

Key Developments and Growth in Greek Ship-Finance

By Ted Petropoulos, Petrofin S.A.

Petrofin Bank Research© presents, for the 8th year running, an overview and an in-depth analysis of the bank loan portfolios to Greek shipping, as of 31st December 2008.

Petrofin wish to thank all participating banks for their on-going support, without which this research would not have been possible.

The portfolios show the loans outstanding, as well as loans committed but undrawn. The committed but undrawn loans may be viewed as an indication of each bank's shiplending momentum and / or the extent of its involvement in newbuilding finance.

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1. Main findings

In a nutshell, this year's results for Greek ship finance are as follows:

- Total loans (drawn and committed), booked both in Greece and worldwide, for end year 2008: \$73.228bn, up by only 9.39% from 2007's \$66.941bn which was up by 44.31% from \$46.39bn in 2006.
- These loans are divided into Drawn Loans: \$53.57bn compared to \$45.37bn in 2007, i.e. up 18% and committed but Undrawn Loans of \$19.65bn compared to \$21.56bn in 2007, i.e. down 8.9%.
- The increase in drawn loans in 2008 by only 18%, compares to 44.17% last year. The committed loans have fallen compared to 2007 by -8.9% to \$19.65. This is significant when taken into account that committed loans this time last year were up by 44.5%
- Greek bank loan portfolios amounted to \$16.94bn, up by only 6.97% from 2007's \$15.84bn, which was up by 115.59% since the year before.
- International Banks with a Greek Presence loan portfolios amount to \$38.98bn, a marginal 5.25% increase from last year's \$37.039bn, which in itself represented an increase by 52.73% since 2006.
- International Banks without a Greek presence loan portfolios amount to \$17.3bn, an impressive 23.03% from last year's \$14.060bn, which in itself was down by 4.91% compared to 2006. This, however, represents a return to growth after HSH-Nordbank left this particular group in 2007 to join the banks with a Greek presence.
- The number of banks involved in Greek shipfinance fell by 1 to 40. There is however, a significant internal reshuffle due to mergers and acquisitions which is covered later in the report.
- The top 10 banks held 65% of the market. Last year that percentage was 63.52% and the year before the top 10 banks held 68.14%. The top 10 banks are still very much dominant of the market.
- European banks have continued to account for the vast majority of total loans. We hasten to add that Far Eastern shipping loans to Greek clients have not been reported or assessed this year.
- The Lead Managers in syndication loans have increased their managed portfolios to \$18,977.52m compared to \$13.004bn, up by 45.94%.
- The number of Lead Managers has remained the same, at 25 banks.
- The international banking crisis is not being fully reflected yet, as there is still a marginal growth of 9.39%. However, ship finance has virtually ground to a halt since the fourth quarter of 2008.
- The overall picture is that of a snapshot of a peak just before a decline in Greek shipfinance as loan repayments and prepayments exceed new loans.

2. General Remarks and Analysis on the 2008 Petrofin Bank Research ©

The annual results by Petrofin Bank Research ©, now released for the 8th year running, reflect the exposure of all banks engaged in lending to Greek owners, at the end of 2008.

The result of the end 2008, as we will analyse further down, will show early signs of the deepening of the crisis which hit shipping, alongside all industries, from September 2008, onwards. Up until then, the sub-prime crisis was discussed theoretically as a factor that might affect international banking, trade and the world economy. We all know now, that it was just the beginning of the biggest and deepest banking crisis for a very long time which has swept away growth and confidence. The full impact of the crisis will obviously be fully reflected in in next year's research.

The main 2008 research findings are that total funds committed to Greek shipping in 2008 rose again for the eighth consecutive year, but this time by 9.39%. In **Table 1** below, we note that this is the smallest growth percentage over the last 8 years.

Table 1

	December 2001	December 2002	December 2003	December 2004	December 2005	December 2006	December 2007	December 2008
Growth percentage		28.66%	20.19%	26.61%	11.62%	28.45%	44.31%	9.39%
Total Greek Shipping Portfolio	\$16,525m	\$21,261m	\$25,554m	32,353m	\$36,112m	\$46,387m	\$66.941m	\$73,228m

The average yearly growth since 2001 has been 23.7%.

Shipping began to feel the economic downturn in September 2008. As our data collection spans the whole year, this means that they cover at least an 8-month period of booming shipping market and finance conditions.

Last year's high market was marked by record buying of second hand tonnage, as well as a record of newbuilding orders, which had raised the demand for loans (drawn and committed). All this was financed by keen banks, which placed great confidence in Greek shipping, in view of its solid foundations and excellent operations. The subsequent financial meltdown, loss of confidence and economic recession changed everything.

As, however, shipping is primarily a services industry, and considering that its operations are worldwide, it is deeply connected to the fortunes of major heavy industries in the big economies as well as to the demand for these industries' products. The fact that this crisis is heavily testing the biggest economies, it is only logical, , although not through a fault of its own, that shipping prospects and bank appetite have fallen sharply from the end of 2008 up to now, affected both by the economic recession as well as the banks' liquidity crisis.

This leaves shipfinance in a peculiar position. We note in the graphs that will follow, that some banks have increased their portfolios, and some have immediately reacted and reduced it. Some have more drawn loans than committed and others the opposite. In general, the atmosphere is that of caution, scaling down and reviewing policies, a process that had begun by the end of 2008.

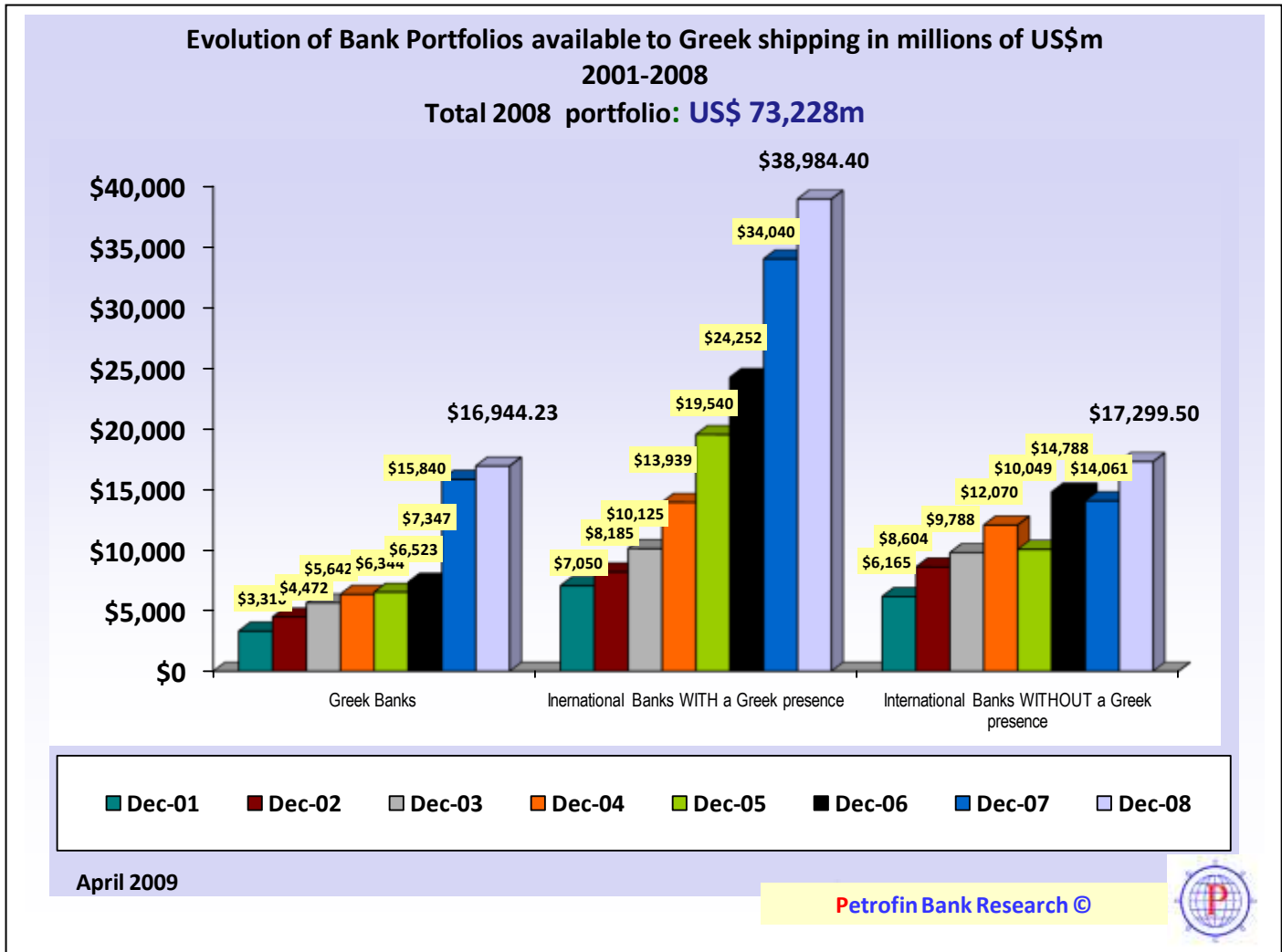
Hence the small 2008 growth, is really the power of the previous, strong momentum, rather than the wish for the banks to expand at this phase, because of committed facilities. The position in 2009 is expected to be totally different.

