



US leasing confidence reaches three year high

Confidence in the US equipment leasing & finance market reached 67.7 in March 2021, an increase from the February index of 64.4, and the highest level since April 2018.

These are the findings from the Equipment Leasing & Finance Foundation according to its March 2021 Monthly Confidence Index for the US Equipment Finance Industry.

The index reports a qualitative assessment of both the prevailing business conditions and expectations for the future as reported by key executives from the \$900bn equipment finance sector.

When asked to assess their business conditions over the next four months, 50% of executives responding said they believe business conditions will improve over the next four months.

Some 42.9% of the survey respondents believe demand for leases and loans to fund capital expenditures will increase over the next four months and 53.6% believe demand will "remain the same" during the same four-month time period.

"We are relatively positive on domestic and global economic activity for this year, and likely next", said David Drury, Senior Vice President and Head of Equipment Finance, Fifth Third Bank.



Following the acquisition of GECAS, AerCap will have a massive portfolio of over 2,000 owned and managed aircraft.

AerCap to acquire GE Capital Aviation Services

AerCap Holdings NV, the leading global aircraft leasing company, has announced that it has entered into a definitive agreement with General Electric under which AerCap will acquire 100% of GE Capital Aviation Services (GECAS), a GE business.

The combined company will be an industry leader across all areas of aviation leasing, with over 2,000 owned and managed aircraft, over 900 owned and managed engines, over 300 owned helicopters and approximately 300 customers around the world.

Aengus Kelly, Chief Executive Officer of AerCap, said, "We are excited about this opportunity to bring together two leaders in aviation leasing. AerCap and GECAS both have industry-leading

teams, attractive portfolios, diversified customer bases and order books of the most in-demand new technology assets. This combination will enhance our ability to provide innovative and attractive solutions for our customers and will strengthen our cash flows, earnings and profitability".

"GECAS is a highly attractive business and this transaction continues our strong track record of capital allocation. As the recovery in air travel gathers pace, this transaction represents a unique opportunity that we believe will create long-term value for our investors," added Kelly. "This business combination will also strengthen our longstanding partnership with GE Aviation, which we look forward to working with closely in the future."





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Transaction highlights

Under the terms of the agreement, which has been unanimously approved by the boards of directors of AerCap and GE, GE will receive 111.5 million newly issued AerCap shares, \$24bn of cash and \$1bn of AerCap notes and/or cash.

Upon completion of the transaction, GE is expected to own approximately 46% of the combined company and will be entitled to nominate two directors to the AerCap Board of Directors.

Citi and Goldman Sachs have provided AerCap with \$24bn of committed financing for the transaction.

GE Chairman and CEO, H. Lawrence Culp, Jr., said, "AerCap is the right partner for our exceptional GECAS team. Combining these complementary franchises will deliver strategic and financial value for both companies and their stakeholders. Together we are creating an industry-leading aviation lessor with expertise, scale and reach to better serve customers around the world, while GE gains both cash and upside in the stronger combined company as the aviation industry recovers."

AerCap expects to maintain its current investment grade credit ratings with S&P, Moody's and Fitch. The transaction will enhance many of AerCap's key credit metrics, as the combined company will have stronger cash flows and a more diversified revenue and customer base.

After the deal closes, GE intends to use the transaction proceeds and its existing cash sources to reduce debt by approximately \$30bn, for an expected total reduction of more than \$70bn since the end of 2018.



Citi and Goldman Sachs have provided AerCap with \$24bn of committed financing for the transaction.

The adjusted debt-to-equity ratio of the combined company is expected to be 3.0x at closing of the transaction. AerCap will maintain its target adjusted debt-to-equity ratio of 2.7x and expects to return to this level rapidly.

Strategic benefits

The transaction provides the following key strategic benefits:

- Leading aircraft leasing platform with expanded customer breadth and reach, given AerCap and GECAS's complementary customer bases with limited overlap.
- Narrow-body aircraft will represent approximately 60% of the combined aircraft fleet.
- New technology aircraft will represent approximately 56% of the combined in-service fleet, expected to grow to approximately 75% in 2024.
- Attractive order book of 493 new technology aircraft, more than 90% of which are narrow-bodies.
- Premier engine leasing business adds revenue diversification and greater ability to provide innovative solutions to our airline customers.

Closing conditions and advisors

The transaction is subject to approval by AerCap shareholders, receipt of necessary regulatory approvals and satisfaction of other customary closing

conditions. The transaction is expected to close in the fourth quarter of 2021.

The combined company will retain the name AerCap, and GECAS will become a business of AerCap.

Citi and Morgan Stanley acted as financial advisors to AerCap. Cravath, Swaine & Moore LLP, NautaDutilh NV and McCann Fitzgerald acted as legal advisors to AerCap.

AerCap is a global leader in aircraft leasing. AerCap serves approximately 200 customers in approximately 80 countries. AerCap is listed on the New York Stock Exchange and has its headquarters in Dublin with offices in Shannon, Los Angeles, Singapore, Amsterdam, Shanghai, Abu Dhabi, Seattle and Toulouse.

GE Capital Aviation Services (GECAS) is a world-leading aviation lessor and financier. GECAS offers a broad array of financing products and services including operating leases, purchase/leasebacks, capital markets, and airframe parts management. GECAS owns, services or has on order approximately 1,700 aircraft. GECAS serves over 200 customers in 75 countries from a network of 15 offices around the world.

UK asset finance market shows growth

New figures released by the Finance & Leasing Association (FLA) in the UK show that total asset finance new business, primarily leasing and hire purchase, grew by 1% in February 2021 compared with the same month in 2020.

The plant and machinery finance and commercial vehicle finance sectors reported new business up in February by 14% and 8% respectively, compared with the same month in 2020. By contrast, the IT equipment finance and business equipment finance sectors reported falls in new business of 20% and 24% respectively, over the same period.

Commenting on the figures, Geraldine Kilkelly, Director of Research and Chief Economist at the FLA, said: "In February, the UK asset finance market reported new business growth for the first time in more than a year. FLA members reported growth in new finance for a range of assets including agricultural equipment, manufacturing equipment and printing equipment."

"While the FLA welcomes the measures announced in the Budget to ensure that a strong pick-up in business investment is part of the UK economic recovery, we urge the

Government to extend the super-deduction allowance for expenditure on qualifying plant and machinery to include leasing. The asset finance industry has a proven track record in supporting businesses to invest in a wide range of machinery and equipment, with as much as 40% of this investment in the UK funded by FLA members", said Kilkelly.

