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Emerging banks shell out $2.71bn to Greeks in 2011

Newly emerging banks lending to Greek shipping in 2011 boosted the total portfolio by $2.71bn, bringing it to $67.7bn, up by 2.2% on the previous year.

Annual data and analysis by Petrofin Bank Research included an additional 16 banks from a wide range of countries that the analyst says presented an interesting paradox considering that, with some exceptions, existing lending banks had scaled down their Greek ship-finance presence.

Without the addition of the newcomers, the total portfolio would have dropped by 1.89% to $65bn last year from $66.2bn in 2010.

A fall of 22.27% in committed but undrawn exposure to Greek owners from $9.2bn in 2010 to $7.1bn last year showed that as previous commitments, essentially for newbuildings, turned into loans they were not replaced by fresh commitments, analyst Ted Petropoulos notes.

“This affects both the ability of existing newbuilding orders being financed, as well as the possibility of placing new orders,” he said.

Large public and private Greek companies may have struggled to obtain satisfactory finance on acceptable terms but the position for small to medium-size Greek owners “has become dire”, says Petropoulos.

Many Greek owners have started buying cash or turned to private-capital providers to cover the funding gap.

The biggest fall in portfolios was among the Greek banks, which slumped 8.6% from $15.9bn in 2010 to $14.5bn last year. This was attributed to the Greek state crisis, the continuing recession in Greece, the high cost of liquidity, losses due to the PSI (bond bailout) and the Greek banks’ capital inadequacy.

“It is hardly surprising that their portfolios have declined and, especially so, their future commitment, which has fallen by 59% in one year,” the Petrofin report said.

The only Greek bank to show growth in 2011 was Aegean Baltic, which increased its portfolio by 10.85% to $326m. Although its owned portfolio is small, Aegean Baltic has a substantial share of the syndicated-loan market, with a managed portfolio of $1.4bn.

Heading the list of the syndicated-loan market was DNB with a portfolio in excess of $2bn. Petrofin notes that differences reported by some key banks such as Citibank (-87.45%), Nordea (-47.62%) and Royal Bank of Scotland (RBS, -64.13%) were the result of reclassification of roles, redefinition of lead/manager positions and the break-up of syndicates.

“This shows a syndicated market in turmoil,” the analyst said.

For the first time, no Greek bank made an appearance in the top five, while HSH Nordbank slipped to 11th place among the lenders.

RBS remained the market leader with a portfolio of $11.5bn, way ahead of the next biggest lender, Commerzbank-Deutsche Schiffsbank, with a portfolio of $5.6bn.

But it was not all bad news. According to Petrofin, star growth performers in 2011 were ABN Amro and ING with increases of 228% and 199%, respectively.

European banks continue to account for the vast majority of lending to Greeks, at 95.58%, but the reduction from 97% in 2010 points to new interest from elsewhere, the analyst says. Out of a total of 55 banks included in this year’s analysis, 45 were European with six Far Eastern players, three from North America and one from Australia.

Petropoulos details an extensive list of factors that could have a negative effect on lending to Greek shipowners and he believes 2012 could prove to be “a most difficult year”.

“All in all, we remain reasonably optimistic of a gradual return of confidence and strong future growth in Greek ship finance,” he concluded on a positive note.

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Published: 19:41 GMT, 25 Apr 12 | updated: 19:41 GMT, 25 Apr 12