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Locindus S.A.

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Primary Credit Analyst(s): Taos Fudji, Milan (39) 02-72111-276; taos_fudji@standardandpoors.com
Secondary Credit Analyst(s): Elisabeth Grandin, Paris (33) 1-4420-6685; elisabeth_grandin@standardandpoors.com

CREDIT RATING

A/Stable/A-1

Outstanding Rating(s)

Counterparty Credit	A/Stable/A-1
Certificate of deposit	A/A-1
Senior unsecured	
<i>Local currency</i>	A

Credit Rating History

June 21, 2004	A/A-1
Apr. 28, 2000	--

Sovereign Rating

France (Republic of)	AAA/Stable/A-1+
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Major Rating Factors

Strengths:

- Established franchise in French real-estate leasing market;
- Conservative risk management;
- Excellent profitability and asset quality; and
- Strong capitalization.

Weaknesses:

- Wholesale-funded structure;
- Long-term vulnerability to weak demand in a context of intense competition; and
- Business and concentration risk of monoline activity.

Rationale

The ratings on French leasing company Locindus S.A. are based on its solid franchise in real-estate leasing, its conservative risk management, excellent asset quality and profitability, and strong capitalization. These positive elements are offset by the dependence on financial markets inherent in Locindus' wholesale funding profile, vulnerability to price competition from large banks and by the concentration risks of its monoline activity. The ratings on Locindus are solely based on a stand-alone assessment.

In recent years, Locindus' top management has successfully leveraged the company's recognized expertise and innovative products to expand activity within the retail-distribution sector and reverse a previously declining trend in income generation. In that period, risk control has been reinforced and asset liability management made more active. Locindus' activity nevertheless remains sensitive to corporates' willingness to invest, and to price competition. In 2004 loan production dropped by over 30%, after a slowdown in demand from Locindus' largest clients, and a decline in margins.

Locindus' excellent asset quality is based on a clientele consisting mainly of large, financially solid

corporations, and on a conservative underwriting policy. The company's own-account property portfolio is modest. Lending is divided between real-estate leasing and long-term rental operations. The latter, which represented 36% of lending at Dec. 31, 2004, carry potentially higher risks (due to higher residual values) than those carried by traditional real-estate leasing. Credit-risk losses subsided in 2004, essentially formed by complementary provisions on loans to small and midsize enterprises (SMEs) that had defaulted in 2003. Standard & Poor's Ratings Services expects credit losses to remain very modest.

In 2004, Locindus maintained the excellent profitability it obtained in 2003, which constituted a rebound after a prior period of steady erosion. The fast rise in costs in 2004 reflects necessary investments in information systems and staff, and does not signal a departure from a tradition of tight cost control.

High profitability has allowed Locindus to maintain a high yield for its shareholders and keep the adjusted common equity (ACE)-to-loans ratio at a very strong level of above 20%. Standard & Poor's expects that Locindus will maintain a high capital base in order to offset the business and concentration risks of its monoline activity. Locindus conservatively manages the dependence on financial markets inherent to its wholesale-funded structure.

■ Outlook

The stable outlook reflects Standard & Poor's expectation that Locindus will maintain its currently excellent asset quality and profitability, with a cost-to-income ratio in the low 20% range. Locindus is also expected to continue to manage conservatively its liquidity and capital, maintaining an ACE-to-loans capital ratio of at least 20%. We do not expect the company to have recourse to any significant share buybacks or exceptional dividends in the future. The attrition of activity in an environment of weak demand constitutes a long-term source of concern and we will monitor closely Locindus' capacity to maintain profitable loan production.

We consider the continuity of Locindus' strategy as important to its franchise and do not expect the recent change at the top of the company to modify the direction set by the previous management, which has had a favourable impact on the company's financial profile.

■ Profile

The niche positioning of Locindus in the French property-leasing business is based on its long-standing client relationships, the reactivity of a light operating structure, and its recognized expertise and innovation. A highly recurring revenue base provided by the very long-term maturity of its leases protects Locindus' margins in spite of fierce competition.

As a small monoline operator in a concentrated French banking market, Locindus is exposed to the specific business risks of competitors pushing margins down to achieve market-share gains, and pressure by its relatively limited pool of very large corporate clients.

