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## **A Tool For Getting Your Deal Done**

**French optimized lease : An innovative way  
of using Singapore AIS companies**

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# CIC Presentation

CIC, the group holding company and network bank serving the Paris region, comprises eight regional banks and specialist entities covering all areas of finance – both in France and abroad – and insurance.



CIC

3,627,922 clients, including:

2,985,849 individuals  
500,845 self-employed professionals  
138,468 corporates

23,265 employees

1,940 agencies in France  
3 foreign branches and  
37 foreign representation offices

CIC has been part of Cr dit Mutuel since 1998 and together they have become France's:

Fourth-largest banking group  
Second-largest retail bank  
Leader in bancassurance  
Number two player in electronic payment systems

Figures as at December 31, 2005

A part of **Cr dit Mutuel**

**4th largest** Banking group in France

**No. 2 Retail Bank** in France with network of 5000 branches

**25th largest** bank in the **world** based on equity

AA- Rating (Positive Outlook) by S&P

Aa3 Rating by Moody's

AA- Rating by Fitch

Shipping activities in Paris, New York, London & Singapore



## *2007 news on French Lease*

- In December 2006, EU declared the former long lasting 39CA scheme to be State Aid, but limited its request for State Aid recovery to aids granted prior to April 2005.
- End 2006, France announced a new Tax lease law, 39 C compliant with EU and not based on advance tax rulings (as was the former 39CA).
- In 2007, several 39 C deals closed.
- More single investor leases closed.



## *New development*

- End of tax rulings => more structured deals e.g. use of tax sparing credits.
- Deals with Chinese names seem an obvious target but the environment is difficult : SAFE, new Chinese CIT law, thin cap rules, ...
- Deals with Singapore AIS company, are an interesting option.

