

Investor Q&A

Date	June 8, 2023
Investor	Pension Fund / US
Q&As	<p>Q1) Regarding ESG, is there any dialogue or discussions around changing government support or policy mandate of KEXIM Act? i.e. incorporating a ESG element into formal policy mandate.</p> <p>A1) The ESG element has not yet been reflected in KEXIM Act. Instead, we have already incorporated ESG element into our own business operation, by setting up and publishing KEXIM's ESG roadmap and 2023 ESG Business plan. In accordance with that, we have issued U\$8.2 billion ESG bond so far and also targeting to issue U\$20 billion ESG bond by 2030. In January 2023, we issued our inaugural blue bond for 10y tenor, and secondly in May, EUR denominated green bond was issued for 7y tenor.</p> <p>Q2) US Inflation Reduction Act(IRA)'s potential impact on KEXIM or Korean corporates to US?</p> <p>A2) Given the priority mandate of KEXIM to support Korean corporates investing into overseas markets, we see KEXIM is likely to see a positive momentum to grow in the near future.</p> <p>Under the purpose of enhancing carbon reduction through IRA, the US government provides some tax benefits or subsidies to manufactured and assembled goods in the US. As a result, Korean automakers who have mainly manufactured outside of US would like to invest more within the US territory so that they could take advantages of the benefits from IRA and maintain the leads on their products in the US.</p> <p>Therefore, KEXIM's financial assistance of loans and guarantees to these Korean corporates would increase accordingly, as Korean corporates' direct investments into the US increase particularly in our key target industry sectors, such as EVs, fuel cells, and renewable energies.</p> <p>Q3) Is there any problem projected with Korean government's capital injections to KEXIM in the midst of global economic slowdown?</p> <p>A3) It's obvious that the Korean government is always behind us and their support remains intact even amid global economic slowdown. Historically, there has been continuous capital injections from the government to promote our policy role and shore up KEXIM financials. Recently in March, the government injected KRW 2 trillion, equivalent to about U\$1.5billion as new capital. As a result, the BIS ratio increased to around 14.9%, which is way beyond our regulatory standard of 10.5%.</p> <p>Q4) Comments around Geopolitical environment between US / China and what effects this is having on exports. Country or Sector limits within portfolio to limit any potential fallout?</p> <p>A4) In the first quarter of 2023, China's share in Korean export fell below 20% for the first time in 20 years. On the other hand, US's share has grown to 17.7% in the same period. It's clearly obvious that after the global supply chain disruption, Korean corporates are gradually moving away from China to US, Vietnam, India, and Australia etc.</p> <p>Also, we have our own internal guidelines on countries and sector limits strictly managed by the risk management committees. For now, we find no issues in terms of countries and sector limits.</p>

Q5) How was the recent 10 year new issue received? Any investor comments or feedback?

A5) In the recent 10 year new issue, the order was well received. The total order size was more than U\$2 billion and 129 investors including Central Banks, Asset management and Pensions from APAC, EMEA, US had participated in the deal. As a result, we achieved the pricing of T+90, 30bps tightening from IPG T+120. KEXIM also has plan to revisit USD market in 2nd half of this year. The size and tenor has not been decided yet.