

FINANCIAL LEASING SUPERVISION

Second Quarter Report 2009

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Market participants

Number of lessors

As at 30 June 2009, the list of licensed lessors included:

- | | |
|--|---|
| 1. UniCredit Leasing Srbija d.o.o. Beograd | 10. S-Leasing d.o.o. Beograd |
| 2. Hypo Alpe-Adria-Leasing d.o.o. Beograd | 11. Sogelease Srbija d.o.o. Beograd |
| 3. Intesa Leasing d.o.o. Beograd | 12. NBG Lizing d.o.o. Beograd |
| 4. OTP Leasing d.o.o. Novi Sad | 13. VB Leasing d.o.o. Beograd |
| 5. LIPAKS d.o.o. Beograd | 14. Zastava Istrabenz Lizing d.o.o. Beograd |
| 6. NLB Leasing d.o.o. Beograd | 15. EFG Leasing a.d. Beograd |
| 7. Porsche Leasing SCG d.o.o. Beograd | 16. Meridian Leasing d.o.o. Beograd |
| 8. Procredit Leasing d.o.o. Beograd | 17. Piraeus Leasing d.o.o. Beograd |
| 9. Raiffeisen Leasing d.o.o. Beograd | |

Number of employees

Rising steadily year after year, in 2009 employment in the financial leasing sector recorded a mild decline. At end-Q2 2009, there were 505 people employed in the sector. The average number of employees per lessor was around 30. Table 1 below shows total employment in the financial leasing sector in the previous years and at end-Q2 2009:

Table 1 – Number of employees in the financial leasing sector

Date	Number of employees
31 Dec 2005	329
31 Dec 2006	388
31 Dec 2007	478

31 Dec 2008	516
30 Jun 2009	505

Ownership structure

Domestic vs. foreign ownership

- 11 leasing providers were in 100% or majority ownership of foreign legal entities;
- 5 leasing providers were in 100% or majority ownership of domestic entities (of which 4 were owned by domestic banks with a share of foreign capital);
- 1 leasing provider was jointly owned by a domestic bank with a share of foreign capital and a foreign legal entity, each holding a 50% stake in the leasing provider's capital.

Financial vs. non-financial sector

- 14 leasing providers were set up by banks, banking group members or other financial institutions;
- Two financial leasing providers (LIPAKS d.o.o. Beograd and Zastava Istrabenz Lizing d.o.o. Beograd) did not belong to the financial sector. Porsche Leasing SCG d.o.o. Beograd may also be classified in the same group, as it was founded by a Porsche Group member – a bank specialized in financing Porsche Group products.

Table 2 gives an overview of the ownership structure of lessors.

Table 2 – Ownership structure of lessors

No.	Leasing provider	Owner	Ownership percentage
1	UniCredit Leasing Srbija d.o.o. Beograd	UniCredit Leasing S.P.A, Bologna, Italy	100
2	Hypo Alpe-Adria-Leasing d.o.o. Beograd	Hypo-Alpe-Adria-Leasing Holding AG, Klagenfurt, Austria	100
3	Intesa Leasing d.o.o. Beograd	Banka Intesa a.d. Beograd CIB Leasing LTD, Budapest, Hungary	98.7 1.3
4	OTP Leasing d.o.o. Novi Sad	Merkantil Bank ZRT, Budapest, Hungary OTP banka Srbija a.d. Novi Sad	70 30

