

Kyiv National University of Trade and Economics

Banking department

FINAL QUALIFYING PAPER

on the topic:

Preventive anti-crisis measures system in case of bankruptcy of a financial institution

Student of the 2nd year, group 10am,
specialty 072 «Finance, banking and
insurance»
specialization «Financial
intermediation»

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Task
for a final qualifying paper
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Purpose of the paper (project): study the theoretical foundations and justification of the practical features of the formation of preventive anti-crisis measures system of financial institutions on the example of the bank.

Object of the research: system of preventive anti-crisis measures in case of bankruptcy of a financial institution

Subject of the research: peculiarities of the formation of the system of preventive anti-crisis measures in case of bankruptcy of a financial institution on the example of the bank JSC "Privatbank".

6. Time schedule of the paper

No.	Stages of a final qualifying paper	Terms of a final qualifying paper	
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4.	Part II. List of sources used (references)	21.06.2021	
5.	Part III, Introduction, Conclusions, References	01.10.2021	
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9.	Public FQP' protection in the examination commission		

7. Date of receiving the task _____, _____, 20____.

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11. Resume of a scientific adviser of a final qualifying paper

The final qualifying paper, completed by the student Romanenko Inna, was performed about the very relevant topic “Preventive anti-crisis measures system in case of bankruptcy of a financial institution”.

While working on research the student used all the knowledge and practical skills which acquired while studying at The Master’s program “Financial intermediation”.

The final qualifying paper contains research of theoretical principles of the system of preventive anti-crisis measures in case of bankruptcy of a financial institution, analysis of the causes of bankruptcy of domestic financial institutions, research the preventive anti-crisis measures in case of bankruptcy of the Ukrainian bank “Privat bank” and investigation the foreign experience of preventive anti-crisis measures in case of bankruptcy of the bank or financial institution.

The main achievement of the work is the developed proposals and suggestions about the key directions for improving the system of preventive anti-crisis measures in case of bankruptcy of financial institution.

The final qualifying paper includes a sufficient number of graphic elements (tables, figures) that demonstrate the results of the study and the relevant substantiated conclusions.

Summing up, the final qualifying paper was structured according to the general requirements for such work and may be recommended for its protection in exam commission, and the student Romanenko Inna deserves the excellent grade.

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12. Resume about a final qualifying paper

A final qualifying paper of the student Romanenko Inna _____

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INTRODUCTION

Actuality of the topic. Each bank tries to reduce the negative impact of these risks and ensure financial stability by applying crisis management. During the last years, the activity of banks in Ukraine has been accompanied by an increased level of risk and deterioration of their financial stability due to accelerated outflow of resources, deterioration of asset quality, devaluation of the national currency, etc. It is for these reasons that there is a growing interest in the issues and features of crisis management, because their solution will improve and strengthen the banking system as a whole.

Preventive anti-crisis management is an important criterion of financial stability and security of the banking system, determining the parameters of its resource provision. In terms of overcoming the effects of the crisis in Ukraine's economy at the present stage, the key to optimizing the activities of domestic banks is to increase their financial stability as an important factor in ensuring the sustainable operation and development of banking, as a sufficient resource base is a necessary condition for their ability to lend. sector in accordance with the needs of economic development, regardless of possible disturbances in the financial environment. After all, due to the timely response to crisis situations, the bank can avoid significant losses, which is especially important during the crisis in the financial market. The importance of developing preventive anti-crisis measures is also determined in the context of economic crises and the formation of growing risks of turbulence in financial markets. Given the current situation in the world and domestic economy caused by the coronavirus pandemic, the problem of increasing the areas of capital adequacy of banks is particularly significant.

A lot of scientific papers are dedicated to the issues of development the crisis management in financial sector of Ukraine. This problem was studied by follow scientists: Buchko I.E. [6], Dyachkova Y.M. [9], Kryuchko L.S. [14], Kryvych Y.M. [15], Kuznetsova A., Azarenkova G. [16], Manjos S.B. [17], Migus I.P., Karpova

K.V., Koval J.S. [18], Narogan V.V. [19], Oliynyk A.V. [20], Oshiyko A.A. [29], Pavlenko L.D., Semenets V.P. [30], Pavlyuk O.O. [31], Pilguy S.S. [32], and others. Theoretical approaches at crisis management development of financial institutions are generally disclosed in a sufficient scientific level. However, despite the significant scientific results obtained by scientists, it should be noted that further research is needed on the development of preventive anti-crisis measures in a turbulent economy.

The **purpose** of the final qualifying work is to study the theoretical foundations and justification of the practical features of the formation of preventive anti-crisis measures system of financial institutions on the example of the bank.

To achieve this goal, the following **tasks** are set:

- to consider the theoretical and methodological principles of the system of preventive anti-crisis measures in case of bankruptcy of a financial institution;
- to analyze the causes of bankruptcy of domestic financial institutions;
- to carry out research of preventive anti-crisis measures in case of bankruptcy of a financial institution;
- to consider foreign experience of preventive anti-crisis measures in case of bankruptcy of financial institutions;
- to substantiate proposals to improve the system of preventive anti-crisis measures in case of bankruptcy of financial institutions.

The **object** of the final qualification work is a system of preventive anti-crisis measures in case of bankruptcy of a financial institution.

The **subject** of the final qualification work are the peculiarities of the formation of the system of preventive anti-crisis measures in case of bankruptcy of a financial institution on the example of the bank JSC "Privatbank".

Research methods. Various general and special research methods were used to solve the tasks set in the work. The work is based on a systematic approach, which made it possible to consider the essence and features of the formation of a system of preventive anti-crisis measures in case of bankruptcy of a financial institution. Methods of analysis and synthesis are used to determine the characteristics of the

dynamics of the indicators of the bank JSC "Privatbank". The structural-functional method made it possible to substantiate the directions of improving the system of preventive anti-crisis measures in case of bankruptcy of a financial institution.

The **information base** of the research is legislative and normative-legal acts, scientific works of domestic and foreign scientists on bank management and liquidity management, normative-legal acts, in particular instructions of the NBU, information-analytical and periodicals, materials.

The practical value of the research results. The final qualification work contains proposals to improve the quality and efficiency of the system of preventive anti-crisis measures in case of bankruptcy of a financial institution.

Publications. According to the results of the final qualifying work, an article was published: Romanenko I.D. Theoretical basics of anti-crisis management in Ukrainian banking sector. *Financial institutions in the context of global imbalances: a collection of scientific articles by students / resp. ed. N.Shulga* – Kyiv: Kyiv National University of Trade and Economics, 2021 – 86-87p.

Approbation of research results. The results of the research became the basis for a report at the scientific conference "Integration process of insurance market in Ukraine into the global financial space". Financial policy in the context of economic transformation: Section 1. Financial markets and institutions the challenges of time: abstract of the report. Stud. Science. conf. (Kyiv, November 17, 2021): Kyiv: Kyiv. nat. trade and economy University, 2021.

Volume and structure of work. The work consists of an introduction, three sections, conclusions and a list of sources used. The total volume of the work is 62 pages. The list of used sources consists of 50 items.

CHAPTER 1

THEORETICAL FUNDAMENTALS OF THE PREVENTIVE ANTI-CRISIS MEASURES IN CASE OF BANKRUPTCY OF A FINANCIAL INSTITUTION

The formation of the theoretical basis for the formation of a system of preventive anti-crisis measures took place together with the development of economic knowledge. The driving factor in the development of crisis management theory were periodic crises, which forced many entrepreneurs to reconsider the philosophy of business management, and provided economists with a basis for analyzing existing methods of crisis management. In the modern economic literature there are different approaches to determining the content of the studied concept depending on the peculiarities of the use of techniques and tools of crisis management in the enterprise management system.

Some basic approaches to the definition of crisis management are grouped and presented in table. 1.1

Table 1.1

Scientific approaches to defining the essence of crisis management of the financial institution

№	Author	Definition
1	Kryuchko L.S. [14]	system of management measures to diagnose, prevent, neutralize and overcome crises and their causes in relation to the financial and economic activities of the financial institution
2	Buchko I.E. [6]	economic relations arising from the diagnosis, prevention, neutralization and overcoming of crisis phenomena at both macro and micro levels
3	Pshyk B.I. [35]	system of management measures to diagnose, neutralize and overcome crisis phenomena and their factors at the macro-, meso- and micro-levels of the economy
4	Manjos S.B. [17],	set of interconnected and interdependent restrictions, principles, processes, procedures and measures of public authorities, central financial institution and management of individual financial institutions aimed at achieving effective functioning as a whole financial system
5	Dyachkova Y.M., Shvetsova I.V. [9]	methods and forms of management used in crises to improve the economic and financial performance of the bank and its recovery from the crisis
6	Zhovtanetska Ya. V. [49]	a set of tools and techniques to prevent crises and create the conditions for overcoming their consequences

continue the table 1.1

№	Author	Definition
7	Oliynyk A.V. [20]	a system of measures to overcome the negative consequences of the crisis that has already arisen; a set of tools for reorganization of the bank through the implementation of bankruptcy and reorganization
8	Oshiyko A.A., Tatyanina S.M. [29]	a set of special management decisions aimed at preventing and overcoming financial crises, as well as minimizing their negative financial consequences for the bank's activities
9	Pavlenko L.D., Semenets V.P. [30]	system of measures for making appropriate management decisions aimed at overcoming the negative consequences of the crisis

* Source: compiled by the author on the basis [14, 6, 35, 17, 9, 49, 20, 29, 30]

Buchko I.E. [6], Dyachkova Y.M., Shvetsova I.V. [9] believe that anti-crisis management means management tools used in crises to improve the economic and financial performance of the bank, which increases the likelihood of overcoming the negative effects of the crisis. In addition to the above, according to Zhovtanetska Ya. V. [49] and Oliynyk A.V. [20], anti-crisis management involves the implementation of measures to prevent crisis situations, as well as the formation of the necessary prerequisites to overcome the consequences of crisis events.

In contrast to previous approaches, Kryuchko L.S. [14], Oshiyko A.A., Tatyanina S.M. [29], Pshyk B.I. [35] among the definitions of crisis management is a somewhat narrow understanding of this process, which is to manage in a crisis, the way out of which is possible only through the bankruptcy of the financial institution with its subsequent reorganization [35]. According to the authors, anti-crisis management is considered only from the standpoint of overcoming the consequences of the crisis and does not include a set of preventive measures. Migus IP, Karpova K.V., Koval J.S. [18] and Pilgui S.S. [32] also support this view and believe that crisis management also applies exclusively to crisis management, which aims to overcome difficulties and overcome the crisis situation.

An expanded understanding of crisis management is provided by Manjos S.B. [17], Pavlenko L.D. and Semenets V.P. [30], who consider it a set of principles and methods of development and implementation of a set of special management decisions aimed at preventing and overcoming financial crises, as well as minimizing their negative financial consequences for the activities of a financial institution [7].

The most complete, in our opinion, the definition implies that crisis management - a system of management measures to diagnose, prevent, neutralize and overcome crises and their causes in relation to the financial and economic activities of the financial institution [8].

Thus, we can conclude that in the modern economic literature there are two main approaches to defining the essence of crisis management in financial institutions, which involve the use of:

- anti-crisis measures to bring a separate financial institution out of the crisis;
- a set of actions not only to overcome the crisis, but also to timely diagnose, prevent and neutralize the crisis, as well as to ensure further positive development of the financial institution.

Given the completeness, complexity and strategic orientation of the second approach, it should be considered as the main approach to defining the essence of crisis management of a financial institution and the banking system as a whole.

In particular, Manjos S.B. considers anti-crisis management of financial activities as a set of interconnected and interdependent restrictions, principles, processes, procedures and measures of public authorities, central financial institution and management of individual financial institutions aimed at achieving effective functioning as a whole financial system, and a separate financial institution [6].

Dyachkova Y.M. and Shvetsova I.V. defines anti-crisis management of a financial institution as a set of means and measures of legal, organizational and financial nature, which are aimed at identifying and preventing crisis situations in the financial institution, restoring its liquidity, solvency, competitive position in the market and ensuring long-term financial stability [9].

According to Oshiyko A.A. and Tatyana S.M. anti-crisis management of a financial institution is a system of management measures to diagnose, neutralize and overcome crisis phenomena and their factors at the macro-, meso- and micro-levels of the economy in order to minimize losses from the crisis and create conditions for further financial development. establish [29].

Scientist Oliynyk A.V. argues that crisis management of a financial institution is a set of measures to identify factors that cause the crisis, prevention, timely diagnosis, prevention and neutralization of crisis phenomena, aimed at achieving the goals of a commercial financial institution, its strategy and progressive development [20]. The same position can be traced in the publications of Ivanytska OM., who believes that crisis management is a set of methods and techniques to identify crises, prevent them, overcome their negative consequences, smooth out the crisis [11].

Pavlenko L.D. and Semenets V.P. interprets anti-crisis management of a financial institution as a set of economic relations arising from the diagnosis, prevention, neutralization and overcoming of crisis phenomena at both macro and micro levels [30].

Thus, a review of existing theoretical approaches to disclosing the essence of the concept of "crisis management of banks" shows the lack of a unified approach to the interpretation of this economic concept.

Summarizing the existing scientific approaches, anti-crisis management of financial institutions, in our opinion, should be considered as a system of measures in which the subject of crisis management through forms, methods, levers and tools to identify, prevent, neutralize and minimize crises, ensuring effective functioning financial institutions based on a risk-oriented approach.

The analysis of scientific approaches to defining the essence of the concept of crisis management makes it possible to find that most scientists under crisis management interpret a set of measures, actions in a situation of crisis at the enterprise. At the same time, scientists assign an important role in the content of crisis management to the procedures of crisis diagnosis and the formation of measures to overcome it.

Taking into account the opinions of various authors, as well as based on their own conclusions, the following improved definition of crisis management was proposed, which, unlike the existing ones, takes into account the main task of crisis management - overcoming contradictions in the financial system - and the depth of crisis. This allowed to develop a conceptual approach to crisis management of the

enterprise, according to which it should be carried out in certain business processes of the financial institution. These scientific achievements should be the basis for developing an effective mechanism for crisis management in a modern enterprise.

The peculiarity of crisis management is that the crisis is seen as an inevitable stage in the development of the economic entity. The objective nature of the crisis in financial institutions reflects not only the regularity of its cyclical manifestation, but also the possibility of its successful resolution.

Thus, crisis management is a process of preventing or overcoming a crisis. This definition combines two components of crisis management: prevention of the crisis and overcoming the crisis. In this sense, the art and professionalism of business management is to anticipate and prevent problems that may be caused by others, thereby provoking risks and crises.

Since crises are inevitable, the main content of crisis management is revealed in the following provisions [21]:

- crises can be predicted, accelerated, postponed and mitigated;
- crises can be prevented in a sense;
- crisis processes can be managed to a certain extent;
- it is necessary to prepare for crises (creation of anti-crisis groups, departments).

The subjects of anti-crisis management of the enterprise within the management system include: shareholders of the financial institution, top management of the financial institution, line employees, representatives of contact auditors (external stakeholders and other government agencies). Objects of anti-crisis management are currently socio-economic systems of various levels, including individual entrepreneurs, small and medium-sized businesses, large companies and business networks, the economies of cities, municipalities, regions and countries.

The main areas of crisis management at the level of the business entity are constant monitoring of the financial and economic condition of the financial institution, development of new forms of management, financial and marketing

strategies, reduction of fixed and variable costs, increasing productivity, attracting funds, strengthening staff motivation [16].

