Distinguished Members,

It is my privilege to welcome you to our Association's 30th Annual General Meeting and present the Financial Statements and Report for the year ended 31st December 2024.

The Macroeconomic Environment

The global economy demonstrated remarkable resilience in the past few years despite being subject to major shocks such as the pandemic and an energy crisis. In 2024, global growth remained stable, while inflation continued to decline. According to the World Bank, global GDP inched from 2.6 % in 2023 to 2,7%. However, the overall performance masks significant differences across regions and countries, and is surrounded by important downside risks and uncertainties. More specifically, there are increasing risks related to rising trade tensions and protectionism, a possible escalation of geopolitical conflicts, and challenging fiscal policies in some countries.

On the domestic front, the Nigerian economy has been struggling for some time now, as major indicators showed adverse performance against the background of global economic uncertainties, geopolitical tensions, and the aftermath of the COVID-19 pandemic, as well as increasing domestic macroeconomic vulnerability.

Since May 2023, Nigeria has implemented significant reforms to stabilise the economy, resulting in modest growth, improved fiscal health, and rising foreign exchange reserves. Two of the cardinal reforms are the removal of petrol subsidies and the floating of the Naira. The Federal Government has now moved towards market-based pricing of petrol to address the enormous fiscal cost of subsidised pricing, while the Central Bank of Nigeria (CBN) initiated major foreign exchange policy reforms in a move towards a unified, better-regulated, and market-reflective official exchange rate.

While these measures were necessary to urgently avert a fiscal crisis and place Nigeria on a stronger development path, they have imposed short-term pressures on households and businesses. Some economic watchers believe that these tough measures are needed to take the economy out of the woods. The World Bank, for instance, in its Nigeria Development Update Report (*"Staying the Course: Progress Amid Pressing Challenges, October 2024)*, highlighted the need to sustain these policies while addressing structural issues to combat inflation and promote long-term investment, growth, and job creation.

The Government maintained this stance for the past 18 months, and in 2024, the economy witnessed a mix of positive and negative trends.

Positive Developments:

GDP Growth**:** The economy continued to expand, with overall annual GDP growth for 2024 at 3.40%, an increase from 2.74% in 2023. GDP growth reached 3.84 % in the fourth quarter (Q4) of the year, up from 3.46 % in Q4 2023. This marks the highest economic expansion observed since Q4 2021.

Oil Sector Recovery**:** The oil sector showed significant growth, contributing to the overall economic expansion. Daily crude oil production increased, averaging 1.55 million barrels per day in 2024. Also, the coming into the stream of local refineries, especially Dangote refinery, means lessening the burden of imported fuels and guaranteeing the availability of supplies

Fiscal Improvements: The fiscal deficit narrowed, indicating improved government finances.

Foreign Exchange Reserves: The nation's foreign reserves rose to US$40.9bn in December 2024, providing a buffer against external shocks.

The debt Service-to-revenue ratio declined to under 70%, while foreign direct investments worth over $30 billion were recorded in the past year.

Trade surplus: currently stands at N16.85 trillion Naira, reflecting rising exports and restricted imports due to the high cost of FX.

The fiscal position also improved, with the Federal Government's fiscal deficit narrowing to 4.4% of GDP in the first half of 2024 from 6.2% in the first half of 2023, helping to mitigate debt-related risks.

Challenges:

High Inflation**:** Inflation remains a significant challenge, rising for the fourth straight month at 34.8% in December, soaring to a nearly 30-year high.

Unemployment**:** Unemployment rates continued to rise slowly, at 4.3% in the second quarter.

Monetary Policy**:** The Central Bank of Nigeria (CBN) continued to maintain a tight monetary policy to combat inflation, which can impact economic growth. The CBN has been increasing the Monetary Policy Rate (MPR) and retained it at 27.5% in December. This has led to an increase in lending rates, averaging between 35% and 40%, the highest since 2022.

Fiscal Imbalance: Despite improvements, fiscal imbalances persist, with debt obligations rising without corresponding growth. Nigeria's total public debt reached N144.67 trillion (approximately $94.23 billion) as of December 31, 2024. This represents a significant increase of 48.58% compared to the N97.34 trillion (approximately $108.23 billion) recorded at the end of December 2023.

