



European Investment Bank lending in **Greece**

The EIB finances capital investment projects contributing to the integration, balanced development and economic and social cohesion of the EU's Member States. To this end, it lends for investments in transport, energy, telecommunications and information and communications technology, industry and services, environmental protection, health and education as well as research and development. Beneficiaries of EIB lending in Greece include the public and private sectors, banks and industry.





At the age of 50, the EIB is showing undiminished vitality and a clear relevance to the EU's strategic priorities. At this turning point, the Bank is endeavouring to adjust its activities to the current model of economic growth for Greece. Our aim is to establish solid collaboration with commercial banks in Greece and South-East Europe, optimise EIB financing of the public and private sectors, maintain energy security and renewable energy as a high priority and become a substantial financier of innovative activity.

Plutarchos Sakellaris
EIB Vice-President

Tasks and activity

The European Investment Bank supports the policy objectives of the European Union by making long-term finance available for economically viable capital investment projects. The Bank is owned by the Member States of the European Union.

Policy objectives and lending priorities include:

- strengthening economic and social cohesion within the enlarged EU through support for the economically weaker regions;
- improving the EU's international competitiveness by encouraging research, development and innovation and promoting health and education;
- protecting and improving the environment;
- assisting the development of SME activity;
- expanding trans-European networks, including transport and energy feeder

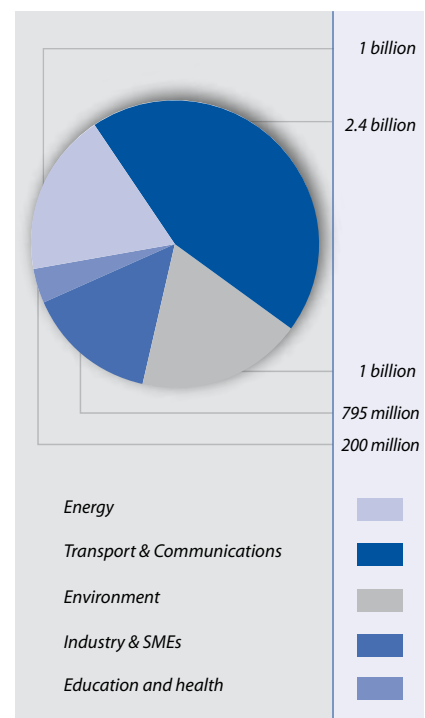
and distribution systems, in order to exploit to the fullest the potential of the European internal market;

- supporting the EU's development and cooperation policy towards its partner countries.

The EIB also supports energy investment that increases the security of supply and diversification of energy sources.

Around 90% of the Bank's lending takes place within the European Union. Outside the Union, the EIB operates in the Western Balkans, Turkey and other Mediterranean countries, the African, Caribbean and Pacific States that have signed the Cotonou Agreement, as well as Asia and Latin America. In these countries, the EIB finances infrastructure projects and investment by private sector companies, particularly direct investment by EU and other foreign companies. Information on the Bank's lending to the above countries or groups of countries may be found at www.eib.org.

Total EIB lending in Greece 2003-2007: EUR 5.4 billion





A strong partner

In 2007, the EIB lent a total of EUR 47.8 billion, of which EUR 41.4 billion was within the EU-27. Funds raised on the capital markets in 2007 for financing its operations amounted to EUR 55 billion and outstanding borrowings totalled EUR 325 billion. The Bank is thus the world's largest multilateral financing institution.

Owing to its solid financial structure and sound loan portfolio, the Bank enjoys a AAA credit rating, enabling it to raise funds on the international capital markets on the most favourable terms. As a non-profit organisation, it passes on its advantageous cost of funds, with only a small mark-up, directly to borrowers.

Finance for investment projects

The EIB normally finances up to 50% of the project costs. EIB loans are intended to supplement the investor's own funds and the finance obtained from other sources. The Bank endeavours to offer, together with other financing institutions or commercial banks, a financial pack-

age that is tailored to the project in question. Where appropriate, EIB loans may be combined with Structural or Cohesion Fund resources from the European Union budget, although together they may not exceed 90% of the cost of the project.

