

**Kovalenko Victoria**

D.Sc. (Economics), Professor, Professor of the department of banking  
Odesa National University of Economics, Ukraine in Odesa  
8 Preobrazhenskaya Str., Odesa, 65082, Ukraine  
kovalenko-6868@ukr.net

**Kulikova Yelizaveta**

Senior lecturer of the Department of Financial Management and Stock  
Market  
Odesa National University of Economics, Ukraine in Odesa  
8 Preobrazhenskaya Str., Odesa, 65082, Ukraine  
kulikovaelizaveta92@gmail.com

## **METHODS AND TOOLS FOR ASSESSING THE FINANCIAL STABILITY OF BANKS IN UKRAINE UNDER CONDITIONS OF UNCERTAINTY AND RISK**

**Abstract.** The financial stability of banks serves as a primary indicator of macroeconomic stability for a country. However, the determination of methods and tools for assessing financial stability plays a crucial role in establishing the real competitive position of banks in the financial services market. In the examination of channels for evaluating financial stability and channels for ensuring it, these issues intertwine. The article identifies the main approaches to assessing the financial stability of banks in Ukraine, as declared by the National Bank of Ukraine. An analysis of the financial stability of banks in Ukraine is conducted based on their competitive position in the market. It is demonstrated that despite the military situation in Ukraine, banks occupy a leading position in providing financial resources to non-financial corporations and households. All regulatory measures are aimed at ensuring the financial stability of banks, which is grounded in their ability to withstand the impact of negative external and internal factors, in order to minimize risks and preserve the maximum efficiency of banking activities amidst economic cyclicity, uncertainty, and risk.

**Key words:** banks, banking system, financial stability, methods, instruments, competitive position, rating, stress testing, risk.

**JEL classification:** C45, E44, E58, G21, G28

## Introduction

An undeniable achievement of Ukraine's banking system is its ability to fulfill its functions in supporting the country's economy throughout the years of independence. Despite facing challenges such as the COVID-19 pandemic, full-scale military aggression by the Russian Federation, economic disparities, and public distrust, banks have managed to overcome these obstacles through the implementation of effective measures to support their financial stability. However, these challenges have had a negative impact on their resource provision and profitability. Prolonged uncertainty in the macroeconomic and regulatory environment also affects the banks' capital position.

Furthermore, the external environment demands that banks maintain competitive positions in the market and develop effective strategies to support their financial stability.

Different scholars have varying views on the issue of ensuring financial stability. O. Shevtsova, for example, notes that the financial stability of each bank depends on the corresponding stability of the banking system and the market conditions for banking financial resources. Therefore, the concept of financial stability should be considered at both micro and macro levels (Shevtsova, Gorbunova, 2022).

The process of ensuring financial stability in banks is determined by the level of their capitalization as a key factor (Vovk, 2011). Scholars also address structural issues regarding the components of the financial stability management system (Zolkover, 2015; Oliynyk, 2010).

O. Rats has identified the main threats to the financial stability of banks during the state of war in Ukraine (Rats, 2023). These threats include:

1. Increased credit risk: The prolonged state of war may lead to further contraction of the credit portfolio, particularly due to decreased business activity of non-financial corporations and reduced lending to households. As a result, banks will face challenges in compensating for the repayment of existing loans, which may force them to raise interest rates. The

destruction of assets and collateral of borrowers, reduced income, and deteriorating creditworthiness will further diminish their ability to service loans.

2. Heightened liquidity requirements: Military actions can increase liquidity demands, especially for smaller banks. Significant provisions for credit risks will also decrease banks' liquidity.

3. Growing currency risk: The conditions of war can significantly increase the risk associated with foreign currency operations. Banks and their clients are exposed to fluctuations in the exchange rate of the national currency. To maintain Ukraine's international reserves, which are vital for defense needs, stable economic functioning, and the country's financial system, the National Bank of Ukraine has implemented a series of regulations and currency restrictions that also affect the demand for foreign currency. Banks are required to monitor foreign currency transactions and engage in currency supervision.

These threats highlight the challenges faced by banks in maintaining their financial stability during a state of war, necessitating careful risk management and strategic measures.

