Leasing Companies
Netherlands
Credit Analysis

LeasePlan Corporation NV

Ratings

	Current Ratings
Foreign Currency	
Long-Term IDR	A-
Short-Term IDR	F2
Individual Rating	C
Support Rating	4
Support Rating Floor	B+
Sovereign Risk	
Foreign-Currency Long-Term IDR	AAA
Local-Currency Long-Term IDR	AAA

Outlooks

Foreign-Currency Long-Term IDR	Negative
Sovereign Foreign-Currency Long-Term IDR	Stable
Sovereign Local-Currency Long-Term IDR	Stable

Financial Data

LeasePlan Corporation NV

	30 Jun 2009	31 Dec 2008
Total assets (USDm)	25,674.4	24,631.3
Total assets (EURm)	18,164.9	17,698.8
Equity (EURm)	1,474.7	1,384.1
Operating profit (EURm)	12.2	259.5
Net income (EURm)	60.7	207.5
Fitch comprehensive income (EURm)	90.5	-19.8
Operating profit/ average total assets (%)	0.14	1.52
Operating profit/ average equity (%)	1.72	17.90
Net income - cash dividend/equity (%)	8.30	14.99
Fitch eligible capital/ weighted risks (%)	11.23	9.70
Tier 1 ratio (%)	11.57	9.80

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Rating Rationale

- LeasePlan Corporation NV's (LeasePlan) ratings reflect the strength of its vehicle leasing franchise, its satisfactory capitalisation and good risk management. This is balanced by its reliance on wholesale and government guaranteed funding, weakened profitability and residual value risk exposure.
- LeasePlan's profitability has weakened due to higher residual value losses, impairment charges and margin pressure. Operating profits fell a significant 92% in H109 yoy due; this was affected by a EUR17m loss on hedging transactions (which will unwind in 12 – 18 months) and EUR36m additional provisions for expected residual value losses. Net income benefited from EUR63m non-recurring gains from the repurchase of part of its subordinated debt. Given the impact of the global recession on its key markets, it is focusing on risk-adjusted returns rather than volume growth. LeasePlan benefits from a well-diversified lease portfolio with generally sound counterparties. Risks are well-controlled.
- The group is reliant on wholesale funding, where market conditions continue to be difficult. As a Dutch bank, LeasePlan has been able to issue MTNs and CP guaranteed by the Netherlands since December 2008. By June 2009, it had issued EUR4.2bn and USD3bn of guaranteed notes with maturities of between two to five years. Guaranteed borrowing meant that at 30 June 2009, it had more than sufficient liquidity to continue to meet its financial obligations for 12 months (end-Q308: 12 months) without access to the capital markets. LeasePlan may repo its own-book securitisations (end-H109: EUR2.5bn of eligible collateral) at the ECB and further securitisations are planned. A lower focus on volume growth is likely to ease funding requirements. Fitch Ratings considers its liquidity to be satisfactory but its reliance on wholesale and guaranteed funding is a weakness. Short-term funding is mainly from uncommitted bank lines. It also has access to a three-year EUR1.5bn committed facility, established in Q308, from Volkswagen Group ('BBB+'/Outlook Stable), the parent of LeasePlan's 50% shareholder (Volkswagen Bank).
- Fitch considers LeasePlan's capitalisation to be satisfactory. Capital ratios rose following the implementation of the advanced approaches to credit and operational risk under Basel II in November 2008.

Support

- Fitch believes there is a limited probability that support would be provided to LeasePlan by its shareholders or the Dutch authorities, in case of need.

What Could Trigger a Downgrade?

- Downside risk for LeasePlan's ratings would arise from sustained difficulty in raising non-guaranteed medium term funding, major deterioration in its asset quality, capital or liquidity, or from a prolonged period of weak profitability.

Profile

LeasePlan is the world's leading fleet management group, with 1.4m vehicles under management in 30 countries, mainly as operating leases. In May 2009, LeasePlan announced that Fleet Investments B.V., an SPE owned by Mr. Friedrich von Metzler, a prominent German banker, will become a 50% shareholder of LeasePlan; this transaction received approval from the European Commission (EC) on competition grounds in August 2009. Volkswagen Bank maintains its stake 50% in LeasePlan.

- Leading fleet leasing and management group, managing 1.4 million vehicles worldwide
- Holds a Dutch banking licence
- Regulated by the Dutch Central Bank

Profile

Founded in the Netherlands in 1963, LeasePlan has held a Dutch banking licence since 1993. Two small subsidiaries also hold banking licences. The group is prudentially regulated on a consolidated basis by the Dutch Central Bank (DNB). LeasePlan and its subsidiaries have grown to become a leading fleet and vehicle management group, mainly providing operating leases of between two to five years. LeasePlan and its subsidiaries operate in 30 countries, which occupy number one positions in 13 countries, notably Belgium, Portugal, the Netherlands, Norway, Spain, Sweden and Switzerland; top-three positions in Australia, Austria, Germany, Italy and the UK; and top-five positions in France and the US. LeasePlan's acquisition of Volkswagen's brand-independent Europcar Fleet Services (EFS) in 2005 strengthened its franchise in Italy, Spain and Portugal. In May 2008 LeasePlan boosted its French operations through the acquisition of Daimler Chrysler Fleet Management France S.A.S. (DCS Fleet). LeasePlan has around 1.4 million vehicles under management; 72.6% are in Europe, 18.0% in the US and 9.4% in the rest of the world, mainly Australia. In Europe, 70.9% of the fleet is in the Netherlands, UK, Italy, France, Spain, Germany and Belgium. Its strong international franchise is important, as it enables LeasePlan to offer large multi-nationals a global solution for their fleet management needs. Locally, competitors include subsidiaries of banks, independent importers and dealerships. It had 6,249 employees at end-2008.

Products and Services

LeasePlan mainly provides operating leases, except in the US, where it mainly provides finance leases. The group purchases cars, finances them, sometimes insures them via a captive insurance subsidiary (Euro Insurances) and disposes of them. It partly outsources other services including the management of maintenance, fuel, accidents and rentals. LeasePlan benefits from initiatives to negotiate global and European rebate and bonus agreements. In the US, fewer value-added services are offered. Operating leases come in two forms: "open calculation" and "closed calculation". The former product (about 56% of contracts), gives a customer full access to all information on costs incurred, and the customer's account is credited if actual costs are below budget. LeasePlan bears the risk if it exceeds budget. Under closed calculation, LeasePlan still bears the downside risk, but also benefits from positive variations from budget. It also offers a "management-only" product for customers who finance their fleet independently (around 25% of vehicles under management).

