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Disclosure information will be provided in English from 2024, increasing the accessibility of information to foreign investors

Trends in Specialized Financial Market

Ship and Ship Finance Market Trends



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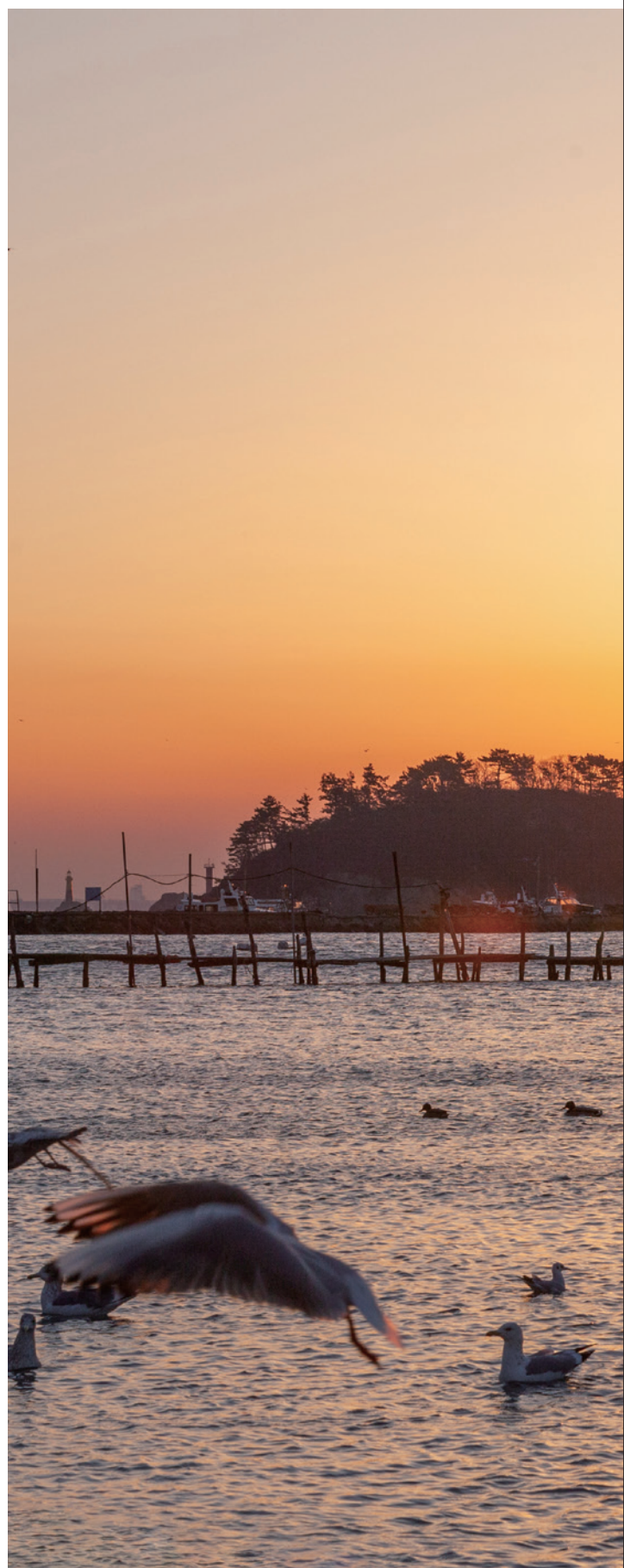




Photo Caption: Sunrise in Dadaepo beach

Maritime Finance and Busan's Role in the Eco-friendly Era



President of Maritime Finance Research Institute
Lee Jai Min

The new year of Gapjin has dawned. Many important events around the globe will unfold this year, but among them, the transition to eco-friendliness is expected to become a very influential element of all areas of economy and society. As more countries pledge to achieve carbon neutrality by 2050, they are accelerating their implementation across industries. Carbon neutrality is a policy that was adopted in the Paris Agreement in 2015 that aims to reduce greenhouse gas emissions worldwide by 2050 to keep the global average temperature from increasing more than 1.5°C above the pre-Industrial Revolution average.

The maritime industry has a very important position in achieving carbon neutrality globally. The amount of greenhouse gases emitted by the shipping industry accounts for 2-3% of all greenhouse gases emitted globally, which is equivalent to the greenhouse gas emissions of Japan as a whole. As ships sail around the world emitting greenhouse gases more than their proportion of emissions, the impact of shipping's greenhouse gas emissions could be more serious than that of any other industry.

For this reason, measures to decarbonize shipping are being implemented extensively. For example, the UN's International Maritime Organization (IMO), which governs international shipping, has established a number of rules regulating greenhouse gas emissions during ship operations around the world and is enforcing compliance among shipping companies. At the Marine Environment Protection Committee (MEPC 80) in

July 2023, IMO set a goal of curbing greenhouse gas emissions from shipping companies to zero by 2050, down from its initial goal of a 50% reduction. As an initial step, it has set detailed schedules of a minimum 20 percent reduction by 2030, followed by a reduction of at least 70 percent by 2040.

As one of the specific implementation measures, the implementation of the Carbon Intensity Index (CII) which evaluates ships into five levels based on their greenhouse gas emissions (with ships rated D or E for two consecutive years being banned from international voyages), was mandated from 2023. Ultimately, shipping companies operating ships with high carbon emissions have no choice but to scrap old ships and purchase and operate new eco-friendly ships.

In addition to IMO regulations targeting shipping companies worldwide, regions around the world are also taking measures to reduce greenhouse gases from ships operating in their territorial waters. The region currently taking the strongest measures is the EU, which is enacting its own rules separate from IMO regulations to force ships sailing within the EU waters to reduce greenhouse gas emissions. For example, starting in 2024, the EU ETS (Carbon Emissions Credit) system will be implemented for shipping. Carbon emissions rights are a system that sets an upper limit on carbon emissions and requires companies that emit carbon in excess of this limit to purchase credits equal to the excess in the market. Starting this year, shipping companies will have to bear significant additional costs related to the amount of their carbon emissions. These mandatory decarbonization

measures for the maritime industry are expected to be further strengthened to achieve net zero by 2050.

Accordingly, shipping companies are also actively working to reduce greenhouse gases. This is because, in addition to the international regulations mentioned above, shippers, who are customers of shipping companies, are demanding eco-friendly ships as part of their carbon neutral activities. Large global shipping companies including Maersk and CMA CGM are placing orders of new ships that use eco-friendly fuels such as methanol or ammonia. But this is just the beginning. Huge investments are required to decarbonize the maritime industry, including shipping. The area that requires the most investment is the shipping sector, which needs to replace existing fossil fuel-powered ships with eco-friendly fuel-powered ships.

As of the end of October 2023, 94% of ships worldwide are fossil fuel-powered ships. It will require a huge amount of money to convert them all to eco-friendly ships by 2050. In addition, significant investment will need to be made in such areas as investment in mass production and distribution of eco-friendly fuels including methanol, ammonia, or hydrogen, as well as construction of new port infrastructure, which requires new bunkering facilities and onshore electrical equipment. Global shipping-related research institutes are estimating the amount of these investments, and current estimates show that \$1.4 to \$3.4 trillion will be needed by 2050 to decarbonize the maritime industry.

In order to make such a massive investment possible, massive financial support is needed. When investing in a ship, the shipowner generally pays about 20% of the cost, with the remaining 80% covered by loans. Therefore, it may be possible for shipowners to purchase eco-friendly ships without financial support. Additionally, mass production of eco-friendly fuels including methanol, ammonia, and hydrogen also requires financial support. In this particular situation, since these fuels are new to the market, and a stable demand for ship fuel cannot be guaranteed in the future, investors invariably prefer to share any risks with financial institutions.

In addition to such investment in new ships or fuel, considerable funding will be needed to build port infrastructure to support decarbonization of the shipping industry. Singapore has quickly

invested in the construction of LNG bunkering facilities, an intermediate mean for decarbonization of ships, and has now established itself as an LNG bunkering hub in Asia. In the future, competition among major ports is expected to intensify to dominate the bunkering business for next generation fuels such as ammonia or hydrogen. The competition for decarbonization among these ports will also depend on who secures competitive financing first.

With the emergence of a new eco-friendly paradigm, demand for maritime finance is expected to remain at a record level for a considerable period of time in the future. This is a golden opportunity for Busan, which promotes itself as a maritime financial hub. Busan, along with Seoul, was selected as a financial hub for Korea in 2009, and has worked extensively to develop into a financial city with exceptional results. In particular, under the strategy of specializing in derivative and maritime finance, Busan has made considerable achievements in establishing a maritime finance base in Busan. For example, the Korea Ocean Business Corporation, which specializes in maritime finance, was established in Busan in 2018. As well, the maritime finance departments of Korea Exim Bank, Korea Development Bank, and Korea Trade Insurance Corporation, which are financial institutions that lead ship finance in Korea, have relocated to Busan to perform their duties under the name of the Maritime Finance Center.

