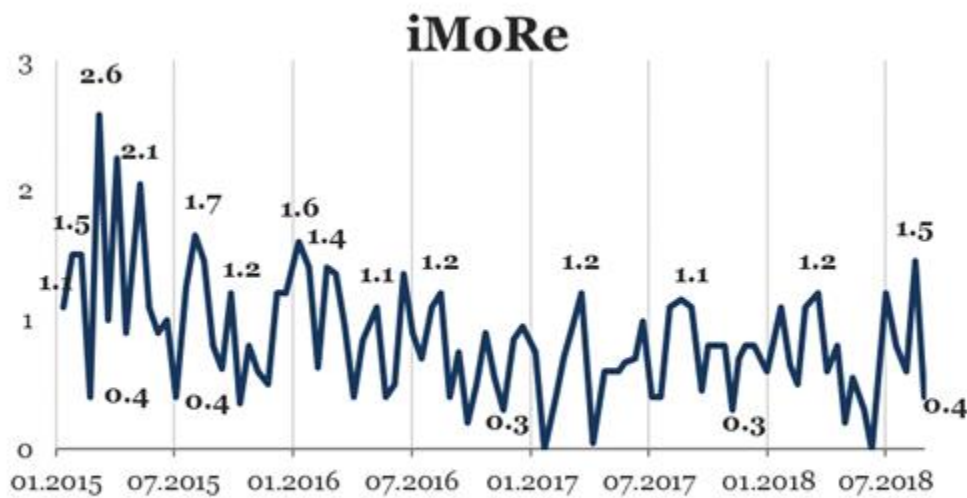


iMoRe # 91 Ensuring the sustainability of banks. New requirements of the NBU

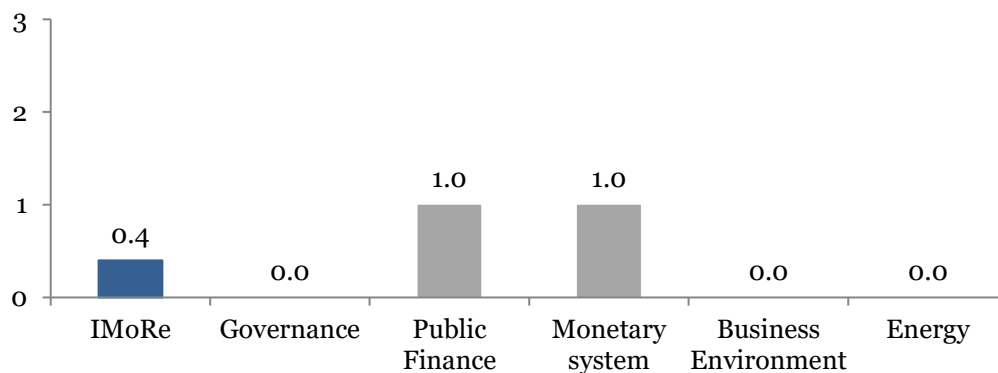
The index for monitoring of reforms (iMoRe) is +0.4 points for the period from August 6 - August 19, 2018. The main events of the round are new requirements to ensure the stability of banks by the results of stress testing.

Chart 1. iMoRe dynamics



iMoRe can take values from -5 to +5
with value above +2 considered an acceptable pace of reforms

Chart 2. iMoRe and its components in the current round



The major event of the release

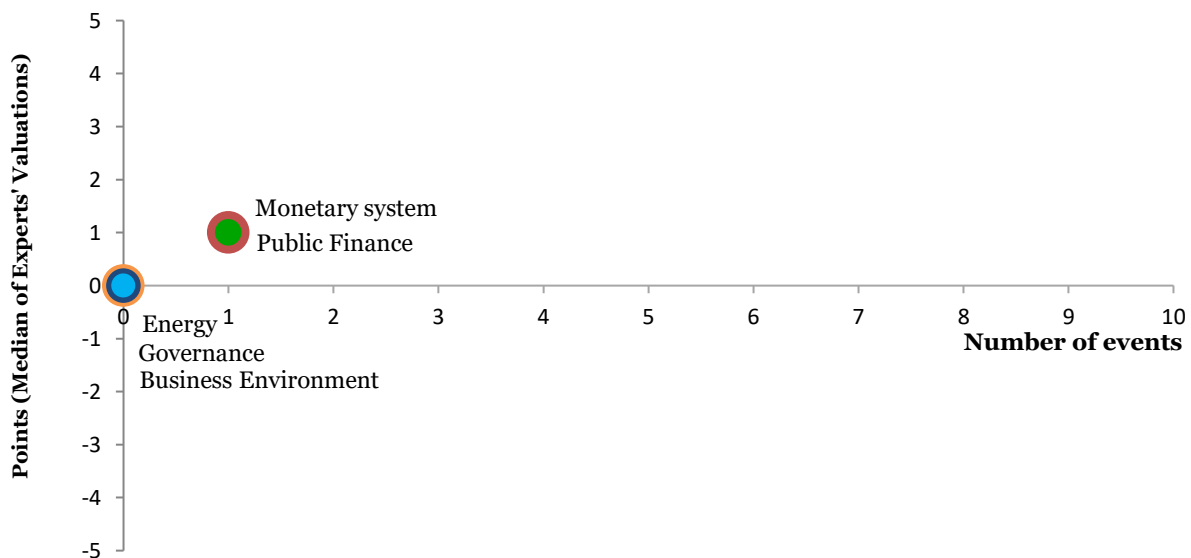
New requirements for ensuring the sustainability of banks, +2 points

Stress tests are conducted to assess banks' ability to withstand downturns in financial market.

The NBU recommends to take into account the following factors to avoid risk:

- economic stability (economic downturn, radical change in the economic development vector, defaults of first-class borrowing companies, etc.);
- significant fluctuations of the exchange rate of the national currency;
- openness and accessibility of the interbank market;
- the level of political and international stability;
- stability of financial markets, including opportunity to counteract speculative attacks; changes in interest rates, e.g. LIBOR, discount rates, etc .;
- possibility of property depreciation provided for usage by means of lending bank operations (in particular, through falling prices in the real estate market, the crisis of certain sectors of the economy, etc.);
- volatility of prices for energy resources;
- microeconomic indicators: bank has the ability to access external sources of liquidity maintenance; bank's competitive position (determined by SWOT analysis as a generalized assessment).

Chart 3. Value of iMoRe components and number of events



Index for Monitoring Reforms (iMoRe)

Release 89

Monitoring period: August 6 – 19, 2018



(Please see other charts on the website http://imorevox.in.ua/?page_id=577,
http://imorevox.in.ua/list_rounds.php)

Note: Index for Monitoring Reforms (iMoRe) from VoxUkraine aims to provide a comprehensive assessment of reform efforts by Ukraine's authorities. The Index is based on expert assessments of changes in the regulatory environment in five areas:

1. *Governance*
2. *Public Finance*
3. *Monetary system*
4. *Business Environment*
5. *Energy*

For details please visit imorevox.org.

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