

LEASING



**Leasing market in Slovakia in 2020
and for the first half of 2021**

Association of Leasing Companies of the Slovak Republic

was founded on October 20, 1992. Association of Leasing Companies has a total of **33 members**, of this:
Full members: 24, Associate members: 9



Bodies of the Association of Leasing Companies

- **Board of Directors, 7 members,** president Richard Daubner
- **Committee on Legislation**
- **Committee on Taxation and Accounting**
- **Committee on Statistics and Media**
- **Committee on Fraud Prevention and Registry**
- **Working Group on Digitization**
- **Secretary general** Richard Hollý

Cooperation

- Automotive Industry Association
- Association of Industrial Associations and Transport
- Association of Entrepreneurs of Slovakia
- Leaseurope
- Czech Leasing and Finance Association
- Slovak Banking Association
- Slovak Insurance Association

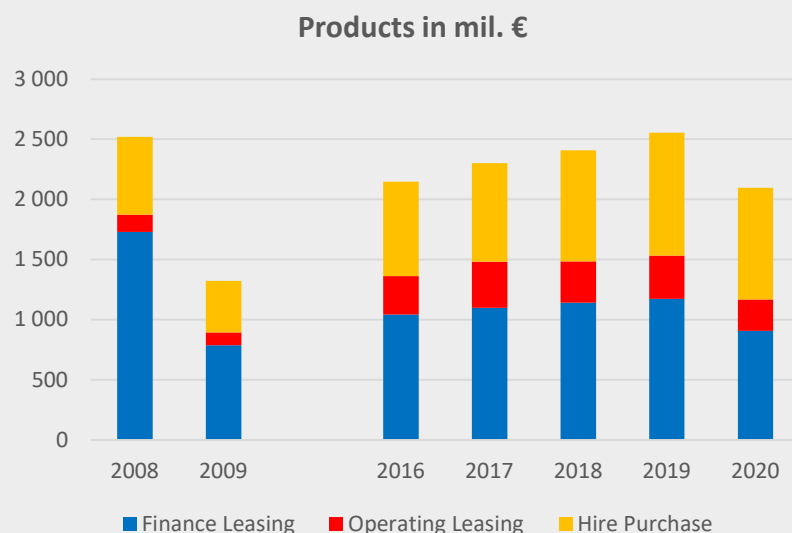
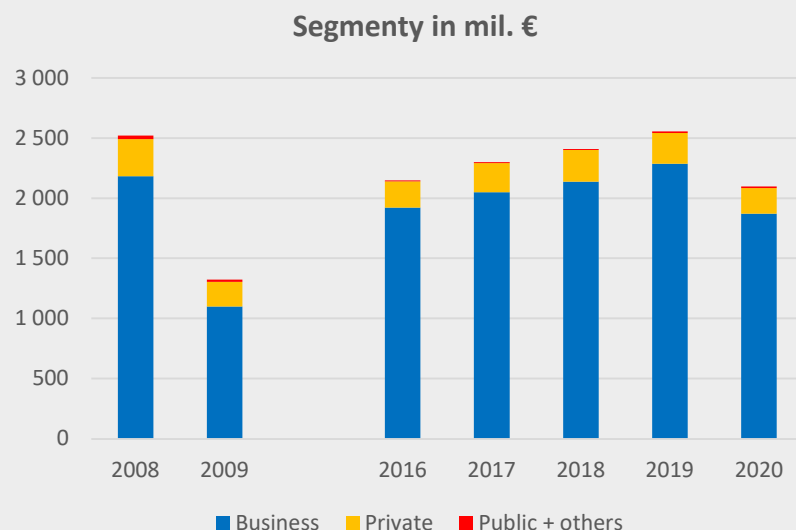


ALS accelerator of economic development

- **4.7 billion EUR** as at 31.12.2020 the volume of currently financed movable and immovable property *
- **2 out of 5** registered new passenger and commercial motor vehicles sold in the Slovak Republic were **financed by ALS members** in 2020 (together with VWFS it is every other car)
- **3 out of 4** registered **new** trucks were **financed by ALS members** in 2020
- **37%** of business investments in development are financed by ALS members