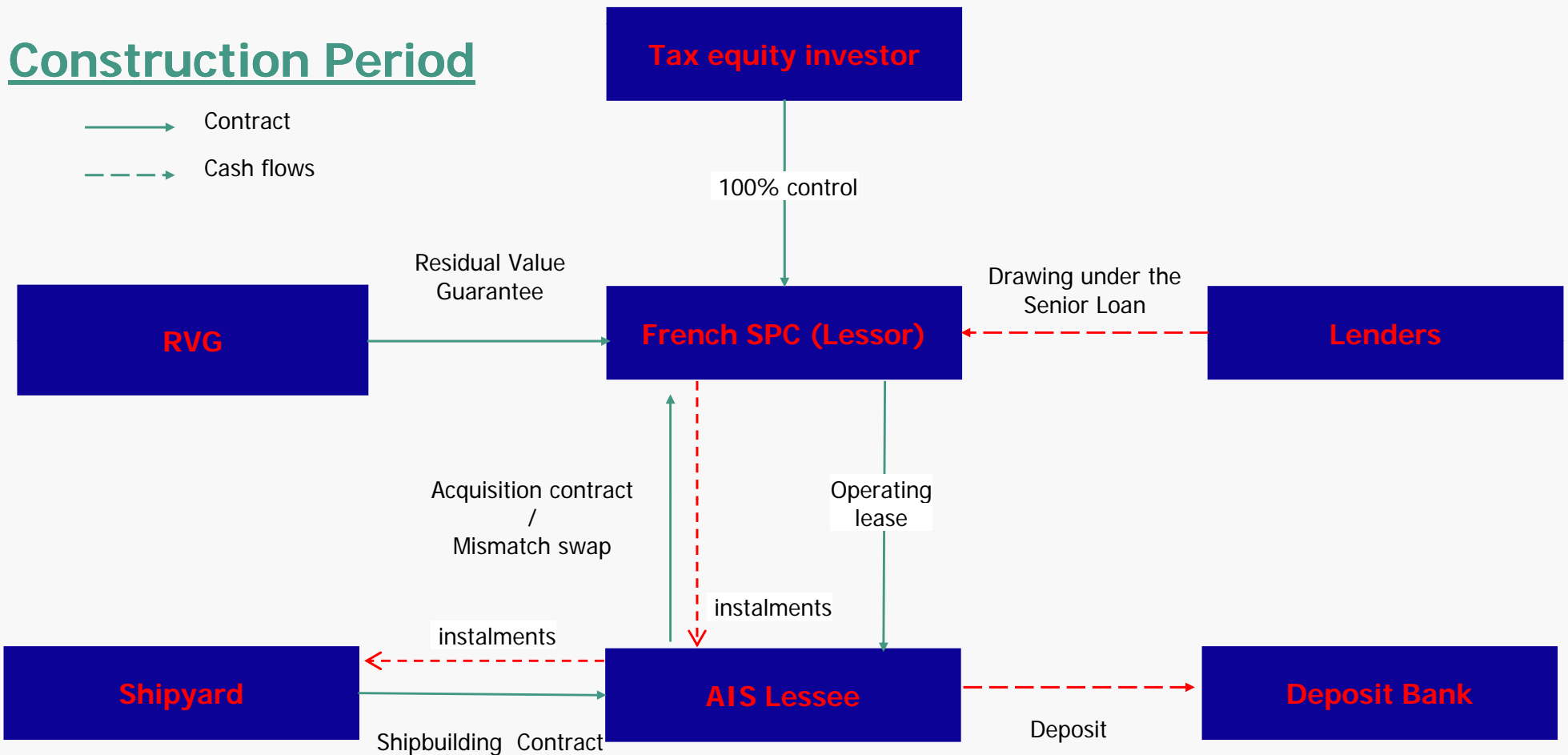


## *Main characteristics of French - AIS structure*

- Long term Operating lease on Vessel or container => off balance sheet.
- Lessee call option at a fixed price.
- Assuming call option is exercised, the all-in IRR is below all-in mortgage loan costs.

