



Rating Action: Moody's assigns Aa2/P-1 issuer ratings to KEXIM Global (Singapore) Ltd; outlook stable

13 Jul 2023

Hong Kong, July 13, 2023 – Moody's Investors Service has assigned first-time Aa2/P-1 foreign- and local-currency long-term/short-term issuer ratings to KEXIM Global (Singapore) Ltd (KEXIM Global).

The outlook on the long-term issuer rating is stable.

RATINGS RATIONALE

Moody's has aligned KEXIM Global's Aa2 long-term issuer ratings with its parent The Export-Import Bank of Korea (KEXIM, Aa2 stable)'s Aa2 long-term foreign currency senior unsecured debt ratings. Issuer ratings reflect Moody's view of the ability of the issuer to honor senior unsecured debt and debt-like obligations. KEXIM Global's P-1 short-term issuer rating is derived from Moody's standard mapping between long-term global ratings to short-term global ratings.

KEXIM Global was incorporated in July 2022 based in Singapore, to provide financial support to Korean companies in their overseas business operations, investments and contract acquisitions. KEXIM Global is KEXIM's largest capitalized overseas subsidiary with paid-in capital of \$300 million, and targets to become KEXIM's global business development desk over the next 3-5 years, focusing on ASEAN, Oceania, India and the Middle East regions.

Moody's regards KEXIM Global as a highly integrated entity (HIE) of its parent, because the subsidiary has a high level of integration with KEXIM in its loan origination, funding activities, as well as risk and liquidity management. KEXIM Global is also a wholly owned subsidiary of KEXIM with senior management appointed from the head office, and shares their brand and name. KEXIM Global's standalone financial performance has yet to generate a meaningful track record because of its short history of incorporation and business operations.

KEXIM Global has limited independent business franchise, infrastructure and staff to explore business opportunities and will rely on the parent for deal originations. In addition, KEXIM Global will depend on the parent for key functions such as risk management with risk appetite, underwriting policies and limits set at the parent level. The company reports its status on a regular basis to the parent. The linkage with the parent is also indicated by a cross-default clause under KEXIM's term facility agreement, under which KEXIM Global falls under the definition of Group.

KEXIM Global's and KEXIM's ratings are equalized with the Government of Korea's Aa2 rating. This is based on Article 4 of the KEXIM Act that stipulates the government must provide support for the bank's capital and on Article 37, which holds the government responsible for replenishing any deficit if KEXIM's reserves are insufficient to cover its annual losses. Although Article 37 of the KEXIM Act does not cover KEXIM Global in strict legal terms, KEXIM's capitalization consolidates KEXIM Global and all overseas subsidiaries of KEXIM are subject to the same level of control by the Korean government, functioning as a unified group under KEXIM.

Moody's regards KEXIM Global's close integration with KEXIM in terms of risk management as a governance strength under the agency's environmental, social and governance (ESG) framework, given the implications for KEXIM Global's financial strategy and risk management. Today's action reflects the impact on KEXIM Global from the integrated intra-group governance, which will help maintain the company's stable asset quality and capitalization.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

As a highly integrated entity of KEXIM, KEXIM Global's rating could be upgraded if its parent company's rating is upgraded.

Conversely, Moody's could downgrade KEXIM Global's rating if the agency assesses that KEXIM Global is becoming more independent from KEXIM, or if the willingness and ability of its parent company or the Government of Korea (Aa2 stable) to support the company weaken.

PRINCIPAL METHODOLOGY

The principal methodology used in these ratings was Banks Methodology published in July 2021 and available at <https://ratings.moodys.com/rmc-documents/71997>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

KEXIM Global is incorporated and domiciled in Singapore with \$302 million of total assets as of 31 December 2022. It is a wholly owned subsidiary of KEXIM.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on <https://ratings.moodys.com/rating-definitions>.

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The ratings have been disclosed to the rated entity or its designated agent(s) and issued with no amendment resulting from that disclosure.

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Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at https://ratings.moodys.com/documents/PBC_1288235.

At least one ESG consideration was material to the credit rating action(s) announced and described above.

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