



Key Developments and Growth in Greek Ship Finance

May 2024

By Ted Petropoulos, Head, Petrofin Research ©.

Petrofin Research© presents, for the 23rd year running, an overview and an in-depth analysis of the bank loan portfolios to Greek shipping, as of 31st December 2023.

Petrofin wish to thank all participating banks for their steadfast 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.

Contents

1.	Main findings	2
2.	Petrofin Index of Greek ship finance	4
3.	Total Greek Ship Finance Portfolio as of end 2023	5
4.	Research and Analysis	7
A.	The Greek ship finance market as of end 2023	7
B.	Analysis of the 3 bank groups	18
	International Banks WITH a Greek Presence	18
	International Banks WITHOUT a Greek Presence.....	20
	Greek Banks	23
5.	Conclusions and the Years Ahead	27



1. Main findings

Highlight points of this year's results for Greek ship finance are as follows:

* Bank ship finance for Greek shipping has decreased during 2023 by 2%. The overall Greek loans (both drawn and committed but undrawn) booked both in Greece and worldwide as of 31/12/2023 are down to **\$50,891.42** compared to \$51,909.77m in 2022, \$52,580.03m in 2021, \$49,794.51m in 2020, \$53,107.8m in 2019, \$53,176.32m in 2018, \$53,994.96m in 2017 and \$57,211.35 in 2016.

* Despite robust new loans generation as the year progressed, the high interest rates and loan repayments made it difficult for most banks to achieve portfolio growth in 2023. Additionally, SLB (Sale and Leaseback) finance strongly competed with banks for newbuilding and second hand financing.

* **The Petrofin Index for Greek Ship finance**, which commenced at 100 in 2001 and peaked at 443 in 2008, continues its downward curve down to 308 in 2023 from 314 in 2022. In the last 14 years the portfolio has reduced by 23%.

* It should be noted that the Petrofin Index relates to bank related finance only. Finance via SLBs and other forms of lending are not included. However, our research shows that such alternative forms of finance rose substantially in 2023 and provided Greek owner with a wider array of ship finance options.

* **International banks without a Greek presence** show a reduction of 9.59%.

* **International Banks with Greek presence** reversed their growth of 2022 and have dropped by 2.23% marking the largest fall among the 3 bank groups.

* **Greek banks** form the only group that shows growth, at 12.25% which is quite more dynamic than last year's 3.7%. The upward trend continues uninterrupted since 2017.

* International banks found that the Greek banks' ability to reduce their loan margins undercut their competitiveness.

* Drawn loans are down by 5.27% continuing a downward trend started in 2022.

* Significantly, end year commitments have marked a huge rise of the order of **42.03%**, doubling 2022's rise of 22.43%.

* As 2023 developed, ship finance activity increased and hence the high commitments at year end.

* The number of banks involved in Greek ship finance has remained the same.

* UBS (Credit Suisse) still retains the first position, despite further portfolio reduction of 7.27%.

* The top 10 Greek ship financing banks stood at \$33.1bn compared to \$32.1bn in 2022, \$30.45bn in 2021, marking growth of 3.15%. Their market share is up at 65% up from 62% in 2022, compared to 57.9% in 2021 and 58.25% in 2020.

* The steady decrease of European banks' exposure continues but at a slower pace (0.4% in 2023). Their market share has gone up to 74.02% nearing 2021 levels. Their share in 2022 was 72.89% of market share, 74.33% in 2021, 73.84% in 2020, 75.8% in 2019, 76.9%, in 2018, 78.70% in 2017, 81.04% in 2016.

* It is believed that European banks that remain in Greek ship finance are committed towards remaining in this sector. Indeed, of the banks involved in Greek ship finance, the vast majority have higher loan portfolio budgets for 2024 and are only limited from growing by competition from non bank related finance and prepayments due to the high liquidity of Greek owners and high interest rates, which adversely affect new loan transaction cash flows.

* Also, the Lead Managers' total is down by 22.3%.



* The rise in forward commitments is reflected in the amounts directed to newbuildings which have increased to 14% in 2023 compared to the 3% drop in 2022.

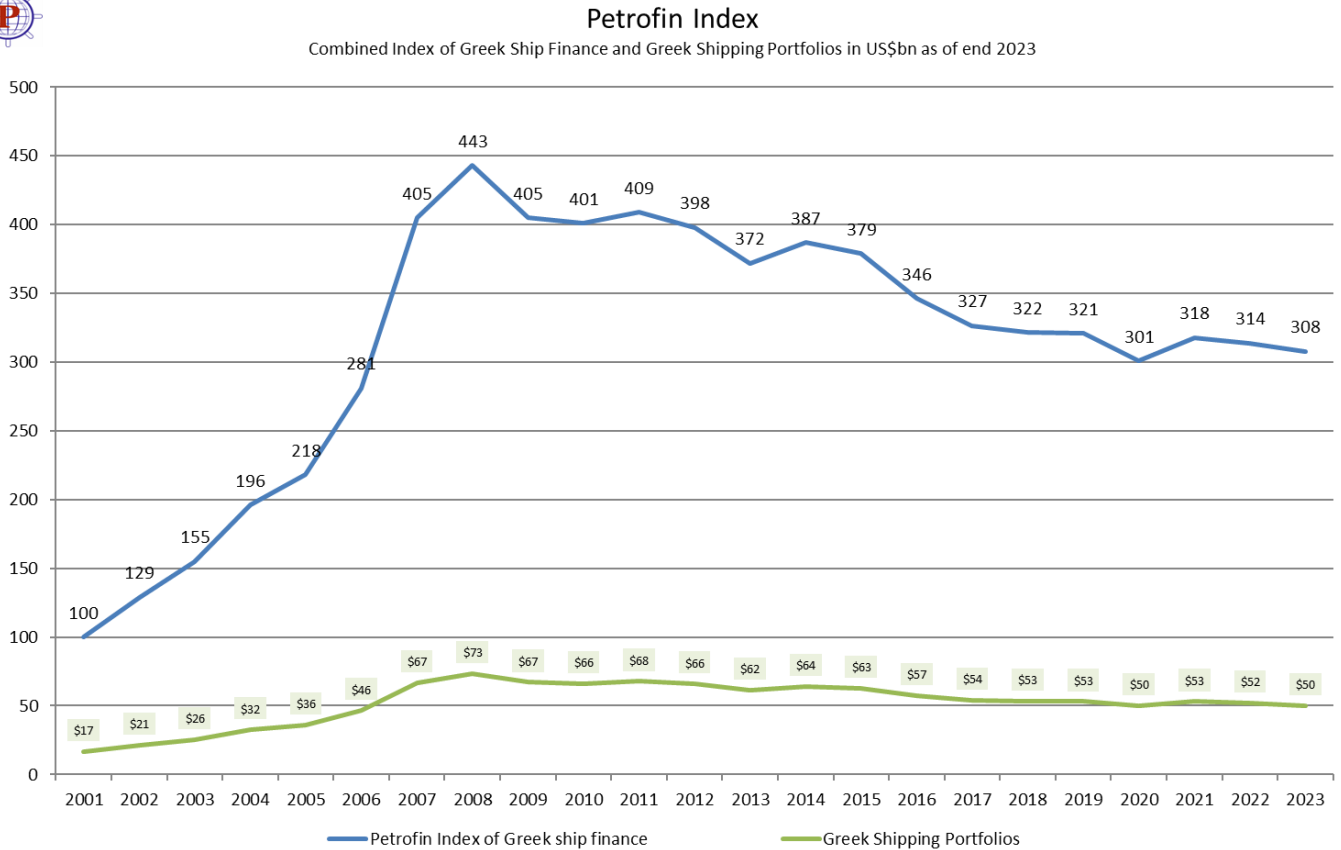
* Overall, 2023 is viewed as a year in which bank finance met some challenges in achieving loan growth, despite bank eagerness to do so.



2. Petrofin Index of Greek ship finance

The Petrofin Index of Greek ship finance for 2023 published by Petrofin Research © is down from 314 to 308, with 100 being the 2001 base year.

Graph 1: Petrofin Index of Greek Ship Finance and Greek Shipping Portfolios in US\$bn



Petrofin Research © - May2024 - www.petrofin.gr

The Petrofin Index of the Greek shipping portfolios (2001-2023) has fallen from a high of 443 in 2008 to 308 in 2023, a decrease of 30%, mostly due to the departure of large European banks.



3. Total Greek Ship Finance Portfolio as of end 2023

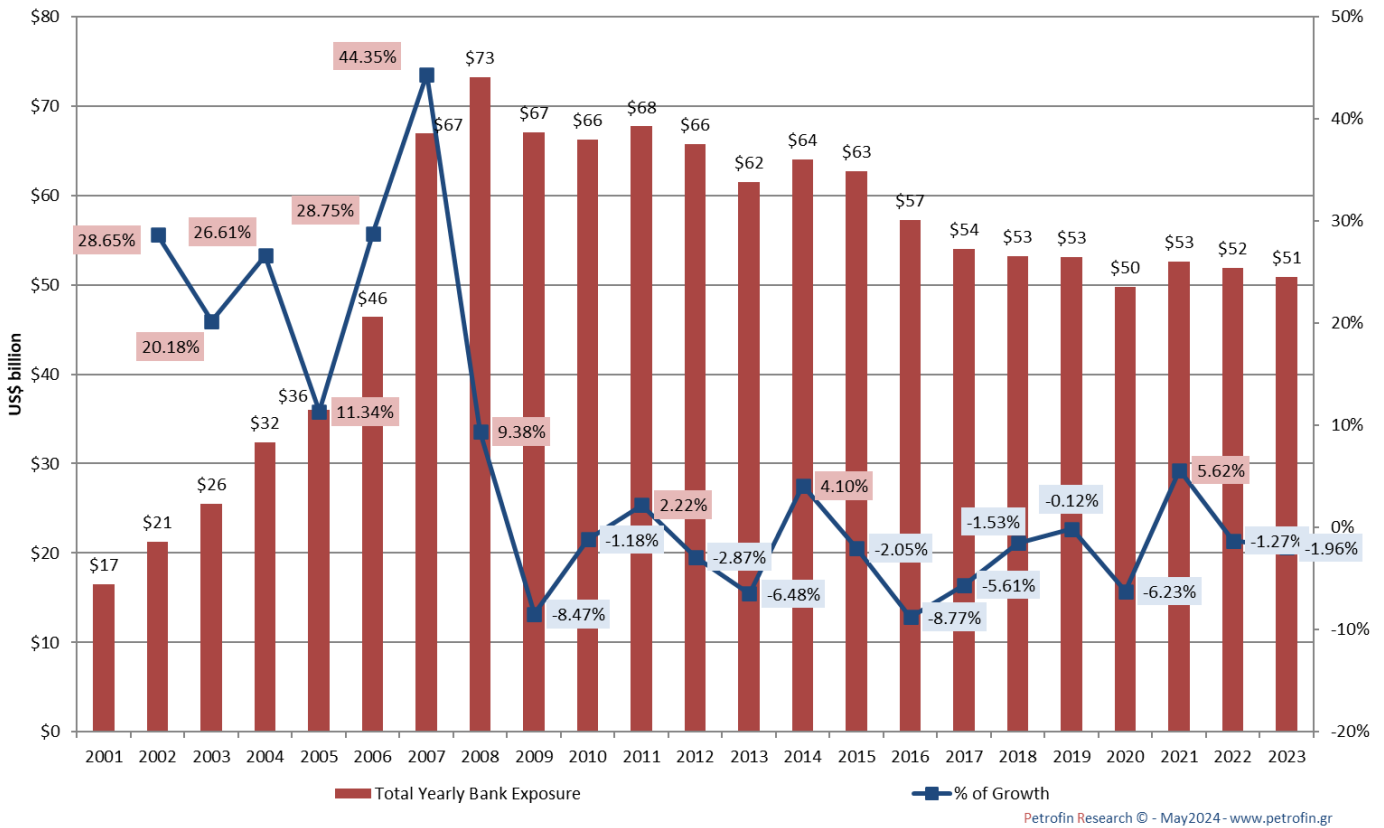
The annual results by Petrofin Bank Research©, now released for the 23rd year running, reflect the exposure of all banks engaged in lending to Greek owners, at the end of 2023.

