#### **LEASING AS A GAME CHANGER: 2.0**



September 16, 2015



## My (Our) Credentials



## Rafael Castillo-Triana: CEO for Emerging Markets-The Alta Group

- Over 33 years active in the leasing business with hands-on experience managing leasing companies
- Track record in turning-around distressed leasing companies
- Track record founding and taking-off leasing companies
- An International Attorney: Participated in Drafting the UNIDROIT Convention on International Financial Leasing and the UNIDROIT Model Law on Leasing
- Active role in Leasing Laws in Tanzania, Georgia and Regulations in Ghana, Madagascar, Jordan, El Salvador and other countries
- Consultant in Leasing for over 25 years

#### Our origins



1992









The Alta Group™



#### Why The Alta Group?



Industry Leadership Alta - for more than 20 years - is the acknowledged leader in global consulting and corporate advisory services to the equipment leasing and asset finance industry

Exclusive Focus

Our practice exclusively focused on the equipment leasing and asset finance industry

Global Reach We have more than 100 professionals with offices throughout North America, Latin America, Europe, the Middle East and China

Hands-On Experience

Equipment finance knowledge is derived from true hands-on experience as market leaders, industry participants, leasing executives and senior managers; and in successful companies and transactions

Principals
Only
Practice

We are distinctively a principals-only consultancy practice. All of our client work is conducted hands-on exclusively by our team of seasoned senior level equipment finance industry professionals

Our unique global equipment finance industry knowledge and insight enables you to manage your strategic and tactical imperatives

#### The Alta Group:



#### Realize your goals using our unparalleled expertise



#### What we do in Management Consulting

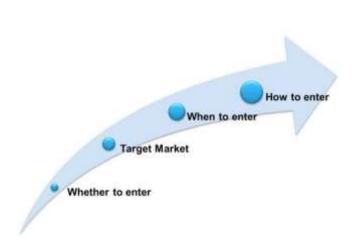




Strategic Support



**Best Practices Benchmarking** 



Market Entry



#### What we do in Management Consulting





#### Captives Development & Vendor Programs



Lessor: That can be Your Company







7

#### What we do in M&A







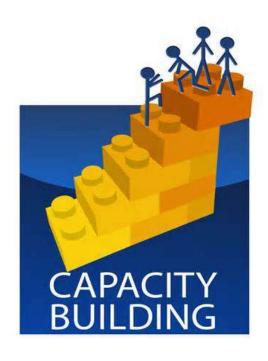
We arrange funding for Lessors



Syndications Compliance
IPO Investment
Valuations Strategies
PostAlta
Exit Fairness
Opinion

#### What we do in Asset Management









Residual Value Support



#### What we do in Professional Development







In-house training



Latin American Leasing Conferences



Strategic alliance



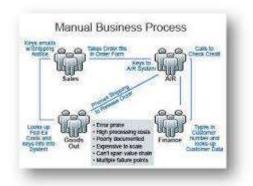
**Talent Management** 

#### What we do in Application Consulting

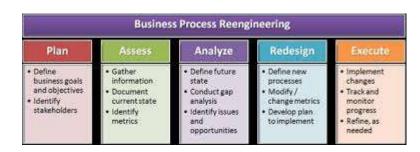




Improve your efficiencies



Eliminate manual processes



Reengineering



Applications selection

### Now: Back to the Game

#### Does Leasing change the Game?



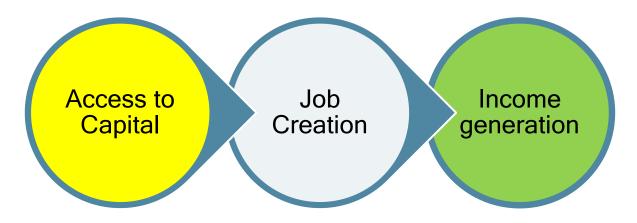






#### The Game of Economic Development









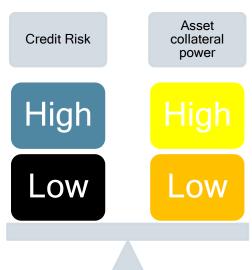
#### Access to capital



- What is capital?
  - Tangible and intangible goods that produce other goods and/or services

Generalized access to capital relies in a country's ability to attract players with a balance between wide credit risk appetite and financial security





#### Job creation



Equipment manufacturing/ distribution



Equipment financing



Equipment operation



Equipment servicing/maintenance





Job multiplier and training by doing- total factors productivity

#### Income generation



Trade and supply chain



Benefits for entrepreneurs and the economy at large



#### How will Leasing change the Game?



# 2014: The Case was addressed to the Government:

- Give me good regulations
- Give me resources

We were also talking to Foreign Investors

- Come to Africa to expand
- Bring know-how with you

#### Game changer to the Government



Give me a sound market access regulation

## Give me a favorable business framework:

- · Access to reliable data
- Conditions to understand, manage and mitigate risks

Promote good governance amongst leasing companies

Give me a favorable tax framework

Give me resources to fund my business

#### Game changer to Foreign Investors....





#### Donors?



#### Multilaterals?



US leasing companies?



**European Leasing Companies?** 



Asian Leasing Companies?

#### **FACTS & FIGURES**

#### **Leaseurope Ranking TOP 20**

#### WHERE ARE THE US FLAGS?

			THE PARE THE	, , , ,	
	Top 20 Leaseurope ranking	NBV Country	TOP 20 Leaseurope ranking 2013	NBV M€	Country
	2004		1 DLL	8 629	
1	Lombard Business Finance	9 365		7 984	
2	BNP Paribas Lease Group	7 316			
3	SGEF	6 145	3 SGEF	7 410	
4	Locat	4 274	- 14 Deutsche Leasing	5 575	
5	GE Commercial Finance	4 244	5 Unicredit Leasing	4 895	
6	De Lage Landen Internat.	3 546	6 OJSC VEB Leasing	3 630	
7	ING Lease	2 947		2 942	
8	Groupe Ucabail	2 298	8 TransFin-M. Itd	2 751	
9	Italease	2 254	9 CA Leasing & Factoring	2 580	
10	KG Allgemeine Leasing	2 053	+ 14 10 CM-CIC BAIL	2 094	
11	Bansalease	1 892	11 LBBW Leasing	1 778	
12	Fortis Lease	1 785		Contract of the Contract of th	
13	VR Leasing	1 676	12 Natixis Lease	1 656	43
14	Banco Bilbao Vizcaya	1 578	13 ING Lease	1 628	
15	HVB Leasing	1 330	14 Gazprombank Leasing	1 384	
	Bank Austria Credit. Leasing	1 276	15 OJSC VTB Leasing	1 271	Mr.
	Raiffeisen Leasing	1 210	16 Raiffeisen Leasing Gmbh	1 219	<b>H</b>
		70 /	17 ABN AMRO Lease N.V.	1 100	
18	CIT Europe	1 209	18 IKB Leasing Gmbh	688	200
19	Intesa Leasing	1 185	Mediocredito Italiano - Gruppo		
20	Grupo Banco Popular	1 144	19 <b>ISP</b>	664	
. 4		1000	20 Alba Leasing S.p.A.	527	
	USA players WHO LEFT Europe				
			New exit		
	Chase Manhattan Leas Bank of Boston leasin	sing	■CIT (except UK)		
	Pittsburg Leasing		• Key	No.	
	<ul> <li>Security Pacific Leasing</li> </ul>	ng			D
	<ul><li>City Financement</li></ul>				100

