

Encouraging Mutual Growth of Korean Shipping and Shipbuilding Industries

2nd November 2016, Busan



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1. Introduction to KEXIM

Pivotal Role in the Korean Economy



KEXIM is an Export Credit Agency mandated with promoting export and competitiveness of Korean goods and services

Strong gov't Support

Unique Mandate



Specially Mandated Institution

- Established in 1976 pursuant to the special act - *the Export-Import Bank of Korea Act*
- Functioning as a government vehicle to remedy market failure

100% owned by government

- The government fully owns KEXIM's capital directly and indirectly through other government arms
- KEXIM's Chairman & Board of Directors are appointed by the Government

Par with Sovereign Ratings

MOODY'S
INVESTORS SERVICE

Aa2 (Stable)

STANDARD
& POOR'S

AA (Stable)

FitchRatings
KNOW YOUR RISK

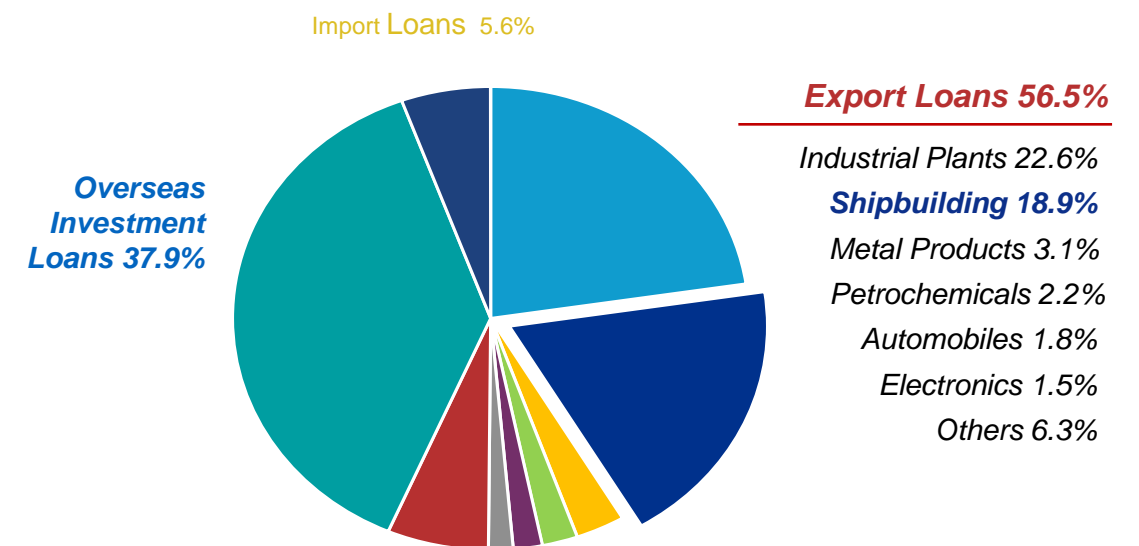
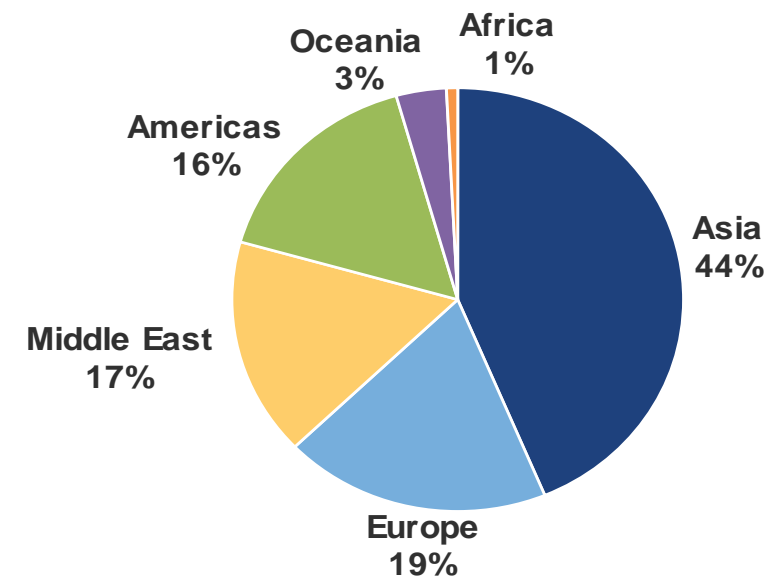
AA- (Stable)

Summary of Financial Statements

(KRW in Billion)	2010	2011	2012	2013	2014	2015
Total Assets	46,689	55,133	54,588	61,404	73,600	82,508
Total Loans	39,908	46,118	45,859	51,376	61,367	66,681
Total Equity	6,523	7,509	8,566	9,250	9,904	11,087
Net Income	67	147	149	77	85	41



Loan by Geography and by Product

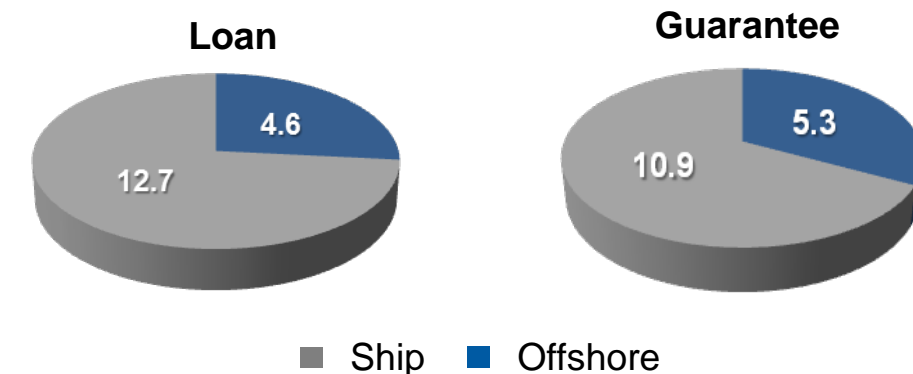


KEXIM' Ship financing Credit Execution(\$bn, 2015)



