



# The Export-Import Bank of Korea

## Investor Presentation

November 2023

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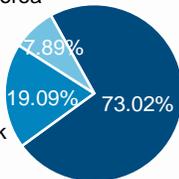
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- 02** Korea as a Top Export Country
- 03** Funding Activities
- 04** Sustainability Initiatives
- 05** Appendix

# Key Facts and Figures

## Government Linkage

- ✓ Ratings on Par with the Sovereign
  - Aa2** (Stable) MOODY'S
  - AA** (Stable) S&P Global
  - AA-** (Stable) FitchRatings
- ✓ 100% Government Ownership
  - The Bank of Korea ("BOK")
  - The Korea Development Bank ("KDB")
  - Government
- ✓ De-facto Government Guarantee
 

"Any net loss incurred by the Export-Import Bank of Korea during any fiscal year shall be covered by its reserves. **If the reserves are insufficient** to cover the net loss, the **Government shall provide funds to cover such net loss.**"

- Article 37 of the KEXIM Act

## Funding Activities

- ✓ A Seasoned and Frequent Issuer
  - 5 benchmark offerings annually on average
  - 2<sup>nd</sup> largest global bond issuer out of APAC
  - Over 30 funding currencies
  - Providing liquidity across the curve
  - Stable secondary performance

## Operation and Financial Highlights<sup>1</sup>

|  |   |
|--|---|
| <b>USD 97.4bn</b><br>Total Assets <sup>2</sup>                         | <b>USD 322mn</b><br>Net Income <sup>3</sup>           |
| <b>USD 10.1bn</b><br>Paid-in Capital <sup>2</sup>                      | <b>13.4%</b><br>BIS Ratio                             |
| <b>USD 99.6bn</b><br>Total Loan and Guarantee Outstanding <sup>2</sup> | <b>USD 59.3bn</b><br>Total Disbursements <sup>3</sup> |

## ESG

|                                     |  |  |
|-------------------------------------|--|--|
| <b>USD 8.5bn</b><br>Total ESG Bonds | <b>1<sup>st</sup> Blue Bond</b><br>Out of Korea (2023) | <b>1<sup>st</sup> Green Bond</b><br>Out of Asia (2013) |
|-------------------------------------|--|--|

Source: KEXIM

Note: <sup>1</sup>All numbers are as of and for the year ended December 31, 2022;

<sup>2</sup>Applied exchange rate (KRW/USD) = 1,264.5 (Exchange rate as of December 29, 2022); <sup>3</sup>Applied exchange rate (KRW/USD) = 1,292.0 (2022 Average exchange rate)



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01

# A Leading Policy Bank in Korea

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# Korea's Official Export Credit Agency

Korea's key policy arm with 100% Government ownership

## KEXIM at a Glance

### Classification

- ✓ Sovereigns, Supranational and Agencies ("SSA")
- ✓ Export Credit Agency
- ✓ Schedule B issuer (Sovereign Status) under the U.S. Securities and Exchange Commission ("SEC")

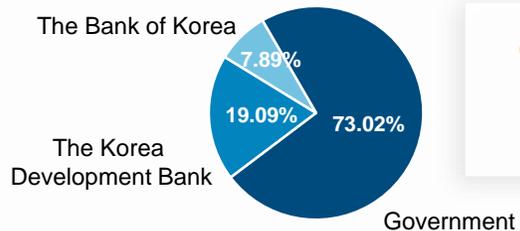
### Policy Mandate

- ✓ Promoting international business of Korean companies
- ✓ Operation of two Government-entrusted funds

### Ratings

- ✓ Aa2 / AA / AA- (all stable)
- ✓ On par with the sovereign

### Ownership Structure



**100%** owned by the Government (directly and indirectly)

## Key Operations as a Policy Implementation Arm

### Export Credit Agency



#### Loans

- ✓ Provides loans to eligible entities related to exports, imports, and overseas investments



#### Guarantees

- ✓ Pays for loans or the beneficiary's demand for payment if the applicant (borrower) fails to make the payment or fulfill the contract

### Government-entrusted Fund



#### Economic Development Cooperation Fund

- ✓ Promotes economic cooperation with developing countries by providing funding for their economic stability



#### Inter-Korean Cooperation Fund

- ✓ Contributes to the economic cooperation and social / cultural exchange with North Korea by promoting economic and social projects

# True Sovereign Credit

Ratings on par with the sovereign and exempt from standalone credit assessment

## Ratings on Par with the Sovereign



## De-facto Guarantee from the Government

*“Any net loss incurred by the Export-Import Bank of Korea during any fiscal year shall be covered by its reserves. **If the reserves are insufficient to cover the net loss, the Government shall provide funds to cover such net loss.**”*

- Article 37 of the KEXIM Act

## Exempt from Standalone Credit Assessment by Rating Agencies

|                                     |  Korea Eximbank<br><small>THE EXPORT-IMPORT BANK OF KOREA</small> | Policy Bank A  | Policy Bank B   | Quasi-sovereign A |
|-------------------------------------|--|----------------|-----------------|-------------------|
| Government Ownership                | 100%   | 100%           | 68.5%           | 100%              |
| Credit Ratings (M / S / F)          | <b>Aa2 / AA / AA-</b>  | Aa2 / AA / AA- | Aa2 / AA- / AA- | Aa2 / AA / AA-    |
| Schedule B Eligibility <sup>1</sup> | Yes  | Yes            | No              | No                |
| Standalone Credit Profile           | Moody's  | ba2            | baa2            | ba2               |
|                                     | S&P Global   | bb-            | bbb+            | bb                |
|                                     | FitchRatings   | Not Applicable | a-              | Not Applicable    |

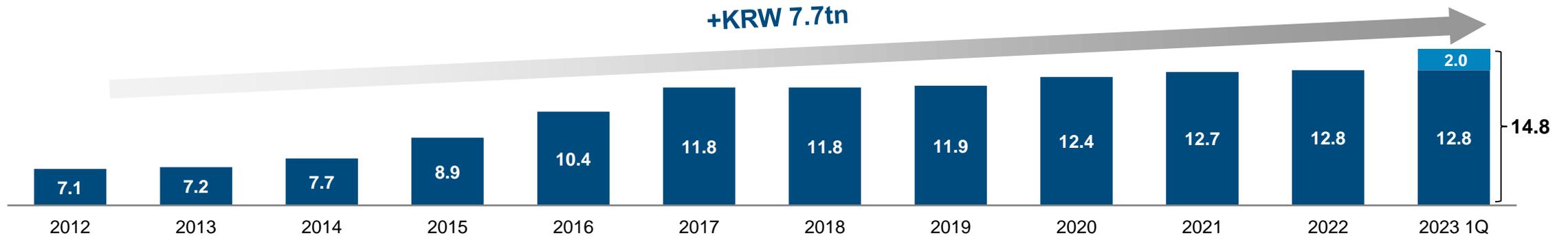
**Moody's**: *“We do not assign a Baseline Credit Assessment to KEXIM because of our expectation of extraordinary government support based on KEXIM's public-policy mandate to support Korea's export and import sectors...”<sup>2</sup>*

# Solid Capital Base with Government Support

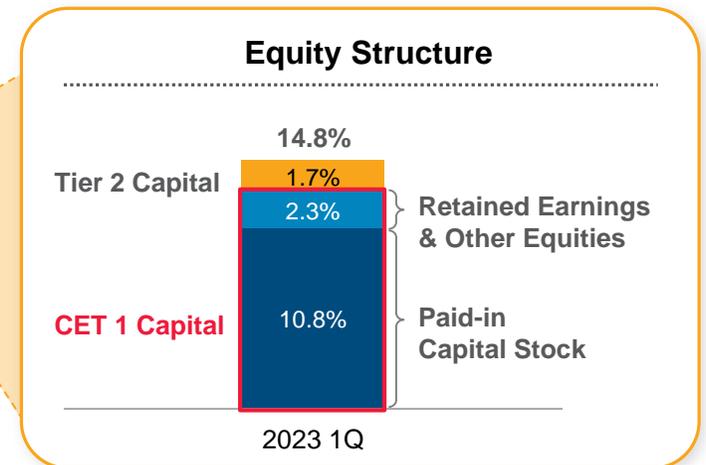
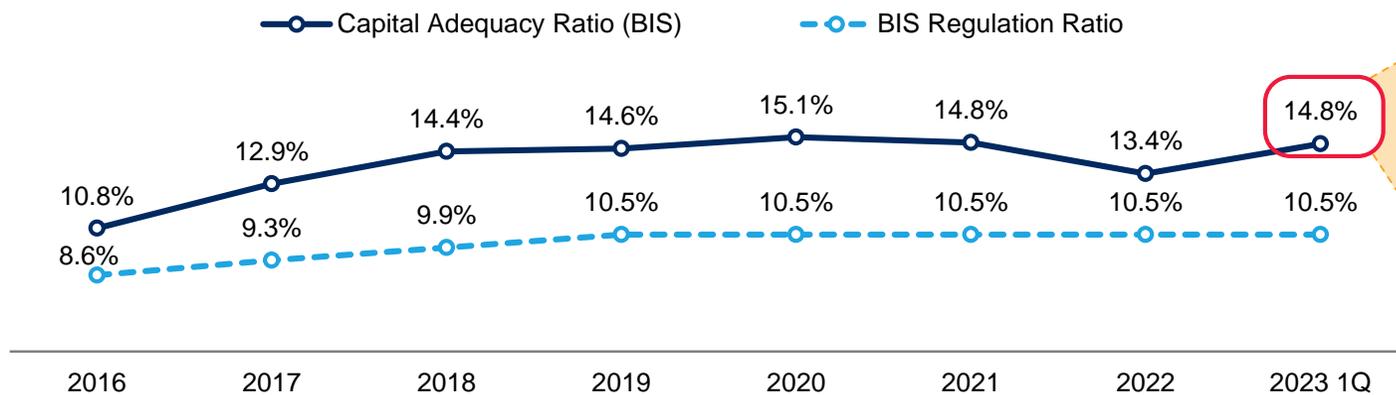
Robust capital adequacy ratio on the back of Government capital injections

## Continued Government Capital Injections Showing Unwavering Commitment to KEXIM

(cumulative, KRW tn)



