



Member of **UniCredito Italiano Group**

BULBANK ANNUAL REPORT 2001



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FINANCIAL HIGHLIGHTS¹

(in BGN thousands, unless otherwise stated)

| | • | | |
|---|-----------|-----------|-----------------------|
| | 2001 | 2000 | Growth |
| Key figures | | | |
| Net profit | 68,912 | 160,065 | (56.9)% |
| Shareholders' equity (end of period) | 490,479 | 602,776 | (18.6)% |
| Av. Shareholders' equity | 510,459 | 542,593 | (5.9)% |
| Total assets (end of period) | 2,731,686 | 2,559,476 | 6.7% |
| Av. Total assets | 2,756,480 | 2,462,538 | 11.9% |
| Customer deposits (end of period) | 2,021,634 | 1,692,270 | 19.5% |
| Av. Customer deposits | 1,892,854 | 1,652,479 | 14.5% |
| Customer loans (end of period) | 362,353 | 316,380 | 14.5% |
| Av. Customer loans | 373,781 | 282,750 | 32.2% |
| Earnings per share (in BGN) | 0.41 | 0.96 | (56.9)% |
| Income | | | |
| Net interest income | 99,613 | 97,301 | 2.4% |
| Net fee and commission income | 30,359 | 28,957 | 4.8% |
| Net fee and commission income - normalized ² | 30,359 | 23,624 | 28.5% |
| Securities trading income | 8,226 | 19,037 | (56.8)% |
| Securities trading income - normalized ² | 8,226 | 4,793 | 71.6% |
| FX trading income | 5,046 | 3,262 | 54.7% |
| Gross operating income | 144,354 | 149,688 | (3.6) |
| Gross operating income - normalized ² | 144,354 | 129,986 | 11.1% |
| Net operating income | 86,748 | 49,808 | 74.2% |
| Expenses | | | |
| Operating expenses | 66,450 | 69,936 | (5.0)% |
| Personnel expenses | 27,722 | 30,452 | (9.0)% |
| Other operating charges | 28,053 | 29,210 | (4.0)% |
| Depreciation | 10,675 | 10,274 | 3.9% |
| Provisions increase/(decrease) | (8,844) | 29,944 | 129.5% |
| Taxes | 18,568 | 44,660 | (58.4)% |
| Ratios (%) | | | |
| Return on average assets (ROA) | 2.5 | 6.5 | (4.0) pp ³ |
| Return on average equity (ROE) | 13.5 | 29.5 | (16.0) pp |
| Capital/Asset ratio (end of period) | 18.0 | 23.6 | (5.6) pp |
| BIS total capital ratio (end of period) | 59.0 | 71.5 | (12.5) pp |
| BIS tier 1 capital ratio (end of period) | 53.0 | 65.3 | (12.3) pp |
| Risk weighted assets/Total assets ratio (end of period) | 30.4 | 32.9 | (2.5) pp |
| Cost/Income ratio ⁴ | 46.0 | 46.7 | (0.7) pp |
| Cost/Income ratio - normalized ² | 46.0 | 53.8 | (7.8) pp |
| Resources (number) - end of period | | | |
| Operating outlets | 98 | 105 | (7) |
| Employees | 2,050 | 2,084 | (34) |
| | =,000 | 2,001 | (31) |
| Exchange rate at period-end (BGN/USD) | 2.2193 | 2.1019 | 5.6% |
| Average exchange rate over the period (BGN/USD) | 2.1850 | 2.1231 | 2.9% |

All figures disclosed in this annual report are from the financial statements prepared in accordance with IAS, unless otherwise stated.

Ignoring the effect of material non-recurring transactions.

³ Percentage points.

Cost/Income ratio includes depreciation in the nominator.



STATEMENT OF THE CHAIRMAN OF THE SUPERVISORY BOARD

Ladies and Gentlemen,

It is my pleasure to report the first full year of Bulbank with the new shareholding and management structure after the privatization of October 2000.

The Bulgarian economy met our expectations of sustainable growth, surpassing that of both global and EU economies. At the same time, the local financial services market posted remarkable growth and laid deeper penetrating foundations for a broader spread of activity and a further boost of the economy.

For Bulbank, 2001 was a year of change. After approving the three-year strategic plan at the beginning of the year, the bank embarked on a deep re-organisation process. This succeeded in significantly advancing the redesign of the business model, systems and processes - making them stronger and more efficient. This

was also a year of very substantial transfer of knowledge and skills from UniCredito as major share-holder in literally all areas of the bank's activity. However, the major area of focus was on commercial banking in terms of approach, customer relations and fast enrichment of the product portfolio. The bank successfully passed through its first "new model implementation" transformation phase and entered its second "structural reinforcement" phase thanks to the extremely receptive attitude and commitment of our people.

Bulbank reports excellent performance, regardless of this deep and extensive change process and the negative impact of the international environment. The net profit under the international accounting standards is positive at BGN 69 million, driven by strong improvements in commercial banking. It grows more than three times on a normalized basis, ignoring the effect of significant non-recurring transactions, mainly from sale of equity investments. Return on assets is 2.5% and earnings per share 41% in percentage terms. The risk on assets and the capital adequacy remain comfortable. Bulbank marks an enviable cost/income ratio of 46% from 53.8% last year, on a normalized basis.

We seek to preserve our distinctive market position, to strengthen our corporate banking profile, and also to succeed in developing an active presence in the retail and SME banking sector. Being the largest player and striving to attain our commercial goals and reach better proficiency, we follow the highest ethical standards and behave in a socially and environmentally responsible way. We consistently adhere to our commitment of supporting the country's economic development, with first achievement being the tangible growth in Italian investors' interest in Bulgaria and the increase in trade between the two countries in 2001.

There were some changes in the management bodies. Mr Secondino Natale and Mr Dimiter Atanassov left, at their request, the Supervisory Board and the Management Board respectively and I express my gratitude for their contribution to the bank's development. There are three newcomers in the Supervisory Board - Mr Alois Steinbichler, Mr Franco Benincasa and Mr Ivan Stancioff, all very experienced and established professionals, who will undoubtedly bring additional value for the bank. Mr Levon Hampartzoumian took the chair in the Management Board and of the CEO in September 2001, in which positions at that time acted Mr Luigi Lovaglio, the Deputy Chairman of the Management Board and COO.

I would like to thank all our customers, colleagues and shareholders for their understanding, efforts, support and loyalty in this period of transformation for the bank and wish them energy and satisfaction in our joint journey for creating added value.

31 March 2002 Sofia Roberto Nicastro

Chairman of the Supervisory Board

STATEMENT OF THE CHAIRMAN OF THE MANAGEMENT BOARD

Ladies and Gentlemen,

It is my great honour to make my first statement as Chairman of the Management Board and CEO of Bulbank, which is an invigorating challenge and real responsibility.

Last year was portentous for what we did to change whilst keeping the good traditions. Our in-depth transformation of values, standards and technology was initiated. Terms such as "business", "market" and "efficiency" gained new dimension. Our major shareholder UniCredito provided us with a huge knowledge base, supporting us to achieve our objectives in the first stage of this process:

- To strengthen market position
- To transform the bank rapidly into a highly efficient, client oriented, modern commercial bank, corresponding to the best models in banking and management
- To increase the role of the bank as an important factor in the economic growth of Bulgaria.

We registered 74% growth in net operating income in 2001, despite the ongoing re-organisation and the steep deterioration in international market conditions. All efforts in the commercial banking area proved to be worthwhile with its revenues growing comfortably by 18%. Average loans increase by 32% and average deposits by 15%. Ordinary fee income is up by 28.5%. Ordinary gross operating income increase by 11%, up to BGN 144 million, negatively impacted by the 40% nose-dive of the USD average interest rates. Tight control on costs was exercised, 5% lower than last year despite of the inherent re-organisation costs. Human resources were optimized in terms of number and structure and developed in terms of skills.

We clearly expressed our goals in expanding in the retail and SME sectors and backed this with a wide range of new products. A customer relationship approach was introduced. Cross and package selling began and are gaining momentum. Mortgage, consumer lending and overdrafts were launched. The number of bank cards almost doubled. The new IT project completed its feasibility phase and entered into development. Planning and management control system was reengineered. A great deal was done in the HR field, a subject of strategic importance. There is hardly an area that has not been upgraded or changed.

The plan for 2002 is very ambitious, too. We will enter the leasing and bancassurance markets, still underdeveloped in the country. We will introduce personal investment products such as mutual funds, further expanding the retail product range. The number and diversity of sales forces will increase. Lending and risk assessment system will be rationalised. The new IT system roll-out will commence.

All this is done thanks to the contribution of our Bulbank and UniCredito colleagues and, of course, the management team, to whom all I would like to express my gratitude. I would like to thank Mr Dimiter Atanassov, member of the Management Board and Executive Director, who retired after more than 35 years with Bulbank.

I would like to thank our customers, partners and friends, who trusted us and did business with us for mutual benefit.

Levon Hampartzoumian

Chairman of the Management Board and CEO

31 March 2002

Sofia



SUPERVISORY BOARD AND MANAGEMENT BOARD¹

| Supervisory Board | | Date of Appointment |
|--------------------------|-------------------------|---------------------|
| Roberto Nicastro | Chairman | 3 October 2000 |
| Fausto Alberto Galmarini | Deputy Chairman | 3 October 2000 |
| Alessandro Decio | Member | 3 October 2000 |
| Alois Steinbichler | Member | 19 October 2001 |
| Dimitar Zhelev | Member | 3 October 2000 |
| Franco Benincasa | Member | 19 October 2001 |
| Ivan Stancioff | Member | 19 October 2001 |
| Management Board | | |
| - | Chairman and CEO | 19 October 2001 |
| Levon Hampartzoumian | Chairman and CEO | 19 October 2001 |
| Luigi Lovaglio | Deputy Chairman and COO | 3 October 2000 |
| Kiril Stefanov | Member | 3 October 2000 |
| Kiril Kalinov | Member | 3 October 2000 |
| Stanislav Georgiev | Member | 3 October 2000 |

Changes in Supervisory Board

The extraordinary General Meeting of Shareholders of 19 October 2001 released, at his request, Mr Secondino Natale from his obligations as a member of the Supervisory Board and appointed as members Mr Alois Steinbichler, Mr Ivan Stancioff and Mr Franco Benincasa.

Changes in Management Board

Mr Levon Hampartzoumian was appointed Chairman of the Management Board and CEO. After more than 35 years of a successful career and great contribution to the development of the bank Mr Dimiter Atanassov retired, at his request, as a member of the Management Board.

As at the end of 2001.

BULGARIAN ECONOMY OVERVIEW

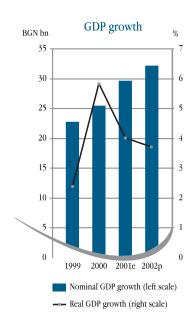
Bulgaria marked another year of steady economic growth, recognised by rating agencies upgrading its sovereign rating at the end of the year. GDP grew by an estimated 4% in 2001 despite the slow-down in the global economy, spurred by domestic demand. The private sector produced 71.7% of GDP, 7.3% more in real terms compared to 2000. Industrial output is slightly up by 0.7%.

| Selected economic indicators ¹ | 2001 | 2000 | Growth |
|---|---------|---------|-----------|
| Official exchange rate at the end of the period (BGN/USD) | 2.22 | 2.10 | 0.12 pp |
| Average official exchange rate (BGN/USD) | 2.18 | 2.12 | 0.06 pp |
| BNB ² base interest rate at the end of the period (%) | 4.65 | 4.63 | 0.02 pp |
| Average BNB base interest rate (%) | 4.56 | 3.85 | 0.71 pp |
| Inflation at the end of the period (%) | 4.8 | 11.4 | (6.6) pp |
| Average inflation (%) | 7.4 | 10.3 | (2.9) pp |
| Nominal GDP (USD million) ³ | 13,557 | 12,007 | 12.9% |
| Estimated real GDP growth (%) ³ | 4.0 | 5.8 | (1.8) pp |
| GDP per capita (USD) ³ | 1,705 | 1,502 | 13.5% |
| Balance of payments (USD million) | 397.6 | 137.3 | 189.6% |
| Current account balance (USD million) | (885.0) | (701.6) | 26.1% |
| Foreign trade turnover - FOB/FOB (USD million) | 11,764 | 10,788 | 9.0% |
| Trade balance (USD million) | (1,566) | (1,176) | 33.2% |
| Foreign direct investments (USD million) | 651 | 1,002 | (35.2)% |
| Gross foreign debt at the end of the period (USD million) | 9,904 | 10,364 | (4.4)% |
| Gross foreign debt/GDP at the end of the period (%) ³ | 73.1 | 86.5 | (13.4) pp |
| Gross internal debt at the end of the period (BGN million) ⁴ | 1,861 | 1,767 | 5.3% |
| Gross foreign currency reserves at the end of the period (USD million) | 3,579 | 3,460 | 3.4% |
| Budget deficit/GDP (%) ³ | (0.9) | (1.0) | (0.1) pp |
| Unemployment rate at the end of the period (%) | 17.3 | 17.9 | (0.6) pp |
| Acting commercial banks at the end of the period | 35 | 35 | - |

Sources: BNB, National Statistical Institute, Bulbank

2001 year-on-year inflation was 4.8%, down from 11.4% in 2000, influenced by the high rise in the prices of utilities. Unemployment reached 17.3% (17.9% at the end of 2000), affected by the structural transformation of economy. The number of unemployed decreased slightly to 662,260. Fiscal policy was kept tight with the budget deficit to GDP ratio at 0.9% (1% in 2000). Living standards remain low, although the real average monthly salary grew by 4.3% to BGN 278 (USD 125) and GDP per capita by an estimated 13.5% to USD 1,705 per year.

