ERB LEASING EAD
SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

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ERB LEASING EAD
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present the annual report and audited financial statements for the year ended 31 December 2012.

BUSINESS DESCRIPTION

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

BUSINESS OVERVIEW

As of the end of December 2012, the outstanding loans and finance lease receivables before provisions amounted to € 130 million. This places ERB Leasing among the leaders on the Bulgarian market of leasing services. This performance is attributed both to the strong support from Eurobank Ergasias Leasing, and to the beneficial cooperation with Eurobank Bulgaria in the area of car financing and corporate banking.

The Company's total outstanding portfolio remained stable, compared to the end of 2011. The products that the Company offers include direct leasing, sale-and-lease back, real estate leasing, sub-leasing, stock leasing, and operating leasing. Real estate has the largest share in the lease portfolio – 55 %, followed by industrial equipment with 25 % share and vehicles with 19 %.

As of year-end, the Company employed 22 people. 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 affect the banks and companies in Bulgaria at the end of 2008 and have influenced considerably their businesses over the past 4 years. 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 2012 were focused on preserving the quality and profitability of its existing portfolio, grow through new business development in target markets,efficient cost management and prudent risk management.

SHARE CAPITAL STRUCTURE

The company is a wholly owned subsidiary of Eurobank Ergasias S.A which is listed on the Athens Stock Exchange.

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

Until 23 July 2012, Eurobank Ergasias S.A. was a member of the EFG Group, which held 44.70% of the Bank's ordinary shares and voting rights, through wholly owned subsidiaries of the ultimate parent company.

SHARE CAPITAL STRUCTURE (CONTINUED)

On 23 July 2012, 43.55% of the ordinary shares and voting rights held by EFG Group were transferred to ten legal entities, each of which acquired approximately 4.4%, while the EFG Group retained the remaining 1.15%. These entities have formally stated they are independent from each other. As a result, from 23 July 2012, onwards, Eurobank ceased to be under EFG Group's control and will no longer be consolidated in the financial statements of the EFG Group. In addition, the Bank's corporate and trade name have already been amended in order to no longer include the "EFG" suffix.

Pursuant to the provisions 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 BGR00114 (ref. Art. 3, Para 2 of the CIA).

BOARD OF DIRECTORS

As at December 31, 2012 the Board of Directors consisted of the following members:

1. Ioannis Vougyioukas – Chairman of the Board of Directors and Executive Director
2. Zacharias Vlachos – Deputy Chairman of the Board of Directors
3. Gergana Gerdzhikova – Member of the Board of Directors and Executive Director
4. Anthony C. Hassiotis – Member of the Board of Directors
5. Theodoros Karakasis – Member of the Board of Directors
6. Konstantios Kanakis – Member of the Board of Directors
7. Efthymios Zois – Member of the Board of Directors
8. Petia Dimitrova – Member of the Board of Directors

Mr. Plamen Pavlov was a member of the Board of Directors until March 14, 2012.

In 2012 the members of the Board of Directors have not received compensation in their capacity of members of the Board of Directors.

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

No member of the Board of Directors holds special rights of acquisition of shares or bonds of the Company.

In 2012 none of the Board members participated in other commercial enterprises, as unlimited liability partner or as an owner of more than 25% of the capital of another company, except for Anthony C. Hassiotis as a Sole owner of the capital of Investments AMK Ltd.

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

BOARD OF DIRECTORS (CONTINUED)

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

Zacharias Vlachos

ERB Leasing IFN S.A., Romania – Member of the Board of Directors
ERB Leasing a.d. Beograd, Serbia – Member of the Board of Directors
EFG Finansal Kiralama A.S., Turkey – Deputy Chairman of the Board of Directors (until 28.09.2012)
EFG Leasing Poland Sp.zo.o., Poland – Member of the Board of Directors

Theodoros Karakasis

Eurobank Bulgaria AD, Bulgaria – Deputy Chairman of the Supervisory Board
Bancpost S.A., Romania – Deputy Chairman of the Board of Directors
ERB Retail Services IFN S.A., Romania – Member of the Board of Directors
ERB Leasing IFN S.A., Romania – Member of the Board of Directors
Eurobank Property Services S.A., Romania – Chairman of the Board of Directors
ERB Property Services d.o.o. Beograd, Serbia – Chairman of the Supervisor Board
Eurobank a.d. Beograd, Serbia – Chairman of the Management Board
ERB Property Services Sofia A.D., Bulgaria – Chairman of the Board of Directors
CEH Balkan Holdings Limited – Member of the Board of Directors (effective as of 12.12.2012)
Eurobank Ergasias S.A., Greece – Deputy General Manager
Greek-Serbian Chamber of Commerce – Deputy Chairman of the Board of Directors
Hellenic-Romanian Chamber of Commerce and Industry – Member and Secretary General of the Board of Directors

Konstantinos Kanakis

Eurobank Ergasias Leasing S.A., Greece – CEO, Member of the Board of Directors
ERB Leasing IFN S.A., Romania – Member of the Board of Directors
ERB Leasing A.D Beograd, Serbia – Member of the Management Board
EFG Finansal Kiralama A.S., Turkey – Member of the Board of Directors (until 28.09.2012)

BOARD OF DIRECTORS (CONTINUED)

Anthony Hassiotis

Bancpost S.A., Romania – Chief Executive Officer (effective as of July 2012)
Eurobank Bulgaria AD, Bulgaria – Member of the Management Board and Executive Director
Investments AMK EOOD, Bulgaria – Manager and Sole Shareholder
Confederation of Employers & Industrialists in Bulgaria, Bulgaria – Member of the Management Board (until 29.06.2012)

Plamen Pavlov (Member of the Board of Directors until March 14, 2012)