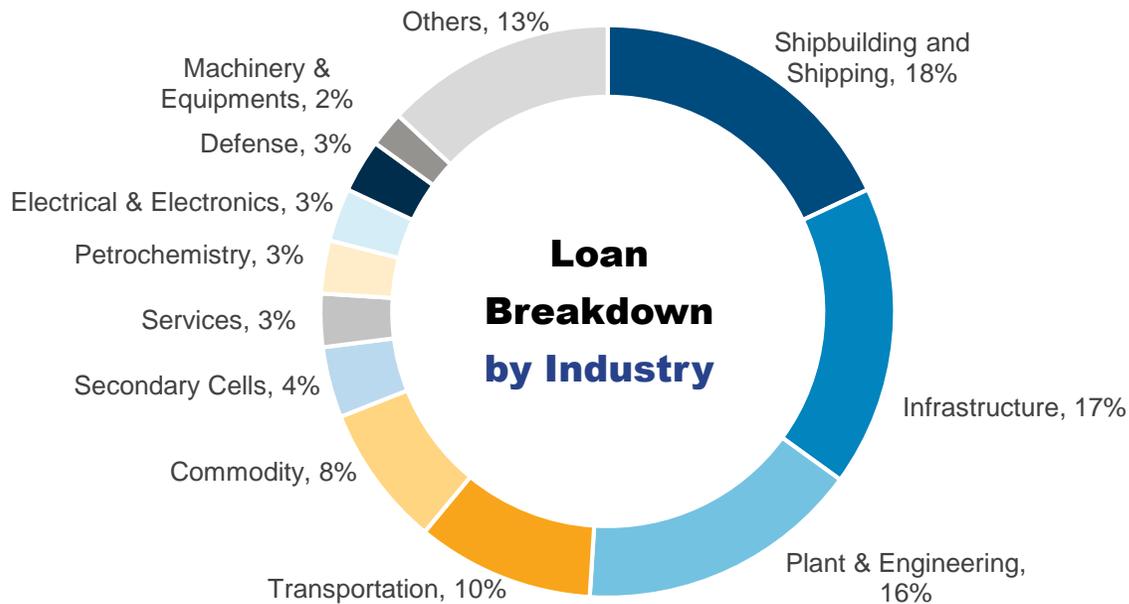
## Capital Adequacy Ratio Far above the Regulatory Requirement



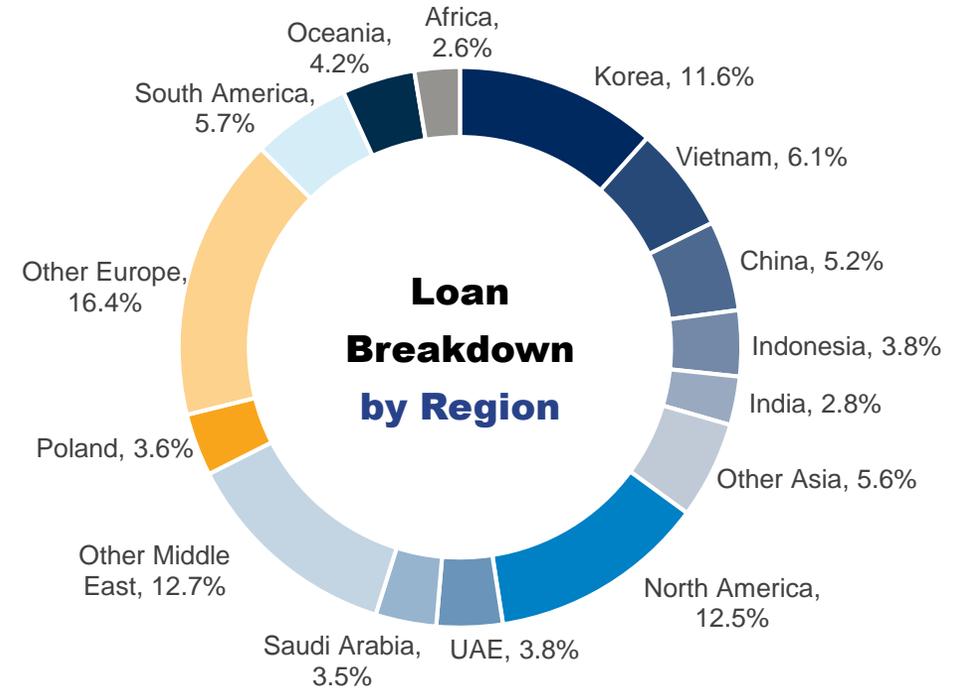
# Key Supporter of Korea's Export Industry

Diversified loan portfolio covering Korea's major industries

Supporting Korea's major industries...



...in their offshore growth strategies



## Key Companies Financed

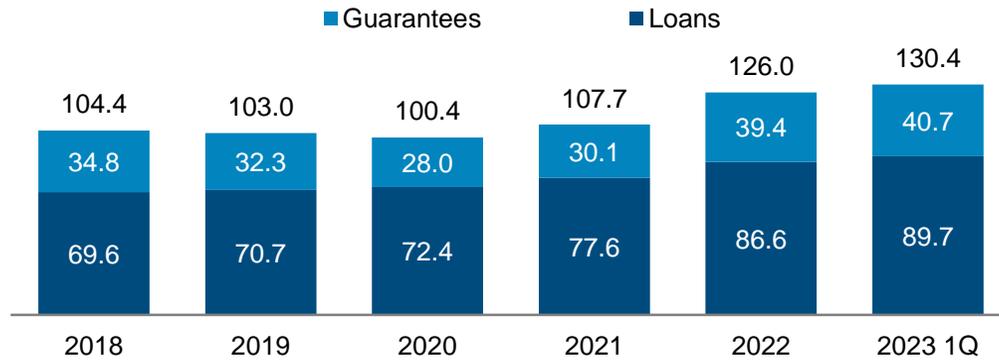


# Robust Asset Quality with Sound Profitability

## Prudent risk management beyond the policy mandate

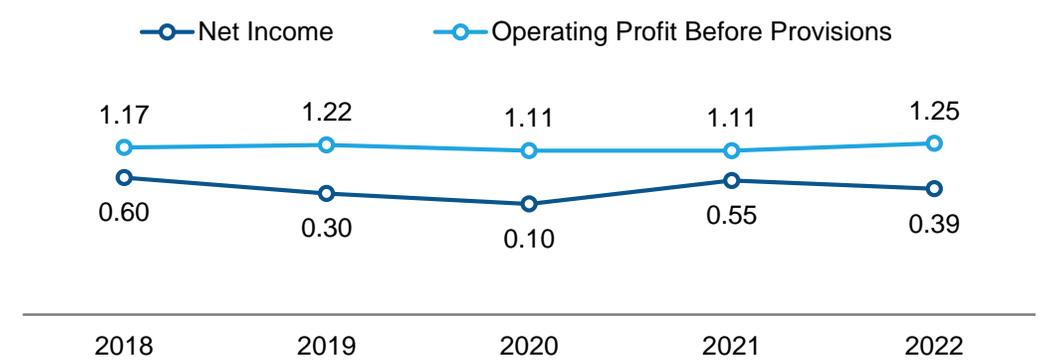
### Stable Outstanding Credit Balance<sup>1</sup>

(KRW tn)



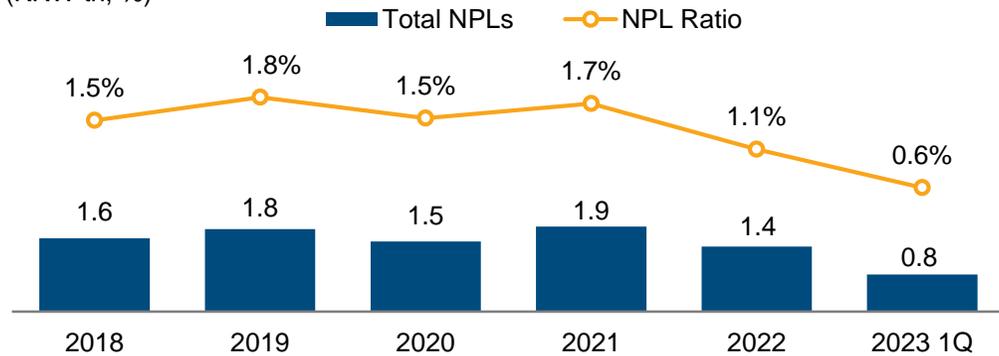
### Policy Bank with Steady Profitability<sup>2</sup>

(KRW tn)



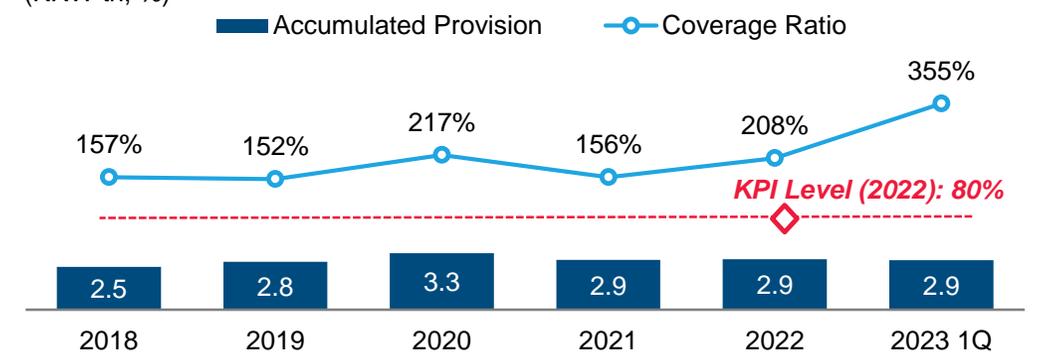
### Well-managed & Downward Trending NPL Ratio<sup>1</sup>

(KRW tn, %)



### Prudent Coverage Ratio<sup>1</sup>

(KRW tn, %)



Source: KEXIM, FSS as of March 31, 2023  
 Note: <sup>1</sup>2023 1Q numbers are unaudited; <sup>2</sup>on a standalone basis

# Proven Risk Management Policies

## Balancing KEXIM's policy role and stability through credit cycles

### Strong Risk Management Framework



### Advanced Risk Management Policies

K

**Market Risk Policy**

- New standard approach:** BASEL III financial market risk framework known as "FRTB" to measure market risk since January 2023
- Monitoring Risk limits:** exposure limit, total loss limit and stop loss limit for trading book (including fixed incomes and derivatives)

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**Capital Adequacy Policy**

- Define **Capital Adequacy Ratio (CAR) target**
- Operate **step-by-step countermeasures for CAR decline**

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**Liquidity Policy**

- Key Indicators:** Foreign Currency Liquidity Ratio<sup>1</sup> and Foreign Currency Liquidity Gap Ratio<sup>2</sup>