The world economy slump and lower external demand from the EU countries and the neighbouring Turkey and Yugoslavia adversely affected Bulgarian foreign trade. The plunge in Bulgarian core export prices contributed largely to the trade balance deficit of USD 1,566 million (USD 1,176 million in 2000). Thus, the current account deficit added another USD 183 million versus 2000 to USD 885 million (6.7% of GDP).



Foreign direct investments fell to USD 651 million (USD 1,002 million in 2000). A surplus on the financial account of USD 1,051 million (USD 908 million in 2000), however, supported the balance of payments, which ended with a surplus of USD 398 million (USD 137 million in 2000).

All data, unless otherwise stated, are for the years ended 31 December.

Bulgarian National Bank.

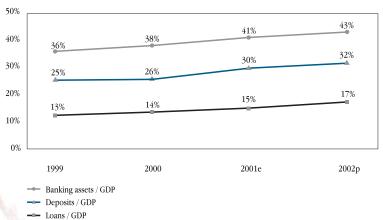
³ 2001 figures are estimate.

Debt to the BNB is excluded.

The cumulative gross foreign debt fell by USD 470 million to USD 9,904 million (USD 10,364 million in 2000), 73.1% of GDP. In November 2001 the country debuted on the international debt market issuing EUR 250 million 6-year eurobonds with a comfortable coupon of 7.25%, heavily oversubscribed. Another issue was made in the first quarter of 2002 to back a Brady Bond swap aimed at further decreasing the debt burden as nominal value, cash outflow, foreign exchange and interest risk. Foreign currency reserves grew 3.4% to USD 3,579 million. The base interest rate was sustained at a low level of an average 4.56% (3.85% in 2000), thus facilitating local financing of the state budget, projected to grow in weight.

The year was the most successful and dynamic one for the banking sector for the whole period of transition. The rapid development of the market brought about by the settled foreign investors, economic recovery, forthcoming introduction of the Euro banknotes and improved confidence in banks contributed to its fast expansion. Banking assets increased 25% (18.9% in 2000) to BGN 12.2

Banking penetration



billion, 41% of GDP (38% at the end of 2000). Customer deposits were up 35% to BGN 8.9 billion. Loans rose 30% to BGN 4.5 billion, improving their proportion of GDP from 14% in 2000 to 15% now. The system posted a net profit¹ of BGN 319 million, 14% higher than last year, adding to its high capitalization. The year was marked by a sharply enhanced competition, most visibly in the underdeveloped retail and SME segments. This pushed spreads down, sometimes leading to a price war and soft lending, mainly by small and medium sized banks seeking

broader positioning and survival. The statutory regulations started being amended to give more impetus to lending. The deepening banking penetration and fast development of the market will undoubtedly stimulate economic progress and improve living standards in Bulgaria.

The economic reforms in Bulgaria are expected to continue in 2002 with privatisation of large monopolist companies (Bulgarian Telecom and Bulgartabak) and important players in the financial market (DZI and Biochim). Further restructuring of the energy sector and continued reform in the pension and health system are also included on the agenda. The tight fiscal policy and unpopular reforms will be balanced with the aim of fast improving living standards. Reducing unemployment of 18% (January 2002) is a fundamental challenge. The GDP is expected to grow some 3.5% and the budget deficit is restricted to 0.8% of GDP. Inflation is optimistically projected at around 5%, backed by the consensus for retaining the discipline of the currency board arrangement. Bulgaria is united in its strategic goals for NATO membership and EU accession. Eventual political instability and bleak FDI coupled with higher than expected current account deficit are the major risks. The prospects, however, are positive.

Preliminary figures of the BNB.

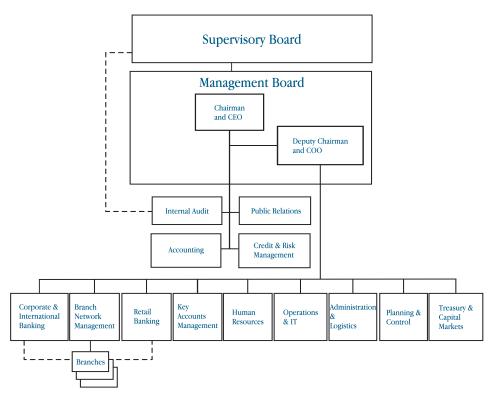
REVIEW OF BULBANK'S ACTIVITY

Overview

2001 was for Bulbank "the year of business model redesign". After successful privatization at the end of 2000, the bank reconsidered its focal points and values and embarked on a deep reengineering of all systems and processes. The main strategic principles rooted in all initiated changes are customer focus, performance excellence and people. The main goal is to create higher value for all stakeholders, including clients, community, staff and shareholders.

Bulbank kept developing its universal profile by preserving its competitive advantages in corporate banking and also clearly emphasising the expansion in the retail and SME sectors. After adopting the three-year strategic plan, the bank radically changed its organisational structure, which is now purely business oriented, split by business lines and flat in structure.

BULBANK ORGANISATIONAL STRUCTURE



A turnaround in the approach to the market was made, switching from passive to proactive perception and behaviour. This was amplified by a deeper segmentation of clientele and assignment of specialized sales forces to take care for the needs of clients in different sub-segments. The bank's sellers were armed with a range of new products, some of them brand new to the market. Lending was accelerated on a broader basis. All this allowed the bank to raise the number of customers by 28% to 261,000, growing more than the previous two years in total. Market share stood very comfortable at 22% of total banking assets, 23% of deposits and 8% of loans.

Given the ongoing redesign process and deteriorated international market conditions, Bulbank reports excellent performance with net operating income growing 74% and revenues from commercial banking by 18%. Along with the healthy net profit, it achieved a marked increase in efficiency (46% cost/income ratio in 2001 against 53.8% in 2000 on a normalized basis), with a strong contribution from tight control on costs.

Financial results

Bulbank reports a net profit of BGN 69 million in 2001. It is 56.9% down compared to 2000 on an accounting basis, but 214% up on a normalized basis. 2000 net profit of BGN 160 million included BGN 177 million material non-recurring gains, mainly from sale of securities¹. Return ratios are comfortable: ROA is 2.5%, ROE 13.5% and EPS 41% in percentage terms.

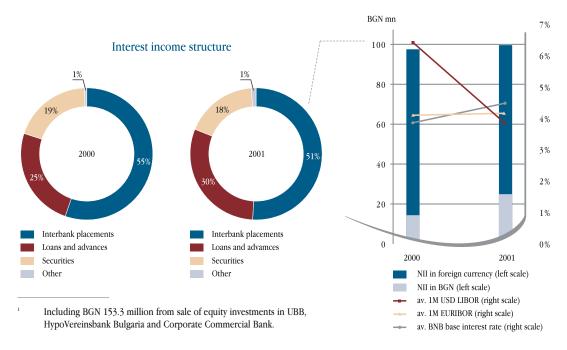
Net operating income grows by 74% to BGN 86.7 million compared with BGN 49.8 million in 2000 (BGN 30.1 million on an ordinary basis), with strong contribution of revenues from commercial banking. Ordinary fee-based income grows 28.5%. Operating expenses reduce 5%, despite increasing capital investments and related depreciation. The bank reports 11.1% growth in ordinary gross operating income to BGN 144.4 million (BGN 130 million in 2000) on a comparative basis. Ordinary income before provisions is 29.7% up.

BGN in thousands

| Normalised operating income statement | 2001 | 2000 | Growth (%) |
|---------------------------------------|----------|----------|------------|
| Net interest income | 99,613 | 97,301 | 2.4 |
| Dividend income | 0 | 51 | (100.0) |
| Fees and commissions | 30,359 | 23,624 | 28.5 |
| Securities trading income | 8,226 | 4,793 | 71.6 |
| FX trading income | 5,046 | 3,262 | 54.7 |
| Other operating income | 1,110 | 955 | 16.2 |
| GROSS OPERATING INCOME | 144,354 | 129,986 | 11.1 |
| Operating Expenses | (66,450) | (69,936) | (5.0) |
| OPERATING INCOME BEFORE PROVISIONS | 77,904 | 60,050 | 29.7 |
| Provisions decrease/(increase) | 8,844 | (29,944) | (129.5) |
| NET OPERATING INCOME | 86,748 | 30,106 | 188.1 |

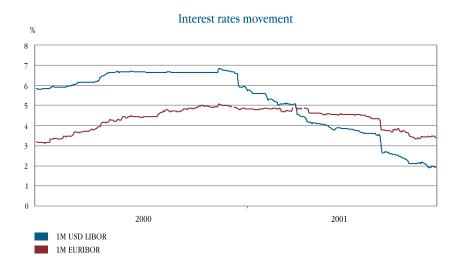
Net interest income grows 2.4% despite the steep fall of interest rates on international markets and the material cash outflow for dividend paid and taxes. Main contributors for the recorded growth are the increases in loan and deposit volumes and the tight interest rate policy pursued by the bank. Average loan portfolio surges 32% and average deposits grow 15%. Interest income on BGN denominated transactions jumps by 43% (22% of total interest income), whilst interest income on foreign currency denominated transactions, with a 78% share in total individual interest income,

Net interest income



slips by 9%. Interest income from transactions with private companies increases 37% to BGN 35 million and those with individuals 218%. The income on interbank placements drops 8%. Interest expenses fall 8%, incorporating reductions in interest rates on customer deposits following the market trend. Net interest income remains the main contributor to revenues with 69% share (75% in 2000 on an ordinary basis).

Fee and commission income reach BGN 30.4 million,



growing 28.5% versus 2000 on an adjusted basis, and near 50% on a monthly year-on-year basis in the last quarter. Its share of revenues grows to 21% compared to 18% in 2000, as a result of all commercial actions undertaken during the year.

Income from trading and revaluation of securities drops significantly, on an accounting basis, to BGN 8.2 million from BGN 19 million in 2000, due to the one-off gains from sale of debt securities and from revaluation. It grows 71.6% on an adjusted basis. Income from FX operations increases 54.7% to BGN 5 million, only from trading.

Tightly controlled operating costs reduce by 5% from last year (including 9% reduction in personnel costs and 4% in other administrative costs).

Profit before tax is BGN 87.5 million and corporate income taxes BGN 18.6 million. The actual income tax paid during the year is BGN 69.8 million due to the higher profit before tax under national accounting standards of BGN 248.8 million. This is due to differences between NAS and IAS, which still exist despite their gradual convergence.

Balance sheet

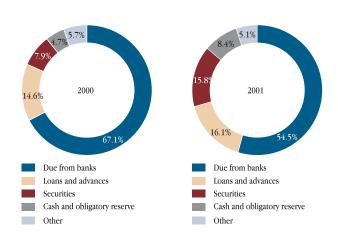
Total assets amount to BGN 2,732 million at the end of 2001, 6.7% up compared to last year. In 2001, the bank assets fund nearly BGN 330 million of dividend payment, taxes and deposit insurance.

