

**2019' THIRD QUARTER INTERIM FINANCIAL REPORT**  
**ON THE ACTIVITIES OF**  
**CENTRAL COOPERATIVE BANK /CCB/, ACCUMULATED**

### **ASSETS**

At the end of third Quarter of 2019, CCB's balance sheet total assets were BGN 5,866,767 thousand. As of 30<sup>th</sup> of September 2019, the Bank's net profit amounted to BGN 34,700 thousand.

CCB is developing sustainably and as of the end of September 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 4.89% or by BGN 273,324 thousand in absolute terms, against BGN 5,593,443 thousand a year ago. From the end of previous quarter, assets grew by 2.52% or BGN 144,054 thousand.

At the end of the third Quarter of 2019 the amount of granted loans and advances reached BGN 2,362,008 thousand so their amount increased by 4.09% on an annual base and increased by 3.67% compared to the end of previous quarter.

### **LIABILITIES**

At the end of September 2019, the liabilities due to other depositors were approximately 98% of total liabilities and amounted to BGN 5,208,835 thousand. For the 12-month period, they increased by 4.03% compared to BGN 5,007,020 thousand as of end-September 2018 and compared to the end of previous quarter - they increased by 2.45%.

### **FINANCIAL RESULTS**

The CCB's net profit as of the end of 2019' Third Quarter is BGN 34,700 thousand and is increasing by 59.31%, compared to BGN 21,781 thousand a year ago.

At the end of 2019' third quarter, the Bank was able to meet all regulatory compliance requirements and has complied with all applicable minimum regulatory requirements during the period.

Historically, adequacy of the capital of CCB has been significantly above the minimal regulatory requirements, moreover the Own funds position was regularly strengthened by retaining the Earnings of the bank. In compliance with Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, minimal Total capital adequacy ratio for the banks is 8%.

The capital adequacy ratios of CCB on individual basis as of 30.06.2019 are:

- Common equity Tier 1 ratio 16.78%;
- Total equity ratio 17.49%;

### **I. Information related to significant events that occurred during the reported period of financial 2019, accumulated and its impact on the financial result.**

On 25 February 2019 the capital increase of the Bank, via the issuance of new shares, issued as a result of converting bonds, was recorded at the Trade Register in the sections of the Bank. The capital increase as a result of the conversion is in the amount of 13 975 679 ordinary voting shares, with a nominal value of BGN 1 per share.

After the increase the issued share capital of the Bank consists of 127 129 970 ordinary voting shares, with a nominal value of BGN 1 per share. All shares entitle the holders to the right to receive dividend and a liquidation share and one share represents one vote at the general meeting of the shareholders of the Bank.

At the General meeting of shareholders that took place the annual financial statements and the annual consolidated financial statements of the Bank for 2018 were approved and a decision was taken the accumulated profit of CCB Plc for 2018 in the amount of BGN 33 770 258.31 (thirty-three million seven hundred seventy thousand two hundred fifty-eight leva and thirty-one stotinkas) to be allocated to the Reserve Fund.

### **II. Information about major risks and instability during the fourth quarter of 2019.**

Bulgarian economy is growing rapidly and economic activity is vivid in general, so 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 instability during the fourth quarter of 2019. 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 banking system. The Bank's Management do not expect any adverse movement in the above mentioned level of risks during the next quarter of 2019.

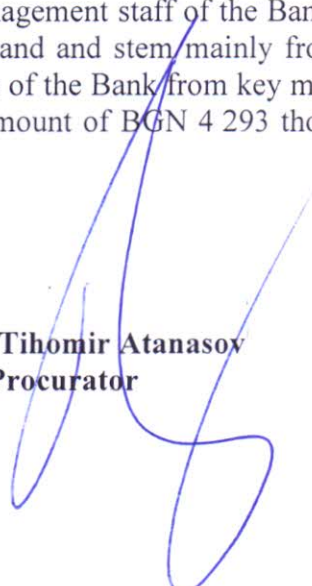
### III. Transactions with related parties

The Bank regards as related parties the persons, where one person can control or has significant influence on the other person upon taking financial and operational decisions, as well as in the cases when the two persons are under common control. The Bank performed transactions with the following persons: mother company, companies under common control, subsidiaries, key management staff of the Bank or of the main shareholder, whereas the performed transactions are related to the granting of loans, issuance of guarantees, attracting funds, performance of repo transactions, etc. All transactions are 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 are issued only against sufficient collateral.

At the end of the third quarter of 2019 the receivables of the Bank from subsidiaries are in the amount of BGN 10 284 thousand, which stem mainly from acquired debt securities. At the end of the third quarter of 2019 the liabilities of the Bank to subsidiaries are in the amount of BGN 906 thousand, which stem from received deposits. At the end of the third quarter of 2019 the receivables of the Bank from companies under common control are in the amount of BGN 48 072 thousand, whereas the predominant part of them stem from granted loans. At the end of the third quarter of 2019 the liabilities of the Bank to companies under common control are in the amount of BGN 56 262 thousand, whereas the predominant part of them stem from received deposits. At the end of the third quarter of 2019 the Bank does not have receivables from the mother company. At the end of the third quarter of 2019 the Bank has liabilities to the mother company in the amount of BGN 40 thousand. At the end of the third quarter of 2019 the receivables of the Bank from key management staff of the Bank or of the main shareholder are in the amount of BGN 1 045 thousand and stem mainly from granted loans. At the end of the third quarter of 2019 the liabilities of the Bank from key management staff of the Bank or of the main shareholder are in the amount of BGN 4 293 thousand and stem from received deposits.

  
George Kostov  
Executive director



  
Tihomir Atanasov  
Procurator