As of end 2023, the total Greek shipping portfolio stood at \$50,891.42m compared to end 2022's \$51,909.77m. The downward trend continued in 2023.

Graph 2: Evolution of Greek shipping bank portfolios since 2001



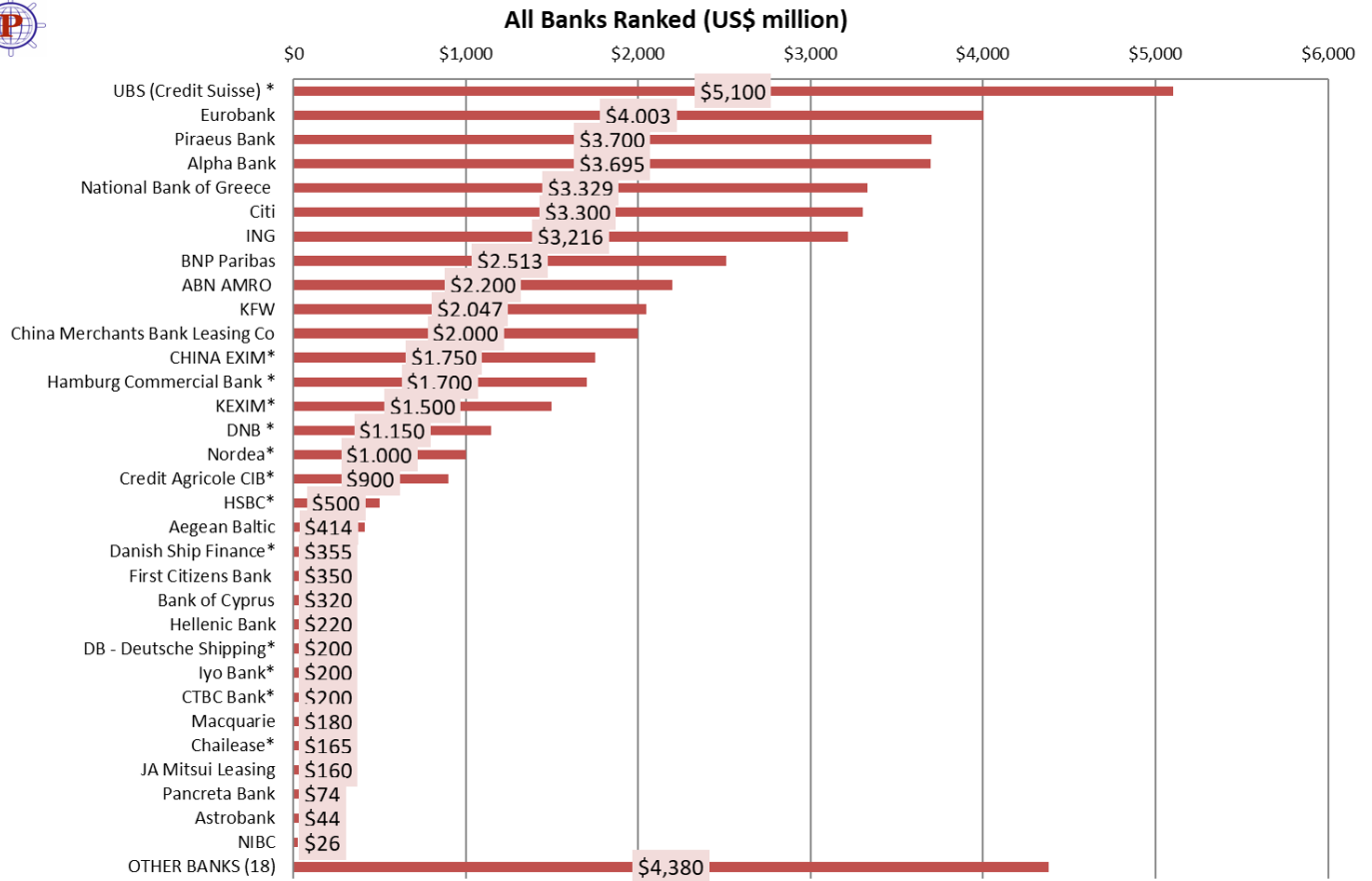
Evolution of Greek Shipping Bank Portfolios since 2001 in US\$billion



Over the last 10 years there has been a reassessment of appetite for asset-based finance by major, mostly European banks which has led to a significant exodus from Greek ship finance.



Graph 3: All banks ranked in terms of their Greek portfolios (in US\$m):



* Market estimate

Petrofin Research © - May2024 - www.petrofin.gr

The takeover of Credit Suisse by UBS has not had any negative major impact on the shipping portfolio of the bank.

Eurobank is at the second place surpassing Alpha bank. Piraeus has moved up two places to the third position.

Pancreta's bank solid entry into Greek shipping is noteworthy.

According to Petrofin Research, over 80% of the banks' lending to Greek owners have unutilised capacity and a wish to increase their loan portfolios. This represents a significant position and supports the view of a potential recovery in the bank totals.



4. Research and Analysis

A. The Greek ship finance market as of end 2023

Table 1: Bank ranking as of end 2023 – in US\$m

<i>Greek shipping portfolios as of end 2023</i>				
Bank	Drawn	Committed but Undrawn	Total	% of Greek Portfolios
UBS (Credit Suisse) *	\$4,600.00	\$500.00	\$5,100.00	10.02%
Eurobank	\$3,220.00	\$783.00	\$4,003.00	7.87%
Piraeus Bank	\$2,850.00	\$850.00	\$3,700.00	7.27%
Alpha Bank	\$3,400.00	\$295.00	\$3,695.00	7.26%
National Bank of Greece	\$3,032.00	\$297.00	\$3,329.00	6.54%
Citi	\$2,300.00	\$1,000.00	\$3,300.00	6.48%
ING	\$2,947.00	\$269.00	\$3,216.00	6.32%
BNP Paribas	\$2,252.00	\$260.60	\$2,512.60	4.94%
ABN AMRO	\$2,000.00	\$200.00	\$2,200.00	4.32%
KFW	\$1,618.94	\$428.21	\$2,047.14	4.02%
China Merchants Bank Leasing Co	\$2,000.00	\$0.00	\$2,000.00	3.93%
CHINA EXIM*	\$1,750.00	\$0.00	\$1,750.00	3.44%
Hamburg Commercial Bank *	\$1,600.00	\$100.00	\$1,700.00	3.34%
KEXIM*	\$1,500.00	\$0.00	\$1,500.00	2.95%
DNB *	\$1,150.00	\$0.00	\$1,150.00	2.26%
Nordea*	\$1,000.00	\$0.00	\$1,000.00	1.96%
Credit Agricole CIB*	\$900.00	\$0.00	\$900.00	1.77%
HSBC*	\$500.00	\$0.00	\$500.00	0.98%
Aegean Baltic	\$383.28	\$30.75	\$414.03	0.81%
Danish Ship Finance*	\$355.00	\$0.00	\$355.00	0.70%
First Citizens Bank	\$300.00	\$50.00	\$350.00	0.69%
Bank of Cyprus	\$300.00	\$20.00	\$320.00	0.63%
Hellenic Bank	\$205.00	\$15.00	\$220.00	0.43%
DB - Deutsche Shipping*	\$200.00	\$0.00	\$200.00	0.39%
Iyo Bank*	\$200.00	\$0.00	\$200.00	0.39%
CTBC Bank*	\$200.00	\$0.00	\$200.00	0.39%
Macquarie	\$155.00	\$25.00	\$180.00	0.35%
Chailease*	\$165.00	\$0.00	\$165.00	0.32%
JA Mitsui Leasing	\$160.00	\$0.00	\$160.00	0.31%
Pancreta Bank	\$41.00	\$33.25	\$74.25	0.15%
Astrobank	\$44.00	\$0.00	\$44.00	0.09%
NIBC	\$26.40	\$0.00	\$26.40	0.05%
OTHER BANKS (18)	\$4,380.00	\$0.00	\$4,380.00	8.61%
<i>Total Greek portfolio</i>	<i>\$45,734.61</i>	<i>\$5,156.81</i>	<i>\$50,891.42</i>	
<i>Overall number of banks</i>	<i>50</i>			



Table 2 – Top 30 banks - Changes in rank between 2022 and 2023

<i>Changes in Rank in one year</i>			
Rank	% of Bank's portfolio change between 2022-23	2023	2022
1	-7.27%	UBS (Credit Suisse) *	Credit Suisse*
2	16.03%	Eurobank	Alpha Bank
3	12.63%	Piraeus Bank	Eurobank
4	4.53%	Alpha Bank	Citi
5	19.53%	National Bank of Greece	Piraeus Bank
6	-4.35%	Citi	ING
7	7.81%	ING	BNP Paribas
8	-11.87%	BNP Paribas	National Bank of Greece
9	0.00%	ABN AMRO	ABN AMRO
10	-0.27%	KFW	KFW
11	0.00%	China Merchants Bank Leasing Co	China Merchants Bank Leasing Co
12	2.94%	CHINA EXIM*	Hamburg Commercial Bank *
13	-2.86%	Hamburg Commercial Bank *	CHINA EXIM*
14	7.14%	KEXIM*	HSBC*
15	17.35%	DNB *	KEXIM*
16	-9.09%	Nordea*	Nordea*
17	12.50%	Credit Agricole CIB*	DNB *
18	-66.67%	HSBC*	Credit Agricole CIB*
19	-6.72%	Aegean Baltic	Aegean Baltic
20	-11.25%	Danish Ship Finance*	Danish Ship Finance*
21	59.09%	First Citizens Bank	China Everbright Bank*
22	10.34%	Bank of Cyprus	Bank of Cyprus
23	0.85%	Hellenic Bank	DB - Deutsche Shipping*
24	-20.00%	DB - Deutsche Shipping*	First Citizens Bank
25	33.33%	Iyo Bank*	Hellenic Bank
26	-	CTBC Bank*	Chailease*
27	52.54%	Macquarie	Iyo Bank*
28	-17.50%	Chailease*	NIBC*
29	-	JA Mitsui Leasing	Macquarie
30	-	Pancreta Bank	Astrobank

*Market estimate

Petrofin Bank Research © - May2024

The largest increases were by First Citizens Bank (CIT) with 59% (in part due to acquisition of part of HSBC's Greek portfolio) and Macquarie with 52.54%.

