



<b>RoE</b>	-9.88%	<b>P/E</b>	-5.96
<b>RoA</b>	-2.56%	<b>P/Assets</b>	0.15
		<b>P/B</b>	0.59

### Bulgarian American Credit Bank



- The loss from the previous two quarters has been followed again by negative results for the last three months of 2010. Bulgarian-American Credit Bank posted BGN 18.9 million of loss for the year. Despite the slight improvement as compared to the 3Q, the bank closed the year with BGN 18.8 million net losses. Provisions, which amounted BGN 52.5 million as compared to BGN 40 million last year, were the main reason for the financial result.

- Total assets slightly improved q-o-q but on yearly basis their amount fell 8.6% mainly due to the decreased credits and the rising investments in real estates. The total amount of the credit portfolio was BGN 600.7 million or 81% of the assets, covered with BGN 101 million as provisions. During the year, the bank write-off from the Balance sheet Receivables for BGN 14 million to compensate the impairments.

- The NPLs past due 90 days soared to 23.1% of the portfolio compared to 9.5% at the end of 2009. The capital adequacy ratio of BACB was 21.3% and along with the high level of provisions (98.4% of NPLs past due 90 days) will support the bank's operations despite the worsening conditions, according to the report.

- The investments in real estate jumped y-o-y to BGN 49 million due to acquisitions from bad loans. BACB owns the majority stakes in two REITs.

- The deposits of clients increased by 36% since the beginning of 2010 to BGN 371 million. BACB used an advertising campaign and new web-page to attract deposits. The bank is under pressure to attract additional deposits as it needed to finance the payments on international loans and a bond issue.

- Interest income fell 24.7% due to lower credit portfolio and falling interest rates. Rising borrowing costs pushed down the net interest margin by 36% to BGN 48.8.

- Recently, rumors about the sell of bank's majority stake supported the price to BGN 10.00 in January. The majority owner (Allied Irish Bank and Gramercy) announced intentions to sell their stakes last year and according to unconfirmed reports Central Cooperative Bank is making due diligence. The price decreased after the 2010 report but found support around BGN 9.00.

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# BULGARIAN AMERICAN CREDIT BANK 2010

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<b>BUY</b>	More than 5% higher as compared to SOFIX and BG40 performance
<b>HOLD</b>	Market performance, +/-5% as compared to SOFIX and BG40
<b>SELL</b>	More than 5% lower as compared to SOFIX and BG40 performance

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