

Asia Pacific Maritime Conference

March 24th , 2010

Remco Jongkind,
Head Transportation Asia, Fortis Bank Nederland

Debt Financing under current economic environment

Fortis Bank Nederland



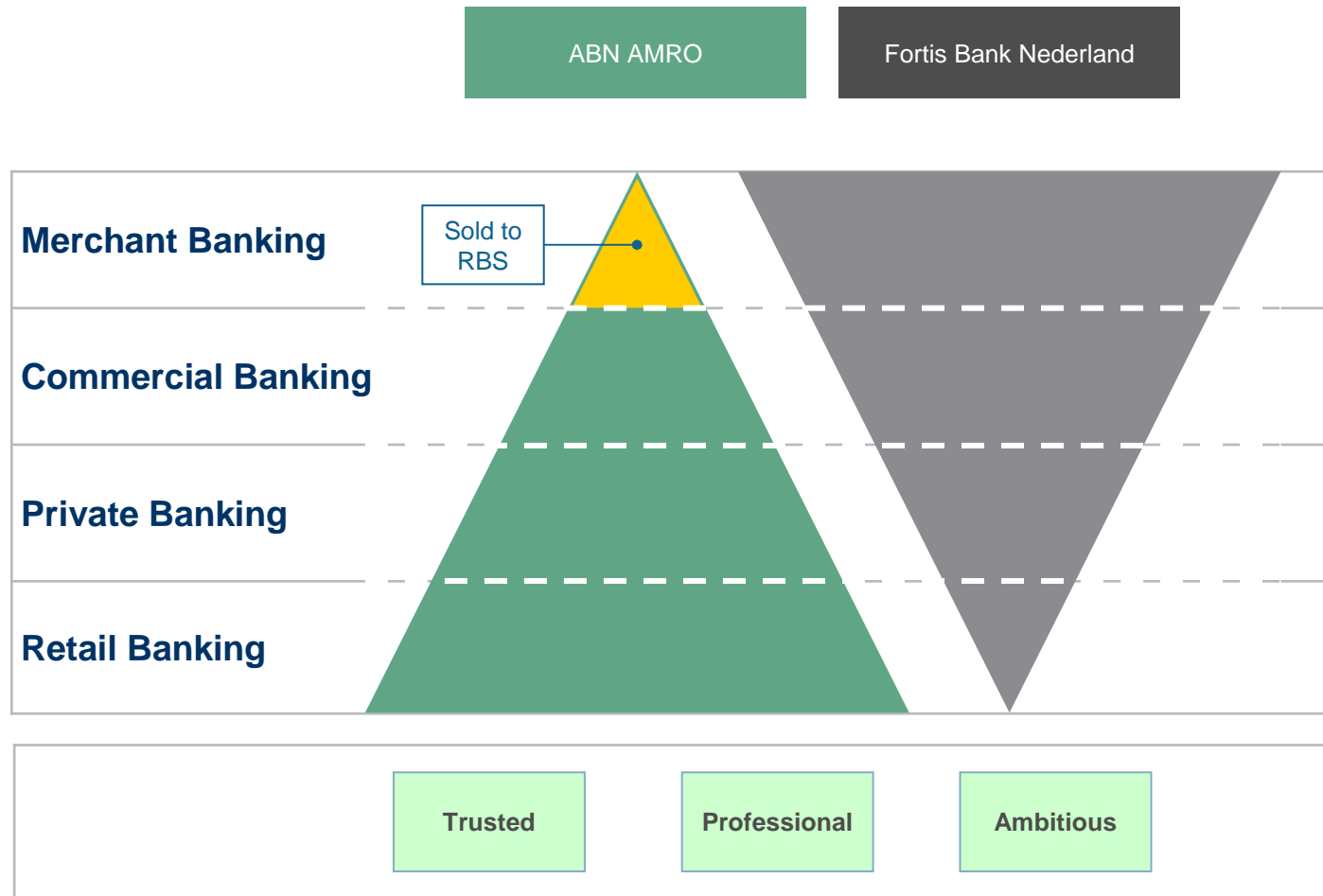
Agenda:

- I. Introduction to Fortis Bank Nederland (FBN)**
- II. Developing trend of debt financing in Asia**
- III. Understanding debt financing structures and key considerations under the current economic environment**
- IV. What are issues to look out for in approval system and credit policy**
- V. Questions?**

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Fortis Bank Nederland and ABN AMRO ... a strategic fit



... integrating going forward ...

One bank with
AMBITIONS
without
PRETENSIONS

New, Strong Dutch bank
under the brand name



- Market leader in the Netherlands
- International network
 - activities in 25 countries
- Global leader in niche sectors/services

... and charging ahead.

