



Regulatory mark advances in 2014

Osmar Roncolato Pinho
President

WLY 2016

A decisive round of essential regulatory enhancements to ensure legal certainty for leasing activity in Brazil marked the year of 2014. The regulatory consolidation process registered significant progress, which guarantees more soundness and efficiency to this credit modality. With promoted adjustments, leasing meets all the conditions to return to be a competitive credit option as soon as the Brazilian economy recovers its vigor.

A combination of factors led to the economic activity slowdown: the GNP (Gross National Product) had positive variation of 0.1% in 2014 comparing to the previous year. But the government's commitment to replace the country on the growth path, making use of fiscal adjustment and increased interest rates to control inflation, make us confident that the obstacles will be overcome soon. With the house tidy and the confidence reestablished, growth will be sustainable, enabling companies to plan long-term investments.



Osmar Roncolato Pinho
Presidente

The leasing Valor Presente da Carteira (VPC, or Portfolio Present Value) of companies bound to ABEL (Brazilian Association of Leasing Companies) reached BRL 22.576 billion in the end of 2014, according to data from ABEL. Machines and Equipment are the most representative leased assets in the portfolio, accounting for 40.60%, followed by Vehicles and Similar with 36.56%, Aircrafts, 10.67% and Other Types of Assets, with 12,17% of the total.

Among the regulatory improvements that contribute to increase certainty in business is the Federal Law No. 13.043. In force since November 14th, 2014, this law established new rules regarding the fiduciary sales on property, also applicable to leasing operations, bringing the necessary legal certainty to leased assets. It simplifies the delinquent asset recovery procedure and makes the process more agile.

Also in 2014, STF (Supreme Court of Brazil), highest authority of the judiciary in Brazil, ratified the understanding of the Superior Court of Justice (STJ) that the Service Tax, incurred in leasing operations, must be collected in the city where the leasing company is headquartered. The uncertainty on the understanding of this issue created a situation of service tax demand on leasing operations by tax entities.

Another important achievement, this one more in the environmental sphere, was the Resolution No. 4.327, from the Central Bank of Brazil, which deals with social-environmental responsibility in the risk management process of financial institutions. ABEL has participated actively in the definition of Social-environmental Responsibility Policies guidelines. By the Central Bank new rule, the social-environmental impact must be seen as a component from the various modalities of risk to which financial institutions are exposed. The guidelines are in compliance with international best practices, intending to ensure more solidity and efficiency to the Brazilian financial sector.

The advances made in 2014 provide support so the lease can be a competitive alternative credit again. Due to legal uncertainty leasing has lost space in the country to other credit modalities. However, despite of adversities, we believe we are going to begin a new cycle of growth in the coming years.

Present portfolio value - top 20 lessors in 2014

POSITION	COMPANY	TOTAL US\$	CONTRACTS	SHARE%
1	Banco Itaucard S/A	1.852.062.160	334.266	21,78
2	Bradesco Leasing S/A Arrendamento Mercantil	1.570.792.672	43.518	18,48
3	Banco IBM S/A	896.181.717	2.187	10,54
4	Santander Leasing S.A. Arrendamento Mercantil	858.531.162	64.430	10,10
5	Cia. de Arrendamento Mercantil RCI Brasil	419.914.917	75.288	4,94
6	HP Financial Services Arrendamento Mercantil S/A	391.605.943	3.658	4,61
7	HSBC Bank Brasil S/A Arrendamento Mercantil	382.996.126	11.362	4,50
8	BV Leasing Arrendamento Mercantil S/A	316.984.328	74.079	3,73
9	Safra Leasing S/A Arrendamento Mercantil	311.578.269	6.047	3,66
10	SG Equipment Finance S.A. Arrendamento Mercantil	239.729.564	486	2,82
11	BB Leasing S/A Arrendamento Mercantil	204.558.552	4.419	2,41
12	Banco Commercial I.Trust do Brasil S/A	170.807.277	4.686	2,01
13	Alfa Arrendamento Mercantil S/A	105.433.137	1.897	1,24
14	Mercedes-Benz Leasing do Brasil Arrend. Mercantil	102.252.818	15.252	1,20
15	BIC Arrendamento Mercantil S/A	94.775.353	439	1,11
16	Leaseplan Arrendamento Mercantil S/A	83.177.482	699	0,98
17	Banco de Lage Landen Brasil S/A	81.991.310	1.056	0,96
18	Citibank Leasing S/A Arrendamento Mercantil	76.979.292	620	0,91
19	Banco Volkswagen S/A	71.865.924	10.981	0,85
20	Banco Itauleasing S/A	64.099.138	590	0,75
Total		8.296.317.141	655.960	97,58
Total of the market		8.502.139.932	791.178	100,00

Source : Abel - Brazilian Association of Leasing Companies.

