

The top half of the image features a close-up, slightly blurred view of the Ukrainian national flag, showing the characteristic blue and yellow horizontal stripes. The fabric appears to be draped or waving, creating soft folds and highlights. Below the flag, the background transitions into a solid, dark blue color.

*How Citi Handlowy*  
*can empower your business*  
entry to Ukraine

**citi** handlowy®

# Entering Ukraine with confidence



## Unlocking growth in a resilient and evolving market

Ukraine stands at a pivotal moment in its economic transformation. With accelerating reforms, a resilient private sector, and increasing alignment with European standards, the country offers compelling opportunities for companies seeking international expansion and long-term growth.

As part of the international Citi group, Citi Handlowy understands the complexities of entering new markets – and we are here to simplify them. Whether you are exploring joint ventures, expanding operations through shared service centers, or financing cross-border trade, our regional expertise ensures you move forward with clarity, confidence, and control.

## Why Ukraine, and why now

Ukraine's economy has demonstrated remarkable resilience amid ongoing challenges. After a 28,8 percent contraction in 2022<sup>1</sup>, GDP rebounded by 5.5 percent in 2023<sup>2</sup>, and the European Bank for Reconstruction and Development (EBRD) forecasts growth of 3.3 percent in 2025. This recovery is underpinned by accelerating reconstruction, rising domestic consumption, and steady inflows of foreign capital.

Financial aid continues, with government and EU agendas focused on current and future investment support. Foreign direct investment (FDI) reached

USD 4 billion in 2024<sup>3</sup>. The EU and G7 have committed over EUR 40 billion in reconstruction funding through 2027<sup>4</sup>. Additionally, energy sector restoration supported by USD 6 billion in donor grants strengthens both supply security and investment potential. In summary, Ukraine has benefited from more than USD 50 billion in combined EU<sup>5</sup>, IMF, and bilateral financial assistance since 2022. Ongoing reforms are aligning business regulations with EU standards, simplifying licensing and enhancing transparency.

Key advantages for Polish investors include Ukraine's geographical proximity, with a 540 km shared border ensuring efficient logistics and reduced trade costs. Bilateral trade reached EUR 17,8 billion in 2023<sup>6</sup>, with Polish exports up 13 percent year over year<sup>7</sup>. Finally, more than 1.5 million SMEs, fueled by digital innovation, create partnership opportunities across agribusiness, energy, IT, and e-commerce<sup>8</sup>.

Despite economic challenges and geopolitical uncertainty following the Russia-Ukrainian war, Ukraine offers significant growth potential for businesses across various industries. With a large and increasingly affluent consumer base, improving infrastructure, and ongoing reforms to enhance the business climate and attract foreign investment, the outlook for the Ukrainian market is promising. Businesses that adopt a long-term perspective and invest in market entry or expansion strategies can position themselves for success in the evolving Ukrainian market landscape.

## Navigating the challenges of entering the Ukrainian market

While Ukraine offers significant opportunities for business and investment, several challenges must be considered. Investors need to anticipate and manage these risks to build a successful and sustainable presence.

Ukraine remains in an ongoing conflict, which creates uncertainty, impacting logistics corridors, and potentially disrupting supply chains. A dynamic security landscape requires real-time intelligence and contingency planning.

A rapidly evolving legal framework, as Ukraine aligns with EU directives, may result in changing licensing, permitting, and reporting requirements. Stringent AML and KYC standards demand robust client due diligence processes and ongoing monitoring.

The local currency (UAH) may experience periods of volatility during stress events, affecting cash flow projections and debt servicing. While the banking infrastructure is rebuilding, payment cycles may be longer, and documentation requirements higher.

Each project must account for potential rollout delays caused by war-driven infrastructure and operational constraints. Damage to roads or rail links, disruptions to local talent pools due to relocations, and fragmented B2B networks require strategic location planning.

Understanding these challenges is the first step toward a resilient market entry strategy. With clear insight and proactive planning, potential obstacles can be transformed into manageable risks – allowing businesses to seize the full potential of the Ukrainian market.

## *The opportunity landscape*



*Ukraine's economy spans five high-growth sectors, each offering distinct entry points for institutional investors. From rebuilding critical infrastructure to tapping into digital consumer demand, these markets combine scale, momentum, and strategic importance.*

### Energy sector – rebuilding and modernization

Investment in Ukraine's energy independence presents a significant opportunity. The USD 62 million political risk insurance provided by the the U.S.<sup>9</sup> International Development Finance Corporation (DFC) to Energy Resources of Ukraine demonstrates how financial institutions can facilitate growth in this sector.

