



**ANNUAL MANAGEMENT REPORT AND
ANNUAL FINANCIAL STATEMENTS**

as of 31 December 2008



CIBANK AD
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CIBANK AD
GENERAL INFORMATION

Management Board

Vasil Stefanov Simov - Chairman

Petar Grozdev Andronov

Alexander Dimitrov Dimitrov

Frank Teo Gilbert Mari Jansen

Secretary

Desislava Simeonova

Address

CIBANK AD

1000, Sofia

2 Slavyanska Street

Legal advisors

Emilia Zografova

Auditors

Ernst & Young Audit OOD

1766 Sofia

Mladost 4, Business Park Sofia

building 10, floor 2

I Financial information

1. Operating results

In 2008, CIBANK AD (the BANK) has realised a net interest margin at the amount of BGN 60,360 thousand, which means an increase by 29.52% compared to 2007. The 2008 net profit of the BANK amounts to BGN 8,307 thousand. The operating income (net interest margin, net fees and commissions income, net foreign currency gains, net gains from dealings in securities) have increased by 17.22 % during the reporting period compared to the previous year. The operating income structure has changed materially: the net interest margin accounts for 60.98% (55.19% in 2007), the fees and commissions income – 38.08% (29.71% in 2007), while net foreign currency gains and gains from dealings in securities represent 0.94% of the operating income (excluding other operating income) (15.1% in 2007).

In 2008, the total assets of the BANK have decreased by 6.14% compared to the previous year growth of 42.02% at the end of 2007, as a net result of the decrease in receivables from banks by 439.12% – BGN 469,371 thousand and of the increase in the credit portfolio growth where net receivables from clients have increased by 38% - BGN 386,517 thousand. The impact of inflation on the operations of the BANK was immaterial during the reviewed period. The sustaining of a balanced foreign currency position minimised also the effect of changes in foreign currency exchange rates.

2. Liquidity

The primary and secondary liquidity ratios are used to measure the liquidity of the BANK. Their values for 2008 and 2007 are as follows:

Ratio	31 Dec 2007	31 Dec 2008
Primary liquidity	14.46%	13.08%
Liquidity asset ratio	16.29%	22.29%

The values of the liquidity ratios are at a good level and exceed the minimal levels recommended by the Bulgarian National Bank (BNB).

Trends or risks, which may influence the liquidity of the company for 2009

In 2009, the willingness and attempts of institutions for stabilisation and successful implementation of the measures undertaken by the central banks for overcoming the world financial crisis will be a major driving force in the financial markets. In this connection, the expectations are for holding back the growth of assets in the banking system in general, which presupposes a restrictive credit policy, increasing the collectibility of already given loans, as well as raising the effectiveness of attracting funds from firms and individuals, though at rates lower than those achieved so far. In this sense, no liquidity pressure is expected on the banking system and on CIBANK in particular.

Lack or existence of a material shortage of liquid funds

Currently, CIBANK does not suffer from a shortage of cash funds and, considering the development of the banking sector in general, such is not expected in 2009.

3. Capital resources

At the end of 2008, CIBANK AD did not have commitments for incurring material capital expenditure.

The equity of CIBANK AD at 31 December 2008 amounts to BGN 205,601 thousand. Its components are: share capital of BGN 69,721 thousand; reserves of BGN 126,506 thousand; and accumulated profits of BGN 9,374 thousand.

During the previous year, equity amounted to BGN 197,251 thousand or by BGN 8,350 thousand less compared to 2008. The increase in equity is related to allocating a bigger part of the accumulated profit to the Reserve Fund.

The liabilities of the BANK at 31 December 2008 amount to BGN 1,631,926 thousand where the major part of them (BGN 1,570,915 thousand) represent deposits from clients and banks.

At 31 December 2007, the liabilities totalled BGN 1,760,399 thousand or by BGN 128,473 thousand more compared to 2008. This decrease in liabilities is due mainly to the reduction of deposits from clients by BGN 146,412 thousand.

The following table presents the capital adequacy indicators of CIBANK AD, which reflects the stability (solvency) of the BANK.

	31 Dec 2007	31 Dec 2008
Ratio		
General capital adequacy ratio (%)	13.78%	15.58%
First-line capital adequacy ratio(%)	12.01%	13.03%

4. Trends, events or risks, which are likely to have a material effect on the operations of CIBANK AD

The future development of CIBANK is directly related to the slowdown of the economic growth in the world and in Bulgaria, and correspondingly, the banking sector trends of focusing on stricter risk analysis and monitoring. Generally, the expectations are for a reasonable growth of assets and mostly, of loans, and for increase of borrowings of banks in the country.

The main risks related to the activity of CIBANK and of the banking sector in general are:

- currency risk
- inflation risk
- interest risk
- political risk
- regulatory risk
- liquidity risk
- credit risk
- capital risk

5. Information under Art. 33, Para 1, i. 7 of the Accountancy Act

The BANK maintains a positive balance with respect to its assets and liabilities payable within a one-

month term (including such on demand). Regarding longer maturities, it should be taken into account that a significant part of the payables represent time deposits of individuals that usually and mostly renew their deposits.

Regarding the price (interest) risk, the BANK aims at maintaining a balance between the fixed-interest-rate assets and liabilities and the variable-interest-rate ones.

The BANK's credit risk is managed by applying strict and conservative principles for securing loans and measuring collateral, as well as by setting aside provisions for impairment in accordance with the BNB's ordinances.

II. Important events occurred after the annual closing of accounts

No events have occurred after the annual closing of accounts, which may have a material impact on the BANK's activity.

III. Scientific researches and works

Scientific researches or other works have not been conducted.

IV. Foreseen development of the company

The development intentions during the current financial year (2008) are related mostly to preserving and strengthening the market positions of CIBANK AD gained during the previous year, in the markets where the company operates and mainly, in the credit market. Optimal adapting to the dynamic changes in the market conditions due to the financial crisis commenced in the end of the previous year.

Transactions in government securities denominated in BGN

CIBANK AD will preserve its active operations in the market in government securities denominated in BGN. As it has been so far, the main efforts will be directed at maintaining a balanced portfolio ensuring a sufficient liquidity level and good profitability. Under conditions of low interest rates expected in the local markets, CIBANK AD will optimise the structure of its portfolio from viewpoint of interest risk and ongoing interest payment yield. The portfolio size will be determined by the need of providing for cash funds of the state budget with CIBANK AD, as well as in view of the existing medium-term and long-term liabilities of CIBANK AD.

