

**MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE
V.N. KARAZIN KHARKIV NATIONAL UNIVERSITY**

Name of the faculty **EDUCATION AND RESEARCH INSTITUTE
"KARAZIN BANKING INSTITUTE"**

Name of the department **Management, Business and Professional
Communications**

Specialty: **073 Management**

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QUALIFYING MASTER'S THESIS


on the topic:

**CRISIS MANAGEMENT IN PREVENTING INTERNAL
THREATS TO THE BANK**

student of higher education **Jin Linlin**

The work is accepted for defence in the EC


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25 September 2024

TASK
FOR A QUALIFYING MASTER'S THESIS
Jin Linlin

1. Topic of work: "CRISIS MANAGEMENT IN PREVENTING INTERNAL THREATS TO THE BANK".

Scientific adviser Timur Malafieiev, PhD in Public Administration, Associate Professor
(full name, academic degree, academic title)

Approved by order of the university dated September 17, 2024 № 4601-5/1025.

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3. List of topics to be developed:

• In Chapter 1: to determine the theoretical foundations and features of anti-crisis management in banks; to find out the process and tools of anti-crisis management of the bank; to investigate the classification of risks and threats in the banking sector in the context of anti-crisis management.

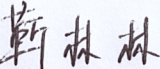
• In Chapter 2: to consider the general characteristics of JSC "Ukreximbank"; to analyze the financial condition of JSC "Ukreximbank"; to evaluate the effectiveness of the use of tools of the anti-crisis management system based on indicators of financial stability on the example of JSC "Ukreximbank".

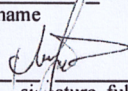
• In Chapter 3: to reveal the latest approaches to anti-crisis management of the banking sector of Ukraine during the war and post-war recovery; to justify the strategy of improving anti-crisis management in the banking sector; to make proposals for improving the risk management system of JSC "Ukreximbank".

4. Plan of qualifying master's thesis

No	Names of work sections
1	THEORETICAL BASICS OF ANTI-CRISIS MANAGEMENT OF ORGANIZATIONS
2	CURRENT PRACTICE OF ANTI-CRISIS MEASURES IN THE BANKING SECTOR OF UKRAINE
3	IMPROVEMENT OF THE ANTI-CRISIS MANAGEMENT STRATEGY TO MINIMIZE THE BANK'S INTERNAL THREATS

5. Date of issue of the task September 25, 2024.

Student  Jin Linlin
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ABSTRACT

The qualifying master's thesis contains 68 pages, 3 figures, 14 tables, and a list of 40 references.

The object of research is the anti-crisis management processes in banking institutions in Ukraine.

The subject of research includes the theoretical and methodological foundations, as well as practical provisions, for improving anti-crisis management strategies to minimize internal threats to banks.

The purpose of the master's thesis is to generalize scientific and methodological approaches to defining the concept of "anti-crisis management" and to develop practical recommendations for improving the anti-crisis management processes in banks under modern conditions.

Tasks of a qualifying master's thesis include:

- to determine the theoretical foundations and key features of anti-crisis management in banks;
- to examine the processes and tools of anti-crisis management in banking institutions;
- to investigate the classification of risks and threats in the banking sector within the context of anti-crisis management;
- to provide the general characteristics of JSC "Ukreximbank";
- to analyze the financial condition of JSC "Ukreximbank";
- to evaluate the effectiveness of anti-crisis management tools based on financial stability indicators, using JSC "Ukreximbank" as a case study;
- to explore the latest approaches to anti-crisis management in Ukraine's banking sector during the war and post-war recovery;
- to justify strategies for improving anti-crisis management in the banking sector;
- to propose recommendations for enhancing the risk management system at JSC "Ukreximbank".

The practical significance of the research results lies in the fact that the scientific conclusions and recommendations developed during the study are presented as concrete proposals that can be applied to the practical activities of banks to strengthen their anti-crisis management strategies.

Practical applications: The research findings offer actionable solutions for Ukrainian banks, focusing on strengthening their anti-crisis management frameworks. The proposed recommendations emphasize the importance of robust risk management, innovative response strategies, and the adoption of international best practices to address the unique challenges faced during periods of instability. The study underscores the role of anti-crisis management as a critical component of a bank's operational strategy, ensuring resilience and sustainability in dynamic and often adverse economic environments.

Year of completion of the qualifying master's thesis: 2024.

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INTRODUCTION

Anti-crisis management is a key element in ensuring the stability and efficient functioning of banking institutions, especially in conditions of uncertainty and economic fluctuations. One of the main tasks of anti-crisis management is the prevention of internal threats that can negatively affect the bank's activities, its financial stability and reputation. Internal threats, such as deficiencies in risk management, fraud, abuse of office, as well as inefficient business processes, require timely diagnosis and response.

Effective anti-crisis management includes not only responding to problems that have already arisen, but also creating mechanisms to prevent crises through constant monitoring of activities, improvement of corporate governance and increasing the level of transparency. In today's environment, when banks face new challenges, such as cyber threats and increasing regulatory requirements, the importance of a systemic approach to internal risk management is growing significantly.

The purpose of the master's qualification thesis is to generalize scientific and methodological approaches to the definition of the concept of "anti-crisis management" and to develop practical recommendations for improving the process of anti-crisis management of the bank taking into account modern conditions.

The realization of the set goal caused the need to solve the following tasks in the work:

- to determine the theoretical foundations and features of anti-crisis management in banks;
- find out the process and tools of anti-crisis management of the bank;
- investigate the classification of risks and threats in the banking sector in the context of anti-crisis management;
- consider the general characteristics of JSC "Ukreximbank";
- to analyze the financial condition of JSC "Ukreximbank";
- to evaluate the effectiveness of the use of tools of the anti-crisis management system based on indicators of financial stability on the example of JSC "Ukreximbank";

- to reveal the latest approaches to anti-crisis management of the banking sector of Ukraine during the war and post-war recovery;
- justify the strategy of improving anti-crisis management in the banking sector;
- make proposals for improving the risk management system of Ukreximbank JSC.

The object of research there are anti-crisis management processes in banking institutions of Ukraine.

The subject of research there are theoretical and methodological foundations, as well as practical provisions for improving the anti-crisis management strategy to minimize internal threats to the bank.

To achieve the goal, the following research methods were used in the work: theoretical generalization, analysis and synthesis to determine the main principles of the functioning of the banking sector and the bank under study; a graphic method for visual representation of the results of the banking system and a specific bank; formalization for analyzing the impact of anti-crisis management on the efficiency of the banking sector.

The information base of the research is data from the State Committee of Statistics of Ukraine, the National Bank of Ukraine, the Association of Ukrainian Banks, the Independent Association of Banks of Ukraine, the official website of JSC "Ukreximbank" and other statistical sources.

The implementation of proposals and recommendations provided in the work will allow to improve anti-crisis management in banks in accordance with modern realities.

The qualifying master's thesis consists of an introduction, three sections, conclusions, and a list of used sources.

Keywords: bank, anti-crisis management, internal threats, control, indicators of financial stability, liquidity, profitability, capital adequacy.

CHAPTER 1

THEORETICAL BASICS OF ANTI-CRISIS MANAGEMENT OF ORGANIZATIONS

1.1. Anti-crisis management in banks: theoretical foundations and features

Anti-crisis management plays a key role in ensuring the stability and resilience of banking institutions in the face of constant economic challenges and changes. The modern banking sector faces numerous internal and external threats, which requires the implementation of effective strategies to prevent and overcome crisis situations. The theoretical foundations of anti-crisis management include risk analysis, the development of a system for monitoring and assessing the financial condition, as well as the creation of mechanisms for responding to crisis phenomena.

For an in-depth analysis of the main theoretical aspects of anti-crisis management in the bank, it is necessary to clarify the meaning and essence of a number of economic terms and categories.

First of all, it is necessary to consider the economic nature of the concept of "crisis" (Table 1.1) [1-5]

Table 1.1

Definition of the concept of "crisis"

The authors	Definition of the concept
K. Marx	Crisis as a cycle phase
J. M. Keynes	The crisis is a catastrophic drop in investment, a reduction in economic activity and mass layoffs
P. Samuelson	The relationship between the equilibrium state and the crisis. Equilibrium is a state in which the ability of the economic system to self-regulate is preserved.
Sh. Rouh-Dufort, T. Pauchant, E. Morin	Emphasis on the positive aspect of crisis phenomena. The crisis provides an opportunity for subjects of the economy to learn and mobilize efforts aimed at changes. A crisis increases the effectiveness of an organization, causes the movement of transformational forces that contribute to evolution
O. I. Baranovsky	A crisis is, in fact, a point of bifurcation, containing the potential for both destructive and constructive nature

V. O. Vasylenko,	A crisis is an extreme aggravation of contradictions in the socio-economic system (organization), which threatens its viability
O.I. Pushkar, O. M. Tridid, O. L. Kolos	A combination of approaches to the crisis, both to the potentially possible and the actual state of the socio-economic system. A crisis is a dynamic and rapidly growing process of destruction of the existing management decision-making mechanism, destabilization of the processes of interaction of functional units, a sharp increase in the amount of information and the complication of its processing
K. Hermann	A crisis is an unexpected and unpredictable situation that threatens the organization's priority goals with limited time for decision-making

The given definitions of the concept of "crisis" do not sufficiently take into account that the prerequisite for its occurrence is usually the accumulation of imbalances in the development of economic entities that were not eliminated during their normal functioning. In addition, the destructive consequences of the crisis have not been sufficiently considered: the performance of economic subjects of their main functions becomes practically impossible, which can lead to the bankruptcy of banks. Also, the informational aspect related to the emergence and development of crisis phenomena is not highlighted, in particular, negative information about the subject of the economic sector, which can act as a catalyst for the crisis.

The banking crisis is one of the most complex forms of financial shocks that negatively affect both individual banking institutions and the economy of the country as a whole. Its essence lies in the violation of the stability of the banking system, which occurs due to the loss of solvency of banks, liquidity deficit or a significant decrease in the confidence of customers and investors.

Crises in the banking sector are often characterized by mass withdrawal of deposits, growth in the volume of problem loans and, as a result, the bankruptcy of individual banks or even the threat of the collapse of the entire banking system. The main causes of such crises can be economic downturns, inefficient bank management, speculative activities or external shocks such as financial or political crises.

The consequences of a banking crisis can be large-scale: from reduced access to credit and losses of depositors to worsening social and economic problems. In this regard, studying the nature and mechanisms of overcoming banking crises is critically important for ensuring the stability of the financial system and economic development.

The main causes and features of the banking crisis are given in Table 1.2

Table 1.2

The main causes and features of the banking crisis

The main characteristics of the banking crisis	Description
Features of the banking crisis	
Liquidity deficit	Banks do not have enough cash resources to fulfill their obligations to clients.
The growth of problem loans	A significant share of loans becomes non-returnable, which negatively affects the financial condition of banks.
Loss of trust	Customers and investors stop trusting banks, which causes mass withdrawal of deposits.
Instability in the market	Falling prices for financial assets, bankruptcy of banks or a significant decrease in their capitalization.
Causes of the banking crisis	
Economic factors	Recession, inflation, default.
Maladministration	Low quality risk management, deficiencies in corporate governance.
Financial speculation	Excessive lending or risky investments.
Regulatory errors	Insufficient control by the state or central bank.
External shocks	Currency crises, geopolitical conflicts, global financial upheavals
Consequences of the banking crisis: reduction of lending to the economy, growth of unemployment due to reduction in production, devaluation of the national currency, need for government support (restructuring, nationalization).	

