

Equipment Finance Quarterly Update: 2025 Third Quarter



Mergers & Acquisitions
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 third 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 \$1.3 trillion. ELFA's monthly survey of 15 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

	Q3 2025	Q/Q CHANGE	Y/Y CHANGE
NEW BUSINESS VOLUME ¹	\$30.4 Billion	1.7%	(0.8%)
NET CHARGE-OFFS ²	6.3%	0.9%	1.0%
CREDIT APPROVALS ³	78.7%	2.1%	3.7%

NEW BUSINESS VOLUME SHOWS MODEST GROWTH

New business volume grew to \$30.4 billion in Q3 2025, increasing 1.7% quarter-over-quarter but declining 0.8% year-over-year. Banks continued to regain market share from independents after reducing their originations in 2024, while captives remained flat.

CHARGE-OFFS RISE

Net charge-offs increased to 6.3% in Q3, despite delinquency and loss rates for small-ticket loans remaining near their 2025 lows. Mid- and large-ticket delinquency rates and charge-offs drove an increase in losses across all three lender types.

CREDIT APPROVALS CONTINUE TO CLIMB

The average credit approval rate increased to 78.7% in Q3. On a monthly basis, September saw the highest average credit approval rate since 2016.

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	\$6,898.0	(0.4%)	2.6%
 KeyBank	\$1,825.0	1.2%	(1.5%)
 customers bank	\$531.5	6.6%	17.0%
 Peoples BANK	\$382.8	(4.3%)	(11.6%)
 WINTRUST	\$301.0	3.9%	11.4%
 pathward	\$149.2	11.2%	(1.9%)
AGGREGATE REPORTED³		3.2%	4.2%

¹\$ in millions

²Rates adjusted for reclassification of certain loans in accordance with NAICS

³Excluding PNC and KeyBank

COMMENTARY

Excluding PNC and KeyBank, the group of publicly traded companies reported outstandings growth of 3.2% quarter-over-quarter and 4.2% year-over-year. Notably, Pathward posted a quarterly increase in outstandings for the first time since Q4 2023. Elsewhere, results were mixed, but the aggregate increase reflects higher credit approval rates supporting portfolio growth.

Executives from leading equipment finance companies expressed optimism, citing steady origination momentum, improving financial conditions, and an easing rate environment:



“Despite a dynamic economic landscape, the equipment finance sector continues to show resilience and adaptability. August’s uptick in new business volume and the highest credit approval rate in two years signal strong underlying demand and confidence. As we look ahead, I’m encouraged by the steady momentum and the industry’s readiness to support businesses in acquiring the tools they need to grow.”

- Martin Golobic, CEO,
GreatAmerica Financial Services



“Despite the government shutdown’s delay of key economic data, our latest CFI data indicates that equipment demand was strong at the end of the third quarter. The current pace of new business volumes has put the industry on track for one of its best years ever. And financial conditions remain healthy. Delinquency and loss rates fell in the latest data and remain consistent with a sector that is unfazed by the turmoil of 2025. With the Fed resuming its easing cycle, I expect demand to remain strong and financial conditions to improve further. That will give the equipment finance industry a lot of momentum heading into 2026.”

- Leigh Lytle, President and CEO
ELFA

3 RECENT TRANSACTIONS

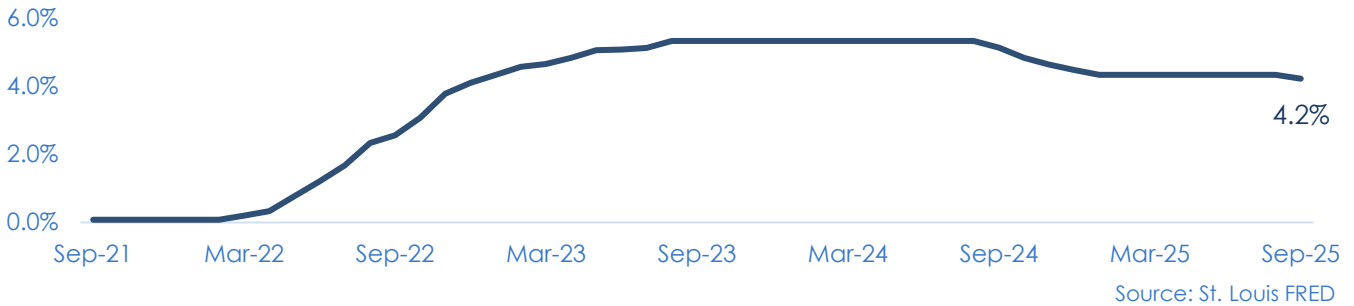
M&A DEALS IN EQUIPMENT FINANCE

In Q3 2025, two notable equipment finance transactions were announced. North Mill Equipment Finance will acquire the equipment finance portfolio of Midland States Bank, its fourth acquisition under the ownership of InterVest. Additionally, Axos Bank is set to acquire Verdant Commercial Capital from Orchard Holdings.

