CONTENTS

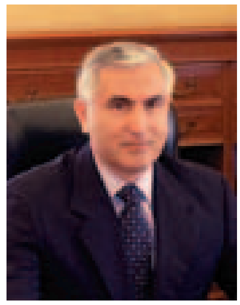
Statement Of The Chairman Of The Board Of Directors

2006 annual report

UBB

A Member of NBG Group

Dear Shareholders,



2006 was another successful year for UBB in the achievement of our objectives and expectations. In an environment of mounting competition, which led to continuing contraction of interest rate margins, as well as under the strong regulating pressure of the Central Bank for restriction of the credit expansion, UBB succeeded to increase its market share especially in retail lending, achieving at the same time high profitability and efficiency. The Bank kept the first position in corporate banking, focused on the private sector, and kept the second position in retail banking business. The key factors for these achievements are the aggressive expansion in the Bulgarian market through constant organic growth, active expansion of cost effective alternative channels and offering of a constantly expanding range of new banking products and services. In 2006 the Bank invested more than EUR 6.0 million in the opening of 33 new retail branches throughout the country. Moreover, UBB plans to invest another EUR 10 million in 2007 to open 41 new branches and 4 business credit centres, thus reaching optimum coverage of the country with a branch network of over 200 branches at the end of 2007. UBB has one of the largest and constantly growing network of 523 ATMs and nearly 4000 POS terminals. A big part of the retail business sales and operations is also channeled via the Call center, Internet banking and third party co-operations.

In 2006 UBB started offering for the first time in the market bank assurance products. UBB, Ethniki Insurance (NBG Insurance subsidiary) and American International Group (AIG) have set up a life and a general insurance joint-ventures, which provide insurance products, packaged with UBB retail products: consumer loans, credit cards and mortgages. The launch of life and general insurance business further expands the UBB product range, already including mutual funds and leasing products through the sister leasing company Interlease EAD.

As part of our deposit growth strategy in 2006, UBB was the first bank in Bulgaria to launch a structured deposit, called Wall Street, combining the classic characteristics of deposits with investment opportunities on the international financial markets. As the initial principal of these deposits is guaranteed by the Bank, customers are able to invest their funds in new investment opportunities (stock and FX indices) on the international markets at a minimum risk.

Compared to 2005 our Bank reports 24.4 % asset growth and 34.5 % net loan portfolio growth, comprised of 49.3 % growth in retail lending and 20.4 % in corporate lending. These growth rates resulted in an increase of the market share in retail by 1.8 % and in corporate by 1.9%, reaching respectively 17 % and 11.2 % market shares in these business segments.

The Bank reports a pre-tax profit of BGN 158.7 million or 36 % increase vs 2005. Further, ROAA increased to 3.9 %, and ROAE reached 27.8 %, thus positioning the Bank among the top performers in the region. UBB's cost/income ratio at the end of the year stood at the excellent 39.3 %.

Our strong achievements increase our ambitions for the years to come. We expect the Bulgarian banking system to continue to operate in a stable macroeconomic environment and strong economic growth. Bulgaria's accession to the EU will bring new challenges and opportunities to the industry, which gives us additional confidence for achieving better results and higher value for our shareholders in the future.

In conclusion, I would like to thank all the Bank's clients and business partners, as well as the management and staff of UBB for their strong commitment and effort, which contributed to the impressive financial results, strong achievements and ongoing progress of our institution.

Yours sincerely,

Ioannis Pechlivanidis
Chairman of the Board of Directors

General Information


UBB

GENERAL INFORMATION

- **Established** in 1992 through the merger of 22 Bulgarian regional commercial banks, the first and most comprehensive consolidation project in the Bulgarian banking sector.

- **Privatized** in 1997, the first privatization of a large state-owned Bulgarian bank.

- **Registered Share Capital: BGN 75,964,082.** The share capital of the Bank is allocated into 75,964,082 registered, ordinary voting shares, at BGN 1 par value each.

- **Main Shareholders:**

	Shares
- National Bank of Greece-NBG (99.9%)	75,893,450
- Other shareholders (0.1%)	70,632
- Total	**75,964,082**

- **Banking License:**

Full banking license for domestic and overseas banking and financial operations.

- **Ratings:**

FITCH
- BBB+ Long Term Foreign Currency
- F2 Short Term Foreign Currency
- Outlook Stable
- Individual C/D
- Support - 2

Standard & Poor's
- BBB - Long Term Foreign Currency
- A-3 Short Term Foreign Currency
- Outlook Positive

- **Over 750 Correspondent Relations**

- **Branch Network: 173** units countrywide

- **Banking Services:**
  - BGN and FX loans
  - BGN and FX deposits
  - FX transactions
  - Prompt and express intra-bank transfers
  - Electronic banking
  - Cash management
  - BGN and FX accounts and traveller's cheques
  - Debit and credit card payments
  - Cash collection operations and depositories
  - Bank guarantees and letters of credit
  - Securities' trading
  - Depository / fiduciary services
  - Investment banking services
  - Western Union transfers

- **Market Position**
  - Third largest Bulgarian bank by assets and shareholders' equity
  - First in corporate lending
  - Second in domestic retail lending
  - Leader on local inter-bank market
  - Leader in the card services market and in domestic BGN payments

- **Market share** (as of 31 December 2006 calculated as a percentage of the entire banking sector, according to BNB statistical data):

6%	Money market trading
6%	Local FX market
15%	Debit cards
45%	Credit cards
10%	Inter-bank transactions
11%	Deposits in Leva
10%	Deposits in FX
16%	Consumer loans
17%	Mortgage loans
11,2%	Corporate loans
15%	ATMs
17%	POS terminals

- **Memberships and Others:**
  - Association of Commercial Banks in Bulgaria
  - Bulgarian Stock Exchange
  - Central Securities Depository
  - MasterCard International
  - VISA International
  - JCB
  - S.W.I.F.T.
  - IIF - Institute of International Finance - The Global Association of Financial Institutions
  - BIBA - Bulgarian Industrial and Business Association
  - BBLF - Bulgarian Business Leaders' Forum

- Licensed primary dealer of government securities
- Licensed investment intermediary for corporate securities trading
- Western Union Agent

BUSINESS STRATEGY

The mission of the NBG Group, as set out in its three-year Business Plan 2007-2009, is:

- To be the leading and most reputable financial institution in Bulgaria, offering a superior service to its customers,
- To become the employer of choice to the benefit of its employees, and
- To deliver superior returns to its shareholders, within an environment of modern and effective corporate governance and a carefully monitored risk management framework.

UBB focuses primarily on developing its retail business, SME financing, insurance and asset management operations - areas that present attractive prospects and in which UBB boasts comparative strengths. UBB aims to consolidate its position in the domestic market by leveraging its large deposit base, one of its key competitive advantages. This enables the Bank to boost its cross-selling potential, particularly with respect to marketing retail and bancassurance products, and to enhance its presence in SME financing and large corporate lending.

To achieve these goals, the Bank has set specific strategic priorities and actions:

Aggressively Expand in all Retail Product Groups: Mortgage Loans, Consumer Loans and Credit cards

- Transfer transaction functionality to the Call Center
- Expand retail sales through mobile direct Sales Force and Third Parties
- Expand alternative channels to boost Mortgages and Credit Cards:
  - promote sales through Real Estate Agencies and Retail Chains
  - ATM and POS network
- Implement in-house collection mechanism and accelerate in-house collections

Corporate & SME

Large Corporate: increase share of business

- Expand innovative products and cross-selling to credit and non-credit customers
- Develop cross-border syndicated loan cooperation with NBG: UBB acting as an agent bank for large projects exceeding EUR 15 million.
- Design and implement CRM
- Promote financing through the capital markets: corporate bond issues
- Introduce modern investment solutions for the access to the largest international markets and unique benefits

Conquer and keep the leadership in SME market

- Provide additional services for the existing UBB‘s credit & non-credit clients
- Create and introduce new SME loan products
- Improvement of efficiency in SME lending
- Exploring and establishing the EU Programs for SMEs together with multilateral (IFC, EBRD) existing facilities.

Aggressive deposit base expansion to ensure the desired growth

- Expand and renovate Branch Network
- Anti cash program
- Introduction of brand new structured products for acquiring a leading share on the domestic deposit market.

SELECTED HIGHLIGHTS

	2006	2005	2004
	BGN'000	**BGN'000**	**BGN'000**
Performance			
Operating Income	287,437	248,532	190,476
Net Interest Income	205,448	180,471	134,719
Net Profit	135,127	98,914	66,102
Balance Sheet			
Total Assets	3,960,706	3,184,445	2,201,143
Capital	563,777	427,133	328,219
Deposits from Companies and Individuals	2,797,909	2,195,155	1,695,978
Loans to Companies and Individuals, net	2,708,918	2,014,457	1,470,155
Capital Adequacy (%)			
General Capital Adequacy (BIS Tier 1 + Tier 2)	13.38	14.5	18.6
Primary Capital Adequacy	12.98	13.8	17.6
Capital / Total Assets	14.23	13.41	10.89
Liquidity (%)			
Total Liquidity	25.93	31.96	24.49
Total Loans / Total Deposits	90.50	94.45	86.7
Staff Number as of the end of the period	2,237	2,082	2,093
Inflation [1] (%)	6.5	6.5	4.0
USD/BGN Exchange Rate (31 December)	1,4851	1,6579	1,4359

[1] *Source - National Institute of Statistics.*

BOARD OF DIRECTORS

Ioannis Georgios Pechlivanidis
Deputy Governor of National Bank of Greece
Chairman of the Board of Directors

Anthimos Konstantinos Thomopoulos
Chief Financial and Operating Officer of National Bank of Greece
Board Member

Agis Ioannis Leopoulos
General Manager International Activities of NBG
Board Member

Alexandros Georgios Tourkolias
General Manager Shipping Finance of NBG
Board Member

Konstantinos Adamantios Othoneos
Manager International Network „B“ of NBG
Board Member

Christos Aleksandros Katsanis
Executive Director
Board Member

Radka Ivanova Toncheva
Executive Director
Board Member

Stilian Petkov Vatev
Chief Executive Officer
Board Member

Economic Environment


UBB
2006

ECONOMIC ENVIRONMENT

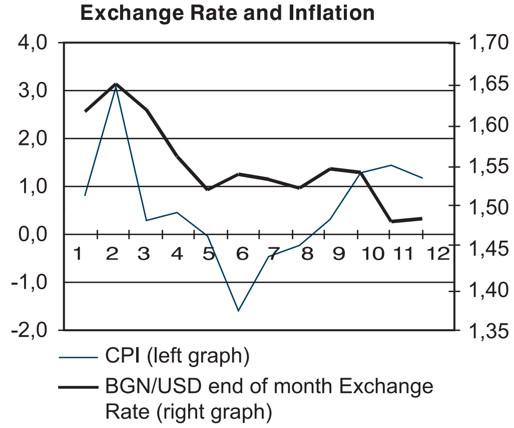
At the end of 2006 Bulgaria achieved gross domestic product (GDP) growth of 6.5%, breaking a 20-year record. For the first time since 1989, GDP has exceeded the 6% level. These positive changes result from the improved business climate in the country, as well as from the extremely intense inflow of FDI (Foreign Direct Investments) - over EUR 4 b. in 2006.

At the end of 2006 budget surplus represents 3.8% of GDP as compared to the fully balanced initial target and the subsequently adopted 3% budget surplus policy. Fiscal revenues increased by real 3.8% to reach BGN 20 b. or 43.8% of the projected GDP against 40% targeted in the State Budget Annual Act and against the 42.9% reported for 2005. To a certain extent the GDP projection was underrated mainly due to inflation effects as the actual figures are reduced to proceeds in the range of 43-43.2% of GDP. In real terms budget expenditures are practically unchanged and are close to the target level of 40% of the projected GDP. In nominal terms, the full-year budget surplus widened by 78% y/y to BGN 1,76 b. (EUR 898 m.). Social extra payments at the end of the year resulted into a monthly deficit of BGN 757 m. in December, which led to a 1.7% GDP surplus.

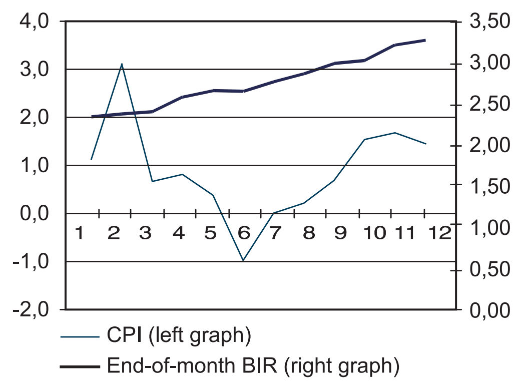
The unemployment rate dropped by 1.61% y/y to reach 9.12% as of 2006 end contributing to an year-average unemployment of 9.61%. The private sector however created jobs at a very fast rate in the past 2 years and the slowdown towards the end of 2006 was more or less expected and was also influenced by the weakening growth rate in the industry.

Annual inflation averaged 7.3% y/y in 2006, and ended the year at 6.5%. Excise duties on alcohol and tobacco were raised sharply in early 2006 and the absence of any further increases in excise duties would allow inflation to be retained at a low level in 2007. Food indices in both groups of producer and consumer prices were increasing till the end of the year mainly due to instability of local agricultural products' suppliers. The price index of locally traded industrial goods increased by 8% y/y as of end December. The broader survey, covering domestic and export goods placed the PPI inflation at 9.3% y/y in December. Prices of metal extraction industries surged by more than 60% last year thus generating most of the annual inflation in the business sector, but had a much weaker effect on the CPI basket.

Exchange Rate and Inflation



Base Interest Rate and Inflation



The currency board arrangement is expected to remain in place with the BGN fixed to the Euro at the current rate of BGN1.95583 / EUR1. The exchange rate risk is low in a short term, but could rise in a long term if the current-account deficit continues to increase.

The gross external debt increased by 27% last year to EUR 19,2 b. or 79.3% of GDP, according to BNB's preliminary data. The share of private external debt reached 76.6% of total senior debt, which shows an increase of almost 11% compared to the previous year. Its growth decelerated to 47.8% y/y by the end of 2006 from more than 60% annual growth in the previous two years. This corresponds to the loosening of the credit restrictions, imposed by the Central bank. External sovereign debt fell down by 13% y/y to EUR 4,5 b. The increase in short term debt by 5pps to 30.4% of the total debt may raise some concerns for the future debt servicing, although last year debt payoff absorbed less domestic resources than in 2005 as debt servicing dropped by 10pps to 16.5% of GDP.

According to preliminary data released by the Central bank the Current Account deficit grew by some 60% y/y in 2006 to EUR 3,9 b. due to deterioration of performance in all its major items. As a relative share it reached 16% of the GDP against 11.3% in 2005. FDI hit a record of EUR 4 b. in 2006 with only 5% of the inflow being generated by privatisation proceeds. Real estate sales to foreigners amount to more than EUR 1 b. (up by about EUR 800 m.) or 30% of total FDI. Industrial manufacturing and financial intermediation were the other two economic sectors, attracting the highest foreign investors' interest. The improved by 80% financial account resulted in a three-fold expansion in the Balance of Payments' surplus, helped also by the increased funds posted as errors and omissions. Despite the solid coverage of the CA gap by debt and non-debt investments, external trade imbalances remain a major risk factor for this country's economy by making it dependent on international financing. Bulgarian foreign reserves cover 5.2% of the annual imports of goods and services as of the end of last year compared to 5.3% a year earlier.

The country's foreign trade deficit increased to 22% of GDP in 2006 as compared to 20% during the previous year. The export growth accelerated from 18.6% in 2005 to 26.6% in 2006, resulting from increased prices. Raw materials doubled their contribution to this growth, while the share of investment goods decreased. The good results from the export of raw materials are based on the favorable external environment and the higher prices of the major traded goods, mainly nonferrous ores. There is a certain improvement in consumer goods' export resulting from the restored textile and clothing production. For that reason the growth of import decreased by 1% reaching 25.3% in 2006 y/y.

According to BNB data the net profit of the banking system increased by 38.2% y/y to reach BGN 807,6 m. (EUR 412,9 m. during the previous year). The ROA reached 1.9% at the end of the year as compared to 1.8% a year earlier. The ROE improved to 18.4%. Net interest income increased by 17.4% y/y, reaching BGN 1,6 b. The assets managed by 32 banks in Bulgaria increased within one year by 28.4% reaching BGN 42,2 b. or 92.5% of the projected GDP for 2006. Net credit volume increased by 26.4% to BGN 22,1 b. or 48.5% of GDP. Although the banks penetration ratio reached the level of the new EU member countries, in mid-terms we expect this ratio to continue to grow due to relatively low-developed non-banking financial sector in Bulgaria, large net inflows of foreign investments and the expected improvement of the living standard. The average capital adequacy of commercial banks reached 15% at the end of 2006, which is higher than the required by the Central bank 12% statutory minimum.

Partly in response to the BNB's previous credit restrictions, lease activity continues to boom. The amount of financial lease amounts receivable almost doubled, rising from BGN 961 m. at end of September 2005 to BGN 1,837 b. a year later. Proceeds from lease activity in Bulgaria increased by 86.7% in 2006, reaching BGN 2,3 b. 97.6% of these are from financial lease. The receivables under contracts for machines and equipment mark 107% annual growth. The transfer of car loans from banks to lease companies is one of the main reasons for this growth. Other favorable factors are the stable macroeconomic environment, improving conditions, competition and increased number of sold cars.

The market capitalization of the Bulgarian Stock Exchange (BSE) reached 32% of GDP at the end of 2006 as compared to 20.3% the previous year. This figure is expected to continue to grow as a result of the growing economy and BSE market capitalization already totaling BGN 17 b. The number of companies, financed through the stock exchange nearly doubled: from 24 in 2005 to 49 in 2006. 46 companies raised capital through issuing of shares and other 28 - through issuing of bonds. The good macroeconomic indicators and optimistic projections for 2007 create a stable and foreseeable environment for the development of the capital market. These conditions will attract foreign investors with long-term interests in Bulgaria, which in its turn will influence favorably the BSE. Companies raising funds through the BSE will also benefit from this relatively foreseeable economic and legal environment. They will expand their investment horizon, reduce their costs and respectively improve efficiency. This will not go unnoticed by the market and will inevitably affect the market value of companies. In 2006 investments were made mainly in transportation, communications, storing, processing and construction of administrative buildings industries. Transportation and storing industries are among the leaders in terms of turnover.

Collective investment schemes are turning from an exotic financial tool into an alternative form of long-term saving. The assets accumulated under such schemes exceed BGN 300 m. in 2006 and the figure is expected to double this year. The achieved average annual return of 30% is satisfactory, as it is several times higher than that on deposits. As a result of the Bulgaria's accession to the EU, the risk will decrease, as well as return rates. The introduction of the uniform passport system is expected to encourage the penetration of new foreign market players, which will result in increased competition.

Pension funds, operating in Bulgaria reported a total income of BGN 44,371 m. (USD 29,53 m./ 22,68 m. EUR) for 2006, which marks an increase by 34.75% as compared to 2005. The most popular funds, the universal pension funds, yielded between 7.73% and 18.94%. Occupational funds achieved a yield of 3.23% to 17.01% while voluntary pension funds' yield ranged from 4.69% to 16.51%. Pension accounts increased in number by 230,000 to reach 3,2 m. A total of 2,5 m. Bulgarians hold accounts with universal pension funds. Pension funds managed BGN 1,517 b. (USD 1,01 b./ EUR 0,78 b.) of net assets at the end of 2006, an increase by 36.34% y/y.

