

**EFG LEASING EAD
SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

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DIRECTORS' REPORT

The directors present the annual report and audited financial statements for the year ended 31 December 2009.

BUSINESS DESCRIPTION

The company was registered in 2004. EFG Leasing EAD provides a comprehensive range of leasing products for commercial vehicles, equipment and real estate, mainly to corporate clients.

BUSINESS OVERVIEW

As of the end of December 2009, the outstanding loans and finance lease receivables before provisions amounted to € 146 million. This ranges EFG Leasing among the leaders amongst leasing companies on the Bulgarian market. This performance is attributed both to the strong support from EFG Eurobank Ergasias Leasing, and to the growing cooperation with Eurobank EFG Bulgaria in the area of car financing and corporate banking, as well as to development a own channels of business with vendors.

In 2009 the Company's total outstanding portfolio decreased by 18%, compared to the end of 2008. The outstanding portfolio as at the end of 2009 was distributed among 1,833 contracts and 1,038 clients.

The products that the Company offers include direct leasing, sale-and-lease back, real estate leasing, sub-leasing, stock leasing, and operating leasing. Industrial equipment has the largest share in the lease portfolio – 38 %, followed by real estate with 34 % share and vehicles with 24 %.

As of year-end, the Company employed 36 people.

The ongoing global economic crisis which commenced in the middle of 2007 has resulted in a lower level of capital market funding, lower liquidity levels across the banking sector, and higher interbank lending rates and very high volatility in stock markets.

The uncertainties in the global financial markets affect the banks and companies in Bulgaria at the end of 2009. Indeed the full extent of the impact of the ongoing financial crisis is proving to be impossible to anticipate or completely guard against.

In view of the difficult conditions, the main strategic priorities of the Leasing company for 2009 were focused on preserving the quality and profitability of its existing portfolio efficient operating cost management and prudent risk management.

SHARE CAPITAL STRUCTURE

The company is a member of the worldwide EFG Group, which consists of credit institutions, financial services and financial holding companies. The company's immediate parent is EFG Eurobank Ergasias S.A(Greece) ("Parent bank"), the ultimate parent company of which is Private Financial Holdings Limited, which is owned and controlled indirectly by members of the Latsis family. As at 31 December 2009, the EFG Group held 44.1% of the ordinary shares and voting rights of the Parent bank through 100% controlled subsidiaries. The remaining ordinary shares and voting rights are held by institutional and retail investors, none of which, to the knowledge of the Parent bank holds 5% or more.

DIRECTORS' REPORT (CONTINUED)

Private Financial Holdings Limited (PFH) became the ultimate parent company on 6 August 2009, after the restructuring of the EFG Group. Until 6 August 2009, the ultimate parent company of EFG Group was EFG Bank European Financial Group (EFGB).

The share capital of the Company amounts to BGN 250 thousand, split in 250 thousand registered shares fully owned EFG Eurobank Ergasias S.A.

Pursuant to the last amendments of the Credit Institutions Act ("the CIA"), promulgated in State Gazette, issue 24 of 31.03.2009, the Company is considered financial institution (ref. Art. 3, Para 1, item 1 of the CIA) and as such was duly registered in a special registered maintained by the Bulgarian National Bank under reg. No BGR00114 (ref. Art. 3, Para 2 of the CIA).

In compliance with the requirements of Art. 4, Para 1, item 2 of Regulation No 26 of 23rd April, 2009 for Financial Institutions, the registered capital of the company was increased from BGN 50 thousand (fifty thousand Bulgarian leva) to BGN 250,000 (two hundred and fifty thousand Bulgarian leva). The capital increase was done through a resolution of the sole owner of the capital of the Company, namely EFG Eurobank Ergasias S.A on 22nd July, 2009 and duly registered in the Trade Register with the Registry Agency under the Minister of Justice on 27th July, 2009.

BOARD OF DIRECTORS

At the beginning of the reported period (01.01.2009) till 06.02.2009 the Company is managed by Board of Directors including the following members:

1. Mr. Dimosthenis Baroutsos, Member of the Board, Chairman and Executive Director
2. Mrs. Petroula Papakyriaki, Member of the Board and Deputy Chairman
3. Mr. Zacharias Vlachos, Member of the Board and Executive Director
4. Mrs. Paulina Dobрева, Member of the Board and Executive Director
5. Mr. Anthony C. Hassiotis, Member of the Board
6. Mr. Theodoros Karakasis, Member of the Board
7. Mr. Konstantios Kanakis, Member of the Board

Since 06.02.2009 till the 18.02.2009 the composition of the Board of Directors and the distribution of functions among its members are as follows:

1. Mr. Dimosthenis Baroutsos, Member of the Board, Chairman and Executive Director
2. Mrs. Petroula Papakyriaki, Member of the Board and Deputy Chairman
3. Mr. Zacharias Vlachos, Member of the Board and Executive Director
4. Ms. Plamen Pavlov, Member of the Board and Executive Director
5. Mr. Anthony C. Hassiotis, Member of the Board
6. Mr. Theodoros Karakasis, Member of the Board
7. Mr. Konstantios Kanakis, Member of the Board

Since 18.02.2009 till 22.06.2009 the composition of the Board of Directors and the distribution of functions among its members are as follows:

1. Mr. Dimosthenis Baroutsos, Member of the Board, Chairman and Executive Director
2. Mrs. Petroula Papakyriaki, Member of the Board and Deputy Chairman
3. Mr. Zacharias Vlachos, Member of the Board and Executive Director
4. Ms. Plamen Pavlov, Member of the Board and Executive Director
5. Mr. Anthony C. Hassiotis, Member of the Board
6. Mr. Theodoros Karakasis, Member of the Board

DIRECTORS' REPORT (CONTINUED)

7. Mr. Konstantios Kanakis, Member of the Board
8. Mr. Vyron Ballis, Member of the Board
9. Mr. Dimosthenis Archontidis, Member of the Board

Since 22.06.2009 till the end of the reported period (31.12.2009) the composition of the Board of Directors and the distribution of functions among its members are as follows:

1. Mr. Dimosthenis Baroutsos, Member of the Board, Chairman and Executive Director
2. Mrs. Petroula Papakyriaki, Member of the Board and Deputy Chairman
3. Mr. Zacharias Vlachos, Member of the Board and Executive Director
4. Ms. Plamen Pavlov, Member of the Board and Executive Director
5. Mr. Anthony C. Hassiotis, Member of the Board
6. Mr. Theodoros Karakasis, Member of the Board
7. Mr. Konstantios Kanakis, Member of the Board

In 2009 the members of the Board of Directors have not received compensation in their capacity of members of the Board of Directors.

No shares or bonds of the Company have been acquired, owned and/or transferred by the members of the Board during the year. No member of the Board of Directors holds special rights of acquisition of shares or bonds of the Company.

In 2009 none of the Board members participated in other commercial enterprises, as unlimited liability owner or as an owner of more than 25% of the capital of another company, except for Anthony C. Hassiotis as a Sole owner of the capital of Investments AMK Ltd.