Ownership

LeasePlan was sold by ABN AMRO Bank in November 2004 to a consortium of Volkswagen Bank (50%, a wholly owned subsidiary of Volkswagen Group), Mubadala Development Company (25%; 'AA'/Outlook Stable), an Abu Dhabi sovereign wealth fund, and Olayan (25%), an Athens-based investment vehicle for the Saudi Arabia-based Olayan family. LeasePlan has a joint venture with Mubadala in the UAE. Mubadala and Olayan both held put options entitling them to sell their 25% stakes in LeasePlan to Volkswagen Bank; in December 2008, Mubadala and Olayan announced that they would exercise their put options. On 12 May 2009, LeasePlan announced that Fleet Investments B.V., an SPE established in May 2009, will become a 50% shareholder of LeasePlan. Fleet Investments B.V. is wholly owned by Mr. Friedrich von Metzler, a prominent German banker; it will also hold a put option to sell the 50% LeasePlan stake to Volkswagen Bank. The transaction received EC approval on competition grounds in August 2009. Volkswagen Bank maintains its interest in LeasePlan at 50%.

Corporate Governance

Volkswagen Bank and Fleet Investments B.V. are expected to own LeasePlan through an intermediary holding company, subject to the DNB's approval. LeasePlan's newly formed supervisory board of four members is expected to consist of two representatives from each shareholder; no one is expected to have a casting vote and no shareholder is expected to have overall control. Fitch believes that it is not likely that the change in ownership will impact LeasePlan's independence or result in increased shareholder involvement in LeasePlan's management or activities.

LeasePlan differs substantially from the captive finance subsidiaries of the world's leading car manufacturers. It is car-brand independent; this is critically important, as it enables the group to offer a wide range of cars to clients. It is not controlled by Volkswagen Group and its purpose is not to help finance the sale of Volkswagen cars. Volkswagen Group is keen to emphasise LeasePlan's operational independence and has publicly stated this. If LeasePlan were controlled by Volkswagen Group, it is unlikely that it would gain its current attractive discounts and rebates from other manufacturers. LeasePlan is not consolidated in Volkswagen Group's financial statements. Fitch understands that Volkswagen Group views its stake in LeasePlan as an attractively yielding investment, providing some revenue diversification. However, Volkswagen Group did provide a EUR1.5bn three-year liquidity line to LeasePlan in Q308 to support its funding amid the capital markets dislocation.

Strategy

LeasePlan has adjusted its plans in response to the more challenging wholesale funding markets and the tougher operating environment for its clients. A greater focus is being placed on risk-adjusted returns rather than volume growth. Credit criteria for new business have been tightened. Nevertheless, LeasePlan aims to maintain its leading global position in fleet finance and a key advantage over most competitors is the group's access to government guaranteed funding.

The group has grown organically, supplemented by numerous small acquisitions, such as those of EFS and DCS Fleet, and joint ventures, such as with Dogus Automotive in Turkey. Further geographic expansion via smaller acquisitions or joint ventures is less likely in the difficult operating environment. It commenced activities in Mexico in 2008. In addition to focusing on value-added services as part of its vertically integrated model, LeasePlan develops new products to help meet client needs, such as the GreenPlan product aimed at addressing sustainability issues, which help strengthen its competitive position.

Performance

- Significant decline in profitability due to higher residual value losses and impairment charges and margin pressure
- Good track record of net income growth before H108
- Greater focus on risk-adjusted returns and fee income than volume growth
- Relatively high cost base from labour-intensive and small-ticket business

LeasePlan enjoyed a good track record of net income growth before H108 but the more difficult operating environment has weakened performance as it suffered overall residual value losses in H208 for the first time and impairment charges rose. In H109, operating profits declined a significant 92% yoy as the group incurred higher residual value losses and impairment charges and margins came under pressure in challenging market conditions. This was reflected in the deterioration of most profitability measures in H109.

Earnings are underpinned by LeasePlan's strong franchise, which enables it to benefit from bulk purchasing discounts and rebates from some manufacturers and suppliers (it purchases about 300,000 vehicles per year). The global fleet management solution it can provide to some of its largest multinational clients means that customer loyalty is very strong. On smaller accounts, the group faces competition within its countries of operation.

Lease contracts were flat in H109 and declined by 1.5% in H208 after a compound annual growth rate of 11% in 2004-H108 (which included EUR217m from the DCS fleet in H108), although this was impacted by FX movements. Net finance lease receivables totalled EUR2.3bn at end-2008. LeasePlan aims to focus on risk-adjusted returns rather than volume growth; this reduction in volumes will put pressure on revenue but the group is taking measures to mitigate this. Adjusting for discontinued businesses (non-core bodywork shops), underlying net income declined

Table 1: Performance

	H109	2008	H108	2007	H107	2006	2005	2004
Total assets (EURm)	18,165	17,699	17,184	16,345	16,157	15,805	14,316	11,865
Lease and receivables portfolio (EURm)	14,913	14,955	15,185	14,472	14,175	15,580	12,921	10,481
Equity (EURm)	1,475	1,384	1,561	1,404	1,374	1,371	1,208	1,033
Fleet under management (vehicles)	1,370,000	1,391,000	1,362,000	1,315,000	1,281,000	1,258,000	1,225,000	1,090,000
Operating profit (EURm)	12	260	149	313	147	282	254	257
Net income (EURm, continuing operations)	61	208	117	240	112	209	201	190
Result on terminated contracts (EURm)	-66	-39	9	47	19	19	36	41
Operating profit/ average equity (%)	1.7	17.9	20.2	22.6	21.6	21.9	22.9	n.a.
Operating profit/ average total assets (%)	0.1	1.5	1.8	2.0	1.9	1.9	2.0	n.a.
Efficiency ratio[1] (%)	74.7	69.7	67.2	65.9	66.3	66.9	70.5	70.6
Net impairment charge/lease portfolio (%)	0.3	0.1	0.1	0.1	0.1	0.2	0.1	0.1

[1] Operating expenses including amortisation and depreciation of non-lease assets/operating income net of impairment costs
Source: LeasePlan

by 14% in 2008 (2007: 15% growth). This decline mainly reflects its result on terminated contracts, where it has suffered residual value losses.

