

Belgium

MARKET REVIEW

In 2020, total leasing production (movable leasing and real estate) of the Belgian Leasing Association (BLA) members, based on the signing of the contract, was 8.1% lower than in 2019 and amounted to €5.9bn. Among other things, the Covid-19 crisis caused a great deal of uncertainty among companies, which led to investment decisions being postponed and fewer assets being financed.

The production of movable leasing decreased by 9.2%, while the production of real estate leasing, based on the signing of the contract, stabilised in 2020.

BLA members do not offer hire purchase.

The gross fixed capital formation of the companies decreased by 8.3% in 2020. Since the leasing output of the BLA members fell by about the same amount (-8.1%), the penetration rate, i.e. the ratio of leasing production to the companies' gross fixed capital formation, stabilised at 8.2%.

If we look at the evolution of movable leasing by type of equipment, the greatest decrease occurred in machinery and industrial equipment (-19.2%), followed by company cars (-16%), computers and office equipment (-11.7%), and passenger cars (-3%). In contrast, the leasing production of renewable energy and of big-ticket items, i.e. boats, aircraft and railway equipment, experienced strong growth of 65.1% and 80.4% respectively.

In terms of customer categories, leasing production fell most sharply in the services sector (-11.4%). Leasing production to

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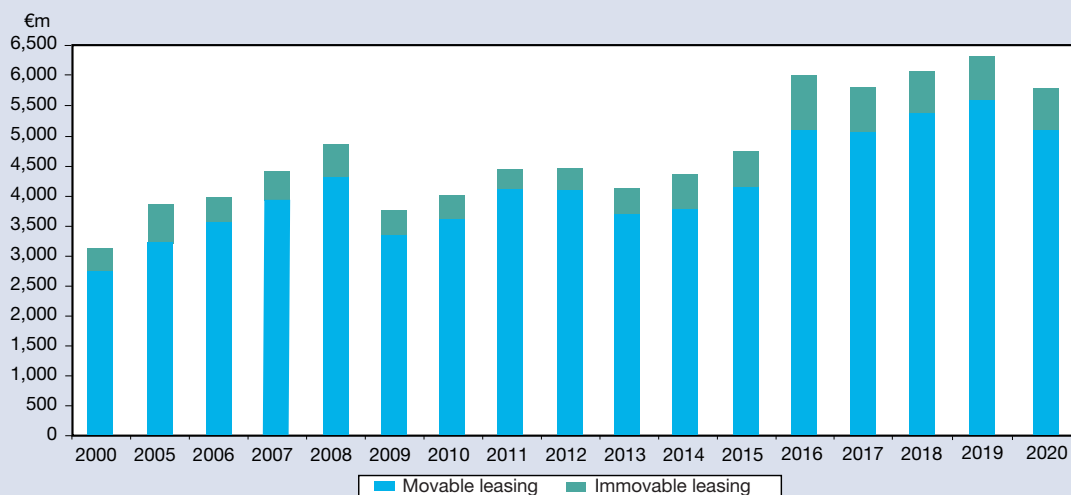
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 Marianne Boucquey, KBC Lease

Secretary-General:
 Anne-Mie Ooghe, Belgian Leasing Association vzw/asbl
 (BLA vzw/asbl)

industry and agriculture decreased by 5.4% and 2.4% respectively. The services sector was therefore hardest hit by the Covid-19 crisis. Leasing production to the public sector increased by 10.5% but remains limited.

