ERB AUTO LEASING EOOD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

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ERB AUTO LEASING EOOD
DIRECTORS' REPORT
31 DECEMBER 2012

The management presents the annual report and audited financial statements for the year ended 31 December 2012.

BUSINESS DESCRIPTION

The company was registered in January 2005. ERB 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 2012, the outstanding finance lease receivables before provisions amounted to € 15 million. This performance is attributed to the strong support from Eurobank Ergasias Leasing S.A., and to the beneficial cooperation with Eurobank Bulgaria AD in the area of car financing.

The Company's portfolio is 100% comprised of leased vehicles. As of year-end, the Company had 6 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 and has 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.

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

SHARE CAPITAL STRUCTURE

The company through its sole-owner ERB Leasing EAD is a wholly owned subsidiary of Eurobank Ergasias S.A. which is listed on the Athens Stock Exchange.

The registered capital of ERB 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 ERB 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 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 BGR00117 (ref. Art. 3, Para 2 of the CIA).

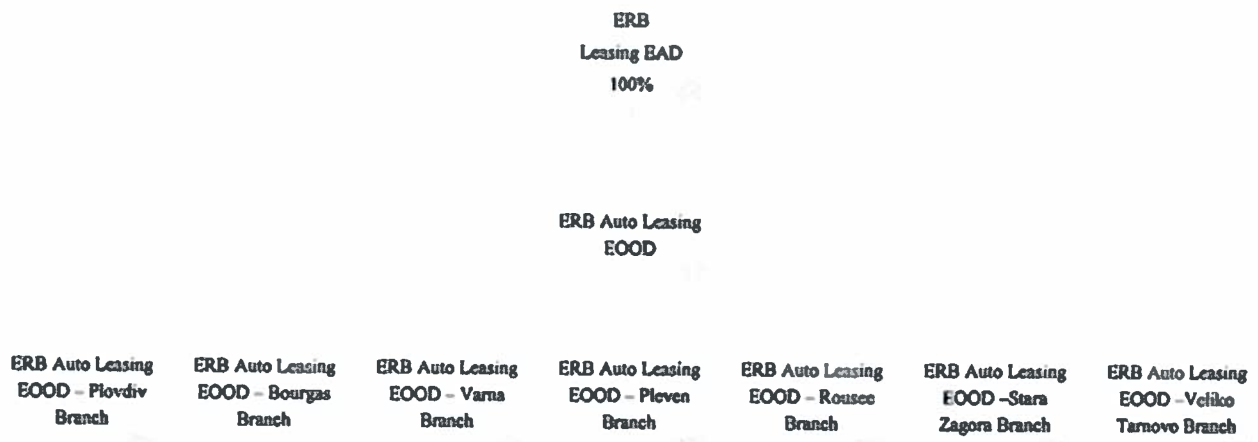
MANAGEMENT

In the reported period and until 16.03.2012 the Company has been managed and legally represented by Mr. Plamen Pavlov and Mr. Ioannis Vougioukas and Mr.Svetoslav Kalo, any two of them acting jointly, in their capacity of Managers. As of 16.03.2012 the Company is duly represented by Mr. Ioannis Vougioukas and Mr. Svetoslav Kalo and Ms.Gergana Gerdzhikova, any two of them acting jointly, in their capacity of Managers.

GROUP STRUCTURE AND BRANCH NETWORK

ERB Auto Leasing EOOD has been founded as a single shareholder limited liability company. The sole-owner of the Company's capital is ERB Leasing EAD. The ultimate parent company is Eurobank Ergasias S.A.

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



FINANCIAL RISKS

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

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

BUSINESS OBJECTIVES FOR 2013

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

With a team of motivated employees and strong support from both Eurobank Ergasias SA and Eurobank Bulgaria AD, the company is well-positioned to achieve this goal and meet the challenges that it will face in 2013.

No major capital investments will be made in 2013, since the infrastructure necessary to ensure sustained growth is already in place.

MANAGEMENT RESPONSIBILITIES

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

The Managers confirm that suitable accounting policies have been used.