Financial Leasing Supervision

No.	Leasing provider	Owner	Ownership percentage
5	LIPAKS d.o.o. Beograd	Mirko Žeželj	31
		Zoran Tanasić	31
		"Industrija mašina i traktora " AD Beograd under restructuring	9.52
		Industry of agricultural machinery "Zmaj" AD Zemun – Beograd under restructuring	9.52
		LIPAKS d.o.o., Beograd	9.52
		Zastava kamioni" d.o.o, Kragujevac	4.76
		Joint stock company for specialized and multipurpose vehicles production and trade "Zastava specijalni automobil", Sombor	2.38
		Sandra Džodić	2.00
6	NLB Leasing d.o.o. Beograd	Joint stock company "Ikarbus", Beograd-Zemun	1.19
		Milorad Milić	0.33
6	NLB Leasing d.o.o. Beograd	NLB Leasing DOO, Ljubljana, Slovenia	100
7	Porsche Leasing SCG d.o.o. Beograd	Porsche Bank AG, Salzburg, Austria	100
8	Procredit Leasing d.o.o. Beograd	ProCredit Bank a.d. Beograd	100
9	Raiffeisen Leasing d.o.o. Beograd	Raiffeisenbank a.d. Beograd	50
		Raiffeisen - Leasing International GmbH, Wien, Austria	50
10	S-Leasing d.o.o. Beograd	Steiermarkische Bank und Sparkassen Aktiengesellschaft, Graz, Austria	50
		Immorent International Holding GmbH, Wien, Austria	50
11	Sogelease Srbija d.o.o. Beograd	Societe Generale Banka Srbija a.d. Beograd	100
12	NBG Lizing d.o.o. Beograd	National bank of Greece s.a. Athens, Greece	100
13	VB Leasing d.o.o. Beograd	VB-Leasing International Holding GmbH, Wien, Austria	51
		Volksbank a.d. Beograd	49
14	Zastava Istrabenz Lizing d.o.o. Beograd	Istrabenz D.D. Koper, Slovenia	95.2
		AD Grupa Zastava vozila, Kragujevac	4.8
15	EFG Leasing a.d. Beograd	EFG New Europe Holding b.v, Amsterdam, Holland	48.63
		Eurobank EFG štedionica a.d. Beograd	25.56
		EFG Eurobank Ergasias s.a, Athens, Greece	25.81
16	Meridian Leasing d.o.o. Beograd	Meridian Bank Credit Agricole Group a.d. Novi Sad	100
17	Piraeus Leasing d.o.o. Beograd	Piraeus Bank s.a. Athens, Greece	100

Balance sheet structure

Balance sheet

On 30 June 2009, total balance sheet assets of the leasing sector stood at RSD 120.3 billion, down by 1.9% relative to 2008 (RSD 122.6 billion). Both assets and liabilities of the financial leasing sector were for their major part (94.8% and 91.5%, respectively) foreign currency denominated or foreign currency clause indexed.

Although 5.6% lower than in 2008, receivables continued to account for the largest share of financial leasing assets. Of the total balance sheet assets, financial lease receivables accounted for 75.1%, which is a decrease relative to both 2007 and 2008 (79.5% and 78.1%, respectively). Receivables due for payment accounted for 3.1% of the total (of which 41.2% were past due up to 30 days). Receivables past due over 90 days made up 0.6% of the total portfolio.

The share of item “cash and cash equivalents” in total balance sheet assets increased from 14.6% at end-2008 to 16.8% at end-Q2 2009 (14.5% in 2007). Reserves against credits, other loans and supplementary payments from abroad (other than payments for share capital increases), which are included in item “cash and cash equivalents”, added 75.9% to its value as at 30 June 2009.

Long-term obligations accounted for the largest share of lessor liabilities – 90.5%, down by 2.3% from a year earlier (89.8% in 2007 and 90.9% in 2008). The share of long-term foreign credits declined from 86.8% in 2008 to 86.4% (86.1% in 2007), while the share of long-term domestic credits rose from 4.0% in 2008 to 4.1% in Q2 2009 (3.6% in 2007).

The share of short-term obligations in total liabilities decreased relative to 2007 and 2008 – from 3.9% to 2.6%, of which 0.6% referred to short-term domestic credit (1.6% in 2007 and 2.0% in 2008), while item “other” accounted for 2.0%.

Significant increase in capital (32.5%) in the first half of the year relative to 2008 triggered a rise in share capital (20.4%) and retained earnings. As capital went up against the backdrop of declining balance sheet total, its share in total liabilities rose from 5.1% in 2008 to 6.8% at end-Q2 2009 (6.2% in 2007).

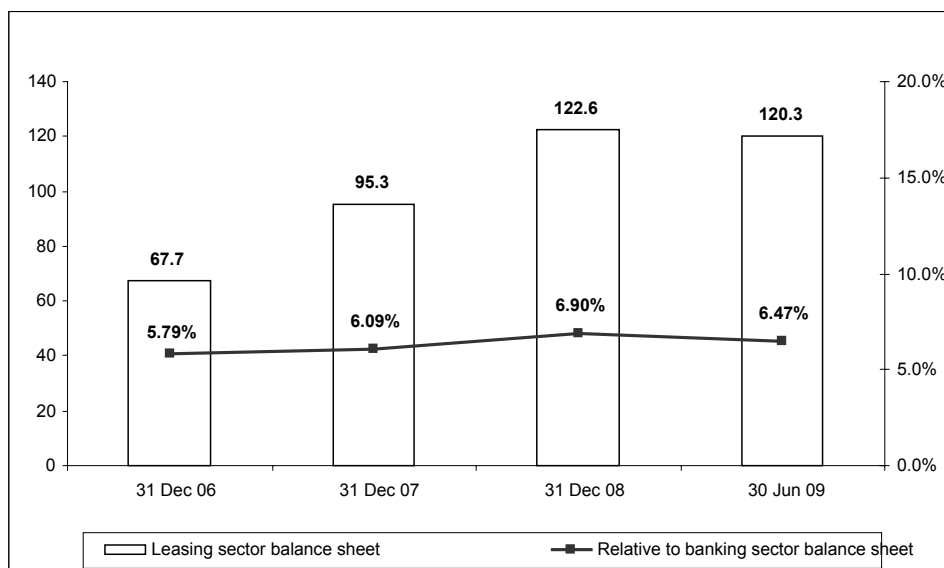
Table 3 shows aggregate balance sheet of all lessors (in thousand dinars) as at 31 December 2007, 31 December 2008 and 30 June 2009.

