

FOR IMMEDIATE RELEASE

PRESS RELEASE

LEASEUROPE INDEX LATEST RESULTS: Q3 2015

Brussels, 10 December 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 Q3 2015 is the nineteenth edition of the survey.

The weighted average ratios for Q3 2015 have improved compared to the same quarter of the previous year, continuing the positive trend seen so far in 2015.

Total new leasing volumes reported by the sample of firms increased by 9.2% in comparison to the same quarter a year ago, reaching over €23 billion. The portfolio of outstanding contracts grew by 1.3%, while risk-weighted assets marginally declined for the first time this year (-0.3%).

Profit & profitability

Total pre-tax profit of all the participating companies continued the high growth seen so far in 2015, increasing by 30.9% for Q3 2015 in comparison to Q3 2014 (see table 1). This large increase is due to a number of firms seeing a return to profit, largely due to stabilising loan loss provisions. The weighted average profitability ratio increased as a result from 38.4% in Q3 2014 to 46.1% in Q3 2015 (see table 3), a similarly high level compared to the first half of 2015. 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 (8.4%), while operating expenses increased by a smaller amount (6.8%). This resulted in a further improvement of the average cost/income ratio in Q3 2015 to 44.9%, which is a historically low figure.

Loan loss provision & cost of risk

Loan loss provisions decreased substantially in Q3 2015 compared to the same period of the previous year (-36.2%), continuing on the strong downward trend seen in previous quarters. This development led to the average annualised cost of risk declining in Q3 2015 to the lowest level yet seen in the Index of 0.4%.

RoA and RoE indicators

RoA and RoE ¹ both increased in Q3 2015 compared to Q3 2014, reaching 1.9% and 227, respectively. Compared to Q2 2015, these figures are stable. The gains made in RoE this year are especially strong considering that the overall index in 2014 was 147.

Norbert van den Eijnden, CEO of Alphabet, commented that, *“It is clear from the Q3 2015 results our industry is enjoying a very favourable performance this year. Financial KPIs are continuing to improve, building on the strong results seen in the first half of the year. With robust new business growth and increasing portfolios, the leasing industry positions itself as an important financier of the real economy, despite an increasingly complex and burdensome regulatory environment. Although European investment has shown slower growth than domestic demand, the leasing business continues to outperform the market. For 2016 I expect any improvements in business investment to further boost 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. 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.

Table 1: Aggregate Data, Q1 2014 – Q3 2015²

Aggregated data provided by companies (all figures in millions of euro for the relevant period)	2015 Q3		2015 Q2		2015 Q1	
	Sum of values (€ millions)	% change versus Q3 2014	Sum of values (€ millions)	% change versus Q2 2014	Sum of values (€ millions)	% change versus Q1 2014
1. Operating income	2,618	8.4%	2,626	9.1%	2,505	9.9%
2. Operating expenses	1,177	6.8%	1,137	15.7%	1,128	4.7%
3. Loan loss provision	246	-36.2%	286	-30.3%	320	-22.2%
4. Pre-Tax Profit	1,208	30.9%	1,209	53.4%	1,062	33.8%
5. RWA at end of period	176,136	-0.3%	181,150	3.4%	175,642	0.4%
6. Portfolio at end of period	249,547	1.3%	250,166	1.7%	247,109	1.6%
7. New business volumes	23,343	9.2%	24,559	11.0%	20,668	8.5%

Aggregated data provided by companies (all figures in millions of euro for the relevant period)	2014 Q4		2014 Q3		2014 Q2		2014 Q1	
	Sum of values (€ millions)	% change versus Q4 2013	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	2,348	6.5%	2,414	10.2%	2,406	5.3%	2,280	4.1%
2. Operating expenses	1,207	5.2%	1,102	3.5%	983	-10.1%	1,077	1.0%
3. Loan loss provision	496	-68.7%	385	-8.2%	411	-12.5%	411	-3.5%
4. Pre-Tax Profit	619	na*	923	30.8%	788	10.2%	794	13.4%
5. RWA at end of period	170,879	-5.6%	176,590	-2.9%	175,193	-4.4%	174,901	-8.1%
6. Portfolio at end of period	242,950	1.4%	246,340	3.1%	245,917	1.5%	243,305	-0.9%
7. New business volumes	22,658	5.6%	21,373	15.1%	22,123	11.1%	19,048	7.0%

