Commercial Equipment Trends

Nirvana

… but Keep Your Head on a Swivel

CLFA National Conference
September 2017

Taking the Risk
Out of Small
Business Lending

www.paynet.com

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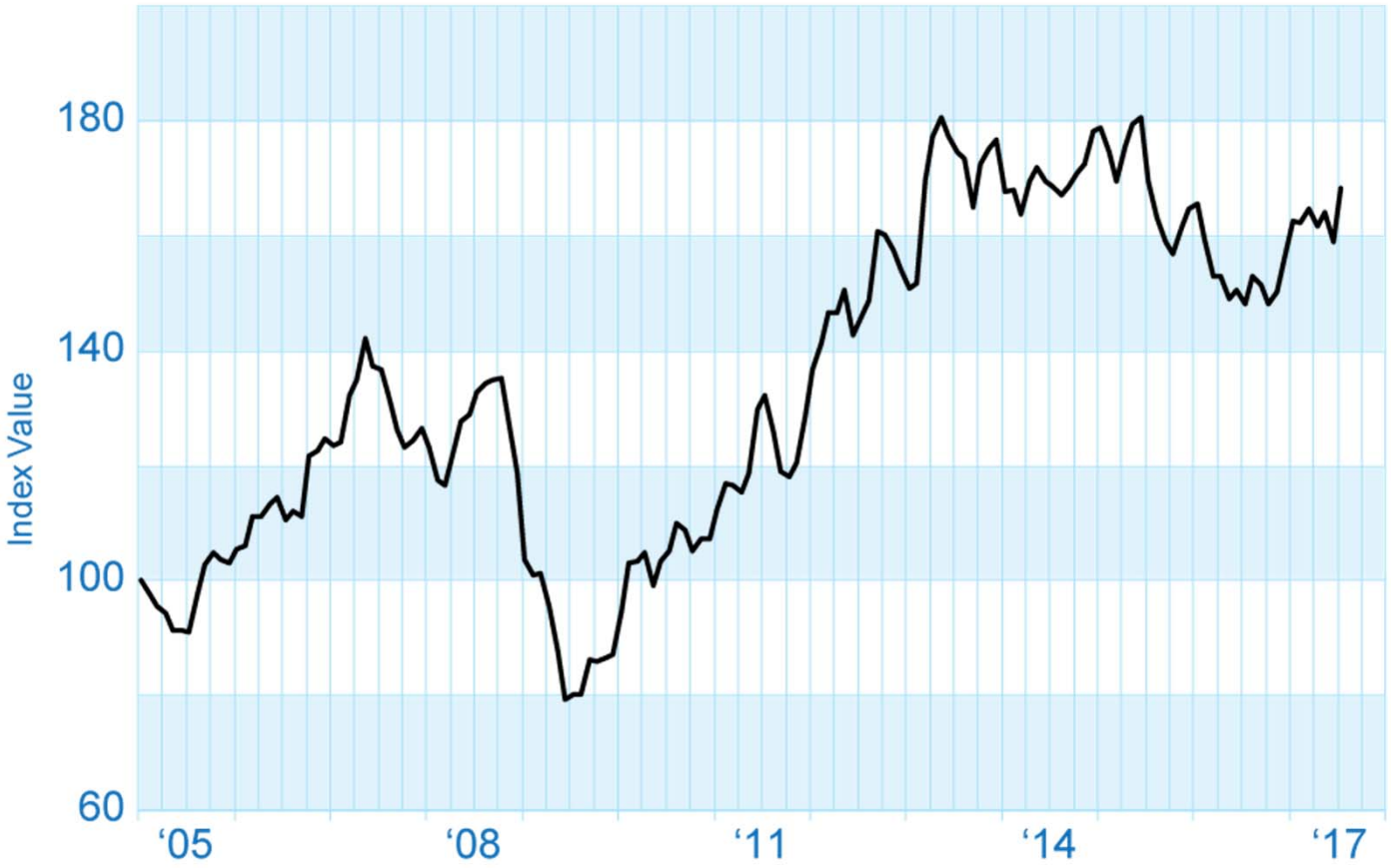
CFLA/PayNet Canadian Equipment Lending Index



Originations

▲ **14%** YoY

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PayNet Canadian Business Lending Indices

