EFG AUTO LEASING EOOD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

CONTENTS

	Page
Directors' Report	1 - 3
Statement of comprehensive income	4
Balance sheet	5
Statement of changes in shareholder's equity	6
Statement of cash flows	7
Notes to the Financial Statements	8 – 36

EFG AUTO LEASING EOOD
DIRECTORS' REPORT
31 DECEMBER 2011

The management presents the annual report and audited financial statements for the year ended 31 December 2011.

BUSINESS DESCRIPTION

The company was registered in January 2005. EFG Auto Leasing EOOD provides financial and operating leasing of passenger cars, both to corporate and retail clients.

BUSINESS OVERVIEW

As of the end of December 2011, the outstanding finance lease receivables before provisions amounted to €25 million. This performance is attributed to the strong support from EFG Eurobank Ergasias Leasing, and to the beneficial cooperation with Eurobank EFG Bulgaria AD in the area of car financing.

The Company's portfolio is 100% comprised of leased vehicles. As of year-end, the Company had 13 employees. It operates in Sofia and Plovdiv, Varna, Bourgas, Stara Zagora, Rousse, Pleven and Veliko Tarnovo through its branches.

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 uncertainty in the global financial markets reflects the banks and companies in Bulgaria at the end of 2008 and has influenced considerably their businesses over the past 3 years. Indeed the full extent of the impact of the ongoing financial crisis is proving to be impossible to anticipate or completely guard against.

Since the middle of 2010 all new car leasing business is booked in parent company EFG Leasing EAD.

SHARE CAPITAL STRUCTURE

The company through its sole-owner EFG Leasing EAD is a wholly owned subsidiary of EFG Eurobank Ergasias which is listed on the Athens Stock Exchange. EFG Eurobank Ergasias is a member of the worldwide EFG Group, which consists of credit institutions, financial services and financial holding companies. The operating parent company of the EFG Group is European Financial Group EFG (Luxembourg) S.A., whilst its ultimate parent company is Private Financial Holdings Limited (PFH), which is owned and controlled indirectly by members of the Latsis family. As at 31 December 2011, the EFG Group held 44.7% of the ordinary shares and voting rights of EFG Eurobank Ergasias through wholly owned subsidiaries of the ultimate parent company, the remaining ordinary shares and voting rights being held by institutional and retail investors, none of which, to the knowledge of the Bank, holds 5% or more.

The registered capital of EFG Auto Leasing EOOD is BGN 250 thousand divided into 2,500 shares of BGN 100 each. The capital of the Company has been paid in full. The sole owner of Company's capital is EFG Leasing EAD.

SHARE CAPITAL STRUCTURE (CONTINUED)

Upon decision of the Founder the capital may be increased at any time by payment or by contribution in kind, or it may be reduced to the legal minimum provided by law.

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, 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 BGR00117 (ref. Art. 3, Para 2 of the CIA).

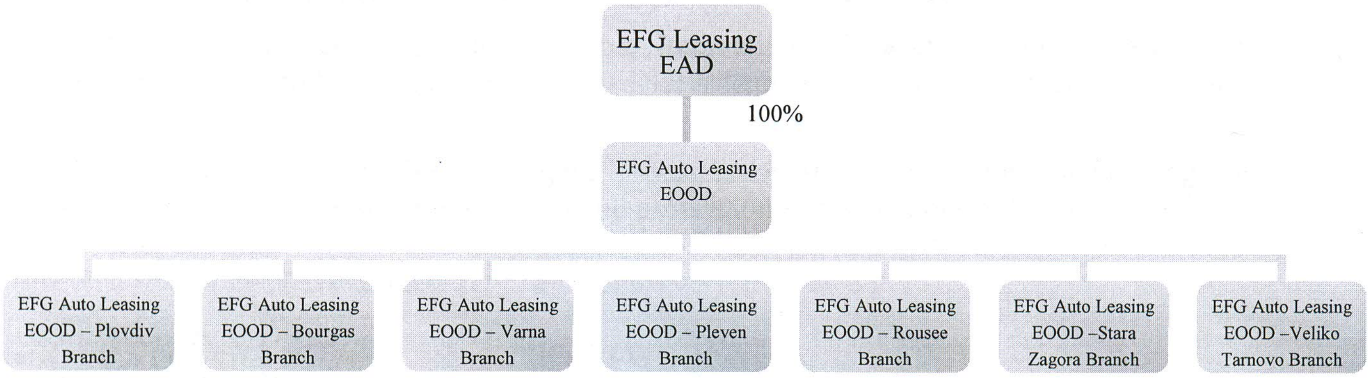
MANAGEMENT

In the reported period the Company has been managed and legally represented by the following managers acting jointly – Mr. Plamen Pavlov and Mr. Ioannis Vougioukas. As of 24.02.2011 the Company is duly represented by Mr. Plamen Pavlov, Mr. Ioannis Vougioukas and Mr. Svetoslav Kalo, any two of them acting jointly, in their capacity of Managers.