3. Research and Analysis

A. The Greek shipfinance market

Graph 1


Bank exposure in terms of bank groups is as follows:



International banks with a Greek presence are the leaders of the Greek shipfinance market, followed by International banks without a Greek presence and then by Greek banks. Last year it was Greek banks that held the second position, but this was because HSH-Nordbank, one of the biggest lenders, acquired representation in Greece and moved category. This year, International banks that do not have any representation in Greece, competed back successfully and increased their portfolio by 23.03%.

Specifically, in the table below (**Table 2**) we observe the overall growth in Greek shiplending for the market as a whole as well as for the three bank groups:


Table 2: Overall Growth in Greek Shiplending

Petrofin Bank Research © April 2009 	<i>Overall Greek shiplending portfolio in US\$m as of 31st December 2008</i>	<i>Percentage of growth between December 2001 and December 2008</i>	<i>Average yearly growth since 2001</i>	<i>Percentage of growth between December 2007 and December 2008</i>
International Banks WITH a Greek presence	\$38,984.4	452.97.00%	27.67%	5.25%
International Banks without a Greek presence	\$17,299.5	180.61%	15.88%	23.03%
Greek banks	\$16,944.24	411.91%	26.27%	6.97%
Totals	\$73,228.14	343.14%	23.7%	9.39%

With the exception of the International Banks without Greek representation, the other two groups' single-digit growth percentages have not been encountered in a long while. The previous year's Greek banks' growth alone was a massive 115.6%, but the Greek banks too were not too carried away in 2008 and slowed down their new lending as the year progressed.


The top 10 banks' ranking order follows in Table 3.

Table 3: The top ten banks ranked by portfolio size (in US\$m)

	Banks – as of end 2008	Portfolios	% change since previous year	Market share
1	Royal Bank of Scotland	\$13,980	8%	19.09%
2	HSH Nordbank	\$5,671	-3.88%	7.74%
3	Deutsche Schiffsbank	\$5,650	17.71%	7.72%
4	Credit Suisse*	\$4,900	40%	6.69%
5	National Bank of Greece	\$3,545	48.22%	4.84%
6	DNB	\$3,042	39.48%	4.15%
7	Emporiki Bank of Greece	\$2,970	57.14%	4.06%
8	Calyon*	\$2,750	10%	3.76%
9	Alpha Bank	\$2,650	-1.01%	3.62%
10	Marfin-Laiki	\$2,435	8.22	3.33%
	Top 10 banks total	\$47,593		64.99%
	Petrofin Bank Research © - April 2009			

*based on market estimates

Table 4: Last year's positions (in US\$m)

	Banks – as of end 2007	Portfolios	% increase since previous year	Market share
1	Royal Bank of Scotland	\$12,945	23.59%	19.34%
2	HSH-Nordbank	\$5,900	40.61%	8.81%
3	Deutsche Schiffsbank	\$4,800	29.73%	7.17%
4	Credit Suisse*	\$3,500	34.62%	5.23%
5	Piraeus Bank	\$3,376	197.71%	5.04%
6	Alpha Bank	\$2,677	49.50%	4.00%
7	Calyon*	\$2,500	92.31%	3.73%
8	National Bank of Greece	\$2,392	40.35%	3.57%
9	Marfin - Egnatia - Laiki	\$2,250	204.05%	3.36%
10	DNB	\$2,181	-17.29%	3.26%
	Top 10 banks total	\$42,521		63.52%
	Petrofin Bank Research © - April 2008			

*based on market estimates

This year we see that among the top Greek banks, *Piraeus Bank* is not among the top 10 any longer, although last year it was the top Greek bank and the 5th one worldwide. Among Greek banks, the National Bank of Greece has regained its 1st place.

In terms of international banks, the top 4 banks remain the same and in the same order, with, however different growth rates since last year with RBS showing an 8% growth and HSH-Nordbank a -3.08% growth.

The total number of banks involved in Greek shiplending was 40, as of 31st December 2008. There have been 3 new additions. One is Fortis Bank NL, which decided to split away their Greek shipping portfolio from Fortis Bank Belgium which has a Greek presence. The other two are Deka bank and Lloyds TSB. Also, through mergers and acquisitions, we note that it is the last time that Commerzbank, Dresdner and Deutsche Schiffsbank appear as separate entities, since they merged in 2009. As far as Alliance and Leicester is concerned, they are now part of the Santander Group. BTMU Capital Corporation is out of Greek ship finance but still involved in investment type transactions. ABN AMRO appears separately, but it is effectively a subsidiary of the Royal Bank of Scotland. Bank of Scotland appears also as a separate entity from Lloyd's TSB for 2008, but will appear as merged from 2009 next year.

Lastly, Berenberg have confirmed that they are not involved with Greek ship finance and Kexim bank is no longer viewed as having any significant involvement in Greek ship finance. We wish to record that Far Eastern banks have not been forthcoming with information as to their exposure in Greek ship finance. We expect that this is not likely to be significant.

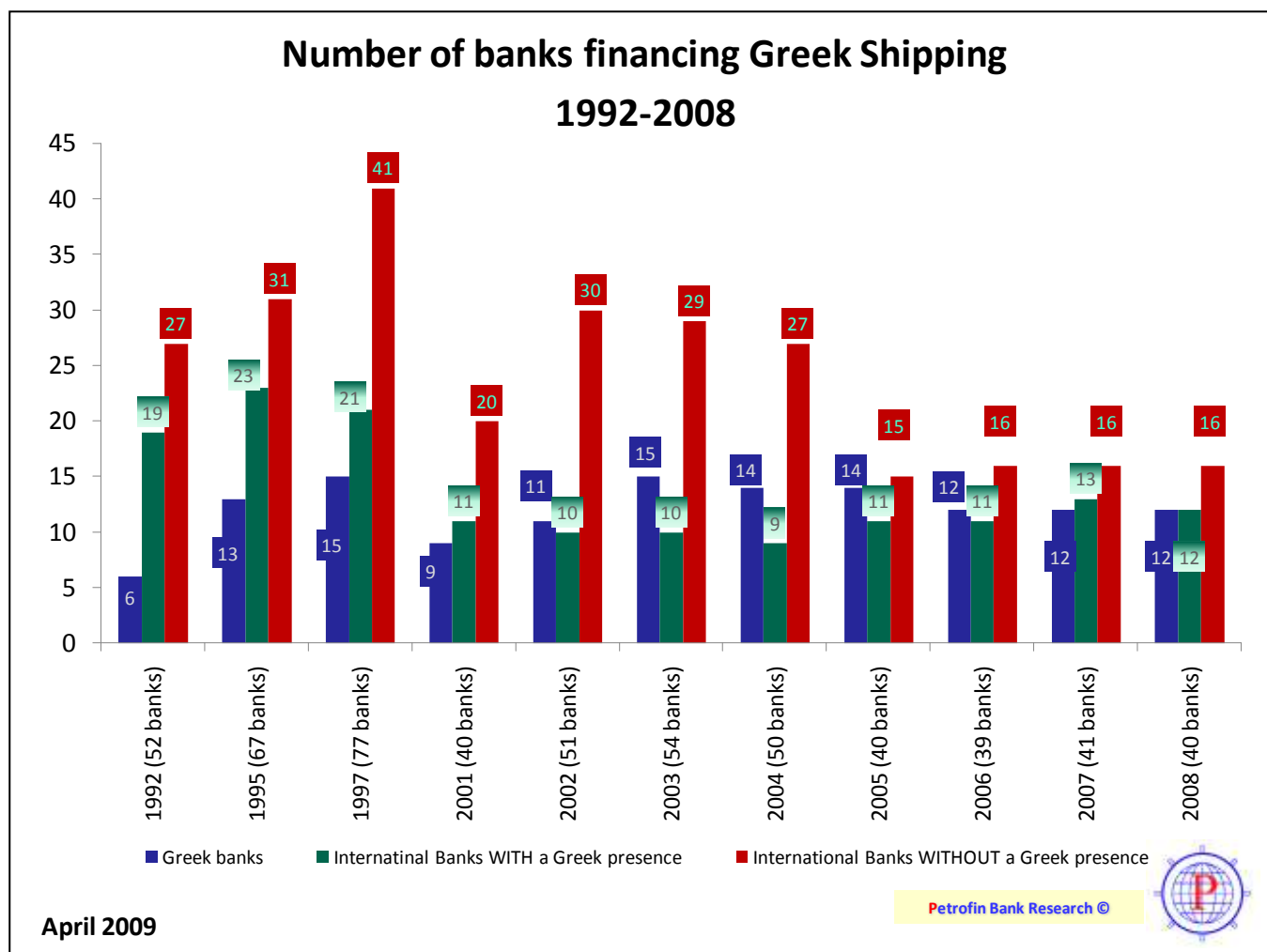
In terms of nationality, and compared to the three previous years, the banks are distributed as follows:

Table 5: Distribution of banks engaged in Greek Ship-finance by nationality

Nationality	End 2003	End 2004	End 2005	End 2006	End 2007	End 2008
UK & Ireland	5	5	4	5	5	6
France / Belgium	8	6	3	3	3	4
Scandinavia	2	2	2	2	2	2
Germany	10	10	9	10	11	11
Holland	5	5	4	3	3	3
Greece	15	14	14	12	12	12
Other European	4	4	2	1	1	1
European Total	<u>49</u>	<u>46</u>	<u>38</u>	<u>36</u>	37	<u>39</u>
North America	4	3	1	2	3	1
Far East and other countries	1	1	1	1	1	0
World Total	<u>54</u>	<u>50</u>	<u>40</u>	<u>39</u>	41	<u>40</u>
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In **Graph 2** we note that there prevails a general downward trend in the number of banks in all categories, with some stability observed in the last 4 years. In every shipping cycle, it was customary for ‘tourist’ banks to leave the sector when in difficulties. This particular crisis, however, is exceptional in the sense that many banks, with enormous shipping portfolios and a very long tradition in shipping have been hit in respect of their other operations by a crisis that is not attributable to shipping. So, it remains to be seen now if their shipping exposure shall be treated by the banks and to what extent they may have the ability to leave under current market conditions. Nevertheless, we anticipate a reduction of Greek shipfinancing banks to take place over the next few years, as a result of further bank consolidation and spinning away non-core lending activities.

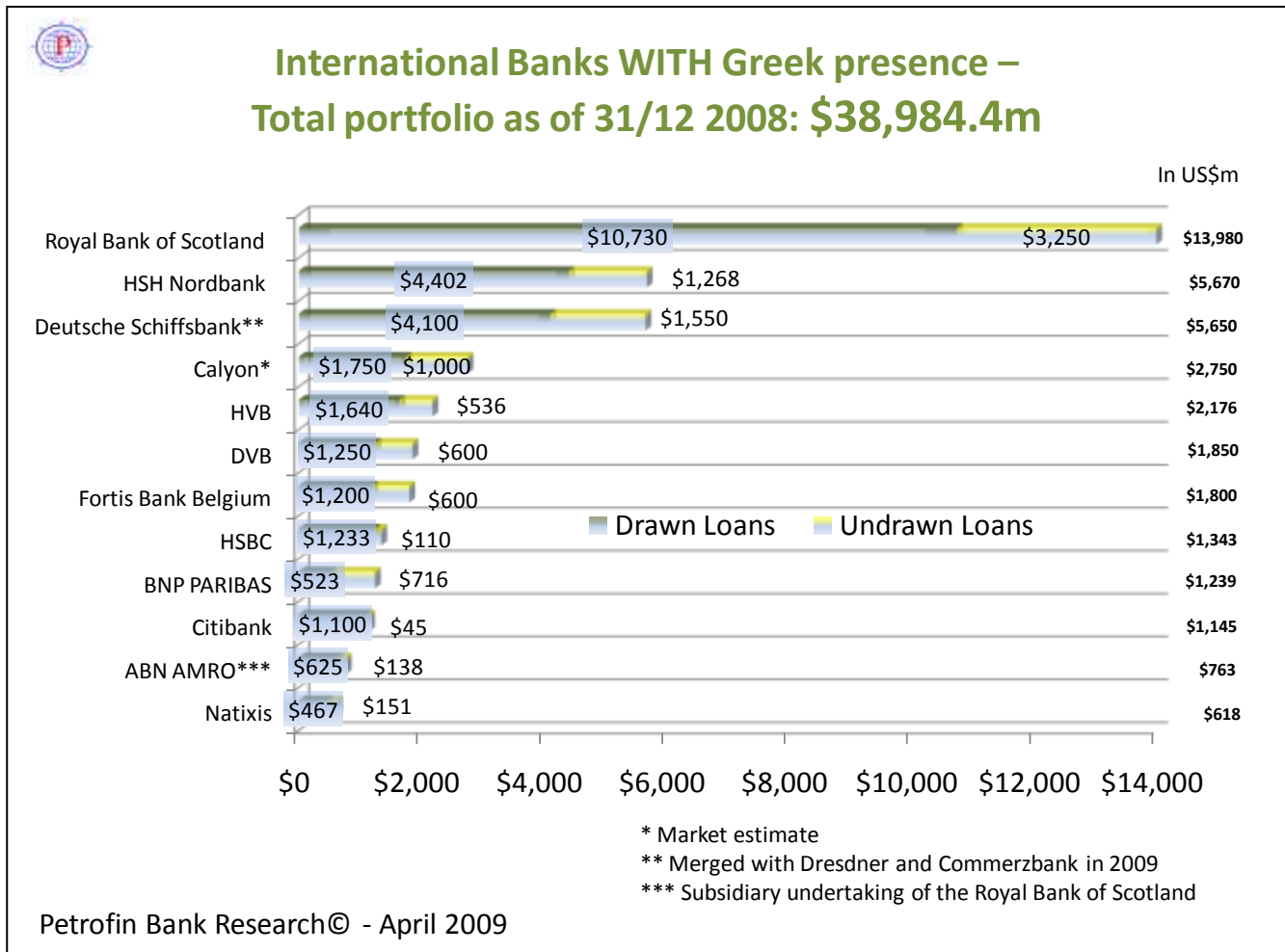
Graph 2



B. International Banks WITH a Greek Presence

In **Graph 3** we note that the International Banks with a Greek presence is the leading group of banks commanding the biggest portfolio of **\$38,984**.

