

Challenges for lease companies in the current economic environment

-

a fight with the economic cycle

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New perspectives and market segmentation

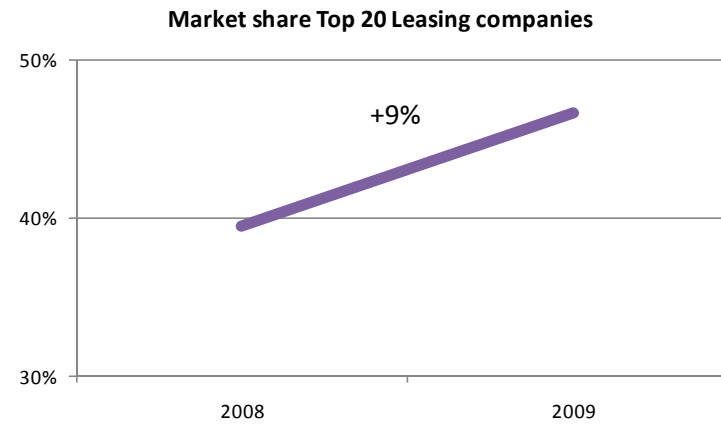
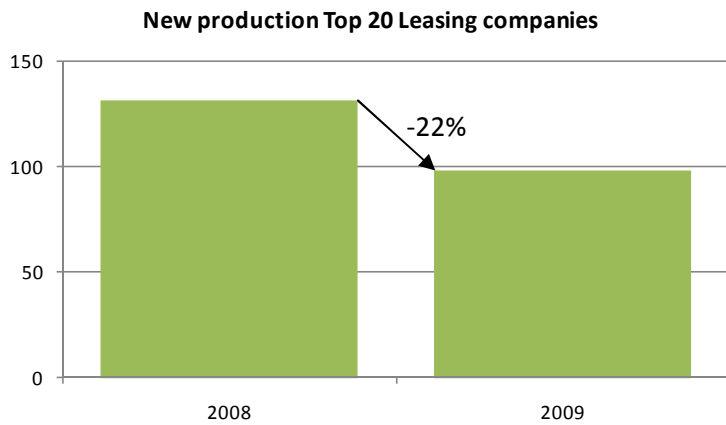
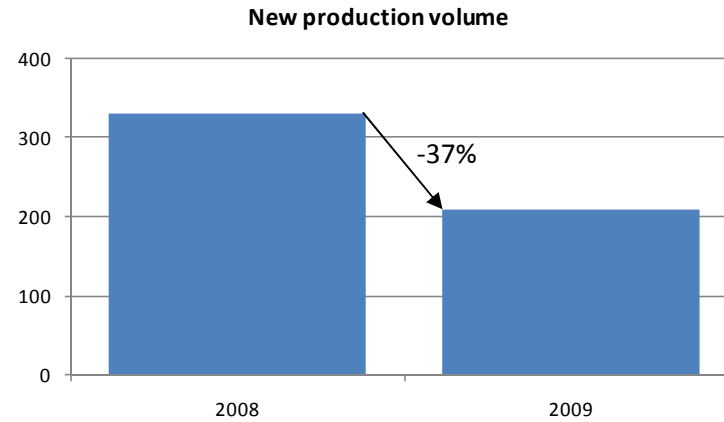
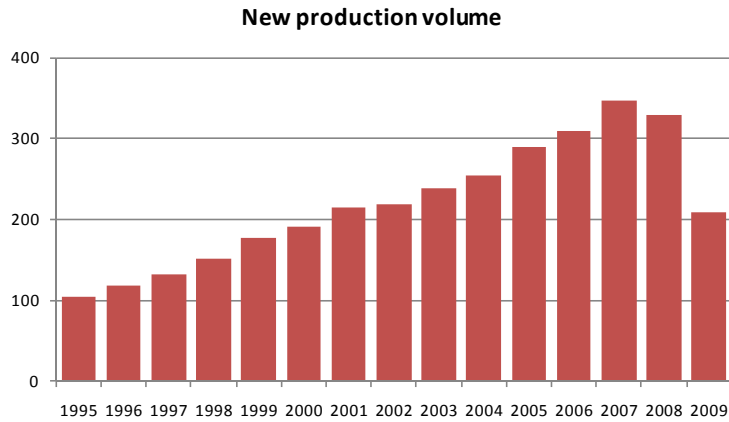
Sector outlook & famous last words

