

FOR IMMEDIATE RELEASE

PRESS RELEASE

## LEASEUROPE INDEX LATEST RESULTS: Q2 2015

---

**Brussels, 2 November 2015** – The Leaseurope Index is a unique survey that tracks key performance indicators of a sample of 23 European lessors on a quarterly basis. This Q2 2015 is the eighteenth edition of the survey and expands the sample of participating firms from the original 17.

The weighted average ratios for Q2 2015 have improved on already strong levels seen in Q1 2015. They all show a significant improvement compared to the results of Q2 2014.

Total new leasing volumes reported by the sample of firms increased by 9.4% in comparison to the same quarter a year ago, reaching almost €24 billion. The portfolio of outstanding contracts declined by -1.3%, while risk-weighted assets increased for the first time in three years (2.4%), reflecting an increasingly stringent regulatory environment.

### ***Profit & profitability***

Total pre-tax profit of all the participating companies rebounded remarkably by 52.7% for Q2 2015 in comparison to Q2 2014 (see table 1). This large increase is due to a number of firms seeing a return to profit compared to the losses of previous quarters, largely due to stabilising loan loss provisions. The weighted average profitability ratio increased as a result from 37.8% in Q2 2014 to 45.5% in Q2 2015 (see table 3), the highest level seen in the Index by a healthy margin. Within these aggregate results there lies a large degree of variation in performance by company (see table 4).

### ***Income, expenses & cost/income***

Compared to the same period a year ago, operating income increased (8.0%), while operating expenses increased by a lesser amount (3.7%). This resulted in a further improvement of the average cost/income ratio in Q2 2015 to 43.6%, which is again the lowest level of this indicator ever seen in the Index.

### ***Loan loss provision & cost of risk***

Loan loss provisions decreased substantially in Q2 2015 compared to the same period of the previous year (-30.6%), strengthening on the improvements seen in previous quarters. This development led to the average annualised cost of risk declining in Q2 2015 to another record setting low for the Index of 0.5%.

### ***RoA and RoE indicators***

RoA and RoE <sup>1</sup> both increased significantly in Q2 2015 compared to Q2 2014, reaching 2.0% and 227, respectively. This is the first time in the Index that the RoA figure has breached the 2% level, while the gains made in RoE are even more impressive, improving a lot on the already high level seen in Q1 2015.

Enrico Duranti, CEO of Iccrea BancaImpresa and Chairman of Leaseurope, commented that, *“I have had the pleasure of watching the Leaseurope Index project continue to grow over the years and am pleased to see it continues to be supported by the leasing industry, as 6 additional participating companies now join the ranks. This survey has been, and continues to be, invaluable as a benchmarking tool for leasing firms and those with an interest in the industry.”*

---

<sup>1</sup> 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.

*Looking at the Q2 2015 results, I see that our industry is starting to return to pre-crisis level KPIs. After many difficult years, to see such strong performance across the board, from profitability to cost of risk, is extremely encouraging and cements our position as a reliable and important form of finance for the European economy. One area of risk going forward could be weak portfolio growth, particularly in light of increasingly tight regulatory requirements. However, as new business growth remains strong and domestic demand continues to firm, I expect continued good performance for the leasing business over the second half of the year.”*

**Table 1: Aggregate Data, Q1 2014 – Q2 2015<sup>2</sup>**

Aggregated data provided by companies (all figures in millions of euro for the relevant period)	2015 Q2		2015 Q1		2014 Q4	
	Sum of values (€ millions)	% change versus Q2 2014	Sum of values (€ millions)	% change versus Q1 2014	Sum of values (€ millions)	% change versus Q4 2013
<b>1. Operating income</b>	2,547	8.0%	2,437	8.9%	2,292	5.8%
<b>2. Operating expenses</b>	998	3.7%	1,101	4.3%	1,183	5.1%
<b>3. Loan loss provision</b>	286	-30.6%	321	-22.0%	494	-68.7%
<b>4. Pre-Tax Profit</b>	1,160	52.7%	1,020	32.0%	589	na*
<b>5. RWA at end of period</b>	176,970	2.4%	171,879	-0.5%	167,933	-6.1%
<b>6. Portfolio at end of period</b>	239,162	-1.3%	241,594	0.6%	238,684	0.9%
<b>7. New business volumes</b>	23,720	9.4%	20,019	7.2%	22,125	4.9%

