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World Leasing
Yearbook
2014



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World Leasing
Yearbook
2014

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✦ Edited by Lisa Paul

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Directory Research Manager: Sophia Telfer

Advertising Sales Manager: Nigel Johnson

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Russia

MARKET REVIEW

During 1998–2012, the National Research University – Higher School of Economics (Moscow) surveyed the results of the activities of all of the largest, and most of the remaining, leasing market operators in Russia.

Changes in the leasing market depending on currency exchange rates. The results of the scheduled annual analysis undertaken to survey the activities of leasing companies in the Russian Federation indicate that in 2012 the market situation has barely changed. Growth was 1.7% in Russian roubles, while in the euro growth was 4.2%, but in US dollars there was a decline of 3.9%.

For 14 years the University has been surveying the results of activities of most leasing market operators in Russia, including all the largest ones.

Its annual review of the Russian leasing industry shows that in 2012 new production volumes (the value of the leasing contracts concluded during the year under which leasing financing began to be provided) amounted to US\$42.22bn (including VAT), or US\$35.87bn (excluding VAT).

Over the period from 2000–12, the volume of leasing operations in Russia totalled US\$221.7bn (at current prices). This figure is not adjusted for changes in the worth of money over time. Leasing business in Russia has been growing at a geometrical-average annual rate of 56.7% (before crisis) and 32.7% (for the whole period).

Within a year the new business quarter volatility was low compared to previous years. The maximum share of annual amounts in the first quarter was 29.5%



Dr Victor Gazman, author of this article.

from the sum total of the year, and the minimum share in the third quarter was 20.9%. By tradition, we present data for the fourth quarter (26.9%), which is an indicator of the development of the market (see Table 2).

A lower value occurred only in 2008 and 23% in 2011 when the financial crisis began and the leasing market's reaction was quite adequate for the deteriorating situation in the whole economy.

Leasing market penetration. In 2012, the gross domestic product (GDP) of the Russian Federation amounted to US\$2,014.5bn (R1/US\$31.074) (US\$1,858.3bn in 2011; US\$1,482.5bn in 2010, US\$1,255.6bn in 2009; US\$1,674.8bn in 2008) and, according to the official data of the Federal State Statistics Service, increased by 3.4%, while investments into fixed capital assets rose by 13.9% in Russian roubles.

According to our estimates, the share of leasing operations in GDP (real) in 2012 was 2.10% (2011 – 2.31%; 2010 –

Leasing services

Acceptance-Leasing Ltd.

115191, Moscow, ul. Most of Tula, 10, p.38. office 6 Tel: +8 (495) 508 2939; Email: accept-L@yandex.ru.
Activities: Member of the United Leasing Association (ULA).

Afin Leasing Vostok (Iveco Capital) Ltd

Kosmonavta Volkova Street 10, Building 1, 125171, Moscow, Russia. Tel: +7 (495) 504 0445; Fax: +7 (495) 504 0446; Website: www.iveco.com. Contact: Varvara Nikolova; Email: varvara.nikolova@iveco.com.
Activities: Member of the Russian Leasing Association (Rosleasing).

Agro-Soyuz Market Inc

Promuzel Zorinsky 2, Dubki, 410506, Saratov, Russia. Tel: +7 (8452) 62 42 86; Fax: +7 (8452) 62 45 76; Email: info@rsm-agromarket.ru; Website: www.rsm-agro-market.ru. General Manager: Gennady Gerasimov.

Activities: Leasing of agricultural machinery. Member of the Russian Leasing Association (Rosleasing).

Agrointersnab Inc

Tkachev Street D13A, Office 310, 400087, Volgograd, Russia. Tel: +7 (8442) 379 683; Fax: +7 (8442) 379 292. General Manager: Nina Arzamastseva.

Activities: Member of the Russian Leasing Association (Rosleasing).

Agrosnabtechservice JSC

Factory Street 14, 630007, Novosibirsk, Russia. Tel: +7 (383) 223 0843; Fax: +7 (383) 223 7626; Email: kolos@nvcom.ru; Website: www.rsm-asts.ru. General Manager: Anatoly V. Zhukov.

Activities: Agricultural machinery. Member of the Russian Leasing Association (Rosleasing).

AgroTech Tsentri Inc

8th Passage of Engineers 8, 432072, Ulyanovsk, Russia. Tel: +7 (8422) 20 06 11/08 70. CEO: Alexander M. Dolgov.

Activities: Member of the Russian Leasing Association (Rosleasing).

AKKORtechservice Ltd

Zipovskaya Street 10, 350072, Krasnodar, Russia. Tel: +7 (861) 257 07 57/242 94 29; Email: akkor23@mail.ru; Website: www.techleasing.narod.ru. Director: Ella V. Kudayar.

Activities: Member of the Russian Leasing Association (Rosleasing).

ALD Automotive Ltd

Highway ul.Varshavskoe d.25A p.6, 117105 Moscow, Russia. Tel: +7 (495) 510 2858; Fax: +7 (495) 510 2857; Website: www.aldautomotive.ru.

Activities: Member of the United Leasing Association (ULA).

Alfa Insurance

ul. Shabolovka, 31 p B, 115162 Moscow, Russia. Tel: +7 (495) 787 0999; Email: alfastrah@alfastrah.ru; Website: www.alfastrah.ru.

Activities: Member of the United Leasing Association (ULA).

Alfa Leasing Ltd

St. Much Pereyaslavskaya, 46, Building 2, Office 1, 129110 Moscow, Russia. Tel: +7 (495) 221 7363; Email: leasing@alfabank.ru; Website: www.alfaleasing.ru. Contact: Andrew Barkov; Tel: +7 (495) 221 7363 (Ext: 111); Email: abarkov@alfaleasing.ru.

Activities: Member of the United Leasing Association (ULA).

Table 1: Leasing in Russia (2001–2012)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Value of leasing contracts concluded (US\$m)	1,960	2,320	3,640	6,750	8,510	17,080	32,850	26,400	10,450	24,240	43,920	42,220
Changes compared to the preceding year:												
US\$m	545	360	1,320	3,110	1,760	8,570	15,770	-6,450	-15,950	13,790	19,680	-1,700
%	38.5	18.4	56.9	85.4	26.1	100.7	92.3	-19.6	-60.4	132.0	81.2	-3.9

1.58%, 2009 – 0.84%); the share of leasing operations in investments in production assets was 8.87% (2011 – 9.93%; 2010 – 6.78%, 2009 – 4.0%).

Taking into account updated information on data Rosstat, the share of the leasing of machinery, equipment and transport vehicles in the total volume of investments in such assets are presented in Table 3.

In accordance with the laws of Russia, leasing is a type of investment activity. This is indeed the case in Russia and in many other countries.

According to our calculations, for 17 years (1996–2012) the correlation coefficient between the volumes of new leasing business and investments in fixed assets (excluding leased assets) were the equivalent of 0.9432. For comparison, in Germany for 36 years (1976–2011) this rate corresponded to 0.9572; in the UK for 34 years (1978–2011) – 0.8977; in Japan for 31 years (1980–2011) – 0.8990; and in Italy for 31 years (1981–2011) – 0.9061 (the calculation was carried out on the basis of data published in the *World Leasing Yearbook*).

Thus, it is safe to suggest that the changes in the dynamics of a new leasing business in these countries on 90%–95% depends on the same factors that are relevant for the dynamics of investments in fixed capital.

The total foreign investments to Russia allocated in the non-financial sector of the economy, excluding monetary and crediting institutions, commercial banks and saving banks, amounted to US\$154.64bn, (US\$190.64bn in 2011; US\$114.75bn in 2010). However, despite the decline in overall investment, foreign

Table 2: Fourth quarter new leasing business in Russia (2004–2012)

Year	Share of Q4 (%)
2004	37.6
2005	36.3
2006	38.8
2007	33.8
2008	16.0
2009	40.0
2010	40.7
2011	23.2
2012	26.9

direct investment increased by 1.4% and reached US\$18.67bn.

Russian leasing in Europe. According to Leaseurope for 2012¹ and the author's own data, Russia moved up from fifth to fourth place in Europe after Germany, the UK and France. Russia's share of European leasing is 7.77% (2011 – 7.10%, 2010 – 6.44%).

It is worth remembering that 91.1% of new leasing business in the Russian Federation is in Europe, especially in European cities – Moscow and Saint Petersburg – 48%. Therefore I think the wrong solution for some authors includes the volumes of new leasing business of the Russian Federation in Asia, not Europe. This may change the structure of the global leasing market.

Changes in the law on taxes in Russia. Property tax is a regional tax, thus its application is governed by regional regulation, as well as the Tax Code (Chapter 30). The maximum rate of tax according to the Tax Code is 2.2%. Property tax is levied on both movable and immovable

Leasing services

Allen & Overy Legal Services

Dmitrovsky Pereulok 9, 107031, Moscow, Russia. Tel: +7 (495) 725 7900; Fax: +7 (495) 725 7949; Email: information@allenoverly.com; Website: www.allenoverly.com. Contact Partner: Stephen Matthews. **Activities:** International legal practice with 31 offices in 22 countries. Advising on all types of domestic and cross-border, asset financial leasing (both tax based and non tax based) in all sectors including shipping, aviation and rail finance.

Alliance Leasing Company

nab. Black River, 41, Bldg. 7, 197342 Saint-Petersburg, Russian Federation. Tel: +7 (812) 702 6770; Email: info@alliance-leasing.ru; Website: www.alliance-leasing.ru.

Activities: Member of the United Leasing Association (ULA).

American Appraisal

Chapaev Street 15, 197101, St. Petersburg, Russia. Tel: +7 (812) 332 4640; Email: stpetersburg@american-appraisal.com; Website: www.american-appraisal.com. Managing Director of Russia & Central Asia: Alexander Lopatnikov.

Activities: Recognised for establishing best practices in fixed asset management.

American Appraisal

1st Khvostov per 11A, 109180, Moscow, Russia. Tel: +7 (495) 795 2450; Email: moscow@american-appraisal.com; Website: www.american-appraisal.com. Managing Director: Alexander Lopatnikov; Email: alopatnikov@american-appraisal.com.

Activities: Recognised for establishing best practices in fixed asset management.

Andreas Neocleous & Co. LLC

Perevedenovskiy per 13, Building 21, 105082, Moscow, Russia. Tel: +7 (495) 933 8703; Fax: +7 (495) 411 8504; Email: russia@neocleous.com; Website: www.neocleous.ru. Head of Moscow Office: Vocleriy Kuleshov; Email: vocleriy.kuleshov@neocleous.com; Lawyer: Anna Maceeva; Email: anna.maceeva@neocleous.com.

Activities: General practice. Company law (incorporation of companies, corporate management, mergers & acquisitions, insolvency), commercial law, international tax planning (individual and corporate trust services), insurance law, family law, civil & commercial litigation, arbitration (local and international), admiralty & shipping, international trade law, trade mark & patent law, EU law, energy law.

Argument Legal Agency Inc

78 Volunteer Brigade Street 2, 660077, Krasnoyarsk, Russia. Tel/Fax: +7 (3912) 541 600; Email: lizing@argument.su; argum@online.su; Website: www.argument.su. General Manager: Tatiana Y. Tregubova.

Activities: Attracting investment to the purchase and delivery of finance lease, in the areas of construction equipment, vehicles, railway, aircraft, industrial equipment and fuel equipment. Member of the Russian Leasing Association (Rosleasing).

Astragrolizing Ltd

Soviet Guards Street 9, 414013, Astrakhan, Russia. Tel: +7 (8512) 57 97 01/87 88. Director: Doldaev Badma Borlaevich.

Activities: Member of the Russian Leasing Association (Rosleasing).

Table 3: Share of the leasing of machinery, equipment and transport vehicles in the total volume of investments in 2000–12 (%)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Share of the leasing of machinery, equipment and transport vehicles in the total volume of investments	9.24	8.94	9.13	11.40	13.98	13.67	20.13	25.49	16.32	8.75	17.23	25.41	24.09

Table 4: The refinancing rate of Russia's Central Bank (2007–13)

Year	Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
2007	11.0	10.5	10.5	10.5	10.5	10.0	10.0	10.0	10.0	10.0	10.0	10.0
2008	10.0	10.25	10.25	10.5	10.5	10.75	11.0	11.0	11.0	11.0	12.0	13.0
2009	13.0	13.0	13.0	12.5	12.0	11.5	11.0	10.75	10.5; 10.0	9.5	9.0	8.75
2010	8.75	8.5	8.25	8.0	8.0	7.75	7.75	7.75	7.75	7.75	7.75	7.75
2011	7.75	8.0	8.0	8.0	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.0
2012	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.25	8.25	8.25	8.25
2013	8.25	8.25	8.25	8.25	8.25	8.25						

property. However, movable property put into operation after January 1, 2013, is excluded from the property tax base.

This circumstance somewhat reduces the tax benefits of leasing compared to other forms of attraction of funds in investment projects. However, these advantages are still high due to income tax benefits as a result of the application of the accelerated depreciation rate, which is no higher than three.

The refinancing rate of Russia's Central Bank. Lease pricing has for the most part tracked the bank lending rates. The refinancing rate of the Central Bank has a clearly traceable cyclical movement (Table 4). As the crisis escalated, rates increased. Then the Central Bank began the gradual process of reduction. As a result, the rate has reached historic levels in the Russian Federation of 7.75%.

From March 2010 to June 2013 (40 months) the rate ranges between 0.5 percentage points. From September 2012 to June 2013 (10 months) the rate did not change and remained at 8.25%.

It is possible to assume that over the coming months the rate of refinancing in Russia will be reduced.

The new Chairman of the Central Bank of Russia, Elvira Nabiullina (from June 24, 2013), said that the refinancing rate should be reduced. Mrs Nabiullina has said the loans should be reduced to develop the refinancing of banks, in particular, to increase the access of banks to the different instruments. If the banks issue loans to the real sector of the economy, under them it is possible to issue securities, which the Central Bank will take the pledge and thus provide liquidity to the entire system.

Activities of leasing market operators. In practice many Russian leasing companies have managed not only to copy, but also to successfully adapt, the experience of the countries with developed leasing industries.

In 2002, Russia had only three leasing companies, whose new business volumes were in excess of US\$100m. In 2012, from 96 leasing companies who partici-

Leasing services

Athens Leasing Vostok (Iveco Capital) Ltd

Cosmonaut Volkov 10, Building 1, 125171, Moscow, Russia. Tel: +7 (495) 504 04 45; Fax: +7 (495) 504 04 46; Email: info@ivecofinance.com; Website: www.iveco.com. General Manager: Tatiana V. Goncharov.
Activities: Member of the Russian Leasing Association (Rosleasing).

Auto Partners Ltd

Bol'shoy Ovchinnikovskiy per., 16, Office 607, 115184 Moscow, Russian Federation. Tel: +7 (495) 780 5254; Email: info@ap-ru.com; Website: www.ap-ru.com.
Activities: Provides full service operational leasing and solutions for car fleet management. Member of the United Leasing Association (ULA).

Aviation Ltd.

Bolshoy Prospect St. Sampson, 60, Lit, pom.507, 194044 St. Petersburg, Russian Federation. Tel: +7 (812) 677 9345; Fax: +7 (812) 677 9343; Email: vnm@avton.info; Website: www.avton.info.
Activities: Member of the United Leasing Association (ULA).

AVIS

Alexander Nevsky, 2, 19-H, Part 2, St. Petersburg, St. Petersburg. Tel. +7 (812) 600 1213; Fax +7 (812) 600 1599; Email: reservation@avis-rentacar.ru; Website: www.avis-russia.ru; www.avis-rentacar.ru.
Activities: Member of the United Leasing Association (ULA).

Avto AgroMash Inc

Derbenevskaya nab 11, Building B, 4th Floor, Office 401B, 115114, Moscow, Russia. Tel: +7 (495) 647 1397; Fax: +7 (495) 647 1396; Email: avtoagromash@list.ru. General Manager: Oleg D. Tyupenkin.
Activities: Member of the Russian Leasing Association (Rosleasing).

BA-DEK-Leasing Ltd

Kirova Street 29, Ufa, Office 2, 450077, Bashkortostan, Russia. Tel: +7 (3472) 91 37 78; Fax: +7 (3472) 91 37 80; Email: office@badek.ru. General Manager: Vladimir Kogan Vilenovich.
Activities: Member of the Russian Leasing Association (Rosleasing).

Baker & McKenzie - CIS Ltd

Gritsova Lane 4A, Bolloev Center, 2nd Floor, 190000, St. Petersburg, Russia. Tel: +7 (812) 303 9000; Fax: +7 (812) 325 6013; Email: spb.office@bakernet.com; Website: www.bakermckenzie.com. Managing Partner: Maxim Kalinin; Email: maxim.kalinin@bakermckenzie.com.
Activities: Global law firm advising on all aspects of cross-border and domestic financing across a broad range of industries from IT to manufacturing. The company has more than 500 banking & finance lawyers experienced in local and international banking and finance laws, regulations and customs.

Baker & McKenzie - CIS Ltd

Dolgurovskaya Street 7, Sadovaya Plaza, 12th Floor, 127006, Moscow, Russia. Tel: +7 (495) 787 2700; Fax: +7 (495) 787 2701; Website: www.bakermckenzie.com. CIS Managing Partner: Carol Patterson; Email: carol.patterson@bakermckenzie.com.
Activities: Global law firm advising on all aspects of cross-border and domestic financing across a broad range of industries from IT to manufacturing. The company has more than 500 banking & finance lawyers experienced in local and international banking and finance laws, regulations and customs.

