

## **BIO commits USD 5 million to Comercial Administradora S.A. (ARREND)**

*Expansion of a regional player serving SMEs in Central America*

**BIO signed a USD 5 million senior loan with ARREND, a prominent Guatemalan leasing company. The loan will support the company in further growing their SME leasing business in Guatemala.**

ARREND was created in 1994 with the objective of providing vehicle and machinery leasing services to entrepreneurs in Guatemala. ARREND focuses mainly on the fields of sugar, commerce, construction and services offering leases of vehicles and specialized machinery. In 2010, ARREND expanded by opening offices in Honduras, Nicaragua and El Salvador thus marking its footprint as a regional player.

BIO plays a strategic role in line with its mission:

- Support the stability and deepening of the Central American financial sector by providing financing to a leader niche player with local and regional expansion plans in the SME segment.
- Improve the financial fundamentals of the company by allowing medium term financing and diversifying funding sources.
- BIO will be the first development finance institution to finance ARREND's activities proving its catalytic role.
- Promote environmental and social standards within the company.

### **Improving access to finance through leasing**

Leasing plays an important role in promoting a strong and sustainable private sector in emerging markets, particularly as it supports underserved markets, such as SMEs, to gain access to finance. In countries without the financial infrastructure to provide affordable credits to small businesses, the purchase of a major piece of equipment is often impossible. Leasing can meet this need by making the equipment available to even the smallest businesses. Leasing can be a real solution for SMEs. Leasing works by separating the economic use of an asset from its legal ownership – granting firms the right to use the piece of equipment in exchange for periodic payments to its owner. Because the equipment itself acts as collateral, firms without other assets or credit history can enter into leasing contracts. Leasing is also effective in countries with weak bankruptcy laws and poor creditors' rights. Leasing can have a substantial impact on the development of the SME segment by supporting entrepreneurial activities, catalyzing investments and enabling sustainable growth of businesses. In addition, leasing benefits opening economies as it helps domestic firms' access foreign technology when they have neither the financial resources nor the expertise to import capital goods.

This second direct investment in a non-bank financial institution in Guatemala shows BIO's commitment to support the growth of a strong and sound financial sector to the benefit of local SMEs.

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**About BIO**

The Belgian Investment Company for Developing Countries (BIO) is a Development Finance Institution (DFI) established in 2001 in the framework of the Belgian Development Cooperation to support private sector growth in developing and emerging countries.

BIO supports financial institutions, investment funds, enterprises and private infrastructure projects. Endowed with capital of EUR 581.5 million, BIO provides tailored long-term financial products (equity, quasi-equity, debt and guarantees) either directly or through intermediary structures. BIO is also able to fund technical assistance programmes for client companies as well as feasibility studies. BIO requires its business partners to implement environmental, social and governance standards.

BIO operates as an additional partner to the traditional financial institutions and supports projects with a balance between return on investment and development impact.

BIO is a member of EDFI (European Development Finance Institutions).

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