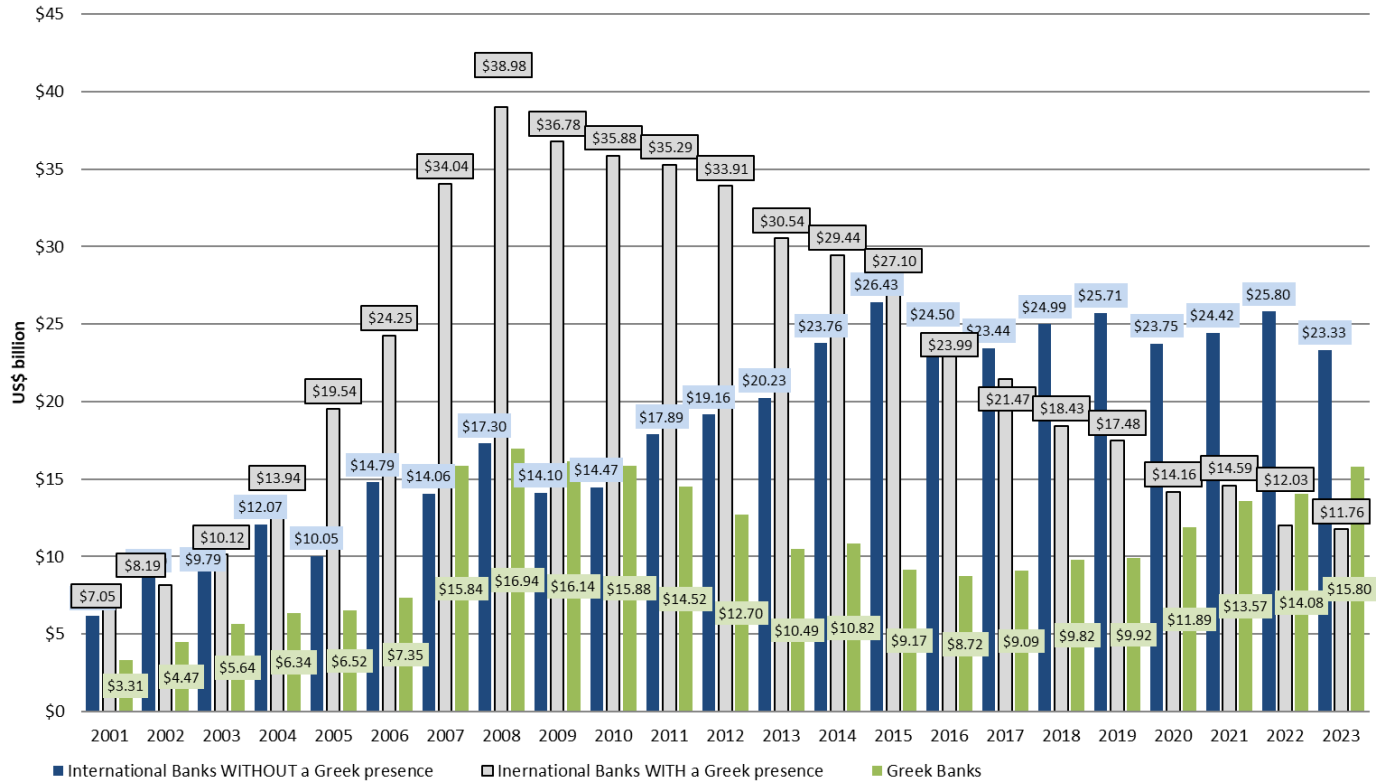
Among the Greek banks, the National Bank of Greece was highest with 19.53%, closely followed by Eurobank at 16.03% and Piraeus Bank at 12.63%. The highest reductions were by HSBC* (due to their departure from a Greek physical presence in Greece), Chailease, BNP Paribas and Nordea.



Graph 4: Bank exposure in terms of bank groups is as follows:



Greek Shipping Bank Portfolios since 2001 per Bank Group



Petrofin Research © - May2024 - www.petrofin.gr

Two notable trends here:

1. The growth of Greek banks. Greek banks showed a growth of 12.25%.
2. The decrease of International banks without a Greek presence and with a Greek presence.
3. It is noteworthy that International banks with a Greek presence have declined by 69.75% since their peak in 2008. The reasons include Greek economic difficulties from 2010 to 2020, as well as a realisation that ship lending could be accomplished without necessarily a physical presence in Greece. Given Greece’s economic recovery and investment grade status it would be interesting to note if more banks might consider opening an office in Greece. A case in point is Astrobank, which is considering opening a representative office in Athens.



Table 3: Drawn and Undrawn Commitments for the 3 bank groups

DRAWN (US\$m)								
	Change between 2022-23	Drawn loan portfolios as of end 2023	Drawn loan portfolios as of end 2022	Drawn loan portfolios as of end 2021	Drawn loan portfolios as of end 2020	Drawn loan portfolios as of end 2019	Drawn loan portfolio as of end 2018	Drawn loan portfolio as of end 2017
International Banks WITH a Greek presence	-4.68%	\$10,202	\$10,703	\$13,549	\$13,478	\$16,173	\$17,586	\$20,169
International Banks WITHOUT a Greek presence	-11.58%	\$22,057	\$24,946	\$23,376	\$22,709.25	\$23,688.99	\$23,461	\$22,199
Greek banks	6.69%	\$13,475	\$12,630	\$12,690	\$10,971.40	\$9,521.89	\$9,538	\$8,785
Total	-7.82%	\$45,735	\$49,614	47,158.65	\$49,383.88	\$50,586	\$51,153	\$53,114
COMMITTED BUT UNDRAWN (US\$m)								
	Change between 2022-23	Committed but Undrawn loan portfolio as of end 2023	Committed but Undrawn loan portfolio as of end 2022	Committed but Undrawn loan portfolio as of end 2021	Committed but Undrawn loan portfolio as of end 2020	Committed but Undrawn loan portfolio as of end 2019	Committed but Undrawn loan portfolio as of end 2018	Committed but Undrawn loan portfolio as of end 2017
International Banks WITH a Greek presence	17.52%	\$1,561	\$1,328	\$1,036	\$684	\$1,304	\$847	\$1,298
International Banks WITHOUT a Greek presence	48.35%	\$1,272	\$858	\$1,046	\$1,038.00	\$2,017.83	\$1,461	\$1,238
Greek banks	60.83%	\$2,324	\$1,445	\$884	\$914.00	\$402.20	\$283	\$306
Total	73.86%	\$5,157	\$2,966	2,636.00	\$3,723.93	\$2,591	\$2,842	\$4,098

Petrofin Research © - May 2024

The most notable observations are with the Committed but Undrawn loans. All sectors show increases, thus manifesting confidence in the future of Greek shipping. The most notable committed exposure by the end of 2023 is by the Greek banks followed by the International banks without a Greek presence.



The top 10 banks' ranking order follows.

Table 4: Top ten banks ranked by portfolio size (in US\$m) – last 3 years

<i>As of end 2023</i>				<i>As of end 2022</i>				<i>As of end 2021</i>			
Rank	Bank	Total exposure in US\$m	Market share % of Greek portfolio	Rank	Bank	Total exposure in US\$m	Market share % of Greek portfolio	Rank	Bank	Total exposure in US\$m	Market share % of Greek portfolio
1	UBS (Credit Suisse) *	\$5,100	10.02%	1	Credit Suisse*	\$5,500	10.60%	1	Credit Suisse*	\$5,600	10.65%
2	Eurobank	\$4,003	7.87%	2	Alpha Bank	\$3,535	6.81%	2	Eurobank	\$3,380	6.43%
3	Piraeus Bank	\$3,700	7.27%	3	Eurobank	\$3,450	6.65%	3	Piraeus Bank	\$3,250	6.18%
4	Alpha Bank	\$3,695	7.26%	4	Citi	\$3,450	6.65%	4	Alpha Bank	\$3,200	6.09%
5	National Bank of Greece	\$3,329	6.54%	5	Piraeus Bank	\$3,285	6.33%	5	BNP Paribas	\$3,045	5.79%
6	Citi	\$3,300	6.48%	6	ING	\$2,983	5.75%	6	Citi	\$2,680	5.10%
7	ING	\$3,216	6.32%	7	BNP Paribas	\$2,851	5.49%	7	National Bank of Greece	\$2,647	5.03%
8	BNP Paribas	\$2,513	4.94%	8	National Bank of Greece	\$2,785	5.37%	8	ING*	\$2,300	4.37%
9	ABN AMRO	\$2,200	4.32%	9	ABN AMRO	\$2,200	4.24%	9	ABN AMRO	\$2,250	4.28%
10	KFW	\$2,047	4.02%	10	KFW	\$2,053	3.96%	10	HSBC*	\$2,100	3.99%
<i>Totals 2023</i>		<i>\$33,103</i>	<i>65.05%</i>	<i>Totals 2022</i>		<i>\$32,092</i>	<i>61.84%</i>	<i>Totals 2021</i>		<i>\$30,452</i>	<i>57.91%</i>

* Market estimate Petrofin Research © - May 2024

The second and the third position are consistently occupied by Greek banks. Interesting to see that this year the 4th and the 5th are also occupied by Greek banks. 4 Greek banks are in the top 5. In total, the Greek banks among the top 10 banks accounted for 65.05% of the total up from 61.84% in 2022 and 57.91% in 2021.