Table 3 – Aggregate balance sheet of all lessors (in RSD thousand)

No.	ITEM	31 Dec 2007		31 Dec 2008		30 Jun 2009		% growth	
		amount	%	amount	%	amount	%	31 Dec 08/ 31 Dec 07	30 Jun 09/ 31 Dec 08
ASSETS		95,265,098	100.0	122,550,536	100.0	120,271,128	100,0	28.6	-1.9
1	FIXED ASSETS	78,165,000	82.0	97,276,541	79.4	91,796,039	76.3	24.5	-5.6
1.1	Property, plant and equipment	1,190,833	1.3	952,585	0.8	820,028	0.7	-20.0	-13.9
1.2	Receivables under financial leasing	75,764,518	79.5	95,688,354	78.1	90,311,433	75.1	26.3	-5.6
1.3	Other long-term financial investments	1,155,571	1.2	574,952	0.5	606,309	0.5	-50.2	5.5
1.4	Other fixed assets	54,078	0.1	60,650	0.0	58,269	0.0	12.2	-3.9
2	CURRENT ASSETS	17,100,098	18.0	25,273,995	20.6	28,475,089	23.7	47.8	12.7
2.1	Cash and cash equivalents	13,853,074	14.5	17,986,197	14.6	20,230,904	16.8	29.8	12.5
2.2	Short-term financial investment and receivables	1,289,783	1.4	4,769,249	3.9	4,790,353	4.0	269.8	0.4
2.3	Other current assets	1,957,241	2.1	2,518,549	2.1	3,453,832	2.9	28.7	37.1
LIABILITIES		95,265,098	100,0	122,550,536	100,0	120,271,128	100,0	28.6	-1.9
1	CAPITAL	5,901,680	6.2	6,224,605	5.1	8,247,844	6.8	5.5	32.5
1.1	Share capital	2,656,205	2.8	2,816,976	2.3	3,390,332	2.8	6.1	20.4
1.2	Subscribed uncalled capital	0	0.0	0	0.0	0	0.0	-	-
1.3	Reserves	1,281,114	1.3	2,369,893	1.9	2,340,847	1.9	85.0	-1.2
1.4	Revaluation reserves	0	0.0	0	0.0	0	0.0	-	-
1.5	Retained earnings	2,579,978	2.7	2,316,891	1.9	3,698,226	3.1	-10.2	59.6
1.6	Losses	615,617	0.6	1,279,155	1.0	1,181,561	1.0	107.8	-7.6
1.7	Purchased own shares	0	0.0	0	0.0	0	0.0	-	-
2	LONG-TERM PROVISIONING AND LIABILITIES	85,630,081	89.9	111,582,929	91.0	108,964,813	90.6	30.3	-2.3
2.1	Long-term provisions	79,981	0.1	125,132	0.1	125,590	0.1	56.5	0.4
2.2	Long-term liabilities	85,550,100	89.8	111,457,797	90.9	108,839,223	90.5	30.3	-2.3
2.2.1	Long-term domestic credit	3,405,318	3.6	4,841,274	4.0	4,860,355	4.1	42.2	0.4
2.2.2	Long-term foreign credit	81,987,630	86.1	106,474,201	86.8	103,923,586	86.4	29.9	-2.4
2.2.3	Other long-term liabilities	157,152	0.2	142,322	0.1	55,282	0.0	-9.4	-61.2
3	SHORT-TERM LIABILITIES	3,733,337	3.9	4,743,002	3.9	3,058,471	2.6	27.0	-35.5
3.1	Short-term financial liabilities	1,517,343	1.6	2,443,702	2.0	683,206	0.6	61.1	-72.0
3.1.1	Short-term domestic credit	1,502,716	1.6	2,423,673	2.0	673,555	0.6	61.3	-72.2
3.1.2	Short-term foreign credit	0	0.0	0	0.0	0	0.0	-	-
3.1.3	Other short-term financial liabilities	14,627	0.0	20,029	0.0	9,651	0.0	36.9	-51.8
3.2	Other	2,215,994	2.3	2,299,300	1.9	2,375,265	2.0	3.8	3.3