Operating profit was split 74.0% in the euro zone, 20.1% in Europe (non-euro zone) and 5.9% from the rest of the world in H109. In Fitch's view, LeasePlan's US operations make a modest contribution to group earnings for several reasons: its presence in the US largely results from its largest European clients having their head offices there; competition from companies including GE Capital, which has cheaper funding costs, is intense; it offers fewer value-added services than in Europe and the rest of the world; and finance leasing is less remunerative because it is lower risk (e.g. no residual value risk is taken). Fitch comprehensive income was negative in 2008 due to negative movements in the group's cash flow hedges and FX translation reserves in equity, reflecting declining interest rates and the depreciation of major currencies against the EUR. In particular, GBP/EUR depreciation has impacted UK results.

Revenue

LeasePlan's revenue is split broadly one-third net interest income and two-thirds non-interest income. Other operating income was net of EUR3.2bn of lease expenses in 2008, mainly vehicle depreciation. LeasePlan's net interest income declined by 24% in H109 yoy and the net interest revenue/average earning assets ratio declined to 1.3% in H109 (2008: 1.7%); pressures remain from funding costs in the difficult capital markets and competition. Net interest income was also negatively impacted by timing differences from hedging transactions in H109. Non-interest income arises from value-added services and includes management fee income, net rental income, net insurance income, income from rebates and bonuses. Net income in H109 benefited from EUR63m gains from the repurchase of part of its subordinated debt (nominal value EUR230m); Fitch considers this to be non-recurring income.

LeasePlan's result on terminated contracts, or its profits or losses from the sale of assets at the end of lease contracts, declined to a EUR66m loss in H109 (H208: EUR48m loss). The group's result on terminated contracts has improved somewhat month on month in H109 but this is still a drag on earnings, reflecting weakening car resale values and increasingly competitive residual values at lease inception. However, its ability to manage this risk is supported by sophisticated pricing and risk management abilities.

Non-Interest Expenses

LeasePlan monitors its "efficiency ratio" (see Table 1); at 70% in 2008, this is fairly high, reflecting its labour-intensive business due to the broad range of services it provides, the relatively low value of its leased assets, as well as a decline in revenue. However, LeasePlan's efficiency measures are not directly comparable to commercial banks'. Staff expenses accounted for 60% of operating costs in 2008.

The group is taking measures to control costs. Impairment losses on receivables rose to a high 67% of pre-impairment operating profits in H109 but were equivalent to a low 33bp of the lease portfolio. LeasePlan moved to an expected loss basis for calculating its impairment charges when it implemented the advanced approach to credit risk under Basel II in November 2008. Average write-offs in 2006-2008 were around EUR15m/year. A slightly lower overall tax rate benefited underlying net income.

Prospects

LeasePlan's performance has been negatively affected by the difficult times. Higher residual value losses and impairment charges, as well as pressure on margins, are likely to persist during the global recession and wholesale funding market dislocation. Nevertheless, LeasePlan's strong franchise and diversification, and the customer loyalty that this entails, means its long-term profitability ought to remain adequate. While demand for LeasePlan's products has declined as the global recession hits the group's key markets and clients, its business has an element of counter-cyclicality to it. As companies focus on cost cutting, outsourcing functions such as fleet management would increasingly be considered. Tougher economic conditions tend to make customers extend their contracts, which can be profitable for LeasePlan. It expects that its position as one of Europe's largest car purchasers coupled with the automotive industry's weak circumstances could lead to some further bonuses and rebates in procurement. Furthermore, access to guaranteed funding gives the group a competitive advantage. LeasePlan anticipates that these factors will result in improved margins and asset quality. However, further residual value losses are likely in 2009. Earnings will also come under pressure from a lower focus on volume growth and higher funding costs, though the group aims to adjust its risk adjusted pricing to compensate for this.

Management expects 2009 to be challenging and has reduced expectations for net income. Fitch believes that LeasePlan may find it challenging to maintain adequate levels of profitability in 2009, although its earnings potential is strengthened by its strong franchise and track record and H209 results are expected to improve compared with H109. In the long term, there are signs that its large Europe-based multinational clients might be moving their US contracts to an operating lease model in line with the more remunerative one operated by LeasePlan in Europe, which could benefit earnings.

- Credit and residual value risks tightly controlled
- Interest rate risk hedged

Risk Management

LeasePlan primarily faces credit, liquidity and residual value risks, all of which have historically been very tightly controlled. Liquidity risk is a significant risk for any bank, and LeasePlan is no exception, particularly given its reliance on wholesale funding.

Credit Risk

Credit risk has historically been very tightly controlled. The group's largest exposures are generally to major corporate customers of solid credit standing. Risk is mitigated as all facilities are uncommitted, short-term and collateralised. LeasePlan also has no commitments to buy cars from manufacturers. Nevertheless, strict new guidelines were introduced in 2008 in response to the worsening international economy, with higher minimum thresholds for risk-adjusted returns, counterparty credit quality and payment terms. As part of the group's reduced focus on volume growth, the portfolio was comprehensively reviewed to identify problem areas in 2008.

LeasePlan uses an internal rating system with 14 grades to score corporate lessees' credit risk. Scorecards are used for small fleet leases, which account for around 10% of the lease portfolio. Limits are set for individual borrowers/lessees, for groups of borrowers/lessees and for industry segments. Small countries have low discretionary limits of their own, after which they are referred to the head office. Lower-rated counterparties have to make higher prepayments, have lower residual values priced in and may be asked for additional collateral (such as a parental or bank guarantee). All credits are reviewed at least annually. The portfolio is spread across a range of sectors and regions, with the 20 largest customers accounting for 16% of the lease portfolio at end-Q109. LeasePlan's credit risk systems were approved for Basel II compliance, and the bank received DNB approval to implement the advanced internal ratings-based (AIRB) approach for credit risk under Basel II in November 2008.

As Table 1 shows, net impairment provisions have historically been extremely low relative to its portfolio and earnings, but these are rising. Net charge-offs were a low 9bp of average receivables and leases in 2008 (2007: 13bp). Impairment charges increased substantially in H109 yoy to EUR25m, but this represented a still low 33bp of lease and receivables (2008: 6bp). An impairment reserve of EUR71m was held for impairment losses at end-H109. Default rates are rising, particularly within the group's Spanish and UK operations. Default rates are highest in the group's small fleet portfolio but, even within this segment, remain relatively low.