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

Table 2: Aggregate Data, 2010 – 2014 Annual³

Aggregated data provided by companies (all figures in millions of euro for the relevant period)	2014		2013		2012		2011		2010
	Sum of values (€ millions)	% change versus 2013	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)
1. Operating income	9,291	5.8%	8,779	2.7%	8,549	-1.6%	8,687	-0.1%	8,466
2. Operating expenses	4,427	2.3%	4,330	-2.3%	4,432	2.6%	4,321	2.4%	4,083
3. Loan loss provision	1,696	-41.6%	2,906	70.5%	1,704	6.6%	1,598	-22.7%	2,030
4. Pre-Tax Profit	3,076	101.2%	1,528	-35.6%	2,374	-14.6%	2,781	17.0%	2,324
5. RWA at end of period	170,183	-5.3%	179,774	-4.8%	188,863	-2.8%	194,390	1.2%	186,917
6. Portfolio at end of period	242,950	1.4%	239,662	-3.1%	247,324	-2.6%	253,985	0.9%	246,468
7. New business volumes	83,880	8.0%	77,679	-8.3%	79,437	-10.5%	88,792	0.4%	85,303

Table 3: Weighted Average Ratios, 2014 – Q3 2015⁴

Weighted Average Ratios	2015			2014				
	Average Q3 2015	Average Q2 2015	Average Q1 2015	Average 2014 full year	Average Q4 2014	Average Q3 2014	Average Q2 2014	Average Q1 2014
Profitability (%) - average of all companies' pre-tax profit as a % of total operating income	46.1%	46.1%	42.2%	32.6%	23.6%	38.4%	38.2%	34.7%
Cost/Income (%) - average of all companies' operating expenses as a % of operating income	44.9%	43.4%	45.4%	47.4%	51.5%	45.1%	44.6%	47.2%
Cost of Risk (%)* - average of all companies' loan loss provision (annualised) as a percentage of average portfolio over the period	0.39%	0.46%	0.52%	0.7%	0.82%	0.63%	0.67%	0.68%
Return on Assets (%)* - average of all companies' net profit before tax (annualised) as a percentage of average portfolio over the period	1.9%	1.9%	1.7%	1.3%	1.0%	1.5%	1.5%	1.3%
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	227	231	208	147	122	181	175	153

* 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.

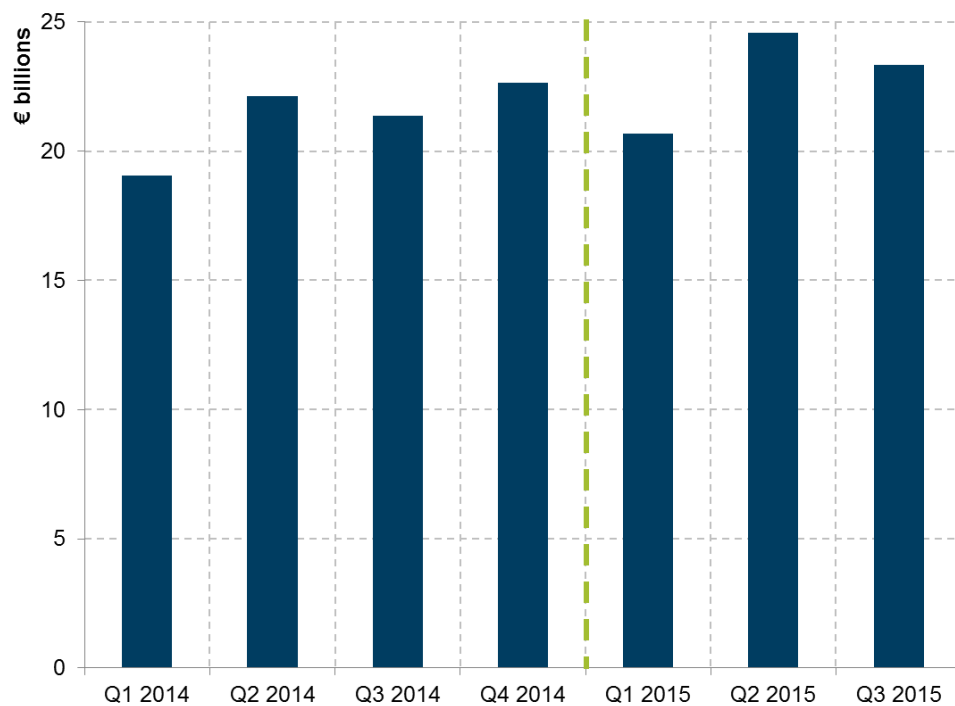
³ The aggregate annual data are shown here as reported in the Q4 2014 survey, including historical data from the additional companies included in the sample in 2015.

