

FOR IMMEDIATE RELEASE

Leaseurope Index Results: Q4 2011

Brussels, 21 February 2012 - The Leaseurope Index tracks key performance indicators of a sample of European lessors on a quarterly basis. Q4 2011 is the fourth edition of this survey and also includes annual results.

The Q4 2011 Index shows that the indicators for the year 2011 are an improvement on those for 2010. However, the leasing industry did not escape the general economic downturn in Europe in the last quarter. Despite this difficult climate, the total value of new business granted by the reporting companies in the whole of 2011 was €75 billion, an increase of 5% compared to 2010.

Pre-tax profit of companies in the sample increased by 21% for the whole of 2011 in comparison to 2010, despite a decrease in Q4 2011 compared to Q4 2010 (see table 1). Although the average profitability ratio deteriorated in Q4, the result for 2011 remained strong at 30%, an increase on the 2010 figure (27%). The profitability ratio of the reporting companies in Q4 2011 was 14% (see table 3), which is mainly the result of poor performance on the part of a handful of companies. In comparison, the median profitability ratio, which is less susceptible to the effect of large positive or negative values, was 20% (see table 4). This value is much more representative of the position of the typical company in the sample.

Operating income decreased slightly in Q4 2011 (-1%) while operating expenses increased somewhat more compared to a year ago (6.4%). The result is that the average cost/income ratio of the sample peaked in the last quarter of the year (53%).

The average annualised cost of risk ratio was much better in 2011 than in 2010, as it decreased from 0.9% to 0.7%, although most companies felt a negative impact in Q4 2011.

The general downturn in the indicators for Q4 2011 can be attributed to the worsening economic conditions towards the end of the year. Eurostat estimates a fourth quarter drop in European GDP of -0.3% and the Eurozone Business Climate Indicator (published by Eurostat) shows a deterioration of conditions in the second half of 2011.

Vahid Daimi, Chairman and CEO of LeasePlan Corporation, commented that *"It has been a tough quarter for the leasing industry, and the economic downturn prompted by the European sovereign debt crisis has led to much uncertainty. Despite this challenging business environment, 2011 has proven to be a year of recovery for the leasing business. Of course, no-one knows what the future brings, but the fact that most companies in the Leaseurope/Invigors Business Confidence Survey for December 2011 expected new business volumes to increase in the first half of 2012 is a very promising sign."*

Jacqueline Mills, Senior Advisor at Leaseurope, stated that *"In order for Europe to recover from this economic crisis it is necessary to promote growth in the economy and in particular, investment by European businesses. In this regard, leasing has an important role to play in helping businesses, both large and small, finance this investment. It will be vital to ensure that new EU implementation of Basel 3 does not jeopardise leasing's ability to finance the real economy in the future."*

Vahid Daimi also made the following comment; *"On another topic, I'm pleased to note that the Leaseurope Index has been running for a full year now. To date it has been a very successful and productive project towards developing a benchmarking tool for the leasing industry. Moving forward into 2012, I would like to see the Index developed further to include asset breakdowns of*

all the current indicators and ratios, as this would be a highly useful means of comparing performance across different leasing sectors over time. The Leaseurope Board and Secretariat are currently working with the partaking companies to make this happen.

Table 1: Aggregate Data, 2011 Q1 – Q4¹

Aggregated data provided by companies (all figures in millions of euro for the relevant period)	2011 Q4		2011 Q3		2011 Q2		2011 Q1	
	Sum of values (€ millions)	% change versus Q4 2010	Sum of values (€ millions)	% change versus Q3 2010	Sum of values (€ millions)	% change versus Q2 2010	Sum of values (€ millions)	% change versus Q1 2010
1. Operating income	2,024	-0.8%	2,040	4.3%	2,079	5.0%	2,042	8.0%
2. Operating expenses	1,089	6.4%	994	4.7%	1,014	10.7%	962	6.2%
3. Loan loss provision	560	8.9%	355	-21.7%	351	-22.6%	312	-35.3%
4. Pre-Tax Profit	359	-24.4%	701	27.3%	700	25.2%	756	54.2%
5. Portfolio at end of period	226,209	2.1%	225,445	2.6%	224,285	1.7%	222,154	1.3%
6. New business volumes	19,292	-8.8%	19,028	13.0%	20,011	7.5%	17,789	12.3%