* includes the fact for 2020 and the estimate for VWFS

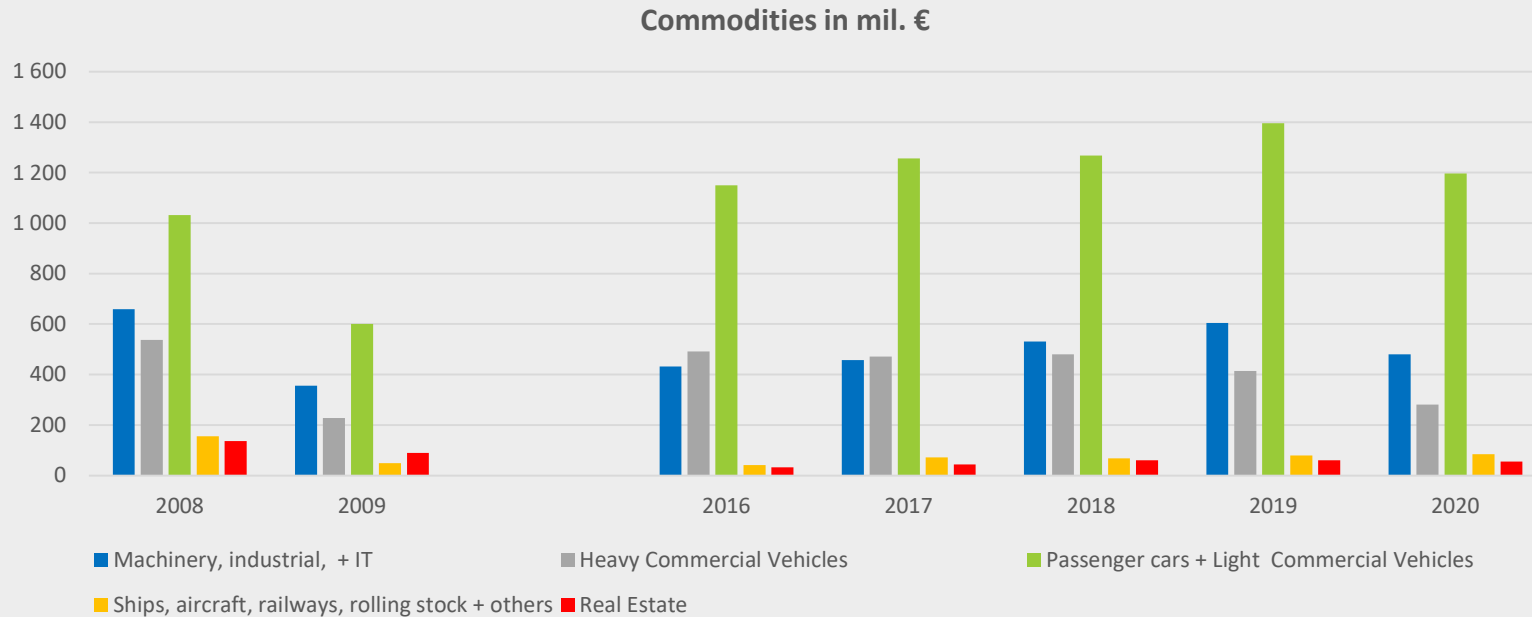
Development of the leasing market in 2020 *



- The leasing market in the year affected by Covid-19 fell at a rate of **-17.5% *** to a volume of **2.3 billion EUR ***, while the development in the individual months of the year ranged from a maximum of + 5% (in 1/20) to a minimum of -47% (in 4/20).
- The lowest drop in 2020 was in **passenger and commercial vehicles** with a decrease of **-14%** to a volume of **1.2 billion EUR**, the decrease in machinery and equipment was -20% and in trucks -32%.
- **In terms of business segments**, the development was different in services (-22%), industry (-15%) and farmers (-2%).
- **In terms of products**, the loan decreased the least (-9%) to a volume of 930 mil. Eur.

