

CENTRAL COOPERATIVE BANK AD

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 30 JUNE 2015

All amounts are in thousand Bulgarian Levs

	As at 30.06.2015	As at 31.12.2014
ASSETS		
Cash and balances with the Central Bank	798,446	1,232,519
Placements with and advances to banks	162,095	147,082
Receivables under repurchase agreements	153,389	156,201
Financial assets held for trading	283,022	205,219
Loans and advances to customers, net	2,018,546	1,942,825
Other assets	76,370	65,025
Financial assets available for sale	750,264	240,907
Financial assets held to maturity	324,589	278,771
Fixed assets	136,938	113,414
Good will	5,705	5,705
Non-current assets held for sale	2,510	2,651
TOTAL ASSETS	4,711,874	4,390,319
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Deposits from banks	3,418	17,232
Loans from banks	409	450
Amounts owed to other depositors	4,247,584	3,915,616
Other attracted funds	921	949
Issued bonds	71,572	69,946
Other liabilities	9,403	10,842
TOTAL LIABILITIES	4,333,307	4,015,035
SHAREHOLDERS' EQUITY		
Issued capital	113,154	113,154
Premium reserve	79,444	79,444
Reserves, including retained earnings	177,568	169,959
Revaluation reserve	(180)	(913)
Current year profit	1,439	6,300
Total shareholders' equity of the shareholders of the mother Bank	371,425	367,944
Non-control participation	7,142	7,340
TOTAL SHAREHOLDERS' EQUITY	378,567	375,284
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	4,711,874	4,390,319
Commitments and contingencies	205,675	190,797

Georgi Kostov
Executive Director

Yordan Hristov
Chief accountant

Tihomir Atanasov
Procurator

CENTRAL COOPERATIVE BANK AD

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
AS OF 30 JUNE 2015

All amounts are in thousand Bulgarian Levs

	As at 30.06.2015	As at 30.06.2014
Interest income	81,731	79,356
Interest expenses	(45,486)	(53,965)
Net interest income	<u>36,245</u>	<u>25,391</u>
Fees and commissions income	24,790	21,640
Fees and commissions expenses	(3,632)	(3,269)
Net fees and commissions income	<u>21,158</u>	<u>18,371</u>
Gains from transactions with securities, net	4,711	1,996
Foreign exchange rate gains, net	841	4,758
Other operating income, net	1,596	2,134
Operating expenses	(53,447)	(50,704)
Impairment and uncollectability income (expenses), net	(8,653)	1,714
Expenses for devaluation of non-current assets	(671)	(782)
Profit for the period before taxes	<u>1,780</u>	<u>2,878</u>
Taxes	(523)	(623)
PROFIT FOR THE PERIOD	<u><u>1,257</u></u>	<u><u>2,255</u></u>
Revaluation of financial assets held for sale	807	721
Revaluation of non-current assets, held for sale	(12)	12
Other comprehensive income after taxes	<u>795</u>	<u>733</u>
TOTAL COMPREHENSIVE INCOME AFTER TAXES	<u>2,052</u>	<u>2,988</u>
Share of the profit for non-control participation	(182)	(241)
Share of the profit for the mother Bank	1,439	2,496
Share of the total comprehensive income for non-control participation	(173)	(247)
Share of the total comprehensive income for the mother Bank	2,225	3,235
Earnings per share for the shareholders of the mother Bank (in BGN)	0.01	0.02

Georgi Kostov
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CENTRAL COOPERATIVE BANK AD
CONSOLIDATED STATEMENT OF CASH FLOWS
AS OF 30 JUNE 2015