Transactions in government securities denominated in foreign currency

Regarding bonds denominated in foreign currency in the local market CIBANK AD will aim at sustaining its current positions and at participating in the trade for the purpose of increasing the gains from financial instruments held for dealing. Despite the volatility of interest in local debt instruments denominated in foreign currency (succession of periods of active trade and periods of stillness), the active government debt management policy gives reasons to expect developments in this market segment in the close future.

Transactions in the international debt markets

CIBANK AD will follow its traditional strategy in this market, which is aimed at an optimal relation of risk to profitability. In this connection, the priorities of CIBANK AD will be preserved, namely, investing in the debts of states with a rating higher than that of Bulgaria.

As it has been so far, this type of investments will be based on a detailed macroeconomic and political analysis of the issuers and of the market in general. CIBANK AD will continue monitoring actively the foreign debt and derivative instrument markets, and will pay special attention to debt issued by supra-national institutions with an AAA rating as an opportunity for capital and interest gains under the world financial crisis conditions.

Stock exchange market

Since the very establishment of the stock exchange market in Bulgaria, CIBANK AD has been one of its most active participants. CIBANK AD has developed the reputation of a competent and reliable partner in its capacity of an investment intermediary. The participation of CIBANK AD over the years as an intermediary in one of the biggest and most significant stock exchange transactions and acquisitions has reserved a place of the BANK amongst the best professionals in this area. Its activeness in the stock exchange market during the current year, as well as the activeness of the other participants in the market will depend above all on the supply of qualitative corporate securities of companies influenced to a lower extent by the world financial and economic crisis. The activation of the stock exchange market is related also to expectations of issues of new qualitative shares by firms seeking finance, to issuance of corporate debentures, as well as to attracting new strategic investors.

Lending

During the current financial year, CIBANK AD will aim at reinforcing and expanding its positions in the credit market. As it has been so far, the credit portfolio of CIBANK will comprise duly secured loans given to reliable borrowers following a thorough analysis and investigation. The active demand for loans, which existed in 2007, was preserved in 2008 and this trend has been observed already since the second half of 2000. In this connection, CIBANK AD will keep its focus on looking for reliable borrowers and prospective projects.

Besides towards corporate clients, CIBANK AD will aim at expanding lending to small and medium-sized enterprises and individuals. CIBANK AD undergoes a process of restructuring its credit portfolio intended to increase the number of loans to the above mentioned groups of clients.

CIBANK AD will seek more and more to offer full banking service to its clients through cross-sales and package sales of combinations of banking products and services dependent on the needs of client target groups. In this connection, CIBANK AD will aim at optimising its distribution channels for the purpose of achieving still better effectiveness of sales and will rely on steady long-term relations with its clients.

Expected financial results

As evident from the reporting data for the discussed period of 2007 to 2008, the BANK's income is formed mainly of interest and fees and commissions income.

A lower growth of the financial sector, including of the banking sector, may be expected during the current financial year (2009) because of the economic crisis commenced in the end of the previous year. Besides, the ratio of loans to total assets of the Bulgarian banking system is around 70.5% (76.5% for CIBANK AD) for 2008, while the normal level for banks in the developed countries

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ranges between 60% and 75%.

The planned profit (after taxes) of CIBANK AD for 2009 is BGN 7.5 million.
No dividend payments are planned to be made to shareholders for 2008.

Information regarding the programme for application of internationally recognised good corporate management standards

1. Implementation of the programme for application of internationally recognised good corporate management standards

During 2008, the Management Board and the Investor Relations Director adhered strictly to the approved programme for application of internationally recognised good corporate management standards. They provided, on a regular basis, information required in connection with the Public Offering of Securities Act (POSA), the Markets in Financial Instruments Act (MFIA), the Act against Market Abuse with Financial Instruments (AMAFI), the Accountancy Act (AA) and all other ordinances and laws related to the activity of the company.

All quarterly statements were duly submitted to the Financial Supervision Commission and to the public during the year. The Financial Supervision Commission and the Bulgarian Stock Exchange were presented timely with materials regarding held sessions of the General Meeting of Shareholders and the minutes with resolutions therefrom. The regulatory authorities were informed also about any change in the members of the management bodies and the manner of representation, as well as of changes in shareholdings of persons exercising control over the company. The said authorities were informed timely of amendments and supplementations made to the company's Articles of Association.

2. Reasons wherefore the activity of the management and control bodies was not in compliance with the programme

Regarding the whole year of 2008, the activity of the management and control bodies of CIBANK AD was in compliance with the programme for application of internationally recognised good corporate management standards.

3. Reassessment of the programme for application of internationally recognised good corporate management standards for the purpose of improvement of its implementation at the company

Changes in the programme for application of internationally recognised good corporate management standards are not required.

Information under Art. 187e of the Commercial Act (CA) regarding held, acquired or transferred own shares

CIBANK AD does not hold shares issued thereby.
In 2008, CIBANK AD did not transfer or acquire shares issued thereby.

Information under Art. 247 of CA

The participation of members of the Supervisory Board and of the Management Board in commercial companies as unlimited liability shareholders, the holding of more than 25% of the capital of another company, as well as their participation in the management of other companies or cooperative societies as procurators, managers or board members, are as follows:

Tzvetelina Borislavova Karaguiozova

- a) She does not participate in commercial companies as an unlimited liability shareholder;
b) Legal entities wherein she holds directly or indirectly at least 25% of the votes in the general meeting or over which she has control:

CSIF AD, Sofia
MULTINATIONAL ASSET PORTFOLIO (MAP) AD, Sofia (through CSIF AD, Sofia)
PAMPOROVO AD, Pamporovo resort complex (through CSIF AD, Sofia)
DESPRED AD, Sofia (through CSIF AD, Sofia)
CSIF – FRY GREEN ENERGY AD, Sofia (through CSIF AD, Sofia)
CSIF HYDRO EAD, Sofia (through CSIF AD, Sofia)
CSIF WIND EAD, Sofia (through CSIF AD, Sofia)
CSIF PROJECT EAD, Sofia (through CSIF AD, Sofia)
CSIF PROPERTIES EAD, Sofia (through CSIF AD, Sofia)
CSIF FINANCIAL SERVICES EOOD, Sofia (through CSIF AD, Sofia)
SLAVYANSKA REAL ESTATE EOOD, Sofia (through CSIF AD, Sofia)
RIVAL 5 EOOD, Sofia (through CSIF AD, Sofia)
BANSKO APARTMENTS, Sofia (through CSIF AD, Sofia and RIVAL 5 EOOD, Sofia)
TERES FOND EAD, Sofia (through CSIF AD, Sofia)
SOFIA CITY CENTRE EAD, Sofia (through CSIF AD, Sofia and MULTINATIONAL ASSET PORTFOLIO (MAP) AD, Sofia)
TEMPO & CO – IS OOD, Sofia (through CSIF AD, Sofia)
UNIDEKS OOD, Sofia (through CSIF AD, Sofia)
DISIB OOD, town of Gotse Delchev (through CSIF AD, Sofia)
SINIK OOD, town of Gotse Delchev (through CSIF AD, Sofia)
STANKOVA REKA WATER ELECTRIC POWER PLANT, Belitsa town (through CSIF AD, Sofia)
BIO PELETS BULGARIA OOD, Tsalapitsa village (through CSIF AD, Sofia)