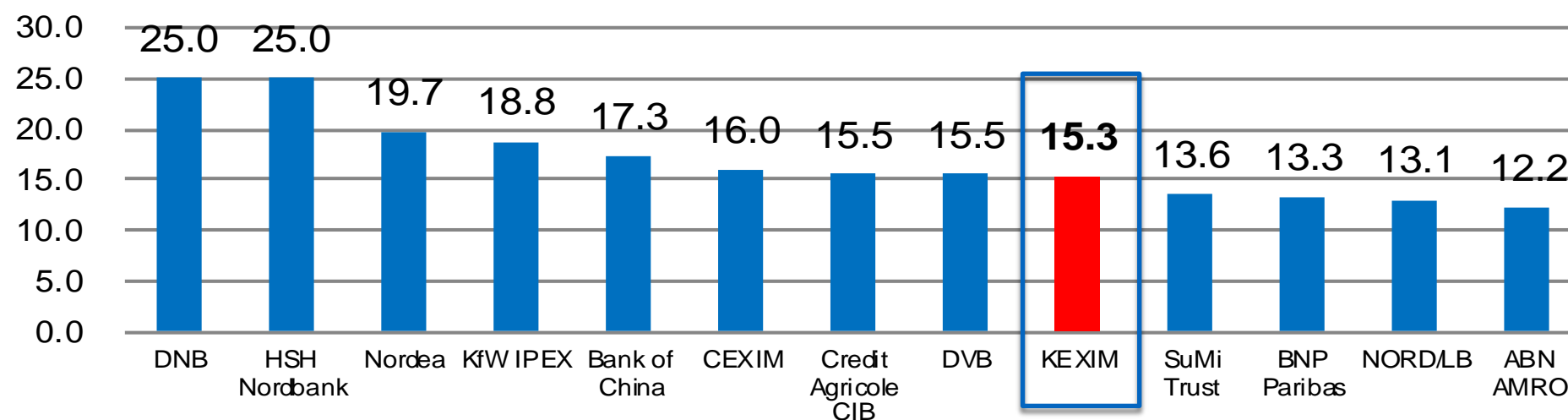
- KEXIM committed \$17.7billion for Ship and Offshore transactions in 2015

KEXIM' Ship financing Credit Balance (\$bn, 2015)



- KEXIM's Ship financing Credit balance consist of \$17.3billion loan and 16.2 billion guarantee

2015 Shipping Portfolio League Table



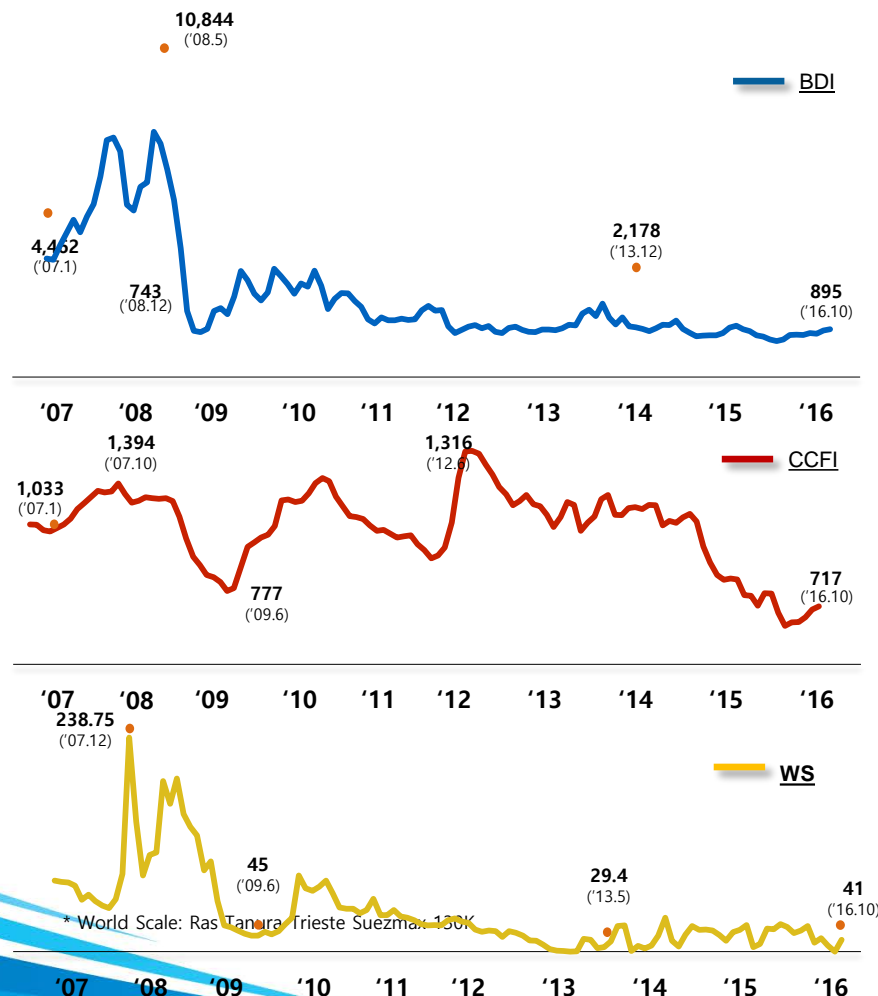
- KEXIM is the 9th largest Ship finance bank in the world