Ukraine is in the process of increasing the use of diverse energy sources and reducing reliance on Russian energy, and bulge bracket banks can assist companies in seizing opportunities in renewable energy and infrastructure development.

### Agriculture – the breadbasket of Europe

Ukraine's agriculture sector is the backbone of the country's economy, and financial institutions are developing products specific to this industry. Bank Lviv, with the support of a financial firm, presents a model of agricultural lending in Ukraine.

Bulge bracket banks can also emulate and expand these agricultural financing models to cater to companies seeking to invest in Ukraine's agricultural sector.

Ukrainian AgriTech startups are developing solutions such as precision agriculture, farm management software, agricultural drones, and IoT devices to address the evolving needs of farmers and agribusinesses.

## Technology and innovation – digital pioneers

The IT industry has navigated the challenges of the war better than many other sectors and has become an attractive area for expansion. The USD 200 million funding of the tech firm Creatio was also noted as the largest transaction in the first half of 2024<sup>10</sup>. Bulge bracket banks can assist technology companies in identifying acquisition targets or investment opportunities within the Ukrainian tech sector, to which has shown resilience in the face of crisis.

## E-commerce and digital commerce

The e-commerce sector in Ukraine is experiencing robust growth, driven by increasing internet penetration, evolving consumer behavior, and the proliferation of online shopping platforms. Ukrainian consumers are increasingly turning to online channels to purchase a wide range of products and services, including electronics, apparel, groceries, and travel-related services, driving the expansion of the e-commerce market in Ukraine.

## Defense and security – strategic modernization

With international partners prioritizing long-term military support, Ukraine's defense sector is opening up to foreign investment, joint ventures, and technology transfer arrangements.



## Tailored banking solutions for Ukraine entry

*Entering a market as dynamic as Ukraine requires financial tools designed to match your growth ambitions and risk profile. Our tailored suit of solutions combines flexibility, speed, and local insight to keep your business running smoothly from day one.*

## Trade loan

A trade loan is a short-term financing solution for corporate clients to manage cash flow gaps during international trade transactions. These loans are structured to align with specific trade cycles, providing funds for pre-shipment activities (e.g., raw material procurement) or post-shipment needs (e.g., bridging payment delays). Trade loans allow businesses

to optimize working capital by tying financing to individual transactions, enabling them to maintain liquidity for production and shipment without overextending credit lines. They are typically offered in local or foreign currencies, with tenors matching the cash conversion cycle of the underlying trade, often ranging from 30 to 180 days.

The benefits of trade loans include risk mitigation through the combination of financing with a trade transaction and flexibility in structuring repayments based on receivables timelines. Trade loans also enhance competitiveness by allowing buyers to negotiate extended payment terms with suppliers while securing inventory. For lenders, the transactional focus reduces default risk compared to general-purpose loans, as disbursements are tied to verified trade flows. This product is particularly valuable for importers and exporters operating in volatile markets, where predictable cash flow management is critical for sustaining cross-border operations.

## Receivables discounting

Businesses can obtain immediate liquidity through receivables discounting. This solution involves short-term financing backed by accounts receivable, enabling companies to meet cash needs before receiving payments from buyers. The financing process requires the transfer of receivable ownership to a bank, which handles collections while providing capital that matches invoice due dates, typically ranging from 30 to 90 days. The funding process is directly linked to trade transactions, as verifiable receivables serve as collateral, reducing credit risk exposure.

Receivables discounting helps Ukrainian businesses manage market volatility by providing stable currency liquidity while protecting against buyer default risks. The financing structure benefits small and medium-sized enterprises, as lenders evaluate the creditworthiness of the buyers receiving invoices rather than the sellers' credit history.