New investments - top 20 lessors in 2014

POSITION	COMPANY	TOTAL(US\$)	CONTRACTS	SHARE%
1	Banco Itaucard S/A	711.529.860	5.348	17,98%
2	Bradesco Leasing S/A Arrendamento Mercantil	701.695.110	6.660	17,74%
3	Banco IBM S/A- Carteira de Arrendamento Mercantil	523.055.086	844	13,22%
4	Santander Leasing S/A Arrendamento Mercantil	463.153.295	3.783	11,71%
5	HSBC Bank Brasil S/A - Carteira de Leasing	376.079.676	1.448	9,51%
6	HP Financial Services Arrendamento Mercantil S/A	179.660.951	770	4,54%
7	Cia. de Arrendamento Mercantil RCI do Brasil	173.962.594	14.594	4,40%
8	SG Equipment Finance S.A. Arrendamento Mercantil	152.029.322	207	3,84%
9	Safra Leasing S/A Arrendamento Mercantil	141.738.132	2.025	3,58%
10	BB Leasing S/A - Arrendamento Mercantil	137.662.863	2.134	3,48%
11	Banco Commercial I.Trust do Brasil S/A - Banco Múltiplo	122.993.126	1.702	3,11%
12	Alfa Arrendamento Mercantil S/A	77.447.502	594	1,96%
13	Banco Volkswagen S/A - Arrendamento Mercantil	45.250.083	318	1,14%
14	Citibank Leasing S/A Arrendamento Mercantil	43.987.462	170	1,11%
15	Banco de Lage Landen Brasil S/A	26.625.564	125	0,67%
16	Banco Toyota do Brasil S/A	25.451.781	867	0,64%
17	BIC Arrendamento Mercantil S/A	24.162.950	43	0,61%
18	Banco Itauleasing S/A Arrendamento Mercantil	21.743.261	106	0,55%
19	BV Leasing Arrendamento Mercantil S/A	5.185.804	14	0,13%
20	Banco Rodobens S/A Carteira de Arrendamento Mercantil	1.262.704	11	0,03%
Total		3.954.677.126	41.763	100%
Total of the market		3.956.415.446	42.215	100,00

Source: Abel - Brazilian Association of Leasing Companies

Equipment leased 2008- 2014 US\$m

	2008	2009	2010	2011	2012	2013	2014
Vehicles and related	44.525	57.596	37.617	17.283	10.862	4.810	3.067
Machinery and equipment	4.470	6.195	6.858	6.310	5.869	5.275	3.407
Aircraft	255	403	540	578	660	854	895
Computer equipment	475	1284	1.239	1.036	1.175	686	405
Installations	68	88	110	89	72	51	69
Furniture	77	101	110	89	67	58	56
Ships	31	46	56	58	53	61	75
Real estate	47	69	270	59	84	40	28
Others	140	223	239	43	45	18	98
Total	50.088	66.005	47.039	25.545	18.887	11.853	8.100

Source: Abel - Brazilian Association of Leasing Companies

Collectible leases per sector 2008- 2014 US\$m

	2008	2009	2010	2011	2012	2013	2014
Individuals	37.847	46.321	36.408	20.007	9.779	4.855	1.949
Services	7.745	9.335	9.208	6.759	5.802	5.138	5.353
Commerce	4.069	4.094	3.398	2.043	1.740	1.237	1.065
Industry	4.553	5.191	4.865	3.354	2.610	2.060	1.751
Government	134	92	97	97	158	76	167
Others	611	945	2.042	1.237	978	490	468
Total	54.959	65.978	56.018	33.497	21.067	13.856	10.753

Source: Abel - Brazilian Association of Leasing Companies