

Introduction of Machinery Financial Cooperative



Machinery Financial Cooperative

MAFC



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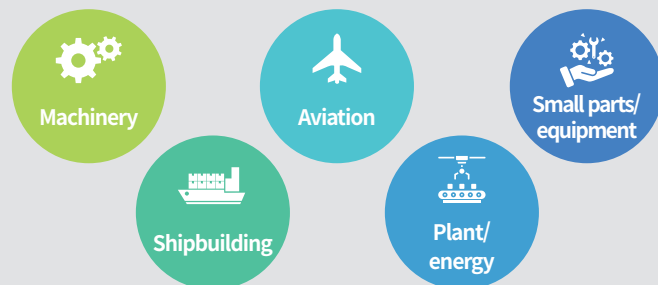
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What are capital goods?

Capital goods refer to most production assets used to manufacture other goods and facilitate economic activities, as opposed to consumer goods, which are purchased for everyday use by individuals.

Examples of capital goods include machinery, shipbuilding, aviation equipment, plants/energy systems, materials/equipment, and SOC(Social Overhead Capital). These assets are crucial to manufacturing industries and are considered part of the key industries.

Capital goods are vital not only for individual companies but also for the national economy, contributing to improved productivity and sustainable development.



※ The only specialized guarantee institution for capital goods in Korea

Machinery Financial Cooperative(MAFC) is Korea's only specialized guarantee institution for the capital goods industry. It was established under the Ministry of Trade, Industry and Energy in accordance with Article 40 of the Industrial Development Act.

For over 40 years since its inception, MAFC has played a key role in enhancing the reliability and creating demand in the capital goods sector through sound financial management and business operations.



A strong reputation built on nearly 40 years of experience

Since its establishment in 1986, many leading companies, including large corporations, have joined and used our services.



A stable financial structure

Maintaining an "AA" credit rating from Korea Investors Service, Inc.



Systematic risk management

Protecting our members' assets through an advanced risk management system

※ Target Users

All businesses(including manufacturing, distribution and services) involved in the capital goods industry, except those dealing in final consumer goods, can become members of MAFC and use its various guarantee and insurance products. Special consideration is given to defense industry and root industry enterprises and companies certified with government approvals such as NEP/NET/GR.

※ History

2023	Launched 'Reusable Battery Safety Inspection Institute Liability Insurance'
2016	Launched 'Machinery Value/Performance Guarantee Project'
2015	Launched 'Construction Execution Guarantee'
2012	Opened Jungbu Branch
2007	Renamed to 'Machinery Financial Cooperative'
2004	Launched 'Internal Electronic Certification Service'
1998	Opened Gyeongin Branch
1988	Opened Youngnam Branch
1987	Started Certification Services
1986	License Granted from Minister of Commerce and Industry
1986	Inaugural assembly of machinery mutual aid association

Guarantee Services

⌘ Guarantee Support based on members' business cycles

Bidding Guaranty

A guarantee for the member's obligation to pay the bid bond to the bidding authority.

Contract Guaranty

A guarantee for the member's obligation to pay the contract deposit when delivering goods or providing services to the contracting party.

Payment Guaranty

A guarantee for the member's obligation to repay any advance payments, intermediate payments or material costs received during contract execution to the contracting party.

Defect Guaranty

A guarantee for the member's obligation to repair defects during the warranty period after contract completion and inspection.

⌘ Policy Guarantees

Guarantee of Approved Products

A policy guarantee for companies that manufacture or distribute equipment with certificates such as NET, NEP, etc., covering bidding, contracts, payments and defects.

Guarantee for Root Industry

A policy guarantee for companies in root industries(casting, welding, plastic forming, surface and heat treatments, etc.) or certified as root technology specialists, covering bidding, contracts, payments and defects.

⌘ Others

Guarantee of Payment Guaranty

A guarantee for the member's obligation to repay the security deposit to the financial institution when receiving a payment bond for export-related activities.

Material Purchase Guaranty

A guarantee for payment obligations when purchasing materials necessary for production.