The main principles of preventive measures of crisis management include (Fig. 1.1):

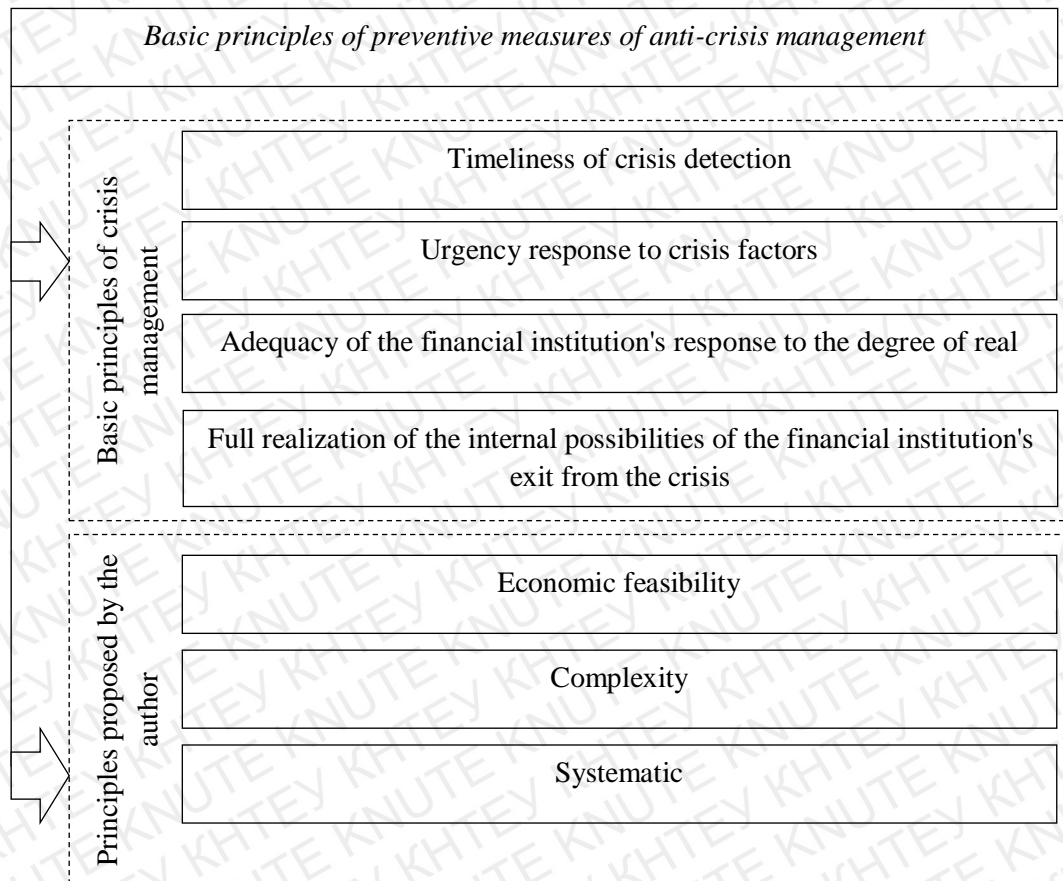


Fig. 1.1. Basic principles of preventive measures of anti-crisis management

* developed by the author on the basis of [18]

The principle of early diagnosis of crisis phenomena in the economic and financial activities of a financial institution is very important given that the crisis in the enterprise threatens the very existence of the financial institution and is associated with significant losses of capital of its owners. The possibility of a crisis should be diagnosed at the earliest stages in order to timely use the possibilities of its neutralization.

The urgency of responding to crisis phenomena is defined as the flexibility to respond to signs of crisis. Each crisis phenomenon that arises tends not only to

expand with each new economic cycle, but also generates new accompanying crisis phenomena. Therefore, the sooner anti-crisis mechanisms are applied, the more opportunities the company will have to overcome the crisis [9].

The adequacy of the financial institution's response to the degree of real threat to its financial equilibrium is due to the fact that the system of mechanisms to neutralize the threat of bankruptcy is largely associated with financial costs or losses. The level of these costs and losses must be adequate to the level of threat to the existence of the financial institution. Otherwise, either the expected effect will not be achieved (if the action of the mechanisms is insufficient), or the company will incur unreasonably high costs (if the action of the mechanism is excessive) [18].

The full realization of the internal possibilities of the financial institution's exit from the crisis is to combat the threat of intensification of the crisis. The company must rely solely on internal financial capabilities.

The analysis of the scientific literature allowed us to identify three additional basic principles of crisis management, which include economic feasibility, complexity and systematization. The principle of economic feasibility is manifested in the fact that the system of anti-crisis measures must be provided with comparable costs for their implementation. If the costs of overcoming the crisis are higher than the positive effects of crisis management, the effects of the crisis will only intensify. The principle of complexity involves the simultaneous use of different methods of overcoming the crisis, which were chosen as the most effective for the financial institution. Also, anti-crisis measures in accordance with this principle should have not a local but a broad impact on all business processes of the financial institution. The principle of systematization is the need for systematic implementation of anti-crisis measures, which will ensure their effectiveness [6].

Summarizing the approaches of the problem, we can conclude that most fully reflects the essence of preventive measures of crisis management, there is a systematic approach to the concept of preventive measures of crisis management, when it is considered as a set of measures from preliminary diagnosis of the crisis to methods to eliminate and overcome [18].

Revealing the theoretical content of preventive measures of crisis management, it is important to highlight its individual stages (Fig. 1.2).

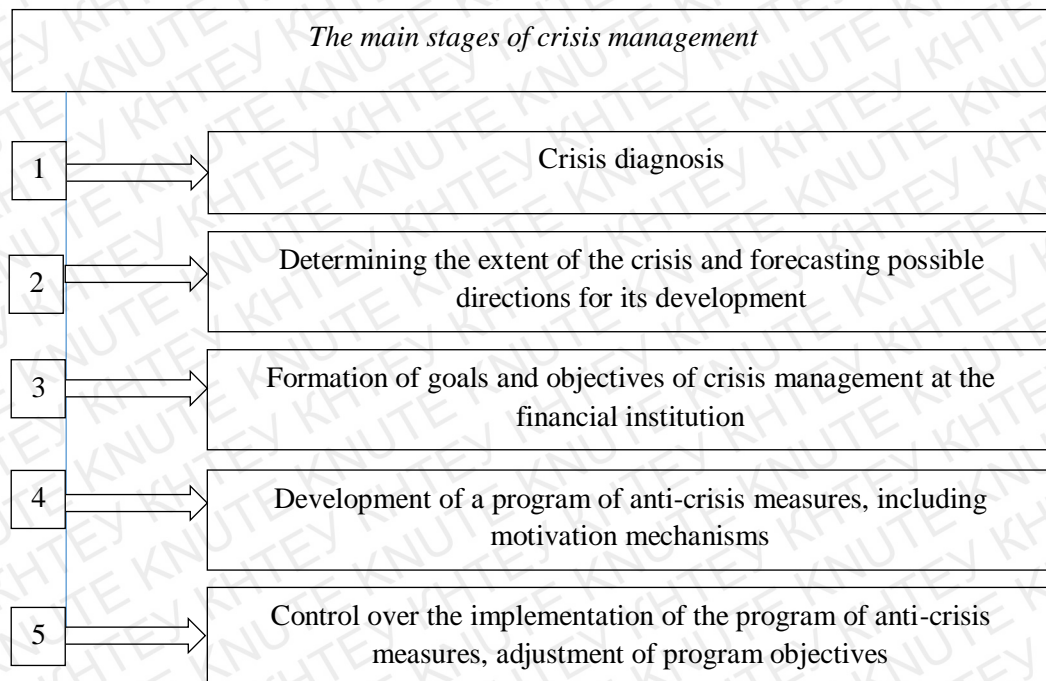


Fig. 1.2. The main stages of preventive measures of crisis management of the financial institution

* compiled by the author according to [18]

At the first stage it is important to diagnose the crisis of the financial institution, identify signs of crisis, taking into account the assessment of external and internal environment of the industrial financial institution, establishing the causal links of the crisis and their impact on financial institutions.

At the next stage, determining the extent of the crisis and forecasting possible directions for its development provides an opportunity, based on a comparison of actual values of financial indicators with planned and regulatory, to determine the extent of the crisis on the financial condition of the financial institution. In addition, at this stage it is important to determine the direction of the crisis on the financial condition of the financial institution, as well as to identify factors that directly affect the volume of the crisis and those that may indirectly affect the activities of the financial institution. The assessment of the first group of factors will allow to identify

problem areas in the activities of the financial institution, and the second - to prepare in advance for possible risk situations and to adjust the activities accordingly [30].

Full assessment of the volume, causal links of the crisis creates an opportunity to form the goals and objectives of preventive measures of crisis management of the enterprise, in accordance with which the adjustment of various business processes and areas of activity, as well as reducing and neutralizing economic and technological risks and crises. may directly or indirectly affect performance. At this stage, it is important to identify a number of risks that affect the economic activity of the financial institution.

At the fourth stage, a program of anti-crisis measures is being developed to overcome the consequences of the crisis and prevent its recurrence in the future. It should include a detailed list of actions and measures of preventive measures of anti-crisis management, including elements of motivation of the personnel for performance of actions.

In the fifth stage, the implementation of the anti-crisis program is monitored. Based on the results of the control, the tasks of the program are adjusted [29].

Thus, crisis management is a process of preventing or overcoming a crisis. This definition combines two components of preventive measures of crisis management: prevention of the crisis has not yet come and overcoming the crisis has already come. The subjects of the system of preventive measures of crisis management are certain persons who have the knowledge, endowed with special competence and the necessary resources, and who carry out targeted actions to ensure the implementation of the tasks of this system. Anti-crisis management is carried out in the following areas: the allocation of priority approaches in economic activity, ie a kind of growth points that help increase business activity; reasonable forecasting of resource provision; organization of analysis and control of anti-crisis measures at the enterprise.

At the macroeconomic level, the main subjects of preventive measures of crisis management of financial institutions are the National Bank of Ukraine, the Cabinet of Ministers of Ukraine, the Verkhovna Rada of Ukraine and the Deposit Guarantee

Fund of individuals engaged in regulatory and legislative regulation of financial activities, regulation and supervision, institutions problematic and unviable. The object of management is defined by the crisis phenomena and processes characteristic of the financial and economic activity of the system of commercial banks [14].

The main forms of preventive measures of anti-crisis management at the national level are: 1) state anti-crisis management, which is implemented by regulating financial and economic processes to stabilize the monetary market and financial system, protect the interests of depositors and creditors, financial security; 2) anti-crisis regulation by the NBU as a system of anti-crisis legal and regulatory acts aimed at restoring liquidity and solvency of the financial sector and confidence in it with restrictions on the outflow of deposits, reducing capital and asset quality through improved approaches to financial regulation and supervision; 3) anti-crisis management of troubled and non-viable financial institutions by the DGF, which provides for the formation of anti-crisis measures to reimburse deposits in the event of their unavailability and the development of anti-crisis programs in the case of banks in the category of "problematic" or "unviable".

Methods of preventive measures of anti-crisis management are the methods of action aimed at ensuring the effectiveness of preventive measures of anti-crisis management. It is expedient to specify them within the framework of directive (administrative), market and indicative. We share A. Stepanenko's statement that the choice of directive methods of managing the national economy presupposes the concentration of power in a single center. Otherwise, such a method cannot be implemented. Policy management requires planning, strict discipline and coordination of government actions, as this is associated with restraining the ability of the economy to self-regulate [11].

Therefore, the lack of coordination between the subjects of management causes chaos in the field of management decisions and destabilization of the economy [9]. Market methods do not provide for direct restrictions or limits, their effect is indirect and based on the economic interest of financial institutions to operate within certain methods.

The application of indicative methods has a recommendatory and indicative nature, is based on a system of legal and economic regulators and stimulates the subjects of economic relations to carry out financial activities in areas that meet clearly defined development goals and priorities.

In our opinion, the most complete definition assumes that anti-crisis management is a system of management measures to diagnose, prevent, neutralize and overcome crisis phenomena and their causes in relation to the financial and economic activities of the financial institution [8].

It should be noted that there are preventive and reactive crisis management (Fig. 1.3).

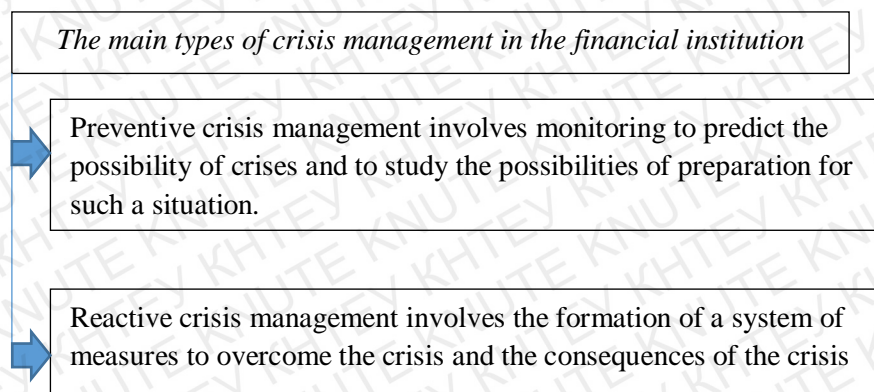


Fig. 1.3. The main types of crisis management in the financial institution

* Source: compiled by the author on the basis [7, 12]

Preventive anti-crisis management means monitoring conducted to predict the possibility of crises and to study the possibilities of preparation for such a situation. The main difference of preventive anti-crisis management of the financial institution is forecasting the danger and possibility of crises, identifying and ensuring preparedness for crisis situations. The availability and development of institutions, procedures and mechanisms for crisis management in financial institutions is an essential element in maintaining the financial stability of the economy as a whole. Thus, preventive anti-crisis regulation is provided through measures to monitor various risks and threats, indicative analysis and compliance of sustainable development of the financial institution with the main macroeconomic scenarios [7].

The relationship between effective financial institution management, including in times of crisis, and its risk management activities is becoming increasingly important in the framework of preventive regulation [11]. The most effective assessment of the degree of risk in the crisis management system is the calculation of risks by the method of Value at Risk (VaR). This method allows you to determine the amount of losses over a period of time in the event of a risky event affecting the market [9].

One of the most obvious and effective tools for preventive crisis management is stress testing. With the help of this tool, two important tasks are achieved at once: the amount of losses in the most unfavorable development of events is assessed, the quality of one's own risk management system is determined, and the directions of its further improvement are determined. According to the results of stress testing, the financial institution has the opportunity to draw up an action plan to overcome and eliminate the negative consequences of the crisis in the event that it is impossible to avoid. Currently, the recommendations of Basel III have served as a basis for the development of existing approaches to crisis management in financial institutions [10].

With regard to reactive crisis management, it should be noted that its levers are used mostly in conditions where preventive measures have not made it possible to avoid undesirable crises and their consequences. For financial institutions in crisis, convincing data is often not enough for them to react quickly. In such cases, the beginning of the reaction is delayed relative to the moment of rational action. Subject to the intensification of reactive management measures, the financial institution needs urgent and urgent measures of financial recovery, which are accompanied by significant changes in the organizational and financial structure of the institution.

In Ukraine, methodological recommendations have been developed for financial institutions to create plans to restore financial stability (self-improvement). Self-improvement plans are developed as part of the implementation of management processes and strategic planning of the financial institution, planning its capital and liquidity. They are built on the basis of a set of options that allow you to act in

different stressful situations, and contain the conditions under which their implementation should begin [4].

In the process of crisis management to achieve the main objectives of ensuring the stability of the financial sector, the government and the central financial institution can use a wide range of methods and tools (Fig. 1.4) [10].



Fig. 1.4. Objectives and means of anti-crisis management of the financial institution

* Source: compiled by the author on the basis [10]

Financial institutions of Ukraine have been negatively affected by macroeconomic, institutional and regulatory issues for a long time. The spread of crisis phenomena in the economy threatens not only the profitability of financial institutions, but also their functioning in general. The main reasons for the closure of financial institutions are their inability to neutralize risks in the financial system, as well as to meet their obligations, due to the lack of resource base in financial institutions.

An important problem of anti-crisis management in financial institutions is the untimely monitoring of changes in the financial sector of the economy. Monitoring the stability of the financial sector is an analysis of the state of the national financial

sector and assessing the impact of the global banking environment, as well as identifying positive or negative factors that will cause changes in the financial sector in the future [4]. Crises can take many forms, which is why the central bank, as the main regulator, must set up an effective monitoring system that will allow it to carefully examine the general signs of impending crisis factors.

To date, the practice of anti-crisis management of banking includes the application of both formal norms and rules of monetary regulation, and informal, which have developed as a result of the real relationship of monetary regulators [8].

Specialized state anti-crisis management is necessary in the development and management of any entity with a high probability of crises. Regarding the implementation of anti-crisis management in the bank, it is a necessary condition for counteracting the crisis, the financial recovery of the bank and its stable long-term operation.

An effective anti-crisis management program of banking has a significant impact on the level of economic growth of the state, which is reflected in the welfare of any society. Implementation of anti-crisis measures in the financial sector through the use of a wide range of crisis management tools should be considered as a source of economic change, improving living standards, curbing inflation and stimulating business development, which in turn meets the strategic goals of the state [10].

Traditional approaches of the state anti-crisis management to neutralize the crisis are not effective, and can lead to problems both for an individual bank and to destabilize the banking system as a whole. That is why it is important to develop theoretical and practical ways to improve crisis management in the bank, which in turn is a necessary condition for counteracting the crisis and financial recovery of the bank. In this regard, it is interesting to note the definition of the financial stability of the bank as its ability to carry out its activities and develop, to meet its obligations to creditors and counterparties in a timely manner, in accordance with the standards set by the regulator.

Over the last decade, different countries have gained new experience on this issue. Abroad, developed a mechanism for crisis management, associated with such a

concept as a bank of "bad" assets. Large programs of so-called "quantitative easing" have been actively used by the monetary authorities of foreign countries as a macroeconomic element of crisis management.