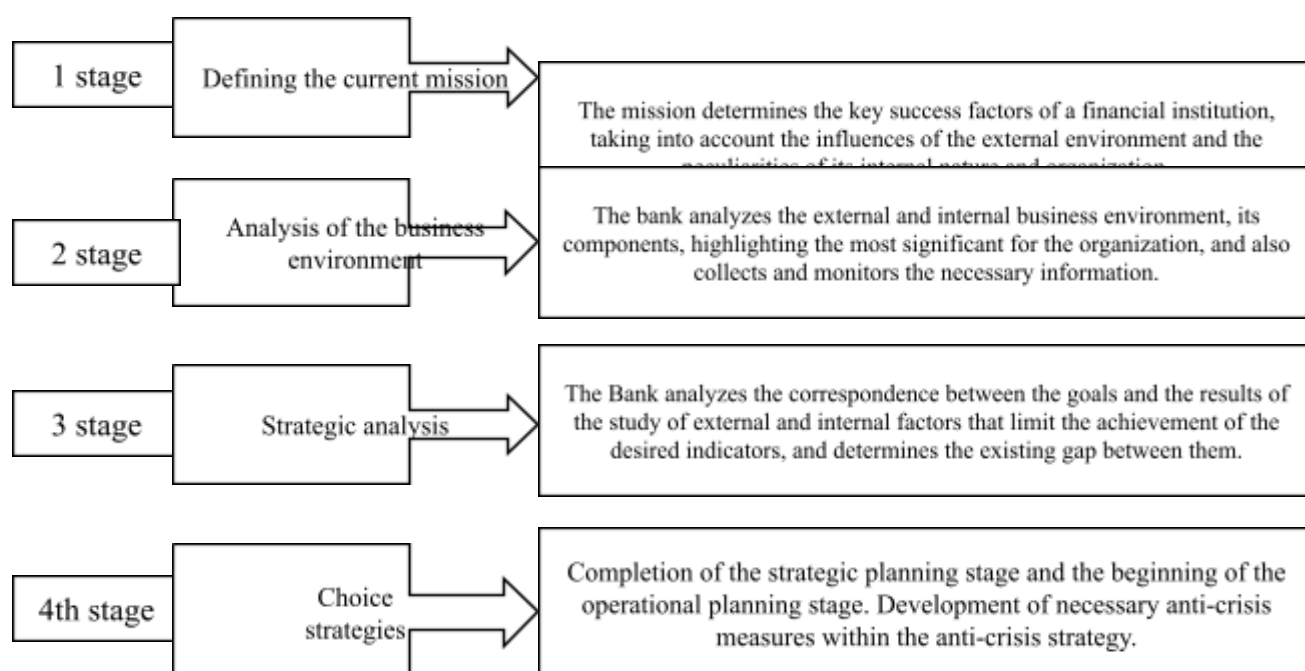
So, a banking crisis is a situation when a significant part of the country's banking system faces serious problems that threaten its functioning. This can lead to a decrease in customer confidence, mass withdrawal of deposits (banking panic) and the inability of banks to fulfill their obligations.

The main tool for combating crisis phenomena is anti-crisis management, which uses effective management solutions to adapt an economic entity to changes in the external environment. S. V. Mishchenko and V. I. Mishchenko [13] suggest separating the concepts of "anti-crisis regulation" and "anti-crisis management". "Anti-crisis regulation" is defined as a macroeconomic category that includes measures of organizational-economic and regulatory-legal influence on the part of the state aimed at protecting enterprises from crises, preventing bankruptcy or liquidation.

The stability of the banking sector is critical because of its functions of financial intermediation, ensuring payment flows and meeting customers' needs for financial services. However, existing approaches to anti-crisis management do not clearly distinguish between the concepts of "anti-crisis management" and "risk management". They also do not take into account the need to classify the stages of the crisis for the use of adequate anti-crisis tools, and also do not fully cover regulatory and institutional methods of anti-crisis management, such as the introduction of a temporary administration.

Anti-crisis management should be focused both on the long-term survival and development of the banking institution (including crisis prevention) and on overcoming the crises themselves (guaranteeing survival in the short term). In this context, several stages of strategic anti-crisis management can be distinguished, which are presented in Figure 1.1. [14].

Of course, the effectiveness of the formation of the anti-crisis management system in banks depends on the professional qualities of all levels of management, owners and employees who will or will not comply with the instructions on monitoring the financial condition. The level of competitiveness of the bank, potential threats and the ability to create and maintain such a system are also important factors. At the same time, it is worth considering that crisis situations can be diverse and arise as a result of unforeseen events. Therefore, a margin of financial stability in a banking institution is key to its ability to counter these crises.



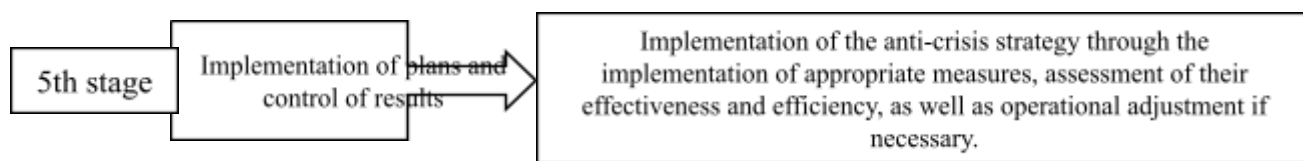


Fig. 1.1. Stages of strategic crisis management

Therefore, anti-crisis management is a key aspect of the management of banking institutions, aimed at preventing crisis situations and effectively overcoming them. Its essence is a systematic approach to the identification, analysis and management of risks that may negatively affect the financial stability of the bank. Effective anti-crisis management includes not only the development of strategies for responding to crises that have already occurred, but also preventive measures that allow avoiding crisis phenomena. The main components of anti-crisis management are the assessment of financial condition, risk monitoring, adaptation of business models and implementation of innovative technologies. It is also important to develop a culture of crisis management among the bank's staff, which contributes to a faster and more effective response to potential threats. In general, anti-crisis management ensures stability and adaptability of a banking institution in conditions of uncertainty and a changing economic environment.

1.2. The process and tools of anti-crisis management of the bank

Anti-crisis management involves the implementation of management strategies that include various measures aimed at overcoming existing threats and negative trends in the bank's activities. Therefore, it is important to analyze how the process of anti-crisis management is formed, and to study its mechanism (Table 1.3) [15].

Table 1.3

Components of the anti-crisis management mechanism of banks

Macro level (banking system of the country)	Micro level (banking institution)
Subjects	
<p>The main financial regulator of Ukraine. The executive body of the state power of Ukraine.</p> <p>Legislative body of Ukraine. Authority for guaranteeing deposits of the population.</p>	<p>General meeting of shareholders. Supervisory board of the bank.</p> <p>The executive body of the bank is headed by the chairman of the board.</p>
Forms	
<p>State management of crisis situations in the banking sector.</p> <p>Regulation of crisis phenomena by the National Bank of Ukraine.</p> <p>Management of troubled and insolvent banks by the Individual Deposit Guarantee Fund.</p>	<p>A preventive approach to crisis management. Prompt response to crisis situations</p>
Methods	
<p>Administrative. market Indicative</p>	<p>Optimization and rethinking of business processes. Improving the company and reducing the scale of operations. Expansion of activities and diversification. Reconstruction of the organizational structure. System control and constant supervision of activities. Restoration of financial stability.</p>
Levers	
<p>Legal Financial. Economical. Social</p>	<p>Dividend distribution policy. Refinancing operations. Capital increase program. Reserve requirements and financial regulations. Social responsibility of financial institutions.</p>
Tools	
<p>Market: financial, organizational, restructuring</p>	<p>Risk limitation in active operations. Determination of limits for certain types of operational activity. Optimizing the structure of the bank by reducing divisions. Reorganization and closure of divisions or subdivisions of the bank.</p>

In a general sense, a mechanism can be characterized as an internal structure or system of something, as well as a set of states and processes that make up a certain phenomenon. Accordingly, the mechanism of anti-crisis management in banks can be

defined as a complex of forms, methods, levers and tools that implement anti-crisis measures at the macro and micro levels, contributing to achieving a positive result and reducing the impact of existing crisis phenomena and threats.

The presented elements of the mechanism of anti-crisis management of banking activities clarify the tools for making management decisions within the framework of subject-object relations. Let's consider anti-crisis management measures at different levels (Table 1.4) [15].

Table 1.4

Measures of anti-crisis management in the financial activity of banks

Types of anti-crisis measures	At the state level (macro level)	At the level of the bank institution (micro level)
Normative-legal	improvement of the legislative and regulatory framework for anti-crisis management; providing methodical support to banks in anti-crisis management processes.	creation of internal regulations on anti-crisis management
informative-analytical	- provision of informational support to banks regarding anti-crisis management of their financial activities	preliminary detection and forecasting of crisis phenomena; carrying out stress testing; development of financial recovery programs and anti-crisis management plans; assessment of the quality of assets and liabilities.
Organizational-management	creation of rehabilitation and bridge banks to manage problem assets of the banking system; formation of effective mechanisms for the restructuring of banks with the participation of the state; supervising the activities of banks; withdrawal of troubled banks from the market.	development and implementation of the risk management system; use of outsourcing; conducting benchmarking; reducing the number of personnel; forming a positive image of the bank; implementation of restructuring procedures; closure of non-profit branches; rejection of unpromising business directions.
Financial	conducting refinancing operations and providing stabilization loans; strengthening of deposit protection; reduction of requirements for mandatory reserves; provision of state guarantees; state participation in bank capitalization processes; restructuring of tax liabilities and revision of the tax system.	expanding the resource base and assets; establishment of internal financial standards and restrictions; attracting long-term resources through equity instruments and subordinated debt; reorganization of financial obligations; realization of assets; introduction of new approaches to profit management.

At the macroeconomic level, the main participants in the anti-crisis management of banks are the National Bank of Ukraine, the Cabinet of Ministers of Ukraine, the Verkhovna Rada of Ukraine, and the Individual Deposit Guarantee Fund. These bodies carry out regulatory and legal regulation of banking activities, control over the financial condition of banks, and also identify institutions that have problems or are insolvent. The object of management is crisis phenomena in the financial and economic activity of commercial banks.

The main forms of anti-crisis management at the national level include:

- State anti-crisis management, which regulates financial and economic processes to stabilize the banking system and protect the interests of depositors and creditors.
- Anti-crisis regulation by the NBU aimed at restoring the liquidity and solvency of the banking sector through the improvement of regulation and supervision.
- Anti-crisis management of troubled banks of FGVFO, which includes measures to compensate deposits in case of their unavailability and development of programs for insolvent or troubled banks.

The key element of the anti-crisis management mechanism is the tools that contribute to the achievement of the set goals. At the macroeconomic level, these instruments are divided into administrative and market instruments.

Administrative instruments include measures limiting the activity of banks by the NBU, aimed at preventing systemic crises and limiting competition in the banking market. These are the regulation of foreign exchange operations, restrictions on foreign exchange interventions, control over interest rates and special conditions for rehabilitation and state banks. Anti-crisis measures also include criteria for identifying systemically important banks, restrictions on early withdrawal of deposits and taxation of deposit income.

Market instruments are divided into financial, organizational and restructuring. Financial instruments include refinancing loans, financial assistance and deposit guarantees in case of their unavailability, as well as special conditions for certain banks.

Organizational anti-crisis tools provide for the transformation and restructuring of the banking system at various levels - national, regional and local. Restructuring tools

include measures for structural changes, changes in organizational and legal forms, and increasing the financial stability of the banking system.

At the microeconomic level, the subject of anti-crisis management is a commercial bank that monitors financial and economic activity, detects crisis phenomena and develops measures to eliminate them. The object of management is crisis situations in the bank's activities.

Forms of crisis management at this level include:

- Preventive anti-crisis management (preventive approach to crisis management) is a system of measures aimed at early identification and elimination of potential threats that may lead to a crisis in a banking institution. The main attention is paid to the monitoring of risks, the development of strategies for their minimization and the introduction of stabilization mechanisms even before a critical situation occurs.

- Reactive anti-crisis management (operational response to crisis situations) is a set of measures that are carried out after the onset of a crisis in order to localize it, minimize losses and restore the bank's stability. This approach includes quick actions to restructure liabilities, optimize costs, attract additional resources or support from regulators.

Anti-crisis controlling, monitoring and financial rehabilitation are the main components of modern anti-crisis management in the banking sector. Controlling optimizes profit and minimizes risks through diagnosis of financial crisis, evaluation of the effectiveness of measures and management decision-making. Monitoring ensures constant tracking of the bank's activities, which allows prompt response to crisis phenomena. Financial recovery involves taking measures to improve the bank's financial condition through analysis of the causes of deterioration and determination of ways to eliminate them.

Important instruments at the micro level are dividend policy, refinancing operations, capitalization program, reserve requirements and economic regulations. These measures help banks stabilize capital, liquidity and ensure effective risk management. Social responsibility of banks and moral and material stimulation of

employees also play an important role in maintaining bank stability during crisis situations.

Anti-crisis management tools at the level of a commercial bank, such as limiting risks, setting limits, reorganizing and reducing divisions, contribute to effective overcoming of crisis phenomena.

Therefore, anti-crisis management requires the development of a comprehensive strategy that takes into account the specifics of crisis situations and tools for overcoming them at the macro and micro levels, which is necessary for the stability of the banking system in the face of growing economic challenges.

1.3. Classification of risks and threats in the banking sector in the context of anti-crisis management

In the rapidly changing financial environment, banks face a variety of risks and threats that can significantly affect their stability and operational efficiency. Classification of risks and threats is a critically important element of anti-crisis management, as it allows banking institutions to systematize and assess possible dangers that may arise in the course of their activities.