Plamen Pavlov – 96 Sole proprietor, Bulgaria – Sole proprietor
ERB Auto Leasing EOOD, Bulgaria – Manager (until 16.03.2012)
Bulgarian CFA Association, Bulgaria – Member of the Management Board

Ioannis Vouyioukas

ERB Auto Leasing EOOD, Bulgaria – Manager
Eurobank Bulgaria AD, Bulgaria – Member of the Management Board

Petia Dimitrova

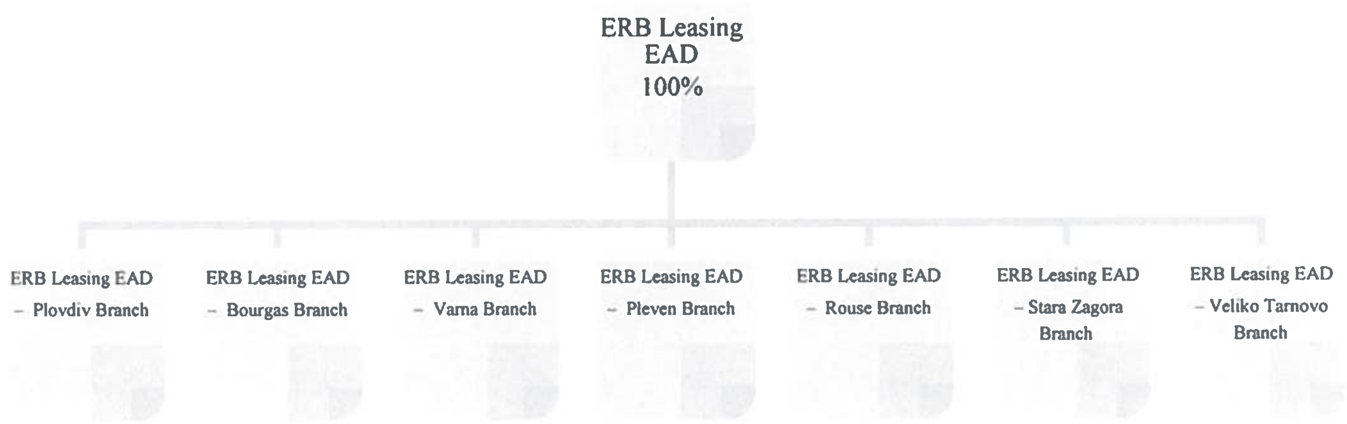
Eurobank Bulgaria AD, Bulgaria – Chairperson of the Management Board and Chief Executive Officer
Bulgarian Retail Services AD, Bulgaria – Chairperson of the Board of Directors and Executive Director
ERB Property Services Sofia AD, Bulgaria – Member of the Board of Directors
IMO Property Investments Sofia EAD, Bulgaria – Member of the Board of Directors and Executive Director
IMO Rila EAD, Bulgaria – Deputy Chairperson of the Board of Directors and Executive Director
IMO Central Office EAD, Bulgaria – Deputy Chairperson of the Board of Directors and Executive Director
IMO 03 EAD, Bulgaria — Member of the Board of Directors and Executive Director
Bulgarian Business Leaders Forum (BBLF), Bulgaria – Member of the Board of Directors
American Chamber of Commerce in Bulgaria, Bulgaria – Member of the Board of Directors
State-owned enterprise Communicative construction and rehabilitation, Bulgaria – Member of the Board of Directors
Municipal Bank AD, Bulgaria – Member of the Supervisory Board (until 13.08.2012)
Confederation of Employers & Industrialists in Bulgaria, Bulgaria – Member of the Management Board (From 29.06.2012 to 22.11.2012)

The Company has not entered into contracts specified in Article 240b, paragraph 1 of the Commerce Act during 2012.

GROUP STRUCTURE AND BRANCH NETWORK

I. In 2010 ERB Leasing EAD registered seven branches, through which the Company provides services to clients in Plovdiv, Varna, Bourgas, Pleven, Rousse, Stara Zagora and Veliko Tarnovo.

Branch Manager of all registered branches in Mr. Svetoslav Maximov Kalo, who manages and represents the branches always jointly with an Executive Director of ERB Leasing EAD.



GROUP STRUCTURE AND BRANCH NETWORK (CONTINUED)

II. ERB Leasing EAD is the sole-owner of ERB Auto Leasing EOOD, established in January 2005.

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

FINANCIAL RISKS

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

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

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

The credit risk is taken into account by monthly monitoring of clients' receivables and applying provisions in accordance with the Group's provisioning policy, as well as undertaking preventive measures ensuring the company interest is protected.

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

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

ERB LEASING EAD
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

BUSINESS OBJECTIVES FOR 2013

Anticipating certain signs showing a recovery of the economy, in 2013 ERB Leasing EAD shall focus mainly on generating a healthy new business, while maintaining and improving 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 Bulgaria and the other subsidiaries of Eurobank in Bulgaria will be further developed.

In order to achieve this goal, we will continue to invest in training and development of the existing staff. This will allow them to maintain customer satisfaction, assume additional responsibilities and grow the business in a reasonable manner. With a team of motivated employees and strong support from both Eurobank Ergasias SA and Eurobank Bulgaria AD, the Company is well-positioned to achieve this goal and meet the challenges that it will face in 2013.

Following its strategy to improve customer service and invest in technology ERB Leasing implemented at the end of the year new core system.

In 2013 ERB Leasing will continue working towards becoming the leasing company of choice for the corporate segment and a partner of choice for the car vendors.

MANAGEMENT RESPONSIBILITIES

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

The Directors confirm that suitable accounting policies have been used.

