

# Bank of Communications Financial Leasing

## Company Introduction

Marine Money Geneva - May 2019



# Bank of Communications Financial Leasing at a glance



## INTERNATIONAL BUSINESS



AVIATION



SHIPPING

## DOMESTIC BUSINESS



PUBLIC INFRASTRUCTURE



ENERGY EQUIPMENT



MACHINERIES

FOUNDED

**2007**

EMPLOYEES

**200+**

TOTAL ASSETS (RMB)<sup>1</sup>

**220 billion**

CORPORATE RATING<sup>2</sup>

**A- / A2 / A**

Note: 1) As per 30 June 2018, 2) Standard & Poor's, Moody's, Fitch Ratings

# A wholly-owned subsidiary of Bank of Communications

## Bank of Communications in brief

- Bank of Communications (BoCom) was founded in **1908** and is one of the note-issuing banks with the longest history in modern China
- Headquartered in **Shanghai**, BoCom is present in **16 countries** overseas and employs close to **100,000 people**
- The company was listed on the **HKSE** in June 2005 and on the **SSE** in May 2007
- BoCom together with its subsidiaries are a **full service financial provider**, which offer services such as commercial banking, securities, trust, financial leasing, fund management, insurance, and offshore financial services
- Ranked at **No. 11** among the global Top 1,000 banks rated in terms of Tier 1 Capital by *The Banker*
- Rated **A-, A2 and A** by Standard & Poor's, Moody's and Fitch Ratings, respectively

**127** billion

Net interest income (RMB)<sup>1</sup>

**70** billion

Net profit (RMB)<sup>1</sup>

**9,000** billion

Total assets (RMB)<sup>1</sup>

Note: 1) 2017 figures

Source: BoCom Annual Report 2017, Standard & Poor's, Moody's, Fitch Ratings

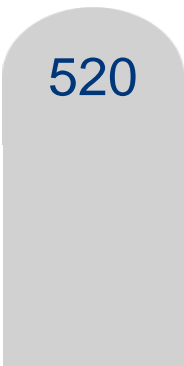
# International expansion through footprint in key regions



Continuously improving the organizational structure in order to deliver best-in-class services to our clients

