



# The Brazilian economy and leasing

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The Brazilian economy grew last year at the rate of 2.7%. The projection was 5%. There was a slowdown in expansion pace - growth in 2010 exceeded 7% - which is explained by the nation's commitment to economic stability. Monetary authorities attributed the performance to an adjustment made in the first half through macro prudential measures to fight inflation, to reduce the risk of contamination of domestic economy by global crisis. Yet, the result was considered satisfactory, said the Finances Minister, Guido Mantega, when highlighting the generation of almost two million formal jobs in the period, associated with the growth in workers' earnings.

The federal government has quickly responded to the drop in expectations. In the last two months of the year, it began to take effective measures to stimulate consumption and investment. The order was (and still is) working to resume growth. In this context, industrial activity began to find more favorable conditions to develop. Leasing, therefore, started to count on a more conducive environment to reverse the situation lately observed in operations.



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Leasing, in comparison to other financial transactions, lost competitiveness in Brazil: the credit portfolio balance in general, from R\$ 2.03 trillion in December 2011, grew 19% on that year; as for leasing, from R\$ 62,3 billion, dropped 27.74% in view of the payment of contracts existing in the portfolio. Besides the above, problems arising from legal uncertainty, marked by complexity in tax administration of Tax on Services assessing leasing transactions made the operations become weaker during that period.

Everything indicates such situation is going to reverse. The sector has been mobilized in order to make leasing become truly acknowledged as an "institute", with the strengthening of the rules governing the product. The results of this effort begin to appear. The government, within the package of measures to heat up consumption and encourage domestic industry, is studying measures in the tax area. Leasing is one of the activities that are on sight.

Regarding the resumption of economic growth, another important pillar to support the leasing recovery, the government's target for 2012 is expanding GDP by at least 3%. In addition, there will be a great incentive of resources to infrastructure works for the realization of Brazil 2014 World Cup and 2016 Olympic Games. Leasing is an extremely competitive credit tool, especially for machinery and equipment that will be used in the logistics industry.

The segment of machinery and equipment, in fact, deserves special attention for its significant growth potential in Brazil. Taking into account the oxygenation of business allowed by leasing, we believe in the expansion of business in different productive sectors. Somehow, statistics show this trend. Of the assets leased in 2011, machinery and equipment accounted for 24.5%, compared to 14.5% in 2010. The group of vehicles and related products accounted for 67.11% of leased goods; information technology equipment, for 4.01%; and other types of assets, 4.37%.

Therefore, there is a number of fronts to start a new leasing virtuous cycle. We have great confidence that, despite legal obstacles and difficulties imposed on domestic economy by global crisis, the future of leasing is going to be of considerable and sustainable growth in the country, always anchored in the support given to the more dynamic production sectors of the Brazilian economy.

**Present portfolio value - top 20 lessors in 2011**

POSITION	COMPANY	TOTAL(US\$m)	CONTRACTS	SHARE %
1	Banco Itauleasing S/A Carteira Arrendamento Mercantil	6.688.289.540	477.032	14,7926
2	Bradesco Leasing S/A Arrendamento Mercantil	3.733.091.286	96.950	11,2779
3	Santander Leasing S.A. Arrendamento Mercantil	3.560.907.854	425.102	9,5767
4	Banco Itaucard S/A Arrendamento Mercantil	2.606.483.209	350.173	9,4027
5	BFB Leasing S/A	2.331.962.013	382.436	8,1437
6	BV Leasing Arrendamento Mercantil S/A	1.863.971.902	179.965	5,0415
7	Banco Bradesco Financiamento S/A	1.230.357.054	209.367	4,9478
8	HSBC Bank Brasil S/A Arrendamento Mercantil	1.165.651.007	92.648	4,6106
9	Dibens Leasing S/A Arrendamento Mercantil	1.026.790.211	153.080	3,8016
10	ITAUBBA Leasing S/A	955.124.937	114.768	3,6777
11	Banco IBM S/A Arrendamento Mercantil	834.544.983	1.075	2,7517
12	Banco Bradesco S/A Arrendamento Mercantil	808.605.832	151.081	2,3566
13	BB Leasing S/A Arrendamento Mercantil	733.977.067	46.372	2,0732
14	Banco Volkswagen S/A Arrendamento Mercantil	689.580.280	64.962	1,6357
15	Cia. de Arrendamento Mercantil Renault do Brasil	674.923.345	66.487	1,5971
16	HP Financial Services Arrendamento Mercantil S/A	576.406.011	2.970	1,4144
17	Safra Leasing S/A Arrendamento Mercantil	571.134.880	56.117	1,2708
18	Banco Alvorada S/A Carteira de Arrendamento Mercantil	387.661.703	34.454	1,2434
19	Panamericano Arrendamento Mercantil S/A	367.280.259	61.179	1,0954
20	Banco GMAC S/A Arrendamento Mercantil	309.136.005	49.982	0,9296
Total		31.115.879.380	3.016.200	91,64
Total of Market		33.256.216.518	3.318.193	100,00

