

FOR IMMEDIATE RELEASE

LEASEUROPE INDEX LATEST RESULTS: Q1 2013

Brussels, 4 June 2013 – The Leaseurope Index is a unique survey that tracks key performance indicators of a sample of 17 European lessors on a quarterly basis. This Q1 2013 is the ninth edition of the survey.

The weighted average ratios for Q1 2013 have increased back to similar levels seen in the same quarter of the previous year, and substantially improved compared to Q4 2012.

Total new leasing volumes reported by the sample of firms were under €15 billion, the lowest level of new business recorded since the start of this survey. Customers' appear to be postponing investment spending decisions in the current climate of economic uncertainties. The portfolio of outstanding contracts decreased (-1.2%) slightly whereas risk-weighted assets remained stable.

Profit & profitability

While total pre-tax profit of the companies in the sample decreased by -2.8% for Q1 2013 in comparison to Q1 2012, there was a significant improvement on Q4 2012 (see table 1). Similarly, although the average profitability ratio was down slightly from 35% in Q1 2012 to 32% in Q1 2013, the latest results represent a clear and significant increase over the Q4 2012 figure of 16% (see table 3). It is important to note that the quartile values of the profitability ratio are widely dispersed within the firm sample for the reporting period (see table 4).

Income, expenses & cost/income

Compared to the same period a year ago, operating income increased substantially (5.1%), while operating expenses also increased but much less (1.2%). This resulted in a substantial improvement of the average cost/income ratio in Q1 2013 to 45.3%, the lowest level seen since early 2011.

Loan loss provision & cost of risk

Loan loss provisions decreased in Q1 2013 compared to Q4 2012, although still at a higher level than the same period of the previous year. The average annualised cost of risk underwent an improvement in Q1 compared to the end of last year and reached 0.8% (0.9% in Q4 2012)

RoA and RoE indicators

RoA and RoE¹ increased to similar levels seen in Q1 2012, of 1.0% and 121 respectively. Again, this is a big improvement on the figures seen in Q4 2012, and throughout 2012 in general.

Jukka Salonen, CEO of Nordea Finance, commented that, *"It is encouraging to see financial ratios in Q1 2013 improving on what we saw in 2012. In particular, the stabilisation of cost/income figures is a positive development. The drop in new business volumes at the beginning of this year shows that the industry is still battling very poor European economic conditions, a situation which is not expected to improve in the short term. The fact that leasing companies have managed to maintain control of their KPIs going into 2013 despite low demand for investment speaks to the robustness of the industry."*

¹ In order to ensure a feasible and comparable data collection across our sample, 8% of total risk weighted assets has been used as a proxy for equity. This ratio has then been indexed, with 2010=100, in order to show the trends as opposed to the levels.

Table 1: Aggregate Data, Q1 2012 – Q1 2013²

Aggregated data provided by companies (all figures in millions of euro for the relevant period)	2013 Q1		2012 Q4		2012 Q3	
	Sum of values (€ millions)	% change versus Q1 2012	Sum of values (€ millions)	% change versus Q4 2011	Sum of values (€ millions)	% change versus Q3 2011
1. Operating income	1,935	5.1%	1,894	0.5%	1,836	-1.7%
2. Operating expenses	898	1.2%	1,036	3.7%	903	1.9%
3. Loan loss provision	445	28.8%	525	-4.0%	402	20.4%
4. Pre-Tax Profit	592	-2.8%	321	-0.3%	526	-17.7%
5. RWA at end of period	174,371	-0.8%	174,569	-3.3%	175,474	-2.6%
6. Portfolio at end of period	233,083	-1.2%	232,342	-0.9%	233,386	-0.2%
7. New business volumes	14,633	-12.0%	17,657	-10.8%	16,588	-17.5%

Aggregated data provided by companies (all figures in millions of euro for the relevant period)	2012 Q2		2012 Q1	
	Sum of values (€ millions)	% change versus Q2 2011	Sum of values (€ millions)	% change versus Q1 2011
1. Operating income	1,890	-2.1%	1,841	-2.1%
2. Operating expenses	902	-1.9%	887	0.2%
3. Loan loss provision	486	56.7%	346	16.8%
4. Pre-Tax Profit	489	-32.7%	609	-12.6%
5. RWA at end of period	175,533	-0.9%	175,755	1.0%
6. Portfolio at end of period	235,241	1.1%	235,909	3.2%
7. New business volumes	18,465	-13.0%	16,625	-8.8%

² Historical figures have been revised slightly since the results were last published due to re-statements by some reporting companies.

