

CENTRAL COOPERATIVE BANK AD

SEPARATE STATEMENT OF FINANCIAL POSITION
AS OF 31 MARCH 2016

All amounts are in thousand Bulgarian Levs

	As at 31.03.2016	As at 31.12.2015
ASSETS		
Cash and balances with the Central Bank	1,037,236	908,317
Placements with and advances to banks	284,686	204,009
Receivables under repurchase agreements	196,995	152,448
Financial assets held for trading	168,071	202,666
Loans and advances to customers, net	2,085,705	2,087,078
Other assets	52,777	53,953
Financial assets available for sale	235,639	227,520
Financial assets held to maturity	483,395	646,342
Investments in subsidiaries	59,788	59,788
Property, plant, and equipment	97,310	98,810
Non-current assets held for sale	2,871	2,537
TOTAL ASSETS	4,704,473	4,643,468
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Deposits from banks	10,016	9,282
Liabilities under securities repurchase agreements	9,000	9,000
Amounts owed to other depositors	4,222,959	4,166,847
Other attracted funds	92	105
Issued bonds	70,864	70,055
Other liabilities	8,750	8,261
TOTAL LIABILITIES	4,321,681	4,263,550
SHAREHOLDERS' EQUITY		
Issued capital	113,154	113,154
Premium reserve	79,444	79,444
Reserves, including retained earnings	178,461	171,757
Revaluation reserve	9,772	8,859
Current year profit	1,961	6,704
TOTAL SHAREHOLDERS' EQUITY	382,792	379,918
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	4,704,473	4,643,468
Commitments and contingencies	163,900	197,883

George Kostov
Executive Director

Sava Stoynov
Executive Director

Tihomir Atanasov
Procurator

Yordan Hristov
Chief accountant



CENTRAL COOPERATIVE BANK AD

SEPARATE STATEMENT OF FINANCIAL POSITION
AS OF 31 MARCH 2016

All amounts are in thousand Bulgarian Levs

	As at 31.03.2016	As at 31.03.2015
Interest income	38,533	36,516
Interest expenses	(11,991)	(23,601)
Net interest income	<u>26,542</u>	<u>12,915</u>
Fees and commissions income	11,751	10,817
Fees and commissions expenses	(1,575)	(1,503)
Net fees and commissions income	<u>10,176</u>	<u>9,314</u>
Gains from transactions with securities, net	136	4,103
Foreign exchange rate gains, net	2,159	(608)
Other operating income, net	628	249
Operating expenses	(24,338)	(21,241)
Impairment and uncollectability income (expenses), net	<u>(13,124)</u>	<u>(1,991)</u>
Profit for the period before taxes	2,179	2,741
Taxes	<u>(218)</u>	<u>(274)</u>
PROFIT FOR THE PERIOD	<u><u>1,961</u></u>	<u><u>2,467</u></u>
Earnings per share (in BGN)	0.02	0.02
Other comprehensive income after taxes	<u>913</u>	<u>1,366</u>
Revaluation of financial assets held for sale	<u>913</u>	<u>1,366</u>
TOTAL COMPREHENSIVE INCOME AFTER TAXES	<u><u>2,874</u></u>	<u><u>3,833</u></u>

