



RoE	26.24%	P/E	2.39
RoA	6.47%	P/Assets	0.16
		P/B	0.63

Bulgarian American Credit Bank



- Bulgarian American Credit bank announced lower profit for the first quarter of 2009. The weak start of the year had only limited impact on the net profit, which shrank by 8.4% on yearly basis and is 34% better as compared to the fourth quarter of 2008. Assets continued to decline after the peak in September 2008 but remained above the one year ago level.

- The bank also reported increase of the credit portfolio by 1.6% and a huge increase of non-performing credits for more than three months from 5.8% to 8.3% of the credit portfolio. Provisions had been increased by more than BGN 5 million. The capital adequacy ratio of BACB is 16.1% or well above the required 12%.

- The net interest margin is a bit higher to 11.1%. The operating profit improved by 13.6% from a year ago. BACB has much better return on invested capital as it is mainly specialized in corporate credits and did not have large branch network. The financial results are close to the expectations of the bank's management.

- BACB's business model is also affected by the economic slump as its clients are hurt by the worsening market conditions. The non-performing credits are expected to increase further if the economic activity continues to shrink. However, the bank announced that it is well capitalized to face the difficulties.

- The liabilities of the bank include bonds and large loans that are already affected by the credit crunch. The availability of capital is more limited and its price increased as a result of the higher risk premium.

- Price to assets ratio is 0.16, whereas price to book ratio of 0.63 represents the discount to the uncertainties of higher non-performing loans. BACB keeps very low P/E ratio.

- The stock price jumped 25% from its recent lows but the resistance at the level of BGN 10 was significant. Volume increased temporarily. The initial reaction to the quarterly report was modestly positive.

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BULGARIAN AMERICAN CREDIT BANK

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Market Perform	Market performance, +/-5% as compared to SOFIX and BG40
Underperform	More than 5% lower as compared to SOFIX and BG40 performance

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