

Pancretan Cooperative Bank Ltd

The Bank of SME's and the Local Government Organizations

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Pancretan Cooperative Bank Ltd. is a small regional bank, with a market share less than 1% of the Greek Banking System.

In Crete it stands in the first place among the bank institutions and it is considered to be the bank of the SME's and the Local Government Organizations, provided that the SME's have a percentage of 77% in the total portfolio of Pancretan Bank and that it cooperates with almost every Local Government Organization in the Island.

Despite the recent difficulties in the economic environment that we all have experienced during the last few months, Pancretan Bank has proved that it is ready to effectively tackle every challenge, as it has not invested in high risk bonds and that the equity return surpassed 20% in 2007.

Moreover during the 15 years of its operation, Pancretan Bank has procured for its capital adequacy, healthy portfolio, increased reserve beyond the limits of regulations of the Bank of Greece, satisfactory liquidity with increasing deposits and above all an effective management that allows the Bank to act with rapidity and flexibility.

In 2007 we signed with European Investment Bank the first long-term investing loan of _ 25 million, with the intention to stake SME's for the implementation of their investment plans, a loan that was absorbed in five months time.

The positive response of the local market to the products of the European Investment Bank urged us to promote the second agreement concerning the _ 35 million loan, by which the SME's will be granted with loans of _ 25 million and the Local Government Organizations with loans of _ 10 million.

To date, as far as the SME's are concerned, the needful contacts have already been made so as to combine the absorption of the fund with the Regional Operational Programs, aiming at its completion within 2 months time.

As far as the Organizations of Local Government are concerned, the amount of _10 million is expected to be absorbed within 6 months.

At a difficult moment for the economy and the banking sector, it is a well known fact that the European Investment Bank – because of its high rating and its ability to gather

funds with very competitive terms- grants loans with lower financial cost, based at Euribor and free of the 0,6% tax of Law 128.

Taking under consideration the data of the market, I believe that during the next years the demand for loans of the specific kind will increase, both from SME's and from Organizations of Local Government, since their real needs are expected to increase as well.

We consider that the anticipating administrative reformation with the union of the Municipalities will help to draw more funds from the European Investment Bank, so as to provide the Municipalities with the potential of implementing infrastructure works, planning programs of urban restructure, upgrading the quality of life of their citizens and contributing essentially to the local development in general. At this point it has to be emphasized that with the initiative and mediation of Pancretan Bank, large Municipalities of Crete are expected to be granted with important funds, directly from the European Investment Bank. On this issue it is our belief that the role of our Bank in the complete encounter of the financial problems of the Organizations of Local Government, is particularly important.

The recent announcement by the Vice President of the European Investment Bank, Mr. Ploutarchos Sakellaris, that the fund of European Bank of Investments may also be used for SME'S working capital, has had a positive impact. I believe that this will considerably contribute to the enhancement of their competitiveness and to the reassurance of their viability.

We consider that the suggested scheme from the European Bank of Investments, financing jointly with apportionment of risk, will result in boosting the local development.

From our little experience at the implementation of long-term loans by the European Bank, we focus our difficulty mainly on the subject of the evaluation criteria of the SME's of Crete, because their size and their setup does not allow an evaluation with strictly financial criteria.

However, as a local bank, we are knowledgeable about the local market and we have the capability and the process to evaluate and select the healthy and viable enterprises in order to grant loans, based on their credibility and credit worthiness, their capability to pay off their loans and the offered securities for the cover of their financing.

In conclusion, I would like to mark that a significant difficulty for the survival and development of the SME's of Crete is the deficiency of modernized sites of installation.

I believe that the contribution of the European Investment Bank, both to the financing of infrastructure works for the operation of the four Industrial Parks that are under construction in Crete and to the installation of enterprises in them, is a fundamental issue for the development of our island and I kindly ask you to consider by priority.

I would like once more to warmly thank you for the implicit trust and to assure you that we will continue to take advantage of the opportunities that the products of the European Investment Bank offer, to the advantage of the SME's, that constitute the body of the Greek entrepreneurship and of the Greek economy in general.