PANORAMIC

LOANS & SECURED FINANCING 2025

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Panoramic guide (formerly Getting the Deal Through) enabling side-by-side comparison of local insights into general issues (bank loans versus debt securities; common forms of bank loan facility; bridge facilities; role of agents, trustees and lenders; governing laws); regulation (capital, liquidity and disclosure requirements; use of loan proceeds; cross-border lending; interest rate and currency restrictions); security interests and guarantees; the impact of fraudulent conveyance and similar doctrines on the structure of bank loan financings; intercreditor matters; loan terms and structures; and recent trends.

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Loans & Secured Financing: Global Overview

Marisa Sotomayor, Richard Kitchen, Amin Doulai, Patrick Schumann-, Serena Granger and George Komnenos

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Not since the global financial crisis and the collapse of Lehman Brothers in 2008 has the world faced such prolonged economic challenges and uncertainties. In the wake of the covid-19 pandemic, the global leveraged finance markets have also been significantly impacted by recent geopolitical tensions in Europe and the Middle East, a looming US presidential election, combined with surging inflation and interest rate pressures across the globe. Over the last 18 months these headwinds have subjected the global debt capital markets to materially higher borrowing costs, volatile M&A activity, a marked decrease year-over-year in syndicated lending and high-yield offerings, and increased regulatory pressures. However, this backdrop has also revealed the resilience and adaptability of loan market participants.

Unlike 2008, where a shuttered bank market amplified a global recession, private credit funds and other alternative providers of capital stepped into the void left by the retreat of traditional broadly syndicated bank loan financings and the effective closure of the high-yield bond markets. Such private capital gave borrowers and private equity sponsors crucial access to debt financing for refinancings, capital expenditures and liquidity needs – in addition to facilitating relatively modest acquisition and other bolt-on activity. This was a global trend, as borrowers and private equity sponsors in the United States, Europe and Asia increasingly shifted their financing structures, and financing sources, towards private capital. To the benefit of borrowers, there has been a resulting stream of new entrants into the European and US private credit markets, adding to an already competitive landscape. Outside of Europe and the United States, markets that were traditionally bank-dominated (such as Australia, Singapore and the United Arab Emirates) are now also bearing witness to the emergence of private capital providers in the lending landscape.

The rise of private credit has invited increased regulatory scrutiny, both in and outside the United States. US regulatory agencies sought to expand their authority to regulate non-bank financial institutions, including by imposing more detailed reporting requirements on non-bank lending activities. International organisations also followed suit. For instance, the Global Financial Stability Report, published in April 2024 by the International Monetary Fund, called for, inter alia, enhanced regulatory scrutiny over private credit.

The co-existence and interplay of a multiplicity of private and public debt financing sources has benefitted sponsors, which increasingly took advantage of the varied finance options open to them. In the leveraged acquisition space, sponsors will run competitive debt

processes across several types of products and lenders. For instance, to raise buyout financing, a sponsor may multi-track a private credit loan option (with its inherent flexibilities allowing for higher leverage and features such as paid-in-kind interest and committed undrawn facilities to finance future acquisitions) against a syndicated bank loan option (which might offer better pricing and more flexible terms). Starting in late 2023, broadly syndicated financings (both loan and high yield) noticeably picked up in the United States, prompted, in part, by a refocusing on repricing transactions. This trend is expected to continue and possibly spill over from the United States to the rest of the globe, potentially resulting in a re-balancing of deal activity between the broadly syndicated and private credit markets. Stronger sponsors and borrowers will likely continue to enjoy an increasingly diverse range of financing options and providers.

The evolution of the loan market does not stop at the intersection of private capital and bank financing. Other worldwide themes currently influencing lending practices (and appear poised to continue to do so for years to come) include the integration of environmental, social and governance (ESG) considerations into the financing process. The impact of ESG in US financings remains modest, given a complex and evolving political and regulatory climate, and may be limited to know-your-customer and other diligence matters. However, in Europe, the impact is more profound. In European financings, borrowers often receive pricing incentives from lenders by demonstrating achievement of certain agreed ESG-minded benchmarks and goals, and so this will continue to influence financing structures, as well as the types of acquisitions and activities that such borrowers pursue.

While digitisation and technologies such as blockchain have not had the fundamental impact on the loan market than some commentators anticipated, it remains to be seen whether artificial intelligence (AI) might prove transformational. For example, sponsors and borrowers may be able to leverage AI technology to audit certain features of their financing arrangements, track deals across vast data sets, and one day even use such information to negotiate market terms and spot developing trends. Whether or not AI is the next frontier in commercial lending, market participants will watch as this next chapter unfolds in the global leveraged finance market and ushers in novel investment opportunities and ever-evolving deal dynamics.

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GENERAL FRAMEWORK

Jurisdictional pros and cons

1 What are the primary advantages and disadvantages in your jurisdiction of incurring indebtedness in the form of bank loans versus debt securities?

Bank loans – advantages

A bank loan or credit facility allows for more flexibility in connection with the form and purpose of financing. For instance, it can incorporate a revolving mechanism; accommodate the issue of standby letters of credit or bank guarantees within the framework of the loan or credit facility; provide for invoice or negotiable instruments discounting or other factoring arrangements; and also accommodate short-term working capital needs, in parallel with medium-term or long-term financing needs that may be required for capital expenditure or in the context of project finance or asset finance transactions.

Where the financing requires more detailed and ongoing monitoring provisions (due to the purpose of the financing or the financial condition of the borrower), banks that are active in the Greek market are more likely to assume the administrative cost and risk of that monitoring.

Loan or credit facilities granted by banks are exempt from stamp duty and are also exempt from withholding tax on interest.

Bank loans – disadvantages

Greek law does not recognise the notion of a trust as far as security over assets located in Greece is concerned. Parallel debt language can be used in syndicated loan facilities, in order for the security interests to be held by the security agent as agent and trustee and also as a joint and several creditor with the other secured lenders. However, parallel debt language only has a contractual effect as between the parties and, therefore, in the case of insolvency of the security agent, the other lenders are not protected in connection with the security interests held in the name of the security agent or cash collected by the security agent.