	TARGET	BUYER
August 2025	MIDLAND STATES BANK EQUIPMENT FINANCE PORTFOLIO	NORTH MILL EQUIPMENT FINANCE <i>(INTERVEST CAPITAL PARTNERS)</i>
August 2025	VERDANT COMMERCIAL CAPITAL	AXOS BANK <i>(NYSE: AX)</i>
April 2025	CHANNEL	ONSET FINANCIAL
April 2025	PAWNEE LEASING	NORTH MILL EQUIPMENT FINANCE <i>(INTERVEST CAPITAL PARTNERS)</i>
March 2025	MACQUARIE EQUIPMENT FINANCE LEASE PORTFOLIO	CCA FINANCIAL
January 2025	MAYO & ASSOCIATES	LEASE CANADA ROLLUP
January 2025	HONOUR CAPITAL EQUIPMENT FINANCE	DEXT CAPITAL <i>(SIGHTWAY CAPITAL)</i>
December 2024	MERIDIAN LEASING CORPORATION	CHG-MERIDIAN
November 2024	TAYCOR FINANCIAL	NORTH MILL EQUIPMENT FINANCE <i>(INTERVEST CAPITAL PARTNERS)</i>
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

4 FEDERAL FUNDS RATE¹

In its September meeting, the Federal Reserve reduced the federal funds rate to a target range of 4.00% to 4.25%. Federal Reserve Chair Jerome Powell noted that while overall economic growth has cooled, business capital spending has increased compared to last year:



“Recent indicators suggest that growth of economic activity has moderated. GDP rose at a pace of around 1½ percent in the first half of the year, down from 2.5 percent last year. The moderation in growth largely reflects a slowdown in consumer spending. In contrast, business investment in equipment and intangibles has picked up from last year’s pace.”



-Jerome Powell, Chairman
Federal Reserve (Sep. 2025)

In the same press conference, Powell noted that the “unusually large” levels of corporate investment are driven by the AI build-out, rather than a broad-based acceleration in capital spending. Since the majority of businesses have not increased capital investments, equipment finance applications remain flat with prior quarters. The Q3 growth in equipment finance volume was driven by an increase in credit approvals.

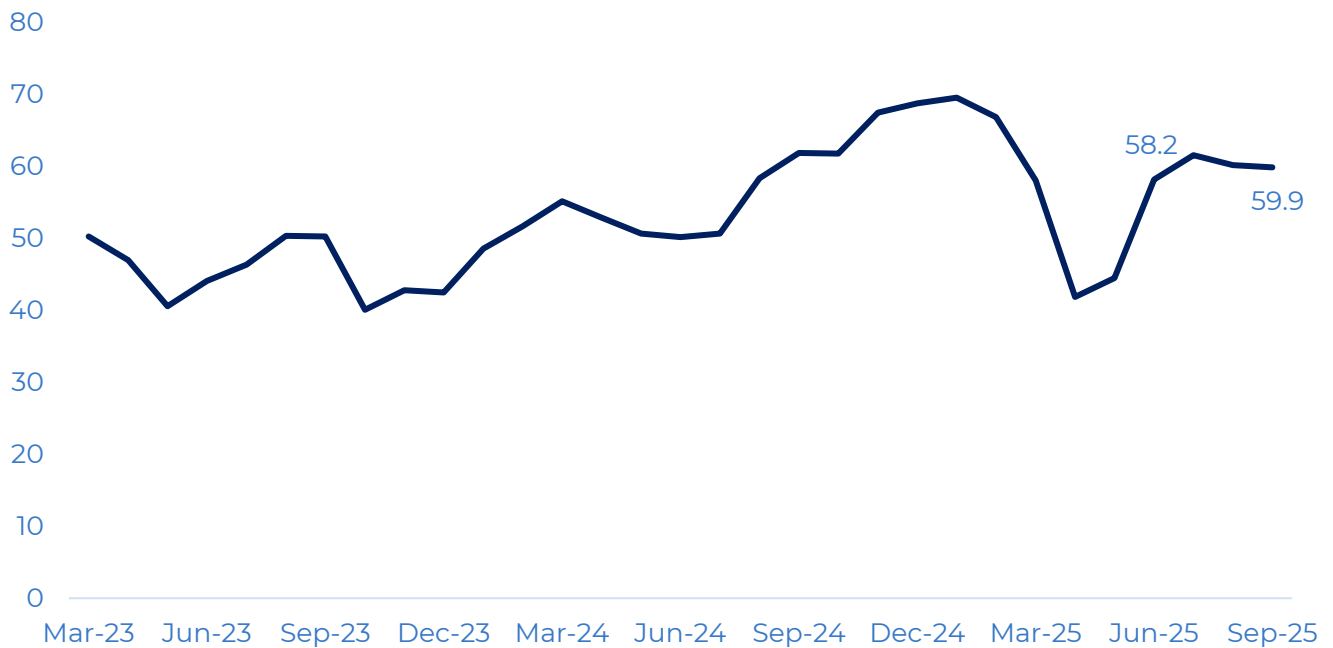
¹FOMC Press Conference, September 2025

5 OUTLOOK

The third quarter showed incremental strengthening rather than a broad acceleration in equipment finance activity. New business volumes increased modestly on a sequential basis, supported by bank-led origination growth in August and September, while higher credit approval rates underpinned portfolio expansion across the industry. Looking ahead, easing monetary policy and improving financial conditions provide a more supportive backdrop for equipment investment.

The ELFA Monthly Confidence Index, a qualitative measure of industry sentiment, lowered slightly but remained stable following the sharp rebound at the end of Q2, when industry sentiment recovered after earlier concerns related to potential tariff impacts.

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

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 <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 in December 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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