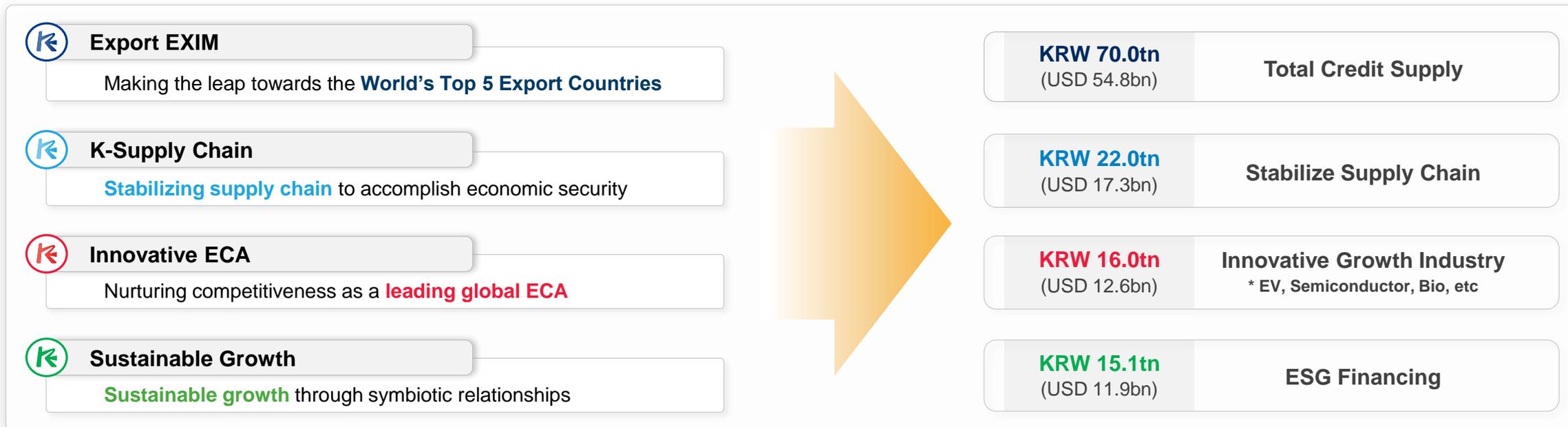
| Foreign Currency Liquidity Ratio |        |         |          |
|----------------------------------|--------|---------|----------|
| Guideline                        | • 100% | 2023 1Q | • 211.6% |

| Foreign Currency Liquidity Gap Ratio |                                   |         |                                     |
|--------------------------------------|-----------------------------------|---------|-------------------------------------|
| Guideline                            | • -3% (7 day)<br>• -10% (1 month) | 2023 1Q | • 8.5% (7 day)<br>• 12.5% (1 month) |

# KEXIM Business Plan for 2023

## 4 Core Strategies to expand KEXIM's policy roles

KEXIM has set up 4 core strategies to lead the way for Korean exports<sup>1</sup>



### ※ Mid-Term Plan for 2023-2025

|               |                                  | 2023                  | 2024                  | 2025                  |
|---------------|----------------------------------|-----------------------|-----------------------|-----------------------|
| <b>Credit</b> | New Credit Supply                | KRW 70tn (USD 55bn)   | KRW 71tn (USD 56bn)   | KRW 72tn (USD 57bn)   |
|               | Outstanding Credit Balance       | KRW 139tn (USD 109bn) | KRW 142tn (USD 111bn) | KRW 145tn (USD 114bn) |
| <b>Debt</b>   | Foreign CCY Funding <sup>2</sup> | USD 16.5bn            | USD 19bn              | USD 19bn              |
|               | KRW CCY Funding                  | KRW 25tn (USD 20bn)   | KRW 26tn (USD 20bn)   | KRW 27tn (USD 21bn)   |

# Continuous Efforts to Fulfill KEXIM's Policy Role

## Business plans in line with Government's policy directions

### KEXIM's roles under the Government's export growth plan



 **Korean Government's Policy Direction to Accelerate Export Recovery**



**Increase Financial & Fiscal Support**

- ✓ **Trade finance: KRW184tn in 2H 2023**
- ✓ Government budget support: KRW1.5tn
- ✓ Fiscal aid: Expand export voucher program
- ✓ Tax support: Expand benefits for export business



**Promote Export Diversification**

- ✓ **Financial and fiscal support for export diversification**
- ✓ **Government support for large project contracts (Nuclear Power, Defense, Plants and Infrastructure)**



**Expand Overseas Business**

- ✓ Aim to achieve USD 35bn overseas projects
- ✓ **Increase capital of KEXIM to support large scale overseas projects**
- ✓ Diplomatic sales initiatives

 **As an export credit agency, KEXIM will play a crucial role in implementing the Government's export growth strategies**



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# Korea as a Top Export Country

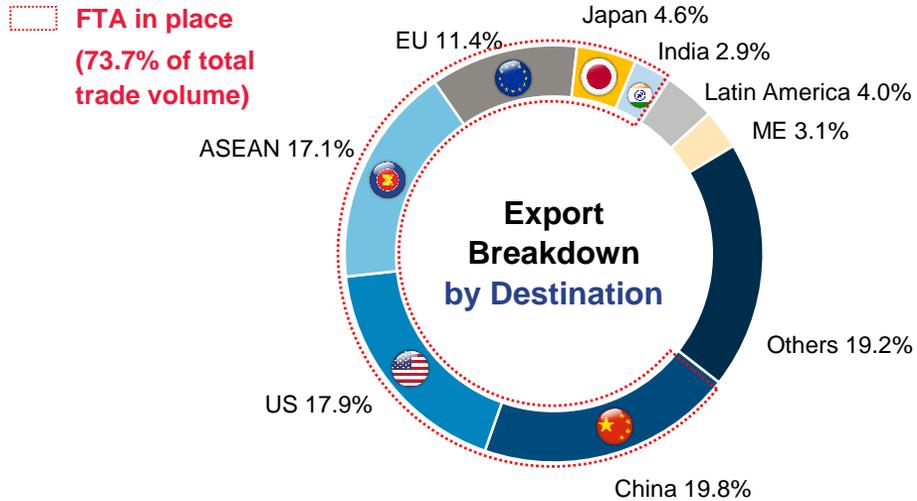
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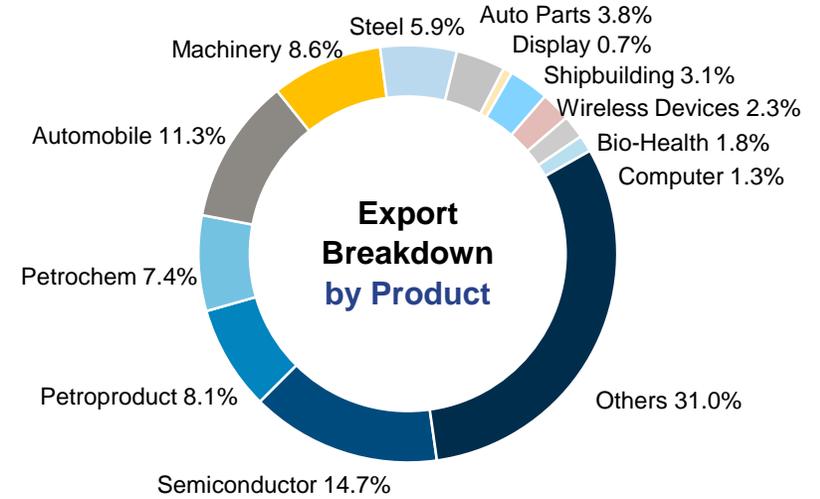
# Well-balanced Export Portfolio

Extensive number of export products with diversified export partners

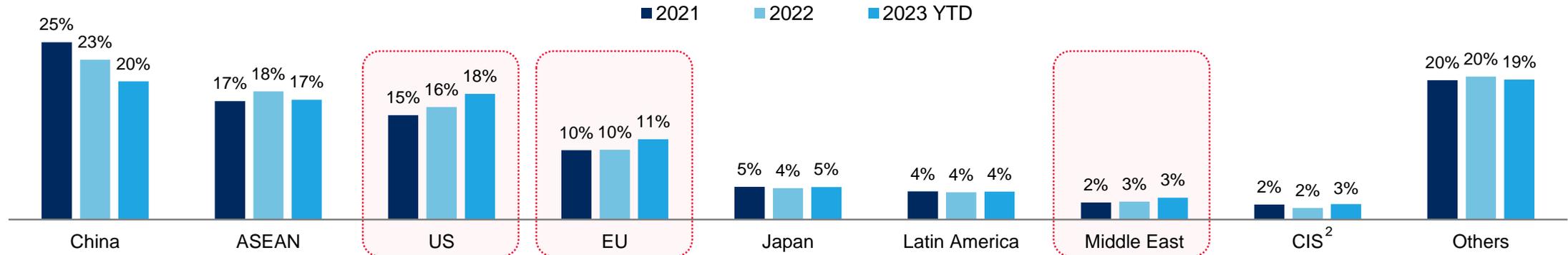
## Varied Export Partners<sup>1</sup>



## Diversified Exports<sup>1</sup>



## Export Diversification

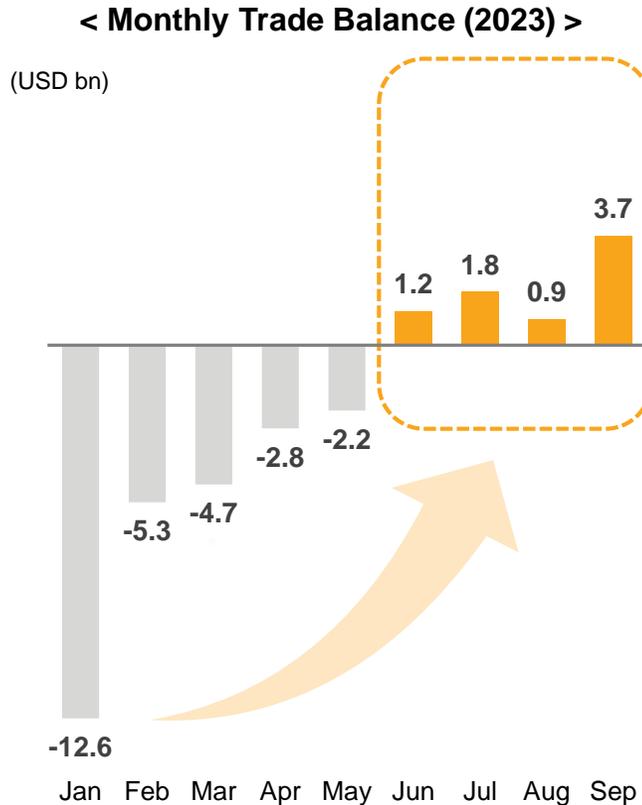


Source: MOTIE as of September 30, 2023  
 Note: <sup>1</sup> 2023 Jan-Aug; <sup>2</sup> Commonwealth of Independent States

# Exports Recovery on the Horizon

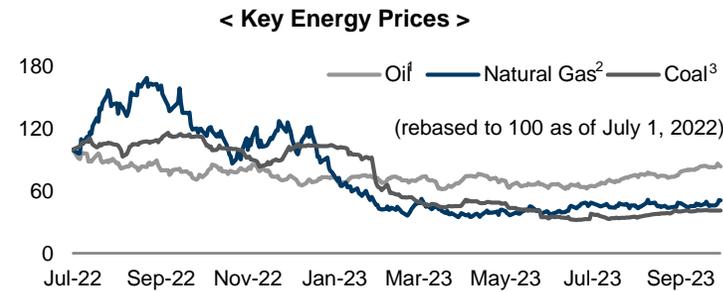
## Three factors acting as tailwind to Korea's exports