## Export Agency Finance

The Export Agency Finance (EAF) product line at Citi delivers extended-term financial solutions to exporters through partnerships with Export Credit Agencies (ECAs), multilateral agencies, and development finance institutions worldwide. The product serves

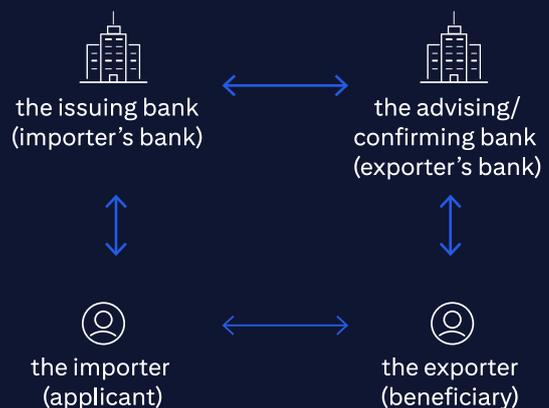
corporate clients across developed and emerging markets to facilitate exports through risk management and competitive funding options. It supports large infrastructure and energy projects, as well as aviation and telecommunications initiatives, and now extends its availability to small and medium enterprises and supply chain participants.

The product offers attractive pricing stability, extended repayment periods, and strong protection against commercial and political risks through sovereign agency guarantees. Leveraging its worldwide network and extensive expertise, Citi creates personalized financing solutions that follow OECD guidelines and link directly to procurement activities for goods and services. Citi's EAF solutions provide export financing, capital expenditures, pre-export financing, working capital, and contract bonds as flexible financial tools for companies entering higher-risk or developing markets.

## Export letter of credit

An export letter of credit (LC) is an irrevocable undertaking by the bank that issued it (the importer's bank), to pay the beneficiary (exporter) upon presentation of commercial documents confirming the correct delivery of goods. It protects the exporter against the risk of insolvency or nonpayment by the importer.

An LC involves four essential parties:



A letter of credit serves both settlement and security functions – it is issued after the contract between the parties is concluded but before performance begins. LCs are initiated by the buyer (importer/applicant) on behalf of the supplier. Payment is released only

upon submission of documentation that complies with the terms of the LC, ensuring both parties' obligations are met.

Export LCs are essential for mitigating importer nonpayment risks, particularly when trading with new clients or in politically volatile markets. They allow exporters to secure favorable payment terms and post-shipment liquidity through discounted LCs, improving cash management cycles. Confirmed LCs further reduce commercial and sovereign risk by requiring the exporter's bank to act as guarantor. Small and medium-sized enterprises benefit from LCs as they establish credibility in international markets even without an established credit history, since banks evaluate the importer's creditworthiness instead of the exporter's. Payment obligations under an LC may be delayed or voided if documentary requirements are not strictly followed.

## Bid & performance bond

During the tendering phase of a project, a bid bond functions as a surety bond, demonstrating that the contractor's bid is genuine and that they will obtain a performance bond if awarded the contract.

The bid bond protects project owners from financial loss by requiring bidders to demonstrate credibility through financial guarantees amounting to 1–5% of the bid value, preventing financially unreliable contractors from participating.

A performance bond becomes effective after contract award to secure the contractor's obligation to perform the contract properly and on time. The performance bond protects project owners by covering 10–20% of the contract value, providing compensation if contractors fail to deliver, miss deadlines, or do not meet quality standards.





# Citi Handlowy – support for the investor

By combining our solutions with local expertise, you gain a financial partner that not only funds your ambitions but also navigates the complexities of the Ukraine’s market on your behalf. At Citi, we offer a comprehensive suite of trade products, completed by the on-the-ground expertise of our dedicated Ukraine branch. This integrated approach ensures you secure funding, mitigate risk, and comply with all regulatory requirements from day one.

Our products and services help businesses entering or operating in the Ukrainian market build strong partnerships with local distributors, suppliers, and stakeholders, effectively navigating regulatory complexities and cultural nuances.

Depending on your risk appetite, resources, and sector focus, the following market entry strategies can be explored with support from Citi Handlowy:

 **Trading relationships:**

Exporting goods or services to Ukraine, or importing Ukrainian products, particularly in sectors such as agritech, machinery, or consumer goods.

 **Participation in reconstruction tenders:**

International donors and Ukrainian government agencies are issuing tenders across all sectors of the reconstruction effort, often under international procurement standards.

 **Public-private partnerships (PPPs):**

The Ukrainian government and municipalities are actively seeking international partners for infrastructure and utility projects, supported by multilateral financing and war-risk insurance.

By combining our global network with a strong local presence, we simplify every step of your expansion. Let us help you structure, execute, and monitor every transaction – so you can focus on scaling your business with confidence.

Contact your Relationship Manager or email [konrad.krezlewicz@citi.com](mailto:konrad.krezlewicz@citi.com) to schedule a dedicated strategy session and discover how Citi Handlowy can accelerate your entry and growth in the Ukrainian market.

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