

# Lloyd's List

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## IPO glut fails to diminish role of Greek banks

| Tuesday 04 October 2005

| by [Long-term reliance of country's shipping industry on traditional bank debt not threatened, writes Nigel Lowry](#)

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While bankers say that equity transactions will have replaced a certain amount of borrowing, on top of a trend for pre-payment of outstandings by some shipowners when freight earnings were at their zenith, the long-term reliance of the Greek shipping industry on traditional bank debt will not have been t



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Even newly floated companies that have used much of the proceeds from their IPOs to pay existing bank debt have largely effectively refinanced themselves with substantial secured credit lines to facilitate future vessel acquisitions.

Examples include Simeon Palios' Diana Shipping, which used \$166m of proceeds from a New York Stock Exchange listing early in the year to repay all its outstanding indebtedness but with a \$230m new revolving facility with Royal Bank of Scotland to enable it to add to its modern bulk carrier fleet.

RBS has also agreed a 10-year \$330m revolver for Zoullas family-led Eagle Bulk, a US operator of handymax tonnage that listed on Nasdaq in June.

Another recent IPO company, Aries Maritime, lined up its own \$140m senior secured loan and a \$150m revolving acquisition facility with a group of international lenders.

Even such prodigious amounts of fresh credit, though, were dwarfed by the facility of up to \$520m that was provided by HSH Nordbank this year for the \$607m takeover of Navio Maritime Holdings by Angeliki Frangou's International Shipping Enterprises, a "blank cheque" company that raised net proceeds of \$180m in the US last year with just such an acquisition in prospect.

Apart from the significant backing given to the new crop of publicly listed Greek shipping companies, there has been plenty of evidence to suggest that banking support for the industry remains as strong, if not even keener, than ever.

Some 50 banks are estimated to be active in financing Greek shipowners, with many of these looking to expand their relations with the country's owners.

An authoritative report by Athens consultancy Petrofin earlier this year calculated that lending on the Greek controlled fleet expanded by an astonishing 26% during last year to stand at \$32bn by January.

Within this overall picture, the study revealed, there had been notable surges in lending by a number of leading shipping banks including RBS, Citibank, Cr dit Suisse and ABN-Amro as well as in a number of the smaller portfolios.

Another evident trend is the emergence of several Greek banks providing a robust home-grown presence in the industry that, after average year-on-year expansion of 25% over the past four years, now accounts for about one-fifth of traditional finance for the fleet.

Shipfinance sources suggest that the rate of growth in most portfolios may have cooled over recent months, due primarily to a slower rhythm in Greek newbuilding ordering this year as well as natural caution felt by many banks over the stubbornly high price of vessels.

At the same time, even though there has always been gentle turn-over in the full list of institutions competing to finance Greek owners, there is little sign of bankers losing any enthusiasm for the industry.

On the contrary, bankers point to instances of a number of institutions strengthening their presence in the Greek market.

A recent instance is that of Dutch institution Fortis Bank, which has been upgrading a well-established representative office in Piraeus to a full branch of the merchant bank that will become operational on January 1.

The move is said to reflect primarily the importance accorded to Greek shipping business within Fortis as well as the bank's wider pan-European ambitions.

Fortis has been a leading mover in supporting Greek owners wanting to go public, being involved in various capacities with an estimated seven of the recent and planned IPOs.

However, it provides a wide range of services and financing for Greek owners.

Deputy general manager Dimitris Christacopoulos says: "We are a very cautious bank but I think for Greece it was an easy decision [to upgrade].

"It is now a well-known market to the bank where we have had a lot of success and profitable business in the past."

The depth of finance talent that is nowadays available in Greece was also underlined by Fortis recently when it appointed Harris Antoniou, who has managed the representative office in Greece since 1999, as the new head of its Global Shipping Group based in Rotterdam.

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Article from Lloyd's List

<http://www.lloydslist.com/ll/sector/regulation/article106301.ece>

Published: Tuesday 04 October 2005

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