



# **Shipping Financing Part II**

## **- Managing The Shipping Financing Portfolio**

### ***Highlights***

- This is a more In-Depth continuation discussion on Shipping Financing, following on from the first part program.
- Know the history of ship finance and how it grew to what it is today.
- Understand the various sources of ship finance and how to structure it appropriately so as to meet your clients' requirements.
- Be aware of the various types of risks that are applicable to financing ships.
- Ensure the selection of an optimal funding structure
- Understand long term financing strategy so as to enhance competitiveness and sustainability.
- Be aware of the key documents and certificates in Shipping Credits
- Understand the importance and requirement of these documents and certificates
- Know the key documentation required for Shipping Loans for both pre-delivery and post-delivery financing.
- Understand how to arrest a vessel under the International Convention on the Arrest of Ships
- Be aware of the precautions that we need to take in arresting and releasing a vessel
- Understand what are your rights and status in arresting a vessel
- Know the composition and operation of Protection & Indemnity Clubs
- Be familiar with the Evidence of Cover in Protection & Indemnity Insurance as well as Letters of Undertaking and Loss Payable Clauses.
- Know how the Protection & Indemnity Clubs balance their Financial Status.
- Understand the key assets and liabilities, revenue and profitability including key financial ratios of a Listed Shipping Company.

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

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

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## Seminar Background

This is a follow-up Program from the Part I program on Shipping Financing. This program focuses on the various sources of ship finance and how to structure appropriately so as to meet the clients' requirements. It also discusses the various types of risks that are applicable to ship financing. Further, it suggests an optimal funding structure. The long term financing strategy that ship owners should adopt to enhance competitiveness and sustainability is also discussed.

This program also focuses on key salient points in Documentation and Certificates in Shipping Credit, and the Documentation required for a typical Shipping Loan for both pre-delivery and post-delivery financing. It also discusses how the International Conventions apply to the arrest of Ships in the event of a default. To aid in the learning process, further case studies will be introduced to reinforce the learning experience.

## Seminar Content

### ➤ Sources of Ship Finance

- Brief History
- Debt
  - Commercial Loans
  - Bonds
  - Private Placement
  - Shipyard Support Credit Provided by Government or Agency.
- Mezzanine Finance
- Equity
  - Owner Equity
  - Public Offering
  - Private Placement
  - Ship Fund
- Leasing
  - Finance Lease
  - Operating Lease
- Securitisation

### ➤ Forms of Risk

- Credit Risk
- Business Risk
- Market Risk
- Operational Risk

### ➤ Optimal Funding Structure

- Key Considerations in selecting a financing option.
- Advantages of debt financing over other options.
- Long-term benefits of equity and securitization

## Seminar Content (Cont'd)

- **Long Term Financing Strategy to Enhance Competitiveness and Sustainability**
  - Operating Cost
  - Fuel Cost
  - Revenue and cash flow availability
  - Managing and/or optimizing the Balance Sheet
  - Diversification
  - Deployment of Fleet
  
- **Documents and Certificates in Shipping Credits**
  - Evidence of Ownership
  - Tonnage Certificate
  - Class Certificate
  - Certificate of Registry
  - Certified Carving and Marking Note
  - Statutory Certificates
    - Various Ship Safety Certificates
    - International Load Line/Local Freeboard
    - International Oil Pollution Prevention (IOPP)
    - Document of Compliance
    - Safety Management Certificate (SMC)
    - Safety of Life at Sea (SOLAS)
    - Certificate of Fitness
    - International Ship Security Certificate (ISSC)
    - Maritime Labour Certificate (MLC)
  
- **Documentation required for Shipping Loans**
  
- **Pre-delivery Financing**
  - Financing the Shipyard
    - Terms of payment are some down payment and balance through a letter of credit
    - Terms of payment are progressive payments in accordance with ship building contract
  - Financing the owner/purchaser
    - Terms of payment are a) with no re-fundament guarantee b) with re-fundament guarantee
  
- **Post-delivery Financing**
  - Financing the owner/purchaser
  
- **International Convention on the Arrest of Ships**
  - What is an arrest? Why do you need to arrest? How to go about making an arrest?
  - Precautions to take in arresting and releasing a vessel.
  - When could a vessel be released?
  - Current International Agreement
  - Bank needs to know its status and rights in such a position

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## Seminar Content (Cont'd)

- **Protection & Indemnity Clubs**
  - A Brief History
    - International Group of P&I Clubs
    - Composition and operation
  - Who can be insured?
  - What do they cover?
  - Evidence of Cover in P&I Insurance
  - Letters of Undertaking and Loss Payable Clauses
  - Innocent Owners' Protection/Mortgagees' Interest/Breach of Warranty
  - Balancing the Financial Status of the Clubs
  
- **Case Study**
  - Analyse the Key Assets and Liabilities
  - Revenue and Profitability
  - Key Financial Ratios.

## Benefits of Attendance

Upon completion of this program, participants will:

- Know the History of Ship Finance and how it grew to what it is today.
- Have a knowledge of the various Sources of Ship Finance and in particular to be able to structure the transaction to meet the clients' needs.
- Know the various Types of Risks that are applicable to Financing Ships.
- Know how to select an Optimal Funding Structure.
- Understand the Long Term Strategy that Ship Owners should adopt to enhance Competitiveness and Sustainability
- Have a better understanding of the key Documents and Certificates involved in Shipping Credits
- Have a more in-depth understanding of the key Documentation involved in extending Shipping Loans for both pre-delivery and post-delivery financing
- Know how the International Conventions are applied to the Arrests of Ships in the event of default
- Have an awareness of the composition and operation of the Protection & Indemnity Clubs

## Who should attend?

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

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## 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  
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