

# Leaseurope



The Voice of Leasing and Automotive Rental in Europe

**Leas** LEASEUROPE  
INDEX

Survey of European leasing and rental firms

**Leaseurope Index**  
**Q3 2022**

## LEASEUROPE INDEX RESULTS: Q3 2022

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The Leaseurope Index is a unique survey that tracks key performance indicators of a sample of 20 European lessors on a quarterly basis. This Q3 2022 is the forty-sixth edition of the survey.

The results of Q3 2022 show that financial KPIs continued to strengthen, except for cost/income ratios which slightly worsened compared with Q3 2021. Total new business volumes reported by the sample of firms increased by 5.5% year-over-year, reaching nearly €26 billion. The portfolio of outstanding contracts expanded by 2.2% in the third quarter, while risk-weighted assets grew by 3.5%.

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

Aggregate pre-tax profit was up 15.4% in Q3 2022 compared to the same quarter of last year, with operating income increasing by 11.7%. Consequently, weighted average profitability moderately improved compared to the Q3 2021 level, to 45.5% from 45.0%. The median profitability of the 'typical' company in the sample also showed the opposite picture in the third quarter of this year with a lower level of 45.2%.

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

Operating expenses experienced increases of 10.0% in Q3 2022 compared to the same period last year. Despite larger income growth, both weighted average and median cost/income ratios worsened by 1.0 and 0.1 percentage points to reach 46.5% and 47.4% respectively in the third quarter of 2022.

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

Loan loss provisions continued to drop by -18.7% in Q3 2022 compared to the same period a year ago. This resulted in an improvement of 0.1 percentage points in the weighted average cost of risk ratio, decreasing from 0.3% in Q3 2021 to 0.2% in Q3 2022. When excluding outlier effects, the median ratio also stood at 0.2% in the third quarter of this year.

### ***RoA and RoE<sup>1</sup> indicators***

The weighted average ratios of both RoA and RoE improved in Q3 2022 in comparison with Q3 2021. When it comes to the median ratios however, both ratios weakened during this quarter.

Tim Albertsen, Group CEO of ALD Automotive commented, *“Despite various economic headwinds during the first half of this year, the European leasing industry managed to perform solidly in the third quarter. As the cost/income ratios continue to increase, going forward lessors must be wary of raising operating expenses and take the necessary actions. Heading to 2023, business investment growth is expected to be subdued, weighed by demand and supply side factors.<sup>2</sup> This sets the stage for potentially challenging market dynamics for the year ahead. Lessors will need to focus on our core strengths in order to continue outperforming the market.”*

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<sup>1</sup> In order to ensure a feasible and comparable data collection across our sample, 10.5% 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.

<sup>2</sup> European Economic Forecast, Autumn 2022.

**Table 1: Aggregate Data, Q1 2021 – Q3 2022<sup>3</sup>**

Aggregated data provided by companies (all figures in millions of euro for the relevant period)	2022 Q3		2022 Q2		2022 Q1	
	Sum of values (€ millions)	% change versus 2021 Q3	Sum of values (€ millions)	% change versus 2021 Q2	Sum of values (€ millions)	% change versus 2021 Q1
1. Operating income	3,108	11.7%	3,364	23.6%	3,071	20.3%
2. Operating expenses	1,377	10.0%	1,365	9.3%	1,325	6.9%
3. Loan loss provision	135	-18.7%	65	-15.1%	173	-7.5%
4. Pre-Tax Profit	1,578	15.4%	1,984	42.5%	1,578	40.2%
5. RWA at end of period	177,287	3.5%	176,609	4.4%	174,873	3.2%
6. Portfolio at end of period	259,559	2.2%	258,814	1.7%	261,214	3.5%
7. New business volumes	25,874	5.5%	25,929	-2.8%	24,843	2.9%