BGN in thousands

| Summary balance sheet at December 31 | 2001 | 2000 | Growth (%) |
|--|-----------|-----------|------------|
| Assets | | | |
| Cash and obligatory reserves with BNB | 230,354 | 121,227 | 90.0 |
| Due from banks | 1,487,892 | 1,716,668 | (13.3) |
| Securities | 432,047 | 202,982 | 112.8 |
| Loans and advances to customers ¹ | 441,156 | 373,765 | 18.0 |
| Fixed and other assets | 140,237 | 144,834 | (3.2) |
| Total assets | 2,731,686 | 2,559,476 | 6.7 |
| Equity and liabilities | | | |
| Deposits from customers | 2,049,294 | 1,720,760 | 19.1 |
| Other liabilities | 191,913 | 235,940 | (18.7) |
| Total liabilities | 2,241,207 | 1,956,700 | 14.5 |
| Total shareholders' equity | 490,479 | 602,776 | (18.6) |
| Total equity and liabilities | 2,731,686 | 2,559,476 | 6.7 |

The asset and liability structure changes in line with the bank's policy for higher return of assets and equity, prudent risk on assets² (30.4% in 2001 versus 32.9% at the end of 2000) and good liquidity. Balances due from banks, mainly interbank placements, drop 13.3% or almost BGN 230 million and their share in total assets falls from 67.1% to 54.5%. Securities, including those acquired at the primary market, increase 83%, reaching 20% share in total assets. Commercial loan portfolio rises by 17% on a net basis to 12% of assets. Cash increases near three-fold creating a cushion for the Euro banknotes introduction from 1 January 2002. Obligatory reserves in the BNB increase commensurate with the higher deposit volumes.





Including securities acquired at the primary market.

Risk weighted assets, commitments and contingencies / Total assets.

The bank continues financing its activity through the natural inflow of deposits. Customer deposits reach BGN 2,049 million¹, 19.1% up and increase by 8 percentage points its share in total liabilities and equity to 75%. Deposits from banks increase almost three-fold, mainly due to settlements, but remain marginal in weight.

Equity drops 18.6% due to the 2000 related dividend pay out of BGN 183 million. Nevertheless, the bank remains well capitalized with 59% total capital ratio and 53% tier 1 capital ratio. Equity/assets ratio falls 5.6 points to 18%. Contingent liabilities and commitments decrease 16.9% to only 8.7% of assets. Provision stock reduces to BGN 107 million covering 3.9% of assets.

Risk Management

Bulbank retains adequate liquidity, good asset quality and high capitalization. The liquid asset ratio² at the end of the year is 17.7% (14.6% a year ago), slightly increasing for the higher cash liquidity needed when introducing Euro banknotes. The FX position is strictly monitored and kept balanced. The interest rate positions are closely watched and were adjusted in order to properly protect the bank in the times of steep fall in US Dollar and Euro interest rates seen during the whole year. Financial instruments are structured so as to allow interest rate changes at short notice.

Money market and capital market

Interbank placements

During the year Bulbank gradually decreased the amount of its placements with first class international banks channelling funds to more profitable instruments. For liquidity purposes, average USD 72 million overnight deposits were maintained. Total average placements were USD 739 million (USD 686 million in 2000) reaching USD 659 million at the end of the year (USD 810 million at the end of 2000). The Bank participated in the local interbank market on a limited scale and mainly for liquidity purposes.

Securities

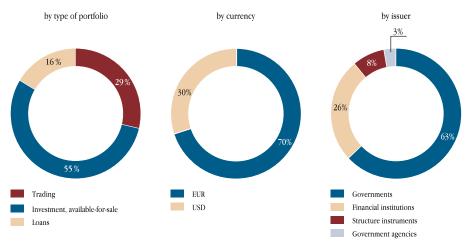
In general, the bank activated its securities trading in search of higher income and good liquidity, matched to the maturity structure of liabilities. The average volumes of Bulgarian treasury bonds denominated in BGN doubles in 2001 reaching BGN 166 million (BGN 89 million in 2000) and BGN 199 million at the end of the year (BGN 119 million in 2000).



The portfolio denominated in foreign currency more than doubles reaching EUR 179 million at the end of 2001 (EUR 86 million in 2000). The average duration is 2.8 years, 3.7 years for the investment portfolio. Bulgarian securities in the portfolio hold 10% of total, including ZUNKs (EUR 9.5 million nominal), Sofia municipality eurobonds (EUR 3 million) and Bulgarian eurobonds debuting in November (EUR 6 million). The portfolio denominated in foreign currency is structured in the following way:

- By type of portfolio:
 - Trading 29%
 - Investment, available-for-sale 55%
 - Loans 16%
- By currency:
 - EUR 70%
 - USD 30%
- By type of issuers:
 - Governments 63%
 - Financial institutions 26%
 - Structured instruments 8%
 - Government agencies 3%





The bank is a shareholder in 13 companies at the end of the year and the value of its equity investments is BGN 7.1 million (BGN 7 million in 2000). There was no divestment during the year. The bank increased its holding in Bankservice due to its higher share in domestic payment turnover processed by the company, the basic criteria for the distribution of capital. Its share in the capital of Orel-G-Holding, POC Soglasie, Bulgarian Stock Exchange and Bulgarian Pension Fund slightly decrease due to non-participation in their capital increase. Orel-G-Holding (19.3% share in capital) is the largest equity investment with a book value of BGN 5.1 million.

BGN in thousands

Commercial banking

Commercial banking, including corporate and retail banking, is the area where the bank mainly focused and strengthened during the year. A lot of commercial actions were undertaken aimed to affirm the bank's excellent market positions. As a result, the number of customers increases 28% to 261,000. The changes in retail banking services offered by the bank were rewarding - attracting 31% more personal customers, reaching 231,000.

Commercial banking revenues increase 18% to BGN 100 million. Retail banking revenues grow 23% and corporate banking 17%. This was achieved with growth in volumes, wider lending coverage and accelerated fee income, all partly compensating the negative impact of severe shrinkage in deposit spreads. Average customer loans jump 32% and average deposits 15%. The commercial banking share in total normalised revenues increases from 65% in 2000 to 69% in 2001.

Deposits

Customer deposits¹ increase by BGN 330 million or 20% to BGN 2,022 million. Retail deposits display excellent growth of 33%.

| | 20 | ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, | |
|---------------------------------------|----------------------|--|--|
| | 2001 | 2000 | |
| Retail Corporate | 1,121,674 900,960 | 841,415 850,855 | |
| | 2,021,634 | 1,692,270 | |
| Share of Retail Share of Corporate | 55.4% 44.6% | 49.7% 50.3% | |

Deposits denominated in foreign currency increase 25%, while those in BGN by only 2% due to the active business cycle of a number of large customers at the end of the year. Positively, the BGN denominated deposits of personal customers grow sharply by 61%.

| | <u>BG</u> | N in thousands | |
|---|----------------------|----------------------|--|
| | 2001 | 2000 | |
| BGN Foreign currency | 403,117 1,618,517 | 396,605 1,295,665 | |
| | 2,021,634 | 1,692,270 | |
| Share of BGN Share of foreign currency | 19.9% 80,1% | 23.4% 76.6% | |

Time deposits are up 33% to BGN 1,154 million improving the maturity structure of total deposits.

| | <u>B</u> (| GN in thousands |
|---|------------|-----------------|
| | 2001 | 2000 |
| Current accounts | 867,827 | 823,693 |
| Time deposits and savings accounts | 1,153,807 | 868,577 |
| | 2,021,634 | 1,692,270 |
| Share of current accounts | 42.9% | 48.7% |
| Share of time deposits and savings accounts | 57.1% | 51.3% |

Customer deposits include other financial institutions and exclude banks. Transfers in transit and settlements are excluded.

Commercial loan portfolio

The loan portfolio at the end of 2001 is BGN 362.4 million, growing 15% compared to the end of last year. Its share of total assets increases from 12.4% to 13.3% on a gross basis. The average loan portfolio is 32% up (BGN 374 million). More than 60% (BGN 221 million) of all loans at the end of the year are working capital against 43% a year ago.

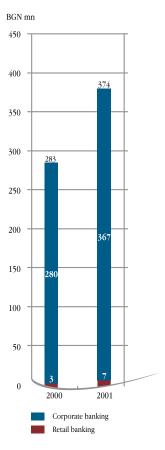
The currency structure is similar to the one at the end of 2000 - 46% BGN

denominated and 54% foreign currency denominated debt. The foreign currency dominance is due to the bank's rule of granting investment loans in hard currency only and the currency structure of assets and liabilities. Loans to businesses amount to BGN 350.3 million (almost fully to private companies), and those to individuals equal BGN 12.1 million, growing more than three-fold. The bank diversified the portfolio, being active in the SME segment, too. In August it started offering mortgage and consumer loans to personal customers. Overdraft was broadly implemented and is used as a key lending product to both corporate and retail customers. The number of loans almost quadruples reaching 12,322 at the end of the year. This is due not only to personal customers, but also corporate customers, which loans grow 49% in number. All these factors lowered the risk of concentration in volumes and industries. Industry, commerce and tourism, however, preserve their high weight of 85% of

total portfolio. Within the industry sector alone, food and chemical sec-

tors hold the lead with 38% and 34% respectively.

Av. loan portfolio



BGN in thousands

| Industry structure | 2 | 2001 | | 2000 | |
|----------------------------|---------|-------|---------|-------|--|
| | Amount | Share | Amount | Share | |
| Industry | 167,983 | 46.4% | 155,342 | 49.1% | |
| Commerce | 89,673 | 24.7% | 65,338 | 20.7% | |
| Tourism | 51,732 | 14.3% | 49,243 | 15.6% | |
| Services | 21,049 | 5.8% | 18,898 | 6.0% | |
| Agriculture | 11,914 | 3.3% | 10,056 | 3.2% | |
| Transport | 7,846 | 2.2% | 8,315 | 2.6% | |
| Households and individuals | 7,749 | 2.1% | 1,829 | 0.6% | |
| Construction | 4,147 | 1.1% | 6,326 | 2.0% | |
| Other | 260 | 0.1% | 1,033 | 0.3% | |
| | 362,353 | 100% | 316,380 | 100% | |

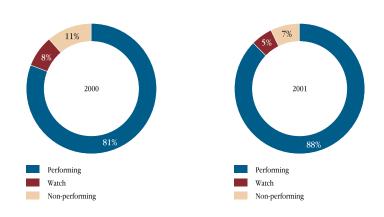
Credit risk is lowered for a further successive year. The share of performing loans increases 7 percentage points to 88%. The remaining watch and non-performing loans¹ decrease by 37% to BGN 44.3 million. The bank was very successful in all its work-out procedures, particularly relating to the largest loss exposures. All of them are currently serviced either on the basis of final court ruling or out-of-court agreement and restructuring, without direct losses for the bank. Other loss and dubious debts were sold in the second half of the year without any losses. The new loans were extended after comprehensive analysis following all internal prudent regulations, and are considered of high quality. The bank eased its policy on assessing liquid collateral when calculating the risk exposures.

Non-performing are loans provided with more than 50%. Most are regularly serviced by the borrowers.

BGN in thousands

| Risk classification | Debt | 2001 Provision | Coverage | Debt | 2000 Provision | Coverage |
|---------------------|-------------------|-------------------|---------------|-------------------|-------------------|---------------|
| Performing Watch | 318,033 18,902 | 8,381 3,871 | 2.6% 20.5% | 256,288 26,023 | 3,937 6,401 | 1.5% 24.6% |
| Non-performing | 25,418 | 23,848 | 93.8% | 34,069 | 26,303 | 77.2% |
| | 362,353 | 36,100 | 10.0% | 316,380 | 36,641 | 11.6% |

Risk structure



Provision coverage of the gross exposure decreases from 11.6% to 10.0%. Provision coverage of non-performing loans in 2001 stays prudent at 142%.