# Ample liquidity and strong access to competitive capital sources

## Granted credit and liquidity (RMB bn)



Granted credit

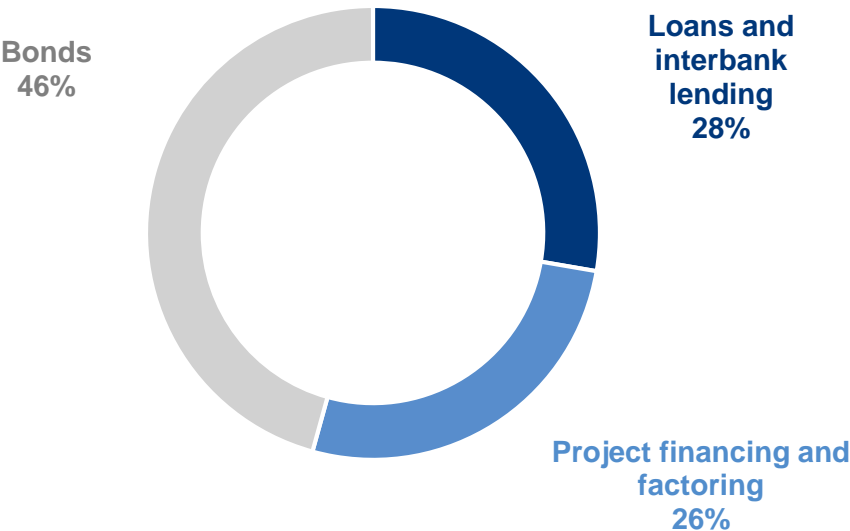


Available liquidity

90

Number of global banking partners

## Funding sources (foreign currency)



A-

MOODY'S

A2

FitchRatings

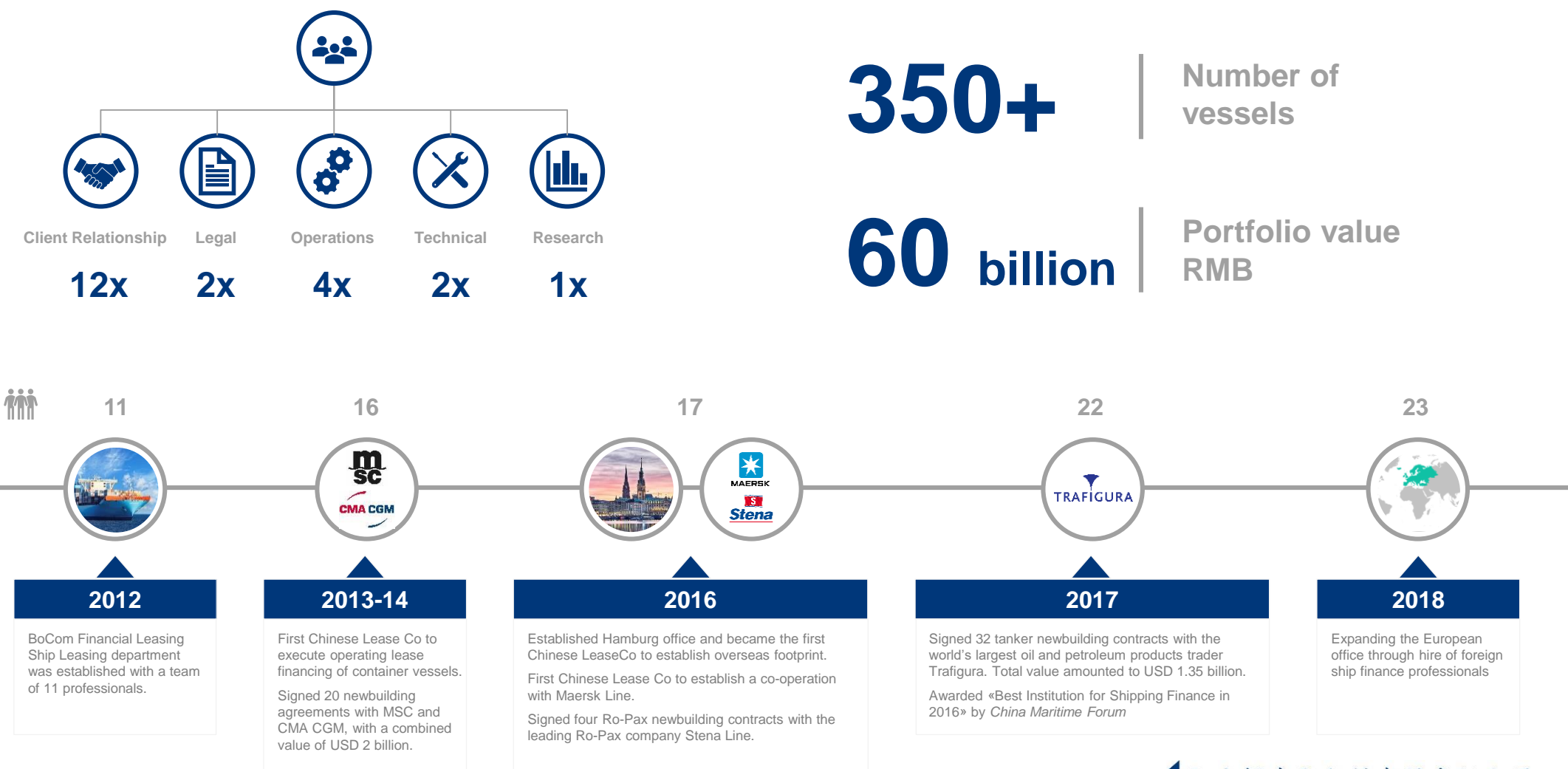
A

Source: As per 30 June 2018, Standard & Poor's, Moody's, Fitch Ratings

# Ship Leasing department at a glance

A professional and committed team...