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
<b>1. Operating income</b>	2,295	6.5%	2,358	4.9%	2,238	3.9%
<b>2. Operating expenses</b>	1,076	2.7%	962	-10.5%	1,056	0.8%
<b>3. Loan loss provision</b>	395	-5.7%	412	-11.9%	411	-3.5%
<b>4. Pre-Tax Profit</b>	816	18.7%	760	8.9%	773	13.4%
<b>5. RWA at end of period</b>	168,615	-6.2%	172,741	-4.8%	172,828	-8.1%
<b>6. Portfolio at end of period</b>	239,572	1.5%	242,339	1.0%	240,265	-1.1%
<b>7. New business volumes</b>	19,912	9.1%	21,685	10.8%	18,679	6.9%

<sup>2</sup> Historical figures have been revised since the results were last published due to re-statements by some reporting companies and the inclusion of additional companies in the sample.

**Table 2: Aggregate Data, 2013 – 2014 Annual<sup>3</sup>**

Aggregated data provided by companies (all figures in millions of euro for the relevant period)	2014		2013
	Sum of values (€ millions)	% change versus 2013	Sum of values (€ millions)
<b>1. Operating income</b>	9,090	5.3%	8,631
<b>2. Operating expenses</b>	4,338	1.9%	4,256
<b>3. Loan loss provision</b>	1,694	-41.5%	2,897
<b>4. Pre-Tax Profit</b>	2,966	102.8%	1,462
<b>5. RWA at end of period</b>	167,243	-5.8%	177,607
<b>6. Portfolio at end of period</b>	238,684	0.8%	236,764
<b>7. New business volumes</b>	81,974	7.4%	76,334

**Table 3: Weighted Average Ratios, 2014 – Q2 2015<sup>4</sup>**

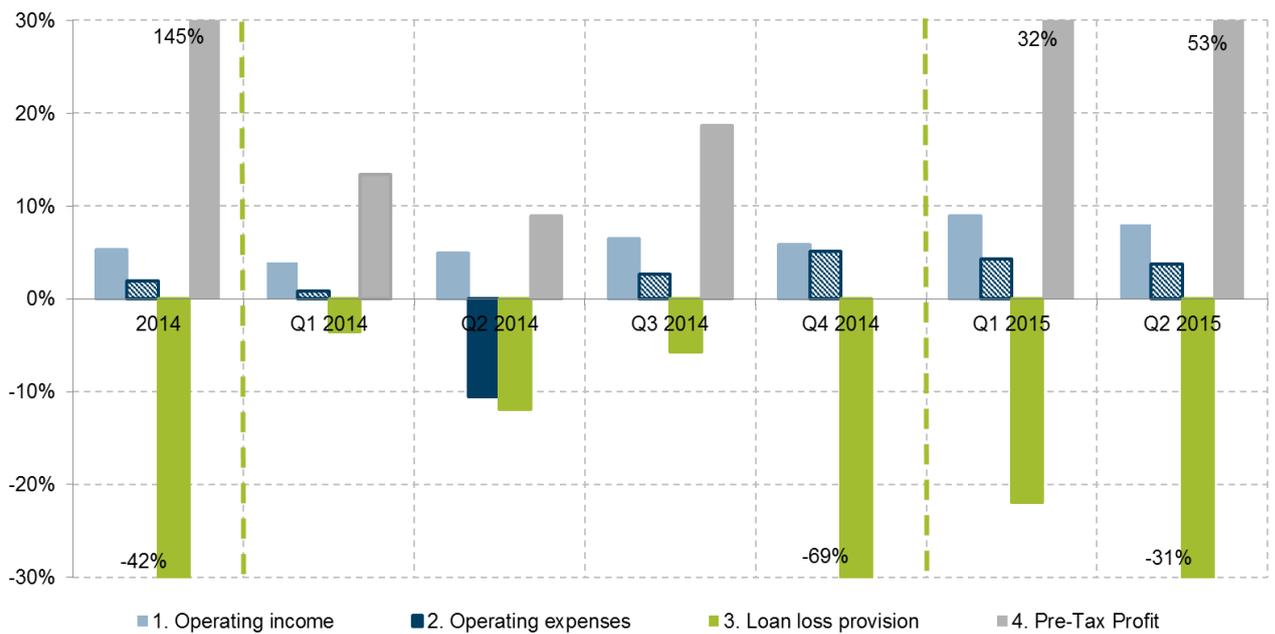
Weighted Average Ratios	2015		2014				
	Average Q2 2015	Average Q1 2015	Average 2014 full year	Average Q4 2014	Average Q3 2014	Average Q2 2014	Average Q1 2014
<b>Profitability (%)</b> - average of all companies' pre-tax profit as a % of total operating income	45.5%	41.5%	<b>32.1%</b>	22.9%	35.4%	37.8%	34.4%
<b>Cost/Income (%)</b> - average of all companies' operating expenses as a % of operating income	43.6%	45.6%	<b>47.4%</b>	51.7%	46.5%	44.6%	47.2%
<b>Cost of Risk (%)*</b> - average of all companies' loan loss provision (annualised) as a percentage of average portfolio over the period	0.48%	0.53%	<b>0.7%</b>	0.83%	0.66%	0.68%	0.68%
<b>Return on Assets (%)*</b> - average of all companies' net profit before tax (annualised) as a percentage of average portfolio over the period	2.0%	1.7%	<b>1.2%</b>	1.0%	1.4%	1.5%	1.3%
<b>Return on Equity (2010=100)*</b> - index of all companies' net profit before tax (annualised) as a percentage of 8% of total risk weighted assets over the period	227	206	<b>144</b>	119	166	173	152

