

ABN Amro to boost shipping loan book

Bank's transport chief Gust Biesbroeck says bottom of cycle is a good time increase lending

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ABN Amro aims to increase its shipping loan book to as much as twice its existing level of \$6bn between now and 2015, and is determined to restore its position in ship finance ahead of any concerns about the state of the industry.

The development will be welcomed by European shipowners finding it difficult to secure finance in the current climate, especially given indications last night that other prominent lenders share the belief that this could be the time to ease up on lending. However, clients can expect a sharp drop in loan-to-value ratios in future, the Dutch bank warned.

In an exclusive interview with Lloyd's List, ABN Amro head of transport Gust Biesbroeck said creating a leading presence in the sector is now a pillar of the bank's strategy after it was nationalised by the Dutch government in 2009.

The complicated restructuring exercise necessitated by the bailout saw a split with Fortis, which meant the loss of a number of offices that had until then conducted crucial ship finance work.

Over the past two years, ABN Amro has fought to re-establish itself in a number of key shipping centres, including Singapore and Athens. New York will follow later this year.

Mr Biesbroeck, a veteran shipping banker with two decades in the industry, stressed that the renewed orientation towards ship finance was deliberate, and that the decision had been taken for two reasons.

First, it was felt that ABN Amro did not have sufficient shipping exposure, and

second, the bottom of the cycle was considered a good time for a relaunch.

However, the move comes at a time when the amount of funds on offer to shipowners from north European shipping banks has reduced considerably, forcing many companies to look to the Far East and China in particular to take up the slack.

"There are many reasons for the scarcity of finance available to shipping, and most of them are not directly related to shipping itself," insisted Mr Biesbroeck. "They are more related to what is happening in the banking world."

In addition, ship finance is a global business, which can lead some banks to deprioritise it for the time being as they concentrate on the needs of home country nationals and generally play it safe as they rebuild their balance sheets.

But Mr Biesbroeck believes this is a good time to lend to shipowners, subject to careful risk management and on the understanding that the approach has to be long term.

His stance was today backed by Janos Koenig of ship finance consultancy Eurofin, who said: "I fully agree with him. If you finance in today's market prudently, you are financing from a relatively low base.

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Gust Biesbroeck
Head of Transport, ABN Amro



Gust Biesbroeck: ABN Amro wants to increase lending by as much as \$6bn by 2015.

"Obviously you need to choose your customers. But if they haven't invested their last penny in the ship, you are probably better off than at any other time. You are highly unlikely to go wrong if you finance a capesize for \$50m rather than \$150m."

ABN Amro has a shipping portfolio worth around \$6bn. While no specific numbers are in mind, he expected significant growth in that total over the next period. But lending could conceivably reach double that sum in the next three years, he said.

Mr Biesbroeck continued: "It is an uncertain world and it depends on the availability of well-structured transactions. There is a lack of shipfinancing available today and we will not be able to fill that gap on our own. Nowhere near.

"But it is our ambition to assist our clients, not only lending money to them

but also finding alternatives for them, going forward in a changed world where the funding mix of shipping companies is going to change."

He added the rider that where in the past around 80% of the total capital invested by shipping companies came from banks, that figure would be "a much, much lower percentage" in future. The gap would have to be filled by a combination of private equity, retained earnings and both equity and debt capital markets, he said.

"People actively understand this is happening and shipowners are actively looking today to find alternatives. Our [central] offering is of course lending, which will always be the core of our business, but we will also assist our clients in finding alternative sources and advise them how to use it properly." ■

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