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Special Study

Bank's Leasing Operations

Regional

May 2011

Evaluation Department
(EvD)

European Bank
for Reconstruction and Development

SPECIAL STUDY
BANK'S LEASING OPERATIONS (REGIONAL)

TABLE OF CONTENTS

LIST OF APPENDICES

SPECIAL STUDY
BANK'S LEASING OPERATIONS
(REGIONAL)

ABBREVIATIONS

BD	Banking Department
CEE	Central and Eastern Europe
ED	Environmental Department
EBRD	European Bank for Reconstruction and Development
EIRR	Economic Internal Rate of Return
ETCs	Early Transition Countries (The Early Transition Countries Initiative aims to stimulate economic activity in the Bank's countries that still face the most significant transition challenges: Armenia, Azerbaijan, Belarus, Georgia, Kyrgyz Republic, Moldova, Mongolia, Tajikistan, Turkmenistan and Uzbekistan. More than 50 per cent of the people in these countries live below the national poverty line.)
EU	European Union
FIR	Financial Intermediaries Report
FIRR	Financial Internal Rate of Return
IFI	International Finance Institution
MSME	Micro, small and medium enterprises
OCE	Office of the Chief Economist (EBRD)
OGC	Office of the General Counsel (EBRD)
OL	Operation Leader
OPER	Operation Performance Evaluation Review
OpsCom	Operations Committee
OT	Operation Team
PF	Performance fees
SME	Small and medium enterprise
TC	Technical cooperation
TIM	Transition impact monitoring
TOR	Terms of Reference
VAT	Value added tax
XMR	Expanded Monitoring Report

DEFINED TERMS

the Bank	European Bank for Reconstruction and Development
the OPER Team	Staff of the Evaluation Department and the independent sector consultant who jointly carried out the post-evaluation
the Operation Team	the staff in the Banking Department and other respective departments within the Bank responsible for the Operation appraisal, negotiation and monitoring, including the XMR

SPECIAL STUDY
THE BANK'S LEASING OPERATIONS (REGIONAL)

EXECUTIVE SUMMARY

The EBRD's Financial Sector Operations Policy ("FSOP") was approved by the Board of Directors in 1999. The FSOP referred to leasing as one area of financial intermediary activity that the Bank would support, but provided little sector analysis or policy guidance for the Bank's operations in the leasing sector. This special study, carried out by the Evaluation Department (EvD), is designed to provide lessons learned from past experience from the Bank's leasing operations.

The special study assessed the relevance, efficacy, efficiency and impact of the EBRD's leasing activities from inception through the end of 2008 in the EU and ETC countries. The study's data was gathered in 2009, during the downturn caused by the global financial crisis that impinged sharply on the leasing industry. Because the 1999 FSOP did not lay out a clear set of policy objectives for the EBRD's leasing sector activities, the study used key EBRD policy documents and the Board approvals of leasing projects to define the EBRD's *de facto* core policy objectives in the sector. From them it can be gathered that the EBRD's primary policy objective for leasing sector projects was to improve access to finance for SMEs.

Overall, EvD rates the Bank's activities in the leasing sector as *Partly Successful*, due to a combination of ratings as follows:

For EU/EBRD SME Facility countries	**Partly Successful**
For early transition countries	**Successful**

The study arrives at these conclusions based on ratings of relevance, efficacy, efficiency and impact for each set of countries, because the Bank's *de facto* approach differed by region. One of the study's most important conclusions is that the business model of leasing firms is one that was already focused on SMEs as profitable clients and that the EBRD's activities were more fundamentally supportive of or additional to that existing client focus in the ETC countries, and much less so in the EU/EBRD facility countries, as explained in this executive summary and in the report as a whole.

The EBRD had signed up funding commitments of €897 million to the leasing sector up until December 31, 2008, the cut off date for the study, of which about €13 million was invested as equity and the balance (about 98 per cent) was in the form of medium-term loans targeting (in over 90 per cent of projects) a use of proceeds for extending leases to SMEs or MSMEs as a principal objective. A further €7 million of funding (excluding Russia) was approved by the Board for signing up in 2009. Most of the loans (over 98 per cent) were made since the end of 2000, when the joint programme with the EU for extending loans and technical cooperation grants to European lessors was launched.

During the period from 2001 to 2008, the European leasing market grew rapidly and even more so in the countries of the EBRD's operations in central and eastern Europe. The driving force behind this growth was several major west European financial groups. The EBRD's financial contribution as a share of the funding of this market declined to under 1 per cent in almost all countries of operations.

The special study concludes that for the European markets (excluding Russia) the EBRD's sector impact was limited. The small size of the EBRD's involvement was only part of the reason for this view. The EBRD has been able to demonstrate that, even with relatively small interventions, it could help lessors to open themselves to new lessee sectors or new types of equipment that then became significant segments of business even if funded by others. But, for the most part, the EBRD's leasing activities were not directed in that way. In practice, the evidence is that the EBRD's primary leasing policy objective of access to finance for SMEs had been and would have been a core business for most of the EBRD's European lessor clients in any event. Where the EBRD tailored use of loan proceeds to narrower purposes, such as reaching out to rural areas and diversifying into agricultural equipment, the impact was greater; but this was only in a small proportion of projects – about €55 million committed for the EU/EBRD Facility countries or about 11 per cent of European funding commitments.

The greatest impact for access to finance for SMEs, market expansion and diversification of funding was in the early transition countries ("ETCs"), although these countries accounted for less than 5 per cent of total outstanding loans as at 31 December 2008. The EBRD role was critical because access to funding was largely limited to small local parent banking groups in embryonic markets: Armenia is highly concentrated; Georgia is dominated by two leasing companies (one funded by the EBRD) and Azerbaijan is also limited in market size, albeit with more competition. Quite clearly therefore the EBRD's funding not only endorsed the lessor's credit risk but also ensured an expansion in the size of the market. Competition remains to be stimulated. Technical cooperation was not provided through the EBRD, although in the case of Armenia the leasing company benefited from substantial technical assistance through a parent group.

The study team issued surveys that covered 27 of the EBRD's lessors (out of an EBRD portfolio of 61 lessors over time). The surveys were positive about the role of the EBRD but not necessarily for the best of transition reasons. The biggest vote by far was in favour of the loan pricing (74 per cent) and, especially in the case of the EU programme, the performance fee (86 per cent); assistance with attracting new customers (37 per cent) or new funding (26 per cent) were of marginal importance. There was a prestige element to having the EBRD as a lender – a credit enhancing benefit in some cases where access to funding was an issue – such as some of the ETC cases. But for the European markets, especially where funding was really not an issue for most lessors due to their affiliation with large banking groups, it seems very unlikely that the leasing market was expanded as a result of the EBRD's involvement, except perhaps for the rural sectors referred to above.

The lessee survey achieved 62 responses and from this sample there was a surprising result: the two main reasons for accessing leasing rather than bank loans were not related to the unavailability of bank financing, but to more favourable tax treatment and speed of approval of leases.

Going forward it may be there are areas where the EBRD could add value and achieve better impact in the leasing sector. The EBRD could further strengthen its commitment to niche areas and narrowly tie loan use to them: for example, agriculture sector and equipment, medical sector and equipment. The EBRD has in fact tried to encourage leasing in the agriculture sector in several markets but, even so, for almost all the EBRD lessors (except Kazakhstan) the proportion of agricultural equipment leased remains well below 10 per cent. The structure of the farming sector in some countries is an obstacle though: proliferation of economically marginal small holdings, lack of financial awareness among farmers and inadequate land registration are among some of the factors that impede development of equipment leasing. Geographically the EBRD could also increase its exposure in ETCs and help to widen competition in those markets.

The study describes other issues and proposes lessons learned and recommendations for consideration. These are contained in Section 9 of this study and grouped under the following headings: Risk management; Policies for engagement with the Leasing Sector; Monitoring achievement against objectives; Crisis management and preparedness and Technical Cooperation. In particular, the study offers a lesson learned about updating policy objectives for the sector, to support the growth of a stable and sustainable leasing sector, to complement the prevailing policy objective of building access to finance (especially for SMEs and MSMEs).

SPECIAL STUDY
BANK'S LEASING OPERATIONS (REGIONAL)

1. INTRODUCTION

1.1 Background and approach

During the decade to 2009 (especially since 2001, when a sharp acceleration in lending to the leasing sector commenced), the EBRD (European Bank for Reconstruction and Development) sought to foster the growth of the leasing sector in the former Soviet-bloc and central and eastern Europe through about 76 projects (working with 44 lessors) signing commitments for €670 million in debt and equity and obtaining Board approval for an additional €7 million.[1] Commitments have been made in 21 of the EBRD's 27 countries of operations. Most of the funding was in the form of term loans (about 98 per cent) signed between 2001 and 2009 with the balance of 2 per cent in equity. The EBRD's leasing activities were and are carried out mainly by the Financial Institutions Department in two sub-units: Non-Bank FI Unit and Bank Debt Unit.

The Evaluation Department engaged a consulting firm – GBRW Limited – to assist it in undertaking a special study into the EBRD's past debt and equity funding projects and activities in the leasing sector.

The main objectives of the study were:

- to provide an independent assessment of the EBRD's transition impact and relevance in the leasing sector based on project information for particular lessors and other internal sources of information ("desk top reviews"), field work and survey data collected through questionnaires sent to lessors (including those not funded by the EBRD) and lessees;
- to draw lessons learned and make recommendations about the EBRD's activities in the leasing sector.

1.2 Population of leasing operations and selection of sample

Table 1 is a summary of the EBRD's leasing operations for the period 1995 to 2008, which are attached as Appendix 2.

Table 1: Summary of the EBRD's leasing operations 1995-2008

Region	Signed commitment '000s €	of which equity	of total commitm ents	# of transactions	# of leasing company clients	Avg. size of EBRD commitment '000s €
EU	570,488	1,206	72.75	57	39	10,008
Bosnia & Serbia	40,000	-	10.35	4	2	10,000
Ukr. & Kazakh.	29,053	-	9.05	4	3	7,263
ETCs	18,711	1,462	7.85	10	6	1,871
TOTAL	658,252	2668	100.0	75	50	7286

Table 1 includes commitments that have been signed and contracted as at 31 December 312008. In addition, there was a further €7 million approved by the Board, largely in late 2008, for lease framework facilities with major manufacturers.

[1] Commitments in Russia not included.

The EBRD's commitments to the leasing sector since the year 1995 exhibit a number of distinct characteristics:

About 73 per cent has been in central and eastern Europe and in countries benefiting from the leasing window of the joint EU/EBRD SME Facility since 2001; about 10.35 per cent in the Western Balkans aimed at small to medium size enterprises (SMEs); about 9.05 per cent in other former Soviet countries such as Ukraine and Kazakhstan with mixed objectives; and, finally, about 7.85 per cent in early transition countries (ETCs) (Armenia, Azerbaijan, Georgia, Moldova, Uzbekistan).

The study team selected a sample for analysis that attempted to be representative of the historic commitments within the constraints of the resources available to the study and divided the portfolio into two blocks, with a selection of samples within those blocks for more detailed analysis:

- EU/EBRD SME Facility lessors
- ETCs

The purpose of this approach was to gather as much objective evidence as possible to support the study's findings and ratings. The sample did not include lessors under the Western Balkans Framework because, as of 31 December 2008, this involved only Bosnia and Serbia (Croatia came under the EU/EBRD SME Facility) and in both cases the lessor involved was also amply covered by the EU/EBRD SME Facility. The sample did not either cover the Ukraine or Kazakhstan, where the lessors were very specific (largely agriculture for Kazakhstan and very recent for Ukraine) – experience in these two countries would be more suitably evaluated at a project rather than sector level.

2. METHODOLOGY

2.1 Approach and rating parameters

The study followed four approaches to the assessment of the EBRD's impact and relevance in supporting the funding and growth of the leasing sector in its countries of operations: desktop reviews; field trips to selected countries; surveys of lessors and lessees through questionnaires; analysis of overall market statistics from sources such major Western leasing associations.

Relevance is designed to assess how the project design for the EBRD funding of lessors takes account of and follows through with the overall policy objectives for the leasing sector that the EBRD is seeking to pursue.

Efficacy essentially tests to what extent the policy objectives have been met and it does this (in the case of the Leasing programme) through various measurable indicators of achievement, the parameters for which have been determined in advance, for example average maturities of leases, size of leases, volume of leases, arrears, sources of funding, etc.

Efficiency assesses whether the leases funded by the EBRD can be executed at least as profitably as the rest of the lessors' business as well as looking at the overall business performance of the lessor. If the business lines promoted under the EBRD loans are sufficiently profitable it may encourage the lessor to continue to engage even after the EBRD has been repaid or other incentive schemes have ended.

Impact (and Sustainability) is the most important of these performance components, into which the other three feed and contribute. There are two levels of impact: the particular project level, and this can be evidenced for example by whether the lessor has funded SMEs from its other sources of funding and is likely to continue to do so, and the overall market and economy impact, which can be measured by several other major criteria (the "seven criteria"). We discuss these seven criteria further below.

The rating parameters were chosen to accord with those normally used by the Evaluation Department. The ratings are based on the findings under the four approaches described above and are applied to the following criteria: Relevance, Efficacy, Efficiency, Impact, and Additionality. Finally we chose to provide an overall rating to the two parts of the aggregate lease portfolio selected for analysis: EU/EBRD SME Facility lessors and ETC lessors. The Overall Rating was graded as 'Highly Successful', 'Successful', 'Partly Successful' or 'Unsuccessful'.

The seven criteria for transition impact analysis
These seven criteria for transition impact, used by the EBRD in project evaluation, are aimed beyond the specific projects to the wider context of the leasing sector and the economy as a whole and may be summarised as follows (see the proposed, more detailed description for each of those selected below in the Criteria-Indicators-Verification table in Appendix 8).

(1) Competition
(2) Market Expansion
(3) Private Ownership
(4) Frameworks for Markets
(5) Skills Transfers
(6) Demonstration Effects
(7) New Standards for Business Conduct

The Private Ownership impact is likely to have limited measurable impact in this study because none of the leasing projects appears to contribute directly to increased private ownership at either the leasing sector or national economic levels: all of the leasing companies that the EBRD is dealing with are already private sector owned and the specific targets that the EBRD is serving via its loans/investments are private sector lessees (about 90 per cent of which may be defined as SMEs). None of the projects funded by the EBRD in the leasing sector, falling under our Terms of Reference, involve legal or regulatory change; improving regulatory agencies or contributions to Government policy to improve the frameworks of markets. Indirectly, it is possible that the promotion of good practice in leasing methodology, especially where Technical Cooperation has been delivered under the framework contracts (EU/EBRD SME Facility, for example), may eventually filter through via demonstration effects to lift overall leasing market practice. This issue is explored through discussion with leasing associations and lessors.

2.2 The EBRD's leasing sector policies and the relevance criterion

Determining the EBRD's policies towards the leasing sector was difficult because we could find little evidence of any clearly articulated and detailed policy in any high-level papers. These policies are usually set out in various internal documents: the FSOP, Financial Intermediaries Reports (FIR), Country Strategies, EU/EBRD SME Facility, TIM reviews and Transaction Impact Retrospectives.

Review of the FIRs, Country Strategies, TIM reviews and Retrospectives did demonstrate a clear policy in Europe, the Balkans and ETCs to fund leasing companies as a means for channelling funds to SMEs; loan agreements were drafted to ensure compliance with this policy. The study concludes that there were no detailed or consistent overall policies towards the leasing sector that addressed issues such as market expansion, promotion of competition, sector targeting or capacity building. Without a clear statement of overall policies it becomes difficult to assess the degree to which Relevance was achieved when reviewing specific funding projects. Often set at a project-specific level, these policies tend to vary from project to project (as described later in this report) for no clear reason.

We could see no evidence of a policy directed at the leasing companies; for example, to build strong and sustainable leasing companies. The purpose of providing technical cooperation under the EU/EBRD programme implied this as a goal through skills transfer but we could see no expressly stated policy to that effect.

The Study Team therefore decided to impute policies on a *de facto* basis by a detailed review of the project files. The two most-often used policies in the cases of the EU/EBRD SME Facility and ETCs (as stated in Board Approval papers) appeared to be "Access to finance for SMEs" and "Skills Transfer". The lack of a consistent overall policy towards the leasing sector is a weakness which impacts the Relevance rating.

2.3 Selection of sample, design of lessor survey, design of lessee survey and field trip planning

More detail on this section is attached as Appendix 3, which is summarised below:

Samples:
The Study Team reviewed over 50 leasing project files (almost three quarters of lessors in the portfolio) in order to:

- prepare samples to populate the surveys and populate field missions, and
- detect themes and evidence to support the evaluation conclusions

Lessor survey:
The lessor questionnaire was designed to cover the issues of relevance, efficacy, efficiency and impact (see Appendix 6). It indicates which of these performance components are addressed by cross-referencing to the questions numbered in the lessor questionnaire.

The detailed survey results (Appendix 7) shows the questions and the answers from 27 of the EBRD's lessors and 23 non-EBRD client lessors.

The questionnaire grouped the questions in order to cover the following topics:

- Success factors: Main factors behind developing the business
- Facts: especially the importance of SMEs as customers. A profile of the lessor's business: types of equipment, types of customer, size of customers' (SMEs' proportion) funding sources, average lease tenor etc
- Benefits of the EBRD's funding
- Benefits of technical cooperation (where applicable)
- The future and how to cope with the recession: forecasts; concerns; defensive actions planned; survival factors; lessons learned

Non-EBRD lessors were also circulated with the same questionnaires. Twenty-three lessors responded. The advantage of this was to enable a comparison between responses from lessors that received the EBRD's funding and lessors that did not. Interestingly, Section 5 – the summary of the survey results – shows a remarkable correspondence in the answers provided by the EBRD and non-EBRD clients.

Lessee survey:
Only European lessees responded to the survey, but within that region the sample was well spread: two early EU members (Hungary and Slovenia), 2 most recent members (Bulgaria and Romania) and two aspiring EU members (Croatia and Bosnia).

There were 24 questions designed to:

- obtain a profile of the lessee (size, time in business, location etc)
- establish why they leased, and whether there were other funding alternatives

The lessee survey results are attached as Appendix 5.

Field trip planning:
The field trip sample was designed to incorporate examples from the various representative types of lessor that the EBRD has been supporting, as described in Section 4. The countries covered were:

four EU countries (all under the EU/EBRD SME Facility): Hungary, Slovenia, Romania, and Bulgaria. The field visits covered two of the earliest and two of the most recent accession countries, and covered lessors not funded by the EBRD, local officers of the EBRD, local leasing associations, and some lessees. The team observed a random lease portfolio inspection conducted by the EC in Slovenia under the EU/SME programme.

- ETCs: Leasing is at an early stage in the ETC countries, and there were only three loans and two small equity investments in three of the six ETC countries: Georgia, Azerbaijan and Armenia.

3. THE LEASING SECTOR IN THE EBRD'S COUNTRIES OF OPERATIONS

3.1 Leasing sector in the EBRD's countries compared to the rest of Europe, growth, GDP share, structure by asset type, leading companies

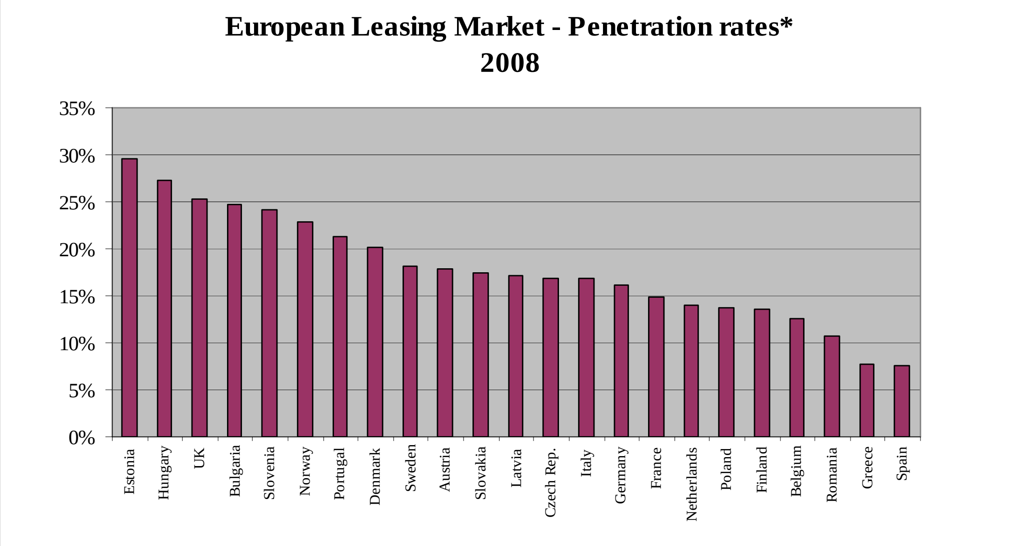
The European market as a whole has grown steadily. For 2001 new leasing volumes (according to Leaseurope) were €193 billion and by 2008 this had grown to €343 billion, or about 8 per cent compound. The growth was more rapid in central and eastern European countries (the EBRD's countries): 38 per cent 2004-05, 42 per cent 2005-6, 26 per cent 2006-07 (35 per cent compound for the period) but down to 12 per cent for 2007-08. Certain characteristics of the leasing sector within the EBRD's countries in central and eastern Europe are:

- the five largest lessors account for about 50 per cent or more of the market, except for Romania (at about 36 per cent)
- the sector is dominated by foreign-owned companies (mainly banks) – over 50 per cent in number in the cases of Romania, Poland, Hungary, and Slovenia
- the top five lessors are 80-100 per cent foreign

- on average, cars and road transport vehicles account for about 69 per cent and machinery and industrial equipment for about 26 per cent of leased assets for CEE .

The penetration rates (percentage of capital equipment funding) of leasing in the European market as a whole reached 19 per cent in 2006 (up from 14 per cent in 2001) as compared to the USA at about 27 per cent. Leasing association statistics for 2008 indicate that most of the EBRD's countries in central and eastern Europe are close to the overall European market penetration levels, for example Hungary, Slovenia and Bulgaria at about 25 per cent, and Poland at 14 per cent.

Chart 1:



(*) Penetration rate defined as % of investment in a given country financed by leasing and hire purchase.

The following summary is from the main leasing association's statistical returns for 2008:

The total leasing market in central and eastern Europe (CEE)[2] countries reached €53.2B in 2008, representing about 15 per cent of the total European market. This amount is behind the UK and German markets and similar to the Italian market. The growth rate in CEE was about 50 per cent in 2007, well above more developed markets such as the UK at 3.6 per cent and Germany at 6.4 per cent, but this growth slowed to less than 2 per cent in 2008 without changing the market share of the CEE countries.

By asset type*:* The weighting for motor cars and road transport vehicles in the CEE was about 69 per cent as compared to Europe ex-CEE of about 60 per cent but with a lower weight for the car component (31 per cent in CEE versus about 39 per cent in Europe ex-CEE), possibly reflecting cars being registered as transport vehicles for tax purposes.

There was a higher weight in CEE of machinery and equipment at 26 per cent versus about 20 per cent for Europe excluding CEE.

[2] The CEE countries included in Leaseurope statistics were Bosnia, Bulgaria, Serbia, Czech Republic, Estonia, Hungary, Lithuania, Latvia, Poland, Romania, Russia, Slovenia and Slovak Republic.

Growth was generally sluggish in all markets and across all types of asset class in 2008 as a result of the recession. The total market declined by 4.1 per cent.

There remains some substantial differences in the market share of asset types from country to country. The share of cars in Hungary was 63 per cent as compared to less than a 50 per cent average in other CEE countries.

By customer type*:* The weighting of the service sector in CEE appears to have increased dramatically in 2008 as compared to 2007; the weighting appears to be close to 51 per cent, driven by massive increases in Bulgaria (73 per cent), Romania (560 per cent) and Slovenia (644 per cent) as compared to Europe excluding CEE at about 47 per cent. The leasing association's statistics do not have returns for customer categories from Latvia or Poland in either 2007 or 2008.

The public sector and agriculture remain low at less than 5 per cent for both CEE and non-CEE countries.

Market maturity analysis by individual countries*:* Market growth slowed in 2008 as compared to 2007 as the recession impacted. For the total European market, new lease business declined by 4.1 per cent. However the CEE countries grew new business by about 6 per cent; and the rest of Europe declined by about 11 per cent. There were significant differences between countries in both the CEE and non-CEE blocs: in the CEE there was strong growth in Bulgaria (59 per cent), Romania (23 per cent), Slovenia (19 per cent) and Poland (9 per cent) offset by declines in Estonia (22 per cent), Czech (12 per cent) and Latvia (42 per cent); in the non-CEE countries there was modest growth in France (4 per cent), Netherlands (3 per cent), Norway (2 per cent) and good growth in Finland (12 per cent) but offset by large declines in Spain (34 per cent), Italy (19 per cent), Great Britain (11 per cent) and Greece (11 per cent).

The launch of leasing in the EBRD's countries (even before the EBRD itself became significantly engaged) started in the early years of transition (the early 1990s) as the primary means of access to finance for SMEs rapidly emerging at a time when bank finance was unavailable for many reasons.[3] In the early years many domestic banks were in the process of privatisation and restructuring; the framework for bank loans was weak – creditor rights were weak as well as the means for enforcement; domestic banks were risk averse in lending to SMEs whose track record was usually short; SMEs were often unable to satisfy high collateral requirements of banks; banks themselves were inexperienced in credit assessment of SMEs. In these circumstances leasing arrived as an alternative vehicle for SME access to finance and also a means of early entry into CEE markets for foreign banks. Leasing was found to be a solution because the lessor retained ownership of the asset, thereby circumventing most of the risks associated with bankruptcy and weak collateral enforcement laws.

"IFC accelerated its leasing promotion activities in Europe with the fall of the Berlin Wall. Leasing has proven a particularly appropriate financing source for the emerging private sector in the transition economies, where most firms have a limited track record, legal difficulties often restrict the use of collateral, and many banks are

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[3] This paragraph is summarised from "Market Structure as Determinant: the Case of Leasing in Banking Industry Transformation in Central and SE Europe" – Elisabeth Kichler and Peter Haiss – presentation at 8th Global Conference on Business & Economics, Florence, 18-19 October 2008.

undergoing major restructuring programmes. IFC has financed leasing companies in Czech Republic, Romania, Slovenia and Estonia, with investments in other transition economies being appraised."[4]

Conclusion: The recognition of leasing as a means for providing access to finance for SMEs pre-dated the launch of the leasing window in the EU/EBRD SME facility.

3.2 Legal and regulatory framework

There are wide divergences from one country to another in the legal and regulatory framework and fiscal treatment of the leasing sector. The EBRD has provided technical assistance in some countries to facilitate development of leasing laws and regulation; in most of the EU countries of the EBRD operations and the accession countries, the legal and regulatory framework is more or less adequate. The main areas of divergence are in fiscal treatment. VAT treatment varies widely: for example, in some cases lessors pay VAT on equipment acquisition that is not recoverable and then charge VAT again on lease payments (a double VAT burden for lessees). The deductibility of lease payments also varies: in some cases only the interest element of a lease payment is deductible and in some cases the entire lease payment is deductible.

Despite these differences, even in countries where the fiscal treatment is as unfavourable as between leasing and bank borrowing, there has been strong growth in the leasing sector.

While favourable tax treatment has been a strong incentive in some countries (see the survey results) for the decision to lease rather than borrow, nonetheless two other factors have been strong drivers for choosing leasing:

- Lower collateral: For SMEs in particular, leasing entails providing only a lease down payment and no additional collateral as compared to bank borrowing, where additional collateral is usually much larger than the lease down payments, takes longer to arrange and, in some cases, is simply not available for the SME.
- Speed of decision: Frequently a lease can be arranged in a matter of days or weeks as compared to a bank loan, which may take months.

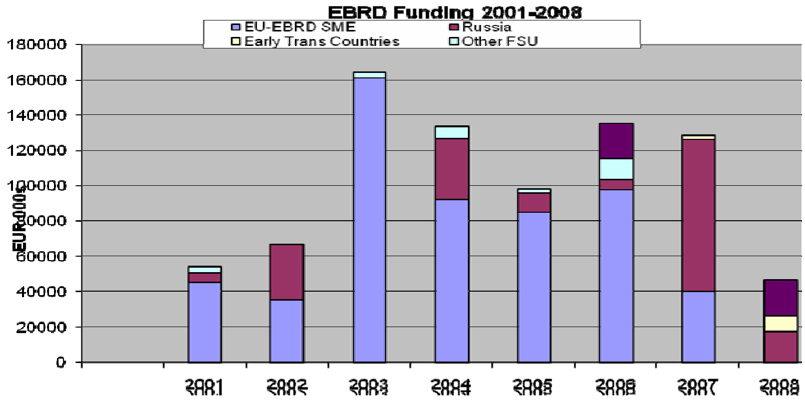
4. THE EBRD'S LEASING SECTOR ACTIVITIES

4.1 The EBRD's leasing sector portfolio

During the period 2001 to 2008 the EBRD signed up commitments of €897 million (€919 million from 1995 to the end of 2008)[5] distributed as shown in Chart 2:

[4] LEASING in emerging markets – 1956-1996, IFC "Lessons of experience series".
[5] Including Russia.

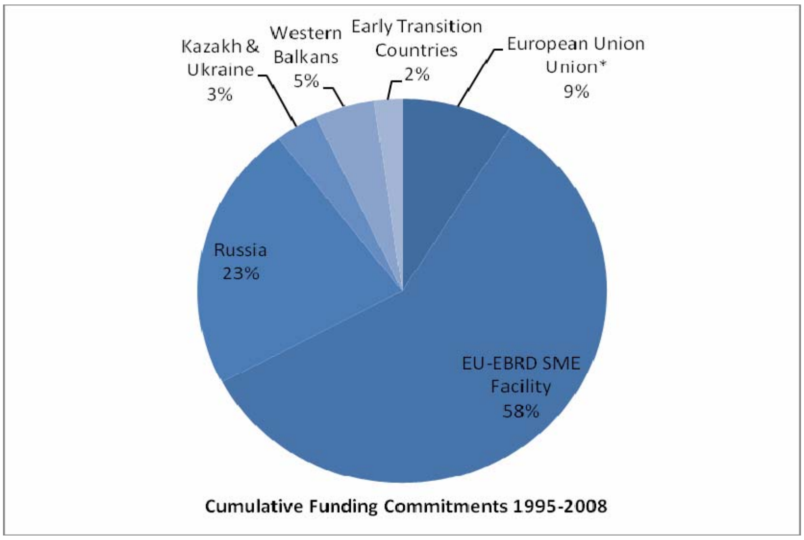
Chart 2:



During the period 1995 to 2008 the cumulative funding commitments (involving 61 lessors)[6] were distributed as shown in Chart 3. Only €21.7 million was committed from 1995 to the end of 2000 and most of the 9 per cent of the total funding in the European Union countries was incurred prior to 2002 (when the EU/EBRD SME Facility started).

Included in the cumulative funding are also equity investments totalling €13 million (1.6 per cent of total funding). Three of these are in early transition countries: Uzbekistan; Azerbaijan and Georgia. The Study Team has not evaluated the financial returns on equity investments.

Chart 3:



The amount outstanding as at 31 December 2008 (as opposed to total committed over the period) was €378 million and was distributed in line with the total commitments, except for a higher weight of the Western Balkans area, which represented 12 per cent of total commitments.

Table 2 puts in perspective the EBRD's funding position in the total leasing market for European countries eligible for access to finance from the EBRD, based on market statistics produced by Leaseurope for 2008. The statistics are not perfectly

[6] Including Russia.

aligned because Leaseurope did not have data for some of the countries below (Montenegro, Serbia, Bosnia and Croatia); although in the aggregate, outstanding loans for these are unlikely to be in excess of €10 billion based on the size of more mature small markets such as Slovenia. By 2007-08 the EBRD's funding of the leasing sector as a proportion of total lease portfolios in Europe was on average below 1 per cent. In the Western Balkans, the percentages were higher and this is also the case with other early transition countries in Europe and Central Asia.

Table 2: Lease portfolio by country and EBRD outstanding loans

Country	*Lease portfolio (€ Ms)*	*EBRD outstanding loans at Dec08 (€ Ms)*	*EBRD per cent Of outstanding loans to total lease portfolio*
Estonia	2,632	-	-
Latvia	2,491	-	-
Lithuania	2,800 (2007)	-	-
Romania	4,733	40.0	0.85%
Bulgaria	2,973	33.1	1.1%
Montenegro	NA	0	0
Serbia	NA	18.6	NA
Bosnia	NA	18.6	NA
Slovenia	4,024	11.7	0.29%
Hungary	11,734	42.1	0.36%
Slovak Republic	6,165	14.8	0.24%
Poland	13,064	34.2	0.26%
Czech Republic	8,547	32.9	0.38%
Croatia	NA	17.0	NA
TOTAL	**79,082**	**359.2**	**0.45%**

* Source: Leaseurope statistics to end 2007 (later figures not available at time of writing).

<u>Funding under the EU/EBRD SME Facility</u>:
Under the EU/EBRD SME Facility, the majority of the EBRD loans were to leasing companies owned by substantial West European Banking groups. In many cases the EBRD loan was secured by a portion of the lease portfolio not in arrears and equating to about 100 per cent of the EBRD loan and guaranteed to varying degrees by the parent banking group owners.

As Table 3 indicates, six foreign owners accounted for about 75 per cent of the lessors to which the EBRD committed funds under the EU/EBRD SME Facility during the period 2001 to 2008. As a percentage of outstanding EBRD loans at 31 December 2008, this same group of six banks accounted for 82 per cent, of which four banks (A, B, C and D below) accounted for 77 per cent of outstandings.

It is also interesting to see in Table 3 how important leasing and the EBRD's share of funding was in the overall context of four of these major banking groups:

Table 3: Total leasing portfolio by bank and EBRD outstanding loans

Banking group	*Total consolidated assets (€ mln)*	*Leasing portfolio (€ mln)*	*Lease portfolio as percentage of total assets*	*New leasing business written 2008 (€ mln)*	*EBRD outstanding lessor loans Dec 2008 (€ mln)*	*EBRD % outstanding to lease portfolio*
A	156,900	5,600	3.6%	2,700	90.2	1.6
B	1,100,000	23,000	2.1%	11,300	42.9	0.2
C	1,050,000	38,000	3.6%	18,000	27.7	0.07
D	13,800	13,800	100.0%	7,100	31.2	0.23

The group asset numbers were taken from the groups' respective web sites and lease portfolio numbers from Leaseurope statistics. The general point, as with the country exposure shown in Table 2, is that under the EU/EBRD SME facility, by the end of 2008 the EBRD's loans were a small percentage of the foreign groups' total lease portfolios in Europe and a miniscule percentage of the foreign group's total consolidated finance assets.

The latest framework approval for the EU/EBRD SME Facility was in 2006 and this claimed that further extensions of that Facility would be consistent with the core policy of access to finance for MSMEs. However, the system for identifying whether the EBRD's loans had been used to fund MSMEs as opposed to larger SMEs is inconclusive, because the analysis of use is tied to whether a lease is under €30,000 or not. The definition of MSME used by the EBRD includes number of employees (under 10), sales size and total assets size, but these criteria are not applied in the analysis of loan use of proceeds. There are many cases where leases of under €30,000 are to larger companies. Equally, leases between €30,000 and €125,000 are defined as being to "small" companies (large SMEs) when further analysis shows that many are in fact to MSMEs. It is not feasible to determine whether or not the EBRD's funding was able to encourage greater access to finance for MSMEs due to a lack of conclusive evidence.

Loans to leasing companies outside of the EU/EBRD SME Facility (about 15 per cent of the outstanding loans):[7]
This category needs to be further broken down:

- Western Balkans Framework: In some ways similar to the EU/EBRD SME Facility in its earlier stages, with a focus on providing access to finance for SMEs mainly through credit lines to participating banks. However, a leasing window has been started and so far the EBRD has funded lessors in Serbia and Bosnia. Most of these loans have been through lessors affiliated to one of the four main banks.
- Multi-bank frameworks: This applies in the three Caucasus countries (Armenia, Azerbaijan and Georgia). The framework includes loans via SME credit lines to local banks but also loans to lessors (all subsidiaries of local banks) in each of the three countries. The total exposure in these three Caucasian countries at 31 December 2008 was only €9.6 million.

