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PRESS RELEASE

LEASEUROPE INDEX LATEST RESULTS: Q4 2015

Brussels, 29 February 2016 – The Leaseurope Index is a unique survey that tracks key performance indicators of a sample of 23 European lessors on a quarterly basis. This Q4 2015 is the twentieth edition of the survey.

The weighted average ratios for Q4 2015 show a notable improvement compared to the same quarter of the previous year. On an annual basis, all ratios improved in 2015 compared to 2014. When looking at the medians, there are also strong increases across all ratios in 2015 overall, indicating an improvement in leasing financials for the ‘typical’ leasing company. Within these aggregated results there lies a large degree of variation in performance by firm (see table 5).

Total new leasing volumes reported by the sample of firms increased by 12.7% in comparison to the same quarter a year ago, reaching just under €26 billion, while the whole of 2015 also saw an increase of 10.8% in comparison to 2014. The portfolio of outstanding contracts grew by 2.9% in Q4 2015 while risk-weighted assets increased by a larger amount (4.3%).

Profit & profitability

Total pre-tax profit continued its positive growth trajectory, increasing by 50.4% in Q4 2015 compared to Q4 2014 (see table 1) and by 37.3% in 2015 overall (see table 2). These large increases in aggregate profit figures are due mainly to loan loss provisions decreasing substantially from previously high levels. Weighted average profitability has improved greatly as a result, from 32.2% in 2014 to 41.6% in 2015 (see figure 3). Although Q4 2015 profitability was the lowest of the year, it was still an improvement on Q4 2014.

Income, expenses & cost/income

Operating income exhibited continued growth in Q4 2015 compared to the same period a year ago, increasing by 8.7%. Operating expenses increased by a lesser amount (4.9%), resulting in the average cost/income ratio falling to 49.0% in Q4 2015 compared to 51.7% in Q4 2014. The total figure for 2015 was even lower at 46.0% compared to 47.5% in 2014 (see figure 4).

Loan loss provision & cost of risk

As already mentioned, loan loss provisions decreased substantially in Q4 2015 compared to Q4 2014, dropping by -23.7%. The decline was even greater for 2015 overall at -29.4%, resulting in average cost of risk falling from 0.74% in 2014 to 0.51 in 2015 (see figure 5). The last quarter also saw a large drop, from 0.93% in Q4 2014 to 0.69% in Q4 2015.

RoA and RoE indicators

RoA and RoE ¹ figures increased significantly in Q4 2015 compared to Q4 2014, reaching 1.4% and 139, respectively. Both ratios experienced increases throughout all quarters in 2015, with the total yearly average RoA ratio reaching 1.7% compared to 1.3% in 2014 and RoE reaching 170 compared to 123 in 2014.

Charlotte Dennerly, CEO at BNP Paribas Leasing Solutions, commented that, *“In 2015, the financials for European lessors were undoubtedly strong. GDP growth in Europe remains stable, with economic recovery continuing at a slow pace, however the leasing industry appears to be forging ahead with encouraging growth in new business and outstanding portfolios. Particularly*

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.

strong profitability performance, despite increased competition and squeezing margins, speaks well to the industry's resilient business model. Deleveraging however, both at the level of our clients and for lessors themselves, is still having a significant effect on the industry as a whole. In addition, despite growing liquidity levels and favourable financial conditions, the European environment remains uncertainty.² Therefore it continues to be imperative for lessors to remain agile in order to capitalise on opportunities for further KPI improvements."

² European Commission Winter 2016 forecast.

