

**2015' FIRST QUARTER INTERIM FINANCIAL REPORT**  
**ON THE ACTIVITIES OF**  
**CENTRAL COOPERATIVE BANK /CCB/,**  
**ACCUMULATED**

At the end of first quarter of 2015, CCB's balance sheet total assets are BGN 4,381,336 thousand. As of 31 March 2015, the Bank' net profit amounted to BGN 2,467 thousand.

CCB kept sustainable development and as of the end of February was at 8th position in the Bulgarian Banking System, based on the balance sheet total amount of assets, according to BNB.

The bank's total amount of assets grew by 14.15% or by BGN 543,183 thousand in absolute terms, against BGN 3,838,153 thousand a year ago. From the beginning of the first quarter, assets increased by 4.80% (or BGN 200,655 thousand). At the end of the first quarter the amount of granted loans and advances reached BGN 1,841,788 thousand so their amount increased by 1.52% compared to the end of 2014 and by 1.50% on annual base.

In the management of the deteriorated exposures, CCB Plc works also with specialised financial institutions, registered under Ordinance 26 of BNB on the acquisition of loan receivables, which additionally contrubites the share of the non-performing loans in the Bank portfolio to be lower than that for the system.

The CCB's net profit as of the end of 2015' first quarter reported a decrease by 23.53%, reaching the amount of BGN 2,467 thousand against BGN 3,226 thousand a year ago.

At the end of March 2015, the liabilities due to other depositors were approximately 98% of total liabilities and amounted to BGN 3,925,533 thousand. For the last year, they registered an increase by 16.46% compared to BGN 3,370,825 thousand as of end-March 2014.

The ratio of liquid assets to total liabilities reached 40.73% in March 2015. The average value on annual base is 36.46%.

At the end of the first quarter, the Bank was able to meet all regulatory compliance requirements.

The Bank has complied with all applicable minimum regulatory requirements during the reported period.

**I. Information related to significant events that occurred during the reported period of financial 2015, accumulated and its impact on the financial result.**

## II. Information about major risks and instability during the second quarter of 2015.

Nevertheless the general economic recovery and the slight growth, the Bank will pursue its goals of sustainable development, while preserving the achieved results and market share.

Potential differences between observed and expected results are the major source of risks and uncertainties during the second quarter of 2015.

Therefore, the most significant risks are detailed in the following list:

- 1. Credit risk** - the possibility that a bank borrower or counterparty will fail to meet its obligations in accordance with agreed terms. Detailed policies are applied in process of lending, concerning the assessment of the creditworthiness of Bank's clients, and the control over the use of the advanced funds and the associated administration. In accordance with the credit risk mitigation policy, CCB accepts different types of collaterals and guarantees depending on the internal rules, the approach applied in the calculation of minimum required capital and the effective banking legislation. Evaluation of the risk exposures in the portfolio is done once per month, by classifying and making provisions for loans in the portfolio. The exposures treated as big exposures are subject to constant supervision and reporting. The Bank has adopted and keeps the credit exposure in the limits set by sector and by regional level. The above limits aim at avoidance of concentration, either geographically or by sector, in loan portfolios, which could lead to an increased credit risk.
- 2. Liquidity risk** - the risk of having difficulties in meeting payment obligations due to a mismatch in maturity and amount between anticipated cash inflows and outflows. The Bank manages its assets and liabilities so as to address regularly and without any delay its daily liquidity obligations, under both normal and potentially adverse market conditions.
- 3. Market risk** - the probability for the Bank to experience losses from fluctuations in stock prices, interest rates and foreign exchange rates.
- 4. Operational risk** - the probability of direct or indirect losses resulting from inadequate or failed internal processes, people and systems.

The level of CCB's risk ratios and indicators is similar to the average values of the Bulgarian bank system. The Bank's management do not expect any adverse progress in the above mentioned level of risks during the second quarter of 2015.

George Kostov  
Executive director



Tihomir Atanasov  
Procurator