A systematic approach to risk identification helps banks develop effective management strategies, adapt to changing market conditions, and respond to crisis situations in a timely manner. Classification of risks by different categories, such as credit, market, operational and environmental, allows to create a clear picture of potential threats and develop appropriate measures to minimize them.

Identification and analysis of risks and threats becomes an integral part of anti-crisis management, as it allows banks not only to avoid crisis situations, but also to increase their competitiveness and ensure financial stability in the long term. Therefore, the classification of risks and threats is a key aspect that forms the basis for effective anti-crisis management in the banking sector.

In scientific literature, banking risks are classified according to various criteria. The hierarchy of risks according to their importance may change depending on the current situation in the country, which is subject to the influence of external and internal factors. Despite numerous studies in this area, there is no unified approach to the classification of security threats and risks of banking institutions. The author of the study [6] notes that the following threats are typical for the banking sector in modern conditions:

- low quality of banks' capital;
- implementation of risky credit policy by banks;
- insufficient effectiveness of banking supervision;
- insufficient coverage of deposits by the deposit insurance system;
- low liquidity of bank assets;
- low level of creditworthiness of enterprises in the real sector of the economy;
- the level of foreign investments in the banking sector.

And the same author adds that one of the main threats to the economic security of the banking sector is a banking crisis, which is defined as a period during which a significant part of the banking system becomes illiquid and insolvent. And the microeconomic problems of the banking sector, according to this researcher, should include:

- excessive diversification and expansion of banks;
- too fast growth of liabilities;
- low quality of loans (excessive concentration, loans to related companies, inconsistency of the time structure of loans and obligations, interest and currency risk, low level of repayment of loans);
- poor planning.

The author classifies threats by sources of origin, dividing banking risks into financial risks, financial services risks, and other external risks. This approach is consistent with the position of the National Bank of Ukraine. In particular, the risk classification proposed in [9] identifies six main and four additional types of risks,

including both endogenous and exogenous risks that affect banking. However, due to its generalization, it is not suitable for practical use.

More effective is the classification of risks from research [10], which distinguishes four categories: financial, operational, business and emergency risks. This classification is important for risk management, as improper management can lead to losses. The risks of Ukrainian banks depend on their business strategy, organizational structure, internal systems and external factors such as macroeconomic, political and legal conditions. Today, the Ukrainian banking system contains all types of risks that may threaten the financial stability of banks, so this classification is relevant for practical application.

According to L.M. A cross, a threat is a specific form of risk that arises due to adverse circumstances that destabilize the work of commercial banks. The author distinguishes several stages of destructive factors:

- Risk zone — probability of dangerous circumstances;
- Danger is a real possibility of harm;
- A threat is an intention to cause harm.

Therefore, the threat covers the actions of intruders or competitors that can disrupt the normal functioning of the bank. Identification and classification of these threats is critical for assessing their impact on the economic security of banks.

Threats can be classified according to the following criteria:

1. Origin: external and internal.
2. Probability: quite likely, likely, unlikely.
3. Types of bank activity: operational threats (changing the order of bank operations); non-operational threats (violations outside banking operations).
4. Sources: threats from personnel; threats from outsiders (unscrupulous competitors, criminal elements).
5. Caused damage: material and moral.
6. Nature: natural (earthquakes, floods); artificial: unintentional (errors) and intentional (terrorism, theft).
7. Causes of appearance: spontaneous, intentional.

8. Severity of consequences: small damage (possible to cover with internal resources); marginal damage (threat to existence, requires external means); significant loss (irreparable loss leading to the liquidation of the bank).

In general, the authors distinguish internal and external aspects of threats.

The paper [6] studies threats to the financial security of the banking system, which can be considered as external and internal for specific banks. The author of the work [9] cites a classification of internal threats to financial security, including:

- illegal embezzlement of funds by bank employees;
- illegal appropriation of income;
- falsification of expenses;
- misuse of bank or client assets;
- excess of authority by management personnel;
- falsifying documents or entering false data;
- accounting fraud.

External threats [3] include:

- political and economic stability, both internal and external;
- the level of dependence of the banking system on internal and external sources of financing;
- concentration of bank assets in different countries or industrial sectors;
- ownership structure of banking institutions.

The main external and internal threats to the financial security of banks can be classified as follows (Table 1.5) [3].

Table 1.5

The main external and internal threats to banks

External threats	Internal threats
A decrease in economic activity, a recession or an economic depression can lead to a decrease in the demand for loans, an increase in the level of defaults, a shortage of liquidity and a decrease in the profitability of banks. It may also lead to an increase in the risk of insolvency of clients and businesses served by the bank.	Poor risk management can lead to a large number of outstanding loans, inappropriate investments or incorrect prioritization. Lack of a clear risk management strategy or low management skills can become the basis for serious problems.

<p>The volatility of exchange rates can significantly affect the financial results of banks that are engaged in foreign currency transactions or have a significant share of foreign currency loans. This could result in financial losses from devaluation or devaluation expectations, and create risks to the bank's liquidity and capital.</p>	<p>Internal threats related to abuse by employees include cases of theft, falsification of financial documents or manipulation of bank assets. Such activities can lead to serious financial losses and loss of trust from customers and regulatory authorities.</p>
<p>Frequent changes in national and international legislation, in particular in the tax system, regulation of financial services, currency control and other aspects, can create difficulties for banks. The need to constantly adjust strategies and procedures to meet new requirements can increase costs and lead to legal or financial penalties.</p>	<p>Internal threats may also arise due to an insufficient level of security of the bank's information systems. Attacks on banking systems, data breaches, or technical failures can lead to bank disruptions, theft or leakage of customer information, and financial losses.</p>
<p>Changes in the political situation, political instability or even geopolitical crises can pose major threats to banking. This includes the nationalization of assets, restrictions on financial transactions with other countries, the introduction of economic sanctions or social unrest that may disrupt the normal operation of banks.</p>	<p>Internal threats may be associated with violation of the requirements of the National Bank of Ukraine and other regulatory bodies. Failure to comply with regulatory requirements or violations of procedures may result in fines, loss of license or other regulatory consequences.</p>
<p>High inflation or changes in interest rates, both domestically and internationally, can lead to uncertainty in banking. In particular, an increase in interest rates may reduce the demand for credit and impair the ability of customers to repay loans, which may increase the risk of defaults. Inflation can reduce the bank's real income from assets.</p>	<p>Inadequacy of the qualifications of bank employees to the requirements of the modern financial environment, lack of proper training for risk management or changes in legislation can lead to inefficient functioning of the bank. Also, the problem may arise due to a high level of personnel turnover, which creates instability in the organizational structure.</p>
<p>Intense competition from international banks, financial technology companies (fintech) and other alternative financial institutions can lead to a loss of customers and a decrease in market share. This is especially relevant in the context of the opening of national markets for foreign investors and international companies.</p>	<p>If the bank's internal control system is not effective enough, it can lead to errors in accounting, financial reporting and detection of possible abuses. Ineffective controls can also lead to violations of lending or investment policies.</p>
<p>The constant development of technologies also brings external threats to banks in the form of cybercrimes, hacker attacks, leaks of confidential customer information. Banks become targets for fraudsters who can steal financial resources or disrupt the operation of the bank's information systems, which can affect the trust of customers and partners.</p>	<p>Internal threats may be associated with an incorrect capital management strategy. If a bank does not have a sufficient level of liquidity or uses too high a level of borrowed funds, this can cause financial difficulties in conditions of economic instability or the onset of a crisis.</p>
<p>External economic and social changes, as well as changes in consumer behavior, can affect the demand for certain financial products. For example, the growing popularity of electronic payments, mobile banking services or cryptocurrencies can change the structure of demand for traditional banking services, requiring banks to adapt to new conditions.</p>	<p>Internal threats can also be caused by corporate conflicts among management or shareholders, which leads to ineffective decision-making, deterioration of the bank's strategy, as well as loss of trust from customers and partners.</p>

Global financial crises, downturns in international securities markets, declines in stock indices or other global economic shocks may adversely affect the financial stability of banks that are active in these markets or have investments in international assets.

Insider threats to banks can be caused by many factors, the main ones being insufficient risk management, financial abuse, technical problems, personnel issues and regulatory violations. In order to avoid such threats, banks must constantly improve internal processes, implement effective risk management systems and ensure an adequate level of security and control.

External threats to banks can be caused by a variety of factors, such as economic instability, political changes, financial turmoil in global markets, changes in legislation and technological innovations. These factors require banks to be able to adapt to new conditions, anticipate possible risks and respond in a timely manner to changes in the external environment in order to maintain stability and success in business.

So, it can be said that banking activity is very risky, because it is constantly waiting for many internal and external threats. The implementation of any of them can lead to significant losses for commercial banks. In these conditions, financial institutions must regularly monitor all potential and real threats, assess the possibility of their implementation and take measures to neutralize them and prevent negative consequences. Insider threats are specific to each bank, so they can be controlled and mitigated from within. Since it is impossible to completely avoid threats, it is important to learn how to manage them effectively. A key stage in this process is the timely detection and identification of threats. Depending on the qualifications of bank employees and the level of management, the significance of threats affecting financial security can vary significantly. Thus, a systematic approach to all threats is necessary to ensure adequate anti-crisis management.

CHAPTER 2

CURRENT PRACTICE OF ANTI-CRISIS MEASURES IN THE BANKING SECTOR OF UKRAINE

2.1. General characteristics of JSC "Ukreximbank"

Joint-stock company "State Export-Import Bank of Ukraine" (hereinafter - JSC "Ukreximbank") was founded in 1992 and entered into the State Register of Banks on January 23, 1992 under number 5, Ukreximbank operates on the basis of Banking License No. 2.

On May 5, 2009, Resolution No. 375 of the Cabinet of Ministers of Ukraine dated April 15, 2009 came into force, according to which Ukreximbank changed its full name from an open joint-stock company to a public joint-stock company by making appropriate changes to the Bank's Charter [16].

JSC "Ukreximbank" is a joint-stock company, 100% of whose shares belong to the state represented by the Cabinet of Ministers. The structure of JSC "Ukreximbank" in Ukraine consists of the Main Bank, 22 branches and 27 branches (as of 01.07.2024) and covers almost the entire territory of Ukraine. The Bank has 2 representative offices abroad - in London and New York. Since the day of its foundation, the Bank has always been one of the largest system banks of Ukraine, has the most extensive network of correspondent banks in Ukraine (more than 850 banking institutions in different countries of the world) [16].

The bank's charter stipulates that JSC "Ukreximbank" was established to attract external and internal credit resources and investments in the economy of Ukraine, grant and receive loans on behalf of and on behalf of the Cabinet of Ministers of Ukraine (as a financial agent of the Government), finance and guarantee export-import operations of enterprises, servicing the state external debt of Ukraine, carrying out operations on the money, currency and stock market, carrying out a set of measures for financing investment projects, providing banking services, cooperation with international financial

organizations and implementation of other types of activities, implementation of other operations in accordance with the legislation and requirements of the charter [16].

The bank's organizational and management model includes: the bank's management, the secretariat, a group of advisers to the chairman of the bank's board, independent departments that are not part of the management and branches. According to the Law of Ukraine "On Banks and Banking Activities", the governing bodies of JSC "Ukreximbank" are the Supervisory Board and the Management Board [16].

The Supervisory Board is the highest management body of the state bank, which supervises the activities of the bank's board in order to preserve the money invested in deposits, ensure their return to depositors and protect the interests of the state as a shareholder of the state bank, and also performs other functions. The bank's board is the bank's executive body, manages the bank's current activities, and forms the funds necessary for the bank's statutory activities. The head of the bank's board manages the work of the executive body and has the right to represent the bank without a mandate.