As a result, most of Korea's maritime finance transactions are currently conducted in Busan. In addition to the concentration of financial institutions, Busan has the perfect location to become a maritime finance city. Busan is Korea's only world-class port and maintains its status as a maritime logistics center in Northeast Asia. It ranked 7th worldwide in terms of cargo throughput in 2022, and most international shipping companies use the Port of Busan. In addition, world-class shipyards are concentrated in the Busan, Ulsan, and Gyeongnam region, and Busan is both a center connecting these regions and a gateway to the world. \$45.3 billion in ship investment was made in these shipyards in 2022 alone, and such enormous demand for ship finance is centering on Busan. Although domestic shipyards lag behind China in terms of overall shipbuilding order share, they are far ahead of China in shipbuilding orders for eco-friendly

ships, including LNG, methanol, and ammonia-powered ships. This trend is expected to continue for the time being. Although Busan has excellent infrastructure including financial institutions and shipyards needed for maritime financial development, its international recognition and competitiveness are still far behind financial cities such as Singapore and Hong Kong.

To make the most of this time of change in the maritime industry, Busan will have to be more determined and more prepared to grow and expand as a maritime finance hub. The question is: how should Busan prepare for this opportunity? The following are some points needed for Busan to become a maritime finance hub in the eco-friendly era.

First, Busan urgently needs to develop private finance. The shipping finance institutions mentioned above in Busan are all public finance institutions. These are institutions that carry out limited tasks for policy purposes, and there is no financial hub composed solely of state-owned financial institutions anywhere in the world. In other words, it is not only important to attract domestic private financial institutions but overseas ones as well. Maritime finance is a form of international financing where most transactions are conducted by non-residents in US dollars, so attracting foreign financial institutions to Busan is essential.

At a time when foreign financial institutions in the Asian market are relocating out of Hong Kong in response to security crackdowns the strategies and efforts are needed to attract them to Busan. The problem is that various domestic systems are focused on regulations rather than incentives, making it difficult for foreign financial institutions to enter the market. In order for Busan to compete with Singapore and Hong Kong as a maritime financial hub, it must provide at least the same incentives in terms of taxation, administration, and business activities. For example, tax reductions for overseas financial institutions and relaxation of regulations on the establishment and operation of financial companies are just two of the fundamental incentives that must be available. However, there are many areas where it is difficult to allow these things under current domestic laws and financial system.

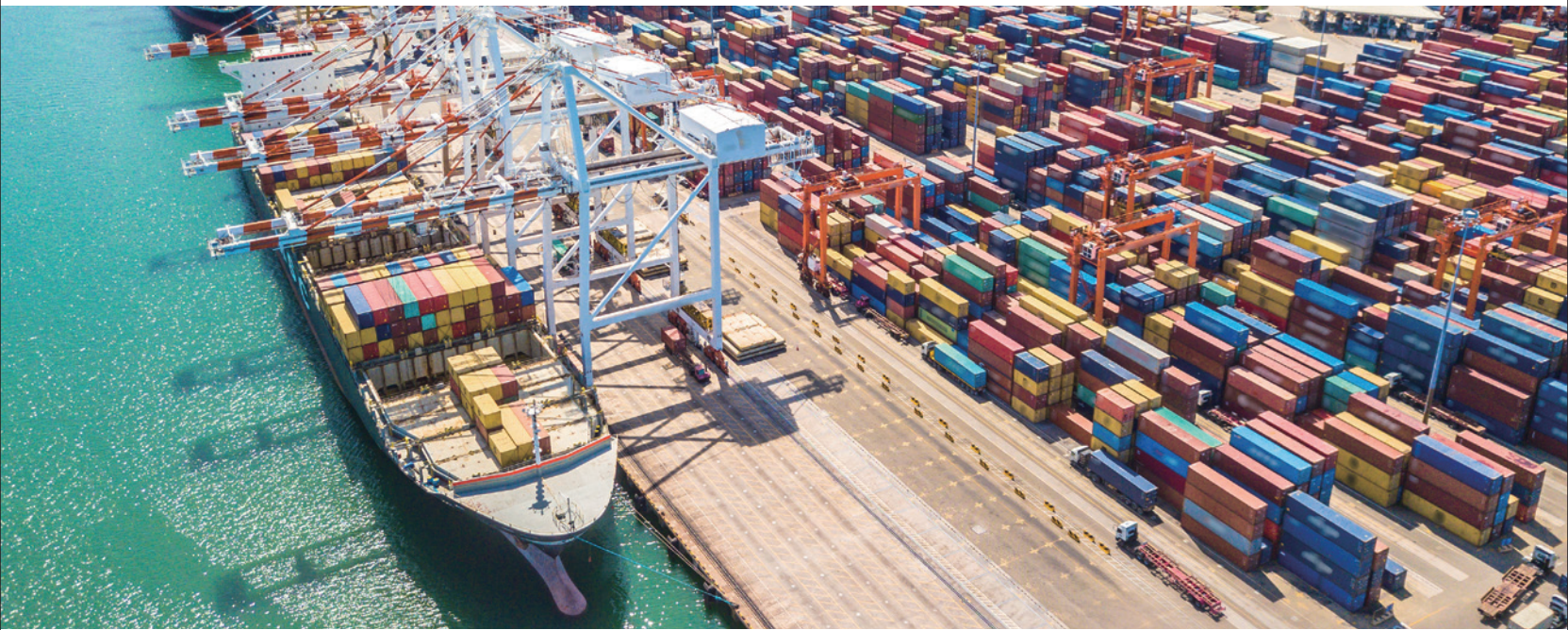
Therefore, some differentiated measures are needed for Busan. I think the most effective means is to establish a special maritime

finance zone in Busan. I understand that a proposal to establish a special financial zone in Busan was discussed in political circles in the past, but such an attempt failed due to opposition from other regions. However, if it were a special zone limited to maritime finance rather than a broad special financial zone, it would be possible to avoid backlash from other regions that are not related to maritime finance. In a situation where the government also publicly supports Busan's specialized development of maritime finance, it seems desirable to provide policy support that is more practically helpful to Busan.

The second thing Busan should consider is the promotion of Alternative finance refers particularly to finance that replaces bank finance. However, globally, the percentage of bank loans in ship financing is steadily decreasing. It decreased from about 80% prior to 2008's global financial crisis to 65% in 2023, and this figure is likely to fall further. After the 2008 financial crisis, it was not easy for banks to expand their ship finance portfolio as the Basel Convention and other regulations emphasized risk management. Alternative finance has made up for the decline in the proportion of these banks. Alternative finance refers to finance that replaces bank finance. Lease financing, private equity funds, and subordinated loans are widely used in the ship finance market. In particular, lease financing is actively operated in China and Japan. Currently, China's lease financing has grown to account for more than 10% of global ship finance. In the case of lease financing, the lease fee is a bit more expensive than the interest on a bank loan, but from the shipping company's perspective, it is an attractive source of funds in that it allows the ship to be operated without burdening the ship-owner with providing equity capital.

Lease financing may become more important in maritime finance in the eco-friendly era. This is because shipping companies' preference for ship leasing is expected to increase as the future of eco-friendly ships and fuels is not clearly set. Despite the importance of lease finance, there are no lease finance companies specializing in ships in Korea. In contrast, there are 78 ship lease finance companies operating in China. To compete, Busan must take the lead in domestic ship lease financing.

A new source of alternative finance is the Security Token



Offering (STO) of ship finance. Security tokens are a form of digital finance that utilizes blockchain technology to facilitate individuals' investment in real assets including stocks, bonds, and real estate. As the system related to STO has been recently reorganized, it is expected that investors will be able to use STO for assets in the maritime sector, including ships, in the future. If security tokens are activated in the future, a new area could be created in the ship finance market, just as Germany's KG Fund led the global ship finance market in the past. It would also be meaningful to create a security token market in the shipping sector in Busan.

The third role that Busan must play for the development of maritime finance is training finance professionals. The sector where Busan lags behind Singapore or Hong Kong the most is the lack of financial professionals. No matter how great the systems and hardware related to maritime finance are, what financial institutions would move to Busan if, upon arrival, they cannot find qualified employees to do the work? Maritime finance is a field that requires specialized knowledge in both international finance and project finance based on practical knowledge of the shipping industry. Added on to this, knowledge in technical fields related to eco-friendly issues is

becoming increasingly important.

Therefore, the finance curriculum at general universities alone is not sufficient to develop maritime finance experts. Korea Maritime and Ocean University is the only institution in Korea that operates an educational program specialized in maritime finance, but the size and scale of the program is significantly insufficient for the demand of this important subject in the future. The Busan Metropolitan City, with the cooperation of the central government, must provide budgetary support for training maritime professionals. If Busan were to run an international maritime finance specialized program like Bayes Business School in the UK, the image of Busan as a maritime finance hub could be greatly expanded both at home and abroad.

