



**IIR LONDON**

**SHIPPING FINANCE CONFERENCE,**

**25th-26th September 2001**

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***P*ETROFIN S.A.**



## INTERNATIONAL SHIPPING BANKS

*Comparisons between 2001 and 2000*

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*August 2001*

COUNTRY / REGION	MAJOR ROLE		MINOR ROLE		TOTAL		%	
	2001	2000	2001	2000	2001	2000	2001	2000
UK & IRELAND	3	2	3	5	6	7	4.20%	4.40%
FRANCE, BELGIUM & LUXEMBURG	2	2	7	9	9	11	6.29%	6.92%
SCANDINAVIA incl DENMARK	4	4	5	6	9	10	6.29%	6.29%
GERMANY	8	7	11	15	19	22	13.29%	13.84%
NETHERLANDS	4	4	2	2	6	6	4.20%	3.77%
OTHER EUROPEAN	4	4	24	28	28	32	19.58%	20.13%
<i>Total of EUROPEAN BANKS</i>	25	23	52	65	77	88	53.85%	55%
NORTH AMERICA	5	8	12	10	17	18	11.89%	11.32%
FAR EAST & OTHER COUNTRIES	4	5	45	48	49	53	34.27%	33.33%
GRAND TOTAL	34	36	109	123	143	159	100%	100%

**INTERNATIONAL SHIPPING BANKS**  
***Main observations (2001/2000)***

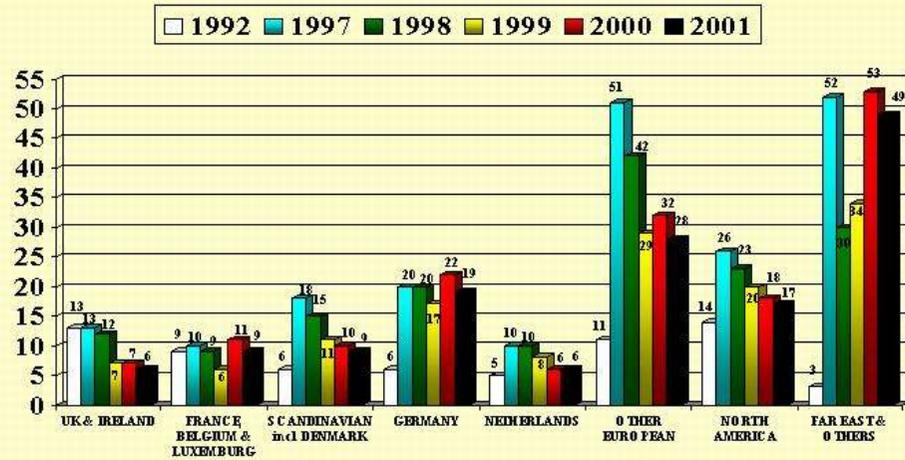
- **Downward Global trend continuing, as total number of banks declined from 159 to 143 over the last year.**
- **The number of Major Role banks continues to decline i.e. from 36 to 34 banks worldwide.**
- **In Europe, the “golden triangle” banks (Scandinavia, Germany, Netherlands) have remained stable and steady providers of shipfinance.**
- **Consolidation via mergers and acquisitions have reduced the number of banks in the remaining European areas.**
- **A slight reduction in the number of North American and Far Eastern shipfinance banks – with a notable decline in the number of US Major banks.**



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## BANKS INVOLVED IN INTERNATIONAL SHIPPING FOR

### 1992, 1997, 1998, 1999, 2000 AND 2001



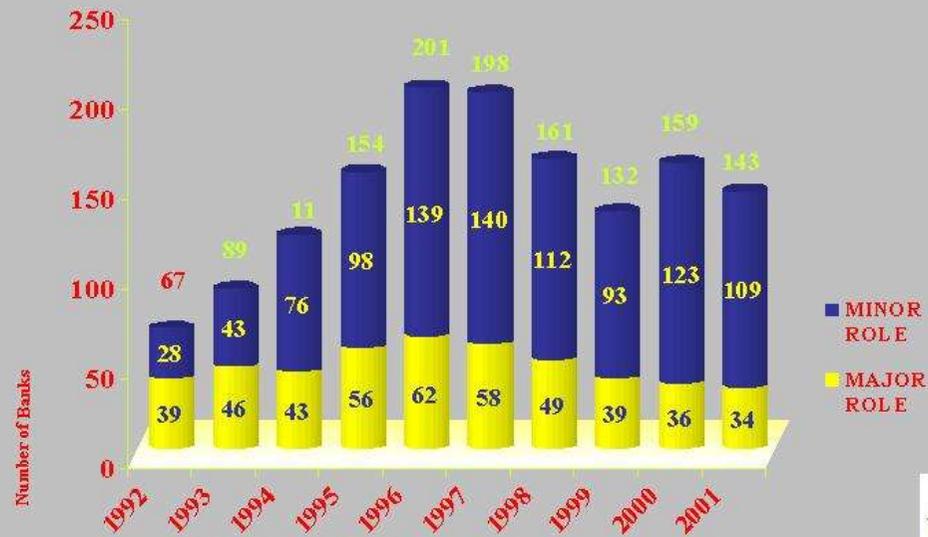
## **INTERNATIONAL SHIPPING BANKS**

### *Main observations*

*(1992 to 2001 by area)*

- **A steady decline in the number of banks in the UK area from 13 in 1997 to 6 in 2001 and similarly for Scandinavian banks from 18 to 9 over the same 5 year period.**
- **Steady presence by German banks and, to a lesser extent, French.**
- **Steady decline in the number of other European banks but relatively steady performance by Far Eastern banks (1997/98 Far Eastern crisis excluded).**

## BANKS INVOLVED IN INTERNATIONAL SHIPLENDING 1992 - 2001



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## **INTERNATIONAL SHIPPING BANKS**

### ***The trend for 2001***

- **We can now witness the definite and significant downward trend in Major Banks which began since 1996.**
- **This coincided with a) the acceleration of Bank mergers and acquisitions, b) high risk profile of shipping c) the emphasis away from credit and more towards financial products and services and d) setting of higher returns on capital employed by banks and the need to preserve capital.**
- **Minor Banks show a fluctuation that is influenced by the shipping cycles and the state of regional economies, as well as mergers and acquisitions.**

- **This is demonstrated in Minor Banks' recovery in 2000 where the end of the Far East crisis and the recovery of shipping after the 1998-1999 slump was noted and then acted upon accordingly.**
- **However, this year Minor Banks also showed a downward trend reflecting the continuing effects of consolidation and a downturn in economic prospects.**

*Ship Finance –  
Shipping in the light of globalization*

- **Consolidation takes place due to competition and economies of scale (globalization)**
- **Due to larger capital constraints and requirements, shipping viewed as a TIER 1 capital intensive industry is not a preferred sector**
- **The above exerts pressure on shipping requiring banks to adjust their credit policy terms and client profile so that their overall yields can increase via the provision of services**
- **Bank consolidation:**
  - If Bank does not become globalized then it is vulnerable to takeovers.**
  - Self-preservation*•**Bank numbers go down**

***BUT***

- **Ship finance capacity is still rising**
- **The problem is with the numbers and not with the capacity for the time being**
- **Due to globalization, bank consolidation and changes in ship finance policy, banks have developed a client corporate opportunities approach rather than a relationship approach**
- **Size becomes of primary importance for both banks and clients**