### Rationale Behind Trade Balance Recovery



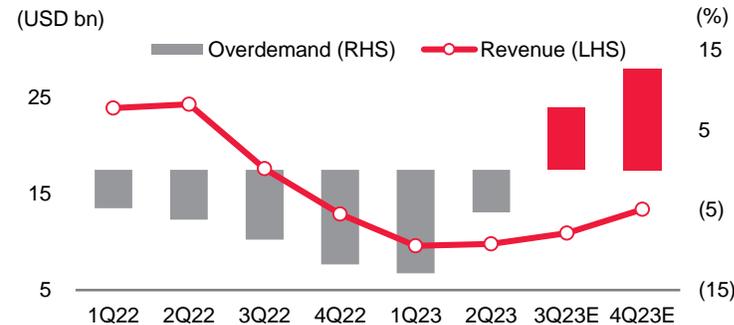
#### 1 Energy Price Stabilization

✓ Energy price: Downward trend since 2H2022



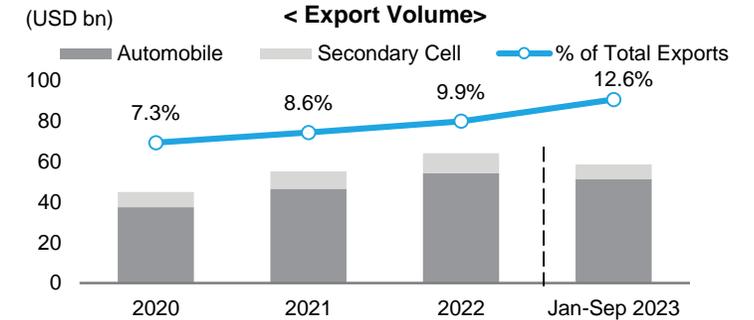
#### 2 DRAM Sales Outlook

✓ Global demand for DRAM expected to rebound

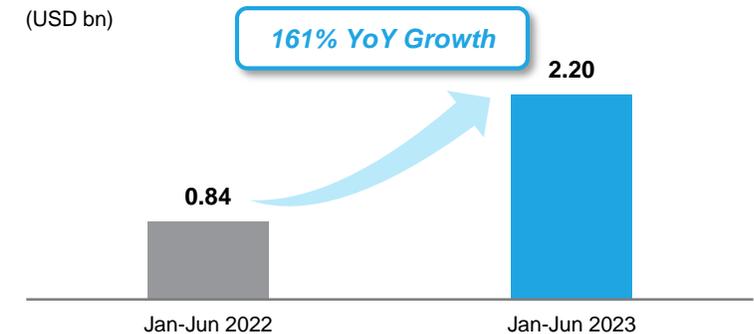


#### 3 Auto and Battery Sector

✓ Automobile and Secondary Cell as new export drivers



#### <Secondary Cell Related Export to the US>

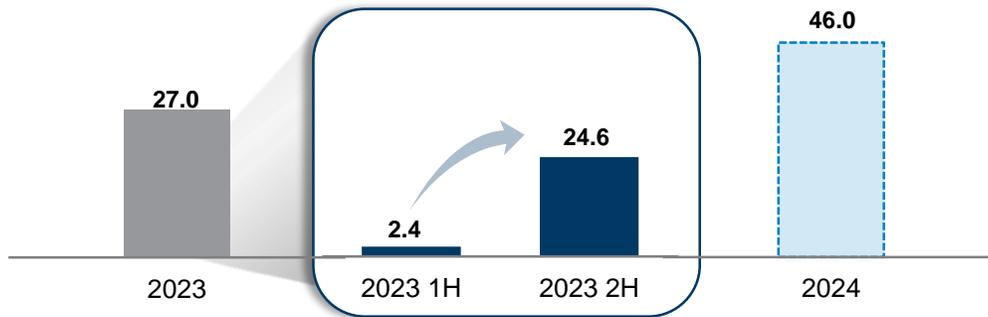


# Resilient Korean Economy Despite Macro Headwinds

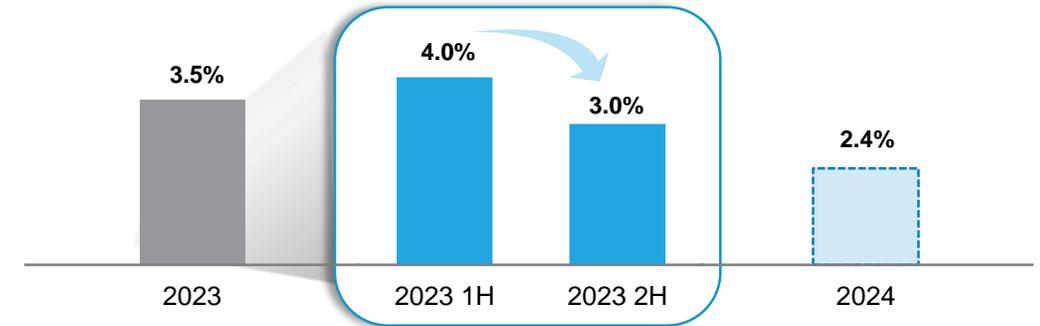
Economic recovery to accelerate into 2H 2023 and 2024

## Current Account

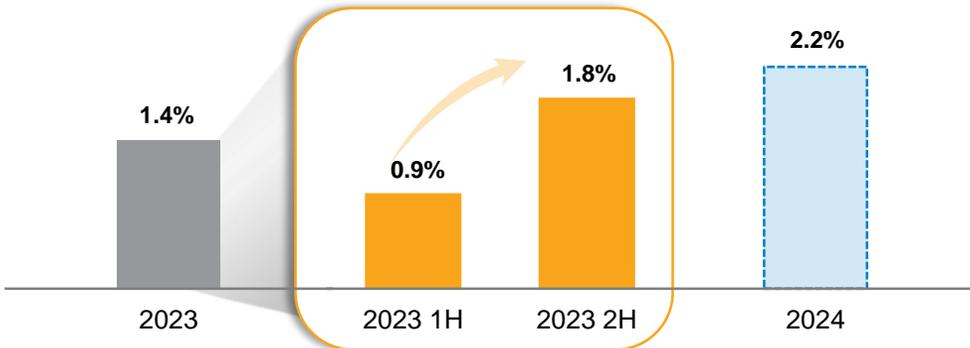
(USD bn)



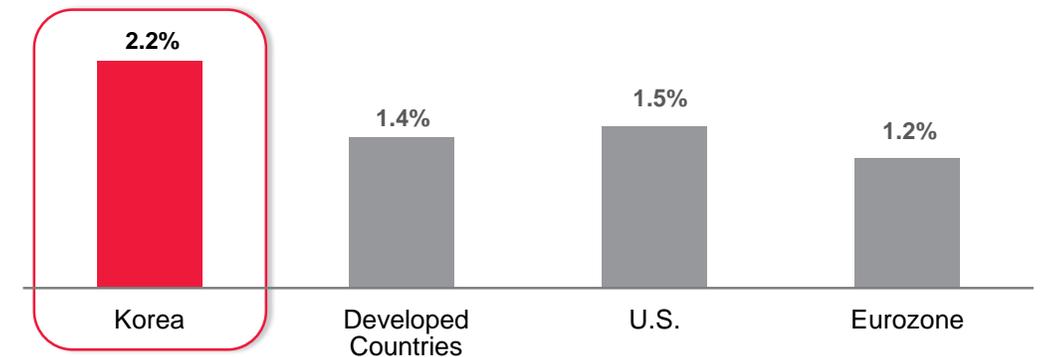
## Inflation



## Economic Growth



## 2024 Growth Forecasts





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# 03

## Funding Activities



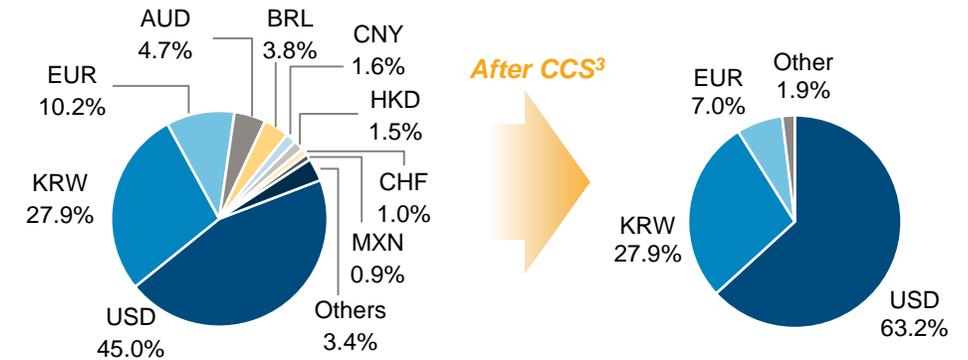
# Active Foreign Currency Funding

One of the most sophisticated and largest bond issuers out of APAC

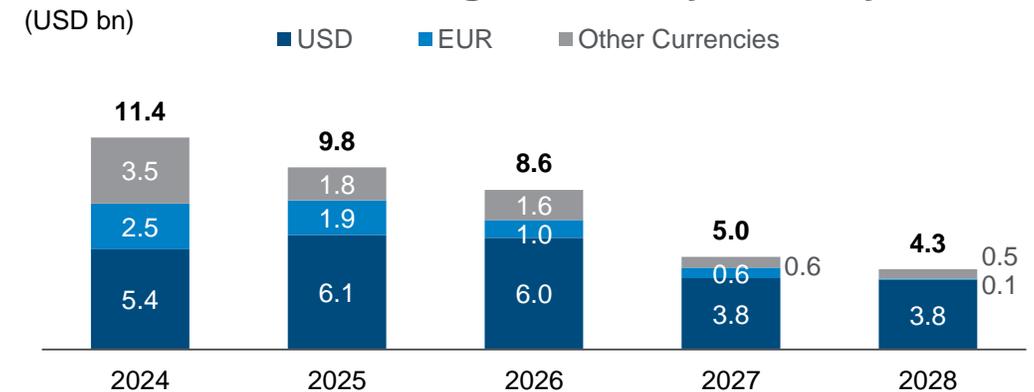
## 2<sup>nd</sup> Largest G2 Currency Issuer among APAC SSA<sup>1</sup>

| Rank | Issuer   | Issuance Amount (USDmn) |
|------|--|-------------------------|
| 1    | ADB  | 24,372                  |
| 2    |  Korea Eximbank<br><small>THE EXPORT-IMPORT BANK OF KOREA</small> | 7,882                   |
| 3    | JBIC   | 6,315                   |
| 4    | KDB  | 4,483                   |
| 5    | AIIB   | 4,312                   |
| 6    | DBJ  | 2,897                   |

