

Lloyd's List

Petropoulos urges banks to tread carefully with owners

- Tuesday 22 January 2013, 16:09
- by [Nigel Lowry](#)

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Petropoulos: "In my experience, Greek owners push back hard if they feel they are threatened."

Aggressive approach by lenders may be counterproductive, says Petrofin managing director

RELATIONS between shipping lenders and shipowners may come under increased stress in the first half of the year, but banks should tread cautiously for their own good, a leading financial consultant has warned.

[Ted Petropoulos](#), managing director of Petrofin in Greece, said banks in the industry could be confronted with a "perfect brew" of problems facing the industry.

"Many banks are asking themselves how long they can continue to support and extend and delay, but also how long will the rating authorities allow them to," said Mr Petropoulos.

"With ship values falling and cashflows disappearing, portfolios are being weakened further and this is a matter of concern. It is like a pressure cooker building up.

"Unfortunately, many banks do not have experience of foreclosures in the shipping industry so there will be a mixture of people without experience, an over-reliance on legal advice and pressure for action, which is adding up to a volatile mixture, a perfect brew if you like.

"I think things will happen and there may be an explosion of problems as we get towards the middle of this year, but it could be that wrong messages will be sent to owners," he said.

[Mr Petropoulos](#), who has had experience as a banker and as an owner, was already seeing cases in which banks were losing patience with owners but with very mixed results.

Bankers should not underestimate the efforts owners were making to give them something, despite having lost their own equity interest in their vessels.

"It is not just numbers and ratios, but people management as well," he said.

"That is where banks may get it wrong and often they are not allowed by the system to handle things differently.

"The system may be pushing for action in many cases, because there are very few companies that are not in some kind of trouble right now."

However, bankers must beware being over-aggressive as that could prove counterproductive, he said.

"In many cases, good owners feel they are working for the banks at the moment and if they feel a threat some will not feel any incentive to play along any more."

That was certainly true in Greece, Mr Petropoulos said. "In my experience, Greek owners push back hard if they feel they are threatened. They are fighters and they have been fighting the market so long that they are often prepared to take anyone on.

"So far the supportive approach has worked pretty well for both sides. But I do see signs that instead of dancing together people are starting to get out of step."

Article from Lloyd's List

<http://www.lloydslist.com/ll/sector/finance/article415424.ece>

Published: Tuesday 22 January 2013

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