

Sanwa trims aircraft business, BCI builds up

Sanwa Bank has sold a portfolio of aircraft loans with a face value of approximately US\$900m to Banca Commerciale Italiana (BCI). The sale was prompted by the funding premium Japanese borrowers are experiencing. The financial year-end for Japanese banks is also approaching. Sanwa is retaining about US\$200m of European aerospace finance assets.

"They [Sanwa] are trying to reduce their aggregate asset exposure to the aircraft financing market given that their funding premium exceeds the margin income from those assets," said a source close to the deal.

The portfolio was sold at a slight discount to the face value of the loans, through an auction process. About a dozen potential buyers bid for the loans. The loans are of very good credit quality and include the names of flag carriers such as British Airways, Lufthansa and KLM. Sanwa had originally offered to sell aircraft loans with a total face value of US\$1.1bn, but some of the loan assets did not meet BCI's purchase criteria.

Ian Hosier, who is currently deputy general manager and head of structured finance at Sanwa, will be moving to BCI in the coming months. He will become the head of European aerospace finance at BCI, working to maintain continuity of service to aircraft clients. Hosier will report to Richard Adams, head of structured finance at BCI London. The move will enable BCI to build up its aircraft financing business. *Nichola Higham* of Industrial Bank of Japan will join BCI's aerospace finance team soon and another two other aircraft financing specialists will be recruited.