Table 2: Aggregate Data, 2009 – 2011 Annual

Aggregated data provided by companies (all figures in millions of euro for the relevant period)	2011		2010		2009
	Sum of values (€ millions)	% change versus 2010	Sum of values (€ millions)	% change versus 2009	Sum of values (€ millions)
1. Operating income	8,182	4.4%	7,839	11.0%	7,063
2. Operating expenses	4,062	7.2%	3,787	5.5%	3,589
3. Loan loss provision	1,581	-16.3%	1,889	-14.6%	2,212
4. Pre-Tax Profit	2,550	21.2%	2,104	68.8%	1,247
5. Portfolio at end of period	226,844	2.4%	221,475	0.7%	220,010
6. New business volumes	75,244	4.6%	71,919	1.8%	70,659

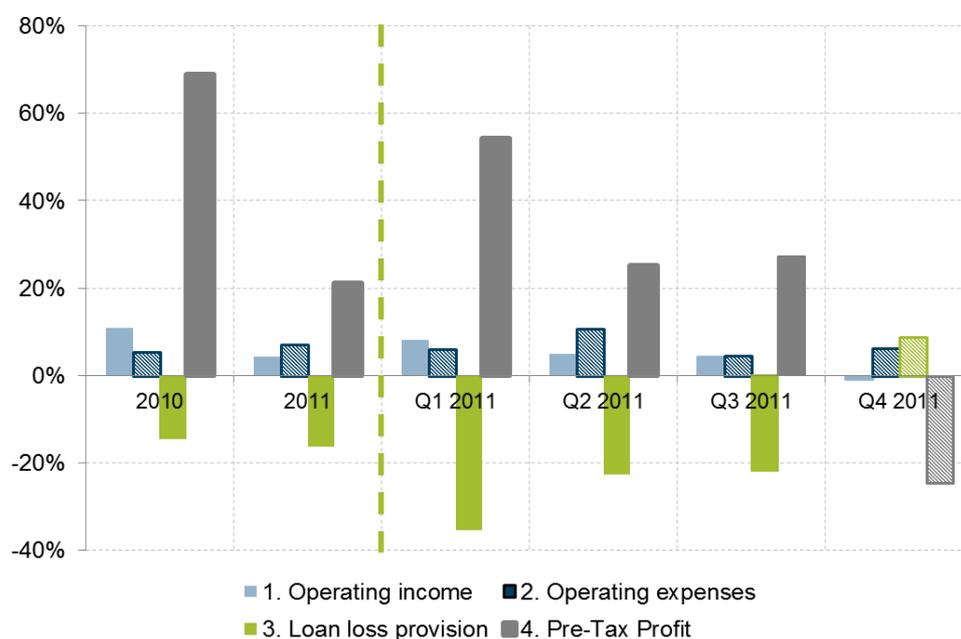
¹ The figures for Q1-Q3 2011 have been revised slightly since the results were last published due to some re-statements by reporting companies.

Table 3: Weighted Average Ratios²

Weighted Average Ratios	2011					2010				
	Average 2011 full year	Average Q4 2011	Average Q3 2011	Average Q2 2011	Average Q1 2011	Average 2010 full year	Average Q4 2010	Average Q3 2010	Average Q2 2010	Average Q1 2010
Profitability (%) - average of all companies' pre-tax profit as a % of total operating income	29.9%	14.4%	33.9%	33.8%	37.0%	26.8%	21.4%	28.4%	27.9%	25.8%
Cost/Income (%) - average of all companies' operating expenses as a % of operating income	47.1%	52.7%	45.5%	45.5%	45.3%	45.0%	46.0%	45.8%	43.3%	45.9%
Cost of Risk (%)* - average of all companies' loan loss provision (annualised) as a percentage of average portfolio over the period	0.70%	0.99%	0.63%	0.63%	0.56%	0.87%	0.93%	0.82%	0.83%	0.87%

* denotes that the quarterly loan loss provision figure has been annualised for the cost of risk ratio for individual quarters.

Fig 1: Growth Rates of Financial Indicators, 2010 – 2011



² Leaseurope calculates weighted average ratios based on the data provided by participating companies. The profitability and cost/income ratios are weighted by new business volumes over the relevant period. For example, each company's individual profitability ratio is weighted by its new business over the period Q4 2011 to arrive at the weighted average ratio of 14.9% shown in the table for Q4 2011. The cost of risk ratio is weighted by the average portfolio over the relevant period.

