

Introduction to the Supply Chain Resilience

September 2024



Korea Eximbank : Korea's Official Export Credit Agency

Korea's official policy arm with 100% government ownership

1 Establishment

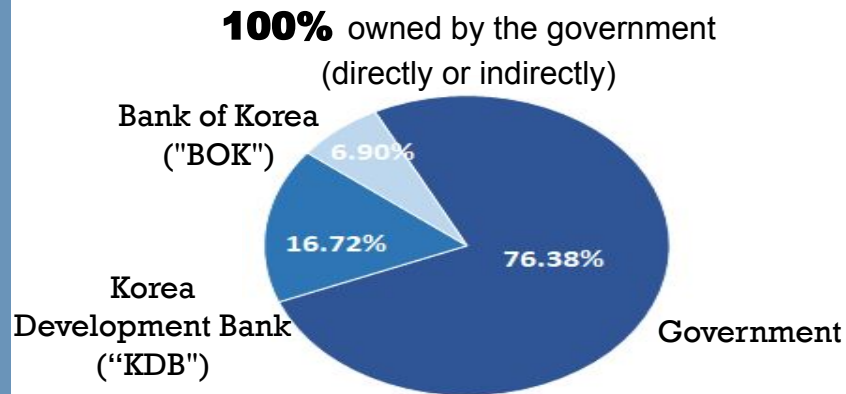
- Year: 1976
- Head Office: Yeouido, Seoul

2 Ratings

- Aa2 / AA / AA- (all stable)
- **On par with the sovereign ratings**
- **Full government support like other national Export Credit Agencies**



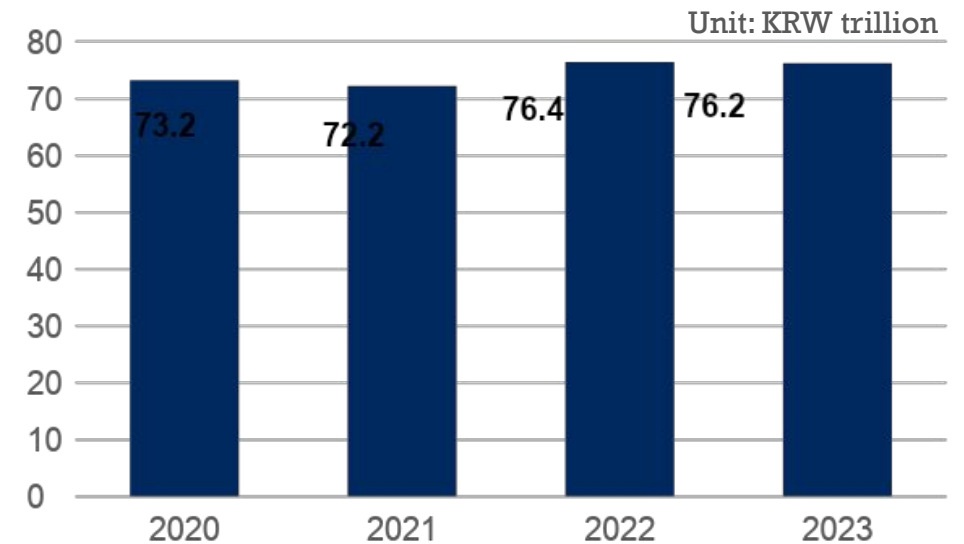
3 Ownership Structure



Note: KEXIM data as of May 31, 2024

4 Operational Overview in 2023

Total Disbursements: KRW 76.2 trillion
(USD 58.4 billion)