Bank loan and credit facilities are subject to a special levy (at the rate of 0.6 per cent per annum on the facility amount outstanding from time to time), which is (as a matter of standard Greek market practice) borne by the borrower, by way of a percentage over and above the applicable interest rate.

Mortgages, non-possessory pledges and floating charges over assets located in Greece require registration, which is subject to an ad valorem registration duty at the rate of about 1 per cent on the secured amount.

The stamp duty exemption mentioned above only benefits those lenders that are banks. Therefore, where non-bank lenders participate in a bank loan facility, there may be a

need for the facility structure to accommodate fronting banks and funded participation arrangements.

From the borrowers' perspective, bank loan and credit facilities include more detailed ongoing financial and other covenants and more restrictive provisions than listed debt securities.

Debt securities – advantages

Under Greek law (articles 59 et seq ofLaw 4548/2018, with effect from 1 January and, previously, Law 3156/2003), a 'bond loan' is a loan represented by bonds (similar to a German Schuldschein); therefore, bonds issued under a Greek bond loan are debt securities, which can be subscribed by private placement or through a public offering (subject to the provisions applicable to public offerings of securities).

Any security for a bond loan must be created in the name of the bondholders' agent for the benefit of the bondholders and, as a matter of Greek law, any such security and any cash collections do not form part of the bondholders' agent insolvency estate. Therefore, as a matter of Greek banking practice, where the borrower is a Greek société anonyme (SA), a bond loan facility structure can be used to address the security structure disadvantage of bank loan facilities (see above).

Furthermore, a bond loan structure has further advantages in terms of substantial mitigation of mandatory costs (article 14 of Law 3156/2003, which continues to apply to bond loans). In particular, a bond loan benefits from:

- a full stamp duty exemption, independently of whether the investors are banks or non-banks (as opposed to what applies to a standard bank loan facility, see above);
- a levy exemption (see above); and
- in respect of security interests subject to registration, a minimal fixed registration duty of €100 per registration applies (as opposed to the ad valorem registration duty payable in respect of security for standard bank loan financing – see above).

Although the provisions of Law 3156/2003 and Law 4548/2018 were primarily intended to advance the Greek capital market, the vast majority of bond loans are subscribed by private placement, with the holders of bonds being in most cases banks and in some cases other investors as well (such as hedge funds, foreign pension funds or affiliates of the issuer). As a matter of Greek market practice, following the enactment of Law 3156/2003, most term loan facilities to Greek corporates have been structured as bond loans, due to the cost and structural advantages of a bond loan facility as compared to a standard term loan facility; many bond loan structures of this type have so far involved both foreign and domestic lenders. This continues also after the entry into force of Law 4548/2018.

Apart from Greek bond loans, large Greek corporates wishing to attract international non-bank investors may issue debt securities listed on foreign exchanges or debt markets. Primarily due to marketability considerations, these debt securities are normally issued by an English subsidiary company of the Greek corporate, so are governed by English law and are guaranteed by the parent Greek corporate.

Debt securities – disadvantages

Interest payments by a Greek obligor under debt securities (whether foreign debt securities or bonds under Greek law bond loans) are subject to Greek withholding tax, at the rate provided for in any applicable double taxation treaty or (in the absence of a double taxation treaty) at the rate applicable from time to time under the Greek tax legislation. This disadvantage can be addressed through appropriate gross-up provisions.

Non-listed bonds under a Greek law bond loan facility can be issued in material form (in which case physical bonds certificates are issued, representing more than one bonds), or without the Issue of physical bond certificates (by registration in a register maintained by the issuer (or by the bondholder agent, as applicable) without the issue of physical bond certificates.

Where the terms of the bond loan facility provide for bonds in material form, advances to the issuer must be made against the issue and physical delivery of the bonds to the investors (whether directly or, where a bondholders' agent has been appointed, through that agent) and, in order for the investors to exercise their claims under the bonds, they must present their bonds to the issuer (or, where a bondholders' agent has been appointed, to that agent). In the case of a transfer of bonds, perfection of the transfer requires physical delivery of the bonds and, where the bonds are registered, registration of the transfer in the register maintained by the issuer (or, where an agent has been appointed, the agent). This may create a material administrative burden for the issuer, the agent and the bondholders, especially where more series of bonds are expected to be issued or whether a revolving mechanism applies.

Interest payments to investors that are tax resident in Greece or acting through a permanent establishment in Greece are subject to Greek withholding tax (currently at the rate of 15 per cent). Interest payments to investors that are tax resident outside Greece and without permanent establishments in Greece are subject to Greek withholding tax at the rate provided for in the applicable double taxation treaty between Greece and the jurisdiction of tax residence of the investor (subject to provision by the investor to the Greek obligor (on any appointed agent) of a tax residence certificate, which must be updated annually) and, in the absence of a double taxation treaty, at the rate applicable at the relevant time under Greek law for interest payments on debt securities.

Law stated - 30 April 2024

Market snapshot

2 How do borrowers approach the different options of debt products and sources available to them, including debt securities? With respect to bank loans, how is the debt market split between direct lenders and private credit funds on the one hand, and banks and institutional investors on the other?

In the Greek market, low-leverage small deals are typically financed by bilateral bank loan or credit facilities or bond loans (subscribed for by banks and (or) sponsors of the borrower), while mid-market and larger leveraged deals usually involve banks, sponsors or other

affiliates of the borrower and, in some cases, private credit funds and (or) international financial institutions (such as the European Investment Bank, especially in project finance transactions) under bond loans by private placement or bank loan or credit agreements.

Law stated - 30 April 2024

Forms

3 What are the most common forms of loan facilities? Discuss any other types of facilities commonly made available to the debtor in addition to, or as part of, the loan facilities.