Table 2: Aggregate Data, 2009 – 2012 Annual³

Aggregated data provided by companies (all figures in millions of euro for the relevant period)	2012		2011		2010		2009
	Sum of values (€ millions)	% change versus 2011	Sum of values (€ millions)	% change versus 2010	Sum of values (€ millions)	% change versus 2009	Sum of values (€ millions)
1. Operating income	7,483	-1.1%	7,564	2.1%	7,405	3.1%	6,591
2. Operating expenses	3,734	0.4%	3,721	5.6%	3,523	6.7%	3,301
3. Loan loss provision	1,761	16.5%	1,511	-19.7%	1,882	-9.2%	2,074
4. Pre-Tax Profit	1,960	-16.4%	2,345	19.0%	1,970	64.6%	1,197
5. RWA at end of period	174,569	-3.0%	179,925	3.9%	173,191	n/a	n/a
6. Portfolio at end of period	232,342	-0.9%	234,563	1.6%	230,978	0.4%	230,147
7. New business volumes	66,924	-14.3%	78,073	3.0%	75,793	7.3%	70,659

Table 3: Weighted Average Ratios, 2012 – Q1 2013⁴

Weighted Average Ratios	2013	2012				
	Average Q1 2013	Average 2012 full year	Average Q4 2012	Average Q3 2012	Average Q2 2012	Average Q1 2012
Profitability (%) - average of all companies' pre-tax profit as a % of total operating income	31.6%	26.5%	16.3%	30.1%	26.1%	34.6%
Cost/Income (%) - average of all companies' operating expenses as a % of operating income	45.3%	48.3%	53.5%	47.9%	45.4%	46.8%
Cost of Risk (%)* - average of all companies' loan loss provision (annualised) as a percentage of average portfolio over the period	0.8%	0.7%	0.9%	0.7%	0.8%	0.6%
Return on Assets (%)* - average of all companies' net profit before tax (annualised) as a percentage of average portfolio over the period	1.0%	0.9%	0.6%	0.9%	0.8%	1.0%
Return on Equity (2010=100)* - Index of all companies' net profit before tax (annualised) as a percentage of 8% of total risk weighted assets over the period	121	102	59	108	103	122

* denotes that the quarterly numerator (either loan loss provision or net profit) has been annualised in order to calculate the relevant ratio for each individual quarter.

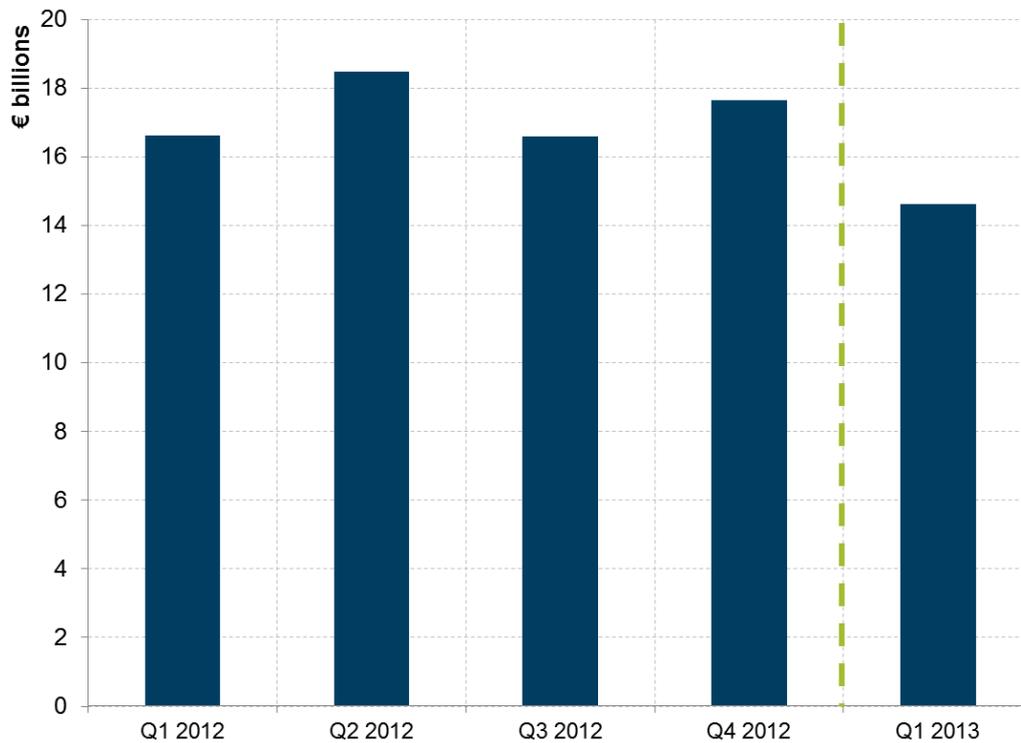
³ The aggregate annual data are shown here as reported in the Q4 2012 survey.