...with a demonstrated execution track record

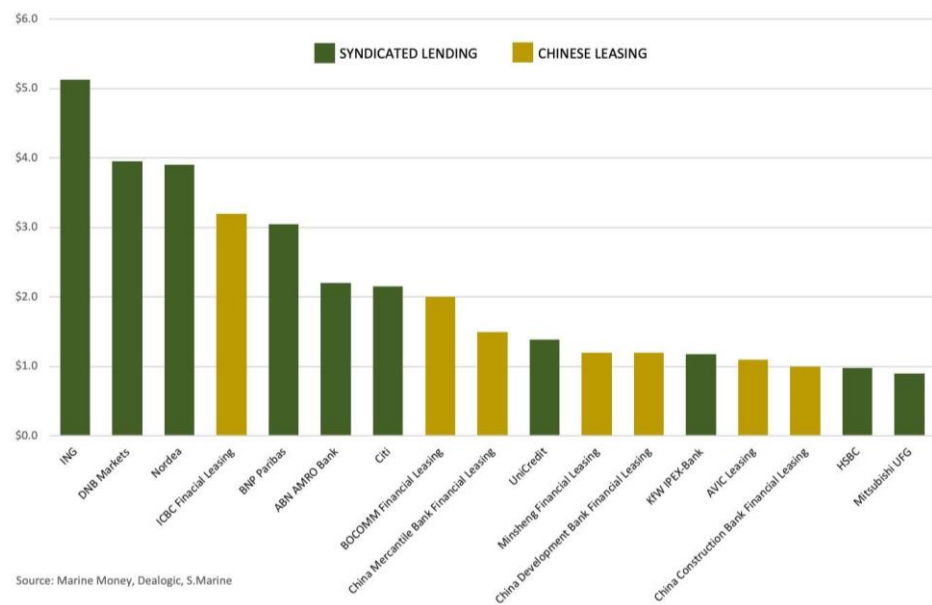


Source: As per 31 December 2018



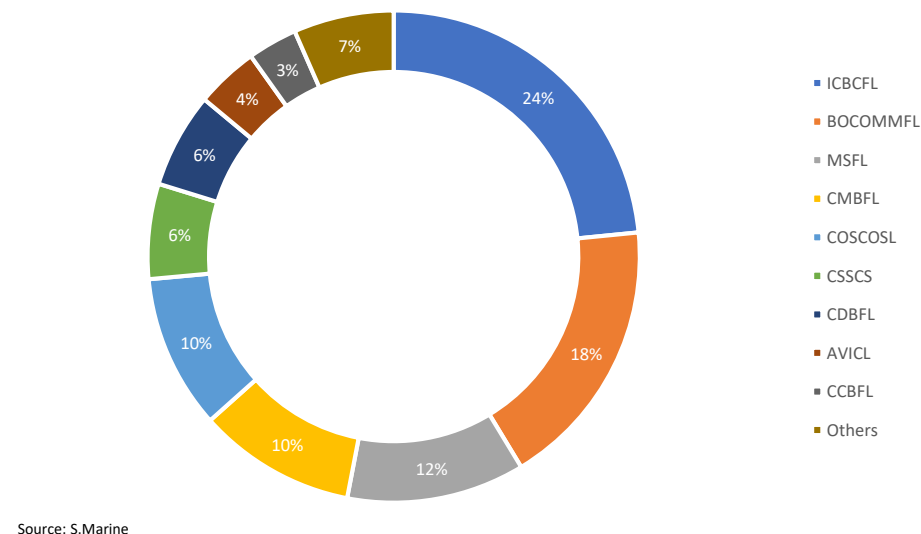
# Chinese Lessors still growing in the ship finance landscape

## 2018 ship finance league table



- Chinese leasing houses have developed into an established source of capital for asset-based lending to the maritime industry
- Granularity of portfolio is small, driven by small teams and major capital commitments

