



Korea Eximbank's Strategic Role in the Evolving Export Finance Landscape

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THE EXPORT IMPORT BANK OF KOREA

I. Korea Eximbank at a Glance

Overview

Our Mission

To develop the national economy through promotion of international economic cooperation

Our Vision

We Finance Global Korea



Who We Are

- Korea's **Official Export Credit Agency** with a mandate to support Korea's export and help Korean companies better respond to international business opportunities
- **100% government-owned** policy bank
- International credit ratings **equivalent to the Sovereign ratings**

Moody's Aa2

S&P Global
Ratings AA

FitchRatings AA-



What We Do

- Loans
- Guarantees
- Investment
- Advisory Services
- Economic Development Cooperation Fund(EDCF)
- Inter-Korean Cooperation Fund(IKCF)



Our Focus Area

- Infrastructure
- Industrial Plant
- Natural Resources Development
- Overseas Business of Korean Firms
- Support for SMEs
- New Growth Industries



Financial Solutions



Loans

Export-related Loans

Import-related Loans

Overseas Business-
related Loans

Indirect Financing

Trade Financing

Guarantees

Financial
Guarantees

Performance
Guarantees

Investment

Direct
Equity Investment

Contributions to Funds

Advisory Services

Transaction Advisory
Services

Financial Advisory
Services

Syndications

Global Reach

- 24 Representative Offices, 4 Overseas Subsidiaries and 3 Liaison Officers in 26 Countries;
7 Secondees to Multilateral Development Banks/International Organizations
- 206 MOUs with 176 institutions in 63 countries



Overseas Subsidiaries	Secondees to MDBs/IOs		Liaison Officers
<ul style="list-style-type: none"> London, UK Hong Kong Ho Chi Minh City, Vietnam Jakarta, Indonesia 	<ul style="list-style-type: none"> ADB(2) IDB(1) IDB Invest(1) 	<ul style="list-style-type: none"> IBRD(1) EBRD(1) OECD(1) 	<ul style="list-style-type: none"> Iran Saudi Arabia France(OECD DAC)

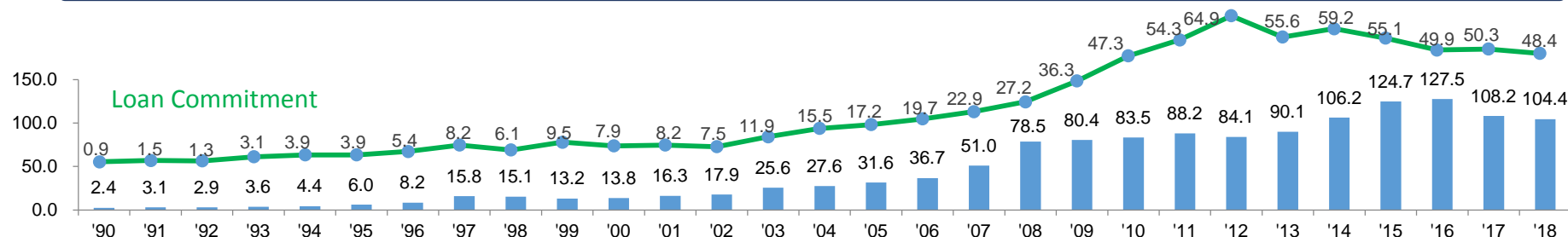
Most Extensive Global Network among Financial Institutions in Korea

