

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

1. Selected positions from the financial statements

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

<i>Derivatives, held for trading</i>	7 100
<i>Equity instruments</i>	90 628
<i>Debt instruments</i>	233 345

Compared to the previous year there is a significant growth in the Bulgarian government securities, possessed by the Bank, whereas for the period from the beginning of 2015 the increase is to the amount of BGN 56 520 thousand. Additionally during the quarter the Bank acquired German and French government securities to the amount of BGN 59 870 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>	89 322
<i>Debt instruments</i>	432 294

Compared to the previous year the Bank increased its investments in Bulgarian government securities, whereas the increase is to the amount of BGN 163 000 thousand. Additionally during the quarter the Bank acquired bonds of the European Investment Bank to the amount of BGN 57 693 thousand.

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

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

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

Compared to the previous year the Bank increased its investments in Bulgarian government securities to the amount of BGN 42 813 thousand.

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

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

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

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

The receivables under securities repurchase agreements are recorded at acquisition price, which is equal to the fair value of the funds placed by the Bank, secured by the value of the securities. The securities, received as collateral under securities repurchase agreements, are not recorded in the financial statements of the Bank in the cases, when the risks and the profits from their ownership have not been transferred. The reflected receivables under securities repurchase agreements at the end of the 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 2015 a devaluation of inventories, a devaluation of the fixed tangible and intangible assets was not performed, due to the lack of indicators for a potential devaluation of these assets.

Noncurrent assets held for sale

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

2. Transactions with related parties

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

At the end of the first quarter the receivables of the Bank from subsidiaries are to the amount of BGN 59 395 thousand, which stem from placed deposits. At the end of the first quarter of 2015 the liabilities of the Bank to subsidiaries are to the amount of BGN 5 988 thousand, which stem from received deposits. At the end of the first quarter of 2015 the receivables of the Bank from companies under common control are to the amount of BGN 150 055 thousand, whereas the predominant part stems from granted loans. At the end of the first quarter of 2015 the liabilities of the Bank to companies under common control are to the amount of BGN 133 834 thousand, which come from deposits predominantly. At the end of the first quarter of 2015 the receivables of the bank from the mother company are to the amount of BGN 1 973 thousand and are the result of a granted loan. At the end of the first quarter of 2015 the Bank has liabilities to the mother company to the amount of BGN 45 205 thousand, stemming from funds, obtained from issued convertible bonds to the amount of EUR 36 000 thousand.

3. Accounting policy

During the first quarter of 2015 the Bank applied the same accounting policy and the same methods of evaluation, as in the preparation of the annual individual financial statements for 2014.

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

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

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

During the first quarter of 2015 there are no extraordinary positions with respect to the assets, liabilities, shareholders' equity, the income and expenses. The total amount of the assets in the financial statements of the Bank as at 31.03.2015 increased compared to the total amount of the assets in the financial statements of the Bank as at 31.12.2014 by 4.80% and reached BGN 4 381 336 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 31.03.2015 stems only from income and expenses, concerning the ordinary activity of the Bank.

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

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

7. Information about accrued /paid/ dividend.

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

8. Events after the date of the financial statements

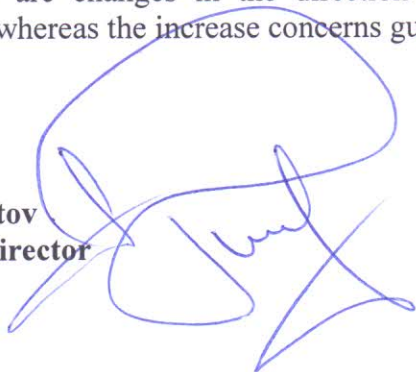
After the end of the first quarter of 2015 no events occurred, which have a significant influence on the future development of the Bank.

9. Information about changes in the conditional assets and liabilities

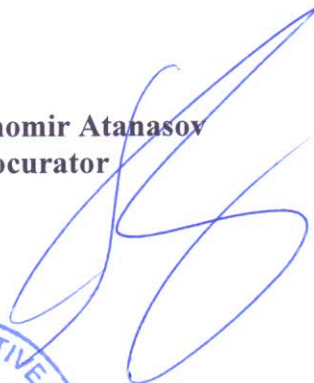
During the first quarter of 2015 compared to 31.12.2014 there are changes in the amount in the direction of an increase in the conditional assets of the bank concerning the assets,

provided by clients as loan collateral. With respect to the conditional liabilities during the period there are changes in the direction of an increase in their amount compared to 31.12.2014, whereas the increase concerns guarantees, provided by the bank.

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Tihomir Atanasov
Procurator



Yordan Hristov
Chief accountant