Baltic Leasing Group

10-th Krasnoarmeyskaya street, 22, lit. A, 190103, St. Petersburg, Russian Federation. Tel: +7 (812) 325 9080; 9082; 9083; Email: mail@spb.baltlease.ru; Website: www.baltlease.ru.
Activities: Member of the United Leasing Association (ULA).

Baltic Leasing Group of Companies

The 10th Red Army 22A, 190103, St. Petersburg, Russia Tel: +7 (812) 325 90 80/2/3; Email: mail@spb.baltlease.ru; Website: www.baltlease.ru. Director: Dmitry V. Korchagov.
Activities: Leasing of vehicles, equipment & machinery and real estate. Member of the Russian Leasing Association (Rosleasing).

Belgorod Oblagrosnab Inc

Nicholas Chumicheva 122, 308014, Belgorod, Russia. Tel: +7 (4722) 262 918; Fax: +7 (4722) 266 425; Email: agroprom@belgts.ru. General Manager: Stefan Volosenok Ignatievich.
Activities: Member of the Russian Leasing Association (Rosleasing).

BOT Lease (Eurasia) Ltd

Butyrsky Val 68-70D, Building 1, Office 63, 127055, Moscow, Russia. Tel: +7 (495) 988 17 07; Email: o.cheketa@botlease.ru; Website: www.botlease.ru. CEO: Tadashi Matsumura; Email: ta_matsumura@botlease.ru.
Activities: Member of the Russian Leasing Association (Rosleasing).

Table 5: Russian leasing companies with a new business volume over US\$100m

Range (US\$m)	Number of companies		
	2010	2011	2012
From 100 to 500	24	30	31
From 500 to 1,000	1	5	6
From 1,000 to 3,000	2	3	8
More than 3,000	3	4	2
Total	30	42	47

Table 6: Russian leasing companies that concluded new business volumes of over US\$300m (2012)

No.	Leasing company	New leasing business volume (US\$m)
1	VEB-leasing (Moscow)	9,463
2	Group Companies "VTB-Leasing & TCL" (Moscow)	3,580
3	Sberbank Leasing (Moscow)	2,622
4	TransFin-M (Moscow)	2,440
5	Group Companies "Gazprombank-Leasing" (Moscow)	1,697
6	GTLC (Moscow)	1,578
7	Europlan (Moscow)	1,565
8	Rosagroleasing (Moscow)	1,223
9	Gaztechleasing (Moscow)	1,210
10	Group Companies "Alpha Leasing" (Moscow)	1,181
11	LC "URALSIB" (Moscow)	946
12	Group Companies "Business Alliance" (Moscow)	842
13	Group Companies "Baltlease" (St. Peterburg)	744
14	Carcade Leasing (Moscow)	703
15	Siemens Finance (Vladivostok)	694
16	KAMAZ-Leasing (Naberezhny Chelny)	528
17	ULC "RESO-Leasing (Moscow)	424
18	Caterpillar Financial (Moscow)	394
19	Element Leasing (Moscow)	351
20	Ilyushin Finance Co (Voronezh)	333
21	LC "Stone XXI" (Moscow)	330
22	Group Companies "Interleasing" (St. Peterburg)	318
23	Raiffeisen-Leasing (Moscow)	316

pated in our survey of the market, 47 of the lessors' volume of new business had exceeded US\$100m (see Table 5).

Russian leasing companies began to occupy the highest places in the European ranking table. According to Leaseurope for 2012,² OJSC "VEB-Leasing" took fourth place (eighth place in 2011) in Europe in terms of total new business (after Societe Generale Leasing Solution, BNP Paribas Leasing Solution and De Lage Landen International B.V.).

A large amount of new leasing business in Russia (approximately 12.5 % in 2012; 11.0% in 2011) is represented by agreements executed between Russian lessees and leasing companies established in Russia as residents with a 51%–100% interest owned by investors from various countries such as Germany, France, Italy, the UK, the US, Austria, the Netherlands, Sweden, etc.

We assume that the intention of the Ministry of Finance on the repeal of benefits may encourage leasing companies to build deals with operating leasing. However, it should be noted that operating leasing is substantially a product which will require the restructuring of leasing companies, shifting efforts towards forming material and repair base, expanding service lessees, to assume the risks associated with the correct assessment of the needs of the market in some form of long-term leasing property.

In 2012, approximately 97% of leasing business was financial leasing and over 3% of contracts were operating lease transactions. Previously, the proportion of operating leasing was 4% in 2011 and 10% in 2010.

Leasing for small businesses. According to our survey, leasing companies are indeed providing substantial funding to small-sized enterprises, for example, Europlan – US\$1,080m (cost of property for lease); VEB-Leasing – US\$808m; Group Companies "Baltlease" – US\$349m; GTLC – US\$333m. The share of leasing for small-sized enterprises in the total

volume of leasing operations in Russia is 22%.

Currently, the rate of credit for small businesses is 8%–11%, and the margin of the lessor is 3%–4%. Small businesses involved in leasing need State support and the support of other leasing companies.

Big-ticket leasing. Leasing companies economically have little interest in concluding contracts with small businesses. I will illustrate this with an example of a leasing company which is ranked in the top five in Russia and the top 25 in Europe.

I have examined the information regarding 427 lease projects for one company for three years (2010–12). The cost of buying property for these projects was US\$5,400m and the contract value of the leasing agreements was US\$7,513m with an average duration of 7.4 years.

All the projects were divided into six groups (see Table 7). The analysis showed that with some exceptions, the overall trend was to increase the contract value, reduce the loan rate and advances, and reduce the lessor's margin.

In order for small businesses to take advantage of the leasing interest rate level of 14.9% (the amount of loan rate and margin), the yield of its activities should be higher than the yield of a large enterprise engaged in large-scale projects, for which the leasing rate is 10.7% –11.4%, i.e. a quarter below.

Objects of leasing of large-scale projects in this company are: railway rolling stock; drilling rigs; equipment; power equipment; real estate; construction equipment; aircraft; and auto transport.

To determine the significance of factors which have an impact on the leasing rate percentage, nine multiple regression equations were drawn up.

The general equation that takes into account the performance of all 427 projects has the following form:

$$Y = 9.899 + 1.39X_1 - 2.40X_2 + 0.087X_3 + 1.215X_4,$$

where: X_1 – advances to the lessee; X_2 – credit received by lessor; X_3 –

Leasing services

Business Car Leasing

Balakovskiy pr 26, 117452, Moscow, Russia. Tel: +7 (495) 721 3368; Fax: +7 (495) 223 7746; Email: adolgov@leasingbc.ru; Website: www.leasingbc.ru. Director: Ilya A. Pimenov.
Activities: Member of the Russian Leasing Association (Rosleasing).

Capital Insurance Inc

Kievskaya Street 7, 121059, Moscow, Russia. Tel: +7 (495) 777 77 01/620 95 33; Fax: +7 (495) 620 95 38; Email: ci@ifdk-insurance.ru; Website: www.ifdk-insurance.ru. General Manager: Ruslan Aliyev Allahverdi Oglu.

Activities: Insurance company operating in the domestic and international insurance markets. Member of the Russian Leasing Association (Rosleasing).

Carcade Ltd

Stanislavskogo Street 21-3, 109004, Moscow, Russia. Tel/Fax: +7 (495) 933 88 16; Email: carcade@carcade.com; carcade@carcade.ru; Website: www.carcade.com; www.carcade.ru. General Manager: Larissa Vlasov.

Activities: Leasing of vehicles for small and medium-sized businesses. Member of the Russian Leasing Association (Rosleasing).

Carr Investment Ltd

Timerjazev Street 30, 614990, Perm, Russia. Tel: +7 (342) 210 5147/7084/7089; Email: invest@topcom.ru; Website: www.topcom-invest.ru. Director: Alex Makrushin Fomich.

Activities: Leasing company for machinery, equipment and motor vehicles. Member of the Russian Leasing Association (Rosleasing).

ChelindLizing LLC

Krasnaya Street 11, Office 307, 454091, Chelyabinsk, Russia. Tel: +7 (351) 239 84 48; Website: www.chelindleasing.ru. Director: Taisiya A. Zotova; Email: tazotova@chelindbank.ru.

Activities: Leasing company. Member of the Russian Leasing Association (Rosleasing).

CHG-MERIDIAN Leasing OOO

Jlyinka Street 3-8, Building 5, 109012, Moscow, Russia. Tel: +7 (495) 921 2115; Fax: +7 (495) 921 2116; Email: russia@chg-meridian.com; Website: www.chg-meridian.ru. CEO: Alexey Maluyutin.

Activities: Part of CHG-MERIDIAN AG, founded in 1979, one of Europe's top leasing companies in the field of information technology independent of manufacturers and banks. As well as flexible financing and extensive services, the company also offers remarketing of used IT hardware.

Clifford Chance CIS Ltd

Gasheka Street 6, 125047, Moscow, Russia. Tel: +7 (495) 258 5050; Fax: +7 (495) 258 5051; Email: moscow.office@cliffordchance.com; Website: www.cliffordchance.com/russia. Managing Partner: Jan ter Haar; Direct Tel: +7 (495) 725 6446; Email: jan.terhaar@cliffordchance.com; Partner & Leasing Sector Leader: Victoria Bortkevicha; Direct Tel: +7 (495) 725 6406; Email: victoria.bortkevicha@cliffordchance.com.

Activities: A leading global law firm providing a full scope of legal services for domestic and cross-border leasing transactions.

Complex Leasing Ltd

2nd Zvenigorodskaya Street 13, Building 42, 123022, Moscow, Russia. Tel: +7 (495) 739 08 17/8; Fax: +7 (495) 739 08 19; Email: info@complex-leasing.ru; Website: www.complex-leasing.ru. Director: Vladimir Yakovlevich Skoropupov.

Activities: Member of the Russian Leasing Association (Rosleasing).

Creation Leasing Company Ltd

Panfilov Street 39, Room 307, 424003, Yoshkar-Ola, Russia. Tel: +7 (8362) 42 09 50. Director: Valery Bychkov; Email: velli@mkb.mari.ru.

Activities: Member of the Russian Leasing Association (Rosleasing).

Table 7: Leasing projects of the large Russian leasing companies

Lease contract	Contract value (thousands)	Number of agreements	Lease term (year)	Advance (%)	Credit rate (%)	Margin of lessor (%)	Lease (%)
Micro	< 65.8	24	2.86	17.38	11.06	2.77	14.41
Small	65.8 – <658	140	3.14	15.76	10.04	1.84	12.23
Middle	658 – <6,580	139	3.91	14.50	10.82	1.47	12.53
Large	6,580 – <39,509	71	6.09	10.82	10.45	1.00	11.57
Large +	39,509 – <105,358	31	7.95	5.04	10.31	0.72	11.07
Large ++	<105,358	32	7.95	8.41	10.35	0.71	11.13
Total	–	427	7.43	8.31	10.37	0.78	11.22

Table 8: New leasing business by type of lessors in 2009–2012 (%)

Group lessor	New leasing business			
	2009	2010	2011	2012
For the lessors, affiliated state:				
All lessors	52.5	62.6	67.5	57.1
Lessors of construction equipment and machinery	15.1	42.8	45.8	31.0
For the lessors, established foreign banks and companies:				
All lessors	17.9	12.3	10.6	12.5
Lessors of construction equipment and machinery	37.5	25.1	21.0	23.7
Other lessors, established Russian businesses:				
All lessors	29.6	25.1	21.9	30.4
Lessors of construction equipment and machinery	52.6	32.1	33.2	45.3

terms of leasing contracts; X_4 – margin of the lessor. The value of R^2 for totality is 0.7005.

The most significant of the four factors turned out to be the margin of the lessor. However, growth in the new leasing business margin impacted on the leasing rate percentage decline. For example, for a group of “micro” the margin value was 85.4%, and for a group of “Large ++” was 53.1% (advance – 26.2%, terms – 8.4%, credit received by lessor – only 2.1%).

This important direction of the development of leasing in Russia may soon become a leverage for leasing transactions as well as transactions with leasing in project financing. Typically, these big-ticket deals have an average cost which exceeds US\$100m. The share of such transactions in the leasing market of Russia reaches 70%.

Major infrastructure projects in Russia. At the St. Petersburg International Economic Forum (June 21, 2013), the President of Russia, Vladimir Putin, stated that soon the State will participate in the financing of three major infrastructure projects:

“What are these projects? The first is a high-speed train link between Moscow and Kazan. In fact, this will be a pilot project for the route that will eventually connect the Central, Volga and Urals economic regions.

“Second, it is a central ring road that will actually be built anew and run through the Moscow region and the New Moscow area. Some sections of that road will be 30 to 70 kilometres away from the existing Moscow ring road. In fact, the Central Ring Road is a new project that will change the entire transport logistics in the European part of Russia, connect the country’s central regions, open up new development opportunities for them, relieve Moscow of transit

transport, and improve the capital’s environment.

“The Russian participants of our meeting today understand what this means for the people living in the centre of the Russian Federation. About 20 million people live in Moscow and Moscow region. And if we add those in adjacent regions, regions that will eventually use this infrastructure, the number of people and economic actors increases many times over.

“And finally, as a third project we are going to significantly upgrade the Trans-Siberian Railway and expand its capacity. Let me point out that it is one of the longest railways in the world: nearly 10,000 kilometres. A direct rail route across Eurasia will act as a key artery between Europe and the Asia-Pacific region. It will give a powerful impetus to the development of the Far East and Siberia. Our transport infrastructure is getting very close to fast-growing Asian markets.”³

Based on published information of the Ministry of Transport, you can estimate the total cost of the three projects at R1.832bn or US\$60bn. Our estimate is that leasing companies will probably invest about US\$17bn, which is 40% of all new leasing business in Russia in 2012.

New leasing business by type of lessor. At the St. Petersburg International Economic Forum (June 21, 2013), the President of Russia, Vladimir Putin, stated that: “I would like to talk separately about state-owned companies. Often investors use the quality of such companies’ work as a proxy to judge the quality of governance in the entire country, and it is no secret that the conclusions they come to are sometimes unflattering.

“We intend to strengthen the state’s role in overseeing the companies it owns, to introduce clear performance manage-

Leasing services

Customer Leasing Company Inc

Novozovodskaya Street 18, Room 1, 121309, Moscow, Russia. Tel: +7 (495) 988 4646; Fax: +7 (495) 795 0674; Email: info@klk-leasing.ru; Website: www.klk-leasing.ru. Director: Alexander Druzhinin Viniaminovich.

Activities: Member of the Russian Leasing Association (Rosleasing).

Dakt Engineering JSC

Smirnovskaya Street 25, Building 17, 109052, Moscow, Russia. Tel: +7 (495) 673 3548/234 0320; Fax: +7 (495) 234 1923; Email: engineering@dakt.com. Director: Yury P. Borisov.

Activities: Member of the Russian Leasing Association (Rosleasing).

De Lage Landen

4th Lesnoy Pereulok 4, 125047, Moscow, Russia. Tel: +7 (495) 280 0170; Fax: +7 (495) 280 0185; Website: www.delagelanden.com/russia. Country Manager: Ruslan Almazov.

Activities: Specialising in asset based financing programmes for equipment manufacturers, dealers and distributors all over the world. Offering customers a single source for leasing, administration, risk and asset management solutions.

Dentons UKMEA LLP

Bolshaya Dmitrovka 7/5, Building 2, 125009, Moscow, Russia. Tel: +7 (495) 916 9636; Fax: +7 (495) 916 9637. Contacts: Andrei Strijak; Email: andrei.strijak@eu.dentons.com; Mikhail Dikopolski; Email: mikhail.dikopolski@eu.dentons.com; Tim Stubbs; Email: timothy.stubbs@eu.dentons.com.

Activities: Representing banks, lessors and airlines on transactions involving financing, leasing of aircraft, general equipment, rail, shipping and containers. Also advising on export credit finance.

DLA Piper

Leontievsky Pereulok 25, 125009, Moscow, Russia. Tel: +7 (495) 221 4400; Fax: +7 (495) 221 4401; Email: moscow@dlapiper.com; Website: www.dlapiper.com/russia. Managing Partner: Constantine Lusignan-Rizhinashvili; Direct Tel: +7 (495) 221 4414; Email: constantine.lusignan-rizhinashvili@dlapiper.com; Partner: Vyacheslav Khorovskiy; Direct Tel: +7 (495) 221 4477; Email: vyacheslav.khorovskiy@dlapiper.com; Legal Director: Alexei Yanboukhtin; Direct Tel: +7 (495) 221 4495; Email: alexei.yanboukhtin@dlapiper.com.

Activities: Advising leasing companies, airlines and banks on all aspects of leasing activities, including drafting & negotiating operating leases, tax-based and leveraged leases.

Elevator-Service Inc

Sovetskaya 112, 300041, Tula, Russia. Tel: +7 (4872) 9 18 25; Email: elevator-servis@yandex.ru; Website: www.elevator-servis.ru. General Manager: Andrey A. Panov.

Activities: Member of the Russian Leasing Association (Rosleasing).

Energolizing JSC

1st Pervomaysky 1A, 308001, Belgorod, Russia. Tel/Fax: +7 (4722) 32 90 09; Email: energolizing@bel.ru; Website: www.enleasing.ru. General Manager: Evgeny V. Budilov.

Activities: Member of the Russian Leasing Association (Rosleasing).

Europlan

Elkina Street 45, Block A, Office 1003, 1008, Chelyabinsk, Russia. Tel: +7 (351) 247 9442; Fax: +7 (351) 247 9441; Email: asm@europlan.ru; Website: www.leasing.ru.

Activities: Leading Russian small ticket leasing company. Successfully financed over 41,000 small and mid-sized businesses and carried out over 120,000 projects for more than 14 years.

