

Key Developments and Growth in Greek Ship-Finance

April 2011

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Petrofin Bank Research© presents, for the 10th year running, an overview and an in-depth analysis of the bank loan portfolios to Greek shipping, as of 31st December 2010.

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

The portfolios show both the shipping loans outstanding, as well as loans committed but undrawn. The committed but undrawn loans may be viewed as an indication of each bank's ship lending 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:

- ⑧ Greek ship finance remained in the doldrums in 2010, as bank appetite remained subdued for bank related reasons.
- ⑧ Total loans (drawn and committed), booked both in Greece and worldwide, for the end of year 2010: down to \$66.235 from \$67.020bn in 2009, i.e. a reduction of -1.17%.
- ⑧ Drawn Loans, however, are up again: \$57,082 as of end 2010, compared to \$54.607 as of end 2009, this time up by up +4.53% compared to last year's growth of +1.93% (Table 3). This growth does not signify growth but conversion of undrawn commitments into drawn loans in relation to newbuilding deliveries.
- ⑧ Again, this year the fall lies in the Committed but Undrawn loans down to \$9.153bn from \$12.412bn, i.e. by -26.27%, slightly better than last year's drop of -36.84% (see Table 3). However, the cumulative 2-year drop has grown to -53.43% signifying the aversion by shipping banks to fresh risk.
- ⑧ The Greek banks loan portfolios' fall is smaller than last year: -1.59% compared to -4.74%, down to \$15.554bn. In view of the Greek economic crisis and the associated problems of Greek banks, it is a very credible performance. Following the overall pattern, the largest fall is in the Committed but Undrawn loans by 25.53%, whereas the Drawn loans showed a growth of +3.68%.
- ⑧ The loan portfolios of the International Banks with a Greek Presence also show an overall decline of -2.43%, which is less than last year's -5.66% and now, stands at \$35.882bn down from \$36.777bn. Their Committed but Undrawn portfolio is again down by a significant -29.62%, less however than last year's -40.63%. The Drawn portfolio of this group of banks has gone up during 2010, by a 2.78%, and now stands at \$31.718bn compared to a growth of +6.34% last year.
- ⑧ International Banks without a Greek presence last year showed the biggest decrease in their Greek exposure by -18.49%, down to \$14.101bn. This year they are the only group that shows an overall growth by +2.6%, to \$14.468bn. More specifically, their Drawn loan portfolio is up by +10.76%, (compared to last year's fall by 10.71%) and their Committed but Undrawn loan portfolio has fallen by -21.32% to \$2.82bn, a smaller decline than last year's -35.07%.
- ⑧ The number of banks involved in Greek shipfinance is 39. Deutsche Schiffsbank merged its portfolios with Commerzbank and ex Dresdner bank. Fortis Bank Belgium has merged its portfolio with BNP Paribas. No fresh banks entered the Greek ship finance market, although it is widely expected that more Chinese banks will soon enter the market.
- ⑧ The top 10 banks hold 63.10% of the market, a slight decrease from last year (64.13%), or the previous years. The top 10 banks still dominate the market.
- ⑧ European banks continue to account for the vast majority of total loans: 97% (Table 5).
- ⑧ RBS remained the market leader. Deutsche Schiffsbank, Credit Suisse, NBG and DNB Nor made up with RBS the top five.
- ⑧ Emporiki moves to second place after NBG, closely followed by Marfin and Alpha bank.
- ⑧ The total percentage of German banks in Greek ship finance fell from 28.74% in 2009 to 26.95% in 2010.

- ④ **Star (growth) performers in 2010 were BNP Paribas, DNB Nor, DVB, ABN Amro, HSBC, DB Deutsche Shipping, Nordea, ING and China Exim.**
- ④ **Most negative performing banks in 2010 were HSH Nordbank and to a lesser extent RBS, although there were numerous banks that displayed negative growth.**
- ④ **The Lead Managers in syndication loans have decreased their managed portfolios from \$16bn to \$14.6bn, i.e. down by -9.54%, a bigger decrease than the previous year's -7.07%.**
- ④ **Continuing our research into the percentage of Committed but Undrawn loans that refer to Newbuildings, we note that the largest percentage of Committed and Undrawn loans continues to refer to Newbuilding orders. 82.89% of Committed but Undrawn loans referred to newbuildings, compared to 84.62% last year.**

2. Total Greek shipfinance portfolio as of end 2010

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The annual results by Petrofin Bank Research ©, now released for the 10th year running, reflect the exposure of all banks engaged in lending to Greek owners, at the end of 2010.

In **Table 1** below, we note that for the second year in a row the overall portfolio provided to Greek shipping was reduced, even though by a much lesser percentage than the year before. This demonstrates that, on balance, the banks held back from relending the monies realised from the repayment of their loan portfolios. Despite the above, the levels of 2010 still represent a substantial increase over Greek ship lending compared to 5 years ago.

Table 1

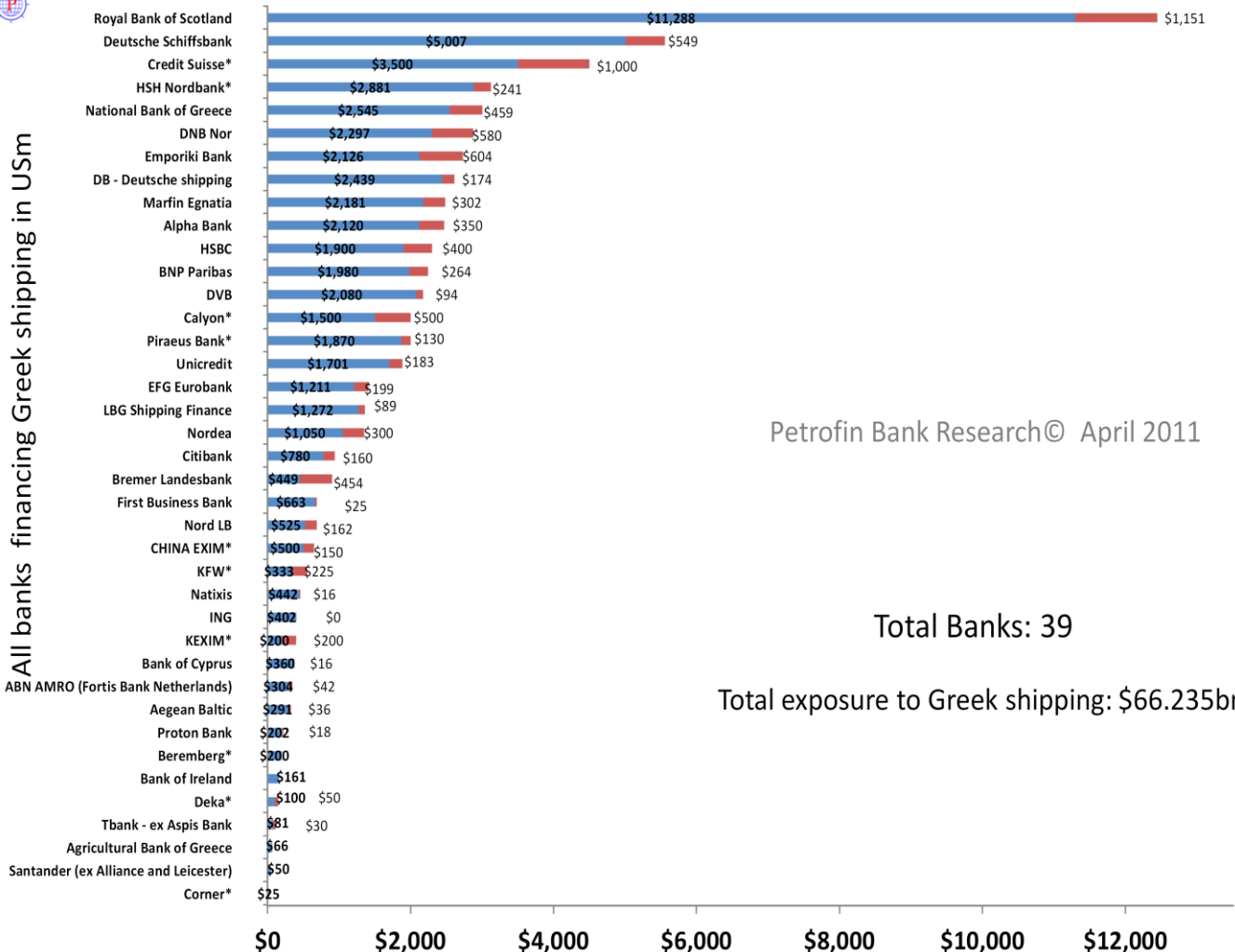
	December 2001	December 2002	December 2003	December 2004	December 2005	December 2006	December 2007	December 2008	December 2009	December 2010
Growth percentage		28.66%	20.19%	26.61%	11.62%	28.45%	44.31%	9.39%	-8.478%	-1.17%
Total Greek Shipping Portfolio	\$16,525m	\$21,261m	\$25,554m	32,353m	\$36,112m	\$46,387m	\$66,941m	\$73,228m	\$67,020m	\$66,235
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In Graph 1 below we see all the banks in terms of their portfolios:

Graph 1



All banks financing Greek shipping in USm



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Total Banks: 39

Total exposure to Greek shipping: \$66.235bn

* Market estimate

■ Drawn Loans ■ Committed but undrawn loans

3. Research and Analysis

A. The Greek shipfinance market

Graph 2

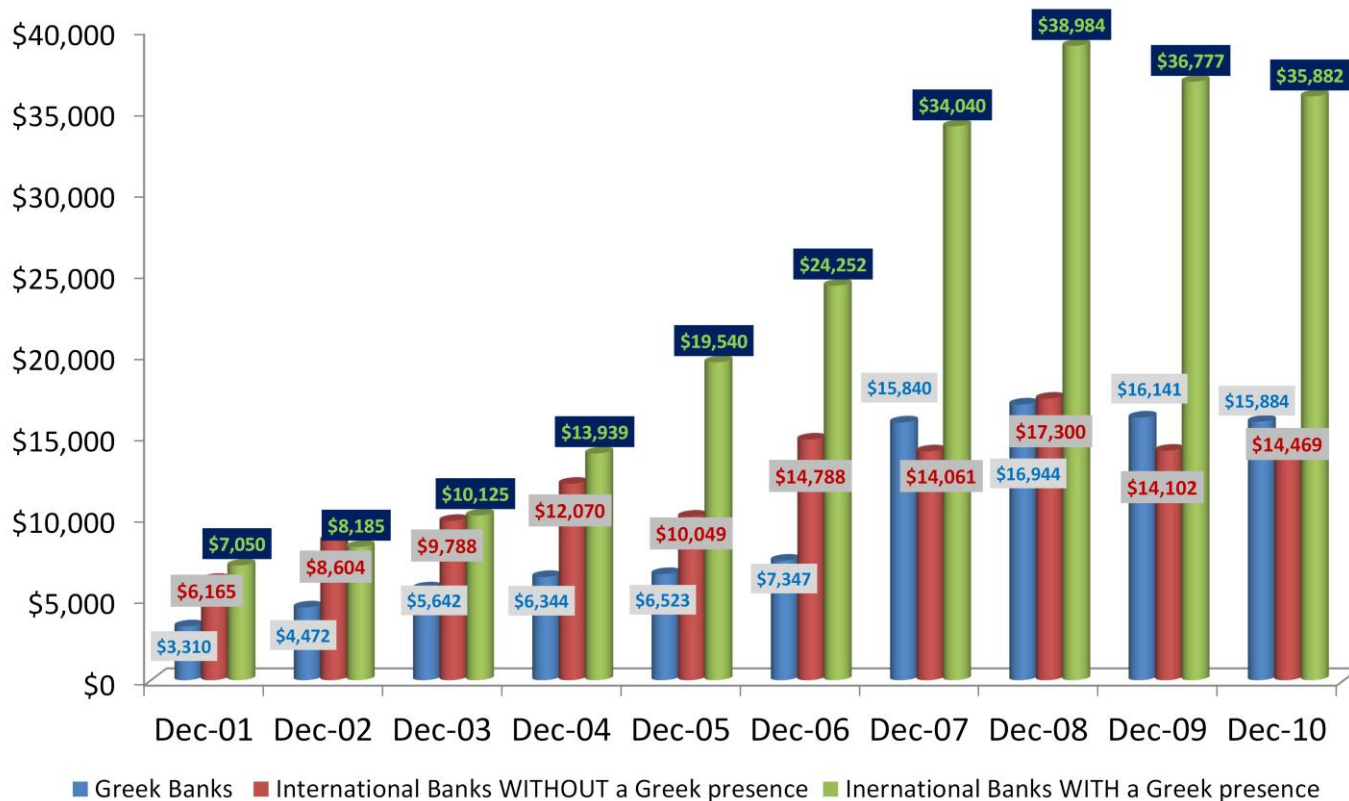
Bank exposure in terms of bank groups is as follows:

April 2011

Greek shipping bank portfolios since 2001 – per bank group
in \$m




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In line with last year, Greek bank totals and International bank with a Greek presence totals showed a decline for the second year running. International banks without a Greek presence showed a moderate increase.


In the table below (**Table 2**) we observe the overall growth evolution in Greek ship lending as a whole as well as for the three bank groups:

Table 2: Overall Growth in Greek Ship lending (in US\$m)

Petrofin Bank Research © April 2011 	Overall Greek ship lending portfolio as of end 2010	Overall Greek ship lending portfolio as of end 2009	Overall Greek ship lending portfolio as of end 2008	Percentage of growth between December 2009 and December 2010	Percentage of growth between December 2008 and December 2009	Percentage of growth between December 2001 and December 2010	Average yearly growth since 2001
International Banks WITH a Greek presence	\$35,882.29	\$36,777.31	\$38,984.4	-2.43%	-5.66%	408.97% (Between 2001 and 2009: 421.66%)	19.82% (Between 2001 and 2009: 22.93%)
International Banks WITHOUT a Greek presence	\$14,468.76	\$14,101.65	\$17,299.5	+2.60%	-18.49%	134.69% (Between 2001 and 2009: 128.74%)	9.94% (Between 2001 and 2009: 10.9%)
Greek banks	\$15,883.60	\$16,140.55	\$16,944.24	-1.59%	-4.74%	379.87% (Between 2001 and 2009: 387.63%)	19.04% (Between 2001 and 2009: 21.9%)
Total	\$66,234.65	\$67,019.51	\$73,228.14	-1.17%	-8.48%	300.81% (Between 2001 and 2009: 305.56%)	16.68% (Between 2001 and 2009: 19.13%)
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International banks without a Greek presence have registered a moderate rise for 2010, following a very large decline in 2009. Overall, this bank group shows the slowest average yearly growth (9.94%) over the last 10 years, as opposed to the other bank groups which have displayed very similar characteristics between them.

Table 3: Growth in Drawn portfolios and Committed and Undrawn portfolios (in US\$m)

 Petrofin Bank Research © March 2011	Drawn loan portfolio as of end 2010	Drawn loan portfolio as of end 2009	Drawn Loan portfolio as of end 2008	Percentage of change in Drawn Loan portfolio between 2009 and 2010	Committed but Undrawn loan portfolio as of end 2010	Committed but Undrawn loan portfolio as of end 2009	Committed but Undrawn loan portfolio as of end 2008	Percentage of change in Committed but Undrawn Loan portfolio between 2009 and 2010
International Banks WITH a Greek presence	\$31,718.47	\$30,861.13	\$29,020	+2.78% (Last year's growth: +6.34%)	\$4,163.82	\$5,916.19	\$9,964.4	-29.62% (Last year's growth: -40.63%)
International Banks WITHOUT a Greek presence	\$11,647.95	\$10,516.29	\$11,777.88	+10.76% (Last year's growth: -10.71%)	\$2,820.8	\$3,585.35	\$5,521.62	-21.32% (Last year's growth: -35.07%)
Greek banks	\$13,715.56	\$13,229.71	\$12,776.77	+3.68 (Last year's growth: +3.54%)	\$2,168.04	\$2,911.38	\$4,167.46	-25.5% (Last year's growth: -30.14%)
Total	\$57,082	\$54,607.00	\$53,574.65	+4.53 (Last year's growth: +1.93%)	\$9,153	\$12,412.92	\$19,653.48	-26.27 (Last year's growth: -36.84)
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An interesting development has taken place in 2010, whereby the Drawn portfolios have grown for all bank groups, as opposed to the Committed but Undrawn portfolios, which have shown further and substantial declines across the board. This may be largely interpreted as the lack of appetite for additional, primarily newbuilding-related finance, which is indicative of the tight financial conditions for borrowers. As such, a number of commitments turned to drawn loans, as vessels were delivered and the overall figures fell.

The top 10 banks' ranking order follows in Table 4.

Table 4: The top ten banks ranked by portfolio size (in US\$m)

as of end 2010				as of end 2009				as of end 2008				as of end 2007			
Rank	Bank	Total exposure in \$m	Market Share	Rank	Bank	Total exposure in \$m	Market Share	Rank	Bank	Total exposure in \$m	Market share	Rank	Bank	Total exposure in \$m	Market share
1	Royal Bank of Scotland	\$12,439	18.78%	1	Royal Bank of Scotland	\$13,302	19.85%	1	Royal Bank of Scotland	\$13,980	19.09%	1	Royal Bank of Scotland	\$12,945	19.34%
2	Deutsche Schiffsbank	\$5,556	8.39%	2	HSH Nordbank	\$5,202	7.76%	2	HSH Nordbank	\$5,671	7.74%	2	HSH-Nordbank	\$5,900	8.81%
3	Credit Suisse*	\$4,500	6.79%	3	Deutsche Schiffsbank	\$4,969	7.41%	3	Deutsche Schiffsbank	\$5,650	7.72%	3	Deutsche Schiffsbank	\$4,800	7.17%
4	HSH Nordbank*	\$3,122	4.71%	4	Credit Suisse*	\$4,000	5.97%	4	Credit Suisse*	\$4,900	6.69%	4	Credit Suisse*	\$3,500	5.23%
5	National Bank of Greece	\$3,004	4.54%	5	National Bank of Greece	\$3,217	4.80%	5	National Bank of Greece	\$3,545	4.84%	5	Piraeus Bank	\$3,376	5.04%
6	DNB Nor	\$2,877	4.34%	6	Alpha Bank	\$2,675	3.99%	6	DNB Nor	\$3,042	4.15%	6	Alpha Bank	\$2,677	4.00%
7	Emporiki Bank	\$2,730	4.12%	7	Emporiki Bank of Greece	\$2,620	3.91%	7	Emporiki Bank of Greece	\$2,970	4.06%	7	Calyon*	\$2,500	3.73%
8	DB - Deutsche Shipping	\$2,613	3.95%	8	DNB Nor	\$2,544	3.80%	8	Calyon*	\$2,750	3.76%	8	National Bank of Greece	\$2,392	3.57%
9	Marfin Egnatia	\$2,483	3.75%	9	Marfin Egnatia	\$2,450	3.66%	9	Alpha Bank	\$2,650	3.62%	9	Marfin - Egnatia - Laiki	\$2,250	3.36%
10	Alpha Bank	\$2,470	3.73%	10	Calyon*	\$2,000	2.98%	10	Marfin-Laiki	\$2,435	3.33%	10	DNB Nor	\$2,181	3.26%
	Total	\$41,794	63.10%		Total	\$42,979	64.13%		Total	\$47,593	64.99%		Total	\$42,521	63.52%

*Market estimate

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The top banks account for 63.10% of the total Greek exposure, slightly less than in previous years. HSH Nordbank has moved from the 2nd position to the 4th position, with Deutsche Schiffs and Credit Suisse moving up to the 2nd and 3rd positions respectively.

Other movements consist of a fall by Alpha from the 6th to the 10th position and a reciprocal rise of DNB Nor from the 8th to the 6th position.

New entrant to the top ten is DB Deutsche Shipping taking the place of Calyon.