“the economy has fallen off a cliff” (*)



(*) Mark Cliffe, Chief Economist ING

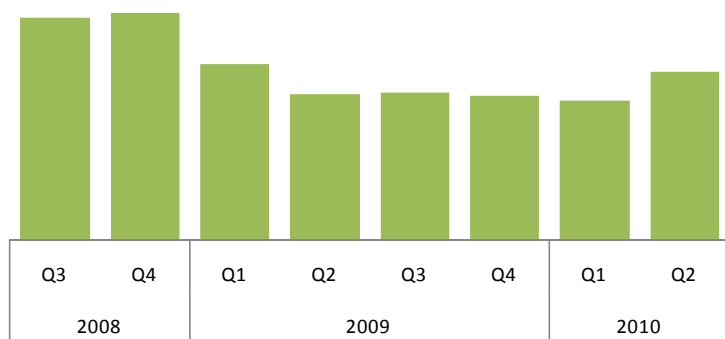
Market developments in Europe (up to 2009)



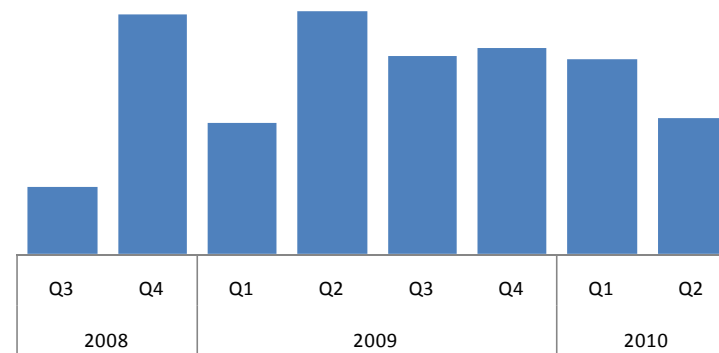
Source : Leaseurope

Impact on ING Lease

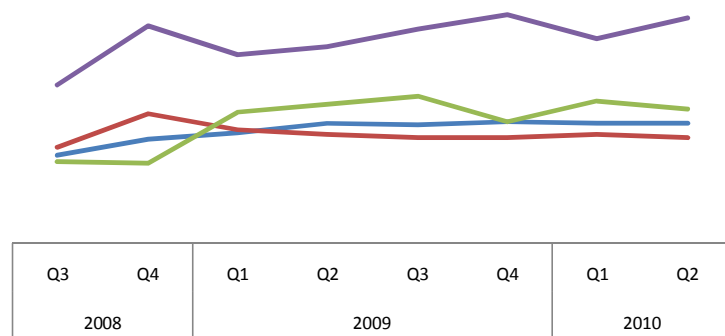
New Production



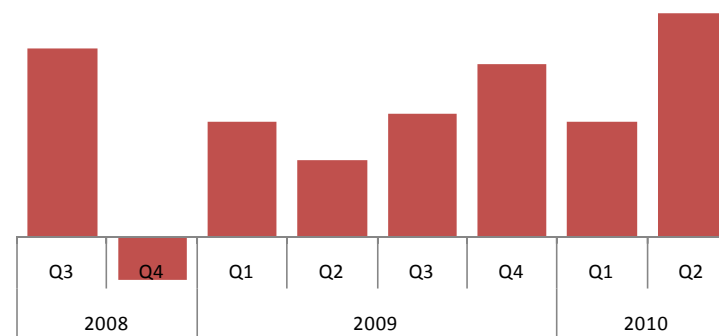
