



FRONT OFFICE
INTERNATIONAL TRANSACTIONS
METHODOLOGY OF BANKING TRANSACTIONS
PERSONNEL MANAGEMENT
CORPORATE BANKING
ANALYSIS AND RISK MANAGEMENT
INVESTMENT BANKING CREDIT ADMINISTRATION
MONEY MARKETS AND LIQUIDITY INFORMATION TECHNOLOGY
CREDIT OPERATIONS AND CREDIT RISK MARKETING AND DEVELOPMENT
INSTITUTIONAL BANKING
INDIVIDUAL BANKING
AGRIBUSINESS

www.ccbank.bg



Municipal Taxes



CCB Deposit



CCB Bonus



Message from the management	4	International payments	18
Financial highlights as at 31.12.2010	5	Financial markets	21
Today	6	Information technology	23
Brief history	8	Personnel	24
Managerial team	10	Branch network	25
Share capital and shareholders	11	The Bank in the future	24
Activity overview	12	Financial review for 2010	25
Client structure	12	Market share and position of CCB Plc	26
Retail banking	13	Income Statement	28
Crediting	16	Analysis of the Assets and Liabilities	29
Correspondent relations with Bulgarian and foreign financial institutions	17	Appendix N°1: Branch network	34
		Appendix N°2: Nostro accounts	42
		Independent auditor's report and separate financial statements	44

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 2010. Central Cooperative Bank Plc is a universal commercial bank with a pronounced focus on retail banking. As at 31.12.2010 the Bank assets are BGN 2 285 million, shareholders' equity amounts to BGN 274 million and the net profit is BGN 22 million.

Last year was our fourth year as a member of the European Union and the whole year was characterized by the effects of the global financial crisis. Nevertheless, we ranked among the first 10 banks in Bulgaria in terms of total assets.

Among our goals for 2011 are: new products and services for individuals; maintaining the achieved results and market share in the card business, ATMs and POS terminals; new strategies to cushion the effects of the global financial crisis; preserving the quality and decreasing the concentration of the loan portfolio; adequate monitoring and management of the client, credit and market risk; profiting from our existing wide branch network; collaboration with leading financial institutions from EU, USA and Asia; training and qualifying the personnel; good liquidity, preserving and increasing the amount of total assets and keeping our place among the 10 biggest and efficient Bulgarian banks.

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,



George Konstantinov
Executive Director



Ivaylo Donchev
Executive Director



Sava Stoynov
Executive Director



Tihomir Atanassov
Procurator

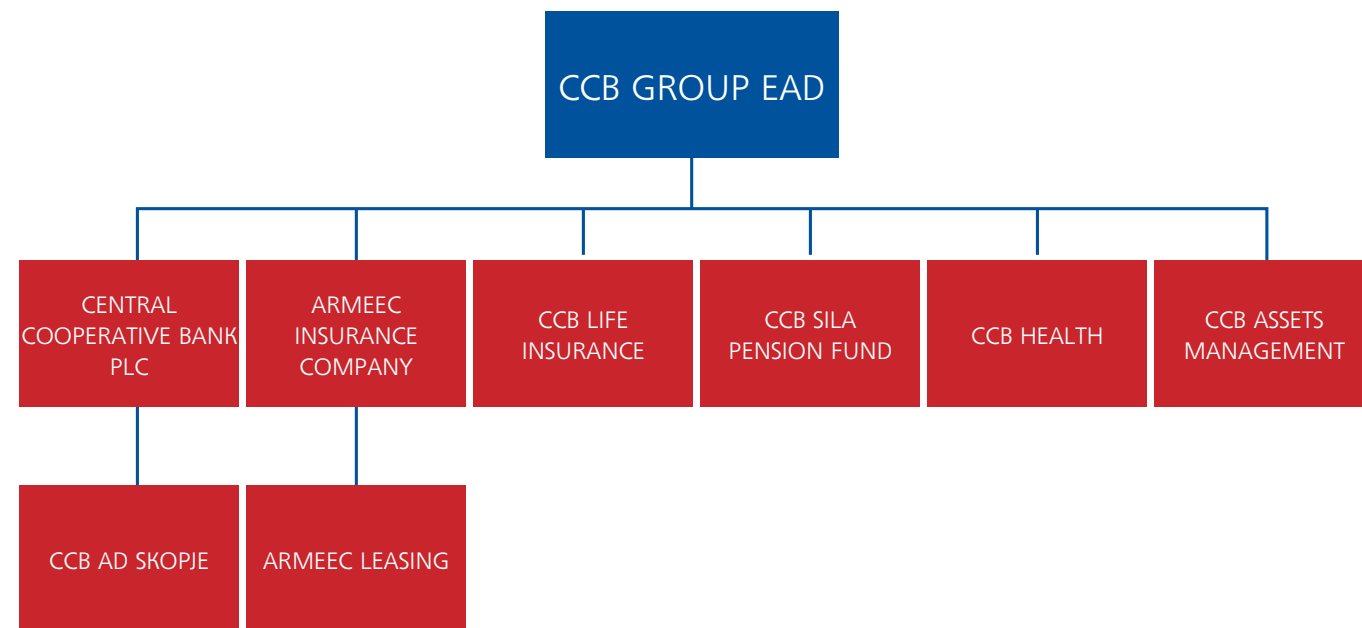
Main indicators from the Balance Sheet and the Income Statement	As at 31.12.2010 Thousand BGN	As at 31.12.2009 Thousand BGN
Total assets	2,284,980	1,839,437
Share capital	83,155	83,155
Shareholders' equity	273,974	251,403
Total deposits	1,936,523	1,524,152
Deposits from non-financial institutions	1,924,892	1,519,876
Advanced loans and advances to customers, net	1,194,092	1,147,905
Net interest income	68,782	67,912
Non-interest income	51,762	55,612
Total income	120,544	123,524
Operating expenses	88,452	89,854
Net profit	22,386	22,095

Financial highlights	As at 31.12.2010	As at 31.12.2009
ROE %	8.56%	9.25%
ROA %	1.12%	1.24%
Shareholders' equity / total assets %	11.99%	13.67%
Operating expenses / total assets %	3.87%	4.88%
Operating expenses / total income %	73.38%	72.74%
Loans to customers / total assets %	52.26%	62.41%
Total deposits / total assets %	84.75%	82.86%
Deposits from non-financial institutions / total assets %	84.24%	82.63%
Total capital adequacy	13.53%	14.60%

Recourses	As at 31.12.2010 Number	As at 31.12.2009 Number
Number of customers	1,220,811	1,123,000
Foreign correspondents	480	472
Nostro accounts	22	19
Locations, including branches	266	263
Personnel	2,203	2,324*

*the figure includes 513 people, appointed in 2009 in the established self-defense unit, as a result of a change in the organization of the physical defense of the Bank.

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 products and services of *Western Union* are offered at 242 branches and offices of CCB Plc in 129 settlements across the country.

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 480 correspondents and 22 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 consulting 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 266 branches and offices all over the country and abroad, which are subject to constant optimization with the aim of maximum efficiency.

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 Raiffeisen Zentralbank Osterreich 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 a 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.

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:

Supervisory Board

Chairperson: Ivo Kamenov
Members: Marin Mitev
 Central Cooperative Union
 Represented by Peter Stefanov

Management Board

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

Procurator

Tihomir Atanassov

As at December 31, 2010 the share capital of the bank amounts to BGN 83,155,092 and is divided into 83,155,092 shares, each with a value of BGN 1. The shares of the bank are book-entry, registered and each share gives the right to one vote in the General Meeting of Shareholders. CCB Plc does not have shareholders with special controlling rights. We do not know of any agreements between the shareholders, which lead to limitations in the transferring of shares or the right to vote.

As at December 31, 2010 the shareholders' equity of the bank amounts to BGN 273,974 thousand. The capital adequacy is 13.53%, which is in agreement with the requirements of Ordinance No. 8 of BNB on the capital adequacy of banks.

Shareholders of CCB Plc as at 31 December 2010	Share (%)
CCB Group EAD, Sofia*	68.20
Armeec Insurance Company JSC, Sofia	4.55
Chimimport JSC	2.88
CACEIS Bank Deutschland GmbH	2.44
UNIVERSAL PENSION FUND "SUGLASIE"	2.03
Other minority participation	19.90
Total	100.00

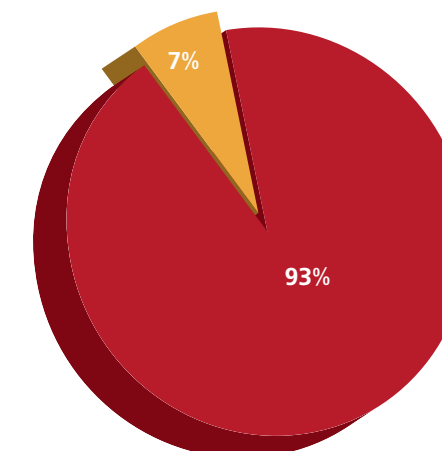
*Former name: CCB Group Assets Management EAD

As at December 31, 2010 the shareholders of CCB Plc are 6953, among them 5745 individuals and 1,208 legal entities.

The shares of CCB Plc are being traded at the Bulgarian Stock Exchange since 4 March 1999. In the last 10 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

- Legal entities (Bulgarian and foreign)
- Individuals (local and foreign)



Activity Overview

CCB Plc is a universal bank, working in a multitude of banking activities, with an emphasis on "retail" banking and SME lending. Along with that the Bank continues to be a leader in rendering services to the agricultural sector and the related production activities.

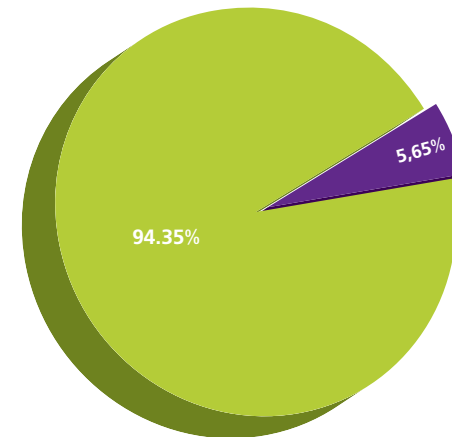
In 2010 the Bank continued to offer the array of credit products and services in the field of consumer lending, as well as lending to SMEs. Following the set goals, the Bank deployed its activity as a "retail bank" and achieved good positions in the market of SMEs, attracting more and more clients in this sector.

Client structure

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

Breakdown of clients as at 31.12.2010

- individuals
- legal entities

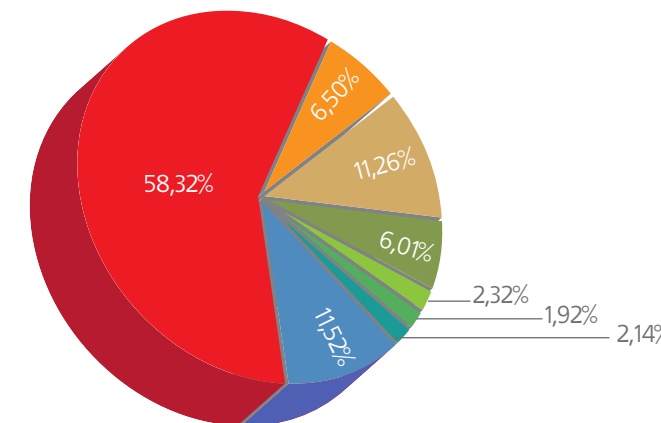


Sector	December 2010	December 2009
Individuals and sole proprietors	1 151 852	1 058 559
Commerce	40 220	37 772
Transport and communications	4 481	4 308
Industry and construction	7 767	7 293
Agriculture and forestry	4 146	4 048
Finance, loans and insurance	1 601	1 521
Science and education	1 227	1 118
Healthcare, sports and tourism	1 478	1 301
Other	8 039	7 080
Total	1 220 811	1 123 000

At the end of 2010 the Bank clients increased to 1,220,811, which is by 97 811 or 8,71 % more in comparison with the previous year. There is an increase mainly in individuals, whose number has increased by 93 293 or by 8.81 % in comparison to 2009. The positive tendency of growth is present in the last several years, because CCB Plc strives to develop in the highly competitive for the Bulgarian market "retail banking" segment. There is also growth in SME lending.

Branch structure of clients - Legal entities

- Commerce
- Transport and communications
- Industry and construction
- Agriculture and forestry
- Finance, loans and insurance
- Science, education, culture and arts
- Healthcare, sports and tourism
- Other



Retail banking

Retail banking continues to be a main priority for Central Cooperative Bank, whereas in 2010 the Bank managed to keep its good positions with respect to the card business and consumer lending. In spite of the still unstable economic circumstances in the country, the Bank managed to deploy its portfolio of products and services for individuals, starting new and exceptionally competitive projects, and at the same time continued offering successfully the already affirmed bank products.

During last year CCB Plc continued to affirm itself as one of the biggest issuers of credit and debit cards in the country. The Bank issues international MasterCard and Visa credit cards, as well as local credit cards. With regard to the debit cards, CCB offers to its clients Maestro cards, Visa Electron cards, local debit cards, and in 2010 it started the issuance of the Visa prepaid virtual card.

CARD BUSINESS

In 2010 CCB preserved a good market share in the issuance of bank cards, whereas the total number of issued cards of the Bank as at 31.12.2010 amounts to 734 616. The bank has very good results with respect to the issued Visa Electron cards, whereas the share of the CCB cards of this type in comparison to the total number of Visa Electron cards for the country is 9,49% at the end of 2010. At the end of the same period the share of Visa credit cards of the Bank reached 5,67%, which is a considerable increase compared to 4,77% at the end of 2009.

CCB managed to keep good positions with regard to the development of its network of ATMs and POS terminals. There is a considerable increase in the number of POS terminals at the trade shops, whereas for one year the share of CCB increased from 9,32% to 9,96% of the total number of installed POS terminals, serviced by BORICA BANKSERVICE AD. At the end of 2010 the total number of ATMs of CCB is 338, which is 12,16% of the total number of installed ATMs in the network of the BORICA BANKSERVICE AD card operator. The total number of POS terminals of CCB at the end of 2010, including the POS terminals in the bank rooms, is 2 595.

Visa prepaid virtual card

In 2010 CCB started the issuance of a new card product. The Bank offered to its clients exceptionally alleviated conditions for the issuance of Visa prepaid virtual cards. The card may be credited at an office of the Bank and on the Internet, whereas the unique feature for the Bulgarian market is that the virtual card is issued only in 15 minutes and may be obtained without visiting the bank. This product is meant entirely for shopping on the Internet, offering an exceptionally high level of security and protection of the clients. The card makes possible the free shopping on the world wide web, at all sites, bearing the logo of VISA.

CCB Bonus program

CCB started developing the CCB Bonus, which started in 2009. In 2010 the Bank deployed the scope of the program, whereas the rebates at a big part of the trade partners of CCB are obtained upon shopping not only with a credit card, but also with a debit card of the Bank. There is an increase in the number of partners in CCB Bonus above 180 with about 840 trade shops.

Promotions for cardholders of Visa and MasterCard

In 2010 the cardholders of Visa and MasterCard cards of CCB had the chance to participate in promotions, organized together with the card organizations Visa and MasterCard. There were two successful national campaigns of Visa Bulgaria for activation of the payments with Visa cards. All clients, who used their Visa and Visa Electron cards for purchases in Bulgaria in the period of the campaigns, participated in lotteries with big prizes. In the period from 15 May to 15 August 2010 there was a massive campaign to encourage the payments with MasterCard cards of CCB at traders in Bulgaria. The cardholders, who complied with the conditions of the campaign, participated in the lottery with attractive prizes and received back 1% of the amount of the purchases with their MasterCard card. In 2011 CCB will continue to encourage its clients to use their cards, issued by the Bank, for payment at the traders in the country and abroad, organizing new campaigns and promotions together with Visa and MasterCard.

■ CONSUMER LOANS

In 2010 the crisis and the deteriorated economic environment continued to have a big impact and increased the risk for financial institutions with respect to retail lending. The economic conditions, in which the country is now, have a great impact on the banks' lending policy to individuals in Bulgaria. The decrease of the market share of CCB in the field of lending from 2,55% to 2,40% is due namely to the more restrictive and increased criteria for the granting of consumer loans in the last year. In spite of that, CCB continued to offer to clients, which corresponds to the increased requirements of the Bank, exceptionally competitive products in the field of consumer lending.

"Today" consumer loan

With regard to preserving the good positions of the Bank on the market of consumer lending and the ambition of the Bank to augment its portfolio, in April 2010 the clients of the Bank were offered a new product with low interest rate in the range from 9,95% to 10,95%. With the new product the Banks aims at keeping the present good clients and attracting new solvent correct clients. "Today" loan is directed at the highly educated clients that have stable and good income and are highly qualified. The loan is granted to employees under an employment contract, as well as to free-lance clients /lawyers, notaries, architects, etc / that comply with the conditions of the Bank. In order to enjoy the low loan interest, clients shall commit to receive their salary or a part thereof to an account at the Bank, to use the service "Subscription for utility bills", as well as to preserve the ratio "debt/income", which they have at the loan granting. Upon the approval of the "Today" loan, clients receive an automatic approval for the international "Visa Bulgaria Air" credit card.

Student loan

In the last 2010 the students, who need lending, preserved their interest in the student loan, offered by CCB without a state financial aid. The loan is extended for the payment of their semester fees and meeting the current needs for the period of education. The Bank successfully collaborates with intermediation companies, which organize student brigades and internships abroad. CCB continued to finance the students that go to work abroad, and those that have chosen to continue their education abroad. When the loan is extended to cover the semester fees, the clients choose whether to receive the full amount of the loan immediately or to receive every year the amount, necessary for the respective year. The Bank provides to students the possibility to use a grace period for the period of education, whereas during this term only interest is paid. When the loan purpose is to finance internship abroad, the grace period is up to 12 months.

Goods on credit

In 2010 the Bank continued to offer to clients the possibility to apply for a loan for the purchase of goods via their partners – traders. The exceptionally advantageous conditions of "Goods on credit" attracted new clients and urged those that already used it to do it again. Clients can shop goods at a price up to BGN 10 000 in almost 3000 trade shops. The term, within

which the client has to repay the loan, is up to 5 years. The processing of the applications, received from the trade partners of CCB from the whole country, is made by a special unit at the head-office. The qualities of the offered loan product led to the conclusion in 2010 of contracts for partnership with new traders. As at 31.12.2010 the number of traders for "Goods on credit" is approximately 1500. The simplified procedure for application, the quick reply by the Bank and the advantageous financial conditions, characterizing the product of CCB during last year, were a precondition that the product is preferred by clients that have chosen it.

Life insurance policies of the borrowers

In the last year, the clients of CCB, approved for a consumer loan, concluded a "Life" insurance policy or an "Accident" insurance policy with "CCB Life" insurance joint-stock company under preferential conditions. The insurance policy is concluded in favour of the Bank, whereas the client can choose between one-off payment of the whole premium or annual payments. In the cases of the insurance event, the insurance agent pays to CCB the amount due from the client in bulk or in monthly installments, depending on the type of the event, which has occurred. In parallel with the insurance policies of the borrowers, the Bank continued to offer to clients risk insurance policies "CCB Chance" and "CCB Chance +" again with "CCB Life" insurance single-person joint-stock company. The "Chance" insurance policies have a premium of BGN 15 and BGN 30 respectively, whereas the covered risks are death as a result of an illness or an accident and a permanent or temporary loss of capacity for work as a result of an accident. The coverage with "CCB Chance" is up to BGN 10 000, and with "CCB Chance +" – up to BGN 20 000. The insurance policies are not related with another bank product and may be concluded with each client that visits the offices of CCB.

■ CCB CLUB LOYALTY PROGRAM

In 2010 the Bank attracted not only Bulgaria Air AD and "Armeec" insurance company JSC, but also Mobiltel EAD and Lukoil Bulgaria EOOD as partners in the "CCB Club" loyalty program. The program will start in 2011, in order to offer to the clients of CCB and to the bank partners preferential conditions upon shopping at the traders. The main purpose of the program is ensuring the long-term loyalty of clients, motivating their choice of partners in the program. There are plans in 2011 CCB Club

to include other companies, leaders in their branches. With the loyalty program, CCB will receive an additional competitive advantage, compared to the other banks in Bulgaria, based on the benefits for clients from membership in CCB Club.

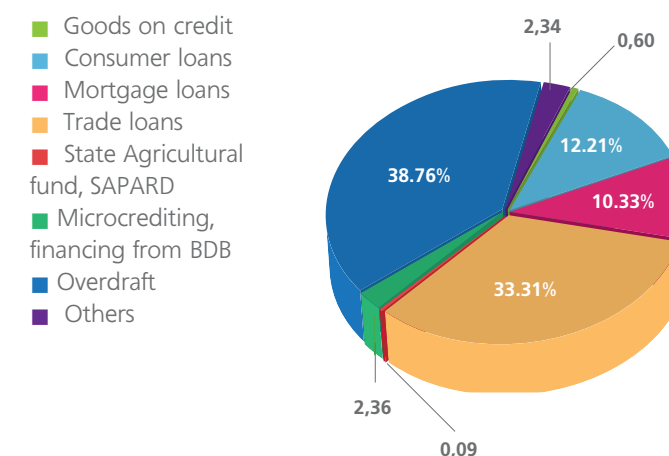
Crediting

Crediting constitutes a major share of the Bank business. In 2010 the loans reached 52.26% of total assets. In the portfolio structure there are no big changes in the breakdown according to types of loans. The major part belongs to overdraft, which has 38.76 % of the advanced loans, whereas in 2009 its share was 39.79 %. Overdraft includes allowed overdraft of individuals and legal entities, as well as overdraft, secured by a mortgage. The consumer and mortgage loans decrease in comparison to the previous year and amount to 12.21% and 10.33% respectively of the total loan portfolio. CCB Plc offers attractive products in the field of consumer lending and crediting small and medium sized enterprises. Company loans increase and have 33.31% of the loan portfolio, whereas their share in the previous year was 28.87%.

In 2010 CCB Plc continued following its lending policy from the previous year with stricter conditions for housing, mortgage and consumer lending, considering the changed tendencies on the market of loans in global and national scope.

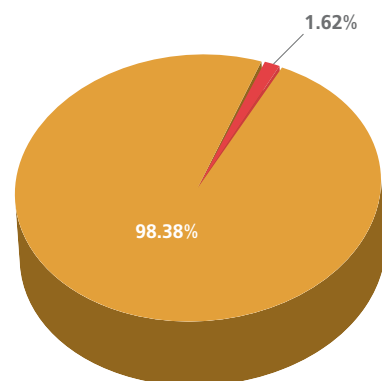
The breakdown of loans to individuals and corporate loans according to number and amount of advanced loans may be seen in the following graphs:

Breakdown of loans according to types



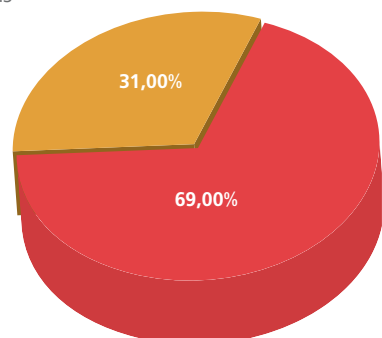
Breakdown of the loans according to the number of granted loans

- Corporate customers
- Individuals



Breakdown of the loans according to the loan amount

- Corporate customers
- Individuals



Correspondent relations with Bulgarian and foreign financial institutions

In 2010 the Bank continued working on several long-term trade finance projects and further improved its good business relationships with the leading banks from EU and USA.

