

MANAGEMENT OF BANK CREDIT RISK

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Banks play a crucial role in the system of financial intermediation and therefore shall not only diagnose potential hazards, but also have the corresponding mechanism of neutralization of their negative impact. Studying the types of bank risks, the reasons of their origin and methods of management is extremely necessary for a bank system. The size of profit of bank and its liquidity depends on a risk degree. The choice of a correct technique of risks' assessment in many respects helps bank to cut down expenses on unforeseen situations.

The credit risk of bank is a measure (degree) of uncertainty concerning the emergence of undesirable events in the case of implementation of financial transactions, which essence is that the partner of bank won't be able to fulfil the liabilities undertaken under the agreement and at the same time it won't be possible to use ensuring return of borrowed funds.

It should be noted that with a credit risk not only credit operations of commercial bank, but also investment (portfolio construction of securities), warranty services, transactions are connected with derivatives, and also services of credit nature (leasing, factoring, etc.).

The quantitative analysis of a credit risk of bank is performed with the use of a method of financial ratios, statistical and expert methods.

In the structure of assets of PJSC CB Privatbank the credits occupy the greatest specific weight and provide it with a bigger half of all income. Credit operations are high-profit, but also at the same time the growth of a share of credit investments in a total amount of assets demonstrates an increase in a riskiness of activities of the bank in general.

According to the calculations the risk of a credit portfolio decreased in 2015 by 3,2% and made 13,53% for its end that demonstrates activization of credit policy of bank.

Thus, it is possible to draw a conclusion that the bank well works because all indicators are in admissible regulations, and also the bank gets rather high profits. It is also possible to tell about rather managed situation concerning risks, which are assumed by the bank when crediting clients.

So, despite positive achievements for the period and profits for 2015, PJSC CB Privatbank should diversify more credit operations in order to promote development of priority industries of the national economy; to enter new types of banking products for legal entities; to enter new types of banking products for physical persons with an orientation on the least protected segments of the population; to constantly attract clients by holding advertising campaigns and presentations and so on.