- c) Legal entities in whose management or control bodies she participates:

CIBANK AD, Sofia – a Chairperson of the Supervisory Board
CSIF AD, Sofia – a Chairperson of the Board of Directors;
MULTINATIONAL ASSET PORTFOLIO (MAP) AD, Sofia – a Chairperson of the Board of Directors
SLAVYANSKA REAL ESTATE EOOD, Sofia – a Chairperson of the Board of Directors
TIPPING POINT FOUNDATION, Sofia – a Chairperson (Manager)
CREDO BONUM FOUNDATION, Sofia – a Chairperson (Manager)
GLOBAL BULGARIA ASSOCIATION, Sofia – a Chairperson (Manager)

Jan Vanhevel

- a) He does not participate in commercial companies as an unlimited liability shareholder;
b) There are no legal entities wherein he holds directly or indirectly at least 25% of the votes in the general meeting;

- c) Legal entities in whose management or control bodies he participates:

CIBANK AD, Sofia – a Deputy Chairperson of the Supervisory Board
KBC Group N.V., Belgium
KBC Bank N.V., Belgium
KBC Verzekeringen N.V, Belgium
Kredyt Bank, Poland
CSOB Bank, Czech Republic
CSOB Bank, Slovak Republic
K&H Bank, Hungary
NLB Bank, Slovenia
Warta TuiR, Poland
Warta TunZ, Poland

K&H Insurance, Hungary
CSOB Poistovna, Slovak Republic
CSOB Pojistovna, Czech Republic
Insurance Joint-stock Company /ZAD/ DZI
DZI General Insurance AD
DZI Health Insurance AD
Absolutbank, Russia
KBC Banka, Serbia

Vesela Nikolova Stancheva - Mincheva

- a) She does not participate in commercial companies as an unlimited liability shareholder;
- b) There are no legal entities wherein she holds directly or indirectly at least 25% of the votes in the general meeting or over which she has control;
- c) Legal entities in whose management or control bodies she participates:
CIBANK AD, Sofia – a member of the Supervisory Board

Dirk Mampaey

- a) He does not participate in commercial companies as an unlimited liability shareholder;
- b) There are no legal entities wherein he holds directly or indirectly at least 25% of the votes in the general meeting or over which he has control;
- c) Legal entities in whose management or control bodies he participates:
CIBANK AD, Sofia – a member of the Supervisory Board
Absolutbank, Russia

Johan Daemen

- a) He does not participate in commercial companies as an unlimited liability shareholder;
- b) There are no legal entities wherein he holds directly or indirectly at least 25% of the votes in the general meeting or over which he has control;
- c) Legal entities in whose management or control bodies he participates:
CIBANK AD, Sofia – a member of the Supervisory Board
Warta TuiR
Warta TunZ
PTE DOM
KBC Warta
K&H Insurance
CSOB Poistovna
CSOB Pojistovna
NLB Vita
Vitis Life Luxembourg S.A.
KBC Life Fund Management
Insurance Joint-stock Company /ZAD/ DZI
DZI General Insurance AD
DZI Health Insurance AD

Boiko Dimitrov Dimitrachkov

- a) He does not participate in commercial companies as an unlimited liability shareholder;
- b) There are no legal entities wherein he holds directly or indirectly at least 25% of the votes in the general meeting or over which he has control;
- c) Legal entities in whose management or control bodies he participates:
CIBANK AD, Sofia – a member of the Supervisory Board
E.ON Bulgaria EAD, Sofia – a member of the Management Board and a representative
E.ON Bulgaria Sales AD, Sofia – a member of the Management Board and a representative

Vasil Stefanov Simov

- a) He does not participate in commercial companies as an unlimited liability shareholder;
- b) There are no legal entities wherein he holds directly or indirectly at least 25% of the votes in the general meeting or over which he has control;
- c) Legal entities in whose management or control bodies he participates:
 - CIBANK AD, Sofia – a Chairperson of the Management Board and an Executive Director;
 - Sofia Commodity Exchange AD, Sofia – a Chairperson of the Board of Directors and Chief Executive Director;
 - CSIF AD, Sofia – a member of the Board of Directors.

Petar Grozdev Andronov

- a) He does not participate in commercial companies as an unlimited liability shareholder;
- b) There are no legal entities wherein he holds directly or indirectly at least 25% of the votes in the general meeting or over which he has control;
- c) Legal entities in whose management or control bodies he participates:
 - CIBANK AD, Sofia – a member of the Management Board and Chief Executive Director;
 - Association of Banks in Bulgaria – a member of the Management Board

Frank Jansen

- a) He does not participate in commercial companies as an unlimited liability shareholder;
- b) There are no legal entities wherein he holds directly or indirectly at least 25% of the votes in the general meeting or over which he has control;
- c) Legal entities in whose management or control bodies he participates:
 - CIBANK AD, Sofia – a member of the Management Board and an Executive Director (Finance and Risk).

Alexander Dimitrov Dimitrov

- a) He does not participate in commercial companies as an unlimited liability shareholder;
- b) Legal entities wherein he holds directly or indirectly at least 25% of the votes in the general meeting or over which he has control:
 - ALX Investments EOOD, Sofia
- c) Legal entities in whose management or control bodies he participates:
 - CIBANK AD, Sofia – a member of the Management Board and an Executive Director
 - ALX Investments EOOD, Sofia – a manager

5. Contracts under Art. 240b of CA concluded in 2007

In 2008, the members of the Supervisory and of the Management Boards of the BANK did not conclude contracts with the BANK beyond its ordinary activity or such, which although concluded as part of the ordinary activity of the BANK, deviate materially from market conditions.

