

Bank of Valletta

BOV JAIME* Financing Package

SME Initiative - Malta

The SME Initiative portfolio benefits from support from the European Union pursuant to the SME Initiative with funding by the European Union under ERDF allocated to the Government of Malta and Horizon 2020 and by the European Investment Bank, JAIME refers to Joint Assistance Initiative for Maltese Enterprises.



SME Initiative 2014-2020
"Stimulating private sector investment for economic growth"
Financed by the European Union
European Regional Development Fund



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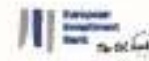
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1. Implementing EU Financial Instruments



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2. What is an EU Financial Instrument?

Normal Market Conditions

SME 9 €100k Guarantee
SME 8 €100k Guarantee
SME 7 €100k Guarantee
SME 6 €100k Guarantee
SME 5 €100k Guarantee
SME 4 €100k Guarantee
SME 3 €100k Guarantee
SME 2 €100k Guarantee
SME 1 €100K Guarantee

EU Financial Instrument

SME 9 €10k Guarantee
SME 8 €25k Guarantee
SME 7 €10k Guarantee
SME 6 €70k Guarantee
SME 5 €50k Guarantee
SME 4 €10k Guarantee
SME 3 €10k Guarantee
SME 2 €15k Guarantee
SME 1 €25K Guarantee

EU Guarantee Cover: 75%

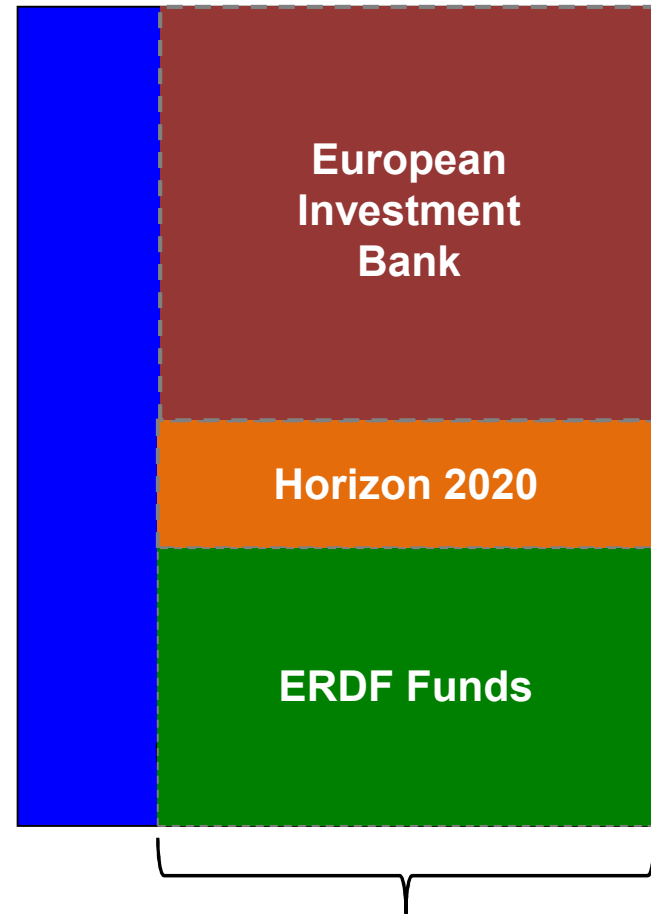


3. BOV JAIME – Portfolio

Expression of Interest: Issued by the EIB in July 2015 for an SME portfolio of €60 million with an EU guarantee of €45 million.

EU Guarantee: Made up from the blending of different EU Funds.

Target enterprise: 500 SMEs including SMEs undertaking a research or innovation activity, in line with Horizon 2020 rules.



Guarantee Cover: 75%

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4. BOV JAIME – Transfer of Benefit

1. **Interest Rate Reduction:** An interest rate reduction of more than 2% will be applicable on JAIME Loans when compared to normal market rates relating to such type of lending. This results in a final interest rate of 3.5%.
2. **Reduced collateral obligations:** An average reduction of 75% in extendible security obligations on the BOV JAIME portfolio. Under normal business lending the Bank seeks to fully secure its loans through extendible collateral. Under the JAIME financing package, the Bank will seek to **secure only 25% of the total portfolio amount.**



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EU funds
for SMEs



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EIB



5. BOV JAIME – Terms & Conditions

a) **Maximum Amount**: Up to €500,000 however the bank is focussing on lower loan amounts in line with the Government's objective of assisting a larger number of SMEs with the BOV JAIME Financing Package.

b) **Minimum Amount**: No minimum amount

c) **Purpose**: To support capital investment and related working capital

d) **Eligible Sectors**: All SMEs established and operating in Malta excluding agriculture and fisheries, gaming and pure real estate development sectors.

e) **Contribution**: Minimum 20% of total investment.



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EU funds
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ERDF
EUROPEAN
REGIONAL
DEVELOPMENT
FUND

5. BOV JAIME – Terms & Conditions

f) **Maximum loan term:** 10 years

g) **Minimum loan term:** 2 years

g) **Repayments:** Monthly. A moratorium of up to 6 months may be considered.

h) **Charges:** The processing fee of 0.3% is being waived and only a renewal fee of 0.1% would be applicable

i) **State Aid** – The Gross Grant Equivalent (GGE) of the loan will be calculated in line with *de minimis* Commission Regulation (EU) No 1407/2013.

j) **Horizon 2020 Volume:** In the case of Horizon 2020 loans the maximum loan amount can go up to €1 million.



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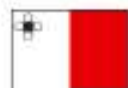
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5. BOV JAIME – Terms & Conditions

Horizon 2020 eligible SMEs need to tick one of the 11 criteria as stipulated by the EU Commission. Below are three of the most common criteria which can be addressed by Maltese SMEs:

- **EU or National RTDI grant** - The SME has been awarded a European or national R&I grant over the last thirty-six months.
- **Patent or Technology Right** - The SME has registered at least one technology right (such as a patent or copyright) in the last twenty-four (24) months.
- **80% R&D and/or innovation** - The SME undertakes to spend an amount at least equal to 80% of the SME Transaction amount on R&I activities as indicated in its business plan.



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BOV JAIME – An SME perspective

- Type of Company: **SME**
- Sector: **Retail**
- Customer Credit History: **Not Available**



The SME approached BOV to finance a project of €58,000 to invest in vending machines to be installed within business centres together with initial stock.

Project Value: €58,000
SME contribution (20%): €12,000
Bank Loan requested (80%): €46,000

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BOV JAIME – An SME perspective

Normal Bank lending – Assuming that the business plan makes business sense and gives the required confidence that the project is self financing, given that the SME has no credit history under normal lending criteria the Bank would grant a loan of €46,000, subject to the following criteria:



- Amount: **€46,000 (20% customer contribution)**
- Interest Rate: **5.65%**
- Security: **Collateral €46,000**
- Term: **4 years (over the lifetime of the asset)**

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BOV JAIME – An SME perspective

BOV JAIME Financing Package - Following a detailed analysis of the projections taking into account the BOV JAIME financing package the Bank granted the following terms:

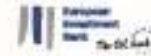
- Amount: **€46,000**
- Interest Rate: **3.5% - (2.15% discount)**
- Security: **Collateral €11.5k – (75% reduction)**
- Term: **4 years (over the lifetime of the asset)**

The BOV JAIME Financing Package allowed the SME to access the required finance at more favourable terms.

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Contacts

Contact us for more information

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Thank you



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