The current goal of the decarbonization of the maritime industry is net zero carbon emissions by 2050. All activities to achieve this goal are linked to finance. Therefore, for our maritime industry to meet these decarbonization goals, it is important that Busan develop into a maritime financial hub. It is paramount that Busan pool all of its skills and capabilities together so as not to miss this golden opportunity now. ⚡

Busan Financial Industry Development Plan(2023-2025) for Becoming a Global Financial Hub City



About Busan Financial Hub Policy

Vision

Busan: A global financial hub city

Goal

Building the foundation for becoming an international financial city

(2023-2025 (during the Busan Financial Industry Development Plan))

Key Strategy

- Maximize the foundation for the financial industry based on integrated capability of state-owned financial institutions and digital finance capacity
- Attract target financial companies using specialized maritime and derivatives finance, and strategic networks
- Promote the introduction of Dubai International Financial Centre (Dubai Free Zone) and Singapore systems to improve the business and residential environment

Promotion tasks

1. Building the foundation for a global financial hub

- Building a strategic financial network
- Expansion of financial data center infrastructure near BIFC
- Strengthening the virtuous financial investment ecosystem
- Improvement of business and living environment; promotion of special zone model
- Promoting the Busan financial hub

2. Maximizing the Concentrated Impact of Policy Financial Institutions

- Strengthening the functions and supporting collaboration of state-owned financial institutions
- Attracting additional state-owned financial institutions
- Creating a technology financial city based on technological innovation support

3. Leaping into Asia's Digital Financial Hub

- Completing the digital financial center "D-Valley"
- Nurturing and attracting fintech companies
- Discovering new regional growth engines based on blockchain and digital assets
- Nurturing key digital finance talent

4. Innovation in maritime and derivative finance

- Strengthening the foundation of a maritime specialized financial hub
- Training specialized financial professionals
- Building a foundation for green finance growth
- Activating green finance derivative



IR in London, September 11 (Mon.) - September 15, 2023 (Fri.)

Location London

Participating Organizations Busan Finance Center, Busan Metropolitan City, Seoul Metropolitan City, Financial Supervisory Service, Z/Yen, Bayes Business School

Agenda

- Promotion of Busan financial hub through joint London IR participation by local governments, Financial Supervisory Service, and financial institutions
- Discussion on joint research projects and GFCI index with a financial-related global consulting agency (Z/Yen)
- Discussion of financial exchange and discovering cooperation projects, including meeting with the mayor-elect of the City of London Corporation



IR in Chicago, October 16, 2023 (Mon.)

Location Chicago

Participating Organizations Busan Finance Center, World Alliance of International Financial Centers (WAIFC), World Business Chicago, FinTank, CME Group, John Lothian News

Agenda

- Identification of global financial market trends and major issues through meetings with officials from global financial institutions
- Increasing awareness of Busan International Financial hub and networking with major international financial hubs to promote cooperation between major financial hubs



WAIFC New York Annual General Meeting, October 17 (Tues.) – October 20, 2023 (Fri.)

Location	New York
Participating Organizations	Busan Finance Center, World Alliance of International Financial Centers (WAIFC), World Business Chicago, FinTank, CME Group, John Lothian News
Agenda	<ul style="list-style-type: none"> · Enhancing Busan’s position as an international financial hub through attendance at the WAIFC annual general meeting · Announcing Busan’s intention to host 2025 WAIFC Annual General Meeting in Busan · Rhee, Myong-ho, president of BFC, inaugurated as director of WAIFC · Signing the “Women in Finance Pledge”



IR in Singapore, November 14. (Tues.) – November 17, 2023 (Fri.)

Location	Singapore
Participating Organizations	Busan Finance Center, Busan Metropolitan City, Global Fintech Institution, Singapore Fintech Association, Bank of Canada, Dubai International Finance Center, QBE Insurance Group, ING Bank, United Insurance Brokers (UIB), KB Global Fintech Lab
Agenda	<ul style="list-style-type: none"> · Finding institutions interested in entering Busan through IR targeting of Singaporean financial institutions participating in the 2023 Singapore Fintech Festival (SFF) and promoting the Busan Financial hub to them · Discussion of cooperative activities in Fintech between Busan and Singapore · Understanding the current status of Singapore’s financial hub and searching out benchmarking policies



Dubai, United Arab Emirates, December 3 (Sun.)- December 7, 2023 (Thurs.)

Location	Dubai
Participating Organizations	Busan Finance Center, WAIFC, Z/Yen, TheCityUK, City of London, Finance Montreal, Casablanca Finance City Authority, Frankfurt Main Finance, Kigali Financial hub, Jersey Finance, ING Bank, and many others.
Agenda	<ul style="list-style-type: none"> · Promoting Busan International Financial hub as a sustainable financial hub at the COP28 Conference · Cooperating with member centers of WAIFC and Z/Yen and enhancing BFC’s international presence through participation in WAIFC meetings · Networking with key stakeholders and discussing future business cooperation plans at the FC4S Forum · Identification of living environment in Dubai financial hub and development of benchmarking policies · Confirmation of trends in creating a sustainable finance ecosystem in other international financial hubs



1

2023 Busan Finance Museum Tour Volunteer Ceremony and Launching Ceremony

Date/Venue July 4, 2023, December 28, 2023 / 63rd floor lounge, BIFC

Attendees About 40 people

Main Details

- The BFC held the Museum Tour volunteer graduation ceremony for the first half of 2023 and the launching ceremony for the second half of 2023
- The BFC held the Museum Tour volunteer graduation ceremony for the second half of 2023 and the launching ceremony for the first half of 2024



2

2023 Shipping Market Analysis Competition Hosted by the Busan Maritime Expert Club

Date/Venue July 14, 2023 (three times); November 18, 2023 (four times) / Conference Room, Busan Finance Center

Attendees About 40 people

Main Details The BFC supported a shipping market analysis competition hosted by the Busan Maritime Expert Club, a ship finance club for Busan university students



3

2023 Busan Financial Hub Forum

Date/Venue

- 7th Forum: October 4, 2023, 14:00-17:00 / Conference Room, Korea Securities Depository (BIFC 39th floor)
- 8th Forum: December 20, 2023, 14:00-17:00 / Conference Room, Korea Securities Depository (BIFC 39th floor)

Organized Busan Finance Center

Key attendees About 20 people from the Financial Supervisory Service, the Bank of Korea, member organizations, experts, officials from academia and industry

Main Details

- 7th Forum: Legal and institutional improvement plan for the development of Busan financial hub (presented by Professor Jeong Dae of Korea Maritime and Ocean University); Plan to revitalize Busan financial hub (presented by Koo Ja-young, Manager of the Ministry of Strategy and Finance)
- 8th Forum: Blockchain technology and industry activation strategy: Busan Fintech Hub case study



4

The 2nd Busan Financial Hub Supporters Performance Report Meeting

Date/Venue October 13, 2023 / Conference Room, the BFC in BIFC

Attendees 12 people (Koreans: 9; foreigners: 3)

Main Details Presentation on Supporters' Performance



5

The 1st Security Token Expert Forum on Financial Hub Development

Date/Venue	November 3, 2023, 14:00-16:00 / BIFC 53rd floor, Conference Room, Busan Finance Center
Topic	Understanding and activating suggestions for domestic security tokens
Presenter	Kim Seong-moo, Head of Business Division (Digital Business Division, SK Securities)
Chaired	Dr. Lee Jae-ho (Senior Researcher, KRX Research Center)
Main Details	<ul style="list-style-type: none"> - Analysis of Financial Services Commission guidelines on issuance and distribution of security tokens - Current status and cases related to domestic security token issuance (innovative financial service cases)



6

2023 Busan Financial Week

Date/Venue	November 9-11, 2023, BEXCO Exhibition Hall 1
Size	70 companies, 160 booths
Hosted	Busan Metropolitan City
Organized	BEXCO, Korea Exchange, Global Fintech Industry Promotion Center, Busan Finance Center, Korea Financial Investment Association



7

Invest Korea Summit 2023

Date/Venue	November 7-8, 2023 / BEXCO Exhibition Hall 2
Hosted and organized	Ministry of Trade, Industry and Energy / KOTRA
Main Details	<ul style="list-style-type: none"> - "Invest Korea Summit", Korea's largest foreign investment attraction event, was held in Busan with 168 foreign investment companies from around the world participating - Busan Finance Center provided 1:1 customized consultation, including information on incentives for moving into the Busan International Finance Center, at the Busan Metropolitan City's promotional booth



8

Integrated Opening Ceremony for Foreign Financial Institutions Residing in Busan International Finance Center (BIFC)

Date/Venue	November 10, 2023, 14:00 / D-Space (63rd floor), Busan International Finance Center
Attendees	Busan Metropolitan City Mayor Park Heong-joon, president of Busan Finance Center, representatives from tenant companies, and many other people in the finance industry
Main Details	An integrated opening ceremony was held for two foreign financial institutions: UIB Korea and Lina One Co., Ltd.