The EIB finances investment either via individual loans or global loans.

Large-scale projects, or groups of projects of the same nature or with a common objective (like small urban infrastructure investments) are financed via individual loans, which are concluded by the EIB on its own terms and conditions directly with the investor or with other banks and institutions involved in the financing operation.

Together with the project promoter, the EIB appraises each project to determine its economic, financial and technical feasibility, as well as the financial standing of the project promoter and the adequacy of the security provided. The information resulting from the appraisal is treated as strictly confidential.

Each project appraisal includes an assessment of the possible effects on the environment, and the Bank supplies its

Europe-wide experience of structuring projects in an environmentally friendly way. It satisfies itself that the relevant national, European or international environmental standards are complied with and that the corresponding environmental impact assessments are carried out.

Small and medium-sized capital projects are financed indirectly via credit lines extended by the Bank to financing institutions or commercial banks, also known as "global loans". These partner institutions use the agreed credit facility to finance investment by small and medium-sized enterprises or infrastructure investment by local or regional authorities.

The EIB agrees with the partner banks what type of investment may be financed from the credit facility and what category of investor is eligible for the finance. The partner institutions examine the projects and grant loans on their own account and at their own risk, and thus also on their own terms and conditions. Such conditions however, need to reflect the benefits of the Bank's financing. Global loans combine the financial strength of the EIB with local or regional business contacts and market knowledge.



Lending conditions

Financing individual projects

Individual loans are made available for projects representing an investment of more than EUR 25 million. They are negotiated between the EIB, the promoter and, where appropriate, the latter's bank(s). They are tailored to the type of project and its implementation and amortisation periods.



Borrowers	Local authorities, public sector and institutions, private companies, banks, PPP vehicles.
Sectors	Loans are granted for economically justified projects in the following sectors: infrastructure and communications networks, energy, environmental protection, urban renewal, industry, services, health, education, research and development, information and communications technologies, diffusion of innovation, audiovisual.
Appraisal	Projects are selected for their intrinsic qualities. The analysis, conducted in close cooperation with the promoter, focuses on the project's compliance with the Bank's lending objectives, its technical, economic and financial viability, the environmental impact, the borrower's financial situation, the financing plan and the security envisaged. The information that the Bank receives in the course of a project appraisal is treated with the strictest confidentiality.
Amounts	Apart from special cases, individual loans may cover up to a maximum of 50% of a project's investment cost.
Interest rates	Interest rates reflect the cost of the EIB's borrowings on the financial markets as a "AAA" borrower and not-for-profit organisation. They can be fixed, revisable or variable. The EIB's interest rates include a margin to cover its administrative costs and, where appropriate, take account of the specific characteristics of the promoter and project.
Maturities	The normal maturity of EIB loans varies from 4 to 20 years. Longer maturities may be considered for certain infrastructure projects. Depending on the type of investment, a partial or total grace period for repayment of principal may be granted.
Currencies	EIB loans are denominated in euro or other currencies, depending on the borrower's needs and the Bank's holdings.
Repayment	Usually equal annual or semi-annual instalments. Bespoke repayment schedules, including grace periods and repayment in a single instalment, are possible.



Financing small and medium-scale ventures

Small and medium-scale ventures (public or private) attract financing in the framework of “dedicated credit facilities”. These consist of lines of credit opened by the EIB with banks or other financial intermediaries, which deploy the proceeds in the form of smaller sub-loans (or leasing finance) to fund projects meeting the Bank’s lending objectives.

Mid-cap loans

For investments of less than EUR 50 million

An interesting new product launched by the EIB is mid-cap loans. These essentially target companies of an intermediate size – bigger than small and medium-sized enterprises, but with a staff of fewer than 3 000. Mid-cap loans are grouped loans provided through

financial intermediaries. They are aimed at financing investments meeting the Bank’s eligibility criteria, for a total cost per sub-project of up to EUR 50 million. Thus, mid-cap loans complement traditional EIB credit facilities and fill the gap between credit facilities for SMEs and individual direct loans for the large projects of bigger enterprises.



