

Equipment Finance Quarterly Update: 2025 First Quarter



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Capital Raising
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Welcome to the quarterly update for the Equipment Finance industry. Colonnade is a leading financial advisor to the Equipment Finance industry, having advised on several M&A transactions in recent years. This report analyzes data from the first quarter of 2025 and highlights recent transactions.

The Equipment Finance industry covers a variety of businesses that provide lease financing solutions collateralized by equipment. Our quarterly update focuses on commercial equipment finance within the U.S.

We maintain relationships with major industry operators and owners and provide this commentary to our readers to track relevant industry news based primarily on those public banks that report segment results for their equipment finance groups.

OUR QUARTERLY UPDATE COVERS:

- 1 Market Trends
- 2 Financial Results From Select Public Companies
- 3 Recent Transactions
- 4 Federal Funds Rate
- 5 Outlook

1 MARKET TRENDS

According to the Equipment Leasing and Finance Association (ELFA), the equipment finance industry is valued at \$1 trillion. ELFA's monthly survey of 25 industry participants provides key performance metrics on economic activity within the sector. Colonnade tracks this data and reports on certain highlights within our quarterly reports. The metrics below are quarterly figures based on ELFA's monthly survey:

ELFA: SURVEY OF EQUIPMENT FINANCE ACTIVITY HIGHLIGHTS

	Q1 2025	Q/Q CHANGE	Y/Y CHANGE
NEW BUSINESS VOLUME ¹	\$29.4 Billion	(8.9%)	(1.0%)
NET CHARGE-OFFS ²	6.4%	0.8%	0.8%
CREDIT APPROVALS ³	75.8%	1.8%	(0.7%)

NEW BUSINESS VOLUME DECLINES

New business volume totaled \$29.4 billion in Q1 2025, down 8.9% from the prior quarter as demand normalized after a strong year-end push, with modest sequential gains in February and March partially offsetting a steep January decline.

CHARGE-OFFS CONTINUE CLIMB

Charge-offs trended higher through the quarter, reaching 6.4%, likely reflecting increased credit stress as a result of economic uncertainty.⁴

CREDIT APPROVALS STABLE

Credit approval rates reached 75.8%, representing a 1.8% increase from Q4 2024. This steadiness suggests cautious optimism among lenders, balancing the need to support equipment financing demand with prudent risk management.

¹Seasonally adjusted

²Annualized sum of ELFA-reported monthly charge off percentages

³Weighted average based on new business volumes

⁴ELFA CapEx Financial Index

2 FINANCIAL RESULTS FROM SELECT PUBLIC COMPANIES

Of the largest equipment financing companies, only a select few public companies report their outstanding leases independent of their commercial financing divisions. We track quarterly data for these companies to highlight market trends.

COMPANY	OUTSTANDINGS ¹	Q/Q CHANGE	Y/Y CHANGE
 PNC	\$6,732.0	(0.3%)	4.2%
 KeyBank	\$2,010.0	(1.3%)	(25.1%)
 customers bank	\$492.7	3.2%	19.3%
 Peoples BANK	\$395.5	(2.7%)	(6.4%)
 WINTRUST	\$280.5	0.8%	(1.1%)
 pathward	\$134.9	(2.5%)	(20.0%)
AGGREGATE REPORTED ²		0.2%	1.2%

¹\$ in millions

²Excluding PNC and KeyBank

COMMENTARY

Excluding PNC and KeyBank, the group of public companies saw a 20 basis point increase in outstandings quarter-over-quarter and a 1.2 percentage point gain year-over-year. Performance was varied across institutions: Customers Bank and WinTrust reported quarterly growth, while Pathward and Peoples Bank experienced declines that offset the group's overall expansion.

Following a record surge in bank originations in December 2024, equipment finance activity from banks dropped in January and ticked back up moderately through the remainder of Q1.¹

Executives from leading equipment finance companies were apprehensive, yet confident about the outlook for 2025, citing concerns over potential tariffs and broader economic uncertainty:



“Industry new business volume [...] was very strong in March, which may represent a pull-forward of equipment orders ahead of tariffs going into effect. As some clients are cautious due to economic uncertainty, the equipment leasing and finance industry will continue to play a key role in helping organizations navigate their changing environment.”

*-Alan Sikora, CEO,
First American Equipment Finance*



“KeyBank remains optimistic as credit quality continues well within historical norms, capital is abundant and the desire for earning assets is strong. We are also encouraged to see a significant rebound from Key Equipment Finance clients in equipment financing demand compared to last year at this time. At the same time, we remain vigilant of the potential impact of new tariffs and general economic uncertainty on capital spending.”