PayNet Canadian Medium Business Lending Index

▲ **14%** YoY

PayNet Canadian Small Business Lending Index

▲ **6%** YoY

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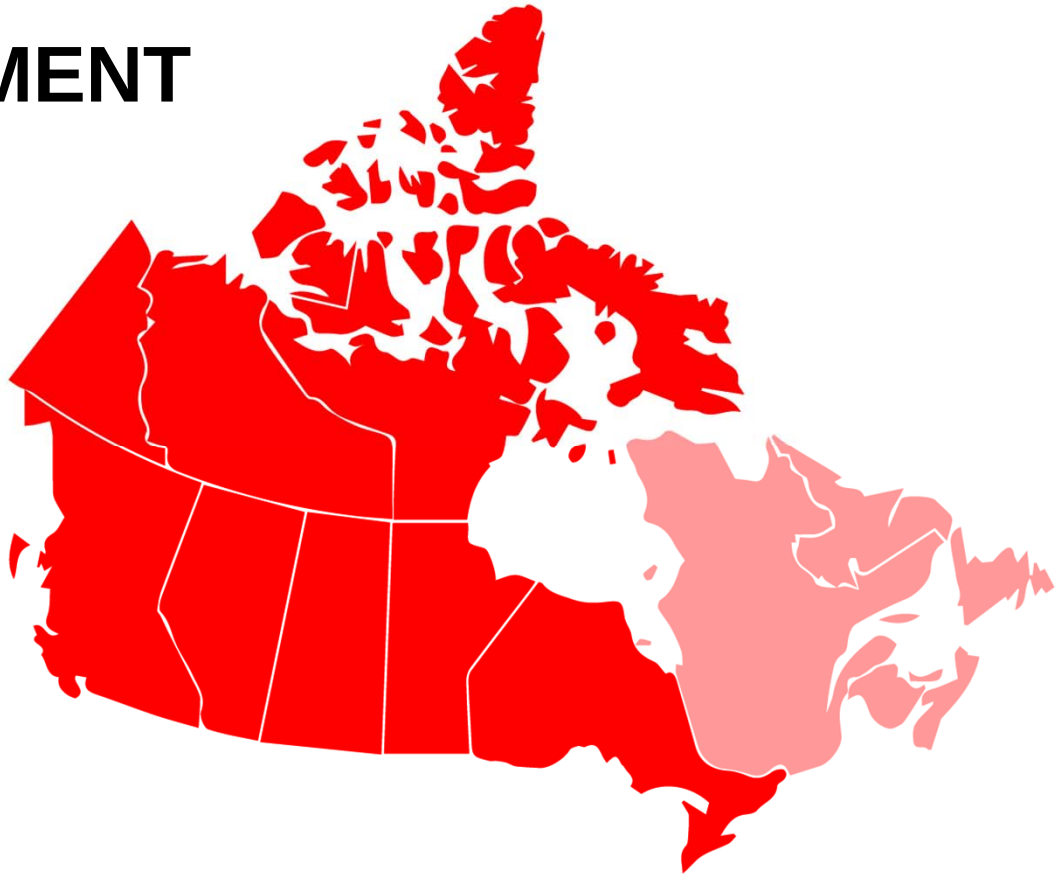
Growth Everywhere … Except Atlantic Canada

ACCELERATING INVESTMENT
is growing the
Canadian economy

CFLA INDEX +14%

Powering Growth:

- Transportation
- Construction
- Retail
- Other



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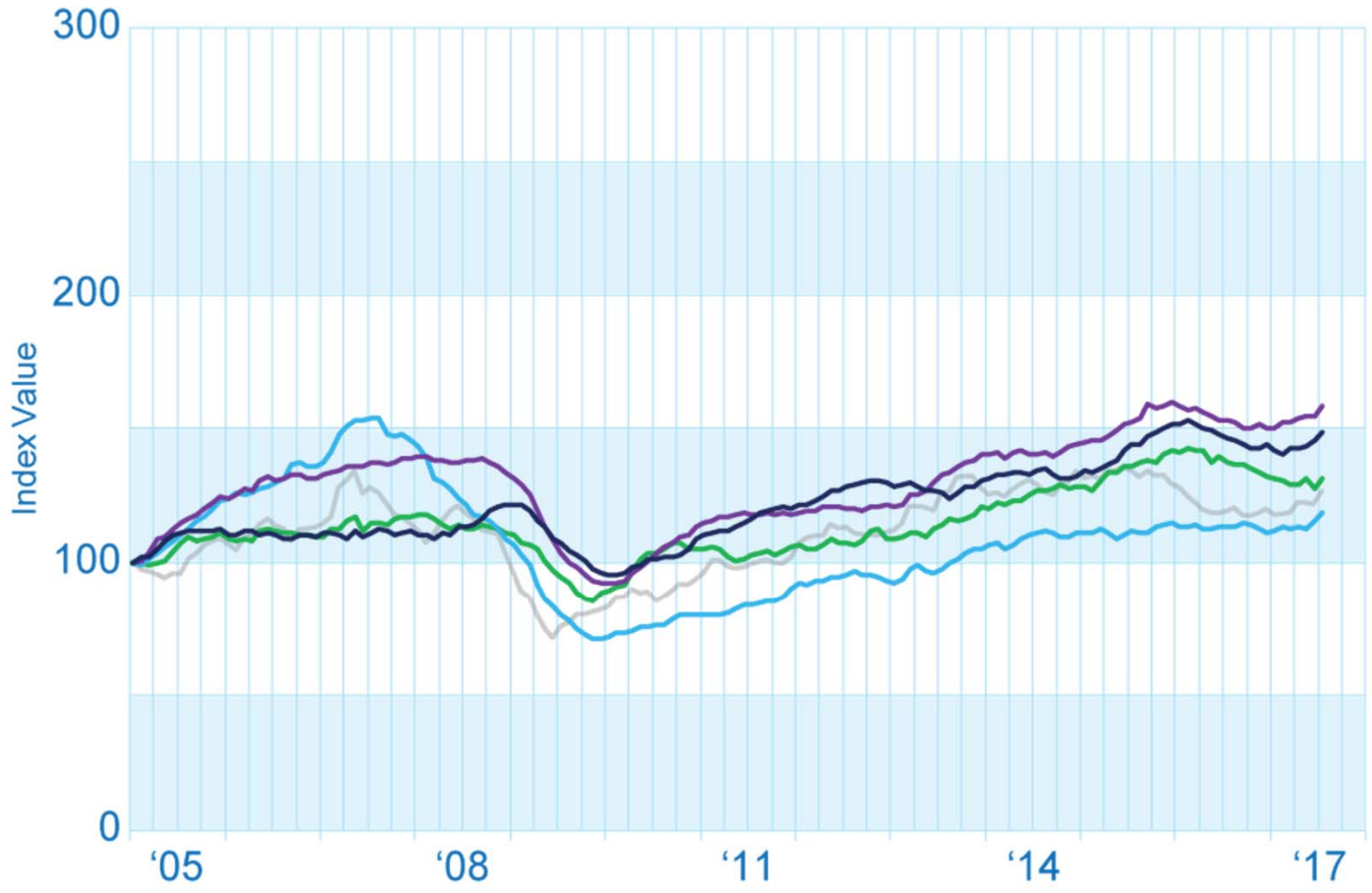

