

The 10th Annual Marine Money Korea

Ship Financing with K-sure

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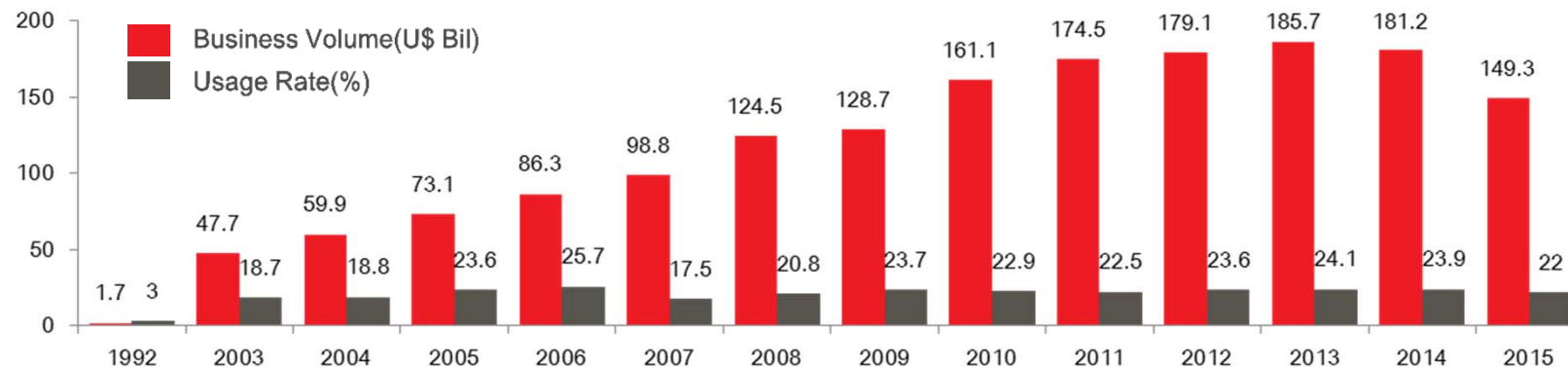
Make Your Trade Sure