LeasePlan had EUR79m of impaired receivables at end-H109 (end-2008: EUR51m), and about EUR226m of past due but not impaired receivables (end-2008: EUR236m). A substantial part of this relates to disputed invoices, but this has reduced after the introduction of an option for clients to use an independent third party to value "unfair" wear and tear. Typically, disputed invoices account for half of impairment charges. Coverage of impaired receivables appears adequate.

Residual-Value Risk

Fitch believes that residual-value risk is well-managed by LeasePlan. A team of economists monitors and estimates residual values and determines which brands and models are particularly at risk. In the past, the group's geographical and model diversification meant that losses could be absorbed by residual-value profits elsewhere, although this benefit has weakened as the global recession has heightened cross-border correlations. Owing to its geographical reach, LeasePlan is able to use international re-marketing for assets, particularly if the cars are left-hand drive in Europe. A number of its services (e.g. fuel and maintenance management) enable the group to keep a close eye on vehicle maintenance and servicing. Unfair wear and tear is charged for, as are mileage variation and early terminations, through, for example, the difference between market value and book value and a penalty for the funding cost. Contractual residual values have been revised downwards since H108 and are generally calculated three-six months before a leased car is put on the road, allowing the group to respond to market conditions relatively quickly. Residual values should benefit from greater interest in the second-hand car market during the tougher economic conditions. Residual-value risk is not material in the US as most transactions are finance rather than operating leases. Nevertheless, Fitch notes that exposure to residual values is a feature of LeasePlan's business model; while residual-value had been a source of income, the group incurred losses in H208 for the first time and further losses will be incurred in 2009. The markets most affected are the Netherlands, Spain and the UK.

Market Risks

Until 2006, LeasePlan took no interest rate risk. Since then, modest gaps have been opened. Countries have small interest rate mismatch limits of 2.5% of interest-bearing assets, after which interest rate risk has to be passed from local management to the treasury centre in Dublin, which has a 5% mismatch limit per bucket. Fitch understands that typically only around 3% of lease contracts are not matched by loans of a similar duration. LeasePlan does not take speculative FX risk. Derivative counterparties are of high quality.

Insurance Risk

LeasePlan's captive insurance subsidiary, Euro Insurances, is regulated in Ireland and writes insurance contracts to cover vehicle damage, third-party liability, passenger indemnity and legal assistance risks. Some of these risks are then ceded.

Operational Risk

Operational risk is controlled by risk self-assessments, and loss data has been collected since January 2004, when the group's operational risk policy was also rolled out. Each country has an operational risk coordinator and 370 people have access to the loss database. Most reported losses are about EUR5,000 and mainly relate to disputed invoices, ordering, IT problems and insurance and accounting errors. The database has more than 3,000 data points. LeasePlan received approval from the DNB to adopt the advanced measurement approach (AMA) under Basel II in November 2008 and has used external data to supplement its low frequency, high-impact event data. Operational losses since January 2004 have been substantially less than the current AMA capital requirement. The group is confident that it can adapt to potential EU emissions regulations.

Funding and Capital

- Reliant on wholesale funding
- Government guaranteed MTN has become a major funding source
- EUR2.5bn of eligible own-book lease securitisations may be repoed at the ECB
- Q409 establishment of retail savings bank could improve funding profile
- Reduced focus on volume growth eases funding requirements
- Liquidity is satisfactory, with a significant buffer from syndicated lines, back-stop facilities and a committed facility from Volkswagen Group
- Satisfactory capitalisation
- Capital ratios improved after adoption of AIRB and AMA in November 2008

When owned by ABN AMRO Bank, LeasePlan relied on intra-group and money-market funding. Since the change in ownership, LeasePlan has refinanced its ABN AMRO funding in the capital markets and the diversity and maturity profile of funding has materially improved. Its EUR5bn ABN AMRO committed bridge facility has been replaced by an EMTN programme, an AUD debt issuance programme, securitisations, committed backstop facilities and a committed facility from Volkswagen Group. Further diversification is desirable but will be challenging to achieve.

LeasePlan is reliant on wholesale funding and its access to the public bond and private placement markets has effectively been suspended by the dislocation of the wholesale funding markets. The Dutch Ministry of Finance announced its intention to establish a guarantee scheme in October 2008 where eligible financial institutions may issue up to EUR200bn in aggregate of MTNs or CP guaranteed by the Netherlands. LeasePlan is eligible for this scheme and made the inaugural issuance under the scheme in December 2008, when it issued EUR1.45bn of two-year notes (rated 'AAA'). LeasePlan has since issued EUR1.25bn of three-year notes in February 2009, USD2.5bn of three-year notes in April 2009, and EUR1.5bn and USD500m of five-year notes in May 2009, guaranteed by the Netherlands. LeasePlan also updated its EUR3bn CP programme to comply with the scheme. Fitch believes that LeasePlan's substantial guaranteed issuance has removed short-term liquidity concerns. Fitch notes that, in common with other financial institutions, this is unsustainable in the medium term and alternative funding sources will be necessary. This, however, will depend on improved conditions in, and access to, wholesale funding markets.

Since December 2004 and prior to December 2008, LeasePlan issued EUR12.5bn of non-guaranteed MTN from its EUR15bn EMTN and AUD2bn debt issuance programmes. More than 550 investors have invested in LeasePlan in the primary market. At end-2008, 43% of long-term borrowing matured in less than one year but this has been refinanced using guaranteed issuance. Since mid-October 2007, LeasePlan's private placement franchise enabled it to raise EUR712m in seven currencies across 21 transactions. It also has a EUR2bn Belgian CD programme.

As a bank, LeasePlan can access the ECB's repo facilities using EUR2.5bn 'AAA' rated notes from the own-book securitisations of its lease portfolio as collateral. This provides an important buffer of readily available and relatively cheap liquidity as long as it can create eligible assets from its balance sheet. LeasePlan's own-book securitisations had an average weighted life of 3.3 years at end-H109, of which EUR0.6bn was repoed at the ECB; the group intends to maintain this capacity.

LeasePlan's securitisation programme covers seven countries, including the Netherlands, Germany and the UK. A Spanish securitisation is planned for Q409 (EUR700m) and the group is considering Italy, Australia and the US for further securitisations. Due to the time required to set up new securitisations eligible as ECB collateral, LeasePlan agreed a one-year syndicated bank facility for EUR750m in May 2008, which has since expired.