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

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

By order of the Board:

Gergana Gerdzhikova
Executive Director

ERB Leasing EAD
July 5, 2013

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

Separate statement of comprehensive income

	Notes	2012	2011
Interest income	1	12,806	16,141
Interest expense	1	(6,306)	(8,088)
Net interest income		**6,500**	**8,053**
Other operating income	2	578	615
Foreign exchange (loss), net		(3)	(6)
Other operating expenses	3	(1,876)	(2,362)
Gains/(losses) from sale of repossessed assets	4	184	(468)
Provisions for impairment	7	(22,048)	(5,546)
(Loss)/profit before income tax		**(16,665)**	**286**
Income tax credit/(expense)	5	1,665	(30)
(Loss)/profit for the year		**(15,000)**	**256**
Other comprehensive income		**-**	**-**
Total comprehensive (loss)/income		**(15,000)**	**256**

The financial statements were authorised by the Management on July 5, 2013

Gergana Gerdzhikova
Executive Director

Mariya Garalova
Chief Financial Officer

Initialled for identification purposes in reference to the audit report.

Rossitsa Boteva
Registered Auditor

Tsvetana Tsankova
PricewaterhouseCoopers Audit OOD

July 5, 2013, Sofia

The accompanying notes set out on pages 11-44 are inseparable part of financial statements.

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

Separate balance sheet	Notes	As at 31 December 2012	2011
Assets			
Cash and bank balances	6	10,889	32,053
Finance lease receivables and other loans	7	212,150	222,656
Deferred income tax assets	8	1,736	70
Corporate tax recoverable		381	384
Other assets	9	8,276	3,440
Equipment	10	1,146	917
Investment in subsidiary	11	250	250
Total assets		**234,828**	**259,770**
Liabilities			
Borrowings	12	230,843	240,629
Payables to suppliers and clients	13	383	338
Other liabilities	14	504	705
Total liabilities		**231,730**	**241,672**
Shareholder's equity			
Share capital	15	250	250
Other reserves		25	25
Retained earnings		2,823	17,823
Total shareholder's equity		**3,098**	**18,098**
Total liabilities and equity		**234,828**	**259,770**

The financial statements were authorised by the Management on July 5, 2013

Gergana Gerdzhikova
Executive Director

Mariya Garalova
Chief Financial Officer

Initialled for identification purposes in reference to the audit report.

Rossitsa Boteva
Registered Auditor

Tsvetana Tsankova
PricewaterhouseCoopers Audit OOD

July 5, 2013, Sofia

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

Separate statement of changes in shareholders' equity

	Share capital	Other reserves	Retained earnings	Total
Balance at 1 January 2011	**250**	**25**	**17,567**	**17,842**
Profit for the year	-	-	256	256
Balance at 31 December 2011	**250**	**25**	**17,823**	**18,098**
Balance at 1 January 2012	**250**	**25**	**17,823**	**18,098**
Loss for the year	-	-	(15,000)	(15,000)
Balance at 31 December 2012	**250**	**25**	**2,823**	**3,098**

The financial statements were authorised by the Management on July 5, 2013

Gergana Gerdzhikova
Executive Director

Mariya Garalova
Chief Financial Officer

Initialled for identification purposes in reference to the audit report.

Rossitsa Boteva
Registered Auditor

Tsvetana Tsankova
PricewaterhouseCoopers Audit OOD

July 5, 2013, Sofia

The accompanying notes set out on pages 11-44 are inseparable part of financial statements.

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

Separate statement of cash flows

	Notes	2012	2011
Cash flow from operating activities			
Interest received		8,968	16,167
Interest paid		(6,312)	(8,188)
Other income received		578	615
Proceeds from sale of repossessed assets		2,398	6,241
Payments to employees and suppliers		(1,691)	(2,180)
Income tax paid		-	(97)
Changes in operating assets and liabilities:			
- (Increase)/decrease in finance lease receivables		(9,559)	4,920
- (Increase) in other assets		(4,836)	(7,204)
- (Decrease) in payables to clients and suppliers		(45)	(7,659)
- Decrease in other liabilities		(483)	(24)
Cash from operating activities		**(10,982)**	**2,591**
Cash flows from investing activities			
Purchase of equipment		(396)	(329)
Cash proceeds used in investing activities		**(396)**	**(329)**
Cash flows from financing activities			
Repayment of borrowed funds		(9,786)	(4,303)
Cash from financing activities		**(9,786)**	**(4,303)**
Net decrease in cash and cash equivalents		**(21,164)**	**(2,041)**
Cash and cash equivalents at the beginning of the year		32,053	34,094
Cash and cash equivalents at the end of the year	6	**10,889**	**32,053**

The financial statements were authorised by the Management on July 5, 2013

Gergana Gerdzhikova
Executive Director

Mariya Garalova
Chief Financial Officer

Initialled for identification purposes in reference to the audit report.

Rossitsa Boteva
Registered Auditor

Tsvetana Tsankova
PricewaterhouseCoopers Audit OOD

July 5, 2013, Sofia

The accompanying notes set out on pages 11-44 are inseparable part of financial statements.

NOTES TO THE FINANCIAL STATEMENT

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

General information

ERB Leasing EAD (the Company) was established on 28 September 2004. As of 31 December 2012 the total share capital of the Company is BGN 250 thousand. The company is a wholly owned subsidiary of Eurobank Ergasias S.A. which is listed on the Athens Stock Exchange.

The Company is governed by the Board of Directors consisting of eight members (please see point “Board of directors” above). The company is represented by the two Executive Directors.

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

Impact of the economic crisis in Greece

Greece entered into a new funding and restructuring programme with the European Commission, the ECB and the Eurozone member-states as agreed in the Eurogroup meeting of February 21st 2012. The programme aimed at bringing the country’s public debt-to-GDP ratio below 120% by 2020.