Use of the EBRD's loan proceeds:
In more than 90 per cent of the cases, by number and outstandings the EBRD loans have been structured for the main purpose of access to finance for SMEs. However there are several notable exceptions:

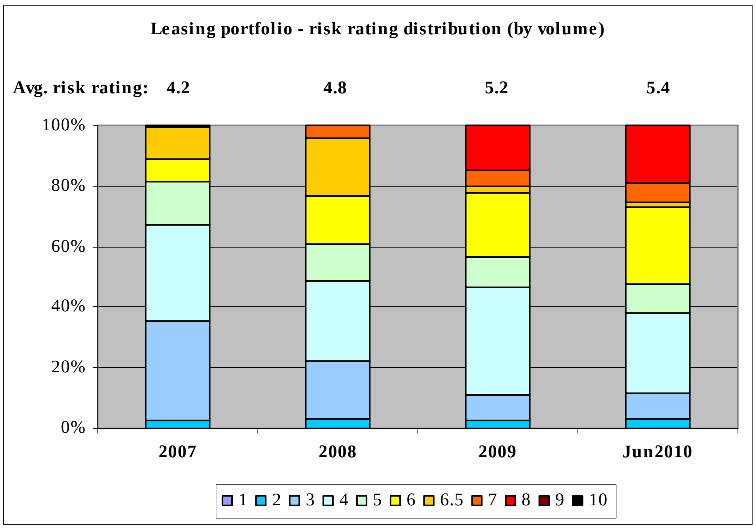
[7] Does not include Russia.

- loans to support, through leasing, particular distributors of equipment, for example a distributor of construction and mining equipment in Central Asia
- loans to lessors where the lessor is not tied to particular distributors but also less rigorously focused on SMEs.

4.2 Leasing portfolio – risk rating

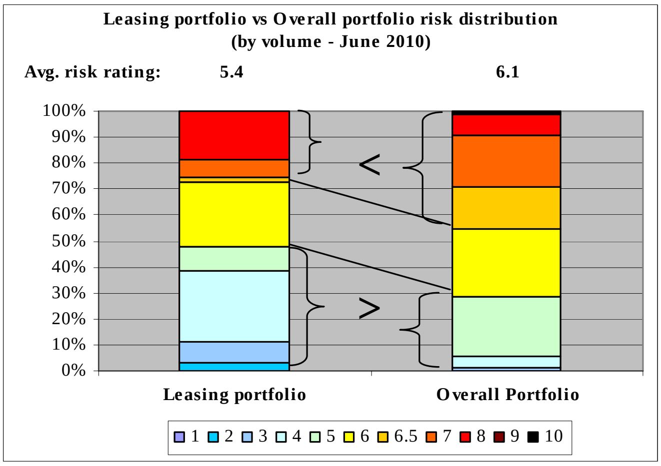
The risk profile of the leasing portfolio has been deteriorating over the last few years due to the impact of the financial crisis in the region, with higher weight (by volume) of higher (7, 9 rating) risk projects and lower weight of lower (3 rating) risk projects. Chart 4 represents the split (as percentage of total portfolio by volume) of the leasing portfolio by risk category.

Chart 4:



However, in comparison with the overall bank portfolio,[8] the leasing portfolio still represents a lower risk weighted average risk rating profile, in spite of a higher concentration in the highest brackets of high-risk (8) projects, thanks to a substantially lower weight of projects rated 6B and 7 and a higher concentration of low (3) risk projects.

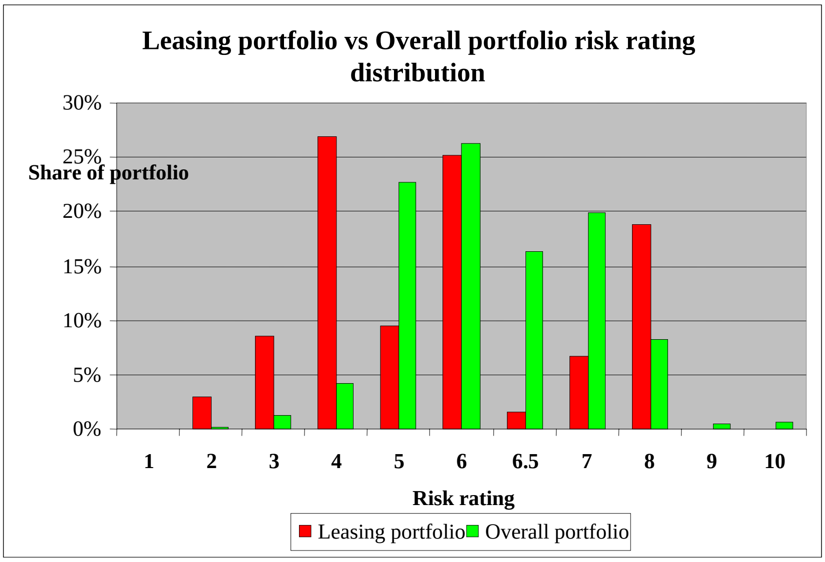
Chart 5:



[8] Credit Portfolio Monthly Report, December 2008.

Actually, as can be seen in Chart 5, the distribution of risk ratings for the leasing projects shows a greater deviation, with a higher number of projects in the low-risk brackets but also a significant higher number of projects in the higher (8) bracket. In fact, while almost all leasing portfolios have been badly impacted by the crisis, this may not appear fully in the risk ratings due to credit support arrangements for many of the EBRD's facilities. This seems to indicate a dualism in the type of projects, with a high number of operations with subsidiaries of major foreign banks providing a bank guarantee, resulting in a lower risk rating, coexisting with a relatively high number of projects with local independent leasing companies, with higher risk ratings due to the crisis impact on the lease portfolios.

Chart 6:



4.3 Evolution of the EBRD's involvement in leasing activities

There was though very little growth in the EBRD leasing portfolio until 2002 when the EBRD and EU cooperated to run a lessor funding programme that had certain common features:

- Eastern Europe only (including countries that are now in the EU: Poland, Hungary, Czech Republic, Slovak Republic, Slovenia, Estonia, Latvia, Lithuania, Romania, Bulgaria).
- Only funding the leasing subsidiaries of major western European banking groups and/or major domestic banking groups.
- Technical cooperation package offered on a grant basis by the EU (and in most cases taken up).
- Performance fee varying from 5 per cent to 1 per cent of the amount disbursed in reverse order to the rate of disbursement on an annual basis, for example line disbursed in Year 1 attracted a 5 per cent fee, Year 2 a 4 per cent fee and so on. Since 2006 amended for the Rural Window to a 5 per cent fee for the first three years.
- Loans could only be used for SMEs and MSMEs.
- Collateral: usually a pool of at least 100 per cent of the EBRD loans outstanding and to be kept current (not in arrears).
- Usually a guarantee or liquidity undertaking agreement with the parent banking group.
- EU inspection visits to verify use of proceeds in line with loan agreement conditions.

Following the take-off in leasing in 2002 the EBRD also expanded substantially in the last three years into ETCs: Armenia, Georgia, Azerbaijan, Moldova and the Western Balkans. The structure of the leasing exposure has evolved over time.

- In the early funding (mid '90s to early 2002) in eastern Europe and Central Asia the purpose was more simply to facilitate the development of a leasing sector from a very early stage, that is, financial sector diversification. The EBRD made loans and equity investments in these two cases. Some of the early loans/investments did not work out, although, we understand, with no loss involved. Lessons learned were well absorbed and reflected in the approach to future lending. There seems little point in re-examining these early cases.
- The launch of the EU/EBRD SME Facility (2002) represented a new phase in which the EBRD substantially expanded its lessor exposure mainly through senior loans collateralised against a pool of leases
- The third phase (2004-present) has a series of characteristics: further geographic roll out to the more recent EU accession countries; roll out to the Balkans (Western Balkans framework); roll out to some Early Transition Countries; extensions to rural and/or more remote areas (for example, rural windows in Poland and Slovenia); roll out to supporting larger ticket leasing in association with some major equipment distributors; the leading of syndicated loans for the larger and better developed lessors through the "A" loan (EBRD) and "B" loan (other foreign and local banks) structure; large local currency loans; and, finally, risk sharing agreements with foreign investors in leasing.

4.4 Technical cooperation and performance fee

A total of €151 million was provided under the EU/EBRD facility between 2001 and 2008, for technical cooperation and performance fees in relation to SME loans and leases. Technical cooperation during this period amounted to an accumulated €47.9 million (32 per cent of total) while PF amounted to €103 million (68 per cent). This amount included all the facility windows, that is, lending, leasing, rural and others. The specific amount provided under the leasing window was of €55.7 million, representing 37 per cent of the total funds. The weighting of technical cooperation against performance fees differed between banks and leasing companies. In the case of leasing companies, total technical cooperation amounted to €6.4 million over a total €55.5 million funds under the EU/EBRD facility (12 per cent of total), while in the case of banks the use of technical cooperation was much larger, representing €42 million over total €95 million funds, that is, 44 per cent.

Chart 7:

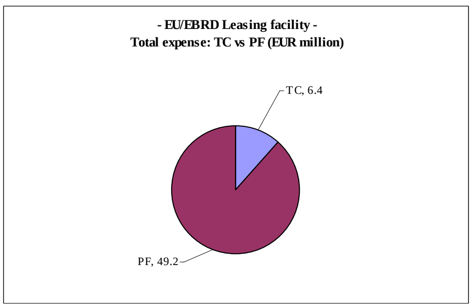


Table 4: Technical cooperation and performance fees for leasing and lending

Sector	Technical ooperation (€ Ms)	Percentage	Performance fee (€ Ms)	Percentage	Total (€ Ms)	Percentage
Leasing	6.3	13.1%	49.2	47.8%	55.5	36.7%
Lending	41.6	86.9%	53.8	52.2%	95.4	63.2%
	47.9	100.0%	103.0	100.0%	150.9	100.0%

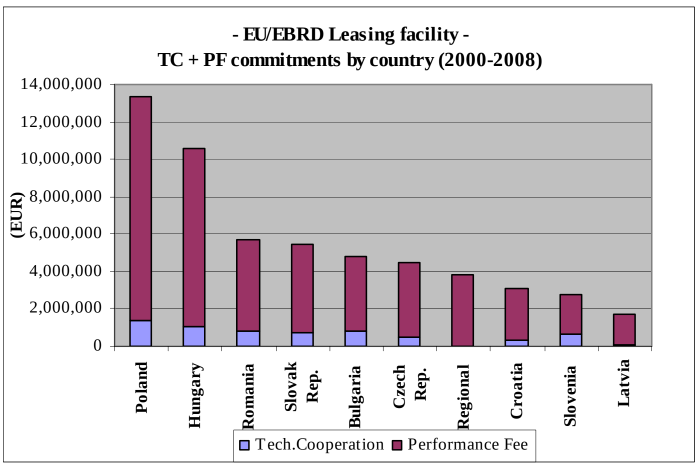
Leasing attracted only 13 per cent of the technical cooperation grants but almost 50 per cent of the performance fees. There could be a number of explanations for this:

- Leasing companies tend to be small (few employees) with relatively simple financial structures. Asset classes tend to be movable equipment. Funding tends to rely on wholesale markets (and in the case of the EBRD's clients, very dependent on parent group funding). Technical cooperation needs are therefore narrower in scope.
- Some technical cooperation was provided by leasing company's parent groups and therefore perhaps there was less demand for this from the EBRD.
- Leasing companies may disburse funds much faster than banks and so may earn their performance fees in a much shorter time frame (the EU/EBRD performance fee was essentially a reward for rapid disbursement).

The study has shown that in some cases the technical cooperation demanded by leasing companies was more in sales generation and administrative procedures than in credit skills, asset valuation and bad-debt collection methodology. Even with credit scoring, some of the lessors tended to prefer their own systems. The survey results indicate that leasing companies are now stating a need for technical cooperation in credit analysis, lease restructuring and asset valuations, doubtless reflecting the effects of the recession in many countries.

By country, Poland was the largest recipient of funds with €13.3 million, which represented 24 per cent of the total funds (technical cooperation funds plus performance fees) under the leasing window, followed by Hungary (€10.6 million, representing 19 per cent). Romania, Slovak Republic, Bulgaria and Czech Republic followed, each representing between 8 per cent and 10 per cent.

Chart 8:



Three consultant companies shared the technical cooperation funding under the EU/EBRD SME facilities. By and large technical cooperation assistance was welcomed by the recipients. From the EBRD's summary records there is evidence that technical cooperation was delivered to 20 lessors directly, out of a population of 34 lessors in the target countries. However the coverage of the balance of 14 lessors may have been delivered as part of regional technical cooperation programmes, of which there appears to have been 18 in total.

Given that the technical cooperation assistance was well received in the EU/EBRD case, the question raised is why it was not also part of the package when the EBRD engaged with other lessors outside of the EU/EBRD Facility.

Under the performance fee, €39 million was paid to lessors as compared to €64 million to banks in the same programme. Lessors earned a proportionately higher share of the performance fee than they did of technical cooperation grants when compared to the banks. We would assume this is directly related to the different characteristics of leasing companies as compared to banks: technical cooperation needs are less because the focus is on smaller operations and the risks were perceived as lower due to ownership of the equipment vesting in the lessor (in the severe recession of 2007-09 this assumption has proved ill-founded) and secondly, the process of disbursements for lease transactions can be more rapid than bank loans; performance fees are related to speed of disbursement.

5. FINDINGS

5.1 Survey results

Lessors:

The survey questionnaires were returned in full by 27 of the EBRD lessors, which represents about 40 per cent of all the lessors the EBRD has funded since 1999 and about 57 per cent of the lessors with which the EBRD had exposure as at 31 December 2008.

Most of the questionnaires required the lessors to answer on a scale of 1-5, with 5 being the most important and 1 the least. For summary purposes in most cases we have taken answers significantly over 50 per cent combined, for rating 4 and 5 ("important" and "most important"), as significant, except where the question is phrased negatively.

The detailed survey results are contained in Appendix 7.

Note that in most cases the EBRD-funded lessors and the non-EBRD-funded lessors are not much dissimilar in their answers. The conclusions are summarised in Tables 5 and 6.

Table 5: For the past and present

Topic	EBRD (27 lessors)	Non-EBRD (23 lessors)
Success factors		
Leasing policies and procedures	81%	78%
Sales and marketing skills	77%	78%
Access to funding	81%	87%
Facts		
Over 42 months (except ETC and Russia)	52%	48%

Passenger cars > than 30% of volume	51%	39%
Commercial trucks in the 11% to 50% of volume	74%	73%
Heavy construction equipment 11% to 30% of volume	71%	39%
SME clients are >50% for amounts < €125k	59%	35%
SME leasing is at least as profitable or more profitable than other categories	89%	91%
Parent group provides > 50% of funding	56%	52%
Most important sales generation method own sales force	82%	60%
EBRD funding – Best features		
Pricing	74% (33% rated 5)	NA
Profitability	52% (only 15% rated 5)	NA
Such funding could not be obtained from other sources	26%	NA
EBRD technical support		
Helped increase business with SMEs	60%	NA
Helped increase the number of leasing customers	74%	NA
Technical cooperation helped in risk management	53%	NA
Performance fee was a good incentive	86%	NA
Helped lease to SMEs that were new to us	37%	NA
Will continue to lease to SMEs after EBRD loans repaid	78%	NA

- Access to funding is a key success factor;
- SME leasing is at least as profitable as any other category of lessees;
- The majority of equipment lease mirrors a major leasing association’s overall statistics for Europe, that is, well over 50 per cent is in passenger cars and road transport vehicles (agriculture was only 3 per cent in 2007).

For the EBRD’s clients only (27 lessors):

- Pricing and the performance fee were the main incentives (74 per cent and 86 per cent respectively);
- Helping to attract new customers was not a major factor (only 37 per cent rated it 4 or 5);
- Helping with access to funding was not a major factor (only 26 per cent rated it 4 or 5).

Table 6: For the future

Topic	EBRD (27 lessors)	Non-EBRD (23 lessors)
Forecasts (2009/10)		
Increase in lease margins	59%	52%
Increase in arrears	67%	74%
Decrease in customer base	48%	48%
Decrease in competition	81%	78%
Concerns		
Availability of funding	67%	65%
Interest rates too high	63%	52%
Actions		
Increase loss provisions	63%	61%
Increase down payments	89%	87%
Reduce residual value of equipment	56%	48%
Focus on loyal clients	86%	57%
Focus on easily realisable equipment	82%	83%
Increase collection efforts	96%	79%
Survival factors		
High staff quality	82%	82%
Conservative underwriting	74%	65 per cent

Access to long-term funding	63%	57%
Access to parent group funding	67%	70%
Strong customer base	63%	47%
Lessons		
Tighten monitoring and collection processes	85%	61%
More selective in assessment of financial capacity	59%	70%
Higher down payments	52%	43%
Improve risk management training	52%	33%

The survey was conducted in the middle of the worst global recession for over 70 years and it was therefore interesting to see what the lessors were forecasting and how they were proposing to act in the next year or two and learn lessons for the longer term future. Taking the more extreme percentages (80 per cent or so) from Table 6, the picture that emerges (from both the EBRD and in most cases non-EBRD funded lessors) is:

- expectation that competition will decrease in 2009/10
- need to increase down payments
- focus on loyal clients
- focus on more easily realisable equipment
- increase collection efforts
- the main survival factor resides in high-quality staff
- the main lesson for the future is to tighten monitoring and collection processes.

Lessees (European only):

This survey was more difficult to launch and manage because clearly there are very large numbers of lessees; neither the EBRD nor the EU has sufficient detail in their client reporting portfolios to identify and provide lessee contact details in many cases. This meant that we relied about 50 per cent on lessors to canvass their clients, with the obvious risk that only the "best" ones were contacted, and about 50 per cent selected randomly by us. With that caveat though, the sample seemed representative across six of the EU or EU candidate countries: Hungary and Slovenia (early EU members), Romania and Bulgaria (most recent EU members) and Bosnia and Croatia (Western Balkans). Sixty-two lessees responded and the results are summarised in the Tables 7 and 8 (the detailed responses are in Appendix 5):

Table 7: Lessee survey results- basic data

Profile	Percentage
Age of business – 5 to 10 years	77%
Less than 10 employees	50%
Location – rural areas	16%
Equipment leased – transport vehicles, machinery and equipment	85% (trucks 48%)
Cost of equipment – under €100,000	76%

So it seems that access to funding without a reasonable business track record remains difficult, SMEs located in urban areas use leasing the most (the density of SME businesses is probably much less in rural areas), most businesses are towards the micro end of the spectrum (68 per cent in the under 20 employees category) and equipment needs are largely under €100,000.

Table 8: Lessee survey results – general questions

Why leasing?	Agree (or Yes)	Disagree (or No)
Was lease finance very critical to fund your business?	24%	39%
Has business grown due to using leased equipment?	80%	20%
Were no bank loans available?	18%	52%
Bank collateral too high?	40%	19%
Leasing was cheaper?	44%	26%
Leasing was longer term?	26%	29%
Loan currency better with leasing?	19%	31%
Tax treatment better with leasing?	60%	16%
Quicker to obtain lease finance	77%	4%

While there were claimed to be some modest benefits to leasing as compared to bank borrowing (not including maturity), what stands out are the last two items: tax treatment (at least in this sample) and speed of credit decision, as the most powerful drivers for choosing leasing over bank loans.

If this survey is to be relied on it does suggest that providing leasing to SMEs is not conclusively providing them with access to finance that was not obtainable from other sources, such as banks.

The remaining questions did not reveal any surprises. The responses indicated a substantial majority in favour of lower pricing, longer maturities, simpler administration, lower down-payments, faster approvals, and lower monthly payments. An interesting point, though, was related to choice: 87 per cent stated that they had a choice between lessors, which indicates that in these six countries there are reasonable levels of competition in the leasing sector.

5.2 Field trips

The field trips were split between EU/EBRD SME facility countries and early transition countries. Detailed findings are attached in Appendix 9, which is summarised below:

EU/EBRD SME Facility:

Bulgaria	Four lessors, EBRD office and a leasing association
Romania	Four lessors, EBRD, an IFI and a leasing association
Hungary	Three lessors, EBRD and a leasing association
Slovenia	Five lessors and a leasing association
Vienna	Four major banks

While each of the field trips reflected some differences between country and individual lessors, there were some common features:

- The market in 2009 was declining rapidly.
- Arrears had gone up.
- The EBRD's technical cooperation assistance seemed to be largely well received, with some exceptions.
- In response to the recession, lessors seemed to have adopted broadly similar strategies:

  - increasing down payments up to 25 per cent (some aggressive lessors had reached in the recent past even zero down payments)
  - restricting growth and new business
  - dealing only with loyal and well-known customers in new business development
  - strengthening credit collections teams.
- Without exception "repossession" was seen as the last resort.
- The SME sector was the main target for leasing in most cases and would have been whether there was a loan from the EBRD or not.
- The EBRD's loans were regarded as important by all lessors (except Deutsche in Bulgaria), but the reasons for regarding the EBRD loan as important were mainly:
  - cost competitive funding, including performance fee
  - prestigious – the EBRD's mark of approval "enhanced credibility"
  - easy to use and administer.
- Access to funding did not seem a serious issue especially for those lessors owned by large West European financial groups.

Early transition countries (ETCs):

The portfolio includes lessors from five early transition countries (ETCs) – Moldova, Armenia, Azerbaijan, Georgia, and Uzbekistan. The Evaluation Team visited three of these ETCs.

Armenia:	Two lessors, although only one accounts for 95 per cent of the market, a commercial bank, IFC, and USAID
Azerbaijan:	Two lessors and a leasing association
Georgia:	Two lessors and two lessees

It seems clear that the EBRD involvement has had a substantial impact among these three ETCs. Some of the major points that emerge are:

- The EBRD is a substantial part of total funding (over 15 per cent in all three countries). Because of the importance of the EBRD's funding it is clear that this has been an important factor in expanding the size of the market.
- In all three cases, growth in the leasing portfolio has slowed significantly.
- Arrears have increased sharply in all three cases.
- All three lessors consider that the SME market is their main market: this was the case before any funding from the EBRD and will continue to be the case after any such funding is repaid.
- All three lessors operated in a market where some issues, such as value added tax treatment, were not favourable for leasing as compared to bank loans. Despite this cost disadvantage, leasing was often preferred to bank borrowing because of speed of funding, less up-front investment required (bank collateral requirements more than lease down payments) and extra services provided by lessors in handling imports, customs clearance and delivery.
- The EBRD's funding was to lessors owned by major domestic banks.

6. FINDINGS FROM PREVIOUS EVALUATIONS

6.1 Project evaluation coverage

Between 2000 and 2008 the Evaluation Department of the EBRD evaluated a total of eight projects related with leasing activities. Two of these were full evaluations while six were shorter assessments. In addition to this, five other projects were shorter reviews.[9] The majority (six) of the projects corresponded to debt financing, while only two where equity investments, corresponding to the earlier years (1999, 2000). The size of projects presented a wide range, going from €0.5 million to €35 million.

The number of evaluated projects does not make a representative sample of the total leasing portfolio of around 100 projects but it provides some useful anecdotal evidence.

6.2 Summary of project evaluation results

The evaluation process brings into balance the factors of transition impact, environmental performance, additionality, sound banking and other factors that EvD uses to judge the success of a project.

Based on these, only two projects have a *Successful* or higher rating while five projects are rated only *Partly Successful* and one project is rated as *Unsuccessful*. On the other end, one project is rated *Highly Successful*, reflecting high scores on all three mandate cornerstones of additionality, sound banking and transition impact.

Table 9 summarises the ratings for the different parameters of the evaluated projects.

Table 9: Summary of ratings for the evaluated projects

Framework Op Name	Year of Board Approval	Eval Report Type	Overall Performance	Overall TI	EvD Env Perf	EvD Env Change	Additionality	Co Fin Perf	Project Fin Perf	Fulfilment of Objectives	Bank Handling	Operation Type	Country name
EvD Project valuation													
A1	1995	XMRA	Part S	Sat	Marg	None	VAR	MARG	MARG	MARG	SAT	Equity	Uzbekistan
A2	2000	OPER	High S	Excel	Good	Some	VAR	EXCEL	EXCEL	GOOD	GOOD	DEBT	POLAND
A3	2000	OPER	Unsuc	Unsat	Marg	None	VAR	Unsat	MARG	MARG	SAT	DEBT	<regional>
A4	2001	XMRA	Succ	Good	Good	Some	VAR	EXCEL	EXCEL	GOOD	GOOD	DEBT	HUNGARY
Project reviews*													
A5	1995	Review	Unsuc	MARG	SAT	SOME	VAP	MARG	MARG	UNSaT	SAT	Equity	POLAND
A6	2005	Review	Succ	Good	Good	Subst	VAL	EXCEL	GOOD	GOOD	GOOD	DEBT	UKRAINE

*XMR Rating not validated by EvD

VAL	Verified at large
VAR	Verified in all respects
VIP	Verified in Part

Transition impact: Only two of the evaluated projects (those rated overall *Successful* and *Highly Successful*) received a good or above transition impact rating. Three projects were rated satisfactory but a large number (three out of eight) were rated *Marginal* or *Unsatisfactory* (A3).

[9] In project review, EvD does not provide its own independent rating but just reviews that the self-rating provided by the project team is well substantiated.

Fulfilment of objectives did not achieve very impressive ratings either, with the majority of projects (six out of eight) rated just *Satisfactory* or *Marginal*.

Additionality ratings reflected a high degree of value added to the projects by the Bank's provision of funding as all except one of the evaluated projects was rated *Verified in All Respects*.

Environmental performance was also generally good, with six projects rated good or excellent while two were rated *Marginal*. The **extent of environmental change** was however rated some or none in most of the projects, as the provisioning of financing did not relate directly or was conditional to specific environmental improvements to be implemented.

In conclusion, the results of evaluated leasing projects show a mixed performance picture.

7. SECTORAL-LEVEL PERFORMANCE

7.1 Introduction to the overall assessment of the sector-level performance

The study methodology arrives at an overall assessment by allocating grades for achievement against each of the main criteria: Relevance, Efficacy, Efficiency, Impact and Additionality. We have applied this rating system across the two portfolio blocs: EU/EBRD SME Facility countries and ETCs.

The ratings derive from evidence gathered through the desktop reviews, surveys, field trips and aggregate market statistics.

Overall performance assessment

Drawing from the criteria ratings above, overall the study rates the performance of the EU/EBRD SME Facility portfolio as only *Partly Successful* and the ETC portfolio as *Successful*. The study does not draw an overall conclusion on performance in the leasing sector because of important regional differences.

We have not analysed the experience with the Western Balkans, where the history of commitment and disbursement is still less than three years and where all the clients are subsidiaries of the same major bank. We know that some of the lessors in the less developed markets in Europe and the ETCs have been experiencing very difficult financial and trading difficulties during 2009: we have not taken this into account in our ratings because we believe there is evidence that these problems are common to other non-EBRD-funded leasing companies.

Table 10 summarises the ratings for the different criteria of the study:

Table 10: Findings for the different criteria

Criteria	EU/EBRD SME Facility	ETCs
Relevance	*Modest*	*Substantial*
Efficacy	*Satisfactory*	*Satisfactory*
Efficiency	*Marginal*	*Satisfactory*
Impact (see below)	*Satisfactory*	*Good*
Additionality	*Verified in Part*	*Verified at Large*
Overall	***Partly Successful***	***Successful***

* Relevance rating: *High, Satisfactory, Modest, Negligible*
Efficacy/efficiency/impact rating: *Excellent, Good, Satisfactory, Marginal, Unsatisfactory, Highly Unsatisfactory*
Additionality rating: *Verified in All Respects, Verified at Large, Verified in Part, Not Verified*
Overall rating: *Highly Successful, Successful, Partly Successful, Unsuccessful*

7.2 Relevance

This criterion seeks to determine to what degree specific lessor loans are responsive to the EBRD's policies towards development of the leasing sector.

As mentioned in Section 2, the EBRD has no overall policy statement with respect to the leasing industry. Therefore the study constructed *de facto* policies by analysing the policy objectives set out for 28 lessors as indicated by an "x" in Table 11. The latest Board paper of October 2006 in support of additional resources for the EU/EBRD SME Finance Facility (aimed at Bulgaria, Romania and Croatia) did spell out two key strategic objectives:

- wider coverage of the SME sector and in a manner consistent with the EBRD's MSME Strategy as a core business (although we point out in Section 2 that the collation of monitoring statistics on the use of the EBRD's loans is flawed in providing conclusive evidence as to when a lease is to an MSME as opposed to a larger SME)
- institutional capacity building through technical assistance programmes.

These key objectives are largely reflected in Table 11, which is drawn from the EBRD's lessor-specific files. Overall the Board paper objectives relate to the entire Facility, which covers both banks and lessors, and so we assume the objectives are similar for both.

One important distinction between banks as a class and lessors as a class is the difference in their historic engagement with the SME sector. In most of the transition countries, banks were initially reluctant to lend to SMEs due to perceived risk, lack of collateral, lack of clear property rights, and lack of credit analysis skills among various factors. The leasing sector in most cases targeted SMEs from the start because many of the limitations affecting banks (such as collateral issues) did not affect lessors. Conditional lending supported by technical cooperation to banks was therefore more urgent to encourage banks to enter the SME market. Lessors did not need encouragement to enter the SME market (they were already in it) but they did benefit from being able to increase their exposure and improve their risk management skills.

Our findings on technical cooperation with respect to the EU/EBRD Facility part of the portfolio suggests that the main emphasis was on sales training and lease structuring as opposed to credit analysis skills. With the lessons of the 2008-09 recession it may well be that some lessors will now see a benefit in more assistance in the risk management area, including lease restructuring skills and collection methods.

Table 11 summarises some of the objectives below and in some cases interprets them: for example, "skills transfer", "institutional capacity building" and "institution building" we have lumped under the "skills" column. The lessors and countries tabulated below are drawn partly from the desktop review exercise and partly from field trip information: 10 of the EU countries were visited and two of the ETCs. We believe that the sample is large enough to provide conclusions about the objectives set for the portfolio as a whole.

Table 11: Lessors- objectives

Country\lessor	SME access	Skills transfer	Rural\ Geog diverse	Funding diverse	Market expansion	Demo effect	Other
Bulgaria – 1	x	x	x				Energy efficiency
Bulgaria – 2	x	x					
Bulgaria – 3	x	x		x			
Bulgaria – 4	x	x					
Slovenia – 5	x		x				
Romania – 6	x		x		x		
Romania – 7	x	x					
Romania – 8	x	x					
Poland – 9	x	x	x				
Poland –10	x						
Poland – 11							Healthcare reform; medical equip; securitisation
Poland– 12	x	x		x			
Poland – 13		x		x			
Slovak – 14	x					x (Mgt and CG standards)	
Bosnia – 15	x	x		x	x	x Mgt and CG standards)	
Croatia – 16	x	x		x			
Croatia – 17	x	x		x			
Hungary – 18	x	x					
Hungary – 19	x	x					
Ukraine – 20	x				x		Fleet leasing
Kazakhstan – 21							Energy efficiency plus modernise equip in mining, industry and agriculture
Azerbaijan – 22	x	x			x	x (Mgt and CG standards)	
Georgia – 23	x	x					Diversify financial sector

Some observations on the *de facto* policies:

- 24 of the 28 projects have "access to finance for SMEs" (including longer term funding) as an objective.
- 14 of the 19 EU projects have skills transfer (including institutional capacity building) as an objective but there may be some anomalies here: Slovenia-5, Slovakia-14 and Romania-6 were eligible for EU technical cooperation grants (and received them) but skills transfer was not a stated objective for the EBRD. Then in the case of some projects, such as Georgia-23, skills transfer was an objective, but there appears no evidence of the provision of technical cooperation through the EBRD.
- Diversification of funding was a stated objective in six cases – why not in others? For example, why should diversification of funding be an objective for Bulgaria-3 but not for other Bulgarian lessors (let alone for the ETCs where such an objective was probably achieved whether planned in advance or not).

- Market expansion was stated as an objective in only six cases – why not in others? For example, why should market expansion be an objective for Romania-6 but not for other Romanian lessors? (let alone for Georgia, an ETC where such an objective was probably achieved whether a stated objective or not).

In our view, "relevance" may only be rated satisfactory (that is, when "project ID objectives met country and sectoral strategies of bank goals but with major shortcomings") for two reasons:

- the lack of a clear overall policy
- relatively weak policies even on the *de facto* basis we have used because they are insufficiently specific. For example, "access to long-term funding for SMEs" does not take account of the fact that most of the lessors were already very substantially engaged in the SME sector and could satisfy the EBRD's use of proceeds conditions without much if any additional effort (except in some rural window cases). The objectives were, in our opinion, too easy to achieve.

As described above, there appears to be a lack of consistency in setting objectives and therefore the extent to which the project design follows those objectives. We rated "relevance" as partly successful simply because the loan proceeds were used in line with the project's objectives.

7.3 Efficacy

The evidence to support our conclusions with respect to both "efficacy" and "efficiency" comes from the EBRD's Transition Impact Measurements (TIMS), from the surveys and from field trips. We have summarised the TIMs reports in Appendix 9.

Table 12: Efficacy

Measure	Surveys	TIMs
Small leases	50% small? 59% for the EBRD's lessors	
Maturities	3 years? 78% of the EBRD's clients (61% non-EBRD clients)	- Average maturities increase (with few exceptions)
Skills transfer		- Increase in no. Trained officers (EU/EBRD programme) in most cases - Strengthening of marketing and monitoring processes in most cases (EU/EBRD programme)
Disbursement rate	< 1 year 59%	

Given the argument made for the weakness of policies for engagement with the leasing sector under "relevance" above, it follows that achievement of the policy objectives was fairly straightforward and so logically it was successful. From review of the Monitoring Reports and TIMs there were several positive indicators:

- In most instances the EBRD's loans were rapidly disbursed (less than 24 months), but to what extent this was simply because the lessor was able to allocate qualifying leases to the EBRD line that it would have been able to fund from other sources is hard to determine (in most instances the EBRD's loan was less than 5 per cent of total funding but there was a control feature restricting the use of the EBRD's loan to new customers and, usually, for capital equipment). Also to what extent fast disbursement was connected to maximising the performance fee of 5 per cent in the first year (the survey showed that the performance fee was rated one of the most important attractions of the EBRD's loan – 86 per cent).

- Volumes under the loan were good, average size of leases fell, average maturities increased to some extent. In most cases an increase in trained leasing officers was reported, although training not much in evidence for the ETCs.
- In many cases there was an expansion of the lessor's portfolio through, for example, new branches, but given the proportions of the EBRD's funding to total funding and the speed of market growth it would be unrealistic to attribute this to the EBRD's influence, again with some exception for the ETCs where the Bank's funding was proportionately more substantial.

We consider that efficacy in the EU countries may be judged satisfactory, despite the rather easy policy objectives, because there was rapid disbursement and good skills transfer in most cases. In the ETCs we believe a satisfactory rating is also warranted because funding was clearly more critical (see the field trip notes in Appendix 7), and disbursement rates were good, although skills transfer was largely lacking.

7.4 Efficiency

Efficiency is related to the rapport between the outcome (achievement of objectives) and the resources invested by the Bank. As a proxy to measure efficiency in the Bank's support to the leasing sector we have relied on two indicators (profitability of leasing to SMEs and mobilisation of funds) measured by results from the surveys and TIM reports.