Nationality of banks

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

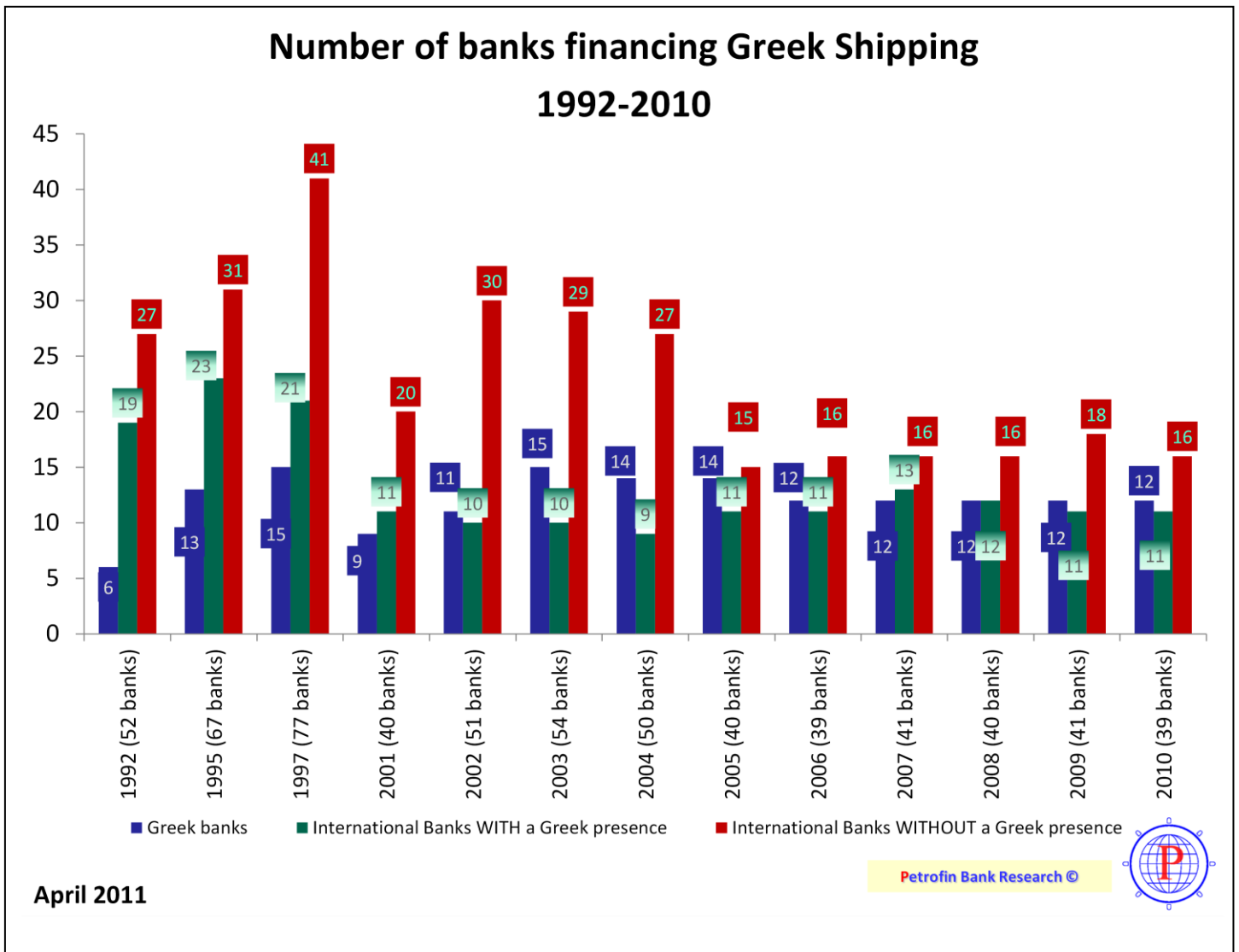
Table 5: Distribution of banks engaged in Greek Ship-finance by nationality

Nationality	end 2003	end 2004	end 2005	end 2006	end 2007	end 2008	end 2009	end 2010	Total Portfolios per Geographical region as of end 2010	Percentage of total of Greek ship finance as of end 2010
UK & Ireland	5	5	4	5	5	6	5	4	\$16,260.90	24.85%
France / Belgium	8	6	3	3	3	4	4	3	\$4,702.00	7.18%
Scandinavia	2	2	2	2	2	2	2	2	\$4,227.00	6.46%
Germany	10	10	9	10	11	11	11	10	\$17,848.54	26.95%
Holland	5	5	4	3	3	3	2	2	\$747.61	1.14%
Greece	15	14	14	12	12	12	12	12	\$15,883.60	24.27%
Other European	4	4	2	1	1	1	2	3	\$4,575.00	6.99%
European Total	49	46	38	36	37	39	38	36	\$64,244.65	97%
North America	4	3	1	2	3	1	1	1	\$940.00	1.44%
Far East and other countries	1	1	1	1	1	0	2	2	\$1,050.00	1.60%
World Total	54	50	40	39	41	40	41	39	\$66,235	
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There are no significant changes in the relative geographical composition of the banks. However, the overall number has declined by 2 as a result of the mergers of Fortis Belgium (BNP Paribas) and Commerzbank plus ex Dresdner (Deutsche Schiffsbank). Also, Santander has absorbed the Alliance and Leicester portfolio which has, therefore, moved to Other European.

There are no new entrants for 2010, but we believe that 2011 is expected to show a significant increase in the number of Chinese banks, following the recently announced allocation of \$10bn towards Greek shipping by Chinese banks.

Graph 3



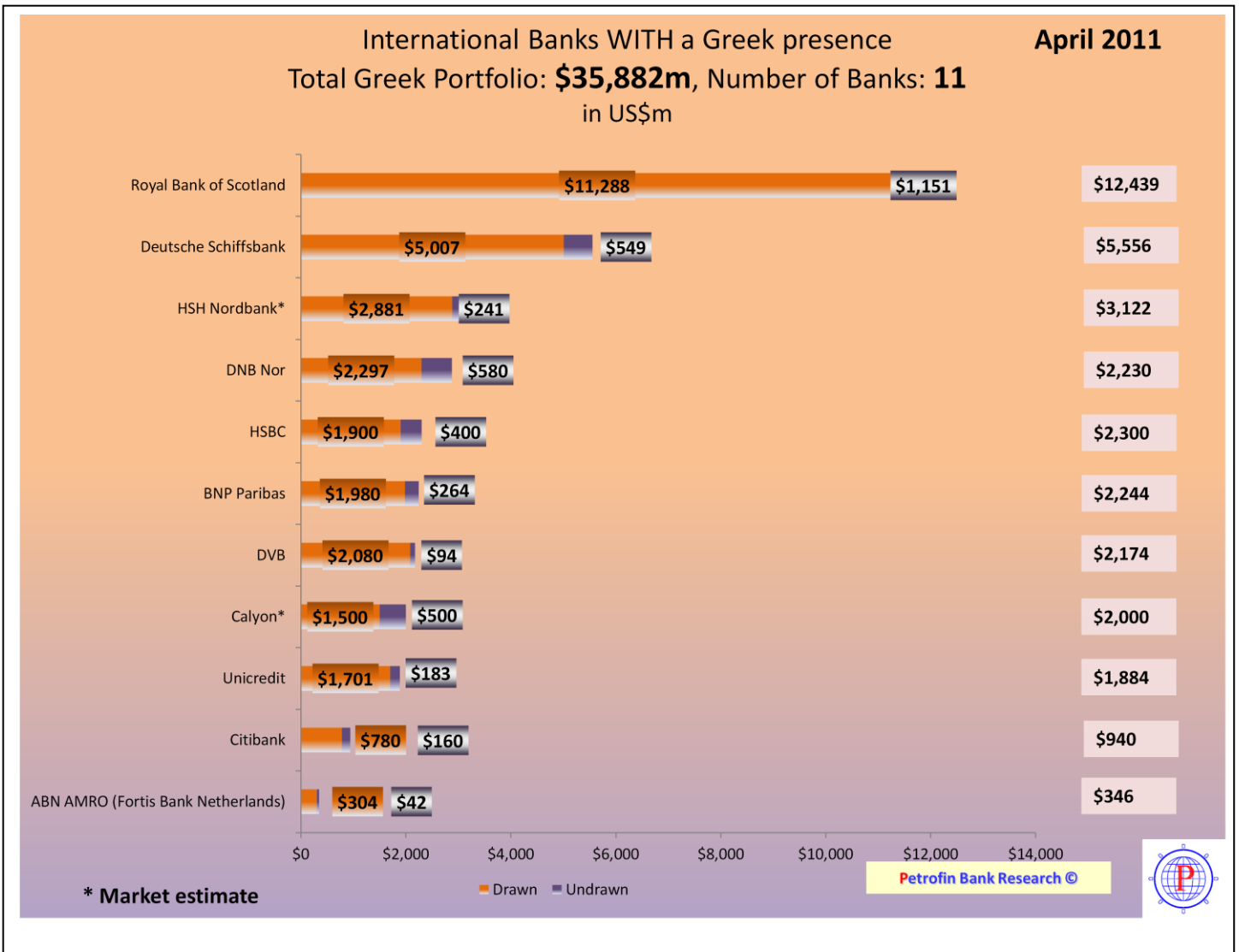
As stated above, the reason there is a reduction in the banks without a Greek presence is because Fortis Netherlands has opened a Greek representative office and is now called ABN AMRO and Commerzbank is included in the Deutsche Schiffs bank which has a representative office in Greece. Also Fortis Bank Belgium is part of BNP Paribas.

B. Analysis of the 3 bank groups

International Banks WITH a Greek Presence

In **Graph 4** we note that the International Banks with a Greek presence is the leading group of banks commanding the biggest portfolio at **\$35.882m**. This is a decrease by -2.43% since 2009. It marks the second year in a row where we observe an overall reduction in these banks' portfolios.

Graph 4



For the second year in a row, this Group shows a reduction that brings it back somewhere between the 2006 and 2007 levels. However, it is important to look carefully at each bank separately, as they show a wide range of differences.

We continue to take a closer look to the differences between Drawn loans and Committed but Undrawn loans. The variance between them this year is greater and is indicative of the banks' commitment and trust in the market.

So, in Tables 6 and 7 below we note the differences between the Drawn loans and the Committed but Undrawn loans for the last 3 years for the Banks WITH a Greek presence:

Table 6:

International Banks WITH a Greek presence - Drawn Loans (in US\$m)				
	end 2010	end 2009	end 2008	Change between 2010 and 2009
Royal Bank of Scotland	\$11,288	\$11,279	\$10,730	+0.08% (Between 2008 and 2009: +5.12%)
HSH Nordbank*	\$2,881	\$4,583	\$4,402	-37.14% (Between 2008 and 2009: +4.11%)
Deutsche Schiffsbank	\$5,007	\$4,046	\$4,100	+23.75% (Between 2008 and 2009: -1.32%)
Calyon*	\$1,500	\$1,500	\$1,750	0% (Between 2008 and 2009: -14.29%)
Unicredit	\$1,701.4	\$1,562	\$1,640	+8.92% (Between 2008 and 2009: -4.76%)
DVB	\$2,080	\$1,309	\$1,250	+58.90 (Between 2008 and 2009: +4.72%)
ABN AMRO (ex Fortis Bank Netherlands)	\$304.07	\$135	\$204	+125.24% (Between 2008 and 2009: -33.79%)
HSBC	\$1,900	\$1,450	\$1,233	+31.03% (Between 2008 and 2009: +17.60%)
BNP Paribas	\$1,980	\$750	\$523	+164% (Between 2008 and 2009: +43.40%)
Citibank	\$780	\$875	\$1,100	-10.86% (Between 2008 and 2009: -20.45%)
DNB Nor	\$2,297	\$2,257	\$2,530	+1.77% (Between 2008 and 2009: -16.37%)
*Market Estimate				
Total	31,718	\$30,861	\$29,020	+2.78% (Between 2008 and 2009: +6.34%)
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We note that out of the 6 banks that had reduced their drawn loans in 2009, only 2 continued reducing their portfolios during 2010, i.e. Citibank and HSH Nordbank. But HSH Nordbank announced a further 2bn that will go into shipping during 2011 and it will be interesting to see what portion of that will go into Greek shipping next year. Notably, as well, BNP Paribas has returned in leaps and bounds with a growth in drawn loans of 164% and ABN AMRO, (ex Fortis Netherlands) also marked a new era of trust and confidence in Greek shipping with a growth of 125.24%, as well as opening a rep office in Greece.

Other fast growing bank portfolios are those of DVB, HSBC and Deutsche Schiffsbank.

