



- The quarterly profit of Central Cooperative Bank improved as compared to the same period of the previous two years. The increase on yearly basis is 34.5% and EPS is BGN 0.044. Quarterly profits from the beginning of 2010 are less volatile than the previous years due to the cost cutting measures and the lack of branch expansion. EPS for the last twelve months is BGN 0.29, which corresponds to price-to-earnings ratio of 3.60. Consolidated report due at the end of November could add little difference.

- Assets of the bank exceeded BGN 2 billion for the first time. Deposits continued to increase steadily. Attracted funds from households jumped 19% since the beginning of 2010, whereas deposits of credit institutions nearly doubled to BGN 92 million. Deposits of companies increased only 2%. Credits were relatively unchanged since 2009. Their total amount decreased 1% and retail exposure fell 4.8% whereas loans to corporate clients declined by 1.6%. Central Cooperative Bank has higher exposure of loans to corporate clients as compared to the retail segment.

- Loans-to-deposits ratio changed significantly to 0.68 from 0.79 at the beginning of 2010. This is common for the banking system and is pushing down the interest rates on deposits. However, Central Cooperative Bank managed to increase its net interest margin for the first nine months of the year. At the same time net income from fees and commissions were relatively unchanged.

- Profitability ratios remained at the long-term averages. Positive factor is that operations with securities contributed insignificantly for the net profit of CCB but this was compensated by the release of impairment charges. The bank did not disclosed information about the level of non-performing loans at the end of the quarter.

- Investments in securities are becoming the low-risk alternative of credits this year. The bank increased by 33% its holdings in stocks and by 57% in debt instruments. Moreover, it started to invest in non-government debt instruments of foreign issuers. Stocks represent only 6% of the bank's portfolio.

- The downtrend of Central Cooperative Bank's shares continued but they found support at the level of BGN 1.00. The stock followed the negative market trend after the news for the possible restructuring of Bulgarian pension funds that could lead to large sell-off.

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<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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