Aggregated data provided by companies (all figures in millions of euro for the relevant period)	2021 Q4		2021 Q3		2021 Q2		2021 Q1	
	Sum of values (€ millions)	% change versus 2020 Q4	Sum of values (€ millions)	% change versus 2020 Q3	Sum of values (€ millions)	% change versus 2020 Q2	Sum of values (€ millions)	% change versus 2020 Q1
1. Operating income	2,932	16.7%	2,784	18.1%	2,721	21.3%	2,553	10.2%
2. Operating expenses	1,335	5.4%	1,252	8.4%	1,248	9.6%	1,240	1.8%
3. Loan loss provision	192	-63.3%	166	-55.5%	77	-87.7%	187	-50.9%
4. Pre-Tax Profit	1,400	94.7%	1,368	64.8%	1,393	187.7%	1,126	57.2%
5. RWA at end of period	176,357	3.1%	171,353	1.4%	169,173	1.8%	169,413	-2.3%
6. Portfolio at end of period	263,277	4.0%	254,034	1.8%	254,559	4.2%	252,289	0.2%
7. New business volumes	27,961	3.4%	24,515	6.2%	26,664	32.5%	24,135	2.9%

**Table 2: Aggregate Data, 2017 – 2021 Annual<sup>4</sup>**

Aggregated data provided by companies (all figures in millions of euro for the relevant period)	2021		2020		2019		2018	
	Sum of values (€ millions)	% change versus 2020	Sum of values (€ millions)	% change versus 2019	Sum of values (€ millions)	% change versus 2018	Sum of values (€ millions)	% change versus 2017
1. Operating income	10,987	16.6%	9,425	-2.3%	9,642	3.0%	9,363	2.1%
2. Operating expenses	5,071	6.5%	4,763	-0.9%	4,804	4.5%	4,599	3.6%
3. Loan loss provision	623	-68.0%	1,948	77.3%	1,099	45.9%	753	20.9%
4. Pre-Tax Profit	5,287	92.0%	2,754	-26.2%	3,733	-7.9%	4,051	-1.8%
5. RWA at end of period	176,357	3.1%	171,115	-2.0%	174,571	4.2%	167,457	4.7%
6. Portfolio at end of period	263,277	4.0%	253,226	-1.2%	256,259	5.0%	244,014	5.7%
7. New business volumes	103,246	11.3%	92,756	-12.2%	105,651	4.8%	100,816	7.0%

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

<sup>4</sup> The aggregate annual data are shown here as reported in the Q4 2021 survey.

**Table 3a: Weighted Average Ratios, 2021 – Q3 2022<sup>5</sup>**

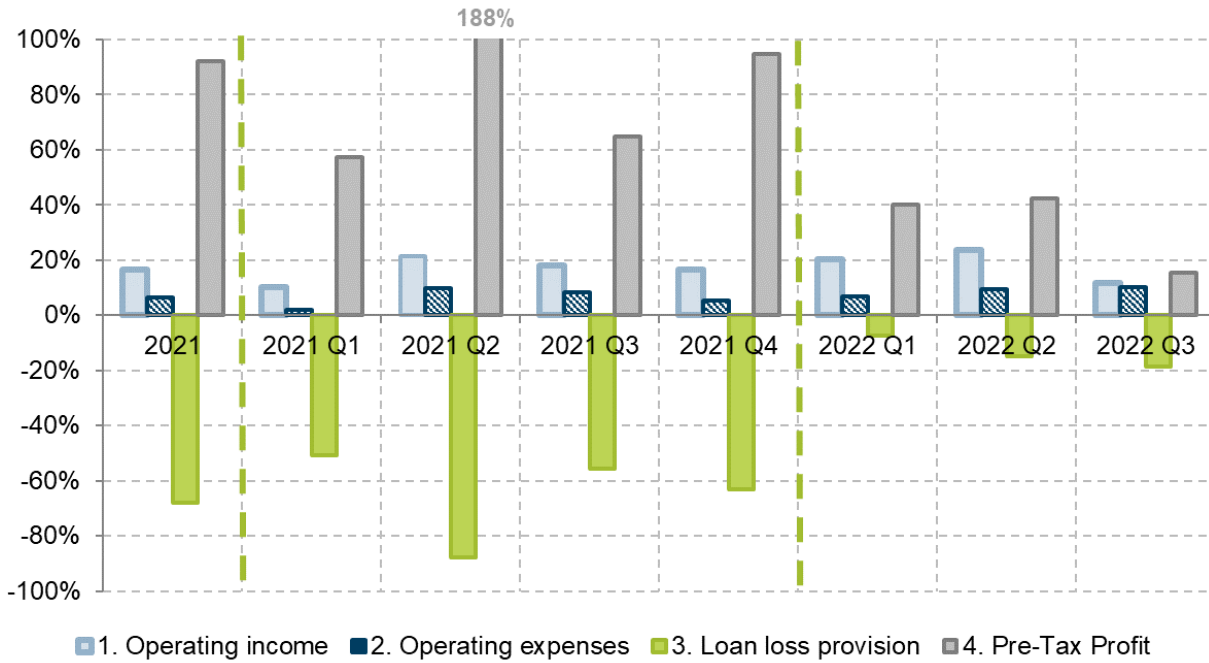
Weighted Average Ratios	2022			2021				
	Q3	Q2	Q1	Full year	Q4	Q3	Q2	Q1
<b>Profitability (%)</b> - pre-tax profit as a % of total operating income	45.5%	52.5%	45.6%	<b>45.8%</b>	42.4%	45.0%	54.0%	40.2%
<b>Cost/Income (%)</b> - operating expenses as a % of operating income	46.5%	44.9%	46.7%	<b>46.3%</b>	46.8%	45.5%	45.1%	48.1%
<b>Cost of Risk (%)*</b> - loan loss provisions (annualised) as a percentage of average portfolio over the period	0.21%	0.10%	0.27%	<b>0.23%</b>	0.29%	0.26%	0.12%	0.30%
<b>Return on Assets (%)*</b> - net profit before tax (annualised) as a percentage of average portfolio over the period	2.4%	3.1%	2.4%	<b>2.1%</b>	2.1%	2.2%	2.2%	1.8%
<b>Return on Equity (index, 2011=100)*</b> - net profit before tax (annualised) as a percentage of 10.5% of total risk weighted assets over the period	223	280	239	<b>226</b>	232	237	248	196