The new funding and reform programme improved the country’s financial position and outlook, via the reduction of public debt and its servicing costs from 2012 onwards.

On the back of these developments, and after the implementation/legislation of a long list of structural reforms and fiscal austerity measures for 2013-16 by the Greek Government, the Eurogroup reached on November 26th, 2012 an agreement on a set of new measures for the reduction of Greek public debt to 124.0% of GDP by 2020 and 110.0% of GDP in 2022. This debt path is consistent with the debt sustainability required by the IMF.

Position of Eurobank Group

Greek sovereign debt exchange programme

On 21 February 2012 the Euro-area finance ministers agreed on a bail out programme for Greece, including financial assistance from the Official Sector and a voluntary debt exchange agreed with the Private Sector forgiving 53.5% of the face value of Greek debt. All exchanged bonds were derecognized and the new Greek government bonds (nGGBs) recognized at fair value, based on market quotes at the date of recognition.

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

Position of Eurobank Group (continued)

Greek sovereign debt exchange programme (continued)

Following the Eurogroup's decisions on 27 November 2012 and as part of debt reduction measures, the Greek State announced on 3 December 2012 an invitation to eligible holders of nGGBs to submit offers to exchange such securities for six months zero coupon notes to be issued by the European Financial Stability Fund (EFSF). Under its participation to the Greek state's debt buyback program, the Eurobank Ergasias Group submitted for exchange the 100% of its nGGBs portfolio of total face value € 2.3 bn.

Recapitalization Framework and Process

Given the severity of the impact of the Greek Government Bond exchange program (PSI+), on 21 February 2012 the Euro Area finance ministers allocated a total of € 50 bn of the second support program for Greece specifically for the recapitalisation of the Greek banking system. These funds are directed to the Hellenic Financial Stability Fund (HFSF) whose mandate has been extended and enhanced accordingly. € 39 bn of these funds were remitted to Greece in 2012 and the final € 11 bn in 2013.

Recapitalization of Eurobank Ergasias S.A.

The Bank of Greece, after assessing the business plan and the capital needs of Eurobank (the "Bank") has concluded on 19 April 2012 that Eurobank is a viable bank and, on 8 November 2012, notified the Bank that its Tier I capital should increase by € 5,839 million. The Bank, the HFSF and the European Financial Stability Facility ("EFSF") signed on 28 May 2012 and on 21 December 2012 and on 30 April 2013 a trilateral presubscription agreement (PSA) for the advance to the Bank of EFSF notes of face value of € 3,970 million and € 1,341 million and € 528 million, respectively (total € 5,839 million) as advance payment of its participation in the share capital increase of the Bank.
On 7 April 2013, the relevant regulatory authorities, with the consent of the management of both banks, decided that National Bank of Greece (NBG) and Eurobank will be independently recapitalized in full. As a consequence, the merger process of the two Banks was suspended. Following the above decision, the BOD evaluated the specificities of the exercise in relation with the attraction of capital from private investors and, in particular, the uncertainty regarding the completion or not of the merger with NBG, and the ensuing inability of properly assessing the investment proposal, as well as the absence of tens of thousands of Eurobank"s traditional shareholders who were substituted, due to the recent Voluntary Tender Offer, by NBG's stake of approximately 85 % in the Bank's capital. As a consequence, the BoD proposed to the Extraordinary General Meeting on 30 April 2013 that the share capital increase of € 5,839 million be fully subscribed by the HFSF.

On 28 March 2013, the BoG issued an Executive Committee Act (13/28.03.2013) bringing the limit for the Core Tier I capital to 9 % of Risk Weighted Assets and for Equity Core Tier I to 6 % , effective from 31 March 2013. According to the new definition of Core Tier I capital, AFS reserve is fully recognised, while deferred tax asset's recognition is limited to 20% of

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

Core Tier I capital.According to the Group's capital adequacy figures at 31 March 2013, and taking into consideration the share capital increase completed on 31 May, total Capital Adequacy ratio (CAD) stood at 8.9% and Core Tier I and Equity Core Tier I ratios at 7.8%.The Group has examined and is implementing alternative ways of complying with the new regulation such as the redemption of preferred securities and subordinated debt securities at par, with an equivalent increase in the Bank's share capital, which bring total CAD at 9.8% and Core Tier I ratio at 9.5%.

Recapitalization Framework and Process

On 30 April 2013, Eurobank's Extraordinary Shareholders General Meeting:

1. Approved the decrease of the share capital of the Bank by means of the parallel (i) increase of the nominal value of each ordinary share with voting rights and decrease of the total number of the existing ordinary shares thereof through reverse split, at a ratio of 10 old shares for each 1 new share, and (ii) decrease of the nominal value of the ordinary share of the Bank (as it will result after the reverse split) to Euro 0.30, for the purpose of forming a special reserve of an equal amount, in accordance with Greek commercial legislation.
2. Approved the increase of the share capital of the Bank, in accordance with the provisions of Law 3864/2010 and the Act of the Cabinet 38/9.11.2012, in order to raise Euro 5,839 million, covered entirely by the HFSF with the contribution of bonds, issued by the EFSF and owned by the HFSF. The capital increase was certified on 31 May and the listing of the new shares will take place on June 19, 2013, following the relevant approvals received from the Greek regulatory authorities.

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 policies set out below have been consistently applied to the years 2011 and 2012.