Graph 3

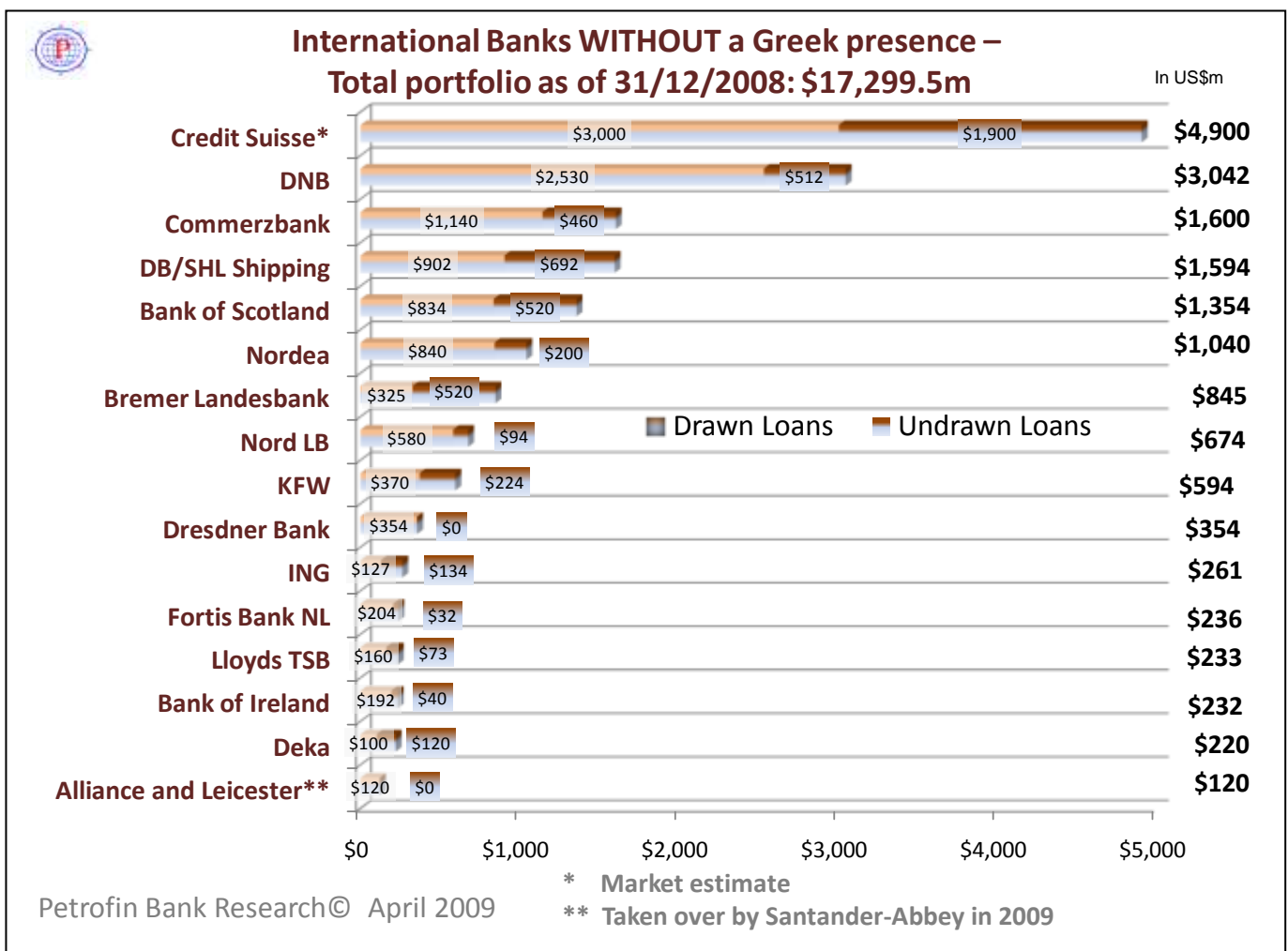


These banks have shown consistent and remarkable growth throughout the last 7 years. Their growth this year is only 5.25%, in view of the banking crisis. However, there are clouds in the horizon as to their staying power for about half of the banks comprising this sector.

C. International Banks WITHOUT a Greek Presence

In **Graph 4**, there are 16 banks based outside of Greece that finance Greek shipping. The sector had showed a decrease of 23.03% in portfolio last year (HSH changed sector) but over-compensated this year. International banks, throughout most of 2008, committed themselves heavily in Greek shipping. However, there are concerns in the ability of about one third of the banks in this sector continuing with shipping finance due to liquidity and capital issues.

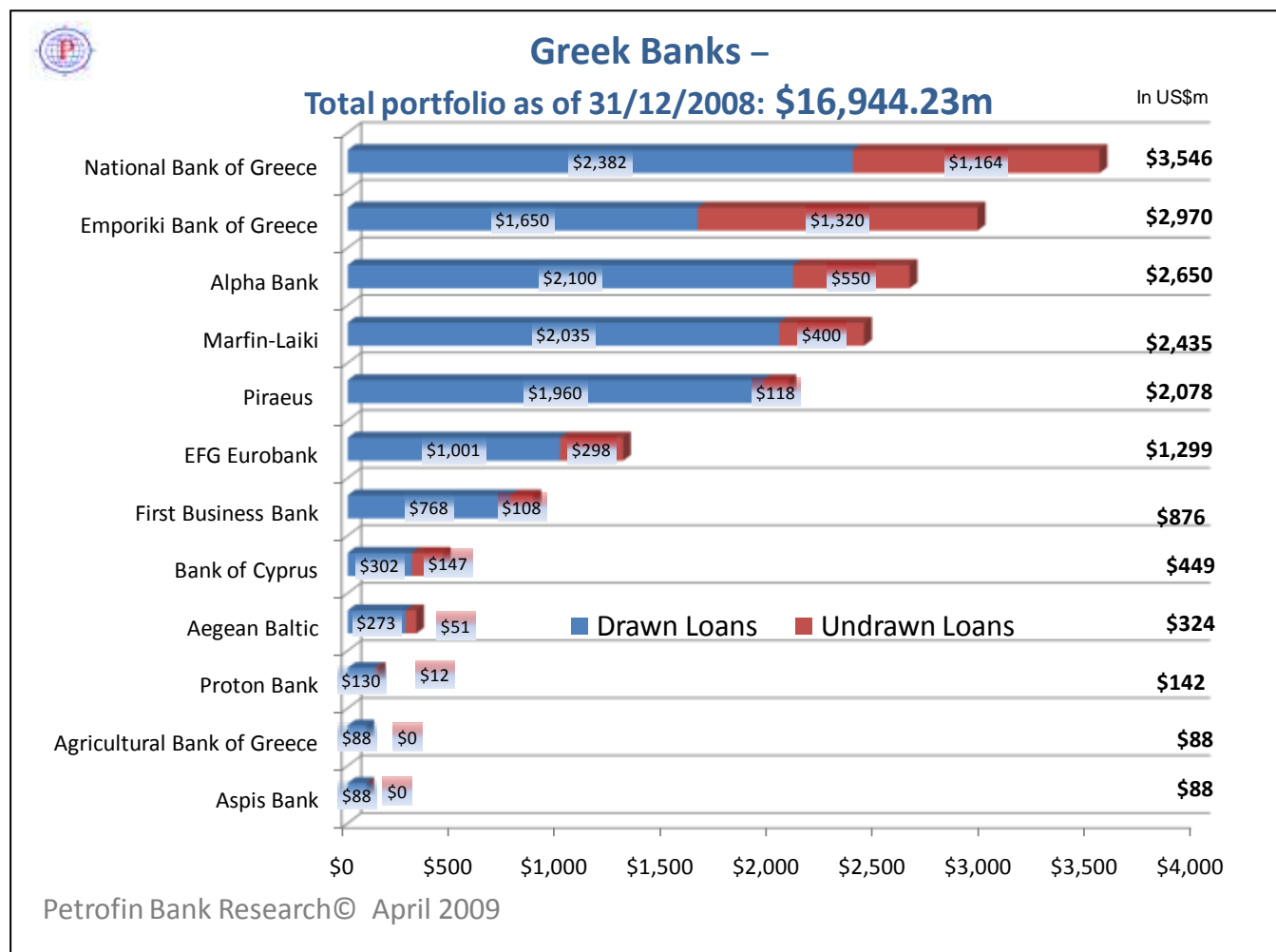
Graph 4



D. Greek Banks

This sector has remained steady in the number of banks. Its collective portfolio growth by 115.59% last year has been drastically reduced to 6.97%. Greek banks' portfolio is up to **\$16.9bn in 2008**.

Graph 5



The most important change in the ranking of Greek banks is the drop of Piraeus Bank from top position to 5th, to a large extent due to an internal re-classification of shipping risk as opposed to non-shipping related risk. Also, the National Bank is back as number 1 Greek bank in shipfinance.

E. Bank ranking and growth patterns

In the Graph below all banks are cited according to portfolio size.