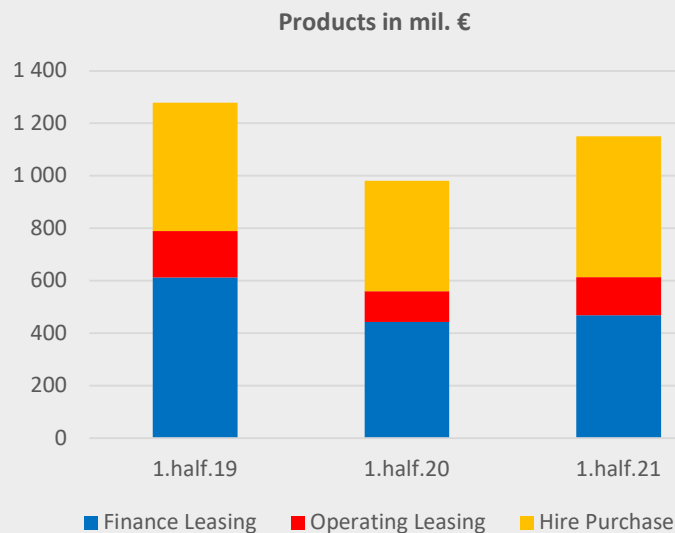
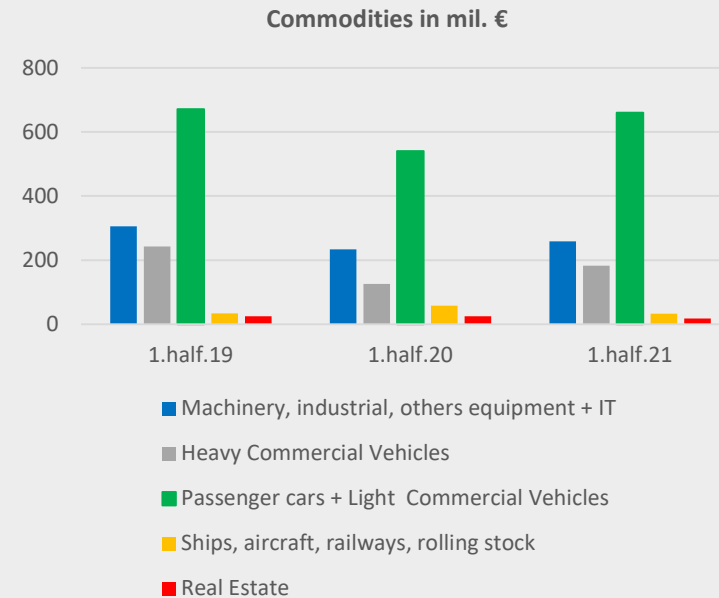
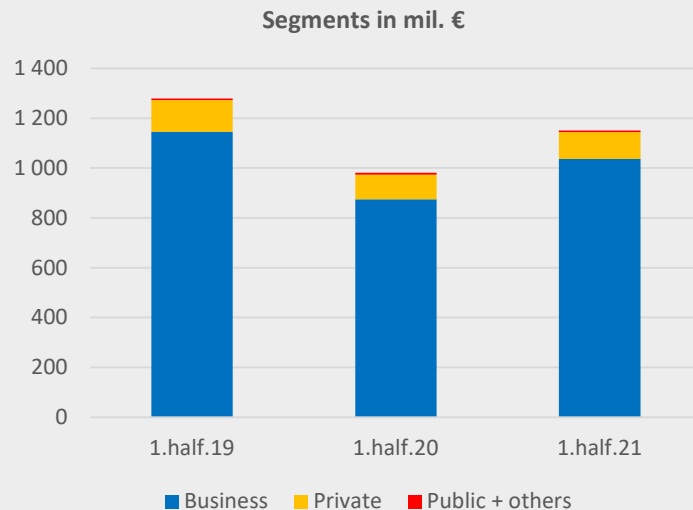
* includes the fact for 2020 and the estimate for VWFS

Development of the leasing market in 2020 *



- In 2020, the share of leasing companies' business in the financing of passenger and commercial vehicles, as well as ships, aircraft, railway vehicles and real estate, increased, to the detriment of the financing of trucks as well as machinery and equipment.
- * *Without VWFS results (data predictability is 90 %).*

Development of the leasing market in the first half of 2021



- The leasing market in the first half of 2021 grew at a rate of **+ 17.3%** to a volume of **1.2 billion EUR**, while the development in the individual months of the year ranged from a maximum of +72% (in 4/21) to a minimum of -27% (in 1/21).
- Of **commodities**, **trucks** had the highest increase in the first half of 2021 (+ 46%) to a volume of **182 mil. EUR**, the increase in passenger and commercial vehicles was + 22% and in machinery and equipment + 11%.
- From the **client segments**, the development was different for entrepreneurs (+ 19%), consumers (+ 11%) and in the public sector (- 26%).
- Of the **products**, the loan grew the most (+ 28%), closely followed by an operating lease (+ 23%) resp. financial leasing (+ 6%).