(a) Amended and new standards and interpretations effective in 2012 for EU

- IAS 7, Amendment – disclosures, Transfers of Financial Assets

NOTES TO THE FINANCIAL STATEMENT

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

(b) Standards and Interpretations issued but not yet effective for EU

- IAS 1, Amendment - Presentation of Items of Other Comprehensive Income (effective 1 January 2013)
- IAS 12, Amendment - Deferred tax: Recovery of Underlying Assets (effective 1 January 2013)
- IAS 19, Amendment - Employee Benefits (effective 1 January 2013)
- IAS 27, Amendment - Separate Financial Statements (effective 1 January 2014)
- IAS 28, Amendment - Investments in Associates and Joint Ventures (effective 1 January 2014)
- IAS 32, Amendment - Offsetting Financial Assets and Financial Liabilities (effective 1 January 2014)
- IFRS 7, Amendment - Disclosures, Offsetting Financial Assets and Financial Liabilities (effective 1 January 2013)
- 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 2014)
- IFRS 11, Joint Arrangements (effective 1 January 2014)
- IFRS 12, Disclosure of Interests in Other Entities (effective 1 January 2014)
- IFRS 13, Fair Value Measurement (effective 1 January 2013)
- IFRS 10, 11 and 12 Amendments – Consolidate Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (effective 1 January 2013, not yet endorsed by EU)
- Annual Improvements to IFRS 2009-2011 Cycle (effective 1 January 2013, not yet endorsed by EU)
- IFRS 10, 12, and 27 Amendments – Investment Entities (effective 1 January 2014, not yet endorsed by EU)

Summary of significant accounting policies (continued)

Basis of preparation (continued)

IFRS 9 is part of IASB's project to replace IAS 39 Financial Instruments which has not been finalized 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 Bank's financial statements in the period of the initial application.

The financial statements have been 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.

These financial statements have been prepared on a stand-alone, non-consolidated basis.

The Company is a fully owned subsidiary of Eurobank Ergasias S.A. and used the exemption from consolidation under IAS 27.10.

Eurobank Ergasias S.A. is incorporated in Greece and resident of Greece. The Bank's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and issued for public use.

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").

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

Summary of significant accounting policies (continued)

Foreign currency translation (continued)

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 2012 the monetary assets and liabilities are denominated using the official rate of Bulgarian National Bank – 1 EUR = 1.95583 BGN (2011: 1.95583) and 1 USD = 1.4836 BGN (2011: 1.51158).

Interest income and expense

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

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

Other income and expense

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

Equipment

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

	2012	**2011**
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

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

Summary of significant accounting policies (continued)

Equipment (continued)

Equipment is periodically reviewed for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. Repairs and renewals are charged to the income statement when the expenditure is incurred.

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

Impairment of financial assets

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

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

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

Summary of significant accounting policies (continued)

Impairment of financial assets (continued)

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.

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

Summary of significant accounting policies (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.

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: (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.

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

Summary of significant accounting policies (continued)

Borrowings

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

Current tax and deferred income tax

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

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.

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

Summary of significant accounting policies (continued)

Investments in subsidiaries

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

Employee benefits

(a) Social, pension and health funds.

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

(b) Pension obligations.

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

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

Critical accounting estimates and judgements in applying accounting policies

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

NOTES TO THE FINANCIAL STATEMENT

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

Summary of significant accounting policies (continued)

Critical accounting estimates and judgements in applying accounting policies (continued)

(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

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

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

Summary of significant accounting policies (continued)

Financial risk management (continued)

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

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

A. Credit risk

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

The Company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and the geographical and industry segments. Such risks are monitored regularly. Limits on the level of credit risk by product and industry sector are approved by the Board of Directors.

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

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

A. Credit risk (continued)

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

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

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

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 watchlist 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". All terminated wholesale exposures are presented as "Impared".

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" if they are up to 360 days past due. 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".All terminated wholesale exposures are presented as "Impared".

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

A. Credit risk (continued)

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.

	Balance at 31 December	
Exposure to credit risk	**2012**	**2011**
Credit risk exposures relating to on-balance sheet assets are as follows:		
Current accounts and deposits with banks	10,889	32,053
Finance lease receivables from customers:	210,882	221,981
Consumer lending	*6,137*	*2,639*
Small Business lending	*12,341*	*8,859*
Corporate lending	*192,404*	*210,483*
Other loans	1,268	675
Total	**223,039**	**254,709**

	Balance at 31 December	
	2012	**2011**
Neither past due nor impaired	46,899	75,658
Past due but not impaired	145,343	117,202
Impaired	61,659	51,889
Gross	**253,901**	**244,749**
Less: allowance for impairment	(43,019)	(22,768)
Net	**210,882**	**221,981**

Other Loans are summarized as follows:

	Balance at 31 December	
	2012	**2011**
Neither past due nor impaired	1,268	675
Less:allowance for impairment	-	-
Net	**1,268**	**675**

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

A. Credit risk (continued)

1. Exposure to credit risk (continued)

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

The credit quality of the portfolio of loans and advances that were neither past due nor impaired at 31 December 2012 can be assessed by reference to the internal standard grading system. The following information is based on that system:

	Balance at 31 December	
	2012	**2011**
Acceptable risk	28,474	73,288
of which renegotiated	*47*	*20*
Watch list	18,425	2,370
of which renegotiated	-	-

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

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

31 December 2012	**Consumer Lending**	**Small Business Lending**	**Corporate Lending**	**Total**
Past due up to 29 days	680	1,037	28,453	**30,170**
Past due 30 – 89 days	213	1,099	103,537	**104,849**
Past due 90 days – les s than 1 year	-	-	10,324	**10,324**
Total	**893**	**2,136**	**142,314**	**145,343**
of which: Other loans past due 90 days – less than 1 year	-	-	-	-

31 December 2011	**Consumer Lending**	**Small Business Lending**	**Corporate Lending**	**Total**
Past due up to 29 days	152	641	77,306	**78,099**
Past due 30 – 89 days	11	585	30,498	**31,094**
Past due 90 days – les s than 1 year	-	-	8,009	**8,009**
Total	**163**	**1,226**	**115,813**	**117,202**
of which: Other loans past due 90 days – less than 1 year	-	-	-	-

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

A. Credit risk (continued)

1. Exposure to credit risk (continued)

(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;
- a downgrading in credit rating by an external credit rating agency.

