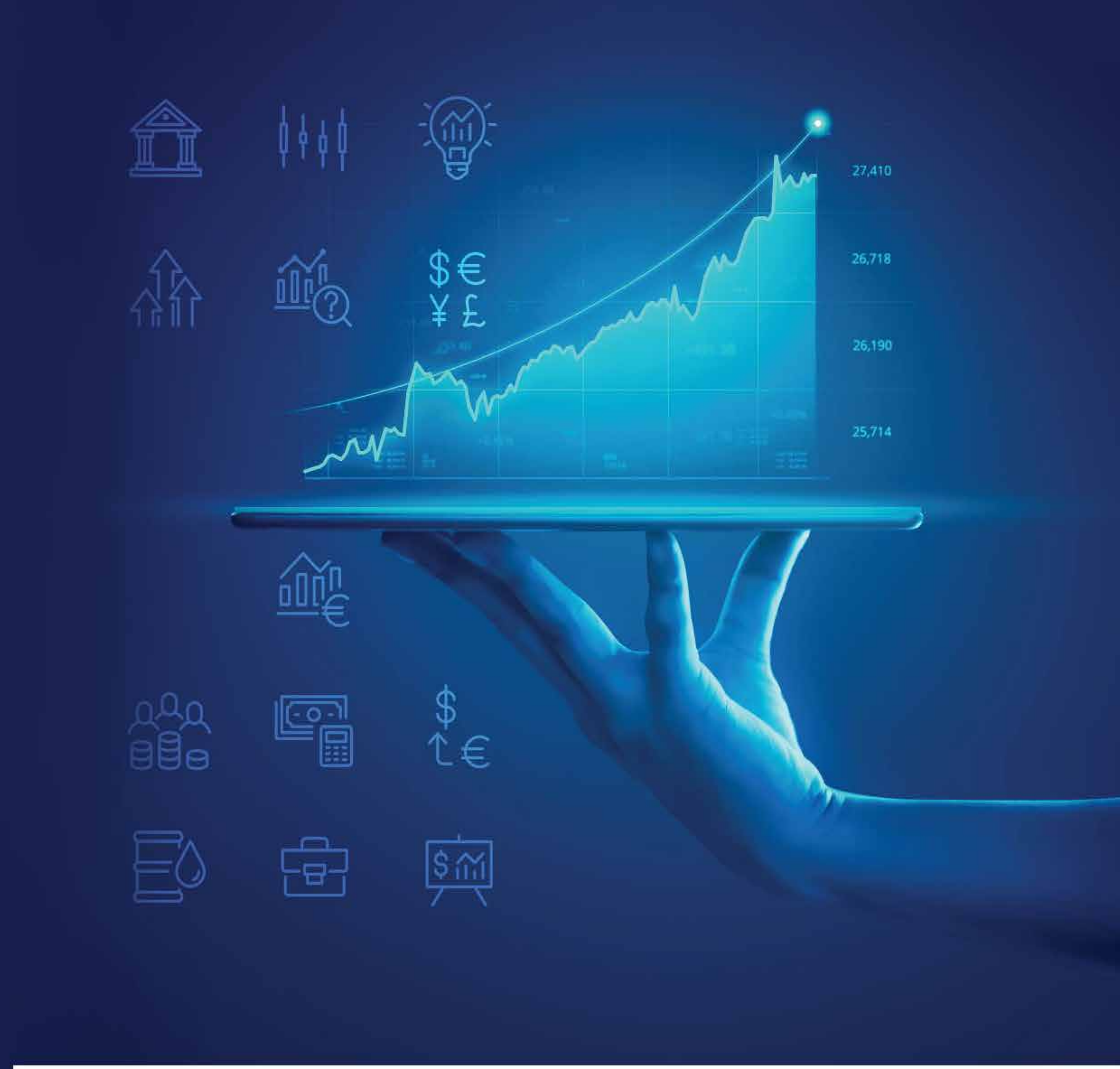


Annual report 2021

Central Cooperative Bank

Our clients feel important

CONTENTS

MESSAGE FROM THE MANAGEMENT

Ladies and Gentlemen,

We, the Executive Directors and Procurator of Central Cooperative Bank Plc, would like to use this opportunity to inform you about our achievements and accolades in 2021. Central Cooperative Bank Plc is a universal commercial bank with a pronounced focus on retail banking. As at 31.12.2021 the Bank assets are BGN 7,4 billion, shareholders' equity amounts to BGN 605 million and the net profit is BGN 25,9 million.

Last year was our 14th year as a member of the European Union and we ranked on the 7th place among Bulgarian banks in terms of total assets.

Among our goals for 2022 are: increasing the total assets of the Bank, respectively the market share; developing and defending the leadership position in the use of the most contemporary channels of distributing the bank products; streamlining and constant adaptation of the client model of the operative organization with the aim of maintaining the high quality of the bank servicing; deploying the positions in retail banking; increasing the volume and the relative share in the loan portfolio of loans to individuals – consumer and mortgage loans; profiting from the synergy in rendering services to the insurance companies, the pension companies, the health insurance companies and the investment companies from the group of Chimimport – the main shareholder of the Bank; offering services and financing of projects of agricultural producers – under the programs of the structural funds of EU and increasing the qualification of the employees and streamlining the mechanisms for stimulating employees.

We make our clients feel important. The Bank management and staff have committed their efforts to defending the already achieved position and further improving in the banking field. We look forward to continue working with you and sharing best practices and recommendations.

Sincerely yours,

Gerogi Kostov
Executive Director

George Konstantinov
Executive Director

Sava Stoynov
Executive Director

Tihomir Atanassov
Procurator

FINANCIAL HIGHLIGHTS AS AT 31.12.2021

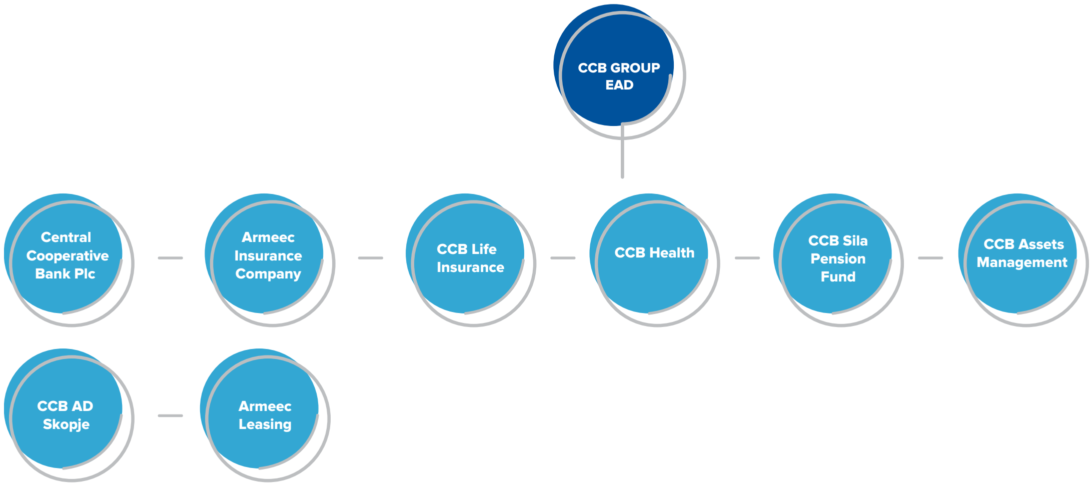
Main indicators from the Balance Sheet and the Income Statement	As at 31.12.2021 Thousand BGN	As at 31.12.2020 Thousand BGN
Total assets	7,383,943	6,641,168
Share capital	127,130	127,130
Shareholders' equity	604,762	583,676
Total deposits	6,692,582	5,975,187
Deposits from non-financial institutions	6,639,742	5,909,095
Advanced loans and advances to customers, net	2,888,459	2,556,846
Net interest income	105,366	109,526
Non-interest income	63,665	52,068
Total income	169,031	161,594
Operating expenses	134,670	133,454
Net profit	25,928	20,380

Financial highlights	As at 31.12.2021	As at 31.12.2020
ROaE %	4.32%	3.58%
ROaA %	0.37%	0.32%
Shareholders' equity / total assets %	8.19%	8.79 %
Operating expenses / total assets %	1.82%	2 %
Operating expenses / total income %	79.67%	82.59 %
Loans to customers / total assets %	39.11%	38.50 %
Total deposits / total assets %	90.63%	89.97 %
Deposits from non-financial institutions / total assets %	89.92%	88.98 %
Total capital adequacy	15.89%	17.70%

Recourses	As at 31.12.2021 Number	As at 31.12.2020 Number
Number of customers	1,897,140	1,866,042
Foreign correspondents	192	187
Nostro accounts	16	16
Locations, including branches	295	297
Personnel	1789	1870

TODAY

Central Cooperative Bank Plc is a universal commercial bank, belonging to the financial structure of CCB Group EAD. Together with the remaining companies, the bank comprises the full array of services in the field of financial intermediation, products and services with an emphasis on SME lending and retail banking for its clients.



As a universal commercial bank CCB Plc offers an array of financial products and services, which correspond to the competitive requirements of the dynamically changing market environment. The Bank constantly strives to deploy the spectrum of financial intermediation and works hard to create new and develop the known products and services.

CCB Plc. is a full member of the International Cooperative Banking Association and the European Association of Cooperative Banks.

The Bank is a full member of MasterCard Europe and Visa International, offers the Maestro and MasterCard cards and the family of Visa cards.

Central Cooperative Bank Plc is an indirect member of **EBA STEP2 SCT** and a direct member of **TARGET2**.

The Bank is an indirect member of **International Swaps and Derivatives Association, Inc – ISDA**.

CCB Plc maintains good relationships with a number of correspondent banks, improving the business contacts with them. The Bank has over 192 correspondents and 16 Nostro accounts, as well as a number of lines for documentary operations for various amounts and trade finance for the import of investment products, made in EU. Through the MM and FX limits, the bank maintains the wide spectrum of the offered products and services.

CCB Plc has a license to carry out transactions as an investment intermediary on the Bulgarian capital market, acting on its behalf and at its expense, as well as on behalf and at the expense of its clients.

CCB Plc. is a primary dealer of government securities on the Bulgarian domestic market.

The Bank provides an easy access to all range of its products via a well-developed branch network, offering quick and modern solutions to its customers. At present the Bank has 295 branches and offices all over the country and abroad.

On 28 March 1991 Central Cooperative Bank was registered with a resolution of the Sofia City Court. At first the Bulgarian National Bank Management Board issued a license to CCB Plc for carrying out bank activity on the territory of the country.

The founders of the bank were Central Cooperative Union, the regional cooperative unions and more than 1100 cooperative organizations. In the beginning its mission was to contribute to the development of the cooperative system in Bulgaria. Passing through different development periods, the Bank established itself as a universal commercial bank nowadays.

Since 12 March 1993 the Bank is authorized to carry out operations abroad as well.

Since July 1993 CCB Plc is an associate member of the European Association of Cooperative Banks, domiciled at Brussels.

On 4 March 1999 CCB Plc received the statute of a publicly listed company, and in this way became one of the two Bulgarian banks, the shares of which were traded on the Bulgarian Stock Exchange - Sofia.

Up to 2001 CCB Plc shareholders included: Central Cooperative Union, Bulbank AD, the State Agricultural Fund, the Bank Consolidation Company etc.

At the beginning of 2002 the share of Bank Consolidation Company AD amounting to 32.77% was acquired through bidding by Chimimport JSC, which became the main shareholder of Central Cooperative Bank Plc.

In 2002 CCB Plc received a license from **MasterCard Europe** – a prestigious international card organization for the issuance and acceptance of the international Maestro debit cards and Mastercard credit cards.

In 2003 CCB Plc acquired a license for a Bulgarian agent of Western Union, the international fast money transfer company.

In September 2004 Central Cooperative Bank Plc became a member of the Management Board of the International Cooperative Banking Association, together with over 52 credit institutions from 36 countries.

At the end of 2004 CCB Plc increased its capital from BGN 16 169 564 to BGN 32 338 128 via the issuance of 16 168 564 shares, having a par and issue value of BGN 1. The Bank's main shareholder is CCB Group Assets Management EAD, which is 100% property of Chimimport Plc.

On 27 May 2005 the Bank became a principal member of Visa International and at the beginning of 2006 we started offering the family of Visa cards.

In September 2005 CCB Plc took a decision to increase its share capital by 50% and as of the end of the year it amounted to BGN 48 507 186, and the shareholders' equity was BGN 80,928 thousand.

In December 2005 CCB Plc received a permit from the Central Bank of Cyprus to open its first foreign branch in Nicosia.

On 11 May 2006 CCB Plc signed a second Syndicated Term Loan Facility, whereas the initial amount of EUR 11.000.000 was increased to EUR 27.500.000 with the participation of 12 foreign banks. The syndicated loan was arranged by HSH Nordbank AG and Raiffeizen Zentralbank Österreich AG.

At the end of June 2006 the General Meeting of Shareholders of CCB Plc took a decision to increase the capital by 50% and at the end of the year the Bank share capital amounted to BGN 72 760 779.

Since 1 January 2007, with Bulgaria's accession to EU, CCB Plc has acquired the statute of a full member of the European Association of Cooperative Banks.

In June 2007 the General Meeting of Shareholders of CCB Plc. took a decision to increase the capital and at the end of the year it amounts to BGN 83 155 092.

In September 2007 the first foreign branch of CCB Plc. was opened in Nicosia, Cyprus.

On 28 February 2008 CCB Plc acquired the Macedonian bank Sileks Bank AD Skopje, which was renamed to Central Cooperative Bank AD Skopje on 22 October 2008. At present CCB Plc has 82.63 % of the voting shares of the capital of CCB AD Skopje.

On 15 August 2008 Central Cooperative Bank Plc joined ISDA - International Swaps and Derivatives Association as a user.

In October 2008 CCB Plc became an indirect member of EBA STEP2 SCT.

In February 2010 CCB Plc became an direct member of TARGET2.

In December 2010 the Bulgarian Credit Rating Agency awarded to Central Cooperative Bank Plc a long-term credit rating, grade: BBB, outlook: stable and a short-term rating: A-2.
As at 31.12.2010 CCB Plc ranks among the first 10 Bulgarian banks in terms of total assets according to the BNB classification.

On 3 January 2011 “Stater Banka” AD, Kumanovo, the Republic of Macedonia merged with CCB Plc, Skopje.

At the beginning of 2011 CCB Plc became the main shareholder of ZAO AKB Tatinvestbank, Kazan, the Republic of Tatarstan, Russian Federation.

On 28 March 2011 CCB Plc celebrated twenty years of its establishment.

On 21.07.2011 the Management Board of CCB Plc took a decision for a company capital increase from BGN 83 155 092 to BGN 113 155 092, whereas as at 31.12.2011 the total equity of the Bank amounts to BGN 332,781 thousand.

In the second quarter of 2012 CCB Plc started the issuance of international Visa Platinum credit cards.

In 2012 CCB Plc continued implementing the project for the establishment of a second foreign branch on the territory of EU.

In 2013 CCB introduced new products and services in retail banking and the card business, among which the Mobb service and promotional conditions for the product “Home for you”.

At the end of 2013 CCB ranked on the eight place among Bulgarian banks in terms of total assets.

In 2014 the Bank started offering contactless Visa payWave debit and credit cards and contactless Maestro PayPass debit cards.

In October 2014 CCB started offering the CashM service to its clients.

In 2014 CCB Plc preserved the eight place among Bulgarian banks according to total assets.

Since February 2015 the Bank started the offering of debit cards of high class Visa Debit.

April 2015 Successfully and on time we finalized the process of the full migration of all IT systems to move the head-office of the Bank to the new administrative building (former Pliska Hotel) at: the city of Sofia, 87 Tsarigradsko shose blvd;

The administration of the Bank carries out its activity in the new office building at 87 Tsarigradsko shose blvd.

In May 2015 the Bank started issuing Emotion contactless cards, where the client is entitled to choose the design of his/her card.

In July 2015 the Bank started offering a new type of credit card of exceptionally high class, intended for the most special clients - World MasterCard.

In 2015 new traders, offering rebates to the clients with club cards joined the CCB Club loyalty program.

In 2015 during the whole year there continued the update of the parameters and the conditions of the credit products for individuals.

As at 31.12.2016 the financial result of CCB Plc increases 4 times compared to the previous year.

As at 31.12.2017 the assets of the Bank increased by 9% and the financial result increased by 38% compared to 2016.

In 2018 the Bank offered new products and services in the field of retail banking, as well as more advantageous conditions for consumer and mortgage loans.

In October 2019 CCB joined the initiative of SWIFT “GPI – Global Payments Innovation” and in this way it became the second bank, which implemented GPI in Bulgaria.

In 2020, despite the COVID-19 crisis, CCB Plc realized a net profit of 20 million BGN and total assets of 6,6 billion BGN.

In 2021 the Bank offered new products and services in the field of retail banking, as well as more advantageous conditions for consumer and mortgage loans.

MANAGERIAL TEAM

Central Cooperative Bank Plc has a two-tier system of management, which consists of a Supervisory Board and a Management Board.
The Supervisory Board consists of three members and elects the Management Board and a Procurator. The Management Board on its part elects the Executive Directors with the approval of the Supervisory Board.

At present the following members are included in the Supervisory Board and the Management Board:

1. Supervisory Board:
   Chairperson: Ivo Kamenov

   Members: Marin Mitev
   Rayna Kuzmova
   Central Cooperative Union,
   Represented by Peter Stefanov

2. Management Board:
   Chairperson: Prof. Dr. Aleksander Vodenicharov

   Members: Tsvetan Botev – Deputy-Chairperson
   George Konstantinov – Executive Director
   Sava Stoynov – Executive Director
   Georgi Kostov – Executive Director
   Aleksander Kerezov
   Prof. Dr. Bisser Slavkov

3. Procurator: Tihomir Atanassov

SHARE CAPITAL AND SHAREHOLDERS

On 21.07.2011 the Management Board of Central Cooperative Bank Plc took a decision for a company capital increase from BGN 83 155 092 to BGN 113 155 092 via the issuance of 30 000 000 ordinary book-entry voting shares with a nominal value BGN 1 and an issue value of BGN 1,50.

Till the end of the subscription 29 999 199 shares were subscribed and paid. As a result of this the amount of BGN 44 998 798.50 was credited to the capital raising account of CCB Plc.

The capital of the Bank to the amount of BGN 113 154 291 after the increase was entered in the Companies Register on 15.12.2011.

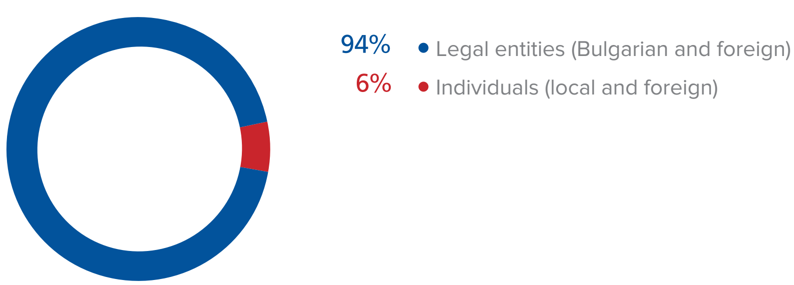
As at 31 December 2021 the shareholders' equity amounts to BGN 604,762 thousand. The capital adequacy is 15.89 %, which is above the requirements according to Ordinance No. 8 of BNB on the capital adequacy of Banks.

Shareholders of CCB Plc as at 31 December 2021	Share (%)
CCB Group EAD, Sofia	**61.05 %**
Armeec insurance company JSC	**7.07 %**
UPF Suglasie	**6.98 %**
Chimimport JSC	**8.24 %**
Other	**16.66 %**

As at December 31, 2021 the shareholders of CCB Plc are 5,079 individuals and 1,122 legal entities.

The shares of CCB Plc are traded at the Bulgarian Stock Exchange since 4 March 1999. In the last 20 years the CCB Plc shareholders' structure has significantly changed three times – in June 1999, when Bulbank AD sold to the State Agricultural Fund its share of 35%; in June 2001 when the share of the State Agricultural Fund, which had been acquired by the Bank Consolidation Company, was purchased by "Chimimport" JSC and at the end of 2004, when the shares of Central Cooperative Union were acquired by "Chimimport" JSC through CCB Group EAD.

BREAKDOWN OF SHARE CAPITAL



Central Cooperative Bank Plc is a universal commercial bank, offering a broad spectrum of financial products and services. The Bank endeavors to follow the competitive requirements of the constantly changing environment and deploys its array of products and services in the field of financial intermediation, putting an emphasis on financing SMEs and servicing its retail clients.

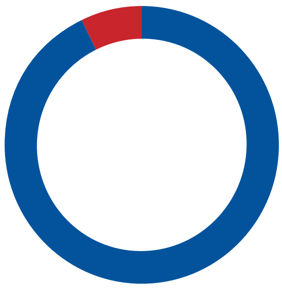
The Bank is one of the leaders on the market in rendering services to the agricultural sector and the related production activities. In 2021 CCB Plc continued to offer the array of credit products and services in the field of consumer lending, as well as lending to SMEs. Following the set goals, the Bank deployed its activity as a “retail bank” and achieved good positions in the market of SMEs, attracting more and more clients in this sector.

CLIENT STRUCTURE

A considerable contribution for the success and established market positions of the Bank belongs to its clients. For this reason CCB Plc attracted more clients, especially individuals, households, SMEs. The Bank’s portfolio is entirely subordinated to the needs and desires of clients. The efforts are concentrated on offering competitive and attractive products.

Sector	31.12.2021	31.12.2020
Individuals	**1,780,147**	**1,752,021**
Commerce	**64,367**	**63,248**
Transport and communications	**6,055**	**5,904**
Industry and construction	**11,543**	**11,187**
Agriculture and forestry, hunting and fishing	**5,547**	**5,456**
Finance, loans and insurance	**2,396**	**2,329**
Education	**3,375**	**3,128**
Healthcare, sports and tourism	**2,486**	**2,401**
Other	**21,224**	**20,368**
Total:	**1,897,140**	**1,866,042**

The clients of the Bank again increased and reached 1,897,140 at the end of 2021. Compared to the previous year the increase is in the amount of 1,66 %, whereas the results take into consideration mainly the increase in individuals. Their share increased by 31,098 compared to 2020. The positive growths that is observed in the last several years is mainly due to the ambition of the Bank to develop in one of the most competitive for the banking sector segment, namely retail banking. There is a growth in lending to SMEs.



RETAIL BANKING

Card products

In 2021 CCB AD retained its positions as one of the major issuers of credit and debit cards in the country. The Bank issues international Mastercard and Visa credit cards, the co-branded Visa CCB — Bulgaria Air credit card and the Visa Platinum credit card. The portfolio of debit cards consists of international debit cards of high-class World Debit Mastercard, Debit Mastercard and Visa Debit debit cards, co-branded Debit Mastercard cards with A1 Bulgaria EAD and the local Bcard debit card. They also offer the EMOTION debit and credit cards, where the client has the opportunity to choose the vision of his/her card from a proposed gallery with more than 50 designs.

The Bank enables its customers to benefit from the advantage of fast contactless payments with all major card brands.

CCB offers an extremely high-class credit card — World Mastercard, designed for significant and solvent clients. World Credit Mastercard credit card is a Mastercard Premium product that is positioned at a higher level even than Platinum credit cards.

In addition to the extremely attractive financial parameters, the World Credit Mastercard card also brings a number of additional extras and privileges to its cardholders:

- Free membership in the Priority Pass program — provides access to over 700 business lounges at airports in over 100 countries around the world;

- Special discounts from Bulgaria Air company;

- Free access to the Vitosha and Preslav business lounges at the Sofia Airport and Sky Lounge and Jet Lounge in Vienna;

- Travel insurance policy upon travelling abroad at Armeec insurance company — 22 insurance coverages with a maximum amount of the coverage of USD 50,000;

- An additional insurance policy, which provides protection against theft of the card together with personal belongings and documents, protection in case of accident or theft of goods purchased with the card, as well as the best price when shopping;

• Discounts in the CCB Club program;

• Discounts upon shopping at selected traders in Bulgaria, included in the CCB World Offers catalogue;

• Additional attractive discounts abroad at hotels, famous shops and rent-a-car companies provided by Mastercard;

• Many more discounts upon shopping at the outlets, included in the CCB Bonus program.

The Concierge service continued to be offered in 2021. It provides to the World Mastercard debit and credit card holders immediate personal assistance at any time and place, privileged access to exclusive services and experience and individual solutions with just one phone call. Customers receive advice, recommendations, possibility to book hotels, restaurants, ticket sales for various events: music, theatre, sports, booking of airline tickets, package holidays, cruise, sightseeing, travel planning assistance. For World Mastercard credit cards CCB AD provides an even higher level of service, whereas in addition to the listed services, cardholders are offered the opportunity to obtain information of antique and art trade, the possibility of booking package holidays, flights, hotels, car rental and/or organising specialised trips, including chartering of planes or yachts, assistance in choosing a gift, access to travel guides for various destinations, information of travel arrangements, information of customs regulations and visas, currency information. It provides access and recommendations for various sports clubs. It provides access to travel guides for different destinations, travel preparation information, information of customs regulations and visas, currency information. In 2021 Mastercard launched an additional service for Premium Mastercard cardholders — AskPleez! - a free mobile app at Appstore and Google Play store with artificial intelligence and human attitude. Customers have the opportunity to benefit 24/7 from the help of AskPLEEZ! - a virtual personal assistant specifically for Premium Mastercard cardholders: Mastercard Gold and World Mastercard debit and credit cards.

With the financial support of Mastercard, CCB AD offers to the premium Mastercard cardholders (Gold credit cards, including for business clients, World Mastercard debit and credit cards) the privilege Fast Track to priority pass through the mandatory checks at Terminal 2 at the Sofia Airport. The Fast Track service provides the advantage of going through a first check of personal documents as a matter of priority and benefiting from a special priority baggage screening band.

The VISA Platinum and Visa Business credit card holders can benefit free of charge from the LoungeKey Program, which provides access to the amenities of over 1000 special business lounges, located at airports around the world, without prior reservation and no matter the used airline and travel class. Business lounges have comfortable rest areas, equipped with WiFi internet access, TV, drinks and snacks, shower, etc.

In 2021 Mastercard launched an additional service, focused on the Mastercard Business clients — a multicasting personal assistant. Clients of CCB AD with business Mastercard cards can take advantage of information and recommendations for everyday services in support of their business life, by a call or an e-mail as a courier, orders and deliveries, assistance in organizing events and projects, information about everything customers should know in relation to COVID 19.

The Bank offers two card products, designed specifically for companies — contactless Visa Debit Commercial and Debit Mastercard Commercial debit cards. The cards are of high class, with wide application and additional features to meet the needs of business clients. Corporate clients can also benefit from a special package offer, which includes preferential terms on basic banking services, Commercial debit cards and use of e-banking with QES.

CCB offers to its clients the CashM service, enabling all CCB cardholders to order money transfers through their bank cards at ATM. The recipient of the transfer also withdraws the amount at ATM, and there is no need to maintain a bank account or a card.

Development of the CCB card products in 2021

In 2021 CCB successfully implemented the following strategic innovative projects, demonstrating to both the European and national supervisory authorities and to all retail participants involved in the Bulgarian banking market that the digitisation of the Bank is a priority, as well as the care to clients and the responsibility to protect the environment, namely:

1. The Mastercard IDCM (Identity Check Mobile) method for biometric authentication in the mobile payments for our cardholders, using debit and credit cards with the Mastercard and VISA logo, as follows:
    - For the iOS operating system the registration was allowed from 25.05.2021;
    - For the Android operating system the registration is possible from 27.05.2021;

By doing so, CCB fully met the requirements of the European Union Directive 2015/2366 (PSD 2) and Delegated Regulation 2018/389 on the application of the Strong Customer Authentication method in e-commerce.

IDCM has proven to work incomparably faster and more convenient (user friendly) for our customers compared to all other solutions, implemented on the Bulgarian market.

2. Apple Pay mobile wallet (E-Wallet) for our cardholders, holding debit and credit cards with the Mastercard logo.

Apple Pay enables our cardholders to make payments via a mobile phone by adding a Mastercard® card to Apple Wallet.

- Apple Pay is a digital wallet that offers an easy and secure way to make transactions through iPhone, iPad, Apple Watch and Mac devices.
- to make payments, customers need to add their bank card to Apple Pay's digital wallet.
- Adding a card to Wallet is called digitisation and practically replaces the physical plastic card with a digital card.

The priority in implementing Apple Pay is to protect the personal information of cardholders, which is guaranteed, because when a payment is made, Apple Pay uses a special number and a unique transaction code. In this way, the information is encrypted and never stored on the customer's device or the Apple servers, and during the transaction process, the card data is not shared by Apple with the merchant; that is, every time a customer makes a payment with a debit or credit card, Apple Pay does not store any information that could be related to him/her.

Apple Pay is accepted at retailers, supermarkets, restaurants and in general — wherever there is a contactless POS terminal in the country and abroad and the corresponding designation.
All payments at POS terminal are subject to confirmation with Touch ID or Face ID.

3. Google Pay mobile wallet (E-Wallet) for our cardholders, holding debit and credit cards with the Mastercard logo.

Google Pay enables you to make payments via a mobile phone by adding a Mastercard® card at Google Pay, running the Android operating system.

The features that Google Pay offers are identical to those, specified for Apple Pay.

By implementing the E-Wallet projects of Apple Pay and Google Pay in 2021, Central Cooperative Bank AD ranks among the leading banks on the Bulgarian banking market to digitise the offered services and optimise the customer experience, and we managed to stop the drop in issued cards and respectively — transactions.

According to Mastercard data, the Bank is growing ahead of the banking market thanks to the solutions, implemented together with them: IDCM, Apple Pay and Google Pay, and as an assessment of our excellent results, Mastercard further devoted significant funds to the ongoing and future collaborative innovative projects we develop and will implement in 2022, as well as the strategic development with perspective in 2023.

4. In 2021, the VTS (VISA Token Service) project for the debit and credit cards issued by CCB AD with the logo of VISA started, by which we will cover the entire portfolio of our issued bank cards with the logo of Mastercard and VISA, which will provide the CCB cardholders with the exclusive opportunity to have installed Apple Pay and Google Pay e-wallets to enjoy the best customer experience and facilitation upon the performance of transactions.

Market positions and statistics

In 2021 CCB AD established its market positions in issuing bank cards, with the total number of cards issued by the Bank as at 31.12.2021 amounting to 490,292. The international credit cards issued at the end of December 2021 were 25,273, of which Mastercard — 13,670 and Visa — 11,603.

CCB AD managed to maintain good market shares in terms of the development of its network of ATMs and POS terminals: the number of virtual POS terminals at the end of 2021 reached 630. At the end of 2021 the total number of ATMs of CCB was 561. The total number of CCB POS terminals at the end of 2021 is 5,127, including POS terminals in the bank offices. All new POS terminals at merchants that the bank installs have the new functionality for acquiring contactless payments.

The table below presents summary information of the card products and services, offered by CCB AD.

ATMs, POS terminals, credit and debit cards	31.03.2020	30.06.2020	30.09.2020	31.12.2020	31.12.2020
ATMs					
ATMs	582	582	581	561	561
POS terminals					
POS devices in retail outlets	4,838	4,881	4,876	4,876	4,848
POS devices at the branches of the Bank	330	325	322	317	279

Virtual POS devices	**626**	**668**	**695**	**621**	**630**
Total POS	**5,794**	**5,874**	**5,893**	**5,814**	**5,757**
Credit cards					
MasterCard Standard	**16,036**	**15,663**	**15,229**	**13,586**	**13,070**
MasterCard Gold	**400**	**403**	**396**	**392**	**383**
MasterCard New World	**158**	**155**	**153**	**153**	**167**
MasterCard Business	**64**	**65**	**63**	**58**	**50**
Visa Classic	**12,260**	**12,007**	**11,722**	**11,249**	**9,878**
Visa Gold	**1,558**	**1,553**	**1,520**	**1,465**	**1,224**
Visa Platinum	**447**	**428**	**429**	**419**	**436**
Visa Business	**88**	**70**	**77**	**78**	**65**
Total credit cards	**31,011**	**30,344**	**29,589**	**28,500**	**25,273**
Debit cards					
Debit MasterCard	**317,837**	**312,964**	**310,911**	**305,372**	**291,632**
Debit MasterCard Commercial	**2,117**	**2,179**	**2,245**	**2,310**	**3,043**
Gold Debit MasterCard	**2,215**	**2,267**	**2,365**	**2,434**	**2,309**
World Debit MasterCard	**11,936**	**12,113**	**12,636**	**12,383**	**21,171**
Maestro	**413**	**209**	**87**	**55**	**0**
MasterCard Prepaid	**778**	**539**	**374**	**0**	**0**
Visa Debit	**150,780**	**150,365**	**149,982**	**148,663**	**139,695**
Visa Debit Commercial	**2,805**	**2,904**	**2,987**	**3,062**	**3,139**
Visa Electron	**22,368**	**19,952**	**18,039**	**15,492**	**3,401**
Visa Prepaid	**1,038**	**836**	**567**	**0**	**0**
Bcard	**589**	**593**	**604**	**609**	**629**
Total debit cards	**512,886**	**504,921**	**500,800**	**490,380**	**465,019**

Promotions for CCB cardholders with Visa and Mastercard debit and credit cards

In 2021 CCB again carried out advertising campaigns with Visa and Mastercard card organisations, aimed at stimulating the CCB card payments at merchants in the country. The holders of CCB international cards had the opportunity to participate in promotions with attractive prizes and additional incentives. CCB AD participated in the following campaigns:

- Joint campaign of Mastercard and METRO stores — upon payment of the bill for at least BGN 69 until 19 April and registering the receipt at promo.metro.bg, customers participate in a raffle for a drone, a smartwatch, a scooter or Segway;
- For every contactless payment with the Mastercard card, via the self-service kiosk machines, for the purchase of a ski pass in Bansko, the cardholders have a chance for a reward — a one-day or a two-day ski pass for the slopes of one of the best ski resorts in the world. For participation in the raffle, the payment must be in the period 01.02.2021 - 25.03.2021 and it must be registered;

- A joint promotion of Visa and foodpanda to receive 10 % of the value of each order back, in the form of cashback. The maximum total value of the amount that can be recovered, regardless of the number of orders, is BGN 50;
- A joint campaign of Visa and Spark, in the period from 01.11.2020 to 31.01.2022. Upon the registration of the Visa card on the website of Spark, eGo bonus points accrue for each card payment and you can win a free trip for one day.