⌘ Member Support Services

Information

- A. Provides various management and technical information
- B. Provides various policy support information in cooperation with Korea Association of Machinery Industry(KOAMI)

Marketing

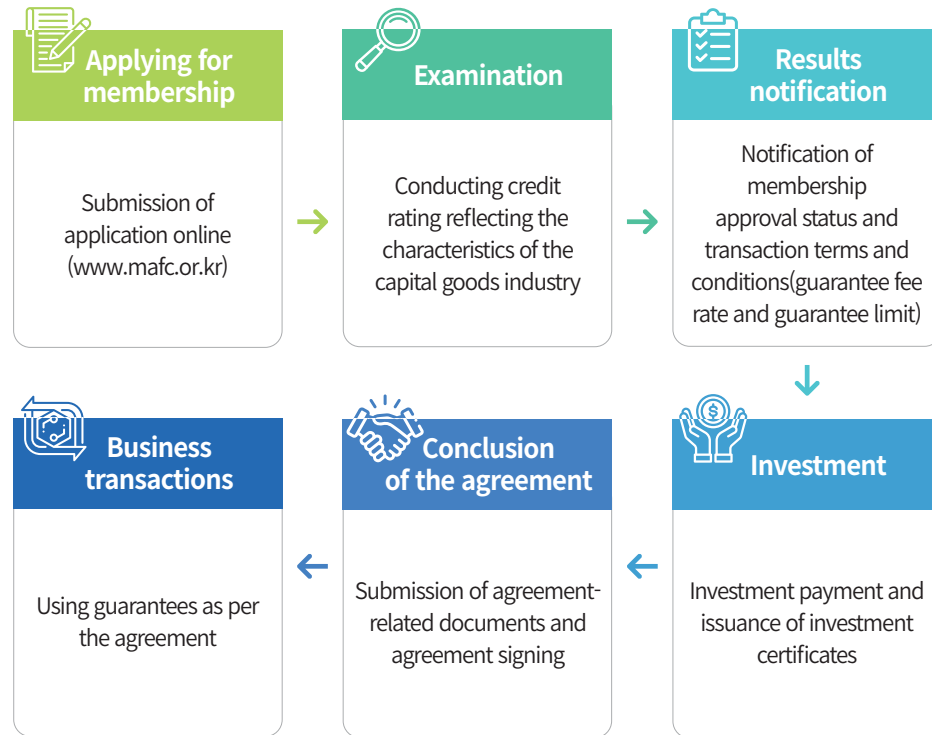
- A. New Year's gathering for Machinery Industry
- B. Industrial tour for innovative companies
- C. Workshops and Seminars for members
- D. Meetings with executives and personnel

☞ Guarantee Procedure

👤 Guarantee Subject

- Various guarantees for the sales or installation of machinery, parts, materials and industrial equipment manufactured by members.
- Guarantee for research and development services and maintenance service contracts required for members' product development and maintenance.
- Various guarantees required for members' exports and financial transactions.

🔗 Guarantee Procedure



Applying for membership

Complete the membership application and upload application-related files through the online branch, then verify using an accredited certificate.

Examination

- Assess the financial status and management capability of new members to assign a credit rating.
- Based on the results above, apply differentiated transaction terms and conditions with MAFC to enhance its stability.

Investment

- To become a member and use guarantees, approval and a minimum investment payment(min. 1million KRW) are required
- Using guarantees requires 5 units or more(200,000KRW per unit)
* Mutual-aid projects such as PL, package insurance can be used without capital contribution

Conclusion of the agreement

A contract in which a member agrees to the rights and obligations with MAFC, using the prescribed form for guarantee transactions.

Guarantee Commission

Offering the lowest fee rates in capital goods industry by applying credit discounts and high-value guarantee payments discounts.



Credit discount

up to 60% discount on guarantee fees based on the members' credit rating..



High-value guarantee payment discounts

up to 80% additional discount on guarantee fees based on high-value guarantee payment.

