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## **NBU Scraps Critical Imports, Enables Dividend Repatriation and Eases New Loan Repayment Terms**

The National Bank of Ukraine (the "NBU") on 3 May 2024 adopted Resolution No. 59 which introduces the most substantial package of relaxations in currency restrictions to date, amending the earlier Resolution of the Board of the National Bank of Ukraine dated 24 February 2022, No. 18 ("Resolution No. 18").

Below we detail the key relaxations introduced by the new Resolution No. 59, which significantly impact the operation of Ukrainian companies.

### 1. **DIVIDEND PAYMENTS**

Ukrainian companies are now allowed to repatriate dividends earned on corporate rights or shares. This relaxation applies only to dividends accrued from the start of 2024 and does not extend to the distribution of undistributed profits from previous periods or reserve capital.

The NBU has set a monthly repatriation limit for dividends at €1 million or its currency equivalent which must be monitored by Ukrainian banks through the NBU's automated "E-limits" information system.

### 2. **REMOVAL OF PAYMENT RESTRICTIONS ON SERVICES**

The NBU now permits businesses to purchase and transfer foreign currency abroad for import transactions involving works and services rendered after 23 February 2021. This change renders the Cabinet Ministers of Ukraine's Resolution No. 153 dated 24 February 2022, "*On Certain Issues Regarding the Provision of Imports*", obsolete. Consequently, the NBU intends to propose its cancellation.

3. **PAYMENTS OF AIRPORT AND PORT CHARGES AND MEMBERSHIP FEES**

Resolution No. 59 facilitates the purchase of foreign currency and the transfer of funds abroad to cover airport and port charges, fines, as well as membership fees.

4. **LEASING AND RENTAL AGREEMENTS**

The NBU has granted the ability to transfer funds abroad under leasing and rental agreements without additional restrictions concerning the subject of the lease or rental, or the date of the agreement. Previously, such permissions were limited to the leasing or rental of vehicles.

5. **REPAYMENT OF LOANS ADVANCED AFTER 20 JUNE 2023**

NBU has removed restrictions on the repayment of foreign loans advanced after 20 June 2023 (the so called "new" loans), and has simplified the conditions for residents purchasing foreign currency for the servicing and repayment of these cross-border loans.

The loans, which were advanced in foreign currency from abroad after 20 June 2023 into the accounts of borrowers at Ukrainian banks, can now be more easily serviced. Specifically, Ukrainian borrowers will have the ability to purchase foreign currency to repay interest payments, commissions, and other mandatory fees under the loan agreements.

Additionally, the minimum duration for using such loans, after which the purchase of foreign currency for loan repayment is permitted, has been reduced from three years to one year. Consequently, the prohibition on purchasing currency for repayment of the principal of the loan will apply only to the repayment of short-term loans with a term of up to one year.

6. **REPAYMENT OF INTEREST ON OLDER LOANS**

Under Resolution No. 59, the NBU has introduced provisions that enable the repayment of interest on cross-border loans obtained prior to 20 June 2023.

Pursuant to restated Section 14(28) of the NBU Resolution No. 18 Ukrainian borrowers are now permitted to transfer funds abroad for the payment of interest due under these loans, with such interest payments falling on or after 24 February 2022 as provided by the terms of the loan agreements.

NBU specifically clarified that the due interest payment date for any interest payment under a loan agreement shall be the latest permissible interest payment date specified by the loan agreement.

Additionally, for interest which is due but unpaid as at 1 May 2024, the NBU now permits a transfer limit of no more than €1 million per calendar quarter under a single loan agreement. This limit, however, does not apply to future scheduled interest payments.

Further, the NBU imposes several additional conditions for carrying out these transactions:

- (a) There shall be no overdue indebtedness as at 24 February 2022 under the relevant loan agreement;
- (b) The purchase and transfer of funds for the repayment of interest using credits or borrowings obtained from residents are prohibited;
- (c) Interest payments should not be treated as prepayment nor be part of any restructuring arrangement. Essentially, the NBU prescribes that these payments must be made strictly according to the original terms specified in the loan agreement without modifications or earlier settlement that would alter the expected timeline or conditions initially agreed upon.

## 7. PAYMENTS BY REPRESENTATIVE OFFICES

The NBU allowed representative offices of international card payment systems and foreign airlines to purchase and transfer foreign currency abroad on behalf of the non-resident legal entities they represent in Ukraine. A monthly limit of €5 million per representative office per company has been set.

All provisions of Resolution No. 59 take effect from 4 May 2024, except for the changes related to the repatriation of dividends, which will take effect on 13 May 2024.

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