9

Busan Maritime & Finance Week 2023

Date/Venue October 31-November 2, 2023 / Busan Paradise Hotel

Hosted and organized Busan Metropolitan City, Korea Ocean Business Corporation, Financial Supervisory Service, Marine Money, Busan Finance Center

Main Details KOBC's Maritime Conference, Financial Supervisory Service's Marine Finance Convention, Marine Money's Korea Ship Finance Forum



10

Institutional Registration and Participation in Seoul IB Forum

Date November 9, 2023

Topic Presented "Evaluating the possibility of a structural shift in interest rate policy" by Kang Hyeon-joo, Senior Researcher, Korea Capital Market Institute

Main Details Formal registration to Seoul IB Forum & Participation



11

Working-level visit to the Financial Services Commission/Financial Supervisory Service and discussion on policy support measures for a financial hub

Date/Venue November 9, 2023, 14:00 and 17:00 / Financial Services Commission, Financial Supervisory Service, Invest Seoul

Main Details Working-level visit to, and discussion on, financial hub policy support measures with Financial Services Commission (Global Finance Division)/Financial Supervisory Service (International Affairs Bureau and Financial Hub Support Center), Invest Seoul



12

The 2nd Security Token Expert Forum for Financial Hub Development

Date/Venue December 1, 2023, 14:00-17:00 / Conference Room (BIFC 53rd floor), Busan Finance Center

Topic Cases of security token issuance and overcoming issues

Presenter Park Hyo-jin, Vice President of Sejong Telecom

Chaired Professor Kim Hong-bae, Department of Business Administration, Dongseo University

Main Details Registration under the Electronic Securities Act vs distributed ledger registration, separation process of security token issuance and distribution, introduction of mirroring under the Electronic Securities Act that passed the regulatory sandbox



13

Seminar on the Role of Regional Industrial Policy and Finance to Create New Growth Engines in Korea

Date/Venue	December 12, 2023, 14:00-16:00 / Busan Chamber of Commerce and Industry Hall
Hosted and organized	Busan Metropolitan City, Korea Development Bank, Busan Finance Center
Attendees	Busan Metropolitan City, Korea Development Bank, the National Assembly, and Busan City Council



14

The 2023 BFC-KAFE International Symposium on Finance and Economics

Date/Venue	December 13, 2023, 09:00-18:00 / KSD Hall, 5th floor, Busan International Finance Center (BIFC)
Hosted and organized	Busan Finance Center and Korean Association of Financial Engineers
Sponsored	Korea Exchange, Korea Housing Finance Corporation, Korea Asset Management Corporation, Korea Securities Depository, BNK Investment & Securities, KB Securities, Shinhan Securities, Samsung Asset Management, Korea Investment Management, S&P Global, NEWSY STOCK



15

Foreign Financial Institution CEO Invitational Seminar

Date/Venue	December 14-16, 2023 / Busan areas (BIFC, Gangseo-gu, Dong-gu area)
Attendees	About 40 people - Officials from Busan Metropolitan City, Financial Supervisory Service, major global insurance companies located in Korea - CEOs of foreign financial institutions including Singapore, Vietnam, and Germany
Main Details	Seminars, industrial tours (including Busan North Port, Gadeokdo New Airport), welcome dinner, etc.





UIB KOREA

Introducing **UIB Korea**

UIB Korea, which completed its relocation to D-Space on the 63rd floor of the Busan International Financial Center (BIFC) in November 2023, is a reinsurance consulting firm that provides insurance brokerage and risk advisory services for entering into reinsurance contracts with other insurance companies for insurance purposes and to hedge all or part of the risks of large contracts acquired by insurance companies. UIB Korea is a global company headquartered in the UK, and has established itself as one of the top five insurance brokerage companies in Korea based on its network and expertise in 17 countries around the world. Ever since CEO Lee Heung-soo took office in 2012, the company has achieved a high average growth rate of 30% a year. With

about 100 employees on staff, UIB Korea is currently closing in on \$300 million in operating insurance premiums.

Based on UIB Korea's advanced insurance capabilities and know-how, it plans to strengthen financial competitiveness in new and emerging fields in Busan by collaborating with various organizations there to strengthen marine and shipping-specific financial functions and foster insurance information technology (Insurtech).

UIB Korea is focusing on diversifying its business portfolio through the active development of new markets and products in order to become one of the top three brokerage firms in Korea by 2025.



1. Risk Management

UIB Korea estimates and analyzes all risks that may occur to customers, from construction sites of social and public infrastructure including ports, airports, and bridges around the world to risks occurring during the operation of various industries. It also provides risk management advisory services through a series of processes that suggest optimal alternatives.

2. Insurance Consulting

UIB Korea analyzes exposed risks through on-site risk surveys, configures optimal insurance conditions accordingly, and provides advisory services on overall insurance subscription so that its clients can subscribe to insurance at a reasonable premium.

It provides advisory services on a variety of insurance products, including insurance during construction that can secure the object from possible accidents, insurance during operations that cover the damage to assets owned due to an accident during business operation, liability insurance that compensates for damages caused by damage to the body or property of others in daily life or business activities, and marine insurance that compensates for damages caused by maritime risks related to maritime business and risks related to offshore projects on land and air.

3. Claims Services

UIB Korea quickly collects insurance payouts, restores its client's business, and provides claims services to ensure the continuity of its client's business in the event of an unexpected accident. It operates a separate claims team to shorten the payment period by carrying out verification work to ensure the adequacy of insurance money and

continuously following up on the progress until the insurance payment is made.

4. Global Training & Seminar

Based on UIB Korea's global network, it shares opportunities for a variety of global education seminars with its clients around the world. It also supports a variety of education programs and seminars to help its clients and employees better understand the insurance market and each industry. Some of these seminars include the annual International Treaty Reinsurance Seminar in London, the Singapore International Reinsurance Conference (SIRC) in Singapore, and the Energy & Construction Training Course in Dubai.

5. Reinsurance Services

UIB Korea also provides special contract reinsurance brokerage services for a single risk that requires reinsurance, voluntary reinsurance, and risk portfolios acquired by primary insurers and re-insurers. UIB Korea provides the best service using a team of top experts faithful to the fundamentals. ⚡

Back to Basics

UIB Korea believes in the power of small differences to create big changes and provides unwavering services that are faithful to the fundamentals of insurance.

Professionalism

At UIB Korea, a group of industry-leading experts (all holding graduate degrees) gather to provide customized services tailored to clients' needs.

Team Effort

UIB Korea works as a team, working toward a common goal, and experts in each field create synergy to provide differentiated services.

Dedication

At UIB Korea, experts with strong fundamentals work together as a team to meet our top priority: providing the best service to our clients.

Disclosure information will be provided in English from 2024, increasing the accessibility of information to foreign investors

- From January 1, 2024, large KOSPI-listed corporations shall submit English disclosures for important information in addition to Korean disclosures → Improve the English disclosure platform and provide education and guidance
- Korea Exchange will try to make it easier for listed corporations due to mandatory regulations by introducing the “Korea Exchange-Papago Disclosure-only AI Translator”(starting December 18, 2023)
- The Financial Supervisory Service will promote the establishment of an English language service for “Open DART”, a dedicated service for analysis and use of major disclosure information (81 types)

From January 1, 2024, large KOSPI-listed corporations shall submit English disclosures for important information submitted to the exchange within three days of submitting disclosures in the Korean language. This is the first stage of mandatory implementation of the “Step-by-Step Expansion Plan for English Disclosure” included in the “Measures to Improve Access to Capital Markets for Foreign Investors” announced in January 2023.

According to this plan, English disclosure is mandated in stages starting from large listed corporations during the first stage (2024-2025) and the 2nd stage (2026 and onward), focusing on important information needed in the market. In addition, support measures to disseminate English

disclosures will also be promoted.

Starting from 2024, KOSPI-listed corporations with assets of KRW 10 trillion or more are required to submit English disclosures. Corporations shall submit English language disclosures within three days after submitting their original Korean language disclosures to the Stock Exchange if one of the following occurs: ① year-end close related matters (e.g., cash or in-kind dividend decisions); ② major decisions (e.g., paid-in or free capital increase decisions); or ③ matters involving suspension of stock trading (e.g., decisions on redemption of shares).

Last March, the revision of related regulations (Korea Exchange Securities Market Disclosure Regulations) to

Main Details of the Plan to Gradually Expand English Disclosures

* Measures to Improve Access to Capital Markets by Foreign Investors (January 25, 2023)”

(Basic direction) English disclosure will be made mandatory in stages, focusing on large-scale listed corporations and vital information needed in the market, while also providing support measures to disseminate English disclosures.

Phase 1 mandatory measures (2024-2025)	<ul style="list-style-type: none"> • Target corporations ① KOSPI-listed corporations with assets of KRW 10 trillion or more (excluding cases where foreign ownership is less than 5%); or ② KOSPI-listed corporations with foreign ownership of 30% or more (assets of KRW 2 trillion or more but less than KRW 10 trillion) • Target items Examples of disclosure items for the Exchange (disclosures of major management matters): ① Matters related to end-end close of accounting; ② Matters common to mandatory disclosures; ③ Matters concerning suspension of stock trading • Disclosure deadline Within three business days after Korean disclosure is submitted.
Phase 2 mandatory measures (2026 onwards)	<ul style="list-style-type: none"> • (Target corporation Expand to KOSPI listed corporations with assets of KRW 2 trillion or more • Target items Exchange disclosure (Phase 1 +α) + Some mandatory disclosures (English summary) • Disclosure deadline In principle, considering submission at the same time as Korean disclosure ※ The 2nd Phase mandatory measures will be determined after evaluating the 1st phase mandatory operation status.
Support for English disclosure	<ul style="list-style-type: none"> • Support for English disclosure Grants preferential benefits to corporations with excellent English disclosure, expands translation support services by professional translation companies, strengthens education for English disclosures. • Improvement of English disclosure platform* Expands automatic English conversion, provides English search function for Korean mandatory disclosures, prepares measures to utilize AI-based machine translation. * English KIND (Exchange); English DART (Financial Supervisory Service)

introduce mandatory English disclosure was completed, and since then, related organizations have been working on improving the English disclosure platform while also providing education and guidance.