Thus, anti-crisis management in the bank, in our opinion, provides a system of management measures to diagnose, prevent, neutralize and overcome crises and their causes in relation to the financial and economic activities of the bank. The study allows us to conclude that the ability of break-even operation and fulfillment of its obligations determines the viability of the bank, whose support is provided by preventive forecasting of danger and monitoring of possible threats. Based on the common opinion that the bank operates at risk, we can conclude that the crisis management at the level of a particular bank and crisis regulation at the level of the economy as a whole is aimed at maintaining the financial stability of both individual banks and the banking system in general.

CHAPTER 2

RESEARCH OF PREVENTIVE ANTI-CRISIS MEASURES IN CASE OF BANKRUPTCY OF A FINANCIAL INSTITUTION

2.1 Analysis of the causes of bankruptcy of domestic financial institutions

In our opinion it is worth to conduct the research over the banking system of Ukraine. This is due to the role of the banks in national financial system. The banks play pivotal role in financial field development.

According to the the code of bankruptsy of Ukraine (Law № 2597-VIII, from 20/09/2021) bankruptcy means the insolvency of a debtor recognized by a commercial court to restore its solvency and satisfy creditors' claims recognized by the court only through the application of liquidation proceedings [42].

The instability of Ukraine's banking system and the crisis in the economy have led to massive losses and loss of liquidity by most credit institutions in the country, and in some cases to bankruptcy, under which conditions of ineffective recovery may be followed by liquidation.

In order to transfer the bank to the mode of financial recovery, certain grounds must arise, including: first, violation of banking legislation; secondly, the insufficient level of capital needed to ensure normal operation; third, the classification of the bank as problematic.

Historically, the largest banking crisis associated with the mass bankruptcy of banks occurred in 2015-2016. During this period, losses in the banking system reached enormous proportions, and the level of instability of banks actually characterized the collapse of the financial system.

Considering the situation of mass bankruptcy of banks in 2015, it should be added that the losses of functioning banks in 2015 were quite high. In general, in 2015, Ukrainian banks suffered significant losses (UAH 80.9 billion), 80% of which were formed by insolvent banks, which had temporary administrations introduced by the Individual Deposit Guarantee Fund (Fig. 2.1) [37].

This level of loss can safely be called a record. For comparison: in 2009, banks recorded UAH 38.4 billion in losses, in 2010 - UAH 13 billion, in 2011 - UAH 7 billion, and for the entire 2014 revolutionary year, banks' losses reached 52.9 billion hryvnias.

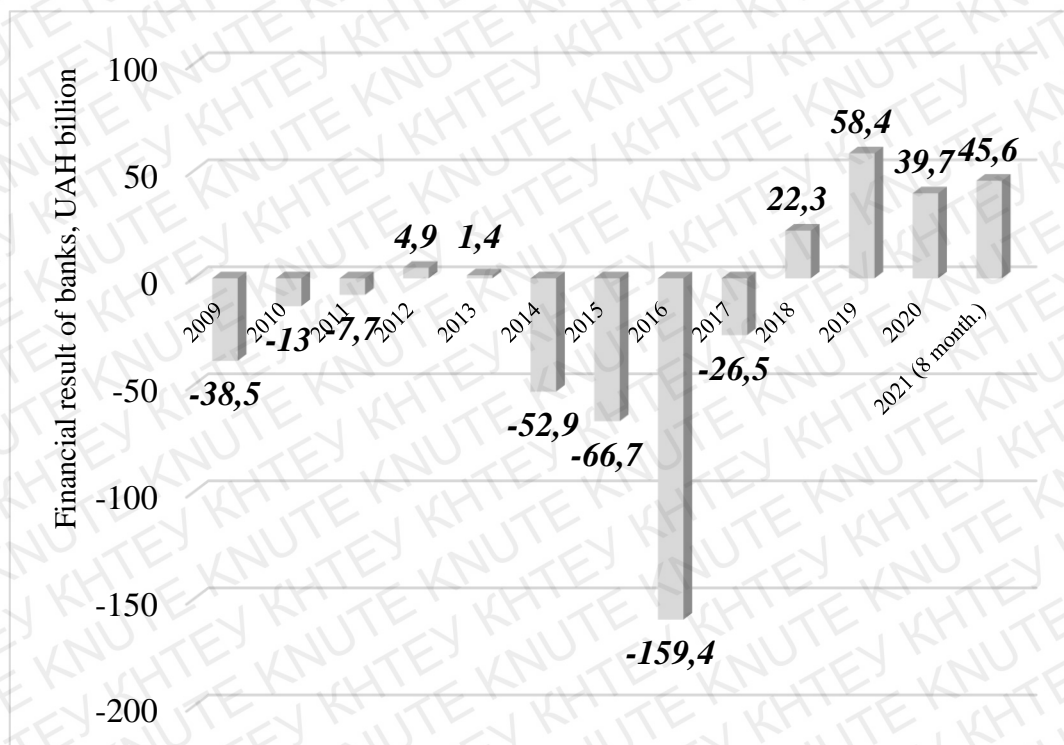


Fig. 2.1. Indicators of losses in the banking system of Ukraine in the dynamics for 2009-2021 (8 months), billion UAH.

* according to the NBU [37]

In 2016, the amount of losses of banks was the maximum - 159.4 billion UAH, which was due to the bankruptcy of "Privatbank". As for insolvent banks, Nadra, Delta and Imexbank shared UAH 63.6 billion. Thus, the most insolvent losses fell on Delta Bank - UAH 33.3 billion, Nadra Bank - UAH 21.7 billion and Imexbank - almost UAH 4 billion. And yet, 87 banks were able to show a positive result on the balance sheets for the first quarter. The largest profit, in January-March this year, in the amount of UAH 337 million was received by Citibank, which is part of a group of large banks. It is followed by Unicombank, which is part of a group of small financial institutions - its profit amounted to UAH 115.6 million [37].

In addition to record losses, the number of operating banks also decreased (Fig. 2.2). As you can see from Fig. 2.2, in 2009 there were 184 banks operating in Ukraine, and in 10 years - 73-75 banks. A sharp reduction in the number of banks occurred in the crisis of 2015-2016 [37].

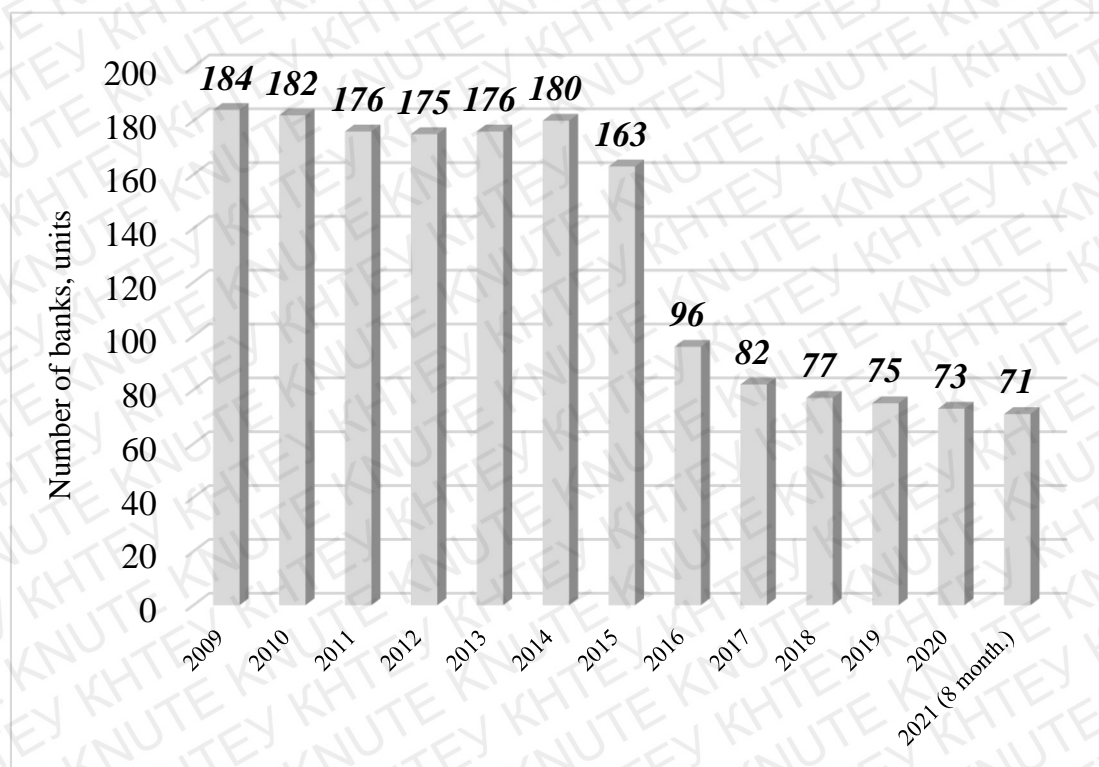


Fig. 2.2. Dynamics of the number of banks in the banking system of Ukraine for 2009-2021 (8 months)

* according to the NBU [37]

According to the NBU, the negative financial result of banks was formed primarily due to significant allocations to reserves for possible losses from active operations. In the first quarter of 2015 alone, contributions to reserves exceeded their volumes by 7.2 times over the same period last year. The main volume of reserves was formed in early 2015. In March, against the background of stabilization in the foreign exchange market, the rate of increase in allocations to reserves slowed down.

The Deposit Guarantee Fund saw another reason. The mass bankruptcy of banks in 2014-2015 was provoked by unscrupulous owners and managers of financial institutions, as well as the lack of exports, falling domestic consumption, and rising production costs in Ukraine [37].

At that time there were banks for real business. But when one or another business in the country began to collapse due to lack of exports, falling domestic consumption, rising production costs, the bank also suffered. Banks are just a mirror image of what was happening in the economy. They are simply more prone to risks than other businesses and depend on the political and economic environment, the situation in society. Banks are the first to feel all the shocks.

According to the IMF, banks in Ukraine went bankrupt because their managers engaged in fraud and therefore led the bank to bankruptcy. IMF economists also saw other reasons for the mass "bankruptcy".

Thus, one of the reasons was the ban on banks to form reserves in foreign currency against foreign exchange assets. That is, it turned out that loans - in foreign currency, and reserves - in UAH, which contradicted all international accounting rules. Another expert, Oleksandr Okhrimenko, president of the Ukrainian Analytical Center, saw the mass bankruptcy of financial institutions as a deliberately "bad" policy of the NBU, allegedly that the National Bank was deliberately destroying Ukraine's banking system. The economist considered three main motives: market redistribution, IMF instructions and further "sale" of Ukrainian banks to non-residents for a "commission" [30].

Well, probably the truth lies somewhere in the middle. After all, bank losses are not bankruptcy yet. So, it is possible that the reason for the closure of many banks lies not in the policy of the NBU, but in the banal natural business selection. After all, despite all the macroeconomic conditions, a number of banks ("Ukrsotsbank", "Ukrsibbank", "VTB Bank" - ed.) In 2015 still increased loan portfolios for legal entities - which means that the financial sector should not be considered so hopeless [13].

To study the propensity for bankruptcy, we consider it appropriate to analyze the activities of commercial banks in 2015 and 2019-2021, and compare these indicators with each other. It is important to identify the difference in the trends that existed in 2015 and in the post-crisis years 2019-2021 [37].

It is proposed to use Kromonov's model for analysis. When using this approach to establish the level of reliability of the bank, six estimates of the financial condition of the bank (k1, k2, k3, k4, k5, k6) and weights for each of them are determined (Table 2.1).

Table 2.1

The results of the assessment of the rating model of V. Kromonov for the banking system of Ukraine for 2015, 2019-2021 (8 months).

Rel. ind	Indicators	(on the end of the year):				Absolute deviation		Relative deviation	
		2015 (year of crisis)	2019	2020	01.09. 2021 (8 month)	01.2015 - 01.2020	01.09. 2021 (8 month) - 01.2020	01.2015 - 01.2020	01.09. 2021 (8 month) - 01.2020
1. Absolute indicators									
C	Capital, UAH million	103713	199291	209460	223314	105747	13854	102,0	6,6
AC	Authorized capital, UAH million	222170	470712	479932	480954	257762	1022	116,0	0,2
AS	Assets, UAH million	1254385	1493298	1822841	1900358	568456	77517	45,3	4,3
Al	The most liquid assets, UAH mln	191357	251036	287402	345866	96045	58464	50,2	20,3
LN	Loans issued, UAH million	1009768	1033430	960597	1029264	-49171	68667	-4,9	7,1
LB	Liabilities, UAH million	1150672	1293377	1613381	1677044	462709	63663	40,2	3,9
LBd	Liabilities on demand, UAH million	873771	1077157	1387322	1391885	513551	4563	58,8	0,3
2. Relative indicators									
K1	The ratio of capital to the operating assets of the bank	0,083	0,133	0,115	0,118	0,032	0,003	39,0	2,3
K2	The ratio of the most liquid assets to demand liabilities	0,219	0,233	0,207	0,248	-0,012	0,041	-5,4	19,9
K3	The ratio of the bank's total liabilities to loans issued	1,140	1,252	1,680	1,629	0,540	-0,050	47,4	-3,0
K4	The ratio of liquid assets and authorized capital to the total liabilities of the bank	0,359	0,558	0,476	0,493	0,116	0,017	32,3	3,7
K5	The ratio of authorized capital to the bank's equity	2,142	2,362	2,291	2,154	0,149	-0,138	7,0	-6,0
K6	The ratio of equity to the amount of authorized capital	0,467	0,423	0,436	0,464	-0,030	0,028	-6,5	6,4

* according to the NBU [37]

As a rule, weights are set on the basis of a survey of experts with the appropriate level of training and significant experience in banking.

In 2015, the relative performance of banks (K1-K6) was relatively lower than similar indicators in 2019-2020. Assets in the banking system of Ukraine in 2015 amounted to UAH 1,254,385 million. In 2019, they increased by UAH 568,456 million or 45.3%, in 2021 (8 months) this indicator increased by UAH 77517 million or 4.3%. These factors influenced the gradual increase in the value of the coefficient K1. Thus, in 2015, this ratio was 0.083 points. In 2019, it amounted to 0.133 points. In general, this ratio increased in 2015-2020 by 0.032 points, and in 2020-2021 - by 0.003 points, which generally expresses the tendency to increase the level of coverage of assets by banks' capital. [37]

The volume of liquid assets in the banking system of Ukraine in 2015 amounted to UAH 191,357 million. In 2020, this figure increased compared to 2015 by UAH 96045 million or 50.2%. In 2021 (8 months), this indicator increased by UAH 58,464 million or by 20.3%. The volume of demand liabilities in the banking system of Ukraine in 2020 compared to 2015 increased by 513551 million UAH or 40.2%, in 2020-2021 there was an increase of this indicator by 4563 million UAH or 0.3%. These factors contributed to a gradual decrease in the value of the coefficient K2. Thus, in 2020, this ratio decreased by 0.012 points compared to 2015, and in 2021 it increased by 0.041 points, which in general expresses a tendency to reduce the level of coverage of demand liabilities by liquid assets of banks [37].

The volume of liabilities in the banking system of Ukraine in 2015-2020 increased by UAH 462,709 million or 40.2%, in 2020-2021 this indicator increased by UAH 63,663 million or 3.9%. The volume of loans issued in the banking system of Ukraine in 2015-2020 decreased by UAH 49,171 million or 4.9%, in 2020-2021 this indicator increased by UAH 68,667 million or 7.1%. These factors have reduced the value of the coefficient K3 in 2021. Thus, in 2020, this ratio K3 increased by 0.54 points, and in 2021 - decreased by 0.05 points, which generally expresses the tendency to reduce the level of coverage of liabilities by loans in the banking system of Ukraine [37].

The results of the assessment of the generalized (integrated) rating coefficient for the banking system of Ukraine in the dynamics for 2015, 2019-2021 are shown below in Fig. 2.3.