Revolving credit facilities, term loan facilities, standby letter of credit facilities, bank guarantee credit facilities, invoice discounting facilities and other factoring facilities are the most common forms of bank loan and credit facilities in the Greek market. Banker's acceptances are not used in the Greek market. Swingline facilities and competitive bid revolving credit facilities are not common in exclusively Greek deals.

Law stated - 30 April 2024

Investors

4 Describe the types of investors that typically participate in loan financings and the types of investors that participate in various other types of debt products.

Banks are the traditional lenders in the Greek market. Hedge funds and, to a lesser extent, foreign pension funds have relatively recently participated in certain financing transactions, usually as mezzanine lenders (with the banks acting as senior lenders) but also as senior lenders (especially with respect to new money in the context of restructuring arrangements).

Law stated - 30 April 2024

5 How are the terms of a loan facility affected by the type of investors participating in such facility?

From our experience, where different types of investors participate in a bank loan facility, the facility is more likely to be structured as a set of financing agreements corresponding to different facility tranches (with each such tranche financing a different purposes, so that different types of creditors are the lenders of each tranche) and (or) to include a senior tranche, a mezzanine tranche and a junior tranche, in which case the relations between the lenders are regulated by an intercreditor agreement.

Law stated - 30 April 2024

Bridge facilities

6 Are loan facilities used as 'bridges' to permanent debt security financings? How do the structure and terms of bridge facilities deviate from those of a typical loan facility?

Bank loan facilities have often been used as 'bridges' to permanent debt security financings or medium or long-term bank loans. As a matter of Greek banking practice, in these cases corporate guarantees by the parent company or other affiliates of the borrower are more likely to secure the 'bridge' facility, as opposed to other security interests (which are normally expected to be granted at a later stage, to secure the permanent financing transaction).

Law stated - 30 April 2024

Role of agents and trustees

7 What role do agents or trustees play in administering loan facilities with multiple investors?

As a matter of Greek banking practice, agents in bank loan facilities with multiple investors can carry on various roles, depending on the needs of the transaction and the tasks involved. For instance, apart from a facility agent and security agent, there may be a need to also provide an intercreditor agent. In the context of a debt securities transaction, a paying agent is very common.

There is no requirement for the same entity to carry on all agent roles in the same facility. Different entities may act as administrative agent, security agent, facility agent or paying agent, or intercreditor agent. As a matter of Greek market practice, each such agent for a bank loan facility is a bank selected by the lenders to take on the relevant agency role.

Where the facility is structured as a Greek law bond loan, a facility or paying agent is very common. Furthermore, there is a requirement to appoint a bondholders' agent (which need not necessarily be the same entity as any appointed facility agent) where the bond loan is secured or where the bondholders are organised as a group of bondholders. In addition, the parties may wish to appoint a bondholders' agent anyway, even where this may not be required by law for that particular bond loan transaction. Where a bondholders' agent is appointed, a qualifying bondholders' agent must meet specific criteria under Law 4548/2018, unless there is only one bondholder, in which case the sole bondholder also qualifies to act as bondholder agent in order to hold the security for the bond loan, unless the sole bondholder is an affiliate of the issuer of the bond loan. Furthermore, pursuant to Law 4548/2018, if the bond loan is governed by foreign law, the bondholder agent may be the entity that, under the governing foreign law, qualifies to take and hold security for the bondholders.

Law stated - 30 April 2024

Role of lenders

8 Describe the primary roles of, and typical fees charged by, the financial institutions that arrange and syndicate bank loan facilities, as well as lenders that participate in the private credit market.

From our experience, the primary roles of the financial institutions that arrange and syndicate bank loan facilities are consistent with the international financing practice.

The same applies to the type of fees that are expected in these transactions (arrangement fees, underwriting fees, commitment fees, co-ordinator fees etc), which fees are documented in mandate letters, fee letters or the loan facility agreement itself.

Law stated - 30 April 2024

Governing law

9 1.8.1. In cross-border transactions or secured transactions involving guarantees or collateral from entities organised in multiple jurisdictions, which jurisdiction's laws govern the loan and intercreditor documentation?

The law of the place where the relevant security assets are located will be the law governing the security interest in question. The law governing the loan documentation, any guarantees or any Intercreditor agreement will be selected by the parties; where Greek banks participate in the financing and wish to be able to finance their participation through the Eurosystem, the selection of the applicable law will need to take into consideration the eligibility criteria for Eurosystem financing operations.

Law stated - 30 April 2024

REGULATION

Capital and liquidity requirements

10 Describe how capital and liquidity requirements impact the structure of loan facilities, including the availability of related facilities and the differing impact of such requirements on different types of investors.

EU Regulation 575/2013 applies to Greek banks with respect to capital, liquidity and other (such as large exposures) requirements. Therefore, availability, reporting and monitoring requirements are not different from the requirements that apply to banks licensed and operating throughout the European Union.

The Single Supervision Mechanism (SSM) is the competent supervisory authority for the four Greek systemic banks (Alpha Bank, Eurobank, National Bank of Greece and Piraeus Bank); the Bank of Greece (Greece's central bank), which remains the Greek supervisory authority for the non-systemic Greek banks, assists the SSM.

Law stated - 30 April 2024

Disclosure requirements

11 For public company debtors, are there disclosure requirements applicable to loan facilities?

Depending on the size and purpose of the relevant bank loan facility, disclosure requirements may apply for public company debtors in accordance with the regulations applicable at the relevant time.

Law stated - 30 April 2024

Use of loan proceeds

12 How is the use of loan proceeds by the debtor regulated? What liability could investors be exposed to if the debtor uses the proceeds contrary to regulations? Can investors mitigate their liability?

Anti-corruption and anti-money laundering regulations and any anti-terrorism or other sanctions binding on Greece are also binding on bank loan facilities granted by banks operating in Greece. Compliance with these regulations (and protection against relevant risks) is normally addressed through standard know-your-customer (KYC) checks and also through due diligence on the purpose of the transaction and the business activities of borrowers and lenders.