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

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

Еф Би Ауто Лизинг ЕООД
ERB Auto Leasing
04
Град София

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Gergana Gerdzhikova,
Manager

ERB Auto Leasing EOOD
June 28, 2013

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

Statement of comprehensive income

	Notes	2012	2011
Interest income	1	2,419	4,540
Interest expense	1	(743)	(1,784)
Net interest income		**1,676**	**2,756**
Other operating income	2	1,519	1,299
Foreign exchange gains/(losses)		(9)	(5)
Other operating expenses	3	(558)	(1,627)
Gains/(losses) from sale of repossessed assets	4	(142)	(340)
Provisions for impairment	7	(4,247)	(1,417)
(Loss)/Profit before income tax		**(1,761)**	**666**
Tax expense	5	(20)	(73)
(Loss)/Profit for the year		**(1,781)**	**593**

И Ар Би Ауто Лизинг ЕООД
ERB AutoLeasing
04
Град София

Gergana Gerdzhikova
Manager

Mariya Garalova
Chief Financial Officer

The financial statements were authorised by the Management on June 28, 2013

Initialed for identification purposes in reference to the audit report:

София
Рег. №085
"Прайсуотърхаускупърс Одит"

Rossitsa Boteva
Registered Auditor

Tsvetana Tsankova
PricewaterhouseCoopers Audit OOD

June 28, 2013
Sofia

The accompanying notes set out on pages 8-38 are inseparable part of financial statements.

Balance sheet

	Notes	2012	2011
Assets			
Cash and bank balances	6	2,215	940
Finance lease receivables and other loans	7	15,237	39,122
Deferred income tax assets	8	-	9
Corporate tax paid in advance		310	310
Other assets	9	952	2,110
Equipment	10	264	364
Total assets		**18,978**	**42,856**
Liabilities			
Borrowings	11	12,325	34,039
Payables to suppliers and clients	12	175	187
Other liabilities	13	316	698
Deffered tax liability	8	11	
Total liabilities		**12,827**	**34,924**
Shareholder's equity			
Share capital	14	250	250
Retained earnings		5,901	7,682
Total shareholder's equity		**6,151**	**7,932**
Total liabilities and equity		**18,978**	**42,856**

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Rossitsa Boteva
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PricewaterhouseCoopers Audit OOD

June 28, 2013
Sofia

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Statement of changes in shareholders' equity

	Note	Share capital	Retained earnings	Total
Balance at 1 January 2011		**250**	**7,089**	**7,339**
Profit for the year		-	593	593
Balance at 31 December 2011	**14**	**250**	**7,682**	**7,932**
Balance at 1 January 2012		**250**	**7,682**	**7,932**
Loss for the year		-	(1,781)	(1,781)
Balance at 31 December 2012	**14**	**250**	**5,901**	**6,151**

И Ар Би Ауто Лизинг ЕООД
ERB Auto Leasing
04
Град София

Gergana Gerdzhikova
Manager

Mariya Garalova
Chief Financial Officer

The financial statements were authorised by the Management on June 27, 2013

Initialed for identification purposes in reference to the audit report.

Rossitsa Boteva
Registered Auditor

Tsvetana Tsankova
PricewaterhouseCoopers Audit OOD

София
Рег. №085

June 27, 2013
Sofia

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

ERB AUTO LEASING EOOD
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2012

Statement of cash flows

	Note	2012	2011
Cash flow from operating activities			
Interest received		2,752	4,619
Interest paid		(749)	(1,823)
Received other interest from overdue payments		1,008	-
Other income received		511	1,294
Proceeds from sale of repossessed assets		1,684	3,399
Payments to employees and suppliers		(478)	(942)
Income tax paid		-	-
Changes in operating assets and liabilities			
- Decrease in finance lease receivables		19,915	33,086
- Decrease in other assets		(1,158)	(3,749)
- decrease in payables to clients and suppliers		(12)	(12)
- Increase/(decrease) in other liabilities		(470)	246
Cash flows from operating activities		**23,003**	**36,118**
Cash flows from investing activities			
Proceeds from sales of equipment			31
Purchase of equipment		(19)	-
Cash flows from investing activities		**(19)**	**31**
Cash flows from financing activities			
Proceeds/(outflows) from borrowed funds		(21,709)	(38,372)
Proceeds from share capital increase		-	-
Cash from financing activities		(21,709)	(38,372)
Net cash flow		**1,275**	**(2,223)**
Cash and cash equivalents at the beginning of the year		940	3,163
Cash and cash equivalents at the end of the year	6	**2,215**	**940**

Gergana Gerdzhikova
Manager

Mariya Garalova
Chief Financial Officer

The financial statements were authorised by the Management on June 28, 2013. Initialed for identification purposes in reference to the audit report.

