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Providing quantitative economic research to support informed decisions

ASSET-BASED FINANCE IN CANADA: THE 2019-2020 YEAR

OCTOBER 2020

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Executive Summary

The overall outlook for Canada's asset-based finance market in 2020 is challenging, with a projected decline of 15% which contrasts sharply with the 1.3% gain in 2019. All regions and sectors are expected to experience losses with some sectors, such as hospitality, cultural event, tourism, and travel facing a struggle for survival.

Expectations for Canada's broader economic conditions are:

- **National GDP:** The economy will likely contract by at least 6%in 2020; down sharply from 1.6% growth in 2019.
- **Interest rates:** The Bank of Canada rapidly erased the interest rate increases of the last few years and will keep rates low until conditions improve significantly.
- **Exchange rate:** The value of the Canadian dollar has been relatively unaffected by the pandemic but any apparent strength has more to with the US dollar's slump in value against most other currencies than it does with the Canadian dollar's fundamental value.

These and other factors impact the asset-based finance industry in multiple ways:

- **New machinery and equipment spending:** Investment spending will be significantly weaker than the 1.0% increase in 2019 and the 0.2% decline reported in Statistics Canada's survey of public and private investment intentions for machinery and equipment.
- **New finance business:** The retail vehicle segment led the industry slightly, with new business growth of 1.3% in 2020 versus 1.0% growth for equipment and commercial vehicles.
- **Sources of finance:** Leasing's share of new business finance continued to rise in 2019 at the expense of all other sources of financing.
- **Credit quality:** Despite increases in delinquency rates, credit quality remained good in 2019 but, with the onset of the pandemic, it now rivals those experienced during the 2009-10 recession.
- **Restructuring the ABF sector:** CFLA membership data signals a significant shift in the structure of the industry with the generation of entrepreneurs from the 1980s and 1990s retiring just as shifts in management and technology are promoting scale as an increasingly important factor for success.
- **Contribution of the sector**: The $132.8 billion in new assets financed by the asset-based finance sector in 2019 was estimated to account for $85 billion (3.7%) of Canada's GDP that year, with each dollar financed adding $1.03 to GDP over the lifetime of those assets.

The Covid-19 pandemic has led to the introduction of an alphabet soup of policy interventions and programs intended to support household and business incomes while public health measures disrupt normal economic activity.

For most of us, 2019 will mark the end of the business environment we have always known with 2020 ushering in a new era. With the loss of our former, 'normal' world there is a vast array of sources of uncertainty that confront the economy as we work towards a new and, as yet, undefined normal. The asset-based finance industry, while having to deal with rising default rates for customers struggling from the impact of the pandemic, will be needed to play a vital role in facilitating and financing the restructuring of our economy.

The Economic Environment: Searching for a New Normal

For most of us, 2019 will mark the end of the business environment we have always known with 2020 ushering in a new era. With the loss of our former, normal world there is a vast array of sources of uncertainty that confront the economy as we work towards a new and, as yet, undefined normal.

The COVID-19 pandemic is restructuring our economy. It has helped redefine the notion of "essential business" and has encouraged the repatriation of some manufacturing capacity while the hospitality, cultural-event, tourism and travel sectors face a protracted struggle for survival. The asset-based finance and leasing ("ABF"), industry, while having to deal with rising default rates for customers struggling from the impact of the pandemic, will be needed to play a vital role in facilitating and financing the restructuring of our economy.

Economic Outlook

It is of limited comfort to report that Canada's economy grew 1.6% in 2019 when the damage to the economy from the Covid-19 pandemic is so readily apparent. Estimates vary, but it is likely that the economy will contract by at least 6% in 2020 and make, at best, a partial recovery in 2021.

Canada's economy is expected to contract in 2020 with both output and employment falling 7% as the unemployment rate surges to 9%. A partial recovery is anticipated in 2021 with output growing 5% and the unemployment rate falling back to about 6%.

The decline in economic activity across Canada's key export markets in 2020 is expected to have a major impact on Canada's export performance with real international exports falling over 20%. Exports are, however, may make a major contribution to the economy's recovery over the next few years.

Despite a national unemployment rate of 9%, real household spending is likely to fall by less than 3% in 2020 with the help of a variety of government and business income support measures. A return to work in 2021 will see real household spending rise 2% in 2021.

Business spending on new capital is projected to fall, in inflation adjusted terms, by 15% in 2020 and then to rescue the economy in 2021 by rising 16% before slowing to a level of growth consistent with Canada's anticipated modest economic growth over the next few decades.

No part of this country has been spared the economic consequences of the pandemic. Real GDP growth in 2020 is anticipated to vary from lows of -11% in Alberta and -12% in the Northwest Territories to a giddy high of 0% in Prince Edward Island. The drop in oil prices this year has only served to exasperate the situation in Canada's oil producing regions with unemployment rates above 10% throughout Atlantic Canada while Manitoba's unemployment rate of 7.8% is the lowest among the provinces.

The pandemic's impact on the economy leaves little doubt that spending on new machinery and equipment spending in Canada will be very weak in 2020. Statistics Canada's survey of public and private investment intentions for 2020 was released in February 2020 and therefore, dramatically understates the devastating impacts of Covid-19 on the economy. The pre-pandemic outlook still anticipated a decline in machinery and equipment spending for 2020 but of just 0.2% (or $160 million) following a 1.0% increase in 2019. In contrast to Statistics Canada, QEDinc expects that business spending on new machinery and equipment will fall by 15% in 2020 but rebound 10% in 2021.

DesRosiers Automotive Consultants (DesRosiers) outlook for retail sales of new light vehicles is even more stark with a 21% decline in 2020 following small declines in both 2018 and 2019. The outlook for 2021 is, however, encouraging with new unit sales expected to rebound by 23%.

CANADIAN ASSET-BASED FINANCE MARKET DETERMINANTS

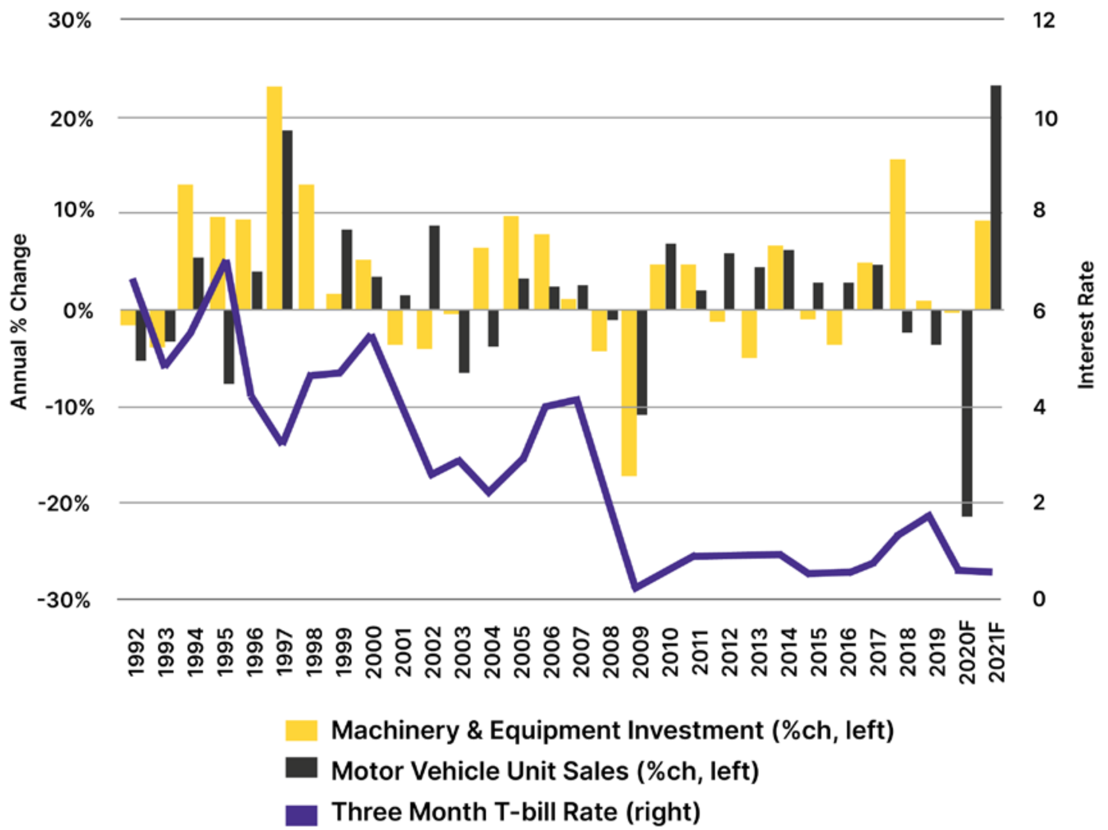

FIGURE 1

Source: Public and Private Investment Survey, Statistics Canada; Bank of Canada; 2020 Summer Forecast, Quantitative Economic Decisions, Inc.; DesRosiers Automotive Consultants

Financial Market Developments

Interest rates: The Bank of Canada has been on the front lines of the struggle to preserve our economy financing massive borrowing by federal and provincial governments to fund new income support and stabilization programs. The Bank of Canada quickly moved to reduce the bank rate in March 2020 erasing all the gains in interest rates from July 2017 through October 2018. With pandemic-induced disruptions to economic activity, an unemployment rate currently in excess of 10%, low inflation, and expectations that an economic revival will take years rather than months, the Bank of Canada has stated that rates will remain low until conditions improve significantly. Rates for 3-month treasury bills are likely to remain around 0.5% for both 2020 and 2021 down from 1.66% in 2019 while the yield on 10-year Government of Canada bonds is expected to fall from 1.55% in 2019 to 0.80% this year and rise marginally to 1.10% in 2021.

Exchange rate: The value of the Canadian dollar has been relatively unaffected by the pandemic. After an initial depreciation against the US dollar at the start of the pandemic it appreciated in the summer and is close to its pre-pandemic value. This apparent strength, however, has more to do with the US dollar's slump in value against most other currencies than it does with our currency's fundamental value. The Canadian dollar is expected to average $US 0.73 this year versus $US 0.75 in 2019 and appreciate marginally in 2021 to $US 0.74.

Machinery and Equipment Investment Spending

New financing of equipment and commercial vehicles by the ABF sector is, obviously, dependent on overall spending on machinery and equipment by business, government,[1] and non-profit institutions serving households. This section reviews data on machinery and equipment spending by region and sector in Canada and benchmarks Canada's performance relative to the United States and other OECD economies.

1 Non-profit institutions serving households include public primary and secondary education, public health and social services, religious institutions, labour unions, political and charitable organizations.

Public and private spending by region

As discussed, Statistics Canada's survey of public and private investment intentions dramatically understates the devastating impacts of Covid-19 on the economy. The pre-pandemic outlook still anticipated a decline in machinery and equipment spending for 2020 but of just 0.2% (or $160 million) following a 1.0% increase in 2019.

It is worth noting that Statistics Canada revised their estimate of public and private spending on new machinery and equipment in 2018 up by 11% or $9.4 billion with Ontario and Alberta accounting for over 60% of the increase.

Growth in spending on new machinery and equipment varied widely across the country in 2019 with moderate increases in British Columbia and Ontario being partially offset by losses in Atlantic Canada and Saskatchewan while activity in the remainder of the country was largely unchanged from the previous year.

PUBLIC & PRIVATE SPENDING ON NEW MACHINERY & EQUIPMENT

	MILLIONS OF DOLLARS		% GROWTH	
	2020 F	2019	2020 F	2019
CANADA	96,876	97,040	-0.2%	1.0%
Atlantic Provinces	5,334	5,339	-0.1%	-9.6%
Quebec	17,675	16,199	9.1%	-0.3%
Ontario	37,560	37,002	1.5%	3.6%
Manitoba	3,538	3,399	4.1%	2.1%
Saskatchewan	4,477	4,423	1.2%	-4.7%
Alberta	16,097	17,733	-9.2%	0.8%
British Columbia	11,746	12,261	-4.2%	4.7%

TABLE 1

Source: Statistics Canada (34-10-0035-01)

Public and private spending by sector

There were some substantial differences in machinery and equipment spending across industries in 2019. A double-digit percentage gain was reported for the finance and insurance sector while double-digit percentage losses were reported for retail trade and other private services. The percentage change in spending for all other sectors was less extreme.

PUBLIC & PRIVATE SPENDING ON NEW MACHINERY & EQUIPMENT BY NAICS SECTOR

	MILLIONS OF DOLLARS		% GROWTH	
	2020 F	2019	2020 F	2019
ALL INDUSTRIES	96,876	97,040	-0.2%	1.0%
Agriculture, forestry, fishing and hunting	4,694	5,017	-6.4%	-6.5%
Mining, quarrying, and oil and gas extraction	6,119	7,430	-17.6%	-6.6%
Utilities	4,369	4,060	7.6%	7.4%
Construction	6,987	6,543	6.8%	9.3%
Manufacturing	16,491	15,998	3.1%	0.9%
Wholesale trade	3,192	3,238	-1.4%	-0.5%
Retail trade	2,705	2,772	-2.4%	-11.0%
Transportation and warehousing	14,582	13,537	7.7%	4.7%
Information and cultural industries	7,357	7,151	2.9%	4.3%
Finance and insurance	2,101	2,134	-1.5%	12.6%
Real estate and rental and leasing	11,119	11,648	-4.5%	6.5%
Professional, scientific and technical services	2,130	1,965	8.4%	-5.7%
Management of companies and enterprises	796	699	13.9%	9.7%
Administrative and support, waste management and remediation services	1,456	1,319	10.4%	-9.7%
Educational services	2,036	2,199	-7.4%	5.8%
Health care and social assistance	2,823	2,844	-0.7%	-1.8%
Arts, entertainment and recreation	813	926	-12.2%	8.4%
Accommodation and food services	1,519	1,314	15.6%	-8.6%
Other services (except public administration)	612	739	-17.2%	-26.5%
Public administration	4,975	5,508	-9.7%	-3.8%

TABLE 2

Source: Statistics Canada (34-10-0035-01)

Canada's business investment: a persistent gap

In a recent study[2], the C.D. Howe Institute benchmarked Canada's capital investment performance and identified a persistent and growing gap between business investment spending per worker in Canada compared not only with the United States but also against average spending across other OECD nations.[3] Part of the rise in this gap can be attributed to the significant decline in non-residential construction spending associated with the collapse in oil prices but perhaps of more significance is the lack of appreciable increase in machinery and equipment and intellectual property spending per worker in Canada for over a decade. Other reasons cited in the report for the Canada's weak investment spending performance include: obstacles to fossil fuel investment, an uncompetitive tax environment, obstacles in international and interprovincial trade, uncompetitive electricity prices, obstacles to investment in intellectual property, and a relatively unsupportive financial system.