Table 7:


International bank WITH a Greek presence - Committed but Undrawn loans (in US\$m)				
	end 2010	end 2009	end 2008	Change between 2010 and 2009
Royal Bank of Scotland	\$1,150.68	\$2,023	\$3,250	-43.12% (Between 2008 and 2009: -37.75%)
HSB Nordbank*	\$241	\$619	\$1,268	-61.03% (Between 2008 and 2009: -51.18%)
Deutsche Schiffsbank	\$549	\$923	\$1,550	-40.52% (Between 2008 and 2009: -40.45%)
Calyon*	\$500	\$500	\$1,000	0% (Between 2008 and 2009: -50.00%)
Unicredit	\$183.4	\$389	\$536	-52.88% (Between 2008 and 2009: -27.39%)
DVB	\$94	\$161	\$600	-41.61% (Between 2008 and 2009: -73.17%)
ABN AMRO (exFortis Bank Netherlands)	\$41.54	\$116	\$32	-64.19% (Between 2008 and 2009: +262.5%)
HSBC	\$400	\$200	\$110	+100% (Between 2008 and 2009: +81.82%)
BNP Paribas	\$264	\$499	\$716	-47.09% (Between 2008 and 2009: -30.31%)
Citibank	\$160	\$65	\$45	+146.15% (Between 2008 and 2009: +44.44%)
DNB Nor	\$580	\$287	\$512	+102.09% (Between 2008 and 2009: -43.9%)
* Market estimate				
Total	\$4,164	\$5,916	\$9,964	-29.62% (Between 2008 and 2009: -40.62%)
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This Table draws out quite vividly which banks are active in structuring new lending, primarily for newbuildings and which are not. In the former category are DNB Nor, HSBC and Citibank, whereas in the latter category are HSH Nordbank, RBS, Deutsche Schiffsbank, BNP Paribas, Unicredit and DVB.

Combining the last two tables, we see that Citibank made up in new loan commitments what it lost in Drawn amounts, whereas only HSBC and DNB Nor reported positive variation in both categories.

In **Table 8** we present the evolutionary growth (or decline) of the Greek shipping portfolio growth of this Group over the last year and the Average Annual Growth over the last 6 years for each bank, as well as the Annual Group Growth over the last 9 years:

Table 8

	Banks	% of Bank portfolio growth December 2009 - December 2010	% of Bank portfolio growth December 2008 - December 2009	% 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	Overall Average Growth 2001 – 2010 (or since data exist)
International Banks with a Greek Presence	Royal Bank of Scotland	-6.49%	-4.85%	8%	23.59%	29.32%	19.58%	50.51%	19%
	HSH Nordbank*	-39.98%	-8.26%	-3.89%	40.61%	20.99%	22.28%	21.51%	4.24%
	Citibank	0%	-17.9%	-10.55%	12.28%	12.32%	-16.80%	75.54%	4.18%
	Calyon*	0%	-27.27%	10%	92.31%	-13.33	n/a	n/a	12.83%
	HSBC	+39.39%	+22.86%	-21%	-24.11%	91.45%	11.43%	13.51%	14.13%
	DVB	+47.89%	-20.54%	7.56%	37.49%	16.92%	21.59%	13.26%	15.38%
	Unicredit	-3.41%	-10.33	6.51%	34.41%	52.00%	22.70%	36.97%	22.65%
	BNP Paribas	+79.66%	+0.82%	59.86%	113.01%	-9.27%	0.12%	22.29%	26.27%
	Deutsche Schiffsbank (including Commerzbank and exDresdner)	+11.81%	-12.05%	17.71%	29.73%	8.82%	9.68%	24.50%	18.03%
	DNB Nor (moved to this Group in 2009)	+13.09%	-16.37%	39.48%	-17.29%	147.14%	27.78%	29.46%	38.85%
ABN AMRO (ex Fortis Bank Netherlands)	+37.69%	6.22%	n/a	n/a	n/a	n/a	n/a	20.94%	
	Annual Group Growth	-2.43%	-5.66%	+5.25%	+52.73%	+24.11%	+40.19	+37.67%	19.82%
* Based on market estimates									
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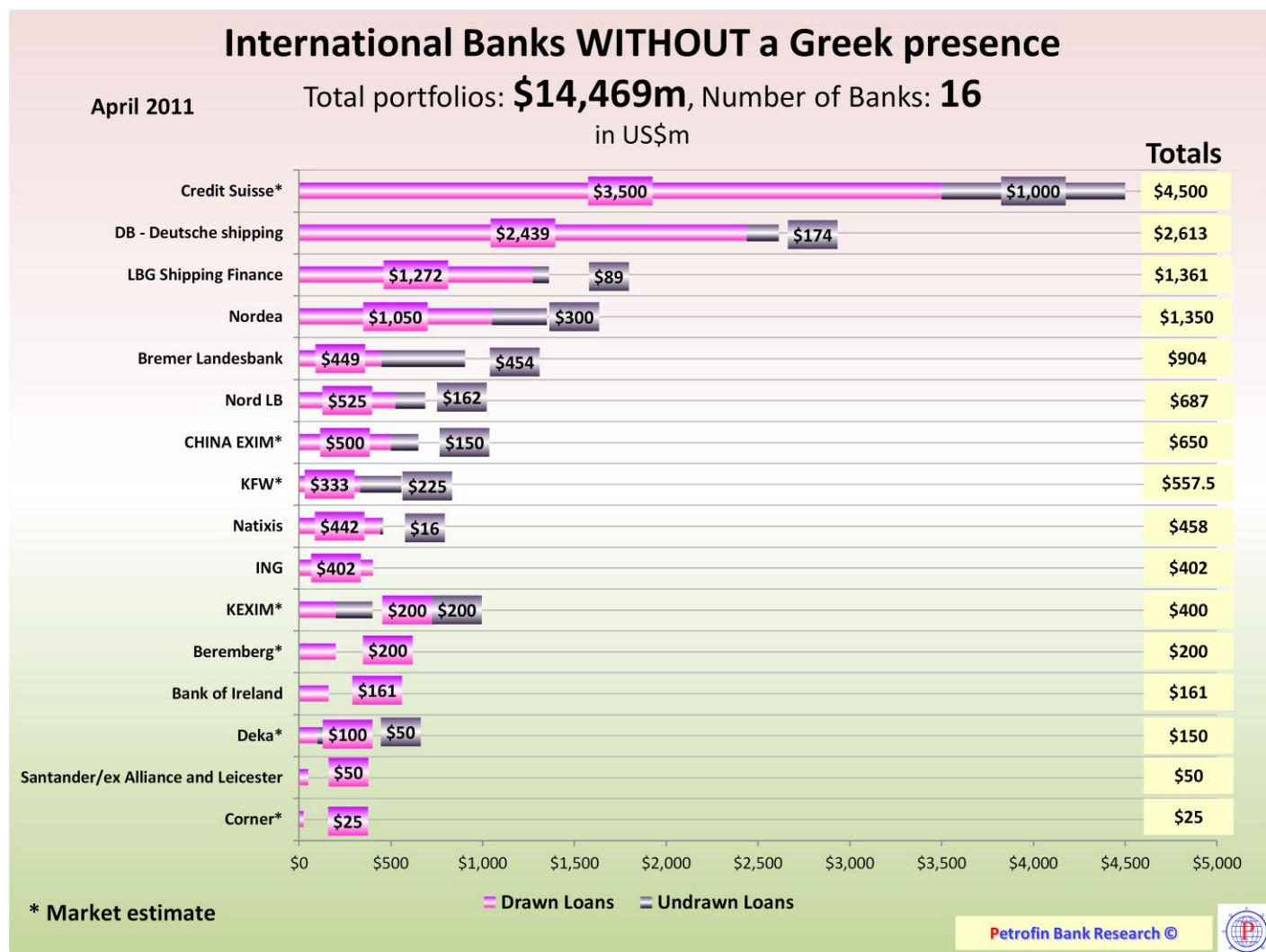
The highest growing banks during 2010 were: HSBC, DVB, BNP Paribas, Deutsche Schiffs, DNB Nor and ABN Amro. DNB Nor has covered a lot of ground since they moved to Greece in 2009, jumping from -16.37% to +13.09%. Over the last 10 years, the highest growing banks have been DNB Nor, BNP Paribas, RBS, Unicredit and Deutsche Schiffsbank.

International Banks WITHOUT a Greek Presence

This Group comprises of 16 banks this year, as opposed to 18 last year. The reduction by two banks is due to Fortis Netherlands being renamed ABN AMRO and opening representative offices in Greece, therefore moving to the banks with a Greek presence, and Commerzbank, whose portfolio has been merged by Deutsche Schiffs bank, thus also featuring in the banks with a Greek presence.

Reversing last year's contraction, the sector is the only one of the 3 sectors that has shown some growth from \$14,101.65m as of end 2009 to **\$14,469m**, i.e. a rise of **+2.6%** (compared to a fall of -18.49% last year).

Graph 5



In the Tables below, we observe banks' performance in terms of their Drawn and Committed but undrawn loans. As with all groups of banks, the main reduction is in the Committed but Undrawn part of their portfolio. In actual fact, some of the banks in this Group showed a remarkable increase in their Drawn loans, a part of which, of course, would be the Committed but Undrawn amounts of the previous year being finally drawn. Deutsche Shipping (DB) has marked an impressive 117.38% in their drawn loans, followed by ING with a 123% increase, but based on a much smaller portfolio. However, whereas Bremer's previously robust commitment was not followed through this year.

