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ANALYSIS OF THE BANK'S FINANCIAL CONDITION

The prosperity of each country is impossible without banking. Banking activities are aimed at the processes of collection, distribution, redistribution and use of centralized and decentralized funds, which ensure the practical implementation of all governmental tasks. That's why a well-planned banking affects thoroughly the stability of the economy. The stability of banking institutions is determined by assessing the financial condition. Not only the bank itself depends on the positive financial result, but also the clients who interact with it, and if the bank goes bankrupt, it will definitely cause losses to enterprises and individuals.

Thus, we come up to the conclusion that the problem of bank efficiency, which is reflected in its financial condition, is extremely relevant, because the level of banking stability depends on the level of the economy of the whole country.

The purpose of this thesis is to study the theoretical and methodological principles and practical foundations of the analysis of the bank financial condition, as well as to develop and improve the efficiency of the bank JSC CB "PrivatBank".

In the course of this study the following tasks were set and solved:

1. The essence of banking activity and analysis of financial condition is revealed.
2. Methodical approaches to the analysis of financial condition are allocated.
3. The normative-legal and information base of the analysis is determined.
4. The current state of the banking system in Ukraine is analyzed.
5. The economic characteristics of the bank such as analyses of assets, liabilities and financial results were studied.
6. The financial condition of Privatbank is fully analyzed on the example of the following indicators: financial stability, liquidity, profitability, etc.
7. Ways to improve the financial condition of Privatbank are proposed.

During the study such methods as analytical and comparative methods, comparative analysis, logical, complex, systematic and statistical methods were used.

The practical significance of the obtained results lies in the development and economic justification of ways to improve the efficiency of banking and the effectiveness of the financial condition of JSC CB "PrivatBank".

Assessment of the financial condition of economic entities involves the study and calculation of a set of indicators that reflect the various aspects of the bank and show the effectiveness of management decisions. According to the results of the financial condition assessment, it is possible to see the problematic aspects of the bank's financial activity and develop measures to increase liquidity, solvency, profitability, financial stability, assess the production mechanism and determine its development prospects. [1, p. 228]

The main sources of information for assessing and analyzing the financial condition, financial results, efficiency of financial resources, creditworthiness, investment attractiveness of the bank are the bank's financial statements, namely: Statement of financial position (Balance Sheet), Profit or Loss Statement or other

comprehensive income, Statement of Cash Flows and Statement of Equity. Taking into account these documents, workers can complete a financial report.

Financial reporting is an important tool for managing financial processes and phenomena in the bank. The main basis for conducting financial analysis in the bank is the results of accounting, which can be represented as a continuous unified process of accounting for business transactions on the state of assets and liabilities of the bank. The correctness and clarity of financial reporting is a way to effective financial analysis and optimization of management decisions.

Thus, financial statements prepared according to generally accepted standards provide a typical list of information about the bank's activities, meet the needs of most users and provide certain opportunities to conduct financial analysis and provide objective forecasts. [2, p. 30]

In order to analyze the financial condition of the bank in Ukraine, we took into account a system of certain coefficients that characterize the activities of the bank. In world practice, the rating system for assessing the financial condition of the bank is mostly used. The most common method used to analyze the financial condition of the bank is the analysis using financial ratios, which consists of four main blocks: 1) assessment of capital adequacy (financial stability); 2) calculation of liquidity; 3) assessment of business activity; 4) assessment of profitability. [3, p. 221]

The domestic scientific community offers different approaches to diagnosing the financial condition of banks. Prymostka L.O. gives off the following characteristics of the methodology: determining the main indicators of banks (quantitative indicators, assets, liabilities); Structural components of banks' loan portfolio; Quarterly dynamics of banks' income and expenses. [4]. Opinion of Samorodov B.V. : Study of the outflow of deposits attracted by banks from legal entities and individuals; indicators of capital and assets of banks; formed reserves of banks; the ratio of assets and liabilities of banks; currency component of banks' assets and liabilities; loans issued to legal entities and individuals; the ratio of funds raised from individuals and legal entities. [5]

International Financial Reporting Standards (IFRSs) are standards and interpretations issued by the International Accounting Standards Board (IASB) [7]. They cover: International Financial Reporting Standards, International Accounting Standards, Interpretation of KTMFZ, Interpretation of the PKT.

Financial statements are prepared by the financial and economic service of the entity, because according to IFRS 1, the responsibility for the preparation and submission of reports lies with the governing body of the company. In accordance with the standards, the company's financial statements should include: balance sheet, statement of financial performance (income statement), statement of changes in cash, statement of changes in equity, explanatory note and accounting policies. [6, p. 5]

Taking into account theoretical material and after the practical analyses of the dynamics of assets of JSC CB "PrivatBank" during 2018-2020, the following conclusions were made: firstly, the total number of assets compared from 2018 to 2020 increased by 104,477 thousand UAH or 37.58%. The reason for this increase is the increase in investment securities at fair value through other comprehensive income by UAH 39,897 thousand or 50.31%; also significantly affected the growth of investment securities at fair value through profit, which increased by UAH 14,506 thousand or 16.82% and current tax assets by UAH 6,476 thousand or 35 times.

Also, there is a decrease in some balance sheet items. In particular, investment securities at amortized cost by UAH 12,823 thousand or 88.2%; investment real estate by UAH 407 thousand or by 12.19%. Thus, the effectiveness of JSC CB "PrivatBank" over the years is only increasing. This means that the bank is moving in the right direction. Even during the pandemic, he was able to avoid major damage and adapt to stressful conditions.

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