



# Key Developments and Growth in Greek Ship-Finance

May 2017

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**Petrofin Bank Research**© presents, for the 16<sup>th</sup> year running, an overview and an in-depth analysis of the bank loan portfolios to Greek shipping, as of 31<sup>st</sup> December 2016.

Petrofin wish to thank all participating banks for their steadfast support, without which this research would not have been possible.

The portfolios show both the shipping loans outstanding, as well as loans committed but undrawn. The committed but undrawn loans may be viewed as an indication of each bank's ship lending momentum and / or the extent of its involvement in newbuilding finance.

## Contents

1.	<b>Main Findings</b>	<b>p. 2</b>
2.	<b>Petrofin Index of Greek ship finance</b>	<b>p. 3</b>
3.	<b>Total Greek shipfinance portfolio as of end 2016</b>	<b>p. 5</b>
4.	<b>Research and Analysis</b>	
	<b>A. The Greek shipfinance market as of end 2016</b>	<b>p. 7</b>
	<b>B. Analysis of the 3 Bank Groups</b>	<b>p. 14</b>
	<b>C. Newbuilding finance research</b>	<b>p. 27</b>
	<b>D. The Greek Shipping Syndications market</b>	<b>p. 28</b>
5.	<b>An overview of 2016, the outlook for 2017 and beyond</b>	<b>p. 29</b>



## 1. Main findings

The highlight points of this year's results for Greek ship finance are as follows:

\* Bank shipfinance into Greek shipping has contracted by 8.77% during 2016. This is the biggest contraction since 2009. This should be seen in the light of an almost 3% growth by Greek shipping in DWT terms over 2016 (Greek Shipping Co-operation Committee).

\* The overall Greek loans (drawn and committed but undrawn) booked both in Greece and worldwide as of 31/12/ 2016 fell from \$62,711.5m to \$57,211.35m. **The Petrofin Index for Greek Shipfinance** fell from 379 to 346.

\* Specifically, Drawn loans are down by 5.34%. This year, Commitments are markedly down by 38%. This confirms the underlying contraction of bank ship finance, as well as a switch to other forms of finance (Funds, Chinese Leasing, etc), which are rapidly expanding. Please see Conclusions.

\* Of the 5 Greek banks, two banks show growth. Eurobank is up by 2.59% and Alpha by 4.29%. The overall Greek bank exposure is down by 4.93%. Greek banks' share of Greek ship finance is up to 15.25% from 14.63%. Of course, this is happening within an overall reduced Greek portfolio. This is a resilient performance by Greek banks despite continuous domestic problems.

\* International banks WITH a Greek presence continue to reduce their exposure, in 2016, by 11.49%, compared to a reduction of 9.7% in 2015, 4.23% in 2014, 9.35% in 2013 and 3.9% in 2012.

\* The main development has been in the International Banks WITHOUT a Greek presence. For the first time they show a decline, which stands to the order of 7.31%. The consolidation of Chinese banks is mostly due to the rapid development of Chinese leasing.

\* The number of banks involved in Greek shipfinance is again 51, but there is an internal reshuffle. Some players have gone and some are featured for the first time, as more information is coming forward from the Far East (ICBC, Bank of Communications, Bank of China, albeit it with modest exposures).

\* Commerzbank is not included anymore and as the Royal Bank of Scotland has accelerated the sale of the portfolio, this is probably the last year that it is featuring in our research.

\* Credit Suisse\* remains in the top position with a slightly reduced exposure by 3.72%.

\* The top 10 Greek ship financing banks although they have collectively reduced their loan portfolios by 5.36%, their share of the total has gone up to 55.19%, as the whole portfolio has fallen.

\* European banks continue to account for the vast majority of total loans (81.04%), although their share is steadily dropping. For the year 2015, they held 81.23% of the total Greek portfolio, compared 85.44% in 2014 and 90% the year before.

\* An important rise has taken place in the The Lead Managers, where these are up by 13.87%.

\* Forward commitments to newbuildings, which by definition show the position of trust in the future of shipping, are down by 1% compared to an increase of 8% last year.

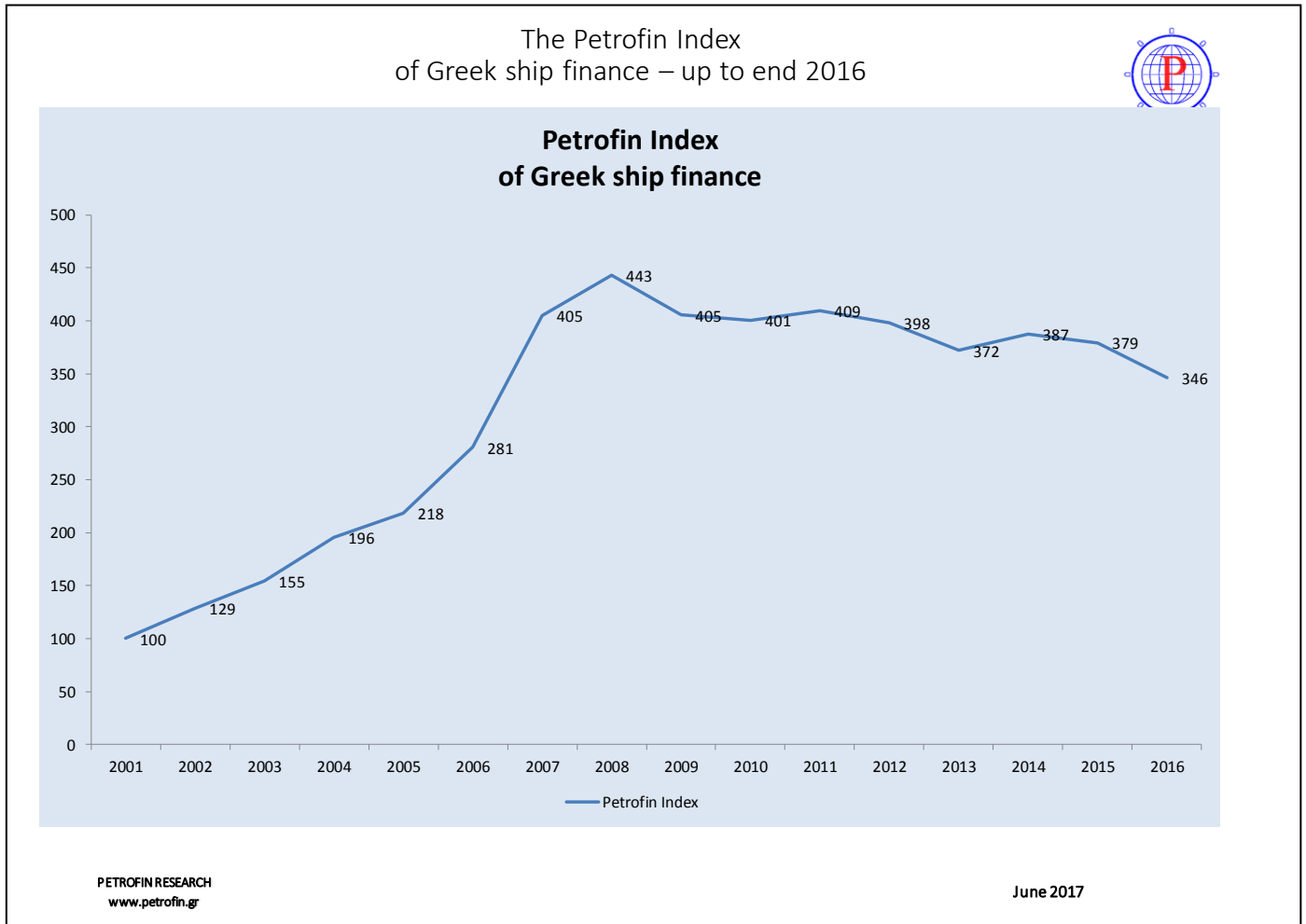
\* Overall, the bank ship finance industry is in difficulty and this is reflected in the reduced loan portfolios for Greek ship finance as well. The reasons are analysed in the Conclusions of this report.



## 2. Petrofin Index of Greek ship finance

The Petrofin Index for Greek ship finance is published for the 3rd year in a row by Petrofin Research ©. The Index is down by 22% from its peak of 443 in 2008.

Graph 1



Petrofin Bank Research© - as of end 2016, May 2017

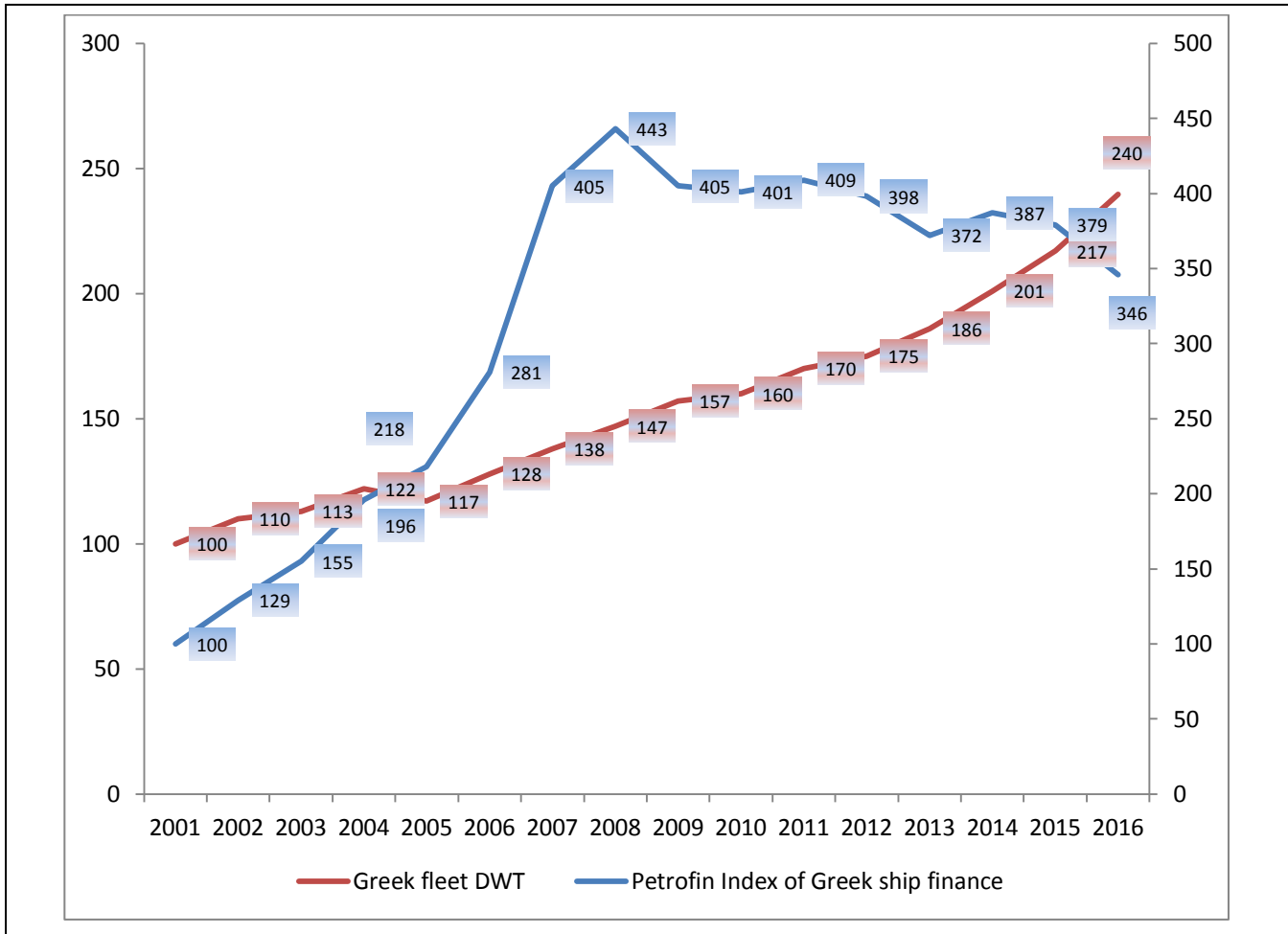
Some of the biggest lenders are rapidly exiting (Royal Bank of Scotland) or have already exited (Commerzbank). Chinese bank lending has receded before the much more aggressive Chinese Leasing, which we do not include in our research.