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

The individually impaired finance lease receivables as at 31 December 2012 were BGN 55,007 thousands. The breakdown of the gross amount of individually impaired loans and advances by class is as follows:

31 December 2012	Consumer Lending	Small Business Lending	Corporate Lending	Total
Impaired leases	29	5,531	56,099	**61,659**
Number of leases	5	198	518	**721**

31 December 2011	Consumer Lending	Small Business Lending	Corporate Lending	Total
Impaired leases	34	4,719	47,136	**51,889**
Number of leases	2	157	502	**661**

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.

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

A. Credit risk (continued)

1. Maximum exposure to credit risk (continued)

(d) Allowance for impairment

	Consumer Lending	Small Business Lending	Corporate Lending	Total
Balance as at 31 December 2010	**21**	**2,210**	**16,785**	**19,016**
Increase in allowance for lease impairment	203	288	3,471	**3,962**
Loans written off during the year as uncollectible	(210)	-	-	**(210)**
Balance as at 31 December 2011	**14**	**2,498**	**20,256**	**22,768**
Increase in allowance for lease impairment	6	856	20,238	**21,100**
Loans written off during the year as uncollectible	-	(40)	(809)	**(849)**
Balance as at 31 December 2012	**20**	**3,314**	**39,685**	**43,019**

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 229 of its own assets for the amount of 7,533 BGN thousands (2011: 80 for the amount of 7,143 BGN thousands).

3. Concentration of risks of financial assets with credit risk exposure

Industry sectors

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

	Commerce and services	Private individuals	Manufact uring	Constru ction	Other	Total
Finance lease receivables						
-Consumer lending	38	6,766	21	-	-	**6,825**
-Small business lending	9,187	42	1,961	1,039	3,842	**16,071**
-Corporate lending	164,379	-	47,513	9,213	11,168	**232,273**
31 December 2012	**173,604**	**6,808**	**49,495**	**10,252**	**15,010**	**255,169**
31 December 2011	**164,051**	**2,699**	**50,332**	**12,305**	**16,037**	**245,424**

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

A. Credit risk (continued)

3. Concentration of risks of financial assets with credit risk exposure (continued)

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

	2012	2011
Industrial equipment	25.05 %	27.10 %
Real Estate	54.59 %	46.89 %
Vehicles	19.16 %	19.56 %
Other	1.20 %	6.45 %
	100.00 %	**100.00 %**

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 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 Eurobank 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.

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

B. Market risk (continued)

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

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 Eurobank Private Banking – Luxemburg. 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

	2012	2011
Sensitivity of income statement		
1) -25% depreciation of local currency	(900)	(181)
2) 20% appreciation of local currency	720	145

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.

NOTES TO THE FINANCIAL STATEMENT

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

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, 2012 and 2011, 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.

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

	2012	2011
Interest Rate Risk – sensitivity analysis		
1) +250 bps shift in interest rate curves (all currencies)	45	46
2) -250 bps shift in interest rate curves (all currencies)	(45)	(46)

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

D. Fair value of financial assets and liabilities

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

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

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

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 Bulgaria and cash on hand;
- Borrowings are short term negotiated at floating interest rates.

Finance lease receivables are net of provisions for impairment. The estimated fair value of finance lease receivables represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value. The expected cash flows are adjusted to include the future losses expected to occur from the existing finance lease portfolio.

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

	Carrying amount		Fair value	
	2012	2011	2012	2011
Financial assets				
Finance lease receivables	212,150	221,981	212,150	221,981
Other loans	1,268	675	1,268	675
Cash and bank balances	10,889	32,053	10,889	32,053
Financial liabilities				
Borrowings	230,843	240,629	230,843	240,629

E. Liquidity risk

Liquidity risk is managed at group level, utilizing financing from Eurobank 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 ERB Leasing into relevant maturity groupings based on contractual cash flows and the remaining period at balance sheet date to the contractual maturity date.

NOTES TO THE FINANCIAL STATEMENT

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

E. Liquidity risk (continued)

Maturities of financial liabilities

As of 31 December 2012

	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Gross nominal inflow/ (outflow)
Liabilities						
Borrowings	434	869	3,909	230,788	-	**236,000**
Payables to suppliers	383	-	-	-	-	**383**
Other payables	504	-	-	-	-	**504**
Total liabilities	**1,321**	**869**	**3,909**	**230,788**	-	**236,887**
Total assets held for managing liquidity	**10,889**	**8,326**	**46,930**	**63,283**	**136,630**	**266,058**

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	661	1,322	5,949	241,228	-	**249,160**
Payables to suppliers	338	-	-	-	-	**338**
Other payables	705	-	-	-	-	**705**
Total liabilities	**1,704**	**1,322**	**5,949**	**241,228**	-	**250,203**
Total assets held for managing liquidity	**32,053**	**20,879**	**16,455**	**81,145**	**126,945**	**277,477**

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

F. Capital management

ERB 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 Eurobank 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 31.12.2013.

