

NEW OPPORTUNITIES AND CHALLENGES

LEASING LIFE CONFERENCE

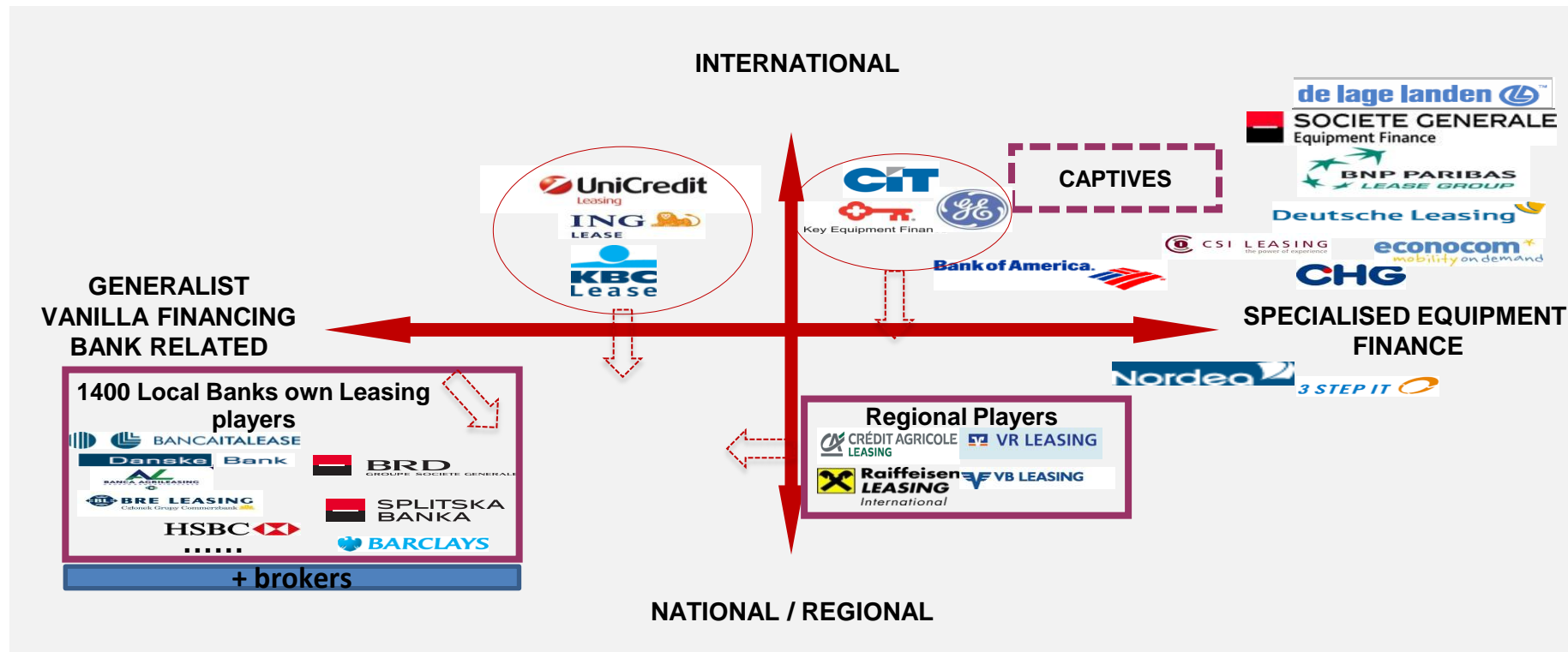
24 November 2016

AGENDA

- 01 | Current State of the Leasing Industry
- 02 | Major new opportunities
 - New Technologies
 - Fintech : Threat or Opportunity?
 - Changes in acquisition models : the service opportunity
 - Impact of Regulation
- 03 | Preparing for change in customer and client behavior
- 04 | The revolution in leasing has just started