**Table 3b: Median Ratios, 2021 – Q3 2022**

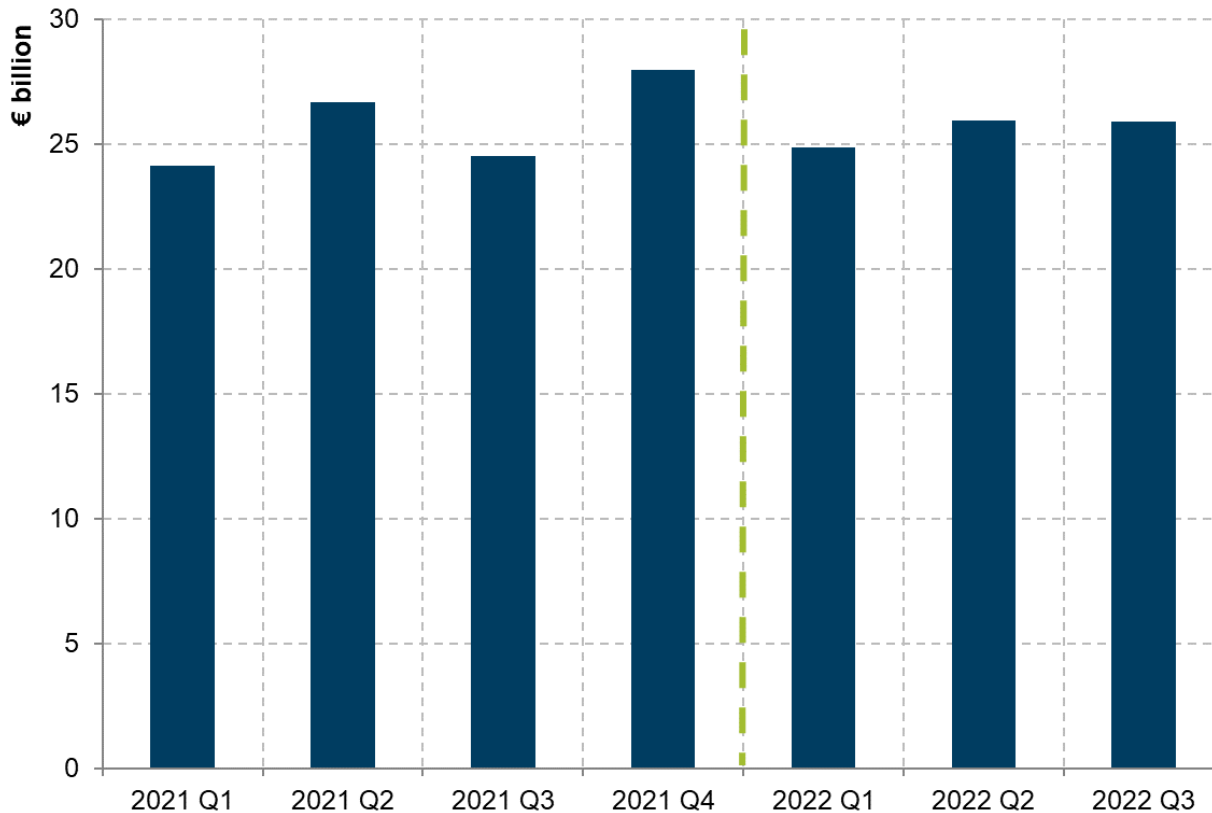
Median Ratios	2022			2021				
	Q3	Q2	Q1	Full year	Q4	Q3	Q2	Q1
<b>Profitability (%)</b> - pre-tax profit as a % of total operating income	45.2%	53.6%	52.9%	<b>52.2%</b>	48.4%	51.7%	56.6%	46.3%
<b>Cost/Income (%)</b> - operating expenses as a % of operating income	47.4%	46.6%	47.1%	<b>47.4%</b>	46.5%	47.3%	47.8%	47.0%
<b>Cost of Risk (%)*</b> - loan loss provisions (annualised) as a percentage of average portfolio over the period	0.16%	0.15%	0.12%	<b>0.16%</b>	0.17%	0.10%	0.13%	0.25%
<b>Return on Assets (%)*</b> - net profit before tax (annualised) as a percentage of average portfolio over the period	1.5%	1.8%	1.3%	<b>2.1%</b>	1.8%	2.2%	2.2%	1.7%
<b>Return on Equity (index, 2011=100)*</b> - net profit before tax (annualised) as a percentage of 10.5% of total risk weighted assets over the period	111	147	108	<b>150</b>	174	182	181	161