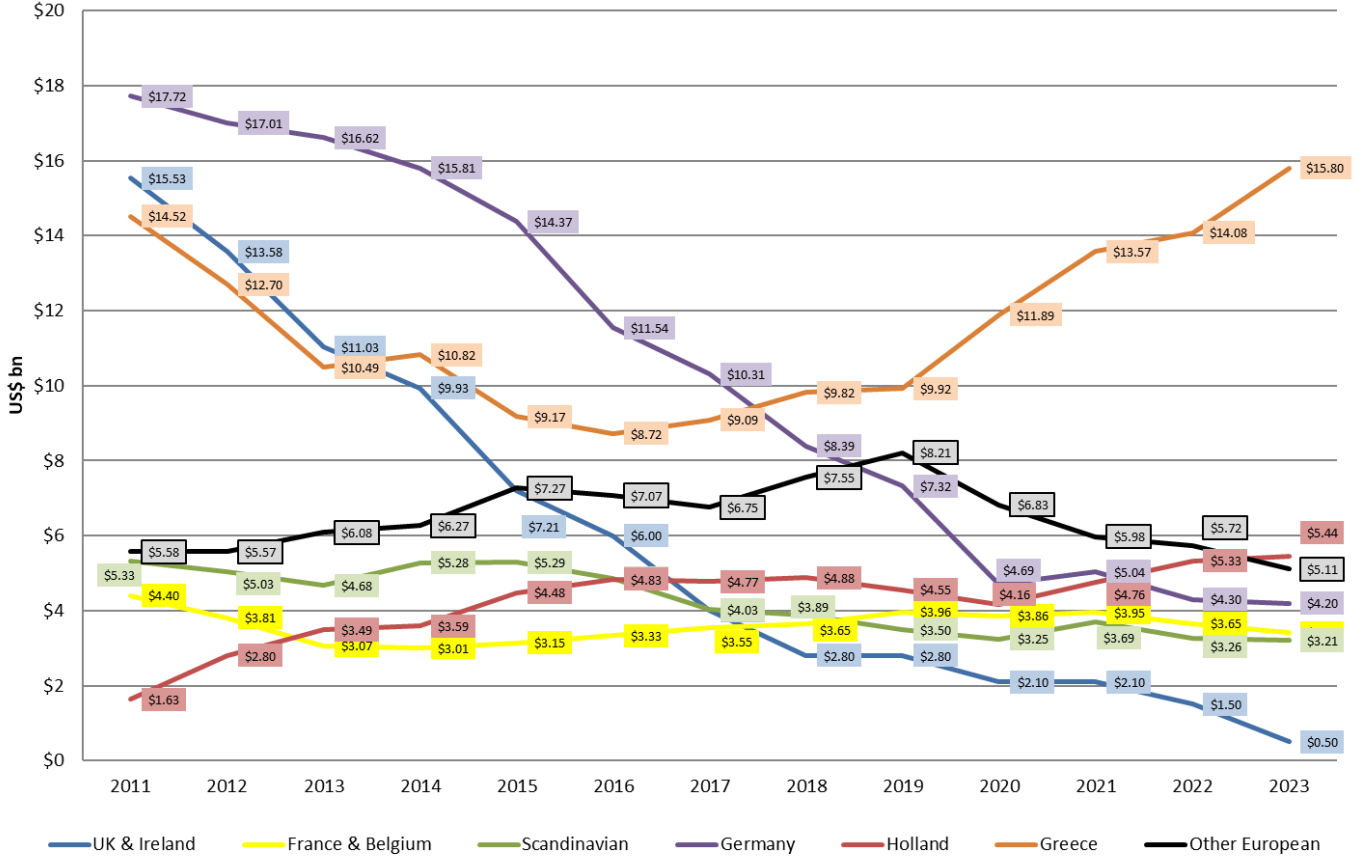


Nationality of banks

Graph 5: European ship finance since 2011



Development of European Bank Portfolios for Greek Ship Finance in US\$bn



Petrofin Research © - May2024 - www.petrofin.gr


The notable features here are:

- a. The strong growth of Greek banks from 2016 which have now reached 2011 levels, and
- b. The virtual disappearance of UK and Ireland in just 12 years.



The European total in 2023 amounted to \$37,671.42 from \$37,836.77m in 2022 and \$39,085.03m in 2021.

Table 5: Portfolios per geographical area


	<i>European</i>	<i>North America</i>	<i>Asia / M. East</i>	<i>Australia</i>	<i>TOTALS</i>
2013	\$55,447.00	\$1,950.00	\$3,700.00	\$400.00	\$61,497.00
2014	\$54,699.00	\$2,800.00	\$6,170.00	\$350.00	\$64,019.00
2015	\$50,941.00	\$3,650.00	\$7,820.00	\$300.00	\$62,711.00
2016	\$46,362.00	\$3,950.00	\$6,650.00	\$250.00	\$57,212.00
2017	\$42,494.80	\$4,400.00	\$6,800.00	\$300.00	\$53,994.80
2018	\$40,976.32	\$4,400.00	\$7,450.00	\$350.00	\$53,176.32
2019	\$40,257.81	\$4,650.00	\$7,800.00	\$400.00	\$53,107.81
2020	\$36,769.50	\$4,500.00	\$7,825.00	\$700.00	\$49,794.50
2021	\$39,085.03	\$4,570.00	\$8,275.00	\$650.00	\$52,580.03
2022	\$37,836.77	\$5,070.00	\$8,585.00	\$418.00	\$51,909.77
2023	\$37,671.42	\$4,650.00	\$8,140.00	\$430.00	\$50,891.42

Petrofin Bank Research © - May 2024

Overall, all regions show a marginal decline except for Australia.



Table 6: European portfolios per country since 2011 (US\$m)

	UK & Ireland	France & Belgium	Scandinavian	Germany	Holland	Greece	Other European
2011	\$15,533	\$4,401	\$5,325	\$17,717	\$1,632	\$14,517	\$5,575
2012	\$13,581	\$3,813	\$5,029	\$17,006	\$2,800	\$12,704	\$5,566
2013	\$11,029	\$3,065	\$4,676	\$16,617	\$3,493	\$10,487	\$6,080
2014	\$9,933	\$3,005	\$5,280	\$15,805	\$3,588	\$10,819	\$6,269
2015	\$7,210	\$3,145	\$5,293	\$14,370	\$4,480	\$9,173	\$7,270
2016	\$6,000	\$3,331	\$4,864	\$11,542	\$4,834	\$8,721	\$7,070
2017	\$4,000	\$3,550	\$4,027	\$10,309	\$4,768	\$9,091	\$6,750
2018	\$2,800	\$3,645	\$3,891	\$8,387	\$4,882	\$9,821	\$7,550
2019	\$2,800	\$3,960	\$3,496	\$7,316	\$4,552	\$9,924	\$8,210
2020	\$2,100	\$3,860	\$3,246	\$4,693	\$4,160	\$11,885	\$6,825
2021	\$2,100	\$3,945	\$3,694	\$5,038	\$4,760	\$13,573	\$5,975
2022	\$1,500	\$3,651	\$3,260	\$4,303	\$5,328	\$14,075	\$5,720
2023	\$500	\$3,413	\$3,210	\$4,197	\$5,442	\$15,799	\$5,110

Petrofin Bank Research © - May 2024

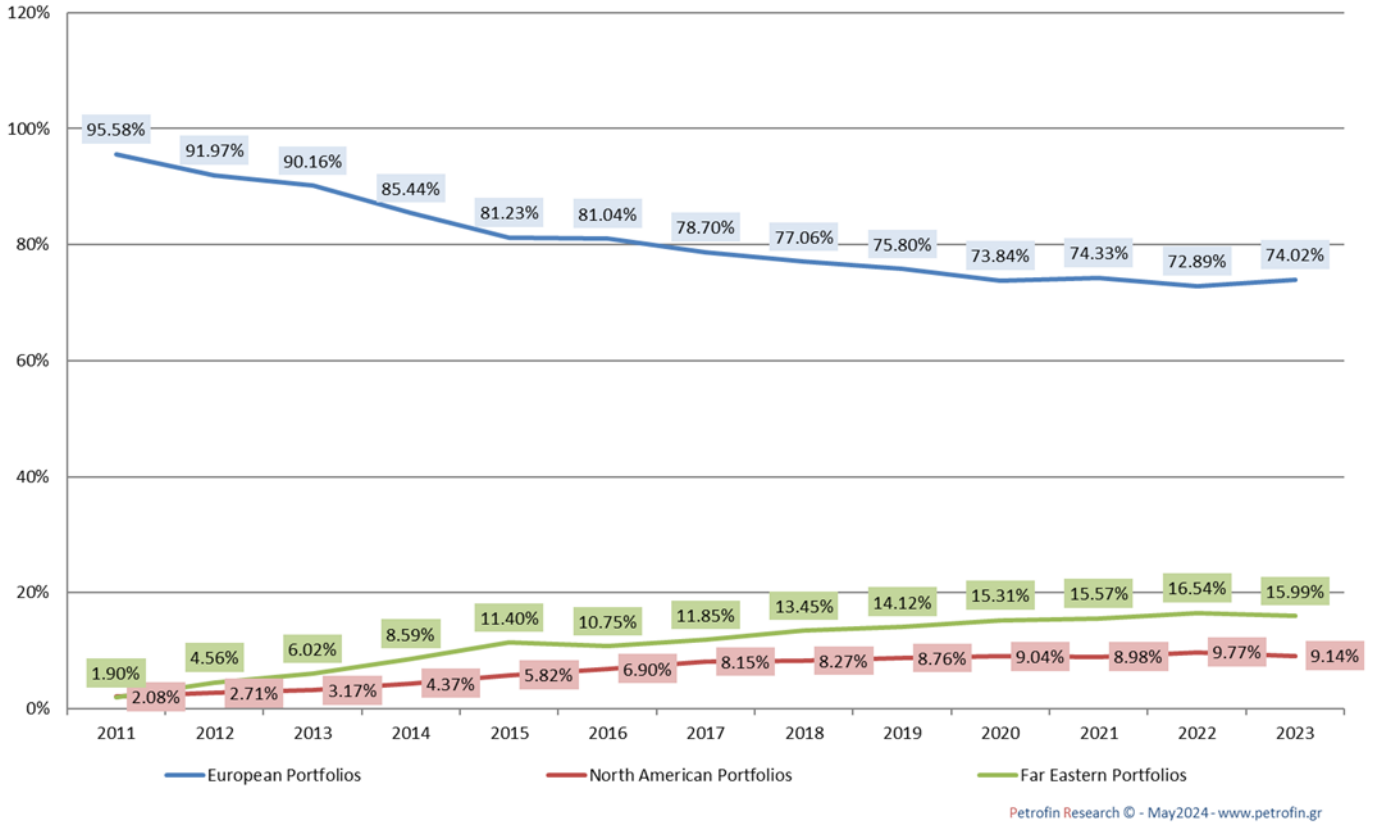
Greek and Dutch banks' participations continue their growth.



