

CENTRAL COOPERATIVE BANK AD

SEPARATE 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
<b>ASSETS</b>		
Cash and balances with the Central Bank	740,785	1,197,165
Placements with and advances to banks	213,159	191,119
Receivables under repurchase agreements	153,389	156,201
Financial assets held for trading	282,519	205,015
Loans and advances to customers, net	1,877,811	1,814,131
Other assets	73,012	62,082
Financial assets available for sale	747,907	236,780
Financial assets held to maturity	245,427	182,883
Investments in subsidiaries	59,788	59,788
Property, plant, and equipment	98,455	75,164
Non-current assets held for sale	1,366	353
<b>TOTAL ASSETS</b>	<u>4,493,618</u>	<u>4,180,681</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
Deposits from banks	12,812	21,288
Amounts owed to other depositors	4,034,009	3,716,850
Other attracted funds	145	171
Issued bonds	71,572	69,946
Other liabilities	7,535	8,976
<b>TOTAL LIABILITIES</b>	<u>4,126,073</u>	<u>3,817,231</u>
<b>SHAREHOLDERS' EQUITY</b>		
Issued capital	113,154	113,154
Premium reserve	79,444	79,444
Reserves, including retained earnings	171,757	164,502
Revaluation reserve	(180)	(905)
Current year profit	3,370	7,255
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<u>367,545</u>	<u>363,450</u>
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<u>4,493,618</u>	<u>4,180,681</u>
Commitments and contingencies	190,392	178,285

Georgi Kostov  
Executive Director

Yordan Hristov  
Chief accountant

Tihomir Atanasov  
Procurator

CENTRAL COOPERATIVE BANK AD

SEPARATE 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	74,540	72,171
Interest expenses	(43,306)	(52,000)
Net interest income	<u>31,234</u>	<u>20,171</u>
Fees and commissions income	22,748	19,526
Fees and commissions expenses	(3,150)	(2,786)
Net fees and commissions income	<u>19,598</u>	<u>16,740</u>
Gains from transactions with securities, net	4,736	1,996
Foreign exchange rate gains, net	677	4,522
Other operating income, net	1,292	1,958
Operating expenses	(44,877)	(41,560)
Impairment and uncollectability income (expenses), net	<u>(8,916)</u>	<u>1,303</u>
Profit for the period before taxes	3,744	5,130
Taxes	<u>(374)</u>	<u>(513)</u>
<b>PROFIT FOR THE PERIOD</b>	<u><u>3,370</u></u>	<u><u>4,617</u></u>
Earnings per share (in BGN)	0.03	0.04
Other comprehensive income after taxes	<u>725</u>	<u>780</u>
Revaluation of financial assets held for sale	<u>725</u>	<u>780</u>
<b>TOTAL COMPREHENSIVE INCOME AFTER TAXES</b>	<u><u>4,095</u></u>	<u><u>5,397</u></u>

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CENTRAL COOPERATIVE BANK AD

SEPARATE STATEMENT OF CASH FLOWS  
AS AT 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	3,744	5,130
Depreciation and amortization	3,079	3,707
Paid profit tax	360	(650)
Unrealized losses/(gains) from revaluation of financial assets held for trading	(4,395)	(3,744)
Increase (decrease) of provisions for liabilities and loans impairment allowances	8,916	(1,303)
<b>Net cash flows before working capital changes</b>	<b>11,704</b>	<b>3,140</b>
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	(73,109)	(178,321)
(Increase) / decrease in loans and advances to customers	(72,596)	(52,881)
(Increase) / decrease in other assets	(11,664)	(24,347)
(Increase) / decrease in non-current assets held for sale	(1,013)	(448)
	(159,570)	(258,703)
Change in operating liabilities:		
Increase / (decrease) in deposits from banks	(8,476)	13,182
Increase / (decrease) in loans from banks	-	212
Increase / (decrease) in liabilities to other depositors	317,159	39,753
Increase / (decrease) in other attracted funds	(26)	(83)
Increase / (decrease) in other liabilities	(1,441)	(1,149)
	307,216	51,915
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>159,350</b>	<b>(203,648)</b>
Cash flows from investing activities		
(Acquisitions) of property, plant, and equipment, net	(26,370)	(5,654)
(Acquisitions) of investments in subsidiaries	-	(25,937)
(Acquisitions) of financial assets available for sale, net	(510,402)	(11,746)
(Acquisitions) of financial assets held to maturity, net	(62,544)	28,478
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(599,316)</b>	<b>(14,859)</b>
Cash flows from financing activities		
Increase / (decrease) in the issued bonds	1,626	1,566
<b>NET CASH FLOW FROM FINANCING ACTIVITY</b>	<b>1,626</b>	<b>1,566</b>
<b>DECREASE IN CASH AND CASH EQUIVALENTS, NET</b>	<b>(438,340)</b>	<b>(216,941)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR</b>	<b>1,385,245</b>	<b>1,220,877</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>946,905</b>	<b>1,003,936</b>

