimates the probability of having to pay damages as low, but the NBU believes that disclosure in such property lawsuits may harm it in disputes with other parties on the subject matter of the lawsuit. For such lawsuits, there are contingent liabilities. No provisions for potential liabilities were made.

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 of UAH 223 million as of 30 June 2022 (unchanged from UAH 223 million as of 31 December 2021).

Swap transactions

For the purpose of managing international reserves, during H1 2022 and 2021, the NBU performed foreign currency

swaps with foreign banks with a maturity of up to one month as of 30 June 2022, and a maturity of up to three months as of 31 December 2021.

As of 30 June 2022, the NBU had 2 foreign currency swap deals with UAH 2,070 million in receivables, and with USD 69 million (UAH 2,019 million at the official exchange rate as of 30 June 2022) in payables.

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

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

Changes that occurred in H1 2022 in contingent liabilities for other derivative financial instruments and loan commitments are laid out in Notes 5 and 9, respectively.

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

In Q2 2022, the economy of Ukraine started to adapt gradually to wartime conditions, and economic activity picked up somewhat compared to the trough in March 2022. To a large extent, this was due to the liberation of the northern regions and the decrease in the number of regions with active hostilities. However, destroyed facilities and infrastructure, the occupation of a part of the country's territory, supply chain disruptions, and a drop in domestic demand held back the economy's recovery, in both the manufacturing and service sectors. As a result, the real GDP in Q2 2022 decreased by almost 40% yoy, according to NBU estimates. This was the deepest fall in the history of Ukraine. High security risks led to active migration to safer, primarily western, regions and abroad. The NBU estimates the deep economic downturn caused a sharp rise in unemployment and a decline in household income.

The consolidated budget recorded an unprecedented large deficit of UAH 349 billion in January–June 2022. Such deficit was due to significant budget expenditures on defense and incentives to support households and the economy under martial law. Budget needs were financed mainly by international support (the equivalent of USD 9.9 billion was received, including USD 2.7 billion in grants that are included in revenues of the State Budget of Ukraine (hereafter, the state budget)) and monetary financing. The latter bolstered the uninterrupted functioning of public finances in the first months of the Russian invasion and allowed businesses and households adapt to the new conditions. However, an increase in money issue in Q2 (UAH 205 billion) raised the pressure on the FX market. Large amounts of borrowing together with portfolio guarantees caused public and publicly guaranteed debt to rise significantly in absolute terms, as well as relative to GDP compared to the start of the year due to the economic downturn.

The current account posted a surplus (USD 3.7 billion) in H1 thanks to international financial assistance received in the form of grants, dividend payment restrictions, decreased reinvested earnings, and traditionally steady remittances. At the same time, the deficit of trade in goods widened considerably (to USD 4.2 billion versus USD 2.1 billion in H1 2021). After a sharp fall at the start of the full-scale Russian military aggression, trade flows began to recover already in April, albeit at a slow pace. The growth in exports of goods was restrained by the sea port blockade. On the other hand, imports recovered faster due to lower dependence on sea transportation compared to exports and the introduction of a preferential tax regime. Strong migration was accompanied by a substantial increase in migrants' expenses abroad. This led to a deficit in trade in services (USD 2.6 billion).

Capital outflows from the financial account reached almost USD 12 billion in H1 2022 and were driven only by the private sector transactions – in particular, by growth in cash outside

banks caused by cash withdrawals from payment cards abroad and an increase in trade loan assets, including due to supply chain disruptions. Capital inflows to the public sector (USD 4.5 billion) came from financing received from international partners, but they were not sufficient to offset the outflows from the private sector. As a result, the consolidated balance of payments ran a sizeable deficit of USD 8.1 billion, while international reserves decreased to USD 22.8 billion as of the end of June 2022.

Consumer inflation soared to 21.5% yoy in June 2022. This was driven by war-related factors, such as disrupted production and logistical processes, the destruction of assets, the occupation of territories, high global energy prices, and substantial volumes of monetary financing of the budget deficit. On the other hand, a significant drop in demand, the fixed exchange rate of the hryvnia, and a moratorium on utility price increases restrained inflation processes. The first two factors primarily prevented underlying inflationary pressures from strengthening, while the latter factor was mainly reflected in the moderate growth of administratively regulated prices.

At the start of the full-scale Russian military aggression, the NBU fixed the official exchange rate of the hryvnia in order to retain control over businesses' and households' expectations and kept the key policy rate unchanged at 10%, taking into account the low effectiveness of the transmission mechanism when economic agents are under psychological shock. The fixed exchange rate and FX interventions became the NBU's key instruments to support macrofinancial stability. However, as the economy adapted to the war and individuals and businesses regained the ability to make decisions based on the economic logic, the NBU returned to active monetary policy and hiked its key policy rate in June by 15 pp, to 25% per annum. This step aimed to protect households' income and savings in the hryvnia, raise the attractiveness of hryvnia assets, reduce the pressure on the FX market, and thus enhance the NBU's capability to maintain the stability of the exchange rate and restrain inflation processes during the war.

Despite the war, the functioning of the banking system has been stable amid a large liquidity surplus: the average daily balances of correspondent accounts and certificates of deposit grew from USD 191 billion in February to USD 227 billion in June 2022, exceeding the last year's levels.

Russia's invasion of Ukraine affected the assessment of Ukraine's solvency by international rating agencies. On 25 February 2022, Moody's confirmed Ukraine's credit rating at B3, while Fitch Ratings and Standard & Poor's downgraded it to CCC/C and B-/B¹ respectively. In later rating reviews, Moody's on 4 March 2022 downgraded Ukraine's credit rating to Caa2, and Standard & Poor's on

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

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

Going forward, russia's full-scale military aggression may have a mixed effect on the NBU's performance and financial

standing. However, the degree of the effect cannot be estimated reliably at this point. The NBU's management is closely monitoring the developments and is taking all necessary action to mitigate the influence of adverse factors.

Section II.I Financial Instruments

4. Presentation of Financial Instruments by Measurement Categories

In H1 2022, the NBU's accounting policy remained unchanged.