THE LEASING INDUSTRY

The global leasing industry continues to play a pivotal economic role in providing access to productive equipment, helping businesses of all sizes to succeed and supporting governments' developmental initiatives, contributing to job creation, technological advancements, and international trade. The beauty of leasing lies in the fact that it delivers a multiplicity of benefits to those who choose to lease.

Reports indicate that the global leasing industry demonstrated its continuing innovation and strength notwithstanding growing challenges. According to the Solifi Global Leasing Report 2025, global leasing grew by 5.7% in new business volume in 2023. The top 50 countries reported a new business volume of US$ 1.55 trillion in 2023, which is up from US$1.47 trillion in 2022. The industry has grown by 76% in the past decade, and the outlook for the industry remains optimistic.

The Nigerian leasing industry continued to thrive in the face of challenges, including a background of global economic uncertainties, geopolitical tensions, the aftermath of the COVID-19 pandemic, and increasing domestic macroeconomic vulnerability. In 2024, the industry recorded a growth of 23.2 %, with outstanding leases of N5.16 trillion as against N4.19 trillion in 2023, while new leases peaked at N973.3 billion. Leasing volume contribution to the Nigerian economy over the last decade is estimated at N24.6 trillion.

The oil and gas sector represented 26 % of the outstanding leases with N1.3 trillion, followed by the Transportation & Logistics sector with N1.1 trillion, 21 %. Manufacturing had N734 billion, with 13 %; Telecoms – N462 billion, representing 9 %. Agriculture N378 billion with 8.5 %; Government N345 billion

(7.5 %); while others (including Healthcare and Education) generated N686 billion, accounting for 15 % of the volume.

The growth in lease volume was driven by the astronomical rise in the cost of assets, occasioned by two of the cardinal reforms of government - the removal of petrol subsidies and the floating of the Naira, as more money was required to finance leases. Other factors include more new entrants and investment into the industry; increasing innovations and strong resilience by the industry's players; increasing level of awareness of the benefits of leasing, which continues to be more compelling given the increasing cost of assets.

Generally, the leasing industry in 2024 was significantly impacted by the tough macroeconomic conditions, which were further weighed by the policy reforms of the Federal Government. Key highlights of the year include:

The astronomical increase in prices of goods and services affected the capacity of leasing companies to finance new transactions and equally maintain service-oriented leases, as more money is needed than ever before. Cost profile, including energy, repairs and maintenance, and other ancillary services, has been very challenging. These exert more pressure on lessors and customers.

High cost of borrowing**.** The CBN's continued increase in the Monetary Policy Rate (MPR), aimed to curb inflation (which stood at 27.5% in December), led to an increase in the cost of borrowing and consequently the lease rate, which further constrained leasing businesses. In existing leases, many lessors were under pressure from their financiers, who reflected the increases in MPR by adjusting their rates in facilities given to the lessors to finance leases in which the lessors already locked in fixed lease rates for the customers.

The absence of an appropriate funding mechanism continued to constrain the depth of lease penetration in the market. The predominance of short-term funds, which are even dwindling and expensive, cannot support more meaningful development of the industry, thus, confining most leases to within 12-48 months to avoid mismatch. The limited sources and high cost of funds have constrained the capacity of most lessors to finance more leases and engage in big-ticket transactions, thereby limiting their scope to small and medium markets.

Increased default rate arising from the combination of intervening events such as higher rentals necessitated by rising costs of borrowing and assets, and provision of services, as well as the general adverse effect of the economy on businesses.

Continued improvement i*n new business origination amid a challenging operating environment.* The relatively stable economic activities and subsequent demand for asset financing manifested themselves in the increased portfolio of leasing companies, though economic conditions hindered the capacity to fully expand the lease offering.

The growing interest in operating leasing. This is increasingly being used as a risk-mitigating strategy by many lessors and for large corporate organisations, as an outsourcing strategy to achieve operational efficiency. In recent times, the industry has been witnessing a total shift from finance leasing to operating leasing by some major lessors to balance their risk appetite and meet the outsourcing needs of customers. Operating leases remain the main attraction and dominate in the Oil and Gas and Maritime sectors for the financing of large-ticket transactions involving operational assets like vehicle fleets, vessels, barges, and other heavy-duty equipment.