The activity of leasing companies in 2020 and expectations for the future

- **Assistance to clients of leasing companies with deferred payments**
 - ½ delays on the basis of legal measures
 - ½ delays beyond legal measures
 - Together for 2020, deferrals for 30+ thousand contracts and for clients with an exposure of 1+ billion Eur.
 - Active cooperation in the preparation of assistance projects for recreational bus operators
- **Continued fight against fraud**
 - In addition to the vehicle register, in 2020 the association also launched a register of funded machinery and equipment.
- **We expect investment growth** due to
 - Needs for constant modernization
 - Increasing digitization and innovation
 - Investing in green technologies (carbon neutrality)
- **We expect the decarbonisation of transport**
 - Increased use of vehicles with alternative propulsion
 - Next Generation Proposal to support alternative fuels together with ZAP and CESMAD
 - Elaboration of the Proposal for the support of emission-free and low-emission vehicles together with SEVA and ZAP

Currently open topics in legislation

- Proposal for a new EU Directive on **consumer credit** (operating leasing is to be consumer credit)
- Implementation of judgments of the European Court of Justice - **taxation of the result** of the final financial statement in the case of prematurely terminated leasing contracts with value added tax
- Proposal of the **Act on invoice** and sending data to the e-invoice system. Invoice data should be sent to the Tax Office before the invoice is issued.

Currently open topics Digitization and Green Mobility

In the field of digitization

- **it works:**
 - electronic communication with tax authorities
 - electronic communication with courts
- **does not work well:**
 - electronic registration and changes in vehicle registration
- **does not work at all:**
 - bank identity

