



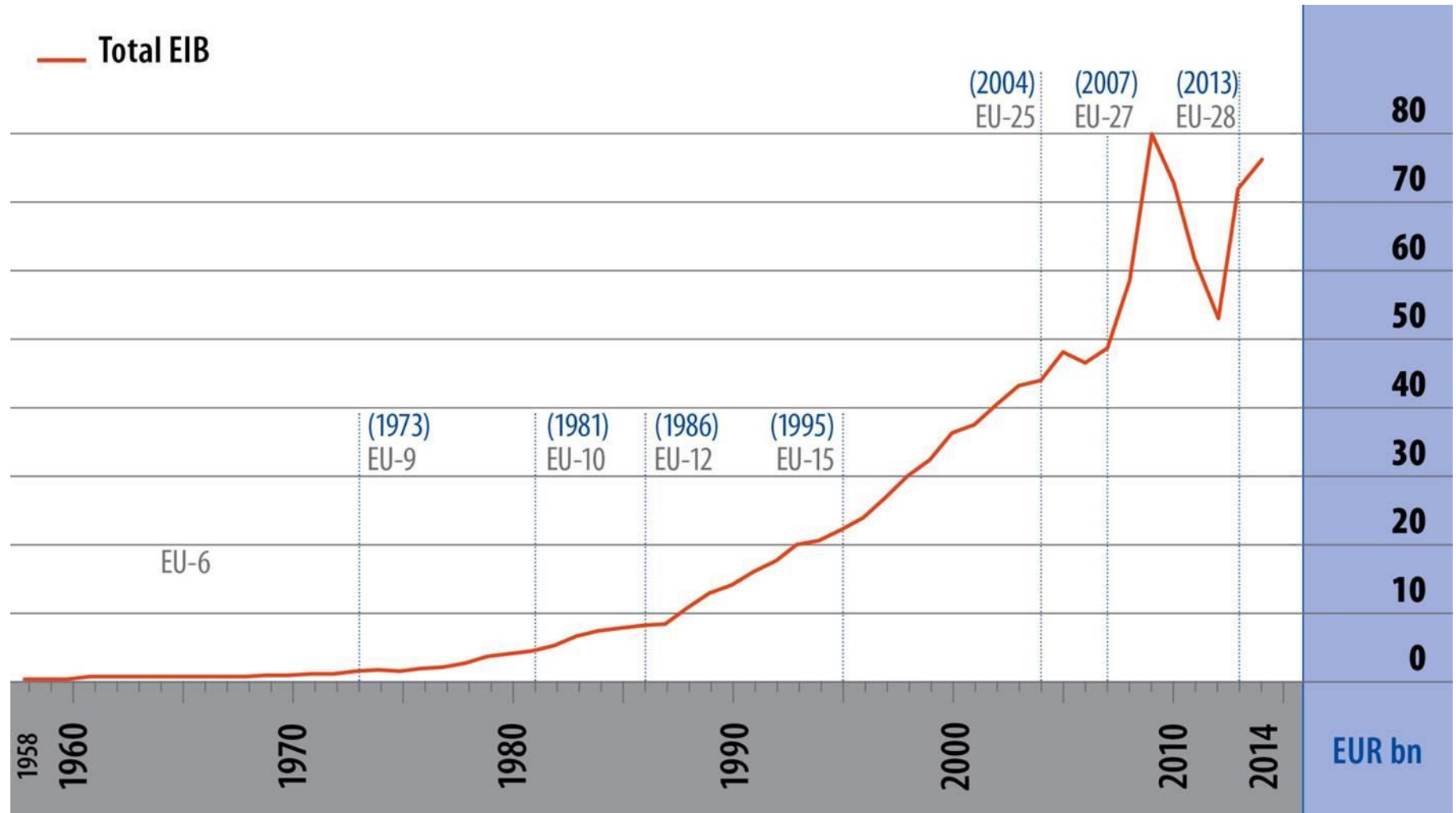
EIB Financial instruments: an adequate tool for European seaports?

