



<b>RoE</b>	22.13%	<b>P/E</b>	2.86
<b>RoA</b>	5.74%	<b>P/Assets</b>	0.17
		<b>P/B</b>	0.63

**Bulgarian American Credit Bank**



- Bulgarian-American Credit Bank maintained the negative trend and announced 23% lower net profit y-o-y, mainly due to the lower net income from taxes and commissions and higher provisions. The net interest margin slightly declined.
- The bank reported 1.1% increase of the credit portfolio and a huge increase of non-performing credits for more than three months from 5.8% as of end of 2008 to 9.4% of the credit portfolio for the 1H 2009. Provisions had been increased to BGN 10.4 million for the first six months of the year. The capital adequacy ratio of BACB is 22% or well above the required 12%.
- The operating profit decreased by 2.7% 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 almost unchanged as compare to the 1Q - 0.17 as well as price to book ratio of 0.63, which represents the discount to the uncertainties of higher non-performing loans. BACB keeps very low P/E ratio.
- The stock price jumped 41% from its recent lows in February and the support at the level of BGN 10 was significant. The volumes remained moderate in accordance with the recent investors' lethargy. The initial reaction of the market after the report was rather positive despite the worsen results, but in insignificant volumes. Investors are already priced-in the negative expectations and probably the will stay in "hold phase" for the present.

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<b>Outperform</b>	More than 5% higher as compared to SOFIX and BG40 performance
<b>Market Perform</b>	Market performance, +/-5% as compared to SOFIX and BG40
<b>Underperform</b>	More than 5% lower as compared to SOFIX and BG40 performance

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