The continued dominance of vehicle leasing**.** Vehicles, including staff shuttles, commercial buses, trucks for haulage, and operational vehicles, remained dominant as the largest leased asset segment, constituting about 53% of the leased assets. Aside from vehicles, a wide range of equipment is leased including Construction equipment: excavators, bulldozers, cranes, etc; Industrial equipment: generators, compressors, forklifts, etc.; Agricultural equipment: tractors, harvesters, irrigation systems, Health care equipment for diagnosis and treatment, Office equipment: computers, printers, copiers, etc and general household assets to other heavy duty and specialised equipment in Oil and Gas and Maritime Sectors.

***Expansion of SME Leasing*.** Small and medium-sized enterprises (SMEs) continued to represent a major market segment for many leasing companies that tap into the opportunity of better margins, though with higher risk. Aside from leasing being regarded as the "last resort" for SMEs, because of its flexibility and convenience, many lessors are constrained by the financial and technical capacity to venture into big-ticket and specialised leases.

***Growing partnerships in vendor leasing*,** between leasing companies and vendors necessitated by the increasing cost of assets. The interest in vendor leasing is gradually expanding from vehicles to other assets such as renewable energy and medical equipment.

Continued attraction of new entrants into the leasing industry from various sectors, ranging from financial services to service providers in telecommunications, construction, transport, and logistics, as well as oil and gas. The market potential and ease of entry are major drivers attracting investors to the industry.

Increased leveraging of technology to enhance business operations and processes in response to prevailing conditions.

Indeed, the industry is expected to maintain its resilience, given the growth potential of the industry - the wide financing gap in various sectors of the economy and increasing demand for creative financing options to meet asset needs by the investing public, the economic agenda of the Governments across all levels especially, increasing spending in critical infrastructure in key sectors such as transportation - the CNG initiatives for instance, power, health care, construction, agriculture, manufacturing, and technology present rich menu of leasing opportunities, notwithstanding the continued challenges posed by macroeconomic environment.

OUR ACTIVITIES

The prevailing challenging operating environment continued to take its toll on our activities. However, within the constraints, we were able to sustain our operations and keep afloat in the pursuit of our objectives.

Lease Awareness

We sustained our lease awareness campaign, spreading the essence of leasing and enhancing visibility for the industry and patronage. We maintained considerable media presence and engagement with relevant stakeholders in this regard, including the government and development partners. The 22nd National Lease Conference, which has become a major platform of engagement and propagating the ideals of leasing, was held on 14th November 2025 to further boost the awareness campaign. It is critical to continue to expand the campaign given its importance to the development of the industry.

Capacity Building

10 regular programmes and 3 in-plants were held during the year, with considerable success. We are, however, identifying new areas of value and reviewing our approach to meet the training needs of the industry to sustain the Association's reputation as a one-stop shop for lease capacity building in Nigeria. We continue to encourage members to patronise our training programmes to enhance the capacity of their staff and improve professionalism to facilitate the corporate objective of their organisations.

Advocacy

Our focus was mainly on the formal inauguration of the Equipment Leasing Registration Authority (ELRA) and obtaining an appropriate funding mechanism for the lease industry. After the initial formal inauguration of ELRA in May 2023, the Government decided to re-inaugurate the body again and appointed a new Chairman and Registrar. We continued to work with the ELRA as the regulator of the leasing industry, to ensure a favourable regulatory environment that would sustain the continued growth of the Leasing industry and enhance its contribution to National development.

It should be noted that to further stimulate the development of the leasing industry and its contribution to the economy, ELAN initiated and undertook the pursuit of an enabling legal framework for leasing, which eventually led to the enactment of the Equipment Leasing Act in 2015. This journey spanned over 20 years. The Act brings together relevant stakeholders under a public-private partnership arrangement with the establishment of the Equipment Leasing Registration Authority (ELRA**)** under the Ministry of Finance's supervision to enhance the Act's developmental objective. The Act provides for three representatives for ELAN at the body.