*-Peter Bullen, EVP & Group Head,
Key Equipment Finance*

¹ELFA CapEx Financial Index

3 RECENT TRANSACTIONS

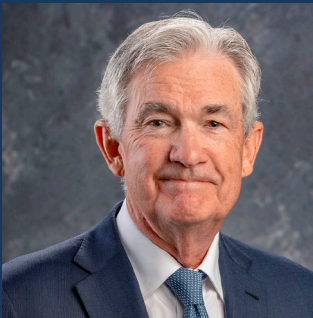
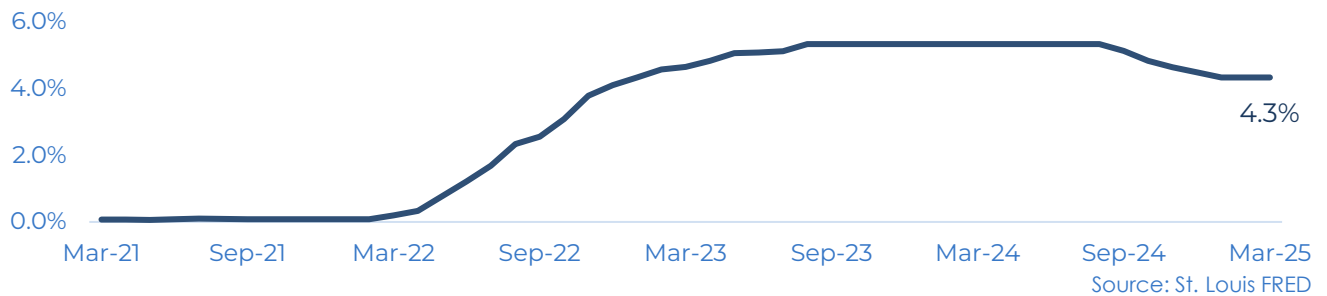
M&A DEALS IN EQUIPMENT FINANCE

In Q1 2025, M&A activity in the equipment finance industry slowed, with only three significant transactions closing. The acquisition of experienced personnel was a central element of deal rationale, enabling firms to capitalize on established client relationships and strengthen service capabilities. As market uncertainty resolves and interest rates begin to decline later in the year, a pickup in M&A activity is anticipated.

	TARGET	BUYER
March 2025	MACQUARIE EQUIPMENT FINANCE LEASE PORTFOLIO	CCA FINANCIAL
January 2025	MAYO & ASSOCIATES	LEASE CANADA ROLLUP
January 2025	HONOUR CAPITAL EQUIPMENT FINANCE	DEXT CAPITAL (SIGHTWAY CAPITAL)
December 2024	MERIDIAN LEASING CORPORATION	CHG-MERIDIAN
November 2024	TAYCOR FINANCIAL	NORTH MILL EQUIPMENT FINANCE (WAFRA CAPITAL PARTNERS)
November 2024	AIR TRANSPORT SERVICES GROUP, INC	STONEPEAK
October 2024	TEN OAKS COMMERCIAL CAPITAL	KAPITUS
October 2024	ACCORD EQUIPMENT FINANCE	ROSENTHAL & ROSENTHAL
October 2024	XS FINANCIAL	MAVIK CAPITAL MANAGEMENT
August 2024	AXIS EQUIPMENT FINANCE	ARMADA CREDIT GROUP
August 2024	VAULT CREDIT SOLUTIONS	HB LEASECO HOLDINGS
May 2024	LEASEQ	CENTRA FUNDING (CV HOLDINGS)
April 2024	OAKMONT CAPITAL SERVICES	JA MITSUI LEASING
June 2023	STRIDE CAPITAL CORP. (Calgary-based)	SERVUS CREDIT UNION

4 FEDERAL FUNDS RATE

In March, the Federal Reserve opted to hold the federal funds rate steady within its target range of 4.25% to 4.50%, signaling a measured stance considering persistent macroeconomic headwinds. The decision underscores the Fed's prudence as it navigates evolving inflation dynamics, including the prospective impact of newly imposed tariffs and shifting fiscal policies.



Jerome Powell
Federal Reserve Chairman

March 2025 Press
Conference

"Looking ahead, the new Administration is in the process of implementing significant policy changes in four distinct areas: trade, immigration, fiscal policy, and regulation. It is the net effect of these policy changes that will matter for the economy and for the path of monetary policy. While there have been recent developments in some of these areas, especially trade policy, uncertainty around the changes and their likely effects remains high. As we parse the incoming information, we are focused on separating the signal from the noise as the outlook evolves. We do not need to be in a hurry, and are well positioned to wait for greater clarity."