GROUP STRUCTURE AND BRANCH NETWORK

EFG Auto Leasing EOOD has been founded as a single shareholder limited liability company. The sole-owner of the Company's capital is EFG Leasing EAD. The ultimate parent company is Private Financial Holdings Limited (PFH).

With its seven branches, EFG Auto Leasing EAD provides services to clients in Plovdiv, Varna, Bourgas, Pleven, Rousse, Veliko Tarnovo and Stara Zagora.



EFG AUTO LEASING EOOD
DIRECTORS' REPORT (CONTINUED)
31 DECEMBER 2011

FINANCIAL RISKS

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

The financial risks and the financial risk management are disclosed in Note 3 of the financial statements. The exposure of the Group to price, credit and liquidity risk and the cash flow risk is disclosed in Note 3 of the financial statements.

BUSINESS OBJECTIVES FOR 2012

As the entire new car business was streamed to the mother company EFG Leasing EAD, in 2012 EFG Auto Leasing EOOD shall focus mainly on maintaining the quality and profitability of its existing portfolio and servicing the existing clients.

With a team of motivated employees and strong support from both Eurobank Ergasias SA and Eurobank EFG Bulgaria AD, the company is well-positioned to achieve this goal and meet the challenges that it will face in 2012.

No major capital investments will be made in 2012, since the infrastructure necessary to ensure sustained growth is already in place.

MANAGEMENT RESPONSIBILITIES

The Managers 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 financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The Managers confirm that suitable accounting policies have been used.

The Managers 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 Managers 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.

....
Gergana Gerdzhikova
Manager

EFG Auto Leasing EOOD
April 20, 2012

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

Statement of comprehensive income

	Notes	2011	2010
Interest income	1	4,540	8,250
Interest expense	1	(1,784)	(2,427)
Net interest income		**2,756**	**5,823**
Other operating income	2	1,299	1,795
Foreign exchange gains/(losses)		(5)	-
Other operating expenses	3	(1,627)	(1,987)
Gains/(losses) from sale of repossessed assets, net	4	(340)	(1,353)
Provisions for impairment	7	(1,417)	(4,503)
Profit /(Loss) before income tax		**666**	**(225)**
Income tax (expense)/credit	5	(73)	26
Profit/(Loss) for the year		**593**	**(199)**
Other comprehensive income		-	-
Total comprehensive income/(loss)		**593**	**(199)**

Gergana Gerdzhikova
Manager

Mariya Garalova
Chief Financial Officer

The financial statements were authorised by the Management on April 20, 2012

Initialed for identification purposes in reference to the audit report.

Rossitsa Boteva
Registered Auditor

СПЕЦИАЛИЗИРАНО ОДИТОРСКО ПРЕДПРИЯТИЕ
София
Рег. №085
"ПрайсуотърхаусКупърс Одит" ООД

Petko Dimitrov
PricewaterhouseCoopers Audit OOD

April 20, 2012
Sofia, Bulgaria

The accompanying notes set out on pages 8-36 are inseparable part of financial statements.

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

Balance sheet

	Notes	2011	2010
Assets			
Cash and bank balances	6	940	3,163
Finance lease receivables	7	39,122	72,131
Deferred income tax assets	8	9	65
Corporate tax paid in advance		310	325
Other assets	9	2,110	3,997
Equipment	10	364	720
Total assets		**42,856**	**80,401**
Liabilities			
Borrowings	11	34,039	72,411
Payables to suppliers and clients	12	187	199
Other liabilities	13	698	452
Total liabilities		**34,924**	**73,062**
Shareholder's equity			
Share capital	14	250	250
Retained earnings		7,682	7,089
Total shareholder's equity		**7,932**	**7,339**
Total liabilities and equity		**42,856**	**80,401**

Gergana Gerdzhikova
Manager

Mariya Garalova
Chief Financial Officer

The financial statements were authorised by the Management on April 20, 2012

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Rossitsa Boteva
Registered Auditor

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Statement of changes in shareholders' equity

	Note	Share capital	Retained earnings	Total
Balance at 1 January 2010		**250**	**7,288**	**7,538**
Loss for the year		-	(199)	(199)
Balance at 31 December 2010	14	**250**	**7,089**	**7,339**
Balance at 1 January 2011		**250**	**7,089**	**7,339**
Loss for the year		-	593	593
Balance at 31 December 2011	14	**250**	**7,682**	**7,932**