Transactions with Financial Instruments

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

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

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

	Assets at fair value through profit or loss	Assets at amortized cost	Total
			(UAH million)
Financial assets			
Funds and deposits in foreign currency	–	178,689	178,689
Foreign securities	404,752	–	404,752
SDR holdings	–	53,016	53,016
Domestic securities	319	554,792	555,111
Loans to banks and other borrowers	–	90,201	90,201
Domestic public debt	–	1,493	1,493
IMF quota contributions	–	78,146	78,146
Other financial assets	5	156	161
Total financial assets	405,076	956,493	1,361,569

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

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

Section II.II. Financial Assets and Liabilities

5. Funds and Deposits in Foreign Currency and Investment Metals

	As of 30 June 2022	As of 31 December 2021
		(UAH millions)
Financial assets at amortized cost		
Foreign currency cash	28,840	20,677
Demand deposits	46,841	58,631
Term deposits in foreign currency	103,012	98,249
Allowances for expected credit losses on deposits in foreign currency at amortized cost	(4)	(5)
Total financial assets at amortized cost	178,689	177,552
Financial assets at fair value through profit or loss		
Demand deposits for settling futures transactions	–	33
Total financial assets	178,689	177,585
Nonfinancial assets		
Term deposits in gold	4,015	3,694
Total nonfinancial assets	4,015	3,694
Total funds and deposits in foreign currency and investment metals	182,704	181,279

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

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

As of 30 June 2022 the gross carrying value of demand deposits was UAH 46,841 million and it changed mostly due to increase in balances on nonresident bank accounts (as of 31 December 2021 it was UAH 58,631 million). In H1 2022 and 2021, all demand deposits were at stage 1 for assessing expected credit losses. In H1 2022 and 2021, the NBU did not make provision for expected credit losses on demand deposits.

As of 30 June 2022 the gross carrying value of term deposits in foreign currency was UAH 103,012 million, allowances for expected credit losses were UAH 4 million (as of 31 December 2021 the gross carrying value of term deposits was UAH 98,249 million, and allowances for expected credit losses were UAH 5 million). In H1 2022 and 2021 all term deposits in foreign currency were at stage 1 for assessing expected credit losses. The changes in gross carrying amount were caused by exchange rate fluctuations and changes in allowances were due to the release of allowances

against returned deposits and provisioning for of newly placed deposits.

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

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

As of 30 June 2022, the NBU had no futures contracts (as of 31 December 2021 the NBU had 38 long stock-exchange interest futures contracts of UAH 258 million or USD 9 million in notional value, maturing in March 2022, and 1,593 short stock-exchange interest futures contracts of UAH 10,714 million or USD 393 million in notional value, maturing between June 2022 and September 2026).

6. Foreign Securities

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

	Government bonds	Securities issued by international agencies, banks and other issuers	Total
(UAH millions)			
Foreign securities at fair value through profit or loss:			
Debt securities by issuers:			
securities issued by U.S. issuers:			
denominated in USD	248,843	–	248,843
securities issued by EU issuers:			
denominated in USD	3,046	13,657	16,703
denominated in EUR	–	1,357	1,357
denominated in GBP	–	712	712
securities issued by other issuers:			
denominated in USD	1,465	114,937	116,402
denominated in EUR	–	2,282	2,282
denominated in AUD	388	582	970
denominated in GBP	3,703	–	3,703
denominated in Chinese renminbi	–	8,197	8,197
denominated in JPY	322	5,141	5,463
Total debt securities	257,767	146,865	404,632
Equity instruments:			
shares of the Black Sea Trade and Development Bank	–	120	120
investment in the Interstate Bank	–	–	–
Total equity instruments	–	120	120
Total foreign securities at fair value through profit or loss	257,767	146,985	404,752

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

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

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

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

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

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

	Total nominal value in foreign currency, millions	Total nominal value in hryvnia equivalent, UAH millions	Coupon rate, % p.a.	Frequency of coupon payments	Maturity
Debt securities at fair value through profit or loss by issuers:					
Government bonds:					
securities issued by U.S. issuers:					
denominated in USD	8,521	249,293	0–2.00	Every 6 months, without coupon payments	From 15 days to 10.7 months
securities issued by EU issuers:					
denominated in USD	103	3,025	0.125–1.875	Every 6 months, once a year	From 25 days to 3.5 months
securities issued by other issuers:					
denominated in USD	50	1,463	2.125	Every 6 months	4.2 months
denominated in AUD	19	379	2.25–5.75	Every 6 months	From 15 days to 9.8 months
denominated in GBP	104	3,701	0.125–1.75	Every 6 months	From 22 days to 7.2 months
denominated in JPY	1,500	322	0.02	Every 6 months	3 years
Bonds issued by international agencies, banks and other issuers:					
securities issued by EU issuers:					
denominated in USD	467	13,656	0–2.38486	Quarterly, every 6 months, once a year, without coupon payment	From 12 days to 1.7 years
denominated in EUR	45	1,385	0.125–0.286	Quarterly, once a year	From 8.4 months to 2.3 years
denominated in GBP	20	711	1.00	Once a year	5.6 months
securities issued by other issuers:					
denominated in USD	3,942	115,329	0–3.25	Quarterly, every 6 months, once a year, without coupon payment	From 6 days to 2.8 years
denominated in EUR	76	2,339	0.25–0.375	Once a year	From 1.7 years to 2.3 years
denominated in AUD	29	585	0	Without coupon payment	From 2 months to 5.3 months
denominated in Chinese renminbi	1,875	8,193	0–3.4	Every 6 months, once a year, without coupon payment	From 6 days to 3.1 years
denominated in JPY	24,000	5,144	0–0.295	Every 6 months, without coupon payment	From 1.3 months to 2.3 years

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

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

7. Transactions with the IMF

7.1. SDR holdings

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

Movements in the SDR holding account in H1 2022 and the same period in 2021 were as follows:

	2022	2021
		(UAH millions)
Balance of SDR holdings as of 1 January	510	128
Proceeds from the IMF:		
in favor of the government of Ukraine (hereinafter the government)	41,263	–
Proceeds (other)		
in favor of the government	22,790	–
Purchase of SDRs	25,326	21,923
Other proceeds and payments	26	486
Loan repayment:		
on behalf of the NBU (Note 7.3)	(24,375)	(11,713)
on behalf of the government	(6,546)	(6,338)
Payment of loan-related fees and commissions	(206)	(62)
Payment of interest for the use of IMF loans:		
on behalf of the NBU	(1,950)	(2,308)
on behalf of the government	(1,684)	(1,464)
Payment of interest for the use of funds received under SDR allocation:		
on behalf of the NBU	(4)	(1)
on behalf of the government	(100)	(19)
Other payments	(1)	(1)
Income on SDR holdings	65	–
Exchange rate differences	(2,098)	(50)
Balance of SDR holdings as of 30 June	53,016	581

In H1 2022 and H1 2021, the NBU received no funds from the IMF.