Elsewhere, the FLA reports a fall in new business volumes in the consumer car finance market of 27% in February 2021, compared with the same month in 2020.

US equipment and software investment forecast to grow 11.2%

Equipment and software investment growth is expected to be robust in the US in 2021 as businesses invest to adapt to a post-pandemic normal.

Annual equipment and software investment growth of 11.2% is forecast for 2021 according to the Q2 update to the 2021 Equipment Leasing & Finance US Economic Outlook released by the Equipment Leasing & Finance Foundation. Annual US GDP growth for 2021 is forecast at 5.7%,

The equipment and software investment growth benefited from a 21% surge in Q4 2020, which provided a strong jumping-off point for 2021. The US economy expanded at 4.3% (revised) annualised rate in Q4 2020 as the nation struggled with surging COVID-19 cases and deaths.

The US manufacturing sector continued to improve in early 2021 due to strong demand for both consumer and business goods. Underlying demand remains strong, although supply chain backlogs should be monitored, and rising input prices could become an increasingly significant concern in the months ahead.

Headwinds to keep an eye on, says the Foundation, include the potential for higher inflation, the ongoing labour market recovery, and the emergence of new virus strains that could reduce the effectiveness of existing vaccines.

"Finally, we are beginning to see the light at the end of the tunnel", said Scott Thacker, Foundation Chair and Chief Executive Officer of Ivory Consulting Corporation. "The

widespread availability of vaccinations offers hope that economic activity will soon return to pre-pandemic levels, or beyond. The robust stimulus efforts, along with trillions of dollars in pent-up demand, point to a wave of spending this summer and fall. All indicators point to 2021 being a banner year for equipment and software investment, and the equipment finance industry is poised to benefit from that expected economic activity."

The Foundation produces the Equipment Leasing & Finance US Economic Outlook report in partnership with economic and public policy consulting firm Keybridge Research. The annual economic forecast provides the US macroeconomic outlook, credit market conditions, and key economic indicators.

IDS acquires White Clarke Group

IDS has agreed to acquire White Clarke Group, the leading provider of retail, fleet, wholesale and asset finance solutions for the automotive and equipment finance markets.

The two companies will combine to create a multi-asset class secured finance technology powerhouse supporting banks, independents, OEM captives and specialty finance firms globally.

Together, the combined company will serve more than 300 customers across North America, Europe and Asia Pacific and will be co-headquartered in Minneapolis, MN and Milton Keynes, UK.

Strategically the acquisition makes sense as IDS has a strong dominance with US-based equipment asset finance sectors and this will be complemented by White Clarke Group's traditional strength in European markets and in auto finance markets globally.

"Global business has entered a new long-term investment cycle driven by the rapid evolution of technology," said David Hamilton, CEO of IDS. "Smart factories, connected-assets (IoT), green-energy, and many other technology innovations will bring about exciting new economic growth opportunities which will require access to capital from secured finance firms. With a comprehensive and flexible technology foundation, these finance providers will be able to support new funding models accelerating the move to digital, servitization, and mobility".

"Supporting this fast-changing market need is the motivation for bringing our two great companies together creating

an unmatched range of secured finance solutions and the ability to support customers globally", said Hamilton.

IDS and White Clarke Group will together provide a comprehensive portfolio of products across multiple market segments including:

- **Automotive finance** (retail, fleet, and wholesale). CALMS is a full lifecycle system including point-of-sale, loan origination, loan servicing, and floorplanning capabilities serving eight of the top 10 auto manufacturers representing 25 brands.



- **Equipment asset finance.** An end-to-end platform for leasing and loan origination and portfolio management with more than \$350bn of net asset value running on the solution.
- **Working capital.** (Asset-based lending and factoring). A comprehensive solution providing the ability to manage flexible working capital finance offerings with real-time credit monitoring and availability.

"Our industry is being disrupted by a global shift in consumption," said Brendan Gleeson, Group CEO of White Clarke Group. "Consumers and businesses want utility and outcomes,

not ownership. This has created an opportunity for financing firms to tap into emerging technologies including digital and AI to create new business models like subscription and car sharing."

White Clarke Group was established in 1992 by Ed White and Dara Clarke and has built a strong track record in providing specialised technology and software solutions to the automotive and asset finance markets. The company's CALMS product range supports the lifecycle of auto and asset finance, leasing, and loan origination from point-of-sale through credit approval, contract management and customer support.

IDS is acquiring White Clarke Group from Five Arrows Principal Investments, who originally invested in the business in 2016 and will remain a shareholder in the combined company. The transaction is expected to close before the end of Q2 2021. The financial terms of the deal have not been disclosed.

IDS offers a suite of secured finance technologies to help banks, specialty finance firms and captive finance organisations drive operational efficiency and growth. IDS' software solutions are built on IDScld, a software-as-a-service (SaaS) platform that offers best-in-class simplicity, scalability and affordability. IDS serves a global customer base from offices in the US, the UK and Australia. The company's headquarters are located in Minneapolis, Minnesota, USA.

IDS, has also recently completed the acquisition of William Stucky and Associates, the leading provider of ABL and factoring software with over 120 customers.

EPC aligns global ITAD markets

EPC, Inc, a subsidiary of CSI Leasing, Inc, and one of the world's largest IT asset disposition (ITAD) providers, has recently expanded operations in South America and rebranded sister facilities in Europe to enhance and align its global capabilities and focus.

EPC's newest facility, EPC Peru, SAC, will service companies throughout South America. The facility spans 4,000 square feet and will initially employ five IT lifecycle specialists, with plans to grow as volume increases.

Headquartered outside St. Louis, Missouri, US, EPC has 17 ITAD processing facilities worldwide, along with a network of strategic vendor alliances. EPC services nearly 70 countries, making its global geographic footprint one of the largest in the ITAD industry.

In addition to processing retired IT assets for their client portfolio, EPC processes all lease returns for parent company CSI Leasing and its international subsidiaries.

EPC offers a comprehensive service offering for end-of-use IT devices and is well-positioned to help multi-national companies achieve both their security and sustainability goals.

"We have been increasing our global footprint in conjunction with customer demand," said Dan Fuller, President of EPC. "Organisations around the world understand the need for proper ITAD. Data security and sustainability are not defined by borders, and neither are EPC's services."