Customer deposits are mainly sourced from Dutch local authorities via money brokers. This supports the group's short-term funding needs while the CD and CP markets remain relatively expensive and illiquid, although LeasePlan has been able to access these markets. It has long-standing relationships with a wide range of banks and has available uncommitted lines from them, even in the current market conditions. At end-Q109, uncommitted interbank drawings were EUR445m. Bilateral lines of EUR1bn (about 50% drawn) mainly relate to the Brazilian, Indian, Czech Republic, Hungarian, Italian, Polish, Slovakian, Australian and New Zealand operations.

LeasePlan's banking licence allows it to raise retail deposits. It aims to establish an internet-based savings bank in Q409, initially focused on the Netherlands, and then expanding into other countries. Certain functions will be outsourced. Fitch believes that this could improve LeasePlan's funding profile but notes that it will be challenging to build a franchise in the retail savings market, which is highly competitive and price sensitive.

Debt and bank finance is mainly raised at the group level and by LeasePlan Finance N.V., its Dublin branch. LeasePlan Finance N.V.'s funding is guaranteed by LeasePlan under a "403 Declaration"; this is revocable at LeasePlan's option, but any outstanding notes or bank finance would be grandfathered. A revocation of the declaration could release LeasePlan from its obligations only if LeasePlan Finance NV were no longer a subsidiary of the group. Local subsidiaries in some jurisdictions may raise bank funding in their own names, also guaranteed by LeasePlan.

Covenants

LeasePlan does not have to maintain any financial covenants under the terms of its funding and none of its funding agreements contains material adverse change clauses. There are "credit event upon merger" clauses in some of the ISDA agreements. There are no rating triggers in the documentation of its capital market funding instruments or in its syndicated or bilateral bank facilities.

Liquidity

LeasePlan's contingency liquidity plans have been communicated to the DNB and include phased actions to be taken by the treasury, chief financial officer, management board and, ultimately, the DNB. These plans come into effect if LeasePlan cannot attract uncommitted funding, e.g. if debt capital markets are closed.

Typical of most leasing companies, LeasePlan holds relatively modest liquid assets on its balance sheet. However, given access to guaranteed funding as well as the syndicated and Volkswagen Group committed facilities available to the group, it has a high level of available liquid resources. Following the issuance of substantial guaranteed notes of lengthening tenor in Q408 and H109, LeasePlan's liquidity profile has strengthened, despite the dislocation of the wholesale funding markets, with an increase in the number of time bands with positive maturity mismatches. At 30 June 2009, LeasePlan had more than sufficient liquidity to continue business as usual and meet its financial obligations for 12 months, which Fitch considers solid (end-Q108: 12 months). This very severe scenario assumes that it is not able to refinance any of its maturing obligations except through ECB repos, with all other funding, including maturing committed lines, assumed to be repaid, and not taking into account the group's reduced focus on volume growth or any retail deposits.

This buffer dipped to five months in summer 2008, before being boosted by the Volkswagen Group line and then by government guaranteed issuance.

Undrawn committed lines and excess cash of about EUR6.5bn were available at end-May 2009. LeasePlan typically maintains cash balances of about EUR500m (end-May 2009: EUR835m). The group has a EUR2bn syndicated backstop facility (EUR1bn until December 2009 and EUR1bn due December 2011) from 25 banks; the renewal of the facility due in 2009 is likely to be expensive and LeasePlan is considering its options. In 2008, no calls were made on the group's EUR2bn standby liquidity facilities. It also had EUR1.1bn of unutilised repo eligible collateral and its EUR1.5bn three-year committed unutilised line from Volkswagen at May 2009.

If the weak wholesale market conditions persist, management could reduce new leasing business further. In run-off, LeasePlan would have sufficient liquidity for around three to four years; the lease portfolio would run down steadily over this period at about EUR4bn-EUR5bn per year. Generally, lease contracts are written for three-four years with average remaining duration of around two years. Further own-book securitisations are planned to extend liquidity. As a bank, LeasePlan is required to meet regulatory liquidity limits.

Capital

LeasePlan controls its leverage by monitoring its regulatory capital position. The group uses an economic capital model based on Basel II principles, which captures expected losses and residual value risks. This is also used in its profitability models for product pricing and at local management level. Fitch believes LeasePlan is satisfactorily capitalised. The group received approval from the DNB to adopt the AIRB and AMA in November 2008; this resulted in a moderate decrease in risk weighted assets and an increase in capital ratios, mainly due to lower requirements for residual value and credit risks, the latter reflecting low historical credit losses. At end-H109, LeasePlan's Tier 1 and capital adequacy ratios (CAR) were at 11.6% and 13.6% respectively, which Fitch considers satisfactory. The Fitch Eligible Capital/Weighted Risks ratio (end-H109: 11.2%) is lower than the Tier 1 ratio due to the deduction of accumulated other comprehensive income, which consists of the group's FX translation and cash flow hedge reserves (end: H109: –EUR172m; end-2008: –EUR201.4m). The DNB will review LeasePlan's capital requirements following the completion of its ICAAP assessment in 2009; its current minimum CAR is 10%. The group's Tier 1 capital contains no preference shares or other innovative Tier 1 instruments. Tier 2 capital had consisted of a EUR500m subordinated notes issued in 2006, which replaced EUR240m of cheap, legacy subordinated funds from Volkswagen Bank. In June 2009, LeasePlan repurchased part of its own subordinated notes with nominal value of EUR230m; the group received EUR63m gains in this transaction, which increased Tier 1 capital. There was no cash dividend relating to 2008; LeasePlan paid EUR195m total cash dividends in 2007, of which EUR65m related to 2006.