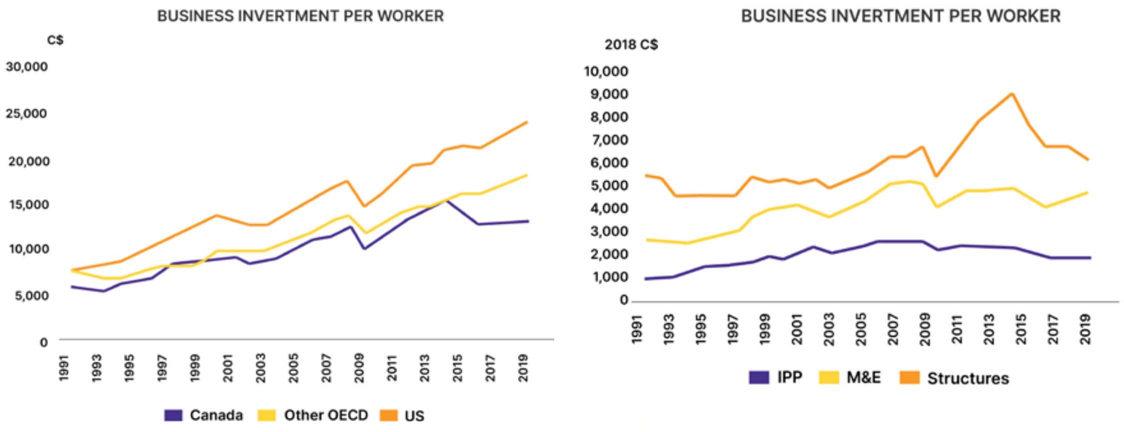

FIGURE 2

Source: C.D. Howe Institute Commentary No. 550, Figures 1 and 6.

2 William B.P. Robson, "Thin Capitalization: Weak Business Investment Undermines Canadian Workers" (C.D. Howe Institute, Commentary No. 550, 2019).

3 Revisions to the data used in this analysis are unlikely to materially affect the analysis or the conclusions.

Public Policy Initiatives

The Covid-19 pandemic has led to the introduction of an alphabet soup of policy interventions and programs intended to support household and business incomes while public health measures disrupt normal economic activity. The protracted nature of the public health emergency and its impact on economic activity may well yet lead to a profound restructuring of business and household income support and tax policy.

CFLA Member Surveys

Recognizing that the Covid-19 pandemic had fundamentally altered the Canadian and global economies, the CFLA acted rapidly to survey members on the impact of the pandemic on changes in the business environment and the effectiveness of the public policy response.

The first survey was conducted in late March, nearly half of the respondents were independent finance companies a quarter banks or bank subsidiaries[4] with the remaining balance comprised of either manufacturers' captive finance companies or brokers. The survey found that 40% of respondents were experiencing an extreme volume (over 100 a day) of Covid-19 related calls and, while for about half of respondents requests for payment deferrals represented less than 20% of their portfolio, a fifth of respondents indicated that requests represented over half of their portfolio. At this time, over 40% of respondents were accommodating at least 80% of requests for payment deferrals and over half of respondents stated that they were confident that the deferral requests would have no impact on their ability to survive. However, that left just under half of the respondents concerned that their cash flow reserves would be exhausted in 120 days or less.

A second CFLA survey conducted in April with a relatively similar distribution of company types revealing that , 10% of respondents stated that 40% or more of their portfolio had made payment deferral requests and 50% of respondents had payment deferral requests that represented less than 20% of their portfolio with over half of all respondents accommodating at least 80% of all deferral requests. By this time, however, newly announced government support programs led over 60% of customers to withdraw their requests for payment deferral and two-thirds of respondents were confident that current deferral requests would have no impact on their ability

4 For purposes of this survey, Banks include all deposit taking institutions.

to survive. That left about a third of respondents concerned that their cash flow resources would be exhausted in 90 days or less with significant layoffs anticipated by about 15% of respondents. Nearly 60% of respondents indicated they had applied for Covid-19 related government support from either the Canada Emergency Wage Subsidy (CEWS) or the Canada Emergency Business Account (CEBA) program.

Canadian Secured Credit Facility

Prior to the Covid-19 pandemic the CFLA commissioned a C.D. Howe Institute report[5] that reviewed the importance of maintaining and enhancing the ***Canadian Secured Credit Facility*** to help maintain economic and financial stability during periods of crisis. The publication of this report coincided with the early stages of the pandemic and was used by the CFLA to advocate for the federal government to continue to support and enhance the Funding Platform for Independent Lenders (F-PIL) program.[6] The F-PIL program supports the securitization of equipment and vehicle lease and loan portfolio through a public-private partnership between the BDC and TAO Asset Management that provides funding on commercial terms and on a match fund basis to independent small and medium-sized finance or leasing companies that extend financing for vehicles and/or commercial equipment.

While the F-PIL program provides some support to the ABF sector, the C.D. Howe Institute, in a separate report[7], found that Canada ranks near the bottom among OECD nations in terms of overall lending to business as a share of GDP. When limited to lending to small businesses as a share of GDP, Canada's performance is even worse. It should be noted that this lending pattern may be driven, in part, by Canada's OECD leading spread between the interest rate for loans to small business and those offered to large firms.

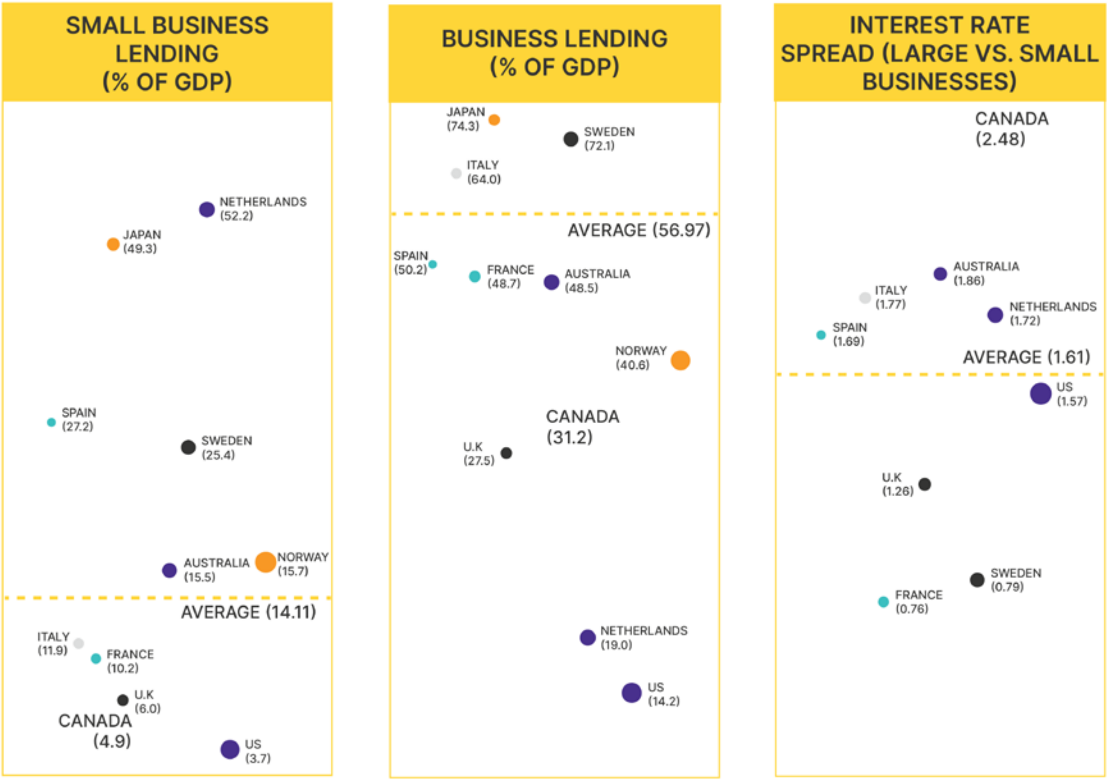

FIGURE 3
Source: C.D. Howe Institute **www.cdhowe.org**

5 Powell, David. 2020. Filling the Gap: ***Emergency Funding Programs and Asset-Based Finance in Times of Economic Crisis***. Commentary 569. Toronto: C.D. Howe Institute.

6 This program was formerly known as the Vehicle and Equipment Finance Partnership (VEFP) and was introduced as part of the federal government's response to the 2009 financial crisis.

7 Jeremy Kronick, "Productivity and the Financial Sector – What's Missing?" (C.D. Howe Institute, Commentary No. 508, 2018).

Accelerated Investment Incentive

In an effort to stimulate business sector investment spending, the Federal government's 2018 Fall Economic Statement announced changes to allow for the immediate expensing of machinery and equipment used to manufacture or process goods or for the purchase of "clean energy equipment". They also introduced an "Accelerated Investment Incentive" that essentially eliminates the "half-year" rule for capital cost allowance (CCA) purposes. This initiative covered all tangible assets for all sectors and lets companies reduce their tax bill in the year they purchase the equipment but raise it in subsequent years because they have already claimed the CCA. These measures came into effect on November 20, 2018 and will remain in effect until at least 2024.

Asset-based Finance Customer Profiles

While general economic forces impact both households and businesses, there are many other factors that influence differences in the finance needs of equipment and commercial vehicle customers and retail vehicle customers.

Equipment and Commercial Vehicle Customers

PayNet's Canadian Equipment Lending Index provides timely information on shifts in lending activity to small and medium sized businesses in Canada while PMG Intelligence's survey provides an in-depth review of business sector finance activity.

Canadian Equipment Lending Index

PayNet produces the CFLA/PayNet Canadian Equipment Lending Index (CELI) which is a monthly index of equipment lending activity for small and medium enterprises in Canada.[8] As of June 2020, this index was down 11% year-to-date and down 16% from the previous June. While much of the decline in activity in 2020 can be attributed to the pandemic, it is also consistent with a general decrease in lending activity since 2015.

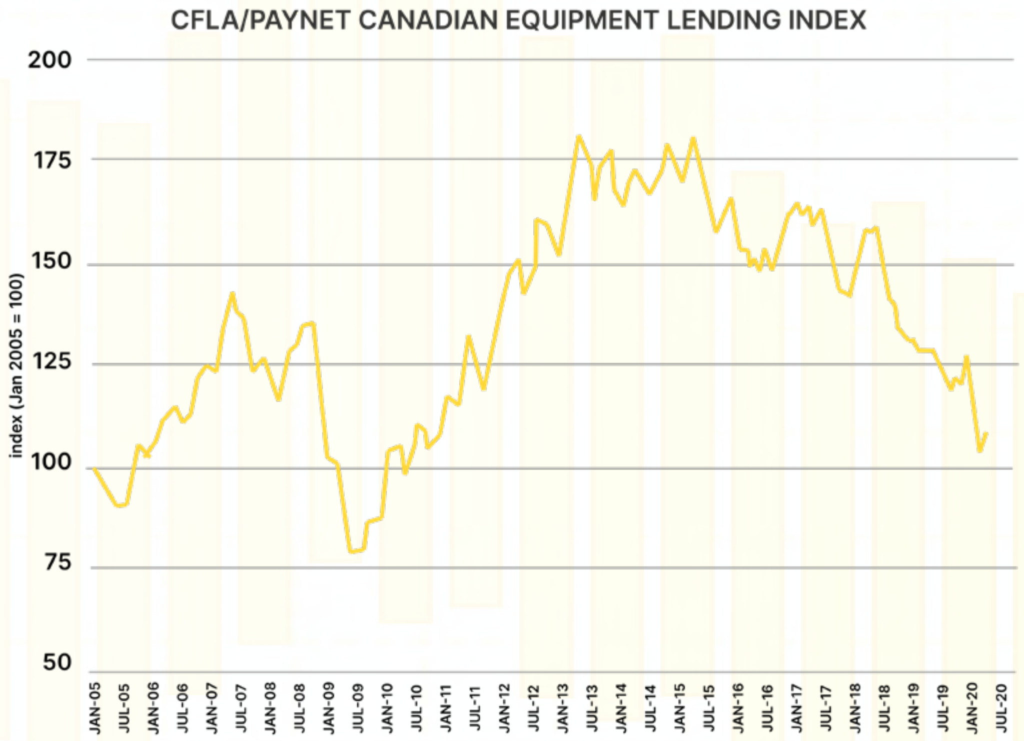

FIGURE 4

Source: PayNet, an Equifax Company

8 CFLA uses the CELI to help estimate new equipment and commercial vehicle finance for the year. While the CELI accounts for a large segment of the Canadian market, it should be noted that it excludes equipment and commercial vehicle finance activity for large enterprises and the public sector.

Finance Activity: PMG Intelligence survey

To get a broader perspective on the equipment and commercial vehicle finance market, CFLA commissioned PMG Intelligence to conduct a market research survey of finance activity and the factors and perceptions affecting the market for these assets in 2019. The survey was completed in Spring 2019, and targeted private sector organizations that had acquired and financed equipment and commercial vehicles of value greater than $2,500 in the last 12 months. This yielded a total sample size of 300 companies, which were located across Canada and distributed by NAICS industry and company size. The 2019 survey was the fourth of its kind, following similar surveys conducted on behalf of CFLA in 2013, 2015 and 2017.[9]

Well-established, medium-sized companies in the transportation and warehousing or construction sectors are most likely to finance the acquisition of new equipment and commercial vehicles in 2019. These companies typically spend at least $0.5 million per year on trucks, trailers, or construction machinery financed by capital or operating leases.

9 Insights from the survey and final report are available to members on CFLA's website. Below are some of the highlights.

