

Ship finance for Greeks down 8.48%

Bank financing to Greek shipping dropped for the first time in nine years to \$67bn in 2009, marking an 8.48% decrease from the previous year and any recovery or new growth in 2010 is likely to be very tentative, says a new report.

Publishing its research for the ninth year in a row, Athens-based analyst Petrofin noted that loans already drawn down had increased by a slender 1.93% to \$54.6bn from \$53.6bn in 2008.

But the major reduction was in loans committed but not drawn down, which were slashed by 36.84% to \$12.4bn from \$19.6bn the previous year.

Petrofin chief Ted Petropoulos says shipping banks had sought to minimise their undrawn commitments by adjusting facilities to asset values and erasing, if possible, or postponing, commitments. This was helped by numerous newbuilding cancellations, Petropoulos adds.

For the first time, Petrofin asked banks participating in the research to reveal the percentage of their committed but undrawn loans that referred to newbuildings.

The largest reduction of funds committed but not drawn came within the category of foreign banks with a presence in Greece - their exposure was reduced by 40.63%. International banks without a presence in Greece chopped 35.07% off their undrawn commitments, while Greek banks were down by 30.14%.

Petrofin said 31 out of a total of 41 banks lending to Greek owners in 2009 held a total of \$9.3bn in finance for newbuildings.

It was estimated that the total committed but undrawn Greek newbuilding-related finance in place amounted to \$12bn or 18% of total Greek ship finance.

Despite a minimal reduction in its overall exposure, Royal Bank of Scotland (RBS) came in way ahead of the pack with a portfolio of \$13.3bn and a market share of 19.85%. HSH Nordbank's 2009 Greek shipping portfolio was \$5.2bn, down from \$5.6bn in 2008, while Deutsche Schiffsbank followed with just under \$5bn. Credit Suisse was the fourth biggest lender with a portfolio of \$4bn. The top 10 banks continued to dominate the market with an almost 65% share.

Although the number of banks lending to the Greek industry remained more or less stable, new entrants included two Far Eastern players, Export-Import Bank of China (China Exim) with an estimated portfolio of \$400m, of which \$150m was in drawn loans and \$350m in committed but not drawn funds, and Export & Import Bank Of Korea (Kexim) with an estimated exposure of \$500m, again with \$150m drawn and the remainder committed.

Petrofin suggests that the entry of these two banks was prompted by the need to support shipyards seeking new orders or to keep existing newbuilding orders from being cancelled.

The analyst says a greater presence by Far Eastern banks is anticipated and suggests growth could be driven by their appetite.

Petrofin says there is no doubt that 2009 was a catalyst for Greek ship finance but felt that considering the depth of the crisis in global banking and other negative factors, "the effects on Greek ship finance have been modest".

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