In 2001 the bank applied IAS 39 in assessing risk on loans and provisioning. For this purpose new internal rules and classifications were adopted. The matrix principle was abandoned and now the assessment rests on time value of money calculations, based on default probability, loan loss history and broader analysis of environment. The structure of the portfolio by the new classification is as follows:

IAS 39 risk classification

Individually significant
Non- individually significant, incl.:
With indicators of impairment
Without indicators of impairment

BGN in thousands

| 2001 | 2000 |
|---|---|
| 120,296 242,057 33,123 208,934 | 121,180 195,200 31,544 163,656 |
| 362,353 | 316,380 |

Fee income services

Fee and commission income as a major revenue contributor is one of the yardsticks in the bank's financial management policy. Part of the commercial actions was directed in upgrading and broadening the service portfolio, also aiming to increase the fee generating base. The increase of the fee portion at the expense of the interest income on one hand, facilitates the customers in reasonably spreading costs and provides significant opportunities to properly manage their accounts and on the other hand, makes the bank's revenues more stable and less sensitive to interest rate risks.

Those loans without indicators of impairment are further divided into pools where the major criteria is the industry of the borrower.

This is, however, unthinkable without a wealth of services and opportunities, creating real value for the customer. The bank made significant progress in this area during the year. The major two strategic steps were the acceleration of lending on a broader segment and product basis and the introduction of packages embracing a number of services earmarked for different profiles of user. Four types of Unico packages were launched for personal customers and a Business Leader package for SMEs. Another principle important step ahead, particularly in retail banking, was the enhanced status of the current account as a foundation for meeting the day-to-day financial services needs of the customers through utility payments, mass payments and payments via different brands of plastic cards. This gave great impetus to volumes. The number of domestic cards increased 88% to 79,000 at the end of the year and the number of international cards nearly quadrupled to 9,000. Cross selling was also adopted in identifying and meeting customer needs. All these initiatives and efforts were rewarding with the normalized fee income growing 28.5% with upward monthly trend over the whole year. Fee income from lending (normalized¹) increases 64%, from card payments 42%, account maintenance 78%, remittances 18%, letters of guarantee 19%. Fees on letters of credit decrease 16% in line with the global trend of reducing this type of payment. Agency fees shrink 71% given the extraordinary income gained in 2000.

Infrastructure

In 2001 the Bank optimised its branch network to 98 outlets at the end of the year, closing 7 small one-man offices servicing customs locations. It is now well balanced, profitable and in line with the bank's marketing policy. The number of electronic devices increases with ATMs growing 21% to 50 and POS terminals 142% to 400.

The bank continues rationalizing its correspondent network and payment relations also because of the synergy of being a UniCredito Italiano Group member. There are 1,113 correspondents at the end of the year, 52 "nostro" accounts and 100 "vostro" accounts.

A new IT system project was launched aiming to implement in a short time a state-of-the-art centralized system, which is set to support the bank's business programme for the next few years.

Personnel

Changes were undertaken in the human resource field, too, in line with the new business model and goals. There was a major shift of people from back office to front office to provide more relationship managers, account managers, SME officers, sellers and tellers. The number of people in head office dropped in number and share to 25% of total. Total number of staff decreased to 2,050 from 2,084 a year ago.

A new appraisal system was introduced to assess performance and potential and set goals for achievement, professional and personal development. A management by objectives system for the basic positions was introduced to give focus through allocation of the corporate annual targets and performance stimulation. For the first time a number of sales stimulation programmes were initiated to stimulate sales, behaviour or launch of specific products.

Active on-site and off-site training and coaching, particularly in the new commercial positions, accompanied all changes in the bank. There is a direct link with UniCredito actively assisting the bank in its transition. People from UniCredito are working on a permanent basis in Bulbank as integrators and co-leaders of business units. Others take part through participation in projects, product development or monitoring sessions, most of them within the framework of the Partnership programme launched from the outset of 2001. Thirteen people of Bulbank were included in the Young Talents programme run by UniCredito on a Group level for upcoming young managers.

Extraordinary fees from financing a few large lending deals at the end of 2000 are proportionately adjusted.

Social and environmental policy

In 2001 Bulbank continued its social policy maintained over the years. After being acquired by UniCredito and within the context of the IFC shareholding, the Bank updated accordingly its credit policies and procedures in order to specifically address, control and monitor environmental risk. The Bank financed a number of cultural events. It joined the EU "Culture 2000" programme for financing cultural projects, particularly restoration of monuments, churches and other archaeological sites in Sofia. It organized and financed, along with UniCredito, performances of Arena di Verona artists in Sofia as an outcome of a series of initiatives for accelerated cultural exchange between Italy and Bulgaria. The charity and sponsorship activity supporting orphanages, schools, foundations for ill children and organizations of disabled and handicapped people continued.





FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001
PREPARED IN ACCORDANCE WITH
INTERNATIONAL ACCOUNTING STANDARDS



PricewaterhouseCoopers 2Serdika Street 1000 Sofia Bulgaria Telephone +359 2 9808884 Facsimile +359 2 9800404

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF BULBANK AD

We have audited the accompanying balance sheet of Bulbank AD as of 31 December 2001 and the related statements of income, of cash flows and of changes in shareholders equity for the year 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 audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit 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 audit provides a reasonable basis for our opinion.

In our opinion the financial statements present fairly, in all material respects the financial position of the Bank as of 31 December 2001 and of the results of its operations and its cash flows for the year then ended in accordance with International Accounting Standards.

Pricewaterhouse Coopers

Sofia

31 March 2002

INCOME STATEMENT

BGN in thousands

| | | Year ended 31 | December |
|-------------------------------------|-------|---------------|----------|
| | Notes | 2001 | 2000 |
| Interest Income | | 137,298 | 138,339 |
| Interest Expense | | (37,685) | (41,038) |
| Net Interest Income | 3 | 99,613 | 97,301 |
| Dividend Income | | - | 51 |
| Fee and Commission Income | | 32,116 | 30,235 |
| Fee and Commission Expense | | (1,757) | (1,278) |
| Net Fee and Commission Income | 4 | 30,359 | 28,957 |
| Net Securities Income | 5 | 8,226 | 19,037 |
| Net Foreign Exchange Income | 6 | 5,046 | 3,262 |
| Other Operating Income | | 1,110 | 1,080 |
| GROSS OPERATING INCOME | | 144,354 | 149,688 |
| Operating Expenses | 7 | (66,450) | (69,936) |
| OPERATING INCOME BEFORE PROVISION | | 77,904 | 79,752 |
| | | | |
| Provisions Expense | 9 | 8,844 | (29,944) |
| NET OPERATING INCOME | | 86,748 | 49,808 |
| Gain from Sale of Equity Securities | 10 | _ | 153,429 |
| Net Other Income | 11 | 732 | 1,488 |
| PROFIT BEFORE TAX | | 87,480 | 204,725 |
| | | 37,200 | |
| Income Tax Expense | 12 | (18,568) | (44,660) |
| NET PROFIT | | 68,912 | 160,065 |

BALANCE SHEET

BGN in thousands

| As | at | 31 | December |
|----|----|----|----------|
| | | | |

| | | As at 5 | December |
|---|-------|-----------|-----------|
| ASSETS | NOTES | 2001 | 2000 |
| Cash and Balances with Central Bank | 13 | 230,354 | 121,227 |
| Due from Other Banks | 14 | 1,487,892 | 1,716,668 |
| Trading Securities | 15 | 216,473 | 38,932 |
| Derivative Financial Instruments | 16 | 5,926 | 7,084 |
| Loans and Advances to Customers | 17 | 441,156 | 373,765 |
| Investment Securities, Available-for-Sale | 18 | 215,574 | 164,050 |
| Other Assets and Prepayments | 20 | 17,505 | 16,745 |
| Property and Equipment | 20 | 116,806 | 121,005 |
| Property and Equipment | 21 | 110,000 | 121,00) |
| TOTAL ASSETS | | 2,731,686 | 2,559,476 |
| LIABILITIES | | | |
| Due to Other Banks | 22 | 65,511 | 25,376 |
| Derivative Financial Instruments | 16 | 52 | 832 |
| Due to Customers | 23 | 2,049,294 | 1,720,760 |
| Other Liabilities | 24 | 32,218 | 53,250 |
| Deferred Tax | 25 | 26,024 | 79,520 |
| Other Provisions | 26 | 68,108 | 76,962 |
| TOTAL LIABILITIES | | 2,241,207 | 1,956,700 |
| SHAREHOLDERS' EQUITY | | | |
| Share Capital | 28 | 166,370 | 166,370 |
| Retained Earnings | | 274,076 | 383,980 |
| Reserves | | 50,033 | 52,426 |
| TOTAL SHAREHOLDERS' EQUITY | | 490,479 | 602,776 |
| TOTAL EQUITY AND LIABILITIES | | 2,731,686 | 2,559,476 |

Levoh Hampartzoumian,

Chairman of the Management Board and Chief Executive Officer

Luigi Lovaglio,

Deputy Chairman of the Management Board and Chief Operating Officer

31 March 2002

The accompanying Notes 1 to 32 are an integral part of these financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

BGN in thousands

| | Share | Retained | Fixed | Investment Sl | hareholders' |
|---------------------------------------|---------|-----------|-------------|---------------|--------------|
| | Capital | Earnings | Assets | Securities | Equity |
| | 1 | 0- | Revaluation | Revaluation | 17 |
| | | | Reserve | Reserve | |
| Balance as of 1 January 2000 | 166,370 | 317,917 | 59,933 | - | 544,220 |
| Revalued Assets Sold | - | 12 | (12) | - | - |
| Transfer of Revaluation Reserves on | | | | | |
| Realised Surplus | - | 7,495 | (7,495) | - | - |
| Net Profit for the Year | - | 160,065 | - | - | 160,065 |
| Dividend Distribution | - | (101,509) | - | - | (101,509) |
| Balance as of 31 December 2000 | 166,370 | 383,980 | 52,426 | - | 602,776 |
| Balance as of 1 January 2001 | | | | | |
| As Previously Stated | 166,370 | 383,980 | 52,426 | - | 602,776 |
| Effect of Adopting of IAS 39 | | | | | |
| -Provision for Loan Impairment | - | 354 | - | - | 354 |
| -Tax Effect | - | (99) | - | - | (99) |
| Restated Balance as of 1 January 2001 | 166,370 | 384,235 | 52,426 | - | 603,031 |
| Net Fair Value Gains Arising | | | | | |
| on Investment Securities, | | | | | |
| Available-for-Sale (Note 18) | - | - | - | 1,360 | 1,360 |
| Transfer of Revaluation Reserves on | | | | | |
| Realised Surplus | - | 3,753 | (3,753) | - | - |
| Net Profit for the Year | - | 68,912 | - | - | 68,912 |
| Dividend Distribution | - | (182,824) | - | - | (182,824) |
| Balance as of 31 December 2001 | 166,370 | 274,076 | 48,673 | 1,360 | 490,479 |

CASH FLOW STATEMENT

BGN in thousands

| | Year ended 31 December | | |
|--|------------------------|--------------|--|
| Notes | 2001 | 2000 | |
| Cash Flows from Operating Activities | | | |
| Interest, Fee and Commission Receipts | 168,812 | 174,932 | |
| Interest, Fee and Commission Receipts Interest, Fee and Commission Payments | (39,800) | (41,079) | |
| Net Trading and Other Income | 13,509 | 24,918 | |
| Personnel Expenses and Other Operating Expenses | (54,457) | (58,332) | |
| Income Tax Paid | (103,927) | (50,700) | |
| Operating Cash Flow before Changes in Operating Assets and Liabilities | (15,863) | 49,739 | |
| Net (Increase)/Decrease in Operating Assets | | | |
| Precious Metals | _ | 254 | |
| Statutory Reserves with the Central Bank | (63,016) | 60,464 | |
| Due from Other Banks | 29,028 | (42,409) | |
| Loans and Advances to Customers | (66,495) | (63,602) | |
| Trading Securities | (177,541) | 219,031 | |
| Other Assets and Prepayments | (760) | 1,899 | |
| Increase/(Decrease) in Operating Liabilities | | | |
| Due to Other Banks | 40,135 | (25,855) | |
| Due to Customers | 328,534 | 247,575 | |
| Other Liabilities | 6,606 | (10,097) | |
| NET CASH FROM OPERATING ACTIVITIES | 80,628 | 436,999 | |
| Cash Flows from Investing Activities | | | |
| Investment Securities (Debt Securities) | (51,524) | (110) | |
| Proceeds on Sale of Equity Securities | (>1,>=1) | 182,841 | |
| Dividends Received | _ | 12,592 | |
| Purchase of Property and Equipment 21 | (6,577) | (11,374) | |
| Proceeds on Sale of Property and Equipment | - | 366 | |
| NET CASH FROM INVESTING ACTIVITIES | (58,101) | 184,315 | |
| Cash Flows from Financing Activities | | | |
| Dividends Paid | (174,957) | (101,509) | |
| NET CASH USED IN FINANCING ACTIVITIES | (174,957) | (101,509) | |
| | (-,,,,, | (= -,,, -,) | |
| NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS | (152,430) | 519,805 | |
| | | | |
| CASH AND CASH EQUIVALENTS AS AT 1 JANUARY 30 | 1,688,695 | 1,168,890 | |
| CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER 30 | 1,536,265 | 1,688,695 | |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

Background

Bulbank AD (hereinafter, Bulbank or the Bank) was incorporated in 1964 under the name of Bulgarian Foreign Trade Bank as a joint-stock company under the requirements of the Bulgarian Trade Act, and with a statutory specialisation in foreign trade payments and finance. Upon registration, the Bank was granted a full license by the Bulgarian National Bank (hereinafter, the BNB). The Bank started its business activity on 1 April 1964. The Bank is now registered as a joint stock company with the name of Bulbank AD and with the address of its Headquarters in Sofia, Vazrazdane Municipality, 7 Sveta Nedelya Square. The Bank is a full-service commercial bank serving business, institutional and personal customers through its 98 outlets located throughout the Republic of Bulgaria.

1. Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

A. Basis of presentation

The accompanying financial statements of Bulbank as of 31 December 2001 are prepared and approved by the Management of the Bank based on the accounting records and incorporating certain adjustments and reclassifications, and are presented in thousands of Bulgarian Leva (hereinafter, BGN), unless otherwise stated. Where necessary, corresponding figures have been adjusted to confirm with changes in the presentation of the current year.

The Bank is required to maintain its books and records in Bulgarian Leva and in accordance with accounting principles and practices mandated by the Bulgarian Accountancy Act, Law on Banks, National Accounting Standards (hereinafter, NAS) and the regulations issued by the BNB. The accompanying financial statements as of 31 December 2001 include adjustments and reclassifications (not recorded in the accounting records of the Bank) in order to conform the Bulgarian statutory financial statements to financial statements prepared in accordance with International Accounting Standards (hereinafter "IAS") issued by the International Accounting Standards Committee.

In 2001 the Bank adopted IAS 39 Financial Instruments: Recognition and Measurement. The financial effects of adopting IAS 39 are reported in the Statement of changes in shareholders' equity. Further information is disclosed in accounting policies for Derivative financial instruments, Trading securities, Investment securities and Loans and advances to customers and in related disclosures.

IAS 39 has been applied prospectively in accordance with the requirements of this standard and therefore comparative financial information has not been restated.

Based on these adjustments, the accompanying financial statements are not identical to those that will be presented for approval by the General Meeting of Shareholders of the Bank, which are prepared in accordance with NAS. Bulgarian banking regulations and NAS still diverge from IAS, notwithstanding the significant steps towards harmonisation with the regulations of the European Union made during the last few years. A summary of the adjustments and reclassifications included for the transformation of the NAS financial statements into IAS financial statements, and their impact on the income statement and shareholders' equity as at 31 December 2001, is presented in Note 32.

The preparation of financial statements in conformity with IAS requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

B. Foreign currency transactions

Transactions denominated in foreign currencies are recorded in the reporting currency at the official exchange rate set by the BNB at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are reported at the rates of exchange effective at the end of the reporting period. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss under "Net Foreign Exchange Income" caption in the income statement.

The exchange rates at 31 December 2001 of the main foreign currencies traded by the Bank against the Bulgarian Lev set by the BNB are as follows:

DCN han annuar an anait

| | DGN po | er currency unu |
|----------------------|--------|-----------------|
| | 2001 | 2000 |
| US Dollar (USD) | 2.219 | 2.102 |
| Euro (EUR) | 1.956 | 1.956 |
| Swiss Franc (CHF) | 1.319 | 1.284 |
| Pound Sterling (GBP) | 3.214 | 3.134 |
| \ | - 1 | |

C. Derivative financial instruments

Derivative financial instruments including currency options and interest rate swaps, and other derivative financial instruments are initially recognised in the balance sheet at cost (including transaction costs) and subsequently are remeasured at their fair value. Fair values are obtained from quoted market prices, discounted cash flow models and pricing models as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of derivatives are included in Other operating income or expense.

D. Offsetting 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 set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and to settle the liability simultaneously.

E. Interest and discount income and expense

Interest income and expense are recognised in the income statement for all interest bearing instruments on an accrual basis. Interest income includes coupons earned on fixed income investment and trading securities and accrued discount and premium on treasury bills and other discounted instruments.

F. Fees and commissions

Fees and commissions consist mainly of fees for local and foreign currency transactions and loans. Loan origination fees for loans which are probable of being drawn down, are deferred and recognised as an adjustment to the effective yield on the loan. Fees and commissions arising from negotiating, or participating in the negotiation of a transaction for a third party, such as the acquisition of loans, shares or other securities, are recognised on completion of the underlying transaction.

G. Trading securities

Trading securities are securities which were acquired for generating profit from short term fluctuations. Trading securities are initially recognised at cost on a settlement date basis and subsequently re-measured at fair value based on quoted bid prices. All related realised and unrealised gains and losses are included in net securities income. Interest earned whilst holding trading securities is reported as interest income .

However, in a developing capital market, the prices with which transactions are realised can be different from quoted prices. While management has used available market information in estimating fair value, the market information may not be fully reflective of the value that could be realised in the current circumstances.

H. Sale and repurchase agreements

Securities sold subject to a linked repurchase agreements ('repos') are retained in the financial statements as trading securities and the counterparty liability is included in amounts due to other banks, or deposits due to 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 price is treated as interest and accrued over the life of repo agreements using the effective yield method.

I. Investment securities, available-for-sale

At 1 January 2001 the Bank adopted IAS 39 and classified its investment securities into the category Available-for-sale assets according to the estimation of the Management that the investment securities are 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.

Management determines the appropriate classification of its investments at the time of the purchase.

Investment securities, available-for-sale are initially recognised at cost (which includes transaction costs). Debt instruments are subsequently re-measured at fair value based on quoted bid prices or amounts derived from cash flow models. Unrealised gains and losses arising from changes in the fair value of debt securities classified as available-for-sale are recognised in the equity. When debt securities are disposed of or impaired, the related accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

Equity securities classified as available-for-sale investments comprise unlisted shares, whose fair value cannot be reliably measured. These unlisted equity investments are stated at cost less impairment.

A financial asset is impaired if its carrying value is greater than its estimated recoverable amount. The amount of the impairment loss for assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the financial instrument's original effective interest rate. By comparison, the recoverable amount of an instrument measured at fair value is the present value of expected future cash flows discounted at the current market rate of interest for a similar financial asset.

Interest earned whilst holding investment securities is reported as interest income.

J. Loans and provisions for loan impairment

Loans originated by the Bank by providing money directly to the borrower or to a sub-participation agent at draw down are categorised as loans originated by the Bank and are carried at amortised cost less provisions for loan impairment.

All loans and advances are recognised when cash is advanced to borrowers.

A credit risk provision for loan impairment is established if there is objective evidence that the Bank will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, including amounts recoverable from guarantees and collateral, discounted based on the interest rate at inception.

The loan loss provision also covers losses where there is objective evidence that probable losses are present in components of the loan portfolio at the balance sheet date. These have been estimated based upon historical patterns of losses in each component, the credit ratings allocated to the borrowers and reflecting the current economic climate in which the borrowers operate. When a loan is uncollectable, it is written off against the related provision for impairments.

If the amount of the impairment subsequently decreases due to an event occurring after the writedown, the release of the provision is credited to the bad and doubtful debt expense.

K. Property and equipment

All property and equipment is stated at historical cost less depreciation as modified by the revaluation of certain fixed assets, which approximates fair value.

Depreciation is calculated on the straight line method to write off the cost of each asset to their residual values over their estimated useful life. Construction in progress is not depreciated until it is transferred into use. Land is also not depreciated.

The estimated useful life of assets is as follows:

| Years | of | Use | ful | Li | fe |
|-------|----|-----|-----|----|----|
|-------|----|-----|-----|----|----|

| | 2001 | 2000 |
|--------------------------------------|-------|-------|
| Tangible fixed assets | | |
| Buildings for own use | 33 | 33 |
| Furniture and installations | 5 - 7 | 5 - 7 |
| Office and data processing equipment | 5 - 7 | 5 - 7 |
| Motor vehicles | 4 | 4 |
| Intangible fixed assets | 5 | 5 |
| | | |

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining net operating income.

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

L. Operating leases

Payments made under operating leases are charged against income in equal instalments over the period of the lease.

M. Provisions

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated annual leave as a result of services rendered by employees up to balance sheet date.

N. Income taxes

Taxation has been provided for in the financial statements in accordance with Bulgarian legislation currently in force. The charge for taxation in the income statement for the year comprises current tax and changes in deferred tax. Current tax is calculated on the basis of the taxable profit for the year, using the tax rates enacted at the balance sheet date. Taxes other than on income are recorded within operating expenses.

Deferred income tax is provided using the balance sheet liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

2. Use of Financial Instruments

A. Strategy in using financial instruments

By its nature the Bank's activities are principally related to the use of financial instruments including derivatives. The Bank accepts deposits from customers at both fixed and floating rates and for various periods and seeks to earn above average interest margins by investing these 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 whilst maintaining sufficient liquidity to meet all claims that might fall due.

The Bank also seeks to raise its interest margins by obtaining above average margins, net of provisions, through lending to commercial borrowers with a range of credit standing. Such exposures involve not just on-balance sheet loans and advances but the Bank also enters into guarantees and other commitments such as letters of credit and bonds of performance.

The Bank also trades in financial instruments where it takes positions in traded and over the counter instruments including derivatives to take advantage of short-term market movements in currency and interest rate prices. The Management board places trading limits on the level of exposure that can be taken in relation to both overnight and intra-day market positions. With the exception of specific hedging arrangements, foreign exchange and interest rate exposures associated with these derivatives are normally offset by entering into counterbalancing positions, thereby controlling the variability in the net cash amounts required to liquidate market positions.

B. Credit risk

The Bank assumes exposure to credit risk which is the risk that a counterparty will be unable to pay amounts in full when due. The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and the geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review.

The exposure to any one borrower including banks and brokers is further restricted by sub-limits covering on and off-balance sheet exposures and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored regularly.

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

Derivatives

The Bank maintains strict control limits on net open derivative positions, i.e. the difference between purchase and sale contracts, by both amount and term. At any one time the amount subject to credit risk is limited to the current fair value of instruments that are favourable to the Bank (i.e. assets), which in relation to derivatives is only a small fraction of the contract or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments, except where the group requires margin deposits from counterparties.

Credit related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurance that the Bank will make the payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Bank on behalf of a customer authorising a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions, are collateralised mainly by cash or other form of collateral by the underlying shipments of goods to which they relate and therefore carry less risk than a direct borrowing.

Commitments to extend credit represent unused approved credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

Geographical concentration of assets, liabilities and off-balance sheet items

The loan customers of the Bank are only in Bulgaria, and all placements and current accounts with foreign banks are domiciled in OECD countries.

The Bank is exposed to many sectors of the Bulgarian economy. However, credit risk is well spread over a diversity of individual and commercial customers.

C. Market risk

The Bank assumes exposure to market risks. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The Bank estimates the market risk of positions held and the maximum losses expected, based upon a number of assumptions for various changes in market conditions. The Bank applies limits on the value of risk that may be accepted, which is monitored on a regular basis.

D. Currency risk

The Bank assumes exposures to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Bank applies limits on the level of exposure by currency which are monitored regularly.

The table below summarises the Bank's exposure to foreign currency exchange rate risk at 31 December 2001. Included in the table are the Bank's assets and liabilities at carrying amounts, categorized by currency.