Graph 6: Geographical distribution of Greek ship finance share.



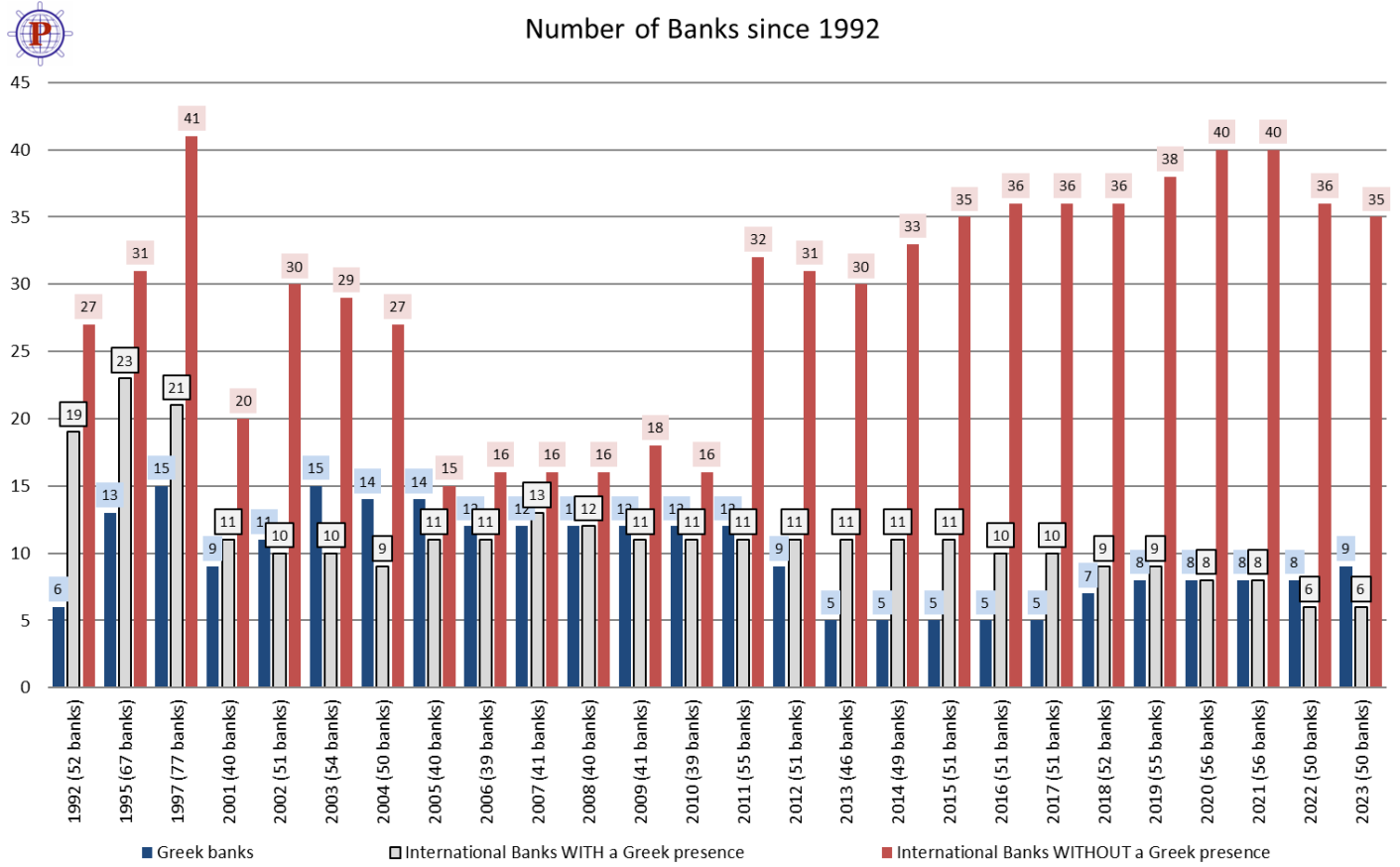
Development of Greek Ship Finance per Geographical Area % of Total Greek Portfolio



European portfolios rose largely on the back of the growth by Greek banks.



Graph 7: Number of banks financing Greek Shipping – 1992-2023




Petrofin Research © - May2024 - www.petrofin.gr

The number of banks has remained the same as in 2022.



Table 7 summarises the comparative statistics for the Greek ship-finance market over the last 23 years.

	No. of banks				Bank Exposure US\$bn			
	International Banks WITH a Greek presence	International Banks WITHOUT a Greek presence	Greek banks	Total Number of Banks	International Banks WITH a Greek presence	International Banks WITHOUT a Greek presence	Greek banks	Total Yearly Bank Exposure
2001	11	20	9	40	\$7.05	\$6.17	\$6.17	\$16.53
2002	10	30	11	51	\$8.19	\$8.60	\$4.47	\$21.26
2003	10	29	15	54	\$10.12	\$9.79	\$5.64	\$25.55
2004	9	27	14	50	\$13.94	\$12.07	\$6.34	\$32.35
2005	11	15	14	40	\$19.45	\$10.05	\$6.52	\$36.02
2006	11	16	12	39	\$24.25	\$14.79	\$7.34	\$46.38
2007	13	16	12	41	\$37.04	\$14.06	\$15.84	\$66.94
2008	12	16	12	40	\$38.98	\$17.30	\$16.94	\$73.22
2009	11	18	12	41	\$36.78	\$14.10	\$16.14	\$67.02
2010	11	16	12	39	\$35.88	\$14.47	\$15.88	\$66.23
2011	11	32	12	55	\$35.29	\$17.89	\$14.52	\$67.70
2012	11	31	9	51	\$33.90	\$19.16	\$12.70	\$65.76
2013	11	30	5	46	\$30.74	\$20.27	\$10.49	\$61.50
2014	11	33	5	49	\$29.44	\$23.76	\$10.82	\$64.02
2015	11	35	5	51	\$27.10	\$26.44	\$9.17	\$62.71
2016	10	36	5	51	\$23.99	\$24.50	\$8.72	\$57.21
2017	10	36	5	51	\$21.47	\$23.44	\$9.09	\$54.00
2018	9	36	7	52	\$18.43	\$24.92	\$9.82	\$53.17
2019	9	38	8	55	\$17.48	\$25.71	\$9.92	\$53.11
2020	8	40	8	56	\$14.17	\$23.75	\$11.88	\$49.80
2021	8	40	8	56	\$14.58	\$24.42	\$13.58	\$52.58
2022	6	36	8	50	\$12.03	\$25.80	\$14.08	\$51.91
2023	6	35	9	50	\$11.76	\$23.33	\$15.80	\$50.89

