

Bank lending to Greek owners jumps by 11%

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by Nigel Lowry

But research study shows 20% reduction in number of banks lending \$36bn to Greek shipping, writes Nigel Lowry in Athens, Thursday April 20 2006

BANK lending to Greek shipowners has soared to more than \$36bn, with an 11.6% increase during 2005, new numbers released by independent consultancy Petrofin Bank Research have revealed.

The latest study, the fifth annual survey by Petrofin of banks' portfolios in the Greek shipping market, also shows a considerable reduction in the total number of banks lending to Greek shipping — from 50 a year before to 40 at end-2005.

Petrofin attributed this primarily to mergers between banks, as well as to some withdrawals by banks "without a core emphasis in shiplending".

In terms of individual portfolios, Royal Bank of Scotland remained by far the biggest lender with loans of more than \$8bn.

Behind RBS, though, there were a number of changes in the rankings, with HSH-Nordbank deemed to have taken over second position for the first time, with a portfolio only slightly greater than that of Deutsche Schiffsbank, ranked third by Petrofin with a \$3.4bn portfolio.

The majority of the banks apparently verified Petrofin's figures, although Credit Suisse and Calyon were placed fourth and fifth in the survey, albeit a long way behind the biggest three lenders, on the basis of market estimates. Another change in the rankings saw Alpha Bank, with a portfolio of nearly \$1.5bn, emerge as the leading Greek bank for the first time in terms of portfolio size.

Some Greek banks last year "moved down the pecking order", said Petrofin, headed by National Bank of Greece which slipped from sixth to eighth as its lending to the industry shrank by 18.5%.

A record 13 banks had Greek shiplending portfolios of \$1bn or more, the survey concluded.

Only two of the banks in the market at the end of last year hailed from outside Europe.

Apart from the 14 Greek banks engaging in ship finance, 11 non-Greek banks had a physical presence in Greece – an increase of two, with Deutsche Schiffsbank gaining a representative office and Natexis appointing local representation.

Total financing in managed portfolios shot up 40% to \$7.2bn last year, said Petrofin, with Citibank again emerging as the syndication leader, controlling more than \$2bn in loans as lead manager. Aegean Baltic was second.

According to the survey, both Greek and international banks were showing greater commitment than ever to Greek owners.

“Banks are responding to the great capital demands of shipping and the Greek market in particular,” the report said.

“Banks are also comforted by the good quality of their loan portfolios and the near zero record of bad loans for another year.”

However Petrofin saw evidence that banks were growing more cautious about increasing their exposure at the same time as the pace of Greek newbuilding orders has been slowing down.

“We believe that in the next couple of years the rate of growth may slow down even further,” Petrofin concluded.

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