George Kostov
Executive Director

Sava Stoynov
Executive Director

Tihomir Atanasov
Procurator

Yordan Hristov
Chief accountant



CENTRAL COOPERATIVE BANK AD

SEPARATE STATEMENT OF FINANCIAL POSITION
AS OF 31 MARCH 2016

All amounts are in thousand Bulgarian Levs

	As at 31.03.2016	As at 31.03.2015
Cash flows from operating activities:		
Profit before taxes	2,179	2,741
Depreciation and amortization	2,290	1,551
Paid profit tax	-	-
Unrealized (gains) from revaluation of financial assets held for trading	(273)	(2,973)
Increase (decrease) of provisions for liabilities and loans impairment allowances	13,124	1,991
Net cash flows before working capital changes	17,320	3,310
Change in operating assets:		
(Increase) / decrease in placements with, and advances to, banks with maturities above 90 days	-	-
(Increase) / decrease in receivables under repurchase agreements	(44,547)	22,091
(Increase) in financial assets held for trading	34,868	(123,085)
(Increase) in loans and advances to customers	(11,751)	(29,648)
(Increase) in other assets	958	(13,917)
(Increase) / decrease in non-current assets held for sale	(334)	-
	(20,806)	(144,559)
Change in operating liabilities:		
(Decrease) in deposits from banks	734	(12,724)
Increase in liabilities to other depositors	56,112	208,683
Increase / (decrease) in other attracted funds	(13)	(13)
Increase / (decrease) in other liabilities	489	67
	57,322	196,013
NET CASH FLOWS FROM OPERATING ACTIVITIES	53,836	54,764
Cash flows from investing activities		
(Acquisitions) of property, plant, and equipment, net	(791)	(19,663)
(Acquisitions) of financial assets available for sale, net	(7,205)	(283,470)
(Acquisitions) of financial assets held to maturity, net	162,947	(42,405)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	154,951	(345,538)
Cash flows from financing activities		
Increase in the issued bonds	809	809
NET CASH FLOW FROM FINANCING ACTIVITY	809	809
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS, NET	209,596	(289,965)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	1,102,710	1,385,245
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	1,312,306	1,095,280

George Kostov
Executive Director

Sava Stoynov
Executive Director

Tihomir Atanasov
Procurator

Yordan Hristov
Chief accountant



CENTRAL COOPERATIVE BANK AD

SEPARATE STATEMENT OF FINANCIAL POSITION
AS OF 31 MARCH 2016

All amounts are in thousand Bulgarian Levs

	Issued paid in capital	Premium reserve	Reserves, including retained earnings	Revaluation reserve	Profit for the year	Total
BALANCE AS OF 31 DECEMBER 2014	<u>113,154</u>	<u>79,444</u>	<u>164,502</u>	<u>(905)</u>	<u>7,255</u>	<u>363,450</u>
Transfer of net profit for the year ended 31 December 2014, to retained earnings	-	-	7,255	-	(7,255)	-
Net profit for the period ended 31 March 2015	-	-	-	-	2,467	2,467
Other comprehensive income for the period ended 31 March 2015	-	-	-	1,366	-	1,366
BALANCE AS OF 31 MARCH 2015	<u>113,154</u>	<u>79,444</u>	<u>171,757</u>	<u>461</u>	<u>2,467</u>	<u>367,283</u>
BALANCE AS OF 31 DECEMBER 2015	<u>113,154</u>	<u>79,444</u>	<u>171,757</u>	<u>8,859</u>	<u>6,704</u>	<u>379,918</u>
Transfer of net profit for the year ended 31 December 2015, to retained earnings	-	-	6,704	-	(6,704)	-
Net profit for the period ended 31 March 2016	-	-	-	-	1,961	1,961
Other comprehensive income for the period ended 31 March 2016	-	-	-	913	-	913
BALANCE AS OF 31 MARCH 2016	<u>113,154</u>	<u>79,444</u>	<u>178,461</u>	<u>9,772</u>	<u>1,961</u>	<u>382,792</u>

George Kostov
Executive Director

Sava Stoynev
Executive Director

Tihomir Atanasov
Procurator

Yordan Hristov
Chief accountant



**EXPLANATORY NOTES TO THE INTERIM SEPARATE FINANCIAL
STATEMENTS FOR THE FIRST QUARTER OF 2016 OF CENTRAL
COOPERATIVE BANK AD /THE BANK/**

1. Selected positions from the financial statements

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

<i>Derivatives, held for trading</i>	867
<i>Equity instruments</i>	93 299
<i>Debt instruments</i>	73 905

Compared to the previous year the Bank decreased its investments in Bulgarian government securities, whereas for the period from the beginning of 2016 the decrease is to the amount of BGN 36 954 thousand. Additionally the Bank acquired government securities of EU countries to the amount of BGN 6 809 thousand.

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

<i>Equity instruments</i>	104 793
<i>Debt instruments</i>	130 846

Compared to the previous year there are no significant changes in the investments of the Bank in Bulgarian and EU government securities.

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

During the first quarter of 2016 the financial assets, held for trading and for sale are evaluated at fair value, whenever for them there is a quotation on an active market, and when this quotation was not present, they are evaluated at acquisition price.