The organizational structure of Ukreximbank's management is schematically presented in fig. 2.1 [16]

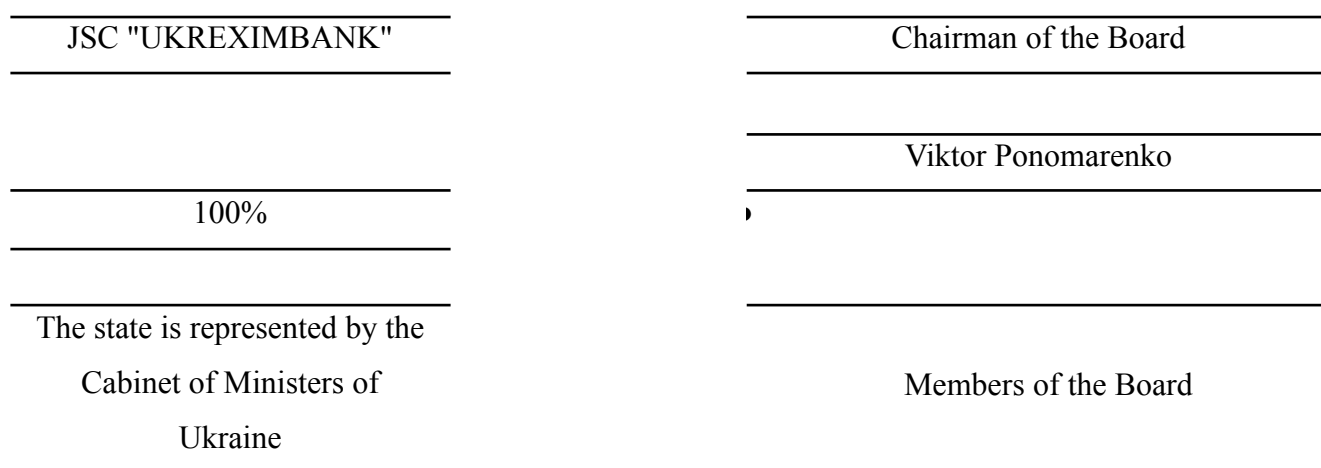


Fig. 2.1. Organizational structure of management of JSC "Ukreximbank"

The horizontal division of labor is one-level. The main purpose is to promote the most effective interaction of parts of the organization (departments) in solving emerging problems. They have a number of important advantages: they save time, increase the

quality of interaction, develop independence, initiative and motivation in department heads.

The vertical division of labor is a relationship of subordination, the need for which arises in the case of hierarchical management. These connections serve as channels for the transmission of administrative and reporting information, thereby creating stability in the organization.

The purpose of Ukreximbank's activity is primarily lending to basic and promising sectors of Ukraine's economy, primarily export-oriented, which have stable growth indicators, as well as industries whose products are import substitutes or have a solvent permanent demand in Ukraine, namely: engineering, pharmaceutical, food, easy, polygraphic, etc. [16].

Ukreximbank's clients include the Cabinet of Ministers of Ukraine, the Ministry of Finance of Ukraine, the President's Secretariat, the State Treasury, the Ministry of Foreign Affairs of Ukraine, the Ministry of Internal Affairs, the Security Service of Ukraine, the Ministry of Transport, as well as the largest enterprises of the metalworking, oil and chemical industries, instrument making, woodworking, and transport, communications, thousands of individual customers.

Historically, the main type of activity of Ukreximbank is servicing of export-import operations. Currently, Ukreximbank has a diversified client base, which includes a significant number of large industrial and state enterprises. Ukreximbank accepts deposits from individuals and legal entities, provides loans, provides payment services in Ukraine and transfers funds abroad, foreign currency exchange operations, invests funds, provides settlement and cash services for clients and provides other banking services. One of the main functions of Ukreximbank is to facilitate, on behalf of the Government of Ukraine, the servicing of credit agreements signed by the Government of Ukraine and the governments of other states. Ukreximbank acts as an agent of the Government of Ukraine and services loans from foreign financial institutions in accordance with the specified agreements.

The main products and services of the bank are loans, deposits, settlement and cash service, operations using payment cards, operations with securities, factoring, services for the use of remote service systems (client-bank, Internet banking).

In 2023, the Bank acted in accordance with the main (strategic) activities of public sector banks during the period of martial law and post-war economic recovery, to ensure the preservation of a stable liquid state and the fulfillment of all its obligations to depositors, counterparties and creditors in full and on time.

The Bank's strategic goals for the period of martial law and post-war economic recovery are: - providing financial support to priority sectors of the economy and enterprises (objects) of critical infrastructure; - the availability of banking services to ensure the protection of consumer rights, in particular, within the framework of social protection of the population, provided there is no physical threat to the Bank's employees; - creation of conditions for the rapid restoration of the provision of banking services in full and ensuring the functionality and continuity of the work of public sector banks; - creating, setting up and maintaining the functioning of an effective system of physical security (central apparatus and separate divisions of the Bank, including the security of Bank employees), security of operating systems, in particular with the use of cloud solutions and cyber security; - implementation of measures aimed at reducing risks, including implementation of possible threats, implementation of Bank security measures, in particular control over security risks (including physical, financial, cyber security and security of operating systems), liquidation and/or minimization consequences of realized threats and crisis situations; - uninterrupted and effective work of the Bank's managers to ensure the adoption of the necessary management decisions; - preservation of the Bank's financial stability, identification of possible threats to such stability, as well as prompt response to threats to financial stability and/or their avoidance.

The bank's business model involves: - focusing on continuing the implementation of programs with MFIs within the framework of lending to export-oriented enterprises; - focusing on existing and attracting new clients to serve export-import operations, as well as consulting support; - development of the base of corporate clients; - retention of

premium retail customers with significant balances. - expansion of the perimeter of commercial banks, which are provided with financing within the framework of MFI programs;

To date, JSC "Ukreximbank" is undergoing rating procedures at two international rating agencies: Fitch Ratings and Moody's Investors Service (Table 2.1) [18].

Table 2.1

Current ratings of JSC "Ukreximbank"

	01.01.2023	01.10.2024
<u>Fitch Ratings</u>		
Stability rating	b	ccc+
Long-term rating of RDE in foreign currency	B/Stable	B/Stable
Long-term rating of RDE in national currency	CCC, placed on RWE	B/Stable
Short-term rating of RDE in foreign currency	RD	B
Support rating	5	4
<u>Moody's</u>		
Basic Credit Assessment (BCA)	approx	b3
Adjusted Basic Credit Assessment (Adjusted BCA)	Approx	b3
Rating by deposits in foreign currency (GFC)	Ca/NP	Caa1/Stable
Rating by deposits in national currency (GLC)	Caa3/NP	B3/Stable
Counterparty risk assessment	Caa3/NP	B3
Rating by long-term unsecured debt obligations in foreign currency	Approx	B2
Rating by long-term subordinated debt in foreign currency	C	B2

Therefore, JSC "Ukreximbank" is one of the largest and strategically important financial institutions of Ukraine, which plays a key role in supporting the country's economy, particularly in the field of foreign economic activity. Thanks to its state support and focus on export-import operations, the bank provides financing for key industries, contributing to the development of national business and international trade. One of the main advantages of JSC "Ukreximbank" is its stability in the market,

extensive experience of working in conditions of economic turbulence and the ability to adapt to changes in the regulatory environment and financial system. The bank actively implements innovative solutions, which increases the quality of customer service and contributes to increasing competitiveness in the market.

2.2. Analysis of the financial condition of JSC "Ukreximbank"

As one of the largest state banks of Ukraine, Ukreximbank plays a key role in providing financing for national projects, foreign economic operations and business development. Analysis of the bank's financial indicators allows to assess its profitability, liquidity, structure of assets and liabilities, as well as the ability to adapt in conditions of economic uncertainty and changes in the regulatory environment.

The bank's capital structure is an important indicator of its financial stability and ability to ensure long-term operations. Table 2.2 presents the distribution of the bank's capital, which allows for a detailed analysis of its components, including equity, reserves and retained earnings [16-17].

Table 2.2

Capital structure of JSC "Ukreximbank", thous. UAH			
Own capital	2022	2023	Deviation
Authorized capital	45570041	45570041	-
Result from transactions with the shareholder	635104	635104	-
Retained earnings/loss	(39414634)	(42717801)	3303167
Other reserves	(1461266)	580926	2042192
Total capital	2026278	7371437	5345359

The Bank's own capital was formed mainly at the expense of the authorized capital, the amount of which amounted to 45,570 million. UAH as of December 31,

2023. In 2023, equity increased by 5,345 million. UAH to level 7,371 million UAH at the expense of the bank's profit for the current year in the amount of 3,303 mln. hryvnias, as well as due to liquidation of reserves in the amount of 2,042 mln. UAH

Taking into account the prolongation of military aggression and martial law, the Bank focuses on lending to priority sectors of the economy in accordance with the order of the Cabinet of Ministers of Ukraine "On approval of the main (strategic) activities of public sector banks during the period of martial law and post-war economic recovery". The repayment volumes of previously issued loans exceeded the volumes of loans granted, which contributed to the strengthening of liquidity indicators. The main sources of funding were client funding - corporate clients and term deposits of individuals. As part of lending to strategic customers of small and medium-sized businesses, as well as corporate businesses, the Bank implements joint programs with international financial organizations (EIB, EBRD, IBRD), as well as the Entrepreneurship Development Fund. Projects involving long-term financing from the International Bank for Reconstruction and Development in the amount of 100 million have been implemented. Dol. USA, EBRD in the amount of 50 mln. Euro, EIB in the amount of 789 mln. UAH (in the format of "synthetic" hryvnia), FRP in the amount of 150 mln. UAH and 2.7 million Euro. Within the framework of state support for individuals under the program of affordable mortgage lending for citizens of Ukraine "eOselya", the Bank received funding in the amount of 23 million. UAH (total limit - UAH 70 million). In order to optimize the structure of the Bank's balance sheet, refinancing loans of the National Bank of Ukraine in the amount of 18,469 million were repaid early in full. UAH

Next, we will analyze the obligations of JSC "Ukreximbank" (Table 2.3) [16-17].

Table 2.3

Structure of liabilities of JSC "Ukreximbank"

Obligation	2022	2023	Deviation
Debt to the NBU	18468854	-	-18468854
Indebtedness to credit institutions	27120752	32708525	5587773
Indebtedness to customers	177147928	213949363	36801435

Issued Eurobonds	3870390	2413346	-1457045
Subordinated debt	4055444	3805882	-249561
Reserve for credit obligations	520007	246219	-273788
Other obligations	946248	1407886	461638
Total capital	232129766	255127822	22998056

Ukreximbank's liabilities increased by 23 billion. UAH (or 10%). At the same time, the following indicators have increased significantly: - growth of the client resource base by 36.8 billion. UAH eq. or by 21%; - reduction of refinancing from the NBU by 18.5 billion. UAH.; - the amount of funds raised in other credit organizations increased by 5,588 million. UAH

The most significant item in the Bank's liabilities remains the funds of clients, the share of which increased from 76% to 84% in 2023. The Bank directs the resources involved in financing the real sector of the economy of Ukraine: - provides long-term loans on competitive terms to borrowers in strategically important industries (engineering, transport, fuel and energy complex, chemical industry, agriculture, and others); - executes programs of international financial organizations; - supports exporters; - contributes to increasing the energy efficiency of Ukrainian enterprises.

Since the beginning of the full-scale war of the Russian Federation against Ukraine, the Bank has focused its main efforts on supporting and financing strategic enterprises of Ukraine and financing the needs for the restoration of critical infrastructure facilities. The bank worked in full compliance with the "Main (strategic) activities of public sector banks for the period of martial law and post-war economic recovery", approved by the Cabinet of Ministers.

In 2023, Ukreximbank continued to implement state measures aimed at revitalizing the development of Ukraine's economy, participated in joint export-oriented projects with MFIs, programs for energy efficiency, energy saving and modernization of domestic enterprises [16].

Table 2.4 shows the assets of JSC "Ukreximbank" as of the end of 2023 [16-17].

Table 2.4

Dynamics and structure of assets of JSC "Ukreximbank"

Assets	2022	2023	Deviation
Cash and cash equivalents	81386107	110948045	29561938
Loans to customers	82421873	74569673	-7852200
Investment securities	62486708	69994403	7507695
Investment real estate	667496	752086	84590
Fixed assets and intangible assets	2050296	2125756	75460
Other assets	5143364	4109297	-1034067
Total assets	234155844	262499259	28343415

As of the end of 2023, the assets of Ukreximbank increased by 28,343 million. UAH (+ 12%) to the level of 262,499 mln. UAH. At the same time, there were significant changes in the structure of assets, namely: - an increase in cash and cash equivalents by 29,562 million. UAH.; - reduction of the loan portfolio by 7,852 million UAH.; - increase in investments in securities by 7,508 million. UAH.; - decrease of other assets by 1,034 million. UAH

The results of JSC "Ukreximbank" are presented in Table 2.5 [16-17].

Table 2.5

The results of JSC "Ukreximbank", thous. UAH

Indicators	2022	2023	Deviation
Interest income	14863497	21429804	656630
Interest expenses	10865353	17169698	6304346
Commission income	1207782	1317285	109503
Commission costs	296515	523288	226773
Net profit (loss)	(7718304)	3278104	10996408

According to the results of the reporting year 2023, Ukreximbank received a profit in the amount of 3,278 billion. UAH. According to the results of the reporting

year, the bank retained its position in the TOP-3 largest banks, and according to the NBU rating as of January 1, 2024, it was ranked 8th in terms of the size of assets and stability of banks. Increase in net interest income by 262 mln. UAH or 7% due to the following main factors: - increase in yield on securities and certificates of deposit of the NBU, as well as due to placement of funds in other banks; - repayment of obligations under the refinancing of the NBU, which affected the reduction of interest costs. According to the results of the reporting year 2023, Ukreximbank received a profit in the amount of 3,278 billion. UAH According to the results of the reporting year, the bank retained its position in the TOP-3 largest banks, and according to the NBU rating as of January 1, 2024, it was ranked 8th in terms of the size of assets and stability of banks.