2. State of Korean Shipping and Shipbuilding industry

Prolonged Recession → Restructuring of Korean Shipping Industry

[Freight Market] “Weak Trend” Continue

<Low Growth Rate of Seaborne Trade & Fleet Oversupply>



Bulk

Rebounding from the Bottom, but Still Low

Container

The Lowest in History

Tanker

- Relatively positive
- Low freight volatility

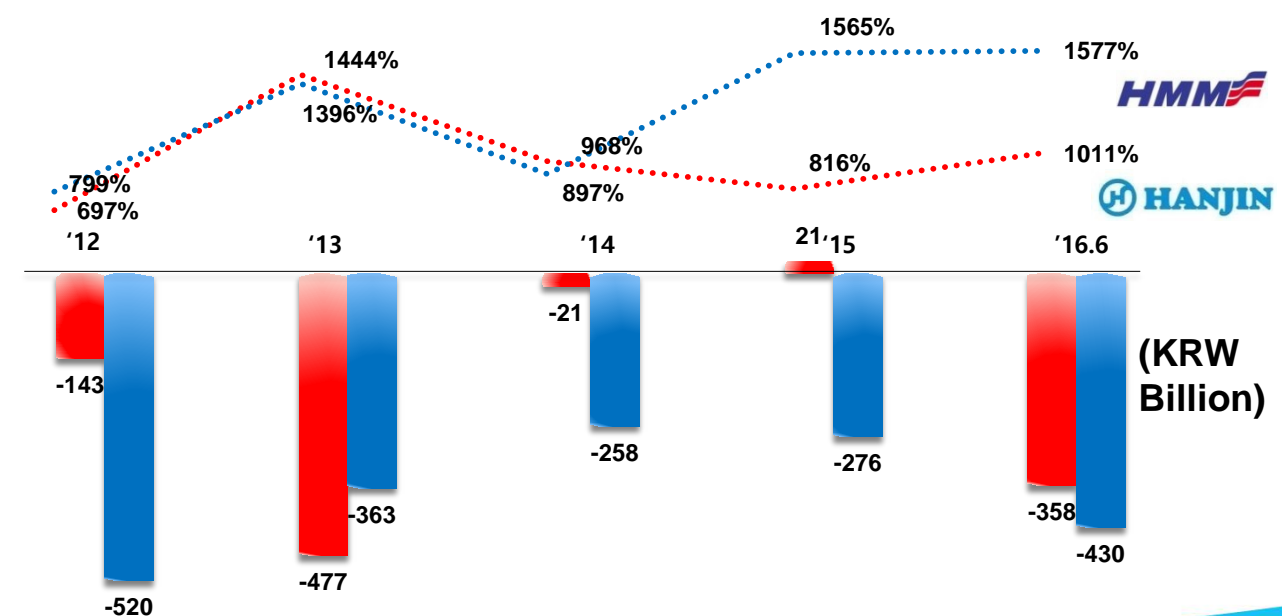
[Korean Shipping Industry] Accelerated Restructuring

<Hanjin Shipping & Hyundai Merchant Marine case >

Ill-timed investment decision

- High cost long-term charter in boom times
- Sudden Managerial change

<Hanjin & HMM> Debt Equity ratio & EBIT



Global Shipbuilding industry

Market share

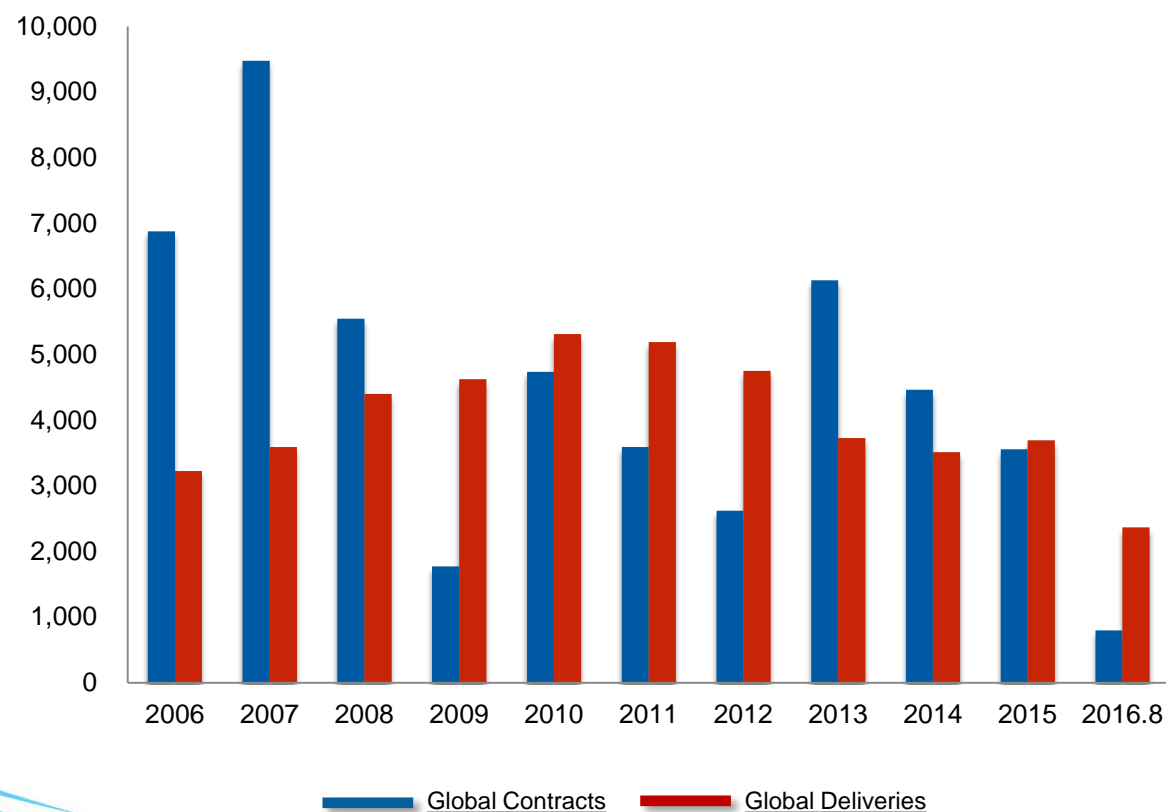
Rapid Decrease in New-Building Contracts