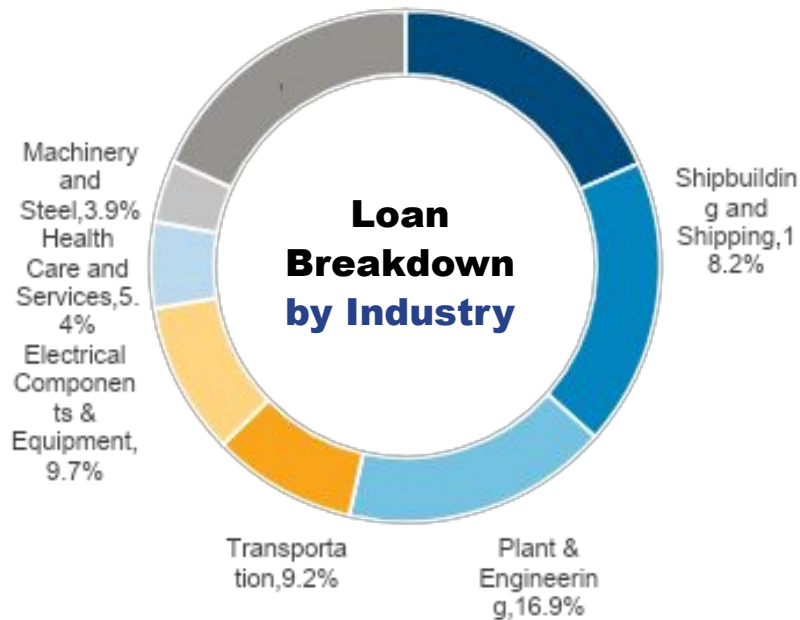


- Export: KRW 43.7 trillion
- Import: KRW 17.0 trillion
- Overseas Investment: KRW 15.5 trillion

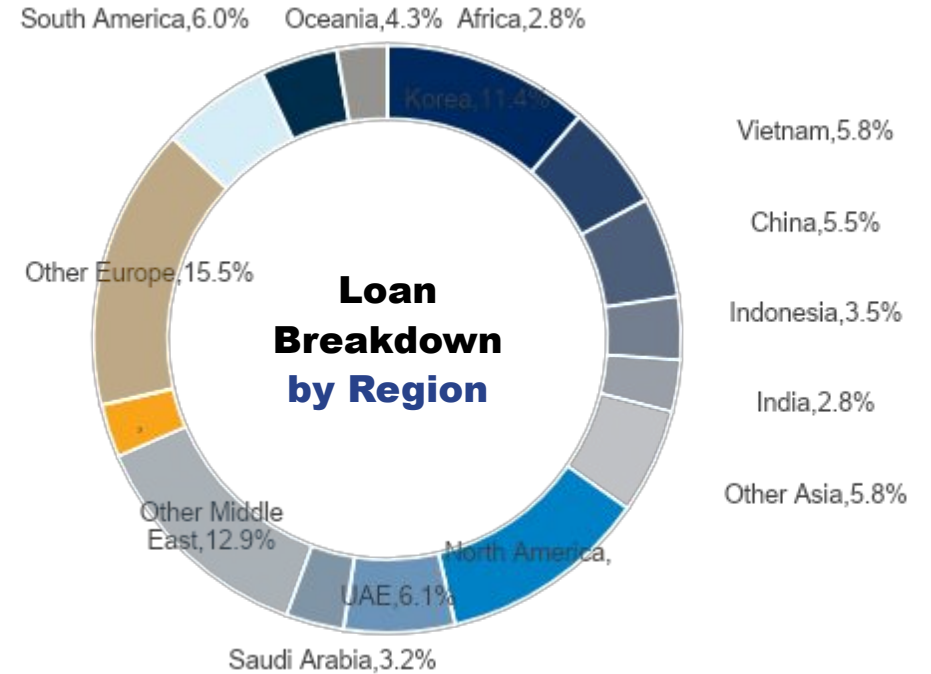
Key Supporter of Korea's Export Industry

Diversified loan portfolio covering Korea's major industries

Supporting Korea's major industries...



...in their offshore growth strategies



Key Companies Financed

Financing Tools

Loans and Guarantees

	Export	Import	Overseas Business
Borrower	<ul style="list-style-type: none"> Foreign Buyer Korean Exporter Financial Institutions 	<ul style="list-style-type: none"> Korean Importers Foreign Exporters 	<ul style="list-style-type: none"> Foreign Entities Korean Investor Financial Institutions
Areas of Focus	<ul style="list-style-type: none"> Construction Shipbuilding Machinery 	<ul style="list-style-type: none"> Oil & Gas Metals & Minerals Agriculture 	<ul style="list-style-type: none"> Energy Batteries Automobiles
Terms	<ul style="list-style-type: none"> OECD arrangements, risk profile of each transaction and borrower are considered 	<ul style="list-style-type: none"> Risk profile of each transaction and borrower are considered 	<ul style="list-style-type: none"> Risk profile of each transaction and borrower are considered
Policy Requirement	<ul style="list-style-type: none"> Export contract with Korean companies Korean EPC contractor 	<ul style="list-style-type: none"> Import of key materials into Korea, e.g. long-term offtake agreement with Korean companies 	<ul style="list-style-type: none"> Overseas investment by Korean companies Benefits to the overseas business of the Korean entities

