

Shipping Financing Part I

- Standard Terms And Conditions

Comments from past participants

"My expectation of the seminar was basically to understand the fundamentals of Shipping Financing. The seminar, discussion and Q & A sessions have managed to provide me with that understanding."

– Mr. Abdul Ghafar Ahmad, Bank Islam Malaysia, Malaysia.
[Class of March 2008]

"The Shipping Financing Seminar is a good start for anyone wishing to understand about shipping financing."

– Mr. Karya Setia, PT Bank Central Asia Tbk., Indonesia.
[Class of October 2008]

"I was very impressed with the Shipping Financing Seminar Facilitator's knowledge. After attending the seminar, I'm more confident in analyzing the credit standing of shipping-related companies. The seminar also exposed the participants to ship financing loans, understanding the various type of charters and the risks involved in each of them. We were also being updated on the general industry outlook. The seminar, discussion and Q&A sessions have managed to provide me the understanding I needed, especially on "the fundamentals of shipping financing"."

– Mr. Abdul Aziz Bin Bohassan, RHB Islamic Bank Berhad, Malaysia.
[Class of October 2008]

"As I am new to Shipping Financing, I found the seminar very useful. Besides that, Mr. Andrew also shared his experiences and explained the material from the bank's point of view, which make the seminar more interesting."

– Mr. Chen Lin Andrew, PT Bank Central Asia Tbk., Indonesia.
[Class of October 2008]

"Course is informative and well conducted."

– Mr. Andy Lim, Bangkok Bank Public Co Ltd, Singapore.
[Class of October 2008]

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"I found the Shipping Financing seminar useful as it covers a wide range of topics which are relevant to my job function. It contains useful tips which we can use especially during this current economic downturn faced by the industry."

– Mr. Abu Hurairah Bahari, Bank Pembangunan Malaysia Berhad, Malaysia.
[Class of October 2008]

"This seminar gave me a very good overall understanding of shipping finance, which was what I wanted."

– Mr. Ooi Jot Ley, Sumitomo Trust & Banking Co. Ltd, Singapore.
[Class of March 2010]

"The seminar is excellent for participants who are fresh to shipping financing and wish to gain a good foundational understanding on various types of vessels financing."

– Mr. Keith Chong, PT Bank Mandiri (Persero) Tbk, Singapore.
[Class of March 2010]

"The way the facilitator Mr. Andrew conducted the training program, with a combination of theory and practice, is remarkable! This seminar is an example of interaction between the faculty and participants from which we have been able to have over all views on Shipping Financing within the least possible time."

– Mr. Mohammad Akhteruzzaman, The City Bank Limited, Bangladesh.
[Class of October 2010]

"The seminar was nice, interactive and informative! We shared our knowledge with each other. Especially Andrew sharing his experience on the specific field helped us to have a new look in Shipping Financing."

– Mr. Md. Safiul Amin, The City Bank Limited, Bangladesh.
[Class of October 2010]

"From this seminar, I learnt how to assess risks related to the shipping financing business and how to analyze the financial statements of ship purchasers. This knowledge will be useful for my bank when we conduct shipping financing business."

– Ms. Wang Yi Jun, Bank of Communications Co., Ltd, Singapore.
[Class of March 2011]

"This seminar is good for those new to shipping financing, providing an easy-to-understand introductory platform as well as an up-to-date outlook on the shipping industry."

– Ms. Goh Jia Ling, Mizuho Corporate Bank, Ltd, Singapore.
[Class of March 2011]

"It's a very good seminar to help one to tap into the shipping financing market."

– Ms. Yao Jiayun, PT Bank Mandiri (Persero) Tbk., Singapore.
[Class of March 2011]

"I have attended the seminars provided by PI ETA Consulting Company; Shipping Financing, Project Financing. I find the seminars very useful and interesting, with professional instructors!"

– Mr. Chandra Tjong, PT. Bank Permata, Tbk, Indonesia.
[Class of September 2011]

"The seminar provides a good introduction to shipping financing from a business and credit point of view. The 2-day workshop was very lively, interactive and the facilitator was very experienced!"

