Top 10 in ship finance 2022

Ahead of tomorrow's publication of 2022's edition of Lloyd's List's Top 100 of the shipping industry's most influential people, we focus on the financiers making their mark. Top of the tree is Vincent Pascal of French bank DNB Paribas, lending only to the world's biggest shipowners with the largest shipping portfolio to boot

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by Lloyd's List

BNP Paribas signed a deal with Japan's SBI Leasing for financing under newly embraced Japanese Operating Lease with Call Option structures

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PASCAL: PLACE AT THE TOP OF THE LIST REFLECTS THE NUMBERS.

01 / Vincent Pascal, BNP Paribas

BNP Paribas topped the list of banks providing global finance to international shipping with its portfolio valued at $19.8bn, based on data provided by Greece-based Petrofin Global Bank Research.

The bank was among the first to sign up to the Poseidon Principles and is well established among Greek shipowners, where its exposure is measured at just over $3bn — the fifth-largest — Petrofin data shows.

Vincent Pascal's place at the top of the list reflects those numbers, even though insiders say that other shipping heads, such as Credit Agricole's Thibaud Escoffier, are more active in the shipping space, despite a smaller portfolio.

BNP Paribas lend only to the biggest shipowners with the financial heft to aid bank profits via the cross-selling of cash management and other specialist services. Small and medium-sized shipowners need not apply. See Ocean Yield (07) and EnTrust Global (09).

Globally, the bank is active in Europe and Asia, with numerous syndication and club deals and is particularly known for its French tax lease work. BNP Paribas was behind the $970m lease financing of six liquefied natural gas carriers for Knutsen in 2021, for example.

BNP Paribas is also embracing the so-called Japanese Operating Lease with Call Option, or JOLCO structure, mainly used for aviation finance but now extending to maritime deals, signing a co-operation agreement with Japan-based SBI Leasing Service in November 2022.

The structure combines finance via loans from credit export agencies in South Korea and China and lease financing under a JOLCO. Used for the first time in December 2021 with containership provider Seaspan, the structure is a new twist on the popular sale-and-leaseback deals offered by China. See CDB Financial Leasing (03).

02 / Stephen Fewster, ING

Revenue-wise, ING will have a very good year — possibly one of the best on record. Yet Stephen Fewster finds himself at a higher position in this year's top 10 by virtue of his central role in the extraordinary Sovcomflot fleet sale.

As the largest European lender to the Russian tanker giant, ING had $1.2bn of loans outstanding and at risk when Sovcomflot found itself subjected to sanctions in the wake of Russia's invasion of Ukraine.

The fleet-footed response saw Sovcomflot sell off more than 20 vessels in order to pay back loans to Western banks before the sanctions kicked in.

The person skilfully shepherding those deals through the regulatory minefield was Mr Fewster, whose quiet heroics protected many large banks against a potentially catastrophic sanctions loss.

Showcasing the value of shipping sector expertise within finance institutions can often be a tricky pitch internally, but if anyone needed a reminder, they should talk to ING colleagues about why it matters to have someone with this level of experience and skill leading the book.

03 / Ma Hong, CDB Financial Leasing Co

With just over a year in the top job at one of China's biggest leasing houses, Ma Hong is walking a delicate tightrope amid a fraught year for ship finance in the country.

Bocomm Financial Leasing, last year's number one in this top 10, is excluded this year, with chairman Zhao

Jiong retiring several months ago and replaced by Xu Bing in August. The fate of Bocomm's Shanghai-based former head of ship finance Fang Xuizhi, detained in July, remains unknown.

Mr Fang is one of a number of key shipping executives at Chinese banks and leasing houses that have been arrested or subject to corruption probes throughout 2022, slowing down the flow of deals from the biggest providers of funds for newbuildings and refinancing of secondhand vessels.

Hong Kong-listed China Development Bank Financial Leasing Co is at the core of the country's leasing business, financing 259 ships, including 39 under construction, as of June 30, according to its 2022 interim report.

That included 160 bulk carriers, with 187 ships from the fleet under operating leases and 33 under finance leases.

Shipping assets were stated at Yuan47.6bn ($6.6bn), unchanged from six months earlier.

Deals involving 10 vessels had been announced during the first 11 months of 2022, based on Hong Kong Stock Exchange filings. This is fewer than the number of ships financed in the month of December 2021.