Risk Costs



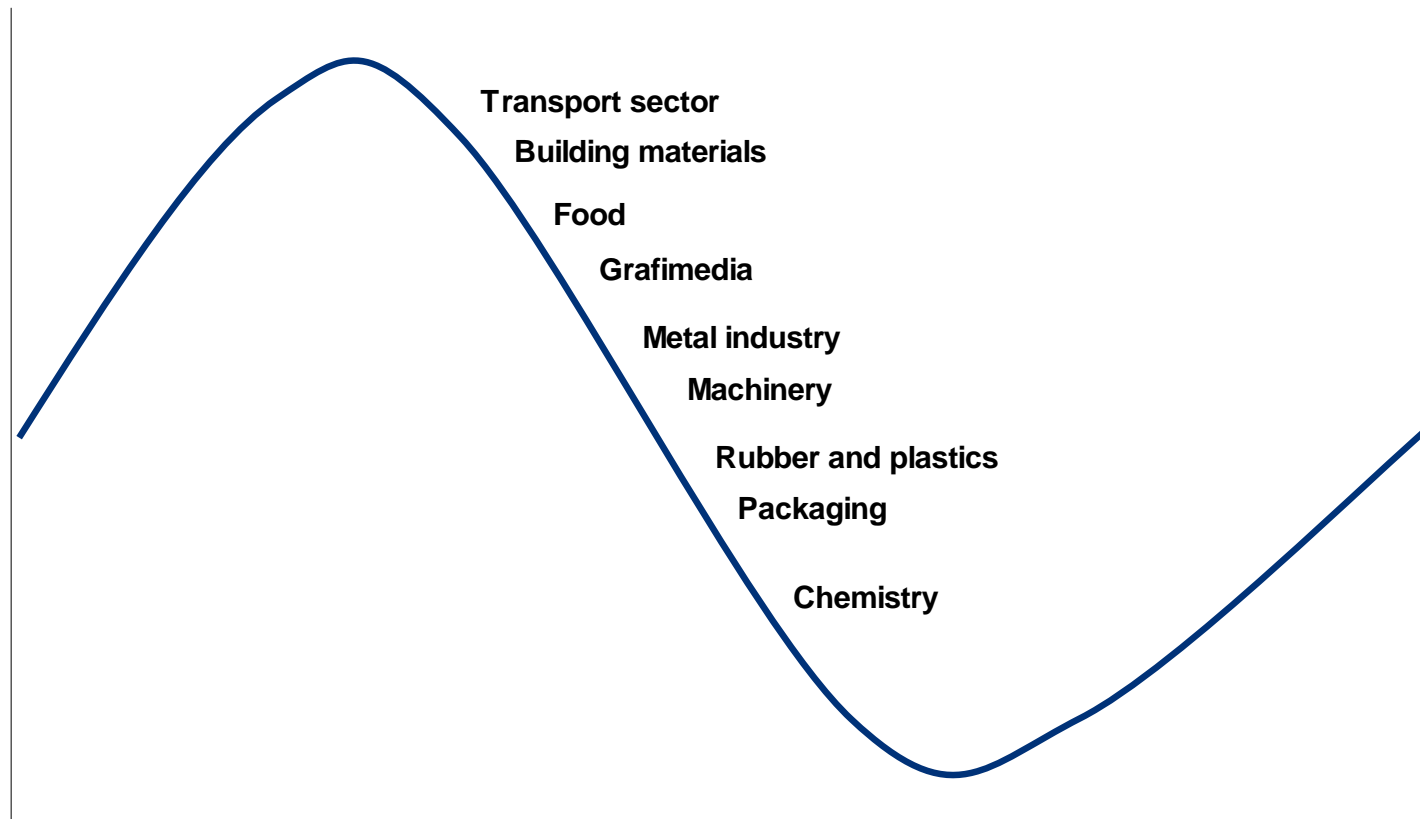
Margin new production



Result before tax



Economic sectors affected through the cycle



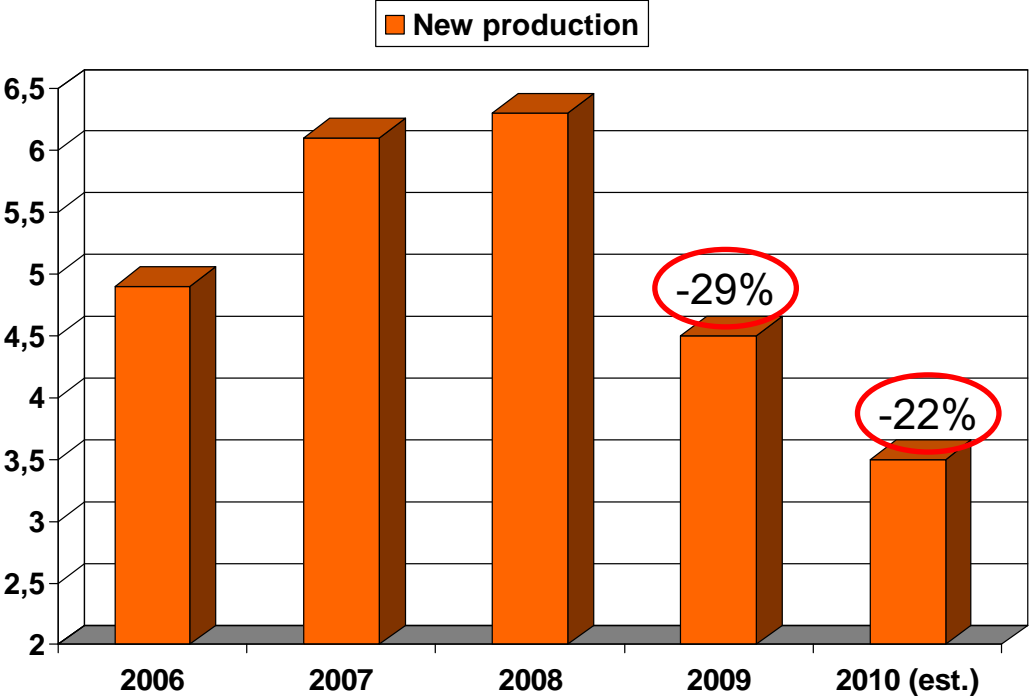
Source: ING Economic Bureau

Accidents may happen...



Source : Trompenaars&Hampten

Leasing volumes in the Netherlands (new production)