Finbarr O'Sullivan
European Investment Bank

Athens, May 21st 2015

- Largest multilateral lender and borrower in the world
 - Raise our funds on the international capital markets
 - Pass on favourable borrowing conditions to clients
- Some 440 projects each year in over 160 countries
- Headquartered in Luxembourg and 28 local offices
- Around 2 100 staff:
 - Not only finance professionals, but also engineers, sector economists and socio-environmental experts
 - More than 50 years of experience in financing projects

EIB lending since its foundation

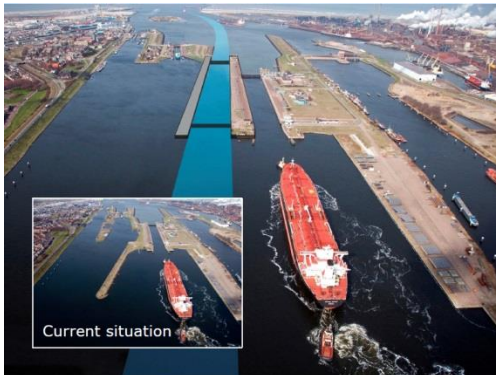


Lending Priorities in 2014



Eligible Maritime projects

- Existing ports - rehabilitation/expansion of common user infrastructure
 - Breakwater, access channel, maritime locks, capital dredging, navigation aids, quay walls, etc.
 - Environmental compliance components
 - LNG Bunkering infrastructure
- Development of new terminals
 - Basic terminal infrastructure by a port authority
 - Superstructure and equipment by a terminal operator
- Development of new ports