#### **FACTS & FIGURES**

## **Foreign Originations**

Monitor 100 Companies Reporting Foreign-Related New Business Volume

(\$ = millions)

	2013%* FOREIGN-RELATED	NEW BUSINESS VOLUME			
COMPANY		2013	2012	VARIANCE+/-	%+/-
GE Capital	48.4%	14,764.5	21,783.2	-7,018.7	-32.2%
John Deere Financial <sup>2</sup>	23.1%	8,077.6	6,982.9	1,094.7	15.7%
Caterpillar Financial	59.6%	7,802.4	9,188.0	-1,385.6	-15.1%
CNH Industrial Capital <sup>p</sup>	52.4%	5,928.0	5,221.0	707.0	13.5%
Volvo Financial	76.1%	5,482.5	5,456.9	25.6	0.5%
Hewlett-Packard Financial*	60.4%	3,385.0	4,218.3	-833.3	-19.8%
PACCAR Financial	47.2%	2,037.3	2,113.4	-76.1	-3.6%
Banc of America Leasing	14.5%	1,986.0	1,385.0	601.0	43.4%
De Lage Landen Financial	20.3%	1,957.0	1,879.0	78.0	4.2%
Key Equipment Finance	12.7%	558.0	463.0	95.0	20.5%
SMBC Leasing and Finance	24.5%	504.6	454.6	50.0	11.0%
Siemens Financial <sup>7</sup>	57.3%	479.0	446.0	33.0	7.4%
CSI Leasing!	51.6%	442.7	445 D	-23	-0.5%
Wells Fargo Equipment Finance	4.0%	372.0	299.0	73.0	24.4%
BTMU Capital Leasing & Finance	28.5%	342.4	679.0	-336.6	-49.6%
PNC Equipment Finance	5.2%	216.3	229.9	-13.6	-5.9%
(16 Companies Shown Above)	35.5%	54,335.3	61,244.2	-6,908.9	-11.3%
<\$100MM in Foreign Activity (10 Companies Not Shown)	1.2%	107.3	107.1	0.2	0.1%
GRAND TOTAL (All 26 Companies)	33.6%	54,442.6	61,351.3	-6,908.8	-11.3%

Definitions, explanations & feetnotes on page 76

\*Percentage of 2013 Global New Business Volume

Industry Captives find their way: feet in the street US Lessors struggling on their value proposition



#### Is there anyone of them in sight?





#### How will Leasing change the Game?



## 2015: Let us focus on how WE will play the Game:

- Lessons

   Learnt from
   the Rest of
   the World
- Our Strategy

#### **Our Journey today**



Let us talk about Strategy

Lessons Learnt from other Leasing Companies and Industries

Back to our Strategy

#### Let us talk about Strategy





Strategy is how to get to where you want to go:



Objectives define where do you want to go

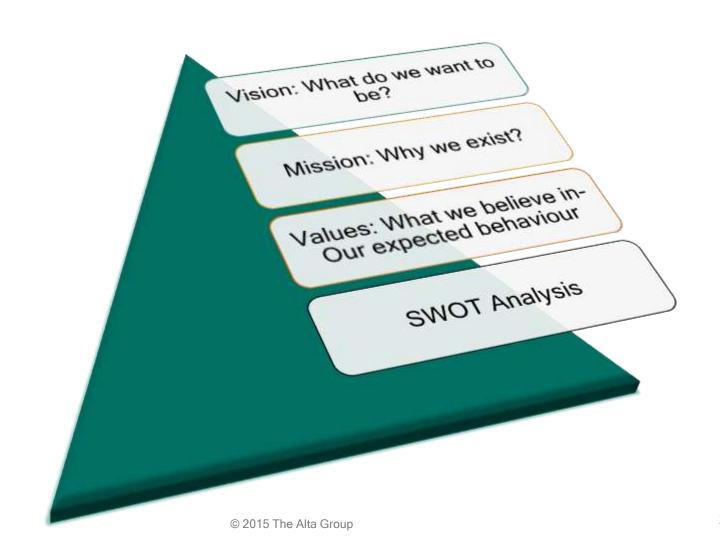


Scope defines what you do want

Is this enough?

## No... You need to know who you are!!!

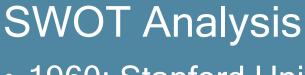


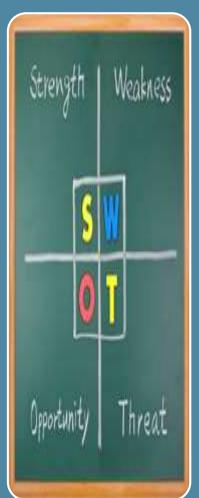




## **Lessons Learnt**

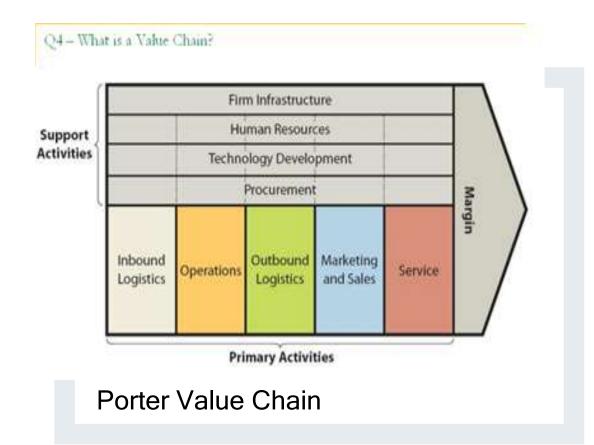






- 1960: Stanford University's Albert Humphrey: Why Projects failed?
- Because the business could not execute.
- You need to know your strengths and weaknesses
- You need to know external factors that might help and impede you reach your goals: Opportunities & Threats
- Followed by U-S-E-D;
  - Use your strengths
  - Stop your weaknesses
  - Exploit the Opportunities
  - Defend against the Threats





How all activities in a business interact towards competitive advantage?