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

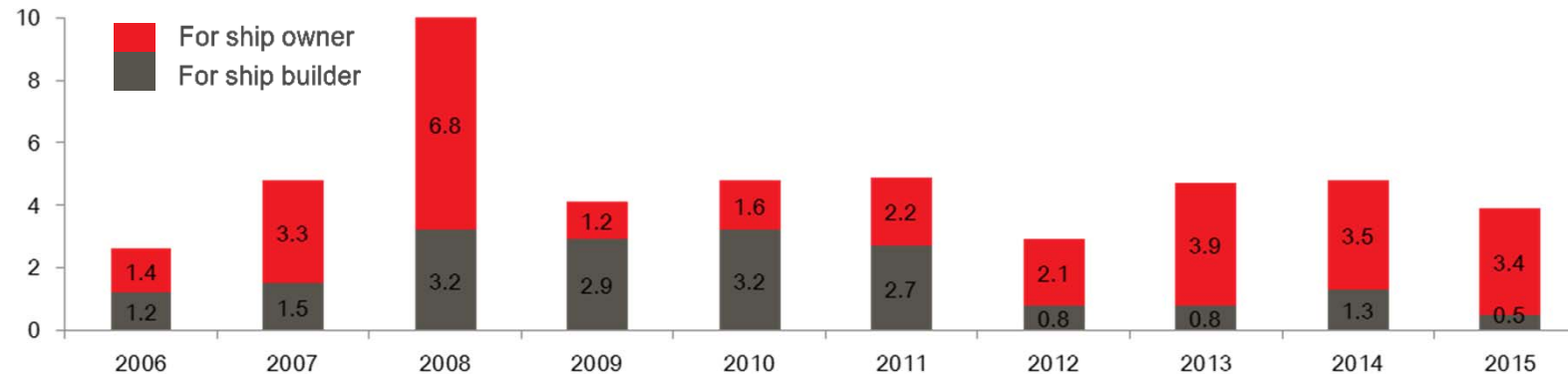


Organization and Products for Ship Financing

- 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

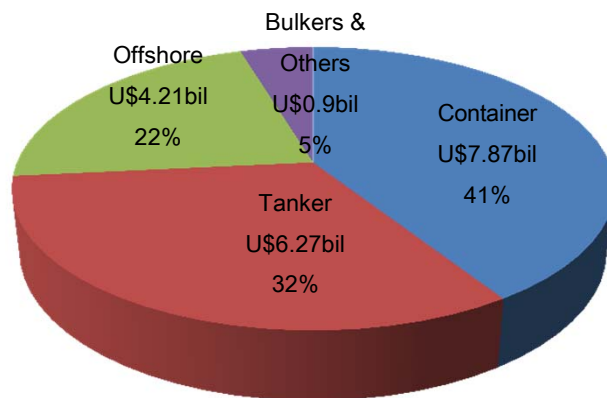
Key Facts about K-sure Ship Financing

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

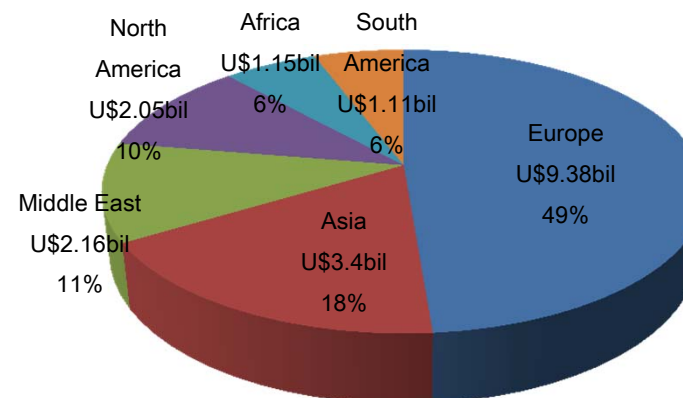


- Total outstanding balance of U\$19.3bil booked as of Dec 2015

Vessel Type



Region



Key Facts about K-sure Ship Financing

- 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

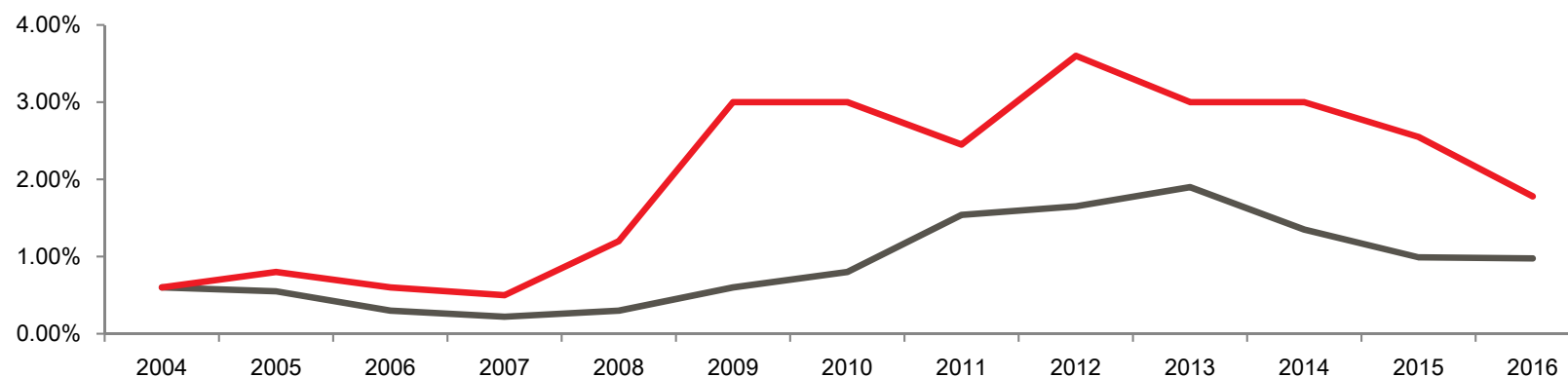
Operational Guideline for K-sure Ship Financing

- 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. 73%
 - Security package : International shipping standards accepted
 - Covenants : Owner's existing practice respected