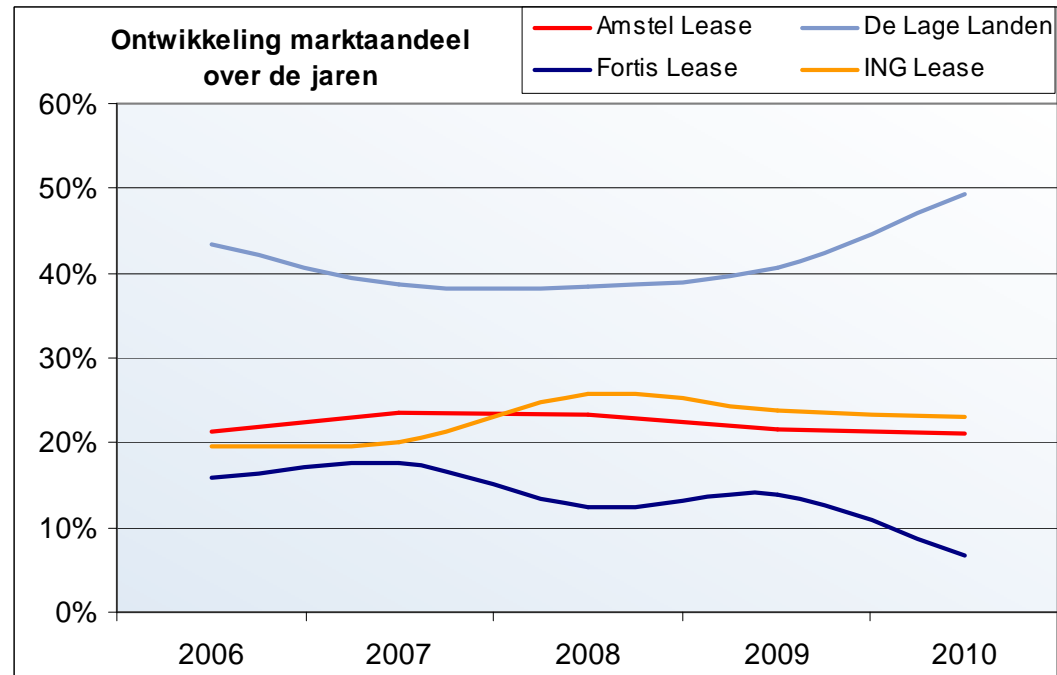


After years of tremendous growth, the market volume fell to 50%

Source : NVL



Leasing market in The Netherlands



75% of the market covered by 4 players - 25% by 30 other Lease Companies

75% of the sourcing realised by bank branches - 25% sourced by Vendors

Consequences of the crisis

Worsening client ratings

Leading to additional provisions

Worsening asset values

Leading to additional provisions

More assets to repossess

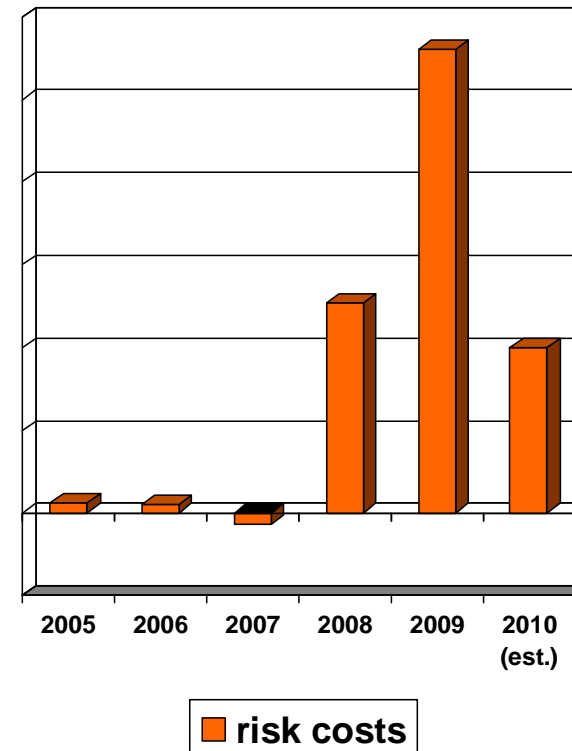
Leading to lower remarketing values

Leading to book losses

High increase of arrears

Leading to additional costs to manage

And eventually book losses



New issues to deal with

Strategic issues

Keep up overcapacity or cut it off? (e.g. grafimedia, cranes)

Remarketing channels to develop, fast

Repossession issues: where are my assets? Who is to buy them ?

Repossess now, or stretch the tenor? (*hope and pray*)

Restructuring issues (grace period, abandon instalments,...)

New issues to deal with (II)

Staff

Sales oriented people vs. Management of Arrears

Staff dedicated to bad debts dept. needed to be increased rapidly

Watch list management

Portfolio management

Fraud detection (false invoices, assets removed,...)

Non-Performing Customers

Arrears management needs daily follow up by a dedicated team

In house or outsourcing of arrears management/collections?

Getting paid before other creditors

Seize the asset before others do

Restructuring and stretching if there is a chance for recovery

Repossess and sell-off the asset when all hope has gone