- A joint promotion of Visa and Hobo — a micromobilities startup, offering electric scooters for rent in urban conditions. For participation in the campaign, a valid Visa card should be registered in the Hobo mobile application. The campaign takes place from 01.04.2021 to 31.10.2021, inclusive;
- A joint promotion of Visa and Hobo for the period 20.04.2021 - 20.06.2021 when using services through the mobile application. The awards are 20 branded helmets, 15 branded hammocks, 10 branded backpacks, 10 branded Bluetooth headphones, 3 bluetooth speakers, 1 Iphone 12;
- A Visa promotion focused on cardholders with Visa Gold and Visa Platinum cards — upon any payment with Visa Gold or Platinum at MDL Group cardholders will receive 10 % of the amount paid back to their account;
- The spring promotion of VISA for the period 15.04.2021-14.06.2021, which includes cardholders, who made payments with the contactless card and/or online payments for goods and/or services with a total value of at least BGN 50 (fifty) with VAT, regardless of their number;
- A joint promotion of Visa and Grabo.bg -"Catch more from the summer!" for the period from 01.06.2021 to 15.08.2021. Each participant, who paid for services or products at Grabo with his/her registered Visa card, receives a bonus of 5 % of the amount paid with the card, but not more than BGN 30. Everyone, who has made at least 3 purchases worth at least BGN 20 during the campaign with the registered card, participates in a raffle for the following prizes: 3 IPhones 12 and 3 Samsung Galaxy S21;
- Visa campaign for Visa Business cardholders — "Support your business with Visa". For purchases on international sites above a certain amount and accumulation of payments for a total of at least BGN 150, BGN 30 are automatically charged back to the card. The promotion is active from 01.06.2021 to 30.09.2021;
- A joint Mastercard & OMV campaign to participate in a raffle for 150 prizes — prepaid Mastercard cards, which can be used at: www.balevbiomarket.com, www.sportdepot.bg or at any OMV petrol station. A prerequisite for the participants in the campaign is to pay contactlessly at OMV gas station at least BGN 59 and to register their receipt at www.omv.bg. The campaign takes place from 15 April 2021 to 31 July 2021;
- Joint promotion with Mastercard from 16.04. to 16.07.2021. For participation it is necessary for cardholders to make contactless payment for more than BGN 50 at Ikea and register the payment data on Ikea's website. Participation allows cardholders to win one of 150 picnic baskets, a Bedouin holiday, a weekend at the Zornitza Family Estate or an adventure in the Food and Dance Factory;
- Mastercard initiative is focused on protecting the environment and combating climate changes. An amount shall be allocated for each contactless transaction for the planting of 100 million trees;
- A joint campaign of Mastercard & Casavino — any purchase of Bulgarian wine with Mastercard, issued by CCB at the Casavino stores or at www.casavino.bg gives a chance to win another bottle of wine. Promotion period from 07.04.2021 to 07.10.2021.
- Mastercard initiative is focused on protecting the environment and combating climate changes. An amount shall be allocated for each contactless transaction for the planting of 100 million trees;
- Promotion of Mastercard focused on premium cardholders in the period from 01.07.2021 to 30.09.2021. Upon performing a minimum of 5 payments with premium Mastercard debit or credit card (World, Gold or Business) every month until 30 September at a hotel, gas station, restaurant and travel agency, etc. in Bulgaria and/or abroad every 5 payments participate in a prize raffle;
- Visa campaign related to the Tokyo 2020 Olympic Games for the period: 05.07.2021 – 08.08.2021 — for each registered payment of more than BGN 10, the customers participate in a raffle for a daily

prize, and with three registered payments for a weekly prize;
- Promotion with Mastercard and Apple Pay cards — upon registration of 5 mobile payments with Mastercard card from CCB via Apple Pay in the period from 04.10.2021 to 05.12.2021, customers can win any of the following prizes: 3 holiday vouchers from Posoka.com, each worth BGN 3,000, 9 shopping vouchers from Homemax, each worth BGN 600 or 15 vouchers from Lukoil petrol stations, each worth BGN 100;
- Promotion of Mastercard to stimulate the mobile payments via Apple Pay and Google Pay in the period from 15.10.2021 to 15.12.2021, including for electric vehicle — BMW i3;
- Promotion of Ucha.se and VISA and an opportunity for a prize. For participation it is necessary to purchase a subscription for 6, 12 or 24 months on the website of Ucha.se in the period from 01.09.2021 to 31.10.2021 and to be paid with VISA card;
- All newly issued Mastercard cards in the period from 15.11.2021 to 28.02.2022 and received by the clients until 14.03.2022 have promotional conditions: 0 % interest rate for the first 6 months of the card activation and an annual fee from the second year.
- Joint campaign of Mastercard and METRO stores — upon payment of the bill for at least BGN 69 in the period from 15.11.2021 to 19.12.2021 and registering the receipt at promo.metro.bg;

Campaigns to promote the issuance of cards

In connection with the started project with Mastercard to optimise the portfolio of card products of CCB, several analyses were carried out of the behavior of the current cardholders — how often they use their cards, what they use their cards for (purchases in Bulgaria/abroad, ATM withdrawals), etc.

The first campaign took place from 1**7 August to 31 October 2021** and some of the selected clients were offered the issuance of **World Debit Mastercard**.
Besides the advantages characteristic of this type of card, customers participated in an additional prize raffle:

- **subscription to TV from A1;**
- **7 x iPhone 12.**

The second campaign — part of the Project for optimising the portfolio of card products of CCB targeted the business segment of customers by offering them Debit Mastercard Commercial corporate debit cards with promotional terms. The campaign took place from 13 September to 25 October. The first 600, who requested a new card, received a free subscription to Forbes Bulgaria. All clients, who requested Debit Mastercard Commercial debit cards, also participated in a raffle for 5 awards x MacBook Pro laptop.
The third campaign — part of the project to optimise the portfolio of card products targeted the sale of Mastercard credit cards and took place in the period from 18.10.2021 to 21.11.2021.
After the end of the campaign, a raffle was held among the clients with the following awards:

- 4 winter holidays with skiing or snowboarding lessons;
- 30 shopping vouchers at Sport Depot, each worth BGN 1000;

The fourth campaign, part of the Project to optimise the portfolio of card products, targeted the stimulation of Mastercard card payments by customers. The promotion took place from **26 November to 31 December.** To participate in the promotion, a **Mastercard**® cardholder with a debit or credit card of CCB was required to make at least 15 payments, each amounting to a minimum of BGN 10. All customers, who fulfilled the specified conditions, participated for the following prizes:

- 30 x voucher for shopping on answear.bg, each worth **BGN 500**;
- 30 x voucher for shopping on technopolis.bg, each worth **BGN 500**;

- 30 x voucher for shopping on duka.bg, each worth **BGN 500**.

CCB Club Loyalty Program

In 2021, the CCB Club programme maintained its sustainable development.

The CCB Club program includes 11 partners who provide the following discounts:
- Bulgaria Air provides customers with an attractive discount of 5 % on the price of air plane tickets, to which is added the discount for payment with the CCB-Bulgaria Air co-branded credit card. Highly appreciated by the customers is also the preference in the form of free transportation of additional luggage on each flight of Bulgaria Air.
- Armeec ZAD provides the possibility for the accrual of bonus points under the program in combination with the use of various other discounts from the insurance company;
- Lukoil, due to the nature of its business, provides the highest frequency of bonus sales:
    - CCB Club gold card — discount of 4 %;
    - CCB Club silver card — discount of 3.5 %;
    - CCB Club business card — discount of 3.5 %;
    - CCB Club standard card — the discount of 3 % remains;
- HomeMax chain stores — 5 % discount;
- COOP retail chain — 3 % discount;
- BM Market food chain — 3 % discount;
- Grand Optics & Joy Optics chain optics — 20 % discount;
- Frant Men's fashion stores — 10 % discount;
- Hush Puppies Shoe stores— 5 % discount;
- Special proposals from A1 for CCB Club members;

At the end of 2021, the number of customers participating in the CCB Club loyalty program reached 576,250, with the bonus sales amount exceeding BGN 55 million.

CCB Bonus Program

CCB AD continues to develop the CCB Bonus program. Its main purpose is to direct the Bank's cardholders to the commercial sites of selected partners, where they have the opportunity to benefit from special discounts. The CCB Bonus program is an important advantage for customers when choosing a bank, not only for credit cards, but also for debit cards. It aims at stimulating card payments and creating relationships of lasting partnership with both customers and merchants. The mobile version of CCB Bonus enables customers to access the catalog via mobile devices and at any time to be informed about retail outlets, where they can benefit from the discount.

Consumer and mortgage lending

The Bank offers the following mortgage loans to individuals:

- "Home for you" – a residential mortgage loan, intended for purchase and finishing construction works of new and existing real estates, as well as for refinancing mortgage loans for the purchase of a home, granted by other banks. The maximum amount of the loan is up to BGN 300 000 or the equivalent amount in EUR and up to the equivalent amount in EUR of BGN 500 000 with collateral, situated on the territory of the provinces – Sofia city, Plovdiv, Varna and Burgas, with a repayment term of up to 30 years.

• "Opportunity" – a mortgage loan, granted to finance the current needs – refurbishment and furnishing, expenses for vacation, education, family events, etc., as well as for refinancing loans, granted by other banks. The maximum amount of the loan is up to BGN 300 000 or the equivalent amount in EUR with a repayment term of 25 years.

Depending on the form of the credit instrument and the way of repayment, consumer lending is divided into several main types of loans – consumer loans, goods on credit, credit cards and overdraft of individuals.

- "Today" consumer loan – a loan, intended for individuals, having a permanent employment contract or freelancers with high qualification. The loan is granted to clients, who receive their salary or a part of their salary on account with CCB Plc. The maximum amount of the loan is BGN 60 000 with a repayment term up to 10 years. Depending on the loan amount, the Bank may require as collateral the guaranteeship of individuals.

- "Trust" consumer loan – a consumer loan for state employees and employees with an institutional employer, as well as for employees of companies, approved in advance by the Bank. The borrowers receive preferential conditions from the Bank for this loan. The maximum amount of the loan is BGN 60 000, with a term of up to 10 years.

- Asset loan – intended for individuals, who carry out an economic activity and have income other than the remuneration under the employment contract. The loan amount is up to BGN 50 000, and the term is up to 10 years.

- Standard consumer loan – intended for individuals. The amount of the loan is up to BGN 30 000, and the term is up to 7 years.

- Consumer loan for pensioners – intended for clients, who receive income from pension. The maximum amount of the loan is BGN 20 000 with a maximum term of 7 years and an additional condition for maximum age of the borrower as at the maturity date. As a variety, the Bank offers "Heat" fast pensioners' loan, which is granted in a facilitated procedure – only against the presentation of an identity card and receiving the pension on account with the Bank. The amount of the loan is from BGN 200 to BGN 800, and the term is up to 10 months.

- Consumer loan for students – consumer loan, intended for students, who study in state or private universities and are at the age up to 35 years at the moment of application for a loan. The maximum amount of the loan is BGN 20 000, whereas in case of internship or work and travel abroad, the amount is up to BGN 5000. The borrowers are entitled to a grace period for the duration of their study, whereas the maximum term of the loan is 5 years after expiry of the grace period. The loans for students are offered without state financial support.

- Consumer loan with funds collateral – it is intended for individuals, who in order to secure the granted loan, block amounts on account with CCB Plc, for which they conclude a pledge agreement with a notarial certification of the date. The maximum amount is up to BGN 100 000, and the maximum term is up to 5 years. The amount of the collateral should cover the full amount of the principal and the due interest minimum for a period of 6 months, and in case of collateral in a currency other than the currency of the loan there is an additional limiting condition – the loan, together with the due interest for a 6-month period should not exceed 90% of the collateral.

- Standard overdraft – intended for individuals, hired under an employment contract, whose salary is paid on accounts with CCB Plc. The maximum term is one year, whereas there is a possibility for automatic renewal. The maximum limit is BGN 5000 (up to four times the net monthly remuneration). For employees with institutional employer and employees of approved private first-class companies, the maximum limit is BGN 12 000 (up to four times the net monthly remuneration).

- Today overdraft – it is intended for individuals, who work under an employment relationship and whose profession requires a high qualification and university education and whose salary is paid on accounts with CCB Plc. The maximum term is 1 year, and there is a possibility for renewal. The amount of the overdraft is from BGN 5 000 to BGN 30 000, but not more than 15 net work salaries. Depending on the loan amount the Bank requires as collateral the guaranteeship of one or two individuals.

- Trust overdraft – intended for individuals – civil servants, employees of a ministry, which concluded a contract with CCB Plc for transfer of the remuneration of its employees on accounts with the Bank or employees of companies, which are correct and loyal clients of the Bank. The amount of the overdraft is from BGN 5 000 to BGN 30 000, but not more than 15 net work salaries. The Bank requires as collateral the guaranteeship of one individual.

- Overdraft with funds collateral – it is intended for individuals, who in order to secure the granted loan, block amounts on account with CCB Plc, for which they conclude a pledge agreement with a notarial certification of the date. The maximum amount is BGN 50 000, and the term is one year, whereas there is a possibility for renewal. The amount of the collateral is the amount, equal to 100% of the amount of the limit and the interest due for 6 months, and when the currency of the loan and the currency of the collateral differ– 80 %.

- Credit cards – CCB Plc offers two main types of credit cards – Mastercard and VISA.

In 2021 the Bank provided new retail loans in the amount of **BGN 451 million**, of which:

- **BGN 314,8 million (2 506 loans) new mortgage loans;**
- **BGN 136,2 million (10 188 loans) new consumer loans, credit cards and overdraft.**

As at 31.12.2021 the newly granted residential loans of CCB Plc were offered under standard interest rates from 2,4 % to 3,2 % depending on the client's profile, the risk parameters of the transaction, the use of additional products and rebates, upon assumed full responsibility.

CCB Cyprus branch

In December 2005 the Bank obtained a banking license, issued by the Central Bank of Cyprus, by virtue of which the Bank is authorized to perform banking operations as a legally licensed bank branch on the territory of the Republic of Cyprus, in compliance with the requirements of the Cyprus Banking Law. The Branch started its banking activities on the territory of Cyprus on 1 September 2007. One of the main purposes of opening the first branch of the Bank overseas, apart from going abroad, is to grasp the big Bulgarian community that lives and works on the island. Unofficial sources inform that there are more than 30 000 Bulgarians in Cyprus at present. CCB Plc is a long established bank with traditions, expertise and extremely good reputation and Bulgarians have complete trust in it.

The core competence of the Bank is retail banking. The Cyprus Branch offers maintaining and transactions on current and deposit accounts in Euro, USD and BGN, transferring funds from the Cyprus branch to the rest of the 271 locations in Bulgaria at the most favourable rate on the island, granting of both consumer and mortgage loans to physical and legal persons, debit and credit cards, payment of consumables in Bulgaria, payment to numerous suppliers of a variety of services in Bulgaria, Internet banking facilities, cash in Bulgarian leva and others.

The Branch joined the local payment system JCC Transfer, as well as the check clearing house in Cyprus, which allowed a broader assortment of services. Moreover, the wish of numerous clients who would like to deposit their salaries into their accounts is a reality.

All staff are highly educated and speaking several languages, amongst which are Bulgarian, Greek, English, Russian and Persian. Two of the staff have previous experience in serving the Cyprus International Business Companies, which increases the array of offered services.

Last but not least, the Cyprus Branch is conveniently located at the main artery of Nicosia – Makarios Avenue, which facilitates the clients, arriving from other towns and villages in Cyprus.

International payments

The outgoing and incoming customer wire transfers, the local payments in foreign currency and the transit transfers (where neither the ordering customers, nor the beneficiaries are clients of CCB Plc) are processed by a department at the Bank head-office, which consists of highly qualified professionals, specialized in several directions:

- Transfers
- Documentary operations and trade finance
- Western Union

Credit transfers are the most common form of payment, used by clients individuals and by our business clients. For their quality and efficient performance in 2021 the Bank maintained 16 correspondent Nostro accounts in 14 of the currencies most used by business and the population - EUR, USD, GBP, CHF, DKK, SEK, NOK, JPY, CAD, PLN, RON, RUB, TRY and MKD. The correspondent banks, where CCB maintains its Nostro accounts are some of the most reputable and stable international financial institutions, including Bank of New York Mellon, New York, UniCredit S.p.A., Milan, Landesbank Baden-Wuerttemberg, Stuttgart, Raiffeisen Bank International AG, Vienna, PostFinance AG, Berne, Sumitomo Mitsui Banking Corporation, Tokyo, DnB NOR Bank ASA, Oslo, PKO Bank Polski SA, Warsaw. Besides, by virtue of special negotiations with Bank of New York Mellon, CCB effects transfers in over 120 rarely used currencies, such as Australian and New Zealand dollars, Hungarian Forints, Chinese renminbi, Indian rupee, Indonesian rupee, South African Rand, Israeli shekel, Korean Republic Won, Malaysian ringgit, Philippine peso, etc.

Breakdown of the cross-border customer transfers at CCB Plc in 2021 according to currencies

Currency	percentage share in the value of transactions	percentage share in the number of transactions
EUR	**85.57%**	**92.50%**
USD	**11.07%**	**3.41%**
GBP	**1.76%**	**2.32%**
CHF	**0.37%**	**0.50%**
Scandinavian currencies	**0.19%**	**0.56%**
Other currencies	**1.05%**	**0.71%**

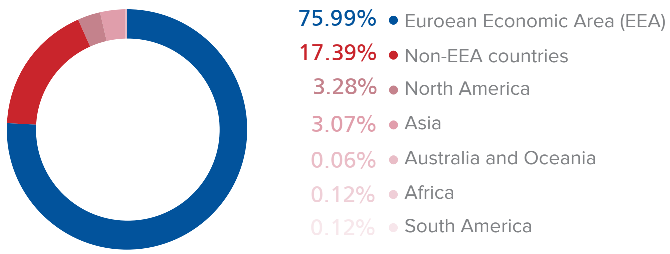
Besides via the classical correspondent banking channels, CCB Plc performs and receives its customer transfers via several payment systems for EUR, in which the Bank has the statute of a direct participant.

- Since February 2010 CCB Plc is a direct participant in the Trans-European Automated Real-time Gross settlement Express Transfer system **TARGET2**.
- Since **December 2020 CCB Plc is a direct participant in the Pan- European payment system for SEPA credit transfers EBA STEP2**, and became the second bank in Bulgaria with direct participation in the biggest payment system for SEPA transfer in Europe. (Previously, since 2009 CCB Plc was an indirect participant via a correspondent bank in the EURO Zone).
- CCB Plc is a member of the local SEPA payment system for transfers in EUR **BISERA7-EUR** since its inception at the beginning of 2010.

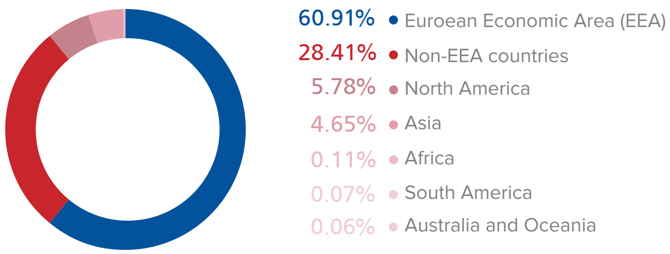
In October 2019 CCB joined the initiative of SWIFT "GPI – Global Payments Innovation" and in this way it became the second bank in Bulgaria that implemented GPI. The integration of GPI within the CCB system was the subsequent serious step for improving the speed and quality of the cross-border transfers of the Bank's clients. GPI provides additional possibilities for tracking the transfers in real time, and also guarantees transparency with respect to the bank charges and FX rates in the performance of the wire transfers via SWIFT.

Outgoing wire transfers at CCB Plc for 2021 according to geographic regions

Breakdown of the outgoing transfers according to the number of transactions



Breakdown of the outgoing transfers according to the value of the transactions



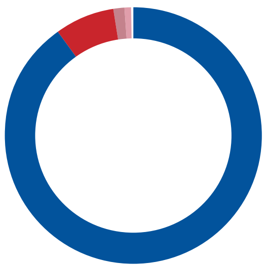
Regarding the outgoing customer transfers in foreign exchange in 2021 the most important countries were Germany, Netherlands, Italy, Spain, Lithuania, Greece, Great Britain, Austria, France, Turkey, North Macedonia, Belgium, Poland, USA, Romania and Russia. During the year transfers were ordered to 108 countries.

The main countries for incoming customer transfers in 2021 were Germany, Netherlands, Belgium, France, Great Britain, Spain, Italy, Austria, Ireland, Greece, Cyprus, Lithuania, USA, Switzerland and Sweden. In 2021 CCB received customer transfers from 117 countries.

The diagram below presents the share of the distinct geographic economic regions all over the world with respect to the received transfers in terms of value.

Incoming wire transfers at CCB Plc for 2021 according to geographic regions

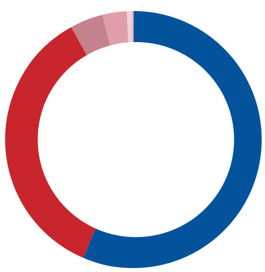
Breakdown of the incoming wire transfers according to the number of transactions



The transactions concerning documentary operations (documentary LCs and documentary collections) have significantly smaller share compared to the credit transfers, due to the greater complexity and higher price. In 2021 our corporate clients many times used the services of the documentary payments and trade finance department of CCB, which in addition to the quality processing of the documentary transactions, provided expert consulting for import and export LCs and bank guarantees.

Since 2003 CCB Plc is a licensed agent for Bulgaria of the American company Western Union – one of the global leaders in the fast money transfers. The Bank offers the services of Western Union in its 265 offices, and for its individual clients with checking accounts with CCB– also via the platform for Internet banking. The Western Union money transfers enjoy great popularity among the population – especially in the regions with great migration and for this reason in 2021 thousands of Bank clients received and sent money from and to their relatives abroad at CCB locations.

Breakdown of the incoming wire transfers according to the value of transactions



Financial markets

In 2021 financial markets continued to be one of the important segments in the activity of CCB Plc. The Bank affirmed its position as one of the most active banks on the interbank FX market and banknote trade. Being a primary dealer of government securities on the domestic primary market, CCB Plc. effects transactions on its behalf and at its expense and also at the expense of its clients. It maintains excellent relationships with first class foreign banks and places a huge amount of deposits on the Bulgarian and the international markets.

Foreign exchange

In the field of foreign exchange the Bank offers a number of products and consulting services to investors and corporate clients, as well as to correspondent banks – spot, forward and swap transactions, options, derivatives, hedging, etc. The Bank actively uses the existing FX lines from big European banks. In 2021 CCB Plc continued to use the full capacity of its trading lines, provided by leading financial institutions. The Bank has ISDA agreements with leading European financial institutions, which make it possible for the Bank to provide a wider spectrum of services to its clients.

The Bank has lines for margin and netting trade with several leading financial and brokerage houses, such as Sucden Financial, Man Financial and LaSalle Investment Management. In this way the Bank gives the opportunity to its clients to trade on the international financial markets, concluding contracts for margin trade. These lines allow the Bank to conclude speculative transactions at its expense upon limited risk.

Securities

In 2021 CCB Plc continued to actively participate in the primary and secondary market of government securities. In the commerce with government securities of leading importance to the Bank was the acquisition of securities at higher yield, whereas income generating alternatives were sought. During last year the Bank increased its portfolio of securities. Besides the commerce with government securities, CCB Plc was active in the commerce with government bonds, issued by member countries of the European Union.

Capital markets

CCB Plc has a full license of an investment intermediary since 1997 and offers the following investment services:

• effecting orders for the purchase or sale of securities at the expense of clients or at its own expense;

• preparing prospectuses for initial public offering of securities;

• accepting securities issues.

Information technology

The Bank services its customers on the basis of contemporary banking information technologies. The IT experts within CCB Plc endeavor to assist the business units to keep and extend the market share of the Bank in the country and abroad. In 2021 the Bank information technologies were concentrated on the following main aspects:

- Deploying the features of the centralized information system “AIS 2” used at CCB Plc, a development of “Datamax” AD. Using the advantages of “AIS 2”, the Bank offers to its customers complete bank servicing. From intrabank payments in BGN and foreign currency in real time, international payments, lending, card payments, depositing funds, payments between clients without the requirement for customers to have opened bank accounts, etc, to participation on the stock exchange.

- Implementation of a system for analysis and generation of reports of the DWH data warehouse type.

- Development of a system for analyzing the clients’ behaviour and prevention of unregulated payments AML.

- Development of the electronic channels for banking, including mobile banking and under PSD2.

- CCB Plc is a licensed agent of the Western Union fast money transfer system and there are over 200 positions for Western Union transactions within the Bank information network.

- CCB Plc is a licensed agent of the EasyPay fast money transfer system, whereas in the information network of the Bank there are over 100 positions for working with EasyPay.
- CCB Plc is a registration operator of the Info notary universal electronic signatures system, whereas in the information network of the Bank there are over 200 positions for working with Info notary.

- CCB Plc is an operator of the system for loyal clients “CCB Club”. In the system there are leading companies from various sectors of the country economy.

- Increasing the average accessibility of the information services via an automatisation of the processes for the services reserving.

Personnel

CCB Plc human resource is the main pillar for effecting the Bank policy and strategy. At the same time via a proper selection, evaluation, qualification, payment and stimulation, the necessary staff is provided for the performance of tasks with regard to the bank’s competitiveness. Considering the specifics of the business of CCB Plc, the requirements to the quality of the work of the employees are especially high with the aim of reaching the goals set by the Bank. The Bank management aims at creating the conditions for improving the quality of personnel, the personnel professional growing up and development. The ultimate goal is motivating qualified and loyal personnel, unsparing to the objectives of the institution. High-quality experts with the necessary educational background and linguistic qualification work at the Bank.

As at 31.12.2021 the Bank branches of CCB Plc are 48, including a foreign branch in Cyprus. The Bank representative offices and outlets are 247, compared to 249 as at 31.12.2020.

The total staff number of CCB Plc as at 31.12.2021 is 1824 people. In 2020 the total staff number was 1870 people.

The total number of staff at the head-office in 2021 is 443 people, compared to 435 people in 2020.

In 2021 the staff at the bank branches is 1381 people, compared to 1435 people in 2020.

As at 31.12.2021 the total number of the employees /without cleaners, drivers and kitchen workers/ at the head-office and the branches is 1789 people.

Within the Bank in 2021 the employees /without cleaners, drivers and kitchen workers/ at the age up to 40 years old are 623 people or 34.8 % of the total number /without cleaners, drivers and kitchen workers/. These are the employees at the most vital and creative age and with a certain potential for results in work, also employees, working directly with clients of the Bank, for whom care and efforts are rendered for their motivation for future work at the Bank.

The total number of Bank's employees aged between 40 and 50 years old as at 31.12.2021 is 654 or 36.6 %. The Bank's employees above 50 years old are 512 or 28.6 %.

The employees /without cleaners, drivers and kitchen workers/ with bank work experience up to 5 years are 141 people or 7.9%. These are mainly employees, servicing clients and cashiers.

As at 31.12.2021 the employees with work experience 5-15 years in the bank system are 899 people /without security guards, cleaners, drivers and kitchen workers/ or 50.3 % of all employees, compared to 1088 in 2020. These are mainly management staff at the head-office and the branches, employees of the head-office with methodological functions, managers and sales experts, loan officers, heads front office and other employees with high bank qualification at the branches.

In 2021 the employees with work experience above 15 years in the bank system are 749 employees or 41,8 % of the total bank staff.

CCB Plc pays special attention to the education of employees. The share of the employees /without security guards, cleaners, drivers and kitchen workers/ with university education in all its degrees is especially big – 1315 people or 73.5 %. A basic approach upon appointing employees with the proper education and high professionalism is the proper selection of candidates.

In 2021 the Bank employees women /without security guards, cleaners, drivers and kitchen workers/ are 1483 or 82.8 %. Among them 100 women are at managerial positions.

The financial stimulus is dominant in creating and maintaining the interest and motivation of employees. With determining the remuneration at CCB Plc we aim at reaching even better relationship between the labor results and the individual remuneration and stimulate the initiative and the ideas of employees, reach better technological and employment discipline, as well as responsibility in the performance of their work functions. The main aspects in determining the employment remuneration consist of the objective evaluation of the labor of employees and determining their individual work salaries.

The long-term Concept for Training and Development of the Bank Personnel is the basis for carrying out the training and qualification of employees. On these grounds we developed a Program for Training and Qualifying Employees within the Bank System for 2021, with the following emphasis: loan operations and credit risk, retail banking, international payments, money markets and securities; information technologies, client servicing, sales skills, etc.

In 2021 special attention was devoted to training with the collaboration of the International Banking Institute, different centres for qualification and training of staff, as well as other Bulgarian and international institutions. The Bank employees participated in many international conferences and courses in our country and abroad with regard to the new requirements of the European Union in the field of banking.

Branch network

During last year, via the huge branch network, CCB Plc managed to offer competitive financial products and services to its clients, not only in Bulgaria, but also in Cyprus. In 2021 the Bank put an emphasis on increasing the efficiency and functionality of the built up network, the good servicing of its clients and an easy access to the array of products.

Via its branch network the Bank aims to be at the disposal of its clients to a maximum extent, to be able to provide to them convenient, quick and quality servicing.

Structural units	31.12.2021	31.12.2020	31.12.2019
Bank locations	295	297	305

The Bank in the future

Central Cooperative Bank Plc has always endeavored to increase the number of its clients via maintaining an optimum level of risk and excellent financial results.

The goals of the Bank for the future are:
- Increasing the total assets of the Bank, respectively the market share.

- Development and streamlining the control systems and the systems harmonization with the changes in the BNB regulations.

- Developing and defending the leadership position in the use of the most contemporary channels of distributing the bank products.

- Streamlining and constant adaptation of the client model of the operative organization with the aim of maintaining the high quality of the bank servicing.

- Optimizing the branch network of the Bank.

- Deploying the positions in retail banking. Increasing the volume and the relative share in the loan portfolio of loans to individuals – consumer and mortgage loans.

- Deploying the operations with debit and credit cards. Profiting from the full membership and the accepting rights in the two card associations – Mastercard and Visa International. Optimizing the Bank network of POS terminals and ATMs. Defending the third place in the card business.

- Profiting from the synergy in rendering services to the insurance companies, the pension companies, the health insurance companies and the investment companies from the group of Chimimport – the main shareholder of the Bank.

- Offering services and financing of projects of agricultural producers – under the programs of the structural funds of EU.

- Deploying the volume of the loan portfolio of SMEs.

- Attracting the servicing of new budgetary and municipal structures and companies.

- Development of the subsidiary banks in the Republic of Macedonia and Russia.

- Increasing the qualification of the employees and streamlining the mechanisms for stimulating employees.

FINANCIAL REVIEW FOR 2021

MARKET SHARE AND POSITION OF CCB PLC*

According to the classification of BNB, Bulgarian banks are divided into three groups in terms of the amount of the assets: the first group includes the first five banks with the biggest total assets, the second group includes the next 19 banks, and the third group includes the branches of the foreign banks in Bulgaria. At the end of 2021 in terms of total assets CCB Plc occupies the 7th place among all banks, operating on the territory of Bulgaria.
As at 31.12.2021 the total assets of CCB Plc are BGN 7,383,943 thousand respectively. Compared to the same period of last year the total assets increase by BGN 742,775 thousand or 11.18 %.

The table below presents the main financial highlights of CCB Plc:

Ratio	**CCB Plc**
Return On Average Equity /ROaE/	**4.32%**
'Return On Average Assets /ROaA/	**0.37%**
Liquidity Coverage Ratio	**382.01%**
Total capital adequacy ratio	**15.89%**
Tier I capital adequacy ratio	**15.25%**

RISK MANAGEMENT

The system for risk management has preventative functions to prevent losses and control the amount of losses and includes:

• policy for risk management;

• rules, methods and procedures for the evaluation and management of the risks;

• organizational structure for risk management;

• parameters and limits for making transactions and operations;

• procedures for reporting, evaluation, information and subsequent control of the risks.

