

2016 Korea-Hellenic Maritime Cooperation Forum

# Ship Financing with K-sure

June 8, 2016

Moon Gouk Chae

Director, Offshore Team

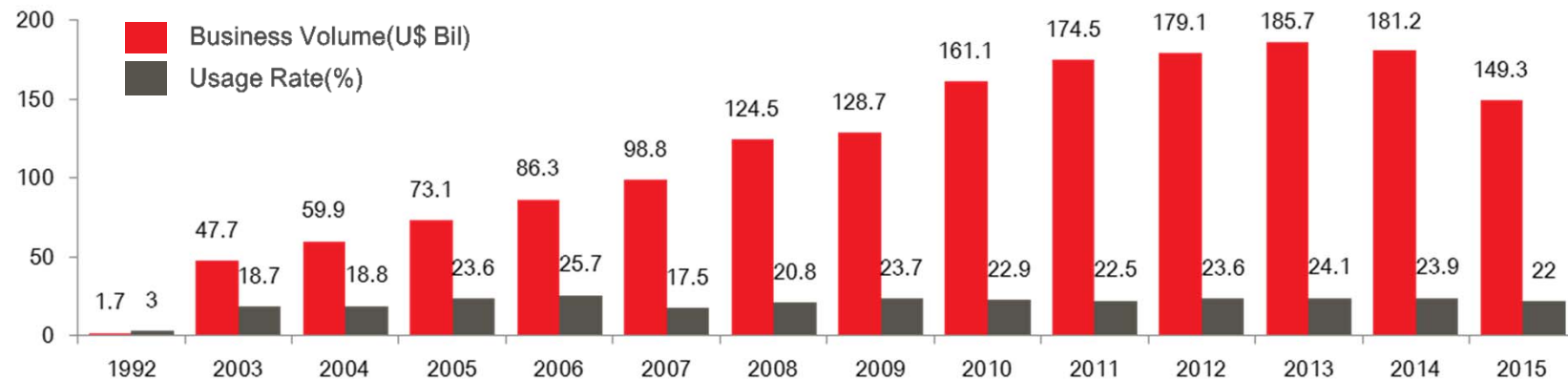
*Make Your Trade Sure*

**Ksure**

# Korea Trade Insurance Corporation (K-sure) in Brief

- One of the two ECAs (Export Credit Agency) of Korea
- The Trade Insurance Act mandates for fiscal backup
- The National Assembly approves annual maximum underwriting volume
- K-sure covered about 22% of Korean exports in 2015
- Its 2016 budget based on total underwriting volume of U\$177 Bil

## Annual New Commitment, Total

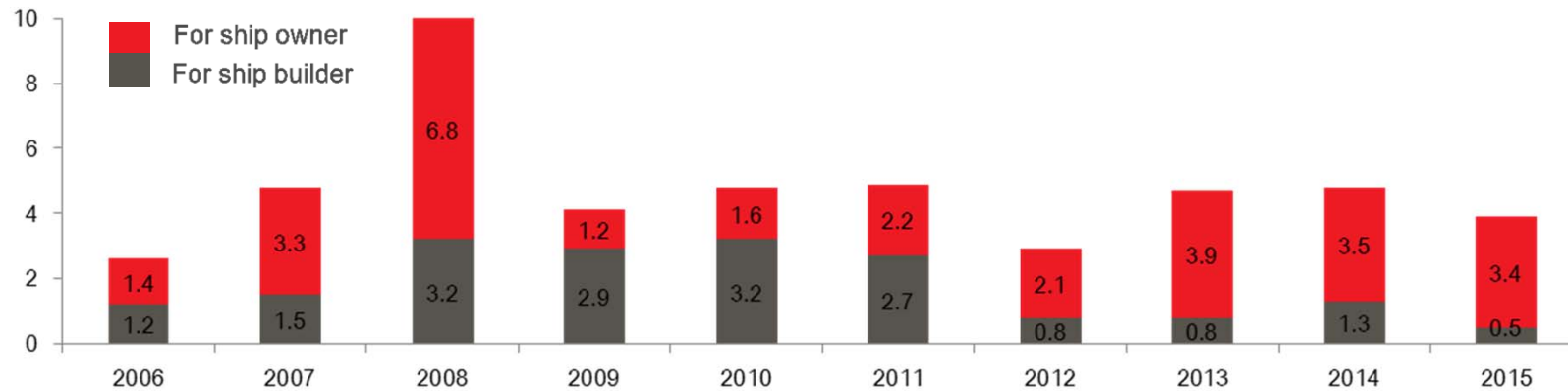


# Organization and Products for Ship Financing

- The Marine Finance Department composed of 3 Teams by ship type
  - Container, Tanker(& LNG), and Offshore (& Others) Teams
- K-sure products increase credit availability & quality
  - K-sure risk replaces borrower risk
  - Banks given room to offer additional loans at more favorable terms
  - They complement loans and/or capital market products
- Products for both the buyer and the seller
  - For ship owners : MLT Export Credit Insurance (Loan, Bond)  
Overseas Business Credit Insurance
  - For ship builders : Export Bond Insurance