In April 2022, the IMF's Executive Board approved the opening of the IMF administered account for Ukraine providing a safe way for donors to direct financial aid for Ukraine in the form of grants and loans. In June 2022, SDR 586 million or UAH 22,790 million were transferred from said account to the SDR holding account at the official UAH/SDR exchange rate on the transaction date as a loan to the Government and credited to the account of the State Treasury Service of Ukraine.

In June 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 Executive Board. The proceeds were recognized as the NBU's income and included into the item "Other income" of the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

7.2. IMF Quota Contributions

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

As of 30 June 2022, Ukraine's total quota in the IMF amounted to SDR 2,012 million (UAH 78,146 million at the official UAH/SDR exchange rate as of the end of reporting

period) (as of 31 December 2021, it was SDR 2,012 million, or UAH 76,807 million at the year-end official exchange rate). The quota does not earn interest.

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

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

7.3. Liabilities to the IMF

	As of 30 June 2022	As of 31 December 2021
		(UAH millions)
Liabilities to the IMF for SDR purchases	132,764	153,455
Liabilities to the IMF for SDR allocations	3,167	3,112
IMF account No. 2	3	3
Liabilities to the IMF apart from quota contributions	135,934	156,570
Liabilities to the IMF with respect to quota contributions	77,941	76,605
IMF account No. 1	196	193
Liabilities to the IMF to pay quota contributions	78,137	76,798
Total liabilities to the IMF	214,071	233,368

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

Liabilities to the IMF for purchases of SDRs represent loans received from the IMF to accounts with the NBU. In H1 2022 and in 2021, there were no proceeds from the IMF to the NBU (Note 7.1).

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

Liabilities to the IMF to pay quota contributions represent liabilities for quota settlement. In H1 2022 and in 2021, there

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

In H1 2022 and in 2021, there were no changes to the size of the quota (Note 7.2).

In H1 2022, liabilities worth SDR 605 million (UAH 24,375 million at the official exchange rate as of the transaction date, or UAH 24,054 million at the annual exchange rate of the IMF) were repaid to the IMF (in H1 2021, repayments of liabilities to the IMF equaled 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)) (Note 7.1).

8. Domestic Securities

	As of 30 June 2022	As of 31 December 2021
		(UAH millions)
Securities at fair value through profit or loss:		
in foreign currencies:		
government derivatives denominated in US dollars	319	1,082
Total securities at fair value through profit or loss	319	1,082
Debt securities at amortized cost:		
in domestic currency:		
domestic government debt securities (except for long-term inflationary bonds)	393,231	171,759
long-term inflationary domestic government bonds	161,561	151,102
Total debt securities at amortized cost	554,792	322,861
Total domestic securities	555,111	323,943

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

Law of Ukraine No. 2118-IX *On Amendments to the Tax Code of Ukraine and Other Laws of Ukraine Regarding the Specific Taxation and Reporting Under Martial Law* dated 3 March 2022, Article 54 of the Law of Ukraine *On the National Bank of Ukraine, which forbids the NBU from issuing loans to the state was temporarily waived from 7 March 2022 for the duration of martial law in Ukraine.*

Pursuant to Resolution No. 156 of the Cabinet of Ministers of Ukraine *On Issuing War Bonds* dated 25 February 2022, the NBU in March-June purchased war domestic government

bonds (hereinafter referred to as the war domestic government debt securities) with the total nominal value of UAH 225,000 million. War domestic government debt securities are issued by the Ministry of Finance of Ukraine and have the nominal value of UAH 1,000 each.

Each government derivative has a notional value of USD 1,000 or such aggregate value that is an integer multiple of USD 1,000 (hereinafter referred to as the notional value). Payments on government derivatives depend on reaching certain GDP indicators and the indicator of real GDP growth for 2019–2038.

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

	Total nominal value and notional value in the UAH equivalent, UAH millions	Total nominal value in foreign currency, millions	Yield to maturity, % p.a.	Coupon rate, % p.a.	Frequency of coupon payments	Maturity
Securities at fair value through profit or loss:						
in foreign currency:						
government derivatives	1,283	44	–	–	–	Up to 17.9 years
Debt securities at amortized cost:						
in domestic currency:						
domestic government debt securities (except for long-term inflationary bonds)	386,094	–	7.72–14.11	8.12–16.00	Once a year, every 6 months	From 0.4 months to 29.9 years
long-term inflationary domestic government bonds	145,173	–	7.61–10.00	27.00–37.50	Once a year	From 13.9 years to 25.4 years

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

	Total nominal value and notional value in the UAH equivalent, UAH millions	Total nominal value in foreign currency, millions	Yield to maturity, % p.a.	Coupon rate, % p.a.	Frequency of coupon payments	Maturity
Securities at fair value through profit or loss:						
in foreign currency:						
government derivatives	1,196	44	–	–	–	Up to 18.4 years
Debt securities at amortized cost:						
in domestic currency:						
domestic government debt securities (except for long-term inflationary bonds)	167,579	–	9.67–13.10	8.12–17.25	Every six months	From 0.2 months to 13.9 years
long-term inflationary domestic government bonds	145,173	–	6.97–9.39	9.9–12.4	Once a year	From 14.4 years to 25.9 years

In H1 2022 and 2021, all government securities were at stage 1. In H1 2022 and 2021, the NBU did not make provisions for expected credit losses on government securities.

9. Loans to banks and other borrowers

Loans to banks and other borrowers by their designated purpose are classified as follows:

	As of 30 June 2022	As of 31 December 2021
	(UAH millions)	
Loans granted to banks to support their liquidity:		
for stabilizing banking activities	37,934	38,955
through tenders conducted by the NBU:		
long-term	65,850	88,852
short-term	20,623	6,578
overnight	403	470
other	10	10
Loans granted under credit lines to support small and medium businesses using the 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	(34,657)	(35,042)
Total loans to banks and other borrowers	90,201	99,861

During H1 2022 the NBU supported the liquidity of banks via a standing refinancing line (overnight loans), refinancing banks for a period from 14 to 90 days and up to one year by holding tenders [during 2021: via a standing refinancing line (overnight loans), refinancing banks for a period from 14 to 90 days and from one to five years by holding tenders].