Trusted

Professional

Ambitious

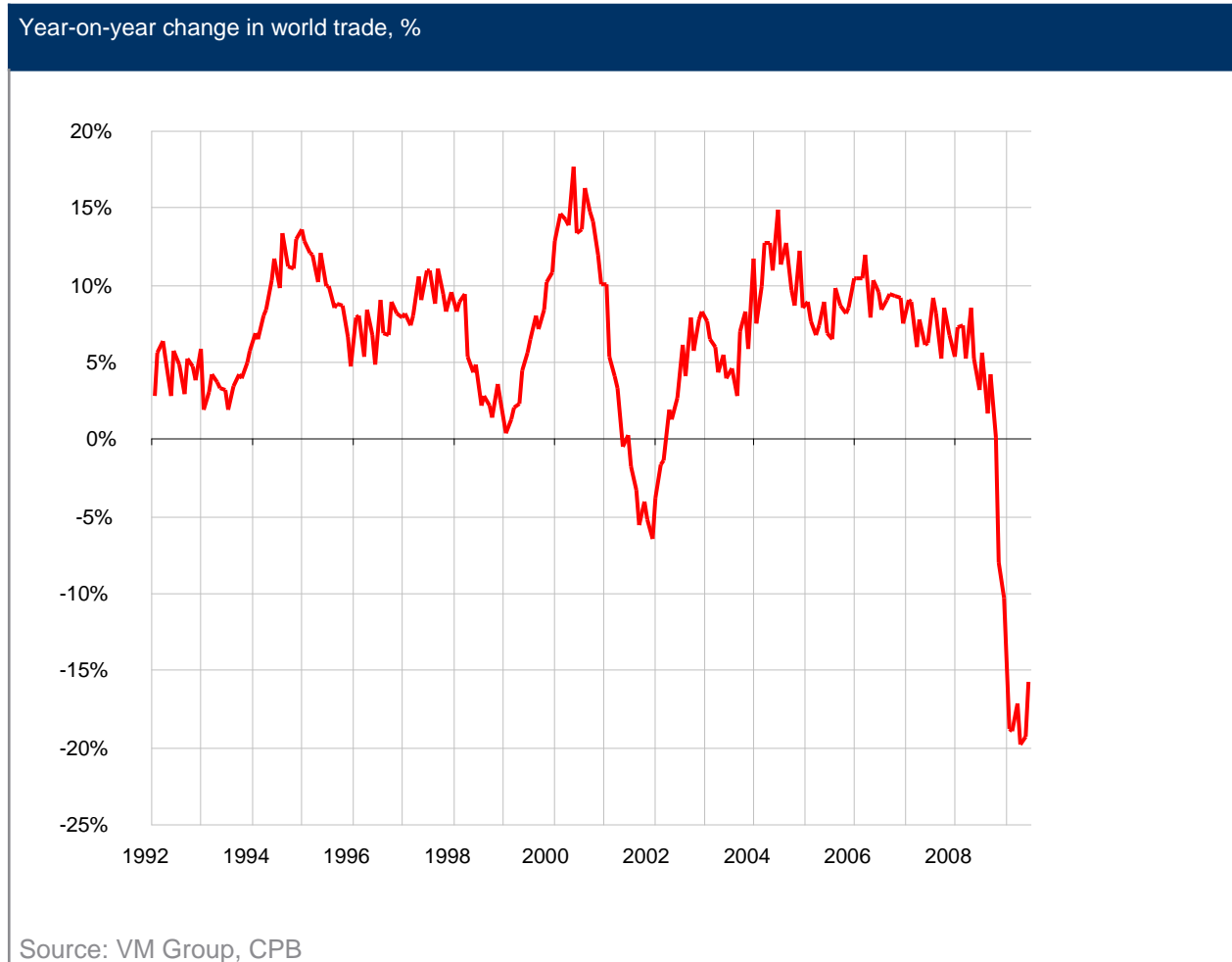


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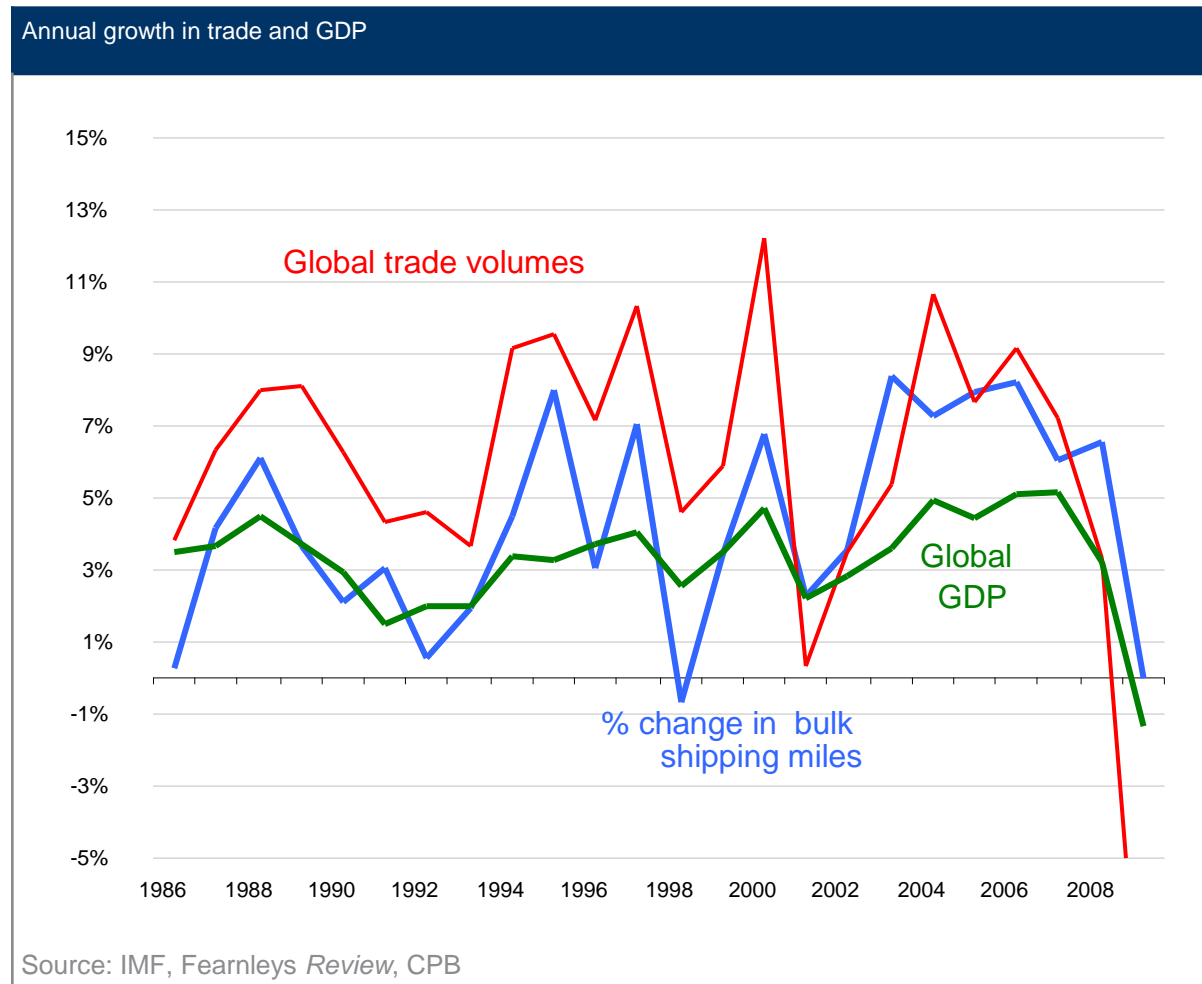
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Shipping Markets: What they have been through