Europlan

Kropotkina Street 1, Senator Business Center, Office 330, St. Petersburg, Russia. Tel: +7 (812) 332 1222; Fax: +7 (812) 332 2320; Email: asm@europlan.ru; Website: www.leasing.ru.

Activities: Leading Russian small ticket leasing company. Successfully financed over 41,000 small and mid-sized businesses and carried out over 120,000 projects for more than 14 years.

Europlan

Kolomyazhskiy Prospect 27A, St. Petersburg, Russia. Tel: +7 (812) 332 1222; Email: contact@europlan.ru; Website: www.europlan.ru.

Activities: Leading Russian small ticket leasing company. Successfully financed over 41,000 small and mid-sized businesses and carried out over 120,000 projects for more than 14 years.

Europlan

Malaya Sukharevskaya Square 12, 127051, Moscow, Russia. Tel/Fax: +7 (495) 786 8080; Email: contact@europlan.ru; Website: www.europlan.eu. President: Nikolai Zinoyev; Vice President of Business Development: Alexander Mikhailov; Email: asm@europlan.ru.

Activities: Leading Russian small ticket leasing company. Successfully financed over 41,000 small and mid-sized businesses and carried out over 120,000 projects for more than 14 years.

ment indicators, including with respect to companies' capitalisation and financial return ratios... Of course, no regulation or performance indicators will replace the main thing, namely competition. Regardless of who owns a company, no preferential treatment in our economy, a normal market economy, will be allowed. We must create a competitive environment in both internal and external markets for goods and services, for both private and public companies".⁴

In practice many Russian leasing companies have managed not only to copy but also to successfully adapt the experience of countries with developed leasing industries.

Analysis showed that in 2012 there had been a decline (by more than 10 percentage points) in the volume of new business by leasing companies that are affiliated with the State. It turned out that in the construction equipment and machinery sector, the situation is somewhat different than across the market as a whole. In the segment of leasing of construction equipment and machinery, the "statesmen" share has dropped by almost half (Table 8).

Outstandings. According to our assessments, the "outstandings" figure, i.e. the total amount payable to leasing companies by lessees under current leasing contracts (the leasing companies portfolio) as at the beginning of 2013, totalled US\$77.7bn (US\$60.6bn at the beginning of 2012). Outstandings of the Russian leasing market has grown 28.2%.

According to the data of Leaseurope, the leasing market in Russia in 2012 had

the fifth largest outstandings, with Germany and Russia ahead of Italy, the UK and France.

However, these figures should not only be seen as quantitative growth. The quality of portfolios must also be taken into account. In 2012, the quality of leasing portfolios had risen compared with 2011.

Information about the number of lessors in the range-group can be found in Table 10, and information about Russian leasing companies with "outstandings" over US\$300m can be found in Table 11.

Doubtful and problem receivables. The analysis of activities of leasing companies allowed us to determine the following ratio. According to our estimates, a few months after the beginning of the crisis, dubious and problem receivables accounted for over 2% of the total lease market portfolio.

Doubtful receivables are defined as payments overdue by the lessee for more than 30 days starting from the date of lease payment, but less than 60 days, as defined by the lease contract. Problem receivables are those with more than two sequentially missed lease payments as specified in the lease contract.

By the end of 2009, total doubtful and problem receivables rose to 11.7%. Apparently, this was the culminating peak of poor leasing portfolios. In 2010, the total slightly decreased, but remains very high with a value of 11.2%.

In the Russian market review in the *World Leasing Yearbook 2012*, I suggested that for the leasing industry of

Leasing services

Europlan

Chelyuskintsev Street 2-5, Yekaterinburg, Russia. Tel/Fax: +7 (343) 377 7898; Email: contact@europlan.ru; Website: www.europlan.ru.

Activities: Leading Russian small ticket leasing company. Successfully financed over 41,000 small and mid-sized businesses and carried out over 120,000 projects for more than 14 years.

Europlan

Pravo-Bulachnaya Street 35-2, Office 413, Kazan, Russia. Tel: +7 (843) 533 1922; Fax: +7 (843) 533 1923; Email: contact@europlan.ru; Website: www.europlan.ru.

Activities: Leading Russian small ticket leasing company. Successfully financed over 41,000 small and mid-sized businesses and carried out over 120,000 projects for more than 14 years.

Europlan

Rokossovskogo Street 62, Business Center Volgograd City, Volgograd, Russia. Tel: +7 (8442) 99 8888; Fax: +7 (8442) 99 8889; Email: contact@europlan.ru; Website: www.europlan.ru.

Activities: Leading Russian small ticket leasing company. Successfully financed over 41,000 small and mid-sized businesses and carried out over 120,000 projects for more than 14 years.

Europlan

Moskovskiy Prospekt 195, Voronezh, Russia. Tel/Fax: +7 (473) 233 0797; Email: asm@europlan.ru; Website: www.leasing.ru.

Activities: Leading Russian small ticket leasing company. Successfully financed over 41,000 small and mid-sized businesses and carried out over 120,000 projects for more than 14 years.

Europlan

Rashpiyevskaya Street 157, 8th Floor, Krasnodar, Russia. Tel/Fax: +7 (861) 259 3959/9810; Email: asm@europlan.ru; Website: www.leasing.ru.

Activities: Leading Russian small ticket leasing company. Successfully financed over 41,000 small and mid-sized businesses and carried out over 120,000 projects for more than 14 years.

Europlan

Partizan Zheloznyak Street 35A, 9th Floor, Office 9-01, Krasnoyarsk, Russia. Tel/Fax: +7 (391) 229 5787/9; Email: asm@europlan.ru; Website: www.leasing.ru.

Activities: Leading Russian small ticket leasing company. Successfully financed over 41,000 small and mid-sized businesses and carried out over 120,000 projects for more than 14 years.

Europlan

Prospekt Oktyabrya 132, 3rd Floor, Ufimskiy District, Ufa, Russia. Tel/Fax: +7 (347) 292 4407; Website: www.leasing.ru.

Activities: Leading Russian small ticket leasing company. Successfully financed over 41,000 small and mid-sized businesses and carried out over 120,000 projects for more than 14 years.

Europlan

Bolshaya Pecherskaya 51, Nizhniy Novgorod, Russia. Tel/Fax: +7 (831) 437 2043; Email: asm@europlan.ru; Website: www.leasing.ru.

Activities: Leading Russian small ticket leasing company. Successfully financed over 41,000 small and mid-sized businesses and carried out over 120,000 projects for more than 14 years.

Europlan

Frunze-Gertzena Street 80-18, 7th Floor, Office 726-8-9, Omsk, Russia. Tel/Fax: +7 (3812) 433 151/61; Email: asm@europlan.ru; Website: www.leasing.ru.

Activities: Leading Russian small ticket leasing company. Successfully financed over 41,000 small and mid-sized businesses and carried out over 120,000 projects for more than 14 years.

Europlan

Frunze Street 88, Novosibirsk, Russia. Tel/Fax: +7 (383) 228 9800; Email: contact@europlan.ru; Website: www.europlan.ru.

Activities: Leading Russian small ticket leasing company. Successfully financed over 41,000 small and mid-sized businesses and carried out over 120,000 projects for more than 14 years.

Europlan

Geroev Stalingrada Prospekt 72, 3rd Floor, Volgograd, Russia. Tel/Fax: +7 (8442) 498 151; Email: asm@europlan.ru; Website: www.leasing.ru.

Activities: Leading Russian small ticket leasing company. Successfully financed over 41,000 small and mid-sized businesses and carried out over 120,000 projects for more than 14 years.

Europlan

Dolomanovskiy Avenue 70D, Business Center Gvardeiskiy, Rostov-on-Don, Russia. Tel: +7 (863) 299 9350; Fax: +7 (863) 268 9220; Email: contact@europlan.ru; Website: www.europlan.ru.

Activities: Leading Russian small ticket leasing company. Successfully financed over 41,000 small and mid-sized businesses and carried out over 120,000 projects for more than 14 years.

Table 9: The ratio between the portfolio and new leasing business of the Russian leasing market 2005–12

	2005	2006	2007	2008	2009	2010	2011	2012
Outstandings, US\$b	12.34	21.92	38.87	41.25	32.03	33.75	60.60	77.70
New leasing business, US\$b	8.51	17.08	32.85	26.40	10.45	24.24	43.92	42.22
Ratio (outstandings/new leasing business)	1.438	1.283	1.183	1.563	3.065	1.392	1.380	1.840

Table 10: "Outstandings" of Russian leasing companies (January 1, 2007–13)

Range (US\$m)	Number of companies						
	2007	2008	2009	2010	2011	2012	2013
From 200 to 300	7	12	11	9	6	8	11
From 300 to 500	10	12	15	7	7	8	8
From 500 to 1000	7	7	9	6	2	3	6
More than 1000	4	7	7	4	6	9	11
Total	28	38	42	26	21	28	36

Table 11: Russian leasing companies with “outstandings” over US\$300m (January 1, 2012)

No.	Leasing company	Outstandings (US\$m)
1	VEB-leasing (Moscow)	16,983
2	Group Companies “VTB-Leasing & TCL” (Moscow)	11,581
3	Sberbank-Leasing (Moscow)	7,290
4	TransFin-M (Moscow)	4,007
5	Gaztechleasing (Moscow)	3,674
6	GTLK (Moscow)	2,985
7	Rosagroleasing (Moscow)	2,679
8	Group Companies “Gazprombank-Leasing” (Moscow)	2,386
9	Group Companies “Alpha-Leasing” (Moscow)	2,084
10	Ilyushin Finance Co (Voronezh)	1,418
11	Europlan (Moscow)	1,346
12	Group Companies “Baltlease” (St. Petersburg)	771
13	MTE-Finance (Moscow)	757
14	Siemens Finance (Vladivostok)	643
15	RTK-Leasing (Moscow)	567
16	Carcade Leasing (Moscow)	550
17	Raiffesen-Leasing (Moscow)	518
18	Deutsche Leasing Vostok (Moscow)	482
19	Group Companies “Interleasing” (St. Petersburg)	419
20	Group Companies “Transinvest-Holding” (Moscow)	403
21	Severnay Veneziy (St. Petersburg)	400
22	Caterpillar Financial (Moscow)	398
23	ULC “RESO-Leasing” (Moscow)	370
24	Sibirskaya Leasingovaya Company (Moscow)	360
25	UniCreditLeasing and Locat Leasing Russia (Moscow)	300

Russia to withdraw from the crisis, this figure would need to be reduced by at least half. A survey in 2012 could argue that by the end of 2011, total doubtful and problem receivables decreased by 4.0% and 3.3%.

An analysis of information on the non-fulfilment of obligations by the lessee and the actions of lessors in response to this allows us to make the following conclusion. Leasing companies, as a rule, try to avoid the last resort of conflict resolution – the courts. The majority of conflicts are resolved by negotiations with the lessee, which usually end with a review of the payment schedule or by the provision of staggered payments.

A leasing agreement may be dissolved in the courts (Point 2 of Article 450 and Article 619 of the Civil Code) in a case where the violation of the agreement is significant in nature, and also in other cases foreseen by the leasing agreement. These circumstances may include a two-time non-payment of the leasing payment.

The crisis has revealed an unsystematic way to operate the accounts receivable: there are no methods to manage the receivables, no instruments of property confiscation from unreliable lessees; poor preventive measures against overdue receivables (minimisation of amounts due; encouragement for on-time lease payment); and imperfection of organisational mechanisms in management solutions, legal protection, etc.

The crisis in the leasing industry became apparent in a combination of two negative, systematically interconnected factors: a credit pressing and an insolvency of lessees. Liquidity in the global markets in 2010 and in 2011 has gone up, and in 2012 growth stalled.

Three strategies of interaction with problem lessees are now being used by Russian lessors: debt restructuring; termination of lease contract and lease asset confiscation from unobliging lessees; and lessees’ bankruptcy origination and leasing companies claim settlement as creditors in lease deals.

Portfolio toxicity was partially lowered thanks to prematurely terminated lease contracts. However, sometimes early contract termination and asset confiscation from insolvent lessees took place with no adequate assessment of property liquidity price given. It is easier to cancel the deal rather than put the property up for sale in order to pay off the principal and the interest of the debt.

In this case, leasing companies may end up with withdrawn property, a depreciated and non-liquid asset.

Basel conditions. In an interview with the Reuters news agency, the Chairman of the Central Bank of Russia Elvira Nabiullina said that the timing of the introduction of Basel III in the Russian Federation should depend on the readi-

Leasing services

Europlan

Moskovskoye Shosse 17, Business Center Vertikal, Samara, Russia. Tel/Fax: +7 (846) 373 4724; Email: contact@europlan.ru; Website: www.europlan.ru.

Activities: Leading Russian small ticket leasing company. Successfully financed over 41,000 small and mid-sized businesses and carried out over 120,000 projects for more than 14 years.

Europlan

Sheikovichnaya Street 11-15, 10th Floor, Saratov, Russia. Tel/Fax: +7 (8452) 246 699; Email: asm@europlan.ru; Website: www.leasing.ru.

Activities: Leading Russian small ticket leasing company. Successfully financed over 41,000 small and mid-sized businesses and carried out over 120,000 projects for more than 14 years.

Europlan

Jukov Marshal Street 8, Office 510, Stavropol, Russia. Tel: +7 (8652) 264 131; Fax: +7 (8652) 260 699; Email: asm@europlan.ru; Website: www.leasing.ru.

Activities: Leading Russian small ticket leasing company. Successfully financed over 41,000 small and mid-sized businesses and carried out over 120,000 projects for more than 14 years.

Evrotekhnik Ltd

Oktyabrsky Prospekt 209, 140000, Lubertcy, Russia. Tel: +7 (495) 554 2064/1262; Fax: +7 (495) 554 2264; Email: et@kamela.ru; Website: www.kamela.ru. Director: Vseslav S. Ignatov.

Activities: Member of the Russian Leasing Association (Rosleasing).

Expo-Leasing Ltd

Electrozavodskaya Street 33D, 107076, Moscow, Russia. Tel: +7 (495) 660 9795; Email: info@expoleasing.ru; Website: www.expoleasing.ru. General Manager: Konstantin Rummyantsev.

Activities: Member of the Russian Leasing Association (Rosleasing).

Feost Leasing Company

1 Novokuznetsky Pereulok 10A, 115184, Moscow, Russia. Tel: +7 (495) 625 2587; Email: feost@mail.ru; Website: www.feost.ru. General Manager: Igor Andrushchenko.

Activities: Independent universal leasing company. Member of the Russian Leasing Association (Rosleasing).

Financial Technologies Group

6 Shliuzovaya nab, Block 4, 115114, Moscow, Russia. Tel: +7 (495) 782 1685/96; Fax: +7 (495) 782 1662; Email: info@gft-leasing.ru; Website: www.gft-leasing.ru. General Manager: Stanislav V. Kotashevsky.

Activities: Member of the Russian Leasing Association (Rosleasing).

FinStroyLizing Ltd

Stromynka 18, Building 13, 107996, Moscow, Russia. Tel: +7 (495) 983 0620; Fax: +7 (495) 983 0621; Email: mail@finstroyliz.ru; Website: www.finstroyliz.ru. General Manager: Sergey Kiryanov.

Activities: Member of the Russian Leasing Association (Rosleasing).

First Leasing Company Inc

Nekrasov Avenue 35, Barnaul, Russia. Tel: +7 (3852) 24 33 61/37 22; Email: leasing-barnaul@yandex.ru.

Activities: Member of the Russian Leasing Association (Rosleasing).

First Leasing Company JSC

Voshod Street 26-1, 630092, Novosibirsk, Russia. Tel: +7 (383) 335 60 43/6; Email: leasing@plk-nsk.ru; Website: www.plk-nsk.ru. Director: Nikolay A. Podsosov.

Activities: Member of the Russian Leasing Association (Rosleasing).

Gaztechleasing Ltd

Academician Anokhin Street 2, Building 7, 119602, Moscow, Russia. Tel: +7 (495) 663 8877; Fax: +7 (495) 663 8876; Email: mail@gaztechleasing.ru; offer@gaztechleasing.ru; Website: www.gaztechleasing.ru. CEO: Dmitry Eroshok; Head of Financial Department: Oleg Kheraskov; Email: oleg.kheraskov@gaztechleasing.ru.

Activities: Leasing a wide range of equipment to the largest Russian corporations.

Goznak Leasing Inc

Pavla Andreeva Street 27, 115162, Moscow, Russia. Tel/Fax: +7 (495) 981 49 03; Fax: +7 (495) 981 49 04; Email: info@gznleasing.ru; Website: www.gznleasing.ru. Director: Alexander A. Babich.

Activities: Member of the Russian Leasing Association (Rosleasing).

Table 12: Financing of leasing operations in Russia (2007–12)

Source of financing of lessor	Share in the total financing of leasing operations (%)					
	2007	2008	2009	2010	2011	2012
Bank credits, total	59.5	57.7	52.2	67.1	61.0	63.8
Incl. Russian banks	48.1	46.5	39.7	56.4	52.6	9.2
Foreign banks	11.4	11.2	12.5	10.7	8.4	54.6
Loans from founders and other organisations	8.6	10.6	10.6	3.4	2.7	2.4
Trade credits provided by suppliers	1.1	2.3	0.6	0.2	0.1	0.3
Advance payments	17.3	15.1	19.8	13.7	15.0	12.9
Own funds of leasing companies, total	6.2	9.5	9.1	9.1	7.1	5.8
Incl. authorised capital	1.5	5.0	0.4	4.8	3.8	1.0
Profit	4.7	4.5	8.7	4.3	3.3	4.8
Promissory notes/exchange bills	2.0	1.1	0.2	1.6	5.6	0.4
Bonds	3.7	3.6	7.1	4.7	6.3	14.3
Other lending	1.5	0.0	0.0	0.1	2.2	0.1

ness of banks for new capital requirements.

