

Year in review 2023

Banking & Finance

ARZINGER 20 YEARS

Legislative changes in 2023

The main changes in banking and finance law for business relate to foreign exchange restrictions.

On 24 February 2022, due to the armed aggression of the Russian Federation against Ukraine, the National Bank of Ukraine (the "NBU") issued the Regulation No. 18 "On the Operation of the Banking System During the Martial Law" introducing significant foreign exchange restrictions.

However, over the past year, a series of easements have been introduced, providing more opportunities for businesses. **In particular, the NBU has allowed the following operations:**



Repayment of loans by a resident-borrower, provided that such a loan is granted (in whole or in part) with the participation (through guaranteeing) of an international financial organization or with the participation (through financing, insurance, guaranteeing) of a foreign export credit agency, foreign state, foreign entity, whose participant is a foreign state or foreign bank, the shareholder of which is a foreign state.



Repayment of loans attracted after 20 June 2023 provided that all following conditions are simultaneously met:

- loan has been transferred from abroad after 20 June 2023;
- the amount of interest payment does not exceed the maximum interest rate of 12% per annum;
- during the first three years from the date of the crediting of the loan to the borrower's account, the repayment of the principal amount of the loan shall be carried out solely at the expense of the borrower's own funds (not purchased, not attracted in the form of a loan from a resident);



operations related to the payment of insurance reimbursements in favor of non-residents of Ukraine under insurance (reinsurance) agreement, the return in favor of non-residents of Ukraine of insurance payments under prematurely terminated insurance (reinsurance) agreements received after 24 February 2022.

Expectations for 2024

Throughout 2024, businesses will continue to operate with foreign exchange restrictions. However, as previous years have shown, the NBU consistently eases restrictions and expands the list of permitted operations. Therefore, **in 2024, additional relaxations can be expected.**

For the financial sector, 2024 is significant due to the enactment of the laws of Ukraine "On Financial Services and Financial Companies," "On Insurance," "On Credit Unions," and a series of bylaws adopted by the NBU based on the aforementioned laws. **These laws introduce conceptual innovations and approaches to financial market regulation.** As a result, **participants in the financial market will need to adapt promptly to the new business realities.**

Since July 2022, the NBU has also fixed the official exchange rate of hryvnia at 36.5686 per one US dollar. However, in October 2023, the NBU reintroduced a flexible exchange rate for the US dollar. In other words, the exchange rate of the US dollar will now change according to the situation in the foreign exchange market.