

LLOYD'S SHIPPING ECONOMIST

Greek Ship Finance Conference

ATHENS

4th – 5th June 2003

Current Trends in Greek Ship Finance

presented by

Ted Petropoulos

MD

PETROFIN S.A.



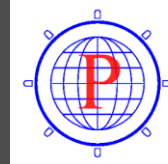
PETROFIN S.A.
www.petrofin.gr

Section 1

The Greek shipfinance market as an integral part of the Global shipfinance scene



The **Global** Shipfinance market



PETROFIN S.A.
www.petrofin.gr

-Total worldwide shipping debt at the end of 2002 amounted to approx. \$160bn

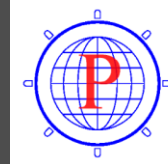
-Above estimate is based on the latest *Petrofin Bank Research* © and includes leasing, offshore and Trading House debts, as well as undrawn commitments

-Marine Money in April 2003 arrived at a similar \$150bn figure excluding, however, undrawn commitments

-Annual shipping loan production is estimated at between \$28bn-30bn, of which in excess of three quarters involves the financing of newbuildings



The **Global** Shipfinance market



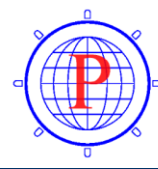
PETROFIN S.A.
www.petrofin.gr

-The above estimates of annual loan production do not include loan restructurings

-Given the extensive newbuilding orderbook and pick-up in second hand S&P activity, the annual loan production is expected to increase in the coming years



*The **Greek** Shipfinance market*



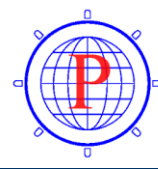
PETROFIN S.A.
www.petrofin.gr

-At the beginning of 2003, total Greek-related shipfinance debt, including commitments, amounted to \$21.261bn or 13.3% of the global total of \$160bn (Petrofin Bank Research ©)

-Annual new loan production, excluding commitments and after loan repayments is estimated at \$2.6bn



The *Greek* Shipfinance market



PETROFIN S.A.
www.petrofin.gr

The nationality of banks that provide shipfinance in the Greek market is as follows:

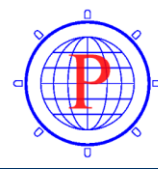
| <i>Nationality</i> | <i>No</i> | <i>Loans</i> | <i>%</i> |
|-------------------------|-----------|-------------------|-------------|
| -German | 10 | \$6.614 | 31.2 |
| -Greek | 11 | \$4.472 | 21 |
| -UK | 3 | \$4.430 | 20.8 |
| -Dutch | 4 | \$1.280 | 6 |
| -French incl Belgium | 3 | \$1.235 | 5.8 |
| - Others | 20 | \$3.230 | 15.2 |
| Totals | 51 | \$21.261bn | 100% |

Current Trends in Greek Ship Finance

Presentation by Ted Petropoulos, MD, Petrofin S.A. – June 2003



*The **Greek** Shipfinance market*



PETROFIN S.A.
www.petrofin.gr

- German banks are the most active and significant lenders to the Greek market**
- The importance of Greek banks has risen enormously over the last 5 years**
- the Dutch banks are also increasing their presence**
- In general, with the exception of the US banks, all major nationality Groups have increased their loan exposure to the Greek market**
- Individual shiplending bank figures are as follows:**

Foreign banks without a Greek presence

| Bank | Drawn | Undrawn | Total |
|-------------------------|-------|---------|-------|
| Deutsche Schiffsbank | 1715 | 225 | 1940 |
| Hamburgische Landesbank | 1084 | 33 | 1117 |
| LB-Kiel | 1025 | 50 | 1075 |
| KFW | 740 | n/a | 740 |
| Credit Suisse | 715 | n/a | 715 |
| Vereins und Westbank | 325 | n/a | 325 |
| Bremer Landesbank | 315 | 35 | 350 |
| Commerzbank | 310 | 12 | 322 |
| DNB | 250 | 55 | 305 |
| Nordea | 225 | 10 | 235 |
| Bank of Scotland | 200 | n/a | 200 |
| Dresdner * | 200 | 60 | 260 |
| JP Morgan Chase * | 175 | n/a | 175 |

| Bank | Drawn | Undrawn | Total |
|------------------------------|-------|---------|-------|
| Bank of New York | 155 | n/a | 155 |
| NIB | 95 | n/a | 95 |
| Societe Generale * | 75 | n/a | 75 |
| ING * | 75 | n/a | 75 |
| KBC * | 60 | n/a | 60 |
| Allfirst * | 50 | n/a | 50 |
| DB Shipping | 35 | n/a | 35 |
| IntesaBci ** | 0 | 0 | 0 |
| American Marine Advisors *** | 0 | 0 | 0 |
| Miscellaneous (8) | 300 | n/a | 300 |