LEASEPLAN CORPORATION NV

Income Statement

	30 Jun 2009				31 Dec 2008		31 Dec 2007		31 Dec 2006	
	6 Months - Interim USDm Original	6 Months - Interim EURm Original	As % of Earning Assets Original	Average EURm Original	Year End EURm Original	As % of Earning Assets Original	Year End EURm Original	As % of Earning Assets Original	Year End EURm Original	As % of Earning Assets Original
Income Statement										
1. Interest Income on Loans	667.0	471.9	5.58	710.8	949.6	5.90	894.3	5.90	749.6	5.31
2. Other Interest Income	n.a.	n.a.	-	n.a.	0.0	0.00	0.0	0.00	0.0	0.00
3. Dividend Income	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
4. Gross Interest and Dividend Income	**667.0**	**471.9**	**5.58**	**710.8**	**949.6**	**5.90**	**894.3**	**5.90**	**749.6**	**5.31**
5. Interest Expense on Customer Deposits	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
6. Preferred Dividends Paid & Declared	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
7. Other Interest Expense	510.7	361.3	4.27	521.4	681.4	4.23	607.3	4.01	446.9	3.16
8. Total Interest Expense	**510.7**	**361.3**	**4.27**	**521.4**	**681.4**	**4.23**	**607.3**	**4.01**	**446.9**	**3.16**
9. Net Interest Income	**156.3**	**110.6**	**1.31**	**189.4**	**268.2**	**1.67**	**287.0**	**1.89**	**302.7**	**2.14**
10. Net Gains (Losses) on Trading and Derivatives	-92.6	-65.5	-0.77	-52.2	-38.9	-0.24	46.6	0.31	19.3	0.14
11. Net Gains (Losses) on Other Securities	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
12. Net Gains (Losses) on Assets at FV through Income Statement	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
13. Net Insurance Income	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	62.2	0.44
14. Net Fees and Commissions	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	187.3	1.33
15. Other Operating Income	550.9	389.8	4.61	524.1	658.4	4.09	618.4	4.08	347.3	2.46
16. Total Non-Interest Operating Income	**458.4**	**324.3**	**3.83**	**471.9**	**619.5**	**3.85**	**665.0**	**4.39**	**616.1**	**4.36**
17. Personnel Expenses	261.8	185.2	2.19	279.0	372.9	2.32	371.1	2.45	360.1	2.55
18. Other Operating Expenses	299.6	212.0	2.50	228.8	245.6	1.52	256.2	1.69	254.4	1.80
19. Total Non-Interest Expenses	**561.4**	**397.2**	**4.69**	**507.9**	**618.5**	**3.84**	**627.3**	**4.14**	**614.5**	**4.35**
20. Equity-accounted Profit/ Loss - Operating	-1.3	-0.9	-0.01	-0.5	-0.1	0.00	0.7	0.00	0.1	0.00
21. Pre-Impairment Operating Profit	**52.0**	**36.8**	**0.43**	**153.0**	**269.1**	**1.67**	**325.4**	**2.15**	**304.4**	**2.15**
22. Loan Impairment Charge	34.8	24.6	0.29	17.1	9.6	0.06	12.0	0.08	21.9	0.16
23. Other Credit Impairment Charges	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
24. Operating Profit	**17.2**	**12.2**	**0.14**	**135.9**	**259.5**	**1.61**	**313.4**	**2.07**	**282.5**	**2.00**
25. Equity-accounted Profit/ Loss - Non-operating	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
26. Non-recurring Income	89.0	63.0	0.74	n.a.	n.a.	-	n.a.	-	n.a.	-
27. Non-recurring Expense	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
28. Change in Fair Value of Own Debt	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
29. Other Non-operating Income and Expenses	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
30. Pre-tax Profit	**106.3**	**75.2**	**0.89**	**167.4**	**259.5**	**1.61**	**313.4**	**2.07**	**282.5**	**2.00**
31. Tax expense	20.5	14.5	0.17	33.3	52.0	0.32	73.0	0.48	73.8	0.52
32. Net Income	**85.8**	**60.7**	**0.72**	**134.1**	**207.5**	**1.29**	**240.4**	**1.59**	**208.7**	**1.48**
33. Profit/Loss from Discontinued Operations	n.a.	n.a.	-	n.a.	-5.0	-0.03	16.3	0.11	0.8	0.01
34. Change in Value of AFS Investments	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
35. Currency Translation Differences	35.3	25.0	0.30	-11.0	-47.0	-0.29	-21.4	-0.14	-6.1	-0.04
36. Remaining OCI Gains/(losses)	6.8	4.8	0.06	-85.3	-175.3	-1.09	-38.4	-0.25	26.0	0.18
37. Fitch Comprehensive Income	**127.9**	**90.5**	**1.07**	**35.4**	**-19.8**	**-0.12**	**196.9**	**1.30**	**229.4**	**1.62**
38. Memo: Profit Allocation to Non-controlling Interests	n.a.	n.a.	-	n.a.	0.0	0.00	1.2	0.01	-1.3	-0.01
39. Memo: Net Income after Allocation to Non-controlling Interests	85.8	60.7	0.72	134.1	207.5	1.29	239.2	1.58	210.0	1.49
40. Memo: Common Dividends Paid & Declared in the Period	0.0	0.0	0.00	0.0	0.0	0.00	130.0	0.86	65.0	0.46
Exchange Rate		USD1 = EUR 0.7075			USD1 = EUR 0.7186		USD1 = EUR 0.6793		USD1 = EUR 0.7593	