Investment

- Direct equity investment
- Contribution to funds
- Investing convertible bonds
- Bond with warrant

F/S, Advisory Services

- Feasibility Study
- Transaction Advisory Service
- Syndication

New Policy Account : Supply Chain Resilience Fund ('SCRF')

Background of establishing SCRF

Background

Trade wars between countries
Geopolitical Conflicts
Global Climate Changes
Covid-19 pandemic



Intensified competition in advanced manufacturing
Escalation of Commodity Prices
Border Closures and Logistical Bottlenecks

Increasing need for proactive supply chain risk management

**Internalization
(Domestication)**

Diversification

**Securing
stockpiling and
logistics**

Supply Chain Resilience Fund

Framework Act on Supply Chain Stabilization for Economic Security

The Basic Law

On December 26, 2023, The Korean government legislated **the Framework Act on Supply Chain Stabilization for Economic Security ('Framework Act')**

featuring a **government-wide response system** aimed at supporting and strengthening private sector initiatives to **enhance supply chain resilience for national economic security**.

In compliance with the Act, the **Supply Chain Resilience Fund (SCRF) was established within KEXIM** to systematically support projects that mitigate supply chain risks and minimize their impact on Key Korean Industries

New Team in KEXIM

KEXIM established a New Team for the preparation of SCRF in January 2024 and

SCRF is expected to be fully operational in 3Q, 2024

Supply Chain Resilience Fund

Overview of the Fund

Overview

Mandate

To systematically support key projects for enhancing the resilience of Korea's supply chain and contribute to the sound development and economic security of the Korean economy

Resource

- Government-guaranteed bond issued by KEXIM ('**SCRF Bond**')
- Size of the Fund for 2024 : **upto 5 trillion Korean Won (approx. 3.7 billion USD)**

Financing Tools

Commercial Loans, Financial Guarantees, Equity Investments

Policy Requirement

- Qualified companies engaged in businesses/activities recognized for **contributing to the economic security of Korean supply chain**
- **Leading Companies** who have been Identified by relevant ministries for its Stabilization Plans in terms of '**Economic Security Items and Services**'

Governance

KEXIM handles the due diligence process and makes initial internal decisions on a project. Final approval is determined by an **independent Credit Committee**

Supply Chain Resilience Fund

Key Terms from the Framework Act

[Economic Security Items]

Essential core materials and raw materials that are crucial to the national economy for economic security, while being highly dependent on foreign supply

Critical Minerals

Industrial raw materials/
equipment

Staple Foods

[Economic Security Services]

Services and infrastructure that, if not provided or operated effectively, could disrupt the production and seamless distribution of items essential for economic security

Logistic Infrastructure

Maritime/Air Transportation

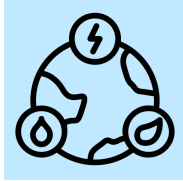
[Leading Companies]

Qualified companies that have submitted detailed plans to internalize, diversify the existing supply chain for Economic Security Items and Services, and have been selected by the relevant ministries or authorities

Supply Chain Resilience Fund

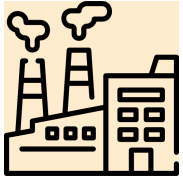
Key Support Areas by Activities

Key Support Areas / Activities



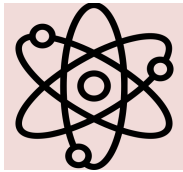
Acquisition of Critical Items

- 1 Acquisition of Minerals / Resources,
- 2 Procurement of Raw Materials / Ingredients,
- 3 Import and Trade of Energy / Grains, and
- 4 Related Logistics Infrastructure Services



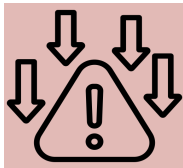
Domestic and International Facility Investment

- 1 Investment in Production and Processing of Key items,
- 2 Diversification of Procurement Sources,
- 3 Reshoring of Overseas Manufacturing Facility



