

Investor Q&A #2

Date	March 2023
Investor Type/ Region	Central Bank / LATAM
Q&As	<p>Q1) Do you issue longer tenors such as 10 ~ 30 year? If not, what would be the major reason? A1) We do issue long tenors, and issued a 20 year tenor back in 2021. However, we are likely to focus more on short and intermediate tenor bonds mainly for ALM (Asset and Liability Management) purpose, given KEXIM's USD loan assets' average duration is approximately 3 to 4 years.</p> <p>Q2) What type of currency and how much size are you considering for next issuance? A2) Our funding target for 2023 is USD 13 billion equivalent. We have already issued USD 3.5 billion size bond early January, and we expect 1~2 additional global bond offering, presumably in USD or EUR in the remaining year. The rest of the funding target would be supplemented by other currency offerings or private placements. Although we flexibly adjust our funding strategy in line with changes in the market condition, our general funding scheme, for your reference, is as follows: We typically issue global bonds in USD 2~3 times a year and EUR once a year. We also try to regularly visit other currency markets including AUD, CHF, JPY and etc to diversify our funding sources. As for the private placement, we tend to look even broader into various currencies, such as emerging market currencies.</p> <p>Q3) How is KEXIM's spread level compared to Korea Treasury Bonds? A3) Although KEXIM has the same credit rating with Korean government, KEXIM's bonds tend to be traded slightly wider across the curve compared to KTBs. Still, from investors' perspective, KEXIM bonds provide deep liquidity and stable performance, and have shown relatively less volatility compared to other SSA issuers.</p> <p>Q4) What is the overall currency exposure on B/S side? A4) For both asset and liability sides, around 30% are denominated in KRW, while the remaining 70% are denominated in foreign currency, mostly USD. When we issue in foreign currencies other than USD, we usually swap it back to USD to match with USD denominated asset as to avoid any currency risks.</p> <p>Q5) How do you manage the duration gap between your asset and liabilities? A5) We have a separate risk management department who closely monitors the duration gap and advise us in terms ALM. For example, while our public offering bonds are generally longer-durated such as 5 and 10 year, we are also endeavouring to issue in shorter maturities through private placements to match the average duration of debts and assets. Currently, our average duration for loan assets is approximately 3~4 years, and average debt duration is slightly less than that. We do not see any material issue at current duration structure, and believe duration gap is well managed in an ALM perspective.</p>

Q6) Regarding the SVB situation and related market volatility, are you taking any actions on your asset management policies?

A6) As we do not see direct material impact from SVB situation for now, we have not taken any particular measures yet. Korean financial regulators are closely checking all banks' exposure to SVB and any potential impact. KEXIM confirmed that we have no direct exposure to SVB. As of June 2022, we are maintaining coverage ratio of 188% and BIS Capital Ratio of 14.1%, well above the governmental regulation on the back of strong government support. We will continue to monitor the market development and respond accordingly.

Q7) KRW bonds are expected to be included in the World Government Bond Index. What is KEXIM's view on this?

A7) Inclusion of KRW bonds to WGBI would have positive impact to Korean market, as it is expected to contribute to enhancing the stability of the government bond market and FX market. We also expect inflow of related funds, which will help to expand and diversify the investor base beyond our domestic market, thereby providing a stable fundraising basis.