EFG AUTO LEASING EOOD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

CONTENTS

EFG AUTO LEASING EOOD
DIRECTORS' REPORT
31 DECEMBER 2009

The management presents the annual report and audited financial statements for the year ended 31 December 2009.

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 2009, the outstanding finance lease receivables before provisions amounted to €64.2 million. The impressive performance is attributed to the strong support from EFG Eurobank Ergasias Leasing, and to the growing cooperation with Eurobank EFG Bulgaria AD in the area of car financing, as well as to development a portfolio of own deals.

The outstanding portfolio as at the end of 2009 was distributed among 4,426 contracts and 3,617 clients.

The Company's portfolio is 100% comprised of leased vehicles. As of year-end, the Company had 20 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 uncertainties in the global financial markets reflect the banks and companies in Bulgaria at the end of 2008. 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 Leasing EAD which in turn is 100% owned by EFG Eurobank Ergasias S.A(Greece) ("Parent"). The ultimate parent company 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.

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 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.

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).

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 5 thousand (five thousand Bulgarian leva) to BGN 250 thousand (two hundred and fifty thousand Bulgarian leva).

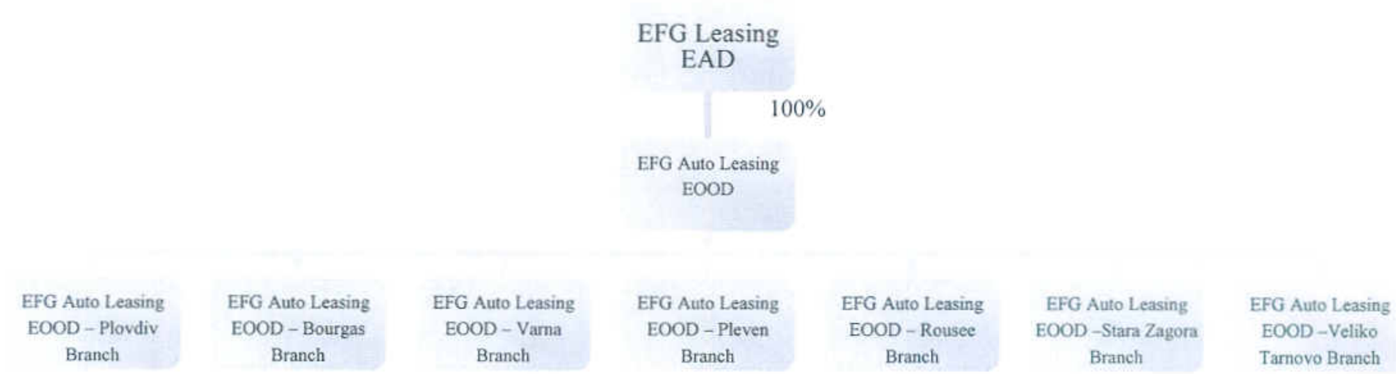
The discussed capital increase was materialized in a resolution of the sole owner of the capital of the company, namely EFG Leasing EAD dated 29th July, 2009 and duly registered in the Trade Register with the Registry Agency under the Minister of Justice on 31sr July, 2009

MANAGEMENT

In the reported period the Company has been managed and legally represented by two of the following managers acting jointly – Mr. Zacharias Vlahos, Mr. Dimosthenis Baroutsos and Mr. Plamen Pavlov.

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 is EFG Bank European Financial Group.
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 2009
FINANCIAL RISKS

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

....
Plamen Pavlov
Manager

EFG Auto Leasing EOOD
March 8th, 2010

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

Statement of comprehensive income

	Notes	2009	2008
Interest income	1	12,359	16,196
Interest expense	1	(3,526)	(9,332)
Net interest income		**8,833**	**6,864**
Other operating income	2	1,430	1,500
Foreign exchange gains/(losses)		(12)	(18)
Other operating expenses	3	(1,878)	(1,544)
Gains/(losses) from sale of repossessed assets	4	(740)	(181)
Provisions for impairment	7	(6,066)	(3,468)
Profit before income tax		**1,567**	**3,153**
Income tax expense	5	(157)	(321)
Profit for the year		**1,410**	**2,832**

И ЕФДЖ И АУТО ЛИЗИНГ ЕООД
EFG Leasing
04
Град София

Plamen Pavlov
Manager

Gergana Gerdzhikova
Chief Financial Officer

The financial statements were authorised by the Management on March 8, 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 8-39 are inseparable part of financial statements.