Table 6

Rank	Bank	Total exposure in \$m
1	Royal Bank of Scotland	\$13,980
2	HSH Nordbank	\$5,671
3	Deutsche Schiffsbank	\$5,650
4	Credit Suisse*	\$4,900
5	National Bank of Greece	\$3,545
6	DNB	\$3,042
7	Emporiki Bank of Greece	\$2,970
8	Calyon*	\$2,750
9	Alpha Bank	\$2,650
10	Marfin-Laiki	\$2,435
11	HVB	\$2,176
12	Piraeus	\$2,078
13	DVB	\$1,850
14	Fortis Bank Belgium	\$1,800
15	Commerzbank	\$1,600
16	DB/SHL Shipping	\$1,594
17	Bank of Scotland	\$1,354
18	HSBC	\$1,343
19	Eurobank	\$1,299
20	BNP PARIBAS	\$1,239
21	Citibank	\$1,145
22	Nordea	\$1,040
23	First Business Bank	\$876
24	Bremer Landesbank	\$845
25	ABN (subsidiary undertaking of Royal Bank of Scotland)	\$763
26	Nord LB	\$674
27	Natixis	\$618
28	KFW	\$594
29	Bank of Cyprus	\$450
30	Dresdner Bank	\$354
31	Aegean Baltic	\$324
32	ING	\$261
33	Fortis Bank NL	\$236
34	Lloyds Bank	\$233
35	Bank of Ireland	\$232
36	Deka	\$220
37	Proton Bank	\$142
38	Alliance and Leicester/Santander	\$120
39	Agricultural Bank of Greece	\$88
40	Aspis Bank	\$88
	Total portfolios	\$73,228

For ease of comparison, below compare the above with last year's results:

Table 7: Comparison table of Drawn loan portfolios

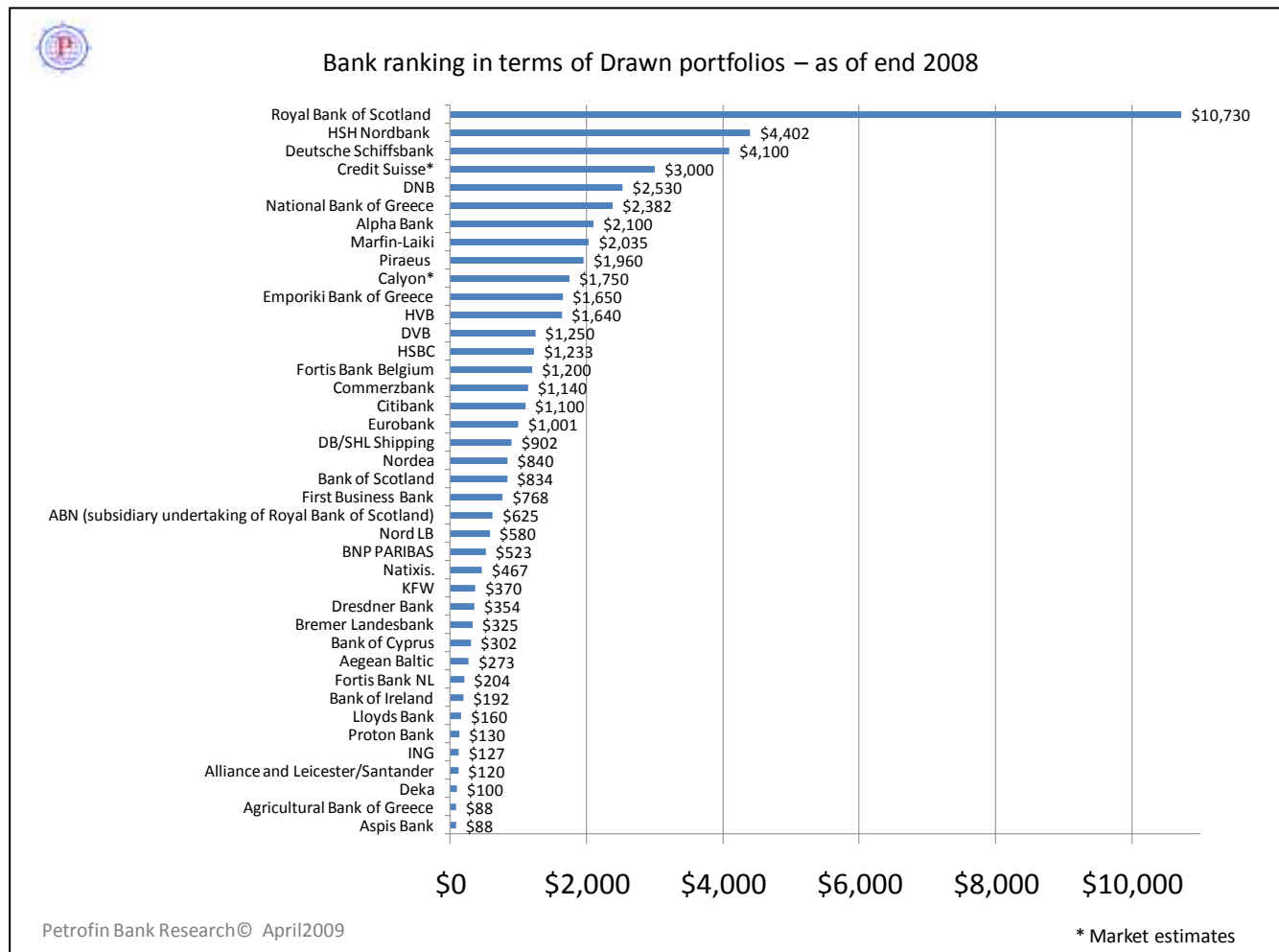
	end 2008		end 2007	
1	Royal Bank of Scotland	\$10,730	Royal Bank of Scotland	8,565.00
2	HSH Nordbank	\$4,402	HSH Nordbank	4,300.00
3	Deutsche Schiffsbank	\$4,100	Deutsche Schiffsbank	3,400.00
4	Credit Suisse*	\$3,000	Credit Suisse*	2,550.00
5	DNB	\$2,530	Piraeus	2,085.00
6	National Bank of Greece	\$2,382	Alpha Bank	2,067.00
7	Alpha Bank	\$2,100	National Bank of Greece	1,555.00
8	Marfin-Laiki	\$2,035	Calyon*	1,500.00
9	Piraeus	\$1,960	HSBC	1,500.00
10	Calyon*	\$1,750	Commerzbank	1,463.00
11	Emporiki Bank of Greece	\$1,650	DNB	1,406.00
12	HVB	\$1,640	HVB	1,285.00
13	DVB	\$1,250	Marfin-Laiki	1,200.00
14	HSBC	\$1,233	Citibank	1,145.00
15	Fortis Bank Belgium	\$1,200	DVB	1,120.00
16	Commerzbank	\$1,140	EFG Eurobank	970.00
17	Citibank	\$1,100	Emporiki Bank of Greece	950.00
18	Eurobank	\$1,001	ABN	950.00
19	DB/SHL Shipping	\$902	Fortis Bank	875.00
20	Nordea	\$840	Nordea	760.00
21	Bank of Scotland	\$834	Bank of Scotland	673.00
22	First Business Bank	\$768	First Business Bank	627.29

23	ABN (subsidiary undertaking of Royal Bank of Scotland)	\$625	Nord LB	475.10
24	Nord LB	\$580	Bremer Landesbank	392.00
25	BNP PARIBAS	\$523	Natixis	381.00
26	Natixis	\$467	KFW	355.00
27	KFW	\$370	Dresdner bank	350.00
28	Dresdner Bank	\$354	BTMU Capital Corporation*	350.00
29	Bremer Landesbank	\$325	BNP PARIBAS	297.50
30	Bank of Cyprus	\$302	DB/SHL Shipping	288.00
31	Aegean Baltic	\$273	Korea Development Bank*	250.00
32	Fortis Bank NL	\$204	ING	224.81
33	Bank of Ireland	\$192	Aegean Baltic	160.00
34	Lloyds Bank	\$160	Bank of America	150.00
35	Proton Bank	\$130	Alliance and Leicester	150.00
36	ING	\$127	Berenberg	150.00
37	Alliance and Leicester/Santander	\$120	Proton Bank	149.35
38	Deka	\$100	Bank of Cyprus	132.30
39	Agricultural Bank of Greece	\$88	Aspis Bank	101.72
40	Aspis Bank	\$88	Agricultural Bank of Greece	48.00
			Bank of Ireland	20.00