Rebranding

To reflect the company's evolution and commitment to a uniform, global ITAD business, CSI Leasing's remarketing and recycling subsidiaries in Europe have rebranded.

CSI Lifecycle Services UK in Sheffield, England and CSI Lifecycle Europe in Bratislava, Slovakia are now known as EPC Global Solutions.

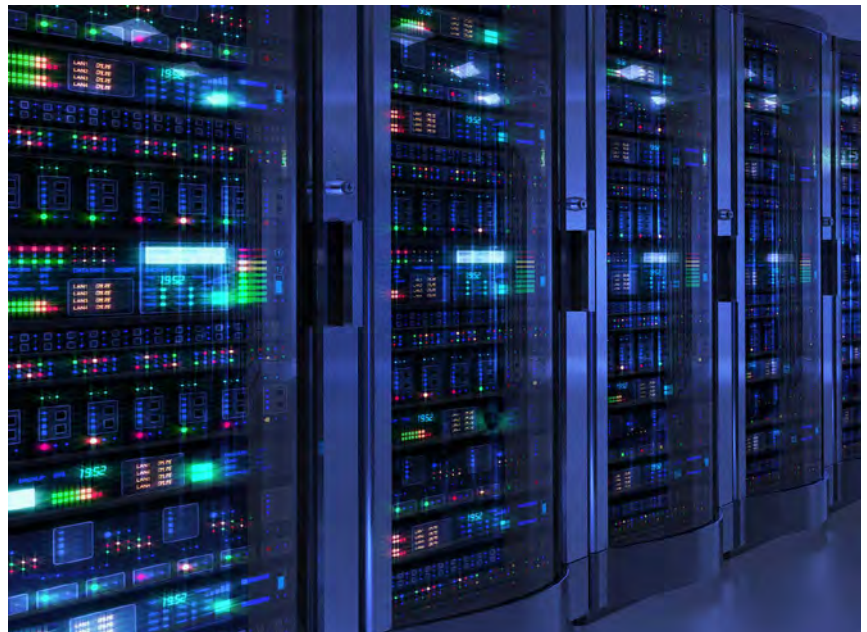
"EPC, Inc. has been a global leader in the ITAD industry for decades and is committed to proper data security and protecting the environment. The facilities in Europe have always worked closely with EPC in the US. Our principles and standards are well-aligned and I am excited to extend the EPC brand across the continent," said Damian Rushworth, manager of EPC Global Solutions in Europe.

Worldwide, EPC processed nearly one million serialised assets in 2020. Since the beginning of the Covid-19 pandemic, EPC has deployed nearly 350,000 refurbished work from home assets to help curb the spread of the virus.

EPC employs 485 ITAD professionals across seven countries. The total facility footprint tops 608,000 square feet.

EPC facilitates secure IT disposal solutions for companies to help them achieve sustainability goals and contribute to the circular economy. Their certified data security, remarketing and recycling processes follow all local, national and international laws and adhere to the strictest policies.

EPC is a subsidiary of CSI Leasing, Inc. and integral to its global network.



EPC Inc has opened a new IT asset disposition facility in Peru to service companies in South America.

Deutsche Leasing expects business upturn in 2021

Deutsche Leasing has reported a positive start to the first half of the new financial year 2020/21, and predicts a continuing upturn through 2021.

“We expect the business climate to improve in the second half of 2021. With our alternative financing products, we intend to actively support the SME sector during its restart”, said Kai Ostermann, Chief Executive Officer of Deutsche Leasing.

In a market environment shaped by the coronavirus pandemic, in the financial year 2019/20 the Deutsche Leasing Group’s volume of new business fell to Euro 9.2bn, compared to Euro 10.3bn the previous year.

Following a 12.5% decline in plant and equipment expenditures throughout Germany, the new business trend for 2019/20 was better than expected.

“We have achieved a satisfactory performance in an extraordinary economic environment in which the real economy suffered a pronounced slump,” said Kai Ostermann.

Trend for subsidiaries and investments

With a new business volume of Euro 2.3bn, DAL Deutsche Anlagen-Leasing achieved a result which was only 5% lower than the previous year’s record level. A number of transport projects in the rail passenger transport and local public transport sectors provided a particularly significant contribution.

Deutsche Factoring Bank (DFB) achieved factoring turnover of Euro 16.9bn in 2020 (as at December 31, 2020), a decline of 6.9% year-on-year.

Factoring turnover among existing customers varied, but declined in overall terms. This trend contrasted with significant growth through new factoring customers. 27.4% of turnover was generated in the areas of export and import factoring.

S-Kreditpartner GmbH, Deutsche Leasing’s joint venture with Landesbank Berlin/Berliner Sparkasse, achieved growth of 2% year-on-year, with a Euro 8.5bn volume of loans. The number of fully fledged partnerships with savings banks continued to grow. More than 50% of the savings banks rely on this car and consumer loans specialist.

Foundations laid for future growth

“We have further strengthened our business fundamentals and shored up our market position,” said Ostermann.

Deutsche Leasing expanded its export credit agency (ECA)-backed business in the past financial year through its investment in AKA Ausfuhrkredit-Gesellschaft mbH (AKA). SME customers of Deutsche Leasing and the savings banks used this service for export finance projects involving a volume of investment of between Euro 1m and 10m.

Deutsche Leasing made further progress in its expansion of its online and digital offerings, in concert with the savings banks, for its business and commercial customers segment. Its S-Gewerbekredit product, for financing of smaller plant and equipment expenditures, is meeting with a strong market response and yielding further growth opportunities.

Outlook for the financial year 2020/21

Deutsche Leasing is continuing to invest in the modernisation of its IT and in the digitalisation of products, services and interfaces with customers and partners in trade and industry.

In its vendor business, it is developing efficient and integrated platforms by way of a digital framework for business transactions.

With the founding of vent.io GmbH, the digital innovation unit which was established three years ago will now be hived off as a subsidiary and expanded. As an innovation partner of the Deutsche Leasing Group, it aims to pursue the ongoing development of new business models and fields such as data science, software engineering, artificial intelligence and digital customer and partner interfaces.

Sustainability is an increasingly important issue for Deutsche Leasing. The company was one of the first companies to sign Sparkassen-Finanzgruppe’s “Commitment to Climate-Friendly and Sustainable Business Activities” in December 2020 and intends to play its part in shaping and implementing the related objectives over the next few years.