In 2010 CCB Plc continued performing its obligations associated with several projects under the main framework agreement with Landesbank Berlin, concluded in November 2002.

The purpose of the agreement is a credit line for partial midterm and long-term financing of contracts for the purchase and delivery of investment goods and services with German exporters, but the export from countries such as Belgium, Austria, etc may be financed as well. The loan insurance is made by the export credit agencies of the respective exporting countries.

The Bank has a credit line with Banco Bilbao Vizcaya Argentaria, Madrid. The line concerns the investment goods – imported from Spain, and it is possible to include up to 15% components having non-Spanish origin in the value of goods, and exceptionally up to 30% having an origin in other EU countries.

CCB Plc has two successful syndicated loan agreements. The first syndication was concluded in 2005 at the amount of EUR 11 million for one year, whereas the second Syndicated Term Loan Facility, concluded in 2006, was for EUR 27.5 million, having a one-year term and an extension option of one more year. The syndicated loans were arranged by HSH Nordbank AG and Raiffeisen Zentralbank Osterreich AG and the participants were prestigious financial institutions from Europe and Asia. The loans' purpose is advancing loans and financing small and medium-sized enterprises – clients of the Bank. The great interest on the part of foreign financial institutions and the increase in the preliminarily stated amount of more than two times in 2006 is a proof of the recognition and good reputation of the Bank on the international scene.

There are effective credit lines for confirming small documentary operations with Deutsche Bank AG, Frankfurt / Main; Raiffeisen Bank International AG, Austria, UniCredito Italiano, Italy and Standard Chartered Bank, USA. Along with that CCB Plc develops and streamlines its relationships in other fields of banking, working with banks such as: KBC Bank NV, Brussels; Unicredit Bank Austria AG, Vienna; Danske Bank, Copenhagen; BBVA, Madrid; BAWAG P.S.K., Vienna; Credit Suisse, Zurich; Landesbank Berlin, Germany; Rabobank Netherlands, Utrecht, Societe Generale, Paris La Defense, Barclays Bank Plc, London etc.

CCB Plc has established correspondent relations with over 500 financial institutions from all over the world. In 2010 for the destination CECBBGSF it has exchanged 480 RMAs, for CECBCY2N it has exchanged 67 RMAs and for CECBMK22 it has exchanged 126 RMAs. The Bank has 22 Nostro accounts, 10 of which are in EUR with European banks, 3 accounts are in USD with American banks, and 9 are in other currencies – GBP, CHF, CAD, DKK, SEK, NOK, JPY, PLN and MKD.

The correspondent network of CCB Plc is subject to constant optimization, with the aim of effecting the payments as quickly as possible, without any problems and under the best financial conditions for the clients.

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 40 000 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 266 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 utility bills in Bulgaria, payment to numerous suppliers of a variety of services in Bulgaria, Internet banking facilities, exchange of Bulgarian leva and others. The Branch joined the local payment system JCC, which allowed a broader assortment of services. Moreover, the

wish of numerous clients who would like to deposit their salaries directly 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

With its well-developed branch network and Correspondent relations CCB Plc carries out payments all over the world. The Bank is a member of SWIFT since 1994, an indirect member of EBA STEP2 SCT, and since 2003 it is a member of the Western Union fast money transfer system. Since February 2010 CCB Plc is a direct member of Target 2 via BNB. All these preconditions allow CCB Plc to effect high quality payments for its clients.

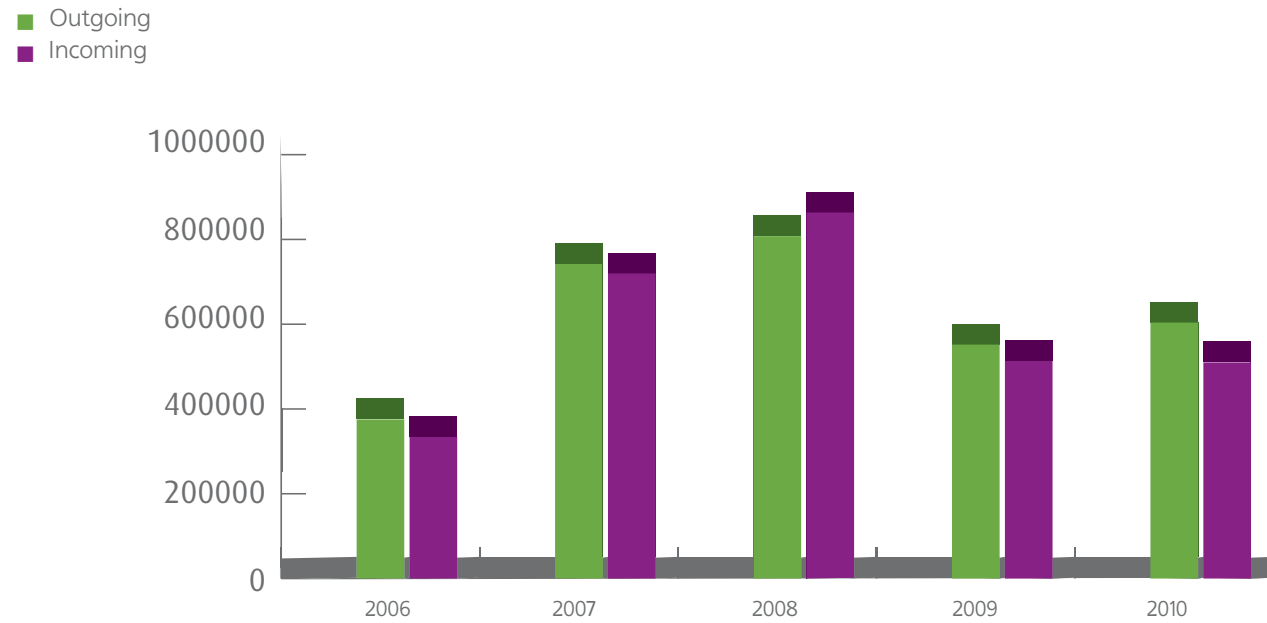
For the whole year 2010, Central Cooperative Bank Plc distinguished itself with the exceptional quality of international payments, ranking among the market leaders in terms of straight through processing rate (STP).

Central Cooperative Bank Plc offers to its clients the main types of payments, known in the bank practice. A major share belongs to the clean payments, which have the greatest portion in the incoming and outgoing payments.

In the period 2005-2008 the amount of payments as a whole marked a constant increase. In 2009 payments decreased their amount in comparison to the previous year. In 2010 the amount of the incoming transfers marked a minor decrease and outgoing transfers increased slightly.

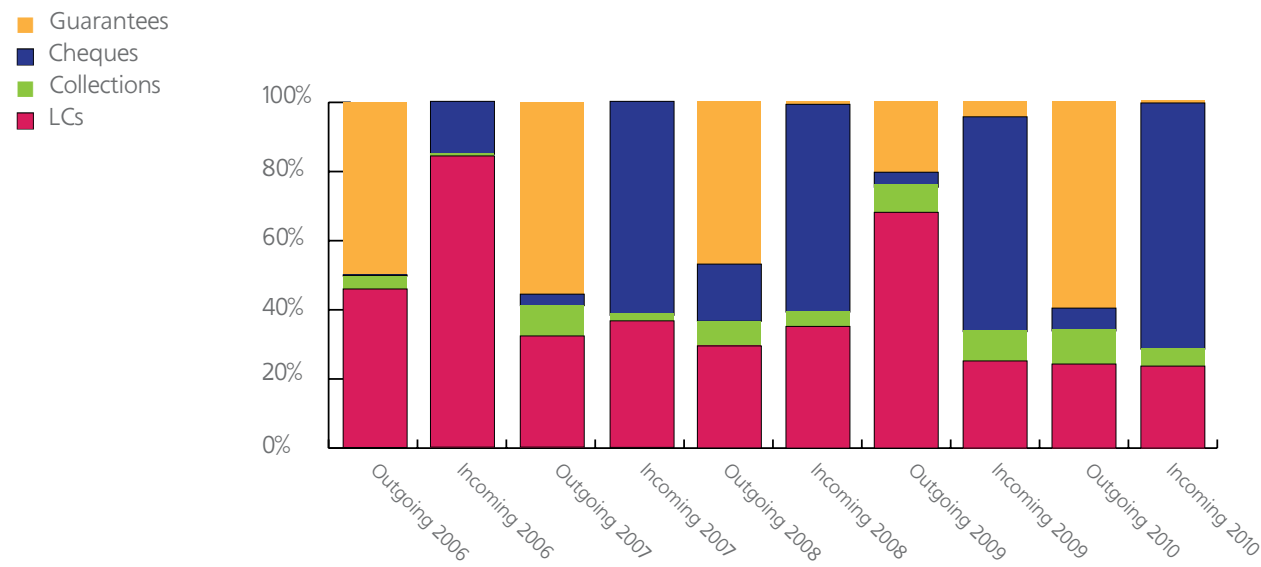
Activity Overview

Total Amount of the Incoming and Outgoing Payments in the Long Run (thousand USD)



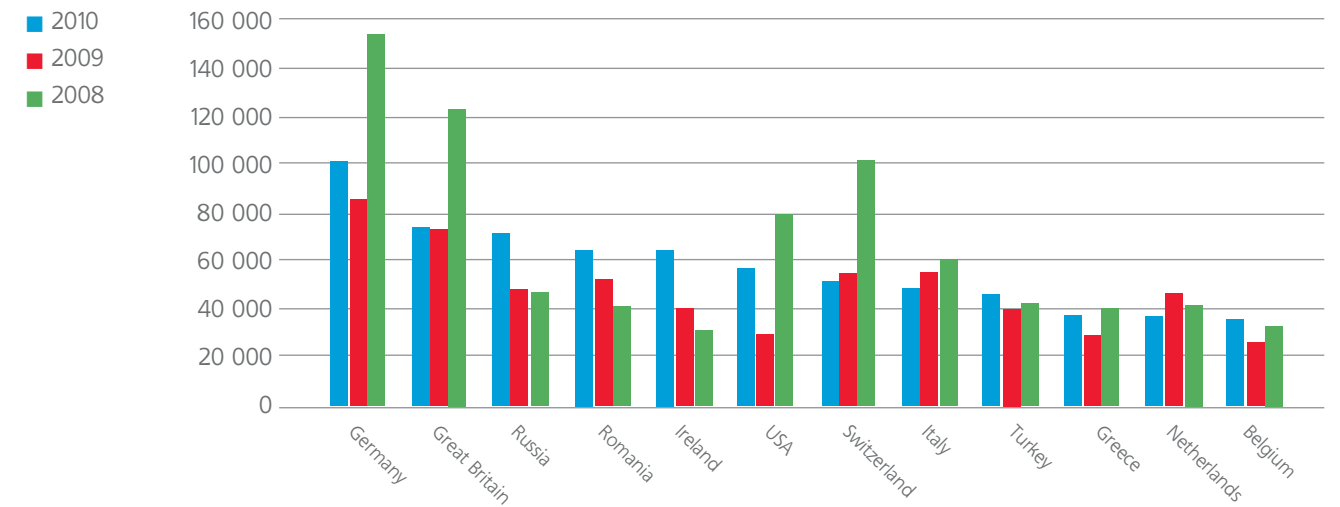
There is an increase in the incoming checks, outgoing collections and outgoing bank guarantees
The breakdown of the types of payments is rather varied and may be seen in the following diagram:

Comparison between the main payment instruments in the Long Run



During the last year according to the amount of payments Germany has a leading position in the total amount of payments. Great Britain remains on the second place, followed by Russia and Romania. Next, according to the amount of payments, follow: Ireland, USA, Switzerland, Italy and Turkey.

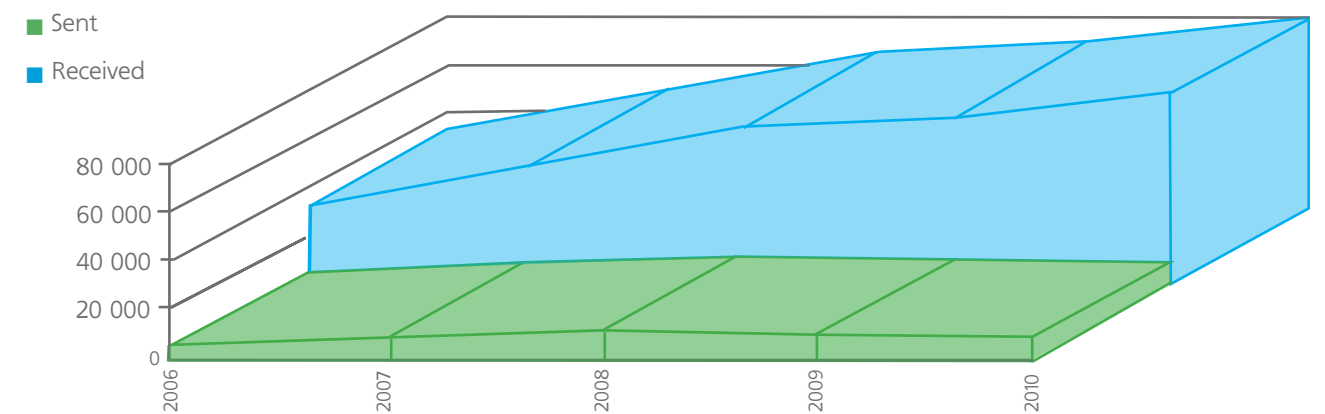
Transactions in Foreign Currency According to Countries for 2008, 2009 and 2010 (thousand USD)



WESTERN UNION

Since 2003 CCB Plc is a licensed agent for Bulgaria of the Western Union fast money transfer system. Western Union is present with more than 410 000 offices in over 200 countries all over the world, which makes possible the speedy ordering and receiving of money transfers all over the world. The Western Union products and services are offered in 242 branches and offices of CCB Plc in 129 settlements across the country, equipped with a direct electronic access to the Western Union network. Besides, CCB Plc has concluded agreements with subagents, which offer the Western Union services at 115 locations in 69 settlements.

Sent and Received Transfers through Western Union for the period 2005 - December 2010 (thousand USD)



Financial markets

Last year 2010 was characterized with the efforts of institutions, participants on the financial markets, to cope with the going away global financial crisis and the consequences of this crisis. In this period Central Cooperative Bank Plc kept its traditionally good liquidity and managed to profit from these circumstances.

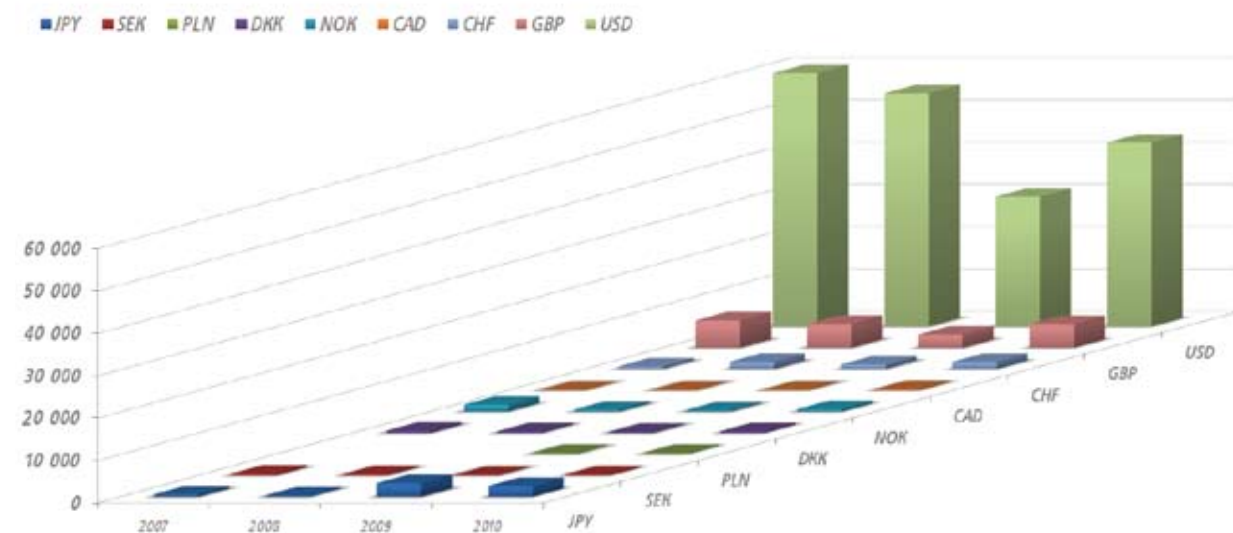
In 2010 financial markets continued to be one of the important segments in the activity of CCB Plc. The bank affirmed its position as one of the most active banks on the interbank FX market and banknote trade. Being a primary dealer of government securities on the domestic primary market, CCB Plc. effects 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, hedging, etc.

The Bank actively uses the existing FX lines from big European banks. In 2010 CCB Plc continued to use the full capacity of its trading lines, provided by leading financial institutions such as KBC Bank, Brussels, Deutsche Bank AG, Germany, WGZ, Germany, RZB, Austria and Danske Bank, Denmark. The Bank has ISDA agreements with leading European financial institutions such as KBC Bank, Brussels, RZB, Austria and WGZ, Germany, which make it possible for the Bank to provide a wider spectrum of services to its clients.

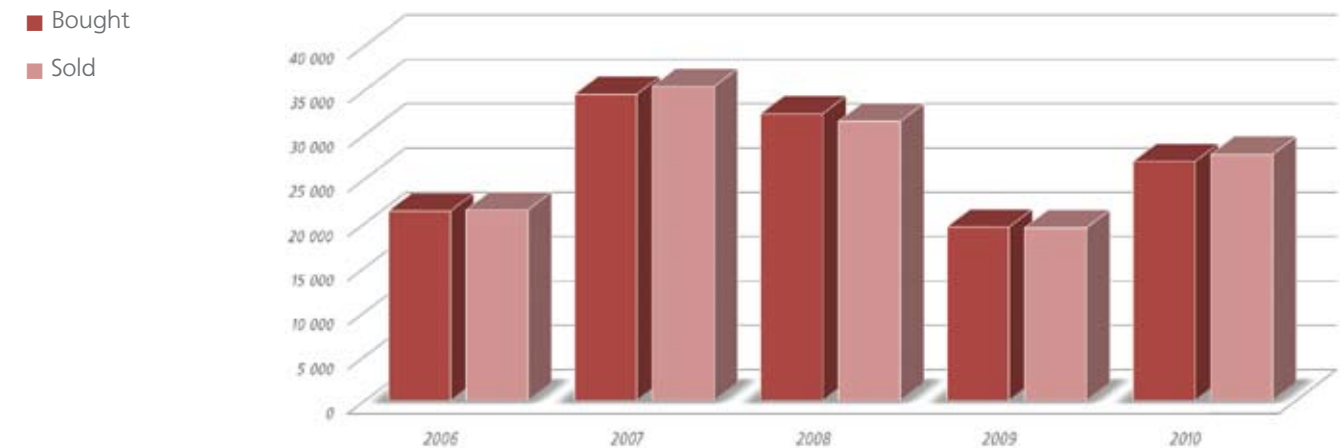
FX Trade activity according to currencies (in thousand EUR)



The Bank has lines for margin and netting trade with several leading financial and brokerage houses, such as Saxo Bank, Sueden Financial, Man Financial and LaSalle Investment Management. In this way the Bank gives the opportunity to its clients to

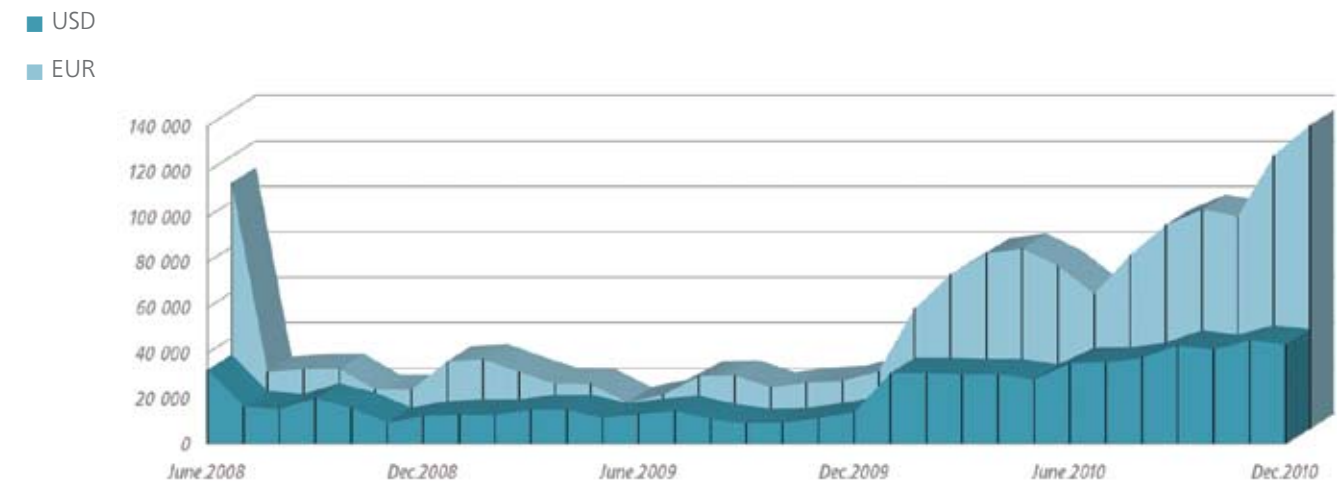
trade on the international financial markets, concluding contracts for margin trade. These lines allow the Bank to conclude speculative transactions at its expense upon limited risk.

Volume of the transactions on the FX Market on the average per month (in thousand EUR)



During last year the amount of deposits provided to banks in EUR exceeds those in USD, due to the greater volume of attracted funds in EUR, as well as the orientation of the Bulgarian economy in this direction.

Volume of the Deposits from June 2008 to December 2010 (in thousand)



SECURITIES

In 2010 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, and due to the more conservative approach in lending income 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 state bonds, issued by member countries of the European Union.

■ CAPITAL MARKETS

Central Cooperative Bank 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 2010 the Bank information technologies were concentrated on the following main aspects:

- Deploying the features of the centralized information system of "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 interbank payments in BGN and foreign currency in real time, international payments, depositing funds, payments between clients without the requirement for customers to have opened bank accounts, etc, to participation on the stock exchange.
- Deploying the system, servicing SWIFT for the management and performance of currency payments.
- 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 250 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 250 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.

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.

The bank branches within the system of CCB Plc are 49, among which one in Cyprus. The Bank representative offices and outlets are 217, of which 213 operative. In 2010 three branches were closed – Troyan, Plovdiv – Maritsa and Stara Zagora – Vereya, whereas they were transformed into bank representative offices.