Additional information

Information set out in value and quantitative terms regarding the main categories of goods, products and/or services provided, by indicating their share of the sales revenue of the issuer in general and changes occurred during the reporting financial year

The Bank offers its clients the following main banking products and services: publicly attracting deposits or other repayable funds and extending credits and other financing for its own account and at its own risk; executing non-cash funds transfers and other forms of non-cash payments such as letters of credit or bills for collection, as well as effecting cash transfers other than in the mentioned cases; issuing and administering means of payment such as electronic payment instruments, traveller's cheques; accepting valuables on deposit; performing activities as a depository or custodian institution; finance lease; guarantee transactions; trading for its own account or for clients' account in: money market instruments – cheques, promissory notes, deposit certificates, etc.; foreign currency and precious metals; financial futures, options, exchange and interest-rate instruments, and other derivative instruments; trading for its own account or for clients' account in transferable securities, underwriting issues in securities, and other services and activities under Art. 5, Para 2 and Para 3 of the Markets in Financial Instruments Act; financial brokerage; advice on portfolio investments; purchasing accounts receivable arising from delivery of goods or provision of services and assuming the risk related to the collection of these receivables (factoring); equity acquisition and management; renting out bank safes; collecting and providing information and references on clients' creditworthiness; other similar activities defined in an Ordinance of the Bulgarian National Bank.

The realised profit at 31 December 2008 amounts to BGN 9,281 thousand (before taxes).

1. The structure of borrowings is as follows:

BORROWINGS	12/31/2007	12/31/2008
	BGN (000)	
Deposits from financial institutions	280,860	393,831
<i>Demand deposits from banks</i>	6,284	3,345
<i>Term deposits from banks</i>	138,884	140,316
<i>Deposits from other financial institutions</i>	135,692	250,170
Deposits from non-financial institutions and other clients	1,437,974	1,177,084
<i>Demand deposits</i>	298,254	245,916
<i>Term deposits</i>	1,056,300	864,131
<i>including Eurodeposits</i>	604,895	557,934
<i>including ANNUITY deposit</i>	99,803	100,106
<i>including Growing Deposit</i>	28,769	29,136
<i>including JUBILEE deposit</i>	126	39
<i>Saving deposits</i>	83,420	67,037
Payables under security repo agreements	8,015	3,300
Short-term borrowings	0	0
Long-term borrowings	3,963	3,991
Subordinated term debt	19,626	39,231
TOTAL	1,750,438	1,617,437

The Bank offers a rich variety of products to attract deposits targeting both big corporate clients and small and medium-sized enterprises, and individual producers and traders. Special attention is paid to individual depositors.

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The variety of banking products offered is formed of the huge range of term deposits, optimal yield achieved from interest levels aligned with the market conditions and negotiated on an individual basis with clients being structure determinant to the Bank. It is also expanded the product list for attracting funds without setting in advance any maturity term. These products target predominantly individual depositors, SME and sole traders.

The major volume of borrowings, at the amount of BGN 1,427,254 thousand, was formed of deposits of non-banking financial institutions, corporate clients and individuals.

Products offered to attract funds are focused on the segment of liabilities with negotiated maturity.

The biggest volume of funds was attracted (during the last quarter of the reporting year) through the Si Major product: BGN 50,433 thousand.

Funds attracted through the Topdeposit product reached BGN 46,387 thousand where just over the period from September to the yearend they increased by 11.61%.

The New Year term deposit reached the volume of BGN 28,284 thousand at the end of December 2008.

Funds attracted through the Eurodeposit product decreased during the last three months of 2008. At the end of September, their volume was BGN 637,624 thousand and at the end of December they were by BGN 79,690 thousand or 12.50% less. Compared to the volumes reported at the end of 2007, their total amount has decreased by 7.76%.

Funds attracted through the Standard Deposit product amounted to BGN 265,119 thousand at the end of December 2008. This volume is by 17.85% smaller than the one reported at the previous yearend and by 4.91% smaller than the one reported at the end of September 2008.

A decrease has been registered also regarding the funds attracted through the Annuity deposit. That decrease is by 10.05% compared to the volume at the end of December 2007 and by BGN 9,889 thousand compared to the volume at the end of September 2008.

The Bank offers a more limited range of products to attract deposits without maturity negotiated in advance. For the most of the reporting year, they produced a positive effect on the volume of borrowings.

The amount of saving deposits at the end of December 2008 is BGN 67,037 thousand. At the previous yearend, their volume was BGN 83,420 thousand or the decrease over the one-year term is by 19.64%. Saving deposits declined by BGN 12,006 thousand or by 15.19% just over the last quarter of 2008. Like in the previous year, the highest is the portion of saving deposits in EUR: 50% of their total amount (56% at the previous yearend), while those in BGN account for 40% (a smaller portion than the previous year one).

The Bank ranks eight in the state's banking system by the borrowings-from-major-depositors indicator, where the first five banks on the list take up 39% of the deposit market in the state.

The Bank's market share by borrowings from major depositors at the end of December accounts for 3.40%. This share is smaller than the one reported at the previous yearend, which was 3.58% (without taking into consideration funds available from sale of the Bank).

The rate of decrease of borrowings from major depositors reported for the banking system during the last quarter of the reporting year is by 0.71% while this decline for the Bank for the last three months of the year is by over 2.8%.

At 31 December 2008, the number of clients (with active accounts) reached 281,281 or by 3.30% more compared to the end of 2008. Almost 94% of the total is individuals.

The total number of current accounts at the end of December 2008 reached 338,871 or by 4.10% more compared to the end of September 2008, where movements were registered in 75.81% of them, while the total number of deposits remained at the level registered at the nine-month end of 2008: 81,175.

2. The structure of loans granted and receivables is as follows:

LOANS	Debt at 31 Dec 2007	Debt at 31 Dec 2008
LOANS TO BANKING FINANCIAL INSTITUTIONS	0	0
LOANS TO OTHER FINANCIAL INSTITUTIONS	36,809	93,180
LOANS TO THE STATE BUDGET	594	1,091
TRADE LOANS	759,420	944,241
including Loans to corporate clients	668,681	801,989
including Loans to small and medium-sized enterprises	90,739	142,252
CONSUMER LOANS	143,322	243,274
DWELLING MORTGAGE LOANS TO INDIVIDUALS	102,885	166,857
OTHER LOANS AND RECEIVABLES	12	93
TOTAL	1,043,042	1,448,736

The amount of loans granted (gross, before provisions for impairment, including to other financial institutions) as at 31 December 2008 is BGN 1,448,736 thousand. They are by BGN 405,694 thousand or 38.89% more than at the previous yearend.