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 Q3 2015 to arrive at the weighted average ratio of 46.1% 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 2014 – Q3 2015⁵



Fig. 2: New Business Volumes, Q1 2014 – Q3 2015



⁵ A thick border around an individual bar in the chart is illustrative of a negative development in the indicator. The large decline seen in loan loss provision in Q4 2014 is not an error, but the result of extraordinarily high loan loss provision figures in a very small part of the sample in Q4 2013. There is also no growth rate shown for pre-tax profit in Q4 2014, as the Q4 2013 figure was negative. These figures, while showing averages, are therefore not a good representation of the general condition of the whole sample in Q4 2014 due to the large influence of extreme outliers in the data.

Fig. 3: Profitability Ratio, Q1 2014 – Q3 2015

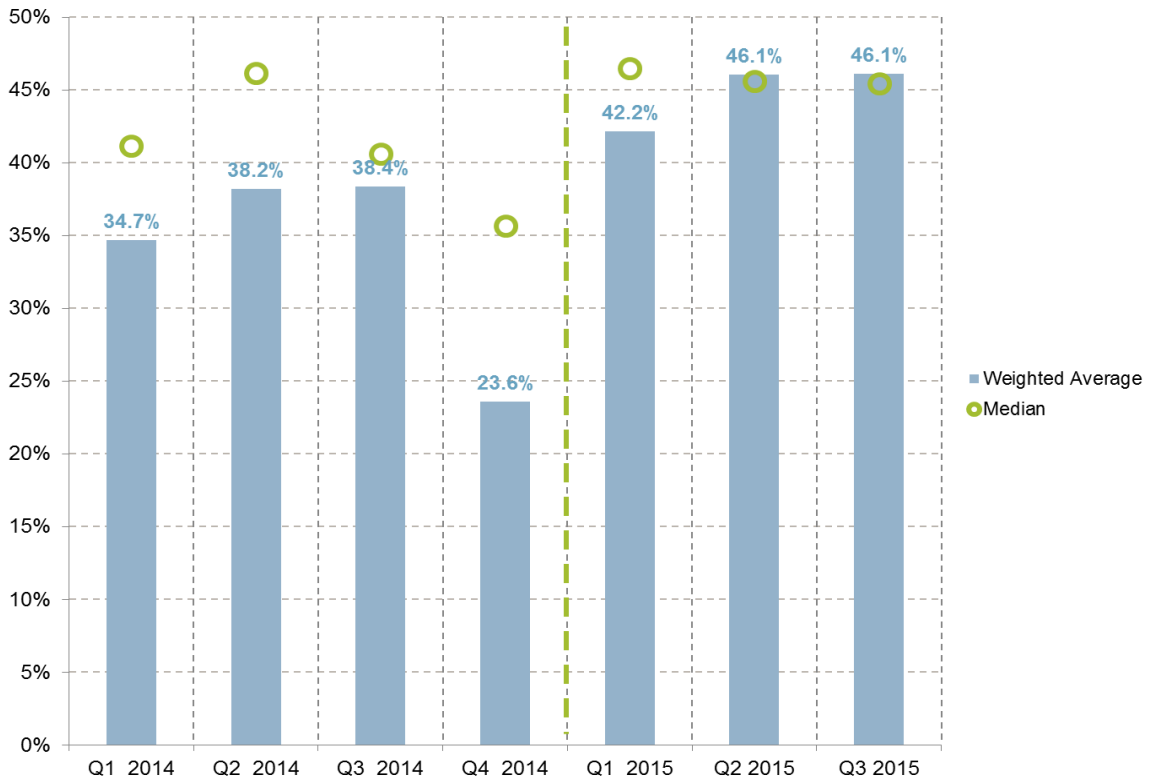


Fig. 4: Cost / Income Ratio, Q1 2014 – Q3 2015

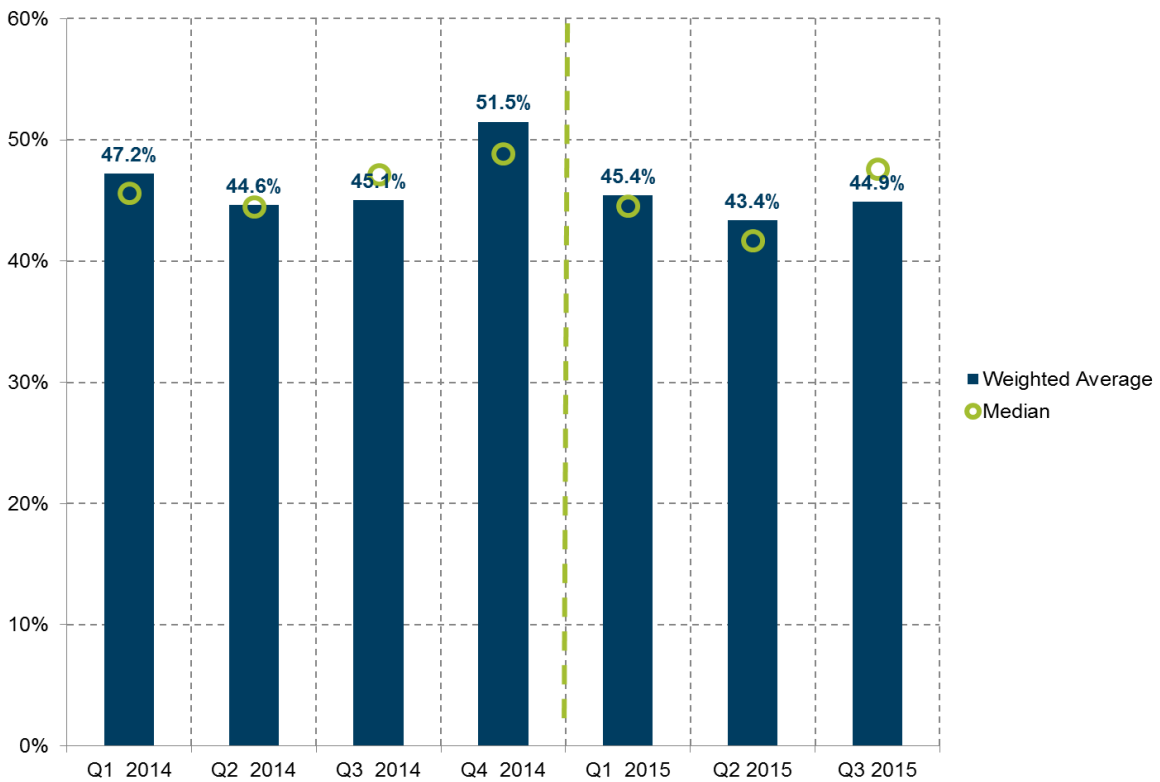