Total: 30 banks

Total portfolio: \$8.604bn

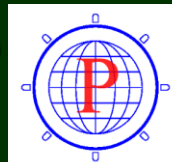
* Market estimates

** Hamburgische and LB-Kiel have merged

IntesaBci is interested in entering the Greek shipfinance market

*** Investment Bankers only

Petrofin Bank Research ©
January 2003

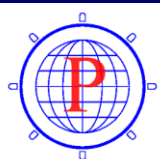


Foreign banks with a Greek presence

| Bank | Drawn | Undrawn | Total |
|---|-------------|------------|-------------|
| RBS (Piraeus \$1.250 + London \$1.750) | 3000 | 500 | 3500 |
| Banque Indosuez | 750 | 175 | 925 |
| HSBC | 730 | n/a | 730 |
| DVB Nedship | 600 | 110 | 710 |
| Citibank | 580 | 70 | 650 |
| ABN | 400 | n/a | 400 |
| HVB | 400 | 50 | 450 |
| Fortis Bank | 350 | 100 | 450 |
| BNP | 200 | 50 | 250 |
| BCV | 100 | 20 | 120 |

Total: 10 banks

Total portfolio: \$8.185bn



Greek banks

| Bank | Drawn | Undrawn | Total |
|----------------------------------|------------|------------|-------------|
| Alpha Bank | 953 | 120 | 1073 |
| National Bank of Greece | 900 | 170 | 1070 |
| Piraeus (incl. ETVA) | 630 | 45 | 675 |
| Commercial Bank of Greece | 560 | 80 | 640 |
| Eurobank | 294 | 20 | 314 |
| First Business Bank | 260 | 40 | 300 |
| Laiki * | 220 | 40 | 260 |
| Bank of Cyprus * | 80 | 5 | 85 |
| Egnatia | 50 | 5 | 55 |
| Aegean Baltic | 0 | 0 | 0 |
| Marfin Bank ** | 0 | 0 | 0 |

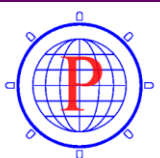
Total: 11 banks

Total portfolio: \$4.472bn

* Laiki and BoC are included in Greek banks

** Investment Bankers only

Petrofin Bank Research ©
January 2003





PETROFIN S.A.
www.petrofin.gr

Section 2

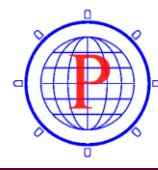
The prospects for Greek shipping

Current Trends in Greek Ship Finance

Presentation by Ted Petropoulos, MD, Petrofin S.A. – June 2003



The prospects for Greek shipping



PETROFIN S.A.
www.petrofin.gr

- **It is expected that both the number of banks and Greek shipfinance debt shall continue to rise over the years due to:**
 - a) **Robust performance by Greek shipping over the last 5-10 years**
 - b) **Shipping representing a 'real' economic asset**
 - c) **Increasing loan and fee margins**
 - d) **Increasing opportunities for marketing auxiliary and non-risk products and services**
 - e) **Relatively few bankruptcies**
 - f) **Supportive current freight levels**



The prospects for Greek shipping



PETROFIN S.A.
www.petrofin.gr

- **cont:**

- g) Attractive prospects for shipping
- h) Extensive Greek newbuilding orders
- i) Low interest rates
- j) Improvements in the fleet operations, management, structure and transparency of Greek shipping companies
- k) Slowdown in loan requests by other competitive to shipping sectors



PETROFIN S.A.
www.petrofin.gr

Section 3

Issues facing Greek shipping that impact on Greek shipfinance

Issues facing Greek shipping that impact on Greek shipfinance

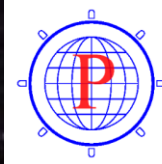


PETROFIN S.A.
www.petrofin.gr

- **Deflationary fears**
- **Threat of protectionism**
- **Over-regulation (local and international)**
- **Heavier technical requirements**
- **Obsolescence risk**
- **Insurance issues**
- **Security, Flag and manning issues (i.e. ISPS code)**
- **Basel II**
- **International competitiveness issues**
- **Owners' ability to maintain fleet operating efficiency, adequate EBITDA and interest cover**

Current Trends in Greek Ship Finance

Presentation by Ted Petropoulos, MD, Petrofin S.A. – June 2003



PETROFIN S.A.
www.petrofin.gr

Conclusions

- The Greek shipfinance market is growing, active and confident
- There have been qualitative improvements by both owners and banks
- The impact of negative factors has been thus far contained
- The performance of Greek shipping and Greek shipfinance has been most impressive
- The shipfinance sector is expected to attract new players that will add innovation, variability and further strength

Current Trends in Greek Ship Finance

Presentation by Ted Petropoulos, MD, Petrofin S.A. – June 2003



Conclusions cont.

- Banks have extended their co-operation and joint lending and display even greater maturity and experience towards shipping and the Greek shipping market**
- Although bank competition for top clients has increased, up to now lending levels and terms have not gone 'overboard'**
- Confidence in Greek shipping by banks will further grow should owners successfully deal with the next shipping trough, when it shall arise**