

Address by Tzvetan Vassilev

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Dear Ladies and Gentlemen,

The last insinuation that has been spreading about me lately is that I have been draining Corporate Commercial Bank AD from 2011 until now.

Who drains his own business?

I have given up on nearly BGN 100 million of dividends for this period. The profit for the last three years of more than BGN 190 million was capitalized. All major shareholders preferred to support the growth of the bank, rather than taking the dividends that they are entitled to.

During the same period I have put BGN 86 329 million of additional capital in Corporate Commercial Bank AD and I have provided the bank with subordinated debt amounting to BGN 56.7 million for the same reasons. Over BGN 20 million are the taxes paid by Corpbank AD alone, excluding what my firms and I personally have brought to the state budget.

In this respect, I would like to ask how much taxes were paid by the organizers of the campaign brought against me and Corpbank AD as the enterprises and media connected with them announce that they operate at a loss? I ask again – who drains his own business? Who is interested in destroying the banking system in order to cover their non-refundable loans beneath its ruins?

In the last three full financial years (2011-2013), for which it is argued that the bank has been drained, the bank has been developing steadily, with steady profit margins and good capital adequacy. The financial performance of the bank maintains this trend in the first five months of 2014.

Corpbank AD reported net profit of BGN 60, 951 million in 2011, BGN 56 571 million in 2012 and BGN 71 195 million in 2013, or a total of over BGN 190 million. The assets of Corporate Commercial Bank AD have also been increasing during this period – from BGN 4 043 060 million at the end 2011 to BGN 6 740 298 million at the end of 2013. At the same time, there was a growth in the attracted funds

amounting to BGN 3 535 993 million at the end 2011 to BGN 6 116 842 million at the end of 2013, as well as in the equity growth that is necessary for providing the capital security for the normal functioning of the bank.

This growth did not occur by chance and is not due to political protection, as the latter is something that we never needed. The growth is a result of our long-term planning and is based on our sustainable development strategy which we established in 2001. As a result, Corpbank AD had grown dynamically in the period between 2002 and 2006. The awards for the most dynamic bank and best bank are a clear proof of that. After Corpbank AD was privatized in June 2000, what the bank had inherited from Bulbank was BGN 11 million of assets, BGN 11 million of capital and reserves, operating loss of BGN 144 000, and zero clients. Since then, Corporate Commercial Bank AD has managed to become the 4th largest bank in Bulgaria in terms of assets (BGN 6 740 000 000) with an average annual asset growth of 40%. Profits were growing by 50% on an annual base, while the capital was growing by 44%.

We set a long-term strategy of sustainable development back in 2001. That is why companies in the energy sector, infrastructure, and export-oriented firms have been our main targets from the very beginning. Our clients have been attracted to our bank by the competitive terms we offer as well as our perfect bank service. Therefore, I think any insinuations on this basis have no merit. This was proved in 2010 to the European Commission when Corpbank AD was accused of receiving state aid.

The asset quality of Corpbank AD has been traditionally better compared to the average levels in the banking system. This is due to the bank's conservative loan policy. For example, 97-98% of the loans that were provided in the last four years have been repaid on a regular basis, meaning that both the principal and the interest of the loans have been paid within the set dates. For comparison, the value of this coefficient for the whole banking system is 80%.

The bank's return on its own capital has been quite high for the Bulgarian banking sector – 14.75%, compared to 5.46% for the whole banking system. The return on assets level has also been high – 1.37% on average for the period, compared to 0.73% for the whole banking system. These indicators speak for the quality of a bank's activity and the values of these indicators are a result of the ability to get high return with low risk, combined with the efficient use of resources. One example of the latter is the following: the coefficient of the overhead expenses of BGN 100 of Corpbank AD's assets for the last three years is 1.14% on average, compared to 2.46% for the whole banking system.

All of this comes as a result of the proper execution of our policies when it comes to servicing our clients as well as our high standards of professionalism we require from our employees. It is no coincidence that the bank has received less than ten complaints regarding our bank services in the last few years.

The bank has maintained high levels of liquidity during all periods under review. The liquid asset

coefficient (the share of the liquid assets as a part of all attracted funds) for the last three years is above 20%. These values are helped by the substantial liquid buffers that the bank has been maintaining. As of May 31st, 2014, the bank had liquid buffers of BGN 1 175 807, which is a proof of its readiness to meet all immediate liquidity needs. These funds are what the bank can provide as cash within 7 days. If there was only a media attack the bank would have held and this could be easily proved. However, the institutional attack and the passive position of the regulators could not be compensated by any buffers.

Corpbank AD maintains stable levels of capital adequacy for all the periods under review. The goal is to provide adequate support for the bank's growth. The regulatory requirement for capital adequacy is 12%. Here are the levels of Corpbank AD's capital adequacy in the last four years: 12.39% in 2011, 12.06% in 2012, 12.56% in 2013, and 13.71% for the first quarter of 2014 (until March 31st, 2014). The first-tier capital adequacy is 10.48% for the year 2011, 8.88% for 2012, 10.59% for 2013, and 10.61% for the first quarter of 2014 with the regulatory requirement being 6%.

All of these objective indicators prove that the development of Corporate Commercial Bank AD through the years has not been relying on any factors or circumstances or the benevolence of the government that is in power. This development is a result of the right long-term strategy, combined with reasonable management policy and the high professional standards of the bank's employees - whether it is the management or the lower-ranked employees.

Corporate Commercial Bank AD needs to be supported, not rescued. It is not the politicians' turn. They should be working on the country's vision for its development as well as creating a suitable environment for the investors. It is Corpbank AD's shareholders turn and they have the willingness and the resources. Will they be given a chance?

Sincerely yours,

Tzvetan Vassilev