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Since the outbreak of the 2007 - 2009 financial crisis, there has been a sharp decline in the quality of European banks' loan portfolios. Because the banks' traditional mechanisms for dealing with non-performing loans have proved insufficient to improve their situation, many European banks and banking sectors have decided to implement so-called market-based methods for reducing high levels of non-performing loans, aimed at removing non-performing credit exposures from banks' balance sheets. Effectively addressing the high level of non-performing loans through market methods also requires structural reforms aimed at making it easier for banks to clean up their balance sheets through market methods. The purpose of the dissertation was to assess the impact of the application of NPL portfolio restructuring methods (both market-based and supportive) on the change in value of this indicator.

The structure of the dissertation, consisting of seven chapters, corresponded to the specific problems posed in the work. The first chapter analyzes banking risk, with a focus on the most important types of risk and the regulations on its mitigation. The second chapter is devoted to credit risk - its definition and methods of measurement and mitigation are presented in detail. The impact of the outbreak of the financial crisis on the quality of credit portfolios in the European banking sectors was also assessed. The third chapter is devoted to factors shaping the quality of the loan portfolio, while the fourth examines the most important legislation introduced at the EU level to limit and prevent the build-up of non-performing loans. The fifth chapter provides a detailed review and presentation of both possible and actual NPL portfolio restructuring methods implemented in European countries. In the sixth and seventh chapters, the effectiveness of the methods implemented in the post-crisis period to restructure low-quality loan portfolios was evaluated using econometric models. The author also constructed the NPL_RII index, measuring the intensity of the methods implemented in the given country.

Results have shown that the methods implemented in the post-crisis period to restructure the portfolio of non-performing loans were effective tools for their reduction.