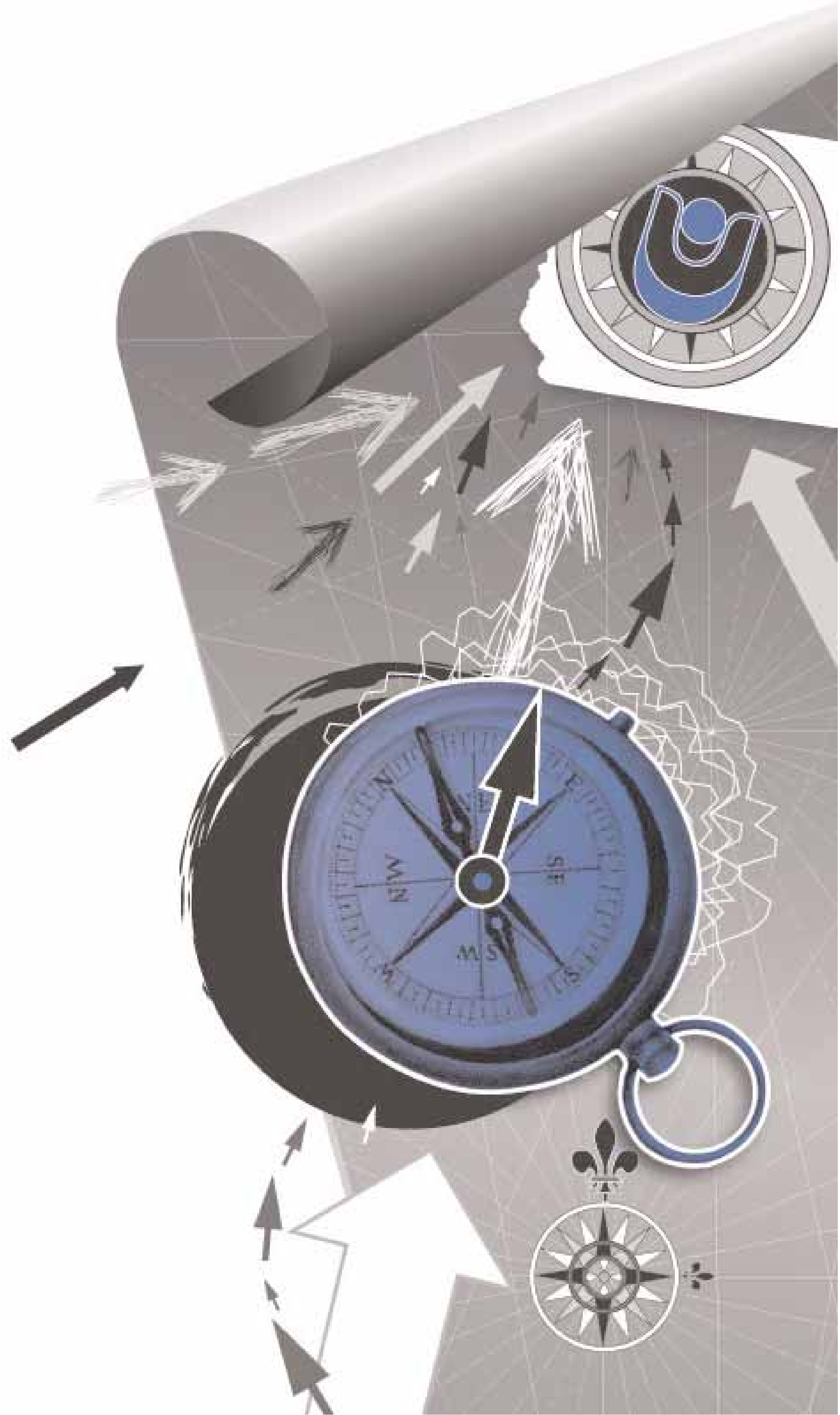
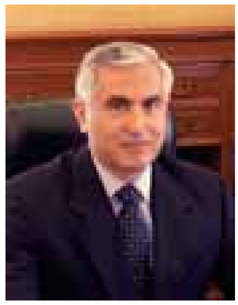
CONTENTS

Statement Of The Chairman Of The Board Of Directors



Dear Shareholders,



In Y2005 UBB maintained its strong competitive position, stable funding base and sizable profit. The Bank's business strategy was focused primarily on growth in the retail banking market (both in terms of deposits and loans), and at the same time increasing UBB's already dominant market share in corporate lending.

UBB's loan portfolio grew rapidly in 2005. Retail loans (mainly consumer loans and mortgages) rose particularly sharply by 64.6% y/y . They accounted for 45% of gross loans at end-2005 and reached 15% market share. In 2005 UBB ranked first with regard to the number of issued international credit cards under Master Card, VISA and VISA Electron logos with a respective market share of 64%. UBB also held a 11% market share with respect to debit cards in Bulgaria. In the corporate lending sector, UBB reported 22.5% y/y growth and a market share of 9.3% by maintaining its existing dominant position and its strong reputation for quality of service. The Bank focused its marketing efforts on large corporates such as commercial chains, telecommunications operators, petrol companies and utilities. The Bank also expanded its SME operations by offering higher-margin standardised credit products, while reducing marginal costs through improved risk assessment of SME clients. UBB also improved its results through the efficient use of EBRD credit lines for SMEs.

During the year UBB also expanded the Bank's product portfolio and distribution channels. Jointly with NBG the Bank developed a range of long-term savings products, and improved the distribution through expanding UBB's branch network. UBB opened 10 new branches, as well as significantly increased the number of ATMs and points of sale terminals, respectively to 381 and 2232. In addition, increased cross-selling of products and services to the existing large customer base contributed to the Bank's strong market achievements and financial performance.

UBB's funding base has reported a 10% market share and is well diversified by client types (deposits make up over 75% of non-equity funding). During the year UBB successfully placed the largest ever corporate bond issue in Bulgaria, amounting to BGN 80 million and its first issue of eurobonds worth EUR 100 million on the European capital markets.

UBB is the main trustee in the local market, servicing most bond issues in Bulgaria. UBB's activities expanded in 2005 with the Balanced Fund, its first mutual fund for investors.

In 2005 UBB's net after tax profit totalled to BGN 98,9 million, up by 50% y/y. Further, ROAE remained at high levels in 2005, up to 26%. ROAA maintained a strong level of 3.6% ranking the Bank among the top performers, according to international standards. In 2005, total operating expenses rose just marginally, achieving a lower increase compared to the other competitors on the local market. Thus, the cost/income ratio improved further to 42.2%.

As of 2005 end, the Bank's capital adequacy ratio stood at 14.5%. This indicates a solid capital base on which we shall build future growth and meet further possible capital requirements that may result from the introduction of the Basel II regulatory framework.

As a recognition of the Bank's impresive performance, respected management and strong market position, S&P affirmed the BBB- long-term and A-3 short-term ratings of UBB with stable outlook. In addition, Fitch affirmed the long-term position of UBB to BBB and stable outlook. The other ratings were also affirmed - short-term at F3, individual at C/D, and support at 2.

During the year the management set and achieved a number of ambitious targets. The Board of Directors wishes to thank the Management and all UBB employees for the commitment and dedication they have shown in attaining these goals. In additition, we would like to thank the shareholders for the trust they have placed in us, assuring them that we will continue to choose the most effective strategy for strong performance, development of its market position and further prosperity of our Bank.

Yours sincerely,

Ioannis Georgios Pechlivanidis
Chairman of the Board of Directors

General Information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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
- F3 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 Stable
- BBB- Long Term Local Currency
- A-3 Short Term Local Currency

- **740 Correspondent Relations**, of which 707 abroad and 35 domestic; 21 correspondent accounts

- **Branch Network: 134** 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**
  - Second largest Bulgarian bank by shareholders' equity
  - Second in domestic retail and third in domestic corporate lending
  - Leader on local inter-bank market
  - Leader in the card services market and in domestic BGN payments

- **Market share** (as of 31 December 2005 calculated as a percentage of the entire banking sector, according to BNB statistical data):

11%	Money market trading
6%	Local FX market
11%	Debit cards
64%	Credit cards
12%	Inter-bank transactions
11%	Deposits in Leva
9%	Deposits in FX
13%	Consumer Loans
18%	Mortgage loans
9%	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 Bank's business strategy focuses primarily on growth in the retail banking market (both in terms of deposits and loans), and at the same time increasing UBB's already dominant corporate lending market share. The planned increase in retail lending will be funded principally by drawing on the Bank's deep liquidity, and a more selective deployment of capital to less risky and more profitable corporate clients.

- In the corporate lending sector, UBB plans to increase its market share by leveraging off its existing dominant position and its strong reputation for quality of service. The Bank expects to compensate the low margins realized in corporate lending with increases in fee and commission-based income, and by focusing its marketing efforts on large corporates such as commercial chains, telecommunications operators, petrol companies and utilities.

- The Bank also plans to grow its SME operations by offering higher-margin standardized credit products, while at the same time reducing marginal costs by improved risk assessment for SME customers. UBB also intends to improve performance through efficient use of EBRD credit lines for SMEs.

- UBB is also working closely with its parent company NBG to expand the Bank's product portfolio and distribution channels. The Bank is developing (in conjunction with NBG) a range of long-term savings products, and intends to improve distribution through an expansion of UBB's branch network in locations outside Sofia and significant planned increases in the number of ATMs and points of sale terminals. In addition, UBB plans to participate in a joint venture with NBG's insurance subsidiary and further enhance its product line by including general and life insurance products as well. Increased cross-selling of the Bank's products and services to its large existing customer base is also expected to improve performance.