Remarketing Channels

Transparency is key

Sale to end-users or traders?

Sale outside the country? (overcapacity issue)

Trusted partnership with selected traders

Cut losses vs. waiting for recovery

Home Assets My profile Log out

List

Assets

| No. | Status | Bu | Contractid | Description | Date |
|-----|--------------------|------|-------------|-----------------------------|----------------|
| 334 | New | GLNL | 183700-12-0 | Tractor unit DAF XF | Oct 25th, 2010 |
| 336 | At storage partner | GLNL | 183404-12-0 | Tractor unit DAF XF 105.460 | Oct 27th, 2010 |
| 333 | At storage partner | GLNL | 6853-FL-0 | Tractor unit DAF XF 105.510 | Oct 27th, 2010 |
| 338 | At storage partner | GLNL | 181509-12-0 | Tractor unit DAF XF 105.460 | Oct 27th, 2010 |
| 335 | At storage partner | GLNL | 183404-12-0 | Tractor unit DAF XF 105.460 | Oct 27th, 2010 |
| 337 | At storage partner | GLNL | 181509-12-0 | Tractor unit DAF XF 105.460 | Oct 27th, 2010 |
| 340 | At storage partner | GLNL | 181028-12-0 | Tractor unit DAF XF 105.510 | Oct 27th, 2010 |
| 339 | At storage partner | GLNL | 181509-12-0 | Tractor unit DAF XF | Oct 25th, 2010 |
| 332 | Offered | GLNL | 19527-OL-1 | Trailer Curtainsider KRONE | Oct 25th, 2010 |

My future outlook for risk costs...

Provisions for risk costs: too high?

Customers recover well from the crisis

Asset values recover well

We learned a lot of risk management in economic crises

Due to IFRS risk provisions are to be released in the years to come

Effective book losses will remain relatively limited

How to recover from the crisis??