Gergana Gerdzhikova
Manager

Mariya Garalova
Chief Financial Officer

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Statement of cash flows

	Notes	2011	2010
Cash flow from operating activities			
Interest received		4,619	8,370
Interest paid		(1,823)	(2,448)
Other income received		1,294	813
Proceeds from sale of repossessed assets		3,399	6,309
Payments to employees and suppliers		(942)	(1,499)
Income tax paid		-	(64)
Changes in operating assets and liabilities			
- Decrease in finance lease receivables		33,086	42,091
- (Increase) Decrease in other assets		(3,749)	4,587
- (Decrease)/Increase in payables to clients and suppliers		(12)	62
- Increase/(decrease) in other liabilities		246	(817)
Cash flows from operating activities		**36,118**	**56,935**
Cash flows from investing activities			
Proceeds from sales of equipment		31	134
Purchase of equipment		-	(259)
Cash flows from investing activities		**31**	**(125)**
Cash flows from financing activities			
Proceeds/(outflows) from borrowed funds (net)		(38,372)	(60,598)
Cash from financing activities		(38,372	(60,598)
Net cash flow		**(2,223)**	**(3,320)**
Cash and cash equivalents at the beginning of the year		3,163	6,483
Cash and cash equivalents at the end of the year	6	**940**	**3,163**

Gergana Gerdzhikova
Manager

Mariya Garalova
Chief Financial Officer

The financial statements were authorised by the Management on April 20, 2012
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April 20, 2012
Sofia, Bulgaria

The accompanying notes set out on pages 8-36 are inseparable part of financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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

General information

EFG Auto Leasing EOOD (the Company) was established on 24 January 2005. As of 31 December 2011 the total share capital of the Company was BGN 250 thousand (31 December 2010 BGN 5 thousand). The operating parent company of the EFG Group is European Financial Group EFG (Luxembourg) S.A., whilst its ultimate parent company is Private Financial Holdings Limited (PFH).

Eurobank EFG Bulgaria AD is part of the EFG Eurobank Ergasias group. In accordance to 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, and HR.

The Company is governed and represented by three Managers. The sole owner of the Company chooses the Managers for a period of 3 years and controls the activities of the Company. The Company reports according to group guidelines of EFG Bank European Financial Group.

The Company provides leasing of vehicles to large, small, medium enterprises and individuals and serves clients throughout the country.
The Company employs 8 people.

Impact of the economic crisis and situation in Greece

Since late 2009, fears of a European sovereign debt crisis developed among investors as a result of the rising government debt levels, together with a wave of downgrading of government debt in some European states. Concerns intensified in early 2010 making it difficult for some countries in the euro area to re-finance their government debt without external assistance. The three countries most affected by this were Greece, Ireland and Portugal.

On the Greek debt front, a new funding program was agreed with the European Commission, the ECB and the Eurozone member-states, in the Eurogroup meeting held on 21 February 2012. The new program aims to bring the country's public debt-to-GDP ratio to 116.5% by 2020, below the 120.0% target envisioned in the European Council session held on 26 and 27 October 2011 via Private Sector's Involment (PSI) in the reduction of Greek debt.

The new funding program is expected to have a significant beneficial effect on the country's solvency outlook. This is due, not only to the reduction of public debt, but also to the expected decline of interest expenditure from 2012 onwards. The funding program constitutes a credible opportunity for the Greek economy to remove uncertainty surrounding it from the middle of 2010 onwards, regarding both sustainability of fiscal position as well as preservation of the country's Eurozone participation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Impact of the economic crisis and situation in Greece (continued)

In addition, the Eurogroup confirmed that the necessary elements have been put in place for Member States to carry out the relevant national procedures to allow for the support by EFSF, including the necessary financing for recapitalisation of Greek banks (including EFG Eurobank Ergasias) following their participation in the recent sovereign debt restructuring (PSI).In February 2012, the Greek parliament adopted the necessary legal framework to enable the necessary financing for the recapitalization of Greek banks.

Position of the Group

EFG Eurobank Ergasias, although significantly affected by the impairment charge on Greek Government bonds (due to its participation in the PSI), continues to closely monitor these constructive developments and has taken necessary steps and continues adjusting to the new requirements. The shift towards a greater level of collateralized lending, growth in self-funding and the more promising market situation has been in place for some time. Additionally, the Group continues to reduce its cost base in order to increase the efficiency of operations. It also strengthens its collection efforts to maximize loan recoveries by redeploying resources where necessary and implements conservative provisioning policies. Finally and notwithstanding the required recapitalisation of the Parent, the Group is improving continuously the effectiveness of balance sheet management and is undertaking significant strategic initiatives in respect of its capital and liquidity positions.