## Diversified Foreign Currency Funding Sources<sup>2</sup>



## Well-distributed Foreign Currency Maturity Profile



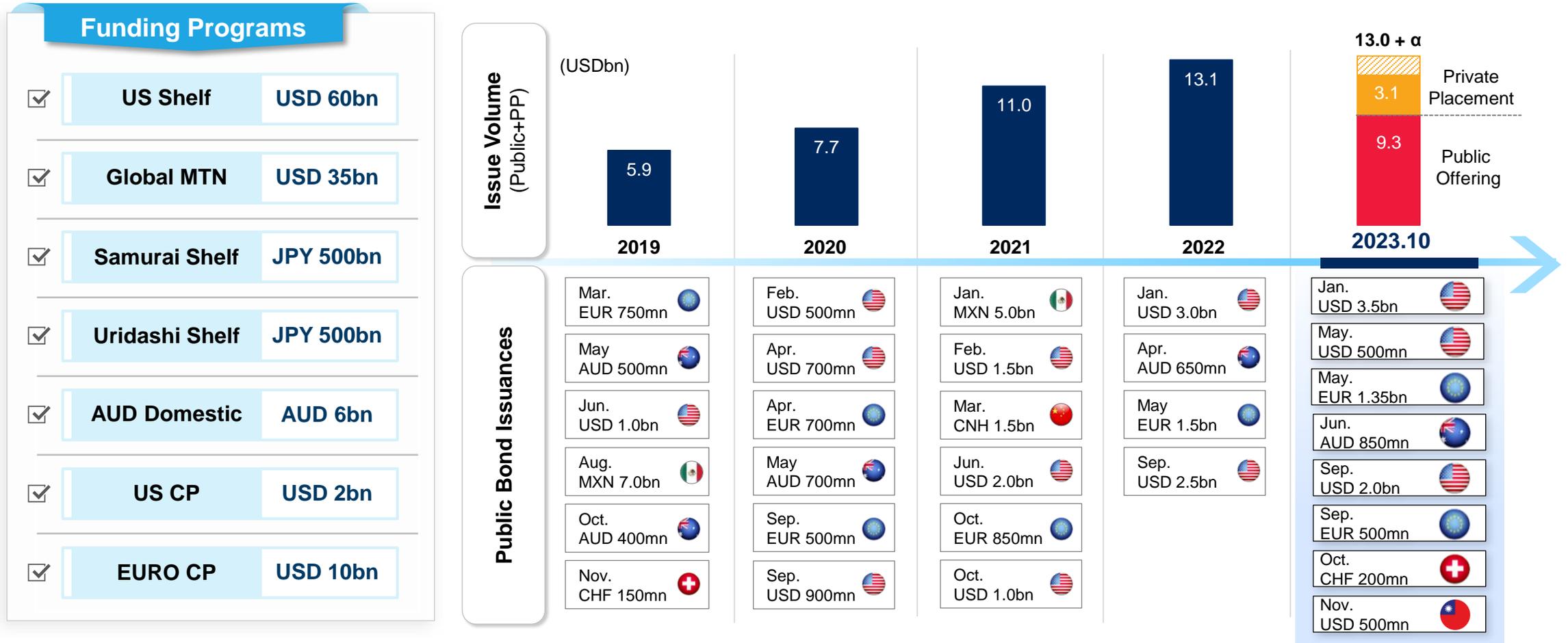
Source: KEXIM, Bloomberg as of October 25, 2023

Note: <sup>1</sup>Issuance in 2022, <sup>2</sup>Including CP (as of June 30, 2023); <sup>3</sup>Cross Currency Swap

# Strong Presence in International Capital Markets

Establishing new benchmarks for Korean issuers across different currency markets

Presence in the Major Currency Bond Markets through various funding programs<sup>1</sup>



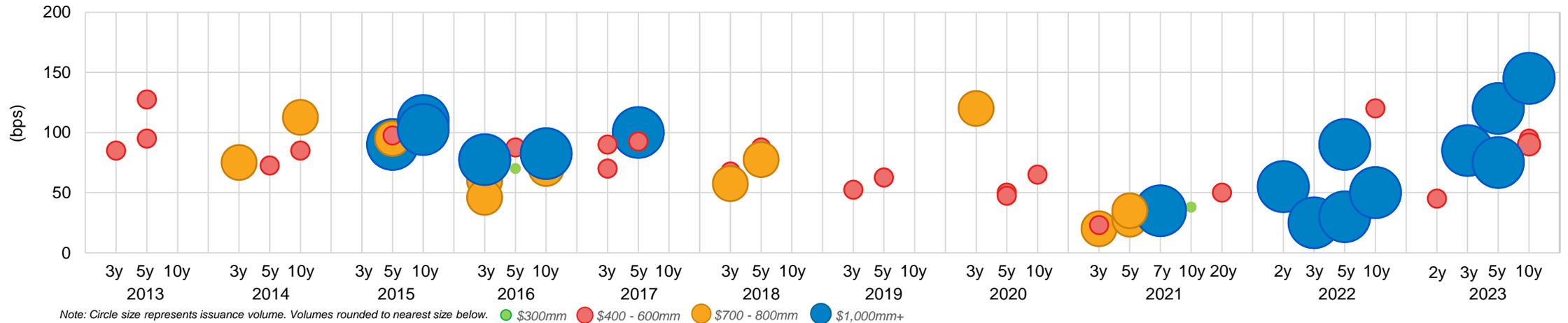
Source: Bloomberg as of October 25

Note: <sup>1</sup>Major currencies refer to USD, EUR, JPY, AUD, CHF, MXN and CNH

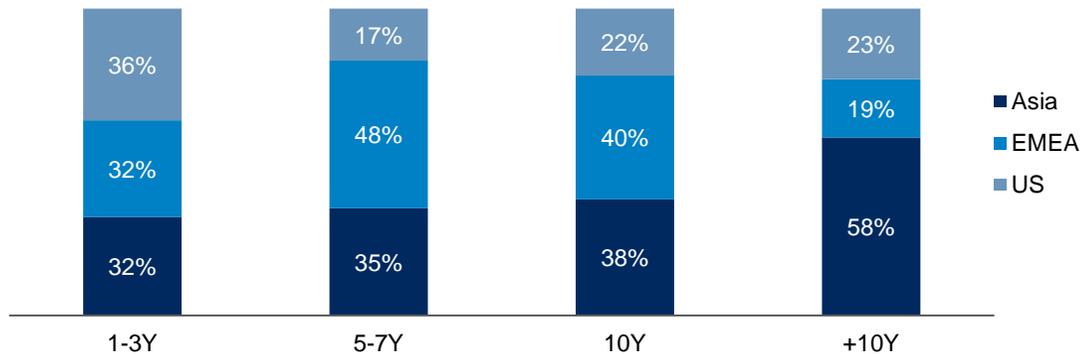
# Strong Presence in International Capital Markets – USD

Well-established issuer in the USD bond market

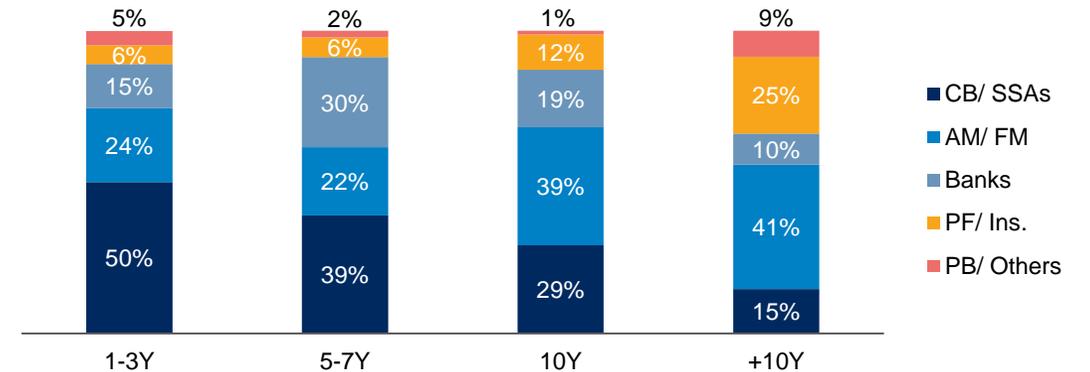
## KEXIM Historical USD Benchmark Offerings – Reoffer Issuance Levels<sup>1</sup>



## Distribution by Investor Region<sup>2</sup>



## Distribution by Investor Type<sup>2</sup>



Source: Bloomberg as of October 25

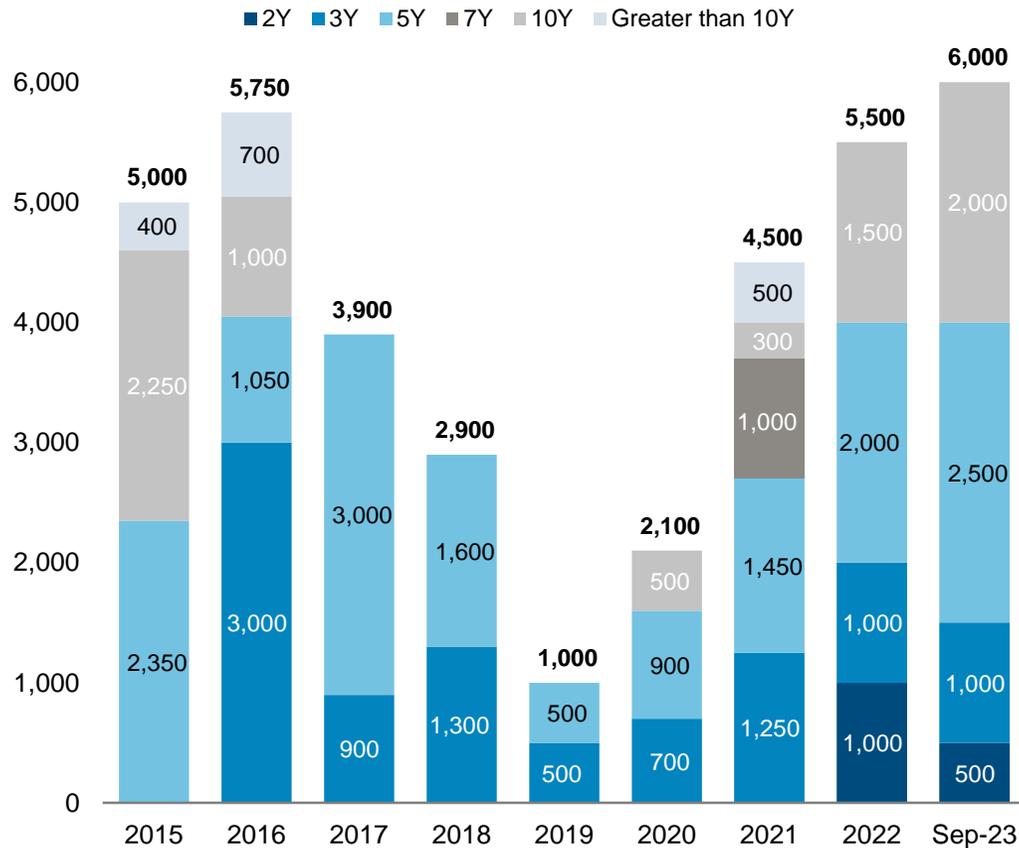
Note: <sup>1</sup>Reoffer issuance levels vs. UST/3m\$/SOFR by tenor and year issued; <sup>2</sup>KEXIM USD issuances since 2020