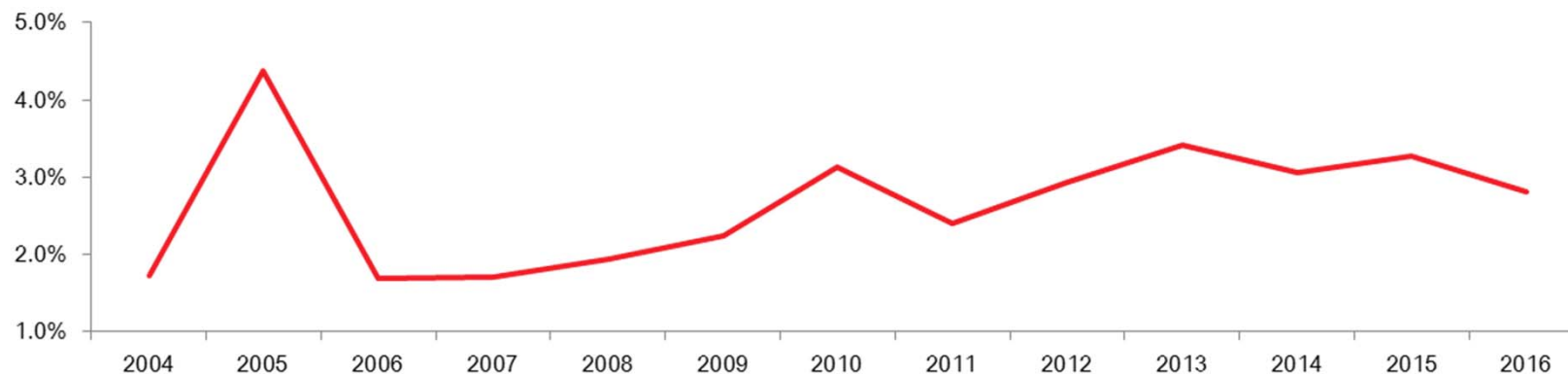
Credit quality improvement through K-sure

- Overall costs to K-sure covered loans move in favor of ship owners

- Margin ranges dropped since 2012

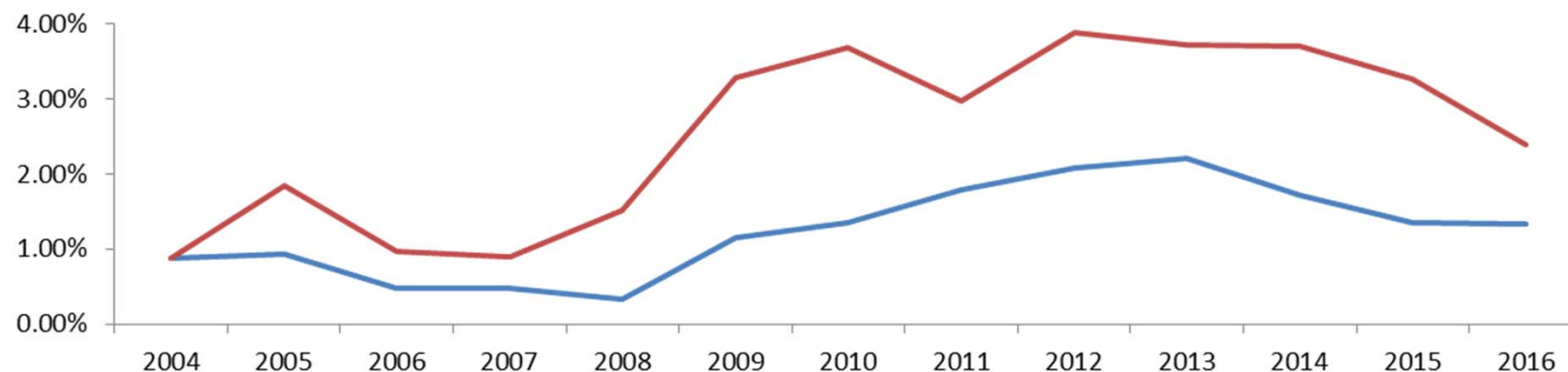


- Average K-sure premium rate quoted relatively stable



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	59	78	79	72	66	68	69	72	71	72	72
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

Portfolio Management

- K-sure's active Portfolio Management

- Amendment/Waivers on the rise

Year	2011	2012	2013	2014	2015	2016.June
# of Waivers / Amendment	24	28	32	44	52	46

- More restructuring due to market downturn (2016 in particular)

Year	# of projects	# of vessels	Loan Amount(US\$Million)
2009	1	3	302
2011	1	8	497
2012	1	8	497
2013	2	13	753
2014	1	3	302
2016	3	14	1,410

