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CONTACT: Kara Johnson
952.224-2450

LEASED ASSETS ARE BANKS' TOP PORTFOLIO PERFORMERS

K2 CAPITAL WHITE PAPER EXAMINES AVERSION TO LEASING DESPITE STELLAR PERFORMANCE

MINNEAPOLIS – Despite outperforming every major asset class for the last five years, leases account for less than 1% of total assets for an average U.S. bank, according to a new K2 Capital Group white paper, *Give Lease a Chance: How an Overlooked, Unloved Asset Class Could Save Banking*.

The most recent data from the Federal Deposit Insurance Corp. (FDIC) shows that leased assets make up just 1.4% of an average bank's total loan portfolio, or a miniscule 0.73% of a bank's total assets. Yet, since 2007 leases have outperformed every single asset class in a typical bank portfolio, including loans for residential, commercial real estate, construction, home equity, credit cards and commercial and industrial (a.k.a. C&I).

Leasing is a common finance tool used by more than 90% of U.S. businesses which lease everything from printers and computers to manufacturing equipment and even the buildings they call headquarters. The U.S. leasing industry is massive, with more than \$680 billion in commercial leasing volume annually, according to the Equipment Lease and Finance Association. But despite significant demand for leasing by their commercial customers, many banks are reluctant to dedicate human resources or portfolio shelf space to it.

"Most bankers decided long ago that lease finance was too risky and not as safe as traditional real-estate lending," said Scott Anderson, president and chief executive officer of K2 Capital. "But the numbers don't lie. The asset class has performed exceptionally well, especially during the last recession. We hope this white paper dispels some of those preconceived notions and get banks to reconsider a viable alternative to real estate."

Additional excerpts from *Give Lease a Chance* can be found at K2 Capital's website. A full copy of the white paper is free and can be requested at the website as well.

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ABOUT K2 CAPITAL GROUP

K2 Capital Group is a national provider of equipment leasing solutions. Headquartered in Minneapolis, K2 Capital delivers creative, competitive financing solutions to businesses within a variety of industries. The company primarily focuses on the medical and healthcare industries as well as information technology and manufacturing.