



RoE	-6.42%	P/E	-9.26
RoA	-1.76%	P/Assets	0.16
		P/B	0.59

Bulgarian American Credit Bank



- The consolidated report of Bulgarian-American Credit Bank showed deeper loss for the third quarter. Provisions for BGN 40 million are the main reasons for the negative financial results, which totaled BGN 9.924 million since the beginning of the year. The loss for the third quarter exceeded BGN 14 million.
- The bank announced that it managed to maintain its costs-to-revenues ratio to 28%. Net interest margin decreased to 6.5% as compared to 9.5% at the end of 2009. The bank is under pressure to attract additional deposits as it needed to finance the payments on international loans and a bond issue for total value of BGN 147 million.
- The deposits of clients increased 53% since the beginning of 2010 to BGN 298 million. BACB used an advertising campaign and new web-page to attract deposits. Nevertheless, its total assets posted two consecutive quarters of decline that totaled almost 19%.
- Credits were 77% of assets and declined 13% since end-2009. Provisions of BACB totaled 14.2% of the gross credit portfolio, whereas NPLs past due 90 days soared from 9.5% to 20.3% this year. The capital adequacy ratio of BACB was 23% and along with the high level of provisions (70.1% of NPLs past due 90 days) will support the bank's operations despite the worsening conditions.
- BACB used EUR 25 million of the credit line from its majority owner Allied Irish Bank that is totaling EUR 75 million. Currently, the Bulgarian bank has liquidity assets for BGN 119 million and could cover all its obligations for the next 12 months.
- The bank also increased its investments in real estate due to acquisitions from bad loans. The consolidated report showed increase by BGN 24.3 million but only 7.4 million was the reported increase before consolidation. BACB owns the majority stakes in two REITs.
- Standard & Poor's decreased the long-term credit rating of BACB in June to B+ from BB- and maintained the negative outlook. Main reasons were falling profitability and the worsening quality of assets.

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

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