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PRESS RELEASE

LEASEUROPE INDEX LATEST RESULTS: Q3 2014

Brussels, 18 December 2014 – The Leaseurope Index is a unique survey that tracks key performance indicators of a sample of 17 European lessors on a quarterly basis. This Q3 2014 is the fifteenth edition of the survey.

The weighted average ratios for Q3 2014 have improved compared to the same quarter of the previous year, continuing the positive trend seen so far in 2014.

Total new leasing volumes reported by the sample of firms are over €16 billion, an improvement on the volumes reported in Q3 2013. The portfolio of outstanding contracts increased slightly (0.6%), while risk-weighted assets declined substantially (-6.1%), reflecting a general strengthening of the risk profile of leasing portfolios.

Profit & profitability

Total pre-tax profit of the companies in the sample further improved its recovery in Q4 2013, increasing by 19.6% compared to Q3 2013 (see table 1). The average profitability ratio increased from 30.6% in Q3 2013 to 33.4% in Q3 2014 (see table 3), maintaining the high levels seen so far in 2014. Within these aggregate results there lies a large degree of variation in performance by company, with a few companies suffering continued losses but most enjoying strong results (see table 4).

Income, expenses & cost/income

Compared to the same period a year ago, operating income increased (6.5%), while operating expenses increased by a smaller amount (2.5%). This resulted in an improvement of the average cost/income ratio in Q3 2014 to 45.5%, lower than the level of 47.2% seen in Q3 2013.

Loan loss provision & cost of risk

Loan loss provisions decreased in Q3 2014 compared to Q3 2013, continuing the declines seen in the first half of 2014. The average annualised cost of risk therefore enjoyed a slight improvement in Q3 compared to the same period last year and reached the relatively low level of 0.71% (0.74% in Q3 2013).

RoA and RoE indicators

RoA and RoE¹ both improved in Q3 2014 compared with the third quarter of the previous year, growing from 1.0% to 1.2% and from 127 to 161, respectively. This RoA figure is the second highest, and the RoE figure is the highest, seen in the history of this survey.

Mike Masterson, CEO of ALD International, commented that, *“The European leasing industry is finally enjoying a more sustained recovery period. Financial ratios in Q3 2014 have continued to improve, building on the strong recovery experienced in the first half of the year. The European Commission expects investment levels to have been more muted in the second half of 2014.² However, leasing appears to be continuing to benefit from improved market conditions. Profitability, RoA and RoE ratios have performed particularly well, while outstanding portfolios are finally on the rise again. Provisions are beginning to normalise, after an incredibly turbulent period in most European countries. As we draw closer to year end, expectations are that leasing will continue to go from strength to strength.”*

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. Therefore, the results reported here for RoE may not be directly comparable to the way leasing firms measure RoE internally or to some other measures of RoE.

² European Commission's European Economic Forecast, Autumn 2014.

Table 1: Aggregate Data, Q1 2013 – Q3 2014³

Aggregated data provided by companies (all figures in millions of euro for the relevant period)	2014 Q3		2014 Q2		2014 Q1	
	Sum of values (€ millions)	% change versus Q3 2013	Sum of values (€ millions)	% change versus Q2 2013	Sum of values (€ millions)	% change versus Q1 2013
1. Operating income	1,944	6.5%	1,971	2.7%	1,905	3.2%
2. Operating expenses	897	2.5%	888	-1.2%	870	-0.8%
3. Loan loss provision	381	-4.2%	392	-13.1%	394	-4.2%
4. Pre-Tax Profit	657	19.6%	648	15.1%	633	13.4%
5. RWA at end of period	150,940	-6.1%	152,765	-6.0%	151,706	-10.4%
6. Portfolio at end of period	215,374	0.6%	216,192	-0.8%	214,299	-3.1%
7. New business volumes	16,525	8.4%	18,031	8.8%	16,039	9.5%