Position of the Company

As at 31 December 2011, EFG Auto Leasing is financed through a revolving credit facility from EFG Private Bank Luxemburg, own funds and its own capital base.

Accounting policy

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 the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the IASB, as adopted by the European Union and in particular with those IFRS standards and IFRIC interpretations issued and effective or issued and early adopted as at the time of preparing these statements. The financial statements are prepared on going concern basis. (Note 15).

The policies set out below have been consistently applied to the years 2010 and 2011.

(a) Amended and new standards and interpretations effective in 2011

- IAS 24, Amendment - Related Party Disclosures
- IAS 32, Amendment - Classification of Rights Issues

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Accounting policy (continued)

(a) Amended and new standards and interpretations effective in 2011

- IFRIC 14, Amendment - Prepayments of a Minimum Funding Requirement
- IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments
- Amendments to various Standards that form part of IASB's 2010 Annual Improvement Project.

(b) Standards and Interpretations issued but not yet effective

- IAS 1, Amendment - Presentation of Items of Other Comprehensive Income (effective 1 January 2013, not yet endorsed by EU)
- IAS 12, Amendment - Deferred tax: Recovery of Underlying Assets (effective 1 January 2012, not yet endorsed by EU)
- IAS 19, Amendment - Employee Benefits (effective 1 January 2013, not yet endorsed by EU)
- IAS 27, Amendment - Separate Financial Statements (effective 1 January 2013, not yet endorsed by EU)
- IAS 28, Amendment - Investments in Associates and Joint Ventures (effective 1 January 2013, not yet endorsed by EU)
- IAS 32, Amendment - Offsetting Financial Assets and Financial Liabilities (effective 1 January 2014, not yet endorsed by EU)
- IFRS 7, Amendment - Disclosures, Offsetting Financial Assets and Financial Liabilities (effective 1 January 2013, not yet endorsed by EU)
- IFRS 7, Amendment -Disclosures, Transfers of Financial Assets (effective 1 January 2012)
- IFRS 9, Financial Instruments (effective 1 January 2015, not yet endorsed by EU)
- IFRS 9 and IFRS 7, Amendment - Mandatory Effective Date and Transition Disclosures (effective 1 January 2015, not yet endorsed by EU)
- IFRS 10, Consolidated Financial Statements (effective 1 January 2013, not yet endorsed by EU)
- IFRS 11, Joint Arrangements (effective 1 January 2013, not yet endorsed by EU)
- IFRS 12, Disclosure of Interests in Other Entities (effective 1 January 2013, not yet endorsed by EU)
- IFRS 13, Fair Value Measurement (effective 1 January 2013, not yet endorsed by EU)

IFRS 9 is part of IASB's project to replace IAS 39 Financial Instruments which has not been finalised yet and as a result, it is not practicable to quantify its impact. The application of the other above mentioned standards and interpretations is not expected to have a material impact on the Group's financial statements in the period of the initial application.

Accounting policy (continued)

The application of the above mentioned standards and interpretations does not have and is not expected to have a material impact on the Company's financial statements in the period of the initial application.

The financial statements are prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets and of financial assets and financial liabilities (including derivative instruments) at fair-value-through-profit-or-loss.

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 preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

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.

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 2011 the monetary assets and liabilities are denominated using the official rate of Bulgarian National Bank – 1 EUR = 1.95583 BGN (2010: 1.95583) and 1 USD = 1.51158 BGN (2010: 1.47276).

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Accounting policy (continued)

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, 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:

	2011	2010
Computers	5 years	5 years
Vehicles	1-4 years	1-4 years
Machinery and equipment	6-7 years	6-7 years
Other fixed assets	5-10 years	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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Accounting policy (continued)

Impairment of finance leases

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 is 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 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Accounting policy (continued)

Impairment of finance leases (continued)

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.

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.

Repossessed collateral

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

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:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Accounting policy (continued)

Loans and receivables (continued)

(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 at fair value and 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Accounting policy (continued)

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.

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Financial risk management (continued)

The Risk officer has to prepare periodic internal and external reports, as required by the Bulgarian National Bank, insurance companies, Eurobank EFG Bulgaria AD, EFG Ergassias Leasing, Eurobank, 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 the internal system of credit rating and provisioning.

Risk management is carried out under the supervision of the Board of Directors of parent company EFG Leasing.

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, industry sector and by country are approved by the Board of Directors of parent company EFG Leasing.
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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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.

