

## Bank ship finance to bounce back in 2016, says Petrofin

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- by [Nigel Lowry](#)

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Meanwhile non-traditional lenders are plugging part of the gap

TOTAL bank ship finance debt is still falling but is expected to stabilise in 2015 and begin to climb in 2016, a leading industry financial analyst has said.

**DnB stretched its lead as the largest lender in the industry, with a portfolio of \$28.3bn.**

"The tide may be turning," said Ted Petropoulos, head of Greece-based Petrofin Research.

"Global banking conditions, especially in the West, are still unsupportive for ship finance," he said.

But a shipping recovery in 2016 appeared "quite probable" and favourable terms and conditions had brought forward a number of new players in the sector, he said.

Speaking at a conference in Athens, Mr Petropoulos said the decrease in the overall ship finance portfolio — estimated at \$475bn two months ago — stemmed from continued deleveraging by banks and an increasing influx of other forms of capital and financing.

This was against a background of an increase in the size of the world fleet, he said.

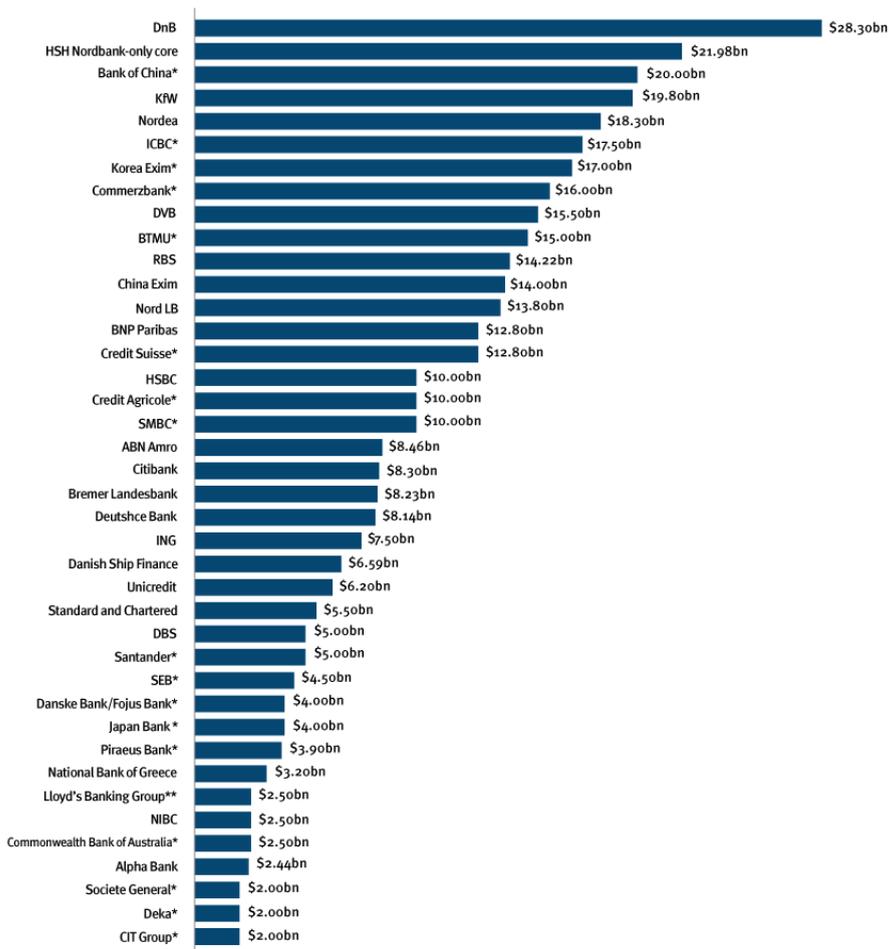
Petrofin focused primarily on the top 40 banks in shipping, which represented \$391bn of lending, or 82.2% of all bank finance to the industry — a drop from their 86% share of the market in 2013.

### BANK LENDING TO SHIPPING

Ship finance based on interim data up to November 2014

Top 40 ship finance banks' portfolios stands at \$391.45bn as of November 2014

Top 40 banks as of November 2013 - Top 40 ship finance banks' portfolios stood at approximately at \$401bn



\* Market estimate \*\*Winding down portfolios

Source: Petrofin Bank Research

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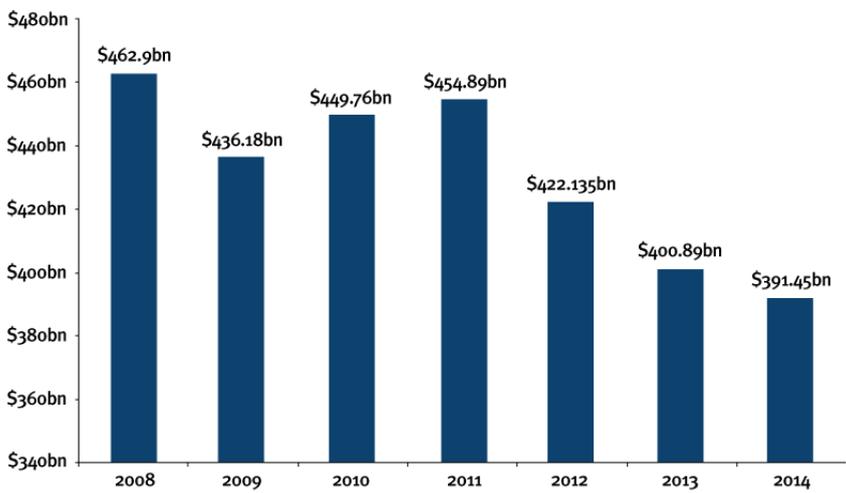
[Participation by European banks had fallen particularly quickly in recent years, although they still accounted for 70.5% of the global total.](#)

[This compared with 71.6% a year earlier, but contrasted with as much as 81.7% as recently as 2011 and an even bigger share prior to that.](#)

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**TOP 40 BANK LENDING TO SHIPPING**

Bank ship finance based on data up to November 2014 - in \$bn



Source: Petrofin Bank Research

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European banks held on to the top two places in the finance league, according to Petrofin. DnB stretched its lead as the largest lender in the industry, with a portfolio of \$28.3bn, above HSH Nordbank's core shipping portfolio of just under \$22bn.

Two more European banks — KfW and Nordea — appeared fourth and fifth in Petrofin's rankings. In between came Bank of China, with an estimated portfolio of \$20bn, while the Industrial and Commercial Bank of China was in sixth position.

The top six banks actually increased their share of the total market to 32.6% from 30.7% in 2013.

Mr Petropoulos also observed that the current top 10 includes a number of banks that are downsizing their portfolios — such as HSH and Royal Bank of Scotland — or have declared an interest to quit ship finance, such as Commerzbank.

"This has provided an opportunity for less traditional lenders and to a great extent the gap is being filled by export credit agencies and national or regional banks, especially in Asia."

Mr Petropoulos said the influx of private equity for shipping had slowed but he did not rule out a selective return in future when the market recovered.

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