– Ms. Leong Lee Li Emily, The Bank of Tokyo-Mitsubishi UFJ, Ltd (Singapore Branch), Singapore.
[Class of September 2012]

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“Seminar was good, interactive and informative! Seminar was useful and provided good overall understanding of shipping financing.”

– Mr. Tan Choon Hwa, Bangkok Bank Public Co Ltd, Singapore.
[Class of September 2012]

“Andrew takes extra effort to find answers to my questions on day 1. Much appreciated! It has been an enriching session.”

– Mr. Andry Barnas, DBS Bank Ltd, Singapore.
[Class of September 2012]

“A well-designed shipping financing seminar, alongside Andrew’s impressive step-by-step and down-to-earth method of sharing.”

– Mr. Lock Yen Khai, Bank of Communications Co., Ltd, Singapore.
[Class of March 2013]

“The seminar is informative and relevant to our area of work which includes evaluation of shipping finance. Andrew is approachable, clear and always willing to share his years of experience dealing with shipping related financing, including enforcement. The class size is conducive for good interaction and exchanges of opinions among the attendees and facilitator.”

– Ms. Dawn Cheok, DBS Bank Ltd, Singapore.
[Class of March 2015]

“Very Detailed and Practical. Easy to Understand!”

– Mr. Rudi Rinardi, Indonesia Eximbank, Singapore.
[Class of September 2016]

“Informative, relevant and participative Program!”

– Mr. Shaun Lin, Credit Industrial et Commercial, Singapore.
[Class of April 2019]

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Highlights

- Be Aware of the Factors to consider in a Ship Financing Loan
- Understand the various types of Charters and the Risks involved in each of them
- Understand the Collateral Support that is needed
- Ensure that a thorough Financial Analysis is carried out (from the viewpoint of a typical ship owner)
- Know what other Factors to consider in Analyzing the Credit
- Understand the Factors that we need to consider in a Ship Construction Loan from the viewpoint of Financing the Shipyard and from the viewpoint of Financing the Purchaser
- Engage in a Discussion of a typical Shipyard's Financial Statement
- Ensure that the Standard Terms and Conditions are in place
- Be familiar with the various risks in Shipping from the viewpoint of the owners as well as the Charterers
- Know the characteristics of the Shipping Cycle and how long a typical cycle is
- Be updated on the general Industry Outlook of the various types of ships including the offshore rig industry
- Know what are Flags of Convenience and the Advantages/Disadvantages of using them
- Understand the importance of having the vessel classified by one of the officially recognized Classification Societies

Seminar Facilitator
Mr. Andrew K. T. Goh, B.Econ.

Seminar Duration
2 Days, 9:00am to 5:00pm

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Seminar Background

An intensive program covering the various factors to consider in a ship financing loan, the collateral that is required, the financial analysis that should be carried out and standard terms and conditions used. Factors to consider in a ship construction loan from the viewpoint of the shipyard and the purchaser/owner as well as a typical shipyard's financial statement will also be discussed. In addition, the various risks in shipping as well as the shipping cycle will be covered. The program will also include a general outlook of the shipping industry including the offshore rig industry.

Ship financing is a specialized form of lending. Officers need to be specifically trained so as to know all the risks and ensure that they are adequately analysed. Besides the basic credit training, officers need to understand that there are many other factors that have to be considered in ship financing. The terms and conditions are different from the standard loan that is extended and adequate care should be taken to ensure these are incorporated.

Seminar Content

- **Financial Viability**
 - Meaning of Financial Viability
 - Certainty of Payment
 - Vessel going Off-Hire
 - Key Operating Costs
 - Other Factors to consider
- **Charter Party**
 - Meaning of Charter Party
 - Various Types of Charters
- **Collateral Support**
 - Valuation on a vessel
 - Mortgage, Maritime Lien, Possessory Lien
 - Insurances to be considered
- **Financial Analysis of Shipping Credits**
- **A Typical Ship Owner's Financial Statement**
 - Strength of the Balance Sheet
 - Key Asset and Liability Items
 - Income and Expenses
 - Cash Flow Analysis
 - Downside Risks
 - An Example
- **Other Factors to consider in Analysing the Credit**