(b) Fair value of repossessed assets held for sale
The Company determines the fair value of repossessed assets held for sale from market-based evidence by appraisal that is undertaken by professionally qualified valuers. The Company follows its accounting policy to revalue the assets every four months. Based on the accounting policy of the Company the revaluation of repossessed assets was performed by a qualified independent valuer.
The main valuation approaches used to determine the fair value were *income, cost and sales comparison approaches.*

Financial risk management

EFG Auto Leasing EOOD'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 minimise potential adverse effects on the financial performance of the Company.
The main purpose of the risk management consist in the control and analysis of the Leasing portfolio, updating the leasing rules and procedures 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 leasing portfolio to the Bulgarian National Bank, to internal and external auditors.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

A Credit risk (continued)

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

Corporate clients are rated in 11 categories. The Company groups wholesale clients categorized from 1 to 6 in the grade acceptable risk and these categorized with 7 - in the watch list area. The Company presents the wholesale clients in the category from 8 to 11 as individually impaired loans based on individual impairment analysis.
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, exposures to wholesale clients rated in categories 1 to 7 are presented as "Neither past due nor impaired" if they are regular and "Past due but not impaired" if they are up to 179 days past due. If they are between 180-359 days past due exposures to these clients are presented as "Impaired". All exposures to wholesale clients above 360 days past due and all exposures to wholesale clients rated in categories 8 to 11 are presented as "Impaired".

Regarding restructured wholesale loans to clients rated in categories 1 to 6 are presented as "Neither past due nor impaired" if they are regular and in category "Past due but not impaired" if they are up to 179 days past due. If they are between 180-359 days past due these clients are presented as "Impaired". The clients rated in category 7 are presented as „Past due but not impaired". The clients rated between 8 and 11 are presented as "Impaired".

According to the Group guidelines regular exposures are loans not in delay or with amounts in delay not exceeding internally set grace amount.

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 market value of the leased assets, expected cash inflows, the existing collateral etc.

Maximum exposure to credit risk

Credit risk exposures relating to on-balance sheet assets are as follows:	2011	2010
Current accounts and deposits with banks	940	3,163
Finance lease receivables:	**49,298**	**81,132**
Consumer lending	8,308	15,159
Small Business lending	13,967	24,100
Corporate lending	27,023	41,873
Total	**50,238**	**84,295**

A Credit risk (continued)

Maximum exposure to credit risk (continued)

Balance at 31 December 2011	**Total**
Neither past due nor impaired	16,794
Past due but not impaired	13,196
Impaired	19,308
Gross	**49,298**
Less: allowance for impairment	(10,176)
Net	**39,122**

Balance at 31 December 2010	**Total**
Neither past due nor impaired	41,460
Past due but not impaired	20,082
Impaired	19,590
Gross	**81,132**
Less: allowance for impairment	(9,001)
Net	**72,131**

(a) *Neither past due nor impaired*

The credit quality of the portfolio of finance lease receivables and other loans that were neither past due nor impaired at 31 December 2011 can be assessed by reference to the internal standard grading system.

Balance at 31 December 2011	**Total**
Acceptable risk	16,771
of which renegotiated	*58*
Watch list	23
Total	**16,794**

Balance at 31 December 2010	**Total**
Acceptable risk	40,685
of which renegotiated	-
Watch list	775
Total	**41,460**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

A Credit risk (continued)

These finance lease receivables and other loans 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.

(b) Finance lease receivables past due but not impaired

31 December 2011	Consumer Lending	Small Business Lending	Corporate Lending	Total
Past due up to 29 days	608	955	4,869	6,432
Past due 30 – 89 days	506	1,110	2,235	3,851
Past due 90 days – less than 1 year	-	-	2,913	2,913
Total	**1,114**	**2,065**	**10,017**	**13,196**

31 December 2010	Consumer Lending	Small Business Lending	Corporate Lending	Total
Past due up to 29 days	1,307	2,111	8,075	11,493
Past due 30 – 89 days	1,159	2,122	3,614	6,895
Past due 90 – less than 1 year	-	-	1,694	1,694
Total	**2,466**	**4,233**	**13,383**	**20,082**

(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 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

A Credit risk (continued)

(c) Finance lease receivables individually impaired (continued)

The individually impaired finance lease receivables as at 31 December 2011 were BGN 11,074 thousand. The breakdown of the gross amount of individually impaired loans and advances by class is as follows:

31 December 2011	Consumer Lending	Small Business Lending	Corporate Lending	Total
Impaired finance lease receivables	2,370	5,864	11,074	**19,308**
Number of leasing contracts	146	299	387	**832**

31 December 2010	Consumer Lending	Small Business Lending	Corporate Lending	Total
Impaired finance lease receivables	2,357	5,891	11,342	**19,590**
Number of leasing contracts	138	266	309	**713**