The total staff number of CCB Plc as at 31.12.2010 is 2203 people, including 507 security guards. In 2009 the total staff number was 2324 people, including 513 security guards.

In 2010 at the head-office there are 860 employees, including 507 security guards. In 2010 the bank experts at the head-office are 353, compared to 344 in 2009.

In 2010 at the bank branches there are 1343 employees, compared to 1477 employees in 2009.

The decrease in the total staff number of 121 employees is the result of an optimization of the number of bank positions at the bank branches as of 01.05.2010 and the subsequent closing of inefficient bank offices.

The management takes permanent care of the staff number and structure. There are mainly young experts at the Bank with the necessary education and linguistic competence.

In 2010 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 2010 the Bank put an emphasis on increasing the efficiency and functionality of the built up network,

the good servicing of its clients and easy access to the array of products.

Structural units	31.12.2010	31.12.2009	31.12.2008
Bank locations	266	263	266

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.

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 Bank future goals include:

- New products and services for individuals;
- Maintaining the achieved results and market share in the card business, ATMs and POS terminals;
- New strategies to cushion the effects of the global financial crisis;
- Preserving the quality and decreasing the concentration of the loan portfolio;
- Adequate monitoring and management of the client, credit and market risk;
- Maximum profiting from our existing wide branch network;
- Collaboration with leading financial institutions from EU, USA and Asia;

- Training and qualifying the personnel;
- Good liquidity, preserving and increasing the amount of total assets;
- Keeping our place among the 10 biggest and efficient Bulgarian banks.

In 2011 the Bank will further develop its relationships with foreign financial institutions, keep the number of credit lines and diversify its products for external financing. In this way and with its good reputation, market positions and broad branch network, CCB Plc will be able to satisfy the ever-increasing requirements of its clients.

Market share and position of CCB Plc*

2010 was difficult, but as a whole successful for the banking sector in the country. CCB Plc managed to keep its good positions and remained a secure and stable banking institution in Bulgaria. According to the classification of BNB, Bulgarian banks are divided into three groups according to amount of total assets: the first group includes the first five banks with biggest total assets, the second group includes the next 19 banks and the third group includes the branches of foreign banks in Bulgaria. At the end of 2010 in terms of total assets CCB Plc moves two positions up in the second group of banks and ranks on the tenth place among all banks, operating on the territory of Bulgaria. As at 31.12.2010 the total assets of the bank system are BGN 73,725,593 thousand, and the total assets of CCB Plc are BGN 2,284,980 thousand.

The market share of CCB Plc in terms of the main balance sheet and income statement elements is presented in the following table:

Indicator	CCB compared to the banking system
Total assets	3.10%
Income-generating assets	2.54%
Fixed tangible assets	3.59%
Attracted funds	3.17%
Attracted funds from NFIs and other clients	4.10%
Loan, granted to NFIs	2.21%
Net income from interest and dividends	2.36%
Non-interest income net	4.95%
Net profit	3.64%

The table below presents the main financial highlights of CCB Plc, compared to the highlights of the banking system as a whole:

Ratio	Total for the banking system	CCB Plc
ROAE (Return on Average Equity)	6.39%	8.56%
ROAA (Return on Average Assets)	0.86%	1.12%
Income-generating assets / total assets	87.28%	71.63%
Rate of advancing loans	112.03%	61.65%
Shareholders' equity / total assets	13.61%	11.99%
Rate of provisioning	5.88%	1.93%
Net interest margin	4.67%	4.64%
Operating expenses / gross income (after provisioning)	73.34%	77.89%
Profitability of assets at the end of the period	3.96%	3.01%

* source: data, published on the web site of BNB for supervisory purposes, as well as data of banks, participating in BISERA

Financial review for 2010

In 2010 CCB Plc preserved a good market share in the issuance of bank cards, registering a minimum decrease of 1.88%, with which it preserved its place among the biggest issuers of bank cards in the country. The total number of cards, issued by CCB Plc, amounts to 734,616.

In 2010 the total number of issued credit cards of CCB Plc reached 42,089, which is 7.05% less than the previous year. In the Visa credit cards there is an increase of 6.82% in the number of cards, whereas in the MasterCard credit cards the decrease is by 18.58%. In the local credit cards there is a decrease of 14.82%.

Cards	% of CCB from the total for the country
Visa credit cards	5,67%
MasterCard credit cards	5,01%
Visa Electron debit cards	9,49%
Maestro debit cards	13,38%

As at 31.12.2010 the Bank has a growth of 20.94% in the issuance of CCB-Office 1 debit cards. At the end of 2010 the total number of debit cards of CCB amounts to 692,527, which is 1.55% less than the previous year.

The total number of ATM terminals for 2010 amounts to 338, which is a decrease by 1 terminal compared to the previous year. As at 31.12.2010 the number of POS terminals, including the virtual POS devices, is 2,595, whereas the percentage increase in comparison to 2009 is 10.94%. The number of POS terminals at the trade sites increased by 10,50%. The POS devices at the Bank branches decreased by 1.15%. The number of installed virtual POS devices increased by 56.18%.

As at 31.12.2010 the market share of the Bank with regard to loans granted to NFIs is 2.26%.

In 2010 CCB Plc occupies the 13th place in terms of company loans on the market of Bank services. In the retail exposures CCB Plc remains on the same place, whereas at the end of 2010 it occupied the 12th place. Based on the housing and mortgage loans advanced to individuals, the Bank ranks on the 13th place in the bank system. The Bank remains on the 9th

place in consumer lending among the remaining Bulgarian banks. For 2010 the Bank is on the 8th place according to the amount of funds attracted from individuals, households and other institutions.

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 – 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 № 9 of BNB. The big loan exposures under Ordinance № 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.

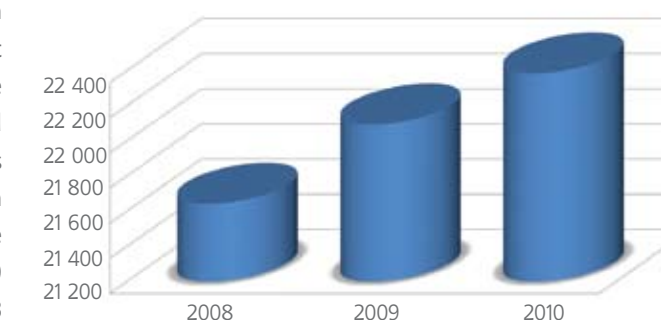
Market risk – the probability of the occurrence of a loss for the Bank as a result of the unfavorable change of the exchange rates, market prices and interest rates;

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 2010 the profit of Central Cooperative Bank Plc continued increasing, despite the hard economic circumstances in the country and the slow recovery of the global economy after the crisis. The net profit at the end of the year amounts to BGN 22,386 thousand, which is an increase of the financial result of 1.32% in comparison to 2009, when the profit amounted to BGN 22,095 thousand.

Net profit

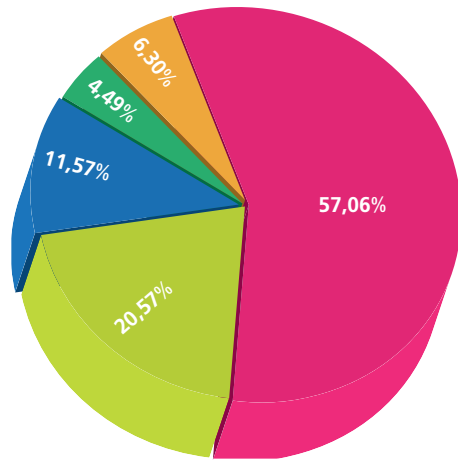


For the period in consideration the return on average equity is 8.56% and return on average assets is 1.12%. The total capital adequacy is 13.53%.

In 2010 the net interest income of CCB Plc was the main source of income, with a slow growth of 1.28% to BGN 68,782 thousand in comparison to the previous year. The share of net interest income in total income is 57.06%. The fees and commissions income has a share of 20.57% in total income, followed by net gains from securities transaction of 11.57%.

Income breakdown

- Net interest income
- Fees and commissions income
- Income from securities transactions
- Income from foreign exchange rate changes
- Other operating income



The interest expenses in 2010 are to the amount of BGN 74,829 thousand, whereas their amount for 2009 was BGN 68,826 thousand. The increase is by 8.72%. The fees and commissions income preserve 20% of their share compared to 2009, reaching BGN 24,800 thousand.

At the end of 2010 the Bank realized a net profit from securities transactions to the amount of BGN 13,950 thousand and increased its net profit from foreign exchange rate changes by 27.90%.

The operating expenses of CCB Plc. for 2010 have a decrease by 1.56% compared to the end of 2009 and reach BGN 88,452 thousand. The staff expenses are 31.70% of the operating expenses and preserve their share of 32% a year earlier.

The ratio "operating expenses / total income" increases slightly to 73.38% in comparison to 72.74% for 2009.

Analysis of the Assets and Liabilities

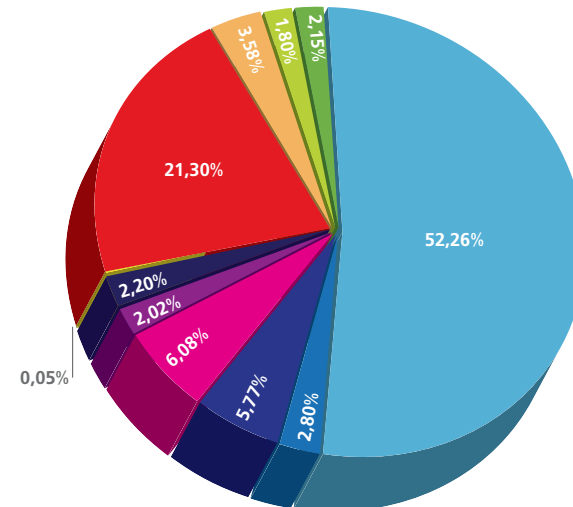
Assets

As at 31 December 2010 the assets of CCB Plc amount to BGN 2,284,980 thousand, whereas a year earlier they amounted to BGN 1,839,437 thousand. Compared to 31 December 2009 the assets increase by BGN 445,543 thousand or by 24.22%.

The structure of assets during last year has been shown in the table below:

Assets breakdown

- Cash and balances with the Central Bank
- Placements with and advances to banks
- Receivables under repurchase agreements
- Financial assets, held for trading
- Loans and advances to customers, net
- Other assets
- Financial assets for sale
- Financial assets, held to maturity
- Investments in subsidiaries
- Fixed assets
- Non-current assets, held for sale



The cash and balances with the central bank amount to BGN 486,644 thousand and have 21.30% of total assets, compared to 16.88% in 2009. The current account with the central bank is used for direct participation on the money market, as well as for the purposes of bank settlement in the country. The funds

with first-class banks, correspondent accounts and short-term deposits have 3.58% of the Bank's assets, compared to 3.16% a year earlier.

As at 31 December 2010 CCB Plc has repurchase agreements at a total value of BGN 41,021 thousand, including interest receivables, whereas a year earlier they amount to BGN 11,528 thousand.

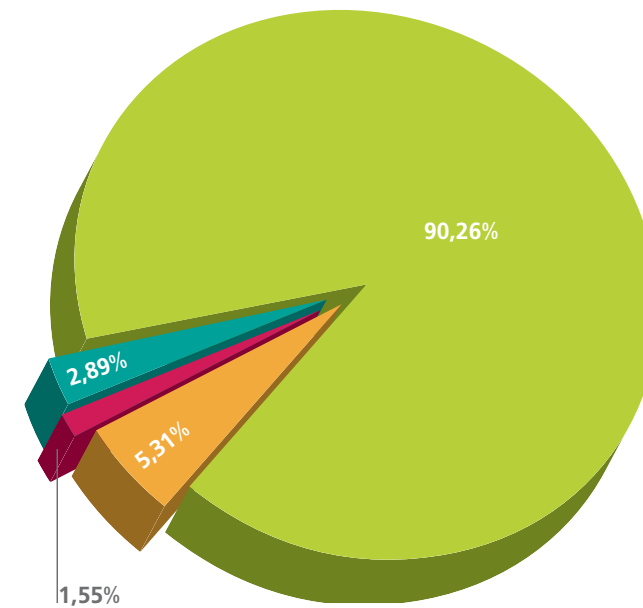
The investments in securities, including government securities, corporate bonds, shares and compensation instruments are an instrument for improving the profitability of the Bank. Their share is 16.02% of total assets, compared to 11.36% in 2009. Central Cooperative Bank Plc maintains a diversified portfolio, the main purpose of which is increasing the income and profits from the traded securities, as well as providing high liquidity.

As at 31 December 2010 and 2009 government bonds, issued by the Bulgarian government, were pledged as a collateral for the Bank's servicing of budget accounts.

The greatest share in total assets belongs to loans and advances granted to clients. As at 31.12.2010 the loan portfolio of the Bank amounts to BGN 1,194,092 thousand, compared to BGN 1,147,905 thousand a year earlier. In spite of the slight increase of the amount of loans in comparison to 2009, the loans' share decreases as a percentage of total assets. In 2010 the amount of loans has 52.26% of total assets, whereas one year earlier it had 62.41% of total assets. The reason for this is the general slump in lending and the ambition to preserve very good quality of the loan portfolio. The Bank constantly aims at improving its market positions in retail banking, as well as in SME-lending.

Breakdown of the loan portfolio according to the classification of credit risk

- Standard exposures
- Watch exposures
- Non-performing exposures
- Loss

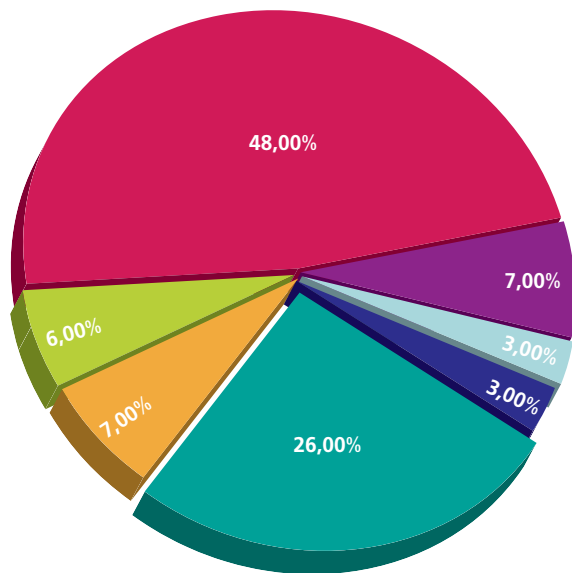


In terms of currency the gross loans and advances to clients as at 31.12.2010 are: 64.44% in BGN, and 35.56% in foreign currency. The analysis of the types of clients indicates that 74.49% of the granted loans are to companies, and 25.51% are to the population. As at 31.12.2010 the relative share of the standard exposures in the total amount of loans is again above 90%, whereas the non-performing exposures have a share of 1.55%.

CCB Plc grants loans to clients from various sectors of the economy. The gross loans to commerce and finance have 47.54% of the total share in the portfolio, followed by the loans, granted to individuals – 25.51%. As at 31.12.2010 the breakdown of loans according to branches is as follows:

Breakdown of loans according to branches

- Commerce and finance
- Transport and communications
- Agriculture and forestry
- Industry
- Individuals
- Construction
- Other



■ LIABILITIES

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

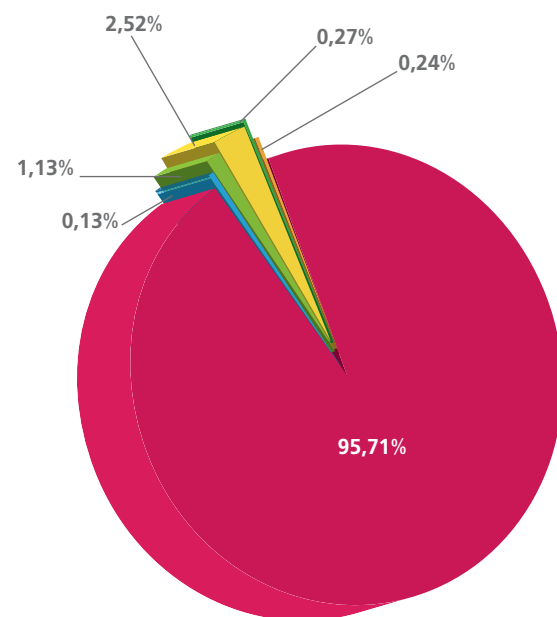
As at 31.12.2010 the total liabilities of CCB Plc are BGN 2,011,006 thousand. They have 88.01% of total liabilities and shareholders' equity, whereas their increase in comparison to the previous year is 26.63%.

The main source of attracted funds for CCB Plc are the funds attracted from other depositors – individuals, companies and other institutions. Their amount reaches BGN 1,924,892 thousand or above 95% of total liabilities. For comparison, in 2009 they were BGN 1,519,876 thousand or an increase by 26.65%. The loans from banks have about 2%, and the funds attracted from financial institutions in the form of deposits and repo transactions are 1.71%.

The structure of the bank liabilities is illustrated in the following diagram:

Liabilities Breakdown

- Loans from banks
- Other liabilities
- Other attracted funds
- Amounts owed to other depositors
- Liabilities under repurchase agreements
- Deposits from banks



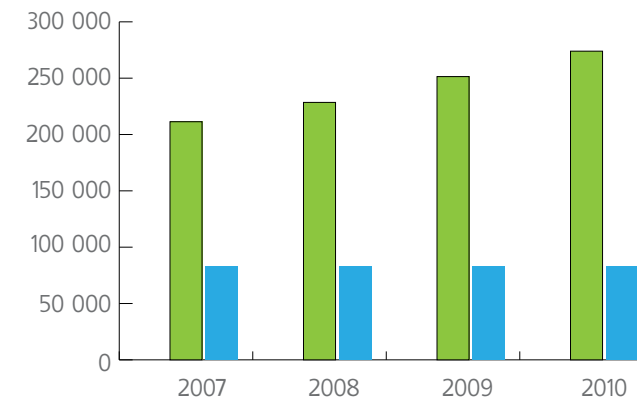
The considerable share of the amounts, attracted from the population is an important and stable source of resources for the Bank. That is due to the strategy, chosen by the Bank, to develop as a retail bank and focus on servicing the population.

■ SHAREHOLDERS' EQUITY

At the end of 2010 the shareholders' equity of CCB Plc amounts to BGN 273,974 thousand. The increase in shareholders' equity compared to 2009 is 8.98% and is due to the profit formed during the year. The Bank share capital is the same as in the previous year - BGN 83,155 thousand. The net profit in 2010 is BGN 22,386 thousand, whereas at the end of 2009 it was BGN 22,095 thousand.

Increase in shareholders' equity and share capital

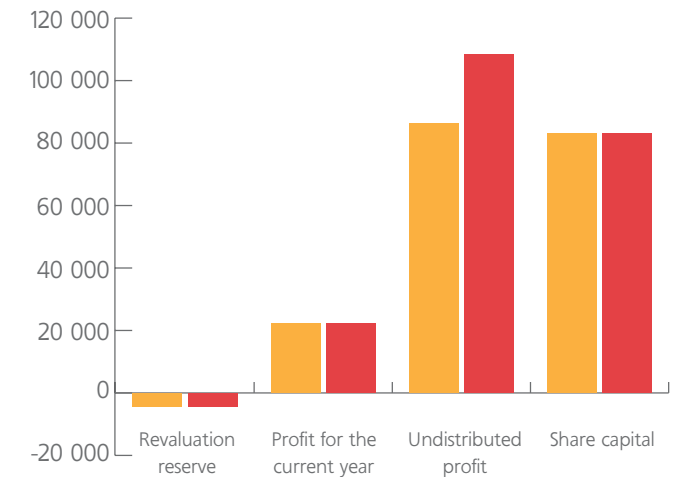
- Shareholders' equity
- Share capital



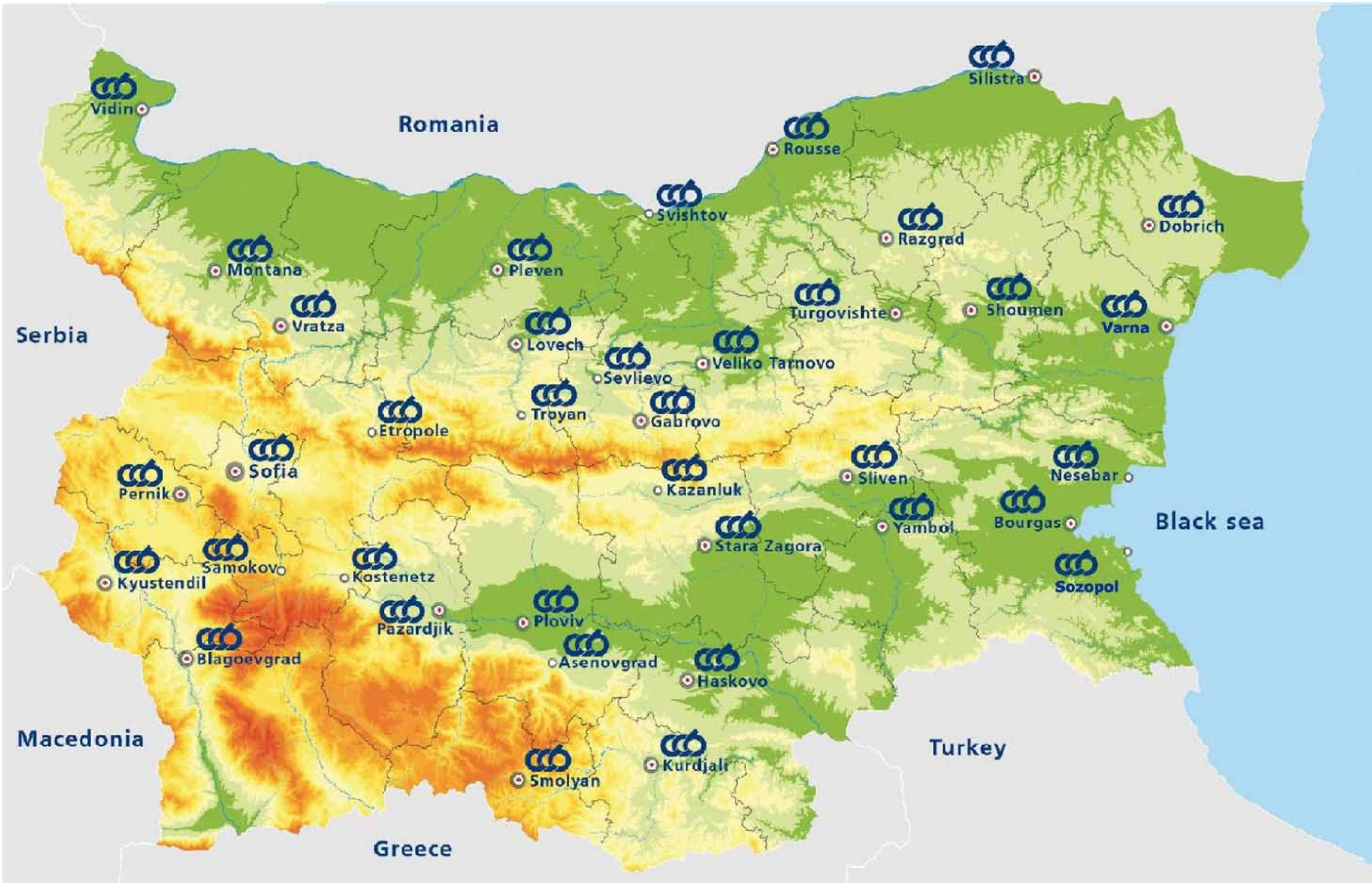
The increase in undistributed profit, which amounts to BGN 108,247 thousand in 2010, is to the amount of 25.65% compared to the previous year. During this year the Bank remained loyal to its policy through capitalizing profit to contribute to increasing its capital and assets.