All amounts are in thousand Bulgarian Levs

	As at 30.06.2015	As at 30.06.2014
Cash flows from operating activities:		
Profit before taxes	1,780	2,878
Depreciation and amortization	3,966	4,668
Income tax paid	(395)	(867)
Unrealized (gains) from revaluation of securities held for trading	(4,395)	(3,744)
Increase (decrease) of provisions for liabilities and loans impairment allowances	8,653	(1,714)
Devaluation of non-current assets	671	782
Other adjustments	41	(105)
Net cash flows before working capital changes	<u>10,321</u>	<u>1,898</u>
Change in operating assets:		
(Increase) / decrease in placements with, and advances to, banks with maturities above 90 days	(4,000)	690
(Increase) / decrease in receivables under repurchase agreements	2,812	(3,396)
(Increase) / decrease in financial assets held for trading	(73,408)	(178,321)
(Increase) / decrease in loans and advances to customers	(84,374)	(69,999)
(Increase) / decrease in other assets	(11,345)	(25,763)
(Increase) / decrease in non-current assets held for sale	141	233
	<u>(170,174)</u>	<u>(276,556)</u>
Change in operating liabilities:		
Increase / (decrease) in deposits from banks	(13,814)	(13,182)
Increase / (decrease) in loans from banks	(41)	676
Increase / (decrease) in liabilities to other depositors	331,968	38,839
Increase / (decrease) in other attracted funds	(28)	(85)
Increase / (decrease) in other liabilities	(1,439)	(739)
	<u>316,646</u>	<u>25,509</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u><u>156,793</u></u>	<u><u>(249,149)</u></u>
Cash flows from investing activities		
(Acquisitions) / sale of property, plant, and equipment, net	(27,490)	(5,946)
(Acquisitions) / sale of financial assets available for sale, net	(508,617)	(35,203)
(Acquisitions) / sale of financial assets held to maturity, net	(45,818)	29,029
NET CASH FLOWS USED IN INVESTING ACTIVITIES	<u><u>(581,925)</u></u>	<u><u>(12,120)</u></u>
Cash flows from financing activity		
Increase in issued bonds	1,626	1,566
NET CASH FLOW FROM FINANCING ACTIVITY	1,626	1,566
INCREASE IN CASH AND CASH EQUIVALENTS, NET	<u><u>(423,506)</u></u>	<u><u>(259,703)</u></u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	<u><u>1,376,164</u></u>	<u><u>1,232,790</u></u>
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	<u><u>952,658</u></u>	<u><u>973,087</u></u>

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CENTRAL COOPERATIVE BANK AD
 CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
 AS OF 30 JUNE 2015

All amounts are in thousand Bulgarian Levs

	Issued paid in capital	Premium reserve	Reserves, including retained earnings	Revaluation reserve	Profit for the current year	Minority participation	Total
BALANCE AS OF 31 DECEMBER 2013	113,154	79,444	156,781	303	10,865	15,357	375,904
Transfer of net profit for the year ended 31 December 2013, to retained earnings	-	-	10,865	-	(10,865)	-	-
Net profit for the period ended 30 June 2014	-	-	-	-	2,496	(241)	2,255
Additional acquisition of shares in the subsidiary	-	-	6,854	-	-	(6,854)	-
Other comprehensive income for the period ended 30 June 2014	-	-	-	740	-	(7)	733
Other movements	-	-	-	4	-	-	4
BALANCE AS OF 30 JUNE 2014	113,154	79,444	174,500	1,047	2,496	8,255	378,896
BALANCE AS OF 31 DECEMBER 2014	113,154	79,444	169,959	(913)	6,300	7,340	375,284
Transfer of net profit for the year ended 31 December 2014, to retained earnings	-	-	6,300	-	(6,300)	-	-
Net profit for the period ended 30 June 2015	-	-	-	-	1,439	(182)	1,257
Other comprehensive income for the period ended 30 June 2015	-	-	-	786	-	9	795
Other movements	-	-	1,309	(53)	-	(25)	1,231
BALANCE AS OF 30 JUNE 2015	113,154	79,444	177,568	(180)	1,439	7,142	378,567

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Central Cooperative Bank

Our clients feel important

EXPLANATORY NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND QUARTER OF 2015 OF CENTRAL COOPERATIVE BANK AD

The present explanatory notes to the interim consolidated financial statements of Central Cooperative Bank AD, Sofia (the mother Bank) concern the activity of Central Cooperative Bank AD, Sofia and the subsidiaries, controlled by it: Central Cooperative Bank AD, Skopje, the Republic of Macedonia (subsidiary), CCB Assets Management EAD (subsidiary) and ZAO "IC Bank", Kazan, the Republic of Tatarstan, Russian Federation (subsidiary) as a single reporting unit (the Group).

1. Selected positions from the financial statements

The financial assets, held for trading, are acquired with the aim of receiving a profit, which stems from short-term fluctuations in the prices or the dealing margin or are financial assets, included in a portfolio, for which there is a probability for a short-term realization of a profit. These include the acquired for the purpose of trading discount and interest-bearing government and corporate securities, as well as acquired capital investments in financial and non-financial companies, in which the Group does not have a control participation. The structure of these assets at the end of the quarter in thousand BGN is as follows:

<i>Derivatives, held for trading</i>	4 585
<i>Equity instruments</i>	93 388
<i>Debt instruments</i>	185 049

Compared to the previous year there is a growth in the Bulgarian government securities, possessed by the Bank, whereas for the period from the beginning of 2015 the increase is to the amount of BGN 10 626 thousand. Additionally during the quarter the Group acquired Dutch and Slovenian government securities to the amount of BGN 55 174 thousand.