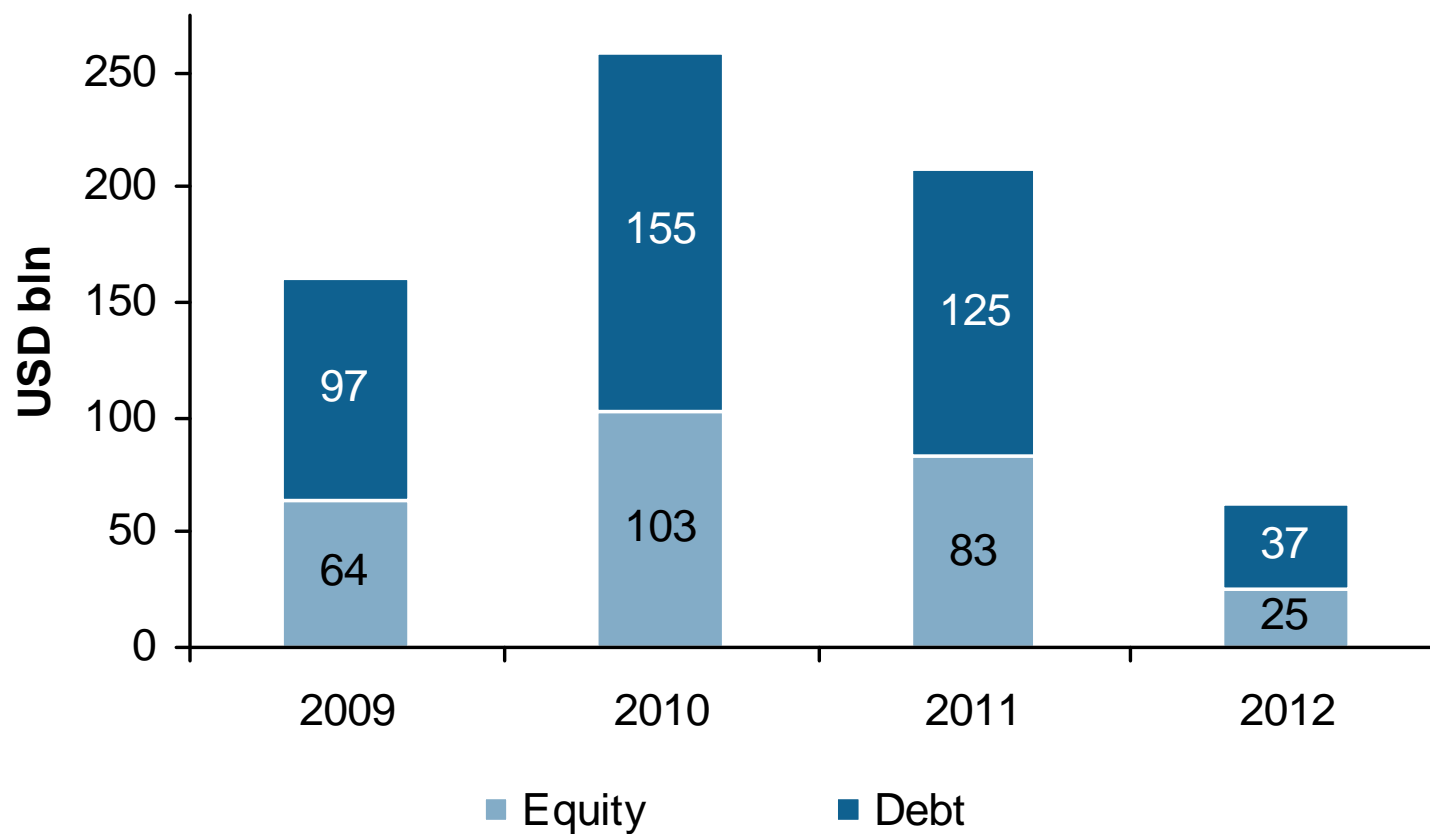
Global trade collapsed – uncertain recovery