LEASEPLAN CORPORATION NV

Assets & Off-Balance Sheet Items

	30 Jun 2009				31 Dec 2008		31 Dec 2007		31 Dec 2006	
	6 Months - Interim USDm Original	6 Months - Interim EURm Original	As % of Assets Original	Average EURm Original	Year End EURm Original	As % of Assets Original	Year End EURm Original	As % of Assets Original	Year End EURm Original	As % of Assets Original
A. Loans										
1. Residential Mortgage Loans	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
2. Other Consumer/ Retail Loans	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
3. Corporate & Commercial Loans	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
4. Other Loans	21,179.1	14,984.4	82.49	14,998.2	15,012.0	84.82	14,534.5	88.92	13,650.1	86.36
5. Less: Reserves for Impaired Loans/ NPLs	100.4	71.0	0.39	64.2	57.3	0.32	62.9	0.38	69.9	0.44
6. Total Loans Net of Reserves	**21,078.7**	**14,913.4**	**82.10**	**14,934.1**	**14,954.7**	**84.50**	**14,471.6**	**88.54**	**13,580.2**	**85.92**
7. Memo: Gross Loans	21,179.1	14,984.4	82.49	14,998.2	15,012.0	84.82	14,534.5	88.92	13,650.1	86.36
8. Memo: Impaired Loans included above	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
9. Memo: Loans at Fair Value included above	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
B. Other Earning Assets										
1. Loans and Advances to Banks	1,847.6	1,307.2	7.20	1,094.5	881.7	4.98	489.1	2.99	840.9	5.32
2. Trading Securities	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
3. Derivatives	278.9	197.3	1.09	214.6	231.9	1.31	72.9	0.45	56.1	0.35
4. Available for Sale Securities	0.0	0.0	0.00	0.0	0.0	0.00	29.6	0.18	31.3	0.20
5. Held to Maturity Securities	710.9	503.0	2.77	436.2	369.3	2.09	117.8	0.72	155.6	0.98
6. At-equity Investments	33.6	23.8	0.13	23.8	23.8	0.13	25.9	0.16	17.5	0.11
7. Other Securities	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
8. Total Securities	**1,023.4**	**724.1**	**3.99**	**674.6**	**625.0**	**3.53**	**246.2**	**1.51**	**260.5**	**1.65**
9. Memo: Government Securities included Above	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
10. Investments in Property	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
11. Insurance Assets	69.5	49.2	0.27	39.4	29.5	0.17	21.0	0.13	15.0	0.09
12. Other Earning Assets	221.9	157.0	0.86	186.5	215.9	1.22	186.1	1.14	193.5	1.22
13. Total Earning Assets	**24,241.2**	**17,150.9**	**94.42**	**16,928.9**	**16,706.8**	**94.40**	**15,414.0**	**94.30**	**14,890.1**	**94.21**
C. Non-Earning Assets										
1. Cash and Due From Banks	44.4	31.4	0.17	28.5	25.5	0.14	13.4	0.08	12.7	0.08
2. Foreclosed Real Estate	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
3. Fixed Assets	129.0	91.3	0.50	93.6	95.8	0.54	88.2	0.54	93.3	0.59
4. Goodwill	n.a.	n.a.	-	n.a.	86.2	0.49	75.9	0.46	75.9	0.48
5. Other Intangibles	210.9	149.2	0.82	98.8	48.3	0.27	42.5	0.26	35.5	0.22
6. Current Tax Assets	72.1	51.0	0.28	40.2	29.3	0.17	19.4	0.12	59.4	0.38
7. Deferred Tax Assets	185.4	131.2	0.72	132.5	133.7	0.76	113.3	0.69	120.6	0.76
8. Discontinued Operations	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
9. Other Assets	791.4	559.9	3.08	566.6	573.2	3.24	578.6	3.54	517.9	3.28
10. Total Assets	**25,674.4**	**18,164.9**	**100.00**	**17,931.9**	**17,698.8**	**100.00**	**16,345.3**	**100.00**	**15,805.4**	**100.00**
D. Off-Balance Sheet Items										
1. Managed Securitized Assets Reported Off-Balance Sheet	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
2. Liquidity Lines to SPEs	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
3. Guarantees	n.a.	n.a.	-	n.a.	n.a.	-	1,900.0	11.62	1,800.0	11.39
4. Acceptances Reported Off-Balance Sheet	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
5. Committed Credit Lines	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
6. Other Contingent Liabilities	n.a.	n.a.	-	n.a.	n.a.	-	109.0	0.67	139.0	0.88
7. Total Business Volume	**25,674.4**	**18,164.9**	**100.00**	**17,931.9**	**17,698.8**	**100.00**	**18,354.3**	**112.29**	**17,744.4**	**112.27**
8. Memo: Total Weighted Risks	**18,563.3**	**13,133.7**	**72.30**	**12,568.4**	**12,003.0**	**67.82**	**15,594.0**	**95.40**	**14,289.0**	**90.41**
Exchange Rate		USD1 = EUR 0.7075			USD1 = EUR 0.7186		USD1 = EUR 0.6793		USD1 = EUR 0.7593	

LEASEPLAN CORPORATION NV

Liabilities and Equity

	30 Jun 2009				31 Dec 2008		31 Dec 2007		31 Dec 2006	
	6 Months - Interim USDm Original	6 Months - Interim EURm Original	As % of Assets Original	Average EURm Original	Year End EURm Original	As % of Assets Original	Year End EURm Original	As % of Assets Original	Year End EURm Original	As % of Assets Original
E. Interest-Bearing Liabilities										
1. Customer Deposits - Current	351.5	248.7	1.37	947.0	1,645.2	9.30	805.5	4.93	380.9	2.41
2. Customer Deposits - Savings	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
3. Customer Deposits - Term	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
4. Total Customer Deposits	**351.5**	**248.7**	**1.37**	**947.0**	**1,645.2**	**9.30**	**805.5**	**4.93**	**380.9**	**2.41**
5. Deposits from Banks	2,601.0	1,840.2	10.13	2,831.4	3,822.5	21.60	1,618.1	9.90	955.5	6.05
6. Other Deposits and Short-term Borrowings	n.a.	n.a.	-	n.a.	349.5	1.97	609.0	3.73	646.9	4.09
7. Total Deposits, Money Market and Short-term Funding	**2,952.5**	**2,088.9**	**11.50**	**3,953.1**	**5,817.2**	**32.87**	**3,032.6**	**18.55**	**1,983.3**	**12.55**
8. Long-term Borrowing	16,582.0	11,731.9	64.59	9,685.7	7,639.5	43.16	9,249.9	56.59	10,052.1	63.60
9. Subordinated Borrowing	379.6	268.6	1.48	383.5	498.4	2.82	500.0	3.06	500.0	3.16
10. Other Funding	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
11. Total Long Term Funding	**16,961.6**	**12,000.5**	**66.06**	**10,069.2**	**8,137.9**	**45.98**	**9,749.9**	**59.65**	**10,552.1**	**66.76**
12. Derivatives	769.9	544.7	3.00	452.1	359.4	2.03	39.1	0.24	15.5	0.10
13. Trading Liabilities	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
14. Total Interest Bearing Liabilities	**20,683.9**	**14,634.1**	**80.56**	**14,474.3**	**14,314.5**	**80.88**	**12,821.6**	**78.44**	**12,550.9**	**79.41**
F. Non-Interest Bearing Liabilities										
1. Fair Value Portion of Debt	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
2. Credit impairment reserves	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
3. Reserves for Pensions and Other	34.1	24.1	0.13	24.6	25.1	0.14	30.4	0.19	31.1	0.20
4. Current Tax Liabilities	71.2	50.4	0.28	38.5	26.6	0.15	33.4	0.20	26.2	0.17
5. Deferred Tax Liabilities	191.9	135.8	0.75	138.7	141.6	0.80	132.8	0.81	133.4	0.84
6. Other Deferred Liabilities	n.a.	n.a.	-	n.a.	507.5	2.87	587.1	3.59	492.4	3.12
7. Discontinued Operations	2.7	1.9	0.01	2.3	2.6	0.01	3.9	0.02	18.0	0.11
8. Insurance Liabilities	368.3	260.6	1.43	n.a.	n.a.	-	n.a.	-	n.a.	-
9. Other Non-interest Bearing Liabilities	2,237.8	1,583.3	8.72	1,440.1	1,296.8	7.33	1,332.2	8.15	1,182.4	7.48
10. Total Liabilities	**23,590.1**	**16,690.2**	**91.88**	**16,502.5**	**16,314.7**	**92.18**	**14,941.4**	**91.41**	**14,434.4**	**91.33**
G. Hybrid Capital										
1. Pref. Shares and Hybrid Capital accounted for as Debt	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
2. Pref. Shares and Hybrid Capital accounted for as Equity	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
H. Equity										
1. Common Equity	2,326.8	1,646.2	9.06	1,615.9	1,585.5	8.96	1,383.0	8.46	1,321.6	8.36
2. Non-controlling Interest	n.a.	n.a.	-	n.a.	0.0	0.00	0.0	0.00	-1.0	-0.01
3. Securities Revaluation Reserves	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
4. Accumulated Other Comprehensive Income	-242.4	-171.5	-0.94	-186.5	-201.4	-1.14	20.9	0.13	50.4	0.32
5. Total Equity	**2,084.4**	**1,474.7**	**8.12**	**1,429.4**	**1,384.1**	**7.82**	**1,403.9**	**8.59**	**1,371.0**	**8.67**
6. Total Liabilities and Equity	**25,674.4**	**18,164.9**	**100.00**	**17,931.9**	**17,698.8**	**100.00**	**16,345.3**	**100.00**	**15,805.4**	**100.00**
7. Memo: Fitch Core Capital	2,084.4	1,474.7	8.12	1,319.5	1,164.2	6.58	1,214.7	7.43	1,174.5	7.43
8. Memo: Fitch Eligible Capital	2,084.4	1,474.7	8.12	1,319.5	1,164.2	6.58	1,214.7	7.43	1,174.5	7.43
Exchange Rate		USD1 = EUR 0.7075			USD1 = EUR 0.7186		USD1 = EUR 0.6793		USD1 = EUR 0.7593	