It is expected that the difficult bank finance conditions that particularly apply to small and medium Greek owners will persist for the foreseeable future and until fresh lenders targeting this sector shall appear.



We also compared the Petrofin Index of Greek ship finance with the evolution of the Greek fleet DWT tonnage.

Graph 2



Petrofin Bank Research© - as of end 2016, May 2017

In 2016 the availability of bank finance lagged well behind the Greek fleet expansion. Bank finance is still very cautious as well as restricted by internal and external factors and regulations. Funds, however, are still active and support Greek fleet expansion, although with a greater emphasis on second hand vessels.

The growth of Greek shipping, despite the adverse markets and the decline of bank finance is testimony to the ability and commitment of Greek owners to adjust their finance and capital requirements to changing market conditions and challenges.



### 3. Total Greek shipfinance portfolio as of end 2016 Petrofin Bank Research ©

The annual results by Petrofin Bank Research ©, now released for the 16th year running, reflect the exposure of all banks engaged in lending to Greek owners, at the end of 2016.

In **Table 1** below, we cite the development of Greek ship finance over the last 16 years.

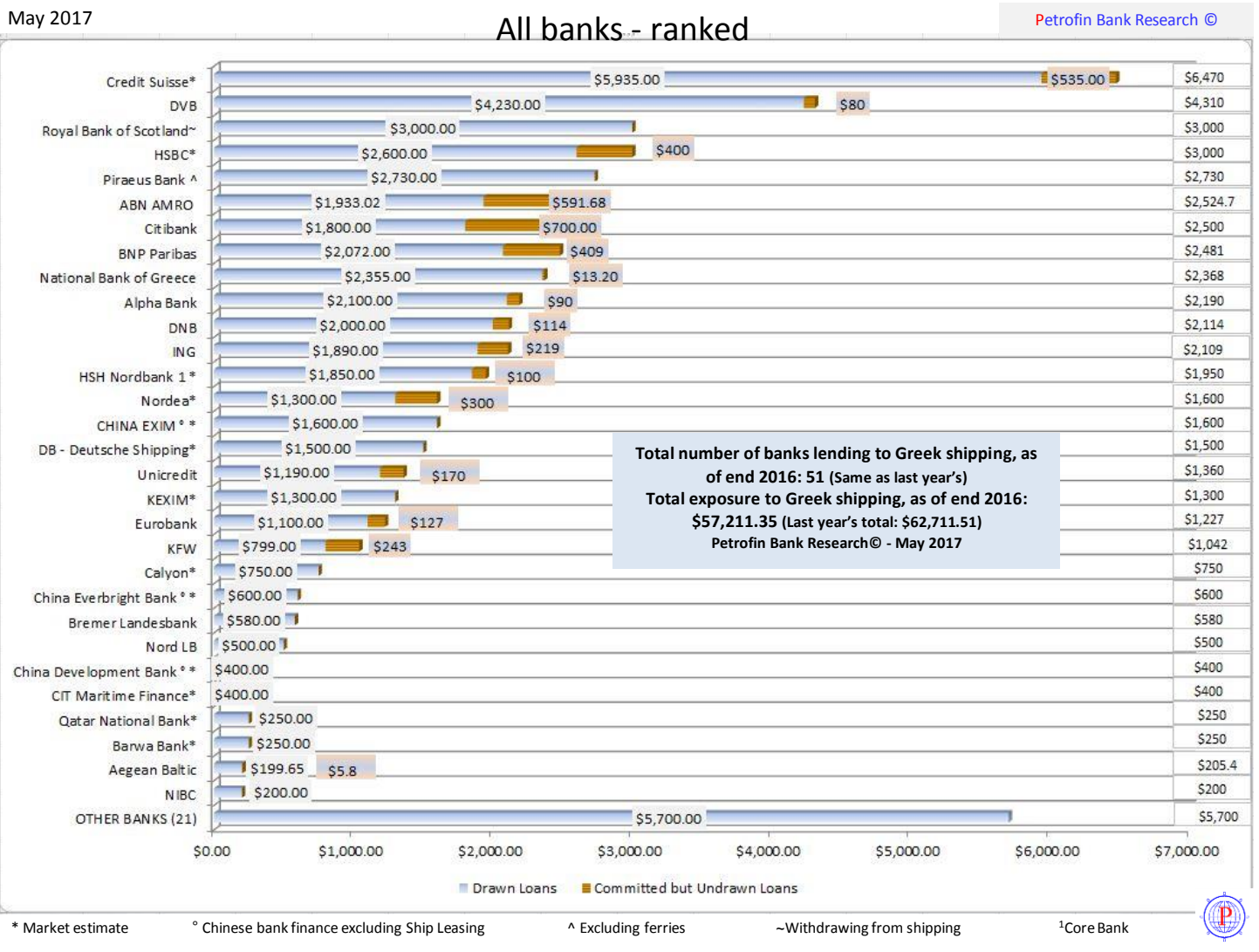
Table 1

	Dec 2001	Dec 2002	Dec 2003	Dec 2004	Dec 2005	Dec 2006	Dec 2007	Dec 2008	Dec 2009	Dec 2010	Dec 2011	Dec 2012	Dec 2013	Dec 2014	Dec 2015	Dec 2016
Growth %		28.66%	20.19%	26.61%	11.62%	28.45%	44.31%	9.39%	-8.478%	-1.17%	2.20%	-2.83%	-6.51%	4.1%	-2.04%	-8.77%
Total Greek Shipping Portfolio	\$16,525m	\$21,261m	\$25,554m	32,353m	\$36,112m	\$46,387m	\$66,941m	\$73,228m	\$67,020m	\$66,235	\$67,694	\$65,780	\$61,498	\$64,019.47	\$62,712	\$57,211
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The downward trend has intensified as exposure to Greek shipping has dropped by 8.77%. This translates into a level of bank exposure as low as since before 2007.



Graph 3: All banks ranked in terms of their Greek portfolios (in US\$m):



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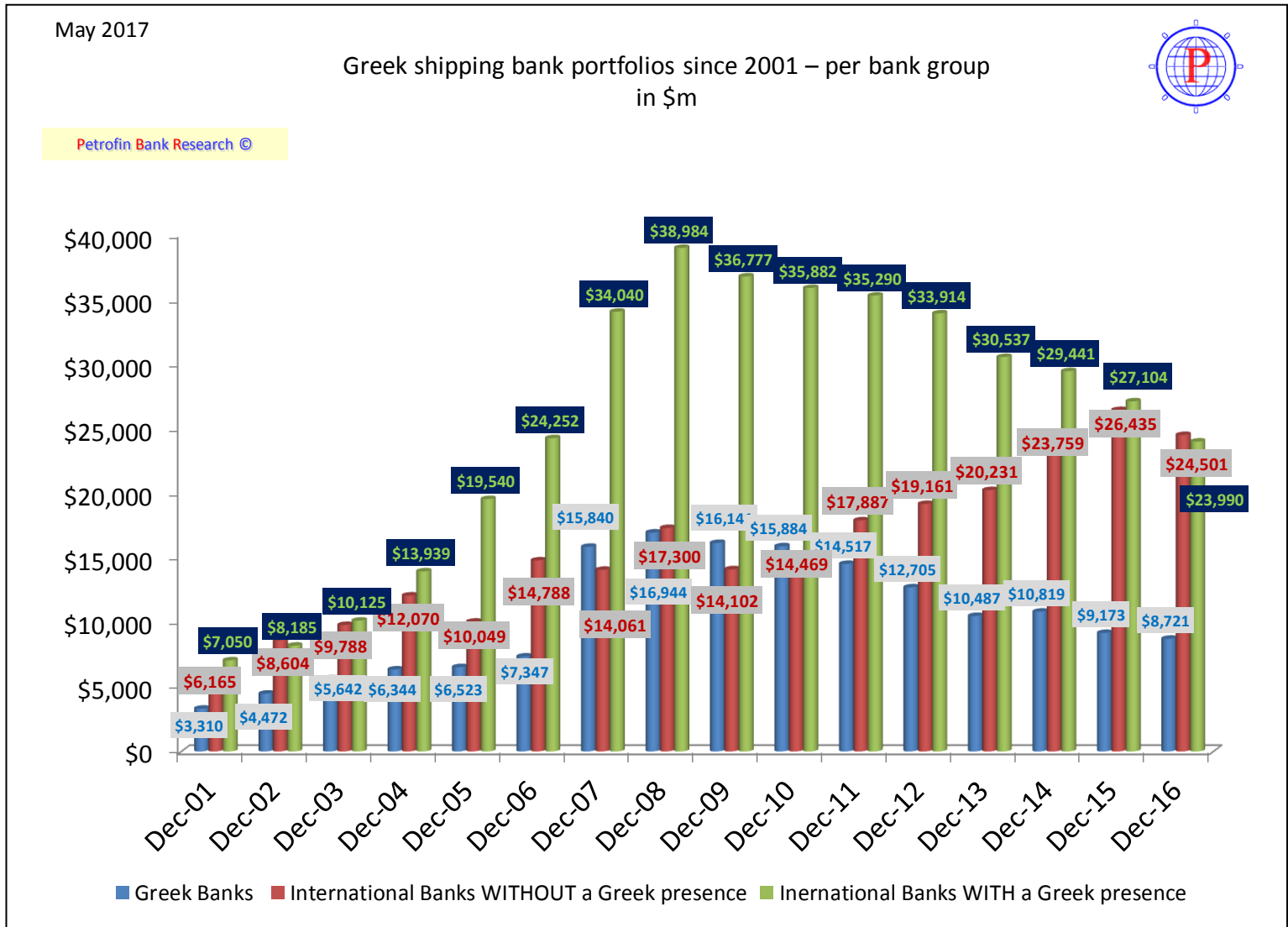
Credit Suisse\* stands at the top for the second year running.

We have already mentioned that, although European banks hold the largest market share, collectively they are gradually reducing their portion. The Far East is showing a reduction for the first time in 5 years as Chinese banks are cautiously slowing down leaving the field to Chinese Leasing (p. 12).

## 4. Research and Analysis

### A. The Greek shipfinance market as of end 2016


Graph 4: Bank exposure in terms of bank groups is as follows:



All three groups of banks are down, including the international banks without a Greek presence, who have traditionally been stable and optimistic backers of Greek shipping.