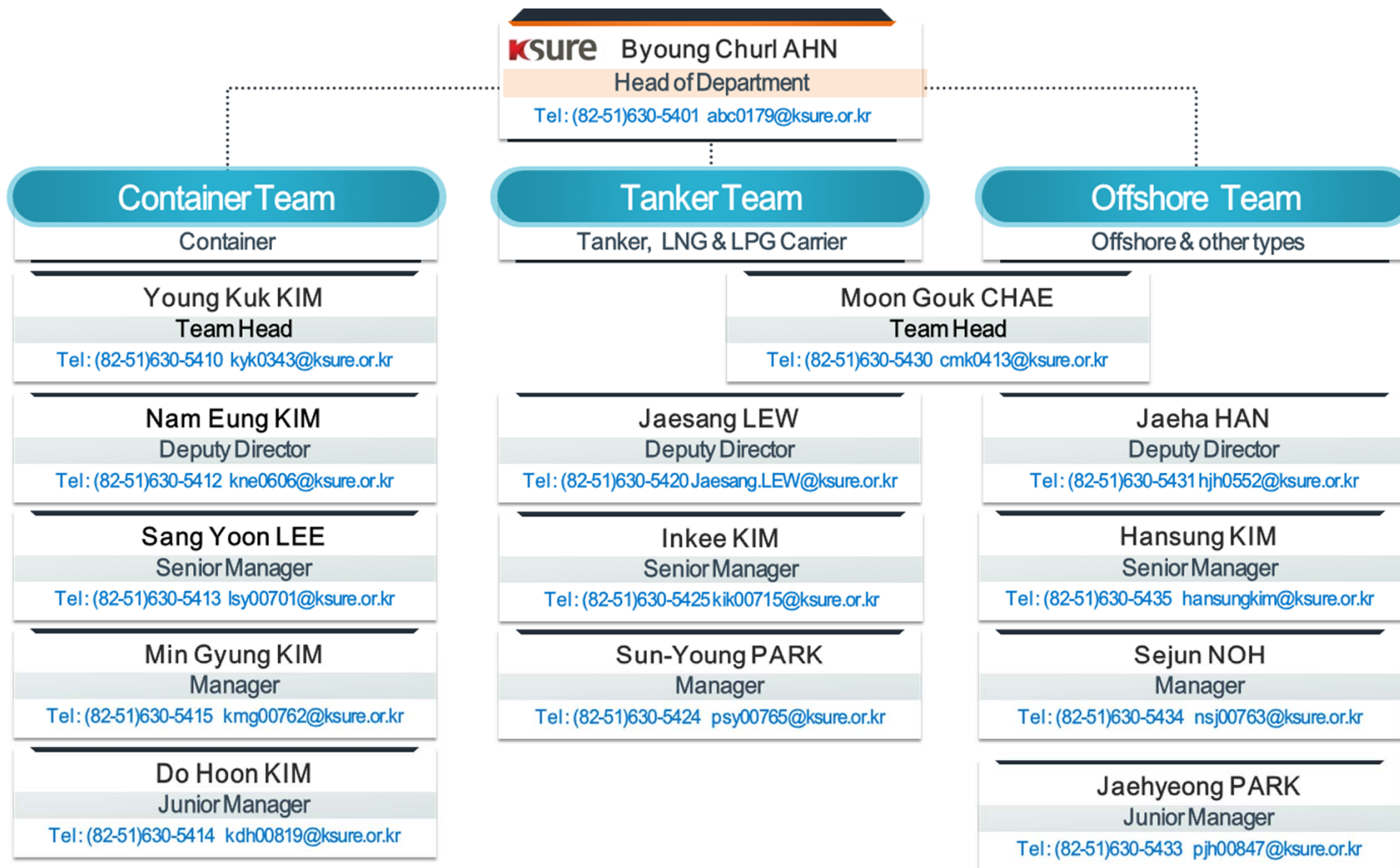
Portfolio Management

- K-sure's reliable and solid insurance supports and services

Year	2012	2013	2014	2015	2016
# of Payment	-	-	1	3	1
Amount of Payment (U\$ Million)	-	-	U\$2.8	U\$37.6	U\$4.9

- K-sure's attitude toward "Waiver, Amendment and Restructuring"
 - Provide active supports for the business of ship owners
 - Duly consider the current harsh market situation faced by the industry
 - Take a flexible stance toward covenants breach cases
 - Have a respect to our lender's position as a pure coverer

Marine Finance Department Organization Chart



Thank you for your attention !

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