2.3. Evaluation of the effectiveness of the use of tools of the anti-crisis management system based on indicators of financial stability on the example of JSC "Ukreximbank"

As mentioned in the previous subsections, the main task of anti-crisis management is the development and priority implementation of measures aimed at neutralizing the most dangerous factors that intensively affect the final phenomenon that leads to a crisis state.

In order to assess the effectiveness of anti-crisis management in the bank under study, it is necessary to study in detail the processes and model of anti-crisis management used in JSC "Ukreximbank". This includes an analysis of the strategies, tools and mechanisms used to prevent crisis situations, as well as to overcome them when they occur. Understanding these aspects will allow us to assess the effectiveness of management decisions and their impact on the stability and development of a banking institution in a changing economic environment.

Effective implementation of anti-crisis strategies in the bank requires the creation of a rational organizational structure and a single information and analytical field for the

integration of all levels in business processes. In Ukreximbank, the Supervisory Board is responsible for establishing and approving goals in the field of risk and capital management.

Collegial bodies and structural units such as the Board, Asset and Liability Management Committee (ALMC), Credit Committee, Retail Business Committee, structural units in the area of risk management, Treasury Department, Securities Department, Internal Audit Department are responsible for risk management. , Management of assets and liabilities.

At all levels of management, special risk reports are distributed to ensure that units have access to up-to-date information. The ALMC receives data on the balance sheet structure, capital, limits and contractual obligations every month, and the Management Board receives a detailed report on risks every quarter. The anti-crisis management mechanism at Ukreximbank includes strategic management using economic and mathematical methods and modeling. The process consists of the following stages: diagnosis of the current state, determination of goals and objectives for stabilizing the situation, determination of the object and subject of management, assessment of resource capabilities, development and implementation of an anti-crisis program, as well as prevention of crises in the future. Investment and marketing policy tools are used for the effectiveness of the program.

Management of interest rate and currency risks in Ukreximbank is an important part of its risk management. The process includes four stages: identification of risk and its sources, assessment of the level of risk, minimization to acceptable levels and constant monitoring of risk positions. The impact of changes in interest rates on the bank's net interest income is reflected in the consolidated statement, which is based on a floating rate for non-trading assets and liabilities.

The bank managed the level of capital adequacy to protect against the risks inherent in its activities. The Bank's capital adequacy is monitored using the standards established by the NBU and the Basel Capital Agreement of 1988. The main goal of the Bank's capital management is to ensure compliance with external capital requirements

and maintain high credit ratings and appropriate capital standards necessary for operations and maximizing shareholder value.

The National Bank of Ukraine has established the limit values of the regulatory capital adequacy standard at the level of at least 10%, and the standard of core capital adequacy at the level of at least 7%. The bank's capital norms are lower than the limits established by the NBU, which is connected with the formation of reserves for expected credit losses as a result of the influence of the war of the Russian Federation against Ukraine.

The main negative consequence of the events of 2023 for the Bank was a decrease in the amount of regulatory capital, primarily due to the recognition of losses from previous years, which, in turn, led to the Bank's violation of prudential capital adequacy standards (H2 and H3), as well as the maximum amount of credit risk per counterparty (H7), and the regulation of large credit risks (H8). Also, the size of the fixed capital will be affected by the legally established increase in the calculation of income tax in the amount of 50% of the financial result of 2023 [16].

During six months of 2024, the bank violated the requirements of the NBU regarding capital standards H2, H3 and credit risk - H7, H8 in connection with the formation of reserves to cover losses in connection with the military aggression of the Russian Federation against Ukraine. At the same time, in accordance with the resolution of the Board of the National Bank of Ukraine dated February 25, 2022 No. 23 (as amended), during the state of war, no measures of influence are applied for violations of capital, liquidity, credit risk and investment standards, if such violations are caused by the influence of war. However, the Bank plans to settle the issue of compliance with regulations and to reach a level above the minimum required as early as October 1, 2024, by implementing measures developed in accordance with the 2024-2026 Capitalization Program [19].

The Bank has developed internal regulatory documents and provisions for maintaining uninterrupted operations, for the fastest possible response and restoration of operations in the event of emergency situations. However, there is a material uncertainty related to the currently unforeseeable impact of ongoing hostilities in Ukraine,

underlying management's estimates, which may cast doubt on the Bank's ability to continue as a going concern and, therefore, it will not be able to realize its assets and repay its liabilities in the normal course of economic activity.

In 2023, the National Bank of Ukraine (NBU) conducted a comprehensive sustainability assessment of Ukreximbank JSC, the results of which are shown in Table 2.6 [20]

This assessment covers an analysis of the bank's financial strength, including core and regulatory capital ratios, which are critical to determining its ability to withstand economic challenges. The sustainability assessment takes into account possible risks, in particular financial losses due to customer insolvency, reduced liquidity and other factors that may affect the bank's operations. The results of the assessment demonstrate how the bank's key capitalization indicators change under the influence of internal and external factors, including macroeconomic fluctuations, the level of credit risks and capital requirements. The table shows a comparison of the bank's actual data with the results of stress testing (AQR), as well as a forecast for several years, which allows you to assess the dynamics of capital and possible risks.

According to the results of the assessment of the stability of JSC "Ukreximbank" as of April 1, 2023, there is a significant deterioration of the indicators of both the core and regulatory capital in the forecasted periods. The bank's core capital, which amounted to UAH 4,275 million, after asset quality assessment (AQR) decreased to UAH 2,712 million, and a decrease to negative values is predicted: -3,351 million UAH in the 1st year, -5,126 million UAH in the 2 -th year and UAH 7,450 million in the 3rd year. Regulatory capital, which amounted to UAH 8,133 million, decreased to UAH 5,402 million after AQR, and is forecast to further decrease to UAH -3,374 million in the 1st year, UAH -5,148 million in the 2nd year, and -7,472 UAH million in the 3rd year [20].

Table 2.6

The core and regulatory capital of JSC "Ukreximbank" according to the results of the stability assessment as of April 1, 2023, UAH million, %

Fixed assets					Regulatory capital				
Bank data	AQR	1st year	2nd year	3rd year	Bank data	AQR	1st year	2nd year	3rd year
4275	2712	-3351	-5126	-7450	8133	5402	-3374	-5148	-7472
Norms of adequacy of core (H3) and regulatory (H2) capital of Ukrainian banks based on the results of the sustainability assessment, %									
4.61	2.98	-3.65	-5.53	-8.01	8.78	5.93	-3.67	-5.55	-8.04

According to the results of the assessment of the sustainability of JSC "Ukreximbank" as of April 1, 2023, there is a significant deterioration of the indicators of both the core and regulatory capital in the forecasted periods. The bank's core capital, which amounted to UAH 4,275 million, after asset quality assessment (AQR) decreased to UAH 2,712 million, and a decrease to negative values is predicted: -3,351 million UAH in the 1st year, -5,126 million UAH in the 2 -th year and UAH 7,450 million in the 3rd year. Regulatory capital, which amounted to UAH 8,133 million, decreased to UAH 5,402 million after AQR, and is forecast to further decrease to UAH -3,374 million in the 1st year, UAH -5,148 million in the 2nd year, and -7,472 UAH million in the 3rd year.

Capital Adequacy Ratio (H3) decreased from 4.61% to 2.98% post-AQR and is projected at -3.65% in Year 1, -5.53% in Year 2 and -8.01 % in the 3rd year. The regulatory capital adequacy ratio (H2) also fell from 8.78% to 5.93%, with further projected declines to -3.67% in Year 1, -5.55% in Year 2 and -8, 04% in the 3rd year.

These data indicate serious financial challenges for JSC "Ukreximbank", especially in the context of maintaining the necessary level of capitalization and stability in the conditions of current economic difficulties.

The required levels of capital adequacy standards based on the results of the sustainability assessment are given in Table 2.7 [20-21].

Table 2.7

Required levels of capital adequacy standards of JSC "Ukreximbank" according to the results of the sustainability assessment, %

The required (target) level of standards				as of 01.10.2024	
for cap levels at 0% reaching		for limit levels at the level of		H2	H3
October 2024		normative values with the achievement until April 2026			
H2	H3	H2	H3		
14.2	11.2	21.3	18.3	12.35	8.71

According to the results of the stability assessment of JSC "Ukreximbank", the bank must reach certain levels of capital adequacy standards to ensure stability. As of October 1, 2024, the target level of regulatory capital adequacy ratio (H2) is set at 14.2%, and core capital adequacy (H3) is at 11.2%. To reach the limit levels at the level of regulatory values by April 2026, the bank must ensure H2 at the level of 21.3% and H3 at the level of 18.3%. As of October 1, 2024, the bank reached the H2 ratio at the level of 12.35%, and the H3 ratio at the level of 8.71%. These indicators indicate the need to strengthen the bank's capitalization in order to maintain stability and meet the requirements of the NBU, which is important for stable operation in conditions of economic instability.

Thus, according to the results of 2023, JSC "Ukreximbank" received a significant profit in the amount of UAH 3.278 billion, maintaining its position in the TOP-3 largest banks of Ukraine. In addition, according to the data of the National Bank of Ukraine on January 1, 2024, the bank took 8th place in terms of the size of assets and the level of financial stability. However, as of July 1, 2024, the bank's capital adequacy standards were lower than the established requirements of the NBU. This is due to the peculiarities of the calculation of the regulatory capital, in particular, the inclusion of the negative financial result of 2022, which arose due to the formation of reserves for expected credit losses due to the war in Ukraine, to the core capital, as well as the

limitation of the amount of additional capital. However, despite profitability and a high place in the rating of banks, the bank faces challenges regarding compliance with capital regulations, which requires further steps to stabilize financial indicators and increase sustainability.

CHAPTER 3

IMPROVEMENT OF THE ANTI-CRISIS MANAGEMENT STRATEGY TO MINIMIZE THE BANK'S INTERNAL THREATS

3.1. The latest approaches to anti-crisis management of the banking sector of Ukraine during the war and post-war recovery

It should be noted that anti-crisis measures should be chosen depending on the life stage of the bank's functioning. At the same time, banks use analytical methods to prevent a crisis situation, financial methods to solve urgent current problems, and organizational-management methods to overcome a deep crisis and its consequences.

Anti-crisis measures should be considered not only at the level of the intrabank system, but also from the perspective of the regulator, which, depending on the situation, applies preventive measures to maintain the financial stability of banks. The regulator forms an anti-crisis program that contains clearly formulated goals of the banking sector development program; description of short- and long-term measures; determination of quantitative and qualitative results of the proposed measures; to agree with the programs and policies of the development of the state and the economy, etc. In this context, it should be noted that in May 2023 The NBU presented the Strategy called "Financial Fortress", which is aimed at neutralizing the negative impact of the Russian invasion factor on the functioning of the financial system and is focused on protecting financial stability and restoring the country [22]. The main goals of the strategy are described in table 3.1.

Table 3.1.

Characteristics of the goals of the "Financial Fortress of Ukraine" Strategy

goals	Characteristic
The first goal: "Stable hryvnia"	development of a strategy to return to inflation targeting, currency liberalization and transition to a

	flexible exchange rate; gradual relaxation and removal of currency restrictions; gradual transition to exchange rate flexibility; returning the focus of monetary policy to inflation
The second goal: "Financial stability"	balanced development-oriented regulation and supervision; stable and capable banking system; the insurance market is ready to support recovery; non-bank financial and payment market – transparent and technological; reliable and stable infrastructure of the financial market
The third goal: "The financial system works to restore the country"	responsible financial market; developed credit market; developed market of insurance services; developed infrastructure of capital markets; financially literate population and entrepreneurs
The fourth goal: "Modern financial services"	the financial market is a digital fortress; Power banking 2.0 – restoration of infrastructure in the de-occupied territories; technological development of the financial market; stability, efficiency and customer orientation of cash circulation; virtual assets and digital money of the NBU – clear regulation to ensure monetary sovereignty; digital financial services are part of a digital country
The fifth goal: "Efficient central bank"	the voice of the NBU – strengthening the regulator's communications; development of institutional relations with stakeholders; international cooperation and exchange of expertise; European integration of the financial sector; effective operational activity; digital transformation of the NBU; human capital is the main asset of the NBU

In continuation of the above-mentioned issue, the scientific work of O. deserves attention. Unknown, who researched the possibilities of art banking as a tool of anti-crisis management in the conditions of the growing emergency of the economy and various types of upheavals.