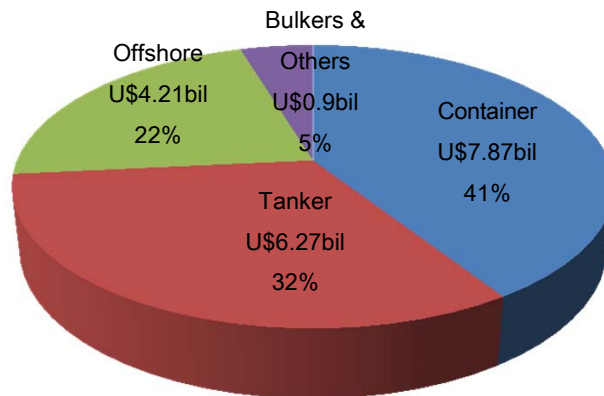
# Key Facts about K-sure Ship Financing

- U\$4bil in new commitments underwritten in 2015

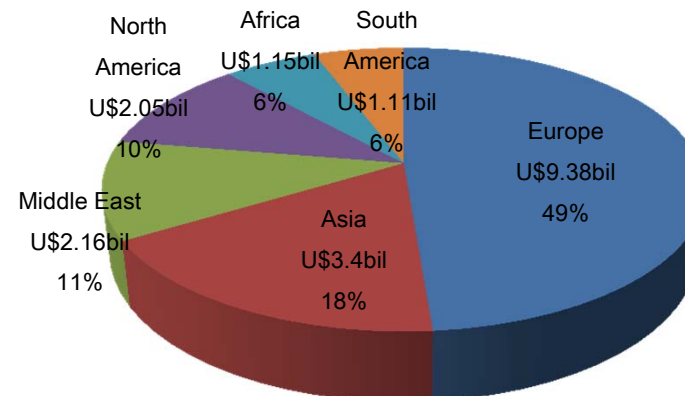


- Total outstanding balance of U\$19.3bil booked as of Dec 2015

Vessel Type



Region



# Key Facts about K-sure Ship Financing

- Greek owners make good use of K-sure products

Owner	Bank	Type	Loan(U\$ Mil)	Year
Angelicoussis	Citi	Tanker	908	2014
Oceanbulk	CA-CIB	Container	167	2014
Dynacom	CA-CIB	Tanker	127	2012
Poseidon	ABN AMRO	Container	53	2012

- K-sure works closely with global banks offering ship financing

## Agency

Rank	Banks	No. Ships	U\$(Mil)
1	Citibank	62	4,158
2	BNP Paribas	45	2,479
3	CA-CIB	70	2,330
4	KfW	21	1,504
5	ING	17	1,176
6	DVB	19	1,174
7	DNB	46	1,067
8	SC	5	993
9	SMBC	12	609
10	Santander	15	540

## Participation

Rank	Banks	No. Ships	U\$(Mil)
1	BNP Paribas	102	1,309
2	CA-CIB	102	1,000
3	KfW	70	669
4	SMBC	28	633
5	ING	112	544
6	Santander	44	530
7	SG	41	482
8	DNB	49	456
9	Citi	95	430
10	Nordea	43	288