Green Mobility

AVERAGE AGE OF THE EU VEHICLE FLEET

By country, in years / 2019

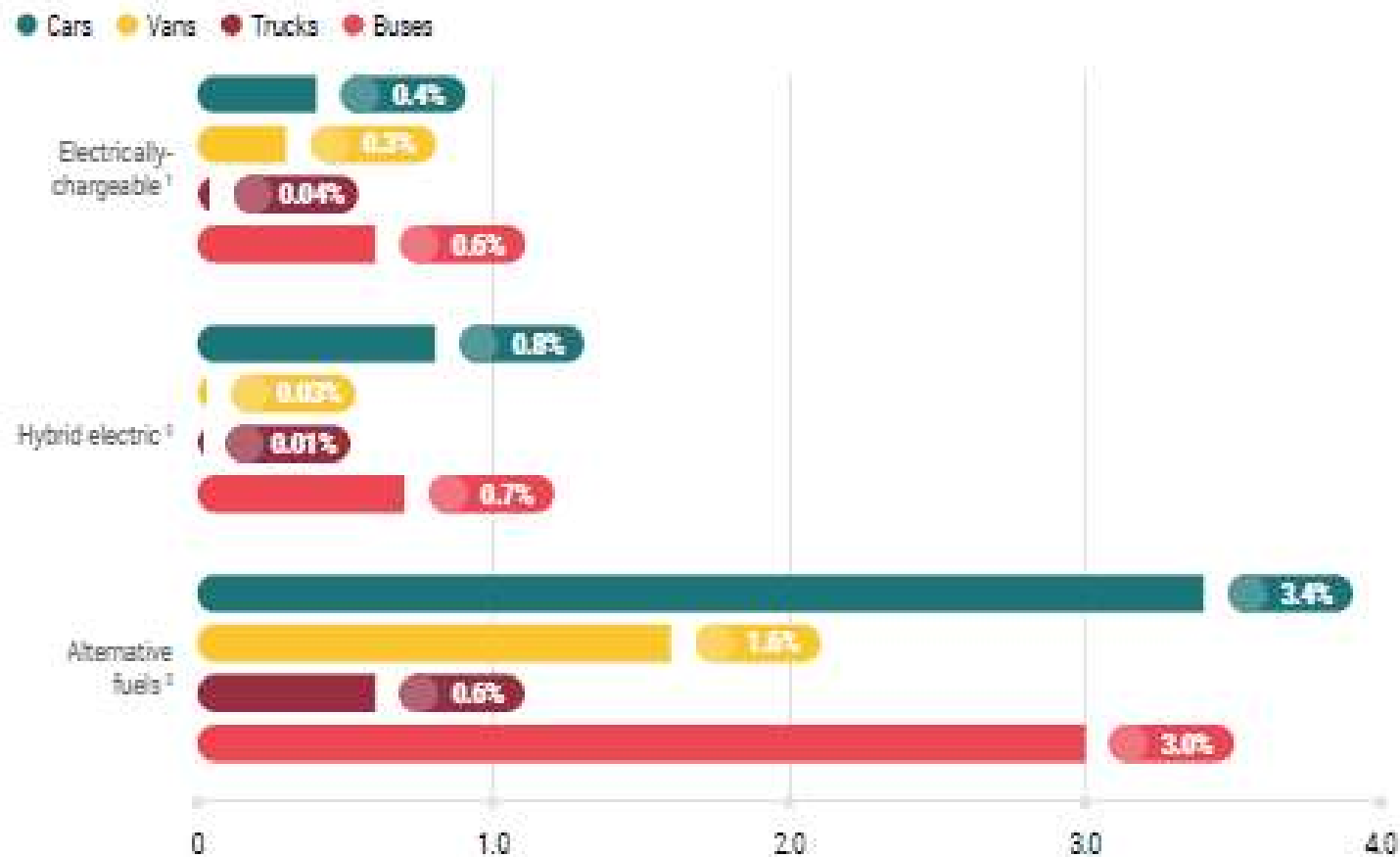


1. Light commercial vehicles up to 3.5t

2. Medium and heavy commercial vehicles over 3.5t

3. Buses and coaches over 3.5t

Cars in the EU are on average 11.5 years old



¹ Includes battery and plug-in hybrid electric vehicles

² Includes full and mild hybrids

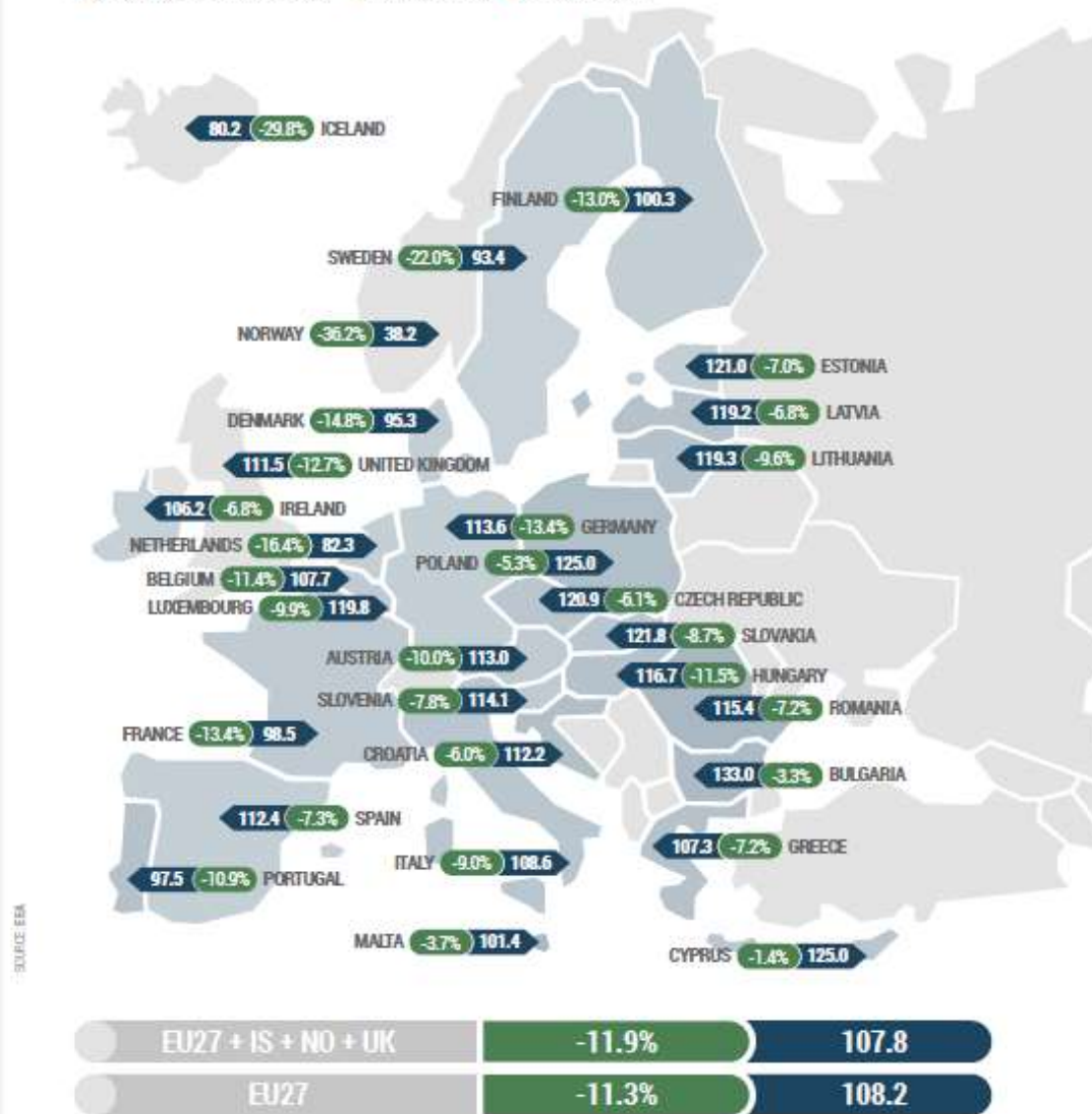
³ Includes natural gas and LPG vehicles

**0.4% of all passenger cars on EU roads
are electrically-chargeable**

CO2 EMISSIONS OF NEW CARS BY COUNTRY

In g CO2/km / 2020¹

● 2020 average emissions (g CO2/km) ● - % change 20/19 ● + % change 20/19



1. Provisional figures

The average new car in the EU emits 108.2g CO2/km

Emissions of new registrations in Slovakia

Last scheme available in 2019 for BEVs and PHEVs only

- Total amount of 5MEUR (8000EUR/BEV, 5000EUR/PHEV):
- Applied for in 3m:41s on 689 BEVs and 97 PHEVs;
- Recorded applications for 4000 vehicles in first 3 hours (before stop for further applications)

2020 and 2021 without schemes but with increase of BEV and PHEV sales

- 2020 with effect of 2019 scheme BEVs 1.2% and PHEVs 1.1%
- 2021 without scheme effect BEVs 1.2% and PHEVs 1.5%

Average CO2 emissions of new registrations of passenger vehicles:

Slovakia NEDC / WLTP:		
2019:	133 g/km	/ N/A
2020:	124 g/km	/ 148 g/km
2021 1-6:	132 g/km	/ 143 g/km

Europe NEDC:

2019: 122 g/km
2020: 108 g/km

2021: data not yet available

2021 development in Slovakia:

- NEW ENERGY VEHICLES NOT SUPPORTED