Rossitsa Boteva
Registered Auditor

Tsvetana Tsankova
PricewaterhouseCoopers Audit OOD

28 June 2013
Sofia

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

General information

ERB Auto Leasing EOOD (the Company) was established on 24 January 2005. As of 31 December 2012 the total share capital of the Company was BGN 250 thousand. The company through its sole-owner ERB Leasing EAD is a wholly owned subsidiary of Eurobank Ergasias S.A. which is listed on the Athens Stock Exchange.
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.

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.

Eurobank Bulgaria AD is part of Eurobank Group. In accordance to Group 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, and HR.

The Company is governed and represented by three Managers. The sole owner of the Company appoints the Managers for a period of 4 years and controls the activities of the Company

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

The Company employs 6 people.

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.

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 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 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%.

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.

Position of the Company

As at 31 December 2012, ERB Auto Leasing is financed through a revolving credit facility from Eurobank Private Bank Luxemburg, own funds and its own capital base.

Accounting policy

Summary of significant accounting policies

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

Basis of preparation

Accounting policy (continued)

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

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

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

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

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

(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)

Accounting policy (continued)

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

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

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

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

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

Foreign currency translation

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

Foreign currency transactions are translated into the measurement currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. As of 31 December 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).

Accounting policy (continued)

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.

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

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.

Accounting policy (continued)

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

(v) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:

– Adverse changes in the payment status of borrowers in the group; or

– National or local economic conditions that correlate with defaults on the assets in the group.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

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

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement.

Accounting policy (continued)

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

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

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

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

Leases

Finance *leases – the Company as a lessor*

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

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.

Accounting policy (continued)

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 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.

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

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

Critical accounting estimates and judgements in applying accounting policies

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

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

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

(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 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 Bulgaria AD, Eurobank

Financial risk management (continued)

Ergassias Leasing, Eurobank Ergasias 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 ERB 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 ERB Leasing.

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

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

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

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

Corporate clients are rated in 11 categories. The Company groups wholesale clients categorized from 1 to 6 in the grade acceptable risk and these categorized with 7 - in the 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".

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.

Exposure to credit risk

	2012	2011
Credit risk exposures relating to on-balance sheet assets are as follows:		
Current accounts and deposits with banks	2,215	940
Finance lease receivables:	**29,406**	**49,298**
Consumer lending	3,994	8,308
Small Business lending	8,675	13,967
Corporate lending	16,737	27,023
Total	**31,621**	**50,238**

Exposure to credit risk

	2012	**2011**
Credit risk exposures relating to on-balance sheet assets are as follows:		
Neither past due nor impaired	2,215	940
Past due but not impaired :	**29,406**	**49,298**
Consumer lending	3,994	8,308
Small Business lending	8,675	13,967
Corporate lending	16,737	27,023
Total	31,621	50,238

	31 December	
	2012	**2011**
Neither past due nor impaired	4,075	16,794
Past due but not impaired :	4,729	13,196
Impaired	20,602	19,308
Gross	**29,406**	**49,298**
Less: allowance for impairment	(14,169)	(10,176)
Net	15,237	39,122

(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 2012 can be assessed by reference to the internal standard grading system.

	31 December	
	2012	**2011**
Acceptable risk	4,067	16,771
of which renegotiated	-	58
Watch list	8	23
Total	4,075	16,794

These finance lease receivables and other loans are secured by promissory notes for the gross amount of the contracts (incl. interest and management fees). The company has legal title over assets leased under finance and operating lease.