In the table below (**Table 2**) we observe the overall growth evolution in Greek ship lending as a whole as well as for the three bank groups:

Table 2: Overall Growth in Greek Ship lending (in US\$m)

	Greek Shipping Portfolio						Growth Percentage						Portfolio growth between Dec 2001 and Dec 2016	Average yearly growth since 2001
	End 2016	End 2015	End 2014	End 2013	End 2012	End 2011	End 2016	End 2015	End 2014	End 2013	End 2012	End 2011		
International Banks WITH a Greek presence	\$23,990	\$27,104	\$29,440.88	\$30,742.5	\$33,914.38	\$35,290.47	-11.49%	-7.94%	-4.23%	-9.35%	-3.90%	-1.65%	240% (Between 2001 and 2015: 284.45%)	8.51% (Between 2001 and 2015: 10.1%)
International Banks WITHOUT a Greek presence	\$24,501	\$26,435	\$23,759.43	\$20,268	\$19,161.35	\$17,886.81	-7.31%	11.3%	17%	5.78%	7.13%	23.62%	297.42% (Between 2001 and 2015: 328.78%)	9.64% (Between 2001 and 2015: 10.96%)
Greek banks	\$8,721	\$9,173	\$10,819.16	\$10,486.91	\$12,704.53	\$14,517.08	-4.93%	-15%	3.17%	-17.46%	-12.49%	-8.60%	163% (Between 2001 and 2015: 177.13%)	6.67% (Between 2001 and 2015: 7.55%)
<b>Total</b>	<b>\$57,211</b>	<b>\$62,711</b>	<b>\$64,019.47</b>	<b>\$61,497.51</b>	<b>\$65,780.26</b>	<b>\$67,694.36</b>	<b>-8.77%</b>	<b>-2%</b>	<b>4.1%</b>	<b>-6.51%</b>	<b>-2.83%</b>	<b>2.20%</b>	<b>246.21%</b> (Between 2001 and 2015: 279.49%)	<b>8.63%</b> (Between 2001 and 2015: 10.98%)
Petrofin Bank Research© - as of end 2016 – May 2017 for previous years please refer to past years' stats at <a href="http://www.petrofin.gr">www.petrofin.gr</a>														

For the first time all 3 groups are in decline.



Table 3: Growth in Drawn portfolios and Committed and Undrawn portfolios (in US\$m)

	Drawn loan portfolio as of end 2016	Drawn loan portfolio as of end 2015	Drawn loan portfolio as of end 2014	Drawn loan portfolio as of end 2013	Drawn loan portfolio as of end 2012	Drawn loan portfolio as of end 2011	Percentage of change in Drawn Loan portfolio	Committed but Undrawn loan portfolio as of end 2016	Committed but Undrawn loan portfolio as of end 2015	Committed but Undrawn loan portfolio as of end 2014	Committed but Undrawn loan portfolio as of end 2013	Committed but Undrawn loan portfolio as of end 2012	Committed but Undrawn loan portfolio as of end 2011	Percentage of change in Committed but Undrawn Loan portfolio
International Banks WITH a Greek presence	\$21,425.02	\$25,329.00	\$27,069.74	\$28,466.88	\$31,160.23	\$31,620.25	2016: -15.41%	\$2,564.68	\$1,774.58	\$2,371.13	\$2,275.64	\$2,754.15	\$3,670.22	2016: 44.52%
							2015: -6.43%							2015: -25.16%
							2014: -4.91%							2014: 4.2%
							2013: -8.7%							2013: -17.37%
							2012: -1.45%							2012: -24.96%
							2011: -0.31%							2011: -11.8%
International Banks WITHOUT a Greek presence	\$23,204.00	\$21,840.86	\$20,550.98	\$17,623.00	\$16,536.00	\$15,334.69	2016: 6.24%	\$1,297.00	\$4,593.73	\$3,208.45	\$2,645.00	\$2,625.00	\$2,552.12	2016: -71.77%
							2015: 6.28%							2015: 43.18%
							2014: 16.61%							2014: 21.3%
							2013: 6.57%							2013: +0.76%
							2012: 7.83%							2012: +2.86%
							2011: +31.5%							2011: -9.52%
Greek banks	\$8,484.65	\$8,941.00	\$10,377.66	\$10,309.76	\$12,318.23	\$13,624.62	2016: -5.1%	\$236.00	\$232.00	\$441.50	\$177.15	\$386.30	\$892.46	2016: 1.72%
							2015: -13.84%							2015: -47.45%
							2014: 0.66%							2014: 149.22%
							2013: -16.3%							2013: -54.1%
							2012: -9.59%							2012: -56.7%
							2011: -0.66%							2011: -58.84%
Total	\$53,113.67	\$56,110.86	\$57,998.38	\$56,399.64	\$60,014.46	\$60,579.55	2016: -5.34%	\$4,097.68	\$6,600.31	\$6,021.08	\$5,097.79	\$5,765.45	\$7,114.80	2016: -38%
							2015: -3.25%							2015: 9.62%
							2014: 2.83%							2014: 18.11%
							2013: -6.11%							2013: -14.9%
							2012: -0.93%							2012: -19%
							2011: 6.13%							2011: -22.3%

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In terms of Drawn and Committed but Undrawn portfolios, the International Banks WITHOUT a Greek presence show an increase in their Drawn portfolios, but a severe drop in their future commitments. International Banks WITH a Greek presence are showing a significant fall in drawn loans but an also significant rise in committed but undrawn loans. On the other end, Greek banks show a slight, cautious optimism in their increase of future commitments by 1.72%.

Table 4: Bank ranking – in US\$m

Greek shipping portfolios as of end 2016				
Rank	Bank	Drawn	Committed but Undrawn	Total
1	Credit Suisse*	\$5,935.00	\$535.00	\$6,470.00
2	DVB	\$4,230.00	\$80.00	\$4,310.00
3	Royal Bank of Scotland~*	\$3,000.00	\$0.00	\$3,000.00
4	HSBC*	\$2,600.00	\$400.00	\$3,000.00
5	Piraeus Bank ^	\$2,730.00	\$0.00	\$2,730.00
6	ABN AMRO	\$1,933.02	\$591.68	\$2,524.70
7	Citibank	\$1,800.00	\$700.00	\$2,500.00
8	BNP Paribas	\$2,072.00	\$409.00	\$2,481.00
9	National Bank of Greece	\$2,355.00	\$13.20	\$2,368.20
10	Alpha Bank	\$2,100.00	\$90.00	\$2,190.00
11	DNB	\$2,000.00	\$114.00	\$2,114.00
12	ING	\$1,890.00	\$219.00	\$2,109.00
13	HSH Nordbank <sup>1</sup> *	\$1,850.00	\$100.00	\$1,950.00
14	Nordea*	\$1,300.00	\$300.00	\$1,600.00
15	CHINA EXIM <sup>o</sup> *	\$1,600.00	\$0.00	\$1,600.00
16	DB - Deutsche Shipping*	\$1,500.00	\$0.00	\$1,500.00
17	Unicredit	\$1,190.00	\$170.00	\$1,360.00
18	KEXIM*	\$1,300.00	\$0.00	\$1,300.00
19	Eurobank	\$1,100.00	\$127.00	\$1,227.00
20	KFW	\$799.00	\$243.00	\$1,042.00
21	Calyon*	\$750.00	\$0.00	\$750.00
22	China Everbright Bank <sup>o</sup> *	\$600.00	\$0.00	\$600.00
23	Bremer Landesbank	\$580.00	\$0.00	\$580.00
24	Nord LB	\$500.00	\$0.00	\$500.00
25	China Development Bank <sup>o</sup> *	\$400.00	\$0.00	\$400.00
26	CIT Maritime Finance*	\$400.00	\$0.00	\$400.00
27	Qatar National Bank*	\$250.00	\$0.00	\$250.00
28	Barwa Bank*	\$250.00	\$0.00	\$250.00
29	Aegean Baltic	\$199.65	\$5.80	\$205.45
30	NIBC	\$200.00	\$0.00	\$200.00
	OTHER BANKS (21)	\$5,700.00		\$5,700.00
	Total Greek portfolio	\$53,113.7	\$4,097.7	\$57,211.35
	Overall number of banks	51		
	* Market estimate	^ Excluding ferries	~ Withdrawing from shipping	<sup>1</sup> Core Bank
	<sup>o</sup> Chinese bank finance excluding Ship Leasing finance			

**The top 10 banks' ranking order follows in Table 5.**

Table 5: Top ten banks ranked by portfolio size (in US\$m) – last 4 years

As of end 2016				As of end 2015			As of end 2014			As of end 2013		
Rank	Bank	Total exposure in \$m	Market share % of Greek portfolio	Bank	Total exposure in \$m	Market share % of Greek portfolio	Bank	Total exposure in \$m	Market share % of Greek portfolio	Bank	Total exposure in \$m	Market share % of Greek portfolio
1	<b>Credit Suisse*</b>	<b>\$6,470</b>	<b>11.31%</b>	Credit Suisse*	\$6,720	10.72%	Royal Bank of Scotland	\$7,600	11.87%	Royal Bank of Scotland	\$8,813	14.39%
2	<b>DVB</b>	<b>\$4,310</b>	<b>7.53%</b>	Royal Bank of Scotland	\$5,200	8.29%	Credit Suisse*	\$5,919	9.25%	Credit Suisse*	\$5,700	9.31%
3	<b>Royal Bank of Scotland~*</b>	<b>\$3,000</b>	<b>5.24%</b>	DVB	\$4,542	7.24%	DVB	\$4,547	7.10%	Commerzbank**	\$4,000	6.53%
4	<b>HSBC*</b>	<b>\$3,000</b>	<b>5.24%</b>	Piraeus Bank <sup>o</sup>	\$3,000	4.78%	Piraeus Bank	\$3,850	6.01%	Piraeus Bank*	\$3,900	6.37%
5	<b>Piraeus Bank ^</b>	<b>\$2,730</b>	<b>4.77%</b>	National Bank of Greece	\$2,640	4.21%	National Bank of Greece	\$2,933	4.58%	DVB	\$3,700	6.04%
6	<b>ABN AMRO</b>	<b>\$2,525</b>	<b>4.41%</b>	DNB	\$2,341	3.73%	HSH Nordbank	\$2,568	3.12%	National Bank of Greece	\$2,733	4.46%
7	<b>Citibank</b>	<b>\$2,500</b>	<b>4.37%</b>	HSH Nordbank <sup>1*</sup>	\$2,340.7	3.73%	Commerzbank**	\$2,500	4.01%	DNB	\$2,576	4.21%
8	<b>BNP Paribas</b>	<b>\$2,481</b>	<b>4.34%</b>	CHINA EXIM*	\$2,300	3.67%	Alpha Bank	\$2,420	3.91%	Alpha Bank	\$2,435	3.98%
9	<b>National Bank of Greece</b>	<b>\$2,368</b>	<b>4.14%</b>	BNP Paribas	\$2,220	3.54%	DNB	\$2,310	3.78%	HSH Nordbank	\$2,355	3.51%
10	<b>Alpha Bank</b>	<b>\$2,190</b>	<b>3.83%</b>	Citibank	\$2,200	3.51%	DB - Deutsche Shipping*	\$2,000	3.61%	DB-Deutsche Shipping*	\$2,000	3.27%
<i>Totals</i>		<i>\$31,573.9</i>	<i>55.19%</i>	<i>Totals</i>	<i>\$33,504</i>	<i>53.43%</i>	<i>Totals</i>	<i>\$36,646.6</i>	<i>57.24%</i>	<i>Totals</i>	<i>\$38,212</i>	<i>62.38%</i>
Petrofin Bank Research© - May 2017				*Market estimate		~Exiting shipping		^Excluding ferries				

The top 10 banks share a bigger chunk of the pie, although there is a reduction in their collective exposure.