The author proved that it is art assets that demonstrate exceptional stability prices in times of unstable political events, periods of wars and extreme situations, which increases interest in them as an alternative form of investment. The use of art banking as a tool of anti-crisis management is possible based on the use of Big Data technology,

which with the help of digital traces and portraits of clients will be able to advertise art banking and offer art investment options

From the author's point of view, the anti-crisis management system should contain the following subsystems: legal, informational and analytical organizational and managerial support. The subsystem of legal support consists of international standards of conducting banking business, basic principles of effective banking supervision, legislative acts, regulatory documents, internal instructions and regulations, anti-crisis programs.

Subsystem of information and analytical support: evaluation of anti-crisis measures of state management bodies; diagnosis of credit portfolio quality and credit risk; evaluation of the system provision of the resource base and others.

Subsystem of organizational and management support: training and advanced training of specialists in anti-crisis management; formation of crisis management and risk management units; conducting seminars, trainings.

Therefore, in the conditions of modern threats to the effective management of banks, it is important to have a well-formed and effective system of anti-crisis management, with the help of which bank management is able to anticipate, recognize and solve the most difficult management tasks in a timely manner, as well as ensure the stress resistance of the bank's functioning.

3.2. Strategy for improving anti-crisis management in the banking sector.

The modern financial sector faces a variety of risks and challenges that require effective management to ensure the stability of banking institutions. In the conditions of globalization changes, economic upheavals and unpredictable financial crises, anti-crisis management becomes an integral part of banks' strategy to preserve their viability and competitiveness. Therefore, improvement of anti-crisis management mechanisms is an important step on the way to minimizing financial losses and ensuring the stable operation of banks in crisis conditions.

Modern trends in this area include the introduction of innovative technologies, improvement of methods of forecasting crisis phenomena, integration of strategic risk management and development of complex models of financial stability. In addition, special attention is paid to improving internal management procedures, improving communications between divisions and increasing the flexibility of banking structures, which allows for faster adaptation to the changing economic environment. In this context, consideration of modern trends in the improvement of anti-crisis management becomes a key aspect for ensuring the effective functioning of the banking sector in the conditions of global economic changes.

The consequences of the development of banking crises are manifested in different ways. For an individual banking institution, this means the loss of customers, a market niche, and as a result, the reorganization or liquidation of the institution as such. For the banking system, this means loss of trust in financial market institutions, disruption of balance in the money and foreign exchange markets, emergence of imbalances in monetary circulation, withdrawal of deposits, etc.

As a rule, crises in the banking system are caused more by external shocks, when traditional methods of prudential regulation are not able to predict and respond in time to the influence of external factors. Moreover, shock events can occur in both financial and non-financial sectors.

In accordance with its regulatory and supervisory function, the state regulator is called upon to identify shortcomings and miscalculations not only in the financial management of a certain bank, but also to identify chain risks. For this purpose, the central banks of many countries conduct macroeconomic stress testing.

The National Bank of Ukraine publishes a list of the largest banks whose total assets account for more than 90% of all assets of the domestic banking system and conducts stress testing for them.

The role of stress testing in banking systems grew after the 2008-2009 financial crisis. Unfortunately, the next shock events for the banking system of Ukraine in 2014 were the annexation of Crimea and the start of hostilities in the east of Ukraine, which led to the loss of bank assets in these territories, as well as the crisis caused by the

spread of COVID-19 and a decrease in business activity in certain economic sectors. Without a doubt, 2022 has become a critical year, and commenting on the state of the market based on the results of the first half of 2022, representatives of the National Bank of Ukraine noted the following: "In order to maintain operational efficiency, banks must adapt their business models to work in crisis conditions, as well as properly reflect financial indicators to preserve the financial stability of the banking sector".

Therefore, it is necessary to adapt the existing business models of banks and to form and constantly improve the corresponding anti-crisis management systems in banking institutions.

In general, according to the NBU, as of August 2024, there are 62 solvent banking institutions in Ukraine, which earned a net profit of UAH 82.8 billion in 2023, an increase of UAH 60.9 billion. more than in 2022. It is worth noting that 43% of the sector's profit was generated by PrivatBank JSC. The NBU reports on the improvement of lending indicators, the growth of the banks' loan portfolio, and the decrease in the level of NPLs: "The share of non-performing loans (NPLs) decreased to 34.6% - by 1.5%. p. for the II quarter and for 4.4 c. p. per year", which "...is explained by the active increase in the volume of new loans and the write-off of older NPLs" [23]. However, on an annual basis, the dynamics of the level of penetration of the banking sector (including non-banking institutions) into the country's economy indicates a deterioration of the economic situation in general, which the NBU defines as "slow economic growth."

If the regulator manages through regulatory actions to maintain the appropriate level of stability of the banking system, which has accumulated capital and had current profitability, then individual banks may have their own, special market risks, which require the introduction of new approaches to improving the management system, focused on the application of anti-crisis management mechanisms.

Thus, "fast" innovations in banking can cause a crisis if they lead to the complication of credit debts, their securitization, deficiencies in the accounting of the fair value of unsecured loans, etc. Therefore, in the process of finding new management solutions for the application of anti-crisis management mechanisms, first of all, an

assessment of the bank's market position should be made from the point of view of the ability to withstand external challenges. The most successful methodological technique in this case is the matrix approach, in particular the well-known SWOT analysis. The basis of this method is the study of both opportunities and threats of the external (macro) environment of the bank, as well as monitoring of the strengths and weaknesses in the work of the banking institution itself, its competitive advantages that can be developed and strengthened, as well as shortcomings that need to be resolved (table 3.2).

Table 3.2

SWOT analysis of the bank's anti-crisis management system

Strengths	Weaknesses
<ol style="list-style-type: none"> 1. Development of cooperation with non-banks 2. Development according to the model of long-term partnership with foreign partners 3. Orientation to manufacturability in management banking business 4. High level of reputation 5. High-quality organization of work with personnel, providing opportunities for development personnel potential 6. Belonging to a certain investment financial group 7. The possibility to expand the range of services, provided by digitization 8. Sufficient financial stability 	<ol style="list-style-type: none"> 1. Insignificant business scaling 2. Insufficiently high level of profitability 3. Weak predictability of credit quality portfolio 4. Excessive concentration/diversification of the loan portfolio 5. Insufficient/excessive industry diversification of clients 6. The need to expand/narrow the regional network 7. Insufficiently developed system of risk-management that does not take into account anti-crisis scenarios 8. The need to supplement reserves due to the deterioration of the quality of the credit portfolio
Opportunities	Threats
<ol style="list-style-type: none"> Growing needs for remote customer service channels 2. Wide implementation of technological and technical innovations 3. Formation of demand for the development of electronic commerce 4. Maintaining a high level of qualification staff 5. Preservation of stable demand for traditional sales channels of banking products 	<ol style="list-style-type: none"> 1. Distortion in the growth of liquidity to the side state banks due to the implementation of state support programs and social payments 2. Growth of the discount rate 3. Growth in the value of deposits 4. Reduction of the cost of capital at the expense growth of problem debt 5. Increase in the rate of inflation 6. Increasing the discount rate 7. Fall in demand for credit resources 8. Change in the tax policy of the state regarding the taxation of banking profits 9. Fluctuations in the exchange rate of the national currency

The essence of the method is to formulate possible strategic steps, taking into account, if possible, the time horizon of planning, regional features of the bank's presence on the financial market, specialization, risk appetite, etc. It is quite obvious that the external factors that currently determine the state of the banking system in general and a specific bank in particular are decisive in terms of the degree of influence, as they can significantly affect the volumes, terms and structure of the bank's financial flows.

Considering a possible combination of the identified external and internal factors, based on the principle of SWOT analysis, it is possible to formulate recommendations for the formation of possible bank management strategies, placing them in four fields: (I – strengths/opportunities; II – strengths/threats; III – weaknesses/ opportunities; IV – weaknesses/threats).

Therefore, in order to improve anti-crisis management when combining factors in field I, we suggest including the following measures: introduction of the financial super-market model; segmentation of customers based on requests for services; differentiation of products and services "according to the client"; development of digital infrastructure; investing in new mobile applications and expanding their functionality; increasing the focus of attention on personalization of work with clients, as an important modern trend is "social value", when the client is involved in the development of new products.

According to the results of the SWOT analysis of factors, the following measures to improve anti-crisis management are considered appropriate in the II field: adaptation of banking products to work in the market with a weak economic situation; development of partnership programs based on cooperation with other market entities (for example, state banks) to reduce competitive pressure; transfer of free liquidity to low-yield, but less risky instruments; development of entertaining, "informal transactions"; activation of customer loyalty programs; reduction of time for operations and reduction of document flow.

The analysis of weaknesses and opportunities allows the following measures to be included in the anti-crisis management system: support of digital products, which will

allow expanding the client base even in the absence of physical banking institutions in certain regions; strengthening measures in the field of organization of cyber security of banking operations; development of "superapps" - applications with various broad services; working out the idea of the bank's ecosystem - as a union of partners and bank-related organizations; the formation of an anti-crisis "staff" - a group of managers with the most experience in dealing with crisis situations from various areas of the bank's work.

In the IV field, the most complex variant of the combination of factors, anti-crisis strategies are possible taking into account the following measures to improve management: introduction of systematic quality control of the credit portfolio; improvement of approaches to assessing borrowers' solvency; introduction of the "bank-client" model based on the development of partnership and client-oriented relations; increasing the availability of self-service terminals; increasing advertising activity on the Internet (expanding presence in social media); work with clients based on their age characteristics; understanding the "face" of the bank's top-grossing customers; breakdown of customers by targeted, promising groups for the sale of specific banking products

Thus, taking into account the current state of the economy and the situation in the banking system, the construction of the bank management system acquires a new meaning and should include: establishing anti-crisis priorities in the bank management system and determining the stages of improving the anti-crisis management of the bank with specification of their content. As for the issue of setting anti-crisis priorities, here we propose to put forward the problem of preserving and expanding the client base. As you know, every customer is valued, or wants to feel so, and expects personal service regardless of their status.

The content of the stages of improvement of the anti-crisis management system in a banking institution in modern conditions is presented in the diagram (Fig. 3.1).

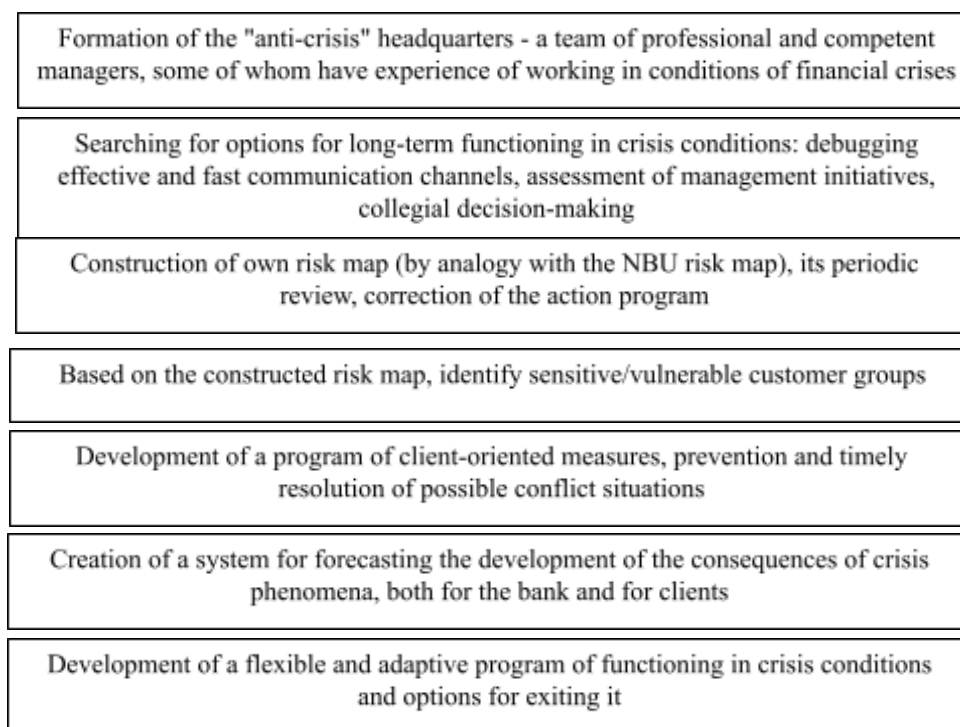


Fig. 3.1. Stages of improvement of the anti-crisis management system in the bank.