The Company holds promissory note for the total amount of the leasing contracts and also the ownership of the vehicles. The exact amount of impairment charges is calculated following a detailed analysis of the value of leased assets by experts from the Collection department. 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

Movement of impairment reserve is as follows:

	Consumer lending	Small Business Lending	Corporate Lending	Total
Balance as at 31 December 2009	**1,325**	**2,406**	**2,663**	**6,394**
Increase in allowance for impairment	(339)	173	2,773	**2,607**
Balance as at 31 December 2010	**986**	**2,579**	**5,436**	**9,001**
Increase in allowance for impairment	136	305	734	**1,175**
Balance as at 31 December 2011	**1,122**	**2,884**	**6,170**	**10,176**

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

A 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 98 of its own assets for the amount of BGN 2,386 thousand (2010:308 for the amount of BGN 9,835 thousand).

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 their gross amounts, as categorized by the industry sectors of our counterparties.

	Commerce and services	Private individuals	Manufacturing	Constru ction	Other	Total
Finance lease receivables						
-Consumer lending	-	8,308	-	-	-	8,308
-Small business lending	6,587	-	791	1,533	5,056	13,967
-Corporate lending	16,900	-	1,029	4,482	4,612	27,023
31 December 2011	**23,487**	**8,308**	**1,820**	**6,015**	**9,668**	**49,298**
31 December 2010	**35,859**	**15,159**	**3,008**	**9,634**	**17,472**	**81,132**

NOTES TO THE FINANCIAL STATEMENTS (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, and 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 pricing 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 Euro bank 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 STATEMENTS (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

	2011	2010
Sensitivity of income statement		
1) -25% depreciation of local currency	392	(987)
2) 20% appreciation of local currency	(313)	790

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, 2011 and 2010, 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 2010, 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.

The table below summarises the EFG Auto Leasing EOOD exposure to interest rate risks as at 31 December 2011 and 31 December 2010. Included in the table are the Company assets and liabilities at carrying amounts, categorised by the earlier of contractual re-pricing or maturity date.

NOTES TO THE FINANCIAL STATEMENTS (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.

Interest Rate Risk – sensitivity analysis	2011	2010
1) +250 bps shift in interest rate curves (all currencies)	6	17
2) -250 bps shift in interest rate curves (all currencies)	(6)	(17)

A parallel yield curve shift in all currencies will bring no direct income statement effect 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 realised 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

D. Fair value of financial assets and liabilities (continued)

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.

	Carrying amount		Fair value	
	2011	2010	2011	2010
Financial assets				
Cash and bank balances	940	3,163	940	3,163
Finance lease receivables	39,122	72,131	39.122	72,131
Financial liabilities				
Borrowings	34,039	72,411	34,039	72,411

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 Auto Leasing into relevant maturity groupings based on contractual cash flows and the remaining period at balance sheet date to the contractual maturity date.

As of 31 December 2011	**Up to 1 month**	**1 – 3 months**	**3 – 12 months**	**1 – 5 years**	**Over 5 years**	**Gross nominal inflow/ (outflow)**
Liabilities						
Borrowings	94	176	792	31,968	-	33,030
Payables to suppliers	187	-	-	-	-	187
Total liabilities	**281**	**176**	**792**	**31,968**	**-**	**33,217**
Total assets held for managing liquidity	**940**	**5,603**	**16,504**	**27,191**	**-**	**50,238**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

E Liquidity risk (continued)

As of 31 December 2010	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Gross nominal inflow/ (outflow)
Liabilities						
Borrowings	72,555	-	-	-	-	72,555
Payables to suppliers	199	-	-	-	-	199
Total liabilities	**72,754**	-	-	-	-	**72,754**
Total assets held for managing liquidity	**3,163**	**14,457**	**35,035**	**31,640**	-	**84,295**

F Capital risk

EFG Auto Leasing 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 31.12.2011.

The table below summarizes the Company's capital structure:

	2011	2010
Long-term debt	34,039	72,411
Payables to suppliers and clients	187	199
Total borrowed funds	**34,226**	**72,610**
Cash and bank balances	(940)	(3,163)
Net debt	**33,286**	**69,447**
Shareholders' equity	7,932	7,339
Total capital	**41,218**	**76,786**
Net debt / Total capital	**81%**	**91%**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

1 Net interest income

	2011	2010
Interest income		
Finance lease receivables and loans	4,331	7,875
Bank deposits	209	375
	4,540	**8,250**
Interest expense		
Interest on bank borrowings	1,784	2,427
	1,784	**2,427**