Additionally, there is a fourth threat, which is the increased costs associated with ensuring financial security and the functioning of banks during a state of war. Military actions lead to higher expenses for bank security, particularly the security of premises, employees, and information systems.

The uninterrupted operation of branches becomes challenging, and serving customers during air raid alerts becomes difficult. Therefore, the issue of ensuring financial stability of banks remains highly relevant in such circumstances.

## 1. Methods and tools for assessing the financial stability of banks

The assessment of financial stability of banks in Ukraine is based on a system of indicators developed by the International Monetary Fund in 2019, called the "Guidance Note on Financial Stability Indicators (IMF, 2019)." This "Guidance Note" includes algorithms for calculating approximately 18 core indicators for the deposit-taking sector, as well as 31 additional indicators of financial stability, including 12 for the deposit-taking sector, 6 for other financial corporations, 8 for insurance companies, 2 for pension funds, and 3 for the real estate market.

The assessment of financial stability of banks is regulated by the Regulation on the Assessment of Stability of Banks and the Banking System of Ukraine (National Bank of Ukraine, 2017). According to this regulation, the assessment of a bank's financial stability may consist of three stages.

The first stage involves assessing the quality of assets and the adequacy of collateral for credit operations, as well as calculating capital adequacy ratios.

The second stage entails extrapolating the results of the assessment of asset quality and collateral acceptability (if necessary), verifying the quality (reliability) of property valuation (if necessary), and calculating capital adequacy ratios taking into account extrapolation and verification of property valuation quality (reliability).

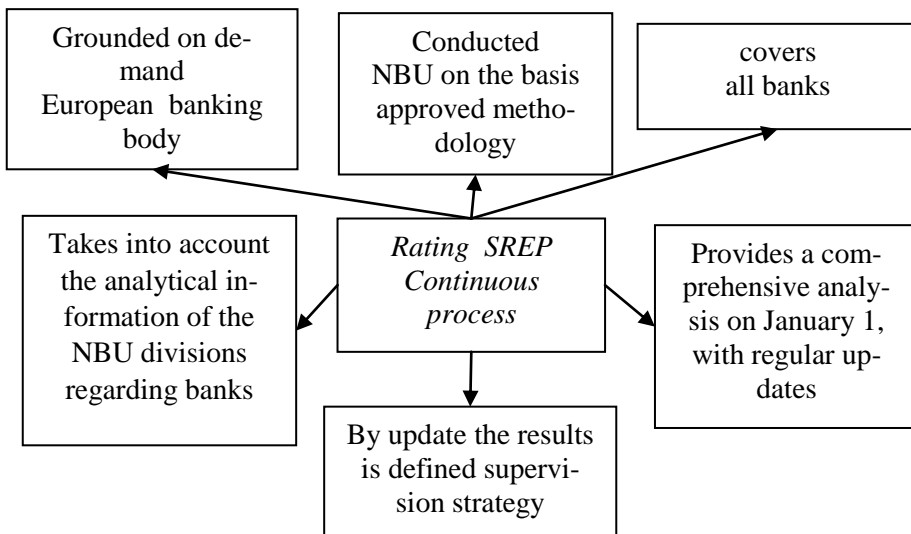
The third stage of the evaluation involves conducting stress testing under baseline and adverse macroeconomic scenarios and calculating capital adequacy ratios considering stress testing.

The National Bank of Ukraine has developed the project "Special Data Dissemination Standard Plus" regarding financial stability indicators (National Bank of Ukraine, 2017). This standard highlights financial stability indicators that are published on the World Bank's website, including the ratio of regulatory Tier 1 capital to risk-weighted assets, the ratio of regulatory Tier 1 capital to total assets, the ratio of non-

performing loans (NPLs) excluding reserves to capital, the ratio of non-performing loans to total gross loans, return on assets, the ratio of liquid assets to short-term liabilities, and housing prices (housing price index).

From October 1, 2020, the National Bank of Ukraine has been using a unified procedure and methodology for the process of supervisory reviews and evaluations, known as SREP (Supervisory Review and Evaluation Process), to assess the level of financial stability of banks (National Bank of Ukraine, 2021). The SREP framework for supervisory assessment is depicted in Figure 1.

Fig. 1: The Supervisory Review and Evaluation Process (SREP) in the National Bank of Ukraine.



