

TMA Ukraine – Launch Event

By Nazar Chernyavsky and Gordon W Johnson¹

TMA Ukraine made its debut on 25 April 2018, hosting a cocktail reception at the Terracotta Restaurant of Premier Palace Hotel in Kyiv, Ukraine. The reception was organized in connection with a two-day EBRD conference on first year results under the Law on Financial Restructuring and progress in resolving Ukraine's non-performing loans, which are among the highest globally at over 56%.



The conference offered a unique opportunity for TMA Ukraine to participate in and support one of the leading policy shaping events in the country on NPL resolution. Introduced by EBRD's General Counsel, Marie-Anne Birken, the conference also featured special presentations by senior officials and representatives of the Ministry of Finance, National Bank of Ukraine, Independent Association of Banks of Ukraine, Deposit Guarantee Fund, International Monetary Fund, the World Bank and the Secretariat for Financial Restructuring.

With over 125 attendees at the conference, most of whom joined TMA Ukraine's reception, it provided a wonderful opportunity to showcase TMA Ukraine and expand its network within the country. TMA Ukraine Board Members include:

- **Nazar Chernyavsky** (Sayenko Kharenko), President;
- **Oleksiy Grinchenko** (E&Y), VP Certification/Training;
- **Yulia Kyrpa** (Aequo), VP Conferences & Events;
- **Iryna Pokanay** (Asters), VP Communications;
- **Oleksiy Soshenko** (Redcliffe & Partners), VP Legislative Policy; and
- **Alexander Pavlov** (EBRD).



TMA Ukraine launches at a critical point in the country's recovery efforts from the financial crisis. While the 2009 financial crisis dealt a serious blow to Ukraine's banking system and currency, the more serious impact followed the February 2014 Maidan crisis and ensuing conflict in East Ukraine and Crimea, which led to concurrent banking, currency and sovereign debt crises. Since then, 100 of

¹ Nazar Chernyavsky (Partner, Sayenko Kharenko) is President of TMA Ukraine. Gordon W Johnson (President, EMA Global) served as legal advisor to EBRD and the LFR Secretariat. EMA and SK both advised on the Law on Financial Restructuring and its implementation.

the 184 banks have been intervened, including the largest bank (Privatbank), leaving 82 operating banks in the system, including state-owned and foreign banks. At the end of the first quarter of 2018, the Deposit Guarantee Fund still had 95 banks under liquidation with an astronomical NPL rate of over 90% on its total loan portfolio. Among the remaining 82 operating banks, the total NPLs at Q1 2018 was 56.4%, with corporate loans at a staggering 58.2% and retail loans at 53.1%.

As severe as all this sounds, there is a silver lining in the story. After years of hard work, the banking system is now largely stable and slowly growing again. Although NPLs are among the highest globally, the banks are considered adequately provisioned with a NPL coverage ratio of about 83.6%. The new Law on Financial Restructuring has proven highly effective and efficient, with some cases being restructured in under one month and benefitting from tax incentives and other advantages. Still, capital remains thin, the secondary market for distressed debt is immature, and there is a dearth of distressed financing available to support complex restructuring, which limits the restructuring options. Ukraine is expected to be a hotbed of restructuring for at least the next 2-3 years and very much depends on the skills offered by restructuring and turnaround professionals.

As the only restructuring association in the market, TMA Ukraine is well-positioned to lead the way in developing the local talent and sharpening the tools for the challenge that lies ahead. Its friendly and capable members are keen to meet their TMA colleagues across Europe and globally, and stand ready to welcome you to Ukraine. For questions about TMA Ukraine, please contact Nazar Chernyavsky (nchernyavsky@sk.ua) or visit the TMA Ukraine website (www.tma.org.ua).