

Lloyd's List

Bank lending on Greek fleet hits \$32bn after 26% surge

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- | by [Commitment becoming stronger, writes Nigel Lowry in Athens](#)

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"International and Greek banks continue to commit themselves to Greek shipping," said the Petrofin Bank Research study.

"This commitment is becoming stronger by the year as banks are responding to the great capital demands of shipping and this market in particular."

Consultant and report author Ted Petropoulos, managing director of Athens firm Petrofin, said the huge leap in lending last year was "at first glance... surprising".

However, he added, finance volumes had risen as newbuildings were delivered or their finance secured while new loans were based on values that had multiplied. Loan repayments usually involved "much smaller amounts".

Mr Petropoulos said: "Banks are keen to lend to liquid clients seeking finance for young tonnage despite the high vessel values relying on front-loaded repayment schedules."

This change in structuring of loans "greatly reduced" bank risk provided the market lasted a couple of years. "Owners too are happy to secure finance and maintain their liquidity aside for future or alternate use," he said.

The Petrofin study, based heavily on direct responses from the 50 banks involved, showed overall lending to the Greek market, including loans committed but not drawn at December 31, soared from \$25.5bn to \$32.35bn in the course of 2004.

Royal Bank of Scotland led by Lambros Varnavides (above) saw its total Greek portfolio grow by 50% during the year to remain by far the largest of any bank, worth a staggering \$6.77bn.

Impressive expansion among the market's principal lenders included that of Citibank, which increased its bilateral portfolio by 75% to \$1.2bn — the eighth ranked individual portfolio according to Petrofin.

Credit Suisse was said to have boosted its ship lending to Greeks last year by 77%, ending 2004 with an estimated

Behind RBS, the next largest lenders to Greek owners at the end of the year were Deutsche Schiffsbank (\$3.1bn), HSH Nordbank (\$2.83bn), Credit Suisse and Calyon (estimate \$1.5bn).

Over the past four years banks had increased their Greek portfolios annually by an average 25%, the research calculated.

Reasons behind the banks' increasing confidence in Greek shipping were "the very impressive cash flows, the exponential rise in the prices of the vessels and the impressive deposit accounts of the owners themselves", Petrofin contended.

The study found "some evidence" that banks, especially Greek banks, were starting to become more cautious about increasing exposure due to high vessel values.

Other reasons for expecting a slowdown in the rate of lending growth in the next year or two included initial public offering activity which "may result in significant loan reductions as equity is used to substitute bank debt".

Petrofin also noted that the pace of newbuilding ordering had slowed lately.

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