# General procedure in working with K-sure

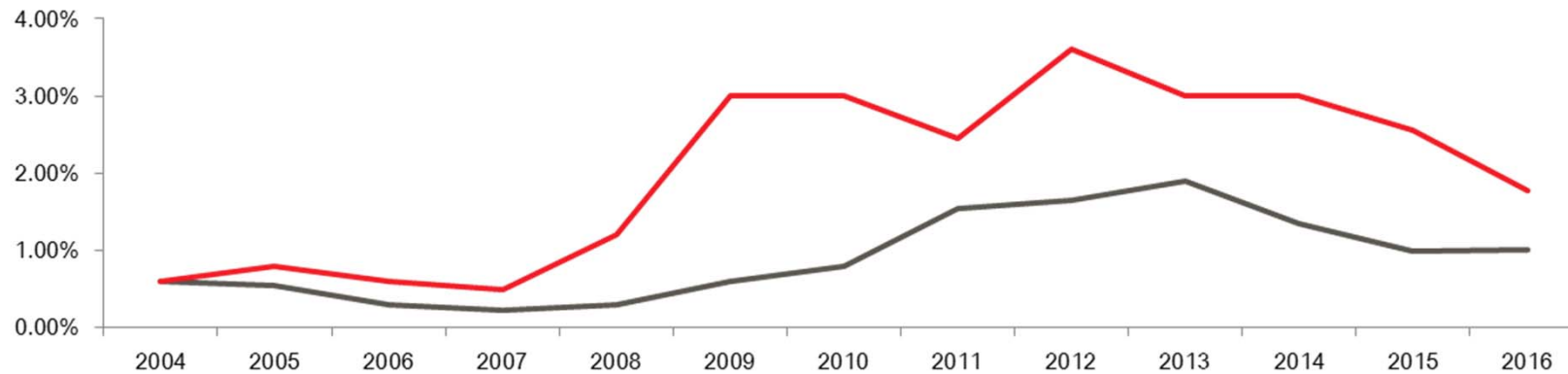
- Banks discuss indicative terms with K-sure
- The ship owner mandates a bank for arranging K-sure covered facility
- The bank and the borrower agree on a term sheet
- K-sure reviews the terms and issue an LOI if necessary
- K-sure conducts due diligence
- The bank applies for credit insurance at K-sure
- K-sure takes the application through the internal approval process
- K-sure issues an acceptance letter
- Documentation needs to be finalized with adequate K-sure clauses
- The borrower pays K-sure premium through the bank
- K-sure issues the insurance policy

# Operational Guideline for K-sure Ship Financing

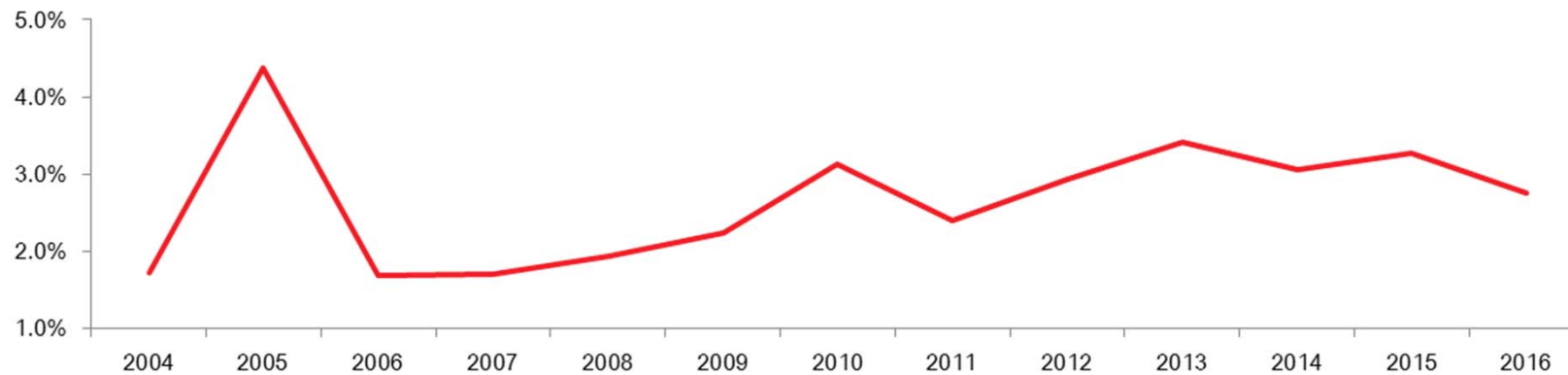
- The OECD Arrangement acts as the governing principle
  - Maximum repayment period : 12 years after delivery
  - Minimum cash payment : 20% of the contract price by delivery
  - Repayment : Equal installments at a maximum of 12 months
- Statistics from the deals closed from 2014 to 2016
  - Loan amount : 55% ~ 80% of contract price, avg. 72%
  - K-sure coverage : 13% ~ 100% of loan amount, avg. 72%
  - Security package : International shipping standards accepted
  - Covenants : Owner's existing practice respected

# Credit quality improvement through K-sure

- Overall costs to K-sure covered loans move in favor of ship owners
  - Margin ranges dropped since 2012