Locindus is focused on real-estate leasing, with a very limited property rental business. Real-estate leasing mainly involves leasing properties such as warehouses, shops or offices, the legal ownership of which passes to the leaseholder once the lease expires. Standard leasing contracts generally run for 12 years, during which time the leaseholder pays rent covering both principal and interest. Residual (nonamortized) values at maturity are generally zero, but are occasionally higher, especially for income-generating assets, such as shops or warehouses.

Created in 1968, Locindus has developed extensive commercial relationships with the top corporate groups in France and competes with the specialized leasing units of large banking groups. Locindus' advantages are its reactivity, recognized expertise in retail distribution assets, which are subject to significant regulations, and an innovative property-financing product developed in the mid-1990s. Called "long-term rental," this product is a mix of leasing and rental. It remains close to leasing but carries a higher residual value.

These advantages, coupled with the recurring nature of its revenues, have allowed Locindus to modify yearly loan production depending on the level of margins without impairing profitability. Thus in the mid-to late-1990s, when intense price competition from mainstream banks forced other real-estate lessors to exit lending, Locindus was able simply to renounce certain leasing operations and reduce production. Locindus then quickly recovered yearly production levels above €100 million (\$122 million) until 2003 as demand from retail distributors grew rapidly. Since mid-2004 however, continually low GDP growth has weakened client demand and low interest rates have depressed margins, resulting in a fall of Locindus

loan production to €76 million in 2004. While Locindus can weather the current difficult environment in the short term, a prolonged scenario of weak growth and low interest rates would negatively impact income generation in the long term.

■ Ownership And Legal Status

Locindus has the status of a finance company under the terms of the 1984 French Banking Act, and is therefore governed by the same regulations as other French credit institutions.

The ratings on Locindus are based on a stand-alone assessment. Shares in Locindus, listed on the Paris Stock Exchange, are widely held. The largest shareholders in 2005, were:

- Caisse des Dépôts et Consignations, 5.3%;
- GAN-Groupama, 6.2%;
- Group Prévoir, 4.8%; and
- CNP Assurances, 5%.

The rest of the capital is owned by a variety of institutional investors and individuals.

■ Strategy

Locindus' strategy remains focused on providing financing solutions for corporates' real-estate assets. The company is pursuing growth opportunities by further diversifying its clientele of specialized retailers (hard discount, house goods), and through the selling-off of buildings by the French government and para-public entities. To remain autonomous and fund its growth, Locindus intends to maintain its strong capitalization and payout between 70% and 75% of profits. This level is high, but lower than that of property owners with whom the stockmarket compares Locindus; under SIIC status they must distribute 85% of earnings.

Standard & Poor's views favourably the strategy that Locindus has put in place during the past few years, as it is adapted to the company's small size and light configuration, and is designed to preserve the currently strong balance-sheet structure. Change in top management is not expected to result in a modification of Locindus' strategy.

Locindus will continue to manage cautiously its historic property portfolio, so as to maintain recurring cash flows, with the objective of opportunistically selling off more volatile assets (downtown offices) in favor of more stable retail properties.

■ Asset Quality

Locindus' asset quality is excellent, as a result of a conservative underwriting policy and the orientation of its activity toward large and solid companies.

The company's asset base is focused on its leasing portfolio. Locindus' securities portfolio results from the reinvestment of excess liquidity generated by the long-term bond issuances of 2003. The leasing portfolio includes traditional leases and the newer leases classified as "long-term rental" operations (36% of loans at Dec. 31, 2004). Property leasing as practiced by Locindus is low-risk due to:

- Strong credit quality of the counterparties, mainly large corporates;
- Generally good quality of the leased assets thanks to Locindus' selective underwriting (only about 25 operations are financed per year);
- Regular amortization of the lease to a small residual value, resulting over time in a structurally higher net value of leased assets compared with client debt and favorable LTV ratios for Locindus; and
- Flexibility to foreclose rapidly on any nonperforming leasing contract, and to renegotiate a new leasing arrangement with a suitable client or to transfer it to the rental sector once it is newly rented.

Long-term rentals have a theoretically higher risk as the large residual values (about 30%) reduce the pace of amortization of assets. To offset this risk, Locindus has limited the product to large corporates, limited high residual values to assets with tangible and stable value (mainly prime retail and logistics locations), has irrevocable leases, and charges higher margins. We do not expect Locindus' asset quality to deteriorate, but believe that long-term rentals require more capital than traditional leasing.