As China receded this year, Alpha bank is making it to the top 10. Overall, Credit Suisse\* remains on top, DVB, ABN Amro, Citibank, BnP and Alpha bank are rising, whereas, RBS~\*, Piraeus Bank^, NBG, DNB, China Exim<sup>o</sup>\*, HSH<sup>1\*</sup>, are falling.

## Nationality of banks

Table 6: Distribution of banks engaged in Greek Ship-finance by nationality:

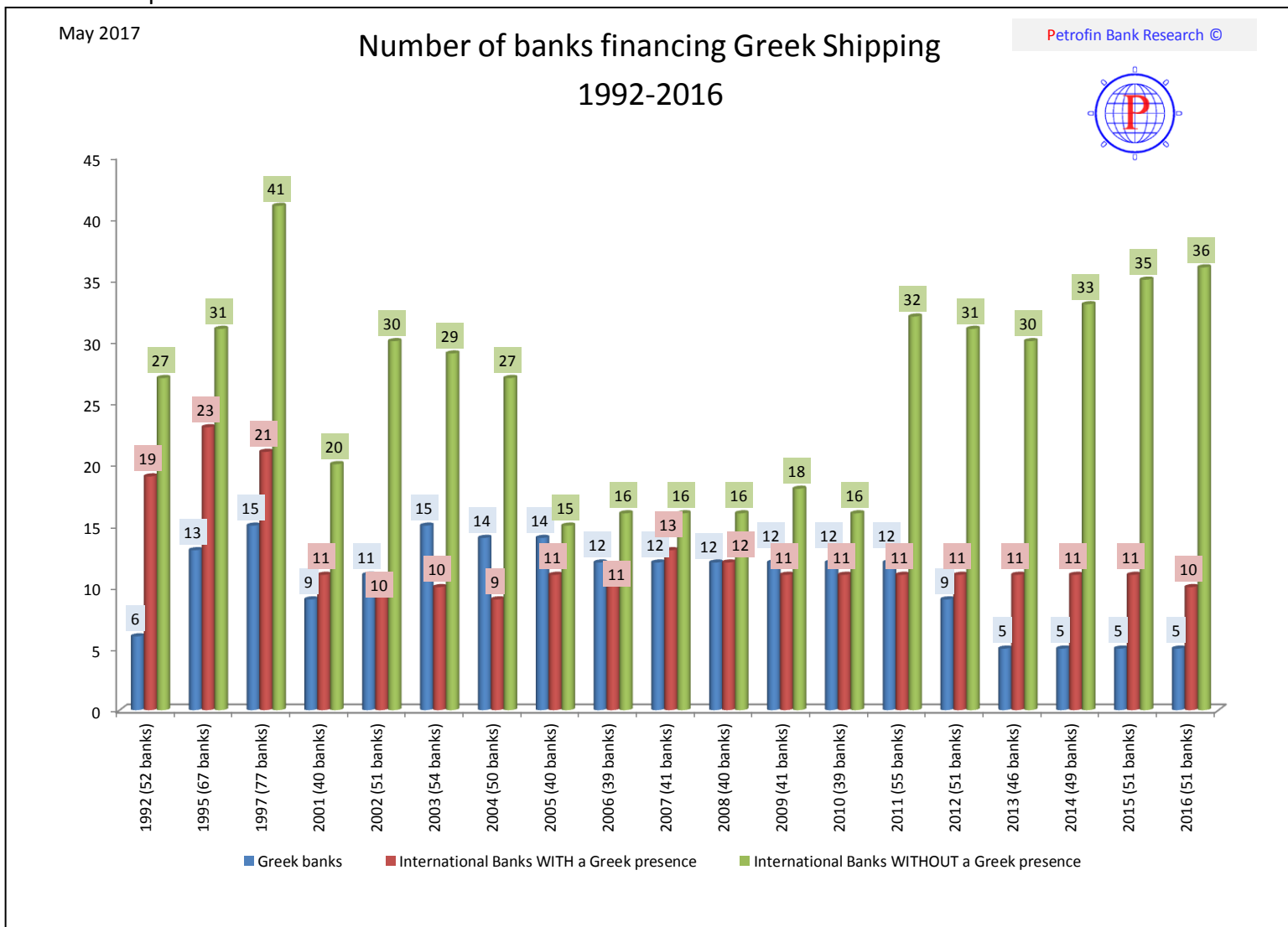
Nationality	end 2003	end 2004	end 2005	end 2006	end 2007	end 2008	end 2009	end 2010	end 2011	end 2012	end 2013	end 2014	end 2015	end 2016	Total Portfolios per Geographical region	Percentage of total of Greek ship finance	
UK & Ireland	5	5	4	5	5	6	5	4	5	5	4	4	3	2	2016: \$6,000	2016: 10.49%	
															2015: \$7,210	2015: 11.5%	
															2014: \$9,933	2014: 15.52%	
															2013: \$11,029	2013: 17.93%	
															2012: \$13,581	2012: 20.65%	
France / Belgium	8	6	3	3	3	4	4	3	5	5	5	5	4	3	2016: \$3,331	2016: 5.82%	
															2015: \$3,145	2015: 5.02%	
															2014: \$3,005	2014: 4.69%	
															2013: \$3,065	2013: 4.98%	
															2012: \$3,813	2012: 5.8%	
Scandinavian	2	2	2	2	2	2	2	2	6	6	6	6	6	6	2016: \$4,864	2016: 8.5%	
															2015: \$5,293	2015: 8.44%	
															2014: \$5,280	2014: 8.25%	
															2013: \$4,676	2013: 7.6%	
															2012: \$5,029	2012: 7.65%	
Germany	10	10	9	10	11	11	11	10	10	10	10	10	10	9	2016: \$11,542	2016: 20.17%	
															2015: \$14,370	2015: 22.91%	
															2014: \$15,805	2014: 26.69%	
															2013: \$16,617	2013: 27%	
															2012: \$17,006	2012: 25.8%	
Holland	5	5	4	3	3	3	2	2	2	3	3	3	3	3	2016: \$4,834	2016: 8.45%	
															2015: \$4,480	2015: 7.14%	
															2014: \$3,588	2014: 5.6%	
															2013: \$3,493	2013: 5.68%	
															2012: \$2,800	2012: 4.26%	
Greece	15	14	14	12	12	12	12	12	12	9	5	5	5	5	2016: \$8,721	2016: 15.24%	
															2015: \$9,173	2015: 14.63%	
															2014: \$10,819	2014: 16.9%	
															2013: \$10,487	2013: 17.05%	
															2012: \$12,704	2012: 19.31%	
Other European	4	4	2	1	1	1	2	3	5	3	3	3	5	5	2016: \$7,070	2016: 12.36%	
															2015: \$7,270	2015: 11.59%	
															2014: \$6,269	2014: 9.79%	
															2013: \$6,080	2013: 9.89%	
															2012: \$5,566	2012: 8.5%	
European Total	49	46	38	36	37	39	38	36	45	41	36	36	36	33	2016: \$46,362	2016: 81.04%	
															2015: 50,942	2015: 81.23%	
															2014: \$54,669	2014: 85.44%	
															2013: \$55,447	2013: 90.12%	
															2012: \$60,500	2012: 91.97%	
North America	4	3	1	2	3	1	1	1	3	3	3	4	4	4	2016: \$3,950	2016: 6.9%	
															2015: \$3,650	2015: 5.82%	
															2014: \$2,800	2014: 4.37%	
															2013: \$1,950	2013: 3.17%	
															2012: \$1,780	2012: 2.71%	
Far East	1	1	1	1	1	0	2	2	6	6	6	6	8	11	2016: \$6,150	2016: 10.75%	
															2015: \$7,150	2015: 11.4%	
															2014: \$5,500	2014: 8.59%	
															2013: \$3,700	2013: 6.02%	
															2012: \$3,000	2012: 4.56%	
Middle East												2	2	2	2016: \$500	2016: 0.87%	
															2015: \$670	2015: 1.07%	
															2014: \$670	2014: 1.05%	
Australia									1	1	1	1	1	1	1	2016: 250	2016: 0.44%
																2015: 300	2015: 0.48%
																2014: \$350	2014: 0.55%
																2013: \$400	2013: 0.65%
																2012: \$500	2012: 0.76%
World Total	54	50	40	39	41	40	41	39	55	51	46	49	51	51	2016: \$57,211.65		
															2015: \$62,711.51		
															2014: \$64,019.47		
															2013: \$61,497.46		
															2012: \$65,780		

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The Far East is down and Germany is continuing its decline. Greek banks with a smaller portfolios are having a slightly bigger share.

The evolution of the number of banks financing Greek shipping in the last 25 years is as follows:

Graph 5



Overall, numbers are unchanged but it is important to observe that Commerzbank has left shipping and the banks with a Greek presence are affected for the first time in seven years. Next year we expect to take away the Royal Bank of Scotland.

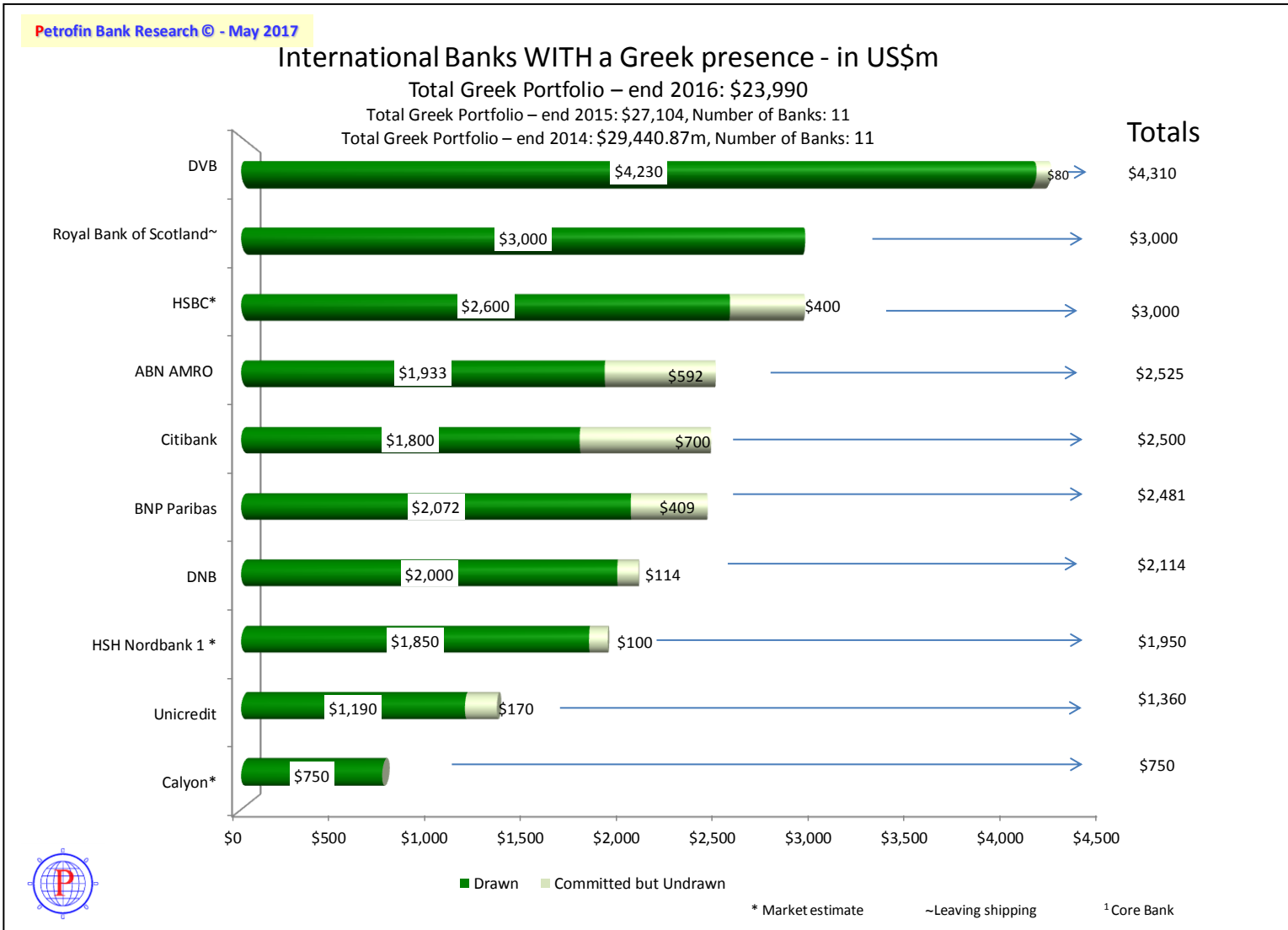


## B. Analysis of the 3 bank groups

### International Banks WITH a Greek Presence

In this bank group we observe growth in BnP Baribas, HSBC\*, ABN Amro and Citibank. The rest are showing varying degrees of decline with Unicredit at -24.44%, second only to exiting RBS .

