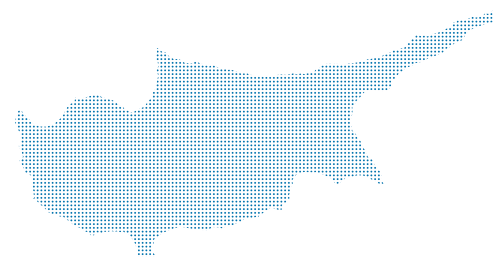
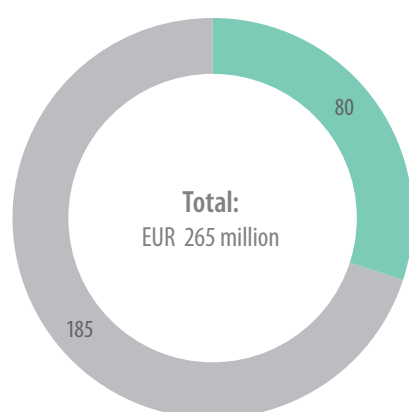




The EIB in Cyprus in 2014



In 2014, the European Investment Bank (EIB) provided a total of EUR 265m in Cyprus. It joined forces with the most dynamic elements of Cypriot society to foster recovery, growth and jobs: the University of Cyprus, promoting an educated and innovative younger generation, as well as the banking sector, a valuable partner in supporting small and medium-sized enterprises (SMEs) in the creation of growth and jobs. In so doing, the EIB helps generate youth employment opportunities in both the short and long terms by promoting investment in competent and skilled young people, in a bid to bolster EU competitiveness.



EIB lending by sector in Cyprus in 2014 (in EUR m)

- Education, health 30%
- Small and medium-scale projects 70%

To boost the creation of jobs by providing affordable and long-term finance to Cypriot SMEs, in 2014 the EIB signed loans worth EUR 185m with seven partner banks. These were the first lines of credit for SMEs in Cyprus since the outbreak of the financial crisis. The EIB endeavours to reach out to as many SMEs as possible, further extending the network of its partner banks in Cyprus.

Support for SMEs maintained the lead, demonstrating the EIB's active role in assisting the country's main job-providing sector. In addition to the delivery of new finance and a solid business plan, the Bank also concentrated its efforts on the smooth operation of its innovative products introduced in 2013, tailored to the needs of the Cypriot economy in the current economic climate, such as the Cyprus Entrepreneurship Scheme and the Trade Finance Facility.

Lending for the knowledge economy

In 2014 the EIB renewed its support for the University of Cyprus (UCY) with a further EUR 80m. This project is the largest ongoing investment in Cyprus. It includes the construction of new buildings and purchase of modern equipment enhancing the university's capacity to carry out advanced



training and R&D programmes. The project also includes the upgrading of existing facilities to improve energy efficiency and anti-seismic armouring. It is the second EIB loan in support of the UCY, following a EUR 65m agreement signed in 2003.



Support for SMEs and midcaps for growth and jobs

In 2014 the EIB put in place seven new lines of SME support totalling EUR 185m:

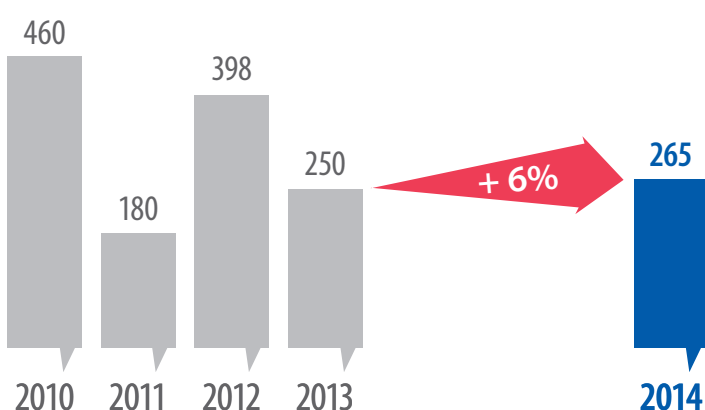
- EUR 25m with **Cooperative Central Bank (CCB) of Cyprus**
- EUR 50m with **Bank of Cyprus**
- EUR 35m with **Hellenic Bank**
- EUR 20m with **Alpha Bank Cyprus**
- EUR 30m with **Eurobank Cyprus**
- EUR 15m with **NBG (Cyprus)**
- EUR 10m with **Société Générale Cyprus**

The above lines of credit include a financing window under the “Jobs for Youth” programme, which offers even more favourable financial terms to eligible SMEs. This EIB product, developed under the dedicated Youth Employment programme launched by the EU bank in July 2013, is part of a larger initiative of the Member States and the Commission to tackle youth unemployment, following the decision of the European Council in June 2013. This product targets in particular countries with high unemployment rates amongst young people. In order to benefit from financing under the “Jobs for Youth” window, SMEs in the fields of industry, commercial services and tourism need to fulfil a limited number of conditions, including the employment or training of young people.