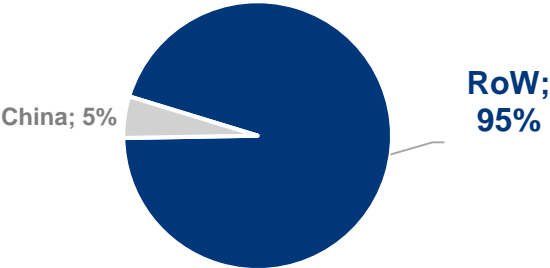
## Volume split of Chinese lessors



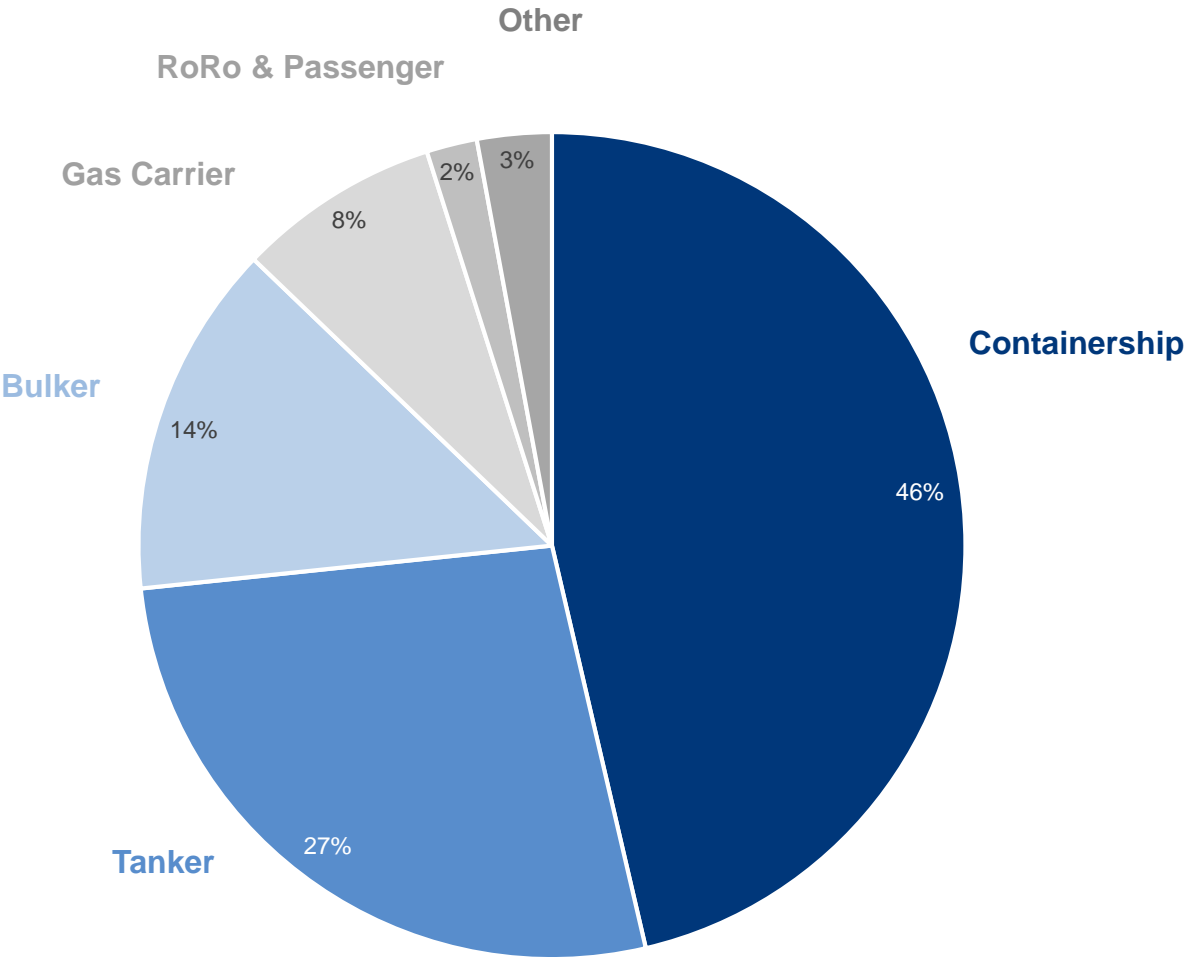
- Aggregated portfolio amounted to USD \$51Bn in 2018
- Major leasing houses still driving the bulk of the growth
- Yet, smaller houses quite active in the market with different deal focus