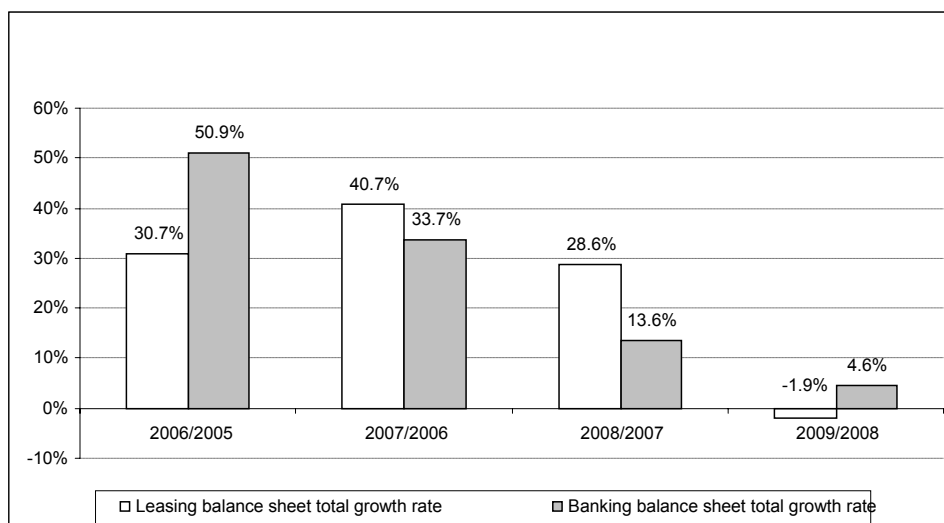
As at 30 June 2009, the ratio of the balance sheet total of lessors (RSD 120.3 billion) to banking sector balance sheet total equalled 6.47%.

Chart 1 Balance sheet total of banks and leasing providers
(in RSD billion)



From 31 December 2008 until 30 June 2009, leasing sector balance sheet fell by 1.9%, while banking sector balance sheet total went up by 4.6%.

Chart 2 – Growth rates of the balance sheet total of lessors and banks



Market share

In order to analyse the structure of the financial leasing market and the level of competition among different lessors, calculations were made of individual and cumulative market shares of lessors' balance sheet totals, as well as of the Herfindahl-Hirschman index (HHI).

Table 4 – Market share of lessors

Position	Leasing provider	Balance sheet assets (in 000 RSD)	Share in 2008	Cumulative share in 2008	Position	Leasing provider	Balance sheet assets (in 000 RSD)	Share in 2009	Cumulative share in 2009
1.	Hypo Alpe-Adria-Leasing d.o.o. Beograd	38,232,607	31.2%	31.2%	1.	Hypo Alpe-Adria-Leasing d.o.o. Beograd	37,962,875	31.6%	31.6%
2.	Raiffeisen Leasing d.o.o. Beograd	17,512,965	14.3%	45.5%	2.	Raiffeisen Leasing d.o.o. Beograd	15,954,171	13.2%	44.8%
3.	NLB Leasing d.o.o. Beograd	11,432,501	9.3%	54.8%	3.	NLB Leasing d.o.o. Beograd	11,609,946	9.7%	54.5%
4.	VB Leasing d.o.o. Beograd	9,037,101	7.4%	62.2%	4.	S-Leasing d.o.o. Beograd	9,506,027	7.9%	62.4%
5.	S-Leasing d.o.o. Beograd	8,856,965	7.2%	69.4%	5.	VB Leasing d.o.o. Beograd	7,479,570	6.2%	68.6%
6.	Intesa Leasing d.o.o. Beograd	5,120,186	4.2%	73.6%	6.	Intesa Leasing d.o.o. Beograd	5,887,026	4.9%	73.5%
7.	UniCredit Leasing Srbija d.o.o. Beograd	4,929,181	4.0%	77.6%	7.	UniCredit Leasing Srbija d.o.o. Beograd	4,557,725	3.8%	77.3%
8.	EFG Leasing a.d. Beograd	4,366,160	3.6%	81.2%	8.	NBG Lizing d.o.o. Beograd	4,339,118	3.6%	80.9%
9.	LIPAKS d.o.o. Beograd	4,261,160	3.5%	84.7%	9.	EFG Leasing a.d. Beograd	4,339,079	3.6%	84.5%
10.	Porsche Leasing SCG d.o.o. Beograd	4,140,379	3.4%	88.1%	10.	LIPAKS d.o.o. Beograd	4,222,228	3.5%	88.0%
11.	NBG Lizing d.o.o. Beograd	4,028,664	3.2%	91.3%	11.	Sogelease Srbija d.o.o. Beograd	4,118,317	3.4%	91.4%
12.	Sogelease Srbija d.o.o. Beograd	3,703,778	3.0%	94.3%	12.	Porsche Leasing SCG d.o.o. Beograd	3,123,554	2.6%	94.0%
13.	Procredit Leasing d.o.o. Beograd	3,145,523	2.6%	96.9%	13.	Procredit Leasing d.o.o. Beograd	3,040,913	2.5%	96.5%
14.	Piraeus Leasing d.o.o. Beograd	1,579,348	1.3%	98.2%	14.	Meridian Leasing d.o.o. Beograd	1,933,152	1.6%	98.1%
15.	Meridian Leasing d.o.o. Beograd	1,577,457	1.3%	99.5%	15.	Piraeus Leasing d.o.o. Beograd	1,566,522	1.3%	99.4%
16.	Zastava Istrabenz Lizing d.o.o. Beograd	542,174	0.4%	99.9%	16.	Zastava Istrabenz Lizing d.o.o. Beograd	546,803	0.5%	99.9%