⁴ 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 2012 to arrive at the weighted average ratio of 16.3% shown in the table. The cost of risk, RoA and RoE ratios are weighted by the average portfolio over the relevant period.

Fig 1: Growth Rates of Financial Indicators, 2011 – Q4 2012⁵



Fig. 2: New Business Volumes, Q1 2012 – Q1 2013



⁵ A thick border around an individual bar in the chart is illustrative of a negative development in the indicator

Fig. 3: Profitability Ratio, 2012 – Q1 2013

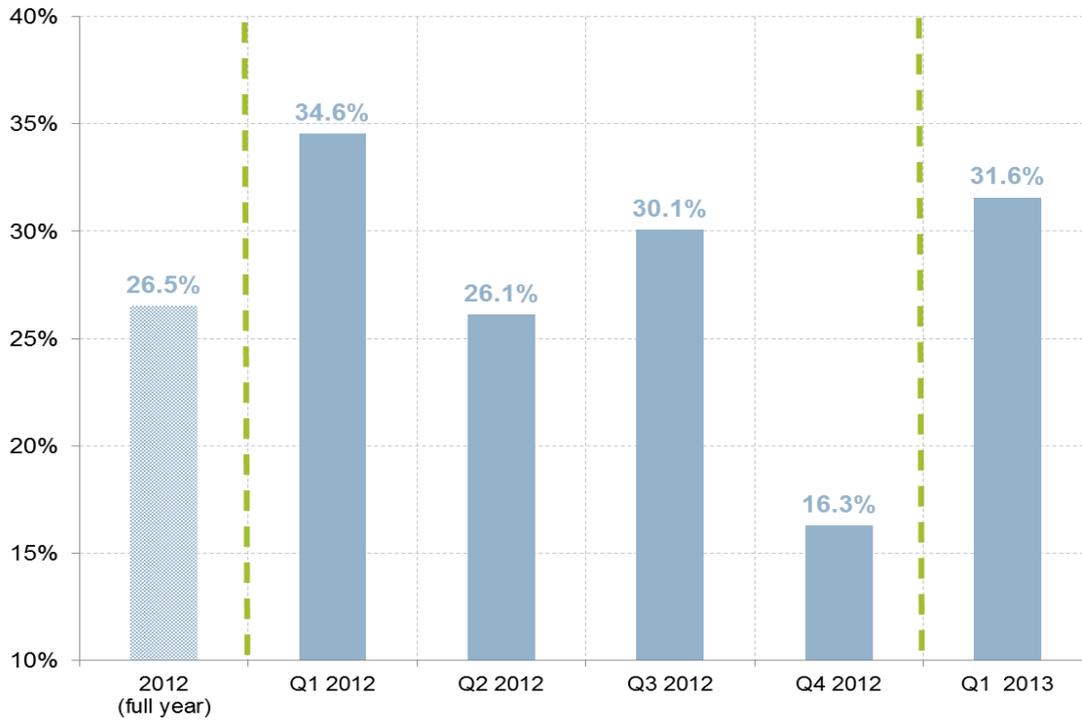


Fig. 4: Cost / Income Ratio, 2012 – Q1 2013



Fig. 5: Cost of Risk Ratio, 2012 – Q1 2013

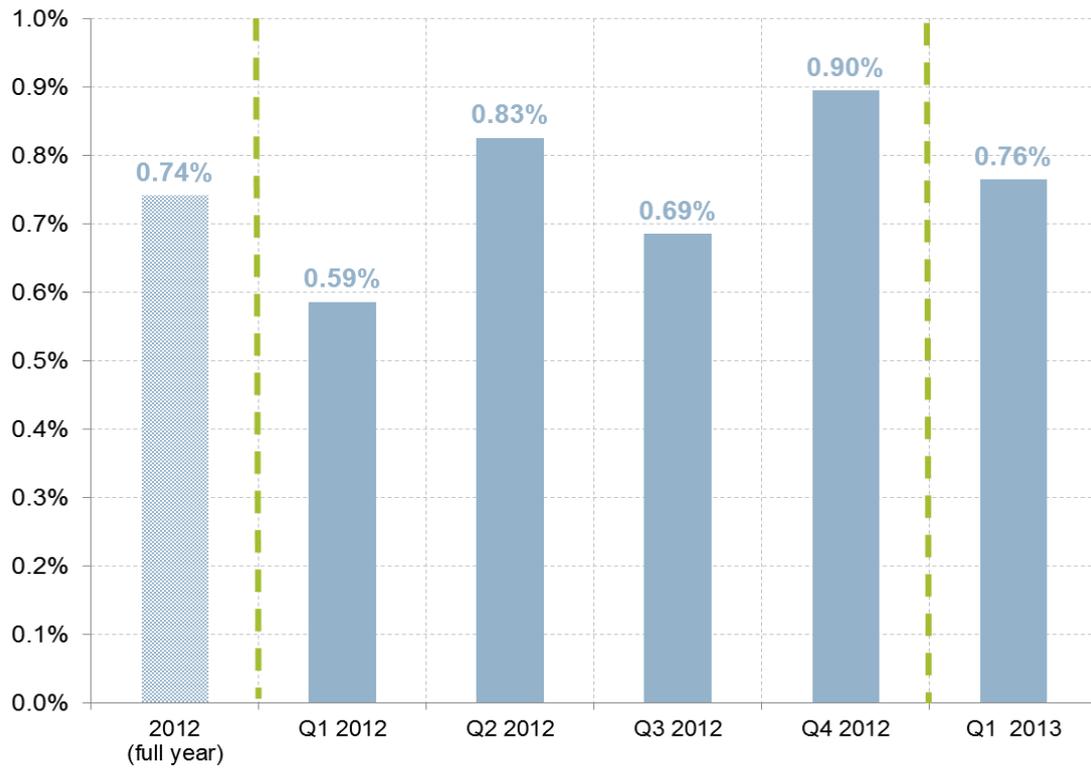


Figure 6: Return on Assets Ratio, 2012 – Q1 2013

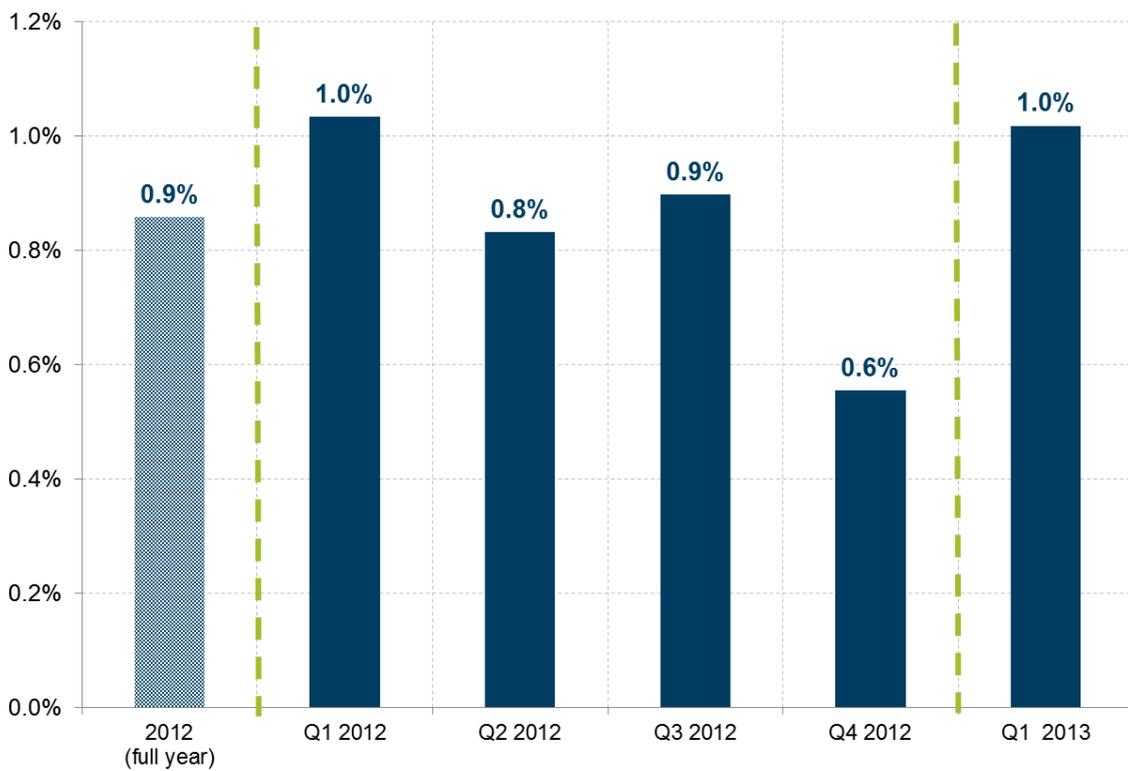


Figure 7: Return on Equity Index (2010=100), 2012 – Q1 2013