Sectors	Industry, services, infrastructure, urban renewal, renewable energy, environmental protection and quality of life, health, education, new technologies, diffusion of knowledge and innovation, audiovisual media.
Beneficiaries	Businesses with fewer than 250 employees. Local authorities and other public agencies or special-purpose vehicles.
Amounts	Loans of up to EUR 12.5 million may be provided for projects with a maximum investment cost of EUR 25 million. The EIB’s financing may cover up to a maximum of 50% of a project’s investment cost.
Terms and conditions	In accordance with criteria determined by the EIB, funding is granted (on its own terms and conditions) by the intermediary responsible for appraising the loan applications, assessing the credit risk and managing the loan.
Contacts	Applications for funding under EIB credit facilities for small and medium-scale ventures should be addressed directly to the banks and financial intermediaries concerned (listed on the EIB’s website: www.eib.org).



EIB in Greece – highlights

Since Greece joined the European Union in 1981, the European Investment Bank has been a solid partner for the country, bringing value added to both public and private investments. During the period 2003-2007, the EIB's lending activity in Greece totalled around EUR 5.4 billion, reflecting the Bank's strong commitment to supporting the country's economic development and European integration.

A crucial element in the move towards economic and social cohesion is the continuing improvement of major infrastructure within the EU, binding Member States more closely together and removing barriers to the free movement of goods, people and services. Efficient infrastructure is essential, especially for countries such as Greece, where a peripheral location and a fragmented topography have a negative impact on cohesion and economic growth while hampering links with the rest of the Union. In this regard, the Bank expects that its activity in the neighbouring countries will accelerate the upgrading of infrastructure corridors of critical importance for Greece.



The EIB has targeted its loans at upgrading and extending the country's economic infrastructure, supporting major public infrastructure and private sector initiatives in various sectors of the economy. The Bank's efforts have focused on the upgrading of transport infrastructure, developing educational facilities, enhancing energy supplies and promoting compliance with environmental requirements as well as financing small and medium-sized enterprises through local banking partners. While continuing to pursue the above policy objectives, the Bank is also actively seeking opportunities in new areas, such as research, development and innovation projects conducted within both corporate and academic settings, urban renewal schemes and other projects promoted by local authorities that contribute to the quality of life. The EIB will continue to make funds available for traditional infrastructure investments, including in cofinancing with EU grants under the National Strategic Reference Framework, but it also expects to play a role in the development of smaller-scale private finance initiatives in areas such as water and waste management, education, health and renewable energy.



Recent activity

Most of the EIB's lending activity in Greece has been directed towards investments in infrastructure, including road, rail and port projects. A number of prominent projects supported by the Bank have been procured on a Public-Private Partnership (PPP) basis, a formula that has helped to share risks between the parties, ensure budgetary discipline and benefit from private sector skills and efficiency. Such projects include the Athens ring motorway, known as the "Attiki Odos", which reduces traffic in the city centre and provides access to Athens international airport (Eleftherios Venizelos), also financed by the Bank; the cable-stayed Rion-Antirion bridge connecting the Peloponnese to northwestern Greece at the western end of the Gulf of Corinth near the city of Patras; and the Thessaloniki submerged tunnel, a new urban expressway along the seafront of Thessaloniki designed to ease east-west traffic in the city's congested historical centre. In May 2008, the Bank extended its support to the south-western part of the country, for the new cross-Peloponnesian Korinthos-Patras-Tsakona motorway and the upgrading of the existing Elefsina-Korinthos motorway. The motorway will improve access to/from the western and northern Peloponnese from/to the Athens metropolitan area and the northern regions of Greece.

