



Brazil: the robustness of the economy and the leasing

Osmar Roncolato Pinho
Presidente

WLY 2011

In the global context Brazil stands out as a solid economy, which was capable of supporting with a relative tranquility the international financial crisis, through the adoption of preventive measures and directed by the financial authorities in the maintenance of the flow of resources necessary to the internal credit demands, and for this reason is building a trust and reliability image.

In 2009 the leasing activity managed to maintain a certain balance regarding the previous year. The Present Value in the Portfolio (VPC), in December 2009, with a balance of U\$ 63.38 billions, presented a slight increase of 3.43%.

The projections for the growth of the productive investments in Brazil reveal positive scenarios, not only because Brazil is part of the countries benefited by the global movement towards new products and new technologies with the application of new resources and investments in several industries of our economy, given the consistency of the great internal consumption potential and demand for new credits to individual and other sectors of the economy.



The positive view regarding the national economy, however, is not restricted to the composition of the macroeconomic indicators. Add to this perspective, the verification that the economy profile in microeconomic terms – of consumption, undertakings, investments etc. is also changing in an equally positive manner. According to national research institutes, in the period between 2003 and 2008, more than 26 million Brazilians were included in the middle class. In addition, several sectors of the economy are revealing an increase on the use of the installed capacity, and consequently increasing the corporate initiatives for increase of this capacity aiming at meeting an internal market in wide growth, with the hiring of new professionals and investments in machines and equipment.

In 2009 no change with a tax nature was adopted in Brazil which affected this activity regarding the new guidelines of the accounting convergence. The whole tax framework, established by Law No. 6099/74 amended by Law No. 7132/83 is still in effect, determining that the leasing companies must account the leased goods in their assets, whether in the financial or operational modality. Consequently, the depreciations defined by the Brazilian Internal Revenue are allowed. The introduction to the international accounting criteria set forth by Law No. 11.638/07 did not affect the tax treatment of the leasing operations and are only used for the companies' financial statements.

Present portfolio value - top 20 lessors in 2009

POSITION	COMPANY	TOTAL(US\$m)	CONTRACTS	SHARE%
1	BFB Leasing S/A	7.601.243.374	737.229	11,99
2	Santander Leasing S.A. Arrendamento Mercantil	7.463.875.633	654.751	11,78
3	Banco Itauleasing S/A Carteira Arrendamento Mercantil	7.093.522.362	556.165	11,19
4	Banco Itaucard S/A Arrendamento Mercantil	5.044.620.100	517.662	7,96
5	Dibens Leasing S/A Arrendamento Mercantil	4.257.388.797	311.704	6,72
6	Banco Finasa S/A - Carteira Arrendamento Mercantil	3.895.622.927	330.638	6,15
7	Bradesco Leasing S/A Arrendamento Mercantil	3.474.090.940	80.985	5,48
8	Banco Bradesco S/A Arrendamento Mercantil	3.197.284.073	298.928	5,04
9	Safra Leasing S/A Arrendamento Mercantil	2.253.501.538	56.117	3,56
10	HSBC Bank Brasil S/A Arrendamento Mercantil	2.225.487.478	171.764	3,51
11	BV Leasing Arrendamento Mercantil S/A	2.091.723.627	19.461	3,30
12	Banco Alvorada S/A Carteira de Arrendamento Mercantil	1.771.969.136	83.419	2,80
13	BB Leasing S/A Arrendamento Mercantil	1.767.499.327	90.254	2,79
14	ITAUBBA Leasing S/A	1.653.628.610	133.815	2,61
15	Banco Safra S/A Carteira Arrendamento Mercantil	1.388.776.357	171.661	2,19
16	Banco Volkswagen S/A Arrendamento Mercantil	1.190.584.281	81.590	1,88
17	Banco Itaú S/A	973.764.220	111.766	1,54
18	Banco GMAC S/A Arrendamento Mercantil	912.518.490	101.425	1,44
19	Banco IBM S/A Arrendamento Mercantil	789.969.312	839	1,25
20	Mercedes-Benz Leasing do Brasil Arrend. Mercantil	733.456.245	13.462	1,16
Total		59.780.526.830	4.523.635	94,32
Total of market		63.379.372.176	4.811.314	100,00

Source: ABEL – Brazilian Association of Leasing Company

New investments - top 20 lessors in 2009

POSITION	COMPANY	TOTAL(US\$m)	CONTRACTS	SHARE%
1	BFB Leasing S/A	4.001.856.081	259.630	17,17
2	Santander Leasing S/A Arrendamento Mercantil	3.009.239.000	245.439	12,91
3	Bradesco Leasing S/A Arrendamento Mercantil	2.809.097.625	64.901	12,05
4	Banco Finasa S/A - Carteira Arrendamento.Mercantil	2.161.215.515	179.936	9,27
5	Banco Itaucard S/A	2.357.720.985	100.279	10,12
6	Cia .Itauleasing de Arrendamento Mercantil	1.295.604.612	20.991	5,56
7	BV Leasing Arrendamento Mercantil S/A	1.364.114.103	131.147	5,85
8	ITAUBBA Arrendamento Mercantil S/A	1.065.672.295	67.017	4,57
9	Safra Leasing S/A Arrendamento Mercantil	942.852.516	10.017	4,05
10	BB Leasing S/A - Arrendamento Mercantil	884.179.504	44.688	3,79
11	HSBC Bank Brasil S/A - Carteira de Leasing	822.722.064	46.355	3,53
12	Dibens Leasing S/A Arrendamento Mercantil	634.708.525	34.296	2,72
13	Panamericano Arrendamento Mercantil S/A	297.330.432	33.920	1,28
14	Toyota Leasing do Brasil S/A Arrendamento Mercantil	235.102.570	8.069	1,01
15	Mercedes-Benz Leasing Arrendamento Mercantil S/A	202.444.443	7.272	0,87
16	Alfa Arrendamento Mercantil S/A	208.421.083	5.040	0,89
17	Banco GMAC S/A Arrendamento Mercantil	209.079.696	10.023	0,90
18	HP Financial Services Arrendamento Mercantil S/A	186.965.619	705	0,80
19	Santander Brasil Arrendamento Mercantil S/A	121.453.243	2.095	0,52
20	Banco Volkswagen S/A - Arrendamento Mercantil	135.523.315	19.792	0,58
Total		22.945.303.227	1.291.612	98,45
Total of market		23.305.971.622	1.299.114	100,00

Source: ABEL – Brazilian Association of Leasing Company

Equipment leased 2006- 2009 US\$m				
	2006	2007	2008	2009
Vehicles and related	14.970	35.398	44.525	57.596
Machinery and equipment	3.465	4.086	4.470	6.195
Computer equipment	425	524	475	1.284
Others	182	293	140	223
Real estate	48	44	47	69
Aircraft	63	179	255	403
Installations	37	61	68	88
Furniture	48	77	77	101
Ships	7	16	31	46
Total	19.245	40.678	50.088	66.005

Source: ABEL – Brazilian Association of Leasing Company

Collectible leases per sector 2006- 2009 US\$m				
	2006	2007	2008	2009
Individuals	9.200	26.456	37.847	46.321
Services	4.877	8.213	7.745	9.335
Others	434	703	611	945
Commerce	2.061	3.773	4.069	4.094
Industry	2.463	4.103	4.553	5.191
Government	52	93	134	92
Total	19.087	43.341	54.959	65.978

Source: ABEL – Brazilian Association of Leasing Company