Fig. 5: Cost of Risk Ratio, Q1 2014 – Q3 2015

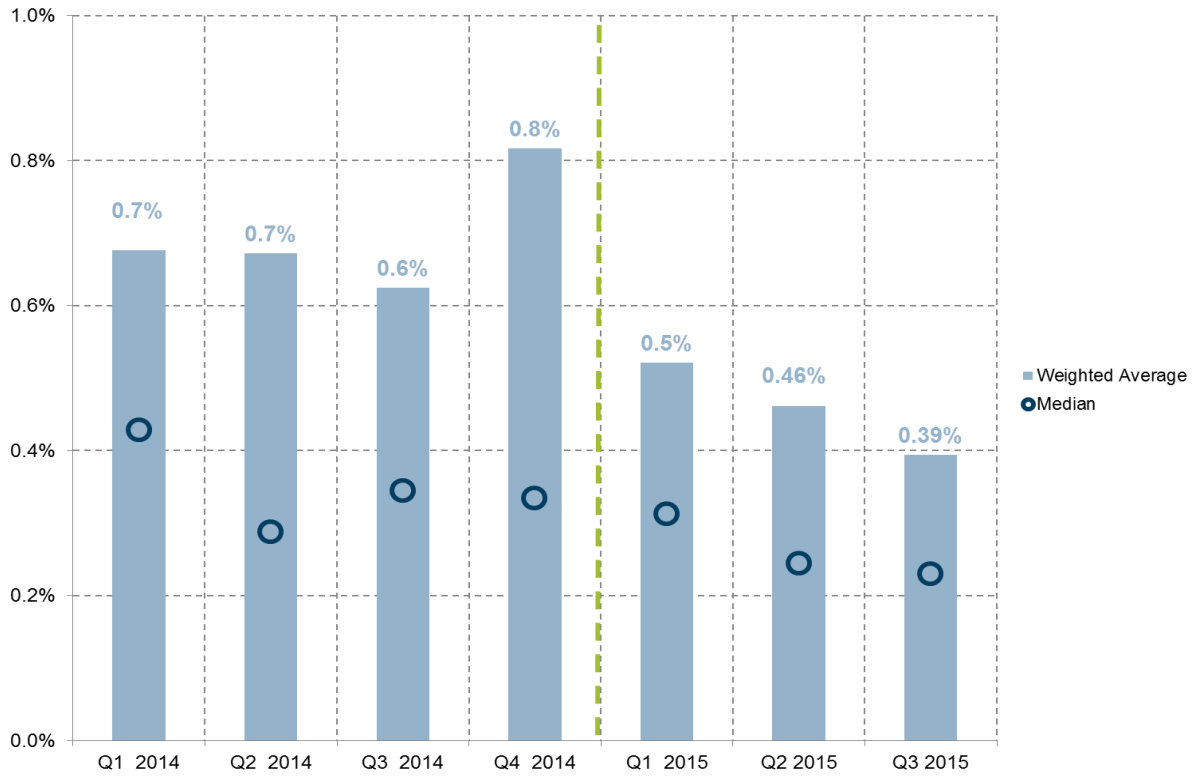


Figure 6: Return on Assets Ratio, Q1 2014 – Q3 2015

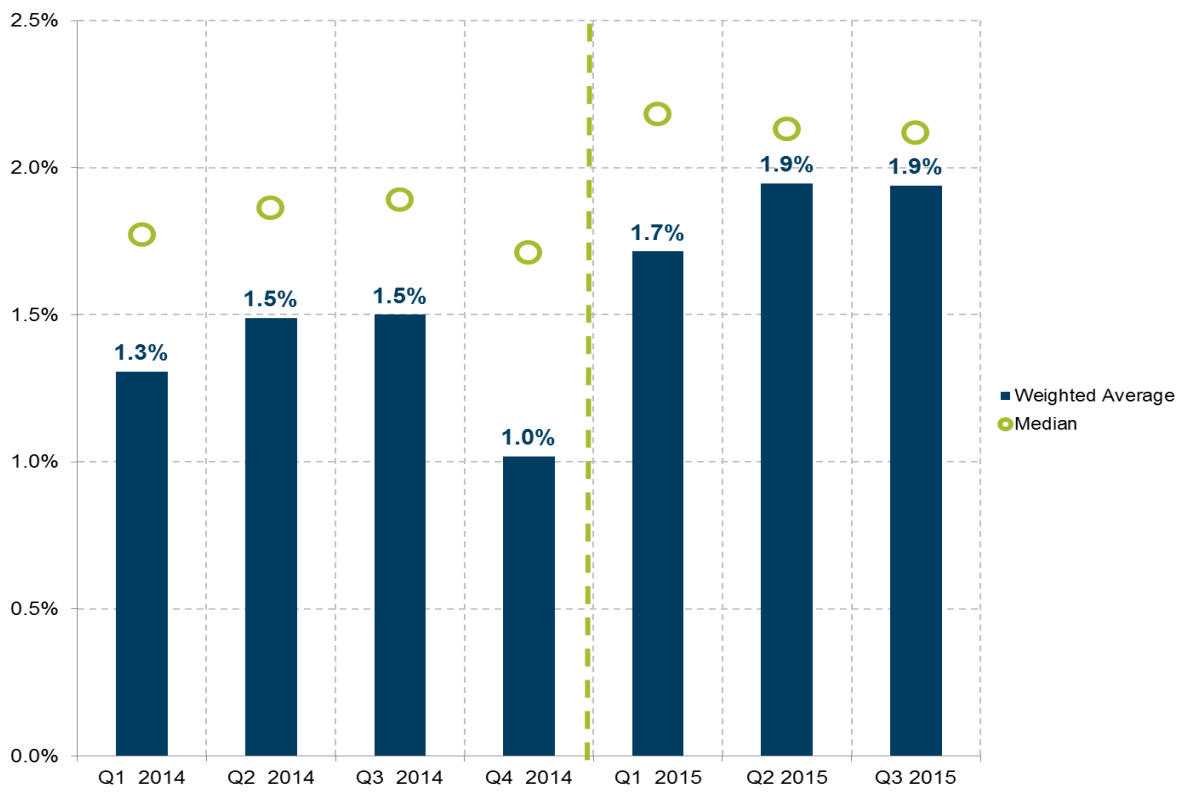


Figure 7: Return on Equity Ratio, Q1 2014 – Q3 2015

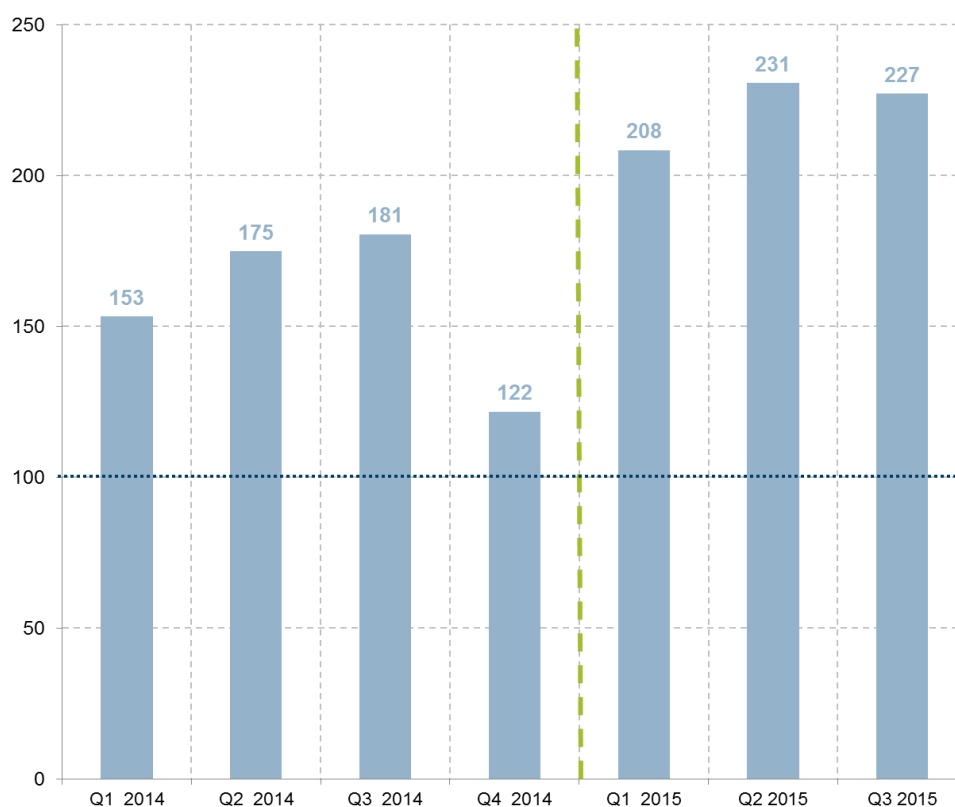


Table 4: Quartiles⁶ for Ratios in Q3 2015

	Profitability Ratio	Cost / Income Ratio	Cost of Risk Ratio	RoA Ratio
Minimum	-19.4%	21.7%	-0.39%	-0.3%
Quartile 1 (25%)	36.3%	35.6%	0.14%	1.2%
Quartile 2 (50%) i.e. median	45.4%	47.6%	0.23%	2.1%
Quartile 3 (75%)	56.2%	51.3%	0.63%	3.3%
Maximum	69.5%	77.4%	1.43%	6.4%
Weighted Average	46.1%	44.9%	0.39%	1.9%

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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 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.

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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.

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 Bancalmpresa, 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.