BGN in thousands

| As at 31 December 2001 | BGN | USD | EUR | Other | Total |
|---|-----------|-----------|-----------|------------|-----------|
| | | | | currencies | (net) |
| Assets | | | | | |
| Cash and balances with Central bank | 39,918 | 114,254 | 23,470 | 52,712 | 230,354 |
| Due from other banks | - | 849,253 | 614,713 | 23,926 | 1,487,892 |
| Trading securities | 109,049 | - | 107,424 | - | 216,473 |
| Derivative financial instruments | - | - | 5,874 | 52 | 5,926 |
| Loans and advances to customers | 247,106 | 93,870 | 100,180 | - | 441,156 |
| Investment securities, available-for-sale | 13,749 | 62,588 | 139,237 | - | 215,574 |
| Other assets and prepayments | 7,686 | 3,912 | 5,844 | 63 | 17,505 |
| Property and equipment | 116,806 | - | - | - | 116,806 |
| Total Assets | 534,314 | 1,123,877 | 996,742 | 76,753 | 2,731,686 |
| | | | | | |
| Liabilities | | | | | |
| Due to other banks | 184 | 43,687 | 19,088 | 2,552 | 65,511 |
| Derivative financial instruments | - | 52 | | - | 52 |
| Due to customers | 419,981 | 1,092,010 | 347,952 | 189,351 | 2,049,294 |
| Other liabilities | 22,265 | 7,157 | 472 | 2,324 | 32,218 |
| Deferred tax | 26,024 | - | - | - | 26,024 |
| Other provisions | 68,108 | - | - | - | 68,108 |
| Total Liabilities | 536,562 | 1,142,906 | 367,512 | 194,227 | 2,241,207 |
| Net Position | (2,248) | (19,029) | 629,230 | (117,474) | 490,479 |
| Commitments | 60,868 | 104,466 | 22,568 | 50,439 | 238,341 |
| As at 31 December 2000 | | | | | |
| Total Assets | 397,171 | 989,372 | 1,121,943 | 50,990 | 2,559,476 |
| Total Liabilities | 566,140 | 1,017,757 | 133,692 | 239,111 | 1,956,700 |
| Net Position | (168,969) | (28,385) | 988,251 | (188,121) | 602,776 |
| Commitments | 73,289 | 125,785 | 27,173 | 60,732 | 286,979 |

E. Interest rate risk

The Bank takes on exposures to 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 applies limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored regularly. The Management board is satisfied that the Bank's position is such that exposure to movements in interest rates is minimised.

The table below summarises the effective average interest rate by major currencies for monetary financial instruments for 2001.

| | BGN | USD | EUR |
|---|--------|--------|--------|
| Assets | | | |
| Nostro accounts | - | 2.10% | 3.00% |
| Due from other banks | - | 4.16% | 4.37% |
| Trading securities | 7.20% | 5.26% | 4.19% |
| Loans and advances to customers | 12.15% | 10.67% | 12.23% |
| Investment securities, available-for-sale | 7.27% | 5.38% | 5.07% |
| Liabilities | | | |
| Time deposits from other banks | 3.20% | 3.29% | 4.15% |
| Current accounts of other banks | 0.20% | 0.86% | 0.62% |
| Time deposits from customers | 3.25% | 2.76% | 3.23% |
| Current accounts of customers | 0.20% | 0.95% | 0.65% |

F. Liquidity risk

The Bank is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan drawdowns, 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 reasonable certainty. The Bank applies limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of interbank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

The table analyses assets and liabilities of the Bank into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date.

| As at 31 December 2001 | Up to 1 month | 1-3 months | 3-12 months | Over 1 year | Non-stated maturity | Total |
|--|---------------------------------|--------------------------|------------------------------|---|---------------------|---|
| Assets | | | | | | |
| Cash and balances with Central bank | 230,354 | - | - | - | - | 230,354 |
| Due from other banks | 1,264,439 | 195,282 | 24,266 | 3,905 | - | 1,487,892 |
| Trading securities | 12,503 | 8,998 | 12,422 | 182,550 | - | 216,473 |
| Derivative financial instruments | - | 52 | | 5,874 | - | 5,926 |
| Loans and advances to customers | 29,292 | 49,660 | 205,279 | 156,925 | - | 441,156 |
| Investment securities, available-for-sale | e - | - | 3,220 | 212,354 | - | 215,574 |
| Other assets and prepayments | | - | 17,505 | - | - | 17,505 |
| Property and equipment | | - | - | - | 116,806 | 116,806 |
| Total Assets | 1,536,588 | 253,992 | 262,692 | 561,608 | 116,806 | 2,731,686 |
| Liabilities Due to other banks Derivative financial instruments Due to customers Other liabilities Deferred tax Other provisions | 64,608 - 819,749 6,190 | 52 1,061,180 9,730 | 779 - 165,717 9,263 | 124 2,648 7,035 26,024 68,108 | - - - - | 65,511 52 2,049,294 32,218 26,024 68,108 |
| Total Liabilities Net Liquidity Gap | 890,547 646,041 | 1,070,962 (816,970) | 175,759 86,933 | 103,939 457,669 | 116,806 | 2,241,207 490,479 |
| As at 31 December 2000 | , | | ,,,,, | | , | |
| Total Assets | 1,789,557 | 63,732 | 216,837 | 368,345 | 121,005 | 2,559,476 |
| Total Liabilities | 1,427,714 | 228,244 | 176,125 | 124,617 | - | 1,956,700 |
| Net Liquidity Gap | 361,843 | (164,512) | 40,712 | 243,728 | 121,005 | 602,776 |

G. Fair values of financial assets and liabilities

The estimated fair values of financial assets and liabilities have been determined by Management using available market information and appropriate valuation methodologies, where they exist. However, judgement is necessarily required to interpret market data to determine the estimated fair value, and the market information may not be fully reflective of the value that could be realised in the current circumstances. Bid prices are used to estimate fair values of assets, whereas offer prices are applied for liabilities.

Due from other banks

Due from other banks includes inter-bank placements and items in course of collection. The fair value approximates the carrying value.

Loans and advances to customers

Loans and advances are net of specific provisions for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

Investment securities

Fair value for held to maturity assets is based on market prices or broker/dealer price quotations. Where this information is not available, fair value has been estimated using quoted market prices for securities with similar credit, maturity and yield characteristics, or in some cases by reference to the net tangible asset backing of the investee.

Deposits and borrowings

The estimated fair value of deposits with no stated maturity, which includes non-interest bearing deposits, is the amount repayable on demand.

3. Net Interest Income

BGN in thousands

| <u> </u> | 2001 | 2000 |
|---|----------|----------|
| | | |
| Interest Income | | , |
| Banks and financial institutions | 70,301 | 77,054 |
| Loans and advances to customers | 42,839 | 34,468 |
| Investment securities, available-for-sale | 18,699 | 20,919 |
| Trading securities | 5,459 | 5,898 |
| | 137,298 | 138,339 |
| Interest Expense | | |
| Due to other banks | (891) | (1,474) |
| Due to customers | (36,674) | (37,926) |
| Other | (120) | (1,638) |
| | (37,685) | (41,038) |
| | 99,613 | 97,301 |

4. Net Fee and Commission Income

BGN in thousands

| | 2001 | 2000 |
|---------------------------------------|---------|---------|
| | | |
| Fee and commission income | | |
| Remittances | 10,914 | 9,809 |
| Cash operations | 4,636 | 4,197 |
| Lending | 3,833 | 3,957 |
| Card transactions | 3,332 | 1,813 |
| Documentary operations | 3,252 | 2,871 |
| Opening and maintenance of accounts | 2,551 | 1,450 |
| Agency commissions | 1,166 | 4,038 |
| Foreign currency arbitrage fees | 683 | 723 |
| Other | 1,749 | 1,377 |
| | 32,116 | 30,235 |
| Fee and commission expense | | |
| Maintenance of correspondent accounts | (496) | (527) |
| Other | (1,261) | (751) |
| | (1,757) | (1,278) |
| | 30,359 | 28,957 |

5. Net Securities Income

BGN in thousands

| | 2001 | 2000 |
|--|-------|--------|
| Tending conveition | 4,613 | 1,661 |
| Trading securities Investment securities, available-for-sale | 2,009 | 5,188 |
| Securities classified as loans | -,007 | 3,362 |
| Market revaluation of securities | 1,604 | 8,826 |
| | 8,226 | 19,037 |

6. Net Foreign Exchange Income

| | 2001 | 2000 | |
|---|-----------------------|---------------------|--|
| Net income on foreign exchange trading Net income on options trading Net income on foreign exchange revaluation | 4,830 (327) 543 | 2,743 335 184 | |
| | 5,046 | 3,262 | |

7. Operating Expenses

BGN in thousands

| | 2001 | 2000 |
|-------------------------|----------|----------|
| | | |
| Staff costs (Note 8) | (27,722) | (30,452) |
| Depreciation (Note 21) | (10,675) | (10,274) |
| Deposit insurance | (8,225) | (9,250) |
| External services | (6,056) | (7,013) |
| IT maintenance | (4,062) | (3,088) |
| Repairs and maintenance | (1,815) | (1,941) |
| Post and telephone | (1,553) | (1,431) |
| Stationery | (1,261) | (1,081) |
| Heating and lighting | (1,053) | (1,006) |
| Levies and other taxes | (873) | (657) |
| Rents | (815) | (1,342) |
| Representative offices | (769) | (873) |
| Advertising | (610) | (555) |
| Other | (961) | (973) |
| | (66,450) | (69,936) |

8. Staff Costs

BGN in thousands

| | 2001 | 2000 |
|--|---------------------|---------------------|
| Wages and salaries Social security cost | (21,749) (5,973) | (23,323) (7,129) |
| | (27,722) | (30,452) |

In 2001, the total remuneration of the members of the Management board was BGN 1,274 thousand.

9. Provisions Expense

| | 2001 | 2000 |
|--|-------|----------|
| On helping about (Note 20) | | |
| On-balance sheet (Note 29) Due from other banks | (14) | (16) |
| Loans and advances to customers | 542 | (9,373) |
| Other assets | (538) | (80) |
| | (10) | (9,469) |
| Off-balance sheet - contingent liabilities and commitments (Note 29) | 8,854 | (20,475) |
| | 8,844 | (29,944) |

10. Gain from Sale of Equity Securities

BGN in thousands

| | 2001 | 2000 |
|---------------------------|------|---------|
| | | |
| United Bulgarian Bank | - | 139,877 |
| HypoVereinsbank Bulgaria | - | 12,024 |
| Corporate Commercial Bank | - | 1,382 |
| Other | - | 146 |
| | - | 153,429 |

11. Net Other Income

BGN in thousands

| | 2001 | 2000 |
|---|-------|---------|
| Other income | | |
| Gains from transactions from previous years | 815 | _ |
| Insurance and social security proceeds | 263 | 351 |
| , <u>, , , , , , , , , , , , , , , , , , </u> | | |
| Recognition of property and equipment | 132 | 2,350 |
| Sale of property | - 2/ | 754 |
| Other | 24 | 238 |
| | 1,234 | 3,693 |
| Other expense | | , |
| Settled commitments from previous years | (151) | (1,758) |
| Court proceeds | (91) | - |
| Write-off of software | (52) | _ |
| Charities and contributions | (17) | (161) |
| Other | (191) | (286) |
| | (502) | (2,205) |
| | 732 | 1,488 |

12. Income Tax Expense

Taxation is payable at an effective statutory rate of 28% (2000: 32.5%) on adjusted profits under Bulgarian tax law. Under the Corporate Income Tax Act, effective 1 January 2001, the Bank is subject to Municipality Contribution in the amount of 10 % of taxable profit, as well as Corporate Income Tax in the amount of 20% of taxable profit decreased by the Municipality Contribution.

The breakdown of tax charges in the income statement is as follows:

BGN in thousands

| | 2001 | 2000 |
|------------------------------------|--------------------|--------------------|
| Current tax Deferred tax (Note 25) | 72,163 (53,595) | 84,963 (40,303) |
| | 18,568 | 44,660 |

The tax on the Bank's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

BGN in thousands

| | 2001 | 2000 |
|---|-----------------|---------------|
| Profit before tax | 87,480 | 204,725 |
| Theoretical tax calculated at tax rate of 28.0% (2000 - 32.5%) Expenses not deductible for tax purposes | 24,494 8,917 | 66,535 906 |
| Income tax expense before effect of change in tax rate | 33,411 | 67,441 |
| Effect of change in tax rate | (14,843) | (22,781) |
| | 18,568 | 44,660 |

13. Cash and Balances with Central Bank

BGN in thousands

| | 2001 | 2000 |
|--|---------|---------|
| | | |
| Cash in hand | 76,544 | 29,226 |
| Precious metals | 2 | 2 |
| Current account with the Central bank | - | 1,207 |
| Statutory minimum required reserve with Central bank | 153,808 | 90,792 |
| | 230,354 | 121,227 |

The balances held with the BNB are operational, serving interbank domestic commercial transactions of the Bank in Bulgarian Leva. In accordance with the regulations, those funds maintained with the BNB did not earn interest during 2001 and 2000.

