

Investor Q&A #3

Date	March 2023
Investor Type/ Region	Sovereign, Supranational and Agencies(SSA) / North America
Q&As	<p>Q1) What is KEXIM's view on the supply chain disruption arising from China lock-down and US-China dispute? A1) As Korea's exports rely heavily on intermediate goods, the supply chain disruption caused by China lock-down and decoupling of US and China poses a negative impact to our economy. Both US and China are taking on exclusive measures that exclude each other from their own supply chain, and experts say that such dispute may hinder Korea's commodity exports to China(while China takes about 20% of Korea's total export). In order to mitigate such supply chain disruption risk, Korea is increasing its efforts to ensure the reliability of its supply chain, by domesticating production of key components and diversifying location of overseas production bases to Vietnam, Indonesia and other Southeast Asian countries.</p> <p>Q2) We are seeing decline in semiconductor export. When do you expect the cycle to rebound? A2) We expect the semiconductor sector to rebound in second half of this year given that average down cycle of semiconductor sector lasted less than 2 years historically. We believe China re-opening and new development in Artificial Intelligence (A.I.) such as ChatGPT will drive the demand recovery. We also note that semiconductor export decline was due to external factors such as global slowdown and lock-down of China. Korean semiconductor business remains competitive in the global market.</p> <p>Q3) In the latest rating report, Fitch mentioned geopolitical tension between South and North Korea as one of the potential risks. What is KEXIM's view on the geopolitical risks? A3) Although there exists tension between South and North Korea, we do not view this as a serious risk. North Korea has conducted several missile and nuclear tests over the years, not to engage in an open warfare, but rather to use such military actions as leverage in negotiations with other countries. We consider North Korea's strategy as a 'scare-tactic', with its focus primarily centered around the preservation of the regime's power and maintenance of internal stability. Also taking into account the gap in military capabilities between South and North Korea, the possibility of full-blown confrontation is limited.</p> <p>Q4) What is your funding target of this year? A4) 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 such as AUD, CHF, JPY or private placements.</p> <p>Q5) Who would be KEXIM's primary investors and how is the order allocated? A5) Our investor base varies among tenors. For 3 year, our main investors are</p>

Central Banks/Sovereign, Supranational and Agencies/Sovereign Wealth Funds, and for 5 year, Bank Treasuries/Asset Managers are primary investors. For longer tenors such as 10 year, we have Insurance companies/Pensions.

In terms of book allocation, although we highly appreciate every investors' participation in our offerings, we could not allocate each investor as much as we wanted in January 2023 transaction because we had over 300 investors per tranche with 7x-8x over-subscription rate.

Q6) Where does KEXIM's ESG asset balance stand at? And how is KEXIM's ESG bond issuance target of USD 20 billion by 2030 and ESG asset target at 21.6% of total financing (loan & investment) linked?

A6) Our ESG bond target is not directly linked to our ESG asset target, as we have slightly different standards for quantifying ESG asset and ESG bond allocable projects. While ESG asset applies internal standards, ESG bond proceeds are allocated with a stricter standard, in accordance with respective ESG Bond Framework.

That said, our outstanding ESG asset balance as of 2022 year-end is 34.8 trillion won (equivalent to USD 26.5 billion), which is approximately 27.5% of total asset balance. Our annual ESG disbursement target for this year is KRW 15.1 trillion, which constitutes 21.6% of our total 2023 disbursement target (KRW 70 trillion). More detailed information about our ESG assets are as follows.

<KEXIM's ESG Assets>

(in KRW trn)

		2022 Actual	2023 Target	By 2030
Disbursement (Yearly)	Total	76.7	70	-
	<i>ESG related</i>	26.3 (34.3%)	15.1 (21.6%)	180 <i>accumulated</i>
Balance (Year-end)	Total	126.6	139	-
	<i>ESG related</i>	34.8 (27.5%)	-	-