Performance Highlights

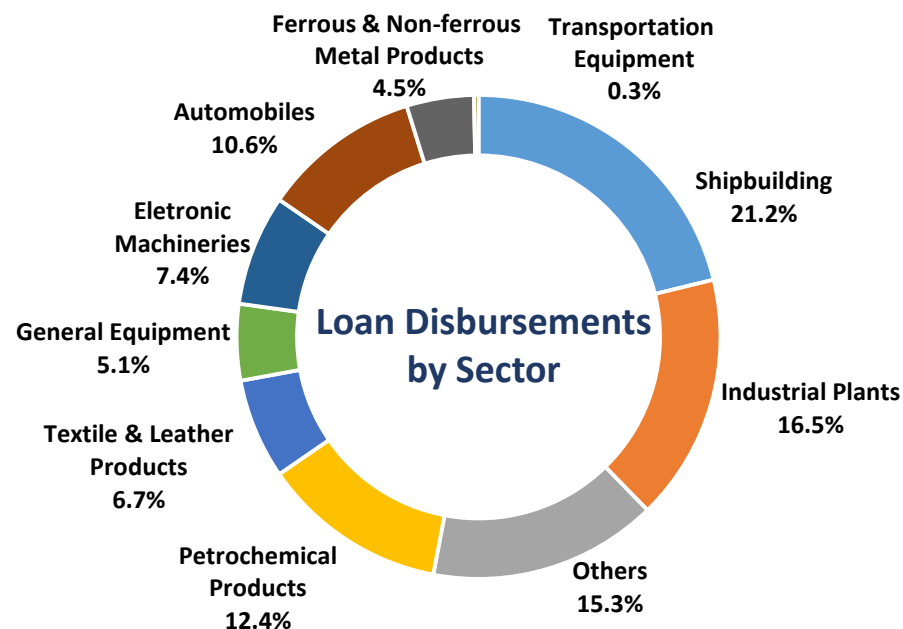
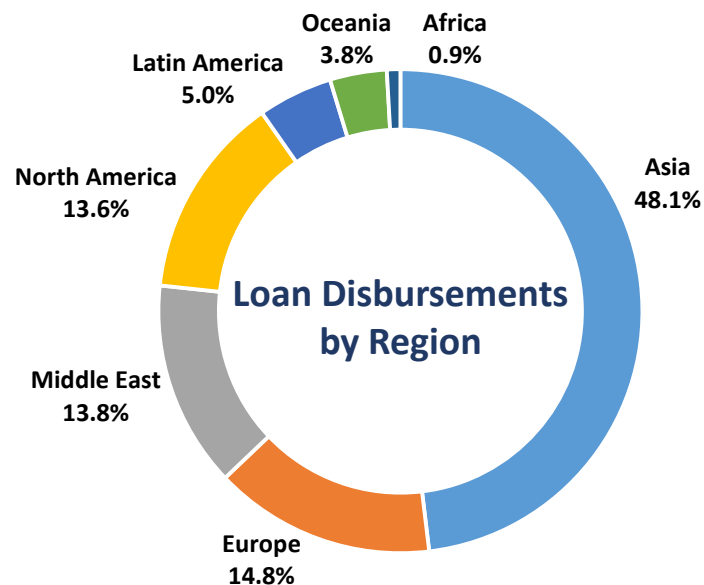
As of the end of 2018, the total **outstanding loans and guarantees** was approx. **USD 93.4 billion**

Total Outstanding of Loans & Guarantees(1990-2018)

(Unit: KRW trillion)



Loan Disbursement by Region & Sector(2016-2018)



Contribution to Korean Economy

Contribution to
National Exports

KRW **62** trillion

Contribution to
GDP

KRW **37** trillion

2.2%

Contribution to
Employment Retention

530,000 persons



Contribution to Korean Economy in 2017

Overall Contribution
to National Exports

9.5%

Contribution to
SME Exports

9.7%

Contribution to Exports of
Top 10 Export Items

6.6%

Exports to Emerging Countries

7.4%

Contribution to
New Growth Industries

KRW **8** trillion

II. Evolving Landscape of Export Finance

*- from Direct Lending
Perspectives*

Emerging Trends in Direct Lending Landscape I Korea Eximbank



Demand for ECA Direct Lending

Steady Increase since the Global Financial Crisis and is here to Stay

- **Commercial banks' lending in medium & long-term, riskier projects constrained** due to regulatory framework such as Basel III, KYC and AML
- ECAs adding **direct lending/re-financing facility** to fill the market gap
- **Large-scale infrastructure projects** and **long term capital goods** continue to require ECA's involvement



Co-financing & Risk Sharing

Not a Choice but a Necessity

- Increase of **Mega & Multi-source deals** across sectors and regions
- **Diverse participants** in the market such as development finance institutions, institutional investors, private insurers, etc.



Role of ECAs

Emphasized by Governments and Evolving

- ECA's policy mandate strengthened to **respond proactively and flexibly to the evolving needs of the stakeholders**
- ECA's role and business model gradually shifting from **traditional and reactive lender of last resorts** to **proactive deal maker/quasi-market player**

Emerging Trends in Direct Lending Landscape II Korea Eximbank



Examples of Proactive & Flexible Strategies

- **Proactive Strategies**
 - introduction of direct lending programs;
 - increased scale of financing and use of local-currency financing;
 - stronger support in high-potential markets and strategically important sectors for national interests;
 - expansion of global representations;
 - better coordinated support from governments, etc.
- **Flexible Strategies**
 - lowering the minimum domestic content required to support a transaction and a broader concept of national interests;
 - introduction of new and enhanced products to better respond to the market changes and clients' needs, increasingly characterized by use of untied and investment programs;
 - risk-versus-benefit approach, etc.