MAPPING FUTURE GROWTH SEGMENTS

	PRIMARY MARKET OPPORTUNITY*
Average years in business	10-25 years (38%) | 26-50 years (31%)
Industry	Transportation & warehousing (31%) | Construction/Specialized trade contracting (26%) | Manufacturing (14%)
Average revenue	$6 to $25 million (42%); $1 to $5 million (17%)
Total value of equipment acquired in last 12 months	$500k or more (55%) | $100k to <$250k
Mode of financing equipment in the last 12 months (multiple response)	Capital or financing leasing (45%) | Operating leasing (31%)
Average transaction size when acquiring equipment	$25k to $249k per transaction (66%)
Mean percentage of time transactions are financed (those with strong sample)	78% overall | 89% - for trucks and trailers | 81% - for construction machinery
Drivers to financing additional equipment of the next 12 months	General economic conditions, Uncertainty surrounding tax increases and/or business regulations
Increased likelihood to anticipate acquiring...	Trucks & trailers (55%) Construction machinery (29%)

* Profile of companies that "definitely" intend to use a lending facility to acquire equipment and/or machinery within the next 12 months

FIGURE 5

The average transaction size has risen since 2013. Today, there are significantly more transactions of between $25,000 to $249,000 and fewer transactions under $25,000. There is also an interesting trend away from financing 25% or less of the transaction, and toward financing it in its entirety.

AVERAGE TRANSACTION CHARACTERISTICS

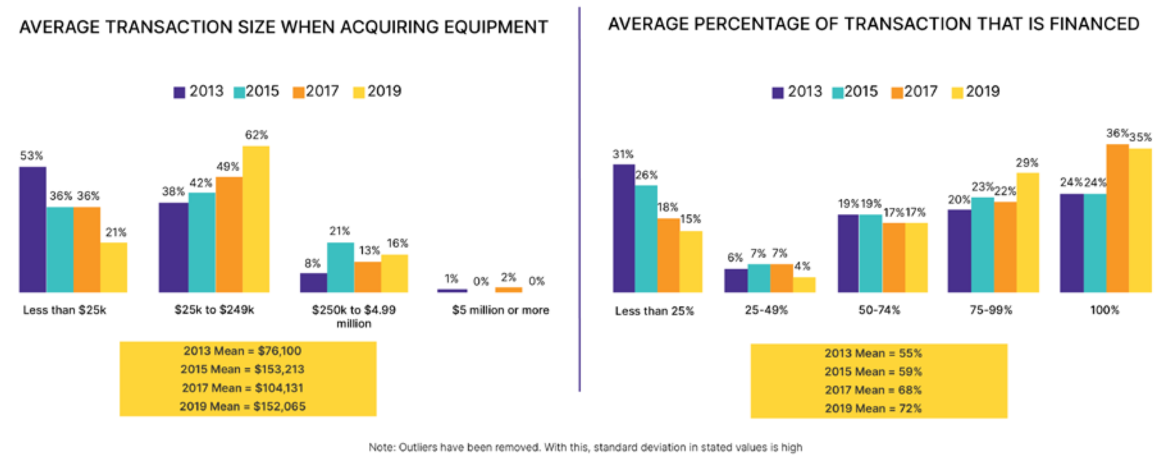

FIGURE 6

The equipment that companies are most likely to acquire are trucks, trailers, and computers. The market for trucks and trailers has made significant gains since 2013, while the market for computers has softened slightly in the same time-period.

EQUIPMENT ACQUIRED IN THE LAST 12 MONTHS

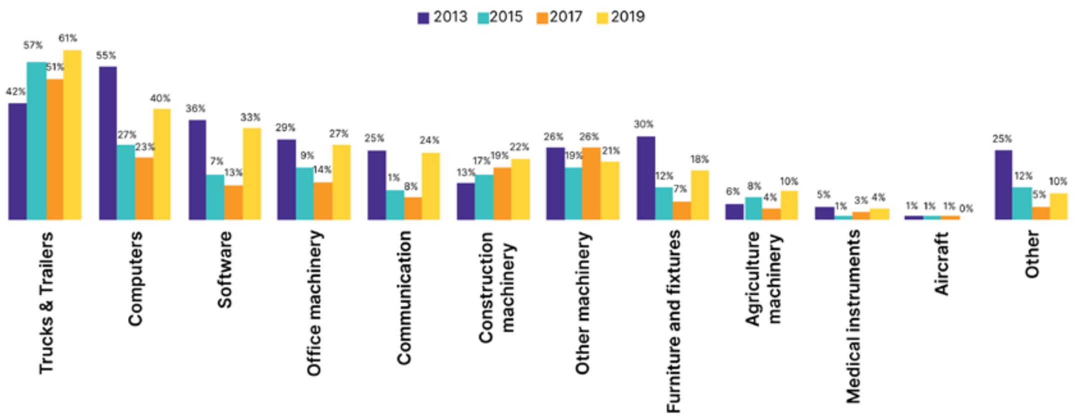

FIGURE 7

When choosing a leasing company, survey respondents highly value funding rates and affordability, but also consider the ability to reach someone to solve an issue and the quality of customer service to be very important. They also value turnaround time, information requirements, flexibility, and consistency when making credit decisions.

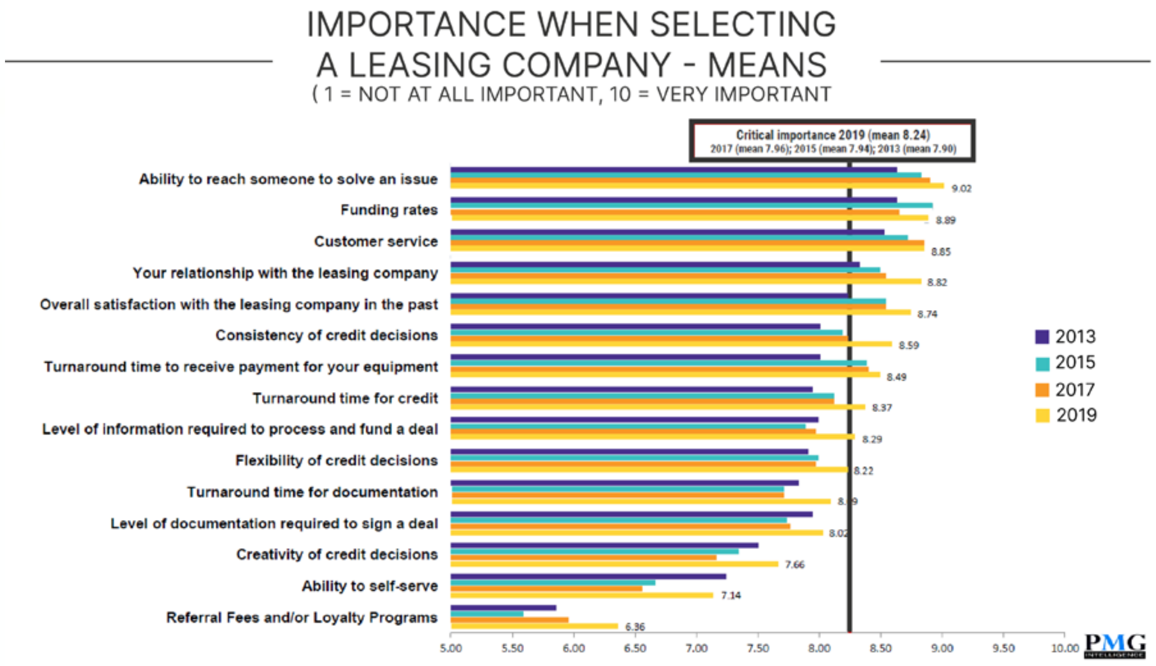

FIGURE 8

The state of the economy is the most significant factor determining future financing needs. Gyrations in economic growth since 2013 have elevated consideration of general economic conditions when making important business decisions. The next most important concerns are tax policy and business regulations.

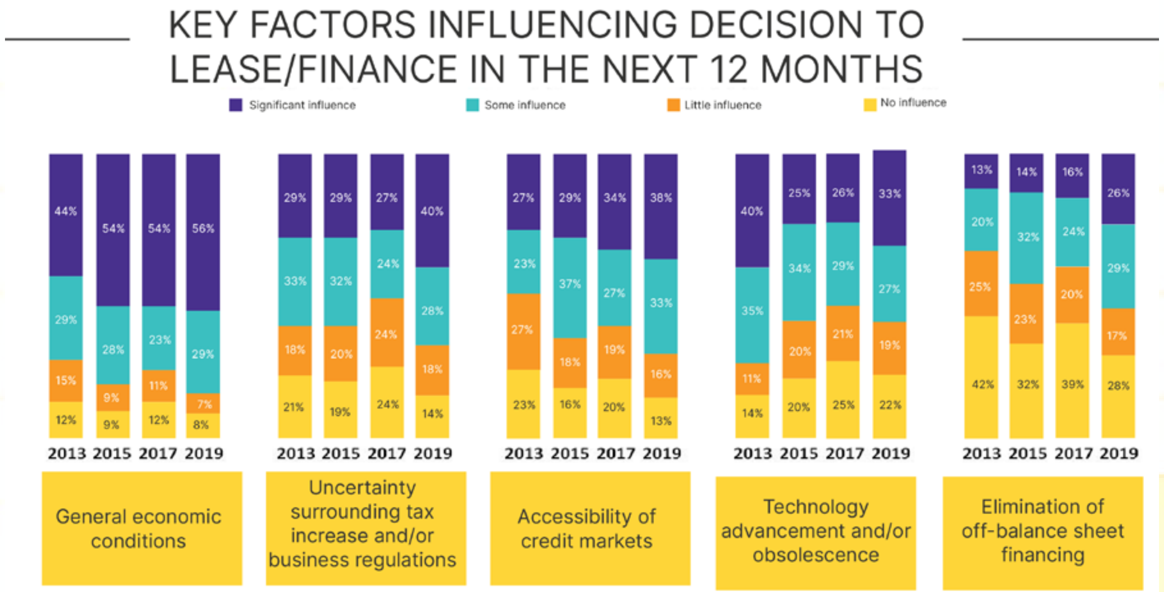

FIGURE 9

Retail Vehicle Finance Customers

After embracing low interest rates over the last decade, Canadian consumers are now among the most indebted in the world. Interest rate hikes slowed new vehicle sales in 2018 and 2019 but the pandemic-induced reduction in interest rates is likely to encourage renewed spending as (near) normal economic activity resumes.

While new vehicle sales have slipped from 2017 levels, the total number of units sold has continued to rise as used vehicles have become increasingly popular. There are a variety of factors contributing to the popularity of used vehicles but, in essence, they provide reliable transportation at a significantly lower cost relative to new vehicles and there are a variety of financing options available to the consumer to help facilitate their purchase.

As average vehicle prices have continued to rise, vehicle vendors have encouraged spending through longer financing terms, with terms of 84 months or longer now common for new vehicle loans. Equifax has noted that while the trend towards longer terms for used vehicle loans remains ongoing, the trend for new vehicle loans seems to have peaked.

The changes in the loan market have also affected vehicle leasing. Lease terms of 48 to 60 months are increasingly common, and leases longer than 60 months have recently been introduced.

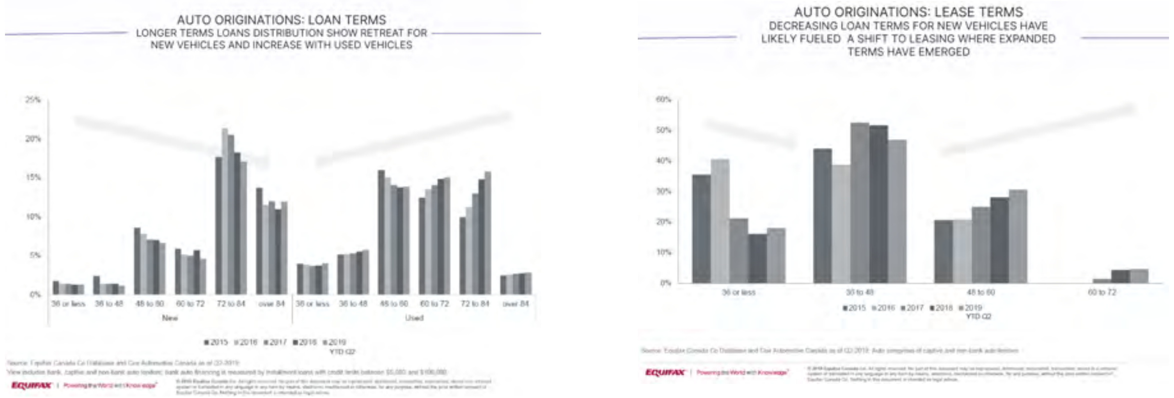

FIGURE 10

Buying behaviour by age

Two thirds of new and used vehicles are purchased by persons between the ages of 25 and 55. Equifax notes that persons younger than 44 years old have become increasingly likely to purchase a used rather than a new vehicle over the last few years.

LOAN ORIGINATIONS AGE DISTRIBUTION

A YOUNGER DEMOGRAPHIC (AGE<44) APPEARS TO BE DRIVING THE PURCHASING OF USED VS. NEW VEHICLES

	New Origination Distribution		2015	2016	2017	2018	Q2 2019
Pre-work force <24 years old)	9%	New	37%	35%	32%	30%	28%
		Used	63%	65%	68%	**70%**	**78%**
Millennials (25-34 years old)	21%	New	44%	43%	42%	39%	37%
		Used	56%	57%	58%	**51%**	**63%**
Generation x (35-44 years old)	23%	New	51%	50%	48%	46%	44%
		Used	49%	50%	52%	**54%**	**56%**
Baby Boomers (late) (45-54 years old)	22%	New	53%	52%	51%	49%	48%
		Used	47%	48%	49%	**51%**	**52%**
Baby Boomers (early) (55-64 years old)	16%	New	56%	55%	54%	52%	49%
		Used	44%	45%	46%	**48%**	**51%**
Silent Generation (65+ years old)	9%	New	61%	59%	58%	55%	52%
		Used	39%	41%	42%	45%	48%

Source: Equifax Canada Co Database and Cox Automotive Canada as of Q2-2019;
Auto financing includes bank, captive and non-bank auto lenders; bank auto financing is measured by installment loans with credit limits between $5,000 and $100,000

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FIGURE 11

Asset-based Finance Market in Canada

Canada's asset-based finance market continued to grow in 2019 with new business volumes up 1.3% to $132.8 billion and total assets financed up 4.2% to $440.5 billion. This was down from the 2.2% growth in new business in 2018 and 5.4% growth in total assets financed.