The biggest is the volume of *trade loans* granted: BGN 944,241 thousand or 65.18% of the Bank's portfolio. Their increase (compared to the previous year) is by BGN 184,821 thousand or 24.34%. 45.56% of the total growth is attributable to them.

Almost 85% of the trade loans are formed of exposures to corporate clients.

Loans to small and medium-sized enterprises rank next in terms of volume of the trade loans. Their growth compared to 2007 is over 1.5 times. Receivables on standard and mortgage loans to SME form 76.7% of the total volume of loans to SME. Exposures on loans against subsidies, Holiday properties and for residential construction of SME are next in terms of volume and represent 13.3% of the total amount to SME.

Consumer loans reached BGN 243,274 thousand at the yearend. Their increase is by BGN 99,952 thousand or over 1.70 times compared to the previous year. They form 16.79% of the total volume of loans granted.

Over 17 types of consumer loans have been granted. The biggest is the portion of standard consumer loans granted (over 43% of the total consumer loans) and of loans under *the Avangard* programme (over 41% of the volume of consumer loans).

The smallest are the amounts of loans granted through the following products: *Commodity Loan, Christmas Overdraft, Student Scholarship, 2007 Direct Marketing Overdraft.*

At the end of the year, mortgage loans to individuals reached BGN 166,857 thousand. Their share of the portfolio is 11.52%. The increase compared to the previous year is by BGN 63,972 thousand or over 1.62 times.

Information about income allocated by individual categories of activities, domestic and international markets, as well as information about the sources of supply with materials needed for production of goods and provision of services by indicating the level of dependence on each particular seller or buyer/consumer

Interest income at the end of 2008 amounts to BGN 128,700 thousand. Their amount at the end of 2007 was BGN 101,926 thousand. Interest income received accounts for a 26.27% growth compared to the previous year.

Like in 2008, during the previous year as well, the main part of interest income was formed of interest on *loans granted*. Their share reached 91.85% at the end of 2008, while it was 74.85% during the previous year.

Regarding interest income on loans (both in 2008 and 2007), the most of such income has been received from other trade loans: BGN 45,824 thousand (BGN 36,794 thousand for the previous year), accounting for a 24.54% increase compared to 2007. Interest income on loans for commercial and immovable property, representing a share of the total interest income, which reached 31.23% at the end of 2008, has increased by 75.95% compared to the previous year.

Interest income on deposits with banks (term and demand ones) at the end of 2008 reached BGN 6,346 thousand or by 63.14% less compared to the previous year.

As a result of the sale of the securities held for trading, the interest income on them decreased. It was BGN 7,843 thousand at the end of 2007, while during 2008 they were almost 4.4 times less: BGN 1,783 thousand. It forms hardly 1.39% of the total interest income (7.69% at the end of 2007).

Because of the increase in the volume of held securities classified as “Available-for-sale investments”, the interest income on them increased. At the end of 2007, it was BGN 575 thousand, while in 2008 it accounted for almost 4 times more: BGN 2,351 thousand. It represents 1.83% of the total interest income (vs. 0.56% at the end of 2007).

Income from fees on deposit administration at the end of 2008 amounts to BGN 30,961 thousand and is by 51.83% more compared to the previous year.

The next source, in terms of volume, of the Bank’s income is the income from fees collected on administration of loans, amounting to BGN 5,546 thousand or by over 1.47 times more compared to the end of 2007.

The relatively constant volume of the off-balance sheet commitments portfolio determines also the almost same income from performance thereof. Fees collected on off-balance sheet commitments at the end of the period amount to BGN 1,112 thousand (BGN 869 thousand in 2007).

During the reporting year, the Bank has achieved gains on foreign currency transactions at the amount of BGN 1,994 thousand (BGN 1,916 thousand for the same period of 2007) and gains on sale of other assets: BGN 143 thousand.

Like in 2007, during the reporting year as well, the Bank accounted for, though materially smaller,

loss on securities held for trading: BGN 1,619 thousand (BGN 3,482 thousand for 2007).

The interest expense growth rate (compared to 2007) is lower than that of interest income.

The interest expense at the end of 2008 (total) is BGN 68,340 thousand or by 23.52% higher than that for the same period of the previous year.

The highest is the amount of interest paid on term deposits from primary depositors: BGN 62,219 thousand or 91.04% of the total interest paid. Their portion in 2007 was smaller than the 2008 year one.

The amount of interest expense paid on deposits from banks has been preserved: BGN 4,373 thousand (BGN 4,369 thousand in 2007).

During the reporting period, interest paid on deposits from non-banking institutions amounts to BGN 11,167 thousand and have increased 2.33 times compared to 2007.

Generally, the net interest income at the end of 2008 amounts to BGN 60,360 thousand or by 29.52% more compared to the previous year. The highest is the net interest income in BGN: BGN 35,108 thousand, followed by the net interest income in EUR: BGN 32,150 thousand.

Information about big deals concluded and such being of material importance to the issuer's activity

In 2008, the Bank did not conclude big deals or such of material importance to its activity.

Information regarding transactions concluded between the issuer and related parties during the reporting period, proposals for conclusion of such transactions, and transactions beyond the scope of its ordinary activity or deviating materially from market conditions, whereto the issuer or its subsidiary is a party, by indicating values of transactions, the nature of relatedness and any information needed to assess their impact on the financial position of the issuer

The Bank has granted loans to individuals that are administrators within the meaning of the Credit Institutions Act (CIA). The total amount of such loans is BGN 2,483 thousand and it does not exceed the maximal limit of 10% of the Bank's equity, defined in Art. 45, Para 1 of CIA.

The total amount of loans granted to employees of the Bank is BGN 7,116 thousand and it does not exceed the maximal permitted amount of 3% of the Bank's equity according to Art. 45, Para 5 of CIA.

Information about events and indicators of extraordinary nature to the issuer, which have a material impact on its activity, and on income realised and expenses incurred thereby; assessment of the impact on the current year results

No events or indicators of extraordinary nature to the Bank have occurred in 2008 so as to have had a material impact on its activity and on income realised and expenses incurred thereby.

Information about transactions reported off-balance sheet – nature and business purpose, financial impact of such transactions on the activity, if the risk and benefits from these transactions are material to the issuer and if disclosure of such information is significant for assessment of the financial position of the issuer

During the reporting year, the Bank has formed a portfolio of issued guarantees at the total amount of BGN 33,088 thousand distributed into BGN 21,101 thousand of guarantees issued in BGN and BGN 11,987 thousand of such issued in currencies other than BGN.