Graph 6



In Tables 7, 8 and 9 below we note the differences between Total portfolios, Drawn loans and Committed but Undrawn loans over a period of 8 years for the Banks WITH a Greek presence:



Table 7: International Banks with a Greek presence – Total Greek portfolios

International Banks WITH a Greek presence - Total Greek portfolios (in US\$m)										
	end 2016	end 2015	end 2014	end 2013	end 2012	end 2011	end 2010	end 2009	end 2008	Change between 2015 and 2016
<b>Royal Bank of Scotland~*</b>	\$3000.00	\$5,200.00	\$7,600.00	\$8,813	\$10,555	\$11,455	\$12,439	\$13,302	\$13,980	-42.31%
<b>HSB Nordbank<sup>1*</sup></b>	\$1,950.00	\$2,340.71	\$2,567.58	\$2,355	\$2,297	\$2,220	\$3,122	\$5,202	\$5,670	-16.69%
<b>Calyon*</b>	\$750.00	\$800.00	\$800.00	\$1,100	\$1,400	\$1,550	\$2,000	\$2,000	\$2,750	-6.25%
<b>Unicredit</b>	\$1,360.00	\$1,800.00	\$1,573.00	\$1,755	\$1,860	\$2,040	\$1,885	\$1,951	\$2,176	-24.44%
<b>DVB</b>	\$4,310.00	\$4,542.00	\$4,547.00	\$3,700	\$2,949	\$2,831	\$2,174	\$1,470	\$1,850	-5.11%
<b>ABN AMRO</b>	\$2,525.00	\$2,160.30	\$1,988.00	\$1,693	\$1,450	\$1,132	\$346	\$251	\$236	16.87%
<b>HSBC*</b>	\$3,000.00	\$2,000.00	\$2,000.00	\$1,750	\$2,000	\$2,400	\$2,300	\$1,650	\$1,343	50%
<b>BNP Paribas</b>	\$2,481.00	\$2,220.00	\$1,955.00	\$1,600	\$1,948	\$2,101	\$2,244	\$1,249	\$1,239	11.76%
<b>Citibank</b>	\$2,500.00	\$2,200.00	\$1,600.00	\$1,400	\$1,500	\$1,108	\$940	\$940	\$1,145	13.64%
<b>DNB</b>	\$2,114.00	\$2,341.00	\$2,310.00	\$2,576	\$2,754	\$2,850	\$2,877	\$2,544	\$3,042	-9.7%
<b>Total</b>	\$23,990	\$27,104	\$29,441	\$30,742.5	\$33,914.38	\$35,293.00	\$35,882.09	\$36,777.31	\$38,984.40	-11.49%
*Market Estimate ~ Exiting ship finance <sup>1</sup> Core Bank										
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Table 8: International banks WITH a Greek presence – Drawn loans

International Banks WITH a Greek presence - Drawn Loans (in US\$m)										
Bank	end 2016	end 2015	end 2014	end 2013	end 2012	end 2011	end 2010	end 2009	end 2008	Change between 2015 and 2016
Royal Bank of Scotland~*	\$3,000	\$5,200	\$7,600	\$8,600	\$10,170	\$10,620	\$11,288	\$11,279	\$10,730	-42.31%
HSB Nordbank <sup>1*</sup>	\$1,850	\$2,156	\$2,171	\$1,993	\$2,087	\$2,180.00	\$2,881.00	\$4,583.00	\$4,402.00	-14.18%
Calyon*	\$750	\$800	\$800	\$1,000	\$1,200	\$1,250.00	\$1,500.00	\$1,500.00	\$1,750.00	-6.25%
Unicredit	\$1,190	\$1,500	\$1,480	\$1,680	\$1,836	\$1,820.00	\$1,701.40	\$1,562.00	\$1,640.00	-20.67
DVB	\$4,230	\$4,400	\$4,200	\$3,200	\$2,700	\$2,500.00	\$2,080.00	\$1,309.00	\$1,250.00	-3.86
ABN AMRO	\$1,933	\$2,047	\$1,725	\$1,462	\$1,100	\$815.00	\$304.07	\$135.00	\$204.00	-5.56%
HSBC*	\$2,600	\$2,000	\$2,000	\$1,750	\$2,000	\$2,200.00	\$1,900.00	\$1,450.00	\$1,233.00	30%
BNP Paribas	\$2,072	\$1,927	\$1,644	\$1,600	\$1,920	\$2,015.00	\$1,980.00	\$750.00	\$523.00	7.52%
Citibank	\$1,800	\$1,600	\$1,100	\$1,100	\$1,000	\$911.00	\$780.00	\$875.00	\$1,100.00	12.5%
DNB	\$2,000	\$2,200	\$1,850	\$2,082	\$1,947	\$2,136.00	\$2,297.00	\$2,257.00	\$2,530.00	-9.09%
<b>Total</b>	\$21,425	\$25,329	\$27,070	\$28,467	\$31,160	\$31,620	\$31,718	\$30,861	\$29,020	-15.41%
*Market Estimate      ~ Exiting ship finance <sup>1</sup> Core Bank										
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ABN may be showing a decline in Drawn loans, but, as can be seen later, it has the biggest increase in their Commitments compared to all other banks.





Table 9: International Banks WITH a Greek presence – Committed but Undrawn loans

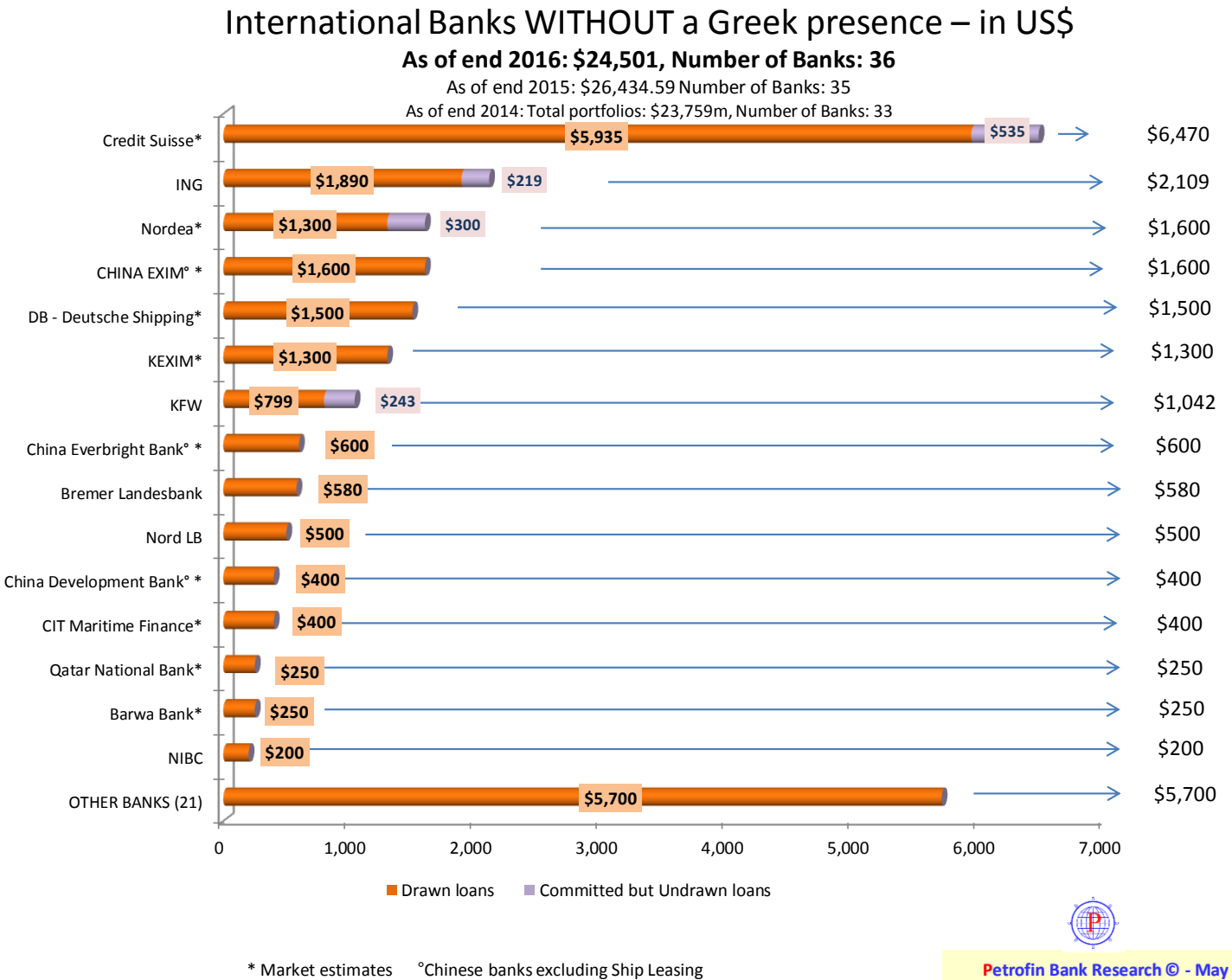
International bank WITH a Greek presence - Committed but Undrawn loans (in US\$m)										
	end 2016	end 2015	end 2014	end 2013	end 2012	end 2011	end 2010	end 2009	end 2008	Change between 2015 and 2016
<b>Royal Bank of Scotland~*</b>	0	0	0	\$213	\$385	\$835.00	\$1,150.7	\$2,023.0	\$3,250.0	
<b>HSH Nordbank<sup>1*</sup></b>	\$100	185.079	396.83	\$362	\$210	\$40.00	\$241.00	\$619.00	\$1,268.0 0	-45.97%
<b>Calyon*</b>	0	0	0	\$100	\$200	\$300.00	\$500.00	\$500.00	\$1,000.0	
<b>Unicredit</b>	\$170	300	93.3	\$75	\$24	\$220.00	\$183.40	\$389.00	\$536.00	-43.33%
<b>DVB</b>	\$80	142	347	\$500	\$249	\$331.00	\$94.00	\$161.00	\$600.00	-43.66%
<b>ABN AMRO</b>	\$592	113.5	263	\$231	\$350	\$317.00	\$41.54	\$116.00	\$32.00	421.3%
<b>HSBC*</b>	\$400	0	0	\$0	\$0	\$200.00	\$400.00	\$200.00	\$110.00	
<b>BNP Paribas</b>	\$409	293	311	\$0	\$28	\$86.00	\$264.00	\$499.00	\$716.00	39.59%
<b>Citibank</b>	\$700	600	500	\$300	\$500	\$197.00	\$160.00	\$65.00	\$45.00	16.67%
<b>DNB</b>	\$114	141	460	\$494	\$807	\$714.00	\$580.00	\$287.00	\$512.00	-19.15%
<b>Total</b>	\$2,565	1774.6	2371.1	\$2,276	\$2,754	\$3,670	\$4,164	\$5,916	\$9,964	44.52%
*Market Estimate ~ Exiting ship finance <sup>1</sup> Core Bank										
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ABN, BNP, HSBC\* and Citibank are displaying a higher level of commitments.