ONGOING CHANGES IN THE EUROPEAN COMPETITIVE LANDSCAPE



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LEASING CONTINUES TO GROW IN THE EU

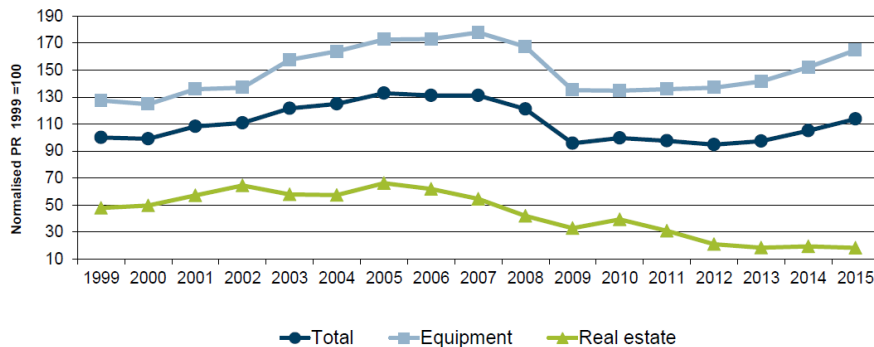
Leasing penetration rate has increased significantly especially on equipment side (130 to 170)

Increase of 13% in leasing volumes for H1 2016 compared to H1 2015**

Expected growth of 4.3% in NBV for 2016 as a whole**

However % Leasing represents only 12 % of equipment finance market*

Evolution of leasing penetration in Europe
19 countries (1999-2015)



Lease penetration is the share of total investment (excluding residential real estate) financed by leasing calculated as new leasing volumes / gross fixed capital formation for the 19 associations reporting from '99-'15
Source: Leaseurope, Eurostat and AMECO (GFCF)

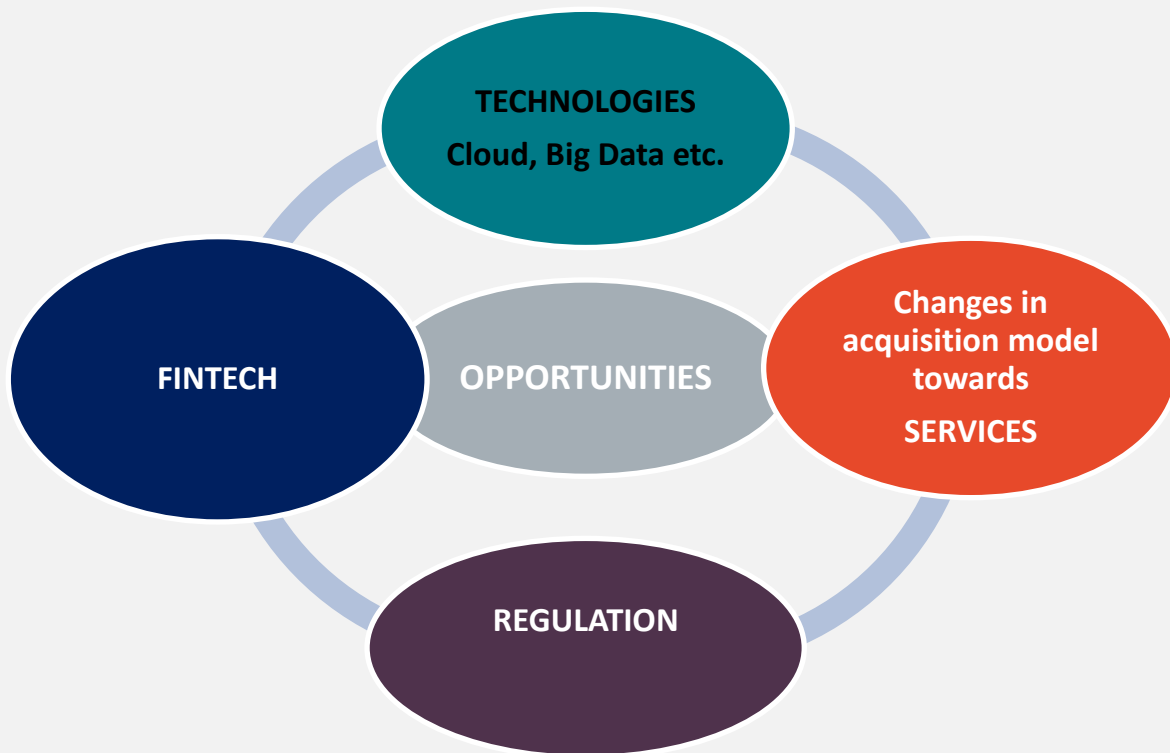
*Sources : Leaseurope, Oxford Economics, Other

