

LOAN LOSSES PROVISIONING PROCESSES IN ROMANIAN BANKS DURING JANUARY 2007 – FEBRUARY 2011

Adela Socol, “1 Decembrie 1918” University of Alba Iulia

ABSTRACT: The paper presents the loan loss provisioning phenomenon at the level of Romanian banks, based on a very detailed set of rules in the area. Using data collected by National Bank of Romania, we find evidence of the significantly increase in the banking loan loss provisions in the last analyzed years. We investigate the dynamics of the loan losses provisioning processes and present the national regulatory framework. The paper concludes that the actual situation in the field force Romanian banks to react and improve their risk management.

Key words: Loan Loss Provisions, Loan Classification in Romanian Banking System, Provision Coefficient

JEL codes: G21, G28