<sup>5</sup> 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 Q3 2022 to arrive at the weighted average ratio of 45.5% shown in the table.

**Fig. 1: Growth Rates of Financial Indicators, 2021 – Q3 2022<sup>6</sup>**

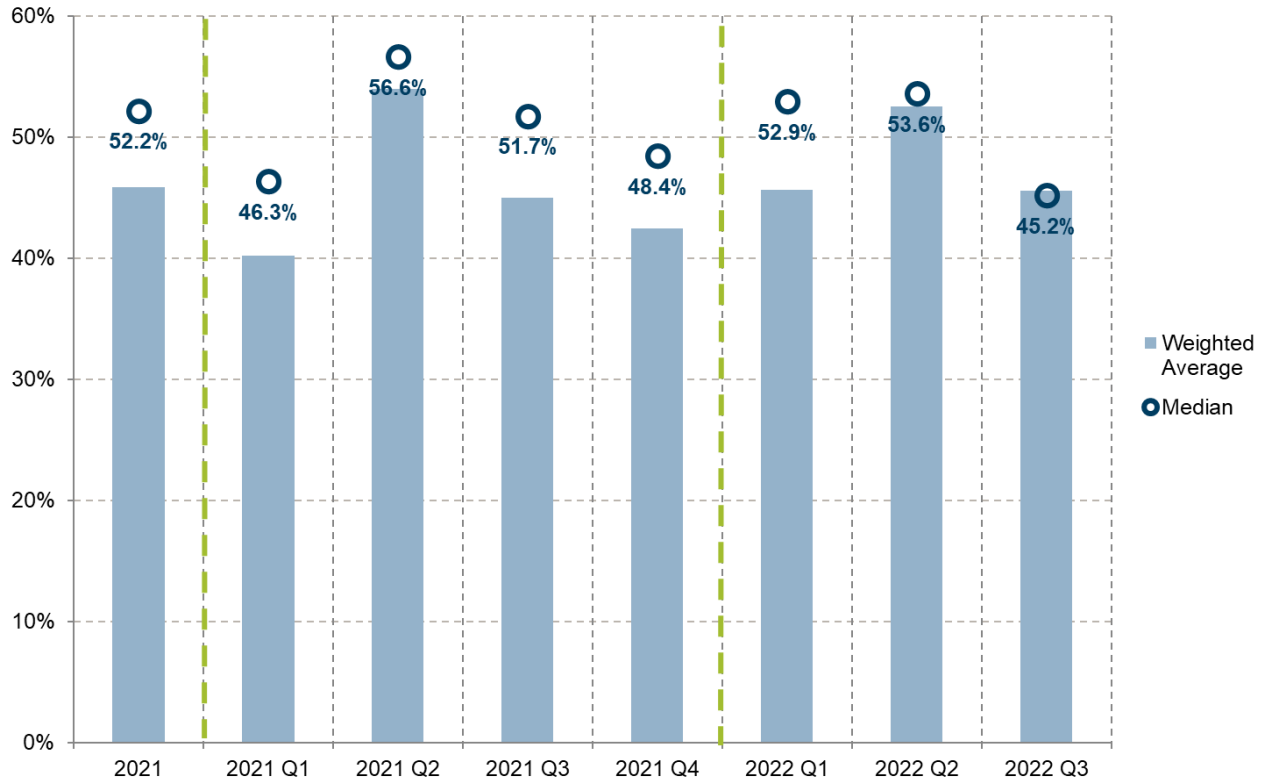