Product Liability(PL) Insurance

Covering legal liability for bodily injury or property damage to a third party caused by accidents due to product defects.

Scope of cover

Civil liability for bodily injury or property damage to a third party caused by accidental incidents due to defects in manufactured, sold or supplied products.

Support target

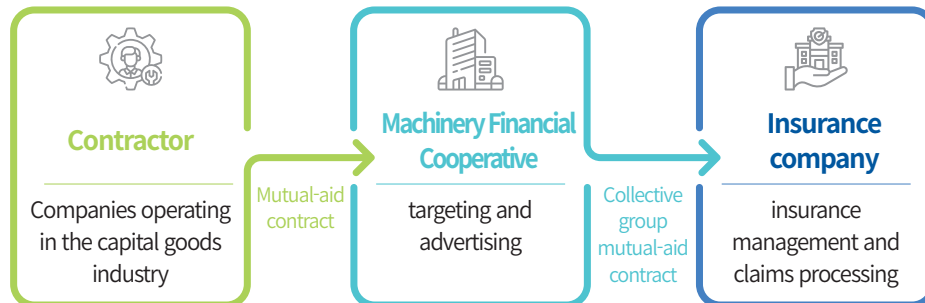
Manufacturers, importers, or designated sellers(a person or entity identified as manufacturer or importer on the product).

Affordable premiums

20~30% premium reduction through a group contract compared to individual enrollment.

Effective claims management

Claims management provided by insurance companies with extensive expertise in handling numerous domestic and international incidents.



- PL Contract : contract signing between the participating company and MAFC.
- Claims Process : claims processed by the insurance company partnered with MAFC.

Package Insurance

A product consisting of Property All Risks Cover, Machinery Breakdown Cover(MB), Business Interruption Cover(BI) and General Liability.

Scope of cover

Property All Risks Cover



Fire, Lightning, Explosion, Wind, Flood, Smoke, Earthquake, Hail, Damage, Burglary, Other all risk except Exclusions.

Machinery Breakdown Cover



All mechanical risk(defect in material, design, assembly), all electrical risk(overload, short circuit etc.), lack of skill, Carelessness of employee, fall, Other all risk except Exclusions.

Business Interruption Cover



Guarantee loss of gross profit due to business interruption.

General Liability



Legal liability loss on bodily injury or property damage of third party, Other damage liability claim or legal cost by lawsuit.



⌘ Reusable Battery Safety Inspection Institute Liability Insurance

Provides compensation for damages incurred due to inadequate safety inspections of reusable batteries.

👤 Targets

reusable batter safety inspection institutes
(designated by the Minister of Trade, Industry and Energy in accordance with Article 34-2 of the law).

📄 Scope of cover

Compensation for damages incurred by the insured due to legal liability for causing harm to others as a result of inadequate safety inspections conducted during the coverage period.