Shipping volumes correlate with world trade & GDP

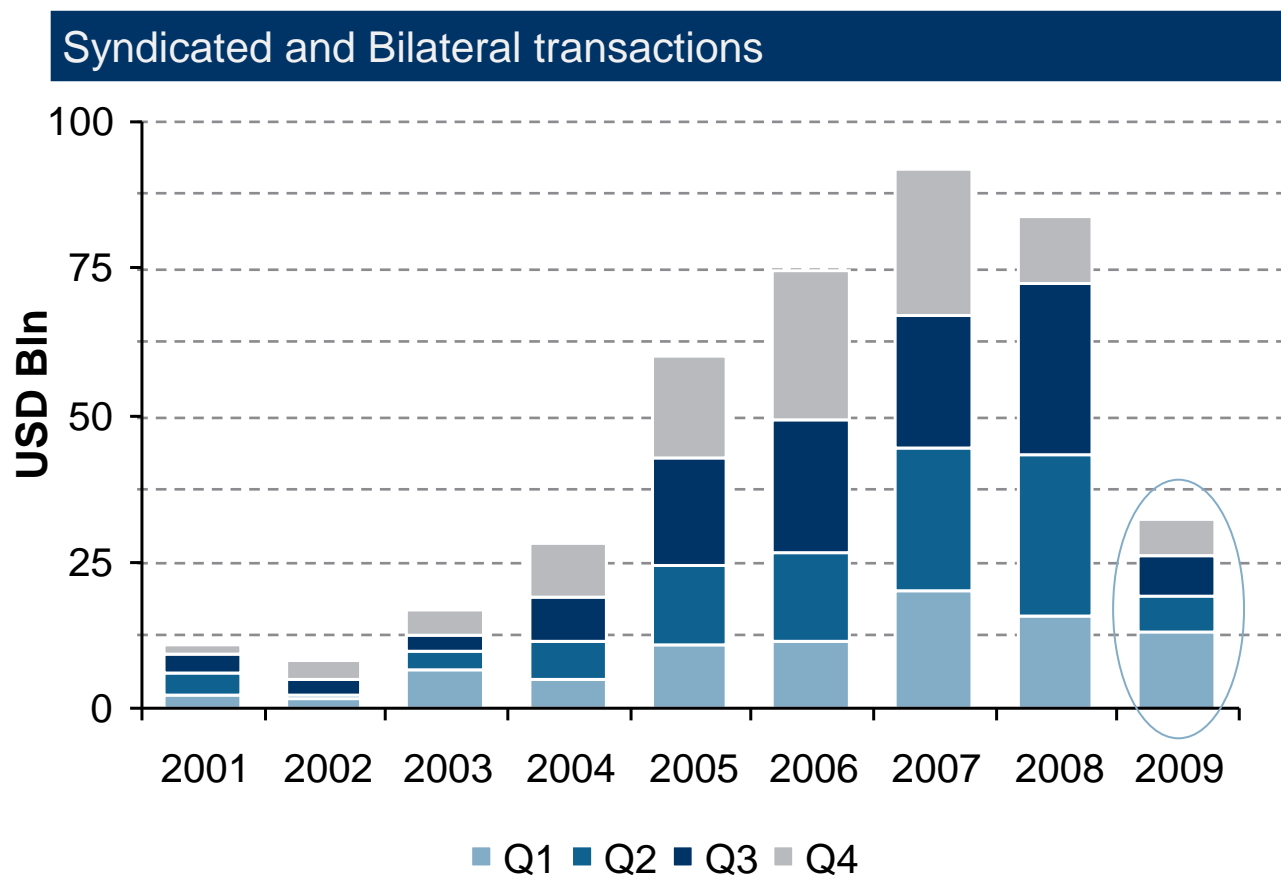


Weak Market but funding demand remains high...



Source: Clarksons

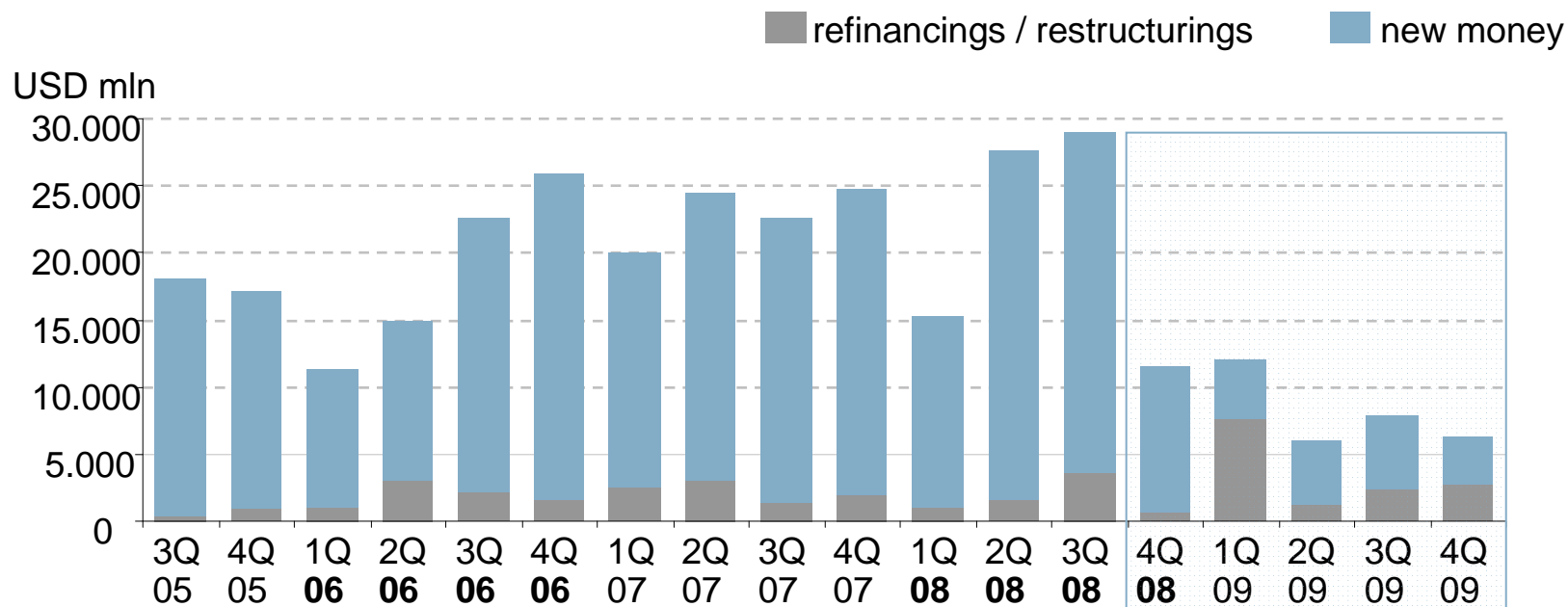
Combined with tightness in credit since mid 2008.....