Guarantees issued are stated off the Bank's balance sheet as contingent liabilities. Amounts under issued guarantees have not been paid during the reporting year due to non-performance of conditions agreed with counterparties.

The total amount of fees collected on administration of contingent off-balance sheet liabilities at the yearend is BGN 1,112 thousand.

Information regarding shareholdings of the issuer, about its major investments in the country and abroad (in securities, financial instruments, intangible assets and immovable properties), as well as investments in shareholdings beyond its business group and sources/means of financing

Securities held by the Bank at 31 December 2008 are as follows:

In 2008, the Bank sold all securities, which were classified as ones held for trading.

	2006	2007	2008
Investments in securities	183,563	78,837	80,762
<i>1. Securities held for trading</i>	<i>156,015</i>	<i>68,077</i>	-
Government securities	58,051	61,690	-
Securities of foreign issuers	95,467	4,231	-
Securities of local issuers	-	978	-
Interest	2,451	1,178	-
Derivatives for trade	46	-	-

In 2008, the Bank acquired securities, which were classified as "Available-for-sale investments", as follows:

Bulgarian government securities at the total book value of BGN 65,541 thousand. Almost the whole portfolio consists of securities in BGN and an immaterial part represents Bulgarian government securities issued in USD;

Foreign corporate debt bonds representing corporate interest-bearing bonds of the European Investment Bank with nominal amount in original currency: BGN 8,000,000 (two times BGN 3,000,000 and BGN 2,000,000) and (carrying amount in BGN: BGN 7,945 thousand) and original maturities correspondingly 2011, 2013 and 2009;

A debt issued by the local issuer, EUROLEASE AUTO AD, at the amount of EUR 500 thousand or BGN 978 thousand. The original maturity of the debt is April 2012.

Besides the above mentioned securities, the Bank holds also the following stocks, shares, participations and bonds:

The portfolio of shares and participations held by the Bank in non-financial enterprises amounts to BGN 424 thousand. Its structure has remained unchanged compared to the previous year.

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Another component of “Available-for-sale investments” is the portfolio of shares of corporate enterprises traded in the Bulgarian stock exchange. The value of this portfolio at the end of 2008 has remained almost unchanged compared to the previous year.

Like in the previous year, the Bank holds a package of bonds issued by Raiffeisenbank Bulgaria EAD, at the amount of BGN 5,000 thousand. During the reporting year, the Bank has not purchased or sold portions of this package. The original maturity of the bonds is 30 October 2009.

The Bank owns also bonds of the Icelandic Kaupthing Bank, with nominal in original currency: BGN 5,000,000 purchased in 2007 (carrying amount in BGN: BGN 363 thousand; at 31 December 2008 these bonds were impaired). The original maturity of the debt is July 2017.

	2006	2007	2008
2. Available-for-sale investments	27,548	10,760	80,762
Government securities	-	-	65,541
Shares and participations in non-financial institutions	438	424	424
Shares with local brokers	15,908	164	156
Corporate bonds of Bulgarian companies	11,202	5,054	6,064
Corporate bonds of foreign issuers	0	5,118	8,577

At 31 December 2008, the total book value of fixed tangible assets held is BGN 45,361 thousand.

The Bank has been expanding intensively its branch network, as a result of which it has increased the owned furniture, fixtures and fittings from BGN 11,854 thousand at the end of 2007 up to BGN 13,720 thousand or by 15.74%. The book value of equipment held and reported as Property, plant and equipment has increased from BGN 7,707 thousand at the end of the previous year up to BGN 9,592 thousand at the end of the reporting year of 2008.

The book value of intangible fixed assets owned by the Bank is BGN 2,892 thousand.

Investments in fixed tangible assets (FTA)	2006	2007	2008
1. Investments in FTA, including: (at book value)	48 607	40 630	45 361
Land	2,764	117	326
Buildings	24,607	15,850	15,716
Property, plant and equipment	5,603	7,707	9,592
Vehicles	4,566	4,358	5,262
Furniture, fixtures and fittings	9,973	11,854	13,720
Other FTA	603	603	604
Costs on acquisition of FTA	491	141	141
2. Investments in fixed intangible assets, including: (at book value)	1,265	2,892	3,833

Total investments (FA + Securities)	233,435	122,359	129,956
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At the end of 2008, the Bank’s equity formed according to the CIA requirements and Ordinance № 8 of BNB amounts to BGN 237,720 thousand and comprises: paid-in capital of BGN 69,721 thousand, reserves of BGN 134,769 thousand, subordinated term debt of BGN 39,117 thousand, and being reduced by intangible assets of BGN 1,729 thousand and specific credit risk provisions using a standardised approach, at the amount of BGN 4,158 thousand. The equity is by BGN 62,936 thousand more compared to the previous year where the increase is due to allocation of the 2007 profit to reserves and attracting a second subordinated term debt.

The total capital adequacy ratio is 15.58% given the statutory requirement of 12%. The total capital adequacy is higher compared to the previous year one (13.78% for 2007).

Data as at 31 December 2008 published by BNB indicate that the total capital adequacy reported by the Bank is higher than both the one for the banking system, 14.82%, and the one for the banks of the second group, 14.85 %.

The first-line capital adequacy ratio of the Bank, 13.03%, is higher than both the one for the banking system, 11.16 %, and the one for the banks of the second group, 12.11 %.

At the end of the year, the Bank has not formed credit exposures exceeding 25% of its equity. The total of the big credit exposures complies with the requirement for a maximum amount of eight times the equity of the Bank.

The Bank analyses and classifies risk exposures on a monthly basis and sets aside provisions for impairment losses. At the end of the year, the total amount of provisions set aside is BGN 44,888 thousand.

Over the year, the Bank has set aside the required reserve assets at 12% of the deposit base in its account with BNB for maintenance of the minimum statutory reserves. The Bank has not paid penalty interest for any statutory minimal reserve shortage.

Information regarding use of funds from the new issue of securities made during the reporting period

The Bank has not issued securities during the reporting period.

