



PRESS RELEASE

Condition of the Banking system as of end-January 2018¹

In January the banking system realized a profit of BGN 117 million, which is by BGN 23 million more than that as of 31 January 2017. The impairment costs on financial assets not measured at fair value through profit or loss, amounted to BGN 32 million as of end-January 2018 (compared to BGN 47 million a year earlier).

In comparison to the end of 2017, the banking system assets decreased by BGN 878 million (0.9%) due to the dynamics in *cash balances at central banks* and of *financial assets held for trading*. The item *cash and cash balances at central banks and other demand deposits*, which features the highest liquidity continued to have a significant share in the total assets of the banking sector – 18.8% at the end of the reporting month. On a monthly basis debt securities decreased by BGN 869 million (6.4%) mainly owing to those issued by the ‘general governments’ sector.

Gross loans and advances increased by BGN 690 million (0.8%) in January, with the main contribution of claims on *credit institutions* (22.3% growth).

The gross loan portfolio of the banking system (excluding loans and advances to sectors ‘central banks’ and ‘credit institutions’) increased by BGN 199 million (0.4%) in January. Loans to ‘households’ increased (by BGN 200 million, 1.0%) and also those to ‘non-financial corporations’ (by BGN 46 million, 0.1%), while those to sectors ‘general governments’ and ‘other financial corporations’ registered a decrease.

Compared to end-December 2017, the deposits in the banking system decreased by BGN 581 million (0.7%) due to the decrease in all institutional sectors except for the resources of the ‘general governments’, which increased by BGN 155 million (7.8%).

The balance sheet item *total equity* decreased in January by BGN 354 million (2.8%) due to the decrease in items *accumulated other comprehensive income*, *revaluation reserves* and *other reserves*.

As of 31 December 2017 there were no significant changes to the capital adequacy ratios² of the banking system. The total amount of the risk exposures (BGN 52.1 billion at the end of the period) accounted for the slight decrease in the CET 1 capital, Tier 1, and the total capital ratios, to 20.41%, 20.86% and 22.08%, respectively, as of 31 December 2017 (compared to 20.53%, 20.99% and 22.20% as of end-September 2017).

¹ Based on individual (non-consolidated) data.

² Capital adequacy data as of 31 December 2017 are published on the BNB website under the respective period (December 2017).