Fig. 2: New Business Volumes, Q1 2010 – Q4 2011

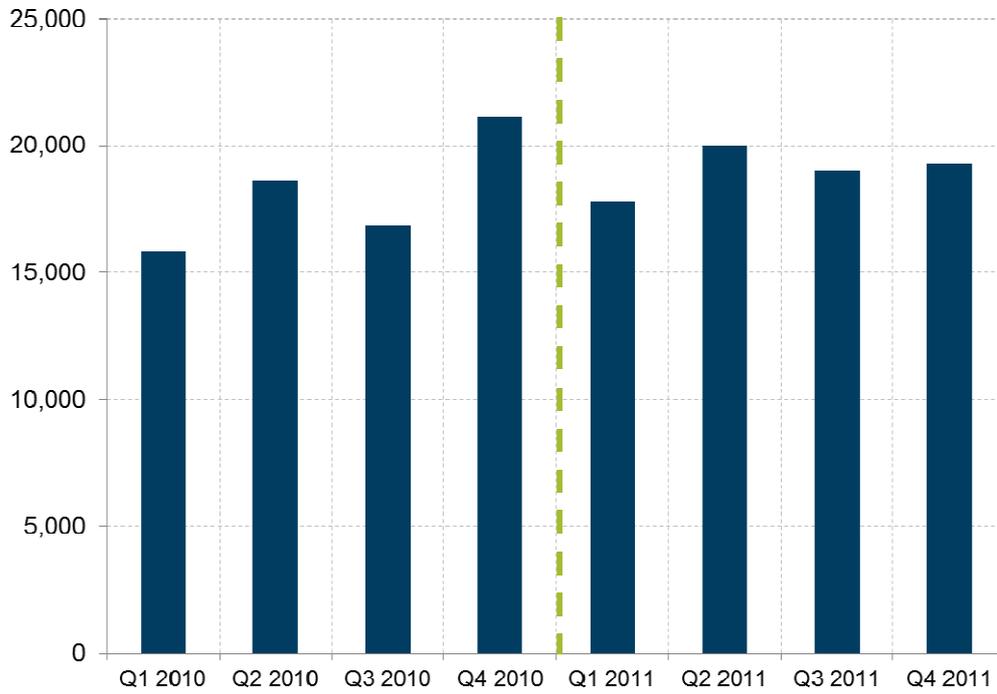


Fig. 3: Profitability Ratio, 2010 – Q4 2011

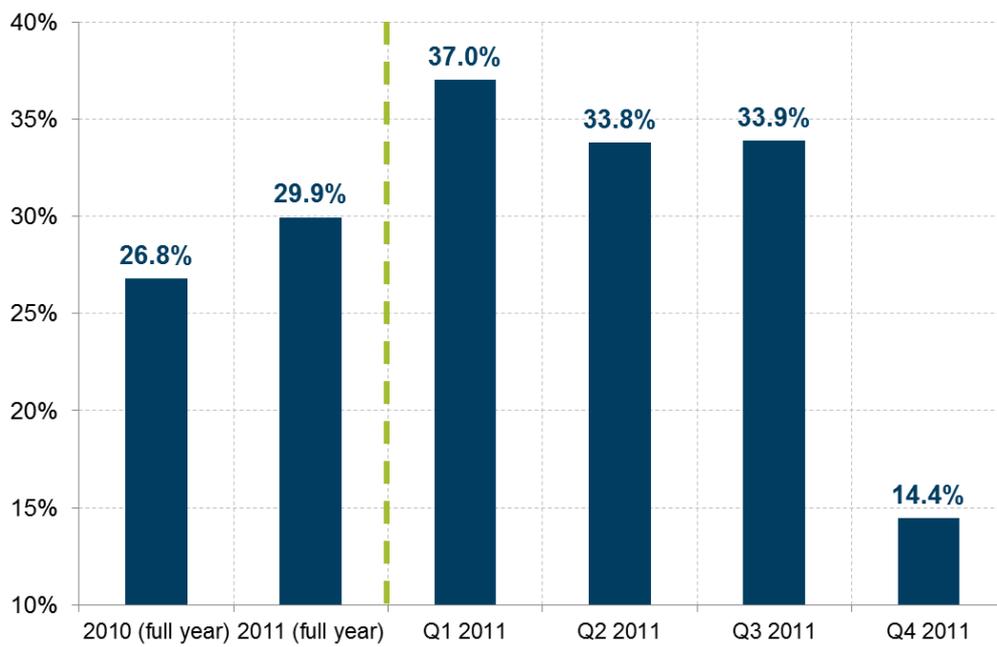


Fig. 4: Cost / Income Ratio, 2010 – Q4 2011

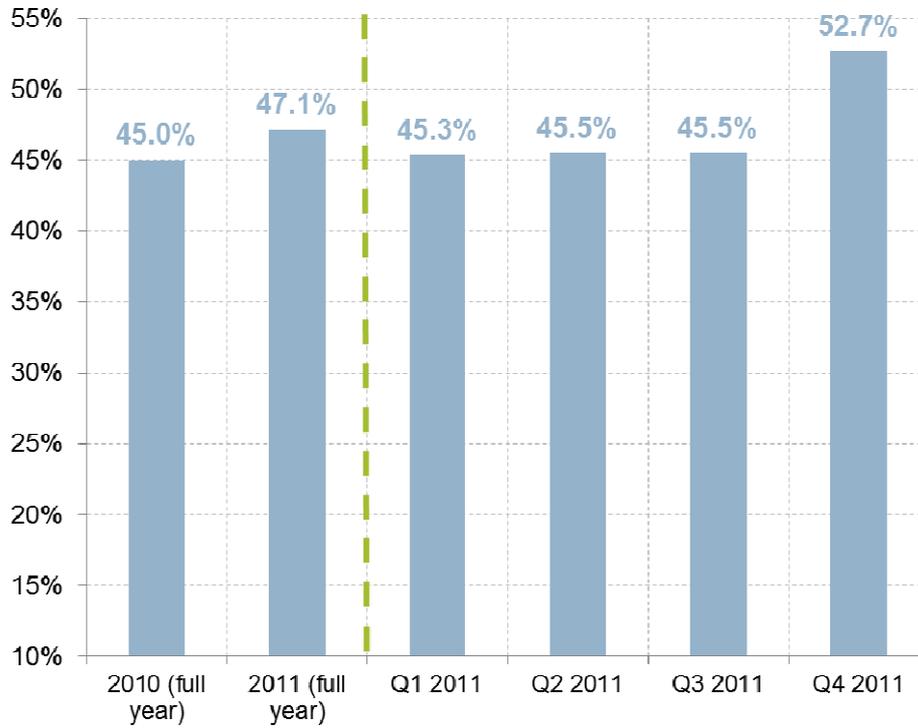


Fig. 5: Cost of Risk Ratio, 2010 – Q4 2011



Table 4: Quartiles³ for Ratios in Q3 and Q4 2011

	Quartiles Q4 2011			Quartiles Q3 2011		
	Profitability Ratio	Cost / Income Ratio	Cost of Risk Ratio	Profitability Ratio	Cost / Income Ratio	Cost of Risk Ratio
Minimum	-96.9%	20.1%	0.20%	-4.5%	19.2%	0.08%
Quartile 1 (25%)	5.6%	37.5%	0.35%	21.6%	32.5%	0.34%
Quartile 2 (50%) i.e. median	20.0%	54.0%	0.76%	33.7%	43.2%	0.67%
Quartile 3 (75%)	27.9%	61.1%	1.53%	36.8%	54.0%	0.74%
Maximum	55.0%	82.7%	3.23%	65.8%	68.3%	2.68%
Weighted Average	14.4%	52.7%	0.99%	33.9%	45.5%	0.63%

Table 4 above shows the ratio values for each quartile in Q3 and Q4 2011. For example, the median profitability ratio in Q4 is 24.6%. Companies in the 3rd quartile of the 17 reporting companies have a profitability ratio equal to or below 27.9% and above 24.6% in Q4 2011. Companies in the lower quartile (quartile 1 or the bottom 25%) have a profitability ratio of 6% or below. The weighted average of all companies is 14.9% (as shown in table 1).

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³ Quartiles show the value of the boundary at the 25th, 50th, or 75th percentiles of a frequency distribution divided into four parts, each containing a quarter of the values in the dataset. In the table, Quartile 3 (75th percentile or upper quartile) identifies the 3/4 of the population members that have a value below this quartile figure. The median value shows the middle value of the 17 observations in the data set. The median is not influenced by outliers at either end of the dataset and can therefore be a useful metric of the ratio of the "typical" company in the sample.