**Leaseurope press release 24/10/2016



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FOUR MAIN OPPORTUNITIES



MAJOR OPPORTUNITIES HOWEVER NO DISRUPTION YET

THE VALUE OF BIG DATA



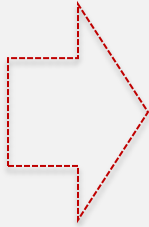
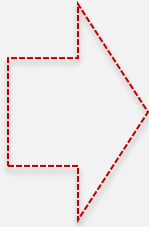
MOBILITY



CLOUD



SOCIAL BUSINESS



MAXIMIZE DATA ANALYTICS

- Customer knowledge & behavior
- Predictive analytics risk management

BUSINESS AUTOMATION

- Front office solutions, CRM, E-marketing
- Process automation & performance monitoring

SPREAD COLLABORATION

- Business communities, internal communication
- Knowledge management, best practices



FINTECH: THREAT OR OPPORTUNITY ?

More than 20% of financial services at risk to FinTechs by 2020*

Top threats related to the rise of FinTechs:*

- Pressure on margins 67%
- Loss of market share 59%
- Information security/ privacy threat 56%
- Increase of customer turnover 53%

Our view: Overrated trend as no impact on value chain so far

*PWC Survey March 2016



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CHANGES IN ACQUISITION MODELS: THE SERVICE OPPORTUNITY

Historical

Product Driven : CAPEX

- Asset + service purchase
- And or Lease contract.

Present

Usage driven: OPEX

- Clearly Identified asset (Type, serial number)
- Pay for usage (mileage, hours)

Current Trend

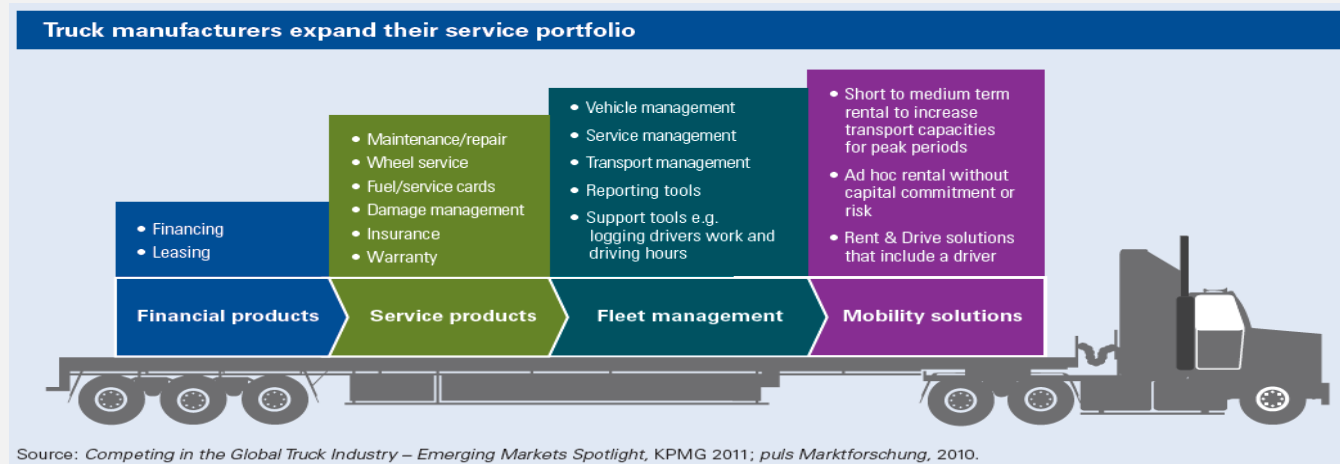
Results Driven

- Asset not specified (as far as the service, the functionality is delivered)
- Pay for results