UBB
A Member of NBG Group

Review of 2006 Activities


UBB
UBB aims to consolidate its position in the domestic market by le
ing its large deposit base, one of its key competitive advantages
es the Bank to boost its cross-selling potential, particular
respect to marketing retail and bancassurance products, and to en
its presence in SME financing and larger corporate lending.
annual
report
2006

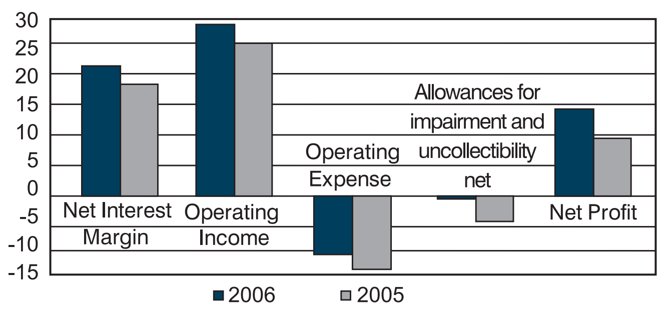
REVIEW OF 2006 ACTIVITIES

FINANCIAL PERFORMANCE

In 2006 UBB maintained a strong competitive position, large deposit base and reported a considerable profit. The Bank's business strategy was focused with priority on the growth in retail banking (simultaneously in terms of loans and in terms of deposits). At the same time UBB continued to develop its dominating market share in corporate loans. At the end of 2006 UBB financial result before taxes is profit of BGN 158,7 m. The return on equity (ROAE) reports a very high level and reaches 27.8%. The reported return on assets (ROAA) is also rather high 3.9% and ranks the Bank among the best financial institutions according to international standards. UBB efficiency ratio maintains a good trend and towards the end of 2006 was 39.3%.

As recognition of the constant good performance, the respectable management, good reputation of shareholders and strong market positions is the long-term credit rating of the Bank, awarded by Standard & Poor's and Fitch Ratings. S&P has confirmed BBB- long-term and A-3 short-term rating of UBB with stable outlook. The international rating agency Fitch Ratings has specified UBB long-term rating to BBB+, the short-term to F2 and the individual to C/D.

Net operating income and net profit (BGN m.)



Net Interest Income

For 2006 the Bank has generated net interest income of BGN 205,4 m. (BGN 180,5 m. for 2005) and thus achieves a growth of 13.8% y/y mainly as a result of the lending activity, good portfolio quality and the optimum management of deposits and the Bank's long-term borrowings.

Net Interest Margin	2006 BGN '000	2005 BGN '000	Change %
Interest Income	264,070	216,333	22.1
Interest Expense	(58,662)	(35,862)	63.5
Net Interest Income	205,448	180,471	13.9

Interest income from loans to individuals covers 49.2% of the total amount of all interest income and reaches BGN 129,8 m. Interest income from loans to companies amounts to BGN 112,8 m. and takes 42.7% of total income. Total interest income from loans grows by 19.8% y/y. Interest income from placements on the money market grows by 113% y/y as towards the end of 2006 reached BGN 11,3 m. The total amount of interest income from trading securities amounts to BGN 9,8 m. and grows by 16.7% y/y.

Interest expense grows by 65.7% y/y as towards the end of 2006 their amount totaled to BGN 58,6 m. against BGN 35,9 m. for 2005 as a result of the development of the Bank's market positions and deposit operations. Deposited funds from private merchants, individuals and households are determinant for the level of interest expense. Interest expense for these two segments amount to BGN 44,7 m. against BGN 24,8 m. for the previous year. They represent a total of 76.3% of all interest expense and grow by 80.5% y/y. Expenses on raised long-term resources relate to the servicing of the Bank's bond issues. These total to BGN 11,2 m. and take 19.1% of the total amount of interest expense.

Non-interest Income

The net fees' and commissions' income amounts to BGN 68,4 m. against BGN 54,2 m. towards the end of 2005. In structural aspect of decisive importance is the income from client transfers, which account for 28.9% of all non-interest income, as well as the fees for servicing current accounts and cash operations, the share of which is 27,6%. The relative share of charges on credit and debit cards is 26.2%, on loans to clients - 11%, on guarantees and L/Cs - 3.6%. Fees and commissions expense grow from BGN 5,9 m. to BGN 7,3 m. at 2006 end.

Operating Expenses

Operating expense grows by 8.33% y/y against 2005. The staff costs grow by BGN 0,7 m., depreciation costs decrease by BGN 1,0 m., while expenses for outsourced services (marketing, advertising, consultancies, operating lease rentals - buildings) grow by BGN 4,2 m. Expenses for communication and IT services are retained at relatively constant levels.

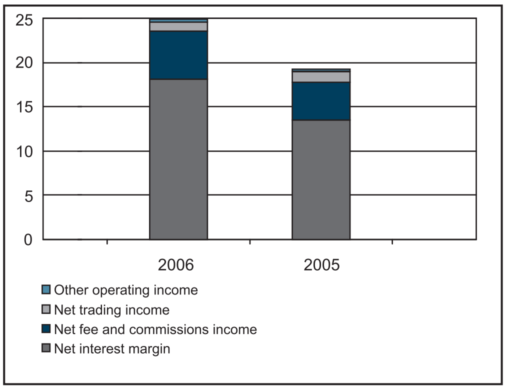
Provision Expense

Irrespective of the intensive development of the lending activity for a consecutive year the Bank reports good quality of its loan portfolio. The loan provisions/total loans ratio decreases from 2.7% at the end of 2004 to 1.7% as of December 2005 and reaches 1.4 % at the end of 2006.

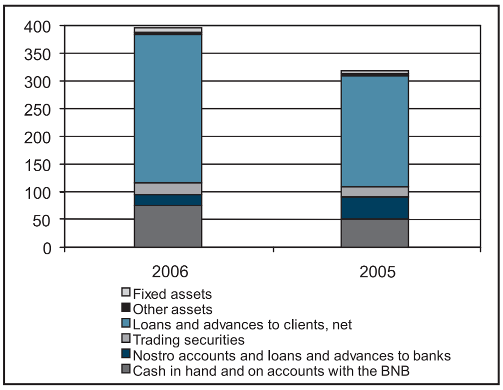
ASSETS AND LIABILITIES

As of 2006 end the total amount of the Bank's assets reached BGN 3,960 m., as it reports an increase by BGN 776 m. (BGN 3,184m. for the same period of previous year) and reported 24.4% nominal growth y/y. In structural aspect the main balance sheet positions of the Bank report the following dynamics:

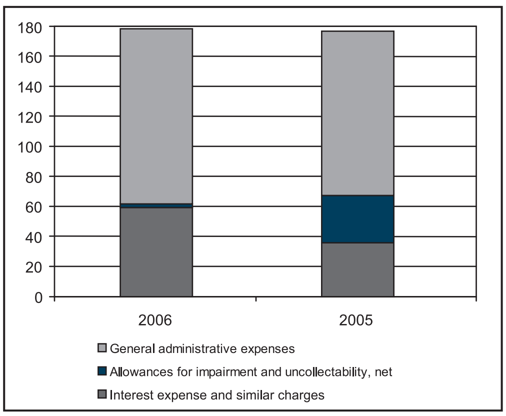
Operating income (BGN, m.)



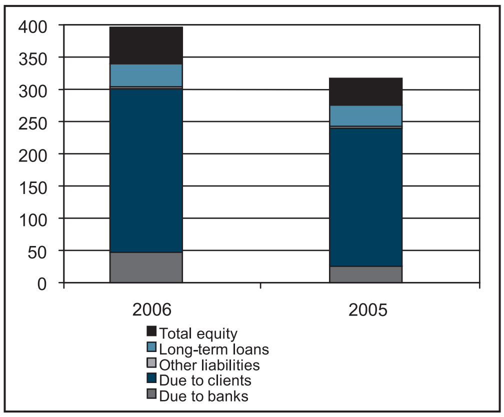
Assets (BGN, m.)



Operating expenses (BGN, m.)



Liabilities and capital (BGN, m.)



Cash and cash equivalents

At the end of 2006 cash in hand and on the current account with the BNB amounted to BGN 750,7 m., including minimum statutory reserves. The maintaining of the required minimum statutory reserves with the BNB in percentages was at an optimum level during the year, as follows:

Minimum statutory reserves (%)

	Dec-05	Mar-06	Jun-06	Sep-06	Nov-06	Dec-06
MSR (BGN, m.)	**386.3**	**407.4**	**488.8**	**434.7**	**606.0**	**604.1**
Incl. additional MS	212.8	231.4	280.9	179.2	358.1	358.1
MSR fulfillment	100.02%	100.02%	100.03%	100.02%	100.02%	100.01%

Due from financial institutions

At the end of 2006 net amounts due to financial institutions amounted to BGN 195,3 m. and play a regulating role in the operations on the money market and the Bank's actions for achieving optimum liquidity. The structure of amounts due to financial institutions is covered 89.8% by inter-bank placements and 9.2% by nostro accounts and other due to banks.

Trading portfolio securities

At the end of 2006 the Bank's trading portfolio amounted to BGN 205,8 m. The securities' portfolio in this segment represents 5.2% of the Bank's assets. In structural aspect the trading portfolio is covered by Bulgarian government securities - 69.8% of the portfolio, corporate securities of local issuers - 25% and corporate securities of foreign issuers - 3.2%. The share of bonds and securities in leva is 35.2%, and of those in foreign currency - 64.8%.

Investment portfolio securities

At the end of 2006 the Bank's investment portfolio securities amounted to BGN 6,0 m. and increased 2,5 times within a period of one year. In structural aspect 31.7% of those are investments in shares, 68.3% represent investments in associates.

Loans

The total gross value of loans and advances to non-financial institutions and other clients is BGN 2750,5 m. and grows by 33.6% against the previous year. Loans to households grow by 49.3% y/y, while corporate loans - by 20.4% y/y. The net value of extended loans is BGN 2708,9 m. (with BGN 2014,4 m. for 2005) and represents 68.3% of the Bank's assets. Thus UBB increases its net loan portfolio by 34.5% against the previous year. Loans classified as standard represent 96,56% of the portfolio. Out of the total loan portfolio volume loans, classified as watch are 0.99%, substandard - 0.42%, non-performing - 2.03%. The total amount of specific provisions for revaluation losses is BGN 41,7 m. and represents 1.5% of the balance sheet amounts receivable (principals and interests). The loan portfolio continued to diversify across all industries with emphasis on retail banking, small and medium-sized businesses, as well as the dynamically developing sectors of the economy.

Loan exposure by industries

	As of 31.12.2006	%	As of 31.12.2005	%
Industry and Mining	179,476	7%	126,694	6%
Small Business	346,549	13%	325,535	16%
Trade & Services (exl. Tourism)	423,203	15%	322,980	16%
Construction	213,528	8%	162,890	8%
Energy	6,415	0%	34,184	2%
Tourism	84,825	3%	100,725	5%
Transport & Communications	43,700	2%	21,958	1%
Services	19,154	1%	17,538	1%
Government sector	1,439	0%	2,256	0%
Financial Institutions	1,902	0%	5,993	0%
Other	57,264	2%	23,465	1%
Individuals	1,373,128	50%	919,499	44%
Total loans	**2,750,583**	**100%**	**2,063,717**	**100%**
Minus: provisions	(41,665)		(49,260)	
Total loans, net	**2,708,918**		**2,014,457**	

Through the standardized competitive products, offered by the Bank with the improved risk evaluation and control system, the total number of the newly extended loans in 2006 grew up to 260 000 in number, incl. 8 000 corporate loans and 252 000 loans to individuals. For the previous year the number of extended loans was: 220 874 number of loans in total, incl. 6 974 corporate loans and 214 000 loans to individuals.

Deposits and equity

At the end of 2006 the total amount of liabilities reached BGN 3396,9 m. against BGN 2757,3 m. at the end of 2005. Their nominal growth y/y is 23.2%, which is entirely due to the development of UBB client deposit base.

Deposits of financial institutions

Funds deposited by financial institutions grow by 44.9% y/y. At the end of 2006 those amounted to BGN 368,2 m. against BGN 254,1 m. at the end of 2005. At 2006 end their total amount represents 9,3% of the total amounts of liabilities. Current accounts in this segment take 45.3%, while time deposits - 55.7%.

Deposits of non-financial institutions and other clients

At the end of 2006 client deposits reached BGN 2625,0 m. against BGN 2126,5 m. at the end of 2005. The offering of new products and targeted advertising campaigns brought about a 23.5%

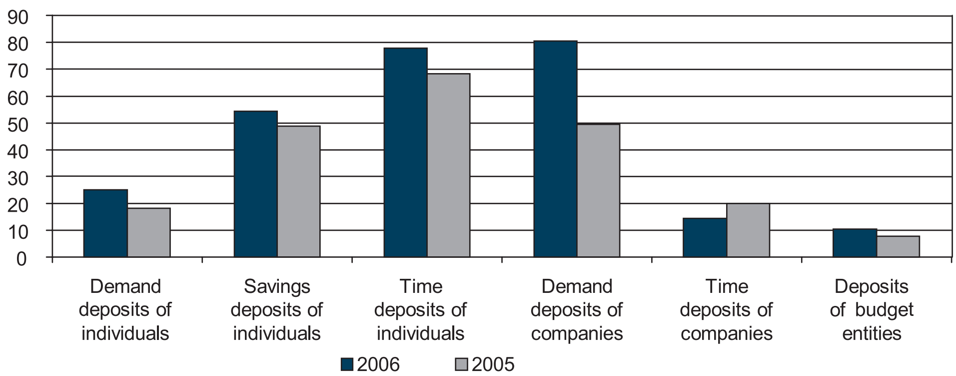
growth y/y. Deposits of individuals report a growth of 16.5%, while those of corporate clients - 36.5% and of budget entities - 27.2% for a one-year period.

Deposits (BGN 000)

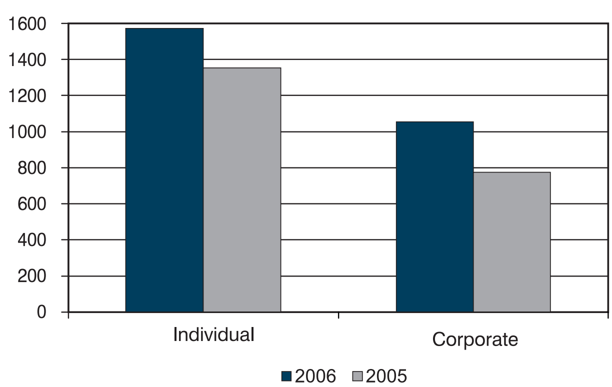
	As of 31.12.2006	As of 31.12.2005	Change (%)
Financial institutions			
Demand deposits	82,099	18,123	353
Time	90,801	50,148	81.2
Repos	-	425	
	172,900	**68,696**	**151.7**
Retail customers			
Demand	250,249	178,609	40.1
Savings	542,152	488,626	11.0
Time	779,786	681,780	14.4
	1,572,187	**1,349,015**	**16.5**
Corporate entities			
Demand	806,252	584,331	38.0
Time	142,774	116,278	22.8
	949,026	**700,609**	**35.5**
Government entities			
Demand accounts	45,926	33,871	35.8
Time	57,870	42,964	34.7
	103,976	**76,835**	**27.2**
TOTAL	**2,797,909**	**2,195,155**	**27.5**

The dynamics of sight and time deposits has an upward and stable trend. The deposits of individuals are of dominating importance, which take 60% of the deposits portfolio. The dynamics of corporate deposits follows the growth in the economy and the activeness of the business.

Demand and time deposits (BGN m.)



Structure of deposits by clients (BGN m.)



UBB has key market positions by holding 11% of deposits in leva and 10% of deposits in foreign currency in the country.

Debt securities in issue and long-term borrowings

At the end of 2006 the long-term borrowings on the Bank's balance sheet amounted to BGN 383,6 m. against BGN 358,6 m. for 2005. The debt securities in issue include mortgage and corporate bond issues in BGN for total value of BGN 120,000 th. - both traded on the Bulgarian Stock Exchange Sofia, as well as EURO note issue for EUR 100,000 traded on the London Stock Exchange. The long-term borrowings include credit lines from the EBRD amounting to BGN 64,971 th.

Capital and capital adequacy

At the end of 2006 UBB equity amounted to BGN 563,7 m. and ensures a level of capital adequacy above the requirements and regulators of the Central Bank. The total capital adequacy of the Bank is 13.4%, while tier-one capital adequacy - 13.0%.

RETAIL BANKING

Throughout 2006 United Bulgarian Bank continued to strengthen and expand its leading positions in the retail lending and services segment. UBB's total retail lending market share at the year-end reached 17%, with an almost equal split of consumer and mortgage loans shares. At the same time, UBB consumer lending had the highest increase in volumes, compared to these of competitors, and its market share increased by 3% y/y. Extended mortgage loans reached a volume of BGN 582 m., while the portfolio of consumer loans grew up to BGN 791m. Thus UBB retail lending in 2006 marked an annual growth of 49% y/y.

Despite the intense competition on the bank cards market in 2006, UBB remains an indisputable leader with the largest number of issued cards under the logo of Master Card, VISA and VISA Electron and a market share of 61%. The total number of credit cards issued by UBB exceeded 214 000, representing an increase of 34% y/y. The number of transactions with these cards increased by 79% y/y, whereas in terms of volumes the increase was by 80% reaching a total volume of BGN 978 m.

United Bulgarian Bank was the first bank in Bulgaria to launch together with the Greek insurance company Ethniki and the American International Group (AIG) a joint venture life insurance and a general insurance companies, which started offering insurance products on the Bulgarian market via the Bank's branch network.

The main purpose of this expansion of UBB's activities was to ensure a full range of services to its existing and future clients, thus forming a competitive advantage of the Bank's products in the conditions of aggressive competition in the banking sector. The introduction of bank assurance products is planned to be effected at several stages, starting in the fourth quarter of 2006 with consumer and mortgage lending.

In 2006 UBB continued its successful partnership with household appliances and mobile phones' distribution chains, reaching excellent results with regard to the sales of credit cards and consumer loans. Most of the mortgage loans are agreed with real estate agencies, having contractual relations with UBB. During the second half of 2006, UBB opened a new sales' channel through its direct sales representatives, offering POS terminals. At the end of the year the number of UBB POSs exceeded 4 000, and that of the ATMs - 520. During the year UBB managed to use efficiently all its alternative sales' channels, including telemarketing campaigns and the potential of its large base of corporate clients.