(b) Finance lease receivables past due but not impaired

31 December 2012	Consumer Lending	Small Business Lending	Corporate Lending	Total
Past due up to 29 days	251	450	1, 054	1, 746
Past due 30 – 89 days	180	604	984	1, 768
Past due 90 days – less than 1 year	-	-	1, 215	1, 215
Total	**431**	**1, 054**	**3, 244**	**4, 729**

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

(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.

The individually impaired finance lease receivables as at 31 December 2012 were BGN 11,238 thousand. 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 finance lease receivables	2,158	6,283	12,161	**20,602**
Number of leasing contracts	150	357	369	**876**

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

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 2010	**986**	**2,579**	**5,436**	**9,001**
Increase in allowance for impairment	136	305	734	1,175
Balance as at 31 December 2011	**1,122**	**2,884**	**6,170**	**10,176**
Increase in allowance for impairment	60	1,191	2,812	4,063
Decrease in allowance for impairment	**(11)**	**(38)**	**(21)**	**(70)**
Balance as at 31 December 2012	**1,171**	**4,037**	**8,961**	**14,169**

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 51 of its own assets for the amount of BGN 867 thousand (2011: 98 for the amount of BGN 2,386 thousand).

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

Industry sectors

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

	Comme rce and services	Private individuals	Manufacturing	Construction	Other	Total
Finance lease receivables						
-Consumer lending	-	3, 989	-	-	5	3,994
-Small business lending	4,570	-	401	1,274	2,430	8,675
-Corporate lending	10,121	-	507	2,966	3,143	16,737
31 December 2012	**14,691**	**3,989**	**908**	**4,240**	**5,578**	**29,406**
31 December 2011	**23,487**	**8,308**	**1,820**	**6,015**	**9,668**	**49,298**

NOTES TO THE FINANCIAL STATEMENTS
(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 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.

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

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 Eurobank Private Bank – Luxemburg which is a part of Eurobank 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

	2012	2011
Sensitivity of income statement		
1) -25% depreciation of local currency	623	392
2) 20% appreciation of local currency	(499)	(313)

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, 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.

The table below summarises the ERB Auto Leasing EOOD exposure to interest rate risks as at 31 December 2012 and 31 December 2011. Included in the table are the Company assets and liabilities at carrying amounts, categorised by the earlier of contractual re-pricing or maturity date.

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.

	2012	2011
Interest Rate Risk – sensitivity analysis		
1) +250 bps shift in interest rate curves (all currencies)	4	6
2) -250 bps shift in interest rate curves (all currencies)	(4)	(6)

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 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.

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	
	2012	**2011**	**2012**	**2011**
Financial assets				
Cash and bank balances	2,215	940	2,215	940
Finance lease receivables	15,237	39,122	15,237	39,122
Financial liabilities				
Borrowings	12,325	34,039	12,325	34,039

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 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 2012	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Gross nominal inflow/ (outflow)
Liabilities						
Borrowings	23	46	207	12,321	-	12,597
Payables to suppliers	175	-	-	-	-	175
Other liabilities	316					316
Total liabilities	**514**	**46**	**207**	**12,321**	**-**	**13,088**
Total assets held for managing liquidity	**2, 215**	**6,320**	**21,568**	**1,518**	**-**	**31,621**

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

F Capital risk

ERB 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 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 31.12.2012.

The table below summarizes the Company's capital structure:

	2012	**2011**
Long-term debt	12,325	34,039
Payables to suppliers and clients	175	187
Total borrowed funds	**12,500**	**34,226**
Cash and bank balances	(2,215)	(940)
Net debt	**10,285**	**33,286**
Shareholders equity	6,151	7,932
Total capital	**16,436**	**41,218**
Net debt / Total capital	**63%**	**81%**

1 Net interest income	**2012**	**2011**
Interest income		
Finance lease receivables and loans	2,129	4,331
Bank deposits	289	209
	2,418	**4,540**
Interest expense		
Interest on bank borrowings	743	1,784
	743	**1,784**

2 Other operating income	**2012**	**2011**
Income from operating lease contracts	100	323
Commission income from insurance brokers	206	345
Maintenance fee income	86	93
Other interest from overdue payments	1,008	-
Other operating income	149	538
	1,519	**1,299**