Shareholders' equity

- 2009
- 2010



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



Appendix N°1: Branch network

City	Locations	Name	Address	Tel. number
Asenovgrad	Branch	Asenovgrad	Asenovgrad 4230, 8, Rechna Str.	+359 331 63193
	Location	West	Asenovgrad 4230, 4, Bulgaria Blvd.	+359 331 68695
	Location	Laki	Laki 4241,19, Vazrazhdane Str.	+359 3052 3080
	Location	Arkadia	Plovdiv 4000, Trakia 48, Sankt Peterburg Blvd.	+359 32 290001
	Location	Trakia	Plovdiv 4000, RUM Trakia, 23, Chetvarti January Str.	+359 32 290002
	Location	Topolovo	Topolovo 4260, Kompleks Tyankov, 59, Tsar Kaloian Str.	+359 3321 2341
	Location	Regional Court	Asenovgrad 4230, 9V, Tsar Asen II	+359 331 21132
Blagoevgrad	Branch	Blagoevgrad	Blagoevgrad 2700,13 Vasil Levski Str.	+359 73 882961
	Location	Kiril and Metodiy	Blagoevgrad 2700, 5, St. St Kiril and Metodiy Blvd.	+359 73 834153
	Location	Sandanski	Sandanski 2800, 13, Svoboda Blvd.	+359 746 30322
	Location	Razlog	Razlog 2760, 5, Hristo Botev Str.	+359 747 80034
	Location	Petrich	Petrich 2850, 52A, Rockefeller Str.	+359 745 21180
	Location	Gotse Delchev	Gotse Delchev 2900,13, Byalo more Str.	+359 751 60205
	Location	Burgas	Burgas 8000, 4, Kont Androvanti Blvd.	+359 56 874500
Burgas	Branch	Burgas	Burgas 8000, 4, Kont Androvanti Blvd.	+359 56 874500
	Location	Aleksandrovka	Burgas 8000, 1, Aleksandrovka Str.	+359 56 879683
	Location	Slaveykov	Burgas 8005, Slaveykov neighbourhood, bl. 107	+359 56 581301
project	Location	Democratsiya	Burgas 8001, Bratia Miladinovi neighbourhood, Democratsiya Blvd. bl. 117	+359 56 530269
	Location	Airport	Burgas Airport	
	Location	Meden rudnik	Burgas 8000, Meden rudnik neighbourhood, 7, Aprilsi Str.	
project	Location	Meden rudnik	Karnobat 8400,2, Patriarh Evtimiy Str.	+359 559 22268
	Location	Aytos	Aytos 8500, 15, Tsar Osvoboditel Str.	+359 558 29041
	Location	Central (Sofia)	Sofia 1463, 18, Gurgulyat Str.	+359 2 9263062
Central (Sofia)	Location	Vitosha	Sofia 1408, 93, Vitosha Blvd.	+359 2 9531082
	Location	Patriarh Evtimiy	Sofia 1000, 20, Patriarh Evtimiy Str.	+359 2 9808608
	Location	VMA	Sofia 1606, 56, St. Georgi Sofiyski Blvd.	+359 2 9515480
	Location	Pirogov	Sofia 1605, 5, Pencho Slaveykov Blvd.	+359 2 9533852
	Location	Evlogi Georgiev	Sofia 1142, 57-59, Evlogi Georgiev Blvd.	+359 2 9885025
	Location	Rakovski 173	Sofia 1000, 173, G.S.Rakovski Str.	+359 2 9882929
	Branch	Chimimport (Sofia)	Sofia 1000, 2, Stefan Karadzha Str.	+359 2 9321910
	Location	Hadzhi Dimitar	Sofia 1000, 9-11, Hadzhi Dimitar Str., office2	+359 2 9802939
	Location	Energoproekt	Sofia 1000, 51, James Boucher Blvd.	+359 2 9659935
	Location	Naroden theatre	Sofia 1000, 2, Ivan Vazov Str.	+359 2 9359010
Darvenitsa (Sofia)	Branch	Darvenitsa (Sofia)	Sofia 1756, 8, St. Kliment Ohridski Blvd.	+359 2 8167957
	Location	Studentski grad	Sofia 1700, 103, 8th December Str.	+359 2 9623186

City	Locations	Name	Address	Tel. number	
	Location	East	Sofia 1113, East neighbourhood, 20, Fr. Jouljo Kiuri Str.	+359 2 8164470	
	Location	Studentski grad 2	Sofia 1700, 2, Prof. D-r Ivan Stranski Str.	+359 2 8681175	
	Location	Simeonovsko shose	Sofia 1700, 85 Z, Simeonovsko shose Blvd.	+359 2 9624770	
	Dobrich	Branch	Dobrich	Dobrich 9300, 1, Bulgaria Blvd.	+359 58 600134
		Location	Tervel	Tervel 9450, 6, St. St, Kiril and Metodiy Str.	+359 5751 3004
		Location	Shabla	Shabla 9680, 2, Dobrudzha Str.	
		Location	Kavarna	Kavarna 9650, 65, Bulgaria Blvd.	+359 570 85053
Location		General Toshevo	General Toshevo 9500, 2, 3th March Str.	+359 5731 2044	
Location		Treti mart	Dobrich 9300, 47, 3th March Blvd.	+359 58 604149	
Dondukov (Sofia)		Branch	Dondukov (Sofia)	Sofia 1000, 7B, Knyaz Al. Dondukov Blvd.	+359 2 9306911
		Location	Dondukov 13	Sofia 1000, 13, Knyaz Al. Dondukov Blvd.	+359 2 9267911
	Location	Borsa	Sofia 1574,Slatina neighbourhood, 13, Prof. Tsvetan Lazarov Blvd.	+359 2 9712651	
	Location	Ekzarh Yosif	Sofia 1000, 23, Ekzarh Yosif Str.	+359 2 9835651	
	Location	ESRS	Sofia 1164, 6, Dragan Tzankov Blvd.	+359 2 9641695	
	Location	Notariat	Sofia 1142, 2, Patriarh Evtimiy Blvd.m	+359 2 9867142	
	Location	Brachna kolegiya	Sofia 1618, 54, Tsar Boris III Blvd.	+359 2 9549293	
	Location	SIS - ESRS	Sofia 1142, 2, Patriarh Evtimiy Blvd.	+359 2 9867142	
	Location	Maria Luiza	Sofia 1202, 80, Maria Luiza Blvd.	+359 2 9314048	
	Etropole	Branch	Etropole	Etropole 2180, 2, Georgi Dimitrov str.	+359 720 7414
		Location	Botevgrad	Botevgrad 2140, 5, Saransk Square	+359 723 66914
		Location	Pravets	Pravets 2161, 23, 3th March Blvd.	+359 7133 2165
Location		Pirdop	Pirdop 2070, bl. 9, Todor Vlaykov Square	+359 7181 7220	
Location		Zlatitsa	Zlatitsa 2080, 1 Macedonia Square	+359 728 66100	
	Location	Koprivshitsa	Koprivshitsa, 49, Hadzhi N. Palaveev Blvd.	+359 7184 2031	
	Gabrovo	Branch	Gabrovo	Gabrovo 5300, 54, Bryanska Str.	+359 66 817011
		Location	Stoletov	Gabrovo 5300, 24, Stoletov Blvd.	+359 66 882068
	Location	Dryanovo	Dryanovo 5370, 144, Shipka Str.	+359 676 75230	
Haskovo	Branch	Haskovo	Haskovo 6300, 1, Skopie Str.	+359 38 607838	
	Location	Haskovo 2	Haskovo 6300, 3, Bulgaria Blvd.	+359 38 622259	
	Location	Regional court of Haskovo	Haskovo 6300, 144, Bulgaria Blvd.	+359 38 631165	
	Location	Svilengrad	Svilengrad 6500,114, Bulgaria Blvd.	+359 379 71436	
	Location	Dimitrovgrad	Dimitrovgrad 6400, 13, G.S. Rakovski Blvd.,bl. B1	+359 391 64468	
	Location	Neohim AD	Dimitrovgrad 6400, 3, Himkombinataska Str.	+359 391 64462	
	Location	Harmanli	Harmanli 6450, 3A, Bulgaria Str.	+359 373 82814	

Appendix N°1: Branch network

City	Locations	Name	Address	Tel. number
Hadzhi Dimitar (Sofia)	Branch	Hadzhi Dimitar (Sofia)	Sofia 1510, 51, Makgahan Str.	+359 2 8144851
	Location	Orlandovtsi	Sofia 1225, Orlandovtsi, 18, Hr. Stanishev Str.	+359 2 9366775
	Location	Botevgradsko shose	Sofia 1517,46, Botevgradsko shose Blvd.	+359 2 9450594
	Location	Todorini kukli	Sofia 1505, Suha reka neighbourhood, 7, Todorini kukli Str.	+359 2 9434195
Kardzhali	Branch	Kardzhali	Kardzhali 6600, 47, Republikanska str.	+359 361 60909
	Location	Krumovgrad	Krumovgrad 6900, 6, Bulgaria Sqr.	+359 3641 7132
	Location	Momchilgrad	Momchilgrad 6800, 2, 27th December Str.	+359 3631 6776
	Location	Kirkovo	Kirkovo 6884,32, Dimitar Blagoev Str.	+359 3679 3204
Kazanlak	Branch	Kazanlak	Kazanlak 6100, 8, Rila str.	+359 431 68241
	Location	Shipchenski polk	Kazanlak 6100, 4, 23th Pehoten shipchenski polk Blvd.	+359 431 64464
	Location	Maglizh	Maglizh 6180, 11, 3th March Sqr.	+359 4321 2082
	Location	Pavel Banya	Pavel Banya 6155, 9, Osvobozhdenie Str.	+359 4361 3020
	Location	Karlovo	Karlovo 4300, 57, General Kartsov Str.	+359 335 90470
	Location	Sopot	Sopot 4330, 25, Ivan Vazov Str.	+359 3134 6599
	Branch	Kostenets	Kostenets 2030, 11A, Targovska Str.	+359 7142 3080
	Location	Ihtiman	Ihtiman 2050, 114, Tsar Osvoboditel Str.	+359 724 82298
Kyustendil	Location	Dolna Banya	Dolna Banya 2040, 93, Targovska Str.	+359 7120 2297
	Branch	Kyustendil	Kyustendil 2500, 22, Konstantinova banya Str.	+359 78 551115
	Location	Dupnica	Dupnica 2600,5, Hristo Botev Str.	+359 701 51183
Lovech	Branch	Lovech	Lovech 5500, 10, Prof. Ishirkov Str.	+359 68 600565
	Location	Yablanitsa	Yablanitsa 5750, 5, Vazrazhdane Sqr.	+359 6991 2112
	Location	Teteven	Teteven 5700, 16, Ivan Vazov Str.	+359 678 2339
	Location	Lukovit	Lukovit 5770, 100, Vazrazhdane str.	+359 697 2339
	Location	Lesidren	Lesidren 5520, 106, Stara planina Str.	+359 6920 2051
	Location	Troyan	Troyan 5600, 44, G.S. Rakovski Str.	+359 670 60167
	Location	Osam	Lovech 5500, 28A, Targovska str.	
	Branch	Madrid (Sofia)	Sofia 1505, 37-39, Madrid Blvd.	+359 2 8144920
Madrid (Sofia)	Location	Yanko Sakazov	Sofia 1504, 32, Yanko Sakazov Blvd.	+359 2 9434223
	Location	Orlov most	Sofia 1504, 33, Tsar Osvoboditel Blvd.	+359 2 9461757
	Location	Oborishte	Sofia 1504, 1-3, Oborishte Str.	+359 2 9434464
	Branch	Mladost (Sofia)	Sofia 1784, 14, Andrei Saharov Blvd.	+359 2 9744606
Mladost (Sofia)	Location	Office Mladost 4	Sofia 1750, Mladost 4 neighbourhood, bl. 416, Bitov kombinat	+359 2 9743881
	Location	Office Mladost 1	Sofia 1750, bl. 24, Ivan Vinarov Str.	+359 2 9757476

City	Locations	Name	Address	Tel. number
	Location	Office Mladost 1A	Sofia 1729, Mladost 1A neighbourhood ,bl. 550, vh.2	+359 2 9743212
	Location	Office Goroublyane	Sofia 1138, 46, Samokovsko shose Str.	+359 2 9736585
	Branch	Montana	Montana 3400, 59, 3th March blvd.	+359 96 300810
	Location	Lom	Lom 3600, 18, Dunavska Str.	+359 971 60219
	Location	Valchedrum	Valchedrum 3650, 4, Benkovski Str.	+359 9744 2109
	Location	Varshets	Varshets 3540, 8, Republika Blvd.	+359 9527 3008
	Location	Berkovitsa	Berkovitsa 3500, 2, Bor	+359 953 88923
	Branch	Nesebar	Nesebar 8230, 23, Struma Str.	+359 554 29966
	Location	Pomorie	Pomorie 8200, 78, Knyaz Boris Str.	+359 596 26078
	Location	Sunny beach	Sunny beach 8240, Sunny Beach AD Administration building	+359 554 22828
	Location	Ivan Vazov	Nesebar 8230, 25, Ivan Vazov Str.	+359 554/46086
	Location	St. Vlas	St. Vlas 8256,17A, Tsar Simeon Str.	+359 554 68644
Pazardzhik	Branch	Pazardzhik	Pazardzhik 4400, 7, Esperanto Str.	+359 34 401611
	Location	Peshtera	Peshtera 4550, 36, Doyranska epopeya Str.	+359 350 63864
	Location	Panagyurishte	Panagyurishte 4500, 20th April Sqr.	+359 357 62336
	Location	Velingrad	Velingrad 4600, p.b.:98, Fontani Sqr.	+359 359 58494
	Branch	Pernik	Pernik 2300, 4, Krakra Pernishki Sqr.	+359 76 688330
	Location	Elena	Pernik 2300, 23 St. St. Kiril and Metodiy Str.	+359 76 607887
	Location	Municipality	Pernik 2300, 1A, St. Ivan Rilski Sqr.	+359 76 684203
	Location	East	Pernik 2304, 36, Yuriy Gagarin Str.	+359 76 674050
	Branch	Pleven	Pleven 5800, 150 Vasil Levski Str.	+359 64 882310
	Location	Obnova	Obnova 5922, 29, 9th September Str.	+359 6538 2686
	Location	Regional court	Cherven Bryag 5800, 6, Ekzarh Yosif Str.	+359 659 94040
	Location	Cherven Bryag	Cherven Bryag 5980, Kniaz Boris I Str. , bl. Slantze	+359 659 3185
	Location	Regional court	Nikopol	+359 6541 2121
	Branch	Plovdiv	Plovdiv 4000, 5 Betoven Str.	+359 32 654950
	Location	Maria Luiza	Plovdiv 4000,55, Maria Luiza Blvd.	+359 32 623425
	Location	Kooptargoviya	Plovdiv 4003, 142, Brezovsko shose Str.	+359 32 955174
	Location	Smirnenski	Plovdiv 4001, 13, Tsarevets Str.	+359 32 640279
	Location	Layptsig	Plovdiv 4000, 117, Ruski Blvd.	+359 32 621341
	Location	Vaptzarov	Plovdiv 4004, 115, N.Vaptzarov Str.	+359 32 670373
	Location	Hisar	Hisar 4180, 25, Gen. Gurko Blvd.	+359 337 62456
	Location	Rakovski	Rakovski 4150, 170, G.S. Rakovski Str.	+359 3151 2275
	Location	Maritsa	Plovdiv 4020, 44, Yanko Sakazov Str.	+359 32 275760

Appendix №1: Branch network

City	Locations	Name	Address	Tel. number
Plovdiv Bulgaria	Branch	Plovdiv Bulgaria	Plovdiv 4003,31, Bulgaria Blvd.	+359 32 921111
	Location	Krichim	Krichim 4220, 10, Obedinenie Sqr.	+359 3145 2173
	Location	Kaloyanovo	Kaloyanovo 4173, 3, Vazrazhdane Sqr.	
	Location	Parvomay	Parvomay 4270, 2, Orfey Str.	+359 336 2931
Razgrad	Branch	Razgrad	Razgrad 7200, 7, Stefan Karadzha Str.	+359 84 661292
	Location	Kubrat	Kubrat 7300, 2, Tsar Osvoboditel Str.	+359 848 73905
	Location	Zavet	Zavet 7330, 101, Osvobozhdenie Blvd.	+359 8442 2105
	Location	Isperih	Isperih 7400, 91, Vasil Levski Str.	+359 8431 2329
	Location	Tsar Kaloyan	Tsar Kaloyan 7280, 1, Demokratsia Sqr.	+359 8424 2910
	Location	Loznitsa	Loznitsa 7290, 14, Druzha Str.	+359 8475 2011
Ruse	Branch	Ruse	Ruse 7000, Box: 467, 1, Han Kubrat Sqr.	+359 82 826070
	Location	Glodzhevo	Glodzhevo 7040, 32, Dimitar Blagoev Str.	+359 8324 2466
	Location	Borovo	Borovo 7174, 1A, N. Vaptsarov Str.	+359 8140 2245
	Location	Tsenovo	Tsenovo 7139, 62, Tsar Osvoboditel Str.	+359 8122 2577
	Location	Tutrakan	Tutrakan 7600, 31, Transmariska Str.	+359 857 60008
Samokov	Branch	Samokov	Samokov 2000, 33, Targovska Str.	+359 722 68910
	Location	Samokovo	Samokov 2003, 5, Prespa Str., bl.35	+359 722 60121
Sevlievo	Branch	Sevlievo	Sevlievo 5400, 4, Stoyan Buchvarov Str.	+359 675 32665
	Location	Stara planina	Sevlievo 5400, 70, Stara planina Str.	+359 675 85050
Shumen	Branch	Shumen	Shumen 9700, 13A, Slavyanski Blvd.	+359 54 868930
	Location	Novi Pazar	Novi pazar 9900, 16, Tsar Osvoboditel Str.	+359 537 22064
	Location	Veliki Preslav	Veliki Preslav 9850, 50, Boris Spirov Str.	+359 538 42190
	Location	Patleyna	Shumen 9703, 10, Patleyna Str.	+359 54 874702
	Location	Silistra	Silistra 7500, 1, G.S. Rakovski Str.	+359 86 821236
Silistra	Location	Tsar Simeon Veliki	Silistra 7500,29, Tsar Simeon Veliki Str.	+359 86 821206
	Location	Doulovo	Dulovo 7650, 8, Vasil Levski Str.	+359 855 25195
	Location	Tutrakan	Tutrakan 7600, 53, Transmariska Str.	+359 857 60495
	Location	Sliven	Sliven 8800, 1, Al. Stamboliyski Sqr.	+359 44 662945
Sliven	Location	Armeets	Sliven 8800, 11, Tsar Osvoboditel Str.	+359 44 632959
	Location	Nova Zagora	Nova Zagora 9800, 34, Narodni buditeli Str.	+359 457 68168
	Location	Mladost	Sliven 8800, 51, Burgasko shose Blvd.	+359 44 680028
	Location	Smolyan	Smolyan 4700,11 Bulgaria Blvd.	+359 301 62163
Smolyan	Location	Raykovo	Smolyan 4700, k. Raykovo, 3, Byalo more Str.	+359 301 62082
	Location	Rudozem	Roudozem 4960, 3, Osvobozhdenie Str.	+359 306 4570
	Location	Madan	Madan 4900, 12, Osvobozhdenie Str.	+359 308 2085

City	Locations	Name	Address	Tel. number
Sofia City	Branch	Sofia City	Sofia 1000, 103,G.S. Rakovski Str.	+359 2 9266121
	Location	Kopernik	Sofia 1113, 7, Nikolay Kopernik Str.	+359 2 9710137
	Location	Slatina	Sofia 1574, Slatina bl.20, Slatinska Str.	+359 2 9711442
	Location	Chimsnab	Sofia 1271, Iliyantsi 1, Skladova baza Str.	+359 2 8381006
	Location	Drujba 1	Sofia 1582, Drujba, bl. 209, Tsvetan Lazarov Blvd.	+359 2 9790698
	Location	Drujba 2	Sofia 1592, Drujba 1, 6, 5030 Str.	+359 2 9790803
Sofia West	Location	Srebarna	Sofia 1407, Hladilnika, 14, Srebarna Str.	+359 2 9622316
	Branch	Sofia West	Sofia 1359, bl. 442, Pancho Vladigerov Blvd.	+359 2 9238022
	Location	Ljulin 2	Sofia 1343, Liulin 2,bl.227, T-market	+359 2 8272397
	Location	Vrabnitsa	Sofia 1231, Vrabnitsa, bl.637B, Beli Dunav Str.	+359 2 9340098
Sofia South	Location	Orion	Sofia 1324, Liulin 10, 1-3, Orion Str.	+359 2 8250698
	Location	Nadezhda	Sofia 1220, Nadezhda 2, 50, Lomsko shose Blvd.	+359 2 9360735
	Location	Sofioplast	Sofia 1220, 33, Iliyansko shose Blvd.	+359 2 9311093
	Location	Kostinbrod	Kostinbrod 2230, 2, Detelina Str.	+359 721 66331
	Location	Svoqe	Svoqe 2260, 12A, Tsar Simeon Str.	+359 7226 4800
	Location	Bankya	Bankya 1320, 6, Knyaz Boris I Str.	+359 2 9977581
Sofia South	Branch	Sofia South	Sofia 1612, Krasno selo,35, Gotse Delchev Blvd.	+359 2 8188081
	Location	Borovo	Sofia 1618, 24, Bratya Bakston Blvd.	+359 2 9559006
	Location	Knyazhevo	Sofia 1619, 357 Tzar Boris III Blvd.	+359 2 9571928
	Location	Pavlovo	Sofia 1618, 13, Al. Pushkin Blvd.	+359 2 9555286
	Location	Ovcha kupel	Sofia 1632, 47, Montevideo Blvd.	+359 2 9562219
	Location	Belite brezi	Sofia 1680, Hipodrouma, 23, Emine Str.	+359 2 8188082
Sozopol	Location	South park	Sofia 1404, bl.4, Petko Todorov Blvd.	+359 2 9589201
	Branch	Cherno more	Sozopol 8130, 17, Apolonya Str.	+359 550 26372
	Location	Sozopol	Sozopol 8130, 16, Republikanska Str.	+359 550 22550
	Location	Tsarevo	Tsarevo 8260, 24, Han Asparuh Str.	+359 590 53958
Stamboliyski (Sofia)	Location	Primorsko	Primorsko 8180, 57, 3th March Str.	+359 550 32317
	Branch	Stamboliyski (Sofia)	Sofia 1309,156, Al. Stamboliyski Blvd.	+359 2 8128753
	Location	Gevgeliyski	Sofia 1309, Gevgeliyski, bl.1, Machukovo Str.	+359 2 9294473
	Location	Shtrosmayer	Sofia 1233, bl.217, Yosif Shtrosmayer Str.	+359 2 9311081
Stara Zagora	Location	Al. Stamboliyski	Sofia 1309, 237, Al. Stamboliyski Blvd.	+359 2 9200183
	Location	Krasna polyana	Sofia 1330, Krasna polyana, bl. 132A, Vazkresenie Blvd.	+359 2 9201540
	Branch	Stara Zagora	Stara Zagora 6000, 54, Kolyo Ganchev Str.	+359 42 220369
Stara Zagora	Location	Gurkovo	Gurkovo 6199, 4A, Knyaz Al. Batemberg Str.	+359 4331 2238
	Location	Chirpan	Chirpan 6200, 1, Saedinenie Sqr.	+359 416 6344