* Source: "Report to the U.S. Congress on Global Export Credit Competition" (US EXIM, June 2018)

III. Our Strategic Direction



Our Strategic Direction

- Korea Eximbank has focused on the following strategies to deliver the greatest value to our clients and to stay ahead in the business



“ Cross Cutting: Self-Sustainability ”



① Total Financial Solution Provider



Introduction of New Products from 2011 to 2019

+ 2019

Special Account

to facilitate Korean companies' expansion into emerging markets with very high risk profile

+ 2015

Transaction Advisory Services

to offer guidance for various financial facilities and schemes for structuring projects

On-lending Program for SMEs

to help SMEs have a better access to policy-based loans by utilizing the network of commercial banks

+ 2014

Direct Equity Investment

to expedite the participation of Korean companies in "investment-development" type projects

+ 2011

Financial Advisory & Arrangement Services

to provide comprehensive investment banking services for projects involving Korean companies' export activities, overseas investment, M&As, etc.



② Enhanced Risk Taking Approach

- We have further enhanced our risk taking approach to better position Korean companies in their expansion into emerging markets

Special Account

Objective

To allow Korean companies to better respond to the new business opportunities in frontier markets involving high risks and complexities

Amount

Approx. USD 1 billion

Focus Markets

Countries with very high risk profile (usually B+ or lower)

Expansion into New Markets

Objective

To diversify our country portfolio through continuous efforts in further expanding into new markets

Focus Markets

Africa, Latin America, etc.

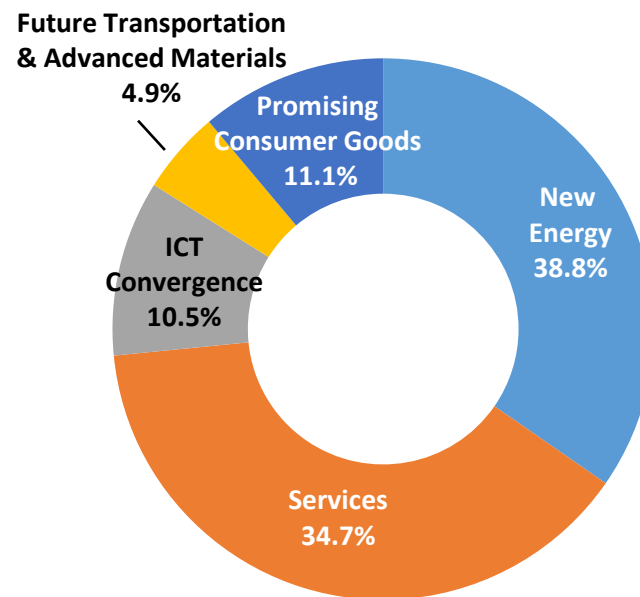


③ Promoting New Growth Industries

- We have designated five sectors including **New Energy, Services, ICT Convergence, Future Transportation & Advanced Materials** and **Promising Consumer Goods** as the New Growth Industries
- We disbursed a total of USD 7.6 billion in 2018 to these sectors and **plan to extend USD 49 billion until 2022**

- **New Energy**: Renewable Energy, Smart Grid, Green Industries, LED, etc.
- **Services**: Knowledge Services, Healthcare, Cultural Contents, Tourism, etc.
- **ICT Convergence**: Robot, Telecommunication, Smart Device, etc.
- **Future Transportation & Advanced Materials**: Aircraft, Future Automobile, Advanced Materials, etc.
- **Promising Consumer Goods**: Processed Food, Cosmetics, Household Items, etc.