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

Balance sheet

	Notes	2009	2008
Assets			
Cash and bank balances	6	6,483	13,454
Finance lease receivables and other loans	7	125,562	209,596
Deferred income tax assets	8	39	53
Corporate tax paid in advance		264	-
Other assets	9	8,585	9,964
Equipment	10	980	1,695
Total assets		**141,913**	**234,762**
Liabilities			
Borrowings	11	133,030	227,655
Payables to suppliers and clients	12	137	124
Current income tax liability		-	68
Other liabilities	13	1,208	1,032
Total liabilities		**134,375**	**228,879**
Shareholder's equity			
Share capital	14	250	5
Retained earnings		7,288	5,878
Total shareholder's equity		**7,538**	**5,883**
Total liabilities and equity		**141,913**	**234,762**

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Statement of changes in shareholders' equity

	Note	Share capital	Retained earnings	Total
Balance at 1 January 2008		5	3,046	3,051
Profit for the year		-	2,832	2,832
Balance at 31 December 2008	**14**	**5**	**5,878**	**5,883**
Balance at 1 January 2009		5	5,878	5,883
Profit for the year		-	1,410	1,410
Share capital increase		245	-	245
Balance at 31 December 2009	**14**	**250**	**7,288**	**7,538**

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Statement of cash flows

	Notes	2009	2008
Cash flow from operating activities			
Interest received		12,542	15,992
Interest paid		(3,684)	(9,448)
Other income received		524	587
Proceeds from sale of repossessed assets		4,321	75
Payments to employees and suppliers		(1,775)	(1,048)
Income tax paid		(592)	(395)
Changes in operating assets and liabilities			
- Decrease/(increase) in finance lease receivables		74,410	(84,274)
- Decrease/(increase) in other assets		1,399	(4,850)
- decrease in payables to clients and suppliers		(125)	(19)
- Increase/(decrease) in other liabilities		349	906
Cash used in operating activities		**87,369**	**(82,549)**
Cash flows from investing activities			
Purchase of equipment		(119)	(819)
Cash used in investing activities		**(119)**	**(819)**
Cash flows from financing activities			
Proceeds/(outflows) from borrowed funds		(94,466)	91,533
Proceeds from share capital increase		245	-
Cash from financing activities		**(94,221)**	**91,533**
Net cash flow		**(6,971)**	**8,165**
Cash and cash equivalents at the beginning of the year		13,454	5,289
Cash and cash equivalents at the end of the year	6	**6,483**	**13,454**

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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 2009 the total share capital of the Company was BGN 250 thousand (31 December 2008 BGN 5 thousand). The sole-owner of the Company's capital is EFG Leasing EAD. The ultimate parent is EFG Bank European Financial Group.

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 20 people.

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 Auto Leasing have been prepared in accordance with all 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Accounting policy (continued)

Changes in accounting policy and disclosures

(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 STATEMENTS

(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).

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 in Note 2.19.

NOTES TO THE FINANCIAL STATEMENTS

(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).

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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

Accounting policy (continued)

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
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 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 becoming probable that the borrower will enter bankruptcy or other financial reorganization; or

NOTES TO THE FINANCIAL STATEMENTS

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

Accounting policy (continued)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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

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.

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 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

NOTES TO THE FINANCIAL STATEMENTS

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

Accounting policy (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

(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.

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.

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 STATEMENTS

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

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. 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.

NOTES TO THE FINANCIAL STATEMENTS

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

Financial risk management (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 categories - 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).