Large corporates account for 80% of leases, banks for 10%, and SMEs for 10%. Locindus' focus on large corporates results in a concentrated portfolio with the top 20 groups accounting for over 50% of loans. The credit risk of this concentration is mitigated by the high ratings and/or strong business positions of these clients. The underlying business risk is limited by the very-long-term nature of loan contracts and the numerous operations set up with each of the top clients.

While the cost of risk remains very modest over the medium term, Locindus nevertheless had to make additional provisions on the few specific exposures to SMEs that defaulted in 2003. These defaults, and the ensuing penalties for cancellation of leasing and rental contracts, have been booked as nonperforming assets and fully covered, explaining the rise in loan-loss reserves at year-end 2004. Locindus intends to continue to stay away from industrial SMEs, which are vulnerable to the economic cycle and to intense competition from emerging countries.

The property portfolio is protected from the volatility of prices by significant unrealized capital gains of €60 million compared with a book value of €53 million at year-end 2004. Assets are increasingly diversified and the occupancy rate is a satisfactory 92%. Locindus continued to dispose of a few noncore assets, and acquired a retail commerce property in 2004 for €3.7 million.

■ Profitability

Locindus' profitability is excellent, reflecting the very strong recurrence of its revenue base, an outstanding cost-to-income ratio, and a limited cost of risk. We expect Locindus to continue to record an ROA of about 2% in the next two years in spite of margin pressures, as profitability is supported by the very long-term maturity of loans, the large amount of free capital, and the good protection of cash flow in its limited property activity. The long-term outlook is more uncertain and partly depends on the evolution of the macro-economic scenario.

Leasing generates 80% of operating revenues (excluding gains on property sales), with another 20% coming from own-account property rentals. Net interest income continued to grow in 2004, supported by the good production levels of the 2000-2003 period, lower funding costs, and prepayment fees on some large contracts. In 2005, we expect Locindus' revenue base to maintain the good levels it reached in 2004, as the company continues to benefit from its exit from very-low-margin operations, and continued low funding costs.

Locindus continues to have a very low cost base, reflecting a long tradition of tight cost-control and the absence of a branch network. Operating costs nevertheless increased 20% in 2004 as Locindus reinforced its management staff and upgraded its IT, partly to accommodate for IFRS reporting requirements. We do not expect further material growth in operating expenses, and consider that Locindus will be able to preserve its excellent cost-to-income ratio in the low 20% range.

Credit costs are expected to decline further in 2005, reflecting a stabilized economic environment and Locindus' avoidance of certain riskier SME segments.

Over the past five years, Locindus has recorded between €2 million and €3 million in net gains from the sale of own property assets. This trend is expected to slow down in the next two years as Locindus intends to preserve the current size of its property portfolio, and the very high market prices of real estate constrain the possibilities of portfolio rotation.

■ Asset-Liability Management

Locindus has an illiquid profile: On the liabilities side, the legal barriers that prevent Locindus from receiving customer deposits mean that it is totally dependent on wholesale funds to finance its leases and rental investments. Locindus' dependence on borrowed funds explains why it has conservative liquidity management: The company has a good track record in accessing medium- and long-term resources; it is used to tapping the bond market every two or three years, so as to obtain resources in advance to finance its new loans.

Locindus also has committed stand-by bank lines with leading financial institutions (for a total of €145 million), with a view to maintaining a permanent positive cash balance and thus ensuring that the company can fund newly signed leasing contracts that are to be put in force. To avoid interest-margin losses from the reinvestment of excess liquidity from long-term funds in short-term banks assets, Locindus has increased its issuance of short-term debt. However, this does not represent a higher liquidity risk, as the company intends to continue to use long-term issues predominantly, and to back its

short-term issues with its available committed bank lines. There is no recourse to potentially cheaper secured debt, and such issuance would never be more than marginal.

Locindus has a low interest risk exposure based on a cautious hedging policy. Most of Locindus' loans are fixed-rate. Since 2000, the company has optimized the hedging of its exposure to interest rate fluctuations by combining its existing interest swaps and caps with new swaps on its floating-rate resources, with the objective of limiting the company's exposure to an increase in interest rates.

Locindus' internal rules are strict and prevent any risky position on interest rates. The open position sensitivity limit is currently set at a maximum of €0.5 million in exposure of Locindus' revenues to a 100-basis-point increase in interest rates.