Table 13: Efficiency

Measure	Surveys	TIMs
Leasing to SMEs is as or more profitable than other business	The EBRD's clients yes 89% Non-EBRD clients yes 91%	Higher profitability not clear
Helping to attract funds from other sources	Five answers possible from "not true" to "true" – inconclusive because answers were evenly spread across all, e.g. 19% said it was not true and 19% said it was true	

- The profitability of SME leases (which would include those funded by the EBRD's loans) was at least as profitable or more profitable than other lease categories (89 per cent vote), but non-EBRD clients also rated this even more highly at 91 per cent – so maybe this evidence is inconclusive.

- The case of attracting funding from other sources is hard to make for the EU/EBRD Facility – see the impact analysis below.

We rate the efficiency for the EU countries as *Marginal* because there is very little evidence that the EBRD's funding acted as a catalyst to attract other funding and in any event it seems that most lessors were more than adequately funded by their parent groups.

We rate efficiency as *Satisfactory* in the case of the ETCs largely because of the high importance of the EBRD's funding to assist in attracting other funds. Without the EBRD's funding it is possible that Azerbaijan-22 and Georgia-23 would have needed to contract their business even more dramatically than they did.

7.5 Impact

We summarise our rating of impact in Table 14. This is where the weakness of some of the project's policy objectives become evident. We consider that of the various broad criteria summarised in the overall rating, "impact" is the most important.

Table 14: Impact

Impact	EU/EBRD SME Facility	Early transition countries
Use of proceeds (access to finance for SMEs for about 90%)	3.5	2.0
Skills transfer	2.0	4.0
Diversification of funding	3.5	1.0
Market expansion	3.5	2.0
Demonstration effect	-	-
Competition	-	-
Overall	**3.2**	**2.0**

Impact project by project**:** on a sample basis using desktop review data, surveys and field trip data:
(where the range of scoring is: 1 = Excellent; 2 = Good; 3 = Satisfactory; 4 = Marginal; 5 = Unsatisfactory).

7.5.1 EU/EBRD SME facility

Table 15: Impact ratings

Lessor	Country	SME access	Skills	Geog diverse	Demo effect	Market expand	Diversify funding
EU/EBRD							
B1	Bulgaria	3	2	2	-	-	-
B2	Bulgaria	4	3	-	-	-	-
B3	Bulgaria	4	3	-	-	-	4
B4	Bulgaria	4	1	-	-	-	-
B5	Slovenia	3	-	2	-	-	-
B6	Romania	3	-	2	-	3	-
B7	Romania	2	2	-	-	-	-
B8	Romania	4	2	-	-	-	-
B9	Poland	2	1	2	-	-	-
B10	Poland	3	-	-	-	-	-
B11	Poland	3	2	-	-	-	-
B12	Poland	4	2	-	-	-	-
B13	Slovakia	3	-	-	3	-	-
B14	Bosnia	3	2	-	2	2	2
B15	Croatia	3	2	-	-	-	2
B16	Croatia	3	2	-	-	-	2
B17	Hungary	3	2	-	-	-	-
B18	Hungary	3	2	2	-	-	-
ETCs							
B19	Armenia	2	-	-	-	2	2
B20	Georgia	2	4	-	-	2	1
B21	Azerbaijan	2	2	-	-	2	1

We have also assessed the leasing sector covered by the EU/EBRD SME Facility in more detail applying the indicators described in Appendix 6. We have done this in Appendix 8. by showing the policy objectives in the left-hand column and then scrolling across to findings from the surveys, findings from field trips and findings from desktop reviews and market statistics.

(1) Access to finance for SMEs

We rate this between 3 and 4 overall, that is, between *Marginal* and *Satisfactory*. The evidence for this is as follows:

- While the lessor survey results indicate that 60 per cent of the lessors considered that the EBRD's loan helped increase leasing to small companies and 74 per cent that the loan helped increase the number of leasing customers, only 37 per cent considered that the loans had led to leasing to customers new to the lessor. While almost 60 per cent of lessors estimated that SME leasing was more than 50 per cent of their business with leases less then €125,000; given that in most cases the EBRD's loans were less than 5 per cent of total funding this puts the EBRD's loan contribution to SME leasing in perspective.
- The lessee survey results, perhaps surprisingly, indicated that bank finance was for most a viable alternative to lease finance, somewhat against the conventional wisdom in the pro-leasing case for SMEs.
- The field trips indicated that for most lessors SME leasing constituted their core business from start-up and before obtaining funding from the EBRD. The leasing association in Bulgaria, for example, estimated that SME leasing constituted on average 65 per cent of the business.
- The market overview and summary of the EBRD's funding position within the market indicate that the EBRD proportion of leasing finance in the total market of the EBRD's countries of operations is well under 1 per cent and with the leasing subsidiaries of major western banking groups also well under 1 per cent. While the proportion of funding provided by the EBRD was in some instances a higher percentage some years earlier than as at the end of 2008, there is some indirect evidence that this may have substituted for funding from other sources. For example, the most attractive feature of the EBRD's loans according to the survey was the loan pricing and the performance fee. More than 50 per cent of the EBRD's loans were disbursed within 12 months; in that time frame the performance fee was 5 per cent (falling by 1 per cent for each year thereafter).
- On the other hand there does seem to be evidence that the EBRD's loans did help broaden the market where more specific use of proceeds conditions were enforced: the rural windows in some lessor loans in Poland, Slovenia, Romania, Bulgaria and Hungary.

Overall therefore we believe the rating is not completely *Marginal* hence the score of 3.5 instead of 4.

(2) Skills transfer

- The lessor survey results indicate a majority support for the technical cooperation received. Leasing policies and procedures, combined with sales and marketing skills, also attracted about an 80 per cent rating as key to the success of the operations – although this is somewhat tempered by the fact that lessors that did not benefit from a loan from the EBRD also recorded close to 80 per cent for these two factors in their success ratings.
- The field trip evidence was also strongly supportive of the technical cooperation benefits although there were some exceptions:
    - one major lessor preferred to deploy its own technical support to its subsidiaries

- a second major lessor welcomed assistance with sales and marketing skills but preferred to use their own credit procedures and credit scoring models
- two lessors were dissatisfied with the technical cooperation

We suggest that an overall rating of *Good* or 2 reflects the broad endorsement of the technical cooperation and takes into account some of the limitations and occasional lapse in standards.

<u>(3) Rural and geographic diversification</u>

- The survey results did not really cover this topic nor did it arise to any extent from the field trip reports. Agricultural equipment was described as a niche that the EBRD could help exploit because of the specialised nature of its needs and equipment. The lessor survey also indicated that agricultural equipment leasing was less than 10 per cent of leasing by the EBRD's clients and a similar percentage for non-EBRD clients.
- Desktop reviews and the take up of special purpose rural window loans does tend to suggest that the EBRD's loans have achieved favourable impact in the small number of cases where the boundaries of leasing have been pushed to rural areas and including agricultural equipment leasing.

While this was stated as an objective in several cases, we recommend not assigning any score on the grounds that it is too much of a niche area to include in an overall rating and is better reflected in the "market expansion" objective.

<u>(4) Diversify funding (including access to funding)</u>

- The survey results place "access to funding" as one of the most important success factors (81 per cent for the EBRD's clients and 87 per cent for non-EBRD clients) but only 26 per cent considered that such funding could not be obtained from other sources.
- The market overview (Section 3) and the EBRD's position in the market (Section 4) demonstrate that the EBRD's percentage of total lease finance is in all cases very low and that in almost all cases the lessors were able to obtain ready funding from their parent groups (mostly foreign and otherwise among the largest financial groups within their respective countries); indeed for some lessors it appeared as policy to rely largely on group funding rather than attempt to attract funding from other commercial banking groups.
- Field trip reports also support the view that access to funding and diversification of funding were not of concern and therefore the EBRD's loans were not needed for that purpose, with the possible exception of Romania-B7 (although they claimed to have adequate funding).
- The principal reasons in favour of borrowing from the EBRD, according to the survey results, was the loan pricing and profitability including the performance fee (5 per cent for disbursement within one year).
- Some of the field trip reports also indicated that there was a "prestige" element to obtaining a loan from the EBRD.

Given that in at least 60 per cent of the cases the EBRD was not needed for either access or diversification of funding and of little value for that purpose in most of the other cases, the rating proposed is 3.5 (half-way between *Marginal* and *Satisfactory*).

<u>(5) Market expansion</u>

This topic is defined to cover the extent and size of the markets. The intervention of the EBRD provides additional funding that permits the size of the market to grow. Most of the evidence already cited suggests that the impact of the EBRD funding was close to marginal. The market itself in the countries of the EBRD's operation were growing at a very rapid rate – considerably faster between the beginning of 2004 and the end of 2007 (Leaseurope statistics) than the total loan commitments of the EBRD for the same period.

While it goes without argument that the deployment of funds from the EBRD's loans must have financed lease portfolio growth, it does not follow that ipso facto such loans contributed to lease market expansion. This would only be the case if funding could not have been obtained from other sources: we know in fact that access to funding was not an issue in almost all cases.

This objective is therefore given a rating of 3.5 only because some of the funds were used to fund narrow use of proceeds such as the rural windows and perhaps, in those more limited areas, opening up those market segments might have not occurred through alternative funding sources.

<u>(6) The demonstration effect</u>

Demonstration effect was only stated as an objective in two projects and then specifically for achievement of a demonstration of sound management and corporate governance practices. How such effects are spread within the specific markets is not known. We have insufficient evidence to rate this criterion.

<u>(7) Competition</u>
The objective to help increase competition was rarely if ever stated. This is one of the reasons for not rating this impact criterion. The Survey shows that among all lessors (EBRD and non-EBRD funded), about 60 per cent face between 2 and 5 serious competitors, although 80 per cent expected competition to decrease as a result of the recession. Among the EBRD funded lessors the Survey indicated that a small majority did consider that the EBRD's involvement helped give them a competitive advantage.

7.5.2 Early transition countries

The sample is much smaller – total outstandings at 31 December 2008 were only 2 per cent of the entire lease portfolio of the EBRD but in general the impact against objectives was substantially higher than for the EU/EBRD SME Facility part of the portfolio.

Access to finance for SMEs:
The EBRD's funding was not opening a new market segment for the ETCs, because, as with the European lessors, the SME sector was the core of their business. But because access to funding was more of a limiting factor in the ETC countries there was little doubt that the EBRD funding helped the ETC lessors to access more SMEs (before the recession took hold in 2009 and led to a halt or even decline in growth). The Evaluation Department has assigned a rating of 2 (*Good*).

Skills transfer:
Skills transfer was more mixed because it was not provided in all instances by the EBRD: Armenia-B19 for example relied almost entirely on training from one of the

main banks and Georgia-B20 did not appear to receive any technical cooperation. The Evaluation department has assigned a rating of 3 (*Satisfactory*).

Market expansion:
Market expansion was an inevitable result of the EBRD's funding for ETC markets like Moldova, Georgia and Azerbaijan until 2009, although from 2009 this was stalling in the face of the recession, which impacted the liquidity of parent banking groups. The sole exception was Armenia-B19, where growth was forecast to continue, albeit at a slower and more cautious rate, and where funding was likely to be obtainable from the parent bank or from another major bank. The Evaluation department proposes a rating of 2 (*Good*) because the Team believes that the EBRD's funding both directly and indirectly (through local parent banks) will be a substantial support to the market in the near future.

The diversification of funding:
Diversification was very important. Not only was the EBRD an important source of funding in the total funding picture of the ETCs but it also helped raise the profile of the lessors in the financial community. The Evaluation department has assigned a rating of 1 (*Excellent*).

It is too early to consider any push towards geographical or sectoral diversification in the ETCs (rural windows or leasing agricultural equipment, for example). The Evaluation Team has not assigned a rating.

7.6 Additionality

We have included this concept in the overall rating above because it enables reconciliation between achievement of weak objectives in an efficacious manner (which can be successfully done) with the idea of the EBRD's funding achieving strong impact and sound developmental goals. The rationale of the EBRD to support achievement of "additionality" is that:

- the EBRD's funding promotes sustainable sources of finance for SMEs
- often provides longer term funding than from a financial institution's parent group (including when a subsidiary of a major foreign group)
- is linked to technical cooperation, which leads to institution building.

Additionality as described above may well be effectively achieved with participating banks in the EU/EBRD Facility, but the evidence is not strong for the leasing window of the portfolio. As stated, most of the lessors are controlled by major banking groups that do provide term funding, most of the lessor market is and was in the SME sector already and the technical cooperation, although by and large well received, was often narrowly focused on sales and marketing and internal procedures rather than credit/lease risk analysis skills.

Additionality was more clearly achieved for the ETC markets although in most cases there was no linkage with institution building through technical cooperation.

8. KEY ISSUES AND LESSONS LEARNED

The study splits this into two sections: lessons for lessors and lessons for the EBRD. Lessons for the lessors are relevant also for the EBRD when considering the scope of future technical cooperation, the need for due diligence, the crafting of loan/investment terms and conditions and the definition of lease eligibility criteria.

<u>For lessors</u>:

The timing of this study was fortuitous in that it enabled the emergence of some lessons that may not have arisen but for the exceptionally severe financial crisis and related recession that started in 2008 and accelerated into 2009. While a repeat of such a severe recession may hopefully be many years into the future, nonetheless some lessons from it may have lasting value.

In the survey results from 50 lessors (27 from the EBRD) the five most important lessons identified (by both EBRD and non-EBRD clients) were:

- limit exposure to industry concentrations
- tighten monitoring and collection procedures
- be more informed and selective about the financial capacity of the lessee
- increase down payments
- improve risk management

The next sections cover all of these points.

RISK MANAGEMENT

8.1 Issue: Is leasing safer than bank loans because the lessor owns the asset?

In a healthy economic environment and provided a reasonable structure to the lease (down payments, maturity, re-saleability) this statement may be usually true. It is also true in many cases that the legal process for possession and sale of the asset in the event of default is shorter and more certain than in the case of bank loan collateral enforcement. But in the recession in many cases the realisable value of the asset has fallen below the outstanding face value of the lease and in some cases a glut of a particular asset class has led to there being no resale market at all. The shortfall in asset realisable values was particularly acute in those asset classes where leasing had experienced its greatest growth and demand during the "boom" economic conditions that preceded the recession: commercial vehicles (largely trucks and vans) and construction equipment (cement mixers, cranes, diggers and so on). There were cases where road haulers were simply returning the vehicles and keys to the lessor as a means (not necessarily correctly) of avoiding future lease payments.

Lesson: Valuation of leased assets

Leasing companies need to use prudent residual valuations in structuring their leases and reflect change or anticipated change in the macro-economic environment.

Recommendation: The EBRD should consider requiring that leasing firms follow a sound and prudent approach to asset residual values with written procedures, well-grounded statistical databases to support valuations and a methodology that is sensitive to the macro-economic situation.

8.2 Issue: Diversifying the lease portfolio in terms of asset class and obligor sector/sub-sector

Past experience has shown that, by focusing on familiar assets, leasing firms may build up excessive exposure not only to asset classes (such as trucks or construction equipment) but also to business activities such as construction/real estate and transportation. When a recession takes place, the leasing firm may suffer excessively from over-concentration in a particular asset class or in a particular economic sector.

Recommendation: The EBRD should encourage leasing firms to follow sound portfolio diversification practices in terms of asset class and obligor business activity, and be satisfied that they do.

8.3 Issue: Lease restructuring versus re-possession

Following on from lessons 8.1 and 8.2, many lessors found that the best way to mitigate potential loss was not to repossess the asset but to reschedule lease payments. In the situation of a glut on the market of certain asset types, the costs of repossession, storage and maintenance were likely to eventually lead to a total write-off. Most lessees were open to a rescheduling that would allow them to keep possession and use of the asset until better economic conditions returned.

Lesson: Lease restructuring versus repossession

Lessors need to develop rescheduling policies and techniques, train their collections staff in them and also ensure good back-up arrangements (for example, secure storage) exist where repossession is unavoidable.

Recommendation: The EBRD should require that leasing firms have developed clear bad-debt resolution policies that include consistent lease rescheduling procedures.

8.4 Issue: Leasing firms are often unaware of the business risk profile of its lessees and have not performed much, if any, credit analysis of the lessee’s business, relying instead on the asset value as the ultimate back-stop against bad-debt loss. The study survey data shows that many lessors have realised that reliance on asset realisable value alone as the underpinning of credit risk is not sufficient. Many lessors believe they need a better understanding of the strength of the lessee’s business and a better analysis of the lessee’s financial situation.

Lesson: “Know your customer” in leasing

Leasing firms should develop their credit analysis skills, much in the same way as lenders have done under the EU/EBRD SME Facility. They should develop a credit procedures manual that covers analysis and the other debt-loss mitigation suggestions in (1) and (2) above. Where practical they should seek technical assistance to upgrade their analysis skills especially in dealing with SMEs that often lack reliable or robust historical financial data.

Recommendation: The EBRD should encourage its leasing firms to demonstrate a credit analysis capability, with written credit policies and procedures and designated credit management responsibilities.

8.5 Issue: Lessors should consider strengthening credit analysis training of their leasing officers

The analytical skills of leasing officers need to be upgraded. Until now much of the technical cooperation directed to lessor staff (including through the EU/EBRD SME Facility) has been in areas of sales and lease generation and in credit scoring models. Credit scoring models can be very useful tools, especially in dealing with MSMEs and SMEs where reliable financial statements and track records may be difficult to find, but are of much less value in a deep recession.

Lesson: Credit skills in leasing

Leasing officers need to be trained in credit analysis. Leasing officers tend to be “sales” oriented and it is often difficult to combine both analytical skills with sales skills, but at least there should be training in gathering the data needed for an off-site credit department to examine.

Recommendation: The EBRD should encourage leasing firms to provide credit analysis training to their leasing officers in a formal and structured manner.

8.6 Issue: Tighter credit monitoring and collection procedures

Until the recession came there was little focus on collection. The process was largely automated, defaults and repossessions were rare, arrears were at very low percentages. The business priority was therefore to generate more clients (mainly SME and MSME) and so sales training of lease officers was a technical cooperation priority. As shown in the study survey responses, many of the lessors quickly learned, as a result of the recession, that specialist skills were needed to analyse and restructure lease terms, and fairly rapidly from late 2008 to mid-2009 many lessors built specialist collection teams.

Recommendation: The EBRD should encourage leasing firms to have a specialist collections unit with arrangements in place, perhaps through outsourcing, to increase its resources when needed.

<u>For the EBRD</u>:

POLICIES FOR ENGAGING WITH THE LEASING SECTOR

8.7 Issue: Leasing sector strategy

The EBRD's main policy for the leasing sector is directed towards the purpose of expanding access to finance for SMEs and MSMEs (with some exceptions in Kazakhstan). Under this policy the leasing sector is effectively a means to an end as a conduit for financing the target customer group. There appears to be no explicit policy to develop a strong, growing and sustainable leasing sector. If such a policy was successfully implemented by leasing firms, the access to finance policy would to some extent take care of itself. During the recession of the past two years, many leasing firms have contracted their portfolios: this has been borne out in the surveys and in field trip discussions. As a consequence, in some cases the market has shrunk and access to finance for SMEs and MSMEs has been squeezed.

Lesson: Leasing sector strategy

The lack of a policy for a strong and sustainable leasing sector may lead to a lack of timely attention to problems arising in the sector, which in turn impacts the stated policy of increasing access to finance for the target lessees. The EBRD could develop an explicit policy objective for the leasing sector to consider how to support financially robust, growing and sustainable leasing firms.

8.8 Issue: Setting of leasing strategy objectives to better serve transition impact and additionality

Some of the project objectives set have not led to any significant transition impact for several reasons, including the fact they were likely to be achieved whether or not the EBRD was involved in funding the lessor. In all of the countries involved in Europe and all of the ETCs a prime objective has been to provide access to finance for SMEs, including longer term finance. In most cases this objective was already being served before the involvement of the EBRD and has long been a feature associated with leasing; that is, it does tend to be SME friendly compared to banking. Similarly, the objective of diversification of funding has been limited in impact in most of the

European countries of engagement and especially with the majority of lessors that are owned by major foreign financial groups. Of course, any loan from the EBRD adds to the funding base of a lessor but any potential gap in funding was likely to have been filled otherwise by the parent group.

Lesson: Leasing strategy objectives

The EBRD's added value is not demonstrable if it is measured by achievement of objectives that are not related to the EBRD's lending. The EBRD can really add value and generate impact if it focuses on the difference its involvement can make, other than just the provision of funds easily provided by others: for example, where the EBRD has facilitated the development of leasing into new sectors. There have been some cases where the EBRD has established a rural window. There are other niche areas the EBRD could consider exploring: agricultural equipment does require specialist expertise and some disciplines in dealing with farmers that could also be imparted through technical cooperation; medical equipment is also a growing but specialised niche. Requiring sound portfolio diversification policies and practices may also help guide leasing resources into less-served segments of the economy.

8.9 Issue: Expanding support of leasing in ETCs

The EBRD has experienced its largest transition impact so far with the ETCs, which in the main also have banking sectors that are behind in extending credit to SMEs and MSMEs. The EBRD is one of the leading lenders to leasing firms in the ETCs.

Lesson: Expanded support of leasing in ETCs

The EBRD's impact in the ETCs could serve several substantial policy objectives more clearly and effectively than in many of the more developed countries: sustainable leasing firms, access to finance for SMEs and MSMEs, funding diversification, market expansion and increased competition. The quantity of funding will clearly be much less than in the European markets, because of the size and potential size of ETC markets, but over a period of years it might achieve levels in excess of €200 million in the ETC countries

8.10 Issue: Adding value by supporting leasing firms where access to funding remains important

The survey indicated that 26 per cent of respondents did consider that access to funding was important. This was not limited to ETCs.

Many of the leasing firms that received loans under the EU/EBRD SME Facility may not have had an urgent need for funding because they were subsidiaries of major western banking groups. Within this group of leasing firms, however, there were some where the parent group had country limit issues imposed at policy level and in one or two cases even the host country's Central Bank regulations imposed limits. For some of the large independent leasing firms in the ETCs funding is more critical. The EBRD has not only been an important lender in the situations described but has been a catalyst for enabling the leasing firm to attract other funding from either local or international banks.

Lesson: Enhancing access to funding when needed

Funding stability may be enhanced directly in some cases through the EBRD's loans but also indirectly through the agency (syndicated loans) and catalytic effect (implied endorsement of credit rating) of the EBRD's involvement.

Recommendation: The EBRD's added value in funding could be enhanced by focusing on those leasing firms where reliance on parent banking groups is more limited and where the EBRD can assist both directly and indirectly in diversifying and stabilising the leasing firm's funding base. (This recommendation needs to be balanced against the potentially greater solvency of risk of the leasing firms such as independents or non-captives of major banking groups.)

MONITORING THE ACHIEVEMENT OF POLICY OBJECTIVES

8.11 Issue: Setting of consistent transition impact indicator targets

There is a lack of consistency in setting the measurable impact indicators. Some lessors in some countries are monitored against 15 or more such indicators, while others with very similar characteristics are monitored against only four or five. There are no obvious reasons why this is or should be the case.

Lesson: Setting of consistent transition impact indicator targets
The lack of consistency in setting measurable indicators complicates benchmarking comparisons between lessors of similar characteristics. The EBRD should establish consistent and comparable transition impact indicators for similar leasing firms supported by similar loans from the EBRD.

8.12 Issue: Setting meaningful or realistic transition impact indicators

Many of the measurable indicators that are monitored are not meaningful if they were designed to reflect the results of inputs from the EBRD (and the EU in the case of the EU/EBRD SME Facility). For example, an indicator of percentage lease portfolio growth is not necessarily a reflection of the EBRD's input but simply of the market (which between 2005 and the end of 2007 grew in most countries by over 100 per cent).

Lesson: Indicators that measure the outcomes of the EBRD's inputs
Establishing indicators that do not reflect the EBRD's inputs may mislead any monitoring and evaluation of the success of the EBRD's interventions in the leasing sector. That measurable indicators are established to monitor the achievement against the policy objectives for the project and are, therefore, related more directly to the EBRD inputs. Examples could be: development of business levels outside of the capital and/or in rural areas and/or with MSMEs and/or with totally new customers, leaving out other targets that cannot be attributed to the EBRD's objectives or influence.

CRISIS MANAGEMENT AND PREPAREDNESS

8.13 Issue: Clear understanding of parent group policies towards leasing subsidiaries or affiliates

The diversification of funding objective (where it is meaningful) may be better served if the parent's policies and/or lending restrictions are understood. The study team did not see references in the desktop review process that indicated that these issues were taken into account. For example, in some cases the parent group policy was to be the sole provider of funding to its leasing subsidiary apart from IFI funding. In some other cases the parent group – even a foreign one – was limited in total funding of its subsidiary by a connected lending or single limit exposure rule imposed by its central bank regulator. The exposure limit rule was especially restrictive in two of the ETCs (Azerbaijan, with a 10 per cent limit, and Georgia, with a 5 per cent limit).

Lesson: Understand the role of parent funding. Recognising the part the parent group may play in funding its subsidiaries or affiliates, and the limitations on such funding either legally or by group policy, will facilitate a better understanding of any other lender's risk exposure in a crisis situation and should also enable the leasing firm to plan a more effective and diverse funding strategy. The EBRD should be informed about a parent group's policy and restrictions, if any, towards funding of its leasing subsidiaries or affiliates before making a loan to a leasing firm. The loan and any guarantee or support undertakings should be structured taking this information into account.

8.14 Issue: More immediate engagement with lessors once a crisis has started

The Study Team began conducting desktop reviews of files in March 2009. The financial crisis had started to gain momentum in the fourth quarter of 2007 and then moved on into eastern Europe about nine months later. The study team found that many of the monitoring and TIM reports in March 2009 were dealing with data from 2007 and mid-2008. In good economic times, such time delays in analysing data are acceptable and not serious. In the circumstances of 2009, however, the Study Team suggest that more urgent action should have been taken and taken earlier. Doubtless the EBRD's resources were stretched at this time but some crisis planning for resource mobilisation, should a similar situation arise in the future, may be worth considering; for example, some of the leasing expertise used in the EU/EBRD SME Facility may have been mobilised.

Lesson: More immediate engagement with lessors once a crisis has started
Better and more current information should enable a more focused and timely crisis reaction. Contingency plans could be established earlier. Risk exposure could be evaluated earlier. The EBRD could develop a crisis response contingency plan to help guard against a similar financial crisis or deep economic recession affecting the leasing sector in the future. One of the key elements of such a plan is to mobilise resources for rapid, accurate and current information.

8.15 Issue: The new customer rule (that is, requirement to use the EBRD’s funds to fund only new customers) during financial crisis

The concept appears to be a good one in so far as it would push the lessor to extend its customer reach in order to maximise the use of the EBRD’s loan in a reasonable time frame. Extending access to finance could therefore be more easily achieved through the “new customer only” rule. However, during the recession of 2008/9 many lessors decided to concentrate their resources on tried and tested customers rather than risking dealing with relative unknowns. In Bulgaria the new customer rule was the main reason for the slow disbursement of the EBRD loan. It may be that the EBRD could consider relaxing this rule in circumstances of major recession. (We understand that some relaxation of this rule is now in place.)

Lesson: The new customer rule during financial crisis
In a crisis, flexibility is needed, especially where funding is critical; therefore enforcement of any rule that is not responsive to exceptional circumstances may be counter-productive. The EBRD should respond flexibly to relax or alter loan conditions, such as the new customer rule, when extreme circumstances justify such a response.

TECHNICAL COOPERATION

8.16 Issue: Expanding technical cooperation support south and east for core skills transfer to leasing companies

By and large the TC delivered under the EU/EBRD Facility was well received. There is a far less developed sector in most of the early transition countries where the EBRD’s projects were not TC linked. In addition, the survey data shows that the impact of the recession led many lessors to realise that they needed to improve risk analysis, risk monitoring and lease restructuring skills – in most cases this was less adequately covered even under the EU programme, where the emphasis was more on sales techniques and credit scoring models (in a severe recession credit scoring models, which are based on past payments record data, are less useful guides for credit decisions).

Lesson: Expanding technical cooperation where needed
Leasing firms benefit from TC and some leasing firms have recognised the value of more TC, especially in credit analysis and crisis response areas. The EBRD should evaluate the TC needs of each leasing firm before lending to it and, if a clear TC need is evident, could structure a TC package that is linked with the proposed loan, or otherwise a programme to upgrade skills.

8.17 Issue: The regulatory and fiscal framework

The EBRD has supported TC to several governments, especially in building the legislative and regulatory framework, to facilitate development of the leasing sector.[10]

[10] (1) Moldova: "EBRD provided assistance to the Ministry of Economy in drafting a modern and comprehensive law on leasing". This project was funded by the Balkan Regional Special Fund.
(2) Uzbekistan: "EBRD provided advice to enhance the legal and tax environment for leasing". This project was funded by the Japanese Government and was implemented in cooperation with the IFC. *(Transition Retrospective 2, dated September 2005).*

Nonetheless there are several countries where barriers to leasing sector development continue to exist. These vary from country to country but include fiscal issues such as VAT and the tax treatment of loss provisions and other legal and regulatory constraints for repossessions and restructuring of leases. In the countries sampled in this study these barriers have not yet acted as a severe constraint on the growth of leasing, perhaps because such growth has started from a low base.

Lesson: The regulatory and fiscal framework for leasing
Fiscal and regulatory constraints pose a risk for sustainable growth of the leasing sector in some of the EBRD's client countries. The EBRD informs itself on a country-by-country basis of any fiscal and regulatory barriers to the growth of the leasing sector and determines policies for assisting in the removal of such barriers.

Appendix 1

Sample selection, survey designs and field trips

2.3 Selection and representativeness of sample

Desktop reviews:

We reviewed over 50 leasing project files (almost three quarters of lessors in the portfolio) in order to:

- prepare samples to populate the surveys and populate field trips, and
- detect themes and evidence to support the evaluation conclusions.

This review included some discussion with respective Operational Leaders; analysis of Board and Credit Committee submissions; analysis of periodic monitoring reports; review of Transaction Impact Measurement Reports (TIMs); review of lessor financial statements and a sampling of legal documents such as loan agreements and "guarantees" to understand the eligibility criteria under which the EBRD funding could be drawn down, for example, size of lease, and micro SME versus SME definitions. While many of the files provided by EvD were incomplete (missing loan agreements, sometimes missing Board presentations, and/or Monitoring Reports, and/or Credit Review Memos and/or Transition Impact Reports) nonetheless overall there was enough documentation to enable us to:

- design and circulate a questionnaire to be addressed to the lessors in the EU/EBRD SME programme and the early transition countries (ETCs)
- circulate a similar questionnaire addressed to non-EBRD leasing company clients through Leaseurope in order to analyse any differences between the response of EBRD versus non-EBRD clients
- design and circulate a questionnaire addressed to lessees
- undertake some field trips that would include older established EU members (for example, Hungary and Slovenia); new EU members (for example, Romania and Bulgaria) and three ETC lessors (Armenia, Azerbaijan and Georgia). Where possible on the field trips, the plan was to visit some "typical" lessees, some other non-EBRD lessors and some other IFIs
- research the overall leasing market in the EBRD's area of operations through other sources such as IFC publications, Leaseurope data and other studies.

The most frequently stated purpose for the EBRD in lending/investing to leasing companies is to widen access and improve terms of finance for SMEs (supplementing, for example, Bank lending to SMEs). Leasing is a means to this end; not the end in itself.

2.4 Lessors survey design

Lessors survey:

The lessors questionnaire was designed to cover many of the issues of relevance, efficacy, efficiency and impact summarised in Appendix 4, where we have indicated which of these performance components are addressed by cross-referencing to the questions numbered in the lessor questionnaire.

The questionnaire was designed with 30 substantial questions, many of which in turn were broken down into sub-questions (about another 100). For example a substantial question was: **What actions might you take to protect your business in the**

current global credit crisis? And the 11 sub-questions included: Increase the down-payments?; concentrate on existing client base?; reduce the growth rate?; intensify collection efforts and monitoring? and so on.

The detailed survey results are in Appendix 3, which shows the questions and the answers from 27 EBRD lessors and 23 non-EBRD client lessors.

The questionnaire grouped the questions in order to cover the following topics:

- Success factors: Main factors behind developing your successful business
- Facts: especially the importance of SMEs as customers. A profile of the lessor's business: types of equipment, types of customer, size of customers (SMEs proportion); funding sources; average lease tenors and so on
- Benefits of EBRD funding
- Benefits of technical cooperation (where applicable)
- The future and how to cope with the recession: forecasts; concerns; defensive actions planned; survival factors; lessons learned.

The intention was to send the questionnaires to all EBRD clients through the Operational Leaders applicable in each case. In practice not all Operational Leaders sent out the relevant questionnaires, so we received completed surveys from 27 (still a good response, from about 40% of all EBRD lessors).

Non-EBRD lessors were also circulated with the same questionnaires. In this case we were able to use the services of Leaseurope and in return promised to report back to them the survey results on a no-names basis, other than the lessor's country. Twenty-three lessors responded. The advantage of this was to enable a comparison between responses from lessors that received EBRD funding and lessors that did not. Interestingly, Section 5 – the summary of the survey results – shows a remarkable correspondence in the answers.

2.5 Lessees survey

We were advised that the questionnaires for lessees would need to be much shorter because many lessees would not have the patience or, in many cases, the language skills, to complete them. The idea of permitting responses in the local language was eventually abandoned on grounds of cost and effort involved.

The choice of lessees was also an issue. Many lessors do not routinely provide a detailed lessee portfolio when reporting to the EBRD. We had to use a dual approach: rely on lessor cooperation for about half of the lessees (with the danger that they might cherry pick the "best" ones) and for the other half randomly select from those portfolios where there was a detailed lessee portfolio available. We only attracted responses from European lessors although within that region the sample was well spread: two early EU members (Hungary and Slovenia), two most recent members (Bulgaria and Romania) and two aspiring EU members (Croatia and Bosnia).

There were 24 questions designed to:

- obtain a profile of the lessee (size, time in business, location and so on)
- establish why they lease and whether there were other funding alternatives

The lessee survey results are attached as Appendix 4.

2.6 Field trip planning

The field trip sample was designed to incorporate examples from the various representative types of lessor that the EBRD has been supporting, which we describe in Section 4. The principal groups that needed to be sampled were:

- lessors funded under the EU/EBRD SME Facility (60% of the portfolio) – to include both “mature” countries such as the first wave to enter the EU and less mature countries such as the recent entrants to the EU

- lessors in early transition countries (“ETCs”) (about 2% of the portfolio).

The countries covered were:

- four EU countries (all under the EU/EBRD SME Facility): Hungary, Slovenia, Romania, and Bulgaria. This covers two of the oldest members from Eastern Europe and two of the most recent accession countries. In these four countries we also visited with lessors not funded by the EBRD, local EBRD officers and local leasing associations. We also visited with some lessees and observed an EU random loan portfolio inspection in Slovenia.

- ETCs: the Caucasus. Only three loans and two small equity investments in three small countries: Georgia, Azerbaijan and Armenia. They are three of the early transition countries and leasing is at an early stage. Nonetheless, the EBRD may gradually expand leasing support in ETCs.

Resources for field trips in both time and cost did not permit coverage of every single country. We did visit 25 lessors: 21 funded by EBRD (about one third of the portfolio of lessors in number) and four not funded by the EBRD. Field trip findings are summarised in Section 6.

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Appendix 2

Sample lessee questionnaire

Introduction:

The EBRD has lent and successfully invested substantial amounts in the leasing sector for the past 15 years. In particular the EBRD has helped to develop young leasing sectors and to encourage lessors to expand their leasing towards small- to medium-sized companies (SMEs).

Purpose of questionnaire:

The EBRD is working with a consultancy called GBRW to conduct a review of its leasing experience in order to determine how it should continue to support the growth of the leasing sector and its clientele in the future.

As part of this review process we are requesting your company to complete this short questionnaire. We know your time is valuable: we have therefore designed the questionnaire so that it may be completed rapidly (about 10 minutes).