Global Economic Slowdown & Falling Commodity Prices

Advance in China, Regression in Korea

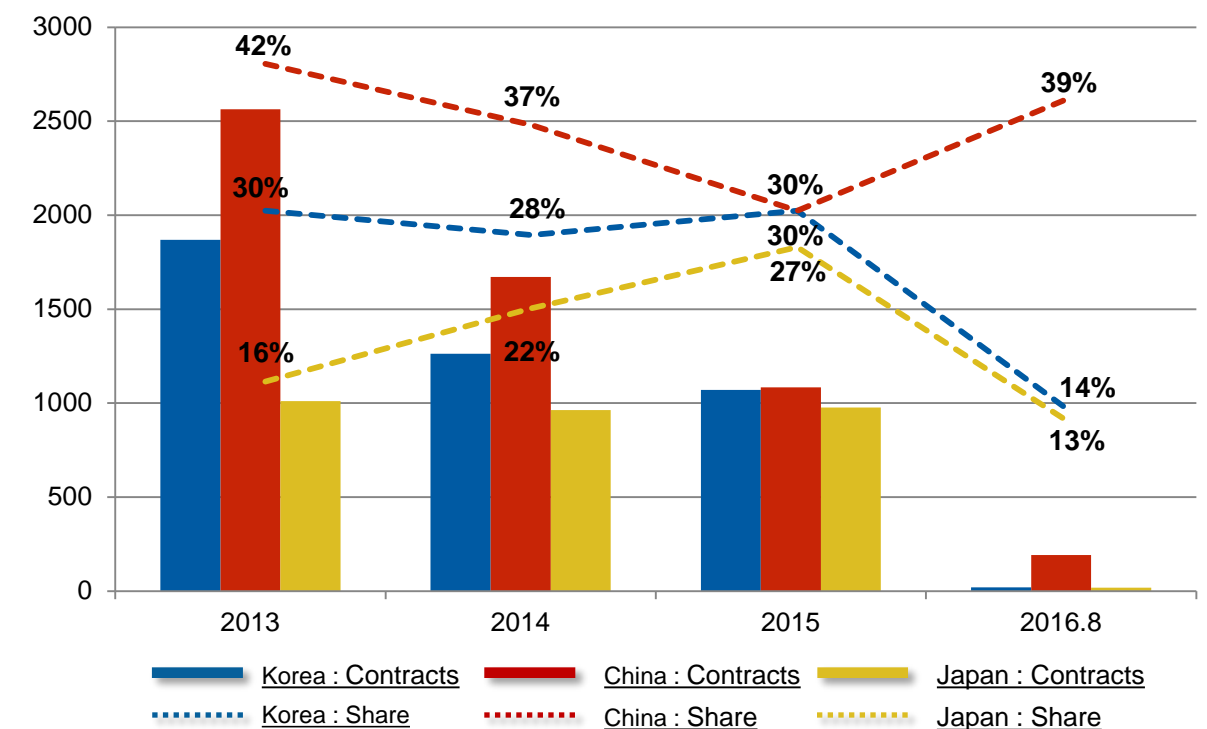
Chinese Government Support & Weak Yen

(10,000 CGT)



Long-term prospect is still positive for Korean shipbuilders

(10,000 CGT)



3. KEXIM Solutions for Encouraging mutual growth

Shipbuilding capacity exceed Domestic Shipping demand

Shipbuilding capacity > Shipping demand
↓
Dependence on Foreign orders

Cash-strapped shipping industry

Financial performance deterioration
↓
Lack of financial availability for new orders

World Builder Rank

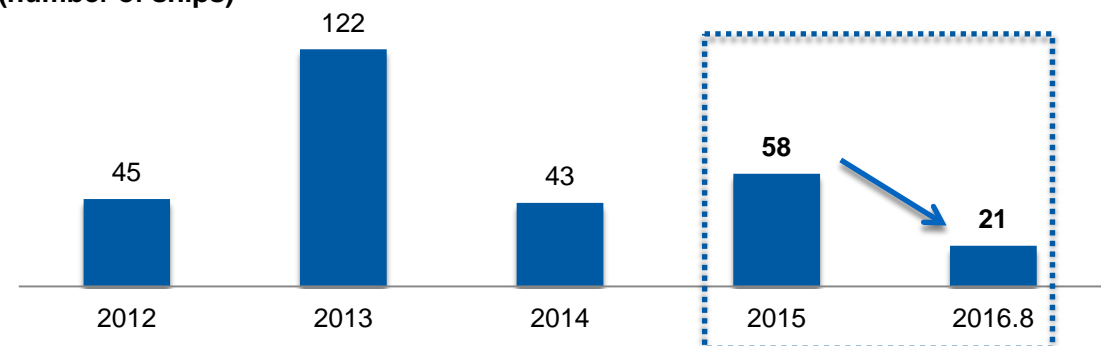
1	Daewoo
2	Hyundai HI
3	Samsung HI
...	...
5	Hyundai Samho
...	...
8	Hyundai Mipo

World Container Owner Rank

1	A.P. Moller
2	COSCO
...	...
24	Hanjin Shipping
...	...
31	Hyundai Merchant

Ship Investment by Korean Owner

(number of ships)