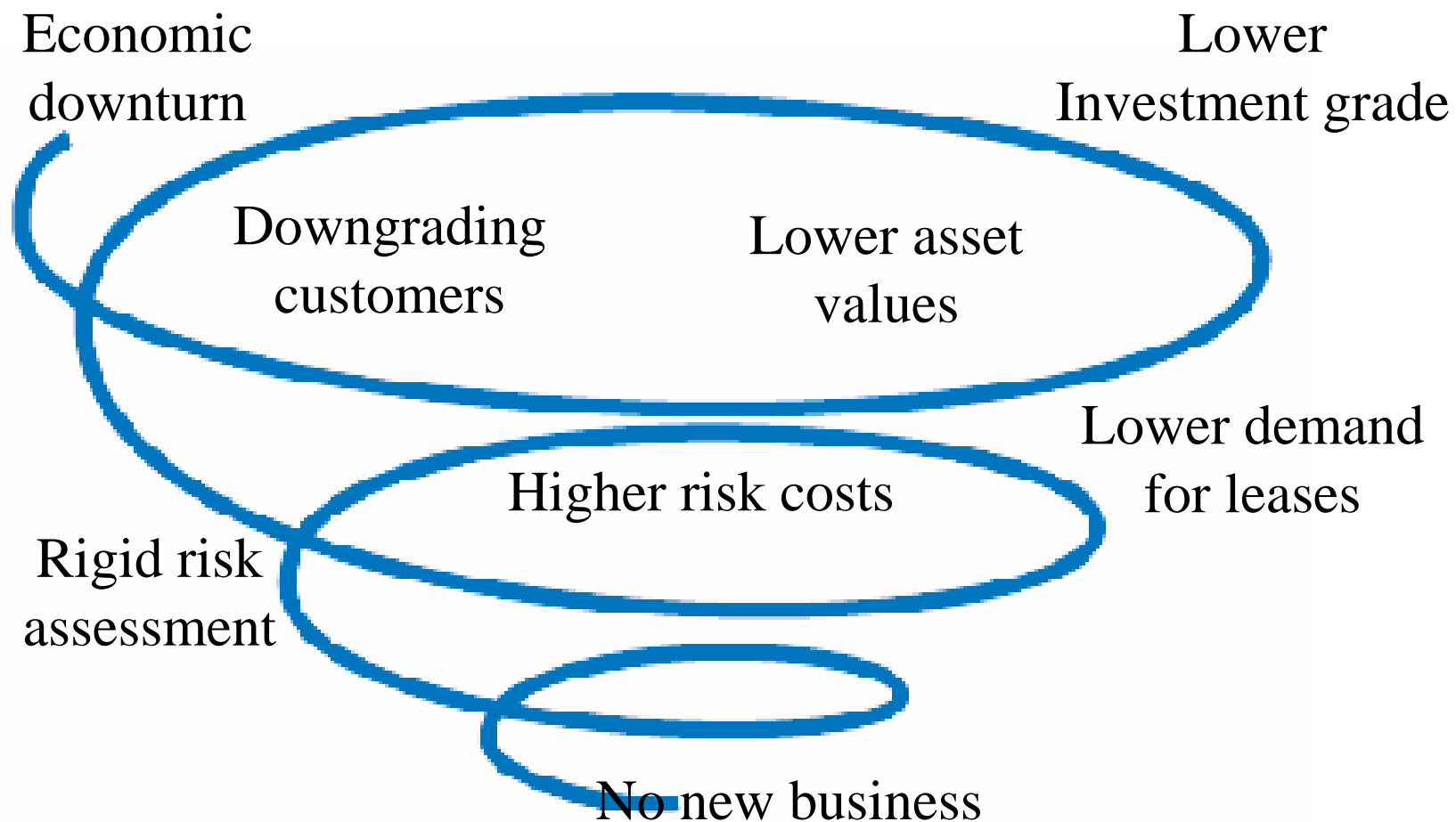
Escape from the fatal spiral

Volume challenges: demand needs to pick up

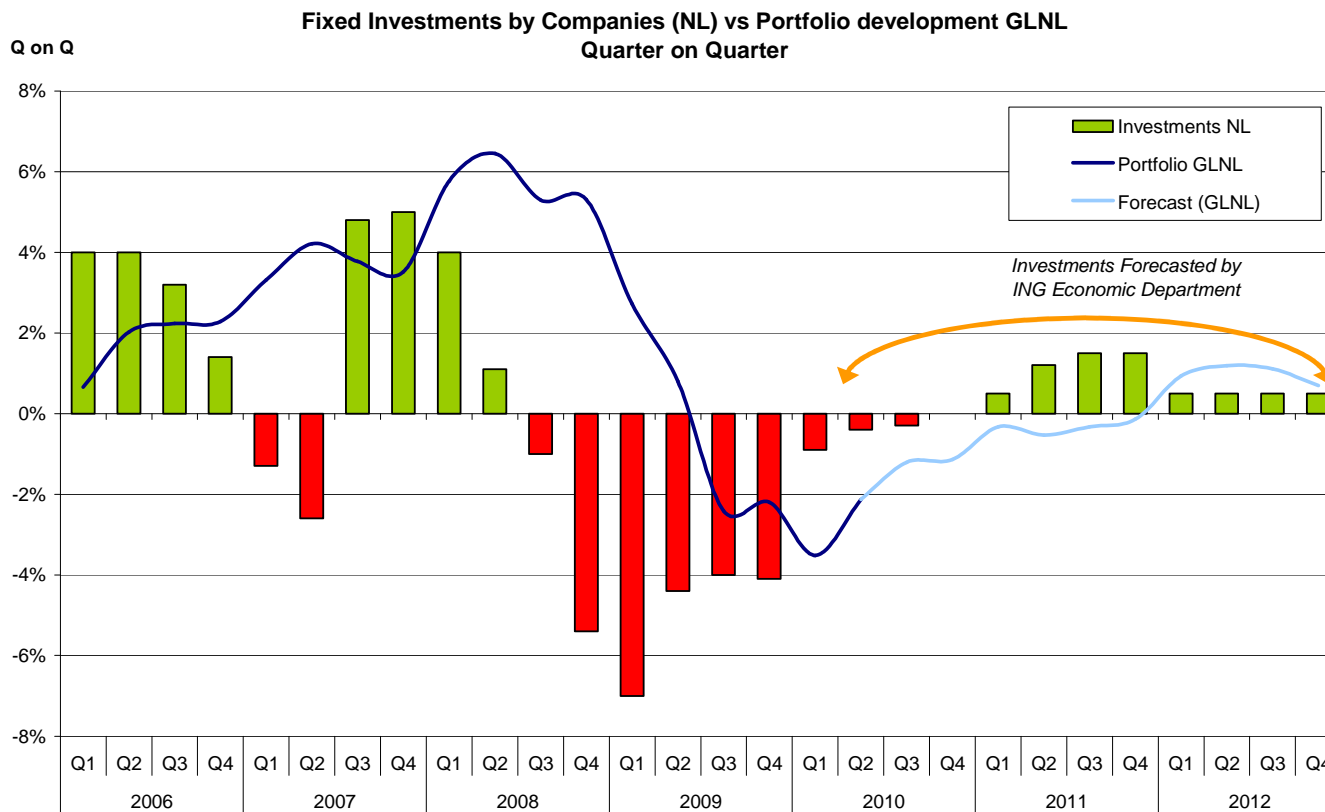
Hope for the future

Market vs. Product Segmentation

Escape from the fatal spiral



Demand side remains low (NL figures)