2 Other operating income

	2011	2010
Income from operating lease contracts	323	521
Commission income from insurance brokers	345	744
Maintenance fee income	93	130
Other operating income	538	400
	1,299	**1,795**

3 Other operating expenses

	2011	2010
Staff costs (Note 3a)	356	436
Expenses related to repossession, storage and repairs of foreclosed assets	494	624
Company car maintenance	34	32
Operating lease rentals	97	151
Office maintenance	32	39
Consulting services	25	45
Courier services	42	54
Other expenses	211	104
Depreciation (Note 10)	325	490
Fee and commission expense	11	12
	1,627	**1,987**

3a Staff costs

	2011	2010
Salaries	300	378
Social security costs	56	58
	356	**436**

As of 31 December 2011 the Company employed 8 people (2010: 20 people)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

4 Gains/ (losses) from sale of repossessed assets

	2011	2010
Proceeds from sale of assets	3,399	6,309
Net book value as of date of sale	(3,739)	(7,662)
Realised gains/(losses) from sales	**(340)**	**(1,353)**

5 Income tax expense

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

	2011	2010
Profit/(loss) before income taxes	666	(225)
Tax rate of 10 %	67	(23)-
Expenses not deductible for tax purposes (tax effect)	6	(3)
Income tax expense/(credit) including:	**73**	**(26)**
Deferred income tax (Note 8)	56	(26)
Current income tax expense	17	-

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.

6 Cash and bank balances

	2011	2010
Cash	-	1
Current accounts with banks	940	3,162
Included in cash and cash equivalents	**940**	**3,163**

Current accounts are held in Eurobank EFG Bulgaria AD. The credit rating of the bank assigned by a local rating agency is BBB.

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

7 Lease receivables

	2011	2010
Finance lease receivables		
Finance lease receivables from corporate entities	40,990	96,327
Finance lease receivables from individuals	8,308	(15,195)
	49,298	**81,132**
Less: Provision for impairment	(10,176)	(9,001)
Total net finance lease receivables	**39,122**	**72,131**

Gross investment in finance leases	2011	2010
Up to 1 year	22,409	13,691
Between 1 and 5 years	28,767	72,385
	51,176	**86,076**
Unearned future finance income from finance leases	(1,878)	(4,944)
Net investment in finance leases	**49,298**	**81,132**

Movement in provisions is as follows:

	2011	2010
Balance at the beginning of the year	**9,001**	**6,394**
Increase in provisions for lease impairment	1,175	2,607
Balance at the end of the year	**10,176**	**9,001**

Provisions for impairment	2011	2010
Increase in provisions for lease impairment	1,175	2,607
Recoveries from written off lease receivables	9	-
Impairment of repossessed assets (Note 9a)	233	1,896
Total charge for provision for impairment	**1,417**	**4,503**

The future minimum lease payments receivable under non-cancellable operating lease agreements are as follows:

	2011	2010
Not later than 1 year	12	95
Later than 1 year but not later than 5 years	14	2
Total	**26**	**97**

The Company leases vehicles under various agreements, which terminate in 2012 and 2013.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

8 Deferred income taxes

	2011	2010
Deferred tax asset at the beginning of the year	65	39
Income statement credit/ (charge)	(56)	26
Deferred tax asset at the end of the year	**9**	**65**

Deferred income tax assets are attributable to the following items:

	31.12.2010	Increase	Decrease	Net change	31.12.2011
Revaluation of repossessed assets	39	2	38	(36)	3
Unused annual leaves	1	-	1	(1)	-
Other provisions for staff remunerations	10	10	13	(3)	7
Other temporary differences	15	36	52	(16)	(1)
Deferred tax asset balance	**65**				**9**
Income statement credit/ (charge)		**48**	**104**	**56**	

9 Other assets

	2011	2010
Repossessed assets	2,072	4,310
Provision on repossessed assets (Note 9a)	(35)	(407)
Prepayments	6	7
Other	67	87
	2,110	**3,997**

9a Provision on repossessed assets

	2011	2010
As of 1 January	407	421
Impairment of repossessed assets (Note 7)	233	1,896
Accumulated impairment of repossessed assets sold	(605)	(1,910)
As of 31 December	**35**	**407**