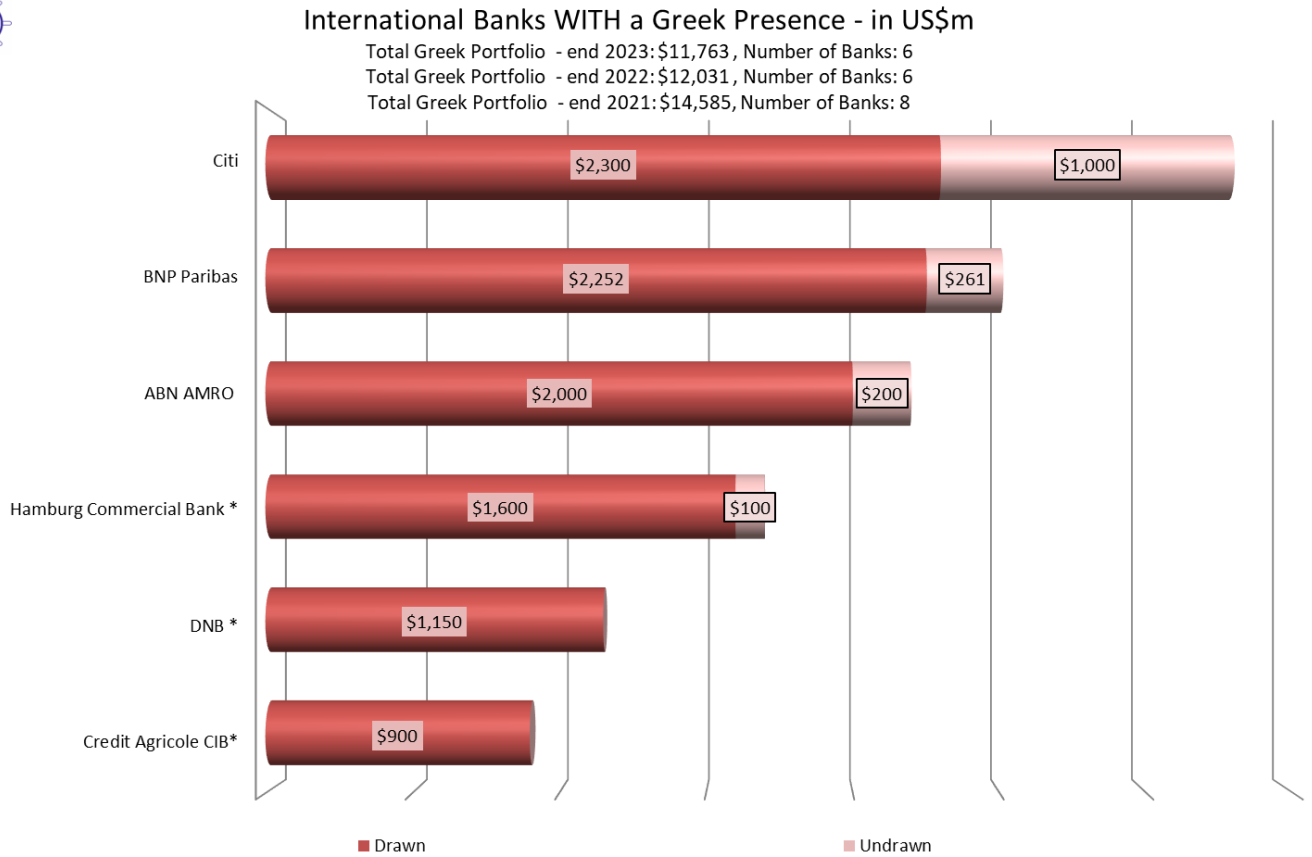
Petrofin Bank Research © - May2024



B. Analysis of the 3 bank groups

International Banks WITH a Greek Presence

Graph 8: International Banks with a Greek presence



*Market estimate

Petrofin Research © - May2024 - www.petrofin.gr

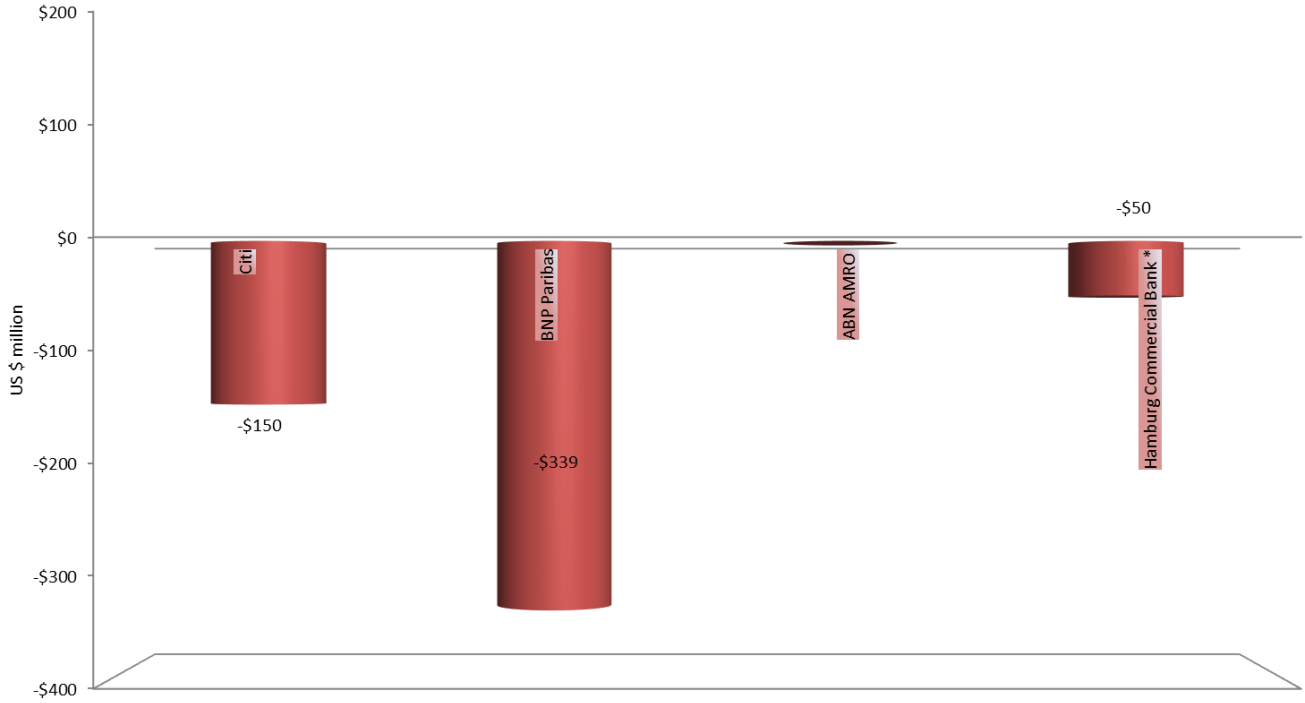
Citi has shown the biggest Committed but Undrawn momentum.



Graph 9: Total portfolios: Change between 2022 and 2023



International Banks with Greek Presence Change between 2022-23



*Market estimate

Petrofin Research © - May2024- www.petrofin.gr

With the exception of ABN Amro which remained stable, major banks such as Citi and BNP Paribas show a decline.



International Banks WITHOUT a Greek Presence

Graph 10: International Banks without a Greek presence

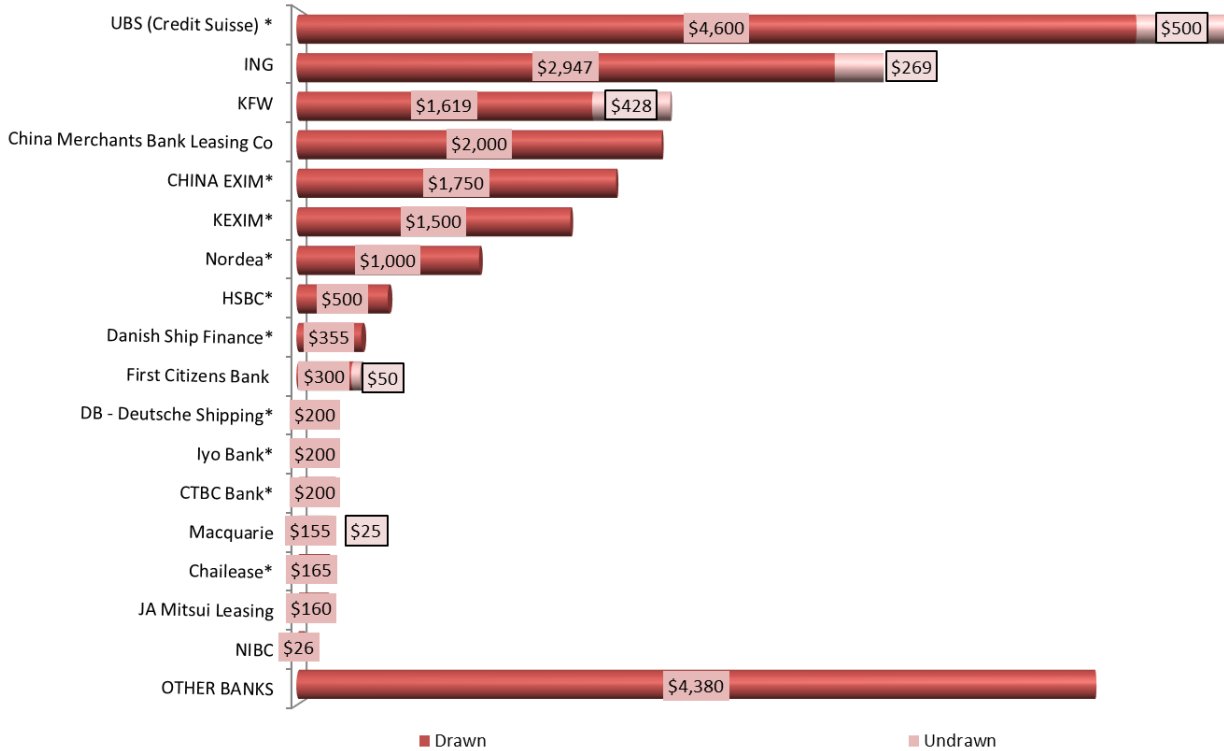


International Banks WITHOUT a Greek Presence - in US\$m

end 2023: \$23,329.54, Number of Banks: 31

end 2022: \$25,803.60, Number of Banks: 36

end 2021: \$24,422.07, Number of Banks: 40



*Market estimate

Petrofin Research © - May2024 - www.petrofin.gr



The banks that have been included in this year’s research, as a collective entry under the category of “Other Banks”, are the following:

Table 8: Other banks

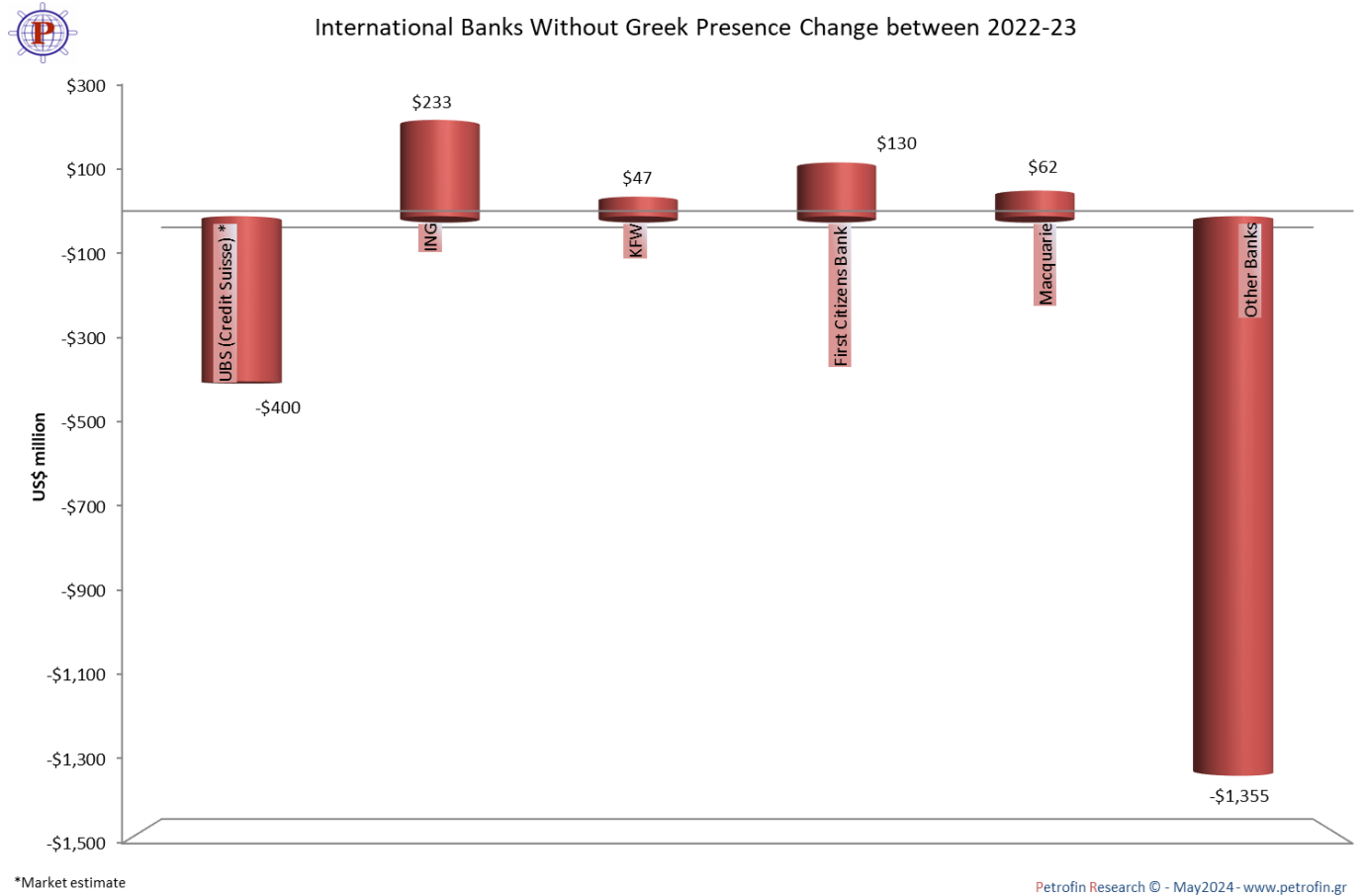
OTHER BANKS
Japan Bank for International Co-operation*
Danske*
SEB*
Bank of America*
Commonwealth Bank of Australia*
Berenberg*
FIMbank Malta*
Sumitomo Mitsui Trust Banking*
Mitsubishi UFG*
ICBC*
Bank of China*
Tokyo Century Bank*
Mizuho Marubeni Leasing Corporation*
Korea Development Bank*
Dukhan Bank*
SMBC*
Qatar Islamic Bank*
Bank of Communications*