New business activity in 2019 was led by the retail vehicle market at 1.3% while the fleet (commercial) vehicle market followed with growth of 1.1%.

ASSET-BASED FINANCE MARKET IN CANADA

	MILLIONS OF DOLLARS		%GROWTH	
	2019	2018	2019	2018
TOTAL FINANCE ASSETS	440,498	422,702	4.2%	5.4%
Machinery & Equipment Market	73,461	74,045	-0.8%	-1.4%
Fleet Vehicle Market	46,801	43,899	6.6%	9.1%
Retail Vehicle Market	320,236	304,758	5.1%	6.7%
Equipment & Commercial Vehicles	120,262	117,944	2.0%	2.2%
TOTAL VEHICLE MARKET	336,037	348,657	5.3%	7.0%
TOTAL NEW BUSINESS	132,822	131,179	1.3%	2.2%
Machinery & Equipment Market	20,572	20,389	0.9%	1.7%
Fleet Vehicle Market	14,150	13,990	1.1%	5.7%
Retail Vehicle Market	98,100	96,800	1.3%	1.8%
Equipment & Commercial Vehicles	34,722	34,379	1.0%	3.3%
TOTAL VEHICLE MARKET	112,250	110,790	1.3%	2.3%

TABLE 3

Source: CFLA, Statistics Canada, DesRosiers Automotive Consultants inc.

Historical trends: new business volumes

Trends in asset finance new business volumes closely mirror those of the business cycle in Canada. The methodology for estimating new business volumes and the value of assets financed is discussed in the appendix.

New business volumes in Canada have risen 5.0% a year on average since 1990 with the consumer vehicle market outpacing the equipment and commercial vehicle market at 5.9% and 3.3% per year, respectively. To put this performance into perspective, national income (GDP) has risen 4.2% a year over the same period and business spending on machinery and equipment just 2.6% a year.

The consumer vehicle share of total new business finance has risen from 58% in 1990 to an estimated 74% in 2019. The fleet vehicle share of new business has averaged about 11% since 1990 and is expected to be 11% in 2019. The machinery and equipment (excluding commercial vehicles) share of new business has fallen from 26% in 1990 to 15% in 2019.

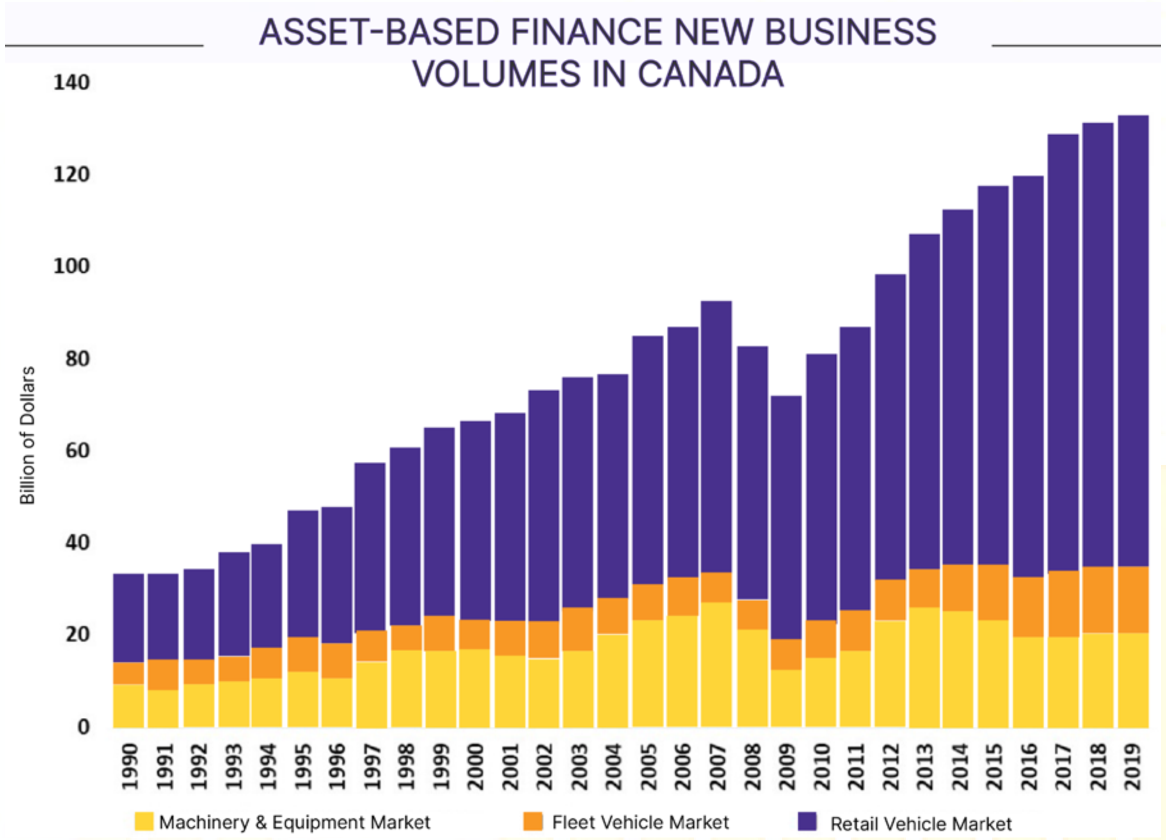


FIGURE 12

Source: Canadian Finance and Leasing Association, DesRosiers Automotive Consultants Historical trends: value of assets financed

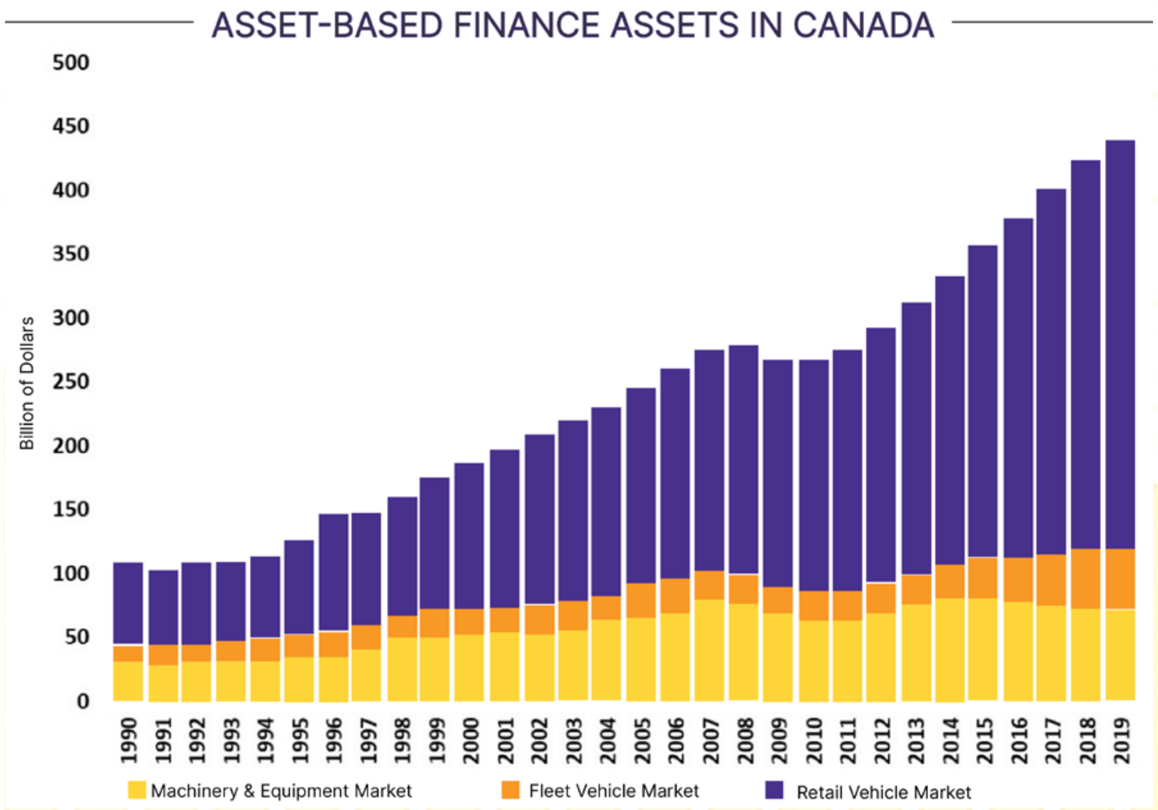


FIGURE 13

Historical trends: value of assets financed

The value of assets financed in Canada has grown an average of 5.2% a year since 1990. The consumer vehicle market accounts for 73% of that total, up from 58% in 1990 with the fleet vehicle market accounting for 11% in 2019 down from 14% in 1990. Machinery and equipment (excluding commercial vehicles) share of total assets financed has slipped to 17% in 2019 from 28% in 1990.

The outlook for new business volumes[10]

The CFLA's Business Confidence Survey for the first half of 2020 was published in March 2020 and reflected views that were consistent with beliefs held before States of Emergency were declared across Canada. At that time, CFLA members were relatively optimistic about the outlook for 2020 with a higher proportion of respondents anticipating an increase in new business volumes with little change in overall margins. It is interesting to note, however, that there was growing concern about credit quality with a higher proportion of respondents indicating that they expect the bad debt ratio to rise in 2020 but this was not likely to have an impact on credit approval rates nor to have an effect on underwriting criteria. In summary, survey respondents were increasingly optimistic about their company's prospects in asset finance for 2020 prior to the pandemic.

Equipment and commercial vehicle finance market

Statistics Canada's survey of machinery and equipment spending intentions was conducted before the pandemic and suggested that spending would be flat in 2020. Unsurprisingly, more recent data from PayNet's CELI indicates that activity has declined 11% in the first half of 2020 relative to the same period in 2019. QEDinc's Summer 2020 forecast for business spending on machinery and equipment is for an even more severe 15% decline in 2020 and this decline has been used as an estimate for new equipment and commercial vehicle finance in 2020.

The fleet (commercial) finance segment of the market has been a significant source of strength for the equipment and commercial vehicle finance market. It has doubled in value since 2008 while the finance of machinery and equipment (excluding commercial vehicles) has remained unchanged over that period. DesRosiers' is expecting all these gains to evaporate with a 50% decline in commercial vehicle financing in 2020 as the fleet share of new vehicle sales slumps to 11% from 18% in 2019.

10 The outlook for new business volumes in 2020 is derived from a variety of sources, including: Statistics Canada's survey of capital and repair expenditure intentions; QEDinc's Summer 2020 outlook; CFLA/PayNet's Canadian Equipment Lending Index (CELI): CFLA's Canadian Asset Finance Business Confidence Survey and other surveys conducted during the early stages of the pandemic; and DesRosiers 2020 vehicle finance outlook.

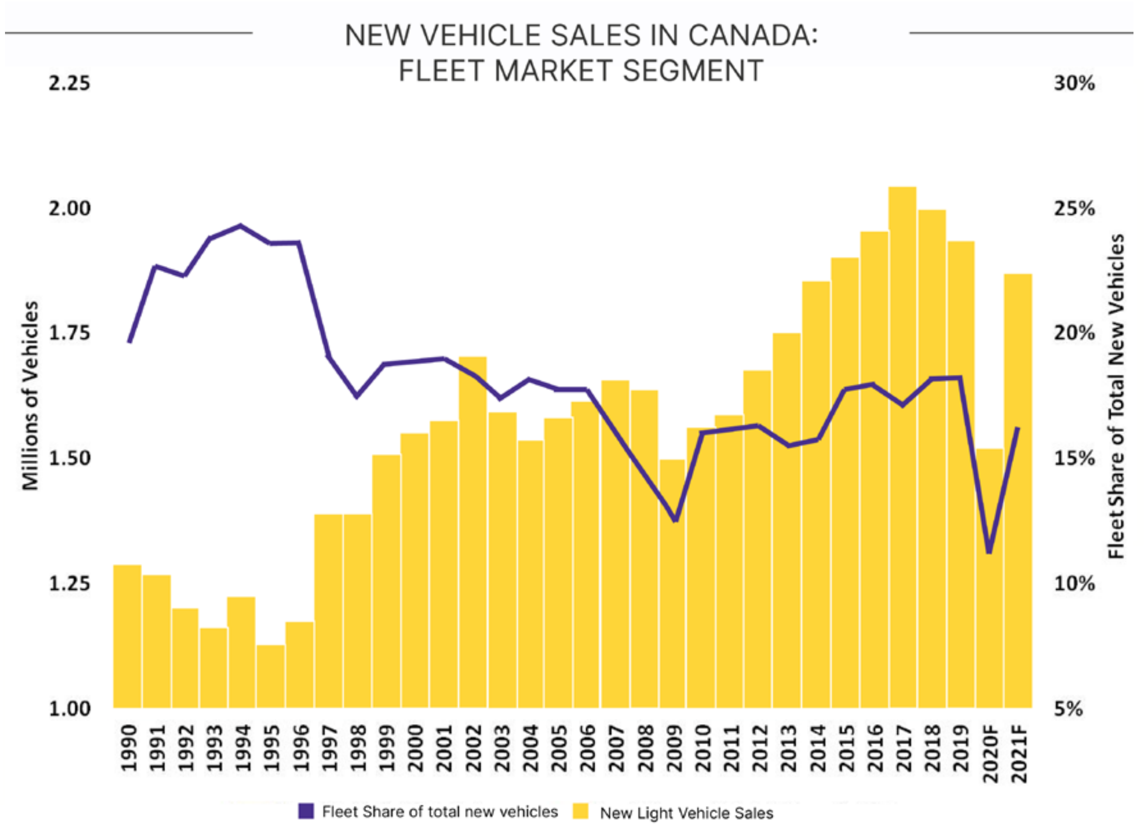


FIGURE 14

Source: DesRosiers Automotive Consultants

Retail vehicle finance market

The rapid growth of new light vehicle sales in Canada following the 2009 financial crisis came to a halt in 2018 as rising interest rates, rising prices and the dearth of new drivers combined to slow unit. Those factors continue to slow retail consumer new light vehicle sales in 2019. DesRosiers Automotive Consultants expect the pandemic to reduce consumer sales of new light vehicles by 15% in 2020.