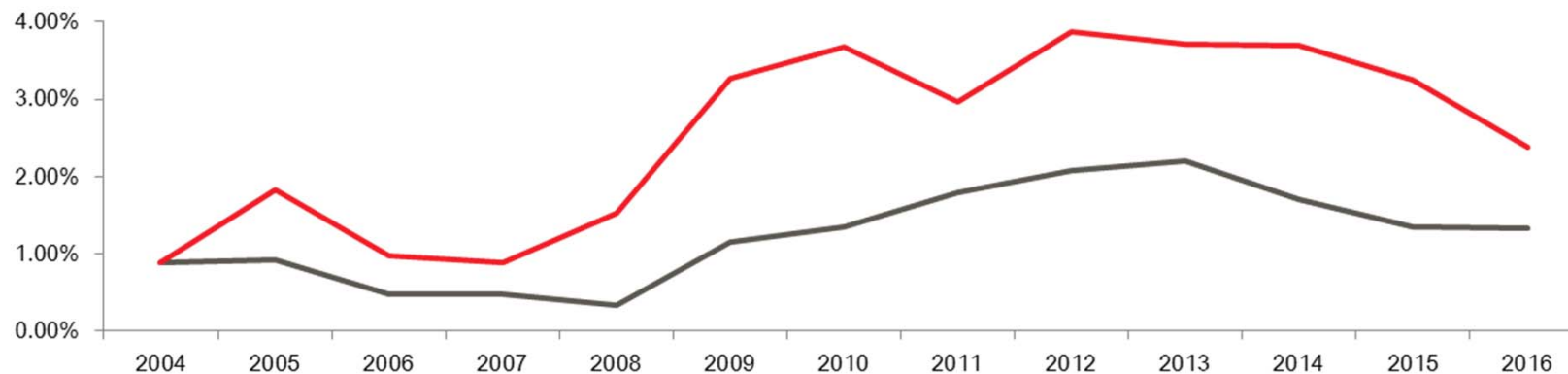
- Average K-sure premium rate quoted relatively stable





# Credit quality improvement through K-sure

- Combined costs in 2016 contained between 132bps and 239bps



- Leverage and tenors remain quite predictable
  - Average LTVs in the 66%~ 80% range with most tenors around 12 years

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
LTV(%)	80	79	75	78	79	72	66	68	69	72	71	72	76
Tenor(Yr)	12	12	12	11.5	12	11.3	11.7	11.4	11.6	11.0	11.7	11.4	11.9

# Credit availability enhancement through K-sure

- K-sure actively took unfamiliar risks
  - K-sure welcomed new clients as well as existing ones

Year	2011	2012	2013	2014	2015
# of Projects	7	15	15	15	14
# of New Clients	5	14	10	11	10
% of New Clients	71	93	67	73	71

- K-sure products made versatile with a range of funding sources

Funding Sources	Amount(U\$ Mil)	# of projects	# of vessels
Bonds	195	2	5
Leases	590	3	8
PEFs	433	1	10
MLPs	3,936	5	14
Covered Bonds	446	1	1

# Marine Finance Department Organization Chart

**ksure** Byoung Churl AHN  
Head of Department

Tel : (82-51)630-5401 abc0179@ksure.or.kr

## Container Team

Container

Young Kuk KIM

Team Head

Tel : (82-51)630-5410 kyk0343@ksure.or.kr

Jun Hee HAN

Deputy Director

Tel : (82-51)630-5412 hjh9069@ksure.or.kr

Hyun Jong KIM

Senior Manager

Tel : (82-51)630-5414 khj0651@ksure.or.kr

Min Gyung Kim

Manager

Tel : (82-51)630-5415 kmg00762@ksure.or.kr

Do Hoon KIM

Junior Manager

Tel : (82-51)630-5416 kdh00819@ksure.or.kr

## Tanker Team

Tanker, LNG & LPG Carrier

Min-Soo KIM

Team Head

Tel : (82-51)630-5420 kms0440@ksure.or.kr

Jaesang LEW

Deputy Director

Tel : (82-51)630-5421 Jaesang.LEW@ksure.or.kr

Kyongjin JEON

Senior Manager

Tel : (82-51)630-5423 kjk0686@ksure.or.kr

Sun-Young PARK

Manager

Tel : (82-51)630-5424 psy00765@ksure.or.kr

Jiyoon PARK

Junior Manager

Tel : (82-51)630-5425 pjy00807@ksure.or.kr

## Offshore Team

Offshore & other types

Moon Gouk CHAE

Team Head

Tel : (82-51)630-5430 cmk0413@ksure.or.kr

Jaeha Han

Deputy Director

Tel : (82-51)630-5431 hjh0552@ksure.or.kr

Inkee KIM

Senior Manager

Tel : (82-51)630-5433 kik00715@ksure.or.kr

Sejun NOH

Manager

Tel : (82-51)630-5434 nsj00763@ksure.or.kr

Jaehyeong PARK

Junior Manager

Tel : (82-51)630-5435 pjh00847@ksure.or.kr

Thank you for your attention !

*Make Your Trade Sure*

**ksure**