## International Banks WITHOUT a Greek Presence

Graph 7



This Group with the yoy steadiest growth is showing reduced exposure in 2016. Chinese banks, as well as European are restricting their funding.



The banks that have been included in this year's research, as a collective entry, are the following:

Japan Bank for International Co-operation*
Nippon Export and Investment Insurance*
Danish Ship Finance*
Danske*
Fokus*
KBC Bank*
SEB*
ITF*
Scotia Bank*
Banque Lblux*
Bank of America*
Commonwealth Bank of Australia*
Berenberg*
Deka*
IIG Bank Malta*
FIMbank Malta*
Sumitomo Mitsui Trust Banking*
Mitsubish UFG*
ICBC ° *
Bank of China ° *
Bank of Communications ° *
Total portfolio: \$5,700
*Market estimates   ° * Chinese banks excluding Ship Leasing

These other banks have gone up with the additions of modest funding of ICBC<sup>°\*</sup>, Bank of China<sup>°\*</sup> and Bank of Communications<sup>°\*</sup>. The involvement of Chinese banks in Greek shipping has not held up to its promise of a few years ago. However, Chinese Leasing is still extremely interested in funding Greek shipping, and recently not necessarily combined with Chinese orders. Although cautious, Chinese leasing is exhibiting great expertise in formulating transactions and has broken away from parent banks in search of better terms.

We wish to acknowledge the contribution of XRTC and Mr. Xiradakis in corroborating our market estimates for Chinese banks.



Table 10: International Banks WITHOUT a Greek presence – Total Greek portfolios

International banks WITHOUT a Greek presence – Total Greek portfolios (in US\$m)										
Bank	end 2016	end 2015	end 2014	end 2013	end 2012	end 2011	end 2010	end 2009	end 2008	Change between 2015 and 2016
Credit Suisse*	\$6,470	\$6,720	\$5,919	\$5,700	\$5,211	\$5,000	\$4,500	\$4,000	\$4,900	-3.72%
DB - Deutsche Shipping*	\$1,500	\$1,800	\$2,000	\$2,000	\$2,000	\$2,323	\$2,613	\$1,449	\$1,594	-16.67%
Nordea*	\$1,600	\$1,702	\$1,620	\$1,060	\$1,160	\$1,050	\$1,350	\$900	\$1,040	-5.99%
Bremer Landesbank	\$580	\$600	\$730.34	\$827.82	\$814.37	\$680	\$903	\$959	\$845	-3.33%
Nord LB	\$500	\$605	\$655	\$855.04	\$804.85	\$593	\$687	\$674	\$674	-17.36%
CHINA EXIM ° *	\$1,600	\$2300	\$2000	\$1,450	\$1,200	\$850	\$650	\$244	\$94	-30.43%
KFW	\$1,042	\$1,007.59	\$932.09	\$899.17	\$904.83	\$400	\$557	\$600	\$594	3.42%
ING	\$2,109	\$2,120	\$1,350	\$1,500	\$1,200	\$1,200	\$402	\$197	\$261	-0.52%
KEXIM*	\$1,300	\$1,150	\$1,000	\$700	\$600	\$500	\$400	\$400	\$0.00	13.04%
China Everbright Bank ° *	\$600	\$650	\$500	\$350	\$300	\$150	\$0.00	\$0.00	\$0.00	-7.69%
NIBC	\$200	\$200	\$250	\$300	\$150					0%
China Development Bank ° *	\$400	\$1,850	\$1,600	\$1,000	\$800	\$500				-78.38%
CIT Maritime Finance*	\$400	\$500	\$400							-20%
Qatar National Bank*	\$250	\$335	\$335							-25.37%
Barwa Bank*	\$250	\$335	\$335							-25.37%
OTHER BANKS (21)	\$5,700	\$4,475	\$3600	\$2,885	\$2,655	\$2,710				27.37%
<b>Total</b>	<b>\$24,501</b>	<b>\$26,434.6</b>	<b>\$23,359.43<sup>∇</sup></b>	<b>\$19,718.03<sup>∇</sup></b>	<b>\$18,011<sup>∇</sup></b>	<b>\$16,237<sup>∇</sup></b>	<b>\$14,469<sup>∇</sup></b>	<b>\$14,102<sup>∇</sup></b>	<b>\$17,300<sup>∇</sup></b>	<b>-7.31%</b>
* Market estimates    ∇ Includes banks not active anymore    ° Chinese Bank Finance excluding Ship Leasing										
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Table 11: International banks WITHOUT a Greek presence – Drawn loans

International banks WITHOUT a Greek presence – DRAWN LOANS (in US\$m)										
	end 2016	end 2015	end 2014	end 2013	end 2012	end 2011	end 2010	end 2009	end 2008	Change between 2015 and 2016
Credit Suisse*	\$5,935	\$5,580	\$5300	\$4,800.00	\$4,308.00	\$4,000	\$3,500	\$3,000	\$3,000	6.36%
DB - Deutsche Shipping*	\$1,500	\$1,800	\$2000	\$2,000.00	\$2,000.00	\$2,100	\$2,439	\$1,122	\$902	-16.67%
Nordea	\$1,300	\$1,335	\$1160	\$800.00	\$750.00	\$800	\$1,050	\$800	\$840	-2.62%
Bremer Landesbank	\$580	\$600.00	\$693.99	\$786.62	\$785.97	\$611	\$449	\$468	\$325	-3.33%
Nord LB	\$500	\$552.20	\$615	\$758.50	\$715.16	\$573	\$525	\$580	\$580	-9.45%
CHINA EXIM ° *	\$1,600	\$1,600	\$1400	\$1,000.00	\$850.00	\$600	\$500	\$150		0%
KfW	\$799	\$643.66	\$616.5	\$751.61	\$660.82	\$350	\$332.50	\$350	\$370	24.13%
ING	\$1,890	\$1,400	\$1350	\$1,500.00	\$1,200.00	\$1,000	\$402	\$180	\$127	35%
KEXIM*	\$1,300	\$700	\$600	\$400.00	\$350.00	\$300	\$200	\$150		85.71%
China Everbright Bank ° *	\$600	\$450	\$350	\$250.00	\$200.00	\$100				33%
NIBC	\$200	\$200	\$162.5	\$250.00	\$150.00					0%
China Development Bank ° *	\$400	\$1250	\$1100	\$700.00	\$550.00	\$350				-68%
CIT Maritime Bank*	\$400	\$500	\$400							-20%
Qatar National Bank*	\$250	\$335	\$335							-25.37%
Barwa*	\$250	\$335	\$335							-25.37%
Other banks	\$5,700	\$4475	\$3600	\$2,885.00	\$2,655.00	\$2,710.00				27.37%
<b>Total</b>	<b>\$23,204</b>	<b>\$21,840.86</b>	<b>\$20,151<sup>∇</sup></b>	<b>\$17,073<sup>∇</sup></b>	<b>\$15,386<sup>∇</sup></b>	<b>\$15,334<sup>∇</sup></b>	<b>\$11,650<sup>∇</sup></b>	<b>\$10,516<sup>∇</sup></b>	<b>\$11,778<sup>∇</sup></b>	<b>6.24%</b>
* Market estimates    ∇ Includes banks not active anymore    ° Chinese Bank Finance excluding Ship Leasing										
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Credit Suisse\*, KfW, ING, KEXIM\* and CEB°\* are showing useful increases, whereas all the rest are showing varying levels of decline.



Table 12: International Banks WITHOUT a Greek presence – Committed but Undrawn loans

International banks WITHOUT a Greek presence - Committed but Undrawn Loans (in USm)										
Bank	end 2016	end 2015	end 2014	end 2013	end 2012	end 2011	end 2010	end 2009	end 2008	Change between 2015 and 2016
Credit Suisse*	\$535	\$1,140	\$619	\$900	\$903	\$1,000	\$1,000	\$1,000	\$1,900	-53.07%
DB - Deutsche Shipping*	0	0	0	0	0	\$223.00	\$174.00	\$327.00	\$692.00	
Nordea*	\$300	\$367	\$460	\$260	\$410	\$250.00	\$300.00	\$100.00	\$200.00	-18%
Bremer Landesbank	0	\$0	\$36	\$41	\$28	\$69.00	\$454.00	\$491.00	\$520.00	
Nord LB	0	\$53	\$40	\$97	0	\$20.00	\$162.00	\$94.00	\$94.00	
CHINA EXIM ° *	0	\$700	\$600	\$450	\$350	\$250.00	\$150.00	\$94.00	\$94.00	
KFW	\$243	\$364	\$316	\$148	\$244	\$50.00	\$225.00	\$250.00	\$224.00	-33.23%
ING	\$219	\$720	0	0	0	\$200.00	0	\$17.00	\$134.00	-69.58%
KEXIM*	0	\$450	\$400	\$300	\$250	\$200.00	\$200.00	\$250.00		
China Everbright Bank ° *	0	\$200	\$150	\$100	\$100	\$50.00				
China Development Bank ° *	0	\$600	\$500	\$300	\$250	\$150.00				
NIBC	0	0	\$88	\$50	0					
CIT Maritime Finance*	0	0	0							
Qatar National Bank*	0	0	0							
Barwa Bank*	0	0	0							
<b>Total</b>	<b>\$1,297</b>	<b>\$4,594</b>	<b>\$3,208 ▽</b>	<b>\$2,645 ▽</b>	<b>\$2,625 ▽</b>	<b>\$2,552 ▽</b>	<b>\$2,820 ▽</b>	<b>\$3,585 ▽</b>	<b>\$5,521 ▽</b>	<b>-71.77</b>
* Market estimates ▽ Includes banks not active anymore ° Chinese Bank Finance excluding Ship Leasing										
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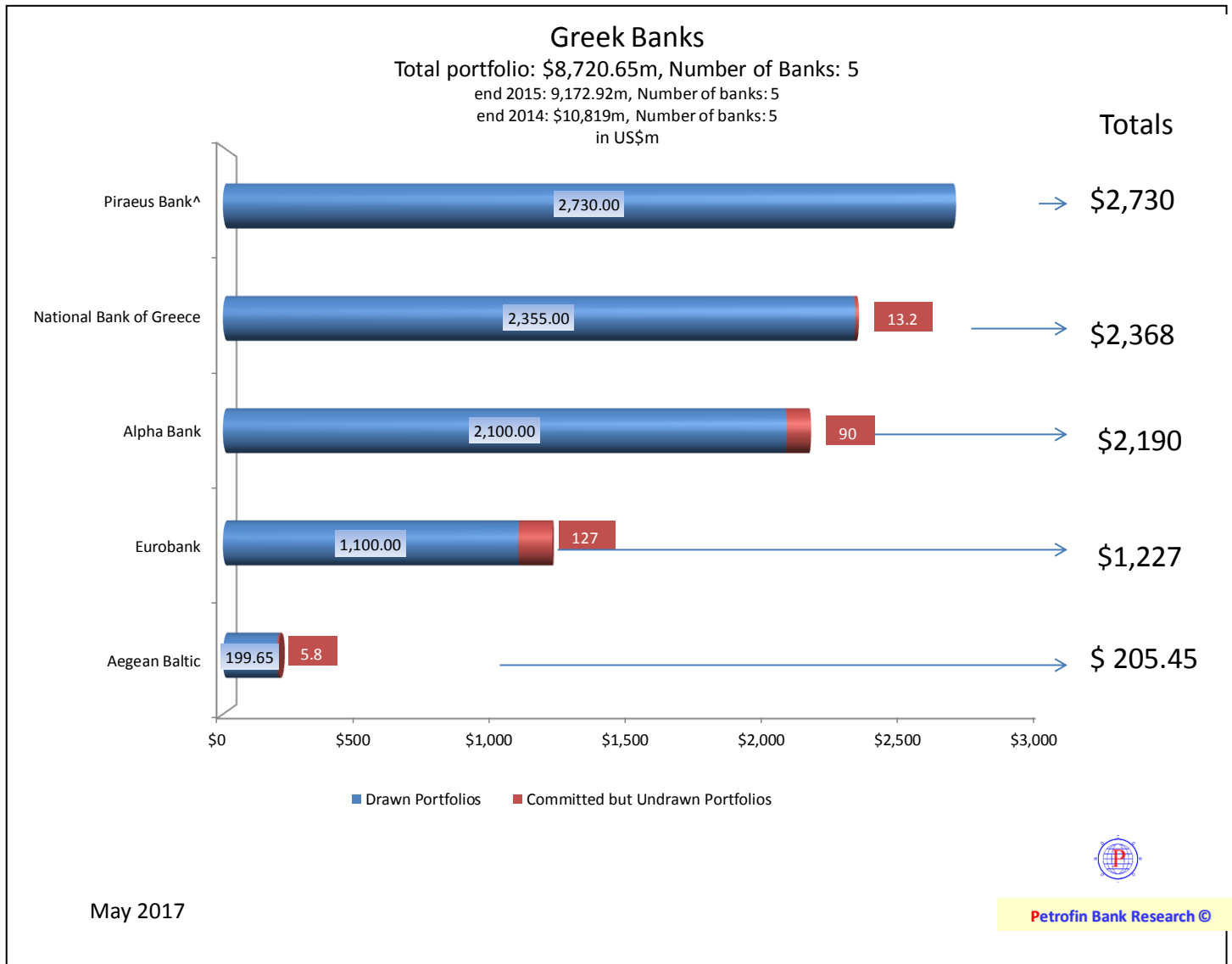
Interestingly, no bank is showing higher commitments which is indicative of the depressed state of ship lending at the end of 2016.



