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THE NATURE, TYPES, MAIN FACTORS AND COMPONENTS OF THE BANK'S CREDIT RISK

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Currently, credit risk is the most significant for Belarusian banks. The issue of unserved assets of banks is in the focus of attention of the regulator-the National Bank of the Republic of Belarus.

Introduction. Credit risk is the most significant and widespread in the banking sector. It has a negative impact on the stability of the banking sector. Therefore, the process of careful identification and management of credit risk deserves special attention.

The main part. The table below will discuss the authors ' different approaches to understanding the definition of "credit risk".

Table. – Understanding the credit risk of various authors

Author(s)	Definition
National Bank of the Republic of Belarus [1]	Credit risk – the risk of the bank's losses (losses), non-receipt of planned income due to non-fulfillment, late or incomplete fulfillment by the debtor of financial and other property obligations to the bank in accordance with the terms of the agreement or the legislation.
I. V. Bernhardt, J. K. Colli [2]	Credit risk as a type of bank risk is unforeseen circumstances that may arise before the end of the loan repayment.
S. Rose Peter [2]	Credit risk – the probability that the value of the part of the Bank's assets, particularly loans, decrease or be reduced to zero.
L. L. Ong [2]	Credit risk is the risk of exposure to losses if the counterparty does not fulfill its obligations in due time.
Z. Bodi, R. Merton [3]	Credit risk – the risk of non-payment by the borrower (issuer) of the principal debt and interest due to the lender (investor) within the term established by the terms of the security issue (bonds, deposit and savings certificates, promissory notes, government obligations, etc.), as well as on preferred shares (in terms of fixed obligations to pay dividends), since the owners of such shares do not claim to receive part of the issuer's assets in the event of bankruptcy, as provided for the owners of ordinary shares.
The Central Bank of the Russian Federation [4]	Credit risk – the risk of losses to a credit institution as a result of non-performance, improper performance, late or incomplete performance by the debtor of financial obligations to the credit institution in accordance with the terms of the agreement.
O. I. Lavrushin [5]	Credit risk is the situation with the loan, not from other economic forms, not associated with the result of the activities (possibility, probability, risk of the occurrence of an event), and the activity that can lead to the desired event.
Y. A. Babicheva [6]	Credit risk in the narrow sense is an existing lender for the risk of non-payment by the borrower of principal and interest.
H. V. Gruening, S. B. Bratanovich [7]	Credit risk is the risk that the debtor will not be able to make interest payments or pay the principal amount of the loan in accordance with the terms specified in the loan agreement.
Sinki J. [8]	Default risk (credit risk) - uncertainty associated with the possibility of paying interest and par value by the borrower.

Thus, all the presented definitions of the essence of credit risk can be divided into two groups based on the underlying feature: either the uncertainty of the occurrence of an unforeseen and unfavorable event, or the cause of the occurrence of an unforeseen and unfavorable event. But, the common point of all is that the risk is presented by the authors as an event that may or may not occur.

In this paper, the author accepts that credit risk is the possibility of a credit institution's losses (losses), non-receipt of planned income due to non-fulfillment, late, incomplete fulfillment by the debtor of financial or other property obligations to the credit institution in accordance with the terms of the agreement or the legislation of the Republic of Belarus, as well as as a result of the fulfillment of conditional obligations.

Economics

Based on the studied literature, the author determines the following classification of credit risk in the following areas [5, 9, 10]:

− Depending on the level of implementation of the analysis, the aggregate (general) and individual types of credit risk are distinguished.

Total (at the level of the bank's loan portfolio) credit risk involves the bank's assessment of the total volume of loans issued from the standpoint of the quality of the entire loan portfolio. The analysis of the total credit risk is based on the calculation of a number of indicators that characterize the amount of non-payments for various categories of loans.

Individual (at the level of each specific loan) credit risk characterizes the amount of risk inherent in an individual borrower. The analysis of individual risk requires the creation of multivariate models for its calculation, taking into account the influence of commercial, political, social and other external factors.

− Depending on the type of borrower, credit risk is divided into three types of risk: the risk of the country that occurs in foreign lending; the risk of lending to legal entities that occurs when financing the activities of enterprises, firms, banks, public organizations and other legal entities within the country; the risk of lending to individuals that occurs when the bank performs credit operations with the population within the country.