# Portfolio is continuously being optimized

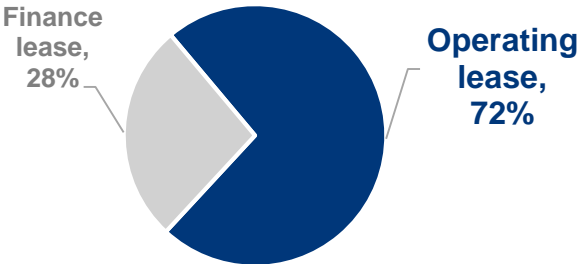
Portfolio by geography



Portfolio by vessel type



Portfolio by structure

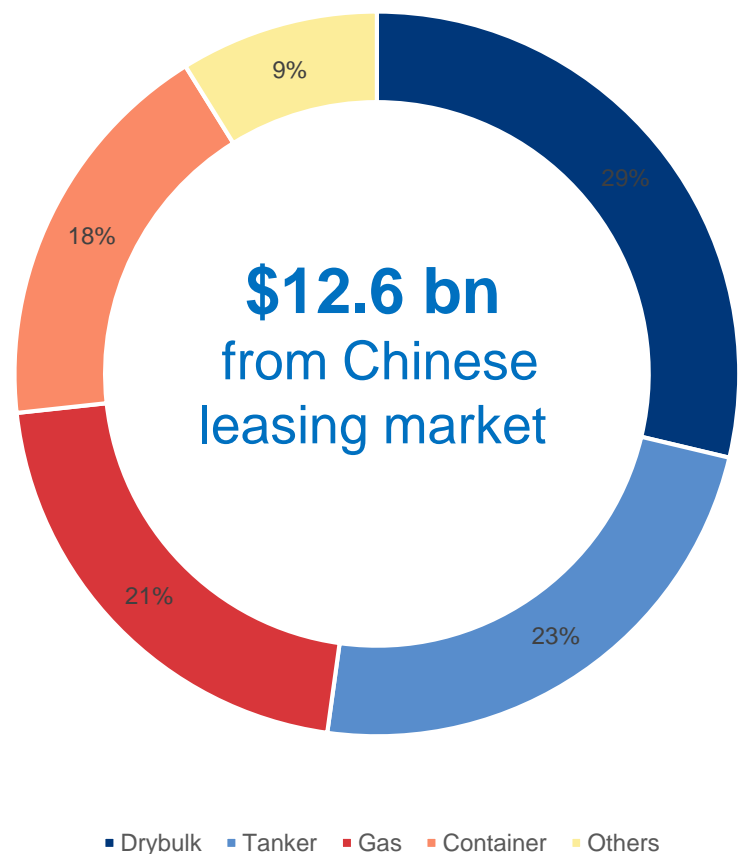


Source: As per 31 December 2018



# Segment split of new business shows diversification

Drawdown from Chinese Lessors by segment type in 2018



Source: S.Marine

# A growing list of strong and reputable clients

40+

Number of clients



350+

Number of vessels



# What are we offering: Custom-made and flexible financing solution

1

## Type of financing

- Newbuilding financing: Pre and Post-delivery
- Refinancing
- Growth / M&A financing

4

## Tenor and profile

- From 3 to 20 years on tenor
- Up to 25 years on profile

2

## Transaction size

- Typically USD 100+ million
- Can consider between USD 40 million to USD 100 million