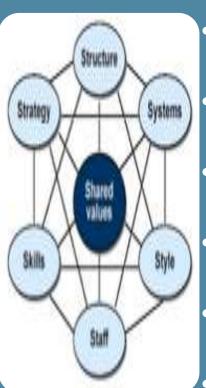
Value
Activities=Building
blocks of competitive
advantage

Every value activity employs purchased inputs, human resources and technology

#### Strategic Tool No.3: The Seven Ss

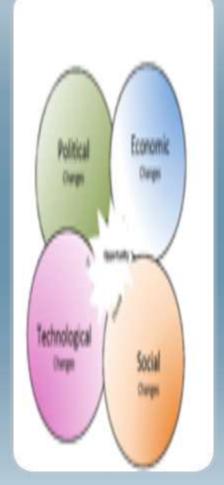


#### The Seven Ss



- Strategy: Route chosen for future growth
- Structure: How the organization is put together
- Systems: Formal and informal procedures to govern every day's activities
- Skills: Distinctive capabilities of the people working for the business
- Shared Values: Things that influence the group to work together for a common goal
- Staff: The organization of human resources
- Style: The way as the organization's employees present themselves to the outside world, mainly to their stakeholders





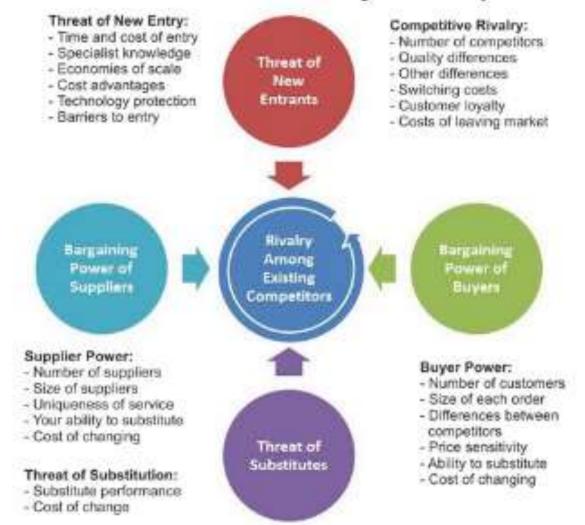
## PEST:

## Opportunities and Threats

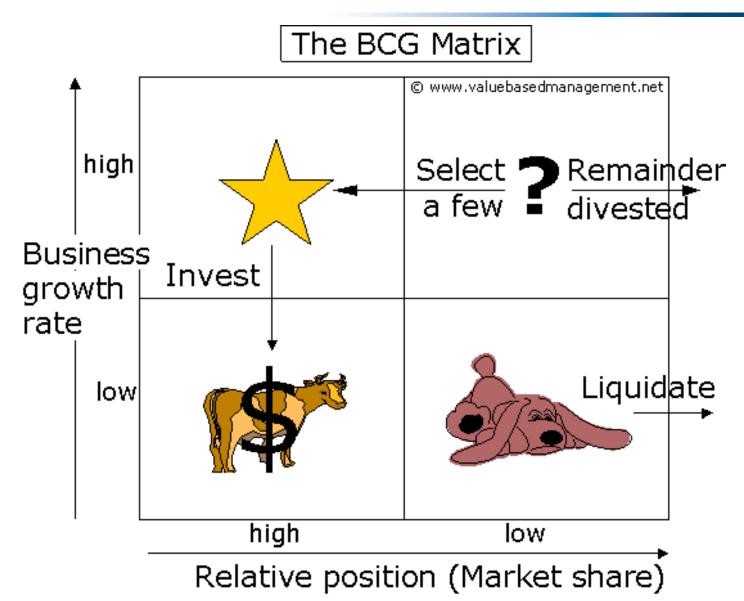
- Political
- Economic
- Social
- Technological



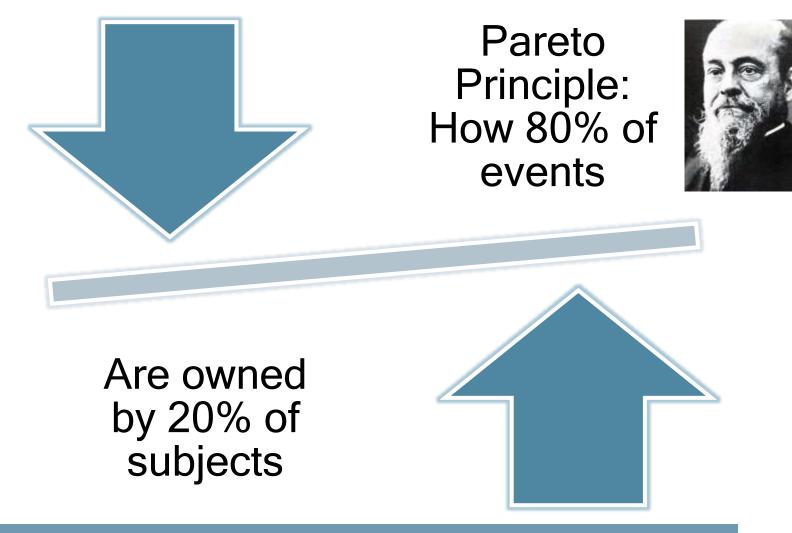
## Five Forces Analysis (Porter)











You can make it more sophisticated building your data Pareto Chart



Voice of the Customer: Market research technique that produces a detailed set of:

Customer wants and needs,

Organized into a hierarchical structure, and then

Prioritized in terms of relative importance and satisfaction with current alternatives.

## **Strategic Tool No.9**





How to create uncontested market space by reconstructing market boundaries



Focusing on the big picture,



Reaching beyond existing demand and



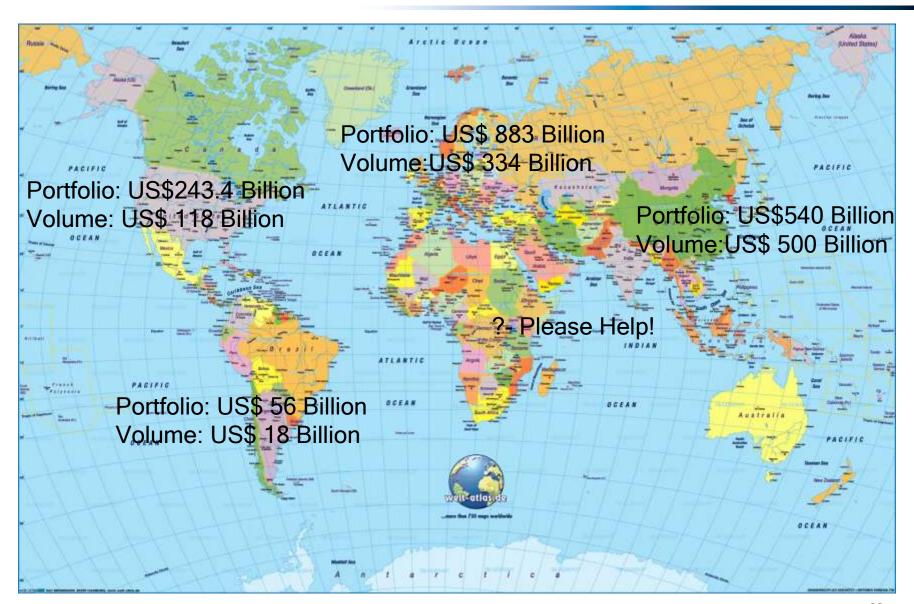
Getting the strategic sequence right.