Average fleet age



13.5yrs



11.5yrs



11.3yrs



9.8yrs

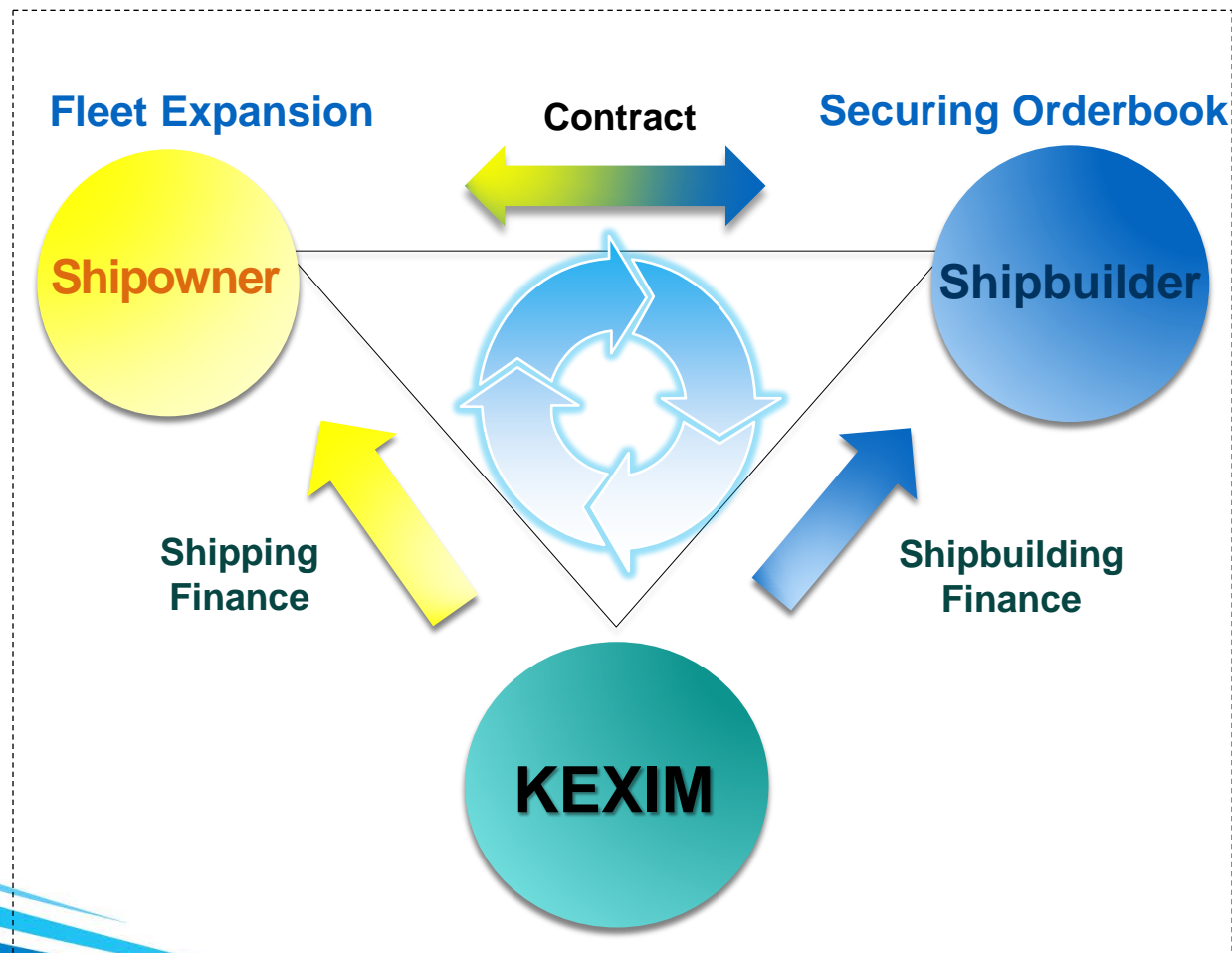


8.1yrs

Enhancing Co-Existence Relationship

Shipping & Shipbuilding “Virtuous Cycle”

↓
Overcome Crisis by Facilitating New Shipbuilding Contract
Between Shipowners & Shipbuilders



Reinforcing Functions as Match-maker

(As-is) Liquidity Provider

↓
(To-be) Deal Arranger



Summary

Tailored financial support for Korean SME shipping companies

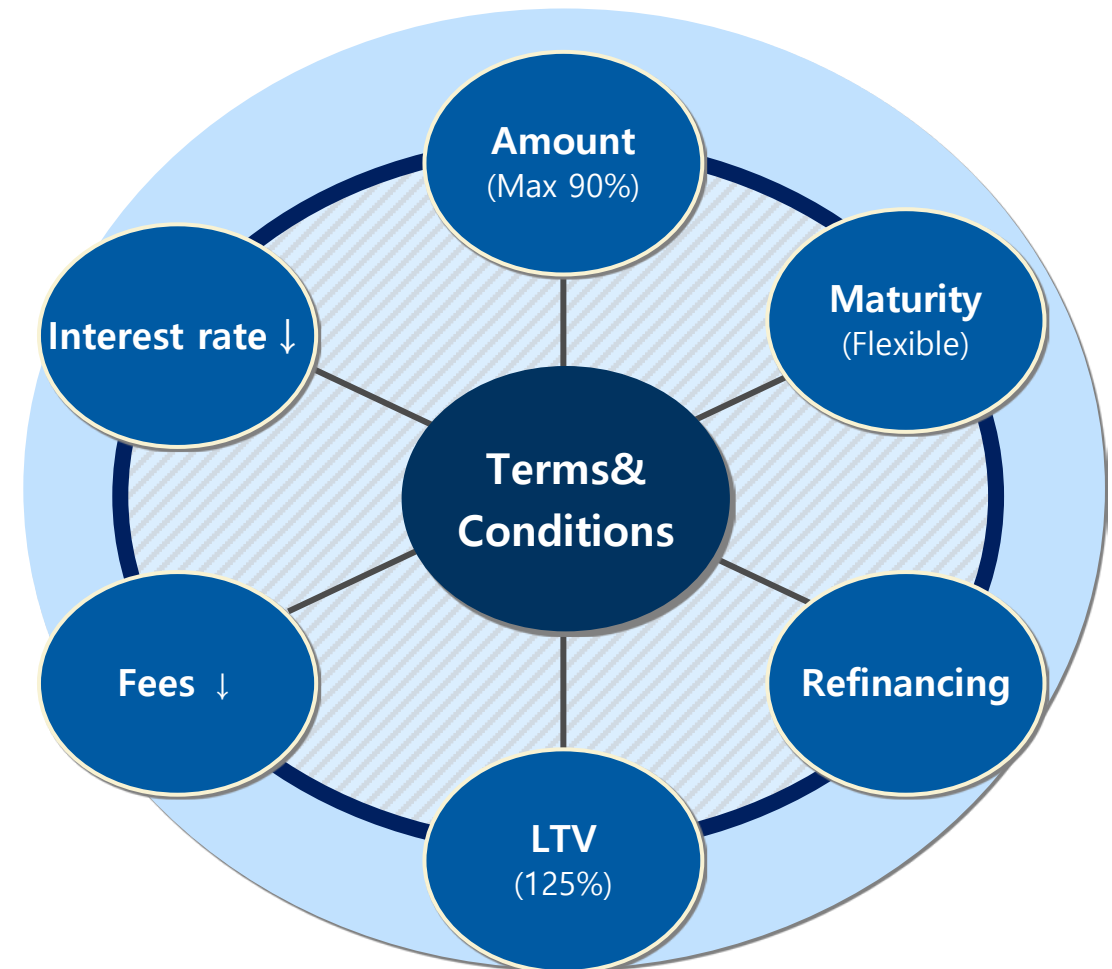
↓
Facilitate new building order for Korean shipbuilding industry