The main principles within the policy of Central Cooperative Bank Plc for risk management are:

• the principle of sharing responsibilities among those who assume risk and those who manage risk;

• the precautionary principle, which assumes the reporting of the simultaneous occurrence of the most unfavourable case for each of the risk weighted assets;

• the principle of managing risk at the source.

The organizational structure for risk management is centralized and has been structured according to the levels of competence as follows:

• **Management Board** – determines the acceptable levels of risk of the Bank within the adopted strategy for development.

• **Specialised collective authorities** – affirm the frameworks and parameters of the bank activity in risk management:

• **Executive Directors and Procurator** – control the process of approval and implementation of adequate policies and procedures within the Strategy for risk management, adopted by the Bank.

• **Directors of the structural units at the bank** – apply the adopted policy for risk management in organizing the activity of the respective organizational units.

Risk concerns the probability for the factual revenues of a given investment not to correspond to the expected revenues. The specifics of the banking necessitate the implementation of adequate systems for the timely identification and management of the various types of risk. Of special significance are the procedures for managing the risks, the mechanisms for maintaining risks in acceptable boundaries, via an evaluation of the external and internal environment, optimum liquidity, diversification of the portfolio, profitability of the operations. In the activity associated with risk management, CCB Plc applies the new agreement Basel II with the principally new requirements for the management of credit risk and the capital coverage of operational risk.

Credit risk – the probability for the counterparty or borrower not to be able to perform the assumed commitments under contracts with the bank under the conditions and terms specified in the contracts. Detailed procedures are applied in the process of lending concerning the analysis of the economic soundness of each project, the type of collateral, acceptable to the Bank, control over the use of the advanced funds and the associated administration. Every month the Bank makes an evaluation of the risk exposure, stemming from the loan portfolio, classifying and making provisions for loans in the portfolio, according to the requirements of Ordinance N° 9 of BNB. The big loan exposures under Ordinance N° 7 of BNB are subject to constant supervision and reporting. The Bank has adopted and follows the compliance of limits for credit exposure according to regions and branches. The above limits aim at limiting the concentration of the loan portfolio in one or another region and branch, which could lead to an increased credit risk.

Liquidity risk – the probability of a difficulty in the payments due to a mismatch in time of the incoming and outgoing cash flows. The Bank manages its assets and liabilities in a way, which guarantees to it that it can regularly and without any delay perform its everyday commitments, in the normal banking environment and in the conditions of a crisis.

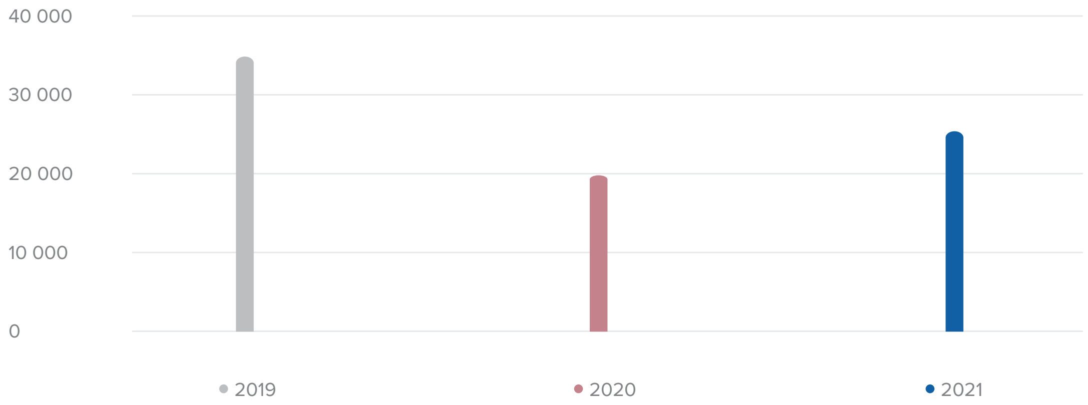
Market risk – the probability of the occurrence of a loss for the Bank as a result of the unfavorable change of the exchange rates, market prices and interest rates;

Operational risk – the probability of direct or indirect losses, stemming from the inadequate functioning or termination of the activity of the processes, systems or staff, internal to the Bank.

INCOME STATEMENT

In 2021 the net profit of Central Cooperative Bank Plc amounts to BGN 25,928 thousand. In 2020 an audited net profit to the amount of BGN 20,380 thousand was realized.

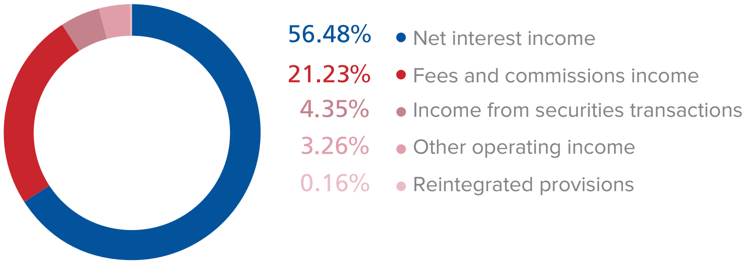
NET PROFIT



The financial indicators for return on average equity and the return on average assets are 4.32 % and 0.37 % respectively. The total capital adequacy of the Bank is 15.89 %.

In 2021 the net interest income of CCB Plc remains the main source of income and it amounts to BGN 105,366 thousand. The share of the net interest income in total income is 56.48%. The fees and commissions income has a share of 21.23% in total income, followed by income from securities transactions with a share of 4.35 %. The other operating income to the amount of 3.26 % includes income from dividend, cession contracts, the sale of fixed tangible assets, etc

INCOME BREAKDOWN



The interest expenses in 2021 are to the amount of BGN 12,719 thousand, compared to their amount of BGN 13,638 thousand in 2020. The decrease of these expenses amounts to - 6,73 %. The net fees and commissions income increase compared to 2020 and reach BGN 51,599 thousand.

At the end of 2021 there is a decrease in the realized net profit from transactions in securities, which is to the amount of BGN 8,115.

The operating expenses of CCB Plc in 2021 increase by 0.91 % compared to their level at the end of 2020 and reach the absolute value of BGN 134,670 thousand.
The ratio operating expenses / total income increases to 79.67 % compared to 82.59 % in 2020.

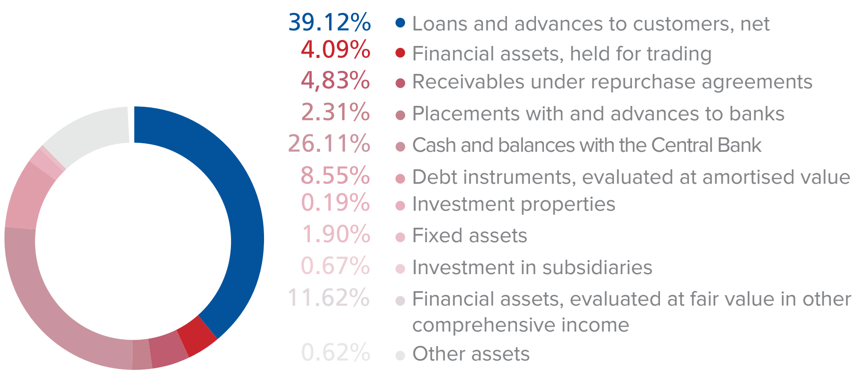
AN ANALYSIS OF THE ASSETS AND LIABILITIES

Assets

As at 31 December 2021 the book value of the assets of CCB Plc is BGN 7,383,943 thousand, whereas a year earlier they amount to BGN 6,641,168 thousand. Compared to 31 December 2020 the assets increase by BGN 742,775 thousand or 11.18 %.

The assets breakdown during last year has been reflected in the table below:

ASSETS BREAKDOWN

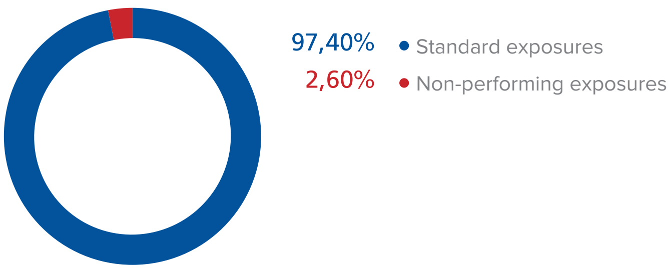


The cash and balances with BNB amount to BGN 1,927,865 thousand and are 26.10 % of total assets, compared to 28.33 % in 2020. The funds with first-class banks, correspondent accounts and short-term deposits have a weight of 2.31 % of the Bank assets, compared to 2.75 % a year earlier.

The investments in securities, including government securities, corporate bonds, shares and compensation instruments are an instrument for improving the profitability of the Bank. Their amount has 4.83 % of total assets, compared to 4.17 % in 2020. Central Cooperative Bank Plc maintains a diversified portfolio, the main purpose of which is increasing the gains and profits from the traded securities, as well as the provision of a high degree of liquidity.

The greatest share in total assets have the loans and advances granted to clients. As at 31.12.2021 the loan portfolio of the Bank amounts to BGN 2,888,459 thousand, compared to BGN 2,556,846 thousand one year earlier. In 2021 total loans have 39.12 % of the assets, whereas a year earlier they amount to 38.50 % of total assets. The Bank constantly aims at improving its market positions in retail banking, as well as financing SMEs.

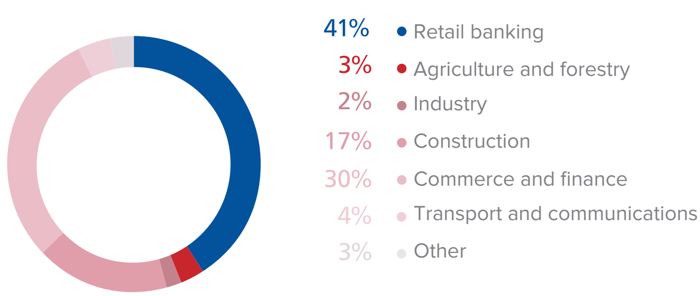
BREAKDOWN OF THE LOAN PORTFOLIO ACCORDING TO THE CLASSIFICATION OF CREDIT RISK



The quality of the loan portfolio is very good, the regular exposures are 97.40%, and the non-performing exposures have a share of 2.60 %.

As at 31.12.2021 the breakdown of the granted loans and advances to clients at amortised value has been reflected in the table below, as follows:

GRANTED LOANS AND ADVANCES TO CLIENTS



Liabilities

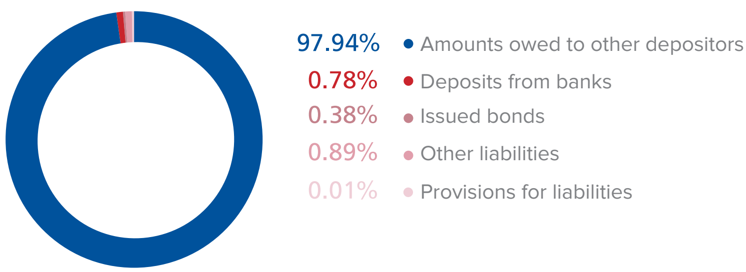
CCB Plc maintains a stable structure of the attracted funds, which allows it not to be dependent on external financing.

As at 31.12.2021 the total liabilities of CCB Plc are BGN 6,779,181 thousand. They have 91.80 % of the total liabilities, whereas their increase compared to the previous year is by 11.91 %.

The main source of attracted funds for CCB Plc are the attracted funds from other depositors – individuals, companies and other institutions. Their amount reaches BGN 6,639,742 thousand, which is 97.94 % of the total liabilities. In 2020 they were BGN 5,909,095 thousand.

The breakdown of the Bank liabilities has been illustrated in the following graph:

LIABILITIES BREAKDOWN

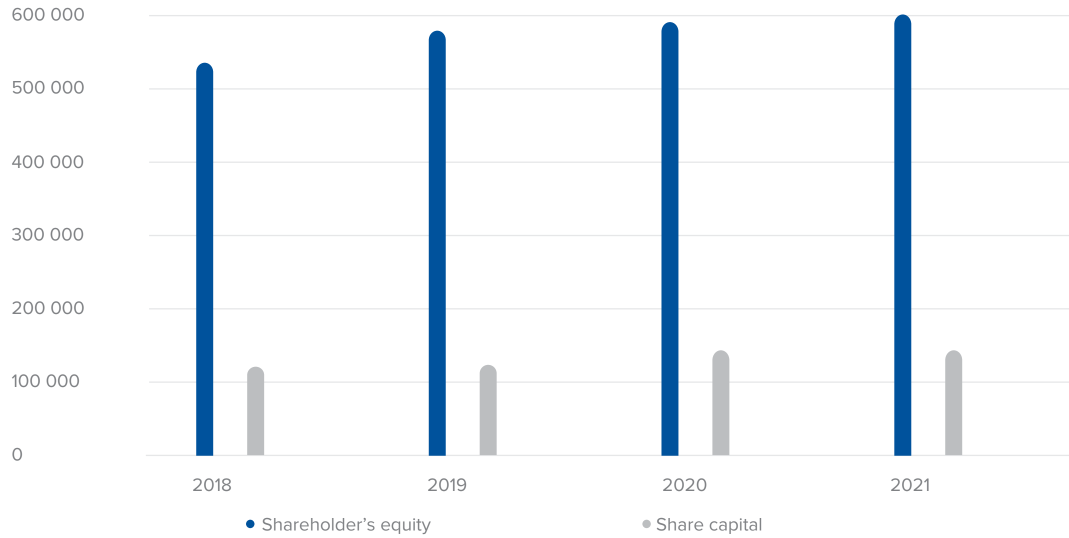


The considerable share of the funds attracted from the population is an important and stable source for the Bank. This is due to the strategy chosen by the Bank to concentrate on retail banking.

Shareholders' equity

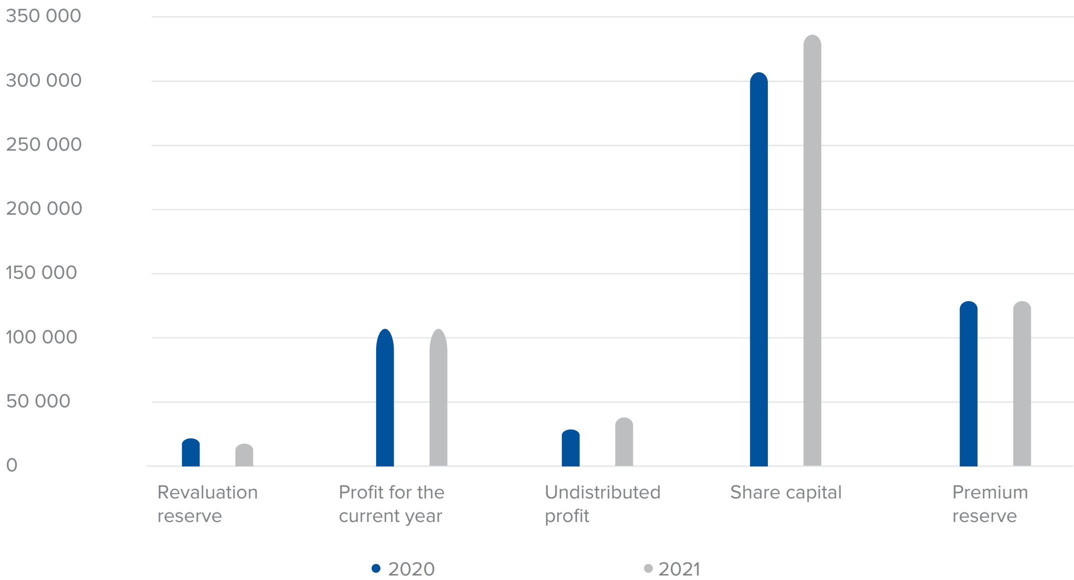
At the end of 2021 shareholders' equity of CCB Plc amounts to BGN 604,762 thousand. The increase in shareholders' equity compared to the previous year is 3.61 % and is mostly the result of the capitalized profit and the increased reserves. As at 31 December 2021 the issued, called and paid in share capital of the Bank consists of 127,129,970 ordinary voting shares, with a nominal value of BGN 1 for each share. The net profit in 2021 is to the amount of BGN 25,928 thousand, whereas at the end of 2020 it was BGN 20,380 thousand.

INCREASE IN SHAREHOLDERS' EQUITY AND SHARE CAPITAL



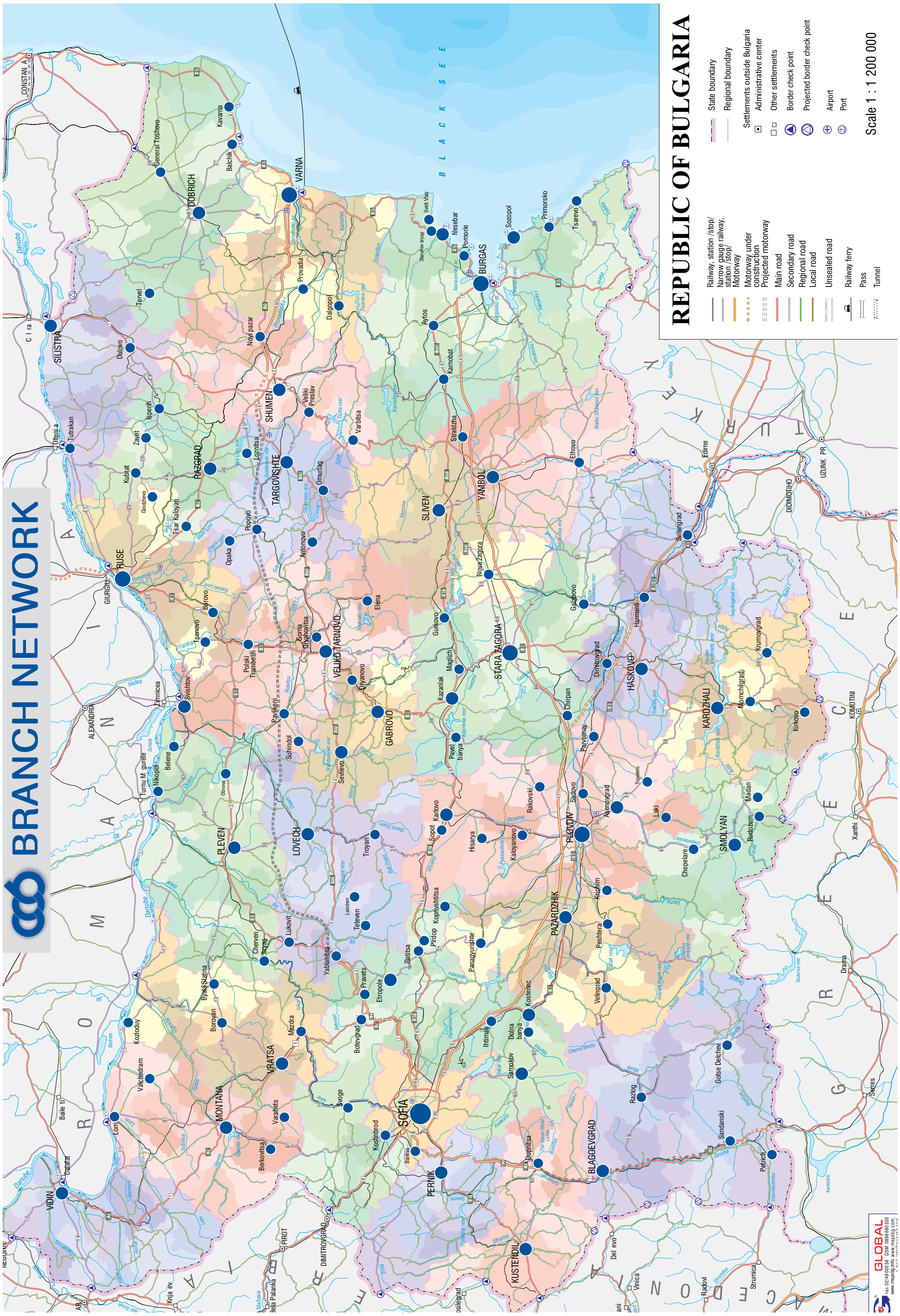
During this year the Bank continues its present policy via capitalization of the profits to assist the capital increase and its assets.

SHAREHOLDERS' EQUITY



Central Cooperative Bank Plc is a public company, the share of which are traded on the Bulgarian Stock Exchange since March 1999.

APPENDIX N°1: BRANCH NETWORK



BRANCH NETWORK OF CENTRAL COOPERATIVE BANK

Pernik Branch
4, Krakra Pernishki Str.
2300 Pernik
phone: +359 76 688 330

Pleven Branch
150, Vasil Levski Str.
5800 Pleven
phone: +359 64 882 310

Plovdiv Branch
5, Beethoven Str.
4000 Plovdiv
phone: +359 32 654 950

Plovdiv-Bulgaria Branch
31, Bulgaria Blvd.
4003 Plovdiv
phone: +359 32 921 111

Razgrad Branch
7, Stefan Karadzha Str
7200 Razgrad
phone: +359 84 661 290

Ruse Branch
1, Han Kubrat Sq.
7000 Ruse
phone: +359 82 826 070

Samokov Branch
33, Targovska Str.
2000 Samokov
phone: +359 722 68 910

Svishtov Branch
104, Tsar Osvoboditel Str.
5250 Svishtov
phone: +359 631 61 251

Sevlievo Branch
70, Stara planina Str.
5400 Sevlievo
phone: +359 675 85 050

Silistra Branch
1, G. S. Rakovski Str.
7500 Silistra
phone: +359 86 821 236

Sliven Branch
1, Aleksander Stamboliyski Sq.
8800 Sliven
phone: +359 44 662 945

Smolyan Branch
1, Bulgaria Blvd.
1470 Smolyan
phone: +359 301 62 163

Sofia City Branch
103, G. S. Rakovski Str.
1000 Sofia
phone: +359 2 9 266 114

Sofia West Branch
442, Pancho Vladigerov Blvd.
1359 Sofia
phone: +359 2 9 238 022

Sofia South Branch
23, Emine Str., Hipodruma District
1612 Sofia
phone: +359 2 8 188 081

Stara Zagora Branch
54, Kolyo Ganchev Str.
6000 Stara Zagora
phone: +359 42 220 369

Targovishte Branch
5, Vasil Levski Str.
7700 Targovishte
phone: +359 601 69 111

Haskovo Branch
1, Skopie Str.
6300 Haskovo
phone: +359 38 607 830

Central Branch
18, Gurgulyat Str.
1463 Sofia
phone: +359 2 9 263 062

Head Office Branch
87, Tsarigradsko shose Blvd.
1113 Sofia
phone: +359 2 923 47 54

Cherno more Branch
17, Apolonia Str.
8130 Sozopol
phone: +359 550 26 372

Shumen Branch
13A, Slavyanski Blvd.
9700 Shumen
phone: +359 54 868 930

Yambol Branch
7, Osvobozhdenie Sq.
8600 Yambol
phone: +359 46 662 045

Nicosia (Cyprus)
69, Arch. Makarios III Ave.,
Tlais Tower
1070 Nicosia,Cyprus
phone: +357 22 447 757

APPENDIX N°2: NOSTRO ACCOUNTS

Bank	BIC	Currency	Account N°
UniCredit SPA, Milan	UNCRITMM	EUR	0995 172
Landesbank Baden-Wuerttemberg, Stuttgart	SOLADEST	EUR	2809474
The Bank of New York Mellon, New York, USA	IRVTUS3N	USD	8901366536
PostFinance AG, Berne, Switzerland	POFICHBE	CHF	91-160-3
The Bank of New York Mellon (International) Limited, London, UK	IRVTGB2X	GBP	3506738260
The Bank of New York Mellon, New York, USA	IRVTUS3N	CAD	8033062320
The Bank of New York Mellon, New York, USA	IRVTUS3N	DKK	8033062304
The Bank of New York Mellon, New York, USA	IRVTUS3N	SEK	8033062312
DnB NOR Bank ASA, Oslo	DNBANOKK	NOK	7001.02.05172
Sumitomo Mitsui Banking Corporation, Tokyo	SMBCJPJT	JPY	4280
PKO BANK POLSKI SA	BPKOPLPW	PLN	PL09102000161201110000005877
Central Cooperative Bank AD Skopje	CECBMK22	MKD	BBAN 320-9100030020-62
T.C. ZIRAAT BANKASI A.S., Ankara	TCZBTR2A	TRY	99902050-5001
Raiffeisen Bank SA, Bucharest, Romania	RZBRROBU	RON	RO26RZBR8000000202309461
JSC IC Bank	CECBRU2K	RUB	30111810000000000001

INDEPENDENT AUDITORS' REPORT

To the shareholders of Central Cooperative Bank AD

REPORT ON THE AUDIT OF THE SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying separate financial statements of Central Cooperative Bank AD (the "Bank"), which comprise the separate statement of financial position as at December 31, 2021, and the separate statement of profit and loss and other comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the year then ended, and notes to the separate financial statements, including significant accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Bank as at December 31, 2021, and its separate financial performance and its separate cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union ("EU").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the separate financial statements section of our report. We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements of the Independent Financial Audit Act (IFAA) that are relevant to our audit of the separate financial statements in Bulgaria, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the requirements of IFAA. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment of loans and advances to customers Loans and advances to customers represent significant part (39%) of Bank's total assets as of December 31, 2021 and their gross carrying amount is BGN 2,925,238 thousand and accumulated impairment amounts to BGN 36,779 thousand. The Bank applies impairment model based on the expected credit losses in accordance with the requirements of IFRS 9 Financial Instruments (see note 3 and 8 to the separate financial statements). The measurement of impairment allowances for loans and advances to customers requires Bank management to exercise a significant level of judgment, especially in regard identifying impaired receivables and assessing the amount of loan impairment. To assess the amount of allowances for expected credit losses, the Bank applies statistical models with input parameters obtained from internal and external sources. In accordance with the requirements of IFRS 9 Financial Instruments, the Bank distinguishes three stages of impairment, where the criteria for classification to individual stages are based on an assessment of the objective characteristics of loans and the relevant debtors and judgments of the Bank. The classification of financial instruments to impairment stages is a result of combination of quantitative and qualitative factors. The expected credit losses are calculated using available historical data and expected future development determined using macroeconomic indicators. The statistical models used are based on the probability of default (PD), the estimated amount of the loss given default (LGD) and the exposure at default (EAD). Input data for the model and the calculation logic and its comprehensiveness depend on judgment of Bank management. The COVID-19 pandemic has resulted in an increase in the uncertainty of assumptions underlying the economic outlook. This combined with varying government responses, including moratorium on payments of loans, has raised the complexity of assessing and monitoring customers' financial health, necessitating an elevated level of judgement in calculating the expected credit losses. As described in note 8 to the separate financial statements, the Bank has reported as at December 31, 2021 accumulated impairment on loans and advances to customers amounting to BGN 36,779 thousand. Due to: • the significance of the valuation of loans and advances to customers for the separate financial statements • the fact that the assumptions in determining the impairment allowances include significant estimates and application of professional judgment • the impact that the COVID-19 pandemic had on these estimates and assumptions we identified impairment of loans and advances to customers as a key audit matter.	**To address this matter our audit procedures, among others, included:** • Understanding of the processes of calculation of impairment of loans and advances to customers, applied by the Bank. • Assessment about the adequacy of the policies, procedures and implemented controls in the process, in order to design our procedures in such way as to be able to address the risks of material misstatement in this area. • Involvement in the audit of our experts in the areas, which required specific expertise. • Review of the quality of the historical data used in the computation of the risk parameters. On a sample of exposures we: • Assessed the appropriateness of impairment methodology and its application. • Formed an independent expectation on the levels of impairment allowances required by examining available external and internal information. We have developed independent expectation regarding impairment of loans and advances to customers as at December 31, 2021 and comparison of this expectation to actual impairment accounted by the management and reported in the separate financial statements. • Assessed the appropriateness of staging classification for a sample of loans, taking into consideration whether there are factors indicating a significant increase in credit risk. • Applied our professional judgment to assess the inputs used in the calculation of impairment losses and compared our assessment to the estimates applied by the Bank. • Analyzed the financial condition of the borrowers and inquired about any breaches of contracts and/or changes from the original terms and conditions of the contract. • Analyzed the key assumptions and judgments of the Bank's management including assessment of the applied scenarios, as well as expected cash flow recoveries. • Considered the impact of the current and forecasted economic conditions, the valuation of collaterals, and other factors that may affect the recoverability of loans. • Assessed the adequacy of management assumptions and adjustments resulting from the impact of the COVID-19 pandemic, including moratorium on payments of loans and other government measures, on the estimation of expected credit losses and all aspects of the process of their determining. • Recomputed the impairment on a sample of exposures based on the risk parameters resulted from the models. We have assessed the completeness, appropriateness and adequacy of the disclosures in the Bank's separate financial statements with regard to the measurement of loans and advances to customers.

Information Other than the separate financial statements and Auditors' Report Thereon

The Management Board of the Bank ("the Management") is responsible for the other information. The other information comprises the annual report on activities, the corporate governance statement, the non-financial declaration and report on the implementation of the remuneration policy, prepared by the management in accordance with Chapter Seven of the Accountancy Act, but does not include the separate financial statements and our auditors' report thereon.

Our opinion on the separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, unless it is not specifically stated in our auditors' report and to the extent it is specifically stated.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the separate financial statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with IFRS as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board and the Audit Committee of the Bank ("Those charged with governance") are responsible for overseeing the Bank's financial reporting process.

Auditors' Responsibilities for the Audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

We are jointly responsible for the performance of our audit and the audit opinion expressed by us, in accordance with the requirements of the IFAA, applicable in Bulgaria. In accepting and performing the joint audit engagement, in respect to which we are reporting, we have considered the Guidelines for Performing Joint Audits, issued on June 13, 2017 by the Institute of Certified Public Accountants in Bulgaria and the Commission for Public Oversight of the Registered Auditors in Bulgaria.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Reporting in relation to the compliance with the electronic format of the separate financial statements, included in the annual separate financial report on activities under Art. 100m, para 4 of the Public Offering of Securities Act (POSA) with the requirements of the European Single Electronic Format (ESEF) Regulation

In addition to our reporting responsibilities according to ISAs described in the section above "Auditors' Responsibilities for the Audit of the separate financial statements", we performed the procedures in accordance with the "Guidelines on the issuing of audit opinion with respect to the application of the European Single Electronic Format (ESEF) to the financial statements of companies which securities are admitted to trading on a regulated market in the European Union (EU)" by the Professional Organization of the Registered Auditors in Bulgaria - Institute of Certified Public Accountants (ICPA) ". These procedures are related to the verification of the structure and whether the human readable part of this electronic format corresponds to the audited separate financial statements and issuing an opinion on the compliance of the electronic format of the Bank's separate financial statements for the year ending on December 31, 2021, attached in the electronic file „5299002142DS5ONT5540-20211231-BG-SEP.xhtml", with the requirements of the Commission Delegated Regulation (EU) 2019/815 from 17 December 2018 supplementing Directive 2004/109 / EC of the European Parliament and of the Council by means of regulatory technical standards to define the European Single Electronic Format for reporting ("ESEF Regulation"). Based on these requirements, the electronic format of the separate financial statements included in the annual separate financial report on activities under Art. 100m, para. 4 of POSA, should be presented in XHTML format.

The Management of the Bank is responsible for the application of the requirements of the ESEF Regulation in preparing the electronic format of the financial statements in XHTML.

Our report covers only the electronic format of the separate financial statements, attached in the electronic file "5299002142DS5ONT5540-20211231-BG-SEP.xhtml" and does not cover the other information, included in the annual separate financial report on activities under Art. 100m, para. 4 of the POSA.

Based on the procedures performed in our opinion, the electronic format of the separate financial statements of the Bank for the year ended December 31, 2021, contained in the attached electronic file "5299002142DS5ONT5540-20211231-BG-SEP.xhtml", has been prepared in all material respects in accordance with the requirements of the ESEF Regulation.

Additional matters, required to be reported by the Accountancy Act and Public Offering of Securities Act

In addition to our reporting responsibilities according to ISAs described in section "Information Other than the separate financial statements and Auditors' Report Thereon", with respect to the annual report on activities, the corporate governance statement, the non-financial declaration and report on the implementation of the remuneration policy, we have also performed the procedures, together with the required under ISA, in accordance with the "Guidelines regarding new extended reports and communication by the auditor" of the Professional Organization of Registered Auditors in Bulgaria - Institute of Certified Public Accountants (ICPA). These procedures include tests over the existence, form and content of the other information in order to assist us in forming an opinion as to whether the other information includes the disclosures and reporting as required by Chapter Seven of the Accountancy Act and the Public Offering of Securities Act (Art. 100m, paragraph 10 of POSA in relation to Art. 100m, paragraph 8, p. 3 and 4 of POSA, as well as Art. 100m, paragraph 13 of POSA in relation to Art. 116c, paragraph 1 of POSA), applicable in Bulgaria.