The NBU performs banks refinancing by providing the banks with overnight loans and refinancing loans and has the outstanding debts under those loans as of 30 June 2022 and 30 December 2021. The NBU grants to banks the overnight and refinancing loans secured by a pool that may consist of the following asset (property) types: securities [Ukrainian government bonds, bonds of international financial institutions (issued in accordance with the Ukrainian laws), corporate bonds placed against the CMU's guarantees, domestic municipal bonds], including property rights to future proceeds in domestic and/or foreign currency as payment of income and/or repayment of the pledged securities, to bank's separate accounts with the NBU; NBU certificates of deposit, including property rights to future proceeds as payment of income and/or repayment of the pledged certificates of deposit, to bank's separate accounts with the NBU; foreign currency (US dollars, euros, GB pounds, Swiss francs, Japanese yens); funds in domestic and/or foreign currency transferred as payment of income and/or repayment of the pledged securities and/or certificates of deposit the property rights to future proceeds which were used as collateral.

The securities (Ukraine's government bonds, corporate bonds, including those placed under the CMU's guarantees), foreign currency, shares of the bank's qualifying holders, 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 2022 and 31 December 2021. The NBU has not granted stabilization loans since 2017. Instead of stabilization loans, the NBU may issue to

banks loans for emergency liquidity assistance, but no such loans have been issued yet.

As of 30 June 2022, the gross carrying value of stabilization loans to banks was UAH 37,934 million, loan loss provisions under stabilization loans were UAH 34,037 million (as of 31 December 2021, the gross carrying value of stabilization loans to banks was UAH 38,955 million, and loan loss provisions were UAH 34,688 million).

As of 30 June 2022, the gross carrying value of loans to banks provided through tenders conducted by the NBU was UAH 86,473 million, provisions for expected loan losses under loans provided through tenders conducted by the NBU were UAH 572 million (as of 31 December 2021, the gross carrying value of loans to bank provided through tenders conducted by the NBU was UAH 95,430 million, and provisions for expected credit losses were UAH 306 million).

As of 30 June 2022 and 31 December 2021, the gross carrying value of other loans was UAH 10 million, allowance for expected credit losses was UAH 10 million.

As of 30 June 2022 and 31 December 2021, the gross carrying value of loans granted under credit lines to support small and medium enterprises using the funds received from the European Bank for Reconstruction and Development and other loans equaled UAH 38 million, and loan loss provisions were UAH 38 million.

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

Loan Commitments

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

10. Accounts of banks

	As of 30 June 2022	As of 31 December 2021
	(UAH millions)	
Correspondent accounts:		
in domestic currency	58,950	34,843
Accounts of banks on special use terms:		
in domestic currency	5,582	1,644
in foreign currency	11,151	148
Funds placed to ensure the repayment of bank debts to the NBU:		
in foreign currency	3,927	20,501
Funds of banks as collateral for liabilities to the NBU:		
in domestic currency	55	–
in foreign currency	83	–
Total accounts of banks	79,748	57,136

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

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

Funds of banks used as collateral for liabilities to the NBU as of 30 June 2022 included the funds of pool of assets (property) securing the liabilities under refinancing loans transferred as payment of income and/or repayment of the pledged securities, the property rights on future proceeds which were used as collateral (as of 31 December 2021 no such transactions performed).

11. Accounts of government and other institutions

	As of 30 June 2022	As of 31 December 2021
	(UAH millions)	
Funds of budgets and budget entities:		
in domestic currency	6,443	15,672
in foreign currency	1,520	38,638
Deposit Guarantee Fund:		
in domestic currency	8,963	675
Other:		
in domestic currency	159	54
in foreign currency	175	94
Total accounts of government and other institutions	17,260	55,133

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

except for the accounts of the Deposit Guarantee Fund, which bore interest rates of 3.58% as of 30 June 2022 (as of 31 December 2021: 4.80%).

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

12. Certificates of deposit issued by the NBU

The certificates of deposit issued by the NBU are one of its monetary policy instruments. They are debt securities issued by the NBU in nondocumentary form evidencing the placement of banks' funds with the NBU and the right of banks to receive on their maturity the funds placed, together

with the interest accrued. The expenses (yield for banks) of 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 2022	As of 31 December 2021
		(UAH millions)
Certificates of deposit at amortized cost:		
overnight certificates of deposit	189,364	112,147
certificates of deposit with maturities up to 100 days	–	100,779
Total amount of certificates of deposit at amortized cost	189,364	212,926

As of 30 June 2022 and 31 December 2021, the nominal value of the certificates of deposit issued by the NBU was UAH 1 million each.

Information on the nominal value, weighted average expenses, interest rate, and maturity as of 30 June 2022 is presented in the table below:

	Total nominal value of certificates of deposit, UAH millions	Weighted average expenses, % p.a.	Interest rate, % p.a.	Maturity, calendar days	Frequency of interest payments
Certificates of deposit at amortized cost:					
overnight certificates of deposit	189,245	23.00	23.00	1	one time, at repayment
certificates of deposit with maturity up to 100 days	–	–	–	–	–

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

	Total nominal value of certificates of deposit, UAH millions	Weighted average expenses, % p.a.	Interest rate, % p.a.	Maturity, calendar days	Frequency of interest payments
Certificates of deposit at amortized cost:					
overnight certificates of deposit	112,122	8.00	8.00	4	one time, at repayment
certificates of deposit with maturity up to 100 days	100,677	9.00	9.00	15	one time, at repayment

13. Cash and Cash Equivalents

	Note	As of 30 June 2022	As of 31 December 2021
(UAH millions)			
Foreign currency cash	5	28,840	20,677
Demand deposits	5	46,857	58,661
Short-term deposits with maturities of up to three months (other than deposits in gold)	5	103,004	98,241
SDR holdings	7.1	52,970	508
Total cash and cash equivalents		231,671	178,087

Changes in liabilities that resulted from financial activities in H1 2022:

	Notes	As of 1 January 2022	Issue/ attraction/ (repayment) of liabilities	Interest expenses paid	Changes in exchange rates	Interest expenses accrued	Other	As of 30 June 2022
(UAH millions)								
Banknotes and coins issued in circulation		627,819	45,852	–	–	–	–	673,671
Repayment of liabilities to the IMF	7.1, 7.3	233,368	(24,375)	(1,954)	4,907	2,063	62	214,071
Repayment of loans received		2,728	(2,925)	(15)	197	15	–	–
Repayment of certificates of deposit issued by the NBU	12	212,926	(23,554)	(9,066)	–	9,058	–	189,364

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

The NBU classifies interests paid as cash flows from operating activity in the consolidated statement of cash flows.

