



The challenges for ship finance

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The 17th World Ocean Forum
October 2023

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Availability of bank debt

What affects availability of bank debt?

Key pillars		Drivers
1	Credit requirements	<ul style="list-style-type: none">• Financial position and performance• Loan structure and security• Business outlook, management and others
2	Commercial criteria	<ul style="list-style-type: none">• Transaction return requirements• Long-term relationship and cross-buy
3	ESG ambitions	<ul style="list-style-type: none">• Decarbonization (Poseidon Principles)• ESG policy, track record and roadmap• Sustainable investments (“technology & fuels”)

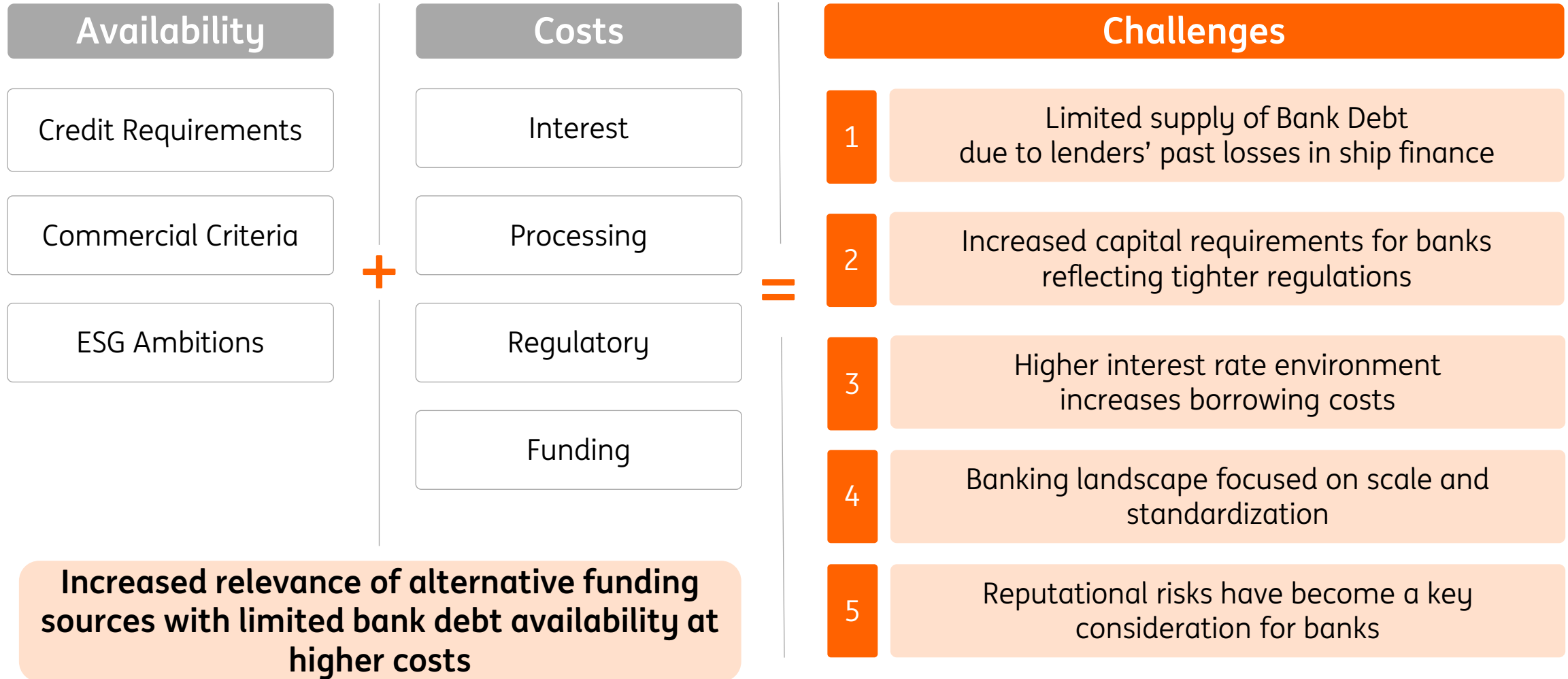
Credit profile, commercial rationale and ESG principles are also main elements for the pricing of bank debt

Costs and challenges of bank debt

What determines the costs of bank debt?

Key pillars		Drivers
1	Interest	<ul style="list-style-type: none">• The high interest rate environment has made bank debt more expensive
2	Processing	<ul style="list-style-type: none">• The execution and maintenance costs of providing bank debt
3	Regulatory	<ul style="list-style-type: none">• Post GFC, Basel III and IV regulations have/will increase(d) capital requirements
3	Funding	<ul style="list-style-type: none">• Banks funding costs have significantly increased in recent years

Challenges for bank debt



Reputational risks

Increased focus on impact of non-financial risks on potential transactions

- ESG
- Sanctions
- Tax risk
- Financial crime



Non-financial risks are non-negotiable

Decarbonization of shipping

- **Measurement of emissions**
 - Data collection and analysis
- **CAPEX requirements**
 - Technology and residual value risks
 - Potential funding gap considering high CAPEX
 - Price risk and return challenges
- **Managing the transition process**
 - Balancing commercial, credit and sustainability considerations
 - Transportation of fossil fuels
 - Imperfect and incomplete information

Future landscape

Future landscape of ship finance

Providers

Bank finance will continue with a focus on industry expertise

Other sources will appear from time-to-time when conditions are ideal

Structures

Increased importance of export credit finance

Will evolve to meet regulatory and credit risk requirements

Availability & costs

Higher for longer interest rate environment

Potential funding gap due to large transition CAPEX requirements

Conclusion

Key conclusions

1

The challenges for ship finance are **directly related to the availability and costs** of bank debt

2

Challenges **provide tremendous opportunities** for both borrowers and lenders in this transition

3

To manage the challenges in ship finance, borrowers should:

Identify and have access to multiple funding sources

Understand the credit, commercial and sustainability criteria of lenders

Factor in higher costs and potential scarcity of bank debt

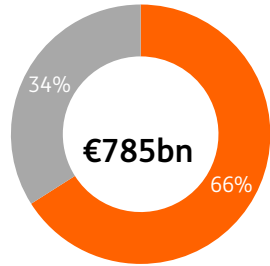
Appendix

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Our purpose is to empower people to stay a step ahead in life and in business

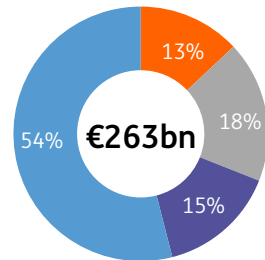
Results FY2022

ING Group Lending Book



■ Retail Banking
■ Wholesale Banking

Wholesale Banking Lending Book



■ Netherlands
■ Americas
■ APAC
■ Rest of World

Customers



Over **38 million** customers

Countries



More than **40** in Europe, Americas and Asia-Pacific

Employees



58,000 employees worldwide

Deposits



€640 billion customer deposits

Underlying net result

€ 3,674m

Fully loaded CET 1 ratio ING Group

14.5%

Underlying Return on Equity

7.2%

The ING difference



ING Bank NV ratings

MOODY'S

A1

FitchRatings

AA-

STANDARD & POOR'S RATINGS SERVICES
MCGRAW HILL FINANCIAL

A+