Aggregated data provided by companies (all figures in millions of euro for the relevant period)	2013 Q4		2013 Q3		2013 Q2		2013 Q1	
	Sum of values (€ millions)	% change versus Q4 2012	Sum of values (€ millions)	% change versus Q3 2012	Sum of values (€ millions)	% change versus Q2 2012	Sum of values (€ millions)	% change versus Q1 2012
1. Operating income	1,883	4.0%	1,825	3.6%	1,920	5.7%	1,847	3.8%
2. Operating expenses	957	-0.4%	875	-1.6%	898	1.1%	877	0.5%
3. Loan loss provision	1,581	210.7%	397	7.5%	451	0.8%	412	33.2%
4. Pre-Tax Profit	-683	-307.7%	549	10.2%	563	19.8%	558	-6.6%
5. RWA at end of period	158,960	-5.3%	160,749	-3.8%	162,481	-3.3%	169,279	-0.4%
6. Portfolio at end of period	216,016	-4.0%	213,987	-4.5%	217,867	-3.2%	221,055	-2.0%
7. New business volumes	18,408	6.8%	15,238	-3.0%	16,578	-5.9%	14,646	-8.9%

³ 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 Annual⁴

Aggregated data provided by companies (all figures in millions of euro for the relevant period)	2013		2012		2011		2010		2009
	Sum of values (€ millions)	% change versus 2012	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	7,457	3.6%	7,199	-4.8%	7,564	2.1%	7,405	12.3%	6,591
2. Operating expenses	3,592	-1.0%	3,627	-2.5%	3,721	5.6%	3,523	6.7%	3,301
3. Loan loss provision	2,656	64.3%	1,617	7.0%	1,511	-19.7%	1,882	-9.2%	2,074
4. Pre-Tax Profit	989	-47.7%	1,890	-19.4%	2,345	19.0%	1,970	64.6%	1,197
5. RWA at end of period	161,517	-3.6%	167,610	-6.8%	179,925	3.9%	173,191	n/a	n/a
6. Portfolio at end of period	216,538	-3.8%	225,082	-4.0%	234,563	1.6%	230,978	0.4%	230,147
7. New business volumes	66,100	-1.0%	66,764	-14.5%	78,073	3.0%	75,793	7.3%	70,659

Table 3: Weighted Average Ratios, 2012 – Q3 2013⁵

Weighted Average Ratios	2014			2013				
	Average Q3 2014	Average Q2 2014	Average Q1 2014	Average 2013 full year	Average Q4 2013	Average Q3 2013	Average Q2 2013	Average Q1 2013
Profitability (%) - average of all companies' pre-tax profit as a % of total operating income	33.4%	33.3%	32.4%	11.8%	-48.3%	30.6%	29.2%	31.6%
Cost/Income (%) - average of all companies' operating expenses as a % of operating income	45.5%	44.6%	45.3%	47.0%	49.8%	47.2%	46.0%	46.7%
Cost of Risk (%)* - average of all companies' loan loss provision (annualised) as a percentage of average portfolio over the period	0.71%	0.73%	0.73%	1.21%	2.93%	0.74%	0.82%	0.74%
Return on Assets (%)* - average of all companies' net profit before tax (annualised) as a percentage of average portfolio over the period	1.2%	1.2%	1.2%	0.4%	-1.3%	1.0%	1.0%	1.0%
Return on Equity (%)* - average of all companies' net profit before tax (annualised) as a percentage of 8% of total risk weighted assets over the period	23.2%	22.4%	21.7%	8.6%	-21.1%	18.3%	17.7%	17.5%
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	161	155	151	60	-146	127	123	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.

⁴ The aggregate annual data are shown here as reported in the Q4 2013 survey.

⁵ 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 Q3 2014 to arrive at the weighted average ratio of 33.4% 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, Q1 2013 – Q3 2014⁶