Table 9:

International banks WITHOUT a Greek presence – DRAWN LOANS (in US\$m)				Change
	end 2010	end 2009	end 2008	Change between 2010 and 2009
Credit Suisse*	\$3,500	\$3,000	\$3,000	+16.67% (Between 2008 and 2009: 0.00%)
DB - Deutsche Shipping	\$2,439	\$1,122	\$902	+117.38% (Between 2008 and 2009: 24.39%)
LBG Shipping Finance	\$1,272	\$1,145	\$994	+11.07% (Between 2008 and 2009: 15.23%)
Nordea	\$1,050	\$800	\$840	+31.25% (Between 2008 and 2009: -4.76%)
Bremer Landesbank	\$449	\$468	\$325	-4.09% (Between 2008 and 2009: 44.13%)
Nord LB	\$525	\$580	\$580	-9.48% (Between 2008 and 2009: 0.00%)
CHINA EXIM*	\$500	\$150		+233%
KFW*	\$332.5	\$350	\$370	-5% (Between 2008 and 2009: -5.34%)
Natixis	\$442	\$440		+0.45%
ING	\$402	\$180	\$127	+122.84% (Between 2008 and 2009: 41.78%)
KEXIM*	\$200	\$150		+33.33%
Berenberg*	\$200	\$100		+100.00%
Bank of Ireland	\$161	\$195	\$192	-17.48% (Between 2008 and 2009: 1.61%)
Deka*	\$100	\$100	\$100	0% (Between 2008 and 2009: 0.00%)
Santander/ ex Alliance and Leicester	\$50	\$35	\$120	+42.86% (Between 2008 and 2009: -70.83%)
Cornèr Bank	\$25	\$25		0%
* Market estimates				
Total	\$11.648	\$10,516 (Not shown: Fortis Netherlands has moved, as well as DNB Nor and Commerzbank has merged with Deutsche Schiffs)	\$11,778	+10.76% (Between 2008 and 2009: -10.71%)

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Table 10:

International banks WITHOUT a Greek presence - Committed but Undrawn Loans (in US\$m)				Change
	end 2010	end 2009	end 2008	Change between 2010 and 2009
Credit Suisse*	\$1,000	\$1,000	\$1,900	0% (Between 2008 and 2009: -47.37%)
DB - Deutsche Shipping	\$174	\$327	\$692	-46.79% (Between 2008 and 2009: -52.75%)
LBG Shipping Finance	\$89	\$250	\$593	-64.42% (Between 2008 and 2009: -57.8%)
Nordea	\$300	\$100	\$200	+200% (Between 2008 and 2009: -50%)
Bremer Landesbank	\$454	\$491	\$520	-7.37% (Between 2008 and 2009: -5.67%)
Nord LB	\$162	\$94	\$94	+72.23% (Between 2008 and 2009: +0.31%)
CHINA EXIM*	\$150	\$94	\$94	-57.14%
KFW*	\$225	\$250	\$224	-10% (Between 2008 and 2009: +11.61%)
Natixis	\$16	\$78		-79.49%
ING	\$0	\$17	\$134	-100% (Between 2008 and 2009: -87.3%)
KEXIM*	\$200	\$250		-20%
Beremberg*	\$0	\$0		0%
Bank of Ireland	\$0	\$18	\$40	-100% (Between 2008 and 2009: -54.38%)
Deka*	\$50	\$100	\$120	-50% (Between 2008 and 2009: -16.67%)
Santander/ ex Alliance and Leicester	\$0	\$0		0%
Cornèr Bank	\$0	\$0		0%
* Market estimates				
Total	\$2,821	\$3,585 (Not shown: Fortis Netherlands has moved, as well as DNB Nor and Commerzbank has merged with Deutsche Schiffs)	\$5,521	-21.32% (Between 2008 and 2009: -35.06%)
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Two banks stand out in terms of new Commitments going forward, namely Nordea and Nord LB, with all the other banks being either flat or declining.

Table 11


	Banks	% of Bank portfolio growth between December 2009 and December 2010	% of Bank portfolio growth between December 2008 and December 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	Overall Average Growth 2001 – 2010 (or since data exist)
International Banks without a Greek Presence	Credit Suisse*	12.50%	-18.37%	40%	34.62%	40.54%	15.63%	77.78%	29.15%
	KFW*	-7.08%	+1.09%	18.47%	-4.57%	-18.10%	-10.26%	-17.90%	-0.81%
	Bremer Landesbank	-5.77%	+13.49%	-2.76%	96.16%	-1.12%	-5.38%	14.36%	12.03%
	Nordea	50%	-13.46%	8.33%	47.69%	23.57%	44.90%	29.64%	14.47%
	LBG Shipping	-2.47%	n/a	57.08%	-12.25%	94.90%	61.66%	23.71%	-
	Bank of Ireland	-24.54%	-8.04%	127.45%	6.25%	-31.43	16.67%	166.67%	19.97%
	Nord LB	1.94%	0%	-0.11%	25.58%	137.84	88.33%	-21.88%	23.87%
	ING	103.63%	-24.47%	-9.24%	8.75%	128.95	65.57%	107.92%	26.06%
	Deka*	-25%	-9.09%	n/a	n/a	n/a	n/a	n/a	-17.43%
	DB Shipping	80.33%	-9.1%	65.01%	445.76%	120.15	47.14%	56.11%	49.51%
	Santander/ ex-Alliance and Leicester	42.86%	-70.83%	-20%	n/a	n/a	n/a	n/a	-30.66%
	Berenberg*	100%	n/a						
	CHINA Exim*	30%	n/a						
	Natixis	-11.58%	-16.18%	11.96%	33.66%	123%	351%	-27.30%	44.71%
KEXIM*	0%	n/a							
Corner	0%								
	Annual Group Growth	+2.6%	-18.49%	+23.03%	-4.91%	+47.15%	-16.74%	+23.32%	10.9%
* Based on market estimates									
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Table 11 shows the yearly increase or decrease of loan portfolio per bank as well as for the total group, compared to previous years, as well as the average annual growth or contraction over the last 10 years.

Interestingly, this Group is the only one this year that has upped its commitment to Greek shipping. We note that leaders in this are DB Shipping and ING.

Greek Banks

The Greek sector has remained steady in the number of banks that comprise it. Last year's first-time reduction in ship finance exposure, in the order of -4.74% has been trimmed this year to **-1.59%**, to **\$15,884m**. The growth in leaps and bounds of 115.59% of 2007 slowed down dramatically in 2008 (+6.97%) and went into negative growth for the first time in 2009. Considering the difficulties associated with the Greek economy and the position of Greek banks within it, as well as the overall liquidity problems and rising provisions faced by Greek banks, the decline shown in 2010 is remarkably small. This may be explained by the high regard in which Greek banks hold Greek shipping, as one of the country's main industries, as well as the willingness of Greek banks to co-operate with their clients to streamline loan repayments in line with shipping market conditions and obtain higher yields.

Graph 6



The National Bank of Greece continues to be the leader. Emporiki is now number 2, in terms of totals. Marfin, the new number 3, has a marginally higher drawn portfolio than Emporiki, but a substantial lower level of commitments (Table 13). Alpha bank has dropped from 2nd to 4th place. The Greek market is characterised by being a 20tier market, the top tier consisting of 6 banks of over \$1bn threshold and the 2nd tier of a further 6 banks below the \$1bn threshold.

The distinction of Drawn and Committed but Undrawn again sheds more light in each bank's behaviour and attitude towards the market. The situation regarding the Greek banks is as follows:

Table 12:

Greek Banks - Drawn Loans (in US\$m)				
	end 2010	end 2009	end 2008	Change between 2010 and 2009
National Bank of Greece	\$2,545	\$2,374	\$2,382	+7.2% (Between 2008 and 2009: -0.34%)
Alpha Bank	\$2,120	\$2,275	\$2,100	-6.81% (Between 2008 and 2009: +8.33%)
Emporiki Bank	\$2,126	\$2,010	\$1,650	+5.77% (Between 2008 and 2009: +21.82%)
Marfin Egnatia	\$2,181.08	\$1,900	\$2,035	+14.79% (Between 2008 and 2009: -6.63%)
Piraeus Bank*	\$1,870	\$1,700	\$1,960	+10% (Between 2008 and 2009: -13.27%)
EFG Eurobank	\$1,210.64	\$1,181	\$1,001	+2.51% (Between 2008 and 2009: +17.98%)
First Business Bank	\$662.91	\$815	\$768	-18.65% (Between 2008 and 2009: +6.12%)
Bank of Cyprus	\$360.21	\$430	\$302	-16.23% (Between 2008 and 2009: +42.38%)
Aegean Baltic	\$290.51	\$308	\$273	-5.69% (Between 2008 and 2009: +12.82%)
Proton Bank	\$202.44	\$105	\$130	+92.8% (Between 2008 and 2009: -19.23%)
Agricultural Bank of Greece	\$65.82	\$68	\$88	-3.69% (Between 2008 and 2009: -22.73%)
Tbank – (ex - Aspis Bank)	\$80.95	\$63	\$88	+28.7% (Between 2008 and 2009: -28.41%)
* Market estimates				
Total	\$13,715.56	\$13,229	\$12,777	+3.68% (Between 2008 and 2009: +3.54%)

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We note above that Emporiki Bank and EFG Eurobank are the only Greek banks to have grown their Drawn portfolios in 2009 and 2010.

Table 13:

Greek Banks - Committed but Undrawn loans (in US\$m)				
	end 2010	end 2009	end 2008	Change between 2010 and 2009
National Bank of Greece	\$459	\$843	\$1,164	-45.55% (Between 2008 and 2009: -27.58%)
Alpha Bank	\$350	\$400	\$550	-12.5% (Between 2008 and 2009: -27.27%)
Emporiki Bank	\$604	\$610	\$1,320	-0.98% Between 2008 and 2009: -53.79%
Marfin Egnatia	\$301.89	\$550	\$400	-45.11% (Between 2008 and 2009: -37.50%)
Piraeus Bank*	\$130	\$110	\$118	+18.18% (Between 2008 and 2009: -6.78%)
EFG Eurobank	\$198.86	\$192	\$298	+3.41% (Between 2008 and 2009: -35.47%)
First Business Bank	\$24.84	\$81	\$108	-69.3% (Between 2008 and 2009: -25.00%)
Bank of Cyprus	\$16	\$60	\$147	-73.33% (Between 2008 and 2009: -59.18%)
Aegean Baltic	\$36.45	\$31	\$51	+16.22% (Between 2008 and 2009: -38.49%)
Proton Bank	\$17.50	\$22	\$12	-18.6% (Between 2008 and 2009: +79.17%)
Agricultural Bank of Greece	\$0	\$0	\$0	0%
Tbank (ex Aspis Bank)	\$29.50	\$12	\$0	+139.47%
* Market estimates				
Total	\$2,168.04	\$2,911	\$4,168	-25.53% (Between 2008 and 2009: -30.15%)

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In Table 13, the decline continues. The National Bank of Greece, Marfin, the FBB and the Bank of Cyprus mark the largest falls. This decline is indicative of the unwillingness and, to some extent, inability, to increase their commitments towards newbuildings at this time.

Table 14


	Banks	% of Bank portfolio growth between December 2009 and December 2010	% of Bank portfolio growth between December 2008 and December 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	Overall Average Growth 2001 – 2009 (or since data exist)
Greek Banks	National Bank of Greece	-6.62%	-9.26%	48.22%	49.5%	40.35%	-18.57%	1.52%	14.33%
	Alpha Bank	-7.66%	0.94%	-1.01%	99.78%	-9.46%	9.63%	12.50%	13.66%
	Emporiki Bank	4.2%	-11.78%	57.14%	77.97%	13.22%	7.82%	2.35%	23.79%
	Piraeus Bank*	10.5%	-12.9%	-38.45%	197.71%	26.42%	3.46%	-5.76%	18.78%
	EFG Eurobank	2.64%	+5.76%	-19.34%	143.57%	9.87%	6.05%	59.85%	22.61%
	First Business Bank	-23.22%	+2.27%	9.07%	72.1%	2.11%	3.02%	18.45%	9.66%
	Bank of Cyprus	-23.22%	+8.97%	66.54%	500%	12.50%	-47.37%	16.92%	22.63%
	Aegean Baltic	-3.67%	+4.76%	52.83%	43.24%	38.32%	46.58%	111.59%	37.89%
	Proton Bank	73.87%	-10.8%	-25.36%	223.68%	n/a	15.01% (Omega figure)	75% (Omega figure)	32.92%
	Agricultural Bank of Greece	-3.69%	-22.46%	83.63%	14.29%	45.53%	n/a	n/a	18.55%
	Marfin-Egnatia	1.35%	0.62%	8.22%	204.05%	n/a	n/a	n/a	35.34%
Tbank – (ex Aspis Bank)	46.84%	-14.33%	-28.03%	144.79%	60.25%	-22.52%	n/a	18.45%	
	Annual Group Growth	-1.59%	-4.74%	+6.97%	+115.59%	12.63%	+2.82%	+12.45%	19.04%
* Based on market estimates									
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Table 14 show the yearly increase or decrease of each Greek bank’s loan portfolio, as well as their average growth rate since 2001. Proton, Piraeus and Tbank grew the fastest last year, whereas the overall 10-year growth leaders were Aegean Baltic, Marfin, Proton, Emporiki, Eurobank and Bank of Cyprus.

