

More competition to finance Greeks seen in 2011

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Finance for Greek shipping has shrunk for the second successive year.

Newbuilding finance gap likely to be filled 'in an orderly manner', predicts Petrofin

FINANCE for Greek shipping has shrunk for the second successive year, but not excessively, as banks have not replenished their support for newbuilding orders at the same pace as before.

Petrofin Bank Research's annual survey of Greek ship finance showed that the total loans for Greek shipowners fell by just 1.2% in the year to end-2010, compared with a reduction of 8.5% in 2009.

But overall most banks "remained positive" about increasing their lending to the industry, said the survey.

"Despite the cyclical nature of shipping and the relatively low values and freights, banks remain confident about the quality of their loan portfolios and the ability of their clients to meet their loan repayments," said the research house, an offshoot of the Ted Petropoulos-led Petrofin financial consultancy.

"There have been remarkably few failures and even problem loan situations have thus far been accommodated by flexibility and cooperation between banks and their clients," it said.

The report named Royal Bank of Scotland, HSH Nordbank, Lloyd's TSB, Natixis and Bank of Ireland as examples of banks which have acted "to reduce their shipping exposure for their own considerations".

But "the remaining majority of international banks remained positive about increasing their loans to Greek shipping."

Petrofin forecast that bank competition for the top Greek private and public companies would increase this year and "limited appetite shall appear for middle size Greek names, which up to now have found finance largely unobtainable."

It said this was borne out by research showing the majority of international lenders to Greek shipping have increased budgets for 2011.

"This will be supportive, especially for those Greek owners with orders, which have not been financed up to now, representing the majority of orders going forward," said Petrofin.

"It is thus expected that the demand for finance for new buildings shall be accommodated by non-Greek banks, in an orderly manner."

An unpredictable factor was the contribution by Greek banks to financing the industry in 2011, which remained "in doubt" due to Greece's financial crisis.

The survey found that two banks exited the market last year, leaving a total 39 banks with an aggregate Greek portfolio of \$66.2bn, the lowest total since end-2006.

RBS, the longstanding market leader in Greek shipping, remained easily the largest lender despite a 6.5% reduction in its portfolio to \$12.4bn.

The biggest faller was HSH Nordbank which dropped from second to fourth place as a result of a 40% reduction in portfolio last year.

As a result, Deutsche Schiffsbank and Credit Suisse rose to second and third place in the rankings respectively.

National Bank of Greece, at fifth, was the largest Greek bank with a \$3bn portfolio.

DNB Nor and Deutsche Bank's shipping Arm Deutsche Shipping were among the fastest-risers, ascending to six and eighth respectively with surges of 13% and 80%.

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