The Deutsche Leasing Group is the leading solutions-oriented asset finance partner for German small and medium-sized enterprises and offers a broad range of investment-related financing solutions (asset finance) as well as supplementary services.

Europe is better prepared for the electric vehicle revolution

The Netherlands, Norway and the United Kingdom continue to be the best prepared countries in Europe for the electric vehicle revolution, and overall Europe is more ready than ever for the EV revolution.

Charging infrastructure, however, continues to be a major roadblock preventing EV adoption across the continent, with the rate of charging pole installation falling in 2020.

These are the conclusions of LeasePlan's 2021 EV Readiness Index, a comprehensive analysis of the preparedness of 22 European countries for the electric vehicle revolution.

The Index is based on three factors: EV registrations, the maturity of EV infrastructure, and government incentives in each country. Key findings for 2020 include:

- **Almost all countries show an improved score compared to 2019, signalling increased EV readiness across the continent.** The rate of improvement, however, varies significantly across Europe, with Romania, Slovakia and the Czech Republic having both the lowest scores and the slowest improvement rate, underlining the continued disparity between Western and Eastern Europe in terms of EV readiness
- **EVs have never been more affordable.** In 11 countries, EVs are already cheaper than their ICE counterparts on a TCO basis. In addition, EV drivers pay on average only 63% of the tax that

ICE drivers pay. Austria, Greece, Hungary, Ireland, Poland and the UK are leading the charge: in these countries, EV drivers pay no driver tax at all.

- **Charging infrastructure is still lagging and will be key to improving EV readiness going forward.**

Although some progress was made in 2020 on charging infrastructure, the rate of improvement actually dropped compared to 2019 (43% increase rate in 2020 compared to 73% increase in 2019). Even in top-ranked countries, charging infrastructure remains far from adequate





Europe is failing to deliver the infrastructure required for the clean mobility revolution.

Tex Gunning, CEO of LeasePlan, said, "Our EV Readiness Index shows that while electric driving is more affordable than ever across Europe, public charging infrastructure is still woefully lacking. In opinion polling done earlier this year, we already saw that lack of charging infrastructure was a major roadblock stopping drivers from going electric – and the analysis in our EV Readiness Index

proves these fears are well founded".

"To put it bluntly", said Gunning, "the pace of improvement just isn't fast enough, and Europe is failing to deliver the infrastructure required for the clean mobility revolution. Leaders and policymakers in every single one of the 22 countries in this Index need to step up and invest in a universal, affordable and sustainable charging

infrastructure before it's too late, the climate emergency can't wait."

LeasePlan has committed itself to achieving net zero emissions from its total fleet by 2030. LeasePlan is also a founding partner of The Climate Group's EV100 initiative, a global business initiative designed to fast-track the uptake of EVs and infrastructure among the world's leading corporations.

LeasePlan is a leader in two large and growing markets: Car-as-a-Service for new cars, through its LeasePlan business, and the high-quality three-to-four year old used car market, through its CarNext.com business.

CarNext.com is a pan-European digital marketplace for high-quality used cars delivering any car, anytime, anywhere and is supplied with vehicles from LeasePlan's own fleet as well as third-party partners. LeasePlan has more than 1.9 million vehicles under management in over 30 countries.

Q2 acquires Clickswitch

Q2 Holdings, Inc, the leading provider of digital transformation solutions for banking and lending, has announced its acquisition of Clickswitch.

Clickswitch is a patented digital account switching software-as-a-service (SaaS) solution. The acquisition reflects Q2's ongoing mission to build strong and diverse communities by strengthening financial institutions.

Clickswitch, a privately held company based in Minneapolis, MN, was founded in 2014 to provide a digital account switching solution for financial institutions and fintechs.

"A major challenge that financial institutions and fintechs face is converting their clients to become primary account holders. We believe Q2's acquisition of Clickswitch will enable us to help our customers efficiently solve this pain point and drive account profitability," said Matt Flake, CEO of Q2.

"We also believe that with Clickswitch we can help our customers provide their account holders with a more streamlined, frictionless experience, by offering an end-to-end digital customer acquisition, onboarding, and account switching solution", said Flake.

Clickswitch has successfully helped more than 450 financial institutions and fintechs acquire the primary relationships with their account holders.

"Q2 is a recognised leader in providing innovative solutions for financial institutions and other fintech providers," said Cale Johnston, founder and CEO, Clickswitch. "As a combined force, we look forward to solving a fundamental issue that banks, credit unions and fintech companies face – managing the complexity and administrative burden of account switching – by providing the most comprehensive digital account switching solution in the market."

Susan Foster joins LTi as VP of Marketing



Susan Foster, VP of Marketing of LTi.

LTi Technology Solutions (LTi), has announced that Susan Foster, has joined the company as Vice President of Marketing.

Susan has over 19 years of marketing experience in the equipment finance industry. Reporting directly to LTi's Senior Vice President and Chief Revenue Officer, Bryan Hunt, Susan will lead the development and implementation of the company's overall marketing plans and strategies to support its objectives.

In her new position, Susan will be streamlining LTi's marketing strategy and will be responsible for the strategic, operational, and financial aspects of LTi's marketing organisation. A particular area of focus will be communicating the business value of LTi's ASPIRE platform as well as leading the marketing efforts of the company's broader customer experience.

Susan has served as Vice President

of Marketing at PNC Equipment Finance working with clients such as Microsoft, Philips Medical, and Harris Broadcast. In addition, she has worked in consulting roles with large corporate clients, such as Kroger.

"I am honored to be joining LTi as we enter this new era of leadership in digital transformation," said Foster, "We are poised for exceptional growth in 2021 with a strong brand, leading-industry product innovation, and a progressive tech-forward reputation."

In another move at LTi, Kirsten Dargy has been promoted to Marketing Manager. She will be moving from her role as Marketing Team Lead. Kirsten will be responsible for leading all marketing and communication efforts across LTi and cultivating innovative strategies to grow LTi's business and brand.

As Marketing Manager for LTi, Kirsten will be responsible for translating the company's business objectives into marketing strategies that drive revenue. In addition, she will identify and track key metrics and manage the overall marketing activities for the Marketing Department. Kirsten will play an instrumental role in revitalising client communications and executing marketing campaigns aimed at new growth.

LTi Technology Solutions delivers a full lifecycle leasing and loan finance platform to equipment finance companies, captives, small ticket, middle market, and independent banks throughout the US, UK, and Canada from the Omaha, NE, US, headquarters.