Commercial banks in Bulgaria are required to maintain a minimum reserve with the BNB. The minimum reserve, determined periodically by the BNB, is based on a percentage of Bulgarian Leva and foreign currency funds attracted, excluding deposits due to local banks. The minimum reserve was established at 8% of deposits. The obligatory reserves denominated in Euro are held in a special reserve account while the BGN denominated component of the reserves is held on the current account maintained with BNB. The Bank has access to 50% of its BGN reserve held with BNB on a daily basis, but is to pay overdraft interest if the average monthly balance on the current account is less than the required reserve, till the required reserve level is restored.

14. Due from Other Banks

| | 2003 | 2000 |
|--------------------------------|-----------|-----------|
| | | |
| Time deposits - OECD countries | 1,463,349 | 1,702,731 |
| Current accounts | 20,624 | á 8,296 |
| Loans and advances | 3,905 | 5,629 |
| Overdrafts | 270 | 5 260 |
| Gross Total | 1,488,154 | 1,716,916 |
| Less provisions (Note 29) | (262) | (248) |
| | 1,487,892 | 1,716,668 |
| | | |

15. Trading Securities

BGN in thousands

| | 2001 | 2000 |
|-----------------------------|---------|--------|
| Government bonds (Bulgaria) | 109,099 | 36,764 |
| Government bonds (Germany) | 107,374 | |
| Other securities | - | 2,168 |
| | 216,473 | 38,932 |

16. Derivative Financial Instruments

The Bank utilises foreign currency options, representing contractual agreements under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of a foreign currency at a predetermined price. In consideration for the assumption of foreign exchange risk, the seller receives a premium from the purchaser. Options may be either exchange-traded or negotiated between the bank and a customer (OTC).

The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognised on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit or price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favourable or unfavourable and, thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time. The fair values of derivative instruments held are set out in the following table.

| | Contract | Fair values | |
|-----------------------------|-----------|-------------|-------------|
| | /notional | Assets | Liabilities |
| | amount | | |
| Year ended 31 December 2001 | | | |
| Currency options | 4,438 | 52 | 52 |
| Interest rate swap | 19,560 | 5,874 | - |
| | 23,998 | 5,926 | 52 |
| Year ended 31 December 2000 | | | |
| Currency options | 2,102 | - | 832 |
| Interest rate swap | 19,560 | 7,084 | - |
| | 21,662 | 7,084 | 832 |

17. Loans and Advances to Customers

The detail of the balances of this caption by type of customer, is as follows:

BGN in thousands

| | 2001 | 2000 |
|---|----------|----------|
| Loans and advances | | |
| Private enterprises | 323,238 | 279,705 |
| State owned enterprises | 26,779 | 32,979 |
| Private individuals | 12,076 | 3,696 |
| Public bodies | 260 | - |
| | 362,353 | 316,380 |
| Government and Municipality debt securities | | |
| Bulgarian Government | 109,065 | 88,658 |
| Municipality | 5,838 | 5,723 |
| | 114,903 | 94,381 |
| Gross Total | 477,256 | 410,761 |
| Less provisions for impairment (Note 29) | (36,100) | (36,996) |
| | 441,156 | 373,765 |

The breakdown, by industry, of the commercial loan portfolio, before provisions, is as follows:

BGN in thousands

| | 2001 | 2000 |
|------------------------------|---------|---------|
| | | |
| Processing and manufacturing | 167,983 | 155,342 |
| Commerce | 89,673 | 65,338 |
| Tourism | 51,732 | 49,243 |
| Services | 21,049 | 18,898 |
| Agriculture | 11,914 | 10,056 |
| Transport | 7,846 | 8,315 |
| Households | 7,749 | 1,829 |
| Construction | 4,147 | 6,326 |
| Other | 260 | 1,033 |
| | 362,353 | 316,380 |

The ten largest loan exposures amount to BGN 138,242 thousand or 38% of the commercial loan portfolio, (2000: BGN 141,013 thousand or 45% of the commercial loan portfolio).

18. Investment Securities, Available-for-sale

| | 2001 | 2000 |
|--|------------------|------------------|
| Debt securities, at fair value Equity securities, at cost (Note 19) | 208,494 7,080 | 157,095 6,955 |
| | 215,574 | 164,050 |

The movement of investment securities is as follows:

| | BGN in thousands |
|---------------------------------|------------------|
| | |
| Balances at 1 January 2001 | 164,050 |
| Carrying value adjustment | 1,360 |
| Exchange rate adjustment | 370 |
| Disposals (sale and redemption) | (148,981) |
| Purchases | 198,775 |
| Balances at 31 December 2001 | 215,574 |

19. Equity Securities

The list of the equity securities at 31 December 2001 is as follows:

BGN in thousands

| | 20 | 001 | 20 | 000 |
|--------------------------|----------|-------|----------------|-------|
| | Carrying | Share | Carrying | Share |
| | value | in % | value | in % |
| Orel-G Holding | 5 105 | 19.3 | 5 105 | 29.0 |
| ZPAD Bulstrad | 5,105 | 19.5 | 5,105 1,212 | 12.8 |
| | 1,212 | | , | |
| Bankservice | 357 | 7.1 | 232 | 5.3 |
| BZOK Zakrila | 200 | 10.0 | 200 | 10.0 |
| POK Saglasie | 159 | 6.0 | 159 | 26.3 |
| SWIFT | 20 | 0.0 | 20 | 0.0 |
| Free Trade Zone | 12 | 5.7 | 12 | 5.7 |
| Bulgarian Pension Fund | 10 | 0.2 | 10 | 0.3 |
| Central Depository | 3 | 3.0 | 3 | 3.0 |
| Bulgarian Stock Exchange | 1 | 0.4 | 1 | 0.4 |
| Bulgarhydroponik | 1 | 24.8 | 1 | 24.8 |
| | 7,080 | | 6,955 | |

20. Other Assets and Prepayments

| | 2001 | 2000 |
|-------------------------------|---------|---------|
| | | |
| Interest accruals | 13,113 | 12,511 |
| Settlements | 3,387 | 1,812 |
| Prepayments | 1,244 | 1,465 |
| Materials | 948 | 836 |
| Receivables on overpaid taxes | 234 | 21 |
| Other | 1,002 | 1,985 |
| Gross Total | 19,928 | 18,630 |
| Less- provisions (Note 29) | (2,423) | (1,885) |
| | 17,505 | 16,745 |

21. Property and Equipment

BGN in thousands

| | Land and Buildings | Equipment | Software Construction in progress | | Total |
|-----------------------------|-----------------------|-----------|-----------------------------------|---------|---------|
| Cost and/or revaluation | | | | | |
| Balance at 1 January 2000 | 106,373 | 25,176 | 2,448 | 717 | 134,714 |
| Additions | 7,883 | 2,370 | 686 | 435 | 11,374 |
| Disposals | (60) | (334) | (4) | (297) | (695) |
| Balance at 31 December 2000 | 114,196 | 27,212 | 3,130 | 855 | 145,393 |
| Additions | 20 | 1,302 | 1,828 | 3,427 | 6,577 |
| Disposals | - | (42) | (113) | (5) | (160) |
| Transfers | 3 | 3,187 | 527 | (3,717) | |
| Balance at 31 December 2001 | 114 219 | 31,659 | 5,372 | 560 | 151,810 |
| Accumulated depreciation | | | | | |
| Balance at 1 January 2000 | 4,735 | 8,871 | 521 | - | 14,127 |
| Charge for the year | 4,141 | 5,572 | 561 | - | 10,274 |
| Disposals | (6) | (6) | (1) | - | (13) |
| Balance at 31 December 2000 | 8,870 | 14,437 | 1,081 | - | 24,388 |
| Charge for the year | 5,715 | 4,283 | 677 | | 10,675 |
| Disposals | - | (32) | (27) | - | (59) |
| Balance at 31 December 2001 | 14,585 | 18,688 | 1,731 | - | 35,004 |
| Net Book Value | | | | | |
| Balance at 31 December 2000 | 105,326 | 12,775 | 2,049 | 855 | 121,005 |
| Balance at 31 December 2001 | 99,634 | 12,971 | 3,641 | 560 | 116,806 |

22. Due to Other Banks

| | 2001 | 2000 |
|-----------------------------|--------|--------|
| Current accounts | | |
| Foreign banks | 27,482 | 8,042 |
| Local banks | 27,334 | 11,327 |
| | 54,816 | 19,369 |
| Time deposits - local banks | 7,324 | 2,783 |
| Transfers in transit | 2,468 | 2,368 |
| Loans and advances | 124 | 120 |
| Settlements | 779 | 736 |
| | 10,695 | 6,007 |
| | 65,511 | 25,376 |

23. Due to Customers

BGN in thousands

| | 2001 | 2000 |
|---|-----------|-----------|
| | | |
| By segment | | |
| Private individuals | 1,108,265 | 841,029 |
| Companies and institutions | 941,029 | 879,731 |
| | 2,049,294 | 1,720,760 |
| By type | | |
| Current accounts | 777,438 | 719,888 |
| Time deposits | 1,150,279 | 867,206 |
| Cover accounts on letters of credit and other | 93,327 | 102,192 |
| Transfers in transit | 27,670 | 28,490 |
| Repurchase agreements | 580 | 2,984 |
| | 2,049,294 | 1,720,760 |

24. Other Liabilities

| | 2001 | 2000 |
|---|--------|--------|
| | | |
| Deposit insurance premium | 8,026 | 7,800 |
| Dividends payable | 7,946 | 79 |
| Transfers, subject to further execution | 6,960 | 3,193 |
| Accrued interest | 4,545 | 4,903 |
| Accrued staff cost | 4,330 | 3,011 |
| Tax payable | 379 | 34,263 |
| Other | 32 | 1 |
| | 32,218 | 53,250 |

25. Deferred Income Tax

Deferred income taxes are calculated on all temporary differences under the liability method using an effective statutory tax rate of 23.5%.

Deferred income tax assets and liabilities are attributable to the following items:

BGN in thousands

| | 2001 | 2000 |
|---|---------|--------|
| Deferred income tax liabilities | | |
| Provision for placements and securities | - | 38,329 |
| Property and equipment | 15,479 | 19,348 |
| Provision for due from banks | 10,320 | 14,323 |
| Provision for loans and advances to customers | 1,408 | 1,446 |
| Other provisions | 794 | 6,238 |
| Other assets | 107 | 212 |
| | 28,108 | 79,896 |
| Deferred income tax assets | | |
| Equity securities | - | (376) |
| Accruals | (2,084) | - |
| | (2,084) | (376) |
| | 26,024 | 79,520 |

The movement on the deferred income tax account is as follows:

BGN in thousands

| | 2001 | 2000 |
|--|----------|----------|
| Delenges at 1 January | | |
| Balances at 1 January As previously stated | 79,520 | 119,823 |
| Effect of adopting of IAS 39 | 99 | - |
| As restated | 79,619 | 119,823 |
| Tax credit for the year (Note 12) | (53,595) | (40,303) |
| Balance at 31 December | 26,024 | 79,520 |

26. Other Provisions

| | 2001 | 2000 |
|--|------------------|-------------------------|
| Provisions on letters of guarantee and letters of credit Provisions on outstanding court proceedings Other | 45,211 22,897 | 55,049 21,081 832 |
| | 68,108 | 76,962 |

27. Contingent Liabilities and Commitments

Off-balance sheet commitments. The following table indicates the contractual amounts of the Bank's off-balance sheet financial instruments before provisions that commit it to extend credit to customers or to cover customer's liability. Provisions in respect of this disclosure are described in Note 26.