Key Characteristics

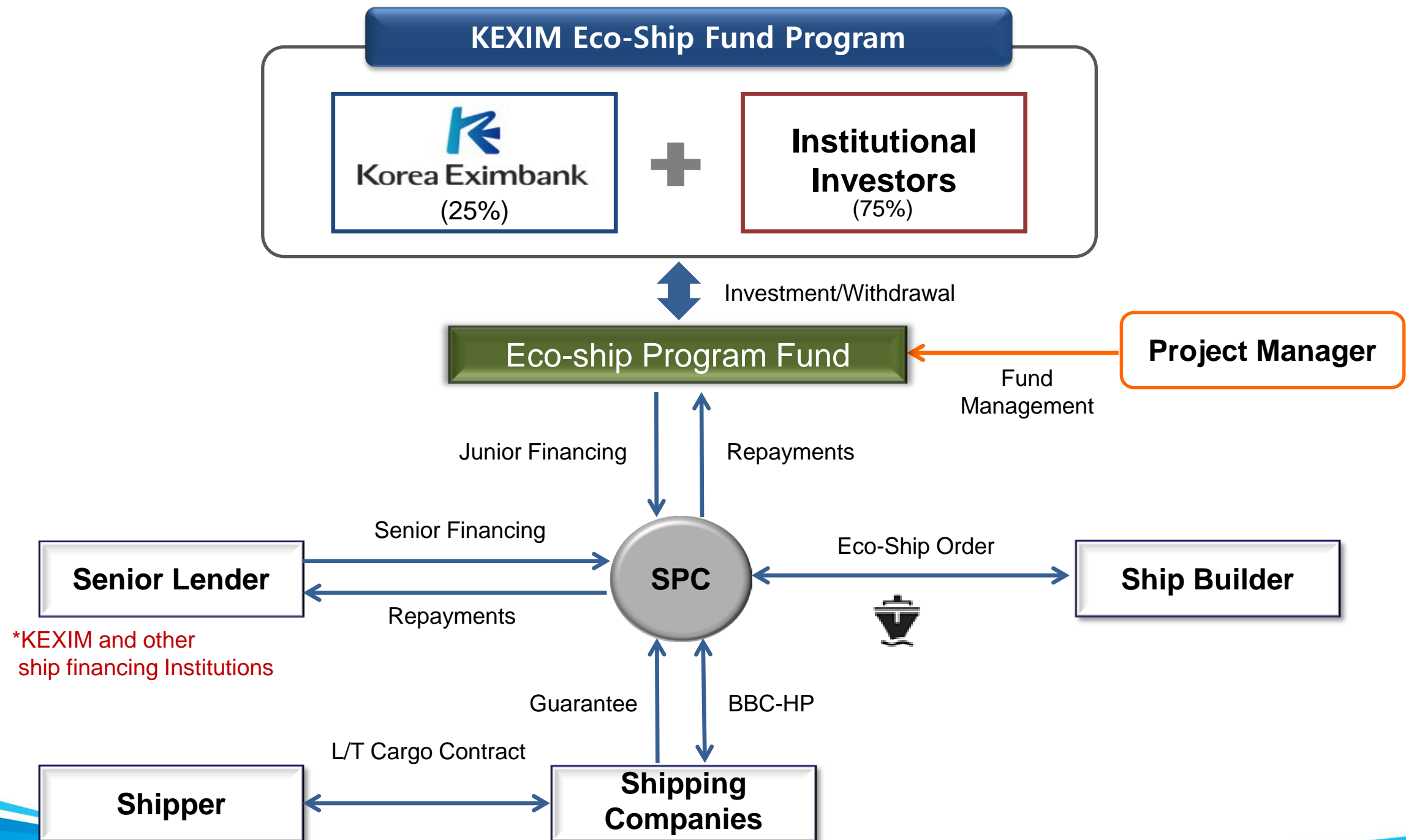
Purpose	<ul style="list-style-type: none"> Support Korean SME Shipping companies to enhance competitiveness
Establishment	<ul style="list-style-type: none"> 2015. 7
Target	<ul style="list-style-type: none"> Korean SME shipping companies (7) (updated annually)
Financial Conditions	<ul style="list-style-type: none"> Loan amount, Interest rate, LTV etc → Preferential terms and conditions
Track records	<ul style="list-style-type: none"> <2015> 3 companies 8 vessels USD 254million <2016> 3 companies 4 vessels USD 147million