Source: Dealogic, syndicated and significant bilateral transactions

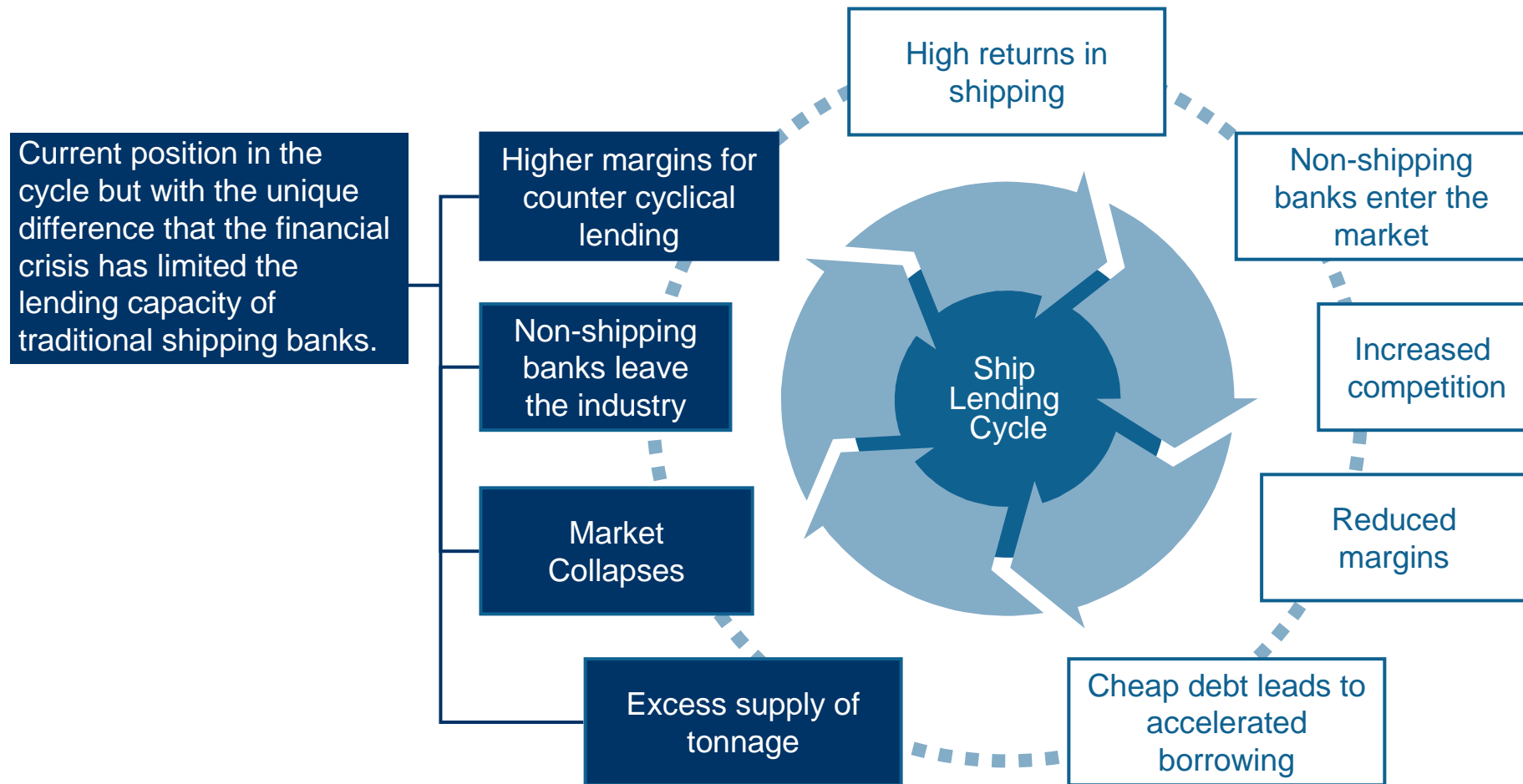
....“new money” continues to be scarce
 Virtually coming to a standstill in early 2009

Global Syndicated shipping volume



Source: Dealogic

So where are we in the Ship Finance Cycle? ...



... and what does the current market mean for banks?

Strict conditions

- Re-focus on domestic clients & quality names
- Smaller debt facilities
- Little syndicated loan activity mostly bi-lateral and club deals
- Pricing increase
- Tighter covenants
- Declined appetite for LT debt; increased premium for LT funding