Hope for the future : Look at it from a different angle

New investments will need finance anyway

Penetration rate of lease vs lending remains low

Lease is well positioned

- asset based

- less use of economic capital

- relatively low book losses

Lease offers better solutions for our customers

Leasing proposition is favourable

Asset based finance still to be preferred

Basel III consistent with principles of Basel II

Less equity needed than lending

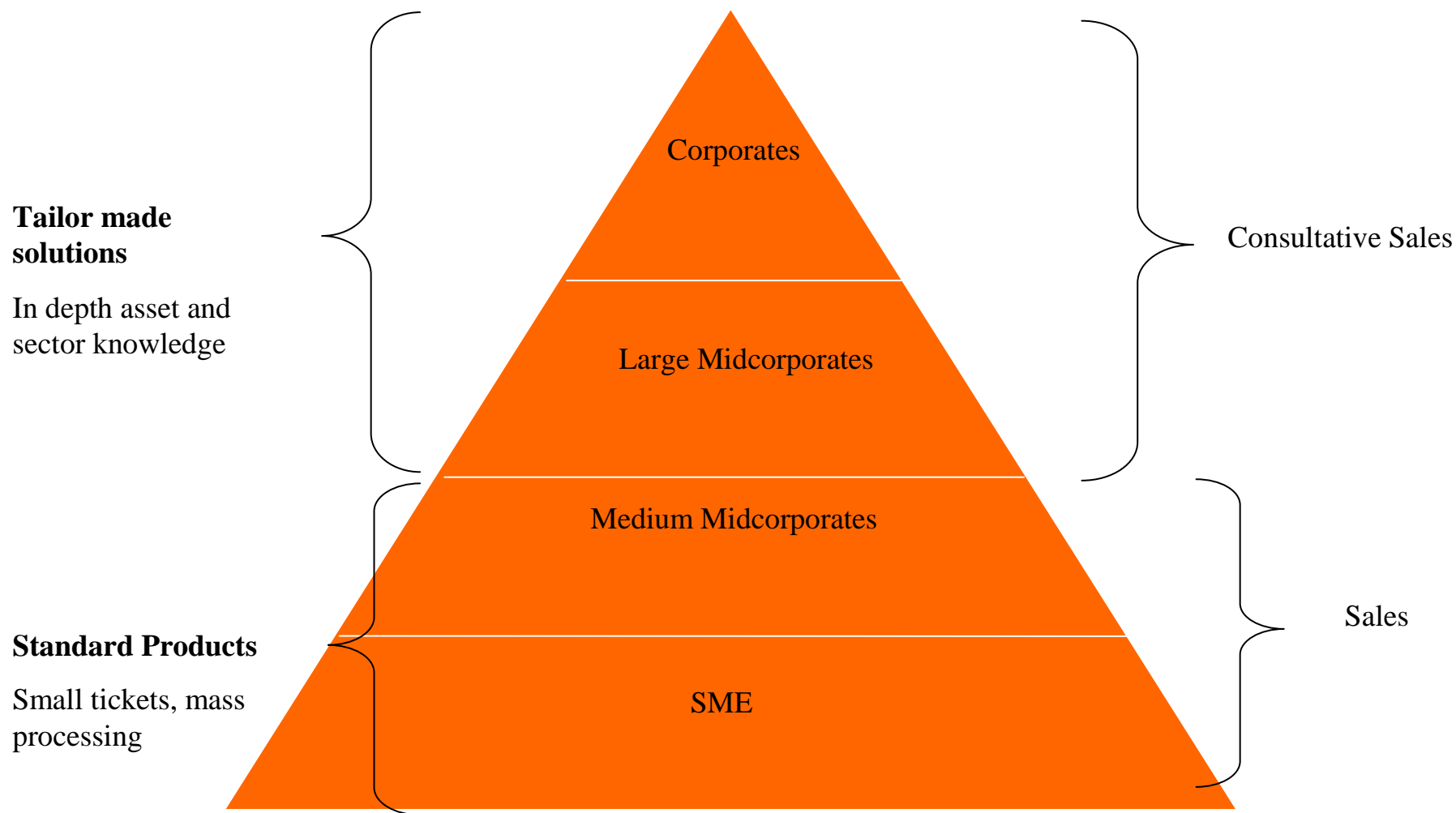
against on average better margins than lending

better return on Equity

Market approach

from reactive to pro-active attitude

Market vs. Product Segmentation



Expectations per asset & industry

| Asset Group | | Outlook |
|---------------------|------------------|---------|
| Agricultural | | |
| Automotive | | |
| Buses | Touring industry | |
| | Public Transport | |
| Cranes & Containers | Cranes | |
| | Containers | |
| Equipment & Other | | |
| Graphic | | |

| Asset Group | | Outlook |
|-------------------|--|---------|
| Health & Public | | |
| ICT & Copiers | | |
| Real Estate | | |
| Trucks & Trailers | | |
| Waste | | |

THE 'key succes factor'

Anti Cyclical Thinking



Thank you for your attention!