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

	Notes	As of 1 January 2021	Issue/ attraction/ (repayment) of liabilities	Interest expenses paid	Changes in exchange rates	Interest expenses accrued	Other	As of 30 June 2021
(UAH millions)								
Banknotes and coins issued in circulation		558,694	26,671	–	–	–	–	585,365
Repayment of liabilities to the IMF	7.1, 7.3	275,388	(11,713)	(2,309)	(12,937)	2,208	88	250,725
Repayment of certificates of deposit issued by the NBU	12	163,485	(6,475)	(4,602)	–	4,717	–	157,125

Section II.III. Financial Performance by Financial Instruments

14. Interest income and expenses

	For the period ended 30 June 2022		For the period ended 30 June 2021	
	For the current quarter	On a cumulative basis from the beginning of the year	For the current quarter	On a cumulative basis from the beginning of the year
(UAH million)				
Interest income				
Income on domestic securities at amortized cost	23,441	33,847	11,067	21,421
Income on loans to banks	3,958	6,915	1,582	2,798
Income on accounts and deposits in foreign currencies	150	201	18	40
Income on domestic state debt	32	64	34	68
Income on SDR holdings	59	65	–	–
Other	1	1	3	7
Total interest income at the effective interest rate	27,641	41,093	12,704	24,334
Interest expenses				
Expenses on certificates of deposit issued by the NBU	(5,793)	(9,058)	(2,711)	(4,717)
Expenses on operations with the IMF	(1,085)	(2,125)	(1,093)	(2,280)
Expenses on accounts of Deposit Guarantee Fund	(48)	(68)	(13)	(32)
Expenses on borrowings received	–	(15)	(21)	(43)
Total interest expenses at the effective interest rate	(6,926)	(11,266)	(3,838)	(7,072)
Interest expenses on demand deposits and term deposits with a negative interest rate	(19)	(47)	(17)	(32)
Net interest income	20,696	29,780	8,849	17,230

Other interest income includes interest income on loans to employees.

In H1 2022, income on domestic securities at amortized cost included UAH 16,072 million of interest income on inflation-

indexed domestic government securities – in Q2 2022, UAH 22,001 million – on a cumulative basis from the beginning of 2022 (UAH 6,344 million in Q2 2021, UAH 11,893 million on a cumulative basis in the same period from the start of 2021).

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

	For the period ended 30 June 2022		For the period ended 30 June 2021	
	For the current quarter	On a cumulative basis from the beginning of the year	For the current quarter	On a cumulative basis from the beginning of the year
(UAH millions)				
Unrealized gains/(losses) on operations with financial assets and liabilities in foreign currency and monetary gold	(19,385)	17,951	(12,562)	(25,677)
Realized result on transactions with financial assets and liabilities in foreign currency and monetary gold	19,288	30,870	143	143
Total results on operations with financial assets and liabilities in foreign currency and monetary gold	(97)	48,821	(12,419)	(25,534)

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

	For the period ended 30 June 2022		For the period ended 30 June 2021	
	For the current quarter	On a cumulative basis from the beginning of the year	For the current quarter	On a cumulative basis from the beginning of the year
	(UAH millions)			
Foreign securities at fair value through gains or losses				
Interest income	1,434	3,334	1,824	3,845
Unrealized results on foreign securities at fair value through gains or losses	879	(2,506)	(561)	(5,073)
Realized results on foreign securities measured at fair value through profit or loss (previously unrealized results of the current period that were realized)	(2,435)	(2,775)	(226)	(300)
Total gains or losses from foreign securities at fair value through profit or loss	(122)	(1,947)	1,037	(1,528)
Derivative financial instruments				
Unrealized gains or losses from derivative financial instruments	(4,230)	(4,464)	101	(1,094)
Realized gains or losses from derivative financial instruments (previously unrealized gains or losses of the current period that were realized)	94	(9)	83	120
Total amount of gains or losses from derivative financial instruments	(4,136)	(4,473)	184	(974)
Capital instruments at fair value through gains or losses				
Unrealized gains or losses from capital instruments	–	(1)	–	–
Total amount of gains or losses from capital instruments	–	(1)	–	–
Total results on transactions with financial instruments at fair value after revaluation in profit or loss	(4,258)	(6,421)	1,221	(2,502)

In H1 2022, interest received on foreign securities included in the net decrease in foreign securities in the interim concise consolidated statement of cash flows amounted to UAH 4,572 million (UAH 3,762 million in H1 2021).

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

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

	For the period ended 30 June 2022		For the period ended 30 June 2021	
	For the current quarter	On a cumulative basis from the beginning of the year	For the current quarter	On a cumulative basis from the beginning of the year
	(UAH millions)			
Gains /(losses) on the reversal of impairment/(impairment) on deposits in foreign currency at amortized cost	5	(3)	(2)	(2)
Gains on the reversal of impairment on debt securities of other government institutions at amortized cost	38	37	–	14
Gains /(losses) from the reversal of impairment/(impairment) on loans to banks and other borrowers	(765)	27	(140)	(58)
Losses from impairment on loans to employees	–	(2)	–	–
Gains/(losses) from reversal of impairment/(impairment) on interest-bearing financial assets	(722)	59	(142)	(46)
Gains /(losses) on the reversal of impairment/(impairment) of other assets	2	3	(3)	(3)

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

18. Fair Value of Financial Assets and Liabilities

The market where the NBU usually performs transactions to sell an asset or transfer a liability is deemed to be the principal market or, in the absence of a principal market, the most advantageous one for the asset or liability. The NBU should have access to the principal or the most advantageous market as of the measurement date. The NBU measures the fair value of an asset or liability using the same assumptions used by market participants for forming a price for the asset or liability, and assuming that the market participants act in their economic interests.

If the principal market for an asset or liability exists, fair value measurement represents a price on this market (irrespective of the fact whether the price is publicly available, or it was calculated using a different measurement method), even if the price on other market is potentially more advantageous at the measurement date.

To establish the fair value of financial instruments regarding which no information on market prices is available from external sources, such valuation methods are used as discounted cash flow and analysis of financial information on investment objects. The use of the valuation methods may require the assumptions not supported with market data. In these interim concise consolidated financial statements, the information on assumptions is disclosed in the cases when the replacement of such assumption with a possible alternative option may lead to substantial change in amounts of profits, income, losses, the total amount of assets or liabilities.

The NBU uses the valuation methods in conformity with the circumstances and for which the data are sufficient to evaluate fair value, using at maximum the proper, publicly available inputs and minimizing the use of confidential inputs.