■ Capital

Locindus is strongly capitalized, with outstanding regulatory capital ratios (ACE-to-net-loans of 23.5% at year-end 2004) mitigated by the small size of equity in absolute value. Locindus' conservative management of capital--mainly by way of a reduction in the dividend payout ratio--explains why key capital measures have stabilized since 2000, against Standard & Poor's expected continued erosion in 1999.

Although outstandings with high residual values require more capital than the traditional leasing contracts, the company's capitalization enables it to cover satisfactorily both its lease and limited property portfolios. Consolidated common equity stabilized in 2004, as a lower ratio of earning retention in 2004 only counterbalanced the negative impact of the annual reversal of excess depreciation included in total reserves. The increase in the dividend payout ratio to 88% of consolidated net income in 2004 reflects the decision to serve shareholders €3.3 million in extraordinary dividends to compensate for the disappearance of a dividend tax credit for private shareholders in 2004. Nevertheless the reduction in outstanding loans due to prepayments led to a strengthening of Locindus' ACE-to-loans ratio to over 23% in 2004.

Based on moderate growth in client volumes and a dividend payout ratio stabilized at between 70% and 75% in the coming years, we expect Locindus to maintain an ACE-to-loans ratio of at least 20%.

Regulatory capitalization ratios could deteriorate moderately in the coming years, with the faster growth of long-term rental operations that carry a higher regulatory risk weighting.

As part of its conservative capital management, the company is not expected to have recourse to significant share buybacks in the future; something we perceive positively. Locindus has made only minor share buy-backs to offset the impact of the employee stock-option plan.

(Mil. €)	--Year ended Dec. 31--					Breakdown as a % of assets (adj.)				
	2004	2003	2002	2001	2000	2004	2003	2002	2001	2000
ASSETS										
Cash and money market instruments	12.27	20.73	20.67	50.74	22.33	1.22	1.84	2.01	5.12	2.40
Securities	138.21	215.91	66.36	30.16	5.75	13.72	19.14	6.46	3.05	0.62
Nontrading securities	138.21	215.91	66.36	30.16	5.75	13.72	19.14	6.46	3.05	0.62
Customer loans (gross)	783.29	802.83	846.25	814.55	806.89	77.77	71.16	82.36	82.27	86.82
All other loans	783.29	802.83	846.25	814.55	806.89	77.77	71.16	82.36	82.27	86.82
Loan loss reserves	13.29	0.98	0.09	3.93	11.90	1.32	0.09	0.01	0.40	1.28
Customer loans (net)	770.00	801.85	846.15	810.62	794.99	76.45	71.08	82.35	81.87	85.54
Earning assets	933.78	1039.46	933.28	895.45	834.97	92.71	92.14	90.83	90.44	89.85
Equity interests/participations (nonfinancial)	59.92	61.66	69.52	69.88	76.22	5.95	5.47	6.77	7.06	8.20
Intangibles (nonservicing)	1.23	0.37	0.13	0.00	0.00	0.12	0.03	0.01	0.00	0.00
Fixed assets	0.34	0.42	0.37	0.00	0.44	0.03	0.04	0.04	0.00	0.05
Accrued receivables	26.37	27.59	24.44	28.67	29.62	2.62	2.45	2.38	2.90	3.19