* Market estimate
Petrofin Research © - May 2024



Graph 11: Total portfolios – Change between 2022 and 2023

Below a selective comparison between bank portfolios over the period 2022 – 2023

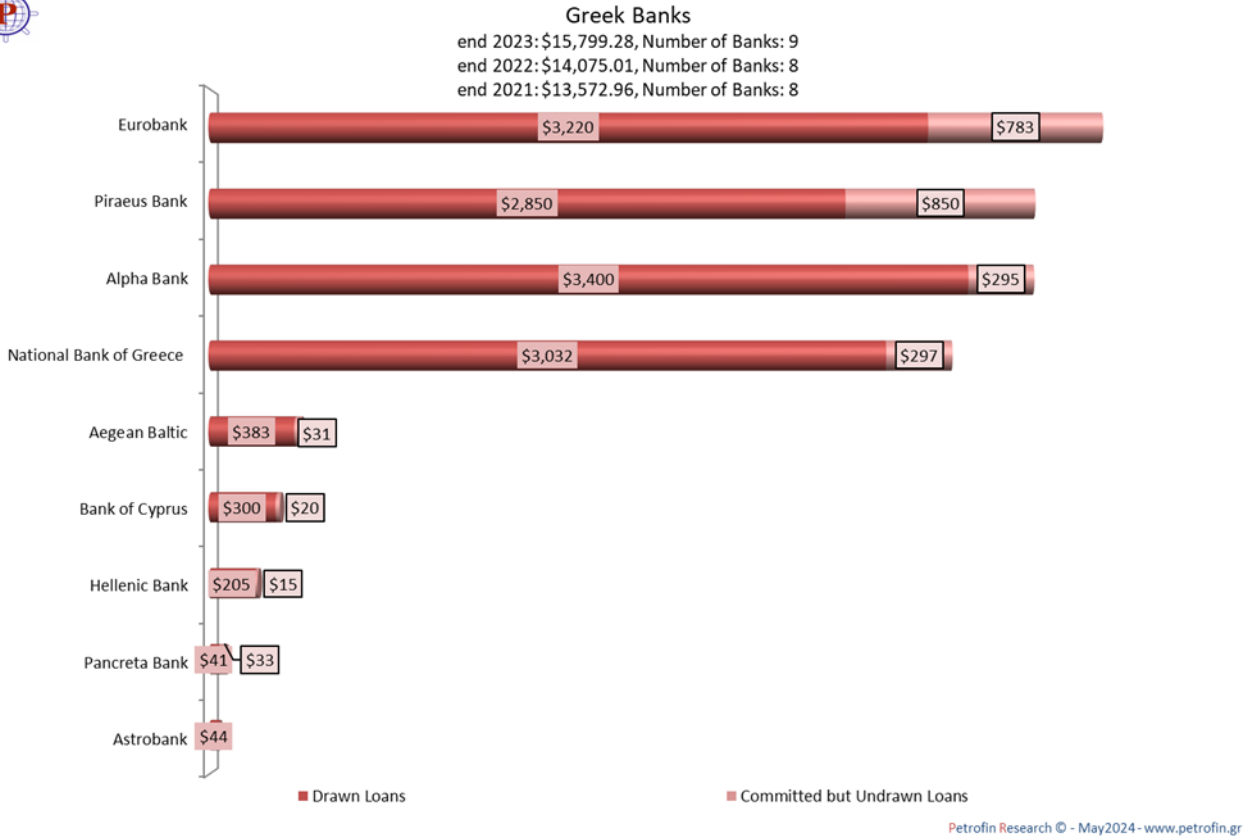


ING, KfW, First Citizens and Macquarie showed growth whilst the rest declined.



Greek Banks

Graph 12: Greek banks



Eurobank retain their top position among Greek banks being followed closely by the remaining systemic banks.

Aegean Baltic have a new majority owner and based on an anticipated increase of capital, is expected to grow in 2024 (*Newsfront 16.06.23*).

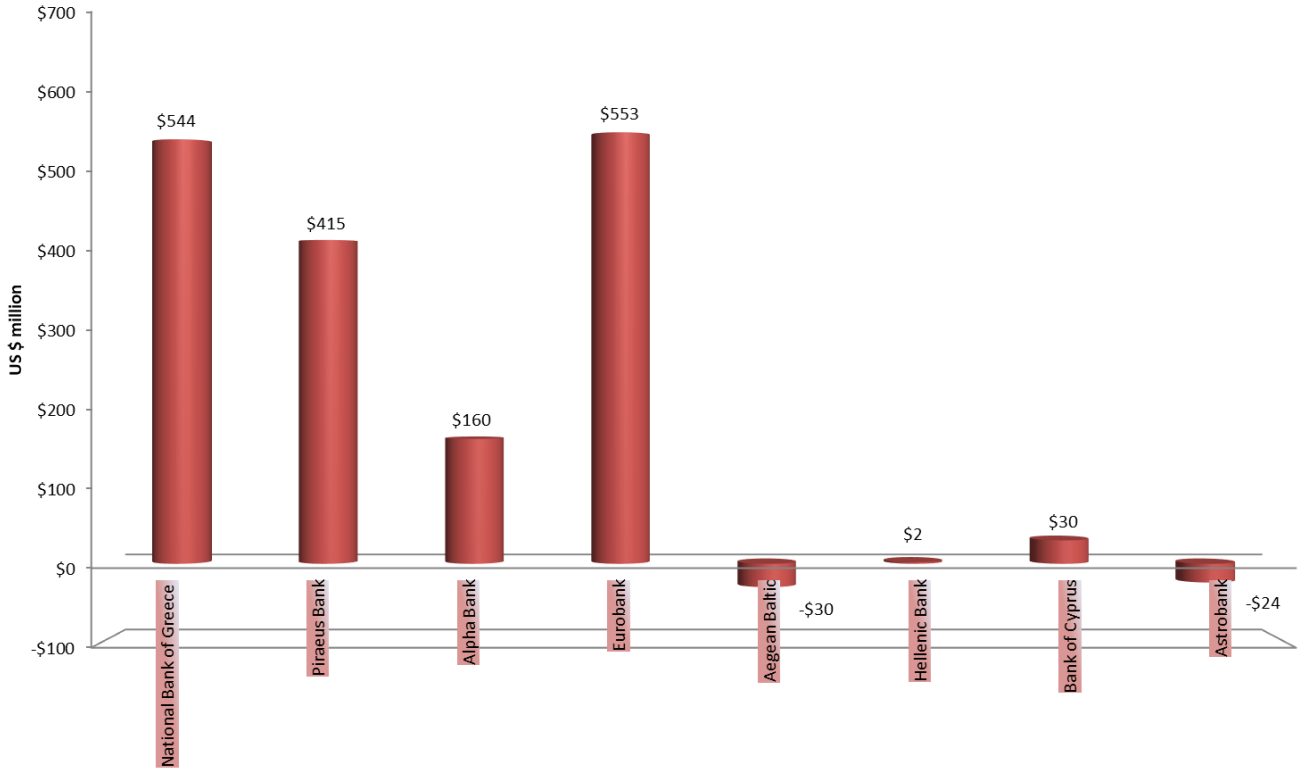
All Cyprus based banks are showing good progress. Pancreta bank is expected to grow substantially in 2024.



Graph 13: Greek banks – Change in portfolios between 2022 and 2023



Greek Banks Portfolio Change between 2022-2023



Petrofin Research © - May2024 - www.petrofin.gr



C. Newbuilding Finance Research

Table 9: Newbuilding finance – in US\$m

Bank	Change in % allocation to Newbuildings between 2020 and 2021	end 2021			Change in % allocation to Newbuildings between 2021 and 2022	end 2022			Change in % allocation to Newbuildings between 2021 and 2022	end 2023			Change in % allocation to Newbuildings between 2022 and 2023
		Committed but Undrawn portfolio (US\$m)	% of N/Bs	Amount for N/Bs		Committed but Undrawn portfolio (US\$m)	% of N/Bs	Amount for N/Bs		Committed but Undrawn portfolio (US\$m)	% of N/Bs	Amount for N/Bs	
ABN Amro	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$200	100%	\$200	100%
Piraeus Bank	N/A	N/A	N/A	N/A	N/A	\$610	6%	\$34	6%	\$850	39%	\$332	34%
National Bank of	53%	\$89	44%	\$39	-9%	\$125	63%	\$79	19%	\$297	72%	\$214	9%
BNP Paribas	3%	\$276	39%	\$108	-61%	\$198	48%	\$95	9%	\$261	92%	\$240	44%
ING	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$269	33%	\$90	33%
CITI	-5%	\$180	85%	\$153	0%	\$950	40%	\$380	-45%	\$1,000	40%	\$400	0%
Alpha	0%	\$100	100%	\$100	0%	\$285	47%	\$135	-53%	\$295	39%	\$115	-8%
DNB*	-68%	\$230	21%	\$48	-8%	\$180	20%	\$36	-1%	N/A	N/A	N/A	N/A
Eurobank	0%	\$380	25%	\$95	4%	\$350	60%	\$210	35%	\$783	50%	\$392	-10%
Totals	75.99%	\$2404[^]	39.22%	\$943	-36.77%	\$2,698	35.89%	\$968	-3.33%	\$3,955	50.10%	\$1,981	14.21%

[^]These portfolios include banks not featured anymore

* Market estimates

Petrofin Bank Research © - May 2024

Since we started Petrofin Bank Research © 23 years ago, many banks have entered and left and re-entered the above table. Newbuilding finance has always been very closely connected to market fluctuations, more so than second hand vessel finance.

After last year's reduction of commitments to newbuildings by 3% which we attributed to the insecurity caused by fuel design decision, we note an increase of 14.21% of commitments allocated to newbuildings.