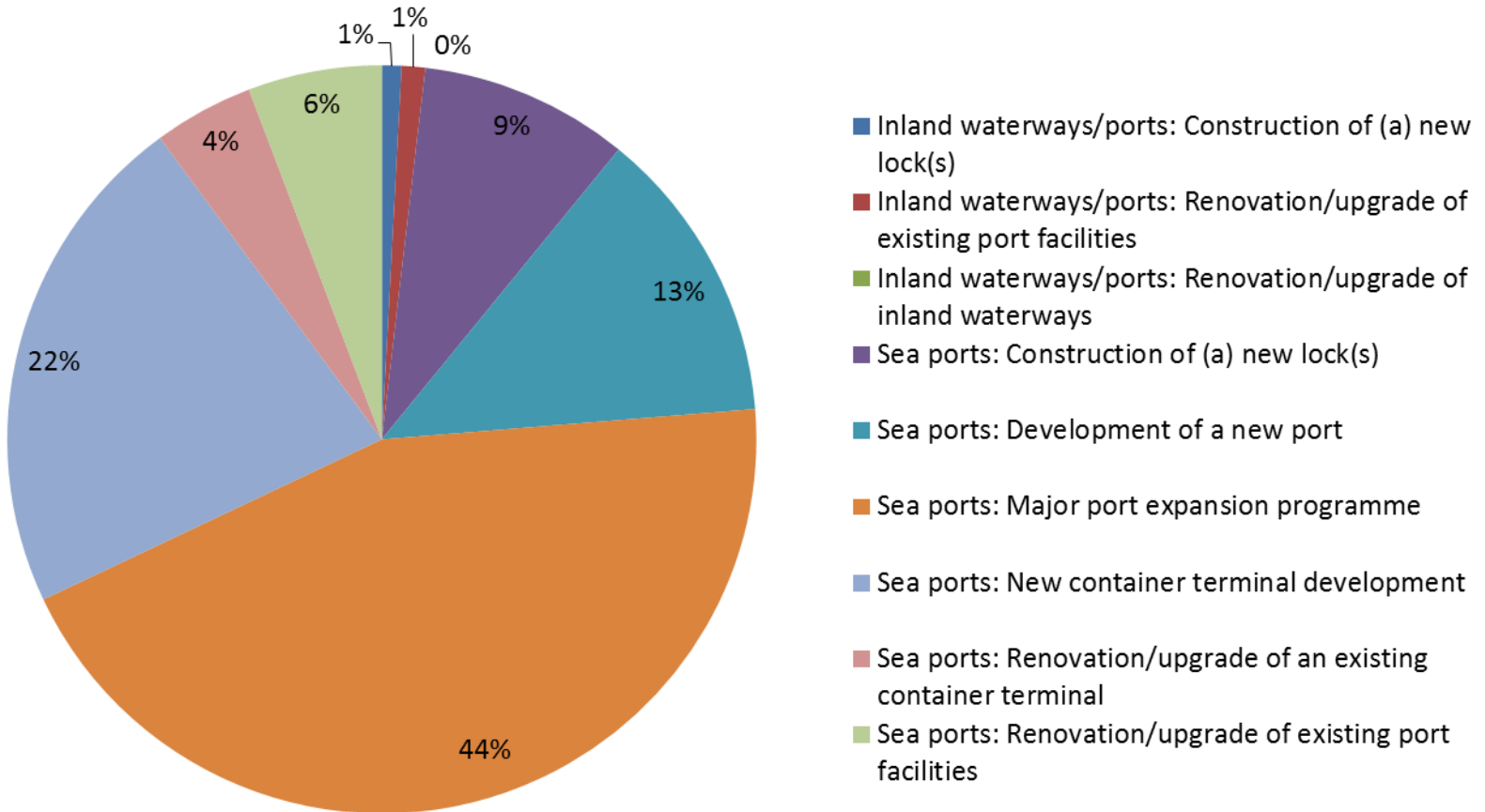
Eligible Maritime projects

- Inland Waterways projects
 - Locks, capital dredging, quay walls, etc.
- Improvement of hinterland transport connections
- New vessels, retrofitting and vessel R&D
 - EU flagged and operating on routes originating or ending in a EU country
 - Vessels operating on SSS routes aimed at modal shift
 - Replacement of older, less energy efficient or more polluting vessels
 - Retrofitting: scrubbers, LNG engines
- Climate Adaptation projects



Sea Ports and Inland Waterways

EIB lending to the maritime transport sector 2003-2013
Loan signatures in EU per project type, total amount EUR 5 924 m