Structure

Preferential financial terms & conditions for SME



Encourage Institutional investor's subordinated loan investment

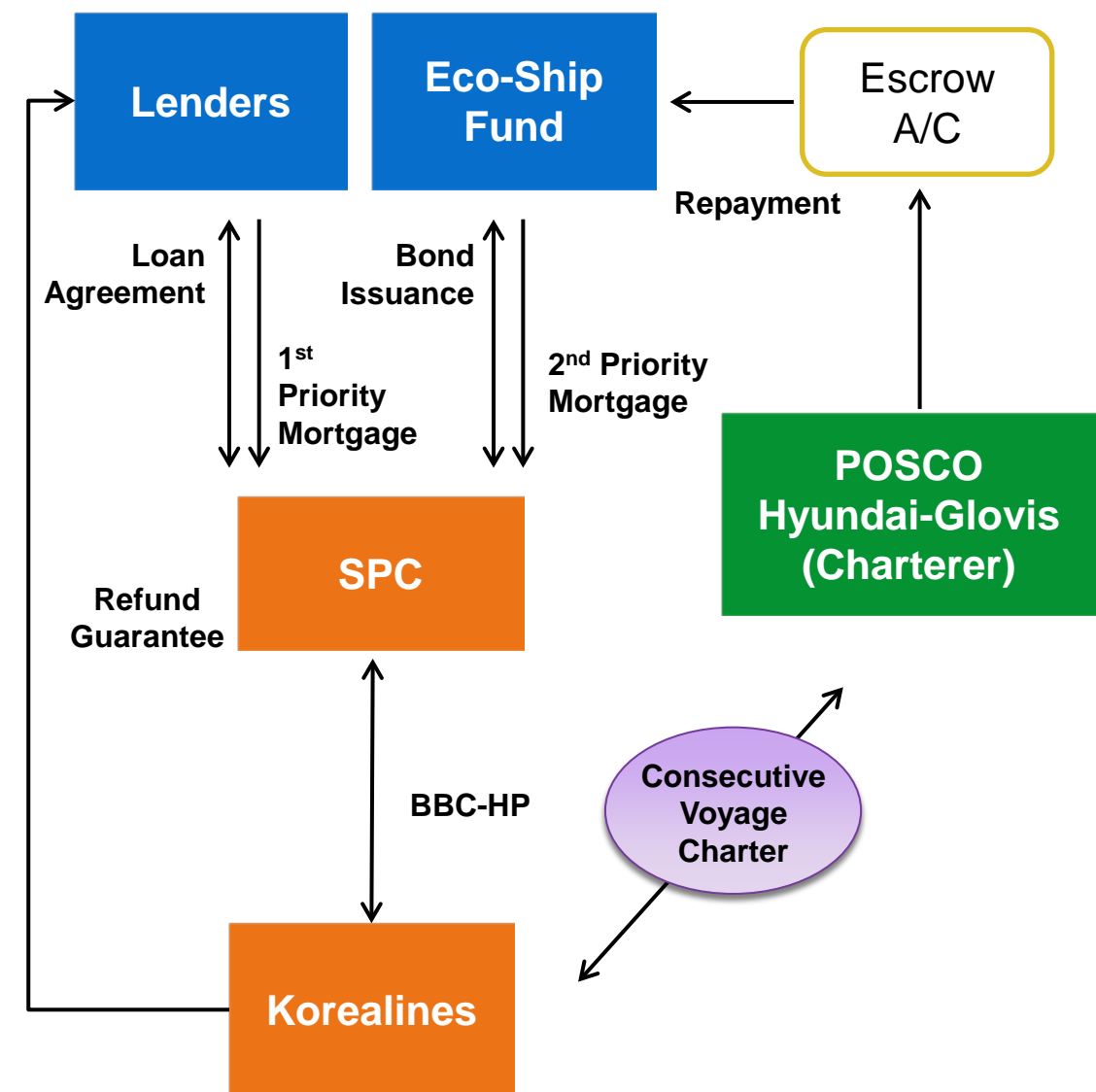


Summary

Key Characteristics

Target Market	<ul style="list-style-type: none"> Bulker and Tanker
Establishment	<ul style="list-style-type: none"> 2014. 12
Structure	<ul style="list-style-type: none"> Establish individual fund (KEXIM 25% / Institutional Investor 75%)
Total amount	<ul style="list-style-type: none"> KRW 1 trillion (KEXIM : KRW 0.25trillion)
Maturity	<ul style="list-style-type: none"> Maximum 15 years
Track record	<ul style="list-style-type: none"> HMM 4 bulk carriers ('14.12) Korealines 2 bulk carriers ('14.12) Sinokor 2 tankers ('15.8) Dong-a Tanker 2 tankers('15.8) SK shipping 2 LPG carriers('16.5) <p>→ Total KRW 0.14trillion</p>

Korealines Case (Eco-Ship Fund No.2)



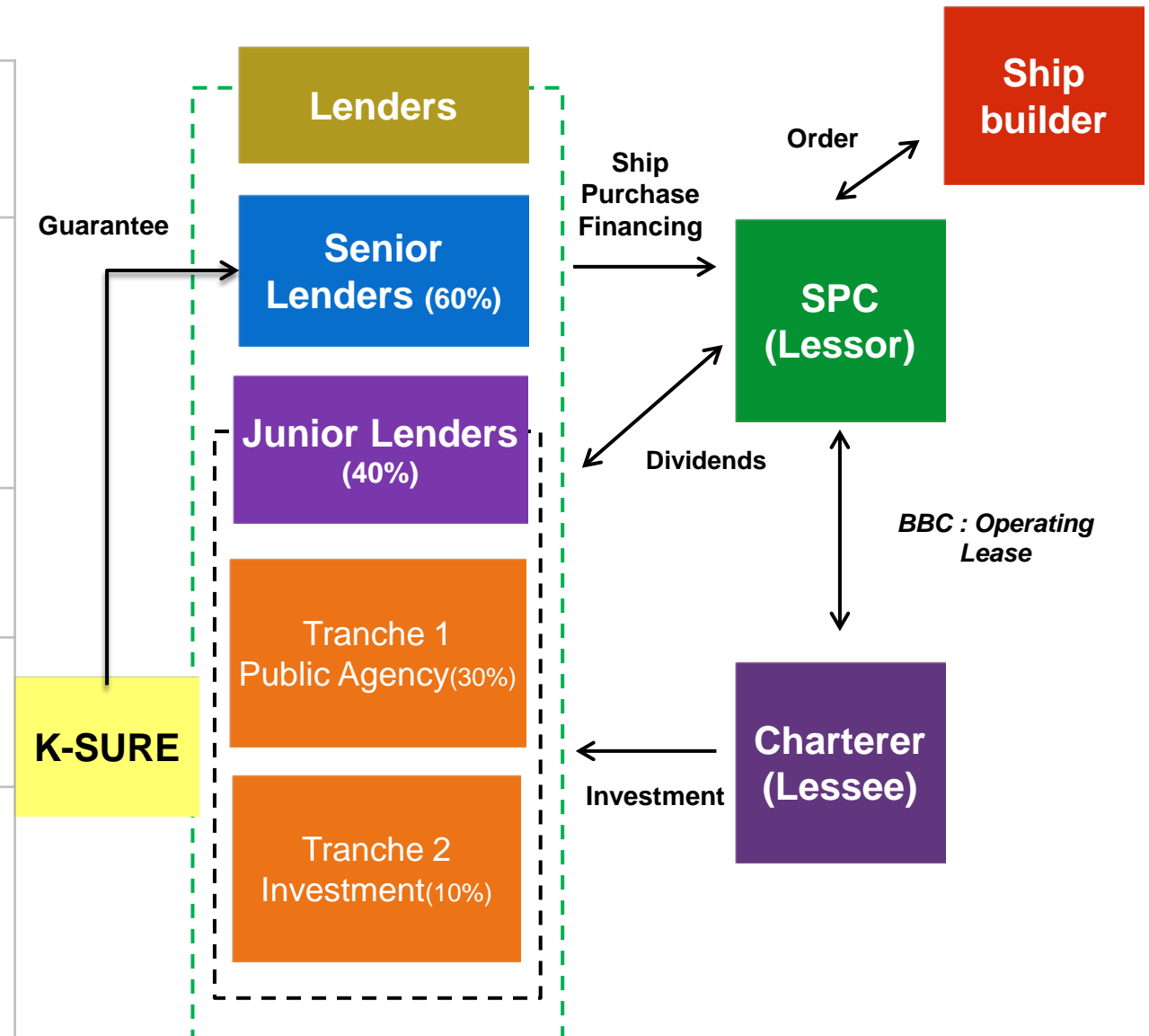
Large Containership New building Fund Program Korea Eximbank