Opinion under Art. 37, paragraph 6 of the Accountancy Act

Based on the procedures performed, in our opinion:

- The information included in the annual report on the activities for the financial year for which the separate financial statements have been prepared, is consistent with the separate financial statements.
- The separate annual report on the activities has been prepared in accordance with the requirements of Chapter Seven of the Accountancy Act and of Art. 100m, paragraph 7 of the Public Offering of Securities Act.
- The information required by Chapter Seven of the Accountancy Act and Art. 100m, paragraph 8 of the Public Offering of Securities Act is presented in the corporate governance statement covering the financial year for which the separate financial statements have been prepared.
- The non-financial Declaration, covering the financial year for which the separate financial statements have been prepared, has been provided and prepared in accordance with the requirements of Chapter Seven of the Accountancy Act.
- The report on the implementation of the remuneration policy, covering the financial year for which the separate financial statements have been prepared, has been provided and meets the requirements defined in the Ordinance referred to in Art. 116c, paragraph 1 of the Public Offering of Securities Act.

Opinion under Art. 100m, paragraph 10 in relation to Art. 100m, paragraph 8, p. 3 and 4 of the Public Offering of Securities Act

Based on the procedures performed and as a result of the acquired knowledge and understanding of the Bank and the environment in which it operates, acquired during our audit, in our opinion, the description of the main features of the Bank's internal control and risk management systems in relation to the financial reporting process as part of the annual report on activities (as element of the content of the corporate governance statement) and the information under Art. 10, paragraph 1, letter "c", "d", "f", "h" and "i" of the Directive 2004/25/EC of the European Parliament and of the EU Council of April 21, 2004 related to takeover bids, included in the corporate governance statement do not contain cases of material misrepresentations.

Additional reporting in relation to the audit of the separate financial statements under Art. 100m, paragraph 4, p. 3 of the Public Offering of Securities Act

Reporting in relation to Art. 100m, paragraph 4, p. 3, l. "b" of the Public Offering of Securities Act

Information on related party transactions is disclosed in Note 35 to the accompanying separate financial statements. Based on the procedures performed on related party transactions in the context of our audit of the separate financial statements as a whole, nothing has come to our attention indicating that the related party transactions are not disclosed in the accompanying separate financial statements for the year ended December 31, 2021, in all material respects, in accordance with the requirements of IAS 24 Related Party Disclosures. We have considered the results of our audit procedures on related party transactions in forming our opinion on the separate financial statements as a whole and not for the purpose of providing a separate opinion on the related party transactions.

Reporting in relation to Art. 100m, paragraph 4, p. 3, l. "c" of the Public Offering of Securities Act

Our responsibilities for the audit of the separate financial statements described in section "Auditors' Responsibilities for the Audit of the separate financial statements" include evaluating whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation. Based on the procedures performed on the material transactions underlying the separate financial statements for the year ended December 31, 2021, nothing has come to our attention indicating any instances of material unfair presentation and disclosure under the applicable IFRS as adopted by the European Union. We have considered the results of our audit procedures on the material transactions underlying the separate financial statements in forming our opinion on the separate financial statements as a whole and not for the purpose of providing a separate opinion on these material transactions.

Additional reporting related to Ordinance 58/2018 of the Financial Supervisory Commission (FSC)

Statement in connection with Art. 11 of Ordinance No 58/2018 of FSC outlining the requirements for protection of the customers' financial instruments and cash, for product management and for providing or receiving considerations, commissions, other cash and non-cash benefits

Based on the performed audit procedures and the acquired knowledge for and understanding of the activity of the Bank ("Investment intermediary") in the context and the course of our audit of its separate financial statements as a whole, the established and applied organization related to the keeping of clients' assets complies with the requirements of Art. 3-10 of Ordinance 58 of FSC and Art. 92-95 of Markets in Financial Instruments Act regarding the Investment intermediary's activity.

Reporting in accordance with Art. 10 of Regulation (EU) No 537/2014 in connection with the requirements of Art. 59 of the Independent Financial Audit Act

In accordance with the requirements of the Independent Financial Audit Act in connection with Art. 10 of Regulation (EU) No 537/2014, we hereby additionally report the information stated below.

- Deloitte Audit OOD and Grant Thornton OOD were appointed as statutory auditors of the separate financial statements of the Bank for the year ended December 31, 2021 by the general meeting of shareholders held on June 29, 2021 for a period of one year.
- The audit of the separate financial statements of the Bank for the year ended December 31, 2021 represents twenty-fourth total consecutive statutory audit engagement for that entity carried out by Deloitte Audit OOD and fifth total consecutive statutory audit engagement for that entity carried out by Grant Thornton OOD.
- We hereby confirm that the audit opinion expressed by us is consistent with the additional report, provided to the Bank's audit committee, in compliance with the requirements of Art. 60 of the Independent Financial Audit Act.
- We hereby confirm that no prohibited non-audit services referred to in Art. 64 of the Independent Financial Audit Act were provided.
- We hereby confirm that in conducting the audit we have remained independent of the Bank.
- For the period to which our statutory audit refers, we have not provided other services to the Bank in addition to the statutory audit, which have not been disclosed in the Bank's separate report on the activities or separate financial statements.

On behalf of Deloitte Audit OOD

Rositsa Boteva
Statutory Manager
Registered Auditor, in charge of the audit

103, Al. Stambolijski Blvd
Sofia Tower (Mall of Sofia)
1303 Sofia, Bulgaria

March 31, 2022

On behalf of Grant Thornton OOD

Zornitza Djambazka,
Registered Auditor,
responsible
for the audit

Mariy Apostolov,
Statutory Manager

26, Cherni Vrah Blvd.
1421 Sofia, Bulgaria

CENTRAL COOPERATIVE BANK AD

SEPARATE ANNUAL ACTIVITY REPORT, INDEPENDENT AUDITORS' REPORT, AND ANNUAL SEPARATE FINANCIAL STATEMENTS

December 31, 2021

ASSETS	**Note**	**As of 31.12.2021**	**As of 31.12.2020**
Cash and balances with the Central Bank	4	1,927,865	1,881,446
Placements with and advances to banks	5	170,300	182,350
Receivables under repurchase agreements	6	356,982	359,672
Financial assets at fair value through profit or loss	7	302,045	276,698
Loans and advances to customers	8	2,888,459	2,556,846
Other assets	9	45,780	42,923
Financial assets at fair value through other comprehensive income	10	857,786	714,737
Debt instruments at amortized cost	11	631,021	420,668
Investments in subsidiaries	12	49,416	49,416
Non-current assets and right-of use assets	13	140,583	142,003
Investment property	14	13,706	14,409
TOTAL ASSETS		7,383,943	6,641,168

LIABILITIES AND SHAREHOLDERS' EQUITY	**Note**	**As of 31.12.2021**	**As of 31.12.2020**
LIABILITIES			
Deposits from banks	15	52,840	66,092
Amounts owed to other depositors	16	6,639,742	5,909,095
Issued bonds	17	25,450	25,451
Provisions	18	688	978
Other liabilities	19	60,461	55,876
TOTAL LIABILITIES		6,779,181	6,057,492
SHAREHOLDERS' EQUITY			
Issued capital	20.1	127,130	127,130
Premium reserve		110,470	110,470
Reserves, including retained earnings	20.2	329,432	308,968
Revaluation reserve	20.3	11,802	16,728
Current year profit		25,928	20,380
TOTAL SHAREHOLDERS' EQUITY		604,762	583,676
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		7,383,943	6,641,168

These separate financial statements have been approved by the Management Board and signed on behalf of Central Cooperative Bank AD on March 30, 2022 by:

Georgi Kostov
Executive
Director

Sava Stoynov
Executive
Director

Tihomir Atanassov
Procurator

Yordan Hristov
Chief Accountant

Signed according to Auditors' Report dated March 31, 2022:

Deloitte Audit OOD, audit company

Rositsa Boteva,
Statutory Manager
Registered Auditor, responsible for the audit

Grant Thornton OOD, audit company

Zornitza Djambazka,
Registered Auditor,
responsible for
the audit

Mariy Apostolov,
Statutory Manager

	Note	Year ended 31.12.2021	Year ended 31.12.2020
Interest income	21	118,085	123,164
Interest expense	21	(12,719)	(13,638)
Net interest income		105,366	109,526
Fees and commissions income	22	66,698	58,970
Fees and commissions expense	22	(15,099)	(11,837)
Net fees and commissions income		51,599	47,133
Gains from transactions with securities, net	23	8,115	14,550
Foreign exchange losses, net	24	(2,122)	(11,780)
Other operating income, net	25	6,073	2,165
Operating expenses	26	(134,670)	(133,454)
Reversed provisions for liabilities		291	92
Impairment expense, net	27	(6,513)	(5,582)
Profit for the period before taxes		28,139	22,650
Taxes	28	(2,211)	(2,270)
PROFIT FOR THE YEAR		25,928	20,380
Other comprehensive loss			
Items reclassified to profit or loss:			
Losses on debt instruments at fair value through other comprehensive income, net of taxes		(4,982)	(4,707)
Items not reclassified in the profit or loss:			
Gains/(Losses) on equity instruments at fair value through other comprehensive income, net of taxes		210	(9)
Revaluation of payables under defined benefit plans	19	(154)	(190)
Total other comprehensive loss, net of taxes		(4,926)	(4,906)
TOTAL COMPTEHENSIVE INCOME FOR THE YEAR		21,002	15,474
Earnings per share (in BGN)	29	0.20	0.16
Diluted earnings per share (in BGN)	29	0.20	0.16

These separate financial statements have been approved by the Management Board and signed on behalf of Central Coopera-tive Bank AD on March 30, 2022 by:

Georgi Kostov
Executive
Director

Sava Stoynov
Executive
Director

Tihomir Atanasov
Procurator

Yordan Hristov
Chief Accountant

With Auditors' Report dated March 31, 2022:

Deloitte Audit OOD, audit company

Deloitte Audit OOD, audit company

Rositsa Boteva,
Statutory Manager
Registered Auditor, responsible for the audit

	Year ended 31.12.2021	Year ended 31.12.2020
Cash flows from operating activities:		
Profit before taxes	**28,139**	**22,650**
Change in operating assets		
Decrease/(increase) in receivables on repurchase agreements	**2,689**	**(56,594)**
Increase in financial assets at fair value through profit or loss	**(17,513)**	**(16,457)**
Acquisition of financial assets at fair value in other comprehensive income, net	**(150,472)**	**(153,135)**
Increase in loans and advances to customers	**(335,788)**	**(120,583)**
(Increase)/decrease in other assets	**(2,857)**	**1,426**
	(503,941)	**(345,343)**
Change in operating liabilities:		
(Decrease)/increase in deposits from banks	**(13,252)**	**39,930**
Increase in amounts owed to other depositors	**730,647**	**486,841**
Changes in liabilities for provisions	**(291)**	**(185)**
Increase/(decrease) in other liabilities	**3,118**	**(4,614)**
	720,222	**521,972**
Other non-cash transactions, included in the profit before taxation:		
Net gain from investing activities	**(7,834)**	**(13,493)**
Decrease of adjustment for impairment of loans and advances to banks	**(3)**	**(10)**
Increase of adjustment for impairment of repurchase transactions	**1**	**152**
Increase of adjustment for impairment of loans and advances to clients	**4,175**	**6,356**
Increase/(decrease) of adjustment for impairment of financial assets at amortized cost	**432**	**(470)**
(Increase/(decrease) of adjustment for impairment of financial assets at fair value through other comprehensive income	**1,908**	**(445)**
Decrease in provision of liabilities	**(291)**	**(92)**
Depreciation and amortization	**24,532**	**26,071**
Changes in the carrying amount of assets written-off	**(539)**	**(2,930)**
Effects from amortization of financial liability	**(1)**	**27**
	22,380	**15,166**
Change in deferred taxes	**(74)**	**(12)**
Income tax paid	**(1,868)**	**(3,418)**
NET CASH FLOW FROM OPERATING ACTIVITIES	**264,858**	**211,015**
Cash flows from investing activities:		
Acquisition of financial assets at amortized cost, net	**(210,785)**	**(109,123)**
Payments for purchase of non-current assets	**(6,739)**	**(3,288)**
Proceeds from sale of non-current assets	**624**	**2,865**
NET CASH FLOWS FOR INVESTING ACTIVITIES	**(216,900)**	**(109,546)**

Cash flows from financing activities:		
Interest paid on issued bonds	**(698)**	**(915)**
Lease payments	**(12,891)**	**(11,922)**
NET CASH FLOWS FOR FINANCING ACTIVITIES	**(13,589)**	**(12,837)**
INCREASE IN CASH AND CASH EQUIVALENTS, NET	**34,369**	**88,632**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR (Note 31)	**2,060,862**	**1,972,230**
CASH AND CASH EQUIVALENTS AT THE END OF YEAR (Note 31)	**2,095,231**	**2,060,862**
CASH AND CASH EQUIVALENTS AT THE END OF YEAR (Note 31)	**2,060,862**	**1,972,230**

These separate financial statements have been approved by the Management Board and signed on behalf of Central Cooperative Bank AD on March 30, 2022 by:

Georgi Kostov
Executive Director

Sava Stoynov
Executive Director

Tihomir Atanasov
Procurator

Yordan Hristov
Chief Accountant

With Auditors' Report dated March 31, 2022:

Deloitte Audit OOD, audit company

Deloitte Audit OOD, audit company

Rositsa Boteva,
Statutory Manager
Registered Auditor, responsible for the audit

София
Рег. № 033

	Issued capital	Premium reserve	Reserves, including retained earnings	Revaluation reserves	Current year profit	TOTAL
BALANCE AS OF JANUARY 1, 2020	127,130	110,470	270,540	25,818	34,242	568,200
Profit for the year	-	-	-	-	20,380	20,380
Other comprehensive loss for the year	-	-	-	(4,906)	-	(4,906)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	-	(4,906)	20,380	15,474
Net profit for the year ended December 31, 2020, transferred to retained earnings	-	-	34,242	-	(34,242)	-
Effect from reclassification of financial instruments at fair value	-	-	4,184	(4,184)	-	-
Other movements	-	-	2	-	-	2
BALANCE AS OF DECEMBER 31, 2020	**127,130**	**110,470**	**308,968**	**16,728**	**20,380**	**583,676**
Profit for the year	-	-	-	-	25,928	25,928
Other comprehensive loss for the year	-	-	-	(4,926)	-	(4,926)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	-	(4,926)	25,928	21,002
Net profit for the year ended December 31, 2020, transferred to retained earnings	-	-	20,380	-	(20,380)	-
Other movements	-	-	84	-	-	84
BALANCE AS OF DECEMBER 31, 2021	**127,130**	**110,470**	**329,432**	**11,802**	**25,928**	**604,762**

These separate financial statements have been approved by the Management Board and signed on behalf of Central Cooperative Bank AD on March 30, 2022 by:

Georgi Kostov
Executive
Director

Sava Stoynov
Executive
Director

Tihomir Atanasov
Procurator

Yordan Hristov
Chief Accountant

With Auditors' Report dated March 31, 2022:

Deloitte Audit OOD, audit company

Rositsa Boteva,
Statutory Manager
Registered Auditor, responsible for the audit

Deloitte Audit OOD, audit company

Одиторско дружество
София
Рег. № 033
Делойт Одит ООД

1. CORPORATE INFORMATION

Central Cooperative Bank AD, Sofia (the "Bank") is a joint stock company established in 1991, UIC 831447150, seat and management address at 87, Tsarigradsko shose, Sofia 1086, Bulgaria.

The Bank's activities and operations are governed by the Law on Credit Institutions. The Bank currently operates under a banking license issued by the Bulgarian National Bank (BNB), pursuant to which it may accept deposits in local and foreign currency, extend loans in local and foreign currency, open and maintain nostro accounts in foreign currency abroad, deal with securities and foreign currency and perform all other banking activities and transactions, permitted by the Law on Credit Institutions.

In December 2005 the Bank obtained a bank license, issued by the Central Bank of Cyprus, under which the Bank is authorized to perform bank activity as a legally licensed bank branch on the territory of the Republic of Cyprus, in compliance with the requirements of the Cyprus Law on Banks. The Bank started its banking activity on the territory of Cyprus in 2007.

The Bank is a public entity and is listed on the Bulgarian Stock Exchange with BSE code 4CF for ordinary shares of the Bank. The Bank is a member of the European Association of Cooperative Banks. The Bank has a primary dealer status for transactions with government securities.

The Bank provides services as investment intermediary under the provisions of the Public Offering of Securities Act (POSA). As an investment intermediary, the Bank complies with specific requirements for protection of clients' interests under the Markets in Financial Instruments Act (MFIA) and Ordinance 38 issued by the Financial Supervision Commission (FSC). The Bank implements organization related to the conclusion and execution of contracts with customers involving requesting customer data, keeping records and clients' assets in accordance with the reporting requirements for keeping clients' assets under art. 122-126 of Ordinance 38/21.05.2020 on the Requirements to the Activities of Investment Intermediaries and Chapter II, art. 3-10 of Ordinance 58 as of 28.02.2018 outlining the requirements for protection of the customers' financial instruments and cash, for product management and for providing or receiving considerations, commissions, other cash and non-cash benefits.

As of December 31, 2021 the Bank's operations are conducted through a head-office located in Sofia, Bulgaria, 47 branches and 247 remote offices throughout the country and one branch in the Republic of Cyprus.

The ultimate parent company of the Bank is Chimimport AD, whose shares are listed on the Bulgarian Stock Exchange AD.

2. BASIS FOR PREPARATION OF THE SEPARATE FINANCIAL STATEMENTS

2.1. GENERAL FRAMEWORK FOR FINANCIAL REPORTING

These financial statements are separate financial statements prepared for the year ended December 31, 2021. These separate financial statements have been prepared for general purposes under the going concern principle.

The Bank's functional currency is Bulgarian lev. The amounts in the separate financial statements are stated in thousand Bulgarian levs (BGN'000).

The separate financial statements of the Bank have been prepared in accordance with the International Financial Reporting Standards (IFRS), developed and published by the International Accounting Standards Board (IASB) and approved by the European Union (EU) (IFRS as approved by the EU). Within the meaning of para. 1, item 8 of the Supplementary Provisions to the Accountancy Act, applicable in the Republic of Bulgaria, the term “IFRS as approved by the EU” stands for the International Accounting Standards (IAS), adopted in compliance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council.

The Bank controls the subsidiaries Central Cooperative Bank AD Skopje, the Republic of Macedonia and CCB Assets Management EAD, Sofia, the Republic of Bulgaria.

2. BASIS FOR PREPARATION OF THE SEPARATE FINANCIAL STATEMENTS (CONTINUED)

2.1. GENERAL FRAMEWORK FOR FINANCIAL REPORTING (CONTINUED)

These financial statements are separate financial statements. The Bank also prepares consolidated financial statements in accordance with IFRS, developed and published by IASB and approved by the EU, which will be published after the date of issuance of these separate financial statements.

2.2. BASIS FOR PREPARATION

The separate financial statements are prepared under the historical cost, modified with the fair value of financial assets and liabilities at fair value through profit or loss, and at fair value through other comprehensive income. All other financial assets and liabilities are measured at amortized cost.

The separate financial statements are prepared in compliance with the going concern principle and taking into account the possible effects of the ongoing impact of the Covid-19 coronavirus pandemic. In 2021, as well as as of the date of these financial statements, businesses have to face challenges related to reduced revenues and disrupted supply chains, shortages of certain raw materials, etc., resulted from the consequences of the global pandemic. The effects of Covid-19 pandemic are presented in the respective notes to the separate financial statements. The Bank has provided detailed disclosures in note 33 related to the risk management policies and Covid-19 effects.

Throughout 2021, there was a significant uncertainty in assessing the impact of the coronavirus pandemic on the macroeconomic development of individual economies. The countries, depending on their approaches to dealing with the pandemic, lockdowns and progress in the vaccination process, registered different flexibility of change in individual macroeconomic indicators compared to baseline forecasts from the beginning of the year. In addition, of great importance were the support measures introduced in the various countries, aimed mostly at supporting the income of employees in closed companies and preventing unemployment and a collapse in consumption. As these measures varied in intensity, scope and success from country to country, the effect was different in terms of macroeconomic parameters. In this situation, various governments, including the Bulgarian one, have announced measures to provide both direct financial and non-financial aid to the affected sectors and business organizations.

In view of the ongoing coronavirus pandemic, the Bank's management is not able to assess the impact of a potential new wave or strain on the Bank's future financial position and results of operations, but believes that with a fading effect of the pandemic, the potential impact could lead to lower volatility of the market and price risk associated to the Bank's financial assets and less likelihood of a negative effect on the activities of borrowers and the results of the Bank's activities. The abolition of the imposed emergency measures and restrictions by the various countries and governments would have a positive effect on economic activity.

In these circumstances, the Bank's management analysed and assessed the ability of the Bank to continue its activities as a going concern on the basis of the information available for the foreseeable future. Management expects that Bank has sufficient financial resources to continue its operational activities in the near future and continues to apply the going concern principle in preparing the separate financial statement.

2.3. COMPARATIVE DATA

The Bank presents comparative data in these separate financial statements for one prior year.

Where necessary, the comparative data is reclassified (and restated) in order to achieve comparability against changes in presentation in the current year..

2.4. CHANGES IN IFRS

The following amendments to the existing standards issued by IASB and adopted by the EU are effective for the current reporting period:

- **Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement", IFRS 7 "Financial Instruments: Disclosures", IFRS 4 "Insurance Contracts" and IFRS 16 "Leases"** - Interest Rate Benchmark Reform - adopted by the EU on 13 January 2021 (effective for annual periods beginning on or after 1 January 2021);
- **Amendments to IFRS 16 "Leases"** - Covid-19-Related Rent Concessions beyond 30 June 2021 (adopted by the EU on 30 August 2021 for financial years starting, at the latest, on or after 1 January 2021);
- **Amendments to IFRS 4 Insurance Contracts "Extension of the Temporary Exemption from Applying IFRS 9**" adopted by the EU on 16 December 2020 (the expiry date for the temporary exemption from IFRS 9 was extended from 1 January 2021 to annual periods beginning on or after 1 January 2023);

The adoption of amendments to the existing standards has not led to any material changes in the Bank's separate financial statements.

Standards and amendments to the existing standards issued by IASB and adopted by the EU but not yet effective

At the date of authorisation of these separate financial statements, the following amendments to the existing standards were issued by IASB and adopted by the EU and which are not yet effective:

- **Amendments to IAS 16 "Property, Plant and Equipment"** - Proceeds before Intended Use adopted by the EU on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022);
- **Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" - Onerous Con-**

tracts — Cost of Fulfilling a Contract adopted by the EU on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022);

- **Amendments to IFRS 3 "Business Combinations"** - Reference to the Conceptual Framework with amendments to IFRS 3 adopted by the EU on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022);
- IFRS 17 "Insurance Contracts" including amendments to IFRS 17 adopted by the EU on 19 November 2021 (effective for annual periods beginning on or after 1 January 2023),
- **Amendments to various standards due to "Improvements to IFRSs (cycle 2018 -2020)"** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 9, IFRS 16 and IAS 41) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 28 June 2021 (The amendments to IFRS 1, IFRS 9 and IAS 41 are effective for annual periods beginning on or after 1 January 2022. The amendment to IFRS 16 only regards an illustrative example, so no effective date is stated.).

New standards and amendments to the existing standards issued by IASB but not yet adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by IASB except for the following new standards and amendments to the existing standards, which were not endorsed for use in EU as at date of publication of the separate financial statements (the effective dates stated below is for IFRS as issued by IASB):

- **IFRS 14 "Regulatory Deferral Accounts" (effective for annual periods beginning on or after January 1, 2016)** - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard;
- **Amendments to IAS 1 Presentation of Financial Statements:** Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023);
- **Amendments to IAS 1 Presentation of Financial Statements:** Disclosure of Accounting policies (effective for annual periods beginning on or after 1 January 2023);
- **Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors:** Definition of Accounting Estimates (effective for annual periods beginning on or after 1 January 2023).
- **Amendments to IAS 12 "Income Taxes"** - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023),
- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded);
- **Amendments to IFRS 17 "Insurance contracts"** - Initial Application of IFRS 17 and IFRS 9 – Comparative Information (effective for annual periods beginning on or after 1 January 2023).

The Bank anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact on the separate financial statements of the Bank in the period of initial application.

3. ACCOUNTING POLICY

3.1. SCOPE AND OBJECTIVE

The accounting policy comprises principles and basic assumptions, concepts, rules, practices, bases and procedures, adopted by management for reporting the activity of the Bank, and the preparation and presentation of the financial statements.

The purpose of the accounting policy is to provide the necessary organizational and methodological uniformity in the process of financial reporting of the Bank's activities, aimed at providing a true and fair presentation of the Bank's financial position and result of operations in the annual financial statements.

3.2. SIGNIFICANT ACCOUNTING POLICIES

3.2.1. Interest income and expenses

The interest income and interest expenses are recognized by taking into account the effective income/effective interest rate of the respective financial asset or liability in all its material aspects. Interest income and interest expense include amortization of discount, premium and other differences between the initial book value and the value at maturity of interest-bearing instruments calculated by the effective interest rate. The effective interest rate is the rate that exactly discounts the estimated future cash flows of the financial instrument over its expected life, or if applicable, for a shorter period, to the net book value of the financial asset or financial liability. The future cash flows are estimated by taking into account the contractual terms of the instrument. The calculation of the effective interest rate includes all fees and consideration paid to or received between the parties to the contract that are directly related to the specific agreement, transaction costs and all other premiums or rebates.

The interest income and interest expenses presented in the statement of profit or loss and other comprehensive income, include:
- interest from financial assets and liabilities at amortized cost calculated on the basis of the effective interest rate;
- interest from financial assets at fair value through other comprehensive income (FVTOCI), calculated on the basis of the effective interest rate;
- interest from financial assets at fair value through profit or loss;

The Bank ceases to accrue interest in the statement of financial position and does not report interest income on receivables at the moment when the respective receivable has become "court receivable". The receivables of the Bank on interest receivables, arising after the date on which the receivable has become "court receivable" are reported in the statement of financial position and are recognized as interest income when they are repaid.

3.2.2. Fees and commissions income

All fees and commissions that are not an integral part of the effective interest rate of the financial instrument are accounted for in accordance with IFRS 15.

The following five-step model is used to determine whether and how revenue should be recognized in accordance with IFRS 15 Revenue from contracts with customers:
1. Identify the contract with a customer
2. Identify all the performance obligations
3. Determine the transaction price
4. allocate the transaction price to each performance obligation
5. recognise revenue when a performance obligation is satisfied.

Revenue is recognized over time when or until the Bank fulfils its obligations when it transfers the promised services to its customers.

The Bank recognizes as contract liabilities consideration received for unfulfilled performance obligations and presents them as other liabilities in the statement for financial position. Similarly, if the Bank fulfils a performance obligation before it receives the consideration it recognizes in the statement of financial position either a contract asset or receivable depending on whether or not something other than a certain time to obtain the consideration is required.

Fees and commissions consist mainly of fees for bank transfers in Bulgaria and abroad, fees for servicing accounts, fees related to loan exposures, servicing off- balance sheet commitments and revenue as disclosed in note 22.

In all cases the total transaction price for a certain contract is allocated between the various performance obligations based on the relatively separate sales prices of the separate products and services. The consideration which the Bank receives is determined in the various Bank's tariffs and does not include variable component. The transaction price under the contract excludes all amounts collected on behalf and at the expense of third parties. Fees and commissions income is recognized over time. Significant part of the fees and commissions income is recognized after the service is provided and the consideration is collected from the customer.

Commissions arising from foreign currency transactions are reported in the statement of profit or loss and other comprehensive income on their receipt. Fees and commissions for granting and management of loans when considered to be part of the effective income are amortized during the loan term and are recognized as current financial income during the period by applying the effective interest method.

3.2.3. Foreign currency transactions

Transactions denominated in foreign currency are converted into BGN at the exchange rates set by BNB for the transaction date. Receivables and liabilities denominated in foreign currency are converted into BGN as of the date of statement of financial position preparation at the exchange rates of BNB for the same date.

Net foreign exchange rate gains or losses, arising from translation at the rates of BNB as of the transaction date, are included in profit or loss and other comprehensive income for the period, when they arise.

The Bank carries out daily revaluation of all currency assets and liabilities and off-balance sheet positions at the official BNB rate for the respective day, with the exception of non-monetary positions in foreign currency within the meaning of IAS 21, which are reported at exchange rate as of the transaction date. The net gains and losses, arising from revaluation of balance sheet currency positions, are reported in profit or loss for the period, in which they arise.

As of 2002 the Bulgarian Lev is fixed to the Euro at the rate of EUR 1 = BGN 1.95583.

Foreign currency transactions
The exchange rates of USD and the Bulgarian Lev as of December 31, 2021 and 2020 are as follows:

December 31, 2021		December 31, 2020	
USD 1 =	BGN 1.72685	USD 1 =	BGN 1.59386

The functional currency of the Bank's branch in the Republic of Cyprus is EUR.

3.2.4. Dividend Income

Dividend is recognized by the Bank in profit or loss only when:
a) the right of the Bank to receive payment of a dividend is established;
b) there is probability that the Bank will receive economic benefit related to the dividend;
c) the amount of the dividend may be reliably measured.

3.2.5. Financial assets and liabilities

Initial recognition of financial instruments

Financial assets and financial liabilities are initially recognized in the Bank's statements of financial position only when the Bank becomes a party under the contract provisions of the instrument. Their initial accounting recognition is based on the settlement date.

Classification of financial instruments

Financial assets

The Bank classifies the financial assets – debt instruments subsequently measured at amortized cost, at fair value through other comprehensive income or fair value through profit or loss on the basis of two conditions:
a) business model for managing the financial assets; and
b) contractual cash flow characteristics of the financial assets.

Defining the business model for the management of the financial assets

The business model refers to the way in which the Bank manages its financial assets for generating cash flows, i.e. the business model of the Bank determines whether the cash flows will be generated for collecting contractual cash flows, sale of financial assets or for both.

The business models applied by the Bank are as follows:
- business model whose objective is to collect the contractual cash flows
- business model whose objective is both to collect contractual cash flows and to sell financial assets
- other business model of fair value measurement through profit or loss, through which the Bank manages the financial assets for the objective of realizing cash flows through sale of assets.

Characteristics of the contractual cash flows of the financial asset

Contractual cash flows that are solely payments of principal and interest on the principal amount outstanding

The Bank classifies a financial asset based on the characteristics of its contractual cash flows. The contractual cash flows that represent solely payments of principal and interest on the principal amount outstanding, correspond to the basic lending agreement. In the basic lending agreement, the main elements that determine the interest are the time value of money and the credit risk. Interest may also include consideration for assuming other basic risks – liquidity risk, price of borrowings and amounts for covering administrative expenses for the loan, related to holding the financial asset for a certain period of time and profit margin.

Financial liabilities

The Bank classifies all financial liabilities as subsequently measured at amortised cost, with the exception of the derivative liabilities, which are measured at fair value through profit or loss.

Initial recognition of financial instruments

Except for trade receivables, upon initial recognition, the Bank measures a financial asset or financial liability at its fair value, plus or minus, in the case of a financial asset or financial liability not measured at fair value through profit or loss, transaction costs that are directly related to the acquisition or issue of the financial asset or financial liability.

The transaction costs included in the acquisition cost are fees, commissions and other fees paid to agents, brokers, consultants, dealers and others directly involved in the transaction, taxes, fees, permits and other paid at exchanges and regulatory authorities. All other costs are reported as current for the period in which they arise. The cost of acquisition does not include interest in the financial asset that was not paid at the acquisition date. They are reported as receivable.

Subsequent designation of financial instruments

Financial assets

After initial recognition, classification and measurement the Bank measures a financial asset at: a) amortized cost; b) fair value through other comprehensive income; or c) fair value through profit or loss.

The Bank applies the requirements for impairment of IFRS 9 regarding debt financial assets that are measured at amortized cost and for debt financial assets at fair value through other comprehensive income.

Financial assets at amortized cost

The Bank measures a financial asset – debt instrument at amortized cost, if the following two conditions are met: a) a financial asset is held within a business model whose objective is to collect the contractual cash flows; and b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortized cost is the asset's original carrying amount minus principal repayments plus or minus the accumulated amortization of the difference between that initial value and the maturity value calculated using the effective interest method and adjusted for each loss allowance.

For the purpose of determining the expected credit losses, the Bank groups the financial assets at the debtor level in one of the following stages:
- Stage 1 – which comprises newly originated financial assets as well as assets whose credit risk has not significantly increased since initial recognition;
- Stage 2 – which comprises financial assets whose credit risk has significantly increased since initial recognition
- Stage 3 – which comprises financial assets at default.

Credit risk on a financial asset can be defined as low on the basis of an external credit rating and the Bank's ability to meet its obligations in the short term, and any adverse changes to economic and business conditions in the long run could, but are not necessarily reduce the debtor's ability to perform his duties. Exposures with no significant deterioration in credit quality after their initial recognition include exposures where the delay of agreed payments are up to 30 days and no significant credit risk increases are identified.

