

[Click to Print .](#)

Lenders holding steady in Greece

The full portfolio of loans to Greek shipping slipped back last year but it is still double the 2004 total.

Banks lending to the Greek shipping industry showed less enthusiasm for committing funds to newbuilding projects or to ploughing fresh money into loans in 2010, according to new research.

But while the total portfolio of the 39 international and Greek banks lending to the industry dropped for the second straight year to \$66.2bn from \$67bn in 2009, it still stood at more than double the amount for 2004, when the portfolio totalled just \$32.4bn.

Ted Petropoulos-led Petrofin Bank Research, which produced the statistical analysis for the 10th year, points out that while loans drawn from the banks rose by 4.53% last year, the level of funds committed but undrawn reduced substantially, by 26.27%.

"The cumulative two-year drop has grown to -53.43%, signifying the aversion by shipping banks to fresh risk," Petrofin added.

The analyst estimates that the Greek shipping-loan book produced substantial repayments of a minimum of about 12% per annum, or some \$8bn.

"It is self-evident that banks used the loan reductions to accommodate their forward commitments and/or reduce their overall exposure," Petrofin said.

However, the analyst notes that banks have announced they will earmark funds for shipping. Petrofin queries how much of the \$2bn that HSH Nordbank has said will go to shipping during 2011 will end up in the Greek market.

Royal Bank of Scotland (RBS) held on to its lead as the largest lender to the Greek community, with total exposure of \$12.4bn, of which \$1.2bn was in committed but undrawn loans. The committed but undrawn loans dropped by 43.12% in 2010 compared to the previous year.

HSH Nordbank slashed its committed but undrawn loans by 61.03% from \$619m in 2009 to \$241m last year, according to market estimates, and together with RBS, Deutsche Schiffsbank, BNP Paribas, Unicredit and DVB is flagged by Petrofin as not being active in structuring new lending, primarily for newbuildings.

Banks active in this area were Citibank, which increased its committed but undrawn funds by 146.15% to \$160m, DnB NOR, which grew 102.09% to \$580m, and HSBC, which put on 100% extra committed funds to reach \$400m.

HSH Nordbank slipped from its position as the second-largest lender to Greek shipping in 2009 to the fourth slot in 2010 with a market share of 4.71% and a total exposure of \$3.1bn, as compared with a market share of 7.76% and a portfolio of \$5.2bn in 2009.

Among the top-10 lenders, which accounted for 63.1% of the total Greek exposure, DnB NOR strengthened its position from eighth in 2009 with a portfolio of \$2.5bn to sixth last year and exposure of \$2.9bn, while the reverse saw Greece's Alpha Bank slip from sixth position and a portfolio of \$2.7bn in 2009 to 10th position and \$2.4bn portfolio in 2010.

DB Deutsche Shipping made its entry to the top 10 with a portfolio of \$2.6bn and what Petrofin terms "an impressive 117.38% increase" in its drawn loans, while Calyon slipped off the leaders list.

Banks financing Greek shipping break down into 11 foreign banks with a physical presence in Greece, 16 foreign banks without a presence and 12 domestic banks.

Greek banks held a total portfolio of \$15.9bn, down 1.6% from 2009.

"Considering the difficulties associated with the Greek economy and the position of the Greek banks within it, as well as the overall liquidity problems and rising provisions faced by Greek banks, the decline shown in 2010 is remarkably small," Petrofin said.

Currently there are 36 European banks lending to Greece with Greek and German institutions predominating. While there were no new entrants in 2010, the analyst believes 2011 could show a "significant increase" in the number of Chinese banks, following the recently announced allocation of \$10bn toward Greek shipping.

By Gillian Whittaker Athens

Published: 22:01 GMT, 07 Apr 11 | updated: 20:52 GMT, 06 Apr 11