The new and used retail vehicle finance market has risen steadily since the 2009-10 recession as the decline in unit sales of new vehicles since 2017 has been offset by an increase average prices and in used vehicle unit sales. DesRosiers is anticipating a 17% decline in new and used retail vehicle financing in 2020 followed by a partial rebound in 2021. The lease share of new and used retail vehicle financing was 27% in 2019 and is expected to remain nearly unchanged in 2020 at 28%.

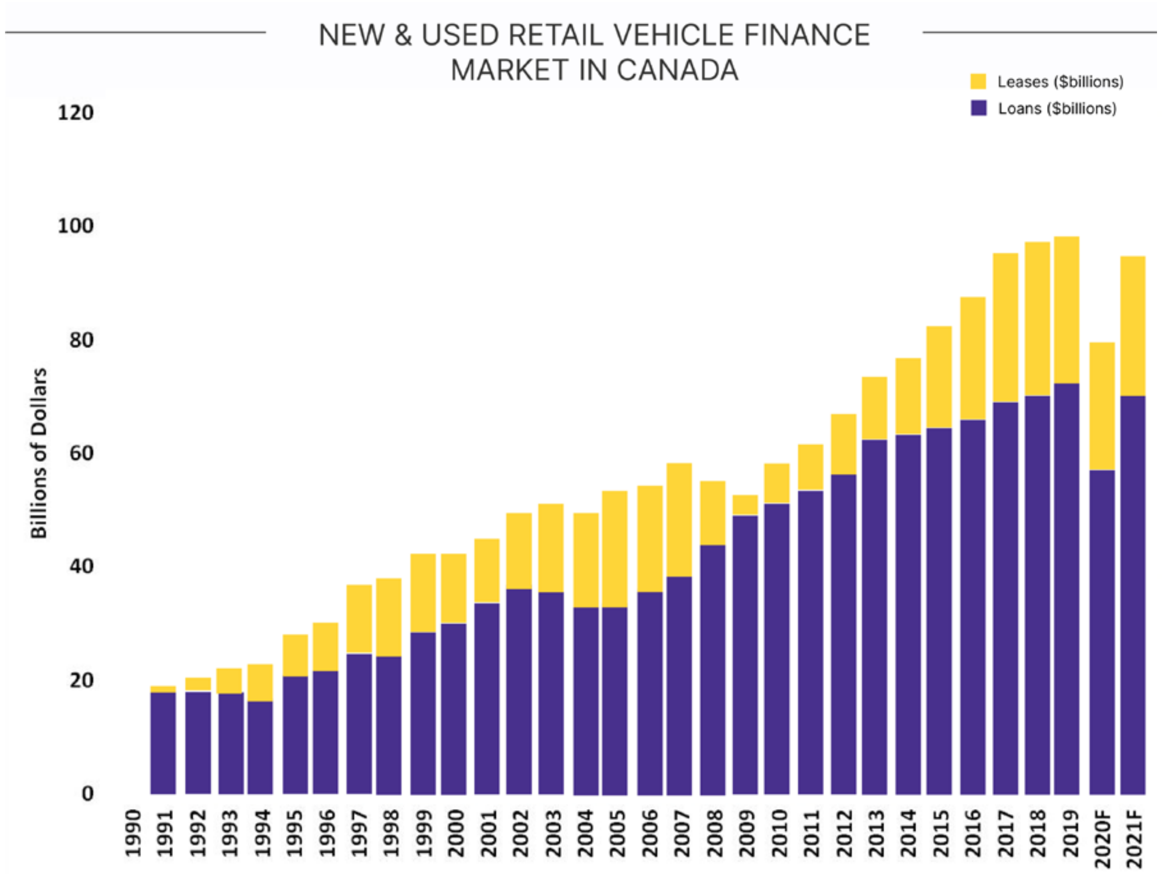


FIGURE 15

Source: DesRosiers Automotive Consultants

Market Penetration Rates

Market penetration rates provide insight into the role and scale of asset-based finance in the purchase of new assets in Canada. The ***equipment and commercial vehicle finance penetration*** rate is defined as the value of new business for the segment financed divided by Statistics Canada's public and private spending on new machinery and equipment. The ***consumer retail new light vehicle finance penetration rate*** is defined as the number of new units financed as a share of new units sold in the retail consumer market. The ***vehicle finance penetration*** rate can also be generated based on dollars financed versus dollars spent but this ratio is nearly identical to the units-based measure (excluding the used vehicle market).

Equipment & commercial vehicle finance penetration rate: In 2019, the asset-based finance sector was estimated to finance 36% of all spending on equipment and commercial vehicles, unchanged from 2018. Statistics Canada's survey of machinery and equipment spending intentions for 2020 was conducted before the pandemic and suggested that spending would be flat this year. The drop in the penetration rate for this year is, however, likely to be less severe than shown in the table because the decline in investment spending will be considerably worse than 0.2%.

CANADIAN ASSET-BASED FINANCE MARKET PENETRATION RATES FOR MACHINERY, EQUIPMENT AND COMMERCIAL VEHICLES

	2020F	2019	2018
Equipment & Commercial Vehicles New Business	29,531	34,722	34,379
Spending on New Machinery & Equipment	96,876	97,040	96,101
Finance Penetration Rate	30%	36%	36%

TABLE 4

Source: CFLA, Statistics Canada, DesRosiers Automotive Consultants inc.

The equipment and commercial vehicle new business penetration rate has varied over the last couple of decades - reaching a low of 26% in 2009 and bouncing back to a high of 44% in 2013. The finance penetration rate has been drifting back towards its long-term average level of 33% since then.

EQUIPMENT & COMMERCIAL VEHICLE FINANCE MARKET IN CANADA

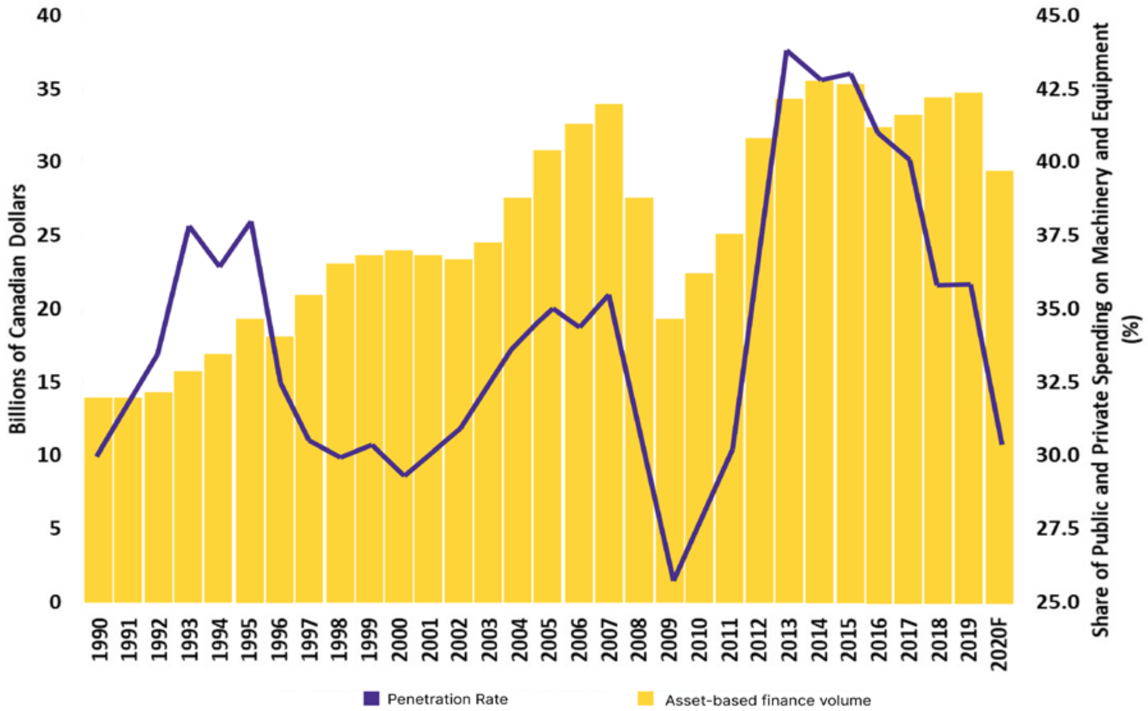


FIGURE 16

Source: Canadian Finance and Leasing Association

Consumer new vehicle finance penetration rate: Of the 1.6 million new vehicles sold in the consumer market in 2019, 92% were financed through either a lease or a loan. In 2020, sales of new vehicles in the consumer market are expected to slip to 1.4 million units but the finance and lease penetration rates are expected to remain relatively constant.

CANADIAN ASSET-BASED FINANCE MARKET PENETRATION RATES FORCONSUMER NEW VEHICLES

	2020F	2019	2018
Consumer Market New MV Sales (units)	1,347,471	1,576,976	1,632,598
Lease	508,000	582,000	609,000
Loan	730,000	864,000	887,000
Lease Penetration Rate	38%	37%	37%
Finance Penetration Rate	92%	92%	92%

TABLE 5

Source: CFLA, Statistics Canada, DesRosiers Automotive Consultants inc.

The value of new and used retail vehicle leases declined rapidly after 2007 from $20 billion down to just $3 billion in 2009. New and used retail vehicle leasing recovered to $26 billion in 2019 but is expected to dip to $22 billion in 2020. While the lease penetration rate on new vehicles is still below the 2005 peak of 45% it appears to have stabilized at about 37% and is not expected to shift much in 2020.

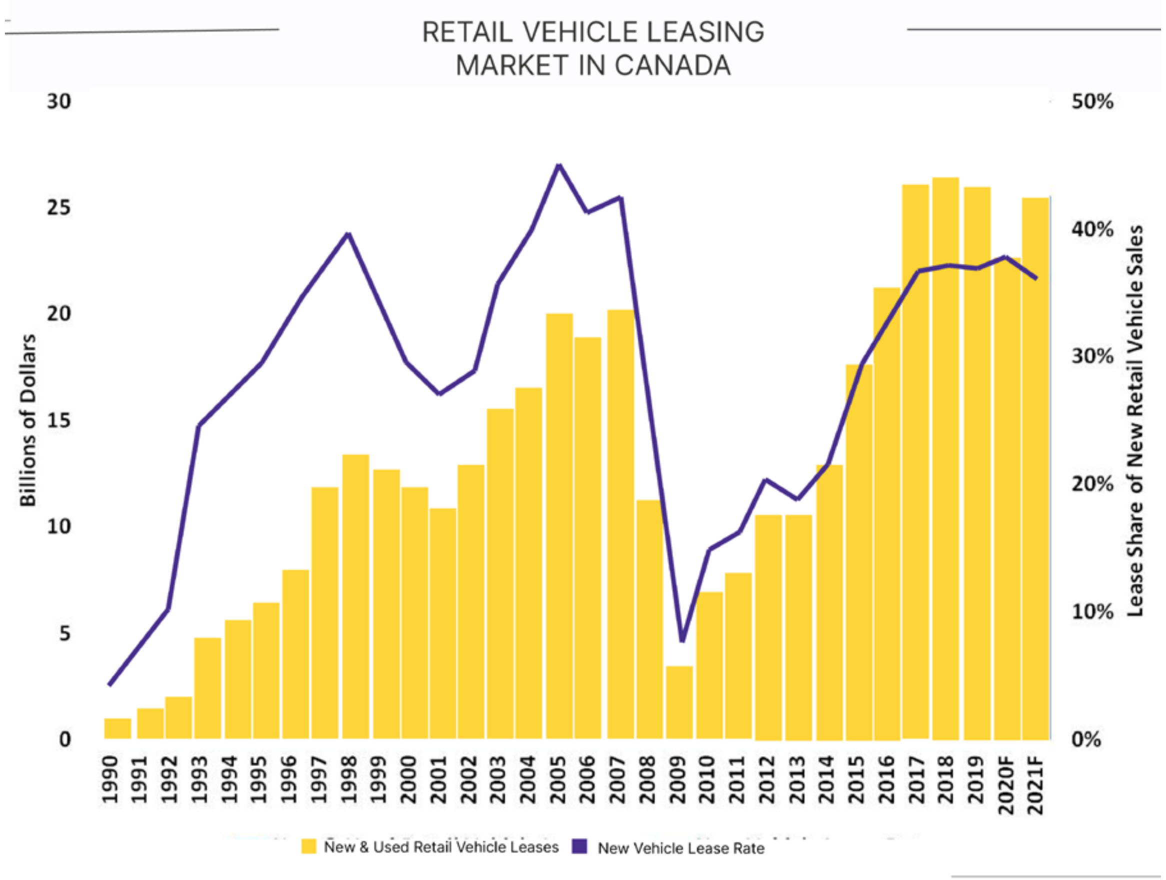


FIGURE 17

Source: DesRosiers Automotive Consultants

New Business Finance by Region[11]

Total new business finance volumes: Ontario and Quebec accounted for 42% and 21% respectively of the $133 billion of new business financed in 2019. On average, new business finance volumes have grown 6% a year nationally over the last decade. Growth across most regions is close to this average with Ontario and British Columbia slightly outpacing the rest of the country.

2019 REGIONAL TOTAL NEW BUSINESS FINANCE VOLUMES

	SHARE	Avg %ch 2010-19
Atlantic Canada	6%	5%
Quebec	21%	5%
Ontario	42%	8%
Manitoba	3%	6%
Saskatchewan	3%	5%
Alberta	14%	5%
British Columbia	11%	7%
Canada	100%	6%

2019 REGIONAL TOTAL NEW BUSINESS VOLUMES

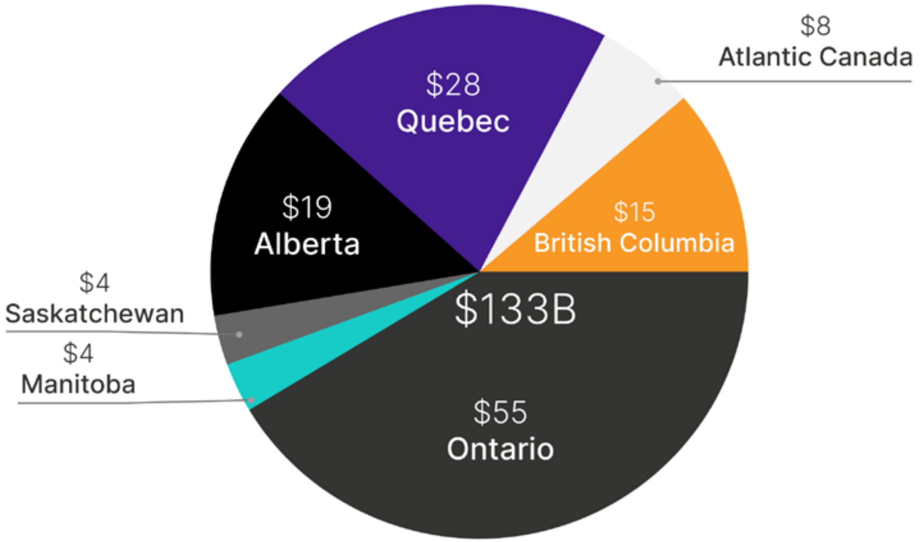


FIGURE 18

11 Estimates of new business financed by region for equipment and commercial vehicles, retail vehicles and the total market are calculated using information from Statistics Canada, PayNet and DesRosiers, and are consistent with the national totals.