The following members of the Board of Directors participated in the management of other companies as procurators, managers or board members, as follows:

Participation in the capital and in the management of other companies or cooperatives as procurators, managers or boards members:

Name	Company	Type of participation in the management
Petroula Papakyriaki	EFG Eurobank Ergasias Leasing S.A.	CEO & Member of the Management Board
	Eurobank Fin and Rent S.A.	CEO & Member of the Management Board
	EFG Leasing IFN S.A.	Vice- President
	EFG Leasing a.d. Beograd	Member of the Management Board
	EFG Leasing E.A.D.	Deputy Chairman
	EFG Finansal Kiralama A.S.	Member of the Management Board
Zacharias Vlachos	EFG Leasing IFN S.A.	Vice- President
	EFG Leasing a.d. Beograd	Member of the Management Board
	EFG Leasing E.A.D.	Executive Director
	EFG Auto Leasing E.O.O.D.	Manager
	EFG Finansal Kiralama A.S.	Vice- President
	EFG Leasing Poland Sp.zo.o.	Member of the Management Board

DIRECTORS' REPORT (CONTINUED)

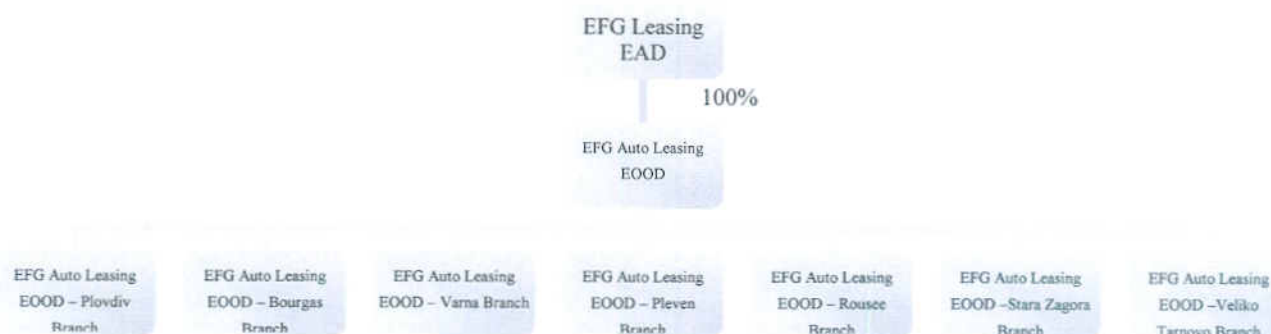
Theodoros Karakasis	Bancpost S.A.	Member of the Management Board
	EFG Retail Services IFN S.A.	Member of the Management Board
	EFG Leasing IFN S.A.	Member of the Management Board
	EFG Eurobank Property Services S.A.	Chairman
	Eurobank EFG a.d. Beograd	Chairman
	EFG Property Services d.o.o. Beograd	Chairman
	Eurobank EFG Bulgaria AD	Deputy Chairman
	EFG Leasing E.A.D.	Member of the Management Board
	EFG Property Services Sofia A.D.	Chairman
	EFG Retail Services a.d. Beograd (renamed to IMO Property Investments A.D. Beograd)	Mr Karakasis has served as Member of the BoD of EFG Retail Services a.d. Beograd during 2009. However, as at 31.12.2009 he wasn't member of the above BoD.
Konstantinos Kanakis	EFG Leasing E.A.D.	Member of the Management Board
Vyron Ballis(in EFG Leasing EAD until June 2009)	EFG EUROBANK ERGASIAS S.A.	Deputy Chief Executive Officer
	Eurobank EFG Business Services S.A.	Member of the Management Board
	EFG Eurolife Eurolife General Insurance S.A.	Chairman
	EFG Eurolife Life Insurance S.A.	Chairman
	EFG Insurance Services S.A.	Member of the Management Board
	Eurobank EFG Mutual Funds Management Company S.A.	Chairman
	Eurobank EFG Cards S.A	Chairman
	Open 24 S.A.	Member of the Management Board
	Eurobank EFG Financial Planning Services S.A.	Chairman
	Eurobank EFG Poland branch (Polbank EFG)	Member of the Supervisory Board
	Public Joint Stock Company "Universal Bank"	Member of the Supervisory Board
	Tefin S.A.	Vice- President
	Unitfinance S.A.	Vice- President
Cardlink S.A.	President	
EFG Leasing E.A.D.	As at 31.12.2009 he wasn't member of the BoD of EFG Leasing EAD	
Activa Insurance S.A.	Mr Ballis was the Chairman of Activa's BoD during 2009 until the legal merger of Activa S.A. with EFG Eurolife General Insurance S..A.	
Dimosthenis Archontidis (in EFG Leasing EAD until June 2009)	Eurobank EFG Asset Management Investment Firm S.A.	Member of the Management Board
	Eurobank EFG Securities Investment Firm S.A.	Member of the Management Board
	Eurobank EFG Private Bank Luxembourg S.A.	Member of the Management Board
	EFG Hellas PLC	Member of the Management Board
	EFG Hellas (Cayman Islands) Ltd.	Member of the Management Board
EFG Leasing E.A.D.	As at 31.12.2009 he wasn't member of the BoD of EFG Leasing EAD	

DIRECTORS' REPORT (CONTINUED)

Anthony Hassiotis	Eurobank EFG Bulgaria AD EFG Leasing E.A.D. Investments AMK EOOD Confederation of Employers & Industrialists in Bulgaria Hellenic Business Council in Bulgaria American Chamber of Commerce in Bulgaria	Member of the Board, CEO Member of the Board Manager and Sole Shareholder Member of the Board Deputy-chairman of the Board Vice President of the Board
Dimostenis Baroutsos	EFG Business Services Sofia AD EFG Leasing E.A.D. EFG Auto Leasing E.A.D.	Member of the Board of Directors Executive Director & Member of the Board of Directors Manager
PlamenPavlov	EFG Leasing E.A.D. EFG Auto Leasing E.A.D. Bulgarian Leasing Association	Executive Director & Member of the Board of Directors Manager Member of the Managing Board
Paulina Dobreva (in EFG Leasing EAD until february 2009)	EFG Leasing E.A.D. EFG Auto Leasing E.A.D.	Executive Director & Member of the Board of Directors Manager

GROUP STRUCTURE AND BRANCH NETWORK

EFG Leasing EAD is the sole-owner of EFG Auto Leasing EOOD, established in January 2005. With its seven branches, EFG Auto Leasing EOOD provides services to clients in Plovdiv, Varna, Bourgas, Pleven, Rousse, Stara Zagora and Veliko Tarnovo.



DIRECTORS' REPORT (CONTINUED)**FINANCIAL RISKS**

EFG Leasing EAD's activities expose it to a variety of risks, including interest rate risk, currency risk, credit risk.

The interest rate risk is mitigated by monthly re-pricing of the lease contracts (currently the interest periods of the Company's financing do not exceed 1 month and the interest rate applied is based on EURIBOR).

To prevent the exposure to currency risk, the leasing company concludes the lease contracts with clients in the same currency (EUR) in which it receives its financing. In case of payment in BGN, the Company applies the fixed exchange rate of the Bulgarian National Bank.

The credit risk is taken into account by monthly monitoring of clients' receivables and applying provisions in accordance with the Group's provisioning policy.

The Company's overall risk management policy seeks to minimize potential adverse effects on the financial performance of the Company.

The residual value risk of all assets except vehicles is limited by signing buyback agreements with third parties.

BUSINESS OBJECTIVES FOR 2010

In 2010 EFG Leasing EAD shall focus mainly on maintaining the quality and profitability of its existing portfolio. In terms of new business the Company shall focus on its key vendors and corporate clients of the Group. The close cooperation with Eurobank EFG Bulgaria and the other subsidiaries of Eurobank in Bulgaria will be further developed.

In order to achieve this goal, we will continue to invest in training and development of the existing staff. This will allow them to maintain customer satisfaction, assume additional responsibilities and grow the business in a risk-averse manner. With a team of young and enthusiastic employees and strong support from both Eurobank Ergasias SA and Eurobank EFG Bulgaria AD, the Company is well-positioned for achieve this goal and meet the challenges that we will face in 2010.

No major capital investments will be made in 2010 since the infrastructure necessary to ensure sustained growth is already in place.

In 2010 EFG Leasing will continue working towards becoming the leasing company of choice for the corporate segment and a partner of choice for the car vendors.

MANAGEMENT RESPONSIBILITIES

The Directors are required by Bulgarian law to prepare financial statements each financial year that give a true and fair view of the financial position of the company as at the year end and its financial results. The management has prepared the enclosed stand-alone financial statement in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The Directors confirm that suitable accounting policies have been used.

DIRECTORS' REPORT (CONTINUED)

The Directors also confirm that applicable International Financial Reporting Standards (IFRS) have been followed and that the financial statements have been prepared on a going concern basis.

The Directors are responsible for keeping proper accounting records, for safeguarding the assets and for taking reasonable steps for the prevention and detection of potential fraud and other irregularities.