Source: Compiled by the authors based on the materials from the National Bank of Ukraine, 2019

The general approaches to conducting the assessment of banks under the SREP methodology consist of four elements.

The first element is the analysis and evaluation of the bank's business model, including assessing the viability of the business model (the ability to generate an acceptable level of income over the next 12 months, taking

into account indicators of efficiency, alignment of the bank's funding structure with its business model, and risk appetite) and assessing the sustainability of the bank's strategy (the ability to generate an acceptable level of income over at least the next 3 years according to the approved bank's strategy and business plan).

The second element is the assessment of the level of corporate governance and internal control organization, including the overall corporate governance system, corporate culture, policy and practice of remuneration, risk management system, internal control system, money laundering and terrorist financing risk, risk appetite, organizational structure, and functioning of governance bodies (supervisory board and bank's management).

The third element is the adequacy of capital to cover major types of risks, including credit risk, interest rate risk, market risk, operational risk, and other risks inherent in the bank's activities.

The fourth element is the adequacy of liquidity, which includes evaluating the sufficiency of liquid assets to cover liquidity risks and funding and identifying measures necessary to address potential liquidity deficits.

Another method for assessing financial stability is the conduct of stress testing by the National Bank of Ukraine. The purpose of stress testing is to assess the resilience of a specific bank or the banking system as a whole to shocks.

Stress testing emerged in response to crisis events and has been incorporated into the regulatory practice of many countries since 2010. The concept of modern prudential supervision is based on the understanding that banks must always be prepared for the occurrence of a crisis.

Stress testing involves evaluating the performance indicators of banks or the banking system, testing the impact of adverse events on these indicators, and identifying necessary measures to enhance the resilience of banks or the banking system to such adverse events.

In addition to a baseline scenario, at least one adverse scenario is developed to test the impact of a crisis on banks and the banking system:

- An adverse macroeconomic scenario is not a forecast but is built on hypothetical assumptions of macroeconomic indicators that lead to the realization of specific risks to a significant extent.

- The adverse scenario should be severe but plausible, without reflecting the central bank's expectations regarding the economic development in the near term.

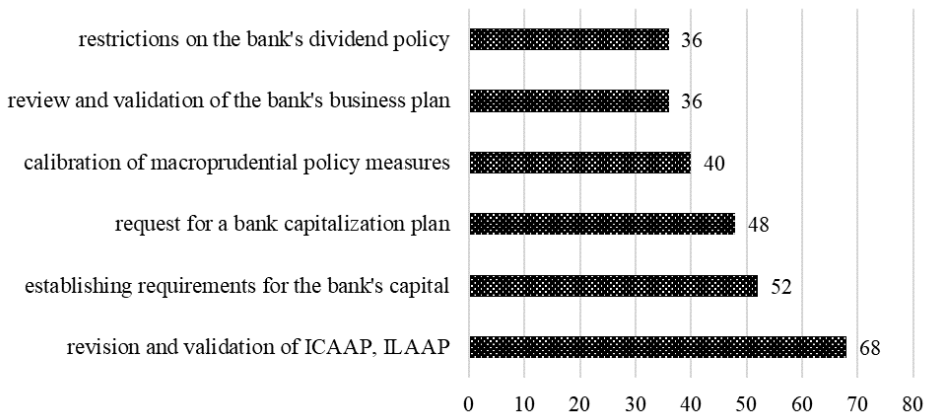
The following approaches are used for conducting stress testing:

- Top-down approach: Banks provide information, and the regulator conducts the stress testing.

- Bottom-up approach: The regulator develops scenarios and approaches, and banks conduct the stress testing.

The objective of conducting stress testing is presented in Figure 2.

Fig. 2: The objective of conducting stress testing for banks



Source: Compiled by the authors based on the materials from (Drobayzgin, 2023)

It should be noted that conducting stress testing during times of war, unlike traditional stress tests, has its peculiarities, namely:

- The use of only a baseline scenario that corresponds to the current macroeconomic forecast, without employing an adverse scenario.

- Banks will have sufficient time for capital restoration if needed, with a two-year period following the assessment. Capital can be replenished through current income.

- The assessment will be conducted as of April 1, rather than the beginning of the year, as it was necessary to wait for the stabilization of the situation after extensive rocket attacks and overcoming their consequences.

