A man in a white shirt and tie is seen from the side, looking out a large window. The background is a bright, slightly blurred view of a city or landscape. The text is overlaid on the right side of the image.

# Deposit Guarantee Fund (DGF) in Ukraine

The Deposit Guarantee Fund (DGF) was established in 1998 to protect the rights of bank depositors in Ukraine. In 2012, the DGF's mandate was extended into the field of bank resolution, and in 2015 its powers as the provisional administrator of failed banks were further strengthened.

From 2014, the DGF became a major holder of distressed assets, following the economic downturn in Ukraine and the subsequent clean-up of the banking system.

Between 2014 and 2018, more than 90 Ukrainian banks failed, and were placed under the administration of the DGF. As of September 2018, total distressed assets under management by the DGF amounted to UAH 524 billion (EUR16.5 billion), and were predominately comprised of non-performing loans (NPLs).

One of the aims of the DGF is to accelerate recovery from the portfolio of distressed assets through the development of an efficient debt sales market in Ukraine, and thereby reduce the overall burden of NPLs in the banking sector.

# Role of the DGF

Since 2017, the sale of distressed assets of failed banks has been managed through ProZorro.Sale, a digital platform created by the Ministry of Economic Development and Trade, Transparency International Ukraine, the DGF and the National Bank of Ukraine.

The mission of ProZorro.Sale is to ensure transparent, simple and competitive auctions for the sale of failed bank assets.

Investors wishing to participate in auctions are required to register with the operator of an e-platform, which is connected to ProZorro.Sale. Further details on the sale process are provided on the following pages.

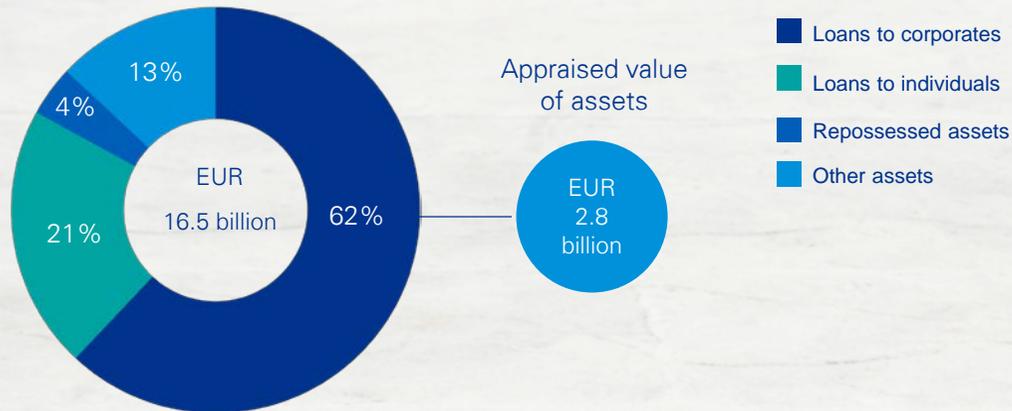
In order to attract investors, information on each individual asset, or pool of assets, is disclosed to the public on the websites of the DGF, ProZorro.Sale, and e-platform operators, including the KPMG Ukraine Auction Platform (KPMGUAP). Information disclosed usually comprises of a brief profile of the asset(s), and a longer description for all assets with a gross book value (GBV) of over UAH100 million (EUR3 million).

Based on preliminary estimates by the DGF, the appraised values of assets was approximately UAH90 billion (EUR2.8 billion) at the end of 2018.

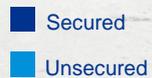
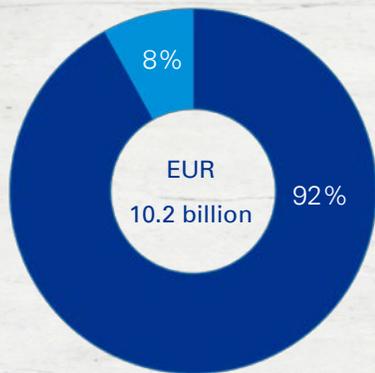


# DGF asset structure

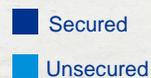
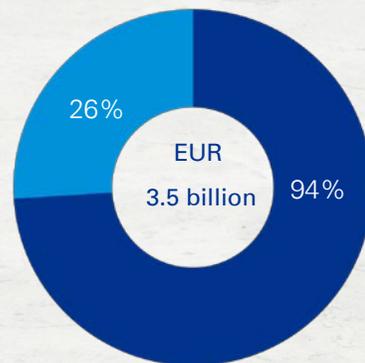
## DGF portfolio structure by GBV



## Loans to corporates by GBV



## Loans to individuals by GBV



# Information on DGF assets for sale



Investors can find information about DGF assets for sale using the following channels:



DGF website  
<http://torgi.fg.gov.ua>

 **prozorro**  
sale  
[www.ProZorro.Sale](http://www.ProZorro.Sale)



An e-platform, e.g.  
[www.kpmguap.com](http://www.kpmguap.com)\*



## All channels provide key information about asset sales

Once an investor has registered with an e-platform, such as KPMGUAP, they are able to access information on asset sales maintained by the DGF on ProZorro.Sale