By order of the Board:



Plamen Pavlov
Executive Director

EFG Leasing EAD
March 08, 2010

31 DECEMBER 2009

(All amounts are shown in BGN thousands unless otherwise stated)

Separate Statement of comprehensive income

	Notes	2009	2008
Interest income	1	23,428	27,968
Interest expense	1	(5,809)	(15,648)
Net interest income		17,619	12,320
Other operating income	2	853	988
Foreign exchange loss (net)		(14)	(5)
Other operating expenses	3	(2,163)	(3,040)
Gains/(losses) from sale of repossessed assets	4	(2,882)	304
Provisions for impairment	7	(9,355)	(5,863)
Profit before tax		4,058	4,704
Income tax expense	5	(408)	(493)
Profit for the year		3,650	4,211


 Plamen Pavlov
 Executive Director




 Gergana Gerdzhikova
 Chief Financial Officer

The financial statements were authorised by the Management on March 08, 2010

Initialed for identification purposes in the reference to the audit report.


 Rossitsa Boteva
 Registered Auditor




 Petko Dimitrov
 PricewaterhouseCoopers Audit OOD

Sofia, Bulgaria


The accompanying notes set out on pages 12-43 are inseparable part of financial statements.

31 DECEMBER 2009

(All amounts are shown in BGN thousands unless otherwise stated)

Separate Balance sheet

	Notes	2009	2008
Assets			
Cash and bank balances	6	17,663	16,316
Finance lease receivables and other loans	7	286,089	348,893
Deferred income tax assets	8	172	52
Corporate tax recoverable		51	53
Other assets	9	5,346	889
Equipment	10	375	548
Investment in subsidiary	11	250	5
Total assets		309,946	366,756
Liabilities			
Borrowings	12	291,495	352,326
Payables to suppliers and clients	13	1,569	1,182
Other liabilities	14	2,105	2,121
Total liabilities		295,169	355,629
Shareholder's equity			
Share capital	15	250	50
Other reserves		5	5
Retained earnings		14,522	11,072
Total shareholder's equity		14,777	11,127
Total liabilities and equity		309,946	366,756



 Plamen Pavlov
 Executive Director




 Gergana Gerdzhikova
 Chief Financial Officer

Initialed for identification purposes in the reference to the audit report.

The financial statements were authorised by the Management on March 08, 2010


 Rossitsa Boteva
 Registered Auditor




 Petko Dimitrov
 PricewaterhouseCoopers Audit OOD

Sofia, Bulgaria

The accompanying notes set out on pages 12-43 are inseparable part of financial statements.

31 DECEMBER 2009

(All amounts are shown in BGN thousands unless otherwise stated)

**Separate Statement of changes
in shareholders' equity**

	Share capital	Other reserves	Retained earnings	Total
Balance at 1 January 2008	50	5	6,861	6,916
Profit for the year	-	-	4,211	4,211
Balance at 31 December 2008	50	5	11,072	11,127
Balance at 1 January 2009	50	5	11,072	11,127
Share capital increase	200	-	(200)	-
Profit for the year	-	-	3,650	3,650
Balance at 31 December 2009	250	5	14,522	14,777


Plamen Pavlov
Executive Director




Gergana Gerdzhikova
Chief Financial Officer

Initialed for identification purposes in the reference to the audit report.

The financial statements were authorised by the Management on March 08, 2010


Rossitsa Boteva
Registered Auditor


Petko Dimitrov
PricewaterhouseCoopers Audit OOD

Sofia, Bulgaria

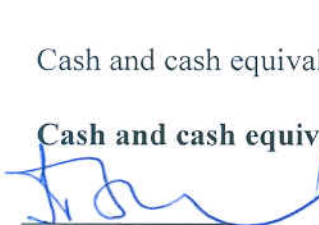
The accompanying notes set out on pages 12-43 are inseparable part of financial statements.

31 DECEMBER 2009

(All amounts are shown in BGN thousands unless otherwise stated)

Separate statement of cash flows

	Notes	2009	2008
Cash flow from operating activities			
Interest received		23,536	27,871
Interest paid		(6,009)	(16,360)
Other income received		60	63
Proceeds from sale of repossessed assets		3,494	4,552
Payments to employees and suppliers		(4,410)	(2,779)
Income tax paid		(526)	(863)
Changes in operating assets and liabilities:			
- Decrease/(increase) in finance lease receivables		50,241	(111,099)
- Decrease/(increase) in other assets		(4,703)	2,518
- (Increase)/decrease increase in payables to clients and suppliers		387	(1,028)
- Increase/(decrease) in other liabilities		(16)	1,482
Cash from operating activities		62,054	(95,643)
Cash flows from investing activities			
Investments in subsidiaries		(245)	-
Purchase of equipment		169	(353)
Cash proceeds used in investing activities		(76)	(353)
Cash flows from financing activities			
Proceeds/(outflows) from borrowed funds		(60,631)	102,681
Cash from financing activities		(60,631)	102,681
Net increase in cash and cash equivalents		1,347	6,685
Cash and cash equivalents at the beginning of the year		16,316	9,631
Cash and cash equivalents at the end of the year	6	17,663	16,316



 Plamen Pavlov
 Executive Director


 Gergana Gerdzhikova
 Chief Financial Officer



Initialed for identification purposes in the reference to the audit report.

The financial statements were authorised by the Management on March 08, 2010


 Rossitsa Boteva
 Registered Auditor


 Petko Dimitrov
 PricewaterhouseCoopers Audit OOD



Sofia, Bulgaria

The accompanying notes set out on pages 12-43 are inseparable part of financial statements.

NOTES TO THE FINANCIAL STATEMENT

(All amounts are shown in BGN thousands unless otherwise stated)

General information

EFG Leasing EAD (the Company) was established on 28 September 2004. As of 31 December 2009 the total share capital of the Company was BGN 250 thousand (31.12.2008 BGN 50 thousand). The sole-owner of the Company's capital is EFG Eurobank Ergasias S.A. The ultimate parent is EFG Bank European Financial Group.

The Company is governed by the Board of Directors consisting of seven, respectively nine members for 2009 (please see point "Board of directors" above) elected for the period of three years. The Board of Directors is represented by the three Executive Directors, also elected for the period of three years.

Eurobank EFG Bulgaria AD is part of the EFG Eurobank Ergasias Group. In accordance with Group guidelines all local subsidiaries receive full support from the local bank part of EFG Eurobank Ergasias Group. This support covers all main areas, such as Risk Management, Client Relations, Finance, Legal, HR.

Summary of significant accounting policies

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

Basis of preparation

The financial statements of EFG Leasing EAD have been prepared in accordance with all relevant International Financial Reporting Standards (IFRS), which comprise Financial Reporting Standards and the International Financial Reporting Interpretations Committee (IFRIC) interpretations, approved by the International Accounting Standards Board (IASB), as well as the International Accounting Standards (IAS) and the Standing Interpretations Committee (SIC) interpretations, approved by the International Accounting Standards Committee (IASC), which are effectively in force on 1 January 2009 and have been accepted by the Commission of the European Union.

For the current financial year the Company has adopted all new and/or revised standards and interpretations, issued by the International Accounting Standards Board (IASB) and respectively, by IFRIC, which are relevant to its activities. The financial statements have been prepared under the historical cost convention.

The policies set out below have been consistently applied to the years 2008 and 2009. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

These financial statements have been prepared on a stand-alone, non-consolidated basis. The Company is a fully owned subsidiary of EFG Eurobank Ergasias S.A. and used the exemption from consolidation under IAS 27.10.

NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

(All amounts are shown in BGN thousands unless otherwise stated)

Accounting policy (continued)

EFG Eurobank Ergasias S.A. is incorporated in Greece and resident of Greece. The Bank's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and issued for public use. They can be obtained at the following address:

EFG Eurobank Ergasias
20, Amalias Ave.
GR 105 57 Athens
Tel: +30 210 333 7000

(a) New and amended standards adopted by the company

The Company has adopted the following new and amended IFRSs as of 1 January 2009:

IFRS 7 'Financial instruments – Disclosures' (amendment) – effective 1 January 2009

IAS 1 (revised). 'Presentation of financial statements' – effective 1 January 2009.

IFRS 2 (amendment), 'Share-based payment' (effective 1 January 2009) deals with vesting conditions and cancellations.