Information regarding changes in the management and supervisory bodies during the financial reporting year

1. On 15 January 2008, pursuant to resolution № 66 on company case № 2757/1995 of the list of the Sofia City Court, Valentina Radkova Ivanova and Birgir Mar Ragnarsson were deleted as members of the Supervisory Board, while Vesela Nikolova Stancheva – Mincheva, Jan Vanhevel, Johan Daemen, Dirk Mampaey and Boiko Dimitrov Dimitrachkov were recorded as members of the Supervisory Board.
2. On 3 April 2008, pursuant to an order of a registry officer, Thomas Otto Hanson was deleted as a member of the Management Board and Alexander Dimitrov Dimitrov was recorded as a member of the Management Board under the lot of the Bank in the Commercial Register with the Registry Agency.
3. On 10 May 2008, pursuant to an order of a registry officer, Danail Mihailov Kamenov was deleted as a member of the Management Board under the lot of the Bank in the Commercial Register with the Registry Agency.
4. On 5 August 2008, pursuant to an order of a registry officer, Dimitar Ivanov Kehayov was deleted as a member of the Management Board and Frank Teo Gilbert Mari Jansen was recorded as a member of the Management Board under the lot of the Bank in the Commercial Register with the Registry Agency.

Information about the amount of remunerations, rewards and/or benefits to each one of the members of the management and control bodies for the reporting financial year, paid by the issuer and its subsidiaries, regardless of whether they have been stated as expenses of the issuer or result from profit distribution

Remunerations of the members of the management and control bodies of CIBANK AD for the reporting financial year of 2008 total BGN 999 thousand.

Information about shares of the issuer held by members of the management and control bodies, by procurators and the senior management staff, including shares held by each one of them separately and as a percentage of the shares of each class, as well as options provided by the issuer thereto over its securities – type and amount of the securities with respect to which the options have been established, option exercise price, purchase price, if any, and term of the options

At 31 December 2008, Tzvetelina Borislavova Karaguiozova, the Chairperson of the Supervisory Board of the Bank, owns 1,551,334 shares of the capital of the Bank representing 22.25% of the shares of the capital.

The Bank has not provided options over securities issued thereby.

Information about arrangements known to the company (including also after closing of the financial year), as a result of which changes may occur in the future in the portion of shares or debentures held by current shareholders or debenture holders

The Bank is not aware of any arrangements (including also after closing of the financial year), as a result of which changes may occur in the future in the portion of shares or debentures held by current shareholders or debenture holders.

Information about pending court, administrative or arbitration proceedings concerning payables or receivables of the issuer at an amount of at least 10% of its equity; if the total of payables or receivables of the issuer under all initiated proceedings exceeds 10% of its equity, information shall be provided for each proceedings separately

At 31 December 2008, there have not been any pending court proceedings concerning payables or receivables of the Bank at an amount of at least 10% of its equity.

Data about the Investor Relations Director, including telephone and address for correspondence

Nikolay Lazarov is the Investor Relations Director of CIBANK AD. He may be contacted at tel.: 02/93 99 218, as well as at the address of the Head Office of the Bank at 2, Slavyanska Str., Sofia, P.O.B. 1000.

Changes in the company's share price

During the period from 1 January 2008 to 31 December 2008, the minimal price of traded shares of CIBANK AD was BGN 110.00 and the maximal price was BGN 110.50.

Information about CIBANK AD

Company capital structure, including securities, which have not been admitted to trade in a regulated market in the Republic of Bulgaria or another member state, by indicating the various classes of shares, the rights and obligations related to each class of shares and the portion of the total capital representing each individual class

The capital of CIBANK AD amounts to BGN 69,720,560 and is divided into 6,972,056 dematerialised, registered, freely transferable shares of the nominal value of BGN 10 each. All shares issued by the Bank may be traded in a regulated market in the Republic of Bulgaria – Bulgaria Stock Exchange – Sofia AD. There are no shares issued by the Bank, which have not been admitted to trade in the Republic of Bulgaria. Shares issued by the Bank are not traded outside the Republic of Bulgaria. All shares issued by the Bank are of one and the same class – dematerialised, registered and conferring equal rights to shareholders. According to Art. 11 of the Articles of Association of the Bank, each dematerialised, registered share gives the shareholder the right to one vote in the general meeting of shareholders of the Bank, as well as the right to be informed about any developments of the company's business. Each dematerialised, registered share gives the shareholder the right to a dividend and the right to a liquidation quota pro rata its nominal value.

The right to vote arises upon payment of the issue value of the share and may be exercised by persons that have acquired shares of the capital of the Bank 14 days at the latest before the date of the General Meeting, where the share acquisition date shall be deemed the date of recording of the deal with the Central Depository. Persons that are shareholders at the time of expiration of the 14th day following the date of the General Meeting whereat a profit distribution resolution has been passed, are entitled to a dividend. The dividend may be received by each entitled person within 5 years of the date of passing a resolution on payment thereof, according to the procedure and method defined by the same resolution. Following expiration of that term, any non-received dividends are allocated, subject to a resolution of the Management Board, funds designated thereby.

Restrictions on transfer of securities, such as restrictions on holding of securities or a need of obtaining an approval by the company or another shareholder

The Articles of Association of the Bank does not stipulate any restrictions on transfer of shares issued thereby or a need of obtaining an approval by the company or another shareholder.

Information about direct or indirect holding of 5% or more of the voting rights in the general meeting of the company, including data about shareholders, the amount of their share participation and the manner, in which they hold the shares

At 31 December 2008, KBC Bank N.V., Brussels, Belgium owns directly 77.75% of the votes in the general meeting of shareholders of the Bank.

At 31 December 2008, Tzvetelina Borislavova Karaguiozova owns directly 22.25% of the votes in the general meeting of shareholders of the Bank.

Data about shareholders with special control rights and description of these rights

There have not been any shareholders with control rights falling beyond the hypothesis of § 1, i. 13 of the Additional Provisions of the Public Offering of Securities Act.

Control system upon exercising of voting rights in cases where employees of the company are also its shareholders and where the control is not exercised directly by them

There has not been a control system upon exercising of voting right in cases where employees of the company are also its shareholders and where the control is not exercised directly by them.

Limitations on voting rights, such as limitations on voting rights of shareholders of a particular percentage or number of votes, deadline for exercising the voting rights or systems whereunder, subject to cooperation on the part of the company, the financial rights related to the shares are separated from the holding of shares

The Articles of Association of the Bank do not provide for limitations on the voting rights attributable to shares issued thereby.

Arrangements between shareholders, which are known to the company and which may result in limitations on the transfer of shares or voting rights

The Bank is not aware of any arrangements between shareholders, which may result in limitations on voting rights.