On an anonymous basis we will aggregate the survey results and provide you with a copy, which we believe may be informative for your own future planning. Please could you complete this form, save the completed document and email it to duncana@ebrd.com before Wednesday 26 August 2009. If you have any problems using the document, please email duncana@ebrd.com

ABOUT YOUR BUSINESS/COMPANY

Company name (please enter):

Country (please enter):

Name of the company you lease your equipment from (please enter below):

Background

Please select one answer for each question by clicking on the relevant box. If you change your answer, please remember to uncheck any responses that no longer apply.

(1) How old is your business?

☐ Less than 2 years
☐ 2-5 years
☐ 5-10 years

(2) How many employees do you have?

☐ Less than 10
☐ 10-20
☐ 20-100
☐ Over 100

(3) Where are you based?

☐ Large city
☐ Small town
☐ Rural area

(4). What type of equipment do you lease?

☐ Passenger vehicles
☐ Commercial vehicles – trucks
☐ Manufacturing machinery
☐ Office equipment
☐ Other

(5). What is the cost of the equipment leased?

☐ Less than Euros 20,000
☐ Euros 20-50,000
☐ Euros 50-100,000
☐ Over Euros 100,000

Questions for leasing

(6). How critical was obtaining leasing finance to your being able to finance the growth of your business?

☐ Very critical
☐ Quite critical
☐ Not critical

(7). Has your business grown as a result of using the leased equipment?

☐ Yes ☐ No

(7). (b). If "YES" how much has business grown since leasing?

☐ 10-30% ☐ 30-50% ☐ 50-100% ☐ Greater than 100%

(8) Below are a list of statements regarding reasons for leasing. Please indicate the extent to which you disagree or agree that the following statements reflect your

reasons for using leasing. ***Please choose on the scale from 1 (strongly disagree) to 5 (strongly agree)***

		1	2	3	4	5
a	No bank loans were available	☐	☐	☐	☐	☐
b	Bank loans were available but the collateral required was too high	☐	☐	☐	☐	☐
c	Lease is cheaper than bank in cost	☐	☐	☐	☐	☐
d	Lease is longer term than a bank loan	☐	☐	☐	☐	☐
e	Currency of lease better than bank loan	☐	☐	☐	☐	☐
f	Tax treatment of lease better than loan	☐	☐	☐	☐	☐
g	Quicker to obtain lease than bank loan	☐	☐	☐	☐	☐

(9) Have you leased more equipment since the first lease?

☐ Yes ☐ No

(10) Did you have a choice of companies to lease this equipment from?

☐ Yes ☐ No

(11). If you had a choice between two leasing contracts for the same piece of equipment, how important would each of the following items be in deciding which contract to choose? ***Please choose on a scale from 1 (not important) to 5 (very important).***

		1	2	3	4	5
a	A lower lease rate	☐	☐	☐	☐	☐
b	A longer lease term (more months to pay)	☐	☐	☐	☐	☐
c	Simpler administrative procedures	☐	☐	☐	☐	☐
d	Reduced pre-payment	☐	☐	☐	☐	☐
e	Faster lease approval	☐	☐	☐	☐	☐
f	Lower monthly payment	☐	☐	☐	☐	☐

(12). How likely are you to continue to use leasing as a method for financing your equipment in the future?

☐ Very likely
☐ Quite likely
☐ Unsure at present
☐ Quite unlikely
☐ Very unlikely

(13). Please insert the date on which you contracted the first lease from the leasing company who sent you this questionnaire

Month: Year:

Thank you for taking the time to complete this questionnaire. Please return the completed version by email to duncana@ebrd.com by Friday 17 July 2009.

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EBRD LEASING STUDY EVALUATION: Lessee Questionnaire Responses

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		Total Lessees	**Total Lessees**	*Bosnia*	**Bosnia**	*Bulgaria*	**Bulgaria**	*Croatia*	**Croatia**	*Hungary*	**Hungary**	*Romania*	**Romania**	*Slovenia*	**Slovenia**
	Base Size	*62*		*8*		*18*		*10*		*17*		*3*		*6*	
		base	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**
How old is your business?	Less than 2 years	*1*	**2**	*0*	**0**	*1*	**6**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**
	2-5 years	*13*	**21**	*1*	**13**	*4*	**22**	*3*	**30**	*4*	**24**	*1*	**33**	*0*	**0**
	5-10 years	*48*	**77**	*7*	**88**	*13*	**72**	*7*	**70**	*13*	**76**	*2*	**67**	*6*	**100**
How many employees do you have?	Less than 10	*31*	**50**	*4*	**50**	*6*	**33**	*6*	**60**	*11*	**65**	*1*	**33**	*3*	**50**
	10-20	*11*	**18**	*0*	**0**	*4*	**22**	*3*	**30**	*2*	**12**	*0*	**0**	*2*	**33**
	20-100	*17*	**27**	*2*	**25**	*7*	**39**	*1*	**10**	*4*	**24**	*2*	**67**	*1*	**17**
	Over 100	*3*	**5**	*2*	**25**	*1*	**6**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**
Where are you based?	Large city	*27*	**44**	*7*	**88**	*8*	**44**	*2*	**20**	*7*	**41**	*2*	**67**	*1*	**17**
	Small town	*25*	**40**	*1*	**13**	*10*	**56**	*4*	**40**	*8*	**47**	*1*	**33**	*1*	**17**
	Rural area	*10*	**16**	*0*	**0**	*0*	**0**	*4*	**40**	*2*	**12**	*0*	**0**	*4*	**67**
What type of equipment do you lease?															
Passenger vehicles	quoted	*5*	**8**	*2*	**25**	*1*	**6**	*0*	**0**	*0*	**0**	*2*	**67**	*0*	**0**
Commercial vehicles-trucks	quoted	*30*	**48**	*3*	**38**	*12*	**67**	*2*	**20**	*8*	**47**	*2*	**67**	*3*	**50**
Manufacturing machinery	quoted	*23*	**37**	*3*	**38**	*7*	**39**	*2*	**20**	*7*	**41**	*1*	**33**	*3*	**50**
Office equipment	quoted	*1*	**2**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**	*1*	**17**
Other	quoted	*10*	**16**	*2*	**25**	*0*	**0**	*6*	**60**	*2*	**12**	*0*	**0**	*0*	**0**
What is the cost of the equipment leased?	Less than Euros equivalent of 20,000	*12*	**19**	*1*	**13**	*3*	**17**	*4*	**40**	*2*	**12**	*1*	**33**	*1*	**17**
	Euros 20-50,000	*25*	**40**	*3*	**38**	*9*	**50**	*4*	**40**	*3*	**18**	*2*	**67**	*4*	**67**
	Euros 50-100,000	*10*	**16**	*1*	**13**	*0*	**0**	*2*	**20**	*7*	**41**	*0*	**0**	*0*	**0**
	Over Euros 100,000	*15*	**24**	*3*	**38**	*6*	**33**	*0*	**0**	*5*	**29**	*0*	**0**	*1*	**17**
How critical was obtaining leasing finance to your being able to finance the growth of your business?	Very critical	*14*	**24**	*0*	**0**	*8*	**44**	*1*	**10**	*4*	**29**	*0*	**0**	*1*	**17**
	Quite critical	*22*	**37**	*0*	**0**	*5*	**28**	*3*	**30**	*10*	**71**	*0*	**0**	*4*	**67**
	Not critical	*23*	**39**	*8*	**100**	*5*	**28**	*6*	**60**	*0*	**0**	*3*	**100**	*1*	**17**
Has your business grown as a result of using the leased equipment?	Yes	*49*	**80**	*7*	**88**	*16*	**89**	*7*	**70**	*14*	**88**	*2*	**67**	*3*	**50**
	No	*12*	**20**	*1*	**13**	*2*	**11**	*3*	**30**	*2*	**13**	*1*	**33**	*3*	**50**
If yes, how much has business grown since leasing?	10-30%	*28*	**57**	*3*	**43**	*8*	**50**	*5*	**71**	*8*	**57**	*2*	**100**	*2*	**67**
	30-50%	*17*	**35**	*4*	**57**	*5*	**31**	*1*	**14**	*6*	**43**	*0*	**0**	*1*	**33**
	50-100%	*4*	**8**	*0*	**0**	*3*	**19**	*1*	**14**	*0*	**0**	*0*	**0**	*0*	**0**
No bank loans were available	Strongly disagree	*22*	**37**	*2*	**40**	*9*	**50**	*1*	**10**	*6*	**35**	*2*	**67**	*2*	**33**
	Disagree	*9*	**15**	*0*	**0**	*2*	**11**	*3*	**30**	*3*	**18**	*0*	**0**	*1*	**17**
	Neither	*17*	**29**	*2*	**40**	*3*	**17**	*5*	**50**	*4*	**24**	*1*	**33**	*2*	**33**
	Agree	*5*	**8**	*1*	**20**	*2*	**11**	*1*	**10**	*1*	**6**	*0*	**0**	*0*	**0**
	Strongly agree	*6*	**10**	*0*	**0**	*2*	**11**	*0*	**0**	*3*	**18**	*0*	**0**	*1*	**17**

EBRD LEASING STUDY EVALUATION: Lessee Questionnaire Responses

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		Total Lessees	**Total Lessees**	*Bosnia*	**Bosnia**	*Bulgaria*	**Bulgaria**	*Croatia*	**Croatia**	*Hungary*	**Hungary**	*Romania*	**Romania**	*Slovenia*	**Slovenia**
	Base Size	62		8		18		10		17		3		6	
		base	%	base	%	base	%	base	%	base	%	base	%	base	%
Bank loans were available but the collateral required was too high	Strongly disagree	5	8	0	0	2	11	0	0	1	6	1	33	1	17
	Disagree	7	11	1	14	2	11	2	20	0	0	0	0	2	33
	Neither	25	41	3	43	10	56	6	60	5	29	0	0	1	17
	Agree	15	25	2	29	3	17	2	20	6	35	1	33	1	17
	Strongly agree	9	15	1	14	1	6	0	0	5	29	1	33	1	17
Lease is cheaper than bank in cost	Strongly disagree	7	12	2	33	1	6	1	10	3	18	0	0	0	0
	Disagree	8	14	0	0	2	11	0	0	1	6	2	100	3	50
	Neither	18	31	2	33	8	44	1	10	6	35	0	0	1	17
	Agree	22	37	2	33	4	22	8	80	6	35	0	0	2	33
	Strongly agree	4	7	0	0	3	17	0	0	1	6	0	0	0	0
Lease is longer term than a bank loan	Strongly disagree	8	14	2	40	4	22	0	0	2	12	0	0	0	0
	Disagree	9	15	1	20	4	22	2	20	1	6	0	0	1	17
	Neither	27	46	2	40	6	33	4	40	10	59	2	67	3	50
	Agree	8	14	0	0	1	6	1	10	4	24	0	0	2	33
	Strongly agree	7	12	0	0	3	17	3	30	0	0	1	33	0	0
Currency of lease better than bank loan	Strongly disagree	13	22	2	40	6	33	2	20	3	18	0	0	0	0
	Disagree	5	9	0	0	1	6	1	10	0	0	1	50	2	33
	Neither	29	50	2	40	7	39	5	50	12	71	0	0	3	50
	Agree	7	12	1	20	1	6	1	10	2	12	1	50	1	17
	Strongly agree	4	7	0	0	3	17	1	10	0	0	0	0	0	0
Tax treatment of lease better than loan	Strongly disagree	4	7	3	60	0	0	0	0	1	6	0	0	0	0
	Disagree	5	9	0	0	1	6	2	20	0	0	0	0	2	33
	Neither	14	24	0	0	5	28	5	50	2	12	0	0	2	33
	Agree	21	36	2	40	6	33	2	20	8	47	1	50	2	33
	Strongly agree	14	24	0	0	6	33	1	10	6	35	1	50	0	0
Quicker to obtain lease than bank loan	Strongly disagree	1	2	0	0	0	0	0	0	0	0	1	33	0	0
	Disagree	1	2	1	14	0	0	0	0	0	0	0	0	0	0
	Neither	12	20	1	14	3	17	4	40	1	6	0	0	3	50
	Agree	13	21	1	14	4	22	3	30	3	18	0	0	2	33
	Strongly agree	34	56	4	57	11	61	3	30	13	76	2	67	1	17
Have you leased more equipment since the first lease?	Yes	36	58	4	50	11	61	3	30	11	65	3	100	4	67
	No	26	42	4	50	7	39	7	70	6	35	0	0	2	33

EBRD LEASING STUDY EVALUATION: Lessee Questionnaire Responses

European Bank for Reconstruction and Development

GBRW

		Total Lessees	**Total Lessees**	*Bosnia*	**Bosnia**	*Bulgaria*	**Bulgaria**	*Croatia*	**Croatia**	*Hungary*	**Hungary**	*Romania*	**Romania**	*Slovenia*	**Slovenia**
	Base Size	*62*		*8*		*18*		*10*		*17*		*3*		*6*	
		base	%	*base*	%	*base*	%	*base*	%	*base*	%	*base*	%	*base*	%
Did you have a choice of companies to lease equipment from?	Yes	*53*	**87**	*8*	**100**	*18*	**100**	*9*	**90**	*10*	**63**	*3*	**100**	*5*	**83**
	No	*8*	**13**	*0*	**0**	*0*	**0**	*1*	**10**	*6*	**38**	*0*	**0**	*1*	**17**
A lower lease rate	Not important	*3*	**5**	*0*	**0**	*1*	**6**	*1*	**10**	*1*	**6**	*0*	**0**	*0*	**0**
	Not very important	*1*	**2**	*0*	**0**	*1*	**6**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**
	Neither	*4*	**7**	*1*	**14**	*1*	**6**	*2*	**20**	*0*	**0**	*0*	**0**	*0*	**0**
	Important	*13*	**21**	*2*	**29**	*1*	**6**	*3*	**30**	*3*	**18**	*1*	**33**	*3*	**50**
	Very important	*40*	**66**	*4*	**57**	*14*	**78**	*4*	**40**	*13*	**76**	*2*	**67**	*3*	**50**
A longer lease term (more months to pay)	Not important	*8*	**13**	*1*	**17**	*1*	**6**	*1*	**10**	*3*	**18**	*0*	**0**	*2*	**33**
	Not very important	*4*	**7**	*0*	**0**	*4*	**22**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**
	Neither	*15*	**25**	*1*	**17**	*3*	**17**	*4*	**40**	*3*	**18**	*2*	**67**	*2*	**33**
	Important	*17*	**28**	*2*	**33**	*2*	**11**	*4*	**40**	*8*	**47**	*0*	**0**	*1*	**17**
	Very important	*16*	**27**	*2*	**33**	*8*	**44**	*1*	**10**	*3*	**18**	*1*	**33**	*1*	**17**
Simpler administrative procedures	Not important	*3*	**5**	*0*	**0**	*1*	**6**	*0*	**0**	*2*	**12**	*0*	**0**	*0*	**0**
	Neither	*9*	**15**	*1*	**13**	*2*	**11**	*1*	**10**	*1*	**6**	*0*	**0**	*4*	**67**
	Important	*15*	**24**	*2*	**25**	*1*	**6**	*5*	**50**	*3*	**18**	*2*	**67**	*2*	**33**
	Very important	*35*	**56**	*5*	**63**	*14*	**78**	*4*	**40**	*11*	**65**	*1*	**33**	*0*	**0**
Reduced pre-payment	Not important	*4*	**7**	*0*	**0**	*0*	**0**	*0*	**0**	*3*	**18**	*0*	**0**	*1*	**20**
	Not very important	*6*	**10**	*0*	**0**	*2*	**11**	*2*	**20**	*2*	**12**	*0*	**0**	*0*	**0**
	Neither	*12*	**20**	*1*	**17**	*3*	**17**	*1*	**10**	*5*	**29**	*0*	**0**	*2*	**40**
	Important	*19*	**32**	*2*	**33**	*3*	**17**	*6*	**60**	*5*	**29**	*2*	**67**	*1*	**20**
	Very important	*18*	**31**	*3*	**50**	*10*	**56**	*1*	**10**	*2*	**12**	*1*	**33**	*1*	**20**
Faster lease approval	Not important	*1*	**2**	*0*	**0**	*1*	**6**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**
	Neither	*9*	**15**	*1*	**13**	*3*	**17**	*2*	**20**	*0*	**0**	*0*	**0**	*3*	**50**
	Important	*20*	**32**	*2*	**25**	*3*	**17**	*5*	**50**	*7*	**41**	*0*	**0**	*3*	**50**
	Very important	*32*	**52**	*5*	**63**	*11*	**61**	*3*	**30**	*10*	**59**	*3*	**100**	*0*	**0**
Lower monthly payment	Not important	*4*	**7**	*0*	**0**	*1*	**6**	*0*	**0**	*2*	**12**	*0*	**0**	*1*	**17**
	Not very important	*1*	**2**	*0*	**0**	*0*	**0**	*1*	**10**	*0*	**0**	*0*	**0**	*0*	**0**
	Neither	*9*	**15**	*0*	**0**	*4*	**22**	*2*	**20**	*0*	**0**	*0*	**0**	*3*	**50**
	Important	*20*	**33**	*3*	**50**	*2*	**11**	*6*	**60**	*6*	**35**	*1*	**33**	*2*	**33**
	Very important	*26*	**43**	*3*	**50**	*11*	**61**	*1*	**10**	*9*	**53**	*2*	**67**	*0*	**0**
How likely are you to continue to use leasing as a method for financing your equipment in the future?	Very likely	*26*	**42**	*1*	**13**	*7*	**39**	*6*	**60**	*7*	**41**	*2*	**67**	*3*	**50**
	Quite likely	*25*	**40**	*5*	**63**	*6*	**33**	*3*	**30**	*8*	**47**	*1*	**33**	*2*	**33**
	Unsure at present	*9*	**15**	*1*	**13**	*4*	**22**	*1*	**10**	*2*	**12**	*0*	**0**	*1*	**17**

EBRD LEASING STUDY EVALUATION: Lessee Questionnaire Responses

European Bank
for Reconstruction and Development

GBRW

		Total Lessees	**Total Lessees**	*Bosnia*	**Bosnia**	*Bulgaria*	**Bulgaria**	*Croatia*	**Croatia**	*Hungary*	**Hungary**	*Romania*	**Romania**	*Slovenia*	**Slovenia**
	Base Size	*62*		*8*		*18*		*10*		*17*		*3*		*6*	
		base	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**
	Quite unlikely	*2*	**3**	*1*	**13**	*1*	**6**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**

Appendix 4

Sample lessor questionnaire

Introduction:

The EBRD has lent and successfully invested substantial amounts in the leasing sector for the past 15 years. In particular the EBRD has helped to develop young leasing sectors and to encourage lessors to expand their leasing towards small- to medium-sized companies (SMEs).

Purpose of questionnaire:

The EBRD is now conducting a review of its leasing experience in order to determine how it should continue to support the growth of the leasing sector and its clientele in the future.

As part of this review process we are requesting your Chief Executive Officer to complete this short questionnaire online. We know your time is valuable: we have therefore designed the questionnaire so that it may be completed in about 20 minutes based on information that you have in your personal memory.

On an anonymous basis we will aggregate the survey results and provide you with a copy, which we believe may be informative for your own future planning.

Company name

<<automatically appears>>

(if this is not the correct company name, please insert the name of the company below)

……………………………………………………………………………………………………

Country:………………

Questions

(1) Over the five years 2004-2008, the following factors have been sources of our leasing company's business success:
(please circle from 0 (not important) to 5 (very important)

our leasing policies and practices	0 1 2 3 4 5
our access to long-term funding	0 1 2 3 4 5
our low leverage and strong capital base	0 1 2 3 4 5
the loans from our parent banking group	0 1 2 3 4 5
our marketing and sales skills	0 1 2 3 4 5
our large market share	0 1 2 3 4 5
our management information systems	0 1 2 3 4 5

EBRD support of leasing industry	0 1 2 3 4 5
our country's laws on leasing	0 1 2 3 4 5
our strong vendor relationships	0 1 2 3 4 5
our equipment remarketing skills	0 1 2 3 4 5
our access to equity capital to fund our growth	0 1 2 3 4 5
our being part of a large leasing or banking group	0 1 2 3 4 5

Other please list: ______________________________

(2). The most average term of our leases is: *(please tick the relevant box)*

- □ 12 to 24 months
- □ 25 to 30 months
- □ 31 to 36 months
- □ 37 to 42 months
- □ 43 to 48 months
- □ Over 48 months

(3). What percentage of your leases are in:

Local currency	Approx …………%
Foreign currency	Approx …………%

(4). For the period 2009-2010, our leasing margins are expected to:

- □ decrease
- □ increase
- □ stay the same (no change)

(5). For the period 2009-2010, our arrears rates are expected to:

- □ decrease
- □ increase
- □ stay the same (no change)

(6). The number of leasing customers is:

- □ decreasing
- □ increasing and faster than it was increasing before
- □ increasing but slower than it was increasing before
- □ staying the same (no change)

(7). Our company's main channels for finding leasing customers are:
(Please number in order of importance, from 0 (not used) to 5 (most used)

our in-house sales force	0 1 2 3 4 5
a commercial bank sales force	0 1 2 3 4 5
vendors	0 1 2 3 4 5
our network of leasing offices	0 1 2 3 4 5
other (please state type of channel ________)	0 1 2 3 4 5

(8a). The number of serious leasing competitors for the business of our leasing customers is:

□ none
□ two to seven
□ eight to 20
□ more than 20

(8b). The number of serious leasing competitors for the business of our leasing customers is:

□ expected to increase (strong new competitors will enter our market)
□ expected to decrease (some leading competitors with shut down)

(9). It is hard to keep skilled leasing specialists from leaving our company and going to work for a competitor; this statement:

□ was always true
□ is becoming more true
□ is becoming less true
□ was never true

(10). Our leasing company leases the following types of equipment:
(please tick one box for each type of equipment):

None	1%-	11%-	21%-	31%-	51%-	More than

		10%	20%	30%	50%	70%	70%	
passenger automobiles	□	□	□	□	□	□	□	
commercial trucks	□	□	□	□	□	□	□	
heavy construction equip.	□	□	□	□	□	□	□	
agricultural equipment	□	□	□	□	□	□	□	
medical equipment		□	□	□	□	□	□	□
real estate	□	□	□	□	□	□	□	
other – please describe								

(11). Our leasing company serves the following areas of the economy:

	None	1%-10%	11%-20%	21%-30%	31%-50%	51%-70%	More than 70%	
Individual consumers	□	□	□	□	□	□	□	
Construction sector		□	□	□	□	□	□	□
Agriculture sector	□	□	□	□	□	□	□	
Commercial transport	□	□	□	□	□	□	□	
Medical sector	□	□	□	□	□	□	□	
Manufacturing	□	□	□	□	□	□	□	
Retail sector	□	□	□	□	□	□	□	
Printing & publishing	□	□	□	□	□	□	□	

Other – please describe

(12). Small leases (less than Euros 125,000) to small companies (less than 250 employees) are:

□ less than 10% of our lease portfolio

□ 11% to 30%

□ 31% to 50%

□ greater than 50%

□ negligible (we do little leasing with small businesses)

(13). At the end of next year the share of our lease portfolio made up of small leases to small companies will:

□ decrease
□ increase
□ stay the same (no change)

(14). Making small leases (less than Euros 125,000) to small companies (less than 250 employees) is:

□ more profitable than our other business segments

□ about as profitable as our other business segments

□ less profitable than our other business segments

□ not profitable

□ not applicable (we are not in that business)

(15). The past five years, before the 2007/8 crisis, the number of banks that provided long-term loans (greater than three years in tenor) to leasing companies:

□ was decreasing
□ was increasing
□ was staying the same (no change)

(16) We borrow long-term funding from our parent group for:

□ less than 20% of our total funding needs

□ 20% to 50% of our total funding needs

□ 51% to 80% of our total funding needs

□ more than 80% of our total funding needs

□ Not applicable (we do not have a financial sector parent group)

(17). Are lessee customers revenues in sufficient currency to match the currency in which they are obliged to make lease payments to your company? Yes No

(18). What are your main concerns about the level and adequacy of funding from all sources for the next year or two:

(Please circle the degree of concern from 0 (none) to 5 (highest))

Availability of new funds 0 1 2 3 4 5

Concern that main lenders will not renew loan 0 1 2 3 4
5
Interest rates too high 0 1 2 3 4 5

Foreign currency loans not available 0 1 2 3 4
5
Term of loans will be too short 0 1 2 3 4
5

Loan covenants will be too harsh 0 1 2 3 4 5

(19). What actions might you take to protect your business in the current global credit crisis?

(Please circle the degree of likelihood from 0 (not likely) to 5 (most likely))

Increase the loss provision rates for lessee default 0 1 2 3 4 5

Decrease the tenor (term in years) of leases 0 1 2 3 4 5

Increase the down-payment required from lessees 0 1 2 3 4 5

Decrease the residual value of equipment 0 1 2 3 4 5

Reduce the growth rate of your business 0 1 2 3 4

5

Concentrate on existing client base 0 1 2 3 4 5

Reduce staffing levels to cut costs 0 1 2 3 4 5

Concentrate more on leasing equipment that is 0 1 2 3 4
5
more easily sold

Increase the equity capital of our company 0 1 2 3 4 5

Decrease the number of banks we borrow from 0 1 2 3 4

5

(20) Our company will survive the present global economic crisis thanks to:
(please circle from 0 (not important) to 5 (very important)

our rapid growth in the past 0 1 2 3 4 5

the high quality of our staff 0 1 2 3 4 5

our conservative underwriting practices 0 1 2 3 4 5

our access to long-term funding 0 1 2 3 4 5

our low leverage and strong capital base 0 1 2 3 4 5

funding from our parent banking group 0 1 2 3 4 5

more profitable margins on new leases 0 1 2 3 4 5

our large market share 0 1 2 3 4 5

rescheduling of our leasing portfolio 0 1 2 3 4 5

Government support of leasing industry 0 1 2 3 4 5

our strong customer base 0 1 2 3 4 5

our high level of provisions and reserves 0 1 2 3 4 5

our equipment remarketing skills 0 1 2 3 4 5 our access to equity capital to fund our growth 0 1 2 3 4 5

other not listed above 0 1 2 3 4 5

Please list: ______________________________

(21) In managing the environmental risks of our business we:
(Please check all that apply)

□ have assigned accountability for environmental risks to a member of senior management

□ screen our leases for the risk of environmental damage that use of the equipment may cause (e.g. mining equipment, fuel tank cars, etc)

□ categorise the environmental risks as high, medium or low

□ decline business for certain assets because of environmental risk

□ provide environmental risk training to our leasing staff

□ none of the above

Questions about the EBRD loan or equity investments

(22). How quickly was the EBRD loan (s) disbursed?

□ Less than 1 year
□ Less than 2 years
□ More than 2 years

(23). EBRD's loan or investment in our company and in the leasing sector:
(please circle from 0 (not true) to 5 (True)

funded access to new segments of the leasing market 0 1 2 3 4 5

addressed important issues for our business/sector 0 1 2 3 4 5

was welcome because of its pricing 0 1 2 3 4 5

could not be obtained from other sources 0 1 2 3 4 5

was easy to put into action 0 1 2 3 4 5

was critical to our present success 0 1 2 3 4 5

made demands that other banks do not make 0 1 2 3 4 5

increased our asset growth rate 0 1 2 3 4 5 strengthened our balance sheet 0 1 2 3 4 5

reduced our exposure to FX risk 0 1 2 3 4 5

increased our profitability 0 1 2 3 4 5

(24) EBRD's financial (and where applicable technical) support to our company caused us to:
(please circle from 0 (not true) to 5 (True)

improve our leasing policies and practices 0 1 2 3 4 5

improve the way we report our business results 0 1 2 3 4 5

provide longer term leases to small companies 0 1 2 3 4 5

increase our leasing business with small firms 0 1 2 3 4 5

more easily attract funding from other banks 0 1 2 3 4 5

increase the number of leasing customers 0 1 2 3 4 5

gain an advantage over our competitors 0 1 2 3 4 5

start leasing a new type of equipment 0 1 2 3 4 5

start leasing with a new customer category 0 1 2 3 4 5

change our vendor relationships 0 1 2 3 4 5

ANNEX FOR EU/EBRD FACILITY CLIENTS

(25). Listed below are a number of statements regarding the EU/EBRD SME Facility. Please indicate the extent to which you agree with each statement.
(please circle from 0 (strongly disagree) to 5 (strongly agree)

Technical co-operation was valuable in helping to develop the business fund access to new segments of the leasing market 0 1 2 3 4 5

Technical co-operation was valuable in helping to manage the risks addressed important issues for our business/sector 0 1 2 3 4 5
QUERY: PLEASE CHECK ABOVE QUESTION AGAINST ORIGINAL QUESTION – DOESN'T MAKE SENSE

The performance fee (where applicable) was a good incentive to diversify the lease portfolio towards the SME sector 0 1 2 3 4 5

The EBRD loan caused us to lease to SMEs that were otherwise new to us could not be obtained from other sources 0 1 2 3 4 5
QUERY: PLEASE CHECK ABOVE QUESTION AGAINST ORIGINAL QUESTION – DOESN'T MAKE SENSE

We will continue to lease to the SMEs that are eligible under the EBRD loan even when the EBRD loan is repaid was easy to put into action 0 1 2 3 4 5
QUERY: PLEASE CHECK ABOVE QUESTION AGAINST ORIGINAL QUESTION – DOESN'T MAKE SENSE

We have been and expect to continue to lease from our other funding sources to the clients that we initially developed through the EBRD loan(s). was critical to our present success 0 1 2 3 4 5
QUERY: PLEASE CHECK ABOVE QUESTION AGAINST ORIGINAL QUESTION – DOESN'T MAKE SENSE

We experienced difficulty with the administrative and reporting procedures associated with the EBRD loan facility made demands that other banks do not make 0 1 2 3 4 5
QUERY: PLEASE CHECK ABOVE QUESTION AGAINST ORIGINAL QUESTION – DOESN'T MAKE SENSE

Our experience leasing to SMEs eligible under the EBRD loan has been profitable increased our asset growth rate 0 1 2 3 4 5
QUERY: PLEASE CHECK ABOVE QUESTION AGAINST ORIGINAL QUESTION – DOESN'T MAKE SENSE

(26). Were the eligibility criteria for a lease to SMEs under the EBRD loan easily achievable? Yes No

(26b). If answer “NO” to q26, what were the problem areas
(Please choose up to 2 items)

□ Location requirement, e.g. outside large cities
□ Client has to be new
□ Term of lease
□ Interest rate
□ Type of equipment

EBRD LEASING STUDY EVALUATION								EBRD Clients												Not EBRD Clients									
		Leasing Companies	**Leasing Companies**	*EBRD client*	**EBRD client**	*Not EBRD client*	**Not EBRD client**	*Early Transition nries*	**Early Transition nries**	*West Balkans*	**West Balkans**	*Russia, Kazakhstan and Ukraine*	**Russia, Kazakhstan and Ukraine**	*EU*	**EU**	*New EU EBRD*		*Old EU EBRD*		*Early Transition nries*	**Early Transition nries**	*Russia, Kazakhstan and Ukraine*	**Russia, Kazakhstan and Ukraine**	*EU*	**EU**	*New EU Not EBRD*		*Old EU Not EBRD*	
	Base Size	50		27		23		3		2		4		18		9		9		4		5		14		2		12	
		base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%
Over the five years 2004-2008, the following factors have been sources of our Leasing Company's business success: 1 (not important) to 5 (very important)																													
	(not important)1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	2	2	4	1	4	1	4	0	0	0	0	0	0	1	6	1	11	0	0	0	0	0	0	1	7	1	50	0	0
our leasing policies and practices	3	8	16	4	15	4	17	0	0	1	50	0	0	3	17	0	0	3	33	1	25	3	60	0	0	0	0	0	0
	4	16	32	9	33	7	30	1	33	0	0	1	25	7	39	3	33	4	44	1	25	2	40	4	29	1	50	3	25
	(Very Important)5	24	48	13	48	11	48	2	67	1	50	3	75	7	39	5	56	2	22	2	50	0	0	9	64	0	0	9	75
	(not important)1	1	2	0	0	1	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	7	1	50	0	0
	2	3	6	2	7	1	4	0	0	0	0	0	0	2	11	1	11	1	11	0	0	0	0	1	7	0	0	1	8
our access to long term funding	3	7	14	6	22	1	4	0	0	1	50	1	25	4	22	2	22	2	22	0	0	0	0	1	7	0	0	1	8
	4	17	34	6	22	11	48	0	0	1	50	1	25	4	22	2	22	2	22	1	25	3	60	7	50	1	50	6	50
	(Very Important)5	22	44	13	48	9	39	3	100	0	0	2	50	8	44	4	44	4	44	3	75	2	40	4	29	0	0	4	33
	(not important)1	4	8	1	4	3	13	0	0	0	0	0	0	1	6	1	11	0	0	1	25	1	20	1	7	1	50	0	0
	2	9	18	2	7	7	30	0	0	0	0	0	0	2	11	1	11	1	11	0	0	3	60	4	29	1	50	3	25
our low leverage and strong capital base	3	13	26	8	30	5	22	1	33	1	50	0	0	6	33	1	11	5	56	1	25	0	0	4	29	0	0	4	33
	4	14	28	10	37	4	17	1	33	1	50	3	75	5	28	3	33	2	22	1	25	1	20	2	14	0	0	2	17
	(Very Important)5	10	20	6	22	4	17	1	33	0	0	1	25	4	22	3	33	1	11	1	25	0	0	3	21	0	0	3	25
	(not important)1	6	12	2	7	4	17	1	33	0	0	1	25	0	0	0	0	0	0	0	0	1	20	3	21	1	50	2	17
	2	7	14	5	19	2	9	0	0	0	0	1	25	4	22	3	33	1	11	0	0	1	20	1	7	0	0	1	8
the loans from our parent banking group	3	8	16	5	19	3	13	0	0	1	50	2	50	2	11	1	11	1	11	0	0	0	0	3	21	0	0	3	25
	4	13	26	7	26	6	26	0	0	1	50	0	0	6	33	2	22	4	44	1	25	2	40	3	21	1	50	2	17
	(Very Important)5	16	32	8	30	8	35	2	67	0	0	0	0	6	33	3	33	3	33	3	75	1	20	4	29	0	0	4	33
	(not important)1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	2	2	4	1	4	1	4	0	0	0	0	1	25	0	0	0	0	0	0	0	0	1	20	0	0	0	0	0	0
our marketing and sales skills	3	9	18	5	19	4	17	0	0	0	0	0	0	5	28	3	33	2	22	1	25	2	40	1	7	1	50	0	0
	4	19	38	12	44	7	30	3	100	1	50	3	75	5	28	2	22	3	33	1	25	1	20	5	36	0	0	5	42
	(Very Important)5	20	40	9	33	11	48	0	0	1	50	0	0	8	44	4	44	4	44	2	50	1	20	8	57	1	50	7	58
	(not important)1	10	20	4	15	6	26	0	0	0	0	3	75	1	6	1	11	0	0	1	25	2	40	3	21	1	50	2	17
	2	6	12	2	7	4	17	0	0	0	0	0	0	2	11	2	22	0	0	0	0	1	20	3	21	0	0	3	25
our large market share	3	16	32	12	44	4	17	2	67	2	100	0	0	8	44	4	44	4	44	1	25	1	20	2	14	0	0	2	17
	4	13	26	7	26	6	26	1	33	0	0	1	25	5	28	1	11	4	44	2	50	1	20	3	21	0	0	3	25
	(Very Important)5	5	10	2	7	3	13	0	0	0	0	0	0	2	11	1	11	1	11	0	0	0	0	3	21	1	50	2	17
	(not important)1	1	2	1	4	0	0	1	33	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	2	4	8	3	11	1	4	1	33	0	0	0	0	2	11	1	11	1	11	0	0	1	20	0	0	0	0	0	0
our management information systems	3	25	50	12	44	13	57	1	33	0	0	1	25	10	56	4	44	6	67	3	75	3	60	7	50	1	50	6	50
	4	15	30	9	33	6	26	0	0	2	100	3	75	4	22	3	33	1	11	0	0	1	20	5	36	1	50	4	33
	(Very Important)5	5	10	2	7	3	13	0	0	0	0	0	0	2	11	1	11	1	11	1	25	0	0	2	14	0	0	2	17
	(not important)1	16	32	1	4	15	65	0	0	0	0	1	25	0	0	0	0	0	0	2	50	5	100	8	57	1	50	7	58
	2	7	14	2	7	5	22	0	0	0	0	0	0	2	11	2	22	0	0	1	25	0	0	4	29	1	50	3	25
EBRD support of leasing industry	3	8	16	7	26	1	4	1	33	0	0	1	25	5	28	2	22	3	33	0	0	0	0	1	7	0	0	1	8
	4	13	26	11	41	2	9	1	33	0	0	1	25	9	50	4	44	5	56	1	25	0	0	1	7	0	0	1	8
	(Very Important)5	6	12	6	22	0	0	1	33	2	100	1	25	2	11	1	11	1	11	0	0	0	0	0	0	0	0	0	0
	(not important)1	7	14	3	11	4	17	0	0	0	0	0	0	3	17	3	33	0	0	1	25	1	20	2	14	1	50	1	8
	2	15	30	6	22	9	39	1	33	1	50	1	25	3	17	0	0	3	33	1	25	2	40	6	43	0	0	6	50
our country's laws on leasing	3	15	30	8	30	7	30	1	33	1	50	0	0	6	33	3	33	3	33	1	25	2	40	4	29	1	50	3	25
	4	10	20	8	30	2	9	0	0	0	0	3	75	5	28	2	22	3	33	0	0	0	0	2	14	0	0	2	17
	(Very Important)5	3	6	2	7	1	4	1	33	0	0	0	0	1	6	1	11	0	0	1	25	0	0	0	0	0	0	0	0
	(not important)1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	2	10	20	5	19	5	22	0	0	0	0	0	0	5	28	3	33	2	22	1	25	1	20	3	21	0	0	3	25
our strong vendor relationships	3	4	8	3	11	1	4	0	0	0	0	2	50	1	6	1	11	0	0	0	0	0	0	1	7	0	0	1	8
	4	23	46	13	48	10	43	3	100	2	100	1	25	7	39	4	44	3	33	2	50	2	40	6	43	2	100	4	33
	(Very Important)5	13	26	6	22	7	30	0	0	0	0	1	25	5	28	1	11	4	44	1	25	2	40	4	29	0	0	4	33
	(not important)1	6	12	4	15	2	9	1	33	0	0	1	25	2	11	2	22	0	0	1	25	1	20	0	0	0	0	0	0
	2	9	18	5	19	4	17	0	0	0	0	1	25	4	22	3	33	1	11	1	25	2	40	1	7	0	0	1	8
our equipment remarketing skills	3	18	36	13	48	5	22	2	67	1	50	0	0	10	56	3	33	7	78	0	0	0	0	5	36	0	0	5	42
	4	11	22	4	15	7	30	0	0	1	50	2	50	1	6	1	11	0	0	1	25	1	20	5	36	2	100	3	25