(b) Standards, amendments and Interpretations to existing standards that are not yet effective and have not been early adopted by the Company

The following standards and interpretations to existing standards have been published that are mandatory for the Company's accounting periods beginning on or after 1 January 2010 or later periods that the Company has not early adopted:

IFRS 9, Financial Instruments (issued in November 2009, effective for annual periods beginning on or after 1 January 2013, with earlier application permitted; yet adopted by the EU). IFRS 9 replaces those parts of IAS 39 relating to the classification and measurement of financial assets.

IFRIC 12, Service Concession Arrangements [(IFRIC 12 as adopted by the EU is effective for annual periods beginning on or after 30 March 2009, with early adoption permitted).

IAS 27, Consolidated and Separate Financial Statements (revised January 2008; effective for annual periods beginning on or after 1 July 2009).

NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

(All amounts are shown in BGN thousands unless otherwise stated)

Accounting policy (continued)

(c) Additionally, in regard of the stated below new standards, amended/revised standards and new interpretations that have been issued but not yet in force as at 1 January 2009, the management has judged that they are unlikely to have potential impact resulting in changes in the accounting policies and the financial statements of the Company:

IFRS 3, Business Combinations (revised January 2008; effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009).

IFRIC 15, Agreements for the Construction of Real Estate (effective for annual periods beginning on or after 1 January 2009; IFRIC 15 as adopted by the EU is effective for annual periods beginning after 31 December 2009, with early adoption permitted).

IFRIC 16, Hedges of a Net Investment in a Foreign Operation (effective for annual periods beginning on or after 1 October 2008; IFRIC 16 as adopted by the EU is effective for annual periods beginning after 30 June 2009, with early adoption permitted).

IFRS 1, First-time Adoption of International Financial Reporting Standards (following an amendment in December 2008, effective for the first IFRS financial statements for a period beginning on or after 1 July 2009; restructured IFRS 1 as adopted by the EU is effective for annual periods beginning after 31 December 2009, with early adoption permitted).

IFRIC 18, Transfers of Assets from Customers (effective prospectively to transfers of assets from customers received on or after 1 July 2009, earlier application permitted; IFRIC 18 as adopted by the EU is effective for annual periods beginning after 31 October 2009, with early adoption permitted).

Classification of Rights Issues – Amendment to IAS 32, Financial Instruments: Presentation (effective for annual periods beginning on or after 1 February 2010).

NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

(All amounts are shown in BGN thousands unless otherwise stated)

Accounting policy (continued)**(d) Standards, amendments and Interpretations to existing standards that are not yet effective and not relevant for the Company's operations – not yet endorsed by EU**

Additional Exemptions for First-time Adopters - Amendments to IFRS 1, First-time Adoption of IFRS (effective for annual periods beginning on or after 1 January 2010; not yet adopted by the EU).

IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after 1 July 2010; not yet adopted by the EU).

Prepayments of a Minimum Funding Requirement – Amendment to IFRIC 14 (effective for annual periods beginning on or after 1 January 2011; not yet adopted by the EU).

Group Cash-settled Share-based Payment Transactions - Amendments to IFRS 2, Share-based Payment (effective for annual periods beginning on or after 1 January 2010; not yet adopted by the EU).

The Company maintains its accounting books in Bulgarian lev (BGN), which is accepted as being its presentation currency. The data in the financial statements and the notes thereto is presented in thousand Bulgarian levs (BGN'000) except where it is explicitly stated otherwise.

The presentation of financial statements in accordance with IFRS requires the management to make best estimates, accruals and reasonable assumptions that affect the reported values of assets and liabilities, the amounts of income and expenses and the disclosure of contingent receivables and payables as at the date of the financial statements. These estimates, accruals and assumptions are based on the information, which is available at the date of the financial statements, and therefore, the future actual results might be different from them.

The items presuming a higher level of subjective judgment or complexity or where the assumptions and accounting estimates are material for the financial statements, are disclosed below.

NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

(All amounts are shown in BGN thousands unless otherwise stated)

Accounting policy (continued)**Foreign currency translation**

Items included in the financial statements of the Company are measured using Bulgarian Lev (BGN), which is the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (“the measurement currency”).

Foreign currency transactions are translated into the measurement currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. As of 31 December 2009 the monetary assets and liabilities are denominated using the official rate of Bulgarian National Bank – 1 EUR = 1.95583 BGN (2008: 1.95583) and 1 USD = 1.36409 BGN (2008: 1.38731).

Interest income and expense

Interest income and expense are recognised in the income statement for all interest bearing instruments on an accrual basis using the effective yield method based on the actual purchase price.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Other income and expense

Other income and expense are recognised on an accrual basis when the service has been provided.

Equipment

All equipment is stated at historical cost less accumulated depreciation. Depreciation is calculated on the straight-line method to write down the cost of such assets to their residual values over their estimated useful lives, as follows:

Computers	2 years
Vehicles	4 years

NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

(All amounts are shown in BGN thousands unless otherwise stated)

Accounting policy (continued)

Machinery and equipment	3-4 years
Other fixed assets	5-10 years

Equipment is periodically reviewed for impairment. 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 equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. Repairs and renewals are charged to the income statement when the expenditure is incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Impairment of financial assets

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Company about the following loss events:

- (i) Significant financial difficulty of the issuer or obligor;
- (ii) A breach of contract, such as a default or delinquency in interest or principal payments;
- (iii) The Company granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider;
- (iv) It becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- (v) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
 - Adverse changes in the payment status of borrowers in the group; or
 - National or local economic conditions that correlate with defaults on the assets in the group.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics

NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

(All amounts are shown in BGN thousands unless otherwise stated)

Accounting policy (continued)

and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on leases and receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e., on the basis of the Company's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

When a loan is uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

Leases*Finance leases – the Company as a lessor*

When assets are held subject to a financial lease the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. The lease income is recognised over the entire lease period using the method of effective yield rate so as to obtain a constant periodic rate of return on the outstanding lease principal balance.

NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

(All amounts are shown in BGN thousands unless otherwise stated)

Accounting policy (continued)*Operating leases- the Company as a lessor*

Lease income (excluding receipts for services provided such as insurance and maintenance) is recognised on a straight-line basis over the lease term. Costs, including depreciation, incurred in earning the lease income are recognised as an expense.

Operating leases- the Company as a lessee

Payments made under operating lease agreements are charged in the income statement on a straight-line basis over the period of the lease.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than: (a) those that the entity intends to sell immediately or in the short term, which are classified as held for trading, and those that the entity upon initial recognition designates as at fair value through profit or loss; (b) those that the entity upon initial recognition designates as available for sale; or (c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than 3 months maturity from the date of acquisition including: cash and amounts due from banks.

Borrowings

Borrowings are recognised initially fair value net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between net proceeds and the redemption value is recognised in the income statement over the period of the borrowings using the effective yield method.

Current tax and deferred income tax

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. Income tax payable on profits, based on the applicable tax law is recognized as an expense in the period in which profits arise. Taxes other than on income are recorded within operating expenses.

NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

(All amounts are shown in BGN thousands unless otherwise stated)

Accounting policy (continued)

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized where it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Share capital

Ordinary shares are classified as equity which is stated at its nominal value according to a court decision for the registration of the Company.

(a) Share issue costs

Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

(b) Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Company's shareholders.

Investments in Subsidiaries

Investments in subsidiaries are measured at cost less impairment, if any, in accordance with IAS 27.

Employee benefits**(a) Social, pension and health funds.**

The Company is obliged by the current Bulgarian legislation to make fixed contribution on behalf of the employees to a social fund operated by the Government. All those payments/liabilities are related to current salary expenses and are recognized as an expense in the period to which those relate. The Company has no further payment obligations once the contributions have been paid.

NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

(All amounts are shown in BGN thousands unless otherwise stated)

Accounting policy (continued)**(b) Pension obligations.**

In accordance with article 222, Para. 3 of the Bulgarian Labour Code, in the event of termination of a labour contract after the employee has reached the lawfully required retirement age, regardless of the reason for the termination, the employee is entitled to compensation as follows: 2 gross monthly salaries in all cases and 6 gross monthly salaries if the employee has been engaged with the Company for at least 10 years.