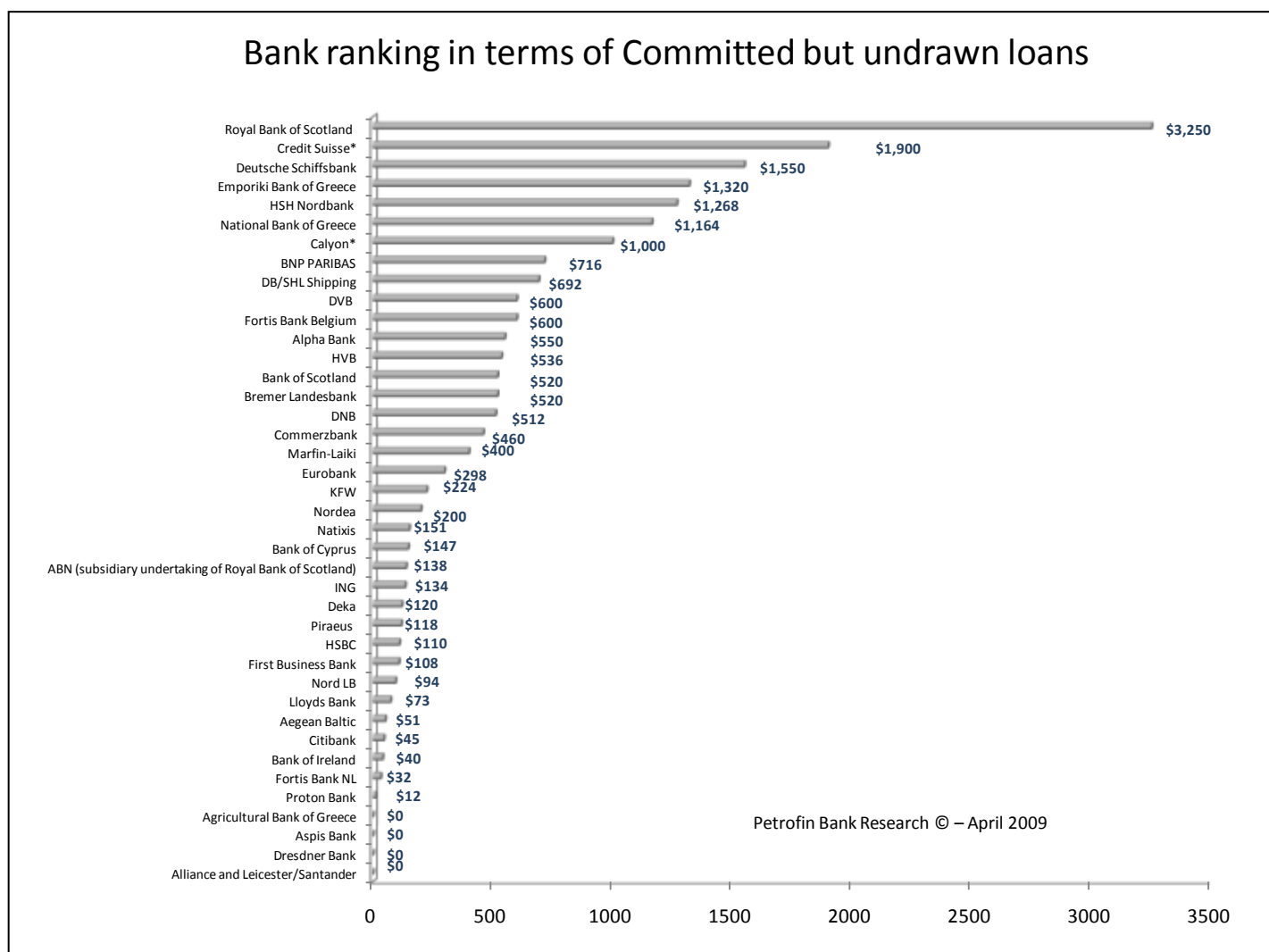
Greek banks in blue highlight

Below we show the rankings in terms of Drawn and Committed but undrawn loans. This distinction is indicative of each bank's newbuilding shipfinance exposure.

Graph 6: Drawn loans as of 31/12/2008 stood at **\$53,575m (in US\$m)**



Graph 7: \$19,653m are the loans committed but not drawn yet, as of 31/12/2008 (in US\$m).



HSH Nordbank has moved down a few places to the 5th position, whereas RBS remains at the top. Credit Suisse (market estimate) is now in the second position and Deutsche Schiffsbank remains third.


Table 8 summarises the comparative statistics for the Greek ship-finance market.

	Dec-01	Dec-02	Dec-03	Dec-04	Dec-05	Dec-06	Dec-07	Dec-08	Greek Shipping loan volumes in \$							
	Number of banks								Dec-01	Dec-02	Dec-03	Dec-04	Dec-05	Dec-06	Dec-07	Dec-08
International banks WITH a Greek presence	11	10	10	9	11	11	13	12	7.050bn	8.185bn	10.124bn	13.938bn	19.450bn	24.252bn	37.04bn	38.984bn
International banks WITHOUT a Greek presence	20	30	29	27	15	16	16	16	6.165bn	8.604bn	9.788bn	12.07bn	10.049bn	14.788bn	14.061bn	17.299bn
Greek banks	9	11	15	14	14	12	12	12	3.31bn	4.472bn	5.642bn	6.344bn	6.523bn	7.347bn	15.84bn	16.944bn
<i>Totals</i>	40	51	54	50	40	39	41	40	\$16.525bn	\$21.261bn	\$25.554bn	\$32.353bn	\$36.112bn	\$46.387bn	66.941bn	73.228bn

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In **Tables 9a, 9b and 9c** we note the percentages of Greek shipping portfolio growth over the last year and the Average Annual Growth over the last 6 years for each bank:

Table 9a

	<i>Banks</i>	% of Bank portfolio growth December 2007 - December 2008	% of Bank portfolio growth December 2006 - December 2007	% of Bank portfolio growth December 2005 - December 2006	% of Bank portfolio growth December 2004 - December 2005	% of Bank portfolio growth December 2003 - December 2004
International Banks with a Greek Presence	Royal Bank of Scotland	8%	23.59%	29.32%	19.58%	50.51%
	HSH Nordbank	-3.89%	40.61%	20.99%	22.28%	21.51%
	Citibank	-10.55%	12.28%	12.32%	-16.80%	75.54%
	Calyon*	10%	92.31%	-13.33	n/a	n/a
	HSBC	-21%	-24.11%	91.45%	11.43%	13.51%
	DVB	7.56%	37.49%	16.92%	21.59%	13.26%
	HVB	6.51%	34.41%	52.00%	22.70%	36.97%
	ABN (subsidiary undertaking of RBS)	-33.65	27.78%	-10.00%	33.33%	41.51%
	Fortis Bank Belgium	18.03%	60.53%	35.71%	27.27%	15.79%
	BNP Paribas	59.86%	113.01%	-9.27%	0.12%	22.29%
	Natixis	11.96%	33.66%	123%	351%	-27.30%
	Deutsche Schiffsbank	17.71%	29.73%	8.82%	9.68%	24.50%
		* Based on market estimates				