EBRD LEASING STUDY EVALUATION							EBRD Clients												Not EBRD Clients									
	Leasing Companies	**Leasing Companies**	*EBRD client*	**EBRD client**	*Not EBRD client*	**Not EBRD client**	*Early Transition nries*	**Early Transition nries**	*West Balkans*	**West Balkans**	*Russia, Kazakhstan and Ukraine*	**Russia, Kazakhstan and Ukraine**	*EU*	**EU**	*New EU EBRD*		*Old EU EBRD*		*Early Transition nries*	**Early Transition nries**	*Russia, Kazakhstan and Ukraine*	**Russia, Kazakhstan and Ukraine**	*EU*	**EU**	*New EU Not EBRD*		*Old EU Not EBRD*	
Base Size	*50*		*27*		*23*		*3*		*2*		*4*		*18*		*9*		*9*		*4*		*5*		*14*		*2*		*12*	
	base	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**
(Very Important)5	*6*	**12**	*1*	**4**	*5*	**22**	*0*	**0**	*0*	**0**	*0*	**0**	*1*	**6**	*0*	**0**	*1*	**11**	*1*	**25**	*1*	**20**	*3*	**21**	*0*	**0**	*3*	**25**

EBRD LEASING STUDY EVALUATION								EBRD Clients														Not EBRD Clients									
European Bank for Reconstruction and Development	GBRW	*Leasing Companies*	**Leasing Companies**	*EBRD client*	**EBRD client**	*Not EBRD client*	**Not EBRD client**	*Early Transition nries*	**Early Transition nries**	*West Balkans*	**West Balkans**	*Russia, Kazakhstan and Ukraine*	**Russia, Kazakhstan and Ukraine**	*EU*	**EU**	*New EU EBRD*		*Old EU EBRD*		*Early Transition nries*	**Early Transition nries**	*Russia, Kazakhstan and Ukraine*	**Russia, Kazakhstan and Ukraine**	*EU*	**EU**	*New EU Not EBRD*		*Old EU Not EBRD*	
	Base Size	50		27		23		3		2		4		18		9		9		4		5		14		2		12	
		base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%
our access to equity capital to fund our growth	(not important)1	17	34	9	33	8	35	3	100	1	50	1	25	4	22	3	33	1	11	1	25	3	60	4	29	2	100	2	17
	2	6	12	2	7	4	17	0	0	0	0	0	0	2	11	1	11	1	11	0	0	2	40	2	14	0	0	2	17
	3	11	22	6	22	5	22	0	0	0	0	0	0	6	33	2	22	4	44	1	25	0	0	4	29	0	0	4	33
	4	10	20	4	15	6	26	0	0	0	0	1	25	3	17	1	11	2	22	2	50	0	0	4	29	0	0	4	33
	(Very Important)5	6	12	6	22	0	0	0	0	1	50	2	50	3	17	2	22	1	11	0	0	0	0	0	0	0	0	0	0
our being part of a large leasing or banking group	(not important)1	8	16	3	11	5	22	1	33	0	0	2	50	0	0	0	0	0	0	0	0	2	40	3	21	1	50	2	17
	2	2	4		0	2	9	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	20	1	7	0	0	1	8
	3	10	20	8	30	2	9	1	33	0	0	2	50	5	28	2	22	3	33	0	0	0	0	2	14	0	0	2	17
	4	14	28	5	19	9	39	0	0	2	100	0	0	3	17	2	22	1	11	0	0	1	20	8	57	1	50	7	58
	(Very Important)5	16	32	11	41	5	22	1	33	0	0	0	0	10	56	5	56	5	56	4	100	1	20	0	0	0	0	0	0
Other (please list):	0	38	76	20	74	18	78	3	100	1	50	2	50	14	78	7	78	7	78	4	100	3	60	11	79	2	100	9	75
	(not important)1	2	4	1	4	1	4	0	0	1	50	0	0	0	0	0	0	0	0	0	0	0	0	1	7	0	0	1	8
	3	2	4	1	4	1	4	0	0	0	0	0	0	1	6	0	0	1	11	0	0	0	0	1	7	0	0	1	8
	4	3	6	2	7	1	4	0	0	0	0	1	25	1	6	1	11	0	0	0	0	1	20	0	0	0	0	0	0
	(Very Important)5	5	10	3	11	2	9	0	0	0	0	1	25	2	11	1	11	1	11	0	0	1	20	1	7	0	0	1	8
The most average term of our leases is	12 to 23 months	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	25 to 30 months	3	6	2	7	1	4	1	33	0	0	1	25	0	0	0	0	0	0	0	0	1	20	0	0	0	0	0	0
	31 to 36 months	12	24	4	15	8	35	2	67	0	0	0	0	2	11	1	11	1	11	4	100	2	40	2	14	0	0	2	17
	37 to 42 months	10	20	7	26	3	13	0	0	0	0	2	50	5	28	3	33	2	22	0	0	1	20	2	14	0	0	2	17
	43 to 48 months	16	32	10	37	6	26	0	0	2	100	0	0	8	44	4	44	4	44	0	0	1	20	5	36	1	50	4	33
	Over 48 months	9	18	4	15	5	22	0	0	0	0	1	25	3	17	1	11	2	22	0	0	0	0	5	36	1	50	4	33
What percentage of your leases are in local currency?	0	11	22	9	33	2	9	0	0	2	100	0	0	7	39	6	67	1	11	1	25	0	0	1	7	1	50	0	0
	1	5	10	4	15	1	4	1	33	0	0	0	0	3	17	2	22	1	11	0	0	0	0	1	7	1	50	0	0
	3	2	4	0	0	2	9	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	20	1	7	0	0	1	8
	5	4	8	1	4	3	13	0	0	0	0	0	0	1	6	0	0	1	11	3	75	0	0	0	0	0	0	0	0
	10	2	4	1	4	1	4	0	0	0	0	0	0	1	6	1	11	0	0	0	0	0	0	1	7	0	0	1	8
	20	1	2	0	0	1	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	7	0	0	1	8
	25	1	2	1	4	0	0	1	33	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	30	1	2	0	0	1	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	20	0	0	0	0	0	0
	40	1	2	1	4	0	0	0	0	0	0	1	25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	42	1	2	0	0	1	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	7	0	0	1	8
	50	1	2	1	4	0	0	0	0	0	0	0	0	1	6	0	0	1	11	0	0	0	0	0	0	0	0	0	0
	57	1	2	0	0	1	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	7	0	0	1	8
	60	2	4	2	7	0	0	0	0	0	0	1	25	1	6	0	0	1	11	0	0	0	0	0	0	0	0	0	0
	75	1	2	0	0	1	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	20	0	0	0	0	0	0
	77	1	2	1	4	0	0	1	33	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	85	3	6	2	7	1	4	0	0	0	0	1	25	1	6	0	0	1	11	0	0	0	0	1	7	0	0	1	8
	90	1	2	1	4	0	0	0	0	0	0	1	25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	94	1	2	0	0	1	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	20	0	0	0	0	0	0
	98	1	2	1	4	0	0	0	0	0	0	0	0	1	6	0	0	1	11	0	0	0	0	0	0	0	0	0	0
	99	1	2	0	0	1	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	20	0	0	0	0	0	0
	100	8	16	2	7	6	26	0	0	0	0	0	0	2	11	0	0	2	22	0	0	0	0	6	43	0	0	6	50
What percentage of your leases are in foreign currency?	0	8	16	2	7	6	26	0	0	0	0	0	0	2	11	0	0	2	22	0	0	0	0	6	43	0	0	6	50
	1	1	2	0	0	1	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	20	0	0	0	0	0	0
	2	1	2	1	4	0	0	0	0	0	0	0	0	1	6	0	0	1	11	0	0	0	0	0	0	0	0	0	0
	6	1	2	0	0	1	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	20	0	0	0	0	0	0
	10	1	2	1	4	0	0	0	0	0	0	1	25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	15	3	6	2	7	1	4	0	0	0	0	1	25	1	6	0	0	1	11	0	0	0	0	1	7	0	0	1	8
	23	1	2	1	4	0	0	1	33	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	25	1	2	0	0	1	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	20	0	0	0	0	0	0
	40	2	4	2	7	0	0	0	0	0	0	1	25	1	6	0	0	1	11	0	0	0	0	0	0	0	0	0	0
	43	1	2	0	0	1	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	7	0	0	1	8
	50	1	2	1	4	0	0	0	0	0	0	0	0	1	6	0	0	1	11	0	0	0	0	0	0	0	0	0	0
	58	1	2	0	0	1	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	7	0	0	1	8
	60	1	2	1	4	0	0	0	0	0	0	1	25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	70	1	2	0	0	1	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	20	0	0	0	0	0	0
	75	1	2	1	4	0	0	1	33	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

EBRD LEASING STUDY EVALUATION							EBRD Clients												Not EBRD Clients									
	Leasing Companies	**Leasing Companies**	*EBRD client*	**EBRD client**	*Not EBRD client*	**Not EBRD client**	*Early Transition nries*	**Early Transition nries**	*West Balkans*	**West Balkans**	*Russia, Kazakhstan and Ukraine*	**Russia, Kazakhstan and Ukraine**	*EU*	**EU**	*New EU EBRD*		*Old EU EBRD*		*Early Transition nries*	**Early Transition nries**	*Russia, Kazakhstan and Ukraine*	**Russia, Kazakhstan and Ukraine**	*EU*	**EU**	*New EU Not EBRD*		*Old EU Not EBRD*	
Base Size	*50*		*27*		*23*		*3*		*2*		*4*		*18*		*9*		*9*		*4*		*5*		*14*		*2*		*12*	
	base	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**
80	*1*	**2**	*0*	**0**	*1*	**4**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**	*1*	**7**	*0*	**0**	*1*	**8**

EBRD LEASING STUDY EVALUATION

European Bank for Reconstruction and Development

GBRW

		Leasing Companies	Leasing Companies	EBRD client	EBRD client	Not EBRD client	Not EBRD client	EBRD Clients: Early Transition nries	Early Transition nries	West Balkans	West Balkans	Russia, Kazakhstan and Ukraine	Russia, Kazakhstan and Ukraine	EU	EU	New EU EBRD		Old EU EBRD		Not EBRD Clients: Early Transition nries	Early Transition nries	Russia, Kazakhstan and Ukraine	Russia, Kazakhstan and Ukraine	EU	EU	New EU Not EBRD		Old EU Not EBRD	
	Base Size	50		27		23		3		2		4		18		9		9		4		5		14		2		12	
		base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%
	90	2	4	1	4	1	4	0	0	0	0	0	0	1	6	1	11	0	0	0	0	0	0	1	7	0	0	1	8
	95	4	8	1	4	3	13	0	0	0	0	0	0	1	6	0	0	1	11	3	75	0	0	0	0	0	0	0	0
	97	2	4	0	0	2	9	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	20	1	7	0	0	1	8
	99	5	10	4	15	1	4	1	33	0	0	0	0	3	17	2	22	1	11	0	0	0	0	1	7	1	50	0	0
	100	11	22	9	33	2	9	0	0	2	100	0	0	7	39	6	67	1	11	1	25	0	0	1	7	1	50	0	0
For the period 2009-2010, our leasing margins are expected to:	decrease	7	14	3	11	4	17	0	0	1	50	1	25	1	6	1	11	0	0	1	25	1	20	2	14	0	0	2	17
	increase	28	56	16	59	12	52	2	67	0	0	1	25	13	72	7	78	6	67	2	50	3	60	7	50	2	100	5	42
	stay the same (no change)	15	30	8	30	7	30	1	33	1	50	2	50	4	22	1	11	3	33	1	25	1	20	5	36	0	0	5	42
For the period 2009-2010, our arrears rates are expected to:	decrease	6	12	3	11	3	13	1	33	0	0	1	25	1	6	0	0	1	11	0	0	1	20	2	14	0	0	2	17
	increase	35	70	18	67	17	74	1	33	1	50	2	50	14	78	8	89	6	67	3	75	4	80	10	71	2	100	8	67
	stay the same (no change)	9	18	6	22	3	13	1	33	1	50	1	25	3	17	1	11	2	22	1	25	0	0	2	14	0	0	2	17
The number of leasing customers is:	decreasing	24	48	13	48	11	48	1	33	0	0	3	75	9	50	6	67	3	33	1	25	3	60	7	50	1	50	6	50
	increasing, faster than it was before	1	2	1	4	0	0	1	33	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	increasing, slower than it was before	19	38	9	33	10	43	1	33	1	50	1	25	6	33	1	11	5	56	3	75	1	20	6	43	0	0	6	50
	staying the same (no change)	6	12	4	15	2	9	0	0	1	50	0	0	3	17	2	22	1	11	0	0	1	20	1	7	1	50	0	0
Our company's main channels for finding leasing customers are: 1 (not used) to 5 (most used)																													
our in-house sales force	(not used) 1	1	2	0	0	1	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	7	0	0	1	8
	2	4	8	2	7	2	9	0	0	0	0	1	25	1	6	0	0	1	11	0	0	0	0	2	14	1	50	1	8
	3	9	18	3	11	6	26	1	33	0	0	0	0	2	11	1	11	1	11	1	25	3	60	2	14	0	0	2	17
	4	11	22	7	26	4	17	0	0	0	0	0	0	7	39	4	44	3	33	1	25	1	20	2	14	0	0	2	17
	(most used) 5	25	50	15	56	10	43	2	67	2	100	3	75	8	44	4	44	4	44	2	50	1	20	7	50	1	50	6	50
a commercial bank sales force	(not used) 1	11	22	4	15	7	30	1	33	0	0	3	75	0	0	0	0	0	0	1	25	1	20	5	36	1	50	4	33
	2	19	38	6	22	13	57	1	33	0	0	0	0	5	28	2	22	3	33	3	75	4	80	6	43	1	50	5	42
	3	15	30	12	44	3	13	1	33	2	100	1	25	8	44	4	44	4	44	0	0	0	0	3	21	0	0	3	25
	4	2	4	2	7	0	0	0	0	0	0	0	0	2	11	1	11	1	11	0	0	0	0	0	0	0	0	0	0
	(most used) 5	3	6	3	11	0	0	0	0	0	0	0	0	3	17	2	22	1	11	0	0	0	0	0	0	0	0	0	0
vendors	(not used) 1	3	6	1	4	2	9	0	0	0	0	0	0	1	6	1	11	0	0	0	0	0	0	2	14	0	0	2	17
	2	5	10	1	4	4	17	0	0	0	0	0	0	1	6	1	11	0	0	2	50	1	20	1	7	0	0	1	8
	3	14	28	8	30	6	26	1	33	1	50	1	25	5	28	3	33	2	22	1	25	1	20	4	29	1	50	3	25
	4	12	24	7	26	5	22	1	33	0	0	1	25	5	28	3	33	2	22	0	0	1	20	4	29	1	50	3	25
	(most used) 5	16	32	10	37	6	26	1	33	1	50	2	50	6	33	1	11	5	56	1	25	2	40	3	21	0	0	3	25
our network of leasing offices	(not used) 1	14	28	6	22	8	35	2	67	0	0	1	25	3	17	1	11	2	22	4	100	0	0	4	29	1	50	3	25
	2	6	12	1	4	5	22	0	0	0	0	1	25	0	0	0	0	0	0	0	0	2	40	3	21	0	0	3	25
	3	5	10	3	11	2	9	0	0	0	0	0	0	3	17	2	22	1	11	0	0	0	0	2	14	1	50	1	8
	4	11	22	7	26	4	17	1	33	0	0	1	25	5	28	3	33	2	22	0	0	2	40	2	14	0	0	2	17
	(most used) 5	14	28	10	37	4	17	0	0	2	100	1	25	7	39	3	33	4	44	0	0	1	20	3	21	0	0	3	25
other (please state type of channel)	0	39	78	23	85	16	70	3	100	1	50	3	75	16	89	8	89	8	89	3	75	4	80	9	64	1	50	8	67
	(not used) 1	4	8	3	11	1	4	0	0	1	50	0	0	2	11	1	11	1	11	0	0	0	0	1	7	0	0	1	8
	2	1	2	0	0	1	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	20	0	0	0	0	0	0
	3	3	6	1	4	2	9	0	0	0	0	1	25	0	0	0	0	0	0	0	0	0	0	2	14	0	0	2	17
	(most used) 5	3	6	0	0	3	13	0	0	0	0	0	0	0	0	0	0	0	0	1	25	0	0	2	14	1	50	1	8
The number of serious leasing competitors for the business of our leasing customers is:	none	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	two to five	30	60	18	67	12	52	3	100	2	100	4	##	9	50	4	44	5	56	4	100	1	20	7	50	1	50	6	50
	six to twenty	17	34	8	30	9	39	0	0	0	0	0	0	8	44	5	56	3	33	0	0	3	60	6	43	1	50	5	42
	more than twenty	3	6	1	4	2	9	0	0	0	0	0	0	1	6	0	0	1	11	0	0	1	20	1	7	0	0	1	8
The number of serious leasing competitors for the business of our leasing customers is:	expected to increase	10	20	5	19	5	22	1	33	0	0	0	0	4	22	0	0	4	44	3	75	0	0	2	14	0	0	2	17
	expected to decrease	40	80	22	81	18	78	2	67	2	100	4	##	14	78	9	100	5	56	1	25	5	100	12	86	2	100	10	83
It is hard to keep skilled leasing specialists from leaving our company and going to work for a competitor; this statement:	was always true	14	28	10	37	4	17	0	0	1	50	1	25	8	44	3	33	5	56	1	25	1	20	2	14	0	0	2	17
	is becoming more true	6	12	1	4	5	22	0	0	1	50	0	0	0	0	0	0	0	0	2	50	1	20	2	14	0	0	2	17
	is becoming less true	20	40	11	41	9	39	2	67	0	0	1	25	8	44	4	44	4	44	0	0	2	40	7	50	2	100	5	42
	was never true	10	20	5	19	5	22	1	33	0	0	2	50	2	11	2	22	0	0	1	25	1	20	3	21	0	0	3	25

EBRD LEASING STUDY EVALUATION								EBRD Clients														Not EBRD Clients									
		Leasing Companies	Leasing Companies	EBRD client	EBRD client	Not EBRD client	Not EBRD client	Early Transition nries	Early Transition nries	West Balkans	West Balkans	Russia, Kazakhstan and Ukraine	Russia, Kazakhstan and Ukraine	EU	EU	New EU EBRD		Old EU EBRD		Early Transition nries	Early Transition nries	Russia, Kazakhstan and Ukraine	Russia, Kazakhstan and Ukraine	EU	EU	New EU Not EBRD		Old EU Not EBRD	
	Base Size	50		27		23		3		2		4		18		9		9		4		5		14		2		12	
		base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%
Our leasing company leases the following types of equipment:																													
Passenger automobiles	None	2	4	1	4	1	4	0	0	0	0	1	25	0	0	0	0	0	0	0	0	0	0	1	7	0	0	1	8
	1%- 10%	9	18	5	19	4	17	1	33	0	0	1	25	3	17	1	11	2	22	1	25	3	60	0	0	0	0	0	0
	11% - 20%	5	10	3	11	2	9	1	33	0	0	1	25	1	6	1	11	0	0	0	0	1	20	1	7	0	0	1	8
	21% - 30%	11	22	4	15	7	30	0	0	1	50	0	0	3	17	0	0	3	33	2	50	1	20	4	29	1	50	3	25
	31% - 50%	14	28	10	37	4	17	0	0	1	50	1	25	8	44	6	67	2	22	0	0	0	0	4	29	1	50	3	25
	51% - 70%	4	8	2	7	2	9	0	0	0	0	0	0	2	11	0	0	2	22	1	25	0	0	1	7	0	0	1	8
	More than 70%	5	10	2	7	3	13	1	33	0	0	0	0	1	6	1	11	0	0	0	0	0	0	3	21	0	0	3	25
Commercial trucks	None	4	8	0	0	4	17	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4	29	0	0	4	33
	1%- 10%	6	12	5	19	1	4	2	67	1	50	0	0	2	11	1	11	1	11	0	0	0	0	1	7	0	0	1	8
	11% - 20%	11	22	5	19	6	26	0	0	0	0	0	0	5	28	3	33	2	22	1	25	1	20	4	29	1	50	3	25
	21% - 30%	16	32	9	33	7	30	1	33	1	50	2	50	5	28	2	22	3	33	1	25	4	80	2	14	0	0	2	17
	31% - 50%	10	20	6	22	4	17	0	0	0	0	1	25	5	28	3	33	2	22	2	50	0	0	2	14	1	50	1	8
	51% - 70%	2	4	2	7	0	0	0	0	0	0	1	25	1	6	0	0	1	11	0	0	0	0	0	0	0	0	0	0
	More than 70%	1	2	0	0	1	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	7	0	0	1	8
Heavy construction equipment	None	7	14	2	7	5	22	1	33	0	0	0	0	1	6	0	0	1	11	0	0	0	0	5	36	0	0	5	42
	1%- 10%	12	24	6	22	6	26	0	0	0	0	0	0	6	33	2	22	4	44	2	50	0	0	4	29	0	0	4	33
	11% - 20%	20	40	14	52	6	26	0	0	2	100	2	50	10	56	6	67	4	44	0	0	3	60	3	21	1	50	2	17
	21% - 30%	8	16	5	19	3	13	2	67	0	0	2	50	1	6	1	11	0	0	0	0	2	40	1	7	1	50	0	0
	31% - 50%	3	6	0	0	3	13	0	0	0	0	0	0	0	0	0	0	0	0	2	50	0	0	1	7	0	0	1	8
	51% - 70%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	More than 70%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Agricultural equipment	None	13	26	4	15	9	39	1	33	1	50	1	25	1	6	0	0	1	11	3	75	1	20	5	36	1	50	4	33
	1%- 10%	30	60	19	70	11	48	2	67	1	50	1	25	15	83	8	89	7	78	1	25	3	60	7	50	1	50	6	50
	11% - 20%	1	2	0	0	1	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	7	0	0	1	8
	21% - 30%	2	4	2	7	0	0	0	0	0	0	1	25	1	6	0	0	1	11	0	0	0	0	0	0	0	0	0	0
	31% - 50%	2	4	0	0	2	9	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	20	1	7	0	0	1	8
	51% - 70%	2	4	2	7	0	0	0	0	0	0	1	25	1	6	1	11	0	0	0	0	0	0	0	0	0	0	0	0
	More than 70%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Medical equipment	None	20	40	8	30	12	52	1	33	0	0	3	75	4	22	2	22	2	22	1	25	3	60	8	57	1	50	7	58
	1%- 10%	29	58	19	70	10	43	2	67	2	100	1	25	14	78	7	78	7	78	2	50	2	40	6	43	1	50	5	42
	11% - 20%	1	2	0	0	1	4	0	0	0	0	0	0	0	0	0	0	0	0	1	25	0	0	0	0	0	0	0	0
	21% - 30%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	31% - 50%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	51% - 70%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	More than 70%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Real estate	None	22	44	12	44	10	43	2	67	0	0	2	50	8	44	2	22	6	67	3	75	2	40	5	36	1	50	4	33
	1%- 10%	20	40	11	41	9	39	0	0	0	0	2	50	9	50	7	78	2	22	0	0	3	60	6	43	1	50	5	42
	11% - 20%	2	4	2	7	0	0	1	33	1	50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	21% - 30%	2	4	2	7	0	0	0	0	1	50	0	0	1	6	0	0	1	11	0	0	0	0	0	0	0	0	0	0
	31% - 50%	2	4	0	0	2	9	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	14	0	0	2	17
	51% - 70%	1	2	0	0	1	4	0	0	0	0	0	0	0	0	0	0	0	0	1	25	0	0	0	0	0	0	0	0
	More than 70%	1	2	0	0	1	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	7	0	0	1	8
Other - please describe	0	28	56	15	56	13	57	0	0	2	100	2	50	11	61	5	56	6	67	3	75	1	20	9	64	1	50	8	67
	None	2	4	1	4	1	4	1	33	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	7	0	0	1	8
	1%- 10%	5	10	2	7	3	13	0	0	0	0	1	25	1	6	1	11	0	0	1	25	0	0	2	14	0	0	2	17
	11% - 20%	9	18	6	22	3	13	1	33	0	0	1	25	4	22	2	22	2	22	0	0	1	20	2	14	1	50	1	8
	21% - 30%	2	4	1	4	1	4	1	33	0	0	0	0	0	0	0	0	0	0	0	0	1	20	0	0	0	0	0	0
	31% - 50%	3	6	1	4	2	9	0	0	0	0	0	0	1	6	1	11	0	0	0	0	2	40	0	0	0	0	0	0
	51% - 70%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	More than 70%	1	2	1	4	0	0	0	0	0	0	0	0	1	6	0	0	1	11	0	0	0	0	0	0	0	0	0	0
Our leasing company serves the following areas of the economy:																													
Individual consumers	None	9	18	6	22	3	13	1	33	1	50	2	50	2	11	1	11	1	11	1	25	1	20	1	7	0	0	1	8
	1%- 10%	17	34	7	26	10	43	1	33	0	0	0	0	6	33	4	44	2	22	0	0	4	80	6	43	2	100	4	33
	11% - 20%	10	20	7	26	3	13	0	0	1	50	0	0	6	33	3	33	3	33	2	50	0	0	1	7	0	0	1	8
	21% - 30%	4	8	2	7	2	9	0	0	0	0	1	25	1	6	0	0	1	11	1	25	0	0	1	7	0	0	1	8

EBRD LEASING STUDY EVALUATION							EBRD Clients												Not EBRD Clients									
European Bank for Reconstruction and Development GBRW	*Leasing Companies*	**Leasing Companies**	*EBRD client*	**EBRD client**	*Not EBRD client*	**Not EBRD client**	*Early Transition nries*	**Early Transition nries**	*West Balkans*	**West Balkans**	*Russia, Kazakhstan and Ukraine*	**Russia, Kazakhstan and Ukraine**	*EU*	**EU**	*New EU EBRD*		*Old EU EBRD*		*Early Transition nries*	**Early Transition nries**	*Russia, Kazakhstan and Ukraine*	**Russia, Kazakhstan and Ukraine**	*EU*	**EU**	*New EU Not EBRD*		*Old EU Not EBRD*	
Base Size	*50*		*27*		*23*		*3*		*2*		*4*		*18*		*9*		*9*		*4*		*5*		*14*		*2*		*12*	
	base	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**
31% - 50%	*4*	**8**	*1*	**4**	*3*	**13**	*0*	**0**	*0*	**0**	*1*	**25**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**	*3*	**21**	*0*	**0**	*3*	**25**
51% - 70%	*6*	**12**	*4*	**15**	*2*	**9**	*1*	**33**	*0*	**0**	*0*	**0**	*3*	**17**	*1*	**11**	*2*	**22**	*0*	**0**	*0*	**0**	*2*	**14**	*0*	**0**	*2*	**17**

EBRD LEASING STUDY EVALUATION								EBRD Clients												Not EBRD Clients									
European Bank for Reconstruction and Development	GBRW	*Leasing Companies*	**Leasing Companies**	*EBRD client*	**EBRD client**	*Not EBRD client*	**Not EBRD client**	*Early Transition nries*	**Early Transition nries**	*West Balkans*	**West Balkans**	*Russia, Kazakhstan and Ukraine*	**Russia, Kazakhstan and Ukraine**	*EU*	**EU**	*New EU EBRD*		*Old EU EBRD*		*Early Transition nries*	**Early Transition nries**	*Russia, Kazakhstan and Ukraine*	**Russia, Kazakhstan and Ukraine**	*EU*	**EU**	*New EU Not EBRD*		*Old EU Not EBRD*	
	Base Size	50		27		23		3		2		4		18		9		9		4		5		14		2		12	
		base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%
	More than 70%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Construction sector	None	4	8	1	4	3	13	0	0	0	0	1	25	0	0	0	0	0	0	0	0	0	0	3	21	0	0	3	25
	1%- 10%	16	32	8	30	8	35	1	33	0	0	1	25	6	33	1	11	5	56	2	50	0	0	6	43	0	0	6	50
	11% - 20%	17	34	9	33	8	35	0	0	1	50	1	25	7	39	4	44	3	33	0	0	4	80	4	29	1	50	3	25
	21% - 30%	7	14	6	22	1	4	1	33	1	50	1	25	3	17	2	22	1	11	0	0	1	20	0	0	0	0	0	0
	31% - 50%	6	12	3	11	3	13	1	33	0	0	0	0	2	11	2	22	0	0	2	50	0	0	1	7	1	50	0	0
	51% - 70%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	More than 70%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Agriculture sector	None	11	22	4	15	7	30	1	33	1	50	1	25	1	6	1	11	0	0	2	50	1	20	4	29	1	50	3	25
	1%- 10%	30	60	17	63	13	57	2	67	1	50	1	25	13	72	7	78	6	67	2	50	3	60	8	57	1	50	7	58
	11% - 20%	4	8	3	11	1	4	0	0	0	0	0	0	3	17	0	0	3	33	0	0	0	0	1	7	0	0	1	8
	21% - 30%	2	4	1	4	1	4	0	0	0	0	1	25	0	0	0	0	0	0	0	0	0	0	1	7	0	0	1	8
	31% - 50%	1	2	0	0	1	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	20	0	0	0	0	0	0
	51% - 70%	1	2	1	4	0	0	0	0	0	0	0	0	1	6	1	11	0	0	0	0	0	0	0	0	0	0	0	0
	More than 70%	1	2	1	4	0	0	0	0	0	0	1	25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Commercial transport	None	1	2	0	0	1	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	7	0	0	1	8
	1%- 10%	9	18	5	19	4	17	2	67	0	0	0	0	3	17	1	11	2	22	1	25	0	0	3	21	0	0	3	25
	11% - 20%	18	36	11	41	7	30	1	33	1	50	2	50	7	39	5	56	2	22	1	25	1	20	5	36	1	50	4	33
	21% - 30%	14	28	7	26	7	30	0	0	1	50	2	50	4	22	1	11	3	33	1	25	4	80	2	14	0	0	2	17
	31% - 50%	6	12	3	11	3	13	0	0	0	0	0	0	3	17	2	22	1	11	1	25	0	0	2	14	1	50	1	8
	51% - 70%	2	4	1	4	1	4	0	0	0	0	0	0	1	6	0	0	1	11	0	0	0	0	1	7	0	0	1	8
	More than 70%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Medical sector	None	16	32	7	26	9	39	1	33	0	0	3	75	3	17	2	22	1	11	1	25	2	40	6	43	1	50	5	42
	1%- 10%	30	60	17	63	13	57	1	33	1	50	1	25	14	78	7	78	7	78	2	50	3	60	8	57	1	50	7	58
	11% - 20%	3	6	2	7	1	4	1	33	1	50	0	0	0	0	0	0	0	0	1	25	0	0	0	0	0	0	0	0
	21% - 30%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	31% - 50%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	51% - 70%	1	2	1	4	0	0	0	0	0	0	0	0	1	6	0	0	1	11	0	0	0	0	0	0	0	0	0	0
	More than 70%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Manufacturing	None	2	4	0	0	2	9	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	14	1	50	1	8
	1%- 10%	20	40	7	26	13	57	2	67	1	50	2	50	2	11	2	22	0	0	2	50	3	60	8	57	0	0	8	67
	11% - 20%	17	34	11	41	6	26	0	0	0	0	0	0	11	61	5	56	6	67	1	25	1	20	4	29	1	50	3	25
	21% - 30%	8	16	6	22	2	9	1	33	1	50	1	25	3	17	2	22	1	11	1	25	1	20	0	0	0	0	0	0
	31% - 50%	2	4	2	7	0	0	0	0	0	0	1	25	1	6	0	0	1	11	0	0	0	0	0	0	0	0	0	0
	51% - 70%	1	2	1	4	0	0	0	0	0	0	0	0	1	6	0	0	1	11	0	0	0	0	0	0	0	0	0	0
	More than 70%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Retail sector	None	1	2	0	0	1	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	7	0	0	1	8
	1%- 10%	18	36	11	41	7	30	1	33	0	0	2	50	8	44	4	44	4	44	1	25	4	80	2	14	0	0	2	17
	11% - 20%	14	28	8	30	6	26	1	33	2	100	1	25	4	22	2	22	2	22	1	25	1	20	4	29	1	50	3	25
	21% - 30%	7	14	5	19	2	9	1	33	0	0	1	25	3	17	2	22	1	11	1	25	0	0	1	7	0	0	1	8
	31% - 50%	5	10	1	4	4	17	0	0	0	0	0	0	1	6	1	11	0	0	1	25	0	0	3	21	1	50	2	17
	51% - 70%	3	6	1	4	2	9	0	0	0	0	0	0	1	6	0	0	1	11	0	0	0	0	2	14	0	0	2	17
	More than 70%	2	4	1	4	1	4	0	0	0	0	0	0	1	6	0	0	1	11	0	0	0	0	1	7	0	0	1	8
Printing & publishing	None	10	20	3	11	7	30	2	67	0	0	0	0	1	6	1	11	0	0	1	25	1	20	5	36	1	50	4	33
	1%- 10%	30	60	18	67	12	52	1	33	1	50	2	50	14	78	7	78	7	78	3	75	3	60	6	43	1	50	5	42
	11% - 20%	8	16	4	15	4	17	0	0	1	50	2	50	1	6	1	11	0	0	0	0	1	20	3	21	0	0	3	25
	21% - 30%	1	2	1	4	0	0	0	0	0	0	0	0	1	6	0	0	1	11	0	0	0	0	0	0	0	0	0	0
	31% - 50%	1	2	1	4	0	0	0	0	0	0	0	0	1	6	0	0	1	11	0	0	0	0	0	0	0	0	0	0
	51% - 70%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	More than 70%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other - please describe	0	41	82	22	81	19	83	1	33	2	100	4	##	15	83	7	78	8	89	3	75	3	60	13	93	2	100	11	92
	None	1	2	1	4		0	1	33	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	1%- 10%	4	8	3	11	1	4	0	0	0	0	0	0	3	17	2	22	1	11	1	25	0	0	0	0	0	0	0	0
	11% - 20%	2	4	1	4	1	4	1	33	0	0	0	0	0	0	0	0	0	0	0	0	1	20	0	0	0	0	0	0
	21% - 30%	1	2	0	0	1	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	7	0	0	1	8
	31% - 50%	1	2	0	0	1	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	20	0	0	0	0	0	0