NOTES TO THE FINANCIAL STATEMENTS (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 2010			
Cost	2,224	17	**2,241**
Accumulated depreciation	(1,244)	(17)	**(1,261)**
Net book amount	**980**	**-**	**980**
Year to 31 December 2010			
Opening net book amount	980	-	**980**
Additions	155	209	**364**
Disposals (net of depreciation)	(134)	-	**(134)**
Transfers	3	(3)	**-**
Depreciation charge	(482)	(8)	**(490)**
Transfers	(6)	6	**-**
Closing net book amount	**516**	**204**	**720**
At 31 December 2010			
Cost	1673	223	**1896**
Accumulated depreciation	(1,157)	(19)	**(1,176)**
Net book amount	**516**	**204**	**720**
Year to 31 December 2011			
Opening net book amount	516	204	**720**
Additions	27	5	**32**
Disposals (net of depreciation)	(63)	-	**(63)**
Depreciation charge	(315)	(10)	**(325)**
Closing net book amount	**165**	**199**	**364**
At 31 December 2011			
Cost	1,131	228	**1,358**
Accumulated depreciation	(966)	(29)	**(994)**
Net book amount	**165**	**199**	**364**

NOTES TO THE FINANCIAL STATEMENTS (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:

	2011	2010
Cost at 31 December	971	1,514
Accumulated depreciation at 31 December	(843)	(1,047)
Net book amount at 31 December	**128**	**467**

11 Borrowings

	2011	2010
Short-term		
Bank borrowings	34,031	72,366
Accrued interest payable	8	45
Total borrowings	**34,039**	**72,411**

The Company uses credit facility from EFG Private Bank Luxembourg SA, member of EFG Group. The interest is one month EURIBOR + 2.075%. The Company has not had any defaults of principal, interest or redemption amounts during the period on its borrowed funds.

12 Payables to clients and suppliers

	2011	2010
Deposits from clients	20	51
Liabilities to suppliers	167	148
	187	**199**

13 Other liabilities

	2011	2010
Personnel and social security	101	105
Prepayments and other payables from clients	18	15
VAT payable	351	285
Other	228	47
	698	**452**

14 Share Capital

As at 31 December 2011 the total share capital of the Company comprises BGN 250 thousand. The Company's sole-owner is EFG Leasing EAD. The shares nominal value is 100 BGN each and they are fully paid in.

Pursuant to the last amendments of the Credit Institutions Act ("the CIA"), promulgated in State Gazette, issue 24 of 31.03.2011, 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 BGR00117 (ref. Art. 3, Para 2 of the CIA).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

15 Related party transactions

Parties are considered to be related in the event that one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. EFG Auto Leasing EOOD is owned by EFG Leasing EAD. 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 Auto Leasing EOOD 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 Auto Leasing EOOD as to ensure that it will have adequate funds to meet its liabilities when they fall due.

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

	2011	2010
Assets		
Current accounts (Eurobank EFG Bulgaria AD)	940	3,162
Other assets (EFG Leasing EAD)	-	6
	940	**3,168**
Liabilities		
Bank borrowings (EFG Private Bank Luxemburg)	34,031	72,366
Interest payable (EFG Private Bank Luxemburg)	8	45
Other liabilities (EFG Property Services AD)	1	2
	34,040	**72,413**

	2011	2010
Expenses		
Interest expense (EFG Private Bank Luxembourg S.A.)	(1,713)	(2,292)
Interest expense (Eurobank Ergasias S.A.)	(70)	(135)
Other expense (EFG Leasing EAD)	(2)	(22)
Other expense (EFG Property Services AD)	(15)	(28)
Income		
Other operating income (EFG Leasing EAD)	16	3
Interest income (Eurobank EFG Bulgaria AD)	209	376
Other operating income (Eurobank EFG Bulgaria AD)	169	93

Management personnel participate also in the management of EFG Leasing EAD. There are no transactions during the year or balances in year end with the ultimate Parent company.

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

16 Contingent liabilities and commitments

Operating lease commitments – the Company as a lessee

The Company has entered into commercial leases on premises. Where the Company is the lessee, the future aggregate minimum lease payments are as follows:

	2011	2010
Not later than 1 year	49	65
Later than 1 year but not later than 5 years	683	65
Total	**732**	**130**

17 Post balance sheet events

There are no significant post balance sheet events with effect on the financial statements as at 31 December 2011

Independent auditor's report

To Shareholder of the EFG Auto Leasing EOOD

Report on the Financial Statements

We have audited the accompanying financial statements of EFG Auto Leasing EOOD (the Company) which comprise the balance sheet as of 31 December 2011 and the statements of comprehensive income, changes in equity and cash flows 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, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

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

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Registered with the Sofia City Court under company file number 13424/1997.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of EFG Auto Leasing EOOD as of 31 December 2011 and 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 Annual Report in accordance with the Accounting Act.

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

In our opinion, the Annual Report set out on pages 1 to 3, is consistent with the accompanying financial statements of the Company as of 31 December 2011.

Rositsa Boteva
Registered Auditor

Petko Dimitrov
PricewaterhouseCoopers Audit OOD

20 April 2012
Sofia, Bulgaria