Atlantic Canada ▼ 5% YoY

Ontario ▲ 4% YoY

Quebec ▲ 2% YoY

British Columbia ▲ 5% YoY

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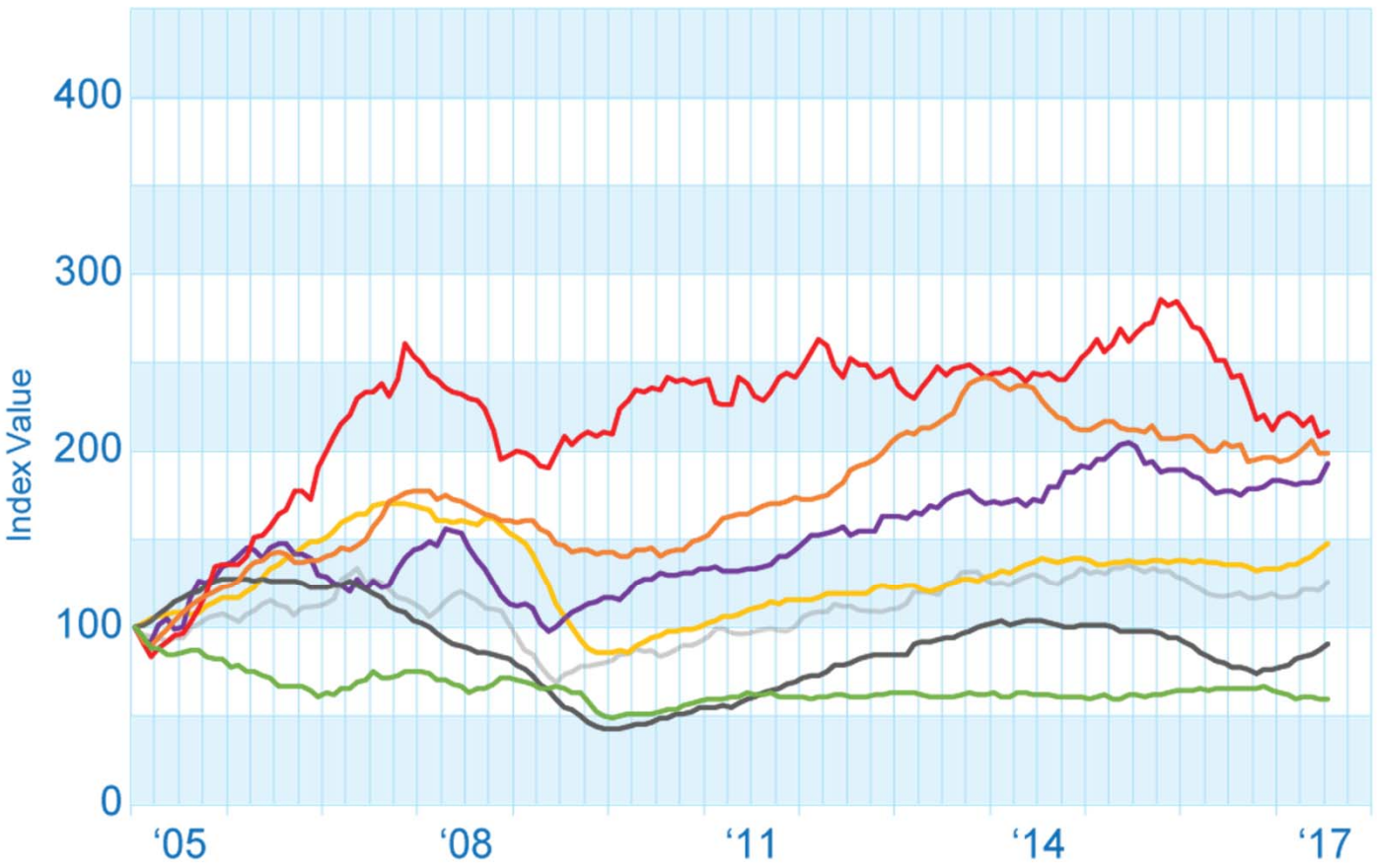

Trans.	▲	17% YoY
Const.	▲	9% YoY
Retail	▲	9% YoY
Acc. & Food	▼	13% YoY
Agric.	▼	2% YoY
Manuf.	▼	9% YoY

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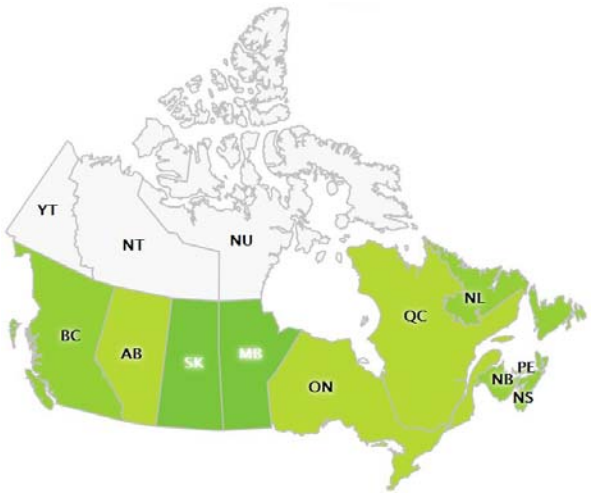
Credit Conditions Nirvana

INDUSTRY SECTORS
All Improved but AG

Conditions are really good for business

RIGHT NOW



PROVINCES
"Running the Table"

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CFLA/PayNet Canadian Equipment Delinquency Index – 30+ Day

Delinquencies

▼ **43bp** YoY

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CFLA/PayNet Canadian Equipment Delinquency Index – 90+ Day