The Central Bank promised to translate the requirements of Basel III for banks from October 1, 2013 but allows the postponement after reviewing preliminary calculations of capital and to pressure the banking lobby, which does not want to lose business and profit growth because of the regulator.

Nabiullina believed that the stimulus could be the consolidation of the banks to move to Basel II, based on a system of risk assessment, the movement to which it supports.

On January 1, 2014 some Russian leasing companies, such as Sberbank Leasing, will take into account the risks and build reserves in accordance with the advanced approach of Basel conditions.

The crisis has revealed an imperfection of applied methods of risk assessment in lease projects, including those based on scoring models. A real necessity has occurred for the leasing companies to modify the methods, improving all risk-management systems. Control mechanisms laying down the foundations of lease project management solutions will come together.

With Basel III to replace Basel II, the time has now come to generate a new system of bank standards that would regulate financial institutions, including leasing companies, and suggest recommendations in accounting and credit risks control (default losses – 35% of credit risk exposure with reimbursement and 65% of credit amount).

As with any other financial deal, leasing is accompanied by a certain level of risk for each side in the leasing agreement. Nevertheless, in Russia leasing allows suppliers to increase their sales, provides lessees with a mechanism to

acquire much-needed assets and stimulates the economy through capital investment. It allows the parties to a leasing deal to allocate risk according to their own needs.

Basel II was adopted on the assumption that it should increase the sensitivity of capital to risk of credit loss as it requires banks to increase levels of capital for those borrowers who are assessed as having a high degree of credit risk. Naturally, the new requirements for banks had a direct impact on the activities of lessors.

However, Basel II overvalued the trust probability calculation of VaR (vector autoregression) models within advanced approaches. For credit risk the interpretation of data by the Basel Committee experts shows that a deviation from the VaR threshold is likely once in a thousand years.

Russia is not found in the forecast models, which reflects that for all banks, the systemic risk of exposure to a crisis is once every seven or eight years. I believe that from a managerial point of view, projections can be obtained in the calculation of VaR at the level of 85%–90%.

It is believed that Basel III would strengthen the financial sustainability of the world banking (financial) system by improving the quality, increasing the volume and consistency of banking capital and increasing bank liquidity reserves. Provided that, the share capital of the first level in the total minimum capital will grow from the current 4% to 6% of risk-weighted assets and the share of equity capital in the first level will increase from 2% to 4.5%. The banks will require additional capital buffers special (reserve and counter-cyclical) of 2.5%.

As a result, the minimum level of capi-

Leasing services

Hogan Lovells CIS

Tverskaya Street 22, Summit Business Centre, 9th Floor, 125009, Moscow, Russia. Tel: +7 (495) 933 3000; Fax: +7 (495) 933 3001; Website: www.hoganlovells.com.

Activities: Global legal practice working with corporations, financial institutions and governmental entities. Over 2,300 lawyers operating out of more than 40 offices in the United States, Europe, Latin America, the Middle East and Asia.

Homnet Leasing

Varshavskoe Shosse 36, Building 7, 115230, Moscow, Russia. Tel/Fax: +7 (495) 781 7778; Email: pr@leasingsoft.com; Website: www.leasingsoft.com. Managing Director: Dmitry Kurdomonov; Email: kurdomonov@leasingsoft.com; PR and Advertising Manager: Maria Afanasenok; Email: afanasenok@leasingsoft.com.

Activities: Homnet Leasing is a leading developer of software solutions for leasing in Russia, Ukraine and other CIS countries. Provides full service package for leasing automation, consulting, implementation, support, maintenance etc.

ICC Insurance Group Inc

Dolgorskovskaya Street 40, 127006, Moscow, Russia. Tel: +7 (495) 956 84 84; Fax: +7 (495) 974 05 61; Email: mail@sgmsk.ru; Website: www.sgmsk.ru. Director: Sergey Savosina.

Activities: Member of the Russian Leasing Association (Rosleasing).

ICF International

Brestskaya Street 2, Building 8, 15th Floor, Office 4, 125047, Moscow, Russia. Tel: +7 (495) 783 1032; Fax: +7 (495) 783 1848; Email: icfeko@icfeko.ru; Website: www.icfi.com. Chairman & CEO: Sudhakar Kesavan; President & COO: John Wasson.

Activities: Assistance with the purchase or lease of aircraft & equipment, including evaluating and renegotiating lease terms and provisions. Head office in Fairfax, US.

Ilyushin Finance Co.

1st km of Rublevo-Uspenskoe Highway, Building 6, Moscow Region, 143030, Odintsovsky District, Russia. Tel/Fax: +7 (495) 710 9960; Email: ifc@ifc-leasing.com; Website: www.ifc-leasing.com. Director: Alexander Rubtsov; Direct Tel: +7 (495) 710 9958; Deputy CEO: Igor Medzhibovskiy; Direct Tel: +7 (495) 710 9959.

Activities: Sale and leasing of civil aircraft.

Invavto Ltd

Leningradskaya Street 1A, Khimki, 141400, Moscow, Russia. Tel: +7 (495) 575 4512. CEO: Zahar A. Pik; Email: pikzahar@rambler.ru.

Activities: Member of the Russian Leasing Association (Rosleasing).

Ingosstrakh

Lesnaya Street 41, 127994, Moscow, Russia. Tel: +7 (495) 729 5599; Fax: +7 (495) 234 02 94; Email: ingos@ingos.ru; Website: www.ingos.ru. General Manager: Alexander V. Grigoriev.

Activities: Insurance company working in the domestic and international market. Member of the Russian Leasing Association (Rosleasing).

Interleasing (Headquarters)

Krapivny per 5, 194044, St. Petersburg, Russia. Tel: +7 (812) 346 6055; Fax: +7 (812) 541 8298; Email: zakaz@ileasing.ru; Website: www.ileasing.ru. Director: Kirill A. Tsarev.

Activities: Leasing services.

Invest Communications Holding Inc

Petrovsky Bulvar 12, Building 2, 127051, Moscow, Russia. Tel: +7 (495) 950 0730; Fax: +7 (495) 950 0731; Email: leasing@ish.ru. General Manager: Viktor N. Ilyin.

Activities: Member of the Russian Leasing Association (Rosleasing).

IR-Leasing Ltd

Spasopeskovskiy Pereulok 7-1 1, 121099, Moscow, Russia. Tel: +7 (495) 797 26 36; Fax: +7 (495) 797 26 37; Email: ir@ir-leasing.ru; Website: www.ir-leasing.ru. General Manager: Svetlana Mitrofanova; Direct Tel: +7 (495) 797 2635; Executive Director: Marina Bykovskaya; Email: marina.g@ir-leasing.ru.

Activities: Finance leasing for equipment and technology. Member of the Russian Leasing Association (Rosleasing).

Ivanovo Agrarian Leasing Company

Suvorova Street 44, Office 505, 153012, Ivanovo, Russia. Tel: +7 (4932) 47 17 63/30 62 12. Director: Nikolay Ilyich Karapapas.

Activities: Member of the Russian Leasing Association (Rosleasing).

JSC "Aerocredo"

Office 102A, 108A, 8A Prospekt Vernadskogo, Moscow 119311, Russia. Tel: +7 (499) 550 0787; Fax: +7 (499) 550 0787; Email: ops@aerocredo.ru; Website: www.aerocredo.ru. Commercial Director: Kuznetsov Anton; Email: anton@aerocredo.ru.

Activities: Aircraft management, business aviation services.

tal adequacy will increase to 8.5%, taking into account the requirements for creating additional reserves.

The minimum level of overall capital adequacy will remain at the level of 8% of the weighted risk assets of the bank level, but the capital buffer will reach 10.5%. The overall level of requirements as to the sufficiency of ordinary share capital, which includes capital by shareholders and retained earnings will rise to 7%.

Of course, these measures will lead to tighter regulation of financial institutions, including leasing companies in part borrowings and formation of the proportions of the leasing portfolio. These circumstances will directly influence securitisation transactions of leasing assets and are likely to change requirements for Russian leasing companies in terms of the availability of their own capital.

However, the question remains how banks, followed by other financial organisations including the leasing companies, will be able to execute the new Basel requirements?

The first component of the Basel II in Russia was introduced in 2011, the second and third components will be implemented in 2014. Now, nearly 90% of the Russian banks meet Basel III, and the average level of adequacy of capital in our banking system is 15%–16%.

Russia plans to start developing framework approaches to the implementation process of self-making healthy banks and insolvency in the framework of the implementation of Basel III.

According to Jeffrey Nicholson (Partner of PwC in Russia) and Kaan Aksel (Director of the PwC in Russia) in the journal of "Banking review" No. 6, June 2012, for large Russian banks the costs of transition to use improved approaches (Basel III) can range from US\$20m to US\$30m for the period of up to three to four years. This is mainly due to the new requirements to data collection, risk management and reporting for the IT systems and processes.

About 60%–65% of the cost of the introduction of improved approaches will fall on IT investments related to credit risk, means of transmittal and data entry and new processes, and about 15%–20% will be linked to the development of rating models.

Insurance of financial risks. Some leasing companies, when carrying out leasing operations, confine themselves to insurance of financial risks; meaning, first of

all, the risk of final insolvency (bankruptcy) of the lessee; the risk of non-compliance by the lessee with its contractual obligation to make lease payments; and the risk of the loss of income (profit) by the lessee due to forced interruption of business or idle time caused by the loss (damage) of the insured property.

As required by legislation, in such insurance policies the beneficiary (i.e. the leasing company) is named as the insured. Tariffs for such a type of insurance have considerably decreased and were at a level of 1.2% to 2.8% per annum of the value of leasing contracts. Although it is an expensive type of insurance, it provides an interesting scheme for the minimisation of risks.

A characteristic of the Russian leasing services market is the relatively high level of preparation of leasing contracts. We believe that in this respect Russian leasing companies do not lag behind their foreign colleagues. It is more likely that they are even ahead of their foreign colleagues in this respect because risks in the Russian market are higher.

Ratings. It will be necessary to arrange for the gathering and disclosure of information and for the assessment of risks by rating agencies. It is necessary for the purpose of selecting assets and forming high-quality portfolios. Only then will it be possible to implement a flexible policy in respect of profitability levels.

Financing costs often are higher in Russia than in Western Europe, the US and Japan and many Russian leasing companies are interested in attracting funds. Inexpensive long-term resources mean lower-cost services, and lower-cost services are another competitive advantage.

One thing that can help ease those concerns is credit ratings, a service that is now beginning to appear. A rating reduces risk to a company's creditors and investors, which makes it easier for that company to attract fresh resources and expand its business. Ratings assigned by an independent rating agency are a compact, meaningful summary of the state of a company's business, and of its credit-worthiness.

We assume that rankings characterise the quantitative aspect of the lessor's business. Qualitative assessment is attained through ratings. A lessor's ratings have certain features predefined by their very lease nature. The logic of lease business speaks for the necessity of building a system of ranking and rating estimates for various practical purposes.

Leasing services

Kalmagrolizing Inc

N. Ochirova Street 15, Elista, 358000, Republic of Kalmykia, Russia. Tel: +7 (8472) 351 19; Fax: +7 (8472) 349 98; Email: kalmagrolizing@infotecset.ru; Website: www.kalmagrolizing.ru. Director: Valery B. Kuberinov.

Activities: Member of the Russian Leasing Association (Rosleasing).

Kamaz Leasing Company

Avtozavodskoy Prospekt Street 2, Naberegnyye Chelny, Respublika Tatarstan, Russia. Tel: +7 (8552) 452 732; Fax: +7 (8552) 452 912; Email: leasing@kamaz.net; leasing@kamaz.org; Website: www.kamazleasing.ru. Director: Alfiya Kogogina.

Activities: Member of the Russian Leasing Association (Rosleasing).

Klientskaya Leasing Company

Novozavodskaya Street 18, Building 1, 121309, Moscow, Russia. Tel: +7 (495) 988 4646; Fax: +7 (861) 255 11 86; Email: info@kik-leasing.ru; Website: www.kik-leasing.ru. General Manager: Alexander Druzhinin Viniaminovich.

Activities: Member of the Russian Leasing Association (Rosleasing).

Kuban Industrial Leasing Ltd

Krasnoarmeyskaya Street 32 of 1202, 350000, Krasnodar, Russia. Tel: +7 (861) 274 89 89/25; Fax: +7 (861) 274 89 89; Email: kpleasing@mail.ru; Website: www.kpleasing.ru. Director: Konstantin A. Kirsta.

Activities: Provision of lease for property. Member of the Russian Leasing Association (Rosleasing).

Kubanleasing GUP

Promyshlennaya Street 50, 350002, Krasnodar, Russia. Tel: +7 (861) 255 11 70/259 04 90; Fax: +7 (861) 255 11 86; Email: kubanleasing@gmail.ru. Director: Vadim V. Ryzhov.

Activities: Member of the Russian Leasing Association (Rosleasing).

Kurskagropromleasing OGUP

Solovynaya Street 47, Kurskaya Region, Russia. Tel: +7 (4712) 24 11 34/11 25 34; Email: kursk-leasing@mail.ru. Director: Alexander M. Timoshenko.

Activities: Member of the Russian Leasing Association (Rosleasing).

LC Uniastrum Leasing

Suvovzovskaya Square 1-52, Building 1, 127473, Moscow, Russia. Tel: +7 (495) 785 0580; Fax: +7 (495) 783 5810 (Ext: 1476); Email: leasing@uniastrum.com; Website: www.uniastrum.ru. CEO: Timur Boytemirov; Direct Tel: +7 (495) 783 5810; Email: boytemirov@uniastrum.com.

Activities: Leasing company with 100% foreign capital providing finance lease (commercial real estate, equipment, vehicles) in 45 Russian regions.

Leasing Centre Ltd

Inzhenerny per 3, 432072, Ulyanovsk, Russia. Tel/Fax: +7 (8422) 6 11 20; Email: ochad@link-ul.ru. General Manager: Aleksander M. Dolgov.

Activities: Member of the Russian Leasing Association (Rosleasing).

Leasing Machinery & Equipment Ltd

Karbolitovskaya Street 1, Building 215, Office 206, 650000, Kemerovo, Russia. Tel: +7 (3842) 3 455 98; Fax: +7 (3842) 34 55 98. General Manager: Dmitry Golubev; Email: golubev@sibcem.ru.

Activities: Member of the Russian Leasing Association (Rosleasing).

Leasing Promhold Ltd

Okskaya Street 13, 109457, Moscow, Russia. Tel: +7 (495) 921 2266; Email: iph@iph.ru; Website: www.mdm-leasing.ru. Director: Maxim V. Popravko.

Activities: Professional leasing operator. Member of the Russian Leasing Association (Rosleasing).

Leasing-M OOO

Lenina 68D, 455044, Magnitogorsk, Russia. Tel: +7 (3519) 22 00 61/2; Fax: +7 (3519) 28 85 54; Email: lizing-m@mail.ru. Director: Ravil Karimov Malkovich.

Activities: Member of the Russian Leasing Association (Rosleasing).

Leasing-Trade Ltd

Marx Street 37, Building 4, Office 217, 450077, Ufa, Russia. Tel: +7 (347) 291 1224; Email: kazan@leasing-trade.ru; Website: www.leasing-trade.ru. Directors: Aytugan Nurutdinovich Talipov; Azamat R. Hatmullin.

Activities: Financial and operating leases. Leasing of equipment and vehicles. Member of the Russian Leasing Association (Rosleasing).

It is important to distinguish between the two types of lessors' ratings. The first type of rating is based on coefficients, characterising the financial stability of the leasing company. These ratings are used by creditors as decision-makers in allocating funds to finance a specific project on certain terms. Some features are distinctive for lessors. A leasing company may not stick only to running a lease business. The balance sheet will then accumulate the financials of all the businesses it has.

Another crucial feature lies with the definition of lessor's leverage. In contrast with a standard commercial company, a lessor's leverage may constantly rise, which is quite a common thing as every steadily growing leasing company tends to enhance borrowed capital in its financial structure.

Leasing companies are transparent and correct in sharing information with their creditors – this is not only a sign of a good lessor culture, but also inevitability: otherwise no loan will be granted.

The second type of rating is reasonably formed from the point of view of lessees. The current financial state of the leasing company is not a matter of interest for the lessee. It holds onto the leased asset as the source of income.

In this scenario, the rating should more likely reflect average annual lease appreciation as compared with the face value of the lease asset. However, very few leasing companies are accurate with this. For instance, advance payments (funds from lessees to finance a project) are not always deducted in the calculation.

To build a lessor's rating targeted for lessees, it is crucial to assume that this coefficient is aggregated. Hence its value is based on at least four parameters: face value of lease property, advance payment, lease margin and term of lease contract.

At the same time, some requirements that a lessor puts forward in a lease contract are not seen, for example, requirements for collateral, extra security, cost of lease asset as ratio to the volume of total assets of lessee, and lessor's specialisation in specific market segment.

Obviously this type of rating is highly important, although it is not always sufficient for the lessee to make its final decision as to which leasing company to select for further work.

Fitch Ratings May 28, 2012 confirmed the long-term issuer default ratings of the three largest leasing

companies in Russia: VEB-leasing (rating confirmed January 16, 2013) VTB leasing, and Savings Bank Leasing at "BBB" with "Stable" forecast.

The ratings of the companies confirmed on par with ratings of their parent institutions, which are State-controlled: Vnesheconombank, VTB Bank, Sberbank, and that reflects the opinion of Fitch about the likelihood of providing support to affiliated companies from their owners when necessary.