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

Compared to the previous year there are no significant changes in the Bank investments in Bulgarian government securities. During the period the Bank decreased its investments in government securities from European Union countries to the amount of BGN 120 000 thousand.

During the first quarter of 2016 the financial assets, held to maturity are reported at amortized value according to the effective interest rate method and are not devaluated, due to the lack of indicators of the potential devaluation of these assets.

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

During the first quarter of 2016 the loans with a fixed maturity, which initially originated at the Bank, are recorded at amortized value according to the effective interest rate method and are devaluated under conditions, which prove the decrease in the loans value.

CCB Plc works with specialized financial institutions, registered under Ordinance N 26 of BNB for the acquisition of loan receivables, due to which the share of the non-performing loans in the Bank portfolio is lower than that of the system.

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

Fixed tangible and intangible assets

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

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

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

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

During the first quarter of 2016 a devaluation of inventories, a devaluation of the fixed tangible and intangible assets was not performed, due to the lack of indicators for a potential devaluation of these assets.

Noncurrent assets held for sale

Real estates, acquired by the Bank as a mortgagee associated with granted and non-performing loans are classified as non-current assets, held for sale and are recorded initially at acquisition price. After their initial recognition, these assets are recorded at the lower of their current book value or their fair value, decreased by the realization expenses. No depreciation accrues for these assets.

2. Transactions with related parties

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

At the end of the first quarter the receivables of the Bank from subsidiaries are to the amount of BGN 28 673 thousand, which stem from placed deposits. At the end of the first quarter of 2016 the liabilities of the Bank to subsidiaries are to the amount of BGN 5 492 thousand, which stem from received deposits. At the end of the first quarter of 2016 the receivables of the Bank from companies under common control are to the amount of BGN 132 177 thousand, whereas the predominant part stems from granted loans. At the end of the first quarter of 2016 the liabilities of the Bank to companies under common control are to the amount of BGN 78 305 thousand, which come from deposits predominantly. At the end of the first quarter of 2016 the receivables of the bank from the mother company are below BGN 1 000. At the end of the first quarter of 2016 the Bank has liabilities to the mother company to the amount of BGN 45 418 thousand, whereas the predominant part of them to the amount of BGN 45 274 thousand stem from funds, obtained from issued convertible bonds to the amount of EUR 36 000 thousand.

3. Accounting policy

During the first quarter of 2016 the Bank applied the same accounting policy and the same methods of evaluation, as in the preparation of the annual individual financial statements for 2015.

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

During the first quarter of 2016 no interim operations were performed, stemming from the specific seasonality or cycles. All interim operations during this period stem from the ordinary activity of the Bank.

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

During the first quarter of 2016 there are no extraordinary positions with respect to the assets, liabilities, shareholders' equity, the income and expenses. The total amount of the assets in the financial statements of the Bank as at 31.03.2016 increased compared to the total amount of the assets in the financial statements of the Bank as at 31.12.2015 by 1.3% and reached BGN 4 704 473 thousand. The increase in the assets of the Bank is related to the increase in the funds, attracted from other depositors. Within this quarter extraordinary operations were not recorded in the statements of the comprehensible income as a result of which the accumulated financial result as at 31.03.2016 stems only from income and expenses, concerning the ordinary activity of the Bank.

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

During the first quarter of 2016 the Bank does not have issued, repurchased or repaid debt securities, as well as issued and repurchased equity securities.

7. Information about accrued /paid/ dividend.

During the first quarter of 2016 the Bank did not accrue or pay dividend to its shareholders.

8. Events after the date of the financial statements

After the end of the first quarter of 2016 no events occurred, which have a significant influence on the future development of the Bank.

9. Information about changes in the conditional assets and liabilities

During the first quarter of 2016 compared to 31.12.2015 there are changes in the amount in the direction of an increase in the conditional assets of the bank concerning the assets, provided by clients as loan collateral. With respect to the conditional liabilities during the period there are changes in the direction of a decrease in their amount compared to 31.12.2015, whereas the decrease concerns commitments of the bank to grant loans and guarantees, issued by the Bank.

Georgi Kostov
Executive Director

Sava Stoynov
Executive Director

Tihomir Atanasov
Procurator

Yordan Hristov
Chief accountant