Technology Development, and Commercialization

- 1 Corporate Acquisitions for Technology,
- 2 Purchase of Licenses for Key Technology,
- 3 Development of Alternative Technology,
- 4 Commercialization of New Technologies

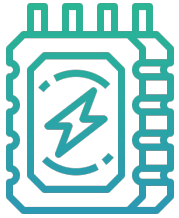


Emergency Crisis Response

Financing for Companies Severely Affected by Supply Chain Disruptions

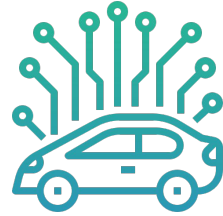
Supply Chain Resilience Fund

Priority Support Areas by Industry



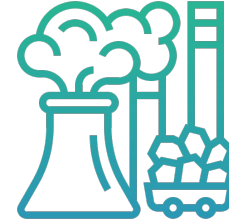
High-Tech Industries

- EV Battery
- Semiconductor
- Display
- Biotechnology



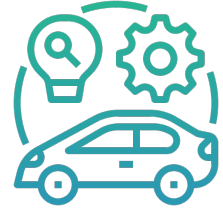
Resource Security

- Critical Minerals
- Energy



Essential Commodities

- Food
- Industrial Materials
- Essential Machinery and Equipment



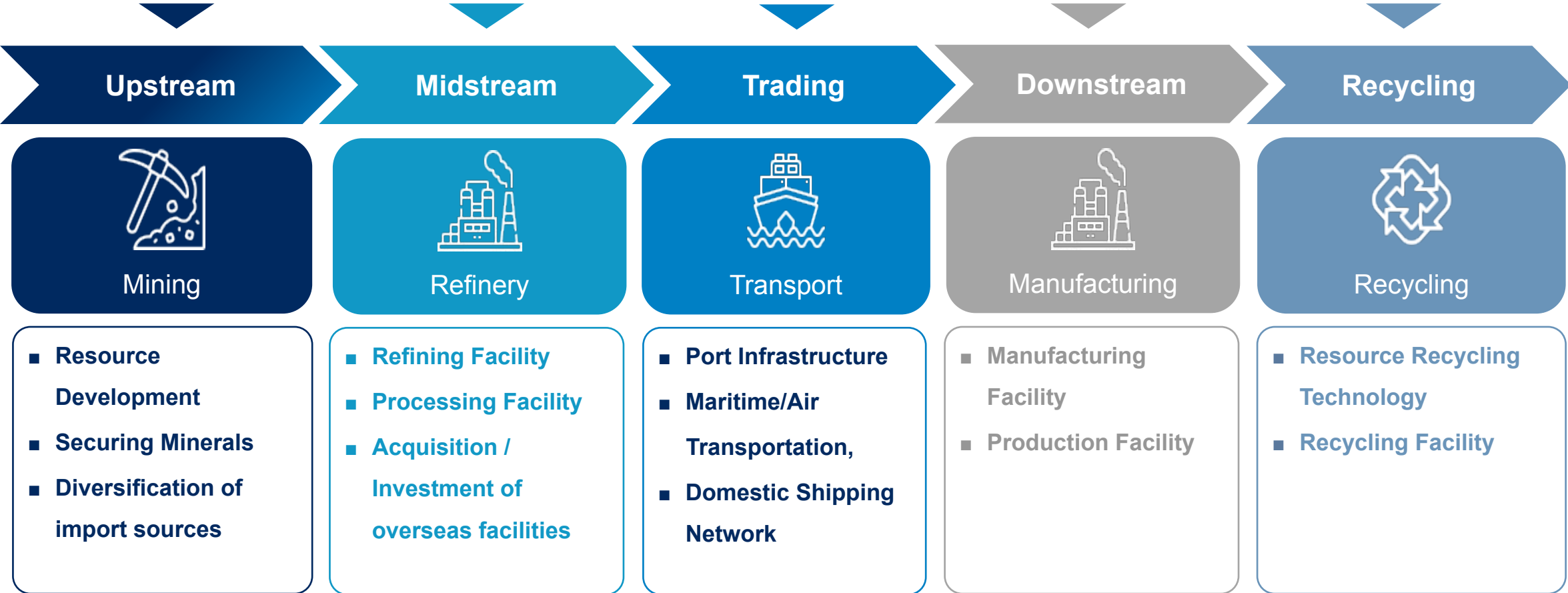
Logistics

- Maritime Services
- Aviation Services
- Seaports Infrastructure
- Storage Facility