- HIGH EMISSION VEHICLES WITHOUT TAX / FEES
- NEDC vs WLTP: WLTP with more prudent methodology, on the other hand favors mild-hybrid and hybrid vehicles
- AUTOMOTIVE FACING LACK OF CHIPS – one can buy only what is available on stock and that will determine second half of 2021

Leasing towards sustainability

Proposal of Leasing and associations to SK government:

- **Support BEV, FCEV, PHEV** and especially those with CO2 emissions below 50g/km
- **Support wallbox purchase**
- **Schemes of support** – proposed with aim to bring TCO for companies close to combustion engine vehicles:

Initial / Short term measures

(immediate and/or one-off impacts):

- PCV+BUS Purchase price subsidy
- Charging stations (electricity) and filling stations (H2) construction cost subsidy

Usage based / Long term measures

(recurring impact):

- PCV Annual contribution based on mileage in first four years to motivate those who drive more
- Introduce tax reliefs for employees choosing NEV as benefit car

Company tax reliefs:

- Depreciated amount higher than purchase price or cancel depreciable max limit
- Company income tax fixed deductible item per each vehicle purchased
- VAT tax relief on share of cost allocated to private use of benefit cars
- Impose energy/utility companies to introduce metering and tariff for charging benefit cars at home, thereby enabling these cost to be born by employer and be tax deductible from company income tax (similar as fossil fuel cost)



Cooperation of
leasing
associations

Thank you for the invitation

We look forward to the next meeting