All assets and liabilities whose fair value is measured or disclosed in consolidated financial statements are classified according to the hierarchy of fair value levels specified below, on the basis of the lowest level inputs, which are substantial for fair value measurement in general:

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

The NBU determines the estimated fair value of financial assets and liabilities using available market information, where it exists, and the appropriate evaluation methodologies. However, professional judgment is required to interpret market data to measure fair value. Given the low

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

Financial Assets and Liabilities Carried at Fair Value

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

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

The fair value of such derivative financial instruments as futures and government derivatives is determined on the basis of quoted prices on an active market (Level 1 inputs).

When determining the fair value of derivative financial instruments such as interest rate and currency swaps, a valuation method is used for data that is openly observed on the market (Level 2). Fair value is determined with valuation models based on the current market-based and contractual value of the underlying instruments and other drivers. The models include various data, namely forward and spot exchange rates, exchange rate volatility, interest rate indices on interbank markets, and so on.

Financial Assets and Liabilities at Amortized Cost

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

Financial instruments carried at amortized cost, the fair value of which may differ significantly from their carrying values, include domestic securities, domestic public debt in domestic currency, and loans to banks and other borrowers. None of these financial instruments have an active market.

For the purposes of disclosing in its consolidated financial statements the fair values of financial assets and liabilities for which no active market exists, the NBU estimates the fair values of such assets and liabilities using the discounted cash flow method (the income approach). The said model

takes into account future interest payments and principal repayments, the repayment period, and the discount rate.

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

for long-term inflation-indexed government bonds – Level 2 inputs, including the actual consumer price indices calculated month-on-month over the period from April 2021 to February 2022, and Level 3 inputs (the December 2022 FOCUSECONOMICS consensus forecast of consumer price indices for 2022–2026 and target consumer price indices established by the NBU for the period from 2022 to 2047)

for other government securities of Ukraine - Level 2 inputs.

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

As of 30 June 2022 and as of 31 December 2021, the NBU applied the market rate (the NBU's key policy rate plus 1% for overnight loans and the NBU's key policy rate for other refinancing loans) at the measurement date (Level 3 inputs) as the discount rate used to measure the fair value of loans to banks and other borrowers.

The discount rates used were as follows:

	30 June 2022	31 December 2021
	Discount rate, in % per annum	Discount rate, in % per annum
Domestic securities in domestic currency:		
domestic government debt securities (except for long-term inflationary bonds)	7.14 – 14.11	9.67–13.10
long-term inflationary domestic government bonds	7.61 – 10.01	6.97– 9.39
Domestic public debt in domestic currency (1994–1996)	25.85	9.92
Loans to banks and other borrowers in domestic currency:		
overnight	26.00	10.00
other	25.00	9.00

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

	30 June 2022		31 December 2021	
	Carrying amount	Fair value	Carrying value	Fair value
(in UAH millions)				
Domestic securities in domestic currency:				
domestic government debt securities	554,792	551,176	322,861	296,271
Domestic public debt	1,493	797	1,541	1,451
Loans to banks and other borrowers	90,201	94,379	99,861	100,987

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

The fair value of financial instruments was categorized as follows:

	30 June 2022			31 December 2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
(UAH millions)						
Assets measured at fair value						
Funds and deposits in foreign currency (futures)	–	–	–	33	–	–
Foreign securities carried at fair value	276,891	121,240	6,621	498,539	128,800	16,949
Domestic securities carried at fair value:						
government derivatives	319	–	–	1,082	–	–
Other financial assets at fair value:						
currency swap	–	–	–	–	273	–
Assets for which fair value is disclosed						
Domestic securities in domestic currency:						
domestic government debt securities	–	396,398	154,778	–	161,952	134,319
Domestic public debt	–	–	797	–	–	1,451
Loans to banks and other borrowers	–	–	94,379	–	–	100,987
Liabilities measured at fair value						
Other financial liabilities at fair value:						
interest rate swap	–	4,720	–	–	1,105	–
currency swap	–	10	–	–	–	–

In H1 2022, there were no significant transfers of financial instruments between Levels 1 and 2 of the fair value hierarchy. In H1 2022, there were no transfers of financial instruments to or from Level 3 of the fair value hierarchy.

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

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

Fair value of foreign securities that are measured at fair value through profit or loss and are attributed to Level 3 of the fair value hierarchy	
(UAH millions)	
Foreign securities as of 31 December 2020	24,999
Income/(expense) recognized during the reporting period as part of profit or loss, including:	(1,544)
Unrealized gains/(losses) from revaluation of financial instruments to their fair value	33
Unrealized gain/(loss) from revaluation due to change in the official exchange rate of the hryvnia against foreign currencies	950
Purchases of foreign securities	9,493
Redemptions of foreign securities	(13,735)
Foreign securities as of 30 June 2021	19,213
Foreign securities as of 31 December 2021	16,949
Income/(expense) recognized during the reporting period as part of profit or loss, including:	72
unrealized gains/(losses) from revaluation of financial instruments to their fair value	10
unrealized gain/(loss) from revaluation due to change in the official exchange rate of the hryvnia against foreign currencies	(105)
Purchases of foreign securities	1,970
Redemptions of foreign securities	(12,370)
Foreign securities as of 30 June 2022	6,621

Income and expenses from change in the fair value of foreign securities measured as of the reporting date and assigned to Level 3 of the fair value hierarchy are included in profits or losses from transactions with financial assets and liabilities in foreign currencies and monetary gold, and profits or losses from transactions with financial instruments at fair value through profit or loss of the interim concise consolidated statement of profit or loss and other comprehensive income (Notes 15 and 16, respectively).

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

value hierarchy (except for equity instruments at fair value through profit or loss) was 0.36 as of 30 June 2022 (0.45 as of 31 December 2021). An increase in the yield rates used to determine the fair value of these financial assets as of 30 June 2022 (Level 3 inputs) by 1 basis point would decrease the fair value of the relevant assets by UAH 24 million (by UAH 76 million as of 31 December 2021), while a decrease in these yield rates by 1 basis point would increase the fair value of these assets by UAH 24 million (UAH 76 million as of 31 December 2021).

Section III. Capital Management

19. Capital Management

The NBU's capital function is to ensure economic independence and its ability to perform the functions defined by the legislation of Ukraine. As of 30 June 2022, the total amount of capital managed by the NBU was UAH 236,698 million (UAH 166,877 million as of 31 December 2021). No requirements are set for the NBU's equity, except for the amount of statutory capital and general reserves established by the Law of Ukraine *On the National Bank of Ukraine*.

