

# Complementing grant schemes with bank lending

8<sup>th</sup> August 2022

**BOV**  
Bank of Valletta



# Grant Scheme obligations

One of the obligations of grant schemes is to show evidence of **private match funding**.

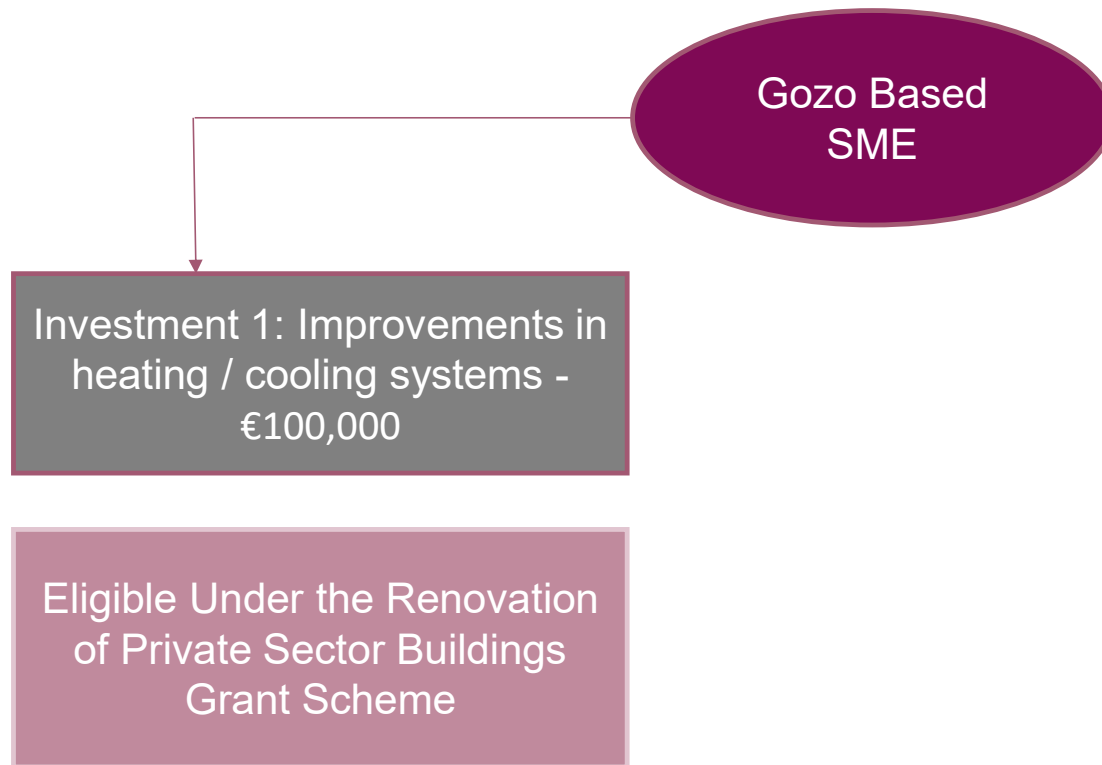
This could be done in the form of available funds or one could use bank lending to prove match funding when cash flows are tight.

The bank can provide this **bridge funding** in the form of two loans:

- Loan A would be specifically for the Grant
- Loan B would be for the remaining portion of the loan (minus the contribution).

Prior to application the bank can provide evidence of match funding via a **specific letter of intent** defining the amount of funding specially for the match funding and grant funding.