Ms Ma was promoted to chairman and executive director in July 2021 and took up the post the following November. Her official CV released at the time said she was a 53-year-old engineer who had joined the company in May 2021, after 27 years at the China Development Bank.

Continued change at CDB Leasing is apparent with the postponement in October of the election of the board of directors and board of supervisors, as well as the limited shipping deals done during 2022.

The last deal announced, in September, was for nearly $600m to buy three liquefied natural gas carriers from Pure Energy Ltd, a subsidiary of Greece-based shipowner George Procopiou.

04 / Paul Taylor, Société Générale and Michael Parker, Citi

While many lenders have stayed silent or hidden behind ESG reports, Mr Taylor and Mr Parker have been outspoken advocates for decarbonisation in shipping, with their names synonymous with the Poseidon Principles, a global framework to align lending in shipping to climate-change goals.

Mr Parker chairs the association's steering committee, which is represented by 10 banks, including Société Générale's Mr Taylor, who is vice-chairman.

Since launching in 2019, the coalition has expanded to 30 banks totalling some $185bn in marine debt and was extended in 2022 to include 17 marine insurance providers.

It has not been smooth sailing: 11 of the 23 assessed signatories' ship finance portfolios were found unaligned over 2021 to even modest International Maritime Organization goals to reduce greenhouse gas emissions by 50% by 2050. (Methodology that was not altered to reflect pandemic trading patterns was attributed for the failure.)

Although there have been the inevitable ‘greenwashing’ grumbles, there is no arguing that sustainably linked lending now dominates ship finance. Maersk, MSC, Seaspan Corporation, Hapag-Lloyd, Torm and others have been organising loans, revolving credit facilities, or bonds linked to regulatory targets since the Poseidon Principles launched.

Both Mr Taylor and Mr Parker are long-time ship financiers, well-known on the conference circuit; they do plenty of public heavy-lifting for the Poseidon Principles, plus behind-the-scenes work getting more Asian banks on board.

05 / Wu Fulin, Export-Import Bank of China (Cexim)

Wu Fulin is another ship finance executive in China grappling with the tumultuous fallout from internal Communist Party crackdowns on alleged corruption and kickbacks in maritime banking circles.

Mr Wu was appointed chairman and party secretary of the Export-Import Bank of China in June. He previously served as president, as well as vice-president and executive director. The bank underpins the country’s shipbuilding industry — the world’s biggest — providing credit and trade finance.

Cexim was the second-largest provider of bank finance to global shipbuilding in 2021, with exposure tallied at $18.5bn, second only to France’s BNP Paribas.

A long-time functionary of the Communist Party with a PhD in Economics, Mr Wu previously worked at China Everbright Bank, and Bank of China.

He was last mentioned in media releases in August 2022, with subsequent notifications referencing vice-president Zhang Wencai, who has since undertaken most of the meeting and greeting of diplomats, frequently via video links, because of the country’s zero-Covid policy.

Cexim finances some of the biggest ships under construction at its yards, including French container line CMA CGM’s 23,000 teu series of containerships.

In the state-owned bank’s last published annual report, Mr Wu said of challenges for the year: “In 2022, we will rally more closely around the CPC Central Committee with Comrade Xi Jinping at its core, consolidate and expand our achievements in Party history, learning and education, and give full play to our role as a policy bank.”

06 / Yoon Hee-sung, Export-Import Bank of Korea

Much has been made of the July 2022 appointment of Yoon Hee-Sung to Korea’s Eximbank, as he was promoted internally to head up the state-run lender — the first-ever insider appointed to the role.

Mr Hee-Sung received the greatest accolade in November 2022 when he was awarded a presidential commendation for his contribution to the country's efforts for international development co-operation.

The bank was ranked the 11th-largest lender to shipping in 2021 by Petrofin, with a portfolio of $9.5bn, but has its place in this year's top 10 to reflect its role as a facilitator of newbuilding finance for the country's shipyards.

The upsurge in newbuilding orders for large LNG carriers has kept the state lender busy. This type of gas tanker accounted for half of Kexim's new commitments in the first 11 months of 2022, Ahn Seon-woo, a director, told a Marine Money conference in November.

However, challenges remain, as the rising cost of funding leaves the bank— deemed as the last resort of finance to support the country's shipping and shipbuilding industries — struggling to produce proper pricing for lenders amid a volatile global financial market.