Delinquencies

▼ **18bp** YoY

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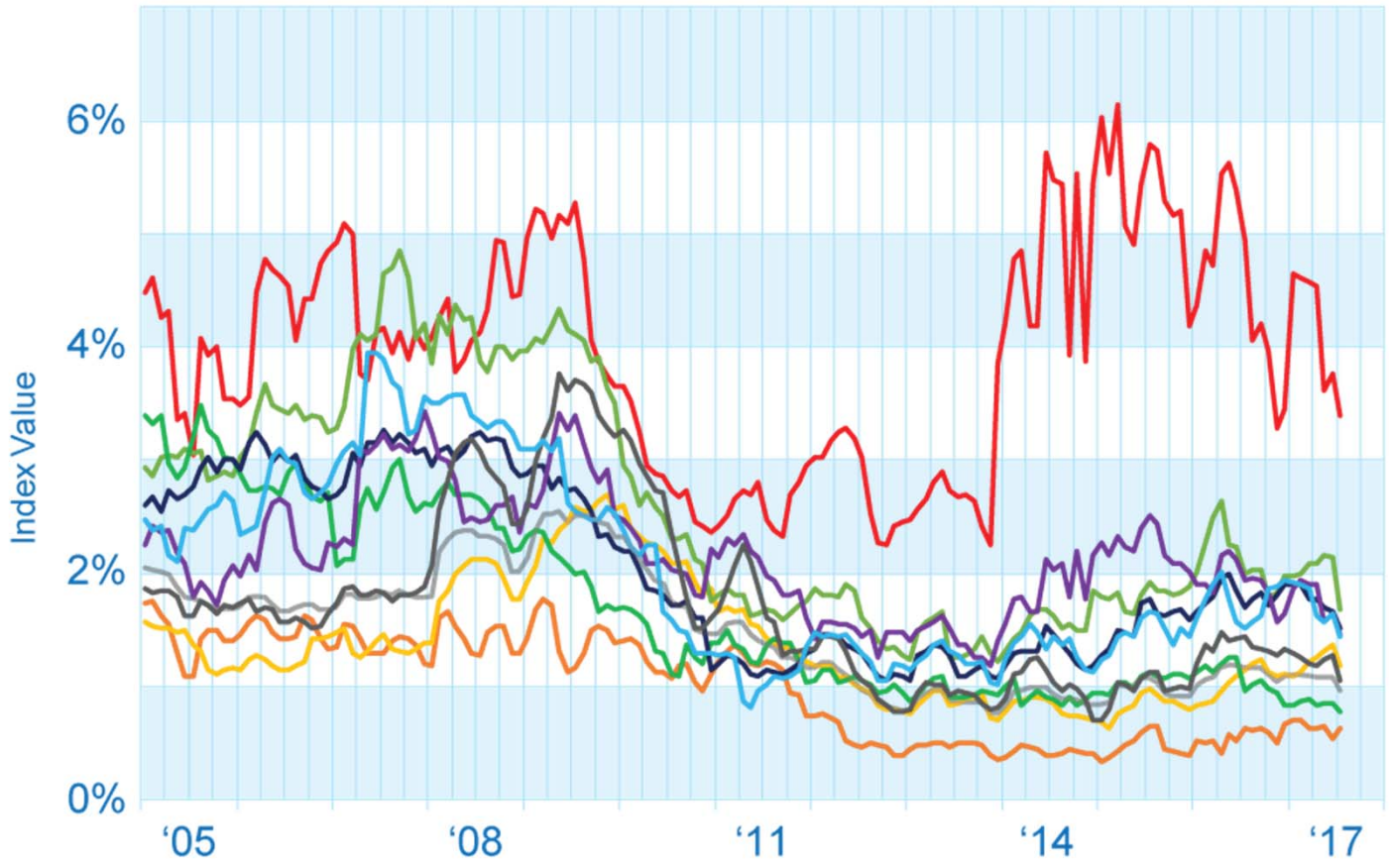
PayNet Canadian Small Business Delinquency Index – 30+ Day



Agric.	▲	19bp MoM
Const.	▼	19bp MoM
Retail	▼	18bp MoM
Acc. & Food	▼	38bp MoM
Other	▼	8bp MoM
Prof. Serv.	▼	15bp MoM
Wholesale	▼	19bp MoM
Transpo.	▼	23bp MoM
Manuf.	▼	46bp MoM