The estimate for determining exposures with significant increase of credit risk is based on a combination of automatic and other internally determined indicators. The Bank has assumed that there is a significant increase in credit risk on a financial asset when the delay of the agreed payments are between 31 and 90 days and when concessions are granted to a debtor due to financial difficulties and these rebates do not lead to a significant reduction of the financial obligation or the debtor is in a period of testing after the Bank has granted rebates / exposures with restructuring measures/. The estimate for determining exposures with significant increase of credit risk includes other indicators such as, for example, any changes in the debtor's financial position that are expected to lead to a significant change in his ability to perform his duties; established unfavorable data and market information related to a debtor that significantly increase credit risk; change in the Bank's approach to exposure management, etc.

For defaulted exposures, the Bank uses the guidelines of Regulation (EU) No 575/2013 and Guideline EBA/GL/2016/07 on the application of the definition of non-compliance under Article 178 of Regulation (EU) 575/2013. The Bank has assumed that a default has occurred in respect of a particular debtor where the overdue payment is over 90 days and / or it is considered that the debtor is unlikely to fully repay its credit obligations without taking enforcement action of the collateral. All financial assets classified as non-performing exposures under regulatory requirements are considered to be non-performing financial assets.

The review of the indicators and the assessment of the exposures is performed on a monthly basis, under the control of the Risk Management Directorates of the Bank's Central Unit, and the respective decisions are taken by the Bank's management.

For financial assets in Stage 1 the 12-month expected credit loss is applied, while for financial assets in Stage 2 – the full lifetime expected credit loss of the financial asset is applied. Financial assets in Stage 3 are assets with objective evidence for impairment.

For the purpose of determining the impairment of financial assets, the Bank applies models of calculating the expected credit losses on collective or individual basis. The impairment models for individual measurement of financial assets are applied for debt financial instruments such as debt securities, bank balances and deposits, as well as for exposures, representing "Project financing" or exposures with unique characteristics, regardless of their amount. Impairment models for individually measured exposures, are based on discounted cash flows and reflect the different scenarios of expected cash flows, including available reasonable and supportable information without undue cost or effort, which concerns future events /including macroeconomic forecasts/. For the purpose of determining the impairment of the exposure at default /Stage 3/ or credit –impaired financial assets, the Bank applies a model for individual impairment of assets above a certain amount.

The impairment model for collectively measured financial assets is based on determining amounts for the probability of default /PD/ and for the loss given default /LGD/ for each collectively measured asset, by applying amortization through the effective interest rate /EIR/ when calculating the exposure at default /EAD/. The impairment models of the financial assets collectively measured are applied for debt securities, bank balances and deposits, repurchase agreements and exposures as a result of the Banks's loan activity – loans and off-balance exposures of individuals and legal entities. The models include available reasonable and supportable information, accessible without undue costs or efforts, for external credit rating of the counterparties, as well as 3–year scenarios for the macroeconomic development of the state, prepared by external sources /MF, BNB, NSI, WB, IMF/. The macroeconomic indicators used by the Bank are: growth of the gross domestic product /GDP/, harmonized consumer price index /HCPI/, Level of unemployment and index of prices of apartments. The Bank updates the values of the forecast indicators used in its model once per year, when the 3-year forecast data is published and disclosed by the respective institutions.

The Bank recognizes in profit or loss – the gain or loss from impairment, the amount of the expected credit losses (or reversal), arising in the period, measured by the difference between the credit loss adjustment as of the date of the review or prior review date. The loss allowance for expected credit losses is presented as a decrease of the carrying amount of the financial asset in the statement of financial position.

Financial assets at fair value through other comprehensive income

Debt instruments

The Bank designates a debt financial asset at fair value through other comprehensive income, if the following conditions are met:

a) the financial asset is held within a business model whose objective is to collect the contractual cash flows and for selling financial assets, and
b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Gain or loss on a debt financial asset at fair value through other comprehensive income is recognized by the Bank through other comprehensive income, with the exception of gains and losses on impairment, gains and losses on foreign currency operations, interest income until the moment of derecognition or reclassification of a financial asset.

The Bank complies with the requirements for impairment of financial assets that are designated at fair value through other comprehensive income.

The Bank recognizes in profit or loss – the gain or loss from impairment, the amount of the expected credit losses (or reversal), by providing a loss allowance, which is recognized through other comprehensive income and does not decrease the carrying amount of the financial asset in the statement of financial position.

Equity instruments

The Bank may make an irrevocable election at initial recognition for particular investments that are not held for trading, in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value through other comprehensive income. This measurement is performed for each asset (for each instrument). Equity instruments are not subject to review for impairment.

Financial assets at fair value through profit or loss

The Bank measures the financial assets at fair value through profit or loss, if they are not held within a business model, whose objective is to collect the contractual cash flows or within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments. This category is also applied to instruments that do not meet the definition of principal and interest. Gains and losses on financial assets at fair value through profit or loss are recognized by the Bank in profit or loss.

Reclassification of financial instruments

The Bank reclassifies all affected financial assets only when it changes its business model for financial asset management. The Bank does not reclassify financial liabilities. The Bank reclassifies financial assets prospectively. The Bank does not restate any gains or losses recognized previously (including gain and loss on impairment losses) or interest.

Modification of contractual cash flows of a financial asset

Modification of a contractual cash flow of a financial asset occurs when the contractual cash flows of a financial asset are renegotiated or otherwise altered and those amendments have not been contracted at the initial recognition of the financial asset. When determining the existence of a modification of a financial asset, the factors for its occurrence are analyzed, as well as the accounting reflection of the effect of modification. When the contractual cash flows of a financial asset are renegotiated or modified and the renegotiation or modification does not result in the write-off of that financial asset in accordance with the policy of the Bank, the entity recalculates the gross carrying amount of the financial asset and recognizes profit or loss from modifying the gain or loss.

Derecognition of financial instruments

The Bank derecognizes a financial asset when the contractual rights for the cash flows for this financial asset have expired; or the Bank transfers the financial asset and the transfer meets the derecognition requirements.

The Bank derecognizes a financial liability (or part of the financial liability) from its statement of financial position when it has been settled - i.e. when the obligation, indicated in the contract has been fulfilled, cancelled or has expired.

3.2.6. Investments in subsidiaries

Subsidiaries are all entities under the Bank’s control. Control is present, if the Bank is exposed or entitled to the variable return on investment in the enterprise, and is able to influence this return on the investment through its power over the enterprise, invested in.

In the separate financial statements of the Bank, the shares and interests in the subsidiaries are initially recognized at cost.

Subsequently, the Bank performs reviews periodically to determine whether there are indications for impairment. Impairment is recognized in the statement of comprehensive income as impairment losses of investments in subsidiaries.

Dividends in subsidiaries are recognized and reported in the statement of comprehensive income, when the right of the Bank for receiving dividend is established according to IFRS 9.

3.2.7. Receivables and liabilities under repurchase agreements

Receivables and liabilities under repurchase agreements are recognized as financial assets and liabilities at amount, which is equal to the fair value of the funds placed/obtained by the Bank, secured by the value of the securities. Interest due on the fair value of the funds placed/obtained for the term of the agreement is accounted and recognized as interest income/expense in the period of its occurrence.

Securities pledged as collateral on repurchase agreements are not derecognized in the separate statement of financial position of the Bank in cases when the risks and rewards of ownership are not transferred.

Securities received as collateral under repurchase agreements are not recorded in the statement of financial position of the Bank in cases when the risks and rewards of ownership are not transferred.

3.2.8. Cash and cash equivalents

Cash and cash equivalents, for the purpose of the cash flows statement preparation, include cash, balances with the Central Bank (BNB) and nostro accounts, which are unrestricted demand deposits at other banks, as well as placements with, loans and advances to other banks with a maturity up to 3 months.

3.2.9. Fair value of financial assets and liabilities

IFRS 7 "Financial Instruments: Disclosure" provides for the disclosure in the notes to the financial statements of information about the fair value of the financial assets and liabilities. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date. Fair value under IFRS 13 is an exit price, regardless of whether that price is directly observable or estimated using another valuation technique.

It is the policy of the Bank to disclose fair value information on those assets and liabilities, for which published market information is readily available and whose fair value significantly differs from their carrying amounts. The fair value of cash and cash equivalents, deposits and loans, granted by the Bank, other receivables, deposits, borrowings and other current liabilities approximates their carrying amount, in case they mature in a short period of time. In the opinion of the management, under these circumstances, the reported recoverable amounts of the financial assets and liabilities are the most reliable for the purposes of the separate financial statements.

For the assets and liabilities recognized at fair value in the statement of financial position the Bank discloses for each class financial instruments the hierarchy level of fair value to which the measurements of fair value are categorized in their full scope, each significant transfer between level 1 and 2 of the fair value hierarchy and the respective reasons, as well as reconciliation of opening and closing balances for the level 3 measurements.

Fair value hierarchy

The Bank uses the following hierarchy to measure and disclose the fair value of financial instruments through evaluation technique:

- Level 1: quoted (unadjusted) prices of active markets for identical assets or liabilities;
- Level 2: other techniques for which the whole incoming information that has material effect on the reported fair value is subject to direct or indirect monitoring;
- Level 3: techniques, which use incoming information that has material effect on the reported fair value and are not based on monitored market data.

Fair value of financial assets and liabilities that are traded on active markets is based on quoted prices of stock or dealer markets. For all other instruments the Bank determines their fair value using other valuation techniques.

Other valuation techniques include models based on the present value and discounted cash flows, comparison to other similar instruments for which observable market prices exist, options valuation models and other valuation models. Assumptions and input data used in valuation techniques include risk-free and reference interest rates, credit spreads and other premiums used in determining discount rates, debt and equity securities prices, exchange rates and prices of equity indices and expected fluctuations and price correlations.

The purpose of valuation techniques is to determine the fair value that reflects the price that would have been obtained when an asset was sold or paid when a liability was transferred in a normal transaction between market participants at the valuation date.

There is an analysis in note 34 of the assets measured at fair value as of December 31, 2021 and 2020 using fair value hierarchy by which the measurement of fair values is categorised. The values are based on the amounts recognised in the statement of financial position.

3.2.10. Set-off

The financial assets and liabilities are set-off, and the net value is presented in the statement of financial position when the Bank is entitled by law to net the recognized values, and the transactions are intended to be settled on a net basis.

3.2.11. Retirement and short-term employee benefits

The Bank recognizes short-term payables on compensated leaves arising from unused paid annual leave in cases where they are expected to be used within 12 months of the date of the reporting period in which the employees worked for these leaves. Short-term payables to employees include wages and social security contributions.

According to the requirements of the Labour Code upon termination of the employment, after the employee has acquired the right to a retirement pension, the Bank is obliged to pay him compensation up to six gross salaries. The Bank has accrued a legal obligation to pay benefits to employees upon retirement in accordance with the requirements of IAS 19 Employee Benefits, assessed once a year at the date of preparation of the financial statements with the help of a licensed actuary in order to assess future payables for pensions due. The Bank has decided to report in the financial statements the calculated effect for a 10-year period.

The period after the 10-th year is very remote in time, therefore there is considerable uncertainty about the realization of assumptions about future events and circumstances, which gives rise to insufficient reliability of the effect determined for this period. The financial assumptions used by the Bank are applied in forecasting the development of cash flows over time and affect the amount of the future liability and the determination of its present value by setting interest rates for discounting and increasing benefits. The evaluation also uses demographic assumptions about probability of withdrawal and mortality.

Actuarial gains or losses are recognized in other comprehensive income and are not subsequently reclassified to profit or loss.

Net interest expense related to pension liabilities is included in the statement of profit or loss and comprehensive income under “Interest expense”. Expenses for work length are included in “Employee benefits”.

Short-term employee benefits, including payable leaves, are included in current liabilities under “Other payables” at an undiscounted value that the Bank expects to pay.

3.2.12. Provisions for liabilities

The amount of provisions for liabilities is recognized as an expense and a liability when the Bank has current legal or constructive obligations, which have occurred as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle that obligation and a reasonable estimate of the amount of the liability can be made. Any loss resulting from recognition of provisions for liabilities is reported in profit or loss for the respective period.

3.2.13. Derivatives

Derivatives are stated at fair value and recognized in the statement of financial position as derivatives for trading. The fair value of derivatives is based on the market price or relevant valuation models. Derivative assets are presented as part of the financial assets held for trading, while the derivative liabilities are presented as part of other liabilities. Any change in the fair value of derivatives for trade is recognized as a part of the net trading income in profit or loss for the period. The Bank does not apply hedge accounting under IFRS 9 or IFRS 39.

3.2.14. Property, plant and equipment and intangible assets, right-of-use assets

Property, plant and equipment and intangible assets are identifiable non-monetary assets acquired and possessed by the Bank and held for use in the production and/or rendering of services, for renting, administrative and other purposes. They are stated at acquisition cost, less charged depreciation and amortization and accumulated impairment losses.

Depreciation of property, plant and equipment and amortization of intangible assets are calculated by using the straight-line method designed to write off the assets value over their estimated useful life. The annual depreciation and amortization rates are as follows:

Buildings	4%	25 years
Fixtures and fittings	15%	7 years
Motor vehicles	15%	7 years
Other assets, incl. Intangible assets	15%	7 years
Special equipment, cable networks and security systems	4%	25 years
Equipment, including hardware and software	20%	5 years
Right-of-use assets		according to the legal term of use but no less than 12 months

Land, assets for resale, assets under construction, assets to be disposed and fully depreciated assets to their residual value are not subject to depreciation.

The Bank does not have intangible assets with unlimited useful life.

As of the date of preparation of the annual separate financial statements the Bank's management has performed a review for impairment of property, plant and equipment and intangible assets. No evidence of impairment of property, plant and equipment and intangible assets has been identified; therefore, they have not been impaired.

3.2.15. Lease contracts

The Bank as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise.
- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a part of “Other liabilities” in the separate statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Bank remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used.
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is premeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Bank did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Bank incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Bank expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as part of non-current assets in the separate statement of financial position.

The Bank applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the ‘Property, Plant and Equipment and Intangible assets’ policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line ‘Other expenses' in profit or loss (see note 26).

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Bank has used this practical expedient.

The Bank as a lessor

The Bank enters into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the Bank is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When a contract includes both lease and non-lease components, the Company applies IFRS 15 to allocate the consideration under the contract to each component.

3.2.16. Assets acquired as collateral

Real estate and movable property acquired by the Bank as a mortgage creditor on granted and not serviced loans is classified as assets acquired from collateral and are stated initially at cost. The acquisition cost of assets acquired from collateral is the amount of all direct costs of acquiring the assets and other costs incurred in bringing them to their present location and condition.

After initial recognition, these assets are reported at the lower of their current carrying amount or net realizable value. The amount of any impairment of these assets to their net realizable value is recognized as an expense for the impairment period. No depreciation is accrued for these assets.

3.2.17. Investment property

Investment property is property (land and buildings) acquired and held by the Bank to earn rentals or for capital appreciation or both rather than for own use. The Bank transfers a property to or from investment properties only if there is a change in the use. A change in the use of a property occurs when the property meets or stops meeting the definition for investment property and there is factual evidence for the change of use.

An investment property is measured initially at its cost. Transaction costs are included in the initial measurement. As accounting policy the Bank chose the cost model in IAS 16 for subsequent measurement of such properties.

Investment properties are measured at acquisition cost, less charged depreciation and accumulated losses from impairment. Depreciation of buildings, reported as investment properties, are calculated by using the straight-line method. Their annual depreciation rate is 4% (25 years). Land plots are not depreciated.

3.2.18. Income tax

Corporate income tax is calculated on the basis of profit for the period and includes current and deferred taxes. Taxes due are calculated in accordance with the Bulgarian tax legislation.

Current income tax is calculated on the basis of the taxable profit by adjusting the statutory financial result for certain income and expenditure items, not approved for tax purposes, as required under Bulgarian accounting legislation, applicable for banks.

Deferred income taxes are calculated using the balance sheet liability method. Deferred income taxes represent the net tax effect of all temporary differences between the tax basis of assets and liabilities and their carrying amount for financial reporting purposes. Deferred tax assets and liabilities are calculated at the tax rates, which are expected to apply to taxable profit for the period, when the temporary differences are expected to be recovered or settled. The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the Bank expects, at the date of the statement of financial position to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are recognized regardless when the temporary difference is likely to reverse.

Any tax effect, related to transactions or other events, recognized in the statement of profit or loss and other comprehensive income, is also recognized in the statement of profit or loss and other comprehensive income and tax effect, related to transactions and events, recognized directly in equity, is also recognized directly in equity.

A deferred tax liability is recognized for all taxable temporary differences, unless it arises from the initial recognition of an asset or liability in a transaction, which at the time of the transaction affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognized for all deductible temporary differences to the extent that taxable profit is probable, against which the deductible temporary difference can be utilized, unless the deferred asset arises from the initial recognition of an asset or liability in a transaction, which at the time of the transaction affects neither accounting profit nor taxable profit (tax loss).

3.2.19. Operating segments

The Bank does not disclose information by operating segments, because it does not prepare such information. Business activities, which constitute its bank activities, possess similar economic characteristics, lack material difference in the essence of products offered and the regulatory environment where they take place. The operating result from the activities is reviewed and evaluated by the Bank's Management on a regular basis. The Bank does not identify separate segments meeting the requirements set out in IFRS 8 "Operating segments".

3.3. ACCOUNTING ESTIMATES, ASSUMPTIONS AND KEY AREAS OF UNCERTAINTY

The presentation of financial statements requires Bank's management to apply certain accounting estimates and reasonable assumptions that affect some of the carrying amounts of assets and liabilities, revenues and expenses for the reporting period and disclosures of contingent assets and liabilities. Although these estimates and assumptions are based on the best estimate as of the date of the preparation of the separate financial statements, they may differ from the future actual results.

The most significant areas of uncertainty, which require estimates and assumptions in applying the accounting policies of the Bank, are as follows:

• Fair value of financial instruments;
• Expected credit losses measurement;
• Useful life of the depreciable assets;
• Revenue from contracts with customers;
• Lease contracts.

Fair value of financial instruments
When the fair value of financial assets in the statement of financial position cannot be determined on the basis of an active market, it is determined using different valuation methods (pricing models) that include mathematical models. Information on the fair values of the financial statements is presented in the note 34.

Debt instruments measured at amortised cost
Management's analysis and intentions are confirmed by the business model of holding debt instruments that meet the requirements for receiving principal and interest payments only and holding the assets until the collection of contractual cash flows from assets classified as debt instruments measured at amortised cost. This decision takes into account the current liquidity and risk tendency of the Bank. Further information on sources of uncertainty is provided in note 3.2.5.

Expected credit losses measurement
The recoverability of the loans and the adequacy of the recognized impairment losses, as well as the maintaining of the Bank's liquidity ratios depend on the financial position of the borrowers and their ability to settle their obligations at contracted maturity in subsequent reporting periods. Bank's management applies the necessary procedures to manage these risks, as disclosed in note 33.

Revenue from contracts with customers
The Bank is bound by numerous contracts for the maintenance and servicing of bank accounts. The remuneration for the services provided is determined according to the Bank's tariff. All services provided are recognised over time. For this reason, management assesses when to recognise revenue from the contract for maintenance and servicing of bank accounts and payment transactions. Further information on sources of uncertainty is provided in note 3.2.2.

Term of the lease contracts
When determining the term of the lease contracts, the management shall consider all relevant facts and circumstances that create an economic incentive to exercise an option to extend a lease, or not to exercise an option to terminate a lease. Options for extending (or the periods after the options for termination) are included in the contract term only if it is certain that the lease contract will be extended (or not terminated). Most options for contract extending leases for offices are included in lease liabilities since the Bank relies on long-term relationship with its tenants.

The term of the lease is reassessed if the option is being exercised (or not) or the Bank is required to exercise it (or not). The assessment of the reasonable assurance is reassessed upon the occurrence of either a significant event or a significant change in circumstances, which affects this assessment and is under the control of the lessee.

Determination of the appropriate discount rate for the valuation of lease liabilities
Where the Bank cannot easily determine the interest rate included in the lease, it uses its incremental borrowing rate (IBR) to determine the value of lease liabilities. IBR is the interest rate which the Bank would have to pay in order to borrow a loan for such a period and with a similar guarantee in order to obtain the funds necessary for the acquisition of an asset of similar value and characteristics of the right-of-use asset in such an economic environment. The IBR therefore reflects what the Bank 'should pay', which requires an assessment where observable interest rates are not available (e.g. for subsidiaries that do not enter into financing transactions) or where they need to be adjusted to reflect the lease terms and conditions. The Bank evaluates the IBR using available data (such as market interest rates) when available and it is required to make certain Bank specific assessments.

Recognition of deferred taxes in respect of assets and liabilities arising from leases
Where assets and liabilities arise as a result of a lease which result in the initial recognition of a taxable temporary difference relating to the right-of-use asset and an equal in value deductible temporary difference under the lease liability, this results in a net temporary difference of zero. Consequently, the Bank does not recognise deferred taxes in relation to those lease transactions to the extent that within the useful life of the asset and the maturity of the liability, the net tax effects will be zero. However, deferred tax will be recognised when temporary differences arise in subsequent periods provided that the general conditions for the recognition of tax assets and liabilities under IAS 12 are met.

3.4. CAPITAL MANAGEMENT

The Bank defines its risk-bearing capacity as the amount of financial resources that are available for absorbing losses, which may be incurred due to the risk profile of the Bank. Financial resources are classified into Tiers of risk capital according to their ability to cover losses, ability to defer payments, and permanence.

The Bank monitors the allocation of financial resources to risk capital levels through Asset and Liability Management Committee. The Bank's capital management policy is regularly reviewed by the Bank's Management Board.

The Bank calculates, monitors and reports its risk capital for all major risk categories – credit, market and operational risk. In managing its risk capital, the Bank follows the legal framework, as well as its own objectives. For 2021 and 2020, the Bank is in compliance with the regulatory requirements for minimum capital adequacy, as the bank's capital adequacy levels exceed the regulatory requirements. The Bank annually publishes on its site Annual disclosure on consolidated base related to the requirements of art. 70 of Credit Institutions Act and Regulation (EU) No 575, Part eight – Disclosure by Institutions, in which the Bank describes its risk-weighted assets, capital requirements and capital buffers.

Effective as of 28.06.2021 the reporting requirements for credit institutions are regulated in Implementing Regulation (EU) 2021/451 which replaces Implementing Regulation (EU) No 680/2014. The Bank complies with the requirements of Implementing Regulation (EU) 2021/451 when preparing the supervisory reporting on capital adequacy requirements.

Regulation (EU) No 575/2013 of the European Parliament and of the Council of June 26, 2013 and Regulation (EU) 2019/876 of the European Parliament and of the Council of May 20, 2019 amending Regulation (EU) N° 575/2013 on prudential requirements for credit institutions and investment firms regulate the capital adequacy requirements of banks.

The Bank's equity for regulatory purposes consists of the following elements:

• Tier 1 capital (the total amount is classified as common equity Tier 1 capital), which consists of issued capital, premium reserves and total reserves reduced by the following deductions – goodwill, intangible assets and other regulatory adjustments related to items that are included in the Bank's accounting capital or assets but are treated differently to regulate capital adequacy.
• Tier 2 capital: convertible debt instrument.

The Bank calculates the total capital adequacy ratio as a percentage of own (regulatory) capital and risk-weighted assets for credit, market and operational risk.

In determining the capital requirements for credit risk the bank applies the revised ratio for supporting Small and Medium-sized enterprises (SMEs) and adjusts the amount of risk weighted exposures to SMEs according to art. 501 of the Regulation.

According to art. 500a of the Regulation, by derogation of art. 114, paragraph 2, until December 31, 2022 risk weight of 0% is applied for exposures to central governments and central banks of member states when these exposures are denominated and funded in local currency of another member state.

Regulation (EU) No 575/2013 of the European Parliament and of the Council establishes, together with Directive 2013/36/EU of the European Parliament and of the Council, the prudential regulatory framework for credit institutions and investment firms operating in the Union. The severe economic shock caused by the Covid-19 pandemic and extraordinary anti-epidemic measures have major implications for the economy. Public authorities at Union and Member State level have taken decisive action to help households and solvent companies withstand the temporary slowdown in economic activity. Given that credit institutions will have key role in the recovery process, but at the same time they will most likely also be affected by the bad economic situation. The European Central Bank and EBA have provided more clarity on the application of the flexibility set out in Regulation (EU) No 575/2013 by issuing interpretations and guidelines for the implementation of the prudential framework in the context of Covid-19.

The National Banking Regulator – Bulgarian National Bank, has issued a ban on the distribution of dividends by banks in Bulgaria in relation to the potential future effects of Covid-19 pandemic.

The Bank maintains regulatory equity for capital adequacy purposes in the form of Tier 1 capital consisting of Common Equity Tier 1 capital and Tier 2 capital.

The minimum regulatory capital requirements for banks are as follows:
• capital adequacy ratio of 8 %.;
• tier 1 capital ratio of 6 %.

Central Cooperative Bank AD has been designated as other systemically important institution (O-SII), therefore pursuant to Art. 11, para. 1 and 2 of Ordinance No 8 and taking into account the change in the systemic importance of each of the banks for the period from June 2020 to June 2021 BNB determined a buffer level for Central Cooperative Bank AD on separate and consolidated base of 0.50% applicable to the total amount of risk exposures. In 2021 the national regulator has not changed the buffer for other systemically important institutions (O-SII buffer).

4. CASH AND BALANCES WITH THE CENTRAL BANK

	As of 31.12.2021	As of 31.12.2020
Cash in hand:		
In BGN	**268,278**	**220,641**
In foreign currency	**103,778**	**110,619**
Cash in transit:		
In BGN	**34**	**248**
In foreign currency	**6**	**144**
Cash in Central Bank:		
Current account in BGN	**1,530,252**	**1,539,753**
Current account in foreign currency	**15,951**	**4,733**
Reserve guarantee fund RINGS	**9,566**	**5,308**
TOTAL CASH AND BALANCES WITH THE CENTRAL BANK	1,927,865	1,881,446

The current account with BNB is used for direct participation in the government securities and mon-ey market, as well as for the purposes of interbank settlement in the country.

Commercial banks in Bulgaria are required to maintain minimum required reserves at BNB.

The minimum obligatory reserve, periodically set by BNB, is interest-free and is calculated as a per-centage ratio based on the attracted funds in BGN and foreign currency. These reserves are regulat-ed on a monthly basis as any deficit incurs interest penalties. No restrictions are imposed by the Central Bank for using the minimum reserves, as daily fluctuations within the one-month regulation period are allowed.

In compliance with the Ordinances of the Central Bank, the Bank allocates reserve guarantee fund to ensure the settlement of payments by means of the Real Time Gross Settlement system RINGS.

5. PLACEMENTS WITH AND ADVANCES TO BANKS

	As of 31.12.2021	As of 31.12.2020
Term deposits with local banks		
In foreign currency	**55,590**	**73,325**
Term deposits with foreign banks in foreign currency	**6,216**	**58,689**
Nostro accounts with local banks		

In BGN	152	157
In foreign currency	2,016	5,594
Nostro accounts with foreign banks in foreign currency	106,350	44,611
Adjustment for expected credit losses	(24)	(26)
TOTAL PLACEMENTS WITH, AND ADVANCES TO BANKS	170,300	182,350

6. RECEIVABLES UNDER REPURCHASE AGREEMENTS

	As of 31.12.2021	As of 31.12.2020
Corporate securities pledged as collateral	309,890	289,579
Bulgarian government securities pledged as collateral	48,338	71,338
Adjustment for expected credit losses	(1,246)	(1,245)
TOTAL RECEIVABLES UNDER REPURCHASE AGREEMENTS	**356,982**	**359,672**

The collateral coverage ratio for repurchase agreements which are secured by pledge of Bulgarian government securities is minimum 100%. The collateral coverage ratio for repurchase agreements which are secured by pledge of corporate securities is minimum 120%. The maturity date of these agreements is between January and June 2022 (2020: between January and June 2021).

The Bank has not identified significant changes in collaterals on receivables under repurchase agreements influenced by fluctuations in market prices of instruments as a result of Covid-19 pandemic.

7. FINANCIAL ASSETS AT FAIR VALUE IN PROFIT OR LOSS

Financial assets at fair value in profit or loss are as follows:

	As of 31.12.2021	As of 31.12.2020
Bulgarian corporate securities	231,312	213,975
Foreign corporate securities	65,834	57,935
Long-term Bulgarian government securities	2,838	-
Medium-term Bulgarian government securities	1,991	-
Derivatives, held for trading	70	4,788
TOTAL FINANCIAL ASSETS AT FAIR VALUE IN PROFIT OR LOST	**302,045**	**276,698**

Bulgarian corporate securities

As of December 31, 2021, financial assets measured at fair value in profit or loss consist of corporate securities of non-financial and financial institutions. Bulgarian corporate securities consist of shares in the capital of companies amounting to BGN 88,579 thousand and units in contractual funds amounting to BGN 142,733 thousand.

As of December 31, 2020, financial assets measured at fair value in profit or loss consist of corporate securities of non-financial and financial institutions. Bulgarian corporate securities consist of shares in the capital of companies amounting to BGN 75,582 thousand and units in contractual funds amounting to BGN 138,393 thousand.

Foreign corporate securities

As of December 31, 2021 foreign corporate securities consist of shares in the capital of credit institutions amounting to BGN 32,637 thousand, shares in the capital of a non-financial corporation amounting to BGN 18,416 thousand, units in contractual funds amounting to BGN 4,834 thousand and a bond in a credit institution amounting to BGN 9,947 thousand.

As of December 31, 2020 foreign corporate securities consist of shares in the capital of credit institutions amounting to BGN 30,436 thousand, shares in the capital of a non-financial corporation amounting to BGN 12,844 thousand, units in contractual funds amounting to BGN 4,708 thousand and a bond in a credit institution amounting to BGN 9,947 thousand.

Derivatives held for trading

As of December 31, 2021 and 2020 derivatives, held for trading, at the amount of BGN 70 thousand and BGN 4,788 thousand respectively, are carried at fair value and include sale-purchase transactions of foreign currency, forward agreements, currency swaps on the open market and options.

The Covid-19 effects of market risk on the financial instruments measured at fair value through profit or loss are disclosed in note 33.3.

8. LOANS AND ADVANCES TO CUSTOMERS

(a) Analysis by type of clients

	As of 31.12.2021	As of 31.12.2020
Individuals:		
In BGN	**1,135,195**	**933,845**
In foreign currency	**52,337**	**50,771**
Enterprises:		
In BGN	**1,184,772**	**994,189**
In foreign currency	**552,934**	**611,514**

	2,925,238	**2,590,319**
Allowance for impairment and uncollectibility	**(36,779)**	**(33,473)**
TOTAL LOANS AND ADVANCES TO CUSTOMERS	**2,888,459**	**2,556,846**

Loans and advances to customers as of December 31, 2021 include deposits with international financial institutions on margin transactions with derivatives amounting to BGN 1,556 thousand (2020: BGN 1,556 thousand) including result of transactions.

The effect of sale of loans and receivables is disclosed in note 25

(b) Interest rates

Loans denominated in BGN and foreign currency carry interest at floating rates. Under the terms of these loans, the interest rate is calculated as the Bank base interest rate or interest index for loans in foreign currency - EURIBOR, LIBOR, plus a margin. The interest rate margin on performing (regular) loans varies from 2% to 5% based on the credit risk associated with the borrower, and an additional margin on the agreed interest rate is charged as penalty on overdue loans.

The Covid-19 effects of credit risk on loans and advances to customers are disclosed in note 33.1.

9. OTHER ASSETS

	As of 31.12.2021	As of 31.12.2020
Foreclosed assets	**32,195**	**31,363**
Deferred expenses	**3,882**	**3,440**
Deferred tax assets	**480**	**406**
Current tax assets	**264**	**6**
Other assets	**8,959**	**7,708**
TOTAL OTHER ASSETS	**45,780**	**42,923**

Deferred expenses represent prepaid amounts for advertising, rent, insurance, etc.

The Bank has performed its annual analysis for the presence of indications for impairment up to the net realizable value of the assets acquired from collateral. The conclusion from the performed procedures is that no facts and circumstances have been identified, which would indicate that the net realizable value of the assets acquired from collateral is lower than their book value.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at fair value through other comprehensive income consist of equity and debt securities, including the amount of accrued interest and discount/premium, based on their original maturity, as follows:

	As of 31.12.2021	As of 31.12.2020
Bulgarian corporate securities	396,569	194,382
Long-term Bulgarian government bonds	262,023	297,591
Foreign government bonds	141,516	164,427
Medium-term Bulgarian government bonds	27,049	28,592
Foreign corporate securities	16,475	16,225
Equity investments in non-financial institutions	14,151	13,517
Equity investments in financial institutions	3	3
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	**857,786**	**714,737**

As of December 31, 2021 for financial assets measured at fair value through other comprehensive income were allocated expected credit losses in the amount of BGN 4,643 thousand (2020: BGN 2,734 thousand), which is recognized in equity and has not decreased the carrying amount of assets.

Bulgarian securities pledged as a collateral

As of December 31, 2021 government bonds issued by the Bulgarian government amounting to BGN 153,546 thousand (2020: BGN 116,743 thousand) are pledged as collateral for servicing of budget accounts based on Art. 152 of the Public Finance Act.

Equity investments in financial institutions

As of December 31, 2021 and 2020 equity investments in financial institutions comprise shares in a commercial bank.