CORPORATE BANKING

Corporate banking is one of the major focal points in UBB strategy. The Bank has developed its activity towards industries with considerable growth and good profit margins in view of maintaining its leadership positions in the area of corporate lending in Bulgaria with a market share of 9.4%. In 2006 the Bank has developed considerably private sector lending, capitalizing investment interests of its clients while implementing of projects for self-funding and projects in the energy sector. In addition to that we have offered to our clients a large number of integrated service packages, based on cross-selling opportunities. For a period of one year the corporate portfolio structure has achieved the following dynamics:

Corporate portfolio	December 2006		December 2005	
	BGN 000 000	Number of loans	BGN 000 000	Number of loans
Large corporate clients	533,1	320	486,1	313
Small and medium-size corporate clients	834,0	7614	645,5	6 561
Total	**1 367,1**	**7 934**	**1 131,6**	**6 874**

During 2006 UBB continued to develop actively its business with small and medium enterprises. The Bank has also agreed long-term credit lines with the following financial institutions:

1. EBRD/EU for lending to SMEs - a credit line of EUR 10 m. and BGN 10 m., with expiry date July 2009.
2. EBRD - energy efficiency and renewable energy sources - a credit line amounting to EUR 15 m. with expiry date March 2010.
3. EBRD - rural financing facility - a credit line to the amount of EUR 10 m. with expiry date November 2010.

During the year UBB increased the amount of micro-loans from 50 to BGN 100 000. Business energy loans are extended in BGN, EUR or USD, and their potential applicants can be companies, craftsmen, agricultural producers or free-lancers. The period is up to 10 years for investment loans and up to 5 years for working capital loans. UBB has also increased the amount of loans for energy efficiency projects and for projects for renewable energy sources - Efficiency and Phoenix. The amounts under the two products will be up to EUR 2 m. Under Efficiency there is a gratuitous aid, which is 7.5% of the loan amount, and as an additional bonus a free-of-charge preparation of the business project before the Bank. Potential applicants for an Efficiency loan can be companies of majority private ownership and repayment terms are negotiable.

UBB traditionally develops new products for agricultural producers. During the last year the Bank developed a joint program with EBRD for SME financing in agricultural regions, for example warehouse receipts financing. Parallel to that UBB also finances delivery of agricultural equipment at minimum own funds participation of 15%. Another service offered is financing of exporter-companies against an insurance of the commercial risk by BAEZ.

UBB started offering a new product - "Grain loan", at an interest rate of 8.95 % and a discount of 5 % of the price for delivery from companies - partners of the Bank. The working capital loan can be used by agricultural cooperative farms, private farmers and agricultural companies, dealing in grain production. The loan targets financing the expenses for seeds, pesticides and fungicides, fertilizers and fuels for planting wheat, barley, maize and sunflower.

TREASURY ACTIVITIES

In 2006 Treasury launched a new deposit product - structured deposit, ensuring a direct access to global financial markets. The product is called "Wall Street" and with it the deposited principal is 100% guaranteed. The yield is linked to the growth of financial indices and instruments such as FX rates, shares, commodities, real estates and various combinations of those. The yield of the structured deposit is calculated by "Deutsche Bank" in its capacity of an independent agent selected by UBB and is announced each month.

INVESTMENT BANKING

In 2006 the activity of "Investment Banking" department was mainly directed towards servicing and performance of deals, related to the public offering of securities. UBB in its capacity of a Leading Manager or a Co-Manager participates in the structuring and placement of seven issues of corporate bonds of total value EUR 34,5 m. The development of the corporate bonds' market during 2006 led to an increased demand of additional services for issuers, a trustee of bondholders and a servicing bank. In this segment UBB market share is about 60%. In 2006 a new system for online stock exchange trading was introduced - the U Broker. Through the Bank's internet site clients have access to market information, can submit orders and make deals at 'Bulgarian Stock Exchange - Sofia' AD. The market share in the portion of the Bank's depositary services has increased to above 30% of assets, as UBB services ten investment companies and contractual funds, three pension funds and twenty REITs.

Management Company "UBB ASSET MANAGEMENT" AD

The management company "UBB Asset Management" AD, part of the NBG group, has a main scope of activity: management of the activity of collective investment schemes (CIS) and closed-end investment companies.

On 30.01.2006 "UBB Asset Management" AD initiated the public offering of shares of two new funds: UBB Premium Fund - investing mainly in shares and UBB Platinum Fund - a low-risk fund for investment in bonds.

Thus, in 2006, in implementation of its development program, the company managed its activity and offered on the Bulgarian financial market the stakes/ shares of three collective investment schemes, targeting the three major types of investment strategies - low-risk, balanced and high-risk (together with the investment company "UBB Balanced Fund" AD, the public activity of which started in 2005).

In 2006 the number of desks through which the sale and repurchase of stakes/shares of the three mutual funds under management was effected was increased from 120 to 147.

With effect from July 2006, a company for mutual funds' management "Diethniki", Athens - also a part of the Group of National Bank of Greece (NBG) - acquired a 9,09% share in "UBB Asset Management" AD. The share of United Bulgarian Bank in the company decreased from 100% to 90,91% respectively. With the acceptance of the new shareholder it is expected that "UBB Asset Management" AD be provided with a rich experience with regard both to securities' investment portfolio management, and to the marketing and sales of stakes/shares of mutual funds.

In 2006 the net value of the assets, managed by "UBB Asset Management" AD increased for a second subsequent year with over 200% - from BGN 4,14 m. to BGN 13,17 m., as for the managed portfolios the achieved yield was, as follows:

UBB Mutual funds 2006	Yield			Beginning of the public offering
	VII-XII 2006	For 2006	Since the beginning of the public offering	
UBB Platinum Fund	2,09%	N/A	-0,47%	30.1.2006
UBB Balanced Fund	9,73%	13,17%	13,13%	31.1.2005
UBB Premium Fund	19,24%	N/A	17,92%	30.1.2006

Note: The yields, stated in column 4 are for the 11 months for UBB Platinum Fund and UBB Premium Fund and annualized - for UBB Balanced Fund.

During the entire 2006 "UBB Asset Management" AD participated actively in the events of the Bulgarian Association of Management Companies (BAMC) for popularizing mutual funds and more specifically - UBB Mutual Funds' brand, and in particular - UBB AD and NBG Group brands.

In 2006 "UBB Asset Management" AD continued its active work in BAMC and for the development and argumentation of changes in the regulatory framework, related to the activity of the management companies and collective investment schemes.

Considering the industry's development, in 2007 "UBB Asset Management" AD is expected to continue to increase several times the amount of the assets, managed by it. It is possible to organize and launch new collective investment schemes - specialized in investments in particular regions or financial instruments and with shares, denominated in foreign currency, as well as to create new products - together with UBB AD and the insurance companies, in which UBB AD participates.

The activity of "UBB Asset Management" AD is regulated and controlled by the Financial Supervision Committee (FSC) and in particular by its "Investment Activity Supervision" division. The regulatory framework for the activity of "UBB Asset Management" AD, as well as that of CIS, which it manages consists of an Act on the Public Offering of securities (APOS) and the accompanying Regulation 25 on the requirements to the activity of investment companies and contractual funds and Regulation 26 on the requirements to the activity of management companies. FSC and the regulatory framework set strict requirements to the liquidity in the management companies, requiring 50% of the equity to be maintained in liquid funds. Besides CIS have the requirement to maintain 10% of the net value of their assets in liquid funds. After 1-st January 2007, management companies are obliged to introduce rules, policies and systems for measuring and controlling of all investment risks, following all European directives, regulating investment activity.

COMPLIANCE

The intensive process of harmonization of the Bulgarian legislation with the legal framework of the European Union continued in 2006 as well. Major acts in the sphere of commercial law, regulation of the banking and non-banking financial sector, protection of consumers, tax laws and the laws against money laundering and financing of terrorism were adopted or amended. UBB AD took best efforts for complying its internal policies and procedures with the dynamic and complex legislation related to the activity of banks. The Bank treats compliance as the fundamental rule for managing the business, defines it in correspondence with the applicable laws and good banking practices, aiming at fair and honest activity, which does not contradict the generally accepted social standards. The Bank adheres to the principle for maintaining and management of an efficient compliance program, aiming at the timely detection and prevention of breaches in the regulatory framework. There is an efficient procedure functioning in the Bank for considering clients' complaints, which main purpose is the fair and timely satisfaction of the client's claim and elimination of the reasons, relating to the complaint. The major concern of the Bank's management relates to the strict application of the measures against money laundering and the financing of terrorism. Considerable efforts were made for cooperation with the supervisory, the other administrative and court authorities while implementing their powers.

INFORMATION TECHNOLOGIES

During the past period, UBB successfully completed three projects that led full compliance of its information systems with the imposed global standards. The first of these is the IBAN project, by which the international format for bank accounts' number was introduced. Its successful finalization minimizes manual work for processing mostly in international transfers, and ensures real time servicing for all types of payments. It eliminates mistakes and speeds up the process of payment. The implementation of the second project for bank chip cards acceptance under the EMV requirements for card terminals (EMV Acquiring) resulted in reduction of losses from frauds with bank cards. The last project relates to implementation of a system for risk management under Basel II recommendations. In itself it is a future basis for efficient management of the Bank's capital adequacy. Alongside with these projects, UBB successfully continued to develop or improve the IT systems, ensuring modern distribution channels. The implemented computer and infrastructure platforms under the branch network expansion project are optimal in expense and quality, providing economy of volume. In view of ensuring quick market saturation with POS and ATMs, a reorganization of their installation was made. It enabled the time for putting them into operation to be reduced three times at 31% increase of the card terminal network. Besides that, a new technologic platform was developed out and implemented for the Virtual branch. For the elapsed period this branch had serviced over 35% of the Bank's transfers, as their number increased by 43% compared to the previous year. For the same period the number of clients increased by 41%. The weighted cost value of one transaction or service was decreased bellow 2 Eurocents. For the first time UBB offers payment of public utilities through ATM, thus lowering the expense for one such transaction nearly twice. The launching of a new back-up center is not less important. As a result of that, in case of a disastrous event, the guaranteed time for recovery of the functioning of all main systems of the Bank was reduced from 24 hours down to less than 2 hours, with data loss close to zero. At the same time changes were made in the IT organizational structure, which led to clear delineation of the obligations and increased the mutual control among the IT specialists. Gradually, without disruptions and shocks for clients, card systems' servicing and the development were mastered.

BRANCH NETWORK

In 2006 UBB started a large-scale campaign for expanding and modernization of its branch network. The new strategy of the Bank aims at developing a flexible, convenient and easier for maintenance network of offices, which to respond to the modern banking requirements - closer to the client, greater convenience for staff and for users, a higher degree of security of sites. UBB has finalized Y2006 with 173 branches and offices, while the plans for 2007 envisage the total number of the Bank's branches to exceed 200. UBB will seek buyers for a substantial portion of its large buildings throughout the country. The proceeds will be reinvested into expansion and modernization of the Bank's branch network. The first planned sale will be of a part of UBB building in Pleven town. There will also be forthcoming sales of detached parts of large sites in Samokov, Botevgrad, Targovishte, Montana, Lovetch and other towns.

REGIONAL SYNERGIES

UBB's regional initiative relies on the fact, that we have a very wide-spread presence on the entire Balkan Peninsula, as well as that National Bank of Greece, of which UBB is a part, is the largest bank in Greece. For several years already a priority of National Bank of Greece is the intensifying of the presence throughout the entire region: Romania (Banca Romaneasca, Urial Leasing, Eteba Romania and Garanta - NBG Asigurari); Serbia (Vojvodanska Banka and NBG Serbia); FYROM (Stopanska Banka Skopje); Albania (NBG Albania); Turkey (Finansbank, the fifth largest private bank in the country). The network of National Bank of Greece consists of 1317 branches, 56% of which are present in Southeast Europe (excluding Greece), and service more than 11m. clients. This infrastructure has also directed the focus of UBB interest towards the servicing of clients not only on the territory of Bulgaria, but also throughout the region. Moreover, the accession of Bulgaria and Romania to the EU will improve the investment climate on the Balkans. Thus during 2006 UBB established a specialized Regional Synergies Department. The department's main activity is to expand the cooperation between banks from the NBG Group for the following purpose:

- Servicing the regional business of clients, through developing competitive instruments and preferential schemes for trade finance, transfers, corporate products and retail services;
- Support for establishing commercial contacts of good clients of NBG Group from one country with potential partners from another country in the region;
- The Bank's mediation for draw down of funds under programs and projects on the part of clients of the Group /incl. cross-border/, financed by the EU structural funds.

HUMAN RESOURCES

2006 was a year of a new approach to human resources management in UBB, focused on the establishing an organizational culture, which to create conditions for expansion and business growth. Together with the consulting team of Deloitte, a project "SocHRrat" was developed and launched for transforming human resources in the Bank during the 2006-2008 period. The major targets of this project are reaching of proactive, client-oriented thinking, enhanced professionalism at all levels, objectivity in the assessment and presentation of remuneration, clear two-way communication channels, encouraging initiative, attracting and retaining of talents and key performers and increasing the efficiency of human resources management. In 2006, the training in UBB was focused on improving the quality of client servicing, acquiring of new skills, related to customer care and sale techniques, for the purpose of stimulating growth. 2645 employees attended in-house bank training, while 424 participated in professional seminars, organized by external companies and institutions in Bulgaria and abroad. UBB staff number as of 2005 end was 2 158 (of which 70 on maternity leave), while as of 2006 - 2 308 (of which 67 on maternity leave). The main reason for staff number increase in 2006 was the expansion of the branch network. The average staff age is about 38 years. About 77%, or 1 812 people employed by the Bank have higher education.

SPONSORSHIP ACTIVITIES

Social responsibility projects and a number of cultural events were in the focus of the sponsorship and public relations activities of the Bank in 2006. The total value of grants for sponsorship activities amounted to more than EUR 145 thousand. Donations for charity organizations and causes reached EUR 55 thousand. UBB was among the corporations, who supported Bulgarskata Koleda charity initiative of the Bulgarian President. UBB was acknowledged as one of the big corporations in Bulgaria offering their support to Bulgarian culture. In the sphere of cultural events the bank traditionally supported Apolonia Cultural Festival, Varna Summer and Russe Musical Days. For a first year the Bank supported the classical event Sofia Music Weeks and the theatrical fest Crossroad Stage in Plovdiv. The Bank supported a number of youngsters' sports clubs during the year, promoting the sports as an alternative of violence and drugs. UBB donated funds to the renovation of a number of religious sites in the country. The community program of the Bank offered support to a large number of local events in many Bulgarian towns and cities. The bank continued its program of donating computer equipment to schools, NGOs, municipal and local community organizations. UBB also made donations to SOS Kinderdorf Bulgaria and other organizations providing shelter and support to children. In 2006 UBB employees founded the charity association Obedineni Za Milosurdie, which focused the Bank's efforts in providing help and medical care for children. Business forums sponsored by the Bank included the 2006 South East European Forum and a number of smaller events throughout Bulgaria.

Information Required Pursuant to Art. 187"d" and Art. 247 of The Code of Commerce


UBB
annual
report
2006

INFORMATION REQUIRED PURSUANT TO ART. 187"d" and ART. 247 of THE CODE ON COMMERCE

Information under Art. 187 "d"

1. **Number and nominal value of the acquired and transferred during the year own shares, part of the equity they represent, as well as the price at which the acquisition or transfer was made;**

As of 31.12. 2006, 60 ordinary registered voting shares had been transferred, with nominal value of BGN 1 each, at prices registered with the Central Depository.

2. **Grounds for the acquisitions made during the year:** buy out of shares from minority shareholders.

3. **Number and nominal value of the possessed own shares and part of the equity that they represent.**

UBB does not possess own shares.

As of 31.12. 2006, the Bank's share capital is allocated into 75,964,082 ordinary registered voting shares, with nominal value of BGN 1 each.

Main Shareholders:	Shares
• National Bank of Greece-NBG (99.9%)	75,893,450
• Other shareholders (0.1%)	70,632
• **Total**	**75,964,082**

Information under Art. 247

1. **Total remunerations received by the Board members during the year:**

The remuneration of the members of the Board of Directors during the year consists of short-term labor remunerations such as salaries and payments, related to social and health insurance contributions, paid annual leave, paid sick-leave and bonuses. The total amount of remunerations for 2006 is BGN 1,219 000.

2. **The acquired, possessed and transferred by the members of the Board of Directors shares and bonds of the company;**

Possessed shares:

Shares BGN 1 (one) each (nominal value)

Names of the Directors	31.12.2006	31.12.2005
Stilian Petkov Vatev	10 shares	10 shares
Total:	10 shares	10 shares

No shares were acquired or transferred by the members of the Board of Directors during the year.

3. **The rights of the Board members to acquire shares and bonds of the company;**

Board members have no rights related to acquisition of shares and bonds of the company.

4. **The Board members participation in companies as unlimited liability partners, the possession of more than 25 per cent of another company' capital, as well as their participation in the management of other companies or co-operations as procurators, managers or board members;**

Stilian Petkov Vatev

Bankservice AD Board of Directors' member

Central depository AD Board of Directors' member

Interlease Board of Directors' member

Interlease Auto AD Board of Directors' member

UBB - AIG Life Insurance Company AD Chairman of the Board of Directors

UBB - AIG Insurance and Reinsurance Company AD Chairman of the Board of Directors

Christos Alexandros Katsanis

Interlease AD Deputy Chairman of the Board of Directors

Interlease Auto AD Deputy Chairman of the Board of Directors

UBB - AIG Life Insurance Company AD Board of Directors' member
UBB - AIG Insurance and Reinsurance Company AD Board of Directors' member
Greek Business Forum Chairman of the Management Board
Bulgarian Investment Forum Management Board member
Association of Commercial Banks Management Board member

Agreements under Art. 240 "b", signed during the year:

The members of the Board of Directors and related to them parties have not signed agreements with the Bank that go beyond the usual activity or significantly deviate from market conditions.

Payment of dividends and interest

UBB has not paid didivends for the last two years. The annual net profit and the retained profit from revaluation reserve are entirely allocated, by decision of the General Shareholders Meeting, to the general reserves.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) The targets and policy of the Bank related to financial risk management, including hedging policy

UBB actively manages the risks, inherent to its activity, in order to achieve optimal ratio between profitability from operations and the risk that goes along with them.

The Bank has developed and applies Risk Management Policy. The Policy is prepared in compliance with the requirements of all effective laws and bylaws, BNB regulations and the directives of the Basel Standards.

Being a part of NBG Group, UBB also adheres to the risk management standards, adopted within the Group.

The risk management policy defines the establishment of an organizational structure and internal system of principles, rules, procedures and limits for identification, measuring, assessment and control of the main risk types. All structural units in the Bank work in a strictly regulated environment, not allowing unsubstantiated risk undertaking in the everyday banking operations.

The risk management in United Bulgarian Bank covers the following main areas:

- Credit risk - the probability a counterparty or a borrower to fail in the fulfillment of the undertaken commitments, under contracts with the Bank, with the terms and conditions specified therein;
- Liquidity risk - the probability of difficulties in payment due to time discrepancy of the incoming and outgoing cash flows;
- Market risk - the probability the Bank to sustain losses as a result of unfavorable changes of exchange rates, market prices and interest rates;
- Operational risk - the probability of direct or indirect losses, resulting from inadequate functioning or disruptions in the performance of internal to the Bank processes, systems or personnel.

Risk management in UBB is based on the principle of centralization and is structured according to the levels of authorities as follows:

- Board of Directors - determines the level of risk undertaking within the framework of the adopted development strategy;
- Specialized collective bodies, approving the framework and the parameters of the Bank's risk management activity:
  - Assets and Liabilities Management Committee;
  - Credit Committee;
  - Risk Management Committee.
- Executive Directors - control the process of approval and application of adequate policies and procedures within the framework of the adopted Bank's risk management strategy;
- Risk Management Department - performs the operating activity on measuring, monitoring and control of risk exposures. The department was established in 1998 in connection with the growing importance of this activity both in global aspect, and for the Bank.

