

Lloyd's List

Lenders favour Greek newbuildings in recession

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GREEK shipping has emerged relatively unscathed from the 2009 downturn, according to Petrofin's annual survey of Greek ship finance.

Less was lent — \$67bn compared with \$73bn in 2008 — but within that headline figure, there was variation.

The volume of drawn loans rose by 2%, while the amount of loans in the committed but undrawn category fell by 37%, reflecting the more cautious approach adopted by lenders in the face of persistent market volatility.



Of the total committed but undrawn portfolio which, over the last year, amounted to \$11bn, the report found that 85% was bound up with newbuildings.

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Proportions varied among individual banks — 80% of RBS' committed but undrawn portfolio is for newbuildings, while for HSH Nordbank it was 73% — and the sample used in the survey accounted for 89% of the committed but undrawn total.

“The majority of banks financing Greek shipping definitely prefer financing newbuildings in terms of their commitments, but the fact that these have shown such a decline in 2009 also shows that they are sceptical as to the future and the number of newbuildings lined up to enter the market,” the survey said.

To see how the banks measure up in terms of their commitment to the Greek market, Petrofin's research offers the reader three categories: international banks with a Greek presence; international banks without such a presence and Greek banks.

The first group showed a reduction for the first time, shrinking by just under 6% between 2009-2008 and taking its overall loan portfolio back to 2007 levels.

The group numbers 11 and is the biggest funder of the market.

“Last year, we noted that half of the above banks would have a very difficult year ahead of them,” the report said. It added that lending has continued but at a slower pace.

International banks without a Greek presence, the second group identified in the report, have seen an overall portfolio reduction of 18%.

“As with all banks, the main reduction is in the committed but undrawn part of their portfolio,” the Petrofin report explained.

If the behaviour of the first group has followed the downward trend, the commitment of the second group of banks has faded.

Which leaves the third group, the Greek banks. According to the report, this group has shown “stability” since the big boost of 2007, with its portfolio falling back by just under 5%.

The size of the Greek banks' portfolio is about half that of the first group of banks and, in common with that group, it is the Greek banks' committed but undrawn portfolio that has decreased.

"Only the international banks without Greek representation show negative growth in both portfolios," noted the report.

Syndication and club deals amounted to \$17.6bn in 2009 a slight drop over the previous year's figure (\$19bn). The top three institutions in this field were Citibank (\$2bn), Nordea (\$1.9) and Aegean Baltic (\$1.7bn).

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