Also, in furtherance of the pursuit of an appropriate funding mechanism for the industry, we engaged some organisations, including the International Finance Corporation (IFC) and the Development Bank of Nigeria (DBN). Our engagement with the DBN led to the creation of the Equipment Leasing Fund for SMES in May. The Bank has started the onboarding process for some members following the establishment of the leasing fund. However, only CBN-licensed members are expected to be the initial beneficiaries due to regulatory constraints and following our representation, DBN committed to include all eligible members within the Bank’s various funding arrangements.

Membership

We continued to enhance our value propositions to members through organised “FaceTime’’ events, business networking opportunities and Advisory Services to guide members in their business and improve the bottom line.

28 new members joined the Association under the three categories of membership against 18 in 2023, bringing the total membership to 456 as at year-end. Also, a student membership programme was initiated, intended to expand membership and create a pool of potential employees for the leasing industry. An internship programme was organised in this regard, with the first batch of 22 students concluding in October.

Subscriptions in 2024 amounted to N14.37 million as against N13.73 million in 2023. The challenge of retaining and attracting new members remains obvious. Consequently, measures are being taken to ensure that the Association is more responsive and proactive in delivering value-added services to members.

Publications and Research

We continued to carry out research into the trends and developments in the leasing industry, maintaining our leading role as a repository of lease information and documentation. At the beginning of the year, the Leasing Outlook for the year was published and the Lease Market Review, which was equally published in the World Leasing Year Book. This is in addition to the publication of the quarterly Journal “Leasing Focus”.

Partnership with other Bodies

We continued to build on our relations with other stakeholders, including the Government and Development Partners. Aside from fostering a closer relationship with ELRA, we strengthened our relationship with SEDIN GIZ – German Development Partner, for technical support for the development of leasing in its access to finance programme for MSMEs, and the International Finance Corporation (IFC) in developing leasing in Africa. New partnerships were explored with the Lagos State Government through relevant agencies, including the Lagos State Employment Trust Fund and the Lagos Multi-Door Court House.

ELAN Secretariat Building Project

It has been the dream to have our own Secretariat building to boost the Association's ranking among the league of elite associations. Successive Boards made this part of their agenda and set in motion plans towards getting a befitting building. The framework for the project was developed with an estimated cost of N120 Million (made over five years ago) for acquisition, renovation and other incidental expenses.

Efforts were made to keep the momentum towards our building project despite the prevailing challenges. However, many of our members have yet to respond positively. We have a total of N66.97 million, including a commitment of N20 million from the Secretariat, up from N53.97 million in 2023

Distinguished members, I therefore use this opportunity to again appeal to us to support this project, to increase the capacity of the Secretariat to effectively carry out its activities and put us in the comity of reputable organisations, more so, with the increasing role of the Association. While we appreciate the challenging period, we encourage our members who have yet to pay their levy to do so as soon as possible to enable us to conclude this project. Indeed, this project is our own, and it is important to see it through.

Accounts

We continued to seek ways to ensure improved revenue and maintain a reasonable cost level**.** Our audited accounts as at 31st December 2024 indicate earnings of N50.28 million as against N45.81 million in 2023, while expenditure amounted to N44.66 million as against N42.59 million in 2023, leaving a surplus of N5.62 million as against N3.22 million.

Staff

The prevailing challenging economic situation notwithstanding, members of staff remained dedicated and committed to the objectives of the Association, carrying out activities in furtherance of the objectives with the support of the Board. On our part, the Board continued to prioritise staff welfare, providing a necessary working environment and ensuring staff remunerations are paid as due.

The Board

The Board continued to consolidate on the gains of previous Boards, providing direction and support for the Association in the pursuit of its objectives.

Appreciation

On behalf of my colleagues at the Board, I express our profound gratitude to you and the members of staff for your support during the year. We appeal for your steadfast support in our collective commitment towards the development and growth of the leasing industry.

Thank you

EHIGIAMUSOE, ELIZABETH NGOZI (MRS)
Chairman, Board of Directors