To help listed corporations adapt smoothly and strengthen their capabilities, Korea Exchange has expanded translation support services provided by professional translation companies, while conducting online and offline education for companies in cooperation with the Korea Listed Companies Association. In addition, as improvements to the system are completed, from January 1, 2024, a new function has been added to inform companies if they are subject to mandatory English disclosure when submitting Korean language disclosures*. A disclaimer form has also been added** to the English disclosure form so that listed corporations can conveniently utilize the disclaimer statement.

* When the person in charge of disclosure prepares a mandatory Korean disclosure form, a pop-up window will inform the person of their obligation to submit an English disclosure.

** Listed corporations can select a disclaimer statement that will appear in English disclosures.

In particular, the Korean Exchange will provide the “Korea Exchange-Papago disclosure-only AI translator”, jointly developed with Naver Cloud, through the Exchange system including KIND* starting from December 18, 2023.

* Korean and English electronic disclosure system (Korean and English KIND) and filing system

The two institutions signed an MOU for mutual cooperation in October last year to further expand the English disclosure of listed corporations by upgrading AI translation infrastructure. Since then, the Exchange has provided accumulated data on Korean and English disclosures, and Naver Cloud has been conducting continuous quality tests to improve the quality of English translation of Korean disclosures.

* Unlike common machine translators, this generates specialized results for English translation of Korean disclosure, such as translating “How to reduce capital” into “Method of capital reduction.”

Accordingly, the “disclosure-only AI translator” provided can be used by the persons in charge of disclosures of listed corporations to provide preliminary translations for English disclosures, and can also be used by foreign investors to more easily check the contents of Korean disclosures.

Meanwhile, the Financial Supervisory Service has added a

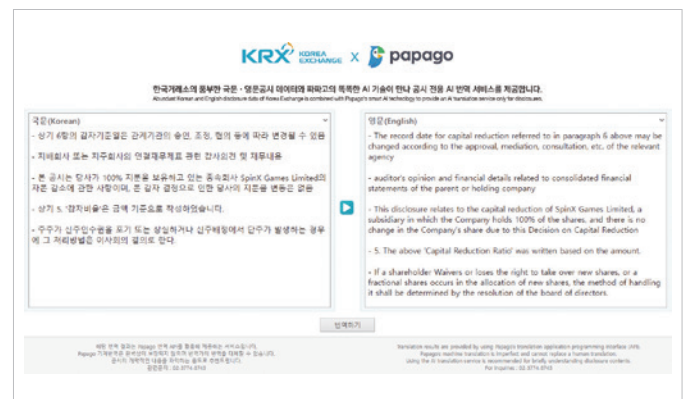
function to guide corporations to submit English disclosures when listing a corporations’ mandatory disclosures (items common in major reports) through the DART editor. In addition, it also plans to improve the English DART system so that when mandatory disclosure documents are submitted in Korean, the table of contents and format are automatically converted to English and provided to foreign investors. It also plans to actively promote the establishment of an English service for “Open DART”, a dedicated service that provides data so that major disclosure information (81 types) can be analyzed and utilized*.

* Automatically converts Korean labels in forms to English in the English DART

Furthermore, the Financial Services Commission, the Financial Supervisory Service, and the Korea Exchange plan to provide support measures from various angles to ensure that the first stage of mandatory English disclosure is implemented smoothly. They plan to continue to advance systems such as AI translators, expand and improve translation support services of professional translation companies, and continue to provide guidance and education for mandatory English disclosures.

The Financial Services Commission said, “Through the implementation of the first phase of mandatory English disclosure, we expect that English disclosure will become more active, improve the information access environment for foreign investors, and contribute to enhancing the global competitiveness of Korea’s capital market.”

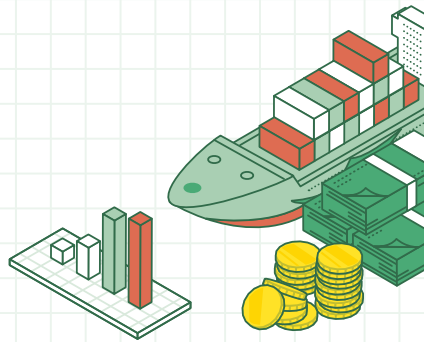
Example of translation screen for disclosure-only AI translator



* The Korean text was selected from actual disclosure texts, and the English text was the result of translation by an AI translator dedicated to disclosures.

Ship and Ship Finance Market Trends

Yang Jeongseo

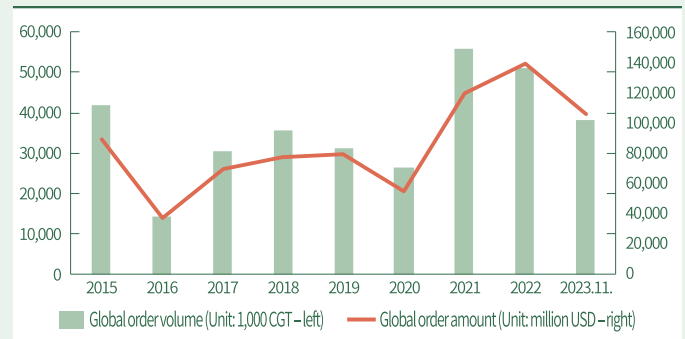


2023 was a year when the IMO's mid-term strategy for reducing greenhouse gases was revised and international demands for carbon neutrality were strongly asserted. By 2050, shipping companies are required to produce a net zero amount of carbon emissions. Since no clear alternative has yet emerged, the number of difficulties in mid- to long-term ship operation strategies is increasing. Even in this situation, the trading market for new and second-hand ships remained stable, although it decreased compared to the previous year. And as uncertainties in the shipping market continue to grow, concerns are growing about whether financing will be provided easily and conveniently for shipping companies that must respond to maritime carbon neutrality demands.

1. Trends in New Shipbuilding Market

In 2023, the new shipbuilding market showed a significant decrease in order volume compared to the previous year. As of November, new shipbuilding orders were 38.09 million CGT, a 20.3% decrease compared to the same period last year, and the order amount during the same period was \$105.9 billion, a 17.2% decrease over the same period last year, which is not a severe drop. Even though Chinese and domestic shipbuilders have secured enough work, relatively good market conditions continue at a level where new shipbuilding order backlogs are expected to increase.

Trends in Global New Shipbuilding Orders

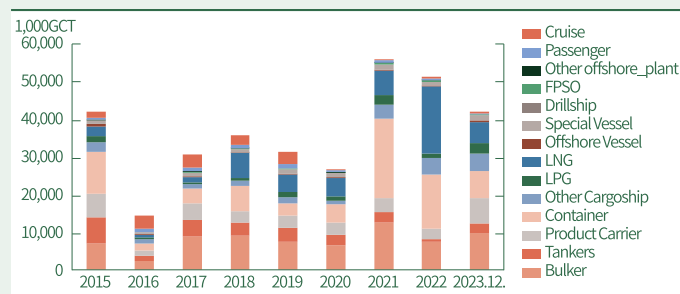


Source: Clarkson

The reason why the market conditions decreased compared to the previous year was because the demand for both LNG carriers and containerships, which had driven the strong market conditions over the past two years, decreased. There were 66 new shipbuilding orders placed for LNG carriers in 2023, but this is a significant decrease when compared to last year's record high of 186 new ships ordered due to the addition of LNG carriers from Qatar. It seems that some of the second batch from Qatar will be carried over to 2024 as the contract was not finalized by the end of 2023.

If it had been, it would have increased 2023's final tally by about 90 ships. Demand for containerships was also relatively good with orders at around 7 million CGT until December this year, but this was barely more than half compared to the previous year. In 2023, a large number of new ships, which had been ordered during a period of intensive demand starting in 2021, were finished and delivered to the respective customers, leading to a substantial drop in shipping orders. Therefore, at the beginning of the year, there had been low expectations for new containership demand in 2023. However, it was fortunate that more orders were placed than expected due to an anticipated need for methanol fuel propulsion for containerships, which started in 2022. After the start of the Russia-Ukraine War, demand for new tanker ships, whose freight rates remained high, increased rapidly, and orders for new LPG carriers were also active for similar reasons. However, it was not enough to make up for the decrease in LNG carriers and containerships.

Trends of Global New Ship Order Volume by Ship Type

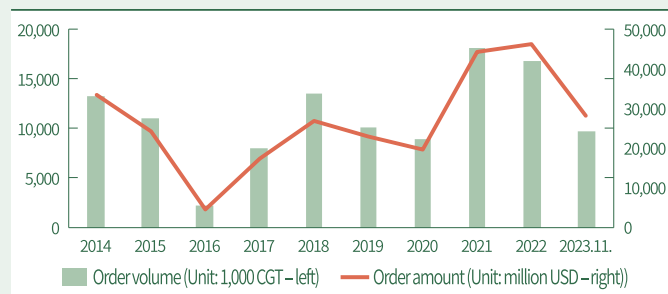


Source: Recompiled by Global Economic Research Center of The Export-Import Bank of Korea based on Clarkson data

Note: The 2023 graph is a figure estimated by tallying Clarkson's ordering records up to late December.