# Deep Liquidity and Stable Secondary Performance

Providing liquidity across the curve with stable secondary performance

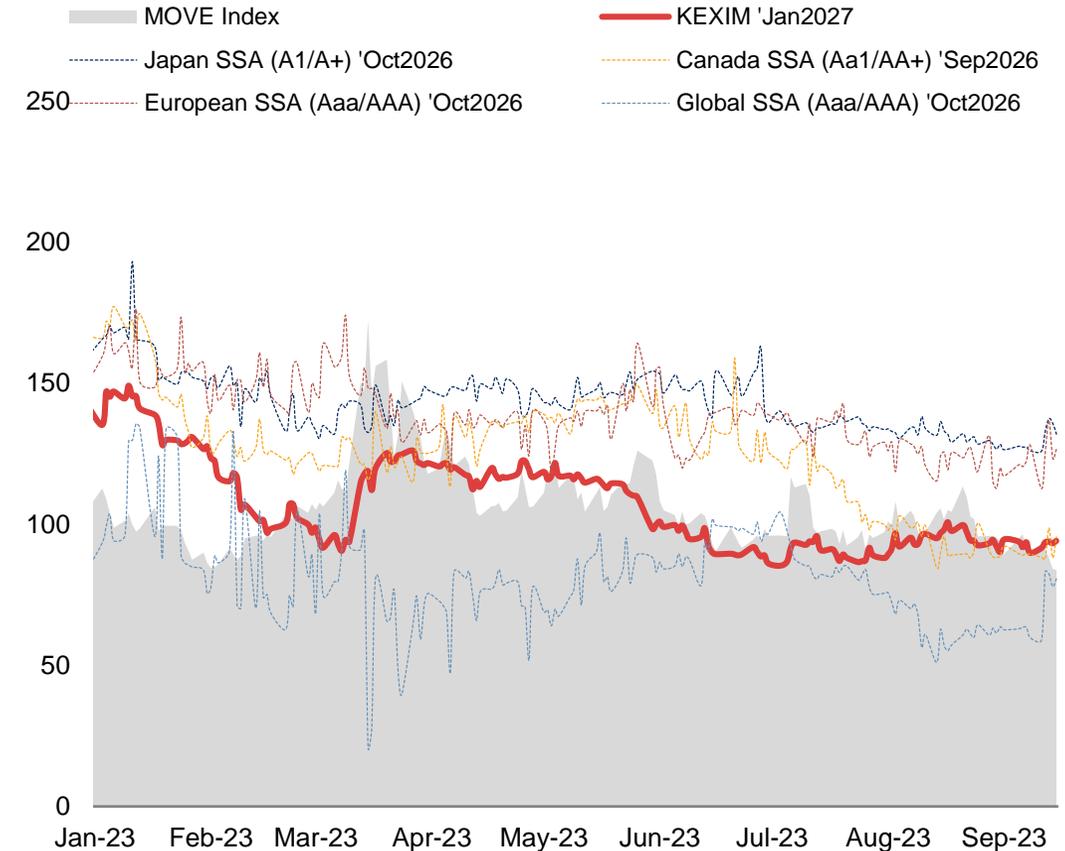
## Providing Liquidity across the Curve<sup>1</sup>

(USDmn)



## Stable Secondary Performance<sup>2</sup>

(rebased to 100 as of July 1, 2022)



Source: Bloomberg as of October 25, 2023

Note: <sup>1</sup>Including USD-denominated public bond issuances; <sup>2</sup>Secondary levels based on Bloomberg BVAL(based on Bloomberg Bid G Spread)



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04

# Sustainability Initiatives



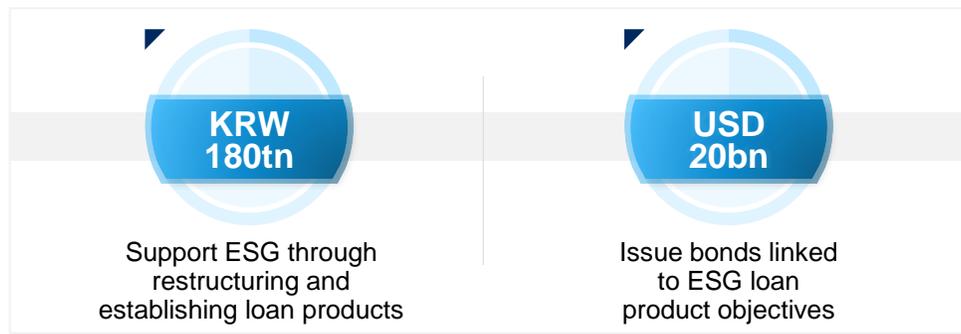
# KEXIM ESG Roadmap

Ambitious goals to become a leader in ESG management

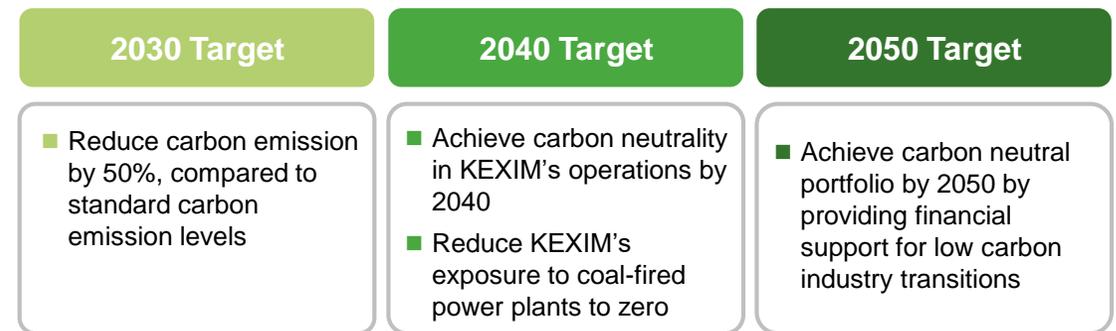
## Step-by-step ESG Roadmap



## Quantitative ESG Goals by 2030



## Mid-to-long Term ESG Roadmap



# 2023 ESG Plan

## Integrating ESG into KEXIM's business operations



We

Export

Sustainable

Growth

### Focus on ESG Loan · Investment

- Promote ESG financing to foster an eco-friendly and low-carbon transition industrial ecosystem
  - Plan to provide KRW 15.1 trillion in ESG financing (21.6% of total financing)

### Increase Issuance of ESG Bonds

- Increase ESG bond issuance and advance ESG bond management system
  - Issue ESG bond considering ESG bond market trend and ESG loan size
  - Strengthen external verification & reporting for the Sustainable Finance Framework and UOP of ESG bonds

### Establish Climate Risk Management System

- Develop portfolio climate risk management system (develop carbon emission measurement standard & monitoring system)
- Advance climate impact assessment in environmental & social review

### Strengthen ESG Activities in the Bank's Operations

- Follow 2040 bank-wide carbon neutrality roadmap (monitor carbon reduction plan implementation)
- Strengthen ethics-human rights in business management (develop women's leadership, examine board diversity)

### Strengthen ESG Communications

- Increase ESG management communications and ESG disclosures (publish TCFD report and related disclosures etc.)



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05

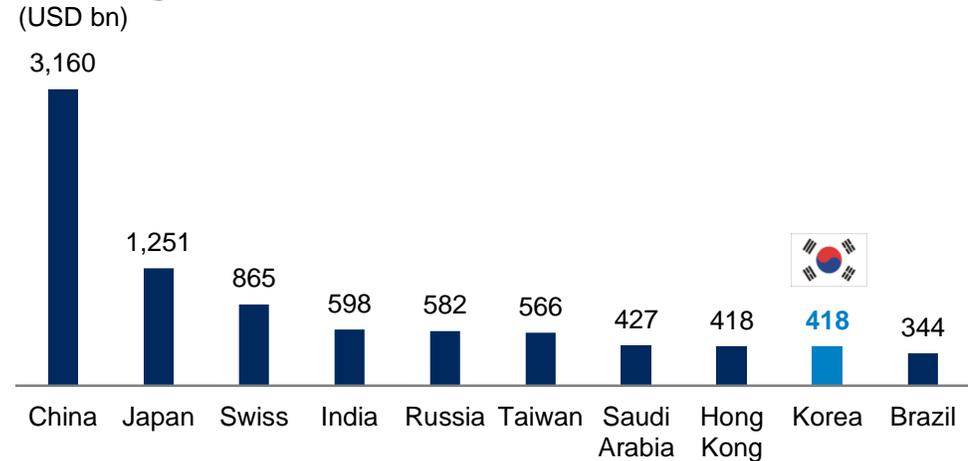
**Appendix**



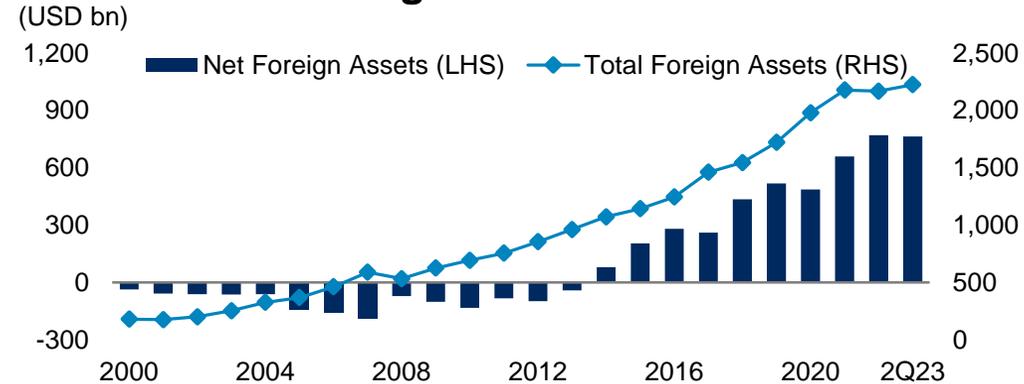
# Appendix 1 | Korea - Maintaining External and Fiscal Soundness

## Adequate buffer against unexpected shocks

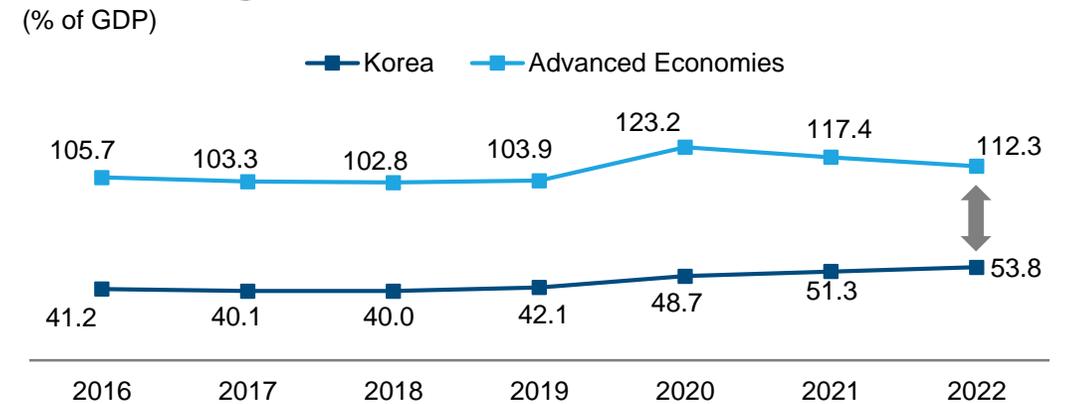
### 9<sup>th</sup> Largest FX Reserves<sup>1</sup>