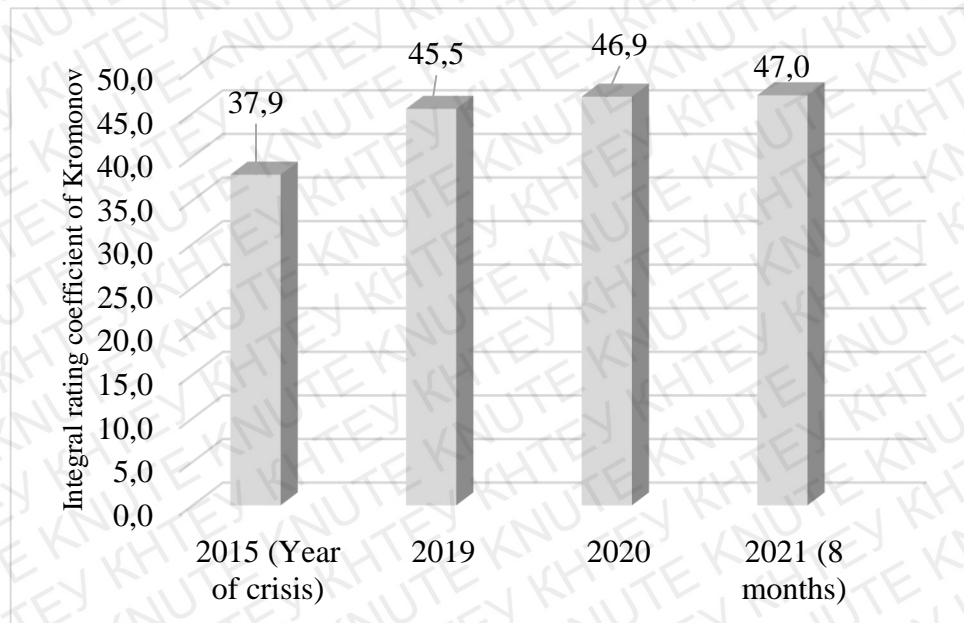


Fig. 2.3. The results of the assessment of the generalized (integrated) rating ratio for the banking system of Ukraine in the dynamics for 2015, 2019-2021 (8 months).

* according to the NBU [37]

An example of calculating the value of the integral coefficient as of 01.01.2015-01.09.2021 is given below [37]:

$$N_{01.01.2015} = 45 * 0,083 + 20 * 0,219 + 10 * 1,140 + 15 * 0,359 + 5 * 2,142 + 6 * 0,467 = 37,9 \quad (2.1)$$

$$N_{01.01.2020} = 45 * 0,133 + 20 * 0,233 + 10 * 1,252 + 15 * 0,558 + 5 * 2,362 + 6 * 0,423 = 45,5 \quad (2.2)$$

$$N_{01.09.2021} = 45 * 0,115 + 20 * 0,207 + 10 * 1,680 + 15 * 0,476 + 5 * 2,291 + 6 * 0,436 = 46,9 \quad (2.3)$$

Thus, the calculations give grounds to testify that according to V. Kromonov's scale, in general, the banking system of Ukraine is in a problematic state, as the value of the integrated ratio is in the range from 33.7 to 67.2 points. At the same time, in

2015 the banking system was closer to the crisis, and in 2019-2021 the situation looks more stable [49].

It can be concluded that the main reasons that lead to the bankruptcy of banks are divided, on the one hand, into external, independent of the management of the institution and its shareholders, and on the other, internal, which are caused by factors existing within the institution. The external causes today include [49]:

- suspension of growth rates and instability of the global and domestic economy;
- loss of confidence in the bank, for example from improper management;
- general economic situation, when there are mass panics among depositors of banking institutions;
- raider attacks, which are purposefully aimed at devaluing the assets of the bank, which in turn lead to their possible sale or liquidation.

The internal causes include [49]:

- non-compliance with legislation, especially in terms of maintaining the required level of all indicators;
- deception of the authorities, which is caused by concealment of information from controlling entities about the current state with the solvency of the financial institution;
- incompetent management, depending on the level of corporate culture of the institution;
- speculation;
- shortcomings of the internal banking system, which directly depends on the policy within the institution [49].

Thus, the largest banking crisis in history, associated with the mass bankruptcy of banks, occurred in 2015-2016. During this period, losses in the banking system reached enormous proportions, and the level of instability of banks actually characterized the collapse of the financial system. According to the NBU, the negative financial result of banks was formed primarily due to significant allocations to reserves for possible losses from active operations. According to the IMF, banks in

Ukraine went bankrupt because their managers engaged in fraud and therefore led the bank to bankruptcy. IMF economists also saw other reasons for the mass "bankruptcy". Thus, one of the reasons was the ban on banks to form reserves in foreign currency against foreign exchange assets. That is, it turned out that loans - in foreign currency, and reserves - in UAH, which contradicted all international accounting rules. The calculations give grounds to testify that according to V. Kromonov's scale, in general, the banking system of Ukraine is in a problematic state, as the value of the integrated ratio is in the range from 33.7 to 67.2 points. At the same time, in 2015 the banking system was closer to the crisis, and in 2019-2021 the situation looks more stable. It can be concluded that the main reasons that lead to the bankruptcy of banks are divided, on the one hand, into external, independent of the management of the institution and its shareholders, and on the other, internal, which are caused by factors existing within the institution.

According to the results of the study we can specify the reasons for the bankruptcy of banks in Ukraine, which include the following:

- low level of regulatory capital adequacy and low liquidity ratios of banks in the period preceding the financial crisis;
- a significant share of banks' assets on the eve of the crisis was of very low quality, which resulted in a fairly rapid growth of losses in the financial sector after the beginning of the deterioration of the economic situation in the economy of Ukraine;
- lack of transparency in the regulation of financial transactions in the financial sector;
- lack of precautionary measures in many banks to overcome stressful situations in the financial sector.

2.2 Study of preventive anti-crisis measures in case of bankruptcy of a financial institution

JSC "Privatbank" is a state bank (since 2016). It is one of the top 5 system-forming banks in Ukraine. The main indicators of the bank JSC "Privatbank" operating is below:

Table 2.2

The main indicators of the bank JSC "Privatbank" operating

Indicators	Years				Growth Rate (+/-), %	
	2018	2019	2020	2021 (6 month)	2019 / 2018	2020 / 2019
Bank assets, bln.UAH	278,0	309,7	382,6	368,3	11,4	23,5
Liabilities of the bank, bln.UAH	246,6	255,2	329,6	324,4	3,5	29,2
Capital, bln.UAH	206,1	206,1	206,1	206,1	0,0	0,0
Profits, bln.UAH	11,7	32,6	25,3	18,3	178,6	-22,4

* according to JSC «Privatbank» [34]

The crisis situation in the economy in general, and in the banking system in particular has led to considerable attention to the formation of preventive anti-crisis measures of JSC "Privatbank". Significant imbalances in the bank's financial security during 2014-2016 led to a liquidity crisis, as a result of which the bank was unable to cover current liabilities with liquid assets on its own. The system of preventive anti-crisis measures in JSC "Privatbank" is a set of organizational and economic mechanisms that allow for operational monitoring of liquidity and implement measures to address the insolvency of the bank.

Therefore, the key task in the formation of preventive anti-crisis measures of the management of JSC "Privatbank" is the timely justification of the need for optimal attraction of resources that can be used to provide services and promote banking products on the market. To effectively attract the necessary resources in a crisis in JSC "Privatbank" uses an algorithm of preventive anti-crisis measures, illustrated in Fig. 2.4.

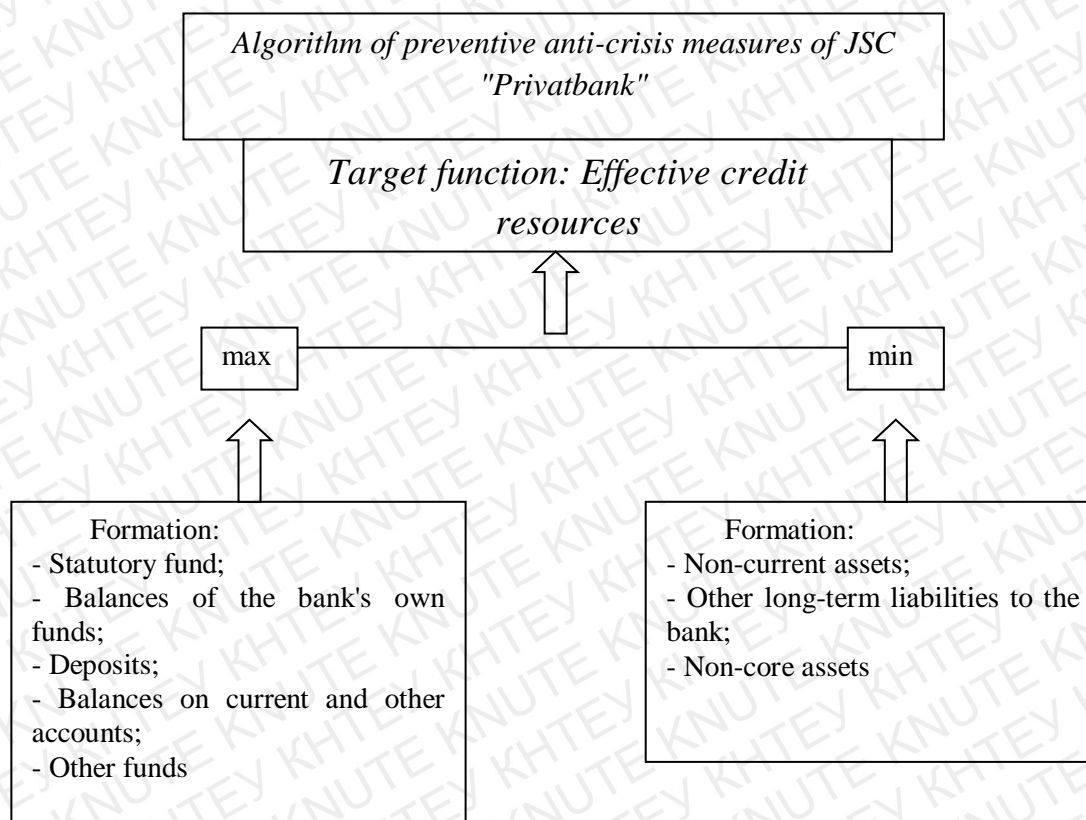


Fig. 2.4. Algorithm of preventive anti-crisis measures of JSC "Privatbank"

* according to JSC «Privatbank» [34]

In a crisis, similar to the usual situation, the amount of credit investments of JSC "Privatbank" is determined by the amount of own and borrowed funds. However, in crisis conditions, not all of these funds can be used for lending, because some of them JSC "Privatbank" leaves as reserves. The stronger the crisis situation, the greater the amount of reserves the bank must form.

The amount of effective resources of JSC "Privatbank" is defined as the difference between the amount of liabilities of the bank's balance sheet (excluding investments in assets - houses, etc.) and the balances of borrowed funds sent to the fund for regulation of credit resources [35].

The formation of preventive anti-crisis measures involves determining the appropriate organizational and methodological support. Organizational support characterizes the main features of the organizational structure of the bank and the distribution of functionality for the formation of preventive anti-crisis measures between individual positions. The levels of the organizational mechanism of

preventive anti-crisis measures for individual divisions of JSC "Privatbank" in the crisis are given in table. 2.3 [35].

Table 2.3

Levels of organizational mechanism of preventive anti-crisis measures by separate divisions of JSC "Privatbank"

<i>№</i>	<i>Bank division</i>	<i>Functions in the formation of preventive anti-crisis measures</i>
1	Board of the bank	provides the strategic level of liquidity management, approves the general budget indicators of the bank and analyzes the post-factum results of the bank's work
2	Risk Management Department	assesses liquidity management risks using various methods
3	Heads of bank departments	carry out operational control over compliance with regulations by the bank

* according to JSC «Privatbank» [34]

At the level of the bank's board there is a general strategy of preventive anti-crisis measures. It should be noted that during the dynamics of the crisis in Ukraine for 2013-2018, JSC "Privatbank" went through several stages of changing the vector of strategic liquidity management (Fig. 2.5).

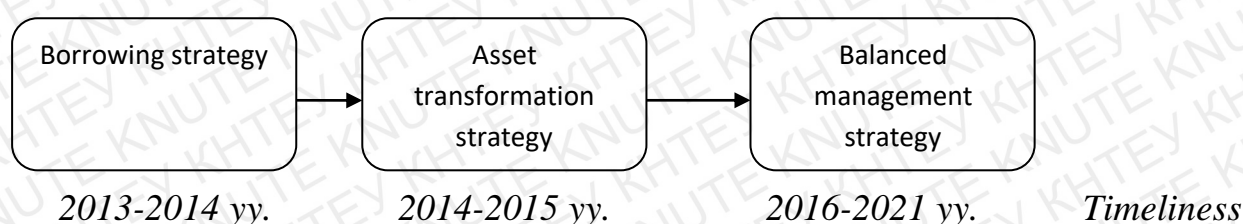


Fig. 2.5. Stages of changing the strategy of preventive anti-crisis measures of JSC "Privatbank" for 2013-2021.

* according to JSC «Privatbank» [34]

The content of preventive anti-crisis measures of JSC "Privatbank" is to ensure the smooth conduct of current payments of the bank, the main stages of which are:

1) analysis of the conditions of the bank for previous periods, selection of the most likely scenarios (general analysis and evaluation of performance indicators;

analysis of liquidity ratios; analysis of the quality of the bank's assets in terms of their liquidity; analysis of the bank's resource base; liquid funds);

2) the assessment of the liquid position of the bank, taking into account alternative scenarios;

3) development of management decisions aimed at reducing the risk of a deficit of the bank's liquidity position and minimizing costs.

The main tools of preventive anti-crisis measures of JSC "Privatbank" were the following: the method of achieving compliance of funding sources and liquidity of assets (minimization of gap gaps); the method of synchronizing the assets and liabilities of the bank based on interest rate sensitivity; liquidity ratio method.

The features of the first method are determined by the amount of difference between the assets and liabilities of the bank (gap liquidity gaps), the dynamics of which can be seen in table. 2.4.

Table 2.4

Assessment of gap liquidity gaps of JSC "Privatbank" for the period from 2018 to 2021 (6 month) [39] in table 2018-2021

Indicators	Years:			
	2018	2019	2020	2021 (6 month)
Bank assets (A), mln.	278048	309723	382643	368347
Liabilities of the bank (C), mln.	246584	255194	329586	324424
Gap liquidity gap ($G = A - C$), mln.	31464	54529	53057	43923
The ratio of gap gap to assets (level of liquidity gap = $G / A * 100$),%	11,3	17,6	13,9	11,9

* according to JSC «Privatbank» [34]

During the crisis from 2013 to 2015, a relatively stable level of gap liquidity gap could be observed - in the range of 10.6-11.5% of total assets. However, in 2016, due to the withdrawal of assets from the bank by its former owners, the liquidity gap narrowed to -26348 million UAH, or to -14.7% of total assets. In 2017, due to the nationalization of the bank, its liquidity was restored by replenishing assets at the expense of the NBU. In 2018, the level of gap liquidity gap reached almost pre-crisis levels and amounted to 11.3% [39].

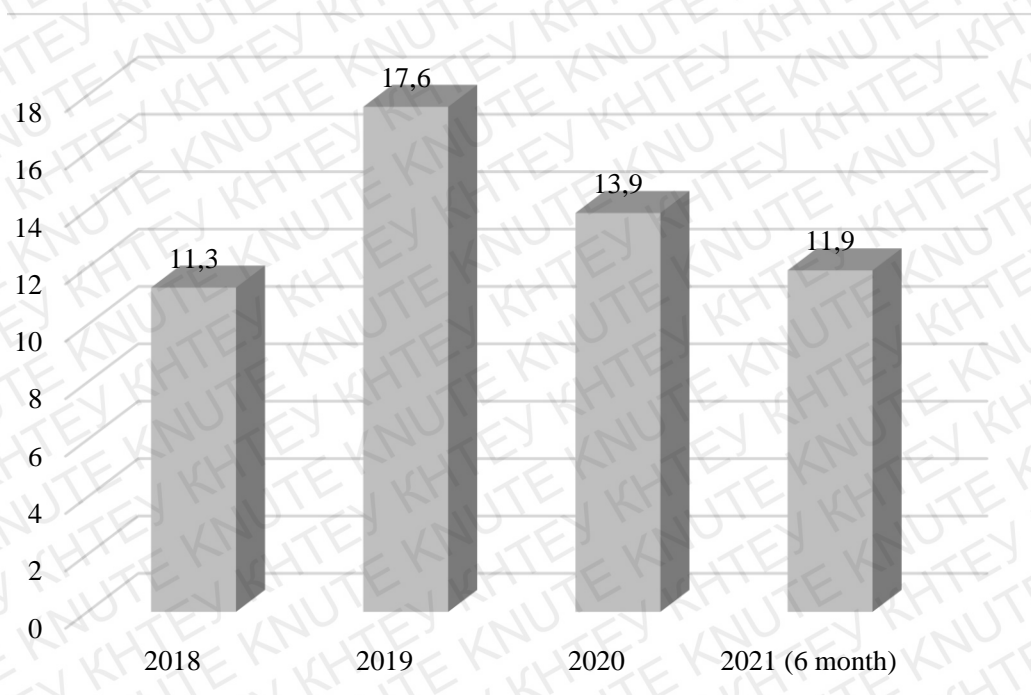


Fig. 2.6. The ratio of gaps to assets for 2018-2021, %

* according to JSC «Privatbank» [34]

It can be concluded that JSC "Privatbank" carried out in 2013-2015 and in 2017-2018 to raise funds for the long term and issued loans for the short term. The negative cumulative gap (gap) in 2016 determined the opposite trend, ie the bank financed long-term assets in 2016 with the help of short-term liabilities [39].