This opinion is based on the fact that the leasing companies are 100% owned by the banks, as well as on the overall brand, operating a relatively high level of integration and the high share of funding from the parent structures composed of liabilities of leasing companies (at the end of 2011, VEB-leasing – 21%, VTB-Leasing – 59% and Sberbank Leasing – 96%). The moderate size of the assets of the subsidiaries on the parent structures (7%, 3% and 1%, respectively) suggests that the parent banks will be just enough to support them.

On June 13, 2013, Fitch Ratings confirmed the long-term issuer default ratings of the Europlan (seventh place Russia on new business in 2012) at "BB" with "Stable" forecast.

Funding of lessors. In order for leasing transactions to go ahead, leasing companies must have access to the capital markets or possess their own funds for financing such transactions. Whichever method of pricing is used, the cost of financing a leasing operation directly affects the price of the leasing service.

The cost of loans taken for financing leasing operations (including bank, commercial and budgetary loans), as well as the cost of the funds of a leasing company, the funds of the lessee, the use of factoring, promissory notes/exchange bills, securities and other instruments, depends on a variety of factors, including: financial independence of leasing companies; the risks associated with the sale of a leasing product; the security for the transaction (lease ABS); the terms of depreciation of leased property, the terms of credit contract and of leasing contracts; the currency of the leasing transaction; whether the funds are borrowed on the domestic or on the international capital market; the schemes for carrying out a leasing operation; and deviations from LIBOR and from the refinancing interest rate established by the Central Bank of Russia, etc.

In 2012, funding of all lessors grew 2.3% compared with the previous year,

Leasing services

Leasing-Trade Ltd

Ordzhonikidze Street 12DA, Office 316, 614045, Perm, Russia. Tel: +7 (3422) 375 453; Email: kazan@leasing-trade.ru; Website: www.leasing-trade.ru. Director: Edward A. Obuchi.
Activities: Financial and operating leases. Leasing of equipment and vehicles. Member of the Russian Leasing Association (Rosleasing).

Leasing-Trade Ltd

Building 18, Office 523, 423570, Nizhnekamsk, Russia. Tel: +7 (8555) 471 232; Email: kazan@leasing-trade.ru; Website: www.leasing-trade.ru. Director: Renat Ibragimov Minnetgirovich.
Activities: Financial and operating leases. Leasing of equipment and vehicles. Member of the Russian Leasing Association (Rosleasing).

Leasing-Trade Inc

Peterburgskaya Street 86D, 4th Floor, 42107, Kazan, Russia. Tel: +7 (843) 293 93 94; Fax: +7 (843) 299 12 52; Email: kazan@leasing-trade.ru; Website: www.leasing-trade.ru. General Manager: Iskander Damirovich Maslahutdinov.
Activities: Financial and operating leases. Leasing of equipment and vehicles. Member of the Russian Leasing Association (Rosleasing).

Leasing-Trade Ltd

Sovetskaya Street 61, Office 3, 410600, Saratov, Russia. Tel: +7 (8452) 524 464; Email: kazan@leasing-trade.ru; Website: www.leasing-trade.ru. Director: Olga Nagorkina.
Activities: Financial and operating leases. Leasing of equipment and vehicles. Member of the Russian Leasing Association (Rosleasing).

Leasing-Trade Ltd

Moskovsky Prospect 17-1, Office 307A, 428015, Cheboksary, Russia. Tel: +7 (8352) 455 243; Email: kazan@leasing-trade.ru; Website: www.leasing-trade.ru. Director: Albert Y. Medyukov.
Activities: Financial and operating leases. Leasing of equipment and vehicles. Member of the Russian Leasing Association (Rosleasing).

Leasing-Trade Ltd

M. Jalil per 79-1, 3rd Floor, 423822, Naberezhnye Chelny, Russia. Tel: +7 (8552) 445 244; Email: kazan@leasing-trade.ru; Website: www.leasing-trade.ru. Director: Ruslan F. Ermakov.
Activities: Financial and operating leases. Leasing of equipment and vehicles. Member of the Russian Leasing Association (Rosleasing).

Lefko-Leasing, Leasing Company Ltd

Vavilov Street 38, Building 6, 119333, Moscow, Russia. Tel: +7 (495) 785 5185/1717755 5561; Fax: +7 (495) 132 6256; Email: lleasing@lefcobank.ru. Chief Executive: Yuri V. Kvarntalnov.
Activities: Member of the Russian Leasing Association (Rosleasing).

Linklaters CIS

Paveletskaya Square 2, Building 2, 115054, Moscow, Russian Federation. Tel: +7 (495) 797 9797; Fax: +7 (495) 797 9798; Website: www.linklaters.com.
Activities: Global asset finance and leasing practice advising governments, corporates, financiers and lessors on all aspects of complex domestic and cross-border big-ticket transactions.

Lipetskagrosnabservice JSC

Village Sentsovo, Lipetski Area, 398540, Lipetskaya Oblast Region, Russia. Tel: +7 (4742) 467 217/256 075; Fax: +7 (4742) 752 684/8; Email: don@lipetsk.ru; marketing@lacc.ru; Website: www.lacc.ru. Director: Igor A. Konyahin.
Activities: Member of the Russian Leasing Association (Rosleasing).

Lizfaynens Ltd

Nagatinskaya Street 1, Office 609, 117105, Moscow, Russia. Tel: +7 (495) 510 2556; Fax: +7 (495) 981 1991; Email: info@leasefinance.ru. General Manager: Dmitry Reshetnikov.
Activities: Member of the Russian Leasing Association (Rosleasing).

MAN Finance Russia

Doroznaya Street 29, 15th Floor, 113405, Russia. Tel: +7 (495) 981 9004; Fax: +7 (495) 981 9005; Email: anna.drobilnikina@man-finance.ru; Website: www.man-finance.ru. CEO: Tomas Schneiderheinze; Email: tomas.schneiderheinze@man-finance.ru.
Activities: Member of the Russian Leasing Association (Rosleasing).

Medlizing Inter-Regional Medical Leasing Company

Vvedenskogo Street 3, 117342, Moscow, Russia. Tel: +7 (495) 663 0419; Fax: +7 (495) 663 0418; Email: medleasing@bk.ru. President: Evgeniy V. Makarov.
Activities: Member of the Russian Leasing Association (Rosleasing).

and reached US\$28.10bn (2011 – US\$27.46bn; 2010 – US\$14.475bn). The 2012 level was higher than pre-crisis 2007 at 24.3%.

The leasing industry of Russia has demonstrated a number of distinctive features in its development. So, one of the notable deals to raise cash has been the company RESO-Leasing. In June 2013, it drew a four-year syndicated loan to the amount of R5bn, with the right to increase to R8bn (about US\$258m), with collateral on the loan made by the company's property rights on leasing contracts and the pledge of the objects of leasing.

In 2012, the ratio between Russian and foreign banks in credit to the Russian leasing business was the highest for seven years (Table 13), which shows the relative growth of interest of foreign banks in crediting the Russian leasing market.

The experience of a number of economically developed countries shows that the development of the leasing industry is likely to result in a certain reduction of the share of the banking sector in the redistribution of financial resources, due, for example, to a more active use of stock market institutes: the issue by leasing companies of securities and securitisation of leased assets. Soon we are likely to see the elimination of intermediaries (the banks) from the leasing operations.

With each year the number of Russian leasing companies that can obtain financing directly from foreign banks grows. There is a growth in the volume of credit operations with the involvement of the national agencies for insurance of export-import operations, e.g. from Germany, Austria, Italy, the Netherlands, the US and other countries.

In general, such institutions provide credits for a term of three to five years and, in some cases, for seven years.

Among the leasing companies who used this form of financing in their leasing operations we can name VEB-Leasing, VTB-Leasing, Europlan, as well as some leasing companies, such as Caterpillar Finance, MAN Financial Services, Carcade Leasing, Hewlett Packard, Siemens Finance (Vladivostok), Volkswagen Group Finanz, VR Leasing, Deutsche Leasing Vostok and some others obtained credits from western creditors for terms from three to 10 years.

For analytical purposes of our study we calculated the average debt-to equity ratios per Russian leasing companies leverage as follows: $CL = (TF - A - OF) : OF$, where CL is capital leverage; TF – total financing of lessors; A – advance of lessees; and OF – own funds of leasing companies. The results are presented in Table 14.

Emission worth. For 12 years (from April 2001 to June 2013), more than 40 Russian leasing companies (or SPV leasing companies) issued emission worth totalling US\$8.5bn.

The first issues were short term, for half a year or a full year. Then the maturity terms lengthened and finally reached 10 years, i.e. such terms became compatible with the terms of leasing contracts. I think that a good sign of recovery of emissive finance for lease operations would be to see positive economic growth in 2013–14.

In 2012, six companies participated in our survey of the market, with lease financing worth US\$3,201m through a bond issue, which amounted to 14.3% of the total value of loans of lessors. More than 70% of financing through bond issues was made by the company VEB-leasing (US\$2,248m), followed by LC “URALSIB” with US\$483m; Europlan with US\$247m; and TransFin-M with US\$142m.

Leasing services

META-Leasing Ltd

Moskovskaya Street 25G, 610000, Kirov, Russia. Tel: +7 (8332) 351 100; Fax: +7 (8332) 351 890; Email: meta@pbcgroup.ru; Website: www.metaliz.ru. Director: Dmitry Kaisin Serafimovich; Head of Sales: Evgeny Konakov; Email: konakov@pbcgroup.ru; Project Manager: Anton Tkachev; Email: tkachev@pbcgroup.ru; Assistant Manager, Sales & Marketing: Maria Matantseva Mikhailovna; Email: manyrna_m@mail.ru; matantseva@bcgroup.ru.
Activities: Member of the Russian Leasing Association (Rosleasing).

MK Finance Ltd

Samotechnaya Street 7-5, Building 2, 127473, Moscow, Russia. Tel: +7 (495) 783 2683; Fax: +7 (495) 783 2682; Email: info@mkfinance.ru; Website: www.mkfinance.ru. General Manager: Inna Ivanov.
Activities: Project management and corporate finance. Member of the Russian Leasing Association (Rosleasing).

Mozharskoye Ltd

S. Klyuchishchii Krasnooktyabrsky Area, 607530, Nizhegorodskaya Region, Russia. Tel/Fax: +7 (8312) 77 6305; Email: caramel@sendy.ru. General Manager: Farhat F. Fattahetdinov.
Activities: Member of the Russian Leasing Association (Rosleasing).

National Research University - Higher School of Economics (Moscow)

20, Myasnikitskaya Ulitsa, Moscow 101000, Russian Federation. Tel: +7 (495) 621 1524; Email: hse@hse.ru; Website: www.hse.ru. Rector: Yaroslav Kuzminov; Tel: +7 (495) 628 8368; Email: Ozamulin@hse.ru; Dean of the Faculty of Economics: Oleg Zimulin; Tel: +7 (495) 609 4359; Email: garantinv@bk.ru.

OMB Ltd

Kotelnicheskaya nab 1-15, Building A-B, Office 9-8, 109240, Moscow, Russia. Tel: +7 (495) 915 4048; Fax: +7 (495) 915 5492; Email: post@ombfn.ru. General Manager: Irina V. Yakusheva.
Activities: Member of the Russian Leasing Association (Rosleasing).

OrelAgroLizing Inc

Severnaya Street 9, 302009, Orel, Russia. Tel/Fax: +7 (4862) 428 169; Email: orel@agropromsnab.ru. General Manager: Svetlana N. Kameneva.
Activities: Member of the Russian Leasing Association (Rosleasing).

Orenburggazpromleasing Ltd

Donguzskaya 64A, 460027, Orenburg, Russia. Tel: +7 (3532) 73 3444/4045/3398; Email: orgasliz@mail.esoo.ru; Website: www.gazpromlizing.ru. General Manager: Sergey Dornostup.
Activities: Member of the Russian Leasing Association (Rosleasing).

Perm Industrial Leasing Company Ltd

Lunocharskogo 96, 614000, Perm, Russia. Tel: +7 (342) 237 6688; Fax: +7 (342) 237 6707; Email: info@pplk.ru. Director: Aleksey I. Kramskov.
Activities: Member of the Russian Leasing Association (Rosleasing).

Peterburgsky Traktorny Zavod

Stachek Prospekt 47, 198097, St. Petersburg, Russia. Tel: +7 (812) 783 6888; Fax: +7 (812) 484 9915; Email: market2@sptz.ru; Website: www.kirovets-ptz.com. Director: Aleksandr N. Krikunov.
Activities: Member of the Russian Leasing Association (Rosleasing).

PN-Leasing Ltd

Derbenevskaya Street 1, Building 6, Entrance 7, 113114, Moscow, Russia. Tel: +7 (495) 775 3929; Fax: +7 (495) 775 3928; Email: moscow@pn-leasing.ru; Website: www.pn-leasing.ru. General Manager: Roman S. Malanin; Head of Finance (St. Petersburg): Alexander E. Gorelov; Direct Tel: +7 (812) 331 9009 (Ext: 1113); Email: gorelov@pn-leasing.ru.
Activities: Member of the Russian Leasing Association (Rosleasing).

PN-Leasing Ltd

Moskovsky Prospekt D79A, Office 601, 196084, St. Petersburg, Russia. Tel: +7 (812) 331 9009; Fax: +7 (812) 369 0300; Email: office@pn-leasing.ru; Website: www.pn-leasing.ru. General Manager: Roman S. Malanin; Head of Finance: Alexander E. Gorelov; Direct Tel: +7 (812) 331 9009 (Ext: 1113); Email: gorelov@pn-leasing.ru.
Activities: Member of the Russian Leasing Association (Rosleasing).

PricewaterhouseCoopers

Butyrsky Val 10, White Square Business Centre, 125047, Moscow, Russia. Tel: +7 (495) 967 6000; Fax: +7 (495) 967 6001; Email: olga.kucherova@ru.pwc.ru; Website: www.pwc.com. General Manager: Peter Gerendashi.
Activities: Has a global network of asset finance and leasing experts providing business consulting, accounting & legal expertise and experience.

Table 13: Ratio between Russian banks and foreign banks in credit to the Russian leasing business (2006–12)

	2006	2007	2008	2009	2010	2011	2012
Ratio	4.58	4.22	4.15	3.18	5.27	6.26	5.93

Table 14: Capital leverage per Russian leasing company 2005–12

	2005	2006	2007	2008	2009	2010	2011	2012
Capital leveraged	11.98	11.92	12.34	7.94	7.81	8.48	10.97	14.02

Table 15: Leasing companies that concluded more than 2,000 leasing contracts in 2012

No.	Leasing company	Number of concluded leasing contracts
1	Europlan (Moscow)	26,800
2	VEB-Leasing (Moscow)	18,137
3	Carcade Leasing (Moscow)	13,038
4	Rosagroleasing (Moscow)	6,683
5	Element Leasing (Moscow)	5,745
6	Group Companies "Baltlease" (St. Petersburg)	5,613
7	ULC «RESO-Leasing» (Moscow)	5,535
8	LC "URALSIIB" (Moscow)	3,968
9	Siemens Finance (Vladivostok)	3,871
10	Volkswagen Group Finanz (Moscow)	3,813
11	Stone-XXI (Moscow)	3,379
12	Sistema Leasing 24 (Moscow)	2,315
13	Sberbank Leasing (Moscow)	2,278
14	Gaztechleasing (Moscow)	2,231

In May 2011, "VEB-leasing" successfully placed its debut Eurobond issue. Loan Participation Notes were issued for an amount of US\$400m for a period of five years under Regulation S. The coupon rate was 5.125% per annum, paid on a semi-annual basis. Credit Suisse, Goldman Sachs International, and VEB Capital acted as joint leads and book-runners for the issue.

This transaction marked the first Eurobond offering by a leasing company outside of Russia, setting a precedent for fast-growing Russian leasing companies. The deal was very well received by the market and generated a strong interest from investors around the world. VEB-leasing is rated BBB by Fitch and S&P at par with sovereign and its parent, VEB, Russia's principal state-owned development bank.

In March 2013, VEB-leasing successfully floated bonds worth R10bn (US\$327m) in Moscow for a period of five years. The coupon rate was 8.5% per annum, paid on a semi-annual basis.

Leasing contracts. The number of leasing contracts concluded shows, to a certain extent (but not definitively), the development of a country's leasing industry. In 2012, the companies under review concluded 131,000 new leasing contracts (2011 – 111,000; 2010 – 71,000; 2009 – 41,000; 2008 – 78,000; 2007 – 90,000).

On average, the value of one leasing transaction was US\$299,000 (US\$396,000 in 2011, US\$341,000 in 2010; US\$200,000 in 2009; US\$288,000 in 2008; US\$323,000 in 2007).

Regional structure of Russian leasing. The bulk of financial resources are still located in Moscow and St. Petersburg (49.4%), but leasing transactions are often carried out in other regions. This

explains why many Moscow-based companies have opened branches and representative offices in other Russian cities. It allows them to be closer to their clients, to increase mobility and to pay more attention to strengthening their ties with prospective users of their services.

In order to obtain an objective picture of the structure of the Russian leasing industry, we believe it is necessary to determine the value of the leasing services provided by leasing companies in each individual region (see Table 16).

In my opinion it is necessary to draw attention to one major change that occurred in the structure of regional leasing in Russia in 2012. The most noticeable changes have occurred in parts of Siberia and Ural. In the first case there was an increase of almost two-thirds, and in the second case there was a reduction by almost a quarter. Rates rose slightly in Moscow, South, St. Petersburg and *Leningradskaya oblast*, and the Volga region.