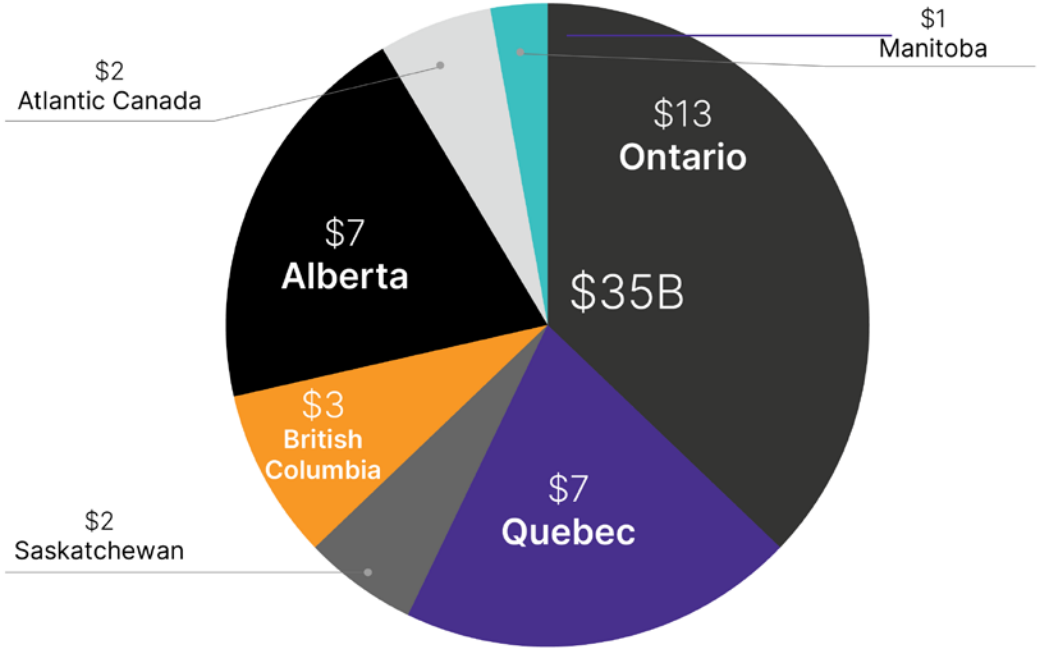
Equipment and commercial vehicle new business finance: Ontario and Alberta account for 38% and 20% of the $35 billion of the equipment and commercial vehicle new business financed in 2019. Nationally, new business finance volumes for equipment and commercial vehicles have also grown, on average, 6% a year over the last decade. Ontario, British Columbia, and Saskatchewan led the nation with average annual growth of 7% while Alberta lagged with average annual growth of 4% over the same decade.

2019 REGIONAL EQUIPMENT & COMMERCIAL VEHICLES NEW BUSINESS

	SHARE	Avg %ch 2010-19
Atlantic Canada	6%	6%
Quebec	19%	5%
Ontario	38%	7%
Manitoba	3%	6%
Saskatchewan	5%	7%
Alberta	20%	4%
British Columbia	10%	7%
Canada	100%	6%

FIGURE 19

2019 REGIONAL EQUIPMENT & COMMERCIAL VEHICLE NEW BUSINESS VOLUMES ($BILLIONS)



Retail vehicle new business finance: Ontario and Quebec account for 43% and 21% respectively of the $98 billion of retail vehicle new business financed in 2019. Nationally, new business finance volumes for retail vehicles have also grown, on average, 6% a year over the last decade. Growth across most regions is reasonably close to this average over the decade with Ontario and British Columbia again being the strongest markets while Saskatchewan and Atlantic Canada trail.

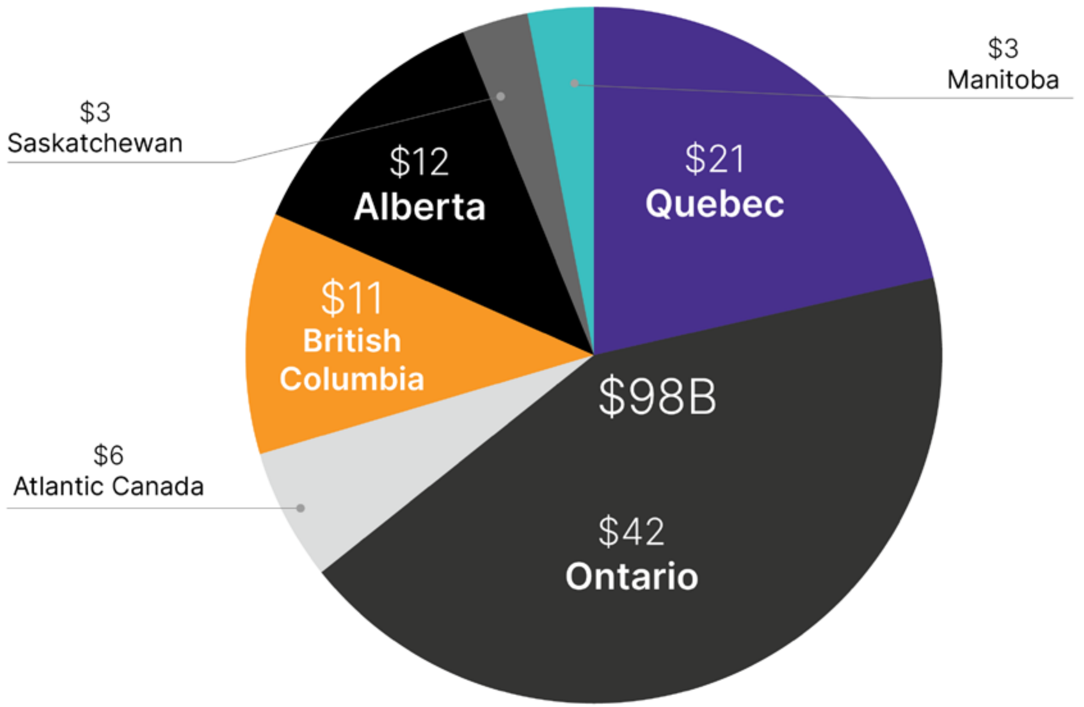
2019 REGIONAL RETAIL VEHICLES NEW BUSINESS FINANCE VOLUMES

	SHARE	Avg %ch 2010-19
Atlantic Canada	6%	4%
Quebec	21%	5%
Ontario	43%	8%
Manitoba	3%	6%
Saskatchewan	3%	4%
Alberta	13%	5%
British Columbia	11%	7%
Canada	100%	6%

Source: CFLA, Statistics Canada, DesRosiers Automotive Consultants inc.

FIGURE 20

2019 REGIONAL RETAIL VEHICLE NEW BUSINESS VOLUMES
($BILLIONS)



New Business Finance by Sector

Estimates of new business financed by sector for equipment and commercial vehicles are constructed using information from Statistics Canada and PayNet and are consistent with the industry totals.

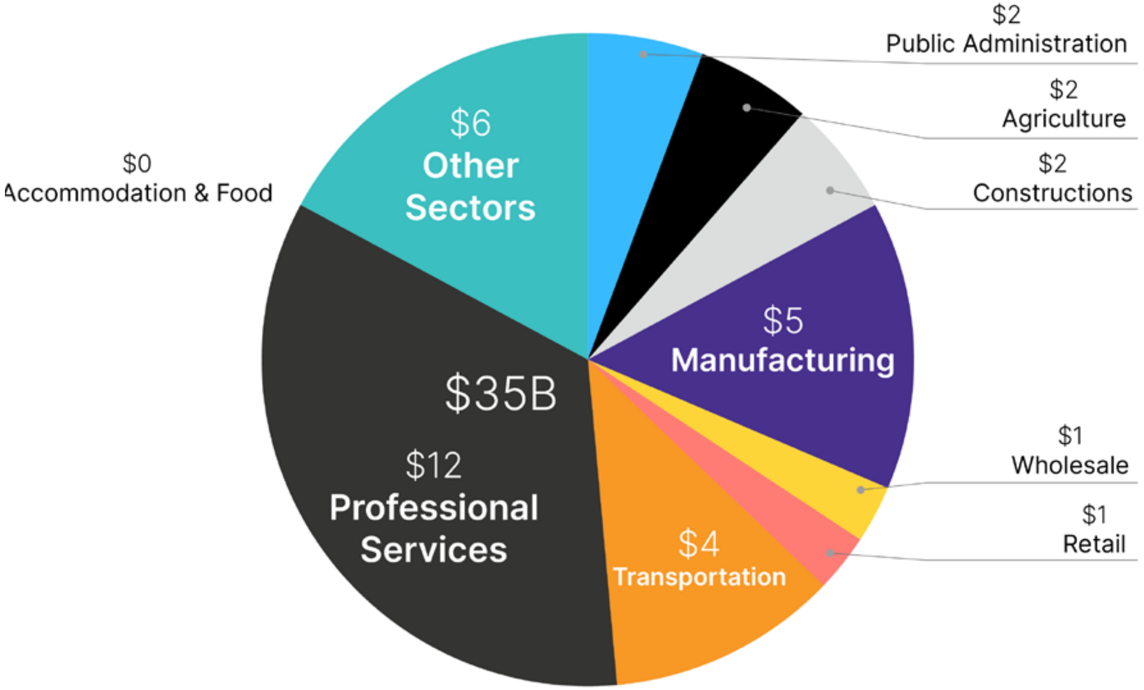
The professional services sector accounts for 35% of the $35 billion in equipment and commercial vehicle new business finance in 2019 with the manufacturing sector being the next largest at just 15% of the total.

As previously noted, national new business finance volumes for equipment and commercial vehicles have grown 6% a year over the last decade. There is significant variation in growth across sectors over this period. The transportation sector led with 14% average annual growth over the decade while spending by the professional services sector trailed with growth of just 4% a year.

2019 SECTORAL EQUIPMENT & COMMERCIAL VEHICLES NEW BUSINESS

	SHARE	Avg %ch 2010-19
Agriculture	5%	8%
Construction	6%	8%
Manufacturing	15%	6%
Wholesale	3%	7%
Retail	4%	9%
Transportation	10%	14%
Professional Services	35%	4%
Accommodation and Food	1%	5%
Other Sectors	17%	5%
Public Administration	5%	8%
All Industries	**100%**	**6%**

2019 REGIONAL EQUIPMENT & COMMERCIAL VEHICLE NEW BUSINESS VOLUMES ($BILLIONS)



Source: Canadian Finance and Leasing Association

FIGURE 21

New Business Finance by Credit Instrument and Source

New business finance by credit instrument and source is estimated for equipment and commercial vehicles from PMG Intelligence's surveys and from DesRosiers Automotive Consultants' vehicle finance model.

At 45%, leases are the top credit instrument for financing equipment and commercial vehicles followed by lines of credit at 24% with banks supplying 39% of this credit in 2019

Secured loans account for 73% of new and used retail vehicle finance with 49% of this credit supplied by manufacturers' captive finance companies in 2019. Banks supplied 40% of this credit and independent finance companies supplied the remaining 11%.

NEW BUSINESS FINANCE BY CREDIT INSTRUMENT AND SOURCE IN 2019

	EQUIPMENT & COMMERCIAL VEHICLES		RETAIL VEHICLES	
	$MILLIONS	%SHARE	$MILLIONS	%SHARE
FINANCE BY CREDIT INSTRUMENT				
Lease	15,742	45%	26,100	27%
Secured Loan	6,659	19%	72,000	73%
Line of Credit	8,268	24%		
Credit Card	4,053	12%		
FINANCE BY SOURCE				
Banks	13,634	39%	38,802	40%
Independent Finance Companies	7,837	23%	10,968	11%
Manufacturers' Captive Finance co.	10,464	30%	48,331	49%
Other Finance Companies	2,785	8%		

TABLE 6

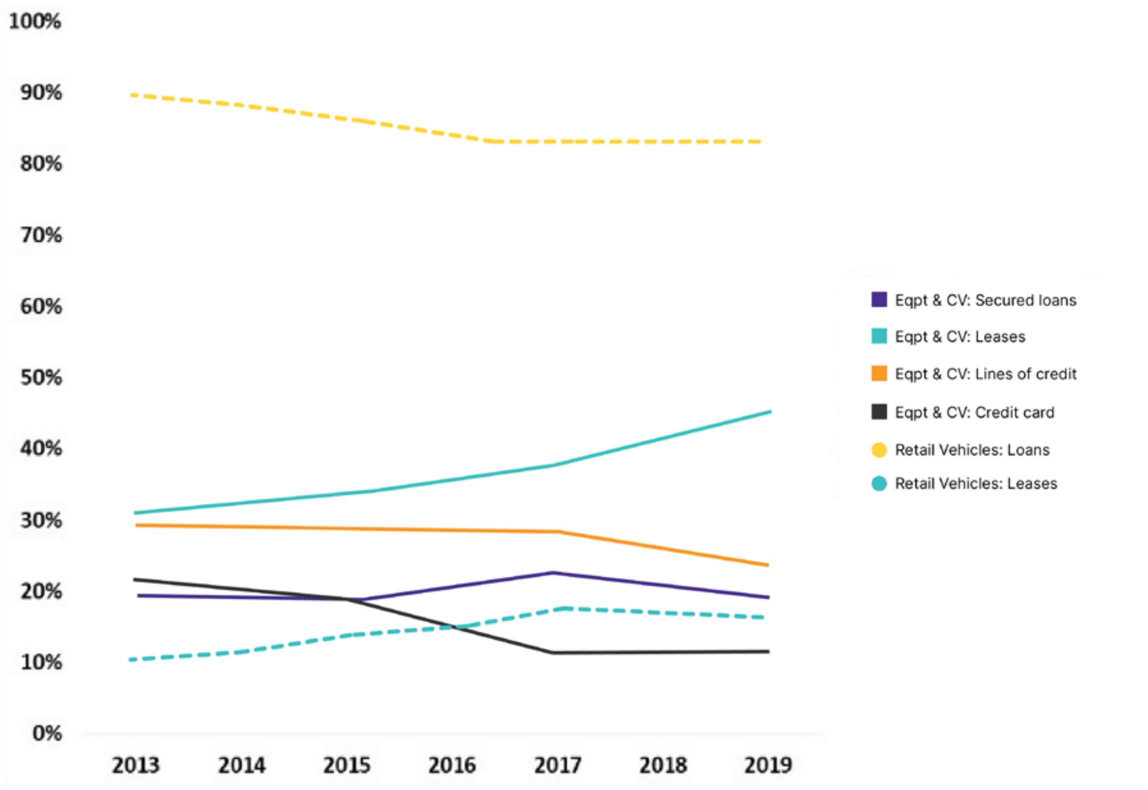
Source: Canadian Finance and Leasing Association, DesRosiers Automotive Consultants Inc.

