

Banque Artesia Nederland N.V.
(GE Artesia Bank)

Annual report 2008

abridged version



GE imagination at work

PROFILE

Banque Artesia Nederland N.V. has its statutory registered office established in Amsterdam, the Netherlands, in accordance with its articles of association and is registered at the Chambers of Commerce in Amsterdam as No. 2527.

Address registered office:

GE Artesia Bank
Statutory: Banque Artesia Nederland N.V.
Herengracht 539-543
1017 BW Amsterdam
The Netherlands

Correspondence address:

PO Box 274
1000 AG Amsterdam
The Netherlands
Telephone: +31 20 520 4911
Fax: +31 20 624 7502
Telex: 11488
<http://www.geartesiabank.nl>
email: info@artesia.nl

General

Banque Artesia Nederland N.V. (hereinafter 'GE Artesia Bank'), a Dutch banking institution, organized as a public company with limited liability, operating under the trade name 'GE Artesia Bank' since being taken over by GE Commercial Finance in December 2006, provides quality banking services tailored to the needs of internationally-active corporate, private, institutional and public sector clients through a network of six branches strategically located in the Netherlands. All of the shares of GE Artesia Bank are held by GE Commercial Finance Holding Nederland B.V. registered in Amsterdam, the Netherlands. The shares are not listed on a trade market. The ultimate parent is GE Group in the USA.

The consolidated financial statements of GE Artesia Bank for the year ending 31 December 2008 includes GE Artesia Bank and its subsidiaries. A list of its consolidated subsidiaries is disclosed in the notes to the company financial statements.

GE Artesia Bank holds a banking license issued by the Dutch Central Bank (De Nederlandsche Bank N.V.), as referred to in Article 2:11 of the Dutch Financial Regulation Act (Wft) and is also authorized to provide investment services. GE Artesia Bank is registered at De Nederlandsche Bank N.V. and the Dutch Authority for the Financial Markets (AFM).

GE Artesia Bank focuses on 2 main business lines: corporate banking and private banking. It offers specialized expertise in revolving credit current account facilities, specific commercial transactions in trade and commodities and asset-based loans, along with many other financial services. Solutions include business financing to drive growth, providing working capital, improving cash flow and consolidating debt. For private clients, GE Artesia Bank offers tailor-made solutions for certain size of investment portfolios.

GE Artesia Bank distinguishes itself from the 'majors' by taking the time to listen to and understand clients' business processes and banking requirements, proposing and implementing effective banking solutions and building long-term relationships with clients. Experienced Account Managers, the short communication lines of a medium-sized bank and the strength of the GE Group enable GE Artesia Bank to add real value in helping clients realize their business ambitions.

History

Banque Artesia Nederland N.V. was established in 1863 as the Nederlandsche Credit & Depositobank. In 1872 it became a member of the Paribas group and was renamed Banque de Paris et des Pays-Bas N.V., and in 1984 the name changed to Banque Paribas Nederland NV. On March 11, 1998, following the formation of Artesia Banking Corp., the name changed to Banque Artesia Nederland N.V., On December 28, 2006 the bank was taken over by GE Commercial Finance, and now operates under the trade name 'GE Artesia Bank'.

Part of GE

GE is a diversified technology, media and financial services company focused on solving some of the world's toughest problems. With products and services ranging from aircraft engines, power generation, water processing and security technology to medical imaging, business and consumer financing, media content and industrial products, the company serves customers in more than 100 countries and employs more than 300,000 people worldwide.

Management

The composition of the Statutory Management Board and the Senior Management Team of GE Artesia Bank is as follows:

Management Board: Steven Prins (Chairman, Chief Executive Officer), John-Harold Every (Director Corporate Banking and Branches) and Johan Benning (Chief Financial Officer).

Senior Management Team: Steven Prins (CEO), Johan Benning (CFO), Bob Hofland (CRO), John-Harold Every (Director Corporate Banking and Branches), Pieter van de Koolwijk (Director Private Banking), Ben Baldwin (General Counsel), Brian Frissyn (Marketing), David Clarence (Operational Excellence) and Eveline de Wit (Human Resources).

Branches

Amsterdam

Herengracht 527
1017 BV Amsterdam
Tel. +31 20 520 44 00
Fax +31 20 620 16 23
amsterdam@artesia.nl
Branch manager: Brian Frank

Rotterdam

Parklaan 22
3016 BB Rotterdam
Tel. +31 10 440 67 00
Fax +31 43 325 05 54
rotterdam@artesia.nl
Branch manager: John van Neuren

Den Haag

Rustenburgweg 1
2517 KE Den Haag
Tel. +31 70 306 81 00
Fax +31 70 358 98 24
denhaag@artesia.nl
Branch manager: Wim Hulstein

Brabant & Zeeland

Bergschot 69
4817 PA Breda
Tel. +31 76 530 39 49
Fax +31 76 522 48 95
brabantzeeland@artesia.nl
Branch manager: Bert-Jan van der Hek

Maastricht

Vrijthof 17b
6211 LD Maastricht
Tel. +31 43 350 34 00
Fax +31 10 440 67 25
maastricht@artesia.nl
Branch manager: Vincent Schreinemacher

Midden & Oost Nederland

Boulevard 19
3707 BL Zeist
Tel. +31 30 698 42 42
Fax +31 30 698 42 41
middenoostnederland@artesia.nl
Branch manager: René Pieren

REPORT OF THE MANAGEMENT BOARD

Where 2007 showed the initial signs of an international credit crisis, 2008 has been the year in which the crisis severely worsened and started to have a widespread impact on the global financial system. Also the Netherlands was largely impacted, in particular from September 2008 onwards, when some of the biggest Dutch banks being nationalized or receiving strong government support. Against this background, it is no surprise that 2008 has been a difficult year. In the fourth quarter, we also saw the start of an economic downturn, characterized by the first signs of increasing unemployment, reduced investment and a slowing housing market.