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## CENTRAL COOPERATIVE BANK AD

## SEPARATE STATEMENT OF EQUITY CHANGES

AS AT 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 year	Total
BALANCE AS OF 31 DECEMBER 2013	<u>113,154</u>	<u>79,444</u>	<u>153,343</u>	<u>233</u>	<u>10,145</u>	<u>356,319</u>
Transfer of net profit for the year ended 31 December 2013, to retained earnings	-	-	10,145	-	(10,145)	-
Net profit for the period ended 30 June 2014	-	-	-	-	4,617	4,617
Other comprehensive income for the period ended 30 June 2014	-	-	-	780	-	780
BALANCE AS OF 30 JUNE 2014	<u>113,154</u>	<u>79,444</u>	<u>163,488</u>	<u>1,013</u>	<u>4,617</u>	<u>361,716</u>
BALANCE AS OF 31 DECEMBER 2014	<u>113,154</u>	<u>79,444</u>	<u>164,502</u>	<u>(905)</u>	<u>7,255</u>	<u>363,450</u>
Transfer of net profit for the year ended 31 December 2014, to retained earnings	-	-	7,255	-	(7,255)	-
Net profit for the period ended 30 June 2015	-	-	-	-	3,370	3,370
Other comprehensive income for the period ended 30 June 2015	-	-	-	725	-	725
BALANCE AS OF 30 JUNE 2015	<u>113,154</u>	<u>79,444</u>	<u>171,757</u>	<u>(180)</u>	<u>3,370</u>	<u>367,545</u>

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

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 Bank 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>	184 546

Compared to the previous year there is a significant 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 Bank 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 Bank for trading, to maturity and are not loans and receivables, which initially occurred at the Bank. 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>	91 216
<i>Debt instruments</i>	656 691

Compared to the previous year the Bank increased its investments in Bulgarian government securities, whereas the increase is to the amount of BGN 197 539 thousand. Compared to the previous year the Bank increased considerably its investments in government securities of European Union countries, whereas the increase is to the amount of BGN 218 450 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 Bank 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 Bank increased its investments in Bulgarian government securities to the amount of BGN 62 673 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 Bank with a fixed maturity are financial assets, created via a direct provision by the Bank 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 Bank, 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.

CCB Plc works with specialized financial institutions, registered under Ordinance N 26 of BNB for the acquisition of loan receivables, due to which the share of the non-performing loans in the Bank portfolio is lower than that of 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 Bank, 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 Bank 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 Bank 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 Bank 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 Bank 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 Bank 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 Bank from subsidiaries are to the amount of BGN 61 549 thousand, which stem from placed deposits. At the end of the second quarter of 2015 the liabilities of the Bank to subsidiaries are to the amount of BGN 9 512 thousand, which stem from received deposits. At the end of the second quarter of 2015 the receivables of the Bank from companies under common control are to the amount of BGN 137 106 thousand, whereas the predominant part stems from granted loans. At the end of the second quarter of 2015 the liabilities of the Bank to companies under common control are to the amount of BGN 80 647 thousand, which come from deposits predominantly. At the end of the second quarter of 2015 the receivables of the bank from the mother company are below BGN 1 000. At the end of the second quarter of 2015 the Bank has liabilities to the mother company to the amount of BGN 45 727 thousand, stemming from funds, obtained from issued convertible bonds to the amount of EUR 36 000 thousand.

### 3. Accounting policy

During the second quarter of 2015 the Bank applied the same accounting policy and the same methods of evaluation, as in the preparation of the annual individual 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 Bank.

### 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 Bank as at 30.06.2015 increased compared to the total amount of the assets in the financial statements of the Bank as at 31.12.2014 by 7.48% and reached BGN 4 493 618 thousand. The increase in the assets of the Bank 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 Bank.

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

During the second quarter of 2015 the Bank 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 the Bank did not accrue or pay dividend to its shareholders.

### 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 Bank.



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 bank 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 of the bank to grant loans.

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**Executive Director**

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