3

## Leverage

- Up to 100%

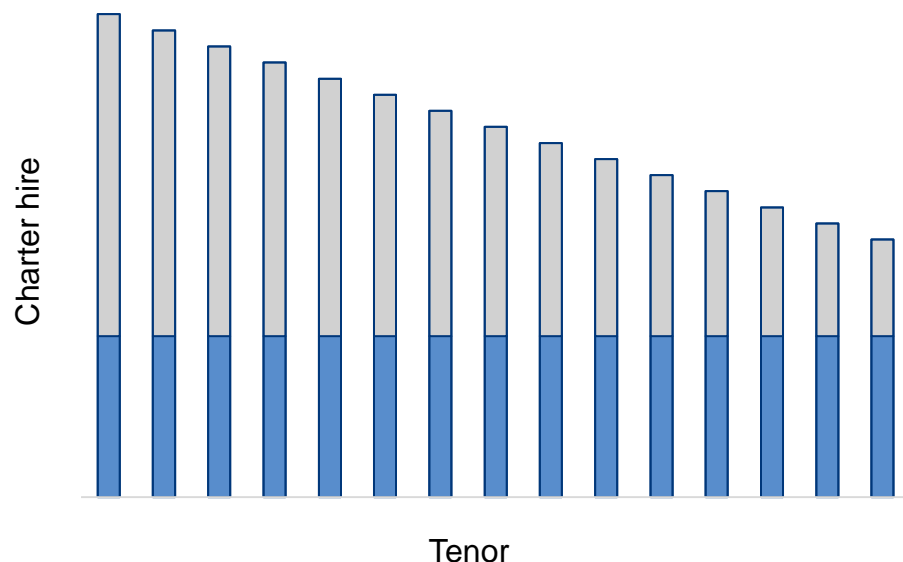
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## Other

- Operating lease and finance lease
- “Term Loan” and “Annuity Loan” payment schedule
- Purchase options
- Fixed and floating charter hire
- USD and EUR currency

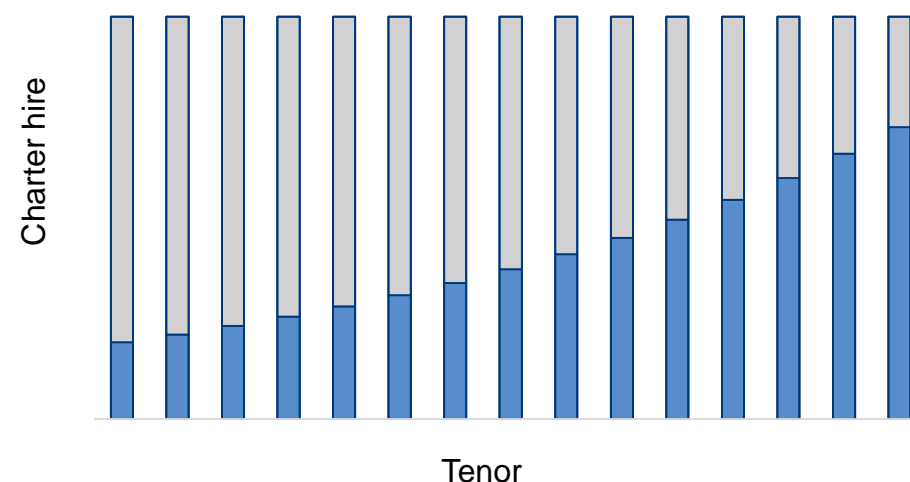
# What are we offering: “Term loan” vs. “Annuity loan” payment schedule

## Term loan payment schedule



- Amortizing charter hire payments, comparable to a term loan payment schedule
- Due to fixed “debt instalments” (light blue bar), charter hire payments are higher in the beginning years
- Decreasing “interest” payments

## Annuity loan payment schedule



- Fixed charter hire payments, comparable to an annuity style payment schedule
- The two structures differ from a cash flow perspective, but cost of capital is the same