At the end of every reporting period the Company estimates and recognizes the provision for its pension obligations. In calculating the provision the Company estimates the present value of its future pension obligations considering the probability of the employees retiring while employed in the Company.

Critical accounting estimates and judgements in applying accounting policies

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Impairment losses on loans and advances and finance lease receivables

The Company reviews its loan and finance lease portfolios to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the income statement, the Company makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans and finance leases before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers and lessees in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

(All amounts are shown in BGN thousands unless otherwise stated)

Financial risk management

EFG Leasing EAD's activities expose it to a variety of financial risks, including credit risk, liquidity risks, and the effects of changes in foreign currency exchange rates and interest rates. The Company's overall risk management policy seeks to minimize potential adverse effects on the financial performance of the Company.

The main purpose of the risk management is the control and analysis of the Lease portfolio, updating the leasing rules and procedures in order to be in compliance with Group's requirements, the supervision of their proper implementation, monitoring the completeness and correctness of leasing documentation, as well as compliance with internal and external regulations and reporting on lease portfolio to the Bulgarian National Bank, to internal and external auditors. The Risk officer prepares periodic internal and external reports, as required by the Bulgarian National Bank, insurance companies, Eurobank EFG Bulgaria AD, EFG Ergassias Leasing, Eurobank, in order to determine and update the credit rating of corporate clients, to calculate provisions for corporate and retail clients, to provide to Corporate Banking timely information on forthcoming annual reviews, to monitor the development of legislation that affects the activities of leasing companies and advise the General Manager of relevant changes. The main activity of the risk officer includes also the implementation of internal system of credit rating and provisioning.

Risk management is carried out under the supervision of the Board of Directors.

A. Credit risk

The Company assumes exposure to credit risk which is the risk that a counterparty will be unable to pay amounts in full when due. Impairment provisions are provided for losses that have been incurred at the balance sheet date. Significant changes in the economy, or in the health of a particular industry segment that represents a concentration in the Leasing Company's portfolio, could result in losses that are different from those provided for at the balance sheet date.

The Company 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 regularly. Limits on the level of credit risk by product and industry sector are approved by the Board of Directors.

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 managed in part by obtaining collateral.

NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

(All amounts are shown in BGN thousands unless otherwise stated)

Financial risk management (continued)**A. Credit risk (continued)**

The Company uses a credit rating system according to which wholesale borrowers are assigned to a risk category: satisfactory credit performance, potentially problematic entities, watch listed and loss making cases that are fully provided for. The criteria used to assess the credit rate include:

- Financial data for the client, the sector and the market;
- Information on the client's management;
- The clients past credit history either with the Bank or with other banks;
- Existence of detrimental information;
- Type and size of collateral offered;
- History of changes in ownership and
- History of changes in assets.

The Company assesses the credit quality of the wholesale loans on a case-by-case basis using standard grading system and based on a profound analysis of a set of qualitative and quantitative factors.

The lease loans to corporate clients are rated in 11 categories. The Company groups the wholesale loans categorized from 1 to 6 in the grade acceptable risk and these categorized with 7 category - in the watchlist area. The Company presents the wholesale loans in the category from 8 to 11 as individually impaired loans.

Qualitative factors are those that deal with the borrower's management, industry, operating conditions, the market sector in which the borrower operates, securities, loan servicing etc. Quantitative factors are those that refer to a set of ratios (main ratios: profitability, leverage, liquidity) emerging from the borrower's financial statements (balance sheet, income statement, notes to the financial statements etc.)

According to Group Guidelines, wholesale clients belonging to group 1 to 7 are included in category "Neither past due nor impaired" if they have 0 days overdue and in category "Past due but not impaired" if they have between 1 and 359 days overdue. All wholesale clients above 360 days overdue and all wholesale clients belonging to group 8 to 11 are included in category "Impaired".

The Company considers that delinquencies should not be the only reason for downgrading; the "case by case" rule should always prevail. Delinquencies over 90 days should always constitute a reason for downgrading, however provisioning rates have to be determined on a case by case basis assessment taking into consideration all risk factors as well as the existing collateral (therefore the eventually applied rates in this area might be lower or higher than the suggested ones).

31 DECEMBER 2009

NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

(All amounts are shown in BGN thousands unless otherwise stated)

Financial risk management (continued)

The Company portfolio by type of assets leased is as follows:

	<u>2009</u>	<u>2008</u>
Industrial equipment	38,07 %	36,16%
Real Estate	34,04%	29,68%
Vehicles	24,50 %	32,01%
Other	3,39 %	2,14%
	<u>100.00%</u>	<u>100.00%</u>

	<u>2009</u>	<u>2008</u>
Credit risk exposures relating to on-balance sheet assets are as follows:		
Current accounts and deposits with banks	17,663	16,316
Finance lease receivables from customers:	284,426	339,920
<i>Consumer lending</i>	346	659
<i>Small Business lending</i>	14,077	24,221
<i>Corporate lending</i>	270,003	315,040
Other loans	1,663	8,973
Total	<u>303,752</u>	<u>365,209</u>

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NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

(All amounts are shown in BGN thousands unless otherwise stated)

Maximum exposure to credit risk (continued)

Balance at 31 December 2009	Total
Neither past due nor impaired	164,512
Past due but not impaired	93,036
Impaired	40,157
Gross	297,705
Less: allowance for impairment	(13,280)
Net	284,426

Balance at 31 December 2008	Total
Neither past due nor impaired	325,111
Past due but not impaired	12,556
Impaired	11,998
Gross	349,664
Less: allowance for impairment	(9,744)
Net	339,920

Loans are summarized as follows:

Balance at 31 December 2009	Total
Past due but not impaired	1,669
Less: allowance for impairment	(6)
Net	1,663

Balance at 31 December 2008	Total
Neither past due nor impaired	8,973
Less: allowance for impairment	-
Net	8,973

(a) Finance lease receivables and other loans - Neither past due nor impaired

The credit quality of the portfolio of loans and advances that were neither past due nor impaired at 31 December 2009 can be assessed by reference to the internal standard grading system. The following information is based on that system:

Balance at 31 December 2009	Total
Satisfactory risk	164,512
<i>of which renegotiated</i>	420

Balance at 31 December 2008	Total
Satisfactory risk	334,084
<i>of which renegotiated</i>	-

31 DECEMBER 2009

NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

(All amounts are shown in BGN thousands unless otherwise stated)

Maximum exposure to credit risk (continued)

These finance lease receivables are secured by promissory notes for the gross amount of the contracts (incl. interest and management fees) The Company has legal title over assets leased under finance and operating lease. Other loans are secured by mortgage on real state and/or pledge of equipment to be leased.

(b) Finance lease receivables and other loans past due but not impaired

	Private Customers	Small Business Lending	Corporate Lending	Total
31 December 2009				
Past due up to 29 days	31	1,705	35,751	37,487
Past due 30 – 89 days	17	3,000	30,183	33,200
Past due 90 days – less than 1 year	-	-	22,349	22,349
Total	48	4,705	88,283	93,036
of which: Other loans past due 90 days – less than 1 year	-	-	1,669	1,669
Fair value of collateral	115	4,931	73,318	78,364
	Private Customers	Small Business Lending	Corporate Lending	Total
31 December 2008				
Past due up to 29 days	177	4,433	11	4,621
Past due 30 – 89 days	24	4,600	88	4,712
Past due 90 days – less than 1 year	-	-	3,223	3,223
Total	201	9,033	3,322	12,556
Fair value of collateral	201	8,825	2,819	11,846

(c) Finance lease receivables individually impaired

For individually assessed accounts, finance lease receivables are treated as impaired as soon as there is objective evidence that an impairment loss has been incurred. The criteria used by the Company to determine that there is objective evidence of impairment include:

- known cash flow difficulties experienced by the borrower
- overdue contractual payments of either principal or interest
- breach of loan covenants or conditions;
- the probability that the borrower will enter bankruptcy or other financial

31 DECEMBER 2009

NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

(All amounts are shown in BGN thousands unless otherwise stated)

Maximum exposure to credit risk (continued)

- reorganisation; and
- a downgrading in credit rating by an external credit rating agency

Impairment charges are calculated as the difference between the assets's carrying amount and the present value of the estimated future cash flows. Fair value of collateral is the estimated current market price of leased equipment.