Position	Leasing provider	Balance sheet assets (in 000 RSD)	Share in 2008	Cumulative share in 2008	Position	Leasing provider	Balance sheet assets (in 000 RSD)	Share in 2009	Cumulative share in 2009
17.	OTP Leasing d.o.o. Novi Sad	84,387	0.1%	100.0%	17.	OTP Leasing d.o.o. Novi Sad	84,102	0.1%	100.0%
TOTAL		122,550,536	100.0%	-	TOTAL		120,271,128	100.0%	-
Herfindahl-Hirschman index			1,471.0		Herfindahl-Hirschman index			1,472.6	

The HHI of 1,472.6 on 30 June 2009 points to moderate concentration of the Serbian financial leasing market.

As Table 4 shows, the ranking of lessors by market share changed in the first half of 2009 relative to 2008. The first three lessors (Hypo Alpe-Adria-Leasing d.o.o. Beograd, Raiffeisen Leasing d.o.o. Beograd and NLB Leasing d.o.o. Beograd) kept their top positions. The market share of these three lessors outstripped that of all other lessors together.

The most significant ranking changes were recorded for the following leasing providers:

- S-Leasing d.o.o. Beograd, ranked fifth in 2008 and fourth at end-Q2 2009, with its market share up from 7.2% to 7.9%,
- NBG Lizing d.o.o. Beograd, ranked eleventh in 2008 and eighth at end-Q2 2009, with its market share up from 3.2% to 3.6%,
- Sogelease Srbija d.o.o. Beograd, ranked twelfth in 2008 and eleventh at end-Q2 2009, with its market share up from 3.0% to 3.4%,
- Meridian Leasing d.o.o. Beograd, ranked fifteenth in 2008 and fourteenth at end-Q2 2009, with its market share up from 1.3% to 1.6%,
- VB Leasing d.o.o. Beograd, ranked fourth in 2008 and fifth at end-Q2 2009, with its market share down from 7.4% to 6.2%,
- Porsche Leasing SCG a.d. Beograd, ranked tenth in 2008 and twelfth at end-Q2 2009, with its market share down from 3.4% to 2.6%.

Profit and loss account

Total profit before tax of all lessors taken together came to RSD 1,131,282 thousand in the first half of 2009, which is a significant increase on 2008 when it stood at RSD 476,153 thousand.

Exchange rate gains were the most significant category of lessor income, accounting for 69.6% (70.0% in 2007 and 79.1% in 2008). Interest income rose by 11.5% at annual level, and accounted for 22.5% of total income (24.7% in 2007 and 16.8% in 2008). Operating income made up 2.3% of total income (2.7% in 2007 and 1.7% in 2008).

Financial Leasing Supervision

Exchange rate losses took up the largest share of total expenses – 73.8% (72.2% in 2007 and 79.0% in 2008), accounting for 69.7% of total income. Other major expense items were interest expenses – 10.6% of total expenses (14.9% in 2007 and 11.4% in 2008) or 10.0% of total income, and operating expenses – 7.0% of total expenses (8.9% in 2007 and 5.9% in 2008) or 6.6% of total income.

