

EXAMPLE:
A SHIP OWNER HAS A FLEET OF 50 VESSELS

Retrofit equipment will be installed by the regular docking every 5th year.

Assumptions:

- Retrofit equipment per vessel: USD 1 m.
 - Total investment for the fleet: USD 50 m.
 - The ship owner applies for export financing before a contract with the Norwegian exporter is signed.
 - The ship owner enters into a contract for buying Retrofit equipment from Norwegian exporters.
 - The ship owner enters into a Credit Frame Agreement with Export Credit Norway with a total loan amount up to USD 42.5 m (85 % of USD 50 m).
- Duration of the Credit Frame Agreement:
Till last vessel of the fleet has been to docking in 2021.

The Table below is an illustration of this example:

Year	Docking of ship - Schedule												No	Loan-amount	Disbursement of Loan under the Credit Frame Agreement	
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec				
2017		2	3		6			3						14	11,9 m	2017-Disbursement in Aug.
2018			5			3				4				12	10,2 m	2018-Disbursement in Oct.
2019	2	4					4						1	11	9,35 m	2019-Disbursement in Dec.
2020	4			3				3						10	8,5 m	2020-Disbursement in Sep.
2021		1	1		1									3	2,55 m	2021-Disbursement in May
														50	42,5 m	

INTEREST RATE – EXAMPLES:
CIRR – period 15.09.-14.10.2016

- 5 years USD: 1.85 % pa.
- 8½ years USD: 2.13 % pa.
- 5 years EUR: 0.36 % pa.
- 8½ years EUR: 0.46 % pa.

The CIRR-rate will be the lowest of the Contract-CIRR at the date of signing the export contract and any valid Pre-Contract CIRR.

Market Rate – as of September 2016

- 5 year fixed margin (100 % ECA guarantee) over:
 - 3 M USD Libor + in the areas of 100 bps.
 - 3 M EUR Libor + in the areas of 70 bps (updated on request).

The borrower will prior to drawdown of the Loan choose between the CIRR-rate (fixed by the date of signing the export contract) or the market based at the date of drawdown.

EKSPORTKREDITT
Export Credit Norway

GIEK The Norwegian Export
Guarantee Agency

CIRR - RETROFIT

“FINANCING OLD LADIES”



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FINANCING RETROFIT EQUIPMENT

EXPORT CREDIT NORWAY

extends loans to large and small companies in Norway and abroad for purchases of capital goods and services from Norwegian exporters.

For exporters, we provide a strong sales argument by providing support to their export contracts .

For customers of the Norwegian export industry, we offer favourable long-term financing.

Export Credit Norway is wholly owned by the Norwegian Government.

GIEK

is a public-sector enterprise under the Ministry of Trade, Industry and Fisheries (NFD).

The primary purpose of GIEK is to promote Norwegian exports and investments abroad through the issue of guarantees.

The guarantees are issued on behalf of the Norwegian government. GIEK's guarantees may be given in connection with the supply of goods or services abroad and in connection with export transactions that promote Norwegian value creation (Norwegian interests).

Retrofit equipment is defined as capital goods (depreciable goods). Retrofit equipment will usually be installed during the regular «docking» every 5th year.

Example of retrofit equipment: «scrubber», ballast water cleaning systems, new coating systems, and other depreciable equipment.

CREDIT FRAME AGREEMENT

The Credit Frame Agreement will cover the total financing giving access to separate single loans on certain conditions, such as duration of the agreement, credit frame and other conditions that have to be fulfilled before disbursement of the respective single loans.

The separate loans

will include specific conditions for the loan such as:

- Loan amount.
- Interest rates, fees, repayment period etc.
- Guarantor(s), agent for the loan.

Loan amount

Up to 85 % of contract value for Norwegian equipment.

Maturity

5-8½ years per single loans, depending on the economic life, amount and type of investment.

Interest rate

CIRR-rate or Market based interest rate (IBOR).

Norwegian Content/Exporter statements

Norwegian content must account for at least 30 % of the amount of Norwegian supplier contracts. The exporter must confirm the Norwegian export and payment through an Exporter's statement document.

FREE OPTION

Please note that the ship owner is free to cancel the offer for financing without cost.

REMEMBER TO APPLY FOR A LOAN BEFORE
A COMMERCIAL CONTRACT IS SIGNED

GIEK GUARANTEE FRAME AGREEMENT

GIEK will make a credit assessment of the customer. The loans will be structured as single loans under a guarantee frame agreement and disbursed annually, in arrears, based on the total Norwegian equipment purchased each year (reimbursement structure).

GIEK can accept up to 85 % financing of the export contracts' value and can cover up to 90 % of the loan, however the most likely coverage would be 70-80 %. The residual risk (i.e. 20-30 %) to be covered by a commercial bank.

Corporate financing:

GIEK may accept unsecured financing, depending on the financial strength of the customer.