EBRD LEASING STUDY EVALUATION								EBRD Clients												Not EBRD Clients									
European Bank for Reconstruction and Development	GBRW	*Leasing Companies*	**Leasing Companies**	*EBRD client*	**EBRD client**	*Not EBRD client*	**Not EBRD client**	*Early Transition nries*	**Early Transition nries**	*West Balkans*	**West Balkans**	*Russia, Kazakhstan and Ukraine*	**Russia, Kazakhstan and Ukraine**	*EU*	**EU**	*New EU EBRD*		*Old EU EBRD*		*Early Transition nries*	**Early Transition nries**	*Russia, Kazakhstan and Ukraine*	**Russia, Kazakhstan and Ukraine**	*EU*	**EU**	*New EU Not EBRD*		*Old EU Not EBRD*	
	Base Size	50		27		23		3		2		4		18		9		9		4		5		14		2		12	
		base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%
Small leases (less than Euros 125,000) to small companies (less than 250 employees) are:	less than 10% of our lease portfolio	2	4	1	4	1	4	0	0	0	0	0	0	1	6	1	11	0	0	1	25	0	0	0	0	0	0	0	0
	11% to 30%	12	24	6	22	6	26	1	33	1	50	0	0	4	22	3	33	1	11	1	25	4	80	1	7	0	0	1	8
	31% to 50%	11	22	4	15	7	30	1	33	1	50	0	0	2	11	1	11	1	11	1	25	0	0	6	43	1	50	5	42
	greater than 50%	24	48	16	59	8	35	1	33	0	0	4	##	11	61	4	44	7	78	1	25	1	20	6	43	1	50	5	42
	negligible (we do little leasing with small busin	1	2	0	0	1	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	7	0	0	1	8
At the end of the next year the share of our lease portfolio made up of small leases to small companies will:	decrease	6	12	4	15	2	9	0	0	0	0	0	0	4	22	2	22	2	22	0	0	1	20	1	7	0	0	1	8
	increase	21	42	11	41	10	43	2	67	1	50	3	75	5	28	2	22	3	33	1	25	2	40	7	50	2	100	5	42
	stay the same (no change)	23	46	12	44	11	48	1	33	1	50	1	25	9	50	5	56	4	44	3	75	2	40	6	43	0	0	6	50
Making small leases (less than Euros 125,000) to small companies (less than 250 employees) is:	more profitable than our other business segm	27	54	18	67	9	39	1	33	1	50	3	75	13	72	6	67	7	78	2	50	3	60	4	29	0	0	4	33
	about as profitable as our other business seg	18	36	6	22	12	52	1	33	1	50	0	0	4	22	3	33	1	11	2	50	2	40	8	57	2	100	6	50
	less profitable than our other business segme	3	6	3	11	0	0	1	33	0	0	1	25	1	6	0	0	1	11	0	0	0	0	0	0	0	0	0	0
	not profitable	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	not applicable (we are not in that business)	2	4	0	0	2	9	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	14	0	0	2	17
The past five years, before the 2007/8 crisis, the number of commercial banks that provided long term loans (greater than 3 years in tenor) to leasing companies:	was decreasing	6	12	3	11	3	13	0	0	1	50	1	25	1	6	0	0	1	11	0	0	1	20	2	14	0	0	2	17
	was increasing	35	70	20	74	15	65	3	100	1	50	3	75	13	72	7	78	6	67	3	75	3	60	9	64	2	100	7	58
	was staying the same (no change)	9	18	4	15	5	22	0	0	0	0	0	0	4	22	2	22	2	22	1	25	1	20	3	21	0	0	3	25
We borrow long term funding from our parent group for:	less than 20% of our total funding needs	5	10	1	4	4	17	0	0	0	0	0	0	1	6	0	0	1	11	1	25	0	0	3	21	0	0	3	25
	20% to 50% of our total funding needs	8	16	6	22	2	9	0	0	1	50	1	25	4	22	2	22	2	22	0	0	0	0	2	14	0	0	2	17
	51% to 80% of our total funding needs	11	22	8	30	3	13	2	67	1	50	0	0	5	28	3	33	2	22	1	25	1	20	1	7	0	0	1	8
	more than 80% of our total funding needs	16	32	7	26	9	39	0	0	0	0	0	0	7	39	4	44	3	33	2	50	2	40	5	36	1	50	4	33
	Not app. (do not have a financial sector parer	10	20	5	19	5	22	1	33	0	0	3	75	1	6			1	11	0	0	2	40	3	21	1	50	2	17
Are lessee customers revenues in sufficient currency to match the currency in which they are obliged to make lease payments to your company?	Yes	24	48	14	52	10	43	2	67	1	50	1	25	10	56	5	56	5	56	1	25	2	40	7	50	1	50	6	50
	No	15	30	6	22	9	39	0	0	0	0	3	75	3	17	2	22	1	11	3	75	2	40	4	29	1	50	3	25
	Don't know	11	22	7	26	4	17	1	33	1	50	0	0	5	28	2	22	3	33	0	0	1	20	3	21	0	0	3	25
What are your main concerns about the level and adequacy of funding from all sources for the next year or two: 1(none) to 5 (highest)																													
Availability of new funds	(none)1	3	6	2	7	1	4	0	0	0	0	0	0	2	11	1	11	1	11	0	0	1	20	0	0	0	0	0	0
	2	4	8	2	7	2	9	0	0	0	0	0	0	2	11	1	11	1	11	1	25	0	0	1	7	0	0	1	8
	3	10	20	5	19	5	22	1	33	0	0	1	25	3	17	1	11	2	22	1	25	1	20	3	21	0	0	3	25
	4	10	20	7	26	3	13	0	0	1	50	1	25	5	28	4	44	1	11	1	25	0	0	2	14	1	50	1	8
	(highest)5	23	46	11	41	12	52	2	67	1	50	2	50	6	33	2	22	4	44	1	25	3	60	8	57	1	50	7	58
Concern that main lenders will not renew loan	(none)1	9	18	4	15	5	22	0	0	0	0	1	25	3	17	2	22	1	11	2	50	1	20	2	14	1	50	1	8
	2	8	16	6	22	2	9	1	33	0	0	1	25	4	22	2	22	2	22	1	25	1	20	0	0	0	0	0	0
	3	13	26	7	26	6	26	1	33	1	50	0	0	5	28	1	11	4	44	1	25	0	0	5	36	1	50	4	33
	4	15	30	7	26	8	35	1	33	1	50	1	25	4	22	3	33	1	11	0	0	2	40	6	43	0	0	6	50
	(highest)5	5	10	3	11	2	9	0	0	0	0	1	25	2	11	1	11	1	11	0	0	1	20	1	7	0	0	1	8
Interest rates too high	(none)1	1	2	1	4	0	0	0	0	0	0	1	25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	2	4	8	2	7	2	9	1	33	0	0	0	0	1	6	0	0	1	11	0	0	0	0	2	14	0	0	2	17
	3	16	32	7	26	9	39	1	33	1	50	2	50	3	17	1	11	2	22	2	50	1	20	6	43	1	50	5	42
	4	17	34	12	44	5	22	1	33	0	0	1	25	10	56	5	56	5	56	1	25	1	20	3	21	0	0	3	25
	(highest)5	12	24	5	19	7	30	0	0	1	50	0	0	4	22	3	33	1	11	1	25	3	60	3	21	1	50	2	17
Foreign currency loans not available	(none)1	18	36	10	37	8	35	1	33	0	0	1	25	8	44	4	44	4	44	1	25	2	40	5	36	2	100	3	25
	2	10	20	6	22	4	17	2	67	0	0	1	25	3	17	2	22	1	11	0	0	2	40	2	14	0	0	2	17
	3	13	26	6	22	7	30	0	0	2	100	1	25	3	17	2	22	1	11	1	25	0	0	6	43	0	0	6	50
	4	7	14	4	15	3	13	0	0	0	0	1	25	3	17	1	11	2	22	2	50	1	20	0	0	0	0	0	0
	(highest)5	2	4	1	4	1	4	0	0	0	0	0	0	1	6	0	0	1	11	0	0	0	0	1	7	0	0	1	8
Term of loans will be too short	(none)1	6	12	4	15	2	9	1	33	0	0	0	0	3	17	3	33	0	0	0	0	1	20	1	7	1	50	0	0
	2	8	16	7	26	1	4	1	33	0	0	0	0	6	33	2	22	4	44	0	0	1	20	0	0	0	0	0	0
	3	17	34	8	30	9	39	0	0	0	0	3	75	5	28	3	33	2	22	2	50	0	0	7	50	1	50	6	50
	4	10	20	5	19	5	22	1	33	1	50	0	0	3	17	1	11	2	22	0	0	1	20	4	29	0	0	4	33
	(highest)5	9	18	3	11	6	26	0	0	1	50	1	25	1	6	0	0	1	11	2	50	2	40	2	14	0	0	2	17

EBRD LEASING STUDY EVALUATION								EBRD Clients												Not EBRD Clients									
European Bank for Reconstruction and Development	GBRW	*Leasing Companies*	**Leasing Companies**	*EBRD client*	**EBRD client**	*Not EBRD client*	**Not EBRD client**	*Early Transition nries*	**Early Transition nries**	*West Balkans*	**West Balkans**	*Russia, Kazakhstan and Ukraine*	**Russia, Kazakhstan and Ukraine**	*EU*	**EU**	*New EU EBRD*		*Old EU EBRD*		*Early Transition nries*	**Early Transition nries**	*Russia, Kazakhstan and Ukraine*	**Russia, Kazakhstan and Ukraine**	*EU*	**EU**	*New EU Not EBRD*		*Old EU Not EBRD*	
	Base Size	50		27		23		3		2		4		18		9		9		4		5		14		2		12	
		base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%
Loan covenants will be too harsh	(none)1	3	6	2	7	1	4	0	0	0	0	0	0	2	11	2	22	0	0	0	0	1	20	0	0	0	0	0	0
	2	11	22	5	19	6	26	0	0	0	0	1	25	4	22	1	11	3	33	0	0	0	0	6	43	1	50	5	42
	3	18	36	11	41	7	30	1	33	1	50	0	0	9	50	5	56	4	44	1	25	4	80	2	14	0	0	2	17
	4	12	24	6	22	6	26	0	0	1	50	2	50	3	17	1	11	2	22	2	50	0	0	4	29	1	50	3	25
	(highest)5	6	12	3	11	3	13	2	67	0	0	1	25	0	0	0	0	0	0	1	25	0	0	2	14	0	0	2	17
Regulatory constraints on access to funding	(none)1	8	16	5	19	3	13	1	33	0	0	2	50	2	11	1	11	1	11	0	0	1	20	2	14	2	100	0	0
	2	12	24	7	26	5	22	0	0	0	0	0	0	7	39	2	22	5	56	0	0	1	20	4	29	0	0	4	33
	3	16	32	8	30	8	35	1	33	1	50	0	0	6	33	5	56	1	11	2	50	2	40	4	29	0	0	4	33
	4	11	22	6	22	5	22	1	33	1	50	2	50	2	11	1	11	1	11	1	25	1	20	3	21	0	0	3	25
	(highest)5	3	6	1	4	2	9	0	0	0	0	0	0	1	6	0	0	1	11	1	25	0	0	1	7	0	0	1	8
Tax constraints on access to funding (e.g. thin capitalization)	(none)1	11	22	6	22	5	22	2	67	0	0	2	50	2	11	1	11	1	11	1	25	1	20	3	21	2	100	1	8
	2	12	24	9	33	3	13	0	0	0	0	1	25	8	44	4	44	4	44	0	0	3	60	0	0	0	0	0	0
	3	10	20	5	19	5	22	0	0	2	100	0	0	3	17	2	22	1	11	2	50	0	0	3	21	0	0	3	25
	4	11	22	4	15	7	30	1	33	0	0	1	25	2	11	2	22	0	0	1	25	0	0	6	43	0	0	6	50
	(highest)5	6	12	3	11	3	13	0	0	0	0	0	0	3	17	0	0	3	33	0	0	1	20	2	14	0	0	2	17
What actions might you take to protect your business in the current global credit crisis? 1 (not likely) to 5 (most likely)																													
Increase the loss provision rates for lessee default	(not likely) 1	2	4	0	0	2	9	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	14	1	50	1	8
	2	5	10	3	11	2	9	1	33	0	0	0	0	2	11	0	0	2	22	0	0	0	0	2	14	0	0	2	17
	3	12	24	7	26	5	22	1	33	1	50	1	25	4	22	3	33	1	11	1	25	1	20	3	21	0	0	3	25
	4	15	30	9	33	6	26	0	0	1	50	0	0	8	44	3	33	5	56	1	25	3	60	2	14	0	0	2	17
	(most likely) 5	16	32	8	30	8	35	1	33	0	0	3	75	4	22	3	33	1	11	2	50	1	20	5	36	1	50	4	33
Decrease the tenor (term in years) of leases	(not likely) 1	4	8	3	11	1	4	0	0	0	0	1	25	2	11	1	11	1	11	0	0	0	0	1	7	0	0	1	8
	2	11	22	7	26	4	17	1	33	2	100	0	0	4	22	2	22	2	22	0	0	0	0	4	29	1	50	3	25
	3	18	36	11	41	7	30	1	33	0	0	3	75	7	39	3	33	4	44	2	50	1	20	4	29	1	50	3	25
	4	12	24	6	22	6	26	1	33	0	0	0	0	5	28	3	33	2	22	1	25	2	40	3	21	0	0	3	25
	(most likely) 5	5	10	0	0	5	22	0	0	0	0	0	0	0	0	0	0	0	0	1	25	2	40	2	14	0	0	2	17
Increase the down-payment required from lessees	(not likely) 1	1	2	1	4	0	0	0	0	0	0	1	25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	2	1	2	0	0	1	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	7	0	0	1	8
	3	4	8	2	7	2	9	0	0	0	0	0	0	2	11	1	11	1	11	0	0	1	20	1	7	1	50	0	0
	4	23	46	15	56	8	35	2	67	1	50	2	50	10	56	4	44	6	67	1	25	0	0	7	50	1	50	6	50
	(most likely) 5	21	42	9	33	12	52	1	33	1	50	1	25	6	33	4	44	2	22	3	75	4	80	5	36	0	0	5	42
Decrease the residual value of equipment	(not likely) 1	6	12	4	15	2	9	3	100	0	0	1	25	0	0	0	0	0	0	0	0	1	20	1	7	0	0	1	8
	2	10	20	5	19	5	22	0	0	0	0	2	50	3	17	2	22	1	11	0	0	1	20	4	29	2	100	2	17
	3	8	16	3	11	5	22	0	0	1	50	0	0	2	11	1	11	1	11	1	25	0	0	4	29	0	0	4	33
	4	14	28	11	41	3	13	0	0	1	50	1	25	9	50	3	33	6	67	0	0	1	20	2	14	0	0	2	17
	(most likely) 5	12	24	4	15	8	35	0	0	0	0	0	0	4	22	3	33	1	11	3	75	2	40	3	21	0	0	3	25
Reduce the growth rate of your business	(not likely) 1	3	6	2	7	1	4	1	33	0	0	1	25	0	0	0	0	0	0	0	0	0	0	1	7	0	0	1	8
	2	7	14	2	7	5	22	0	0	0	0	0	0	2	11	2	22	0	0	2	50	1	20	2	14	0	0	2	17
	3	17	34	10	37	7	30	1	33	0	0	1	25	8	44	3	33	5	56	2	50	1	20	4	29	1	50	3	25
	4	19	38	12	44	7	30	1	33	2	100	2	50	7	39	3	33	4	44	0	0	3	60	4	29	1	50	3	25
	(most likely) 5	4	8	1	4	3	13	0	0	0	0	0	0	1	6	1	11	0	0	0	0	0	0	3	21	0	0	3	25
Concentrate on existing client base	(not likely) 1	1	2	0	0	1	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	20	0	0	0	0	0	0
	2	6	12	2	7	4	17	0	0	0	0	1	25	1	6	1	11	0	0	1	25	0	0	3	21	0	0	3	25
	3	7	14	2	7	5	22	0	0	0	0	0	0	2	11	1	11	1	11	0	0	2	40	3	21	1	50	2	17
	4	23	46	15	56	8	35	3	100	1	50	1	25	10	56	4	44	6	67	2	50	2	40	4	29	1	50	3	25
	(most likely) 5	13	26	8	30	5	22	0	0	1	50	2	50	5	28	3	33	2	22	1	25	0	0	4	29	0	0	4	33
Reduce staffing levels to cut costs	(not likely) 1	3	6	1	4	2	9	0	0	0	0	0	0	1	6	1	11	0	0	0	0	0	0	2	14	0	0	2	17
	2	9	18	4	15	5	22	1	33	0	0	0	0	3	17	2	22	1	11	2	50	0	0	3	21	0	0	3	25
	3	12	24	8	30	4	17	2	67	1	50	2	50	3	17	1	11	2	22	0	0	0	0	4	29	1	50	3	25
	4	12	24	7	26	5	22	0	0	1	50	0	0	6	33	3	33	3	33	0	0	2	40	3	21	0	0	3	25
	(most likely) 5	14	28	7	26	7	30	0	0	0	0	2	50	5	28	2	22	3	33	2	50	3	60	2	14	1	50	1	8
Concentrate more on leasing equipment that is more easily sold	(not likely) 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	2	1	2	0	0	1	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	7	0	0	1	8
	3	8	16	5	19	3	13	1	33	0	0	2	50	2	11	1	11	1	11	1	25	0	0	2	14	0	0	2	17
	4	20	40	11	41	9	39	1	33	1	50	0	0	9	50	5	56	4	44	0	0	2	40	7	50	2	100	5	42

EBRD LEASING STUDY EVALUATION							EBRD Clients												Not EBRD Clients									
	Leasing Companies	**Leasing Companies**	*EBRD client*	**EBRD client**	*Not EBRD client*	**Not EBRD client**	*Early Transition nries*	**Early Transition nries**	*West Balkans*	**West Balkans**	*Russia, Kazakhstan and Ukraine*	**Russia, Kazakhstan and Ukraine**	*EU*	**EU**	*New EU EBRD*		*Old EU EBRD*		*Early Transition nries*	**Early Transition nries**	*Russia, Kazakhstan and Ukraine*	**Russia, Kazakhstan and Ukraine**	*EU*	**EU**	*New EU Not EBRD*		*Old EU Not EBRD*	
Base Size	*50*		*27*		*23*		*3*		*2*		*4*		*18*		*9*		*9*		*4*		*5*		*14*		*2*		*12*	
	base	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**
(most likely) 5	*21*	**42**	*11*	**41**	*10*	**43**	*1*	**33**	*1*	**50**	*2*	**50**	*7*	**39**	*3*	**33**	*4*	**44**	*3*	**75**	*3*	**60**	*4*	**29**	*0*	**0**	*4*	**33**

European Bank for Reconstruction and Development

GBRW

EBRD LEASING STUDY EVALUATION		Leasing Companies	Leasing Companies	EBRD client	EBRD client	Not EBRD client	Not EBRD client	Early Transition nries	Early Transition nries	West Balkans	West Balkans	Russia, Kazakhstan and Ukraine	Russia, Kazakhstan and Ukraine	EU	EU	New EU EBRD		Old EU EBRD		Early Transition nries	Early Transition nries	Russia, Kazakhstan and Ukraine	Russia, Kazakhstan and Ukraine	EU	EU	New EU Not EBRD		Old EU Not EBRD	
								EBRD Clients												Not EBRD Clients									
	Base Size	50		27		23		3		2		4		18		9		9		4		5		14		2		12	
		base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%
Increase the equity capital of our company	(not likely) 1	7	14	5	19	2	9	1	33	0	0	1	25	3	17	0	0	3	33	0	0	0	0	2	14	1	50	1	8
	2	11	22	5	19	6	26	0	0	1	50	0	0	4	22	3	33	1	11	0	0	2	40	4	29	1	50	3	25
	3	17	34	10	37	7	30	0	0	0	0	2	50	8	44	5	56	3	33	3	75	0	0	4	29	0	0	4	33
	4	11	22	6	22	5	22	2	67	0	0	1	25	3	17	1	11	2	22	1	25	2	40	2	14	0	0	2	17
	(most likely) 5	4	8	1	4	3	13	0	0	1	50	0	0	0	0	0	0	0	0	0	0	1	20	2	14	0	0	2	17
Decrease the number of banks we borrow from	(not likely) 1	25	50	13	48	12	52	3	100	0	0	4	##	6	33	3	33	3	33	2	50	4	80	6	43	2	100	4	33
	2	12	24	7	26	5	22	0	0	0	0	0	0	7	39	5	56	2	22	1	25	1	20	3	21	0	0	3	25
	3	9	18	5	19	4	17	0	0	1	50	0	0	4	22	1	11	3	33	1	25	0	0	3	21	0	0	3	25
	4	2	4	1	4	1	4	0	0	1	50	0	0	0	0	0	0	0	0	0	0	0	0	1	7	0	0	1	8
	(most likely) 5	2	4	1	4	1	4	0	0	0	0	0	0	1	6	0	0	1	11	0	0	0	0	1	7	0	0	1	8
Intensify monitoring and collection efforts	(not likely) 1	1	2	0	0	1	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	7	1	50	0	0
	2	1	2	0	0	1	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	7	0	0	1	8
	3	4	8	1	4	3	13	0	0	0	0	1	25	0	0	0	0	0	0	0	0	0	0	3	21	0	0	3	25
	4	5	10	3	11	2	9	0	0	1	50	0	0	2	11	1	11	1	11	1	25	1	20	0	0	0	0	0	0
	(most likely) 5	39	78	23	85	16	70	3	100	1	50	3	75	16	89	8	89	8	89	3	75	4	80	9	64	1	50	8	67
Our company will survive the present global economic crisis thanks to: 1(not important) to 5 (very important)																													
our rapid growth in the past	(not important) 1	6	12	4	15	2	9	0	0	0	0	1	25	3	17	1	11	2	22	0	0	1	20	1	7	0	0	1	8
	2	15	30	9	33	6	26	0	0	1	50	3	75	5	28	4	44	1	11	1	25	1	20	4	29	1	50	3	25
	3	11	22	5	19	6	26	0	0	1	50	0	0	4	22	1	11	3	33	2	50	0	0	4	29	1	50	3	25
	4	10	20	6	22	4	17	2	67	0	0	0	0	4	22	2	22	2	22	0	0	1	20	3	21	0	0	3	25
	(very important) 5	8	16	3	11	5	22	1	33	0	0	0	0	2	11	1	11	1	11	1	25	2	40	2	14	0	0	2	17
the high quality of our staff	(not important) 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	2	1	2	0	0	1	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	7	0	0	1	8
	3	8	16	5	19	3	13	1	33	0	0	1	25	3	17	2	22	1	11	1	25	1	20	1	7	0	0	1	8
	4	23	46	14	52	9	39	1	33	0	0	3	75	10	56	4	44	6	67	1	25	3	60	5	36	2	100	3	25
	(very important) 5	18	36	8	30	10	43	1	33	2	100	0	0	5	28	3	33	2	22	2	50	1	20	7	50	0	0	7	58
our conservative underwriting practices	(not important) 1	1	2	0	0	1	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	7	1	50	0	0
	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	3	14	28	7	26	7	30	2	67	0	0	1	25	4	22	4	44	0	0	1	25	0	0	6	43	0	0	6	50
	4	21	42	12	44	9	39	0	0	1	50	2	50	9	50	4	44	5	56	1	25	3	60	5	36	1	50	4	33
	(very important) 5	14	28	8	30	6	26	1	33	1	50	1	25	5	28	1	11	4	44	2	50	2	40	2	14	0	0	2	17
our portfolio policy that limited industry exposure	(not important) 1	1	2	0	0	1	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	7	1	50	0	0
	2	5	10	3	11	2	9	0	0	0	0	1	25	2	11	0	0	2	22	0	0	1	20	1	7	0	0	1	8
	3	19	38	8	30	11	48	0	0	0	0	1	25	7	39	4	44	3	33	2	50	2	40	7	50	0	0	7	58
	4	17	34	11	41	6	26	2	67	1	50	0	0	8	44	4	44	4	44	1	25	1	20	4	29	1	50	3	25
	(very important) 5	8	16	5	19	3	13	1	33	1	50	2	50	1	6	1	11	0	0	1	25	1	20	1	7	0	0	1	8
our access to long term funding	(not important) 1	1	2	0	0	1	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	7	1	50	0	0
	2	6	12	2	7	4	17	0	0	0	0	1	25	1	6	1	11	0	0	1	25	1	20	2	14	1	50	1	8
	3	13	26	8	30	5	22	1	33	0	0	0	0	7	39	2	22	5	56	1	25	1	20	3	21	0	0	3	25
	4	15	30	7	26	8	35	1	33	2	100	0	0	4	22	3	33	1	11	0	0	1	20	7	50	0	0	7	58
	(very important) 5	15	30	10	37	5	22	1	33	0	0	3	75	6	33	3	33	3	33	2	50	2	40	1	7	0	0	1	8
our low leverage and strong capital base	(not important) 1	7	14	3	11	4	17	0	0	0	0	0	0	3	17	1	11	2	22	1	25	2	40	1	7	1	50	0	0
	2	7	14	4	15	3	13	0	0	0	0	1	25	3	17	1	11	2	22	0	0	1	20	2	14	1	50	1	8
	3	13	26	10	37	3	13	1	33	1	50	0	0	8	44	5	56	3	33	0	0	0	0	3	21	0	0	3	25
	4	16	32	6	22	10	43	0	0	1	50	2	50	3	17	2	22	1	11	2	50	1	20	7	50	0	0	7	58
	(very important) 5	7	14	4	15	3	13	2	67	0	0	1	25	1	6	0	0	1	11	1	25	1	20	1	7	0	0	1	8
funding from our parent banking group	(not important) 1	9	18	5	19	4	17	1	33	0	0	3	75	1	6	0	0	1	11	0	0	2	40	2	14	1	50	1	8
	2	2	4	2	7	0	0	0	0	0	0	1	25	1	6	1	11	0	0	0	0	0	0	0	0	0	0	0	0
	3	5	10	2	7	3	13	0	0	1	50	0	0	1	6	0	0	1	11	0	0	0	0	3	21	0	0	3	25
	4	13	26	8	30	5	22	0	0	0	0	0	0	8	44	5	56	3	33	1	25	1	20	3	21	1	50	2	17
	(very important) 5	21	42	10	37	11	48	2	67	1	50	0	0	7	39	3	33	4	44	3	75	2	40	6	43	0	0	6	50
more profitable margins on new leases	(not important) 1	3	6	1	4	2	9	0	0	0	0	0	0	1	6	1	11	0	0	0	0	1	20	1	7	0	0	1	8
	2	6	12	3	11	3	13	0	0	0	0	2	50	1	6	1	11	0	0	0	0	1	20	2	14	1	50	1	8
	3	14	28	10	37	4	17	0	0	1	50	2	50	7	39	5	56	2	22	1	25	0	0	3	21	0	0	3	25
	4	19	38	9	33	10	43	3	100	0	0	0	0	6	33	1	11	5	56	2	50	1	20	7	50	1	50	6	50

EBRD LEASING STUDY EVALUATION							EBRD Clients												Not EBRD Clients									
	Leasing Companies	**Leasing Companies**	*EBRD client*	**EBRD client**	*Not EBRD client*	**Not EBRD client**	*Early Transition nries*	**Early Transition nries**	*West Balkans*	**West Balkans**	*Russia, Kazakhstan and Ukraine*	**Russia, Kazakhstan and Ukraine**	*EU*	**EU**	*New EU EBRD*		*Old EU EBRD*		*Early Transition nries*	**Early Transition nries**	*Russia, Kazakhstan and Ukraine*	**Russia, Kazakhstan and Ukraine**	*EU*	**EU**	*New EU Not EBRD*		*Old EU Not EBRD*	
Base Size	*50*		*27*		*23*		*3*		*2*		*4*		*18*		*9*		*9*		*4*		*5*		*14*		*2*		*12*	
	base	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**
(very important) 5	*8*	**16**	*4*	**15**	*4*	**17**	*0*	**0**	*1*	**50**	*0*	**0**	*3*	**17**	*1*	**11**	*2*	**22**	*1*	**25**	*2*	**40**	*1*	**7**	*0*	**0**	*1*	**8**

EBRD LEASING STUDY EVALUATION								EBRD Clients														Not EBRD Clients									
European Bank for Reconstruction and Development	GBRW	*Leasing Companies*	**Leasing Companies**	*EBRD client*	**EBRD client**	*Not EBRD client*	**Not EBRD client**	*Early Transition nries*	**Early Transition nries**	*West Balkans*	**West Balkans**	*Russia, Kazakhstan and Ukraine*	**Russia, Kazakhstan and Ukraine**	*EU*	**EU**	*New EU EBRD*		*Old EU EBRD*		*Early Transition nries*	**Early Transition nries**	*Russia, Kazakhstan and Ukraine*	**Russia, Kazakhstan and Ukraine**	*EU*	**EU**	*New EU Not EBRD*		*Old EU Not EBRD*	
	Base Size	50		27		23		3		2		4		18		9		9		4		5		14		2		12	
		base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%
	(not important) 1	10	20	4	15	6	26	0	0	0	0	1	25	3	17	3	33	0	0	1	25	2	40	3	21	1	50	2	17
	2	11	22	6	22	5	22	0	0	1	50	2	50	3	17	2	22	1	11	1	25	2	40	2	14	0	0	2	17
our large market share	3	15	30	10	37	5	22	2	67	0	0	1	25	7	39	3	33	4	44	0	0	0	0	5	36	0	0	5	42
	4	11	22	7	26	4	17	1	33	1	50	0	0	5	28	1	11	4	44	1	25	1	20	2	14	1	50	1	8
	(very important) 5	3	6	0	0	3	13	0	0	0	0	0	0	0	0	0	0	0	0	1	25	0	0	2	14	0	0	2	17
	(not important) 1	4	8	3	11	1	4	1	33	0	0	2	50	0	0	0	0	0	0	0	0	0	0	1	7	1	50	0	0
	2	7	14	3	11	4	17	1	33	1	50	1	25	0	0	0	0	0	0	0	0	2	40	2	14	1	50	1	8
rescheduling of our leasing portfolio	3	21	42	9	33	12	52	0	0	1	50	0	0	8	44	4	44	4	44	3	75	1	20	8	57	0	0	8	67
	4	14	28	9	33	5	22	1	33	0	0	1	25	7	39	2	22	5	56	1	25	2	40	2	14	0	0	2	17
	(very important) 5	4	8	3	11	1	4	0	0	0	0	0	0	3	17	3	33	0	0	0	0	0	0	1	7	0	0	1	8
	(not important) 1	30	60	16	59	14	61	2	67	0	0	3	75	11	61	5	56	6	67	1	25	4	80	9	64	2	100	7	58
	2	10	20	6	22	4	17	0	0	1	50	0	0	5	28	3	33	2	22	1	25	1	20	2	14	0	0	2	17
Government support of leasing industry	3	1	2	0	0	1	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	7	0	0	1	8
	4	5	10	3	11	2	9	0	0	1	50	1	25	1	6	0	0	1	11	1	25	0	0	1	7	0	0	1	8
	(very important) 5	4	8	2	7	2	9	1	33	0	0	0	0	1	6	1	11	0	0	1	25	0	0	1	7	0	0	1	8
	(not important) 1	1	2	0	0	1	4	0	0	0	0	0	0	0	0	0	0	0	0	1	25	0	0	0	0	0	0	0	0
	2	6	12	2	7	4	17	0	0	0	0	0	0	2	11	1	11	1	11	0	0	1	20	3	21	0	0	3	25
our strong customer base	3	15	30	8	30	7	30	1	33	0	0	0	0	7	39	3	33	4	44	1	25	1	20	5	36	1	50	4	33
	4	19	38	12	44	7	30	1	33	2	100	4	##	5	28	3	33	2	22	1	25	3	60	3	21	0	0	3	25
	(very important) 5	9	18	5	19	4	17	1	33	0	0	0	0	4	22	2	22	2	22	1	25	0	0	3	21	1	50	2	17
	(not important) 1	1	2	0	0	1	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	7	1	50	0	0
	2	6	12	3	11	3	13	0	0	0	0	0	0	3	17	1	11	2	22	0	0	1	20	2	14	0	0	2	17
our high level of provisions and reserves	3	20	40	10	37	10	43	2	67	0	0	0	0	8	44	4	44	4	44	2	50	1	20	7	50	0	0	7	58
	4	15	30	9	33	6	26	0	0	1	50	3	75	5	28	3	33	2	22	1	25	2	40	3	21	1	50	2	17
	(very important) 5	8	16	5	19	3	13	1	33	1	50	1	25	2	11	1	11	1	11	1	25	1	20	1	7	0	0	1	8
	(not important) 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	2	10	20	7	26	3	13	2	67	0	0	1	25	4	22	2	22	2	22	1	25	0	0	2	14	0	0	2	17
our equipment remarketing skills	3	15	30	7	26	8	35	0	0	0	0	1	25	6	33	3	33	3	33	1	25	2	40	5	36	1	50	4	33
	4	16	32	9	33	7	30	0	0	1	50	1	25	7	39	3	33	4	44	1	25	2	40	4	29	1	50	3	25
	(very important) 5	9	18	4	15	5	22	1	33	1	50	1	25	1	6	1	11	0	0	1	25	1	20	3	21	0	0	3	25
	(not important) 1	12	24	7	26	5	22	1	33	0	0	1	25	5	28	1	11	4	44	1	25	2	40	2	14	2	100	0	0
	2	8	16	4	15	4	17	0	0	0	0	1	25	3	17	2	22	1	11	0	0	2	40	2	14	0	0	2	17
our access to equity capital to fund our growth	3	20	40	10	37	10	43	1	33	0	0	1	25	8	44	5	56	3	33	2	50	1	20	7	50	0	0	7	58
	4	7	14	3	11	4	17	0	0	2	100	1	25	0	0	0	0	0	0	1	25	0	0	3	21	0	0	3	25
	(very important) 5	3	6	3	11	0	0	1	33	0	0	0	0	2	11	1	11	1	11	0	0	0	0	0	0	0	0	0	0
	0	44	88	23	85	21	91	2	67	2	100	3	75	16	89	8	89	8	89	4	100	5	100	12	86	2	100	10	83
	(not important) 1	2	4	1	4	1	4	1	33	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	7	0	0	1	8
other not listed above (please list)	2	1	2	0	0	1	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	7	0	0	1	8
	4	2	4	2	7	0	0	0	0	0	0	0	0	2	11	1	11	1	11	0	0	0	0	0	0	0	0	0	0
	(very important) 5	1	2	1	4	0	0	0	0	0	0	1	25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
The most important lessons that we have learned are (choose up to five items)																													
have a stronger capital base	item selected	12	24	7	26	5	22	2	67	1	50	0	0	4	22	2	22	2	22	1	25	1	20	3	21	1	50	2	17
widen access to longer term funding	item selected	20	40	10	37	10	43	2	67	1	50	2	50	5	28	2	22	3	33	2	50	3	60	5	36	0	0	5	42
deepen access to local currency funding	item selected	5	10	3	11	2	9	0	0	0	0	2	50	1	6	0	0	1	11	1	25	1	20	0	0	0	0	0	0
limit industry concentrations in the portfolio	item selected	22	44	12	44	10	43	2	67	1	50	1	25	8	44	3	33	5	56	3	75	3	60	4	29	1	50	3	25
apply tighter monitoring and collection procedure	item selected	37	74	23	85	14	61	3	100	2	100	4	##	14	78	7	78	7	78	3	75	2	40	9	64	0	0	9	75
rely less on the ready liquidity of leased assets	item selected	12	24	8	30	4	17	0	0	0	0	1	25	7	39	4	44	3	33	2	50	1	20	1	7	0	0	1	8
rely less on the quality of judicial systems	item selected	6	12	3	11	3	13	1	33	0	0	0	0	2	11	1	11	1	11	0	0	0	0	3	21	0	0	3	25
be more selective about the financial capacity of	item selected	32	64	16	59	16	70	2	67	1	50	2	50	11	61	7	78	4	44	4	100	3	60	9	64	1	50	8	67
obtain more financial information about lessees	item selected	14	28	6	22	8	35	0	0	0	0	0	0	6	33	3	33	3	33	1	25	1	20	6	43	0	0	6	50
rely less on vendor channels	item selected	6	12	4	15	2	9	0	0	1	50	1	25	2	11	1	11	1	11	0	0	1	20	1	7	1	50	0	0
support the creation of a national credit bureau	item selected	9	18	6	22	3	13	0	0	1	50	1	25	4	22	3	33	1	11	0	0	1	20	2	14	0	0	2	17
require higher down payments	item selected	24	48	14	52	10	43	1	33	1	50	2	50	10	56	5	56	5	56	3	75	2	40	5	36	1	50	4	33
grow assets more slowly	item selected	4	8	2	7	2	9	0	0	0	0	0	0	2	11	0	0	2	22	0	0	0	0	2	14	1	50	1	8
change the incentives of our sales force	item selected	6	12	3	11	3	13	0	0	0	0	0	0	3	17	1	11	2	22	0	0	1	20	2	14	1	50	1	8
improve the risk management training of our sta	item selected	22	44	14	52	8	35	2	67	1	50	2	50	9	50	5	56	4	44	0	0	1	20	7	50	0	0	7	58