UBB has an established system of standards, rules and procedures, regulating the activity of all Bank units. The above regulations enable the effective preliminary, current and subsequent control on the operations and the internal processes. The employees are aware of their direct responsibilities and they have the necessary qualification for the performed activity.

Priority in the operating risk management is ensuring the security of the information and the electronic systems, functioning in the Bank, for which specialized standards and procedures have been developed and are applied. There is also an effectively functioning system for physical security and protection.

In compliance with the provisions of the Act on the Measures Against Money Laundering, UBB has worked out and adheres to a system of internal rules, of which all employees are aware.

b) The Bank's exposure with regard to price, credit, liquidity and cash flow risk

The exposures of United Bulgarian Bank related to price, credit, liquidity and cash flow risks are stated below. The influence of risk factors is indicated in a sequence according to their significance for the Bank's activity.

Credit risk

Credit risk is expressed in the possibility the Bank not to receive back funds or income from extended loans and deposits and from the investments made in debt securities and other assets, as it is provisioned in the respective agreements. The main source of credit risk for the Bank is the loans extended to clients, which, as of 31.12.2006 amounted to BGN 2748,6 m. As of the same date, the specific provisions amounted to BGN 41, 6 m., or 1.5% of the loans' amount. A factor, leading to reduction of credit risk, related to the entire lending activity of the Bank, is the loan portfolio diversification.

UBB credit risk management aims at maximizing assets' profitability, while maintaining risk exposure within acceptable parameters.

Credit risk management decisions are made in compliance with the strategy and policy in this area, which is regularly reconsidered and defined by the Bank's Board of Directors.

United Bulgarian Bank has adopted and follows a Credit Policy, which regulates:

- Development and implementation of strict procedures for lending;
- Maintaining adequate credit administration;
- Permanent process of credit risk monitoring, measuring and control.

Detailed procedures are applied in the process of lending, concerning analysis of the economic justifiability of each project, types of collateral acceptable to the Bank, control over the use of extended funds and the administering related to that activity. Depending on their amount, the loans are approved by the credit centers and a Credit Committee, according their levels of authority, while loans exceeding EUR 6,000,000 are subject to approval by the Board of Directors. The Bank has adopted limits for credit exposure by sectors of economy and follows their observance. The above limits aim at restricting loan portfolio concentration in one or a group of economic sectors, which could lead to increased credit risk.

As of 31.12.2006 the Bank does not have large exposures, which shows a low level of credit risk concentration by types of borrowers.

	2004	2005	2006
Capital base	237,144	308,438	399,516
Large exposures	103,821	48,120	94,998
Ratio	43.78%	15.60%	23.78%

On a monthly basis the Bank makes assessment of the risk exposure, evolving from the loan portfolio by classifying and provisioning loans in it in compliance with the requirements of BNB Regulation No. 9.

UBB loan portfolio quality

Exposure	2002	2003	2004	2005	2006
Standard	96,50%	96,50%	96,52%	94,13%	96,56%
Watch	1,30%	0,90%	1,40%	2,26%	0,99%
Substandard	0,20%	0,30%	0,45%	0,93%	0,42%
Nonperforming	2,10%	2,30%	1,63%	2,68%	2,03%

In view of achieving early warning for credit risk increase a limit has been adopted for the maximum total amount of loans in the last two classification groups.

Liquidity risk

Liquidity risk is the risk the Bank not to have sufficient funds to meet deposits' withdrawal or to pay other maturing obligations. The Bank manages its assets and liabilities in a manner, guaranteeing that it can fulfill its day-to-day obligations regularly and without delay, both in a normal banking environment, and under conditions of a crisis. Cash funds and those on accounts with the Central Bank, as well as nostro accounts and amounts due from Banks represent 19% and 5% respectively of total assets as of 31.12.2006 and are with maturity up to one month and ensure an adequate liquidity level. This is shown in the maturity table presented below.

As of 31 December 2006	Up to 1 month	From 1-3 months	From 3-12 months	From 1-5 years	Over 5 years and with no stated maturity date	Total
Assets						
Cash funds and on accounts with the Central Bank	750,749	-	-	-	-	750,749
Nostro accounts and loans and advances to banks	186,750	7,752	-	-	2,722	197,224

The liquidity risk management system in UBB includes the following elements:

- Internal rules for liquidity management;
- Specialized collective body for liquidity management - Asset and Liability Management Committee (ALCO);
- Management information system;
- Action plan in case of liquidity crisis;

The liquidity management is centralized and is measured through evaluation of the mismatching between cash flows of assets, liabilities and off-balance sheet positions. The liquidity is being evaluated for all major currencies, in which the Bank actively effects operations. While determining acceptable parameters for the liquidity risk value, the Bank reports the volume and nature of operations to date and their projected development; the access to money markets; diversification of liabilities and their volatility, as well as the maturity profile and assets' quality. In view of precisely measuring liquidity, the Asset and Liability Management Committee (ALCO) has approved and controls internal liquidity ratios by various currencies.

Liquidity ratios

	2002	2003	2004	2005	2006
BGN and European currencies	32,50%	23,40%	16,85%	23,68%	18,80%
USD	64,50%	64,00%	80,43%	83,52%	83,51%
Total liquidity	46,20%	33,80%	26,39%	31,97%	25,93%

The values of these ratios reflect the amount of liquid assets of the bank, which can meet the obligations under the attracted liabilities. A limit has been adopted for the value of the above ratios, which cannot be below 13% for each currency and total for all currencies.

The bank has also agreed long-term credit lines with the following financial institutions:

- EBRD/EU for financing small and medium enterprises - credit line to the amount of EUR 10 m. and BGN 10 m., with expiry date July 2009
- EBRD - energy efficiency and renewable energy sources - credit line to the amount of EUR 15 m., with expiry date March 2010.
- EBRD - for financing rural regions - credit line to the amount of EUR 10 m., with expiry date November 2010.

Interest rate risk

This risk is related to possible unfavorable impact that changes in the market interest rates can have on the profit and capitalization of the bank. UBB manages the interest rate risk and maintains it within acceptable parameters, seeking to maintain adequate structure of its interest-sensitive assets and liabilities and minimize the mismatching between them. The table below provides information as of 31.12.2006 on the assets and liabilities of the bank, sensitive to changes in interest rates.

Table of interest-sensitive assets and liabilities of UBB AD as of 31.12.2006
BGN 000

ASSETS	Up to 1 month	1-3 months	3-6 months	6-12 months	1-2 years	2-3years	3-5years	above 5 y.	Total Interest-bearing assets	Non-interest positions	Total assets
1. In cash and in equivalents	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**750 749**	**750 749**
1.1. In cash	0	0	0	0	0	0	0	0	0	146 698	146 698
1.2. Current account with BNB and MSR	0	0	0	0	0	0	0	0	0	604 051	604 051
2. Portfolio securities	**34 003**	**21 125**	**13 429**	**1 623**	**27 267**	**17 113**	**22 931**	**59 832**	**197 322**	**0**	**197 322**
3. Deposits with banks	**179 538**	**7 425**	**0**	**0**	**0**	**0**	**0**	**0**	**186 963**	**4**	**186 967**
4. Reverse repo transactions	**1 324**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1 324**	**0**	**1 324**
5. Loan portfolio	**2 375 269**	**30 201**	**64 587**	**169 022**	**1 891**	**8 975**	**8 470**	**16 517**	**2 674 931**	**25 757**	**2 700 688**
5.1. Fixed interest	3	89	30	179	1 891	8 975	8 470	16 517	36 154	0	36 154
5.2. Floating	2 375 266	30 111	64 557	168 843	0	0	0	0	2 638 777	25 757	2 664 534
6. Shares with brokers and compensatory instruments	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**4 178**	**4 178**
7. Invest. portfolio (shares)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**6 033**	**6 033**
8. Other assets	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**113 443**	**113 443**
Total	**2 590 134**	**58 751**	**78 016**	**170 645**	**29 158**	**26 089**	**31 400**	**76 349**	**3 060 541**	**900 164**	**3 960 705**
Off-balance sheet	**190 565**	**5 198**	**0**	**0**	**0**	**3 912**	**0**	**0**	**199 675**	**0**	**199 675**

LIABILITIES	Up to 1 month	1-3 months	3-6 months	6-12 months	1-2 years	2-3years	3-5years	above 5 y.	Total interest liabilities	Non-interest positions	Total liabilities
1. Deposits of banks	**378 229**	**19 846**	**13 740**	**19 640**	**89**	**210**	**0**	**0**	**431 754**	**0**	**431 754**
1.1. Current accounts	147 666	0	0	0	0	0	0	0	147 666	0	147 666
1.2. Time deposits	230 563	19 846	13 740	19 640	89	210	0	0	284 088	0	284 088
1.3. Repo deals	0	0			0	0	0	0	0	0	0
2. Deposits of non-finacial instit.	**2 129 950**	**214 683**	**131 874**	**125 760**	**1 347**	**6 319**	**0**	**0**	**2 609 933**	**0**	**2 609 933**
2.1. Current accounts	1 688 669	0	0	0	0	0	0	0	1 688 669	0	1 688 669
2.2. Time deposits	441 281	214 683	131 874	125 760	1 347	6 319	0	0	921 264	0	921 264
2.3. Repo deals	0	0	0	0	0	0	0	0	0	0	0
3. Issued bonds	**0**	**0**	**0**	**0**	**275 583**	**40 000**	**0**	**0**	**315 583**	**0**	**315 583**
4. Other liabilities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**39 653**	**39 653**
5. Capital	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**563 782**	**563 782**
Total	**2 508 179**	**234 529**	**145 614**	**145 400**	**277 019**	**46 529**	**0**	**0**	**3 357 270**	**603 435**	**3 960 705**
Off-balance sheet	**190 288**	**5 112**	**0**	**0**	**0**	**3 532**	**0**	**0**	**198 932**	**0**	**198 932**

Difference	*82 233*	*-175 692*	*-67 598*	*25 245*	*-247 861*	*-20 061*	*31 400*	*76 349*	*-295 987*
Difference with accrual		*-93 460*	*-161 058*	*-135 813*	*-383 675*	*-403 736*	*-372 336*	*-295 987*	

The interest rate risk is measured separately for each of the major currencies, in which the bank has active operations and also as total exposure. The measuring is based on an analysis of the mismatching between the interest-sensitive assets and liabilities by standardized time intervals, considering historical trends and stress-test scenarios. A limit is adopted for the maximum amount of the bank's total exposure under this type of risk.

Currency risk

This is the risk, the bank to sustain losses due to fluctuations of market prices of different currencies, which it works with. UBB balance sheet structure includes assets and liabilities, denominated in different currencies.

The table below gives information on the currency positions of the bank as of 31.12.2006.

	EUR	USD	BGN	OTHER	TOTAL
Assets					
Cash funds and accounts in the Central bank	584,641	11,326	146,709	8,073	750,749
Nostro accounts and loans and advances to banks	43,550	39,247	81,228	33,199	197,224
Trading securities	71,979	61,321	72,509	-	205,809
Securities available for sale	129	686	1,155	-	1,970
Investments in associates			4,062		4,062
Loans and advances to clients, net	1,055,860	21,760	1,629,396	-	2,707,016
Other assets	327	64	8,604	-	8,995
Long-term assets	-	-	84,881	-	84,881
TOTAL ASSETS	1,756,486	134,404	2,028,544	41,272	3,960,706
Liabilities					
Due to banks	89,835	11,677	266,695	14	368,221
Due to customers	953,564	296,525	1,338,078	36,842	2,625,009
Other liabilities	267	94	17,060	-	17,421
Deferred income tax liabilities	-	-	2,679	-	2,679
Long-term borrowings	240,044	-	143,555	-	383,599
TOTAL LIABILITIES	1,283,710	308,296	1,768,067	36,856	3,396,929
TOTAL EQUITY	-	-	563,777	-	563,777
NET BALANCE SHEET POSITION	472,776	(173,892)	(303,300)	4,416	-
NET OFF-BALANCE SHEET POSITION	(88,679)	117,346	(30,632)	(213)	(2,178)
CREDIT COMMITMENTS	228,966	155,640	138,499	23,000	546,105

The assets and liabilities of the bank are mainly in BGN and EUR. Upon the currently effective currency board in this country, upon the fixed exchange rate of BGN to EURO at a rate of 1.95583, the currency risk, undertaken by the bank mainly evolves from changes in the EUR/USD exchange rate and to a smaller extent from the exchange rates of other currencies to the Euro. The bank manages the risk of the open FX positions with the aim to minimize the possibility of loss in case of unfavorable exchange rates' fluctuations.

The maximum amount of the open positions as percentage of the capital base is regulated by Regulation 8 of BNB.

UBB additionally limits the FX risk, by approving maximum exposure limits, both with regard to balance sheet positions, expressed as mismatching between balance sheet assets, liabilities and off-balance sheet elements denominated in foreign currency, and with regard to daily operations on the financial markets.

For defining the above limits, the "Value at Risk" method developed by J.P.Morgan is used in the on-going process of exposure measuring.

UBB actively operates on the international financial markets. In order to reduce the risk of default on the obligations on the part of counter party banks and the risk of operations in unstable countries in economic and political aspect, the bank has approved and monitors the observation of limits for this type of exposures. Limits include 98 banks and 29 countries, as their minimum rating according to Moody's is Baa3. In Bulgaria UBB maintains active business relations only with first-class banks, according to this country's criteria. The above restrictions for selection of counter parties presuppose undertaking of medium credit risk.

ANNUAL REPORT OF THE UBB'S CONSOLIDATED COMPANIES

1. Review of the activity of the companies included in the consolidated report of UBB and main risks for the activity

UBB does not prepare reports on consolidated basis due to the fact that the assets of the only subsidiary of UBB - UBB Asset Management are quite below 1% of UBB's assets and that does not require preparation of reports on consolidated basis.

Transactions between UBB, its subsidiary UBB Assets Management and the associates - UBB Balanced Fund, UBB Premium Fund, UBB Platinum Fund and the associated with UBB - UBB AIG Insurance and Reinsurance Company, UBB AIG Life - Insurance company, maintaining current accounts and deposits, amount to BGN 12,728 000 and shares - BGN 4,169 000.

2. Important events, occurred after the date of the consolidated financial statement:

There are no reported important events, which have occurred after the date the annual report of the Bank.

3. Number and par value of the shares or stakes owned by UBB, by the company, by a subsidiary of its or by an individual, acting on his/her behalf, but at the expense of the company

Name: UBB ASSET MANAGEMENT EAD
Location: Sofia
Head Office address: Sofia, 5, St. Sofia Str., Vazrazhdane municipality
Number and batch of entry in the commercial register: No 83704, v. 1021, reg. I, p. 44, under company file No 4098 of Sofia City Court according to the inventory of 2004
Capital: BGN 330 000, including:
Share of Diethniki-Athens, member of NBG: 9,09%, or 27 270 shares, each of par value - BGN 1.
UBB participation in the company: 91.91%, or 272 730 shares, each of par value - BGN 1.

Name: UBB BALANCED FUND AD
Location: Sofia
Head Office address: Sofia, 5, St. Sofia Str., Vazrazhdane Municipality
Number and batch of entry into the commercial register: No 87998, v. 1108, reg. I, p. 62, under company file No 11245 of Sofia City Court according to the inventory of 2004.
Capital: BGN 4 055 200.
Participation in the company: BGN 1 460 200
Name: UBB Platinum Fund
Location: Sofia
Head Office address: Sofia, 5, St. Sofia Str., Vazrazhdane Municipality
Capital: 195 477.3389
Participation in the company: 107 508.2971 shares, price of repurchase BGN 9.7667

Name: UBB Premium Fund
Location: Sofia
Head Office address: Sofia, 5, St. Sofia Str., Vazrazhdane Municipality
Capital: 489 538.7900
Participation in the company: 100 121.4562 shares, price of repurchase BGN 9.9848

Name: UBB AIG LIFE Insurance Company AD
Location: Sofia
Head Office address: Bulgaria, Sofia, Triaditza region, postal code 1404, 75 Bulgaria blvd.
Number and batch of entry in the commercial register: No 108941 v. 1469, reg. I, p.143, under company file No 10677 of Sofia City Court according to the inventory dated 29.09.2006.
Capital: BGN 6 000 000.
Participation in the company: BGN 1 800 000

UBB - AIG Insurance and Reinsurance Company AD
Location: Sofia
Head Office address: Sofia 1000, Oborishte region, 4, Iskar Str.

Number and batch of entry in the commercial register: No 108888, v. 1469, reg. I, p. 179, under company file No 10676 of Sofia City Court according to the inventory of 2006.
Capital: 5 400 000
Participation in the company: BGN 1 620 000.

Used financial instruments

a) the aims and policy of the company on financial risk management, incl. hedging policy.

In 2006 the subsidiary UBB Asset Management and the associates - UBB Balanced Fund, UBB Premium Fund, UBB Platinum Fund and the associated with UBB - UBB AIG Insurance and Reinsurance Company, UBB AIG Life Insurance Company, maintaining current accounts and deposits, used no derivatives for hedging purposes.

b) Exposure of the company with regard to price, credit, liquidity and cash flow risks

The capital exposures of the subsidiary UBB Asset Management and the associates - UBB Balanced Fund, UBB Premium Fund, UBB Platinum Fund and the associated with UBB - UBB AIG Insurance and Reinsurance Company, UBB AIG Life - Insurance company, maintaining current accounts and deposits, are reported in compliance with regulations, evolving from the requirements of Regulation No 8 on capital adequacy.

CORPORATE GOVERNANCE

As a part of its long-term objectives the Bank is committed to the principles and implementation of good corporate governance. The Bank recognizes the valuable contribution that strong corporate governance makes to business prosperity and to ensuring accountability to its shareholders.

The Board ensures, that the Bank is managed in a way, that maximizes long-term shareholders' value and that also takes into account the interests of all its shareholders, bondholders and the other stakeholders.

In accordance with the Corporate Governance Programme the Bank has been established an active and transparent process of strategic decision making.

The Code of UBB officers' Ethics and special internal rules clearly define and handle the prevention of conflicts of interest and the bank secrecy security.

The Board of Directors

The Bank places considerable emphasis on the appointments of Directors, and the essential role in adding value to the Bank's strategic decision making, as well as in monitoring the Bank's progress.

Communication with Shareholders

The Bank is committed to the equitable treatment of all its shareholders. In so far as practicable, the Bank ensures equality of access to information for all shareholders. Shareholders are provided with full year accounts to help them keep up to date on the performance and progress of the Bank. The General Meeting of Shareholders provides an opportunity for shareholders to ask questions to the Directors.

The Bank believes, that full disclosure and transparency in its operations are in the interests not only of its own good governance, but also in the interests of a sound and stable banking sector. The Bank's communication policy reflects this belief.

Performance Reporting and Internal Financial Control

The Board's report on the performance and prospects of the Bank is included in this annual report. The Board acknowledges, that it has ultimate responsibility for ensuring that the Bank has appropriate financial control systems. The objectives of these systems are to provide reasonable assurance of:

- identification and management of key business risks,
- the safeguarding of assets against unauthorized use,
- the maintenance of proper accounting records and reliability of financial information used for publication, and
- compliance with legal and regulatory requirements.