\* 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.

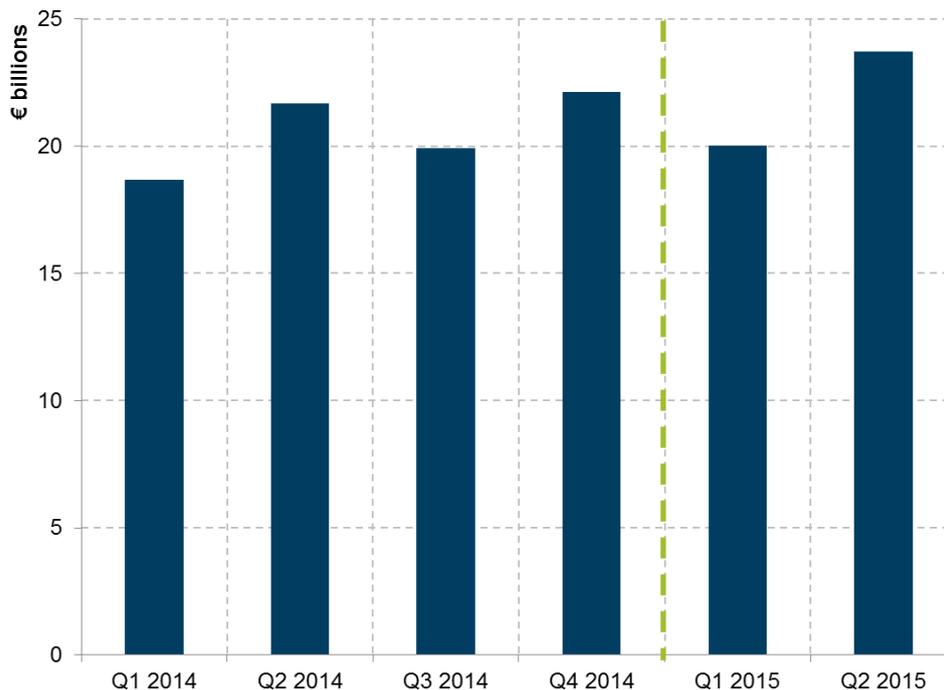
<sup>3</sup> The aggregate annual data are shown here as reported in the Q4 2014 survey, including the additional companies in the sample. As historical data collection for these additional companies is ongoing, only 2013 and 2014 figures can be presented currently.

<sup>4</sup> 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 Q2 2015 to arrive at the weighted average ratio of 45.5% 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, 2014 – Q2 2015<sup>5</sup>**