Summary

Key Characteristics

Purpose	<ul style="list-style-type: none"> Support Korean Shipping and Shipbuilders by financing new large containership orders
Structure	<ul style="list-style-type: none"> Establish individual fund <ul style="list-style-type: none"> Senior loan 60% (K-SURE guarantee) Junior loan 40% (KEXIM, KDB, KAMCO, KDB Capital, Shipping company)
Total amount	<ul style="list-style-type: none"> USD 1.2 billion (14,000TEU 12 vessels)
Progress	<ul style="list-style-type: none"> MOU signed ('16.3) (KEXIM, KDB, K-SURE, KAMCO, KDB Capital)
Condition Precedent	<ul style="list-style-type: none"> Debt / Equity ratio : less than 400% Feasibility study Approval of individual financial institution

Structure

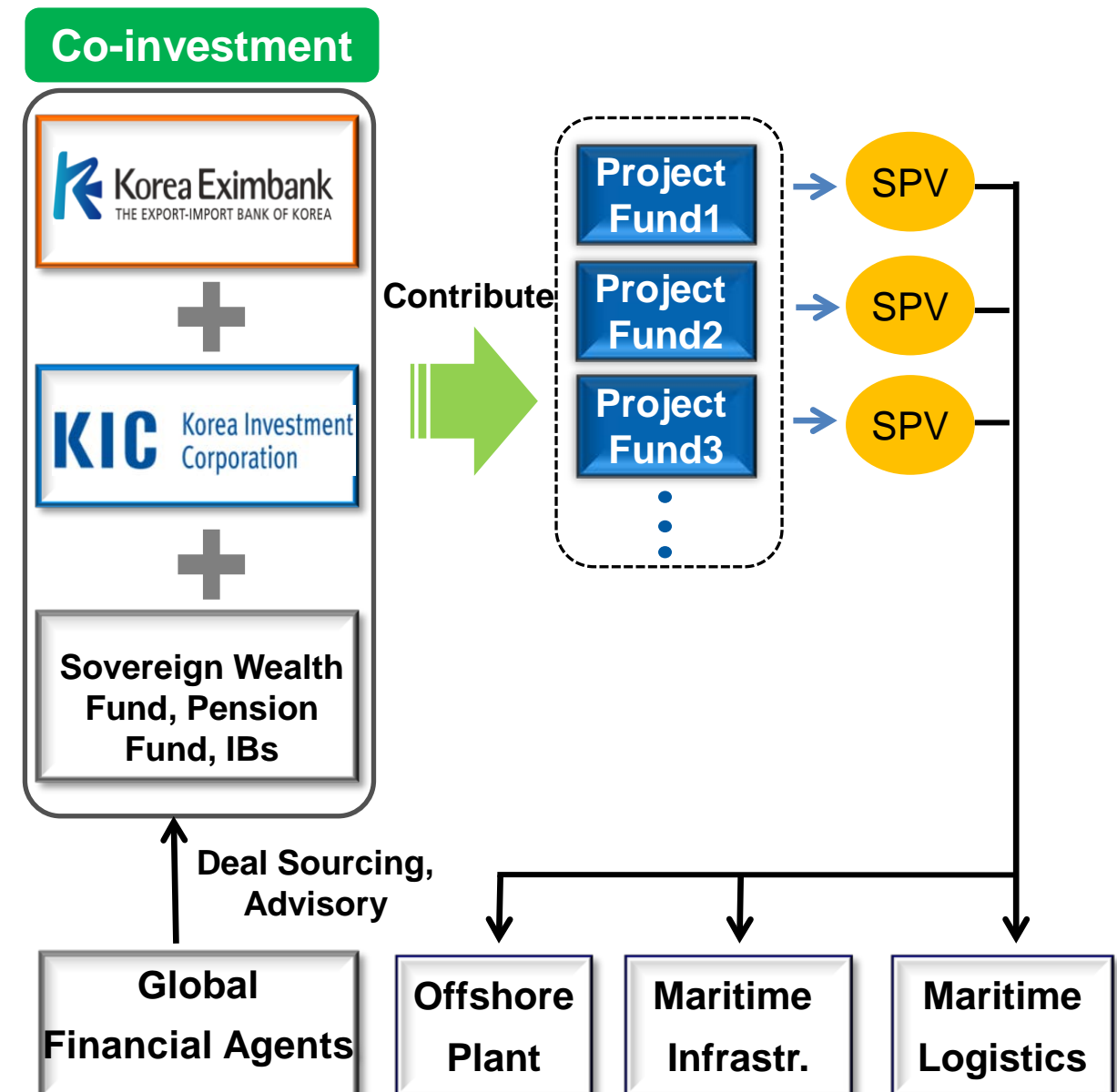


Summary

Key Characteristics

Purpose	<ul style="list-style-type: none"> Investment in Maritime Infrastructure and Offshore Plant
Structure	<ul style="list-style-type: none"> Co-investment framework (Fund of funds) <ul style="list-style-type: none"> - Program leader : KEXIM / KIC - Investor : Sovereign wealth fund, Pension fund, PEF, MDB
Target Industry	<ul style="list-style-type: none"> Offshore plant / Maritime Infrastructure / Maritime Logistics
Total Amount	<ul style="list-style-type: none"> Open-ended
Progress	<ul style="list-style-type: none"> Deal sourcing

Structure



Thank you

WonHyup Kwon
Director, Korea Eximbank