During these times, GE Artesia focused on navigating through the crisis, with one of the key focus points being to ensure a healthy liquidity position. GE also proved to be a strong shareholder, which is particularly important during difficult times.

Overall, the results for 2008 were lower compared to the prior year with net profit dropping from EUR 21.3 million in 2007 to EUR 8.4 million in 2008, mainly driven by one-off benefits relating to the termination of the Asset & Liability Management (ALM) activities in 2007 and lower contribution from Private Banking activities. This was partially offset by a favorable impact as a result of adjusting the general provision in line with GE policy.

Private Banking had a tough year due to reduced transactions and related fee income. The bank managed to partly compensate for this by successfully increasing its income through retaining and growing its deposits base in a competitive savings market as private investors continued to hold cash. Operating income from Private banking activities dropped from EUR 16.5 million in 2007 to EUR 13.1 million in 2008.

Corporate Banking continued to perform strongly, benefiting from increased interest and fee income, mainly in working capital and trade financing. Operating Income grew from EUR 30.3 million in 2007 to EUR 33.2 million in 2008.

The quality of our loan portfolio and prudent approach in managing risk clearly shows as the bank encountered very limited losses. The reported recovery of impairment losses on financial assets of EUR 9.5 million is mainly related to the alignment of the general provision model with GE policy.

It has been decided to stop offering mortgages through intermediaries as of August 2008 due to a deteriorating market environment, resulting in unfavorable risk/return ratios. Existing mortgages will be continued and renewed where requested by customers.

The organization has made significant efforts in 2008 to reduce cost which will have also a positive impact in coming years. The total number of FTE's dropped from 271 in 2007 to 240 in 2008. As a result, operating expenses only marginally increased with 1.2% in 2008.

With regards to the future, GE Artesia Bank will continue to do what is necessary to perform in the current environment and has expressed four main priorities: safeguarding and growing our external client funding, minimize loan defaults by closely monitoring our portfolio and managing risk, protect margins on our assets and continue to take steps in reducing costs.

We are grateful to our staff members for their support and dedication in delivering during challenging times.

Amsterdam, May 14, 2009

Management Board

S.W. Prins, Chairman
J. Benning
J-H. Every

CONSOLIDATED FINANCIAL STATEMENTS 2008

(Amounts in thousands of euros unless otherwise stated)

	2008	2007
Interest income	197,121	180,883
Interest expense	166,305	148,839
Net interest income	30,816	32,044
Fee and commission income	16,479	18,065
Fee and commission expense	1,777	1,507
Net fee and commission income	14,702	16,558
Result from securities and participating interests	60	127
Result from financial transactions	5,838	30,672
Other operating income and expenses	1,062	651
Total operating income	52,478	80,052
Personnel expenses	29,164	27,777
General and administrative expenses	18,350	19,311
Depreciation and amortization	3,186	3,479
Total operating expenses	50,700	50,567
Impairment losses/(recoveries) on financial assets	(9,501)	1,791
Total expenses	41,199	52,358
Profit before income tax	11,279	27,694
Income taxes	2,885	6,425
Profit for the year (attributable to the shareholders)	8,394	21,269

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2008

(Amounts in thousands of euros unless otherwise stated)

ASSETS	2008	2007
Cash and cash equivalents	51,373	118,878
Loans and advances to banks	18,279	134,033
Loans and advances to customers	2,931,086	2,547,699
Financial assets held for trading	23,145	15,857
Financial assets available for sale	236,906	248,018
Derivative financial assets in hedge accounting relationships	422	15,687
Other assets	4,914	1,654
Property, land and equipment	27,272	27,987
Intangible assets	3,210	4,798
Current tax assets	2,320	1,742
Deferred tax assets	8,641	4,789
TOTAL ASSETS	3,307,568	3,121,140
LIABILITIES		
Due to banks	179,893	124,405
Funds entrusted	2,688,462	2,601,623
Financial liabilities held for trading	26,600	25,483
Derivative financial liabilities in hedge accounting relationships	38,630	343
Other liabilities	33,544	17,773
Provisions	11,530	17,808
Subordinated liabilities	68,258	64,905
Total Liabilities	3,046,917	2,852,340
SHAREHOLDERS' EQUITY		
Called upon and paid in share capital	73,733	73,733
Share premium reserve	79,495	79,495
Revaluation reserve	(14,809)	1,734
Other reserves	113,838	92,569
Result for the year	8,394	21,269
Total Equity	260,651	268,800
TOTAL LIABILITIES AND EQUITY	3,307,568	3,121,140
Contingent liabilities	558,084	638,912
Irrevocable facilities	99,887	177,799

Disclaimer

Information transmitted in this document is intended only for the person or entity to which it is addressed. The information contained in this document shall not create any binding contractual relationship between the recipient or any other party and Banque Artesia Nederland N.V. The information contained in this document is a summary of the information contained in the Annual Report of Banque Artesia Nederland N.V. for the corresponding period, as filed with the Trade Registry of the Chamber of Commerce. In case of discrepancies in the information provided, the information in the latter document shall prevail, unless indicated otherwise.



GE imagination at work

www.geartesiabank.nl