The Federal Law "On financial lease (leasing)" provides for the possibility of obtaining State support for leasing operations. Parties to leasing contracts are granted various exemptions and benefits. Regional legislative and executive authorities are interested in the intensive development of leasing business which allows them to attract considerable investments to their regions.

The State support at the regional level is currently provided in the following forms:

- granting regional tax exemptions to leasing companies, lessees and banks;
- provision of guarantees to parties to leasing contracts against changes in the regional tax regime;
- granting investors involved in leasing

Leasing services

Priroda IC Ltd

Pyatnitskiy per 3-4, Building 3, 115184, Moscow, Russia. Tel: +7 (495) 953 3536; Fax: +7 (495) 953 3314; Email: dgub@skpriroda.ru. Director: Mihail I. Senkin.

Activities: Member of the Russian Leasing Association (Rosleasing).

Privolgsk Agroleasing Ltd

Novo-Sadovaya Street 163, Office 413, 443086, Samara, Russia. Tel: +7 (896) 372 8984; Fax: +7 (846) 372 8983; Email: info@pvagroleasing.ru; Website: www.pvagroleasing.ru. Director: Valeriy N. Boryakov.

Activities: Member of the Russian Leasing Association (Rosleasing).

Progress-Leasing Kostroma Leasing Company Inc

Sovetskaya Street 56-1, 156005, Kostroma, Russia. Tel: +7 (4942) 37 2181; Fax: +7 (4942) 37 2191; Email: progress@krmtr.ru; Website: www.prlz.ru. CEO: Ivan M. Melnikov.

Activities: Member of the Russian Leasing Association (Rosleasing).

PRS-Leasing Inc

Proletarian Street 252, Barnaul, 656008, Altai Region, Russia. Tel: +7 (3852) 65 20 83; Email: sssb-lizing@mail.ru. Managing Director: Vladimir Filipovich Smykov.

Activities: Member of the Russian Leasing Association (Rosleasing).

Razvitiye Sela GUP RM

Moskovskaya Street 1, 430000, Mordoviya Saransk, Russia. Tel: +7 (8342) 327 272; Fax: +7 (8342) 327 044; Email: fors@whrm.moris.ru. Chief Executive: Aleksander V. Vorobiev.

Activities: Member of the Russian Leasing Association (Rosleasing).

RB-Leasing Ltd

St. Dubininskaya House 53, P5 BC, Office 101, 115054, Moscow, Russia. Tel: +7 (495) 580 7334; Email: ru-leasing.info@socgen.com; Website: www.rb-leasing.ru. General Manager: Guram A. Kudryavtsev.

Activities: Specialising in large-scale projects in acquisition and transfer of financial leasing. Member of the Russian Leasing Association (Rosleasing).

RK-Garant Insurance Company Inc

Karl Marx Street 2, 398001, Lipetsk, Russia. Tel: +7 (4742) 34 1817; Fax: +7 (4742) 34 1782; Email: lietsk@rkgarant.ru; Website: www.rkgarant.ru. CEO: Viktor Gushelik Feodosevich.

Activities: Member of the Russian Leasing Association (Rosleasing).

Rook Ltd

Sadovaya 280, 2nd Floor, Office 14-24, 443001, Samara, Russia. Tel: +7 (846) 270 6651/2; Fax: +7 (846) 276 6841; Email: ladia_ifc@mail.ru; Website: www.samara-ladia.ru. Director: Vladimir Dymn Mihalovich.

Activities: Leasing of new or second-hand machinery & equipment. Member of the Russian Leasing Association (Rosleasing).

RosAgroLeasing JSC

Pravdy Street 26, 127137, Moscow, Russia. Tel: +7 (495) 782 1976/77/82; Fax: +7 (495) 782 1985/6; Email: info@rosagroleasing.ru; Website: www.rosagroleasing.ru. General Manager: Valery Nazarov.

Activities: Financial leasing. Member of the Russian Leasing Association (Rosleasing).

Rosagrosnab JSC

Bolshaya Dmitrovka 32, Building 1, 127994, Moscow, Russia. Tel: +7 (495) 650 5239; Fax: +7 (495) 650 3000; Email: root@rosagrosnab.ru; Website: www.rosagrosnab.ru. General Manager: Yuri Limarev.

Activities: Leasing operations in agribusiness. Member of the Russian Leasing Association (Rosleasing).

Rosagrostrah Inc

Lenin Avenue 8-5, Balashikhka, Russia. Tel/Fax: +7 (495) 510 5016/4; Email: kokinaev@rosagrostrah.ru; Website: www.rosagrostrah.ru. General Manager: Kashirin Tcherniakov.

Activities: Universal insurance company. Member of the Russian Leasing Association (Rosleasing).

Rosno JSC

Ozerkovskaya nab 30, 113184, Moscow, Russia. Tel: +7 (495) 232 3333; Fax: +7 (495) 232 0014; Email: info@rosno.ru; Website: www.rosno.ru. General Manager: Hannes Shariputra Chopra.

Activities: Insurance services. Member of the Russian Leasing Association (Rosleasing).

Rost Agrarian Group JSC

Tsentralnaya Street 1, Domodedovo, 124003, Moscow, Russia. Tel/Fax: +7 (49679) 68 315/26. Chief Executive: Lubov U. Luznyh.

Activities: Member of the Russian Leasing Association (Rosleasing).

Table 16: Regional structure of leasing operations in the Russian Federation (2007–12)

Region of the Russian Federation	Share of the total Russian leasing business (%)					
	2007	2008	2009	2010	2011	2012
Far East	3.2	2.6	4.6	2.6	3.3	2.1
Siberia	7.1	8.5	13.6	8.1	5.6	9.2
The Urals	8.5	10.7	6.5	8.4	19.1	13.8
The Volga region	9.6	13.3	10.2	8.5	8.2	8.5
South (incl. South and North-Caucasian)	4.0	6.6	2.5	3.3	2.9	4.2
North-West (not including St. Petersburg and Leningradskaya oblast)	2.2	2.5	1.6	1.7	1.7	1.5
St. Petersburg and Leningradskaya oblast	7.5	12.9	14.6	13.6	6.7	7.2
Central region (not including the city of Moscow)	19.2	14.3	17.1	12.0	9.6	9.7
Moscow	31.5	28.0	28.3	40.6	41.0	42.2
Cross-border leasing (export)	7.2	0.6	1.0	1.2	1.9	1.6

operations with regional tax credits on the terms provided for by the Tax Code, the Budgetary Code and other legislative acts;

- provision of parties to leasing contracts with the right to defer tax payments;
- allocation of funds, on a competitive basis, from the regional budget to investors for financing investment leasing projects;
- provision of guarantees to parties to leasing contracts for investment leasing projects at the expense of the regional budget;
- provision of funds to investors from the regional budget in the form of subsidies, compensations, subventions, on the basis of repayment or gratuitously, in accordance with the terms of their investment contracts;
- establishment of pledge funds using the State property owned by the region for securing bank investments in leasing operations;
- granting investors with the right to use land, forests, water and other natural resources at minimum permitted rates in accordance with the current legislation; and
- provision of information and methodological support to parties to leasing contracts.

The exemptions and benefits provided by regional authorities have had a positive impact on the development of the leasing business in many republics, *krais*, *oblasts*, *okrugs* and cities of the Russian Federation. However, such exemptions and benefits are not the only stimulus. The investor appeal of a particular region is of primary importance to many leasing companies.

Structure of the leasing industry. Based on the results of our review we have pre-

pared a structural market analysis with a breakdown by type of leased asset (equipment, transport vehicles and immovable property) and calculated the share of each assets sector in the total volume of new leasing contracts concluded in 2012. Information about the structure of leasing contracts can be found in Table 17.

It has been possible to identify the types of leased assets that were in demand with lessees (total 35 positions).

The greatest increase in the value of new leasing contracts, as compared with the previous year, was in five sectors: power-generating equipment – US\$1,100m; aircraft – US\$1,060m; agricultural equipment – US\$1,058m; light passenger cars – US\$807m; and motor vehicles for cargo transportation – US\$743m. The largest decrease occurred in railway rolling stock with – US\$3,281m.

Transport vehicles have always been the most popular leasing assets. The present-day Russian leasing industry is no exception. The most significant changes compared with the previous year occurred with leasing railroad rolling stock and locomotives, auto vehicles, aircraft and vessels. The combined weight of these four segments of the domestic leasing market reached 71.4% in 2012.

In many European countries, truck traffic volumes are high enough. In Russia many of the goods are transported by rail.

Despite the decline in 2012 of the railway rolling stock in new leasing business, this segment continues to dominate the leasing market of Russia. For 15 years our surveys of the Russian leasing market is the second most important figure, when the leading sector had a share of more than 40%. This kind of structural

Leasing services

RostovAgroLeasing Ltd

Sholohova Proezd 27-82, 344019, Rostov-na-Donu, Russia. Tel: +7 (863) 223 7310; Fax: +7 (863) 253 7400; Email: pacc_admin@aanet.ru; Website: www.rostovagroleasing.ru. General Manager: Nikolay V. Gospodarev.

Activities: Member of the Russian Leasing Association (Rosleasing).

RozBiznesLizing Inc

Sobinova Street 5B, 150000, Yaroslavl, Russia. Tel: +7 (4852) 72 9242; Fax: +7 (4852) 72 8950; Email: rbl@yar.ru; Website: www.rosbl.ru. General Manager: Oleg V. Shelestov.

Activities: Services within the leasing market. Member of the Russian Leasing Association (Rosleasing).

RTC-Leasing Inc

Red Street 160D, Office 306, 350015, Krasnodar, Russia. Tel: +7 (861) 259 2469/836; Fax: +7 (861) 259 2469; Email: ug@rtcleasing.ru; Website: www.rtc-leasing.ru. Director: Irina V. Golovchenko.

Activities: Member of the Russian Leasing Association (Rosleasing).

RTC-Leasing Inc

Kirov Street 124, Suite 211, 614000, Perm, Russia. Tel/Fax: +7 (342) 259 0838; Email: perm@rtc-leasing.ru; Website: www.rtc-leasing.ru. Director: Irina V. Golovchenko.

Activities: Member of the Russian Leasing Association (Rosleasing).

RTC-Leasing Inc

Tsyurupa Street 13, Business Centre, Office 27, Bashkir, 450008, Ufa, Russia. Tel: +7 (347) 292 0450; Fax: +7 (347) 292 0451; Email: ufa@rtcleasing.ru; Website: www.rtc-leasing.ru. Director: Irina V. Golovchenko.

Activities: Member of the Russian Leasing Association (Rosleasing).

RTC-Leasing Inc

Belinsky Street 32, Office 507, 603000, Nizhny Novgorod, Russia. Tel/Fax: +7 (831) 439 5064; Email: nnov@rtcleasing.ru; Website: www.rtc-leasing.ru. Director: Irina V. Golovchenko.

Activities: Member of the Russian Leasing Association (Rosleasing).

RTC-Leasing Inc

Lenina 90-4, Suite 907, 650036, Kemerovo, Russia. Tel: +7 (3842) 57 4436/913 436 77 33; Fax: +7 (3842) 57 4436; Email: kmr@rtcleasing.ru; Website: www.rtc-leasing.ru. Director: Irina V. Golovchenko.

Activities: Member of the Russian Leasing Association (Rosleasing).

RTC-Leasing Inc

Sovetskaya Street 54, Suite 418, 625000, Tyumen, Russia. Tel: +7 (3452) 49 4368/9; Email: tumen@rtcleasing.ru; Website: www.rtc-leasing.ru. Director: Irina V. Golovchenko.

Activities: Member of the Russian Leasing Association (Rosleasing).

RTC-Leasing Inc

9th Line VO 34A, Magnus Business Centre, Suite 411, 199004, St. Petersburg, Russia. Tel: +7 (812) 647 0330/493 4081; Email: spb@rtcleasing.ru; Website: www.rtc-leasing.ru. Director: Irina V. Golovchenko.

Activities: Member of the Russian Leasing Association (Rosleasing).

RTC-Leasing Inc

Chernyshevsky Street 16, Office 401, Ural, 620014, Ekaterinburg, Russia. Tel: +7 (343) 380 1534/46/64; Fax: +7 (343) 380 1546; Email: ural@rtcleasing.ru; Website: www.rtc-leasing.ru. Director: Irina V. Golovchenko.

Activities: Member of the Russian Leasing Association (Rosleasing).

RTC-Leasing Inc

Delegatskaya Street 5, Building 1, 127473, Moscow, Russia. Tel: +7 (495) 777 0330; Fax: +7 (495) 777 0333; Email: mail@rtc-leasing.ru; Website: www.rtc-leasing.ru. Director: Irina V. Golovchenko.

Activities: Leasing services. Member of the Russian Leasing Association (Rosleasing).

Rural Development

Moskovskaya Street 1, Mordovia, 430000, Saransk, Russia. Tel: +7 (8342) 32 7272; Fax: +7 (8342) 32 7044; Email: fors@whrm.moris.ru. CEO: Alexander Vorobiev.

Activities: Member of the Russian Leasing Association (Rosleasing).

RusnRusSantimir

Novomalyklinsky Paion Street, Yakusha, 433590, Ulyanovskaya Region, Russia. Tel/Fax: +7 (842) 312 1003; Email: forotd@mail.ru. General Manager: Ruslan Z. Sitdikov.

Activities: Member of the Russian Leasing Association (Rosleasing).

change does not necessarily indicate a favourable trend in the leasing market of Russia. A monopoly structure has the same problem for the market as the monopoly of any business entity.

The dominance of one of the branches should always be treated cautiously, since the situation could change significantly from one side or the other, under the influence of both objective and subjective reasons, and affect the performance of the entire market.

Thus, before the crisis, prices of rolling stock grew very quickly. During the crisis, however, assets decreased by almost half, before growing again during 2011. With all these variations comes the uncertainty of the situation in the market and the fickleness of the quality of the leasing portfolio. In 2012 the process of withdrawal of the railway rolling stock fleet of old cars began. The volume of cargo transportation fell and the cost of railway property decreased.

Operation with different types of auto

vehicles in 2012 was 92.7% of respondent lessors (93.7% in 2011; 92.8% in 2010; 80.9% in 2009).

More than half of all Russian market leasing vehicles are "held" by the top nine lessors who enter into contracts for the supply of their customers of the leasing of trucks, tractors, trailers, semi-trailers and dump trucks. Suppliers of this technology were automotive companies from Germany, Sweden, Japan, the US, as well as Russian companies such as KAMAZ and GAZ, etc.

In 2012, the volume of leasing aircraft rose almost one and a half times. The leasing of aircraft was formed with the participation of a small number of Russian leasing companies – 16 in our survey.

The leader in this segment is VEB-leasing. In 2012, VEB-leasing concluded a series of major contracts. For example, VEB-leasing completed the transfer to Aeroflot – Russia's largest air carrier – of the third A321-200 aircraft under a

Leasing services

Russ-Leasing Ltd

Myasnitkaya Street 43, Building 2, 107078, Moscow, Russia. Tel: +7 (495) 621 0686; Email: leasing@russbank.ru; Website: www.russbank.ru. General Manager: Gennady V. Bobkov. **Activities:** Member of the Russian Leasing Association (Rosleasing).

Russia Insurance Company

Leningrad Prospect 68, 125315, Moscow, Russia. Tel: +7 (495) 775 4700; Fax: +7 (495) 228 3422; Email: aiv@rusins.ru; Website: www.rusins.ru. Director: Yuriy Kolesnikov. **Activities:** Insurance services. Member of the Russian Leasing Association (Rosleasing).

Russia JISC

Olimskogo Pr D3A, 129085, Moscow, Russia. Tel: +7 (495) 790 7337; Fax: +7 (495) 790 7374; Email: rossia@ros.ru; Website: www.ros.ru. Director: Yuriy A. Kolesnikov. **Activities:** Member of the Russian Leasing Association (Rosleasing).

Russian Leasing Company JSC

3rd Maryinoy Roshchi Pr D40, Building 11, Office 705, 128018, Moscow, Russia. Tel: +7 (495) 777 4066; Email: post@ruscl.ru; Website: www.ruscl.ru. Chief Executive: Irina Dubrovina. **Activities:** Member of the Russian Leasing Association (Rosleasing).

Salans

Moika Embankment 36, Northern Capital House, 191186, St. Petersburg, Russia. Tel: +7 (812) 325 8444; Fax: +7 (812) 325 8454; Email: stpetersburg@salans.com; Website: www.salans.com. Managing Partner, Salans St. Petersburg: Victor Naumov; Contact: Artem Zhavoronkov. **Activities:** Multinational law firm advising financiers and corporates. Expertise in big ticket leasing, asset finance and real estate across 17 countries.

Salans

Balchug Street 7, Balchug Plaza, 115035, Moscow, Russia. Tel: +7 (495) 644 0500; Fax: +7 (495) 644 0599; Email: moscow@salans.com; Website: www.salans.com. Managing Partner, Salans Moscow: Florian Schneider; Head of Banking & Finance, Moscow: Timothy Stubbs. **Activities:** Multinational law firm advising financiers and corporates. Expertise in big ticket leasing, asset finance and real estate across 17 countries.

Samara-Ladia Financial Services

Sadovaya Street 280, 2nd Floor, Office 14-24, 443010, Samara, Russia. Tel: +7 (846) 270 6651/2/3; Fax: +7 (846) 276 6841; Email: ladia_ifc@mail.ru; Website: www.samara-ladia.ru. Director: Vladimir M. Dynin; Chief Executive: Igor A. Federov. **Activities:** Member of the Russian Leasing Association (Rosleasing).