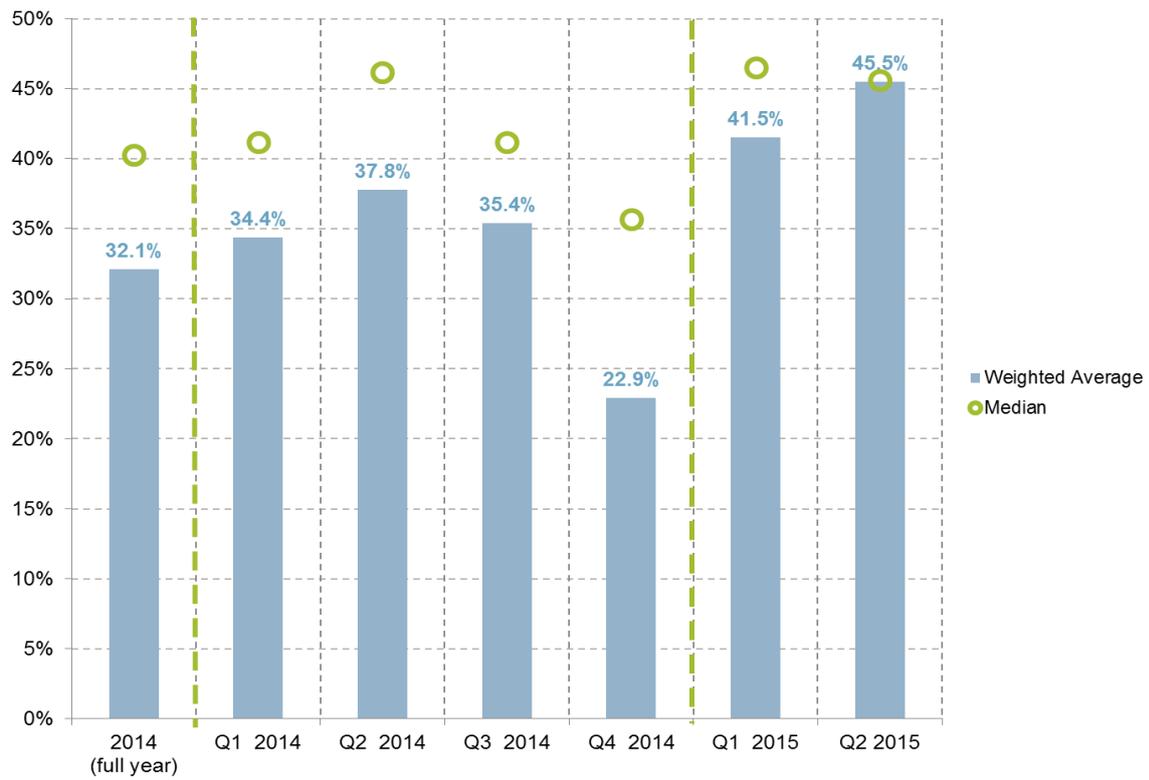


**Fig. 2: New Business Volumes, Q1 2014 – Q2 2015**

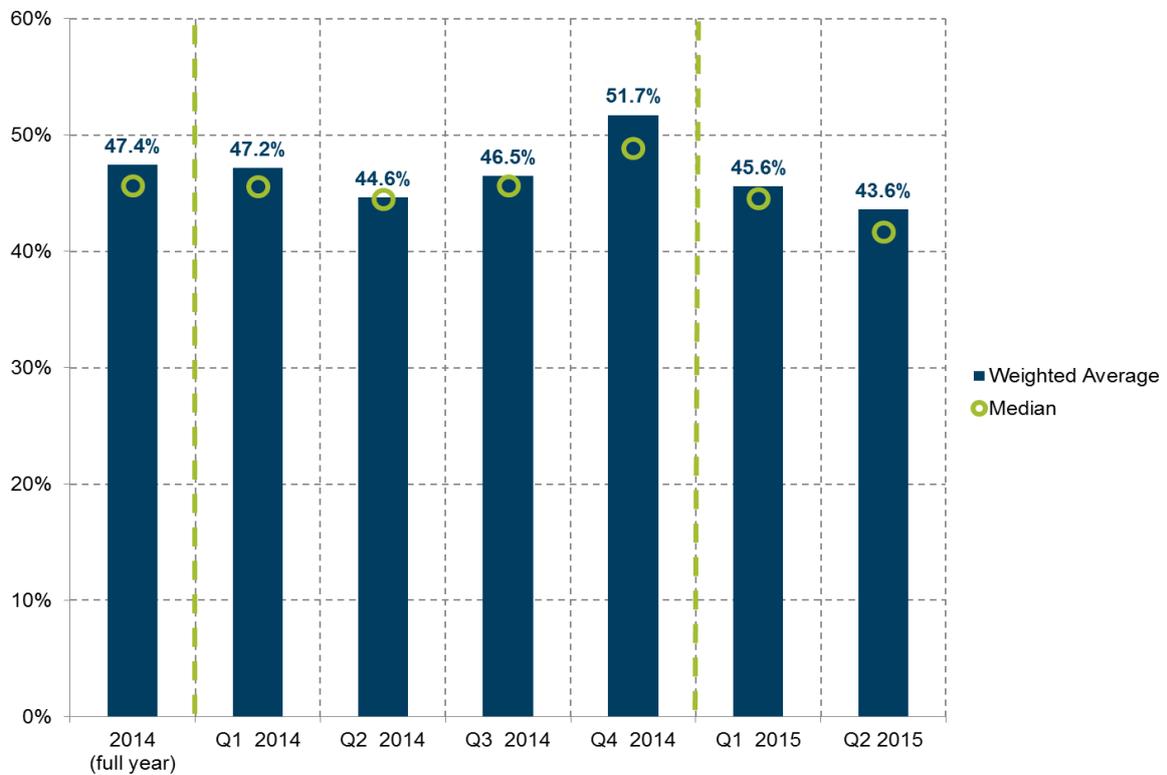


<sup>5</sup> A thick border around an individual bar in the chart is illustrative of a negative development in the indicator. The large positive developments seen in loan loss provision (and hence pre-tax profit) in 2014 are not an error, but are the result of extraordinarily