Relative to 2008, in the first two quarters of 2009 total expenses and income declined by 20.6% and 16.7%, respectively (recalculated at annual level). As a result, the share of net profit before tax in total income rose from 1.0% to 5.5%.

Table 5 shows the aggregate profit and loss account of all lessors (in thousand dinars) as at 31 December 2007, 31 December 2008 and 30 June 2009.

Table 5 – Aggregate profit and loss account of lessors

(in 000 RSD)

No.	ITEM	1 Jan- 31 Dec 07	% of total income	1 Jan- 31 Dec 08	% of total income	1 Jan- 30 Jun 09	% of total income	% of growth 2008/ 2007	% of growth 30 Jun 09/31 Dec 08 (p.a.)
	OPERATING INCOME	735,969	2.7	856,693	1.7	472,808	2.3	16.4	10.4
1	Net sales income	473,895	1.7	557,790	1.1	303,920	1.5	17.7	9.0
2	Other operating income	262,074	1.0	298,903	0.6	168,888	0.8	14.1	13.0
	OPERATING EXPENSES	2,272,822	8.4	2,838,900	5.8	1,341,053	6.6	24.9	-5.5
3	Earnings, fees, salaries and other personal expenses	631,483	2.3	858,185	1.8	503,048	2.5	35.9	17.2
4	Depreciation and provisioning	303,524	1.1	394,366	0.8	136,905	0.7	29.9	-30.6
5	Other operating expenses	1,337,815	4.9	1,586,349	3.2	701,100	3.4	18.6	-11.6
I	OPERATING RESULT	(1,536,853)	-5.7	(1,982,207)	-4.1	(868,245)	-4.3	29.0	-12.4
	FINANCIAL INCOME	25,752,643	94.8	46,836,881	96.0	18,718,480	92.1	81.9	-20.1
6	Interest income	6,708,586	24.7	8,194,007	16.8	4,568,383	22.5	22.1	11.5
7	Exchange rate gains	18,999,341	70.0	38,615,658	79.1	14,146,282	69.6	103.2	-26.7
8	Other	44,716	0.2	27,216	0.1	3,815	0.0	-39.1	-72.0
	FINANCIAL EXPENSES	22,367,810	82.4	43,727,946	89.6	16,202,401	79.7	95.5	-25.9
9	Interest expenses	3,834,943	14.1	5,506,300	11.3	2,041,391	10.0	43.6	-25.9
10	Exchange rate losses	18,527,738	68.2	38,186,487	78.2	14,152,762	69.7	106.1	-25.9
11	Other	5,129	0.0	35,159	0.1	8,248	0.0	585.5	-53.1
II	FINANCIAL RESULT	3,384,833	12.5	3,108,935	6.4	2,516,079	12.4	-8.2	61.9
12	Other income	670,928	2.5	1,105,160	2.3	1,126,915	5.5	64.7	103.9
13	Other expenses	1,017,231	3.7	1,755,573	3.6	1,644,091	8.1	72.6	87.3
III	REGULAR OPERATING RESULT	1,501,677	5.5	476,315	1.0	1,130,658	5.5	-68.3	374.8
14	Extraordinary income	0	0.0	139	0.0	624	0.0	-	797.8
15	Extraordinary expenses	13	0.0	301	0.0	0	0.0	2.215.4	-100.0