Total reported assets	1008.38	1128.52	1027.64	990.08	929.34	100.12	100.03	100.01	100.00	100.00
Less nonservicing intangibles	(1.23)	(0.37)	(0.13)	0.00	0.00					
Adjusted assets	1007.15	1128.15	1027.52	990.08	929.34	100.00	100.00	100.00	100.00	100.00
						Breakdown as a % of liabilities + equity				
	2004	2003	2002	2001	2000	2004	2003	2002	2001	2000
LIABILITIES										
Total deposits	92.70	101.25	176.25	174.47	187.49	9.19	8.97	17.15	17.62	20.17
Noncore deposits	87.79	96.50	111.51	108.40	126.28	8.71	8.55	10.85	10.95	13.59
Core/customer deposits	4.91	4.76	64.75	66.07	61.21	0.49	0.42	6.30	6.67	6.59
Other borrowings	625.24	756.15	593.99	558.59	479.13	62.00	67.00	57.80	56.42	51.56
Other liabilities	108.69	90.78	81.67	84.47	92.76	10.78	8.04	7.95	8.53	9.98
Total liabilities	826.62	948.18	851.90	817.54	759.38	81.98	84.02	82.90	82.57	81.71
Total shareholders' equity	181.76	180.34	175.74	172.54	169.99	18.02	15.98	17.10	17.43	18.29
Common shareholders' equity (reported)	181.76	180.34	175.74	172.54	169.99	18.02	15.98	17.10	17.43	18.29
Share capital and surplus	51.04	51.04	51.04	51.04	51.04	5.06	4.52	4.97	5.15	5.49
Reserves (incl. inflation revaluations)	127.79	123.20	120.53	118.58	116.10	12.67	10.92	11.73	11.98	12.49
Retained profits	2.93	6.11	4.18	2.92	2.86	0.29	0.54	0.41	0.30	0.31
Total liabilities and equity	1008.38	1128.52	1027.64	990.08	929.37	100.00	100.00	100.00	100.00	100.00
Less revaluation reserve, intangibles	(1.23)	(0.37)	(0.13)	0.00	0.00					
Tangible total equity	180.53	179.98	175.62	172.54	169.99					
Tangible common equity	180.53	179.98	175.62	172.54	169.99					
Adjusted common equity	180.53	179.98	175.62	172.54	169.99					
Adjusted total equity	180.53	179.98	175.62	172.54	169.99					
Year-end financial statements are audited, consolidated, and prepared according to IFRS.										

Table 2 Locindus S.A. Profit And Loss Statement Statistics										
	--Year ended Dec. 31--					Adj. avg. assets (%)				
(Mil. €)	2004	2003	2002	2001	2000	2004	2003	2002	2001	2000
PROFITABILITY										
Interest income	95.93	96.15	86.28	80.54	72.47	8.99	8.92	8.55	8.39	7.36
Interest expense	65.40	67.27	63.44	58.67	50.58	6.13	6.24	6.29	6.11	5.14
Net interest income	30.53	28.88	22.85	21.87	21.88	2.86	2.68	2.26	2.28	2.22
Operating noninterest income	6.99	8.27	8.39	7.32	6.16	0.65	0.77	0.83	0.76	0.63
Fees and commissions	(0.34)	(0.86)	(0.47)	(1.02)	(0.61)	(0.03)	(0.08)	(0.05)	(0.11)	(0.06)
Trading gains	0.41	0.87	0.93	0.29	(1.15)	0.04	0.08	0.09	0.03	(0.12)
Other noninterest income	6.92	8.27	7.93	8.05	7.91	0.65	0.77	0.79	0.84	0.80
Operating revenues	37.52	37.15	31.23	29.19	28.04	3.51	3.45	3.10	3.04	2.85
Noninterest expenses	8.12	6.75	6.26	6.30	5.84	0.76	0.63	0.62	0.66	0.59
Personnel expenses	4.71	3.71	3.44	3.54	3.27	0.44	0.34	0.34	0.37	0.33
Other general and administrative expense	3.15	2.88	2.73	2.63	2.43	0.29	0.27	0.27	0.27	0.25
Depreciation and amortization-other	0.27	0.16	0.10	0.13	0.14	0.02	0.02	0.01	0.01	0.01
Net operating income before loss provisions	29.40	30.40	24.97	22.89	22.20	2.75	2.82	2.48	2.38	2.25
Credit loss provisions (net new)	0.62	1.69	0.00	0.12	(2.87)	0.06	0.16	0.00	0.01	(0.29)
Net operating income after loss provisions	28.78	28.71	24.97	22.77	25.07	2.70	2.66	2.48	2.37	2.55