SELECTED HIGHLIGHTS

	2005	2004	2003
	BGN'000	BGN'000	BGN'000
Performance			
Operating Income	248,532	190,476	149,843
Net Interest Income	180,471	134,719	97,309
Net Profit	98,914	66,102	48,814
Balance Sheet			
Total Assets	3,184,445	2,201,143	1,805,784
Capital	427,133	328,219	285,816
Deposits from Companies and Individuals	2,126,459	21,695,978	1,436,633
Loans to Companies and Individuals, net	2,008,464	1,470,155	1,039,187
Capital Adequacy (%)			
General Capital Adequacy (BIS Tier 1 + Tier 2)	14,5	18,6	19,5
Primary Capital Adequacy	13,8	17,6	18,4
Capital / Total Assets	13,41	10,89	15,8
Liquidity (%)			
Total Liquidity	31,96	24,49	33,6
Total Loans / Total Deposits	94,45	86,7	72,3
Staff Number as of the end of the period	2,158	2,093	2,100
Inflation [1] (%)	6,5	4,0	5,64
USD/BGN Exchange Rate (31 December)	1,6579	1,4359	1,5486

[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

Efstratios Georgios Arapouglou
Governor of National Bank of Greece
Deputy 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

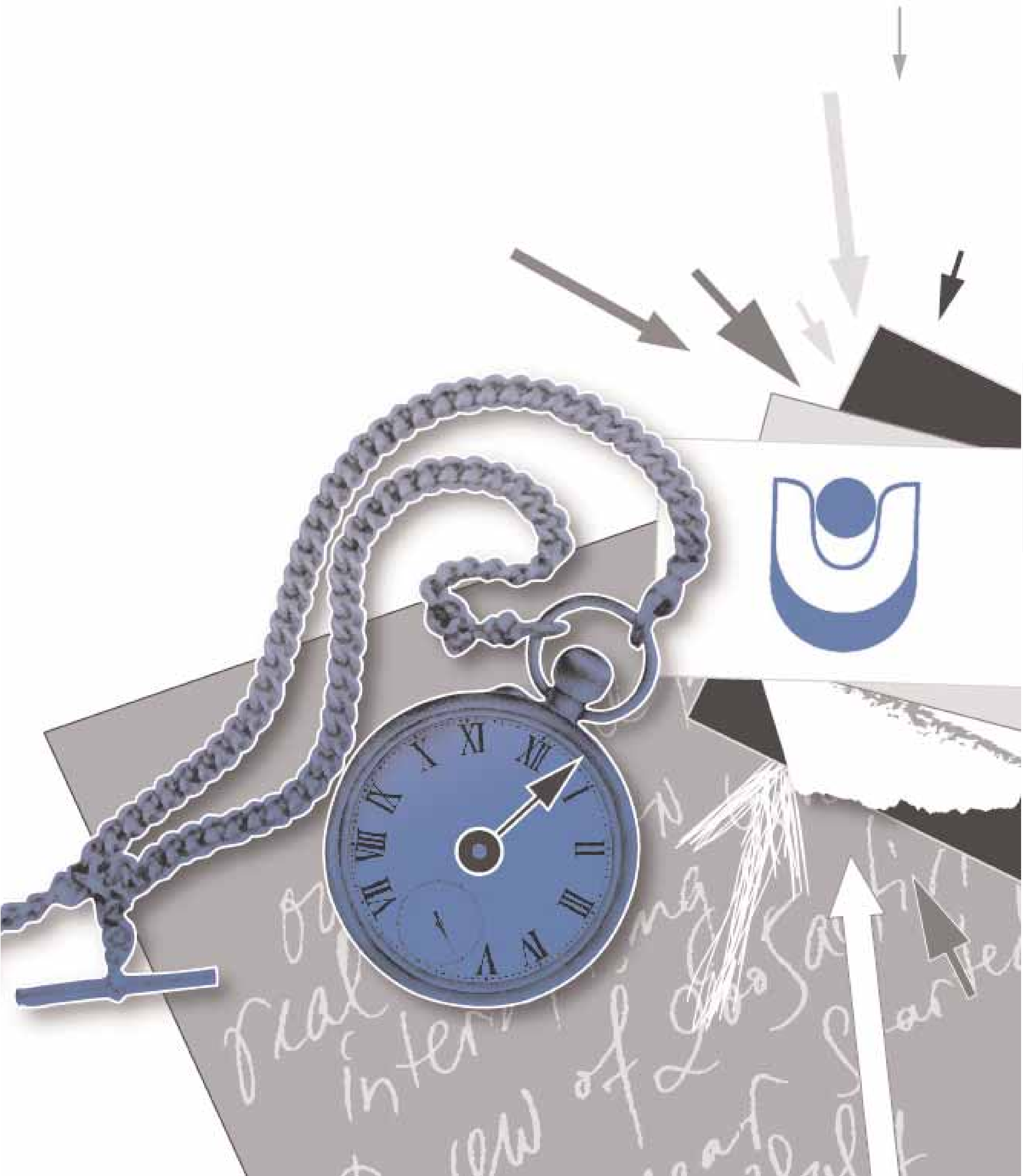
Konstantinos Adamantios Othoneos
Manager International Network B of NBG
Board Member

Christos Aleksandros Katsanis
UBB Executive Director
Board Member

Radka Ivanova Toncheva
UBB Executive Director
Board Member

Stilian Petkov Vatev
UBB Chief Executive Officer
Board Member

UBB Economic Environment

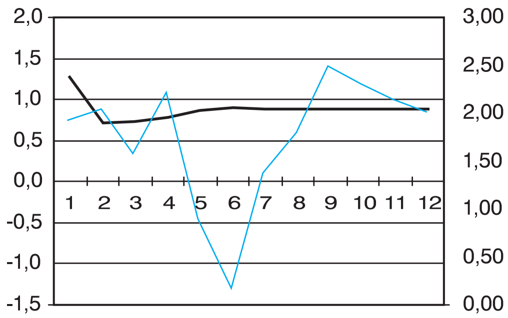


ECONOMIC ENVIRONMENT

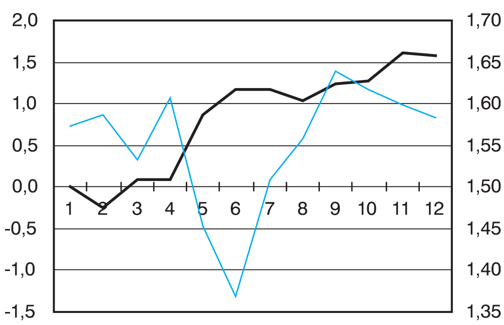
The Bulgaria's economic growth decelerated to 5.2% in 2005 due to the floods, the decreasing output and the active demand for consumer and investment goods, the gap being satisfied by increased import.

According to the preliminary data of NSI, the average annual rate of inflation standing at 5% in 2005, is lower than the registered 6.1% a year earlier, but higher than the 2.3% marked in 2003. A group of factors determined the rate of price increase during the last year: the remaining fast credit expansion, the soaring of oil prices, the floods and the resulted poor harvest, the changes in some of the administrated prices etc. This upward trend is expected to be supported by the rise of duties and to reach 8.2-8.4% for the first quarter of 2006. The rate is expected to go down to 6% at the end of 2006.

Exchange Rate and Inflation



Base Interest Rate and Inflation



The unemployment rate declined by 1.21% to 11.86% at end-2005. The main reason for the unemployment drop was the higher number of new job openings in the real sector.

The gross external debt increased to 67.6% of GDP versus 64.4% a year earlier. This development was principally due to loans, connected with direct investments, which increase by EUR 10.65 billion (or 72.4%) representing 78.1% of total debt growth. The private sector foreign debt rose by 50.76% y/y to reach 43.4% of GDP, while the public sector debt fell down by 20.01% y/y to 24.3% of GDP. The share of public debt in the total external debt dropped from 51.34% as at end-2004 to 35.87% at end-2005, due to the pre-paid debt for a total of EUR 1.3 billion (4.2% of GDP), including early buybacks of Brady bonds for EUR 1 billion and some prepayments for EUR 300 million to the IMF and the WB. This debt management, aimed at cutting interest costs and optimising fiscal expenditures, will continue. The government external debt is expected to drop to 22-23% of the projected GDP. Deposits of non-residents, which are also booked as external debt of the banking sector, have increased by EUR 384,4 million, in comparison with EUR 514 million a year earlier. At the end of 2005 the country's foreign reserves reached EUR 7,37 billion, up 8.86% y/y.

In 2005 consolidated budget surplus amounted to 2.36% of the projected GDP. The Ministry of Finance data has set the budget deficit at 3% of GDP in 2006.

The large current account (CA) deficits in the past years and the constantly widening foreign trade gap are problems as serious as price dynamics. According to Central Bank preliminary data, CA deficit increased by 92% y/y in 2005 to 14.9% of GDP (revised to 11.9%), compared to 7.5% in 2004, as a result of the record high foreign trade gap of 19.3% of GDP due to increased import of investment goods and the increase of oil prices. The net FDI for 2005 no-including privatization deals, dropped by 17.65 y/y to 8.9% of GDP and thus balanced 55.93% of the current account deficit, compared to the coverage of 138.2% in 2004.

In 2005 consolidated budget surplus amounted to 2.36% of the projected GDP. The Ministry of Finance data has set the budget deficit at 3% of GDP in 2006.

The 2005 has witnessed continuous credit expansion, increased competition among banks, both in lending and deposit raising, measures to restrict lending, legislative and statutory amendments to harmonize Bulgaria's legal framework with the European Union laws. The bank intermediation in terms of assets continued to increase at faster rate from 65.7% of GDP in 2004 to 78.92% in 2005. The assets increased by 31.82% y/y to BGN 32,85 billion (EUR 16,80 billion). Deposits from customers rose by 22.20% y/y to 42.12% of GDP. Despite the measures taken by the Central Bank to withdraw liquidity from the system and prevent active lending, the increase in the deposit base faciliated the increase of net loans to non-financial institutions and other clients to 42.6 % of projected full-year GDP. Credits (32.9%) have increased at a faster rate than assets of 31.82 y/y. The net profit of commercial banks amounted to BGN 584 million (EUR 298,6 million) at end-2005, up by 34.53% y/y. As the profit growth of commercial banks had been faster than the asset growth for the period, the return on assets moved to 1.78% in 2005 relative to 1.74% in 2004. Return on equity stood at 16.95%. The commercial banks' average capital-adequacy ratio fell from 16.1% at the end of 2004 to 15.31% at end-2005, still comfortably above the 12% level laid down by the Central Bank as a statutory minimum.

The market capitalization of the Bulgarian Stock Exchange-Sofia increased by 109% y/y to BGN 8.434 billion (EUR 4.312 billion) as of the end of 2005. In relative terms, the stock market capitalization went up to 20.26% of GDP from 10.63% a year earlier. The trend of a gradually increasing market capitalization will continue in 2006. The annual turnover of the stock exchange increased by 78% to BGN 2.842 billion (EUR 1.453 million) at end-2005 compared to the previous year. The value of the SOFIX index has risen strongly in the past couple of years as the economy has stabilized and prospects for sustained economic growth have improved. SOFIX ended the year at 825.51 points, rising by some 32.22% y/y. The rise of the index was mainly due to a gradual increase in the number of investors, because of the higher disposable income of the population, the penetration of foreign legal entities on the Bulgarian capital market and the appearance of attractive companies on BSE such BTC.