Due to a decrease in orders for new LNG carriers and large containerships, which are the main types of ships in the Korean shipbuilding industry, domestic new ship orders decreased more significantly than the decrease in global orders. As of November 2023, the number of orders received was 9.63 million CGT, a 41.0% decrease compared to the same period of the previous year, and the amount of orders received was \$28.1 billion, a decrease of 34.7% compared to the same period of the previous year. In addition, the share of new shipbuilding orders based on CGT also fell significantly from 33% in 2022 to 25% on a cumulative basis in November 2023. It will be difficult to reach the level expected as the second LNG carrier volume from Qatar has not been signed within the year, but new shipbuilding order performance is expected to be around 11 million CGT, including orders received by December and unaccounted orders. Although all figures are lower than the previous year, this is not a depressed market. In particular, in 2023, production performance fell below their scheduled delivery volumes due to instability in the production system resulting from a shortage of shipyard workers, so the backlog of orders increased with just this volume of orders. Demand for new shipbuilding orders decreased compared to the same period last year, but the order backlog increased globally, and new ship prices rose 9.4% by November compared to the end of the previous year. An increase in the backlog of orders is the basis for securing an upper hand in ship price negotiations and is therefore of great significance to shipbuilders.

Trends in Shipbuilding Orders Received by Korean Shipyards



Source: Clarkson

While the relatively favorable market conditions for new ships were maintained during 2023, the market conditions in 2024 are expected to decline to a somewhat stagnant level. It is expected that demand for LNG carriers will remain at a relatively satisfactory level, but the trend of declining demand after peaking is also expected to continue. In addition, new shipbuilding orders for containerships, which accounted for a large portion of new orders over the past three years, are expected to decrease significantly due to the difficult shipping market conditions. Tanker ships and bulk carriers, which have shown sluggish demand so far, are not expected to suddenly revive in 2024. The shipping industry appears to be pinning its hopes on the ammonia-powered engine, which is expected to be commercialized in late 2024 or early 2025. It remains to be seen whether this carbon-free fuel will be a turning point in the industry's carbon neutrality. It may not end up being particularly groundbreaking, but shipping companies' expectations alone can have a positive impact on demand after the second half of 2025, so the slump in 2024 is expected to be temporary. However, we need to observe trends a little further.

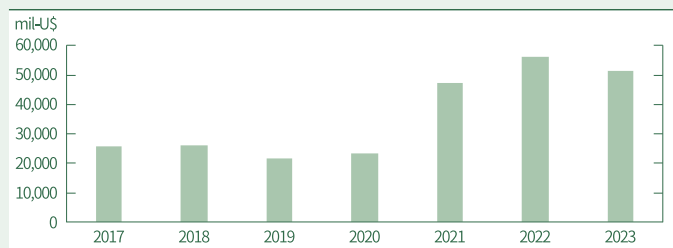
2. Trends in Second-hand Ship Trading Market

Transactions in the second-hand ship trading market were very active in 2023 as well. Compared to 2022, which recorded the highest transaction amount ever at \$56.4 billion, the transaction amount decreased by about 9% to \$51.3 billion. The transaction amount in 2023 was estimated by tallying transaction amounts

until mid-to-late December, so there is a possibility that some last-minute transactions will ultimately increase slightly, but the trend of a slight decrease compared to 2022 is not expected to change. Tanker ships and bulk carriers led the second-hand ship market. For tanker ships, freight rates have been skyrocketing since the start of the Russia-Ukraine war, and it is estimated that the profitability of shipping companies has improved significantly, but the ship-owners are still cautious about ordering new tanker ships. It seems that shipping companies are responding to the increased demand due to the war by first introducing second-hand ships.

In spite of this improved profitability, ship-owners are still cautious about investing in new ships in the carbon neutral phase. For bulk carriers, there are no events that will improve the market conditions, but second-hand ship trade is believed to be active for similar reasons as tanker operators. The 2023 second-hand ship trade volume for tanker ships and bulk carriers was \$19.6 billion and \$12.6 billion, respectively, with the two ship types accounting for 63% of the total trading amount.

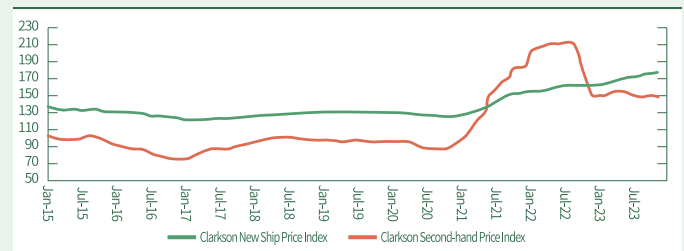
Trends in Global Second-hand Ship Trading Amount



Source: Clarkson

Prices in the ship trading market also remain high. The new ship price index has maintained a continuous upward trend without adjustment or change since the upward trend began in early 2021. The second-hand ship price index also began to rise around the same time. There was a sharp decline of 31% from the peak in July 2022 until the end of the year, but the trend has been maintained since then, still showing a very high level compared to before the pandemic. As of December 2023, the new ship price index was 178.36, up 42% since the price rise began in early 2021, and the second-hand ship price index at the same time was 149.07, up 60%.

Trends in the Clarkson Second-hand Ships and New Ships Price Indexes



Source: Clarkson

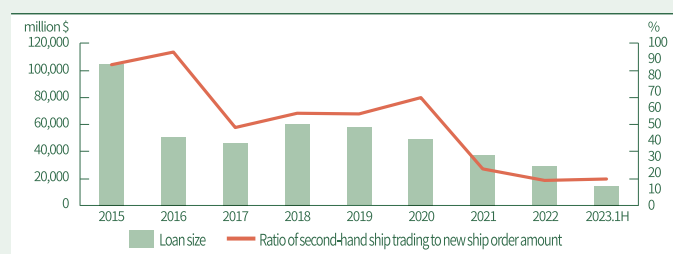
3. Trends in Ship Finance Market

Although the ship trading market in 2023 declined over the previous year, it was confirmed that active trading was still taking place. In comparison, not only are the financial market conditions that need to support ship trading, but ship finance institutions are relatively inactive, which is raising concerns. The U.S. Federal Reserve's interest rate hike has reached its peak and there are predictions of a future cut, but the U.S. dollar base interest rate is still maintained at a very high level of 5.25-5.5%.

Looking at the trends in global marine finance syndicated loans announced by Marine Money citing data from Dealogic, we can see that both new ship and second-hand ship transactions have increased intensely since 2021, but the total loan size has actually decreased. In addition, the ratio of syndicated loan amount to the combined amount of new and second-hand ship transactions also fell to below 20%.

This means that the role of banks' syndicated loans in the shipping market has been reduced to a limited level. By the first half of 2023, the size of syndicated loans amounted to \$14.9 billion, an increase of 16.9% compared to the same period last year. But while the reversal of the downward trend is welcome, the extent of the change is not significantly large. Additionally, according to Marine Money's explanation, the number of transactions in which money was provided has actually decreased. This means that there is a stronger tendency for banks to focus only on high-quality, large-scale transactions. The worries of small and medium-sized shipping companies are bound to deepen.

Trends in Maritime Finance Syndicated Loan Performance in the Global Banking Sector



Source: Marine Money, Dealogic, Clarkson

There is a notable article in Freshly Minted, published by Marine Money, dated November 30, 2023. Scorpio Tankers significantly reduced its balance of debt in the financial sector after the interest rate hike in 2022. This means that the company significantly reduced its lease financing that China provided, which has high interest rates and fees, and instead switched to the banking sector which has lower interest rates. As of the end of 2021, total financial debts were \$3.16 billion, but as of November 8, 2023, it had been reduced to \$1.83 billion. During the same period, the lease financing balance was reduced to less than one-third from \$2.24 billion to \$730 million, while bank loans increased significantly from \$570 million to \$1.03 billion. This can be seen as an effort to reduce financial costs in a high interest rate situation. Although the situation of one large shipping company cannot be compared to the situation of the entire market, this phenomenon suggests that high interest rates are likely to act as a factor in changing the structure of ship finance. In addition, while it is possible for large shipping companies to increase their access to banking, concerns are raised that small and medium-sized shipping companies, having fewer options, will have to accept a higher cost structure.

4. Conclusion and Implications

With the strengthening of IMO's mid-term strategy in 2023 and the implementation of the EU's ETS in 2024, the shipping industry is increasingly under pressure to replace its aging ships. At a time when serious demand for mid- to long-term investment is becoming a reality, the financial situation

in providing funds has not improved significantly, so the response of shipping companies is confusing.

When we look at the situations in competing countries, Korea's reality seems even grimmer. Since announcing the Belt and Road Strategy in 2015, China has significantly increased new investments in ships and is working hard to expand its domestic fleet. Their government is leading the development of ammonia-powered engines through international cooperation, and the carbon neutrality plan for ships is also specified in major national policies such as the 14th Five-Year Plan. It is easy to assume that a considerable amount of money will be supported and invested. In 2021, Japan implemented the Maritime Industry Strengthening Act, which provides long-term low-interest loans and tax benefits to both shipping companies and shipyards when their shipping companies place orders of eco-friendly ships with their shipyards. In addition, the Green Transformation (GX) Promotion Strategy announced in 2023 estimates that an investment of 150 trillion yen will be needed to make Japanese society carbon neutral. Shipping is also treated as one of the major fields, and it is expected that an investment of 2.9 trillion yen will be needed for the cost of introducing carbon-neutral ships. To raise funds, the Japanese government is preparing practical measures to supply funds, including issuing government bonds worth 20 trillion yen and improving the public finance system. The shipping industries of China and Japan, Korea's major competitors, have more alternatives than merely relying on the financial market alone.