Otoz launches auto platform

NETSOL Technologies, Inc, the global business services and enterprise application solutions provider, has announced an expansion of its product offering to include digital retailing solutions for car dealerships.

Powered by NETSOL's subsidiary Otoz, the new platform enables automotive companies to provide consumers with a complete, end-to-end digital shopping experience.

When the Otoz platform is launched, both customers and dealers will have access to personalized portals via state-of-the-art apps, enabling an end-to-end experience. To further facilitate customer and dealer engagement, Otoz is integrating with a host of complementary partners, including: inventory management systems, trade-in valuation companies, CRMs and finance companies.

Otoz will be launching the platform with its first client, a tier one OEM through its finance arm, in the calendar second quarter. Beginning in California, the solution is intended to be rolled out by over 100 dealerships across all 50 states.

"The platform we built is highly configurable, and we work closely with OEMs, finance companies and dealerships to provide customised solutions. That is what we have been doing at NETSOL with OEMs across the world for over 40 years," said Otoz Co-Founder and Chief Operating Officer Heidi Bauer.

Leaseurope announces Q4 Index results

The Leaseurope Index tracks key performance indicators of a sample of 23 European lessors on a quarterly basis.

Due to the impact of Covid-19 on the entire global economy, the year 2020 was a challenging one for the European leasing sector, with all annual financial ratios weakening significantly.

All of the weighted average ratios worsened for Q4 2020 compared to the same period in 2019. Although the trend in the median ratios, which excludes some large outlier values, revealed a similar picture for the 'typical' company in the sample, median cost/ income performed better in the fourth quarter of 2020.

Total new leasing volumes reported in Q4 2020 by the sample of firms dropped by -4.2% in comparison to the same quarter of the previous year. The whole of 2020 experienced a decline of -12.1%, seeing almost €100bn in new business conducted.

The portfolio of outstanding contracts in the sample shrank by -1.8% in 2020, while risk-weighted assets decreasing by a similar level of -1.9%.

Profit & profitability

Aggregate pre-tax profit decreased in 2020 compared to 2019, falling by -28.4%. This was largely a result of poor performance in the first half of 2020, particularly Q2 which experienced a -50.3% loss.

As a result, weighted average profitability declined from 37.7% to 25.9% between 2019 and 2020, with median values seeing similar drops.

Income, expenses & cost/income

Aggregate operating income remained fairly stable in Q4 2020, growing by 0.6% compared to Q4 2019, but operating expenses elevated by a higher 7.6%. This resulted in the weighted average cost/income ratio rising to 52.0% in Q4 2020.

When looking at the whole of 2020, operating expenses remained relatively unchanged at -0.7%, while operating income experienced a decrease of -2.9%. This led to a rise in the average cost/income ratio, reaching 50.1% for 2020.

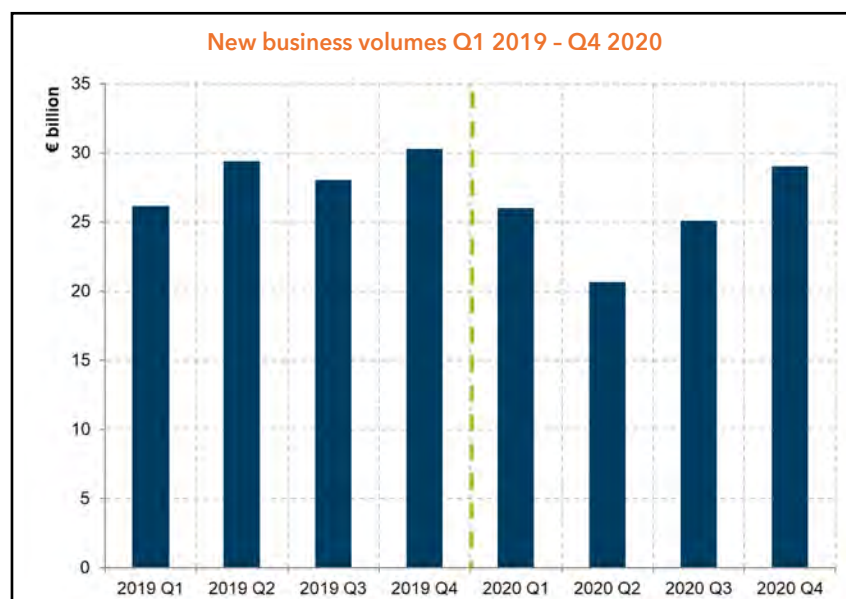
Loan loss provision & cost of risk

Loan loss provisions in the fourth quarter escalated by 17.6%. This resulted in the average annualised cost of risk for Q4 2020 increasing to 0.9%. Over the full year 2020, both median and weighted average cost of risk roughly doubled compared to 2019, reaching the same level of 0.8% each.

Tim Albertsen, Group CEO at ALD Automotive, commented that "While 2020 presented significant challenges for businesses across Europe, the leasing industry showed remarkable resilience in funding assets essential to support the European economy. Particularly, European lessors have managed to stabilise operating expenses, with their income and portfolio experiencing only single-digit declines".

"Although business investment is expected to recover at a slower pace, we will continue leveraging our strengths to provide European firms of all sizes with the support needed to speed up their recovery", said Albertsen.

Leaseurope brings together 46 associations throughout Europe representing either the leasing, long term and/or short term automotive rental industries.



Bynx launches new auto software

Global provider of vehicle fleet, leasing and mobility management platform Bynx has announced the release of its latest software version Bynx 12.14.

Highlights of the release include: a re-engineered accident management module, simplified access to emissions data and the inclusion of more user guides within Bynx itself.

The release also includes continuous functionality enhancements to its maintenance module, and improved reporting through the lifecycle of a vehicle, contract or reservation.

The re-engineering of the Accident Management module within Bynx 12.14 has been reimagined to a user 'task' based platform, ensuring each

step in the process is controlled from initial driver accident notification capture and FNOL, through to repair completion.

In line with rest of Bynx' fully integrated solution, Accident Management enables the proactive management of the whole process, including App based driver engagement with image and video damage capture. The module also includes a rules engine, which gives greater control over end-customer needs through simplified configuration, delivering efficiencies for all involved.