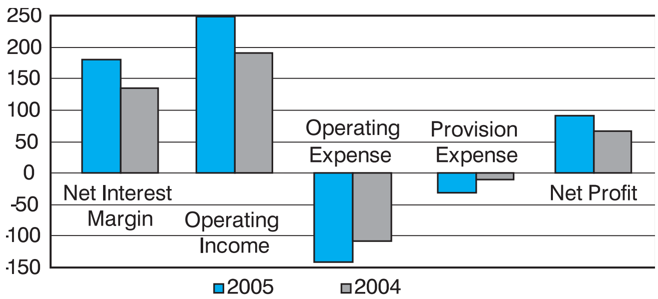
The sector of investment companies and mutual funds is one of the most dynamic among the non-bank financial products in Bulgaria. The assets of mutual funds (including investment companies) were growing by the rapidly 222.44% over the past year and reached BGN 88,37 million at the end of 2005. However for the past two months, they have risen by more than BGN 6,2 million and are expected to exceed BGN 100 million by the end of March. The share of households saving invested in mutual funds, increased from 0.08% as of end-2001 to 0.35% as of end-2005 and might play an important role in trade on the BSE as is the practice in the developed countries. Presently 26 mutual funds (including 8 investment companies) offer shares on the Bulgarian stock market. The mutual funds' growth will be influenced by several factors: improving the investment culture of Bulgarian citizens; increasing income and savings; demand for a higher-yield bearing instruments than bank deposits.

Assets of the private pension funds in Bulgaria - universal and occupational (second pillar) and voluntary (third pillar) increased by 41.24% y/y to BGN 1,112 million (EUR 568,557 million) in 2005. The stock of assets accounted for 2.67% of GDP and 3.5% of the bank assets. Voluntary funds accumulated 37.58% of total assets and the remaining 62.42% are booked from mandatory contributions to universal and occupational pension funds. The average return rates posted by the three types of pension funds - universal, occupational and voluntary in 2005 were 7.6%, 8.3% and 9% respectively.

REVIEW OF 2005 ACTIVITIES
FINANCIAL PERFORMANCE

In the situation of an intense competition UBB is reporting 2005 with high rates of dynamic growth, record-breaking profit and extremely good bank efficiency indicators. The Bank's business strategy was focused primarily on growth in the retail banking (both in terms of deposits and loans), and at the same time increasing UBB's already dominant corporate lending market share. At 2005 end UBB's profit before tax totalled to BGN 116,6 million. ROAE remained at high levels in 2005 reaching 26%. ROAA an marked impressive value in 2005 to 3.6%, ranking the bank among the top performers, according to international standards. UBB's overhead ratio at the end of the year stood at 42.2%.

Net operating income and net profit (BGN million)



In recognition of the Bank's constant good performance, respectable management, reputable shareholders and strong market positions, the long-term credit ratings, assigned to the Bank by Standard & Poor's and Fitch Ratings, were increased once again. S&P affirmed the BBB- long-term and A-3 short-term ratings of UBB with stable outlook. The International credit rating agency Fitch Ratings affirmed the long-term position of UBB to BBB, short-term to F3 and the individual to C/D.

Net Interest Income

Net Interest Margin	2005 BGN '000	2004 BGN '000	Change %
Interest Income	216,333	154,745	39,8
Interest Expense	(35,862)	(20,026)	79,1
Net Interest Income	180,471	134,719	33,9

For 2005 the Bank has generated net interest income amounting to BGN 180,5 million (BGN 134,7 million in 2004) and thus achieved growth of 33.9% y/y mainly as a result of the credit activity, good portfolio quality and optimum management of attracted funds and long-term loans.

Interest income from retail loans covers 48.1% of total interest income and amounts to BGN 103,6 million. Interest income from corporate loans totals to BGN 98.9 and represents 48.8% of total income. Interest income from placements on the money market grew by 8% y/y and reached BGN 5,4 million at the end of 2005. The total amounted of interest income on trading securities amounts to BGN 8,4 million and increased by 9% y/y.

Interest expenses grew by 79.1% y/y and by the end of 2005 their total amount was BGN 35,9 million against BGN 20,0 million for 2004, as a result of the development of the Bank's market positions as well as deposit operations. Deposits of sole proprietors, individuals and households are determinants for interest expense levels. Interest expenses for these two segments amount to BGN 24,8 million (versus BGN 16,6 million for the same period last year). These represent a total of 69.1% of all interest expenses and grow by 49.4% y/y. The expenses on attracted long-term funds total to BGN 5,8 million and represent 16.1% of total interest expenses.

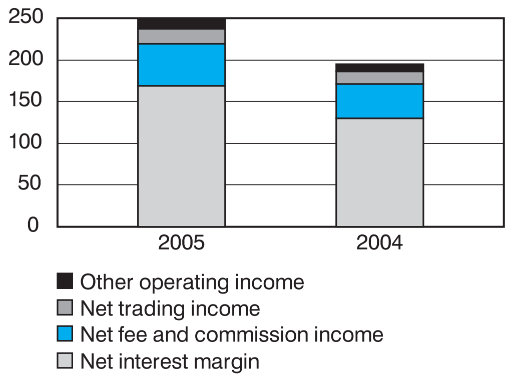
Non-interest Income

The net fees and commissions' income amounts to BGN 54,2 million versus BGN 42,7 million at the end of 2004. In structural aspect determining importance has the income from transfers /cash operations of customers, which form 29.4% of all non-interest income, as well as the fees for administration of deposit accounts, the share of which is also 28.3%. The relative share of credit and debit card charges is 25.7%, on customer loans - 9.4%, on guarantees and letters of credit - 3.0%. The fees and commissions' expenses grow from BGN 5,3 million in 2004 up to BGN 5,9 million at the end of 2005.

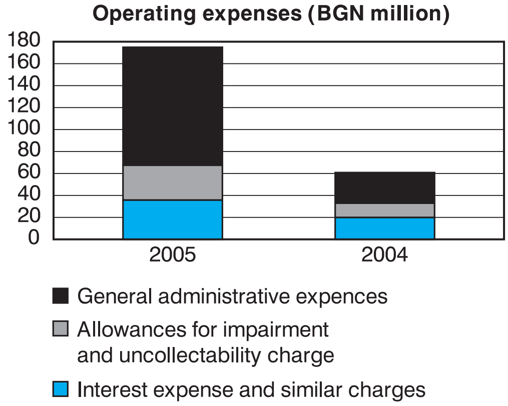
Operating Expenses

Operating expenses grow by 12.5% y/y. Versus 2004 staff costs increase by BGN 5,8 million, depreciation expenses decrease by BGN 2,3 million, while expenses for outsourced services (marketing, advertisement, consultancies) grow by BGN 4,5 million. IT and communication costs keep relatively constant level.

Operating income (BGN million)



Operating expenses (BGN million)



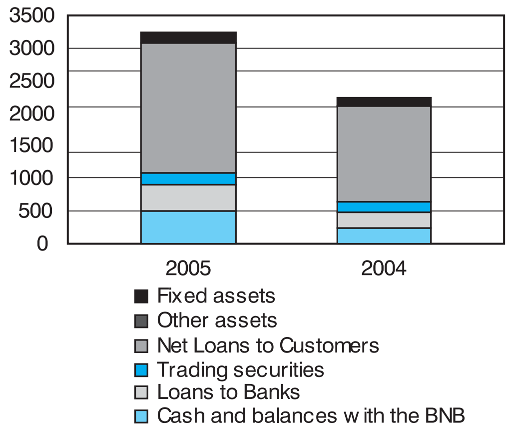
Loan Provision Expense

Despite the intense growth of lending activity, the Bank is reporting for one more year running a good loan portfolio quality. Provisions (incl. on standard loans) /Total Loans ratio decreased from 2.7% at the end of 2004 to 1.7% as of December 2005.

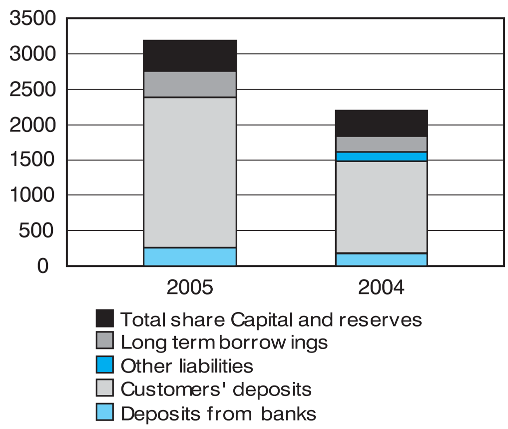
ASSETS AND LIABILITIES

At the end of 2005 the Bank's total assets reported an increase of BGN 975 million, reaching BGN 3 184,4 million (BGN 2 201,1 million for the same period of the previous year) and 44.7% y/y nominal growth, which confirms the trend of the Bank's dynamic and accelerated progress. In structural aspect the Bank's major balance sheet items report the following structure:

Assets (BGN million)



Liabilities and capital (BGN million)



Cash and Current Account

As of the end of 2005 the cash funds and cash on the current account with the BNB were BGN 496,7 million, including minimum statutory reserves. The maintenance of the required minimum statutory reserves with the BNB in percentage terms was at an optimum level during the year, as follows:

Minimum statutory reserves (%)

Dec-04	Mar-05	Jun-05	Sep-05	Nov-05	Dec-05
100.05%	100.09%	100.05%	100.12%	100.03%	100.02%

Due from Financial Institutions

At the end of 2005 net amounts due from financial institutions amounted to BGN 410,7 million and increased by 70.9% y/y as a result of the Bank's operations on the money market. The maturity structure of the amounts due from financial institutions is covered by 11.6% demand deposits with banks and 88.2% time deposits with banks and 0.2% loans to other financial institutions.

Trading Portfolio

At the end of 2005 the Bank's trading portfolio amounted to BGN 178,5 million. The portfolio of securities in this segment represents 5.7% of the Bank's assets. In structural aspect the trading portfolio is covered mainly by Bulgarian government securities - 81.1% of the portfolio, corporate securities of local issuers 15.2%, capital securities and hybrid instruments - 0.6% and corporate securities of foreign issuers - 2%. The share of BGN denominated bonds and securities is 36%, while of those in foreign currency - 64%.

Investment Portfolio

At the end of 2005 the Bank's investment portfolio securities amounted to BGN 1,7 million. In structural aspect 52.7% of those are investments in corporate shares and 47.3% represent investments in associated companies.

Liquidity

During 2005 the Bank continued to maintain a high level of liquidity. Liquidity is calculated on the basis of the ratio of highly liquid assets/ total debt. Highly liquid assets represent cash funds (including cash and nostro accounts) and amounts due from banks, while total debt represents all deposits.

During the year the Bank maintained adequate liquidity ratios and as of end 2005 the total BGN and foreign currency liquidity index was 31.9%.

	Dec-04	Mar-05	Jun-05	Sep-05	Nov-05	Dec-05
BGN	14.74	15.92	18.52	14.25	17.83	18.46
USD	76.43	80.85	83.43	82.81	84.49	83.52
EUR	16.24	18.14	28.12	33.02	26.49	31.04
TOTAL LIQUIDITY	24.49	29.18	32.57	31.47	30.29	31.97

Loans

At the end of 2005 the total gross value of loans, provided to non-financial institutions and other clients is BGN 2 057,7 million and grows by 36.2% y/y. In structural aspect household loans grow by 54.6% y/y, while corporate loans by 22.5% y/y. At the year-end the gross debt of loans in foreign currency reports an annual growth of 45.8% as its BGN equivalent is BGN 866,8 million. The net value of extended loans is BGN 2 008,5 million and represents 63% of Bank's assets. Thus UBB increases its net loan portfolio by 36.6% versus the previous year.