On the other hand, there are not many places for Korea's shipping companies to rely on. Although government support measures are being announced, the industry consistently assesses that they are insufficient. It is no secret that the government is doing its best in this difficult reality. However, the importance of ships as strategic assets that can determine the country's fate in times of emergency should be recognized more and the public and private sectors should cooperate to develop more advanced support measures. With the New Year starting off in a less favorable environment, the heavy responsibility of overcoming it and finding a new breakthrough seems to be on the shoulders of the Korean government, the shipbuilding industry and the financial industry in 2024. ⚡

APPENDIX INFO

- General Status of Busan
- General Status of Financial Institutions Located in Busan
- General Status of Busan Financial Hub
- Institutions Residing in BIFC
- BIFC Incentive System



General Status of Busan

	Standard	Unit	Figure	Proportion to whole country(%)
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GRDP size

Busan	Gross regional domestic product as of December 2023	Billion won	104,297	4.8
Busan-Ulsan-Gyeongnam		Billion won	310,612	14.3
National total		Billion won	2,165,717	100

GRDP by industry in Busan

Agriculture, forestry and fishery	Regional gross value added as of December 2023	%	0.3	0.9
Mining and manufacturing		%	17.0	2.9
Construction		%	5.1	4.3
Services (finance and insurance)		%	76.9(7.3)	5.8(5.1)
Electricity, gas and steam industries		%	0.7	16.2

GRDP by industry in Busan-Ulsan-Gyeongnam

Agriculture, forestry and fishery	Regional gross value added as of December 2023	%	1.6	12.8
Mining and manufacturing		%	38	19.1
Construction		%	4.7	11.7
Services (finance and insurance)		%	55.2(4.9)	12.2(10.1)
Electricity, gas and steam industries		%	0.5	32.6

Container throughput (January to November)

Busan	In 2023	1000 TEU	21,121	76.9
National total			27,469	100

Living environment(Busan)

Area	End of 2022	km ²	771.3	0.8
Population	End of 2023	Number of people	3,351,426	6.5
Temperature	Average of 2023	°C	16	
Rainfall	Average of 2023	mm	2,191.4	

Foreigners-related (Busan) (as of November)

Foreign residents	End of 2023	Number of people	49,434
International schools	End of 2023	Number of unit	6
Foreign tourists	End of 2023	Number of people	1,674,013

Sources: Korean Statistical Information Service(KOSIS), Busan Metropolitan City website, Ministry of Oceans and Fisheries

General Status of Financial Institutions Located in Busan¹⁾

(Unit: Number of Institutions)

Institution Name	As of the End of 2021	End of 2023	Increase
TOTAL	1,977	1,927	-50
Depository Bank	495	477	-18
Commercial Bank	379	364	-15
Nationwide Commercial Bank	184	173	-11
Woori Bank	44	42	-2
Standard Chartered Bank	13	12	-1
KB Kookmin Bank	53	51	-2
Citibank Korea	2	2	0
Shinhan Bank	35	29	-6
KEB Hana Bank	37	37	0
Local Bank	192	189	-3
DGB Daegu Bank	5	5	0
BNK Busan Bank	177	174	-3
Jeju Bank	1	1	0
BNK Kyongnam Bank	9	9	0
Branch of Foreign Banks	3	2	-1
Yamaguchi Bank	1	1	0
Industrial & Commercial Bank of China	1	1	0
Metro bank	1	0(withdrawal)	-1
Specialized Bank	116	113	-3
Industrial Bank of Korea	41	39	-2
Korea Development Bank	60	59	-1
National Agricultural Cooperative Federation	12	12	0
National Federation Fisheries Cooperatives	3	3	0
Non-bank Financial Institution	1,482	1,450	-32
Korea Exim Bank	1	1	0
Trust Company ²⁾	555	537	-18
Asset Management Company ³⁾	573	558	-15
Mutual Savings Banks	28	27	-1
Credit Union ⁴⁾	47	47	0
Mutual Savings and Finance Union ⁴⁾	22	24	2
Community Credit Cooperative ⁴⁾	140	140	0
Korea Post Office ⁵⁾	116	116	0

Notes

- 1) As of the end of 2023, including liaison offices
- 2) Refers to trust accounts of banks, securities companies, and insurance companies
- 3) Fund retail centers of asset management companies
- 4) Based on the number of cooperatives (regional headquarters) or unions
- 5) Excluding postal service offices and local agencies that do not handle post office deposits

Source : The Bank of Korea Busan Branch

BIFC

General Status of Busan Financial Hub

■ The designation proceeding of Busan Financial Hub

- December 2007 : Establishment of the law and its implementing ordinances about the construction and development of financial hubs
- April 2008 : Composition of the Financial Hubs Establishment Committee
- November 2008 : Application for designation as a financial hub (Seoul, Busan, Incheon, Jeju and Gyeonggi)
- In January 2009, Busan was designated as a financial hub specialized in marine and derivative finance, and Seoul as a comprehensive financial hub.

■ Busan International Finance Center (BIFC)

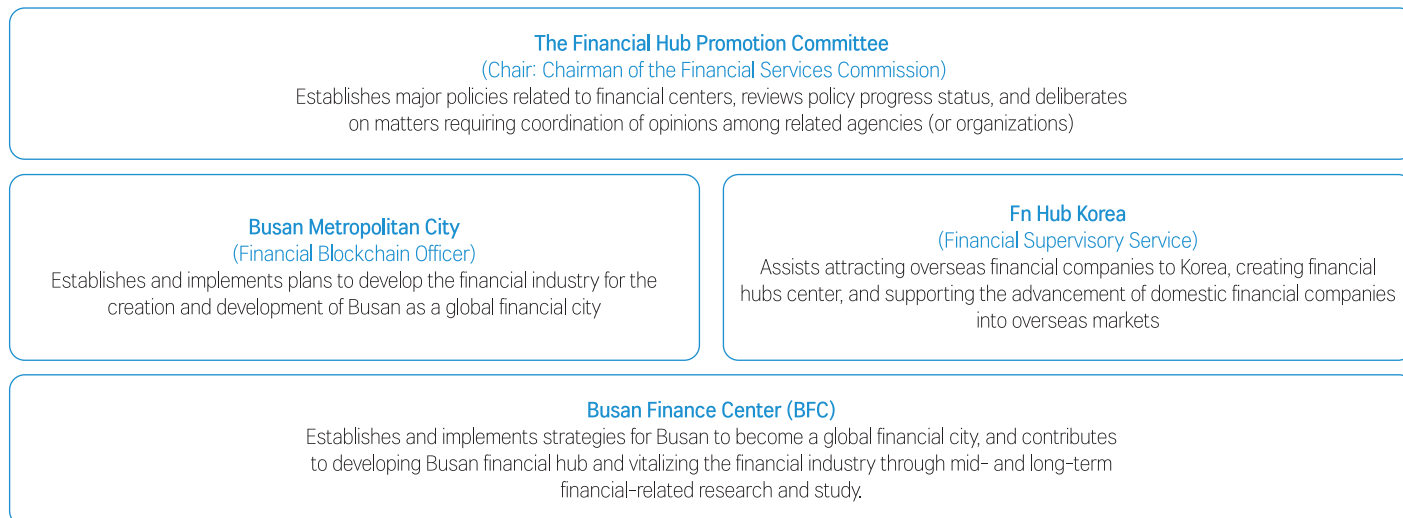
- Location : 40 Munhyeongeumyung-ro, Namgu, Busan, Korea
- Land Space : 102,352m²
- Complex development

	Phase 1	Phase 2	Phase 3
Land size	24,856m ²	12,276m ²	10,293m ²
Usage	Business facility, Commercial facility	Offices, studio apartments, hotels, concert hall, and commercial facility	Business facility, Commercial facility
Construction size	197,169m ² , 63 stories above ground and 4 below	183,132m ² , 49 stories - 36 stories above ground and 7 below (2 buildings shaped of letter U)	147,000m ² 45F
Business period	April 2008~June 2014	August 2015~October 2018	2020~2025 (Expected)
Development status	Completion of moving-in in December 2014	Completed moving in BIFC in December 2018	-

- Individual premises development

	Korea Technology Finance Corporation	Bank of Korea Busan Branch	BNK Busan Bank
Size	15 stories above ground and 2 below	4 stories above ground and 1 below	23 stories above ground and 3 below
Groundbreaking / Completion	February 2009/ May 2011	January 2011/ June 2013	December 2011/ July 2014

■ Fostering and supporting map for Busan Finance Center



■ Records of Fostering Busan Financial Hub

• Establishment of basis for Busan Financial Hub

- July 2009, Outsourced master plan for fostering Busan Financial Hub
- August 2010, Established basic plan for fostering Busan Financial Hub in to a finance center specialized in maritime and derivatives
- June 2014, Completed Phase 1 of integrated development project (63rd floor) for Busan International Finance Center ※ Completion ceremony: 22 August, 2014
- End of 2014, public financial institutions and regional financial institutions moved in ※ Transferred public institutions (5), regional institutions (3), maritime finance institutions(4), individual institutions (3)
- April 2015, Conducted 12 projects in 4* sectors until 2020
(*Establishment of financial hub specialized in maritime-derivatives, establishment of world-class infrastructure for finance, vitalization of regional finance industry, establishment of basic environment for financial hub)
- August 2015, Began construction of 2nd phase of Busan International Finance Center
- November 2018, Completed BIFC Phase 2 construction
- July 2020, Launched Busan Finance Center
- In May 2021, BFC joined as an official member of the international network of the Financial Centres for Sustainability “FC4S”.
- In March 2022, construction of the third phase of the Busan International Finance Center began.

