



FINANCIAL SERVICES INDUSTRY WEEKLY

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FOLLOW UP ON THE NEWS

- **Moscowtimes:** The Central Bank of the Russian Federation and the Ministry of Finance are preparing to introduce a monthly limit on the purchase of currency on the domestic market for foreign companies exiting Russia.



- **KSE Institute:** ~2,000 foreign companies have submitted applications to exit the Russian market for approval by the regulator, but it will take at least 8 years just to review the applications. 213 international companies (6.7% of the total) have completely left the Russian market. They provided 331,500 jobs and annual income of USD 47.6 B. In 2021, they paid USD 3.3 B in taxes to the Russian budget.
- **Bloomberg:** Russia plans to impose a new tax on companies looking to pull out from the country, in addition to requiring them to sell assets at a 50% discount and obtain government approval to exit the country.

MACRO INDICATORS

- **MoF:** The state and state-guaranteed debt of Ukraine in 2022 increased by USD 13.4 B and reached 78.5% of GDP at the end of the year.
- **State Customs Services:** In Q1 2023, the total international trade turnover amounted to USD 25.8 B (Ukraine imported goods in the amount of USD 15.5 B and exported goods for USD 10.3 B), which is 7% less than in the same period of 2022.

TOP EVENTS

- **NBU:** The NBU Governor Andriy Pishnyi announced the readiness of the NBU to develop a working model of the insurance system for military and political risk insurance to stimulate investments in Ukraine. Various concepts are currently being considered, involving engagement of international insurers and creation of a war insurance pool in Ukraine.
- **National Agency for the Prevention of Corruption:** Ukraine is considering the possibility of transferring the shares of the confiscated PINbank (First Investment Bank) to Ukrposhta.

Ukrposhta has been contemplating buying a bank for a long time in order to provide access to banking services to 12 million citizens from remote villages.

- **NBU:** The National Bank is establishing the Department of Integrated Supervision of Banks and the Department of Monitoring of Bank-Related Persons to strengthen supervision of the financial market in accordance with IMF requirements. This will permit the NBU to supervise payment service providers, monitor their compliance with prudential standards.
- **MoF:** On April 18, the Ministry of Finance sold war bonds for UAH 10.9 B mostly at 19% for 1.2 years and for 19.6% for 2 years.
- **Idea Bank** is putting up for sale a portfolio of NPLs (55,000 loans with unpaid balance of UAH 2.9 B).
- **Denys Shmyhal, Prime Minister:** The Cabinet of Ministers adopted a resolution prohibiting the collection of utility debts from displaced persons who left temporarily occupied territories or territories where hostilities are taking place.
- **Denys Shmyhal, Prime Minister:** The Cabinet of Ministers is starting testing of the "eRecovery" program, under which people will receive funds to repair their homes - the service will work in "Dia" from May 10, 2023.



- **The German Development Ministry (BMZ)** is investing additional funds in the amount of EUR 111 M in Ukraine. The funds will be directed to build housing for IDPs and to support Ukrainian municipalities (mostly to repair and equip kindergartens, schools, and hospitals).
- **EBRD:** The EBRD is providing a EUR 42 M loan to leading Polish ceramic tile and bathroom equipment manufacturer Cersanit, which has significant capacity in Ukraine and is expected to play an important role in infrastructure recovery.
- **NBU:** During the week from April 17 to 21, the NBU sold > USD 560 M from reserves, but did not buy anything for the reserves.

- On April 13, 2023, the NBU revoked the licenses of 10 NBFIs, excluded 6 NBFIs from the state register of financial institutions, and excluded 3 more institutions from the register of entities that had the right to provide specific financial services.
- Ukraine has started exporting electricity to Slovakia, Poland, and Moldova.

TOP TRENDS

- The NBU may place a cap on the interest rates of consumer loans to prevent excessive loan servicing costs.
- Through a WB mechanism, the Netherlands is providing EUR 100 M in guarantees to finance agricultural businesses in Ukraine, as well as generators to help the country survive the coming winter. Last year, the Netherlands agreed to a package of EUR 2.5 B to help Ukraine for 2023.
- Energoatom: According to a preliminary estimate, the value of the destroyed and damaged assets of 'Energoatom' due to the war has already reached UAH 32 B.
- Metinvest: The parent company of the international vertically integrated mining and metallurgical group 'Metinvest' announced on April 21 the full repayment of the obligations under the 2023 bonds. The company's total debt as of the end of June 2022 was USD 2.22 B.
- VR: The Verkhovna Rada registered Draft Law #9212 on the launch of the accumulative mandatory pension system from 2023.
- Ekonomichna Pravda: In the coming days, the European Commission will decide on the allocation of the second package of EUR 100 M of support for farmers of five EU countries affected by the influx of imports of Ukrainian agricultural products. Poland is expected to receive ~ EUR 30 M.
- NBU: The National Bank introduced significant changes in its BankID System related to standardized data sets and differentiated inter-subscriber tariffs to provide bank clients with access to an even greater number of remote services.
- KSE Institute: The estimate of direct damages caused to the agro-industrial complex of Ukraine during the full-scale war is USD 8.7 B. The largest share of losses in the agricultural sector is due to the destruction and damage of agricultural machinery (losses of > USD 4.65 B). The second largest category of losses in this area is related to the destruction and theft of inventory (>4 million tons of destroyed and stolen finished agricultural products for USD 1.87 B).

CLOSER LOOK

Bloomberg: State Property Fund Hopes to Revive Large-Scale Privatization in May 2023

- The SPF hopes that changes to the law, which will unlock large-scale privatization, can be adopted by the Parliament as early as May.
- The state budget could receive >USD 400 M from large-scale privatization, and another USD 190 M from the lease of agricultural land.

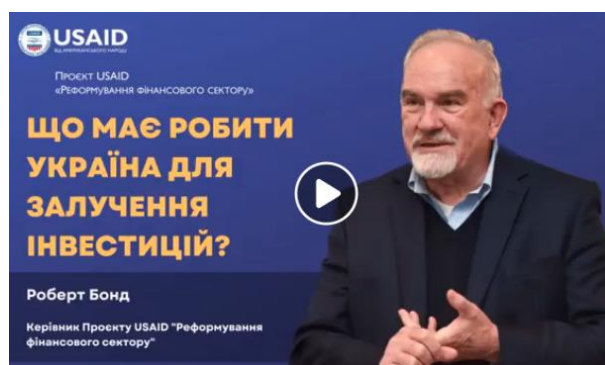
- "If we don't sell the large-scale assets this year, then next year their only value will be real estate, and in the following year, just the land they stand on," SPF Head Rustem Umerov said in an interview.



- Provided the amendments to the law are approved, the first wave of privatization (Odesa Port Plant, Centerenergo, United Mining and Chemical Company, and Zaporizhzhya Titanium-Magnesium Combine) will begin no later than in Q3 2023. Source: NBU website

FSR PROJECT NEWS

- On April 20, 2023, FSR co-organized the Annual Factoring Forum of the Ukrainian Alliance for Trade Finance and Factoring to discuss strategic steps for the factoring market development in Ukraine. Representatives of the NBU, business community and IFIs were among the panelists. More than 100 participants attended the event online.
- FSR is airing a series of video interviews on investment and risk-sharing by representatives of the government and the financial and business community on its Facebook page. The interview with the Deputy Minister of Economy Oleksandr Gryban is [here](#). A brief video with FSR COP Robert Bond is [here](#).



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