Loans classified as standard represent 94.1% of the portfolio. Out of the total loan portfolio the loans, classified as watch are 2.3%, substandard 0.9%, non-performing 2.7%. The total amount of specific provisions for revaluation loss is BGN 58,0 million and represents 2.8% of balance sheet receivables (principal and interest). Their relative share at the end of 2004 was 2.7%.

The loan portfolio continued to diversify across all industries with a focus on retail banking, SMEs and dynamically developing sectors of the economy.

Loan Exposure by Industries

Industry	2005 BGN '000	(%)	2004 BGN '000	(%)
Industry and Mining	126,964	6,16	81,772	5.41
Trade and Services (excl. Tourism)	322,980	15,70	436,398	28.89
Construction	162,890	7,92	51,008	3.38
Energy	34,184	1,66	35,445	2.35
Tourism	100,725	4,89	68,106	4.51
Transport and Telecommunications	211,958	1,07	25,067	1.66
Services	17,358	0,85	14,335	0.95
State sector	2,256	0,11	2,481	0.16
Other	19,052	0,93	9,197	0.61
Small Business	325,535	15,82	189,122	12.52
Retail	923,912	44,90	597,742	39.57
Total	2,057,724	100	1,510,623	100

Through the offered standardized low-cost credit products and improved risk assessment and control system the Bank's number of newly extended loans in 2005 increased up to 220,874 including 6,974 corporate loans and 214,000 retail loans. For the previous year the number of newly extended loans was considerably smaller: 110,198 in total, including 3,681 corporate loans and 106,988 retail loans.

Total liabilities

At the end of 2005 total liabilities reached BGN 2 757,3 million versus BGN 1 872,9 million in 2004. Their nominal growth against the previous year is 47.1%, which is due to the increase in UBB client deposits base and the issued by the Bank bond issues for BGN 80 million and EUR 100 million aimed to develop the Banks business.

Deposits from Financial Institutions

At the end of 2005 the deposits from financial institutions nearly doubled (196%) y/y. These amounted to BGN 254,1 million versus BGN 85,5 million at the end of 2004. At the end of 2005 their total amount represents 9.2% of total liabilities. In structural aspect banks' current accounts represent 17%, banks' time deposits - 56%, deposits from other financial institutions - 27%.

Deposits from Non-financial Institutions and Other Customers

During the last year the Bank maintained its good market share in deposit base (10%) for BGN and FX deposits in total, demonstrating again its strong positions both in corporate and retail segment.
At the end of 2005 total deposits from clients reached BGN 2 126,5 million versus BGN 1 695,9 million at the end of 2004 and thus reported growth of 25.4% y/y.

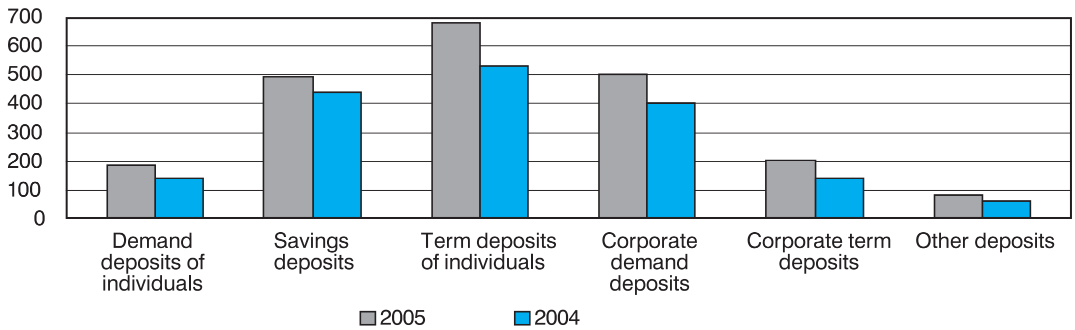
Deposits

	2005 BGN '000	2004 BGN '000	Change %
Retail Deposits	1,353,224	1,099,387	31.4
Demand	181,923	138,427	12.0
Saving	488,626	436,130	30.0
Term	682,675	524,830	23.1
Corporate Deposits	696,398	537,410	29.6
Demand	495,811	398,865	24.3
Term	200,587	138,545	44.8
Budget Accounts	76,837	59,181	29.9
Total	2,126,459	1,695,978	25.4

At the end of 2005 the leva deposit base amounted to BGN 1 115,8 million (versus 853,0 million for previous year) and represented 52.4% of overall deposit base from customers. For a one- year period the BGN deposit base growth in major maturity segments was: 24% y/y increase in demand deposits, 57% y/y increase in term deposits and 25% y/y increase in saving deposits.

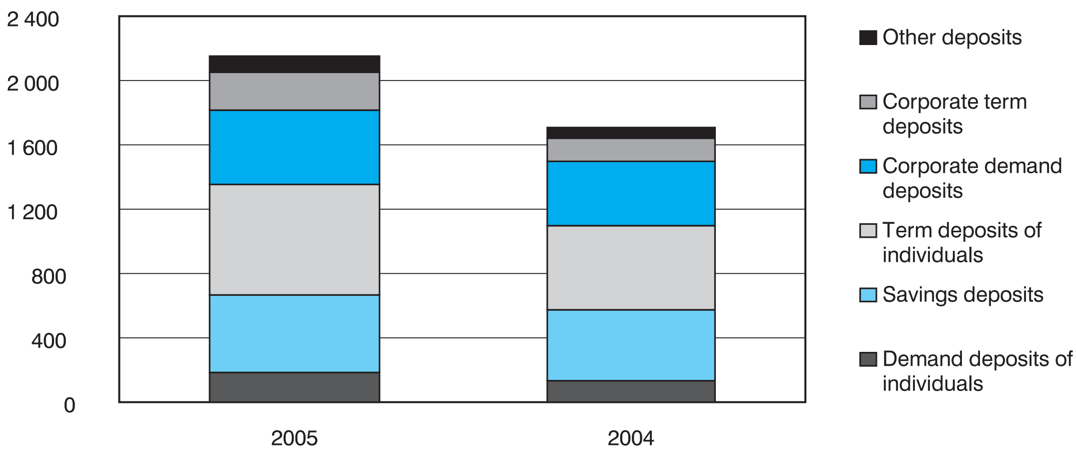
BGN equivalent of FX deposits amounted to BGN 1 010,6 million versus BGN 843 million for the previous year which represented 47.6% from deposits portfolio. Regarding the maturity structure the Bank's FX deposit base indicates that demand deposits, savings deposits and term deposits have increased respectively by 63% y/y, 17% y/y and 8% y/y following the Bank's policy for shifting the public interest toward local currency instruments.

Demand and Term Deposits (BGN million)



The relative share of corporate deposits represents 36% of total deposit base and those of individual clients - 64%.

Deposits Structure By Clients (BGN, million)



At the end of 2005 retail deposits marked 31.4% y/y nominal growth. UBB traditionally holds a leading position in the corporate deposits' segment and has strengthened this position by achieving a nominal increase in corporate deposits by 29.6% y/y in an intense competition enviroment.

Long-term Borrowed Funds

At the end of 2005 the long-term borrowed funds on the Bank's balance sheet amounted to BGN 358,6 million versus BGN 74,9 million in 2004. The growth of the exposure resulted from the issued in 2005 bond issue of BGN 80 million with issue maturity date 15 July 2008 and a fixed coupon of 3.55%. The issue is traded on the BSE - Sofia. UBB also placed successfully EUR 100 million bond issue with maturity date 22 September 2008 and a fixed of coupon 2.75%. The euro-bond issue is traded on the London Stock Exchange.

Equity and Capital Adequacy

At the end of 2005 UBB equity amounted to BGN 427,1 million ensuring a capital adequacy level above the requirements of the Central Bank regulations. The total capital adequacy of the Bank is 14.5%, while primary capital adequacy is 13.8%.

Capital Adequacy		2005	2004	Change (%)
Capital Base	BGN' 000	308 438	305 378	1
Primary capital	BGN' 000	294 127	290 150	1,4
Risk Weighted Assets	BGN' 000	2 129 252	1 645 801	29,4
Capital Adequacy	(%)	14,5	18,6	-4,1
Primary Capital Adequacy	(%)	13,8	17,6	-3,8

RETAIL BANKING

Throughout 2005 UBB kept its leading position in the banking segment for retail loans and products. The total market share of UBB for retail loans at the end of the year was 15%, with almost 20% market share in mortgages and 14% in the consumer lending. The increase in the mortgage loans' portfolio was 87% y/y reaching a volume of BGN 369 million. The portfolio of consumer loans reached BGN 557, 8 million, which represented an annual growth of 37.8%.

During 2005 the market for bank cards has experienced strong penetration of new players. UBB was the bank with the biggest number of issued international credit cards under the logo of Master Card, VISA and VISA Electron, realizing a respective market share of 62%. In terms of absolute figures the total number of credit cards in circulation issued by UBB reached 170 000, representing y/y increase of 90%. Number of transactions with bank cards issued by UBB increased by 19.20% y/y while the volumes increased by 22.65% y/y, reaching BGN 781 018 747.

UBB was the first bank in Bulgaria to introduce a new modern product - "Open Credit" ("OK") - a consumer loan of a revolving credit facility type. Via special "OK" cash card the Bank assures 24 hours free access to the approved loan amount at any UBB ATM or any UBB Branch. The launch has been very successful and the "OK" has established itself as a new category of lending.

UBB has established its own Customer Service Call Center, through which provides to its existing and potential customers an easy access to bank services via telephone 0700117 17 where an information is provided and standard bank operations are performed. Customer Service Call Center offers general information retail products on special customer care to existing UBB retail customers, merchant support and transactions performed. The service has been very welcomed by the clientele with more than 1000 calls daily. Following the long-term strategy of the bank for expanding sales through alternative channels, the Bank has dramatically increased the agreements with third parties and the type of products offered through them. As a result, in 2005 all big retail chains in the country offered UBB products to the public.