Source: ABEL- Brazilian Association of Leasing Company

### New investments - top 20 lessors in 2011

POSITION	COMPANY	TOTAL(US\$m)	CONTRACTS	SHARE%
1	Banco Itauleasing S/A Carteira Arrendamento Mercantil	4.150.523.540	76.065	39,77
2	Bradesco Leasing S/A Arrendamento Mercantil	2.247.724.418	25.362	21,54
3	Santander Leasing S/A Arrendamento Mercantil	834.468.682	18.916	8,00
4	Cia. de Arrendamento Mercantil Renault do Brasil	589.851.191	39.459	5,65
5	HP Financial Services Arrendamento Mercantil S/A	336.450.252	1.035	3,22
6	Banco IBM S/A- Carteira de Arrendamento Mercantil	393.559.415	336	3,77
7	BV Leasing Arrendamento Mercantil S/A	316.203.955	14.434	3,03
8	HSBC Bank Brasil S/A - Carteira de Leasing	281.485.649	2.361	2,70
9	Banco Commercial I.Trust do Brasil S/A - Banco Múltiplo	175.060.535	1.845	1,68
10	ITAUBBA Arrendamento Mercantil S/A	181.585.335	7.061	1,74
11	BB Leasing S/A - Arrendamento Mercantil	133.908.928	1.246	1,28
12	BIC Arrendamento Mercantil S/A	130.496.435	272	1,25
13	Citibank Leasing S/A Arrendamento Mercantil	130.029.758	313	1,25
14	Banco Bradesco Financiamento S.A Arren Mercantil	120.711.632	2.773	1,16
15	Alfa Arrendamento Mercantil S/A	104.187.369	510	1,00
16	Société Générale Leasing S/A Arrendamento Mercantil	95.013.595	58	0,91
17	Leaseplan Arrendamento Mercantil S/A	67.039.162	2.415	0,64
18	Toyota Leasing do Brasil S/A Arrendamento Mercantil	60.720.274	1.722	0,58
19	Banco GMAC S/A Arrendamento Mercantil	57.266.513	2.408	0,55
20	Panamericano Arrendamento Mercantil S/A	10.824.447	530	0,10
Total		10.417.111.084	199.121	99,81
Total of market		10.437.206.129	199.348	100,00

Source: ABEL – Brazilian Association of Leasing Company

**Equipment leased 2007- 2011 US\$m**

	2007	2008	2009	2010	2011
Vehicles and related	35.398	44.525	57596	37617	17.283
Machinery and equipment	4.086	4.470	6195	6858	6.310
Computer equipment	524	475	1284	1239	1.036
Others	293	140	223	239	43
Real estate	44	47	69	270	59
Aircraft	179	255	403	540	578
Installations	61	68	88	110	89
Furniture	77	77	101	110	89
Ships	16	31	46	56	58
Total	40.678	50.088	66.005	47.039	25.545

Source: ABEL – Brazilian Association of Leasing Company

**Collectible leases per sector 2007- 2011 US\$m**

	2007	2008	2009	2010	2011
Individuals	26.456	37.847	46.321	36.408	20.007
Services	8.213	7.745	9.335	9.208	6.759
Others	703	611	945	2.042	1.237
Commerce	3.773	4.069	4.094	3.398	2.043
Industry	4.103	4.553	5.191	4.865	3.354
Government	93	134	92	97	97
Total	43.341	54.959	65.978	56.018	33.497

Source: ABEL – Brazilian Association of Leasing Company