Where the borrower is subject to special regulations for its business activities (such as public procurement, state aid restrictions, environmental protection or other licensing and supervision requirements), the loan facility documentation usually provides for specific representations and warranties and covenants intended to ensure ongoing compliance. The impact on the lenders of a breach by the borrower depends on the nature and scope of the requirements that have been breached. For instance, a breach of state aid restrictions affecting a guarantee or other security interest that would benefit the lenders would most likely directly affect the lenders' interests. Other breaches could in principle only indirectly affect the lenders (where the breach could have a material adverse effect on the ability of the borrower to comply with its obligations under the loan facility), but normally would not expose the lenders to liability (except in the extraordinary case of wilful misconduct on the part of the lenders themselves).

Law stated - 30 April 2024

Cross-border lending

13 Are there regulations that limit an investor's ability to extend credit to debtors organised or operating in particular jurisdictions? What liability are investors exposed to if they lend to such debtors? Can the investors mitigate their liability?

Where a prohibition applies (as in the case of jurisdictions that are subject to sanctions), the investor will be liable in accordance with the legislation imposing that prohibition and will be exposed to the sanctions (including penalties, criminal sanctions and revocation of any applicable licence) provided for by the legislation imposing that prohibition.

Therefore, standard KYC and other due diligence checks are strongly advisable before reaching an agreement on a loan facility. Furthermore, the standard illegality provisions are often used in the Greek market to mitigate risks and liability where the prohibition was imposed after the granting of the loan or where the lenders could not reasonably be aware of an illegality affecting a particular loan facility transaction at the time they agreed to grant a loan.

Law stated - 30 April 2024

Debtors' leverage profile

14 Are there limitations on an investors' ability to extend credit to debtors based on the debtors' leverage profile?

Limitations may apply to the borrower's ability, if it is a regulated entity subject to specific supervision requirements (eg, an insurance company); a breach of any such requirements would normally increase the credit risk of a lender and could also expose him or her to reputational risks, but would not necessarily affect the validity, legality, binding effect and enforceability of the loan facility (except in the extraordinary case of wilful misconduct on the part of the lender).

Insolvency is a more complex issue, as certain transactions and security interests may be at risk of rescission if they are concluded:

- within the 'suspect period' determined by the court in the judgment declaring bankruptcy (which 'suspect period' commences on the day of cessation of payments, but not earlier than two years before declaration of bankruptcy); or
- if they are concluded by a debtor with the intention to be detrimental to other creditors within a period falling five years before declaration of bankruptcy and the counterparty was aware of the circumstances.

Security interests granted in favour of banks are normally protected, but this may not necessarily be the case where a secured bank was aware of the circumstances that would normally give rise to rescission. Therefore, it is in the interests of lenders (whether banks or non-banks) to conduct their standard financial due diligence in order to ensure that there are no circumstances that could expose them to legal or reputational risks.

Law stated - 30 April 2024

Interest rates

15 Do regulations limit the rate of interest that can be charged on loans?

Interest rates for bank loans are not subject to a legal maximum, with the exception of the default interest rate (which cannot exceed 2.5 percentage points over and above the normally applicable interest rate). Furthermore, compounding of accrued and unpaid interest may only apply where agreed in writing and (as far as Greek law is concerned) not earlier than at the end of six-monthly compounding periods.

The parties may freely select whether a fixed or floating interest rate will apply to a bank loan. Where they select a floating interest rate, that rate must be determined on the basis of an agreed clear and transparent formula (usually by reference to an interbank rate, such as Euribor, plus an agreed margin, which margin can be subject to adjustment on the basis of agreed clear and transparent criteria, for example, by referencing specific financial ratios).

Contrary to bank interest rates, non-bank interest rates are subject to a legal maximum (determined in accordance with a formula based on the European Central Bank discounting rate at the relevant time). Further to the entry into force of Law 4548/2018, the interest rate applicable to bond loans subscribed for by non-bank investors is treated in the same manner as the bank interest rate and, therefore, is not subject to the legal maximum non-bank interest rate.

Law stated - 30 April 2024

Currency restrictions

16 What limitations are there on investors funding loans in a currency other than the local currency?

No foreign currency limitations apply under Greek law in the context of multi-jurisdictional transactions. Furthermore, the capital controls imposed back in 2015 no longer apply.

Law stated - 30 April 2024

Other regulations

17 Describe any other regulatory requirements that have an impact on the structuring or the availability of loan facilities.

Please also refer to question 'Jurisdictional pros and cons', which is relevant to the critical considerations that are relevant to the selection of the financing structure. The facility structure selected will also determine the exact form of the documentation and, to a certain extent, its content as well, with a view to ensuring legality, validity, binding effect and enforceability of the facility and any security granted for the facility, and addressing mandatory cost parameters that may be relevant.

Law stated - 30 April 2024

SECURITY INTERESTS AND GUARANTEES

Collateral and guarantee support

18 Which entities in the organisational structure typically provide collateral and guarantee support for loan financings? Are there certain types of entity that typically do not provide, or are restricted in their ability to provide, collateral and guarantee support for such financings?

Parent companies and holding companies are usual security providers in addition to (or instead of) the borrower itself.

Where the loan or credit facility is granted to a parent company and the lenders need to address structural subordination risks, upstream guarantees or other security may also be available on the part of a subsidiary or sister company. In respect of loans granted to several group companies, security interests and guarantees by members of the group (upstream, cross-stream or down-stream) may also be available for the lenders to ensure cross-collateralisation of the parallel loans to the sister companies. However, in such a case, specific requirements set by the company law applicable to the security provider must be complied with in order for that security to be legal, valid, binding and enforceable. Failure to comply with these requirements may result in invalidity of the guarantee or other security. Furthermore, specific requirements are set by the company law in the case of financial assistance and any financial assistance granted in breach of such requirements would not be legal, valid, binding and enforceable.

Interested parties should seek specific legal advice in respect of any such guarantees or security arrangements, including because Law 4548/2018 (articles 99 et seq) has introduced several amendments in the regime that previously applied to this this type of arrangements (and generally to transactions between related parties).