EBRD LEASING STUDY EVALUATION							EBRD Clients												Not EBRD Clients									
	Leasing Companies	**Leasing Companies**	*EBRD client*	**EBRD client**	*Not EBRD client*	**Not EBRD client**	*Early Transition nries*	**Early Transition nries**	*West Balkans*	**West Balkans**	*Russia, Kazakhstan and Ukraine*	**Russia, Kazakhstan and Ukraine**	*EU*	**EU**	*New EU EBRD*		*Old EU EBRD*		*Early Transition nries*	**Early Transition nries**	*Russia, Kazakhstan and Ukraine*	**Russia, Kazakhstan and Ukraine**	*EU*	**EU**	*New EU Not EBRD*		*Old EU Not EBRD*	
Base Size	*50*		*27*		*23*		*3*		*2*		*4*		*18*		*9*		*9*		*4*		*5*		*14*		*2*		*12*	
	base	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**
other (please specify) item selected	*2*	**4**	*2*	**7**	*0*	**0**	*0*	**0**	*0*	**0**	*1*	**25**	*1*	**6**	*0*	**0**	*1*	**11**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**
In managing the environmental risks of our business we: (choose all that apply)																												

EBRD LEASING STUDY EVALUATION								EBRD Clients												Not EBRD Clients									
European Bank for Reconstruction and Development	GBRW	*Leasing Companies*	**Leasing Companies**	*EBRD client*	**EBRD client**	*Not EBRD client*	**Not EBRD client**	*Early Transition nries*	**Early Transition nries**	*West Balkans*	**West Balkans**	*Russia, Kazakhstan and Ukraine*	**Russia, Kazakhstan and Ukraine**	*EU*	**EU**	*New EU EBRD*		*Old EU EBRD*		*Early Transition nries*	**Early Transition nries**	*Russia, Kazakhstan and Ukraine*	**Russia, Kazakhstan and Ukraine**	*EU*	**EU**	*New EU Not EBRD*		*Old EU Not EBRD*	
	Base Size	*50*		*27*		*23*		*3*		*2*		*4*		*18*		*9*		*9*		*4*		*5*		*14*		*2*		*12*	
		base	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**
have assigned accountability for environmental r	item selected	*9*	**18**	*6*	**22**	*3*	**13**	*1*	**33**	*0*	**0**	*2*	**50**	*3*	**17**	*1*	**11**	*2*	**22**	*0*	**0**	*1*	**20**	*2*	**14**	*0*	**0**	*2*	**17**
screen our leases for the risk of environmental d	item selected	*14*	**28**	*9*	**33**	*5*	**22**	*1*	**33**	*0*	**0**	*1*	**25**	*7*	**39**	*6*	**67**	*1*	**11**	*2*	**50**	*0*	**0**	*3*	**21**	*1*	**50**	*2*	**17**
categorise the environmental risks as high, medi	item selected	*16*	**32**	*13*	**48**	*3*	**13**	*2*	**67**	*2*	**100**	*1*	**25**	*8*	**44**	*7*	**78**	*1*	**11**	*1*	**25**	*1*	**20**	*1*	**7**	*0*	**0**	*1*	**8**
decline business for certain assets because of e	item selected	*31*	**62**	*22*	**81**	*9*	**39**	*3*	**100**	*1*	**50**	*3*	**75**	*15*	**83**	*6*	**67**	*9*	**100**	*1*	**25**	*1*	**20**	*7*	**50**	*1*	**50**	*6*	**50**
provide environmental risk training to our leasing	item selected	*10*	**20**	*8*	**30**	*2*	**9**	*2*	**67**	*1*	**50**	*1*	**25**	*4*	**22**	*3*	**33**	*1*	**11**	*0*	**0**	*0*	**0**	*2*	**14**	*0*	**0**	*2*	**17**
none of the above	item selected	*12*	**24**	*1*	**4**	*11*	**48**	*0*	**0**	*0*	**0**	*0*	**0**	*1*	**6**	*1*	**11**	*0*	**0**	*2*	**50**	*3*	**60**	*6*	**43**	*1*	**50**	*5*	**42**
Questions about EBRD Loan or Equity Investments																													
How quickly was the EBRD loan (s) disbursed?	Less than 1 year	*16*	**59**	*16*	**59**			*3*	**100**	*1*	**50**	*4*	**##**	*8*	**44**	*5*	**56**	*3*	**33**										
	Between 1-2 years	*9*	**33**	*9*	**33**			*0*	**0**	*1*	**50**	*0*	**0**	*8*	**44**	*2*	**22**	*6*	**67**										
	More than 2 years	*2*	**7**	*2*	**7**			*0*	**0**	*0*	**0**	*0*	**0**	*2*	**11**	*2*	**22**	*0*	**0**										
EBRD's loan or investment in our company and in the leasing sector: 1 (not true) to 5																													
funded access to new segments of the leasing market	(not true) 1	*2*	**7**	*2*	**7**			*0*	**0**	*0*	**0**	*1*	**25**	*1*	**6**	*1*	**11**	*0*	**0**										
	2	*3*	**11**	*3*	**11**			*0*	**0**	*0*	**0**	*1*	**25**	*2*	**11**	*2*	**22**	*0*	**0**										
	3	*16*	**59**	*16*	**59**			*3*	**100**	*1*	**50**	*1*	**25**	*11*	**61**	*2*	**22**	*9*	**100**										
	4	*4*	**15**	*4*	**15**			*0*	**0**	*0*	**0**	*1*	**25**	*3*	**17**	*3*	**33**	*0*	**0**										
	(true) 5	*2*	**7**	*2*	**7**			*0*	**0**	*1*	**50**	*0*	**0**	*1*	**6**	*1*	**11**	*0*	**0**										
addressed important issues for our business/sector	(not true) 1	*2*	**7**	*2*	**7**			*0*	**0**	*0*	**0**	*1*	**25**	*1*	**6**	*1*	**11**	*0*	**0**										
	2	*2*	**7**	*2*	**7**			*0*	**0**	*0*	**0**	*0*	**0**	*2*	**11**	*2*	**22**	*0*	**0**										
	3	*10*	**37**	*10*	**37**			*2*	**67**	*1*	**50**	*1*	**25**	*6*	**33**	*0*	**0**	*6*	**67**										
	4	*6*	**22**	*6*	**22**			*0*	**0**	*1*	**50**	*0*	**0**	*5*	**28**	*3*	**33**	*2*	**22**										
	(true) 5	*7*	**26**	*7*	**26**			*1*	**33**	*0*	**0**	*2*	**50**	*4*	**22**	*3*	**33**	*1*	**11**										
was welcome because of its pricing	(not true) 1	*0*	**0**	*0*	**0**			*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**										
	2	*1*	**4**	*1*	**4**			*0*	**0**	*0*	**0**	*1*	**25**	*0*	**0**	*0*	**0**	*0*	**0**										
	3	*6*	**22**	*6*	**22**			*0*	**0**	*1*	**50**	*0*	**0**	*5*	**28**	*1*	**11**	*4*	**44**										
	4	*11*	**41**	*11*	**41**			*1*	**33**	*0*	**0**	*3*	**75**	*7*	**39**	*3*	**33**	*4*	**44**										
	(true) 5	*9*	**33**	*9*	**33**			*2*	**67**	*1*	**50**	*0*	**0**	*6*	**33**	*5*	**56**	*1*	**11**										
could not be obtained from other sources	(not true) 1	*3*	**11**	*3*	**11**			*0*	**0**	*0*	**0**	*0*	**0**	*3*	**17**	*2*	**22**	*1*	**11**										
	2	*7*	**26**	*7*	**26**			*1*	**33**	*0*	**0**	*1*	**25**	*5*	**28**	*3*	**33**	*2*	**22**										
	3	*10*	**37**	*10*	**37**			*0*	**0**	*2*	**100**	*1*	**25**	*7*	**39**	*3*	**33**	*4*	**44**										
	4	*4*	**15**	*4*	**15**			*1*	**33**	*0*	**0**	*1*	**25**	*2*	**11**	*0*	**0**	*2*	**22**										
	(true) 5	*3*	**11**	*3*	**11**			*1*	**33**	*0*	**0**	*1*	**25**	*1*	**6**	*1*	**11**	*0*	**0**										
was easy to put into action	(not true) 1	*0*	**0**	*0*	**0**			*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**										
	2	*3*	**11**	*3*	**11**			*0*	**0**	*0*	**0**	*0*	**0**	*3*	**17**	*3*	**33**	*0*	**0**										
	3	*14*	**52**	*14*	**52**			*2*	**67**	*2*	**100**	*2*	**50**	*8*	**44**	*2*	**22**	*6*	**67**										
	4	*5*	**19**	*5*	**19**			*0*	**0**	*0*	**0**	*1*	**25**	*4*	**22**	*2*	**22**	*2*	**22**										
	(true) 5	*5*	**19**	*5*	**19**			*1*	**33**	*0*	**0**	*1*	**25**	*3*	**17**	*2*	**22**	*1*	**11**										
was critical to our present success	(not true) 1	*3*	**11**	*3*	**11**			*0*	**0**	*0*	**0**	*0*	**0**	*3*	**17**	*1*	**11**	*2*	**22**										
	2	*8*	**30**	*8*	**30**			*0*	**0**	*0*	**0**	*1*	**25**	*7*	**39**	*4*	**44**	*3*	**33**										
	3	*9*	**33**	*9*	**33**			*1*	**33**	*1*	**50**	*0*	**0**	*7*	**39**	*3*	**33**	*4*	**44**										
	4	*4*	**15**	*4*	**15**			*1*	**33**	*1*	**50**	*2*	**50**	*0*	**0**	*0*	**0**	*0*	**0**										
	(true) 5	*3*	**11**	*3*	**11**			*1*	**33**	*0*	**0**	*1*	**25**	*1*	**6**	*1*	**11**	*0*	**0**										
made demands that other banks do not make	(not true) 1	*2*	**7**	*2*	**7**			*1*	**33**	*0*	**0**	*1*	**25**	*0*	**0**	*0*	**0**	*0*	**0**										
	2	*6*	**22**	*6*	**22**			*0*	**0**	*0*	**0**	*0*	**0**	*6*	**33**	*3*	**33**	*3*	**33**										
	3	*7*	**26**	*7*	**26**			*2*	**67**	*1*	**50**	*1*	**25**	*3*	**17**	*1*	**11**	*2*	**22**										
	4	*9*	**33**	*9*	**33**			*0*	**0**	*0*	**0**	*1*	**25**	*8*	**44**	*4*	**44**	*4*	**44**										
	(true) 5	*3*	**11**	*3*	**11**			*0*	**0**	*1*	**50**	*1*	**25**	*1*	**6**	*1*	**11**	*0*	**0**										
increased our asset growth rate	(not true) 1	*2*	**7**	*2*	**7**			*0*	**0**	*0*	**0**	*0*	**0**	*2*	**11**	*2*	**22**	*0*	**0**										
	2	*2*	**7**	*2*	**7**			*0*	**0**	*0*	**0**	*0*	**0**	*2*	**11**	*2*	**22**	*0*	**0**										
	3	*13*	**48**	*13*	**48**			*1*	**33**	*1*	**50**	*1*	**25**	*10*	**56**	*3*	**33**	*7*	**78**										
	4	*9*	**33**	*9*	**33**			*1*	**33**	*1*	**50**	*3*	**75**	*4*	**22**	*2*	**22**	*2*	**22**										
	(true) 5	*1*	**4**	*1*	**4**			*1*	**33**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**										

EBRD LEASING STUDY EVALUATION								EBRD Clients												Not EBRD Clients									
European Bank for Reconstruction and Development	GBRW	*Leasing Companies*	**Leasing Companies**	*EBRD client*	**EBRD client**	*Not EBRD client*	**Not EBRD client**	*Early Transition nries*	**Early Transition nries**	*West Balkans*	**West Balkans**	*Russia, Kazakhstan and Ukraine*	**Russia, Kazakhstan and Ukraine**	*EU*	**EU**	*New EU EBRD*		*Old EU EBRD*		*Early Transition nries*	**Early Transition nries**	*Russia, Kazakhstan and Ukraine*	**Russia, Kazakhstan and Ukraine**	*EU*	**EU**	*New EU Not EBRD*		*Old EU Not EBRD*	
	Base Size	*50*		*27*		*23*		*3*		*2*		*4*		*18*		*9*		*9*		*4*		*5*		*14*		*2*		*12*	
		base	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**
	(not true) 1	2	7	2	7			0	0	0	0	0	0	2	11	1	11	1	11										
	2	7	26	7	26			0	0	1	50	1	25	5	28	3	33	2	22										
strengthened our balance sheet	3	7	26	7	26			0	0	0	0	1	25	6	33	3	33	3	33										
	4	9	33	9	33			2	67	0	0	2	50	5	28	2	22	3	33										
	(true) 5	2	7	2	7			1	33	1	50	0	0	0	0	0	0	0	0										
	(not true) 1	5	19	5	19			0	0	0	0	2	50	3	17	2	22	1	11										
	2	12	44	12	44			1	33	1	50	2	50	8	44	5	56	3	33										
reduced our exposure to FX risk	3	6	22	6	22			1	33	0	0	0	0	5	28	2	22	3	33										
	4	3	11	3	11			1	33	0	0	0	0	2	11	0	0	2	22										
	(true) 5	1	4	1	4			0	0	1	50	0	0	0	0	0	0	0	0										
	(not true) 1	0	0	0	0			0	0	0	0	0	0	0	0	0	0	0	0										
	2	2	7	2	7			0	0	0	0	2	50	0	0	0	0	0	0										
increased our profitability	3	11	41	11	41			0	0	1	50	1	25	9	50	4	44	5	56										
	4	10	37	10	37			2	67	1	50	0	0	7	39	4	44	3	33										
	(true) 5	4	15	4	15			1	33	0	0	1	25	2	11	1	11	1	11										
EBRD's financial (and where applicable technical) support to our company caused us																													
	(not true) 1	2	7	2	7			0	0	0	0	1	25	1	6	1	11	0	0										
	2	3	11	3	11			0	0	1	50	1	25	1	6	0	0	1	11										
improve our leasing policies and practices	3	10	37	10	37			1	33	0	0	0	0	9	50	4	44	5	56										
	4	8	30	8	30			1	33	1	50	2	50	4	22	2	22	2	22										
	(true) 5	4	15	4	15			1	33	0	0	0	0	3	17	2	22	1	11										
	(not true) 1	3	11	3	11			0	0	0	0	1	25	2	11	2	22	0	0										
	2	6	22	6	22			0	0	1	50	1	25	4	22	1	11	3	33										
improve the way we report our business results	3	9	33	9	33			0	0	0	0	0	0	9	50	3	33	6	67										
	4	7	26	7	26			2	67	0	0	2	50	3	17	3	33	0	0										
	(true) 5	2	7	2	7			1	33	1	50	0	0	0	0	0	0	0	0										
	(not true) 1	2	7	2	7			0	0	0	0	1	25	1	6	1	11	0	0										
	2	2	7	2	7			0	0	0	0	0	0	2	11	1	11	1	11										
provide longer term leases to small companies	3	11	41	11	41			2	67	1	50	0	0	8	44	3	33	5	56										
	4	6	22	6	22			1	33	1	50	1	25	3	17	1	11	2	22										
	(true) 5	6	22	6	22			0	0	0	0	2	50	4	22	3	33	1	11										
	(not true) 1	2	7	2	7			0	0	0	0	1	25	1	6	1	11	0	0										
	2	1	4	1	4			0	0	0	0	0	0	1	6	1	11	0	0										
increase our leasing business with small firms	3	8	30	8	30			1	33	1	50	1	25	5	28	1	11	4	44										
	4	8	30	8	30			1	33	1	50	0	0	6	33	2	22	4	44										
	(true) 5	8	30	8	30			1	33	0	0	2	50	5	28	4	44	1	11										
	(not true) 1	5	19	5	19			0	0	0	0	1	25	4	22	2	22	2	22										
	2	6	22	6	22			0	0	0	0	0	0	6	33	3	33	3	33										
more easily attract funding from other banks	3	6	22	6	22			1	33	1	50	0	0	4	22	0	0	4	44										
	4	5	19	5	19			2	67	0	0	0	0	3	17	3	33	0	0										
	(true) 5	5	19	5	19			0	0	1	50	3	75	1	6	1	11	0	0										
	(not true) 1	2	7	2	7			0	0	0	0	1	25	1	6	1	11	0	0										
	2	2	7	2	7			0	0	0	0	0	0	2	11	2	22	0	0										
increase the number of leasing customers	3	3	11	3	11			0	0	1	50	0	0	2	11	0	0	2	22										
	4	14	52	14	52			1	33	1	50	1	25	11	61	4	44	7	78										
	(true) 5	6	22	6	22			2	67	0	0	2	50	2	11	2	22	0	0										
	(not true) 1	3	11	3	11			0	0	0	0	1	25	2	11	1	11	1	11										
	2	1	4	1	4			0	0	0	0	0	0	1	6	1	11	0	0										
gain an advantage over our competitors	3	11	41	11	41			0	0	2	100	1	25	8	44	4	44	4	44										
	4	7	26	7	26			1	33	0	0	1	25	5	28	3	33	2	22										
	(true) 5	5	19	5	19			2	67	0	0	1	25	2	11	0	0	2	22										
	(not true) 1	6	22	6	22			1	33	0	0	1	25	4	22	4	44	0	0										
	2	10	37	10	37			1	33	0	0	2	50	7	39	3	33	4	44										
start leasing a new type of equipment	3	9	33	9	33			1	33	2	100	0	0	6	33	2	22	4	44										
	4	2	7	2	7			0	0	0	0	1	25	1	6	0	0	1	11										

EBRD LEASING STUDY EVALUATION							EBRD Clients												Not EBRD Clients											
European Bank for Reconstruction and Development GBRW	*Leasing Companies*	**Leasing Companies**	*EBRD client*	**EBRD client**	*Not EBRD client*	**Not EBRD client**	*Early Transition nries*	**Early Transition nries**	*West Balkans*	**West Balkans**	*Russia, Kazakhstan and Ukraine*	**Russia, Kazakhstan and Ukraine**	*EU*	**EU**	*New EU EBRD*		*Old EU EBRD*		*Early Transition nries*	**Early Transition nries**	*Russia, Kazakhstan and Ukraine*	**Russia, Kazakhstan and Ukraine**	*EU*	**EU**	*New EU Not EBRD*		*Old EU Not EBRD*			
Base Size	50		27		23		3		2		4		18		9		9		4		5		14		2		12			
	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%		
(true) 5	0	0	0	0			0	0	0	0	0	0	0	0	0	0	0	0												

EBRD LEASING STUDY EVALUATION								EBRD Clients												Not EBRD Clients									
		Leasing Companies	**Leasing Companies**	*EBRD client*	**EBRD client**	*Not EBRD client*	**Not EBRD client**	*Early Transition nries*	**Early Transition nries**	*West Balkans*	**West Balkans**	*Russia, Kazakhstan and Ukraine*	**Russia, Kazakhstan and Ukraine**	*EU*	**EU**	*New EU EBRD*		*Old EU EBRD*		*Early Transition nries*	**Early Transition nries**	*Russia, Kazakhstan and Ukraine*	**Russia, Kazakhstan and Ukraine**	*EU*	**EU**	*New EU Not EBRD*		*Old EU Not EBRD*	
	Base Size	50		27		23		3		2		4		18		9		9		4		5		14		2		12	
		base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%	base	%
start leasing with a new customer category	(not true) 1	4	15	4	15			0	0	0	0	1	25	3	17	3	33	0	0										
	2	10	37	10	37			2	67	0	0	2	50	6	33	4	44	2	22										
	3	8	30	8	30			1	33	1	50	0	0	6	33	1	11	5	56										
	4	4	15	4	15			0	0	0	0	1	25	3	17	1	11	2	22										
	(true) 5	1	4	1	4			0	0	1	50	0	0	0	0	0	0	0	0										
change our vendor relationships	(not true) 1	7	26	7	26			0	0	0	0	1	25	6	33	3	33	3	33										
	2	12	44	12	44			2	67	1	50	1	25	8	44	5	56	3	33										
	3	6	22	6	22			1	33	0	0	1	25	4	22	1	11	3	33										
	4	2	7	2	7			0	0	1	50	1	25	0	0	0	0	0	0										
	(true) 5	0	0	0	0			0	0	0	0	0	0	0	0	0	0	0	0										
Questions about EU/EBRD SME Facility Please indicate the extent to which you agree or disagree with each statement:																													
Technical co-operation was valuable in helping to develop the business	(strongly disagree) 1	0	0	0	0			0	0	0	0	0	0	0	0	0	0	0	0										
	2	2	11	2	11			0	0	0	0	1	50	1	7	1	14	0	0										
	3	10	53	10	53			1	100	1	50	0	0	8	57	4	57	4	57										
	4	4	21	4	21			0	0	0	0	1	50	3	21	1	14	2	29										
	(strongly agree) 5	3	16	3	16			0	0	1	50	0	0	2	14	1	14	1	14										
Technical co-operation was valuable in helping to manage the risks	(strongly disagree) 1	0	0	0	0			0	0	0	0	0	0	0	0	0	0	0	0										
	2	3	16	3	16			0	0	0	0	1	50	2	14	2	29	0	0										
	3	6	32	6	32			0	0	1	50	0	0	5	36	1	14	4	57										
	4	8	42	8	42			1	100	1	50	1	50	5	36	4	57	1	14										
	(strongly agree) 5	2	11	2	11			0	0	0	0	0	0	2	14	0	0	2	29										
The performance fee (where applicable) was a good incentive to diversify the lease portfolio towards the SME sector	(strongly disagree) 1	0	0	0	0			0	0	0	0	0	0	0	0	0	0	0	0										
	2	1	5	1	5			0	0	0	0	1	50	0	0	0	0	0	0										
	3	2	10	2	10			0	0	0	0	0	0	2	11	0	0	2	22										
	4	10	48	10	48			0	0	1	100	1	50	8	44	4	44	4	44										
	(strongly agree) 5	8	38	8	38			0	0	0	0	0	0	8	44	5	56	3	33										
The EBRD loan caused us to lease to SMEs that were otherwise new to us	(strongly disagree) 1	2	9	2	9			0	0	0	0	0	0	2	11	2	22	0	0										
	2	7	32	7	32			0	0	0	0	2	##	5	28	2	22	3	33										
	3	5	23	5	23			0	0	1	50	0	0	4	22	2	22	2	22										
	4	7	32	7	32			0	0	1	50	0	0	6	33	3	33	3	33										
	(strongly agree) 5	1	5	1	5			0	0	0	0	0	0	1	6	0	0	1	11										
We will continue to lease to the SMEs that are eligible under the EBRD loan even when the EBRD loan is repaid	(strongly disagree) 1	0	0	0	0			0	0	0	0	0	0	0	0	0	0	0	0										
	2	2	9	2	9			0	0	0	0	1	50	1	6	1	11	0	0										
	3	3	13	3	13			0	0	1	50	0	0	2	11	1	11	1	11										
	4	7	30	7	30			0	0	1	50	1	50	5	28	2	22	3	33										
	(strongly agree) 5	11	48	11	48			1	100	0	0	0	0	10	56	5	56	5	56										
We have been and expect to continue to lease from our other funding sources to the clients that we initially developed	(strongly disagree) 1	0	0	0	0			0	0	0	0	0	0	0	0	0	0	0	0										
	2	1	4	1	4			0	0	0	0	1	50	0	0	0	0	0	0										
	3	4	17	4	17			0	0	1	50	0	0	3	17	2	22	1	11										
	4	6	26	6	26			0	0	0	0	1	50	5	28	2	22	3	33										
	(strongly agree) 5	12	52	12	52			1	100	1	50	0	0	10	56	5	56	5	56										
We experienced difficulty with the administrative and reporting procedures associated with the EBRD loan facility	(strongly disagree) 1	3	13	3	13			1	100	0	0	0	0	2	11	0	0	2	22										
	2	6	26	6	26			0	0	0	0	2	##	4	22	2	22	2	22										
	3	9	39	9	39			0	0	2	100	0	0	7	39	5	56	2	22										
	4	4	17	4	17			0	0	0	0	0	0	4	22	1	11	3	33										
	(strongly agree) 5	1	4	1	4			0	0	0	0	0	0	1	6	1	11	0	0										
Our experience leasing to SMEs eligible under the EBRD loan has been profitable	(strongly disagree) 1	0	0	0	0			0	0	0	0	0	0	0	0	0	0	0	0										
	2	1	4	1	4			0	0	0	0	1	50	0	0	0	0	0	0										
	3	4	17	4	17			0	0	0	0	0	0	4	22	2	22	2	22										
	4	8	35	8	35			0	0	1	50	1	50	6	33	2	22	4	44										
	(strongly agree) 5	10	43	10	43			1	100	1	50	0	0	8	44	5	56	3	33										
Were the eligibility criteria for a lease to SMEs under the EBRD loan easily	Yes	20	74	20	74			1	33	2	100	2	50	15	83	6	67	9	100										
	No	4	15	4	15			0	0	0	0	1	25	3	17	3	33	0	0										

EBRD LEASING STUDY EVALUATION							EBRD Clients												Not EBRD Clients									
	Leasing Companies	**Leasing Companies**	*EBRD client*	**EBRD client**	*Not EBRD client*	**Not EBRD client**	*Early Transition nries*	**Early Transition nries**	*West Balkans*	**West Balkans**	*Russia, Kazakhstan and Ukraine*	**Russia, Kazakhstan and Ukraine**	*EU*	**EU**	*New EU EBRD*		*Old EU EBRD*		*Early Transition nries*	**Early Transition nries**	*Russia, Kazakhstan and Ukraine*	**Russia, Kazakhstan and Ukraine**	*EU*	**EU**	*New EU Not EBRD*		*Old EU Not EBRD*	
Base Size	*50*		*27*		*23*		*3*		*2*		*4*		*18*		*9*		*9*		*4*		*5*		*14*		*2*		*12*	
	base	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**
achievable? Not Applicable	*3*	**11**	*3*	**11**			*2*	**67**	*0*	**0**	*1*	**25**	*0*	**0**	*0*	**0**	*0*	**0**										

EBRD LEASING STUDY EVALUATION								EBRD Clients												Not EBRD Clients									
		Leasing Companies	**Leasing Companies**	*EBRD client*	**EBRD client**	*Not EBRD client*	**Not EBRD client**	*Early Transition nries*	**Early Transition nries**	*West Balkans*	**West Balkans**	*Russia, Kazakhstan and Ukraine*	**Russia, Kazakhstan and Ukraine**	*EU*	**EU**	*New EU EBRD*		*Old EU EBRD*		*Early Transition nries*	**Early Transition nries**	*Russia, Kazakhstan and Ukraine*	**Russia, Kazakhstan and Ukraine**	*EU*	**EU**	*New EU Not EBRD*		*Old EU Not EBRD*	
	Base Size	*50*		*27*		*23*		*3*		*2*		*4*		*18*		*9*		*9*		*4*		*5*		*14*		*2*		*12*	
		base	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**
If answered No, what were the problem areas (choose up to 2 items)		*0*	**0**	*0*	**0**			*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**										
Location requirement e.g. outside large citie	item selected	*3*	**75**	*3*	**75**			*0*	**0**	*0*	**0**	*1*	**##**	*2*	**67**	*2*	**67**	*0*	**0**										
Client has to be new	item selected	*1*	**25**	*1*	**25**			*0*	**0**	*0*	**0**	*0*	**0**	*1*	**33**	*1*	**33**	*0*	**0**										
Term of lease	item selected	*1*	**25**	*1*	**25**			*0*	**0**	*0*	**0**	*0*	**0**	*1*	**33**	*1*	**33**	*0*	**0**										
Interest rate	item selected	*0*	**0**	*0*	**0**			*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**										
Type of equipment	item selected	*2*	**50**	*2*	**50**			*0*	**0**	*0*	**0**	*1*	**##**	*1*	**33**	*1*	**33**	*0*	**0**										

Notes in Country Groupings

Early Transition Countries	Albania, Azerbaijan, Belarus, Uzbekistan
West Balkans	Bosnia & Herzegovina, Croatia
Russia, Kazakhstan and Ukraine	
EU	Bulgaria, Czech Republic, Estonia, Hungary, Poland, Romania, Slovak Republic, Slovenia
New EU	Bulgaria, Romania
Old EU	Czech Republic, Estonia, Hungary, Poland, Slovak Republic, Slovenia

EBRD LEASING STUDY EVALUATION		All Leasing Companies											
		Leasing Companies	**Leasing Companies**	*Early Transition Countries*	**Early Transition Countries**	*West Balkans*	**West Balkans**	*EU*	**EU**	*New EU Total*		*Old EU Total*	
	Base Size	*50*		*7*		*2*		*32*		*11*		*21*	
		base	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**	*base*	**%**
Over the five years 2004-2008, the following factors have been sources of our Leasing Company's business success: 1 (not important) to 5 (very important)													
our leasing policies and practices	(not important)1	0	0	0	0	0	0	0	0	0	0	0	0
	2	2	4	0	0	0	0	2	6	2	18	0	0
	3	8	16	1	14	1	50	3	9	0	0	3	14
	4	16	32	2	29	0	0	11	34	4	36	7	33
	(Very Important)5	24	48	4	57	1	50	16	50	5	45	11	52
our access to long term funding	(not important)1	1	2	0	0	0	0	1	3	1	9	0	0
	2	3	6	0	0	0	0	3	9	1	9	2	10
	3	7	14	0	0	1	50	5	16	2	18	3	14
	4	17	34	1	14	1	50	11	34	3	27	8	38
	(Very Important)5	22	44	6	86	0	0	12	38	4	36	8	38
our low leverage and strong capital base	(not important)1	4	8	1	14	0	0	2	6	2	18	0	0
	2	9	18	0	0	0	0	6	19	2	18	4	19
	3	13	26	2	29	1	50	10	31	1	9	9	43
	4	14	28	2	29	1	50	7	22	3	27	4	19
	(Very Important)5	10	20	2	29	0	0	7	22	3	27	4	19
the loans from our parent banking group	(not important)1	6	12	1	14	0	0	3	9	1	9	2	10
	2	7	14	0	0	0	0	5	16	3	27	2	10
	3	8	16	0	0	1	50	5	16	1	9	4	19
	4	13	26	1	14	1	50	9	28	3	27	6	29
	(Very Important)5	16	32	5	71	0	0	10	31	3	27	7	33
our marketing and sales skills	(not important)1	0	0	0	0	0	0	0	0	0	0	0	0
	2	2	4	0	0	0	0	0	0	0	0	0	0
	3	9	18	1	14	0	0	6	19	4	36	2	10
	4	19	38	4	57	1	50	10	31	2	18	8	38
	(Very Important)5	20	40	2	29	1	50	16	50	5	45	11	52
our large market share	(not important)1	10	20	1	14	0	0	4	13	2	18	2	10
	2	6	12	0	0	0	0	5	16	2	18	3	14
	3	16	32	3	43	2	100	10	31	4	36	6	29
	4	13	26	3	43	0	0	8	25	1	9	7	33
	(Very Important)5	5	10	0	0	0	0	5	16	2	18	3	14
our management information systems	(not important)1	1	2	1	14	0	0	0	0	0	0	0	0
	2	4	8	1	14	0	0	2	6	1	9	1	5
	3	25	50	4	57	0	0	17	53	5	45	12	57
	4	15	30	0	0	2	100	9	28	4	36	5	24
	(Very Important)5	5	10	1	14	0	0	4	13	1	9	3	14
EBRD support of leasing industry	(not important)1	16	32	2	29	0	0	8	25	1	9	7	33
	2	7	14	1	14	0	0	6	19	3	27	3	14
	3	8	16	1	14	0	0	6	19	2	18	4	19
	4	13	26	2	29	0	0	10	31	4	36	6	29
	(Very Important)5	6	12	1	14	2	100	2	6	1	9	1	5
our country's laws on leasing	(not important)1	7	14	1	14	0	0	5	16	4	36	1	5
	2	15	30	2	29	1	50	9	28	0	0	9	43
	3	15	30	2	29	1	50	10	31	4	36	6	29
	4	10	20	0	0	0	0	7	22	2	18	5	24
	(Very Important)5	3	6	2	29	0	0	1	3	1	9	0	0
our strong vendor relationships	(not important)1	0	0	0	0	0	0	0	0	0	0	0	0
	2	10	20	1	14	0	0	8	25	3	27	5	24
	3	4	8	0	0	0	0	2	6	1	9	1	5
	4	23	46	5	71	2	100	13	41	6	55	7	33
	(Very Important)5	13	26	1	14	0	0	9	28	1	9	8	38
our equipment remarketing skills	(not important)1	6	12	2	29	0	0	2	6	2	18	0	0
	2	9	18	1	14	0	0	5	16	3	27	2	10
	3	18	36	2	29	1	50	15	47	3	27	12	57
	4	11	22	1	14	1	50	6	19	3	27	3	14
	(Very Important)5	6	12	1	14	0	0	4	13	0	0	4	19
our access to equity capital to fund our growth	(not important)1	17	34	4	57	1	50	8	25	5	45	3	14
	2	6	12	0	0	0	0	4	13	1	9	3	14
	3	11	22	1	14	0	0	10	31	2	18	8	38
	4	10	20	2	29	0	0	7	22	1	9	6	29
	(Very Important)5	6	12	0	0	1	50	3	9	2	18	1	5
our being part of a large leasing or banking group	(not important)1	8	16	1	14	0	0	3	9	1	9	2	10
	2	2	4	0	0	0	0	1	3	0	0	1	5
	3	10	20	1	14	0	0	7	22	2	18	5	24
	4	14	28	0	0	2	100	11	34	3	27	8	38
	(Very Important)5	16	32	5	71	0	0	10	31	5	45	5	24

