

## ABSTRACTS

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### **PROBLEM CREDITS OF BANKS AS A RESULT OF CREDIT RISK IMPLEMENTATION**

Taking into account different approaches to the determination of the category «a problem credit» it was suggested to use the following determination: a problem credit is a credit on which one or two payments were not made on time, or there were circumstances which caused doubts in relation to the timely and complete credit return due to financial instability of the borrower, insufficient material well-being or material credit unwell-being, or owing to other reasons which influenced the possibility of failure to return credit and interests for its use by a borrower.

The factors of problem credit origin are considered. They are divided into three groups: external factors in relation to a bank and contractors (changes in legislation, political, economic situation in a country, unemployment rate, level of inflation, development of industry, force-majeure circumstances); interbank factors (factors which are directly related to the credit policy of a bank); factors which are related to activity of the borrower (insufficient level of management on the borrower's enterprise; unexpected circumstances related to the provision of credit (loss or worsening of property quality); a change of the borrower's financial state for worse; the absence of experience of doing business; decline of borrower's products quality; borrower's moral and ethic qualities; inefficiency of implementation and paying back of credit project).

Having determined the connection between the level of credit operation risk and credit problem, the formula of problem credit calculation is offered.