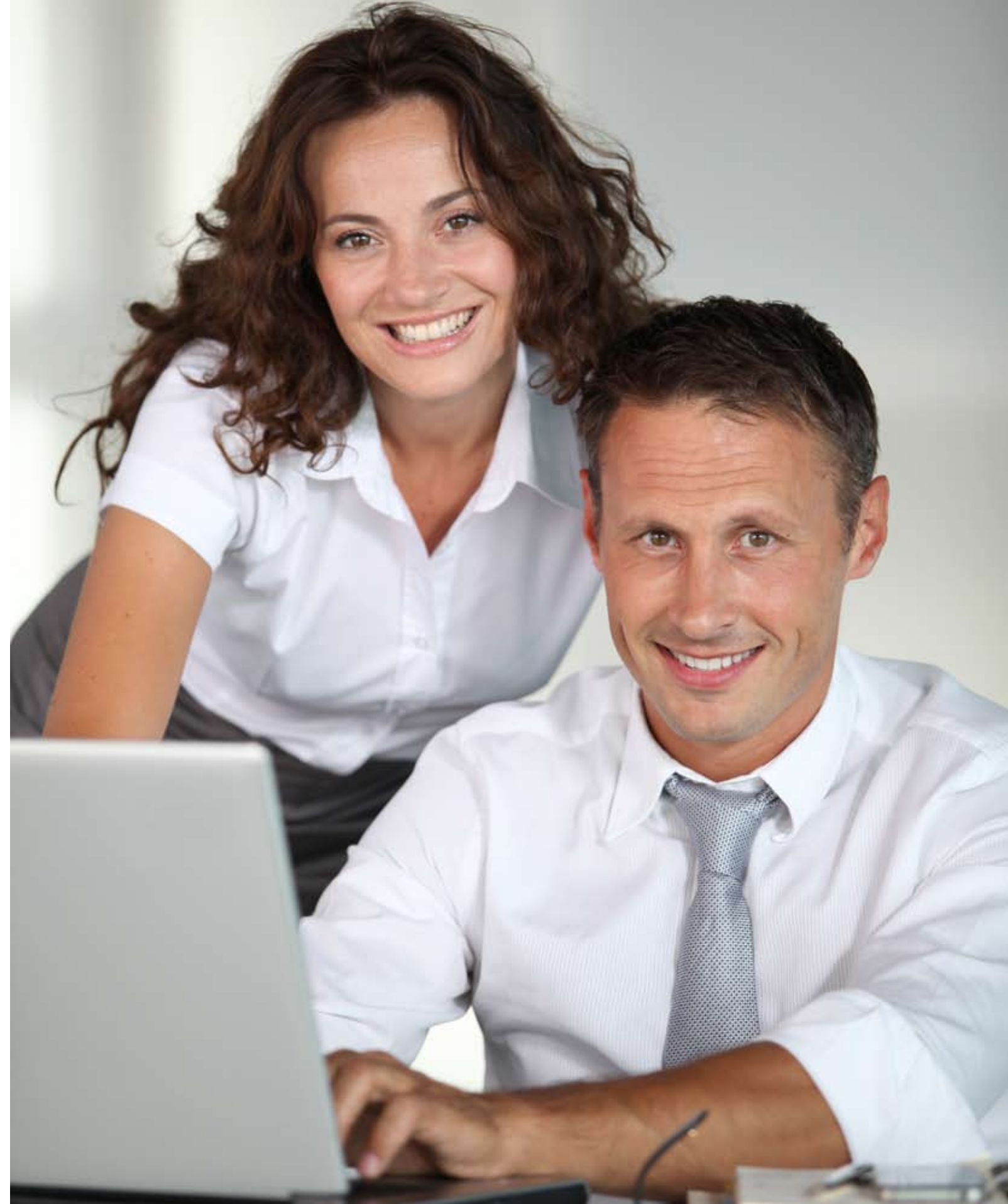
Appendix №1: Branch network

City	Locations	Name	Address	Tel. number
	Location	Vereya	Stara Zagora 6000, 58, Gen. Gurko Str.	+359 42 220107
	Location	Galabovo	Galabovo 6280, Centre, bl.11	+359 418 62175
Svishtov	Branch	Svishtov	Svishtov 5250, 5, Tsar Osvoboditel Str.	+359 631 61251
	Location	Belene	Belene 5930, 33, Bulgaria Str.	+359 658 36641
Targovishte	Branch	Targovishte	Targovishte 7700, 5, Vasil Levski Str.	+359 601 69111
	Location	Energiya	Targovishte 7700, Industrial area, Energiya AD	+359 601 68306
	Location	Stefan Karadzha	Targovishte 7700, 36, Stefan Karadzha Str.	+359 601 62337
	Location	Opaka	Opaka 7840, 69, Bulgaria Str.	+359 6039 2490
	Location	Popovo	Popovo 7800, 1, Al. Stamboliyski Str.	+359 608 27932
	Location	Omurtag	Omurtag 7900, 1, Al. Stamboliyski Str.	+359 605 4418
	Location	Antonovo	Antonovo 7940, 24, Tuzlushki geroi Str.	+359 6071 2259
	Location	Varbitsa	Varbitsa 9870, 49, Septemvriysko vazstanie Str.	+359 5391 2115
Varna	Branch	Varna	Varna 9000, 58A, Saborni Blvd.	+359 52 608754
	Location	Varna	Varna 9000, 13, Knyaz Boris I Blvd.	+359 52 608146
	Location	Proektantska	Varna 9000, 76G, Tsar Osvoboditel Blvd.	+359 52 600365
	Location	Trezor	Varna 9000, 23 Shipka Str.	+359 52 600072
	Location	Cherno more	Varna 9000, 46 Knyaz Boris I Blvd.	+359 52 614128
	Location	Benkovski	Varna 9000, 16 Georgi Benkovski Str.	+359 52 600067
	Location	Airport	Varna 9103, Varna Airport	+359 52 730450
	Location	Provadia	Provadia 9200, Central square	+359 518 47110
	Location	Balchik	Balchik 9600, 8 Primorska Str.	+359 579 72232
	Location	Otets Paisiy	Varna 9000, Yane Sandanski Str.	+359 52 608505
	Location	Tsar Simeon	Varna 9000, 31 Tsar Simeon Str.	+359 52 608501
	Location	St. Konstantin and Elelna	Varna 9000, Konstantin and Elena resort, Shipka Kompleks	+359 52 631050
	Location	Elprom	Varna 9000, 277, Vladislav Varnenichik Blvd.	+359 52 509671
	Location	Varna municipality	Varna 9002, 43, 8th Primorski polk Blvd.	+359 52 600722
	Location	Varna plod	Varna 9009, 1, Akademik Kurchatov Str.	+359 52 500491
	Location	Vladislav	Varna, 18, Vladislav Varnenichik Blvd.	+359 52 604517
	Location	Chernomorets	Varna 9002, 55, 8th Primorski polk Blvd.	+359 52 650144
	Location	Slivnitsa 77	Varna 9000, 72, Slivnitsa Blvd.	+359 52 602411
	Location	Madara	Varna 9000, 59, Ruse Str.	+359 52 604445
	Location	Dalgopol	Dalgopol 9250, 101A G.Dimitrov str.	
	Location	Avren		
Vazrazhdane (Sofia)	Branch	Vazrazhdane (Sofia)	Sofia 1303, 3, Vazrazhdane Sqr.	+359 2 9234821

City	Locations	Name	Address	Tel. number
	Location	Al. Stamboliyski	Sofia 1301, 47, Al. Stamboliyski Blvd.	+359 2 9804272
	Location	Hristo Botev	Sofia 1233, 163, Hristo Botev Blvd.	+359 2 9313854
	Location	Ministry of Agriculture and Food	Sofia 1606, 55, Hristo Botev Blvd.	+359 2 98511691
	Location	Pirotska	Sofia 1303, 27, Sofroniy Vrachanski Str.	+359 2 8321663
	Location	Ruski pametnik	Sofia 1606, 77, Gen. Mihail Skobelev Blvd.	+359 2 9516531
Veliko Tarnovo	Branch	Veliko Tarnovo	Veliko Tarnovo 5000, 4, Nikola Gabrovski Str.	+359 62 620523
	Location	Elena	Elena 5070, 1, Ilarion Makariopolski Str.	+359 6151 2279
	Location	Suhindol	Suhindol 5240,115, Rositza Str.	+359 6136 2959
	Location	Gorna Oryahovitsa	Gorna Oryahovitsa 5100, 10, St. Knyaz Boris I	+359 618 60243
	Location	Zlataritsa	Zlataritsa 5090,10, S. Popstoyanov Str.	+359 615 35520
	Location	Polski Trumbesh	Polski Trumbesh 5180,88, Targovska Str.	+359 6141 3056
	Location	Pavlikeni	Pavlikeni 5200, 4, Saedinenie Str.	+359 610 52693
Vidin	Branch	Vidin	Vidin 3700, 4, Akad. Stefan Mladenov Str.	+359 94 600152
	Location	Tsar Simeon Veliki	Vidin 3700, 1, Tsar Simeon Veliki Str.	+359 94 600091
Vratsa	Branch	Vratsa	Vratsa 3000, 5, Lukashov Str.	+359 9262 2539
	Location	Kozloduy	Kozloduy 3320, 3, Hristo Botev Str.	+359 973 80726
	Location	Borovan	Borovan 3240, 5, Slavko Tzenov Str.	+359 9147 2080
	Location	Mezdra	Mezdra 3100,30, Hristo Botev Str.	+359 910 92739
	Location	Byala Slatina	Byala Slatina 3200, 76, Dimitar Blagoev Str.	+359 915 82414
Yambol	Branch	Yambol	Yambol 8600, 7, Osvobozhdenie Sqr.	+359 46 662045
	Location	Straldzha	Straldzha 8680, 21, Hemus Str.	+359 476 5232
	Location	Elhovo	Elhovo 8700, 65A, Targovska Str.	+359 478 88571
Cyprus	КΛΟΗ	Nicosia	1070 Nicosia, Cyprus, 69, Arch. Makarios III Ave., Tlais Tower	+357 22447757

Appendix N°2: Nostro accounts

Bank	BIC	Bank	Account N°
KBC Bank NV, Brussels	KREDBEBB	EUR	488-5918232-05
Deutsche Bank AG, Frankfurt am Main	DEUTDEFF	EUR	100 9233560 0000
Standard Chartered Bank (Germany) GMBH	SCBLDEFX	EUR	018183003
UniCredito Italiano SpA, Milan	UNCRITMM	EUR	0995 172
Societe Generale, Paris La Dofense	SOGEFRPP	EUR	002010319130
Raiffeisen Zentralbank Oesterreich AG, Vienna	RZBAATWW	EUR	000-50.098.938
Rabobank Nederland, Utrecht	RABONL2U	EUR	390879673A00EUR
Panellinia Bank S.A., Athens	PNELGRAA	EUR	GR3104910010000004109550014
Central Cooperative Bank AD Skopje	CECBMK22	EUR	MK07320910030300287
Tatinvestbank Ltd	CECBRU2K	EUR	301119789000000000001
Standard Chartered Bank, New York Branch	SCBLUS33	USD	3582021983001
Deutsche Bank Trust Company Americas, New York	BKTRUS33	USD	04164299
Tatinvestbank Ltd.	CECBRU2K	USD	301118403000000000001
Credit Suisse, Zurich	CRESCHZZ80A	CHF	0835-0902027-53-001
Barclays Bank PLC, London	BARCGB22	GBP	20325380245925
The Toronto-Dominion Bank, Toronto	TDOMCATT	CAD	0360-01-2223944 TORONTO
Danske Bank Aktieselskab, Copenhagen	DABADKKK	DKK	3996024253
Skandinaviska Enskilda Banken AB (Publ), Stockholm	ESSESESS	SEK	52018518488
DnB NOR Bank ASA, Oslo	DNBANOKK	NOK	7001.02.05172
Sumitomo Mitsui Banking Corporation, Tokyo	SMBCJPJT	JPY	4280
Nordea Bank Polska S.A.	NDEAPLP2	PLN	PL72144000030000000010131917
Central Cooperative Bank AD Skopje	CECBMK22	MKD	BBAN 320-9100030020-62





Deloitte Audit OOD
UIC 121145199
103, Al. Stambolijski Blvd.
1303 Sofia
Bulgaria
Tel.: +359 (0) 2 802 3300
Fax: +359 (0) 2 802 3350
www.deloitte.bg

Делойт Оудит ООД
ЕИК 121145199
бул. "Ал. Стамболийски" 103
София 1303
България
Тел.: +359 (0) 2 802 3300
Факс: +359 (0) 2 802 3350

This document is a translation of the original in Bulgarian text, in case of divergence the Bulgarian text is prevailing.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Central Cooperative Bank AD Report on the separate financial statements

We have audited the accompanying separate financial statements of Central Cooperative Bank AD ("the Bank"), which comprise the separate statement of financial position as of December 31, 2010, and the separate statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the separate financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the separate financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of Bank as of December 31, 2010, and of its financial performance and its cash flows for the year then ended in accordance with IFRS, as adopted by the European Union.

Other reports on legal and regulatory requirements -Annual separate report on the activities of the Bank according to article 33 of the Accountancy Act

Pursuant to the requirements of the Bulgarian Accountancy Act, article 38, paragraph 4 we have read the accompanying Annual separate report on the activities of the Bank prepared by the Bank's management. The Annual separate report on the activities of the Bank is not a part of the separate financial statements. The historical financial information presented in the Annual separate report on the activities of the Bank prepared by the management is consistent, in all material aspects with the financial information disclosed in the separate financial statements of the Bank as of December 31, 2010, prepared in accordance with IFRS, as adopted by the European Union. Management is responsible for the preparation of the Annual separate report on the activities of the Bank dated March 30, 2011.

Deloitte Audit
Deloitte Audit OOD

Sylvia Peneva
Managing Director
Registered Auditor



Sofia March 30, 2011

Separate statement of financial position as of december 31, 2010

DEPOSITS FROM BANKS	Note	As of 31.12.2010	As of 31.12.2009
Cash and balances with the Central Bank	4	486,644	310,525
Placements with, and advances to banks	5	81,794	58,059
Receivables under repurchase agreements	6	41,021	11,528
Financial assets held for trading	7	49,127	26,972
Loans and advances to customers, net	8	1,194,092	1,147,905
Other assets	9	63,964	44,678
Financial assets available for sale	10	131,825	55,380
Financial assets held to maturity	11	138,969	91,720
Investments in subsidiaries	12	46,217	34,881
Property, plant and equipment	13	50,293	57,454
Non-current assets held for sale	14	1,034	335
TOTAL ASSETS		2,284,980	1,839,437

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	As of 31.12.2010	As of 31.12.2009
LIABILITIES			
Deposits from banks	15	11,631	4,276
Loans from banks	16	40,062	40,068
Liabilities under repurchase agreements	17	22,749	3,825
Amounts owed to other depositors	18	1,924,892	1,519,876
Other attracted funds	19	1,017	2,005
Other liabilities	20	10,655	17,984
TOTAL LIABILITIES		2,011,006	1,588,034

SHAREHOLDERS' EQUITY	Note	As of 31.12.2010	As of 31.12.2009
Issued capital	21.1	83,155	83,155
Premium reserve		64,445	64,445
Reserves, including retained earnings	21.2	108,247	86,153
Revaluation reserve	21.3	(4,259)	(4,445)
Current year profit		22,386	22,095
TOTAL SHAREHOLDERS' EQUITY		273,974	251,403
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,284,980	1,839,437
COMMITMENTS AND CONTINGENCIES	31	134,336	192,557

These separate financial statements have been approved by the Management Board and signed on behalf of Central Cooperative Bank AD on March 30, 2010 by:

Ivaylo Donchev
Executive Director

Tihomir Atanasov
Procurator

Sylvia Peneva
Registered Auditor
March 30, 2011

The accompanying notes are an integral part of these separate financial statements.



Separate statement of comprehensive income for the year ended December 31, 2010

All amounts are in thousand Bulgarian Levs, unless otherwise stated

	Note	Year ended 31.12.2010	Year ended 31.12.2009
Interest income	22	143,611	136,738
Interest expenses	22	(74,829)	(68,826)
Net interest margin		68,782	67,912
Fees and commissions income	23	28,590	28,119
Fees and commissions expenses	23	(3,790)	(3,790)
Fees and commissions income, net		24,800	24,329
Net gains from transactions with securities	24	13,950	10,907
Foreign exchange rate gains, net	25	5,415	3,844
Other operating income, net	26	7,597	16,532
Operating expenses	27	(88,452)	(89,854)
Net expenses for impairment and uncollectability	28	(7,115)	(9,005)
PROFIT FOR THE PERIOD BEFORE TAXES		24,977	24,665
Taxes	29	(2,591)	(2,570)
PROFIT FOR THE PERIOD		22,386	22,095

Independent auditor's report

Earnings per share (in BGN)	30	0.27	0.27
Other comprehensive income after taxes		186	812
Revaluation of financial assets held for sale		186	812
TOTAL COMPREHENSIVE INCOME FOR THE YEAR AFTER TAXES		22,572	22,907

These separate financial statements have been approved by the Management Board and signed on behalf of Central Cooperative Bank AD on March 30, 2011 by:

Ivaylo Donchev
Executive Director

Tihomir Atanasov
Procurator

Sylvia Peneva
Registered Auditor
March 30, 2011

The accompanying notes are an integral part of these separate financial statements.



Separate statement of cash flows for the year ended December 31, 2010

All amounts are in thousand Bulgarian Levs, unless otherwise stated

	Year ended 31.12.2010	Year ended 31.12.2009
Cash flows from operating activities		
Profit before taxes	24,977	24,665
Depreciation and amortization	9,415	9,396
Income tax paid	(3,653)	(593)
Unrealised gains/(losses) from revaluation of financial assets held for trading	(8,526)	(349)
Increase of provisions for liabilities and impairment allowances	7,115	9,005
Net cash flows before working capital changes	29,328	42,124
Change in operating assets: (Increase) in placements with, and advances to banks, with maturity over 90 days (Increase)/decrease in the receivables under repurchase agreements		
Decrease/(increase) in financial assets held for trading	(15,842)	-

(INCREASE) IN LOANS AND ADVANCES TO CUSTOMERS	(29,493)	11,505
(Increase)/decrease in other assets	(13,629)	(4,904)
(Increase) of non-current assets, held for sale	(53,302)	(177,100)
(Increase)/decrease in other assets	(18,225)	7,456
(Increase) of non-current assets, held for sale	(699)	-
	(131,190)	(163,043)
Change in operating liabilities:		
Increase/(decrease) in deposits from banks	7,355	(2,523)
Increase/(decrease)of loans from banks	(6)	30,065
Increase/(decrease) of liabilities under repurchase agreements	18,924	(11,679)
Increase in liabilities to other depositors	405,016	134,918
(Decrease) in other attracted funds	(988)	(2,115)
Increase (decrease) of other liabilities	(7,329)	3,764
	422,972	152,430
NET CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES	321,110	31,511
Cash flows from investing activities		
Acquisition of property, plant and equipment	(2,254)	(7,098)
Acquisition of investments in subsidiaries	(11,336)	-
Acquisition of financial assets available for sale, net	(76,259)	(8,541)
Acquisition of/(proceeds from) financial assets held to maturity, net	(47,249)	9,878
NET CASH FLOWS PROVIDED BY /(USED IN) INVESTING ACTIVITIES	(137,098)	(5,761)
INCREASE IN CASH AND CASH EQUIV ALENTS,NET	184,012	25,750
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR (NOTE 32)	368,584	342,834
CASH AND CASH EQUIVALENTS AT THE END OF YEAR (NOTE 32)	552,596	368,584

These separate financial statements have been approved by the Management Board and signed on behalf of Central Cooperative Bank AD on March 30, 2011 by:

Ivaylo Donchev
Executive Director

Tihomir Atanasov
Procurator

Sylvia Peneva
Registered Auditor
March 30, 2011

The accompanying notes are an integral part of these separate financial statements.



Separate statement of changes in shareholders' equity for the year ended December 31, 2010

All amounts are in thousand Bulgarian Levs, unless otherwise stated

	Issued paid in capital	Premium reserve	Reserves, including retained earnings	Revaluation reserve	Current year profit	Total
BALANCE AS OF DECEMBER 31, 2008	83,155	64,445	64,509	(5,257)	21,644	228,496
Transfer of net profit for the year ended December 31, 2008, to retained earnings	-	-	21,644	-	(21,644)	-
Net profit for the year ended December 31, 2009	-	-	-	-	22,095	22,095
Other comprehensive income for the year ended December 31, 2009	-	-	-	812	-	812
BALANCE AS OF DECEMBER 31, 2009	83,155	64,445	86,153	(4,445)	22,095	251,403
Transfer of net profit for the year ended December 31, 2009, to retained earnings	-	-	22,095	-	(22,095)	-
Net profit for the year ended December 31, 2010	-	-	-	-	22,386	22,386
Other comprehensive income for the year ended December 31, 2010	-	-	-	186	-	186
Other movements	-	-	(1)	-	-	(1)
BALANCE AS OF DECEMBER 31, 2010	83,155	64,445	108,247	(4,259)	22,386	273,974

These separate financial statements have been approved by the Management Board and signed on behalf of Central Cooperative Bank AD on March 30, 2011 by:


Ivaylo Donchev
Executive Director



Tihomir Atanasov
Procurator



Sylvia Peneva
Registered Auditor
March 30, 2011




The accompanying notes are an integral part of these separate financial statements.

Notes to the separate financial statements for the year ended December 31, 2010

All amounts are in thousand Bulgarian Levs, unless otherwise stated

1. OPERATING POLICY

Central Cooperative Bank AD, Sofa (the "Bank") was established in 1991. The Bank's activities and operations are governed by the Law on Banks and the regulations issued by the Bulgarian National Bank ("BNB"). The Bank currently operates under a banking license granted 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.