Each of the listed species can be subdivided into smaller subspecies. Thus, the country's risk consists of the risks of lending to foreign firms, foreign governments, and individuals residing in these states. The risk of lending to legal entities, depending on the form of ownership, types of activity, the company's affiliation to the sphere of material production or the provision of services to certain sectors of the economy, is represented by private subspecies. By belonging to a particular age group, the social stratum of the population should distinguish between the risks that arise when lending to young people, people of retirement age, as well as part of the population of active, working age with a stable income level.

− Depending on the nature of the manifestation, there are moral, business, and financial types of credit risk, as well as collateral risk.

Moral hazard is inherent in clients with a negative business reputation.

Business risk is assessed on the basis of data on the development of the industry in which the company operates and sells its products.

Financial risk is detected when analyzing the indicators of liquidity, profitability, turnover, composition and structure of the company's property, as well as the level and stability of the income of individuals.

The collateral risk is characterized by the occurrence of a possible threat of difficulties in the sale of the pledged property, if necessary, due to its low liquidity or excessive collateral value.

− Depending on the type of operation, credit risk is divided into risks that arise during loan, leasing, factoring operations, the provision of bank guarantees and guarantees, and the conclusion of transactions involving the use of promissory notes.

− According to the source of occurrence, external risks (related to the economic situation in the country and in the world as a whole and have an impact on the financial condition of customers-borrowers) and internal risks (related directly to the bank's activities) are separated.

− Depending on the scope of occurrence, there is the risk of the borrower and the risk of the lender.

− According to the level of risk, there is a moderate risk (0-25%), an increased risk (25-50%), a high risk (50-75%), and a critical risk (75-100%).

− By the scale of occurrence, we can distinguish risks at the micro level (associated with an individual client) and risks at the macro level (associated with the overall risk of the loan portfolio).

Most often, credit risk is associated with the probable future insolvency of a client who has financial obligations to the bank. The Basel Committee on Banking Supervision defines credit risk as possible losses of the bank due to the inability or unwillingness of the client to act in accordance with the terms of the contract and relates this risk not only to loans, but also to other obligations reflected both in the balance sheet (securities, etc.) and in off-balance sheet accounts (guarantees, guarantees). As a result of credit risk, the bank may incur losses, which, if the reserve is insufficient, lead to a decrease in regulatory capital.

The two main final estimates of credit risk are expected and unexpected losses. Expected losses are covered at the expense of formed reserves, unexpected losses on credit risks should be covered at the expense of the bank's own funds, which reduces its regulatory capital.

Credit risks have the ability to accumulate (concentrate). Providing large loans to a single borrower or a group of related borrowers, bank insiders, is one of the most common examples of credit risk concentration (this is what the central bank's prudential restrictions seek to prevent). A significant concentration of risks is possible due to preferential lending to certain sectors of the economy, or when lending to certain regions or countries.

Along with the provision of large loans, increased risks arise when providing loans to insiders. Insider loans are the provision of loans to individuals or legal entities associated with the bank through equity participation,

or having the ability to exercise direct or indirect control of the bank. In the absence of a way of paying attention to the provision of such loans, serious problems may arise due to biased judgments about the creditworthiness of borrowers. In these circumstances, the risk of losses may increase. When lending to insiders, the credit risk may increase due to non-compliance or insufficient compliance with the rules, procedures and procedures established by the bank for reviewing the borrower and making decisions on granting loans [11].

Conclusion. From this article, the author gave his own definition of the type of risk under consideration, namely, credit risk is the possibility of a credit institution's losses (losses), non-receipt of planned income due to non-performance, untimely, incomplete performance by the debtor of financial or other property obligations to the credit institution in accordance with the terms of the contract or the legislation of the Republic of Belarus, as well as as a result of the performance of conditional obligations.

Also, on the basis of the studied materials, the classification of credit risk in the following areas is considered and presented. So the credit risk is shared:

− depending on the level of implementation of the analysis;
− depending on the type of borrower;
− depending on the nature of the manifestation;
− depending on the type of operation;
− by the source of occurrence;
− by the level of risk;
− by the scale of occurrence.

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