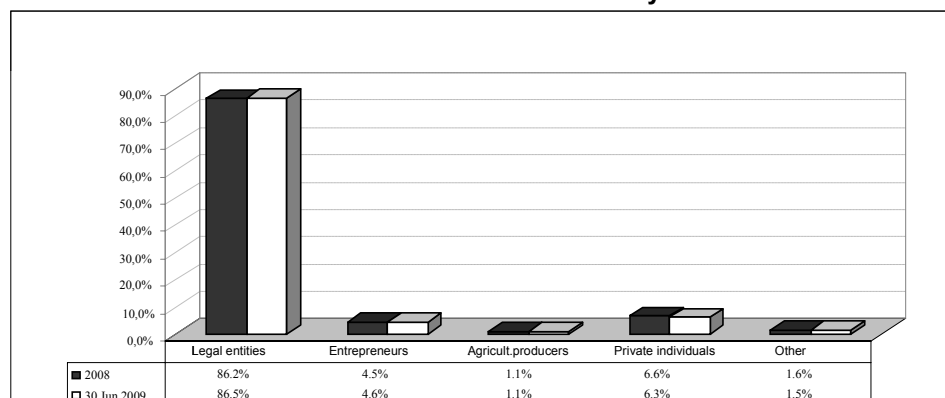
No.	ITEM	1 Jan-31 Dec 07	% of total income	1 Jan-31 Dec 08	% of total income	1 Jan-30 Jun 09	% of total income	% of growth 2008/2007	% of growth 30 Jun 09/31 Dec 08 (p.a.)
IV	RESULT WITH RESPECT TO EXTRAORDINARY ITEMS	(13)	0.0	(162)	0.0	624	0.0	1.146.2	-870.4
V	PRE-TAX RESULT	1,501,664	5.5	476,153	1.0	1,131,282	5.5	-68.3	375.2
16	Profit tax	188,937	0.7	156,489	0.3	41,560	0.2	-17.2	-46.9
17	Income from deferred tax assets/liabilities	17,196	0.1	7,625	0.0	-5,553	0.0	-55.7	-245.7
VI	NET RESULT (V-16+17)	1,329,923	4.9	327,289	0.7	1,084,169	5.3	-75.4	562.5
	TOTAL INCOME	27,159,540	100.0	48,798,873	100.0	20,318,827	100.0	79.7	-16.7
	TOTAL EXPENSES	25,657,876	94.5	48,322,720	99.0	19,187,545	94.5	88.3	-20.6

Structure of investments

Lessees

In the first two quarters of 2009, the structure of financial lease investment by lessee (Chart 3) remained broadly unchanged from 2008 – legal entities accounted for a major share of total financial lease investments (86.5%), while private individuals held 6.3%. The share of investments to legal entities has been rising steadily, mainly at the expense of investments to private individuals.

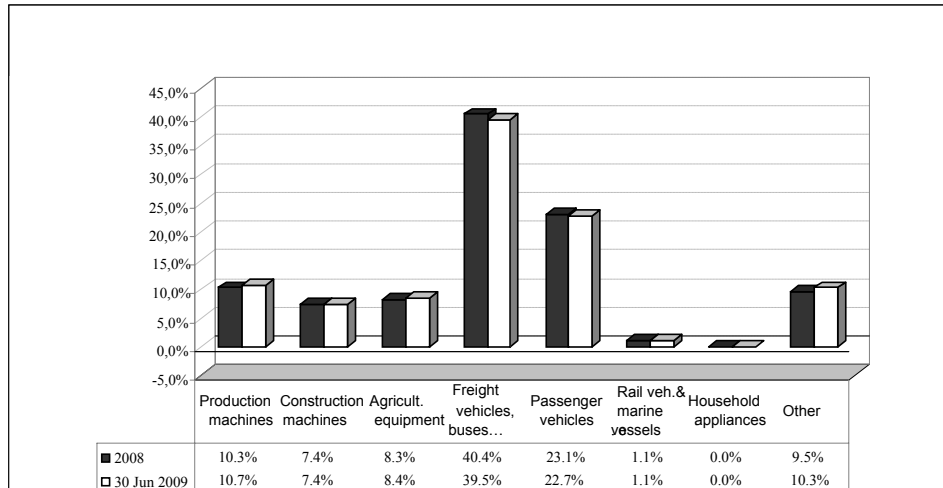
Chart 3 - Investment structure by lessee



Object of financing

The structure of financial lease investment by lease object (Chart 4) reveals a dominant share of financing of freight vehicles, minibuses and buses – 39.5% (40.4% in 2008). The share of financing of passenger vehicles fell from 23.1% in 2008 to 22.7%. The share of financing of production machines was 10.7% and category Other – 10.3%.

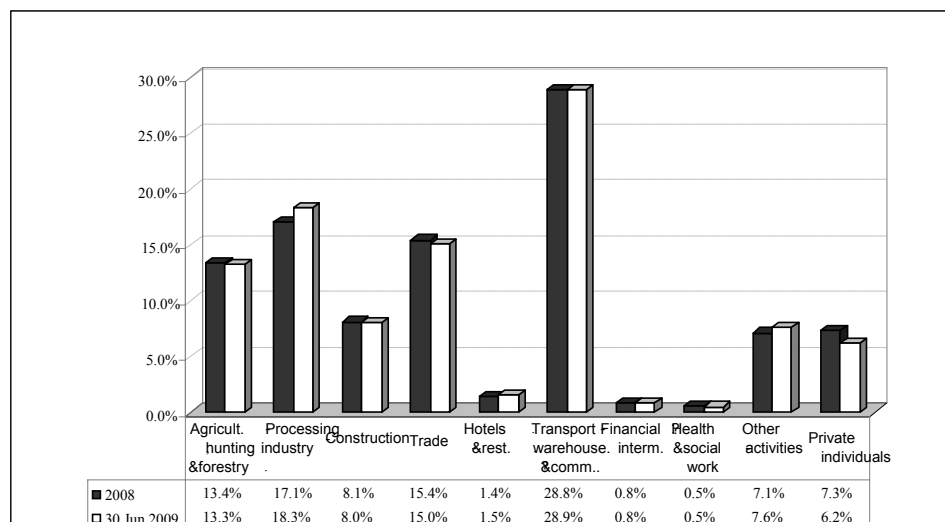
Chart 4 - Investment structure by lease object