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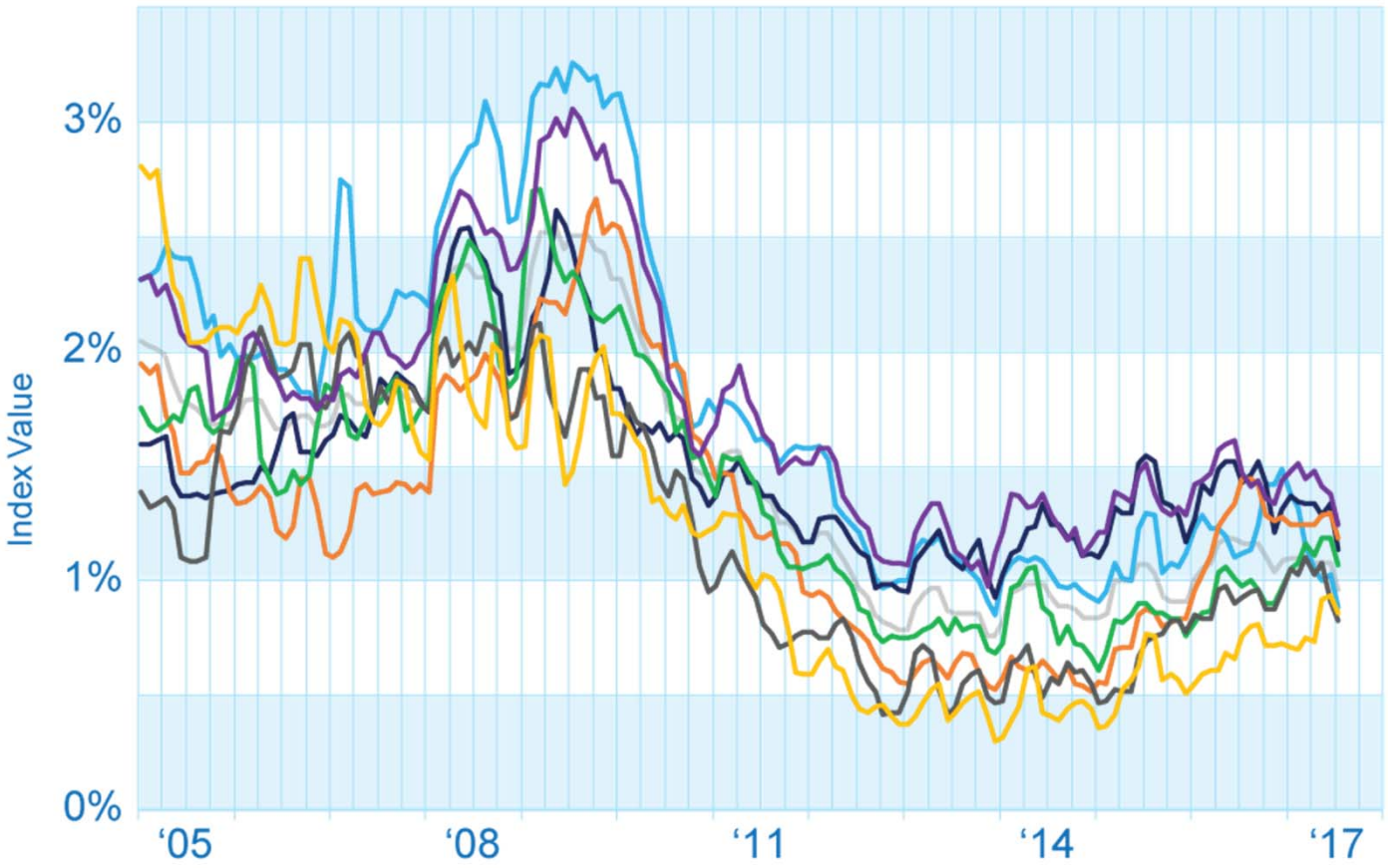
PayNet Canadian Small Business Delinquency Index – 30+ Day



Quebec	▼ 19bp MoM
British Columbia	▼ 19bp MoM
Alberta	▼ 38bp MoM
Atlantic Canada	▼ 8bp MoM
Manitoba	▼ 15bp MoM
Ontario	▼ 19bp MoM
Saskatchewan	▼ 46bp MoM