LEASEPLAN CORPORATION NV

Summary Analytics

	30 Jun 2009	31 Dec 2008	31 Dec 2007	31 Dec 2006
	6 Months - Interim	Year End	Year End	Year End
	EURm	EURm	EURm	EURm
	Original	Original	Original	Original
A. Interest Ratios				
1. Interest Income on Loans/ Average Net Loans	6.34	6.37	6.35	5.63
2. Interest Expense on Customer Deposits/ Average Customer Deposits	n.a.	n.a.	n.a.	n.a.
3. Interest Income/ Average Earning Assets	5.62	5.90	5.90	5.31
4. Interest Expense/ Average Interest-bearing Liabilities	5.03	5.05	4.79	3.73
5. Net Interest Revenue/ Average Earning Assets	1.32	1.67	1.89	2.14
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	1.02	1.61	1.81	1.99
B. Other Operating Profitability Ratios				
1. Non-interest Income/ Gross Revenues	74.57	69.79	69.85	67.05
2. Non-Interest Expense/ Gross Revenues	91.33	69.67	65.89	66.88
3. Pre-impairment Op. Profit/ Average Equity	5.19	18.56	23.45	23.60
4. Pre-impairment Op. Profit/ Average Total Assets	0.41	1.58	2.02	2.02
5. Credit Impairment Charges/ Pre-impairment Op. Profit	66.85	3.57	3.69	7.19
6. Operating Profit/ Average Equity	1.72	17.90	22.59	21.90
7. Operating Profit/ Average Total Assets	0.14	1.52	1.95	1.88
8. Taxes/ Pre-tax Profit	19.28	20.04	23.29	26.12
C. Other Profitability Ratios				
1. Net Income/ Average Total Equity	8.56	14.31	17.33	16.18
2. Net Income/ Average Total Assets	0.68	1.22	1.50	1.39
3. Fitch Comprehensive Income/ Average Total Equity	12.77	-1.37	14.19	17.79
4. Fitch Comprehensive Income/ Average Total Assets	1.02	-0.12	1.22	1.52
5. Net Income/ Av. Total Assets plus Av. Managed Assets	n.a.	n.a.	n.a.	n.a.
D. Capitalization				
1. Fitch Eligible Capital/ Regulatory Weighted Risks	11.23	9.70	7.79	8.22
2. Tangible Common Equity/ Tangible Assets	7.36	7.11	7.92	8.03
3. Tier 1 Regulatory Capital Ratio	11.57	9.80	8.30	8.70
4. Total Regulatory Capital Ratio	13.62	13.20	11.50	12.20
5. Fitch Eligible Capital/ Tier 1 Regulatory Capital	97.01	81.19	94.38	94.26
6. Equity/ Total Assets	8.12	7.82	8.59	8.67
7. Cash Dividends Paid & Declared/ Net Income	0.00	0.00	54.08	31.15
8. Cash Dividend Paid & Declared/ Fitch Comprehensive Income	0.00	0.00	66.02	28.33
9. Net Income - Cash Dividends/ Total Equity	8.30	14.99	7.86	10.48
E. Loan Quality				
1. Growth of Total Assets	n.a.	8.28	3.42	10.40
2. Growth of Gross Loans	n.a.	3.29	6.48	5.11
3. Impaired Loans(NPLs)/ Gross Loans	n.a.	n.a.	n.a.	n.a.
4. Loan Impairment Reserves/ Gross loans	0.47	0.38	0.43	0.51
5. Reserves for Impaired Loans/ Impaired Loans	n.a.	n.a.	n.a.	n.a.
6. Impaired Loans less Reserves for Imp Loans/ Equity	-4.81	-4.14	-4.48	-5.10
7. Loan Impairment Charges/ Average Gross Loans	0.33	0.06	0.09	0.16
8. Net Charge-offs/ Average Gross Loans	n.a.	0.09	0.13	0.12
9. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	n.a.	n.a.	n.a.	n.a.
F. Liquidity				
1. Loans/ Customer Deposits	6,025.09	912.47	1,804.41	3,583.64
2. Loans/ Deposits and Short-term Funding	717.33	258.06	479.28	688.25
3. Liquid Assets/ Total Assets	n.a.	3.18	2.23	5.32
4. Liquid Assets/ Wholesale Funding	n.a.	6.64	3.51	7.51
5. Wholesale Funding/ Total Funding and Capital	77.10	55.33	73.02	80.53