Nonrecurring/special income	3.94	3.24	1.89	4.04	2.05	0.37	0.30	0.19	0.42	0.21
Nonrecurring/special expense	0.04	0.30	0.00	1.15	0.00	0.00	0.03	0.00	0.12	0.00
Pretax profit	32.68	31.65	26.86	25.67	27.12	3.06	2.94	2.66	2.67	2.75
Tax expense/credit	8.56	7.61	6.54	4.92	3.55	0.80	0.71	0.65	0.51	0.36
Net income before minority interest	24.12	24.04	20.32	20.75	23.57	2.26	2.23	2.01	2.16	2.39
Net income before extraordinary items	24.11	24.03	20.31	20.76	23.59	2.26	2.23	2.01	2.16	2.40
Net income after extraordinary items	24.11	24.03	20.31	20.76	23.59	2.26	2.23	2.01	2.16	2.40
Core earnings	21.23	21.80	18.88	18.42	21.81	1.99	2.02	1.87	1.92	2.21
	2004	2003	2002	2001	2000					
ASSET QUALITY										
Nonperforming assets	17.43	1.43	0.15	4.79	14.42					
Nonaccrual loans	17.43	1.43	0.15	4.79	14.42					
Net charge-offs	N.A.	N.A.	N.A.	8.12	0.05					
AVERAGE BALANCE SHEET										
Average customer loans	785.92	824.00	828.39	802.81	777.01					
Average earning assets	986.62	986.37	914.37	865.21	886.64					
Average assets	1068.45	1078.08	1008.86	959.71	984.78					
Average total deposits	96.98	138.75	175.36	180.98	201.41					
Average interest-bearing liabilities	787.67	813.82	751.65	699.84	727.97					
Average common equity	181.05	178.04	174.14	171.27	169.58					
Average adjusted assets	1067.65	1077.83	1008.80	959.71	984.78					
OTHER DATA										
Number of employees (end of period, actual)	35.00	30.00	28.00	28.00	30.00					
Number of branches	1	1	1	1	1					
Off-balance-sheet credit equivalents	63.19	81.54	47.11	103.75	65.32					
Year-end financial statements are audited, consolidated, and prepared according to IFRS. N.A.--Not available.										

Table 3 Locindus S.A. Ratio Analysis					
	--Year ended Dec. 31--				
	2004	2003	2002	2001	2000
SEGMENT ANALYSIS					
Customer loans (gross)	(2.43)	(5.13)	3.89	0.95	4.58
Loss reserves	1254.84	943.62	(97.61)	(66.97)	(5.33)
Adjusted assets	(10.73)	9.79	3.78	6.54	(10.66)
Customer deposits	3.09	(92.65)	(2.01)	7.94	40.42
Tangible common equity	0.31	2.48	1.78	1.50	0.49
Total equity	0.78	2.62	1.85	1.50	0.49
Operating revenues	1.01	18.93	7.01	4.09	(10.59)
Noninterest expense	20.33	7.78	(0.57)	7.93	(8.53)
Net operating income before provisions	(3.27)	21.73	9.10	3.08	(11.12)
Loan loss provisions	(63.33)	N.M.	(100.00)	N.M.	(919.14)
Net operating income after provisions	0.26	14.97	9.66	(9.17)	1.79
Pretax profit	3.26	17.83	4.65	(5.37)	10.11

Net income	0.36	18.29	(2.06)	(11.99)	34.84
	2004	2003	2002	2001	2000
PROFITABILITY (%)					
Interest margin analysis					
Net interest income (taxable equiv.)/avg. earning assets	3.09	2.93	2.50	2.53	2.47
Net interest spread	1.42	1.48	1.00	0.93	1.22
Interest income (taxable equiv.)/avg. earning assets	9.72	9.75	9.44	9.31	8.17
Interest expense/avg. interest-bearing liabilities	8.30	8.27	8.44	8.38	6.95
Revenue analysis					
Net interest income/revenues	81.37	77.74	73.15	74.93	78.04
Fee income/revenues	(0.91)	(2.32)	(1.50)	(3.49)	(2.18)
Market-sensitive income/revenues	1.10	2.33	2.98	0.99	(4.08)
Noninterest income/revenues	18.63	22.26	26.85	25.07	21.96
Personnel expense/revenues	12.56	9.97	11.00	12.12	11.66
Noninterest expense/revenues	21.65	18.17	20.05	21.58	20.81
Noninterest expense/revenues less investment gains	21.65	18.17	20.05	21.58	20.81
Expense less amortization of intangibles/revenues	21.65	18.17	20.05	21.58	20.81
Expense less all amortizations/revenues	20.94	17.74	19.74	21.14	20.33
Net operating income before provision/revenues	78.35	81.83	79.95	78.42	79.19
Net operating income after provisions/revenues	76.70	77.28	79.95	78.02	89.41
New loan loss provisions/revenues	1.65	4.54	0.00	0.40	(10.23)
Net nonrecurring/abnormal income/revenues	10.39	7.91	6.04	9.92	7.31
Pretax profit/revenues	87.10	85.20	85.99	87.94	96.72
Net income/revenues	64.29	64.71	65.05	71.08	84.06
Tax/pretax profit	26.19	24.05	24.35	19.17	13.09
	2004	2003	2002	2001	2000
Other returns					
Pretax profit/avg. risk assets (%)	N.A.	4.77	4.19	4.13	4.73
Net income/avg. risk assets (%)	N.A.	3.62	3.17	3.34	4.11
Revenues/avg. risk assets (%)	N.A.	5.60	4.87	4.70	4.89
Net operating income before loss provisions/avg. risk assets (%)	N.A.	4.58	3.90	3.69	3.87
Net operating income after loss provisions/avg. risk assets (%)	N.A.	4.32	3.90	3.67	4.37
Net income before minority interest/avg. adjusted assets	2.26	2.23	2.01	2.16	2.39
Net income/avg. assets + securitized assets	2.26	2.23	2.01	2.16	2.39
Net income/employee (€)	742,185	828,793	725,643	715,345	889,434
Personnel expense/employee (€)	144,954	127,759	122,679	121,966	123,396
Personnel expense/branch (mil. €)	4.71	3.71	3.44	3.54	3.27
Noninterest expense/branch (mil. €)	8.12	6.75	6.26	6.30	5.84