Blue Ocean Strategy: How to isolate yourselves from Red Oceans

## Lessons from the real life

## The Leasing Industry Worldwide





## **Main Global Players**



#### **United States**

No.	TIPSTED.			HEI MODELO				
	784	13	COMPANY	SEG	2014	2013	VARIANCE +/-	%.4/-
	1	1	GE Capital 1	USI	105,694.3	109,962.3	-4,268.0	-3.9%
	2	2	Banc of America Leasing	USB	42,173.0	40,517.0	1,656.0	4.1%
	3	5	John Deere Financial <sup>2</sup>	CAP	34,455.8	31,915.0	2,540.8	8.0%
	4	4	Caterpillar Financial	CAP	33,013.2	32,575.6	437.6	1.3%
	5	6	Wells Fargo Equipment Finance	USB	29,471.0	27,805.0	1,666.0	6.0%
	6	7	IBM Global Financing	CAP	23,327.0	24,982.0	-1,655.0	-6.6%
	7	9	Volvo Financial	CAP	17,701.6	18,392.8	-691.2	-3.8%
	8	10	CNH Industrial Capital 3	CAP	17,580.0	17,420.0	160.0	0.9%
	9	11	Hewlett-Packard Financial <sup>4</sup>	CAP	12,068.7	12,233.1	-164.4	-1.3%
	10	14	DLL Group <sup>5</sup>	FOR	11,895.0	11,158.0	737.0	6.6%
	11	12	PNC Equipment Finance	USB	11,869.7	11,639.1	230.6	2.0%
	12	15	U.S. Bank Equipment Finance	USB	9,940.9	9,474.8	466.1	4.9%
	13	16	Chase Equipment Finance	USB	9,548.2	9,443.7	104.5	1.1%
	14	17	Key Equipment Finance	USB	9,194.3	8,865.6	328.7	3.7%
	15	18	Air Lease <sup>6</sup>	IND	8,953.8	7,613.1	1,340.7	17.6%
	16	70	Element Financial <sup>7</sup>	IND	7,753.4	2,814.4	4,939.0	175.5%
	17	23	Regions Equipment Finance	USB	7,086.7	5,968.9	1,117.8	18.7%
	18	20	Fifth Third Equipment Finance	USB	6,696.1	6,356.3	339.8	5.3%
	19	22	Citizens Asset Finance®	USB	6,444.0	6,069.3	374.7	6.2%
	20	21	SunTrust Equipment Finance & Leasing	USB	6,084.3	6,113.3	-29.0	-0.5%
	21	24	GATX <sup>6</sup>	IND	5,857.0	5,272.4	584.6	11.10

**GE Capital** split in pieces Element Financial climbing fast

## Main Global Players: Europe



Rank	Company name	Country	Total new business within Europe (thousands €)	Number of new contracts within Europe
1	Société Générale Leasing Solutions (incl. ALD Automotive)	France	13,981,140	391,341
2	BNP Paribas Leasing Solutions (incl. Arval)	France	13,402,300	484,572
3	Volkswagen Leasing GmbH	Germany	12,205,747	516,808
4	De Lage Landen International B.V.	Netherlands	10,036,511	278,395
5	Deutsche Leasing	Germany	7,438,400	66,836
6	UniCredit Leasing	Italy	6,857,850	111,121
7	Nordea Finance	Sweden	5,109,309	362,326
8	Alphabet International	Germany	4,780,000	190,000
8	LeasePlan Corporation N.V.	Netherlands	4,775,378	241,827
10	Credit Agricole Leasing & Factoring	France	4,421,734	98,387
11	CM-CIC BAIL	France	3,577,095	108,318
12	DNB Finans	Norway	3,076,198	140,035
13	LBBW Leasing	Germany	2,934,355	38,100
14	RCI Banque	France	2,901,783	227,495
15	ING Lease	Netherlands	2,547,906	21,477
16	NATIXIS LEASE	France	2,487,900	27,984
17	Siemens Financial Services GmbH	Germany	2,285,137	
18	Raiffeisen Leasing	Austria	2,210,641	60,667
19	OJSC VEB Leasing	Russian Federation	2,087,821	27,591
20	OJSC VTB Leasing	Russian Federation	1,777,099	23,568
21	Porsche Bank AG	Austria	1,667,890	108,159
22	Mediocredito Italiano - Gruppo ISP	Italy	1,621,037	5,705
23	ABN AMRO Lease N.V.	Netherlands	1,477,985	9,982
24	Caterpillar Financial Services	Switzerland	1,308,338	10,829
25	Santander España	Spain	1,066,590	25,897

## Main Global Players: China



ICBC Financial Leasing Co. Ltd.

CCB Financial Leasing Co.

Minsheng Financial Leasing Co. Ltd.

China development Bank Financial Leasing Co.

Bank of Communications Financial Leasing Co. Ltd.

CMB Financial Leasing Co. Ltd.

China Everbright Bank Financial Leasing Co.

## **Main Players**



<b>2014 RANK</b>	Company	COUNTRY	Leasing USDI(000)
1	. Leasing Bancolombia Cfc	Colombia	4,845,726.15
2	NR Finance de Mexico	Mexico	3,640,465.85
3	Banco Credito del Peru	Peru	3,091,313.19
4	Leasing De Occidente S.A. Merged Into Banco Occidente	Colombia	1,978,839.99
5	Corpbanca	Chile	1,968,261.07
6	Davivienda (Leasing Portfolio)	Colombia	1,945,101.47
7	Volkswagen de Mexico	Mexico	1,921,388.40
8	Banco Itaucard S/A Arrendamento Mercantil	Brazil	1,852,062.16
g	Bradesco Leasing S/A Arrendamento Mercantil	Brazil	1,570,792.67
10	BBVA -Banco Continental	Peru	1,454,226.83
11	. BBVA - Bancomer	Mexico	1,321,162.70
12	BCI - Credito e Inversiones	Chile	1,317,047.52
13	CORBANCA Antes Helm Leasing S.A. Merged Into Helm Bank	Colombia	1,299,610.94
14	Scotiabank	Peru	1,269,681.58
15	6 Caterpillar	Mexico	1,251,486.16
16	BBVA Leasing Cfc Merged Into BBVA Bank Colombia	Colombia	966,731.37
17	' Banco IBM S/A Arrendamento Mercantil	Brazil	896,181.72
18	Banco del Estado	Chile	885,942.61
19	9 Unifin	Mexico	877,560.50
20	Santander Brasil Arrendamento Mercantil, merging Santander Lea	s∄nagzil	858,531.16

## Latin America

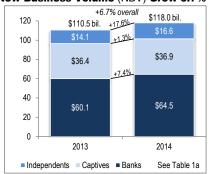
## How are they playing their games?

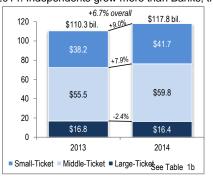


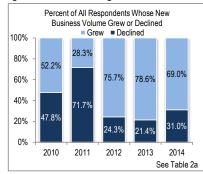
#### ELFA 2015 Survey Results: Major Findings

#### **MAJOR FINDINGS**

New Business Volume (NBV) Grew 6.7% in 2014. Independents grew more than Banks; the Large-Ticket market segment declined while Small-Ticket grew most.







Most respondents' volume grew. The growth in NBV in 2014 declined compared to the previous three years but remains above five percent.