C. Bank ranking and growth patterns

In the Table 15 below all banks are presented according to portfolio size.

as of end 2010				as of end 2009				as of end 2008		
Rank	Bank	Total exposure in \$m	% of change	Rank	Bank	Total exposure in \$m	% of change	Rank	Bank	Total exposure in \$m
1	Royal Bank of Scotland	\$12,439	-6.49%	1	Royal Bank of Scotland	\$13,302	-4.85%	1	Royal Bank of Scotland	\$13,980
2	Deutsche Schiffsbank	\$5,556	11.81%	2	HSH Nordbank	\$5,202	-8.26%	2	HSH Nordbank	\$5,671
3	Credit Suisse*	\$4,500	12.5%	3	Deutsche Schiffsbank	\$4,969	-12.05%	3	Deutsche Schiffsbank	\$5,650
4	HSH Nordbank*	\$3,122	-39.98%	4	Credit Suisse*	\$4,000	-18.37%	4	Credit Suisse*	\$4,900
5	National Bank of Greece	\$3,004	-6.62%	5	National Bank of Greece	\$3,217	-9.26%	5	National Bank of Greece	\$3,545
6	DNB Nor	\$2,877	13.09%	6	Alpha Bank	\$2,675	0.94%	6	DNB	\$3,042
7	Emporiki Bank	\$2,730	4.2%	7	Emporiki Bank of Greece	\$2,620	-11.78%	7	Emporiki Bank of Greece	\$2,970
8	DB - Deutsche shipping	\$2,613	80.33%	8	DNB Nor	\$2,544	-16.37%	8	Calyon*	\$2,750
9	Marfin Egnatia	\$2,483	1.35%	9	Marfin Egnatia	\$2,450	0.62%	9	Alpha Bank	\$2,650
10	Alpha Bank	\$2,470	-7.66%	10	Calyon*	\$2,000	-27.27%	10	Marfin-Laiki	\$2,435
11	HSBC	\$2,300	39.39%	11	HVB/Unicredit	\$1,951	-10.33%	11	HVB	\$2,176
12	BNP Paribas	\$2,244	79.66%	12	Piraeus Bank*	\$1,810	-12.90%	12	Piraeus	\$2,078
13	DVB	\$2,174	47.89%	13	Commerzbank/ex-Dresdner	\$1,684	-13.82%	13	DVB	\$1,850
14	Calyon*	\$2,000	0%	14	HSBC	\$1,650	22.86%	14	Fortis Bank Belgium	\$1,800
15	Piraeus Bank*	\$2,000	10.5%	15	Fortis Bank Belgium	\$1,500	-16.67%	15	Commerzbank	\$1,600
16	Unicredit	\$1,885	-3.41%	16	DVB	\$1,470	-20.54%	16	DB/SHL Shipping	\$1,594
17	EFG Eurobank	\$1,410	2.64%	17	DB - Deutsche shipping	\$1,449	-9.10%	17	Bank of Scotland	\$1,354
18	LBG Shipping Finance	\$1,361	-2.47%	18	LBG Shipping Finance - (Lloyds/Bank of Scotland)	\$1,396		18	HSBC	\$1,343
19	Nordea	\$1,350	50%	19	EFG Eurobank	\$1,373	5.76%	19	EFG Eurobank	\$1,299
20	Citibank	\$940	0%	20	BNP Paribas	\$1,249	0.82%	20	BNP PARIBAS	\$1,239
21	Bremer Landesbank	\$904	-5.77%	21	Bremer Landesbank	\$959	13.49%	21	Citibank	\$1,145
22	First Business Bank	\$688	-23.22%	22	Citibank	\$940	-17.90%	22	Nordea	\$1,040
23	Nord LB	\$687	1.94%	23	Nordea	\$900	-13.46%	23	First Business Bank	\$876
24	CHINA EXIM*	\$650	30%	24	First Business Bank	\$896	2.27%	24	Bremer Landesbank	\$845
25	KFW*	\$558	-7.08%	25	Nord LB	\$674	0.00%	25	ABN (subsidiary undertaking of Royal Bank of Scotland)	\$763
26	Natixis	\$458	-11.58%	26	KFW*	\$600	1.09%	26	Nord LB	\$674
27	ING	\$402	103.63%	27	Natixis	\$518	-16.18%	27	Natixis	\$618
28	KEXIM*	\$400	0%	28	CHINA EXIM*	\$500		28	KFW	\$594
29	Bank of Cyprus	\$376	-23.22%	29	Bank of Cyprus	\$490	8.97%	29	Bank of Cyprus	\$450
30	ABN AMRO (ex Fortis Bank Netherlands)	\$346	39.69%	30	KEXIM*	\$400		30	Dresdner Bank	\$354
31	Aegean Baltic	\$327	-3.67%	31	Aegean Baltic	\$339	4.76%	31	Aegean Baltic	\$324
32	Proton Bank	\$220	73.87%	32	Fortis Bank NL	\$251	6.22%	32	ING	\$261
33	Berenberg*	\$200	100%	33	Bank of Ireland	\$213	-8.04%	33	Fortis Bank NL	\$236
34	Bank of Ireland	\$161	-24.54%	34	Deka*	\$200	-9.09%	34	Lloyds Bank	\$233
35	Deka*	\$150	-25%	35	ING	\$197	-24.47%	35	Bank of Ireland	\$232
36	Tbank - (ex Aspis Bank)	\$110	46.84%	36	Proton Bank	\$127	-10.80%	36	Deka	\$220
37	Agricultural Bank of Greece	\$66	-3.69%	37	Berenberg*	\$100		37	Proton Bank	\$142
38	Santander (Alliance and Leicester)	\$50	42.86%	38	Aspis Bank	\$75	-14.33%	38	Alliance and Leicester/Santander	\$120
39	Corner*	\$25	0%	39	Agricultural Bank of Greece	\$68	-22.46%	39	Agricultural Bank of Greece	\$88
				40	Santander/Abbey-ex Alliance and Leicester	\$35	-70.83%	40	Aspis Bank	\$88
				41	Corner Bank*	\$25				
	Total portfolios	\$66,235	-1.17%		Total portfolios	\$67,020	-8.48%		Total portfolios	\$73,228

Greek banks in blue

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In terms of Drawn loans the last three years the evolution of portfolios is as per Table 16 below:

Table 16: Comparison table of Drawn only loan portfolios (in US\$m)

end 2010		end 2009		end 2008		end 2007	
Royal Bank of Scotland	\$11,288.00	Royal Bank of Scotland	\$11,279	Royal Bank of Scotland	\$10,730	Royal Bank of Scotland	\$8,565
Deutsche Schiffsbank	\$5,007.00	HSH Nordbank	\$4,583	HSH Nordbank	\$4,402	HSH Nordbank	\$4,300
Credit Suisse*	\$3,500.00	Deutsche Schiffsbank	\$4,046	Deutsche Schiffsbank	\$4,100	Deutsche Schiffsbank	\$3,400
HSH Nordbank*	\$2,881.00	Credit Suisse*	\$3,000	Credit Suisse*	\$3,000	Credit Suisse*	\$2,550
National Bank of Greece	\$2,545.00	National Bank of Greece	\$2,374	DNB	\$2,530	Piraeus Bank	\$2,085
DNB Nor	\$2,297.00	Alpha Bank	\$2,275	National Bank of Greece	\$2,382	Alpha Bank	\$2,067
Emporiki Bank	\$2,126.00	DNB Nor	\$2,257	Alpha Bank	\$2,100	National Bank of Greece	\$1,555
DB - Deutsche shipping	\$2,439.00	Emporiki Bank	\$2,010	Marfin-Laiki	\$2,035	Calyon*	\$1,500
Marfin Egnatia	\$2,181.08	Marfin Egnatia	\$1,900	Piraeus	\$1,960	HSBC	\$1,500
Alpha Bank	\$2,120.00	Piraeus Bank*	\$1,700	Calyon*	\$1,750	Commerzbank	\$1,463
HSBC	\$1,900.00	HVB/Unicredit	\$1,562	Emporiki Bank of Greece	\$1,650	DNB Nor	\$1,406
BNP Paribas	\$1,980.00	Commerzbank/ex-Dresdner	\$1,540	HVB	\$1,640	HVB	\$1,285
DVB	\$2,080.00	Calyon*	\$1,500	DVB Bank	\$1,250	Marfin-Laiki	\$1,200
Calyon*	\$1,500.00	HSBC	\$1,450	HSBC	\$1,233	Citibank	\$1,145
Piraeus Bank*	\$1,870.00	DVB	\$1,309	Fortis Bank Belgium	\$1,200	DVB Bank	\$1,120
Unicredit	\$1,701.40	Fortis Bank Belgium	\$1,250	Commerzbank	\$1,140	EFG Eurobank	\$970
EFG Eurobank	\$1,210.64	EFG Eurobank	\$1,181	Citibank	\$1,100	Emporiki Bank of Greece	\$950
LBG Shipping Finance	\$1,272.18	LBG Shipping Finance - (Lloyds/Bank of Scotland)	\$1,145	EFG Eurobank	\$1,001	ABN	\$950
Nordea	\$1,050.00	DB-Deutsche Shipping	\$1,122	DB/SHL Shipping	\$902	Fortis Bank	\$875
Citibank	\$780.00	Citibank	\$875	Nordea	\$840	Nordea	\$760
Bremer Landesbank	\$449.27	First Business Bank	\$815	Bank of Scotland	\$834	Bank of Scotland	\$673
First Business Bank	\$662.91	Nordea	\$800	First Business Bank	\$768	First Business Bank	\$627
Nord LB	\$525.00	BNP Paribas	\$750	ABN (subsidiary undertaking of Royal Bank of Scotland)	\$625	Nord LB	\$475
CHINA EXIM*	\$500.00	Nord LB	\$580	Nord LB	\$580	Bremer Landesbank	\$392
KFW*	\$332.50	Bremer Landesbank	\$468	BNP PARIBAS	\$523	Natixis	\$381
Natixis	\$442.00	Natixis	\$440	Natixis	\$467	KFW	\$355
ING	\$402.00	Bank of Cyprus	\$430	KFW	\$370	Dresdner bank	\$350
KEXIM*	\$200.00	Aegean Baltic	\$308	Dresdner Bank	\$354	BTMU Capital Corporation*	\$350
Bank of Cyprus	\$360.21	KFW*	\$350	Bremer Landesbank	\$325	BNP PARIBAS	\$298
ABN AMRO (Fortis Bank Netherlands)	\$304.07	Bank of Ireland	\$195	Bank of Cyprus	\$302	DB/SHL Shipping	\$288
Aegean Baltic	\$290.51	ING	\$180	Aegean Baltic	\$273	Korea Development Bank*	\$250
Proton Bank	\$202.44	KEXIM*	\$150	Fortis Bank NL	\$204	ING	\$225
Berenberg*	\$200.00	CHINA EXIM*	\$150	Bank of Ireland	\$192	Aegean Baltic	\$160
Bank of Ireland	\$161.00	Fortis Bank NL	\$135	Lloyds Bank	\$160	Bank of America	\$150
Deka*	\$100.00	Proton Bank	\$105	Proton Bank	\$130	Alliance and Leicester	\$150
Tbank - ex Aspis Bank	\$80.95	Deka*	\$100	ING	\$127	Berenberg	\$150
Agricultural Bank of Greece	\$65.82	Berenberg*	\$100	Alliance and Leicester/Santander	\$120	Proton Bank	\$149
Santander/ex Alliance and Leicester	\$50.00	Agricultural Bank of Greece	\$68	Deka	\$100	Bank of Cyprus	\$132
Corner*	\$25.00	Aspis Bank	\$63	Agricultural Bank of Greece	\$88	Aspis Bank	\$102
		Santander/abbey-ex-alliance and Leicester	\$35	Aspis Bank	\$88	Agricultural Bank of Greece	\$48
		Cornèr Bank*	\$25			Bank of Ireland	\$20
Drawn totals	\$57,082	Drawn totals	\$54,606	Drawn totals	\$53,575	Drawn totals	\$45,371
		* Market estimates					