NOTES TO THE FINANCIAL STATEMENTS

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

Maximum exposure to credit risk

	2009	2008
Credit risk exposures relating to on-balance sheet assets are as follows:		
Current accounts and deposits with banks	6,483	13,454
Finance lease receivables:	**125,519**	**185,148**
Consumer lending	24,020	36,152
Small Business lending	36,357	60,791
Corporate lending	65,142	88,205
Other loans	**43**	**24,448**
Total	**132,045**	**223,050**

Balance at 31 December 2009	**Total**
Neither past due nor impaired	79,116
Past due but not impaired	38,090
Impaired	14,697
Gross	**131,903**
Less: allowance for impairment	(6,384)
Net	**125,519**

Accounting policy (continued)

Balance at 31 December 2008	**Total**
Neither past due nor impaired	155,836
Past due but not impaired	27,256
Impaired	5,914
Gross	**189,006**
Less: allowance for impairment	(3,858)
Net	**185,148**

NOTES TO THE FINANCIAL STATEMENTS

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

Maximum exposure to credit risk (continued)

Loans are summarized as follows:

Balance at 31 December 2009	**Total**
Impaired	53
Less allowance for impairment	*(10)*
Net	**43**

Balance at 31 December 2008	**Total**
Neither past due nor impaired	24,448
Less allowance for impairment	-
Net	**24,448**

(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 2009 can be assessed by reference to the internal standard grading system.

Balance at 31 December 2009	**Total**
Acceptable risk	79,116

Balance at 31 December 2008	**Total**
Acceptable risk	155,836

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. There were no *renegotiated* lease receivables in this category as of 31 December.

NOTES TO THE FINANCIAL STATEMENTS

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

Maximum exposure to credit risk (continued)

(b) Finance lease receivables past due but not impaired

31 December 2009	Private Customers	Small Business Lending	Corporate Lending	Total
Past due up to 29 days	2,274	4,833	6,242	13,349
Past due 30 – 89 days	2,337	4,504	6,562	13,403
Past due 90 days – less than 1 year	-	-	11,338	11,338
Total	**4,611**	**9,337**	**24,141**	**38,090**
Fair value of collateral	4,268	8,885	21,589	34,742

31 December 2008	Private Customers	Small Business Lending	Corporate Lending	Total
Past due up to 29 days	7,042	9,505	-	16,548
Past due 30 – 89 days	2,634	7,540	346	10,520
Past due 90 – less than 1 year	-	-	189	189
Total	**9,676**	**17,046**	**534**	**27,256**
Fair value of collateral	9,676	16,976	534	27,186

(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

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

Maximum exposure to credit risk (continued)

The individually impaired finance lease receivables as at 31 December 2009 were BGN 14,750 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 finance lease receivables	2,948	5,203	6,546	**14,697**
Number of leasing contracts	99	169	98	**366**
Fair value of collateral	2,729	4,625	2,751	**10,105**

31 December 2008	**Private Customers**	**Small Business Lending**	**Corporate Lending**	**Total**
Impaired finance lease receivables	1,754	3,924	235	**5,914**
Number of leasing contracts	35	76	10	**121**
Fair value of collateral	1,404	2,993	188	**4,585**

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 2008	838	2,128	892	**3,858**
Increase in allowance for impairment	1,008	1,365	2,495	**4,869**
Loans written off during the year as uncollectible	(521)	(1,087)	(724)	**(2,333)**
Balance as at 31 December 2009	1,325	2,406	2,663	**6,394**

NOTES TO THE FINANCIAL STATEMENTS

(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		Residual principal as of the date of repossession	
	2009	2008	2009	2008
Vehicles	184	79	8,822	3,088

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	Construction	Other	Total
Finance lease receivables						
-Consumer lending	-	25,345	-	-	-	**25,345**
-Small business lending	18,820	-	1,990	4,487	13,467	**38,764**
-Corporate lending	44,575	-	3,377	11,328	8,514	**67,794**
-Loans	-	-	53	-	-	**53**
31 December 2009	**63,394**	**25,345**	**5,420**	**15,815**	**21,982**	**131,956**
31 December 2008	**81,269**	**37,737**	**11,949**	**23,033**	**59,465**	**213,454**

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, 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 STATEMENTS

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

Market risk measurement techniques (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

	2009	2008
Sensitivity of income statement		
1) -25% depreciation of local currency	(383)	(4,490)
2) 20% appreciation of local currency	306	3,592

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.