Law stated - 30 April 2024

19 What types of obligations typically share with the loan obligations in the collateral and guarantee support? If so, are all such obligations equally and ratably covered by the collateral and guarantee support?

Swap and hedging obligations or treasury services obligations may benefit from the collateral and guarantee support granted for a bank loan facility, provided they are clearly specified as secured obligations in the security documents for the bank loan facility or in separate security documents.

Priority of secured creditors is determined by reference to the date of perfection of the relevant security interest. Where there are more secured creditors in the same security documents or more secured creditors under different security documents, the secured creditors can agree between themselves, the borrower and the security provider (if different from the borrower) the way in which they will enforce their security interest and share the enforcement proceeds.

Law stated - 30 April 2024

Commonly pledged assets

20 Which categories of assets are commonly pledged to secure loan financings? Describe any categories of asset that are typically not thus pledged, or are restricted from being so.

Real property, movable assets (including inventory, equipment, shares and debt instruments in physical form), dematerialised securities, bank accounts, insurance proceeds and trade or other receivables are the assets commonly offered as security for bank loan financings.

In respect of security offered by the borrower, there are no limitations, provided these assets are fully owned by the borrower and are not subject to a publicly registered negative pledge restriction, as long as the security is granted to secure a legal, valid, binding and enforceable obligation and has been duly approved and authorised by the appropriate corporate resolutions.

The only exceptions to this rule concern real property located near the Greek borders (in which case specific restrictions apply), and limitations applicable to security over certain assets owned by regulated companies, in each case in accordance with the legislation and regulation applicable to the relevant regulated companies; by way of example, insurance companies cannot create security over non-freely disposable assets, and financial lessors (whether banks or financial leasing companies) cannot create security over assets owned by them under a financial lease agreement.

Where the security provider is a third party being a legal entity, security may only be granted if permitted by the articles of association and specifically approved and authorised by appropriate corporate resolutions on the basis of specific corporate benefit. In addition to these requirements that generally apply to third-party security by legal entities, specific requirements apply to guarantees and security interests granted by affiliates and guarantees and security interests constituting financial assistance granted by a Greek SA with a view to the acquisition of its own shares or shares in its direct or indirect parent. Furthermore, prohibitions apply to upstream security granted by limited companies if that security operates so as to circumvent subordination of loans granted to them by their partners.

It is worth noting that priority of security is determined by reference to priority of perfection of that security; any prior ranking security interests will be satisfied prior to any subsequent ranking security interests. Satisfaction of secured creditors is subject to the provisions of the law concerning the ranking of generally privileged creditors and specific advice must be sought as to each type of generally privileged creditors.

Law stated - 30 April 2024

Creating and perfecting a security interest

21 Describe the method of creating and perfecting a security interest on the main categories of assets. What are the consequences of failing to perfect a security interest?

Security over real property is created by mortgage (by virtue of a notarial mortgage deed) or by mortgage prenotation (by virtue of an interim court judgment) and is perfected by registration in the public books of the competent land register or cadastre.

Security over movable assets is created by private pledge agreement; security in respect of tangible assets (including shares or debt instruments in physical form) is perfected by delivery of these assets to the pledgee or to a third-party custodian. In addition to physical delivery, a pledge over registered shares or bonds in physical form must be annotated in the register kept by the issuer of the registered shares or the bondholders' agent (as the case may be) and on the pledged shares or bonds certificates.

In respect of equipment (which needs to remain in the possession of the pledgor and may or may not be replaced by the pledgor) or inventory (which is of floating nature and is expected to be sold and replaced by the pledgor), security is created by a non-possessory pledge or floating charge (as the case may be) and perfected by registration in the public books held by the competent pledge register.

Security created over shares or bonds listed on the Athens Exchange is created by private agreement and perfected in accordance with the regulation of the Athens Securities Depositary applicable at the time of perfection.

Security over rights and claims (under bank accounts, insurance proceeds or trade receivables) is created by private agreement and perfected by notification to the debtor of the relevant claims. In respect of security over trade receivables arising from time to time, it is advisable to complete perfection by registration of the security in the public books of the competent pledge register (in addition to notification to the debtors).

Financial collateral arrangements are also used (mostly over bank accounts or listed shares) provided that the security is granted to an eligible collateral taken in accordance with the criteria of the EU Financial Collateral Law, which has been transposed into Greek law by Law 3301/2004.

If security is not duly perfected as required for the relevant security interest (as discussed above), security does not have effect as against all parties. Therefore, in the case of insolvency of the security provider, the security assets continue to form part of the security provider's insolvency estate.

Furthermore, pending perfection, there is a risk that another security interest may be created and perfected for the benefit of third-party creditors and thus have priority, or a risk that the security assets may be attached or seized by third-party creditors

Law stated - 30 April 2024

Future-acquired assets

22 Can security interests extend to future-acquired assets? Can security interests secure future-incurred obligations?

Security over future-acquired assets can be validly agreed to extend to:

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additional shares that may be distributed in respect of the originally pledged shares (in lieu of dividends or other distributions, as a result of a capitalisation of reserves, or otherwise under the applicable company law);

- new shares that may be acquired by the pledgor in the context of a share capital increase of the company having issued the originally pledged shares;
- dividends or other distributions in respect of pledged shares;
- new shares issued and distributed against cancellation of existing pledged shares, in the case of a corporate transformation by a merger or division of the company being the issuer of the originally pledged shares;
- new or additional bonds issued for the originally pledged bonds (eg, payment-in-kind bonds) and interest or other return from pledged bonds;
- new or replacement tangible assets being subject to a floating charge;
- monetary claims against debtors of the consideration payable for a permitted disposal of tangible assets being subject to a non-possessory pledge or floating charge; and
- clearly determinable future claims falling within the scope of a pledge of receivables or other monetary claims.