Bynx continues to deliver new functionality into its Maintenance Management module. As well as online end-customer repair authorisation and monitoring, the

following functionality has also been added:

- Auto extension of service schedule when last event is done.
- Improved flow of price capturing when selecting services.
- Allowing correction of odometer errors when completing jobs.
- Additional data on customer approval reports.
- Increased use of images and video capture.

Bynx is a vehicle fleet, leasing and mobility management platform. Its solution modules deliver global software standards for the mobility sector, including vehicle leasing & finance, Fleet Management-as-a-Service (FMaaS), short-term rental, passenger transport services and Mobility-as-a-Service (MaaS) or Transport-as-a-Service (TaaS).

Barclays Asset Finance sale

Barclays has agreed to sell its asset finance business to investment funds managed by HPS Investment Partners, LLC, a leading global investment firm with approximately US\$68bn of assets under management as of January 2021.

The Business has approximately 1,500 customers and total assets of £1.15bn.

Upon the change of control, the Business will be combined with PEAC (Pan European Asset Co) Finance, which is the same brand name that EAVF uses for its other European portfolio leasing businesses.

PEAC Finance is a pan-European equipment leasing business that operates in eight countries with total assets of approximately €4bn. PEAC provides leasing and related services for a variety of assets ranging from information and communications technology to heavy industrial equipment primarily through vendor finance programs.

The transaction will be funded and managed by HPS's European Asset Value Fund, a fund that acquires financial asset platforms and portfolios.

TRALA appoints new Chairman

The US Truck Renting and Leasing Association (TRALA) has announced that BT Steadman, Managing Member of Vacuum Truck Rentals, LLC has been named the new 2021-22 Chairman of the Board.

Steadman follows Dan Murphy of Idealease Inc, as TRALA Chairman after serving as Vice Chairman of the association for the past year.

Based in Alexandria, VA, TRALA is a voluntary, non-profit national trade association organised in 1978 to provide a unified and focused voice for the US truck renting and leasing industry.



THE EUROPEAN ASSET FINANCE AND LEASING MARKETPLACE POST COVID: THE SHOW MUST GO ON!

By Florence Roussel Pollet, Chief Commercial Officer, SGEF, France

I wish I could dedicate this article to a review of the equipment finance industry post-Covid 19. That would mean of course that the coronavirus crisis is over in Europe. However, as at the time of writing this article that is sadly not the case. In fact, most European countries are imposing various forms of new lock downs for a "third wave".

The UK is probably the exception where vaccination efforts are producing results in terms of a decrease in the number of new cases resulting in less pressure on hospitals and a progressive release of the imposed restrictions.

As much as the problem is global, solutions remain diverse and local

The equipment finance industry is facing a slow start to 2021. Slow compared to the last quarter, as Q1 2020 was marginally impacted by the Covid crisis and slow compared to expectations as forecasts last summer were assuming a strong rebound in 2021 with a V shape recovery.

Where we were all expecting a sprint, we are now faced with a long race. Of course, as last year, at any point in time, the situation varies greatly from one sector to another and from one country to another, according to the pace of the various local lock downs and reopening measures.



2020 was a busy year for technology financing and investment.

In terms of countries, China is experiencing a strong rebound, and in the USA, as the pace of vaccination uptake is high, we see signs of recovery and reasons for optimism. Brazil, however, has been strongly hit by a new wave of Covid.

SGEF's wide geographical network, strongly present in Europe, but also in the USA, Brazil, China and Hong Kong, benefits from a geographical mix, as well as from the sectorial mix. In terms of asset sectors 2020 was a very busy year for the technology sector, due to the equipment needs of companies providing remote working solutions for their teams, ranging from laptops, networking equipment and WiFi technology. The first quarter of 2021 shows a good level of activity in the tech sector however we are now observing a rebalancing in favour of the other sectors.

The agriculture and construction sectors remain strong and active. Medical equipment, materials handling, and transport equipment (excluding the bus & coach segment) are recovering but still suffer from delivery and supply chain issues, which are also strongly impacting several factories across Europe especially in the machine tool sector.

The slow start to 2020 has triggered more competition on good profile transactions, triggering higher pressures on pricing which seems rather unhealthy at a moment where the cost of risk has substantially increased compared to the pre-crisis level. The increase is mostly due to the forward-looking provisions by banks and financiers which reflect the uncertainties of the coming months and are not due to actual losses booked, at least for now.

In most countries moratorium periods are ending. Except for Hungary and Italy where the governments are granting debtors an extension of payment deferrals, obligors are now resuming payments but the 2020 financial statements of most companies are reflecting the Covid crisis either directly because the activity sectors of the companies were impacted and/or more generally because of the current profound economic crisis.

Everyone questions the capacity of some companies to survive and overcome this crisis, which as we mentioned earlier, is longer than expected and, greater than any crisis in the recent history. A massive amount of liquidity and governmental support has been injected in the various European countries. How many companies will survive to the end of those support plans?

Certain sectors are still strongly affected: tourism, hospitality, entertainment. Investments in new equipment in these sectors is unlikely in the near future and there is also risk of repayment defaults of existing financings in these sectors.

However, I don't want to be too pessimistic. Our industry and its role into the economy and society remain very strong. Our fundamentals have not been impacted by this unprecedented crisis. On the contrary. Let me elaborate further on this.

Firstly, throughout this crisis, our industry has been providing important financing solutions to companies at the heart of the economy, ranging from small and medium companies

to very large companies with one element in common: the financing of essential assets, such as trucks and trailers, harvesters, forklifts, cranes, machine tools, printers, ultrasound equipment, scanners, but also software, hardware and cloud solutions and many other types of assets.

The essential use feature has put us in a favourable situation with respect to payment behaviour and strong resistance to the adverse circumstances but also allowing us to have a positive outlook for the future. Investing in essential use equipment will remain a condition to the economy rebounding and growth for our customers.

Secondly, the strong relationships we have been building over the years with our partners through robust and reliable vendor partnerships have been greatly contributing to the resilience of our businesses throughout this crisis. These partnerships have worked both ways: our vendors have confirmed their support on rescheduled transactions to SGEF through remarketing commitment and asset values and SGEF has confirmed their commitment to the partnerships by providing deferrals to their end customers.



Throughout the Covid crisis the equipment leasing industry has been providing essential financing solutions for companies of all sizes.

In addition, early into the crisis we have built a promotion campaign "Stronger Together" dedicated to new transactions to ease the recovery, ease the completion of a frozen pipeline, while allowing lower payments at the start in order to address the slow restart of the economy and the need to match outflows with expected inflows.