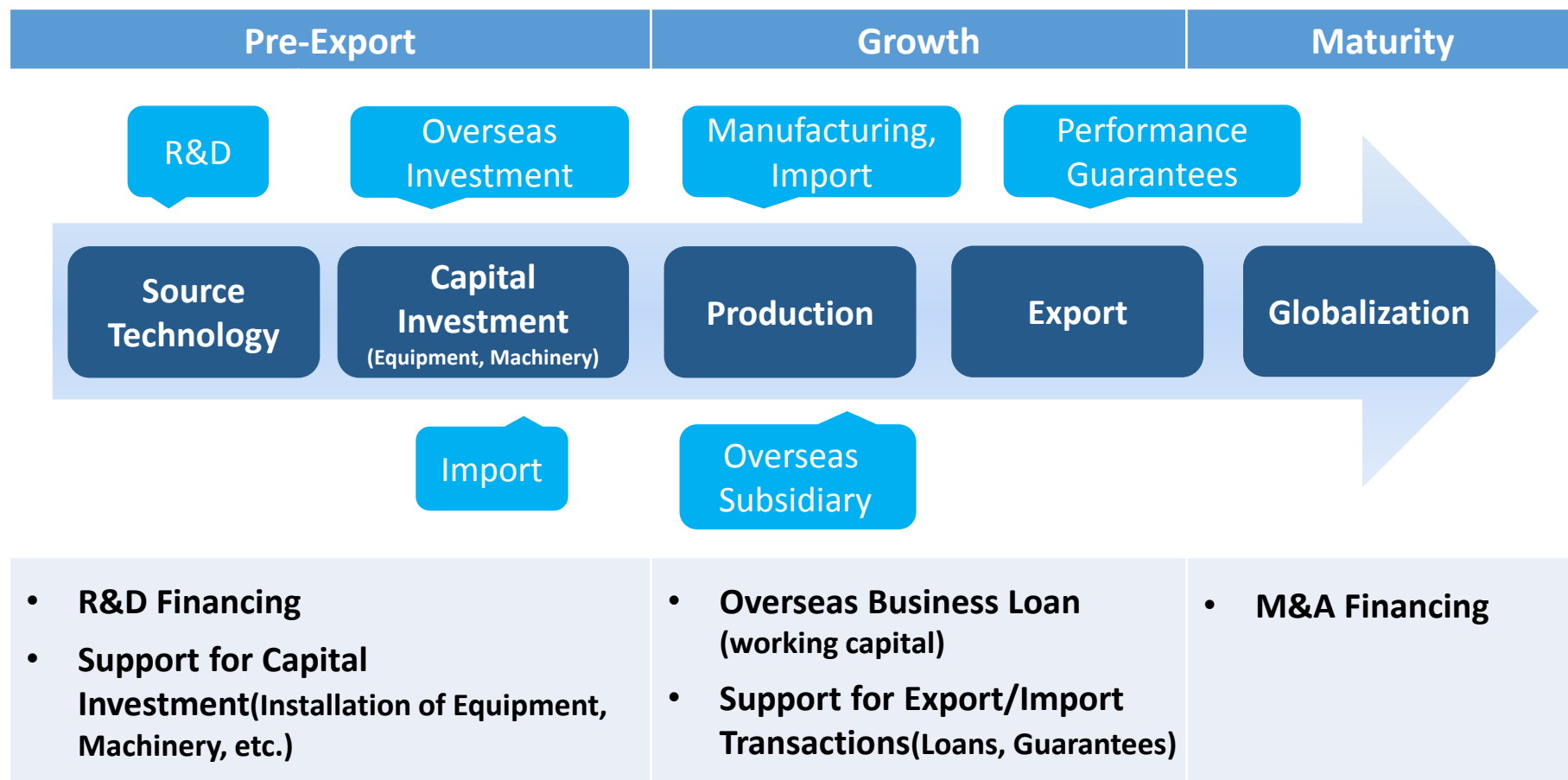
Financial Support by Sector(2018)





③ Promoting New Growth Industries

- We provide various financing tools tailored to each of our clients' growth stage throughout their business growth cycle





Examples of New Growth Industry Financing

Healthcare



- 1,875 bed hospital PPP Project in Turkey with the total project cost of EUR 600 million
- We financed EUR 72 million in loan & EUR 70 million in guarantee

New Drug Development



- We provided a USD 20 million overseas business loan to a US subsidiary of a biopharmaceutical company in Korea
- We also made a USD 10 million equity investment (first-ever equity investment into the service industry)



Examples of New Growth Industry Financing

K-Movie



- Exported to over 100 countries
- We provided a USD 0.8 million loan to support the production of the film

K-Drama



- Exported to 32 countries with estimated economic effects more than KRW 3 trillion
- We provided a USD 2.7 million loan for the producing company based on their export record of the drama



④ Reinforcing Collaboration

- To diversify project risks and level asymmetric information, co-financing and knowledge/information sharing are crucial
- Korea Eximbank has been **collaborating very actively and closely** with ECAs, MDBs, commercial banks and institutional investors through co-financing
- Exploring possible areas of cooperation with the Berne Union Members



UK Export
Finance





Examples of Collaboration beyond Co-financing Korea Eximbank



Cooperation among Three(Korea-China-Japan) ECAs



- Three-Exim High Level Forum(2018~)
- Annual Three-Exim Research Forum(2009~)
- Annual Sports Exchange and Joint Seminar with JBIC(2006~)



Asian Exim Banks Forum

- Objective: Established in 1996 to develop and enhance regional cooperation and forge stronger links among its member institutions
- Members: Australia, China, India, Indonesia, Japan, Korea, Malaysia, the Philippines, Thailand, Turkey and Vietnam
- Main Activities: Annual Meetings, Working Group Meetings and Training Programs
- *Korea Exim will be the Chair of 2019 Annual Meeting!*



Thank You for Your Attention!



We Finance Global Korea