Equity investments in non-financial institutions

As of December 31, 2021 equity investments in non-financial institutions at the amount of BGN 14,151 thousand (2020: BGN 13,517 thousand) comprise shares in commercial companies.

Bulgarian corporate securities

As of December 31, 2021 the Bulgarian corporate securities at the amount of BGN 396,569 thousand (2020: BGN 194,382 thousand) represent bonds of Bulgarian corporate issuers. None of these investments is in a subsidiary or in an associated company.

Foreign government bonds

As of December 31, 2021 foreign government bonds at the amount of BGN 131,713 thousand (2020: BGN 164,427 thousand) represent mainly government bonds of EU member states.

Foreign corporate securities

As of December 31, 2021 and 2020 foreign corporate securities represent bonds in foreign commercial companies.
The Covid-19 effects of market risk on financial assets measured at fair value through other comprehensive income are disclosed in note 33.3.

11. DEBT INSTRUMENTS AT AMORTIZED COST

Debt instruments at amortised cost represent Bulgarian government bonds, foreign government bonds, mainly from EU member states, Bulgarian corporate securities and foreign corporate securities, including the amount of accrued interest and discount/premium, based on their original maturity, as follows:

	As of 31.12.2021	As of 31.12.2020
Long-term Bulgarian government bonds	213,466	155,392
Foreign government bonds	171,889	135,605
Foreign corporate securities	27,509	12,743
Bulgarian corporate securities	7,963	7,964
Impairment loss	(159)	(629)
TOTAL FINANCIAL ASSETS AT AMORTISED COST	420,668	311,075

Bulgarian securities pledged as collateral

As of December 31, 2020 government bonds issued by the Bulgarian government amounting to BGN 148,013 thousand (2019: BGN 107,654 thousand) are pledged as collateral for servicing budget accounts based on Art. 152 of the Public Finance Act.

12. INVESTMENTS IN SUBSIDIARIES

12.1. INVESTMENT IN SUBSIDIARY CENTRAL COOPERATIVE BANK AD, SKOPJE, REPUBLIC OF MACEDONIA

As of December 31, 2020 Central Cooperative Bank AD Sofia owns 483,121 ordinary shares in the equity of Central Cooperative Bank AD Skopje (2019: 483,121 shares), which represent 87.35% of the share capital of the subsidiary. As of December 31, 2020 the Bank's investment in the subsidiary amounts to BGN 46,216 thousand (2019: BGN 46,216 thousand).

12.2. INVESTMENT IN SUBSIDIARY MANAGEMENT COMPANY CCB ASSETS MANAGEMENT EAD, SOFIA, BULGARIA

As of December 31, 2020 the Bank owns 500,000 ordinary shares of Management Company CCB Assets Management EAD, which represents 100% of the share capital of the subsidiary. As of December 31, 2020 the Bank's investment in the subsidiary amounts to BGN 3,200 thousand (2019: BGN 3,200 thousand).

Subsidiary	Incorporated in	Principal activities	31.12.2021 BGN'000	Share holding %	31.12.2020 BGN'000	Share holding %
Central Cooperative Bank AD, Skopje	Republic of Macedonia	Banking activity	46,216	87.35%	46,216	87.35%
Management Company CCB Assets Management EAD	Bulgaria	Financial sector	3,200	100.00%	3,200	100.00%
			49,416		49,416	

13. NON-CURRENT ASSETS AND RIGHT-OF-USE ASSETS

13.1. NON-CURRENT ASSETS

	Land and buildings	Equipment	Motor vehicles	Fixtures and fittings	Assets under construction	Other fixed assets	Total
January 1, 2020	82,921	40,219	11,073	27,681	4,140	28,079	194,113
Additions	-	671	-	397	3,168	114	4,350
Transfers	-	241	582	185	(1,363)	355	-
Disposals	-	(991)	(268)	(181)	(202)	-	(1,642)
December 31, 2020	82,921	40,140	11,387	28,082	5,743	28,548	196,821
Additions	-	146	-	455	6,129	169	6,899
Transfers	-	1,078	980	251	(4,286)	1,977	-
Disposals	-	(255)	(111)	(523)	(477)	(6)	(1,372)
December 31, 2021	82,921	41,109	12,256	28,265	7,109	30,688	202,348

Depreciation							
January 1, 2020	**13,044**	**33,051**	**6,321**	**23,726**	**-**	**26,383**	**102,525**
Net charge for the period	**2,919**	**2,855**	**1,241**	**1,312**	**-**	**720**	**9,047**
Depreciation on disposals	**-**	**(990)**	**(255)**	**(179)**	**-**	**-**	**(1,424)**
December 31, 2020	**15,963**	**34,916**	**7,307**	**24,859**	**-**	**27,103**	**110,148**
Net charge for the period	**2,919**	**1,752**	**1,298**	**1,326**	**-**	**532**	**7,827**
Depreciation on disposals	**-**	**(256)**	**(102)**	**(521)**	**-**	**(4)**	**(883)**
December 31, 2021	**18,882**	**36,412**	**8,503**	**25,664**	**-**	**27,631**	**117,092**
Net book value							
December 31, 2020	**66,958**	**5,224**	**4,080**	**3,223**	**5,743**	**1,445**	**86,673**
December 31, 2021	**64,039**	**4,697**	**3,753**	**2,601**	**7,109**	**3,057**	**85,256**

The assets under construction include construction works, performed by the Bank, concerning the reconstruction of the leased premises into bank offices, which repair works have not been finished as at the date of preparing the separate statement of financial position.

As of December 31, 2021 the Bank has no pledged non-current assets as collateral and no contractual commitments have been made for the acquisition of material non-current assets.

13.2. RIGHT-OF-USE ASSETS

Right-of-use assets recognized by the Bank in accordance with the application of IFRS 16 Lease, can be presented as follows:

	Land and buildings	**Motor vehicles**	**Total**
January 1, 2020	**65,584**	**1,789**	**67,373**
Additions	**12,207**	**1,039**	**13,246**
Disposals	**(9,082)**	**(666)**	**(9,748)**
December 31, 2020	**68,709**	**2,162**	**70,871**
Additions	**15,514**	**1,504**	**17,018**
Disposals	**(7,249)**	**(1,123)**	**(8,372)**
December 31, 2021	**76,974**	**2,543**	**79,517**
Depreciation			
January 1, 2020	**6,836**	**723**	**7,559**

Net charge for the period	**15,418**	**903**	**16,321**
Depreciation on disposals	**(7,673)**	**(666)**	**(8,339)**
December 31, 2020	**14,581**	**960**	**15,541**
Net charge for the period	**15,120**	**882**	**16,002**
Depreciation on disposals	**(6,230)**	**(1,123)**	**(7,353)**
December 31, 2021	**23,471**	**719**	**24,190**
Net book value			
December 31, 2020	**54,128**	**1,202**	**55,330**
December 31, 2021	**53,503**	**1,824**	**55,327**

14. INVESTMENT PROPERTY

	Land	Buildings	Total
January 1, 2020	**159**	**17,578**	**17,737**
December 31, 2020	**159**	**17,578**	**17,737**
December 31, 2021	**159**	**17,578**	**17,737**
Depreciation			
January 1, 2020	**-**	**2,625**	**2,625**
Charged for the period, net	**-**	**703**	**703**
December 31, 2020	**-**	**3,328**	**3,328**
Charged for the period, net	**-**	**703**	**703**
December 31, 2021	**-**	**4,031**	**4,031**
Net book value			
December 31, 2020	**159**	**14,250**	**14,409**
December 31, 2021	**159**	**13,547**	**13,706**

The investment property of the Bank as of December 31, 2021 and 2020 comprise land and commercial buildings, part of which have been rented for a period of 10 years. Income from rent of investment properties for the year ended December 31, 2021 amounts of BGN 176 thousand (2020: 176 thousand). During the reporting periods, the Bank did not incur any direct expenses arising from investment property. All direct expenses arising from investment property are covered by the lessees.

Fair value of investment property

Fair value of investment property as of December 31, 2021 amounts to BGN 18,251 thousand (2020: BGN 18,631 thousand) and is determined by licensed external appraisers with the appropriate professional qualification and experience in valuation of property in similar categories and location such as the ones of the Bank's investment properties.

The Bank has not identified significant changes in the fair value of investment properties as a result of Covid-19 pandemic.

15. DEPOSITS FROM BANKS

	As of 31.12.2021	As of 31.12.2020
On-demand deposits – local banks:		
- in BGN	21,119	24,196
- in foreign currency	17,564	7,688
Term deposits – local banks in BGN	-	22,000
On-demand deposits – foreign banks in foreign currency	11,175	9,204
On-demand deposits – foreign banks in BGN	48	70
Term deposits – foreign banks in foreign currency	489	489
Term deposits – local banks in foreign currency	2,445	2,445
TOTAL DEPOSITS FROM BANKS	**52,840**	**66,092**

16. AMOUNTS OWED TO OTHER DEPOSITORS

(a) Analysis by term and currency

	As of 31.12.2021	As of 31.12.2020
On-demand deposits		
In BGN	2,227,937	1,750,741
In foreign currency	191,173	208,667
	2,419,110	1,959,408
Term deposits		
In BGN	1,238,954	1,160,509
	1,217,944	1,075,246
	2,456,898	2,235,755
Savings accounts		
In BGN	1,204,527	1,140,463
In foreign currency	547,578	560,553
	1,752,105	1,701,016
Other deposits		
n BGN	11,145	12,644

In foreign currency	484	272
	11,629	**12,916**
TOTAL AMOUNTS OWED TO OTHER DEPOSITORS	**6,639,742**	**5,909,095**

(b) Analysis by customer and currency type

	As of 31.12.2021	As of 31.12.2020
Deposits of individuals		
In BGN	3,274,414	2,859,463
In foreign currency	1,772,948	1,622,061
	5,047,362	4,481,524
Deposits of enterprises		
In BGN	1,397,004	1,192,250
In foreign currency	183,747	222,405
	1,580,751	1,414,655
Deposits of other institutions		
In BGN	11,145	12,644
In foreign currency	484	272
	11,629	**12,916**
TOTAL AMOUNTS OWED TO OTHER DEPOSITORS	**6,639,742**	**5,909,095**

17. ISSUED BONDS

In December 2013 the Bank issued through public offering convertible bonds in the amount of EUR 36,000,000, distributed in 36,000 bonds with a nominal value of EUR 1,000. The bonds are subordinated, unsecured, interest bearing, freely transferable, dematerialised, convertible into ordinary shares of the Bank. Debenture loan is signed for a period of 7 years at 4.5% annual interest rate and the principal of the loan is paid off at initial maturity of the issue – 10.12.2020. Under the terms of issue, bond holders are not entitled to early collection of interest and principal on the bond loan, including in case of default of the issuer, except under certain conditions at the time of payment and subject to prior authorization by BNB. Amendments and supplements to the conditions of the bond issue can be made only with the prior written permission of BNB.

In December 2016 after the granted permission of BNB, changes were made to the terms of the debenture issue according to which: the maturity date is changed from 7 years after the issue date to 10 years after the issue date, the maturity date of the debenture issue after the change is 10.12.2023 and the interest due is changed from 4.5% to 3.6% effective from 11.12.2016.

On February 25, 2019, the increase in the Bank's capital through the issuance of new shares as a result of conversion of bonds was entered into the Commercial Register in the Bank's lot. The capital increase resulting from the conversion of bonds of BGN 45,002 thousand amounts to 13,975,679 ordinary voting shares, with a par value of BGN 1 each. Following the increase, the issued share capital of the Bank consists of 127,129,970 ordinary voting shares with a par value of BGN 1 each. All shares are entitled to receive dividend and liquidation share and represent one vote at the General Meeting of Shareholders of the Bank.

At the General Meeting of bondholders held on 12.08.2020, a decision was made to change the terms of the debenture loan as follows, which include changing the principal maturity date from 10.12.2023 to 10.12.2028, reduction of the interest rate from 3.60% to 2.75% per annum, as of 11.12.2020. Accordingly, new dates of interest payments have been set, as follows 10.12.2020, 10.12.2021, 10.12.2022, 10.12.2023, 10.12.2024, 10.12.2025, 10.12.2026; 10.12.2027, 10.12.2028.

In December 2020, another interest payment on the bond issue at the amount of EUR 468 thousand occurred, which was paid to the bondholders.

In December 2021, another interest payment on the bond issue at the amount of EUR 357 thousand occurred, which was paid to the bondholders.

The liability on bonds as of December 31, 2021 and December 31, 2020 is at the amount of BGN 25,450 thousand and BGN 25,451 thousand, respectively, including interest payables.

18. PROVISIONS

The provision for expected credit losses in accordance with IFRS 9 for off-balance sheet exposures - guarantees, letters of credit and credit commitments was determined by the Bank as of December 31, 2021, amounting to BGN 688 thousand (2020: BGN 978 thousand).

19. OTHER LIABILITIES

	As of 31.12.2021	As of 31.12.2020
Lease liabilities (note 32)	**43,946**	**42,336**
48,912	**43,946**	**578**
Deferred income	**3,275**	**3,574**
Liabilities for unused paid leave	**2,652**	**2,389**
Liabilities for retirement benefits	**1,634**	**1,413**
Deferred tax liabilities	**270**	**270**
Derivatives, held for trading	**118**	**86**
Other liabilities	**3,600**	**4,198**
TOTAL OTHER LIABILITIES	**60,461**	**55,876**

Liabilities for retirement benefits

As of December 31, 2021 and 2020 the Bank calculates the effect of future liabilities for retirement benefits and allocates and recognizes the relevant provision for the effect determined for a 10-year period. The periods after the 10th year are considerably remote in time, therefor considerable uncertainty exists regarding the realization of the assumptions of the future events and circumstances, giving rise to insufficient reliability of the effect determined for the relevant period. The financial assumptions used by the Bank are applied in forecasting the development of cash flows in time and are reflected in the amount of future liability and the calculation of its current value by determining the discount interest rates and income increase rates. When determining the liabilities for retirement benefits the Bank applies 1.93% discount rate and 0.70% annual increase in remuneration. In the process of determining the liabilities for retirement benefits, the Bank employs consultancy services, provided by a licensed actuary.

Changes in provisions for retirement benefits under the Labor Code during the year are presented as follows:

	As of 31.12.2021	As of 31.12.2020
Amount of the payable at the beginning of the period January 1	1,413	1,184
Interest expense	27	23
Expenses for current length of labor	111	96
Paid benefits	(71)	(80)
Actuarial losses	154	190
AMOUNT OF THE PAYABLE AT THE END OF THE PERIOD DECEMBER 31	1,634	1,413

Derivatives held for trading

As of December 31, 2021 derivatives held for trading at the amount of BGN 118 thousand (2020: BGN 86 thousand are presented at fair value and include sale and purchase transactions of foreign currency, forward contracts and foreign currency swaps on the open market.

20. EQUITY

20.1. ISSUED CAPITAL

As of December 31, 2021 and 2020 the issued, called-up and fully paid-in share capital of the Bank comprises of 127,129,970, respectively, ordinary voting shares with a nominal value of BGN 1 each. Each of the shares has dividend and liquidating dividend rights and represent one vote at the general meeting of the shareholders of the Bank.

The Bank's Parent company CCB Group EAD is a subsidiary of Chimimport AD, which is a public company and its shares are traded on the Bulgarian Stock Exchange AD.

Principal shareholders		2021		2020
	Share capital	Percentage	Share capital	Percentage
CCB Group EAD	77,610	61.05	77,610	61.05
Chimimport AD	10,475	8.24	10,475	8.24
ZAD Armeec AD	8,992	7.07	8,992	7.07
Universal Pension Fund Suglasie	8,872	6.98	8,872	6.98
Other	21,181	16.66	21,181	16.66
	127,130	**100**	**127,130**	**100**

20.2 RESERVES, INCLUDING RETAINED EARNINGS

As of December 31, 2021 reserves, including retained earnings, include undistributable portion of BGN 7,059 thousand (2020: BGN 7,059 thousand) and distributable portion of BGN 322,373 thousand (2020: BGN 301,909 thousand).

20.3. |REVALUATION RESERVE

The revaluation reserve as of December 31, 2021 is formed by revaluation of financial assets at fair value through other comprehensive income at the amount of BGN 12,466 thousand (2020: BGN 17,238 thousand) and negative revaluation of retirement benefit plans related to retirement obligations at the amount of BGN (664)) thousand (2020: BGN (510) thousand).

21. INTEREST INCOME/ INTEREST EXPENSE

	Year ended 31.12.2021	Year ended 31.12.2020
Interest income by source:		
Loans	95,675	103,284
Securities	22,066	18,926
Deposits in banks	344	954
TOTAL INTEREST INCOME	**118,085**	**123,164**

	Year ended 31.12.2021	Year ended 31.12.2020
Interest income by classification groups:		
Financial assets at amortised cost	101,608	109,471
Financial assets at fair value through other comprehensive income	16,281	13,477
Financial assets at fair value through profit or loss	196	216
TOTAL INTEREST INCOME	**118,085**	**123,164**

The decrease of interest income is due to the overall decrease of interest levels globally which the Bank should comply with.

	Year ended 31.12.2021	Year ended 31.12.2020
Interest expense by recipients:		
Negative interest on excess reserves at BNB	(5,375)	(4,527)
Deposits to customers	(2,520)	(4,291)
Negative interest on placements to banks and other assets	(2,044)	(1,932)
Interest on lease	(1,719)	(1,632)
Issued bonds	(698)	(902)
Deposits to banks	(329)	(235)
Other	(34)	(119)
TOTAL INTEREST EXPENSES	**(12,719)**	**(13,638)**

	Year ended 31.12.2021	Year ended 31.12.2020
Interest expense by classification groups:		
Negative interest on assets	(7,419)	(6,459)
Financial liabilities measured at amortised cost	(5,300)	(7,179)
TOTAL INTEREST EXPENSE	**(12,719)**	**(13,638)**

22. INCOME FROM/EXPENSES FOR FEES AND COMMISSIONS

	Year ended 31.12.2021	Year ended 31.12.2020
Bank transfers - domestic and international	28,410	25,050
Servicing of accounts	16,903	16,536
Fees related to loan exposures	6,166	4,194
Servicing of off-balance sheet commitments	828	913
Other income	14,391	12,277
TOTAL FEES AND COMMISSIONS INCOME	**66,698**	**58,970**

	Year ended 31.12.2021	Year ended 31.12.2020
Bank transfers - domestic and international	(11,756)	(9,276)
Clearing valuable consignments	(1,556)	(882)
Servicing of accounts	(1,168)	(1,081)
Securities transactions	(205)	(202)
Other expenses	(414)	(396)
TOTAL FEES AND COMMISSIONS EXPENSES	**(15,099)**	**(11,837)**

23. GAINS FROM DEALING WITH SECURITIES, NET

	Year ended 31.12.2021	Year ended 31.12.2020
Gain from revaluation with securities measured at fair value in profit or loss, net	9,288	3,792
Gain from dealing with securities measured at fair value through other comprehensive income, net	934	715
Gain from dealing with securities measured at fair value in profit or loss, net	313	3
(Loss)/gain from revaluation of securities held for trading, net	(1,455)	9,701
(Loss)/gain from dealing with securities held for trading, net	(965)	339
TOTAL GAIN FROM DEALING WITH SECIRITIES, NET	**8,115**	**14,550**

24. FOREIGN EXCHANGE RATE (LOSSES)/GAINS, NET

Net loss from foreign exchange rate differences are the result of:

	Year ended 31.12.2021	Year ended 31.12.2020
Loss from foreign currency transactions, net	(3,686)	(4,185)
Gain/(loss) on foreign currency revaluation, net	1,564	(7,595)
TOTAL FOREIGN EXCHANGE LOSS, NET	**(2,122)**	**(11,780)**

The result from currency transactions represents the net loss arising from purchase and sale of foreign currencies. Gain/(loss) from revaluation represents the gain/(loss) from revaluation of assets and liabilities denominated in foreign currency into Bulgarian levs.

25. OTHER OPERATING INCOME, NET

	Year ended 31.12.2021	Year ended 31.12.2020
Income from dividends	3,680	483
Income from cession contracts	104	255
Income from sale of property, plant and equipment	11	12
Income from/(expenses for) sale of collateral acquired assets	74	(77)
Other operating income	2,204	1,492
TOTAL OTHER OPERATING INCOME, NET	**6,073**	**2,165**

The income from cession contracts in 2021 originates from cash receivables from contracts transferred by the Bank through cession of financial assets at amortized cost - loans and receivables from customers. In 2021 income from cession contracts amounted to BGN 104 thousand (2020: BGN 255 thousand).

26. OPERATING EXPENSES

	Year ended 31.12.2021	Year ended 31.12.2020
Salaries and other personnel expenses	(47,665)	(46,504)
Administrative and marketing expenses	(37,004)	(31,528)
Depreciation/amortization	(24,532)	(26,071)

Other expenses	(22,806)	(26,605)
Materials and repair works	(2,663)	(2,746)
TOTAL OPERATING EXPENSES	**(134,670)**	**(133,454)**

The operating expenses include the amounts for performance of independent financial audit for 2021 and 2020 by registered auditors in the amount of BGN 1,512 thousand for 2021, including BGN 1,197 thousand for independent financial audit and BGN 315 thousand for other services, and BGN 1,047 thousand for 2020, including BGN 891 thousand for independent financial audit and BGN 154 thousand for other services.

27. NET IMPAIRMENT COSTS FOR UNCOLLECTIBILITY

Impairment costs for 2021 as per IFRS 9 are as follows:

2021	Phase 1	Phase 2	Phase 3	Total
Resources and advances to banks,	2	-	-	2
Receivables under repurchase agreements of securities	(1)	-	-	(1)
Granted loans and advances to customers	(588)	88	(3,674)	(4,174)
Financial assets reported at fair value in other comprehensive	(1,909)	-	-	(1,909)
Debt instruments measured at amortized cost	(432)	-	-	(432)
Total net impairment costs for uncollectibility	**(2,928)**	**88**	**(3,674)**	**(6,514)**

Impairment costs for 2020 as per IFRS 9 are as follows:

2020	Phase 1	Phase 2	Phase 3	Total
Resources and advances to banks,	10	-	-	10
Receivables under repurchase agreements of securities	(151)	-	-	(151)
Granted loans and advances to customers	(1,338)	(5)	(5,013)	(6,356)
Financial assets reported at fair value in other comprehensive	445	-	-	445
Debt instruments measured at amortized cost	470	-	-	470
Total net impairment costs for uncollectibility	**(564)**	**(5)**	**(5,013)**	**(5,582)**

28. TAXES

Tax expenses are presented as follows:

	Year ended 31.12.2021	Year ended 31.12.2020
Current tax expenses	**1,542**	**1,808**
Deferred taxes expenses, related to the origination or reversal of temporary differences	**(74)**	**(12)**
Tax effect from reclassification in other comprehensive income from debt instruments	**766**	**473**
Tax effect from reclassification in other comprehensive income from capital instruments	**(23)**	**1**
TOTAL INCOME TAX EXPENSES	**2,211**	**2,270**
Tax benefit recognized directly in other comprehensive income	**-**	**(474)**

Current tax expenses represent the amount of the tax due according to Bulgarian legislation and the applicable tax rates of 10% for 2021 and 2020. Deferred tax income and expenses result from the change in the carrying amount of deferred tax assets and liabilities. The deferred tax assets and liabilities as of December 31, 20210 and 2020 are calculated based on the tax rate of 10%, effective for 2022 and 2021.

Deferred tax assets are as follows:

	As of 31.12.2021	As of 31.12.2020
Deferred tax assets:		
Other liabilities (unused annual paid leaves)	**251**	**224**
Liabilities for retirement benefits	**97**	**90**
Leases	**126**	**80**
Property, plant and equipment and intangible assets	**6**	**12**
DEFERRED TAX ASSET	**480**	**406**

Deferred tax liabilities are as follows:

	As of 31.12.2021	As of 31.12.2020
Deferred tax liabilities:		
Merge of entities during 2010	**209**	**209**
Merger of a company in 2016	**61**	**61**
DEFERRED TAX LIABILITY	**270**	**270**

The relationship between tax expense in the statement of comprehensive income and the accounting profit is as follows:

	Year ended 31.12.2021	Year ended 31.12.2020
Profit before taxes	28,139	22,650
Taxes at applicable tax rates: 10% for 2021 and 10% for 2020	2,814	2,265
Tax effect on non-taxable income/non-taxable deductible expenses from transactions with shares on a regulated local exchange, dividends and other, net	(603)	5
TAX EXPENSES	2,211	2,270
EFFECTIVE TAX RATE	7.86%	10.02%

29. EARNINGS PER SHARE (IN BGN)

	Year ended 31.12.2021	Year ended 31.12.2020
Net profit after taxation in thousand BGN	25,928	20,380
Weighted average number of shares	127,129,970	127,129,970
EARNINGS PER SHARE (IN BGN)	0.20	0.16

The basic earnings per share is determined by dividing the net profit for the period, attributable to ordinary shareholders, by the weighted average number of ordinary shares outstanding during the years ended December 31, 2021 and 2020. The weighted average number of shares is calculated as the sum of the number of regular shares in circulation at the beginning of the period, adjusted by the number of redeemed or newly issued regular shares during the period multiplied by the average time factor. The average time factor is equal to the number of days the specific shares were in circulation to the total number of days during the period.

	Year ended 31.12.2021	Year ended 31.12.2020
Adjusted net profit after taxation (thousand BGN)	26,626	21,282
Weighted average number of shares	135,020,711	135,020,711
DILUTED EARNINGS PER SHARE (IN BGN)	0.20	0.16

	Year ended 31.12.2021	Year ended 31.12.2020
Weighted average number of shares used for earnings per share	**127,129,970**	**127,129,970**
Potential number of shares from issued convertible bonds	**7,890,741**	**7,890,741**
WEIGHTED AVERAGE NUMBER OF SHARES USED FOR DILUTED EARNINGS PER SHARE (BGN)	**135,020,711**	**135,020,711**

The adjusted net profit for the purpose of determining the diluted earnings per share is calculated through adjustment of the net profit for the period with the interest expenses on issued bond issue, disclosed in note 17.

	Year ended 31.12.2021	Year ended 31.12.2020
Net profit after taxation (thousand BGN)	**25,928**	**20,380**
Interest expenses on issued bond issue	**698**	**902**
ADJUSTED NET PROFIT AFTER TAXATION (BGN'000) USED FOR DILUTED EARNINGS PER SHARE (BGN)	**26,626**	**21,282**

30. CONTINGENT LIABILITIES

The total amount of contingent liabilities as of the year-end is as follows:

	As of 31.12.2021	As of 31.12.2020
Bank guarantees		
In BGN	**34,032**	**34,409**
In foreign currency	**12,544**	**14,335**
Impairment loss	**(10)**	**(20)**
TOTAL BANK GUARANTEES, NET	**46,566**	**48,724**
Irrevocable commitments	**233,154**	**242,878**
Impairment loss	**(678)**	**(958)**
TOTAL IRREVOCABLE COMMITMENTS, NET	**232,476**	**241,920**
TOTAL CONTINGENT LIABILITIES	**279,730**	**291,622**
TOTAL IMPAIRMENT LOSS	**(688)**	**(978)**
TOTAL CONTINGENT LIABILITIES, NET	**279,042**	**290,644**

As of December 31, 2021 and 2020 the Bank has signed contracts for granting loans to customers at the total amount of BGN 233,154 thousand and BGN 242,878 thousand, respectively. The future utilization of these amounts depends on the customers' ability to meet certain criteria, including no record of overdue payments on previously granted loans, provided collateral of suitable quality and liquidity, etc.

31. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS

	As of 31.12.2021	As of 31.12.2020
Cash	372,096	331,652
Balances with the Central Bank	1,555,769	1,549,794
Placements with, and advances to banks with residual maturity up to 3 months	167,366	179,416
TOTAL CASH AND CASH EQUIVALENTS AS OF DECEMBER 31	**2,095,231**	**2,060,862**

During the presented reporting periods, the Bank has carried out the following investment and financial transactions in which no cash or cash equivalents have been used and which are not reflected in the cash flow statement:

- The Bank acquired right-of-use assets at the amount of BGN 17,018 thousand (2020: BGN 13,246 thousand)

32. LEASING

32.1. LEASING AS A LESSEE

32.1.1. Lease payments recognized as liabilities

	As of 31.12.2021	As of 31.12.2020
Classified as:		
Non-current	38,418	34,528
Current	10,494	9,418
	43,946	42,336

The Bank rents numerous office premises in which it operates through banking offices. The Bank is also a party to leasing contracts for vehicles. Except for short-term leases and leases of low value assets, each lease is recognized in the statement of financial position as an asset with a right-of-use and a lease liability. Variable lease payments that are not index-dependent or variable percentages (for example, lease payments based on a percentage of the Bank's sales) are excluded from the initial measurement of the lease liability and asset. The Bank classifies its right-of-use assets in a consistent manner in its property, plant and equipment (Note 13.2).

Each lease usually imposes a restriction that the right-of-use assets can only be used by the Bank unless the Bank has a contractual right to lease the asset to a third party. Leases either cannot be cancelled or can only be cancelled upon payment of significant early termination penalties.

Some lease contracts include the option to purchase the underlying lease asset directly at the end of the contract or to extend the lease contract for the next term. It is forbidden for the Bank to sell or pledge the leased assets as collateral. According to the lease contract for the office building and production premises, the Bank must maintain the leased properties in good condition and return the properties to their original condition after the lease expires. The Bank is obliged to insure the leased property, plant and equipment and to pay maintenance fees in accordance with the lease contracts.

Liabilities under lease contracts are presented in Note 19 and in Other liabilities item in the separate statement of financial position.

The future minimum lease payments as of December 31, 2021 are as follows:

	Minimum lease payments due						
	Up to 1 year	**From 1 to 2 years**	**From 2 to 3 years**	**From 3 to 4 years**	**From 4 to 5 years**	**Over 5 years**	**Total**
31 December 2021							
Lease payments	**11,944**	**10,208**	**8,464**	**6,212**	**4,742**	**12,758**	**54,328**
Finance costs	**(1,450)**	**(1,180)**	**(892)**	**(659)**	**(493)**	**(742)**	**(5,416)**
Net present value	**10,494**	**9,028**	**7,572**	**5,553**	**4,249**	**12,016**	**48,912**

The future minimum lease payments as of December 31, 2020 are as follows:

	Minimum lease payments due						
	Up to 1 year	**From 1 to 2 years**	**From 2 to 3 years**	**From 3 to 4 years**	**From 4 to 5 years**	**Over 5 years**	**Total**
31 December 2020							
Lease payments	**10,750**	**8,489**	**7,068**	**6,143**	**4,507**	**12,316**	**49,273**
Finance costs	**(1,332)**	**(1,131)**	**(874)**	**(663)**	**(483)**	**(844)**	**(5,327)**
Net present value	**9,418**	**7,358**	**6,194**	**5,480**	**4,024**	**11,472**	**43,946**

32.1.2. Lease payments that are not recognized as a liability

The Bank has chosen not to recognize lease liabilities if they are short-term (leases with an expected
The Bank has chosen not to recognize lease liabilities if they are short-term (leases with an expected
term of 12 months or less) or if they are lease assets of low value. Payments made under these lease contracts are recognized as an expense on a straight-line basis. In addition, some variable lease payments cannot be recognized as lease liabilities and are recognized as an expense when incurred. Expenses for 2021 related to payments not included in the estimation of lease liabilities arising from short-term lease contracts and lease of low value assets amount to BGN 1,787 (2020: BGN 1,885 thousand).
As of December 31, 2021, the Bank has committed to short-term lease contracts and lease of low-value assets and the total amount of commitments as at that date is BGN 999 (2020: BGN 1,195 thousand).

Amounts recognized in profit or loss	Year ended 31.12.2021	Year ended 31.12.2020
Depreciation charge on right-of-use assets	**(16,002)**	**(16,321)**
Interest expense on leasing liabilities	**(1,719)**	**(1,632)**
Costs related to short-term lease contracts and lease contracts with low-value assets	**(1,787)**	**(1,885)**

	Minimum lease payments due						
	Up to 1 year	From 1 to 2 years	From 2 to 3 years	From 3 to 4 years	From 4 to 5 years	Over 5 years	Total
31 December 2021							
Lease payments under contracts for which right-of-use asset is not recognized	**694**	**135**	**57**	**22**	**17**	**74**	**999**
31 December 2020							
Lease payments under contracts for which right-of-use asset is not recognized	**728**	**200**	**92**	**44**	**29**	**102**	**1,195**

The Bank is not exposed to significant liquidity risk with respect to its lease liabilities. The lease liabilities are monitored within the framework of the Bank's Financial and Accounting Directorate. Lease liabilities are denominated in BGN and EUR.

During the year the Bank did not negotiate discounts with its lessors for the leased real estate, as a result of the impact of the Covid-19 pandemic. The decrease in the right of use assets is due to a process of reducing the remaining term of the leasing contracts

32.2. OPERATING LEASE AS LESSOR

Future minimum payments under operating lease agreements, which the Bank has entered into as lessor for rental of real estate, automobiles and other property, plant and equipment, are stated as follows:

	Minimum lease payments due						
	Up to 1 year	From 1 to 2 years	From 2 to 3 years	From 3 to 4 years	From 4 to 5 years	Over 5 years	Total
31 December 2021	**968**	**832**	**789**	**690**	**192**	**713**	**4,184**
31 December 2020	**1,083**	**900**	**841**	**823**	**564**	**841**	**5,052**

Lease payments recognized as income for the period amount to BGN 1,193 thousand. (2020: 1,239 thousand). The Bank has no individually significant leasing commitments.