The regulatory capital adequacy ratio of JSC CB "PrivatBank" was also calculated according to its financial statements (indicators of the bank's liabilities were taken) and according to the NBU (indicators of the volume of regulatory capital were taken) [28] (Table 2.5).

Also, the results of the regulatory capital adequacy assessment of JSC CB "PrivatBank" for 2018-2021 are shown in Fig. 2.7.

As shown in table. 2.5 and in fig. 2.7 indicators, in general, the level of regulatory capital adequacy of JSC CB "PrivatBank" for the period from 01.01.2018 to 01.01.2019 increased by 0.19%. It should be noted that the growth rate of liabilities (+ 7.2%) exceeds the growth rate of regulatory capital (-12.2%) in 2018.

Table 2.5

**Assessment of the regulatory capital adequacy ratio of JSC CB
"PrivatBank" for 01.01.2019-01.07.2021**

№	Indicators	On the Date:				Deviation (+/-), y %		
		01.01. 2019	01.01. 2020	01.01. 2021	01.07. 2021	01.2018 - 01.2019	01.2019 - 01.2020	01.2020 - 07 .2021
1	Standard H2,%	17,46	14,15	35,3	31,36	-19,0	149,5	-11,2
2	Regulatory capital, UAH million (H1 standard)	19,6	19,2	28,1	41,7	-2,0	46,4	48,4
3	Volume of bank liabilities, UAH million	246,6	255,2	329,6	324,4	3,5	29,2	-1,6
4	Leverage ratio, (1/2 * 100%),%	7,9	7,5	8,5	12,9	-5,3	13,3	50,8

* according to JSC «Privatbank» [34]

For 7 months. In 2020, the level of regulatory capital adequacy of JSC CB "PrivatBank" increased by 14.97%.

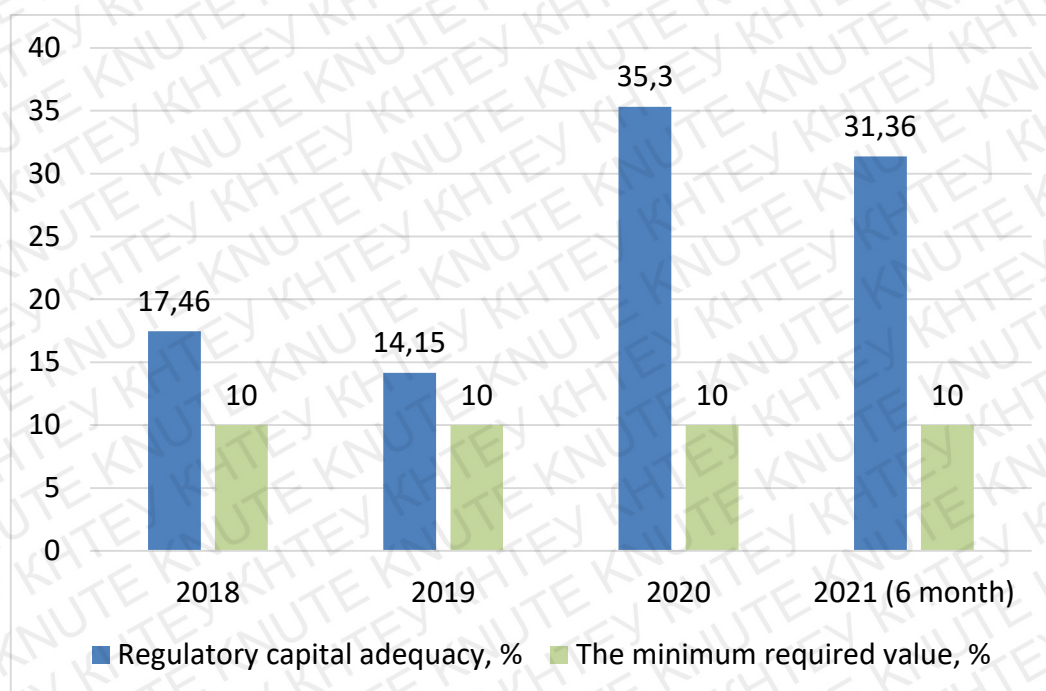


Fig. 2.7. Dynamics of the level of regulatory capital adequacy in comparison with its minimum allowable value for the bank JSC CB "PrivatBank" in 01.01.2019 - 01.07.2021 (as of 01.07)., %

* according to JSC «Privatbank» [34]

From January 1, 2019 to January 1, 2020, the bank's regulatory capital adequacy ratio decreased by 3.31%, which was also due primarily to the excess of the growth rate of liabilities (+ 3.5%) over the growth rate of regulatory capital (-1.7%) in 2018. We also give an example of calculating the LCR standard for 2018-2021 (6 months), according to the NBU methodology, which was described in the theoretical part. To assess this indicator, the indicators of the annual financial statements of the bank for 2016-2018 were taken. The results of the calculations are given in table. 2.6.

Table 2.6

Assessment of the liquidity ratio of LCR for JSC "Privatbank" in 2018-2021 (6 month).

Indicators	Value at the end of the period (million UAH):				Change for 2018-2020		Change for 2020-2021 (6 month)	
	2018	2019	2020	2021 (6 month)	Abs., mln	Rela- tive, %	Abs., mln	Rela- tive, %
1	2	3	4	5	6	7	8	9
High quality assets	27360	45894	49911	57246	7335	14,7	4017	8,8
High quality assets	27360	45894	49911	57246	7335	14,7	4017	8,8
Expenditure cash flow of the bank, including:	31779	34403	35201	17971	-17230	-48,9	798	2,3
- interest paid	14163	14083	12248	4055	-8193	-66,9	-1835	-13,0
- payments and commissions paid	4402	6386	8888	5362	-3526	-39,7	2502	39,2
- paid staff costs	5727	7327	7704	4132	-3572	-46,4	377	5,1
- administrative and other operating expenses	7487	6607	6361	4422	-1939	-30,5	-246	-3,7
LCR, %	86,1	133,4	141,8	159,3	17,5	12,3	8,4	6,3

* according to JSC «Privatbank» [34]

As evidenced by the table. 2.6, as of the end of 2018, the LCR value for Privatbank JSC was 86.1%. For 6 months. In 2020, this indicator increased to 159.3%, which indicated a significant increase in the bank's liquidity level. The comparison of the actual and the limit value of the LCR indicator is shown in Fig. 2.8.

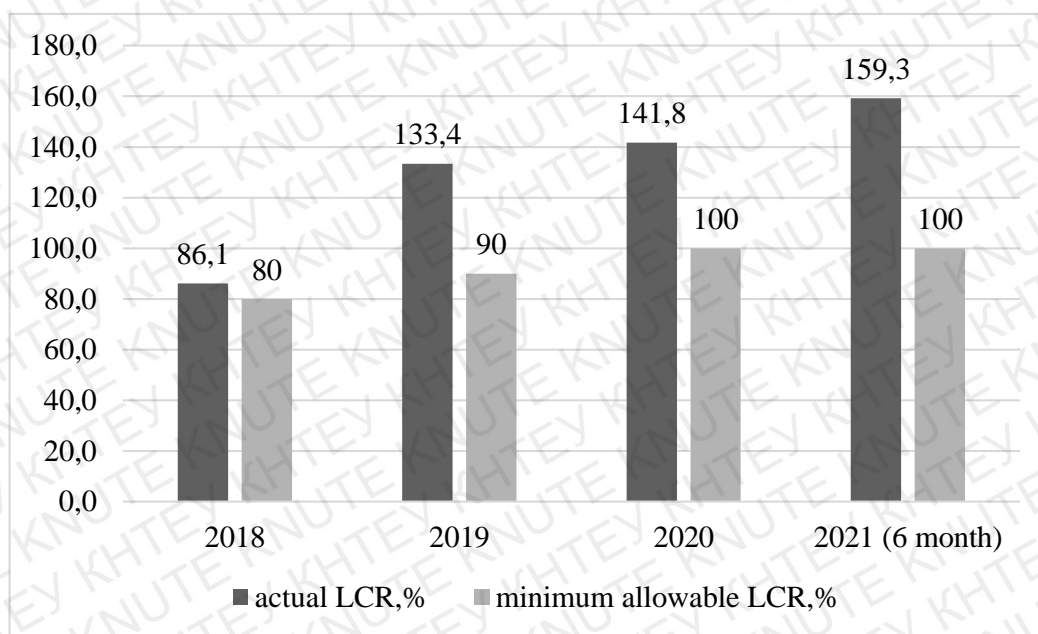


Fig. 2.8. Comparative dynamics of the LCR indicator (actual and regulatory value) of JSC Privatbank in 2018-2021 (6 months),% [39]

* according to JSC «Privatbank» [34]

It should be noted that the maximum minimum value of LCR for banks was defined in the Resolution of the NBU Board № 13 "On the introduction of liquidity coverage ratio (LCR) of February 15, 2018 [25] only from the end of 2018 at 80%. From 01.06.2019. the minimum value of LCR is 90%, from December 1, 2019 - 100%. It can be seen that the estimated actual value of LCR of JSC "Privatbank" in 2018-2021 was not lower than its regulated minimum allowable value [25].

The peculiarity of the method is the method of synchronization of assets and liabilities of JSC "Privatbank" based on interest rate sensitivity involves the formation of a mechanism for managing assets and liabilities to establish control over the level of interest rate risk. This level of risk determines the sensitivity of individual items and the bank balance sheet as a whole to interest rate risk. Excess liquidity means that the available liquid funds exceed their use, there is a positive liquidity gap. This situation negatively affected the state of Privatbank in 2016 and the country's economy as a whole, as the bank was unable to effectively manage resources under such conditions, which led to its technical insolvency and further nationalization [39].

Methods of preventive anti-crisis measures, based on liquidity standards, characterize the bank's compliance with these standards, in particular LCR. One of the most important tasks of preventive anti-crisis measures of JSC "Privatbank is to predict and analyze the factors that affect the level of liquidity. The bank must be able not only to solve the problems identified by its liquidity indicators, but also to carry out tactical and strategic liquidity management based on a comprehensive analysis of all factors that to some extent affect the bank's ability to meet its obligations [34].

It is also worth noting the main factors that characterize the system of preventive anti-crisis measures of JSC "Privatbank" in a crisis (Table 2.7).

Table 2.7

Characteristics of factors of formation of preventive anti-crisis measures of JSC "Privatbank" in crisis conditions

The main factors in the formation of preventive anti-crisis measures	Consideration in the development of LCR
Underdevelopment of the securities market and deficit of high-quality liquid assets (VLA), especially in foreign currency;	- One level of assets instead of three (1, 2A, 2B);
Inability to quickly and significantly convert the hryvnia into foreign currency to cover outflows in foreign currency;	- Exhaustive list of highly liquid assets;
Irrelevance of European criteria for the stability of retail deposits;	- IGLBs are accounted for at the cost at which they are accepted as collateral for refinancing loans;
The most stressful scenario is 2014; (BCBN developed the LCR based on the 2007-2008 crisis scenario);	Currency IGLBs with a maturity of > 30 days are accounted for as hryvnia assets;
Legislative prohibition of loans to individuals in foreign currency;	Requirements for LCR not only in the single currency, but also in foreign currency;

* according to JSC «Privatbank» [34]

In addition to the implementation of LCR for JSC "Privatbank" is important risk management system in terms of liquidity risks, which includes: liquidity monitoring tools: analysis of the concentration of liabilities, GAP-analysis (liquidity gaps arising from the difference in maturities between claims and liabilities),

distribution by currency; analysis of the bank's liquidity risk within the operating day; liquidity risk stress testing; crisis financing plan.

Improving liquidity in a crisis can be achieved by changing the structure of borrowed and borrowed funds, increasing the share of time deposits by possible re-issuance of a stable part of balances on demand deposits in time deposits, attracting a large number of small customers whose accounts do not fluctuate residues [34].

Deviation from the average balance by the value of the instability coefficient determines the minimum and maximum limits of the stable balance on the accounts. The lower the instability ratio, the higher the minimum stable balance that can be reissued to the deposit account. Such calculations must be made for all balances on customer accounts, as well as for individual accounts in order to determine stable balances with individual customers (to work with them to open deposit accounts). If fluctuations in the accounts of individual customers are significant, and the total amount of accounts they are small, the resource base can be considered stable. If the client constantly maintains the balance on current accounts within certain limits, he may receive benefits during the settlement and cash service [34].

So far, JSC "Privatbank" opportunities to choose methods of liquidity management in a crisis are quite limited. The lack of a developed securities market and domestic futures market, the unpredictability of the financial market and the economic situation in general, the high level of political risk that almost completely blocks banks from entering international markets - all these factors make it impossible to use perfect liquidity management tools in modern conditions. Unable to use flexible approaches to liquidity management, JSC "Privatbank" solves the dilemma "liquidity - profitability" in favor of the latter [35]. Management of JSC "Privatbank" should use more methods of research and forecasting the prospects of monetary policy of the NBU to determine the direction of changes in lending conditions and interest rates in financial markets, as well as more boldly implement the practice of hedging price risks to avoid uncertainty in liquidity [35].

An important factor influencing the liquidity of JSC "Privatbank" is the quality of the resource base, as it is a determining factor for the volume and degree of

development of active operations of the bank. The criterion of the resource base is its stability. The larger the share of stable resources, the higher the liquidity of the bank, as it facilitates its predictability and manageability. Increasing the stable share of the resource base reduces the bank's need for liquid assets, as it involves the renewal of the bank's liabilities.

Off-balance sheet transactions affect the bank's liquidity and can both increase and decrease it. Thus, off-balance sheet loan liabilities in the future will lead to the need to fulfill them by the bank, ie the issuance of credit funds, which will reduce its liquidity. The capital of JSC "Privatbank" is a kind of safety margin that protects the bank from possible liquidity losses (covering asset risks and guaranteeing depositors' funds in case of adverse circumstances and under normal operating conditions, so its size and adequacy increases the bank's liquidity) [35].

Thus, the main tools of preventive anti-crisis measures of JSC "Privatbank" in the crisis from 2013 to 2021 were as follows: the method of achieving compliance of sources of funding and liquidity of assets (minimization of gap gaps); the method of synchronizing the assets and liabilities of the bank based on interest rate sensitivity; liquidity ratio method. In addition to the implementation of LCR for JSC "Privatbank" is important risk management system in terms of liquidity risks, which includes: liquidity monitoring tools: analysis of the concentration of liabilities, GAP-analysis (liquidity gaps arising from the difference in maturities between claims and liabilities), distribution by currency; analysis of the bank's liquidity risk within the operating day; liquidity risk stress testing; crisis financing plan.

We can resume, that the content of preventive anti-crisis measures of JSC "Privatbank" is to ensure the smooth conduct of current payments of the bank, the main stages of which are: analysis of the conditions of the bank for previous periods, selection of the most likely scenarios; assessment of the bank's liquidity position taking into account alternative developments; development of management decisions aimed at reducing the risk of liquidity deficit of the bank and minimizing costs.

CHAPTER 3

IMPROVEMENT OF THE PREVENTIVE ANTI-CRISIS MEASURES IN CASE OF BANKRUPTCY OF THE FINANCIAL INSTITUTION

3.1. Foreign experience of preventive anti-crisis measures in case of bankruptcy of financial institutions

The issue of preventive anti-crisis measures in case of bankruptcy of financial institutions in the banking system of Ukraine requires careful study of foreign experience. In our opinion, it is expedient to determine the optimal instruments of the state at the macro and micro levels, which were used in different countries in order to stabilize the performance of banks. At the macro level, it is necessary to stimulate the financial stability of banks by establishing appropriate regulatory and fiscal levers. A comprehensive solution to the problem of choosing sources of capital increase for banks should ensure, first of all, improvement of banking legislation, intensification of the role of banking associations, effectiveness of NBU regulatory policy, creation of rating system and increase of competitiveness of domestic banks in comparison with foreign ones. Domestic bank capital must be sufficient to withstand crises and prevent an economic downturn in the country [13].

Recently, in foreign and domestic practice, more and more attention is paid to preventive anti-crisis measures in case of bankruptcy of financial institutions in the financial sector using systems for assessing the financial stability of banks, aimed at identifying signs and nature of crises and causes that may lead to future crises [13].

In these circumstances, it is advisable to consider approaches to the formation of preventive anti-crisis measures in the event of bankruptcy of financial institutions, which are most common in countries with developed credit and financial relations, namely the United States, some countries - members of the European Union. Thus, experts of the Bank for International Settlements (BIS) suggest in order to prevent financial crises in banks to use appropriate systems for assessing the capital adequacy of banks depending on the forms of research of banks and the approaches underlying

them [5]: rating systems; systems of coefficient analysis and analysis of homogeneous groups; systems of comprehensive banking risk assessment; statistical models of early response systems; micro- and macroprudential analysis (Table 3.1).