Less Liquidity

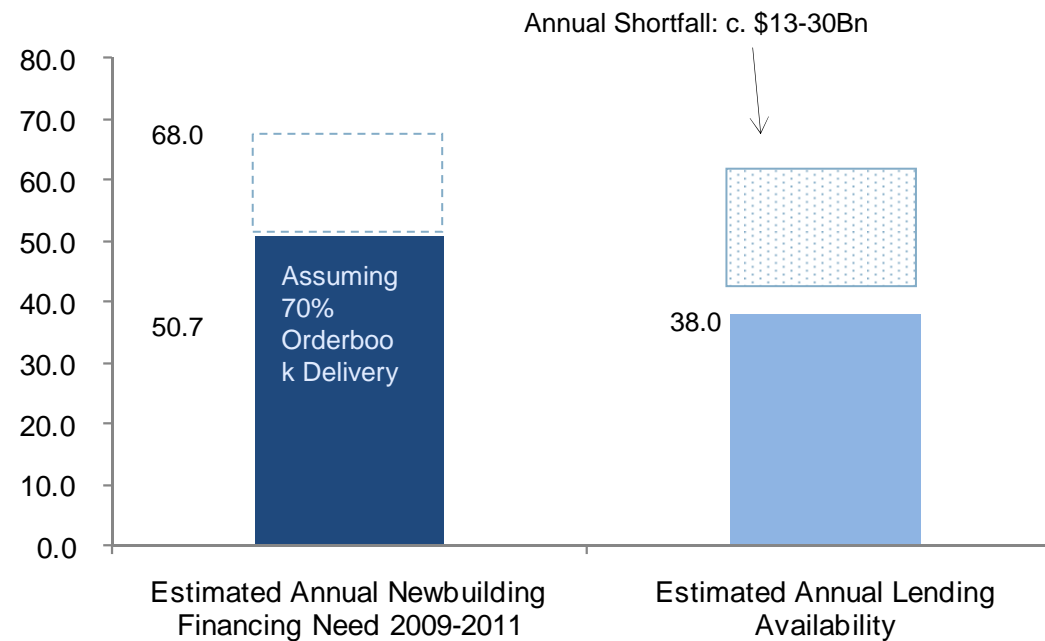
- Many big players in ship finance have significantly reduced activity due to:
 - pressure from governments to act more domestically
 - credit related problems due to aggressive lending during shipping boom
 - concentration risk resulting from recent mergers
 - reduction of bank's balance sheets

Developing trend of debt financing in Asia

Japan	Japanese banks active especially with Yen funding
Singapore	Focus on Singapore based companies
Malaysia	Active domestic bond market; with some need for international financing by bigger owners
China	Now more limited in lending; could have impact on Chinese owners
S Korea	Local banks supporting but require high margins allowing international banks to compete
Taiwan	Tough for international banks to compete on price; local owners have sufficient access to liquidity
India	Indian banks have higher margin requirements allowing international banks to compete

Major Shift in Ship finance has occurred

Financing shortfall is significant



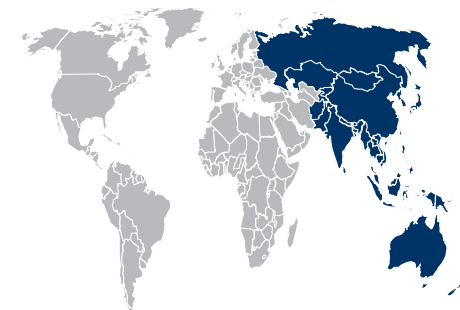
Source: Marine Money, May 2009

How to deal with this ?

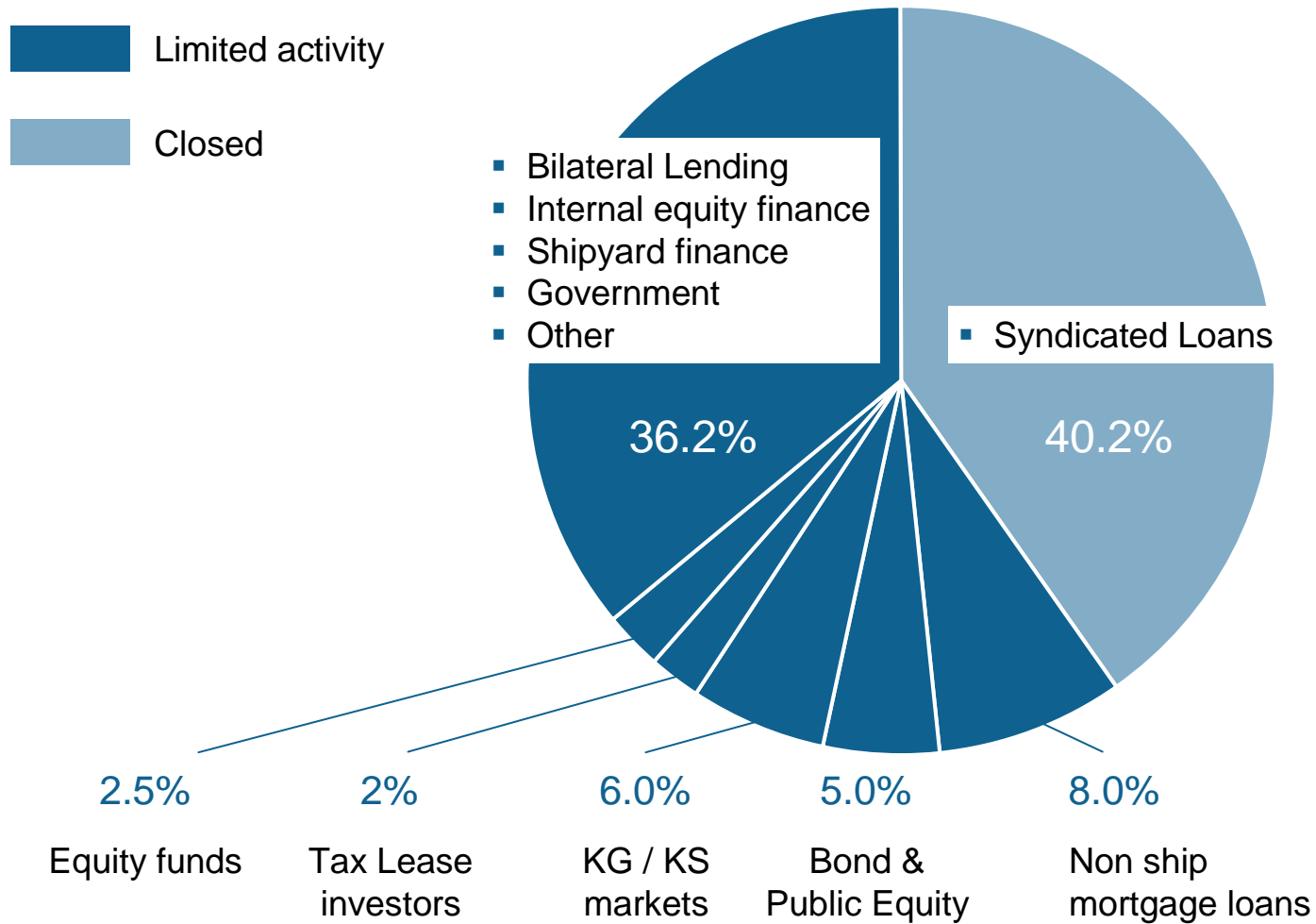
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So today it's all about ...