• Result of fostering policy for financial hub specialized in maritime finance and derivatives

< Maritime finance sector >

- Opened the BIFC branch of Korea Marine Finance Cooperation (October 2014)
- Opened the BIFC HQ of KSF Shipping Finance (November 2014)
- Opened Marine Finance Center (November 2014)
- Korea Maritime Guarantee Insurance Inc. is authorized as insurance business (June 2015)
- KAMCO Ship Investment Management moved to Busan (June 2015)
- Established Korea Ocean Business Corporation (July 2018)

< Derivatives sector >

- Established Derivatives R&D Center in Korea Exchange (February 2012)
- Initiated interest rate swap settling (CCP) (March 2014)
- Opened gold exchange (March 2014)
- The ETS Exchange opened (January 2015)
- Launched Korea Exchange's Clearing Division (May 2021)

• Securing regional manpower specialized in finance

- Established Busan International Finance Institute (September 2014)

• Expansion of educational and research functions related to international finance

- Opened Financial Action Task Force Training and Research Institute (September 2016)

• Promotion of Busan Financial Hub and international and domestic reputation

- Held overseas IR more than twice every year in Europe, North America and Asia
- Hosted international conference including Korea Ship Finance Forum and Busan International Finance Conference since 2011
 - ▷ General meeting of IOIMA (International Option Market Association): 5 May ~ 7 May, 2013, Paradise Hotel
 - ▷ Conference of FIA (International Futures Industry Association): 12 Jun. ~ 13 Jun., 2013, Paradise Hotel
 - ▷ General meeting of ACSIC (Asian Credit Appendixation Institution Confederation): 12 Nov. ~ 14 Nov, 2013, Chosun Hotel
 - ▷ General meeting of IDB (Inter-American Development Bank): 26 Mar. ~ 29 Mar., 2015, Bexco
 - ▷ FATF/APG(International conference of money laundering): 18 Jun. ~ 24 Jun., 2016, Paradise Hotel
 - ▷ General meeting of AfDB(African Development Bank): 21 May ~ 25 May, 2018, Bexco
 - ▷ KOAFEC (Korea-Africa Ministerial Economic Cooperation Conference): September 12-15, 2023, Busan Ananti Hilton

• Establishment of institutional basis for establishing and developing financial hub

- Extension of Tax Support Sunset Deadline for Domestic and International Financial Institutions Launching Startups in Financial Hubs*

* Corporate or individual income tax: Extended until December 31, 2025 (Article 121-21, paragraphs 1 and 2 of the Restriction of Special Taxation Act); acquisition tax: extended until December 31, 2026 (Busan Metropolitan City Tax Reduction Ordinance Article 14-1)

Institutions Residing in BIFC

• 63 Story Complex Building		
63	Citibank Korea	2
	BMI Group	
	Yozma	
	UIB Korea	1
	LINA One	
62~56, 55, 51~50	KOREA EXCHANGE	496
55	IBK Changgong	20
53	KAMCO Ship Investment Management Financial Action Task Force	15
52	Busan Finance Center	13
	Shinhan Bank	5
	Busan International Finance Institute	2
	Busan Office of Korea Financial Investment Association	7
	Busan Center of Koscom	2
	Korean Commercial Arbitration Board, Asia-Pacific Maritime Arbitration Center	2
40~47, 3	Korea Asset Management Corporation	610
63, 54, 39~36, 5	Korea Securities Depository	395
35~30, 4	Korea Southern Power	482
27~23, 13~12, 7	Korea Housing Finance Corporation	680
22	Korea Development Bank	23
22~21, 9	Busan Techno Park	32
21	Korea Trade Insurance Corporation	13
20	Korea Exim Bank	40
19, 11~10, 6	Korea Housing & Urban Guarantee Corporation	440
14	Korea Credit Guarantee Fund	50
9	BNK Busan Bank	6
	Korea Securities Finance Corp.	6
	International Plant-quarantine Accreditation Board	20
8	B-SPACE	80
2	NongHyup Bank	10
	Woori Bank	12
	HF Bogeumjari Daycare Center	
	Blue Sea Daycare Center	
1	BIFC Daycare Center	

• IFC BUSAN

11	Global FinTech Industry Promotion Center	5
7~10	Korea Asset Management Corporation	149

• Independent Premises

Korea Technology Finance Corporation 15 floors above ground and 2 floors below ground	331
The Bank of Korea Busan Branch 4 floors above ground and 1 floor below ground	71
BNK Busan Bank 23 floors above ground and 3 floors below ground	933

BIFC Incentive System

Foreign Financial Organizations

Types	Targets	Establishment of HQ Regional HQ	Establishment of Branch	Relocation of HQ Regional HQ within Korea	Relocation of Branch within Korea
		(Overseas ▶ Busan)		(Other Regions in Korea ▶ Busan)	
Corporate Tax ¹⁾ Income Tax ¹⁾	Financial institution with an investment of over 2 billion KRW and more than 10 regular workers	100% tax exemption for 3 years from the first tax year when the first income is made, 50% for the next 2 years		Not applicable	
Acquisition Tax ²⁾		Acquisition taxes are exempted on property acquired by starting a business (or new establishment) until December 31, 2026		Not applicable	
Entrance Subsidy ³⁾	Financial institution which establishes Regional Headquarters managing more than 3 countries, or Headquarters	Up to 50% of the expenses to purchase land or buildings or rent (Up to 5 billion Won per institution)	Not applicable	Up to 50% of the expenses to purchase land or buildings or rent (Up to 5 billion Won per institution)	Not applicable
Employment Subsidy ³⁾	Financial institution with more than 10 regular workers for the last 3 months	Up to 600,000 Won per new employee after movement to BIFC (for up to 6 months, up to 200 million Won per institution)			
Education/ Training Subsidy ³⁾	Financial institution with training for more than 1 month to recruit more than 10 Korean employees	Up to 600,000 Won for education/training per new employee after movement to BIFC (for up to 6 months, up to 200 million Won per institution)			
Business Facility Installation Subsidy ³⁾	Financial institution with more than 10 regular Korean employees	Up to 10% of the expenses required for installation of business facilities (up to 1 billion Won per institution)			

Domestic Financial Institutions

Types	Targets	Establishment of the HQ	Establishment of Local HQ or Branch	Relocation of HQ	Relocation of Local HQ or Branch
				(Other Regions in Korea ▶ Busan)	
Corporate Tax ¹⁾ Income Tax ¹⁾	Financial institution with an investment of over 2 billion KRW and more than 10 regular workers	100% tax exemption for 3 years from the first tax year when the first income is made, 50% for the next 2 years		Not applicable	
Acquisition Tax ²⁾		Acquisition taxes are exempted on property acquired by starting a business (or new establishment) until December 31, 2026		Not applicable	
Entrance Subsidy ³⁾	Head quaters that have more than 10 regular workers	Up to 50% of the expenses to purchase land or buildings or rent (Up to 5 billion Won per institution)	Not applicable	Up to 50% of the expenses to purchase land or buildings or rent (Up to 5 billion Won per institution)	Not applicable
Employment Subsidy ³⁾	Financial institution with more than 10 regular workers for the last 3 months	Up to 600,000 Won per new employee after movement to BIFC (for up to 6 months, up to 200 million Won per institution)			
Education/ Training Subsidy ³⁾	Financial institution with training for more than 1 month to recruit more than 10 Korean employees	Up to 600,000 Won for education/training per new employee after movement to BIFC (for up to 6 months, up to 200 million Won per institution)			
Business Facility Installation Subsidy ³⁾	Financial institution with more than 10 regular Korean employees	Up to 10% of the expenses required for installation of business facilities (up to 1 billion Won per institution)			

※ Applicable Act

1) 21 of Article 121 of the Restriction of Special Taxation Act and 26 of Article 116 of the enforcement ordinance

2) 1 of Article 14 of Busan Metropolitan City Tax Exemption Ordinance

3) Ordinance of the Busan Metropolitan City Financial Industry Cultivation (Article 5, 6, 7, 8, 12)

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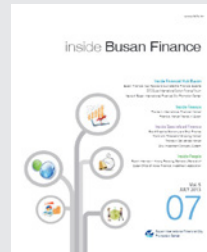
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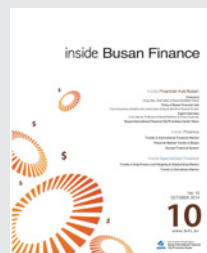
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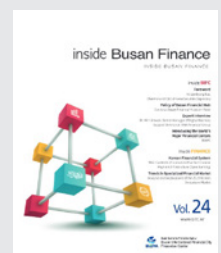
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With waves reaching out to distant horizons,
Reaching out to the world,
Reaching out to the future,

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