**Fig. 2: New Business Volumes, Q1 2021 – Q3 2022**

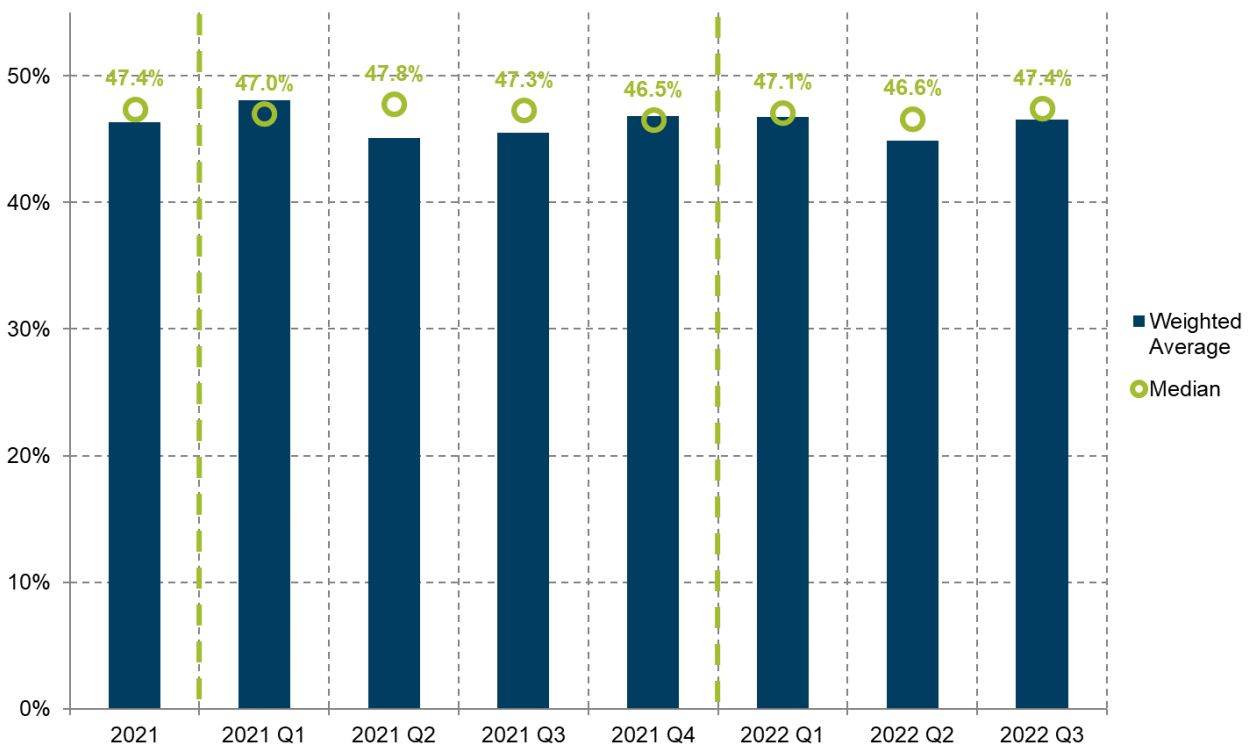


<sup>6</sup> A thick border around an individual bar in the chart is illustrative of a negative development in the indicator.