Since the financial crisis, Canada's domestic banks have made significant gains as a source of business finance. However, given recent shifts in consumer vehicle financing patterns, the CFLA estimates that their dominant position as a source of finance for the asset-backed acquisition of retail vehicles may have slipped slightly in the last few years.

CFLA's estimates are shown for the years 2013 to 2019 in charts below. According to these estimates:

- Lease shares of equipment and commercial vehicles (red line, 31% to 45% in 2019) and retail vehicles (red dot, 10% to 16% in 2019) have both risen since 2013.
- Trends are generally down for new business shares for other credit instruments.
- When allocated by source of financing, the banks (blue line) can be seen to have made limited gains since 2013 while manufacturers captive finance companies (green line) share of the market has declined from 36% to 30%.
- The new and used retail vehicle financing share for the banks (blue dot) has fallen from 45% in 2013 to 40% in 2019 as the manufacturers' captive finance companies share (green dot) has risen from 43% to 49%.

NEW BUSINESS FINANCE SHARES BY CREDIT INSTRUMENT



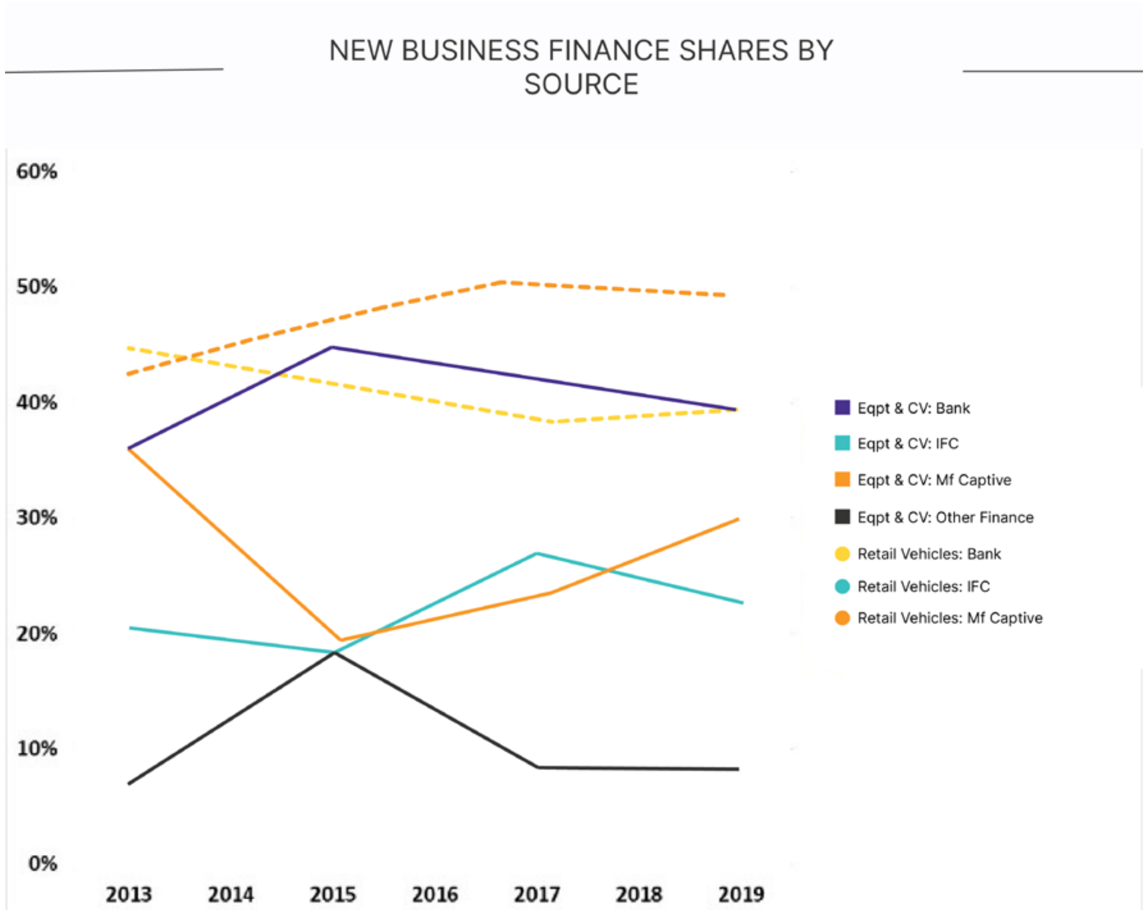


FIGURE 22

Source: Canadian Finance and Leasing Association, DesRosiers Automotive Consultants

Credit Quality

The CFLA/PayNet Canadian equipment delinquency indices show that 30 day and 90-day rates, although low by historical standards, rose steadily throughout 2019. Thirty-day small business delinquency rates are highest in Ontario but rose the most in Alberta followed by Manitoba while 90-day rates are also highest in Ontario but rose the most in Quebec and British Columbia in 2019. Both the 30 and 90-day small business delinquency rates were highest for the manufacturing sector in 2019 but 30-day rates rose fastest for professional services and the food and accommodation sector while 90-day rates rose fastest for manufacturing.

Of particular concern, however, is the increase in both 30 and 90-day delinquency rates through the first six months of 2020 which have risen by three times as much as they did in the whole of 2019 and now rival those experienced during the 2009-10 recession. All regions of the country have experienced a rise in small business delinquency rates with the 30-day rate rising the most in Ontario and the 90-day rate the most in Quebec. Delinquency rates have risen across nearly all sectors with just agriculture remaining relatively unaffected while the accommodation and food sector has been hit especially hard by the pandemic.

PAYNET CANADIAN EQUIPMENT DELINQUENCY INDICES

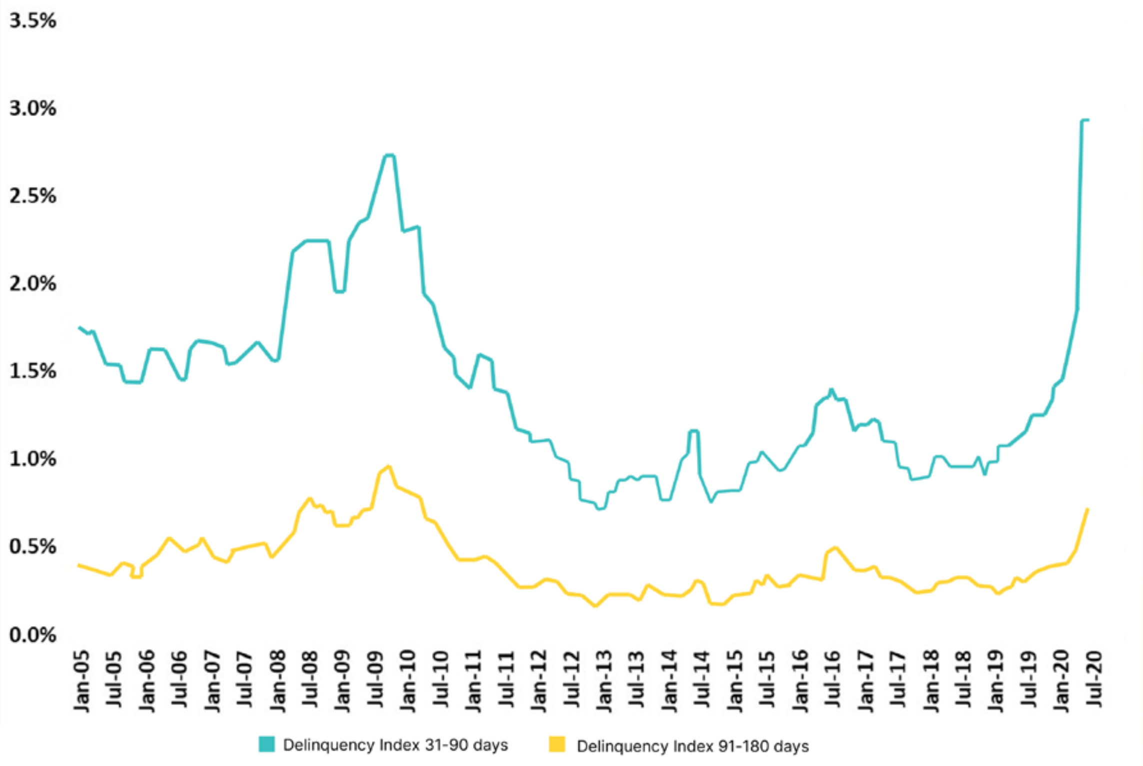


FIGURE 23

Source: PayNet

For over a decade, low interest rates enabled households to maintain payments on their rapidly rising credit portfolio. With rising interest rates in 2019, data from Equifax shows that the growth in household non-mortgage debt levels slowed and, in some provinces, declined. This improvement in household finances perhaps owes more to the increasing challenge households face in maintaining payments on their debt than to a renewed sense of financial prudence as delinquency rates rose sharply throughout most of the country in 2019.

EQUIFAX DEBT (EXCLUDING MORTGATES) & DELINQUENCY RATES

PROVINCE/REGION	AVERAGE DEBT (Q4 2019)	AVERAGE DEBT CHANGE YEAR-OVER-YEAR (Q4 2019 VS Q4 2018)	DELINQUENCY RATE (Q4 2019)	DELINQUENCY RATE YEAR-OVER-YEAR (Q4 2019 VS Q4 2018)
CANADA	$23,760	1.02%	1.19%	10.97%
Ontario	$24,406	1.91%	1.07%	13.96%
Quebec	$19,833	2.03%	1.06%	6.67%
Nova Scotia	$22,643	-0.13%	1.80%	3.65%
New Brunswick	$23,872	0.82%	1.85%	3.95%
Prince Edward Island	$23,232	0.98%	1.23%	-8.00%
Newfoundland & Labrador	$24,075	0.19%	1.84%	6.68%
Alberta	$29,076	-1.46%	1.53%	13.27%
Manitoba	$18,914	-0.18%	1.48%	7.75%
Saskatchewan	$24,789	-1.12%	1.58%	8.09%
British Columbia	$24,851	0.35%	0.98%	14.43%

TABLE 7

Source: Equifax Consumer Credit Trends 2019-Q4

Focus on Small Companies

Historically, one of the unique aspects of Canada's asset-based finance sector has been the significant presence of small companies in the industry. For the purposes of this section, 'small' companies are defined as CFLA member companies that report assets owned or managed of $100 million or less.[12] Many of these companies appear to have thrived despite low lending volumes, and have remained in business for many years or even decades.

However, over the last few years, the number of small companies has shrunk. This data signals a significant shift in the structure of the industry and appears to represent the end of the era of independent entrepreneurs operating small financing companies. The generation of entrepreneurs from the 1980s and 1990s is retiring just as shifts in management and technology are promoting scale as an increasingly important factor for success.

Small companies typically represented about 80% of regular CFLA members prior to 2017/18. The financial crisis had a dramatic impact on the number of small companies in the industry. Over 20% of small companies left CFLA - and likely the industry - in 2009/10. While this number partially recovered over the following few years, it resumed its decline in 2014/15 with the collapse in oil prices and its impact on Alberta and only started to turn the corner again in 2018/19.

The decline in small member companies appears to be concentrated amongst the smallest of these companies: those with assets owned and managed of $5 million or less. These companies now represent just 38% of all small member companies whereas they accounted for over 60% of them before the financial crisis.

12 CFLA's membership information is used to construct the data reported in this section. QEDinc maintains the confidentiality of that information and only uses it for purposes authorized by CFLA.