In this regard, it is worth noting that no valid security can be created if it is purported to be created generally over 'all' future-acquired assets of the security provider (eg, 'all' real property assets or other assets). In order for the security to validly extend to future-acquired assets, the security document must be drafted so as to clearly specify what future-acquired assets the security will extend to, so that any such future-acquired assets are identifiable on the basis of the security document.

Future-incurred obligations require particular attention. Further drawings under an existing facility or drawings under a revolving facility can in principle benefit from the security (provided that such future drawings were contemplated in the original security document). However, future obligations arising under new contractual arrangements which may be entered in the future and which cannot be clearly determined on the basis of the original security document would not benefit from the security interests thereby created.

Law stated - 30 April 2024

Maintenance

23 Describe any maintenance requirements to avoid the automatic termination or expiration of security interests.

Registration of a non-possessory pledge or floating charge (or of a registrable pledge or security assignment over rights and claims) must be renewed after a 10-year period from the original registration.

Where a mortgage was registered in the public books of a land register and that land register is succeeded by a cadastre, a mortgagee will need to procure for registration of its mortgage in the public books of the cadastre. Such new registration is required for the

maintenance of the mortgagee's right over the property and, once made, the priority of the originally registered property is fully protected.

Where a mortgage prenotation has been registered, it must be converted into a mortgage within the applicable deadline from the Issue of a final judgment on the secured claim, upon which timely conversion the original ranking of the mortgage prenotation will also apply to the mortgage.

Law stated - 30 April 2024

Release

24 What are typical steps to release security interests on assets? Is such a release automatic under any circumstances?

In respect of security interests that are perfected by delivery of the asset to the pledgee or a specified custodian, the pledgee or custodian must retain physical delivery of that asset; provided that the asset is not re-delivered to the pledgor or to the purchaser, the security interest will not be released by a sale by the debtor.

Assets being subject to a perfected floating charge are released upon sale; depending on the provisions of the security document, the security over the asset may be replaced by security over a replacement asset or over the purchase price receivable.

A sale of mortgaged property or of assets being subject to a non-possessory pledge does not release the security, unless otherwise agreed by the parties.

In respect of a forced sale by public auction of mortgaged property or an asset being subject to a non-possessory pledge or, upon crystallisation of a floating charge, of assets being subject to a floating charge, any existing security over the relevant assets is released upon completion of the public auction in accordance with the provisions of the Greek Code of Civil Procedure. However, if the security asset is sold or otherwise transferred to a third party and at the time of enforcement the value of the asset proves higher than the maximum secured amount set for that security interest, the secured lender will only be entitled to recover, out of the enforcement proceeds, the lower of the amount due and unpaid under the secured obligation, or the maximum secured amount.

In respect of trade or other receivables being subject to security, the type of the security interest (security assignment or pledge) and the provisions of the security document will determine whether the sale is permitted and, if so, the consequences on the security interest.

As a matter of Greek banking practice, except for a floating charge over inventory (which, by its nature, allows for a sale of the relevant security assets), facility documents and security documents include (in addition to negative pledge) contractual provisions that do not allow the security provider to sell or otherwise dispose of the security assets without the prior written consent of the lender.

Law stated - 30 April 2024

Non-fulfilment of guarantee obligations

25 What defences does a guarantor have against claims for non-fulfilment of guarantee obligations? Can such defences be waived?

A Greek law guarantee being subject to the general provisions of the Greek Civil Code on guarantees enables the guarantor to raise the objections and defences that would be expected for an accessory obligation, including without limitation defences concerning the legality, validity, binding effect and enforceability of the secured obligation of the primary debtor, a fault by the creditor (especially in the case of undue release of other security, undue delay in pursuing the claim against the primary debtor or failure by the creditor to first enforce over the movable assets of the primary debtor). Express waivers can waive these defences in the guarantee agreement and this is normally the case for guarantees granted to secure bank loan facilities.

It is worth noting that, under a Greek law guarantee, a guarantor does not automatically have a right of recourse against the primary debtor where the guarantor is called to pay under the guarantee. Any such right of recourse must be based on a specific agreement between the guarantor and the primary debtor.

Law stated - 30 April 2024

Parallel debt requirements

26 Describe any parallel debt or similar requirements applicable in a secured loan financing where an agent acts for multiple investors.

A standard syndicated bank loan facility agreement will need to include parallel debt language. Bond loan financings do not need to include parallel debt language where a bondholders' agent is appointed (see question 'Jurisdictional pros and cons'). Where an intercreditor agreement is in place regulating several facilities or other financial indebtedness, parallel debt language will normally be necessary in respect of an intercreditor agent acting for the relevant multiple creditors.

Law stated - 30 April 2024

Enforcement

27 What are the most common methods of enforcing security interests? What are typical limitations on enforcement?

Security over real property or movable tangible assets of any type is enforced by a sale of the assets by public auction subject to the supervision of the court, on the basis of an enforceable court judgment or court payment order or (where applicable) a mortgage deed or other security document benefiting from an exequatur.

These procedural requirements do not apply in respect of financial collateral validly created and perfected (and benefiting from the EU Financial Collateral Directive).

Security over trade receivables over bank accounts, insurance proceeds or trade receivables or other claims, if created in favour of a bank operating in Greece, would normally be enforced directly by the security holder, without the need for prior court proceedings against the security provider.

Law stated - 30 April 2024

Fraudulent conveyance and similar doctrines

28 Describe the impact of fraudulent conveyance, financial assistance, thin capitalisation, corporate benefit and similar doctrines on the structure of loan financings.

Fraudulent conveyance may enable a creditor to invalidate the conveyance, subject to successful court proceedings against the debtor to that effect, in accordance with the requirements of the Greek Civil Code. However, the criteria that need to be met for these purposes are strict and the relevant court proceedings may take time. Therefore, it is not market practice for creditors to initiate any such proceedings before insolvency; after declaration of bankruptcy, fraudulent conveyance may be challenged and result in rescission in accordance with the provisions of the Bankruptcy Code on vulnerable acts and transactions of the insolvent debtor.

