



# Advantages of leasing: a leasing company's view.

SGEF Russia









SOCIETE GENERALE GROUP

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# Agenda

- SG. Way to make the business on the financial market.
- Equipment to be financed.
- SWOT analysis.
  - Strengths
  - Weaknesses
  - Opportunities & Threats.

# Société Générale in Russia - Overview

Individuals		Corporate clients	
 <p><b>Русфинанс Банк</b> ГРУППА СОСЬЕТЕ ЖЕНЕРАЛЬ</p> <p><b>Consumer financing</b> (car financing, POS loans, direct sales, revolving cards)</p> <p>~ 8300 employees</p>	 <p><b>DeltaCredit</b> ИПОТЕЧНЫЙ БАНК. №1. Быстро, просто, надежно... умно.</p> <p><b>Mortgage</b></p> <p>~ 250 employees</p> <p><b>Life insurance</b></p> <p>~ 20 employees</p>	 <p><b>BSGV</b></p> <p><b>Universal bank</b> (individuals and corporate clients)</p> <p>~ 1200 employees</p>	 <p><b>SG</b> Equipment Finance</p> <p><b>Universal leasing company</b></p> <p>~ 45 employees</p>
		 <p><b>РОСБАНК</b></p> <p><b>Universal bank</b></p>	 <p><b>ALD</b> Automotive</p> <p><b>Automobile operational leasing</b></p> <p>~ 50 employees</p>

## Selected Markets & Assets

### High Tech

#### IT

- ▶ hardware
- ▶ software
- ▶ peripheral

#### Office equipment

- ▶ copier
- ▶ telecommunication
- ▶ IT (retail distribution)

#### Medical equipment

- ▶ medical equipment
- ▶ laboratory equipment

### Industrial Equipment

#### Machinery

- ▶ machine tool
- ▶ printing machine
- ▶ packing machine

#### Construction machines

- ▶ loader
- ▶ dredger
- ▶ earth moving equip.

#### Real Estate

- ▶ office building

### Transport

#### Transport

- ▶ trucks
- ▶ commercial vehicles
- ▶ busses

#### Handling

- ▶ forklift trucks
- ▶ handling equipment

#### Agricultural machinery

- ▶ tractors
- ▶ harvesters

#### Aviation and Marine

- ▶ aircrafts
- ▶ ships

# Strengths

- **Leasing activity is not licensed.**
- **Leasing activity is not controlled by Central Bank or any other Federal organisation.**
- **No official criteria for credit risk assessment. No obligatory reserves required Central Bank. Possibility to finance Start-Ups and investment projects.**
- **ALM position. No legal restrictions and reporting to state bodies. Only internal policies for ALM position.**
- **Repossession process. Pledge vs. ownership**
  - **No restrictions of Leased Assets sales price.**
  - **No legal requirements for Leased Assets realisation price.**

# Strengths

- **Relationship with Vendors. Possibility to have well secured portfolio of leasing contracts. GAP analysis.**
- **Loss given default ratio. Basel II rules.**

# Weaknesses

- **Leasing activity is not controlled by Central Bank or any other Federal organisation.**
- **ALM problems.**
  - **VAT. Term of offset/recovery.**
  - **ALM position for property tax in case leasing contract nominated in Hard currencies.**
- **Repossession process. Pledge vs. ownership.**  
**To prove the owner-ships rights in case of unilateral cancellation of the lease contracts.**
- **Risk concentration on limited number of sectors.**

# Opportunities/Threats

## Leasing market 6 months check: the Truth test

### TRENDS

	March 2008	November 2008
Significant level of growth: Russian leasing market occupies 7 <sup>th</sup> place in Europe and 11 <sup>th</sup> worldwide	<b>Growth</b>	<b>TRUE</b>
High level of competition.	<b>Competition</b>	<b>FALSE</b>
Very fragmented market: over 150 active leasing companies	<b>Fragmentation</b>	<b>TRUE</b>
Regional network expansion	<b>Expansion</b>	<b>FALSE</b>
Liquidity issues	<b>Liquidity</b>	<b>More than ever</b>
Vendor finance “way of doing”	<b>Way of Doing</b>	<b>More than ever</b>