

JEL Classification E20, E40, E58, G21, G32

CRITERIA FOR ASSESSING THE QUALITY OF THE BANK'S LOAN PORTFOLIO

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Annotation. Were reviewed theoretical and practical aspects of loan activities of Ukrainian banks considering influence of external and internal factors. Were investigated existing approaches and criteria of estimating quality of loan portfolios by banking institutions of Ukraine and Europe. Was conducted quality analysis of the loan portfolio of the banking system of Ukraine by the criteria «profitability — risk» with the help of coefficient analysis and was proved the benefit of using the integrated coefficient for estimating quality of banks' loan portfolios.

Keywords: profitability, liquidity, risk, loan portfolio, economic standards, credit services, efficiency.

The article deals with theoretical and practical aspects of lending activity in Ukrainian banks taking into account the influence of external and internal factors. The current unstable state of Ukrainian banking system is the consequence of loan portfolio inefficient quality management.

The methods and criteria for assessing the quality of loan portfolios used by banking managers and supervisors in Ukraine in practice have low effectiveness and not always allow to assess objectively and predict the potential threats to financial stability of banks. In view of the above, it is important to analyze and compare the criteria for assessing the quality of loan portfolios used in Ukraine and abroad. It will allow banks to ensure effective quality management of credit portfolios and to take timely measures to prevent the growth of credit risks in bank activities.

The comprehensive analysis of loan portfolio quality in Ukrainian banking system based on the criteria of «yield — risk» is performed with the

help of coefficient analysis. The expediency of using the integrated indicator for assessing the quality of banks loan portfolios is substantiated.

In order to ensure the effective management of banks loan portfolio and early warning about preventing the growth of credit risk and deterioration of yield indicators, it is proposed to monitor continuously the quality of banks loan portfolio by three criteria "return-to-risk-liquidity" and the use of methods system for assessing quality taking into account progressive foreign and domestic experience.

The analysis of practical aspects of Ukrainian banks' performance showed that their effective functioning is only possible under the condition of gradual indicators' modernization used for risk estimation and quality analysis of loan portfolios. Adoption of world experience of bank performance regulation and transition of Ukraine to international standards of banking management will allow partially decrease the impact of negative factors on the banking system.

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