

## Belgium: PMV supports SMEs with flexible long-term loans thanks to the EIB



- EIB and PMV sign EUR 60 million loan agreement for setting up a “Corporate Loans Platform” (CLP) for SMEs of not less than EUR 100 million.
- In time, working with external partners, up to EUR 200 million in total will be made available to larger Flemish SMEs.

The European Investment Bank (EIB) and the Flanders Participation Company (PMV) have signed a EUR 60 million loan agreement with a view to setting up a new platform, managed by PMV, for loans to Flemish SMEs. This will allow PMV to expand its range of flexible financial instruments with long-term loans for larger SMEs as an alternative to issuing bonds.

PMV is putting up EUR 40 million, which means that initially there will be EUR 100 million available. By collaborating with external financiers the aim is to increase this amount to EUR 200 million. The loans are designed to enable companies to diversify and improve the balance of their debt structure, making them better able to withstand future interest rate rises.

The loans (EUR 5-15 million) will have terms of between five and ten years, with a fixed or variable interest rate of between 2% and 4% and repayment in full on the final due date, or with a repayment schedule following a grace period.

PMV intends using flexible long-term loans to provide SMEs with growth or investment plans with the opportunity to further diversify their funding and provide them with solutions supplementing traditional bank loans. *“These are very cheap today, but will be less available in the very long term. By diversifying their funding sources, SMEs will become more resistant to future interest rate rises or other market fluctuations. They will also be able to free up working capital to fund further growth. Large companies have been diversifying their funding sources like this for a very long time through debenture loans, which is not so easy for SMEs to do. This partnership with the EIB makes it possible to offer an advantageous interest rate.”* says **Filip Lacquet**, corporate finance group manager at PMV.

EIB Director General **Jean-Christophe Laloux** added: *“The EIB is more than just a bank; it’s a European institution with a very clear purpose: to improve people’s lives through its investments. SMEs are the driving force of the Flemish economy and are responsible for a very sizeable share of employment. At a time of geopolitical, economic and climate uncertainty, it’s important for us to give these businesses some support.”*

These PMV funding solutions take account of the needs of the borrowing companies and supplement traditional bank financing. Banks or other loan providers must take on at least 50% of total debt financing before a company can have recourse to a PMV loan. PMV will manage the platform and be responsible for making and implementing the deals. It is targeting the flexible long-term loans at businesses with a prudent financial profile and a relatively low gearing ratio. The new lending formula follows talks with numerous businesses and a study by the Roland Berger research agency.

#### **Background information:**

**The Flanders Participation Company** is a do and dare company that is shaping the future of the Flemish economy. It provides funding for promising businesses, from the day they first open their doors, through their various growth stages and even on to operating internationally. PMV offers bespoke financial solutions to all companies with a good business plan and a strong management team – providing capital, loans and guarantees. It also implements projects, working with and for the government, and other partners, that are important for prosperity and wellbeing in Flanders. PMV manages a portfolio of EUR 1.2 billion.