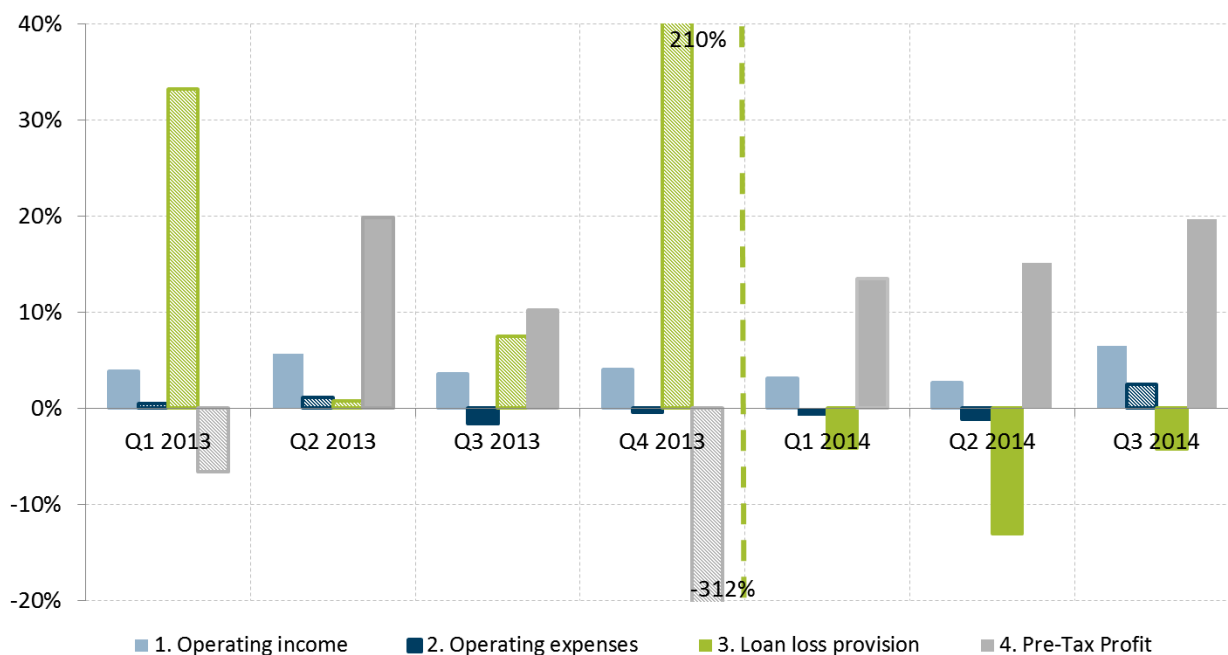
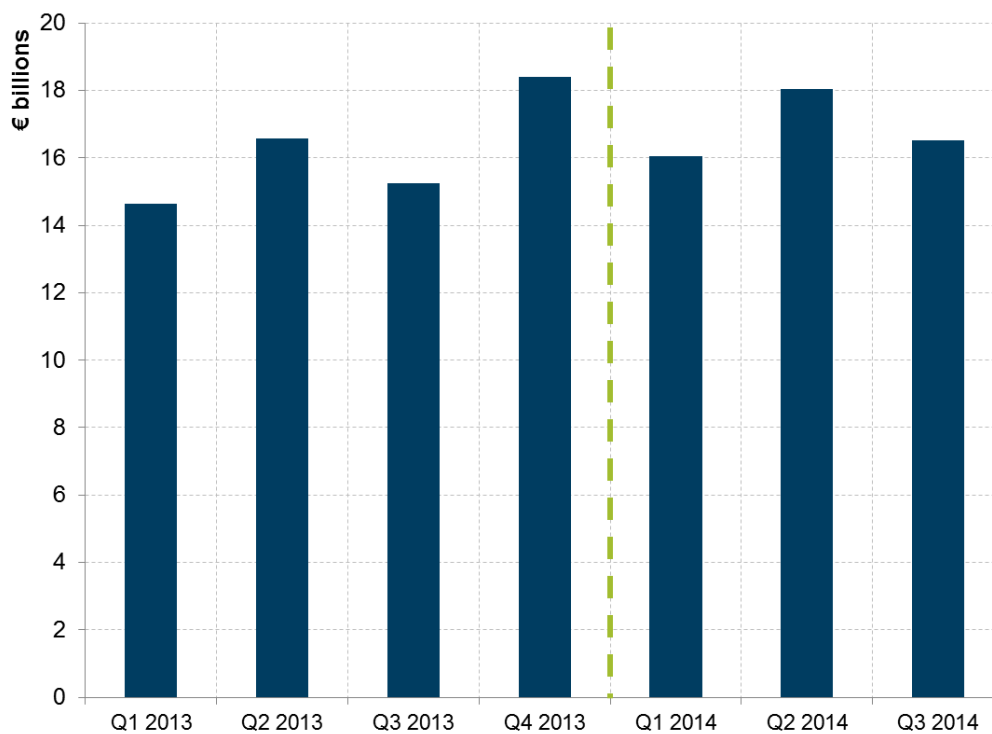


Fig. 2: New Business Volumes, Q1 2013 – Q3 2014



⁶ A thick border around an individual bar in the chart is illustrative of a negative development in the indicator. The large negative developments seen in loan loss provision (and hence pre-tax profit) in Q4 2013 are not an error, but are the result of extraordinarily high figures in a very small part of the sample. These figures, while showing averages, are therefore not a good representation of the general condition of the whole sample in Q4 2013.