Table 1: Aggregate Data, Q1 2015 – Q4 2015³

Aggregated data provided by companies (all figures in millions of euro for the relevant period)	2015 Q4		2015 Q3		2015 Q2		2015 Q1	
	Sum of values (€ millions)	% change versus Q4 2014	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	2,566	8.7%	2,616	8.3%	2,589	7.6%	2,505	9.9%
2. Operating expenses	1,275	4.9%	1,158	5.1%	1,129	14.9%	1,129	4.9%
3. Loan loss provision	433	-23.7%	241	-37.5%	278	-32.4%	317	-22.9%
4. Pre-Tax Profit	870	50.4%	1,216	31.7%	1,188	50.8%	1,063	33.9%
5. RWA at end of period	181,844	4.3%	176,670	0.0%	181,150	3.4%	175,642	0.4%
6. Portfolio at end of period	252,507	2.9%	249,575	1.3%	250,166	1.7%	247,109	1.6%
7. New business volumes	25,953	12.7%	23,343	9.2%	24,570	11.1%	20,673	8.5%

Table 2: Aggregate Data, 2011 – 2015 Annual⁴

Aggregated data provided by companies (all figures in millions of euro for the relevant period)	2015		2014		2013		2012		2011	
	Sum of values (€ millions)	% change versus 2014	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
1. Operating income	10,190	8.7%	9,377	6.8%	8,779	2.7%	8,549	-1.6%	8,687	-0.1%
2. Operating expenses	4,683	4.6%	4,476	3.4%	4,330	-2.3%	4,432	2.6%	4,321	2.4%
3. Loan loss provision	1,273	-29.4%	1,803	-38.0%	2,906	70.5%	1,704	6.6%	1,598	-22.7%
4. Pre-Tax Profit	4,245	37.3%	3,093	102.4%	1,528	-35.6%	2,374	-14.6%	2,781	17.0%
5. RWA at end of period	181,844	4.3%	174,278	-3.1%	179,774	-4.8%	188,863	-2.8%	194,390	1.2%
6. Portfolio at end of period	252,507	3.0%	245,251	2.3%	239,662	-3.1%	247,324	-2.6%	253,985	0.9%
7. New business volumes	93,808	10.8%	84,679	9.0%	77,679	-8.3%	79,437	-10.5%	88,792	0.4%

³ Historical figures have been revised slightly since the results were last published due to re-statements by some reporting companies.

⁴ The aggregate annual data are shown here as reported in the Q4 2015 survey.

Table 3: Weighted Average Ratios, 2015⁵

Weighted Average Ratios	2015				
	Average 2015 full year	Average Q4 2015	Average Q3 2015	Average Q2 2015	Average Q1 2015
Profitability (%) - average of all companies' pre-tax profit as a % of total operating income	41.6%	33.9%	46.4%	45.6%	42.2%
Cost/Income (%) - average of all companies' operating expenses as a % of operating income	46.0%	49.0%	44.6%	43.5%	45.4%
Cost of Risk (%)* - average of all companies' loan loss provision (annualised) as a percentage of average portfolio over the period	0.5%	0.69%	0.39%	0.45%	0.52%
Return on Assets (%)* - average of all companies' net profit before tax (annualised) as a percentage of average portfolio over the period	1.7%	1.4%	1.9%	1.9%	1.7%
Return on Equity (2011=100)* - index of all companies' net profit before tax (annualised) as a percentage of 8% of total risk weighted assets over the period	170	139	191	190	173

Table 4: Weighted Average Ratios, 2014

Weighted Average Ratios	2014				
	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	32.2%	19.9%	38.4%	38.2%	34.7%
Cost/Income (%) - average of all companies' operating expenses as a % of operating income	47.5%	51.7%	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	0.7%	0.93%	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	1.3%	0.9%	1.5%	1.5%	1.3%
Return on Equity (2011=100)* - index of all companies' net profit before tax (annualised) as a percentage of 8% of total risk weighted assets over the period	123	97	151	146	128