NUMBER OF SMALL FINANCE & LEASING COMPANIES BY VALUE OF ASSETS OWNED OF MANAGED FROM 2006/7 TO 2019/20

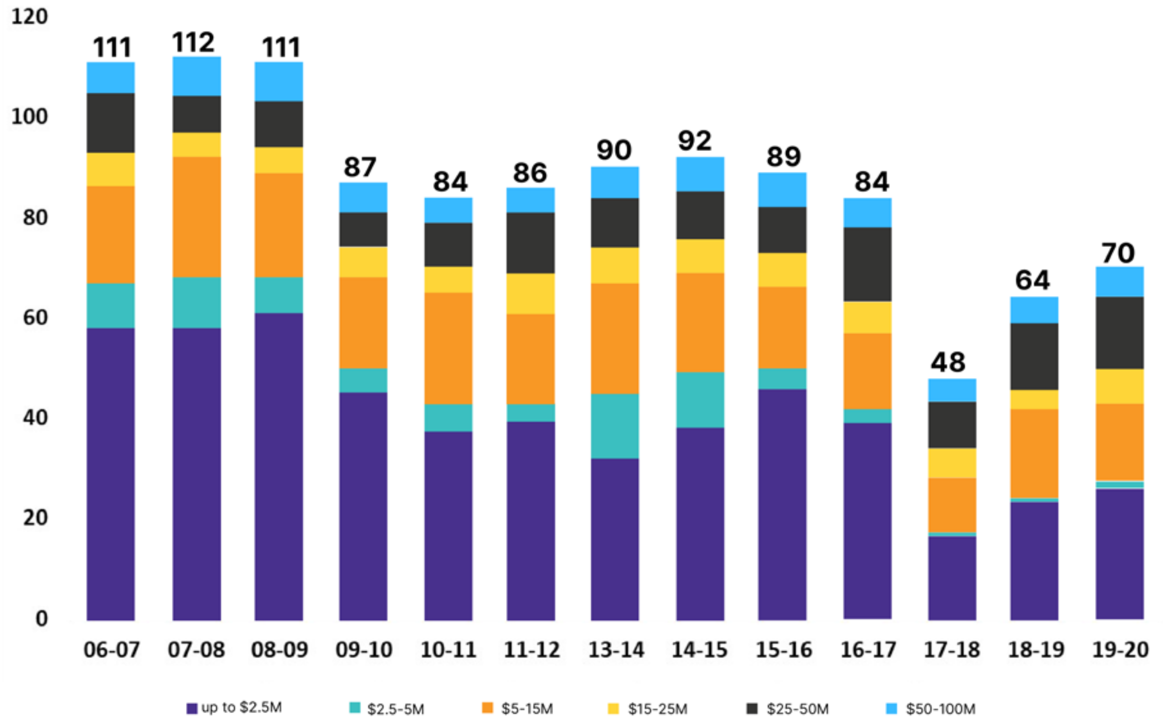


FIGURE 24[13]

Source: Canadian Finance and Leasing Association

The value of assets held by these companies plunged by nearly 20% in 2009/10 but recovered in 2016/17 to near pre-crisis peak levels before collapsing in 2017/18 with the collapse in the oil industry in Western Canada. The last two years have seen rapid growth in value of assets owned and managed by small member companies and again approached peak values in 2019/20. The value of assets owned and managed by companies with less than $5 million in assets has continued to shrink over the last few years. Indeed, the value of assets held by companies with less than $25 million in assets has also fallen since 2013/14.

13 The total value of assets owned and managed by small member companies is estimated based on their self-reported value for purposes of CFLA membership fees

VALUE OF ASSETS OWNED AND MANAGED BY SMALL FINANCE & LEASING COMPANIES FROM 2006/7 TO 2019/20

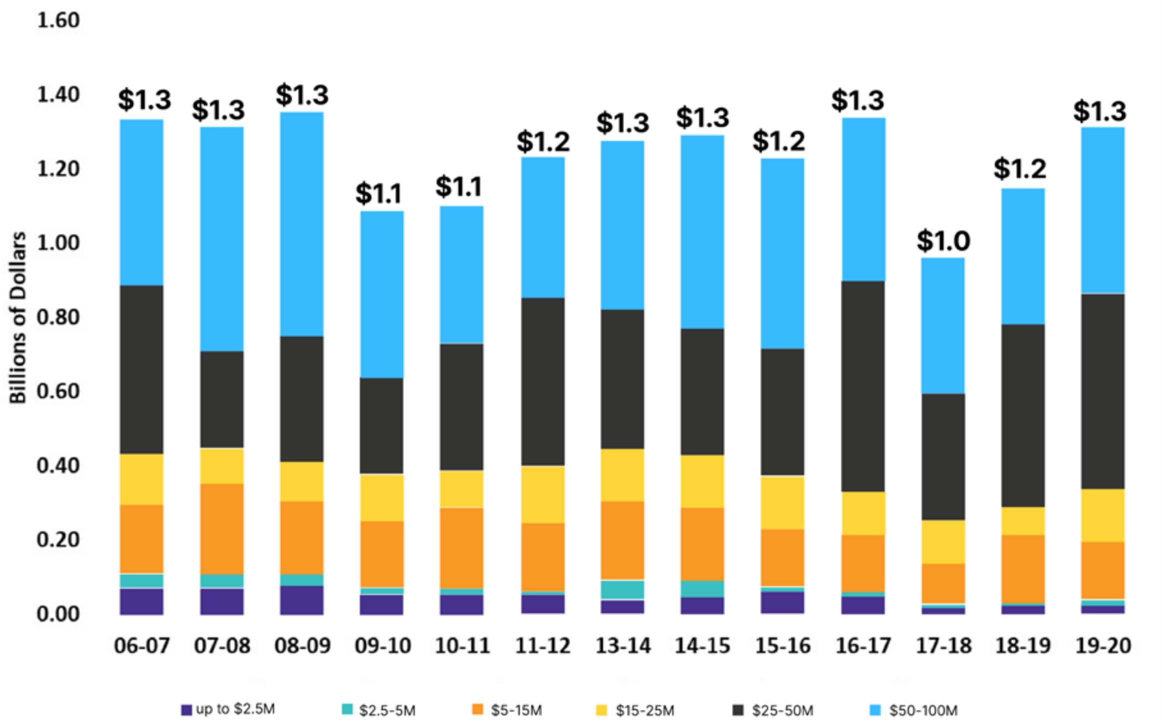


FIGURE 25

Source: Canadian Finance and Leasing Association

It should come as no surprise that the average value of assets owned and managed by small companies has grown over time. Part of this phenomenon can simply be attributed to inflation, but the average value jumped to $16 million in 2016/17 and to $19 million in 2019/20 from about $14 million in the period 2011/12 to 2015/16. Size is an essential factor in determining profitability throughout the industry and is likely to become even more important following the pandemic.

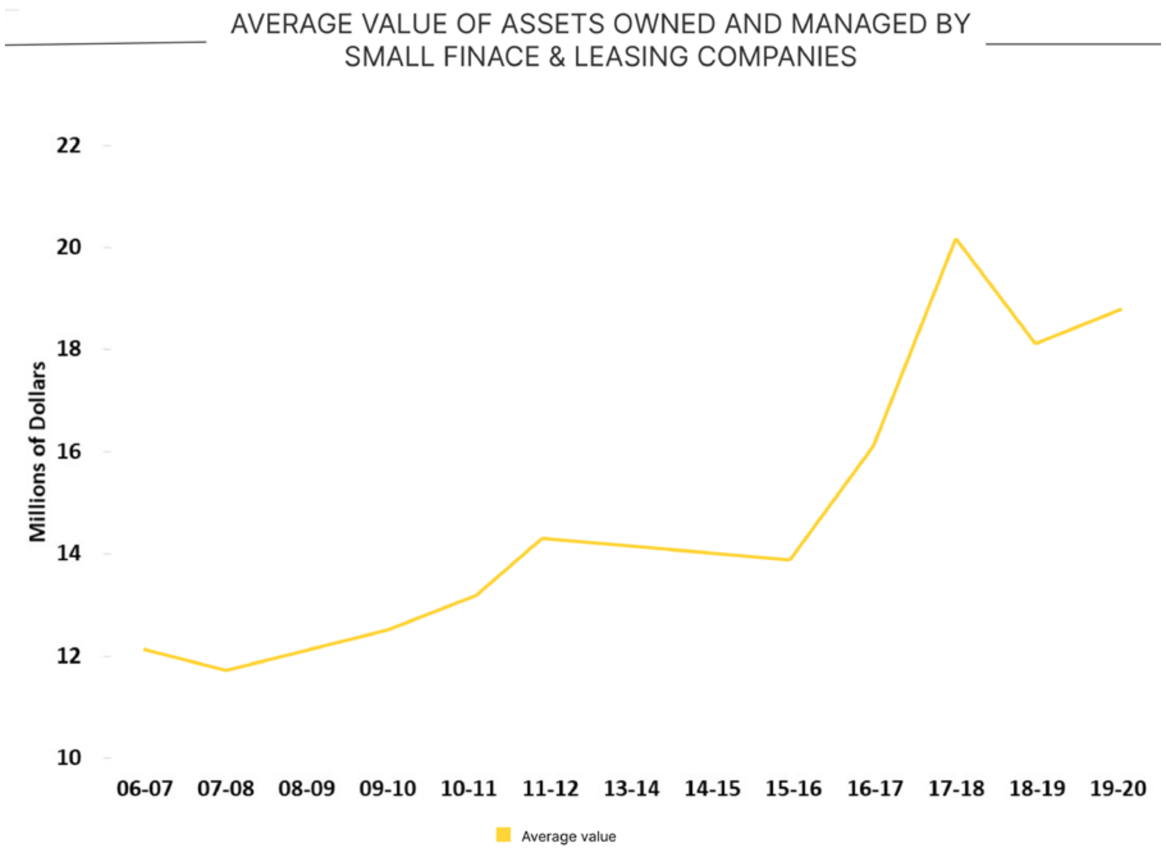


FIGURE 26

Source: Canadian Finance and Leasing Association

The Economic Contribution of New Assets Financed by the ABF Sector

The contribution of the $132.8 billion in new assets financed by the asset-based finance sector in 2019 to Canada's economy was estimated in a report commissioned by the CFLA. The analysis includes financing for the purchase and lease of machinery, equipment, and commercial vehicle assets by businesses, by non-profit institutions serving households and by governments along with the financing of new and used vehicles purchased by households. This section provides an overview of that report's findings and readers are encouraged to review the full document available on the CFLA's website for more information.

- The ABF sector is small, directly employing approximately 50,000 people across Canada.
- Analysis using an input-output model estimates that the sector directly and indirectly supports the jobs of over 350,000 (1.9% of national employment) Canadians and contributes almost $50 billion (2.2% of national GDP) to national GDP.
- The contribution to Canada's GDP per dollar of new assets financed by the sector is an additional $0.38 at the direct and indirect level of impact, while 2.7 jobs are supported for each million dollars of new assets financed by the sector.

The total economic contribution of the sector includes induced impacts along with the direct and indirect impacts and is estimated using QEDinc's Canadian Modeling System which estimates the contribution to the economy beyond the initial purchase to include those that accrue from the use of the assets over their lifetime.

- Including the induced impacts raises the sector's initial contribution to the Canadian economy to almost $85 billion (3.7%) in 2019, but differences in model design reduce the estimated contribution in terms of employment to 294,600 (1.5%).
- Including the induced impacts raises the total initial contribution to Canada's GDP per dollar of new assets financed by the sector to an additional $0.63 and the present discounted contribution from these assets rises to $1.03 per dollar of new assets financed when evaluated over their lifetime.
- The total initial contribution to government revenue is $0.20 per dollar of new assets financed by the sector and their present discounted contribution rises to $0.32 over the lifetime of the assets.

Appendix: Market Size Methodology

CFLA's definition of the asset-based finance market is broader than that used before 2013 but the core principle remains consistent. It involves financing used to purchase machinery, equipment, and vehicles where the finance company retains ownership of the asset for the life of the contract. Asset-based finance remains significantly different from traditional lending in the structure of the finance contract, the pricing of risk, and the assessment of value of the asset during and after the contract ends.

This year's estimates for industry activity are derived from a variety of sources: PMG Intelligence, PayNet, DesRosiers Automotive Consultants Inc, Equifax Canada Co, CFLA and Statistics Canada.

- PMG Intelligence conducted a survey of end-user finance of spending on machinery, equipment and commercial vehicles in the private sector. It was commissioned by CFLA to follow up on previous surveys conducted in 2013, 2015 and 2017.
- PayNet's Canadian Equipment Lending Index (CELI) provides insight on the finance of machinery, equipment and commercial vehicles on a monthly basis by region and sector.
- DesRosiers Automotive Consultants Inc.'s vehicle finance model and Equifax Canada's Auto Credit Trends publications provide data for the consumer and fleet vehicle market segments.
- CFLA's equipment finance activity survey and its membership data provide information on the activity of member companies with under $100 million in assets financed for 2019 while the association's confidence index surveys provide insight into expectations for 2020.
- Statistics Canada's Capital and Repair Expenditures Survey provides a benchmark for the estimates and is used to estimate public sector finance of new assets.

While there is no change in the type of assets included in the statistics, lines of credit have been added to the list of credit products (that is, to leases, secured loans and conditional sales contracts). Lines of credit using equipment as the main collateral have long been common for key segments of the industry, particularly in the farm sector, and are now growing in importance for mid-ticket business where all of a customer's equipment financing needs can be met by providing them with a line of credit secured against the equipment acquired with that credit.

Finally, the list of credit providers is now an economy-wide, comprehensive list that includes banks, credit unions, insurance companies, government agencies, the finance affiliates of manufacturers (the so-called "captive finance companies"), independent finance companies and vendors, many of whom were not included in CFLA member surveys in the past.

PMG Intelligence's survey of end-user activity is used to generate a set of estimates of the value of new finance in the private sector of equipment and commercial vehicle assets. The methodology is summarized in Figure 5 and yields a range of estimates that vary from a low of $15.9 billion to a high of $43.4 billion representing either an increase of 66% or a decrease of 39% from the estimate for new business in 2017. The average across all estimates was $30.4 billion representing a 16% increase in activity since 2017. CFLA estimate of private sector new business in 2019 was adjusted down from this level to $27.6 billion (an increase of 5% from activity in 2017) so as to better reflect the strength in Paynet's CELI and the CFLA's Equipment Finance Activity Survey over the period.

Number of businesses in Canada

X

Proportion that purchase M&E in 2019

X

Mean % of time transaction is financed

X

Median value of equipment financed

=

Estimated market

By:

Customer Sector (Goods/Services)

Customer Size (Small/Medium/Large)

FIGURE 27

About the Canadian Finance & Leasing Association (CFLA)

The CFLA represents the interests of the asset-based finance industry in Canada. The CFLA has over 200 corporate members from coast to coast who are active in the asset-based financing, equipment, and vehicle leasing industry.

Members range from large multinationals to national and regional domestic companies, crossing the financial services spectrum from manufacturers' finance companies and independent leasing companies, to banks, insurance companies, and suppliers to the industry.

The Association has three key responsibilities:

- **Industry Advocacy.** The CFLA proactively advocates to key publics (government, media, associations, finance industry) to promote the relevance and impact of the sector and to influence legislation and regulation.
- **Industry Intelligence.** The CFLA provides research and information to help members make better informed business decisions.
- **Professional Development.** The CFLA provides relevant education and development opportunities to advance industry awareness and member success.

Learn more and become a member at cfla-acfl.ca.

Prepared for:

Canadian Finance & Leasing Association

Prepared by:

Quantitative Economic Decisions, Inc.
www.qedinc.ca