



- Corporate Commercial Bank maintained its leading position by net profit among public listed banks in Bulgaria for consecutive quarter. The profit for the three months ending September 30th was 29% higher for the same period of 2009. The bank is the only institution in the sector that is forecasting its financial results. It managed to exceed the estimated figures by 5.8% for the reported nine months of 2010.

- EPS for the quarter was BGN 2.96 and for the last twelve months totaled BGN 12.20. The capital position of the bank continued to improve as only part of the profits has been distributed for dividends this year. The capital adequacy ratio was 13.98% at the end of September and Tier I capital was 12.82%.

- The assets of the bank increased during the quarter but are below the all-time high at the beginning of 2009. Attracted funds increased 13.3% since the beginning of 2010 and deposits of households posted the largest gain of 26%. They represented 39.6% of total attracted funds and were 4 percentage point higher than end-2009. Corporate Commercial Bank has very low number of branches but managed to increase the deposits through successful advertising campaign. Deposits of corporations and credit institutions increased 6% and 8.7%, respectively.

- Retail exposure in loans remained negligible, which is one of the reasons for the excellent quality of the credit portfolio. Only 0.63% of total loans are past due over 90 days. NPLs decreased from 0.96% of total credit at the end of 2009. The bank continued to increase its loan book. The main source of growth came from corporate clients – 12.8% increase since the beginning of 2010. Loans-to-deposits ratio fell to 0.91 from 0.93 at the beginning of 2010. The bank is maintaining its stable strategy of loans' increase according to the credibility of its clients. However, the general trend in the banking system is in faster increase of deposits than loans.

- The interest income improved significantly during the nine months (22% to BGN 57.7 million) and managed to offset the decline of net income from fees and commissions to BGN 8.6 million. Profitability ratios continued to improve and current RoE stands at 25%.

- The stock is not under selling pressure despite the overall market weakness. It is not in index SOFIX due to low liquidity but the position is not a concern for additional decline as it has high dividend yield and very attractive valuation.

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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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For more information, please contact:

Research analyst
Tsvetoslav Tsachev
Tamara Becheva

Phone:
+359 2 810 00 23
+359 2 810 00 27

E-mail:
tsachev@elana.net
becheva@elana.net

Internet:
www.elana.net
www.elana.net