CORPORATE BANKING

In view of keeping its leadership positions in corporate lending in Bulgaria the Bank developed its activity towards sectors of industry with significant growth and good profit margins. That is clearly illustrated by the business loan portfolio growth. The large corporate customers with over BGN 50 million turnover represent the largest segment in corporate lending. During 2005 the Bank significantly developed lending in the private sector, capitalizing the investment interests of its clients in the realization of self-financing projects and energy sector related projects. In addition to that we offered to our clients a great number of integrated service packages, based on cross-seling opportunities. For a period of one year corporate portfolio structure reached the following dynamics:

Corporate portfolio	December 2005		December 2004	
	Value in BGN 000 000		Value in BGN 000 000	Number
Large corporates	486,1		431,4	306
Small and medium size enterprises	645,5		480,6	5 791
Total	1 131,6		912,0	6 097

UBB introduced new conditions for its Business Energy micro-credit products of up to BGN 50,000. Investment loans will already be repayable within ten years, and working-capital loans within five years. The UBB has reduced the interest rate on long-term Business Energy loans, and offers its old clients a reduced interest rate on renewal. Two years ago, UBB launched a full range of Business Energy credit products, targeting micro and small enterprises. They are extended through a fast and easy procedure, and applicants get a preliminary answer within 24 hours. Additionally, UBB will service the financial transactions of the Energy Efficiency Fund. The first entities to receive funds from the project are two kindergartens and a co-generation unit. The interest rate for energy efficiency loans will be between 2.5% and 3.0% for municipal buildings and up to 8.0% for enterprises.

TREASURY ACTIVITIES

UBB Treasury is a market leader on the domestic Money market, Foreign Exchange and Bond market. UBB holds a 11% market share in local currency trading and is the number one player on the corporate trading market. Treasury department has also been contributing considerably to the Bank's efforts to add further value to its services by offering investment products, such as cash and risk management derivatives to its clients - institutional, corporate and individuals of high net worth.

UBB has successfully placed its first issue of eurobonds worth EUR 100 million on the European capital markets. The issue consists of ordinary unsecured bonds with a maturity term of three years and a 2.75% coupon, payable annually. The issue is rated BBB by Fitch and BBB- by Standard & Poor's. It is managed by Deutsche Bank and National Bank of Greece. More than 40 investors have purchased papers,worth EUR 350 million.

During the year UBB successfully placed the biggest ever corporate bond issue in Bulgaria, amounting to BGN 80 million. Lead manager and underwriter of the bonds was Raiffeisenbank Bulgaria, co-manager was Bulbank. The issue included unsecured bonds with a par value of BGN 1,000. The term of the issue was three years. The papers had a fixed annual coupon of 3.55%, payable semi-annually. UBB's credit rating equals Bulgaria's, BBB-, and is confirmed by Standard & Poor's and Fitch. The new issue established itself as the most liquid leva-denominated debt instrument on the Bulgarian capital market.

INVESTMENT BANKING

During 2005 the activity of Investment Banking Department was directed mainly to services and completion of deals, related to public offering of securities. UBB brokerage services ranked second by turnover on the Bulgarian Stock Exchange (BSE) - Sofia AD, while the intermediation of UBB led to effecting 9,3% of the deals on the stock exchange totaling to over BGN 665 million. Through UBB AD as a part of the consortium for sale of companies of so called "Dream Pool", was effected the sale of 35% of BTC - the largest public offering of shares in Bulgaria. UBB in its capacity of a Lead Manager or Co-Manager participated in the structuring and placing of 4 corporate bond issues to the total amount of EUR 26,5 million. The development of the corporate bonds' market in 2005 resulted in an increased demand of additional services for issuers, bondholders' trustee and servicing bank. In that segment the market share of UBB is about 60%. The number of shareholding companies with special investment purpose (SCSIP) and mutual funds with a depository UBB increased.

UBB Asset Management EAD

It was the first year of operation for the managing company UBB Asset Management EAD, owned by UBB and part of NBG Group and with a subject of activity - management of the activity and the assets of collective investment schemes and of investment portfolios of other institutional investors. On 31.01.2005 UBB Asset Management EAD launched the public offering and the management of the activity and assets of Investment Company (IC) UBB Balanced Fund AD, the first open-type investment company in Bulgaria, which co-founder was UBB AD. As of 31.12.2005 the number of shares in circulation of IC UBB Balanced Fund AD increased by 222,63 % up to 34 860 shares, and the assets' net value increased by over 283,10 % up to BGN 4,14 million. During last year a mixed securities' portfolio of the investment company was maintained with debt securities prevailing. Fund's assets were invested mostly in securities of Bulgarian issuers. For 2005 the managing company reached 16,81% profitability of the Fund's portfolio. In the summer 2005 IC UBB Balanced Fund AD started preparation for launching on the Bulgarian capital market of two new collective investment schemes - Mutual funds (MF) "UBB Premium Shares" and "UBB Platinum Bonds" with different risk orientation and investment strategy. By the end of 2005 UBB Asset Management EAD submitted an application for license renewal to the Financial Supervision Committee. Currently it expects to get a license for providing services "Management of individual securities portfolios" and "Providing of investment consultancy on securities", by which it will add to its activity in 2006.

RISK MANAGEMENT

UBB takes a conservative approach to risk, which is fully aligned with the Bank's long-term strategy. The Bank has developed and implemented Risk Management Policy, consistent with the requirements of the current legislation, the Central Bank regulations and the Directives of the Basel Committee. As a member of NBG Group, UBB has set up a specialized risk management unit and adheres to the standards for risk management, adopted within the Group. The risk framework combines centralized policy setting with broad oversight. All structural units within the Bank operate in a strictly regulated environment, which does not allow for non-justified taking of risk in the everyday banking business. The senior management is provided on a regular basis with comprehensive reports for the risk exposure, undertaken by the Bank. Alongside the standard international practices UBB monitors and manages three major types of risk - credit, market and operational. The credit risk management aims at achieving good asset quality and diversification of the loans portfolio by type and industry. Detailed procedures are applied in the loans' approval process and the Bank closely monitors the portfolio development and quality, and its distribution by industries. The lending process includes utilization of internal credit rating system and a system for early warning, relating the quality of exposures. The trading operations of UBB are mainly customer-driven. The Bank hedges the interest rate risk of its trading book. The market risk of securities and open currency positions is measured daily through implementation of Value-at-Risk method. UBB maintains adequate liquidity and minimal mismatches between the interest rate sensitive assets and liabilities. The expansion of lending activities in 2005 is founded on a strong capital base. The Bank retained 100% of the 2004 profit in the capital base. The total capital ratio of UBB reached 14.5% and the primary capital ratio posted 13.8% as of December 2005. During the year the Bank implemented the Basel II program which was a part of the initiative of the NBG Group for implementing the new capital adequacy standards and regulators.

This program has provided a combination of capital and business benefits and will improve the opportunities for implementing and applying the best practice methods and techniques for risk management.

COMPLIANCE

The Bank views compliance as the fundamental rule of business management and defines it in compliance with applicable laws, regulations, rules, and conducting, at all times and in all situations, fair and honest business activities that do not contravene commonly accepted social standards. The Bank follows the principle, that it is prudent to maintain and administer an effective regulatory compliance program to proactively detect and prevent compliance failures that may result in penalties, costly litigation, adverse public relations and loss of customer confidence. The Bank has developed an effective customers' complaints procedure that aims at ensuring adequate response to each customer and if necessary corrective measure to be taken for eliminating the reasons for the complaints. Major concern of the Bank's management in that area is the strict application of the measures against money laundering and financing of terrorism.

INFORMATION TECHNOLOGIES

UBB kept striving to be a technology leader while reducing the cost value of its services during 2005. Due to in-house developments the organization was improved, involving the processes in Retail banking and SME business - branch network, commercial representatives (outsourced activity), Credit centers and Legal Department. The total time needed for extending loan was reduced to one business day. Along with that for the enhancement of accuracy in analyzing loan applications, the so called credit bureau prototype was successfully developed. It is a natural continuation of the Bank's MIS and the own credit register, enlarged with options for reporting the dynamics of the specific borrower and a real time access to the central credit register of BNB. This bureau appeared as a reliable tool for reducing the mistakes in extending potentially bad loans. Due to the quality functioning of the Virtual branch (based on Internet technologies) the total number of services provided through that branch in 2005 increased by 70% as compared to 2004, respectively by 54% for payments and 75% for information statements. That led to reducing of average cost value comparable to world indices. The development and launching of Call Center for on-line servicing of customers gave strong impetus for improving the relations with bank customers. The experience accumulated by UBB in the development of other systems was utilized and as a result investment costs and time for developing were reduced and constantly operating automated interface with the other systems was ensured. UBB continued the implementation of WEBSphere (MQSeries) system, through which introduced entirely automated data exchange with its customers or other bank operators (BISERA). In this way the possibility of operator's (human) mistakes, which are some of the most costly in the banking system, was eliminated. During the last year UBB expanded the options for providing telecommunication access to the card terminal devices, by which the technological time for their launching in operation was reduced four times, while keeping the same level of operating costs for data exchange. Besides, the project for implementing NMS (Network Management System) was successfully finalized. That system enables on-line monitoring and management of the key infrastructure components, through which bank operation interruptions for technical reasons were minimized. During 2005 UBB also provided information-technological assistance to other members of NBG Group in Bulgaria and in the region. In that way the bank strengthened its positions of a technological leader with the highest potential to become the most modern bank in the region.

BRANCH NETWORK

In 2005, UBB branch network continued its dynamic progress. Ten new structural units were opened in the towns of Sofia, Razlog, Russe, Varshec, Pleven, Plovdiv, Stara Zagora and Petrich. In 2005 the trend of providing good, quality and contemporary services to UBB customers as maximum as possible continued. The necessary actions were initiated for offering Bank products and services in compliance with the best and most modern banking practices and for constantly enhancing customer needs and requirements. The organization of work in the branch network was improved, aiming at increasing the speed and efficiency of servicing. All these activities targeted the development and improvement of the business relationships with present and potential partners, as well as achieving higher growth rates and profitability from the sales of banking products and services. At the end of 2005 the number of structural units in UBB branch network was 134.

HUMAN RESOURCES

UBB staff number was 2093 (with 52 employees on maternity leave) at the end of 2004 year and at the end of 2005 it numbered 2158 people (with 70 employees were on maternity leave). The average staff age is about 38 years and six months. About 73.6% or 1588 people form the Bank personnel have higher education. During 2005 the training program was focused on the quality of clients servicing, offering active new banking products and distribution channels. Participants in Internal bank training programs were 3617 and 471 employees were included in long term programs and professional seminars organized by other agencies in Bulgaria and abroad. From the mid of 2005 Deloitte consulting team has been working on transformation and application of new Human resources management models.