The table below summarizes the Company's capital structure:

	2012	**2011**
Long-term debt	230,843	240,629
Payables to suppliers and clients	383	338
Total borrowed funds	**231,226**	**240,967**
Cash and bank balances	(10,889)	(32,053)
Net debt	220,337	208,914
Shareholder's equity	3,098	18,098
Total capital	**223,435**	**227,012**
Net debt / Total capital	**99%**	**92%**

1 Net interest income	**2012**	**2011**
Interest income		
Finance lease receivables	12,774	14,940
Interest on bank deposits	32	1,201
	12,806	**16,141**
Interest expense		
Interest on bank borrowings	6,306	8,088
	6,306	**8,088**

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

2 Other operating income	2012	2011
Commission income insurance brokers	137	181
Other services	172	203
Income from operating leases	234	193
Maintenance fee income	35	38
	578	**615**

3 Other operating expenses	2012	2011
Staff costs (Note 3a)	817	1,321
Expenses related to repossession, storage and repairs of assets	225	297
Consulting services	36	25
Operating lease rentals	132	173
Office maintenance	148	169
Advertising	6	2
Courier services	15	21
Depreciation (Note 10)	185	182
Other expenses	312	172
	1,876	**2,362**

3a Staff costs	2012	2011
Salaries	666	897
Social security costs	151	424
	817	**1,321**

As of 31 December 2012 the Company employed 22 people (2011: 20 people).

4 Gains/(losses) from sale of repossessed assets	2012	2011
Proceeds from sale of assets	2,398	6,241
Net book value as of date of sale	(2,214)	(6,709)
	184	**(468)**

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

5 Income Tax

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

	2012	2011
Profit before income taxes	(16,665)	286
Tax (expense)/credit calculated at a tax rate of 10 %	(1,666)	29
Permanent differences (tax effect)	1	1
Income tax credit/(expense)including:	**(1,665)**	**30**
Deferred income tax change (Note 8)	(1,666)	(9)
Current income tax expense	1	39

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

	2012	2011
Current accounts with banks	10,889	32,053
Cash in hand	-	-
Included in cash and cash equivalents	**10,889**	**32,053**

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

7 Lease receivables and other loans

	2012	2011
Finance lease receivables		
Corporate entities	232,088	230,739
Small Business Lending	15,655	11,357
Consumer Lending	6,158	2,652
	253,901	**244,749**
Less provision for impairment	(43,019)	(22,768)
Total net finance lease receivables	**210,882**	**221,981**
Loans	1,268	675
Less: Provision for impairment	-	-
Net loans	1,268	675
Total net finance lease receivables and loans	**212,150**	**222,656**

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

7 Lease receivables and other loans (continued)

The position other loans includes prepayments by the Company for leasing contracts that will be delivered in 2013. Those amounts are net of clients' downpayments and the Company accrues interest until delivery. The amounts are fully secured with promissory notes and mortgage and/or pledges on receivables/inventory.

Gross investment in finance leases and loans, receivables:	**2012**	**2011**
Up to 1 year	55,371	37,564
Between 1 and 5 years	69,423	88,542
Over 5 years	181,405	178,195
	306,199	**304,301**
Unearned future finance income from finance leases	(51,030)	(58,877)
Net investment in finance leases	**255,169**	**245,424**

Movement in provisions was as follows:

	2012	**2011**
Balance at the beginning of the year	**22,768**	**19,016**
Increase in provisions for lease impairment	21,100	3,962
Receivables written off during the year as uncollectible	(849)	(210)
Increase in provisions for other loans	-	-
Balance at end of year	**43,019**	**22,768**

Provisions for impairment	**2012**	**2011**
Increase in provisions for lease impairment	21,100	3,962
Increase in provisions for other loans	-	-
Recoveries from written off lease receivables	51	(26)
Impairment of repossessed assets (Note 9a)	897	1,610
Total provision for impairment	**22,048**	**5,546**

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

8 Deferred income taxes

	2012	2011
Deferred tax asset at beginning of year	70	61
Income statement credit (Note 5)	1,666	9
Deferred tax asset at end of year	**1,736**	**70**

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

	31.12.2011	Increase	Decrease	Net change	31.12.2012
Revaluation of repossessed assets	64	100	(18)	82	146
Unused annual leaves	-	-	-	-	-
Other provisions for staff remunerations	20	11	(19)	(8)	12
Other temporary differences	(14)	31	(27)	4	(10)
Temporary difference deferred tax on loss	-	1,588	-	1,588	-
Deferred tax asset balance	**70**	-	-	-	**1,736**
Income statement credit/(charge)		**1,730**	**(64)**	**1,666**	-

9 Other assets

	2012	2011
Assets held for sale	9,486	3,821
Provision on assets held for sale	(1,459)	(639)
Prepayments	18	24
Other	231	234
	8,276	**3,440**

9a Provision on assets held for sale

	2012	2011
As of 1 January	639	452
Impairment of repossessed assets (note 7)	897	1,610
Accumulated impairment of assets sold	(77)	(1,423)
As of 31 December	**1,459**	**639**

(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 2011			
Cost	880	541	**1421**
Accumulated depreciation	(486)	(165)	**(651)**
Net book amount	**394**	**376**	**770**
Year ended 31 December 2011			
Opening net book amount	394	376	**770**
Additions	334	29	**363**
Transfers	(39)	39	**-**
Disposals (Net of depreciation)	(34)	-	**(34)**
Depreciation charge (Note 3)	(152)	(30)	**(182)**
Closing net book amount	**503**	**414**	**917**
At 31 December 2011			
Cost	958	534	**1,492**
Accumulated depreciation	(455)	(120)	**(575)**
Net book amount	**503**	**414**	**917**
Year ended 31 December 2012			
Opening net book amount	503	414	**917**
Additions	396	26	**422**
Transfers	-	-	**-**
Disposals (Net of depreciation)	(8)	-	**(8)**
Depreciation charge (Note 3)	(156)	(29)	**(185)**
Closing net book amount	**735**	**411**	**1,146**
At 31 December 2012			
Cost	1,332	560	**1,892**
Accumulated depreciation	(597)	(149)	**(746)**
Net book amount	**735**	**411**	**1,146**

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

	2012	2011
Cost at 31 December	1,011	615
Accumulated depreciation at 31 December	(307)	(125)
Net book amount at 31 December	**704**	**490**

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

11 Investment in subsidiary

Investment in subsidiary represents a 100% participation in the share capital of EFG Auto Leasing EOOD which was incorporated on 24 January 2005. The investment is measured at cost.