## Greek Banks

The Greek situation in terms of the national Greek economy is still in very difficult. Its banks are trying to clear their slates of bad loans and are preparing to re-enter the market, whenever, politically, this will be possible. As shipping always held a special place, we note an overall drop in their portfolios, but there is a slight increase in commitments.

Graph 8



<sup>^</sup> Excluding ferries



Table 13: Total Greek bank portfolios

Greek Banks - Total portfolios (in US\$m)										
	end 2016	end 2015	end 2014	end 2013	end 2012	end 2011	end 2010	end 2009	end 2008	Change between 2015 and 2016
Piraeus Bank <sup>^</sup>	\$2,730	\$3,000	\$3,850	\$3,900	\$1,860	\$1,950	\$2,000	\$1,810	\$2,078	-9%
National Bank of Greece	\$2,368	\$2,640	\$2,933	\$2,733	\$2,389	\$2,566	\$3,004	\$3,217	\$3,546	-10.3%
Alpha Bank	\$2,190	\$2,100	\$2,420	\$2,435	\$1,715	\$2,050	\$2,470	\$2,675	\$2,650	4.29%
Eurobank	\$1,227	\$1,196	\$1,315	\$1,150	\$1,054	\$1,266	\$1,410	\$1,373	\$1,299	2.59%
Aegean Baltic	\$205	\$237	\$301	\$269	\$308	\$362	\$327	\$339	\$324	-13.28%
Total	\$8,720.65	\$9,172.91	\$10,819.16	\$10,486.91	12704.54 <sup>∇</sup>	\$14,517 <sup>∇</sup>	\$15,833 <sup>∇</sup>	\$16,140 <sup>∇</sup>	\$16,945 <sup>∇</sup>	-4.93
<sup>^</sup> Excluding ferries <sup>∇</sup> Includes portfolios of banks not active anymore Petrofin Bank Research © - May 2017										

Table 14: Greek banks – Drawn loans

Greek Banks - Drawn Loans (in US\$m)										
	end 2016	end 2015	end 2014	end 2013	end 2012	end 2011	end 2010	end 2009	end 2008	Change between 2015 and 2016
Piraeus Bank <sup>^</sup>	\$2,730	\$3,000	\$3,850	\$3,900	\$1,850	\$1,900	\$1,870	\$1,700	\$1,960	-9%
National Bank of Greece	\$2,355	\$2,515	\$2,652	\$2,592	\$2,232	\$2,432	\$2,545	\$2,374	\$2,382	-6.36%
Alpha Bank	\$2,100	\$2,100	\$2,420	\$2,400	\$1,700	\$1,950	\$2,120	\$2,275	\$2,100	0%
Eurobank	\$1,100	\$1,089	\$1,160	\$1,150	\$1,054	\$1,188	\$1,211	\$1,181	\$1,001	1.01%
Aegean Baltic	\$200	\$237	\$296	\$268	\$304	\$326	\$291	\$308	\$273	-15.73%
Total	\$8,485	\$8,941	\$10,378	\$10,309.8	\$12,318 <sup>∇</sup>	\$13,624 <sup>∇</sup>	\$13,715 <sup>∇</sup>	\$13,229 <sup>∇</sup>	\$12,777 <sup>∇</sup>	-5.1%
<sup>^</sup> Excluding ferries <sup>∇</sup> Includes portfolios of banks not active anymore Petrofin Bank Research © - May 2017										





Table 15: Greek Banks – Committed but Undrawn loans

Greek Banks - Committed but Undrawn loans (in US\$m)										
	end 2016	end 2015	end 2014	end 2013	end 2012	end 2011	end 2010	end 2009	end 2008	Change between 2015 and 2016
Piraeus Bank <sup>^</sup>	\$0	\$0.0	\$0.0	\$0.0	\$10	\$50	\$130	\$110	\$118	0%
National Bank of Greece	\$13.2	\$125.0	\$281.0	\$141.0	\$157	\$134	\$459	\$843	\$1,164	-89.44%
Alpha Bank	\$90	\$0.0	\$0.0	\$35.0	\$15	\$100	\$350	\$400	\$550	
Eurobank	\$127	\$107.0	\$155.0	\$0.0	\$0	\$78	\$199	\$192	\$298	18.69%
Aegean Baltic	\$5.8	\$0.0	\$5.5	\$1.2	\$4	\$36	\$36	\$31	\$51	
Total	\$236	\$232.00	\$441.50	\$177.15	\$386.30 <sup>∇</sup>	\$892.46 <sup>∇</sup>	\$2,168.04 <sup>∇</sup>	\$2,911.00 <sup>∇</sup>	\$4,168.00 <sup>∇</sup>	1.72%
<sup>^</sup> Excluding ferries <sup>∇</sup> Includes portfolios of banks not active anymore Petrofin Bank Research © - May 2017										

Arranged by level of commitments, Eurobank is at the top, with NBG reducing its forward portfolio, showing the influence of the Greek crisis.



**Table 16** summarises in one table the comparative statistics for the Greek ship-finance market over the last 16 years.

	Dec-01	Dec-02	Dec-03	Dec-04	Dec-05	Dec-06	Dec-07	Dec-08	Dec-09	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14	Dec-15	Dec-16	Greek Shipping loan volumes in \$bn															
	Number of banks																Dec-01	Dec-02	Dec-03	Dec-04	Dec-05	Dec-06	Dec-07	Dec-08	Dec-09	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14	Dec-15	Dec-16
International banks WITH a Greek presence	11	10	10	9	11	11	13	12	11	11	11	11	11	11	11	10	\$7.05	\$8.19	\$10.12	\$13.94	\$19.45	\$24.25	\$37.04	\$38.98	\$36.78	\$35.88	\$35.29	\$33.90	\$30.74	\$29.44	\$27.10	\$23.99
International banks WITHOUT a Greek presence	20	30	29	27	15	16	16	16	18	16	32	31	30	33	35	36	\$6.17	\$8.60	\$9.79	\$12.07	\$10.05	\$14.79	\$14.06	\$17.30	\$14.10	\$14.47	\$17.89	\$19.16	\$20.27	\$23.76	\$26.44	\$24.50
Greek banks	9	11	15	14	14	12	12	12	12	12	12	9	5	5	5	5	\$3.31	\$4.47	\$5.64	\$6.34	\$6.52	\$7.35	\$15.84	\$16.94	\$16.14	\$15.88	\$14.52	\$12.70	\$10.49	\$10.82	\$9.17	\$8.72
Totals	40	51	54	50	40	39	41	40	41	39	55	51	46	49	51	51	\$16.53	\$21.26	\$25.55	\$32.35	\$36.11	\$46.39	\$66.94	\$73.23	\$67.02	\$66.24	\$67.69	\$65.76	\$61.50	\$64.02	\$62.71	\$57.21

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### C. Newbuilding finance research

Forward commitments to newbuildings are down for the first time, albeit by only 1% (16.44% reduction in actual portfolio). The instability of the climate surrounding shipping as well as loan losses and provisions and strict regulations are shrinking interest in shipping and this is best demonstrated by static newbuilding finance in the light of still considerable but declining newbuilding deliveries.