Projects in the EU

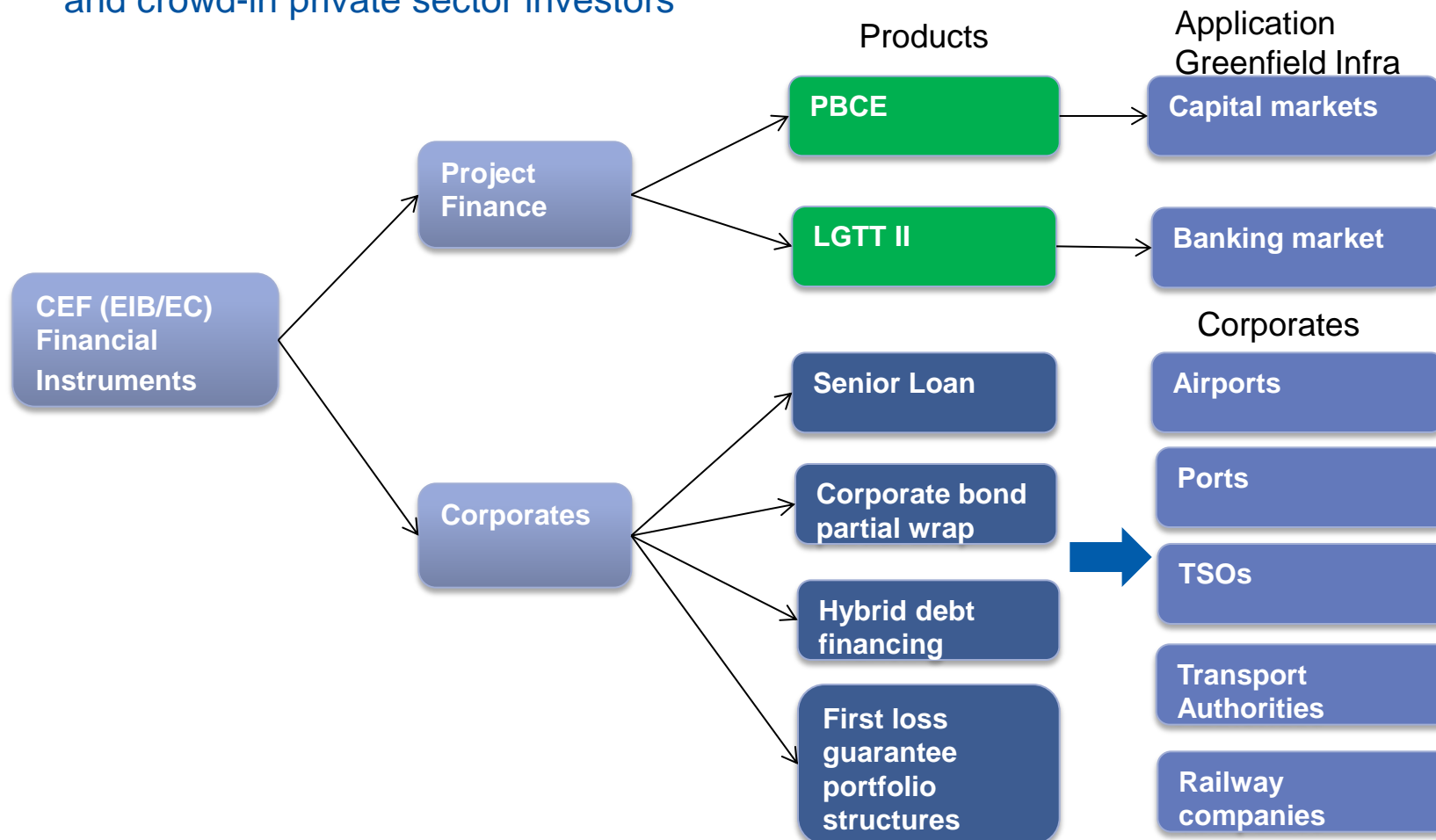
- Fos 2XL, Marseilles, France (infrastructure for two container terminals)
- Kaiserschleuse Bremerhaven, Germany (major maritime lock)
- Rotterdam Port Second Maasvlakte (infrastructure for major extension of Port of Rotterdam)
- Pireaus Port II (container terminal expansion involving infrastructure and superstructure)
- Duisburger Haven
- Port of Thessaloniki
- Purchase of Ro-ro vessel (Baltic Sea and Western Europe Motorways of the Sea)
- Purchase of Ro-pax vessels (Spain-Italy & Italy-Greece Motorways of the Sea)
- Spanish ports (Barcelona, Valencia, Cadiz, Bilbao)
- Port of Antwerp 2nd Lock Waaslandhaven
- Jade Weser Container Terminal
- London Gateway
- Port of Liverpool River Terminal
- Port of Genoa
- Fincantieri RDI
- Port of Calais