It should be noted that such financial control systems could provide only reasonable and not absolute assurance against material misstatements or losses.

Financial Control, Data Processing and Monitoring

Financial and other authorization limits have been set and procedures for approving capital expenditure have been established. The Board approves strategic plans and detailed annual budgets and reviews monthly performance against these budgets.

The internal audit function monitors the internal financial control system across all branches and departments of the Bank and reports directly to the Board of Directors.

A functioning procedure, through which all UBB employees can inform about issues concerning incorrect representation of accounting information or information on the basis of which the independent financial audit takes place or reports to the supervisory bodies are established.

STATEMENT OF MANAGEMENT RESPONSIBILITIES

The Bulgarian National Bank encourages the management to prepare financial statements in accordance with International Accounting Standards.

In preparing these financial statements the management should ensure that:

- accounting policies have been suitably selected and applied consistently,
- judgments and estimates are reasonable and prudent, and
- International Accounting Standards have been followed, subject to any material items disclosed and explained in the financial statements.

Management confirms that they have complied with the above requirements in preparing the financial statements.

Management is responsible for keeping proper accounting records, which disclose with reasonable accuracy, at any time, the financial position of the Bank. It is also responsible for safeguarding the assets of the bank and, hence, for taking reasonable steps for the preparation and detection of fraud and other irregularities.

IFRS Annual Financial Statements

UBB
A Member of NBG Group

annual report 2006

Deloitte Audit Ltd.
55, Al. Stamboliiski Blvd.
Sofia 1000
Bulgaria

Phone: +359 (0) 2 980 8500
Fax: +359 (0) 2 980 0436
www.deloitte.bg

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
United Bulgarian Bank AD

Report on the financial statements

We have audited the accompanying financial statements of United Bulgarian Bank AD ("the Bank"), which comprise the balance sheet as of December 31, 2006, and the income statement, statement of changes of shareholders' equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, as endorsed by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assesment of the risk of material misstatement of financial statements, whether due to fraud or error. In making those risk assesments, the auditor considers internal control revelant to the Bank's preparations and fair presentation of the 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 presentaion of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Bank as of December 31, 2006, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standarts, as endorsed by the European Union.

Deloitte Audit OOD

Sylvia Peneva
Managing Director
Registred Certified Public Accounting

March 27, 2007
Sofia

UNITED BULGARIAN BANK AD, SOFIA

BALANCE SHEET
As of December 31, 2006
All amounts are in thousand Bulgarian Levs, except otherwise stated

	Notes	As of 31.12.2006	As of 31.12.2005
ASSETS			
Cash and balances with Central bank	4	750,749	496,733
Loans and advances to banks	5	195,322	404,719
Loans and advances to customers, net	6	2,708,918	2,014,457
Trading assets	7	205,809	178,581
Derivative financial instruments	8	746	1 921
Investment assets available for sale	9	1,970	882
Investments in associates	10	4,062	792
Intangible assets	11	11,831	16,222
Fixed assets	11	73,050	64,848
Deferred income tax assets	17	573	821
Other assets	12	7,676	4,469
TOTAL ASSETS		3,960,706	3,184,445
LIABILITIES			
Due to banks	13	195,321	185 451
Due to customers	14	2,797,909	2,195,155
Derivative financial instruments	8	599	35
Bank borrowings	15	64,971	40,601
Debt securities in issue	16	318,628	318,063
Current income tax liabilities		8,926	4,766
Deferred income tax liabilities	17	2,679	5,683
Retirement benefit obligations	18	3,043	2,854
Other liabilities	19	4,853	4,704
TOTAL LIABILITIES		3,396,929	2,757,312
NET ASSETS		563,777	427,133
SHAREHOLDERS' EQUITY			
Share capital	20	75,964	75,964
Retained earnings	22	471,895	336,009
Revaluation reserves	23	15,918	15 160
TOTAL SHAREHOLDERS EQUITY		563,777	427,133
TOTAL SHAREHOLDERS EQUITY AND LIABILITIES		3,960,706	3,184,445
Contingent liabilities and commitments	24	546,105	210,258

These financial statements have been approved for issue by the Board of Directors and signed on its behalf by:

Stilian Vatev, CEO

Radka Toncheva, Executive Director

March 27, 2007

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

UNITED BULGARIAN BANK AD, SOFIA

STATEMENT OF INCOME
For the year ended December 31, 2006
All amounts are in thousand Bulgarian Levs, except otherwise stated

	Note	Year ended 31.12.2006	Year ended 31.12.2005
Interest and similar income		264,070	216,333
Interest expenses and similar charges		(58,622)	(35,862)
Net interest income	26	205,448	180,471
Fee and commission income		75,746	60,132
Fee and commission expenses		(7,282)	(5,932)
Net fee and commission income	27	68,464	54,200
Dividend income		141	9
Net trading income	28	7,686	10,763
Net other operating income	29	5,698	3,089
		287,437	248,532
Net allowances for impairment and uncollectability	30	(10,377)	(22,680)
General administrative expenses	31	(118,397)	(109,289)
		(128,774)	(131,969)
Profit before taxation		158,663	116,563
Income tax expenses	32	(23,536)	(17,649)
NET PROFIT		135,127	98,914

These financial statements have been approved for issue by the Board of Directors and signed on its behalf by:

Stilian Vatev, CEO

Radka Toncheva, Executive Director

March 27, 2007

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

UNITED BULGARIAN BANK AD, SOFIA

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the year ended December 31, 2006
All amounts are in thousand Bulgarian Levs, except otherwise stated

	Share Capital	Retained Earnings	Revaluation reserve	Total
Balance as of January 1, 2005	75,964	237,027	15,228	328,219
Net profit for the year at December 31, 2005	-	98,914	-	98,914
Transfer from revaluation reserve for fixed assets sold	-	68	(68)	-
Balance as of December 31, 2005	75,964	336,009	15,160	427,133
Net profit for the year at December 31, 2006		135,127		135,127
Transfer from revaluation reserve for fixed assets sold	-	759	(759)	-
Unrealised gains/losses on available for sale securities (AFS) - net of tax	-	-	782	782
Effect from reduction in tax rates on deferred taxes regarding prior years' revaluations	-		735	735
Balance as of December 31, 2006	75,964	471,895	15,918	563,777

Retained earnings as of December 31, 2006 include an undistributable part amounting to BGN 328,533 thousand and a distributable part amounting to BGN 143,362 thousand.

These financial statements have been approved for issue by the Board of Directors and signed on its behalf by

Stilian Vatev, CEO

Radka Toncheva, Executive Director

March 27, 2007

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

UNITED BULGARIAN BANK AD, SOFIA

STATEMENT OF CASH FLOWS
For the year ended December 31, 2006
All amounts are in thousand Bulgarian Levs, except otherwise stated

	Notes	Year ended 31.12.2006	Year ended 31.12.2005
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		158,663	116,563
Adjustments to reconcile profit before taxation to net cash provided by operating activities:			
Allowances for impairment and uncollectability charge for the period		20,259	26,221
Allowances for staff obligations		566	2,979
Depreciation		17,218	18,258
Income from investments		(306)	-
Accrued interest		622	(3,962)
Income taxes paid		(15,929)	(12,278)
Change in deferred taxes		(2,756)	(715)
		178,337	147,066
Change in operating assets:			
(Increase)/decrease in placements with other banks		(2,190)	749
(Increase) in loans and advances to customers		(713,067)	(555,640)
Increase in trading securities		(22,918)	(14,025)
Increase in other assets		(1,630)	(2,973)
Change in operating liabilities:			
Increase in amounts deposits from banks		8,623	168,166
Increase in amounts due to other depositors		597,430	426,452
(Decrease) in other liabilities		(4,430)	(6,049)
NET CASH PROVIDED BY OPERATING ACTIVITIES		40,155	163,746
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(20,696)	(8,555)
Increase of securities available for sale		(3,270)	(1,159)
NET CASH USED IN INVESTING ACTIVITIES		(23,966)	(9,714)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in long term debt		19,860	279,169
Dividends paid		-	-
NET CASH PROVIDED BY FINANCING ACTIVITIES		19,860	279,169
NET INCREASE IN CASH AND CASH EQUIVALENTS		36,049	433,201
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		902,270	469,069
CASH AND CASH EQUIVALENTS AT END OF YEAR	25	938,319	902,270

These financial statements have been approved for issue by the Board of Directors and signed on its behalf by:

Stilian Vatev, CEO

Radka Toncheva, Executive Director

March 27, 2007

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2006
All amounts are in thousand Bulgarian Levs, except otherwise stated.

1. GENERAL

United Bulgarian Bank AD, Sofia ("UBB" or the "Bank") is a joint stock company registered in Bulgaria in September 1992. In July 2000 National Bank of Greece acquired 89.9% of the Bank's capital and on July 20, 2004 acquired another 10%.

The Bank has a license granted by the Bulgarian National Bank (the ("Central Bank" or "BNB") to take deposits in local and foreign currency, trade with foreign currencies, trade with and invest in treasury bonds and other securities and perform other banking operations. The Bank is allowed to maintain its activities both locally and internationally. International activities of the Bank are related to "nostro" accounts transactions, placements with foreign contracting parties, dealing securities portfolio and foreign exchange contracts.

During the period, the Bank's operations were conducted through a head office located in Sofia and 145 branches and 28 offices throughout Bulgaria.

Full-time equivalent of employees as of December 2006 was 2,237 (2005:2,082).

These financial statements have been approved for issue by the Board of Directors on March 27, 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1. Basis of presentation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). IFRS as adopted by the EU do not currently differ from IFRS as issued by the International Accounting Standards Board (IASB), except for certain hedge accounting requirements under IAS 39, which have not been endorsed by the EU. The Bank has determined that the unendorsed hedge accounting requirements under IAS 39 would not impact the financial statements had they been endorsed by the EU at the balance sheet date.

The financial statements are stated in Bulgarian Lev (rounded to the nearest thousand), the currency of the country in which Bank is incorporated. The financial statements have been prepared under the historical cost convention as modified by the revaluation of available for sale securities, financial assets and liabilities held for trading, all derivative contracts measured at fair value and the revaluation of land and buildings, as discussed further below.

The presentation of financial statements in conformity with IFRS requires management to make the best estimates and reasonable assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the Financial Statements and the reported amounts of revenues and expenses during the reported period. Use of available information application of judgement are inherent in the formation of estimates in following areas: valuation of OTC derivatives, unlisted securities, retirement benefit obligation, impairment of loans and receivables, open tax years and litigation. These estimates and assumptions are based on the information available as of the date of the financial statements and the future actual results could differ from those estimates and the differences may be material to the financial statements.

Where necessary, corresponding figures have been reclassified to conform to changes in the presentation of the current year.

Changes of accounting policies arising from the implementation of new IFRS and revised IAS effective from 1 January 2006

The Bank has undertaken a detailed analysis of the revised standards in order to identify and implement the relevant changes. The new IFRS and revisions of the extent IAS applicable to the Bank's operations have been implemented with effect from 1 January 2006. There have been no material effects on the financial statement as a result of the implementation.

2.2. Interest income and expense

Interest income and expense is recognized on a time proportion basis using effective interest rate method as amortization of any difference between the amount at initial recognition of the respective asset or liability and the amount at maturity. Loan origination fees are deferred as part of the effective interest.

For loans originated by the Bank and liabilities to depositors, where the interest is calculated on a daily basis by applying contracted interest rate to the outstanding balance, the effective interest rate is considered to be approximately equal to the contracted interest rate because of the nature of the contracts' terms.

The recognition of interest income ceases when payment of interest or principal is overdue for more than 90 days. Interest is included in income thereafter only when it is received. Loans are returned to the accrual basis only when doubt about collectability is removed and when the outstanding arrears of interest and principal are received.

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

2.3. Fee and commission income

Fees and commissions consist mainly of fees received for cash and money transactions, loans, guarantees and letters of credit. Fees and commissions are generally recognised on an accrual basis over the period the service is provided. Fees and commissions receivables and liabilities are accrued when earned or become due. Loan commitment fees for loans that are likely to be drawn down are deferred and recognised as an adjustment to the effective interest rate on the loan.

2.4. Foreign currency translation

Transactions denominated in foreign currencies have been translated into BGN at the exchange rates set by the Bulgarian National Bank at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated at the balance sheet date using the closing rates of exchange of the Bulgarian National Bank.

Significant exchange rates are as follows:

Currency	31.12.2006	31.12.2005
EUR	1.95583	1.95583
USD	1.48506	1.65790

Foreign exchange gains and losses, resulting from the settlement of foreign currency transactions and from translation of assets and liabilities, are recognized in the income statement in the period they are incurred.

Effectively from January 1, 1999 the Bulgarian Lev was tied to the Euro, the European Union currency, at the rate of Euro 1 to BGN 1.95583. All other foreign currency exchange rates movements against the Bulgarian Lev reflect their movements against the Euro on the international markets.

2.5. Regular way purchases and sales

In case of regular way purchases and sales of financial assets the Bank uses "settlement date" accounting.

2.6. Loans and advances

Loans originated by the Bank include loans where money is provided directly to the borrower, other than those that are originated with the intent to be sold, in which case they are recorded as assets held for trading, available for sale investment securities or as held to maturity, as appropriate.

Loans originated by the bank are recognized when cash is advanced to borrowers. They are initially recorded at cost, and are subsequently valued at amortized cost.

Loans and advances originated by the Bank are stated in the balance sheet at amortized cost less any allowance for impairment or uncollectability. The amortization is calculated using the effective interest rate, which for most of the loans approximates the contracted interest rate because of the nature of the lending agreements.

Interest on loans originated by the Bank is included in interest income and is recognized on an accrual basis. Fees and direct costs related to a loan origination, financing or restructuring and to loan commitments are treated as part of the cost of the transaction and are deferred and amortized to interest income over the life of the loan.

2.7. Allowances for impairment and uncollectability

Allowances for impairment or uncollectability are determined as the difference between the carrying amount of a financial asset and its estimated recoverable amount.

Allowances for impairment and uncollectability for loans to customers, banks and financial institutions, which are originated by the Bank and 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. Cash flows relating to short term loans up to 1 year are not discounted as the possible resulting difference is deemed immaterial. Management determines the expected future cash flows based upon reviews of individual borrowers and loan exposures and other relevant factors including the fair value of collateral, if any.

Any difference between the carrying amount and recoverable amount of the financial assets (loss on impairment and uncollectability) is charged to the income statement for the period it occurs.

A reversal of any loss on impairment and uncollectability is taken to income for the period it occurs. Recoveries of amounts previously written off are treated as income by reducing the allowances for uncollectability for the year.

For the purpose of a collective evaluation of impairment, loans are grouped on the basis of similar credit risk characteristics. Loans are grouped based on days in arrears, product type and other relevant credit characteristics. Those characteristics are relevant to the estimation of future cash flows for pools of loans by being indicative of the debtors' ability to pay all amounts due and together with historical loss experience for loans with credit risk characteristics similar to those in the pool form the foundation of the loan loss allowances computation. Historical loans experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which historical loss experience is based and to remove the effects and conditions in the historical period that do not exist currently.

Loans and advances that cannot be recovered are written off and charged against the balance sheet 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.

2.8. Trading securities

Trading securities are securities, which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio in which a pattern of short-term profit taking exists. Trading securities are initially recognized at cost and subsequently re-measured at fair value. The determination of fair value of trading securities is based on quoted market prices, dealer price quotation and pricing models, as appropriate. The marketable securities are carried at fair value based on quoted bid prices. Gains and losses on disposal or redemption and unrealised gains or losses from changes in the fair value are included in net trading income. Interest earned whilst holding trading securities is reported as interest income. Dividends received are included in other operating income. Trading securities also include securities sold under sale and repurchase agreements.

Securities transactions are recorded in the balance sheet on a settlement date basis.

2.9. Investment securities

Investment securities are classified as either available for sale or held to maturity investment securities based on management intention on purchase date.

Securities intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices, are classified as available for sale. Securities available for sale are those financial assets that are not classified as financial assets held for trading or held to maturity investments. Securities are initially recognised at cost and subsequently re-measured at fair value based on quoted bid prices in active markets, dealer price quotations or discounted expected cash flows. Unrealised gains and losses arising from the changes in the fair value of securities are recognised in the revaluation reserve in shareholders' equity, net of taxes (where applicable), until such investment is sold, collected or otherwise disposed of, or until such investment is determined to be impaired.

When an available for sale investment security is disposed of or impaired, the accumulated unrealised gain or loss included in shareholders' equity is transferred to the income statement for the period and reported as gains/losses from investment securities. Gains and losses on disposal are determined using the moving average cost method.

Part of this portfolio consists of equity investments in shares of enterprises. Subsequently to the initial recognition, equity securities available for sale are re-measured at fair value based on quoted prices or amounts derived from applicable cash flow models. When quoted market prices are not readily available, the fair value is estimated using other applicable valuation models to reflect the specific circumstances of the issuer.

Held to maturity investment securities consists of securities with fixed or determinable payments, which the management has the positive intend and ability to hold to maturity. Held to maturity investment securities are carried at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any fees, points paid or received and any discount or premium on acquisition.

Interest income earned whilst holding investment securities is reported as interest income. Dividends received are included in other operating income.

2.10. Derivative financial instruments

Derivative financial instruments including foreign exchange contracts, forward rate agreements, currency and interest rate swaps, interest rate futures, currency and interest rate options (both written and purchased) and other derivative financial instruments are initially recognised in the balance sheet at cost and subsequently are re-measured at their fair value. All derivatives are carried in assets when favourable to the Bank and in liabilities when unfavourable to the Bank. Fair values are obtained from quoted market prices, dealer price quotations, discounted cash flow models and options pricing models, as appropriate. Where the Bank enters into derivative instruments used for trading purposes, realised and unrealised gains and losses are recognised in trading income.

A derivative may be embedded in another financial instrument, known as "host contract". In such combinations, the derivative instrument is separated from the host contract and treated as a separate derivative, provided that its risks and economic characteristics are not closely related to those of the host contract.

When the Bank uses derivative instruments as part of its asset and liability management activities to manage exposures to interest rate, foreign currency and credit risks, including exposures arising from forecast transactions, applies either fair value or cash flow hedge accounting when transactions meet the specified criteria to obtain hedge accounting treatment. The Bank's criteria for a derivative instrument to be accounted for as a hedge include:

- at inception of the hedge, there is formal designation and documentation of the hedging instrument, hedged item, hedging objective, strategy and relationship;
- the hedge is documented showing that it is expected to be highly effective in offsetting the risk in the hedged item throughout the hedging period. A hedge is considered to be highly effective when the Bank achieves offsetting changes in fair value between 80 percent and 125 percent for the risk being hedged; and
- the hedge is highly effective on an ongoing basis.

2.11. Sale and repurchase agreements

Securities sold subject to repurchase agreements ('repos') are reclassified in the financial statements as pledged assets when the transferee has the right by contract or custom to sell or repledge the collateral and the counterparty liability is included in the deposits from banks or customers as appropriate. Securities purchased under agreements to resell ('reverse repos') are recorded as due from other banks or loans and advances to customers as appropriate. The difference between sale and repurchase prices is treated as interest and is recognized under the effective interest rate method over the life of repurchase agreements using the effective interest rate method.