- The assessment will not cover all banks but only the top 20 market leaders, which account for over 90% of the assets of Ukraine's banking system.

Overall, the National Bank of Ukraine continuously monitors the financial stability of banks through stress testing. According to Katerina Rozhkova, the First Deputy Governor of the National Bank of Ukraine, it is necessary to assess the actual situation: how the military aggression affected the quality of banks' assets, the real capital losses, and whether banks are capable of independently restoring capital through current income. This year's assessment is one of Ukraine's obligations under the Memorandum of Economic and Financial Policies with the International Monetary Fund (Rozhkova, 2023).

To ensure the financial stability of banks, the National Bank of Ukraine has presented a new strategy for the development of the financial market until 2025, titled "Financial Fortress of Ukraine" (Agravery, 2023). This strategy includes five objectives:

First Objective: "Stable Hryvnia" - developing a strategy to return to inflation targeting, currency liberalization, and transitioning to a flexible exchange rate; gradually easing and removing currency restrictions; transitioning to exchange rate flexibility; refocusing monetary policy on inflation.



Second Objective: "Financial Stability" - balanced regulation and supervision focused on development; a resilient and capable banking system; an insurance market ready to support recovery; a non-banking financial and payment market that is transparent and technological; a reliable and stable financial market infrastructure.

Third Objective: "Financial System Works for the Country's Recovery" - a responsible financial market; a developed credit market; a developed market for insurance services; developed capital markets infrastructure; financially literate population and entrepreneurs.

Fourth Objective: "Modern Financial Services" - a financial market as a digital fortress; Power banking 2.0 - infrastructure restoration in de-occupied territories; technological development of the financial market; stability, efficiency, and customer-oriented cash circulation; virtual assets and digital money by the National Bank of Ukraine - clear regulation to ensure monetary sovereignty; digital financial services as part of a digital country.

Fifth Objective: "Effective Central Bank" - strengthening regulator communication; developing institutional relationships with stakeholders; international cooperation and expertise exchange; European integration of the financial sector; efficient operational activities; digital transformation of the National Bank of Ukraine; human capital as the key asset of the National Bank of Ukraine.

## **2. Assessing the level of financial stability based on their competitive position**

To conquer a competitive position in the banking services market, it is advisable to thoroughly study the processes of forming dynamic competitive advantages of the bank, their actual level, and future development possibilities through comprehensive assessment of the bank's competitive advantages (Kovalenko, Mazur, 2019).

As of May 2023, the following banks are included in the list of reliable Ukrainian and foreign banks according to the Forinshur rating: Credit Agricole (France), PrivatBank (state-owned), Oschadbank (state-owned), Ukreximbank (state-owned), Ukrsibbank (BNP Paribas Group, France), Kredobank (PKO Bank Polska, Poland), Ukrghazbank (state-owned), Citibank Ukraine (Citigroup, USA), ProCredit Bank (Germany), Pravex-Bank (Intesa Sanpaolo, Italy), PUMB (SKM Finance / Rinat Akhmetov, Ukraine), ING Bank Ukraine (ING Group, Netherlands), and Universal Bank (Bailican, Cyprus / Sergiy Tigipko, Ukraine) (Forinshur, 2023).

The list of systemically important banks in Ukraine in 2023 includes: A-Bank JSC, Credit Agricole Bank JSC, Kredobank JSC, OTP Bank JSC, Oschadbank JSC, South Bank AB, PrivatBank JSC, PUMB JSC, Raiffeisen Bank JSC, Sens Bank JSC, Tascombank JSC, Ukrghazbank AB, Ukreximbank JSC, Ukrsibbank JSC, and Universalbank JSC (Forinshur, 2023).

The rating of banks in Ukraine regarding the servicing of non-financial corporations and households is considered from the perspective of trust in the bank. Let's consider which banks have gained this trust and made it into the top list. First, let's look at the trust of non-financial corporations (Table 1).

Table 1: Top 10 banks in Ukraine for deposits and loans to non-financial corporations in 2023.