SPONSORSHIP ACTIVITY

Social responsibility projects and a number of cultural events were in the focus of the sponsorship and public relations activities of the Bank in 2005. The total value of grants for sponsorship and public relations activities amounted to more than EUR 180 thousand. Significant part of this budget, a total of EUR 80 thousand, has been paid as a donation for the reconstruction effort of the Bulgarian government after the calamitous floods during the summer of 2005. As a part of its efforts in support of the Bulgarian culture UBB has developed a special cultural web site - www.art.gbg.bg with information covering the whole spectrum of the artistic life and cultural events in Bulgaria. UBB was acknowledged as one of the few big corporations in Bulgaria offering their support to the ailing Bulgarian culture. In the sphere of cultural events the bank traditionally supported Apolonia Cultural Festival, Varna Summer and Russe March Music Days in. The Bank was awarded with a special certificate for its outstanding efforts as a sponsor from the Bulgarian Donor Forum. UBB included in its sponsorship portfolio the National Media Awards "Chernorizetz Hrabar", distinguishing media people for their efforts in the promotion of freedom of speech and higher professional standards. The Bank supported a number of youngsters sports clubs during the year, promoting the sports as an alternative to 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 organization providing shelter and support to children. Business forums sponsored by the Bank, included the 2004 South East European Forum and a number of smaller events throughout Bulgaria.

Manager`s Report

Declarations and Information in Accordance with the requirements of the Commercial Code

- Total remunerations received by UBB's Board of Directors members in 2005 - BGN 917 thousand.

- There are no procedures, regulating the rights of UBB Board of Directors' members to acquire shares and bonds of the Bank.

- Number of registered voting shares possessed by members of UBB Board of Directors' members.

Directors' names	31.12.2005	31.12.2004
Stilian Petkov Vatev	10 shares	10 shares
Total:	10 shares	10 shares

Shares BGN 1 (one) each (nominal value)

- UBB has no shareholders - individuals, possessing directly or through related parties more than 10 per cent of the votes at the General Meeting of Shareholders.

- **UBB has one shareholder - legal entity, which possesses directly more than 10 per cent of the votes at the General Meeting of Shareholders.**

NATIONAL BANK OF GREECE S.A.
Registered Address: Athens
Head Office: 86 Eolou Street, 10232 Athens

- After the establishment of UBB there has been no transformation of the company.

- Companies in which as of 31.12.2005 UBB holds directly or through related parties more than 10 per cent of the votes at the General Meeting of Shareholders or could by other means control them:

Name: UBB BALANCED FUND AD
Registered Address: Sofia
Head Office: Sofia, 5 Sveta Sofia Street, Vazrazhdane municipality
Number and batch of entry in the Commercial Register: № 87998, volume 1108, register I, page 62, under company file № 11245 of Sofia City Court, under 2004 inventory
Capital: BGN 1 080 500.
Participation in the company: BGN 500 000

Name: UBB ASSET MANAGEMENT EAD
Registered Address: Sofia
Head Office: Sofia, 5 Sveta Sofia Street, Vazrazhdane municipality
Number and batch of entry in the Commercial Register: № 83704, volume 1021, register I, page 44, under company file № 4098 of Sofia City Court, under 2004 inventory
Capital: BGN 300 000.
Participation in the company: BGN 300 000

- Board of Directors members' participation in companies as unlimited liability partners, possessing more than 25 per cent of the capital of another company, as well as their participation in the management of other companies and cooperatives as procurators, managers or members, managers or Board members

Stilian Petkov Vatev
Europay Eastern Regional Board of Directors' member
Bankservice AD Board of Directors' member
Central Depository AD Board of Directors' member
Interlease AD Board of Directors' member
Interlease Auto EAD Board of Directors' member

Christos Alexandros Katsanis

Interlease AD Board of Directors' member
Interlease Auto EAD 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

- In 2005 the Board of Directors' members had not signed contracts under Art. 240 b of the Commercial Code, which went beyond the company's usual activity or deviated from market conditions.

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 and stakeholders.

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.

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.

UBB IAS Annual Financial Statements

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Deloitte.

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF

UNITED BULGARIAN BANK AD

We have audited the accompanying balance sheets of United Bulgarian Bank AD ("the Bank") as of December 31, 2004 and 2003 and the related statements of income, changes in equity and cash flows for the years then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with International Standards on Auditing. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as of December 31, 2004 and 2003 and the results of its operations, changes in equity and cash flows for the years then ended, in accordance with International Financial Reporting Standards.

Deloitte Audit Ltd.

Sylvia Peneva
Managing Director,
Registered Auditor

February 24, 2005
Sofia

BALANCE SHEET
As of December 31, 2005
All amounts are in thousand Bulgarian Levs, except otherwise stated

	Notes	As of 31.12.2005	As of 31.12.2004
ASSETS			
Cash and balances with the Central bank	4	496,733	234,456
Nostro accounts and loans and advances to banks	5	410,712	240,163
Trading securities	6	178,581	160,843
Securities available for sale	7	1,674	515
Loans and advances to customers, net	8	2,008,464	1,470,155
Other assets	9	7,211	4,238
Fixed assets	10	81,070	90,773
TOTAL ASSETS		3,184,445	2,201,143
LIABILITIES			
Deposits from banks	11	254,117	85,558
Due to customers	12	2,126,459	1,695,978
Other liabilities	13	13,210	12,229
Deferred tax liabilities	22	4,862	4,256
Long term borrowings	14	358,664	74,903
TOTAL LIABILITIES		2,757,312	1,872,924
NET ASSETS		427,133	328,219
SHAREHOLDERS' EQUITY			
Share capital	15	75,964	75,964
Retained earnings		336,009	237,027
Revaluation reserve		15,160	15,228
TOTAL SHAREHOLDERS' EQUITY		427,133	328,219
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3,184,445	2,201,143
Contingent liabilities and c ommitments	23	210,258	169,731

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

February 28, 2006

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

UBB A Member of NBG Group

STATEMENT OF INCOME
For the year ended December 31, 2005
All amounts are in thousand Bulgarian Levs, except otherwise stated

	Notes	Year ended 31.12.2005	Year ended 31.12.2004
Interest and similar income		216,333	154,745
Interest expense and similar charges		(35,862)	(20,026)
Net interest margin	17	180,471	134,719
Net fee and commission income	18	54,200	42,697
Net trading income	19	10,763	12,285
Net other operating income		3,098	775
Operating income		248,532	190,476
Net allowances for impairment and uncollectability	20	(22,680)	(10,642)
General administrative expenses	21	(109,289)	(96,981)
		(131,969)	(107,623)
Profit before taxation		116,563	82,853
Taxation	22	(17,649)	(16,751)
NET PROFIT		98,914	66,102

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

February 28, 2006

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
As of December 31, 2005
All amounts are in thousand Bulgarian Levs, except otherwise stated

	Share Capital	Retained Earnings	Revaluation Reserve	Total
Balance as of January 1, 2004	75,964	194,457	15,395	285,816
Dividends paid	-	(24,460)	-	(24,460)
Net profit for the year ended December 31, 2004	-	66,102	-	66,102
Transfer from revaluation reserve for fixed assets sold	-	928	(928)	-
Effect from reduction in tax rates on deferred taxes regarding prior years' revaluations	-	-	761	761
Balance as of December 31, 2004	75,964	237,027	15,228	328,219
Net profit for the year ended 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

Retained earnings as of December 31, 2005 include an undistributable part amounting to BGN 244,503 thousand and a distributable part amounting to BGN 91,506 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

February 28, 2006

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

STATEMENT OF CASH FLOWS
For the year ended December 31, 2005
All amounts are in thousand Bulgarian Levs, except otherwise stated

	Notes	Year ended 31.12.2005	Year ended 31.12.2004
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		116,563	82,853
Adjustments to reconcile profit before taxation to net cash provided by operating activities:			
Allowances for impairment and uncollectability charge for the period		26,221	17,274
Allowances for staff obligations		2,979	90
Depreciation		18,258	20,434
Accrued interest		(3,962)	(4,888)
Income taxes paid		(12,278)	(11,927)
Change in deferred taxes		(715)	977
		147,066	104,813
Change in operating assets:			
Decrease in placements with other banks		749	7,538
(Increase) in loans and advances to customers		(555,640)	(441,992)
(Increase)/decrease in trading securities		(14,025)	74,218
(Increase) in other assets		(2,973)	(1,613)
Change in operating liabilities:			
Increase in amounts deposits from banks		168,166	32,511
Increase in amounts due to other depositors		426,452	257,080
(Decrease) in other liabilities		(6,049)	(2,884)
NET CASH PROVIDED BY OPERATING ACTIVITIES		163,746	29,671
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(8,555)	(4,923)
(Increase)/Decrease of securities available for sale		(1,159)	64,784
NET CASH USED IN/(PROVIDED BY) INVESTING ACTIVITIES		(9,714)	59,861
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in long term debt		279,169	56,597
Dividends paid		-	(24,460)
NET CASH PROVIDED BY FINANCING ACTIVITIES		279,169	32,137
NET INCREASE IN CASH AND CASH EQUIVALENTS		433,201	121,669
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		469,069	347,400
CASH AND CASH EQUIVALENTS AT END OF YEAR	24	902,270	469,069

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

February 28, 2006

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2005
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 in Sofia and 117 branches throughout Bulgaria.

Full-time equivalent of employees for 2005 was 2,082 (2004:2,042).

2. BASIS OF PREPARATION

The financial statements have been prepared in all material respects in accordance with International Financial Reporting Standards (IAS), which since July 1, 2003 become general financial reporting frame, incorporating the International Accounting Standards (IAS) and are stated in Bulgarian Lev (rounded to the nearest thousand), the currency of the country in which the 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. 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.

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 2005

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 extant IAS applicable to the Bank's operations have been implemented with effect from 1 January 2005. There have been no material effects on the financial statement as a result of the implementation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

3.2. 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 due.

3.3. 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	31.12.2005	31.12.2004
EUR	1.95583	1.95583
USD	1.65790	1.43589

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.

3.4. 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.

3.5. 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.

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.

3.6. 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.

3.7. 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

3.8. Repurchase agreements

Securities sold under repurchase agreements ('repos') are retained in the financial statements 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 loans and advances to other banks or 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.

3.9. Fixed assets

All fixed assets except land and buildings are carried at cost less accumulated depreciation. Land and buildings have been revalued to fair value at Decvalember 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.

Depreciation of fixed assets 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%
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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10. Taxation

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.

3.11. 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.

3.12. 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.

3.13. 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.

3.14. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15. 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.

3.16. 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.