2.12. Property and equipment

Property and equipment include land and buildings, leasehold improvements and transportation and other equipment, held by the Bank for use in the supply of services or for administrative purposes. Property and equipment are initially recorded at cost, which includes all costs that are required to bring an asset into working condition.

Costs incurred subsequent to the acquisition of an asset, which is classified as property and equipment are capitalised, only when it is probable that they will result in future economic benefits beyond those originally anticipated for the asset, otherwise they are expensed as incurred.

Lands and buildings comprise mainly branches and offices. Lands and buildings have been revalued to fair value at December 31, 2003 based on calculation by external independent valuers and are carried at revalued amounts less subsequent accumulated depreciation. The frequency of such revaluations is at least once every five years or, if necessary, when the fair value of fixed assets is materially different from their carrying value.

Increases in the carrying value arising from revaluation are credited to a revaluation reserve in shareholders' equity. Decreases that offset previous increases are charged against the revaluation reserve. All other decreases are charged to the income statement.

All fixed assets except land and buildings are carried at cost less accumulated depreciation.

Depreciation of an item of property and equipment begins when it is available for use and ceases only when the asset is derecognised. Therefore, the depreciation of an item of property and equipment that is retired from active use does not cease unless it is fully depreciated.

Depreciation of an item of property and equipment is calculated on a straight-line basis over their estimated useful lives. Following change in corporate tax legislation the Bank is allowed to adopt a policy for tax depreciation rates within certain limits set in the Corporate Tax Law. The rates of depreciation are as follows:

	Accounting depreciation rates	Taxation depreciation rates
Land	No depreciation	No depreciation
Buildings	4%	4%
Security facilities	10%	4%
POS Terminals	30%	15%
Equipment	20%	30%
Servers and personal computers	30%	50%
Furniture and related equipment	15%	15%
Cars	20%	25%
Leasehold improvements	15%	15%
Software	20%	50%

Gains or losses on disposals are determined by reference to their carrying value and taken into account in determining profit.

Repairs and maintenance are charged to the income statement when the expenditure is incurred.

Foreclosed assets, which consist of properties acquired through foreclosure in full or partial satisfaction of a related loan, are initially measured at cost, which includes transaction costs, and reported under other assets. After initial recognition foreclosed assets are re-measured at the lower of their carrying amount and fair value less estimated costs to sell. Any gains or losses on liquidation of foreclosed assets are included in other operating income.

2.13. Intangible assets

Intangible assets include computer software and other intangible assets that comprise of separately identifiable intangible items.

Computer software includes costs that are directly associated with identifiable and unique software products that are anticipated to generate future economic benefits exceeding costs beyond one year. Expenditure, which enhance or extends the performance of computer software programs beyond their original specifications is recognised as a capital improvement and added to the original cost of the software. Computer software development costs recognised as assets, are amortised using the straight-line method over their useful lives, not exceeding period of 5 years.

Expenditures on starting up an operation or branch, training personnel, advertising and promotion and relocating or reorganizing part or the entire Bank is recognised as an expense when it is incurred.

2.14. Employee benefits

Defined benefit plans

A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation. For defined benefit plans, the pension liability is the present value of the defined benefit obligation at the balance sheet date minus the fair value of the plan assets, including any adjustments for unrecognised actuarial gains/losses and past service costs. The Bank follows the "corridor" approach of IAS 19 "Employee Benefits" according to which a certain amount of actuarial gains and losses remains unrecognised and is amortised over the average remaining service lives of the employees participating in the plan.

The defined benefit obligation is calculated by independent actuaries on an annual basis, using the projected unit credit method. The present value of the defined obligation is determined by the estimated future cash outflows using interest rates of government securities, which have terms to maturity approximating the terms of the related liability. Pension costs are charged or credited to the income statement over the service lives of the related employees.

Defined contribution plans

A defined contribution plan is a pension plan under which the Bank pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees' benefits relating to employee service in the current and prior periods. Contributions to defined contribution plans are charged to the income statement in the year to which they relate and are included in staff costs.

2.15. Income taxes

Taxes currently due are calculated in accordance with the Bulgarian legislation. Income tax was computed on the basis of taxable profit, calculated by adjusting the statutory financial result for certain income and expenditure items as required under Bulgarian law.

Deferred income taxes are provided using the balance sheet liability method of accounting, under which deferred tax consequences are recognised for differences between the tax bases of assets and liabilities and their carrying value for financial reporting purposes. Any tax effects related to transactions and other events recognized in the income statement are also recognized in the income statement and tax effects related to transactions and events recognized directly in equity are 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). Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available, against which the deductible temporary difference can be utilized.

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 that is recognized in the same or different period, directly in equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted at the balance sheet date.

2.16. Provisions for guarantees and other off-balance sheet credit related commitments

The amount of provisions for guarantees and other off-balance sheet credit related commitments is recognized as expense and liability when the Bank has present legal or constructive obligations, which have occurred as a result of a past event, and when it is probable that an outflow of resources, embodying economic benefits, will be necessary to settle the obligation and a reasonable estimate of the amount of the resulting loss can be made. Any loss resulting from recognition of provision for liability is recognized in the income statement for the period.

2.17. Borrowings

Borrowings are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between proceeds net of transaction costs and redemption value at maturity is recognised in the income statement over the period of the borrowings using the effective interest method.

2.18. Fair Value Disclosure

International Accounting Standard 32 Financial Instruments: Disclosure and Presentation (IAS 32) provides for the disclosure in the notes to the financial statements of information about the fair value of financial assets and liabilities. Fair value for this purpose is defined as the amount, for which an asset can be exchanged or a liability settled, between knowledgeable, willing parties in an arms length transaction. It is the policy of the Bank to disclose fair value information on those assets or liabilities, for which published market information is readily available and where the fair value is materially different from their recorded amounts. Sufficient market experience, stability and liquidity do not currently exist for loans and advances to customers and certain other financial assets or liabilities, for which published market information is not readily available. Accordingly, fair value cannot be reliably determined. In the opinion of management, the reported carrying amounts are the most valid and useful reporting value in the circumstances.

2.19. Earnings per share

A basic earning per share (EPS) ratio is calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

2.20. Cash and cash equivalents

Cash and cash equivalents for the purposes of the cash flow statement include cash and NOSTRO accounts and loans and advances to other banks with a maturity of less than 90 days, including balances with the Bulgarian National Bank.

2.21. Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

3. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO EXISTING STANDARDS EFFECTIVE IN FUTURE PERIODS

The new standards, amendments and interpretations to existing standards, affecting the Bank's financial statements, that have been issued and effective for accounting periods beginning on or after 1 January 2007 are as follows:

- IFRS 7, "Financial Instruments: Disclosures", and a complementary amendment to IAS 1, "Presentation of Financial Statements - Capital Disclosures" (effective from 1 January 2007). IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces IAS 30, "Disclosures in the Financial Statements of Banks and Similar Financial Institutions", and disclosure requirements in IAS 32, "Financial Instruments: Disclosure and Presentation". It is applicable to all entities that report under IFRS. The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The Bank assessed the impact of IFRS 7 and the amendment to IAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and the capital disclosures required by the amendment of IAS 1. The Bank intends to apply IFRS 7 and the amendment to IAS 1 from annual periods beginning 1 January 2007.

- IFRS 8 "Operating Segments" (effective from 1

January 2009). This standard changes the way the segment information is measured and disclosed and requires identification of operating segments on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segments and to assess performance. The Bank has decided to apply this standard for the annual period beginning on 1 January 2009.

The above changes affect mainly presentation of information in the bank's financial statements.

4. CASH AND BALANCES WITH THE CENTRAL BANK

	As of 31.12.2006	As of 31.12.2005
Cash in hand	146,698	108,896
Minimum reserve with the Central Bank	201,274	82,504
Additional required reserve with the Central Bank	358,094	212,826
Current account with the Central Bank	44,683	91,063
Money in transfer	-	1,444
TOTAL	750,749	496,733

The current account with the Central Bank in BGN is used for direct participation in the money and treasury bills markets and for settlement purposes.

Minimum reserve is a part of required reserves in Central bank, which also includes current account with BNB. Since 2004 cash in hand is not anymore included in minimum reserve for regulatory purposes. During 2005 Bulgarian National Bank has changed the regulation in order to restrict credit expansion which requires additional reserve for exceeding specified maximum growth in loans and advances to customers. Required reserves are not interest bearing and their use is unrestricted. Such reserves are regulated on a monthly basis and their insufficiency carries penalty interest. Daily fluctuations within a month period are allowed.

5. LOANS AND ADVANCES TO BANKS

	As of 31.12.2006	As of 31.12.2005
Nostro accounts	11,987	37,893
Interbank placements	175,356	337,113
Securities purchased under agreements to resell	-	23,082
Pledged amounts	7	927
Other due to banks	7,972	5,704
TOTAL	195,322	404,719
Included in cash equivalents	187,570	405,537

6. LOANS AND ADVANCES TO CUSTOMERS, NET

(a) Analysis by type of customer

	As of 31.12.2006	As of 31.12.2005
Individuals (retail)		
Overdrafts	18, 874	17,032
Credit cards	118,555	82,098
Mortgages	582,477	368,450
Consumer loans	653,222	451,919
	1,373,128	919,499
Corporate entities		
Non-bank financial institutions	1,902	5,993
Corporate customers	1,374,114	1,135,970
Governement and agencies	1,439	2,255
	1,377,455	1,144,218
Total loans and advances, gross	2,750,583	2,063,717
Less:allowance for impairment	(41,665)	(49,260)
Loans and advances to customers, net	2,708,918	2,014,457
Pledged loans under mortgage bonds issued (note 16)	45,648	45,058

The loan portfolio includes no loans granted to parties outside Bulgaria.

(b) Analysis by loan product

	As of 31.12.2006	As of 31.12.2005
Overdrafts		
performing	17,524	16,628
non-performing	1,350	404
Less:allowance for impairment	(1,364)	(404)
	17,510	16,628
Credit cards	118,555	82,098
Less:allowance for impairment	(3,853)	(6,251)
	114,702	75,847
Mortgages		
performing	572,575	359,411
non-performing	9,902	9,039
Less:allowance for impairment	(4,910)	(5,476)
	577,567	362,974
Consumer loans		
performing	639,596	436,344
non-performing	13,626	15,575
Less:allowance for impairment	(16,800)	(20,421)
	636,422	431,498
Corporate loans		
performing	1,344,408	1,111,655
non-performing	22,780	23,817
Less:allowance for impairment	(14,738)	(16,708)
	1,352,450	1,118,764
Securities purchased under agreements to resell	1,324	5,192
Other loan and advances	8,943	3,554
Loans and advances to customers, net	2,708,918	2,014,457

(c) Movement of allowances for impairment and uncollectability

	BGN '000
BALANCE AS OF JANUARY 1, 2005	(40,468)
Allowances for impairment and uncollectability charge, net	(26,228)
Loans and advances written off as unrecoverable	17,436
BALANCE AS OF DECEMBER 31, 2005	(49,260)
Allowances for impairment and uncollectability charge, net	(20,259)
Loans and advances written off as unrecoverable	27,854
BALANCE AS OF DECEMBER 31, 2006	(41,665)

7. TRADING ASSETS

	As of 31.12.2006	As of 31.12.2005
Debt securities	201,640	177,435
Bulgarian government securities	143,686	146,277
Foreign government and corporate securities	6,529	3,662
Listed	6,529	3,662
Local corporate securities	51,425	27,496
Listed	22,108	19,722
Unlisted	29,317	7,774
Equity securities	4,169	1,146
Listed	4,169	1,146
TOTAL TRADING ASSETS		
Listed	176,492	170,807
Unlisted	29,317	7,774
	205,809	178,581
In Bulgarian Levs	72,509	63,237
In foreign currencies	133,300	115,344
	205,809	178,581
Pledged assets		
Collateral placement in Central bank for state funds	85,053	71,366
pledged under repurchase agreements	-	400
	85,053	71,766

All securities in the trading portfolio are debt instruments denominated in BGN, EUR and USD. Nearly all of the trading securities denominated in BGN carry fixed interest coupons of between 2.4% and 8.4%. The remaining BGN 1,134 thousand carry variable interest linked to the respective levels of SOFIBOR. Securities denominated in EUR predominantly carry fixed interest coupons between 2.7% and 7.5%. The remaining BGN 38,231 thousand carry variable interest linked to the respective levels of EURIBOR. Trading securities denominated in USD are predominantly with variable interest linked to the USD LIBOR. Trading securities include short-term, medium-term and long-term securities without any significant concentrations in terms of maturity and securities issues.

Securities amounting to BGN 85,053 thousand (2005: BGN 71,366 thousand) were pledged with the Central Bank for the purpose of serving as a collateral against the state funds deposited at the Bank, which are at approximately the same carrying amount.

8. DERIVATIVE FINANCIAL INSTRUMENTS

	31.12.2006			31.12.2005		
	Contract/ notional amount	Fair values		Contract/ notional amount	Fair values	
		Assets	Liabilities		Assets	Liabilities
Foreign exchange OTC derivatives	200,874	445	345	98,840	1,921	35
Currency forward agreements	24,056	28	15	12,705	29	35
Currency swaps	166,509	367	285	86,135	1,892	-
Currency options bought	5,197	50	-	-	-	-
Currency options embedded	5,112	-	45	-	-	-
				-	-	-
Index options	7,444	301	254	-	-	-
Index options bought	3,912	301	-	-	-	-
Index options embedded	3,532	-	254	-	-	-
	208,318	746	599	98,840	1,921	35

The derivative financial instruments used include short-term currency forwards and swaps. The Bank acts as an intermediary provider of these instruments to certain clients. During 2006 and 2005 the Bank has not used derivatives for hedging purposes.

9. INVESTMENT ASSETS AVAILABLE FOR SALE

Equity securities available for sale - at fair value	As of 31.12.2006	As of 31.12.2005
Equity securities in local entities	1,156	825
Listed	165	-
Unlisted	991	825
Equity securities in foreign entities	814	57
Listed	686	-
Unlisted	128	57
	1,970	882

Movement in AFS investments	
BALANCE AS OF JANUARY 1, 2005	41
-Exchange differences on monetary assets	-
-Additions within the period	666
-Gains/(losses) from changes in fair value	-
-Transferred from investment in associates	175
BALANCE AS OF DECEMBER 31, 2005	882
-Exchange differences on monetary assets	-
-Additions within the period	220
-Gains/(losses) from changes in fair value	868
BALANCE AS OF DECEMBER 31, 2006	1,970

10. INVESTMENTS IN ASSOCIATES

Company name	Country of incorporation	% of ownership	Number of shares	Currency of transaction	Acquisition cost at currency of transaction	Fair Value	Carrying amount
UBB Asset Management	Bulgaria	90%	300	BGN	300	300	300
UBB AIG Insurance and Reinsurance Company	Bulgaria	30%	1, 620	BGN	1,620	1,620	1,620
- Reserve funds							162
UBB AIG Life Insurance Company	Bulgaria	30%	1,800	BGN	1,800	1,800	1,800
- Reserve funds							180
Investment in associates					**3,720**	**3,720**	**4,062**

Movement in investment in associates	As of 31.12.2006	As of 31.12.2005
BALANCE AS OF JANUARY 1, 2005	-	-
-Additions within the period	800	474
-Dosposals	-	-
-Transfers	-	-
-Other	(8)	-
BALANCE AS OF DECEMBER 31, 2005	792	474
-Additions within the period	3,762	546
-Dosposals	(492)	-
-Transferred to investement available for sale	-	(175)
-Other	-	(53)
BALANCE AS OF DECEMBER 31, 2005	4,062	792

11. INTANGIBLE AND FIXED ASSETS

COST	Property, plant	Equipment and other FA	Total fixed assets	Intangible assets	Total
As of January, 1 2006	51,736	91,051	142,787	43,278	186 065
Additions	570	40,518	41,088	1,806	42,894
Disposals	(1,696)	(27,512)	(29,208)	(31)	(29,239)
As of December, 31 2006	50,610	104,057	154,667	45,053	199,720
DEPRECIATION					
As of January, 1 2006	16,512	61,427	77,939	27,056	104,995
Charge for 2006	2,268	8,753	11,022	6,197	17,218
Depreciation charged on disposals	(492)	(6,851)	(7,344)	(31)	(7,374)
As of December, 31 2006	18,288	63,329	81,617	33,222	114,839
NET BOOK VALUE	32,322	40,728	73,050	11,831	84,881
COST	Property, plant	Equipment and other FA	Total fixed assets	Intangible assets	Total
As of January, 1 2005	51,579	82,539	134,118	44,664	178,782
Additions	620	17,067	17,687	4,535	22,222
Disposals	(463)	(8,555)	(9,018)	(5,921)	(14,939)
As of December, 31 2005	51,736	91,051	142,787	43,278	186,065
DEPRECIATION					
As of January, 1 2005	14,425	51,641	66,066	21,943	88,009
Charge for 2005	2,262	10,789	13,051	5,208	18,259
Depreciation charged on disposals	(175)	(1,003)	(1,178)	(95)	(1,273)
As of December, 31 2005	16,512	61,427	77,939	27,056	104,995
NET BOOK VALUE	35,224	29,624	64,848	16,222	81,070

12. OTHER ASSETS

	As of 31.12.2006	As of 31.12.2005
Prepaid expenses	4,294	2,613
Assets acquired through foreclosure proceedings	1,588	1,187
Other claims against the state	904	-
Other items	890	669
TOTAL	7,676	4,469

13. DUE TO BANKS

	As of 31.12.2006	As of 31.12.2005
Sight deposits	64,328	11,642
Time deposits	130,948	142,332
Items in course of collection	-	31,293
Other due to banks	45	184
TOTAL	195,321	185,451

14. DUE TO CUSTOMERS

Analysis by customers

	As of 31.12.2006	As of 31.12.2005
Retail customers		
Current/demand accounts	250,249	178,609
Saving accounts	542,152	488,626
Time deposits	779,786	681,780
	1,572,187	1,349,015
Non-bank financial institutions		
Current/demand accounts	82,099	18,123
Time deposits	90,801	50,148
Repos		425
	172,900	68,696
Corporate entities		
Current/demand accounts	806,252	584,331
Time deposits	142,774	116,278
	949,026	700,609
Governement entities		
Current/demand accounts	45,926	33,871
Time deposits	57,870	42,964
	103,796	76,835
TOTAL	2,797,909	2,195,155

15. BANK BORROWINGS

	As of 31.12.2006	As of 31.12.2005
Credit lines from banks		
In Bulgarian Levs	21,197	9,998
In EURO	43,774	30,603
TOTAL	64,971	40,601

Analysis by utilization

Programmes	Currency	As of 31.12.2006	As of 31.12.2005
Energy efficiency			
Retail	BGN	1,500	-
Corporate/municipalities	EUR	17,230	13,304
		18,730	13,304
Rural Finance Facility	EUR	6,044	1,118
SMEs	BGN	19,697	9,998
	EUR	20,500	16,181
		40,197	26,179
TOTAL		64,971	40,601

16. DEBT SECURITIES IN ISSUE

	Currency	Date of issue	Date of maturity	Face value in thousands original currency	Interest type	Annual interest rate	Reported value at Dec, 31 2006
Mortgage bond	BGN	12.07.04	12.07.09	40,000	Fixed	6.62%	41,145
Corporate bond	BGN	15.07.05	15.07.08	80,000	Fixed	3.55%	81,212
EURO note	EURO	22.09.05	22.09.08	100,000	Fixed	2.75%	196,271
TOTAL							318,628

Mortgage bonds are collateralized with loans amounting to BGN 45,648 thousand and 45,058 thousand as of December 31, 2006 and 2005, respectively.