Deposit portfolio		Loan portfolio	
Bank	million UAH	Bank	million UAH
Ukrghazbank	108 312	PrivatBank	184 010
PrivatBank	70 446	Ukreximbank	109 148
Ukreximbank	60 993	Oschadbank	95 478

Oschadbank	58 567	Raiffeisen Bank	63 884
Raiffeisen Bank	53 097	Ukrgazbank	52 956
Ukrsibbank	33 928	Sens Bank	39 609
PUMB	32 238	PUMB	38 094
Credit Agricole Bank	31 319	OTP Bank	35 523
OTP Bank	25 790 847	Credit Agricole Bank	32 533
Citi Bank	25 581 535	ProCredit Bank	24 249

Source: compiled by the authors based on the materials (Forinshur, 2023)

As we can see from the data in Table 2.1, the largest banks in Ukraine, especially those with a state share, are prominently featured in the deposit and loan portfolios ranking.

It is also worth noting that the funds of non-financial corporations in the national currency increased by 3.7% in the first quarter of 2023, while funds in foreign currency decreased by nearly 2%. Client funds dominate the banks' liabilities, accounting for 86.8% of the total. Deposits from non-financial corporations saw a growth of 22.8% to 501.5 billion UAH.

Regarding the loan portfolio, it is important to highlight that the growth was driven by corporate lending by state banks, mainly supported by state programs.

Next, let's examine the trust of households in banks (Table 2).

Table 2: Top 10 Best Banks in Ukraine for Household Deposits and Loans in 2023

Deposit portfolio		Loan portfolio	
Bank	million UAH	Bank	million UAH
PrivatBank	290 030	PrivatBank	73 597
Oschadbank	128 799	Sens Bank	34 03
Raiffeisen Bank	53 718	Universal Bank	25 323
Sens Bank	46 259	PUMB	22 258
Universal Bank	44 659	Oschadbank	17 744
Ukrsibbank	41 811	OTP Bank	10 817
PUMB	38 611	A-Bank	9 954
Ukreximbank	27 827	Raiffeisen Bank	9 751
Ukrgazbank	26 071	Idea Bank	8 948
OTP Bank	25 829	KredoBank	8 382

Source: compiled by the authors based on the materials (Forinshur, 2023)

As indicated by the data in Table 2, AT KB "PrivatBank" is the undisputed leader in servicing households. The volume of household funds in national currency increased by 2.7% due to the growth of balances in accounts with state banks. The increase in deposit rates contributed to the recovery of growth in term deposits by households, with their volume growing by 2.2% for the first time since the beginning of the war.

According to Mind, an increase in household funds was recorded in 39 banks. The leaders are "PrivatBank," "Oschadbank," "Raiffeisen Bank," "Universal," and "Ukrsibbank."

At the same time, a decrease in household funds in national currency is observed in 30 banks, with the largest outflow, apart from those withdrawn from the market, occurring in "Pivdenniy," "Idea Bank," "Forward," "Vostok," and "Sens Bank" (Mind, 2023).

Mind also conducts a viability rating of banks, including an assessment conducted in 2023 (Table 3).

Table 3: TOP 10 most viable banks in Ukraine in 2023

№	Bank	Rating	Net Assets, million UAH	Quick Liquidity, %	Non-performing Loans Ratio, %
1	UkrSibbank	4.5	108706	14.2	15,1
2	City Bank	4.5	51422	8,4	23.2
3	ING Bank Ukraine	4.0	15399	10,5	11,2
4	PrivatBank	4.0	549738	11,5	70,4
5	OTP Bank	4.0	91006	10,8	18,5
6	Kredobank	4.0	38971	35,0	26,2
7	Raiffeisen Bank	4.0	176563	19,6	15,2
8	Credit Agricole Bank	4.0	72569	6,5	13,9
9	Oschadban	4.0	272239	8,2	49,9

10	Universal Bank	3.5	86145	9,4	15,7
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Source: Compiled by the authors based on the materials (Mind, 2023)

There is a methodology for calculating the financial stability scoring index, which is calculated by the analytical department of YouControl.

Bank\_FinScore is a scoring index of the bank's financial stability, which includes the calculation of 25 indicators, including NBU norms and financial ratios, which comprehensively reflect the bank's liquidity, capital adequacy, profitability, credit, investment, and currency risks (YouControl, 2023).