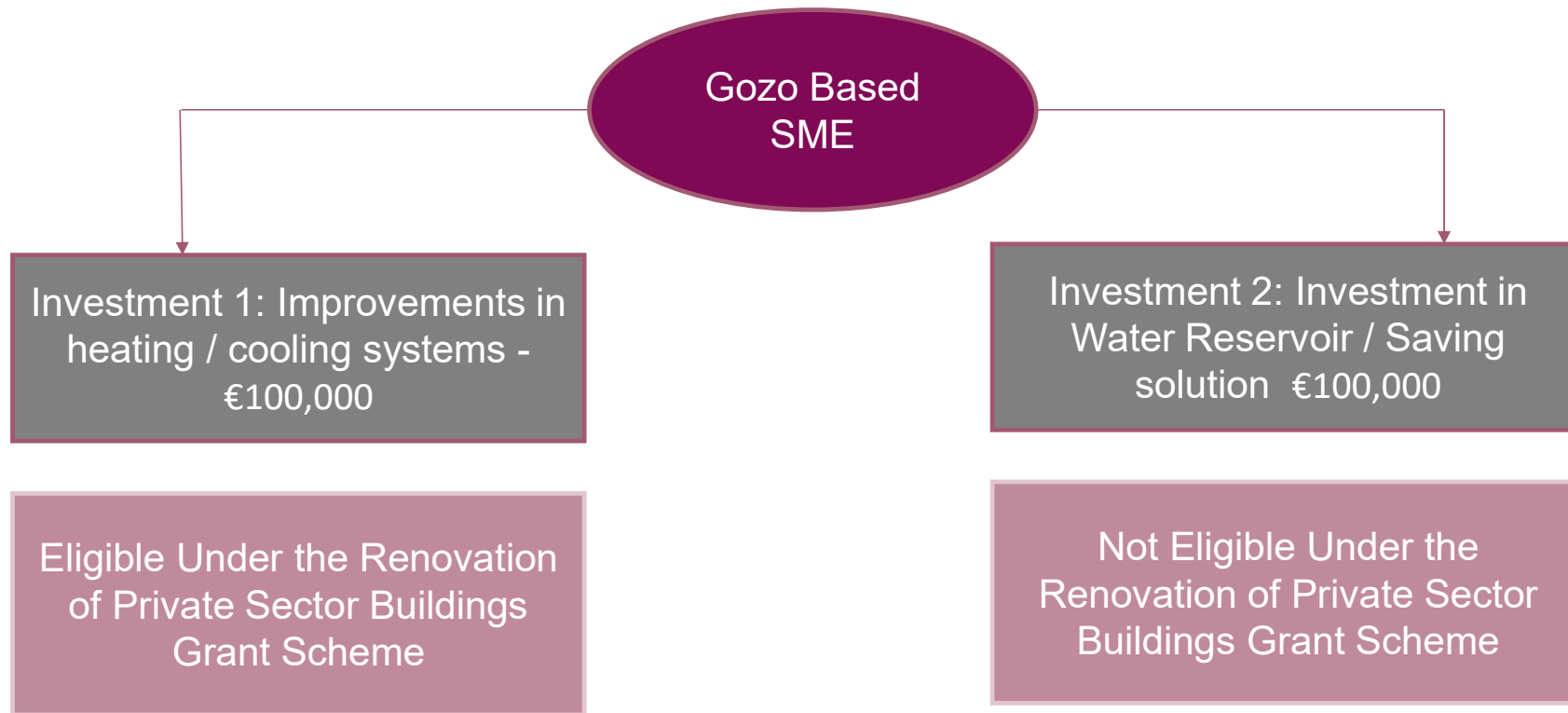
# Case Study – Question



# Case Study

Investments	Investment costs	Business Enhance Grant excl. VAT	Normal BOV Business Loan	Own funds (20%)
Improvements in heating / cooling systems (eligible under the Business Enhance Grant)	€100,000	€55,000	Loan 1: €55,000 Loan 2: €25,000	€20,000

# Case Study – Question



# Business Energy Loan – Benefits

- Maximum Loan amount €750,000.
- A fixed rate of 2.1% over the first three years with a variable rate of 3% thereafter.
- An interest rate subsidy of up to 2.5% p.a. for the first ten years.
- Low extendible security requirements in line with similar risk sharing instruments.
- Maximum loan term of 15 years
- No processing and renewal fees



Operational Programme I – European Structural and Investment Funds 2014-2020  
*"Fostering a competitive and sustainable economy to meet our challenges"*  
 Project part-financed by the European Regional Development Fund  
 Co-financing rate: 80% European Union Funds; 20% National Funds



**EU funds for SMEs**

# Case Study

Investments	Investment costs	Business Enhance Grant excl. VAT	Normal BOV Business Loan	Own funds (20%)	BOV business energy loan excl. VAT*
Improvements in heating / cooling systems (eligible under the Business Enhance Grant)	€100,000	€55,000	Loan 1: €55,000 Loan 2: €25,000	€20,000	-
Investment in water reservoir / saving (not eligible under Business Enhance Grant)	€100,000	-		€20,000	€80,000

\* The BOV Business Energy Loan cannot be used to part finance investment costs funded under any of the Business Enhance Grant schemes.

# Contact details

Bank of Valletta

Mark Scicluna Bartoli

Executive – Product Management and Development

[mark.sciclunabartoli@bov.com](mailto:mark.sciclunabartoli@bov.com)





Question  
Time