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About Leaseurope

As a Federation, Leaseurope brings together 43 associations throughout Europe (in 31 countries) representing the leasing, long term and/or short term automotive rental industries. The scope of products covered by Leaseurope's members ranges from hire purchase and finance leases to operating leases of all asset types (automotive, equipment and real estate) and also includes the rental of cars, vans and trucks. It is estimated that Leaseurope represents approximately 93% of the European leasing market. More information on Leaseurope can be found at www.leaseurope.org

About the Leaseurope Index

Who conducts this survey?

Leaseurope conducts this survey. Individual companies report their figures for each indicator to Leaseurope, which aggregates the results on a confidential basis.

What is the purpose of this survey?

The purpose of the Leaseurope Index is to provide timely and regular information on the European leasing and automotive rental market. This is the only survey to report statistics on both volume of business and value creation metrics at European level.

What indicators are covered by the Leaseurope Index?

The survey tracks operating income, operating expenditure, loan loss provision, pre-tax profit, portfolio of leased assets and new business volumes for each quarter.

Definitions:

- 1) **Total operating income:** Net interest income + net fee and commission income + net insurance result + trading profit + other net income (including rental income net of depreciation on operating leases and profit on sales of assets linked to leasing activities)
- 2) **Total operating expenses:** includes inter alia staff costs, other administrative expenses, depreciation and amortisation
- 3) **Loan loss provision:** Net loan loss provision - write offs + recoveries over the period (including write-offs/recoveries of assets)
- 4) **Pre-tax profit:** Total operating income – costs – provisions
- 5) **Portfolio at end of period:** Total portfolio of leased assets including outstanding loans to customers and assets on operating lease at the end of each period (non-performing loans are included). The figures reflect the depreciated value of assets at the end of the period.
- 6) **New business volumes:** Total value of new contracts approved & signed by both sides (lessor and lessee) during the period during the reporting period, excluding VAT and finance charges

Based on the data provided in millions of euro by each company, Leaseurope calculates weighted average ratios, defined as follows:

Profitability ratio: weighted average of all companies' pre-tax profit as a % of total operating income. The weight used is the new business volume for the relevant period.

Cost / Income ratio: weighted average of all companies' operating expenses as a % of operating income. The weight used is the new business volume for the relevant period.

Cost of risk ratio: weighted average of all companies' loan loss provision (annualised) as a percentage of average portfolio over the period. The weight used is the average portfolio over the period. Average portfolio is calculated as the mean of the value of the portfolio of leased assets at the beginning and end of each period.

Which companies take part in the survey?

17 companies participate on a voluntary basis: ABN AMRO Lease, ALD Automotive, Arval, Banca Agrileasing, BNP Paribas Leasing Solutions, Caterpillar S.A.R.L., Credit Agricole Leasing & Factoring, De Lage Landen, DnB NOR Finans, ING Lease, Leaseplan, Leasint, Nordea Finance, UniCredit Leasing, Société Générale Equipment Finance, UBI Leasing, Xerox Financial Services Europe

This sample is broadly representative of the European market in terms of geographic coverage and asset coverage. The sample represents a significant share of the total European leasing market. Please see the Leaseurope **2010 Ranking survey** for more information about European leasing companies.

How should the survey results be interpreted?

The survey tracks trends in key performance indicators at European level. The results are only presented in aggregate and no inferences can be made about any individual company's performance based on this aggregate data.

Extreme care should be taken in comparing individual company performance with the Leaseurope Index, which spans a sample of lessors active in different market segments. For example, the sample includes general leasing companies, automotive lessors, captive equipment vendors etc. The companies in the sample are also active in different geographic markets.

For this survey, Leaseurope aggregates self-declared information. While the Leaseurope Secretariat monitors the plausibility of the data, this is not audited data. As such, the Leaseurope Index should only be used for indicative purposes and care should be taken in interpreting the results. Although the sample is broadly representative, care should be taken in making inferences about market trends for the industry as a whole.

What is the geographic scope of this survey?

Consolidated figures are reported for the entire European activities of the participating companies. Europe is defined in the widest sense as EU27 + EFTA + other countries e.g. Turkey, Ukraine, Russia, Serbia, Croatia etc. Each company reports figures in euro regardless of which countries they operate in or which currencies they report in.

What is meant by "leasing"?

The term "leasing" is used in its broadest sense, covering hire purchase, finance and operating leasing which includes long term rental. Leasing is defined according to International Financial Reporting Standards (IAS17).

When will the next Leaseurope Index results be released?

The survey is conducted on a quarterly basis. For future editions of this survey, Leaseurope aims to publish the results on the **Leaseurope Index website** within six weeks of the close of quarter.

Disclaimer

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