End-User Industries with Most Growth in NBV:

- Truck Transportation
- Services Arts / Entertainment / Recreation
- Construction

End-User Industries with Greatest Decline in NBV:

- Services Health
- Water Transportation
- Utilities

Equipment Types with Most Growth in NBV:

- Trucks & Trailers
- Construction
- Railroad

Equipment Types with Greatest Decline in NBV:

- Corporate Aircraft
- IT and Related Technology Services
- Medical

Overall, the Cost of Funds increased slightly. Competitive pressure continues to drive Pre-Tax Spreads still lower in 2014 to 2.80%,



its lowest level in five years.

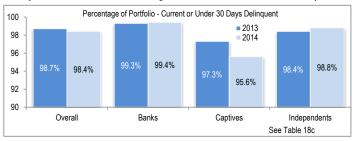
## How are they playing their game?

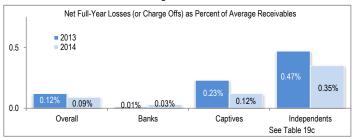


#### ELFA 2015 Survey Results: Major Findings ... continued ...

#### MAJOR FINDINGS ... continued ...

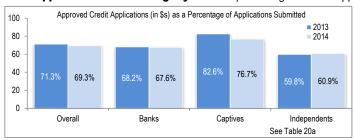
#### Delinquencies remained steady between 2013 and 2014, except for Captives. Full-Year Losses or Charge-Offs also close to 0.0% overall.

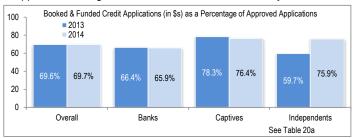




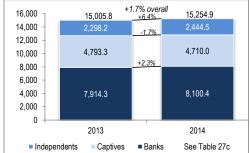
Delinquencies do remain an issue for certain industries, especially Oil & Gas Mining, Wood / Paper Manufacturing and the Federal Government.

#### Credit Approvals decreased slightly while the percentage of those approved applications being booked and funded remained steady.





Employment Levels grew moderately by 1.7%, with headcount in sales and marketing increasing and servicing declining slightly. As expected, there was a significant increase in headcount associated with Compliance.

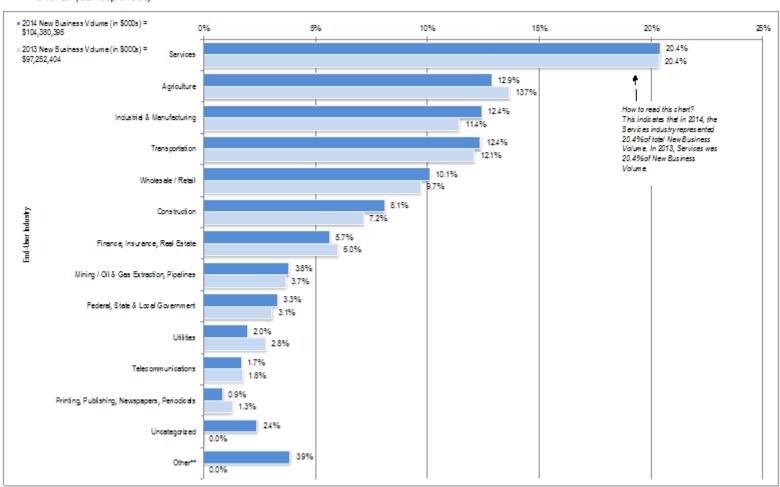


## How are they playing their game?



#### 5a. New Business Volume by End-User Industry (Summary Categories) - Percentage of Total Annual Volume

Overall (82 responses)



<sup>\*</sup> Other Services – includes such services as data processing services, administrative support services, repair services, etc.

Note: Trend data is provided only for respondents who reported both years of data.

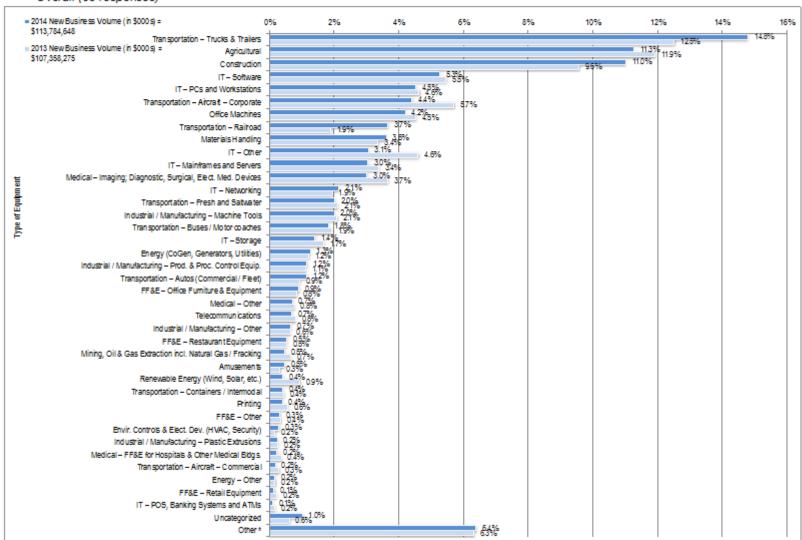
<sup>\*\*</sup>Other includes miscellaneous industries.

## How are they playing their game?



#### 6b. New Business Volume by Equipment Type (Detailed Categories) - Percentage of Total Annual Volume

Overall (89 responses)



## **Key Players Business Models**





## GE Capital Business Model: Going Up





Founded in 1933 as a subsidiary of General Electric to provide credit to buyers of GE appliances



In 1981, Jack Welch made GE Capital a key driver of the profit model he adopted for GE, namely to become a provider of customers'solutions



GE Capital became a large financial and leasing company with several units:

 Aircraft Financing+ Rail Financing+ Commercial Finance+ Consumer Finance+ Real Estate+ Energy Financial



GE Capital grew through several acquisitions:

- Dart & Kraft
- Gelco
- Guinness Peat Aviation

## GE Capital Business Model: Going Down





On April 10, 2015, Jeffrey R. Immelt, the CEO of General Electric, announced that GE would sell most of GE Capital over the next two years.

•"This is a major step in our strategy to focus GE around its competitive advantages. GE today is a premier industrial and technology company with businesses in essential infrastructure industries. These businesses are leaders (...). They will be paired with a smaller GE Capital, whose businesses are aligned with GE's industrial growth"



GE Credit Cards spun-off and sold via an IPO (Synchrony Financial)



GE Fleet sold to Element Financial and Arval



GE Healthcare sold to Capital One



GE Rail likely to Wells Fargo Bank

## Is GE Capital's Game well played?





What do you think?