3 Other operating expenses	**2012**	**2011**
Staff costs (Note 3a)	62	356
Expenses related to repossession, storage and repairs of assets	175	494
Company car maintenance	32	34
Operating lease rentals	54	97
Office maintenance	33	32
Consulting services	57	25
Courier services	14	42
Other expenses	43	211
Depreciation (Note 10)	80	325
Fee and commission expense	8	11
	558	**1,627**

3a Staff costs	**2012**	**2011**
Salaries	41	300
Social security costs	21	56
	62	**356**

As of 31 December 2012 the Company employed 6 people (2011: 8 people)

4 Gains/(losses) from sale of repossessed assets

	2012	2011
Proceeds from sale of assets	1,684	3,399
Net book value as of date of sale	(1,826)	(3,739)
Realised gains/(losses) from sales	**(142)**	**(340)**

5 Income tax expense

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

	2012	2011
Loss before income taxes	(1,761)	666
Theoritical Deffered income tax charge at 10 % rate	(176)	67
Expenses for which no deff ered income tax a sset was recognized	300	
Permanent differences (tax effect)	(104)	6
Tax credit /tax expense :	**20**	**73**
Deferred income tax	-	56
Current income tax expense(Note 8)	(20)	17

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

6 Cash and bank balances

	2012	2011
Cash	-	-
Current accounts with banks	2,215	940
Included in cash and cash equivalents	**2,215**	**940**

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

7 Lease receivables and other loans

	2012	2011
Finance lease receivables		
Finance lease receivables from corporate entities	25,412	40,990
Finance lease receivables from individuals	3,994	8,308
	29,406	**49,298**
Less: Provision for impairment	(14,169)	(10,176)
Total net finance lease receivables	**15,237**	**39,122**

Gross investment in finance leases, receivables and other loans:	2012	2011
Up to 1 year	28,107	22,409
Between 1 and 5 years	1,634	28,767
	29,741	**51,176**
Unearned future finance income from finance leases	(335)	(1,878)
Net investment in finance leases	**29,406**	**49,298**

Movement in provisions is as follows:

	2012	2011
Balance at the beginning of the year	**10,176**	**9,001**
Increase in provisions for lease impairment	4,062	1,175
Loans written off during the year as uncollectible	(70)	-
Balance at the end of the year	**14,168**	**10,176**

Provisions for impairment	**2012**	**2011**
Increase in provisions for lease impairment	4,062	1,175
Recoveries from written off lease receivables	-	9
Impairment of repossessed assets (Note 9a)	185	233
Total charge for provision for impairment	**4,247**	**1,417**

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

	2012	**2011**
Not later than 1 year	70	12
Later than 1 year but not later than 5 years	42	14
Total	**112**	**26**

The Company leases vehicles under various agreements, which terminate until 2014.

8 Deferred income taxes

	2012	**2011**
Deferred tax asset at the beginning of the year	9	65
Income statement credit/(charge)	(20)	(56)
Deferred tax asset/(liability) at the end of the year	(11)	9

Deferred income tax assets are attributable to the following items:

	31.12.2011	Increase	Decrease	Net change	31.12.2012
Revaluation of repossessed assets	3	-	(7)	(7)	(4)
Unused annual leaves	-	-	-	-	-
Other provisions for staff remunerations	7	2	(10)	(8)	(1)
Other temporary differences	(1)	8	(17)	(9)	(10)
Prior year correction	-	4	-	4	4
Deferred tax asset/liabilities balance	9				(11)
Income statement credit/(charge)		14	(34)	(20)	

9 Other assets

	2012	2011
Assets held for sale	842	2,072
Provision on assets held for sale (Note 9a)	41	(35)
Prepayments	6	6
Other	63	67
	952	**2,110**

9a Provision on assets held for sale

	2012	2011
As of 1 January	35	407
Impairment of repossessed assets (Note 7)	185	233
Accumulated impairment of repossessed assets sold	(261)	(605)
As of 31 December	(41)	35