high loan loss provision figures in a very small part of the sample in Q4 2013. These figures, while showing averages, are therefore not a good representation of the general condition of the whole sample in 2014. There is also no growth rate shown for pre-tax profit in Q4 2014, as the Q4 2013 figure was negative.

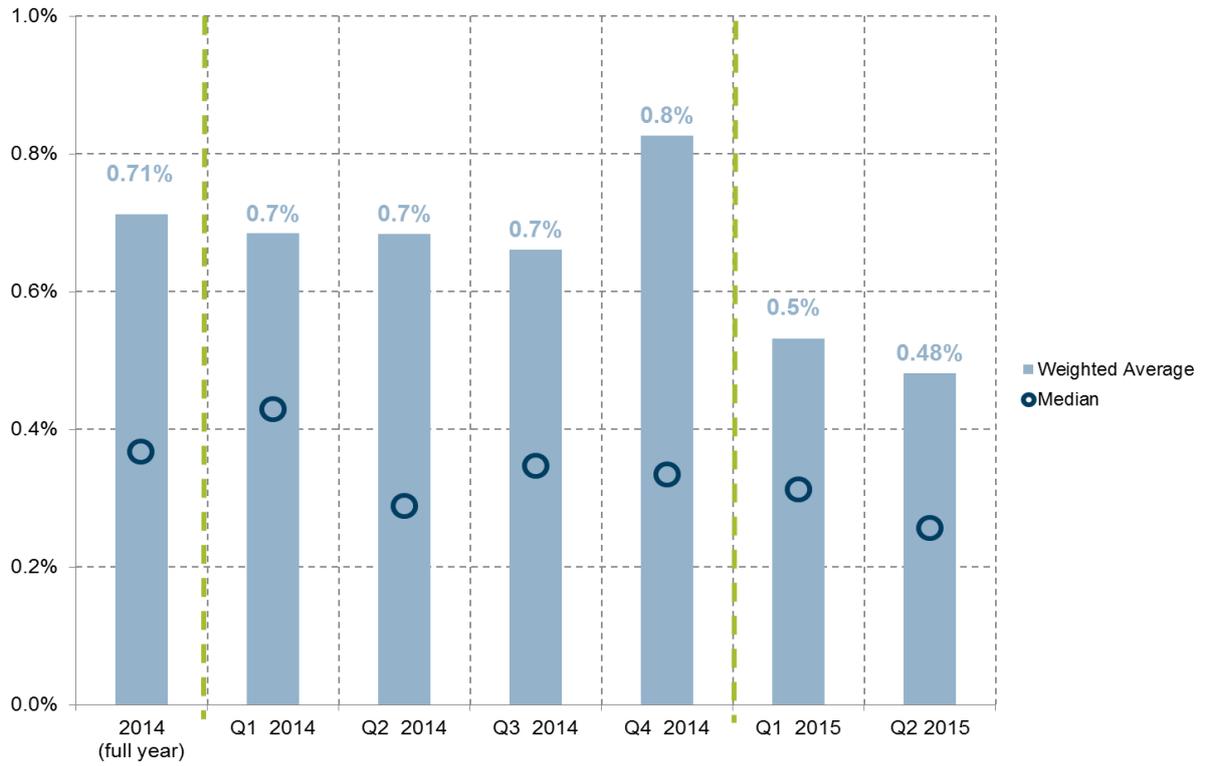
**Fig. 3: Profitability Ratio, 2014 – Q2 2015**