The financial assets available for sale are those financial assets, which are not held by the Group for trading, to maturity and are not loans and receivables, which initially occurred at the Group. The financial assets available for sale are acquired interest-bearing government and corporate securities, as well as acquired capital investments in financial and non-financial companies. The structure of these assets at the end of the quarter in BGN thousand is as follows:

<i>Equity instruments</i>	91 974
<i>Debt instruments</i>	658 290

Compared to the previous year the Group increased its investments in Bulgarian government securities up to BGN 197 539 thousand.

Compared to the previous year the Group increased considerably its investments in government securities of EU countries, whereas the increase is to the amount of BGN 218 450 thousand.

The debt instruments include bonds, issued by the government of the Russian Federation, held by the Group to the amount of BGN 1 600 thousand.

The equity instruments include the Bank's shares of the subsidiary ZAO "IC Bank", Kazan, the Republic of Tatarstan, Russian Federation to the amount of BGN 25 million, whereas this minority package of shares is intended for sale in keeping with a decision of the Management Board of the Bank, adopted by the Supervisory Board.

During the second quarter of 2015 the financial assets, held for trading and for sale are evaluated at fair value, whenever for them there is a quotation on an active market, and when this quotation was not present, they are evaluated at acquisition price.

The financial assets, held to maturity, are with a fixed payment and fixed maturity, which the Group has the intention and possibility to keep to their maturity, regardless of any possibility to be traded in the future upon any favorable conditions. These assets are acquired interest-bearing government and corporate securities.

Compared to the previous year the Group increased its investments in Bulgarian government securities to the amount of BGN 62 673 thousand.

The debt instruments include bonds, issued by the government of the Republic of Macedonia, held by the Group to the amount of BGN 62 225 of the Republic of Macedonia, as well as bonds issued by the National Bank of the Republic of Macedonia to the amount of BGN 16 937 thousand.

During the second quarter of 2015 the financial assets, held to maturity are reported at amortized value according to the effective interest rate method and are not devaluated, due to the lack of indicators of the potential devaluation of these assets.

The loans and advances that initially originated at the Group with a fixed maturity are financial assets, created via a direct provision by the Group of money or services to certain clients with a fixed maturity.

During the second quarter of 2015 the loans with a fixed maturity, which initially originated at the Group, are recorded at amortized value according to the effective interest rate method and are devaluated under conditions, which prove the decrease in the loans value.

The mother bank works with specialized financial institutions, registered according to Ordinance N 26 of BNB on the acquisition of loan receivables due to which the share of non-performing loans in the Group portfolio is lower than that for the system.

The receivables under securities repurchase agreements are recorded at acquisition price, which is equal to the fair value of the funds placed by the Group, secured by the value of the securities. The securities, received as collateral under securities repurchase agreements, are not recorded in the financial statements of the Group in the cases, when the risks and the profits from their ownership have not been transferred. The reflected receivables under securities repurchase agreements at the end of the second quarter have been secured by a pledge of Bulgarian government securities and corporate securities.

Fixed tangible and intangible assets

The fixed tangible and intangible assets are acquired and held by the Group discernible non-financial resource, which is used for the production and/or sale of services, for letting, for administrative or for other purposes. They are recorded at acquisition cost, decreased by the accrued depreciation and the accumulated losses of devaluation.

The depreciation of fixed tangible and intangible assets is calculated according to the linear method, so that the amortization corresponds to the term of use, intended for these assets. The annual depreciation rates are as follows:

Buildings	4%	(25 years)
Inventory	15%	(7 years)
Transport vehicles	15%	(7 years)
Other assets	15%	(7 years)
Specific equipment, cable networks and security systems	4%	(25 years)
Equipment, including hardware and software products	20%	(5 years)

Depreciation does not accrue for land, assets for resale, assets in the process of acquisition, assets in the process of liquidation and the fully amortized assets up to their residual value.

During the second quarter of 2015 a devaluation of inventories, a devaluation of the fixed tangible and intangible assets was not performed, due to the lack of indicators for a potential devaluation of these assets.