Also, taking into account the above analysis of the influence of factors of the external and internal environment of the bank, as well as, focusing on the client's expectations, we suggest that the priority areas of anti-crisis management include: the image of the banking institution (forming a positive reputation as a reliable partner for various groups of clients); resource provision (study of the quality of liability management in order to assess threats of loss of the resource base); asset management (assessment of potential threats of asset loss).

Thus, the improvement of the anti-crisis management system in banking institutions is based on the systematic monitoring of changes in external and internal environmental factors. Using matrix methods of analysis, it is possible to achieve carefully worked out measures of anti-crisis management, which will significantly improve the overall management of the banking institution and its stability in crisis situations. An important element of improving anti-crisis management in the bank is working with the client base, namely monitoring negative changes in the system of interaction with clients, observing the principles of a client-oriented approach. This is a

guarantee of maintaining the bank's position in the market of banking services. Additional measures that will contribute to a more complete implementation of a client-oriented approach in anti-crisis management are: CRM marketing and elements of situational marketing adapted to banking activity; benchmarking; anti-crisis PP; crisis reengineering.

3.3. Proposals for improving the risk management system of JSC "Ukreximbank"

In the conditions of an unstable economic situation and high risks accompanying banking activity, improvement of the risk management system is critically important for ensuring the stability and financial stability of Ukreximbank JSC. Effective risk management allows the bank to timely identify, assess and minimize potential threats that may negatively affect its activities. Proposals for improving this system are aimed at optimizing risk management processes, increasing the bank's transparency and adaptability to changing market conditions, which will eventually strengthen the bank's position and ensure its competitiveness on the financial market of Ukraine.

The risk management system is of key importance for ensuring the stable operation of the Bank, ensures proper identification, objective assessment of the Bank's risks, their continuous analysis, monitoring and control, and preparation of relevant information for making timely and adequate management decisions. The Bank's risk management system is comprehensive, built in accordance with the requirements of Ukrainian legislation and taking into account the systemic importance of the Bank, as well as the recommendations of the Basel Committee on Banking Supervision on risk management.

The Bank, including its management bodies, on an ongoing basis ensures the implementation of measures for the sustainable development of the risk management culture and the effectiveness of the functioning of the Bank's risk management system.

The risk management system of JSC "Ukreximbank" covers all significant types of risks that the bank is exposed to during its activities, namely:

- credit risk;
- liquidity risk;
- interest rate risk of the bank book;
- market risk;
- operational risk,
- compliance risk;

and includes the following components: organizational structure; risk management culture and code of conduct (ethics) of the bank; internal regulatory documents of the bank on risk management issues; tools for effective risk management in the bank; information systems that ensure the availability of risk management and reporting mechanisms.

The Bank's risk management system (hereinafter referred to as "RMS") is based on the division of responsibilities between all independent structural and separate divisions of the Bank using the model of three lines of protection. The subjects of the Bank's management system are: Supervisory Board; Risk Committee of the Supervisory Board; Rule; Board committees, in particular, the Credit Committee, the Small Credit Committee, the Asset and Liability Management Committee (ALMC), the Operational and Compliance Risk Management Committee; other collegial bodies of the Bank; Internal Audit Department (third line); The Chief Risk Manager (CRO) and the Risk Management Department (second line of defense); Chief Compliance Officer (CCO) and Compliance Control Department (second line of defense); Business - divisions and support divisions (first line of defense). The Supervisory Board bears overall responsibility for establishing and approving goals in the field of risk and capital management, as well as approving the risk management strategy. The composition of the Supervisory Board of the Bank is formed in accordance with the requirements of the legislation of Ukraine regarding the management bodies of state-owned banks. The second and third line of defense units and the Chief Risk Officer (CRO) and Chief Compliance Officer (CCO) report to and report to the Supervisory Board. They are staffed by appropriately qualified employees who ensure the effective performance of the functions and tasks of the respective departments.

Risk management is carried out at all organizational levels of the Bank, including by involving every Bank employee in the risk management process. The Bank's risk management system is regulated by a number of the Bank's regulatory documents on risk management issues, which cover the regulation of the entire risk management process (from risk identification to reporting) and the definition of general requirements (including organizational structure, strategic risk management goals, risk appetite level, etc.), as well as the detailing of methodological approaches and procedures for risk management. The Bank's regulatory documents on risk management (Risk Management Strategy, Risk Propensity Declaration, Business Recovery Plan, Business Continuity Plan, policies, methods, provisions/orders/procedures, etc.) are developed and updated by the Bank in accordance with the requirements of the resolution of the Board of the National Bank of Ukraine dated June 11, 2018 No. 64 (with amendments). Risk management in the Bank is carried out by determining (identification) and assessing risks; continuous and qualitative analysis of risks; determination and establishment of an acceptable level of risk; risk forecasting; estimates of the amount of capital taking into account the results of risk assessment and/or forecasting (including stress testing); constant monitoring and control of risks, including the values of relevant indicators/indicators/limits, if necessary, the development and implementation of measures to mitigate/reduce the level of risks; reporting on risks to the Bank's management, including To the Supervisory Board, the Risk Committee of the Supervisory Board, the Management Board and other collegial bodies of the Bank (daily, monthly, quarterly).

The Bank uses effective tools and models for risk management, including risk assessment tools and models, in particular, limiting, statistical and mathematical models, analysis of actual values of indicators and reasons for their significant changes, forecasting, etc. The Bank provides constant monitoring of risks, their indicators, as well as the actual implementation of measures aimed at mitigating risks and their effectiveness. Risk assessment systems and the reporting system. The tools and models used to assess a particular type of risk are determined based on the nature of the relevant type of risk, the requirements of the NBU's legal acts and banking practice regarding the

assessment/management of the relevant type of risk, as well as taking into account the current situation and (where relevant) actual values and forecasts for macroeconomic indicators. The Bank's risks are assessed using methods that are based on both expected losses, which are likely to occur under normal circumstances, and unforeseen losses, which are a preliminary estimate of the final actual losses based on statistical models. The models use probabilities derived from historical experience and adjusted to reflect the economic environment, including macro factors. In addition, the Bank works out crisis scenarios that will occur as a result of extraordinary events, the probability of which is very low, but the occurrence of which is potentially possible. The Bank also tests models based on data from previous periods and checks their adequacy. Risk monitoring and control is mainly carried out on the basis of indicators/limits established by the Bank, which reflect the level of risk acceptable to the Bank. In addition, the Bank monitors and evaluates the overall ability to withstand risks in relation to the cumulative impact of all types of risks and in all types of activities. Risk reporting is provided periodically to the Bank's Supervisory Board and the Risk Committee of the Bank's Supervisory Board (quarterly), to the Bank's Management Board and specialized committees of the Bank's Management Board (monthly), as well as to other users. Risk reporting is formed in such a way as to reflect accurate, complete, reliable, timely information on all significant risks of the Bank, the current state and the dynamics of their changes. Risk reporting includes all the necessary information so that the relevant collegial bodies and management bodies of the Bank can assess the significant risks of the Bank and the effectiveness of their management from a management point of view, draw appropriate conclusions and, if necessary, make appropriate management decisions. In case of violation of risk limits/indicators and a significant increase in risk (when the actual risk indicators approach the established limit values of risk appetite, limits), information about this is reported to the authorized collegial bodies of the Bank, including the Bank's Management Board and Supervisory Board.

Concentration risk Concentration occurs when several counterparties carry out the same economic activity or activity in the same geographical region or have similar economic characteristics that determine their ability to fulfill contractual obligations that

are equally affected by changes in economic, political or other conditions. Concentration indicates the appropriate sensitivity of the Bank's results to changes affecting a specific segment. In order to avoid excessive concentration of risks, regulatory documents defining approaches to the Bank's activities and procedures include specific instructions on focusing attention on maintaining a diversified portfolio. According to the detected concentration of risks, appropriate control and management is carried out. Credit risk The Bank is characterized by credit risk, which is the risk of non-fulfillment of obligations by counterparties in a timely manner and in full. Credit risk management is primarily aimed at ensuring the fulfillment of obligations by the Bank's debtors/counterparts in the form, volume and time period sufficient to maintain liquidity, profitability and capital adequacy ratios within the limits set by the Bank.

Credit risk management includes:

- carrying out a comprehensive, comprehensive and complete analysis of the debtor and the credit project, forming the conclusions of the Bank's specialized units and taking them into account when making a decision on issuing a loan/accepting a loan commitment;
- proper support of the system of credit authorities with differentiation of the levels of authority depending on the level of credit risk: the higher the risk, the higher the level of authority at which a decision is made regarding the implementation of a credit transaction/ acceptance of a credit obligation;
- providing loans or accepting credit obligations exclusively in accordance with the requirements of the law, the approved credit policy and other regulatory documents of the Bank;
- establishment and constant monitoring of compliance with credit risk indicators/limits;
- assessment of credit risk within the framework of determining the amount of credit risk in accordance with the requirements of the National Bank of Ukraine and assessment of the impairment of financial assets and the formation of a reserve for active banking operations in accordance with the requirements of IFRS and in adequate volumes;

- constant monitoring of credit risk at the level of individual loans/commitments, as well as sub-portfolios and the overall credit portfolio, including in dynamics with the definition of significant changes and analysis of their causes;

- maintenance and periodic updating of the Bank's methodology for credit risk management;

- support of the system of complex and complete reporting on credit risk with periodicity in accordance with the requirements of the law, including system of monitoring and escalation of detected violations of credit risk limits with the adoption of further decisions regarding measures to eliminate violations and control their implementation.

Individual credit risk Individual credit risk is a risk related to a separate credit transaction or the debtor and involves the possibility that the debtor will not be able to fulfill his obligations to the Bank in a timely manner and in full to repay the debt in accordance with the terms of the concluded agreements on the implementation of the credit transaction. It can also be defined as the probability of the Bank receiving losses from the debtor's failure to fulfill the terms of the credit transaction.

The Bank provides management of individual credit risk throughout the life cycle of a credit transaction, starting with the assessment of risk acceptability as part of the analysis of the debtor and the credit project, which precedes the implementation of the credit transaction, until the debtor fully fulfills all conditions and obligations under the credit transaction.

Individual credit risk management includes the following components: proper analysis of the debtor, including assessment of the financial condition, creditworthiness of the debtor, taking into account the influence of the group (if any) and assessment of the probability of default of the debtor according to the internal credit rating system, which is determined on the basis of financial data (quantitative characteristics) and non-financial data (qualitative characteristics) regarding the Bank's debtors/counterparts; proper analysis of the credit transaction, including comprehensive consideration of risk factors for the credit transaction, assessment of the possibility of its implementation, structuring of the agreement for the credit transaction in accordance

with the requirements of the Bank's regulatory documents; establishment and monitoring of individual credit limits; assessment, eligibility check and monitoring of collateral under a credit transaction; constant monitoring of the debtor's fulfillment of his own obligations to the bank, including ensuring constant monitoring of credit risk factors (hereinafter referred to as credit risk factors) within the framework of the early response system and working out issues of further work with debtors for whom credit risk was detected, making operational decisions regarding plans for further work with by such debtors and control over the implementation of the relevant plans; periodic credit review (credit review); the formation of a sufficient amount of the reserve for the decrease in the usefulness of financial assets for credit operations of debtors; continuous provision of effective work with debtors' problematic debt by the Bank's restructuring and collection unit specially created for this purpose (the appropriate reclassification of the debt into problematic in the event that the debt acquires signs of problem) for the full return of debt under credit operations (including debt accounted for in off-balance sheet accounting)), including measures to repay the debt through collateral and the use of other instruments claim and lawsuit work.

Portfolio credit risk is a risk whose source is the aggregate debt for the Bank's credit operations. It is characteristic of a group of credit transactions or debtors with similar credit characteristics, a sub-portfolio (in particular, a portfolio of loans, securities, receivables, etc.) or the Bank's general credit portfolio (for all credit transactions). Portfolio credit risk management is ensured by the Bank by implementing the components of individual credit risk management, and also includes: diversification of the credit portfolio and establishment of concentration limits in order to avoid the risk of deterioration of the quality of credit operations in the portfolio; setting other limits and indicators of credit risk by portfolio/sub-portfolios to control the Bank's credit risk; comprehensive monitoring of the credit portfolio, including monitoring of the structure of the credit portfolio, control of limits and indicators of credit risk and escalation in case of violations in order to make decisions on measures to mitigate/eliminate the influence of negative factors, as well as control and evaluation of their application; comprehensive, complete and periodic reporting on credit risk in accordance with the

requirements of the law (including the breakdown of sub-portfolios, groups and categories of debtors, etc., in dynamics and with the definition and analysis of significant changes).