At present, the Bank is actively involved in discussions on the financing of other components of the country's PPP motorway programme. Substantial EIB financing has also gone towards the improvement of national and interregional links that are part of Trans-European Networks (TENs), such as sections of the PATHE motorway linking Patras-Athens-Thessaloniki, and the Egnatia motorway, linking the port of Igoumenitsa in the west with the Turkish border in the east. The Bank has also financed the construction, operation and maintenance of the motorway between Tripoli and Kalamata. Moreover, it has supported and financed port projects in



Piraeus and Thessaloniki, both part of TENS and of vital importance for the development of the respective ports.

Closer to the citizens and everyday life are the Athens and Thessaloniki metro projects, both of which have received substantial EIB funding. The financing of a series of investment schemes undertaken by the Greek State for the 2004 Athens Olympic Games constitutes a further example of the Bank's contribution to urban development. Other projects aimed at improving the quality of life include the extension of the Athens concert hall and development of the surrounding area. In the tourism sector, EIB has financed a significant private sector hotel development, in line with the need to support national and EU targets for tourism.

In 2007 the EIB started lending directly to local authorities in Greece with two loans totalling EUR 70 million. Its first direct loan to a Greek local authority was for EUR 20 million in support of a number of small and medium-sized infrastructure investments in Kozani, to meet demographic pressures and to diversify the city's economic base in order to promote economic development and regeneration, as well as to improve the quality of life. The second loan, for an amount of EUR 50 million, was in support of the investment programme of the Municipality of Athens, the country's administrative, financial and commercial centre and a key cultural and tour-



ist centre, based on its world-famous historic monuments. The programme reflects the spatial strategy of the Athens Development Plan, which is intended to promote economic development and regeneration and improve the quality of life of the city's residents. The proposed schemes include small and medium-scale urban development projects, primarily in the fields of urban renewal and rehabilitation of municipal infrastructure, as well as community facilities. Projects of modest scale involving environmental protection, energy saving, health and education, and urban services will also be included where appropriate.

The EIB lending to local authorities in Greece allows them to fund their investments at a cost that is lower than that of their traditional sources of finance, whilst the long-term nature of the EIB's loans enable them to spread the budgetary impact over a longer period. In Greece, local authorities are expected to assume a bigger role in carrying out local infrastructure investments, favouring increased prioritisation of investments.

In the energy sector, financing has been directed towards securing sustainable energy supplies, reducing the burden on the environment and promoting the development of new sustainable energy sources. Significant projects in this sector include support for (i) Public Power Corporation's network modernisation, involving several schemes to reinforce and extend electricity transmission and



distribution networks throughout the country; (ii) the Greek Natural Gas company's priority Trans-European Network schemes, notably investments in the liquefied natural gas (LNG) terminal at Revithoussa, which increased capacity and enhanced overall security of supply; and (iii) the construction of the high pressure gas pipeline connecting Komotini with Alexandroupolis and the Turkish natural gas network at the Greek-Turkish border. In the private sector, the TERNA renewable energy project involves the construction of wind farms to generate renewable energy, thus promoting EU and national policy on renewable energy and climate change.

The EIB is committed to the Lisbon agenda, which aims to create a knowledge-based, competitive European economy. Helping to achieve this objective in Greece, the Bank has supported the development of human capital by financing the modernisation of buildings and research areas at the National and Kapodistrian University in Athens as well as research laboratories and data exchange networks at the Computer Academic Research Institute in Patras, while the Hellenic Education project is helping to upgrade old school infrastructure and construct new facilities and providing up-to-date IT equipment meeting modern teaching criteria. Most of the EIB's support for improving the competitiveness of industry in Greece has been directed towards small and medium-sized enterprises (SMEs), which are financed through the EIB's local partner banks.



Contacts

Individual loans may be requested directly from the EIB without any particular formalities.

Applications for financing under credit facilities also known as “global loans” should be addressed directly to partner financial institutions or commercial banks.

A list of the EIB’s partner institutions in Greece may be consulted at www.eib.org/intermediaries.

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