The equipment finance industry remains cautious, as lingering inflationary pressures and the uncertain effects of recent trade tariffs could influence future rate policy and dampen business sentiment. Lenders are expected to maintain disciplined underwriting standards, balancing growth opportunities with risk management amid this wait-and-see monetary environment.¹

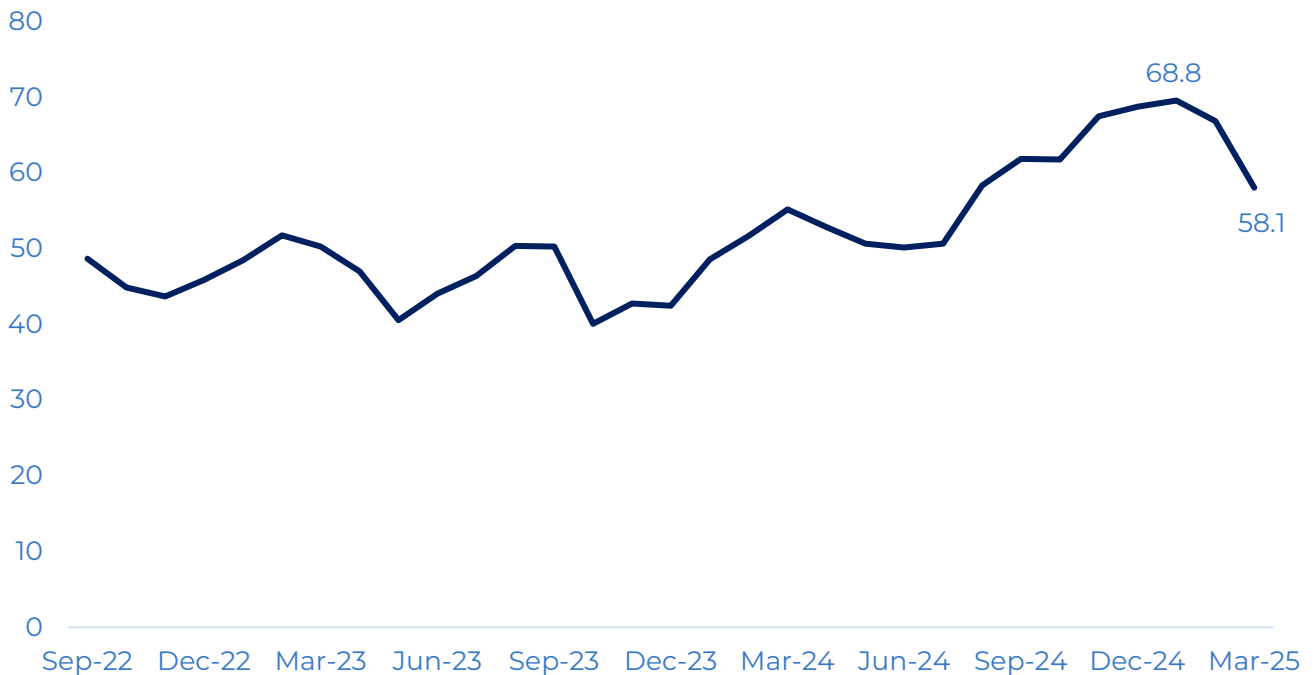
¹ELFA CapEx Financial Index

5 OUTLOOK

The equipment finance industry enters the second quarter of 2025 with growing caution, as confidence among industry executives declined throughout Q1. Although credit approvals remained stable and new business volume showed incremental gains in February and March, the quarter overall saw an 8.9% decline, largely driven by a steep drop in January. Rising charge-offs, persistent inflationary pressures, and the potential impact of newly implemented tariffs have heightened risk sensitivity across the market. While some anticipate a potential recovery later in the year should monetary policy ease, near-term sentiment suggests a more reserved outlook, with origination activity and M&A volumes likely to remain subdued until macroeconomic conditions improve.

The ELFA Monthly Confidence Index, a qualitative measure of industry sentiment, experienced a notable decline in early 2025, indicating increasing apprehension among industry executives regarding future business conditions.

ELFA MONTHLY CONFIDENCE INDEX



CONCLUSION

In recent years, Colonnade has served as the sell-side or buy-side M&A Advisor in a multitude of important equipment finance transactions. These complex transactions require an investment banking team with a wealth of industry knowledge, insider-level mastery, a deep understanding of competitive positioning, and a robust network of buyer relationships. If you own an equipment finance company or are a potential buyer, please contact us, we are happy to be a resource to you as you think through your next steps.

COLONNADE IS A LEADING ADVISOR TO THE FINANCIAL SERVICES INDUSTRY

 <p><i>acquired</i></p>  <p>COLONNADE</p>	 <p><i>was sold to</i></p>  <p>COLONNADE</p>	 <p><i>was sold to</i></p> <p>COPLEY EQUITY PARTNERS</p> <p>COLONNADE</p>	 <p><i>raised capital from</i></p>  <p>COLONNADE</p>
 <p><i>was sold to</i></p>  <p>COLONNADE</p>	 <p><i>was sold to</i></p>  <p>COLONNADE</p>	 <p><i>was sold to</i></p>  <p>COLONNADE</p>	 <p><i>was sold to</i></p>  <p>COLONNADE</p>

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This advertisement was prepared May 2025. It is not investment advice, and Colonnade undertakes no obligation to update the information contained herein.

Sources: SEC filings, Company Earnings Calls, Equipment Leasing and Finance Foundation (ELFA), St. Louis FRED, Federal Reserve

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