Risks for obligations related to lending, the bank provides its customers with financial guarantees, under which the Bank may be required to make payments on behalf of the respective customers. These guarantees expose the Bank to risks similar to credit risks, which are reduced by applying similar control procedures and principles. The bank is obliged to make payment against the provision of documents that meet the terms of the letter of credit. Uncovered letters of credit expose the Bank to risks similar to credit risks, which are mitigated by applying similar procedures and control principles. In the case of displaying financial instruments at fair value, their amounts represent the current credit risk, but not the maximum risk that may arise in the future as a result of changes in value.

Liquidity risk is the probability of losses or additional losses or failure to receive planned income as a result of the Bank's inability to finance the growth of assets and/or fulfill its obligations in due time. The main goal of liquidity risk management is to ensure the Bank's unconditional ability to fulfill its obligations within the established terms by maintaining acceptable (manageable) liquidity gaps. The main tasks of liquidity risk management are: - determination and observance by the Bank of an acceptable level of liquidity risk in accordance with the Bank's strategic goals; - formation of a sufficient amount of highly liquid assets for the Bank to fulfill its obligations; - a thorough assessment of inflows and outflows of funds according to contractual and expected terms until repayment (including taking into account the application of various behavioral models); - assessment of the impact of the implementation of various stress scenarios on the inflows and outflows of funds; - planning, making timely decisions in order to prevent the occurrence, implementation of measures to mitigate liquidity risk; - compliance with liquidity standards and liquidity risk limits. Liquidity risk management is carried out as follows: - on a long-term basis, aimed at ensuring an adequate level of liquidity in the short- and long-term; as well as - on a short-term basis, aimed at ensuring an adequate level of immediate and current

liquidity, taking into account possible and unforeseen changes in cash flows. Liquidity risk management includes determining acceptable levels of maturity gaps (by currency), as well as: - setting target (optimal and acceptable for the Bank), critical (unwanted, but manageable) and marginal (requiring immediate actions) levels of key values of liquidity risk ; - constant monitoring of actual key indicators of liquidity risk; - taking appropriate corrective actions if key indicators of liquidity risk reach their critical and/or limit values. In addition to the above, the Bank assesses liquidity based on certain liquidity ratios established by the NBU.

The Bank considers market risk as a combination of interest and currency risks, i.e. the inability to ensure the excess of income (including interest income) over expenses (including interest expenses) in currencies in the amount necessary to fulfill the Bank's obligations and maintain liquidity and capital adequacy risks within the limits, acceptable to the Bank.

The Bank considers interest risk as the inability to ensure the excess of interest income over interest expenses in the amount necessary to fulfill the Bank's obligations to pay interest and maintain liquidity and capital adequacy risks within the limits acceptable to the Bank. The Bank believes that the main source of interest risk is the discrepancy between interest income and interest payments by amounts and dates. The Bank considers interest rate risk management as an integral part of the Bank's activities, including the negative impact of internal and external factors.

Interest rate risk management is aimed at ensuring that interest income exceeds interest expenses in the amount necessary to fulfill the Bank's obligations to pay interest and maintain liquidity and capital adequacy risks within the limits acceptable to the Bank, and is carried out by: - establishing a target (optimal and acceptable for the Bank), critical (unwanted, but manageable) and marginal (requiring immediate action) key interest rate risk values; - constant monitoring of actual key indicators of interest rate risk; - taking effective measures if interest rate risk indicators reach their critical and/or limit value.

The main tasks of interest rate risk management are:

- determination and observance by the Bank of an acceptable level of interest risk in accordance with the Bank's strategic goals;
- provision of an optimal interest gap based on risk appetite;
- assessment of interest gaps and sensitivity of the Bank to changes in interest rates;
- planning, making timely decisions in order to prevent the occurrence, implementation of measures to mitigate the interest rate risk;
- assessment of the impact of the implementation of various stress scenarios on indicators of the bank's sensitivity to changes in interest rates.

The sensitivity of the separate profit and loss statement reflects the impact of permissible changes in interest rates on the bank's net interest income for one year, determined on the basis of the floating interest rate on non-trading financial assets and financial liabilities available as of the reporting date.

The Bank considers currency risk as the inability to ensure that the inflow of funds in foreign currency exceeds the outflow of funds in foreign currency (by currency) in the amount necessary to maintain the risks of liquidity and capital adequacy within the limits acceptable to the Bank. The Bank believes that the main source of currency risk is the inconsistency of foreign currency exchange rate fluctuations.

Currency risk management is aimed at ensuring that cash inflows in foreign currency exceed cash outflows in foreign currency in an amount acceptable to the Bank and necessary to maintain liquidity and capital adequacy risks within the limits acceptable to the Bank, and is carried out by:

- establishment of target (optimal and acceptable for the Bank), critical (unwanted, but manageable) and marginal (requiring immediate actions) key values of currency risk;
- constant monitoring of actual key indicators of currency risk;
- taking effective measures if the currency risk indicators reach their critical and/or limit values.

The main tasks of currency risk management are: - determination and observance by the Bank of an acceptable level of currency risk in accordance with the Bank's strategic goals; - assessment of the Bank's sensitivity to currency risk (the impact of changes in foreign exchange rates); - assessment of the impact of the implementation of various stress scenarios on the Bank's currency risk level; - planning, making timely decisions in order to prevent the occurrence, implementation of measures to mitigate currency risk; - compliance with currency risk limits, including regulatory

The Bank creates an effective operational risk management system with the aim of minimizing the negative effect of losses due to the realization of operational risk events and minimizing the probability of the realization of operational risk events in the future, ensuring stable and continuous operation of the Bank, interaction of the Bank's divisions at all organizational levels on matters of operational risk management and implementation of operational risk management culture.

The Bank ensures the implementation and constant support of the processes of identification, assessment, response and monitoring of manifestations of operational risk. In order to identify and measure operational risk, JSC "Ukreximbank" uses mandatory and additional tools in accordance with the requirements of the National Bank of Ukraine and best practices in operational risk management.

The bank assesses operational risk taking into account its interrelationship and impact on other risks inherent in the bank's activities. The Bank has created an extended list of internal regulatory documents that define the general requirements for the construction of the Operational Risk Management System and applied approaches to the use of specialized tools.

The Bank uses the following specialized operational risk management tools:

- collection of internal data on operational risk events;
- collection of external data on operational risk events;
- collection of data on legal risk events
- assessment of the quality of processes and risks;
- analysis of operational risk scenarios;
- stress testing of operational risk;

- key risk indicators.

The Bank manages the risks of project activities (including significant changes in activities) by providing expert opinions. The Bank analyzes internal regulatory documents in terms of identifying process risks, evaluating the design of control procedures, and integrating relevant controls.

In order to ensure the implementation of the culture of operational risk management and the culture of the internal control system at all organizational levels, the bank must carry out continuous training of employees and provide consulting support in order to obtain sufficient knowledge on the management of relevant risks, including for the correct and timely identification, analysis, taking measures and reporting on issues of operational risk management. The Bank is constantly working on improving the operational risk management system and the internal control system, including implementation/bringing it into line with the regulatory legal acts of the National Bank of Ukraine, taking into account international standards and recommendations on managing relevant risks.

The Bank's strategy regarding its ability to withstand extraordinary events consists in preventive planning of measures to ensure the stability/restoration of the Bank's activities, which cover a certain range of potential events that disrupt the Bank's target course of activity. This strategy is implemented by implementing requirements in the Bank to provide the Bank's customers and creditors, the Bank's sole shareholder in the form of the state, counterparties and regulatory bodies with reasonable confirmations of the Bank's ability to ensure its stability or restore the operation of its processes at a predetermined level of productivity in the event of extraordinary events.

Achieving the Bank's strategic goals regarding its ability to withstand extraordinary events is ensured by implementing/adhering to the requirements of the relevant strategic components:

The strategic components of the business continuity management system are:

- Determination of the Bank's critical processes and the units involved in them.

The responsible employees of the Bank determine the list of processes of the identified divisions that are directly involved in achieving the strategic goals of the Bank;

- Determination of key resources necessary to ensure the target course of the Bank's critical processes. The responsible employees of the Bank determine the list of types of key resources necessary to ensure the targeted course of processes of divisions that are directly involved in achieving the Bank's strategic goals, and metrics of their availability / recovery;

- Identification of key risks that pose a threat to the targeted course of the Bank's critical processes.

The responsible employees of the Bank define a list of key scenarios of unfavorable development of events, disruption of business continuity, which may negatively affect the targeted course of processes of divisions that are directly involved in achieving the bank's strategic goals.

Fulfillment of the key goals of the bank to ensure its ability to withstand extraordinary events is formed on the basis of priorities (in descending order): - health and safety of bank employees; - minimization of the bank's financial losses in the event of a disruption of the bank's business continuity; - protection of information and material resources of the bank; - reducing the negative consequences of the event of disruption of the continuity of the bank's activities on its activities, in particular, but not limited to: its reputation, the ability to carry out certain operations, liquidity, asset quality, market position and the bank's ability to fulfill the requirements of the current legislation of Ukraine, including regulatory and legal Acts of the NBU, the bank regulates the main approaches to the recovery of operations after the implementation of an emergency situation in the form of a Plan for ensuring the continuous operation of the bank.

The specified Plan is a set of applied requirements for the restoration of the Bank's activities, presented at three levels: Level 1. Plans for the restoration of the Bank's resource availability; Level 2. Plans for the recovery of the Bank's divisions; Level 3. Plans for the recovery of the Bank's activities (Plan for ensuring the continuity of the Main Bank's activities and Operational plan for response in the event of the expansion of the military conflict zone in the regions of Ukraine).

Therefore, improving the risk management system of JSC "Ukreximbank" is an important step for increasing the effectiveness of risk management and ensuring the bank's financial stability. The proposed changes are aimed at increasing the bank's ability to quickly respond to external challenges, improving internal processes and optimizing risk management. This will allow the bank to cope more effectively with crisis situations, maintain the trust of clients and strengthen its competitive position in the banking market of Ukraine.

CONCLUSIONS

The research carried out in the work allows us to draw the following conclusions.

Anti-crisis management in banking institutions is a specific field of activity aimed at overcoming crisis phenomena and preventing their occurrence. Each type of management should have an anti-crisis aspect, especially during the transition of the bank into the crisis phase. Ignoring this approach can lead to serious negative consequences, while taking it into account contributes to a smoother passage of crisis situations.

Banking activity is accompanied by numerous internal and external threats that can lead to significant losses. Therefore, commercial banks must constantly monitor potential threats and take measures to neutralize them. Insider threats are specific to each institution, which allows them to be controlled and minimized. Since it is impossible to completely avoid threats, it is important to learn how to effectively manage them, in particular, to detect and identify them in a timely manner.

Improving anti-crisis management, especially in the context of internal threats, requires modern methods, such as the creation of bridge banks and the use of international experience in working with troubled banks. It is also important to improve the assessment of the financial reliability of banks and monitor their problems to prevent bankruptcy. The key factors of anti-crisis management remain the monetary policy and banking supervision of the NBU, as well as the transformation of the banking system in accordance with the requirements of Basel III and the introduction of digital technologies.

The unsatisfactory state of commercial banks in Ukraine indicates the imperfection of anti-crisis management. The work examines the change in the business model of banks, where the retail segment remains a priority due to high demand and growing profitability. The reduction of transaction costs will have a positive effect on the formation of anti-crisis programs. The use of economic and mathematical models

will help banks to create effective anti-crisis management tools, balancing between profitability, liquidity and stable development.

It has been proven that the improvement of the anti-crisis management system in banking institutions is based on the systematic monitoring of changes in external and internal environmental factors. Using matrix methods of analysis, it is possible to achieve carefully worked out measures of anti-crisis management, which will significantly improve the overall management of the banking institution and its stability in crisis situations. An important element of improving anti-crisis management in the bank is working with the client base, namely monitoring negative changes in the system of interaction with clients, observing the principles of a client-oriented approach. This is a guarantee of maintaining the bank's position in the market of banking services. Additional measures that will contribute to a more complete implementation of a client-oriented approach in anti-crisis management are: CRM marketing and elements of situational marketing adapted to banking activity; benchmarking; anti-crisis PP; crisis reengineering.

Improving the risk management system of JSC "Ukreximbank" is an important step for increasing the effectiveness of risk management and ensuring the bank's financial stability. The proposed changes are aimed at increasing the bank's ability to quickly respond to external challenges, improving internal processes and optimizing risk management. This will allow the bank to cope more effectively with crisis situations, maintain the trust of clients and strengthen its competitive position in the banking market of Ukraine.

Therefore, the formation of effective anti-crisis management in banking institutions is a key prerequisite for creating a stable environment for their development and determines the stability of the entire banking system of the country. Optimization of this direction of management should become an integral part of the process of building the most effective management system in banks.

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