D. The Greek Shipping Syndications Market

Table 10: Syndication Leaders (US\$m)

No of banks	Bank	2016	2017	2018	2019	2020	2021	2022	2023	Change in the last year
1	CITI	\$5,500	\$5,000	\$5,500	\$6,100	\$6,000	\$6,000	\$6,000	\$5,600	-6.67%
2	KFW	\$273	\$64	\$109	\$122	\$33	\$30	\$2,868	\$606	-78.89%
3	DNB*	\$3,000	N/A	N/A	\$2,116	\$2,173	\$2,000	\$2,000	N/A	N/A
4	BNP PARIBAS	\$321	\$357	\$242	\$698	\$705	\$670	\$846	\$3,272	286.57%
5	ING	N/A	N/A	N/A	N/A	N/A	N/A	\$462	\$350	-24.24%
7	NATIONAL BANK OF GREECE	\$317	\$259	\$107	\$101	\$70	\$61	\$0	\$0	-
8	AEGEAN BALTIC	\$890	\$867	\$819	\$630	\$582	\$162	\$52	\$0	-100.00%
9	NORDEA	\$1,500	\$2,370	\$3,069	N/A	\$2,255	\$2,270	N/A	N/A	N/A
	TOTALS	\$13,790.65 [^]	\$8,916.86	\$9,846.23	\$9,767.45	\$11,818.22	\$11,193.02	12603.98 [^]	\$9,827.58	-22.03%

[^]These portfolios include banks not featured anymore Petrofin Bank Research © - May 2024

We note that BNP PARIBAS has increased its leadership portfolio by almost 290%. Last year's leader, KfW, have reduced their leadership share by 79%.



5. Conclusions and the Years Ahead

In 2023, the shipping markets were mixed with tankers, offshore, gas and chemical carriers experiencing improved conditions, whilst dry bulk and containers were experiencing soft markets. Overall, the Clarkson's second hand price index was flat compared to 2022, although tankers showed a 39% average price increase for the whole sector with dry bulk at minus 8% and containers at minus 13% (Clarkson's Shipping Intelligence).

Whilst geographical concerns and high energy prices continued added by the attacks on the Red Sea route by Houthis and the difficulties with the drought creating congestion in the Panama Canal, owners tried to reconcile relatively high vessel prices with correspondingly lower earnings in dry bulk and containers and questions over the longer term sustainability of the tanker market.

An issue facing owners was the high level of interest rates. This rendered cash flows difficult to justify vessel purchases unless owners included a speculative 'hope' factor over possible higher rates in the future.

The above ship financing conditions were hardly ideal in 2023 with banks having to restrict LTVs accordingly. Bank deal flow did improve as the year progressed as owners became more confident that future market conditions would improve in 2024 – 2025.

Greek owners concluded 226 S&P transactions in 2023 as opposed to 292 in 2022 but the total DWT remained virtually the same at 2.4m DWT. Greek buyer interest increasingly drawn by newbuildings resulting in the remaining newbuilding slots in the Far East to be filled quickly. However, this did not affect bank loans as deliveries would be 2-3 years forward.

By the end of 2023, Greek owners have had amassed considerable liquidity. Some used this to place new orders, whilst many others used it to reduce 'expensive' bank loans. Hence banks found that even though loan volume had picked up during 2023, they could not maintain their loan portfolios due to prepayments and amortisations.

Overall, the latest Petrofin Bank Research showed that Greek related loans fell by 2% to \$ 50,891m with the Petrofin Index for Greek ship finance falling to 308 in 2023 from 314 in 2022 and 443 at its peak in 2008. The long term fall is mostly due to the exodus of major ship lenders over the years, primarily from Europe, as banks increasingly focused on non asset based lending and lending closer to home. It would appear though that this trend seems to have run its course as over 80% of existing lenders, according to Petrofin Research, seem to have both the appetite and capacity to grow.

A key feature of 2023 was the increased popularity of Sale and Leaseback deals, as well as greater interest in ship lending by funds. Such providers would offer competitive pricing but most of the time a higher LTV and longer maturities which Greek owners found attractive. Admittedly, SLBs were more prevalent among public companies and / or major owners, which sought the opportunity to release capital where appropriate or finance new acquisitions or newbuildings using less of their own capital. Such competition became intense and denied shipping banks the opportunity to conclude more business.



The exception to the rule was the Greek banks which managed to grow despite the SLB competition. Greek banks had an advantage in having long term close relationships with Greek clients, as well as benefits from ancillary services. Additionally, as the credit rating of Greece and of the banks improved, loan margins became more competitive and Greek banks experienced a considerable growth in deposits from shipping clients. Without on the whole increasing their LTVs, Greek banks were able to grow by 12.25% in 2023 and to show the highest level of year end commitments that were yet undrawn by 60.83% year on year.

There has been no change in the top spots with UBS (Credit Suisse) still being the top among all banks and Eurobank top among Greek banks. With the departure of HSBC from having a Greek presence, it is noteworthy that the number of International banks with a Greek presence declined to 6 from a total of 11 in 2015. With much improved electronic communications, banks interestingly focused on reducing their international presence and costs by bringing it closer to home and this is one reason for the decline. It is arguable in the improved economy of Greece and higher credit rating, as well as excellent performance by shipping that Greek shipping might entice some of the departees to return via representative offices as this invariably assists marketing.

On the other hand, international banks without a local presence have remained at approximately 35-40 since 2015, with marketing taking place remotely or by visits and focused on the existing clientele.

The overall number of banks remained the same y-o-y at 50, although it is reasonable to say that those now lending are more committed to Greek shipping lending than before.

Far East financing experienced good growth especially via SLBs whose value is not known precisely. However, most major Japanese, Chinese and Korean banks are engaged in ship finance bilaterally or via SLBs with an increasing interest in Greek clients.

Newbuilding related bank finance has also increased by 14.2% y-o-y reflecting the renewed interest by Greek Owners in newbuildings, both with dual fuel design but also the latest IMO Tier III eco engines. It was a challenging year for syndications for most banks with the exception of BNP Paribas showing a 287% y-o-y increase.

Capital market activity in 2023 was subdued across the board with shipping IPOs, follow ons and shipping bonds, all decreasing, especially compared to 2022.

Conditions for raising capital in 2023 were not supportive. However, it is noteworthy that the Scandinavian investment market remained strong with numerous shipping investments and high investor appetite.



Greek ship finance: the years ahead

The biggest issue facing shipping, and of course, Greek shipping, at the moment is the transition towards decarbonization. This affects all activities across the board, S&P, chartering and definitely finance. Alternative fuel orders in the global fleet have, undoubtedly, dominated the news and the alternative fuel orderbook in 2024Q1 has reached 49.5% of the total orderbook. It should be noted that the rise since last year is only 1.7% (Table below).

In million GT

	Total Orderbook	Alt. Fuel Orderbook	Alt. fuel % of orderbook	Demolition
2023Q1	188.3	90	47.8%	1.8
2024Q1	222.4	110.2	49.5%	1.8
y-o-y growth	18%	22%	1.7%	0%

Source: Clarkson's

Petrofin Research © - May 2024

Furthermore, regarding the Greek fleet, according to Clarkson's, Greek orders in 2024Q1 have showed a y-o-y reduction in contracting of 3.5%. Other major regions such as China and Japan showed much bigger decreases. On the other hand, regions such as the Middle East (Qatar), Norway, US and Singapore have shown a significant rise in new orders.

In addition, Greek alternative fuel orders are limited to 4 methanol, 33 LPG, 80 LNG dual fueled vessels and from the rest of Greek orders approximately 37% are scrubber fitted vessels. It is evident, therefore, that the process of decarbonization concerning the Greek fleet seems to have slowed down for now. This is due in part to the dearth of alternative fuel ship building slots on account of numerous newbuilding orders using conventional technology. Also, the good markets are delaying the recycling of older vessels, which has remained unchanged in 2024Q1, and for public companies, investor appetite is for maintaining dividend flow. This emphasis on dividends dissuades companies from ordering new greener technology vessels which require a longer investment amortization period. Should the European carbon penalties be extended to other regions and in the event that new green technology might develop e.g. ammonia run main engines, it is possible that the decarbonization process might pick up pace once again as 2030 is approaching.

Greek owners remain overwhelmingly bullish of the shipping markets. This is evident by the competition for vessels (especially modern eco units) coming up for sale, as well as in seeking newbuilding slots, now stretching up to 2027 – 2028. Despite geopolitical tensions and uncertainty, it is widely believed that the ton/mile increases, as a result of these factors, will not disappear any time soon. Moreover, there is a widespread belief that sooner or later US interest rates will start falling and that cash flows shall improve. It is this belief and the scarcity of newbuilding slots that has resulted in an average increase of 3% for tanker prices, 8% for dry bulk prices and 12% for container vessel prices, in the first months of 2024. Overall, the Clarkson's second hand price index is showing a 10% increase for the first 3 months.



However, for ship lending to increase, the volume of second hand vessel sales must rise and however, due to the limited availability of vessel candidates for sale, S&P activity by Greeks remains similar to 2023. It is possible, therefore, unless vessel sales shortly rise, that the volume of ship finance may not rise, despite the increased appetite of many banks. Newbuilding deliveries in 2024 are also not appreciably higher than 2023 and they are only expected to rise from 2025 onwards. Hence, it is difficult to see from where loan growth might arise.

Competition from non-bank sources of lending remains high, especially as both lending is still focused on an approximately maximum 60% LTV, whereas SLB at 70% or over. It is anticipated that once interest rates shall fall, SLB attractiveness might further increase, unless banks decide to offer more competitive terms.

One area where banks have offered more competitive terms has been in loan margins and arrangement fees, where for medium size clients margins have reduced to 2.5% over SOFR or less. Greek banks, in particular, are keen to offer even lower margins, where LTVs are lower. What might produce additional bank loan volumes, might be the financing of takeover and mergers occurring between public companies. The discount of share price over book value of shipping stock has prompted the interest of many buyers e.g. Star Bulk, Economou and others. Here, banks might play a pivotal role, especially where the offer is a cash or part cash offer. Where the banks can play an important role is in vessels offering new technology and reduced emissions. Most of such vessels are dual fuel and usually purchased or ordered by public companies or major owners. As banks are interested in financing low emission vessels, in line with their ESG policy and the Poseidon principles, this is an area in which the banks could compete effectively.

Banks have been cautious in their lending. Whilst it is not expected that they will become aggressive, as their clients' financials and liquidity become even more robust. It is expected that they will be able to compete more effectively in the future and offer more attractive terms. Banks have the benefit of enjoying additional non-loan related income from annulling services, which is expected to grow. In addition, investment related banking is expected to develop further in 2024.

A point of concern lays with the Basle IV new guidelines, becoming effective in 2025, whereby asset financing, such as shipping, may require more capital allocated for each loan. This and other regulations coming into effect may well undermine a bank's ability to offer low loan margins and may give a further advantage to leasing / SLB structures, which are not subject to these regulations.

Public markets are recovering and are expected to be more active in 2024 and the same applies for the Scandinavian market. Syndications and club deals are also expected to mark progress in 2024, for large scale refinancings and newbuilding finance.

Greek bank finance is entering into a new phase, where bank demand for loans and competition will become fiercer, especially for tier clients but where overall volumes may not permit significant growth.