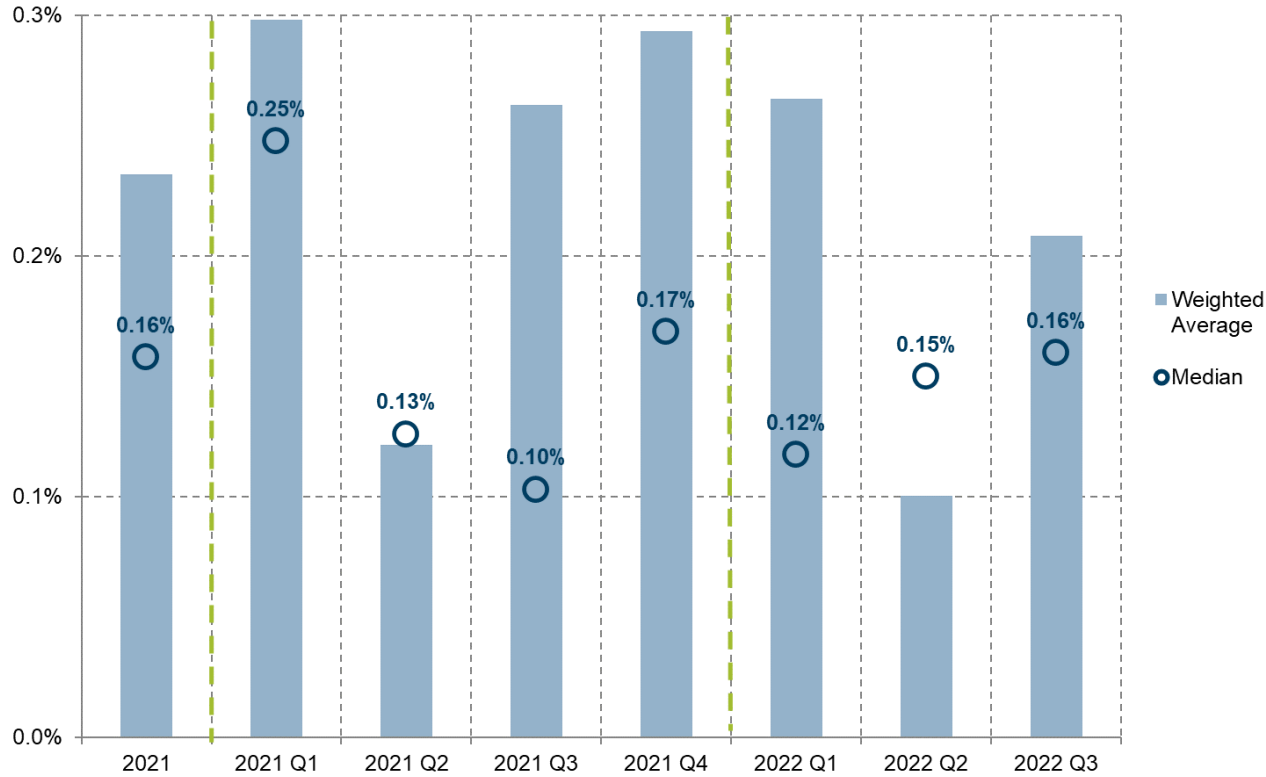
**Fig. 3: Profitability Ratio, 2021 – Q3 2022**