# Advantages to our offering

1

## Attractive source of financing

- Low equity contribution and no shareholder dilution
- Low cost of capital and no “syndication” risk
- Large ticket size
- Single point of contact
- Funding diversification
- Standardized transaction documents

2

## Financial flexibility

- Purchase options enable “debt” prepayment and provide asset value upside to client
- Fixed or floating “interest rate” depending on client’s financial strategy and hedging policy
- Limited financial covenants compared to traditional financing sources
- No restrictions on use of proceeds and dividend payouts (normally)

3

## Operational flexibility

- Tenor depending on inter alia client preference
- Full control of the asset during charter tenor (commercial and technical)
- No residual value risk (operating lease)

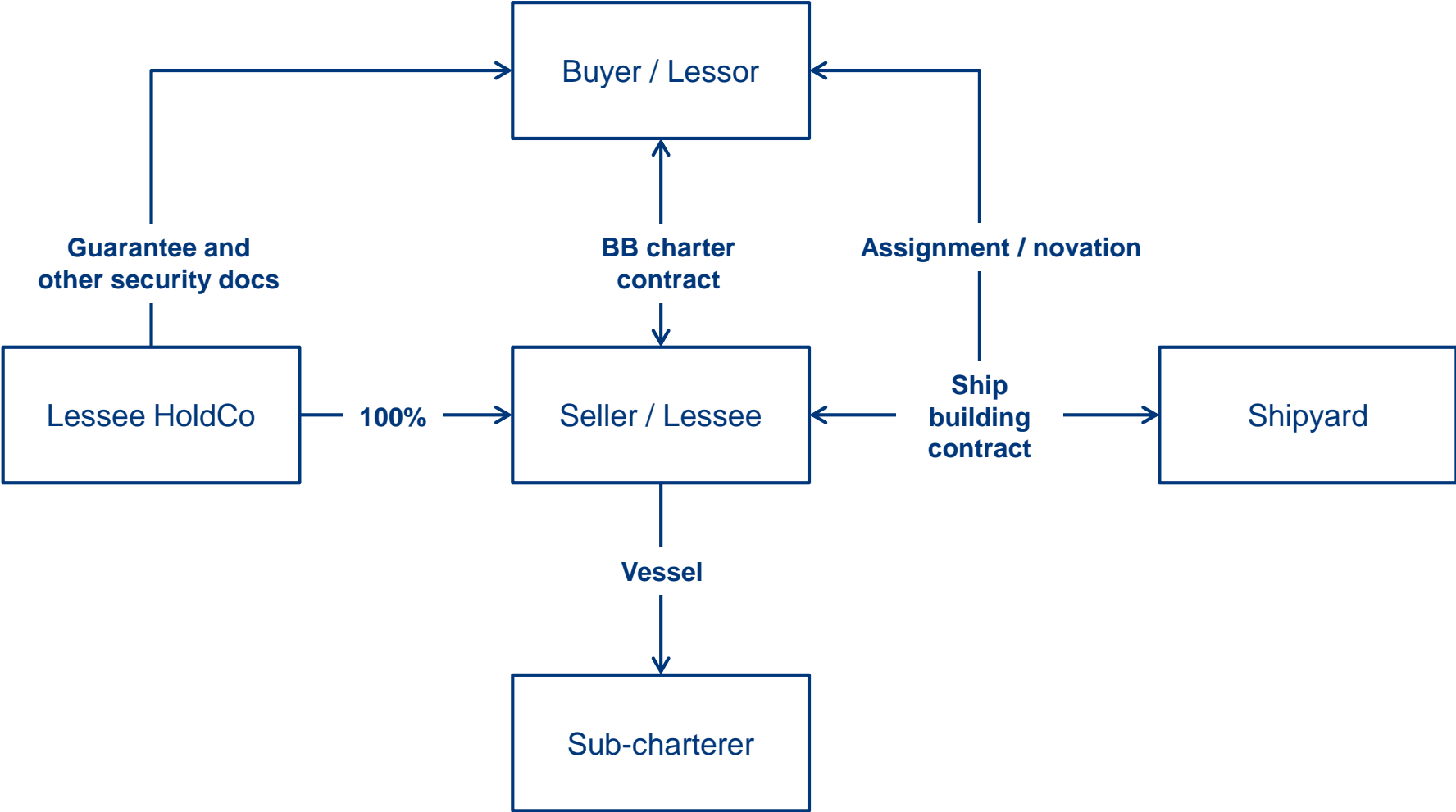
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# Thank You

