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SIGNIFICANCE AND METHODS OF ANALYSIS OF INCOME AND EXPENSES OF COMMERCIAL BANKS

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Introduction. It is well known that reforms in all spheres are being carried out at a time when efforts are being made to achieve economic growth and rapid economic changes across the globe. The direction of these economic changes is of a special significance. One of the most important mechanisms of the country's economy is the banking activity. The President of our country, Sh. Mirziyoev, has set a high priority in the Strategy for the further development of the banking sector, thereby ensuring the growth of the economy in five priority areas of the Republic of Uzbekistan for 2017-2021. In particular, it is aimed at deepening and stabilizing the reform of the banking system, increasing the level of capitalization and deposit base of banks, strengthening their financial stability and reliability, promising investment projects and further lending to small businesses and private entrepreneurship; expanding the volume of insurance, leasing and other financial services by introducing their new types and enhancing their quality, as well as attracting capital and developing the stock market as an alternative source of funding for enterprises, financial institutions and free resources of the population; further development of international economic cooperation, including the expansion of relations with leading international and foreign financial institutions, the continuation of a well-thought-out foreign debt policy, and the efficient use of attracted foreign investments and loans (Mirziyoev, 2017).

Literature review. Analysis is crucial in determining achievements in the Bank's performance. Without a proper and regular analysis of the Bank's financial achievements, it is impossible for the bank to make future business decisions and business planning and management decrees. An analysis of the effectiveness of the banking activity begins with the analysis of income and expenses and ends with the revision of profit. Analysis of the Bank's revenues and expenses allows the Bank to examine the results of its operations and, therefore, its effectiveness as a commercial entity.

Different types of business are considered as the revenue sources of commercial bank. The Bank's business includes: business (including business, credit, discount business, securities business, loan business, mutual funds business, deposit and lending based non-traditional banking in correspondence with other banks (Lavrushin, Valentseva, 2013).

There are two components in the credit business: lending to customers (legal entities and individuals) by giving loans to other commercial banks on interest basis for a temporary use.

Discount business is based on the transfer of promissory notes, checks and applications for a particular discount. Other types of discount business are factoring operations of this bank. Factoring operations technology is associated with the purchase of unpaid demand from the bank's correspondent account (Lavrushin, Valentseva, 2013).

The security business is based on trust and agent services and is compatible with banking operations. This business generates a commission for managing the customer's property (real estate, securities, accounts), or by performing a specific operation with these assets (Lavrushin, Valentzeva, 2013).

The securities business consists of the following elements: earning a permanent profit through the issuance of securities and their placement on the financial market, placing other elements on securities, and re-selling them by the bank itself. The commercial type is based on bank earnings, difference in exchange rates on securities, dividends, interest income on long-term liabilities, commissions on privatization transactions, income from placement of securities (Lavrushin, Valentseva, 2013).

The Bank's warranty service is either related to directly generating cash or directly related to profits of the bank. The bank may collect cash based commissions in order to provide customers with various guarantees and warranties for their accounts and borrowing.

Attracting deposits and making transactions on behalf of depositors allows businesses to receive income in the following forms: commission for opening or management of account, commission earned for the period, commodity turnover commission (% of turnover) and others.

Revenues generated form nontraditional banking services include leasing services, services in information, consulting, educating clients and others.

Expenses of commercial banks are classified as follows: according to their nature, according to their volume, according to their calculation, according to their taxation base, according to the relevant period of the report and their limited feature. In their nature, they are divided into allocations for the maintenance of the economic activities of the bank, payment of remuneration of bank employees, payment of pledges and creation of mandatory reserves.

Operating expenses include: payment of interest for the resources attracted by the bank on deposit and loan operations, transactions with securities by the bank, foreign currency, cash and settlement transactions, collection and other operating expenses (Lavrushin, Valentseva, 2013).

As a result, operational costs are the costs associated with banking operations. Expenses related to the economic activity of the Bank include the depreciation of fixed assets and non-material assets, rental costs, equipment repairs, stationary expenses, transportation costs, purchase of a special form and others. Employee costs include wages, rewards and compensations. Taxation costs include property tax, land tax, motor vehicle tax, road tax, tax on special operations, and so on.

An important group of expenses - creation of reserves to cover losses caused by lending, compensation for losses from backup and other operations to compensate for impairment of securities.

There are other bank expenses: advertising costs, business trips, retraining, coaching, marketing expenses, audit checks, court costs, publishing costs, etc.

The profit of the commercial bank is the financial result of the profitability of the banking activity over cost. The Bank's gross income comprises operating income (difference between operating income and expense), interest income, commission income, other revenue earnings, earnings from subsidiary activities, and other revenues.

A large proportion of revenue is generated by operating proceeds, with most of its incomes being interest-earnings.

The bank income is spent on: taxes to the budget, payment of dividends to shareholders, charter and reserve, replenishment of special funds, income capitalization.

The Bank's profitability analysis cannot be determined without the timely and complete presentation of financial indicators on a financial record and without a competent accounting and financial reporting (Nikolaeva, 2015).

In order to have a full understanding of the Bank and define its future prospects, it is necessary to disclose the sources of income and the reasons for their formation and to have in-depth knowledge and, of course, scientific analysis.

Analysis. Analysis of the Bank's revenues and expenses allows the Bank to examine the results of its operations and, as a result, evaluate its effectiveness as a commercial entity. An analysis of the effectiveness of the banking activity begins with a revenue and expense analysis and ends with the revision of profits. The analysis of the Bank's financial activities is carried out simultaneously with the analysis of the Bank's liquidity, and based on the obtained results, after the Bank's overall reliability analysis is determined.

In the process of analyzing the financial performance of the Bank, various methods are applied (Rovensky, Belyanikhikova, 2016):

economic analysis of the bank's balance sheet of income and expense;
systematic analysis;
evaluation of the dynamics of indicators of financial performance of the bank in quarterly and annually;
determining the degree of bank's financial performance affected by various factors;
economic evaluation of the quantitative influence of individual factors and their content;
comparing the obtained parameters to the proposed level (Rovensky, Belyanikhikova, 2016).
From the point of view of the financial results of the Bank, the purpose of the analysis is to identify the bank's profitability growth and to develop recommendations to the board of directors on the implementation of the relevant policy in the field of passive and active operations.
All production costs and proceeds received are, in contrast, profit and loss accounts.
The scheme of such an effective calculation, as a rule, is determined by the state controlling authorities in different countries (Rovensky, Belyanikhikova, 2016).

Conclusion. The improvement of the income and expense analysis of commercial banks provides the basis for the development of banks' activity today, and the effectiveness of the analysis is an urgent matter. In our opinion, to improve the analysis and increase profitability of banks it is necessary to:

- analysis of commercial banks' assets, i.e. separating them into types of assets that generate income and that are not profitable;
- analysis of passive operations of commercial banks;
- resources should be mobilized depending on their capacity to be placed on assets.
- reducing the share of operational costs and introducing new income generation methods, increasing the number of new types of services;
- development of the securities market and expansion of securities operations;
- development of factoring and forfeiting operations;
- expansion of investment operations;
- analysis of sources of income and expenses of banks;
- analysis of the share of earnings in total income;
- determining the share of expenses in total costs;
- increasing income by increasing the number of different types of services;

- establishment of mechanism for analysis of each branch of the bank;
- improve qualification of personnel, apply methods of analysis using foreign experience;
- development of information and communication skills; increasing revenue by analyzing the results of operative analysis and making the right decisions;
- timely reflecting incomes and expenses;
- universalization of the commercial banks' activities and their sources of revenue generation.

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