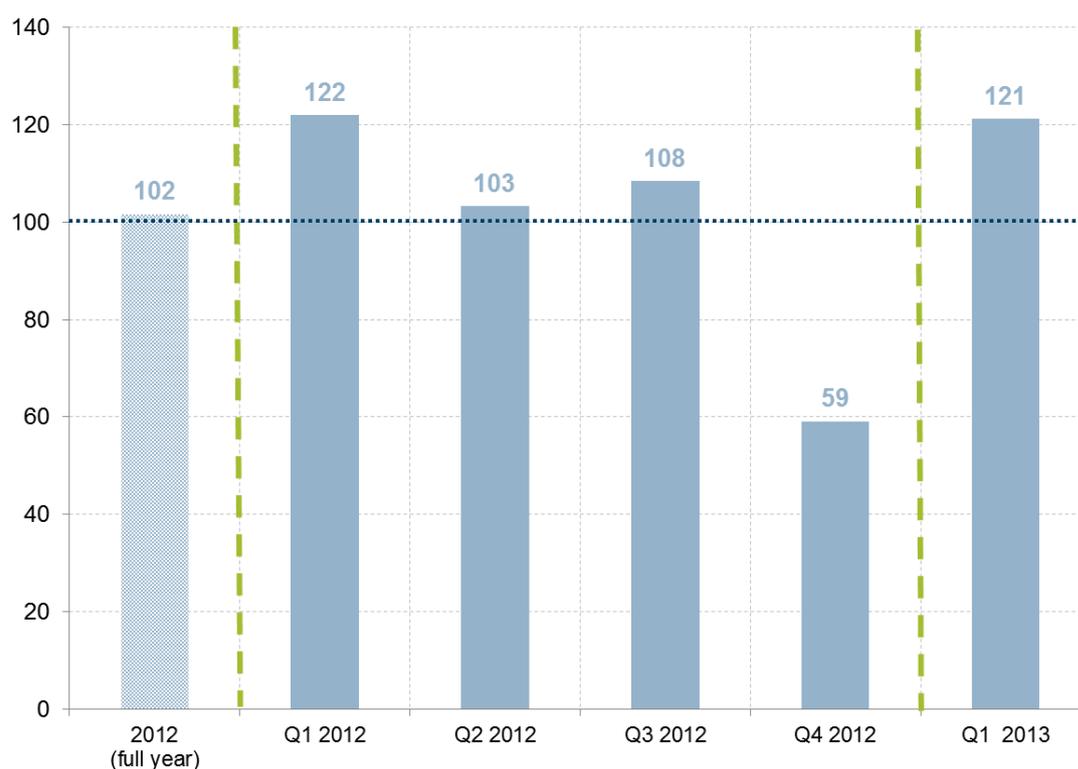


Table 4: Quartiles⁶ for Ratios in Q1 2013

	Quartiles Q1 2013			
	Profitability Ratio	Cost / Income Ratio	Cost of Risk Ratio	RoA Ratio
Minimum	-40.0%	18.2%	0.2%	-0.5%
Quartile 1 (25%)	19.5%	32.5%	0.2%	0.4%
Quartile 2 (50%) i.e. median	39.0%	44.8%	0.5%	1.4%
Quartile 3 (75%)	48.1%	51.0%	1.0%	2.9%
Maximum	59.8%	60.1%	1.7%	4.4%
Weighted Average	31.6%	45.3%	0.76%	1.02%

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⁶ 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 that 3/4 of the population members 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 44 associations throughout Europe representing either 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 92% of the European leasing market.

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, risk weighted assets, 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) **Risk weighted assets at end of period:** Total risk weighted assets (RWA) as defined by currently applicable prudential requirements (under the approach used by each firm, be it standardised or IRB) at the end of each period
- 6) **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.
- 7) **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.

Return on assets ratio: weighted average of all companies' net profit (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.

Return on equity ratio: weighted average of all companies' net profit (annualised) as a percentage of 8% of average risk weighted assets 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 **2011 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.

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