Fig. 3: Profitability Ratio, Q1 2013 – Q3 2014⁷

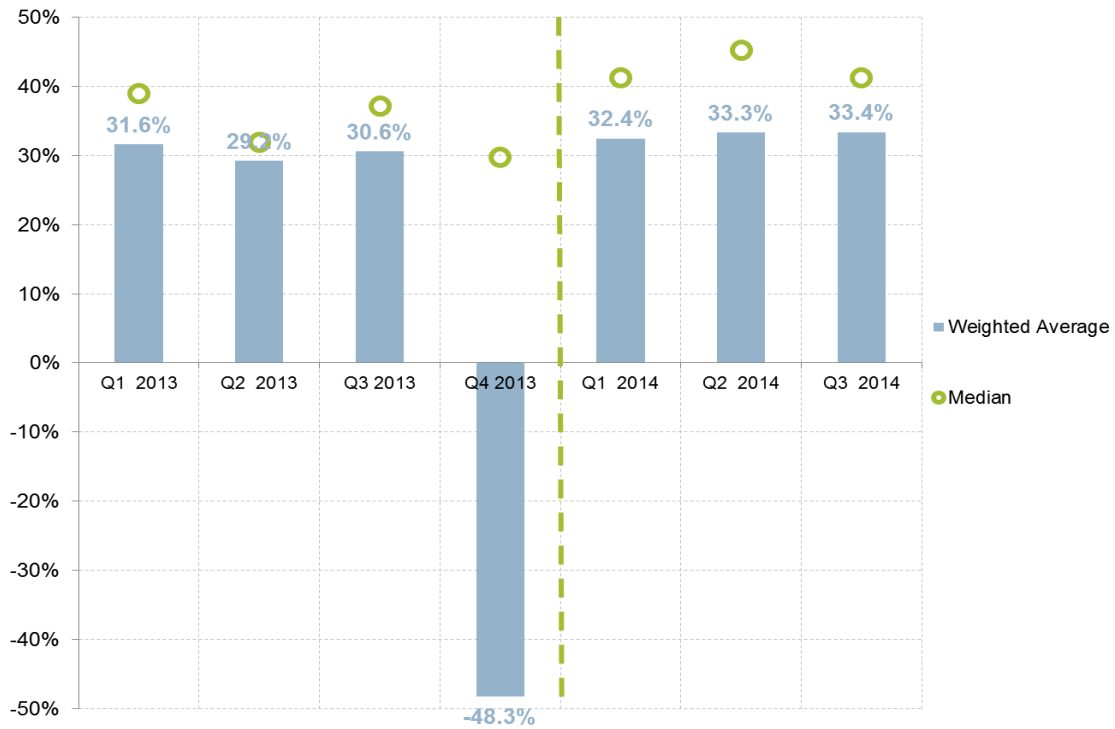
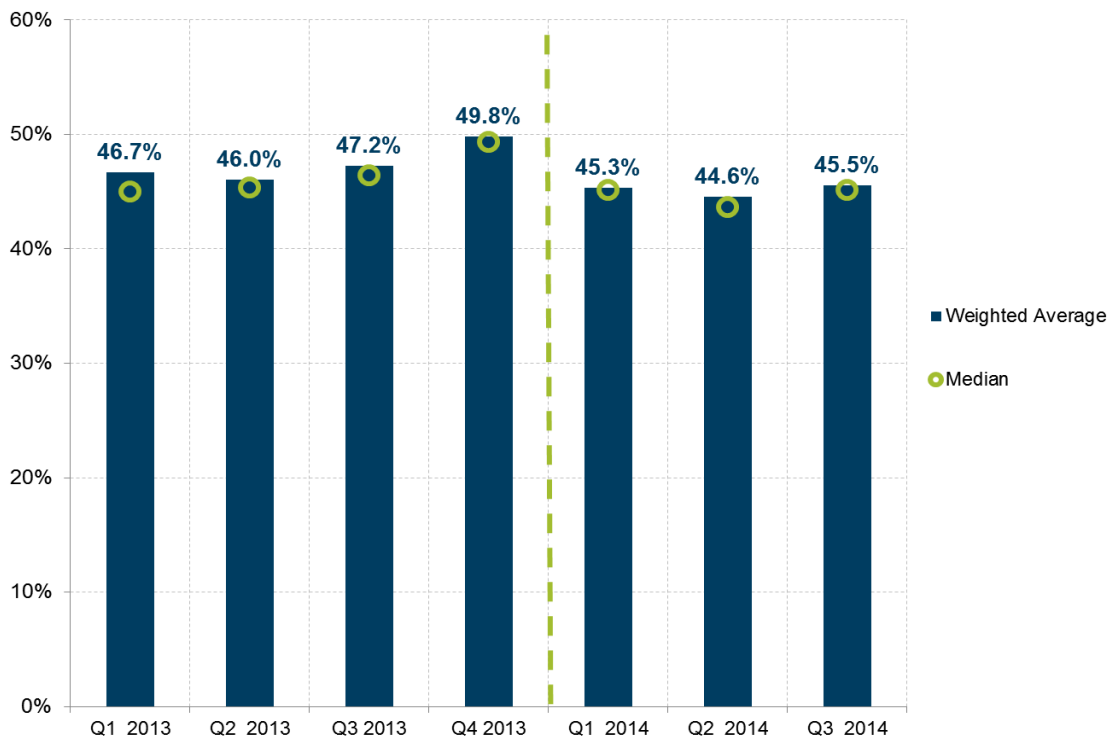