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EBRD LEASING STUDY EVALUATION		All Leasing Companies											
		Leasing Companies	**Leasing Companies**	*Early Transition Countries*	**Early Transition Countries**	*West Balkans*	**West Balkans**	*EU*	**EU**	*New EU Total*		*Old EU Total*	
	Base Size	*50*		*7*		*2*		*32*		*11*		*21*	
		base	%	base	%	base	%	base	%	base	%	base	%
Other (please list):	0	*38*	**76**	*7*	**100**	*1*	**50**	*25*	**78**	*9*	**82**	*16*	**76**
	(not important)1	*2*	**4**	*0*	**0**	*1*	**50**	*1*	**3**	*0*	**0**	*1*	**5**
	3	*2*	**4**	*0*	**0**	*0*	**0**	*2*	**6**	*0*	**0**	*2*	**10**
	4	*3*	**6**	*0*	**0**	*0*	**0**	*1*	**3**	*1*	**9**	*0*	**0**
	(Very Important)5	*5*	**10**	*0*	**0**	*0*	**0**	*3*	**9**	*1*	**9**	*2*	**10**
The most average term of our leases is	12 to 23 months	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**
	25 to 30 months	*3*	**6**	*1*	**14**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**
	31 to 36 months	*12*	**24**	*6*	**86**	*0*	**0**	*4*	**13**	*1*	**9**	*3*	**14**
	37 to 42 months	*10*	**20**	*0*	**0**	*0*	**0**	*7*	**22**	*3*	**27**	*4*	**19**
	43 to 48 months	*16*	**32**	*0*	**0**	*2*	**100**	*13*	**41**	*5*	**45**	*8*	**38**
	Over 48 months	*9*	**18**	*0*	**0**	*0*	**0**	*8*	**25**	*2*	**18**	*6*	**29**
What percentage of your leases are in local currency?	0	*11*	**22**	*1*	**14**	*2*	**100**	*8*	**25**	*7*	**64**	*1*	**5**
	1	*5*	**10**	*1*	**14**	*0*	**0**	*4*	**13**	*3*	**27**	*1*	**5**
	3	*2*	**4**	*0*	**0**	*0*	**0**	*1*	**3**	*0*	**0**	*1*	**5**
	5	*4*	**8**	*3*	**43**	*0*	**0**	*1*	**3**	*0*	**0**	*1*	**5**
	10	*2*	**4**	*0*	**0**	*0*	**0**	*2*	**6**	*1*	**9**	*1*	**5**
	20	*1*	**2**	*0*	**0**	*0*	**0**	*1*	**3**	*0*	**0**	*1*	**5**
	25	*1*	**2**	*1*	**14**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**
	30	*1*	**2**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**
	40	*1*	**2**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**
	42	*1*	**2**	*0*	**0**	*0*	**0**	*1*	**3**	*0*	**0**	*1*	**5**
	50	*1*	**2**	*0*	**0**	*0*	**0**	*1*	**3**	*0*	**0**	*1*	**5**
	57	*1*	**2**	*0*	**0**	*0*	**0**	*1*	**3**	*0*	**0**	*1*	**5**
	60	*2*	**4**	*0*	**0**	*0*	**0**	*1*	**3**	*0*	**0**	*1*	**5**
	75	*1*	**2**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**
	77	*1*	**2**	*1*	**14**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**
	85	*3*	**6**	*0*	**0**	*0*	**0**	*2*	**6**	*0*	**0**	*2*	**10**
	90	*1*	**2**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**
	94	*1*	**2**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**
	98	*1*	**2**	*0*	**0**	*0*	**0**	*1*	**3**	*0*	**0**	*1*	**5**
	99	*1*	**2**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**
	100	*8*	**16**	*0*	**0**	*0*	**0**	*8*	**25**	*0*	**0**	*8*	**38**
What percentage of your leases are in foreign currency?	0	*8*	**16**	*0*	**0**	*0*	**0**	*8*	**25**	*0*	**0**	*8*	**38**
	1	*1*	**2**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**
	2	*1*	**2**	*0*	**0**	*0*	**0**	*1*	**3**	*0*	**0**	*1*	**5**
	6	*1*	**2**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**
	10	*1*	**2**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**
	15	*3*	**6**	*0*	**0**	*0*	**0**	*2*	**6**	*0*	**0**	*2*	**10**
	23	*1*	**2**	*1*	**14**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**
	25	*1*	**2**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**
	40	*2*	**4**	*0*	**0**	*0*	**0**	*1*	**3**	*0*	**0**	*1*	**5**
	43	*1*	**2**	*0*	**0**	*0*	**0**	*1*	**3**	*0*	**0**	*1*	**5**
	50	*1*	**2**	*0*	**0**	*0*	**0**	*1*	**3**	*0*	**0**	*1*	**5**
	58	*1*	**2**	*0*	**0**	*0*	**0**	*1*	**3**	*0*	**0**	*1*	**5**
	60	*1*	**2**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**
	70	*1*	**2**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**
	75	*1*	**2**	*1*	**14**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**
	80	*1*	**2**	*0*	**0**	*0*	**0**	*1*	**3**	*0*	**0**	*1*	**5**
	90	*2*	**4**	*0*	**0**	*0*	**0**	*2*	**6**	*1*	**9**	*1*	**5**
	95	*4*	**8**	*3*	**43**	*0*	**0**	*1*	**3**	*0*	**0**	*1*	**5**
	97	*2*	**4**	*0*	**0**	*0*	**0**	*1*	**3**	*0*	**0**	*1*	**5**
	99	*5*	**10**	*1*	**14**	*0*	**0**	*4*	**13**	*3*	**27**	*1*	**5**
	100	*11*	**22**	*1*	**14**	*2*	**100**	*8*	**25**	*7*	**64**	*1*	**5**
For the period 2009-2010, our leasing margins are expected to:	decrease	*7*	**14**	*1*	**14**	*1*	**50**	*3*	**9**	*1*	**9**	*2*	**10**
	increase	*28*	**56**	*4*	**57**	*0*	**0**	*20*	**63**	*9*	**82**	*11*	**52**
	stay the same (no change)	*15*	**30**	*2*	**29**	*1*	**50**	*9*	**28**	*1*	**9**	*8*	**38**
For the period 2009-2010, our arrears rates are expected to:	decrease	*6*	**12**	*1*	**14**	*0*	**0**	*3*	**9**	*0*	**0**	*3*	**14**
	increase	*35*	**70**	*4*	**57**	*1*	**50**	*24*	**75**	*10*	**91**	*14*	**67**
	stay the same (no change)	*9*	**18**	*2*	**29**	*1*	**50**	*5*	**16**	*1*	**9**	*4*	**19**
The number of leasing customers is:	decreasing	*24*	**48**	*2*	**29**	*0*	**0**	*16*	**50**	*7*	**64**	*9*	**43**
	increasing, faster than it was before	*1*	**2**	*1*	**14**	*0*	**0**	*0*	**0**	*0*	**0**	*0*	**0**
	increasing, slower than it was before	*19*	**38**	*4*	**57**	*1*	**50**	*12*	**38**	*1*	**9**	*11*	**52**
	staying the same (no change)	*6*	**12**	*0*	**0**	*1*	**50**	*4*	**13**	*3*	**27**	*1*	**5**
Our company's main channels for finding leasing customers are: 1 (not used) to 5 (most used)													
our in-house sales force	(not used) 1	*1*	**2**	*0*	**0**	*0*	**0**	*1*	**3**	*0*	**0**	*1*	**5**
	2	*4*	**8**	*0*	**0**	*0*	**0**	*3*	**9**	*1*	**9**	*2*	**10**
	3	*9*	**18**	*2*	**29**	*0*	**0**	*4*	**13**	*1*	**9**	*3*	**14**
	4	*11*	**22**	*1*	**14**	*0*	**0**	*9*	**28**	*4*	**36**	*5*	**24**
	(most used) 5	*25*	**50**	*4*	**57**	*2*	**100**	*15*	**47**	*5*	**45**	*10*	**48**

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EBRD LEASING STUDY EVALUATION		All Leasing Companies											
		Leasing Companies	**Leasing Companies**	*Early Transition Countries*	**Early Transition Countries**	*West Balkans*	**West Balkans**	*EU*	**EU**	*New EU Total*		*Old EU Total*	
	Base Size	50		7		2		32		11		21	
		base	%	base	%	base	%	base	%	base	%	base	%
a commercial bank sales force	(not used) 1	11	22	2	29	0	0	5	16	1	9	4	19
	2	19	38	4	57	0	0	11	34	3	27	8	38
	3	15	30	1	14	2	100	11	34	4	36	7	33
	4	2	4	0	0	0	0	2	6	1	9	1	5
	(most used) 5	3	6	0	0	0	0	3	9	2	18	1	5
vendors	(not used) 1	3	6	0	0	0	0	3	9	1	9	2	10
	2	5	10	2	29	0	0	2	6	1	9	1	5
	3	14	28	2	29	1	50	9	28	4	36	5	24
	4	12	24	1	14	0	0	9	28	4	36	5	24
	(most used) 5	16	32	2	29	1	50	9	28	1	9	8	38
our network of leasing offices	(not used) 1	14	28	6	86	0	0	7	22	2	18	5	24
	2	6	12	0	0	0	0	3	9	0	0	3	14
	3	5	10	0	0	0	0	5	16	3	27	2	10
	4	11	22	1	14	0	0	7	22	3	27	4	19
	(most used) 5	14	28	0	0	2	100	10	31	3	27	7	33
other (please state type of channel)	0	39	78	6	86	1	50	25	78	9	82	16	76
	(not used) 1	4	8	0	0	1	50	3	9	1	9	2	10
	2	1	2	0	0	0	0	0	0	0	0	0	0
	3	3	6	0	0	0	0	2	6	0	0	2	10
	(most used) 5	3	6	1	14	0	0	2	6	1	9	1	5
The number of serious leasing competitors for the business of our leasing customers is:	none	0	0	0	0	0	0	0	0	0	0	0	0
	two to five	30	60	7	100	2	100	16	50	5	45	11	52
	six to twenty	17	34	0	0	0	0	14	44	6	55	8	38
	more than twenty	3	6	0	0	0	0	2	6	0	0	2	10
The number of serious leasing competitors for the business of our leasing customers is:	expected to increase	10	20	4	57	0	0	6	19	0	0	6	29
	expected to decrease	40	80	3	43	2	100	26	81	11	100	15	71
It is hard to keep skilled leasing specialists from leaving our company and going to work for a competitor; this statement:	was always true	14	28	1	14	1	50	10	31	3	27	7	33
	is becoming more true	6	12	2	29	1	50	2	6	0	0	2	10
	is becoming less true	20	40	2	29	0	0	15	47	6	55	9	43
	was never true	10	20	2	29	0	0	5	16	2	18	3	14
Our leasing company leases the following types of equipment:													
Passenger automobiles	None	2	4	0	0	0	0	1	3	0	0	1	5
	1%- 10%	9	18	2	29	0	0	3	9	1	9	2	10
	11% - 20%	5	10	1	14	0	0	2	6	1	9	1	5
	21% - 30%	11	22	2	29	1	50	7	22	1	9	6	29
	31% - 50%	14	28	0	0	1	50	12	38	7	64	5	24
	51% - 70%	4	8	1	14	0	0	3	9	0	0	3	14
	More than 70%	5	10	1	14	0	0	4	13	1	9	3	14
Commercial trucks	None	4	8	0	0	0	0	4	13	0	0	4	19
	1%- 10%	6	12	2	29	1	50	3	9	1	9	2	10
	11% - 20%	11	22	1	14	0	0	9	28	4	36	5	24
	21% - 30%	16	32	2	29	1	50	7	22	2	18	5	24
	31% - 50%	10	20	2	29	0	0	7	22	4	36	3	14
	51% - 70%	2	4	0	0	0	0	1	3	0	0	1	5
	More than 70%	1	2	0	0	0	0	1	3	0	0	1	5
Heavy construction equipment	None	7	14	1	14	0	0	6	19	0	0	6	29
	1%- 10%	12	24	2	29	0	0	10	31	2	18	8	38
	11% - 20%	20	40	0	0	2	100	13	41	7	64	6	29
	21% - 30%	8	16	2	29	0	0	2	6	2	18	0	0
	31% - 50%	3	6	2	29	0	0	1	3	0	0	1	5
	51% - 70%	0	0	0	0	0	0	0	0	0	0	0	0
	More than 70%	0	0	0	0	0	0	0	0	0	0	0	0
Agricultural equipment	None	13	26	4	57	1	50	6	19	1	9	5	24
	1%- 10%	30	60	3	43	1	50	22	69	9	82	13	62
	11% - 20%	1	2	0	0	0	0	1	3	0	0	1	5
	21% - 30%	2	4	0	0	0	0	1	3	0	0	1	5
	31% - 50%	2	4	0	0	0	0	1	3	0	0	1	5
	51% - 70%	2	4	0	0	0	0	1	3	1	9	0	0
	More than 70%	0	0	0	0	0	0	0	0	0	0	0	0
Medical equipment	None	20	40	2	29	0	0	12	38	3	27	9	43
	1%- 10%	29	58	4	57	2	100	20	63	8	73	12	57
	11% - 20%	1	2	1	14	0	0	0	0	0	0	0	0
	21% - 30%	0	0	0	0	0	0	0	0	0	0	0	0
	31% - 50%	0	0	0	0	0	0	0	0	0	0	0	0
	51% - 70%	0	0	0	0	0	0	0	0	0	0	0	0
	More than 70%	0	0	0	0	0	0	0	0	0	0	0	0

Appendix 6

CRITERIA-INDICATORS-VERIFICATION TABLE

Performance components	**Summary**	**Project-specific achievement indicators**	**Means of verification of project specific indicators** ***** All issues to be discussed with OLs in the sample	**Market and economy impact indicators** ***** All issues to be discussed with OLs and RO offices in the sample	**Means of verification of market and economy impact indicators**
RELEVANCE (usually in Board Papers as "Rationale" and repeated in MRs under "operational objectives")	• Long-term funding for SMEs • Demonstration effect of new products or markets • Upgrading of skills • Stimulate competition	SEE EFFICACY, EFFICIENCY & IMPACT INDICATORS BELOW		SEE IMPACT AND SUSTAINABILITY INDICATORS BELOW	
EFFICACY	Level of success in achieving relevant objectives **Lease eligibility criteria (where applicable)** • Proportion to "micro" versus "small" • Lease maturity/tenor • Maximum lease size • Location criteria (e.g. outside capital or rural)	• Speed of disbursement of EBRD loan	-MRs; *Survey Q 31*	Comparisons with other leasing companies: • What are the industry averages for lease size, maturity, arrears? • Market growth-expansion 2000 to 2009?	-Leasing Association -Foreign banking/leasing groups active in the region (e.g. Raiffeisen or Deutsche) -L interviews -MRs (usually inadequate and or out of date)
		• Effective recycling of EBRD loan to generate more leases than the original face amount of the loan	-MRs -*Survey Q 32*		
		• No. of trained lease officers	-L interview		
		• Improvements in leasing methodology	-MRs, TIM; L interview *SurveyQs18,33,34 Annex 1;* TC reports		
		• Strengthening of marketing and monitoring processes	-TC reports; *Survey Annex 1*		
		• Proportion of capital equipment leased versus consumption equipment	-L Interview; EC spot checks; Portfolio reports; L interview		
		• No. of new branches opened	-MRs & TIMs; L interview		
		• Total no. of new leases under the EBRD loan	-*Survey Q12,22;* MRs		
		• Total volume of new leases under the EBRD loan	-*Survey Q12,22* -MRs & TIMs		
		• Average size of leases under the EBRD loan	-MRs & TIMs		

		• Average maturity and or tenor of leases under the EBRD loan	-MRs and TIMs; Monthly reports? -*Survey Qs 3,4,5,28*		

Performance components	**Summary**	**Project-specific achievement indicators**	**Means of verification of project specific indicators**	**Market and economy impact indicators**	**Means of verification of market and economy impact indicators**
EFFICIENCY	Profitability and risk levels both overall and more specifically for the sub-sectors specified as use of proceeds under the EBRD loan	• Lease arrears ratios overall	-MRs & TIMs - Monthly reports -*Survey Qs13,28*	▪ Levels of profitability in the sectors especially margins and net income ▪ Status of funding market overall – who is lending and on what terms?	-Leasing association -Foreign banking/leasing groups active in the region (e.g. Raiffeisen or Deutsche) -L interviews -Leasing association -Foreign banking/leasing groups active in the region (e.g. Raiffeisen or Deutsche) -L interviews
		• Lease arrears ratio under EBRD loan	-As above		
		• Overall company performance and profitability against Business Plan	-MRs -L interview -*Survey Qs1, 2,17,29*		
		• Profitability of sub-sectors served under EBRD loan- better or worse than overall profitability?	-MRs -L interview -*Survey Qs23,32,33,34, Annex 7*		
		• Attraction of funding from diverse commercial sources, reducing reliance on IFI funding	-MRs -L interview -Fin Stats -Survey Qs1,2,6,24,25,26,27,29,34		

Performance components	Summary	Project-specific achievement indicators	Means of verification of project specific indicators	Market and economy impact indicators	Means of verification of market and economy impact indicators
IMPACT & SUSTAINABILITY	Has the intervention by the EBRD generated a positive impact on the leasing market in various ways – those outlined in the objectives above at a broad market and economy level and those anticipated at a project level. Is that impact likely to be sustainable in the medium to long term: five of the "seven transition criteria/objectives" plus one The Study Team suggested addition : ***(1). Competition impact:*** To what extent do the projects contribute to competitiveness through either new market entry or higher quality leasing standards? ***(2). Market expansion:*** To what extent has the EBRD leasing interventions helped expand the total leasing market in a country/region? ***(3). Skills transfer:*** To what extent do the leasing projects funded by EBRD contribute to significant upgrading of technical and managerial skills in the leasing sector? ***(4).Demonstration effects:*** To what extent do the leasing projects create new activities that are easily replicated across the companies in the leasing sector such as new instruments to finance activities and new products or new customer groups? ***(5). New standards of business***	• No. of new branches opened	-MRs &TIMs -L interview (also under Efficacy)	▪ What are the main categories of leasing company by type of equipment and by ownership ▪ Market share statistics ▪ How well spread geographically is leasing in the country – % capital versus % dispersed in the regions? ▪ Overall level/pattern of quality of management and MIS (e.g. collections, accounting, credit scoring) in the sector-impact of EBRD ▪ Who else is serving the sub-sectors targeted by EBRD loans? ▪ General levels of corporate governance-has the trend been improving, are their C	-Leasing association -L interviews -Leasing association -Major banking groups -L interview -Leasing association -TC -L interview -L interview -Leasing association -Lessees
		• Proportion of new (first-time) customers generated under the EBRD loan	-MR & TIMs -L interview *-Survey Qs 14,15,16*		
		• Volume of leases to the same sub-sectors as the EBRD loan but funded from other funding sources	-MRs & TIMs -EC Spot checks (where applicable) -L interview *-Survey Qs 21,22,23,2834, Annex 5*		
		• Continuing to lease to the same sub-sectors targeted by the EBRD loans even after the incentives or subsidies if any and Technical Cooperation, if any, have ended	-MRs & TIMs -L interview *-Survey Qs 21,22,23,28.34,Annex 5,2,3 and Annex 7*		
		• Continuing to lease to the same sub-sectors targeted by the EBRD loans even after the EBRD loans are entirely or substantially repaid	-L interview *-Survey Qs 21,22,23 28,34 and Annex 4*		
		• EBRD-led syndicated loans • EBRD-led local currency loans • EBRD participation alongside other IFIs such as IFC	-L interview -TC -MRs		

	conduct: To what extent do the leasing projects give rise to improvements in corporate governance and/or the business culture in the leasing sector and beyond such as fostering entrepreneurship, improving decision making, encouraging innovation and strategy? ***(6). Financial stability:*** To what extent have the EBRD projects contributed to financial stability such as through TC, ongoing advice (EBRD has Board seats on its equity investments), attraction of longer term and more diverse funding, spreading of risk in the lease portfolio			standards or Codes for the sector or country, are accounting and auditing standards improving, has there been a knock-on effect to lessees? ▪ How are EBRD lessor clients faring with the consequences of the recession and financial crisis compared to other lessors in the same region and to banks as measured by: ▪ Profitability, arrears, provisions, growth/contraction? ▪ Taking account of differences between foreign bank owned, local bank-owned & independents? ▪ How important is currency matched funding?	-EBRD office -Leasing association -Bankers association -TC -L interview -Leasing association -L interview -Bankers association -EBRD office -L interview -Foreign bank interview

Appendix 7

Field trips

The field trips were split between EU/EBRD SME Facility countries and (early transition countries) ETCs:

EU/EBRD SME Facility:

Bulgaria	4 lessors, EBRD office and leasing association
Romania	4 lessors, EBRD, IFC and leasing association
Hungary	3 lessors, EBRD and leasing association
Slovenia	5 lessors and leasing association
Vienna	3 main banks, Austrian Leasing Association

While each of the field trips reflected some differences between country and individual lessors, there were some common features:

- The market in 2009 was declining rapidly: 50% to 70% down in Hungary, about 50% down in Slovenia, declining in Bulgaria (no specific percentages given) and 2% down in Romania in 2008 and projected to be "much more" in 2009.
- Arrears had gone up: the hard information was scant (and EBRD files were still only covering 2007 or 2008 and therefore not much of a guide given the speed and severity of the recession): the leasing association in Bulgaria estimated that arrears over 60 days were greater than 8% in the first quarter of 2009, and in the case of some Bulgarian lessors the arrears were stated as even greater; in Romania desktop files revealed that some Polish lessors were claiming more than 6% over 30 days back in 2008.
- Technical cooperation seemed to be largely well received, with a few exceptions where parent companies have their own procedures for sales training and so on, or rejected the technical cooperation.
- In response to the recession lessors seemed to have adopted broadly similar strategies:
  - increasing down payments up to 25% (some aggressive lessors had reached in the recent past even zero down payments)
  - restricting growth and new business
  - dealing only with loyal and well-known customers in new business development
  - strengthening credit collections teams
- Without exception "repossession" was seen as the last resort. Some lessors were facing serious logistical problems in terms of storage and maintenance of leased assets for which no easy resale markets were available. The most common method for dealing with lessees in arrears has been to extend the lease term in order to reduce monthly cash out and in some cases even to grant a grace period in the extended lease. This principle also helped to avoid forced loss provisions where the Central Bank required automatic provisioning once arrears went beyond a certain level, for example 30 days.
- The SME sector was the main target for leasing in most cases and would have been whether there was a loan from the EBRD or not. The Leasing Association in Bulgaria claimed that about 65% of customers are SMEs. Individual companies all had a majority of their business with SMEs. In some cases this business had started well before obtaining a loan from the EBRD

(back in the 1990s). One company claimed that there was little differentiation between the use of funds from the EBRD versus funds from other sources. Effectively this means that the effect of the SME conditionality linked to the use of EBRD funding was hard to measure. Since the lessors were undertaking SME business in any event, in order to use the EBRD loan in accordance with its terms the lessors could simply allocate from one source to another. Such a process made it easier to earn the maximum performance fee (5%) because the EBRD funds could be used quickly.

- The EBRD loans were regarded as important by all lessors (except one in Bulgaria who thought the limit of EUR 125,000 was too low for most of their business). But the reasons for regarding the EBRD loan as important were perhaps surprising:
    - cost competitive, including performance fee
    - prestigious – the EBRD mark of approval “enhanced credibility”
    - easy to use and administer
- Access to funding did not seem a serious issue especially for those lessors owned by large West European financial groups. In Romania they claimed that no funding problems were foreseen.

Early transition countries:

The portfolio includes lessors from five early transition countries (ETCs) – Moldova, Armenia, Azerbaijan, Georgia and Uzbekistan. The Western Balkan countries are not included since these benefit from a separate Western Balkans Framework facility and so far involve only subsidiaries of a major western bank. We visited three of these ETCs.

Armenia:	Two lessors, although one accounts for 95% of the market, a commercial bank, IFC, and USAID
Azerbaijan:	Two lessors and the leasing association
Georgia:	Two lessors and two lessees

It seems clear that the EBRD involvement has had a substantial impact among these three ETCs. Meeting notes are included in Appendix 7. Some of the major points that emerge are:

- The EBRD is a substantial part of total funding (over 15% in all three countries). Funding is a critical issue for major lessors in both Azerbaijan and Georgia because these lessors otherwise depend largely on parent bank funding. The parent banks were facing their own funding difficulties early in 2009.
- Because of the importance of EBRD funding it is clear that this has been an important factor in expanding the size of the market. In Armenia,, Georgia, and Azerbaijan, the markets are heavily concentrated.
- In all three cases, growth in the leasing portfolio has slowed significantly. Despite this Armenia expects to grow at a rapid rate; the portfolio of the main lessor in Georgia has declined by about 25% due to funding problems caused by liquidity issues in its parent bank and in Azerbaijan the main lessor has stopped growing its portfolio until the market shows a return to stability.
- Arrears have increased sharply in all three cases: 5% to 6% over 60 days in Armenia; over 18% over 90 days in the case of Azerbaijan; and over 15% over 60 days in the case of Georgia. Interestingly, none of these three lessors expect substantial write-offs because they believe that rescheduled payments will in most cases continue to service the leases.

- All three lessors consider that the SME market is their main market: this was the case before any funding from the EBRD and will continue to be the case after any such funding is repaid. Unileasing's portfolio, while about 70% in SMEs, also had concentration, with only 10 clients accounting for about 30% and one client, reliant on Government infrastructure projects, accounting on its own for 8% of the portfolio.
- All three lessors operated in a market where some issues, such as VAT treatment, were not favourable for leasing compared to bank loans. Despite this cost disadvantage, leasing was often preferred to bank borrowing because of speed of funding, less up-front investment required (bank collateral requirements more than lease down payments) and extra services provided by lessors in handling imports, customs clearance and delivery.
- The EBRD's funding was to lessors owned by major domestic banks partly in the expectation that these banks could provide substantial funding themselves to their leasing operations, alongside other advantages such as distribution. Two factors impacted the lessor funding limits imposed by the Central Bank (10% in Azerbaijan and 5% in Georgia). This issue did not appear to have been mentioned or considered in the EBRD files. Secondly, severe macro-economic problems impacted the parent bank's own funding. The knock-on effect on the lessors was no growth in 2009 in Azerbaijan and a 30% decline in Georgia.

Appendix 8

EU/EBRD SME Facility impact rating

Impact rating evidence table – EU/EBRD SME Facility
1=Excellent; 2=Good; 3=Satisfactory; 4=Marginal; 5=Unsatisfactory

Impact objective	Surveys	Field trips	Market stats and desktop work	Niches	Rating
ACCESS TO FINANCE - SMES					
Overall rating					**3.5**
• EBRD funding < 5% of total for most lessors			Leaseurope stats – Table 1 and 2 - <1% of market funding and <1% of funding of major foreign bank-owned lessors See p. 6 – early years of transition (pre-EU/EBRD Facility) – leasing was most important formal Access to Finance vehicle for SMEs		**4**
• Only 37% lessors believed EBRD loan helped attract new customers	See survey – “helped lease to new SMEs” 37%				**4**
• Only 18% of lessees believed no bank loan available as alternative	See survey – “were no Banks loans available?" 18%				**NA**
• Lessors considered SMEs to be their core client base pre-EU/EBRD Facility	See survey – 59% had more than 50% of their business for SME clients at < EUR 125,000	Lease Assoc. in Bulgaria – SMEs are > 65% of market Lease Assoc. in Romania – “EBRD push to SMEs hard to measure because always was the major market in Romania” Leasing company Romania – “little differentiation between use of EBRD funds and funds from other sources” Leasing company Romania 70% of clients are SMEs Leasing company Romania – 100% of			**4**

		clients were SMEs back in 1999 Leasing company Bulgaria – mainly SMEs "few large clients"			
• But rural windows and some MSME access was related to EBRD loans			MSMEs (less than 10 employees usually and leases < EUR30,000) in many cases near to 40% of leases EUR 55 million (11%) of commitments – rural windows	Rural and MSMEs	**1**
SKILLS TRANSFER (Technical Co-operation)					
Overall rating					**2**
Majority support for technical cooperation	See survey – 81% believed their policies and procedures were a major strength and 77% their sales skills p. 13 (although non-EBRD clients rated both of these at 78%) See survey – 60% TC helped increase their business and 74% increase the no. of new customers	**Comments from leasing companies:** "TA was most helpful" TA in sales and lease structure good but relied on HO procedures for credit analysis and credit scoring "credit scoring good but eventually substituted HO scoring model" "TC was poor" **Lease Association Romania:** TA effect hard to measure because most lessors are subs of major banking groups with TA capacity for their subs	NA	NA	**2**
DIVERSIFY FUNDING					
Overall rating					**3.5**
• Only 26% could not easily get alternative funding		Leasing company in Romania – no funding problems Leasing company in Romania – needs EBRD because parent bank has country limit problem			**4**
• EBRD percentage of total client funding is small			See Tables 1 and 2 on pages 9 and 10		**4**
• Main advantage of EBRD loans were rated as for loan pricing and performance	See survey – 74% for loan pricing p. 13 – 86% for performance fee	Leasing company in Bulgaria – not fully used because lease size limits too low			**4**

fee					
• Prestige element to EBRD funding helped credit image		Three major leasing companies in Bulgaria and Romania thought that EBRD as lender enhanced their credibility in the market			**2**
MARKET EXPANSION					
Overall rating					**3.5**
• Market growth			CEE market grew at compound rate of 35% 2004-5 to 2006-7 (source Leaseurope) while EBRD funding grew by a compound rate of 20% for the same period. See Tables 1 and 2 referred to above		**4**
• Access to funding not an important issue	See survey references above	See field trip references above			**4**
• Rural windows			Rural window EUR 55 million or 11% of EU/EBRD Facility commitments		**1**
DEMONSTRATION EFFECTS					
Overall rating					**No rating**
Major foreign banking groups control 75 of the lessors and major national banks for the remaining 25%		Romanian Leasing Association considered that dominant ownership by major banking groups would contribute to appropriate management practices and corporate governance standards and therefore difficult to assess EBRD's impact			

Appendix 9

Transition Impact Monitoring (TIM)

The EBRD system establishes targets for measuring expected impacts that flow from its lending to lessors. Most of these impact indicators are not reflected as conditions in loan agreements although some are: for example, a common condition is that the EBRD loan may only be used to fund new customers of the lessor (although we understand that this condition has been relaxed since 2006, for example different categories of equipment may be leased to a repeat customer under the EBRD funding). Most of the targets for the lessors were claimed to be either achieved or on target to be achieved and so we are setting out the principal targets set and the exceptions to achieving those targets. The TIM process is a trailing one and so in the context of the rapid financial crisis and subsequent recession of 2008-09, it is likely that much of the data available from EBRD files was to some extent overtaken by later events. In particular, targets for arrears, growth and profitability are likely to have been on track by the first half of 2008 but possibly trending backwards in the following year, 2009.

The TI targets varied from a fairly short and limited list to long and explicit lists (10 to 20 in most EU/EBRD cases). We are listing below most of these targets (not all, of course, set for any particular lessor):

1. Improve leasing procedures within a time frame
2. Improve lease marketing and monitoring
3. Improve and/or streamline lease documentation
4. Train a target number of leasing officers
5. Lease only to new customers
6. Achieve full utilisation of the EBRD loan by a set date
7. Grow net lease portfolio by a set percentage in a set time frame
8. Extend the average maturity (or tenor) of leases
9. Open more branches
10. Increase proportion of leases outside of the capital (or major urban centres)
11. Keep lease arrears below a target percentage, e.g. 8% over 30 days
12. Improve profitability
13. Diversify funding sources
14. Continue to lease to SMEs including Micro SMEs after the EBRD funding is repaid (and in the case of EU/EBRD loans, after the performance fee and technical cooperation have been finished)
15. Achieve overall performance against the Business Plan
16. Access capital markets and international loan markets
17. Lease only capital equipment and not consumer equipment (often also specifying a limit on passenger cars)
18. Improve risk management processes

The achievement exceptions from the TIM reports available were:

Lessor	Country	Description of the exception
A	Slovenia	- No targets seen for the Rural Window loan - Decreasing the average size of leases was at risk of non-achievement - Arrears ratio had reached 3.19% at Oct 2008 and so breaching the 5% target was seen as a risk in 2009 - Raising funds outside of IFIs was only achieved by funding from the parent, Societe Generale (not really a diversification of funding)
B	Romania	- Capital equipment only, not consumer equipment. May have been achieved but the fact that 69% of the portfolio is comprised of "vehicles" might be suspicious? - Raising funds from non-IFI sources. Claimed as achieved but in reality these funds came from the parent group – not what was meant by "diversification"?
C	Hungary	- Decrease average lease size not achieved - Improve profitability
D	Romania	- Streamlining and improving lease documentation - Ratio of leases to trained and retained officers The non-achievement was attributed to poor technical cooperation delivery by the Study Teams.
E	Georgia	- Improving accounting and other software - Diversifying funding outside of IFIs and local banks - Reach $1 million of retained earnings by December 2009. Was very close by end of 2008 but almost certainly the decline in business and increase in arrears and provisions in 2009 will set this target back
F	Bulgaria	Diversify funding. Not really since apart from three IFIs, the lessor was highly reliant on parent-group funding.
G	Bulgaria	- Monitoring Report claimed all targets are on track but one was a target for new branches – and none have been opened yet! - Arrears had reached 6.71% for over 60 days so this target was at risk for 2009
H	Slovakia	Targets were: increase trained officers; improve processes and marketing; open new branches; increase total lease volume; increase (???) average lease size; increase average lease maturity. These targets seemed both more limited and vaguer than for many of the EU/EBRD portfolio.
I	Croatia	Diversify funding. Apart from the EBRD, the lessor is entirely dependent on Erste funding.
J	Croatia	Diversify funding. Apart from the EBRD, the lessor is entirely dependent on Raiffeisen funding.

The most common achievement failure seems to be the target for diversifying funding. For the European countries, in all cases where this was not achieved the lessors relied on funding from substantial western banking groups. How realistic was this target? It is possible that the parent banking groups had no intention of seeking funding from other banking groups for their lessor subsidiaries. There is good evidence from the survey results and the field trips that in those cases where the lessor is not part of a substantial banking group (as in the ETC countries) then involvement of the EBRD in the funding is a magnet for attracting other funding –

involvement of the EBRD in those cases clearly enhances the perceived credit risk of the lessor to other potential lenders.

There is an implication that achievement of the targets is connected to the involvement of the EBRD with the lessor. It is not clear that this is always the case and as stated earlier most targets are not reflected in loan terms and conditions. The most likely measurable impacts that could be tied to the EBRD involvement are:

- only use the EBRD loan for new customers
- improvement in leasing procedures, marketing and monitoring and lease documentation where technical cooperation has been delivered (as in the case of the EU/EBRD SME facility)
- leasing outside the capital, especially where the EBRD has identified a niche use of loan proceeds such as through the “rural window” case, as with a few of the lessors in the EU/EBRD SME facility

Other targets are more specious though:

- growth in the total portfolios – the entire leasing sector in almost all countries of EBRD involvement has been growing substantially every year for almost every lessor (whether funded by the EBRD or not)
- increase in average maturities – also a market function across the board
- open more branches – likely a market and competition function; most of the markets, with the exception of ETCs, are and have been highly competitive
- growth in profitability – a market function
- continuing involvement with SME leasing even when there is no longer any involvement of the EBRD
- lease arrears – a market and macro-economic function at least with regard to the recession starting back in late 2007. There is a link to terms and conditions of EBRD loans, although that link on its own does not impact the overall level of lease arrears but does affect the composition of the pool of leases provided as collateral for EBRD loans – the pool has to be of leases that are not in arrears.