

SHIPPING

FINANCE

Yıldız BOZKURT

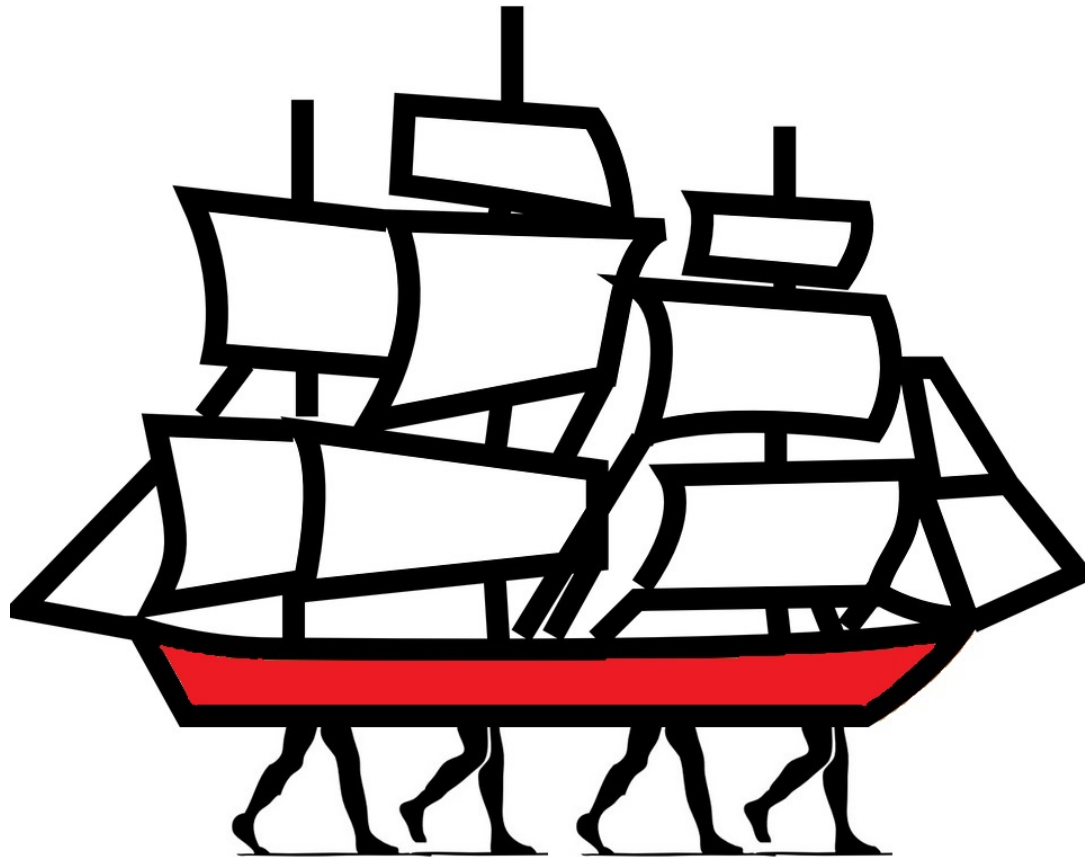
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Deputy General Manager

- March 2017-

**The ship has to walk on water, not
just keep afloat!!!**



BANKS FINANCE WHO???

-if they do(!)

- Lending against dry bulk vessels is of no interest now
- Tankers older than 8 years are too old to lend against
- Crude tankers are too risky to touch
- Container ships need to have long term charters
- Offshore is off a cliff
- There is a room for only chemical tankers

Current Situation of Shipping Finance

- Very expensive financing
- Banks' reluctance to lend
- Some banks' divesting shipping loan portfolios
- Lending limited to existing clients
- Strategic selection of new clients



Lending Tendency towards Blue-chips

- Concentrated credit risk for a few selected borrowers
- Regulation from previous downturns restricting shipping bank activity
- No interest in project finance
- No interest on small or medium owners
- Only interest on large corporations, oil companies, stand-out clients of private wealth

Equity Finance

- Most equity funds lost billions
- Invest pro-cyclically
- Higher interest rates with some degree of equity participation



Banks' Expectations from Their Clients

- Forecast alternative scenarios
- Be transparent
- Be institutionalised
- Set a professional management
- Adopt a proactive approach
- Stay liquid as much as possible
- Maintain the quality of the ships



**No matter how bad the
market is,
the best players will
always survive.**