## Element Financial: How it came to play



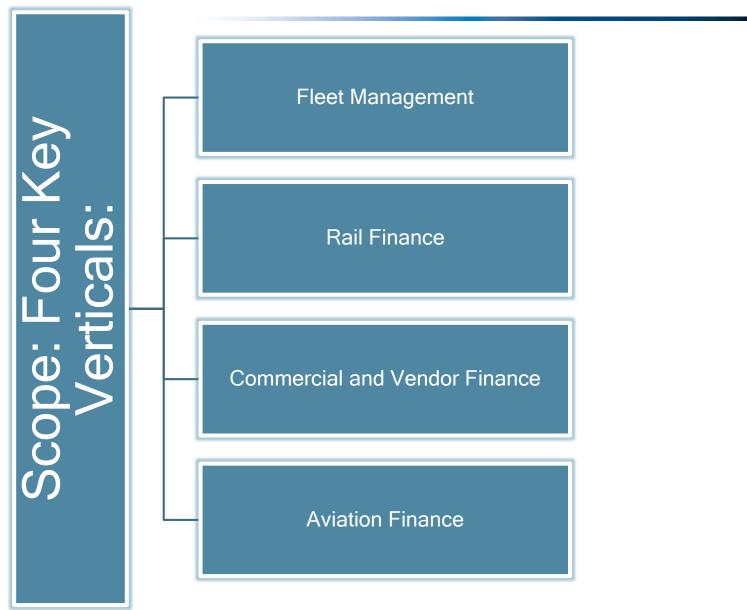
1984: Newcourt Credit Group founded by an accountant and a dentist 1998: Newcourt grew through organic and acquisitions. Most relevant acquisition AT&T Capital Corporation expanding to 26 countries

1999: Made a mistake switching its funding model from long-term liabilities with institutional investors and life insurance companies to short term low interest commercial paper

1999: Should sell Newcourt to CIT Group 2007: Element Financial is born with a structure resulting from lessons learnt

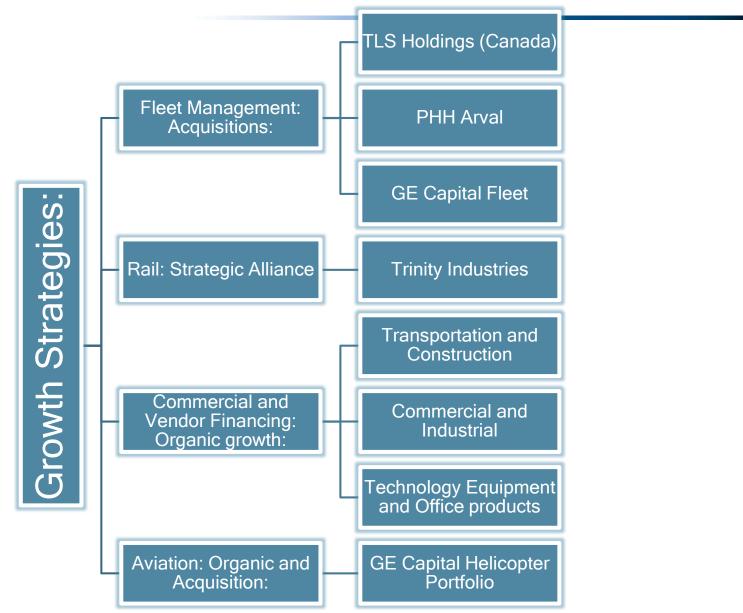
## **Element Financial: A Rising Star**





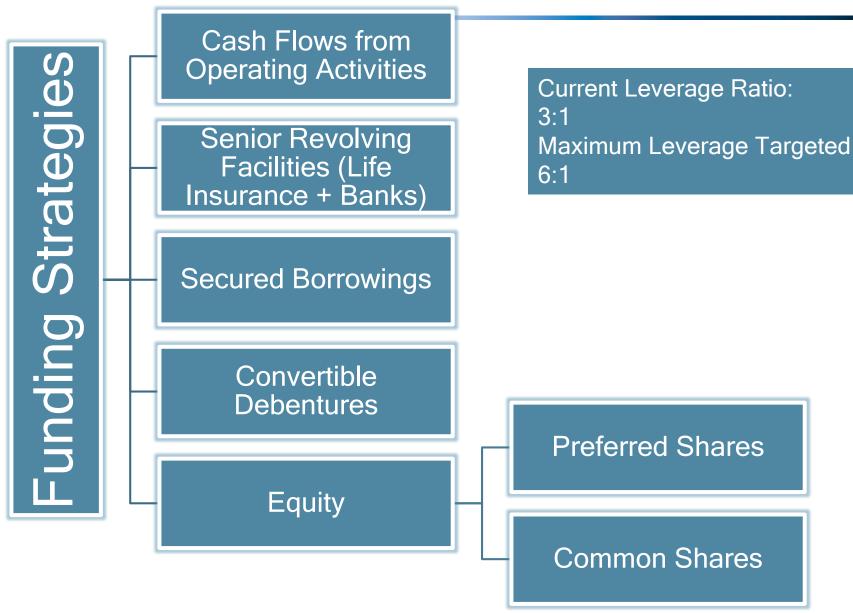
## **Element Financial: A Rising Star**





## **Element Financial: A Rising Star**





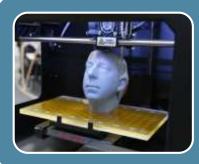
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## **Element Financial: Its Declared Game Strategy**





2008 Financial Crisis forced most of the providers of equipment financing to focus in reordering its financial statements to meet new capital requirements (Basel III and or financial covenants for captives and independents)



Also, most of the economic agents have been driven to replace old and obsolete equipment

- Rebuilding manufacturing capabitlities
- Updating technology



Demand of equipment is focused on use not ownership

## De Lage Landen (DLL)



Founded in 1969 by Rabobank and Interpolis as a credit company

de lage lander

Rebranded in 2014 as DLL

It works in 9 industries:

- Food
- Agriculture
- Healthcare
- Clean Technology
- Office Technology
- Construction
- Transportation
- Industrial
- Automotive

Headquartered in Eindhoven, Netherlands, operates in 36 countries (EMEA- 22, Americas-6 and Asia Pacific-8

### **DLL Business Model**



The circular economy. Second Life Financing. Flexible leasing programs. Smarter fleet management. Sharing economy. Innovative energy storage. Big data analytics. Pay-per-treatment healthcare models. Total mobility solutions. Biological organisms. Supply chain transparency. Building partnership networks in Africa. Collaborative software and technology. Low-carbon electricity. Dimensional pricing. Greener and cleaner tech. Electric vehicle infrastructure. Power purchase agreements. Microleasing. Smart agriculture solutions to population growth. Resource scarcity. Increasing demand for responsible business practices / compliance. Virtualization. Usage-based economy.

# Declared Strategy: Shaping the future by enabling lasting progress - economically and socially.

- DLL delivers original, integrated financial solutions to support the asset life cycle from leasing, vendor and commercial finance to remarketing.
- DLL also offers mobility solutions,
- Factoring and consumer finance.

Main approach: Partnerships
No.1 company in Vendor Programs in the
United States



### **Siemens Financial Services**





### Siemens Financial Services: Vision



#### Core topics

Siemens' technical expertise, comprehensive portfolio and long-standing experience are helping to pioneer a sustainable future across the globe. Find detailed information, news, insights and references on the topic areas that exemplify Siemens' success in providing state-of-the-art solutions in fields including IT, industry, finance, healthcare and energy.