Traditional Sources of Capital for Shipping



Alternative sources of debt increase in relevance

- New funds need to be sourced –
 - from pension & insurance funds,
 - sovereign wealth funds,
 - Islamic funds,
 - bond and equity market, commodity producers and traders, etc.

- Part of the gap will be filled by DCM/ECM and private deals with institutional investors

- Public equity & high yield bond markets open up again, also for Shipping

Investors looking for alternatives

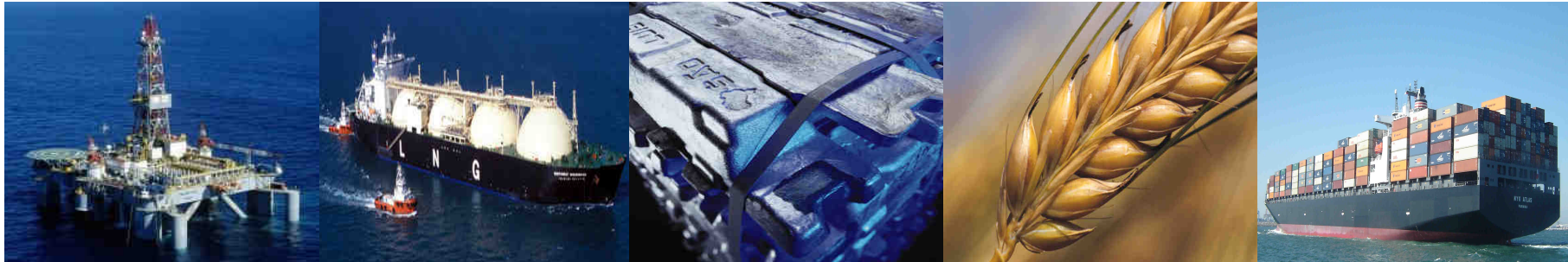
Instead of traditional investments...

- Institutional investors are reducing exposure to traditional asset classes in particular equity
- Very low yields on government bonds and recent sovereign concerns reduce their attractiveness

...investors are looking for

- Long-term assets with a preference for
 - higher yielding
 - Inflation protection
 - Low correlated risk
- Corporate bonds
- Infrastructure investments
- Other long-term and low-correlated investments

What is required to be a successful shipfinance bank?



Energy

Clients active from upstream to distribution:

- Offshore Oil (field) and Gas services
- Power & Utilities
- Carbon Banking
- Renewables

Commodities

Clients active in:

- Agri
- Metals
- Energy

Transportation

Clients active in:

- Deep sea shipping industry
- Intermodal
- Aviation

Principal Finance

- Direct investments activities in ECT industries
- Portfolio of assets in projects related to and companies active in these assets