The two issues denominated in Bulgarian levs are traded on the Bulgarian Stock Exchange Sofia.

The issue price of the EURO Notes is 99.688 per cent of the principle amount. The Notes are traded on the London Stock Exchange.

17. DEFERRED INCOME TAX ASSET AND LIABILITIES

The amounts of deferred tax assets and liabilities in the balance sheet in respect of each type of temporary differences are as follows:

	As of 31.12.2006	As of 31.12.2005
Deferred tax assets:		
Other liabilities - unused paid leave	182	227
Retirement benefit obligations	304	428
Fixed assets - tax depreciation until 2000	87	166
Total deferred tax assets	573	821
Deferred tax liabilities:		
Investment securities - available for sale	87	-
Fixed assets revaluation	1,472	2,365
Fixed assets tax depreciation	1,120	1,999
Allowances for loss on loans	-	1,319
Total deferred tax liabilities	2,679	5,683
NET DEFERRED TAX LIABILITY	2,106	4,862
Aggregate deferred tax liability relating to items credited to revaluation reserves in equity:		
Opening	2,365	2,415
Changes in fair value of AFS investmets	87	
Transfer to retained earnings for fixed assets sold	(158)	(50)
Reduction in tax rate	(735)	
Closing	1,559	2,365

18. RETIREMENT BENEFIT OBLIGATIONS

	As of 31.12.2006	As of 31.12.05
Present value of unfunded obligations	4,217	2,773
Unrecognized actuarial gains / (losses)	(1,174)	81
Pension schemes	3,043	2,854
Component of P&L charge	As of 31.12.2006	As of 31.12.05
Current service cost	(150)	(148)
Interest cost on obligation	(151)	(130)
(Gains) / losses on curtailments / settlements	(8)	(2,685)
Pension costs - defined benefit plans	(309)	(2,963)
The principal actuarial assumptions used were as follows:	As of 31.12.2006	As of 31.12.2005
Discount rate	4.50%	5.50%
Rate of compensation increase	4.50%	5.00%
Average future working life	11.5	12.63
Movements in net Liability in Balance Sheet	As of 31.12.06	As of 31.12.05
At beginning of period	2,854	-
Benefits paid directly	(120)	(109)
Total expenses recognised in the Income Statement	309	2,963
Net Liability in the Balance Sheet	3,043	2,854

The defined benefit obligations above are linked only to obligation of the Bank to provide one-off limp sum payment are retirement, determined as a certain number of gross salaries, based on criteria for the duration of the employment contract of respective employees, as per local legislation.

19. OTHER LIABILITIES

	As of 31.12.2006	As of 31.12.2005
Creditors and suppliers	2,300	2,913
Payroll related accruals	1,515	1,137
Taxes payable - other than income taxes	625	201
Dividend payable	50	67
Amounts due to government agencies	307	374
Other	56	12
TOTAL	4,853	4,704

20. SHARE CAPITAL

The total authorized number of ordinary shares at year end was 75,964,082 shares with a par value of BGN 1 per share. All issued shares are fully paid, rank equally and have one voting right each.

21. EARNINGS PER SHARE

	As of 31.12.2006	As of 31.12.2005
Net profit for the year	135,127	98,914
Weighted average number of ordinary shares outstanding	75,964,082	75,964,082
EARNINGS PER SHARE	1.78	1.30

22. RETAINED EARNINGS

	As of 31.12.2006	As of 31.12.2005
Accummulated prior years' earnings at beginning of period	336,009	237,027
Net profit for the period	135,127	98,914
Dividends paid	-	-
Transfer from Revaluation reserve for fixed assets sold	759	68
At 31 December	471,895	336,009
Components of Retained Earnings	As of 31.12.2006	As of 31.12.2005
General reserve	268,533	192,027
Statutory reserve	60,000	45,000
Net profit for the period	135,127	98,914
Other/Undistributed earnings	8,235	68
TOTAL	471,895	336,009

23. REVALUATION RESERVE

	As of 31.12.2006	As of 31.12.2005
Revaluation reserve - Fixed Assets	15,136	15,160
Revaluation reserve - AFS investments	782	-
	15,918	15,160
Movements in revaluation reserves	As of 31.12.2006	As of 31.12.2005
a) Revaluation reserve - AFS investments		
At the beginning of the period	-	-
Changes in fair value of AFS investmets	869	-
Defferred tax	(87)	-
At December, 31	782	-
b) Revaluation reserve - Fixed Assets		
At the beginning of the period	15,160	15,228
Transfers to retained earnings	(759)	(68)
Change of deferred taxes resulting from reduction in tax rate	735	-
At December, 31	15,136	15,160

24. CONTINGENT LIABILITIES AND COMMITMENTS

Legal proceedings. As of December 31, 2006 there were several outstanding legal proceedings against the Bank. Management believes that no provision should be made as professional advice indicates that it is unlikely that any material loss will eventuate.

Credit related commitments. The following table represents the contractual amounts of the Bank's off-balance sheet financial instruments that commit it to extend credit to customers:

	As of 31.12.2006	As of 31.12.2005
Undrawn credit commitments	210,147	132,617
Guarantees, documentary and commercial letters of credit	335,958	77,641
TOTAL	546,105	210,258

Operating lease commitments. Where the Bank is the lessee the future minimum lease payments under non-cancellable operating leases of buildings are as follows:

Operating lease commitments	As of 31.12.2006	As of 31.12.2005
Up to 1 year	6,150	3,413
More than 1 year and less than 5 years	23,198	10,929
More than 5 years	23,054	6,921
TOTAL	52,402	21,263

25. CASH AND CASH EQUIVALENTS

	Year ended 31.12.2006	Year ended 31.12.2005
Cash and money in transfer	146,698	110,340
Current account with the Central Bank	44,683	91,063
Minimum reserve with the Central Bank	559,368	295,330
Due to banks	187,570	405,537
	938,319	902,270

26. NET INTEREST MARGIN

	Year ended 31.12.06	Year ended 31.12.05
A. Interest and similar income		
Loans and advances to banks	11,364	5,377
Loans and advances to customer		
Loans and advances to financial institutions	273	35
Loans and advances to individuals	129,813	103,569
Loans and advances to enterprises	112,846	98,912
Trading assetss	9,774	8,440
	264,070	216,333
B. Interest expenses and similar charges		
Due to banks	(2,684)	(1,161)
Deposits of customer		
Deposits of financial institutions	(3,743)	(1,022)
Deposits of individuals	(26,230)	(19,754)
Deposits of enterprises	(12,059)	(5,463)
Long term borrowings	(2,698)	(2,549)
Debt securities in issue	(11,208)	(5,913)
	(58,622)	(35,862)
NET INTEREST MARGIN	205,448	180,471

27. NET FEE AND COMMISSION INCOME

	Year ended 31.12.2006	Year ended 31.12.2005
A. Fee and commission incomes		
Transfer of funds and cash transactions	20,866	17,676
Deposits accounts fees and commissions	21,943	16,979
Credit and debit cards related fee and commissions	19,821	15,544
Loans and advances to customers	8,342	5,680
Guarantees and letters of credit	2,696	1,870
Other fees and commissions	2,078	2,383
	75,746	60,132
B. Fee and commission expenses		
Credit and debit cards related fee and commissions	(2,406)	(2,704)
Transfer of funds	(2,364)	(1,259)
Other fees and commissions	(2,512)	(1,969)
	(7,282)	(5,932)
FEE AND COMMISSION INCOME, NET	68,464	54,200

28. NET TRADING INCOME

	Year ended 31.12.2006	Year ended 31.12.2005
Gains/(losses) on Foreign exchange		
-Foreign exchange contracts	10,726	8,054
-Options	5	-
-Position in foreign assets/liabilities	(2,471)	(294)
	8,260	7,760
Gains/(losses) on Interest rate instruments		
-Government securities	(599)	2,309
-Corporate debt securities	(131)	696
	(730)	3,005
Gains/(losses) on Interest rate instruments	(7)	-
Gains/(losses) on Equities	163	(2)
NET TRADING INCOME	7,686	10,763

29. NET OTHER OPERATING INCOME

	Year ended 31.12.2006	Year ended 31.12.2005
Gains on disposal of fixed assets, net	2,661	373
Rental income	232	234
Reimbursed legal expenses on loans proceedings	1,931	-
Other	874	2,482
	5,698	3,089

30. NET ALLOWANCES FOR IMPAIRMENT AND UNCOLLECTABILITY

The net charge of allowances for the year ended December 31, 2006 and 2005 is as follows:

	Year ended 31.12.2006	Year ended 31.12.2005
Loans and advances to customers	(20,259)	(26,228)
Recoveries of written off debts	9,882	3,540
Other assets	-	8
TOTAL	(10,377)	(22,680)

31. GENERAL ADMINISTRATIVE EXPENSES

	Year ended 31.12.2006	Year ended 31.12.2005
Personnel costs	36,283	35,461
Depreciation charge	17,218	18,258
Communications and IT services	14,906	14,421
Non refundable VAT and withholding taxes	8,622	8,057
Deposit insurance fund premium	9,178	7,145
Occupancy expenses	4,695	3,801
Stationary and maintenance	2,865	2,685
Cash collection costs	2,262	1,456
Management expenses	1,644	1,564
Consulting, Legal, Audit, etc. services	9,555	7,485
Operating lease rentals - buildings	4,877	3,245
Advertising and marketing	6,292	5,711
TOTAL	118,397	109,289

32. TAXATION

	31.12.06	31.12.05
Current tax expense	24,323	17,035
Deferred tax expense related to origination and reversal of temporary differences	(514)	614
Deferred tax income resulting from reduction in tax rate	(273)	-
TOTAL TAX EXPENSE	23,536	17,649
The relationship between tax expense and accounting profit is as follows		
	31.12.06	31.12.05
Profit before tax	158,663	116,563
Prima facie tax calculated at an applicable tax rate (15% for 2006 and 2005)	23,799	17,484
Tax effect of expenses that are not deductible in determining the taxable profit	10	165
Reduction in deferred taxes from different tax rates for current and deferred taxes		
Tax effect from change in the tax rate	(273)	-
TOTAL TAX EXPENSE	23,536	17,649

Current income tax expense represents the amount of tax to be paid under Bulgarian law at statutory tax rates. Deferred tax income or expense result from the change of carrying amounts of deferred tax assets and deferred tax liabilities. Deferred tax assets and liabilities as of December 31, 2005 are calculated using the tax rate of 15%, enacted as of that date and effective for 2005 and 2006. Deferred tax assets and liabilities as of December 31, 2006 are calculated using the tax rate of 10%, enacted as of that date to be effective for 2007.

33. FINANCIAL INSTRUMENTS RISK MANAGEMENT

By their nature, the Banks activities are principally related to the use of financial instruments. The Bank accepts deposits from customers at fixed rates and for various periods, and seeks to earn above - average interest margins by investing theses funds in high quality assets. The Bank seeks to increase these margins by consolidating short term funds and lending for longer periods at higher rates, while maintaining sufficient liquidity to meet all claims that might fall due.

The Bank also seeks to raise its interest margins through lending to commercial and retail borrowers. Such exposures involve not just on-balance sheet loans and advances; the Bank also enters into guarantees and other commitments such as letters of credit and performance, and other bonds.

Financial instruments may result in certain risks to the Bank. The most significant risks facing the Bank include:

Credit risk

The Bank is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due.

The Bank quantifies counterpart risk using internal ratings on the basis of set of qualitative and quantitive criteria. The internal rating of the borrower serves as a basis for calculating anticipated risk. Effective from 2005, the Bank has also used the information supplied by the Central Loan Register operated by the Central Bank and for which banks are required to provide relevant information. In arriving at the scoring of retail clients, the Bank principally uses quantitative criteria as well as information supplied by the Central Loan Register.

The Bank monitors credit risk concentration on an aggregate basis (i.e., in respect of all on and off balance sheet positions). The Bank specifically monitors credit risk concentrations by industry sectors and by groups of related entities. With regard to groups of related entities, the Bank monitors the proportion of credit exposures of the groups to the Bank's capital.

The Bank performs classification for risk purposes of loan receivables and other receivables arising from its financial activities according to local banking regulations. This classification is reviewed and updated on a monthly basis.

Exposure to credit risk is also managed partly by obtaining collateral and corporate and personal guarantees. Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and principal repayment obligations and by changing these lending limits where appropriate.

The exposure to banks is restricted by placing limits on the amount of risk accepted in relation to one borrower or groups of borrowers, as well as country limits. The exposures is further restricted by sub--limits covering money market and foreign currency exposures. Actual exposures against limits are monitored on a daily basis.

Market risk

The Bank is exposed to market risks. Market risks arise from open positions in interest and currency rates, all of which are exposed to general and specific market movements. The Bank applies the 'value at risk' methodology ('VaR') to estimate the risk of open currency positions held and the maximum losses expected, based upon a number of assumptions for various changes in market conditions. The Asset and Liabilities Committee (ALCO) establishes limits as the Bank's maximum exposure to any component of market risk that may be accepted.

Foreign currency risk

Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Bank manages this risk by establishing and monitoring limits on open positions. In addition to monitoring limits, the Bank uses the 'value at risk' concept for measuring its open positions taken in respect of all currency instruments.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Bank manages its interest rate risk through monitoring the repricing dates of the Bank's assets and liabilities and developing models showing the potential impact that changes in interest rates may have on the Bank's net interest income.

Liquidity risk

Liquidity risk means a risk of possible loss of the Bank's ability to fulfil its liabilities when they become due.

The Bank maintains its solvency, i.e. the ability to meet its financial liabilities in a proper manner and in time and manages its assets and liabilities so as to ensure continuous liquidity. Liquidity management is the responsibility of ALCO and the Treasury. Regular meetings of ALCO are held on a monthly basis, during which Bank's liquidity is evaluated and, subsequently, decisions are taken based on the current state of affairs.

The Bank is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan draw-downs and guarantees. The Bank does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with high level of certainty. The Bank sets limits on the minimum proportion of maturing funds available to meet such calls and in the minimum level of interbank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.
Liquidity risk is the risk that the Bank will encounter difficulties in raising funds to meet commitments associated with financial instruments. The Banks's liquidity position is monitored and managed based on expected cash inflows and outflows and adjusting interbank deposits and placements accordingly.

34. LOANS AND ADVANCES – CREDIT RISK ANALYSIS

Credit risk of loans and advances is summarised as follows:

	Year ended 31.12.2006	Year ended 31.12.2006	Year ended 31.12.2005	Year ended 31.12.2005
	Loans and advances to customers	**Loans and advances to banks**	**Loans and advances to customers**	**Loans and advances to banks**
Neither past due nor impaired	2,337,991	195,322	1,725,359	404,719
Past due but not impaired	356,780	-	283,335	-
Past due up 30 days	301,629	-	237,708	-
Past due 30-60 days	46,422	-	36,950	-
Past due 60-90 days	8,729	-	8,677	-
Impaired	55,812	-	55,023	-
GROSS	2,750,583	195,322	2,063,717	404,719
Less:allowance for impairement	(41,665)	-	(49,260)	-
NET	2,708,918	195,322	2,014,457	404,719

Loans and advances less then 90 days past due are not considered impaired, unless other information is available to indicate the contrary. Gross amount of loans and advances by class to customers that are past due but not impaired were as follows:

	Year ended 31.12.2006 Past due up 30 days	Year ended 31.12.2006 Past due 30-60 days	Year ended 31.12.2006 Past due 60-90 days	Year ended 31.12.2005 Past due up 30 days	Year ended 31.12.2005 Past due 30-60 days	Year ended 31.12.2005 Past due 60-90 days
Individuals (retail customers)						
Overdrafts	92	49	54	-	-	-
Credit cards	9,841	1,826	870	6,853	2,180	406
Consumer loans	56,084	13,196	5,228	50,348	12,664	5,173
Mortgages	52,285	7,623	2,254	28,491	5,328	1,957
	118,302	22,694	8,406	85,692	20,172	7,536
Corporate loans						
Large customers	62,044	5,531	1	85,869	139	-
SMEs	121,191	18,197	323	66,146	16,641	1,142
Public sector	93	-	-	-	-	-
	183,328	23,728	324	152,015	16,780	1,142
TOTAL	301,630	46,422	8,730	237,707	36,952	8,678

35. LOANS AND ADVANCES – INDUSTRY ANALYSIS

	As of 31.12.2006		As of 31.12.2005	
Industry & mining	179,476	7%	126,694	6%
Small scale industry	346,549	13%	325,535	16%
Trade and services (excl. tourism)	423,203	15%	322,980	16%
Construction and real estate development	213,528	8%	162,890	8%
Energy	6,415	0%	34,184	2%
Tourism	84,825	3%	100,725	5%
Transportation and telecommunications	43,700	2%	21,958	1%
Professionals	19,154	1%	17,538	1%
Government	1,439	0%	2,256	0%
Financial institutions	1,902	0%	5,993	0%
Other	57,264	2%	23,465	1%
To individuals	1,373,128	50%	919,499	44%
Total loans and advances, gross	2,750,583	100%	2,063,717	100%
Less: allowance for impairment	(41,665)		(49,260)	
Loans and advances to customers, net	2,708,918		2,014,457	

36. CURRENCY ANALYSIS

31 December 2006	EUR	USD	BGN	Other	Total
ASSETS					
Cash and balances with central bank	584,641	11,326	146,709	8,073	750,749
Loans and advances to banks	42,360	39,246	80,519	33,197	195,322
Loans and advances to customers, net	1,057,050	21,757	1,630,107	4	2,708,918
Trading assets	71,979	61,320	72,510	-	205,809
Derivative financial instruments	301	50	395	-	746
Investment assets available for sale	129	686	1,155	-	1,970
Investments in associates	-	-	4,062	-	4,062
Intangible assets	-	-	11,831	-	11,831
Fixed assets	-	-	73,050	-	73,050
Deferred income tax assets	-	-	573	-	573
Other assets	26	14	7,636	-	7,676
TOTAL ASSETS	1,756,486	134,399	2,028,547	41,274	3,960,706
LIABILITIES					
Due to banks	61,424	7,054	126,831	12	195,321
Due to customers	981,975	301,148	1,477,942	36,844	2,797,909
Derivative financial instruments	254	45	300	-	599
Bank borrowings	43,774	-	21,197	-	64,971
Debt securities in issue	196,271	-	122,357	-	318 628
Current income tax liabilities	-	-	8,926	-	8,926
Deferred income tax liabilities	-	-	2,679	-	2,679
Retirement benefit obligations	-	-	3,043	-	3,043
Other liabilities	13	49	4,791	-	4,853
TOTAL LIABILITIES	1,283,711	308,296	1,768,066	36,856	3,396,929
TOTAL EQUITY	-	-	563,777	-	563,777
NET BALANCE SHEET POSITION	472,775	(173,897)	(303,296)	4,418	
NET OFF-BALANCE SHEET POSITION	(88,679)	117,346	(30,632)	(213)	(2,178)
CREDIT COMMITMENTS	228,966	155,640	138,499	23,000	546,105

36. CURRENCY ANALYSIS (continued)

31 December 2005	EUR	USD	BGN	Other	Total
ASSETS					
Cash and balances with the central bank	320,357	14,624	156,000	5,752	496,733
Loans and advances to banks	112,540	142,559	118,912	30,708	404,719
Loans and advances to customers, net	829,200	32,017	1,153,240	-	2,014,457
Trading assets	48,498	66,845	63,238	-	178,581
Derivative financial instruments	-	-	1,921	-	1,921
Investment assets available for sale	57	-	825	-	882
Investments in associates	-	-	792	-	792
Intangible assets	-	-	16,222	-	16,222
Fixed assets	-	-	64,848	-	64,848
Deferred income tax assets	-	-	821	-	821
Other assets	2	19	4,448	-	4,469
TOTAL ASSETS	1,310,654	256,064	1,581,267	36,460	3,184,445
LIABILITIES					
Due to banks	41,277	6,905	137,241	28	185,451
Due to customers	648,449	339,577	1,174,043	33,086	195,155
Derivative financial instruments	-	-	35	-	35
Long term borrowings	30,603	-	9,998	-	40,601
Debt securities in issue	195,805	-	122,258	-	318,063
Current income tax liabilities	-	-	4,766	-	4,766
Deferred income tax liabilities	-	-	5,683	-	5,683
Retirement benefit obligations	-	-	2,854	-	2,854
Other liabilities	-	-	4,704	-	4,704
TOTAL LIABILITIES	916,134	346,482	1,461,582	33,114	2,757,312
TOTAL EQUITY	-	-	427,133	-	427,133
NET BALANCE SHEET POSITION	394,520	(90,418)	(307,448)	3,346	-
NET OFF-BALANCE SHEET POSITION	(85,576)	87,521	(1,299)	(967)	(321)
CREDIT COMMITMENTS	123,893	18,464	67,549	352	210,258

37. MATURITY ANALYSIS

a) Liquidity analysis

The table below analyzes assets and liabilities of the Bank into relevant maturity groupings, based on the remaining period as of the balance sheet date to the contractual maturity date.