4. CASH AND BALANCES WITH THE CENTRAL BANK

	As of 31.12.2005	As of 31.12.2004
Cash in hand	108,896	97,651
Minimum reserve with the Central Bank	82,504	65,283
Additional required reserve with the Central Bank	212,826	-
Current account with the Central Bank	91,063	70,135
Money in transfer	1,444	1,387
TOTAL	496,733	234,456

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. NOSTRO ACCOUNTS AND LOANS AND ADVANCES TO BANKS

	As of 31.12.2005	As of 31.12.2004
In Bulgarian Levs		
Placements with local banks	119,286	21,785
Securities purchased under agreements to resell	4,018	9,166
	123,304	30,951
In foreign currencies		
Placements with foreign correspondents	244,049	149,203
Placements with local bank	19,103	49,202
Securities purchased under agreements to resell	24,256	10,807
	287,408	209,212
TOTAL	410,712	240,163

6. TRADING SECURITIES

	As of 31.12.2005	As of 31.12.2004
Bulgarian government securities		
Foreign currency	88,913	74,756
Bulgarian levs	57,364	66,164
	146,277	140,920
Other trading securities		
Foreign government and corporate securities	3,662	3,528
Bulgarian corporate securities	28,642	16,395
	32,304	19,923
TOTAL	178,581	160,843

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 3.5% and 10%. The remaining BGN 1,094 thousand carry variable interest linked to the respective levels of SOFIBOR. Securities denominated in EUR predominantly carry fixed interest coupons between 5.75% and 8%. The remaining BGN 7,568 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 71,366 thousand (2004: BGN 45,801 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.

7. SECURITIES AVAILABLE FOR SALE

	As of 31.12.2005	As of 31.12.2004
Equity securities	882	41
Investments in associates	792	474
TOTAL	1,674	515

8. LOANS AND ADVANCES TO CUSTOMERS, NET

(a) Analysis by type of customer

	As of 31.12.2005	As of 31.12.2004
Overdrafts	183,829	136,683
Corporate loans	967,015	789,217
Retail loans	906,880	584,723
	2,057,724	1,510,623
Less allowances for impairment and uncollectability	(49,260)	(40,468)
TOTAL	2,008,464	1,470,155

Overdrafts are granted both to individuals and to corporate clients. The loan portfolio includes no loans granted to parties outside Bulgaria.

8. LOANS AND ADVANCES TO CUSTOMERS, NET (continued)

(b) Analysis by industrial sectors, gross of allowances amount

	As of 31.12.2005		As of 31.12.2004	
	BGN'000	%	BGN'000	%
Industry & mining	126,694	6.16	81,722	5.41
Small scale industry	325,535	15.82	189,122	12.52
Trade and services (excl. tourism)	322,980	15.70	436,398	28.89
Construction and real estate development	162,890	7.92	51,008	3.38
Energy	34,184	1.66	35,445	2.35
Tourism	100,725	4.89	68,106	4.51
Transportation and telecommunications	21,958	1.07	25,067	1.66
Professionals	17,538	0.85	14,335	0.95
Government	2,256	0.11	2,481	0.16
Other	19,052	0.93	9,197	0.61
To individuals	923,912	44.90	597,742	39.57
	2,057,724	100	1,510,623	100

(c) Movement of allowances for impairment and uncollectability

	BGN'000
BALANCE AS OF JANUARY 1, 2004	(38,860)
Allowances for impairment and uncollectability charge	(17,266)
Loans and advances written off as unrecoverable	15,658
BALANCE AS OF DECEMBER 31, 2004	(40,468)
Allowances for impairment and uncollectability charge	(26,228)
Loans and advances written off as unrecoverable	17,436
BALANCE AS OF DECEMBER 31, 2005	(49,260)

9. OTHER ASSETS

	As of 31.12.2005	As of 31.12.2004
Derivative assets	1,921	31
Prepayments and other assets	5,290	4,207
TOTAL	7,211	4,238

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 2005 and 2004 the Bank has not used derivatives for hedging purposes.

10. FIXED ASSETS

	Land and buildings	Equipment and other fixed assets	Software and licences	Total
COST				
As of January 1, 2005	51,579	82,539	44,664	178,782
Additions	620	11,979	9,623	22,222
Disposals	(463)	(8,555)	(5,921)	(14,939)
AS OF DECEMBER 31, 2005	51,736	85,963	48,366	186,065
DEPRECIATION				
As of January 1, 2005	14,425	51,641	21,943	88,009
Charge for 2004	2,262	9,658	6,339	18,259
Depreciation charged on disposals	(175)	(1,003)	(95)	(1,273)
AS OF DECEMBER 31, 2005	16,512	60,296	28,187	104,995
NET BOOK VALUE	35,224	25,667	20,179	81,070

11. DEPOSITS FROM BANKS

	As of 31.12.2005	As of 31.12.2004
Current accounts	62,785	20,096
Term deposits from other banks	190,907	65,262
Repurchase agreements with other banks	425	200
TOTAL	254,117	85,558

12. DUE TO CUSTOMERS

Analysis by type of customer

	As of 31.12.2005	As of 31.12.2004
Individuals		
Demand	181,923	138,427
Saving Accounts	488,626	436,130
Term	682,675	524,830
	1,353,224	1,099,387
Corporate		
Demand	495,811	398,865
Term	200,587	138,545
	696,398	537,410
Government entities deposits	76,837	59,181
TOTAL	2,126,459	1,695,978

13. OTHER LIABILITIES

	As of 31.12.2005	As of 31.12.2004
Other liabilities	4,418	4,063
Provisions for annual leave	1,137	1,012
Retirement benefit obligations	2,854	-
Provisions for taxation	4,766	6,075
Other derivative liabilities	35	1,079
TOTAL	13,210	12,229

The derivative financial instruments used include short-term currency forwards. The Bank acts as an intermediary provider of these instruments to certain clients. During 2005 and 2004 the Bank has not used derivatives for hedging purposes.

14. LONG TERM BORROWINGS

	Currency	Date of issue	Date of maturity	Face value in thousands	Annual interest rate
Mortgage bond	BGN	12/07/2004	12/07/2009	40,000	6.62%
Corporate bond	BGN	15/07/2005	15/07/2008	80,000	3.55%
EURO note	EURO	22/09/2005	22/09/2008	100,000	2.75%

UBB entirely repaid bonds issued on June 20, 2002 with total face value of BGN 11,719 thousand. The maturity date of the issue was June 20, 2005.

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.

Long term borrowing also includes Credit lines from EBRD amounting to BGN 40,450.

15. 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.

16. EARNINGS PER SHARE

	As of 31.12.2005	As of 31.12.2004
Net profit for the year	98,914	66,102
Weighted average number of ordinary shares outstanding	75,964,082	75,964,082
EARNINGS PER SHARE	1.30	0.87

17. NET INTEREST MARGIN

	Year ended 31.12.2005	Year ended 31.12.2004
A. Interest and similar income		
Loans and advances to individuals	103,569	60,235
Loans and advances to enter prises	98, 912	81,718
Interbank placements	5,412	5,056
Trading and available for sale securities	8,440	7,736
	216,333	154,745
B. Interest expense and similar charges		
Deposit of individuals	(19, 754)	(12,738)
Deposits of enterprises	(5,463)	(3,882)
Deposit of banks	(4,732)	(1,283)
Long term loans	(2,549)	(2,123)
Bonds issue	(3,364)	-
	(35,862)	(20,026)
NET INTEREST MARGIN	180,471	134,719

18. NET FEE AND COMMISSION INCOME

	Year ended 31.12.2005	Year ended 31.12.2004
FEE AND COMMISSION INCOME		
Customer transfers/ Cash transactions	17,676	15,449
Service charged on deposit and current accounts	16,979	15,423
Credit and debit cards fees	15,544	9,338
Loans and advances to customers	5,680	4,571
Guarantees and letters of credit	1,870	1,745
Other	2,383	1,455
	60,132	47,981
FEE AND COMMISSION EXPENSES	(5,932)	(5,284)
FEE AND COMMISSION INCOME, NET	54,200	42,697

19. NET TRADING INCOME

	Year ended 31.12.2005	Year ended 31.12.2004
Net loss from foreign currency revaluations	(1,381)	(2,308)
Net gain from foreign currency dealings	9,141	8,152
Net gain from trading securities	3,003	6,441
NET TRADING INCOME	10,763	12,285

20. NET ALLOWANCES FOR IMPAIRMENT AND UNCOLLECTABILITY

The net charge of allowances for the year ended December 31, 2005 and 2004 is as follows:

	Year ended 31.12.2005	Year ended 31.12.2004
Loans and advances to customers	(26,229)	(17,266)
Recoveries of written off debts	3,541	6,632
Other assets	8	(8)
TOTAL	(22,680)	(10,642)

21. GENERAL ADMINISTRATIVE EXPENSES

	Year ended 31.12.2005	Year ended 31.12.2004
Personnel costs	29,675	23,948
Depreciation charge	18,258	20,567
Communications and IT services	14,421	14,707
Non refundable VAT and withholding taxes	8,057	5,786
Social security cost	5,786	5,939
Deposit insurance fund premium	7,145	6,666
Occupancy expenses	3,801	3,767
Stationary and maintenance	2,685	2,067
Cash collection costs	1,456	1,201
Management expenses	1,564	1,472
Consulting, Legal, Audit, etc. services	7,485	5,063
Operating lease rentals - buildings	3,245	2,222
Advertising and marketing	5,711	3,576
TOTAL	109,289	96,981

22. TAXATION

	Year ended 31.12.2005	Year ended 31.12.2004
Current tax expense	17,035	16,745
Deferred tax expense related to origination and reversal of temporary differences	614	560
Deferred tax income resulting from reduction in tax rate	-	(554)
TOTAL TAX EXPENSE	17,649	16,751

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, 2003 are calculated using the tax rate of 19.5%, enacted as of that date and effective for 2004. Deferred tax assets and liabilities as of December 31, 2004 and 2005 are calculated using the tax rate of 15%, enacted as of that date to be effective for 2005 and 2006.

22. TAXATION (continued)

The relationship between tax expense and accounting profit is as follows:

	Year ended 31.12.2005	Year ended 31.12.2004
Accounting profit	116,563	82,840
Prima facie tax calculated at an applicable tax rate (15% for 2005 and 19.5% for 2004)	17,484	16,157
Tax effect of expenses that are not deductible in determining the taxable profit	165	125
Reduction in deferred taxes from different tax rates for current and deferred taxes	-	38
Tax effect from change in the tax rate	-	(554)
Taxes related to previous years - permanent differences	-	985
TOTAL TAX EXPENSE	17,649	16,751

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 31.12.2005	As of 31.12.2004
Deferred tax assets:		
Other liabilities - unused paid leave	227	194
Retirement benefit obligations	428	-
Fixed assets - tax depreciation until 2000	166	206
TOTAL DEFERRED TAX ASSETS	821	400
Deferred tax liabilities:		
Fixed assets revaluation	2,365	2,415
Fixed assets tax depreciation	1,999	2,241
Allowances for loss on loans	1,319	-
TOTAL DEFERRED TAX LIABILITIESL	5,683	4,656
NET DEFERRED TAX LIABILITY	4,862	4,256
Aggregate deferred tax liability from revaluation of fixed assets relating to items credited to revaluation reserves in equity:		
Opening	2,415	3,451
Reduction in tax rate	-	(761)
Transfer to retained earnings for fixed assets sold	(50)	(275)
CLOSING	2,365	2,415

23. CONTINGENT LIABILITIES AND COMMITMENTS

Legal proceedings. As of December 31, 2005 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 31.12.2005	As of 31.12.2004
Undrawn credit commitments	132,617	107,003
Guarantees, documentary and commercial letters of credit	77,641	62,728
TOTAL	210,258	169,731

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

	As of 31.12.2005	As of 31.12.2004
Up to 1 year	3,413	2,163
More than 1 year and less than 5 years	10,929	8,035
More than 5 years	6,921	3,638
T OTAL	21,263	13,836

24. ANALYSIS OF CASH AND CASH EQUIVALENTS

	Year ended 31.12.2005	Year ended 31.12.2004
Cash in hand and money in transfer	110,340	99,038
Balances with the Central Bank	91,063	70,135
Minimum reserve in foreign currency with the Central Bank	295,330	65,283
Due from other banks up to 90 days	405,537	234,613
TOTAL	902,270	469,069

25. 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

25. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

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.

25. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

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.

26. CURRENCY ANALYSIS

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 carrying amounts in thousand Bulgarian Levs, categorized by currency.

	EUR	USD	BGN	Other	Total
Assets					
Cash and balances with the Central Bank	320,357	14,624	156,000	5,752	496,733
Nostro accounts and loans and advances to banks	114,141	142,559	123,304	30,708	410,712
Trading securities	48,498	66,845	63,238	-	178,581
Securities available for sale	57	-	1,617	-	1,674
Loans and advances to customers, net	827,599	32,017	1,148,848	-	2,008,464
Other assets	2	19	7,190	-	7,211
Fixed assets	-	-	81,070	-	81,070
TOTAL ASSETS	1,310,654	256,064	1,581,267	36,460	3,184,445
Liabilities					
Deposits from banks	49,480	9,200	195,409	28	254,117
Due to customers	640,245	337,282	1,115,846	33,086	2,126,459
Other liabilities	-	-	13,210	-	13,210
Deferred tax liabilities	-	-	4,862	-	4,862
Long term borrowings	226,409	-	132,255	-	358,664
TOTAL LIABILITIES	916,134	346,482	1,461,582	33,114	2,757,312
TOTAL SHAREHOLDERS' EQUITY	-	-	427,133	-	427,133
NET BALANCE SHEET POSITIONS	394,520	(90,418)	(307,448)	3,346	-
NET OFF - BALANCE SHEET	(85,576)	87,521	(1,299)	(967)	(321)
CREDIT COMMITEMENTS	123,893	18,464	67,549	352	210,258

27. MATURITY 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.

As of December 31, 2005	Up to I month	1-3 months	3-12 months	1-5 years	Over 5 years and non-stated maturity	Total
Assets						
Cash and balances with the Central Bank	496,733	-	-	-	-	496,733
Nostro accounts and loans and advances to banks	404,526	795	5,391	-	-	410,712
Trading securities	146,268	-	1,959	30,354	-	178,581
Securities available for sale	-	-	-	-	1,674	1,674
Loans and advances to customers, net	360,541	80,435	403,842	1,150,370	13,276	2,008,464
Other assets	-	-	-	-	7,211	7,211
Fixed assets	-	-	-	-	81,070	81,070
TOTAL ASSETS	1,408,068	81,230	411,192	1,180,724	103,231	3,184,445
Liabilities						
D eposits from banks	226,489	17,335	10,293	-	-	254,117
Due to customers	1,095,843	157,169	291,684	581,763	-	2,126,459
Other liabilities	13,210	-	-	-	-	13,210
Deferred tax liabilities	-	-	-	-	4,862	4,862
Long - term borrowings	1,626	-	9,923	347,115	-	358,664
TOTAL LIABILITIES	1,337,168	174,504	311,900	928,878	4,862	2,757,312
NET LIQUIDITY GAP	70,900	(93,274)	99,292	251,846	98,369	427,133
CUMULATIVE	70,900	(22,374)	76,918	328,764	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.

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.

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

27. MATURITY ANALYSIS (continued)

As of December 31, 2004	EUR %	USD %	BGN %	Other %
Assets				
Cash and balances with Central Bank	-	-	-	-
Nostros and loans and advances to banks	2.0	4.0	2.4	4.4
Trading securities	5.7	4.6	5.8	-
Loans and advances to individuals	8.6	11.1	12.5	-
Loans and advances to enterprises	6.9	8.9	10.3	-
Liabilities				
Deposits banks	2.7	0.8	2.5	-
Due to customers	1.3	1.2	1.9	0.9
Bonds issue	2.7	-	4.6	-

28. 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 31.12.2005	As of 31.12.2004
NOSTRO ACCOUNTS AND LOANS AND ADVANCES TO BANKS	662	5,350
Interest income earned	155	126
Loans sold	64,871	-

	As of 31.12.2005	As of 31.12.2004
LORRO ACCOUNTS AND DEPOSITS FROM BANKS	5,772	2.391
Interest expense on deposits	3	3

Interlease AD	As of 31.12.2005	As of 31.12.2004
LOANS AND ADVANCES TO CUSTOMERS	5,718	10,843
Interest income earned	649	193
Commission income earned	106	44

	As of 31.12.2005	As of 31.12.2004
DUE TO CUSTOMERS	5,416	413
Interest expense on deposits	62	1

28. RELATED PARTY TRANSACTIONS

(continued)

All others NBG Group entities	As of 31.12.2005	As of 31.12.2004
NOSTRO ACCOUNTS AND LOANS AND ADVANCES TO BANKS	84	84

	As of 31.12.2005	As of 31.12.2004
LORRO ACCOUNTS AND DEPOSITS FROM BANKS	117	414
OTHER LIABILITIES	1,791	1,797

Remuneration of the 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 2005 is BGN 917 thousand.

Subsidiary and associated companies. Transactions between UBB, its subsidiary (UBB Asset Management) and associated UBB Balanced Fund are related to maintaining a Current account of UBB Asset Management and a stake of shares in UBB Balanced Fund amounting to BGN 1,638 thousand (13,958 shares at price of BGN 117.33).

ADDITIONAL INFORMATION

GENERAL CUSTOMER INFORMATION

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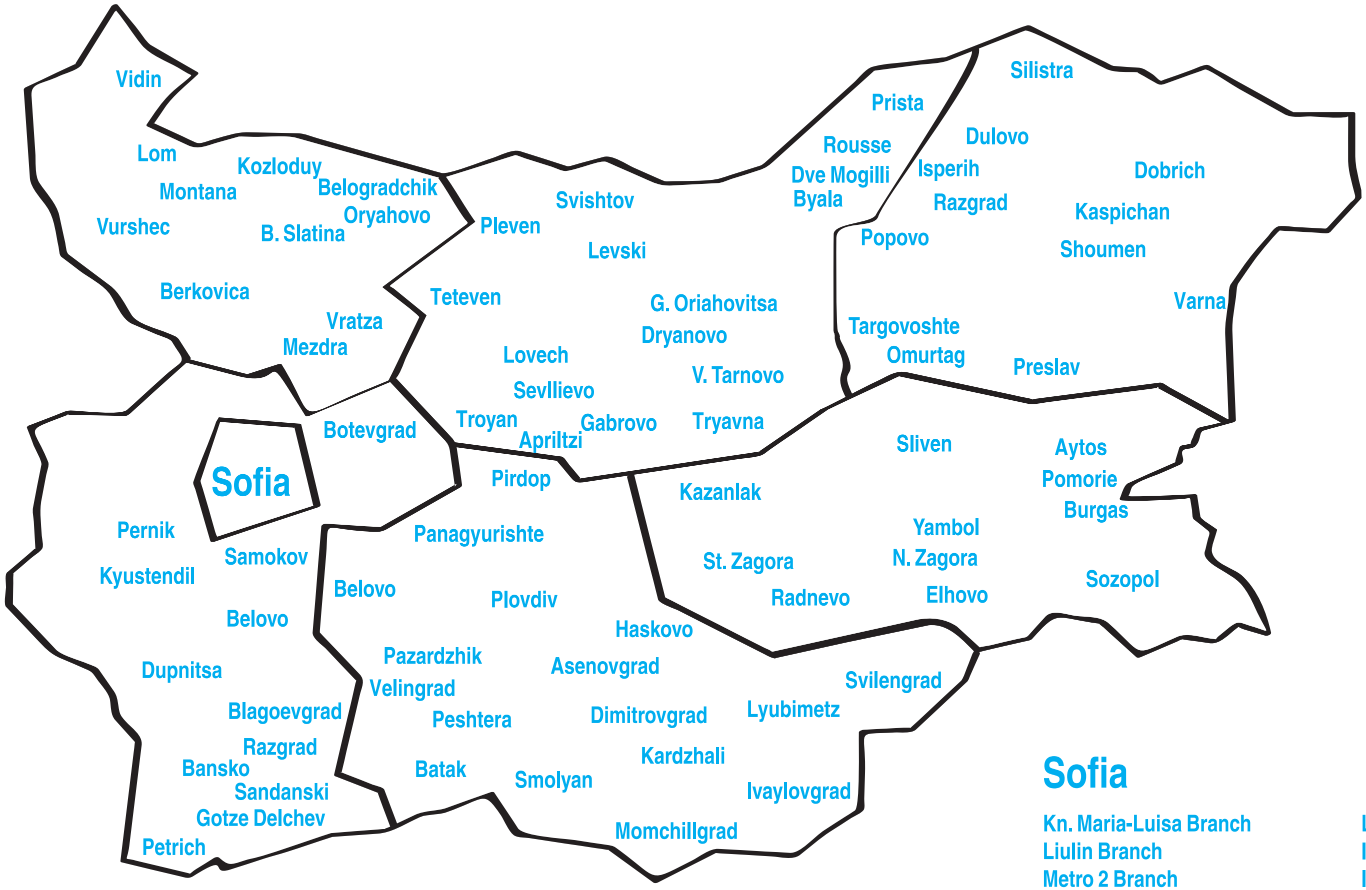
BRANCH NETWORK 2005



Sofia

Kn. Maria-Luisa Branch
Liulin Branch
Metro 2 Branch
Technopolis 2 Branch
Nadezhda Branch
Stamboliiski Branch
Iskar Branch
Business Park Sofia
Sofia Airport Branch
Technopolis 1 Branch
Metro 1 Branch
Mladost Branch
Studetski grad Branch
Fr. Nansen Branch
Dondukov Branch

Lozenec Branch
Ivan Vazov Branch
Interpred Branch
Borovo Branch
Shipka Branch
Oborishte Branch
Universiada Branch
St. Sofia Branch
Tsar Boris III Branch
Rakovski Branch
Vitosha Branch
Ruski pametnik Branch
Todor Alexandrov Branch
Tzar Osvoboditel Branch
Alexandar Nevski Branch