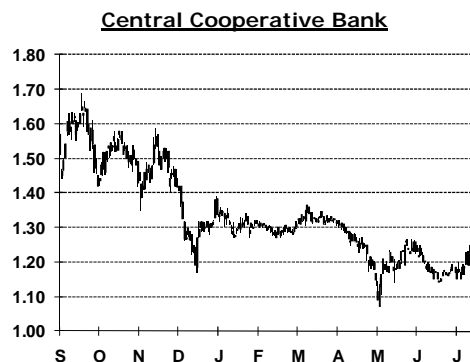


RoE	9.30%	P/E	4.59
RoA	1.32%	P/Assets	0.05
		P/B	0.41



- The net profit of Central Cooperative Bank for the second quarter improved significantly as compared to the same periods of the last two years. It exceeded BGN 3 million but mainly due to the negative impairment costs that raised the profit. The bank did not disclose the level of non-performing loans but decreasing the impairments is likely a sign of better conditions of the credit portfolio.
- Assets continued to grow steadily and added 3.7% during the quarter. Credits increased much slower - 1.58% since the beginning of 2010 as compared to 4.66% increase of deposits. This is not isolated case for Bulgarian banks. On the contrary, most banks are competing for new deposits to strengthen their balance sheets and to ensure cushion from sudden decrease of liquidity.
- Deposits of non-financial institutions also increased despite the difficult economic situation in the country. Share of deposits of households is rising and is 58.4% of total deposits, which is above the average for the banking system of 43%. The growth of deposits of CCB is also better than the average for the system during the second quarter.
- Net interest income improved during the second quarter and is close to the average for the last two years. This will support the results of CCB as we expect further decrease of interest rates on deposits during the second half of 2010. However, it is unlikely that the bank will continue to have very low price-to-earnings ratio without additional boosts like gains from trading with securities.
- Shares of CCB bottomed out in early-May before the market's new lows. They returned above BGN 1.20 and are enjoying moderate demand from different types of investors. This is positive as valuation ratios are very low. CCB proved to be one of the market leaders and we expect that it will be among the gainers if the market continues to recover during the third quarter of 2010.

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CENTRAL COOPERATIVE BANK 2Q 2010

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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

Frequency of Recommendations: No schedule of recommendations is available. The frequency of recommendations depends on specific factors to individual companies and the opinion of the analyst(s) for the necessity of minor or major changes.

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