Additionally, in 2014 the EIB supported the smooth rollout of its innovative instruments in support of small and medium-sized companies in Cyprus introduced in 2013:

- A first EUR 50m contract launched the **Trade Finance Facility** in cooperation with Bank of Cyprus, as well as Citibank and Commerzbank AG.
- A first EUR 100m loan to the Republic of Cyprus under the **Cyprus Entrepreneurship Scheme**. The Republic of Cyprus will use the EIB finance to establish a fund mechanism under which the State and commercial banks operating in Cyprus will lend to Cypriot SMEs on a risk-sharing basis.

Signatures in Cyprus 2010-2014 (in EUR m)



The EIF, a SME finance subsidiary

The European Investment Fund (EIF) is the specialist arm of the EIB providing risk financing solutions to financial intermediaries to support SMEs and midcaps and foster innovation in Europe. In 2014, it committed EUR 3.3bn in support of business through which approximately EUR 14bn of capital will be mobilised.

By business line, the EIF committed a total of EUR 1.65bn for equity in 74 early and growth stage funds, which raised a total of EUR 8.3bn. On the guarantees side, it committed EUR 1.6bn in 60 transactions, which acted as a catalyst in attracting EUR 5.6bn of new loans for SMEs. The EIF's support for micro-enterprises totalled EUR 51m, generating a loan volume of EUR 133m. Overall, more than 175 000 SMEs and midcaps were supported by the EIF in 2014.

In Cyprus in 2014, the EIF committed EUR 30m in guarantee operations, which aim to raise EUR 60m.

For more information:
www.eif.org/cyprus.

Project	Description	Activity	EUR million
COOPERATIVE CENTRAL BANK LOAN FOR SME & OTH PRIO	Cooperative Central Bank (CCB) of Cyprus	Credit lines	25.00
CYPRUS BANKS LOAN FOR SMES AND MIDCAPS	Bank of Cyprus and Hellenic Bank	Credit lines	85.00
CYPRUS BANKS LOAN FOR SMES AND MID-CAPS II	Alpha Bank Cyprus, Eurobank Cyprus, NBG (Cyprus) and Société Générale Cyprus	Credit lines	75.00
UNIVERSITY OF CYPRUS II		Education	80.00
TOTAL			265.00

The Cyprus Entrepreneurship Scheme

The Cyprus Entrepreneurship Scheme, developed in synergy with the Cypriot Government, will develop support for the investment and working capital needs of Cypriot SMEs. The entrepreneurship scheme will provide support to SMEs in Cyprus, as the deep recession in Cyprus is heavily constraining the liquidity of SME businesses and the availability of medium and long-term funding to sustain their activities. Moreover, borrowing costs for SMEs are at significantly higher levels than the EU average. The EIB funding tries to address such market weaknesses in a flexible manner.

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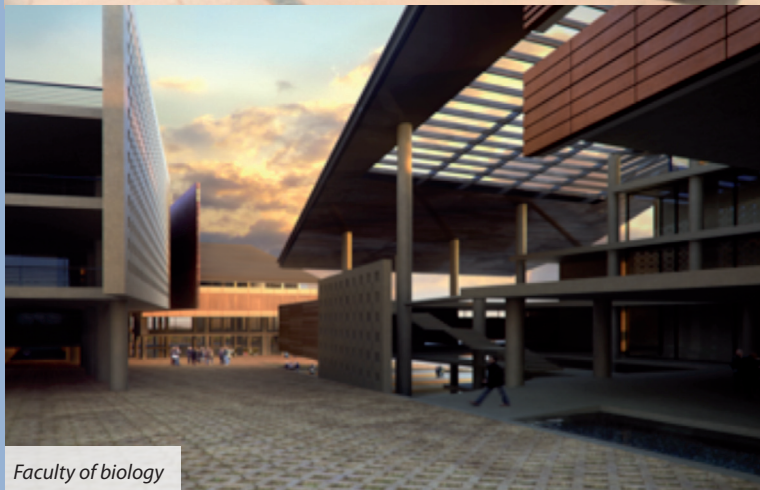
The University of Cyprus was established in 1989 and admitted its first students in 1992. It was founded in response to the growing intellectual needs of the Cypriot people, and is well placed to fulfil the numerous aspirations of the country. Currently, the University comprises eight Faculties and 22 Departments offering a wide range of undergraduate, postgraduate and research study programmes to more than 7 000 enrolled students. The University employs over 900 people in its academic and administrative staff, and more than 500 young researchers.

The University is a vigorous community of scholars engaged in the generation and diffusion of knowledge. Despite its brief history, it has earned the respect of the international academic community and the appreciation of Cypriot society.