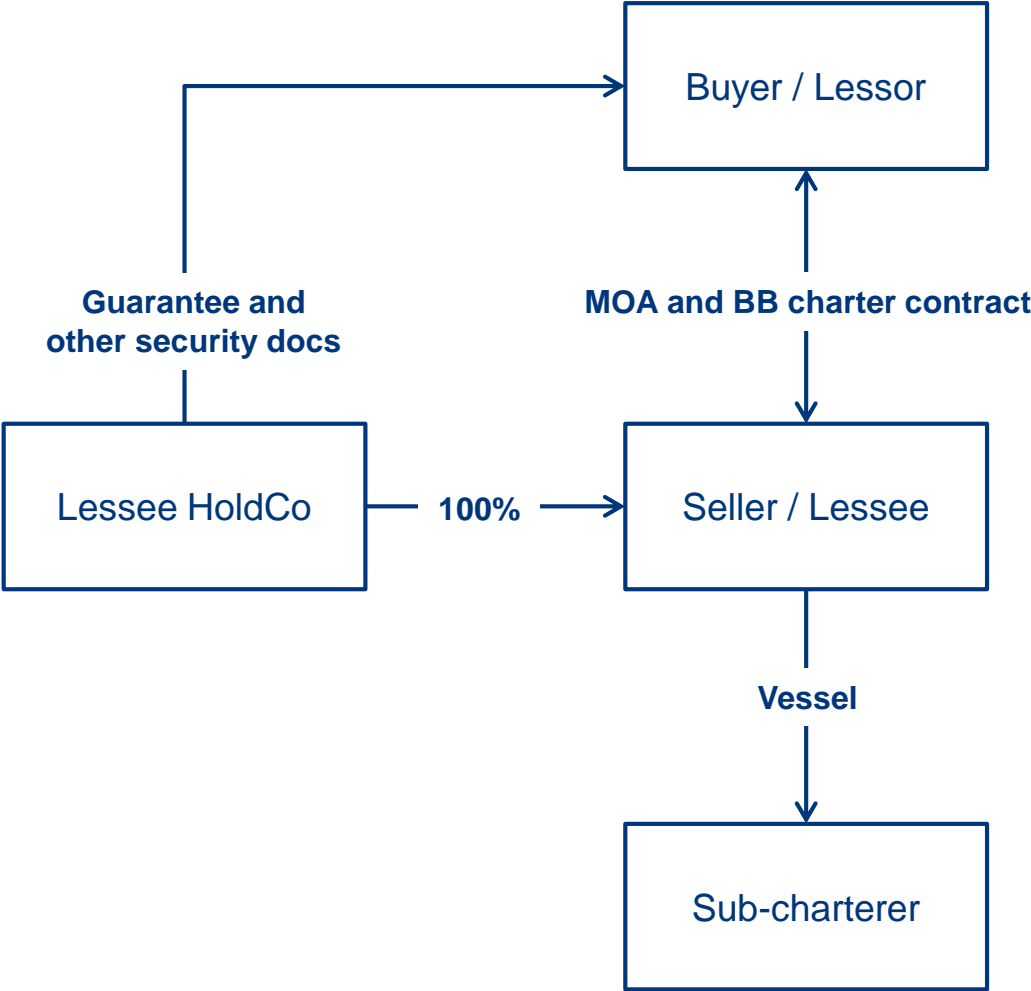




# Simplified transaction structure (Pre-delivery)



# Simplified transaction structure (Post-delivery and Refinancing)



# Typical transaction procedure



Note: 1) First draft