Fig. 4: Cost / Income Ratio, Q1 2013 – Q3 2014



⁷ Please refer to the trend in the median value for a more accurate representation of Q4 2013 figures. The weighted average for Q4 2013 is heavily influenced by extreme outlier values.

Fig. 5: Cost of Risk Ratio, Q1 2013 – Q3 2014⁸

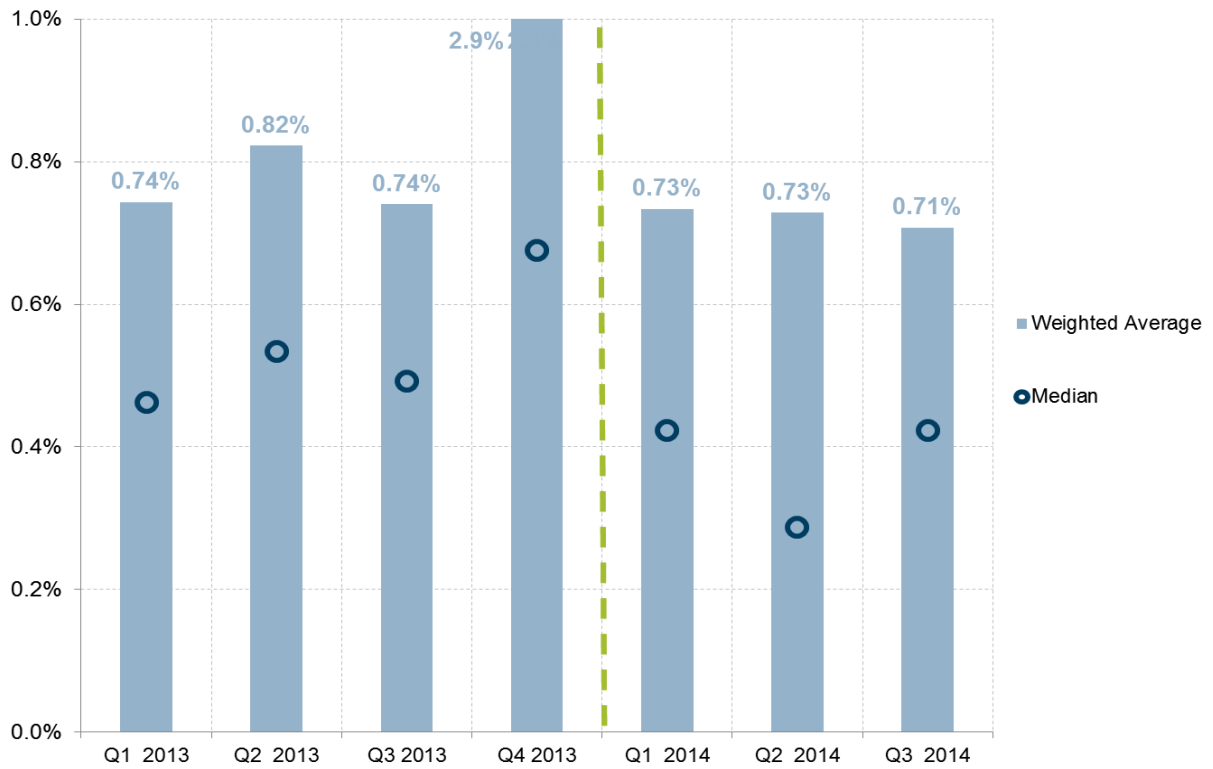