Table 3.1

Systems for assessing the financial stability of banks in foreign practice

n	Country	Rating systems	Systems of coefficient analysis and analysis of homogeneous groups	Comprehensive banking risk assessment systems	Statistical models of early response systems	Micro- and macro-prudential analysis
1	2	3	4	5	6	7
1	USA Canada	CAMELS, BOPEC, ROCA, CAMEO, CAEL	Bank Monitoring Screens	-	SEER, SCOR, Bank Calculator - OOT	Monitoring IFS, stress testing
2	Great Britain	CAMEO	-	-	-	-
3	Germany	-	-	RATE	-	-
4	France	-	BAKIS	-	-	-
5	Italy	ORAP	-	-	SAABA	-
6	Poland	PATROL	-	-	-	-
7	Czech Republic	CAMELSO	-	-	-	-
8	Slovakia	CAMELSO	-	-	-	-
9	Netherlands	CAMELSO	-	-	-	-
10	Baltic countries	-	-	RAST	-	-
11	Ukraine	CAMELSO	-	-	-	-
12	USA	CAMELSO	-	-	-	-

*compiled by the author on the basis [40]

As a rule, banking supervision in the vast majority of countries is not limited to the use of a single system for assessing the financial stability of banks. The most well-known rating systems used in the economically developed countries of the world are: Standart & Poor's rating, analysis of the bank's "M" balance, Sheshunoff Bank's expert rating, CAMEL rating system [5].

Based on these ratings, external users can only partially form their opinion on the feasibility of future cooperation with the bank, as they do not fully show a realistic assessment of the reliability of the bank.

In the process of assessing the capitalization of banks and the factors that affect the capital adequacy of the bank, the most common in foreign practice are rating systems, the end result of which is the assignment of the studied bank to a particular group of risks to financial stability. Rating systems by evaluation methods are divided

into expert, accounting and mixed; by method of supervision - for remote and combined; according to the level of transparency - for open and closed, according to the method of construction - for points and index; by scale of distribution - international and national; by type of ownership - state and non-state. A feature of government ratings is their secrecy: rating data are not published in the official press, but are used by banking supervisors to prevent bank failures and ensure the capitalization of banks throughout the banking system [2]. The most common rating systems are scoring or scoring techniques that allow stakeholders, such as customers and depositors, to quickly assess the level of capitalization of a bank's banks [13].

Systems of coefficient analysis and analysis of homogeneous groups allow to quickly diagnose financial problems that may pose a threat to the financial stability of the bank and its financial stability. Coefficient analysis is quite simple, accessible and easily implemented in the practice of both banks and supervisors.

Comprehensive banking risk assessment systems provide for the consistent implementation of a set of procedures, starting from the initial acquaintance with the financial statements and ending with the development of anti-crisis measures aimed at preventing and minimizing bank losses in the event of adverse events [13].

The study of rating systems, systems of coefficient analysis and analysis of homogeneous groups, systems of complex assessment of banking risk showed that different national assessment systems have certain common features: the main source of information for the analysis is the financial statements of the bank; most systems are used to assess both the capitalization of bank banks and the reliability and risks of banks; as a starting point they use absolute indicators that characterize the scale of banks, and some relative indicators: asset quality, capital adequacy, profitability, liquidity, market risk, management and control, economic and other indicators (Table 3.2).

Their disadvantage is that they provide an assessment of only the current capitalization of banks at a certain date. Statistical models of early response systems, micro- and macroprudential analysis are used to identify potential problems and risks that may arise in the future [16].

Table 3.2

Comparative characteristics of indicators for assessing the financial stability of banks

Estimation System	General number of indicators	Assets quality	Capital adequacy	Profitability	Liquidity	Market risk	Management and Control	Economic	Others
CAMELS	6	1	1	1	1	1	1	-	-
BOPEC	5	-	1	1	-	-	-	3	-
ROCA	4	1	-	-	-	1	1	-	1
CAMEO	5	1	1	1	-	-	2	-	-
CAEL	19	5	5	4	5	-	-	-	-
CAMEL	5	1	1	1	1	-	1	-	-
ORAP	14	4	2	3	1	1	3	-	-
PATROL	5	1	1	1	1	-	1	-	-
Bank Monitoring Screens	39 financial + 35 capital market	21	5	5	8	-	-	-	35
BAKIS	47	18	1	10	2	16	-	-	-
RATE	9	1	1	1	1	1	3	-	1
RAST	13	1	-	-	1	3	3	-	5
SEER	11	7	1	1	2	-	-	-	-
SCOR	12	7	1	1	3	-	-	-	-
Bank Calculator - OOT	10	1	1	1	1	-	-	1	5
SAABA	5	1	1	1	1	-	1	-	-

*compiled by the author on the basis [16, 40]

In the United States, the European Union, Japan, and India, business continuity management (BCM) is being introduced in the activities of banks. According to the Institute for Continuous Planning [10], BCM is a holistic management process that identifies potential threats and provides a framework for sustainability and the ability to respond effectively to issues that threaten the interests of major shareholders, reputation, brand and value of fixed assets [16].

The main functions of the business continuity management plan are systematized in Fig. 3.1. As can be seen from Fig. 3.1, the business continuity management plan is an effective way to simplify and accelerate the response to possible problems in the activities of banks, as well as organized preventive crisis management.

Responsible for the formation and implementation of such anti-crisis plans, as a rule, are employees of specially formed units. If the bank is small, the maintenance of special staff is impractical. In this case, in some countries, to facilitate the

implementation of business continuity management, methodologies for developing anti-crisis plans for various types of bank activities have been legally developed [12].

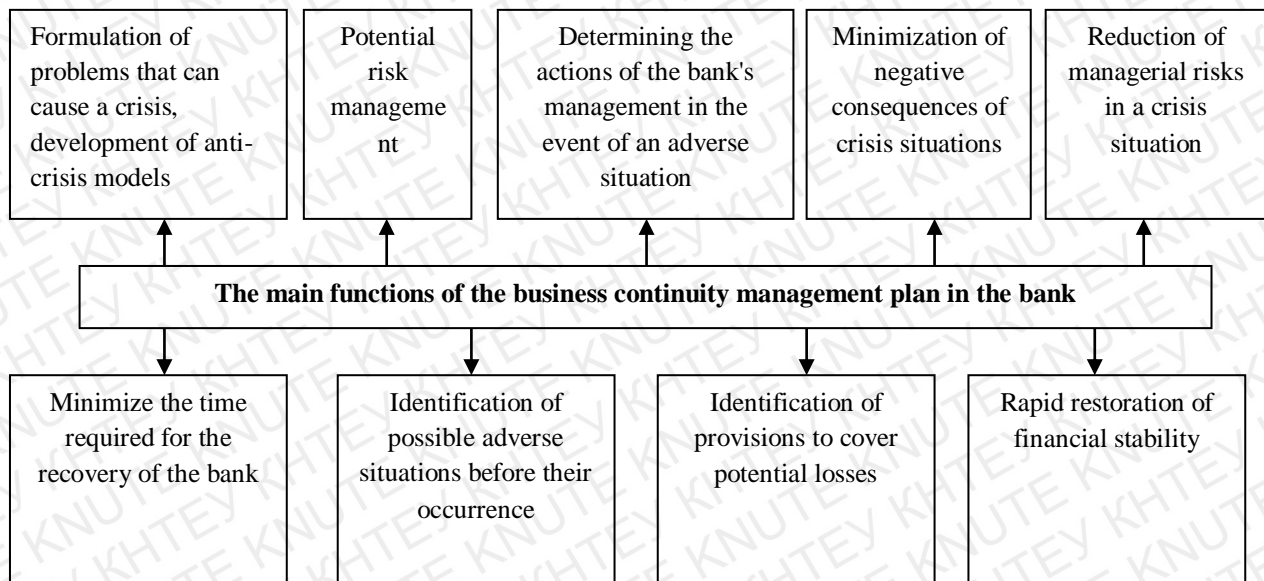


Fig. 3.1. The main functions of the business continuity management plan in the bank

*compiled by the author on the basis [12]

Thus, in the United States [5] formed a specific system for developing a business continuity management plan in a given country, which contains standard plans, methodology, the essence of crisis prediction and more. The introduction of such a concept greatly simplifies the crisis management of banks. Thus, before the global financial crisis, most banks were active in lending, but recently many banks have seen a significant deterioration in asset quality, including an increase in the share of non-performing assets (NPAs). It is important to pay attention to the experience of EU countries [12].

To overcome the effects of the global financial crisis, in June 2012 the governments of the eurozone countries decided to establish a Banking Union to establish new rules for regulating the financial stability of banks within the Eurozone. The main components of the Banking Union are the Single Supervisory Mechanism, managed by the ECB, the Single Resolution Mechanism, and the European Deposit Guarantee Scheme [40].

The main purpose of the new rules for regulating the financial stability of banks is, first of all, to reduce the likelihood of crises, apply a single mechanism to rescue troubled financial institutions and ensure the functioning of customer deposit guarantee system and establish a mechanism of state support for troubled banks [44].

The key areas of regulating the financial stability of banks in the Eurozone are the establishment of prudential standards of corporate governance, requirements for financial reporting and capital adequacy, improving the methodology for calculating indicators to assess the state of both banking and corporate sector, aggregate microprudential indicators, development of basic and regulatory indicators, the use of stress testing.

Macroprudential indicators cover two categories of indicators: aggregate microprudential and macroeconomic. Depending on the type of problems identified, more attention is paid to certain indicators. This leads to some differences in the system of indicators for different countries. For example, the ECB focused on analyzing the performance of banks as more powerful financial intermediaries, using three categories of indicators: the stability of the banking system, macroeconomic development and the financial and economic environment. It is worth noting that the World Bank takes into account both macroeconomic and financial stability indicators [41].

The development of prudential supervision is carried out in the direction of improving the methodology of macroprudential analysis, prudential norms of banking regulation, taking into account the peculiarities of insufficiently diversified economies; strengthening the focus of exchange rate policy on the prevention and early response to imbalances in the currency area in order to take into account currency risks, improving the methodology for determining capital adequacy, taking into account the interdependence of different risk categories and developing a set of basic and additional measures and tools to neutralize currency risks.

Starting on January 1, 2016, the EU launched the Single Resolution Mechanism (SRM) [49], which is a significant addition to the Single Supervisory

Mechanism (SSM), which is designed primarily to protect payers. taxes that have suffered the most during the restructuring of banks [12].

An important area of activity of the Banking Union was the formation of the Unified Mechanism for Bank Rehabilitation, implemented by the Single Resolution Board, which has the right to provide recommendations to the European Commission, the ECB, etc. and coordinate rehabilitation plans. In addition, the Single Resolution Fund was established. It is expected that by the end of 2025 the fund will have up to 1% of all insured deposits of the member states of the Banking Union [49].

The mechanism is provided for in the following scheme: if the Single Supervisory Authority or the national authorities recognize that the bank is close to bankruptcy or can no longer function independently, the Single Rehabilitation Mechanism comes into force [12].

The European Union has adopted the Bank Recovery and Resolution Directive (Directive 2014/59 / EU) [51], which sets out the rules for the use of national and European funds in rescuing them, as well as European rules for banking supervision. According to this Directive, serious threats to liquidity and solvency must be minimized at the stage of prudential monitoring of banks.

Thus, in the process of developing preventive anti-crisis measures that affect the financial stability of the bank, the most common in foreign practice are rating systems, the end result of which is the assignment of the studied bank to a particular group of risks to financial stability. Systems of coefficient analysis and analysis of homogeneous groups allow to quickly diagnose financial problems that may pose a threat to the financial stability of the bank and its financial stability. To overcome the effects of the global financial crisis, EU governments have decided to establish a Banking Union to establish new rules governing the financial stability of banks within the Eurozone. The main components of the Banking Union are the Single Supervisory Mechanism. In 2017-2019, within the EU, approaches to supervising and assessing the financial stability of banks have evolved towards a more detailed consideration of the impact of different stress scenarios on capital and liquidity. Currently, the activities of banking institutions are aimed at checking and analyzing

loans: managers of foreign banks exercise strict control over the lending process, limiting the riskiness of lending activities and getting rid of bad loans. In the conditions of the crisis, a more thorough assessment of the creditworthiness of the bank's clients is carried out, the terms of lending, the possibility of debt restructuring, etc. are revised.

3.2. Proposals to improve the system of preventive anti-crisis measures in case of bankruptcy of financial institutions

In this regard, we will consider improving the system of preventive anti-crisis measures in case of bankruptcy on the example of JSC "Privatbank". For the bank, the general basis of the system of preventive anti-crisis measures in case of bankruptcy is to ensure the profitability of activities. Thus, if the actual value of the basic normative coefficient of anti-crisis stability is much greater than the established minimum allowable, the activities of such a bank will be negatively assessed in terms of untapped opportunities for profit. In this regard, it should be noted that the analysis of anti-crisis stability of the balance sheet should be conducted simultaneously with the analysis of the bank's profitability. Experience shows that banks make more profit when they operate within the minimum allowable values of anti-crisis resilience standards, ie fully use the rights granted to them to raise funds as credit resources.

At the same time, the peculiarities of the work of JSC "Privatbank", whose activities are based on the use of customer funds, dictates the need to improve the system of preventive anti-crisis measures in case of bankruptcy. Maximum anti-crisis resilience is achieved by maximizing cash balances and correspondent accounts for other assets. But in this case the bank's profit is minimal. Profit maximization does not require the preservation of funds, but their use for lending and investment. As this requires minimizing cash and balances on correspondent accounts, profit maximization jeopardizes the bank's continuity of obligations to customers.

Given the above, to strengthen the anti-crisis stability of JSC "Privatbank" we can offer a number of promising approaches to the management of analytical, organizational and infrastructural support of liquidity management (Fig. 3.2).

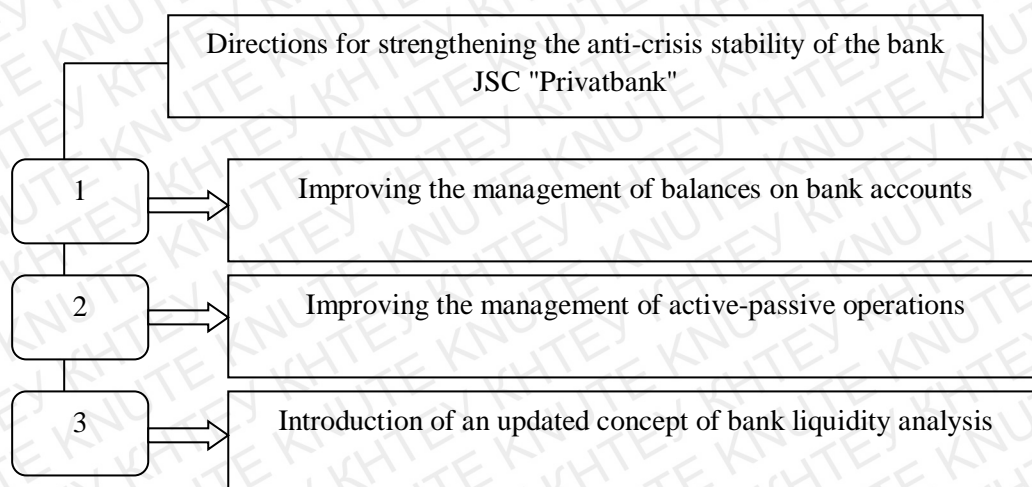


Fig. 3.2. Directions for strengthening the anti-crisis stability of the bank JSC "Privatbank"
*compiled by the author on the basis [12]

We substantiate the above directions in more detail.

1. Improving the management of balances on current accounts of the bank.

In our work, the bank actively offers consumers the service "invoices on demand". It applies to various card products for which the consumer can use a demand account to receive transfers, wages (special current accounts for salary projects), business transactions (current accounts of business entities), etc. All these banking products are united by a common feature - the funds in these accounts can be used by the client at any time and the bank can not use them as short-term deposits. Given the scale and popularity of the bank JSC "Privatbank", the amount on demand accounts as of 30.09.2019 reached 34728 million UAH or 12% of the total assets of the bank. These are quite significant funds, for which the bank forms a significant reserve in case of demand for them by customers.

The content of the proposal to improve the management of balances on current accounts of the bank is the possibility of setting "investment horizons" for balances on accounts "on demand". This concept is based on the probability of the existence of a minimum balance on the relevant group of accounts "on demand" (Table 3.3).