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, Sofia. The Bank is a member of the European Association of Cooperative Banks. The Bank has a primary dealer status for transactions with government securities.

As of December 31, 2010 the Bank's operations are conducted through a head-office located in Sofia, Bulgaria, 48 branches and 214 remote offices throughout the country and one branch in the Republic of Cyprus.

2. Basis for the preparation of the separate financial statements

General framework for financial reporting

These financial statements are separate financial statements prepared for the year ended December 31, 2010. The amounts in the separate financial statements are stated in thousand Bulgarian levs (BGN'000)

These separate financial statements have been prepared for general purposes under the going concern principle. The separate financial statements have been prepared, in all material respects, in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), and the interpretations, issued by the International Financial Reporting Interpretations Committee (IFRIC), approved by the European Union (the "EU") and applicable in the Republic of Bulgaria.

The Bank owns over 50% of the subsidiaries Central Cooperative Bank AD Skopje, the Republic of Macedonia and Stater Bank AD Kumanovo, the Republic of Macedonia. In accordance with the requirements of IAS 27 „Consolidated and separate financial statements," the Bank prepares also consolidated financial statements. The consolidated financial statements will be issued in April 2011.

The separate financial statements are prepared under the historical cost convention, modified by the revaluation to fair value of financial assets and liabilities held for trading, available for sale and all derivative contracts. Loans and receivables, and financial assets held to maturity are carried at amortized cost.

Changes in IFRS

Standards and Interpretations effective in the current period

The following amendments to the existing standards issued by the International Accounting Standards Board and adopted by the EU are effective for reporting periods beginning on or after 1 January 2010:

- IFRS 1 (revised) "First-time Adoption of IFRS" adopted by the EU on 25 November 2009 (effective for annual periods beginning on or after 1 January 2010),

- IFRS 3 (revised) "Business Combinations" adopted by the EU on 3 June 2009 (effective for annual periods beginning on or after 1 July 2009),
- Amendments to IFRS 1 "First-time Adoption of IFRS"- Additional Exemptions for First-time Adopters, adopted by the EU on 23 June 2010 (effective for annual periods beginning on or after 1 January 2010),
- Amendments to IFRS 2 "Share-based Payment" - Group cash-settled share-based payment transactions adopted by the EU on 23 March 2010 (effective for annual periods beginning on or after 1 January 2010),
- Amendments to IAS 27 "Consolidated and Separate Financial Statements" adopted by the EU on 3 June 2009 (effective for annual periods beginning on or after 1 July 2009),
- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" - Eligible hedged items, adopted by the EU on 15 September 2009 (effective for annual periods beginning on or after 1 July 2009),
- Amendments to various standards and interpretations "Improvements to IFRSs (2009)" resulting from the annual improvement project of IFRS published on 16 April 2009, adopted by the EU on 23 March 2010 (IFRS 2, IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 18, IAS 36, IAS 38, IAS 39, IFRIC 9 and IFRIC 16) primarily with a view to removing inconsistencies and clarifying wording, adopted by the EU on 23 March 2010 (effective for annual periods beginning on or after 1 January 2010),
- IFRIC 12 "Service Concession Arrangements" adopted by the EU on 25 March 2009 (effective for annual periods beginning on or after 30 March 2009),
- IFRIC 15 "Agreements for the Construction of Real Estate" adopted by the EU on 22 July 2009 (effective for annual periods beginning on or after 1 January 2010),
- IFRIC 16 "Hedges of a Net Investment in a Foreign Operation" adopted by the EU on 4 June 2009 (effective for annual periods beginning on or after 1 July 2009),
- IFRIC 17 "Distributions of Non-Cash Assets to Owners" adopted by the EU on 26 November 2009 (effective for annual periods beginning on or after 1 November 2009),
- IFRIC 18 "Transfers of Assets from Customers" adopted by the EU on 27 November 2009 (effective for annual periods beginning on or after 1 November 2009).

The adoption of the above amendments has not led to any changes in the Bank's accounting policies.

Стандарти и разяснения, издадени от СМСС и приети от ЕС, които все още не са влезли в сила

At the date of authorization of these financial statements the following standards, revisions and interpretations adopted by the EU were in issue but not yet effective:

- Amendments to IAS 24 "Related Party Disclosures" - Simplifying the disclosure requirements for government-related entities and clarifying the definition of a related party, adopted by the EU on 19 July 2010 (effective for annual periods beginning on or after 1 January 2011). Adoption in advance is permitted, which has to be disclosed;
- Amendments to IAS 32 "Financial Instruments: Presentation" – Accounting for rights issues, adopted by the EU on 23 December 2009 (effective for annual periods beginning on or after 1 February 2010),
- Amendments to IFRS 1 "First-time Adoption of IFRS"- Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters, adopted by the EU on 30 June 2010 (effective for annual periods beginning on or after 1 July 2010);
- Amendments to IFRIC 14 "IAS 19 – The Limit on a defined benefit Asset, Minimum Funding Requirements and their Interaction" - Prepayments of a Minimum Funding Requirement, adopted by the EU on 19 July 2010 (effective for annual periods beginning on or after 1 January 2011);
- Amendments to various standards and interpretations "Improvements to IFRSs (2010)" resulting from the annual improvement project of IFRS published on 6 May 2010 (IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34, IFRIC 13) primarily with a view to removing inconsistencies and clarifying wording, adopted by the EU on 18 February 2011 (amendments are to be applied for annual periods beginning on or after 1 July 2010 or 1 January 2011 depending on standard/interpretation).
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments", adopted by the EU on 23 July 2010 (effective for annual periods beginning on or after 1 July 2010).

The Bank has elected not to adopt these standards, revisions and interpretations in advance of their effective dates. The Bank anticipates that most of these standards, revisions and interpretations are not applicable for the Bank's activities and will have no material impact on the separate financial statements of the Bank.

Standards and Interpretations 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 the International Accounting Standards Board (IASB) except from the following standards, amendments to the existing standards and interpretations, which were not endorsed by the EU for use as of the date of authorization of these financial statements:

- IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2013),
- Amendments to IFRS 1 "First-time Adoption of IFRS"- Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (effective for annual periods beginning on or after 1 July 2011),
- Amendments to IFRS 7 "Financial Instruments: Disclosures"- Transfers of Financial Assets (effective for annual periods beginning on or after 1 July 2011),
- Amendments to IAS 12 "Income Taxes" - Deferred Tax: Recovery of Underlying Assets (effective for annual periods beginning on or after 1 January 2012).

The Bank anticipates that the adoption of these standards, amendments to the existing standards and interpretations will have no material impact on the separate financial statements in the period of initial application, except for the one noted below which might have material effect on the financial statements:

- IFRS 9 Financial Instruments is the first part of the project of the IASB for replacing IAS 39. The project aims to improve the understanding of investors and other users of financial information regarding the presentation of financial assets in the financial statements. IFRS 9 Financial Instruments uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in IAS 39.

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. Major components of the accounting policy

3.2.1. Interest income and expenses

Interest income and expenses are recognized on a time proportion basis using the effective interest rate method, as the difference between the amount at initial recognition of the respective asset or liability and the amount at maturity is amortized

For loans granted by the Bank and amounts owed to depositors, where the interest is calculated on a daily basis by applying the contracted interest rate to the outstanding balance, the effective interest rate is considered to be approximately equal to the contracted interest rate due to the nature of the contractual terms.

Interest earned as a result of holding trading securities or securities available for sale is reported as interest income. Interest income includes the amount of amortization of any discount, premium or other difference between the initial cost of debt securities and their amount at maturity.

Upon acquisition of an interest-bearing investment, the interest accrued as of the acquisition date is accounted for as interest receivable.

3.2.2. Fees and commissions

Fees and commissions consist mainly of fees for payment transactions in BGN and in foreign currency, fees for granting and management of loans, opening of letters of credit and issuance of guarantees. Fees and commissions are recognized when the service is performed or becomes due.

Commissions arising from foreign currency transactions are reported in the statement of 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 adjusting the effective interest income.

3.2.3 Foreign currency transactions

Transactions denominated in foreign currency are converted into BGN at 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 the statement of 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 rate for the respective day. The net gains and losses, arising from revaluation of balance sheet currency positions, are reported in the statement of comprehensive income for the period, in which they arise.

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

The exchange rates of USD and the Bulgarian Lev as of December 31, 2010 and 2009 are as follows:

Обменните курсове към 31 декември 2010 и 2009 между долара на САЩ и българския лев са:

December 31, 2010	December 31, 2009
USD 1 = BGN 1.47276	USD 1 = BGN 1.36409

3.2.4. Financial assets

Financial assets held for trading are acquired by the Bank with the purpose of generating income from short-term price or dealing margin fluctuations, or they are assets, included in a portfolio, for which a short-term profit realization is probable. These include discount and interest-bearing government securities held for trade, as well as corporate securities of non-financial companies, in which the Bank does not have a controlling interest.

Financial assets available for sale are those financial assets, which are not held for trading, not held to maturity and are not loans and receivables, which have initially originated at the Bank. Financial assets available for sale include acquired interest-bearing government and corporate securities, as well as equity investments in financial and non-financial enterprises, in which the Bank does not have a controlling interest.

Financial assets held to maturity are assets with fixed payments and maturity, which the Bank has the intention and ability to hold to maturity, irrespective of the possibility to sell them upon arising of favorable conditions in the future. These assets consist of acquired interest-bearing government and corporate securities.

Loans and advances, originated initially by the Bank with a fixed maturity date, are financial assets, incurred by direct granting of funds or services with fixed maturity to certain customers.

Recognition

Financial assets are recognized only when the Bank becomes a party under the contract provisions of the instrument. Their initial recognition is on the contract settlement date /payment date/.

Initial measurement

Financial assets held for trading are recognized initially at fair value. All expenses related directly to the acquisition of the financial asset are reported as current.

Financial assets, other than financial assets held for trading, are recognized initially at fair value, which is equal to the amount of the fair value of the consideration given and the related expenses. The expenses related to the transaction and included in the acquisition cost are fees, commissions and other remuneration paid to agents, brokers, consultants, dealers, and other persons directly involved in the transaction, taxes, charges, permits, etc. paid to stock exchanges and regulatory authorities. All other expenses are reported as current expenses in the period when incurred. Acquisition cost does not include accrued interest on the financial asset, not paid as of the date of acquisition. Such interest is reported as accrued interest receivable.

Subsequent measurement

After initial recognition, financial assets held for trading are stated at fair value. Fair value is determined on the basis of quoted prices on an active market. The difference between the carrying amount of the financial asset and its fair value is reported as a current financial income or current financial expense in the period of occurrence.

After initial recognition, financial assets held for trading are stated at fair value. Fair value is determined on the basis of quoted prices on an active market or other reliable models for measurement, which reflect the specific circumstances of the issuer. The difference between the carrying amount of the financial asset and its fair value is accounted for as an increase or decrease of revaluation reserve. After initial recognition, equity instruments, classified as financial assets available for sale, for which there are no quoted prices on an active market and/or for which no reliable models for measurement can be applied are stated at cost.

After initial recognition, financial assets held to maturity are stated at amortized cost, applying the effective interest rate method and are not revaluated. Amortized cost is the initial value /acquisition cost/ of the asset, increased by the accumulated amortization for any difference between the initial amount and the amount at maturity, and reduced by repayments of principle, accumulated amortization for any difference between the initial amount and the amount at maturity, and the allowance for impairment and/or uncollectability. The amortization is calculated by applying the effective interest rate.

After initial recognition, loans and advances originated initially by the Bank with fixed maturity are reported at amortized cost, applying the effective interest rate method and are not subject to revaluation.

The amortized cost is the initial value of the asset, increased by the accumulated amortization for any difference between the initial amount and the amount at maturity, less repayments of the principle and the allowance for impairment and/or uncollectability. The amortization is calculated by applying the effective interest rate.

Derecognition

Financial assets are derecognized when the Bank loses control over the contractual rights in relation to realizing the rights associated with the asset, waiver of the rights associated with the asset and expiry of the term for realizing of the rights associated with the asset. Net profit or loss as a result of the write off is reported in the statement of comprehensive income in the period of its occurrence. The revaluation reserve accumulated as of the date of derecognition is recognized as current financial expense or financial income.

Impairment for uncollectability

Financial assets are impaired if any conditions for impairment exist: there is evidence about financial difficulties; there is an actual breach of the contract; the issuer has performed restructuring of the debt; the issuer's securities have been excluded from the stock exchange

For the purpose of preparation of the financial statements, financial assets available for sale, which are stated at fair value are reviewed for impairment, if impairment is not already provided in the revaluation performed as of the date of annual financial statements. In case of existing condition for impairment, the recoverable amount of financial assets is determined. If the expected recoverable amount of the financial assets is lower than their carrying amount, impairment is provided as follows:

- if at the moment of impairment there is no revaluation reserve – the difference between the carrying amount and the expected recoverable amount is recorded as a current financial expense and a decrease in the value of financial assets;

- if at the moment of impairment there is a revaluation reserve, which is positive and lower than the amount of impairment – the carrying amount of the assets and the amount of the revaluation reserve /which becomes zero/ are decreased by the amount of impairment up to the revaluation reserve balance. The remaining part of the amount of impairment is accounted for as a current financial expense and a decrease in the carrying amount of assets;
- if at the moment of impairment there is a revaluation reserve, which is negative, the difference between the carrying amount and the expected recoverable value is recorded as a current financial expense and a decrease in the value of the financial assets, and the negative value of the revaluation reserve is transferred to and stated in the current financial expenses;
- if at the moment of impairment there is a revaluation reserve, which is positive and is greater than the amount of impairment, the value of the investment and the amount of the revaluation reserve are decreased by the impairment amount.

Financial assets held to maturity are reviewed for indications of impairment, in relation to preparation of the annual financial statements. Allowances for impairment and uncollectability of the securities held by the Bank, measured at amortized cost, are determined as the difference between the carrying amount and the present value of the future cash flows, discounted at the original effective interest rate. If the present value of the future cash flows of securities is lower than their carrying amount, then allowance for impairment is provided. The difference is reported as current financial expense and decrease in the value of securities. Decrease of allowances for impairment and uncollectability is stated in the statement of comprehensive income for the respective period. Recovered amounts, previously written off, are treated as income by releasing the allowances for impairment and uncollectability for the respective year.

Loans and advances, originated initially by the Bank with a fixed maturity, are reviewed for indications of impairment, in relation to preparation of the annual financial statements. Allowances for impairment and uncollectability of loans originated by the Bank, measured at amortized cost, are determined as the difference between the carrying amount and the present value of the future cash flows discounted at the loan original effective interest rate, where appropriate. Management determines the expected future cash flows based upon reviews of individual borrowers, loan exposures and other relevant factors. If the present value of the future cash flows of loans is lower than their carrying amount, then allowance for impairment is provided. The difference is reported as a current financial expense and a decrease in the value of loans. Decrease of allowances for impairment and uncollectability is stated in the statement of comprehensive income for the respective period. Recovered amounts, previously written off, are treated as income by releasing the allowances for impairment and uncollectability for the respective year. Loans and advances that cannot be recovered are written off and charged against the accumulated allowances for impairment and uncollectability. Such loans are written off after all necessary legal procedures have been completed and the amount of the loss has been determined.

The Bank has adopted a methodology for the calculation of allowances for impairment of loans based on IFRS and in compliance with the requirements of the banking regulations in Bulgaria. The Bank classifies its loans in several groups. A specified percentage rate for non-regular loans, which are above the minimum required by the regulations, is applied to contractual cash flows as a mean to determine the expected cash flows, which are then to be discounted as stated above. Other specific requirements of the regulations relate to conditions for transfers of non-regular into regular loans and recognition of liquid collaterals with the purpose of assessment of the allowances for impairment and uncollectability of loans.

The amount of potential losses, which are not exactly identified, but based on previous experience may be expected for a group of loans with similar characteristics, is also charged as provision expense and decrease of the loans' carrying amount. The expected losses are measured based on previous experience, customers' credit rating, and economic environment.

3.2.5 Investments in subsidiaries

Subsidiaries are those entities in which the Bank's ownership directly or indirectly exceeds 50% of the voting rights or it can exercise control over their operating and financial policy.

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

3.2.6. Receivables and liabilities under repurchase agreements

Receivables and liabilities under repurchase agreements are recognized at cost, which represents 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 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.

3.2.7. 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.

3.2.8. 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. For this purpose fair value is defined as the amount, for which an asset can be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction.

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. Sufficient market experience, as well as stable and liquid market currently do not exist for purchases and sales of loans and equity instruments, for which published market information is not readily available. In the opinion of the management, under these circumstances, the reported recoverable amounts of the financial assets and liabilities are the most reliable and efficient for the purposes of the 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.

3.2.9. Netting

The financial assets and liabilities are netted, 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.

3.2.10. Provisions for credit commitments

The amount of provisions for guarantees and other off-balance credit commitments 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 the statement of comprehensive income for the respective period.

3.2.10. 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 the statement of comprehensive income.

3.2.11. Property, plant and equipment and intangible 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 accumulated losses from impairment.

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	15%	(7 years)
Special equipment, cable networks and security systems	4%	(25 years)
Equipment, including hardware and software	20%	(5 years)

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

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

3.2.12. Non-current assets held for sale

Real estate property acquired by the Bank as a mortgage creditor on granted and not serviced loans is classified as non-current assets held for trading and is stated initially at cost. After initial recognition, these assets are reported at the lower of the carrying amount or fair value, less expenses for realization. No depreciation is accrued for these assets.

3.2.13. Taxation

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 comprehensive income, is also recognized in the statement of 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).

Current and deferred taxes are recognized as income or expense and are included in the net profit for the period, except to the extent that the tax arises from a transaction or event, which is recognized in the same or different period, directly in equity. Deferred taxes are charged or deducted directly in equity, when the tax relates to items that are charged or deducted in the same or different period, directly in equity.

3.3. Accounting estimates, assumptions and key areas of uncertainty

The presentation of financial statements requires 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 the financial instruments;
- Allowances for impairment of loans;
- Useful life of the depreciable assets;
- Impairment of financial assets available for sale.

In 2009 and at the beginning of 2010 as a result of the global economic crisis different industries and sectors in the Bulgarian economy have marked a decline which causes uncertainty and risks for their development in the foreseeable future. The declining rates of economic development increase the risks of the economic environment in which the Bank operates. Therefore, the amount of impairment losses on loans and advances, financial assets available for sale, other financial instruments, as well as the values of other

accounting estimates in subsequent reporting periods may differ from those measured and reported in these financial statements. The recoverability of the loans and the adequacy of the recognized impairment losses, as well as the maintaining of the Bank's liquidity ratios depends 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.

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 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. Bulgarian banks must maintain Core Tier I Capital Adequacy Ratio of at least 6%, and Total Risk Capital Adequacy Ratio of at least 12%. For 2010 and 2009 the Bank is in compliance with the regulatory requirements for minimum capital adequacy.

4. Cash and balances with the central bank

	As of 31.12.2010	As of 31.12.2009
Cash in hand:		
In BGN	53,396	46,441
In foreign currency	35,745	29,072
Cash in transit:		
In BGN	500	2,179
In foreign currency	374	440
Cash in the Central bank:		
Current account in BGN	327,166	182,922
Current account in foreign currency	318	-
Minimum required reserve in foreign currency	68,454	48,896
Reserve guarantee fund RINGS	691	575
TOTAL CASH AND BALANCES WITH THE CENTRAL BANK	486,644	310,525

The current account with BNB is used for direct participation in the government securities and money market, as well as for the purposes of bank 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 percentage ratio based on the attracted funds in BGN and foreign currency. These reserves are regulated 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 31.12.2010	As of 31.12.2009
Term deposits with local banks		
In BGN	2,000	-
In foreign currency	45,932	32,252
Term deposits with foreign banks in foreign currency	3,670	3,137
Nostro accounts with local banks		
In BGN	52	27
In foreign currency	894	204
Nostro accounts with foreign banks in foreign currency	29,246	22,439

6. Receivables under repurchase agreements

As of December 31, 2010 the Bank has signed repurchase agreements at the total amount of

BGN 41,021 thousand, including interest receivables. The Bank has pledged as collateral Bulgarian government securities at the amount of BGN 27,976 thousand having an approximately equal value to secure the receivable. The remaining amount of BGN 13,045 thousand the Bank has pledged as collateral corporate securities having an approximately equal value. The agreements' maturities are between January and March 2011.

As of December 31, 2009 the repurchase agreements amount to BGN 11,528 thousand, including interest receivables.

7. Financial assets held for trading

Financial assets held for trading consist of trading securities, including the amount of accrued interest, based on their original maturity as well as derivatives, held for trading, as follows:

	As of 31.12.2010	As of 31.12.2009
Medium-term Bulgarian government notes	9,950	2,410
Long-term Bulgarian government bonds	5,797	138
Bulgarian corporate securities	24,968	10,885
Derivatives, held for trading	8,412	13,539
TOTAL FINANCIAL ASSETS HELD FOR TRADING	49,127	26,972

Medium-term Bulgarian government notes

As of December 31, 2010 and 2009 the medium-term Bulgarian government notes amounting to BGN 9,950 thousand and BGN 2,410 thousand, respectively, are stated at fair value and include securities denominated in BGN, issued by the Bulgarian government.

Long-term Bulgarian government bonds

As of December 31, 2010 and 2009 the long-term Bulgarian government bonds amounting to BGN 5,797 thousand and BGN 138 thousand, respectively, are stated at fair value and include securities in BGN, issued by the Bulgarian government.

Bulgarian corporate securities

As of December 31, 2010 the Bank owns corporate securities, issued by non-financial companies and financial institutions, amounting to BGN 23,493 thousand. These securities represent shares of public companies, listed on the Bulgarian Stock Exchange. They are liquid on the Bulgarian stock market and are stated in these financial statements at fair value.

As of December 31, 2010 the Bank owns bonds issued by Bulgarian – American Credit Bank AD at the amount of BGN 1,210 thousand that mature in July 2011, as well as shares in “Europe” Mutual Fund at the amount of BGN 265 thousand.

As of December 31, 2009 the Bank owns corporate securities, issued by non-financial companies and financial institutions, amounting to BGN 2,813 thousand. These securities represent shares of public companies, listed on the Bulgarian Stock Exchange. They are liquid on the Bulgarian stock market and are stated in these financial statements at fair value.

As of December 31, 2009 the Bank owns bonds issued by Bulgarian – American Credit Bank AD at the amount of BGN 1,210 thousand and the maturity of the issue is July 2011. As of December 31, 2009 the Bank also owns bonds issued by Finance Consulting EAD at the amount of BGN 6,100 and the maturity of the issue is August 2016 and shares in “Europe” Mutual Fund and “Real Finance High-profitable Fund” at the amount of BGN 762 thousand.

Derivatives held for trading

As of December 31, 2010 and 2009 derivatives, held for trading, at the amount of BGN 8,412 thousand and BGN 13,539 thousand respectively, are carried at fair value and include sale-purchase transactions of foreign currency, securities, forward agreements and currency swaps in the open market.