EVOLUTION OF THE TRANSPORT SECTOR

- Transport sector has already been deeply transformed from a pure financial product to a mobility product
- Key factor for manufacturer : Follow the evolution of customer behaviour



Key takeaway: managed services to become a market standard



REGULATION IS A DRIVER FOR CHANGE

- New regulation : constraint that clearly has an important cost impact
- IFRS 9 : greater precision needed in our reporting data
- Bigger barriers to entry

Views from Grant Thornton IFRS 16

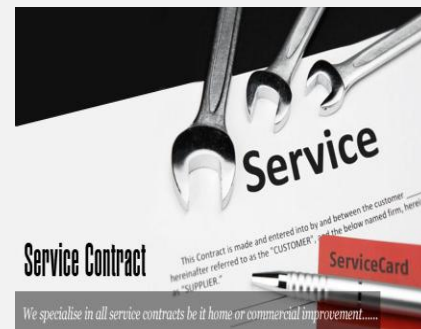
- 68% of CFOs/Controllers : changes will not affect the financing decision
- 92% of lessees : loss of off balance sheet financing would NOT affect their decision



ENLARGED SCOPE OF RISK MANAGEMENT

New topics to be monitored :

1. Performance Risk
2. Documentation
3. Enforceability of Hell/High Water
4. Liability risk
5. Concentration risk
6. Revenue recognition
7. Residual ownership
8. Variable billing
9. Billing and Collecting



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PREPARING FOR CHANGE IN EMPLOYEE AND CLIENT BEHAVIOR

Preparing for a new generation of clients

- Customer behavior is changing with the arrival of a younger generation
- Demand for digital and mobile technology will increase

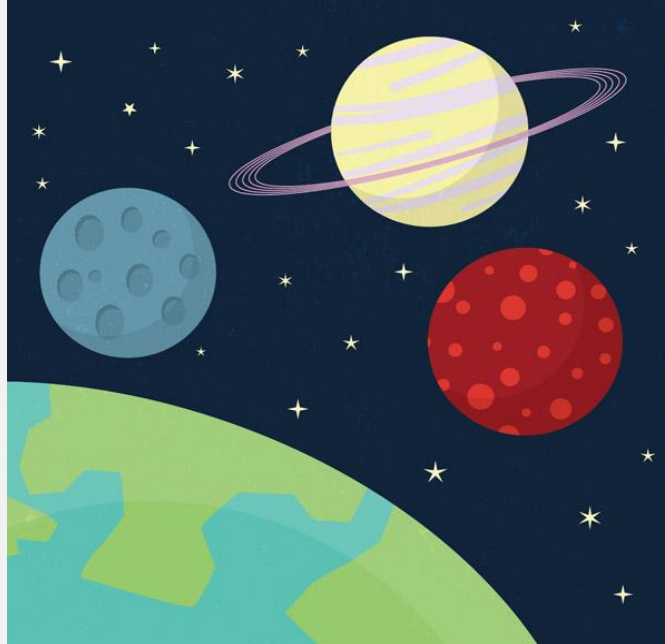
The digital impact: new jobs will be created

- Customer Behavior Analysts
- Solution Sales Consultants
- Predictive analysts
- Managed Services Managers
- Technology Strategists
- Asset Behavior Analyst



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THE REVOLUTION IN LEASING HAS JUST STARTED



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