And the same comparison for Committed but Undrawn loans is shown in Table 17:

Table 17: Comparison Table of Committed but Undrawn only Loan portfolios (in US\$m)

as of end 2010		as of end 2009		as of end 2008		as of end 2007	
Royal Bank of Scotland	\$1,150.68	Royal Bank of Scotland	\$2,023	Royal Bank of Scotland	\$3,250	Royal Bank of Scotland	\$4,380
Credit Suisse*	\$1,000.00	Credit Suisse*	\$1,000	Credit Suisse*	\$1,900	HSH Nordbank	\$1,600
Emporiki Bank	\$604.00	Deutsche Schiffsbank	\$923	Deutsche Schiffsbank	\$1,550	Deutsche Schiffsbank	\$1,400
DNB Nor	\$580.00	National Bank of Greece	\$843	Emporiki Bank of Greece	\$1,320	Piraeus	\$1,291
Deutsche Schiffsbank	\$549.00	HSH Nordbank	\$619	HSH Nordbank	\$1,268	Marfin-Laiki	\$1,050
Calyon*	\$500.00	Emporiki Bank	\$610	National Bank of Greece	\$1,164	Calyon*	\$1,000
National Bank of Greece	\$459.00	Marfin Egnatia	\$550	Calyon*	\$1,000	Credit Suisse*	\$950
Bremer Landesbank	\$454.37	Calyon*	\$500	BNP PARIBAS	\$716	Emporiki Bank of Greece	\$940
HSBC	\$400.00	BNP Paribas	\$499	DB/SHL Shipping	\$692	National Bank of Greece	\$837
Alpha Bank	\$350.00	Bremer Landesbank	\$491	DVB Nedship	\$600	DNB	\$775
Marfin Egnatia	\$301.89	Alpha Bank	\$400	Fortis Bank Belgium	\$600	HVB	\$758
Nordea	\$300.00	HVB/Unicredit	\$389	Alpha Bank	\$550	DB/SHL Shipping	\$678
BNP Paribas	\$264.00	CHINA EXIM*	\$350	HVB	\$536	Fortis Bank	\$650
HSH Nordbank*	\$241.20	DB-Deutsche Shipping	\$327	Bank of Scotland	\$520	EFG Eurobank	\$640
KFW*	\$225.00	DNB Nor	\$287	Bremer Landesbank	\$520	Alpha Bank	\$610
KEXIM*	\$200.00	LBG Shipping Finance (Lloyds+Bank of Scotland)	\$250	DNB	\$512	DVB Nedship	\$600
EFG Eurobank	\$198.86	Fortis Bank Belgium	\$250	Commerzbank	\$460	BNP PARIBAS	\$477
Unicredit	\$183.40	KEXIM*	\$250	Marfin-Laiki	\$400	Bremer Landesbank	\$477
DB - Deutsche shipping	\$174.00	KFW*	\$250	Eurobank	\$298	Commerzbank	\$244
Nord LB	\$162.40	HSBC	\$200	KFW	\$224	HSBC	\$200
Citibank	\$160.00	EFG Eurobank	\$192	Nordea	\$200	ABN	\$200
CHINA EXIM*	\$150.00	DVB	\$161	Natixis	\$151	Nordea	\$200
Piraeus Bank*	\$130.00	Commerzbank+Dresdner	\$144	Bank of Cyprus	\$147	Dresdner bank	\$200
DVB	\$94.00	Fortis Bank NL	\$116	ABN (subsidiary undertaking of Royal Bank of Scotland)	\$138	Nord LB	\$200
LBG Shipping Finance	\$89.04	Piraeus Bank*	\$110	ING	\$134	Bank of Scotland	\$189
Deka*	\$50.00	Nordea	\$100	Deka	\$120	First Business Bank	\$176
ABN AMRO (Fortis Bank Netherlands)	\$41.54	Deka*	\$100	Piraeus	\$118	Natixis	\$171
Aegean Baltic	\$36.45	Nord LB	\$94	HSBC	\$110	KFW	\$146
Tbank - ex Aspis Bank	\$29.50	First Business Bank	\$81	First Business Bank	\$108	Bank of Cyprus	\$138
First Business Bank	\$24.84	Natixis	\$78	Nord LB	\$94	Citibank	\$135
Proton Bank	\$17.50	Citibank	\$65	Lloyds Bank	\$73	Bank of Ireland	\$82
Natixis	\$16.00	Bank of Cyprus	\$60	Aegean Baltic	\$51	ING	\$63
Bank of Cyprus	\$16.00	Aegean Baltic	\$31	Citibank	\$45	Aegean Baltic	\$52
ING	\$0.00	Proton Bank	\$22	Bank of Ireland	\$40	Proton Bank	\$41
Beremberg*	\$0.00	Bank of Ireland	\$18	Fortis Bank NL	\$32	Aspis Bank	\$20
Bank of Ireland	\$0.00	ING	\$17	Proton Bank	\$12	Agricultural Bank of Greece	\$0
Agricultural Bank of Greece	\$0.00	Aspis Bank	\$12	Agricultural Bank of Greece	\$0	Bank of America*	\$0
Santander/ex Alliance and Leicester	\$0.00	Agricultural Bank of Greece	\$0	Aspis Bank	\$0	BTMU Capital Corporation*	\$0
Corner*	\$0.00	Santander/Abbey-ex Alliance and Leicester	\$0	Dresdner Bank	\$0	Korea Development Bank*	\$0
		Beremberg* (only this year)	\$0	Alliance and Leicester/Santander	\$0	Alliance and Leicester**	\$0
		Corner Bank (only this year)	\$0			Beremberg*	\$0
Committed but Undrawn Totals	\$9,153	Committed but Undrawn Totals	\$12,413	Committed but Undrawn Totals	\$19,653	Committed but Undrawn Totals	\$21,570

* Market estimates

Table 18 summarises in one table the comparative statistics for the Greek ship-finance market over the last 10 years.

	Dec-01	Dec-02	Dec-03	Dec-04	Dec-05	Dec-06	Dec-07	Dec-08	Dec-09	Dec-10	Greek Shipping loan volumes in \$										
	Number of banks										Dec-01	Dec-02	Dec-03	Dec-04	Dec-05	Dec-06	Dec-07	Dec-08	Dec-09	Dec-10	
International banks WITH a Greek presence	11	10	10	9	11	11	13	12	11	11	7.050bn	8.185bn	10.124bn	13.938bn	19.450bn	24.252bn	37.04bn	38.984bn	36.777bn	35.882bn	
International banks WITHOUT a Greek presence	20	30	29	27	15	16	16	16	18	16	6.165bn	8.604bn	9.788bn	12.07bn	10.049bn	14.788bn	14.061bn	17.299bn	14.101bn	14.469bn	
Greek banks	9	11	15	14	14	12	12	12	12	12	3.31bn	4.472bn	5.642bn	6.344bn	6.523bn	7.347bn	15.84bn	16.944bn	16.140bn	15.884bn	
Totals	40	51	54	50	40	39	41	40	41	39	\$16.525bn	\$21.261bn	\$25.554bn	\$32.353bn	\$36.112bn	\$46.387bn	66.941bn	73.228bn	67.019bn	66.235bn	
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D. Newbuilding finance research

For the second year round we collected from banks the percentage of their Committed but Undrawn loans that refer to newbuildings. Of the 30 that responded to this section, we note that 15 have lowered their committed portfolios to newbuildings. 4 banks have retained the same exposure and 8 banks have increased their allocation to newbuildings. The Aegean Baltic and Unicredit led this increase. The above overall reduction in newbuilding finance does not augur well for owners with still-to-be-financed newbuildings.

Table 19:

Newbuilding finance percentage of change of Committed but Undrawn portfolio allocation for newbuildings

	Bank	% of newbuilding finance as of end 2009	% of newbuilding finance as of end 2010	% of change
1	Credit Suisse*	100.00%	100.00%	0.00%
2	Bremer Landesbank	100.00%	100.00%	0.00%
3	LBG Shipping Finance	100.00%	100.00%	0.00%
4	Citibank	93.00%	100.00%	7.53%
5	BNP Paribas	96.00%	100.00%	4.17%
6	DVB	80.00%	100.00%	25.00%
7	Nord LB		100.00%	
8	Piraeus*		100.00%	
9	Royal Bank of Scotland	80.45%	95.65%	18.89%
10	HSBC	100.00%	95.00%	-5.00%
11	DB-Deutsche Shipping	95.00%	90.00%	-5.26%
12	Alpha Bank	90.00%	90.00%	0.00%
13	Deutsche Schiffsbank	100.00%	80.00%	-20.00%
14	Emporiki Bank	79.00%	80.00%	1.27%
15	First Business Bank	64.00%	79.62%	24.40%
16	EFG Eurobank	90.60%	78.00%	-13.91%
17	Unicredit	53.45%	75.00%	40.32%
18	DNB	65.00%	64.14%	-1.33%
19	National Bank of Greece	82.50%	63.82%	-22.64%
20	Aegean Baltic	36.45%	54.83%	50.43%
21	Nordea	100.00%	54.00%	-46.00%
22	HSH Nordbank*	73.00%	50.00%	-31.51%
23	Marfin Egnatia	50.00%	43.00%	-14.00%
24	ABN AMRO (ex Fortis NL)	55.00%	37.00%	-32.73%
25	Bank of Cyprus	70.00%	4.40%	-93.71%
26	Proton Bank	30.23%	0.00%	-100.00%
27	ING	9.00%	0.00%	-100.00%
28	Tbank (exAspis)	0.00%	0.00%	0.00%
29	Bank of Ireland	100.00%	0.00%	-100.00%
30	Natixis	100.00%	0.00%	-100.00%

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In the table below we note that although bank commitment to newbuildings is down by -29%, the percentage of committed but undrawn loans that refers to newbuildings has only been reduced slightly from 84.62% to 82.89%. That can be explained in terms of banks overall definitely preferring newbuildings for committed facilities.

