

DOI: [https://doi.org/10.30970/fp.2\(60\).2026.250266267](https://doi.org/10.30970/fp.2(60).2026.250266267)

JEL Classification: E58, G21

MANAGEMENT OF BANK PROBLEM ASSETS UNDER WAR AND POST-WAR CHALLENGES: A RISK-ORIENTED APPROACH AND DIRECTIONS FOR IMPROVEMENT

CHAIKOVSKIY Yaroslav

PhD in Economics, Associate Professor,

*Associate Professor of the Department of Financial Technologies and Banking Business
West Ukrainian National University*

ORCID ID: <https://orcid.org/0000-0002-1287-8094>

CHAIKOVSKIY Yevhen

PhD,

*Associate Professor of the Department of Management, Economics and Tourism
Lviv Institute The Private Joint-Stock Company «Higher education institution*

«Interregional Academy of Personnel Management»

ORCID ID: <https://orcid.org/0009-0007-0179-5422>

Abstract. *The article examines the theoretical and practical foundations of managing problem assets of banks in the conditions of war and post-war challenges. The impact of macroeconomic and military factors on the quality of bank loan portfolios is analyzed, and domestic and international experience in non-performing loan management is summarized. Improvements to the risk-oriented approach to managing problem assets of banks are proposed, with emphasis on the development of early warning systems, digital technologies, and borrower solvency stress testing. It is concluded that effective management of problem assets is a key prerequisite for ensuring the financial stability of the banking system under conditions of increased uncertainty and post-war economic recovery.*

Keywords: *banking system, banking institutions, problem assets, non-performing loans, credit risk, risk-oriented approach, restructuring, stress testing, financial stability, central bank, banking personnel, war challenges, ESG banking.*

The article examines the theoretical and practical foundations of managing distressed assets of banks under conditions of wartime and post-war challenges. It is established that the growing volume of distressed assets and non-performing loans represents one of the key risks to the financial stability of the banking system during periods of military conflict and economic instability. It is determined that the formation of problem loans is driven by a combination of external and internal factors. External factors include military actions, macroeconomic instability, inflationary processes, reduced business activity, deteriorating borrower solvency, and a high level of uncertainty in the economic environment. Internal factors include the quality of credit risk management systems, the effectiveness of borrower creditworthiness assessment procedures, the level of credit portfolio diversification, the quality of loan monitoring processes, and the organization of distressed debt management.

The results of the study show that effective management of distressed assets requires the application of a risk-oriented approach aimed at the timely identification of potential

credit risks and the prevention of non-performing loan formation. The importance of using modern credit risk management tools is substantiated, including early warning systems, stress testing of borrower solvency, debt restructuring mechanisms, and digital technologies for credit portfolio monitoring. It is determined that the combination of preventive and corrective measures helps minimize bank losses and improve asset quality even under conditions of high uncertainty.

The approach to managing distressed bank assets is improved based on a risk-oriented model that integrates borrower creditworthiness assessment procedures, early warning systems, digital credit risk analysis tools, and mechanisms for restructuring distressed debt. A relationship between the quality of credit risk management and the level of distressed bank assets is identified, forming the basis for improving managerial decision-making in lending activities.

The obtained results allow proposing a set of measures to enhance the efficiency of distressed asset management in banks under wartime and post-war economic recovery conditions, including improving borrower creditworthiness assessment systems, developing early detection mechanisms for distressed debt, implementing modern digital credit risk management technologies, strengthening debt restructuring processes, conducting regular stress testing of loan portfolios, and enhancing regulatory supervision of asset quality. Implementation of these recommendations will contribute to reducing the level of non-performing loans, strengthening the financial stability of the banking sector, and ensuring the stable functioning of the banking system under conditions of wartime and post-war challenges.

Reference

1. Andros S. V., & Gerasymchuk V. H. (2023). Mechanism of settlement of non-performing bank loans in wartime conditions. *Economy: Time Realities*, 1(65), 12–25. DOI: 10.15276/ETR.01.2023.2
2. Andrushchak Ye. M., Perepiolkina O. O., & Herasymenko A. V. (2024). Management of non-performing loans of banks: world experience. *Economy and Society*, 59. <https://doi.org/10.32782/2524-0072/2024-59-25>
3. Dziubliuk O. V. (2023). Problems of intensifying bank lending to the real sector of the economy under martial law. *Bulletin of Economics*, 3, 8–25. <https://doi.org/10.35774/visnyk2023.03.008>
4. Kozlova V. O., Sokolnytskyi Yu. I., & Petukh A. S. (2023). Non-performing bank loans of business entities: problem diagnostics and solutions. *Problems of Systemic Approach in the Economy*, 2(91), 124–132. <https://doi.org/10.32782/2520-2200/2023-2-16>
5. Official website of the National Bank of Ukraine. <https://bank.gov.ua/>
6. National Bank of Ukraine. (2016). Regulation on determining the amount of credit risk by banks of Ukraine for active banking operations (Resolution No. 351). <https://zakon.rada.gov.ua/laws/show/v0351500-16>
7. National Bank of Ukraine. (2019). Regulation on the organization of the process of managing non-performing assets in banks of Ukraine (Resolution No. 97). <https://zakon.rada.gov.ua/laws/show/v0097500-19>
8. Rybak O. M., & Puskov D. O. (2020). Restructuring of non-performing bank loans under crisis conditions. *Innovative Economy*, 3–4(83), 65–70. <https://doi.org/10.37332/2309-1533.2020.3-4.9>
9. Seniv B. (2025). Impact of non-performing assets on financial stability of the banking system and economic security of Ukraine: the role of non-performing loans. *Economic*

Analysis, 35(2), 663–675. <https://doi.org/10.35774/econa2025.02.663>

10. Slobodyanyuk N., & Nesterenko A. (2024). Strategies for managing non-performing loans of commercial banks. *Economy and Society*, 65. <https://doi.org/10.32782/2524-0072/2024-65-129>

11. Slyusarenko, Ye. R. (2024). Management of non-performing assets of banks in conditions of emergency challenges and threats in Ukraine. *Investments: Practice and Experience*, 14, 177–186. <https://doi.org/10.32702/2306-6814.2024.14.177>

12. Chaikovskiy, Ya. I. (2005). Analysis of borrower creditworthiness of a banking institution. *Journal of European Economy*, 4(3), 328–346. <https://jeej.wunu.edu.ua/index.php/ukjee/article/view/1056/1042>

13. Chaikovskiy Ya. I., Lutsiv B., Dziubliuk O., Chaikovskiy Ye., & Lutsiv P. (2025). Green bank lending as a key tool for environmental modernization of the economy. *Financial and Credit Activity: Problems of Theory and Practice*, 2(61), 54–72. <https://doi.org/10.55643/fcaptp.2.61.2025.4651>

14. Chaikovskiy Ya. I., & Chaikovskiy Ye. (2026). Bank credit operations in ensuring financial stability and economic security of Ukraine under wartime challenges. *Bulletin of Economics*, 1(119), 51–60. <https://doi.org/10.35774/visnyk2026.01.051>

Дата надходження статті: 13.05.2026

Дата прийняття статті: 26.05.2026

Дата публікації статті: 31.05.2026