The individually impaired finance lease receivables as at 31 December 2009 were BGN 40,157 thousands. The breakdown of the gross amount of individually impaired loans and advances by class is as follows:

31 December 2009	Private Customers	Small Business Lending	Corporate Lending	Total
Impaired loans	108	5,831	34,219	40,157
Number of loans	2	117	186	305
Fair value of collateral	97	3,689	20,533	24,319

31 December 2008	Private Customers	Small Business Lending	Corporate Lending	Total
Impaired loans	156	4,748	7,094	11,998
Number of loans	3	71	36	110
Fair value of collateral	121	3,197	4,658	7,977

Management considers the finance lease receivables covered by assets owned by the leasing company as impaired because experience shows that there are significant administrative and legal difficulties in obtaining the leased asset mainly due to new consumer lending legislation, fraud, etc. The impairment provisions reflect the probability that management will not be able to enforce its rights and repossess the leased asset on defaulted loans.

(d) Allowance for impairment

	Consumer lending	Small Business Lending	Corporate Lending	Total
Balance as at 31 December 2008	131	2,973	6,640	9,744
Increase in allowance for lease impairment	21	315	7,300	7,636
Loans written off during the year as uncollectible	(150)	(742)	(3,202)	(4,094)
Balance as at 31 December 2009	2	2,546	10,738	13,286

31 DECEMBER 2009

NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

(All amounts are shown in BGN thousands unless otherwise stated)

Maximum exposure to credit risk (continued)**2. Repossessed assets**

Repossessed assets are sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness. Repossessed assets are classified in the balance sheet within other assets.

During the year, the Company repossessed own assets, as follows:

Nature of assets	Number of assets repossessed		Amount of repossessed assets	
	2009	2008	2009	2008
Vehicles	135	41	3,101	2,421
Equipment	18	7	3,385	1,369
Total	153	48	6,486	3,790

3. Concentration of risks of financial assets with credit risk exposure*Industry sectors*

The following table breaks down the Company's main credit exposure at gross amounts, as categorized by the industry sectors of our counterparties.

	Commerce and services	Private individuals	Manufacturing	Construction	Other	Total
Finance lease receivables						
-Consumer lending	-	348	-	-	-	348
-Small business lending	9,732	-	1,903	1,554	3,434	16,623
-Corporate lending	166,105	-	67,103	19,825	27,701	280,734
-Loans	-	-	1,669	-	-	1,669
31 December 2009	175,837	348	70,675	21,379	31,135	299,374
31 December 2008	220,311	838	37,919	57,286	42,283	358,637

NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

(All amounts are shown in BGN thousands unless otherwise stated)

B. Market risk

The Company takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate and currency, both of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates.

The factors that generate market risk are the interest rate risk and foreign exchange risk.

The interest rate risk is the risk of potential loss from adverse changes in interest rates. These include repricing risk, yield curve risk, basis risk, spread risk, volatility risk.

The foreign exchange risk is the risk of potential loss from adverse changes in foreign currency exchange rates, against the base currency. It includes outright risk, volatility risk and conversion risk.

The Company's Market Risk Policy is maintained by Risk Division of Eurobank EFG Bulgaria AD and approved by the Board of Directors of the Bank. The Market Risk policy is reviewed at least annually and submits changes to the Board. The Market Risk Policy applies to the control of market risk arising on all Company's assets, liabilities and off-balance sheet positions; it therefore covers Treasury and non-Treasury activities that are subject to market risk. The Market Risk Policy is in compliance with the mother company Risk Guidelines, which pertain to market risk.

The objectives of market risk control and supervision are to

- Protect the company against unforeseen market losses;
- Contribute to more stable and predictable earnings;
- Develop transparent, objective and consistent market risk information as the basis for sound decision making.

1. Market risk measurement techniques

The Company has to include all positions that are exposed to market risk in the measurement system.

The risk factors that generate market risk and have to be included in the market risk measurement system consist of, but are not limited to:

- Foreign Exchange rates
- Interest Rates

NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

(All amounts are shown in BGN thousands unless otherwise stated)

B. Market risk (continued)**2. Foreign exchange risk**

The Leasing Company is exposed to the effect of fluctuations in the prevailing foreign currency exchange rates and may register a loss / respectively a profit / from the exchange differences.

The Leasing Company receives financing in EUR from EFG Private Banking – Luxemburg which is a part of EFG Eurobank finance group. To prevent the exposure to currency risk, the Company concludes the leasing contracts with the clients in the same currency- EUR. In case of payment in BGN the company applies the exchange rate of the Bulgarian National Bank .

In case of import and a payment to foreign supplier in currency, different from EUR, to prevent the loss, the Leasing company invoices to the Lessee the amount of the exchange difference.

Currently the exchange rate of the Bulgarian lev (BGN) is fixed against the EUR at 1.95583 BGN/EUR via Currency board which is not expected to be amended in the near future.

Foreign exchange risk – sensitivity analysis

	<u>2009</u>	<u>2008</u>
Sensitivity of income statement		
1) -25% depreciation of local currency	151	(991)
2) 20% appreciation of local currency	(120)	792

FX risk sensitivity has been calculated directly on the total net open FX position as of 25% depreciation / 20% appreciation of the local currency against all foreign currencies.

C. Cash flow and fair value interest risk**Interest rate sensitivity of assets, liabilities and off-balance sheet items**

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

As of December 31, 2009 and 2008, the Company's liabilities under interest-bearing instruments are from instruments with floating interest rates.

The Management and the Managing Board constantly monitor interest rate levels and conduct an active policy of adjusting interest spreads. In 2008, in view of general market trends for increases in the levels of interest rates, the Company started using variable interest rates in all financial lease contracts. The objective of the Company's policy on interest rate risk management is to minimize potential losses due to negative impacts from changes in market interest rates.

NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

(All amounts are shown in BGN thousands unless otherwise stated)

C. Cash flow and fair value interest risk (continued)

Interest rate risk sensitivity has been estimated by applying a parallel yield curve shift to all relevant on- and off-balance sheet positions.

	<u>2009</u>	<u>2008</u>
<u>Interest Rate Risk – sensitivity analysis</u>		
1) +250 bps shift in interest rate curves (all currencies)	51	45
2) -250 bps shift in interest rate curves (all currencies)	(51)	(45)

A parallel yield curve shift in all currencies will bring no direct P&L or equity reserves effect. The figures in the table above represent the long-term effect of a parallel yield curve shift of +/-250 bps on the Company's net worth (the change in the net present value of its assets and liabilities)

D Fair value of financial assets and liabilities

The estimated fair values of financial instruments have been determined by the Company using available market information, where it exists, and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to determine the estimated fair value. While Management has used available market information in estimating the fair value of financial instruments, the market information may not be fully reflective of the value that could be realized in the current circumstances.

For the following assets and liabilities carried at amortized cost the carrying value approximates their fair value:

- Cash and bank balances include only current accounts in BGN and EUR in Eurobank EFG Bulgaria and cash on hand;
- Borrowings are short term negotiated at floating interest rates.

Finance lease receivables are net of provisions for impairment. The estimated fair value of finance lease receivables 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. The expected cash flows are adjusted to include the future losses expected to occur from the existing finance lease portfolio.

The following table summarises the carrying amounts and fair values of those financial assets and liabilities not presented in the Company's balance sheet at their fair value.

31 DECEMBER 2009

NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

(All amounts are shown in BGN thousands unless otherwise stated)

D Fair value of financial assets and liabilities (continued)

	Carrying amount		Fair value	
	2009	2008	2009	2008
Financial assets				
Finance lease receivables	284,426	339,920	284,426	339,920
Other loans	1,663	8,973	1,663	8,973
Cash and bank balances	17,663	16,316	17,663	16,316
Financial liabilities				
Borrowings	291,495	352,326	291,495	352,326

E Liquidity risk

Liquidity risk is managed at group level, utilizing financing from EFG Private Bank Luxemburg. The revolving credit facility is utilized on the basis of expected outflows for purchase of equipment to be leased.

