



Equipment Finance Quarterly Update: 2025 Second 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 second 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

	Q2 2025	Q/Q CHANGE	Y/Y CHANGE
NEW BUSINESS VOLUME ¹	\$29.9 Billion	1.7%	(1.5%)
NET CHARGE-OFFS ²	5.4%	(1.0%)	0.6%
CREDIT APPROVALS ³	77.1%	1.7%	2.7%

NEW BUSINESS VOLUME INCREASES

New business volume totaled \$29.9 billion in Q2 2025, up 1.7% from the previous quarter, despite volatility in equipment demand due to tariff uncertainty. Banks in particular saw a pullback in new business volume during Q2, following strong growth in Q1.

CHARGE-OFFS FALL

Charge-offs fell one full percentage point to 5.4%, showing the industry's resilience in the face of trade policy uncertainty.⁴

CREDIT APPROVALS REACH TWO-YEAR HIGH

Credit approval rates climbed to their highest levels in over two years this quarter, reaching 77.1%, indicating lenders have maintained confidence in obligor quality despite inconsistent demand.

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	\$6,928.0	2.9%	5.7%
 KeyBank	\$2,032.0	1.1%	(10.3%)
 customers bank	\$498.4	1.1%	18.6%
 Peoples BANK	\$400.1	1.2%	(7.1%)
 WINTRUST	\$289.8	3.3%	5.2%
 pathward	\$134.2	(0.5%)	(13.4%)
AGGREGATE REPORTED ²		1.5%	3.2%

¹\$ in millions

²Excluding PNC and KeyBank

COMMENTARY

Excluding PNC and KeyBank, the group of publicly traded companies reported a 1.5% quarter-over-quarter increase in outstandings, in line with the industry as a whole, following months of declining market share.

Executives from leading equipment finance companies expressed cautious optimism about the remainder of 2025, highlighting solid year-to-date performance while acknowledging that trade policy uncertainty and shifting economic conditions could challenge momentum in the months ahead:



FIFTH THIRD

"New business activity has been strong for our equipment finance business this year and up significantly from the first five months of 2024 as economic fundamentals that we favor—labor market strength, moderating inflation, easing monetary policy, strong corporate earnings—remain resilient. However, we suspect these fundamentals will deteriorate until a clear path forward for global trade is agreed upon by policymakers and businesses alike, and may present headwinds for equipment financing activity in the second half of the year."

- David Drury, SVP and Head of Commercial Specialty Lending,
Fifth Third Bank, National Association



"The latest CFI survey shows an easing in equipment demand and a moderate rise in losses, but delinquencies retreated. Volatility across many indicators is up in 2025, so I'm not taking too much signal from one month of data. Still, we'll be watching the incoming data closely this summer to see if trade policy uncertainty is finally beginning to weigh on equipment and software demand. Even if a slowdown materializes over the next few quarters, our sector is well positioned to handle the turbulence. The drop in the delinquency rate and the relatively low level of losses show that financial conditions remain healthy, providing a buffer against an economic downshift."

- Leigh Lytle, President and CEO
ELFA

3 RECENT TRANSACTIONS

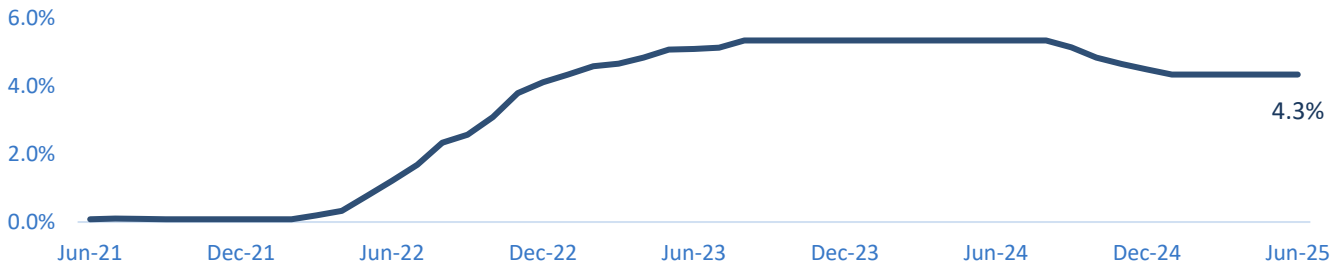
M&A DEALS IN EQUIPMENT FINANCE

In Q2 2025, M&A activity in the equipment finance industry remained muted, with two notable deals closing. North Mill Equipment Finance made its third acquisition under InterVest with the purchase of Pawnee Leasing, and Onset Financial acquired Channel, adding small-ticket capabilities to complement its mostly mid- and large-ticket platform. Greater trade policy clarity and eventual rate cuts could set the stage for more M&A activity later in the year.