Sector

The structure of financial lease investment by sector (Chart 5) showed no major changes relative to 2008. The most significant share referred to transport, warehousing and communications (28.9%), followed by the processing industry (18.3%), trade sector (15.0%), agriculture, hunting and forestry (13.3%). Individual shares of other sectors were less than 10%.

Chart 5 - Investment structure by sector



Performance indicators

Table 6 shows performance indicators for financial leasing providers.

Table 6 – Performance indicators

PERFORMANCE INDICATOR	31 Dec 2008	30 Jun 2009
Return on assets (ROA)	0.44%	1.86%
Return on equity (ROE)	7.85%	31.27%
Net interest margin	3.14%	5.43%
Average lending rate	9.56%	9.82%
Average deposit rate	5.48%	3.65%
Coverage of interest expenses	1.09x	1.55x
Operating expenses to average investment	3.31%	2.88%
Total debt to equity	18.69x	13.58x
Long-term debt to equity	17.93x	13.21x

As indicated by both ROA and ROE, the profitability of lessors increased in the first half of 2009 relative to 2008.

The average lending rate picked up, while the average deposit rate went down, resulting in the widening of net interest margin.

The ratio of operating expenses to average lease investment declined in the first two quarters of 2009 relative to 2008 – from 3.31% to 2.88%.

The ratio of total and long-term debt to equity came to 13.58 and 13.21 respectively.

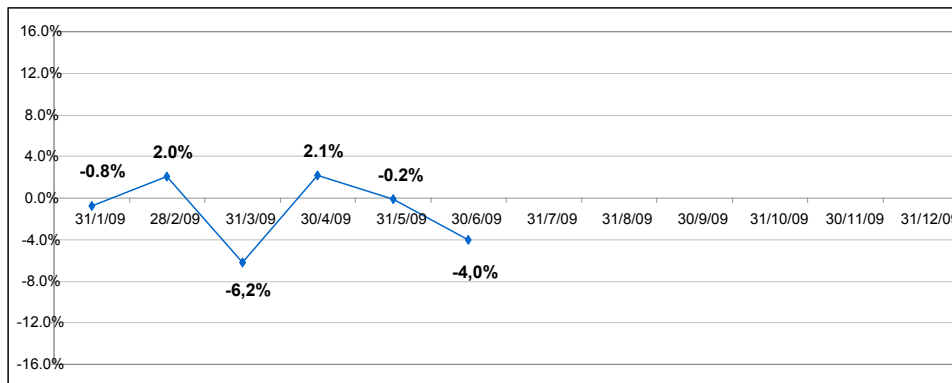
Sources of financing and reserve balances

The balance sheet structure indicates that the largest portion of financial lease investment was financed from foreign borrowing – as at 30 June 2009, foreign credit obligations made up 86.4% of total liabilities, while financial lease investment accounted for 75.1% of total assets. The share of long-term domestic credits rose relative to 2008, from 4.0% to 4.1% of total liabilities, whereas the share of short-term domestic credits declined from 2.0% to 0.6%. In the majority of cases, foreign creditors of financial leasing providers were either their founders or legal entities operating within the same banking group.

The reserving base as at 30 June 2009 (against which allocation was made on 10 April 2009) increased relative to 31 January 2006 (against which the first calculation and allocation was made on 10 February 2006) almost 16 times to reach EUR 816 million. The above base for calculating and allocating reserves was equal to 76.1% of total credits used and/or received from abroad by leasing providers.

Changes in the reserving base relative to the previous month are shown in Chart 6.

Chart 6 – Changes in the reserving base
(relative to the previous month)



Changes in total reserves allocated by leasing providers in the first half of 2009 (in thousand euros) are illustrated by Chart 7 below.

Chart 7 – Total allocated reserves of leasing providers
(in EUR thousand)