Bulgarian securities pledged as a collateral

As of December 31, 2010 and 2009 government bonds, issued by the Bulgarian government amounting to BGN 5,027 thousand and BGN 2,206 thousand, respectively, have been pledged as a collateral for servicing of budget accounts.

8. Loans and advances to customers, net

a. Analysis by type of clients

	As of 31.12.2010	As of 31.12.2009
Individuals:		
In BGN	269,667	303,197
In foreign currency	40,850	44,099
Enterprises:		
In BGN	514,556	496,767
In foreign currency	391,974	324,735
	1,217,047	1,168,798
Allowance for impairment and uncollectability	(22,955)	(20,893)
TOTAL LOANS AND ADVANCES TO CUSTOMERS, NET	1,194,092	1,147,905

Loans and advances to customers as of December 31, 2010 include deposits with international financial institutions on margin transactions with derivatives amounting to BGN 14,082 thousand (2009: BGN 19,394 thousand), including result of transactions.

b. Analysis by economic sector

	As of 31.12.2010	As of 31.12.2009
Agriculture and forestry	35,540	40,316
Manufacturing	38,829	58,731
Construction	89,372	121,036
Trade and finance	578,568	472,219
Transport and communications	90,267	69,250
Individuals	310,517	347,296
Other	73,954	59,950
	1,217,047	1,168,798
Allowance for impairment and uncollectability	(22,955)	(20,893)
TOTAL LOANS AND ADVANCES TO CUSTOMERS, NET	1,194,092	1,147,905

c. Interest rates

Loans denominated in BGN and foreign currency bear interest at floating rates. Under the terms of these loans, the interest rate is calculated as the Bank base interest rate, plus a margin. The interest rate margin on performing (regular) loans varies from 4 to 8 percent based on the credit risk associated with the borrower, and a 35% interest is charged as penalty on overdue loans, corresponding to the interest on not allowed overdraft.

9. Other assets

	As of 31.12.2010	As of 31.12.2009
Deferred tax assets	162	210
Current tax assets	361	-
Deferred expenses	6,393	1,956
Established real rights for building use	53,212	38,245
Other assets	3,836	4,267
TOTAL OTHER ASSETS	63,964	44,678

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

The established real rights for building use received are as follows:

- in December 2008 from two Bulgarian commercial companies. The rights are related to two solid administrative buildings, which are situated in the very center of Sofia, which will be used for the head office of the Bank. The right of use on the first building is established for a period of 98 months for the amount of EUR 5,372 thousand. The right of use on the second building is established for a period of 149 months for the amount of EUR 15,598 thousand.

- in June from a Bulgarian commercial company. The rights are related to fourteen solid administrative buildings located in several big cities throughout the country, which will be used as Bank's offices. The rights of use on the buildings are established for a period between 115 and 120 months for the total amount of BGN 20,327 thousand.
- in December 2010 the term of the right of use on the one of the administrative buildings situated in the very center of Sofia was extended by three months at the amount of EUR 292 thousand.

The carrying amount of established real rights include also the expenses for taxes and fees related to the establishment. The carrying amount of each real right for use will be amortized on equal parts for the respective period of use of buildings.

10. Financial assets available for sale

Financial assets available for sale consist of equity and debt securities, including the amount of accrued interest, based on their original maturity and discount, as follows:

	As of 31.12.2010	As of 31.12.2009
Medium-term Bulgarian government bonds	6,303	26,448
Long-term Bulgarian government bonds	29,899	4,273
Foreign government bonds	4,443	-
Equity investments in financial institutions	2,968	9
Equity investments in non-financial institutions	13,848	9,668
Bulgarian corporate securities	62,232	14,905
Foreign corporate securities	12,052	-
Other	80	77
TOTAL FINANCIAL ASSETS AVAILABLE FOR SALE	131,825	55,380

Bulgarian securities, pledged as collateral

As of December 31, 2010 government bonds issued by the Bulgarian government amounting to BGN 5,236 thousand are pledged as a collateral for servicing of budget accounts.

Foreign government bonds

As of December 31, 2010 foreign government bonds comprise bonds issued by the Irish government.

Equity investments in financial institutions

As of December 31, 2010 equity investments in financial institutions include shares in commercial banks.

Equity investments in non-financial institutions

As of December 31, 2010 equity investments in non-financial institutions comprise shares in commercial companies and in mutual funds.

Bulgarian corporate securities

As at December 31, 2010 the Bulgarian corporate securities available for sale represent bonds. None of these investments are in a subsidiary or in an associated company.

Foreign corporate securities

As at December 31, 2010 foreign corporate securities available for sale represent bonds in a commercial company.

11. Financial assets held to maturity

Financial assets held to maturity represent Bulgarian government bonds and bonds of foreign commercial company, including the amount of the accrued interest and discount/premium, based on original maturity, as follows:

	As of 31.12.2010	As of 31.12.2009
Medium-term Bulgarian government bonds	57,934	34,726
Long-term government bonds	59,931	56,994
Corporate securities	21,104	-
TOTAL FINANCIAL ASSETS HELD TO MATURITY	138,969	91,720

Bulgarian securities pledged as a collateral

As of December 31, 2010 and 2009 government bonds issued by the Bulgarian government issued at the amount of BGN 78,800 thousand and BGN 65,677 thousand, respectively, are pledged as collateral for servicing budget accounts.

12. Investments in subsidiaries

12.1. Investment in subsidiary Central Cooperative Bank, Skopje, Republic of Macedonia

In February 2008 the Bank acquired control on the equity of Central Cooperative Bank, Skopje, Republic of Macedonia. In October 2009 22,354 ordinary voting shares owned by the Bank are converted into privileged shares with no voting right. In December 2009 Central Cooperative Bank AD Skopje withdrew 208 own privileged shares. As of December 31, 2009 the Bank owns 241,342 ordinary voting shares presenting 83.78% of the voting shares of Central Cooperative.

Bank AD Skopje and 22,354 privileged shares with no voting right presenting 71.94% of the privileged shares with no voting right of Central Cooperative Bank AD Skopje. As of December 31, 2009 the total participation of the Bank in the equity of Central Cooperative Bank AD Skopje is 82.63%. As of December 31, 2009 the investment of the Bank in its subsidiary amounts to BGN 34,881 thousand.

In 2010 by resolution of the General meeting of the shareholders of the subsidiary all privileged shares with no voting right are converted in regular voting shares as one privileged share with no voting right equals to one regular voting share. As of December 31, 2010 the Bank owns 263,696 regular voting shares representing 82.63% of the subsidiary's equity at the amount of BGN 34,881 thousand.

12.2 Investment in subsidiary Stater Bank, Kumanovo, Republic of Macedonia

In April 2010 the Bank acquired 317,864 regular voting shares of the share capital of Stater Bank, Kumanovo, Republic of Macedonia and obtained control of the equity of the subsidiary. Before the acquisition the Bank owns 5,975 privileged shares with no voting right of the subsidiary. Later, within the year, by resolution of the General meeting of the shareholders of the subsidiary all privileged shares with no voting right are converted in regular voting shares as one privileged share with no voting right equals to one regular voting share. As of December 31, 2010 the Bank owns 323,839 regular voting shares representing 93.79% of the subsidiary's equity. As of December 31, 2010 the Bank's investment in the subsidiary amounts to BGN 11,336 thousand.

13. Property, plant and equipment

	Land and buildings	Equipment	Motor vehicles	Fixtures and fittings	Fixed assets in process of acquisition	Other fixed assets	Total
January 1, 2009	28,231	21,259	4,470	11,406	12,192	16,004	93,562
Acquisitions	2,681	2,289	55	5,584	9,663	21,332	41,604
Disposals	(5,828)	(733)	(9)	(223)	(18,004)	(14,682)	(39,479)
December 31, 2009	25,084	22,815	4,516	16,767	3,851	22,654	95,687
Acquisitions	953	476	53	2,264	2,186	993	6,925
Disposals	-	-	(17)	(24)	(4,509)	(409)	(4,959)
December 31, 2010	26,037	23,291	4,552	19,007	1,528	23,238	97,653
Depreciation							
January 1, 2009	5,724	11,977	2,903	4,932	-	5,687	31,223
Net charge for the period	1,056	3,324	417	1,759	-	2,840	9,396
Depreciation on disposals	(1,470)	(697)	(9)	(206)	-	(4)	(2,386)
December 31, 2009	5,310	14,604	3,311	6,485	-	8,523	38,233
Net charge for the period	903	2,675	411	2,245	-	3,182	9,416
Depreciation on disposals	-	-	(17)	(15)	-	(257)	(289)
December 31, 2010	6,213	17,279	3,705	8,715	-	11,448	47,360
Net book value							
December 31, 2009	19,774	8,211	1,205	10,282	3,851	14,131	57,454
December 31, 2010	19,824	6,012	847	10,292	1,528	11,790	50,293

The fixed assets in progress include repair works, performed by the Bank, concerning the reconstruction of the leased premises into bank offices, whereas the repair works have not been finished as at the date of preparing the statement of financial position.

14. Non-current assets held for sale

Non-current assets held for sale represent property acquired by the Bank at the end of 2010 as mortgage creditor on granted and not serviced loans. These assets will not be used in Bank's activity, hence actions for their sale in 2011 have been taken.

15. Deposits from banks

	As of 31.12.2010	As of 31.12.2009
Demand deposits – local banks:		
In BGN	339	84
In foreign currency	230	118
Demand deposits – foreign banks in foreign currency:	108	33
Term deposits - local banks in BGN	6,041	4,041
Term deposits - foreign banks in foreign currency	4,913	-
TOTAL DEPOSITS FROM BANKS	11,631	4,276

16. Loans from banks

As of December 31, 2010 the Bank has received loans from Bulgarian Development Bank as follows:

- under a program for target refinancing of commercial banks at the amount of BGN 35,005 thousand, including interest payables, as the funds for the loan are provided to the Bank for mid-term and long-term investment crediting and project financing for technical renovation, implementing of new technologies, know-how, increase of competitiveness and export potential, projects of the structural fund of the EU and short-term pre-export financing of small and middle-sized enterprises registered under the Commercial Act. The deadline for the loan repayment is December 30, 2018 with lump-sum payment. The Bank owes 5% interest on an annual basis over the outstanding portion of the loan.
- under program for granting target credit lines to commercial banks for refinancing agricultural producers at the amount of BGN 5,062 thousand, including interest payables. The deadline for the loan repayment is march 30, 2014 with lump-sum payment. The Bank owes 5% interest on an annual basis over the outstanding portion of the loan.

17. Liabilities under repurchase agreements

As of December 31, 2010 the Bank has concluded securities repurchase agreements with Bulgarian companies and a foreign entity at the total amount of BGN 22,749 thousand, including interest payables. The Bank has secured this liability by establishing a pledge on Bulgarian government securities. The maturity of these agreements is between January – March 2011.

As of December 31, 2009 the Bank has concluded securities repurchase agreements with Bulgarian companies at the total amount of BGN 3,825 thousand, including interest payables.

18. Amounts owed to other depositors

a. Analysis by term and currency

	As of 31.12.2010	As of 31.12.2009
Demand deposits		
In BGN	389,167	328,210
In foreign currency	70,449	74,060
	459,616	402,270
Term deposits		
In BGN	603,819	358,623
In foreign currency	757,923	673,718
	1,361,742	1,032,341
Saving accounts		
In BGN	50,153	35,710
In foreign currency	35,918	37,095
	86,071	72,805
Other deposits		
In BGN	11,982	8,702
In foreign currency	5,481	3,758
	17,463	12,460
TOTAL AMOUNTS OWED TO OTHER DEPOSITORS	1,924,892	1,519,876

b. Analysis by customer and currency type

	As of 31.12.2010	As of 31.12.2009
Deposits of individuals		
In BGN	552,578	376,990
In foreign currency	603,467	491,985
	1,156,045	868,975
Deposits of enterprises		
In BGN	490,561	345,552
In foreign currency	260,823	292,889
	751,384	638,441
Deposits of other institutions		
In BGN	11,982	6,942
In foreign currency	5,481	5,518
	17,463	12,460
TOTAL AMOUNTS OWED TO OTHER DEPOSITORS	1,924,892	1,519,876

19. Other attracted funds

As of December 31, 2010 and 2009 other attracted funds include financing from the State Agricultural Fund amounting to BGN 1,017 thousand and BGN 2,005 thousand (including interest) respectively, for granting loans to the agricultural sector. The credit risk for collectability of these loans shall be assumed by the Bank.

20. Other liabilities

	As of 31.12.2010	As of 31.12.2009
Liabilities for unused paid leave	1,037	1,336
Derivatives, held for trading	6,916	12,107
Other liabilities	2,227	3,807
Deferred income	475	734
TOTAL OTHER LIABILITIES	10,655	17,984

Derivates held for trading

As of December 31, 2010 and 2009 derivates held for trading at the amount of BGN 6,916 thousand and BGN 12,107 thousand and are presented at fair value and include sale and purchase transactions of foreign currency, securities, forward contracts and foreign currency swaps on open market.

21. Issued capital

As of December 31, 2010 and 2009 the issued, called-up and fully paid-in share capital of the Bank comprises 83,155,092 ordinary voting shares with a nominal value of BGN 1.

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.

Principal shareholders	2010		2009	
	Share capital	Percentage rate	Share capital	Percentage rate
CCB Group EAD	56,715	68.20	56,715	68.20
ZAD Armeec AD	3,783	4.55	3,753	4.51
Chimimport AD	2,395	2.88	2,395	2.88
Artio International Equity Fund	1,276	1.54	1,276	1.53
Caceis Bank Deutschland GmbH	2,028	2.44	-	-
Universal Pension Fund Suglasie	1,685	2.03	1,685	2.03
Other	15,274	18.37	17,331	20.85
	83,155	100	83,155	100

21.1 Reserves, including retained earnings

As of December 31, 2010 reserves, including retained earnings include undistributable portion of BGN 7,059 thousand and distributable portion of BGN 101,188 thousand.

21.2 Revaluation reserve

The revaluation reserve is allocated from revaluation of financial instruments available for sale.

22. Interest income/ interest expense

	Year ended 31.12.2010	Year ended 31.12.2009
Interest income by source:		
Loans	132,157	126,972
Securities	9,319	7,376
Deposits in banks	2,135	2,390
TOTAL INTEREST INCOME	143,611	136,738

	Year ended 31.12.2010	Year ended 31.12.2009
Interest expenses by recipients:		
Deposits to customers	72,168	66,829
Deposits to banks	335	293
Loans	1,994	1,451
Other	332	253
TOTAL INTEREST EXPENSES	74,829	68,826

23. Income from/expenses for fees and commissions

	Year ended 31.12.2010	Year ended 31.12.2009
Granting and repayment of loans	2,545	3,040
Servicing of contingent commitments	1,235	1,395
Servicing of accounts	2,837	2,081
Bank transfers - domestic and international	17,204	16,158
Other income	4,769	5,445
TOTAL FEES AND COMMISSIONS INCOME	28,590	28,119

	Year ended 31.12.2010	Year ended 31.12.2009
Servicing of accounts	157	134
Bank transfers - domestic and international	3,131	3,084
Securities' transactions	132	145
Clearing valuable consignments	125	79
Other expenses	245	348
TOTAL EXPENSES FOR FEES AND COMMISSIONS	3,790	3,790

24. Gains from dealing with securities, net

	Year ended 31.12.2010	Year ended 31.12.2009
Gains on dealing with securities available for sale	3,280	7,742
Gain/(loss) on dealing with securities held for trading	2,144	2,816
Gain/(loss) on revaluation of securities held for trading	8,526	349
TOTAL GAINS FROM DEALING WITH SECURITIES, NET	13,950	10,907

25. Foreign exchange gains, net

Net foreign exchange gains arise from:

	Year ended 31.12.2010	Year ended 31.12.2009
Dealing gains, net	4,008	4,282
Revaluation gains/(losses), net	1,407	(438)
TOTAL FOREIGN EXCHANGE GAINS, NET	5,415	3,844

Dealing gains represent net gains arising from purchases and sales of foreign currency. Revaluation gains represent net gains in BGN arising from the revaluation of assets and liabilities, denominated in foreign currency.

26. Other operating income, net

	Year ended 31.12.2010	Year ended 31.12.2009
Dividends	71	45
Income from cession contracts	5,036	2,116
Income from sale of property, plant and equipment	(2)	13,473
Other operating income	2,492	898
TOTAL OTHER OPERATING INCOME, NET	7,597	16,532

The income from cession contracts in 2010 originates from cash receivables under loan agreements, which were transferred on the part of the Bank through cession contracts at the amount of BGN 5,036 thousand. In 2009 income from cession contracts amounts to BGN 2,116 thousand.

27. Operating expenses

	Year ended 31.12.2010	Year ended 31.12.2009
Salaries and other personnel costs	28,041	28,856
Administrative and marketing costs	35,853	36,651
Other expenses	12,559	12,522
Depreciation/amortization	9,415	9,396
Materials and repair works	2,584	2,429
TOTAL OPERATING EXPENSES	88,452	89,854

28. Increase of allowances for impairment and uncollectability

	Loans granted to clients
BALANCE AS OF JANUARY 1, 2009	11,938
Charges for the period	14,893
Released during the period	(5,888)
Disposals	(50)
BALANCE AS OF DECEMBER 31, 2009	20,893
Charges for the period	13,152
Released during the period	(6,037)
Disposals	(5,053)
BALANCE AS OF DECEMBER 31, 2010	22,955

29. Taxes

Tax expenses are presented as follows:

	Year ended 31.12.2010	Year ended 31.12.2009
Current tax expenses	2,334	2,587
Income from deferred taxes, related to the origination and reversal of temporary differences	257	(17)
TOTAL TAX EXPENSES	2,591	2,570

Current tax expenses represent the amount of the tax due according to Bulgarian legislation and the applicable tax rates of 10% for 2010 and 2009. 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, 2010 and 2009 are calculated based on the tax rate of 10%, effective for 2011 and 2010.

Deferred tax assets are as follows:

	As of 31.12.2010	As of 31.12.2009
Deferred tax assets:		
Other liabilities (unused annual paid leaves)	114	157
Property, plant and equipment and intangible assets	48	53
DEFERRED TAX ASSET	162	210

Deferred tax liability are as follows:

	As of 31.12.2010	As of 31.12.2009
Deferred tax liabilities		
Gain on merge of entities	209	-
DEFERRED TAX LIABILITY	209	-

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

	Year ended 31.12.2010	Year ended 31.12.2009
Profit before taxes	24,977	24,665
Taxes at applicable tax rates: 10% for 2010 and 10% for 2009	2,498	2,466
Tax effect on non-taxable income from transactions with shares on a regulated local exchange, dividends and other	93	104
TAX EXPENSES	2,591	2,570
EFFECTIVE TAX RATE	10.37%	10.42%

30. Earnings per share (in BGN)

	Year ended 31.12.2010	Year ended 31.12.2009
Net profit after tax (in BGN'000)	22,386	22,095
Weighted average number of shares	83,155,092	83,155,092
EARNINGS PER SHARE (IN BGN)	0,27	0,27

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, 2010 and 2009, respectively.

The weighted average number of shares is calculated as a sum of the number of ordinary shares outstanding at the beginning of the period and the number of ordinary shares issued during the period, multiplied by the time-weighting factor.

The Bank does not have potentially dilutive instruments and diluted earnings per share is the same as basic earnings per share.

31. Commitments and contingencies

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

	As of 31.12.2010	As of 31.12.2009
Bank guarantees		
In BGN	30,535	63,830
In foreign currency	32,666	38,735
Irrevocable commitments	71,012	89,860
Other outstanding guarantees	123	132
TOTAL OUTSTANDING GUARANTEES	134,336	192,557

As of December 31, 2010 and 2009 the Bank has signed contracts for granting loans to customers at the total amount of BGN 71,012 thousand and BGN 89,860 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, provision of collateral with suitable quality and liquidity, etc.

32. Analysis of changes in cash and cash equivalents

	Year ended 31.12.2010	Year ended 31.12.2009
Cash	90,015	78,132
Balances with the Central Bank	396,629	232,393
Placement with, and advances to, banks with residual maturity up to 3 months	65,952	58,059
AS OF DECEMBER 31	552,596	368,584

33. Financial 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 as 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 analyze 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 - approve the Bank's risk management framework and activity parameters;
- Executive directors - control 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 transactions for the purchase and sale of foreign currency, securities, forward contracts and foreign currency swaps on the open market. Most of them represent positions of the Bank's clients for foreign currency sale and purchase transactions and the related transactions on behalf of the Bank. The traded on the Bank's account speculative positions in derivative instruments are less than 10% of the total fair value of the derivative financial instruments, with insignificant amount and the Bank is not exposed to the respective risks inherent to such instruments.

Credit risk

Credit risk is the risk of loss due to the probability that a counterparty will be unable to pay its obligations when due. The Bank has structured its credit risk by setting credit risk limits for maximum exposure to a debtor, a group of related parties, to a geographical region and the respective business sectors. To mitigate credit risk, respective collaterals and guarantees are required according to the Internal credit rules.

Cash and balances with the Central bank at the amount of BGN 486,644 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 81,794 thousand comprise mostly deposits in first-class international and Bulgarian financial institutions with maturity up to 7 days. Generally, according to the policy of the Bank, these financial assets bear some credit risk as its maximum exposure is 20 %, 50% and 100% and the percentage is defined based on the quality characteristics of the financial institution. As of December 31, 2010 the absolute amount of this type of risk is BGN 22,044 thousand.

Receivables under repurchase agreements of securities at the amount of BGN 41,021 thousand do not bear credit risk for the Bank due to the fact that they are secured by Bulgarian government securities, guaranteed by the Republic of Bulgaria.

Financial assets held for trading at the amount of BGN 49,127 thousand bear mainly market risk for the Bank which is discussed in the market risk disclosures.

Equity securities, available for sale at the amount of BGN 16,896 thousand represent shares in financial and non-financial enterprises and mutual funds which bear credit risk exposure of 100% or of BGN 16,896 thousand as an absolute amount .

Debt government securities, at the amount of BGN 40,645 thousand bear credit risk for the respective issuing country.

Debt securities available for sale and issued by local and foreign commercial companies at the amount of BGN 74,284 thousand bear credit risk for the Bank with maximum exposure 100% or BGN 74,284 thousand as an absolute amount.

Debt securities held to maturity and issued by the Republic of Bulgaria at the amount of BGN 117,865 thousand do not bear credit risk for the Bank due to the fact that they are guaranteed by the Bulgarian State.

Debt securities held to maturity and issued by foreign commercial companies at the amount of BGN 21,104 thousand bear credit risk for the Bank with maximum exposure 100% or BGN 21,104 thousand as an absolute amount.

The investments in the subsidiaries of the Bank, Central Cooperative Bank AD, Skopje, in the Republic of Macedonia and Stater Bank AD, Kumanovo, in the Republic of Macedonia amounts to BGN 46,217 thousand and bears a credit risk, the maximum exposure of which is 100% or BGN 46,217 thousand as an absolute amount.

