

Independent auditors' report
To the owners of
Hypo Alpe-Adria-Leasing OOD

Report on the financial statements

We have audited the accompanying financial statements of Hypo Alpe-Adria-Leasing OOD, which comprise the statement of financial position as of 31 December 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and presentation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, as adopted for use in 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.

Auditors' 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 about 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 auditors' 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 of financial statements that give a true and fair view 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.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Hypo Alpe-Adria-Leasing OOD as of 31 December 2013, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted for use in the European Union.

Translation from Bulgarian language



Report on other legal requirements

Pursuant to the requirements of the Bulgarian Accountancy Act, article 38, paragraph 4, we read the accompanying Management Report for 2013. In our opinion, the information given in the annual Management Report is consistent with the accompanying financial statements for the year ended 31 December 2013.

sign. ill.

Nikolay Garnev

General Manager

Ernst & Young Audit OOD

sign. ill. seal illegible

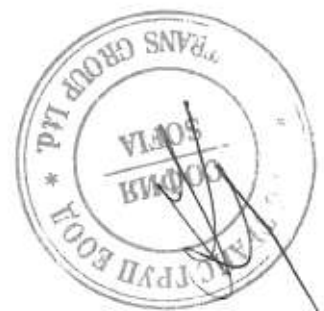
Milka Nacheva-Ivanova, CPA

Registered Auditor

05 May 2014

Sofia, Bulgaria

Translation from Bulgarian language



HYPO ALPE-ADRIA-LEASING OOD
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

(All amounts are in thousands of Bulgarian levs, unless otherwise stated)

	Notes	2013	2012
Interest income	5	3,159	4,157
Interest expense	6	(2,387)	(4,911)
Net interest income		772	(754)
Other operating income	7	6,377	14,567
Other operating expenses	8	(43,756)	(12,229)
(Impairment) / reversal of impairment of non-transferred equipment under finance lease contracts, net	18	(685)	4,928
Impairment of repossessed assets	18	(8,560)	(12,660)
Gain on initial recognition of repossessed assets		2,898	8,092
Impairment of finance lease receivables, loans granted and other assets, net	18	(51,888)	(1,348)
Profit / (loss) for the year before tax		(94,842)	596
Income tax expense	9	-	-
Profit / (loss) for the year		(94,842)	596
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year, net of tax		(94,842)	596

The accompanying financial statements were approved by the management of Hypo Alpe-Adria-Leasing OOD 20 April 2014 and were signed by:

sign. ill.
 Markus Perschl
 General Manager
 sign. ill.
 Peter Scharwitzl
 General Manager

sign. and seal illegible
 Desislava Markova
 Chief Accountant

Rectangular seal reading:
 Financial statements on which we have issued
 auditors' report dated 20 June 2014
 Ernst & Young
 General Manager sign. ill. Registered auditor sign. ill.
 seal illegible

The notes on page 7 to page 52 form an integral part to these financial statements.
 Translation from Bulgarian language.



HYPO ALPE-ADRIA-LEASING OOD
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

(All amounts are in thousands of Bulgarian levs, unless otherwise stated)

	Notes	2013	2012
ASSETS			
Cash and cash equivalents	16	2,521	2,499
Investment properties	12	9,650	24,096
Receivable on overpaid corporate tax	9	-	1,089
Non-transferred equipment under finance lease contracts	15	10,369	22,629
Repossessed assets	15	25,968	21,277
Other assets	15	11,744	3,436
Finance lease receivables	14	67,591	138,079
Loans granted	17	14,080	24,513
Tangible assets	10	504	631
Intangible assets	11	-	25
Total assets		142,427	238,274
LIABILITIES AND EQUITY			
LIABILITIES			
Loans received from related parties	20	210,665	224,431
Provisions	21	17,288	241
Payables to clients	23	5,025	10,018
Other payables	22	3,445	2,738
Total liabilities		236,423	237,428
EQUITY			
Share capital	19	296,920	296,920
Accumulated loss		(390,916)	(296,074)
Total equity		(93,996)	846
Total liabilities and equity		142,427	238,274

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HYPO ALPE-ADRIA-LEASING OOD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

(All amounts are in thousands of Bulgarian levs, unless otherwise stated)

	Notes	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(94,842)	596
ADJUSTMENT FOR:			
Depreciation and amortisation and investment properties		14,770	204
Unrealised foreign exchange loss		3	35
Impairment of assets and gain on initial recognition of repossessed assets		58,157	276
Receivables forfeited		78	712
Recognition of income on initial contribution payable		-	(8,704)
Gain on disposal of repossessed assets		(1,196)	(1,242)
Provisions for unused leave and employee benefits		(9)	(151)
Provision on court disputes and compensations upon restructuring		17,047	241
Interest income		(3,159)	(4,157)
Interest expense		2,387	4,911
Cash flows used in operating activities		(6,764)	(7,279)
Interest paid		(2,355)	(4,911)
Interest received		3,195	4,078
Interest paid, net		840	(833)
Adjustments in working capital:			
Decrease in receivables on finance leases		38,221	41,393
Decrease in loans granted		261	1,259
Decrease / (increase) in VAT receivables		8,802	(53)
(Increase) / decrease in other assets		(18,731)	9,613
Decrease in payables to clients and other payables		(8,639)	(11,002)
Cash flows from operating activities, net		13,990	33,098
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments in subsidiaries		-	4,510
Purchase of tangible and intangible assets	10, 11	(172)	(52)
Cash flows from / (used in) investing activities, net		(172)	4,458
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans received		3,360	-
Loans repaid		(17,158)	(38,276)
Other cash flows from financing activities		2	(9)
Cash flows used in financing activities, net		(13,796)	(38,285)
Net increase / (decrease) in cash and cash equivalents		22	(729)
Cash and cash equivalents on 1 January	16	2,499	3,228
Cash and cash equivalents on 31 December	16	2,521	2,499

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HYPO ALPE-ADRIA-LEASING OOD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

(All amounts are in thousands of Bulgarian levs, unless otherwise stated)

	Share capital (note 19)	Accumulated loss	Total equity
Balance on 1 January 2012	284,597	(296,670)	(12,073)
Conversion of debt into equity	12,323	-	12,323
Total comprehensive income	-	596	596
Balance on 31 December 2012	296,920	(296,074)	846
Balance on 1 January 2013			
Conversion of debt into equity	-	-	-
Total comprehensive income	-	(94,842)	(94,842)
Balance on 31 December 2013	296,920	(390,916)	(93,996)

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