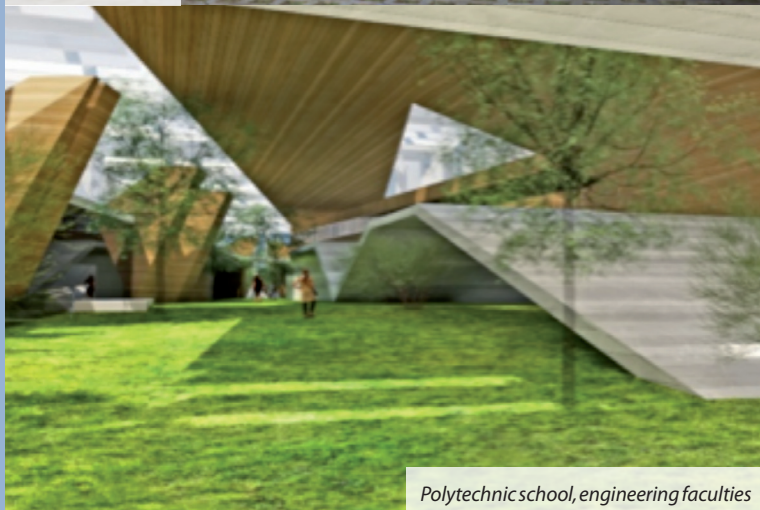
The recent economic crisis and ensuing hardship present challenges to the University in its desire to contribute to the further development of society. Therefore, the University aims to take an essential and leading role in all efforts to manage the financial crisis.

According to the Rector, Professor Constantinos Christofides, the signing of the agreement by the Republic of Cyprus, the University of Cyprus and the European Investment Bank is the first step towards building a university for 10 000 students, 600 academics and 2 000 young researchers by 2020. *"My vision is to have an educational institution with a strong reputation for academic excellence and pioneering research that will bring together all the creative forces of our island. Furthermore we want, amongst other things, to develop the infrastructure that will transform us into a Green University, thus ensuring energy efficiency as well as sustainable and environmentally-friendly growth. Designing sustainable, energy-efficient buildings and generating power from renewable energy sources via the photovoltaic parks, Apollo and Faethon, are part of our drive to become green, in keeping with society's demands. By 2016, the University of Cyprus will be the first University in the world that will be completely dependent on solar energy"* he added.

The Rector noted that he believes that a university is also an opinion maker and that science unites people. *"In my vision the country will be reunited not through partisan election agendas but in the lab, in think tanks, in the library. One day I expect to see in our labs students from all Cypriot communities – Greek Cypriots, Turkish Cypriots, Maronites, Armenians and Latins. Because Cyprus's strength is its cultural pluralism."*



Faculty of biology



Polytechnic school, engineering faculties

The Trade Finance Facility

The Trade Finance Facility in Cyprus proves the EIB's commitment to support the country in the current crisis. The EIB is a long-term lender, so trade finance products have never featured in its portfolio. As the EU bank, however, the EIB has adapted to the real economic needs of EU Member States under adjustment programmes and enlarged its tool-kit with a short-term lending instrument to support international trade. The facility represents the EIB's second guarantee supporting trade finance following the implementation of the Greek SME Trade Finance initiative in June 2013. Under this innovative trade finance facility the EIB will play a critical role in mitigating the risk perception of commercial banks at a time when Cyprus needs trade finance in order to pursue export-led growth for its economic recovery.

The EIB at a glance

The EIB is the EU's long-term lending institution and is owned by the EU Member States. It makes long-term finance available for sound investment, contributing to growth, jobs, regional convergence and climate action in Europe and beyond.

To maximise growth and job creation, the EIB targets four priority areas: innovation and skills, SMEs, climate action and strategic infrastructure across the EU.

The EIB has delivered on the commitment made to Member States to mobilise EUR 180bn of additional investment across Europe over the period 2013-2015. Already in the first two years since the EUR 10bn increase in the EIB's capital decided by Member States in 2012, the EIB Group has provided financing amounting to more than EUR 150bn, supporting overall investment of around EUR 450bn. This includes both regular financing and additional activities following the 2013 capital increase.

Since 2008, the European Investment Bank Group has provided almost EUR 500bn for investment in projects across Europe. The EU bank averagely finances a third of project costs, and EIB loans have mobilised around EUR 1.5tn in this period.



EUR 20.6bn
supporting key strategic
infrastructure in transport
and energy as well as urban
infrastructure in Europe

EUR 77bn overall
lending volume (up 7.4%),
of which
EUR 69bn
within the EU (up 7.8%)

EUR 19.1bn

for climate action
supporting more
resource-efficient
and climate-proof
solutions



EUR 14.7bn
EIB Group support for
innovation and skills
including
digital infrastructure
in Europe



EUR 25.5bn

EIB Group support for SMEs
and midcaps in Europe – the
biggest ever volume and
the Bank's single
largest policy
priority



The EIB signed
EUR 13bn
to its Skills and Jobs –
Investing
for Youth
programme



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