The table below analyses the liabilities of EFG Leasing into relevant maturity groupings based on contractual cash flows and the remaining period at balance sheet date to the contractual maturity date.

Maturities of financial liabilities

As of 31 December 2009

	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Gross nominal inflow/ (outflow)
Liabilities						
Borrowings	291,741	-	-	-	-	291,741
Payables to suppliers	1,569	-	-	-	-	1,569
Total liabilities	293,310	-	-	-	-	293,310
Total assets held for managing liquidity	20,408	12,192	59,619	155,783	132,551	380,553

NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

(All amounts are shown in BGN thousands unless otherwise stated)

E Liquidity risk (continued)

As of 31 December 2008

	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Gross nominal inflow/ (outflow)
Liabilities						
Borrowings	353,293	-	-	-	-	353,293
Payables to suppliers	1,182	-	-	-	-	1,182
Total liabilities	354,475	-	-	-	-	354,475
Total assets held for managing liquidity	19,712	15,096	68,290	192,695	163,958	459,751

F Capital management

EFG Leasing's objective when managing capital is to maintain a capital structure which safeguards its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits to other stakeholders. The Company uses the ratio of net debt to total capital. Net debt is defined as the sum of total borrowings and payables to clients and suppliers less cash and bank balances. Total capital is defined as the sum of shareholders equity and net debt.

The Company relies on a continued financial support from the EFG Bank European Financial Group, which is a stable and reliable Financial Institution, to cover the risk from the existing liquidity gap. This policy was adopted in 2006 and will continue in the foreseeable future, and at least until 31.12.2010.

The table below summarizes the Company's capital structure:

	2009	2008
Long-term debt	291,495	352,326
Payables to suppliers and clients	1,569	1,182
Total borrowed funds	293,064	355,516
Cash and bank balances	(17,663)	(16,316)
Net debt	275,401	339,200
Shareholders equity	14,777	11,072
Total capital	290,178	350,272
Net debt / Total capital	99%	97%

31 DECEMBER 2009

NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

(All amounts are shown in BGN thousands unless otherwise stated)

1 Net interest income	2009	2008
Interest income		
Finance lease receivables	22,679	26,140
Interest on bank deposits	480	240
Interest on other loans	269	1,588
	23,428	27,968
Interest expense		
Interest on bank borrowings	5,673	15,648
Other interest expense	136	-
	5,809	15,648
2 Other operating income	2009	2008
Commission income insurance brokers	367	379
Other services	284	150
Income from operating leases	140	159
Maintenance fee income	52	53
Other	10	247
	853	988
3 Other operating expenses	2009	2008
Fee and commission expense	6	17
Staff costs (Note 3a)	1,088	1,466
Consulting services	115	369
Operating lease rentals	193	279
Office maintenance	116	92
Advertising	24	197
Courier services	107	111
Depreciation (Note 10)	189	188
Other expenses	98	303
Company car maintenance	6	18
Expenses related to repossession, storage and repairs of assets	221	-
	2,163	3,040

NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

(All amounts are shown in BGN thousands unless otherwise stated)

3a Staff costs	2009	2008
Salaries	776	1,091
Social security costs	312	375
	1,088	1,466

As of 31 December 2009 the Company employed 36 people (2008: 37 people).

4 Gains/(losses) from sale of repossessed assets	2009	2008
Proceeds from sale of assets	3,494	4,552
Net book value as of date of sale	(6,376)	(4,248)
	(2,882)	304

5 Income Tax

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

	2009	2008
Profit before income taxes	4,058	4,704
Tax expense calculated at a tax rate of 10 %	406	471
Permanent differences (tax effect)	2	22
Income tax expense including:	408	493
Deferred income tax credit (Note 8)	(120)	(32)
Current income tax expense	528	525

The tax authorities may at any time inspect the books and records within 5 years subsequent to the reported tax year, and may impose additional tax assessments and penalties. The Company's management is not aware of any circumstances, which may give rise to a potential liability in this respect.

NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

(All amounts are shown in BGN thousands unless otherwise stated)

6 Cash and bank balances	<u>2009</u>	<u>2008</u>
Current accounts with banks	17,662	16,315
Cash in hand	1	1
Included in cash and cash equivalents	<u>17,663</u>	<u>16,316</u>

Current accounts and overnight deposits are held in Eurobank EFG Bulgaria. The credit rating of the bank assigned by Fitch is BBB-.

7 Lease receivables and other loans	<u>2009</u>	<u>2008</u>
Finance lease receivables		
Corporate entities	280,734	321,681
Small Business lending	16,623	27,194
Private customers	348	790
	<u>297,705</u>	<u>349,664</u>
Less provision for impairment	(13,280)	(9,744)
Total net finance lease receivables	<u>284,426</u>	<u>339,920</u>
loans	1,669	8,973
Less: Provision for impairment	(6)	-
Net loans	<u>1,663</u>	<u>8,973</u>
Total net finance lease receivables and loans	<u>286,089</u>	<u>348,893</u>

NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

(All amounts are shown in BGN thousands unless otherwise stated)

7 Lease receivables and other loans (continued)

The position other loans includes prepayments by the Company for leasing contracts that will be delivered in 2010. Those amounts are net of clients' downpayments and the Company accrues interest until delivery. The amounts are fully secured with promissory notes and mortgage and/or pledges on receivables/inventory.

Gross investment in finance leases, receivables:	2009	2008
Up to 1 year	16,445	9,584
Between 1 and 5 years	131,740	236,657
Over 5 years	222,959	206,154
	371,144	452,395
Unearned future finance income from finance leases	(73,439)	(102,731)
Net investment in finance leases	297,705	349,664

Movement in provisions was as follows:

	2009	2008
Balance at the beginning of the year	9,744	4,083
(Decrease)/Increase in provisions for lease impairment	7,630	5,805
Loans written off during the year as uncollectible	(4,094)	-
(Decrease)/Increase in provisions for loans	6	(144)
Balance at end of year	13,286	9,744

Provisions for impairment	2009	2008
(Decrease)/Increase in provisions for lease impairment	7,337	5,805
(Decrease)/Increase in provisions for other loans	6	(144)
Impairment of repossessed assets (Note 9a)	2,012	202
Total provision for impairment	9,355	5,863

NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

(All amounts are shown in BGN thousands unless otherwise stated)

8 Deferred income taxes

	2009	2008
Deferred tax asset at beginning of year	52	20
Income statement credit (Note 5)	120	32
Deferred tax asset at end of year	172	52

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

	31.12.2008	Increase	Decrease	Net change	31.12.2009
Revaluation of repossessed assets	20	141	(20)	121	141
Unused annual leaves	4	1	(2)	(1)	3
Other provisions for staff remunerations	28	24	(34)	(10)	18
Other temporary differences	-	10	-	10	10
Deferred tax asset balance	52				172
Income statement credit/(charge)		176	(56)	120	

The deferred tax credit/(charge) in the income statement comprises the following temporary differences

	2009	2008
Revaluation of repossessed assets	121	20
Unused annual leaves	(1)	2
Other temporary differences	10	10
Other provisions for staff remunerations	(10)	-
Net deferred tax credit/(charge)	120	32

9 Other assets

	2009	2008
Assets held for sale	6,440	971
Provision on assets held for sale	(1,408)	(202)
Prepayments	31	68
Other	283	37
Recoverable Value Added Tax	-	15
	5,346	889

9a Provision on assets held for sale

	2009	2008
As of 1 January	202	-
Impairment of repossessed assets	2,012	202
Accumulated impairment of assets sold	(806)	-
As of 31 December	1,408	202

NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

(All amounts are shown in BGN thousands unless otherwise stated)