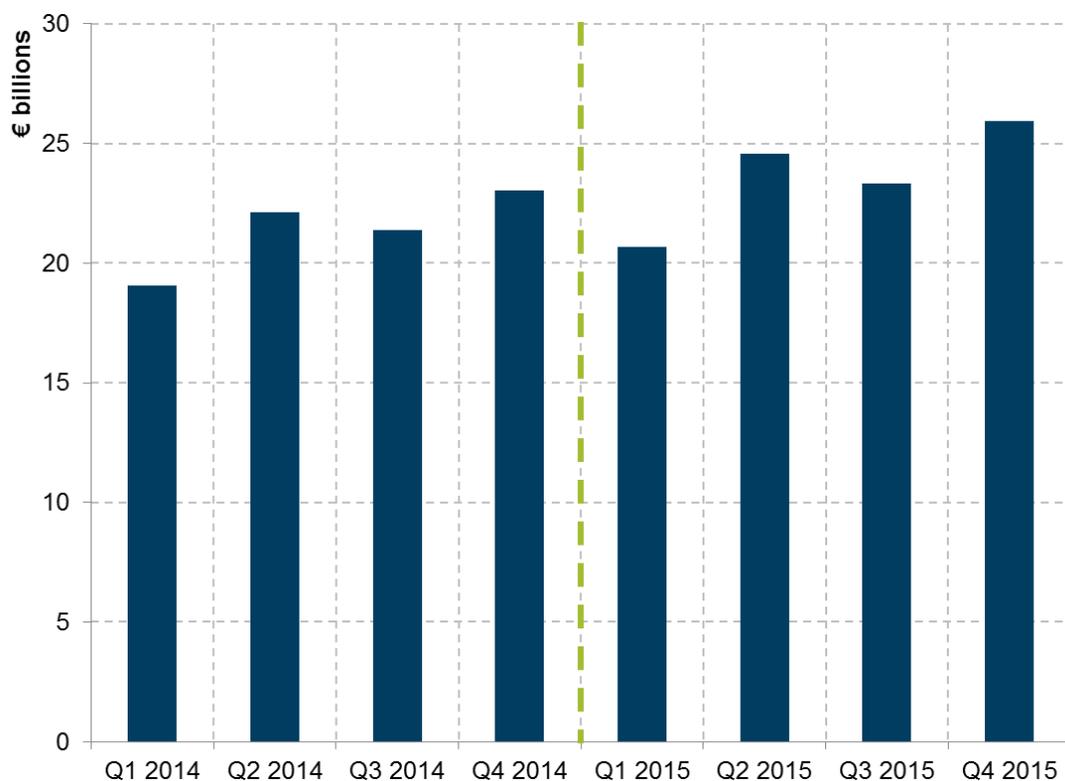
* denotes that the quarterly numerator (either loan loss provision or net profit) has been annualised in order to calculate the relevant ratio for each individual quarter.

⁵ The profitability and cost/income ratios are weighted by new business volumes, while the cost of risk, RoA and RoE ratio are weighted by the average portfolio over the relevant period. For example, each company's individual profitability ratio is weighted by its new business over the period Q4 2015 to arrive at the weighted average ratio of 33.9% shown in the table.

Fig 1: Growth Rates of Financial Indicators, 2013 – Q4 2015⁶



Fig. 2: New Business Volumes, Q1 2014 – Q4 2015



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 2013, as well as subsequent large positive developments 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 2013.