Table 20

	Bank	end 2009			end 2010			Change
		Committed but Undrawn portfolio (in \$m)	% for N/Bs	Amount for N/Bs	Committed but Undrawn portfolio (in \$m)	% for N/Bs	Amount for N/Bs	
1	Royal Bank of Scotland	2023	80.45%	1627.5035	1150.68	95.65%	1100.62	18.89%
2	Credit Suisse*	1000	100.00%	1000	1000	100.00%	1000	0.00%
3	Deutsche Schiffsbank	923	100.00%	923	549	80.00%	439.2	-20.00%
4	National Bank of Greece	843	82.50%	695.475	459	63.82%	292.93	-22.64%
5	HSH Nordbank*	619	73.00%	451.87	241	50.00%	120.5	-31.51%
6	Emporiki Bank	610	79.00%	481.9	604	80.00%	483.2	1.27%
7	Marfin Egnatia	550	50.00%	275	301.88	43.00%	129.81	-14.00%
8	BNP Paribas	499	96.00%	479.04	264	100.00%	264	4.17%
9	Bremer Landesbank	490.53	100.00%	490.53	454.36	100.00%	454.365	0.00%
10	Alpha Bank	400	90.00%	360	350	90.00%	315	0.00%
11	Unicredit	389.19	53.45%	208.02206	183.4	75.00%	137.55	40.32%
12	DB-Deutsche Shipping	327	95.00%	310.65	174	90.00%	156.6	-5.26%
13	DNB	287	65.00%	186.55	580	64.14%	372	-1.33%
14	LBG Shipping Finance	250.26	100.00%	250.26	89.04	100.00%	89.036	0.00%
15	HSBC	200	100.00%	200	400	95.00%	380	-5.00%
16	EFG Eurobank	192.3	90.60%	174.2238	198.86	78.00%	155.11	-13.91%
17	DVB	161	80.00%	128.8	94	100.00%	94	25.00%
18	ABN AMRO (ex Fortis NL)	116	55.00%	63.8	41.54	37.00%	15.37	-32.73%
19	Nordea	100	100.00%	100	300	54.00%	162	-46.00%
20	First Business Bank	81	64.00%	51.84	24.84	79.62%	19.77	24.40%
21	Natixis	78	100.00%	78	16	0.00%	0	-100.00%
22	Citibank	65	93.00%	60.45	160	100.00%	160	7.53%
23	Bank of Cyprus	60	70.00%	42	16	4.40%	0.704	-93.71%
24	Aegean Baltic	31.37	36.45%	11.434365	36.452	54.83%	19.98	50.43%
25	Proton Bank	21.5	30.23%	6.49945	17.5	0.00%	0	-100.00%
26	Bank of Ireland	18.25	100.00%	18.25	0	0.00%	0	-100.00%
27	ING	17.02	9.00%	1.5318	0	0.00%	0	-100.00%
28	Tbank (exAspis)	12.32	0.00%	0	29.5	0.00%	0	0.00%
29	Nord LB			0	162.4	100.00%	162.4	
30	Piraeus*			0	130	100.00%	130	
not in 2010	Fortis Bank Belgium	250	98.10%	245.25				
	Commerzbank-Dresdner	144	100.00%	144				
	KFW*	250	100.00%	250				
	Totals	11,008.74	84.62%	9,315.88	8,027.46	82.89%	6,654.17	-28.57%

E. The Greek shipping Syndications Market

In the table below we note that the top position is again held by Citibank and Nordea whose third party portfolios have increased by 14.35% and 11.7% respectively.

Overall, syndication for Greek shipping has been reduced by **-9.54%**.

Table 21

Syndication Leaders, their third party exposures and their change over the last year

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Leading Bank	Third party portfolios as of end 2009	Third party portfolios as of end 2010	Change
Citibank	\$2,090.00	\$2,390.00	14.35%
Nordea	\$1,880.00	\$2,100.00	11.70%
Aegean Baltic	\$1,695.67	\$1,496.83	-11.73%
Deutsche Schiffsbank*	\$1,692.00	\$1,300.00	-23.17%
Credit Suisse*	\$1,500.00	\$1,800.00	20.00%
HSH Nordbank*	\$1,475.00	\$469.00	-68.20%
DNB Nor	\$1,234.00	\$1,352.00	9.56%
Unicredit	\$950.99	\$280.80	-70.47%
LBG Shipping Finance	\$750.00	\$847.00	12.93%
Royal Bank of Scotland	\$593.58	\$984.00	65.77%
National Bank of Greece	\$590.00	\$490.00	-16.95%
ABN AMRO (ex Fortis NL)		\$122.61	
Nord LB	\$249.00	\$204.00	-18.07%
Deutsche Bank	\$185.00	\$200.00	8.11%
HSBC	\$160.00	\$90.00	-43.75%
Alpha Bank	\$143.00	\$38.50	-73.08%
BNP Paribas	\$142.00	\$255.00	79.58%
First Business Bank	\$95.61	\$85.46	-10.62%
KFW*	\$50.00	\$45.00	-10.00%
Emporiki Bank	\$38.00	\$31.00	-18.42%
Eurobank	\$17.00	\$15.13	-10.99%
Fortis Belgium	\$517.00		
Commerzbank-ex Dresdner	\$87.00		
* Market estimate	\$16,134.85	\$14,596.33	-9.54%

4. The outlook for 2012 and beyond

The change of direction in Greek ship finance, that commenced in 2009 with a fall in total loans of -8.48%, continued in 2010 with a further fall of -1.17%.

Considering the massive rises of previous years, the above overall fall of 10.62% in the last two years is not excessive.

The ship finance industry party addressed the problem via the conversion of committed facilities to drawn loans and this is manifested by an increase in drawn loans of 4.53%. However, the level of commitments was reduced substantially by 26.27%. What does this mean? Simply, that banks did not replace such converted newbuilding loan facilities with fresh newbuilding commitments.

As the Greek shipping loan book produced substantial loan repayments, estimated at a minimum of approx. 12% per annum i.e. approx. \$8bn, it is self-evident that banks used the loan reductions to accommodate their forward commitments and / or reduce their overall exposure.

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. 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. Hence, putting aside the decision of some banks to reduce their shipping exposure for their own considerations e.g. RBS, HSH, LLOYDS, NATIXIS and BANK OF IRELAND, the remaining majority of international banks remained positive about increasing their loans to Greek shipping. After all, Greek shipping has shown remarkable resiliency and the ability to absorb market cycles and to meet its obligations. Lending at a lower percentage of, say, 60%, based on today's lower values, coupled with additional securities, guarantees and covenants is a much safer business than before.

The banking industry in the West is experiencing massive deleveraging, as a result of higher capital adequacy requirements, lower market liquidity and a reduced risk appetite. A quick look at those banks that grew their shipping loan exposure in 2010 shows that they were Far Eastern and Scandinavian banks primarily and / or banks that had spare credit capacity and thus, room to grow.

The cause of the overall fall in the Greek ship finance totals lies more with the inability of banks to increase their exposures.

The Greek banking sector was the most affected by the above factors of capital inadequacy, illiquidity and over expansion in recent years, coupled by the economic plight of the country and the problem facing the Greek banks across the whole spectrum of their activities in Greece.

It is, thus, quite remarkable how Greek banks have been able to maintain their Greek presence in the light of extremely negative conditions. The answer may be seen in the high regard that Greek banks hold their ship finance portfolios and the additional benefits that such relationships bring to the Greek banks.

Looking into the future, the Greek banking situation appears to be inexorably linked to the economy of Greece and as such, it is expected that loan runoffs shall not be utilised to make new shipping loans for 2011. As such, the liquidity shall be used to cover the overall liquidity requirements of the Greek banks.

An opposite case can be made for non-Greek lenders. We have seen evidence that even contracting banks, such as HSH and RBS have set aside funds for new loans, which underline their commitment to remain in Greek ship finance but at lower overall levels.

The main growth is expected to come from the Far East, where liquidity and capital adequacy considerations do not affect the banking sector. Chinese banks, in particular, appear keen to lend to Greek owners, if it enables the placing of newbuilding orders at Chinese shipyards. This example is expected to be followed, to a lesser extent, by Korean banks.

In view of Basle III requiring higher capital adequacy over the next years, European banks are expected to underperform compared to Far Eastern banks in ship finance. However, there remain a number of banks that shall be attracted by the high rewards being offered nowadays in yields and terms by Greek ship finance. As such, we anticipate that over the next couple of years additional banks shall join Greek ship lending.

The demand for loans, too, is expected to slow down, as the immediate prospects for dry bulk and the tanker sectors appear to be unclear and the rate of newbuilding orders has slowed down. Consequently, we anticipate that as the year shall progress, bank competition for the top Greek private and public companies shall increase and some limited appetite shall appear for middle size Greek names, which up to now have found finance largely unobtainable. The small owners still face an uphill financing task not helped by loan margins often exceeding 5%.

The above positive expectations are supported by the fact that 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. It is thus expected that the demand for finance for newbuildings shall be accommodated by non-Greek banks, in an orderly manner. We anticipate overall Greek ship finance totals to stabilize in 2011 and perhaps show an overall increase. A key and unpredictable factor is the contribution to Greek ship finance by Greek banks in 2011, which remains in doubt.

All banks are utilizing the market opportunities not only to improve the overall quality of their loan portfolios but also to increase their yield. It is estimated that over the last 2 years banks have been able to increase their loan portfolio yields as new loans and higher priced existing loans may now account for over 40% of their loan book. This process is expected to continue over the next years but at a slower pace.

Unexpected factors may, also, alter the appetite of banks. These include the risk of much weaker dry and wet markets, geopolitical factors, as well as changes in the world economic growth and international trade. Consequently, the Greek ship finance industry is still bound with many uncertainties, at this time. However, it is expected that the foundations towards a gradual recovery and growth are being laid both by banks and Greek owners.