As a matter of Greek law, financial assistance is the granting of a loan or guarantee or other security with a view to the acquisition by a third party of the company's own shares or of the shares of its direct or indirect parent. It is normally prohibited and may only be validly granted subject to prior compliance with the requirements of company law (Law 4548/2018, which (with effect from 1 January 2019) replaced Codified Law 2190/1920).

Thin capitalisation is not of itself an indication of insolvency; however, specific steps need to be taken by a company in the case of thin capitalisation and failure to take such steps may expose the company to proceedings initiated by parties with a legitimate interest (including creditors) and may also expose a sole controlling shareholding to liability towards creditors. Bank loan or credit facility agreements usually include provisions intended to monitor capitalisation issues and mitigate relevant risks by appropriate covenants.

Corporate benefit is of critical importance where a guarantee, or other security or undertaking, is granted by a company in respect of third-party indebtedness, or in cases of upstream or cross-stream transactions. In the context of upstream or cross-stream arrangements or in the case of financial assistance, corporate benefit must be substantiated under more stringent criteria, in accordance with the relevant requirements of Greek company law.

All the above must be diligently considered during the structuring phase of any financing that is likely to raise such issues, including without limitation acquisition financing, in order for the parties to be able to decide in a timely fashion what security or other comfort can be validly granted and on what terms.

Law stated - 30 April 2024

INTERCREDITOR MATTERS

Payment and lien subordination arrangements

29 What types of payment or lien subordination arrangements are common where the debtor has obligations owing to more than one class of creditors?

As a matter of Greek banking practice, subordination arrangements have often been used where mezzanine or other junior lenders (including shareholders) participate in the financing. Subordination arrangements are of a contractual nature and their content depends on the arrangements between the parties.

As a matter of Greek law, any such arrangements are in principle legal, valid, binding and enforceable on the same criteria that would apply to the legality, validity, binding effect and enforceability of a commercial agreement. Insolvency is relevant to the extent subordination by a lender could be held to constitute deprivation of the rights of that subordinated lender, unduly agreed by or imposed on that lender during a suspect period applicable to it.

Law stated - 30 April 2024

Creditor groups

30 What creditor groups are typically included as parties to intercreditor agreements? Are all creditor groups treated the same under the intercreditor agreement?

The debtor, any guarantor or other security provider, the senior lenders, any mezzanine lenders, any junior lenders and any other junior creditors (such as shareholders under other commercial transactions with the debtor) are typically included as parties to the intercreditor agreement. In respect of bond loans, if at any time any bonds are held by shareholders or other affiliates of the borrower, the shareholders or other affiliates are disenfranchised, and the bonds held by them are not taken into consideration for the purposes of the required majority of bondholders.

The way in which voting rights will be exercised (including any non-voting parties for all matters or for certain matters or in certain circumstances) and any requirements for the consent or approval or prior action of another creditor class can be among the matters regulated by the intercreditor agreement.

Intercreditor arrangements concluded under the Bankruptcy Code (whether before or after bankruptcy) or under other applicable insolvency legislation are subject to special requirements set by the applicable insolvency provisions, including a requirement for equal treatment of the creditors belonging in the same class (unless non-equal treatment is expressly agreed by the creditors that would otherwise benefit from equal treatment, or unless the non-equal treatment is expressly justified and does not result in a worse-off position of those creditors as compared to a liquidation scenario).

Law stated - 30 April 2024

Rights of junior creditors

31 | Are junior creditors typically stayed from enforcing remedies until senior creditors have been repaid? What enforcement rights do junior creditors have prior to the repayment of senior debt?

Junior creditors typically agree to be satisfied after satisfaction of the senior lenders and to only initiate enforcement after or subject to commencement of enforcement by the senior lenders, or upon the placement of the debtor Into Insolvency proceedings, or subject to the senior lenders' prior consent.

Law stated - 30 April 2024

32 | What rights do junior creditors have during a bankruptcy or insolvency proceeding involving the debtor?

An intercreditor agreement concluded before bankruptcy or insolvency proceedings under the applicable insolvency legislation is binding on the parties to that agreement. The debtor would normally be expected to also be a party to that agreement.

Intercreditor agreements concluded under the applicable insolvency legislation are subject to the applicable provisions of the law in connection with the rights of junior lenders and subject to required majority of creditors pursuant to the applicable insolvency legislation.

Law stated - 30 April 2024

Pari passu creditors

33 | How do the terms of the intercreditor arrangement change if creditor groups will be secured on a pari passu basis?

An intercreditor agreement normally includes specific provisions on the way in which collection proceeds or enforcement proceeds will be distributed by the parties. It is strongly advisable to ensure that the debtor will be a party to any arrangement concerning the sharing of proceedings, in order for the group of creditors to ensure that the debtor will not be able to challenge that sharing on the basis of the allocation provisions included in each separate loan agreement.

Law stated - 30 April 2024

LOAN DOCUMENT TERMS

Standard forms and documentation

34 | What forms or standardised terms are commonly used to prepare the loan documentation?

As a matter of Greek banking practice, there is no standardised Greek documentation similar to the Loan Market Association's or Loan Syndications and Trading Association's templates. However, both lenders and large corporate borrowers are familiar with these templates and understand them as an indication of good international practice, also followed in big-ticket domestic transactions.

Law stated - 30 April 2024

Pricing and interest rate structures

35 What are the customary pricing or interest rate structures for loans? Do the pricing or interest rate structures change if the loan is denominated in a currency other than the domestic currency?

Floating interest rates are more common in the Greek market, without excluding the possibility of fixed rates. EURIBOR is the most common base rate, since the majority of loan or credit facilities in the Greek market are denominated in euros. SOFR is uncommon. Loan or credit facilities denominated in or convertible into other currencies are also used, in which cases different base rates are used.

Law stated - 30 April 2024

36 Does loan documentation in your jurisdiction incorporate any mechanisms to replace an established, floating benchmark rate in case such benchmark rate becomes, or is expected to become, unavailable?