**Table 17**

Bank	end 2012			end 2013			end 2014			end 2015			end 2016			Change in % allocation to N/Bs
	Committed but Undrawn portfolio (in \$m)	% for N/Bs	Amount for N/Bs	Committed but Undrawn portfolio (in \$m)	% for N/Bs	Amount for N/Bs	Committed but Undrawn portfolio (in \$m)	% for N/Bs	Amount for N/Bs	Committed but Undrawn portfolio (in \$m)	% of N/Bs	Amount for N/Bs	Committed but Undrawn portfolio (in \$m)	% of N/Bs	Amount for N/Bs	
<b>Credit Suisse*</b>	903	94%	848	—	—	—	619	56%	347	1140	55%	630	535.00	44%	236	-11%
<b>National Bank of Greece</b>	157	59%	92	141	38%	53	281	46%	128	125	75%	93	13.20	100%	13	25%
<b>HSH Nordbank<sup>1*</sup></b>	210	1%	2	397	11%	44	397	0%	0	185	0%	0	100.00	80%	80	—
<b>BNP Paribas</b>	28	100%	28	*	*	*	311	100%	311	293	100%	293	409.00	100%	409	0%
<b>Unicredit</b>	24	100%	24	75	58%	43	93	100%	93	300	100%	300	170.00	100%	170	0%
<b>DNB</b>	807	79%	639	494	86%	423	460	80%	368	141	33%	47	114.00	93%	106	60%
<b>Eurobank</b>						0	155	0%	0	0	0%	0	127.00	30%	38	30%
<b>DVB</b>	249	96%	239	500	99%	494	347	100%	347	142	100%	142	80.00	81%	65	-19%
<b>ABN AMRO</b>				231	100%	231	263	84%	221	114	76%	86	591.68	89%	524	12%
<b>Citibank</b>	500	100%	500	300	100%	300	500	100%	500	600	90%	540	700.00	90%	630	0%
<b>ING</b>										720	90%	648	219.00	89%	196	-1%
<b>Alpha</b>													90.00	100%	90	—
<b>HSBC*</b>													400.00	25%	100	—
<b>Totals</b>	<b>3411<sup>∇</sup></b>	<b>81%</b>	<b>2774<sup>∇</sup></b>	<b>2535<sup>∇</sup></b>	<b>72%</b>	<b>1830<sup>∇</sup></b>	<b>4055<sup>∇</sup></b>	<b>68%</b>	<b>2758<sup>∇</sup></b>	<b>4179<sup>∇</sup></b>	<b>76%</b>	<b>3180<sup>∇</sup></b>	<b>3549</b>	<b>75%</b>	<b>2657</b>	<b>-1%</b>

\* Market estimates <sup>∇</sup> Figure includes banks not featured this year <sup>1</sup>Core Bank



## D. The Greek shipping Syndications Market

Syndications are up, but this is mainly due to Citibank's leap of 57.14%.

**Table 18**

No of banks	Bank	2010	2011	2012	2013	2014	2015	2016	Change in the last year
1	Citibank	\$2,390	\$300	\$2,000	\$2,000	\$2,500	\$3,500	\$5,500	57.14%
2	Nordea*	\$2,100	\$1,100	\$2,500	\$1,510	\$510	\$1,491	\$1,500	0.6%
3	Aegean Baltic	\$1,497	\$1,399	\$1,346	\$1,291	\$1,270	\$1,066	\$890	-16.56%
4	HSH Nordbank*	\$469	\$822	\$623	\$673	\$504	\$414	\$500	20.86%
5	DNB	\$1,352	\$2,085	\$2,487	\$2,479	\$2,000	\$2,700	\$3,000	11.11%
6	Unicredit	\$281	\$246	\$227	\$210	\$341	\$150	\$100	-33.33%
7	National Bank of Greece	\$490	\$447	\$427	\$451	\$360	\$336	\$317	-5.65%
8	ABN AMRO	\$123	\$278	n/a	\$121	\$1,299	\$1,463	\$1,390	-4.99%
9	Alpha Bank	\$39	\$35	\$30	\$25	\$64	\$35	\$0	-
10	BNP Paribas	\$255	\$473	\$665	\$580	\$545	\$442	\$321	-27.38%
11	KFW	\$45	n/a	\$402	\$312	\$311	\$338	\$273	-19.26%
12	ING							\$118	-
<b>* Market estimate</b>	<b>Totals</b>	<b>\$12,856.33<sup>▽</sup></b>	<b>\$10,275.83<sup>▽</sup></b>	<b>\$11,512.48<sup>▽</sup></b>	<b>\$9,897.21</b>	<b>\$9,713.29</b>	<b>\$11,935.06</b>	<b>\$13,790.65</b>	<b>13.87%</b>

<sup>▽</sup>These portfolios include more banks not featured anymore



## 5. An overview of 2016, the outlook for 2017 and beyond

2016 was a particularly difficult year for Western banks and began to also affect Far Eastern banks. The record falls in the dry bulk, offshore and container segments, coupled by a poor performance in the wet sector, drastically affected both vessel values, which represent banks' collateral and cash flows, which represent clients' ability to service shipping loans.

The number of non-performing shipping loans rose, as owners were forced to consider scrapping or layup or trading at below breakeven rates. Record bank losses, as a result of bad loan losses and provisions, were recorded by all the shipping banks, many of which needed to step up the pressure on non-performing clients.

In this very negative shipping environment and with the prospects of a meaningful shipping recovery being both uncertain and distant, it is no wonder that bank appetite for new loans waned. It is, therefore, a major achievement that some banks managed to effect a countercyclical lending policy, details of which appear in this year's research of their loan portfolios. Examples of growth, in the case of RBS, which is fast departing ship finance, were either other banks e.g. Berenberg Bank, or leasing companies e.g. Orix, or individual clients buying back at a discount their loans, with the support of fresh banks.

Most bank loan sale activity centered on sales to equity, vulture or special situations funds with intense negotiations and numerous transfers taking place during the year. Despite the dire shipping conditions, loan discounts were not massive and were on average 10% - 20% of the value of the underlying loans, depending on their credit and performance status.

Clearing the slate is an important factor and a key and necessary prerequisite for some banks to refocus their shiplending strategies.

In cases where banks continued to work with clients seeking recoveries, 2016 was the year when bank patience largely run out. The unheard of arrests by a prominent "iconic" bank, such as RBS foreclosing on major names that faced an asset to loan breach but were reportedly servicing their debt, caught the market by surprise. In most other cases, fresh money was needed in some form as a precondition to restructures being provided.

To the above sector related problems must be added the increasingly stringent bank regulations, capital constraints, difficult public markets for bank stocks rendering fresh capital creation very dilutive and revised stricter risk management models.

For new credits, the terms and conditions were set very tightly, resulting in few transactions satisfying these exalted conditions. The problem was especially felt by the small to medium owners with traditional owning structures, which failed to identify additional sources of liquidity and collateral, in case of a future need.

Under the above very trying conditions, it is not surprising that loan volumes dropped by 8.77% over the year. As we had forecasted, the decline did accelerate in 2016 and the momentum was still in place in early 2017.

Despite the above, as indicated, some banks found a way to grow with notable banks being ABN Amro, HSBC and Citibank.



An interesting feature this year has been the reaction of Chinese lenders, who appear to have taken a breather from their, until recently, robust growth. A factor that has also affected Chinese bank lending has been the rapid development of Chinese leasing. Please see below a list of the main leasing companies:

<i>Chinese Leasing companies</i>
CHINESE LEASING COMPANIES / BANK AFFILIATES
ICBC Leasing / (ICBC Bank)
CMB Leasing (CMB)
CDB Leasing (CDB)
Minsheng Leasing (Minsheng Bank)
Bocomm Leasing (Bank of Communications)
China Construction Bank Leasing
CSSC (Hong Kong) Shipping Company Limited
CSIC Leasing
CS Nautigreen Leasing (COSCO - China Shipping)
Source: Watson Farley & Williams

The leasing model with the title remaining with the Lessor is an attractive and secure concept for leasing companies, who are able to consider higher underlined “loan to asset” value amounts and more flexible leasing repayments.

Additionally, leasing companies are willing to consider lesser client names and non-Chinese built vessels and are more commercial in their approach. The implied cost of such bareboat hire purchase leasing is higher than bank loans but Chinese leasing companies are able to offer an overall competitive product. It should be noted that Japanese and Korean leasing companies have also continued to grow. Leasing exposures not covered by our research, as it is not bank finance and as leasing companies do not provide underlying debt exposures to their owned fleets.

Other forms of direct or indirect lending, which, however, do not fall within bank finance are equity funds, whose interest has remained with shipping, despite the turmoil. Many funds, especially in the dry bulk, container and offshore sectors were badly burned by the adverse market developments but, on the whole, have not abandoned shipping.

To the contrary, the levels of knowledge and sophistication of funds in shipping has increased as increasingly shipping professionals are hired by funds. Moreover, as any Capital link conference can testify, the number of equity funds has multiplied. Export finance has continued to attract interest, primarily in China and Korea, where it greatly assist newbuilding decisions.

The Norwegian KS market and the Norwegian market as a whole, has been at the forefront of developments in the investment and finance sectors, with increasing interest shown by Greek names.

Greek banks have withstood the shipping and Greek crisis remarkably well and in a contracting Greek ship finance market actually managed to increase their market share.



Greek banks have realised that shipping represents potentially the best outward looking and potentially profitable Greek sector for them, unlike most other Greek sectors, with the exception of tourism. The continued delay in the closing of the second austerity program has exacerbated Greek bank problems, as liquidity is tight, red loans are rising and capital adequacy remains always a challenge. In the circumstances, Greek banks have performed very well from 2016 to date.

#### The outlook for 2017 and beyond

There are some encouraging signs already in place in 2017. The dry bulk market staged a meaningful recovery from 685 on 14<sup>th</sup> February to 1324 on March 30<sup>th</sup> 2017 (BDI). Although there has been a recent correction, there is the widespread feeling that coupled with a more robust growth of dry bulk commodities expected over the next couple of years to the order of 3.5% per annum (IMF) and a relatively low remaining order book and low newbuilding orders, a dry bulk recovery has commenced. A similar story appears to be shaping up in the container sector and most analysts anticipate a modest recovery in the wet sector, by next year as well.

Without going into a deeper analysis, which is not the purpose of this commentary, the main point is that owners and banks alike are more confident of future market conditions than before. This view has been supported by a sharp rise in dry bulk vessel values and cash flows, which have provided a more tangible proof of an improvement. Tanker and container vessel values have also risen during the last months with the Clarkson all vessels index rising from 75 average in 2016 to 88 in May 2017 i.e. a 17.3% improvement across the board.

Latest reports by banks over their shipping related losses and provisions are showing that the worst may be over. Moreover, the number of bank loan portfolios left for sale is reducing and the majority is expected to be sold by 2017 year-end. This development shall take out a lot of negative momentum that has adversely affected Greek bank finance over the last years.

Among the existing and committed bank lenders, most are reluctant to lend for speculative newbuildings and this is borne out by the decline of the committed but undrawn figures in this year's research by 38%.

There are some new names joining shiplending, namely Warburg, Amsterdam Trade Bank, M&M Bank, Carnegie Bank, as well as numerous local banks in the Middle and Far East. It is expected that their presence shall become increasingly felt over the years, as they cater for the small to medium client. Previous relatively small lenders, such as Berenberg, have magnified their commitment by acquiring approximately \$300m of largely Greek related RBS loans and seeking to develop closer ties with all these new clients.

The International banking climate remains unsupportive for banks. Conditions are not ripe for capital expansion to bolster capital ratios, which have been hit by losses and provisions.

With the capital adequacy rules biting harder and lending opportunities remaining restricted, the era of aggressive shiplending is in the very distant horizon. Nevertheless, should the quality of banks' lending portfolios further recover and taking into account the higher margins and fees enjoyed today, the attractiveness of bank finance shall increase.



It is our opinion that the risk / reward of shipfinance is improving and this will assist Greek bank lending in the future. More banks are expected to enter the market, aiming at the small to medium owner.

As newbuilding orders shall increase on the back of recovering shipping markets, it is expected that Far East lending will resume its growth.

Greek banks are also expected to be in a better position to compete for Greek business, both in terms of loans, as well as deposits, once the Greek economic situation shall stabilise and this would be welcomed by Greek owners.

Greek shipping, which was under high threat in 2016, seems to have recovered and confidence is rising. Greek owners have invested huge amounts of capital in shipping and in upgrading their fleets. It is important that this investment be vindicated by a market recovery, based on a positive demand outlook and a non-repetition of overordering.

As the growth of Greek shipping continues unabated in 2017, it is clear that Greek owners have found ways to expand their fleets with an emphasis on modern, eco vessels. To the extent that the shipping market shall assist and bank finance shall become less restricted, this growth is expected to continue.