The matching and controlled mismatching of the maturity and interest rates of assets and liabilities is fundamental to the management of the Bank. It is unusual for banks ever to be completely matched since business transacted is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses.

The maturity of assets and liabilities and the ability to replace, at an acceptable cost, interest bearing liabilities as they mature, are important factors in assessing the liquidity of the Bank and its exposure to changes in interest rates and exchange rates.

31 December 2006	Subject to notice and up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years and non-stated maturity	Total
ASSETS						
Cash and balances with central bank	750,749	-	-	-	-	750,749
Loans and advances to banks	184,848	7,752	-	-	2,722	195,322
Loans and advances to customers, net	72,157	81,955	476,212	1,566,029	512,565	2,708,918
Trading assets	143,327	50	-	62,432	-	205,809
Derivative financial instruments	445	-	-	301	-	746
Investment assets available for sale	-	-	-	-	1,970	1,970
Investments in associates	-	-	-	-	4,062	4,062
Intangible assets	-	-	-	-	11,831	11,831
Fixed assets	-	-	-	-	73,050	73,050
Deferred income tax assets	-	-	-	-	573	573
Other assets	-	-	-	-	7,676	7,676
TOTAL ASSETS	1,151,526	89,757	476,212	1,628,762	614,449	3,960,706
LIABILITIES						
Due to banks	188,402	6,874	-	-	45	195,321
Due to customers	1,457,057	227,630	345,229	757,523	10,470	2 797 909
Derivative financial instruments	300	45	-	254	-	599
Bank borrowings	7,864	-	6,485	50,622	-	64,971
Debt securities in issue	2,556	-	1,488	314,584	-	318,628
Current income tax liabilities	-	-	-	-	8,926	8,926
Deferred income tax liabilities	-	-	-	-	2,679	2,679
Retirement benefit obligations	-	-	-	-	3,043	3,043
Other liabilities	-	-	-	-	4,853	4,853
TOTAL LIABILITIES	1,656,179	234,549	353,202	1,122,983	30,016	3, 396,929
NET LIQUIDITY GAP	(504,653)	(144,792)	123,010	505,779	584,433	563,777
CUMULATIVE	(504,653)	(649,445)	(526,435)	(20,656)	563,777	-

The table below summarizes the exposure to foreign currency exchange rate risk as of December 31, 2005. Included in the table are the Bank's assets and liabilities at carying amounts in thousand Bulgarian Levs, categorized by currency.

31 December 2005	Subject to notice and up to 1 month	1 to 3 months	3 to 12 months	1 to 5 yrs	Over 5 years and non-stated maturity	Total
ASSETS						
Cash and balances with central bank	496,733	-	-	-	-	496,733
Loans and advances to banks	399,719	-	5,000	-	-	404,719
Loans and advances to customers, net	363,427	81,230	404,233	1,150,370	15,197	2,014,457
Trading assets	146,268	-	1,959	30,354	-	178,581
Derivative financial instruments	1,921	-	-	-	-	1,921
Investment assets available for sale	-	-	-	-	882	882
Investments in associates	-	-	-	-	792	792
Intangible assets	-	-	-	-	16,222	16,222
Fixed assets	-	-	-	-	64,848	64,848
Deferred income tax assets	-	-	-	-	821	821
Other assets	-	-	-	-	4,469	4,469
TOTAL ASSETS	1,408,068	81,230	411,192	1,180,724	103,231	3,184,445
LIABILITIES						
Due to banks	149,974	1,000	3,000	-	31,477	185,451
Due to customers	1,134,659	173,504	298,977	581,763	6,252	2,195,155
Derivative financial instruments	35	-	-	-	-	35
Long term borrowings	-	-	550	40,051	-	40,601
Debt securities in issue	1,626	-	9,373	307,064	-	318,063
Current income tax liabilities	-	-	-	-	4,766	4,766
Deferred income tax liabilities	-	-	-	-	5,683	5,683
Retirement benefit obligations	-	-	-	-	2,854	2,854
Other liabilities	-	-	-	-	4,704	4,704
TOTAL LIABILITIES	1,286,294	174,504	311,900	928,878	55,736	2,757,312

NET LIQUIDITY GAP	121,774	(93,274)	99,292	251,846	47,495	427,133
CUMULATIVE	121,774	28,500	127,792	379,638	427,133	-

Management believes that the diversification of deposits by number and type of depositors, and the past experience of the Bank give a basis to believe that deposits provide a long-term and stable source of funding for the Bank.

The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise.

b) Interest rate risk analysis

31 December 2006	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 yrs	Over 5 yrs	Non interest bearing	Total
ASSETS							
Cash and balances with central bank	-	-	-	-	-	750,749	750,749
Loans and advances to banks	184,848	7,752	-	-	2,722	-	195,322
Loans and advances to customers, net	2,383 ,499	30,201	233,609	19,335	16,517	25,757	2,708,918
Trading assets	34,853	21,437	15,175	68,698	61,467	4,179	205,809
Investment assets available for sale	-	-	-	-	-	1,970	1,970
Investments in associates	-	-	-	-	-	4,062	4,062
Other assets	-	-	-	-	-	7,676	7,676
TOTAL ASSETS	2,603,200	59,390	248,784	88,033	80,706	794,393	3 874 506
LIABILITIES							
Due to banks	188,402	6,874	-	-	-	45	195,321
Due to customers	1,864,090	440,921	214,683	265,300	-	12,915	2,797,909
Bank borrowings	-	-	-	64,971	-	-	64,971
Debt securities in issue	-	-	-	318,628	-	-	318,628
Other liabilities	-	-	-	-	-	4,853	4,853
TOTAL LIABILITIES	2,052,492	447,795	214,683	648,899	-	17,813	3,381,682

As of December 31, 2005	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non interest bearing	Total
ASSETS							
Cash and balances with central bank	-	-	-	-	-	496,733	496,733
Loans and advances to banks	399,719	-	5,000	-	-	-	404,719
Loans and advances to customers, net	1,774,394	34,968	158,763	14,896	4,666	26,770	2,014,457
Trading assets	30,791	2,066	15,543	63,659	61,654	4,868	178,581
Investment assets available for sale	-	-	-	-	-	882	882
Investments in associates	-	-	-	-	-	792	792
Other assets	-	-	-	-	-	4,469	4,469
TOTAL ASSETS	2,204,904	37,034	179,306	78,555	66,320	534,514	3,100,633
LIABILITIES							
Due to banks	149,974	1,000	3,000	-	-	31,477	185,451
Due to customers	1,755,615	173,079	256,907	3,302	-	6,252	2,195,155
Long term borrowings	-	-	-	40,601	-	-	40,601
Debt securities in issue	-	-	-	318,063	-	-	318,063
Other liabilities	-	-	-	-	-	4,704	4,704
TOTAL LIABILITIES	1,905,589	174,079	259,907	361,966	-	42,433	2,743,974

The Bank's interest rate exposures are, amongst other methods monitored and managed using interest rate sensitivity reports, however the monetary assets and liabilities are able to be repriced at relatively short notice and any interest rate sensitivity gaps are considered immaterial.

c) Effective average interest rate by major currency

The table below summarizes the effective interest rates by major currencies for monetary financial instruments.

As of December 31, 2006	EUR %	USD %	BGN %	Other %
Assets				
Due from banks	3.64	5.20	2.75	3.56
Loans and advances to customers	8.01	9.90	10.50	-
Trading securities	5.61	5.38	5.80	-
Liabilities				
Due to banks	2.70	0.02	2.50	-
Due to customers	1.63	2.10	1.90	0.63
Bonds issue	2.86	-	4.60	-

As of December 31, 2005	EUR %	USD %	BGN %	Other %
Assets				
Due from banks	2.0	4.0	2.40	4.40
Loans and advances to customers	7.10	9.20	11.90	-
Trading securities	5.70	4.60	5.80	-
Liabilities				
Due to banks	2.70	0.80	2.50	-
Due to customers	1.30	1.20	1.90	0.90
Bonds issue	2.70	-	4.60	-

39. RELATED PARTY TRANSACTIONS

The Bank is controlled by National Bank of Greece S.A. which owns 99.99% of the ordinary shares.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The Bank is controlled by a Board of Directors, representing the major shareholder of the Bank. A number of banking transactions are entered into with related parties in the normal course of business. These include loans and deposits. These transactions were carried out on commercial terms and conditions and at market rates.

Amounts due to and from the NBG Group entities and related income and expenses are as follows:

National Bank of Greece	As of 31.12.2006	As of 31.12.2005
NOSTRO ACCOUNTS AND LOANS AND ADVANCES TO BANKS	-	662
Interest income earned	74	155
Loans sold	85,861	64,871
LORRO ACCOUNTS AND DEPOSITS FROM BANKS	2,008	5,772
Interest expense on deposits	7	3
Interlease AD	As of 31.12.2006	As of 31.12.2005
LOANS AND ADVANCES TO CUSTOMERS	5,045	5,718
Interest income earned	244	649
Commission income earned	273	106
DUE TO CUSTOMERS	6,280	5,416
Interest expense on deposits	95	62
All others NBG Group entities	As of 31.12.06	As of 31.12.05
NOSTRO ACCOUNTS AND LOANS AND ADVANCES TO BANKS	133	84
LORRO ACCOUNTS AND DEPOSITS FROM BANKS	335	117
OTHER LIABILITIES	911	1,791

Remunaration to Members of Board of Directors during the year consists of short-term employee benefits such as salaries and social security and health security contributions, paid annual leave and paid sick leave and bonuses.

The total amount of remuneration for 2006 is BGN 1,219 thousand.

Total amount of deposits and current accounts of members of Board of Directors is BGN 1,140 thousand and the amount of loans is BGN 24 thousand.

The positions in Income Statement are as follows: Interest and commission incomes - BGN 4 thousand, Interest and commission expenses - BGN 35 thousand and FX trading gains - BGN 1 thousand.

Subsidiary and associated companies. Transactions between UBB, its subsidiaries (UBB Asset Management, UBB AIG Insurance and Reinsurance Company and UBB AIG Life Insurance Company) and associated UBB Balanced Fund, UBB Premium Fund and UBB Platinum Fund are related to maintaining Deposits and Current accounts amounting to BGN 12,728 thousand and a stake of shares in associated companies amounting to BGN 4,169 thousand.

Due to customers as of December 31, 2006:
UBB Asset Management - BGN 153 thousand
UBB AIG Insurance and Reinsurance Company - BGN 5,121 thousand
UBB AIG Life Insurance Company - BGN 6,864 thousand
UBB Balanced Fund - BGN 200 thousand
UBB Premium Fund - BGN 300 thousand
UBB Platinum Fund - BGN 90 thousand

Shares in associated companies as of December 31, 2006
UBB Balanced Fund - BGN 1,952 thousand
UBB Premium Fund - BGN 1,163 thousand
UBB Platinum Fund - BGN 1,053 thousand

ADDITIONAL INFORMATION

GENERAL CUSTOMER INFORMATION

Head Office
5, Sveta Sofia St., 1000 Sofia, Bulgaria
tel.: (00359 - 2), 811 + ext, fax: (00359 - 2) 988 08 22, telex: 25 092
e-mail: info@ubb.bg
web site : http://www.ubb.bg
Swift: UBBSBGSF

Mr. Andrei Nikolov
Head of Corporate Banking Department
ext.: 2333
e-mail: nikolov_a@ubb.bg

Mr. Ivan Koutlov
Head of Treasury Department
ext.: 2421
e-mail: koutlov_I@ubb.bg

Mr. Alexander Georgiev
Head of Retail Banking Department
ext.: 2355
e-mail: georgiev_a@ubb.bg

Mr. Nikolay Nedkov
Head of Card Center Department
ext.: 2658
e-mail: nedkov _n@ubb.bg

Mr. Ivaylo Mateev
Head of Branch Management Department
ext.: 2254
e-mail: mateev_I@ubb.bg

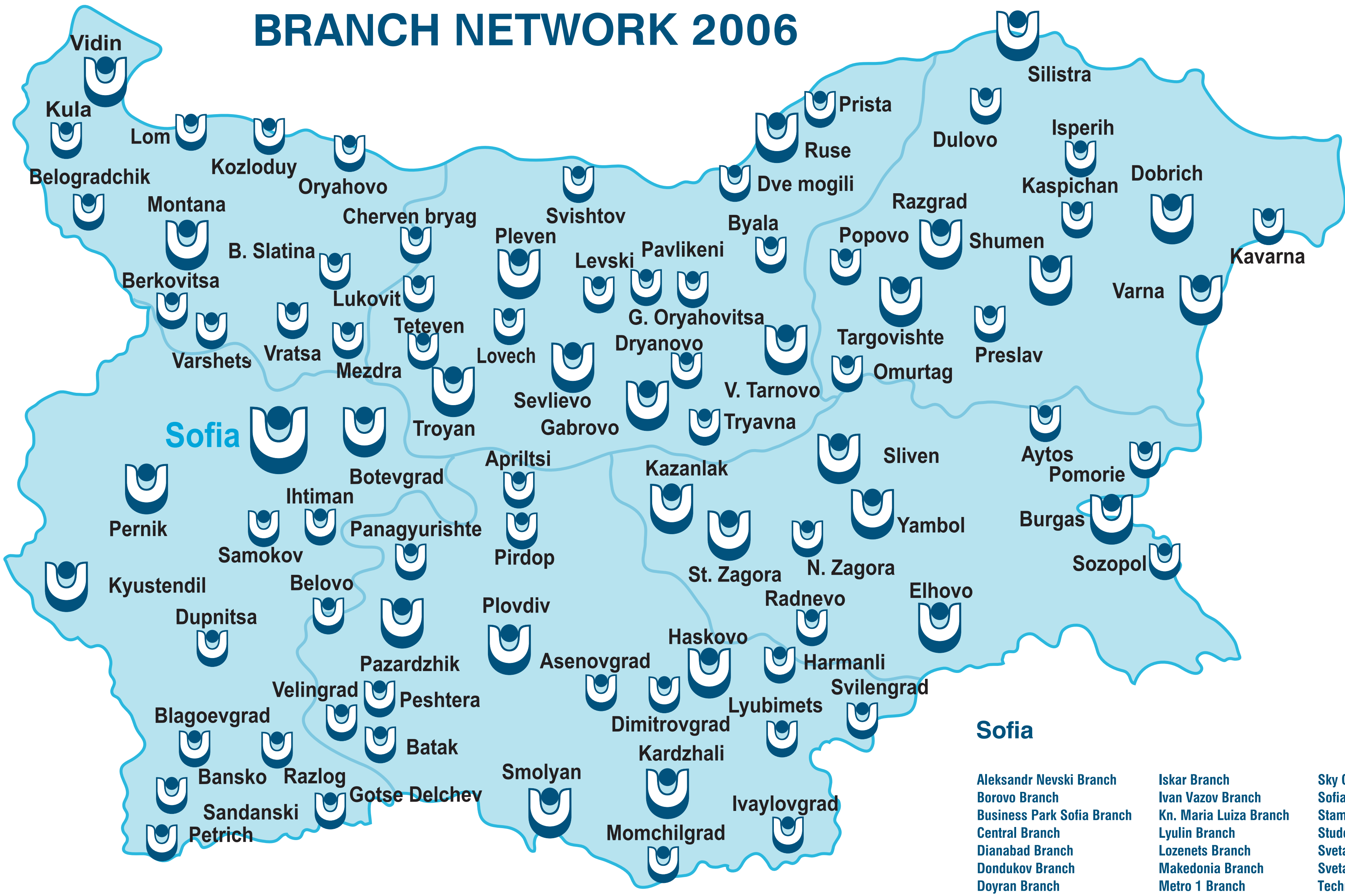
Mr. Angel Kalinov
Head of Large Corporates Credit Center and Financial Institutions
ext.: 2341
e-mail: kalinov _a@ubb.bg

Mrs. Boika Vasileva
Head of Investment Banking Department
ext.: 3750
e-mail: vasileva_bo@ubb.bg

Mr. Valentin Sabev
Head of Information Technology Department
ext.: 3344
e-mail: sabev_v@ubb.bg

Mrs. Elena Ivanova
Head of Secretariat Department
ext.: 2330
e-mail: ivanova_e@ubb.bg

BRANCH NETWORK 2006



Sofia

Aleksandr Nevski Branch
Borovo Branch
Business Park Sofia Branch
Central Branch
Dianabad Branch
Dondukov Branch
Doyran Branch
Dragan Tsankov Branch
Druzhba 2 Branch
Fr. Nansen Branch
Garibaldi Branch
Graf Ignatiev Branch
Hemus Branch
Hladilnika Branch
Interpred Branch
Iskar Branch
Ivan Vazov Branch
Kn. Maria Luiza Branch
Lyulin Branch
Lozenets Branch
Makedonia Branch
Metro 1 Branch
Metro 2 Branch
Mladost Branch
Nadezhda Branch
Oborishte Branch
Rakovski Branch
Ruski Pametnik Branch
Samokov Branch
Shipka Branch
Sky City Branch
Sofia Airport Branch
Stamboliyski Branch
Studentski Grad Branch
Sveta Sofia Branch
Sveta Troitsa Branch
Technopolis 1 Branch
Technopolis 2 Branch
Todor Aleksandrov Branch
Tsar Boris III Branch
Tsar Osvoboditel Branch
Universiada Branch
Vitosha Branch