SCRF in Critical Minerals Sector

Spanning the entire value chain, from sourcing to recycling

Supply Chain Resilience Fund

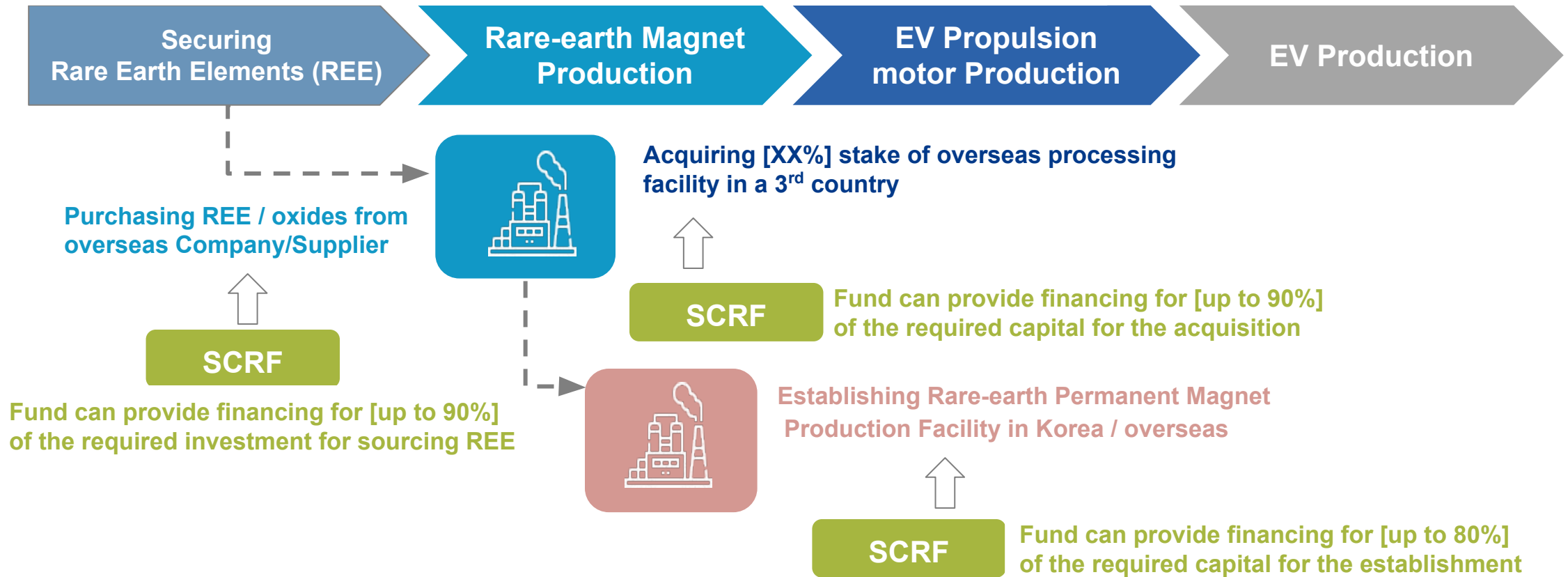


Supply Chain Resilience Fund

Practical Example of utilizing the Fund

■ A Korean Company is planning to establish domestic production facility to manufacture rare-earth magnets

[EV industry (Permanent Magnet) Value Chain]



Supply Chain Resilience Fund

General Procedures



Announcement for SCRF Application

KEXIM(SCRF) : Official announcement of the SCRF application on the website, including relevant eligibility criteria, assessment criteria, application procedures, and required documents

Apply for SCRF

Applicant : Submission of application with detailed business plan for SCRF

KEXIM(SCRF) & Applicant : Discussing the financial structure, interest rates, and other financial conditions



Project Evaluation

KEXIM(SCRF) : ① Conducting project Due Diligence (feasibility, borrower and project assessment, etc)

② Submitting a proposal for review to the credit committee

Final Approval

SCRF Credit Committee* : Review the project proposal and making the decision of the financing

* The Credit committee consists of seven external members



Disbursement

KEXIM(SCRF) : Making disbursement according to the scheduled timeline

SCRF is scheduled to launch in 3Q 2024

Thank you



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