Table 3.3

**Recommended values of "balance horizons" of funds
on demand accounts for Privatbank JSC**

<i>The probability of the existence of a certain minimum balance</i>	<i>"Investment horizon"</i>
P > 95 %	Investment funds
80 % < P ≤ 95 %	Long-term loans
65 % < P ≤ 80 %	Medium-term loans
50 % < P ≤ 65 %	Short-term loans
25 % < P ≤ 50 %	Short-term financial instruments
P ≤ 25 %	Cash register and correspondent accounts

*compiled by the author on the basis [21]

The proposed approach to determining the "balances of funds" allows the bank to manage its liquidity quite effectively by placing funds in demand accounts in high-yield assets with minimal risk to its crisis resilience. This allows to significantly maximize the financial results of the bank by increasing the interest margin when investing the cheapest resources in medium and long-term assets.

2. Improving the management of active and passive operations of JSC "Privatbank"

In accordance with the tasks of ensuring the required level of anti-crisis stability of JSC "Privatbank" it is proposed to constantly balance the portfolio of assets (in accordance with the level of their anti-crisis stability) with the liabilities of the bank. That is, in order to maintain anti-crisis stability at a constant level, to prevent its reduction, it is necessary to adjust the asset portfolio in the event of a change in liabilities so as not to upset the balance of anti-crisis stability. Accordingly, we can offer types of approaches to liquidity management of JSC "Privatbank" on the basis of balancing the portfolio of assets and liabilities (Table 3.4).

Possible approaches to liquidity management of JSC "Privatbank" include the implementation of the following areas: 1) ensuring anti-crisis stability through assets;

2) due to liability management; 3) due to balanced liquidity management. The characteristic of portfolios of active and passive operations substantiated according to the specified approaches allows to define their influence on the level of anti-crisis stability of the investigated bank.

Table 3.4

Characteristics of possible approaches to liquidity management of JSC

"Privatbank" on the basis of balancing the portfolio of assets and liabilities

<i>Types of approaches to liquidity management using the balancing of assets and liabilities</i>	<i>Requirements for the formation of the asset portfolio</i>	<i>Stability requirements passive part of the portfolio</i>
Unprofitable	The active part consists of non-performing assets, and the return on the portfolio is zero	The passive part of the portfolio has a high time stability. In the case when non-performing assets exceed equity, the passive part of the portfolio is dominated by long-term liabilities with high time stability
Conservative	All portfolio assets have a fixed return	The passive part has a high level of general and structural crisis resistance. In the case when non-performing assets are less than equity, the passive part of the balance sheet is dominated by liabilities with a high level of stability
Speculative	Most of the assets do not have a fixed return	Liabilities with a low level of temporal stability predominate

*compiled by the author on the basis [5]

The use of the table. 3.4 approaches to liquidity management provides a general description of the relationship and interdependence of indicators of crisis resilience of JSC "Privatbank" depending on the target structure of assets and liabilities, which is important in practice to improve crisis resilience.

3. Use of the updated concept of analysis of anti-crisis stability of the bank

It is also important to add that the problem of analytical approaches to integrated monitoring of crisis resilience is of great economic importance in the process of balancing the bank's portfolio of assets and liabilities in accordance with the target indicators of anti-crisis stability. Compliance with the standards of anti-crisis resilience cannot be considered the only and sufficient condition for effective management of bank liquidity. As a concept of increasing the anti-crisis stability of

JSC "Privatbank" it is possible to offer the implementation of its quantitative assessment on the basis of the proposed block diagram (Fig. 3.3).

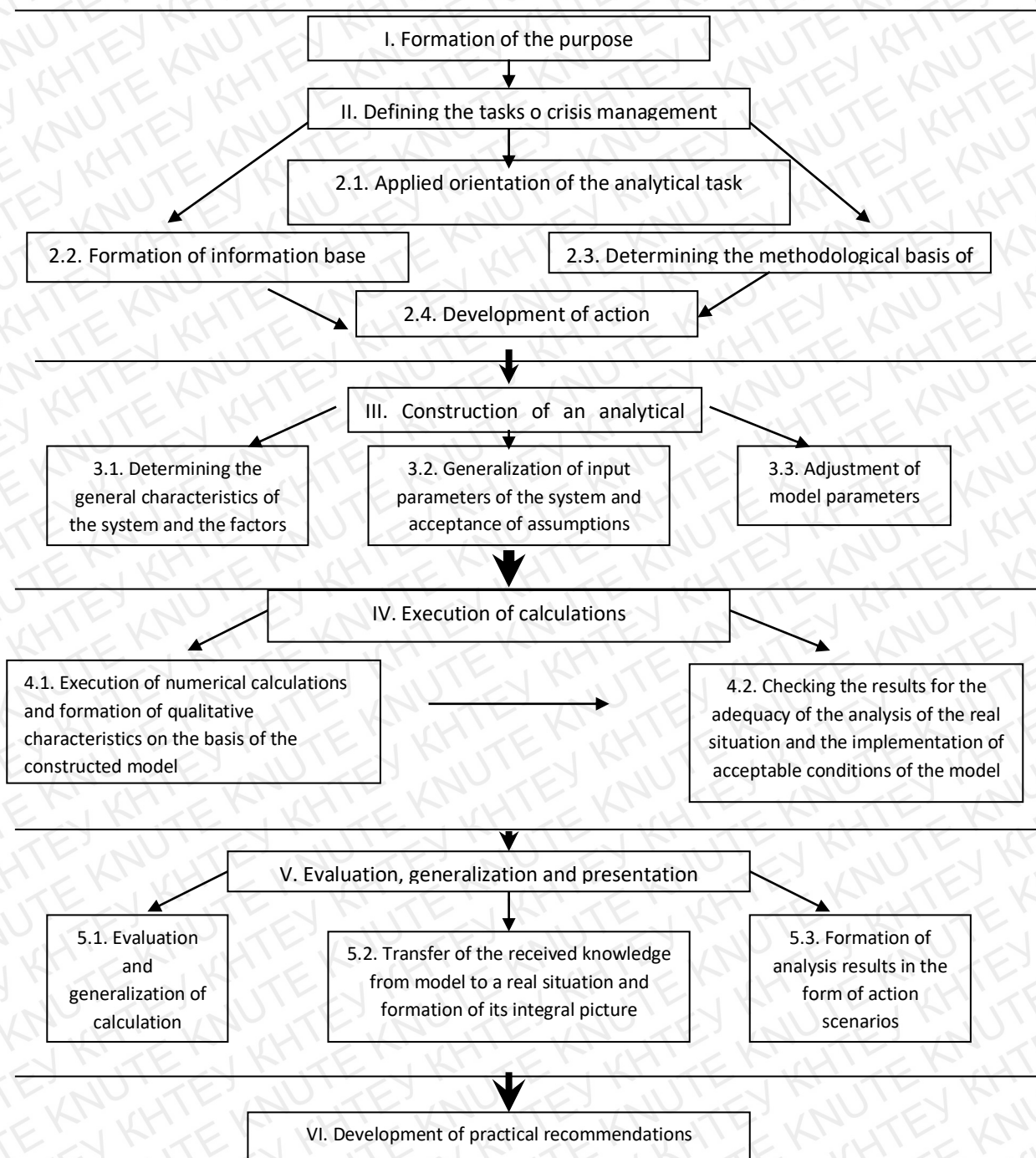


Fig. 3.3. The block diagram improved the models of analysis of anti-crisis stability of JSC "Privatbank"

*compiled by the author on the basis [14, 32]

In the process of assessing the anti-crisis stability of JSC "Privatbank" it is advisable to distinguish between methods of internal and external assessment, as well as to justify the cases of their most successful application. The current situation in the

assessment of the bank's anti-crisis stability does not allow to accurately determine the main characteristics of the parameters of the asset portfolio to achieve the target level of the bank's anti-crisis stability. Determining the optimal anti-crisis position of JSC "Privatbank" should include the following stages of analysis: construction of a diagonal matrix of crisis resistance; increase in periods; determination of levels of anti-crisis resilience and calculation of the anti-crisis resilience function; classification of financial situations. The anti-crisis management strategy of JSC "Privatbank" should take into account the state of resource provision of the bank, especially in the current situation in the market of banking services and taking into account the fact that the bank is system-forming. As a possible option to achieve this goal, it is proposed to monitor the resource provision of anti-crisis resilience, the algorithm of which is shown in Fig. 3.4.

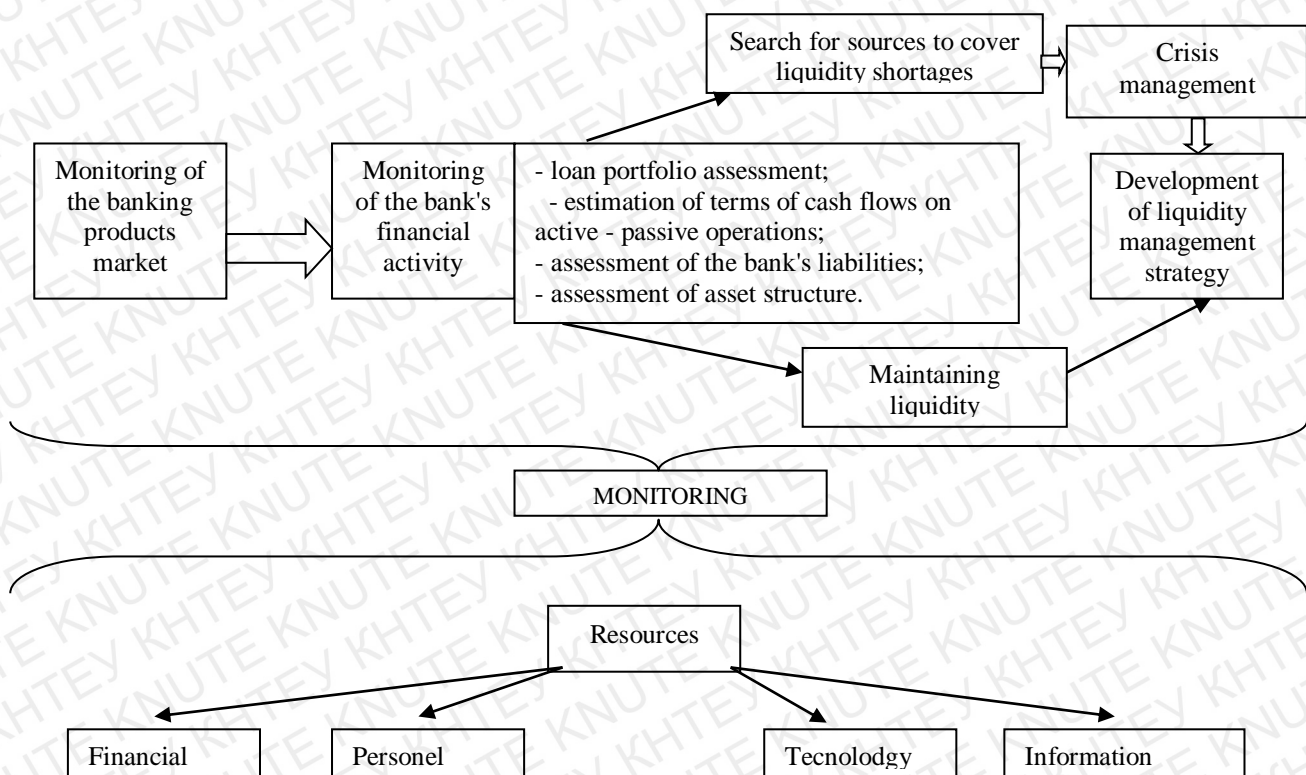


Fig. 3.4. The proposed scheme for monitoring the resource provision of anti-crisis resilience for JSC "Privatbank"

*compiled by the author on the basis [14, 32]

Today, the main mistake in choosing liquidity management methods of JSC "Privatbank" is unreasonable preference for one of them. Therefore, the considered

models and methods should be used by the bank in a complex, depending on their development and specifics of activity. The given scheme of resource provision of liquidity monitoring will allow to carry out maneuvering by active-passive operations to maintain the desired level of anti-crisis stability. Thus, monitoring can be carried out not only to assess and forecast the performance of JSC "Privatbank", but also to assess the position of competitors in the market of banking products, which aims to develop a strategy for crisis management.

The components of monitoring the anti-crisis stability of JSC "Privatbank" should be the assessment and analysis of incoming and outgoing financial flows of the bank. Imbalance of such flows, inconsistency of terms on active-passive operations can have a negative impact on banking anti-crisis stability. Therefore, for JSC "Privatbank" the use of the above scheme for the analysis of anti-crisis resilience may be an important way to overcome the risks of anti-crisis resilience.

Thus, the main possible directions of increasing the anti-crisis stability of Privatbank JSC were substantiated in this issue. The content of the proposal to improve the management of balances on current accounts of the bank is the possibility of setting "investment horizons" for balances on accounts "on demand". This concept is based on the probability of the existence of a minimum balance on the relevant group of accounts "on demand". To maintain anti-crisis stability at a stable level, to prevent its reduction, it is necessary to adjust the asset portfolio of JSC "Privatbank" in the event of a change in liabilities so as not to disturb the balance of anti-crisis stability. The liquidity management strategy of JSC "Privatbank" should take into account the state of resource provision of the bank. The basis for determining the level of crisis resilience is the principle of matching assets and liabilities, ie achieving the level of crisis resilience at the expense of balances in the relevant period. According to the constructed anti-crisis resilience function, five basic financial situations can be distinguished to determine the bank's strategy.

CONCLUSIONS AND PROPOSALS:

Hence, given the research outcome received we can convey the conclusions and advices to preventing anti-crisis management below:

1. Anti-crisis management in the bank, in our opinion, provides a system of management measures to diagnose, prevent, neutralize and overcome crises and their causes in relation to the financial and economic activities of the bank. The study allows us to conclude that the ability of break-even operation and fulfillment of its obligations determines the viability of the bank, whose support is provided by preventive forecasting of danger and monitoring of possible threats. Based on the common opinion that the bank operates at risk, we can conclude that the crisis management at the level of a particular bank and crisis regulation at the level of the economy as a whole is aimed at maintaining the financial stability of both individual banks and the banking system in general.

2. Based on Ukrainian statistics of Banking sector indicators it was revealed peculiarities of preventive crisis governance in national banking system. Defined that the largest banking crisis in history, associated with the mass bankruptcy of banks, occurred in 2015-2016. During this period, losses in the banking system reached enormous proportions, and the level of instability of banks actually characterized the collapse of the financial system. According to the NBU, the negative financial result of banks was formed primarily due to significant allocations to reserves for possible losses from active operations. According to the IMF, banks in Ukraine went bankrupt because their managers engaged in fraud and therefore led the bank to bankruptcy. IMF economists also saw other reasons for the mass "bankruptcy". Thus, one of the reasons was the ban on banks to form reserves in foreign currency against foreign exchange assets. That is, it turned out that loans - in foreign currency, and reserves - in UAH, which contradicted all international accounting rules. The calculations give grounds to testify that according to V. Kromonov's scale, in general, the banking system of Ukraine is in a problematic state, as the value of the integrated ratio is in the range from 33.7 to 67.2 points. At the same time, in 2015 the banking system was closer to the crisis, and in 2019-2021 the situation looks more stable. It can be

concluded that the main reasons that lead to the bankruptcy of banks are divided, on the one hand, into external, independent of the management of the institution and its shareholders, and on the other, internal, which are caused by factors existing within the institution.

3. Given the financial statements and insight information from JSC "Privatbank" was defined the approaches of preventive anti-crisis measures of this banking institution. Grounded that preventive anti-crisis management in JSC "Privatbank" is aiming to ensure the smooth conduct of current payments upon short-term liabilities. The main stages of crisis management approach are: analysis of the conditions of the bank for previous periods, selection of the most likely scenarios; assessment of the bank's liquidity position taking into account alternative developments; development of management decisions aimed at reducing the risk of liquidity deficit of the bank and minimizing costs. The main tools of preventive anti-crisis measures of JSC "Privatbank" in the crisis from 2013 to 2021 were as follows: the method of achieving compliance of sources of funding and liquidity of assets (minimization of gap gaps); the method of synchronizing the assets and liabilities of the bank based on interest rate sensitivity; liquidity ratio method. During the crisis from 2013 to 2015, a relatively stable level of gap liquidity gap could be observed - in the range of 10.6-11.5% of total assets. However, in 2016, due to the withdrawal of assets from the bank by its former owners, the liquidity gap narrowed to -26348 million UAH, or to -14.7% of total assets. In 2017, due to the nationalization of the bank, its liquidity was restored by replenishing assets at the expense of the NBU. In 2018, the level of the gap liquidity gap reached almost pre-crisis levels and amounted to 11.3%.