Table 1: Total production of movable and immovable leasing



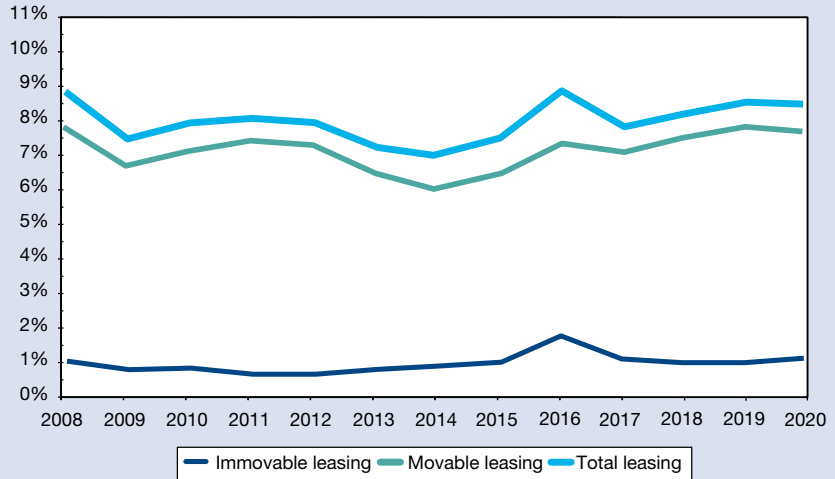


Dirk Boeykens, Chairman of the Belgian Leasing Association

With regard to the number of new movable leasing contracts, subdivided by contract size, the contracts up to €20,000 represent the largest category with a 40.6% share in 2020. This was followed by the number of new contracts between €20,000 and €50,000 with a 37.9% share, and the number of new contracts between €50,000 and €100,000 with a 13.2% share. Only 8.4% of the new movable leasing contracts exceeded an amount higher than €100,000.

The annual BLA survey also inquired about movable leasing production in terms of supply channel. In 2020, 29.3% of new contracts were supplied by vendors, 65% by banks and 5.7% directly.

Table 2: Penetration rate of leasing (BLA members)¹



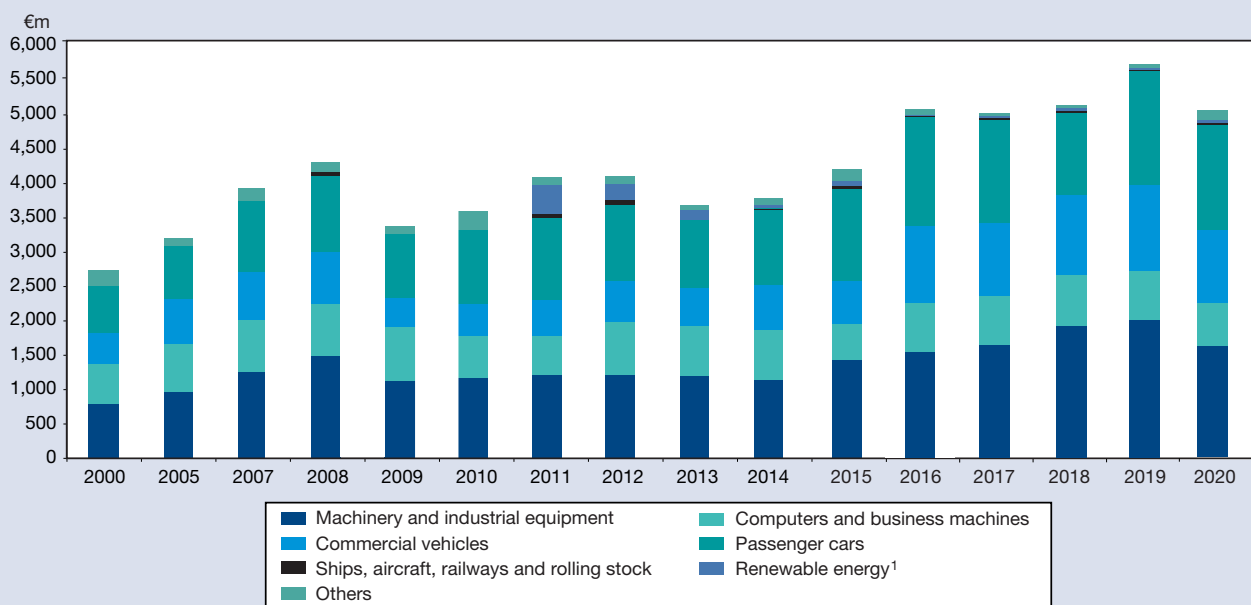
Note: ¹Annual lease production in proportion to the gross fixed capital formation by enterprises

After years of continuous growth, the importance of financial leasing in the total movable leasing production decreased to 67.7%. As a result, the share of operating leases rose to 32.3%.

