

PRESS RELEASE

Condition of the Banking System as of end-September 2018¹

At the end of September 2018, the banking system's assets reached BGN 103.2 billion, with a growth of BGN 3.1 billion (3.1%) compared to June 2018, mainly owing to the balance sheet amount of loans and advances. Also increasing were securities portfolios (by BGN 150 million, 1.1%), mainly debt securities, and the total amount of the item *cash, cash balances at central banks and other demand deposits* (by BGN 141 million, 0.7%). Impairment costs on financial assets not measured at fair value through profit or loss were BGN 348 million for the period January – September 2018 (compared to BGN 549 million a year earlier). In the third quarter of 2018, deposits increased at a rate similar to the one reported in the previous quarter.

Gross loans and advances increased by BGN 2.7 billion (3.2%) compared to end-June. There was an increase in all types of receivables in the *gross loan portfolio* (excludes loans and advances to sectors *central banks* and *credit institutions*). Loans to *non-financial corporations* and to *households* increased by BGN 537 million (1.6%) and BGN 375 million (1.8%), respectively, compared to the end of June. Receivables from the *general governments* sector grew by BGN 97 million (15.7%) and those from other financial corporations – by BGN 414 million (15.2%).

The downward trend in the amount and share of non-performing loans and advances continued throughout the quarter. As of end-September, the gross amount of non-performing loans and advances in the banking system amounted to BGN 7,396 million (compared to BGN 7,702 million as of 30 June 2018), and its share in the total amount of non-performing loans and advances decreased to 8.5% (from 9.1% as of end-June). The net value of non-performing loans and advances (after deducting the impairment inherent for this classification category) decreased in the quarter to BGN 3,394 million and accounted for 4.1% of the total net value of loans and advances (from 4.4% as of end-June).

The deposits in the banking system reported a 2.8% (BGN 2.4 billion) growth in the third quarter reaching BGN 88.6 billion. Their growth is mainly due to the deposits of non-financial corporations and those of households, which were by BGN 1.4 billion (5.7%) and BGN 1.0 billion (2.0%), respectively, more than at the end of June.

The liquidity buffer of the banking system amounted to BGN 26.0 billion as of end-September, marking a growth of BGN 1.4 billion (5.8%) vis-à-vis June 2018. The liquidity coverage ratio² reached 322.2% at the end of the third quarter.

The total equity³ in the balance sheet of the banking system amounted to BGN 12.5 billion at the end of September. During the quarter it increased by BGN 441 million (3.7%) mainly owing to the growth in the profit.

For the nine months of 2018, the profit of the banking system was BGN 1,220 million (compared to BGN 872 million for the same period of the last year).

¹ Based on individual (non-consolidated) data.

² For more information regarding the new liquidity reporting requirements, in force from the beginning of 2018, please refer to "Banks in Bulgaria", October – December 2017:

http://www.bnb.bg/bnbweb/groups/public/documents/bnb_publication/pub_b_in_b_2017_12_en.pdf

³ Regulatory capital and capital adequacy data as at 30 September 2018 are to be submitted by banks by 12 November 2018.