

# Lloyd's List

## Increased support by long-time backers

1 Tuesday 09 December 2003

In spite of a clutch of Greek-managed tanker and passenger shipping companies that have a public listing in the United States or Greece, these are the exceptions rather than the rule.

In spite of a clutch of Greek-managed tanker and passenger shipping companies that have a public listing in the United States or Greece, these are the exceptions rather than the rule.

The vast swathe of the powerful Greek shipping industry still relies overwhelmingly on commercial banks' loans and in this respect the support of the international and domestic banking industry appears as steadfast as ever.



### Increased support by long-time backers

Recent years have seen a huge rise in the overall volume of fleet finance made available to the country's shipowners, partly fuelled by the upsurge in investment by Greeks in newly-built tonnage, the industry's most pronounced move to shipbuilding for more than a quarter of a century.

At the start of this year, a study of the ship finance scene by Petrofin Bank Research showed that a crop of additional banks entered the market in the last couple of years, boosting the overall number of participants and helping to nudge the overall exposure of banks to Greek shipping up to a phenomenal figure of more than \$21bn at the start of 2003.

Petrofin's research suggests this total book is distributed among more than 50 banks.

The total exposure will almost certainly have increase again in the course of this year as the stream of new Greek deliveries has continued unabated, particularly in the tanker sector.

Despite the appearance of some relatively new names, much of the increased support has come from long-time backers of Greeks such as the Royal Bank of Scotland, known to have lifted its commitments again in recent months to about \$3.5bn.

Also noticeable has been the increasing prominence of German lenders and local Greek banks in the general pattern of financing for the Greek-operated fleet. The rise of banks from these quarters has largely offset the gradual withdrawal in the last decade or so of most American ship financiers.

In terms of overseas banks, the figures suggest that Greek owners nowadays are as likely to be bankrolled by institutions without a physical presence in Greece as they are to do business with a branch in Piraeus.

One of the most important changes in the sector of late has been the merger, completed at the start of June, between Hamburgische Landesbank and the Schleswig-Holstein landesbank, LB Kiel, to create HSH Nordbank.

The unified institution, easily the world's largest ship finance institution with a \$16bn portfolio worldwide, became the second-largest force in the Greek market. The Petrofin study showed the two banks as starting 2003 with separate portfolios summing up to \$2.1bn.

The German giant gained an indirect presence in Greece just over a year ago with the opening of Athens based Aegean Baltic Bank, 51% owned — initially by LB Kiel — with a 49% participation by several independent Greek bankers and

marine finance experts.

HSH Nordbank's unified portfolio propels it ahead of fellow German institution Deutsche Schiffsbank, now third-largest lender to Greek shipping. Both are among a list of 30 banks identified by Petrofin as being involved in the industry without having a formal presence on Greek soil.

Lending by banks without a physical Greek presence surged by almost \$2.5bn in the course of last year, up to \$8.6bn. "Banks that have not made the commitment of a Greek presence are capable of entering or withdrawing from the market more easily," comments Petrofin. "Nevertheless, the main providers are still there to be seen and their interest in Greek shipping is growing as evidenced by their higher loan figures."

Petrofin also underlined the sharp increase in lending by Greek banks, which stood at a total of about \$4.5bn in its survey — a 35% expansion from a year earlier. Most of the Greek banks, including Alpha Bank, National Bank of Greece, Piraeus Bank and Commercial Bank of Greece, have been increasing their portfolios in the last few years. With interest rates low, most owners and bankers are doubtful whether the traditional ship mortgage loan will ever be replaced as the primary instrument for financing the fleet.

---

Article from Lloyd's List

<http://www.lloydslist.com/ll/sector/ship-operations/article150145.ece>

Published: Tuesday 09 December 2003

© 2010 Informa plc. All rights Reserved. Lloyd's is the registered trademark of the Society incorporated by the Lloyd's Act 1871 by the name of Lloyd's