Provisions regarding appointment and discharge of members of the management bodies of the company and with respect to effecting amendments and supplementations to the Articles of Association

According to the Articles of Association of the Bank, the General Meeting of Shareholders is authorised to elect and discharge the members of the Supervisory Board. A General Meeting is deemed regular, if at least 95% of the capital of the Bank is presented thereat where resolutions are passed by a majority of 95% plus one vote of the presented shares. In case of lack of a quorum, a new meeting is scheduled not earlier than 14 days and such meeting is legal, notwithstanding the capital presented thereat. The date and venue of the new session may be indicated also in the invitation for the first meeting. If the agenda of a meeting includes a proposal for passing a resolution on appointment or discharge of a member of the Supervisory Board, the newly scheduled session of the General Meeting is regular, if at least one half (50%) of the capital of the Bank is presented thereat where resolutions are passed by a simple majority.

According to the Articles of Association of the Bank, the Supervisory Board is authorised to elect and discharge the members of the Management Board. A session of the Supervisory Board is legal, if more than a half of its members are present or represented by another member of the Board, by virtue of a written power of attorney. The Supervisory Board passes its resolutions by a majority of the members that have voted. Each member of the Board has one vote.

According to the Articles of Association of the Bank, the General Meeting of Shareholders is authorised to pass resolutions on amending and supplementing the Articles of Association. A General Meeting is deemed regular, if at least 95% of the capital of the Bank is presented thereat where resolutions are passed by a majority of 95% plus one vote of the presented shares. In case of lack of a quorum, a new meeting is scheduled not earlier than 14 days and such meeting is legal, notwithstanding the capital presented thereat. The date and venue of the new session may be indicated also in the invitation for the first meeting. If the agenda of a meeting includes a proposal for passing a resolution on amending and supplementing the Articles of Association, the newly scheduled session of the General Meeting is regular, if at least one half (50%) of the capital of the

Bank is presented thereat where resolutions are passed by a majority of two-thirds of the presented shares.

**Powers of the management body of the company, including the right to pass resolutions on
issuance and redemption of shares of the company**

The powers of the Management Board of the Bank are stipulated in the Articles of Association of the company and thereunder, the Management Board manages the activity of the Bank by exercising its rights and fulfilling its obligations provided for by law, in the Articles of Association, in the Rules on Work and the other internal rules of the Bank. The Management Board resolves all issues, which do not fall within the exclusive competence of the General Meeting or of the Supervisory Board, by observing the provisions of law and the Articles of Association, in compliance with the resolutions of the General Meeting and under the control of the Supervisory Board. In particular, the Management Board determines the general directions in the activity of the Bank, in its credit, interest and accounting policy; it arranges for and manages the implementation of the resolutions of the General Meeting of the Bank; subject to approval by the Supervisory Board, it passes resolutions on: (a) closing or transferring the going concern of the Bank or of material parts thereof; (b) opening and closing branches; (c) any significant change in the activity of the Bank; (d) any significant internal and organisational changes; setting up and closing directorates and individual departments, as well as appointing heads of such structural units; (e) long-term cooperation of material importance to the Bank or on terminating such cooperation; (f) acquiring 25% or more of the voting rights or of the authorised capital of a legal entity, as well as in any case where such acquisition exceeds 10% of the equity of the Bank. This provision is relevant to any kind of an acquisition, whether by means of a purchase of existing shares, participation in an increase of the capital of an existing company or in establishing a new company; (g) empowering at least two of its members, executive directors, to represent the Bank and carry out its operational management, as well as appointing a chairperson of the Management Board and a chief executive director; (h) allocating functions among the persons managing and representing the Bank in view of field management of major structural units of the Bank, such as directorates and individual departments; (i) authorising commercial agents and procurator/s of the Bank and concluding procurator's contract/s; (j) dealing in a material part of the property of the Bank, including rights to intellectual property items, the value whereof exceeds 5% of the equity of the Bank according to the last monthly financial statements; (k) resolutions of the Management Board on summoning the General Meeting of Shareholders to hold sessions, the agendas whereof include a proposal for passing a resolution on capital increase or a proposal for effecting a change in the Articles of Association of the Bank referring to the name (firm) of the Bank; adopts internal rules for the activity of the Bank and rules for its work, which are subject to approval by the Supervisory Board; takes decisions on providing a big exposure under Art. 44 of the Credit Institutions Act and internal loans under Art. 45 of the same Act, as well as on renegotiating risk exposures following a reasoned proposal by the relevant specialised body of the Bank; prepares annual financial statements, management reports of the company and profit distribution proposals and submits them for approval by the Supervisory Board; takes decisions regarding the organisational structure of the specialised internal audit service, the number of its personnel, the professional qualification, experience-related and other requirements towards the internal auditors in view of reasonable control needs and subject to the budget determined by the General Meeting; carries out also other functions assigned thereto by the General Meeting of Shareholders, the Supervisory Board, under the Articles of Association or law.

According to Art. 14, Para 5 of the Articles of Association of the Bank, the Management Board may pass resolutions on increasing the capital of the Bank up to BGN 125,000,000 /one hundred and twenty-five million/ through issuance of new shares, within 5 /five/ years as from 25 June 2005, following a preliminary written approval by the Supervisory Board and without subsequent resolution by the General Meeting of Shareholders.

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According to Art. 14, Para 5 of the Articles of Association of the Bank, the Management Board may pass resolutions on issuance of debentures at the total amount of up to BGN 50,000,000 /fifty million/ or their equivalent in foreign currency, within 5 /five/ years as from 25 June 2004, following a preliminary written approval by the Supervisory Board and without subsequent resolution by the General Meeting of Shareholders.

The Management Board of the Bank may not pass resolutions on redemption of shares issued by the Bank.

Material contracts of the company that come into effect, are altered or terminated due to a change in the control of the company upon carrying out an obligatory tender offering, and consequences therefrom, except in cases where the disclosure of such information may cause serious damages to the company; the exception under the preceding sentence is not applicable in cases where the company is obliged to disclose the information by virtue of law

There have not been any material contracts of the company that come into effect, are altered or terminated due to a change in the control of the company upon carrying out an obligatory tender offering

Agreements between the company and its management bodies or employees for payment of a compensation upon resignation or dismissal without legal grounds or in case of termination of employment relations for reasons related to a tender offering

In the event of termination of management contracts and in case CIBANK AD fails to observe the prior notice period, the compensation of members of the Management Board shall be at the amount of two monthly remunerations.

2 signatures /illegible/

Management Board of CIBANK AD

Seal of CIBANK AD

Sofia

26 March 2009