Cash earnings/avg. tang. common equity (ROE) (%)	13.53	13.61	11.73	12.19	13.98
Core earnings/avg. tang. common equity (ROE) (%)	11.78	12.26	10.84	10.76	12.86
	2004	2003	2002	2001	2000
FUNDING AND LIQUIDITY (%)					
Customer deposits/funding base	0.68	0.55	8.41	9.01	9.18
Total loans/customer deposits	15969.26	16873.18	1307.04	1232.86	1318.23
Total loans/customer deposits + long-term funds	125.90	103.34	107.87	104.07	120.22
Customer loans (net)/assets (adj.)	76.45	71.08	82.35	81.87	85.54
	2004	2003	2002	2001	2000
CAPITALIZATION (%)					
Adjusted common equity/adjusted assets	17.92	15.95	17.09	17.43	18.29
Adjusted common equity/adjusted assets + securitization	17.92	15.95	17.09	17.43	18.29
Adjusted common equity/risk assets	N.A.	26.08	27.54	26.80	28.44
Adjusted common equity/customer loans (net)	23.45	22.45	20.75	21.29	21.38
Internal capital generation/prior year's equity	1.62	3.48	2.42	1.72	1.69
Tier 1 capital ratio	27.03	25.22	26.65	25.52	27.00
Adjusted total equity/adjusted assets	17.92	15.95	17.09	17.43	18.29
Adjusted total equity/adjusted assets + securitizations	17.92	15.95	17.09	17.43	18.29
Adjusted total equity/risk assets	N.A.	26.08	27.54	26.80	28.44
Adjusted total equity plus LLR (specific)/customer loans (gross)	24.74	22.54	20.76	21.66	22.54
Common dividend payout ratio	87.85	74.57	79.42	85.93	87.88
	2004	2003	2002	2001	2000
ASSET QUALITY (%)					
New loan loss provisions/avg. customer loans (net)	0.08	0.20	N.A.	0.01	(0.37)
Net charge-offs/avg. customer loans (net)	N.A.	N.A.	N.A.	1.01	0.01
Loan loss reserves/customer loans (gross)	1.70	0.12	0.01	0.48	1.47
Credit-loss reserves/risk assets	N.A.	0.14	0.01	0.61	1.99
Nonperforming assets (NPA)/customer loans + ORE	2.23	0.18	0.02	0.59	1.79
NPA (excl. delinquencies)/customer loans + ORE	2.23	0.18	0.02	0.59	1.79
Net NPA/customer loans (net) + ORE	0.54	0.06	0.01	0.11	0.32
NPA (net specifics)/customer loans (net specifics)	0.54	0.06	0.01	0.11	0.32
Loan loss reserves/NPA (gross)	76.23	68.46	63.95	82.05	82.52
Year-end financial statements are audited, consolidated, and prepared according to IFRS. N.M.--Not meaningful. N.A.--Not available.					

Group E-Mail Address
 FIG_Europe@standardandpoors.com

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