Ship Finance from the Perspective of ECA
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Section 1 : Overview of Sinosure

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Section 1 : Overview of Sinosure

Keyword :

State-funded ECA
Policy-oriented
Non-profit
Leading agency of OBOR
Sinosure: a state-funded, policy-oriented ECA

1. **State-funded ECA**: The only official export credit insurance agency in the mainland of China

2. **Policy-oriented**: Mandate according to China’s diplomatic, international trade, industrial, fiscal and financial policies

3. **Non-profit**: achieve long-term financial break-even status based on risk pricing and management

4. **Leading agency of OBOR**: engaged in 14 out 47 specific tasks regarding the mandate from China’s State Council
Sinosure’s main role

 Amid global economic slowdown and uncertainty, Sinosure is fulfilling its obligation of promoting “going-out” strategy

- Provide insurance and guarantee for numerous exporters, contractors, lenders and investors
- Facilitate fundraising from a variety of banks, including domestic banks and international banks
- Cover commercial and political risks for a wide range of “going-out” projects
- Provide global credit information and rating services through a network covering more than 200 countries and regions
Shipowner Finance

2010-2016 Shipowner Finance

Financing Amount

The new building orderbooks of commercial vessels
Business Portfolio

Shipyards

- Jiangnan Shipyard (Group) Co., Ltd.
- CSSC (Shanghai) Shipbuilding Co., Ltd.
- CSSC (Dalian) Shipbuilding Co., Ltd.
- ZPMC (Shanghai) Shipbuilding Co., Ltd.
- CSSC Huangpu Wenchong Shipbuilding Company Limited
- CSSC (Guangzhou) Shipbuilding Co., Ltd.
- Guangdaxin Shipbuilding & Heavy Industry Co., Ltd.
- CIMC
Business Portfolio

Cooperation Banks

- 中国进出口银行
- 国家开发银行
- 中国银行
- 中国工商银行
- 中国建设银行
- BNP PARIBAS
- Deutsche Bank
- Citi
- SOCIETE GENERALE
- ING
- Rabobank
- ABN-AMRO
- NORD/LB
- DnB NOR
- DVB
- CALYON
Section 2: Case Sharing

Keyword:

Buyer’s Credit Insurance
Overseas Lease Insurance
Specific Contract Insurance
Product overview

- **Buyer’s Credit Insurance**: Covers banking institutions against losses incurred by overseas shipowners’ SPV default due to political or commercial causes, to help overseas shipowners to purchase ships or offshores from China.

- **Overseas Lease Insurance**: Provided to financial institutions for the purpose of insuring payment risks of rent receivable under overseas lease arrangement.
Product overview

- Cover Chinese shipyards' losses in accounts receivable that are incurred by buyer-related commercial risk and/or political risks during the implementation of business contract. The repayment period under this product is usually no more than 2 years.
Case Sharing

Ship Finance for VLCC

- Year: 2015-2016
- Shipyard: SWS Shipyard
- Lending Bank: EXIM, CITI, BOC NY etc
- Contract Amount: USD 600M
- Insured Amount: USD 500M
- Tenor: 12 years include 20% balloon
- Highlight:
  - 2015 Deal of the Year of Marine Money
  - GTR Best Deals 2015
Ship Finance for Multi-Purpose Cargo Ship

- **Year**: 2012-2016
- **Shipyard**: Hudong Shipyard
- **Lending Bank**: CEB Bank
- **Insured Amount**: USD 100M

**Highlight**:
- 30% of contract amount - 2 years deferred time;
- Shipyard make factoring under the policy;
Section 3: Advantages of ECA Finance

Keyword:

Underwriting policy
Financial condition
Financial channel
Capital relief
Advantages of ECA Finance

1. **Underwriting policy**: more stable compared with commercial banks because Sinosure is a policy-oriented company to promote Chinese exports of goods.

2. **Financial condition**: optimize the condition, like increase the leverage, prolong repayment period, reduce financial cost.

3. **Financial channel**: provide extra credit limit besides banks and expand the financial channel for owner.

4. **Capital Relief**: prevent banks from risks and help them realize the target of capital relief.
Section 4: Challenges in Current Market

Keyword:

- Challenges
- Basic Principles
- Solutions
Challenges in Current Market

- Shipping and offshore industry are suffering tough time. There are few newbuilding orderbooks in the market.
- The Vessel did not deliver successfully under the underwritten project;
- Waiver Request for the financial covenants under the Facility Agreement;
- No Time charter affect the feasibility analysis and financial condition is not enough.
Basic Principles

- **Ship-owner**: proven track record, non-speculative
- **Leverage**: no more than 80% for shipping and 85% for offshore
- **Tenor/Profile**: no more than 15 years for common project
- **Shipyard**: registered and operating in China, Minimum Local Content
- **Pre-delivery finance**: Selective
Challenges in Current Market

Our Solutions

Sharing the risk with every participant

Communication of Information

Cooperation on Monitoring
Thanks!