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Default Nirvana For Now

2009	2016	F2017
4.5%	**2.1%**	**1.8%**

RISK & REWARD
Future - Expansion will result in winners and losers

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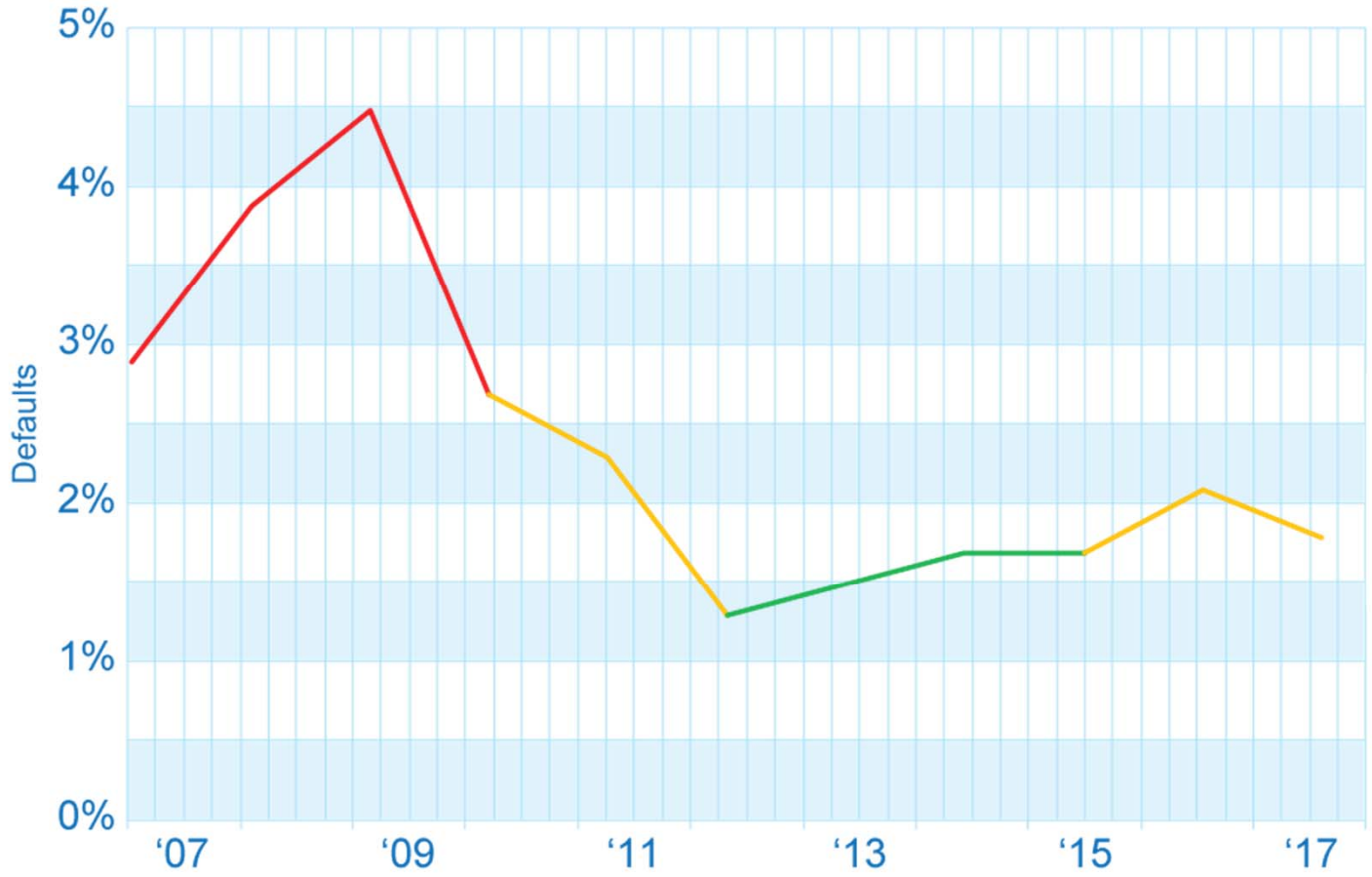
Historical Default Rates



Recession

Survival of the Fittest

All-Time Low

Return to Normal

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PayNet Historical & Forecasted Default Rates

Industry	2009	2016	2017*	2018
Retail	n/a	2.3%	2.3%	3.5%
Construction	4.8%	2.4%	1.9%	1.9%
General	3.8%	2.2%	2.2%	2.3%
Transportation	6.6%	2.7%	1.8%	2.4%
Health Care	n/a	1.6%	1.8%	1.7%
Agriculture	1.8%	0.7%	1.4%	1.8%
All Industries	**4.5%**	**2.1%**	**1.8%**	**2.1%**

*2017 Forecasts Include 2 Quarters of Actual Defaults

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THANK YOU

SBInsights.PayNetOnline.ca/cfla-indices

TElliott@PayNet.com