Fig. 3: Profitability Ratio, 2011 – Q4 2015⁷

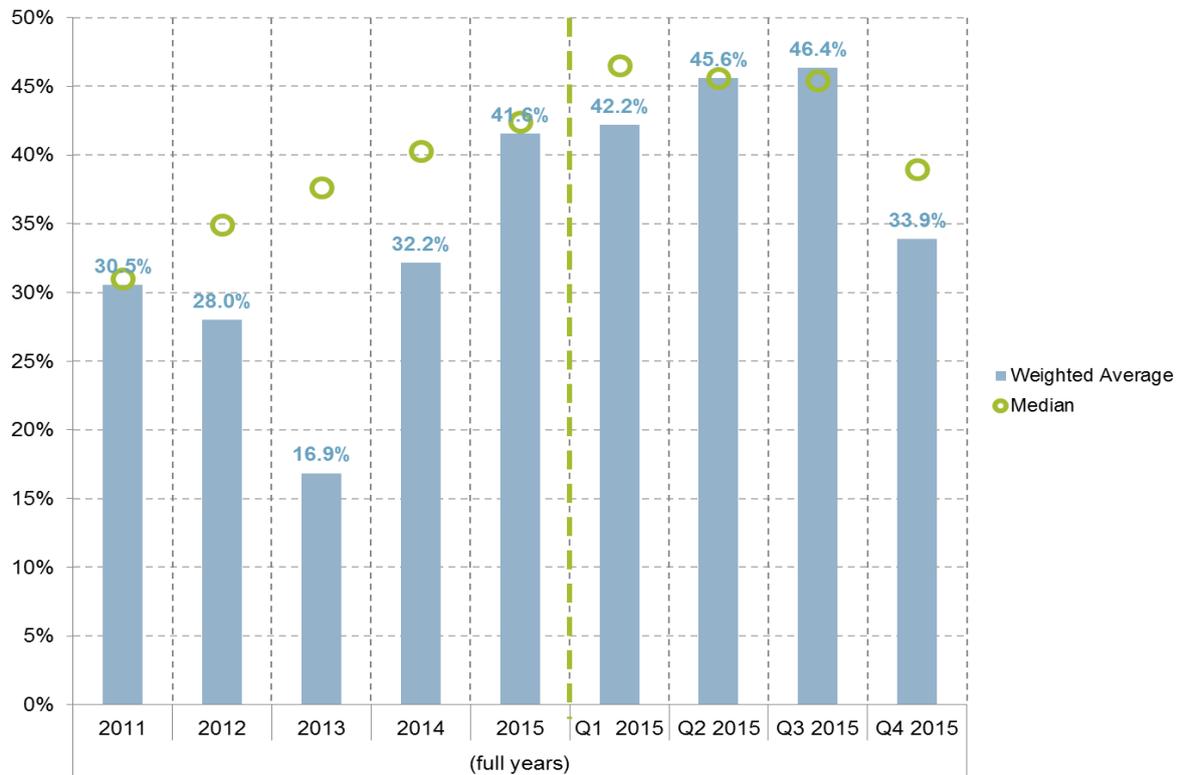
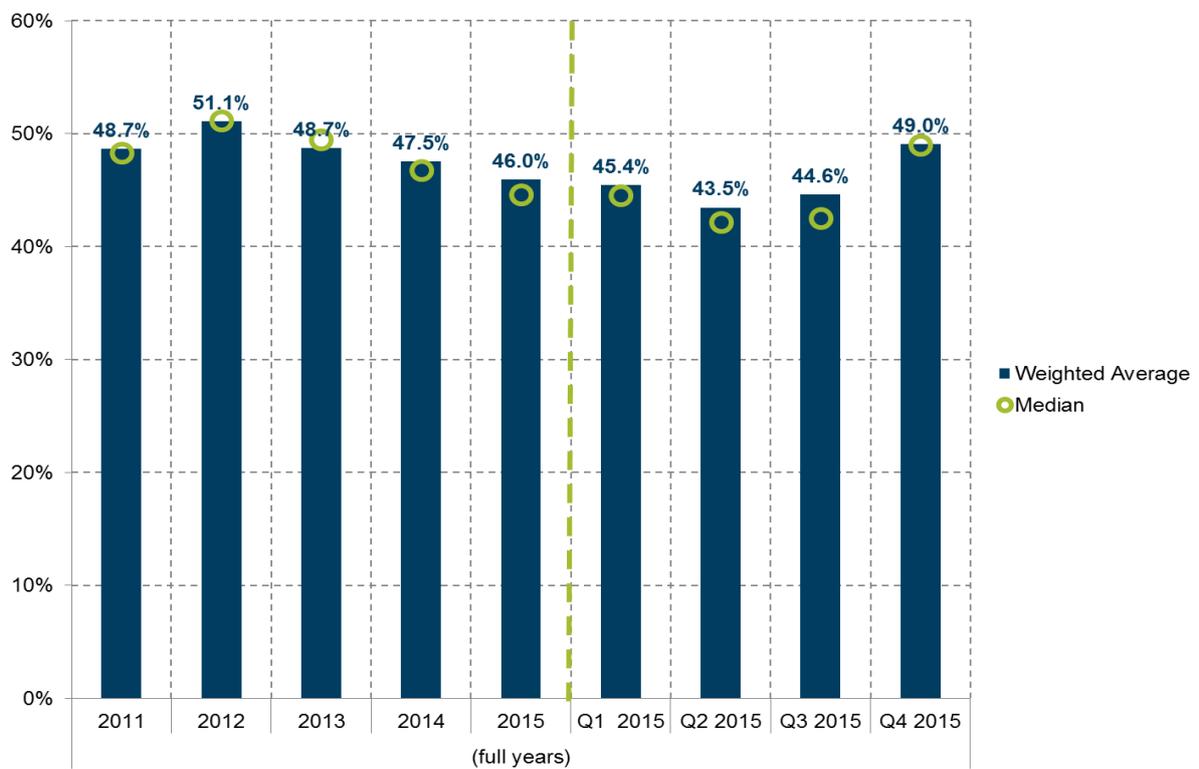