Noncurrent assets held for sale

Real estates, acquired by the Group as a mortgagee associated with granted and non-performing loans are classified as non-current assets, held for sale and are recorded initially at acquisition price. After their initial recognition, these assets are recorded at the lower of their

current book value or their fair value, decreased by the realization expenses. No depreciation accrues for these assets.

2. Transactions with related parties

The Group performed a number of transactions with related parties, whereas it granted loans, issued guarantees, attracted funds, made repo transactions, etc. All transactions have been concluded under ordinary commercial conditions in the course of the activity of the Group and do not defer from the market conditions, when the loans were granted, and the guarantees were issued only against sufficient collateral.

At the end of the second quarter the receivables of the Group from the companies under common control are to the amount of BGN 137 106 thousand, which stem from granted loans predominantly. At the end of the second quarter the liabilities of the Group to companies under common control are to the amount of BGN 126 374 thousand, which stem mainly from received deposits. At the end of the second quarter the receivables of the Group from the mother company are below BGN 1 thousand. At the end of the second quarter the Group has liabilities to the mother company to the amount of BGN 45 727 thousand, stemming from funds, obtained from convertible bonds issued by the mother bank to the amount of EUR 36 000 thousand.

3. Accounting policy

During the second quarter of 2015 the Group applied the same accounting policy and the same methods of evaluation, as in the preparation of the annual consolidated financial statements for 2014.

4. Information about seasonality or cyclic nature of the interim operations

During the second quarter of 2015 no interim operations were performed, stemming from the specific seasonality or cycles. All interim operations during this period stem from the ordinary activity of the Group.

5. Information about usual in amount and character assets, liabilities, shareholders' equity, income and expenses.

During the second quarter of 2015 there are no extraordinary positions with respect to the assets, liabilities, shareholders' equity, the income and expenses. The total amount of the assets in the financial statements of the Group as at 30.06.2015 increased compared to the total amount of the assets in the financial statements of the Group as at 31.12.2014 by 7.32% and reached BGN 4 711 874 thousand. The increase in the assets of the Group is related to the increase in the funds, attracted from other depositors. Within this quarter extraordinary operations were not recorded in the statements of the comprehensible income as a result of which the accumulated financial result as at 30.06.2015 stems only from income and expenses, concerning the ordinary activity of the Group.

During the second quarter of 2015 there is no change in the shareholder participation of the mother bank in the subsidiary Central Cooperative Bank AD Skopje, the Republic of Macedonia, as a result of which as at 30 June 2015 Central Cooperative Bank Plc Sofia has 483,121 ordinary shares in the capital of Central Cooperative Bank AD Skopje, the Republic of Macedonia, which is 87,35 % of the capital of the subsidiary.

During the second quarter of 2015 there is no change in the shareholder participation of the mother bank in the subsidiary "CCB Assets Management" EAD assets management company, as a result of which as at 30 June 2015 Central Cooperative Bank Plc Sofia has 500 000 ordinary shares in the capital of "CCB Assets Management" EAD assets management company, which is 100 % of the capital of the subsidiary.

During the second quarter of 2015 there is no change in the shareholder participation of the mother bank in the subsidiary ZAO "IC Bank", Kazan, the Republic of Tatarstan, Russian Federation, as a result of which as at 30 June 2015 Central Cooperative Bank Plc Sofia has 25 338 394 ordinary shares in the capital of ZAO "IC Bank", Kazan, the Republic of Tatarstan, Russian Federation, which is 86.273 % of the capital of the subsidiary.

6. Information about issued, repurchased and repaid debt and equity securities.

During the second quarter of 2015 the Group does not have issued, repurchased or repaid debt securities, as well as issued and repurchased equity securities.

7. Information about accrued /paid/ dividend.

During the second quarter of 2015 CCB Assets Management EAD (subsidiary) allocated in favour of the mother bank dividend to the amount of BGN 771 thousand, whereas a part of it was paid within the quarter.

8. Events after the date of the financial statements


After the end of the second quarter of 2015 no events occurred, which have a significant influence on the future development of the Group.

9. Information about changes in the conditional assets and liabilities

During the second quarter of 2015 compared to 31.12.2014 there are changes in the amount in the direction of an increase in the conditional assets of the Group concerning the assets, provided by clients as loan collateral. With respect to the conditional liabilities during the period there are changes in the direction of an increase in their amount compared to 31.12.2014, whereas the increase concerns commitments for the provision of loans by the Group.



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