NOTES TO THE FINANCIAL STATEMENTS

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

10 Equipment

	Furniture, Equipment and Motor vehicles	Computers, Hardware and Software	Total
At 01 January 2011			
Cost	1,673	223	**1,896**
Accumulated depreciation	(1,157)	(19)	**(1,176)**
Net book amount	**516**	**204**	**720**
Year to 31 December 2011	516	204	**720**
Opening net book amount	27	5	**32**
Additions	(63)	-	**(63)**
Disposals (Net of depreciation)	(315)	(10)	**(325)**
Closing net book amount	**165**	**199**	**364**
At 31 December 2011			
Cost	1,131	228	**1,358**
Accumulated depreciation	(966)	(29)	**(994)**
Net book amount	**165**	**199**	**364**
Year to 31 December 2012			
Opening net book amount	165	199	**364**
Additions	16	3	**19**
Disposals (Net of depreciation)		(39)	**(39)**
Depreciation charge	(68)	(12)	(80)
Closing net book amount	**113**	**151**	**264**
At 31 December 2012			
Cost	347	191	**538**
Accumulated depreciation	(234)	(40)	**(274)**
Net book amount	**113**	**151**	**264**

10 Equipment (continued)

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	216	971
Accumulated depreciation at 31 December	(145)	(843)
Net book amount at 31 December	**71**	**128**

11 Borrowings

	2012	2011
Short-term		
Bank borrowings	12,321	34,031
Accrued interest payable	4	8
Total borrowings	**12,325**	**34,039**

The Company uses revolving credit facility, which is re-priced on a monthly basis. The borrower is Eurobank Private Bank Luxembourg SA, member of Eurobank Group. The interest is one month EURIBOR + 2.075%. The Company has not had any defaults of principal, interest or redemption amounts during the period on its borrowed funds.

12 Payables to clients and suppliers

	2012	2011
Deposits from clients	17	20
Liabilities to suppliers	158	167
	175	**187**

13 Other liabilities

	2012	2011
Personnel and social security	29	101
Prepayments and other payables from clients	28	18
VAT payable	124	351
Other	135	228
	316	**698**

14 Share capital

As at 31 December 2012 the total share capital of the Company comprises BGN 250 thousand. The Company's sole-owner is ERB 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 31.03.2010, 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).

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. ERB Auto Leasing EOOD is owned by ERB Leasing EAD. The ultimate parent of the Company is 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 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 ERB 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:

	2012	**2011**
Assets		
Current accounts (Eurobank Bulgaria AD)	2,215	940
Other assets (ERB Leasing EAD)	-	-
	2,215	**940**
Liabilities		
Bank borrowings (Eurobank Private Bank Luxemburg)	12,321	34,031
Interest payable (Eurobank Private Bank Luxemburg)	4	8
Other liabilities (ERB Property Services AD)	-	1
	12,325	**34,040**

	2012	2011
Expenses		
Interest expense (Eurobank Private Bank Luxembourg S.A.)	(707)	(1,713)
Interest expense (Eurobank Ergasias S.A.)	(36)	(70)
Other expense (ERB Leasing EAD)	-	(2)
Other expense (ERB Property Services AD)	(7)	(15)
Income		
Other operating income (ERB Leasing EAD)	13	16
Interest income (Eurobank Bulgaria AD)	290	209
Other operating income (Eurobank Bulgaria AD)	87	169

Management personnel participate also in the management of ERB 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:

	2012	2011
Not later than 1 year	25	49
Later than 1 year but not later than 5 years	100	683
Total	**125**	**732**

17 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 launched 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 have decided that NBG and Eurobank will be independently recapitalized in full. As a consequence, the merger process of the two Banks is being 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 AUTO LEASING" EOOD

Report on the Financial Statements

We have audited the accompanying financial statements of "ERB Auto Leasing" EOOD 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.

PricewaterhouseCoopers Audit OOD, 9-11 Maria Louisa Blvd., 1000 Sofia, Bulgaria
T: +359 2 9355200, F: +359 2 9355266, www.pwc.com/bg
Registered with the Sofia City Court under company file number 13424/1997.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the "ERB Auto Leasing" EOOD 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 3, is consistent with the accompanying financial statements of the Company as of 31 December 2012.

Rositsa Boteva
Registered Auditor

Tsvetana Tsankova
PricewaterhouseCoopers Audit OOD

28 June 2013
Sofia, Bulgaria