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April 2009

Table 9b



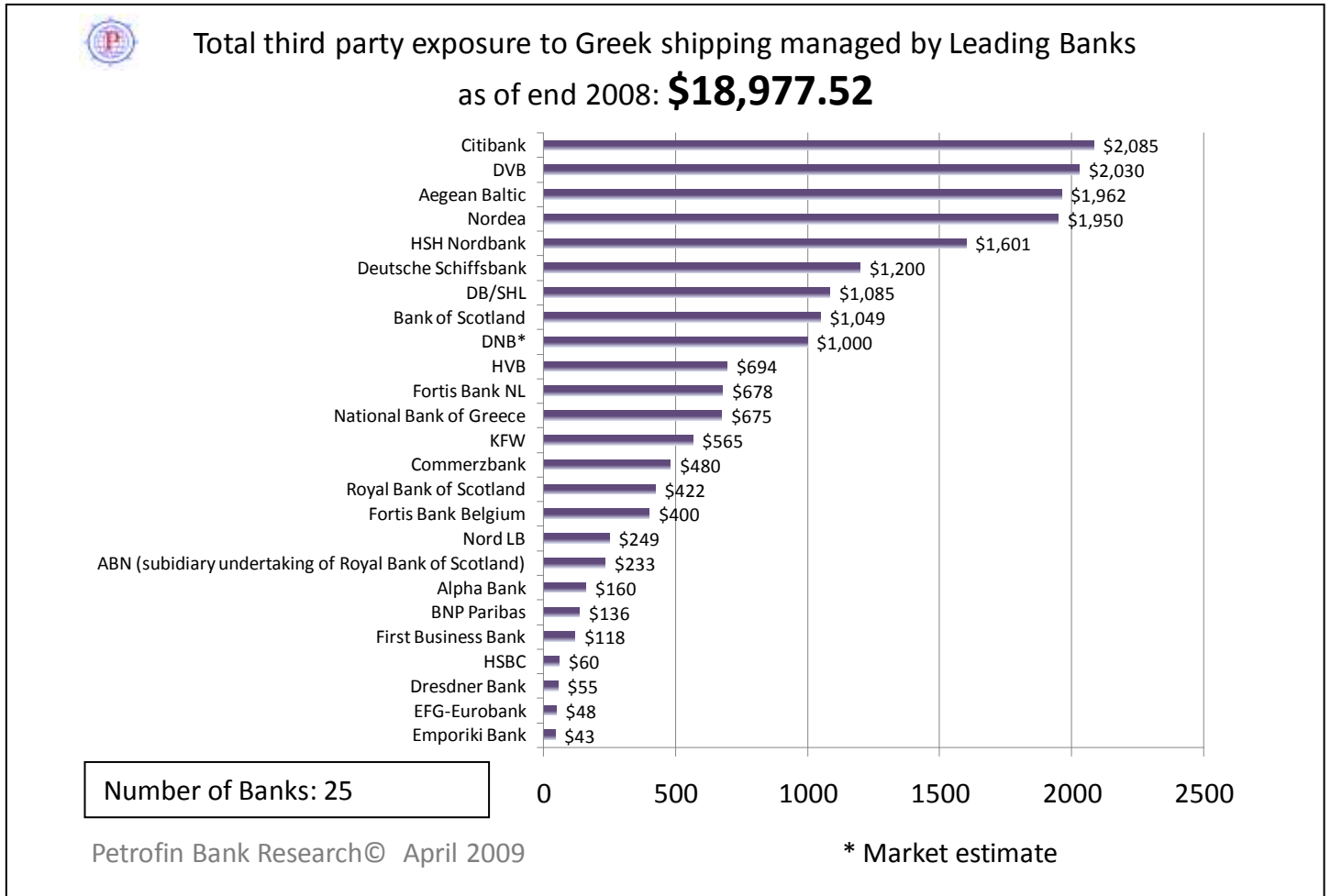
Petrofin Bank Research © April 2009							
		<i>Banks</i>	% of Bank portfolio growth between December 2007 and December 2008	% of Bank portfolio growth between December 2006 and December 2007	% of Bank portfolio growth between December 2005 and December 2006	% of Bank portfolio growth between December 2004 and December 2005	% of Bank portfolio growth between December 2003 and December 2004
International Banks without a Greek Presence	Credit Suisse*	40%	34.62%	40.54%	15.63%	77.78%	
	DNB	39.48%	-17.29%	147.14%	27.78%	29.46%	
	KFW	18.47%	-4.57%	-18.10%	-10.26%	-17.90%	
	Commerzbank	-6.27%	180.76%	0.00%	14.29%	36.41%	
	Bremer Landesbank	-2.76%	96.16%	-1.12%	-5.38%	14.36%	
	Nordea	8.33%	47.69%	23.57%	44.90%	29.64%	
	Bank of Scotland	57.08%	-12.25%	94.90%	61.66%	23.71%	
	Dresdner	-35.64%	-21.54%	300.57%	-12.50%	0%	
	Bank of Ireland	127.45%	6.25%	-31.43	16.67%	166.67%	
	Nord LB	-0.11%	25.58%	137.84	88.33%	-21.88%	
	ING	-9.24%	8.75%	128.95	65.57%	107.92%	
	Deka	n/a	n/a	n/a	n/a	n/a	
	DB Shipping	65.01%	445.76%	120.15	47.14%	56.11%	
	Lloyds TSB	n/a	191.67%	n/a	n/a	n/a	
Alliance and Leicester	-20%	n/a	n/a	n/a	n/a		
Fortis Bank NL	n/a	n/a	n/a	n/a	n/a		
* Based on market estimates							

Table 9c

Petrofin Bank Research © April 2009			% of Bank portfolio growth between December 2007 and December 2008	% of Bank portfolio growth between December 2006 and December 2007	% of Bank portfolio growth between December 2005 and December 2006	% of Bank portfolio growth between December 2004 and December 2005	% of Bank portfolio growth between December 2003 and December 2004
	<i>Banks</i>						
Greek Banks	National Bank of Greece	48.22%	49.5%	40.35%	-18.57%	1.52%	
	Alpha Bank	-1.01%	99.78%	-9.46%	9.63%	12.50%	
	Emporiki Bank	57.14%	77.97%	13.22%	7.82%	2.35%	
	Piraeus Bank	-38.45%	197.71%	26.42%	3.46%	-5.76%	
	Eurobank	-19.34%	143.57%	9.87%	6.05%	59.85%	
	First Business Bank	9.07%	72.1%	2.11%	3.02%	18.45%	
	Bank of Cyprus	66.54%	500%	12.50%	-47.37%	16.92%	
	Aegean Baltic	52.83%	43.24%	38.32%	46.58%	111.59%	
	Proton Bank	-25.36%	223.68%	n/a	15.01% (Omega figure)	75% (Omega figure)	
	Agricultural Bank of Greece	83.63%	14.29%	45.53%	n/a	n/a	
	Marfin-Laiki-	8.22%	204.05%	n/a	n/a	n/a	
	Aspis Bank	-28.03%	144.79%	60.25%	-22.52%	n/a	