Fig. 4: Cost / Income Ratio, 2011 – Q4 2015



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

Fig. 5: Cost of Risk Ratio, 2011 – Q4 2015⁸

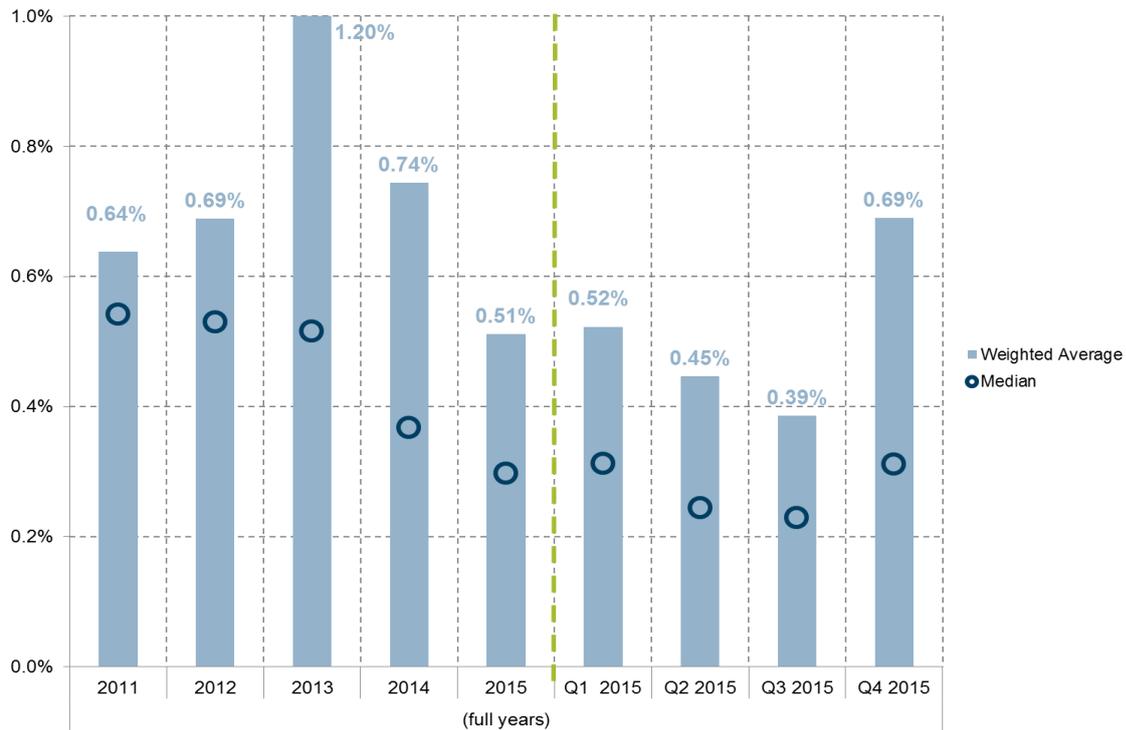
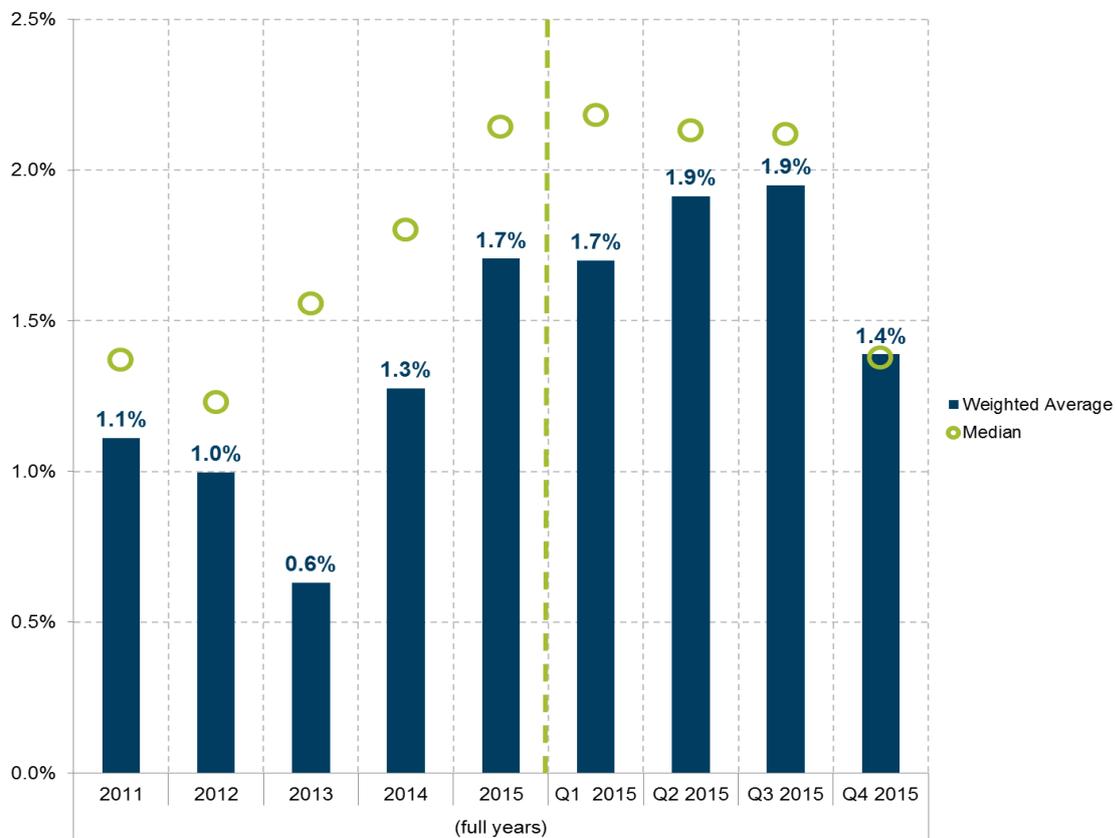


Figure 6: Return on Assets Ratio, 2011 – Q4 2015⁹



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

Figure 7: Return on Equity Ratio, 2011 – Q4 2015⁹



Table 5: Quartiles¹⁰ for Ratios in Q4 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%	35.1%	0.13%	1.2%
Quartile 2 (50%) i.e. median	45.4%	42.5%	0.23%	2.1%
Quartile 3 (75%)	56.2%	50.6%	0.63%	3.3%
Maximum	69.5%	64.2%	1.43%	6.4%
Weighted Average	46.4%	44.6%	0.39%	1.9%

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⁹ The weighted average for Q4 2013 was heavily influenced by a few extreme outlier values, therefore the 2013 figure is artificially low.

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 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

Hayley McEwen
Senior Adviser in Statistics and Economic Affairs
+32 2 2778 05 71
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.

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 eight 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.