This campaign of €1bn was initially offered to our vendors and clients throughout the SGEF network until the end of 2020. However, as the crisis is longer than expected we have taken the decision to extend "Stronger Together" until June 30, 2021. Longevity and reliability have been the great value of these partnerships.

The third takeaway is that we are a people business and as much as the relationships with our clients and vendors have made the difference during the crisis, nothing would have been possible and nothing will be possible in the future with the strong engagement and dedication of our teams across the whole organisation; from sales to risk teams, from IT to back-office teams and across all regions.

As much as this crisis has brought turbulence to our lives, personally and professionally, the links we have created with our teams have responded well to this crisis. New ways of working have been explored and they are here to stay.

The SG Group has launched a wide-ranging brainstorming and consultation exercise to update our ways of working and, especially with our staff to improve a work life balance, and reduce time lost in transportation. This includes providing more flexibility and increasing homeworking across the group. This is not only about the location of work, it is about new management methods, more empowerment of the teams and better alignment with team aspirations, especially from the younger generations.

The fourth and final takeaway for this article: how will our industry attract new talent? How will we create the desire and inspiration for the new generations?

I am fairly optimistic in that respect as I see a strong alignment between what we do for our clients, partners and local economies and what the new generations are looking for: a strong link with reality, sense of purpose, local reach of our actions and legitimacy of our mission. More importantly the key role we will play in energy transition and environment protection is going to be a great hiring engine.

SGEF has an ambitious roadmap for the next five years to



SGEF is building new partnerships with vendors and customers to promote green assets and energy saving solutions.

lead and support our clients and vendors in the challenges of climate change, the circular economy and energy saving solutions.

Through our "Care and dare about the future" we will focus on four pillars to address the various dimensions of this ambition: Build new partnerships with vendors and clients for green assets such as photovoltaics panels, charging stations of electric vehicles, energy saving solutions; provide support to our historical relationships to shift toward more virtuous equipment and electrification; extract more value from the assets we finance, allow second or third life, pay great care to the reuse of refurbished assets and circular economy; reduce our carbon footprint and build a more diverse and inclusive culture which is required to find new solutions for a new sustainable world.

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AN OVERVIEW OF THE LEASING MARKET IN BELARUS

By Alexander Tsybulko, Chairman, Belarusian Union of Lessors

This review is based on the results of all leasing companies included in the register of the National Bank of the Republic of Belarus and banks that were engaged in leasing activities in 2020.

All the calculations are based on the data of the official statistical reports provided to the Association of Lessors by the National Bank of the Republic of Belarus. When processing the data, the statistical methods used by Leaseurope were adopted.

As of December 31, 2020, 112 companies were included in the register of leasing companies of the National Bank of Belarus.

The volume of the new leasing business in Belarus amounted to 2,505,157,503 rubles, or €898,775,698. This was a decrease of 7.28% compared to 2019 (22.05% when converting the volume of new business in euros).

The profitability of leasing companies in Belarus in 2020 amounted to 230,273,770 Belarusian rubles. The number of employees engaged in the leasing industry was 2,876.

Of the funds allocated by leasing companies in 2020 for the purchase of leasing assets: 54.56% were own funds and 45.44% were borrowed funds.

The total authorised capital of Belarusian lessors as of December 31, 2020 amounted to 1,183,290,487 rubles. The founders' shares in the total authorised capital were distributed as follows: banks 57.34%, non-bank financial institutions 0.01%, commercial companies 12.73%, individuals 1.44%, other founders 28.49%.

The penetration level of leasing in the country's economy amounted to 1.8% of GDP, 9.29% of investments in fixed assets and 25.56% of the cost of purchasing machinery, equipment and vehicles.

Investments in fixed assets in Belarus 2014 - 2020
(at current prices and the total volume of new business in million rubles)

Parameter	2014	2015	2016	2017	2018	2019	2020
Investments in fixed assets at current prices (million rubles), and % compared to the previous year	22,526 +7%	21,029 -7%	18,074 -14%	20,389 +13%	24,252 +19%	27,846 +15%	28,700 +3.07%
Total volume of new business (million rubles) and % compared to the previous year	788	709 -10%	964 +36%	1,580 +64%	2,442 +55%	2,924 +20%	2,667 -8.79%
The share of new business in the volume of investments in fixed assets (%)	3.5	3.4	5.3	7.8	10.0	9.7	9.29
The share of leasing in the amount of funds spent on the purchase of machinery, equipment, and vehicles (%)	-	9.2	11.9	20.0	25.2	24.4	25.56
Share of GDP (%)	1.0	0.8	1.0	1.5	2.0	2.1	1.8



In Belarus, leasing activities are regulated by the Civil code.

The performance of the Belarusian leasing industry is comparable to the indicators of the developed economies of the world. The growth rate of the volume of new business in leasing significantly lagged behind the rate of investment in fixed assets in 2020.

New lease agreements

In 2020, leasing companies concluded 126,840 leasing agreements (54.3% less than in 2019) for a total value of 3,621,334,329 rubles. The decrease compared to 2019 was 4.4% (by 19.65% - when converted into euros). In particular, it was concluded:

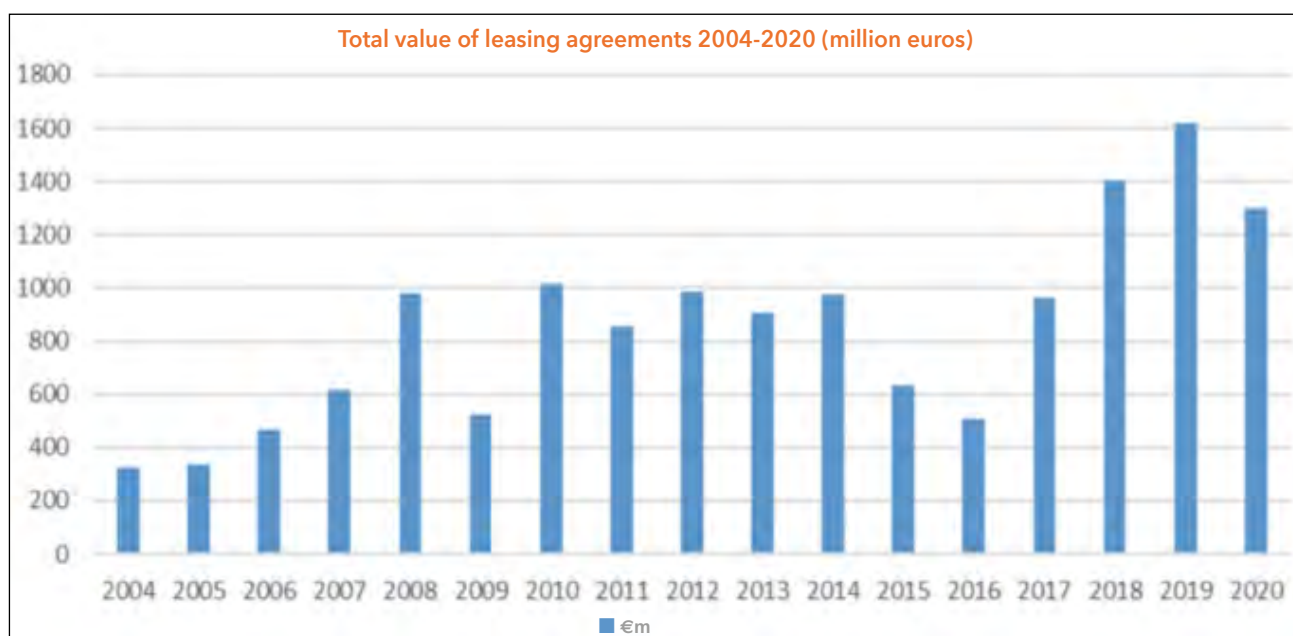
- consumer leasing – 111,920 agreements totalling 640,688,370 rubles (229.9 million euros equivalent).
- investment leasing – 14,920 contracts totalling 2,980,645 959 rubles (1069.4 million euros equivalent).

The share of new consumer leasing contracts in the total volume decreased from 19.86% in 2019 to 17.69 % in 2020. After a rapid growth in the volume of new consumer leasing contracts in 2016, when the share amounted to 21.8% of the total volume, in 2017 they declined to 20.0%, and in 2018 to 17.4%.

Data on the volume of leasing agreements concluded for the period from 2004 to 2020 is shown in the accompanying chart.

Based on the performance of the leasing industry in 2020, the following conclusions can be drawn:

1. For the fourth year in a row, the growth rate of new business volume has decreased. The decline in the growth rate of the volume of new business in leasing characterises the state of the country's economy and the need for further investment.
2. Despite the decline in the level of leasing penetration into the country's economy (to 1.8% of GDP, 9.29% of fixed capital investment, 25.56% of the cost of purchasing machinery, equipment and vehicles), leasing still demonstrates a dynamic mechanism for investing in the renewal of assets. Measured by the level of penetration into the economy, the Belarusian leasing industry is comparable to the indicators of the developed economies of the world.
3. The profit of leasing companies in 2020 amounted to 230.3 million rubles, 106.73% more than in 2019 (at the



end of 2019, 111.4 million rubles, 9% less than in 2018). The level of overdue debt of leasing companies, despite its increase to 4.0% of the total amount of obligations of lessees, still remains at a fairly low level. These data indicate the efficient operation of the leasing industry and its high stress resistance.

4. In order to increase the growth rate of the volume of new business and the efficiency of financial and economic activities of leasing companies, further work is required to adequately improve the existing business models, organisational structures and operational processes, including their active digitalisation, and to eliminate the existing unjustified barriers and restrictions in the regulatory legal regulation of leasing activities in the Republic of Belarus.

In Belarus, leasing activities are regulated by the Civil Code. Belarus is the only country in the EAEU where leasing activities are accountable to the state regulator, the National Bank of the Republic of Belarus.

The National Bank maintains a register of leasing companies, without which companies have no right to engage in professional leasing activities on the territory of the Republic of Belarus.

The National Bank regulates leasing activities by adopting regulatory legal acts defining the procedure and conditions for carrying out leasing activities, monitoring compliance with the legislation on leasing activities, collecting and analysing the reports of leasing companies, initiating an audit of the accounting (financial) statements of a leasing company included in the register, sending a claim to the court for the liquidation of the leasing company on the grounds and in accordance with the procedure established by legislative acts.

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The penetration of leasing in the Belarus economy is 1.8%.

Conferences and events

Event	Organiser	Date	Location
Legal Forum Live!	Equipment Leasing and Finance Association	May 4-5, 2021	Virtual Event
2021 AACFB Commercial Financing Expo	AACFB (American Association of Commercial Finance Brokers)	May 5-7, 2021	Virtual Event
The State of the Market Seminar	Finance and Leasing Association	May 11, 2021	Virtual Event
Lease and Finance Accountants Conference	Equipment Leasing and Finance Association	September 13-15, 2021	New Orleans, LA, US
Operations & Technology Conference	Equipment Leasing and Finance Association	September 13-15, 2021	New Orleans, LA, US
AALA Annual Meeting	American Automotive Leasing Association (AALA)	September 27-28, 2021	Washington, DC, US
NACFB Commercial Finance Expo 2021	National Association of Commercial Finance Brokers	September 30, 2021	Birmingham, UK
2021 Eurofinas & Leaseurope Annual Convention	Leaseurope	October 7-8, 2021	Cascais (Lisbon), Portugal
Lease Conference Dubai	The Alta Group (LAR) and Invigors EMEA Ltd	October 13-14, 2021	Dubai, UAE
2021 NVLA Annual Conference	NVLA (National Vehicle Leasing Association)	October 13-15, 2021	Atlantic Beach, FL, US
Leasing Broker Conference 2021	British Vehicle Rental & Leasing Association (BVRLA)	October 21, 2021	London, UK
IFLA Conference	International Finance and Leasing Association	October 21, 2021	Stockholm, Sweden
ELFA 60th Annual Convention	Equipment Leasing and Finance Association	October 24-26, 2021	San Antonio, TX, US
Auto Finance Summit	Auto Finance News	October 27-29, 2021	Las Vegas, US
Lease Conference Istanbul	The Alta Group (LAR) and Invigors EMEA Ltd	December 1-2, 2021	Istanbul, Turkey



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Dubai Lease Conference 2021

Middle East and Africa, October 13-14

The Lease Conferences seek to bring actionable knowledge and expertise to the players in the Leasing business in their region and set the ground for a strong integration and networking amongst Lessors, Suppliers, Investors and Bankers, Service Providers and Regulatory Authorities.

Istanbul Lease Conference 2021

Central and Eastern Europe, December 01-02

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