During the year, the Bank did not provide discounts to its lessees for the leased real estate, as a result of the impact of the Covid-19 pandemic.

33. FINANCIAL INSTRUMENTS RISK MANAGEMENT

The risk inherent to the Bank's operations with financial instruments is the possibility that actual proceeds from owned financial instruments could differ from the estimated ones. The specifics of banking necessitate adequate systems for timely identification and management of different types of risk, whereas emphasis is put on risk management procedures, mechanisms for maintaining risk in reasonable limits, optimal liquidity and portfolio diversification. The main risk management goal is to present and analyse the types of risks, which the Bank is exposed to, in a convincing and comprehensive manner.

The risk management system has preventive functions for loss prevention and control of the amount of incurred loss and includes:

- risk management policy;
- rules, methods and procedures for assessment and risk management;
- risk management organizational structure;
- parameters and limits for transactions and operations;
- procedures for reporting, assessment, notification and subsequent control of risks.

The main underlying principles in the Bank's risk management policy are:

- separation of responsibilities between those taking the risk and those managing risk;
- the principle of caution, which presumes the consideration of the worst case scenario for each of the risk-weighted assets;
- the principle of source risk management.

The risk management organizational structure is centralized and structured in terms of competency levels as follows:

- Management Board - determines the acceptable levels of risk for the Bank within the adopted development strategy;
- Special collective bodies – prepare proposals to MB, the Executive directors and the Procurator regarding the Bank's risk management framework and activity parameters;
- Executive directors and Procurator – fulfil the general control, organize and manage the approval process and application of adequate policies and procedures within the frameworks of the risk management strategy, adopted by the Bank;
- Heads of structural units within the Bank - implement the adopted risk management policy in the organization of the activities of the respective organizational units.

The Bank's exposures in derivative financial instruments are presented at fair value and constitute transactions for the purchase and sale of foreign currency, forward contracts, foreign currency swaps on the open market and option transactions with main assets financial instruments. These transactions traded by the Bank for its own account are insignificant in amount and maturity less than 1 year and the Bank is not exposed to significant risks originating from these instruments.

The nature and the essence of the risks, inherent to financial instruments of the Bank are as follows:

- Credit risk
- Liquidity risk
- Market risk
    - o Interest rate risk
    - o Currency risk
    - o Price risk

33.1. CREDIT RISK

Credit risk is the likelihood of a loss arising from a counterparty's failure to perform their contractual obligations on financial assets held by the bank. The bank manages the credit risk inherent for both the banking and commercial portfolio. The bank has structured credit risk monitoring and management units for the individual business segments and applies individual credit policies. The credit risk of individual exposures is managed over the lifetime of the exposure - from the decision to create the exposure to its full repayment. In order to minimize credit risk in the lending process, detailed procedures are applied for the analysis of the economic feasibility of each project, the control over the use of the allocated funds and the administration related to this activity.

To mitigate credit risk, respective collaterals and guarantees are required according to the internal credit rules, the applied approach for calculating the capital requirements and the Bulgarian legislation in effect.

Cash and balances with the Central Bank at the amount of BGN 1,927,865 thousand does not bear credit risk to the Bank due to their nature and the fact that they are at the Bank's disposal.

Placements with, and advances to banks at the amount of BGN 170, 300 thousand comprise mostly deposits in international and Bulgarian financial institutions with maturity up to 7 days. These financial assets bear some credit risk as its maximum exposure as per the Bank's policy can be 20%, 50% and 100%, whereas the percentage is defined based on the quality characteristics of the financial institution.

Receivables under repurchase agreements of securities at the amount of BGN 356,982 thousand bear credit risk for the Bank depending on the risk inherent in the provided collateral. Part of the receivables amounting to BGN 48,145 thousand is secured by government securities issued by the Republic of Bulgaria and bear 0% risk. The remaining receivables amounting to BGN 308,837 thousand are secured by corporate securities and bear respectively: BGN 300,300 thousand - 100% risk and BGN 8,537 thousand - 150% risk depending on the issuer of the securities provided as collateral.

Financial assets at fair value in profit or loss at the amount of BGN 302,045 thousand represent equity instruments - shares in financial and non-financial corporations in the amount of BGN 134,014 thousand, whose maximum exposure in percentage is as follows – BGN 101,450 thousand – 100% risk and BGN 32,564 thousand – 250% risk, units in mutual funds worth BGN 149,124 thousand – with risk weight from 0% to 1250% depending on the type of the underlying asset, debt instruments in the amount of 18,837 and derivatives - BGN 70 thousand – 100 % risk. These financial instruments are bearers of credit risk with a maximum exposure as follows: BGN 246,330 thousand - 100% risk and BGN 30,368 thousand - 250% risk.

Equity securities at FVTOCI amounting to BGN 14,155 thousand represent shares in financial and non-financial enterprises bearing credit risk with a maximum exposure of 100% or BGN 14,155 thousand in absolute amount.

Debt securities at FVTOCI and issued by the Republic of Bulgaria amounting to BGN 289,072 thousand bear 0% credit risk for the Bank. Debt securities at FVTOCI and issued by other countries amounting to BGN 141,516 thousand bear credit risk to the Bank depending on the credit risk of the issuing state.

Debt securities at FVTOCI and issued by local and foreign commercial companies amounting to BGN 413,044 thousand bear credit risk for the Bank with maximum exposure of 100% or BGN 413,044 thousand in absolute amount.

Debt securities at amortized cost and issued by the Republic of Bulgaria, have a carrying amount of BGN 408,414 thousand and bear 0% credit risk. Debt securities at amortized cost and issued by other countries have a carrying amount of BGN 211,742 thousand and bear credit risk for the Bank, depending on the issuer's credit rating.

Debt securities at amortized cost and issued by local and foreign commercial companies with carrying amount of BGN 10,865 thousand bear credit risk for the Bank, with maximum exposure of 100% or BGN 10,865 thousand in absolute amount.

Investments in the subsidiaries of the Bank - Central Cooperative Bank AD, Skopje, Republic of Northern Macedonia and CCB Assets Management EAD, Sofia, Republic of Bulgaria - in the total amount of BGN 49,416 thousand bear credit risk with maximum exposure of 100 % or BGN 49,416 thousand in absolute amount.

Loans and advances to customers with carrying amount of BGN 2,888,459 thousand bear credit risk to the Bank. To determine the exposure of the Bank to this risk, an analysis of the individual risk for the Bank arising from each particular exposure is performed and the Bank applies the criteria for the assessment and classification of risk exposures set out in the banking legislation of the Republic of Bulgaria and IFRS. Pursuant to these criteria and the performed analysis, the Bank's maximum exposure to credit risk amounts to BGN 2,018,424 thousand.

As of December 31, 2021 the allocated ECL allowances for loans and advances are at the amount of BGN 36,779 thousand.

During the reporting period, the Bank's activities were affected by the spread of new coronavirus (Covid-19), as in the beginning of 2020 worldwide, difficulties in the business and economic activity of a number of enterprises and entire economic sectors appeared and they continued to operate in 2021, in parallel with the development of new epidemiological strains.

As of the date of preparation of these financial statements, an extraordinary epidemic situation is in force in Bulgaria, introduced by a decision of the Council of Ministers of 13 May 2020. To the extent that the Bank operates in a specific sector - the financial sector, where supply chain disruptions, traffic disruptions and quarantine measures are not directly affected, the activity was affected rather indirectly - through the effect on customer activity and volatility in financial instrument prices, which the Bank holds.

In 2021 and as at the date of these financial statements, businesses must face challenges related to reduced revenues and disrupted supply chains, shortages of certain types of raw materials, etc., related to the consequences of the global pandemic. With the development of the third and fourth waves of the pandemic and the slow process of vaccination and extension of measures in EU countries (including Bulgaria) in 2021, there were objective obstacles to the activities of companies in individual economic sectors and there is a great deal of uncertainty when the revenue and the normal operations will be restored.

The Bank's exposure to the most affected sectors, such as restaurant business and tourism services, is extremely insignificant, and exposures to hotel business and transport also have a low share of the portfolio and, with the financial situation of these clients monitored in great detail, assessing the lifelong credit risk of the instruments, including there is also a positive effect of government-level incentive measures and proposed compensatory schemes. The expected recovery after mid-2021, supported by vaccination and the introduction of vaccination passports, is expected to support the hotel business and related transport of tourists during the summer season in Bulgaria.

A moratorium on payments was continued by the Bank until the end of 2021, according to the "Procedure for deferral and settlement of liabilities payable to banks and their subsidiaries – financial institutions in relation to the measures taken by the authorities of republic of Bulgaria to limit the COVID-19 pandemic and its consequences". Deferred payments under this procedure shall not be treated as a "restructuring measure" within the meaning of Article 47b of Regulation (EU) No 575/2013 or as forced restructuring pursuant to Article 178(3) of that Regulation. Where, in the course of monitoring exposures with a payment moratorium applied, an indication of non-payment occurs, these exposures are be classified in a higher phase under the current regulatory framework. Exposures to which a moratorium on payments has been applied are identified in the Bank's information system, including the applied deferral mechanism facilitating the tracking and monitoring of exposures

With regard to the assessment of the possibility of non-payment to clients subject to payment moratorium, the Bank applies the adopted by the Management Board by Protocol No

52/23.12.2020 “Operational plan for the application of a moratorium on payments due to the Covid-19 pandemic and an assessment of the likelihood of non-payment on deferred exposures”. According to this plan, the Bank assesses the possibility of non-payment both during the moratorium and 3 months after its expiry.

With regard to modifications considered for relief to those affected by the pandemic of Covid-19 borrowers – in 2021, the Bank has implemented the current “Policy for classification, restructuring and reporting of credit risk exposures”. For the purposes of assessing the possibility of non-payment - for customers for whom no moratorium on payments has been applied, the Bank applies its internal policies to assess the likelihood of non-payment. In the context of a Covid-19 pandemic and the measures taken to limit it, leading to sudden changes in the short-term economic perspective and a shortage of available and reliable information, as well as unrepresentative financial information, in assessing the likelihood of non-payment, in addition to the default criteria under Article 178 of Regulation (EU) No 575/2013, the Bank takes into account the information expected to have an impact for the entire duration of the exposures.

No changes have been made to the models used by the Bank to assess credit losses in relation to the occurrence of the global pandemic by Covid-19, insofar as their accuracy and adequacy depend on the risk parameters that serve to calculate the amount of expected credit losses.

In 2021, the quality of the Bank’s exposure portfolio remains very good and there is no increase in the share of non-performing exposures, the models used to assess credit losses have adequately assessed the size of the ECL.

In accordance with the “Rules for acceptance, evaluation and management of collateral in credit transactions” in force in the Bank, collateral valuations, including commercial real estate, are updated every 12 months and residential real estate – every three years. If necessary, the Bank may also require a more frequent update, e.g. in case of a change in the parameters of a credit transaction or where the information available indicates that their value has fallen significantly compared to total market prices. Real estate valuations are carried out by independent certified appraisers. In the current pandemic environment, impelled by Covid-19, there were no dynamic adverse fluctuations in real estate prices requiring a change in the valuation policies of collateral adopted by the Bank.

In the process of managing credit risk, the level of moratoria loans is monitored in great detail, as well as the assessment of the significant increase in credit risk over the entire duration of the instruments, taking preventive actions on their management, classification and provisioning.

33.1.1. Quality of assets

The tables below present the structure and change of allowance for ECL:

Impairment loss – Placements with and advances to banks at amortised cost	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Impairment loss at January 1, 2021	26	-	-	26
Change in impairment loss	(2)	-	-	(2)
Charged for the period	8	-	-	8
Released during the period	(10)	-	-	(10)
Impairment loss at December 31, 2021	24	-	-	24

Impairment loss – Placements with and advances to banks at amortised cost	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Impairment loss at January 1, 2020	37	-	-	37
Change in impairment loss	(11)	-	-	(11)
Charged for the period	24	-	-	24
Released during the period	(35)	-		(35)
Impairment loss at December 31, 2020	26	-	-	26

Impairment loss – Receivables under repurchase agreements of securities	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Impairment loss at January 1, 2021	1,245	-	-	1,245
Change in impairment loss	1	-	-	1
Charged for the period	1,246	-	-	1,246
Released during the period	(1,245)	-	-	(1,245)
Impairment loss at December 31, 2021	1,246	-	-	1,246

Impairment loss – Receivables under repurchase agreements of securities	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Impairment loss at January 1, 2020	1,094	-	-	1,094
Change in impairment loss	151	-	-	151
Charged for the period	1,245	-	-	1,245
Released during the period	(1,094)	-	-	(1,094)
Impairment loss at December 31, 2020	1,245	-	-	1,245

Impairment loss – Loans and advances to customers at amortised cost	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Impairment loss at January 1, 2021	**12,069**	**228**	**21,176**	**33,473**
Change in impairment loss recognised in profit and loss	**588**	**(88)**	**3,675**	**4,175**
– Transfer to Stage 1	**260**	**(43)**	**(217)**	**-**
– Transfer to Stage 2	**(20)**	**182**	**(162)**	**-**
– Transfer to Stage 3	**(6)**	**(21)**	**27**	**-**
– Increase due to change in credit risk	**1**	**22**	**638**	**661**
– Decrease due to change in credit risk	**(2,404)**	**(166)**	**(333)**	**(2,903)**
– Increase due to originated or purchased assets	**2,371**	**9**	**80**	**2,460**
– Change in risk parameters	**386**	**(71)**	**3,642**	**3,957**
- Decrease due to derecognition for uncollectibility	**-**	**-**	**(769)**	**(769)**
- Decrease due to derecognition due to sale	**(9)**	**-**	**(90)**	**(99)**
- Currency differences and other adjustments	**-**	**-**	**(1)**	**(1)**
Impairment loss at December 31, 2021	**12,648**	**140**	**23,991**	**36,779**

Impairment loss – Loans and advances to customers at amortised cost	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Impairment loss at January 1, 2020	**10,731**	**223**	**66,578**	**77,532**
Change in impairment loss recognised in profit and loss	**1,338**	**5**	**5,013**	**6,356**
– Transfer to Stage 1	**211**	**(46)**	**(165)**	**-**
– Transfer to Stage 2	**(30)**	**104**	**(74)**	**-**
– Transfer to Stage 3	**(11)**	**(14)**	**25**	**-**
– Increase due to change in credit risk	**-**	**40**	**733**	**773**
– Decrease due to change in credit risk	**(1,613)**	**(90)**	**(1,238)**	**(2,941)**
– Increase due to originated or purchased assets	**2,219**	**2**	**165**	**2,386**
– Change in risk parameters	**562**	**9**	**5,567**	**6,138**
- Decrease due to derecognition for uncollectibility	**-**	**-**	**(1,064)**	**(1,064)**
- Decrease due to derecognition due to sale	**-**	**-**	**(49,347)**	**(49,347)**

- Currency differences and other adjustments	-	-	(4)	(4)
Impairment loss at December 31, 2020	12,069	228	21,176	33,473

Impairment loss – Investments in debt securities at amortised cost	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Impairment loss at January 1, 2021	159	-	-	159
Change in impairment loss	432	-	-	432
Charged for the period	501	-	-	501
Released during the period	(69)	-	-	(69)
Impairment loss at December 31, 2021	591	-	-	591

Impairment loss – Investments in debt securities at amortised cost	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Impairment loss at January 1, 2020	629	-	-	629
Change in impairment loss	(470)	-	-	(470)
Charged for the period	44	-	-	44
Released during the period	(514)	-	-	(514)
Impairment loss at December 31, 2020	159	-	-	159

Impairment loss – Investments in debt securities at FVTOCI	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Impairment loss at January 1, 2021	2,734	-	-	2,734
Change in impairment loss	1,909	-	-	1,909
Charged for the period	2,032	-	-	2,032
Released during the period	(123)	-	-	(123)
Impairment loss at December 31, 2021	4,643	-	-	4,643

Impairment loss – Investments in debt securities at FVTOCI	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Impairment loss at January 1, 2020	3,179	-	-	3,179
Change in impairment loss	(445)	-	-	(445)
Charged for the period	1,093	-	-	1,093
Released during the period	(1,538)	-	-	(1,538)
Impairment loss at December 31, 2020	2,734	-	-	2,734

Impairment loss – Loan commitments	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Impairment loss at January 1, 2021	935	1	23	959
Change in impairment loss	(303)	-	21	(282)
Charged for the period	558	9	85	652
Released during the period	(861)	(9)	(64)	(934)
Currency and other movements	22	3	(24)	1
Impairment loss at December 31, 2021	654	4	20	678

Impairment loss – Loan commitments	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Impairment loss at January 1, 2020	1,022	2	46	1,070
Change in impairment loss	(140)	(4)	33	(111)
Charged for the period	648	7	104	759
Released during the period	(788)	(11)	(71)	(870)
Currency and other movements	53	3	(56)	-
Impairment loss at December 31, 2020	935	1	23	959

Impairment loss – Financial guarantee contracts	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Impairment loss at January 1, 2021	19	-	-	19
Change in impairment loss	(9)	-	-	(9)
Charged for the period	10	-	-	10
Released during the period	(19)	-	-	(19)
Impairment loss at December 31, 2021	10	-	-	10

Impairment loss – Financial guarantee contracts	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Impairment loss at January 1,2020	1	-	-	1
Change in impairment loss	18	-	-	18
Charged for the period	19	-	-	19
Released during the period	(1)	-	-	(1)
Impairment loss at December 31, 2020	19	-	-	19

The tables below present the structure and change of gross amounts by categories:

Carrying amount before impairment – Placements with and advances to banks at amortized cost	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount at January 1, 2021	**182,376**	-	-	**182,376**
Change in the gross carrying amount	**(12,052)**	-	-	**(12,052)**
Increase for the period	**127,073**	-	-	**127,073**
Decrease for the period	**(139,125)**	-	-	**(139,125)**
Gross carrying amount at December 31, 2021	**170,324**	-	-	**170,324**
Impairment loss at December 31, 2021	**(24)**	-	-	**(24)**
Carrying amount at December 31, 2021	**170,300**	-	-	**170,300**

Carrying amount before impairment – Placements with and advances to banks at amortized cost	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount at January 1, 2020	**221,219**	-	-	**221,219**
Change in the gross carrying amount	**(38,843)**	-	-	**(38,843)**
Increase for the period	**158,690**	-	-	**158,690**
Decrease for the period	**(197,533)**	-	-	**(197,533)**
Gross carrying amount at December 31, 2020	**182,376**	-	-	**182,376**
Impairment loss at December 31, 2020	**(26)**	-	-	**(26)**
Carrying amount at December 31, 2020	**182,350**	-	-	**182,350**

Carrying amount before impairment – Receivables under repurchase agreements of securities	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount at January 1, 2021	**360,917**	-	-	**360,917**
Change in the gross carrying amount	**(2,689)**	-	-	**(2,689)**
Increase for the period	**358,228**	-	-	**358,228**
Decrease for the period	**(360,917)**	-	-	**(360,917)**
Gross carrying amount at December 31, 2021	**358,228**	-	-	**358,228**

Impairment loss at December 31, 2021	**(1,246)**	**-**	**-**	**(1,246)**
Carrying amount at December 31, 2021	**356,982**	**-**	**-**	**356,982**

Carrying amount before impairment – Receivables under repurchase agreements of securities	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Gross carrying amount at January 1, 2020	**304,324**	**-**	**-**	**304,324**
Change in the gross carrying amount	**56,593**	**-**	**-**	**56,593**
Increase for the period	**360,917**	**-**	**-**	**360,917**
Decrease for the period	**(304,324)**	**-**	**-**	**(304,324)**
Gross carrying amount at December 31, 2020	**360,917**	**-**	**-**	**360,917**
Impairment loss at December 31, 2020	**(1,245)**	**-**	**-**	**(1,245)**
Carrying amount at December 31, 2020	**359,672**	**-**	**-**	**359,672**

Loans and advances to customers at amortised cost	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Gross carrying amount at January 1, 2021	**2,492,191**	**21,844**	**76,284**	**2,590,319**
Change in the gross carrying amount	**339,769**	**(2,354)**	**735**	**338,150**
– Transfer to Stage 1	**4,902**	**(4,002)**	**(900)**	**-**
– Transfer to Stage 2	**(5,799)**	**6,703**	**(904)**	**-**
– Transfer to Stage 3	**(1,231)**	**(1,873)**	**3,104**	**-**
– Increase due to change in credit risk	**20**	**67**	**21**	**108**
– Decrease due to change in credit risk	**(278,863)**	**(1,290)**	**(957)**	**(281,110)**
– Increase due to originated or purchased assets	**752,012**	**763**	**167**	**752,942**
– Change in risk parameters	**(131,272)**	**(2,722)**	**204**	**(133,790)**
– Decrease due to derecognition for uncollectibility	**-**	**-**	**(769)**	**(769)**
- Decrease due to derecognition due to transfer	**(2,372)**	**-**	**(90)**	**(2,462)**
Gross carrying amount at December 31, 2021	**2,829,588**	**19,490**	**76,160**	**2,925,238**
Impairment loss at December 31, 2021	**(12,648)**	**(140)**	**(23,991)**	**(36,779)**
Carrying amount at December 31, 2021	**2,816,940**	**19,350**	**52,169**	**2,888,459**

Loans and advances to customers at amortised cost	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount at January 1, 2020	2,293,975	22,700	203,476	2,520,151
Change in the gross carrying amount	198,216	(856)	(37,698)	159,662
– Transfer to Stage 1	4,499	(3,140)	(1,359)	-
– Transfer to Stage 2	(6,143)	6,401	(258)	-
– Transfer to Stage 3	(2,417)	(1,355)	3,772	-
– Increase due to change in credit risk	22	88	53	163
– Decrease due to change in credit risk	(234,992)	(1,446)	(41,003)	(277,441)
– Increase due to originated or purchased assets	492,512	114	380	493,006
– Change in risk parameters	(55,265)	(1,518)	717	(56,066)
– Decrease due to derecognition for uncollectibility	-	-	(1,064)	(1,064)
- Decrease due to derecognition due to transfer	-	-	(88,430)	(88,430)
Gross carrying amount at December 31, 2020	2,492,191	21,844	76,284	2,590,319
Impairment loss at December 31, 2020	(12,069)	(228)	(21,176)	(33,473)
Carrying amount at December 31, 2020	2,480,122	21,616	55,108	2,556,846

Carrying amount before impairment - Investments in debt securities at amortised cost	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount at January 1, 2021	420,827	-	-	420,827
Change in the gross carrying amount	210,785	-	-	210,785
Increase for the period	301,863	-	-	301,863
Decrease for the period	(91,078)	-	-	(91,078)
Gross carrying amount at December 31, 2021	631,612	-	-	631,612
Impairment loss at December 31, 2021	(591)	-	-	(591)
Carrying amount at December 31, 2021	631,021	-	-	631,021

Carrying amount before impairment - Investments in debt securities at amortised cost	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount at January 1, 2020	**311,704**	-	-	**311,704**
Change in the gross carrying amount	**109,123**	-	-	**109,123**
Increase for the period	**154,610**	-	-	**154,610**
Decrease for the period	**(45,487)**	-	-	**(45,487)**
Gross carrying amount at December 31, 2020	**420,827**	-	-	**420,827**
Impairment loss at December 31,2020	**(159)**	-	-	**(159)**
Carrying amount at December 31, 2020	**420,668**	-	-	**420,668**

Carrying amount before impairment – Financial assets at fair value through OCI	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount at January 1, 2021	**714,737**	-	-	**714,737**
Change in the gross carrying amount	**143,049**	-	-	**143,049**
Increase for the period	**347,950**	-	-	**347,950**
Decrease for the period	**(204,901)**	-	-	**(204,901)**
Gross carrying amount at December 31, 2021	**857,786**	-	-	**857,786**
Impairment loss at December 31, 2021, recognized in equity	**(4,643)**	-	-	**(4,643)**

Carrying amount before impairment – Financial assets at fair value through OCI	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount at January 1, 2020	**566,202**	-	**90**	**566,292**
Change in the gross carrying amount	**148,535**	-	**(90)**	**148,445**
Increase for the period	**258,670**	-	-	**258,670**
Decrease for the period	**(110,135)**	-	**(90)**	**(110,225)**
Gross carrying amount at December 31, 2020	**714,737**	-	-	**714,737**
Impairment loss at December 31,2020 recognized in equity	**(2,734)**	-	-	**(2,734)**

Loan commitments	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Total amount of loan commitments at January 1, 2021	242,185	310	383	242,878
Change in the amount of loan commitments	(9,607)	(68)	(49)	(9,724)
Increase for the period	51,039	105	117	51,261
Decrease for the period	(60,646)	(173)	(166)	(60,985)
Other movements	(913)	776	137	-
Total amount of loan commitments at December 31, 2021	231,665	1,018	471	233,154
ECL allowance at December 31, 2021	(654)	(4)	(20)	(678)

Loan commitments	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Total amount of loan commitments at January 1, 2020	228,816	300	453	229,569
Change in the amount of loan commitments	13,586	(50)	(227)	13,309
Increase for the period	56,178	81	77	56,336
Decrease for the period	(42,592)	(131)	(304)	(43,027)
Other movements	(217)	60	157	-
Total amount of loan commitments at December, 31 2020	242,185	310	383	242,878
ECL allowance at December 31, 2020	(935)	(1)	(23)	(959)

Financial guarantee contracts	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Total amount of guarantees at January 1, 2021	48,744	-	-	48,744
Change in the gross carrying amount	(2,168)	-	-	(2,168)
Increase for the period	16,472	-	-	16,472
Decrease for the period	(18,640)	-	-	(18,640)
Total amount of guarantees at December 31, 2021	46,576	-	-	46,576
ECL allowance at December 31, 2021	(10)	-	-	(10)

Financial guarantee contracts	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Total amount of guarantees at January 1, 2020	51,730	-	-	51,730
Change in the gross carrying amount	(2,986)	-	-	(2,986)
Increase for the period	12,027	-	-	12,027

Decrease for the period	(15,013)	-	-	(15,013)
Total amount of guarantees at December 31, 2020	48,744	-	-	48,744
ECL allowance at December 31, 2020	(19)	-	-	(19)

Impairment loss by type of assets	2021	2020
Placements with and advances to banks at amortised cost	(24)	(26)
Receivables under repurchase agreements of securities	(1,246)	(1,245)
Loans and advances to customers at amortised cost	(36,779)	(33,473)
Investments in debt securities at amortised cost	(591)	(159)
Financial assets at fair value through OCI	(4,643)	(2,734)
	(43,283)	(37,637)

Loans and advances to customers	2021 Gross carrying amount	Impairment loss	2020 Gross carrying amount	Impairment loss
0-29 days	2,847,827	(13,214)	2,510,926	(12,616)
30-59 days	2,479	(40)	2,916	(101)
60-89 days	846	(50)	2,262	(47)
90-180 days	793	(184)	1,688	(383)
Over 181 days	73,293	(23,291)	72,527	(20,326)
Total	**2,925,238**	**(36,779)**	**2,590,319**	**(33,473)**

	2021	2020
Loans and advances to customers at amortised cost	2,925,238	2,590,319
Less impairment for uncollectibility	(36,779)	(33,473)
TOTAL LOANS AND ADVANCES TO CUSTOMERS	**2,888,459**	**2,556,846**

	31.12.2021			31.12.2020		
	Gross carrying amount	ECL impairment	Carrying amount	Gross carrying amount	ECL impairment	Carrying amount
Retail banking						
Mortgages	645,922	(385)	645,537	502,510	(325)	502,185
Consumer loans	524,235	(6,267)	517,968	463,026	(5,811)	457,215
Credit cards	15,042	(959)	14,083	16,823	(964)	15,859

Other	2,333	(2,333)	-	2,257	(2,257)	-
Total retail banking	1,187,532	(9,944)	1,177,588	984,616	(9,357)	975,259
Corporate lending	1,737,706	(26,835)	1,710,871	1,605,703	(24,116)	1,581,587
TOTAL	**2,925,238**	**(36,779)**	**2,888,459**	**2,590,319**	**(33,473)**	**2,556,846**

	2021			
Placements with and advances to banks at amortised cost	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Category	170,324	-	-	170,324
Total gross carrying amount	170,324	-	-	170,324
Impairment loss	(24)	-	-	(24)
Carrying amount	170,300	-	-	170,300

	2020			
Placements with and advances to banks at amortised cost	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Category	182,376	-	-	182,376
Total gross carrying amount	182,376	-	-	182,376
Impairment loss	(26)	-	-	(26)
Carrying amount	182,350	-	-	182,350

	2021			
Receivables under repurchase agree-ments of securities	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Category	358,228	-	-	358,228
Total gross carrying amount	358,228	-	-	358,228
Impairment loss	(1,246)	-	-	(1,246)
Carrying amount	356,982	-	-	356,982

	2020			
Receivables under repurchase agree-ments of securities	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Category	360,917	-	-	360,917
Total gross carrying amount	360,917	-	-	360,917
Impairment loss	(1,245)	-	-	(1,245)
Carrying amount	359,672	-	-	359,672

Loans and advances to customers at amortised cost	2021 Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Category	2,829,588	19,490	76,160	2,925,238
Total gross carrying amount	2,829,588	19,490	76,160	2,925,238
Impairment loss	(12,648)	(140)	(23,991)	(36,779)
Carrying amount	2,816,940	19,350	52,169	2,888,459

Loans and advances to customers at amortised cost	2020 Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Category	2,492,191	21,844	76,284	2,590,319
Total gross carrying amount	2,492,191	21,844	76,284	2,590,319
Impairment loss	(12,069)	(228)	(21,176)	(33,473)
Carrying amount	2,480,122	21,616	55,108	2,556,846

Investments in debt securities at amortised cost	2021 Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Category	631,612	-	-	631,612
Total gross carrying amount	631,612	-	-	631,612
Impairment loss	(591)	-	-	(591)
Carrying amount	631,021	-	-	631,021

Investments in debt securities at amortised cost	2020 Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Category	420,827	-	-	420,827
Total gross carrying amount	420,827	-	-	420,827
Impairment loss	(159)	-	-	(159)
Carrying amount	420,668	-	-	420,668

2021

Financial assets at FVTOCI	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Category	**857,786**	-	-	**857,786**
Total gross carrying amount	**857,786**	-	-	**857,786**
Impairment loss recognized in equity	**(4,643)**	-	-	**(4,643)**

	2020			
Financial assets at FVTOCI	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Category	**714,737**	-	-	**714,737**
Total gross carrying amount	**714,737**	-	-	**714,737**
Impairment loss recognized in equity	**(2,734)**	-	-	**(2,734)**

	2021			
Loan commitments	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Category	**231,667**	**1,018**	**469**	**233,154**
Total gross carrying amount	**231,667**	**1,018**	**469**	**233,154**
Expected credit loss allowance	**(654)**	**(4)**	**(20)**	**(678)**

	2020			
Loan commitments	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Category	**242,185**	**310**	**383**	**242,878**
Total gross carrying amount	**242,185**	**310**	**383**	**242,878**
Expected credit loss allowance	**(935)**	**(1)**	**(23)**	**(959)**

	2021			
Financial guarantee contracts	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Category	**46,576**	-	-	**46,576**
Total gross carrying amount	**46,576**	-	-	**46,576**
Expected credit loss allowance	**(10)**	-	-	**(10)**

	2020			
Financial guarantee contracts	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Category	**48,744**	-	-	**48,744**
Total gross carrying amount	**48,744**	-	-	**48,744**
Expected credit loss allowance	**(19)**	-	-	**(19)**

33.1.2. Credit risk concentration

Credit risk concentration refers to the probability of loss due to poor diversification of exposure to customers, groups of related customers, customers from one and the same economic sector or geographical region.

The tables below present the concentration split of different asset categories of the Bank by region and by economic sector.