12 Borrowings

Short-term	**2012**	**2011**
Bank borrowings	230,788	240,567
Accrued interest	55	62
Total	**230,843**	**240,629**

The Company uses revolving credit facility, which is re-priced on a monthly basis. The borrower is Eurobank Private Bank Luxembourg S.A., member of Eurobank Group. The interest is one month EURIBOR + 2.075%. The Company is not subject to covenants related to its borrowings.

13 Payables to clients and suppliers

	2012	**2011**
Deposits from clients	12	12
Liabilities to suppliers	371	326
	383	**338**

14 Other liabilities

	2012	**2011**
Prepayments and other payables from clients	292	203
Personnel and social security	123	204
VAT payable	24	232
Other	65	66
	504	**705**

15 Share capital

As at 31 December 2012 the total share capital of the Company was BGN 250 thousand (2011: BGN 250 thousand). The Company's sole-owner is Eurobank Ergasias S.A. The registered capital of the Company is divided into 250,000 shares with a nominal value of BGN 1 each. All shares give equal voting rights and are fully paid.

Pursuant to the provisions 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 BGR00114 (ref. Art. 3, Para 2 of the CIA).

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

16 Related party transactions

ERB Leasing EAD is owned by Eurobank Ergasias S.A.

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 ERB Leasing EAD is in the position to meet its debts and capital expenditure commitments as they fall due. The Company's parent also confirms that they will provide support to ERB Leasing EAD as to ensure that it will have adequate funds to meet its liabilities when they fall due.

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

	2012	2011
Assets		
Current accounts (Eurobank Bulgaria AD)	10,889	32,053
Liabilities		
Bank borrowings (Eurobank Private Bank Luxembourg S.A.)	230,788	240,567
Interest payable (Eurobank Private Bank Luxembourg S.A.)	55	62
Other liabilities(ERB Property Services AD)	2	1
Other liabilities (IMO Central Office EAD)	1	-
Income/(expense)		
Interest income (Eurobank Bulgaria AD)	32	1,201
Interest expense (Eurobank Private Bank Luxembourg S.A.)	(6,000)	(7,777)
Interest expense (ERB Auto Leasing EOOD)		
Other services (Eurobank Ergasias Leasing S.A.)	(305)	(310)
Other operating income (ERB Auto Leasing EOOD)	24	2
Other operating expense (ERB Auto Leasing EOOD)	(13)	(16)
Other operating income (Eurobank Bulgaria AD)	222	157
Other operating income (Eurobank EFG Factors AD)	11	14
Other services (ERB Property Services AD)	(17)	(38)

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

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

16 Related party transactions (continued)

Key management compensation for year ended 31 December 2012 amounted to:

	2012	2011
Management compensation	162	126

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

17 Contingent liabilities and commitments

Operating lease commitments - the Company as a lessee

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

Non-cancellable operating lease rentals are payable as follows:	2012	2011
Not later than 1 year	151	186
Later than 1 year but not later than 5 years	566	2,453
Total	**717**	**2,639**

18 Post balance sheet events

National Bank of Greece S.A. Voluntary Tender Offer (VTO)

On 5 October 2012, the National Bank of Greece (NBG) announced its intention to launch a voluntary exchange offer to acquire all Eurobank's shares offering 58 new shares of NBG for every 100 shares of Eurobank tendered. NBG also stated that, Eurobank shareholders holding 43.6% of Eurobank's ordinary share capital have committed to tender their shares in the tender offer.

The offer was formally launch on 11 January 2013.On the same date, the Board of Directors of Eurobank Ergasias S.A., having considered the content of the VTO information memorandum and the reports provided by the Bank's financial advisors, concluded in summary that the Offer Consideration satisfies the requirements of the Law and is fair from a financial point of view.

On 15 February 2013, NBG announced that all necessary regulatory approvals have been obtained.

On 18 February 2013, NBG announced that during the offering's acceptance period for Eurobank's shareholders, 84,35% of Eurobank's shareholders have accepted legally the VTO; thus NBG holds 84,38% of Eurobank's paid in Share Capital.

The VTO would have been followed by the merger of the two banks,the process of which initiated on 19 March 2013.

On 7 April 2013, the relevant regulatory authorities, with the consent of the management of both banks, decided that the Bank and NBG will be independently recapitalized in full. As a consequence, the merger process of the two Banks was suspended.

In this respect, the Extraordinary General Meeting of shareholders of the Bank, convened on 30 April 2013, decided the increase of the Bank's ordinary share capital, in order to raise €5,839 million, subscribed by way of contribution in kind from HFSF, in accordance with Law 3864/2010 and Act of Cabinet 38/9.11.2012.

Independent auditor's report

To the sole owner of the "ERB LEASING" EAD

Report on the Financial Statements

We have audited the accompanying financial statements of "ERB Leasing" EAD which comprise the balance sheet as of 31 December 2012 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.

This version of our report/the accompanying documents 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.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the "ERB Leasing" EAD as of 31 December 2012, 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 7, is consistent with the accompanying financial statements of the Company as of 31 December 2012.

Rositsa Boteva Registered Auditor	Tsvetana Tsankova PricewaterhouseCoopers Audit OOD

5 July 2013
Sofia, Bulgaria