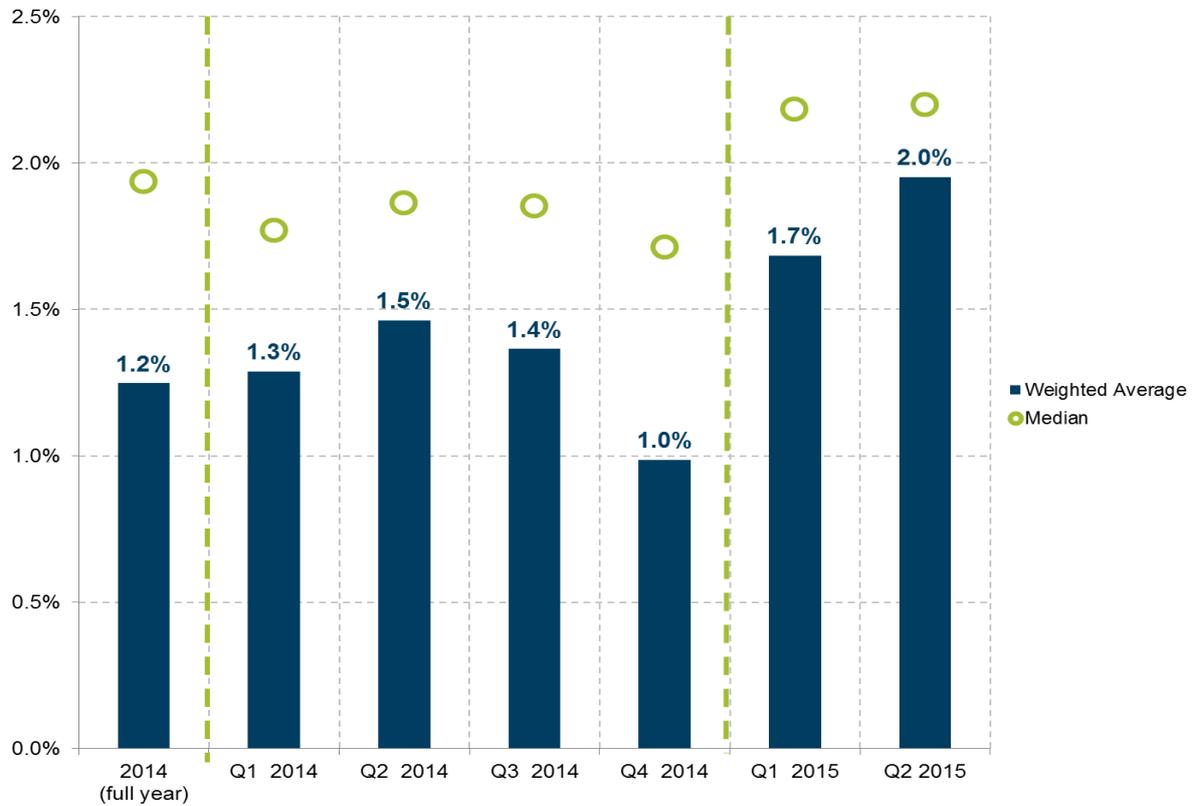
**Fig. 4: Cost / Income Ratio, 2014 – Q2 2015**