07 / Andreas Røde, Ocean Yield

Andreas Røde and Ocean Yield fit in the ‘one to watch' category.

Global bank loans accounted for about two-thirds of the $500bn in finance extended to shipowners worldwide in 2021 (the last year for which full sets of figures are available), based on Petrofin Research.

Alternative lending, bonds, capital markets, leasing, private equity funds and private investors are filling the gaps — which is how the Norwegian ship-leasing company and its chief executive have found their way into the top 10 in finance for the first time.

Of note is Ocean Yield's backer. Since delisting from the Oslo bourse in late-2021, Ocean Yield has been fully owned by hedge fund KKR, a global investment fund with some $496bn of assets under management.

With a charter backlog of $3.4bn, Ocean Yield has quickly grown a fleet of 67 vessels of wholly or partially owned vessels, including those under construction.

Mr Røde was promoted to the top job in February 2022, succeeding Lars Solbakken, with purchases during the year across all asset type,s from methanol-fuelled containerships to ethylene carriers.

Some of the tanker owners that provided lease-financing and refuge during downtimes, also ended their deals in 2022.

At a time when European banks are downsizing portfolios, KKR's latest shipping play via a well-established ship-leasing business is one to watch in 2023 as shipowner profits dry up.

08 / Christina Margelou, Eurobank

Christina Margelou has been the head of shipping at Eurobank since 2014 and can call on more than 30 years of experience in the shipping industry.

She is a believer in closely monitoring all aspects of the shipping market and the importance of helping good clients at difficult moments.

At end-2021, Eurobank's portfolio had increased to $3.3bn, including $300m in forward commitments, making it the largest ship-lender of the four systemic Greek banks.

According to Ms Margelou, the bank's focus is on newbuildings and modern secondhand tonnage as Greek clients renew their fleets to meet new energy-efficiency standards.

The bank has a high turnover of loans and, in 2022, copious amounts of new lending was offset by a high rate of loan pre-payments.

09 / Svein Engh, EnTrust Global

As banks have pulled back, New York-based EnTrust has leaned in, providing alternative finance via flexible structures that aim to offer decent returns for investors while deploying capital to shipowners.

Established seven years ago, EnTrust targets private, small and medium-sized, well-regarded owners and operators, that Mr Engh believes are ignored by banks. He heads up the Blue Ocean Group, offering primarily asset-backed finance.

Banks are all about generating cross-sell opportunities, using the balance sheet for lending purposes, which means this demographic of shipowners does not get a lot of attention, Mr Engh told Lloyd's List in an interview in May 2022.

EnTrust's cyclical approach meant it had largely ignored the booming containership sector and was focusing on the tanker sector as earnings rebounded from a prolonged pandemic-induced trough.

The dedicated shipping fund has a broad, institutional investor base, according to Mr Engh. While he does not disclose the investment horizon, he has watched private equity struggle to find exit strategies after buying up big over 2012 and 2013, and seen investors lose money over the past five years from poorly performing shipping stocks on the New York exchanges.

Via Blue Ocean 4Impact, executed via Purus Marine, EnTrust Global aims to acquire and own a fleet of "100-plus environmentally advanced maritime assets, diversified across the maritime sector", according to its website.

10 / Larry Glassberg, Maxim Group

New York-based Maxim Group claims the title as the leading US investment bank for maritime shipping equity financings, listing 50 transactions since 2013.

The New York-based group was responsible for underwriting and syndicating some 12 of these in the past 12 months, raising $526m.

Mr Glassberg, with $10bn of transaction experience, was promoted to his co-head position in April 2022 and focuses on the smaller market cap shipping companies — a segment that best fits the mid-sized investment bank's energy, industrials and infrastructure focus.

Recent transactions involved Performance Shipping, United Maritime, Imperial Petroleum, Castor Maritime, Ocean Pal and Top Ships, with further deals lined up in the shipping space for 2023.

The Top 10 in finance list is compiled by the Lloyd's List editorial team and considers the most influential people in commercial banking, investment banking and alternative finance

Lloyd's List's Top 10 for the various shipping sectors will be published daily in the lead-up to One Hundred People 2021 — our annual ranking of the industry's most influential players — which will be revealed on Thursday December 1