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Why are banks bound to do restructuring, sell downs or enforcement?

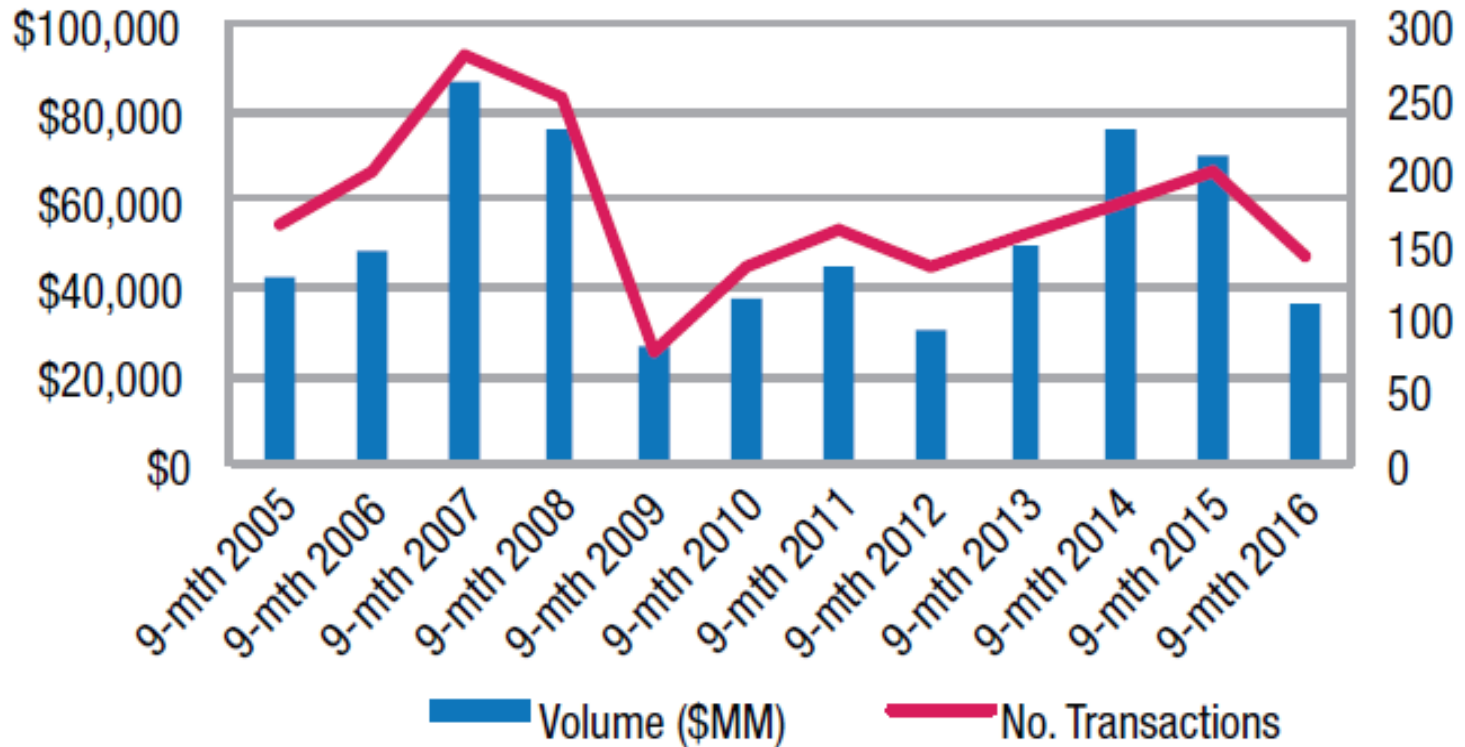
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Norton Rose Fulbright Monaco
18 November 2016



