

Equipment Finance Quarterly Update: 2026 First Quarter



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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 fourth 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

	Q4 2025	Q/Q CHANGE	Y/Y CHANGE
NEW BUSINESS VOLUME ¹	\$31.4 Billion	3.3%	(2.7%)
NET CHARGE-OFFS ²	6.0%	(0.3%)	0.4%
CREDIT APPROVALS ³	78.4%	(0.4%)	5.3%

NEW BUSINESS VOLUME NEARS RECORD HIGH IN 2025

New business volume totaled \$31.4 billion in Q4 2025, representing a 3.3% increase quarter-over-quarter, though volumes declined 2.7% year-over-year. New business volume exceeded \$10 billion each month this quarter, contributing to 2025 finishing as the second highest year on record for equipment demand.

CHARGE-OFFS DECLINE

Net charge-offs decreased to 6.0% in Q4, although the average loss rate for small-ticket deals increased late in the quarter.

CREDIT APPROVALS DIP, BUT REMAIN HIGH

The average credit approval rate decreased to 78.4% in Q4 but remained near the decade high.

¹Seasonally adjusted

²Annualized sum of ELFA-reported monthly charge off percentages

³Weighted average based on new business volumes

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	\$7,175.0	4.0%	6.2%
 KeyBank	\$1,784.0	(2.2%)	(12.4%)
 customers bank	\$609.9	14.8%	27.7%
 Peoples BANK	\$365.6	(4.5%)	(10.1%)
 WINTRUST	\$360.6	19.8%	29.6%
 pathward	\$136.5	(8.5%)	(1.3%)
AGGREGATE REPORTED³		7.9%	13.2%

¹\$ in millions

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

³Excluding PNC and KeyBank

COMMENTARY

Excluding PNC and KeyBank, the remaining banks reported strong aggregate growth, with outstandings increasing 7.9% quarter-over-quarter and 13.2% year-over-year. Performance was led by Customers Bank and Wintrust, which posted double-digit growth on both a quarterly and annual basis, and offset by contractions in both the Peoples Bank and Pathward outstandings.

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



PEAPACK CAPITAL

A Subsidiary of Peapack Private Bank & Trust

“The business channels we serve have, without exception, experienced strong growth, and underlying credit quality in our diversified customer base is at an all-time high. Portfolio performance, after some bumps in the Covid years, is now exceptionally strong. Now is an excellent time for strong industry participants, especially bank subsidiaries with strong liquidity and a deep understanding of equipment finance, to grow assets and return excellent value and profits to their parent organization.”

- Anthony Perettine, President,
Peapack Capital



“December confirmed that 2025 was a year for the record books, with new business volumes closing the year on a tear. The data show that the equipment finance industry has not only weathered but thrived amid historic uncertainty. While we expect some volatility in 2026, all signs point to another year of strong demand and stable financial conditions—especially as markets anticipate additional rate cuts later this year.”

- Leigh Lytle, President and CEO
ELFA

3 RECENT TRANSACTIONS

M&A DEALS IN EQUIPMENT FINANCE

M&A activity in equipment finance continued to be driven by consolidation among independent lenders. SLIM Capital acquired Capital Finance Solutions to expand origination and vendor financing capabilities, while North Mill Equipment Finance closed its purchase of Midland States Bank's \$502 million equipment finance portfolio.

	TARGET	BUYER
November 2025	CAPITAL FINANCE SOLUTIONS	SLIM CAPITAL
November 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

4 FEDERAL FUNDS RATE¹

In its December meeting, the Federal Reserve lowered the federal funds rate by 25 basis points to a target range of 3.50%-3.75%. The Fed characterized overall economic activity as expanding at a moderate pace, with strength in consumer spending and business investment.



Source: St. Louis FRED



“Consumer spending appears to have remained solid, and business fixed investment has continued to expand. In contrast, activity in the housing sector remains weak. The temporary shutdown of the federal government has likely weighed on economic activity in the current quarter, but these effects should be mostly offset by higher growth next quarter, reflecting the reopening.”



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

Powell later noted that a meaningful share of business investment growth is being driven by spending on data centers and AI-related infrastructure, indicating that capital expenditures remain concentrated in specific areas of the economy. The Fed also described the economic drag from the federal government shutdown as temporary, with activity expected to normalize in coming quarters.

In its January 2026 meeting, the Fed left rates unchanged, citing elevated inflation and a stabilizing job market.

¹FOMC Press Conference, December 2025

5 OUTLOOK

Heading into 2026, the equipment finance sector appears well positioned for continued stability and measured growth. Industry leaders are expressing optimism around origination pipelines, credit quality remains sound, and approval rates are still elevated by historical standards. At the same time, easing monetary policy is helping to improve financing affordability, creating a favorable tailwind for equipment investment and supporting increased demand across the industry.

The ELFA Monthly Confidence Index, a qualitative measure of industry sentiment, remained steady through the end of the year. Survey respondents cited confidence in the improved interest rate environment heading into 2026.

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 in February 2026. 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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