Statutory Capital

According to the Law of Ukraine *On the National Bank of Ukraine*, the statutory capital is UAH 10 million. It was increased to UAH 100 million by the decision of the NBU Council based on 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 2021 amounted to UAH 804,893 million.

Reserve Capital

Reserve capital includes a reserve fund raised by the NBU's subsidiary by paying in annual contributions from the subsidiary's net profit – in accordance with the Law of Ukraine *On Joint Stock Companies* (from 1 July 2021). Contributions to the reserve fund must be at least 5% of the net profit until

the reserve fund reaches 15% of the subsidiary's statutory capital (from 1 July 2021).

Revaluation Reserves for Assets and Liabilities

In accordance with the Law of Ukraine *On the National Bank of Ukraine*, unrealized gains from revaluation of foreign currency and monetary gold due to changes in the official exchange rate of the hryvnia to foreign currencies/accounting price of gold throughout the reporting year, 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 2022 and 31 December 2021, the equity of the NBU consisted of the following components:

	As of 30 June 2022	As of 31 December 2021
	(UAH millions)	
Statutory capital	100	100
General reserves	80,489	67,691
Retained earnings	70,355	12,803
Reserve capital	36	36
Revaluation reserves of foreign currency and monetary gold	83,856	83,856
Revaluation reserves of investment metals	682	613
Revaluation reserves of financial instruments to their fair value	1,180	1,778
Total equity	236,698	166,877

20. Liabilities to transfer distributable profit to the State Budget of Ukraine

Accounting Policy

Pursuant to the Tax Code of Ukraine, the NBU makes settlements with the State Budget in line with Article 5¹ of the Law of Ukraine *On the National Bank of Ukraine*.

The NBU transfers its portion of distributable profit to the State Budget of Ukraine in accordance with the Law of Ukraine *On the National Bank of Ukraine*. Distributable profit is determined by reducing the profit by the amount of unrealized gains for the reporting period, which are directed to revaluation reserves. A gain becoming realized in the following periods is recognized in the distributable profit of the respective reporting periods. The NBU redeems the excess of unrealized expenses over revaluation reserve against the current year's profit, and in the case of shortage – against general reserves. These transactions are presented in the Consolidated Statement of Changes in Equity.

Portion of distributable profit remaining after raising general reserves is subject to transfer to the State Budget. The total amount transferred by the NBU to the State Budget of Ukraine in 2022 amounted to UAH 18,786 million (in 2021, the NBU transferred UAH 24,434 million to the State Budget).

The NBU transferred funds under a special procedure to the State Budget of Ukraine on 24 February 2022 due to the full-scale Russian military aggression against Ukraine (before the annual consolidated financial statements for 2021 were verified by an external auditor and approved by the NBU Council and in the amount determined by the NBU Board in accordance with the amount included in the annual financial statements and submitted to the audit firm for verification).

The NBU's forecast for distributable profit in 2022 is UAH 25.3 billion, which was reported to the Government, the President, and the Verkhovna Rada of Ukraine. The estimated share of 2022 distributable profit that will be transferred to Ukraine's State Budget in 2023 is UAH 19.4 billion. The final amount of distributable profit that the NBU will transfer to the State Budget in 2023 will depend on actual macroeconomic performance in 2022, and will be determined after confirmation by an external auditor and approval by the NBU Council of the NBU's annual financial statements for the respective year.

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

21. Staff costs

	For the period ended 30 June 2022		For the period ended 30 June 2021	
	For the current quarter	On a cumulative basis from the beginning of the year	For the current quarter	On a cumulative basis from the beginning of the year
				(UAH millions)
Payroll of staff	672	1,329	474	934
Single contribution for mandatory state social security and contributions to nonstate pension funds	139	280	108	213
Financial assistance and other social benefits	3	5	2	5
Other	4	8	4	9
Total staff costs	818	1,622	588	1,161

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 2022		For the period ended 30 June 2021	
	For the current quarter	On a cumulative basis from the beginning of the year	For the current quarter	On a cumulative basis from the beginning of the year
				(UAH millions)
Banknote Printing and Minting Works' expenses not included in production cost	165	317	78	160
Depreciation and amortization	63	127	53	108
Utilities and household expenses	50	93	36	71
Expenses for maintenance of noncurrent tangible and intangible assets	32	67	46	75
Business trips	59	62	2	4
Contributions to the NBU's Labor Union	8	16	2	5
Telecommunication services and maintenance	9	14	9	11
Payments to NBU Council members	6	12	4	8
Taxes, duties, and charges	5	10	10	16
Financial assistance and other social benefits to pensioners of the NBU	3	5	3	5
Cost of sewage facility services	1	3	4	8
Consulting and legal services	1	3	2	3
Expenses on software maintenance	2	2	–	2
Expenses on membership fees	–	1	–	1
Problem assets expenses	–	1	1	35
Loss on disposal of property, plant and equipment, and intangible assets	–	–	7	7
Repayments to banks of the earlier paid fines	–	–	–	4
Other	5	9	10	27
Total administrative and other expenses	409	742	267	550

Depreciation and amortization charges in H1 2022 exclude depreciation worth UAH 86 million (in H1 2021: UAH 88 million) for property and equipment used in the production of banknote paper, banknotes, coins, and other products. This portion of depreciation and amortization charges is included

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

Other expenses include other operational expenses related to cash processing, expenses on purchase of stationary, etc.

Section V. Other Notes

23. Related Party Transactions

Terms and Conditions of Related Party Transactions

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

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

In the normal course of its operations, the NBU enters into transactions with related parties. The outstanding balances as of 30 June 2022 and 31 December 2021 are presented in the table below:

	Note	As of 30 June 2022			As of 31 December 2021		
		Government and state-controlled entities	Associated companies	Other related parties	Government and state-controlled entities	Associated companies	Other related parties
							(UAH millions)
Domestic securities	8	555,111	–	–	323,943	–	–
Loans to banks and other borrowers		35,580	–	–	37,277	–	–
Loss allowances for loans to banks and other borrowers		(3,008)	–	–	(3,664)	–	–
Domestic public debt		1,493	–	–	1,541	–	–
Other assets		105	36	–	35	34	–
Accounts of banks		22,287	–	–	25,206	–	–
Accounts of government and other institutions	11	8,264	6	5	54,432	3	7
Accounts of the Deposit Guarantee Fund	11	8,963	–	–	675	–	–
Liabilities to transfer distributable profit to the State Budget of Ukraine	20	–	–	–	18,786	–	–
Certificates of deposit issued by the NBU		57,736	–	–	67,724	–	–
Other liabilities		2,803	–	–	595	–	–

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

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

long-term loans to state-owned banks (included in the loans to banks and other borrowers in the table above) as of 30 June 2022 bore an interest rate of 25.00% (9.00% as of 31 December 2021)

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

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

the accounts of the Deposit Guarantee Fund as of 30 June 2022 bore interest rates of 3.58% (4.80% as of 31 December 2021) (Note 11)

the balances of required reserves held by state-owned banks in the NBU's correspondent accounts (included in accounts of banks in the table above) earned no interest as of 30 June 2022 and 31 December 2021 (Note 10).

