



UKRAINE Avellum Partners

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AVELLUM PARTNERS

• Internationally Ukrainian •

The consequences of the global financial crisis were more severe for Ukrainian businesses than for other more developed economies due to difficult circumstances in the country, such as political instability, volatile exchange rates, and currency inflation, among others. The banking and finance markets in Ukraine continue to be rather weak, but the economy shows signs of recovery and there is an obvious improvement in the banking and finance environment.

Glib Bondar, partner at AVELLUM PARTNERS, explained that unlike last year when banks tried to resolve the liquidity and deposits outflow problems, this year there is a clear lending appetite which banks have difficulty to satisfy due to the lack of creditworthy borrowers. Additionally, trade finance (in particular, ECA supported financing) is back, with European banks being the most active lenders.

Mr Bondar noted also that Russian investors and banks continue to be the most active players on the Ukrainian market. Although European and US investors are still very cautious, their interest to Ukraine is steadily returning.

"It seems that export-driven industries are back on track. Agricultural sector was the leader last year. This year steel production and machinery showed some dynamics as well," said Mr Bondar.

He added that increase in banks lending is likely to be the main characteristic of the Ukrainian finance sector in the coming months.

"The deposit base is constantly growing and major Ukrainian banks need to think what to do with over-liquidity. Accordingly, it would be logical to expect the increasing lending by Ukrainian banks to corporate clients."

He continued: "However, since the pool of good solvent and disciplined corporate clients significantly shrank during the financial turmoil, the competition for such clients will be tough. The retail lending is unlikely to be on the top of the banks' agenda this year."

AVELLUM PARTNERS is a Kyiv-based firm offering services in the area of corporate finance focusing on banking and finance, capital markets, M&A and restructurings.

Mr Bondar commented: "Due to our specialisation in corporate finance, we accumulate know-how, expertise and practical experience in each of related areas. The combination of deep knowledge of law and extensive practical experience enables us to develop viable structuring solutions using legal instruments available under existing Ukrainian legal framework. This allows us to safely navigate our clients out of rocks of stormy Ukrainian legal environment."

He also pointed out that international reach is very important for the firm.

"In our practices, we combine best international practices with in-depth knowledge of local legal environment. This enables us in our service (i) to foreign clients – to uncover any legal pitfalls allowing to do balanced risk assessment but still helping to achieve best results in our clients' business initiatives, and (ii) to local clients – to explain in simple words complex concepts used in finance documents governed by foreign laws and best practices accepted in international finance deals facilitating the deal making process."

This cross-border experience allows AVELLUM PARTNERS to provide an excellent service to various clients. The firm works with a number of UK-based and European banks which do financing in Ukraine.