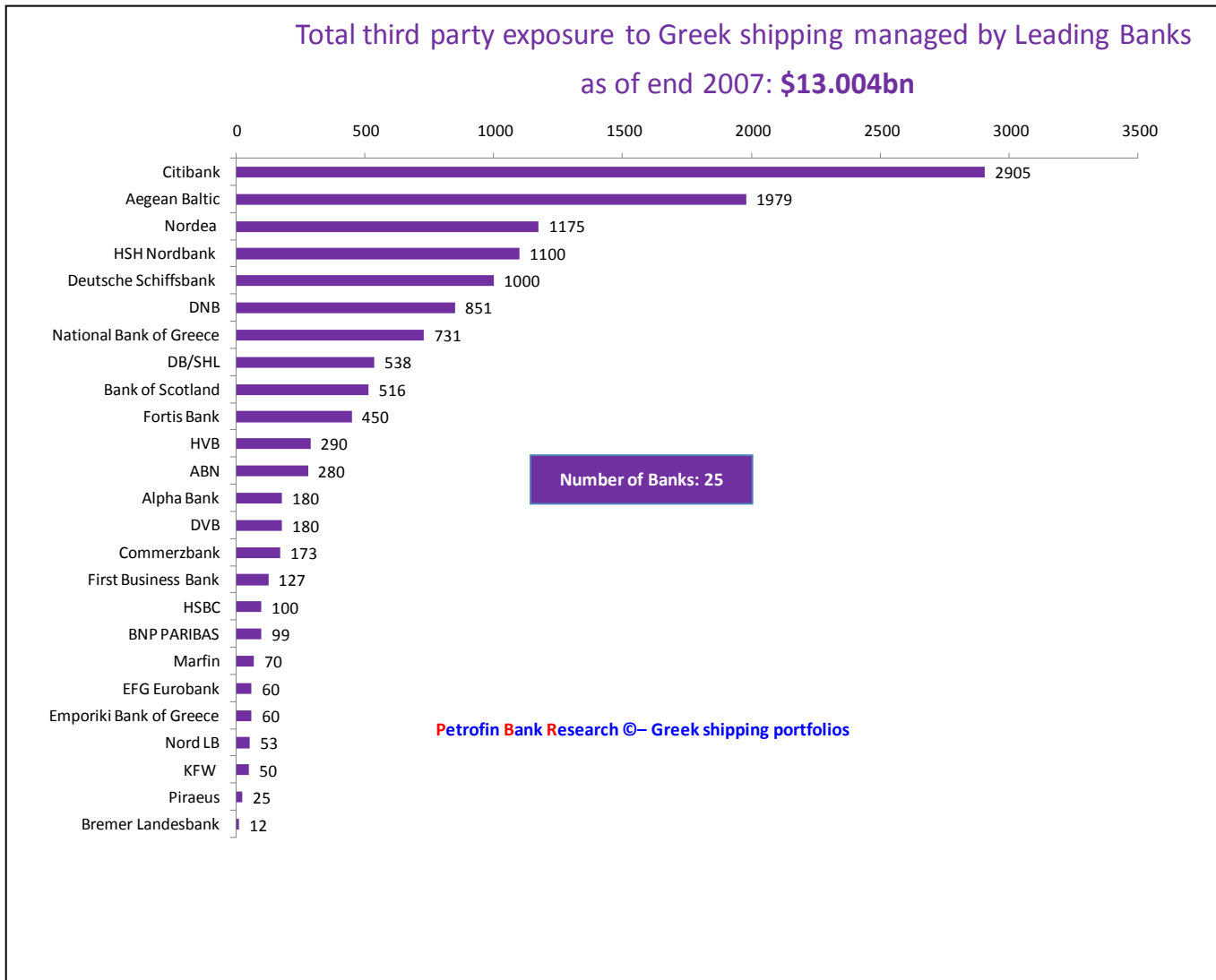
F. Greek shipping Syndications Market

We present the lead manager activities for each bank, now shown for the seventh time internationally by **Petrofin Bank Research ©** in **Graph 8 (in US\$m)**.



When compared to last year (Graph 9 below) we note that DVB Bank has climbed impressively to the second position with a managed portfolio of \$2,030m as opposed to only \$180m last year. Citibank remains at the top, as the expert lead manager. RBS is added this year, with its leading syndications of Greek public companies.

Graph 9: Last year's position



The total loans controlled by lead managing banks for December 2008 were up from **\$13.004bn in 2007 to \$18.977bn at the end 2008**. It represents an increase of **45.94%** over the past year. In December 2005 it stood at **\$7.24bn**, in 2004 the figure stood at **\$5.16bn** and in December 2003 at **\$5.056bn**.

The increase is significant and shows that lead banks are increasingly relying on other banks' participation in arranging transactions and that banks are more willing to share in the risk.

Furthermore, with last year's booming market, the demands for capital, especially by public companies were enormous and were met largely by large syndications.

The number of banks remained at 25, after the withdrawal of Piraeus bank and the addition of RBS. In the table below we note the managed portfolio comparisons over the last 3 years. Last year we had observed that syndications were expected to grow, in view of the forthcoming credit crunch. This indeed took place. For 2009, we anticipate further interest in syndicate lending. However, the overall figures shall be affected by the slowdown and possible contraction of Greek ship finance loan totals.

Table 10: Leading banks in syndication loans and club deals

LEADERS 2008	end 2008 - in US\$m1	LEADER RS 2007	end 2007 - in US\$m1	LEADERS 2006	end 2006 - in US\$m1	LEADERS 2005	end 2005 - in US\$m1
Citibank	\$2,085	Citibank	\$2,905	Citibank	\$2,585	Citibank	\$2,165
DVB	\$2,030	Aegean Baltic	\$1,979	Aegean Baltic	\$1,852	Aegean Baltic	\$1,153
Aegean Baltic	\$1,962	Nordea	\$1,175	Fortis Bank	\$1,650	Credit Suisse*	\$800
Nordea	\$1,950	HSH Nordbank	\$1,100	HSH Nordbank	\$772	Deutsche Schiffsbank	\$600
HSH Nordbank	\$1,601	Deutsche Schiffsbank	\$1,000	Deutsche Schiffsbank	\$750	Fortis Bank	\$400
Deutsche Schiffsbank	\$1,200	DNB	\$851	Bank of Scotland	\$483	ABN	\$320
DB/SHL	\$1,085	National Bank of Greece	\$731	Credit Suisse*	\$400	Bank of Scotland	\$305
Bank of Scotland	\$1,049	DB/SHL	\$538	Nordea	\$380	DVB	\$285
DNB*	\$1,000	Bank of Scotland	\$516	HVB	\$350	HSH Nordbank	\$218
HVB	\$694	Fortis Bank	\$450	DNB	\$260	Commerz bank	\$171
Fortis Bank NL	\$678	HVB	\$290	ABN	\$200	Nordea	\$160
National Bank of Greece	\$675	ABN	\$280	Alpha Bank	\$150	HVB	\$120
KFW	\$565	Alpha Bank	\$180	Calyon*	\$150	DNB	\$90
Commerzbank	\$480	DVB	\$180	DVB	\$145	Bremer Landesbank	\$84
Royal Bank of Scotland	\$422	Commerzbank	\$173	BTMU Capital Corporation	\$130	Alpha Bank	\$80
Fortis Bank Belgium	\$400	First Business Bank	\$127	National Bank of Greece	\$90	HSBC	\$70
Nord LB	\$249	HSBC	\$100	Bremer Landesbank	\$87	EFG Eurobank	\$47
ABN (subsidiary undertaking of Royal Bank of Scotland)	\$233	BNP PARIBAS	\$99	First Business Bank	\$55	National Bank of Greece	\$40

Alpha Bank	\$160	Marfin	\$70	EFG Eurobank	\$40	KFW	\$40
BNP Paribas	\$136	EFG Eurobank	\$60	Natixis	\$34	BNP PARIBAS	\$35
First Business Bank	\$118	Emporiki Bank of Greece	\$60	ING	\$25	First Business Bank	\$34
HSBC	\$60	Nord LB	\$53			Aspis Bank	\$17
Dresdner Bank	\$55	KFW	\$50			Emporiki Bank of Greece	\$10
EFG-Eurobank	\$48	Piraeus	\$25				
Emporiki Bank	\$43	Bremer Landesbank	\$12				
GRAND TOTAL	\$18,978	GRAND TOTAL	\$13,004	GRAND TOTAL	\$10,588	GRAND TOTAL	\$7,243

* Based on market estimates

- Greek banks in blue highlight

4. The outlook for 2009 and beyond

- **We anticipate that the total loans to Greek shipping shall decline in 2009 for the first time in the last 8 years.**
- **New loan production is currently at a virtual standstill and being outpaced by the reduction of loan portfolios due to loan repayments.**
- **It is anticipated that a portion of the committed but undrawn loans shall not become drawn loans on account of order cancellations, abandonment, yard failure, order renegotiations, as well as adjustments of loan facilities (for newbuildings) by ship financing banks.**
- **It is possible that some large loan portfolios may be securitised and spread widely among other financial institutions, investors and central banks.**
- **The ability of banks to provide new lending may increase as the year progresses and their financial, liquidity and capital position may improve.**
- **New loans are and will continue to be provided on far more attractive terms than those of one year ago. Specifically, loan margins have doubled and in certain cases trebled. Arrangement fees have increased. Finance percentages have fallen to approximately 50% and there are numerous additional terms and requirements including financial covenants.**
- **The improvement of loan yields, lower finance percentages and more stringent terms will be viewed by banks to be both safer and more rewarding. Shipping finance should, therefore, compete effectively in the allocation of scarce lendable bank funds in 2009.**
- **The attractiveness though of new shipping loans is also being tempered by the overall negative financial and economic climate and prospects, as well as the poor current prospects for shipping.**
- **Market conditions for new shipfinance entrants are not currently attractive. In addition, capital resources are scarce. As such, it is not anticipated that there will be new entrants for shipfinance in 2009.**
- **Among the 40 shipfinance banks, it is expected that there shall be a reduction of numbers on account of mergers, acquisitions as well as departure from shipfinance due to bank's re-allocation of resources and new strategies.**
- **There are specific concerns over the fates of the 2 largest banks' loan portfolios in Greek shipfinance, namely RBS and HSH.**

- It is possible that on account of the shipping, banking and economic crisis, there shall be some loan failures in 2009, although thus far the industry is performing and the banks are co-operating.
- It is anticipated that the tendency towards syndication loans shall continue as banks are looking to reduced risk exposures.
- Shipfinance conditions for 2009 shall be conducive for committed shipping banks to secure quality loans with targeted clients.
- It is expected that total shipfinance loans shall recover and resume their growth upon the recovery of the world economy, international trade and shipping from 2010 onwards.