Saratovagropromkomplekt Ltd

1 Sokurovsky Pr 2, 410080, Saratov, Russia. Tel: +7 (8452) 62 3937; Fax: +7 (8452) 62 9271; Email: info@rsm-sapk.ru; Website: www.rsm-sapk.ru. General Manager: Nikolay V. Kostov. **Activities:** Member of the Russian Leasing Association (Rosleasing).

Scania Leasing Ltd

Obrycheva Street 30-1, Building 2, 117485, Moscow, Russia. Tel: +7 (495) 787 5000; Fax: +7 (495) 787 5002; Email: leasing@scania.ru; Website: www.scania.ru. General Manager: Hans Tardel. **Activities:** Member of the Russian Leasing Association (Rosleasing).

SCM Leasing Inc

Olhovskaya Street 45, Building 1, Office 4, 105066, Moscow, Russia. Tel: +7 (495) 787 3183; Email: info@skm-leasing.ru. General Manager: Loboda Anatoli Leonidovich. **Activities:** Member of the Russian Leasing Association (Rosleasing).

SG Finance JSC

Zemlyanoi Val Street 9, Business Centre Citydel, 105064, Moscow, Russia. Tel/Fax: +7 (495) 777 8810/544 4185; Email: info@sgef-leasing.ru; Website: www.sgef-leasing.ru. Managing Director: Guram Kudryatsev; Email: kudryatsev@sgef-leasing.ru; Head of Vendor Finance: Alexander Filatov; Direct Tel: +7 (495) 777 8810 (Ext. 3759); Email: filatova@sgef-leasing.ru.

Activities: Equipment and vendor finance in the fields of high-tech, industrial equipment and transport. Customised European vendor programmes.

Shrei Leasing JSC

Ulof Palme Street 1, 119590, Moscow, Russia. Tel: +7 (495) 221 0124; Fax: +7 (499) 143 8481; Email: leasing@srei.ru; Website: www.srei.ru. Director: Radzhesh Bhalotia. **Activities:** Financing for construction, oil & gas, mining, rail, power and agricultural equipment. Member of the Russian Leasing Association (Rosleasing).

Table 17: Structure of leasing contracts concluded (2007–12)

Type of leasing assets	Share in the total volume (%)					
	2007	2008	2009	2010	2011	2012
Motor vehicles for cargo transportation	14.4	16.9	6.9	7.8	9.5	11.1
Light passenger cars	6.2	8.6	8.8	6.8	6.7	8.5
Passenger minibuses	0.3	0.8	0.3	0.2	0.2	0.2
Buses	2.1	1.8	1.3	1.4	1.2	0.8
Equipment for repairing and servicing cars	0.2	0.3	0.1	0.1	0.1	0.1
Telecommunications equipment	2.8	2.6	4.6	0.3	0.3	0.4
Computers and other office equipment	0.9	0.9	0.2	1.0	0.5	0.5
Geological exploration equipment	0.3	0.7	0.1	0.2	0.1	0.1
Oil and gas production and processing equipment	5.3	1.8	3.7	4.1	2.0	2.4
Agricultural equipment	1.1	1.5	1.5	0.5	0.4	2.9
Railway rolling stock and locomotives	22.1	12.5	27.3	39.5	49.4	40.8
Building machinery, including specialised machinery on wheels	7.7	10.5	5.0	5.1	6.0	6.1
Road-building equipment	3.1	3.7	1.8	3.4	2.2	2.2
Equipment for production and processing of glass	1.1	0.2	0.1	0.01	0.1	0.3
Metalworking equipment	2.6	3.2	1.7	1.0	2.3	2.6
Metallurgical equipment	2.6	0.4	0.01	0.01	0.2	0.1
Mining equipment	0.5	0.9	2.5	0.8	1.9	2.0
Power-generating equipment	7.4	5.2	2.2	2.0	0.6	3.2
Printing equipment	1.0	1.2	1.2	0.8	0.3	0.3
Equipment for food industry, including refrigerating equipment	1.7	1.3	1.0	0.8	0.5	0.6
Selling/shopping equipment	0.9	0.9	0.2	0.2	0.1	0.1
Packing equipment	0.3	0.3	0.7	0.6	0.2	0.2
Loaders and warehouse equipment	1.1	1.7	0.6	0.8	0.6	0.7
Logging equipment and timber transportation vehicles	0.6	0.5	0.3	0.4	0.3	0.3
Woodworking equipment	0.6	0.5	0.2	0.6	0.2	0.2
Equipment for production of paper and cardboard	0.1	0.6	0.1	0.1	0.01	0.05
Chemical equipment	0.5	0.4	0.6	1.1	0.4	0.5
Entertainment industry equipment	0.2	0.2	0.3	0.1	0.02	0.03
Special equipment for provision of housing and communal services	1.1	0.4	0.2	0.4	0.2	0.3
Banking equipment	0.1	0.1	0.1	0.01	0.01	0.01
Medical and pharmaceutical equipment	0.2	0.1	0.4	0.1	0.1	0.1
Sea and river vessels	0.4	0.1	2.6	2.0	1.8	1.0
Aircraft	5.7	12.8	16.1	13.0	6.6	9.0
Buildings and structures	2.7	3.2	5.9	3.3	2.8	1.4
Other property	2.2	3.2	1.4	1.4	2.14	0.91

finance lease contract. The transaction involved the European credit insurers: Hermes (Germany), Coface (France) and ECDG (the UK). The catalogue price of this type of Airbus aircraft is US\$103.6m apiece.

The deal was financed by a group of leading Russian and international financial institutions: VEB-leasing, Merrill Lynch, Bank of America and Citibank, with the latter also playing the roles of the sole advisor and mandated lead arranger. The involvement of the export credit agencies meant that the modern aircraft was purchased on exceptionally favourable terms.

In other transactions, VEB-leasing financed the acquisition of four new Boeing B777-300 aircraft for use by Aeroflot under a long-term finance lease contract (12 years). The total catalogue value of the four aircraft is US\$1.26bn, with deliveries scheduled for every month from January to April 2013.

Under the agreement, Eximbank has provided insurance coverage for transactions under the guarantee of Vnesheconombank. CreditAgricoleCIB and GoldmanSachs served coordinating the deal and the creditors banks became the Apple Bank for Savings and VEB-leasing.

Also VEB-leasing have begun working on the implementation of a financing agreement for 20 Airbus A320 aircraft for UTair Aviation, signed in June 2012 at the Farnborough Airshow, UK. In October 2012, VEB-leasing transferred the first advance payments to the Airbus Group. The total value of the contract for delivery of 20 aircraft is more than US\$2.3bn in catalogue prices.

The participation of VEB-leasing in the deal at this stage will allow UTair Aviation to take delivery of the first two aircraft in accordance with the previously approved schedule, i.e. Q2 2013, with the last delivery scheduled to take place in November 2015.

The volume of leasing of industrial buildings and constructions was only 0.12% of the total amount of investment of assets, and 1.4% of the total new leasing business. This was due to a number of reasons: legislative problems related to the implementation of leasing operation with real estate; and a long depreciation period which, even in the event of accelerated depreciation permitted by law (coefficient 3), substantially exceeded the terms of loans used in practice.

Competition and concentration.

Competition is one of the most important criteria of the degree of development of a

Leasing services

Sibenergolizing JSC

Sverdlova Street 7, 630007, Novosibirsk, Russia. Tel: +7 (383) 229 8280/43; Fax: +7 (383) 229 8280; Email: mab@nske.ru. General Manager: Vitaly S. Parhomenko.

Activities: Member of the Russian Leasing Association (Rosleasing).

Sibirskaya Leasing Company Ltd Liability Company

Kompozitorskaya Street 13, 121099, Moscow, Russia. Tel: +7 (499) 576 5778; Fax: +7 (499) 252 8850; Email: slk@ooslk.ru; Website: www.ooslk.ru Director: Sergei Aleksandrovich Kladov; Email: kladovsa@ooslk.ru; Manager: Pavel Valentinovich Avdeikin; Email: avdeikinp@ooslk.ru.

Activities: Financial and operational lease in Russia. Member of the Russian Leasing Association (Rosleasing).

Siemens Finance OOO

Zapadnaya Street 7, 690091, Vladivostok, Russia. Tel: +7 (423) 202 2525; Fax: +7 (423) 202 2424; Email: info.ru.sfs@siemens.com; Website: www.finance.siemens.ru. CEO: Oleg Rakitsky; Deputy CEO, Sales & Development: Valentina Polyakova.

Activities: Part of the worldwide Siemens Financial Services organisation and provides leasing for a wide range of organisations, including SMEs (legal and self-employed entrepreneurs), as well as Siemens customers. In the 13 years since its foundation, the company has completed thousands of leasing projects across Russia. Its regional network consists of 19 offices in major Russian cities. Member of the United Leasing Association, Russia.

SKM-Leasing Ltd

Olhovskaya Street 45, Building 1, 105066, Moscow, Russia. Tel: +7 (495) 787 3183; Email: info@skm-leasing.ru. Director: Anatoly L. Loboda.

Activities: Member of the Russian Leasing Association (Rosleasing).

Societe Generale Equipment Finance

Zemlyanoi Val Street 9, 105064, Moscow, Russia. Tel: +7 (495) 544 4185; Fax: +7 (495) 777 8810; Email: info@sgef-leasing.ru; Website: www.sgef-leasing.ru. Director: Guram A. Kudryavtsev.

Activities: Member of the Russian Leasing Association (Rosleasing).



Over the period from 2000-12, the volume of leasing operations in Russia totalled US\$221.7bn.

Table 18: Proportion of new transport leasing business of the total volume of the Russian leasing market (2007–12)

Transport sectors	Share of total volume (%)					
	2007	2008	2009	2010	2011	2012
Sum of four transportation sectors: (railroad rolling stock and locomotives, auto vehicles, aircraft and vessels)	51.2	53.5	63.3	70.7	75.4	71.4

market. Competition is characterised by business concentration, the operation in a sector of a certain number of companies, e.g. at a national or regional level or in one or another sector of the leasing market with specialisation in different types of equipment.

In 2012, the five largest companies of the survey accounted for half of the total new leasing business of the Russian leasing market (in 2011 – four; in 2010 – five; in 2009 – six; in 2008 – 18; and in 2007 – 12).

Various countries have experience of measuring the level of competition by using the market concentration and monopolisation indices. Such indices are necessary to inform the State authorities of the need to interfere in the existing market mechanisms. The need for such interference may arise due to various reasons, e.g. the degree of market power of one or several enterprises, or their ability to influence prices and production volumes.

Various methodologies are used to gauge the market concentration level, including the determination of the significance of the selling companies operating on such markets. This methodology makes use of the Herfindahl-Hirschman (HHI) index. The HHI index is calculated as the sum total of the squared shares of all companies represented on the market. The maximum possible value of HHI is 10,000.

The estimation undertaken by the survey indicated that overall in Russia HHI in 2007 was equal to 426; in 2008 – 206; in 2009 – 367; in 2010 – 639; in 2011 – 783; in 2012 it was 741. Thus the concentration level for one year grew by 22%, compared to 74% in 2007.

Therefore, the above data on the HHI value indicates that there is no reason to draw a conclusion on some monopolisation or excessive concentration of the market. This means that the leasing business in Russia is distributed among a large number of market operators and,

consequently, lessees can choose a company to cooperate with under a leasing agreement.

The development of competition manifests itself in: the offers by leasing companies of more favourable terms to their clients in regards to the price, the duration of contracts, the schedule for the repayment of the debt and the amount of down payment; the development of new leasing products, services and various options; special measures taken to promote leasing products in the market; and the advertisement of leasing services.

Lease term. The Russian leasing law was amended 10 years ago and such changes had a material impact on previously prevailing lease terms. Improvements in available financing and a shorter statutory depreciable life facilitated the lease of new types of property. Our statistics confirmed such a trend (see Table 19). However, there has been a decrease in the average time required for 2012 contracts for six months, mainly due to the decline in the share of railway rolling stock, the contracts for which are usually long term.

Note that when structuring a leasing transaction, one assumes that the lessee has no interest, from an economic perspective, to agree to too short a term of lease, as the shorter the lease term, the larger the final depreciated cost will be, which is not desirable as the leased assets purchased at the end of the lease term will be valued at net book value when put on the lessee's books, and will accrue normal, and not accelerated, depreciation based on such a cost.

In the majority of cases the period of the leasing agreement corresponds with or is slightly shorter (less than 20%) than the period of depreciation of the leased asset.

Personnel of the Russian leasing industry. The expansion of the activities of leasing companies before the crisis resulted in the increase of staff employees which entails certain cost increases.

Leasing services

Sogaz-Agro Insurance Company Ltd

Bolotnaya 16, Building 1, 115035, Moscow, Russia. Tel: +7 (495) 777 4416/730 0003; Fax: +7 (495) 730 0111; Email: info@sogaz-agro.ru; Website: www.sogaz-agro.ru. General Manager: Aleksey E. Spiridonov.

Activities: Insurance services to lending and leasing companies. Member of the Russian Leasing Association (Rosleasing).

Soglasie Insurance Company Ltd

M. Tolmachevsky per 8-11, Building 3, 119017, Moscow, Russia. Tel: +7 (495) 739 0101; Email: info@soglasie.ru; smirnov@soglasie.ru; Website: www.soglasie.ru. General Manager: Yeltsova Lubov.

Activities: Insurance services. Member of the Russian Leasing Association (Rosleasing).

Sozidanie Leasing Company Ltd

Panfilova Street 39G, 424003, Ioshkar-Ola, Russia. Tel: +7 (8362) 420 950. Director: Valery P. Bychkov; Email: velli@mbk.mari.ru.

Activities: Member of the Russian Leasing Association (Rosleasing).

SSB-Leasing Ltd

Proletarskaya Street 252, Barnaul, 656008, Altaysky Kray, Russia. Tel: +7 (3852) 652 083; Email: sbb-lizing@mail.ru. Director: Vladimir F. Smykov.

Activities: Member of the Russian Leasing Association (Rosleasing).

Stavropol Agroleasing Ltd

Batayskaya Street 3, S. Verhnerusskoe, Stavropol Region, 356236, Shpakovsky, Russia. Tel: +7 (86553) 02 0556/05 0261; Email: stavagroleasing@rambler.ru. Director: Vladimir G. Ermolov.

Activities: Member of the Russian Leasing Association (Rosleasing).

Stone-XXI Ltd

Nagatinskaya Street 1, D1 5th Floor, 117105, Moscow, Russia. Tel: +7 (495) 981 1990; Fax: +7 (495) 981 1991; Email: lease@stone-xxi.ru; Website: www.stone-xxi.ru. General Manager: Kudrin Vyacheslav.

Activities: Universal leasing company for vehicle and equipment leasing. Basic services include: financial lease, operating lease, project financing and lease for physical persons. Member of the Russian Leasing Association (Rosleasing).

Svoe Delo-Leasing JSC

Obukhov Defense 76A 214, 192029, St. Petersburg, Russia. Tel: +7 (812) 380 4020; Email: spb@svoe-delo.ru; Website: www.svoe-delo.ru. General Manager: Igor Shulgin.

Activities: Founded in 2002, provides leasing for new and used trucks & cars to individuals and companies in the territories of Russia. Member of the Russian Leasing Association (Rosleasing).

Svoe Delo-Leasing JSC

Liberty Street 32, Office 404, Chelyabinsk Region, Chelyabinsk, Russia. Tel/Fax: +7 (351) 268 0519/21; Email: svoe-delo@mail.ru; Website: www.svoe-delo.ru. General Manager: Igor Shulgin.

Activities: Founded in 2002, provides leasing for new and used trucks & cars to individuals and companies in the territories of Russia. Member of the Russian Leasing Association (Rosleasing).

Svoe Delo-Leasing JSC

Starokubanskaya Street 118, Office 209-1, 350058, Krasnodar, Russia. Email: kub@svoe-delo.ru; Website: www.svoe-delo.ru. General Manager: Igor Shulgin.

Activities: Founded in 2002, provides leasing for new and used trucks & cars to individuals and companies in the territories of Russia. Member of the Russian Leasing Association (Rosleasing).

Svoe Delo-Leasing JSC

Staraya Basmannaya Street 22 P1, 105066, Moscow, Russia. Tel: +7 (495) 363 9481/4; Fax: +7 (495) 363 9484; Email: mila@svoe-delo.ru; Website: www.svoe-delo.ru. General Manager: Igor Shulgin.

Activities: Founded in 2002, provides leasing for new and used trucks & cars to individuals and companies in the territories of Russia. Member of the Russian Leasing Association (Rosleasing).

Tambovagropromsnab Ltd

Michurinskaya Street 89B, 392000, Tambov, Russia. Tel: +7 (4752) 53 2181/6512; Fax: +7 (4752) 53 2181/4010; Email: gorycheva.i@mail.ru. General Manager: Alexander K. Zhalnin.

Activities: Member of the Russian Leasing Association (Rosleasing).

Technolizing Inc

Shlyuzovaya Nab 6, Building 4, 115114, Moscow, Russia. Tel: +7 (495) 363 6561; Fax: +7 (495) 363 6562; Email: info@techleasing.ru; Website: www.techleasing.ru. General Manager: Natalya P. Panskikh; Email: npp@techleasing.ru.

Activities: Member of the Russian Leasing Association (Rosleasing).

Table 19: Finance lease terms in Russia (2003–12)

Indicator	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Lease term (month) on average	45	52	48	54	61	64	63	68	78	72

Currently some of the larger Russian leasing companies employ more than 1,000 people. In total, more than 13,200 people are engaged in the leasing industry in Russia (10,750 in 2011; 9,500 in 2010; 9,160 in 2009; 9,780 in 2008; 10,550 in 2007; and 8,500 in 2006).