BGN in thousands

| | 2001 | 2000 |
|---------------------------|-------------------|---------|
| Guarantees Commitments | 172,300 66,041 | |
| | 238,341 | 286,979 |

Assets pledged. Assets are pledged as collateral under repurchase agreements with customers. Mandatory reserve deposits are also held with the Central bank in accordance with statutory requirements.

BGN in thousands

| | Asset | | Relate | ed Liability |
|---|---------------------------|----------------------------|---------------|----------------|
| | 2001 | 2000 | 2001 | 2000 |
| Balances with Central bank Securities related to repo deals Securities related to deposits of budgetary organisations | 153,808 580 261,115 | 90,792 2,984 176,432 | 580 16,404 | 2,984 9,893 |
| | 415,503 | 270,208 | 16,984 | 12,877 |

28. Shareholders' Equity

Share Capital

As at 31 December 2001, the share capital of Bulbank AD consisted of 166,370,160 fully subscribed and paid registered shares of BGN 1 face value each with the same voting and dividend rights.

A summary table with the structure of shareholding at 31 December 2001, is as follows:

| | 2001 | | 2000 | |
|---|-------------|---------------------|-------------|--------------|
| Shareholder | Number | Number Shareholding | | Shareholding |
| | of Shares | % | of Shares | % |
| UniCredito Italiano SpA | 141,743,445 | 85.2 | 154,720,317 | 93.0 |
| International Finance Corporation | 8,817,618 | 5.3 | _ | - |
| Allianz AG | 8,318,295 | 5.0 | 8,318,295 | 5.0 |
| Simest SpA | 4,159,254 | 2.5 | - | - |
| Financial institutions | 1,531,384 | 0.9 | 1,500,180 | 0.9 |
| Businesses and non-commercial organisations | 1,466,520 | 0.9 | 1,510,202 | 0.9 |
| Private individuals | 333,644 | 0.2 | 321,166 | 0.2 |
| | 166,370,160 | 100.0 | 166,370,160 | 100.0 |

29. Provisions

The table below summarises the provisions for on-balance sheet and off-balance sheet positions:

BGN in thousands

| | 2001 | 2000 |
|---|---------|---------|
| On-balance sheet | | |
| Due from banks (Note 14) | 262 | 248 |
| Loans and advances to customers (Note 17) | 36,100 | 36,996 |
| Other assets (Note 20) | 2,423 | 1,885 |
| | 38,785 | 39,129 |
| Off-balance sheet (Note 26) | 68,108 | 76,962 |
| Total Provisions | 106,893 | 116,091 |

The movement of provisions is as follows:

| | 2001 | 2000 |
|---|----------|---------|
| On-balance sheet | | |
| Balances at 1 January as previously stated | 39,129 | 29,660 |
| Effect of adoption of IAS 39 | (354) | - |
| Balance at 1 January as restated | 38,775 | 29,660 |
| Provision increase/(decrease) - (Note 9) | | |
| Provision increased on new lending | 8,644 | 19,046 |
| Provision increased on higher risk classification | 3,395 | 3,473 |
| Repaid loans | (12,029) | (3,119) |
| Provision decreased on lower risk classification | - | (9,931) |
| | 10 | 9,469 |
| Balances at 31 December | 38,785 | 39,129 |
| Off-balance sheet | | |
| Balances at 1 January | 76,962 | 66,483 |
| Provision increase/(decrease) - (Note 9) | | |
| Provision increased | 1,817 | 21,475 |
| Provision decreased | (10,671) | (1,000) |
| | (8,854) | 20,475 |
| Write-offs | - | (9,996) |
| Balances at 31 December | 68,108 | 76,962 |

30. Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than 90 days maturity from the date of acquisition including: cash, balances with the Bulgarian National Bank excluding the statutory minimum required reserve, and amounts due from other banks:

BGN in thousands

| | 2001 | 2000 |
|--|-----------|-----------|
| | | |
| Cash in hand (Note 13) | 76,544 | 29,226 |
| Demand deposits with banks | 20,624 | 9,503 |
| Time deposits with banks up to 90 days | 1,439,097 | 1,649,966 |
| | 1,536,265 | 1,688,695 |

31. Related Party Transactions

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 subject to such influence by UniCredito Italiano SpA.

A number of banking transactions are entered into with related parties in the normal course of business. These include loans, deposits and foreign currency and other transactions. These transactions were carried out on commercial terms and conditions and at market rates. The volumes of related party transactions with UniCredito Italiano Group members and members of the Management Board, outstanding at the year end are as follows

BGN in thousands

| | Management Board | | UniCredito Italiano | |
|---------------------------------|------------------|------|---------------------|--------|
| | 2001 | 2000 | 2001 | 2000 |
| | | | | |
| Loans and short term placements | 80 | 21 | 291,752 | 35,370 |
| Deposits | 619 | 999 | 14 | 19 |
| Letters of Guarantee | | - | 62 | 600 |

32. Reconciliation between NAS and IAS Financial Statements

| As at 31 December 2001 | Net Profit | Shareholders' Equity |
|--------------------------------------|---------------|-------------------------|
| Balances as per NAS Accounts | 179,022 | 408,193 |
| Securities valuation | 3,247 | (297) |
| Difference in property and equipment | - | 57,048 |
| Difference in depreciation | (2,975) | - |
| Provisions and deferred income | (150,309) | 51,559 |
| Other income | (11,557) | - |
| Deferred tax adjustment | 53,596 | (26,024) |
| Other | (2,112) | - |
| Balances as per IAS Accounts | 68,912 | 490,479 |

The table below compares the main items of the financial statements according to IAS and NAS:

| | 20 | 2001 | | 2000 | |
|--------------------------------------|-----------|-----------|-----------|-----------|--|
| | IAS | NAS | IAS | NAS | |
| | | | | | |
| Total assets | 2,731,686 | 2,630,883 | 2,559,476 | 2,479,804 | |
| Shareholders' equity | 490,479 | 408,193 | 602,776 | 408,210 | |
| Tangible and intangible fixed assets | 116,806 | 59,758 | 121,005 | 60,983 | |
| Gross operating income | 144,354 | 140,852 | 149,688 | 201,350 | |
| Provisions | 8,844 | 159,152 | (29,944) | (7,802) | |
| Income tax expense | (18,568) | (69,787) | (44,660) | (84,962) | |
| Net profit | 68,912 | 179,022 | 160,065 | 186,138 | |
| 1 | | | | | |

GENERAL INFORMATION

BASIC INFORMATION ON BULBANK

Establishment

Bulbank was established on 1 April 1964 under the name of Bulgarian Foreign Trade Bank with a specialisation in foreign trade payments and finance. In 1997 the Bank adopted the name Bulbank.

Major shareholders

As at the end of 2001, the major shareholders are UniCredito Italiano SpA with 85.2%, International Finance Corporation with 5.3%, Allianz AG with 5% and Simest SpA with 2.5% of the bank's equity.

Scope of activities

The Bank holds a full banking license from the Bulgarian National Bank (hereinafter, BNB) thereby entitled to conduct all types of banking transactions permitted by the laws of Bulgaria. It is a universal bank providing a comprehensive range of services to businesses, individuals and institutions. The major types of services offered to customers are:

- Commercial loans and overdrafts
- Mortgage, consumer loans and overdrafts
- Deposit and savings accounts
- Remittances, direct debit and cheques
- Documentary payments and trade finance
- Foreign exchange operations
- Securities trading and custody
- Asset management
- Cash management
- Derivatives
- Bank cards
- Electronic services

Market position

Bulbank is the largest bank in Bulgaria with a distinctive market position in corporate and retail banking, foreign currency and foreign trade operations. It is:

- number one in asset terms
- number one in equity terms
- number one in deposit terms
- number one in cross border payments
- number one in corporate lending

Branch network

The Bank operates through its network of 98 outlets in the country covering all major business and administrative centres.

Credit rating (Standard & Poor's - November 2001)

Counterparty credit rating BB-/Stable/B (equal to the sovereign rating of Bulgaria)

Long-term CD (certificates of deposit) BB-

FINANCIAL HIGHLIGHTS - 5-YEAR RETROSPECTIVE

| | (in BGN thousands, unless otherwise stated, | | | | |
|---|---|-----------|-----------|-----------|-----------|
| | 2001 | 2000 | 1999 | 1998 | 1997 |
| Key figures | | | | | |
| Net profit | 68,912 | 160,065 | 71,582 | 55,523 | 357,697 |
| Shareholders' equity (end of period) | 490,479 | 602,776 | 544,220 | 540,475 | 418,637 |
| Total assets (end of period) | 2,731,686 | 2,559,476 | 2,326,968 | 2,196,595 | 2,682,613 |
| Earnings per share (in BGN) | 0.41 | 0.96 | 0.43 | 0.51 | 31.81 |
| Income | | | | | |
| Net interest income | 99,613 | 97,301 | 66,024 | 77,199 | 73,858 |
| Net fee and commission income | 30,359 | 28,957 | 28,939 | 21,703 | 15,198 |
| Net securities income | 8,226 | 19,037 | 23,291 | (36,374) | (112,410) |
| Net foreign exchange operations income | 5,046 | 3,262 | 44,888 | 4,553 | 469,888 |
| Gross operating income | 144,354 | 149,688 | 177,825 | 60,307 | 451,925 |
| Profit before tax | 87,480 | 204,725 | 108,955 | 61,275 | 596,162 |
| Expenses | | | | | |
| Operating expenses | 55,775 | 59,662 | 41,134 | 31,326 | 26,473 |
| Personnel expenses | 27,722 | 30,452 | 21,177 | 20,095 | 13,060 |
| Other operating charges | 28,053 | 29,210 | 19,957 | 11,231 | 13,413 |
| Depreciation | 10,675 | 10,274 | 10,429 | 2,813 | 1,000 |
| Provisions increase/(decrease) | (8,844) | 29,944 | 23,399 | (6,485) | 41,072 |
| Tax | 18,568 | 44,660 | 37,372 | 5,752 | 238,465 |
| Ratios (%) | | | | | |
| Return on average assets (ROA) | 2.5 | 6.5 | 3.2 | 2.3 | 10.2 |
| Return on average equity (ROE) | 13.5 | 29.5 | 14.1 | 11.6 | 154.9 |
| Capital/Asset ratio (end of period) | 18.0 | 23.6 | 23.4 | 24.6 | 15.6 |
| BIS total capital ratio (end of period) | 59.0 | 71.5 | 54.4 | 56.3 | 41.8 |
| BIS tier 1 capital ratio (end of period) | 53.0 | 65.3 | 51.5 | 52.8 | 44.9 |
| Risk weighted assets/Total assets | | | | | |
| ratio (end of period) | 30.4 | 32.9 | 40.4 | 35.2 | 34.7 |
| Cost/Income ratio | 46.0 | 46.7 | 29.0 | 56.6 | 6.1 |
| Resources (number) - (end of period) | | | | | |
| Operating outlets | 98 | 105 | 80 | 63 | 37 |
| Employees | 2,050 | 2,084 | 1,928 | 1,891 | 1,829 |
| Exchange rate at period-end (BGN/USD) | 2.2193 | 2.1019 | 1.9469 | 1.6751 | 1.7765 |
| Average exchange rate over the period (BGN/USD) | 2.1850 | 2.1231 | 1.8214 | 1.7932 | 1.6765 |

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Karlovo Kazanlak Kneja Levski Lom

Maritsa, Plovdiv Nadejda, Sofia Nova Zagora Panagyurishte Peshtera

Port Burgas, Burgas Radnevo Rodopi, Plovdiv Rodopski Izvor, Sofia

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Slaviantsi
Sozopol
Sungurlare
Svishtov
Trakia, Plovdiv
Troyan
Tsarevo
Velingrad

Remote work places (RWP)

Balkan, Sofia Customs, Vidin Customs, Kyustendil Customs, Petrich Customs, Rousse Customs, Silistra Danube Bridge, Rousse

Dragoman Ferryboat, Vidin Gyueshevo Haskovo City-hall Kapitan Andreevo 1 Kapitan Andreevo 2 KAT Haskovo KAT Pazardjik Kulata Malko Tarnovo Municipality Haskovo

Regional Police Department, Dimitrovgrad Regional Police Department, Haskovo Regional Police Department, Pazardjik

Silistrensko shose, Silistra Terminal, Rousse Terminal, Sofia VITRADE Vidin

Western industrial zone, Rousse

Total number of outlets - 98.

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