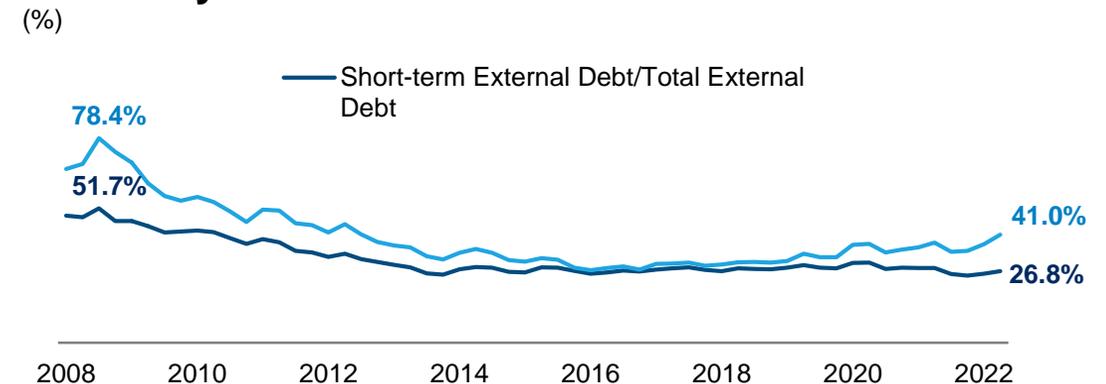
### Total and Net Foreign Assets



### Well-managed Government Debt<sup>2</sup>



### Relatively Low Short-term External Debt



Source: BOK, IMF

Note: <sup>1</sup>as of August 31, 2023; <sup>2</sup>General Government gross debt which consists of all liabilities that require payments of interest and/or principal, including debt liabilities in the form of SDRs, currency and deposits, debt securities, loans, insurance, pensions, standardised guarantee schemes, and other accounts payable

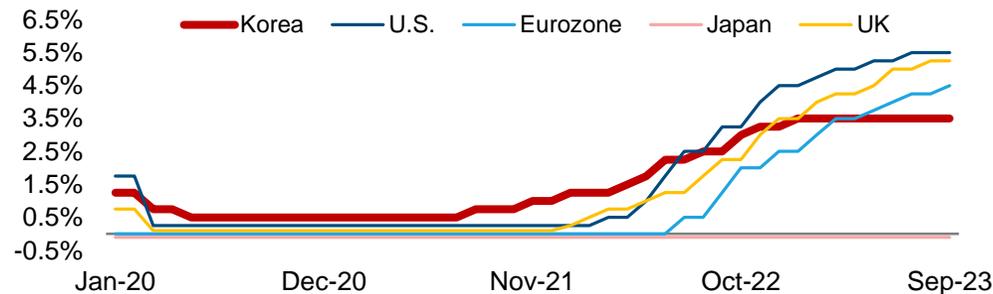
# Appendix 1 | Korea - Inflation under Control

## Pre-emptive rate hikes to tame inflation

### Inflation under Control with Pre-emptive Interest Rate Hikes

- BOK announced a series of pre-emptive rate hikes; one of the first central banks to start raising rates since August 2021 to curb inflation
- As of September 2023, Korean economy recorded CPI at 3.7% YoY, lower than most of global peers
- In October 2023, Monetary Policy Board of the BOK kept its base rate unchanged for six consecutive meetings

#### Pre-emptive Interest Rate Hikes to Curb Inflation



#### BOK Statement on Monetary Policy Decision in October

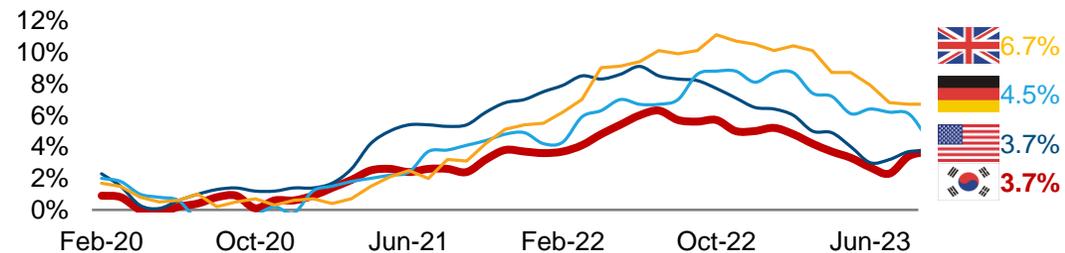
"The Monetary Policy Board of the Bank of Korea decided today to **leave the Base Rate unchanged at 3.50%**.

(...)

Looking ahead, it is forecast that consumer price inflation will fall to the lower-3% range at the end of this year and will continue to gradually moderate in 2024.

October 19, 2023

#### Korea Inflation Under Control and Below Peers (CPI YoY)<sup>1</sup>



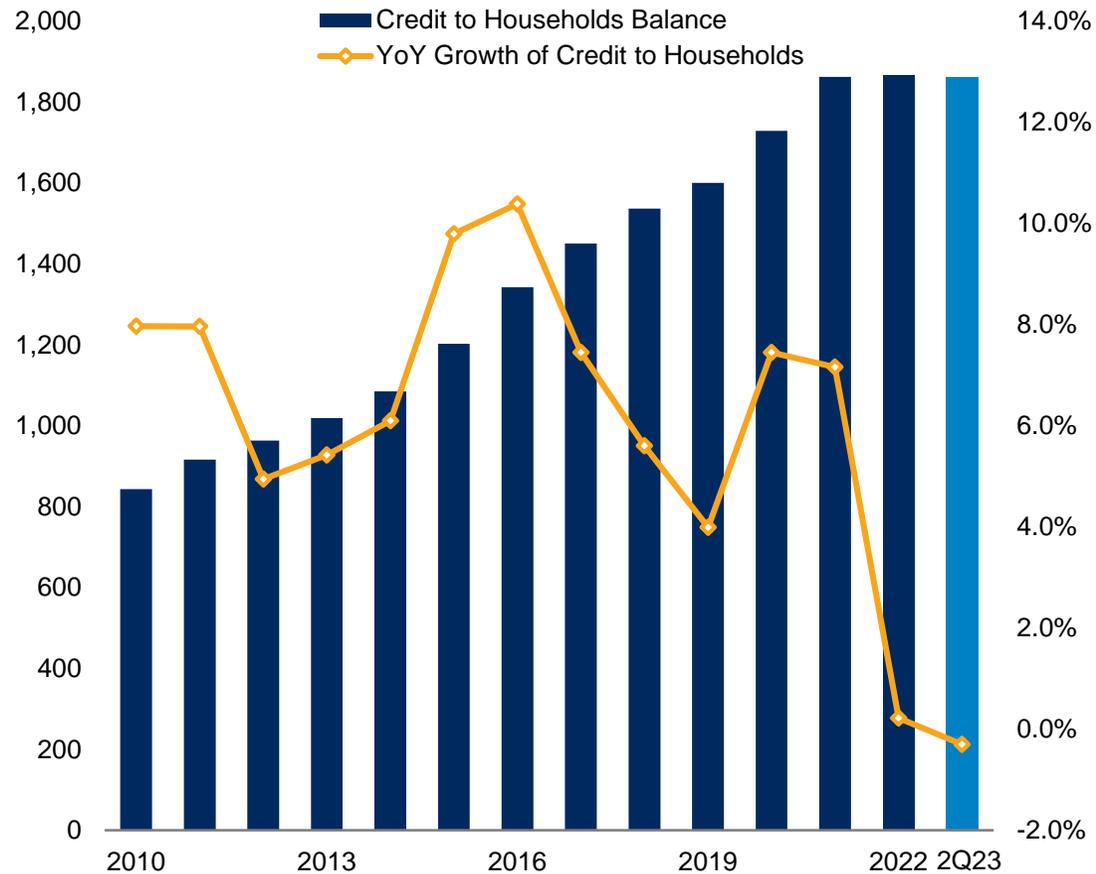
|             | GDP Forecast (YoY) | Headline CPI (YoY) | Unemployment Rate |
|-------------|--------------------|--------------------|-------------------|
| August 2023 | 1.4%               | 3.5%               | 2.9%              |
| May 2023    | 1.4%               | 3.5%               | 3.0%              |
| Difference  | -                  | -                  | -0.1%p            |

# Appendix 1 | Korea - Well-controlled Household Debt

## Deceleration of household debt growth & stable asset quality metrics

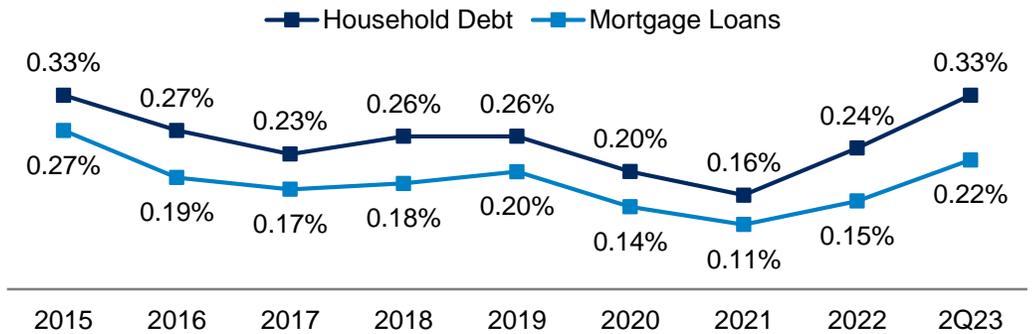
### Household Debt Trends

(KRW tn, %)



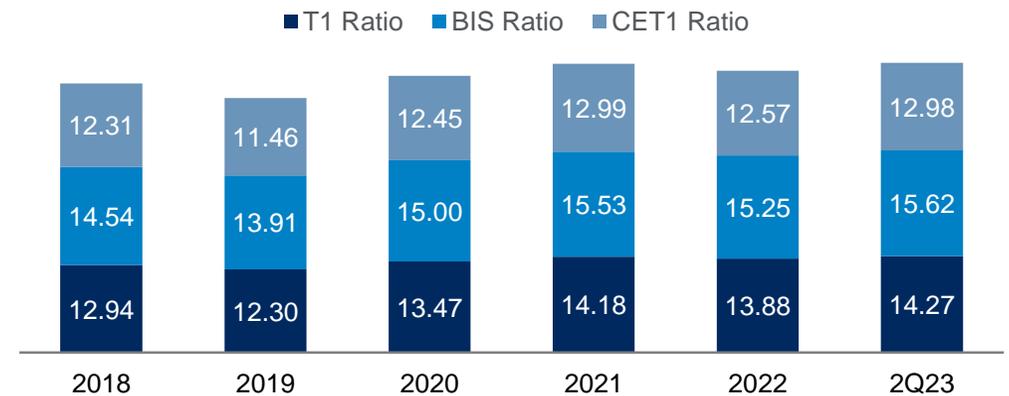
### Asset Quality

(Household delinquency ratio, %)