#### Intelligent Infrastructure

From building technologies and integrated mobility to efficient power distribution and smart grids, the digitization of infrastructures leads our cities in the future.



#### Sustainable Energy

The sustainable use of energy poses many challenges for the future. Pioneering strategies for energy generation pave the way for an intelligent power supply worldwide.



#### The Future of Manufacturing

With technological innovations Siemens supports industrial enterprises to become more productive, efficient and flexible.



#### Digitalization

Even today, Siemens offers digital solutions to the economy, industry, and urban infrastructure of tornorrow – for more efficiency, sustainability and security.

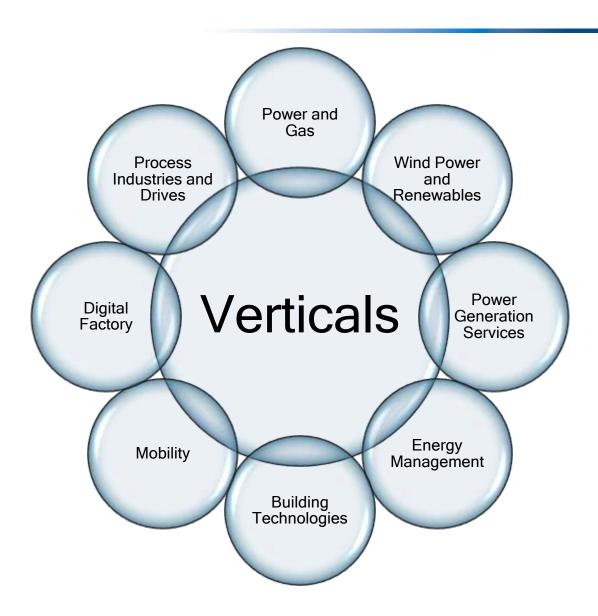


#### Financial Services

Financial Services is an international provider of financing solutions. Our financial and industry know-how creates customer value and enhances customer competitiveness.

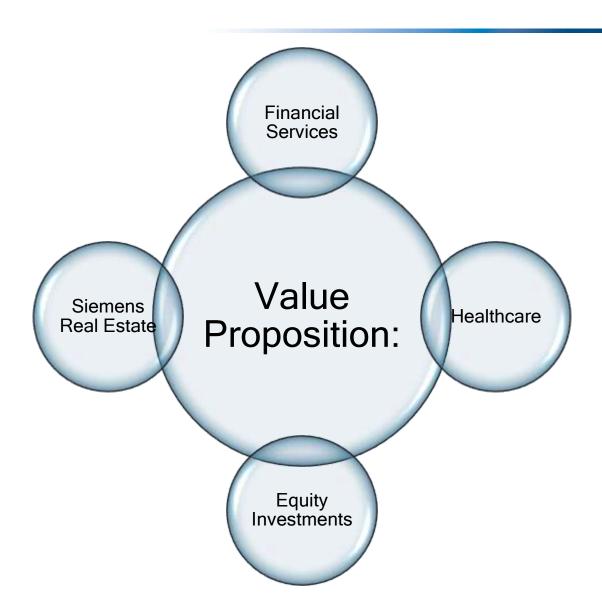
### **Siemens Financial Services**





## **Siemens Financial Services**





## Leasing Bancolombia: One from Emerging Markets



Coming from the 4<sup>th</sup> economy of Latin America, Leasing Bancolombia is the largest Leasing Company in Latin America



How did it get there?



Founded in 1982 as Suleasing S.A. was a wholly owned subsidiary of a Group of Insurance companies (Suramericana Life and Suramericana Casualty)





In 1991 the business and profit model changed



With a funding model supported by its insurance parents and their related banks started wining market share with the lowest market rates

## Leasing Bancolombia: Chronology



1991 -1994 -Scarce funding, rentals 100% tax deductible within the term of the lease

1994 - Conversion to financial institution subject to the Colombian Regulator Superintendencia Bancaria

1995 - Tax reform, tax benefits only for SMEs and infrastructure. Minimum terms in contracts

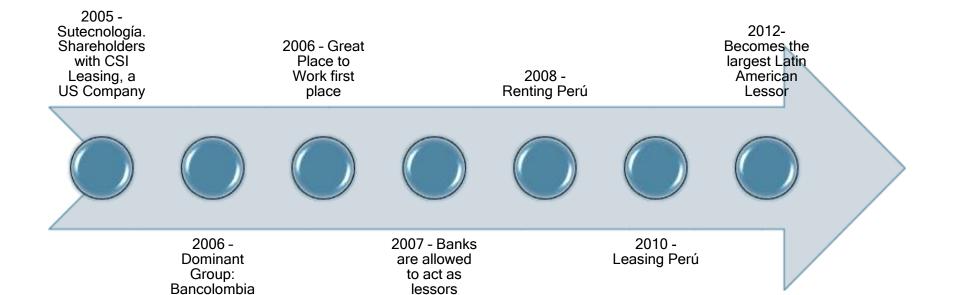
- Reacts adjusting the strategy to the legal changes
- Becomes Pioneer in Infrastructure Leasing
- ·Launches aggressive leasing financing to SMEs

1998 - Subsidiary: Surenting. Shareholders IFC + Mitsubishi

1998 - Financial crisis in Colombia. From 50 lessors to 7

## Leasing Bancolombia: Chronology





## **Lessons Learnt from Leasing Bancolombia**



Starting with organic growth, lean structure and developing competitive advantage with pricing

Once the market became more sophisticated switched strategies to grow by acquisitions

'Upon changes in the Rules of the Game, it adjusted its strategy to follow the sweet spots that the new Rules showed

Consolidating itself as the largest and more sustainable in Latin America

## **Back to Our Strategy**

## **Starting Point: SWOT Analysis**





## Strengths and Weaknesses



Trying a general objective, ask yourself:
Do you have enough knowledge of what is the path to achieve such objective?

Do you have enough human resources to execute?

Do they have appropriate training to meet your objectives?

Do you have the appropriate processes to ensure that your employees and workers will achieve the goals and objectives?

Do you have appropriate systems and automated solutions to support the work of your team?

Overall, do you have the experience to achieve such objectives?

Do you have enough capital to execute?

If not, do you have a plan to raise funding?