The value of the Bank\_FinScore index can range from 1 (minimum financial stability) to 4 (maximum financial stability) depending on the values of the norms and financial indicators of the bank.

Let's provide an example of this method (Table 4). For this purpose, we selected three banks from each group.

Table 4: Ranking of banks' financial reliability for the first quarter of 2023

Bank	Bank_FinScore	Net assets, million UAH	Profit, million UAH	Deposits, million UAH	Loans, million UAH
Group A (maximum score of 4)					
AT "Ukrsibbank"	A / 3.4	114809	1747	97343	15149
AT "SEB Corporate"	A / 3.28	5 100	83	4102	240

Bank"					
AT KB "PrivatBank"	A / 3.21	559272	16042	464451	71330
Group B (maximum score 3)					
JSC "Oschadbank"	B / 2.83	279891	2089	239869	80707
JSC "Kredobank"	B / 2.83	40878	277	35207	11553
JSC "ProCredit Bank"	B / 2.76	34096	210	25701	
Group C (maximum score 2)					
JSC "Poltava-Bank"	C / 2.11	3832	54	2740	1246
JSC "Bank Credit Dnipro"	C / 1.98	19654	217	17142	4054
AB "Clearing House"	C / 1.95	4701	201	3587	1201
Group D (maximum score 1)					
JSC "Sens Bank"	D / 1.71	76637	1194	62946	39353
JSC "MIB"	D / 1.67	7714	1,89	6486	1073
JSC "Bank Alliance"	D / 1.64	11808	19	8090	3991

Source: Compiled by the authors based on the materials (YouControl, 2023)

Overall, according to the ranking of banks' financial reliability for the 1st quarter of 2023, 9 banks entered the first group, 16 banks entered the second group, and 15 banks entered the third group.

The rating of banks regarding their financial stability, calculated by the Ministry of Finance of Ukraine, is also noteworthy (Table 5).

Table 5: Top 10 Financially Stable Banks for the 1st Quarter of 2023

№	Bank	Rating	Resilience to stress	Depositors' loyalty	Rating by analysts	Ranking position in household depo-
1	Credit Agricole Bank	4.19	4.3	4.1	4.2	11
2	Raiffeisen Bank	4.16	4.3	4.1	4.02	3
3	UkrSibbank	4.14	4.3	3.8	4.29	7
4	Kredobank	4.04	4.1	4.1	3.84	13
5	PrivatBank	3.87	3.7	3.9	4.29	1
6	PUMB (Prominvestbank)	3.82	3.4	4.6	3.49	6
7	OTP Bank	3.77	4.2	3.3	3.67	10
8	Universal Bank	3.77	3.2	4.7	3.31	4
9	Pivdenny Bank	3.62	3.5	4.3	2.69	14
10	ProCredit Bank	3.55	3.6	3.4	3.67	16

Source: Compiled by the authors based on the materials (Ministry Finance of Ukraine, 2023)

The level of financial stability can also be assessed based on the received nominations according to the rating. For example, the Financial Club determined the winners in the category of "Top 25 Banks in Ukraine during the 2022 war." The banks that made it to the list included: JSC



"Oschadbank," JSC "PUMB," JSC "Ukrsibbank," JSC CB "Privatbank," JSC "Ukrgasbank," JSC "Raiffeisen Bank," JSC "Credit Agricole Bank," JSC "Sens Bank," JSC "Taskombank," JSC "OTP Bank," JSC "Akorbank," JSC "Universal Bank," JSC "Credit Agricole Bank," JSC "Ukreximbank," JSC "Concord," JSC "Pivdenny," JSC "MTB Bank," JSC "Bank Credit Dnipro," JSC "Lviv," JSC "Radabank," JSC "Pravex Bank," JSC "Commercial Industrial Bank," JSC "Alliance Bank," and JSC "Agroprosperis Bank" (Financial Club, 2023).

As mentioned above, one of the methods for evaluating financial stability is conducting stress testing, which can also determine banks' ratings based on their risk propensity and risk appetite.

Starting from 2015, the National Bank of Ukraine has been conducting stress testing of banks. The previous results of stress testing are as follows:

- 2015: The top 20 banks were examined, and 16 out of 20 banks required recapitalization due to 53 loans in their portfolios being in default or pre-default status.