### Bank Capital Buffers

(capital ratios, %)



# Appendix 2 | KEXIM Bonds in the global bond market

## KEXIM's positioning as a Global SSA issuer

### Comparison with other SSA issuers<sup>1</sup>

|  | Risk Weight (CRR) | LCR Treatment        | ECB Repo Eligibility |
|--|-------------------|----------------------|----------------------|
|  <b>Korea Eximbank</b><br><small>THE EXPORT-IMPORT BANK OF KOREA</small><br><b>(Aa2/ AA/ AA-)</b> | 0%                | Level 1 <sup>2</sup> | Not Eligible         |
| DBJ (A1/ A/ --)  | 20%               | Level 2A             | Not Eligible         |
| JBIC (A1/ A+/ --)  | 20%               | Level 2A             | Not Eligible         |
| JFM (A1/ A/ --)  | 20%               | Level 2A             | IV                   |
| Ontario (Aa3/ A+/ AA-)   | 20%               | Level 2A             | Not Eligible         |
| Quebec (Aa2/ AA-/ AA-)   | 0%                | Level 1              | Not Eligible         |
| SEK (Aa1/ AA+/ --)   | 20%               | Level 2A             | IG4                  |
| TEMASEK (Aaa/ AAA/ --)   | 20%               | Level 2A             | Not Eligible         |

Note: <sup>1</sup>Each investor is required to check local HQLA guidelines in responsible jurisdiction, <sup>2</sup>Level 1 under Korean domestic markets

# Appendix 2 | KEXIM - Bonds as HQLA

## KEXIM Bonds as HQLA (Level 1 Asset) under Korean LCR Regulation

### BCBS Guideline for LCR – HQLA

#### Level 1 Assets

##### Asset Classification (Level 1 Assets)

Marketable securities representing claims on or guaranteed by:

- Sovereigns
- Central banks
- Public sector enterprises
- The Bank for International Settlements
- The European Central Bank and European Community
- Multilateral development banks, and satisfying certain conditions

### Korean LCR Regulation

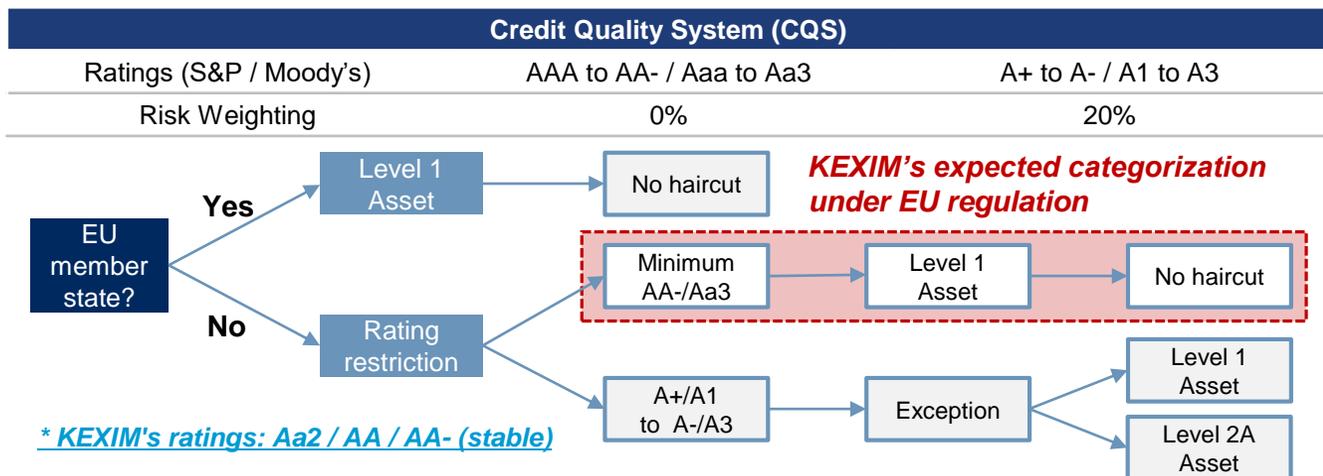
1

- Policy banks (KEXIM, KDB, IBK)' marketable securities are classified as a **“Level 1 Assets” of High Quality Liquid Assets (“HQLA”)**

2

- KEXIM classified as **“Public Sector Enterprises”** (Appendix 3-6, Section 22, Detailed Regulation on Supervision of Banking Business)

### European Regulation (CRR)



### Hong Kong LCR Rules

|  |   |                       |
|--|---|-----------------------|
|  <b>HONG KONG MONETARY AUTHORITY</b><br>香港金融管理局 |   |                       |
| <b>Supervisory Policy Manual</b>   |   |                       |
| <b>LM-1</b>  | <b>Regulatory Framework for Supervision of Liquidity Risk</b> | <b>v.3 – 28.08.20</b> |

*“In determining whether a financial institution in another country should be regarded as a PSE or sovereign entity, the MA may, where appropriate, have regard to the categorization adopted by the banking supervisory authority of the country concerned for LCR purposes.”*

# Appendix 2 | KEXIM - Bonds as HQLA

## Korea's Supervisory and Regulatory Requirements deemed equivalent to EU CRR

### European Commission: (EU) 2019/2166 of 16 December 2019 EC deems Korea as Equivalent in relation to CRR Provisions

COMMISSION IMPLEMENTING DECISION (EU) 2019/2166

of 16 December 2019

amending Implementing Decision 2014/908/EU as regards the inclusion of Serbia and South Korea in the lists of third countries and territories whose supervisory and regulatory requirements are considered equivalent for the purposes of the treatment of exposures in accordance with Regulation (EU) No 575/2013 of the European Parliament and of the Council



**EC deems Korean supervisory and regulatory requirements to be equivalent to that of the Union**

*(Moody's Regulatory News, December 18, 2019)*

### European Banking Authority (EBA)'s Opinion



The assessment by EBA recommended that the supervisory and regulatory frameworks applicable to credit institutions in these third countries (Korea) should be considered as equivalent to the Union legal framework for the purposes of Articles 107(3), 114(7), 115(4), 116(5), and Article 142 (2) of CRR.

### EBA's Assessment in details (Annex)

#### ANNEX – Republic of South Korea

| Topic VI                         | Liquidity   | Topic Assessment |
|----------------------------------|---|------------------|
|                                  |   | Equivalent       |
| Rationale for section assessment | The framework for liquidity in Korea is equivalent to that of the EU and can be assessed as "equivalent" to the EU one. The Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR) are both established requirements in the jurisdiction. |                  |

### HQLA in the EU

| Asset class         | Description   | Level | Haircut |
|---------------------|---|-------|---------|
| Public sector bonds | Bonds issued by Member States of the EU or their regional government or local authorities if exposure is treated (for regulatory purposes) as exposure to the respective Member State<br><br>Bonds issued by public sector entities (credit institutions, promotional banks) if exposure is treated as exposure to the respective central government, multilateral development bank or international organisation | 1     | 0%      |

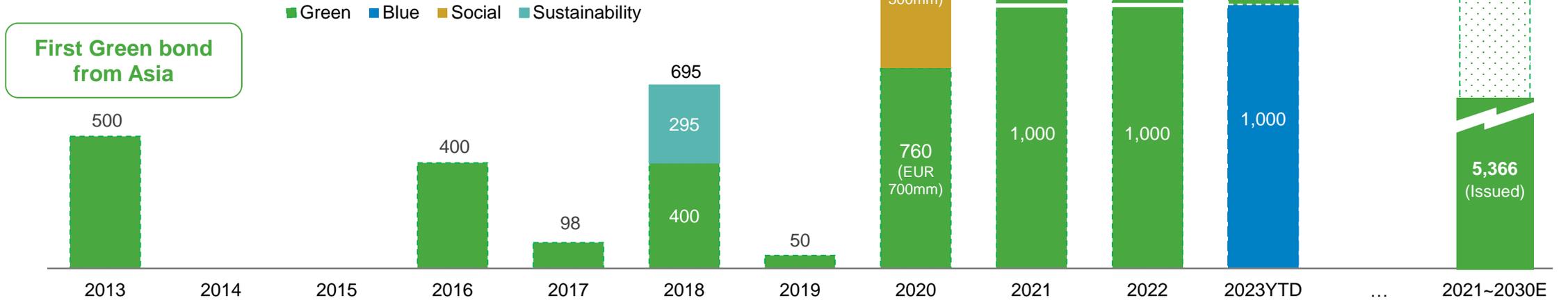
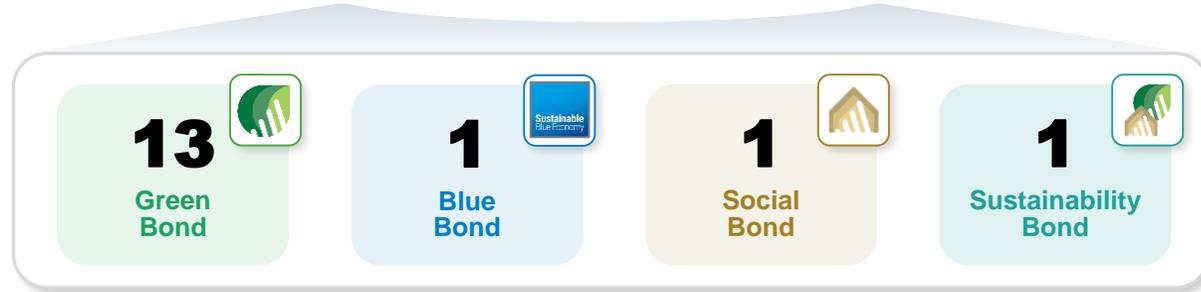
- Korea Sovereign (Aa2/AA/AA-) = **Credit Quality Step 1 / Risk weight 0%** (EU CRR Article 114)
- **KEXIM bonds fall under Level 1 of Korean regulatory requirements which are deemed as equivalent to EU CRR**

# Appendix 3 | ESG Bond Issuance Track Record

Pioneer and now a leader in the ESG bond market

Proven Track Record of ESG Bond Issuances  
(USDmn)

**Total: USD 8.5bn**





**Korea Eximbank**  
THE EXPORT-IMPORT BANK OF KOREA

**KEXIM Website**



**Financial  
Statements**



**Sustainable  
Finance Framework  
(2023)**



**Framework SPO  
(2023)**



**ESG Roadmap**



**ESG Bond Website**



**ESG  
Communication  
Report (2023)**



**Allocation & Impact  
Report (2023)**