Look for other strengths and weaknesses

## **Opportunities: Global**





Communications technology; Expansion of connectivity



Lean Manufacturing: 3 D
Printing



Technology in Transportation: Cheaper access to mobility



Internet of Things: Smart communities and lives



Big Data: Access to information, education and analytical tools



Renewable Energies

## **Opportunities: Kenya**









Electrical Power Systems



Material Handling Equipment



Computer and Peripherals



Medical Equipment



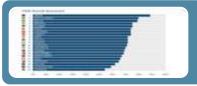
Aircraft & Parts

## **Opportunities: Kenya**





Kenya is ranked as the 28<sup>th</sup> "Good Country Index" holder worldwide, for its contribution to global welfare;



Kenya is ranked as the best worldwide emerging market country for financial digital inclusion



Africa Silicon Savannah: IT investments



Airports and Aviation



Railways expansion



Oil export pipeline

## **Opportunities: Kenya**









Private Equity Funds active seeking investment opportunities

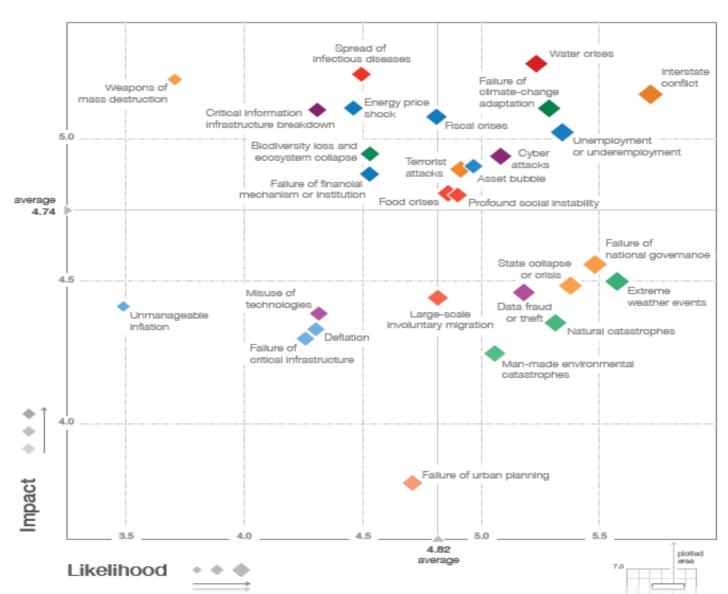
Sovereign Funds seeking opportunities in Kenya

Medium Term Notes
Issues generating good
benchmarking for Kenyan
Leasing Companies

### **Threats: Global Risks**



Figure 1: The Global Risks Landscape 2015



## Threats: Global Risks with direct impact on leasing





#### Geopolitical Risks

- Interstate conflicts as they impact asset prices, currency prices, interest rates and supply chains
- •State collapse or crisis, and
- Failure of national governance as long as they impact delinquency and enforcement



#### Societal Risks

- Water crises
- Profound social instability
- •Failure of urban planning
- Food crises



#### **Environmental Risks**

- Natural catastrophes
- •Bio-diversity loss and ecosystems collapse



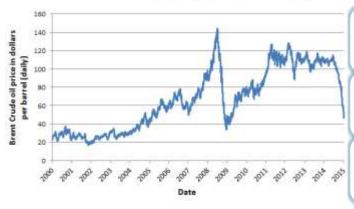
#### Technological Risks

- Cyber-attacks
- Data fraud or theft
- •Critical information infrastructure breakdown

## Geopolitical risks



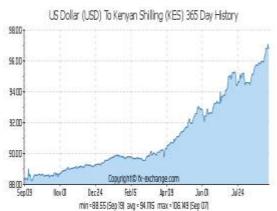




Are we in the middle of this?

Oil Prices going down

US dollar appreciating vs. all other currencies...



## Threats: Direct risks in leasing





## **Accounting Changes Risks**







Differential treatment
will be given to Real
Estate Assets (Type B)
and Equipment (Type A)
due to their different
degree of
exhaustion/consumption
by use

How will this impact your business?

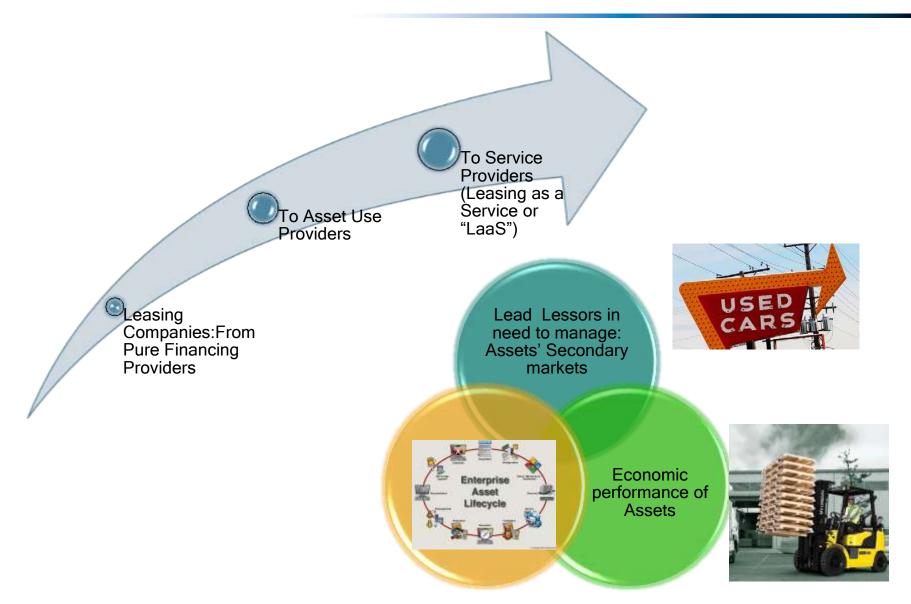
Customers relying on IFRS
Accounting will be reluctant to
lease if this increases their Cap-Ex



Leverage, Financing Cash Flows and Required Capital will be impacted

## **Asset Management Risks: The New Game**





## Liquidity Risks: How to play the Game





#### Liquidity Risks:

- Not having enough cash to pay current liabilities (Liquidity Coverage Ratio-LCR)
- Having shorter terms to pay liabilities than to collect cash receivables (Net Stable Funding Rate-NSFR)

	Basel III Globa	Liquidity Standard	
1.	Liquidity Coverage Ratio (LCR)	Stock of high quality liquid assets	
11.70	(To be introduced as on January 1, 2015)	100% Total Net Cash out-flows over next 30 calendar days	
2.	Net Stable Funding Ratio (NSFR)	Available amount of stable funding	
	(To be introduced as on January 1, 2018)	100% Required amount of stable funding	

#### How to play:

- Negotiate funding from medium to long-term
- Negotiate amortization schedules with grace periods and long amortization intervals



## **Credit Risks: How to Play**



Assess Probability of Default:

Character: Your assessment and Credit Bureau Information

Capacity: Financial Analysis

Assess Loss Given Default

Collateral: Business and Assets appraisals

Futuristic evaluation

Continuous inspections to business and assets

Mark-to-market

Coverage	Credit bureau (% of adults)	Credit registry (% of adults)	
Number of firms	145,777	0	
Number of individuals	1,050,940	0	
Total	1,196,717	0	
Coverage	Credit bureau (% of adults)	Credit registry (% of adults)	
Total percentage of adult population	4.9	0.0	

Source: Doing Business database.

## Next Steps: Build your Game Strategy



Once complete your SWOT Analysis, revisit your Objectives

Define your strategy in no more than 35 words: Be specific Set concrete goals in terms of values and time Align your resources and employees to work everyday towards goals and objectives

Fail fast

Learn fast from your failures and amend your direction

Constantly evaluate your performance



## Thank you

If you have any question or for copy of this presentation please contact: rcastillotriana@thealtagroup.com