Current status of the shipping industry

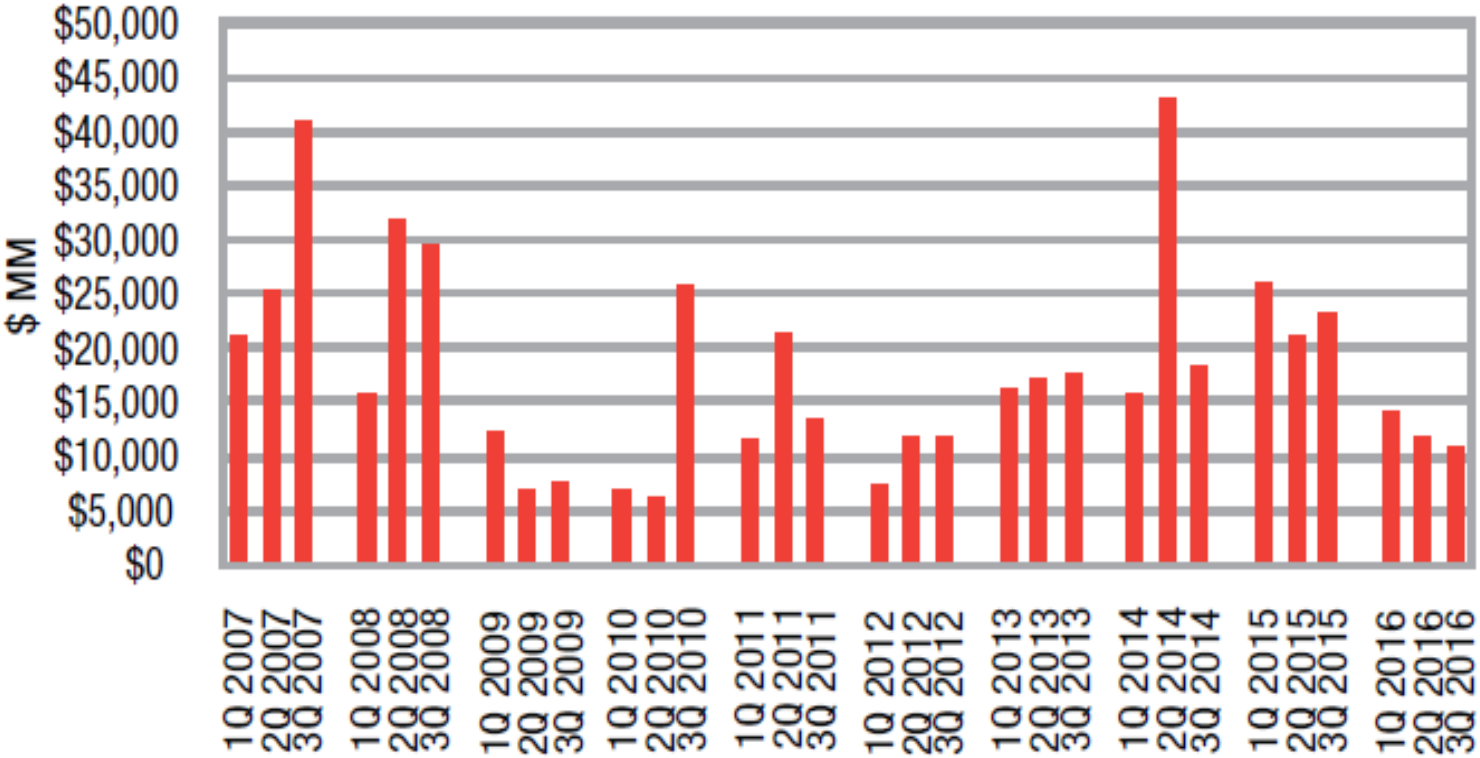
- The Baltic Dry Index plunged to its lowest level in more than 30 years this year (2016).
- All shipping sectors have reduced earnings and decreasing vessel values.
- Maersk Group posted a 90% fall in net profit in Q2 2016, compared with the same period 2015.
- The world's seventh largest container shipping company, Hanjin, collapsed in September 2016.
- The European Central Bank is reported to have asked a series of European banks for details of their shipping loans and loss provisions and is planning a broader review of lending to shipping.
- Crédit Agricole, Nordea, DnB Bank, most of the German banks and others have said that they will set aside extra provisions in 2016 to cover potential losses in their respective shipping portfolios.
- RBS will exit the shipping finance industry by end 2016.
- 2016 shipping finance deal flow is low.
- Market psychology is at its low. Our own "The way ahead Transport" survey indicates just 15% of respondents from the shipping industry believe current market conditions are positive, and 64% predict an increase in enforcement actions in the next five years.

Global Syndicated Marine Finance Loan Volume Q3 2016



Source: Dialogic, Marine Money

Quarterly Syndicated Marine Finance Volume



Source: Dialogic, Marine Money

The logo consists of a stylized, upward-pointing chevron shape in a gold color, positioned above the first letter of the text.

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