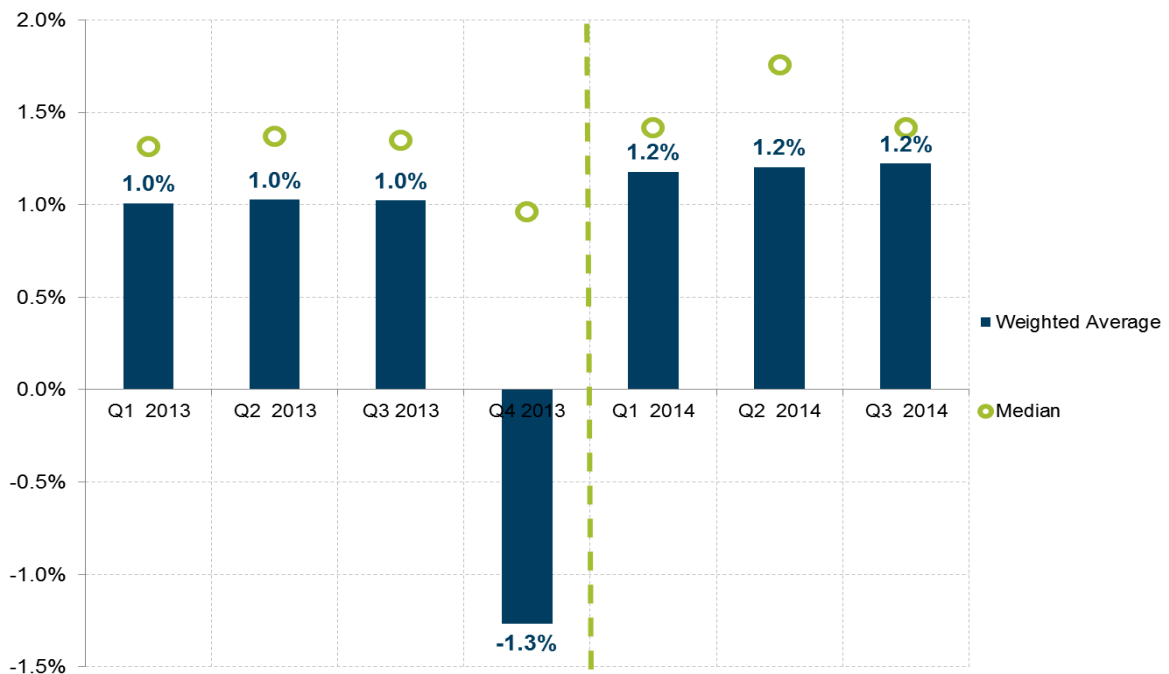


Figure 6: Return on Assets Ratio, Q1 2013 – Q3 2014⁷



⁸ Please refer to the trend in the median value for a more accurate representation of Q4 2013 figures. The weighted average for Q4 2013 is heavily influenced by extreme outlier values.