Most bank loan or credit facilities (including those structured as bond loans) include provisions on reference banks (if the base rate does not appear on a specified screen) or on market disruption. Large loan transactions may also include provisions on the replacement of the specified base rate.

Law stated - 30 April 2024

Other yield determinants

37 What other loan yield determinants are commonly used?

Original issue discounts are not used in the Greek market. Pricing floors are standard in bank loan financings, in order to protect the lenders against a negative base rate.

Law stated - 30 April 2024

Yield protection provisions

38

Describe any yield protection provisions typically included in the loan documentation.

Margin step-up mechanisms may also apply, by reference to specified financial ratios or the occurrence of an event of default other than a payment default, intended to compensate for increased credit risks of the lenders in connection with the borrower.

Prepayment premiums are normally limited to breakage costs in the case of prepayments made before the end of an interest period (in respect of floating rate loans) or before the expiry of the loan (in respect of fixed rate loans). As a matter of Greek law, prepayment fees beyond breakage costs are normally problematic (with the exception perhaps of long-term loans prepaid before the expiry of a reasonable period agreed in the loan agreement).

Law stated - 30 April 2024

Accordion provisions and side-car financings

39 Do loan agreements typically allow additional debt that is secured on a pari passu basis with the senior secured loans?

Bank loan agreements may either prohibit additional secured financing without the prior written consent of the lenders, or may allow it on condition of pari passu security and (or) subject to compliance by the borrower with specified financial ratios and covenants. Accordion provisions are also used in the Greek market.

Law stated - 30 April 2024

Financial maintenance covenants

40 What types of financial maintenance covenants are commonly included in loan documentation, and how are such covenants calculated?

As a matter of Greek banking practice, bank loan financings for large or medium corporates include provisions on leverage tests, security coverage tests and other financial covenants, and also include provisions on the monitoring of compliance with the above (usually through compliance certificates provided by the debtor and reviewed by its auditors and setting out the relevant calculations).

Formulation of the financial covenants (including with respect to the items that are taken into account or may be excluded) is set out in the bank loan agreement, which may also provide for the way in which any breaches may be remedied. Provisions on prepayments, additional security or capital contributions (whether expressly contemplated in the documentation or not) are common in financing transactions to remedy a breach of financial covenants.

Law stated - 30 April 2024

Other negative covenants

41 Describe any other negative covenants restricting the operation of the debtor's business commonly included in the loan documentation.

Depending on the nature of the debtor's business, the purpose of the financing and specific risks that are relevant to the debtor's business, bank loan documentation in the Greek market includes those provisions that are considered necessary by the lenders in order to restrict and monitor the debtor's business as appropriate on the basis of the lenders' credit committee approvals.

Law stated - 30 April 2024

Mandatory prepayment

42 What types of events typically trigger mandatory prepayment requirements? May the debtor reinvest asset sale or casualty event proceeds in its business in lieu of prepaying the loans? Describe other common exceptions to the mandatory prepayment requirements.

As a matter of Greek banking practice, change of control, illegality, excess cash flow and disposals of specified material assets commonly trigger mandatory prepayment by the debtor.

The loan documentation will also specify whether each such prepayment will benefit all creditors pro rata or one or more specifically affected creditors and whether any mitigation applies and in what circumstances.

Law stated - 30 April 2024

Debtor's indemnification and expense reimbursement

43 Describe generally the debtor's indemnification and expense reimbursement obligations, referencing any common exceptions to these obligations.

In addition to any fees payable to the agent and the arrangers and lenders, the debtor is normally expected to bear the costs for the negotiation and signing of the loan documentation, perfection of security documents, the costs for amendments and waivers, the costs in connection with the protection and maintenance of security interests and the costs of enforcement.

Bank loan agreements include specific provisions on costs and expenses that are borne by the debtor. Standard exceptions concern any costs exceeding a specifically agreed expense cap (where applicable) or costs 'not reasonably incurred' or costs requiring the prior approval of the debtor.

Law stated - 30 April 2024

UPDATE AND TRENDS

Key developments

44 | Are there any current developments or emerging trends that should be noted?

The covid-19 pandemic has been an unprecedented test for societies and economies of the EU member states. From the early days of the pandemic, the European Union took immediate measures to mobilise the EU budget and maximise flexibility in the application of budget and state aid rules.

In April 2020, the Eurogroup put forward a €540 billion emergency support package for jobs and workers, businesses and member states. In July 2020, the EU leaders approved a comprehensive package of €1 824.3 billon (in 2018 prices), combining the €1 074.3 billion long-term budget or Multiannual Financial Framework and an extraordinary recovery effort, or Next Generation EU (NGEU), channelled in the form of loans and grants, to enable the European Union to overcome the crisis, create jobs and build a sustainable economy for future generations.

Over 2021 and 2022, EU member states submitted national recovery and resilience plans setting out their reform and investment agendas up to 2026, by setting out coherent packages of projects in six policy areas:

- green transition;
- digital transformation;
- smart, sustainable and inclusive growth;
- social and territorial cohesion;
- health and resilience; and
- policies for the next generation.

The National Recovery and Resilience Plan 'Greece 2.0' was adopted on 13 July 2021, by the Economic and Financial Affairs Council of the European Union, amounting €30.5 billion, while on 8 December 2023, its revision was approved, concerning mainly new investments and reforms under REPowerEU as well as expanding the existing loan programme. The revised Plan amounts to €35.95 billion. It includes 103 investments and 76 reforms, structure around four pillars, including the new REPowerEU chapter:

- Green Transition;
- Digital Transformation;
- Employment-Skills-Social Cohesion; and
- Private Investments and Transformation of the Economy.

Its resources are channelled into grants and loans and is expected to mobilise over €60 billion of total investment in the country by the end of 2026, when all projects should have been implemented.

The most recent long term credit ratings assigned to Greece are:

- BB+ (Stable) (Fitch, 27 January 2023);
- BBB- (Positive) (S&P, 19 April 2024); and
- Ba1 (Stable) (Moody's, 15 September 2023).

Law stated - 30 April 2024

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