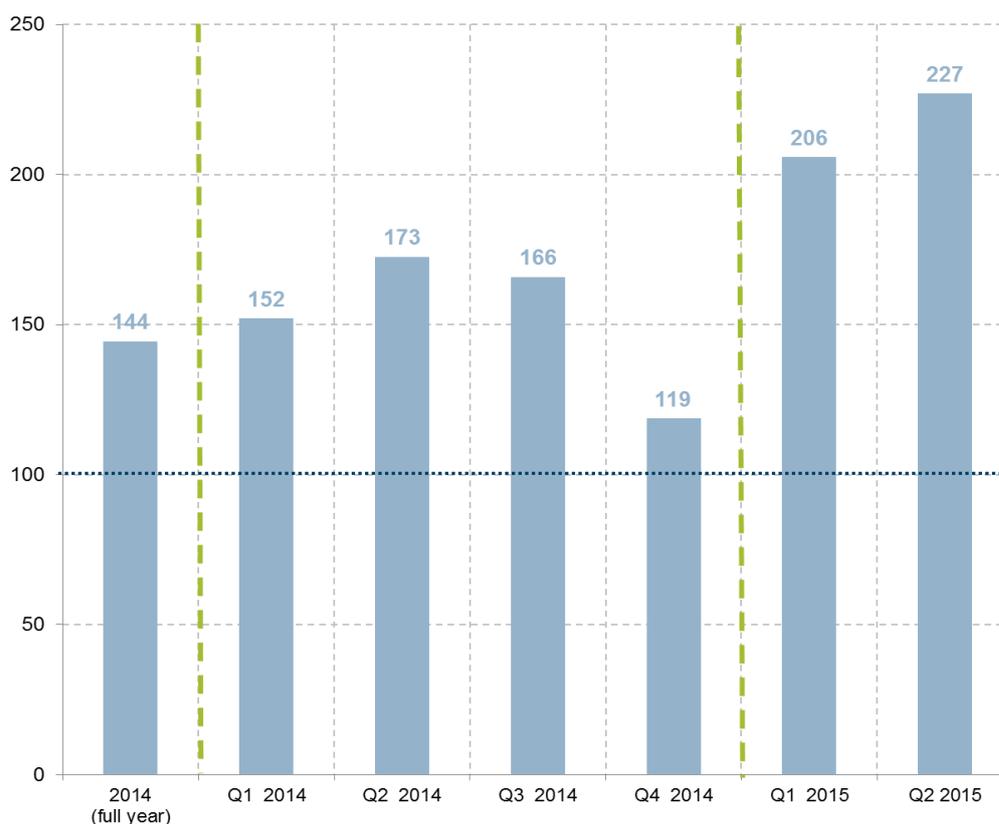
**Fig. 5: Cost of Risk Ratio, 2014 – Q2 2015**



**Figure 6: Return on Assets Ratio, 2014 – Q2 2015**



**Figure 7: Return on Equity Index, 2014 – Q2 2015**



**Table 4: Quartiles<sup>6</sup> for Ratios in Q2 2015**

	Profitability Ratio	Cost / Income Ratio	Cost of Risk Ratio	RoA Ratio
<b>Minimum</b>	-42.1%	16.7%	-0.19%	-0.5%
<b>Quartile 1 (25%)</b>	36.3%	36.3%	0.13%	1.1%
<b>Quartile 2 (50%) i.e. median</b>	46.5%	44.6%	0.31%	2.2%
<b>Quartile 3 (75%)</b>	56.2%	51.5%	0.64%	3.3%
<b>Maximum</b>	66.6%	65.3%	1.62%	5.9%
<b>Weighted Average</b>	41.5%	45.6%	0.53%	1.7%

**-END-**

<sup>6</sup> 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 (75<sup>th</sup> 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 23 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.

## Media Contact

For further information, please contact:

Anne Valette  
Head of Communications  
+32 2 778 05 65  
[a.valette@leaseurope.org](mailto:a.valette@leaseurope.org)

Hayley McEwen  
Adviser in Statistics and Economic Affairs  
+32 2 2778 05 71  
[h.mcewen@leaseurope.org](mailto:h.mcewen@leaseurope.org)

## About Leaseurope

As a Federation, Leaseurope brings together 46 associations throughout Europe representing either the leasing, long term and/or short term automotive rental industries. The scope of products covered by Leaseurope 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. Find out more at [www.leaseurope.org](http://www.leaseurope.org).

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 index:** Indexation of the 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?

23 companies participate on a voluntary basis: ABN AMRO Lease, ALD Automotive, Aldermore, Alphabet, Arval, BNP Paribas Leasing Solutions, Caterpillar S.A.R.L., Credit Agricole Leasing & Factoring, De Lage Landen, DnB Finans, Hitachi Capital UK, Iccrea BancaImpresa, ING Lease, Investec, Lombard, Leaseplan, Mediocredito Italiano, Nordea Finance, Siemens Financial Services, Société Générale Equipment Finance, UBI Leasing, UniCredit 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 [2014 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.