10 Equipment

	Furniture, Equipment and Motor vehicles	Computers, Hardware and Software	Total
At 1 January 2008			
Cost	508	142	648
Accumulated depreciation	(139)	(109)	(247)
Net book amount	<u>369</u>	<u>32</u>	<u>401</u>
Year ended 31 December 2008			
Opening net book amount	369	32	401
Additions	322	31	353
Disposals	(18)	-	(18)
Depreciation charge (Note 3)	(161)	(27)	(188)
Closing net book amount	<u>512</u>	<u>36</u>	<u>548</u>
At 31 December 2008			
Cost	778	172	950
Accumulated depreciation	(266)	(136)	(402)
Net book amount	<u>512</u>	<u>36</u>	<u>548</u>
Year ended 31 December 2009			
Opening net book amount	512	36	548
Additions	2	74	76
Disposals	(76)	-	(76)
Disposals (Accumulated depreciation)	16	-	16
Depreciation charge (Note 3)	(147)	(42)	(189)
Closing net book amount	<u>307</u>	<u>68</u>	<u>375</u>
At 31 December 2009			
Cost	704	246	950
Accumulated depreciation	(397)	(178)	(575)
Net book amount	<u>307</u>	<u>68</u>	<u>375</u>

NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

(All amounts are shown in BGN thousands unless otherwise stated)

10 Equipment (continued)

The category of vehicles includes vehicles leased by the Company to third parties under operating leases with the following carrying amounts:

	2009	2008
Cost at 31 December	440	500
Accumulated depreciation at 31 December	(244)	(143)
Net book amount at 31 December	196	357

11 Investment in subsidiary

Investment in subsidiary represents a 100% participation in the share capital of EFG Auto Leasing EOOD which was incorporated on 24 January 2005. The investment is measured at cost. In 2009 the Company increased its investment in EFG Auto Leasing EOOD from BGN 5 thousand (five thousand Bulgarian leva) to BGN 250 thousand through a share capital increase, due to the requirements of Art. 4, Para 1, item 2 of Regulation No 26 of 23rd April, 2009 for Financial Institutions.

12 Borrowings

Short-term	2009	2008
Bank borrowings	291,419	352,049
Accrued interest	76	277
Total	291,495	352,326

The Company uses revolving credit facility, which is renewed on a monthly basis. The borrower is EFG Private Bank Luxembourg SA, member of EFG Group. The interest is one month EURIBOR + 0.625%. The Company is not subject to covenants related to its borrowings.

13 Payables to clients and suppliers

	2009	2008
Deposits from clients	87	172
Liabilities to suppliers	1,482	1,010
	1,569	1,182

14 Other liabilities

	2009	2008
Prepayments and other payables from clients	353	353
Personnel and social security	262	372
VAT payable	1,398	1,231
Payables to clients on insurance claims	-	70
Other	92	94
	2,105	2,121

NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

(All amounts are shown in BGN thousands unless otherwise stated)

15 Share capital

As at 31 December 2009 the total share capital of the Company was BGN 250 thousand (2008: BGN 50 thousand). The Company's sole-owner is EFG Eurobank Ergasias S.A. The registered capital of the Company is divided into 250,000 shares with a nominal value of BGN 1 each. All shares give equal voting rights and are fully paid.

Pursuant to the last amendments of the Credit Institutions Act, promulgated in State Gazette, issue 24 of 31.03.2009, the company is considered financial institution (ref. Art. 3, Para1, item 1 of the CIA) and as such was duly registered in a special registered maintained by the Bulgarian National Bank under reg. No BGR00114 (ref. Art. 3, Para 2 of the CIA).

In compliance with the requirements of Art. 4, Para 1, item 2 of Regulation No 26 of 23rd April, 2009 for Financial Institutions, the registered capital of the company was increased from BGN 50 thousand (fifty thousand Bulgarian leva) to BGN 250,000 (two hundred and fifty thousand Bulgarian leva). The discussed capital increase was materialized in a resolution of the sole owner of the capital of the company, namely EFG Eurobank Ergasias S.A dated 22nd July, 2009 and duly registered in the Trade Register with the Registry Agency under the Minister of Justice on 27th July, 2009.

16 Related party transactions

EFG Leasing EAD is owned by EFG Eurobank Ergasias S.A. The ultimate parent of the Company is EFG Bank European Financial Group.

Since the foundation of the Company, its owners have provided financial support, so that the Company is able to continue its operations. The Company's ability to meet its obligations and to continue as a going concern is dependent on the funds provided by the owners. The Company's parent confirms that it is its current policy to ensure that EFG Leasing EAD is in the position to meet its debts and capital expenditure commitments as they fall due. The Company's parent also confirms that they will provide support to EFG Leasing EAD as to ensure that it will have adequate funds to meet its liabilities when they fall due.

A number of transactions are being entered during the normal course of business. These transactions are being carried out on commercial terms and at market rates. The volumes of related party transactions, outstanding balances at the year end, and relating expense and income for the period are as follows:

NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

(All amounts are shown in BGN thousands unless otherwise stated)

	<u>2009</u>	<u>2008</u>
Assets		
Current accounts (Eurobank EFG Bulgaria AD)	17,663	16,316
Other assets (EFG Ergasias Leasing S.A.)	10	-
Liabilities		
Bank borrowings (EFG Private Bank Luxembourg S.A.)	291,419	303,153
Other borrowings (EFG Auto Leasing EOOD)	-	24,448
Interest payable (EFG Private Bank Luxembourg S.A.)	76	281
Other liabilities(EFG Property Services AD)	3	-
Other liabilities(EFG Auto Leasing EOOD)	7	-
Other liabilities (EFG Ergasias Leasing S.A.)	334	334
Income/(Expense)		
Interest income (Eurobank EFG Bulgaria AD)	480	240
Interest income (EFG Auto Leasing EOOD)	269	64
Interest expense (EFG Private Bank Luxembourg S.A.)	(5,273)	(15,073)
Interest expense (EFG Auto Leasing EOOD)	(136)	(198)
Consulting services (EFG Ergasias Leasing S.A.)	(400)	(334)
Other operating income (EFG Auto Leasing EOOD)	65	55
Other operating expense (EFG Auto Leasing EOOD)	(19)	(52)

There are no transactions during the year or balances at year end with the parent and the ultimate parent companies.

Key management compensation for year ended 31 December 2009 amounted to:

	<u>2009</u>	<u>2008</u>
Management compensation	18	18

Management personnel (the executive directors) participate also in the management of EFG Auto Leasing EOOD.

NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

(All amounts are shown in BGN thousands unless otherwise stated)

17 Contingent liabilities and commitments**Operating lease commitments - the Company as a lessee**

The Company leases office premises and vehicles under non-cancellable operating lease agreements.

Non-cancellable operating lease rentals are payable as follows:

	2009	2008
Not later than 1 year	240	228
Later than 1 year but not later than 5 years	240	685
Total	480	913

18 Comparatives

The Company reclassified certain figures in 2008 Statement of comprehensive income from *Other income* to *Gains/(losses) from sale of repossessed assets*. The reclassification is as follows:

	2008	Reclassification	2008
	Previous reported		
Gains/(losses) from sale of repossessed assets	-	304	304
Other income	1,292	(304)	988

19 Post balance sheet events

There are no significant post balance sheet events with effect on the financial statements as at 31 December 2009.

Independent auditor's report

To the Shareholder of EFG Leasing EAD

Report on the Financial Statements

We have audited the accompanying separate financial statements of EFG Leasing EAD (the Company) which comprise the separate balance sheet as of 31 December 2009 and the separate statement of comprehensive income, separate statement of changes in equity and separate cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

This version of our report is a translation from the original, which was prepared in Bulgarian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation

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

Opinion

In our opinion, the accompanying separate financial statements give a true and fair view of the financial position of EFG Leasing EAD as of 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

Management is also responsible for preparing the Directors' Report in accordance with the Accounting Act.

We are required by the Accounting Act to express an opinion whether the Directors' Report is consistent with the annual financial statements of the Company.

In our opinion, the Directors' Report set out on pages 1 to 7, is consistent with the accompanying financial statements of the Company as of 31 December 2009.



Rossitsa Boteva
Registered Auditor

11 June 2010
Sofia, Bulgaria





Petko Dimitrov
PricewaterhouseCoopers Audit OOD