- 2018: Stress testing was carried out on 24 banks, and the capital needs under the base scenario amounted to 42 billion UAH.

- 2019: The analysis included 29 banks, and the capital needs under the base scenario amounted to 35 billion UAH for 11 banks.

- 2021: Stress testing was conducted on 30 banks, and the capital needs under the base scenario amounted to 5 billion UAH for 9 banks.

Currently, the NBU has scheduled stress testing for 20 banks. The stress test will begin on April 1, 2023, which involves assessing the stability as of that date. Banks are required to provide a register of their assets by May 5, 2023. The NBU will evaluate the asset quality by October 1, 2023. The results of the financial stability assessment will be published by April 1, 2024.

## Conclusions

Geopolitical shock caused by Russia's invasion of Ukraine, along with macrofinancial consequences, have increased uncertainty and risks not only for Ukraine but also for the European economy and financial system. Supervisory concerns regarding bank business models are primarily related to issues of structural inefficiency and increased strategic management capabilities in banks.

In 2022, the National Bank of Ukraine (NBU) implemented a wide range of stabilization measures, including easing regulatory and operational requirements, monetary measures, exchange rate stabilization, and support for restructuring processes related to overdue debts.

During the introduction of martial law in Ukraine, the regulator implemented a series of measures, which can be categorized based on their level of application.

Firstly, there were monetary measures: the policy rate remained unchanged until June 2022; the introduction of annual blank refinancing; cancellation of corrective coefficients for government bonds used as collateral for refinancing.

Secondly, there were regulatory and operational measures: no enforcement actions were taken for breaches of regulatory norms, including capital and liquidity adequacy; dividend payments were prohibited; stress testing-based bank stability assessments were canceled; implementation of capital buffers and NSFR increase from 90% to 100% was postponed for one year; submission of financial statements and certain statistical reports was delayed; revaluation and collateral inspections were suspended; regular recovery plan updates were temporarily halted; tariffs for BankID services were suspended; banks were allowed to use cloud services; simplified verification procedures were temporarily expanded, and on-site financial monitoring inspections were suspended.

Thirdly, there were currency-related measures: fixing the exchange rate; restrictions on currency purchases and cross-border currency operations; limitations on withdrawals from foreign currency accounts; the possibility of exchanging cash hryvnia abroad was established.

The 2008-2009 financial crisis highlighted the need for more effective monitoring of financial institutions, particularly systemically important ones, considering their actions during crises. The Financial Stability Board (FSB) proposed effective resolution measures (exit from the market) and the recovery of systemically important banks (FSB, 2011).

Key provisions of these measures include the requirement to establish a continuous recovery planning process for systemically important institutions or those with critical functions, develop a recovery plan that reflects a bank's implementation plan for a wide range of measures to restore financial strength and viability in the event of shocks, risk reduction, capital generation and mobilization, and liquidity support.

The NBU utilizes the "traffic light" approach as an instrument for restoring bank activity, which involves setting specific zones.

The "green" zone indicates no risk and the threshold values should correspond to expectations under normal conditions and align with the bank's business model.

The "yellow" zone signifies the need for early response measures, and threshold values for regulatory norms may exceed the minimum required level, especially for systemically important banks.

The "red" zone indicates the activation of recovery options, and threshold values for capital and liquidity norms should not be lower than the officially established norms of the National Bank of Ukraine.

It should be noted that in recent years, the National Bank of Ukraine has been implementing an updated supervisory toolkit based on risk assessment and quality management. The process of assessing banks' financial stability is continuous and conducted simultaneously for each bank, analyzing trends in their activities, including comparing key

performance indicators of one bank with those of others within the same group (with the same level).

The outcome of this assessment is the formation of a supervisory strategy for each bank, considering factors such as the sufficiency (adequacy) of its capital and liquidity to cover identified risks, the bank's viability for the current year, the presence of a stable three-year strategy, and the state of corporate governance.

All these measures aim to ensure the financial stability of banks, which relies on their ability to withstand the impact of negative external and internal factors, with the goal of minimizing risks to maintain the maximum efficiency of banking activities amidst cyclicity, the positive and negative effects of financial globalization, the expansion of interconnections between banks and other financial intermediaries, and the development of new banking technologies and products.

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