Loans and advances to customers with carrying amount of BGN 1,217,047 thousand bear credit risk for the Bank. In order to determine the Bank's exposure to this risk, an analysis of each individual risk for the Bank, arising from each particular exposure is conducted by applying criteria for risk exposures assessment and classification in compliance with the banking legislation of the Republic of Bulgaria. According to these criteria and the conducted analysis, the maximum exposure to credit risk of the Bank is at the amount of BGN 942,296 thousand. For credit risk mitigation purposes, detailed procedures for analysis of the economic reasonableness of every project, types of collateral acceptable to the Bank, control over lent funds and the respective administration are applied in the lending process. The Bank has set limits for credit exposures by regions and sectors, which are monitored closely. The above limits aim at restricting the credit portfolio concentration in one or another region/sector, which could result in increased credit risk. The Bank has adopted methodology for calculation of allowances for impairment and uncollectability of loans and advances to customers in compliance with the requirements of the banking legislation in the Republic of Bulgaria. As of December 31, 2010 the allocated allowances for impairment loss of loans and advances to customers are at the amount of BGN 22,955 thousand.

Quality of the credit portfolio

Classification groups as of December 31, 2010:

Debt	By granted loans			Undrawn commitment	By provided letters of guarantee		
	Amount	%	Allowances		Amount	%	Allowances
Regular	1,098,476	90,26	1,938	70,269	63,201	100	-
Watch	64,619	5,31	1,413	527	-	-	-
Irregular	18,820	1,55	2,366	109	-	-	-
Non-performing	35,132	2,88	17,238	107	-	-	-
Total	1,217,047	100	22,955	71,012	63,201	100	-

Classification groups as of December 31, 2009:

Debt	By granted loans			Undrawn commitment	By provided letters of guarantee		
	Amount	%	Allowances		Amount	Amount	%
Group							
Regular	1,071,392	91,67	2,265	88,528	102,565	100	-
Watch	48,515	4,15	1,456	814	-	-	-
Irregular	25,771	2,20	3,624	387	-	-	-
Non-performing	23,120	1,98	13,548	131	-	-	-
Total	1,168,798	100	20,893	89,860	102,565	100	-

The loans granted by the Bank can be summarized in the following table:

Groups	31.12.2010				31.12.2009			
	Loans, granted to non-financial customers		Loans, granted to banks and receivables under repurchase agreements		Loans, granted to non-financial customers		Loans, granted to banks and receivables under repurchase agreements	
	BGN'000	%			BGN'000	%		
Neither past due nor impaired	847,417	69.63		41,021	798,006	68.27		11,528
Past due but not impaired	329,832	27.10		-	334,129	28.59		-
Impaired on individual basis	39,798	3.27		-	36,663	3.14		-
Total	1,217,047	100		41,021	1,168,798	100		11,528
Allowances for impairment provided	22,955			-	20,893			-
Net loans	1,194,092			41,021	1,147,905			11,528

As of December 31, 2010 and 2009 the prevailing part of the loans classified as past due but not impaired consist of loans overdue within 30 days. The Bank considers that such delays are not an indication for impairment of the respective loans.

Loans and advances, which are neither overdue, nor impaired, are presented in the following table:

	As of 31.12.2010	As of 31.12.2009
Individuals		
Credit cards and overdrafts	22,852	21,054
Consumer loans	131,750	155,988
Mortgage loans	61,446	74,602
Corporate clients	631,369	546,362
Total	847,417	798,006

The carrying amount of loans, which are overdue, but have not been impaired is stated below. These loans are not impaired due to the fact that the nature of the overdue loans is accidental and the overdue period is within 30 days, which dismisses the necessity of their impairment.

	As of 31.12.2010	As of 31.12.2009
Individuals		
Credit cards and overdrafts	9,329	9,770
Consumer loans	29,353	32,032
Mortgage loans	24,493	22,631
Corporate clients	266,657	269,696
Total	329,832	334,129

The carrying amount of the loans, which have been provided allowances for on an individual basis as of December 31, 2010 and 2009 is BGN 39,798 thousand and BGN 36,663 thousand. These amounts exclude cash flows from utilization of collateral under these loans.

2010	Carrying amount before impairment	Carrying amount before impairment	Carrying amount before impairment	Total highly liquid collateral
	Group II	Group III	Group IV	
Credit cards and overdrafts	2,576	808	3,730	-
Consumer loans	10,494	4,130	8,331	4,323
Mortgage loans	91	194	704	1,094
Corporate clients	1,451	85	7,204	7,680
Total	14,612	5,217	19,969	13,097

2009	Carrying amount before impairment	Carrying amount before impairment	Carrying amount before impairment	Total highly liquid collateral
	Group II	Group III	Group IV	
Credit cards and overdrafts	2,301	1,167	2,609	-
Consumer loans	10,695	5,266	8,158	1,514
Mortgage loans	49	154	882	1,662
Corporate clients	1,601	1,431	2,350	1,208
Total	14,646	8,018	13,999	4,384

The table below presents the net exposure of the ten largest loans and advances to Bank's customers.

Customer	Contractual amount -limit	Net exposure as of 31.12.2010	Customer	Contractual amount -limit	Net exposure as of 31.12.2009
Company 1	61,600	61,600	Company 1	59,376	59,061
Company 2	34,440	36,584	Company 2	31,650	24,394
Company 3	33,127	24,094	Company 3	30,866	30,702
Company 4	27,382	27,109	Company 4	30,000	30,127
Company 5	21,758	20,816	Company 5	27,382	25,753
Company 6	21,367	19,529	Company 6	26,530	26,342
Company 7	19,318	14,190	Company 7	21,367	20,794
Company 8	18,972	18,867	Company 8	20,558	20,590
Company 9	18,276	17,951	Company 9	16,100	12,268
Company 10	16,100	15,394	Company 10	15,435	14,679
Total	272,340	256,134		279,264	264,710

The total amount of the net exposure for 2010 and 2009 is 21.45% and 23.06%, respectively, from the loans and advances of the Bank's customers.

The following table presents the Bank's portfolio by type of collateral:

	2010	2009
Secured by cash and government securities	93,830	107,782
Secured by mortgage	499,753	480,266
Other collaterals	503,571	511,471
No collateral	119,893	69,279
Expenses for provision of allowances for impairment loss	(22,955)	(20,893)
Total	1,194,092	1,147,905

Business sector, classification group and overdues as of December 31, 2010:

Sector	Group	Amount			Including overdue on:			
		Number of transactions	Liability	Principal	Interest	Court receivables	Allowances	Unutilized
Retail	regular	76,820	257,347	405	293	-	1,938	33,263
	watch	4,864	25,577	679	482	-	1,314	428
	irregular	1,736	11,409	511	512	-	2,336	79
	non-performing	6,509	15,923	1,234	811	7,361	11,556	99
Total		89,929	310,256	2,829	2,098	7,361	17,144	33,869

Corporate	regular	1,476	824,891	5,125	2,431	-	-	36,955
	watch	154	39,042	1,145	576	-	99	99
	irregular	63	7,411	458	392	-	30	30
	non-performing	177	19,209	2,919	1,049	3,855	5,682	8
Total		1,870	890,553	9,647	4,448	3,855	5,811	37,092
Budget	regular	8	16,238	-	-	-	-	51
	watch	-	-	-	-	-	-	-
	irregular	-	-	-	-	-	-	-
	non-performing	-	-	-	-	-	-	-
Total		8	16,238	-	-	-	-	51
Total portfolio		91,807	1,217,047	12,476	6,546	11,216	22,955	71,012

Business sector, classification group and overdues as of December 31, 2009:

Sector	Group	Amount			Including overdue on:			
		Number of transactions	Liability	Principal	Interest	Court receivables	Allowances	Unutilized
Retail	regular	88,746	291,751	w707	263	-	2,265	41,413
	watch	6,375	27,713	737	456	-	1,304	657
	irregular	2,906	13,416	904	587	-	3,187	358
	non-performing	6,104	14,416	1,347	758	6,328	10,942	98
Total		104,131	347,296	3,695	2,064	6,328	17,698	42,526
Corporate	regular	1,740	769,388	2,171	1,090	-	-	44,623
	watch	198	20,802	583	276	-	152	157
	irregular	90	12,355	1,095	537	-	437	29
	non-performing	106	8,704	218	364	2,471	2,606	33
Total		2,134	811,249	4,067	2,267	2,471	3,195	44,842
Budget	regular	6	10,253	-	-	-	-	2,492
	watch	-	-	-	-	-	-	-
	irregular	-	-	-	-	-	-	-
	non-performing	-	-	-	-	-	-	-
Total		6	10,253	-	-	-	-	2,492
Total portfolio		106,271	1,168,798	7,762	4,331	8,799	20,893	89,860

Liquidity risk

Liquidity risk arises from the mismatch of the assets' and liabilities' maturity and the lack of sufficient funds 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 contingent 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 in the liquidity risk management comprises maintaining of reasonable level of liquidity to avoid potential loss at unexpected sale of assets.

The Bank observes its responsibilities and limitations resulting from the Law on Credit Institutions and Ordinance No. 11 of the Bulgarian National Bank on liquidity management and supervision of banks. The special collective body for liquidity management in the Bank is the Assets and Liabilities Management Committee. It applies the Bank's policy on liquidity risk management.

Quantity measure of the liquidity risk according to the BNB regulations is the liquid assets coefficient being the ratio between the liquid assets (cash in hand and at accounts with the Central bank, unencumbered government securities of the Republic of Bulgaria, deposits at financial institutions with maturity up to 7 days) and the attracted funds by the Bank.

Traditionally, the Bank maintains high volume of liquid assets – cash in hand and at BNB, which guarantees it to meet easily its liquid needs. As of December 31, 2010 their share is approximately 21% of the Bank's total assets. As further instrument to provide high liquidity, the Bank uses placements with and advances to financial institutions. These comprise mostly deposits in first-class international and Bulgarian financial institutions with maturity within 7 days. As of December 31, 2010 such deposits represent more than 3% of total assets. The government securities of the Republic of Bulgaria owned and not pledged by the Bank comprise over 3% of the total assets. By maintaining above 27% of its assets in highly liquid assets the Bank is able to meet all payments on matured financial liabilities.

The allocation of the Bank's financial liabilities as of December 31, 2010 according to their time remaining to maturity is as follows:

	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	Total
FINANCIAL LIABILITIES						
Deposits from banks	7,631	-	4	-	-	11,631
Loans from banks				5	35,062	40,062
Liabilities under repurchase agreements	20,884	1,865	-	-	-	22,749
Liabilities to other depositors	747,271	224,379	413,36	539,882	-	1,924,892
Other attracted funds	93	63	227	634	-	1,017
Other liabilities	10,655	-	-	-	-	10,655
TOTAL FINANCIAL LIABILITIES	786,534	226,307	417,587	545,516	35,062	2,011,006

The financial liabilities of the Bank are mainly formed by attracted funds from other depositors – retail and corporate depositors. Most of them – 39% are with residual term within one month. Traditionally, in the Republic of Bulgaria the customers prefer to sign a deposit agreement with one month term and its renegotiation for prolonged period of time. On account of this the one month deposits are practically a long-term and relatively permanent resource for the Bank.

The allocation of the Bank's financial liabilities as of December 31, 2009 according to their time remaining to maturity is as follows:

	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	Total
FINANCIAL LIABILITIES						
Deposits from banks	235	-	4,041	-	-	4,276
Loans from banks	-	-	-	5,063	35,005	40,068
Liabilities under repurchase agreements	3,001	824	-	-	-	3,825
Liabilities to other depositors	624,889	189,845	268,378	436,764	-	1,519,876
Other attracted funds	196	100	457	883	369	2,005
Other liabilities	17,984	-	-	-	-	17,984
TOTAL FINANCIAL LIABILITIES	646,305	190,769	272,876	442,710	35,374	1,588,034

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 unfavorable effect on the result of the Bank activity. Market risk arises on opened exposures on interest, currency and capital products, 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 management.

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 in result of changes in the interest rates.

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

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 provision of sufficient and stable net interest rate profitability.

The gap of the Bank between the interest-bearing assets and liabilities as of December 31, 2010 is negative and amounts to BGN 412,588 thousand. GAP coefficient, as a sign of this disbalance, compared to the total earning assets of the Bank (interest-bearing assets, equity securities, derivatives and investments in subsidiaries) is minus 24.51%.

	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	Total
INTEREST-BEARING ASSETS						
Placements with, and advances to, banks	65,952	-	12,908	-	2,934	81,794
Receivables under repurchase agreements	22,008	19,013	-	-	-	41,021
Financial assets held for trading	-	-	4,157	7,002	5,798	16,957
Loans and advances to customers, net	65,126	167,571	273,951	458,446	228,998	1,194,092
Financial assets available for sale	-	-	12,053	22,969	79,908	114,930
Financial assets held to maturity	4,522	-	-	132,385	2,062	138,969
TOTAL INTEREST-BEARING ASSETS	157,608	186,584	303,069	620,802	319,700	1,587,763
INTEREST-BEARING LIABILITIES						
Deposits from banks	7,631	-	4,000	-	-	11,631
Loans from banks	-	-	-	5,000	35,062	40,062
Liabilities under repurchase agreements	20,884	1,865	-	-	-	22,749
Liabilities to other depositors	747,271	224,379	413,360	539,882	-	1,924,892
Other attracted funds	93	63	227	634	-	1,017
TOTAL INTEREST-BEARING LIABILITIES	775,879	226,307	417,587	545,516	35,062	2,000,351
NET INTEREST-BEARING ASSETS AND LIABILITIES GAP	(618,271)	(39,723)	(114,518)	75,286	284,638	(412,588)

The maintenance of negative gap exposes the Bank to risk of decrease of the net interest income when interest rates increase. The influence of the gap, reported as of December 31, 2010 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 2,023 thousand (2009: BGN 591 thousand).

The gap of the Bank between the interest-bearing assets and liabilities as of December 31, 2009 is negative and amounts to BGN 205,353 thousand. GAP coefficient, as a sign of this disbalance, compared to the total earning assets of the Bank (interest-bearing assets, equity instruments, derivatives and investments in subsidiaries) is minus 14.40%.

	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	Total
INTEREST-BEARING ASSETS						
Placements with, and advances to, banks	58,059	-	-	-	-	58,059
Receivables under repurchase agreements	5,539	5,989	-	-	-	11,528
Financial assets held for trading	-	-	-	3,631	6,227	9,858
Loans and advances to customers, net	109,548	95,459	227,850	507,153	207,895	1,147,905
Financial assets available for sale	-	11,354	-	34,273	-	45,627
Financial assets held to maturity	-	8,807	-	80,823	2,090	91,720
TOTAL INTEREST-BEARING ASSETS	173,146	121,609	227,850	625,880	216,212	1,364,697

INTEREST-BEARING LIABILITIES						
Deposits from banks	235	-	4,041	-	-	4,276
Loans from banks	-	-	-	5,063	35,005	40,068
Liabilities under repurchase agreements	3,001	824	-	-	-	3,825
Liabilities to other depositors	624,889	189,845	268,378	436,764	-	1,519,876
Other attracted funds	196	100	457	883	369	2,005
TOTAL INTEREST-BEARING LIABILITIES	628,321	190,769	272,876	442,710	35,374	1,570,050
NET INTEREST-BEARING ASSETS AND LIABILITIES GAP	(455,175)	(69,160)	(45,026)	183,170	180,838	(205,353)

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. The Bank's long position in EUR does not bear risk for the Bank. The net currency position as of December 31, 2010 in financial instruments, denominated in other currencies, different from BGN or EUR is under 2% of the financial assets and does not bear a significant currency risk for the Bank.

The currency structure of the financial assets and liabilities by carrying amount as of December 31, 2010 is as follows:

	BGN	EUR	USD	Other	Total
FINANCIAL ASSETS					
Placements with, and advances to, banks	2,052	47,051	31,105	1,586	81,794
Receivables under repurchase agreements	27,813	-	13,208	-	41,021
Financial assets held for trading	28,022	12,693	6,356	2,056	49,127
Loans and advances to customers, net	749,452	401,805	42,835	-	1,194,092
Financial assets available for sale	32,493	96,326	47	2,959	131,825
Financial assets held to maturity	59,996	78,973	-	-	138,969
Investments in subsidiaries	-	34,881	-	11,336	46,217
TOTAL FINANCIAL ASSETS	899,828	671,729	93,551	17,937	1,683,045
FINANCIAL LIABILITIES					
Deposits from banks	6,381	5,221	28	1	11,631
Loans from banks	40,062	-	-	-	40,062
Liabilities under repurchase agreements	3,010	19,739	-	-	22,749
Amounts due to other depositors	1,055,122	741,839	119,854	8,077	1,924,892
Other attracted funds	1,017	-	-	-	1,017
TOTAL FINANCIAL LIABILITIES	1,105,592	766,799	119,882	8,078	2,000,351
NET POSITION	(205,764)	(95,070)	(26,331)	9,859	(317,306)

The currency structure of the financial assets and liabilities by carrying amount as of December 31, 2009 is as follows:

	BGN	EUR	USD	Other	Total
FINANCIAL ASSETS					
Placements with, and advances to, banks	27	23,617	32,083	2,332	58,059
Receivables under repurchase agreements	11,528	-	-	-	11,528
Financial assets held for trading	6,123	7,310	12,358	1,181	26,972
Loans and advances to customers, net	778,990	328,138	40,777	-	1,147,905
Financial assets available for sale	40,399	14,938	43	-	55,380
Financial assets held to maturity	36,816	54,904	-	-	91,720
Investments in subsidiaries	-	34,881	-	-	34,881
TOTAL FINANCIAL ASSETS	873,883	463,788	85,261	3,513	1,426,445
FINANCIAL LIABILITIES					
Deposits from banks	4,125	145	5	1	4,276
Loans from banks	40,068	-	-	-	40,068
Liabilities under repurchase agreements	3,001	824	-	-	3,825
Amounts due to other depositors	729,484	679,976	104,628	5,788	1,519,876
Other attracted funds	2,005	-	-	-	2,005
TOTAL FINANCIAL LIABILITIES	778,683	680,945	104,633	5,789	1,570,050
NET POSITION	95,200	(217,157)	(19,372)	(2,276)	(143,605)

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 equity instruments for trading to lead to slump of the net profit. The Bank does not own material exposures in derivative instruments, based on equity instruments or indexes and therefore the carrying amount of the equity instruments from the portfolio of financial assets held for trading – BGN 23,493 thousand (2009: BGN 2,831 thousand) is exposed to risk.

34. Information regarding the fair value of the assets and liabilities

Fair value is defined as the amount for which an asset can be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Sufficient market experience, stability and liquidity do not currently exist for purchases and sales of loans and advances to customers, other assets, and also all liabilities of the Bank, for which published market information is not readily available. 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, distributed in accordance with the hierarchy of the fair values as of December 31, 2010 and 2009 is as follows:

2010	Carrying amount	Level 1 – quoted market price	Level 2 – Techniques for assessment of observed market levels	Level 3 – Techniques for assessment – non-observed market levels	Fair value is not available
ASSETS					
Financial assets held for trading	49,127	40,715	8,412		
Financial assets available for sale	131,825	54,33		74,363	3,132
TOTAL ASSETS	180,952	95,045	8,412	74,363	3,132
LIABILITIES					
Derivative financial instruments	6,916	-	6,916	-	-
TOTAL LIABILITIES	6,916	-	6,916	-	-

2009	Carrying amount	Level 1 – quoted market price	Level 2 – Techniques for assessment of observed market levels	Level 3 – Techniques for assessment – non-observed market levels	Fair value is not available
ASSETS					
Financial assets held for trading	26,972	13,433	13,539		
Financial assets available for sale	55,38	42,492		12,701	187
TOTAL ASSETS	82,352	55,925	13,539	12,701	187
LIABILITIES					
Derivative financial instruments	12,107	-	12,107	-	-
TOTAL LIABILITIES	12,107	-	12,107	-	-

35. Related parties transactions

Fair value is defined as the amount for which an asset can be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Sufficient market experience, stability and liquidity do not currently exist for purchases and sales of loans and advances to customers, other assets, and also all liabilities of the Bank, for which published market information is not readily available. 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, distributed in accordance with the hierarchy of the fair values as of December 31, 2010 and 2009 is as follows:

Related parties and balances	As of 31.12.2010	As of 31.12.2009
Parent company		
Loans granted	-	-
Deposits received	30	19
Companies under common control		
Loans granted	106,088	74,838
Guarantees issued	20,225	25,204
Receivable under repurchase agreements	14,835	11,528
Other receivables	5,367	3,004
Deposits received	106,633	128,137
Subsidiaries		
Deposits received	108	33
Deposits granted	21	84
Key management personnel of the Bank or its main shareholder		
Loans granted	4,773	5,010
Deposits received	464	396

Income and expenses realized by the Bank in 2010 and 2009 from transactions with related parties are as follows:

Related parties and transactions	Turnover in 2010	Turnover in 2009
Parent company		
Interest income	-	10
Income from fees and commissions	3	20
Interest expense		
Companies under common control		
Interest income	6,292	6,960
Income from fees and commissions	1,456	2,569
Income from services	167	199
Interest expense	(4,416)	(6,287)
Expenses for services	(4,205)	(6,760)
Subsidiaries		
Interest expense	(41)	(26)
Income from fees and commissions	2	1
Key management personnel of the Bank or its main shareholder		
Interest income	122	154
Income from fees and commissions	3	3
Interest expense	(20)	(28)

The remunerations of the members of the Supervisory Board paid in 2010 are BGN 72 thousand (2009: BGN 72 thousand). The remunerations of the members of the Management Board paid in 2010 are BGN 236 thousand (2009: BGN 404 thousand).

36. Events after the reporting period

On December 9, 2010 the General meeting of the shareholders of subsidiaries Stater Banka AD, Kumanovo and Central Cooperative Bank AD, Skopje enters into agreement to join Stater Banka AD, Kumanovo to Central Cooperative Bank AD, Skopje. According to the agreement a decision was made for issuance of new emission of ordinary 233.944 shares of Central Cooperative Bank AD, Skopje with nominal value EUR 41,2069 or MKD 593.795.205,00. The emission is intended only for shareholders of Stater Banka AD, Kumanovo and the trade ratio between their shares and the newly issued ones is 1:0,6776/1:0,6775773455/. As a result of the trade Central Cooperative Bank AD, Sofia acquires 219.425 ordinary shares from the new emission of Central Cooperative Bank AD, Skopje against its 323.839 ordinary shares of Stater Banka AD, Kumanovo which Central Cooperative Bank AD, Sofia possesses as of December 31, 2010.

On January 3, 2011 Central Cooperative Bank AD, Skopje acquired Stater Banka AD, Kumanovo and all its property as a successor. On January 3, 2011 with a decision of the Central Register of the Republic of Macedonia Stater Banka AD, Kumanovo is terminated as a legal entity. After finalizing the restructuring process the share capital of Central Cooperative Bank AD, Skopje is allocated to 553.087 ordinary shares with nominal value EUR 41.2069.

As of January 3, 2011 Central Cooperative Bank AD, Sofia owns 483.121 ordinary shares of the share capital of Central Cooperative Bank AD, Skopje which represents 87,35 % of the share capital of the restructured subsidiary.