The table below summarises the EFG Auto Leasing EOOD exposure to interest rate risks as at 31 December 2009 and 31 December 2008. 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
(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.

	2009	2008
Interest Rate Risk – sensitivity analysis		
1) +250 bps shift in interest rate curves (all currencies)	24	44
2) -250 bps shift in interest rate curves (all currencies)	(24)	(44)

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

(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	
	2009	2008	2009	2008
Financial assets				
Cash and bank balances	6,483	13,454	6,483	13,454
Finance lease receivables	125,508	185,148	125,508	185,148
Other loans	53	24,448	43	24,448
Financial liabilities				
Borrowings	133,030	227,655	133,030	227,655

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 2009	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Gross nominal inflow/ (outflow)
Liabilities						
Borrowings	133,144	-	-	-	-	**133,144**
Payables to suppliers	137	-	-	-	-	**137**
Total liabilities	**133,281**	**-**	**-**	**-**	**-**	**133,281**
Total assets held for managing liquidity	**10,143**	**11,588**	**46,676**	**83,490**	**33**	**151,930**

NOTES TO THE FINANCIAL STATEMENTS

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

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	228,327	-	-	-	-	**228,327**
Payables to suppliers	124	-	-	-	-	**124**
Total liabilities	**228,451**	**-**	**-**	**-**	**-**	**228,451**
Total assets held for managing liquidity	**19,116**	**20,480**	**66,154**	**129,148**	**50**	**234,948**

F Capital risk

EFG Auto 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	133,030	227,655
Payables to suppliers and clients	137	124
Total borrowed funds	**133,167**	**227,779**
Cash and bank balances	(6,483)	(13,454)
Net debt	**126,684**	**214,325**
Shareholders equity	7,538	5,883
Total capital	**134,222**	**220,208**
Net debt / Total capital	**94%**	**97%**

NOTES TO THE FINANCIAL STATEMENTS

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

1 Net interest income	2009	2008
Interest income		
Finance lease receivables and loans	11,857	16,085
Bank deposits	502	111
	12,359	**16,196**
Interest expense		
Interest on bank borrowings	3,526	9,332
	3,526	**9,332**

2 Other operating income	2009	2008
Income from operating lease contracts	604	633
Commission income from insurance brokers	555	585
Maintenance fee income	158	137
Other operating income	113	145
	1,430	**1,500**

3 Other operating expenses	2009	2008
Fee and commission expense	7	3
Staff costs (Note 3a)	408	545
Company car maintenance	39	60
Operating lease rentals	102	120
Office maintenance	19	10
Advertising	24	110
Consulting services	313	27
Other expenses	48	65
Depreciation (Note 10)	572	581
Expenses related to repossession, storage and repairs of assets	346	23
	1,878	**1,544**

3a Staff costs	2009	2008
Salaries	335	465
Social security costs	73	80
	408	**545**

As of 31 December 2009 the Company employed 20 people (2008: 25 people)

NOTES TO THE FINANCIAL STATEMENTS

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

4 Gains/(losses) from sale of repossessed assets

	2009	2008
Proceeds from sale of assets	4,321	75
Net book value as of date of sale	(5,062)	(256)
Realised gains/(losses) from sales	**(740)**	**(181)**

5 Income tax expense

	2009	2008
Current income tax	148	367
Deferred income tax (Note 8)	9	(46)
	157	**321**

Reconciliation of the expected tax expense compared to the actual tax expense for the respective periods ending at 31 December 2009 and 2008.