“Output per employee” may serve as an indicator of the performance of a leasing company. However, when using this indicator for analytical purposes one has to take into account the specialisation of the leasing company, i.e. the segment of the market in which it operates, and the scale of its clients’ businesses.

The average number of personnel per Russian leasing company in 2012 was about 129 people (101 in 2011; 86 in 2010; 64 in 2009; 67 in 2008; and 53 in 2007), and “output per employee” (for companies who participated in our survey of the leasing market) was approximately US\$3.2m per year (US\$4.1m in 2011; US\$2.6m in 2010;

US\$1.5m in 2009; US\$2.7m in 2008; and US\$3.1m in 2007).

However, it should be noted that in a number of leasing companies, mainly those established by banks, some of the functions (e.g. legal, procurement, security) are performed by the bank’s employees. Consequently, the real figure would be closer to about 150 employees per leasing company.

Notes:

- 1 Annual Survey 2012 “The Voice of Leasing and Automotive Rental in Europe” (www.leaseurope.org).
- 2 Survey “Ranking of Top European Leasing Companies 2012” – www.leaseurope.org.
- 3 Vladimir Putin, Russian President, speaking at the St. Petersburg International Economic Forum, June 21, 2013.
- 4 Vladimir Putin, Russian President, speaking at the St. Petersburg International Economic Forum, June 21, 2013.

This article was written by Dr. Victor D. Gazman, Professor, National Research University – Higher School of Economics (Moscow), author of seven books about leasing. Email: garantinv@bk.ru.

Leasing services

Techuniversal LC Ltd

2nd Yuzhnoportovoy Pr D16, Building 1, 115088, Moscow, Russia. Tel: +7 (495) 101 2464; Fax: +7 (495) 101 7387. Director: Sergey V. Rusanov; Email: s.rusanov@energon.ru. **Activities:** Member of the Russian Leasing Association (Rosleasing).

TENEX-Service CJSC

Most Ordynka Street 54 P2, 119017, Moscow, Russia. Tel: +7 (495) 967 3066/126; Email: info@atomleasing.ru; Website: www.atomleasing.ru. General Manager: Yuri Demash. **Activities:** Member of the Russian Leasing Association (Rosleasing).

Titan-Leasing Ltd

5th Armiy Street 29 P/O 96, 664025, Irkutsk, Russia. Tel: +7 (3952) 203 583/09/60; Fax: +7 (3952) 240 557; Email: office@titanleasing.ru; Website: www.titanleasing.ru. General Manager: Igor A. Chugaev. **Activities:** Member of the Russian Leasing Association (Rosleasing).

TopCom Invest Ltd

Timiryazeva Street 30, 614990, Perm, Russia. Tel: +7 (342) 210 5147/7084/7069; Email: invest@topcom.ru; Website: www.topcom-invest.ru. Director: Alexey F. Makrushin. **Activities:** Member of the Russian Leasing Association (Rosleasing).

TransFin-M Ltd

Verkhnyaya Krasnoselskaya Street 11A, Building 1, 107140, Moscow, Russia. Tel/Fax: +7 (495) 276 0732; Email: tfm@tf-m.ru; Website: www.transfin-m.ru. Director: Dmitry Zotov; Head of Marketing: Julia Filippova; Direct Tel: +7 (495) 276 0732 (Ext: 6049); Email: ufilippova@tf-m.ru. **Activities:** Leading leasing company leasing rolling stock, railway maintenance equipment, locomotives, air & automobile transportation. Based in Moscow, Russia.

Transleasing Ltd

Truda Street 64A, 454091, Chelyabinsk, Russia. Tel: +7 (351) 230 5305/9309; Fax: +7 (351) 247 2471; Email: trans@leasing74.ru; Website: www.leasing74.ru. Director: Andrey Beloglazov; Email: beloglazov@leasing74.ru; Contact: Elena Gerasimenko; Direct Tel: +7 (351) 236 1351; Email: elena@leasing74.ru. **Activities:** Leasing services. Member of the Russian Leasing Association (Rosleasing).



In Russia in 2012, approximately 97% of leasing business was financial leasing and over 3% of contracts were operating lease transactions.

Leasing services

Transliz LK Inc

Stakhanovtsev Street 13, Apartment 4H A, 195196, St. Petersburg, Russia. Tel: +7 (812) 436 8754; Fax: +7 (812) 445 3097; Email: transliz@mail.wplus.net. General Manager: Alexandr A. Kalinin. **Activities:** Member of the Russian Leasing Association (Rosleasing).

TransLizingKom Ltd

Baykalnaya Street 160A, 664046, Irkutsk, Russia. Tel: +7 (3952) 513 113; Fax: +7 (3952) 513 114; Email: tlc@tlc.su; Website: www.tlc.su. General Manager: Pavel Chirkov.

Activities: Leasing services, including leasing of vehicles, logging equipment, printing equipment, equipment for trade & rail. Member of the Russian Leasing Association (Rosleasing).

Tulaselkhoztehnika JSC

Ryazanskaya Street 20, 300026, Tula, Russia. Tel: +7 (4872) 37 7165; Fax: +7 (4872) 37 7020; Email: agrores4@tula.net. General Manager: Vyacheslav M. Sokolov.

Activities: Member of the Russian Leasing Association (Rosleasing).

Tupolev Leasing Company Ltd

Leninskogo Komsomola 38, 432072, Ulyanovsk, Russia. Tel: +7 (8422) 501 454; Fax: +7 (8422) 543 047; Email: alc@vens.ru. Director: Alexander I. Medvedev.

Activities: Leasing services.

Tuymaade-Leasing GUP

Avtodorozhnaya Street 23, Sakha (Yakutia), 677007, Yakutsk, Russia. Tel/Fax: +7 (41 12) 35 7265; Email: tlizing@yandex.ru. General Manager: Semen S. Ivanov.

Activities: Member of the Russian Leasing Association (Rosleasing).

Tyumenagromash JSC

Respublikki Street 252, Building 8, 625014, Tyumen, Russia. Tel: +7 (3452) 21 3890/70; Fax: +7 (3452) 21 1882; Email: selsnab@tknet.ru; info@rsm-tam.ru; Website: www.rsm-tam.ru. General Manager: Raif Mudarisovich Mukhamedzyanov.

Activities: Member of the Russian Leasing Association (Rosleasing).

Udmurtagrosnab Inc

Poyma Street 79, 426028, Izhevsk, Russia. Tel: +7 (3412) 50 5567; Fax: +7 (3412) 50 5045; Email: agrosnab@udmnet.ru; Website: www.agrosnab.udmnet.ru. General Manager: Andrey V. Babikov.

Activities: Member of the Russian Leasing Association (Rosleasing).

Ugrom-Leasing Ltd

Severny Obhod 12, 355000, Stavropol, Russia. Tel: +7 (8652) 236 061; Email: glav@yugprom.ru; Website: www.yugprom.ru. Director: Uriy A. Pechenov.

Activities: Member of the Russian Leasing Association (Rosleasing).

Ugra Leasing Company Inc

Beznoskova Street 65, 628012, Khanty-Mansiysk, Russia. Tel: +7 (34673) 5 62 41/4; Fax: +7 (34673) 3 7806; Email: info@ugra-leasing.ru; Website: www.ugra-leasing.ru. General Manager: Dmitry G. Shchukin; Department of Leasing: Marina Skorobogatova; Direct Tel: +7 (3467) 356 242; Email: leasing@ugra-leasing.ru.

Activities: Financial leasing in utilities & municipal equipment, machinery & construction equipment, motor vehicles and real estate. Member of the Russian Leasing Association (Rosleasing).

Uniastrum LK Leasing Inc

Suvorov Square D1-52, Building 1, 127473, Moscow, Russia. Tel: +7 (495) 785 0580; Email: leasing@uniastrum.com; Website: www.leasing.uniastrum.ru. Director: Timur Boytemirov Faridovich.

Activities: Member of the Russian Leasing Association (Rosleasing).

UniCredit Leasing Russia

Andropova Avenu 18, Building 1, 115432, Moscow, Russia. Tel: +7 (495) 287 3150; Fax: +7 (495) 258 6521; Email: lea@unicreditgroup.ru; Website: www.unicreditleasing.ru. CEO: Fabrizio Rollo; Email: fabrizio.rollo@unicreditgroup.ru; CSO: Alexander Klyuev; HR Business Partner: Svetlana Kuranova; Email: svetlana.kuranova@unicreditgroup.ru.

Activities: Russian subsidiary of the UniCredit Leasing international network.

Universal Leasing JSC

Promzona, Zheleznogorsk, 307170, Kursk, Russia. Tel/Fax: +7 (47148) 7 9701; Email: reception@gotek.ru. Director: Vladimir Tukin.

Activities: Member of the Russian Leasing Association (Rosleasing).

Ural Leasing Centre JSC

Karla Marksa Street 48-1, Office 2, 450015, Ufa, Russia. Tel: +7 (3472) 285 417; Email: kuprianov@mail.ru. Chief Executive: Guzel Zinnatulina.

Activities: Member of the Russian Leasing Association (Rosleasing).

VEB-Leasing Inc

Doigorukovskaya 7, 127006, Moscow, Russia. Tel: +7 (495) 981 4240/223 6824; Fax: +7 (495) 981 4238; Email: info@veb-leasing.ru; Website: www.veb-leasing.ru. General Manager: Vyacheslav Sergeevich Solovjev.

Activities: Member of the Russian Leasing Association (Rosleasing).

Vector-Leasing Inc

Lenin 5A, BC (Airplane), Office 305, Ekaterinburg, Russia. Tel/Fax: +7 (343) 253 6568; Website: www.vector-leasing.ru. Director: Stanislav Hladek.

Activities: Financial and operating leases. Leasing of equipment & vehicles. Member of the Russian Leasing Association (Rosleasing).

Vector-Leasing Inc

Tsuryupa Street 13, Office 6, Ufa, Russia. Tel: +7 (347) 292 0491; Fax: +7 (347) 292 0492; Website: www.vector-leasing.ru. Director: Stanislav Hladek.

Activities: Financial and operating leases. Leasing of equipment & vehicles. Member of the Russian Leasing Association (Rosleasing).

Vector-Leasing Inc

Spartacus Street 6, Office 713, Kazan, Russia. Tel/Fax: +7 (843) 526 5838; Website: www.vector-leasing.ru. Director: Stanislav Hladek.

Activities: Financial and operating leases. Leasing of equipment & vehicles. Member of the Russian Leasing Association (Rosleasing).

Vector-Leasing Inc

Urtsky Street 19, Business Centre Business World, 9th Floor, Office 1, Samara, Russia. Tel: +7 (846) 372 6454; Fax: +7 (846) 372 6452; Website: www.vector-leasing.ru. Director: Stanislav Hladek.

Activities: Financial and operating leases. Leasing of equipment & vehicles. Member of the Russian Leasing Association (Rosleasing).

Vector-Leasing Inc

Tekucheva Street 139-94, Office 10.21, Rostov-na-Donu, Russia. Tel/Fax: +7 (863) 268 8642; Website: www.vector-leasing.ru. Director: Stanislav Hladek.

Activities: Financial and operating leases. Leasing of equipment & vehicles. Member of the Russian Leasing Association (Rosleasing).

Vector-Leasing Inc

Kamensky Street 78-2, Office 504, Novosibirsk, Russia. Tel: +7 (383) 212 0386; Fax: +7 (383) 212 0389; Website: www.vector-leasing.ru. Director: Stanislav Hladek.

Activities: Financial and operating leases. Leasing of equipment & vehicles. Member of the Russian Leasing Association (Rosleasing).

Vector-Leasing Inc

Radio Street 24, Building 1, Office 605, 105005, Moscow, Russia. Tel: +7 (495) 783 3360; Fax: +7 (495) 783 3362; Website: www.vector-leasing.ru. Director: Stanislav Hladek.

Activities: Financial and operating leases. Leasing of equipment & vehicles. Member of the Russian Leasing Association (Rosleasing).

Vector-Leasing Inc

Dzerzhinsky Street 7, Office 508, Krasnodar, Russia. Tel: +7 (861) 224 0238; Fax: +7 (861) 224 5269; Website: www.vector-leasing.ru. Director: Stanislav Hladek.

Activities: Financial and operating leases. Leasing of equipment & vehicles. Member of the Russian Leasing Association (Rosleasing).

Verhovye Dona GUP

Oboronnyaya Street 114A, 300045, Tula, Russia. Tel/Fax: +7 (4872) 370 797; Email: vd@msx.ru. Director: Vasily A. Kubatkin.

Activities: Member of the Russian Leasing Association (Rosleasing).

Vneshtranservice JSC

Color Boulevard 21, Building 5, 127051, Moscow, Russia. Tel: +7 (495) 699 2871; Fax: +7 (495) 699 2863; Email: vts@lozezi.com. Director: Oleg A. Kharlamov.

Activities: Member of the Russian Leasing Association (Rosleasing).

Volgograd Tractor Parts & Normals Inc

Lenin Avenue 59, 400005, Volgograd, Russia. Tel: +7 (8442) 02 2312; Fax: +7 (8442) 23 5944; Email: leasing@vztdn.ru; Website: www.vztdn.ru. General Manager: Tatiana Popova.

Activities: Member of the Russian Leasing Association (Rosleasing).

Volgogradagroleasing JSC

Nevskaya Street 13A, Volgograd, 400087, Volgograd Region, Russia. Tel: +7 (8442) 37 6732; Fax: +7 (8442) 37 9292; Email: agrosnab@vlink.ru; Website: www.volgogradagrosnab.ru. Director: Vladimir Ivanovich Tokarev.

Activities: Member of the Russian Leasing Association (Rosleasing).

Volkswagen Group Finanz Ltd

Obrucheva 30-1, Building 1, 117485, Moscow, Russia. Tel: +7 (495) 775 7557/(800) 700 7557; Fax: +7 (495) 258 8154; Email: info-ru@vwsag.com; Website: www.vwfs.ru. General Manager: Yan Kranat.

Activities: Financial services for the automotive market. Member of the Russian Leasing Association (Rosleasing).

Volkswagen Group Finanz Ltd

Shkipersky, Building 14, Block 1, Lit. In, 199106, St. Petersburg, Russia. Tel: +7 (812) 309 2239; Email: info-ru@vwsag.com; Website: www.vwfs.ru. Branch Director: Leonid E. Nikitin.

Activities: Financial services for the automotive market. Member of the Russian Leasing Association (Rosleasing).

Volzhanin Leasing Company

Alexandrov Street 67ZH, Volgograd, 404103, Volgzhsky, Russia. Tel: +7 (8443) 33 7453; Fax: +7 (8443) 33 8364; Website: www.volzhanin.ru/leasing. General Manager: Yuri I. Moiseev; Email: y.moiseev-bus.ru.

Activities: Leasing of passenger & commercial vehicles and industrial equipment. Member of the Russian Leasing Association (Rosleasing).

VSP-Leasing Ltd

B. Polyanka Street 50-1, Building 1, 119180, Moscow, Russia. Tel/Fax: +7 (499) 238 0911/230 0326; Email: office@vsp-leasing.ru; Website: www.vsp-leasing.ru. General Manager: Dmitry B. Aleshin.

Activities: Universal leasing company which works the whole of Russia. Gives to leasing autotransport, special vehicles, motor vehicles, equipment and builders. Member of the Russian Leasing Association (Rosleasing).

Vyatkaagrosnab JSC

Prudnaya Street 51, 610030, Kirov, Russia. Tel: +7 (8332) 64 4019; Fax: +7 (8332) 40 2127; Email: disp@agrosnab.kirov.ru. General Manager: Nikolai G. Bulgakov.

Activities: Member of the Russian Leasing Association (Rosleasing).

Yakor Ltd

Podsosensky Pereulok 5-7, Building 2, 105062, Moscow, Russia. Tel: +7 (495) 232 9962; Email: yakor@yakor.ru; Website: www.yakor.ru. Director: Sergey Andreev.

Activities: Insurance company. Member of the Russian Leasing Association (Rosleasing).

Yakov-Semenov LC JSC

Svetlanskaya Street 51A, 690990, Vladivostok, Russia. Tel: +7 (4232) 22 2210/6432; Email: mail@yakovsemenov.ru; Website: www.yakovsemenov.ru. Director: Alexey G. Balyaba.

Activities: Leasing services. Member of the Russian Leasing Association (Rosleasing).

Yambovagropromsnab Ltd

Michurinskaya Street 89B, 392000, Tambov, Russia. Tel: +7 (4752) 532 181; Fax: +7 (4752) 534 010; Email: gorycheva.i@mail.ru. Director: Alexander K. Jalnin.

Activities: Member of the Russian Leasing Association (Rosleasing).

Yugprom Ltd

Vokzalnaya Street 16, 357600, Essentuki, Russia. Tel: +7 (87934) 5 5595; Email: stav@yugprom.ru; Website: www.yugprom.ru. General Manager: Yuri A. Pechenov.

Activities: Agricultural equipment. Member of the Russian Leasing Association (Rosleasing).

Zumlion Finance & Leasing Ltd

Selskhozaystvennaya Street 30, Building 1, 129226, Moscow, Russia. Tel: +7 (903) 273 6212. General Manager: Hu Haiun.

Activities: Member of the Russian Leasing Association (Rosleasing).

Zurich Insurance Company Ltd

Bagration Drive 7, Building 11, 121087, Moscow, Russia. Tel: +7 (495) 727 0707; Fax: +7 (495) 727 0707/258 6766; Email: info@zurich.ru; Website: www.zurich.ru. President: Nikolay I. Klekovkin.

Activities: Member of the Russian Leasing Association (Rosleasing).