At the end of 2020, the outstanding amount of movable and immovable leases was 0.3% higher than the previous year, reaching €17.6bn.

Belgian Leasing Association. In mid 2021, the Belgian

Table 3: Movable leasing by asset type



Note: ¹Solar energy, cogeneration, wind energy, biomass

Leasing Association consisted of 24 effective members who provided leasing of industrial and office equipment, cars, trucks and real estate, and five associate members. The associate members are natural or legal persons providing services to leasing companies in Belgium.

The members of the BLA account for the majority of leasing in Belgium.

There is a wide range of leasing companies for the prospective lessee to choose from and this business is pursued aggressively.

The major companies are subsidiaries of local Belgian banks. Their portfolios predominantly consist of medium and small-ticket leasing contracts, a large percentage of which are concluded with the services sector.

There are also product specialised companies, in particular car leasing companies and computer leasing companies.

Car leasing companies are often, but not always, owned by large car manufacturers and, to a lesser extent, by major car dealers.

Computer leasing companies are either 'privateers' or more independent enterprises.

The BLA was founded in 1972, about 10 years after the launch of leasing in Belgium. The Association has devoted itself to studying and researching the many problems that have arisen since then in the field of leasing. This research is carried out in consultation with the members of the Association.

In 2003, various Belgian professional associations from the financial sector, including the BLA, decided to set up an umbrella association (FEBELFIN).

As a result, the BLA can rely on a large-scale organisation to better protect and promote the leasing product as well as the customers of the leasing companies.

Law and regulation. Belgium is one of the few EU countries where a legal definition of leasing exists.

The legal status of companies

Table 4: Movable leasing by customer type (2020)

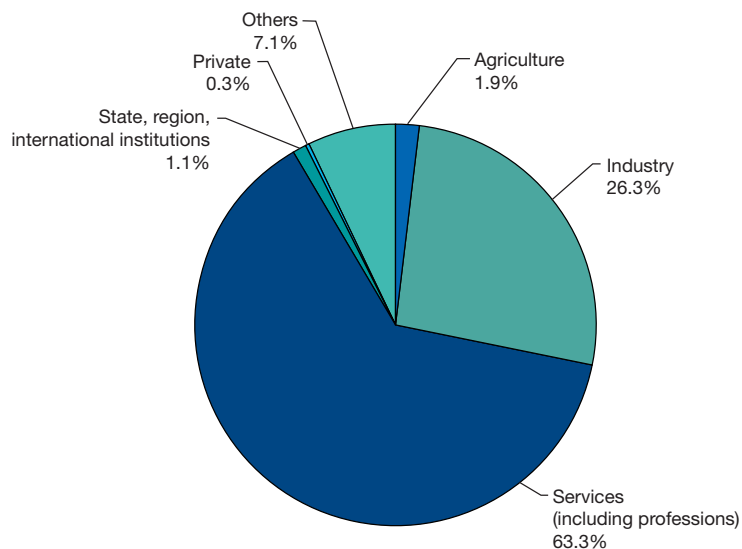


Table 5: Movable leasing by contract size (2020)

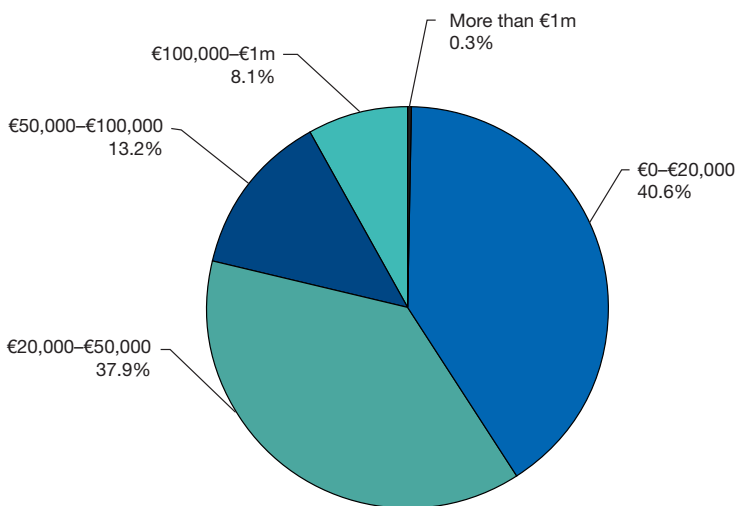


Table 6: Movable leasing by supply channel (2020)