4. Analysis of the foreign banks experience in the field of preventive crisis management allows to identify the specific of preventive anti-crisis measures that affect the financial stability of the bank, the most common in foreign practice are rating systems, the end result of which is the assignment of the studied bank to a particular group of risks to financial stability. Systems of coefficient analysis and analysis of homogeneous groups allow to quickly diagnose financial problems that

may pose a threat to the financial stability of the bank and its financial stability. To overcome the effects of the global financial crisis, EU governments have decided to establish a Banking Union to establish new rules governing the financial stability of banks within the Eurozone. The main components of the Banking Union are the Single Supervisory Mechanism. In 2017-2019, within the EU, approaches to supervising and assessing the financial stability of banks have evolved towards a more detailed consideration of the impact of different stress scenarios on capital and liquidity. Currently, the activities of banking institutions are aimed at checking and analyzing loans: managers of foreign banks exercise strict control over the lending process, limiting the riskiness of lending activities and getting rid of bad loans. In the conditions of the crisis, a more thorough assessment of the creditworthiness of the bank's clients is carried out, the terms of lending, the possibility of debt restructuring, etc. are revised.

5. Under the research results and grounding on the specific of preventive crisis management in national banking system we've substantiated the main directions of increasing the anti-crisis stability of Privatbank JSC. The content of the proposal to improve the management of balances on current accounts of the bank is the possibility of setting "investment horizons" for balances on accounts "on demand". This concept is based on the probability of the existence of a minimum balance on the relevant group of accounts "on demand". To maintain anti-crisis stability at a stable level, to prevent its reduction, it is necessary to adjust the asset portfolio of JSC "Privatbank" in the event of a change in liabilities so as not to disturb the balance of anti-crisis stability. The liquidity management strategy of JSC "Privatbank" should take into account the state of resource provision of the bank. The basis for determining the level of crisis resilience is the principle of matching assets and liabilities, ie achieving the level of crisis resilience at the expense of balances in the relevant period. According to the constructed anti-crisis resilience function, five basic financial situations can be distinguished to determine the bank's strategy.

Summing up the results of the study, the following proposals were substantiated to improve the system of preventive crisis management in the financial sector of Ukraine:

1) Banks are recommended to constantly monitor the factors that affect the level of regulatory capital adequacy. In particular, you should always ensure an optimal balance between equity and liabilities. The dynamics of liabilities should not reach critical levels in order to prevent a decrease in the liquidity of banks.

2) It is necessary to constantly monitor foreign experience in regulating the liquidity of banks, as well as indicators that characterize the quality of assets. This is due to the fact that a significant share of bank assets on the eve of the financial crises in Ukraine in 2008-2009 and 2014-2015 was of very low quality, which resulted in a fairly rapid growth of losses in the financial sector after the deterioration of the economic situation in Ukraine. Therefore, it is very important to use approaches to strategic planning of credit development and consider the possibility of implementing modern financial monitoring systems.

3) Each bank must have appropriate programs of precautionary measures to overcome stressful situations in the financial sector. This is the key to the effective formation of both resource and organizational prerequisites for dealing with crises.

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APPENDIX A

ГРУПА "ПРИВАТБАНК"

Консолідований звіт про фінансовий стан станом за 30 червня 2021 року

У мільйонах українських гривень	Прим.	30 червня 2021	31 грудня 2020
АКТИВИ			
Грошові кошти та їх еквіваленти та обов'язкові резерви	4	57 246	49 911
Заборгованість банків	5	19 554	25 059
Кредити та аванси клієнтам	6	62 502	55 021
Інвестиційні цінні папери:			
- за справедливою вартістю через прибуток чи збиток	7	93 968	100 750
- за справедливою вартістю через інший сукупний дохід	7	102 104	119 196
- за амортизованою собівартістю	7	203	1 765
Поточні податкові активи	20	9 978	6 660
Інвестиційна нерухомість		2 918	2 933
Активи з права користування	8	1 539	1 738
Основні засоби та нематеріальні активи		5 778	5 982
Інші фінансові активи	9	2 688	3 467
Інші активи		8 841	8 901
Майно, що перейшло у власність банку як заставодержателя		1 010	1 228
Активи, утримувані для продажу		18	32
ВСЬОГО АКТИВІВ		368 347	382 643
ЗОБОВ'ЯЗАННЯ			
Заборгованість перед банками та іншими фінансовими організаціями	10	49	19
Кошти клієнтів	11	308 774	312 568
Зобов'язання орендаря з лізингу	23	1 655	1 844
Поточне зобов'язання з податку на прибуток	20	9	9
Відстрочене зобов'язання з податку на прибуток	20	180	147
Інші фінансові зобов'язання	12	2 319	2 912
Резерви та нефінансові зобов'язання	13	11 438	12 087
ВСЬОГО ЗОБОВ'ЯЗАНЬ		324 424	329 586
КАПІТАЛ			
Акціонерний капітал		206 060	206 060
Емісійний дохід		23	23
Резерв переоцінки будівель		677	689
Нереалізований збиток від інвестиційних цінних паперів		(4 199)	(2 937)
Результат від операцій з акціонером		12 174	12 174
Резерв переоцінки валют		27	27
Накопичений дефіцит		(170 840)	(162 980)
Чисті активи, що належать акціонеру Банку		43 922	53 056
Частка неконтролюючих учасників		1	1
ВСЬОГО КАПІТАЛУ		43 923	53 057
ВСЬОГО ЗОБОВ'ЯЗАНЬ ТА КАПІТАЛУ		368 347	382 643

Затверджено до випуску та підписано 30 серпня 2021 року.

Г. Бюш

Голова Правління

Г. Ю. Самаріна

Заступник Голови Правління (звітний)

В. В. Ярмоленко

Головний бухгалтер

APPENDIX B

ГРУПА "ПРИВАТБАНК"

Кількісний звіт про фінансовий стан станом на 31 грудня 2020 року

У мільйонах українських гривень	Прим.	31 грудня 2020	31 грудня 2019
АКТИВИ			
Грошові кошти та їх еквіваленти та інші активи резерви	6	49 911	45 894
Зобов'язаність банків	7	25 059	27 118
Кредити та аванси клієнтам	8	55 021	59 544
Інвестиційні цінні папери:			
- за справедливою вартістю через прибуток чи збиток	9	100 750	84 680
- за справедливою вартістю через інші сукупний дохід	9	1 19 196	66 602
- за амортизованою собівартістю	9	1 765	875
Поточні податкові активи	22	6 660	2 257
Інвестиційна нерухомість		2 933	3 379
Активи з права користування	10	1 738	1 703
Основні засоби та нематеріальні активи	11	5 982	4 850
Інші фінансові активи	12	3 467	2 228
Інші активи	13	8 901	9 285
Майно, що перейшло у власність банку як заставадержателя		1 228	1 244
Активи, утримувані для продажу		32	-
ВСЬОГО АКТИВІВ		382 843	309 659
ЗОБОВ'ЯЗАННЯ			
Зобов'язаність перед НБУ		-	7 721
Зобов'язаність перед банками та іншими фінансовими організаціями		19	201
Кошти клієнтів	14	312 568	240 457
Зобов'язання орендаря з лізингу	31	1 844	1 734
Поточне зобов'язання з податку на прибуток	22	9	9
Відстрочене зобов'язання з податку на прибуток	22	147	122
Інші фінансові зобов'язання	15	2 912	1 523
Резерви та нефінансові зобов'язання	16	12 087	3 266
ВСЬОГО ЗОБОВ'ЯЗАНЬ		329 586	255 033
КАПІТАЛ			
Акціонерний капітал	17	206 060	206 060
Емісійний дохід	17	23	23
Резерв переоцінки будівель	11	689	614
Нереалізований збиток від інвестиційних цінних паперів		(2 937)	(1 274)
Результат від операцій з акціонером		12 174	12 174
Резерв переоцінки валют		27	27
Накопичений дефіцит		(162 980)	(162 999)
Чисті активи, що належать акціонеру Банку		53 056	54 625
Частка неконтролюючих учасників		1	1
ВСЬОГО КАПІТАЛУ		53 057	54 626
ВСЬОГО ЗОБОВ'ЯЗАНЬ ТА КАПІТАЛУ		382 843	309 659

APPENDIX C

ГРУПА "ПРИВАТБАНК"
Консолідований звіт про фінансовий стан

У мільйонах українських гривень	Прим.	30 червня 2020	31 грудня 2019
АКТИВИ			
Грошові кошти та їх еквіваленти та обов'язкові резерви	4	42 698	45 894
Заборгованість банків	5	4 566	27 118
Кредити та аванси клієнтам	6	56 250	59 544
Інвестиційні цінні папери:			
- за справедливою вартістю через прибуток чи збиток	7	99 400	84 680
- за справедливою вартістю через інший сукупний дохід	7	91 572	66 602
- за амортизованою собівартістю	7	900	875
Поточні податкові активи	21	6 659	2 257
Інвестиційна нерухомість		3 192	3 379
Активи з права користування		1 871	1 703
Основні засоби та нематеріальні активи		5 150	4 850
Інші фінансові активи	8	2 508	2 228
Інші активи		9 071	9 285
Майно, що перейшло у власність банку як заставодержателя		1 315	1 244
ВСЬОГО АКТИВІВ		325 152	309 659
ЗОБОВ'ЯЗАННЯ			
Заборгованість перед НБУ	9	-	7 721
Заборгованість перед банками та іншими фінансовими організаціями	10	370	201
Кошти клієнтів	11	267 386	240 457
Зобов'язання орендаря з лізингу	24	1 951	1 734
Поточне зобов'язання з податку на прибуток	21	5	9
Відстрочене зобов'язання з податку на прибуток	21	122	122
Інші фінансові зобов'язання	12	2 225	1 523
Резерви та нефінансові зобов'язання	13	9 988	3 266
ВСЬОГО ЗОБОВ'ЯЗАНЬ		282 047	255 033
КАПІТАЛ			
Акціонерний капітал		206 060	206 060
Емісійний дохід		23	23
Резерв переоцінки будівель		606	614
Нереалізований збиток від інвестиційних цінних паперів		(2 367)	(1 274)
Результат від операцій з акціонером		12 174	12 174
Резерв переоцінки валют		27	27
Накопичений дефіцит		(173 419)	(162 999)
Чисті активи, що належать акціонеру Банку		43 104	54 625
Частка неконтролюючих учасників		1	1
ВСЬОГО КАПІТАЛУ		43 105	54 626

АКЦІОНЕРНЕ ТОВАРИСТВО КОМЕРЦІЙНИЙ БАНК "ПРИВАТБАНК"
Окремий звіт про фінансовий стан

У мільйонах українських гривень	Прим.	31 грудня 2019	31 грудня 2018
АКТИВИ			
Грошові кошти та їх еквіваленти та обов'язкові резерви	6	45 894	27 360
Заборгованість банків	7	27 118	-
Кредити та аванси клієнтам	8	59 544	50 140
Інвестиційні цінні папери:			
- за справедливою вартістю через прибуток чи збиток	9	84 680	86 244
- за справедливою вартістю через інший сукупний дохід	9	66 602	79 299
- за амортизованою собівартістю	9	875	14 538
Поточні податкові активи		2 257	184
Інвестиції в дочірні та асоційовану компанію/інвестиції в дочірні компанії		155	30
Інвестиційна нерухомість		3 379	3 340
Активи з права користування	10	1 716	-
Основні засоби та нематеріальні активи	11	4 764	3 793
Інші фінансові активи	12	2 210	2 743
Інші активи	13	9 285	8 899
Майно, що перейшло у власність банку як заставодержателя		1 244	1 361
Активи, утримувані для продажу	14	-	117
ВСЬОГО АКТИВІВ		309 723	278 048
ЗОБОВ'ЯЗАННЯ			
Заборгованість перед НБУ	15	7 721	9 817
Заборгованість перед банками та іншими фінансовими організаціями		201	195
Кошти клієнтів	16	240 621	231 055
Зобов'язання орендаря з лізингу	32	1 748	-
Відстрочене зобов'язання з податку на прибуток	24	121	136
Інші фінансові зобов'язання	17	1 522	2 249
Резерви та нефінансові зобов'язання	18	3 260	3 132
ВСЬОГО ЗОБОВ'ЯЗАНЬ		255 194	246 584
КАПІТАЛ			
Акціонерний капітал	19	206 060	206 060
Емісійний дохід	19	23	23
Резерв переоцінки будівель	11	614	687
Нереалізований збиток від інвестиційних цінних паперів		(1 274)	(3 303)
Результат від операцій з акціонером		12 174	12 174
Загальні резерви та інші фонди	19	6 850	6 211
Накопичений дефіцит		(169 918)	(190 388)
ВСЬОГО КАПІТАЛУ		54 529	31 464
ВСЬОГО ЗОБОВ'ЯЗАНЬ ТА КАПІТАЛУ		309 723	278 048

Затверджено на загальному зборі акціонерів та підписано 29 квітня 2020 року.



Г. Ю. Самаріна
 Голова Правління


Г. Ю. Самаріна
 Заступник Голови Правління
 (з питань фінансів)

В. В. Ярмоленко
 Головний бухгалтер

APPENDIX E

КАПІТАЛ			
Акціонерний капітал		206 060	206 060
Емісійний дохід		23	23
Резерв переоцінки приміщень		679	687
Неревалізований (збиток)/прибуток від інвестиційних цінних паперів	9	(3 484)	(3 303)
Результат від операцій з акціонером		12 174	12 174
Загальні резерви та інші фонди		6 850	6 211
Накопичений дефіцит		(175 106)	(190 388)
ВСЬОГО КАПІТАЛУ		47 196	31 464
ВСЬОГО ЗОБОВ'ЯЗАНЬ ТА КАПІТАЛУ		284 312	278 048

Затверджено до випуску та підписано 28 жовтня 2019 року.


Г. Ю. Самаріна
В.о. Голови Правління


В. В. Ярмоленко
Головний бухгалтер

АКЦІОНЕРНЕ ТОВАРИСТВО КОМЕРЦІЙНИЙ БАНК "ПРИВАТБАНК"
Окремий звіт про фінансовий стан

У мільйонах українських гривень	Прим.	31 грудня 2018	31 грудня 2017 (перераховано)	31 грудня 2016 (перераховано)
АКТИВИ				
Грошові кошти та їх еквіваленти та обов'язкові резерви	7	27 360	25 296	30 159
Заборгованість банків		-	2 903	-
Кредити та аванси клієнтам	8	50 140	38 335	32 616
Інвестиційні цінні папери:				
- за справедливою вартістю через прибуток чи збиток	9	86 244	-	-
- наявні для продажу	9	-	90 354	64 409
- за справедливою вартістю через інший сукупний дохід	9	79 299	-	-
- утримуються до погашення	9	-	36 322	-
- за амортизованою собівартістю	9	14 538	-	-
Вбудовані похідні фінансові активи	9	-	34 336	27 044
Передплата з поточного податку на прибуток	24	184	184	181
Інвестиції в дочірні та асоційовану компанію		30	30	246
Інвестиційна нерухомість	10	3 340	3 648	691
Приміщення, вдосконалення орендованого майна, обладнання та нематеріальні активи	11	3 793	3 326	3 409
Інші фінансові активи	12	2 743	2 940	2 639
Інші активи	13	8 899	8 815	9 585
Майно, що перейшло у власність банку як заставодержателя		1 361	7 069	8 782
Активи, утримувані для продажу		117	117	-
ВСЬОГО АКТИВІВ		278 048	253 675	179 761

ЗОВОВ'ЯЗАННЯ				
Заборгованість перед НБУ	14	9 817	12 394	18 047
Заборгованість перед банками та іншими фінансовими організаціями	15	195	234	2 667
Кошти клієнтів	16	231 055	212 167	180 656
Випущені боргові цінні папери		2	2	2
Відстрочене зобов'язання з податку на прибуток	24	136	150	138
Інші фінансові зобов'язання	17	2 247	1 688	1 932
Резерви та нефінансові зобов'язання	18	3 132	3 292	2 545
Субординований борг		-	129	122
ВСЬОГО ЗОВОВ'ЯЗАНЬ		246 584	230 056	206 109
КАПІТАЛ				
Акціонерний капітал	19	206 060	206 060	50 695
Емісійний дохід	19	23	23	23
Внески у капітал, отримані за випущені, але не зареєстровані нові акції	19	-	-	111 591
Резерв переоцінки приміщень	11	687	769	805
Нереалізований (збиток)/прибуток від інвестиційних цінних паперів		(3 303)	(479)	521
Результат від операцій з акціонером		12 174	12 174	9 934
Загальні резерви та інші фонди	19	6 211	6 211	1 619
Накопичений дефіцит		(190 388)	(201 139)	(201 536)
ВСЬОГО КАПІТАЛУ		31 464	23 619	(26 348)
ВСЬОГО ЗОВОВ'ЯЗАНЬ ТА КАПІТАЛУ		278 048	253 675	179 761

Затверджено до випуску та підписано 23 квітня 2019 року.


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