Top 5
Shipping
syndicated
loan markets

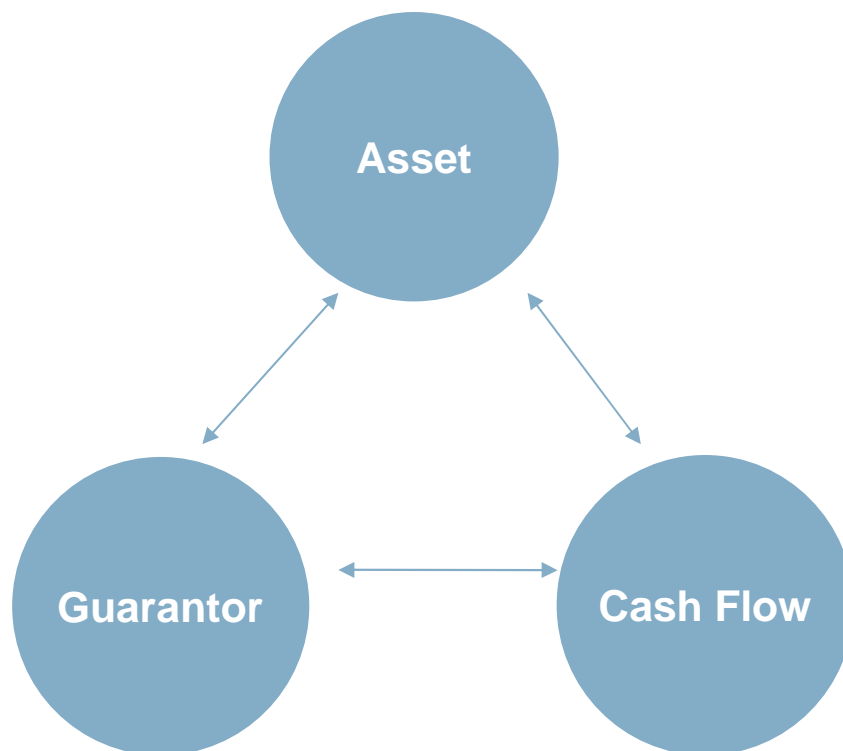
Top 3
Oil field
services
industry

Top 5
Commodity
bank
worldwide

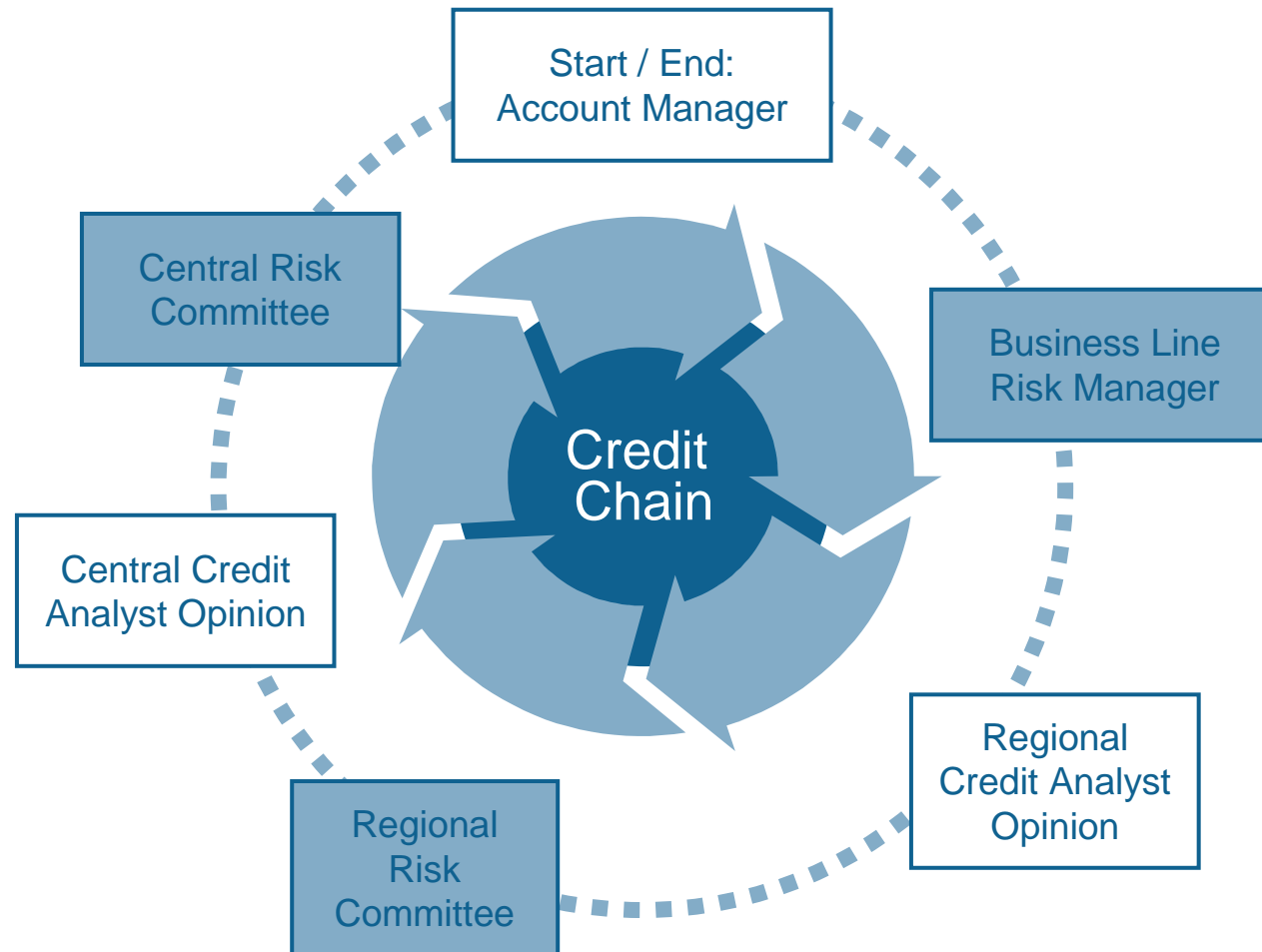
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How we look at Shipping Risk




The Credit Approval and Review Process



Corporate Social Responsibility Policy ... Environment Focus

Fortis Bank Nederland - Sustainability Tool



Sustainable Shipping Assessment Tool


Fortis Bank Nederland

CLIENT QUESTIONNAIRE

▶ *Include only ships on long charter (>2 years). Not applicable to offshore platforms.*
▶ *Please fill in yes/no answers with X*

Client company:		Date:	
Contact person:		Account manager:	

Rightship – Star Rating



RIGHTSHIP

RAISING GLOBAL MARINE STANDARDS

Risk Rating	5 ★★★★★
Action Required	This vessel can be approved by the user. Click REQUEST APPROVAL.
Date of Risk Rating	16/Mar/10 18:08

- **CSR Policy**

- **Benefits**

Questions?

Contact Transportation - Asia

Fortis Bank Nederland

Remco Jongkind
Regional Head

Transportation Asia
T: +65 6808 9282
M: +65 9615 1699
E: remco.jongkind@sg.fortisnl.com

Fortis Bank Nederland

Nienke Blans
Director

Transportation Asia
T: +65 6808 9280
M: +65 9657 5271
E: nienke.blans@sg.fortisnl.com

Fortis Bank Nederland

Jon Jun-Hyung
Director

Transportation Asia
T: +65 6808 9259
M: +65 9658 3857
E: junhyung.jon@sg.fortisnl.com

Fortis Bank Nederland

Rajbir Talwar
Manager

Transportation Asia
T: +65 6808 9261
M: +65 9230 4855
E: rajbir.talwar@sg.fortisnl.com

Fortis Bank Nederland

Seow Bee Keng
Associate Director – Middle Office

Transportation Asia
T: +65 6808 9250
M: +65 9230 4855
E: Seow.Bee.Keng@sg.fortisnl.com



Thank You

Fortis Bank Nederland