	2009	2008
Profit before income taxes	1,567	3,154
Tax rate of 10 %	157	315
Permanent differences (tax effect)	-	3
Expenses not deductible for tax purposes - net tax effect	-	3
Income tax expense including:	**157**	**321**
Deferred income tax (Note 8)	14	(46)
Current income tax expense	143	367

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. On 12th January 2010 a tax report has been issued to the company as a result of tax audit that covered the financial periods until 31st December 2007 regarding the company obligations under Law on Corporate Income Taxation, Law on Taxes on Income of Natural Persons, Law on VAT, Code of Social Insurance and Law for the Health Insurance. As a result of the tax audit was formed due tax payables of the company related to the periods under review. At the date of issuing of these financial statements the company does not have any unsettled payables regarding the described tax report.

NOTES TO THE FINANCIAL STATEMENTS

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

6 Cash and bank balances

	2009	2008
Cash	1	1
Current accounts with banks	6,482	13,453
Included in cash and cash equivalents	**6,483**	**13,454**

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

7 Lease receivables and other loans

	2009	2008
Finance lease receivables		
Finance lease receivables from corporate entities	106,558	152,016
Finance lease receivables from individuals	25,345	36,990
	131,903	**189,006**
Less provision for impairment	(6,384)	(3,858)
Total net finance lease receivables	**125,519**	**185,148**
Loans	53	24,448
Less: Provision for impairment	(10)	-
Total loans and finance lease receivables	**125,562**	**209,596**

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

Gross investment in finance leases, receivables and other loans:	2009	2008
Up to 1 year	9,374	28,641
Between 1 and 5 years	133,662	183,602
Over 5 years	214	3,411
	143,303	**215,654**
Unearned future finance income from finance leases	(11,346)	(26,648)
Net investment in finance leases	**131,903**	**189,006**

Movement in provisions is as follows:

	2009	2008
Balance at the beginning of the year	**3,858**	**875**
Increase in provisions for lease impairment	4,869	2,983
Loans written off during the year as uncollectible	(2,333)	-
Balance at the end of the year	**6,394**	**3,858**

NOTES TO THE FINANCIAL STATEMENTS

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

Provisions for impairment	2009	2008
Increase in provisions for lease impairment	4,869	2,983
Impairment of repossessed assets (Note 9a)	1,197	485
Total charge for provision for impairment	**6,066**	**3,468**

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

	2009	2008
Not later than 1 year	190	720
Later than 1 year but not later than 5 years	63	765
Total	**253**	**1,485**

The Company leases vehicles under various agreements, which terminate between 2009 and 2012.

8 Deferred income taxes

	2009	2008
Deferred tax asset at the beginning of the year	53	7
Income statement credit/(charge)	(14)	46
Deferred tax asset at the end of the year	**39**	**53**

Deferred income tax assets are attributable to the following items:

	31.12.2008	Increase	Decrease	Net change	31.12.2009
Revaluation of repossessed assets	48	39	(46)	(7)	41
Unused annual leaves	1	-	(1)	(1)	-
Other provisions for staff remunerations	10	4	(10)	(6)	4
Other temporary differences	(6)	-	-	-	(6)
Deferred tax asset balance	**53**				**39**
Income statement credit/(charge)		**43**	**(57)**	**(14)**	

NOTES TO THE FINANCIAL STATEMENTS

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

9 Other assets

	2009	2008
Recoverable Value Added Tax	3,127	7,391
Assets held for sale	5,822	2,792
Provision on assets held for sale (Note 9a)	(421)	(485)
Prepayments	12	26
Receivables form clients	-	6
Other	45	234
	8,585	**9,964**

9a Provision on assets held for sale

	2009	2008
As of 1 January	485	-
Impairment of repossessed assets (Note 7)	1,197	485
Accumulated impairment of repossessed assets sold	(1,261)	-
As of 31 December	**421**	**485**