- **Ship Construction Loan**
 - Factors to consider from the viewpoint of financing the shipyard
 - Factors to consider from the viewpoint of financing the purchaser
- **A Typical Shipyard's Financial Statement**
- **Standard Terms and Conditions**
- **Risks in Shipping**
 - The meaning of Shipping Risk
 - The parties that are taking the risk
- **Shipping Cycle**
 - Characteristics of the Shipping Cycle
 - How long is a Typical Cycle?
- **Industry Outlook**
 - Bulk Carriers
 - Figures on world fleet
 - Different types of bulk carriers
 - Outlook
 - Container Ships
 - What are container ships?
 - The risk in this business
 - The future trend in container ships
 - Outlook
 - Tankers
 - Supply of VLCCs
 - Uncertain times ahead?
 - Outlook
 - Offshore Rig Industry
 - Current world fleet
 - Today's Boom versus The Last Boom in the 1980s
 - Offshore Rig Utilization by Rig Type
 - Supply Vessels
 - Vessel Fleet and New Built Situation
 - Delivery Schedule
 - Floating Production Storage and Offloading
 - What is a FPSO?
 - Vessel Fleet
- **Singapore Registry of Ships**
 - What are the advantages of Singapore Registration?
 - What are Registration Conditions?

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➤ **Other Useful Information**

- Flags of Convenience
- Vessel Classification
- Types of ships
- Target Market Criteria
- Baltic Dry Index

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Benefits of Attendance

Upon completion of this program, participants will:

- Understand the various Factors to consider in a Ship Financing Loan
- Learn the various Charters and the Risks in each of them
- Know the Collateral Support that is required
- Ensure that adequate Financial Analysis is carried out
- Know the standard Terms and Conditions
- Be familiar with the Risks in Shipping and the typical Shipping Cycle
- Know the current Industry Outlook for the various types of vessels including the offshore rig industry

Who should attend?

Credit and financial analysts, portfolio managers, credit officers, corporate bankers, commercial bankers, risk managers and analysts.

Seminar Facilitator

Mr. Andrew K. T. Goh is a Business Domain Expert Facilitator with PI ETA Consulting Company. He has 32 years of banking experience having held senior banking positions in both international and local banks. Andrew is also an Independent Non-Executive Director of HL Global Enterprises Ltd, a listed company of the Hong Leong Group of Companies.

Andrew has a successful track record in Corporate Banking, Trade Finance, Specialized Lending, Lending to Small and Medium Enterprises and Credit Audit.

Prior to his current appointment, he was a Senior Audit Manager in Credit Risk Review with Overseas-Chinese Banking Corporation. He spent almost 5 years reviewing the corporate loans of the organization. Before this appointment, he was the Head of Corporate Banking with American Express Bank for 13 years. Andrew also spent 3 years with United Overseas Bank, first as Head of Consumer Banking and Credit Administration before assuming the position of Head of Corporate Banking. His first job was with Bank of America, having spent 11 years with this financial institution. He was appointed the first Chairman of the Bank's Marketing Committee and was also the Bank's Asia Specialist for Energy. Andrew spent 2 years in Houston Texas financing oil traders, major oil companies, oil field supply equipment manufacturers and other oil related industry players. He was also a Section Head of the Bank's Energy, Shipping, Chemical and Aerospace Department and made Senior Credit Officer of the Bank's Jurong Branch. Andrew also spent a year in the Bank's Specialised Lending Department handling the problematic accounts.

Andrew graduated with a Bachelor of Economics degree from the University of Adelaide, South Australia. He was also a part-time lecturer for 5 years in the 1990s lecturing on the subject of "Bank Lending" at the Nanyang Technological University of Singapore. This subject was offered to second year students of the School of Accountancy and Business.

For more information, please contact PI ETA Engagement Resource (PEER) Group at
Tel: +65 634 100 10 | Fax: +65 634 100 20 | Email: marketing@pi-eta.com | Website: www.pi-eta.com