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FOLLOW UP ON THE NEWS

Raiffeisen Bank International (RBI) Group responded to the NBU's statement regarding its operations in Russia. RBI confirmed that it has been offering 'loan holidays' to Russians mobilized into the army for the war against Ukraine. However, according to RBI's public statement, it "recognizes the territorial, political, and economic integrity of Ukraine; and contrary to what is being claimed on social media, RBI does not, directly nor through its subsidiaries, perform any business activities in any of the territories of Donetsk and Luhansk regions and the Crimean Peninsula".

MACRO INDICATORS

- CMU: On January 17, 2023, Ukraine received the first tranche of EUR 3 B of the EUR 18 B macro-financial aid package from the EU.
- MoF: Expenditures of the general fund of the state budget from the beginning of the war to the end of 2022 amounted to UAH 2.23 trillion, almost a third of which was paid to military personnel. In 2022, Ukraine received ~UAH 1 trillion from international partners.
- MoE: An estimated 4.7 million Ukrainians are currently looking for work (~2.7 million people are outside of Ukraine and want to return now and start working, and about 2 million are inside the country).

TOP EVENTS

- NBU: During the third week of January 2023, the NBU sold USD 722.42 M and bought USD 7.5 M on the interbank foreign exchange market.
- Ekonomichna Pravda: The Commercial Court of Kyiv (CCK) will consider the lawsuit of the co-owner of Monobank and former top manager of PrivatBank Oleg Horohovskiy, in which he requests to invalidate the contract for the purchase and sale of the PrivatBank's shares during its nationalization in 2016. Similar lawsuits initiated by former owners Igor Kolomoiskyi and Gennady Bogolyubov are also currently pending at the CCK. With these lawsuits, the former owners are trying to reclaim PrivatBank, which cost the state more than UAH 155 B in 2016 to rescue it from collapse.
- DGF: The DGF transferred to the state the shares of subsidiaries of 2 Russian state banks - 'Prominvestbank' and

'MR Bank' (formerly Sberbank Ukraine) - that used to operate in Ukraine.



- MoF: Ukraine signed an agreement on deferring payments on loans from Japan until 2027-31.
- On September 14, 2022, the government of Ukraine and the governments of Canada, France, Germany, Japan, the UK, and the US signed a Memorandum of Understanding on the settlement of the issue of payments for servicing the national debt of Ukraine.
- State Property Fund: On January 17, Ust-Dunaisk seaport was sold at an auction for UAH 201 M (~USD 5 M). It is the first privatization of a seaport in the history of Ukraine. The starting price - UAH 60 M. The auction attracted 8 bidders.
- Monobank is entering the Polish market under the name 'Stereo'.
- On Friday, January 20, 2023, the Cabinet of Ministers announced that construction of new power units at Khmelnytsky NPP would use Westinghouse technologies. The approximate term for the completion of construction of the two power units is 2030-2032. One power unit will cost ~ USD 5 B.

TOP TRENDS

- Privatbank: During 2022, Ukrainians withdrew UAH 18.2 B from Privatbank ATMs.
- DGF: On February 1, 2023, the DGF will be auctioning off Prominvestbank's NPLs with balance value of ~UAH 4 B via Prozorro.Sales. Another Russian-owned bank that used to

operate in Ukraine MR Bank (Sberbank Ukraine) will have its NPLs with balance value of ~UAH 2 B for sale on January 30.

- In 2022, the DGF paid out >UAH 5.8 B to the depositors of Ukrainian banks in liquidation.
- Ministry of Digital Transformation: Ukraine will launch a service allowing citizens to find out who is viewing their personal data.
- International Telecommunication Union: According to independent estimates, damage to Ukraine's telecommunications infrastructure due to the war has reached ~USD 1.8 B. Russia either completely destroyed or seized the Telecom infrastructure in the occupied territories, as well as in the combat zones.
- Ministry of Infrastructure: Since October 2022, Russia has intentionally sabotaged the inspection of ships in the Bosphorus as part of the "grain initiative", resulting in a long queue of over 100 ships.
- Interfax Ukraine: Energy holding DTEK called on international financial organizations to open access to credit to private Ukrainian energy companies for the purchase of equipment needed for infrastructure repairs.
- In 2022, ArcelorMittal Kryvyi Rih had to cut production by 70%. Due to the war in Ukraine, the reduction of export opportunities and restrictions on energy supply, the company's production capacities were utilized by no more than 20-25% last year.



CLOSER LOOK

Parliament Approved in the Second Reading the Draft Law #4366 on Taxation of Payment Systems

- Draft Law #4366 provides many innovations for the development of cashless payments in Ukraine. The most significant are the following:
 - electronic money legalization
 - e-wallets are now equal to bank accounts
 - taxes can be paid with electronic money, although the Treasury will still receive fiat money
 - utility bills can be paid with electronic money (if service providers accept such payments)



- During the war, the circulation of electronic money was limited in Ukraine.
- On January 12, 2023, VR passed in the first reading the Draft Law #6447 on civil rights to own digital assets (virtual assets and digital content) and the Draft Law #6576 on digital content and digital services. According to the Draft Law #6447, a digital asset is an asset that is created and exists exclusively in the digital environment and has material value. The Draft Law #6576 defines the term "digital content" as any information, in particular information and data in digital format, regardless of whether they are objects of intellectual property rights or not.
- The regulator of the payment services market is the National Bank of Ukraine, which since February 24, 2022 temporarily suspended operations for the issuance and distribution of electronic money, as well as replenishment of electronic wallets with electronic money. Therefore, this legislation will not come into force until the end of the war.

Source: GordonUA.com, minfin.com.ua.

FSR PROJECT NEWS

- FSR is seeking Expressions of Interest (EOI) for its grants program from Ukrainian financial institutions (banks, non-banks, investment firms, Fintechs, associations) involved in MSME finance. The deadline for submission of the EOIs is February 6, 10 pm, Kyiv time. More information is [here](#).
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