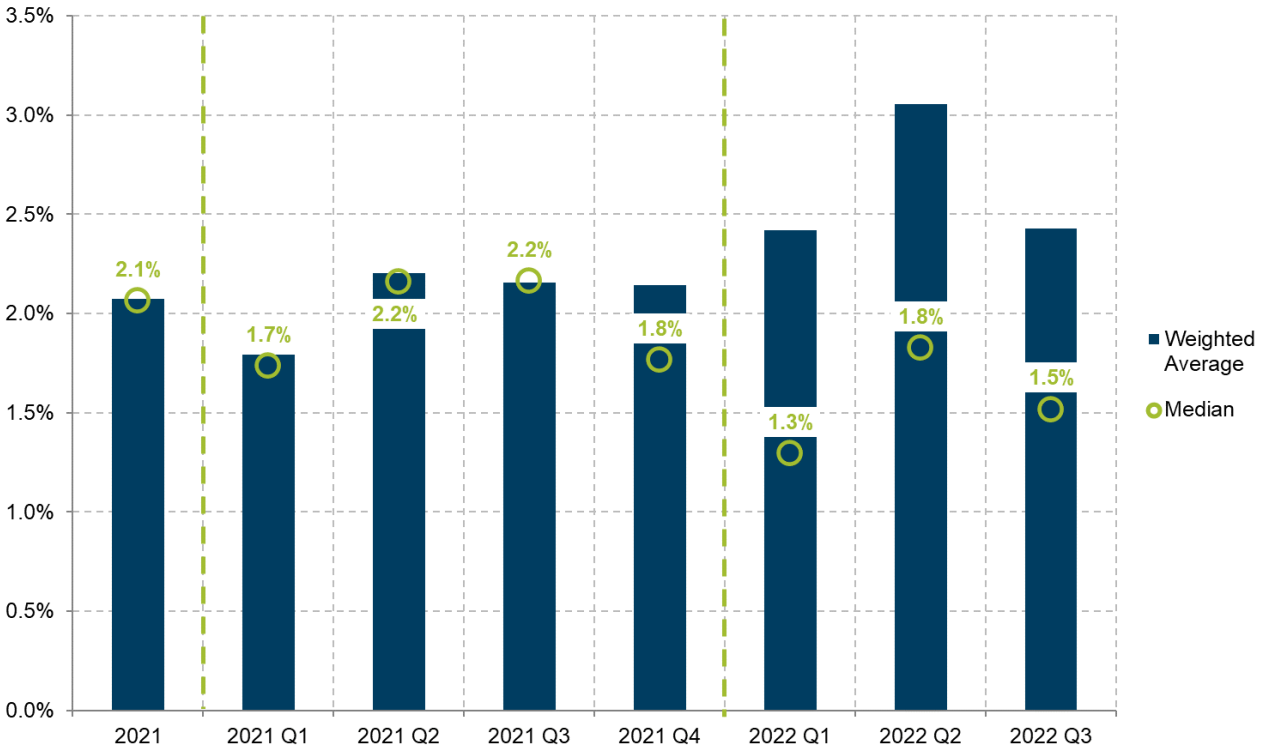
**Fig. 4: Cost / Income Ratio, 2021 – Q3 2022**



