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Sumitomo Mitsui Banking Corporation

Conclusion of a finance agreement with Korean Air Lines with AFIC insurance cover

TOKYO, June 5, 2017 - Sumitomo Mitsui Banking Corporation (SMBC, President and CEO: Makoto Takashima), and Development Bank of Japan Inc. (President & CEO: Masanori Yanagi), concluded a financing agreement with Korean Air Lines Co., Ltd (Head Office: South Korea). The agreement makes use of insurance coverage provided by the Aircraft Finance Insurance Consortium (AFIC), an insurance framework managed by Marsh, a global leader in insurance broking and risk management. The loan facility is in connection to the purchase of two Boeing 787-9 aircraft.

AFIC is a new aircraft finance insurance framework created to meet the rising funding needs of airline carriers to purchase new Boeing aircraft given the increasing global demand for air transport services. AFIC is made up of four private sector insurance companies: Allianz Risk Transfer, Axis Insurance, Sompo International, and Fidelis. Through AFIC, banks can obtain insurance coverage against non-payment of principal and interest on loans provided to airline carriers and leasing companies for the purchase of aircraft. As a beneficiary of AFIC coverage, SMBC collaborated closely with the above insurance companies. This was the first case in the world in which insurance coverage from AFIC was used in the purchase of aircraft.

SMBC continues to be at the forefront of promoting sophisticated financing solutions in the aviation industry, and collaborates with affiliates such as SMBC Aviation Capital, and Sumitomo Mitsui Finance and Leasing Company in providing aviation leasing and JOLCO, to meet the various requirements of airline carriers and investors globally.