When things seem hopeless, the Export Credit Agencies, like superheroes, are there. A sales tool of the shipbuilding nations, the ECAs facilitate the export of newbuilding vessels constructed at their nation's shipyards. Simply motivated to conclude the sale, they are a regular and reliable source of capital in a volatile market, which is struggling with reduced availability of bank lending.

The ECAs do not simply provide capital, they provide it in a formalized highly competitive product, adding to its attraction. Financing terms are standardized and quite favorable offering a maximum tenor of 12 years, 80% financing and interest based upon the relevant commercial rates charged to first class borrowers in the domestic market of the local currency. ECAs share the risk with the banks by not only providing direct funding but also insurance/guarantees. Typically ECA loans are structured with an insured commercial tranche as a wrap in order to ease the amortization burden of the ECA tranche. For the shipping banks struggling with problem loans, the ECAs have been saviors. They can continue to provide financing for their many clients but as a consequence of the insurance, the counterparty risk shifts from the shipowner to the highly rated national government which stands behind the ECA.

Among the nominations put forward by KEXIM was the DNB led $528 million financing for FOS Tankers which was remarkable in that it involved four ship types, two VLCCs, two Suezmax tankers, four LPG carriers and four Aframaxes, built in four different Korean shipyards, HHI, Hyundai Samho, Hyundai Mipo and Sungdong Shipbuilding. The transaction was concluded in the midst of a weakening tanker market, and the restructuring of Korea's shipbuilding capacity.

Tsakos Energy Navigation’s (“TEN”) return to the ECA market after a 10-year absence was nominated by Citi and KEXIM. In the latest transaction, the two MLAs arranged a $309.8 million facility to finance the purchase of two VLCCs and an LNG carrier. KEXIM provided a $216.9 million secured loan with Citi taking the $92.9 million commercial tranche. Despite significant scrutiny of the agencies by the government regulators and on-going pressures at the Korean ECAs, the deal was concluded in a stressed environment within a very tight dead-

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| Transaction: | $200 Million Fixed Rate Notes issued by Hai Jiao 1400 Limited (ICBC Financial Leasing SPV) and guaranteed by KEXIM. |
| Winners: | Credit Agricole, Goldman Sachs, ICBC Financial Leasing, KEXIM |
| Transaction: | $572 Million financing for 6 VLECs controlled by the Reliance Group |
| Winners: | HSBC, Standard Chartered, ANZ Bank, BofA Leasing, BTMU, Citibank, Credit Agricole, DBS Bank, JP Morgan, K-sure, Societe Generale, SMBC |

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line and without certain fixed employment. With its new building program now fully funded and a structure in place which provided flexibility on the form of vessel employment, the owner was able to maximize negotiating leverage with charterers to optimize its earnings despite intense pressure on KEXIM from the regulators to conclude employment arrangements for the vessels. The deal concluded happily for all.

This year’s winning transaction from the West highlights the latest iteration in ECA financing as KEXIM continues to move into the capital markets. Together, Crédit Agricole CIB and Goldman Sachs successfully closed the first fixed rate long-term bond guaranteed by KEXIM to finance shipping assets. As part of a three tranche financing package of $320 million, the $200 million amortizing Reg S Notes partially refinanced two Korean-built 160,000 cbm LNG carriers (Golar Kelvin and Golar Ice) delivered to a subsidiary of ICBC Financial Leasing under a ten-year bareboat charter to Golar LNG. The Notes have a final maturity in Feb 2025 (~9 years) coterminous with the bareboat charter with Golar with an average life of around 4.7 years. The fixed rate Notes are rated AA- by Fitch and were issued 100% in Reg S format but are also 144A eligible in the secondary market. The total financing package, $320 million, represented approximately 70% of the value of the vessels with the balance contributed by ICBC Leasing as equity. In addition to the $200 million of KEXIM Guarantee Notes, there was another ~$120 million term loan funded by Crédit Agricole and KEXIM. Through this structure, ICBC Financial Leasing was able to raise long-term funding at an attractive 3% coupon, in what remains a historically low rate environment, while tapping a new investor base to diversify their funding sources.

Nearly universally acclaimed, this year’s ECA winning transaction involved the construction of an import terminal, pipeline connectivity, and the revamping of three target crackers. The company has embarked on this project to secure feedstock for its gas crackers, improve production costs by diversifying feedstock and replacing oil linked feeds – propane and naphtha in existing crackers - and providing downstream capacity enhancement. Reliance, a Fortune 500 company, is the largest private sector conglomerate in India with interests spanning across hydrocarbon E&P, petroleum refining and marketing, petrochemicals, retail and telecommunications.

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Led by HSBC and Standard Chartered, the 12-year loan facility to six special purpose corporations, supported by Reliance, is split into a $286 million loan secured 95% by K-sure and a $286 commercial tranche involved 12 banks. Oversubscribed 2x, the transaction was executed within an accelerated timeline of three months, during a difficult period for Korean ECAs as a consequence of the problems within the shipping industry in Korea. The transaction was highly complex, involving four different types of employment including bareboat charters, time charters, consecutive voyage charters and contracts of affreightment. Standby charters were also included in the structure to allow the borrowers the flexibility of terminating existing charters. To ensure ultimate recourse to Reliance an innovative structure was put in place which involved a combination of annual guarantees for yearly debt servicing and soft comfort for continued usage of the vessels and acceleration risk. This is in addition to the standard security package for shipping transactions including vessel mortgages. Lastly, there is no cross-collateralization provision with each lender holding a pro rata share of each individual loan and a light covenant package with no borrower or vessel related financial covenants. The highly favorable terms, including competitive pricing, reflect Reliance’s strong credit standing in the international financial markets. In fact K-sure gave the transaction a better than sovereign rating resulting in an even lower premium.

Despite its struggles with its shipbuilding industry, Korea, through its ECAs, remains a highly motivated and creative financing source for the industry as is evident in the highlighted transactions. It remains unwilling to cede its important position in the industry.