	TARGET	BUYER
April 2025	CHANNEL	ONSET FINANCIAL
April 2025	PAWNEE LEASING	NORTH MILL EQUIPMENT FINANCE (INTERVEST CAPITAL PARTNERS)
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 (INTERVEST 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
October 2024	AQUILA AIR CAPITAL	WAFRA
August 2024	AXIS EQUIPMENT FINANCE	ARMADA CREDIT GROUP
August 2024	VAULT CREDIT SOLUTIONS	HB LEASECO HOLDINGS

4 FEDERAL FUNDS RATE¹

In its June meeting, the Federal Reserve held the federal funds rate at a target range of 4.25% to 4.50%, continuing its cautious stance as it monitors the impact of tariffs and other uncertainties. The Fed's decision reflects a desire to avoid prematurely cutting rates while supply-side price pressures, especially from tariffs, work their way through the economy.



Source: St. Louis FRED



Jerome Powell
Federal Reserve Chairman

June 2025 Press
Conference

“Private domestic final purchases, or PDFP, as we call them—which excludes net exports, inventory investment, and government spending—grew at a solid 2.5 percent rate. Within PDFP, growth of consumer spending moderated, while investment in equipment and intangibles rebounded from weakness in the fourth quarter. Surveys of households and businesses, however, report a decline in sentiment over recent months and elevated uncertainty about the economic outlook, largely reflecting trade policy concerns. It remains to be seen how these developments might affect future spending and investment.”

For the equipment finance industry, this pause means borrowing costs will remain elevated, sustaining pressure on both customers and lessors. While some relief is expected later in the year if inflation risks diminish, the Fed's “wait-and-see” posture underscores the likelihood of only gradual rate reductions. As a result, demand will stay sensitive to rate levels, reinforcing the importance of disciplined underwriting and flexible financing structures.

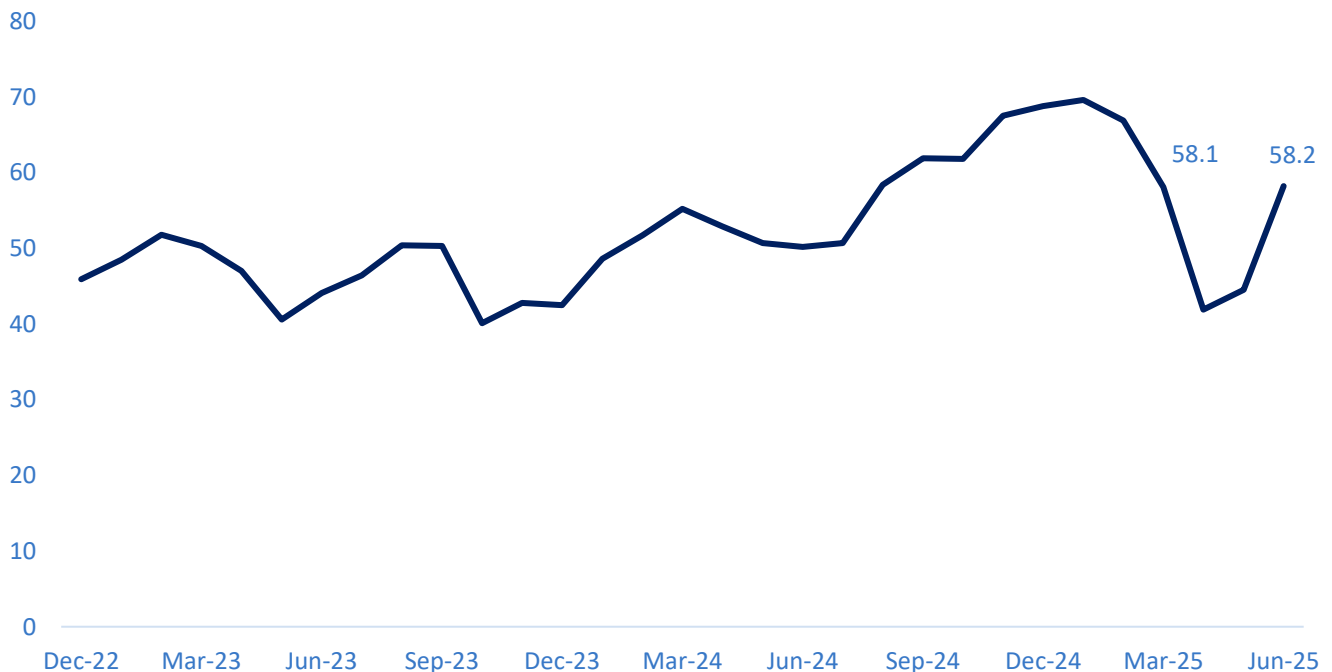
¹FOMC Press Conference, June 2025

5 OUTLOOK

The second quarter saw a mixed performance in the equipment finance industry. According to ELFA's CapEx Finance Index, new business volumes rose in May after a dip in April but then eased again in June. Despite this volatility, volumes remain near historical averages, and the industry has not suffered sharp deterioration. Financial conditions across the sector have remained healthy: delinquency rates have mostly stabilized, credit approval rates are still elevated, and losses remain contained.

The ELFA Monthly Confidence Index, a qualitative measure of industry sentiment, fell sharply at the start of Q2 as equipment finance companies anticipated lower demand for equipment due to tariff policies. Later in the quarter, the index rebounded as executives grew more confident as demand for equipment persisted despite ongoing trade policy risks.

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 September 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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