Placements with and advances to banks at amortised cost	2021	2020
Concentration by sector		
Central banks	1,914	5,499
Bulgarian commercial banks	55,845	73,669
Foreign commercial banks	112,565	103,208
Total	**170,324**	**182,376**
Concentration by region		
Europe	159,889	172,682
America	5,146	3,132
Asia	5,289	6,562
Total	**170,324**	**182,376**

Receivables under repurchase agreements of securities	2021	2020
Corporate:	358,228	360,917
Construction	69,265	86,923
Commerce and finance	207,958	198,689
Transport and communications	21,696	20,827
Industry	14,713	11,574
Other	44,596	42,904
Total	**358,228**	**360,917**
Concentration by region		
Europe	358,228	360,917
Total	**358,228**	**360,917**

Investments in debt securities at amortised cost	2021	2020
Concentration by sector		
States	620,713	385,354

Bank	-	**24,576**
Corporate:		
Commerce and finance	**10,899**	**10,897**
Total	**631,612**	**420,827**
Concentration by region		
Europe	621,939	411,166
Asia	9,673	9,661
Total	**631,612**	**420,827**

Investments in debt securities at FVTOCI	2021	2020
Concentration by sector		
Countries	**430,586**	**490,609**
Corporate:	**413,045**	**210,608**
Construction	**135,781**	**53,372**
Industry	**31,069**	**30,578**
Commerce and finance	**214,537**	**115,079**
Other	**31,658**	**11,579**
Total	**843,631**	**701,217**
Concentration by region		
Europe	**843,631**	**701,217**
Total	**843,631**	**701,217**

Loans and advances to customers at amortised cost	2021	2020
Concentration by sector		
Retail Banking:	**1,187,532**	**984,616**
Mortgage	**645,922**	**502,510**
Consumer	**524,235**	**463,026**
Credit cards	**15,042**	**16,823**
Other	**2,333**	**2,257**
Corporate:	**1,737,706**	**1,605,703**
Agriculture and forestry	**96,417**	**104,053**
Industry	**54,579**	**52,047**
Construction	**500,106**	**507,371**
Commerce and finance	**863,154**	**714,013**
Transport and communications	**123,624**	**121,455**
Other	**99,826**	**106,764**
Total	**2,925,238**	**2,590,319**
Concentration by region		
Europe	**2,925,082**	**2,590,167**

America	5	5
Asia	151	147
Total	**2,925,238**	**2,590,319**

Loan commitments	2021	2020
Concentration by sector		
Retail banking:	45,841	48,598
Mortgage	901	1,128
Consumer	7,391	7,819
Credit cards	37,549	39,651
Corporate:	187,312	194,280
Agriculture and forestry	7,804	3,687
Industry	26,562	26,259
Construction	35,584	44,658
Commerce and finance	110,741	112,627
Transport and communications	4,925	3,864
Other	1,697	3,185
Total	**233,154**	**242,878**
Concentration by region		
Europe	233,119	242,845
America	1	29
Middle East and Africa	34	4
Total	**233,154**	**242,878**

Financial guarantee contracts	2021	2020
Concentration by sector		
Retail banking	-	103
Other	-	103
Corporate:	46,577	48,641
Agriculture and forestry	382	969
Industry	6,316	10,910
Construction	9,064	3,566
Commerce and finance	18,576	21,404
Transport and communications	6,306	7,277
Other	5,932	4,515
Total	**46,576**	**48,744**
Concentration by region		
Europe	46,576	48,744
Total	**46,576**	**48,744**

Credit exposures with restructuring measures

The Bank accepts as exposures for restructuring those loan exposures on which the initial contractual terms have been changed due to deterioration of the debtor's financial position, which leads to impossibility to repay on time the full amount of the debt, and which compromise the Bank would not make in other circumstances.

The changes to the initial contract terms in case of restructuring measures may include:

- Postponing or rescheduling the payment of principal, interest or, where applicable, fees, resulting in a reduction in the amount of the financial liability;
- Partial or total refinancing of a troubled debt contract that is only allowed when the debtor is in financial difficulties;
- Full or partial write-off of debt, leading to a reduction in the amount of the financial liability;
- An amendment involving repayments resulting from a collateral acquisition by the Bank is treated as a restructuring measure when the debtor is in financial difficulty;
- Granted rebates to a debtor who has been in default before granting the rebates;
- Decrease of the interest rate on the contract, except for change of the interest rate originated by changes in market interest rates.

The information of loan exposures for restructuring is as follows:

2021	Corporate customers	Individuals
Amount before impairment	42,392	2,617
Impairment	(7,293)	(410)
Amount after impairment	35,099	2,207
2020	**Corporate customers**	**Individuals**
Amount before impairment	40,442	1,845
Impairment	(5,575)	(429)
Amount after impairment	34,867	1,416

Collaterals on loans granted

Housing mortgage loans to individuals

The table below presents the carrying amount of reported housing mortgage loans to individuals based on loan-to-value ratio. The ratio is calculated as a correlation of the gross amount of loan exposure to the collateral value. Collateral value on housing mortgage loans is determined upon loan granting and is updated in case of significant changes in the prices of real estate market.

Loan-to-value	2021	2020
Below 50%	172,756	136,162
From 50% to 75%	259,681	222,068
From 75% to 90%	199,721	132,908

From 90% to 100%	**6,457**	**6,490**
Above 100%	**7,307**	**4,882**
Total	**645,922**	**502,510**

Loans granted to legal entities

With regard to loans granted to legal entities, the Bank determines the creditability of each client as a most appropriate indicator for risk exposure. Therefore, the Bank has adopted an approach for individual credit evaluation and test of impairment of loans granted to companies. For additional security purposes along with the regular monitoring of the financial position of the companies-borrowers and the sources of income for repaying credit exposures and their dependency on the market environment, the Bank requires collaterals on credit exposures to be established. The Bank accepts loans to companies to be secured by mortgages on real estates, pledges on going concern, special pledges on tangible assets, as well as other guarantees and titles.

The Bank analyses and updates on a regular basis the collateral value considering any significant changes in the market environment, regulatory framework and other circumstances incurred. If there is a decrease in the collateral value, as a result of which the Bank believes it is no more sufficient, the borrower is required to establish further collaterals within a given term.

33.1.3. Capital risk

Capital risk measures the coverage of a Bank’s risk assets with capital in order to meet the regulatory requirements for the Bank’s operations, strategic development and planned growth.

The minimum capital ratios for the Bank are set by BNB and Regulation No. 575/2013, with the Bank historically maintaining higher capital ratios than the minimum threshold.

Capital risk management is concentrated in the Bank’s Risk Committee and the Management Board’s decisions insofar as all capital reports for internal and supervisory purposes are dealt with by the two bodies that take all decisions concerning the allocation of capital resources and the institution’s risk tendency.

The Bank’s capital management policies aim at maintaining a quantitatively and qualitatively sufficient capital to meet the bank’s risk profile, regulatory and business needs. Capital ratios are continuously monitored against regulatory limits, with any deviation from adequacy levels reported at any time to the Bank’s Management to support strategic and day-to-day business decision-making.

The Bank’s equity (Capital Base) consists of Tier 1 and Tier 2 capital. Tier 1 capital consists of Common Equity Tier 1 capital (CET1) - this is the most important capital for the banking institution. Its composition includes: share capital - ordinary shares, premium reserve, retained earnings, other reserves after adjustment for intangible assets and other regulatory adjustments relating to items that are included in the equity but are treated differently for the purpose of determining capital adequacy.

In accordance with the requirements of the regulatory body in the Republic of Bulgaria - Bulgarian National Bank, Central Cooperative Bank AD makes separate public disclosure of the elements of the capital for supervisory purposes and the supervisory indicators for capital coverage of the risks in its activity, within the relevant terms, required by the supervisory body.

33.2. LIQUIDITY RISK

Liquidity risk arises from the mismatch of the assets' and liabilities' maturity and the lack of sufficient funds for the Bank to meet its obligations on its current financial liabilities, as well as to provide funding for the increase in financial assets and the potential claims on off-balance sheet commitments.

Adequate liquidity is achieved if the Bank is able to provide enough funds for the above purposes by increasing liabilities and transforming assets as soon as possible and at relatively low costs through potential sale of liquid assets or attraction of additional funds from cash, capital or currency markets. The preventive function of liquidity risk management consists in maintaining a reasonable level of liquidity to avoid potential loss from unexpected sale of assets. The special collective body for liquidity management in the Bank is the Assets and Liabilities Management Committee. It applies the policy on liquidity risk management adopted by the Bank.

Quantity measure of the liquidity risk in accordance with the regulations of Bulgarian National Bank and European Banking Authority is the liquidity coverage ratio, LCR. This ratio represents the excess of the liquidity buffer (liquid assets) of the Bank over the net liquid outflows.

LCR of CCB AD as of December 31, 2021 amounts to 382.01% (31.12.2020: 412.16%) and exceeds the regulatory threshold of 100%.

The allocation of the Bank's financial assets and liabilities as of December 31, 2021 according to their residual maturity is as follows:

	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	Total
FINANCIAL ASSETS						
Cash and balances with the Central Bank	1,927,865	-	-	-	-	1,927,865
Placements with and advances to banks	167,382	-	-	-	2,918	170,300
Receivables under repurchase agreements	111,225	114,303	131,454	-	-	356,982
Financial assets at fair value in profit or loss	25,379	-	257,829	11,937	6,900	302,045
Loans and advances to customers, net	34,413	63,580	433,464	1,287,913	1,069,089	2,888,459
Financial assets at fair value through other comprehensive income	-	122,858	31,928	272,033	430,967	857,786
Financial assets at amortized cost	-	-	23,125	217,778	390,118	631,021
TOTAL FINANCIAL ASSETS	2,266,264	300,741	877,800	1,789,661	1,899,992	7,134,458
FINANCIAL LIABILITIES						
Deposits from banks	52,840	-	-	-	-	52,840
Amounts owed to other depositors	3,066,851	426,753	1,047,569	2,098,472	97	6,639,742

Issued bonds	-	-	-	-	25,450	25,450
Provisions	-	-	688	-	-	688
Other liabilities	7,373	1,772	7,719	26,402	13,650	56,916
TOTAL FINANCIAL LIABILITIES	**3,127,064**	**428,525**	**1,055,976**	**2,124,874**	**39,197**	**6,775,636**

The allocation of the Bank's financial assets and liabilities as of December 31, 2020 according to their residual maturity is as follows:

	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	Total
FINANCIAL ASSETS						
Cash and balances with the Central Bank	1,881,446	-	-	-	-	1,881,446
Placements with and advances to banks	179,432	-	-	-	2,918	182,350
Receivables under repurchase agreements	122,659	120,456	116,557	-	-	359,672
Financial assets at fair value in profit or loss	17,053	-	245,927	-	13,718	276,698
Loans and advances to customers, net	29,725	31,444	271,075	1,359,735	864,867	2,556,846
Financial assets at fair value through other comprehensive income	-	34,106	22,879	313,276	344,476	714,737
Financial assets at amortized cost	-	3,068	24,545	125,528	267,527	420,668
TOTAL FINANCIAL ASSETS	2,230,315	189,074	680,983	1,798,539	1,493,506	6,392,417
FINANCIAL LIABILITIES						
Deposits from banks	66,092	-	-	-	-	66,092
Amounts owed to other depositors	2,876,144	396,097	1,045,851	1,590,583	420	5,909,095
Issued bonds	-	-	-	-	25,451	25,451
Provisions	-	-	978	-	-	978
Other liabilities	4,556	2,239	9,366	22,986	12,885	52,032
TOTAL FINANCIAL LIABILITIES	**2,946,792**	**398,336**	**1,056,195**	**1,613,569**	**38,756**	**6,053,648**

The financial liabilities of the Bank are mainly formed by attracted funds from other depositors – deposits from individuals and legal entities

The tables above feature part of the attracted funds in current accounts without residual maturity amounting to BGN 2,093,742 thousand as of December 31, 2021 (2020: BGN 586,584 thousand.) and they are presented within the range from 1 to 5 years since the Bank regards this availability as a long-term reliable resource based on the average daily availability in these accounts for 2021 and 2020.

The continuing global Covid-19 coronavirus pandemic does not have a direct effect on the Bank's liquidity, since its liquidity position, measured by liquidity coverage, is 4 times above the regulatory requirement. There are no customer funding outflows, on the contrary, attracted funds from other depositors increase their annual growth.

33.3. MARKET RISK

Market risk is the risk, at which it is possible that the changes in the market prices of the financial assets, the interest rates or the currency rates have an unfavourable effect on the result of the Bank activity. Market risk arises on opened exposures on interest, currency and capital instruments, as all of them are sensitive to general and specific market movements. Exposure to market risk is managed by the Bank in accordance with risk limits, stipulated by the Management.

33.3.1. Interest rate risk

Interest rate risk is the possibility of potential fluctuation of the net interest income or the net interest rate margin, due to changes in the general market interest rates. The Bank manages its interest rate risk through minimizing the risk of decrease of the net interest income resulting from changes in the interest rates.

For measurement and evaluation of the interest rate risk, the Bank applies the method of the GAP analysis (analysis of mismatch/imbalance). The sensitivity of the expected income and expenses toward the interest rate development is identified through this analysis.

The method of the GAP analysis aims to determine the Bank position, in total and separately by financial assets and liabilities types, regarding expected changes in interest rates and the influence of this change on the net interest income. It helps the management of the assets and liabilities and is an instrument for assurance of sufficient and stable net interest rate profitability.

The mismatch of the Bank between the interest-bearing assets and liabilities as of December 31, 2021 is negative and amounts to BGN (1,862,543) thousand. GAP coefficient, as a sign of this mismatch, compared to the total profitable assets of the Bank (interest-bearing assets, equity securities, derivatives and investments in subsidiaries) is minus 40.71%.

With regard to the reform made in the way interest rate indices are set up and used (IBOR), in the Bank such are not actively used, the main interest indices that are introduced in the Interest Rate of the Bank are synthetic, with sources from Bulgarian interest rate statistics (Bulgarian National Bank) and in this sense the effect of the reform made is immaterial on the value of the Bank's cash flows.

	Up to 1 month	From 1 to 3 moths	From 3 months to 1 year	From 1 to 5 years	Over 5 years	Total
INTEREST-BEARING ASSETS						
Placements with and advances to banks	**167,382**	-	-	-	**2,918**	170,300
Receivables under re-purchase agreements of securities	**111,225**	**114,303**	**131,454**	-	-	356,982

Financial assets at fair value through profit or loss	-	-	-	9,946	4,062	14,008
Loans and advances to customers	34,413	63,580	433,464	1,287,913	1,069,089	2,888,459
Financial assets at FVTOCI	-	122,858	31,928	257,878	430,967	843,631
Financial assets at amortised cost	-	-	23,125	217,778	390,118	631,021
TOTAL INTEREST-BEARING ASSETS	313,020	300,741	619,971	1,773,515	1,897,154	4,904,401
INTEREST-BEARING LIABILITIES						
Deposits from banks	52,840	-	-	-	-	52,840
Amounts owed to other depositors	3,066,851	426,753	1,047,569	2,098,472	97	6,639,742
Issued bonds	-	-	-	-	25,450	25,450
Other liabilities	1,003	1,772	7,719	26,402	12,016	48,912
TOTAL INTEREST-BEARING LIABILITIES	**3,120,694**	**428,525**	**1,055,288**	**2,124,874**	**37,563**	**6,766,944**
NET INTEREST-BEARING ASSETS AND LAIBILITIES GAP	**(2,807,674)**	**(127,784)**	**(435,317)**	**(351,359)**	**1,859,591**	**(1,862,543)**

The mismatch of the Bank between the interest-bearing assets and liabilities as of December 31, 2020 is negative and amounts to BGN (1,814,052) thousand. GAP coefficient, as a sign of this mismatch, compared to the total profitable assets of the Bank (interest-bearing assets, equity securities, derivatives and investments in subsidiaries) is minus 39.78%.

	Up to 1 month	From 1 to 3 moths	From 3 months to 1 year	From 1 to 5 years	Over 5 years	Total
INTEREST-BEARING ASSETS						
Placements with and advances to banks	218,263	-	-	-	2,919	221,182
Receivables under repurchase agreements of securities	97,242	155,624	50,364	-	-	303,230
Financial assets at fair value through profit or loss	-	-	-	-	9,947	9,947
Loans and advances to customers	56,447	72,572	273,864	1,225,794	813,942	2,442,619
Financial assets at FVTOCI	1,991	-	877	232,059	315,825	550,752
Financial assets at amortised cost	-	-	-	96,990	214,085	311,075
TOTAL INTEREST-BEARING ASSETS	373,943	228,196	325,105	1,554,843	1,356,718	3,838,805
INTEREST-BEARING LIABILITIES						

Deposits from banks	**26,162**	**-**	**-**	**-**	**-**	**26,162**
Amounts owed to other depositors	**2,529,899**	**344,486**	**1,067,931**	**1,475,928**	**4,010**	**5,422,254**
Issued bonds	**-**	**-**	**-**	**25,424**	**-**	**25,424**
Other liabilities	**745**	**1490**	**6703**	**18,673**	**14,707**	**42,318**
TOTAL INTEREST-BEARING LIABILITIES	**2,556,806**	**345,976**	**1,074,634**	**1,520,025**	**18,717**	**5,516,158**
NET INTEREST-BEARING ASSETS AND LAIBILITIES GAP	**(2,182,863)**	**(117,780)**	**(749,529)**	**34,818**	**1,338,001**	**(1,677,353)**

The maintenance of negative mismatch exposes the Bank to risk of decrease of the net interest income when interest rates increase. The effect of the mismatch, reported as of December 31, 2021 on the net interest income, with forecast for 2% increase in interest rates in a period of one year is decrease of the net interest income by BGN 5,087 thousand (2020: BGN 4,483 thousand).

The tables above feature part of the attracted funds in current accounts without residual maturity amounting to BGN 2,093,742 thousand as of December 31, 2021 (2020: BGN 1,586,584 thousand.) and they are presented within the range from 1 to 5 years since the Bank regards this availability as a long-term reliable resource based on the average daily availability in these accounts for 2021 and 2020.

33.3.2. Foreign currency risk

Foreign currency risk is the risk for the Bank to realize loss as a result of fluctuations in the foreign exchange rates.

In the Republic of Bulgaria the rate of the Bulgarian lev to the Euro is fixed by the Currency Board Act due to which the Bank's long position in EUR does not bear risk for the Bank

The risk-weighted net currency position as of December 31, 2021 in financial instruments, denominated in other currencies, different from BGN or EUR is below 2% of the capital base and capital requirements for currency risk shall not be applied by the Bank.

Due to the low amount of this position, the potential effect of exchange rate changes will not result in significant effects on equity and therefore the risk-weighted effect on equity will be below the materiality threshold for the Bank and the regulatory framework - Regulation (EU) 575/2013.

The development of the global pandemic has affected the economies of countries at global level and accordingly has no pronounced effect on the currency of a particular country and hence the design of specific currency risk. To the extent that the Bank's net result of a change in exchange rates in 2021 is a loss primarily due to a foreign exchange revaluation, it is not possible to assess how much of this result has occurred due to the manifestation of effects of the pandemic of Covid-19 or due to the market and political factors related to the development of exchange rates.

The currency structure of the financial assets and liabilities by carrying amount as of December 31, 2021 is as follows:

	BGN	EUR	USD	Other	Total
FINANCIAL ASSETS					
Cash and balances with the Central Bank	1,808,131	69,823	14,750	35,161	1,927,865
Placements with and advances to banks	152	15,999	56,824	97,325	170,300
Receivables under repurchase agreements of securities	315,777	41,205	-	-	356,982
Financial assets at fair value through profit or loss	234,584	23,047	6,137	38,277	302,045
Loans and advances to customers	2,294,974	590,163	52	3,270	2,888,459
Financial assets at fair value through other comprehensive income	415,812	437,364	4,465	145	857,786
Financial assets at amortised cost	185,146	445,875	-	-	631,021
Investments in subsidiaries	3,200	46,216	-	-	49,416
TOTAL ASSETS	**5,257,776**	**1,669,692**	**82,228**	**174,178**	**7,183,874**
FINANCIAL LIABILITIES					
Deposits from banks	21,168	26,550	2,923	2,199	52,840
Amounts owed to other depositors	4,682,563	1,619,635	210,497	127,047	6,639,742
Issued bonds	-	25,450	-	-	25,450
Other liabilities	34,928	13,984	-	-	48,912
TOTAL LIABILITIES	**4,738,659**	**1,685,619**	**213,420**	**129,246**	**6,766,944**
NET POSITION	**519,117**	**(15,927)**	**(131,192)**	**44,932**	**416,930**

The currency structure of the financial assets and liabilities by carrying amount as of December 31, 2020 is as follows:

	BGN	EUR	USD	Other	Total
FINANCIAL ASSETS					
Cash and balances with the Central Bank	1,765,951	67,856	8,837	38,802	1,881,446
Placements with and advances to banks	157	20,418	76,192	85,583	182,350
Receivables under repurchase agreements of securities	313,332	46,340	-	-	359,672
Financial assets at fair value through profit or loss	217,040	18,761	5,017	35,880	276,698
Loans and advances to customers	1,906,595	646,860	48	3,343	2,556,846
Financial assets at fair value through other comprehensive income	277,771	432,650	4,131	185	714,737

Financial assets at amortised cost	**26,352**	**394,316**	-	-	**420,668**
Investments in subsidiaries	**3,200**	**46,216**	-	-	**49,416**
TOTAL ASSETS	**4,510,398**	**1,673,417**	**94,225**	**163,793**	**6,441,833**
FINANCIAL LIABILITIES					
Deposits from banks	**46,266**	**16,350**	**1,341**	**2,135**	**66,092**
Amounts owed to other depositors	**4,064,356**	**1,536,189**	**193,954**	**114,596**	**5,909,095**
Issued bonds	-	**25,451**	-	-	**25,451**
Other liabilities	**34,994**	**8,951**	-	-	**43,945**
TOTAL LIABILITIES	**4,145,616**	**1,586,941**	**195,295**	**116,731**	**6,044,583**
NET POSITION	**364,782**	**86,476**	**(101,070)**	**47,062**	**397,250**

33.3.3. Price risk

Price risk is related to changes in market prices of the financial assets and liabilities, for which the Bank can suffer a loss. The main threat for the Bank is the decrease of the market prices of its instruments at FVTPL, which could lead to a decrease in the net profit. The carrying amount of Bank's equity instruments, shares in mutual funds, options on such instruments and bonds from the portfolio of financial assets at FVTPL amounts to BGN 302,045 thousand (2020: BGN 276,698 thousand).

In 2021, due to the ongoing Covid-19 pandemic, the prices of financial instruments recorded a high degree of volatility, manifesting itself differently and at different times on different types of financial instruments.

The net result of securities transactions realized by the Bank in 2021 is positive, therefore no specific negative effect of the pandemic in this type of risk can be determined.

33.4. EFFECT OF THE COVID-19 GLOBAL PANDEMIC ON OPERATIONAL AND OTHER RISKS IN THE BANK'S ACTIVITIES

The continuing global Covid-19 coronavirus pandemic had a direct effect on the Bank's operational processes, consisting mainly in the restructuring of the working environment. In connection with the complicated epidemic situation in the country related to the spread of Covid-19 and the ongoing extraordinary epidemiological situation, the Management of the Bank has taken measures that are regulated in the Executive Directors' Order. Measures have been taken to physically protect banking staff at direct risk of contamination in the banking lounges, and the measures also protect the health of the customers of the respective banking branches.

The Management of the Bank provided safe working spaces with a set of organizational and sanitary and hygienic measures consisting in thermal screening at the entrance of the buildings, delivery of personal protective equipment, opening of the former building of the Headquarters, where additional working spaces for employees were provided, introduction of working hours in shifts, work from home for all employees at health risk – chronic and autoimmune diseases, compliance with all requirements of the authorities regarding sanitary and hygienic measures in public areas.

For the activities of the employees on the first line, at the points of sale of services of the Bank, protection measures are provided for both the staff and the clients of the institution – safety screens, delivery of personal protective equipment, observance of min. distances of 2 meters, interruption of working processes 4 times a day for special sanitation of the premises, etc

In a situation of increased morbidity in a particular bank office, the Management of the Bank had provided reserve locations for taking over the activity and reserve capacity employees and it was guaranteed that they were separated in order to ensure continuity of activity on the first line. All electronic channels of the Bank received their intensive development during the year, thus the activity was further optimized.

As a result of the Covid-19 pandemic no specific offices of the Bank have been closed, nor employees of the Bank, have been made redundant, outside the regular staff dynamics.

Despite several waves of infecting incidents, including bank employees, there were no disruptions to processes and systems in terms of operational risk, no offices were closed and the Bank's operational activities were not affected by the pandemic.

Since the Bank's administrative costs did not increase significantly, the coronavirus pandemic did not affect the administrative and operational capacity of the Bank and did not lead to the materialization of operational and other types of risks in the activity.

34. INFORMATION REGARDING THE FAIR VALUE OF THE ASSETS AND LIABILITIES

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date. Fair value under IFRS 13 is an exit price, whether that price is directly regardless of whether that price is directly observable or estimated using another valuation technique. Sufficient market experience, stability and liquidity do not currently exist for purchases and sales of loans and advances to customers and for some other assets and liabilities, for which published market information is not easily accessible. Accordingly, their fair values cannot be reliably determined. Management considers that their carrying amounts are the most valid and useful reporting amounts under these circumstances.

The fair value of the financial assets and liabilities at fair value is distributed in accordance with the hierarchy of the fair values as of December 31, 2021 and 2020, is as follows:

2021	Carrying amount	Level 1 – quoted market price	Level 2 – Valua-tion techniques of observed market levels	Level 3 – Valuation techniques of non-observed market levels
ASSETS				
Financial assets at FVTPL	**302,045**	**264,768**	**651**	**36,626**
- derivatives	**70**	**-**	**70**	**-**
- debt securities	**18,837**	**14,775**	**-**	**4,062**
- equity securities	**283,138**	**249,993**	**581**	**32,564**
Financial assets at FVTOCI	**857,786**	**718,760**	**-**	**139,026**

- debt securities	843,631	713,735	-	129,896
- equity securities	14,155	5,025	-	9,130
TOTAL ASSETS	1,159,831	983,528	651	175,652
LIABILITIES				
Derivative financial instruments	118	-	118	-
TOTAL LIABILITIES	118	-	118	-

2020	**Carrying amount**	**Level 1 – quoted market price**	**Level 2 – Valua-tion techniques of observed market levels**	**Level 3 – Valuation techniques of non-observed market levels**
ASSETS				
Financial assets at FVTPL	276,698	227,243	5,369	44,086
- derivatives	4,788	-	4,788	-
- debt securities	13,718	-	-	13,718
- equity securities	258,192	227,243	581	30,368
Financial assets at FVTOCI	714,737	650,006	-	64,731
- debt securities	701,217	645,308	-	55,909
- equity securities	13,520	4,698	-	8,822
TOTAL ASSETS	991,435	877,249	5,369	108,817
LIABILITIES				
Derivative financial instruments	86	-	86	-
TOTAL LIABILITIES	86	-	86	-

35. RELATED PARTY TRANSACTIONS AND BALANCES

The Bank has concluded a number of related party transactions. As connected, the Bank considers related parties those parties where one of the parties is able to control or exercise significant influence over the other in making financial and operational decisions, and in cases where both parties are under common control. The Bank has performed transactions with the following related parties: Parent company, entities under common control, Subsidiaries, key management personnel of the Bank or of the principal shareholder, which transactions are related to granting of loans, issuing of guarantees, attracting cash, realization of repo deals, etc. All transactions are concluded in the ordinary course of the Bank's business and do not differ from market conditions, as loans are granted and guarantees are issued only if proper collateral is available.

As of December 31, 2021 and 2020 the Bank has receivables from, payables and contingent commitments to related parties as follows:

Related parties and balances	**Balance as of 31.12.2021**	**Balance as of 31.12.2020**
Parent company		
Deposits received	**40**	**87**
Companies under common control		
Loans granted	**76,345**	**65,091**
Guarantees issued	**4,925**	**5,283**
Other receivables	**70**	**228**
Other payables	**11**	**45**
Deposits received	**52,517**	**35,811**
Deposits granted	**4,188**	**3,422**
Issued bonds	**259**	**259**
Balance of expected loan losses	**(319)**	**(298)**
Subsidiaries		
Deposits received	**1,167**	**1,013**
Deposits granted	**240**	**174**
Bond received	**9,946**	**9,947**
Key management personnel of the Bank or its main shareholder		
Loans granted	**428**	**749**
Receivables under repurchase of securities agreements	**292**	**-**
Other receivables	**8**	**8**
Deposits received	**4,707**	**4,273**
Balance of expected loan losses	**(2)**	**(5)**

Income and expenses realized by the Bank in 2021 and 2020 from transactions with related parties are as follows:

Related parties and balances	**Turnover in 2021**	**Turnover in 2020**
Parent company		
Income from fees and commissions	1	2
Companies under common control		
Interest income	1,612	1,530
Income from fees and commissions	1,740	671
Income from services	249	1,061
Interest expense	(296)	(13)
Expenses for services	(10,242)	(10,164)
Expenses for financial services	(239)	-
(Accrued) / Reimbursed impairment losses	(23)	(99)
Subsidiaries		
Interest income	191	216
Income from fees and commissions	6	11
Expenses for fees and commissions	(18)	(2)

Income from services	139	133
Key management personnel of the Bank or its main shareholder		
Interest income	19	9
Income from fees and commissions	10	11
Income from services	1	1
Interest expense	(2)	(3)
Expenses for services	(169)	(169)
Reimbursed impairment losses	-	1

The remuneration of the members of the Supervisory Board which include short-term employee benefits paid in 2021, are at the total amount of BGN 504 thousand (2020: BGN 504 thousand.). The remunerations of the members of the Management Board which include short-term employee benefits paid in 2021, are at the total amount of BGN 632 thousand. (2020: 717 thousand.).

36. OTHER REGULATORY DISCLOSURES

In accordance with the requirements of art. 70 para 6 of Law on Credit Institutions, banks are required to make certain quantitative and qualitative disclosures related to major financial and other indicators separately from the business originating from Republic of Bulgaria, countries part of the European Union and third countries in which the Bank has active subsidiaries and/or branches.

As disclosed in note 1, Central Cooperative Bank AD carries out its activities based on banking license issued by BNB, pursuant to which it may accept deposits in local and foreign currency, extend loans in local and foreign currency, open and maintain nostro accounts in foreign currency abroad, deal with securities and foreign currency and perform all other banking activities and transactions, permitted by the Law on Credit Institutions.

The Bank has obtained bank license, issued by the Central Bank of Cyprus, under which the Bank is authorized to perform bank activity as a legally licensed bank branch on the territory of the Republic of Cyprus, in compliance with the requirements of the Cyprus Law on Banks.

The summarized quantitative indicators in connection with the obligatory disclosures required by the Law on Credit Institutions are as follows:

	Republic of Bulgaria		Republic of Cyprus	
	2021	**2020**	**2021**	**2020**
Operating income	**169,146**	**161,560**	**(115)**	**86**
Financial result before tax	**28,828**	**23,290**	**(689)**	**(640)**
Tax expense	**(2,211)**	**(2,270)**	**-**	**-**
Return on assets (%)	**0.36**	**0.32**	**(31.82)**	**(11.20)**
Full Time Employees as of December 31	**1,617**	**1,677**	**6**	**6**
Received government grants	**-**	**-**		**-**

37. EVENTS AFTER THE REPORTING PERIOD

No adjusting or significant non-adjusting events have occurred between the date of the financial statements and the date of their approval for issuance, except for the disclosed below:

The military actions that have started on the territory of the Republic of Ukraine and the related measures, which were introduced by the European Union member-states, including Bulgaria, as well as by third parties, against the Russian Federation and vice versa, create geopolitical, macroeconomic and market tensions resulting in high prices of goods, energy resources, inflation and market fluctuations.

As at December 31, 2021, the Bank's exposure to persons from the Russian Federation, Belarus and Ukraine amounts to 0.51% of the balance sheet assets and consists almost entirely of exposure to equity instruments in a financial institution in the Russian Federation and funds deposited in it. As at the date of these separate financial statements, this equity exposure has been sold to a related party, with the residual exposure to individuals from the Russian Federation and Ukraine being less than 0.07% of total assets, none of which is to those affected by sanctions regimes. The residual exposure to these persons is almost entirely denominated in euro and is not affected by the fluctuations of the national currencies of the three countries. The equity control measures introduced in the Russian Federation would prevent the withdrawal of these exposures at any time, but the Bank has protected its position by attracting deposits from the same persons denominated in the same currency - the euro, in an amount grater than its direct exposure.

As of the date of preparation of these separate financial statements, no threats for negative changes in the financial position of the Bank's counterparties with indirect business dependence on the Russian and Ukrainian markets have been identified. The identified potential ones have an exposure of less than 0.15% of the Bank's loan portfolio and actions have been taken for detailed monitoring and analysis of their financial position.
As of December 31, 2021 and the date of preparation of these financial statements, the Bank's resources attracted from Russian, Belorussian and Ukrainian individuals and legal entities are insignificant compared to the Bank's size - less than 0.5% of the total attracted funds and no decrease of these funds has been observed. These funds are used by persons permanently established on the territory of the Republic of Bulgaria and in this sense their dependence on the development of the military actions or sanctions regimes is weak and potential changes will not significantly affect the Bank. The funds attracted from 1 financial institution from the Russian Federation amount to less than 0.16% of the total attracted funds and are denominated in EUR, as their amount is not significant for the Bank's activity.

As the Bank's liquidity assets exceed many times the regulatory requirements and currently the bank's liquidity buffers are unaffected, Management does not expect to be dependent on financing as a result of the coronavirus pandemic or the military actions.

The Bank's management will continue to monitor the potential impact and will take all possible measures to mitigate any potential effects.

The Bank's management has taken a set of organizational measures in order for the Bank to comply with all restrictions and sanctions imposed on the transfer of funds to and from Russia and/or sanctioned persons and institutions, including activities to increase and strengthen protection against potentially harmful actions and attacks on information resources and infrastructure.
The impact of the events related to the military conflict on the general economic situation may require revisions of certain assumptions and estimates. This may lead to making adjustments to the carrying amount of certain assets and liabilities within the next financial year. At this stage management is not able to reliably estimate the potential impact as events are unfolding on a daily basis.