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BAC International Bank Inc. Rated 'BBB-/A-3'

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NEW YORK (Standard & Poor's) Dec. 2, 2004--Standard & Poor's Ratings Services said today that it assigned its 'BBB-/A-3' local and foreign currency counterparty credit and senior unsecured debt ratings to BAC International Bank Inc. (BIB). The outlook is stable.

The ratings assigned to BIB are based on those of Credomatic International Corp. (CIC), which is its main subsidiary, representing 90% of its assets and loan portfolio, and 97% of its profits.

BIB is a bank incorporated in Panama with two principal wholly owned subsidiaries, BAC International Bank (Grand Cayman) and CIC (BBB-/Stable/A-3). BIB is 95% owned by a holding company (BAC International Corp.), which itself is ultimately owned by a group of more than 500 stockholders, of which four family groups own around two-thirds of the outstanding shares. Through its subsidiary CIC, BIB maintains bank and other financial services subsidiaries in five Central American countries, of which the most important operations are in Costa Rica, El Salvador, and Panama.

"On a consolidated basis, BIB is the sixth-largest financial group in Central America with \$2.4 billion in assets as of June 2004," said Standard & Poor's credit analyst Leonardo Bravo. The Panamanian superintendent is the ultimate supervisor of the consolidated BAC Credomatic group, and on an individual basis, the operations are subject to regulation and supervision in each country. Even though in most countries, with the exceptions of Costa Rica and Nicaragua, BIB and its subsidiaries do not hold as dominant a market share in banking activity as in the credit card business, the BAC Credomatic name is recognized, allowing it to increase business and cross selling.

BIB's Panamanian loan book of around \$250 million has been reoriented follow CIC's strategy of offering traditional banking services and promoting the credit card operations. The quality of the business has improved and follows the policies and standards of the BAC Credomatic group.

BIB on a consolidated basis has shown a healthy financial condition with consistent growth rates, an adequately managed loan portfolio, better-than-average Latin American bank profitability, and adequate asset quality. BIB's good performance is expected to continue, as prudent management continues, and the business mix will provide the bank with recurrent interest income and fees to maintain profitability.

The outlook assigned to BIB's ratings is not constrained by the outlook assigned to Panama's sovereign ratings, but is tied to the outlook assigned to CIC's ratings. BIB and the BAC Credomatic group are expected to continue operating under prudent guidelines while enhancing the banking business in each of their markets. Barring any major regional disorder that could result in asset quality and profitability deterioration, the ratings are expected to remain at current levels. As ratings assigned to BIB are based on those of CIC, any change to the CIC ratings will affect the BIB ratings.

Complete ratings information is available to subscribers of RatingsDirect, Standard & Poor's Web-based credit analysis system, at www.ratingsdirect.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com;

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