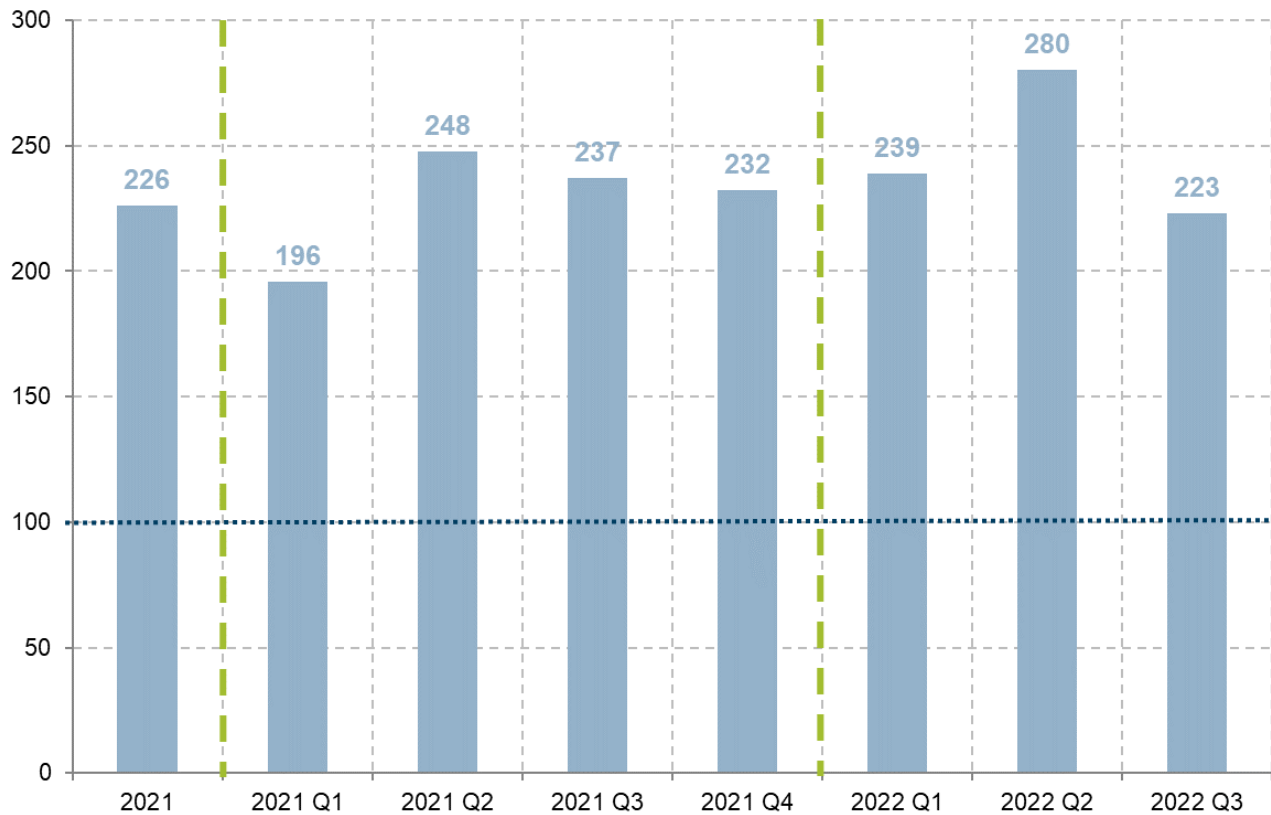
**Fig. 5: Cost of Risk Ratio, 2021 – Q3 2022**



**Fig. 6: Return on Assets Ratio, 2021 – Q3 2022**



**Fig. 7: Weighted Average Return on Equity Index, 2021 – Q3 2022**



**Table 4: Quartiles<sup>7</sup> for Ratios in Q3 2022**

	Profitability Ratio	Cost / Income Ratio	Cost of Risk Ratio	RoA Ratio
<b>Minimum</b>	10.7%	13.6%	-2.39%	0.3%
<b>Quartile 1 (25%)</b>	30.9%	33.2%	0.11%	0.9%
<b>Quartile 2 (50%) i.e. median</b>	45.2%	47.4%	0.16%	1.5%
<b>Quartile 3 (75%)</b>	63.9%	54.4%	0.39%	3.2%
<b>Maximum</b>	94.2%	76.7%	1.19%	7.1%
<b>Weighted Average</b>	45.5%	46.5%	0.21%	2.4%

<sup>7</sup> Quartiles show the value of the boundary at the 25th, 50th, or 75th percentiles of a frequency distribution divided into four parts, each containing a quarter of the values in the dataset. In the table, Quartile 3 (75<sup>th</sup> percentile or upper quartile) identifies that 3/4 of the population members have a value below this quartile figure. The median value shows the middle value of the 20 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.



## 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 10.5% 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?

20 companies participate on a voluntary basis: ABN AMRO Asset Based Finance N.V., ALD Automotive, Aldermore, Arval, BNP Paribas Leasing Solutions, Credit Agricole Leasing & Factoring, De Lage Landen, DnB Finans, Hitachi Capital UK, Iccrea Bancalmpresa, ING Lease, Investec, Lombard, Leaseplan, Nordea Finance, Siemens Financial Services, Société Générale Equipment Finance, Alba 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.

#### 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. The United Kingdom, 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 (IFRS16).

#### 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.