We support sound and sustainable projects



Diversification of Financial Instruments under CEF

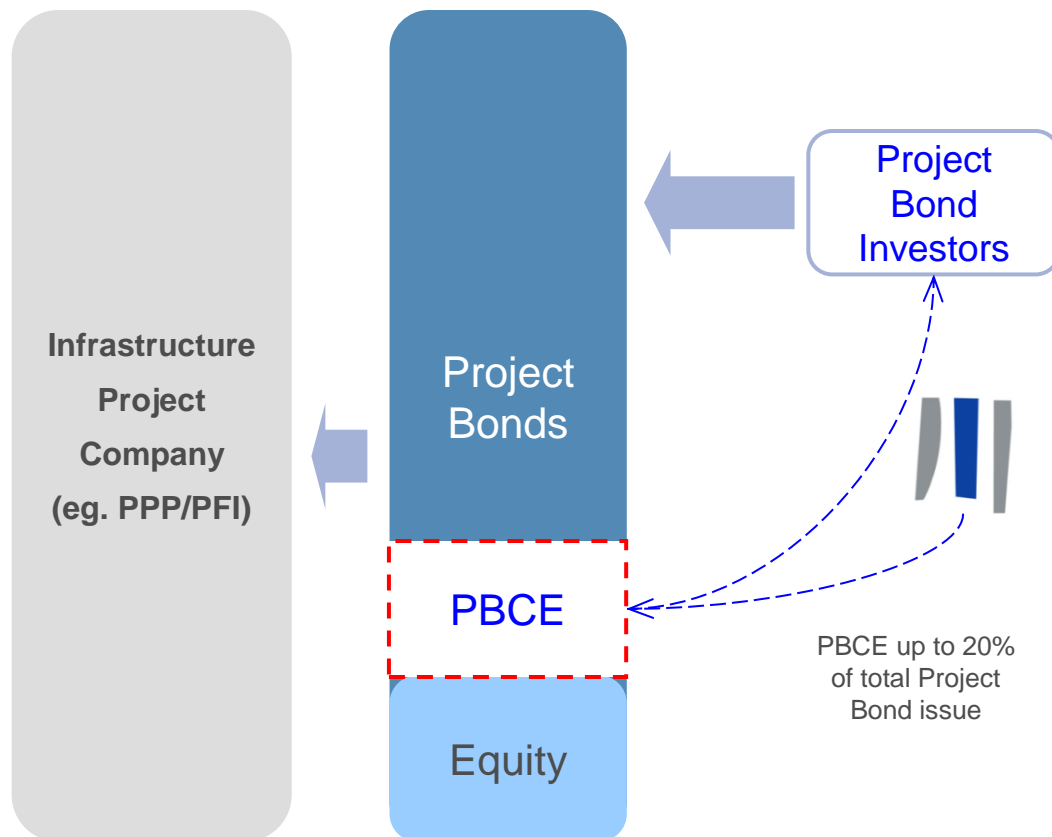
- ❖ Traditional EIB products: senior corporate & project finance loans
- ❖ EIB-EC Risk-Sharing involves a broad product range that allows EIB to take more risk and crowd-in private sector investors



Example: PBCE - How does it work?

Under PBI, EIB provides **Project Bond Credit Enhancement (PBCE)** to:

- ❖ Ensure debt service for Project Bond Investors up to the total size of the instrument
- ❖ Credit enhance project bonds from a typical BBB- rating by up to 3 notches to A-.
- ❖ Higher credit rating leads to lower cost of project bond financing
- ❖ 6 PBCE deals closed to date



- **Six projects** have been signed with PBCE during the pilot phase (PBCE amounts in parentheses):
 - Castor Gas Storage, Spain (EUR 200m), TEN-E
 - OFTO Greater Gabbard, UK (GBP 46m), TEN-E
 - A11 Motorway, Belgium (EUR 115m), TEN-T
 - Axione Telecom Infrastructure, France (EUR 38m), ICT
 - Autobahn A-7 PPP, Germany (EUR 86m), TEN-T
 - OFTO Gwynt y Mor, UK (GBP 51m), TEN-E
- **EUR 562 million of PBCE = EUR 3,411 million bonds (nearly 25x)**
- **Increased geographical coverage planned**
- **Significant resources** for development of project bond market under CEF/EFSI

Case Study - London Gateway (LGTT)



- ❖ The London Gateway transaction is the seventh traffic risk TEN-T project to benefit from the LGTT instrument:
 - ❖ **First maritime project** in the LGTT portfolio
 - ❖ **First implementation of the LGTT instrument in the UK**
- ❖ Considering the greenfield nature of the project and the volatility of the traffic in the port industry in general, the “combined LGTT structure” was seen as the most appropriate:
 - ❖ Contingent Liquidity Structure: senior debt service coverage during the ramp-up phase of the traffic
 - ❖ Single Drawdown Structure: prepayment of part of the senior debt at the end of the LGTT availability period
- ❖ The total maximum amount available for drawdown is **GBP100m, i.e. 16% of the senior debt**
- ❖ The LGTT will be available for 5 years (from 2014 to 2019) from the date on which both Berth 1 and Berth 2 are open for service
- ❖ The LGTT instrument is regarded as an **essential risk mitigant** both for securing the support of the senior lenders and for optimising the overall financial structure

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**Project Bonds and Structured Finance
New Products and Special Transactions
EUROPEAN INVESTMENT BANK**

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