	Number of contracts (in units)	Amount (in €m)
Through vendors	30,411	1,028.16
Through banks	67,522	3,757.91
Directly	5,909	351.31
Total	103,842	5,137.38

Table 7: Evolution of financial and operational leasing (production)

€m	2013	2014	2015	2016	2017	2018	2019	2020	2020/2019
Financial leasing	2,613.9	2,607.9	2,691.0	3,255.3	3,220.4	3,655.2	4,039.4	3,477.0	-13.9%
Operational leasing	1,069.5	1,157.6	1,494.0	1,861.1	1,800.3	1,711.5	1,617.9	1,660.4	2.6%
Total	3,683.4	3,765.5	4,184.9	5,116.4	5,020.7	5,366.6	5,657.2	5,137.4	-9.2%
Financial leasing	71.0%	69.3%	64.3%	63.6%	64.1%	68.1%	71.4%	67.7%	
Operational leasing	29.0%	30.7%	35.7%	36.4%	35.9%	31.9%	28.6%	32.3%	
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	

Table 8: Movable and immovable leasing: Volumes outstanding (numbers in units)

€m	2016		2017		2018		2019		2020		2020/2021	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Movable leasing	301,828	9,845.4	306,113	10,188.2	332,523	11,132.4	370,485	12,333.9	388,170	12,740.74	4.8%	3.3%
Immovable leasing	2,713	4,713.5	2,864	4,930.7	2,960	5,041.2	2,967	5,206.8	3,019	4,849.20	1.8%	-6.9%
Total	304,541	14,558.9	308,977	15,118.9	335,483	16,173.6	373,452	17,540.7	391,189	17,589.94	4.7%	0.3%

specialising in movable leasing was laid down in Royal Decree No. 55 of November 10, 1967 on the leasing of capital goods which form an investment for the lessee.

Article 1 of the Decree specifies the requirements the transaction must meet in order to qualify as a movable lease. These are:

- the item must relate to goods which the lessee uses exclusively for business purposes;
- the equipment must be purchased by the lessor for the sole purpose of being leased to the lessee and in accordance with the lessor's specifications;
- the duration of the lease must correspond to the expected economic life of the equipment;
- the lease must be fixed to ensure that the equipment to be leased is fully depreciated over the lease term laid down in the contract; and
- the lease contract must include a purchase option, which means that the lessee must be given the opportunity to purchase the equipment at the end of the contractual period at the residual value fixed in the lease.

As of November 1, 2012, companies specialising in immovable leasing must be registered.

Article 1 of Royal Decree No. 55 of November 10, 1967 lists the characteristics of immovable leasing:

- it must cover real estate and buildings;
- the contract must specify a fixed duration;
- the rent must be fixed so that the total rent fully covers the investment in real estate and buildings;
- the lessor must allow the lessee to use the buildings and land by virtue of an agreement which does not automatically transfer the lessor's real rights *in rem*;
- for the benefit of the lessee, the contract must offer the possibility of acquiring the rights in rem in the leased property

at the end of the lease period, upon payment of the price stipulated in the contract.

Article 2 states that the lessor must be recognised as such by the Ministry of Economic Affairs. The conditions for registration were changed in September 2012. One of the conditions is a capital requirement of at least €750,000 for movable as well as immovable leases.

Since April 2012, Belgian leasing companies have had to submit to the Central Corporate Credit Register a number of details concerning the contracts signed with companies for financial leasing of movables and real estate leasing. The Central Corporate Credit Register is managed by the National Bank of Belgium (NBB).

The current Central Corporate Credit Register will cease to exist on December 31, 2021 and will be replaced by the Corporate Credit Register integrated into the Becris database. The National Bank of Belgium created Becris in order to meet the ECB's Anacredit obligations.



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