| Liability for reusable battery safety Inspection-related system |

📝 Obligation of safety inspection

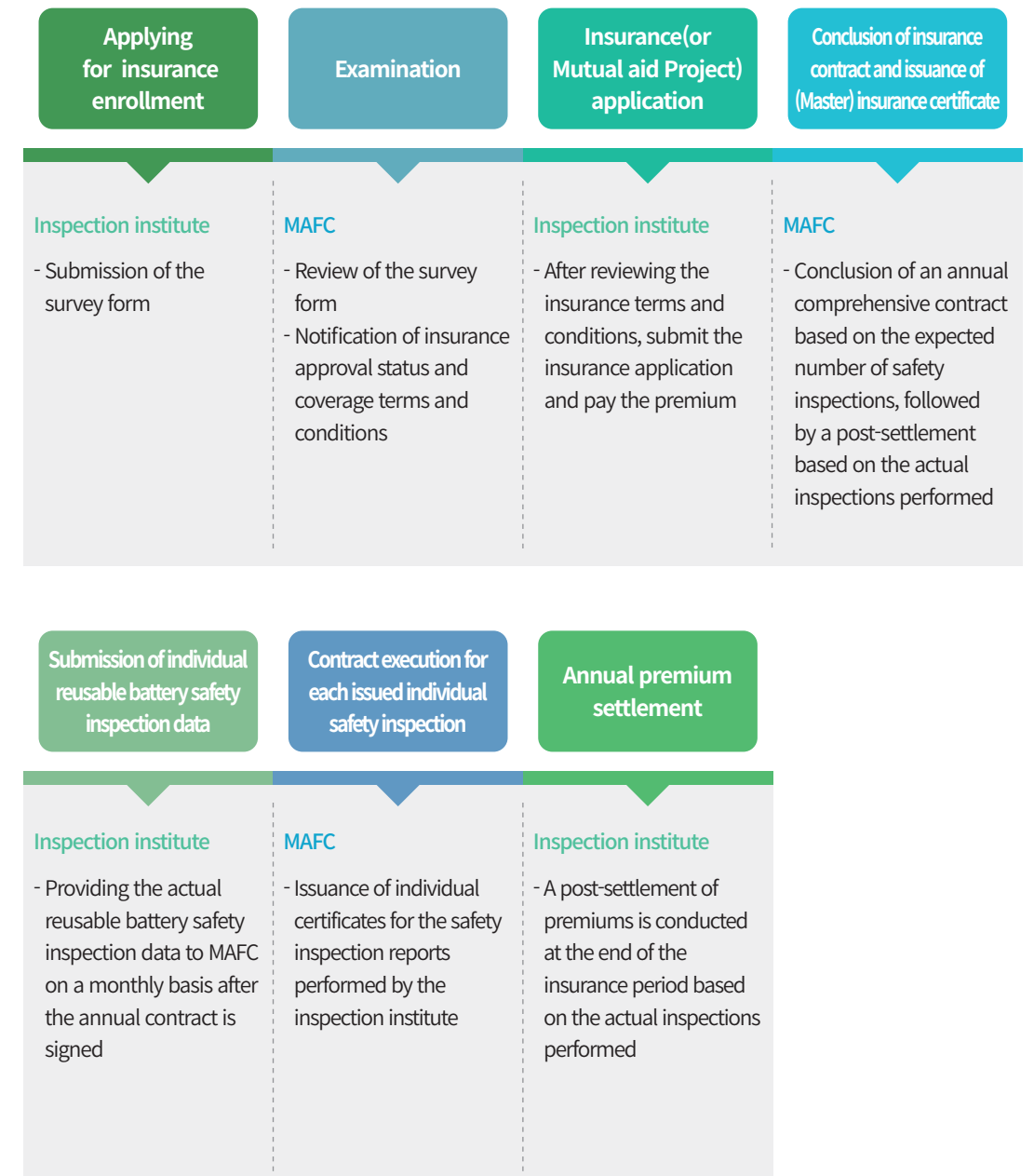
In accordance with relevant laws, only reusable batteries that have undergone safety inspections are allowed to be sold.

👤 Obligation of liability for damages

Mandating liability for compensation for third-party personal injury or property damage caused by negligence or deficiencies of a safety inspection institute or by the safety inspection itself.

- Proof of enrollment in MAFC must be submitted to 'Korea Agency for Technology and Standards' before performing safety inspection duties.

| Enrollment Process |





Headquarters

(07238) 37, Eunhaeng-ro, Yeongdeungpo-gu, Seoul, Korea Machine center
(main building 8F)

T. +82-2-369-8500

F. +82-2-369-8520~21

Gyeongin branch office

(21544) 11F, Korea Teachers Credit Union Building, 357 Baekbeom-ro,
Namdong-gu, Incheon

T. +82-32-434-4206

F. +82-32-434-4208

Jungbu branch office

(35209) 405ho, 809, Hanbat-daero, Seo-gu, Daejeon

T. +82-42-489-6468

F. +82-42-489-6469

Yeongnam branch office

(51408) 1003, 10F, Changwon Convention Center, 362 Woni-daero,
Seongsan-gu, Changwon-si, Gyeongsangnam-do

T. +82-55-212-6824

F. +82-55-212-6820