## Due Diligence on the assets

- KPMGUAP is the only e-platform operated by an international firm, and provides a user friendly auction platform in English and Ukrainian.
- As well being a platform operator, KPMG is also able to provide its clients with advice on the acquisition process, including initial screening of basic asset documentation, which is in Ukrainian.
- Once a suitable asset(s) has been identified, investors can gain access to a physical data room (PDR) where more detailed information in Ukrainian is provided (e.g. loan and security agreements, guarantee/surety providers, collateral valuation reports, and legal documentation), subject to signing a standard non-disclosure agreement (NDA).
- KPMG is able to provide its clients with comprehensive support on the ground in Ukraine to assess investment opportunities. Drawing on our expert knowledge of the local business environment, local legislation, market insights and native Ukrainian speakers, KPMG will assist with legal, financial and tax due diligence of assets to help investors to determine which assets to bid for, and at what price.



\*KPMG Ukraine Auction Platform (kpmguap.com) will go live in February 2019



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# Asset buying Process

## 1. Register

Register on an e-platform, such as [kpmguap.com](http://kpmguap.com)\*

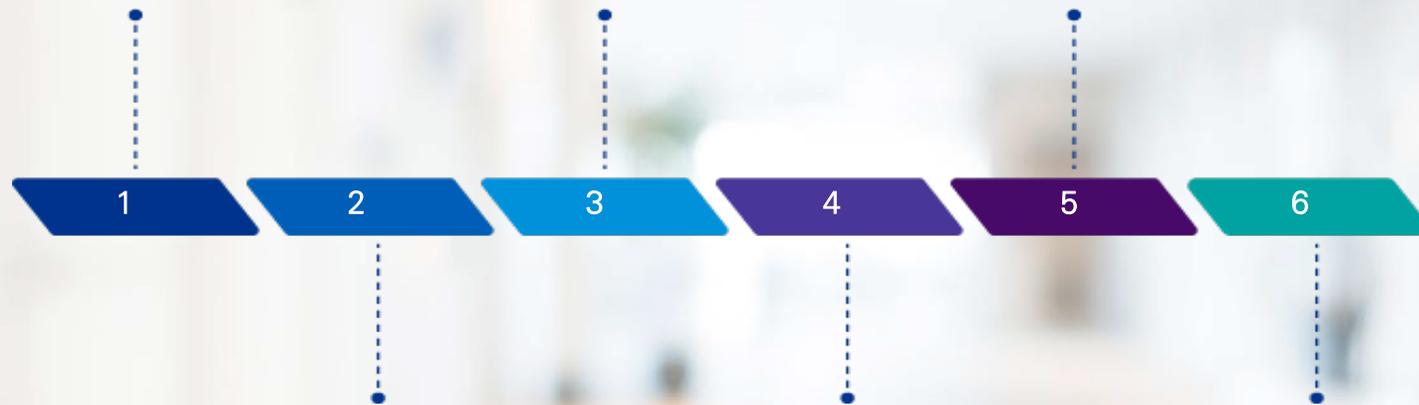
KPMG experts are available to advise you on the registration process, and provide an overview of KPMGUAP and the purchase process.

## 3. Additional analysis of the assets

KPMG can help you to undertake an assessment of the chosen assets. The DGF usually announces asset sales 3-4 weeks before an auction starts. This provides sufficient time to undertake due diligence and determine your bid strategy.

## 5. Start of the auction

The DGF has clear regulations governing auctions. KPMG can advise you on the steps necessary before, during and after each auction.



## 2. Choose the asset(s)

Assets may be searched using key words, date of auction, type of assets, initial price range, etc.

Based on your investment criteria, KPMG experts can advise you how to efficiently find assets on ProZorro. Sale and provide you with the available documentation supporting those assets.

## 4. Preparation for the auction

KPMG can advise which steps have to be undertaken in order to participate in a specific auction. One of the key conditions is payment of an auction deposit (5% of the initial price of the asset on auction day). Security deposits are returned to losing bidders.

## 6. Deal closing

The winner of the auction has **three business days** to complete the necessary administrative paperwork and **20 business days** to sign a sales and purchase agreement under Ukrainian law. KPMG experts can provide full support with closing the transaction, including legal advice.

\*KPMG Ukraine Auction Platform ([kpmguap.com](http://kpmguap.com)) will go live in February 2019

# KPMG services and contacts

## Services

### Financial services

- Advice on the acquisition process via the auction platform
- Pre-acquisition financial due diligence of assets and to help for investors to determine which assets to bid for, and at what price
- Assistance in defining strategy in respect of potential cooperation with local players

### Legal

- Pre-acquisition legal due diligence of the assets
- Comprehensive support during the acquisition processes (support during participation in the auction, concluding an agreement, re-registration of the asset)
- Legal advice on available options for further management of the assets, including enforcement strategy

### Tax

- Comprehensive tax support in the course of NPL acquisition (including tax and regulatory analysis of effective and secure acquisition structure and analysis of resulting tax consequences)

## Contacts



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