# French – AIS structure

## Construction Period

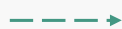


# French – AIS structure

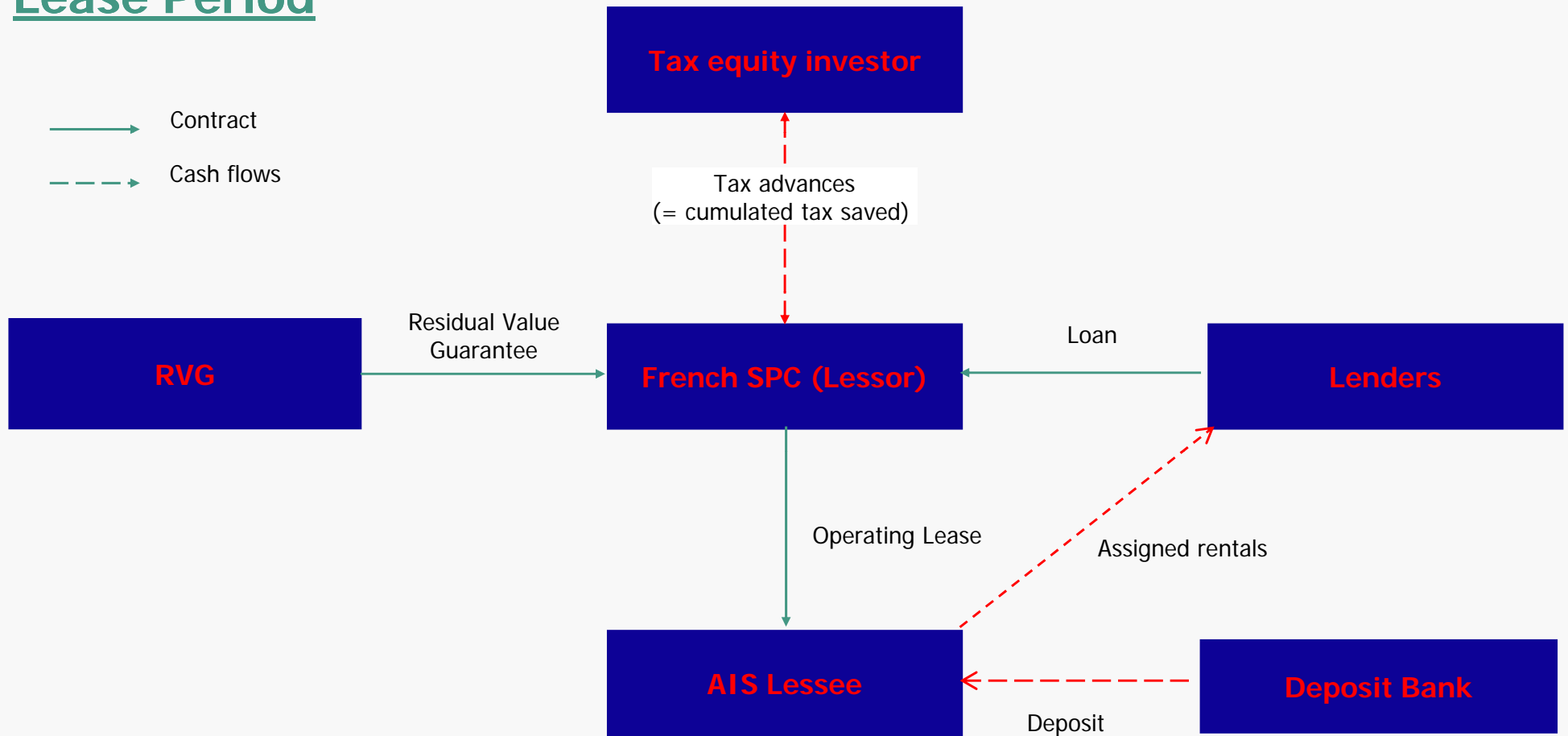
## Lease Period



Contract



Cash flows



# *French – AIS structure*

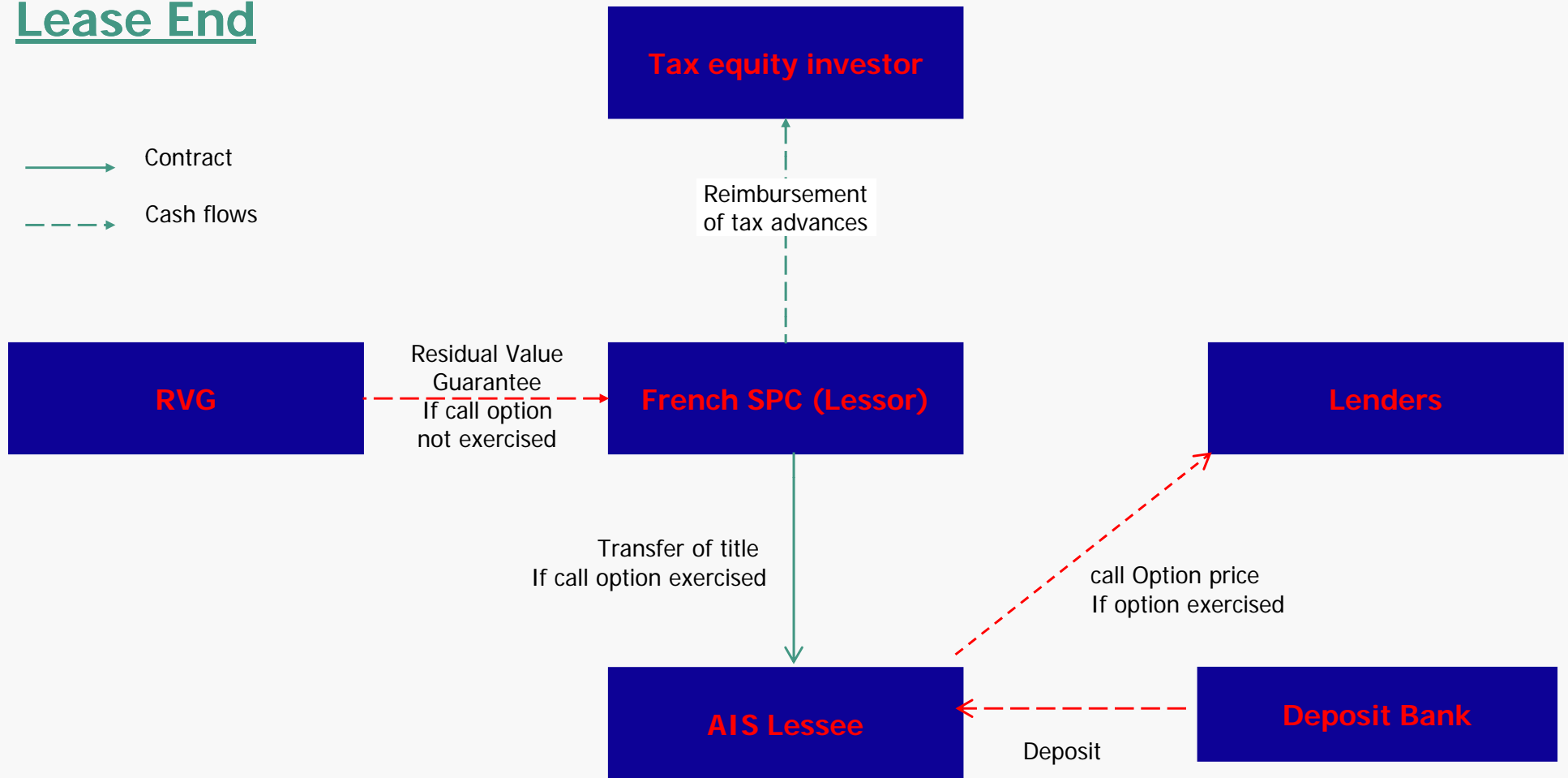
## Lease End



Contract



Cash flows





## *Aspects of the technical environment*

- **Unclear rules on S'porean WHT on lease rentals.**
  - => involvement of AIS + clearance of S'pore PA recommended.
- **French tax treaty contains tax sparing clause.**
  - i.e. fictitious tax credit for Lessor even absent a WHT
- **Transaction must be treated as a « credit-bail » under French laws.**
- **The vessel must be operated from S'pore.**



## *Important aspects to close*

- **Involve auditors early.**
- **Discuss early with S'pore MPA.**
- **Choose the right arranger :**
  - **CIC closed the first ever such vessel transaction from France.**
  - **Technical issues are simple if you choose an experienced party.**



*Thank you for your Attention!*

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