Figure 7: Return on Equity Ratio, Q1 2013 – Q3 2014⁹

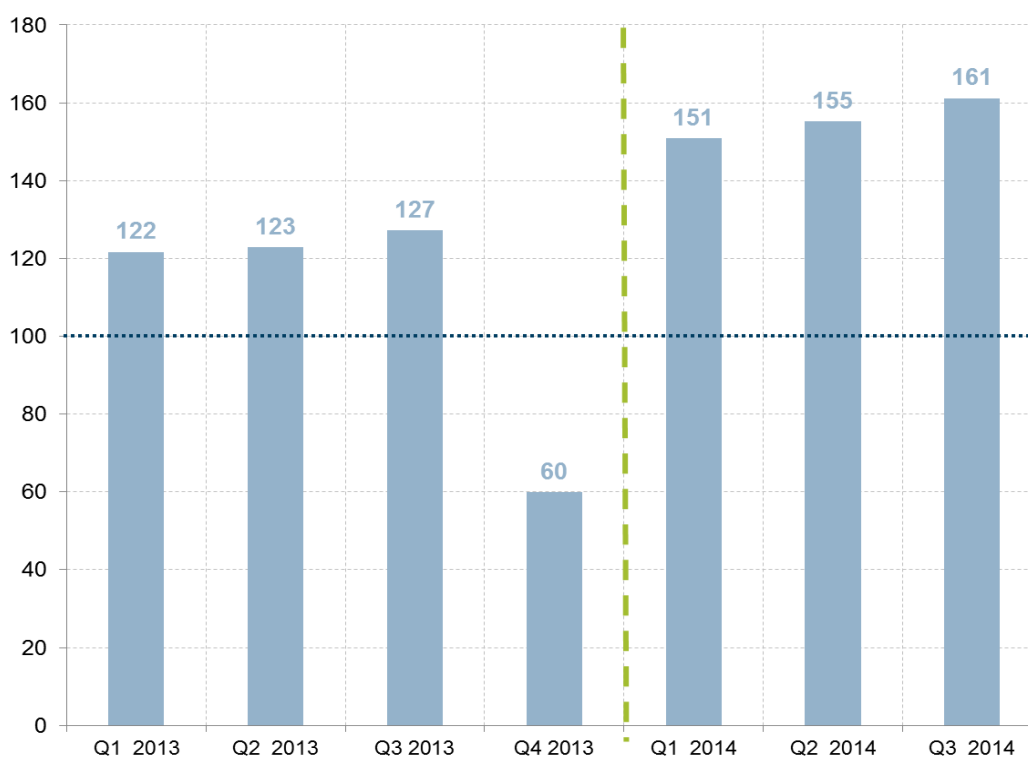


Table 4: Quartiles¹⁰ for Ratios in Q3 2014

	Profitability Ratio	Cost / Income Ratio	Cost of Risk Ratio	RoA Ratio
Minimum	-92.9%	15.0%	0.01%	-1.0%
Quartile 1 (25%)	17.2%	36.9%	0.2%	0.4%
Quartile 2 (50%) i.e. median	41.2%	45.1%	0.4%	1.4%
Quartile 3 (75%)	54.4%	52.3%	1.0%	2.1%
Maximum	72.8%	71.4%	2.3%	6.0%
Weighted Average	32.4%	45.3%	0.73%	1.18%

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⁹ Please refer to the trend in the median value for a more accurate representation of Q4 2013 figures. The weighted average for Q4 2013 is heavily influenced by extreme outlier values.

¹⁰ 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.

Leaseurope's mission is to effectively represent the European industry with a united voice vis-à-vis European and international policymakers, be the catalyst for European-level research in the field of leasing and automotive rental and provide leasing companies in Europe with the platforms they need to meet their peers from other countries. In particular, thanks to Leaseurope's **Research Programme**, Leaseurope ensures that the leasing industry is provided with up-to-date and comprehensive market data, research studies and publications on the trends and developments of the leasing and automotive rental industry. More information on the Leaseurope Research Programme [here](#).

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, Iccrea Bancalmpresa, BNP Paribas Leasing Solutions, Caterpillar S.A.R.L., Credit Agricole Leasing & Factoring, De Lage Landen, DnB Finans, ING Lease, Leaseplan, Mediocredito Italiano, 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 **2013 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

Please note that the information contained in the Leaseurope Index is of a general nature. Nobody should act upon such information without first seeking appropriate professional advice and after a thorough examination of a particular situation. Neither Leaseurope nor participating companies can be held responsible or liable for any losses or damages of any kind arising out of or in connection with the use of the information contained in the Leaseurope Index.