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

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

	For the period ended 30 June 2022			For the period ended 30 June 2021		
	Government and state- controlled entities	Associated companies	Other related parties	Government and state- controlled entities	Associated companies	Other related parties
	(UAH millions)					
Interest income	36,246	–	–	22,321	–	–
Interest expenses	(2,349)	–	–	(1,665)	–	–
Fee and commission income	83	–	–	94	–	–
Other income and results	(1,798)	1	–	(509)	3	–
Staff costs	–	–	(32)	–	–	(23)
Other expenses	(57)	–	(32)	(155)	–	(23)
Gains on reversal of impairment	685	–	–	109	–	–

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

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

In H1 2022, the short-term benefits (salary and social security tax) of key management personnel were UAH 32.40 million, including remuneration to members of the NBU Council of UAH 12.25 million (in H1 2021, the short-term benefits of key management personnel were UAH 22.50 million, including remuneration to members of the NBU Council of UAH 8.03 million). No loans to key management personnel were outstanding as of 30 June 2022 and 30 June 2021.

24. Current and noncurrent assets and liabilities

The table below shows the classification of assets and liabilities by periods of their expected recovery or maturity into current (up to one year) and noncurrent (more than one year):

	Notes	As of 30 June 2022			As of 31 December 2021		
		Current	Noncurrent	Total	Current	Noncurrent	Total
(UAH millions)							
Assets							
Funds and deposits in foreign currency and investment metals	5	182,704	–	182,704	181,279	–	181,279
Foreign securities	6	404,632	120	404,752	644,167	121	644,288
SDR holdings	7.1	53,016	–	53,016	510	–	510
Monetary gold		–	42,224	42,224	–	38,800	38,800
Domestic securities	8	40,657	514,454	555,111	21,077	302,866	323,943
Loans to banks and other borrowers	9	24,692	65,509	90,201	11,440	88,421	99,861
Domestic public debt		110	1,383	1,493	110	1,431	1,541
IMF quota contributions	7.2	–	78,146	78,146	–	76,807	76,807
Property and equipment and intangible assets		–	4,199	4,199	–	4,343	4,343
Other assets		2,783	2,324	5,107	3,192	2,333	5,525
Total assets		708,594	708,359	1,416,953	861,775	515,122	1,376,897
Liabilities							
Banknotes and coins in circulation		673,456	215	673,671	627,604	215	627,819
Accounts of banks	10	79,748	–	79,748	57,136	–	57,136
Accounts of government and other institutions	11	17,260	–	17,260	55,133	–	55,133
Liabilities to transfer distributable profit to the State Budget of Ukraine	20	–	–	–	18,786	–	18,786
Certificates of deposit issued by the NBU	12	189,364	–	189,364	212,926	–	212,926
Borrowings received		–	–	–	2,728	–	2,728
Liabilities to the IMF, apart from IMF quota contributions	7.3	50,818	85,116	135,934	49,842	106,728	156,570
Liabilities to the IMF with respect to quota contributions	7.3	78,137	–	78,137	76,798	–	76,798
Other liabilities		1,525	4,572	6,097	1,012	1,068	2,080
Total liabilities		1,090,308	89,903	1,180,211	1,101,965	108,011	1,209,976

25. Events That Followed the Reporting Date

In August 2022, liabilities worth SDR 98.5 million (UAH 4,759 million at the official rate as of the transaction date, or UAH 3,874 million at the annual exchange rate of the IMF) were repaid to the IMF in line with the repayment schedule.

After H1 2022, sovereign credit ratings continued to fall, reaching a pre-default level and the level of a limited default. The latter was caused by postponing for two years the redemption of sovereign Eurobonds and related interest payments. In August 2022, changes to conditions of issuance and placement of government financial instruments were agreed with holders of sovereign Eurobonds and government derivatives (GDP warrants). After negotiations, some of the agencies revised their ratings slightly upward.

The NBU changed the official exchange rate of the hryvnia against the U.S. dollar by 25%, to UAH/USD 36.5686, effective 9 a.m. 21 July 2022. The reasoning behind the decision was the shift in the fundamental parameters of the Ukrainian economy during the war and the strengthening of the dollar against other currencies. This step will improve competitiveness of Ukrainian producers, converge exchange rate conditions for different groups of businesses and households, and support the resilience of the economy during the war.

Throughout the period from 1 July 2022 to the date these interim concise consolidated financial statements were signed, the NBU purchased war bonds to the total amount of UAH 90 billion by face value.

26. Introducing New and Amended Standards and Interpretations of the Financial Statements

Amended IFRS and interpretations that came into effect and were adopted on 1 January 2022 and did not have any significant influence on the NBU's performance indicators and financial standing:

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

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

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

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

New and revised standards that have been published but are not yet effective:

amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures – Sale or Distribution of Assets between an Investor and Its Associate or Joint Venture* (apply to annual reporting periods beginning on or after the date to be specified; early application is permitted)

amendments to IAS 1 *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* are

intended to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual terms in effect at the reporting date (temporarily postponed to no sooner than 1 January 2024)

amendments to IAS 1 *Presentation of Financial Statements* are intended to provide clarifications on disclosure of accounting policies in financial statements (apply to annual reporting periods beginning on or after 1 January 2023)

amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* are intended to explain the differences between changes in accounting estimates and changes in accounting policies (apply to annual reporting periods beginning on or after 1 January 2023)

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

amendments to IAS 12 *Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction* (apply to annual reporting periods beginning on or after 1 January 2023).

The NBU did not apply the above new and revised standards before the effective date. The NBU's management expects the application of the above standards will not have a significant effect on the central bank's performance and financial standing.