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 2008			
Cost	1,831	17	**1,848**
Accumulated depreciation	(413)	(9)	**(422)**
Net book amount	**1,418**	**8**	**1,427**
Year to 31 December 2008			
Opening net book amount	1,418	8	**1,426**
Additions	866	-	**866**
Disposals	(17)	-	**(17)**
Depreciation charge	(575)	(6)	**(581)**
Closing net book amount	**1,692**	**2**	**1,695**
At 31 December 2008			
Cost	2,650	17	**2,667**
Accumulated depreciation	(958)	(15)	**(973)**
Net book amount	**1,692**	**2**	**1,694**
Year to 31 December 2009			
Opening net book amount	1,692	2	**1,694**
Additions	119	-	**119**
Disposals	(545)	-	**(545)**
Disposals (Accumulated depreciation)	(284)	-	**(284)**
Depreciation charge	(570)	(2)	**(572)**
Closing net book amount	**980**	-	**980**
At 31 December 2009			
Cost	2,224	17	**2,241**
Accumulated depreciation	(1,244)	(17)	**(1,261)**
Net book amount	**980**	-	**980**

NOTES TO THE FINANCIAL STATEMENTS

(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	2,061	2,449
Accumulated depreciation at 31 December	(1,147)	(854)
Net book amount at 31 December	**914**	**1,595**

11 Borrowings

	2009	2008
Short-term		
Bank borrowings	132,997	227,463
Interest	33	192
Total borrowings	**133,030**	**227,655**

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 has not had any defaults of principal, interest or redemption amounts during the period on its borrowed funds.

12 Payables to clients and suppliers

	2009	2008
Deposits from clients	86	103
Liabilities to suppliers	51	21
	137	**124**

13 Other liabilities

	2009	2008
Personnel and social security	46	110
Accounts payable	129	21
VAT payable	732	719
Other	302	182
	1,208	**1,032**

NOTES TO THE FINANCIAL STATEMENTS

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

14 Share capital

As at 31 December 2009 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 31.03.2009, 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).

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 5 thousand (five thousand Bulgarian leva) to BGN 250 thousand (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 Leasing EAD dated 29th July, 2009 and duly registered in the Trade Register with the Registry Agency under the Minister of Justice on 31st July, 2009

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:

NOTES TO THE FINANCIAL STATEMENTS

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

15 Related party transactions (continued)

	2009	2008
Assets		
Current accounts (Eurobank EFG Bulgaria AD)	6,483	13,454
Other loans (EFG Leasing EAD)	-	24,448
Other assets (EFG Leasing EAD)	7	-
	6,490	**37,902**
Liabilities		
Bank borrowings – (EFG Private Bank Luxemburg)	132,997	227,463
Interest payable- (EFG Private Bank Luxemburg)	33	192
	133,030	**227,655**

	2009	2008
Expenses		
Interest expense (EFG Leasing EAD)	(269)	(64)
Interest expense (EFG Private Bank Luxembourg S.A.)	(3,257)	(9,042)
Interest expense (Eurobank Ergasias S.A.)	(221)	(225)
Other expense (EFG Leasing EAD)	(65)	(55)
Other expense (EFG Property Services AD)	(3)	-
Income		
Income operating lease (EFG Leasing EAD)	19	52
Interest income (Eurobank EFG Bulgaria AD)	502	108
Interest income (EFG Leasing EAD)	136	198

Management personnel participates 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.

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:

	2009	2008
Not later than 1 year	65	65
Later than 1 year but not later than 5 years	65	131
Total	**130**	**196**

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

17 Comparatives

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

	2008 Previous reported	**Reclassification**	**2008**
Gains/(losses) from sale of repossessed assets	-	(181)	(181)
Other expenses	(181)	181	-

18 Post balance sheet events

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

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Independent auditor's report

To the Shareholder of 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 2009 and the statement of comprehensive income, statement of changes in equity and 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

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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 financial statements give a true and fair view of the financial position of EFG Auto Leasing EOOD 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 3, is consistent with the accompanying financial statements of the Company as of 31 December 2009.

Rositsa Boteva
Registered Auditor

Petko Dimitrov
PricewaterhouseCoopers Audit OOD

11 June 2010
Sofia, Bulgaria